

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 202

(Delegate Bromwell, *et al.*)

Ways and Means

Budget and Taxation

Pilot Program - Donation of Coins From Gaming Payouts - Maryland Veterans Trust Fund

This bill requires the State Lottery and Gaming Control Commission (SLGCC) to adopt regulations that require one video lottery operation licensee to (1) offer players the opportunity to donate coins, when receiving cash on payout, to the Maryland Veterans Trust Fund and (2) attach donation boxes near the exits of the video lottery facility with the proceeds dedicated to the Maryland Veterans Trust Fund. By January 1, 2019, SLGCC must report to the Senate Budget and Taxation Committee and the House Ways and Means Committee on the implementation of the pilot program and include recommendations on the expansion, alteration, or repeal of the pilot program.

Fiscal Summary

State Effect: Special fund revenues to the Maryland Veterans Trust Fund increase minimally annually. The Maryland Department of Veterans Affairs (MDVA) and the State Lottery and Gaming Control Agency (SLGCA) can implement the bill with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 742 of 2009 established the Maryland Veterans Trust Fund, which consists of gifts and grants received by MDVA. Additionally, the Comptroller must deposit 10% of the money that remains in the State Lottery Fund from the proceeds of

ticket sales from instant ticket lottery machines by veterans' organizations into the Maryland Veterans Trust Fund. Money in the fund may be used to make grants and loans to veterans and their families and support public and private programs that serve veterans in the State. Money in the fund may also be used to invest in general obligations of the State or other securities, pay for the cost of administering the fund, or support any other programs that the Secretary of Veterans Affairs considers appropriate. Money expended from the fund is supplemental to and is not intended to take the place of funding otherwise appropriated to MDVA.

Background: The State of Maryland has authorized and awarded six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George's, and Worcester counties. Five casinos are currently operating in Maryland, with the sixth casino, MGM National Harbor, LLC, expected to open in fiscal 2017.

State Revenues: Special fund revenues to the Maryland Veterans Trust Fund increase; the amount of the donations cannot be accurately estimated but is likely to be minimal since the pilot program will be at only one facility. Further, SLGCA does not anticipate donations to be significant since players only receive coins when they cash out video lottery terminal vouchers at the conclusion of their play.

State Expenditures: MDVA reports that additional donations to the Maryland Veterans Trust Fund will enable the agency to provide more financial assistance to veterans in need. MDVA can process these additional donations and financial assistance with existing resources.

The bill requires SLGCC to establish regulations, and SLGCA reports that it will need to review the video lottery operation licensee's procedures and controls to ensure safeguards are adequate. Additionally, SLGCA will have to periodically audit the procedures and controls and ensure that donations are properly remitted to the Maryland Veterans Trust Fund. By January 1, 2019, SLGCC must report to specified committees of the General Assembly on the pilot program. All of this can be done with existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 1004 (Senator Klausmeier, *et al.*) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 5, 2016
min/rhh Revised - House Third Reader - March 21, 2016
Revised - Enrolled Bill - May 16, 2016

Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510