

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 337

Ways and Means

(Delegate Lehman, *et al.*)

Budget and Taxation

State Lottery Fund - Laurel Race Course - Local Impact Aid

This bill requires the Comptroller, for fiscal 2026 and 2027, to distribute \$250,000 from the State Lottery Fund for supplemental local impact aid to Anne Arundel County, Howard County, and the City of Laurel from the proceeds of the Racetrax lottery game. **The bill takes effect July 1, 2025, and terminates June 30, 2027.**

Fiscal Summary

State Effect: General fund revenues decrease by \$250,000 in FY 2026 and 2027. State expenditures are not directly affected. **This bill establishes a mandated distribution for FY 2026 and 2027.**

| (in dollars) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|--------------|-------------|-------------|---------|---------|---------|
| GF Revenue | (\$250,000) | (\$250,000) | \$0 | \$0 | \$0 |
| Expenditure | 0 | 0 | 0 | 0 | 0 |
| Net Effect | (\$250,000) | (\$250,000) | \$0 | \$0 | \$0 |

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

Local Effect: Local impact aid grants for Anne Arundel County, Howard County, and the City of Laurel increase by \$250,000 in FY 2026 and 2027. Local expenditures increase by a commensurate amount in FY 2026 and 2027.

Small Business Effect: Minimal.

Analysis

Bill Summary: Revenues that are distributed as the supplemental local impact aid grants must be in proportion to each jurisdiction's share of the money required to be paid under

§ 11-404(d) of the Business Regulation Article, which requires a specified dollar amount be distributed to each jurisdiction per live racing days held at Laurel Race Course.

The Comptroller is prohibited from paying the supplemental local impact aid for any fiscal year following the fiscal year that (1) Laurel Race Course is no longer used for live racing or training or (2) backstretch workers employed at Laurel Race Course are no longer living on the Laurel Race Course property.

Anne Arundel County, Howard County, and the City of Laurel must use the supplemental local impact aid to provide programs and services to the communities surrounding Laurel Race Course, including (1) health and mental health services; (2) individual and family counseling; (3) drug and alcohol addiction awareness, support, and treatment; (4) social services; (5) nutrition and wellness programs; and (6) transportation, if necessary, to off-site medical and wellness services.

Anne Arundel County may only use its share of the supplemental local impact aid to provide grant funding to nonprofit organizations that meet certain requirements. Specifically, they must (1) have a history of working with backstretch workers employed at Laurel Race Course and (2) employ Spanish-speaking program staff or provide translation services for nonnative English speakers. Also, in consultation with at least two Laurel Race Course backstretch workers designated by the County Executive, Anne Arundel County may use the public grant application process developed and administered by the Laurel Race Course Impact Advisory Committee to provide grant funding to such nonprofit organizations. Finally, a nonprofit organization that receives this grant funding may only use it to provide programs and services at Laurel Race Course or within one mile of Laurel Race Course to backstretch workers employed at Laurel Race Course or residents living in the 20724 postal zip code (of Anne Arundel County).

Current Law:

Horse Racing Impact Aid

The State began sharing revenues derived from the tax on horse racing with local governments in 1947. The amounts of impact aid granted to each jurisdiction are mandated by statute and are largely based on the number of racing days held each year. In recent years, revenues have been insufficient to fulfill the expected allocation to each jurisdiction and to the other mandated uses. Chapter 425 of 2013 required the Comptroller, in any fiscal year that revenues to the horse racing special fund are not sufficient to fully fund local impact aid, to proportionately reduce the local impact aid amounts required to be paid.

Gaming Impact Grants

The State of Maryland has authorized six 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 video lottery terminals (VLTs) allotted in the State. Licensees are also authorized to have table games with approval of the State Lottery and Gaming Control Commission.

From the proceeds generated by VLTs at video lottery facilities in the State, generally 5.5% (for the first 10 years of the facility in Allegany County, the percentage is 3.75%) is distributed as local impact grants to local governments in which a video lottery facility is operating. The local impact grant funding is subject to additional requirements governing the distribution of the funding among the local governments and the use of the funding, as well as a requirement that a local development council be established in each geographic area where a facility is located to advise the local governments in their planning of how to spend the funding. In addition to the local impact grants from VLT proceeds, 5% of the proceeds from table games at video lottery facilities are also distributed to local jurisdictions where a video lottery facility is located.

The fiscal 2026 State budget as introduced assumes \$104.9 million in gaming impact grants, including \$500,000 that is directed to Anne Arundel County (\$357,143), Howard County (\$89,286), and the City of Laurel (\$53,571).

State Revenues: General fund revenues decrease by \$250,000 in fiscal 2026 and 2027 as a result of the required distributions to Anne Arundel County, Howard County, and the City of Laurel.

As a point of reference, general fund revenues from the Racetrax game totaled \$64.2 million in fiscal 2023 and \$60.8 million in fiscal 2024.

Local Fiscal Effect: Local impact aid for Anne Arundel County, Howard County, and the City of Laurel increases by \$250,000 in fiscal 2026 and 2027. Based on a statutory formula, it is estimated that Anne Arundel County will receive \$178,571, Howard County will receive \$44,643, and the City of Laurel will receive \$26,786 each year.

Additional Information

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

Designated Cross File: SB 595 (Senator Rosapepe) - Budget and Taxation.

Information Source(s): Anne Arundel County; City of Laurel; Comptroller's Office; Maryland Department of Labor; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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