

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 576

(Senator Astle)

Education, Health, and Environmental Affairs

Economic Matters

Anne Arundel County - Alcoholic Beverages - Video Lottery Facility - Licenses
and Hours for Sale and Consumption

This bill aligns the authorized hours for sale and consumption of alcoholic beverages under an entertainment facility (EF) on-sale license or an entertainment concessionaire (EC) on-sale license in Anne Arundel County with authorized hours of operation for a video lottery terminal (VLT) facility. The bill prohibits the holder of an EF or EC license or an employee from knowingly allowing a person to consume alcoholic beverages on the licensed premises of the VLT facility except during the VLT facility's hours of operation.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: None.

Local Effect: None. The bill clarifies that sale of alcoholic beverages for consumption throughout the Anne Arundel VLT facility, which has yet to open, may only take place during operating hours of the facility.

Small Business Effect: None.

Analysis

Current Law: Chapter 624 of 2011 authorized the Anne Arundel County Board of License Commissioners to issue an EF license and an EC license. The EF license permits the sale of beer, wine, and liquor within the Video Lottery Terminal (VLT) facility licensed to operate in Anne Arundel County. The EC license permits the sale of beer,

wine, and liquor at a concession adjacent to this VLT facility. The EF annual license fee is \$15,000; the EC annual license fee is \$5,000.

The EF license may be issued to the individual or entity owning the VLT facility licensed to operate in Anne Arundel County. An applicant for the EF license need not meet any location, voting, or residency requirements. The holder of the EF license may sell beer, wine, and liquor on any premises of the VLT facility that is not covered by an EC license, for consumption anywhere in the facility. The holder of an EC license may sell beer, wine, and liquor on the premises of the concessionaire for consumption anywhere in the facility.

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. The constitutional amendment provided that (1) a maximum of five VLT facility licenses may be awarded within specified areas of the State; (2) no more than one facility license may be awarded in any county or Baltimore City; (3) a maximum of 15,000 VLTs may be authorized; and (4) VLT facilities must comply with any applicable planning and zoning laws of a local jurisdiction. Chapter 4, which was contingent on ratification of Chapter 5, established the operational and regulatory framework for the VLT program. Chapter 624 of 2010 and Chapter 240 of 2011 made several changes to the VLT program implemented by Chapter 4.

Under Chapter 4, VLT facility operation licenses are awarded by the Video Lottery Facility Location Commission. The State Lottery Commission oversees VLT operations, and owns/leases VLTs and a central monitor and control system. Except for provisions related to the offering of food and beverages at facilities, the commission is required to ensure VLT licensees comply with the regulatory framework of the VLT program.

Chapter 4 allows for a maximum of 15,000 VLTs, 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 (Rocky Gap State Park). Chapter 240 of 2011 reduced the maximum allocation at Rocky Gap State Park to 1,000 VLTs.

VLT Licensee Requirements

Under Chapter 4, a video lottery operation licensee may not provide food or alcoholic beverages to an individual at no cost, with the exception of hors d'oeuvres, pretzels,

cheese or crackers as allowed under § 12-106 of Article 2B. Food or alcoholic beverages offered by a video lottery operation licensee may be offered only at prices that are determined by the county alcoholic beverages licensing authority to be commensurate with the price of similar types of food and alcoholic beverages at restaurants in the county in which the video lottery facility is located.

A video lottery operation licensee must ensure that intoxicated individuals are not allowed to play video lottery terminals and are not allowed in areas of the video lottery facility where video lottery terminals are located. The Code of Maryland Regulations requires security operating procedures that ensure that intoxicated individuals are prohibited from entering the video lottery facility, or if necessary, immediately removed from the facility.

A VLT facility may operate daily from 8 a.m. to 2 a.m. and may extend operations until 4 a.m. on Saturday and Sunday.

Background: The Location Commission has awarded video lottery operation licenses for VLT facility locations in Anne Arundel, Cecil, and Worcester counties. Penn Cecil in Cecil County opened in late September 2010 with 1,500 VLTs and Ocean Downs in Worcester County opened in January 2011 and currently is operating 800 VLTs. Power Plant Entertainment Casino Resorts, LLC was awarded a license in December 2009 to operate a 4,750 VLT facility adjacent to Arundel Mills Mall in Anne Arundel County, contingent upon local zoning approval. County officials subsequently approved zoning legislation, but the legislation was petitioned to a local voter referendum at the November 2010 election. Anne Arundel County voters approved the legislation, allowing the VLT facility to go forward. Phase one of that facility is currently scheduled to open with approximately 3,000 VLTs in June 2012, with the full complement of 4,750 VLTs in operation by October 2012.

After licenses for the proposed VLT facilities in Allegany County and Baltimore City were not awarded in previous rounds of bidding, the Location Commission issued new Requests for Proposals (RFP) for those licenses earlier this year. On September 23, 2011, the Location Commission received three proposals for Allegany County and two proposals for Baltimore City. However, one proposal for Baltimore City and two proposals for Allegany County were subsequently rejected by the Location Commission for failing to meet requirements contained in the RFPs. The Location Commission plans to make final decisions on the remaining proposals sometime in spring 2012.

Additional Information

Prior Introductions: None.

Cross File: HB 329 (Delegate Costa) - Economic Matters.

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

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