

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 1134
Ways and Means

(Delegates Cardin and Morhaim)

Video Lottery Terminals - Interstate Revenue Sharing

This bill requires the Governor to negotiate a revenue sharing arrangement with each neighboring state with gaming facilities that feature video lottery terminals (VLTs), based in part on the number of Maryland visitors to those gaming facilities. The revenues realized by a revenue sharing agreement go into the general fund. The bill provides that if the governing body of a neighboring state does not commit to the negotiated revenue sharing agreement, the General Assembly may authorize the installation of an ample number of video lottery terminals at the Chesapeake House on Route I-95 or a nearby venue close to the Delaware state line, a venue in Hagerstown or close to the intersection of Routes I-70 and I-81 or the Virginia and West Virginia state lines, or Sandy Hook or a nearby venue close to the West Virginia state line. Finally, the State is prohibited from installing video lottery terminals near the border of a state when a revenue sharing arrangement with that state is in effect.

Fiscal Summary

State Effect: Potential increase in general fund revenues to the extent that revenue sharing agreements are established with neighboring states.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Specified types of gambling are allowed in Maryland. This includes the 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. VLTs are not authorized for operation in the State.

Background: Delaware and West Virginia currently allow video lottery terminals. In Delaware, VLTs generated approximately \$565 million in net revenues (after prize payouts) in fiscal 2002. Approximately 60% of these revenues were distributed to racetracks and purses, 35% to the state's general fund, and the remaining 5% to cover administrative costs.

In fiscal 2002, VLTs in West Virginia generated approximately \$595 million in net revenues, of which 60% was distributed to racetracks and purses and 30% to the state lottery fund. The remaining 10% was distributed to tourism initiatives, local governments, the state racing commission, the state pension fund, greyhound and thoroughbred development, and administrative costs.

In 2001, New York enacted legislation authorizing VLTs at several racetracks as well as at a number of Native American casinos. Pennsylvania is also reported to be considering legislation to authorize VLTs. Although both Virginia and the District of Columbia operate lotteries, and Virginia conducts limited horse racing, neither jurisdiction is currently considering legalizing casinos or VLT-type gambling.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Lottery Agency; Department of Labor, Licensing, and Regulation; Department of Legislative Services

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