

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1094

(Prince George's County Delegation)

Ways and Means

Budget and Taxation

**Prince George's County - Video Lottery Terminal Proceeds - Use of Local
Impact Grants
PG 313-16**

This bill alters the purpose for which specified local impact grants distributed to Prince George's County from video lottery terminal (VLT) proceeds may be used, so that \$1.0 million of local impact grants provided to Prince George's County must be used for after-school and recreational activity projects and public safety projects, instead of only public safety projects, in the community within five miles surrounding Rosecroft Raceway. No more than 50% of the grants may be used for public safety projects. The bill specifies that grants are supplemental to any existing expenses or obligations related to public safety and after-school and recreational activity projects and may not take the place of funding that would otherwise be appropriated for these projects.

Fiscal Summary

State Effect: None.

Local Effect: The bill alters the purposes for which specified local impact aid from VLT revenues to Prince George's County may be used. Thus, Prince George's County expenditures for public safety projects in the community within five miles surrounding Rosecroft Raceway decrease by between \$0.5 million and \$1.0 million annually, and Prince George's County expenditures for after-school and recreational activity projects in that area increase by between \$0.5 million and \$1.0 million annually beginning in FY 2017. The \$1.0 million of local impact grants may not be used to take the place of local funding that would otherwise be appropriated for public safety and after-school and recreational activity projects.

Small Business Effect: None.

Analysis

Current Law: 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. Through the end of fiscal 2032, generally 18% of the local impact aid must go to Baltimore City through the Pimlico Community Development Authority. Of that 18% local impact aid, \$1.0 million annually must go to Prince George's County to be used for public safety projects in the community within five miles surrounding Rosecroft Raceway, and \$500,000 annually through fiscal 2019 must be distributed to communities within three miles of the Laurel Race Course.

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

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 6, 2016
min/rhh Revised - House Third Reader - March 29, 2016

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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. Five casinos are currently operating in Maryland, with the sixth casino, MGM National Harbor, LLC, expected to open in fiscal 2017. The opening date and the number of VLTs and table games for each facility as of January 2016 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	850	22
Ocean Downs	Worcester	January 2011	800	-
Maryland Live!	Anne Arundel	June 2012	3,994	206
Rocky Gap Casino	Allegany	May 2013	631	18
Horseshoe Casino	Baltimore City	August 2014	2,202	178
MGM National Harbor	Prince George's	January 2017*	3,600*	140*

*Projected

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

VLT and Table Game Revenues

The estimated revenues from VLTs and table games in fiscal 2017 through 2021 are shown in **Exhibit 2**. In total, \$1.38 billion in gross gaming revenues is projected in fiscal 2017, including \$458.8 million to be distributed to the Education Trust Fund (ETF).

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

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
VLTs Distribution					
Education Trust Fund	\$382.8	\$453.9	\$460.1	\$467.0	\$474.0
Lottery Operations	9.7	11.9	12.0	12.2	12.4
Purse Dedication Account	58.0	67.4	68.3	69.3	70.4
Racetrack Renewal Account	8.9	11.1	11.2	11.4	11.6
Local Impact Grants	50.2	61.9	62.8	63.7	64.7
Business Investment	13.7	16.9	17.1	17.4	17.6
Licensees	408.4	523.1	530.0	537.9	546.0
Total VLTs	\$931.6	\$1,146.1	\$1,161.5	\$1,178.9	\$1,196.6
Table Games Distribution					
Education Trust Fund	\$76.0	\$79.7	\$80.7	\$81.9	\$83.1
Local Impact Grants	12.7	26.6	26.9	27.3	27.7
Licensee	355.0	424.9	430.3	436.8	443.3
Total Table Games	\$443.7	\$531.1	\$537.9	\$545.9	\$554.1
Total VLT and Table Games	\$1,375.4	\$1,677.3	\$1,699.4	\$1,724.9	\$1,750.7
Total Education Trust Fund	\$458.8	\$533.6	\$540.8	\$548.9	\$557.1

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