

HOUSE BILL 569

C7

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By: **Delegate Walker**

Introduced and read first time: January 27, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Gaming – Distribution of Video Lottery Terminal Proceeds – Local Impact**
3 **Grants**

4 FOR the purpose of requiring the Comptroller to pay a certain amount of video lottery
5 terminal proceeds as local impact grants to Anne Arundel County or Baltimore City
6 under certain circumstances; requiring that certain local impact grants received by
7 Anne Arundel County or Baltimore City be used in a certain manner; making
8 conforming changes; and generally relating to the distribution of video lottery
9 terminal proceeds and local impact grants.

10 BY repealing and reenacting, with amendments,
11 Article – State Government
12 Section 9–1A–26, 9–1A–27(a), and 9–1A–31(a)
13 Annotated Code of Maryland
14 (2014 Replacement Volume and 2019 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – State Government**

18 9–1A–26.

19 (a) (1) Except as provided in paragraphs (2) and (3) of this subsection, all
20 proceeds from the operation of video lottery terminals and table games shall be
21 electronically transferred daily into the State Lottery Fund established under Subtitle 1 of
22 this title and distributed as provided under § 9–1A–27 of this subtitle.

23 (2) The requirement under paragraph (1) of this subsection does not apply
24 on a day when State government is closed.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(3) The amount from the proceeds of video lottery terminals to be paid to video lottery operation licensees under § 9–1A–27(a)(2), (7), and (8), (b), and (c)(1)(ii) and (2) of this subtitle shall be retained by the licensee.

(b) (1) The Commission shall account to the Comptroller for all of the revenue under this subtitle.

(2) The proceeds from video lottery terminals and table games shall be under the control of the Comptroller and, except as provided in [subsection] **SUBSECTIONS (c) AND (D)** of this section, shall be distributed as provided under § 9–1A–27 of this subtitle.

(c) A jackpot won at a video lottery terminal that is not claimed by the winner within 182 days after the jackpot is won shall:

(1) become the property of the State; and

(2) be distributed as follows:

(i) 2.5% to the Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of the Economic Development Article;

(ii) 9.5% in local impact grants, in accordance with § 9–1A–31 of this subtitle;

(iii) 10% to the Purse Dedication Account established under § 9–1A–28 of this subtitle;

(iv) 1.5% to the Racetrack Facility Renewal Account established under § 9–1A–29 of this subtitle; and

(v) the remainder to the Education Trust Fund established under § 9–1A–30 of this subtitle.

(D) (1) IF THE AMOUNT OF THE LOCAL IMPACT GRANTS DISTRIBUTED TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY UNDER § 9–1A–31(A)(3)(I) AND (7) OF THIS SUBTITLE IS LESS THAN THE AMOUNT OF LOCAL IMPACT GRANTS RECEIVED BY ANNE ARUNDEL COUNTY OR BALTIMORE CITY IN FISCAL YEAR 2016, THE COMPTROLLER SHALL PAY THE DIFFERENCE TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS.

(2) LOCAL IMPACT GRANTS RECEIVED BY ANNE ARUNDEL COUNTY OR BALTIMORE CITY UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE USED AS REQUIRED UNDER § 9–1A–31 OF THIS SUBTITLE.

[(d)] (E) The admissions and amusement tax may not be imposed on any proceeds from the operation of video lottery terminals and table games.

1 **[(e)] (F)** The Commission shall adopt regulations that allow a video lottery
2 operation licensee to reduce the amount of proceeds when a video lottery operation licensee
3 returns to successful players more than the amount of money bet through video lottery
4 terminals or table games on a given day that are consistent with § 9-1A-01(u) of this
5 subtitle.

6 9-1A-27.

7 (a) Except as provided in subsections (b) and (c) of this section and §
8 9-1A-26(a)(3) **AND (D)** of this subtitle, on a properly approved transmittal prepared by the
9 Commission, the Comptroller shall pay the following amounts from the proceeds of video
10 lottery terminals at each video lottery facility:

11 (1) (i) on or before March 31, 2015, 2% to the State Lottery and Gaming
12 Control Agency for costs as defined in § 9-1A-01 of this subtitle; and

13 (ii) beginning April 1, 2015, 1% to the State Lottery and Gaming
14 Control Agency for costs as defined in § 9-1A-01 of this subtitle;

15 (2) to the video lottery operation licensee, the percentage stated in the
16 accepted application for the location, not to exceed, except as provided in subsection (b) of
17 this section, 33%;

18 (3) 5.5% in local impact grants, in accordance with § 9-1A-31 of this
19 subtitle;

20 (4) 6% to the Purse Dedication Account established under § 9-1A-28 of this
21 subtitle, not to exceed a total of \$100,000,000 to the Account annually;

22 (5) (i) until the issuance of a video lottery operation license in
23 Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under §
24 9-1A-29 of this subtitle and distributed in accordance with that section; and

25 (ii) on or after the issuance of a video lottery operation license in
26 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §
27 9-1A-29 of this subtitle and distributed in accordance with that section, not to exceed a
28 total of \$20,000,000 to the Account annually;

29 (6) (i) except as provided in items (ii) and (iii) of this item, 1.5% to the
30 Small, Minority, and Women-Owned Businesses Account established under § 5-1501 of
31 the Economic Development Article;

32 (ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of
33 the costs of the grants provided under Chapters 6 and 607 of the Acts of the General
34 Assembly of 2017;

(iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund established under § 9–1A–30 of this subtitle; and

(iv) beginning in fiscal year 2021, from the amount paid to the Small, Minority, and Women–Owned Businesses Account under item (i) of this item, up to 5%, not to exceed \$1,000,000, to the Nonprofit, Interest–Free, Micro Bridge Loan (NIMBL) Account established under § 5–1204 of the Economic Development Article;

(7) (i) except as provided in items (ii) and (iii) of this item, 6% to the video lottery operation licensee if the video lottery operation licensee owns or leases each video lottery terminal device and the associated equipment and software;

(ii) 8% to the video lottery operation licensee in Anne Arundel County; and

(iii) 10% to the video lottery operation licensee in Allegany County or Worcester County if the video lottery operation licensee assumes ownership or the right to lease each video lottery terminal device and the associated equipment and software used by the facility before January 1, 2019;

(8) beginning after the issuance of a video lottery operation license for a video lottery facility in Prince George’s County, 8% to the video lottery operation licensee in Anne Arundel County and 7% to the licensee in Baltimore City for:

(i) marketing, advertising, and promotional costs required under § 9–1A–23 of this subtitle; and

(ii) capital improvements at the video lottery facilities; and

(9) the remainder to the Education Trust Fund established under § 9–1A–30 of this subtitle.

9–1A–31.

(a) (1) Except as provided in paragraph (8) of this subsection, the local impact grants provided under § 9–1A–27 of this subtitle shall be distributed as provided in this subsection.

(2) The following amounts shall be distributed to the following jurisdictions:

(i) Allegany County – \$200,000;

(ii) Cecil County – \$130,000;

(iii) Town of Forest Heights – \$120,000;

(iv) Town of Perryville – \$70,000; and

(v) Worcester County – \$200,000.

(3) The remaining funds for local impact grants shall be distributed in the following manner:

(i) 82% to the local jurisdictions with video lottery facilities, based on each jurisdiction's percentage of overall gross revenues from video lottery terminals; and

(ii) except as provided in paragraph (4) of this subsection, for operations at a video lottery facility starting in fiscal year 2012 and ending in fiscal year 2032, 18% to Baltimore City with the Pimlico Community Development Authority acting as the local development council in accordance with subsection (d) of this section, to be distributed primarily for capital projects benefiting economic and community development in the following manner:

1. at least 75% in a manner that is consistent with the Park Heights Master Plan; and

2. the remainder dedicated to the needs of:

A. any census blockgroup that Baltimore City identifies as being located partly or entirely within 1 mile of Pimlico Race Course but not within the boundaries of the Park Heights Master Plan in a manner that is consistent with adopted neighborhood priorities;

B. any neighborhood included in the Northwest Community Planning Forum Strategic Neighborhood Action Plan in a manner that is consistent with the adopted Northwest Community Planning Forum Strategic Neighborhood Action Plan priorities; and

C. beginning after a video lottery operation license is issued to a video lottery facility in Baltimore City, any neighborhood within an area bounded by Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue in a manner that is consistent with adopted neighborhood priorities.

(4) (i) Of the amount specified under paragraph (3)(ii) of this subsection:

1. \$1,000,000 shall be provided annually to Prince George's County to be used for public safety projects in the community within 5 miles surrounding Rosecroft Raceway; and

2. \$500,000 shall be provided annually for impact aid to be distributed as provided under § 11–404(d) of the Business Regulation Article to help pay for facilities and services in communities within 3 miles of the Laurel Race Course.

(ii) The Legislative Policy Committee shall report its findings and recommendations concerning the advisability of the continuation of the distribution of funds after fiscal year 2032 to the Comptroller and, in accordance with § 2-1257 of this article, the General Assembly, on or before November 1, 2030.

(5) Anne Arundel County, Howard County, Prince George's County, and the City of Laurel shall report to the Legislative Policy Committee by December 31 of each year as to the distribution of the funds provided under this section.

(6) Baltimore City shall:

(i) except as provided in subsection (b)(3)(i) of this section, establish a schedule for the distribution and expenditure of funds provided under this section; and

(ii) provide a quarterly report to the Legislative Policy Committee on the distribution of the funds provided under this section.

(7) (i) The distribution under paragraph (3)(i) of this subsection to Anne Arundel County, Baltimore City, and Prince George's County equals the sum of the amounts to be distributed to Anne Arundel County, Baltimore City, and Prince George's County divided by three.

(ii) 1. Notwithstanding subparagraph (i) of this paragraph, the amount distributed to Anne Arundel County and Baltimore City under paragraph (3)(i) of this subsection may not be less than the amount received in the fiscal year before the video lottery operation license for a video lottery facility in Prince George's County was issued.

2. ANY AMOUNT DISTRIBUTED TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY AS REQUIRED UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BE PAID FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AS REQUIRED UNDER § 9-1A-26(D) OF THIS SUBTITLE.

(8) Beginning after a video lottery operation license is issued to a video lottery facility in Baltimore City, 100% of the local impact grants provided under § 9-1A-27 of this subtitle from the proceeds of the video lottery facilities located in Allegany, Cecil, and Worcester counties shall be distributed to the local jurisdictions in which those video lottery facilities are located.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.