

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 458
Ways and Means

(Delegate Turner, *et al.*)

Prince George's County - Video Lottery Terminals - Distribution of Local Impact Grants

This bill requires at least \$120,000 of local impact grants from video lottery terminals (VLTs) distributed to Prince George's County for public safety projects in the community within five miles surrounding Rosecroft Raceway to be distributed annually to Forest Heights. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: None.

Local Effect: From FY 2020 through 2032, at least \$120,000 of Prince George's County local impact grants from VLTs for public safety projects in the community within five miles surrounding Rosecroft Raceway must be distributed annually to Forest Heights.

Small Business Effect: Minimal.

Analysis

Current Law: From the VLT proceeds at each video lottery facility, generally 5.5% of the proceeds 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 grants must go to Baltimore City with the Pimlico Community Development Authority acting as the local development council. Of that amount, \$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 must be distributed to communities within three miles of the Laurel Race Course based on the distribution of impact aid from Laurel horse racing to Anne Arundel County, Howard County, and the City of Laurel.

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

Forest Heights is located within three miles of Rosecroft Raceway.

Local Fiscal Effect: From fiscal 2020 through 2032, at least \$120,000 of local impact grants from VLTs distributed to Prince George’s County for public safety projects in the community within five miles surrounding Rosecroft Raceway must be distributed annually to Forest Heights.

Additional Information

Prior Introductions: None.

Cross File: SB 562 (Senator Patterson, *et al.*) - Budget and Taxation.

Information Source(s): Prince George’s County; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2019
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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 2019 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	822	19
Ocean Downs	Worcester	January 2011	892	18
Maryland Live!	Anne Arundel	June 2012	3,825	198
Rocky Gap Casino	Allegany	May 2013	665	17
Horseshoe Casino	Baltimore City	August 2014	2,194	158
MGM National Harbor	Prince George’s	December 2016	3,137	198

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 2020 through 2024 are shown in **Exhibit 2**. A total of \$1.78 billion in gross gaming revenues is projected in fiscal 2020, including \$528.8 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 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
VLTs Distribution					
Education Trust Fund	\$430.1	\$419.6	\$425.7	\$429.5	\$433.8
Lottery Operations	11.2	11.4	11.5	11.6	11.8
Purse Dedication Account	65.6	66.5	67.5	68.1	70.5
Racetrack Renewal Account	10.7	10.9	11.0	11.1	11.8
Local Impact Grants	60.8	61.7	62.6	63.1	64.6
Business Investment	0.0	16.7	16.9	17.1	17.6
Licenses	542.2	550.0	557.9	562.9	565.0
Total VLTs	\$1,120.6	\$1,136.7	\$1,153.1	\$1,163.4	\$1,175.1
Table Games Distribution					
Education Trust Fund	\$98.7	\$100.2	\$101.7	\$102.6	\$103.6
Local Impact Grants	32.9	33.4	33.9	34.2	34.5
Licenses	526.4	534.3	542.4	547.2	552.7
Total Table Games	\$658.0	\$667.9	\$677.9	\$684.0	\$690.9
Total VLTs and Table Games	\$1,778.5	\$1,804.6	\$1,831.0	\$1,847.5	\$1,866.0
Total Education Trust Fund	\$528.8	\$519.8	\$527.4	\$532.1	\$537.4

VLT: video lottery terminal

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