

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 452 (Senator Gladden)
Budget and Taxation

Economic Development - Host Community Gaming Benefits Authority

This bill provides for the establishment of a 16-member Host Community Gaming Benefits Authority in each jurisdiction where slot machines may be authorized and operated. The bill grants specified powers and duties to each authority that are generally related to the oversight of gaming venues and the administration of the Host Community Gaming Benefits Funds (nonlapsing special funds) established by the bill. The State is required to pay 5% of revenues generated from the operation of slot machines in each jurisdiction into each fund. The purpose of the fund is to improve the communities within the host community gaming district that have been impacted by the operation of slot machines at the gaming venue.

The bill provides that before a licensee makes a capital expenditure at a horse racing track, the licensee must submit a master plan to the Legislative Policy Committee of the General Assembly and the Host Community Gaming Benefits Authority for the Gaming Benefits District in which the track is located. The Legislative Policy Committee and the Host Community Gaming Benefits Authority are required to make recommendations within 30 days to the State Racing Commission to approve or disapprove the master plan.

The bill takes effect October 1, 2003, contingent upon the passage of legislation that makes the location, possession, keeping, or operation of slot machines in the State legal.

Fiscal Summary

State Effect: Any expense reimbursements for certain authority members are assumed to be minimal and absorbable within existing budgeted resources.

Local Effect: Potential significant local government revenues. The amount of any revenue increase depends on the authorization of video lottery terminals.

Small Business Effect: Potential meaningful. Small business could benefit if funds from the Host Community Gaming Benefits Funds stimulate additional economic activity in the respective areas.

Analysis

Current Law: Specified types of gambling are allowed in Maryland, including State lottery and wagering on horse racing. Bingo, bazaars, and gaming nights are allowed for some nonprofit organizations on a county-by-county basis. Several counties permit for-profit bingo. In addition, some nonprofit organizations in Eastern Shore counties are allowed to operate up to five slot machines, provided that at least 50% of the proceeds go to charity. Video lottery terminals are not authorized for operation in the State.

Background: Regulated gambling in Maryland dates back to 1743 with the regulation of horse racing. Pari-mutuel betting was introduced in 1912 and the State Racing Commission was established in 1920.

The State lottery was established in 1972 through legislative action and a constitutional amendment approved by voters.

Slot machines were authorized for use across the State from 1937 through 1939. Legislation to authorize slot machines in Southern Maryland was passed in the 1940s. By the early 1960s, the only legal slot machines in the United States, outside of Nevada, were located in Calvert, Charles, St. Mary's and Anne Arundel counties. Legislation passed in 1966 prohibiting slot machines as of July 1, 1968.

In 1987 legislation was passed that authorized the operation of slot machines by nonprofit organizations in all Eastern Shore counties, except Worcester.

Legislation enacted in 1995 established a commission to study gambling in Maryland. In its final report to the Governor and the General Assembly in December 1995, the commission, known as the Tydings Commission, made several recommendations including a recommendation that the General Assembly and the Governor should maintain the current prohibitions against commercial casino gambling activities in Maryland, including slot machines at race tracks.

Additional Information

Prior Introductions: None.

Cross File: HB 491 (Delegate Oaks, *et al.*) – Ways and Means.

Information Source(s): Department of Labor, Licensing, and Regulation; Allegany County; Baltimore City; Prince George's County; Department of Legislative Services

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