

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 857 (Senator Oaks, *et al.*)
 Budget and Taxation

Baltimore City - Table Games Proceeds - Distribution and Recreational Facilities

This bill alters the distribution of table game proceeds distributed to Baltimore City as local impact grants so that 49.5%, instead of 50%, of the proceeds must be used to fund school construction projects; 49.5%, instead of 50%, of the proceeds must be used to fund the maintenance, operation, and construction of recreational facilities; and 1% of the proceeds must be paid to the Small, Minority, and Women-Owned Businesses Account (SMWOBA) to be used for lending, investing, management fees, marketing, and other related expenses for eligible businesses in Baltimore City. The bill also requires that table game proceeds distributed to Baltimore City as local impact grants that must be used to fund the maintenance, operation, and construction of recreational facilities be supplemental to any existing expenses or obligations related to recreational facilities and may not take the place of funding that otherwise would be appropriated for recreational facilities. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: Special fund revenues and expenditures of SMWOBA increase by \$56,359 in FY 2019 and by \$59,817 in FY 2023. The Department of Commerce (Commerce) can administer the additional funds to SMWOBA with existing resources.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SF Revenue	\$56,400	\$57,200	\$58,100	\$58,900	\$59,800
SF Expenditure	\$56,400	\$57,200	\$58,100	\$58,900	\$59,800
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local impact grants to Baltimore City decrease by \$56,359 in FY 2019 and by \$59,817 in FY 2023. Approximately \$2.8 million of Baltimore City local impact grants

beginning in FY 2019 may not be used to take the place of local funding that would otherwise be appropriated for recreational facilities.

Small Business Effect: Minimal.

Analysis

Current Law/Background: Video lottery operation licensees receive 80% of table game revenues, 15% is distributed to the Education Trust Fund, and 5% is distributed to local jurisdictions where a video lottery terminal facility is located. Proceeds distributed to Baltimore City must be used equally to fund school construction projects and for the maintenance, operation, and construction of recreational facilities.

Exhibit 1 shows the estimated local impact grants to be distributed from table game proceeds to Baltimore City in fiscal 2019 through 2023.

Exhibit 1 Baltimore City Local Impact Grants from Table Game Proceeds Fiscal 2019-2023

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
School Construction	\$2,817,952	\$2,860,221	\$2,903,124	\$2,946,671	\$2,990,871
Recreational Facilities	2,817,952	2,860,221	2,903,124	2,946,671	2,990,871
Total	\$5,635,904	\$5,720,442	\$5,806,249	\$5,893,343	\$5,981,743

Source: Board of Revenue Estimates; Department of Legislative Services

The [Baltimore City Department of Recreation and Parks](#) currently manages 42 recreation centers, with 5 additional centers planned to open by summer 2018. Baltimore City reports that local impact grants from table games for recreational facilities were spent to support aquatics and recreation center staffing, including two centers that reopened after renovations, in fiscal 2017. In fiscal 2018, \$2.0 million of funds were moved to a capital reserve account for the Cherry Hill Recreational Center, while the remaining funds were used to support staffing of aquatics centers. In fiscal 2019, the city plans to spend \$2.0 million for the Cherry Hill Recreational Center capital project and approximately \$800,000 to staff aquatics centers.

State Fiscal Effect: The bill requires 1% of table game proceeds distributed to Baltimore City as local impact grants to be distributed to SMWOBA. Thus, special fund

revenues and expenditures of SMWOBA increase by \$56,359 in fiscal 2019 and by \$59,817 in fiscal 2023, as shown in **Exhibit 2**.

Exhibit 2
Baltimore City Local Impact Grants from Table Game Proceeds
Under the Bill
Fiscal 2019-2023

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>
School Construction	\$2,789,772	\$2,831,619	\$2,874,093	\$2,917,205	\$2,960,963
Recreational Facilities	2,789,772	2,831,619	2,874,093	2,917,205	2,960,963
SMWOBA	56,359	57,204	58,062	58,933	59,817
Total	\$5,635,904	\$5,720,442	\$5,806,249	\$5,893,343	\$5,981,743

SMWOBA: Small, Minority, and Women-Owned Businesses Account

Source: Board of Revenue Estimates; Department of Legislative Services

Local Fiscal Effect: Local impact grants to Baltimore City decrease by \$56,359 in fiscal 2019 and by \$59,817 in fiscal 2023. Approximately \$2.8 million of Baltimore City local impact grants beginning in fiscal 2019 may not be used to take the place of local funding that would otherwise be appropriated for recreational facilities.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Commerce; Baltimore City; Comptroller's Office; Maryland State Department of Education; Public School Construction Program; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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mm/jrb

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