

HOUSE BILL 732
CONSTITUTIONAL AMENDMENT

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C7

2002 Regular Session
2lr0734

By: **Delegates Rawlings, Branch, C. Davis, DeCarlo, Dewberry, Frush,
Giannetti, Harrison, Howard, Hubers, Kelly, Marriott, Minnick, Moe,
Montague, Oaks, Proctor, Riley, and Weir**

Introduced and read first time: February 6, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Public Education - Funding - Video Lottery Terminals**

3 FOR the purpose of prohibiting the statutory expansion of forms of gaming, with
4 certain exceptions, by the General Assembly; providing for the regulation of the
5 operation of certain video lottery terminals by the State Lottery Commission
6 under certain circumstances; providing that video lottery terminals may be
7 offered for public use in the State only by a business entity to which a video
8 lottery facility license has been issued by the State Lottery Commission;
9 providing that other laws that prohibit the operation of video lottery terminals
10 do not apply to video lottery terminals authorized under this Act; requiring
11 video lottery terminals and associated equipment to be owned or leased by and
12 under the control of the Commission; limiting the number of licenses to operate
13 video lottery terminals to locations at a certain number of different regions of
14 the State; requiring that an applicant for a license hold a license to operate a
15 racetrack issued by the State Racing Commission; limiting to a certain number
16 the number of video lottery terminals at a certain facility that a video lottery
17 facility licensee may operate; requiring the State Lottery Commission to select
18 applicants to be issued a video lottery facility license through a competitive
19 process that is to be reviewed and approved by the Governor and the Legislative
20 Policy Committee of the General Assembly before the process is utilized;
21 providing that the proceeds of the video lottery terminal gaming authorized by
22 this Act that are not returned to successful players shall be under the control of
23 the State Lottery Commission; requiring that at least one-half of the net
24 proceeds of the video lottery terminal gaming authorized by this Act be
25 dedicated to a special fund and used to implement the final recommendations of
26 a certain commission on education and a certain task force on college readiness,
27 and for public libraries; submitting this amendment to the qualified voters of
28 the State of Maryland for their adoption or rejection; and generally relating to
29 the financing of public education through the authorization of video lottery
30 terminal gaming that is regulated and controlled by the State Lottery
31 Commission.

32 BY proposing an addition to the Constitution of Maryland

1 New Article XIX - State Lottery Commission - Video Lottery Terminals
2 Section 1 through 4, inclusive

3 Preamble

4 WHEREAS, The question of whether to authorize video lottery terminals is a
5 public policy issue of paramount importance to the State; and

6 WHEREAS, The authorization of any additional forms or expansion of
7 commercial gaming, such as casino-style gaming, in the State is prohibited by this
8 Act; and

9 WHEREAS, The General Assembly recognizes that an investment in education
10 is an investment in the State's economic future and in a workforce that can meet the
11 challenges of the 21st century and beyond; and

12 WHEREAS, The Commission on Education Finance, Equity, and Excellence,
13 having concluded its 2-year examination of the adequacy of funding provided to
14 educate Maryland's children from prekindergarten through high school, has
15 recommended that State funding increase by more than \$1.1 billion over the next 5
16 years to reach adequacy and that the Governor and General Assembly consider new
17 revenue sources, in addition to reprioritization of the State budget, to help fund the
18 recommendations; and

19 WHEREAS, The State should dedicate significant levels of funding from the
20 video lottery operations to reflect a commitment to adequate prekindergarten through
21 secondary public education and educational opportunities for the students of the
22 State; and

23 WHEREAS, Maryland's horse racing industry reaches across the State affecting
24 farm owners, breeders, horsemen, and track personnel from the Eastern Shore to
25 Western Maryland; and

26 WHEREAS, The General Assembly finds and declares that this Act is necessary
27 to preserve, restore, and revitalize the horse racing and breeding industries and
28 preserve in Maryland the economic impact associated with these industries; and

29 WHEREAS, The General Assembly finds and declares that competition from
30 video lottery facilities in Delaware and West Virginia, and most recently New York,
31 are resulting in increased purses and economic activity in those states and will have
32 a substantial negative impact on Maryland's historic racing and breeding industries
33 and the related economy of the State; and

34 WHEREAS, The General Assembly finds and declares that it is necessary and in
35 the best interest of the economic growth of the State to make commitments to
36 educational programs in the State and to allow Maryland's horse racing and breeding
37 industries to compete with those industries in surrounding states by authorizing
38 video lottery terminals at some of Maryland's racing facilities; now, therefore,

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
2 MARYLAND, (Three-fifths of all the members elected to each of the two Houses
3 concurring), That it be proposed that the Constitution of Maryland read as follows:

4 **ARTICLE XIX - STATE LOTTERY COMMISSION - VIDEO LOTTERY TERMINALS**

5 1. DEFINITIONS.

6 (A) IN THIS ARTICLE THE FOLLOWING WORDS HAVE THE MEANINGS
7 INDICATED.

8 (B) "NET PROCEEDS" MEANS THE PROCEEDS LESS THE COSTS INCURRED BY
9 THE STATE LOTTERY COMMISSION IN ADMINISTERING THIS ARTICLE.

10 (C) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH
11 VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT
12 IS OTHERWISE ALLOCATED UNDER THIS ARTICLE.

13 (D) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY ELECTRONIC
14 CONTRIVANCE, MACHINE, OR OTHER DEVICE THAT, ON INSERTION OF A COIN,
15 TOKEN, OR SIMILAR OBJECT OR ON PAYMENT OF ANY CONSIDERATION, IS
16 AVAILABLE TO PLAY OR OPERATE, THE PLAY OR OPERATION OF WHICH, ONLY BY
17 APPLICATION OF THE ELEMENT OF CHANCE, MAY DELIVER OR ENTITLE THE PLAYER
18 WHO OPERATES THE DEVICE TO RECEIVE CASH, PREMIUMS, MERCHANDISE,
19 TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE
20 AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.

21 (2) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED
22 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER ARTICLE 27, §
23 264B OF THE ANNOTATED CODE OF MARYLAND.

24 (3) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE A VIDEO,
25 ELECTRONIC, MECHANICAL, OR OTHER POKER OR BLACKJACK CONTRIVANCE,
26 MACHINE, OR OTHER DEVICE.

27 2. ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING PROHIBITED.

28 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON OR AFTER
29 THE EFFECTIVE DATE OF THIS ARTICLE, THE GENERAL ASSEMBLY, EXCEPT TO THE
30 EXTENT VIDEO LOTTERY TERMINAL GAMING IS AUTHORIZED BY THIS ARTICLE, MAY
31 NOT AUTHORIZE STATUTORILY ANY ADDITIONAL FORMS OR EXPANSION OF
32 COMMERCIAL GAMING, INCLUDING CASINO-STYLE GAMING, CARD GAMES, DICE
33 GAMES, ROULETTE, SLOT MACHINES, AND VIDEO LOTTERY TERMINALS.

34 (B) THIS SECTION DOES NOT APPLY TO:

35 (1) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION,
36 LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE STATE GOVERNMENT
37 ARTICLE OF THE ANNOTATED CODE OF MARYLAND;

1 (2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE
2 BUSINESS REGULATION ARTICLE OF THE ANNOTATED CODE OF MARYLAND; OR

3 (3) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR
4 VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE
5 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION INCLUDED UNDER TITLE 12
6 OR TITLE 13 OF THE CRIMINAL LAW ARTICLE OF THE ANNOTATED CODE OF
7 MARYLAND.

8 3. VIDEO LOTTERY FACILITY LICENSE REQUIREMENTS.

9 (A) THE STATE LOTTERY COMMISSION SHALL REGULATE THE OPERATION OF
10 VIDEO LOTTERY TERMINALS THAT ARE USED BY INDIVIDUALS FOR VIDEO LOTTERY
11 GAMING OR BETTING PURPOSES AT VIDEO LOTTERY FACILITIES LICENSED UNDER
12 THIS ARTICLE.

13 (B) ONLY A BONA FIDE CORPORATION, PARTNERSHIP, BUSINESS TRUST,
14 LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY THAT HAS BEEN ISSUED
15 A VIDEO LOTTERY FACILITY LICENSE BY THE STATE LOTTERY COMMISSION MAY
16 OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE STATE UNDER THIS
17 ARTICLE.

18 (C) ANY OTHER LAW THAT PROHIBITS THE LOCATION, POSSESSION, KEEPING,
19 MAINTAINING, OR OPERATION OF VIDEO LOTTERY TERMINALS DOES NOT APPLY TO
20 VIDEO LOTTERY TERMINALS AUTHORIZED IN ACCORDANCE WITH THIS ARTICLE.

21 (D) EACH VIDEO LOTTERY TERMINAL DEVICE, ANY ASSOCIATED EQUIPMENT,
22 AND ANY CENTRALIZED COMPUTER SYSTEM THAT IS USED TO CONTROL VIDEO
23 LOTTERY TERMINALS SHALL BE OWNED OR LEASED BY THE STATE LOTTERY
24 COMMISSION AND SHALL BE UNDER THE CONTROL OF THE STATE LOTTERY
25 COMMISSION.

26 (E) THE STATE LOTTERY COMMISSION MAY ISSUE NO MORE THAN FOUR
27 VIDEO LOTTERY FACILITY LICENSES TO OPERATE VIDEO LOTTERY TERMINALS AT
28 LOCATIONS IN FOUR DIFFERENT REGIONS OF THE STATE.

29 (F) AT A MINIMUM, AN APPLICANT FOR A VIDEO LOTTERY FACILITY LICENSE
30 MUST HOLD A LICENSE FOR A RACETRACK ISSUED BY THE STATE RACING
31 COMMISSION.

32 (G) THE STATE LOTTERY COMMISSION MAY ISSUE A VIDEO LOTTERY
33 FACILITY LICENSE ONLY IN A COUNTY OR BALTIMORE CITY IN WHICH A MAJORITY
34 OF THE VOTES CAST WERE IN FAVOR OF THIS ARTICLE.

35 (H) A VIDEO LOTTERY FACILITY LICENSEE MAY NOT OPERATE MORE THAN
36 2,500 VIDEO LOTTERY TERMINALS AT A FACILITY FOR WHICH THE LICENSEE HOLDS
37 A LICENSE.

38 (I) (1) THE COMMISSION SHALL SELECT APPLICANTS TO BE ISSUED A
39 VIDEO LOTTERY FACILITY LICENSE USING A COMPETITIVE PROCESS.

1 (2) BEFORE THE STATE LOTTERY COMMISSION IMPLEMENTS A
2 COMPETITIVE PROCESS TO SELECT APPLICANTS FOR VIDEO LOTTERY FACILITY
3 LICENSES, THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND THE
4 LEGISLATIVE POLICY COMMITTEE OF THE GENERAL ASSEMBLY FOR REVIEW AND
5 APPROVAL THE COMPETITIVE PROCESS TO BE USED.

6 4. DISTRIBUTION OF PROCEEDS.

7 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE
8 CONTROL OF THE STATE LOTTERY COMMISSION.

9 (B) AT LEAST ONE-HALF OF THE NET PROCEEDS SHALL BE DEDICATED TO A
10 SPECIAL FUND AND USED TO SUPPORT:

11 (1) IMPLEMENTATION OF THE FINAL RECOMMENDATIONS OF THE
12 COMMISSION ON EDUCATION FINANCE, EQUITY, AND EXCELLENCE TO PROVIDE
13 ADEQUATE FUNDING FOR MARYLAND'S CHILDREN IN PUBLIC SCHOOLS FROM
14 PREKINDERGARTEN THROUGH 12TH GRADE;

15 (2) IMPLEMENTATION OF THE FINAL RECOMMENDATIONS OF THE TASK
16 FORCE TO STUDY COLLEGE READINESS FOR DISADVANTAGED AND CAPABLE
17 STUDENTS TO ENHANCE COLLEGE READINESS, TEACHER PREPARATION, AND
18 FINANCIAL AID FOR MARYLAND'S DISADVANTAGED AND CAPABLE STUDENTS; AND

19 (3) PUBLIC LIBRARIES.

20 SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly
21 determines that the amendment to the Constitution of Maryland proposed by this Act
22 affects multiple jurisdictions and that the provisions of Article XIV, Section 1 of the
23 Constitution concerning local approval of constitutional amendments do not apply.

24 SECTION 3. AND BE IT FURTHER ENACTED, That the foregoing section
25 proposed as an amendment to the Constitution of Maryland shall be submitted to the
26 legal and qualified voters of this State at the next general election to be held in
27 November, 2002 for their adoption or rejection in pursuance of directions contained in
28 Article XIV of the Constitution of this State. At that general election, the vote on this
29 proposed amendment to the Constitution shall be by ballot, and upon each ballot
30 there shall be printed the words "For the Constitutional Amendment" and "Against
31 the Constitutional Amendment," as now provided by law. Immediately after the
32 election, all returns shall be made to the Governor of the vote for and against the
33 proposed amendment, as directed by Article XIV of the Constitution, and further
34 proceedings had in accordance with Article XIV.