

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 988

(Senator King)

Budget and Taxation

Ways and Means

Video Lottery Operation License - Renewal

This bill requires the State Lottery and Gaming Control Commission (SLGCC) to renew a video lottery operation license upon proper application for license renewal unless SLGCC finds that the licensee is no longer qualified to hold a license. Before denying an application, SLGCC must provide the video lottery operation licensee an opportunity for a hearing. Specified terms related to the renewal of gaming licenses do not apply to video lottery operation licenses. The bill alters the number of years before the end of the term of a video lottery operation license that a licensee may apply for renewal of a license from within one year of the end of the initial term to at least two years before the end of the initial term or renewal term.

Fiscal Summary

State Effect: None. The change is procedural in nature and does not directly affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A video lottery operation license initially expires 15 years from the date on which the video lottery facility is issued the license by SLGCC. Two years before a video lottery operation license expires, the licensee must file with SLGCC a notice of intent to reapply for the license. Within one year of the end of the initial 15-year license term, a video lottery operation licensee may reapply for a 10-year license term. If a video lottery

operation licensee has its license revoked or otherwise surrenders the license, the license reverts to the State.

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

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 25, 2019
mm/jrb Third Reader - April 6, 2019

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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. 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
