

**Department of Legislative Services**  
 Maryland General Assembly  
 2020 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 51 (Senator Patterson)  
 Budget and Taxation

**Video Lottery Terminal Proceeds - Local Impact Grants - Reimbursement for Maryland Route 210 Projects**

This bill requires the Governor for each fiscal year to include in the annual budget bill an appropriation equal to the lesser of \$15.0 million or the amount sufficient to reimburse Prince George’s County for any amount of local impact grants from video lottery terminals (VLTs) used to address infrastructure needs related to Maryland Route 210 in Prince George’s County. **The bill takes effect July 1, 2020.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$15.0 million in FY 2022 and by \$4.9 million in FY 2025 to meet the bill’s mandated appropriation. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2022.**

(\$ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	15.0	10.5	4.9	4.9
Net Effect	\$0.0	(\$15.0)	(\$10.5)	(\$4.9)	(\$4.9)

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

**Local Effect:** Prince George’s County revenues and expenditures increase by \$15 million in FY 2022 and by \$4.9 million in FY 2025.

**Small Business Effect:** Minimal.

## Analysis

**Current Law/Background:** 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. The grants are distributed by the Division of Racing within the Maryland Department of Labor (MDL).

Generally, 82% of the local impact grants 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 primarily in the communities in immediate proximity to the video lottery facilities.

In Prince George’s County, 40% of those local impact grants, not to exceed \$15 million annually, must be used to address infrastructure needs related to Maryland Route 210 in the county, and the State may reimburse the county for these amounts.

Additionally, \$125,000 of its local impact grants from VLT proceeds must be provided annually to be used in communities within 2.5 miles northeast of the video lottery facility in Prince George’s County.

**Exhibit 1** shows the distribution of estimated local impact grants to Prince George’s County from those VLT proceeds, of which \$4.3 million in fiscal 2021 must be used to address infrastructure needs related to Maryland Route 210.

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### Exhibit 1 Distribution of Prince George’s County’s Local Impact Grants

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Communities near video lottery facilities	\$6.3	\$6.5	\$6.7	\$7.3	\$7.2
MD Route 210 Communities northeast of video lottery facility	4.3	4.4	4.6	4.9	4.9
	0.1	0.1	0.1	0.1	0.1
<b>Total VLT Local Impact Grants</b>	<b>\$10.7</b>	<b>\$11.1</b>	<b>\$11.4</b>	<b>\$12.3</b>	<b>\$12.2</b>

Source: Department of Legislative Services

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As of January 2020, Prince George's County has not spent any local impact grants on Maryland Route 210. In November 2019, Prince George's County and the State Highway Administration signed a memorandum of understanding (MOU) for using local impact grants for infrastructure improvements to the Maryland Route 210 Corridor. The MOU states the total cost estimate as of 2017 for the proposed Maryland Route 210 Corridor infrastructure improvements is approximately \$450 million. The MOU also anticipates that local impact grants will need to accumulate over several years to fund the improvements.

**State Expenditures:** This estimate assumes local impact grants accumulate until fiscal 2022, when accumulated local impact grants for infrastructure needs related to Maryland Route 210 total \$20.9 million. Since local impact grants for Maryland Route 210 may not exceed \$15 million in a fiscal year, general fund expenditures MDL increase by \$15.0 million in fiscal 2022 to reimburse Prince George's County. With the remaining accumulated funds and projected local impact grants, Prince George's County will spend an estimated \$10.5 million in fiscal 2023, and an estimated \$4.9 million in fiscal 2024 and 2025 of local impact grants on Maryland Route 210 improvements. Thus, general fund expenditures for MDL increase by \$10.5 million in fiscal 2023 and by \$4.9 million in both fiscal 2024 and 2025 to meet the bill's mandated appropriation to Prince George's County.

**Local Fiscal Effect:** Local revenues to Prince George's County increase by \$15 million in fiscal 2022, \$10.5 million in fiscal 2023, and by \$4.9 million in both fiscal 2024 and 2025. These revenues must be spent as local impact grants on 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 facility in Prince George's County.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Prince George's County; Department of Budget and Management; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - January 13, 2020  
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