

Department of Legislative Services  
Maryland General Assembly  
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 108

(Chair, Education, Health, and Environmental Affairs  
Committee)(By Request - Departmental - Lottery and  
Gaming Control Agency)

Education, Health, and Environmental Affairs

Ways and Means

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State Lottery - Unlawful Representation

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This departmental bill generally prohibits a person or governmental unit from holding itself out to the public as a State lottery sales agent without being licensed by the State Lottery and Gaming Control Agency (SLGCA) to act as a licensed agent. Additionally, unless a person receives written authorization from SLGCA, a person may not use the term “Maryland State Lottery,” “Maryland Lottery,” “State Lottery,” “Maryland State Lottery Agency,” “Maryland State Lottery and Gaming Control Agency,” “Maryland State Lottery Commission,” “Maryland State Lottery and Gaming Control Commission,” or any variation of these terms in the title or name of a charitable or commercial enterprise, product, or service. A person who violates the provisions of the bill is guilty of a misdemeanor and, on conviction, subject to a fine of up to \$2,500 and/or imprisonment for up to three years.

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Fiscal Summary

**State Effect:** The criminal penalty provisions of the bill do not have a material impact on State finances or operations.

**Local Effect:** The criminal penalty provisions of the bill do not have a material impact on local finances or operations.

**Small Business Effect:** SLGCA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

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## Analysis

**Current Law:** A person or governmental unit generally may not:

- sell or share a State lottery ticket unless the person is a licensed agent or employee of a licensed agent;
- sell, purchase, or share a State lottery ticket at any price other than the price set by SLGCA;
- sell or purchase the prize validated for payment by SLGCA;
- sell a State lottery ticket or share as a gift to a minor;
- knowingly present, or transfer to another person to present, a counterfeit or altered State lottery ticket or share for payment; or
- knowingly purchase a State lottery ticket or share from another person with the intent to avoid specified payments to the State.

A licensed agent of SLGCA may not:

- fail to report income tax information relating to holders of winning lottery ticket;
- fail to determine through SLGCA and prior to paying the prize whether the holder of winning lottery ticket over \$600 owes specified payments to the State;
- pay a prize to a holder of a winning lottery ticket if SLGCA has notified the licensed agent that the holder owes specified payments to the State;
- pay a prize winner less than the lawfully due amount;
- seek payment or claim reimbursement of a cashing fee for cashing a winning ticket for less than the lawfully due prize amount; or
- receive a cashing fee for cashing a winning ticket filed in error.

A person who violates any of these provisions is guilty of a misdemeanor and, on conviction, subject to a fine of up to \$2,500 and/or imprisonment for up to three years.

**Background:** Generally, a misdemeanor may be brought in either the District Court or a circuit court, at the discretion of the prosecutor, if the penalty is confinement for three years or more or a fine of \$2,500 or more.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office, Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - January 14, 2014  
ns/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Lottery – Unlawful Representation

BILL NUMBER: SB 108

PREPARED BY: Maryland Lottery and Gaming Control Agency (MLGCA)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

  X   WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

       WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation would have minimal or no economic impact on small businesses in Maryland.