

## Chapter 692

## (House Bill 532)

AN ACT concerning

**Allegany County Gaming – Video Lottery Terminals Facilities – Payout Percentages and, Distribution of Proceeds, and Building Restrictions**

FOR the purpose of altering certain minimum payout percentages of certain video lottery terminals; requiring the Comptroller to pay a certain amount of video lottery terminal proceeds from the State Lottery Fund as local impact grants to Anne Arundel County or Baltimore City under certain circumstances; requiring that certain local impact grants received by Anne Arundel County or Baltimore City be used in a certain manner; altering the distribution of proceeds from video lottery terminals at a facility in Allegany County after a certain number of years of operations at the facility; certain facilities in certain counties; repealing a certain limitation on the holder of a video lottery operation license for Worcester County or certain other persons to build or convert certain lodging facilities on or within a certain distance of the facility; requiring the State Lottery and Gaming Control Commission to include certain information in a certain report; making conforming and technical changes; and generally relating to video lottery terminal payout percentages and the distribution of proceeds from video lottery terminals at a facility in Allegany County.

*BY repealing and reenacting, with amendments,**Article – State Government**Section 9-120(b)**Annotated Code of Maryland**(2014 Replacement Volume and 2020 Supplement)**(As enacted by Chapter 33 of the Acts of the General Assembly of 2021)*

BY repealing and reenacting, with amendments,

Article – State Government

Section ~~9-1A-01(u)(3)(ii), 9-1A-26(a)(3), and 9-1A-27(b) and (c)~~ 9-1A-22, 9-1A-26, 9-1A-27(a) and (b), 9-1A-27(b), 9-1A-31(a)(7), and 9-1A-36(h)(3)

Annotated Code of Maryland

(2014 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, without amendments,

Article – State Government

Section ~~9-1A-27(a)(7)(iii) 9-1A-27(e) 9-1A-27(a) and (c)~~ 9-1A-31(a)(1) through (3)

Annotated Code of Maryland

(2014 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,

Chapter 1 of the Acts of the Second Special Session of the General Assembly of 2012  
Section 10

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – State Government**

9-120.

(b) (1) By the end of the month following collection, the Comptroller shall deposit [or], cause to be deposited, OR PAY:

(i) into the Maryland Stadium Facilities Fund established under § 7-312 of the State Finance and Procurement Article from the money that remains in the State Lottery Fund, after the distribution under subsection (a) of this section, an amount not to exceed \$20,000,000 in any fiscal year;

(ii) after June 30, 2014, into the Maryland Veterans Trust Fund 10% of the money that remains in the State Lottery Fund from the proceeds of sales of tickets from instant ticket lottery machines by veterans' organizations under § 9-112(d) of this subtitle, after the distribution under subsection (a) of this section;

(iii) after June 30, 2014, into the Baltimore City Public School Construction Financing Fund established under § 10-656 of the Economic Development Article the money that remains in the State Lottery Fund from the proceeds of all lotteries after the distributions under subsection (a) of this section and items (i) and (ii) of this paragraph, an amount equal to \$20,000,000 in each fiscal year that bonds are outstanding and unpaid, to be paid in two installments with at least \$10,000,000 paid no later than December 1 of each fiscal year;

(iv) after June 30, 2021, into the Racing and Community Development Financing Fund established under § 10-657.2 of the Economic Development Article from the money that remains in the State Lottery Fund, after the distribution under subsection (a) of this section, an amount equal to \$17,000,000 in each fiscal year until the bonds issued for a racing facility have matured;

(v) after June 30, 2020, into the Michael Erin Busch Sports Fund established under § 10-612.2 of the Economic Development Article from the money that remains in the State Lottery Fund from the proceeds of all lotteries after the distributions under subsection (a) of this section and items (i), (ii), and (iii) of this paragraph, an amount equal to \$1,000,000 in each fiscal year; [and]

(VI) AFTER JUNE 30, 2021, TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY EACH FISCAL YEAR THE AMOUNT REQUIRED TO BE DISTRIBUTED

UNDER § 9-1A-31(A)(7)(II) OF THIS TITLE TO BE USED AS REQUIRED UNDER § 9-1A-31 OF THIS TITLE; AND

[(vi)] (VII) into the General Fund of the State the money that remains in the State Lottery Fund from the proceeds of all lotteries after the distributions under subsection (a) of this section and items [(i), (ii), (iii), and (iv)] (I) THROUGH (VI) of this paragraph.

(2) The money paid into the General Fund under this subsection is available in the fiscal year in which the money accumulates in the State Lottery Fund.

~~9-1A-01.~~

~~(a) (3) (ii) After the first fiscal year of operations, the exclusion specified in subparagraph (i) of this paragraph may not exceed a percentage established by the Commission by regulation of the proceeds received from video lottery terminals and table games in the prior fiscal year by the video lottery operation licensee under § 9-1A-27(a)(2), (e)(1)(ii) AND (2)(II), and (d)(1) of this subtitle.~~

9-1A-22.

(a) Except as provided in subsections (b) and (c) of this section, a video lottery terminal shall have an average payout percentage of at least [87%] 85%.

(b) The Commission may by regulation establish an average payout percentage of more than [90%] 88% but not more than 95% for video lottery operation licensees.

(c) The Commission may approve an average payout percentage of more than 95% for the video lottery terminals at a video lottery facility.

9-1A-26.

(a) (1) Except as provided in paragraphs (2) and (3) of this subsection, all proceeds from the operation of video lottery terminals and table games shall be electronically transferred daily into the State Lottery Fund established under Subtitle 1 of this title and distributed as provided under § 9-1A-27 of this subtitle.

(2) The requirement under paragraph (1) of this subsection does not apply on a day when State government is closed.

~~(a) (3) The amount from the proceeds of video lottery terminals to be paid to video lottery operation licensees under § 9-1A-27(a)(2), (7), and (8), (b), and (c)(1)(ii) and [(2)] (2)(II) of this subtitle shall be retained by the licensee.~~

(b) (1) The Commission shall account to the Comptroller for all of the revenue under this subtitle.

(2) The proceeds from video lottery terminals and table games shall be under the control of the Comptroller and, except as provided in [subsection] SUBSECTIONS (c) AND (D) of this section, shall be distributed as provided under § 9–1A–27 of this subtitle.

(c) A jackpot won at a video lottery terminal that is not claimed by the winner within 182 days after the jackpot is won shall:

(1) become the property of the State; and

(2) be distributed as follows:

(i) 2.5% to the Small, Minority, and Women–Owned Businesses Account established under § 5–1501 of the Economic Development Article;

(ii) 9.5% in local impact grants, in accordance with § 9–1A–31 of this subtitle;

(iii) 10% to the Purse Dedication Account established under § 9–1A–28 of this subtitle;

(iv) 1.5% to the Racetrack Facility Renewal Account established under § 9–1A–29 of this subtitle; and

(v) the remainder to the Education Trust Fund established under § 9–1A–30 of this subtitle.

~~**(D) (1) IF THE AMOUNT OF THE LOCAL IMPACT GRANTS DISTRIBUTED TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY UNDER § 9–1A–31(A)(3)(I) AND (7) OF THIS SUBTITLE IS LESS THAN THE AMOUNT OF LOCAL IMPACT GRANTS RECEIVED BY ANNE ARUNDEL COUNTY OR BALTIMORE CITY IN FISCAL YEAR 2016, THE COMPTROLLER SHALL PAY THE DIFFERENCE TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS.**~~

~~**(2) LOCAL IMPACT GRANTS RECEIVED BY ANNE ARUNDEL COUNTY OR BALTIMORE CITY UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE USED AS REQUIRED UNDER § 9–1A–31 OF THIS SUBTITLE.**~~

~~**(d) (E) (D)**~~ The admissions and amusement tax may not be imposed on any proceeds from the operation of video lottery terminals and table games.

~~**(e) (F) (E)**~~ The Commission shall adopt regulations that allow a video lottery operation licensee to reduce the amount of proceeds when a video lottery operation licensee returns to successful players more than the amount of money bet through video lottery

terminals or table games on a given day that are consistent with § 9-1A-01(u) of this subtitle.

9-1A-27.

(a) Except as provided in subsections (b) and (c) of this section and § 9-1A-26(a)(3) ~~AND (D)~~ of this subtitle, on a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at each video lottery facility:

(1) (i) on or before March 31, 2015, 2% to the State Lottery and Gaming Control Agency for costs as defined in § 9-1A-01 of this subtitle; and

(ii) beginning April 1, 2015, 1% to the State Lottery and Gaming Control Agency for costs as defined in § 9-1A-01 of this subtitle;

(2) to the video lottery operation licensee, the percentage stated in the accepted application for the location, not to exceed, except as provided in subsection (b) of this section, 33%;

(3) 5.5% in local impact grants, in accordance with § 9-1A-31 of this subtitle;

(4) 6% to the Purse Dedication Account established under § 9-1A-28 of this subtitle, not to exceed a total of \$100,000,000 to the Account annually;

(5) (i) until the issuance of a video lottery operation license in Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under § 9-1A-29 of this subtitle and distributed in accordance with that section; and

(ii) on or after the issuance of a video lottery operation license in Baltimore City, 1% to the Racetrack Facility Renewal Account established under § 9-1A-29 of this subtitle and distributed in accordance with that section, not to exceed a total of \$20,000,000 to the Account annually;

(6) (i) except as provided in items (ii) and (iii) of this item, 1.5% to the Small, Minority, and Women-Owned Businesses Account established under § 5-1501 of the Economic Development Article;

(ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the General Assembly of 2017;

(iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund established under § 9-1A-30 of this subtitle; and

(iv) beginning in fiscal year 2021, from the amount paid to the Small, Minority, and Women–Owned Businesses Account under item (i) of this item, up to 5%, not to exceed \$1,000,000, to the Nonprofit, Interest–Free, Micro Bridge Loan (NIMBL) Account established under § 5–1204 of the Economic Development Article;

(7) (i) except as provided in items (ii) and (iii) of this item, 6% to the video lottery operation licensee if the video lottery operation licensee owns or leases each video lottery terminal device and the associated equipment and software;

(ii) ~~BEFORE JANUARY 1, 2023,~~ 8% to the video lottery operation licensee in Anne Arundel County; and

~~(iii)~~ (iii) 10% to the video lottery operation licensee in Allegany County or Worcester County if the video lottery operation licensee assumes ownership or the right to lease each video lottery terminal device and the associated equipment and software used by the facility before January 1, 2019;

(8) beginning after the issuance of a video lottery operation license for a video lottery facility in Prince George’s County, 8% to the video lottery operation licensee in Anne Arundel County and 7% to the licensee in Baltimore City for:

(i) marketing, advertising, and promotional costs required under § 9–1A–23 of this subtitle; and

(ii) capital improvements at the video lottery facilities; and

(9) the remainder to the Education Trust Fund established under § 9–1A–30 of this subtitle.

(b) (1) Beginning July 1, 2013, for a video lottery facility in Worcester County with less than 1,000 video lottery terminals, the percentage in subsection (a)(2) of this section is equal to 43% provided that each year an amount equivalent to 2.5% of the proceeds from video lottery terminals at the video lottery facility is spent on capital improvements at the video lottery facility.

(2) ~~¶~~After the first 10 years of operations at a video lottery facility in Allegany County, the percentage:

~~(i)~~ (i) in subsection (a)(2) of this section is equal to ~~43%~~ **48%** provided that each year an amount equivalent to 2.5% of the proceeds from video lottery terminals at the video lottery facility is spent on capital improvements at the video lottery facility; ~~and~~

~~(ii) in subsection (a)(1) of this section is equal to 2%.~~

(3) For a video lottery facility in Prince George's County, the percentage in subsection (a)(2) of this section stated in the accepted application for the location may not exceed 38%.

**(4) BEGINNING ~~JANUARY~~ JULY 1, 2023, FOR A VIDEO LOTTERY FACILITY IN CECIL COUNTY, THE PERCENTAGE IN SUBSECTION (A)(2) OF THIS SECTION IS EQUAL TO 36% PROVIDED THAT EACH YEAR AN AMOUNT EQUIVALENT TO 3% OF THE PROCEEDS FROM VIDEO LOTTERY TERMINALS AT THE VIDEO LOTTERY FACILITY IS SPENT ON:**

**(I) MARKETING, ADVERTISING, AND PROMOTIONAL COSTS REQUIRED UNDER § 9-1A-23 OF THIS SUBTITLE; AND**

**(II) CAPITAL IMPROVEMENTS AT THE VIDEO LOTTERY FACILITY.**

**(5) BEGINNING ~~JANUARY~~ JULY 1, 2023, FOR A VIDEO LOTTERY FACILITY IN BALTIMORE CITY, THE PERCENTAGE IN SUBSECTION (A)(2) OF THIS SECTION IS EQUAL TO 34% PROVIDED THAT EACH YEAR AN AMOUNT EQUIVALENT TO 1% OF THE PROCEEDS FROM VIDEO LOTTERY TERMINALS AT THE VIDEO LOTTERY FACILITY IS SPENT ON:**

**(I) MARKETING, ADVERTISING, AND PROMOTIONAL COSTS REQUIRED UNDER § 9-1A-23 OF THIS SUBTITLE; AND**

**(II) CAPITAL IMPROVEMENTS AT THE VIDEO LOTTERY FACILITY.**

(c) (1) For the first 10 years of operations at a video lottery facility in Allegany County, on a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at a video lottery facility in Allegany County:

(i) 1% to the State Lottery and Gaming Control Agency for costs as defined in § 9-1A-01 of this subtitle;

(ii) to the video lottery operation licensee, the percentage stated in the accepted application for the location, not to exceed 50%;

(iii) 3.75% in local impact grants, in accordance with § 9-1A-31 of this subtitle;

(iv) 2.5% to the Purse Dedication Account established under § 9-1A-28 of this subtitle;

(v) 1. except as provided in items 2 and 3 of this item, 0.75% to the Small, Minority, and Women-Owned Businesses Account established under § 5-1501 of the Economic Development Article;

2. for fiscal year 2018, 0.75% to the General Fund to pay a portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the General Assembly of 2017; and

3. for fiscal years 2019 and 2020, 0.75% to the Education Trust Fund established under § 9-1A-30 of this subtitle; and

(vi) the remainder to the Education Trust Fund established under § 9-1A-30 of this subtitle.

(2) After the first 10 years of operations at a video lottery facility in Allegany County, ~~the proceeds generated at the facility in Allegany County shall be allocated as provided in subsections (a) and (b) of this section.~~ ~~ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, THE COMPTROLLER SHALL PAY THE FOLLOWING AMOUNTS FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS AT A VIDEO LOTTERY FACILITY IN ALLEGANY COUNTY:~~

~~(I) 1% TO THE STATE LOTTERY AND GAMING CONTROL AGENCY FOR COSTS AS DEFINED IN § 9-1A-01 OF THIS SUBTITLE;~~

~~(II) 58.25% TO THE VIDEO LOTTERY OPERATION LICENSEE;~~

~~(III) 5.5% TO LOCAL IMPACT GRANTS, IN ACCORDANCE WITH § 9-1A-31 OF THIS SUBTITLE;~~

~~(IV) 2.5% TO THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER § 9-1A-28 OF THIS SUBTITLE;~~

~~(V) 0.75% TO THE SMALL, MINORITY, AND WOMEN-OWNED BUSINESSES ACCOUNT ESTABLISHED UNDER § 5-1501 OF THE ECONOMIC DEVELOPMENT ARTICLE; AND~~

~~(VI) THE REMAINDER TO THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THIS SUBTITLE.~~

9-1A-31.

(a) (1) Except as provided in paragraph (8) of this subsection, the local impact grants provided under § 9-1A-27 of this subtitle shall be distributed as provided in this subsection.

(2) The following amounts shall be distributed to the following jurisdictions:

- (i) Allegany County – \$200,000;
- (ii) Cecil County – \$130,000;
- (iii) Town of Forest Heights – \$120,000;
- (iv) Town of Perryville – \$70,000; and
- (v) Worcester County – \$200,000.

(3) The remaining funds for local impact grants shall be distributed in the following manner:

(i) 82% to the local jurisdictions with video lottery facilities, based on each jurisdiction's percentage of overall gross revenues from video lottery terminals; and

(ii) except as provided in paragraph (4) of this subsection, for operations at a video lottery facility starting in fiscal year 2012 and ending in fiscal year 2032, 18% to Baltimore City with the Pimlico Community Development Authority acting as the local development council in accordance with subsection (d) of this section, to be distributed primarily for capital projects benefiting economic and community development in the following manner:

1. at least 75% in a manner that is consistent with the Park Heights Master Plan; and

2. the remainder dedicated to the needs of:

A. any census blockgroup that Baltimore City identifies as being located partly or entirely within 1 mile of Pimlico Race Course but not within the boundaries of the Park Heights Master Plan in a manner that is consistent with adopted neighborhood priorities;

B. any neighborhood included in the Northwest Community Planning Forum Strategic Neighborhood Action Plan in a manner that is consistent with the adopted Northwest Community Planning Forum Strategic Neighborhood Action Plan priorities; and

C. beginning after a video lottery operation license is issued to a video lottery facility in Baltimore City, any neighborhood within an area bounded by Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue in a manner that is consistent with adopted neighborhood priorities.

(7) (i) The distribution under paragraph (3)(i) of this subsection to Anne Arundel County, Baltimore City, and Prince George's County equals the sum of the amounts to be distributed to Anne Arundel County, Baltimore City, and Prince George's County divided by three.

(ii) 1. Notwithstanding subparagraph (i) of this paragraph, the amount distributed to Anne Arundel County and Baltimore City under paragraph (3)(i) of this subsection may not be less than the amount received in the fiscal year before the video lottery operation license for a video lottery facility in Prince George's County was issued.

2. ANY AMOUNT DISTRIBUTED TO ANNE ARUNDEL COUNTY OR BALTIMORE CITY AS REQUIRED UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BE PAID FROM ~~THE PROCEEDS OF VIDEO LOTTERY TERMINALS AS REQUIRED UNDER § 9-1A-26(D) OF THIS SUBTITLE~~ THE STATE LOTTERY FUND ESTABLISHED UNDER § 9-120(B) OF THIS TITLE.

9-1A-36.

(h) (3) (i) With respect to a video lottery operation license awarded to a location under paragraph (1)(iv) of this subsection, the holder of the video lottery operation license or any other person with a direct or indirect legal or financial interest in the Ocean Downs racetrack or video lottery facility may not[:

1. build any type of hotel, motel, or other public lodging accommodation on or within 10 miles of the property owned by the holder of the license on which a video lottery facility is operated;

2. convert an existing facility on or within 10 miles of the property described in item 1 of this subparagraph into any type of hotel, motel, or other public lodging accommodation; or

3.] build or operate a conference center or convention center, amusement park, amusement rides, arcade, or miniature golf course on or within 10 miles of the property [described in item 1 of this subparagraph] OWNED BY THE HOLDER OF THE LICENSE ON WHICH A VIDEO LOTTERY FACILITY IS OPERATED.

(ii) The prohibitions under subparagraph (i) of this paragraph apply to any subsequent holder of a video lottery operation license awarded under paragraph (1)(iv) of this subsection.

**Chapter 1 of the Acts of the Second Special Session of 2012**

**SECTION 10. AND BE IT FURTHER ENACTED, That, on or before December 1, 2022, the State Lottery and Gaming Control Commission shall:**

**(1) REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE CHANGE IN EACH VIDEO LOTTERY FACILITY'S AVERAGE PAYOUT PERCENTAGE AND THE IMPACT OF THE CHANGE ON THE AMOUNT OF VIDEO LOTTERY TERMINAL PROCEEDS GENERATED AT EACH FACILITY AS A RESULT OF THE REDUCTION OF THE AVERAGE PAYOUT PERCENTAGE UNDER § 9-1A-22 OF THE STATE GOVERNMENT ARTICLE, AS ENACTED BY CHAPTER 692 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2021; AND**

**(2) report and make recommendations to the Governor and, in accordance with [~~§ 2-1246~~] § 2-1257 of the State Government Article, the General Assembly on the tax structure and competitiveness of the Maryland gaming market.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2021.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 30, 2021.**