

# SENATE BILL 878

C7

11r2657

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By: **Senators Pugh, Conway, Ferguson, and McFadden**

Introduced and read first time: February 18, 2011

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore City – Video Lottery Terminals – Proceeds and Equipment**

3 FOR the purpose of altering the distribution of proceeds from video lottery terminals  
4 to the video lottery operation licensee in Baltimore City under certain  
5 circumstances; clarifying that certain requirements regarding minority business  
6 participation and employment apply to the ownership and operation of video  
7 lottery terminals by a video lottery operation licensee in Baltimore City;  
8 authorizing the video lottery operation licensee in Baltimore City to own or  
9 lease each video lottery terminal device and the associated equipment and  
10 software used in the video lottery facility; and generally relating to video lottery  
11 gaming in Baltimore City.

12 BY repealing and reenacting, with amendments,  
13 Article – State Government  
14 Section 9–1A–10(a)(1), 9–1A–21, and 9–1A–27(a)  
15 Annotated Code of Maryland  
16 (2009 Replacement Volume and 2010 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 9–1A–10.

21 (a) (1) For the construction and procurement related to the operation of  
22 video lottery terminals, **INCLUDING THE OWNERSHIP AND OPERATION OF VIDEO**  
23 **LOTTERY TERMINALS BY A VIDEO LOTTERY OPERATION LICENSEE IN**  
24 **BALTIMORE CITY UNDER § 9–1A–21(B) OF THIS SUBTITLE**, the applicant or  
25 licensee shall at a minimum meet the same requirements of a designated unit for

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 minority business participation as described under Title 14, Subtitle 3 of the State  
2 Finance and Procurement Article.

3 9–1A–21.

4 (a) [Each] **EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**  
5 **EACH** video lottery terminal device, the central monitor and control system, and the  
6 associated equipment and software shall be:

7 (1) owned or leased by the Commission; and

8 (2) under the control of the Commission.

9 **(B) THE LICENSEE ISSUED THE VIDEO LOTTERY OPERATION LICENSE IN**  
10 **BALTIMORE CITY MAY OWN OR LEASE EACH VIDEO LOTTERY TERMINAL DEVICE**  
11 **AND THE ASSOCIATED EQUIPMENT AND SOFTWARE USED IN THE VIDEO**  
12 **LOTTERY FACILITY IN BALTIMORE CITY.**

13 **[(b)](C)** Subject to the Commission’s ability to cancel or alter the contract  
14 in the event one or more eligible applicants for a video lottery facility fail to obtain a  
15 license, the Commission shall contract with one or more licensed manufacturers for  
16 the lease or purchase of the video lottery terminals, central monitor and control  
17 system, and associated equipment and software authorized under this subtitle.

18 **[(c)](D)** (1) The Commission shall adopt regulations governing the sale  
19 or lease of video lottery terminals by the Commission **OR BY A VIDEO LOTTERY**  
20 **OPERATION LICENSEE IN BALTIMORE CITY** under this subtitle.

21 (2) The Commission may adopt regulations to provide incentives to  
22 licensed manufacturers based on the performance of the manufacturers’ video lottery  
23 terminals.

24 **[(d)](E)** The Commission shall establish a process enabling a licensee and  
25 the Commission to select video lottery terminals from a list approved by the  
26 Commission, subject to available funds, for use in the licensee’s video lottery facility.

27 9–1A–27.

28 (a) On a properly approved transmittal prepared by the Commission, the  
29 Comptroller shall pay the following amounts from the proceeds of video lottery  
30 terminals at each video lottery facility:

31 (1) 2% to the State Lottery Agency for costs as defined in § 9–1A–01 of  
32 this subtitle;

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

4                   **(I) SUBJECT TO ITEM (II) OF THIS PARAGRAPH, 33%; OR**

5                   **(II) 50% FOR THE VIDEO LOTTERY OPERATION LICENSEE IN**  
6 **BALTIMORE CITY, IF THE LICENSEE CHOOSES TO OWN OR LEASE EACH VIDEO**  
7 **LOTTERY TERMINAL DEVICE AND THE ASSOCIATED EQUIPMENT AND SOFTWARE**  
8 **USED IN THE VIDEO LOTTERY FACILITY UNDER § 9-1A-21(B) OF THIS SUBTITLE;**

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

11           (4) 7% to the Purse Dedication Account established under § 9-1A-28  
12 of this subtitle, not to exceed a total of \$100,000,000 to the Account annually;

13           (5) (i) except as provided in item (ii) of this item, for the first 8  
14 years of operations at a video lottery facility, 2.5% to the Racetrack Facility Renewal  
15 Account established under § 9-1A-29 of this subtitle, not to exceed a total of  
16 \$40,000,000 to the Account annually;

17                   (ii) for the first 5 years of operations at a video lottery facility in  
18 Allegany County, 2.5% to the video lottery operation licensee that satisfies the  
19 requirement under subsection (b) of this section;

20           (6) 1.5% to the Small, Minority, and Women-Owned Businesses  
21 Account established under § 9-1A-35 of this subtitle; and

22           (7) the remainder to the Education Trust Fund established under §  
23 9-1A-30 of this subtitle.

24           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 October 1, 2011.