

HB0532/895864/1

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 532

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “**Allegany County**” and substitute “**Gaming**”; in the same line, after “**Terminals –**” insert “**Payout Percentages and**”; in line 3, after the first “of” insert “altering certain minimum payout percentages of certain video lottery terminals; requiring the Comptroller to pay a certain amount of video lottery terminal proceeds as local impact grants to Anne Arundel County or Baltimore City under certain circumstances; requiring that certain local impact grants received by Anne Arundel County or Baltimore City be used in a certain manner;”; strike beginning with “a” in line 3 down through “facility;” in line 5 and substitute “certain facilities in certain counties; repealing a certain limitation on the holder of a video lottery operation license for Worcester County or certain other persons to build or convert certain lodging facilities on or within a certain distance of the facility;”; in line 5, after “to” insert “video lottery terminal payout percentages and”; in line 6, strike “at a facility in Allegany County”; in line 9, strike “9-1A-01(u)(3)(ii), 9-1A-26(a)(3), and 9-1A-27(b) and (c)” and substitute “9-1A-22, 9-1A-26, 9-1A-27(a) and (b), 9-1A-31(a)(7), and 9-1A-36(h)(3)”; and in line 14, strike “9-1A-27(a)(7)(iii)” and substitute “9-1A-27(c) and 9-1A-31(a)(1) through (3)”.

AMENDMENT NO. 2

On pages 1 and 2, strike beginning with line 20 on page 1 through line 1 on page 2, inclusive, and substitute:

“9-1A-22.

(a) Except as provided in subsections (b) and (c) of this section, a video lottery terminal shall have an average payout percentage of at least [87%] 85%.

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(b) The Commission may by regulation establish an average payout percentage of more than [90%] 88% but not more than 95% for video lottery operation licensees.

(c) The Commission may approve an average payout percentage of more than 95% for the video lottery terminals at a video lottery facility.”.

On page 2, after line 2, insert:

“(a) (1) Except as provided in paragraphs (2) and (3) of this subsection, all proceeds from the operation of video lottery terminals and table games shall be electronically transferred daily into the State Lottery Fund established under Subtitle 1 of this title and distributed as provided under § 9–1A–27 of this subtitle.

(2) The requirement under paragraph (1) of this subsection does not apply on a day when State government is closed.”;

in line 3, strike “(a)”; in line 5, strike the brackets; in the same line, strike “**(2)(II)**”; after line 5, insert:

“(b) (1) The Commission shall account to the Comptroller for all of the revenue under this subtitle.

(2) The proceeds from video lottery terminals and table games shall be under the control of the Comptroller and, except as provided in [subsection] SUBSECTIONS (c) AND (D) of this section, shall be distributed as provided under § 9–1A–27 of this subtitle.

(c) A jackpot won at a video lottery terminal that is not claimed by the winner within 182 days after the jackpot is won shall:

(1) become the property of the State; and

(2) be distributed as follows:

(i) 2.5% to the Small, Minority, and Women–Owned Businesses

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Account established under § 5-1501 of the Economic Development Article;

(ii) 9.5% in local impact grants, in accordance with § 9-1A-31 of this subtitle;

(iii) 10% to the Purse Dedication Account established under § 9-1A-28 of this subtitle;

(iv) 1.5% to the Racetrack Facility Renewal Account established under § 9-1A-29 of this subtitle; and

(v) the remainder to the Education Trust Fund established under § 9-1A-30 of this subtitle.

(D) (1) IF THE AMOUNT OF THE LOCAL IMPACT GRANTS DISTRIBUTED TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY UNDER § 9-1A-31(A)(3)(I) AND (7) OF THIS SUBTITLE IS LESS THAN THE AMOUNT OF LOCAL IMPACT GRANTS RECEIVED BY ANNE ARUNDEL COUNTY OR BALTIMORE CITY IN FISCAL YEAR 2016, THE COMPTROLLER SHALL PAY THE DIFFERENCE TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS.

(2) LOCAL IMPACT GRANTS RECEIVED BY ANNE ARUNDEL COUNTY OR BALTIMORE CITY UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE USED AS REQUIRED UNDER § 9-1A-31 OF THIS SUBTITLE.

[(d)] (E) The admissions and amusement tax may not be imposed on any proceeds from the operation of video lottery terminals and table games.

[(e)] (F) The Commission shall adopt regulations that allow a video lottery operation licensee to reduce the amount of proceeds when a video lottery operation licensee returns to successful players more than the amount of money bet through video lottery terminals or table games on a given day that are consistent with § 9-1A-01(u) of this subtitle.”;

in line 8, before “of” insert “**AND (D)**”; after line 10, insert:

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“(1) (i) on or before March 31, 2015, 2% to the State Lottery and Gaming Control Agency for costs as defined in § 9–1A–01 of this subtitle; and

(ii) beginning April 1, 2015, 1% to the State Lottery and Gaming Control Agency for costs as defined in § 9–1A–01 of this subtitle;

(2) to the video lottery operation licensee, the percentage stated in the accepted application for the location, not to exceed, except as provided in subsection (b) of this section, 33%;

(3) 5.5% in local impact grants, in accordance with § 9–1A–31 of this subtitle;

(4) 6% to the Purse Dedication Account established under § 9–1A–28 of this subtitle, not to exceed a total of \$100,000,000 to the Account annually;

(5) (i) until the issuance of a video lottery operation license in Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under § 9–1A–29 of this subtitle and distributed in accordance with that section; and

(ii) on or after the issuance of a video lottery operation license in Baltimore City, 1% to the Racetrack Facility Renewal Account established under § 9–1A–29 of this subtitle and distributed in accordance with that section, not to exceed a total of \$20,000,000 to the Account annually;

(6) (i) except as provided in items (ii) and (iii) of this item, 1.5% to the Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of the Economic Development Article;

(ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the General Assembly of 2017;

(iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund established under § 9–1A–30 of this subtitle; and

(iv) beginning in fiscal year 2021, from the amount paid to the Small, Minority, and Women–Owned Businesses Account under item (i) of this item, up

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to 5%, not to exceed \$1,000,000, to the Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account established under § 5-1204 of the Economic Development Article;

(7) (i) except as provided in items (ii) and (iii) of this item, 6% to the video lottery operation licensee if the video lottery operation licensee owns or leases each video lottery terminal device and the associated equipment and software;

(ii) BEFORE JANUARY 1, 2023, 8% to the video lottery operation licensee in Anne Arundel County; and”;

in line 11, strike “(7)”; after line 14, insert:

“(8) beginning after the issuance of a video lottery operation license for a video lottery facility in Prince George’s County, 8% to the video lottery operation licensee in Anne Arundel County and 7% to the licensee in Baltimore City for:

(i) marketing, advertising, and promotional costs required under § 9-1A-23 of this subtitle; and

(ii) capital improvements at the video lottery facilities; and

(9) the remainder to the Education Trust Fund established under § 9-1A-30 of this subtitle.”;

in lines 20 and 26, in each instance, strike the bracket; strike beginning with the colon in line 21 down through “(i)” in line 22; in line 22, strike “43%” and substitute “**48%**”; strike beginning with the semicolon in line 24 down through “2%” in line 25; and after line 28, insert:

“(4) BEGINNING JANUARY 1, 2023, FOR A VIDEO LOTTERY FACILITY IN CECIL COUNTY, THE PERCENTAGE IN SUBSECTION (A)(2) OF THIS SECTION IS EQUAL TO 36% PROVIDED THAT EACH YEAR AN AMOUNT EQUIVALENT TO 3% OF THE PROCEEDS FROM VIDEO LOTTERY TERMINALS AT THE VIDEO LOTTERY FACILITY IS SPENT ON:

(I) MARKETING, ADVERTISING, AND PROMOTIONAL COSTS

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REQUIRED UNDER § 9-1A-23 OF THIS SUBTITLE; AND

(II) CAPITAL IMPROVEMENTS AT THE VIDEO LOTTERY FACILITY.

(5) BEGINNING JANUARY 1, 2023, FOR A VIDEO LOTTERY FACILITY IN BALTIMORE CITY, THE PERCENTAGE IN SUBSECTION (A)(2) OF THIS SECTION IS EQUAL TO 34% PROVIDED THAT EACH YEAR AN AMOUNT EQUIVALENT TO 1% OF THE PROCEEDS FROM VIDEO LOTTERY TERMINALS AT THE VIDEO LOTTERY FACILITY IS SPENT ON:

(I) MARKETING, ADVERTISING, AND PROMOTIONAL COSTS REQUIRED UNDER § 9-1A-23 OF THIS SUBTITLE; AND

(II) CAPITAL IMPROVEMENTS AT THE VIDEO LOTTERY FACILITY.”.

On page 3, in lines 18 and 19, in each instance, strike the bracket.

On pages 3 and 4, strike beginning with “ON” in line 19 on page 3 down through “SUBTITLE.” in line 1 on page 4 and substitute:

“9-1A-31.

(a) (1) Except as provided in paragraph (8) of this subsection, the local impact grants provided under § 9-1A-27 of this subtitle shall be distributed as provided in this subsection.

(2) The following amounts shall be distributed to the following jurisdictions:

(i) Allegany County – \$200,000;

(ii) Cecil County – \$130,000;

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(iii) Town of Forest Heights – \$120,000;

(iv) Town of Perryville – \$70,000; and

(v) Worcester County – \$200,000.

(3) The remaining funds for local impact grants shall be distributed in the following manner:

(i) 82% to the local jurisdictions with video lottery facilities, based on each jurisdiction's percentage of overall gross revenues from video lottery terminals; and

(ii) except as provided in paragraph (4) of this subsection, for operations at a video lottery facility starting in fiscal year 2012 and ending in fiscal year 2032, 18% to Baltimore City with the Pimlico Community Development Authority acting as the local development council in accordance with subsection (d) of this section, to be distributed primarily for capital projects benefiting economic and community development in the following manner:

1. at least 75% in a manner that is consistent with the Park Heights Master Plan; and

2. the remainder dedicated to the needs of:

A. any census blockgroup that Baltimore City identifies as being located partly or entirely within 1 mile of Pimlico Race Course but not within the boundaries of the Park Heights Master Plan in a manner that is consistent with adopted neighborhood priorities;

B. any neighborhood included in the Northwest Community Planning Forum Strategic Neighborhood Action Plan in a manner that is consistent with the adopted Northwest Community Planning Forum Strategic Neighborhood Action Plan priorities; and

C. beginning after a video lottery operation license is issued to a video lottery facility in Baltimore City, any neighborhood within an area bounded by Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash

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Avenue in a manner that is consistent with adopted neighborhood priorities.

(7) (i) The distribution under paragraph (3)(i) of this subsection to Anne Arundel County, Baltimore City, and Prince George's County equals the sum of the amounts to be distributed to Anne Arundel County, Baltimore City, and Prince George's County divided by three.

(ii) 1. Notwithstanding subparagraph (i) of this paragraph, the amount distributed to Anne Arundel County and Baltimore City under paragraph (3)(i) of this subsection may not be less than the amount received in the fiscal year before the video lottery operation license for a video lottery facility in Prince George's County was issued.

2. ANY AMOUNT DISTRIBUTED TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY AS REQUIRED UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BE PAID FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AS REQUIRED UNDER § 9-1A-26(D) OF THIS SUBTITLE.

9-1A-36.

(h) (3) (i) With respect to a video lottery operation license awarded to a location under paragraph (1)(iv) of this subsection, the holder of the video lottery operation license or any other person with a direct or indirect legal or financial interest in the Ocean Downs racetrack or video lottery facility may not[:

1. build any type of hotel, motel, or other public lodging accommodation on or within 10 miles of the property owned by the holder of the license on which a video lottery facility is operated;

2. convert an existing facility on or within 10 miles of the property described in item 1 of this subparagraph into any type of hotel, motel, or other public lodging accommodation; or

3.] build or operate a conference center or convention center, amusement park, amusement rides, arcade, or miniature golf course on or within 10 miles of the property [described in item 1 of this subparagraph] OWNED BY THE HOLDER OF THE LICENSE ON WHICH A VIDEO LOTTERY FACILITY IS OPERATED.

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(ii) The prohibitions under subparagraph (i) of this paragraph apply to any subsequent holder of a video lottery operation license awarded under paragraph (1)(iv) of this subsection.”.