

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1198 (Delegate D. Hughes)
(By Request)

Judiciary

Dorchester County - Cambridge Redevelopment Act

This bill provides that the Dorchester County Board of Commissioners may authorize the construction of a hotel, 200-slip marina, and conference center with up to 1,000 slot machines on the Choptank River within the City of Cambridge. The construction project must be worth at least \$100 million in direct investment and provide at least 1,100 full-time jobs, at least half to members of minority groups. From the slot machine win, a tax of 15% shall be paid, 8.5 percentage points to the State's general fund, 3 percentage points to Dorchester County, 3 percentage points to Cambridge, and 0.5 percentage points to programs that treat compulsive gambling. Slot machine patrons must pay a fee of \$1, to be used to fund civic improvement projects. The Board of County Commissioners may order that this Act must be submitted to a referendum of Dorchester County voters at a special election before it becomes legally effective.

Fiscal Summary

State Effect: Indeterminate increase in revenues and expenditures, as discussed below.

Local Effect: Indeterminate increase in revenues and expenditures, as discussed below.

Small Business Effect: Meaningful impact on small businesses, as discussed below.

Fiscal Analysis

State Revenues: General fund revenues could increase an estimated \$3.5 million in fiscal 1998. If 1,000 slot machines were operational by January 1, 1998, and the average win per machine per day were \$225, the gross win would be \$41.1 million in fiscal 1998. At the State's tax rate of 8.5%, revenues of \$3.5 million would result. Assuming the win per

machine per day remained at \$225, fiscal 1999 revenues would total \$7.0 million.

Any increase in income tax or other revenues cannot be reliably estimated at this time.

Local Revenues: Under the above scenario, Dorchester County and Cambridge revenues could each increase by an estimated \$1.2 million in fiscal 1998 and \$2.5 million in fiscal 1999. Revenues would also increase due to the \$1 admission fee.

Any increase in piggyback tax, property tax or other revenues cannot be reliably estimated at this time.

Local Expenditures: Local expenditures for police services may increase, based on the experience of Delaware with the introduction of slot machines at Dover Downs and Delaware Park. Various categories of crime on the premises of the racetracks increased in the first six months of 1996, the first six months after the introduction of slot machines, when compared to the first six months of 1995. For example, burglaries increased 120% (15 to 33), larceny increased 30% (310 to 405), motor vehicle theft increased 73% (26 to 45), and assaults increased 65% (95 to 157). The increase, if any, in public safety expenditures in Dorchester and Cambridge cannot be reliably estimated at this time.

Other infrastructure costs, such as transportation facilities, could also increase. Any such increase cannot be reliably estimated at this time.

Small Business Effect: Revenues of small businesses could increase substantially through the construction of the hotel/marina complex and the slot machines could draw additional tourist spending to Cambridge. Thus, revenues of small businesses providing tourism services could increase.

Information Source(s): Cambridge, Delaware State Lottery, Department of Fiscal Services

Fiscal Note History: First Reader - February 26, 1997

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