

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 497

(Chair, Budget and Taxation Committee)(By Request -
Departmental - Lottery and Gaming Control Agency)

Budget and Taxation

Ways and Means

**Gaming - Video Lottery Facilities - Operation License Renewal Term and Local
Development Council Membership**

This departmental bill alters the time period from one year to two years before a video lottery operation license expires by which the video lottery operation licensee must file with the State Lottery and Gaming Control Commission (SLGCC) a notice of intent to reapply for the license. Additionally, the bill alters the membership of a video lottery facility local development council (LDC) by authorizing the senator and delegates who serve on the council to designate a representative to represent them on the council.

Fiscal Summary

State Effect: None. The changes are procedural in nature and do not directly affect governmental finances.

Local Effect: None.

Small Business Effect: The 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. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: A video lottery operation license initially expires 15 years from the date on which the video lottery facility is issued the license by SLGCC. One year before a video lottery operation license expires, the licensee must file with SLGCC a notice of intent to

reapply for the license. Within one year of the end of the initial 15-year license term, a video lottery operation licensee may reapply for a 10-year license term.

An LDC must be established in each area where a video lottery facility is located. Prior to spending local impact grant funds, a county or municipality must develop, in consultation with the LDC, a multi-year 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, and Baltimore City must hold a public hearing on the plan for specified local impact grant funds. 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.

Background: Appendix – Maryland Gaming provides detailed background on gaming in Maryland.

Additional Information

Prior Introductions: None.

Cross File: HB 93 (Chair, Ways and Means Committee)(By Request - Departmental - Lottery and Gaming Control Agency) - Ways and Means.

Information Source(s): Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2017
mm/jrb Third Reader - March 16, 2017
Revised - Amendment(s) - March 16, 2017

Analysis by: Heather N. Ruby

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

Appendix – Maryland Gaming

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 with a maximum number of 16,500 video lottery terminals (VLTs) allotted in the State. The opening date and the number of VLTs and table games for each facility as of January 2017 are shown in **Exhibit 1**.

Exhibit 1 Number of VLTs and Table Games in Maryland

<u>Casino</u>	<u>County</u>	<u>Opening Date</u>	<u>VLTs</u>	<u>Table Games</u>
Hollywood Casino	Cecil	September 2010	850	20
Ocean Downs	Worcester	January 2011	800	-
Maryland Live!	Anne Arundel	June 2012	3,906	209
Rocky Gap Casino	Allegany	May 2013	662	17
Horseshoe Casino	Baltimore City	August 2014	2,202	179
MGM National Harbor	Prince George's	December 2016	3,237	165

VLT: video lottery terminal

Source: State Lottery and Gaming Control Agency; Department of Legislative Services

VLT and Table Game Revenues

The estimated revenues from VLTs and table games in fiscal 2018 through 2022 are shown in **Exhibit 2**. A total of \$1.79 billion in gross gaming revenues is projected in fiscal 2018, including \$546.7 million to be distributed to the Education Trust Fund.

Exhibit 2
Distribution of Estimated VLT and Table Game Revenues in Maryland
Current Law
(\$ in Millions)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>
VLTs Distribution					
Education Trust Fund	\$447.9	\$454.1	\$460.9	\$467.8	\$474.8
Lottery Operations	11.8	11.9	12.1	12.3	12.5
Purse Dedication Account	66.4	67.3	68.3	69.3	70.3
Racetrack Renewal Account	10.9	11.0	11.2	11.3	11.5
Local Impact Grants	61.0	61.9	62.8	63.7	64.7
Business Investment	16.6	16.9	17.1	17.4	17.6
Licenses	517.8	524.8	532.6	540.6	548.7
Total VLTs	\$1,132.4	\$1,147.8	\$1,165.0	\$1,182.5	\$1,200.3
Table Games Distribution					
Education Trust Fund	\$98.8	\$100.0	\$101.5	\$103.0	\$104.6
Local Impact Grants	32.9	33.3	33.8	34.3	34.9
Licenses	526.8	533.4	541.4	549.5	557.7
Total Table Games	\$658.5	\$666.7	\$676.7	\$686.9	\$697.2
Total VLTs and Table Games	\$1,790.9	\$1,814.5	\$1,841.8	\$1,869.4	\$1,897.4
Total Education Trust Fund	\$546.7	\$554.1	\$562.4	\$570.9	\$579.4

VLT: video lottery terminal

Source: Board of Revenue Estimates; Department of Budget and Management; Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Gaming – License Term - Renewal

BILL NUMBER: SB 497/HB 93

PREPARED BY: James B. Butler

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 would have minimal or no economic impact on small businesses in Maryland.