

1 **Title 36 STATE LOTTERY AND**
2 **GAMING CONTROL AGENCY**

3
4 **Subtitle 04 VIDEO LOTTERY TERMINALS**

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6 **Chapter .02 Video Lottery Terminal Machines**
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8 **Authority: State Government Article, §§9-1A-04(d); 9-1A-21(c), Annotated Code of**
9 **Maryland**

10 **.01 Purchase or lease of video lottery terminals; manufacturer incentives.**

11 A. Except as provided in § B or C of this regulation, the Commission shall:

12 (1) Purchase or lease video lottery terminals for use in a facility; and

13 (2) Maintain control over the video lottery terminals that it has purchased or
14 leased.

15 B. For each video lottery terminal used by a facility, a facility in Allegany or Worcester
16 County may submit a written application to the Commission for permission to:

17 (1) Assume ownership of the machine; or

18 (2) Obtain the right to lease the machine.

19 C. For a facility in Anne Arundel or Cecil County:

20 (1) The Commission shall own each video lottery terminal through March 31,
21 2015; and

22 (2) Effective April 1, 2015, a facility shall own or lease each video lottery
23 terminal from a manufacturer that is licensed under COMAR 36.03.02.13.

24 D. For a facility in Baltimore City or Prince George's County, the facility shall own or
25 lease the machines.

26 E. In deciding which video lottery machines to purchase or lease, the Commission shall
27 evaluate bids submitted by a manufacturer of video lottery terminal machines based on:

28 (1) Price per machine for:

29 (a) Purchase;

30 (b) Lease;

- 1 (c) Fixed daily rate;
- 2 (d) Percentage of proceeds; or
- 3 (e) Any other pricing option provided by a manufacturer;
- 4 (2) The Commission's projection of a machine price over:
- 5 (a) A 5-year period; or
- 6 (b) The remaining life of a master contract for video lottery terminal
- 7 machines that is in effect at the time a manufacturer submits pricing under
- 8 § B(1) of this regulation;
- 9 (3) A purchase method that is most advantageous to the State; or
- 10 (4) Any other factor that serves the best interests of the State.
- 11 E. The Commission may cancel or alter a contract for purchase or lease of video lottery
- 12 terminal machines if one or more eligible applicant for a video lottery facility license fails
- 13 to obtain a license.
- 14 F. Except as provided in § B and C of this regulation, a facility shall operate only video
- 15 lottery terminal machines that have been purchased or leased by the Commission.
- 16 G. The Commission may provide an incentive to a licensed manufacturer of video lottery
- 17 terminal machines that is based on the performance of the manufacturer's video lottery
- 18 terminal machines.
- 19 **.02 Request for Reduction.**
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- 21 A. A facility operator may request a reduction in the number of video lottery terminals
- 22 that are authorized for operation at the facility by submitting a request to the
- 23 Commission.
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- 25 B. The request shall indicate:
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- 27 (1) The reason for the request;
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- 29 (2) The number of video lottery terminals requested for removal, including, if
- 30 applicable:
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- 32 (a) The Device Asset Number;
- 33
- 34 (b) Manufacturer; and
- 35

- 1 (c) Game theme;
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3 (3) The proposed re-configuration of the facility's floor plan;
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5 (4) Whether the requested removal is temporary or permanent;
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7 (5) The requested timeframe for the reduction; and
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9 (6) A projected analysis of the impact of the reduction on gaming revenues at the
10 facility.

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12 C. If the reduction request is determined to be in the best interest of the State, the
13 Commission may grant approval.

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15 D. The Commission may approve:

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17 (1) A reduction in a lower amount than what was requested;
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19 (2) A different selection of video lottery terminal machines than what was requested;
20 or
21
22 (3) A different timeline than what was requested.

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24 E. Temporary Removal.

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26 (1) A removal under this regulation shall be considered to be temporary if it is for
27 365 days or less.
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29 (2) A temporary removal that is not restored to operation within 365 days shall
30 become a permanent removal.
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32 (3) For each video lottery terminal that is temporarily removed, a facility operator
33 shall continue to pay the annual fee of \$ 425 per video lottery terminal as required
34 by State Government Article, § 9-1A-33, Annotated Code of Maryland.

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36 F. Permanent Removal.

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38 (1) A facility operator's authorized allocation of video lottery terminals shall be
39 permanently reduced by the number approved by the Commission.
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41 (2) For permanently removed video lottery terminals, a facility operator shall not be
42 credited or refunded any portion of the Initial License Fee paid under State
43 Government Article § 9-1A-36, Annotated Code of Maryland.
44
45 (3) The facility operator's license shall be amended to reflect the lower number of
46 video lottery terminals.

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2 (4) A facility operator who later wishes to expand its complement of authorized video
3 lottery terminals shall follow the procedure for reallocation of video lottery
4 machines in State Government Article § 9-1A-36, Annotated Code of Maryland.
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6 G. Cost of Reduction
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8 (1) A facility operator shall pay all costs incurred by the Commission associated
9 with the removal of video lottery terminals, including:
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11 (a) Handling;
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13 (b) Transportation;
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15 (c) Storage;
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17 (d) Contract termination; and
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19 (e) Disposition.
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21 (2) A facility operator shall pay all costs incurred by the Commission associated
22 with restoring any temporarily-removed video lottery terminals.
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