

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

Senate Bill 446 (Senator Giannetti)
 Budget and Taxation

Maryland Racing and Video Lottery Act

This bill authorizes video lottery terminals (VLTs) at three racetrack locations in the State, provides for one-time license fees, provides for the distribution of revenues from VLTs, and prohibits the General Assembly from adopting any laws authorizing any additional forms or expansion of commercial gaming.

The bill takes effect June 1, 2003.

Fiscal Summary

State Effect: General fund revenues could increase by up to \$375 million in FY 2004, depending on payment of one-time license fees. Future years generally reflect phased-in VLT operations. General fund expenditures increase for local impact aid and gambling addiction treatment beginning in FY 2005. Special fund revenues and expenditures increase beginning in FY 2005 for lottery commission administrative expenses, and compulsive gambling. General fund lottery revenues could decrease by \$9 million in FY 2005. Future years reflect continuing decreases. **Appendix 1** provides greater detail for all revenues and expenditures.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	\$375,000,000	\$5,643,800	\$399,339,000	\$664,948,300	\$701,412,300
SF Revenue	0	7,175,000	52,704,700	79,964,900	82,850,000
GF Expenditure	0	1,644,000	40,758,100	64,177,100	66,655,700
SF Expenditure	0	7,175,000	52,704,700	79,964,900	82,850,000
Net Effect	\$375,000,000	\$3,999,800	\$358,580,900	\$600,771,200	\$634,756,600

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Revenues for localities with VLT facilities would increase by approximately \$1.3 million FY 2005. Future year revenues represent increased VLT operation and efficiency. Significant expenditure increase in Baltimore City and Laurel associated with infrastructure and public safety.

Small Business Effect: Meaningful.

Analysis

Bill Summary: The major provisions of the bill include:

Video Lottery Terminals

- Authorizes a total of 12,500 VLTs in the State – at three horse racetracks in different regions of the State. The number of VLTs at each track is to be determined by the State Lottery Commission. To be eligible, a racetrack must have a racing license issued by the State Racing Commission for Pimlico Race Course, Laurel Park, and a track in Allegany County.
- Reiterates the current prohibition on additional forms of gaming, other than those already authorized under State law (e.g., State lottery, horse racing, charitable gaming).
- VLTs would be owned or leased by the State Lottery Commission and under the control of the commission at all times.
- The lottery commission may only consider an applicant for a license if: the county governing body passes a resolution in support of a video lottery facility in the county; and the qualified voters of the county do not petition the local resolution to referendum at a special election; or if the local resolution is petitioned to referendum, the majority of votes cast must be for the video lottery facility.
- A county governing body must pass a resolution in support of a video lottery facility in the county within 60 days after the bill's effective date of June 1, 2003. To petition the local resolution to referendum at a special election in the county, the signatures of 3% of the county's legally qualified voters must be collected and certified within 30 days after passage of the local resolution. If that occurs, a special election must be held in the county within 30 days after the date the petition is certified. The State must pay for the costs of a special election.

Eligibility Criteria

- An applicant for a facility license must: invest at least \$100 million in construction and related costs; provide at least 150 full-time jobs; meet the State's minority business participation requirements, at a minimum, for construction and procurement; meet the county's minority business participation requirements, to the extent practicable, if they are higher than the State's; and make good faith efforts for participation in ownership by minorities and women.
- All applicants for a facility license are subject to a stringent application process that involves a background investigation of the applicant and each person who owns or controls the applicant. After the background investigation, the commission is required to conduct a hearing on the application.

Fees and Licenses

- Initial one-time fee of \$125 million to be paid by each licensee upon issuance of a license, to be distributed to the State general fund for general purposes.
- Annual fee of \$360 per operating VLT paid by licensees distributed to the Compulsive Gambling Fund (\$3.6 million annually). However, the bill does not provide for the establishment of the fund.
- Application and license fees to be established by the commission to cover its administrative expenses, including the costs of the background investigations.
- The commission may impose license sanctions (denial, suspension, or revocation) and civil penalties up to \$5,000 per violation against applicants and licensees.
- Licenses must be renewed annually and are not transferable.
- The commission may require a facility licensee to be bonded.

Distribution of VLT Proceeds

The costs of the lottery commission to purchase or lease and maintain the VLTs and other necessary equipment will be subtracted from the gross proceeds of VLTs, after payout to players.

Net proceeds are to be distributed as follows:

- 50% to the general fund;
- 45% to licensees; and
- 5% to local jurisdictions within a five-mile radius of where video lottery is conducted (local impact aid).

Compulsive Gambling Fund

The commission is required to distribute funds collected from the \$360 annual fee to the Compulsive Gambling Fund. The bill, however, does not provide for the creation of the fund.

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: Over the past several legislative sessions, various proposals have been introduced to authorize VLTs at the State's horse racing tracks or other tourist destinations in the State.

Gambling in Maryland

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

Gambling in the United States

Prior to 1980, state lotteries, along with pari-mutuel wagering on racing and jai-lai were the prevalent forms of legal gambling. Casinos operated only in Nevada and Atlantic City, New Jersey. Since that time, gambling opportunities have become much more prevalent and varied.

Exhibit 1 summarizes the number of states that allow various forms of gambling. **Appendix 2** shows the various types of gambling that are allowed in each state.

Exhibit 1 Types of Gambling in the United States, Summary

<u>Type of Gambling</u>	<u>Number of States</u>
Land-based Casino	4
Dockside Riverboat Casino	5
Cruising Riverboat Casino	1
Native American Gaming	25
Limited Stakes	2
Card Room	5
Lottery	42
Pari-mutuel	41
Bingo	48
None	2

Surrounding State VLT Revenues

Delaware and West Virginia currently allow VLTs. 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.

State Revenues:

License Fee Revenues

The bill requires each licensee to pay a one-time license fee of \$125 million upon being issued a VLT license. Assuming that the licensees determine that the operation of VLTs will be a profitable business venture and they will be able to earn an appropriate rate of return on their investment, as well as working out any issues related to zoning prior to the March 31 deadline, general fund revenues would increase by up to \$375 million in fiscal 2004.

VLT Revenues

No more than three racetracks in the State will be licensed to operate VLTs. The lottery commission will determine the number of VLTs at each racetrack. No more than 12,500 may be operated in the State.

As a result, total revenues generated by VLTs – after payouts to winning players, but **before** any other distributions are made – could total approximately \$30.5 million in fiscal 2005, \$858.3 million in fiscal 2006, \$1.35 billion in fiscal 2007, and \$1.40 billion in fiscal 2008. This estimate is based on the following facts and assumptions:

Pimlico

- Begin VLT operations on July 1, 2005 – 12-month delay due to local zoning processes and 10-12 months of capital improvements;

- 5,500 machines;
- Average win per position of \$333; and
- Facilities begin operating at approximately 50% of maximum efficiency and increase by about 10% each quarter until reaching full market potential in October 2006.

Laurel

- Begin VLT operations on July 1, 2005 – 12-month delay due to local zoning processes and 10-12 months of capital improvements;
- 5,500 machines;
- Average win per position of \$347; and
- Facilities begin operating at approximately 50% of maximum efficiency and increase by about 10% each quarter until reaching full market potential in October 2006.

Allegany

- The new track will be completed and VLT operations will begin by January 1, 2005;
- 1,500 machines;
- Average win per position of \$225; and
- Facility will operate at approximately 50% efficiency beginning January 1, 2005 and increase by about 10% each quarter until reaching full market potential in April 2006.

Other Assumptions

- VLTs will operate 365 days a year at each track once operational;

- Average daily win based on estimates provided by The Innovation Group, discounted 15% by the Department of Legislative Services (DLS); and
- Average daily win for Allegany track based on average daily win at Charles Town, West Virginia, discounted by 15% by DLS.

Distribution of Revenues

Exhibit 2 details the revenue distribution resulting from VLTs for fiscal 2005 through 2008.

**Exhibit 2
Distribution of VLT Revenues**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Gross Proceeds	\$30,454,688	\$858,266,475	\$1,353,907,275	\$1,406,363,250
Administrative Expenses	3,575,008	49,104,656	76,364,900	79,249,979
Net Proceeds	26,879,680	809,161,819	1,277,542,375	1,327,113,271
GF	13,439,840	404,580,909	638,771,187	663,556,636
Licensees	12,095,856	364,122,818	574,894,069	597,200,972
Local Impact Aid	1,343,984	40,458,091	63,877,119	66,355,664

Exhibit 3 details the estimated revenues generated at each track for fiscal 2005 through 2008.

**Exhibit 3
Estimated Revenue Generated By Track
Fiscal 2005 - 2008**

<u>Location</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Pimlico	--	\$381,274,438	\$608,924,938	\$631,358,750
Laurel	--	379,126,413	628,638,588	658,660,750
Allegany	\$30,454,688	97,865,625	116,343,750	116,343,750
Total	\$30,454,688	\$858,266,476	\$1,353,907,276	\$1,406,363,250

Lottery Revenues

Based on the experience of other states, lottery revenues would decline due to the introduction of VLTs by about 10% in the first year VLTs are fully operational, decreasing by 2% annually over the next five years. Based on current lottery revenue estimates, general fund lottery revenues would decrease by \$9 million in fiscal 2005

which reflects partial VLT operations, \$45.7 million in fiscal 2006, \$37.3 million in fiscal 2007, and, \$28.5 million in fiscal 2008.

Compulsive Gambling Fund

An additional revenue increase of \$360 per VLT, or \$3.6 million annually, will be credited to the Compulsive Gambling Fund. Revenues could also increase due to increases in wagering tax revenues.

Indirect State Revenues

In addition to the direct revenues generated, the introduction of VLTs could generate other revenues due to the increased economic activity associated with VLTs.

Each horse racing track would have to undertake major capital improvements in order to house the VLTs and transform the tracks into entertainment centers. The construction jobs associated with track improvements could bring dollars into the areas surrounding the tracks, providing an economic boost to the local economy. This effect would be temporary and is difficult to quantify.

Once up and running, the VLT facilities will need to employ many more people than are currently employed at the tracks. Based on information provided by The Innovation Group, Pimlico and Laurel would each employ about 1,100 new employees with an average wage of \$36,000.

New jobs would generate new incomes that would be subject to the income tax – revenue that is not currently generated. To the extent that substitute jobs are higher paying than the previously held jobs, taxes paid by those individuals would be higher than paid previously. If it is assumed that these are new jobs, State income taxes could increase by approximately \$3.8 million, and local income taxes could increase by approximately \$2.1 million. To the extent that some of these jobs are substitutes for existing jobs, income tax collections would be lower.

In addition, it is likely that all of these employees would generate more sales tax collections through increased spending.

The companies that own the tracks may pay higher corporate income taxes due to increased earnings.

The introduction of VLTs in Maryland could lead to the recapture of money that is currently being spent in other states, primarily Delaware and West Virginia. In addition,

VLTs could generate new money being spent in the State by Maryland residents and by out-of-state residents. Approximately 31% of the revenues generated by VLTs would come from Maryland residents who currently gamble outside the State; 11% from out-of-state residents who currently gamble somewhere else; 21% from new Maryland gamblers; and 37% from new out-of-state gamblers. The gaming trips made by current gamblers would be new spending to the State; to the extent these individuals spend money outside the gaming facility, the local economy would benefit. The money spent by new out-of-state gamblers is also new spending, and as with the current gamblers, any spending outside the gaming facility would be a boost to the local economy. However, the 21% of revenues generated by new Maryland gamblers could hurt the local economy to the extent these individuals spend their money on gambling rather than on other activities.

State Real Property Tax

Exhibit 4 shows the potential State real property tax revenue resulting from the installation of 5,500 VLTs in Baltimore City and Anne Arundel County. The estimate assumes a 1.5% real property assessment increase and constant tax rates.

**Exhibit 4
Potential Real Property Tax Revenue**

<u>Fiscal Year</u>	<u>Real Property Tax Revenues</u>
2005	\$0
2006	\$302,400
2007	\$306,936
2008	\$311,472
2009	\$316,008

State Expenditures:

Administrative Expenditures

Lottery Agency

Administrative costs for the State Lottery Commission associated with operating video terminals would be approximately \$3.6 million in fiscal 2005. This estimate assumes that the cost of leasing and maintaining the VLT terminals and central computer system will be equal to approximately 5.5% of gross revenues. In addition, it also assumes approximately \$1.9 million annually to pay for 30 new employees (1 deputy director, 1

administrative assistant, 1 administrative specialist, 1 administrative clerk, 1 assistant Attorney General, 4 security investigators, 1 fiscal clerk, 1 fiscal specialist, 1 fiscal clerk, 1 contract manager, 1 support programmer, and 16 on-site customer service representatives) to operate and administer the VLT program. The estimate includes benefits, one-time start-up costs, and ongoing operational expenses.

Department of Health and Mental Hygiene (DHMH)

Expenditures could increase to the extent that individuals with gambling problems seek counseling from DHMH’s Alcohol and Drug Abuse Administration. Treatment costs could approximate \$3.9 million annually (see **Exhibit 8**). The bill provides for \$3.6 million (\$360 per machine fee) to be paid into the Compulsive Gambling Fund for compulsive gambling related problems, meaning DHMH’s expenditures could increase by approximately \$300,000 annually.

Exhibit 5 outlines projected totals expenditures related to the VLT program.

**Exhibit 5
Administrative Costs**

<u>Agency</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Lottery Commission	\$3,575,008	\$49,104,656	\$76,364,900	\$79,249,979
DHMH	3,900,000	3,900,000	3,900,000	3,900,000
Total	\$7,475,008	\$53,004,656	\$80,264,900	\$83,149,979

Infrastructure Costs

The State could also incur significant costs associated with infrastructure upgrades at each of the racetracks. The actual costs are site specific and could range from adding more traffic signs and lights to significantly altering existing traffic routes and adding access from other major thoroughfares.

Local Impact Aid

The bill provides that 5% of the net proceeds be distributed to the local jurisdictions within a five-mile radius of where video lottery is conducted. **Exhibit 6** shows the total local distributions for the first four years of VLT operations.

Exhibit 6
Total Local Distributions

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
Total Local Distribution	\$1,343,984	\$40,458,091	\$63,877,119	\$66,355,664

Other Funds

The Compulsive Gambling Fund would be used to fund a 24-hour hotline for compulsive gamblers, and to provide counseling and other support services. Administrative expenses would be deducted from the \$3.6 million in annual VLT fees credited to the fund. However, the bill does not provide for the creation of the fund.

Indirect State Expenditures

In addition to the positive indirect effects to the economy, negative impacts can be expected as well. These effects could include increased crime and gambling addiction which could result in additional State and local spending directed toward these effects.

A comprehensive study of the incidence and social impact of pathological and problem gambling was conducted in 1998 by the National Opinion Research Center (NORC) at the University of Chicago. The research was conducted on behalf of the National Gaming Impact Study. Using a variety of methods, NORC concluded that, based on behaviors reported in the prior year, about 0.6% of the U.S. population could be classified as “pathological” gamblers while 0.7% could be classified as “problem” gamblers. Another 2.9% were classified as at risk. Among the problems associated with these conditions were greater incidence of poor health, mental health problems, family difficulties, depression, alcohol and drug dependency, job loss, bankruptcy, and arrest and incarceration.

Some of the costs and burdens resulting from problem and pathological gambling are of course borne by the gambler, but some are borne by society. For example, a gambler who loses his job assumes the burden of being without a job, but the federal government pay for unemployment benefits. The government would also bear the burden of increased health care costs, public safety and incarceration, and alcohol and drug dependency treatment.

Exhibit 7 outlines some of the potential social costs to the State resulting from problem and pathological gamblers. The Innovation Group estimates that roughly 4.8 million persons live within 50 miles of one of the proposed casinos. NORC at the University of

Chicago has estimated that approximately 1.3% of them would exhibit the characteristics of pathological gambling and 1.1% would exhibit the characteristics of problem gambling. The remaining State population, approximately 500,000, are those individuals residing between 50 and 250 miles of one of these venues. Based on these figures, the cost to the State and localities for treatment, welfare, corrections, and arrests could approximate \$29 million annually following the beginning of VLT operations.

**Exhibit 7
Potential Costs of Pathological and Problem Gambling**

		<u>Pathological</u>		<u>Problem</u>		<u>Total</u>
Total Population	5,296,486	1.30%	70,412	1.10%	61,377	
Treatment	\$30		\$2,112,360		1,841,310	\$3,953,670
Welfare	60		4,224,720	\$90	5,523,930	9,748,650
Corrections	85		5,985,020	34	2,056,130	8,041,150
Arrests (Local)	63		<u>4,400,750</u>	48	<u>2,946,096</u>	<u>7,346,846</u>
Total			\$16,722,850		\$12,367,466	\$29,090,316

Source: Innovation Group Central Maryland Racetrack VLT Venues: Revenue Projections; U.S. Census Bureau, Census 2000; Cost data from National Opinion Research Center, Gambling Impact and Behavioral Study, 1999

Local Revenues:

VLT Distributions

Revenues would increase for the jurisdictions within five miles of a VLT facility due to the local distribution (as shown in **Exhibit 6**). Impact aid will total \$1.3 million in fiscal 2005, \$40.5 million in fiscal 2006, and \$63.9 million in fiscal 2007.

Real and Personal Property Tax Revenues

The local jurisdictions where VLTs are located would also benefit from increased real property tax and personal property tax collections. **Exhibit 8** shows the possible increase in these local tax collections if it is assumed that both Laurel and Pimlico have increased assessments of \$180 million (the estimated cost to make capital improvements) and each facility has 5,500 VLTs beginning in fiscal 2006.

Exhibit 8
Potential Real and Personal Property Tax Revenues

	<u>Fiscal</u> <u>Year</u>	<u>Local Real</u> <u>Property Tax</u> <u>Revenues</u>	<u>Local Personal</u> <u>Property Tax</u> <u>Revenues</u>
Anne Arundel			
	2006	\$1,710,000	\$209,000
	2007	1,735,650	156,750
	2008	1,761,300	104,500
	2009	1,786,950	65,313
	2010	1,812,600	65,313
Baltimore City			
	2006	\$4,190,400	\$512,160
	2007	4,253,256	384,120
	2008	4,316,112	256,080
	2009	4,378,968	160,050
	2010	4,441,824	160,050

Indirect Local Revenues

To the extent that expenditures on items subject to admissions and amusement taxes are transferred to VLT wagering, local revenues could decline. Local revenues would also be affected by any changes in neighboring commercial and residential property values, positive or negative, occurring because of the introduction of VLTs. This effect cannot be reliably estimated at this time.

Local Expenditures: The following jurisdictions have estimated increased expenditures resulting from the authorization of VLTs.

Baltimore City estimates that the annual operating costs for public safety, sanitation, and transportation would be approximately \$9.3 million. These new annual operating costs involve creating police posts, augmenting cleaning efforts, and managing the flow of vehicle and pedestrian traffic in and around the impacted area. In addition to these recurring costs, the city estimates approximately \$1.8 million in one-time operating start-up costs to acquire equipment such as police cars, medic units, load packers, and street sweepers.

It is also estimated that \$65 million in transportation-related capital improvements would be necessary to accommodate the expected influx of activity in and around the impacted

area. These improvements include intersection improvements, signal system installations, and street widening and rehabilitation.

The City of Laurel estimates that annually expenditures would increase by approximately \$910,300. This reflects hiring one police sergeant, one police corporal, two police PFC, two police officers, one crew leader, and two laborers. It includes benefits as well as other operating costs.

Small Business Effect: This bill would have substantial direct and indirect effects on small businesses. The provision of supplies, including construction supplies, would result in increased revenues for some small businesses. Tourism-related businesses could also experience increased business activity.

To the extent that VLT wagering replaces other types of entertainment expenditures, revenues of those businesses would decline.

A study conducted by the National Opinion Research Council, in conjunction with the National Gambling Impact Study Commission, indicates that per capita earnings for those employed by restaurants and bars in the area could decline by about 19% after the establishment of casinos.

It is anticipated that net economic activity would increase, particularly because of an increase in expenditures in the State from nonresidents. As mentioned above, approximately 31% of the revenues generated by VLTs would come from Maryland residents who currently gamble outside the State; 11% would come from out-of-state residents who currently gamble somewhere else; 21% would come from new Maryland gamblers; and 37% from new out-of-state gamblers.

Additional Information

Prior Introductions: Legislation authorizing VLTs has been introduced during the past several sessions. Examples of this type of legislation include HB 732 in the 2002 session, HB 1170 in the 2001 session, and HB 1170 in the 2000 session. No action was taken on any of these bills.

Cross File: None.

Information Source(s): City of Laurel; Allegany County; Prince George's County; Howard County; Maryland State Lottery Agency; Maryland Stadium Authority; Anne

Arundel County; Department of Labor, Licensing, and Regulation; Baltimore City; The Innovation Group; Department of Legislative Services

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**Appendix 1
Summary of Fiscal Effect**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Gross VLT Revenues	--	\$30,454,688	\$858,266,475	\$1,353,907,275	\$1,406,363,250
Distributions to Licensees	--	12,095,856	364,122,818	574,894,069	597,200,972
GF Revenues					
General Fund Distribution	--	13,439,840	404,580,909	638,771,187	663,556,636
License Fees	\$375,000,000	--	--	--	--
Lost Lottery Revenue	--	(9,140,000)	(45,700,000)	(37,700,000)	(28,500,000)
Local Impact Aid	--	1,343,984	40,458,091	63,877,119	66,355,664
Total GF Revenues	375,000,000	5,643,824	399,339,000	664,948,306	701,412,300
SF Revenues					
Lottery Agency Costs	--	3,575,008	49,104,656	76,364,900	79,249,979
Compulsive Gambling	--	3,600,000	3,600,000	3,600,000	3,600,000
Total SF Revenues	--	7,175,008	52,704,656	79,964,900	82,849,979
GF Expenditures					
Local Impact Aid	--	1,343,984	40,458,091	63,877,119	66,355,664
DHMH Expenditures	--	300,000	300,000	300,000	300,000
Total GF Expenditures	--	1,643,984	40,758,091	64,177,119	66,655,664
Special Fund Expenditures					
Total Revenues	375,000,000	12,818,832	452,043,656	744,913,206	784,262,278
Total Expenditures	--	8,818,992	93,464,747	144,142,019	149,505,643
Net Effect	\$375,000,000	\$3,999,840	\$358,580,909	\$ 600,771,187	\$634,756,636

Appendix 2 Types of Gambling in the United States

<u>State</u>	<u>Land-based Casino</u>	<u>Riverboat Dockside</u>	<u>Riverboat Cruising</u>	<u>Native American Gaming</u>	<u>Limited Stakes</u>	<u>Card Room</u>	<u>Lottery</u>	<u>Pari- Mutuel</u>	<u>Bingo</u>	<u>None</u>
Alabama								X	X	
Alaska									X	
Arizona				X			X	X	X	
Arkansas								X	X	
California				X		X	X	X	X	
Colorado				X	X		X	X	X	
Connecticut				X			X	X	X	
Delaware							X	X	X	
Florida				X		X	X	X	X	
Georgia							X		X	
Hawaii										X
Idaho				X			X	X	X	
Illinois		X					X	X	X	
Indiana		X					X	X	X	
Iowa			X	X			X	X	X	
Kansas				X			X	X	X	
Kentucky							X	X	X	
Louisiana	X	(Shreveport)		X			X	X	X	
Maine							X	X	X	
Maryland							X	X	X	
Massachusetts							X	X	X	
Michigan	X			X			X	X	X	
Minnesota				X			X	X	X	
Mississippi		X		X					X	
Missouri		X					X		X	
Montana				X		X	X	X	X	
Nebraska				X			X	X	X	
Nevada	X			X				X	X	
New Hampshire							X	X	X	
New Jersey	X						X	X	X	
New Mexico				X			X	X	X	
New York (1)				X			X	X	X	
North Carolina				X			X		X	
North Dakota				X		X		X	X	
Ohio							X	X	X	
Oklahoma				X			X	X	X	
Oregon				X			X	X	X	
Pennsylvania							X	X	X	
Rhode Island							X	X	X	
South Carolina							X		X	
South Dakota				X	X		X	X	X	
Tennessee								X		
Texas				X			X	X	X	
Utah										X
Vermont							X	X	X	
Virginia							X	X	X	
Washington				X		X	X	X	X	
Washington DC							X		X	
West Virginia							X	X	X	
Wisconsin				X			X	X	X	
Wyoming							X	X	X	

(1) Legalized by legislation

Source: State Regulatory Agencies; Bear, Stearns & Co. Inc.; Innovation Group

