

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE

House Bill 329  
Ways and Means

(Delegate Franchot, *et al.*)

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Moratorium on Expanded Gaming - Commission to Study Video Lottery  
Terminals in Maryland

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This bill establishes a 14-member Commission to Study Video Lottery Terminals in Maryland. The commission is required to review and evaluate the potential effects and fiscal implications of authorizing the operation of video lottery terminals for gaming purposes in the State, including: (1) the estimated annual increase in State revenues; (2) the potential social costs of increases in compulsive gaming and the behavior associated with compulsive gaming; (3) the effect on other economic sectors in the State, including horse racing, tourism, and the restaurant industry; (4) the impact of expanded gaming on State lottery revenues and on existing gaming that benefits nonprofit organizations in the State; (5) the impact of expanded gaming on law enforcement and criminal activity; and (6) the potential economic development benefits.

The commission is required to submit a report of findings and recommendations to the Governor and the General Assembly by December 31, 2003.

Finally, the bill prohibits the State from authorizing any additional forms of gaming while the bill is in effect.

The bill takes effect June 1, 2003 and sunsets December 31, 2003.

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**Fiscal Summary**

**State Effect:** Any expense reimbursements for commission members and staffing costs for the Department of Legislative Services are assumed to be minimal and absorbable within existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** Specified types of gaming are allowed in Maryland, including the lottery and wagering on horse racing. Bingo, bazaars, and gaming nights are allowed for some nonprofit organizations on a county-by-county basis. Several counties permit for-profit bingo. In addition, some nonprofit organizations in Eastern Shore counties are allowed to operate up to five slot machines, provided that at least 50% of the proceeds go to charity. Video lottery terminals are not authorized for operation in the State.

**Background:** Over the past several legislative sessions, various proposals have been introduced to authorize video lottery terminals (VLTs), i.e., electronic slot machines, at the State's horse racing tracks or other tourist destinations in the State.

### *Gaming in Maryland*

Regulated gaming in Maryland dates back to 1743 with the regulation of horse racing. Pari-mutuel betting was introduced in 1912 and the State Racing Commission was established in 1920.

The State lottery was established in 1972 through legislative action and a constitutional amendment that was approved by voters.

Slot machines were authorized for use across the State from 1937 through 1939. Legislation to authorize slot machines in Southern Maryland was passed in the 1940s. By the early 1960s, the only legal slot machines in the United States, outside of Nevada, were located in Calvert, Charles, St. Mary's, and Anne Arundel counties. Legislation passed in 1966 prohibiting slot machines as of July 1, 1968.

In 1987 legislation was passed that authorized the operation of slot machines by nonprofit organizations in all Eastern Shore counties, except Worcester.

Legislation enacted in 1995 established a commission to study gaming in Maryland. In its final report to the Governor and the General Assembly in December 1995, the commission, known as the Tydings Commission, made several recommendations including a recommendation that the General Assembly and the Governor should

maintain the current prohibitions against commercial casino gaming activities in Maryland, including slot machines at race tracks.

*Fiscal 2004 Budget*

The Governor's proposed fiscal 2004 budget assumes \$350 million in licensing fees from racetrack owners and \$45 million in revenues from VLT operations.

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Lottery Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2003  
mam/jr

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