

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 605
Ways and Means

(Delegate R. Watson)

Constitutional Amendment - Gaming - Expansion

This proposed constitutional amendment, if approved by voters at the next general election, removes the restriction that the General Assembly may only authorize additional forms or expansion of commercial gaming if approved through a referendum by a majority of the voters in a general election. The bill also updates the Maryland Constitution to reflect current law.

Fiscal Summary

State Effect: If approved by the General Assembly and the voters, deleting the requirement for voter approval of commercial gaming expansions could allow future gaming expansions to be implemented faster and may result in receiving additional State revenues sooner.

Local Effect: To the extent the General Assembly expands commercial gaming, local impact aid for affected counties may be accelerated to the extent local aid is provided in the legislation.

Small Business Effect: None.

Analysis

Current Law: The Maryland Constitution limits the number of video lottery terminals (VLTs) and video lottery operation licenses authorized in the State. Chapter 5 of the 2007 special session amended the Maryland Constitution so that after November 15, 2008, the General Assembly may only authorize additional forms or

expansion of commercial gaming if approved through a referendum by a majority of the voters in a general election.

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

State Fiscal Effect: The proposed constitutional amendment repeals the restriction that the General Assembly may only authorize additional forms or expansion of gaming if approved through a referendum by a majority of the voters in a general election. However, a constitutional amendment approved by the voters would still be required for any future expansion of the number of VLTs or video lottery operation licenses.

To the extent the General Assembly passes legislation authorizing additional forms of commercial gambling, these gambling activities will commence earlier. Accordingly, State revenues may be accelerated to the extent the legislation imposes taxes on these activities.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 325 (Senator King, *et al.*) - Budget and Taxation.

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 - January 31, 2020
md/jrb

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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 November 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	821	21
Ocean Downs	Worcester	January 2011	892	18
Maryland Live!	Anne Arundel	June 2012	3,737	195
Rocky Gap Casino	Allegany	May 2013	665	18
Horseshoe Casino	Baltimore City	August 2014	2,174	158
MGM National Harbor	Prince George’s	December 2016	3,102	207

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 2021 through 2025 are shown in **Exhibit 2**. A total of \$1.8 billion in gross gaming revenues is projected in fiscal 2021, including \$541.9 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 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
VLTs Distribution					
Education Trust Fund	\$447.3	\$452.4	\$458.2	\$464.0	\$469.9
Lottery Operations	11.7	11.8	12.0	12.1	12.3
Purse Dedication Account	68.4	69.2	70.1	72.9	73.8
Racetrack Renewal Account	11.2	11.3	11.5	12.1	12.3
Local Impact Grants	63.5	64.2	65.0	66.8	67.6
Business Investment	17.2	17.4	17.6	18.2	18.4
Licenses	550.9	557.3	564.5	568.0	575.3
Total VLTs	\$1,170.1	\$1,183.7	\$1,198.8	\$1,214.2	\$1,229.7
Table Games Distribution					
Education Trust Fund	\$94.6	\$95.8	\$97.0	\$98.3	\$99.5
Local Impact Grants	31.5	31.9	32.3	32.8	33.2
Licenses	504.7	511.1	517.6	524.1	530.8
Total Table Games	\$630.9	\$638.9	\$646.9	\$655.2	\$663.5
Total VLTs and Table Games	\$1,801.0	\$1,822.6	\$1,845.8	\$1,869.3	\$1,893.2
Total Education Trust Fund	\$541.9	\$548.3	\$555.2	\$562.3	\$569.5

VLT: video lottery terminal

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