

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 32

(Senator DeGrange)

Budget and Taxation

Ways and Means

**Video Lottery Terminal Proceeds - Local Impact Grants - Distribution to
Communities Near Laurel Race Course**

This bill repeals the fiscal 2019 termination date of the \$500,000 distribution of local impact grants from video lottery terminals (VLTs) to help pay for facilities and services in communities within three miles of the Laurel Race Course. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: None.

Local Effect: From FY 2020 through 2032, local impact grants to Baltimore City decrease by \$500,000 annually. From FY 2020 through 2032, local impact grants to Anne Arundel County increase by \$357,143 annually, local impact grants to Howard County increase by \$89,286 annually, and local impact grants to the City of Laurel increase by \$53,571 annually.

Small Business Effect: Minimal.

Analysis

Current Law: From the VLT proceeds at each facility, generally 5.5% are distributed as local impact grants to local governments in which a video lottery facility is operating. Through the end of fiscal 2032, generally 18% of the local impact grants must go to Baltimore City with the Pimlico Community Development Authority acting as the local development council. Of that amount, \$1.0 million annually must go to Prince George's County to be used for public safety projects in the community within

five miles surrounding Rosecroft Raceway, and \$500,000 annually from fiscal 2015 through 2019 must be distributed to communities within three miles of the Laurel Race Course based on the distribution of impact aid from Laurel horse racing to Anne Arundel County, Howard County, and the City of Laurel.

Background: Appendix – Maryland Gaming provides detailed background on gaming in Maryland.

Local Fiscal Effect: From fiscal 2020 through 2032, local impact grants to Baltimore City with the Pimlico Community Development Authority acting as the local development council decrease by \$500,000 annually. From fiscal 2020 through 2032, local impact grants to Anne Arundel County increase by \$357,143 annually, local impact grants to Howard County increase by \$89,286 annually, and local impact grants to the City of Laurel increase by \$53,571 annually.

Additional Information

Prior Introductions: None.

Cross File: HB 130 (Delegate Beidle, *et al.*) - Ways and Means.

Information Source(s): Comptroller's Office; Department of Budget and Management; Department of Labor, Licensing, and Regulation; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2018
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Appendix – Maryland Gaming

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 with a maximum number of 16,500 video lottery terminals (VLTs) allotted in the State. Five casinos are currently operating in Maryland, with the sixth casino, MGM National Harbor, LLC, expected to open in fiscal 2017. The opening date and the number of VLTs and table games for each facility as of January 2016 are shown in **Exhibit 1**.

Exhibit 1
Number of VLTs and Table Games in Maryland

<u>Casino</u>	<u>County</u>	<u>Opening Date</u>	<u>VLTs</u>	<u>Table Games</u>
Hollywood Casino	Cecil	September 2010	850	22
Ocean Downs	Worcester	January 2011	800	-
Maryland Live!	Anne Arundel	June 2012	3,994	206
Rocky Gap Casino	Allegany	May 2013	631	18
Horseshoe Casino	Baltimore City	August 2014	2,202	178
MGM National Harbor	Prince George’s	January 2017*	3,600*	140*

*Projected

Source: Department of Legislative Services; State Lottery and Gaming Control Agency

VLT and Table Game Revenues

The estimated revenues from VLTs and table games in fiscal 2017 through 2021 are shown in **Exhibit 2**. In total, \$1.38 billion in gross gaming revenues is projected in fiscal 2017, including \$458.8 million to be distributed to the Education Trust Fund (ETF).

Exhibit 2
Distribution of Estimated VLT and Table Game Revenues in Maryland
Current Law
(\$ in Millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
VLTs Distribution					
Education Trust Fund	\$382.8	\$453.9	\$460.1	\$467.0	\$474.0
Lottery Operations	9.7	11.9	12.0	12.2	12.4
Purse Dedication Account	58.0	67.4	68.3	69.3	70.4
Racetrack Renewal Account	8.9	11.1	11.2	11.4	11.6
Local Impact Grants	50.2	61.9	62.8	63.7	64.7
Business Investment	13.7	16.9	17.1	17.4	17.6
Licenses	408.4	523.1	530.0	537.9	546.0
Total VLTs	\$931.6	\$1,146.1	\$1,161.5	\$1,178.9	\$1,196.6
Table Games Distribution					
Education Trust Fund	\$76.0	\$79.7	\$80.7	\$81.9	\$83.1
Local Impact Grants	12.7	26.6	26.9	27.3	27.7
Licensee	355.0	424.9	430.3	436.8	443.3
Total Table Games	\$443.7	\$531.1	\$537.9	\$545.9	\$554.1
Total VLT and Table Games	\$1,375.4	\$1,677.3	\$1,699.4	\$1,724.9	\$1,750.7
Total Education Trust Fund	\$458.8	\$533.6	\$540.8	\$548.9	\$557.1

Source: Department of Legislative Services; Board of Revenue Estimates; Department of Budget and Management
