

# HOUSE BILL 1348

C7

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By: **Delegates McComas, Afzali, Anderson, Boteler, Dwyer, Elliott, Frank, Glass, Impallaria, James, McDonough, Norman, Stifler, and Szeliga**

Introduced and read first time: February 16, 2012

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Slot Machines – Ownership and Operation by War Veterans’ Organizations –**  
3 **Allocation of Proceeds**

4 FOR the purpose of making provisions that authorize eligible war veterans’  
5 organizations to own or operate slot machines applicable statewide; altering the  
6 definition of “eligible organization” to make it applicable to a war veterans’  
7 organization that has been located in the State for a certain number of years  
8 before the organization applies for a license for a slot machine; altering a  
9 provision to require that at least one-half of the net after payout proceeds from  
10 certain slot machines must benefit charities; specifying the manner in which  
11 certain proceeds from the slot machines of war veterans’ organizations located  
12 in certain counties are to be used; and generally relating to slot machine  
13 ownership and operation by eligible war veterans’ organizations.

14 BY repealing and reenacting, with amendments,

15 Article – Criminal Law

16 Section 12–304

17 Annotated Code of Maryland

18 (2002 Volume and 2011 Supplement)

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

21 **Article – Criminal Law**

22 12–304.

23 (a) In this section, “eligible organization” means:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(1) A BONA FIDE WAR VETERANS' ORGANIZATION THAT HAS BEEN**  
2 **LOCATED IN THE STATE FOR AT LEAST 5 YEARS BEFORE THE ORGANIZATION**  
3 **APPLIES FOR A LICENSE UNDER SUBSECTION (F) OF THIS SECTION;**

4           **[(1)] (2)** a nonprofit organization that:

5                   (i) has been located in a county listed in subsection (b) of this  
6 section for at least 5 years before the organization applies for a license under  
7 subsection **[(e)] (F)** of this section; and

8                   (ii) is a bona fide:

- 9                           1. fraternal organization;
- 10                           2. religious organization; or
- 11                           3. war veterans' organization; or

12           **[(2)] (3)** a nonprofit organization that has been affiliated with a  
13 national fraternal organization for less than 5 years and has been located in a county  
14 listed in subsection (b) of this section for at least 50 years before the nonprofit  
15 organization applies for a license under subsection **[(e)] (F)** of this section.

16           (b) **(1)** This section applies **[in] ON A STATEWIDE BASIS TO AN**  
17 **ELIGIBLE ORGANIZATION DESCRIBED IN SUBSECTION (A)(1) OF THIS SECTION.**

18           **(2) THIS SECTION APPLIES TO AN ELIGIBLE ORGANIZATION**  
19 **DESCRIBED IN SUBSECTION (A)(2) OR (3) OF THIS SECTION ONLY IF THE**  
20 **ELIGIBLE ORGANIZATION IS LOCATED IN:**

- 21           **[(1)] (I)** Caroline County;
- 22           **[(2)] (II)** Cecil County;
- 23           **[(3)] (III)** Dorchester County;
- 24           **[(4)] (IV)** Kent County;
- 25           **[(5)] (V)** Queen Anne's County;
- 26           **[(6)] (VI)** Somerset County;
- 27           **[(7)] (VII)** Talbot County;
- 28           **[(8)] (VIII)** Wicomico County; and

1            **[(9) (IX)]** Worcester County.

2            (c) (1) In this subsection, a console or set of affixed slot machines is not  
3 an individual slot machine.

4            (2) Notwithstanding any other provision of this subtitle, an eligible  
5 organization may own and operate a slot machine if the eligible organization:

6                    (i) obtains a license under subsection **[(e) (F)]** of this section for  
7 each slot machine;

8                    (ii) owns each slot machine that the eligible organization  
9 operates;

10                    (iii) owns not more than five slot machines;

11                    (iv) locates and operates its slot machines at its principal  
12 meeting hall in the county in which the eligible organization is located;

13                    (v) does not locate or operate its slot machines in a private  
14 commercial facility;

15                    (vi) **EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS**  
16 **SECTION, uses:**

17                            1. at least one-half of the **[gross] NET AFTER PAYOUT**  
18 proceeds from its slot machines for the benefit of a charity; and

19                            2. the remainder of the proceeds from its slot machines  
20 to further the purposes of the eligible organization;

21                    (vii) does not use any of the proceeds of the slot machine for the  
22 financial benefit of an individual; and

23                    (viii) reports annually under affidavit to the State Comptroller:

24                            1. the income of each slot machine; and

25                            2. the disposition of the income from each slot machine.

26            **(D) A WAR VETERANS' ORGANIZATION AS DESCRIBED IN SUBSECTION**  
27 **(A)(1) OF THIS SECTION THAT IS LOCATED IN A COUNTY NOT LISTED IN**  
28 **SUBSECTION (B) OF THIS SECTION SHALL USE THE NET AFTER PAYOUT**  
29 **PROCEEDS FROM ITS SLOT MACHINES IN THE FOLLOWING MANNER:**

1                   **(1) 50% TO FURTHER THE PURPOSES OF THE WAR VETERANS'**  
2 **ORGANIZATION;**

3                   **(2) 20% TO ONE OR MORE CHARITABLE ORGANIZATIONS**  
4 **LOCATED IN THE SAME COUNTY AS THE WAR VETERANS' ORGANIZATION;**

5                   **(3) 15% TO THE GENERAL FUND OF THE STATE; AND**

6                   **(4) (I) 15% TO THE GENERAL FUND OF THE COUNTY IN WHICH**  
7 **THE WAR VETERANS' ORGANIZATION IS LOCATED; OR**

8                                 **(II) IF THE WAR VETERANS' ORGANIZATION IS LOCATED IN A**  
9 **MUNICIPAL CORPORATION, 7.5% TO THE GENERAL FUND OF THE MUNICIPAL**  
10 **CORPORATION AND 7.5 % TO THE GENERAL FUND OF THE COUNTY.**

11           **[(d)] (E)**     An eligible organization may not use or operate a slot machine  
12 unless:

13                   (1)     the slot machine is equipped with a tamperproof meter or counter  
14 that accurately records gross receipts; and

15                   (2)     the eligible organization keeps an accurate record of the gross  
16 receipts and payoffs of the slot machine.

17           **[(e)] (F)**     (1)     (i)     The State Comptroller shall regulate the operation of  
18 slot machines under this section.

19                                 (ii)     The State Comptroller may adopt regulations to implement  
20 the requirements of this section, including requiring audits of the annual reports  
21 submitted to the State Comptroller under subsection (c)(2)(viii) of this section.

22                   (2)     Before an eligible organization may operate a slot machine under  
23 this section, the eligible organization shall obtain a license for the slot machine from  
24 the State Comptroller.

25                   (3)     (i)     The State Comptroller shall:

26                                                 1.     charge an annual fee for each license for a machine;

27 and

28                                                 2.     issue a license sticker to the applicant.

29                                 (ii)     The applicant shall place the sticker on the slot machine.

30                                 (iii)     The State Comptroller shall set the amount of the annual  
31 fee so that the total proceeds of the annual fee equal an amount directly related to

1 administrative costs of the State Comptroller to regulate the operation of slot  
2 machines under this section.

3 (4) In the application to the State Comptroller for a license, one of the  
4 principal officers of the eligible organization shall certify under affidavit that the  
5 organization:

6 (i) is an eligible organization; and

7 (ii) will comply with this section.

8 **[(f)] (G)** (1) A principal officer of the eligible organization may not  
9 intentionally misrepresent a statement of fact on the application.

10 (2) A person who violates this subsection is guilty of perjury and on  
11 conviction is subject to the penalty provided under Title 9, Subtitle 1 of this article.

12 **[(g)] (H)** The Comptroller may not issue a license for a slot machine to an  
13 eligible organization located in Ocean City that is located east of South and North  
14 Baltimore Avenues.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 July 1, 2012.