

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 752

(Chair, Ways and Means Committee)(By Request -
Departmental - Lottery)

Ways and Means

Budget and Taxation

Video Lottery Gaming - Term of License

This emergency departmental bill increases the term of a license issued by the State Lottery and Gaming Control Commission (SLGCC), other than a video lottery operation license, from three years to five years.

Fiscal Summary

State Effect: None. Altering the renewal term of licenses does not affect governmental finances because the renewal fees cover the costs incurred by SLGCC. Although SLGCC will not receive renewal fees as frequently under the bill, SLGCC will also not incur expenditures associated with license renewals as frequently.

Local Effect: None.

Small Business Effect: The Maryland State Lottery and Gaming Control Agency has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: The following persons must be licensed by SLGCC (1) a video lottery operator; (2) a manufacturer; (3) a person who manages, operates, supplies, provides security for, or provides service, maintenance, or repairs for video lottery terminals (VLTs) or table games; and (4) a video lottery employee. SLGCC is required to issue a license for a term of 3 years, except for a video lottery operation license, which has a term of 15 years. License renewal fees are paid to the State Lottery Fund to cover

SLGCC administrative costs. **Exhibit 1** shows the different types of licenses with three-year terms and their respective renewal fees.

Exhibit 1
License Renewal Fees

<u>License</u>	<u>Renewal Fee</u>
Principal employee	\$750
Gaming employee	150
Nongaming employee	100
Manufacturer of VLT or table game equipment	5,000
Manufacturer of a central monitor and control system	25,000
Manufacturer of associated equipment and software	5,000
Distributor or reseller	1,000
Contractor	2,500

Background: The State has authorized six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George’s, and Worcester counties with a maximum number of 16,500 VLTs allotted in the State. Licensees are also authorized to operate table games in the facilities with the approval of SLGCC. Penn Cecil in Cecil County, Ocean Downs in Worcester County, and Maryland Live in Anne Arundel County are open to the public, while a VLT facility at the Rocky Gap Lodge and Resort in Allegany County is expected to open by June 2013, and a facility in Baltimore City is scheduled to open in mid-2014. The Video Lottery Facility Location Commission may award a license for a Prince George’s County facility to begin operations the earlier of July 1, 2016, or 30 months after the VLT facility in Baltimore City is open to the public.

As of February 2012, there were 916 nongaming employee licenses, 1,468 gaming employee licenses, 489 principal employee licenses, 23 manufacturer licenses, and 10 contractor licenses. The number of licenses is expected to increase with the implementation of table games and additional video lottery facilities opening; however turnover is high (approximately 50%) for video lottery employees, so the number of licenses is constantly changing.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 4, 2013
ncs/rhh Revised - House Third Reader - March 26, 2013

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Gaming – Term of License

BILL NUMBER: HB 752

PREPARED BY: Maryland Lottery and Gaming Control Agency

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.