

SENATE BILL 11

C7
SB 423/11 – B&T

(PRE-FILED)

2lr0505
CF HB 330

By: **Senators Peters, Klausmeier, Garagiola, DeGrange, Rosapepe, King, Astle, Colburn, Kittleman, Stone, and ~~Edwards~~ Edwards, and Dyson**

Requested: September 8, 2011

Introduced and read first time: January 11, 2012

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 27, 2012

CHAPTER _____

1 AN ACT concerning

2 **State Lottery – Licenses – Veterans’ Organizations**

3 FOR the purpose of authorizing the Director of the State Lottery Agency to issue to
4 certain veterans’ organizations a license for not more than a certain number of
5 ~~instant ticket lottery~~ pull tab machines for the sale of certain ~~lottery machine~~
6 pull tab tickets under certain circumstances; exempting certain counties from
7 certain provisions; requiring a veterans’ organization to locate and operate
8 certain ~~instant ticket lottery~~ pull tab machines in certain places; authorizing
9 the Director to adopt certain regulations; providing that revenues from certain
10 ~~lottery machine~~ pull tab ticket sales by a veterans’ organization are to be
11 credited to the State Lottery Fund after certain deductions are made; requiring
12 the Comptroller to distribute a certain percentage of proceeds deposited in the
13 State Lottery Fund from certain ~~lottery machine~~ pull tab ticket sales by
14 veterans’ organizations to the Maryland Veterans Trust Fund; requiring a
15 veterans’ organization issued a license under this Act to purchase or lease
16 ~~instant ticket lottery~~ pull tab machines; prohibiting a veterans’ organization
17 from using certain lottery receipts to pay certain costs for ~~instant ticket lottery~~
18 pull tab machines; defining ~~a certain term~~ certain terms; directing the State
19 Lottery Agency to ensure that implementation of the provisions of this Act with
20 respect to the conduct of gaming and the operation of the ~~instant ticket lottery~~
21 pull tab machines is consistent with a certain court decision; and generally
22 relating to the State lottery and certain ~~lottery machine~~ pull tab ticket sales by
23 veterans’ organizations.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Article – State Government
 3 Section 9–112, 9–120(b), and 9–913
 4 Annotated Code of Maryland
 5 (2009 Replacement Volume and 2011 Supplement)

6 BY repealing and reenacting, without amendments,
 7 Article – State Government
 8 Section 9–120(a)
 9 Annotated Code of Maryland
 10 (2009 Replacement Volume and 2011 Supplement)

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

13 **Article – State Government**

14 9–112.

15 ~~(a) **IN THIS SECTION, “VETERANS’ ORGANIZATION” MEANS AN**~~

16 **(a) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
 17 **MEANINGS INDICATED.**

18 **(2) “PULL TAB MACHINE” INCLUDES AN ELECTRONIC PULL TAB**
 19 **MACHINE.**

20 **(3) “VETERANS’ ORGANIZATION” MEANS AN ORGANIZATION THAT**
 21 **IS TAX EXEMPT AND ORGANIZED AS A VETERANS’ ORGANIZATION UNDER §**
 22 **501(C)(19) OR § 501(C)(4) OF THE INTERNAL REVENUE CODE.**

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

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

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

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

1 (3) the sufficiency of existing licenses to serve the public convenience;
2 and

3 (4) the volume of expected sales.

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

5 **(I) CAROLINE COUNTY;**

6 **(II) CECIL COUNTY;**

7 **(III) DORCHESTER COUNTY;**

8 **(IV) KENT COUNTY;**

9 **(V) QUEEN ANNE’S COUNTY;**

10 **(VI) SOMERSET COUNTY;**

11 **(VII) TALBOT COUNTY;**

12 **(VIII) WICOMICO COUNTY; AND**

13 **(IX) WORCESTER COUNTY.**

14 **(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**
15 **THE DIRECTOR MAY ISSUE A LICENSE UNDER THIS SUBTITLE FOR NOT MORE**
16 **THAN FIVE ~~INSTANT TICKET LOTTERY~~ PULL TAB MACHINES TO AN APPLICANT**
17 **THAT IS A VETERANS’ ORGANIZATION.**

18 **(II) A VETERANS’ ORGANIZATION THAT IS ISSUED A LICENSE**
19 **UNDER THIS SUBSECTION SHALL LOCATE AND OPERATE ITS ~~INSTANT TICKET~~**
20 **~~LOTTERY~~ PULL TAB MACHINES AT ITS PRINCIPAL MEETING HALL IN THE**
21 **COUNTY IN WHICH THE VETERANS’ ORGANIZATION IS LOCATED.**

22 **(3) AFTER DEDUCTION OF ANY COMMISSION AND VALIDATION**
23 **PRIZE PAYOUT AS PROVIDED UNDER § 9-117 OF THIS SUBTITLE, A VETERANS’**
24 **ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL CREDIT THE**
25 **REMAINING RECEIPTS FROM THE SALE OF TICKETS FROM ~~INSTANT TICKET~~**
26 **~~LOTTERY~~ PULL TAB MACHINES TO THE STATE LOTTERY FUND ESTABLISHED**
27 **UNDER § 9-118 OF THIS SUBTITLE TO BE DISTRIBUTED AS PROVIDED UNDER §**
28 **9-120(B) OF THIS SUBTITLE.**

29 **(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**
30 **A VETERANS’ ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION**

1 SHALL PURCHASE OR LEASE FROM THE AGENCY THE ~~INSTANT TICKET LOTTERY~~
2 PULL TAB MACHINES TO BE USED BY THE VETERANS' ORGANIZATION.

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

8 (5) THE DIRECTOR MAY ADOPT REGULATIONS TO IMPLEMENT
9 THE PROVISIONS OF THIS SUBSECTION THAT INCLUDE RESTRICTING THE
10 LOCATION OF ~~INSTANT TICKET LOTTERY~~ PULL TAB MACHINES IN AREAS OF A
11 VETERANS' ORGANIZATION'S PUBLIC MEETING HALL THAT IS ACCESSIBLE TO
12 THE PUBLIC.

13 [(c)] (E) The Director may not issue a license to:

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

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

17 [(d)] (F) The Commission may hear and decide an appeal of a denial of a
18 license.

19 9–120.

20 (a) The Comptroller shall distribute the State Lottery Fund to pay:

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

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

27 (b) (1) Promptly after the 1st day of each month, the Comptroller shall
28 pay:

29 (i) into the Maryland Stadium Facilities Fund the money that
30 remains in the State Lottery Fund from the proceeds of the sports lotteries conducted
31 for the benefit of the Maryland Stadium Authority, after the distribution under
32 subsection (a) of this section; [and]

1 **(ii) AFTER JUNE 30, 2013, INTO THE MARYLAND VETERANS**
2 **TRUST FUND 10% OF THE MONEY THAT REMAINS IN THE STATE LOTTERY FUND**
3 **FROM THE PROCEEDS OF SALES OF TICKETS FROM ~~INSTANT TICKET LOTTERY~~**
4 **PULL TAB MACHINES BY VETERANS' ORGANIZATIONS UNDER § 9-112(D) OF THIS**
5 **SUBTITLE, AFTER THE DISTRIBUTION UNDER SUBSECTION (A) OF THIS SECTION;**
6 **AND**

7 **[(ii)] (iii)** into the General Fund of the State the money that
8 remains in the State Lottery Fund from the proceeds of all other lotteries after the
9 distribution under subsection (a) of this section.

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

12 9-913.

13 (a) In this section, "Fund" means the Maryland Veterans Trust Fund.

14 (b) There is a Maryland Veterans Trust Fund in the Department.

15 (c) (1) The Fund is a special, nonlapsing fund that is not subject to
16 reversion under § 7-302 of the State Finance and Procurement Article.

17 (2) The State Treasurer shall hold the Fund separately, and the
18 Comptroller shall account for the Fund.

19 (d) (1) The Secretary shall administer the Fund.

20 (2) The Maryland Veterans Commission, the Maryland Veterans'
21 Home Commission, and program directors shall advise the Secretary on the
22 administration of the Fund.

23 (e) The Fund consists of:

24 **(1)** gifts and grants that the Department receives under § 9-912(b) of
25 this subtitle; **AND**

26 **(2) CONTRIBUTIONS TO THE FUND FROM THE SALE OF TICKETS**
27 **FROM ~~INSTANT TICKET LOTTERY~~ PULL TAB MACHINES UNDER § 9-112(D) OF**
28 **THIS TITLE.**

29 (f) Money in the Fund may only be used to:

30 (1) make grants and loans under § 9-912(b)(2)(i) of this subtitle;

31 (2) be invested under § 9-912(b)(2)(ii) of this subtitle; and

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

3 (g) (1) The State Treasurer shall invest the money in the Fund in the
4 same manner as other State money may be invested.

5 (2) Any investment earnings of the Fund shall be credited to the Fund.

6 (h) Money expended from the Fund is supplemental to and is not intended to
7 take the place of funding that would otherwise be appropriated to the Department.

8 (i) (1) On or before August 31 of each year, the Secretary shall submit a
9 report to the General Assembly, in accordance with § 2-1246 of this article, on the
10 status of the Fund.

11 (2) The report shall include:

12 (i) the gross amount of gifts and grants credited to the Fund;

13 (ii) the costs of administration of the Fund; and

14 (iii) a detailed accounting of the use of the Fund.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the State Lottery Agency
16 shall ensure that the conduct of the gaming and the operation of the ~~instant ticket~~
17 ~~lottery~~ pull tab machines as established under this Act are consistent with the holding
18 in the case of Chesapeake Amusements Inc. v. Riddle, 363 Md. 16 (2001).

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2012.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.