

**Department of Legislative Services**  
Maryland General Assembly  
2011 Session

**FISCAL AND POLICY NOTE**  
**Revised**

House Bill 51

(Delegates Olszewski and Kach)

Ways and Means

Budget and Taxation

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**Video Lottery Operation Licenses - Information on Payouts**

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This bill requires a video lottery operation licensee to report to the State Lottery Agency the name, date of birth, and amount of video lottery terminal (VLT) payout received if the payout was made by check as required by State Lottery Commission regulations. For any individual who is certified to be in arrears for child support payments by the Child Support Enforcement Administration (CSEA), the State Lottery Agency is required to forward the VLT payout information to CSEA in order to enforce child support orders.

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**Fiscal Summary**

**State Effect:** Special fund revenues will increase to the extent that the bill increases the collection of child support for Temporary Cash Assistance (TCA) recipients. The bill's requirements can be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Two VLT gambling bills passed during the 2007 special session – House Bill 4 (Chapter 5) and Senate Bill 3 (Chapter 4). Chapter 5 is a constitutional amendment that was approved by Maryland voters at the November 2008 general election authorizing 15,000 VLTs at five locations in the State. The amendment also specifies that the General Assembly may only authorize expanded forms of gambling subject to certain restrictions. Chapter 4, which was contingent on ratification of Chapter 5, establishes the operational and regulatory framework for the authorized VLT

program. Chapter 624 of 2010 made clarifying changes regarding the implementation of VLTs.

Video lottery operation licenses are awarded by the Video Lottery Facility Location Commission (Location Commission). The State Lottery Commission oversees VLT operations and owns/leases the VLTs and a central monitor and control system. The maximum of 15,000 VLTs are distributed as follows under the statute: 4,750 VLTs in Anne Arundel County; 3,750 VLTs in Baltimore City; 2,500 VLTs in Worcester County; 2,500 VLTs in Cecil County; and 1,500 VLTs in Allegany County (Rocky Gap State Park).

The nine-member State Lottery Commission provides oversight for VLT implementation in the State and is required to ensure that a video lottery operation licensee complies with the requirements of holding a license. Chapter 4 of the 2007 special session required the State Lottery Commission to adopt regulations requiring that VLT payouts above an amount adopted by the commission be made by check. Current regulations require a VLT facility operator to pay winnings of \$5,000 or more by check and less than that amount by cash or check unless a check is requested by the player.

The State operates several intercept programs to collect delinquent child support including the interception of tax refunds, lottery prizes, and vendor payments. CSEA, within the Department of Human Resources (DHR) is authorized to certify under certain conditions unpaid child support debts of more than \$150 to the State Lottery Agency and Comptroller's Office. The Comptroller's Office and State Lottery Agency are required to remit to CSEA the payment or refund up to the amount of arrearage of an obligor certified as being in arrears. Licensed lottery agents may not pay a prize over \$600 if the holder of a winning lottery ticket has been certified as having a child support debt.

**Background:** The Video Lottery Facility Location Commission has awarded video lottery operation licenses for VLT facility locations in Anne Arundel, Cecil, and Worcester counties. Penn Cecil in Cecil County opened in late September 2010 with 1,500 VLTs and Ocean Downs in Worcester County opened in January 2011 with 750 (increasing to 800 in the near future) VLTs. Power Plant Entertainment (PPE) Casino Resorts, LLC was awarded a license, in December 2009, to operate a 4,750 VLT facility adjacent to Arundel Mills Mall in Anne Arundel County, contingent upon local zoning approval. County officials subsequently approved zoning legislation, but the legislation was petitioned to a local voter referendum at the November 2010 election. Anne Arundel County voters approved the legislation, allowing the VLT facility to go forward. PPE plans to open a 2,000 VLT temporary facility by the end of 2011, with a permanent facility scheduled to open by the end of 2012. The licenses for Baltimore City and Allegany County are yet to be awarded.

**State Revenues:** Special fund revenues will increase to the extent that the bill increases child support payments for TCA recipients. Recipients are required to assign support payments equally to the State and federal government as partial reimbursement for TCA payments made on behalf of the obligor. However, CSEA stated it cannot determine if the bill will have an impact on child support collections. According to the State Lottery Agency, as of January 24, 2011, a total of 172 VLT payouts had been issued by check. The number of VLT payouts subject to the bill's reporting requirement will increase significantly as VLT gambling expands in the State; however, revenues will increase to the extent the information allows CSEA to successfully recover additional unpaid child support.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Human Resources, Maryland State Lottery Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - February 9, 2011  
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