

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



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DATE: March 4, 2025
BILL NO: Senate Bill 595
BILL TITLE: State Lottery Fund – Laurel Race Course – Local Impact Aid
COMMITTEE: Ways and Means
POSITION: Information

The Maryland Lottery and Gaming Control Agency (Agency) submits the following for informational purposes.

Bill Summary:

Senate Bill 595 proposes supplementing local impact aid to Anne Arundel County, Howard County, and the City of Laurel from the proceeds of the Racetrax® Lottery Game. Doubling the amount of local impact aid to these jurisdictions is expected to support increased programs and services to the communities surrounding Laurel Race Course, including health and wellness, counseling, addictions services, social services, nutrition and wellness, and transportation services. The Agency currently provides \$500,000 in local impact aid via funds from Video Lottery Terminals (gaming revenues).

Background:

- For decades, the Lottery Fund was primarily used to make allocations to the Maryland Stadium Authority and in 2015, it began to be used to make allocations to other special interests.
- Lottery funds have not typically been used for local impact grants for jurisdictions or for venues related to horse racing, as this industry receives a contribution directly from casino gaming revenue.
- Senate Bill 595 would double the amount provided via local impact aid by allocating funds from Racetrax®.
- Racetrax® is a computer-animated Lottery game that offers the thrill of horse racing and the payout and prizes of a Keno style game.
- In FY24, Racetrax generated \$315.1 million in sales, accounting for 11.5% of total lottery sales.
- Racetrax® accounted for \$64.7 million (9.2%) of the Lottery's FY24 profit.

Rationale:

The allocation of funds from the State Lottery Fund to special funds decreases the amount of money transferred to the General Fund. Allocating any additional revenue from the State Lottery Fund will place the State's AA Bond Rating at risk of being downgraded. The Board of Revenue Estimates (BRE) considers total lottery revenues and makes projections based on the revenues less the current distributions. Table 1 reflects the projected distribution of lottery funds as well as the coverage amounts for mandated disbursements. The coverage amount is determined by dividing the total lottery revenue by the total mandated disbursement. When the coverage amount is 3.1x or lower, the bond rating can be downgraded. BRE has projected, based on current allocations, that the coverage amount will be 3.1x in FY26 and 2.9x in FY27 and FY28. Adding an additional allocation of

\$500,000 reduces the coverage further leaving Maryland at risk of having its AA Bond rating downgraded.

Table 1 – Projected Coverage Amounts

Distribution of Lottery Fund (Millions)	FY25	FY26	FY27	FY28
TOTAL LOTTERY REVENUE	671	664	665	666
MD Stadium Facilities	14.2	14.2	3.4	3.4
Camden Yards - Football	34.9	34.9	45.0	45.0
Camden Yards - Baseball		40.9	41.6	41.6
MD Veterans Trust Fund	0.3	0.3	0.3	0.3
RCDF		29.3	29.3	29.3
AA County & Baltimore City	1.6	1.4	1.2	1.0
Baltimore City School Construction	20.0	20.0	20.0	20.
MD International Fund				
Michael E. Busch Sports Fund	1.0	1.0	1.0	1.0
MD Humanities Council for History	0.2	0.2	0.2	0.2
Maggie McIntosh School Arts Fund	0.3	0.3	0.3	0.3
Sports Entertainment Facilities Financing Fund	12.4	12.4	25.0	25.0
Major Sports & Entertainment Event Program Fund	7.0	5.0	5.0	5.0
MD DOT Bus Rapid Transit System	27.0	27.0	27.0	27.0
PGCFF	27.0	27.0	27.0	27.0
TOTAL MANDATED DISBURSEMENTS	147	214	226	226
COVERAGE OF MANDATED DISBURSEMENTS	4.6x	3.1x	2.9x	2.9x
GENERAL FUND	524	450	439	440

Should you have any questions about this Letter of Information, please contact Jennifer Beskid, Director Legislation and Policy at 443-571-4390 or Jennifer.beskid1@maryland.gov.