

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 538 (Delegate Conaway)
Ways and Means

Video Lottery Facility - Credit Extensions to Patrons - Limitation

This bill prohibits a video lottery operation licensee from extending more than \$500 in credit to a patron of a video lottery facility within a 24-hour period.

Fiscal Summary

State Effect: Potential minimum decrease in special fund revenues and expenditures from the Video Lottery Terminal (VLT) program beginning in FY 2014.

Local Effect: Potential minimal decrease in local impact grants distributed to certain counties from the VLT program beginning in FY 2014.

Small Business Effect: None.

Analysis

Current Law: The State Lottery and Gaming Control Commission (SLGCC) is required to adopt regulations that are intended to reduce or mitigate the effects of problem gambling, including:

- limiting the number and location of and maximum withdrawal amounts from automated teller machines (ATMs);
- prohibiting authorized ATMs from accepting electronic benefit cards, debit cards, or similar negotiable instruments for accessing temporary cash assistance issued by the Department of Human Resources;

- requiring payouts above an amount adopted by the commission to be made by check;
- requiring conspicuous disclosures related to the payout of video lottery terminals (VLTs);
- limiting the dollar amount that VLTs will accept;
- prohibiting the use of specified negotiable instruments at video lottery facilities and the use of credit cards, debit cards, and similar devices in VLTs;
- providing consumers with a record of VLT spending levels if marketing measures are utilized that track consumer spending at video lottery facilities;
- prohibiting consumers from cashing paychecks at video lottery facilities; and
- prohibiting video lottery operation licensees from engaging in or contracting with another to engage in predatory marketing practices.

Currently, under the Code of Maryland Regulations, a facility operator may not extend a line of credit above \$5,000 to a player for gaming. However, SLGCC has proposed new regulatory language that prohibits a facility operator from extending a line of credit to a player for gaming which exceeds the player's authorized credit limit. The proposed regulations eliminate the \$5,000 credit limit and allow a facility operator to conduct its own financial evaluation of the player's credit limitation. As of March 1, 2013, the proposed regulations have not been published in the *Maryland Register* and approved by the Joint Committee on Administrative, Executive, and Legislative Review.

Background: The State has authorized six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George's, and Worcester counties with a maximum of 16,500 VLTs allotted in the State. Licensees are also authorized to operate table games in the facilities with the approval of SLGCC. Penn Cecil in Cecil County, Ocean Downs in Worcester County, and Maryland Live in Anne Arundel County are open to the public, while a VLT facility at the Rocky Gap Lodge and Resort in Allegany County is expected to open by mid-2013, and a facility in Baltimore City is scheduled to open in mid-2014. The Video Lottery Facility Location Commission may award a license for a Prince George's County facility to begin operations the earlier of July 1, 2016, or 30 months after the video lottery facility in Baltimore City is open to the public.

State Revenues: Special fund revenues from the VLT program may decrease because imposing a \$500 credit limit, as opposed to the current \$5,000 credit limit, reduces a video lottery operation licensee's ability to generate revenue. However, since video lottery facilities in Maryland only extended a line of credit above \$500 to players a total of 14 times in 2012, the impact of imposing a \$500 credit limit is potentially minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

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