

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

Senate Bill 1035

(Senators Muse and Miller)

Budget and Taxation

Ways and Means

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**Card Games - Prince George's County**

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This bill provides that, with voter approval via referendum at the November 2010 general election, the State is authorized to issue one license for the commercial operation of card games in the State. The license may only be awarded to a card games facility located in a specified area within Prince George's County. The license must be awarded competitively by the Maryland Video Lottery Facility Location Commission (Location Commission).

If the referendum is approved by Maryland voters, additional legislation is required by the bill to provide for the operation, licensing, regulation, and dispositions of proceeds of a card games facility in Prince George's County.

The bill takes effect July 1, 2010.

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**Fiscal Summary**

**State Effect:** The State Board of Elections can administer the referendum with existing resources. If approved by referendum, additional legislation would be required to establish licensing requirements, rules of operation for and regulation of any facility awarded the license, and distribution of any proceeds.

**Local Effect:** None. The local boards of elections can absorb any costs associated with administering the referendum with existing resources.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** The license may only be awarded to a card games facility located in Prince George's County within one mile of the intersection of Interstate 95 and MD Route 414. The card games facility must comply with all applicable planning and zoning laws of the local jurisdiction.

**Current Law:** Except when specifically authorized, a gaming device is prohibited in the State if it is a gaming table, except a billiard table, at which a game of chance is played for money or any other thing or consideration of value; or a game or device at which money or any other thing or consideration of value is bet, wagered, or gambled. Gaming devices include a paddle wheel, wheel of fortune, chance book, and bingo.

A person may not bet, wager, or gamble; make or sell a book or pool on the results of a race, contest, or contingency; establish, keep, rent, use, or occupy; or knowingly allow to be established, kept, rented, used, or occupied, all or a part of a building, vessel, or place on land or water, within the State for the purpose of:

- betting, wagering, or gambling;
- making, selling, or buying books or pools; or
- receiving, becoming the depository of, or forwarding money or anything of consideration of value, to be bet, wagered, or gambled on the result of a race, contest, or contingency.

The State allows specified types of gambling, including the State lottery and wagering on horse racing. Bingo, bazaars, gaming nights, and raffles 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.

### *Video Lottery Terminal (VLT) Program*

During the 2007 special session, the General Assembly adopted two pieces of legislation pertaining to VLT gambling – Chapter 4 (Senate Bill 3) and Chapter 5 (House Bill 4). Chapter 5 was a constitutional amendment approved by the voters at the November 2008 general election that authorized the expansion of gambling subject to specified restrictions. Among the restrictions, the General Assembly may only authorize additional forms or expansion of commercial gaming after approval of a referendum by the majority of Maryland voters during a general election.

Chapter 4, which was contingent on ratification of Chapter 5, established the operational and regulatory framework for the VLT program. Under Chapter 4, VLT facility operation licenses are awarded by a Location Commission. The State Lottery Commission will oversee VLT operations and will own/lease the VLTs and a central monitor and control system. Chapter 4 allows for a maximum of 15,000 machines, distributed as follows: 4,750 VLTs in Anne Arundel County; 3,750 VLTs in Baltimore City; 2,500 VLTs in Worcester County; 2,500 VLTs in Cecil County; and 1,500 VLTs in Allegany County. In addition, geographic parameters for each jurisdiction within which a VLT facility may be located are provided. The Location Commission may alter VLT 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.

The allocation of the gross VLT revenues, after payouts to bettors, is as follows:

- **Small, Minority, and Women-owned Business Investment Account:** 1.5% to a small, minority, and women-owned business investment account;
- **State Lottery:** 2.0% to the lottery for administrative costs, with other costs provided for in the annual State budget;
- **Local Impact Grants:** 5.5% to local governments where a video lottery facility is operating, 18.0% of which would go for 15 years (starting in fiscal 2012) to Baltimore City through the Pimlico Community Development Authority and to Prince George's County for the community surrounding Rosecroft (\$1 million annually);
- **Horse Racing Industry:** 7.0% to a purse dedication account to enhance horse racing purses and funds for the horse breeding industry, not to exceed \$100 million annually; and 2.5% for an eight-year period to a Racetrack Facility Redevelopment Account, not to exceed \$40 million annually;
- **Licensee (Operator):** 33.0% to video lottery operation licensees; and
- **Education Trust Fund:** the remainder (48.5 to 51.0%) to the Education Trust Fund.

Revenues accruing to the Education Trust Fund are to be used for the Bridge to Excellence in Public Schools Act funding (including the Geographic Cost of Education Index), public school construction funding, and public higher education construction, including community colleges.

**Background:** The Location Commission, appointed in November of 2008, consists of seven members:

- three appointed by the Governor, including the chair;
- two appointed by the Senate President; and
- two appointed by the House Speaker.

The Location Commission has awarded video lottery operation licenses for VLT locations in Anne Arundel, Cecil, and Worcester counties.

The bill specifies a geographic area within Prince George's County in which a card games facility may be located. Rosecroft Raceway, one of Maryland's two harness horse race tracks, falls within this area. The Location Commission has awarded Ocean Enterprise 589 LLC (OE 589) a license to operate a facility with 800 VLTs at Maryland's other harness race track, Ocean Downs Racetrack in Worcester County. As noted above, a portion of VLT local impact grant funds going to Prince George's County is to be used for the community surrounding Rosecroft.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 10, 2010  
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