

# HOUSE BILL 1298

C7  
HB 569/20 – W&M

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By: **Delegate Walker**

Introduced and read first time: February 8, 2021

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Gaming – Distribution of Video Lottery Terminal Proceeds – Local Impact**  
3 **Grants**

4 FOR the purpose of requiring the Comptroller to pay a certain amount of video lottery  
5 terminal proceeds as local impact grants to Anne Arundel County or Baltimore City  
6 under certain circumstances; requiring that certain local impact grants received by  
7 Anne Arundel County or Baltimore City be used in a certain manner; making  
8 conforming changes; and generally relating to the distribution of video lottery  
9 terminal proceeds and local impact grants.

10 BY repealing and reenacting, with amendments,  
11 Article – State Government  
12 Section 9–1A–26, 9–1A–27(a), and 9–1A–31(a)(7)  
13 Annotated Code of Maryland  
14 (2014 Replacement Volume and 2020 Supplement)

15 BY repealing and reenacting, without amendments,  
16 Article – State Government  
17 Section 9–1A–31(a)(1) through (3)  
18 Annotated Code of Maryland  
19 (2014 Replacement Volume and 2020 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
21 That the Laws of Maryland read as follows:

22 **Article – State Government**

23 9–1A–26.

24 (a) (1) Except as provided in paragraphs (2) and (3) of this subsection, all  
25 proceeds from the operation of video lottery terminals and table games shall be

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 electronically transferred daily into the State Lottery Fund established under Subtitle 1 of  
2 this title and distributed as provided under § 9–1A–27 of this subtitle.

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

5 (3) The amount from the proceeds of video lottery terminals to be paid to  
6 video lottery operation licensees under § 9–1A–27(a)(2), (7), and (8), (b), and (c)(1)(ii) and  
7 (2) of this subtitle shall be retained by the licensee.

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

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

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

15 (1) become the property of the State; and

16 (2) be distributed as follows:

17 (i) 2.5% to the Small, Minority, and Women–Owned Businesses  
18 Account established under § 5–1501 of the Economic Development Article;

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

21 (iii) 10% to the Purse Dedication Account established under §  
22 9–1A–28 of this subtitle;

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

25 (v) the remainder to the Education Trust Fund established under §  
26 9–1A–30 of this subtitle.

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

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

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

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

11 9-1A-27.

12           (a) Except as provided in subsections (b) and (c) of this section and §  
13 9-1A-26(a)(3) **AND (D)** of this subtitle, on a properly approved transmittal prepared by the  
14 Commission, the Comptroller shall pay the following amounts from the proceeds of video  
15 lottery terminals at each video lottery facility:

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

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

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

23                   (3) 5.5% in local impact grants, in accordance with § 9-1A-31 of this  
24 subtitle;

25                   (4) 6% to the Purse Dedication Account established under § 9-1A-28 of this  
26 subtitle, not to exceed a total of \$100,000,000 to the Account annually;

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

30                               (ii) on or after the issuance of a video lottery operation license in  
31 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §  
32 9-1A-29 of this subtitle and distributed in accordance with that section, not to exceed a  
33 total of \$20,000,000 to the Account annually;

34                   (6) (i) except as provided in items (ii) and (iii) of this item, 1.5% to the

1 Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of  
2 the Economic Development Article;

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

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

8 (iv) beginning in fiscal year 2021, from the amount paid to the Small,  
9 Minority, and Women–Owned Businesses Account under item (i) of this item, up to 5%, not  
10 to exceed \$1,000,000, to the Nonprofit, Interest–Free, Micro Bridge Loan (NIMBL) Account  
11 established under § 5–1204 of the Economic Development Article;

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

15 (ii) 8% to the video lottery operation licensee in Anne Arundel  
16 County; and

17 (iii) 10% to the video lottery operation licensee in Allegany County or  
18 Worcester County if the video lottery operation licensee assumes ownership or the right to  
19 lease each video lottery terminal device and the associated equipment and software used  
20 by the facility before January 1, 2019;

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

24 (i) marketing, advertising, and promotional costs required under §  
25 9–1A–23 of this subtitle; and

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

27 (9) the remainder to the Education Trust Fund established under §  
28 9–1A–30 of this subtitle.

29 9–1A–31.

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

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

- 1 (i) Allegany County – \$200,000;
- 2 (ii) Cecil County – \$130,000;
- 3 (iii) Town of Forest Heights – \$120,000;
- 4 (iv) Town of Perryville – \$70,000; and
- 5 (v) Worcester County – \$200,000.

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

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

10 (ii) except as provided in paragraph (4) of this subsection, for  
11 operations at a video lottery facility starting in fiscal year 2012 and ending in fiscal year  
12 2032, 18% to Baltimore City with the Pimlico Community Development Authority acting  
13 as the local development council in accordance with subsection (d) of this section, to be  
14 distributed primarily for capital projects benefiting economic and community development  
15 in the following manner:

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

18 2. the remainder dedicated to the needs of:

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

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

27 C. beginning after a video lottery operation license is issued  
28 to a video lottery facility in Baltimore City, any neighborhood within an area bounded by  
29 Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue in a  
30 manner that is consistent with adopted neighborhood priorities.

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

1 County divided by three.

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

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
11 1, 2021.