

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 811
Ways and Means

(Delegate Buckel, *et al.*)

Budget and Taxation

Allegany County and Prince George's County - Video Lottery Terminal Proceeds
- Use of Local Impact Grants

This bill requires that at least 20% of the local impact grants in Allegany County from video lottery terminal (VLT) proceeds must be used for capital projects for municipalities and nonprofit organizations in the county. In Prince George's County, \$125,000 of the 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.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: None.

Local Effect: At least \$290,200 of Allegany County local impact grants must be spent on capital projects for municipalities and nonprofit organizations in the county beginning in FY 2018. Additionally, \$125,000 of Prince George's County local impact grants must be spent annually in communities within 2.5 miles northeast of the video lottery facility in Prince George's County beginning in FY 2018.

Small Business Effect: Minimal. Nonprofit organizations in Allegany County may benefit from local impact grants being spent on capital projects for those organizations.

Analysis

Current Law: From the VLT proceeds at each video lottery facility, except in Allegany County, 5.5% of the proceeds are distributed as local impact grants to local governments in which a video lottery facility is operating. For the first 10 years of operations at a video lottery facility in Allegany County, 2.75% of gross VLT proceeds from the facility are distributed as local impact grants. After 10 years of operations, 5.5% of VLT proceeds at the facility in Allegany County are distributed as local impact grants.

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 in the communities in immediate proximity to the video lottery facilities. In Allegany County, the grants may also be used to pay down debt incurred by the county in the construction and related costs for the golf course, lodge, and other improvements in Rocky Gap State Park. In Prince George's County, 40% of its local impact grants, not to exceed \$15 million annually, must be used to address infrastructure needs related to Maryland Route 210 in Prince George's County.

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

Local Fiscal Effect: Prince George's County must spend \$125,000 of local impact grants annually in communities within 2.5 miles northeast of the video lottery facility in Prince George's County. As shown in **Exhibit 1**, Allegany County must spend at least \$290,244 in fiscal 2018 and \$301,859 in fiscal 2022 for capital projects for municipalities and nonprofit organizations in the county.

Exhibit 1 20% of Allegany County Local Impact Grants from VLT Proceeds Fiscal 2018-2022

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
LIG from VLTs	\$1,451,222	\$1,469,990	\$1,489,040	\$1,508,376	\$1,509,297
20% of LIG from VLTs	\$290,244	\$293,998	\$297,808	\$301,675	\$301,859

LIG: local impact grants
VLT: video lottery terminal

Source: Board of Revenue Estimates; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: SB 663 (Senator Edwards) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 20, 2017
kb/jrb Revised - Clarification - March 7, 2017
 Third Reader - April 5, 2017
 Revised - Amendment(s) - April 5, 2017
 Enrolled - May 8, 2017
 Revised - Amendment(s) - May 8, 2017

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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 2017 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	20
Ocean Downs	Worcester	January 2011	800	-
Maryland Live!	Anne Arundel	June 2012	3,906	209
Rocky Gap Casino	Allegany	May 2013	662	17
Horseshoe Casino	Baltimore City	August 2014	2,202	179
MGM National Harbor	Prince George's	December 2016	3,237	165

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 2018 through 2022 are shown in **Exhibit 2**. A total of \$1.79 billion in gross gaming revenues is projected in fiscal 2018, including \$546.7 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 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
VLTs Distribution					
Education Trust Fund	\$447.9	\$454.1	\$460.9	\$467.8	\$474.8
Lottery Operations	11.8	11.9	12.1	12.3	12.5
Purse Dedication Account	66.4	67.3	68.3	69.3	70.3
Racetrack Renewal Account	10.9	11.0	11.2	11.3	11.5
Local Impact Grants	61.0	61.9	62.8	63.7	64.7
Business Investment	16.6	16.9	17.1	17.4	17.6
Licenses	517.8	524.8	532.6	540.6	548.7
Total VLTs	\$1,132.4	\$1,147.8	\$1,165.0	\$1,182.5	\$1,200.3
Table Games Distribution					
Education Trust Fund	\$98.8	\$100.0	\$101.5	\$103.0	\$104.6
Local Impact Grants	32.9	33.3	33.8	34.3	34.9
Licenses	526.8	533.4	541.4	549.5	557.7
Total Table Games	\$658.5	\$666.7	\$676.7	\$686.9	\$697.2
Total VLTs and Table Games	\$1,790.9	\$1,814.5	\$1,841.8	\$1,869.4	\$1,897.4
Total Education Trust Fund	\$546.7	\$554.1	\$562.4	\$570.9	\$579.4

VLT: video lottery terminal

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