

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 1252
 Ways and Means

(Delegates Metzgar and Hornberger)

Budget and Taxation

Gaming - Study on Video Lottery Terminals at Baltimore-Washington
 International Thurgood Marshall Airport

This bill requires the Maryland Aviation Administration (MAA), in consultation with the State Lottery and Gaming Control Commission (SLGCC), to conduct a study on the feasibility of authorizing a video lottery operation license for a video lottery facility within Baltimore/Washington International Thurgood Marshall Airport. The study must examine the feasibility of, and any issues relating to, the operation of video lottery terminals (VLTs) at the airport as specified and that MAA deems relevant. MAA must report its findings and recommendations to the General Assembly by October 1, 2024. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) special fund expenditures increase by as much as \$100,000 in FY 2025 only for MAA to hire a consultant to conduct the study. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	100,000	0	0	0	0
Net Effect	(\$100,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None. The bill does not affect local government operations or finances.

Small Business Effect: None.

Analysis

Current Law: The General Assembly may only authorize additional forms or expansion of gaming if approved through a referendum by a majority of voters in a general election. The State of Maryland has authorized video lottery operation licenses in Allegany, Anne Arundel, Cecil, Prince George's, and Worcester counties and Baltimore City with a maximum number of 16,500 VLTs allotted in the State. Licensees are also authorized to have table games with approval of SLGCC.

VLT proceeds are generally distributed from the proceeds of VLTs at each facility to a small, minority, and woman-owned business investment account; the State lottery for administrative costs; local impact grants; horse racing purses, bred funds, and track renewal; licensees; and the Education Trust Fund (ETF).

Licensees receive 80% of table game revenues of the balance, 15% is distributed to ETF, and 5% is distributed to local jurisdictions where a VLT facility is located.

ETF provides funding for education and public schools. After specified allocations for school construction financing under the Built to Learn Act (Chapter 20 of 2020), ETF funds are directed to the Blueprint for Maryland's Future Fund, which serves as the primary funding source for Blueprint for Maryland's Future education programs.

Appendix – Maryland Gaming provides the status of gaming in Maryland as of December 2023.

State Expenditures: MAA advises that existing staff are unable to conduct the study within the time constraints of the bill. MAA notes that the costs of recent terminal facility studies have ranged from \$50,000 to \$300,000, so MAA estimates incurring \$300,000 of consultant costs in fiscal 2025. However, the Department of Legislative Services assumes consultant costs will fall in the lower range of previous terminal facility studies due to the scale and scope of the study required under the bill. Thus, TTF special fund expenditures increase by as much as \$100,000 in fiscal 2025 only for MAA to hire a consultant to conduct the study and issue a report by October 1, 2024.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 23, 2024
rh/jrb Third Reader - March 21, 2024
Revised - Amendment(s) - March 21, 2024

Analysis by: Heather N. MacDonagh

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 in operation for each facility as of December 2023 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	709	22
Ocean Downs	Worcester	January 2011	845	19
Maryland Live!	Anne Arundel	June 2012	3,849	179
Rocky Gap Casino	Allegany	May 2013	616	16
Horseshoe Casino	Baltimore City	August 2014	1,401	122
MGM National Harbor	Prince George’s	December 2016	2,266	207

VLT: video lottery terminal

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

Video Lottery Terminals and Table Game Revenues

The estimated revenues from VLTs and table games in fiscal 2025 through 2029 are shown in **Exhibit 2**. A total of \$2.0 billion in gross gaming revenues is projected in fiscal 2025, including \$596.7 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 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
VLTs Distribution					
Education Trust Fund	\$500.9	\$506.7	\$514.3	\$521.0	\$533.3
Lottery Operations	13.3	13.4	13.6	13.8	13.9
Purse Dedication Account	79.6	80.6	81.5	82.6	83.7
Racetrack Renewal Account	13.3	13.4	12.0	12.1	6.9
Local Impact Grants	73.0	73.8	74.7	75.7	76.7
Business Investment	19.9	20.1	20.4	20.6	20.9
Licensees	627.2	634.5	641.9	650.4	658.9
Total VLTs	\$1,327.2	\$1,342.6	\$1,358.3	\$1,376.2	\$1,394.3
Table Games Distribution					
Education Trust Fund	\$95.8	\$97.0	\$98.2	\$99.5	\$100.9
Local Impact Grants	31.9	32.3	32.7	33.2	33.6
Licensees	510.8	517.2	523.7	530.8	538.0
Total Table Games	\$638.5	\$646.5	\$654.6	\$663.5	\$672.6
Total VLTs and Table Games	\$1,965.7	\$1,989.1	\$2,012.9	\$2,039.7	\$2,066.8
Total Education Trust Fund	\$596.7	\$603.7	\$612.5	\$620.6	\$634.2

VLT: video lottery terminal

Note: Numbers may not sum to total due to rounding.

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

Chapter 492 of 2020, a constitutional amendment approved by the voters at the November 2020 general election, authorized sports and event wagering, contingent upon implementation legislation passed by the General Assembly. Chapter 356 of 2021 implemented sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. Licensees receive 85% of proceeds from sports wagering and fantasy gaming and the State receives 15%, as well as license fee revenues. State revenues from sports wagering and fantasy gaming and their distributions are shown in **Exhibit 3**.

Exhibit 3
Distribution of Estimated State Sports Wagering and
Fantasy Competition Revenues
Current Law
(\$ in Millions)

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
State Revenues					
Sports Wagering – Retail	\$2.1	\$2.1	\$2.1	\$2.2	\$2.2
Sports Wagering – Mobile	47.2	47.9	48.6	49.4	50.1
Sports Wagering License Fees	0.0	0.0	0.0	0.1	1.8
Fantasy Competition	1.0	1.0	1.0	1.1	1.1
Total	\$50.3	\$51.0	\$51.8	\$52.7	\$55.2
Distribution					
Blueprint for Maryland’s Future Fund ¹	\$50.3	\$51.0	\$51.8	\$52.8	\$55.2
SMWOBSWA Fund ²	0.0	0.0	0.0	0.0	0.0
Problem Gambling Fund ³	1.3	1.3	1.3	1.4	1.4

SMWOBSWA: Small, Minority-Owned, and Women-Owned Business Sports Wagering Assistance

¹ The Blueprint for Maryland’s Future Fund is intended to assist in providing adequate funding for early childhood education and primary and secondary education to provide a world-class education to students in Maryland.

² Five percent of the class A-1 license fees (\$2.0 million each) and of the class A-2 license fees (\$1.0 million each) are paid into the SMWOBSWA Fund. Five percent of renewal fees are transferred to the SMWOBSWA Fund.

³ Player winnings not claimed within 182 days are distributed to the Problem Gambling Fund.

Note: Numbers may not sum to total due to rounding.

Source: Board of Revenue Estimates; Department of Legislative Services