

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 79

(Chair, Budget and Taxation Committee)(By Request -
Departmental - Lottery and Gaming Control Agency)

Budget and Taxation

Ways and Means

Gaming - Video Lottery Facilities and Licenses - Definitions

This departmental bill alters the definition of a “video lottery facility” to include a casino for the purposes of the federal Bank Secrecy Act of 1970 (BSA) and its related regulations. Video lottery facility and video lottery operation license definitions are also broadened to include table games to reflect current practice.

Fiscal Summary

State Effect: None. The change is procedural in nature and does not directly affect governmental finances, although it creates operational efficiencies by enabling the U.S. Department of Treasury to share specified financial transaction data with the State Lottery and Gaming Control Agency (SLGCA) to combat money laundering. The inclusion of table games in specified definitions clarifies current law.

Local Effect: None.

Small Business Effect: SLGCA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: A video lottery facility is a facility at which players play video lottery terminals. A video lottery operation license is a license awarded by the Video Lottery Facility Location Commission and issued by SLGCA to a person that allows players to operate video lottery terminals.

Background: The Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury, administers and issues regulations pursuant to BSA. Through certain BSA reporting and recordkeeping requirements, paper trails of transactions are created that law enforcement and others can use in criminal, tax, and regulatory investigations. The reporting and recordkeeping provisions of BSA apply to banks, savings and loans, credit unions, and other depository institutions and to other businesses defined as financial institutions, including casinos, brokers and dealers in securities, and money services businesses. BSA regulations require certain Money Services Businesses (MSB) to register with FinCEN and prepare and maintain a list of agents, if any. In addition, BSA regulations require certain MSBs to report suspicious activity to FinCEN.

SLGCA is responsible for ensuring compliance with FinCEN’s requirements. FinCEN is permitted to share specified information with regulators of “casinos”; however, SLGCA advises FinCEN is currently not permitted to share this information with SLGCA since a video lottery facility is not defined as a casino under statute. SLGCA advises that this bill would enable FinCEN to share specified financial transaction data with SLGCA.

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

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Comptroller’s Office; Maryland State Lottery and Gaming Control Agency; U.S. Department of the Treasury; Department of Legislative Services

Fiscal Note History: First Reader - January 7, 2020
rh/jrb Third Reader - January 17, 2020

Analysis by: Heather N. MacDonagh

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 November 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	821	21
Ocean Downs	Worcester	January 2011	892	18
Maryland Live!	Anne Arundel	June 2012	3,737	195
Rocky Gap Casino	Allegany	May 2013	665	18
Horseshoe Casino	Baltimore City	August 2014	2,174	158
MGM National Harbor	Prince George’s	December 2016	3,102	207

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 2021 through 2025 are shown in **Exhibit 2**. A total of \$1.8 billion in gross gaming revenues is projected in fiscal 2021, including \$541.9 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 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
VLTs Distribution					
Education Trust Fund	\$447.3	\$452.4	\$458.2	\$464.0	\$469.9
Lottery Operations	11.7	11.8	12.0	12.1	12.3
Purse Dedication Account	68.4	69.2	70.1	72.9	73.8
Racetrack Renewal Account	11.2	11.3	11.5	12.1	12.3
Local Impact Grants	63.5	64.2	65.0	66.8	67.6
Business Investment	17.2	17.4	17.6	18.2	18.4
Licenses	550.9	557.3	564.5	568.0	575.3
Total VLTs	\$1,170.1	\$1,183.7	\$1,198.8	\$1,214.2	\$1,229.7
Table Games Distribution					
Education Trust Fund	\$94.6	\$95.8	\$97.0	\$98.3	\$99.5
Local Impact Grants	31.5	31.9	32.3	32.8	33.2
Licenses	504.7	511.1	517.6	524.1	530.8
Total Table Games	\$630.9	\$638.9	\$646.9	\$655.2	\$663.5
Total VLTs and Table Games	\$1,801.0	\$1,822.6	\$1,845.8	\$1,869.3	\$1,893.2
Total Education Trust Fund	\$541.9	\$548.3	\$555.2	\$562.3	\$569.5

VLT: video lottery terminal

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Gaming – Video Lottery Facility – Definition

BILL NUMBER: SB0079

PREPARED BY: Maryland Lottery Gaming and Control Agency
(Dept./Agency)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS