

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 375
Budget and Taxation

(Senator Della)

Ways and Means

Video Lottery Facilities - Local Impact Grants - Residential Parking Permit Costs

This bill adds the payment of costs related to unrealized residential parking permit revenues for an area in immediate proximity to a video lottery facility to the list of purposes for which local impact grants from the proceeds of video lottery terminals may be used.

Fiscal Summary

State Effect: None.

Local Effect: None. The bill does not affect the amount of local impact grants received by a local jurisdiction. Adding another authorized purpose for distributing the grants has no effect on overall expenditures.

Small Business Effect: None.

Analysis

Bill Summary: A portion of local impact grant funds may be used to cover the costs that otherwise would be charged to residents for permits to park a vehicle in a residential parking permit area that is:

- determined by the appropriate local government authority in consultation with the local development council, and
- established in immediate proximity to a video lottery facility.

Current Law: Chapter 5 of the 2007 special session, a constitutional amendment authorizing 15,000 VLTs at five locations in the State, was approved by Maryland voters at the November 2008 general election. The amendment also specifies that the General Assembly may only authorize expanded forms of gambling subject to certain restrictions. Chapter 4 (Senate Bill 3) of the 2007 special session establishes the operational and regulatory framework for the authorized VLT program.

Gross VLT proceeds are distributed as follows, pursuant to Chapter 4 of the 2007 special session:

- Business Investment – 1.5% to a small, minority, and woman-owned business investment account;
- Lottery (Administration) – 2% to the State lottery for administrative costs, with other costs provided for in the State budget;
- Local Government Impact Grants – 5.5% to local governments in which a video lottery facility is operating, 18% of which would go for 15 years (starting in fiscal 2012 and ending in fiscal 2027) to Baltimore City through the Pimlico Community Development Authority and to Prince George’s County for the community surrounding Rosecroft (\$1 million annually);
- Horse Racing Industry – 7% to a purse dedication account to enhance horse racing purses and funds for the horse breeding industry, not to exceed \$100 million annually;
- Racetrack Renewal – 2.5% for an eight-year period to a Racetrack Facility Renewal Fund, not to exceed \$40 million annually;
- Licensee (Operator) – no more than 33% to video lottery operation licensees; and
- Education Trust Fund – remainder to Education Trust Fund (48.5% -51.0%).

Local impact grants are to be used for improvements in the communities in immediate proximity to the video lottery facilities and may be used for the following purposes:

- infrastructure improvements;
- facilities;
- public safety;
- sanitation;
- economic and community development, including housing; and
- other public services and improvements.

In Allegany County, local impact grants provided for infrastructure improvements may be used to pay down the debt incurred by the county in the construction and related costs for the golf course, lodge, and other improvements in Rocky Gap State Park.

A local development council is to be established in each geographic area where a video lottery facility is located. A county or municipality must develop, in consultation with the local development council, a multiyear plan for the expenditure of the local impact grant funds for services and improvements. A county or municipality must make best efforts to accommodate the recommendations of the local development council before adopting the plan.

Local Fiscal Effect: Local impact grant revenues are not affected. The list of options for expenditure of impact grant funds is expanded, but the overall amount of expenditures that may be made is not affected.

As an illustration, according to the Baltimore City Parking Authority, there are about 510 residential parking permit decals and 435 visitor permits for residents within the area eligible for the location of a video lottery facility in the city. At current permit fee levels, Baltimore City advises the proposed legislation could lead to an annual expenditure of about \$18,800 in funds from local impact grants to cover related unrealized parking revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel County, Baltimore City, Comptroller's Office, Maryland State Lottery Agency, Department of Legislative Services

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