

# Chapter 1

(Senate Bill 1)

AN ACT concerning

## **Gaming Expansion – Video Lottery Terminals and Table Games – Lottery Machines – Veterans' Organizations**

FOR the purpose of establishing the State Lottery and Gaming Control Commission and the State Lottery and Gaming Control Agency with certain powers and duties; transferring the responsibilities of the State Lottery Commission and the State Lottery Agency to the State Lottery and Gaming Control Commission and the State Lottery and Gaming Control Agency, respectively; providing for the membership of the State Lottery and Gaming Control Commission; authorizing the Presiding Officers of the General Assembly to recommend individuals to the Governor for appointment to the State Lottery and Gaming Control Commission; requiring the Commission to refer a certain matter regarding the legal operation of amusement games in Baltimore City or Baltimore County to the State's Attorney under certain circumstances; providing for certain qualifications, terms of office, salaries, and reimbursements of expenses for members of the State Lottery and Gaming Control Commission; altering the number of members who must concur before the State Lottery and Gaming Control Commission may act; providing for certain staffing and consultants for the State Lottery and Gaming Control Commission; increasing the percentage of a State lottery sales agent's gross receipts from ticket sales that an agent receives as a commission under certain circumstances; establishing the Joint Committee on Gaming Oversight; providing for the membership, duties, and staffing of the Committee and the appointment of cochairs; establishing that a member of the Committee may not receive compensation but may receive a certain reimbursement; requiring the Committee to submit a certain annual report; authorizing the Director of the State Lottery and Gaming Control Agency to issue to certain veterans' organizations a license for not more than a certain number of instant ticket lottery machines for the sale of certain lottery machine tickets under certain circumstances; exempting certain counties from certain provisions; requiring a veterans' organization to locate and operate certain instant ticket lottery machines in certain places; authorizing the Director to adopt certain regulations; providing that revenues from certain lottery machine ticket sales by a veterans' organization are to be credited to the State Lottery Fund after certain deductions are made; requiring the Comptroller to distribute a certain percentage of proceeds deposited in the State Lottery Fund from certain lottery machine ticket sales by veterans' organizations to the Maryland Veterans Trust Fund; requiring a veterans' organization issued a license under this Act to purchase or lease instant ticket lottery machines; prohibiting a veterans' organization from using certain lottery receipts to pay certain costs for instant

ticket lottery machines; defining a certain term; directing the State Lottery and Gaming Control Agency to ensure that implementation of the provisions of this Act with respect to the conduct of gaming and the operation of the instant ticket lottery machines is consistent with a certain court decision; requiring certain video lottery facilities to own or lease certain video lottery terminals and associated equipment and software, subject to a certain exception; requiring that certain savings related to the ownership or leasing of video lottery terminals and associated equipment and software be appropriated to the Education Trust Fund; authorizing certain counties to impose certain requirements under certain circumstances; altering the distribution of certain proceeds of video lottery terminals; requiring that regulations adopted by the State Lottery and Gaming Control Commission include provisions that prohibit automated teller machines located in video lottery facilities from accepting certain electronic benefit cards, debit cards, or similar negotiable instruments issued by the Department of Human Resources for certain purposes; authorizing video lottery operation licensees to retain certain funds; altering the timing for certain transfers of funds; altering the authorized uses of a certain fund; altering the period of time and authorized use for certain local impact grants; extending certain reporting requirements; authorizing the State Racing Commission to use certain accounting services for a certain purpose; requiring certain holders of a license to hold a race meeting to reimburse the State Racing Commission for certain expenditures; altering the authorized use of certain revenues in Prince George's County to require that the revenues be used for public safety projects instead of capital projects; altering the distance from Rosecroft Raceway for purposes of determining the communities within which certain revenues may be used for certain projects; altering the staffing for the Video Lottery Facility Location Commission; repealing certain limitations on a certain video lottery facility; requiring certain applicants for a video lottery operation license to take certain steps before being awarded a license; requiring the Governor's Office of Minority Affairs, in consultation with the Office of the Attorney General, to provide certain assistance; requiring certain proceedings before the Board of Contract Appeals to proceed in a certain manner; authorizing certain petitions for judicial review to be heard in certain circuit courts; requiring that certain proceedings related to certain petitions for judicial review proceed in a certain manner under certain circumstances; exempting certain video lottery terminals, associated equipment and software, and table games from property tax; authorizing certain parties to certain proceedings related to certain petitions for judicial review to appeal the decision of the circuit court in a certain manner; prohibiting certain persons from making certain contributions under certain circumstances; altering a certain provision relating to certain temporary facilities; prohibiting a certain video lottery facility from beginning certain operations in a temporary facility; prohibiting a certain licensee from beginning table game operations until a certain condition is met; authorizing, subject to a certain contingency, the use and regulation of table games in the State; authorizing, subject to a certain contingency, an additional license to operate a video lottery facility in the State and additional video

(ii) rectify an undesirable condition in the operation or administration of the State lottery OR GAMING PROGRAM.

9-112.

**(a) IN THIS SECTION, "VETERANS' ORGANIZATION" MEANS AN ORGANIZATION THAT IS TAX EXEMPT AND ORGANIZED AS A VETERANS' ORGANIZATION UNDER § 501(C)(19) OR § 501(C)(4) OF THE INTERNAL REVENUE CODE.**

**(B) [In] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, IN accordance with the regulations of the Agency and this subtitle, the Director shall issue licenses to the persons and governmental units that will best serve the public convenience and promote the sale of State lottery tickets or shares.**

**[(b)] (C) Before issuing a license to an applicant, the Director shall consider such factors as:**

**(1) the financial responsibility and security of the applicant and the business or activity of the applicant;**

**(2) the accessibility of the place of business or activity to the public;**

**(3) the sufficiency of existing licenses to serve the public convenience;**

and

**(4) the volume of expected sales.**

**(D) (1) THIS SUBSECTION DOES NOT APPLY IN:**

**(I) CAROLINE COUNTY;**

**(II) CECIL COUNTY;**

**(III) DORCHESTER COUNTY;**

**(IV) KENT COUNTY;**

**(V) MONTGOMERY COUNTY;**

**(VI) QUEEN ANNE'S COUNTY;**

**(VII) SOMERSET COUNTY;**

**(VIII) TALBOT COUNTY;**

(IX) WICOMICO COUNTY; AND

(X) WORCESTER COUNTY.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE DIRECTOR MAY ISSUE A LICENSE UNDER THIS SUBTITLE FOR NOT MORE THAN FIVE INSTANT TICKET LOTTERY MACHINES TO AN APPLICANT THAT IS A VETERANS' ORGANIZATION.

(II) A VETERANS' ORGANIZATION THAT IS ISSUED A LICENSE UNDER THIS SUBSECTION SHALL LOCATE AND OPERATE ITS INSTANT TICKET LOTTERY MACHINES AT ITS PRINCIPAL MEETING HALL IN THE COUNTY IN WHICH THE VETERANS' ORGANIZATION IS LOCATED.

(3) AFTER DEDUCTION OF ANY COMMISSION AND VALIDATION PRIZE PAYOUT AS PROVIDED UNDER § 9-117 OF THIS SUBTITLE, A VETERANS' ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL CREDIT THE REMAINING RECEIPTS FROM THE SALE OF TICKETS FROM INSTANT TICKET LOTTERY MACHINES TO THE STATE LOTTERY FUND ESTABLISHED UNDER § 9-118 OF THIS SUBTITLE.

(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A VETERANS' ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL PURCHASE OR LEASE FROM THE AGENCY THE INSTANT TICKET LOTTERY MACHINES TO BE USED BY THE VETERANS' ORGANIZATION.

(II) AN ORGANIZATION MAY NOT USE RECEIPTS FROM THE SALE OF TICKETS FROM INSTANT TICKET LOTTERY MACHINES THAT WOULD OTHERWISE BE CREDITED TO THE STATE LOTTERY FUND FOR THE COSTS OF PURCHASING OR LEASING INSTANT TICKET LOTTERY MACHINES.

(5) THE DIRECTOR MAY ADOPT REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SUBSECTION THAT INCLUDED RESTRICTING THE LOCATION OF INSTANT TICKET LOTTERY MACHINES IN AREAS OF A VETERANS' ORGANIZATION'S PUBLIC MEETING HALL THAT IS ACCESSIBLE TO THE PUBLIC.

(6) THE STATE LOTTERY AND GAMING CONTROL AGENCY SHALL ENSURE THAT THE CONDUCT OF THE GAMING AND THE OPERATION OF THE INSTANT TICKET LOTTERY MACHINES AS ESTABLISHED UNDER THIS SUBSECTION ARE CONSISTENT WITH THE HOLDING IN THE CASE OF CHESAPEAKE AMUSEMENTS INC. V. RIDDLE, 363 MD. 16 (2001).