

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1020
Ways and Means

(Delegate Rosenberg, *et al.*)

Budget and Taxation

Baltimore City - Video Lottery Terminal Proceeds - Local Impact Grants

This bill alters the 18% distribution of local impact grants from the proceeds of video lottery terminals (VLTs) provided to Baltimore City with the Pimlico Community Development Authority acting as the local development council (LDC). Of the distribution, 25% must be dedicated to the needs of, and in a manner that is consistent with adopted neighborhood priorities of, any neighborhood (1) within one mile of Pimlico Race Course, but not including those in the Parks Heights Master Plan; (2) neighborhoods within the Northwest Community Planning Forum Strategic Neighborhood Action Plan; and (3) after a video operation license is issued to a facility in Baltimore City, any neighborhood within an area bounded by Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue. Baltimore City must hold a public hearing on the LDC's plan for how the funds are spent.

Fiscal Summary

State Effect: None. The bill alters the purposes for which funds may be distributed in Baltimore City.

Local Effect: None. Baltimore City can absorb the minimal costs for annual public hearings with existing resources.

Small Business Effect: Minimal. Small businesses in qualifying Baltimore City neighborhoods will benefit from capital projects that promote economic and community development.

Analysis

Current Law: Local impact grants that are allocated from VLT proceeds are primarily distributed as follows:

- 82% of the allocation for local impact grants goes to local jurisdictions with VLT facilities, based on each jurisdiction's percentage of overall gross revenues from VLTs; and
- 18% of the allocation for local impact grants goes for 20 years (starting in fiscal 2012 and ending in fiscal 2032) to Baltimore City through the Pimlico Community Development Authority and to Prince George's County for the community surrounding Rosecroft (\$1 million annually), except that the 18% dedication does not apply to revenues generated by Allegany, Cecil, and Worcester county facilities upon issuance of the Baltimore City license.

The Pimlico Community Development Authority must distribute the 18% of local impact grant funds for capital projects benefitting economic and community development in the following manner:

- at least 75% in a manner that is consistent with the Park Heights Master Plan; and
- the remainder dedicated to the needs of neighborhoods (1) within one mile of Pimlico Race Course, but not including those in the Parks Heights Master Plan; and (2) neighborhoods within the Northwest Community Planning Forum Strategic Neighborhood Action Plan.

An LDC must be established in each area where a VLT facility is located. Prior to spending local impact grant funds, a county or municipality must develop, in consultation with the LDC, a multiyear plan for services and improvements to be used with local impact grant funds. A county or municipality must submit the plan to the LDC for review and comment before adopting the plan or spending grant funds.

The LDC must advise the county or municipality on the impact of the facility on the communities and the needs and priorities of the communities in immediate proximity to the facility. An LDC has 45 days to review, comment, and make recommendations on the plan. At the request of an LDC, the county or municipality must hold a public hearing on the plan. A county or municipality must make best efforts to accommodate the recommendations of the LDC and any testimony presented at the hearing before adopting the plan.

Local Fiscal Effect: Exhibit 1 shows the breakout of the proceeds distributed to the Pimlico Community Development Authority based on the most recent gaming revenue estimates. Of the \$5.1 million estimated in fiscal 2014, under the bill, \$3.8 million will go to the Park Heights Master Plan and \$1.3 million will go to neighborhoods within

one mile of Pimlico Race Course (not including those in the Parks Heights Master Plan) and neighborhoods within the Northwest Community Planning Forum Strategic Neighborhood Action Plan. Once the Baltimore City video lottery facility is issued a license, which is expected by July 1, 2014 (fiscal 2015), \$5.8 million will go to the Park Heights Master Plan and \$1.9 million will be split between neighborhoods within one mile of Pimlico Race Course (not including those in the Parks Heights Master Plan), neighborhoods within the Northwest Community Planning Forum Strategic Neighborhood Action Plan, and neighborhoods within the area bounded by Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue.

Exhibit 1
Pimlico Community Development Authority Proceeds
Fiscal 2014-2018
(\$ in Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
75%	3.8	5.8	6.3	8.1	8.6
Remainder	1.3	1.9	2.1	2.7	2.9
Total	5.1	7.7	8.4	10.8	11.5

Baltimore City estimates a formal public hearing costs \$4,500, which includes communication, leasing space, staffing, and record keeping costs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City, Comptroller’s Office, Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2013
mm/rhh Revised - House Third Reader - April 2, 2013

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