

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

Senate Bill 83
 Finance

(Senators Klausmeier and Colburn)

Commission on Gambling Addiction

This bill creates a Commission on Gambling Addiction within the Department of Health and Mental Hygiene (DHMH). The commission is charged with studying the effects and costs of gambling addiction, and working with State and local agencies to improve programs for the treatment and prevention of gambling addiction. The commission must report annually on its progress beginning in 2009 to the Governor and the General Assembly.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: General fund expenditures would increase by \$76,800 in FY 2009 to support the commission. Future year expenditures reflect inflation. Revenues would not be affected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	76,800	73,800	77,400	81,100	85,000
Net Effect	(\$76,800)	(\$73,800)	(\$77,400)	(\$81,100)	(\$85,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Governor may remove any member for incompetence or neglect. The Governor appoints one member to serve as chair of the commission. The commission must meet at least four times each year. Commission members do not receive compensation but are entitled to State reimbursement for travel and other related expenses.

The purpose of the commission is to study the effects of individuals who are seriously addicted to gambling, measure the cost of gambling addiction to Maryland taxpayers, and propose solutions to the threat of gambling addiction. The commission may consult with other units of State government, and establish committees or task forces as it considers necessary. DHMH may adopt regulations to implement the bill.

The commission shall:

- develop a comprehensive, coordinated, and collaborative approach to the use of State and local resources for the prevention and treatment of gambling addiction;
- promote the coordinated planning and delivery of State resources to combat addiction;
- promote collaboration and coordination with local gambling treatment programs;
- identify, develop, and recommend improvements in providing prevention and treatment services to gambling addicts;
- prepare a study to measure the human and financial costs of addiction in the State;
- prepare a plan for the delivery and funding of State services to addicts;
- coordinate with the Governor's Grants Office to seek funds for prevention and treatment; and
- receive, review, and serve as a repository for studies of State and local gambling addiction programs and other relevant materials.

Current Law/Background: 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.

Two video lottery terminal (VLT) gambling bills passed during the 2007 special session – House Bill 4 (Chapter 5) and Senate Bill 3 (Chapter 4). House Bill 4 is a constitutional amendment that will be submitted to the voters at the November 2008

general election authorizing 15,000 VLTs at five locations in the State. The amendment also proposes that the General Assembly may only authorize expanded forms of gambling subject to certain restrictions. Senate Bill 3 establishes the operational and regulatory framework for the proposed VLT program. Enactment of Senate Bill 3 is contingent on ratification of House Bill 4 by the voters of Maryland. For additional discussion of gambling in Maryland, including studies on gambling addiction, please consult the *Legislators' Guide to Video Lottery Terminal Gambling* published by the Department of Legislative Services Office of Policy Analysis.

The Secretary of Health and Mental Hygiene is authorized to make grants from, or agreements for the use of, State or federal funds to operate a center for compulsive gamblers and establish and operate local programs to provide medical and educational services to compulsive gamblers.

State Expenditures: General fund expenditures could increase by an estimated \$76,753 in fiscal 2009, which takes into account the bill's June 1, 2008 effective date. This estimate reflects the cost of hiring a staff psychologist to perform the functions required by the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$69,978
One-time Costs	4,165
Operating Expenses	<u>2,610</u>
Total FY 2009 State Expenditures	\$76,753

Future year expenditures reflect: • a full salary with 4.4% annual increases and • 2% annual increases in ongoing operating expenses. DLS advises that the expenses incurred by individual commission members could be handled within their respective budgets.

DHMH advises that general fund expenditures could increase by nearly \$100,000 in fiscal 2009, which includes an office secretary and a staff psychologist. DLS advises that current DHMH office support can assist a new staff psychologist tasked with assisting the commission with developing plans, studies, and an annual report.

Additional Information

Prior Introductions: Identical legislation was introduced in the 2007 session as SB 537 and received an unfavorable report from the Senate Finance Committee.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

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mam/rhh

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