

Department of Legislative Services
2010 Session

FISCAL AND POLICY NOTE

House Bill 513
Ways and Means

(Delegate Bromwell)

**Video Lottery Terminals - Expansion to Baltimore-Washington International
Thurgood Marshall Airport**

This constitutional amendment proposes that a video lottery operation license be awarded for a video lottery facility at the terminal building and surrounding area within the security perimeter of Baltimore-Washington International (BWI) Thurgood Marshall Airport. The constitutional amendment excludes such a license from the prohibition against awarding more than one video lottery operation license in a single county or Baltimore City. The amendment proposes that the number of video lottery terminals (VLTs) that may be authorized by the General Assembly increase from 15,000 to 17,500, and that the maximum number of VLT facilities increase from five to six. The amendment must be approved by a majority of voters in the State.

After November 15, 2010, the General Assembly may only authorize additional forms or expansion of gaming if approved through a referendum by a majority of the voters in a general election.

Fiscal Summary

State Effect: If the proposed constitutional amendment is approved by the General Assembly and voters, the State will continue to be limited in the number of VLTs and video lottery facilities that may be authorized. Separate legislation (House Bill 512) has been introduced that provides for VLT implementation if the constitutional amendment is approved.

Local Effect: If approved by the General Assembly, this constitutional amendment will be submitted to the voters at the 2010 general election. The amendment's requirements can be handled using existing resources within the local boards of election.

Small Business Effect: None.

Analysis

Current Law: A maximum of 15,000 VLTs are authorized in the State, as follows:

- 4,750 VLTs at a location in Anne Arundel County within two miles of Route 295;
- 3,750 VLTs in Baltimore City, in a nonresidential area within one-half mile of Interstate 95 and Route 295, on city-owned land that is not adjacent to or within one-quarter mile of residential property;
- 2,500 VLTs at a location in Worcester County within one mile of the intersection of Route 50 and Route 589;
- 2,500 VLTs at a location in Cecil County within two miles of Interstate 95; and
- 1,500 VLTs on State property in Allegany County associated with the Rocky Gap State Park in a building physically separate from the Rocky Gap Lodge and Golf Resort.

VLT facilities must comply with all applicable planning and zoning laws of the local jurisdiction. The VLT Facility Location Commission may alter allocations if warranted by an evaluation of market and other factors; however, no more than 4,750 VLTs may be placed at any one location and no more than one video lottery operating license may be awarded in a single county or Baltimore City. The commission is to evaluate bids based on: 70% on business and market factors, including the highest potential benefit to the State and percentage of minority business enterprise equity ownership; 15% on economic development factors; and 15% on location siting factors.

The General Assembly may only authorize additional forms or expansion of gaming if approved through a referendum by a majority of the voters in a general election after November 15, 2008. If the General Assembly determines that a proposed constitutional amendment affects only one county, the proposed amendment must receive a majority of the votes cast in the State and in the affected county in order to amend the State Constitution.

Background: Two video lottery terminal gambling bills passed during the 2007 special session – House Bill 4 (Chapter 5) and Senate Bill 3 (Chapter 4). Chapter 5 is a constitutional amendment that was approved by Maryland voters at the November 2008 general election authorizing 15,000 VLTs at five locations in the State. Chapter 5 also specifies that the General Assembly may only authorize expanded forms of gambling subject to certain restrictions. Chapter 4, which was contingent on ratification of

Chapter 5, establishes the operational and regulatory framework for the authorized VLT program.

The Location Commission has awarded three video lottery operation licenses to date, including one in Anne Arundel County. PPE Casino Resorts Maryland, LLC (PPE Casino Resorts) was awarded a license to operate a 4,750 VLT facility in Hanover in Anne Arundel County, contingent upon local zoning approval. Anne Arundel County Council approved favorable zoning legislation on December 21, 2009, which the county executive signed into law on December 22, 2009. The law has not gone into effect pending certification of a petition to require local voter approval of the law at the November 2010 election. PPE Casino Resorts expects to open a permanent facility adjacent to Arundel Mills Mall with 4,750 VLTs in December 2011.

BWI Airport serves approximately 20 million commercial passengers annually. An estimated 72% (or 14.4 million) are age 21 or over. A Metropolitan Washington Council of Governments passenger survey indicates that more than half of passengers departing from Washington-Baltimore regional airports are not residents of the region. The Maryland Aviation Authority assumes that the space within the security perimeter is the area past screening in the terminal building, beyond which only ticketed passengers and employees are allowed access.

Legislative Services is aware of two airports in the United States with VLTs, both in Nevada. McCarran International Airport contains about 1,270 slot machines and Reno-Tahoe International Airport has about 250 machines.

Local Fiscal Effect: The Maryland Constitution requires that proposed amendments to the constitution be publicized either: (1) in at least two newspapers in each county, if available, and in at least three newspapers in Baltimore City once a week for four weeks immediately preceding the general election; or (2) by order of the Governor in a manner provided by law. State law requires local boards of elections to publicize proposed amendments to the constitution either in newspapers or on specimen ballots; local boards of elections are responsible for the costs associated with these requirements. It is anticipated that the fiscal 2011 budgets of local election boards will contain funding for notifying qualified voters about proposed constitutional amendments for the 2010 general election in newspapers or on specimen ballots.

Additional Comments: The Attorney General's Office advises that this constitutional amendment would be subject to statewide approval and would not be limited to Anne Arundel County voter approval, as the bill is drafted.

Additional Information

Prior Introductions: HB 1268 of 2009, a similar bill, received a hearing in the House Ways and Means Committee, but no further action was taken.

Cross File: None.

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

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mlm/rhh

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