

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 903 (Senator Muse)
 Budget and Taxation

Prince George’s County – Mobile Sports Wagering Proceeds – Local Impact Grant

This bill requires a mobile sports wagering licensee that is part of an ownership group that operates a video lottery facility in Prince George’s County to pay the first \$3.5 million of proceeds retained by the mobile sports wagering licensee to the Comptroller to be distributed as local impact grants to nonprofit organizations and municipalities located within six miles of the video lottery facility. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Special fund revenues and expenditures for local impact grants increase by \$3.5 million annually beginning in FY 2025.

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5
SF Expenditure	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5
Net Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

Local Effect: Prince George’s County revenues and expenditures increase by \$3.5 million annually beginning in FY 2025 as a result of receiving local impact grants and distributing them to nonprofit organizations and municipalities.

Small Business Effect: Minimal.

Analysis

Current Law: Chapter 492 of 2020 authorized sports and event wagering generally, subject to voter referendum, which was approved by Maryland voters in November 2020. The Act also provided that revenues from sports and event wagering must primarily be used for public education. Chapter 356 of 2021 implemented sports and event wagering in the State and provided for regulation of sports wagering by the State Lottery and Gaming Control Commission. The Act also established the Sports Wagering Application Review Commission (SWARC) to review and award applications for sports wagering facility and mobile sports wagering licensure.

Specified Class A and Class B sports wagering facility licensees designated under the law (casinos, professional sports stadiums, horse racing tracks, off-track facilities, and specified bingo halls) are eligible to receive licenses under a noncompetitive process. SWARC may also conduct a competitive process to award an additional 30 Class B-1 or B-2 facility licenses and 60 mobile sports wagering licenses.

Licensees retain 85% of sports wagering proceeds, with the remainder distributed to the Blueprint for Maryland's Future Fund (BMFF). Revenues accruing to BMFF are to be used to provide a world-class education for early childhood and K-12 students so that they are prepared for college and a career in the global economy.

Local Impact Grants

From the video lottery terminal proceeds at each facility, generally 5.5% are distributed as local impact grants to local governments in which a video lottery facility is operating. The grants are distributed by the Division of Racing within the Maryland Department of Labor.

Generally, local impact grants must be used for infrastructure improvements; facilities; public safety; sanitation; economic and community development, including housing; and other public services and improvements primarily in the communities in immediate proximity to the video lottery facilities.

Additionally, 5% of table game revenues are distributed to local jurisdictions where a video lottery facility is located.

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

State Fiscal Effect: Special fund revenues and expenditures for local impact grants to Prince George's County increase by \$3.5 million annually beginning in fiscal 2025.

Local Fiscal Effect: Local impact grant revenues and expenditures to Prince George’s County increase by \$3.5 million annually beginning in fiscal 2025. Prince George’s County must distribute the funds as local impact grants to nonprofit organizations and municipalities located within six miles of the video lottery facility.

Additional Comments: The mobile sports wagering licensee operating a video lottery facility in Prince George’s County, BetMGM Maryland Sports LLC, launched in November 2022. The mobile sports wagering licensee had a taxable win of \$7.1 million in fiscal 2023 and a taxable win of \$9.9 million for the first half of fiscal 2024. Assuming the licensee has a taxable win of approximately \$23.0 million in future years, under the bill BetMGM retains \$16.0 million, \$3.5 million is distributed to BMFF as required under current law, and \$3.5 million is distributed as local impact grants.

Additional Information

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

Designated Cross File: None.

Information Source(s): Prince George’s County; Comptroller’s Office; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 25, 2024
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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