

SENATE BILL 260

C7

8lr1069
CF HB 317

By: **Senators Young, Smith, Waugh, Astle, Bates, Benson, Brochin, Conway, Currie, Eckardt, Edwards, Feldman, Guzzone, Hershey, Hough, Jennings, Kelley, King, Klausmeier, Madaleno, Manno, Mathias, McFadden, Middleton, Nathan–Pulliam, Norman, Oaks, Peters, Ramirez, Ready, Reilly, Robinson, Rosapepe, Salling, Serafini, and Zucker**

Introduced and read first time: January 22, 2018

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery – Instant Ticket Lottery Machines – Fraternal Organizations**
3 **(“Slots” for Homeless Veterans Act)**

4 FOR the purpose of authorizing the Director of the State Lottery and Gaming Control
5 Agency to issue certain fraternal organizations a license for not more than a certain
6 number of instant ticket lottery machines for the sale of certain lottery machine
7 tickets under certain circumstances; providing for the distribution of the proceeds
8 from certain lottery machine ticket sales by a fraternal organization; defining a
9 certain term; and generally relating to the operation of and proceeds from instant
10 ticket lottery machines in the State.

11 BY repealing and reenacting, with amendments,
12 Article – State Government
13 Section 9–112
14 Annotated Code of Maryland
15 (2014 Replacement Volume and 2017 Supplement)

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

18 **Article – State Government**

19 9–112.

20 (a) **(1)** In this section[, “veterans”] **THE FOLLOWING WORDS HAVE THE**
21 **MEANINGS INDICATED.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) (I) “FRATERNAL ORGANIZATION” MEANS A NONPROFIT**
2 **ORGANIZATION THAT:**

3 **1. IS A BONA FIDE FRATERNAL ORGANIZATION;**

4 **2. IS OPERATED UNDER THE LODGE SYSTEM;**

5 **3. IS CONDUCTED SOLELY FOR THE BENEFIT OF ITS**
6 **MEMBERS AND ITS BENEFICIARIES; AND**

7 **4. HAS BEEN LOCATED IN A COUNTY IN WHICH THIS**
8 **SECTION APPLIES FOR AT LEAST 5 YEARS BEFORE THE ORGANIZATION APPLIES FOR**
9 **A LICENSE UNDER SUBSECTION (B) OF THIS SECTION.**

10 **(II) “FRATERNAL ORGANIZATION” INCLUDES A SORORAL**
11 **ORGANIZATION.**

12 **(III) “FRATERNAL ORGANIZATION” DOES NOT INCLUDE:**

13 **1. ANY COLLEGE OR HIGH SCHOOL FRATERNITY OR**
14 **SORORITY; OR**

15 **2. ANY OTHER FRATERNAL OR SORORAL ORGANIZATION**
16 **THE MEMBERSHIP OF WHICH IS RESTRICTED IN WHOLE OR IN PART TO STUDENTS**
17 **OR GRADUATES OF AN EDUCATIONAL INSTITUTION OR A PROFESSIONAL SCHOOL.**

18 **(3) “VETERANS’ organization” means an organization that is tax exempt**
19 **and organized as a veterans’ organization under § 501(c)(19) or § 501(c)(4) of the Internal**
20 **Revenue Code.**

21 (b) Except as provided in subsection (d) of this section, in accordance with the
22 regulations of the Agency and this subtitle, the Director shall issue licenses to the persons
23 and governmental units that will best serve the public convenience and promote the sale of
24 State lottery tickets or shares.

25 (c) Before issuing a license to an applicant, the Director shall consider such
26 factors as:

27 (1) the financial responsibility and security of the applicant and the
28 business or activity of the applicant;

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

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

1 (4) the volume of expected sales.

2 (d) (1) This subsection does not apply in:

3 (i) Caroline County;

4 (ii) Cecil County;

5 (iii) Dorchester County;

6 (iv) Kent County;

7 (v) Queen Anne's County;

8 (vi) Somerset County;

9 (vii) Talbot County;

10 (viii) Wicomico County; and

11 (ix) Worcester County.

12 (2) (i) Subject to subparagraph (ii) of this paragraph, the Director may
13 issue a license under this subtitle for not more than five instant ticket lottery machines to
14 an applicant that is a veterans' organization **OR FRATERNAL ORGANIZATION**.

15 (ii) A veterans' organization **OR FRATERNAL ORGANIZATION** that
16 is issued a license under this subsection shall locate and operate its instant ticket lottery
17 machines at its principal meeting hall in the county in which the veterans' organization **OR**
18 **FRATERNAL ORGANIZATION** is located.

19 (3) **(I)** After deduction of any commission and validation prize payout
20 as provided under § 9–117 of this subtitle[.];

21 **1.** a veterans' organization issued a license under this
22 subsection shall credit the remaining receipts from the sale of tickets from instant ticket
23 lottery machines to the State Lottery Fund established under § 9–118 of this subtitle; **AND**

24 **2.** **A FRATERNAL ORGANIZATION ISSUED A LICENSE**
25 **UNDER THIS SUBSECTION SHALL REMIT THE REMAINING RECEIPTS FROM THE SALE**
26 **OF TICKETS FROM INSTANT TICKET LOTTERY MACHINES TO THE COMPTROLLER TO**
27 **BE DISTRIBUTED AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH.**

28 **(II) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY**
29 **THE COMMISSION, THE COMPTROLLER SHALL PAY THE FOLLOWING AMOUNTS**

1 FROM THE PROCEEDS OF SALES OF TICKETS FROM INSTANT TICKET LOTTERY
2 MACHINES OPERATED BY A FRATERNAL ORGANIZATION:

3 1. 10% INTO A SPECIAL FUND TO BE USED BY THE
4 DIVISION OF NEIGHBORHOOD REVITALIZATION IN THE DEPARTMENT OF HOUSING
5 AND COMMUNITY DEVELOPMENT TO ASSIST VETERANS AND THEIR FAMILIES,
6 PROVIDED THAT THE FIRST \$100,000 DISTRIBUTED UNDER THIS ITEM SHALL BE
7 DISTRIBUTED TO THE OUTREACH AND ADVOCACY PROGRAM IN THE DEPARTMENT
8 OF VETERANS AFFAIRS FOR THE DEVELOPMENT AND MAINTENANCE OF A WEBSITE
9 AND SOCIAL MEDIA PAGES TO PUBLICIZE VETERANS' PROGRAMS;

10 2. 45% TO THE FRATERNAL ORGANIZATION; AND

11 3. 45% TO THE STATE LOTTERY FUND ESTABLISHED
12 UNDER § 9–118 OF THIS SUBTITLE, TO BE DIVIDED BY THE AGENCY AND INSTANT
13 TICKET LOTTERY MACHINE VENDOR.

14 (4) (i) Subject to subparagraph (ii) of this paragraph, a veterans'
15 organization OR FRATERNAL ORGANIZATION issued a license under this subsection shall
16 purchase or lease the instant ticket lottery machines to be used by the veterans'
17 organization OR FRATERNAL ORGANIZATION.

18 (ii) An organization may not use receipts from the sale of tickets
19 from instant ticket lottery machines that would otherwise be credited to the State Lottery
20 Fund for the costs of purchasing or leasing instant ticket lottery machines.

21 (5) The Director may adopt regulations to implement the provisions of this
22 subsection that included restricting the location of instant ticket lottery machines in areas
23 of a veterans' organization's OR FRATERNAL ORGANIZATION'S public meeting hall that
24 is accessible to the public.

25 (6) The State Lottery and Gaming Control Agency shall ensure that the
26 element of chance in the conduct of the gaming through the instant ticket lottery machines
27 established under this subsection is consistent with the holding in the case of Chesapeake
28 Amusements Inc. v. Riddle, 363 Md. 16 (2001), in that the element of chance must be wholly
29 within the pre-printed instant lottery ticket, and that player enhancements in an instant
30 ticket lottery machine may not affect the element of chance being wholly within the
31 pre-printed instant lottery ticket.

32 (e) The Director may not issue a license to:

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

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

1 (f) The Commission may hear and decide an appeal of a denial of a license.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
3 1, 2018.