

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 352 (Calvert County Senators)
Budget and Taxation

**Calvert County - Calvert County Youth Recreational Opportunities Fund - Uses
and Funding Extension**

This bill makes permanent the distribution of revenue attributable to a 4% tax rate from the State admissions and amusement (A&A) tax on electronic bingo and electronic tip jars in Calvert County to the Calvert County Youth Recreational Opportunities Fund (CCYROF). Money from the fund first must be used for the sole purpose of completing the development of Ward Farm Recreation and Nature Park; once development of the park is complete, the Calvert County Commissioners must adopt a plan to expand youth recreational opportunities at additional locations. By July 1, 2018, and annually thereafter, the Calvert County Commissioners must report to the Calvert County Senate and House Delegations of the General Assembly on specified items relating to the bill.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: Special fund revenues and expenditures within CCYROF increase by \$1.2 million in FY 2020, \$1.3 million in FY 2021, and \$1.3 million in FY 2022. Special fund revenues to the Maryland E-Innovation Initiative Fund (MEIF) decrease by \$1.2 million in FY 2020 and by \$1.3 million in FY 2021, and general fund revenues decrease by \$1.3 million in FY 2022.

Local Effect: Revenues to Calvert County from CCYROF increase by \$1.2 million in FY 2020, \$1.3 million in FY 2021, and \$1.3 million in FY 2022.

Small Business Effect: None.

Analysis

Current Law: For fiscal 2016 through 2021, revenues attributable to a State A&A tax rate of 20% imposed on electronic bingo and electronic tip jars are distributed to MEIF, and revenues attributable to a rate of 5% are distributed to the Special Fund for Preservation of Cultural Arts in Maryland (up to an aggregate amount of \$1.0 million in each fiscal year) and the remainder is distributed to the Maryland State Arts Council. After fiscal 2021, revenues attributable to a State A&A tax rate of 20% imposed on electronic bingo and electronic tip jars are distributed to the general fund, and revenues attributable to a rate of 5% are distributed to the Special Fund for Preservation of Cultural Arts in Maryland (up to an aggregate amount of \$1.0 million in each fiscal year) and the remainder is distributed to the Maryland State Arts Council.

The State A&A tax is only applicable in Anne Arundel and Calvert counties. The tax rate in Anne Arundel County is 25%, distributed as described above. In Calvert County, the total State A&A tax rate on specified machines is 33%. In fiscal 2014 through 2019, revenues attributable to the additional State A&A tax rate in Calvert County are distributed as follows:

- 1.5% to the Boys and Girls Club of the Town of North Beach in the amount of \$50,000, with the remainder to the Town of North Beach;
- 2.5% to the Town of Chesapeake Beach; and
- 4.0% to CCYROF.

Beginning in fiscal 2020, distributions are unaltered, except that the revenues attributable to a State A&A rate of 4.0% no longer go to CCYROF but are instead distributed to the Calvert County Board of Education for school renovation and renewal projects.

Background: CCYROF is a special, nonlapsing fund used for projects that advance youth recreational opportunities in Calvert County. The Department of Natural Resources uses CCYROF to reimburse Calvert County for the cost of acquiring two adjacent parcels totaling 223 acres. Calvert County is in the process of completing the plan for the development of the property, known as Ward Farm Recreation and Nature Park. Future development may include athletic fields, concession and maintenance facilities, and other recreational opportunities such as natural area hiking, equestrian trails, fishing, and environmental education.

State Fiscal Effect: As a result of allowing CCYROF to continue to receive revenues attributable to a 4% State A&A tax rate in Calvert County after fiscal 2019, special fund revenues to CCYROF increase by \$1.2 million in fiscal 2020, \$1.3 million in fiscal 2021, and \$1.3 million in fiscal 2022. Funds within CCYROF are to be used for the development

of Ward Farm Recreation and Nature Park in Calvert County, so special fund expenditures from CCYROF increase by equivalent amounts from fiscal 2020 through 2022.

In Calvert County, the total State A&A tax rate on electronic bingo and electronic tip jars is 33%. However, the bill distributes revenue attributable to a tax rate of 37% in Calvert County beginning in fiscal 2020 as a result of allowing CCYROF to continue to receive revenues attributable to a 4% State A&A tax rate in Calvert County after fiscal 2019. The Department of Legislative Services therefore assumes that revenues attributable to a State A&A tax rate of 16%, instead of 20%, are distributed to MEIF in fiscal 2020 and fiscal 2021 and to the general fund beginning in fiscal 2022. Thus, special fund revenues to MEIF decrease by \$1.2 million in fiscal 2020 and by \$1.3 million in fiscal 2021, and general fund revenues decrease by \$1.3 million in fiscal 2022.

Local Fiscal Effect: Revenues to Calvert County from CCYROF increase by \$1.2 million in fiscal 2020, \$1.3 million in fiscal 2021, and \$1.3 million in fiscal 2022. Beginning in fiscal 2018, money from CCYROF must be used for the sole purpose of completing the development of Ward Farm Recreation and Nature Park until the development is complete. Once it is complete, the Calvert County Commissioners must adopt a plan to expand youth recreational opportunities at additional locations.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Calvert County; Comptroller's Office; Department of Natural Resources; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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