

**Department of Legislative Services**  
Maryland General Assembly  
2017 Session

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

Senate Bill 1152 (Senator Oaks)  
Budget and Taxation

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**Baltimore City - Table Games Proceeds - Recreational Facilities**

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This bill requires that table game proceeds distributed to Baltimore City as local impact grants that must be used to fund the maintenance, operation, and construction of recreational facilities be supplemental to any existing expenses or obligations related to recreational facilities and may not take the place of funding that otherwise would be appropriated for recreational facilities.

The bill takes effect July 1, 2017.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Approximately \$3.6 million of Baltimore City local impact grants beginning in FY 2018 may not be used to take the place of local funding that would otherwise be appropriated for recreational facilities.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Video lottery operation licensees receive 80% of table game revenues, 15% is distributed to the Education Trust Fund, and 5% is distributed to local jurisdictions where a video lottery terminal facility is located. Proceeds distributed to Baltimore City must be used equally to fund school construction projects and for the maintenance, operation, and construction of recreational facilities.

**Background:** Appendix – Maryland Gaming provides more information on gaming in Maryland.

**Exhibit 1** shows the estimated local impact grants to be distributed from table game proceeds to Baltimore City in fiscal 2018 through 2022.

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**Exhibit 1**  
**Baltimore City Local Impact Grants from Table Game Proceeds**  
**Fiscal 2018-2022**

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
School Construction	\$3,585,736	\$3,617,729	\$3,671,995	\$3,727,075	\$3,782,981
Recreational Facilities	<u>3,585,736</u>	<u>3,617,729</u>	<u>3,671,995</u>	<u>3,727,075</u>	<u>3,782,981</u>
<b>Total</b>	<b>\$7,171,472</b>	<b>\$7,235,458</b>	<b>\$7,343,989</b>	<b>\$7,454,149</b>	<b>\$7,565,962</b>

Source: Board of Revenue Estimates; Department of Legislative Services

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**Additional Information**

**Prior Introductions:** HB 1330 of 2016 passed the House and received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

**Cross File:** HB 1138 (Delegate Ali, *et al.*) - Ways and Means.

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

**Fiscal Note History:** First Reader - March 6, 2017  
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## Appendix – Maryland Gaming

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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**.

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### 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

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### *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.

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**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>
<b>VLTs Distribution</b>					
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
<b>Total VLTs</b>	<b>\$1,132.4</b>	<b>\$1,147.8</b>	<b>\$1,165.0</b>	<b>\$1,182.5</b>	<b>\$1,200.3</b>
<b>Table Games Distribution</b>					
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
<b>Total Table Games</b>	<b>\$658.5</b>	<b>\$666.7</b>	<b>\$676.7</b>	<b>\$686.9</b>	<b>\$697.2</b>
<b>Total VLTs and Table Games</b>	<b>\$1,790.9</b>	<b>\$1,814.5</b>	<b>\$1,841.8</b>	<b>\$1,869.4</b>	<b>\$1,897.4</b>
<b>Total Education Trust Fund</b>	<b>\$546.7</b>	<b>\$554.1</b>	<b>\$562.4</b>	<b>\$570.9</b>	<b>\$579.4</b>

VLT: video lottery terminal

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

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