

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE
 Revised

Senate Bill 149
 Finance

(Senator Klausmeier, *et al.*)

Ways and Means

State Lottery Proceeds - Compulsive Gambling Grants

This bill requires \$100,000 of State lottery net revenues to be distributed annually to provide grants for compulsive gambling treatment. As part of a pilot project, the Department of Health and Mental Hygiene (DHMH) must distribute these grants to nonprofit organizations or public agencies that either provide treatment to compulsive gamblers or conduct research and training designed to improve compulsive gambling treatment.

The bill terminates September 30, 2008.

Fiscal Summary

State Effect: General fund revenues would decrease by \$100,000 annually in FY 2007 through 2009 due to a reduction in available lottery revenues. Special fund revenues and expenditures would increase by \$100,000 annually in FY 2007 through 2009 due to distributions mandated by the bill.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
GF Revenue	(\$100,000)	(\$100,000)	(\$100,000)	\$0	\$0
SF Revenue	100,000	100,000	100,000	0	0
SF Expenditure	100,000	100,000	100,000	0	0
Net Effect	(\$100,000)	(\$100,000)	(\$100,000)	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Net revenues from sport lotteries conducted for the benefit of the Maryland Stadium Authority are distributed into the Maryland Stadium Facilities Fund and the net revenues from other State lotteries are distributed to the general fund.

The Health-General Article defines a “compulsive gambler” as an individual who is preoccupied chronically and progressively with gambling and the urge to gamble and who’s gambling behavior compromises, disrupts, or damages the individual’s personal, family, or vocational pursuits.

Background: Net revenues from State lotteries are projected to total approximately \$504.7 million in fiscal 2007. Based on this estimate, \$21.0 million will be distributed to the Maryland Stadium Facilities Fund and \$483.7 million will be distributed to the general fund.

History of State-funded Gambling Treatment

Chapter 928 of 1978 required the Secretary of Health and Mental Hygiene to establish, as a pilot project, a center for compulsive gamblers at a location accessible to a major population center of the State. Enactment of this legislation made Maryland the first state to recognize and address compulsive gambling. Governor Lee included \$100,000 in the fiscal 1980 budget for this program.

The State awarded the Johns Hopkins University School of Hygiene and Public Health a \$98,000 contract for the pilot project. The Hopkins’ proposal stressed group therapy and an integrated approach to gambling treatment. The Johns Hopkins Center for Pathological Gambling in Pikesville opened on October 24, 1979 as the first pathological gambling treatment center in the United States. The center began to accept clients in November 1979 and reached its outpatient capacity by January 1980. In its first year, the center served 191 clients and garnered national media attention. In its second year, the center added therapy programs for incarcerated pathological gamblers.

In fall 1982, the Drug Abuse Administration (DAA) of the Department of Health and Mental Hygiene (DHMH) sought competitive bids for the continuation of the program. The National Foundation for Study & Treatment of Pathological Gambling, Inc., a nonprofit health care corporation, was awarded a \$60,000 grant from DAA to set up a compulsive gambling treatment program. The program started on September 1, 1983 on the grounds of Taylor Manor Hospital in Ellicott City. Because Taylor Manor was a for-profit hospital, the foundation and Taylor Manor reached an agreement whereby staff would be on Taylor Manor’s payroll, the program would use Taylor Manor facilities and supplies, and patients’ fees would be collected by Taylor Manor. The average length of

stay in the program was between 21 and 28 days. The State terminated the grant after one year. Taylor Manor terminated its contractual relationship with the foundation but renewed contractual agreements with clinical staff. Based on this arrangement, Taylor Manor operated an inpatient gambling treatment program.

In October 1984, the Alcohol and Drug Abuse Administration (ADAA) of DHMH provided \$12,000 for a residential treatment program in downtown Baltimore. The program closed in February 1986.

In 1985, DHMH made a \$40,000 grant to Changing Point, a private treatment program for alcoholics associated with Taylor Manor Hospital. The grant money was to serve as funding for training programs related to gambling treatment. ADAA terminated the grant after 16 months due to the growing cocaine addiction problem in the State. The State referred indigent State residents to Epoch House Drug Counseling Center in Catonsville with the belief that a large portion of the compulsive gambling population also suffered from drug addiction. The State also mandated a gambling training module for certain addiction counselors. This program ended in 1988.

ADAA advises that a compulsive gamblers hotline was funded many years ago in the amount of \$200,000, but was later terminated. ADAA advises that it has not funded such a project for a number of years.

State Fiscal Effect: General fund revenues would decrease by \$100,000 annually in fiscal 2007 through 2009 due to a reduction in available lottery revenues. Special fund revenues and expenditures would increase by \$100,000 annually in fiscal 2007 through 2009 as a result of the grants. The bill is effective October 1, 2006 and terminates September 30, 2008, which represents three fiscal years. The administrative costs at the Lottery Agency, DHMH, and Comptroller's Office associated with the provisions of the bill could be handled within existing budgeted resources.

Additional Information

Prior Introductions: SB 111 of 2005, an identical bill, passed the Senate but was not reported from the House Ways and Means Committee.

Cross File: HB 366 (Delegate Cardin, *et al.*) – Ways and Means.

Information Source(s): Comptroller's Office, Maryland State Lottery Agency, Department of Legislative Services

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