

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 808

(Senators Patterson and Benson)

Budget and Taxation

Ways and Means

Joint Committee on Gaming Oversight – Local Government Use of Casino
Revenue and Problem Gambling Fund – Report

This bill requires the Joint Committee on Gaming Oversight to study the development and implementation of specified multiyear plans for the expenditure of the local impact grant funds from video lottery terminal (VLT) revenues. The committee must also study the use of the Problem Gambling Fund. The committee must report its findings to the Governor and the General Assembly by December 1, 2019. **The bill takes effect July 1, 2019, and terminates on June 30, 2020.**

Fiscal Summary

State Effect: The bill’s requirements can be handled with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: From the VLT proceeds at each video lottery facility, generally 5.5% of the proceeds are distributed as local impact grants to local governments in which a video lottery facility is operating.

Generally, all or a portion of the local impact grants from VLT revenues must go to the local jurisdictions with video lottery facilities to be used for infrastructure improvements; facilities; public safety; sanitation; economic and community development, including

housing; and other public services and improvements in the communities in immediate proximity to the video lottery facilities. In Allegany County, the grants may also be used to pay down debt incurred by the county in the construction and related costs for the golf course, lodge, and other improvements in Rocky Gap State Park, and at least 20% of the local impact grants must be used for capital projects for municipalities and nonprofit organizations in the county. In Baltimore City, 50% of the local impact grants must be distributed directly to the South Baltimore Gateway District Management Authority. In Prince George's County, 40% of its local impact grants, not to exceed \$15 million annually, must be used to address infrastructure needs related to Maryland Route 210 in Prince George's County, and \$125,000 of local impact grants must be used in communities within 2.5 miles northeast of the video lottery facility in Prince George's County.

A local development council (LDC) must be established in each area where a video lottery facility is located. An LDC generally consists of 15 members appointed by the chief executive of the county in which the LDC is located, in consultation with the senators and delegates who represent the communities surrounding the facility and the respective county councils, city councils, or county commissioners. Prior to spending local impact grant funds, a county or municipality must develop, in consultation with the LDC, a multi-year plan for services and improvements to be used with local impact grant funds. A county or municipality must submit the plan to the LDC for review and comment before adopting the plan or spending grant funds.

The State Lottery and Gaming Control Commission (SLGCC) must establish an annual fee of \$425 for each VLT, and SLGCC may establish an annual fee for each table game, capped at \$500 per table, to benefit the Problem Gambling Fund. SLGCC has adopted regulations that set the table game fee at \$500. Video lottery operation licensees pay these annual fees to the Problem Gambling Fund in the Maryland Department of Health. The purpose of the Problem Gambling Fund is primarily to provide funding for problem gambling treatment and prevention programs, including specified services. Fund revenues are used to operate a 24-hour hotline for compulsive and problem gamblers, provide counseling and support services to compulsive and problem gamblers, and develop and implement free or reduced-cost problem gambling treatment and prevention programs. Expenditures from the Problem Gambling Fund may be used to establish an outreach program for compulsive and problem gamblers, including individuals who requested to be on a voluntary exclusion list established by SLGCC, for the purpose of participating in problem gambling treatment and prevention programs.

Background: **Appendix – Maryland Gaming** provides detailed background on gaming in Maryland. The Maryland Center of Excellence on Problem Gambling [reported](#) on its public awareness and outreach efforts by county in December 2017.

Additional Information

Prior Introductions: None.

Cross File: HB 1416 (Delegate Turner) - Rules and Executive Nominations.

Information Source(s): Maryland Association of Counties; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2019
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Analysis by: Heather N. Ruby

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

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. The opening date and the number of VLTs and table games for each facility as of January 2019 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	822	19
Ocean Downs	Worcester	January 2011	892	18
Maryland Live!	Anne Arundel	June 2012	3,825	198
Rocky Gap Casino	Allegany	May 2013	665	17
Horseshoe Casino	Baltimore City	August 2014	2,194	158
MGM National Harbor	Prince George’s	December 2016	3,137	198

VLT: video lottery terminal

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

VLT and Table Game Revenues

The estimated revenues from VLTs and table games in fiscal 2020 through 2024 are shown in **Exhibit 2**. A total of \$1.78 billion in gross gaming revenues is projected in fiscal 2020, including \$528.8 million to be distributed to the Education Trust Fund.

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

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
VLTs Distribution					
Education Trust Fund	\$430.1	\$419.6	\$425.7	\$429.5	\$433.8
Lottery Operations	11.2	11.4	11.5	11.6	11.8
Purse Dedication Account	65.6	66.5	67.5	68.1	70.5
Racetrack Renewal Account	10.7	10.9	11.0	11.1	11.8
Local Impact Grants	60.8	61.7	62.6	63.1	64.6
Business Investment	0.0	16.7	16.9	17.1	17.6
Licenses	542.2	550.0	557.9	562.9	565.0
Total VLTs	\$1,120.6	\$1,136.7	\$1,153.1	\$1,163.4	\$1,175.1
Table Games Distribution					
Education Trust Fund	\$98.7	\$100.2	\$101.7	\$102.6	\$103.6
Local Impact Grants	32.9	33.4	33.9	34.2	34.5
Licenses	526.4	534.3	542.4	547.2	552.7
Total Table Games	\$658.0	\$667.9	\$677.9	\$684.0	\$690.9
Total VLTs and Table Games	\$1,778.5	\$1,804.6	\$1,831.0	\$1,847.5	\$1,866.0
Total Education Trust Fund	\$528.8	\$519.8	\$527.4	\$532.1	\$537.4

VLT: video lottery terminal

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