
Estimating Revenues from Video Lottery Terminals (VLTs)

**Presentation to the Federation of Tax Administrators
Revenue Estimation and Tax Research Conference**

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VLT Debate in Maryland

- An initiative of Governor Robert Ehrlich's administration, the General Assembly has debated VLT legislation in each of the last two legislative sessions.
- In each session, the Senate has passed legislation to provide VLTs at horse racing venues and other locations, but these bills failed in the House Ways and Means Committee.

VLT Debate in Maryland (continued)

- After the end of the 2004 legislative session in April, discussions began about a special session to consider placing the VLT issue on the ballot for voter approval in November – this would be as an amendment to the State constitution.
- These discussions proceeded through much of the summer, and until as recently as early September, but negotiations ultimately did not lead to agreement.

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Revenue Estimates

- 2003 Legislation:
 - Almost \$1.3 billion in annual revenues, after payouts to bettors and once fully implemented (fiscal 2007)
 - Based on a maximum of 11,500 VLTs at four locations
- 2004 Legislation:
 - Approximately \$1.6 billion in annual revenues, after payouts to bettors and once fully implemented (fiscal 2008)
 - Based on a maximum of 15,500 VLTs at six locations

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Factors Affecting Revenue Estimates

- Locations
 - Number
 - Geography and Population
 - Machines Per Facility
- Win Per Day
 - Payout Percentage
 - Varies by Location
 - Machines Per Facility
- Revenue Distributions
 - Where does the money go ?

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Factors Affecting Revenue Estimates (continued)

- Market Saturation
 - Delaware, West Virginia, and Atlantic City
 - New York and Pennsylvania
- Effect on State Lottery
 - Decline in General Fund Lottery Revenues

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