

HOUSE BILL 535

C7
HB 579/13 – W&M

4lr1486

By: **Delegates Elliott, Bates, Boteler, Clagett, Cluster, DeBoy, Dwyer, Frank, Frush, George, Glass, Hough, Howard, Impallaria, Krebs, McComas, McDermott, McDonough, Minnick, Myers, Rudolph, Schulz, Smigiel, Sophocleus, Stocksdale, Szeliga, Vitale, Weir, and Wood**

Introduced and read first time: January 29, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Veterans' Organizations – Instant Ticket Lottery Machines – Use of Proceeds**

3 FOR the purpose of altering the allocation of proceeds from instant ticket lottery
4 machines operated by veterans' organizations; requiring that a certain amount
5 of the net after-payout proceeds be used to benefit a charity and that the
6 remainder of the proceeds be used to further the purposes of the veterans'
7 organization; repealing a prohibition against using certain receipts from the
8 sale of tickets from instant ticket lottery machines for a certain purpose under
9 certain circumstances; repealing certain provisions regarding the composition of
10 the Maryland Veterans Trust Fund; and generally relating to proceeds from
11 instant ticket lottery machines operated by certain veterans' organizations.

12 BY repealing and reenacting, with amendments,
13 Article – State Government
14 Section 9–112, 9–120, and 9–913
15 Annotated Code of Maryland
16 (2009 Replacement Volume and 2013 Supplement)

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

19 **Article – State Government**

20 9–112.

21 (a) In this section, “veterans' organization” means an organization that is tax
22 exempt and organized as a veterans' organization under § 501(c)(19) or § 501(c)(4) of
23 the Internal Revenue Code.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) Except as provided in subsection (d) of this section, in accordance with
2 the regulations of the Agency and this subtitle, the Director shall issue licenses to the
3 persons and governmental units that will best serve the public convenience and
4 promote the sale of State lottery tickets or shares.

5 (c) Before issuing a license to an applicant, the Director shall consider such
6 factors as:

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

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

10 (3) the sufficiency of existing licenses to serve the public convenience;
11 and

12 (4) the volume of expected sales.

13 (d) (1) This subsection does not apply in:

14 (i) Caroline County;

15 (ii) Cecil County;

16 (iii) Dorchester County;

17 (iv) Kent County;

18 (v) Queen Anne's County;

19 (vi) Somerset County;

20 (vii) Talbot County;

21 (viii) Wicomico County; and

22 (ix) Worcester County.

23 (2) (i) Subject to subparagraph (ii) of this paragraph, the Director
24 may issue a license under this subtitle for not more than five instant ticket lottery
25 machines to an applicant that is a veterans' organization.

26 (ii) A veterans' organization that is issued a license under this
27 subsection shall locate and operate its instant ticket lottery machines at its principal
28 meeting hall in the county in which the veterans' organization is located.

1 (3) [After deduction of any commission and validation prize payout as
2 provided under § 9–117 of this subtitle, a] **A veterans’ organization issued a license**
3 **under this subsection shall [credit the remaining receipts from the sale of tickets from**
4 **instant ticket lottery machines to the State Lottery Fund established under § 9–118 of**
5 **this subtitle] USE:**

6 **(I) AT LEAST ONE–HALF OF THE NET AFTER–PAYOUT**
7 **PROCEEDS FROM ITS INSTANT TICKET LOTTERY MACHINES FOR THE BENEFIT**
8 **OF A CHARITY; AND**

9 **(II) THE REMAINDER OF THE PROCEEDS FROM ITS INSTANT**
10 **TICKET LOTTERY MACHINES TO FURTHER THE PURPOSES OF THE VETERANS’**
11 **ORGANIZATION.**

12 (4) [(i) Subject to subparagraph (ii) of this paragraph, a] **A**
13 **veterans’ organization issued a license under this subsection shall purchase or lease**
14 **the instant ticket lottery machines to be used by the veterans’ organization.**

15 [(ii) An organization may not use receipts from the sale of tickets
16 from instant ticket lottery machines that would otherwise be credited to the State
17 Lottery Fund for the costs of purchasing or leasing instant ticket lottery machines.]

18 (5) The Director may adopt regulations to implement the provisions of
19 this subsection that included restricting the location of instant ticket lottery machines
20 in areas of a veterans’ organization’s public meeting hall that is accessible to the
21 public.

22 (6) The State Lottery and Gaming Control Agency shall ensure that
23 the element of chance in the conduct of the gaming through the instant ticket lottery
24 machines established under this subsection is consistent with the holding in the case
25 of *Chesapeake Amusements Inc. v. Riddle*, 363 Md. 16 (2001), in that the element of
26 chance must be wholly within the pre–printed instant lottery ticket, and that player
27 enhancements in an instant ticket lottery machine may not affect the element of
28 chance being wholly within the pre–printed instant lottery ticket.

29 (e) The Director may not issue a license to:

30 (1) a person or governmental unit to engage in business primarily as a
31 licensed agent; or

32 (2) an individual who is under the age of 21 years.

33 (f) The Commission may hear and decide an appeal of a denial of a license.

34 9–120.

1 (a) The Comptroller shall distribute, or cause to be distributed, the State
2 Lottery Fund to pay:

3 (1) on a pro rata basis for the daily and nondaily State lottery games,
4 the expenses of administering and operating the State lottery, as authorized under
5 this subtitle and the State budget; and

6 (2) then, except as provided in § 10–113.1 of the Family Law Article
7 and § 11–618 of the Criminal Procedure Article, the holder of each winning ticket or
8 share.

9 (b) (1) By the end of the month following collection, the Comptroller shall
10 deposit or cause to be deposited:

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

15 (ii) [after June 30, 2014, into the Maryland Veterans Trust
16 Fund 10% of the money that remains in the State Lottery Fund from the proceeds of
17 sales of tickets from instant ticket lottery machines by veterans' organizations under §
18 9–112(d) of this subtitle, after the distribution under subsection (a) of this section;

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

26 [(iv)] (III) into the General Fund of the State the money that
27 remains in the State Lottery Fund from the proceeds of all lotteries after the
28 distributions under subsection (a) of this section and items (i)[,] AND (ii)[, and (iii)] of
29 this paragraph.

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

32 (c) The regulations of the Agency shall apportion the money in the State
33 Lottery Fund in accordance with subsection (b) of this section.

34 9–913.

35 (a) In this subtitle the following words have the meanings indicated.

1 (b) “Board” means the Board of Trustees of the Maryland Veterans Trust.

2 (c) “Fund” means the Maryland Veterans Trust Fund.

3 (d) “Trust” means the Maryland Veterans Trust.

4 (e) (1) There is a Maryland Veterans Trust established for the purpose of
5 providing monetary and other assistance to:

6 (i) veterans and their families; and

7 (ii) public and private programs that support veterans and their
8 families.

9 (2) There is a Maryland Veterans Trust Fund.

10 (f) The Trust shall be a body corporate and shall have perpetual existence,
11 subject to modification or termination by the General Assembly if necessary to
12 effectuate its purpose or if its substantial purpose ceases to exist.

13 (g) The Fund consists of[:

14 (1)] gifts and grants that the Trust receives under § 9–914.2(a)(1) of
15 this subtitle[; and

16 (2) contributions to the Fund from the sale of tickets from instant
17 ticket lottery machines under § 9–112(d) of this title].

18 (h) Money in the Fund may only be used to:

19 (1) make grants and loans under § 9–914.2(a)(3) of this subtitle;

20 (2) be invested under § 9–914.3(b) of this subtitle; and

21 (3) pay the costs of administering the Fund through distribution to an
22 administrative cost account in the Department.

23 (i) Money expended from the Fund is not intended to take the place of
24 funding that would otherwise be appropriated to the Department.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2014.