

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 887 (Delegate Hornberger)
Ways and Means and Appropriations

Video Lottery Terminals - Distribution of Local Impact Grants - Allocation for Fair Hill Purses

This bill requires, from fiscal 2027 through 2029, \$200,000 of the local impact grants distributed to Cecil County from video lottery terminal (VLT) proceeds to annually be used for purses offered for races held at the Fair Hill Natural Resources Management Area. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: None.

Local Effect: For FY 2027 through 2029, \$200,000 of local impact grants to Cecil County for improvements primarily in communities surrounding the video lottery facility in Cecil County is redirected to purses offered for races held at the Fair Hill Natural Resources Management Area.

Small Business Effect: Minimal.

Analysis

Current Law: Generally, 6% of VLT proceeds at each facility is distributed to the Purse Dedication Account. The Fair Hill Natural Resources Management Area receives \$100,000 annually from the amount provided to thoroughbred purses from the Purse Dedication Account.

From the VLT proceeds at each facility, generally 5.5% is 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 and are first allocated as shown below:

- Allegany County: \$200,000;
- Cecil County: \$130,000;
- Town of Forest Heights: \$120,000;
- Town of Perryville: \$70,000; and
- Worcester County: \$200,000.

After those distributions are made, 100% of the local impact grants from proceeds of facilities located in Allegany, Cecil, and Worcester counties must be distributed to local jurisdictions in which the facility is located. **Exhibit 1** shows the estimated distribution of local impact grants to Cecil County under current law from fiscal 2027 through 2031.

Exhibit 1
Distribution of Local Impact Grants in Cecil County Under Current Law
Fiscal 2027-2031
(\$ in thousands)

	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Communities near the facility	\$4,034.4	\$4,070.7	\$4,107.4	\$4,144.3	\$4,181.6
Cecil County	130.0	130.0	130.0	130.0	130.0
Town of Perryville	70.0	70.0	70.0	70.0	70.0
Total to Cecil County	\$4,234.4	\$4,270.7	\$4,307.4	\$4,344.3	\$4,381.6

Source: Department of Legislative Services

The local impact grant funding is subject to additional requirements governing the distribution of the funding among 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. 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.

Local Fiscal Effect: Cecil County local impact grant expenditures for public services and improvements primarily in the communities in immediate proximity to the Cecil County video lottery facility decrease by \$200,000 annually from fiscal 2027 through 2029.

Cecil County local impact grant expenditures for purses offered for races held at the Fair Hill Natural Resources Management Area correspondingly increase. **Exhibit 2** shows the distribution of local impact grants in Cecil County under the bill.

Exhibit 2
Distribution of Local Impact Grants in Cecil County Under the Bill
Fiscal 2027-2031
(\$ in thousands)

	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Communities near the facility	\$3,834.4	\$3,870.7	\$3,907.4	\$4,144.3	\$4,181.6
Fair Hill purses	200.0	200.0	200.0	0	0
Cecil County	130.0	130.0	130.0	130.0	130.0
Town of Perryville	70.0	70.0	70.0	70.0	70.0
Total to Cecil County	\$4,234.4	\$4,270.7	\$4,307.4	\$4,344.3	\$4,381.6

Source: Department of Legislative Services

Additional Information

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

Designated Cross File: None.

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

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 jg/jrb

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