

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 867

(Delegate Rosenberg, *et al.*)

Ways and Means

Baltimore City - Table Game Proceeds - Recreational Facilities and School Programs

This bill specifies that the local impact grants from table game proceeds that are paid to Baltimore City to fund the maintenance, operation, and construction of recreational facilities may also be used to fund the operation of the recreational facilities beyond the hours in effect as of January 1, 2016, and for after-school and summer school programs in the Baltimore City public schools.

Fiscal Summary

State Effect: None. The bill only affects local government operations.

Local Effect: Approximately \$2.9 million of Baltimore City local impact grants may be redirected annually to support the purposes of the bill.

Small Business Effect: None.

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 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: Exhibit 1 shows the estimated local impact grants to be distributed from table game proceeds to Baltimore City in fiscal 2019 through 2023.

Exhibit 1
Baltimore City Local Impact Grants from Table Game Proceeds
Fiscal 2019-2023

| | <u>FY 2019</u> | <u>FY 2020</u> | <u>FY 2021</u> | <u>FY 2022</u> | <u>FY 2023</u> |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| School Construction | \$2,817,952 | \$2,860,221 | \$2,903,124 | \$2,946,671 | \$2,990,871 |
| Recreational Facilities | 2,817,952 | 2,860,221 | 2,903,124 | 2,946,671 | 2,990,871 |
| Total | \$5,635,904 | \$5,720,442 | \$5,806,249 | \$5,893,343 | \$5,981,743 |

Source: Board of Revenue Estimates; Department of Legislative Services

The [Baltimore City Department of Recreation and Parks](#) currently manages 42 recreation centers, with 5 additional centers planned to open by summer 2018. Of those recreation centers, approximately 28 centers (67%) are listed as being open during the following hours throughout the year:

- fall, winter, and spring: 1:00 p.m.-9:00 p.m. – Monday and
Wednesday through Friday
10:00 a.m.-6:00 p.m. – Tuesday
- summer: 8:00 a.m.-8:00 p.m. – Monday through Friday

The average hourly cost to operate a recreation center in the city varies widely by center. The average hourly cost of operations for all of the 28 recreation centers mentioned above is approximately \$94 per hour.

Local Fiscal Effect: Approximately \$2.9 million of Baltimore City local impact grants may also be used to fund the operation of the recreational facilities beyond the hours in effect as of January 1, 2016, and for after-school and summer school programs in the Baltimore City public schools. The bill takes effect October 1, 2018, so three-quarters of the funds may be budgeted for these purposes in fiscal 2019 and the full amount beginning in fiscal 2020.

Baltimore City reports that local impact grants from table games for recreational facilities were spent to support aquatics and recreation center staffing, including two centers that reopened after renovations, in fiscal 2017. In fiscal 2018, \$2.0 million of funds were moved to a capital reserve account for the Cherry Hill Recreational Center, while the remaining funds were used to support staffing of aquatics centers. In fiscal 2019, the city plans to spend \$2.0 million for the Cherry Hill Recreational Center capital project and

approximately \$800,000 to staff aquatics centers. To the extent that local impact grants are redirected under the bill, these programs may see a reduction in funds.

Additional Information

Prior Introductions: None.

Cross File: Although SB 805 (Senator Oaks, *et al.* - Budget and Taxation) is designated as a cross file, it is not identical.

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

Fiscal Note History: First Reader - February 14, 2018
mag/jrb

Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510