

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 1125

(Senator Klausmeier)

Budget and Taxation

Ways and Means

Video Lottery Facilities - Donation of Coins From Gaming Payouts - Expansion

This bill requires the State Lottery and Gaming Control Commission (SLGCC) to adopt regulations that require each video lottery operation licensee, instead of only one licensee, to (1) offer players the opportunity to donate coins, when receiving cash on payout, to the Maryland Veterans Trust Fund and (2) attach donation boxes near the exits of video lottery facilities with the proceeds dedicated to the Maryland Veterans Trust Fund.

Fiscal Summary

State Effect: Special fund revenues to the Maryland Veterans Trust Fund increase minimally annually. The Maryland Department of Veterans Affairs (MDVA) and the State Lottery and Gaming Control Agency (SLGCA) can implement the bill and administer the additional funds to the Maryland Veterans Trust Fund with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 479 of 2016 requires SLGCC to adopt regulations that require one video lottery operation licensee to (1) offer players the opportunity to donate coins, when receiving cash on payout, to the Maryland Veterans Trust Fund and (2) attach donation boxes near the exits of the video lottery facility with the proceeds dedicated to the Maryland Veterans Trust Fund. By January 1, 2019, SLGCC must report to the Senate Budget and Taxation Committee and the House Ways and Means Committee on the

implementation of the program and include recommendations on the expansion, alteration, or repeal of the program.

Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which consists of gifts and grants received by MDVA and contributions to the fund from the donations of video lottery facility players from one video lottery facility. Additionally, the Comptroller must deposit 10% of the money that remains in the State Lottery Fund from the proceeds of ticket sales from instant ticket lottery machines by specified veterans' organizations into the fund. Money in the fund may be used to make grants and loans to veterans and their families and support public and private programs that serve veterans in the State. Money in the fund may also be used to invest in general obligations of the State or other securities, pay for the cost of administering the fund, or support any other programs that the Secretary of Veterans Affairs considers appropriate. Money expended from the fund is supplemental to and is not intended to take the place of funding otherwise appropriated to MDVA.

Background: The State of Maryland has authorized and awarded six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George's, and Worcester counties.

The casino in Cecil County installed a donation box on September 28, 2016, at the main entrance to the facility. Casino staff collect and account for the donations and send the funds to MDVA on a weekly basis. Donations have totaled \$2,770 as of February 8, 2017.

State Revenues: Special fund revenues to the Maryland Veterans Trust Fund increase, but the amount of the donations cannot be accurately estimated.

State Expenditures: MDVA reports that additional donations to the Maryland Veterans Trust Fund will enable the agency to provide more financial assistance to veterans in need. MDVA can process these additional donations and financial assistance with existing resources.

SLGCC must promulgate regulations to implement the bill, and SLGCA reports that it will need to review each casino's procedures and controls to ensure safeguards are adequate. Additionally, SLGCA will have to periodically audit the procedures and controls and ensure that donations are properly remitted to the Maryland Veterans Trust Fund. All of these activities can be done with existing resources.

Additional Information

Prior Introductions: None.

Cross File: HB 1537 (Delegate Bromwell) - Rules and Executive Nominations.

Information Source(s): Comptroller's Office; Department of Veterans Affairs; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2017
mm/jrb Third Reader - April 7, 2017

Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510