

# HOUSE BILL 532

C7  
SB 338/20 – B&T

1r1135  
CF SB 452

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By: **Allegany County Delegation**

Introduced and read first time: January 15, 2021

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 9, 2021

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Allegany County~~ **Gaming – Video Lottery Terminals – Payout Percentages and**  
3 **Distribution of Proceeds**

4 FOR the purpose of altering certain minimum payout percentages of certain video lottery  
5 terminals; requiring the Comptroller to pay a certain amount of video lottery  
6 terminal proceeds as local impact grants to Anne Arundel County or Baltimore City  
7 under certain circumstances; requiring that certain local impact grants received by  
8 Anne Arundel County or Baltimore City be used in a certain manner; altering the  
9 distribution of proceeds from video lottery terminals at a facility in Allegany County  
10 ~~after a certain number of years of operations at the facility; certain facilities in~~  
11 certain counties; repealing a certain limitation on the holder of a video lottery  
12 operation license for Worcester County or certain other persons to build or convert  
13 certain lodging facilities on or within a certain distance of the facility; making  
14 conforming changes; and generally relating to video lottery terminal payout  
15 percentages and the distribution of proceeds from video lottery terminals at a facility  
16 ~~in Allegany County.~~

17 BY repealing and reenacting, with amendments,

18 Article – State Government

19 Section ~~9-1A-01(u)(3)(ii), 9-1A-26(a)(3), and 9-1A-27(b) and (c)~~ 9-1A-22, 9-1A-26,  
20 9-1A-27(a) and (b), 9-1A-31(a)(7), and 9-1A-36(h)(3)

21 Annotated Code of Maryland

22 (2014 Replacement Volume and 2020 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, without amendments,  
 2 Article – State Government  
 3 Section ~~9-1A-27(a)(7)(iii)~~ 9-1A-27(c) and 9-1A-31(a)(1) through (3)  
 4 Annotated Code of Maryland  
 5 (2014 Replacement Volume and 2020 Supplement)

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

8 **Article – State Government**

9 ~~9-1A-01.~~

10 ~~(a) (3) (ii) After the first fiscal year of operations, the exclusion specified in~~  
 11 ~~subparagraph (i) of this paragraph may not exceed a percentage established by the~~  
 12 ~~Commission by regulation of the proceeds received from video lottery terminals and table~~  
 13 ~~games in the prior fiscal year by the video lottery operation licensee under § 9-1A-27(a)(2),~~  
 14 ~~(e)(1)(ii) AND (2)(II), and (d)(1) of this subtitle.~~

15 9-1A-22.

16 (a) Except as provided in subsections (b) and (c) of this section, a video lottery  
 17 terminal shall have an average payout percentage of at least [87%] 85%.

18 (b) The Commission may by regulation establish an average payout percentage  
 19 of more than [90%] 88% but not more than 95% for video lottery operation licensees.

20 (c) The Commission may approve an average payout percentage of more than  
 21 95% for the video lottery terminals at a video lottery facility.

22 9-1A-26.

23 (a) (1) Except as provided in paragraphs (2) and (3) of this subsection, all  
 24 proceeds from the operation of video lottery terminals and table games shall be  
 25 electronically transferred daily into the State Lottery Fund established under Subtitle 1 of  
 26 this title and distributed as provided under § 9-1A-27 of this subtitle.

27 (2) The requirement under paragraph (1) of this subsection does not apply  
 28 on a day when State government is closed.

29 ~~(a)~~ (3) The amount from the proceeds of video lottery terminals to be paid to  
 30 video lottery operation licensees under § 9-1A-27(a)(2), (7), and (8), (b), and (c)(1)(ii) and  
 31 [2] (2)(II) of this subtitle shall be retained by the licensee.

32 (b) (1) The Commission shall account to the Comptroller for all of the revenue  
 33 under this subtitle.

1           (2) The proceeds from video lottery terminals and table games shall be  
2 under the control of the Comptroller and, except as provided in [subsection] SUBSECTIONS  
3 (c) AND (D) of this section, shall be distributed as provided under § 9-1A-27 of this subtitle.

4           (c) A jackpot won at a video lottery terminal that is not claimed by the winner  
5 within 182 days after the jackpot is won shall:

6           (1) become the property of the State; and

7           (2) be distributed as follows:

8           (i) 2.5% to the Small, Minority, and Women-Owned Businesses  
9 Account established under § 5-1501 of the Economic Development Article;

10           (ii) 9.5% in local impact grants, in accordance with § 9-1A-31 of this  
11 subtitle;

12           (iii) 10% to the Purse Dedication Account established under §  
13 9-1A-28 of this subtitle;

14           (iv) 1.5% to the Racetrack Facility Renewal Account established  
15 under § 9-1A-29 of this subtitle; and

16           (v) the remainder to the Education Trust Fund established under §  
17 9-1A-30 of this subtitle.

18           **(D) (1) IF THE AMOUNT OF THE LOCAL IMPACT GRANTS DISTRIBUTED TO**  
19 **ANNE ARUNDEL COUNTY OR BALTIMORE CITY UNDER § 9-1A-31(A)(3)(I) AND (7)**  
20 **OF THIS SUBTITLE IS LESS THAN THE AMOUNT OF LOCAL IMPACT GRANTS RECEIVED**  
21 **BY ANNE ARUNDEL COUNTY OR BALTIMORE CITY IN FISCAL YEAR 2016, THE**  
22 **COMPTROLLER SHALL PAY THE DIFFERENCE TO ANNE ARUNDEL COUNTY OR**  
23 **BALTIMORE CITY FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS.**

24           **(2) LOCAL IMPACT GRANTS RECEIVED BY ANNE ARUNDEL COUNTY**  
25 **OR BALTIMORE CITY UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE USED**  
26 **AS REQUIRED UNDER § 9-1A-31 OF THIS SUBTITLE.**

27           **[(d)] (E) The admissions and amusement tax may not be imposed on any**  
28 **proceeds from the operation of video lottery terminals and table games.**

29           **[(e)] (F) The Commission shall adopt regulations that allow a video lottery**  
30 **operation licensee to reduce the amount of proceeds when a video lottery operation licensee**  
31 **returns to successful players more than the amount of money bet through video lottery**  
32 **terminals or table games on a given day that are consistent with § 9-1A-01(u) of this**  
33 **subtitle.**

1 9-1A-27.

2 (a) Except as provided in subsections (b) and (c) of this section and §  
3 9-1A-26(a)(3) **AND (D)** of this subtitle, on a properly approved transmittal prepared by the  
4 Commission, the Comptroller shall pay the following amounts from the proceeds of video  
5 lottery terminals at each video lottery facility:

6 (1) (i) on or before March 31, 2015, 2% to the State Lottery and Gaming  
7 Control Agency for costs as defined in § 9-1A-01 of this subtitle; and

8 (ii) beginning April 1, 2015, 1% to the State Lottery and Gaming  
9 Control Agency for costs as defined in § 9-1A-01 of this subtitle;

10 (2) to the video lottery operation licensee, the percentage stated in the  
11 accepted application for the location, not to exceed, except as provided in subsection (b) of  
12 this section, 33%;

13 (3) 5.5% in local impact grants, in accordance with § 9-1A-31 of this  
14 subtitle;

15 (4) 6% to the Purse Dedication Account established under § 9-1A-28 of this  
16 subtitle, not to exceed a total of \$100,000,000 to the Account annually;

17 (5) (i) until the issuance of a video lottery operation license in  
18 Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under §  
19 9-1A-29 of this subtitle and distributed in accordance with that section; and

20 (ii) on or after the issuance of a video lottery operation license in  
21 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §  
22 9-1A-29 of this subtitle and distributed in accordance with that section, not to exceed a  
23 total of \$20,000,000 to the Account annually;

24 (6) (i) except as provided in items (ii) and (iii) of this item, 1.5% to the  
25 Small, Minority, and Women-Owned Businesses Account established under § 5-1501 of  
26 the Economic Development Article;

27 (ii) for fiscal year 2018, 1.5% to the General Fund to pay a portion of  
28 the costs of the grants provided under Chapters 6 and 607 of the Acts of the General  
29 Assembly of 2017;

30 (iii) for fiscal years 2019 and 2020, 1.5% to the Education Trust Fund  
31 established under § 9-1A-30 of this subtitle; and

32 (iv) beginning in fiscal year 2021, from the amount paid to the Small,  
33 Minority, and Women-Owned Businesses Account under item (i) of this item, up to 5%, not  
34 to exceed \$1,000,000, to the Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account  
35 established under § 5-1204 of the Economic Development Article;

1           (7) (i) except as provided in items (ii) and (iii) of this item, 6% to the  
 2 video lottery operation licensee if the video lottery operation licensee owns or leases each  
 3 video lottery terminal device and the associated equipment and software;

4                           (ii) **BEFORE JANUARY 1, 2023, 8% to the video lottery operation**  
 5 **licensee in Anne Arundel County; and**

6           ~~(7)~~ (iii) 10% to the video lottery operation licensee in Allegany County or  
 7 Worcester County if the video lottery operation licensee assumes ownership or the right to  
 8 lease each video lottery terminal device and the associated equipment and software used  
 9 by the facility before January 1, 2019;

10           (8) beginning after the issuance of a video lottery operation license for a  
 11 video lottery facility in Prince George's County, 8% to the video lottery operation licensee  
 12 in Anne Arundel County and 7% to the licensee in Baltimore City for:

13                           (i) marketing, advertising, and promotional costs required under §  
 14 9-1A-23 of this subtitle; and

15                           (ii) capital improvements at the video lottery facilities; and

16           (9) the remainder to the Education Trust Fund established under §  
 17 9-1A-30 of this subtitle.

18           (b) (1) Beginning July 1, 2013, for a video lottery facility in Worcester County  
 19 with less than 1,000 video lottery terminals, the percentage in subsection (a)(2) of this  
 20 section is equal to 43% provided that each year an amount equivalent to 2.5% of the  
 21 proceeds from video lottery terminals at the video lottery facility is spent on capital  
 22 improvements at the video lottery facility.

23           (2) ~~¶~~After the first 10 years of operations at a video lottery facility in  
 24 Allegany County, the percentage:

25                           ~~(i)~~ in subsection (a)(2) of this section is equal to ~~43%~~ **48%** provided  
 26 that each year an amount equivalent to 2.5% of the proceeds from video lottery terminals  
 27 at the video lottery facility is spent on capital improvements at the video lottery facility;  
 28 ~~and~~

29                           ~~(ii)~~ ~~in subsection (a)(1) of this section is equal to 2%.~~

30           (3)~~¶~~ For a video lottery facility in Prince George's County, the percentage in  
 31 subsection (a)(2) of this section stated in the accepted application for the location may not  
 32 exceed 38%.

1           **(4) BEGINNING JANUARY 1, 2023, FOR A VIDEO LOTTERY FACILITY IN**  
2 **CECIL COUNTY, THE PERCENTAGE IN SUBSECTION (A)(2) OF THIS SECTION IS**  
3 **EQUAL TO 36% PROVIDED THAT EACH YEAR AN AMOUNT EQUIVALENT TO 3% OF THE**  
4 **PROCEEDS FROM VIDEO LOTTERY TERMINALS AT THE VIDEO LOTTERY FACILITY IS**  
5 **SPENT ON:**

6           **(I) MARKETING, ADVERTISING, AND PROMOTIONAL COSTS**  
7 **REQUIRED UNDER § 9-1A-23 OF THIS SUBTITLE; AND**

8           **(II) CAPITAL IMPROVEMENTS AT THE VIDEO LOTTERY**  
9 **FACILITY.**

10           **(5) BEGINNING JANUARY 1, 2023, FOR A VIDEO LOTTERY FACILITY IN**  
11 **BALTIMORE CITY, THE PERCENTAGE IN SUBSECTION (A)(2) OF THIS SECTION IS**  
12 **EQUAL TO 34% PROVIDED THAT EACH YEAR AN AMOUNT EQUIVALENT TO 1% OF THE**  
13 **PROCEEDS FROM VIDEO LOTTERY TERMINALS AT THE VIDEO LOTTERY FACILITY IS**  
14 **SPENT ON:**

15           **(I) MARKETING, ADVERTISING, AND PROMOTIONAL COSTS**  
16 **REQUIRED UNDER § 9-1A-23 OF THIS SUBTITLE; AND**

17           **(II) CAPITAL IMPROVEMENTS AT THE VIDEO LOTTERY**  
18 **FACILITY.**

19           (c) (1) For the first 10 years of operations at a video lottery facility in Allegany  
20 County, on a properly approved transmittal prepared by the Commission, the Comptroller  
21 shall pay the following amounts from the proceeds of video lottery terminals at a video  
22 lottery facility in Allegany County:

23                   (i) 1% to the State Lottery and Gaming Control Agency for costs as  
24 defined in § 9-1A-01 of this subtitle;

25                   (ii) to the video lottery operation licensee, the percentage stated in  
26 the accepted application for the location, not to exceed 50%;

27                   (iii) 3.75% in local impact grants, in accordance with §  
28 9-1A-31 of this subtitle;

29                   (iv) 2.5% to the Purse Dedication Account established under §  
30 9-1A-28 of this subtitle;

31                   (v) 1. except as provided in items 2 and 3 of this item, 0.75% to  
32 the Small, Minority, and Women-Owned Businesses Account established under § 5-1501  
33 of the Economic Development Article;

1                   2.       for fiscal year 2018, 0.75% to the General Fund to pay a  
2 portion of the costs of the grants provided under Chapters 6 and 607 of the Acts of the  
3 General Assembly of 2017; and

4                   3.       for fiscal years 2019 and 2020, 0.75% to the Education  
5 Trust Fund established under § 9-1A-30 of this subtitle; and

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

8                   (2)   After the first 10 years of operations at a video lottery facility in  
9 Allegany County, ~~the proceeds generated at the facility in Allegany County shall be~~  
10 ~~allocated as provided in subsections (a) and (b) of this section.] ON A PROPERLY~~  
11 ~~APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, THE COMPTROLLER~~  
12 ~~SHALL PAY THE FOLLOWING AMOUNTS FROM THE PROCEEDS OF VIDEO LOTTERY~~  
13 ~~TERMINALS AT A VIDEO LOTTERY FACILITY IN ALLEGANY COUNTY:~~

14                   ~~(i)   1% TO THE STATE LOTTERY AND GAMING CONTROL~~  
15 ~~AGENCY FOR COSTS AS DEFINED IN § 9-1A-01 OF THIS SUBTITLE;~~

16                   ~~(ii)   58.25% TO THE VIDEO LOTTERY OPERATION LICENSEE;~~

17                   ~~(iii)   5.5% TO LOCAL IMPACT GRANTS, IN ACCORDANCE WITH §~~  
18 ~~9-1A-31 OF THIS SUBTITLE;~~

19                   ~~(iv)   2.5% TO THE PURSE DEDICATION ACCOUNT ESTABLISHED~~  
20 ~~UNDER § 9-1A-28 OF THIS SUBTITLE;~~

21                   ~~(v)   0.75% TO THE SMALL, MINORITY, AND WOMEN OWNED~~  
22 ~~BUSINESSES ACCOUNT ESTABLISHED UNDER § 5-1501 OF THE ECONOMIC~~  
23 ~~DEVELOPMENT ARTICLE; AND~~

24                   ~~(vi)   THE REMAINDER TO THE EDUCATION TRUST FUND~~  
25 ~~ESTABLISHED UNDER § 9-1A-30 OF THIS SUBTITLE.~~

26 9-1A-31.

27                   (a)   (1)   Except as provided in paragraph (8) of this subsection, the local impact  
28 grants provided under § 9-1A-27 of this subtitle shall be distributed as provided in this  
29 subsection.

30                   (2)   The following amounts shall be distributed to the following  
31 jurisdictions:

32                   (i)   Allegany County – \$200,000;

- 1                   (ii) Cecil County – \$130,000;  
2                   (iii) Town of Forest Heights – \$120,000;  
3                   (iv) Town of Perryville – \$70,000; and  
4                   (v) Worcester County – \$200,000.

5                   (3) The remaining funds for local impact grants shall be distributed in the  
6 following manner:

7                   (i) 82% to the local jurisdictions with video lottery facilities, based  
8 on each jurisdiction's percentage of overall gross revenues from video lottery terminals; and

9                   (ii) except as provided in paragraph (4) of this subsection, for  
10 operations at a video lottery facility starting in fiscal year 2012 and ending in fiscal year  
11 2032, 18% to Baltimore City with the Pimlico Community Development Authority acting  
12 as the local development council in accordance with subsection (d) of this section, to be  
13 distributed primarily for capital projects benefiting economic and community development  
14 in the following manner:

15                               1. at least 75% in a manner that is consistent with the Park  
16 Heights Master Plan; and

17                               2. the remainder dedicated to the needs of:

18                                       A. any census blockgroup that Baltimore City identifies as  
19 being located partly or entirely within 1 mile of Pimlico Race Course but not within the  
20 boundaries of the Park Heights Master Plan in a manner that is consistent with adopted  
21 neighborhood priorities;

22                                       B. any neighborhood included in the Northwest Community  
23 Planning Forum Strategic Neighborhood Action Plan in a manner that is consistent with  
24 the adopted Northwest Community Planning Forum Strategic Neighborhood Action Plan  
25 priorities; and

26                                       C. beginning after a video lottery operation license is issued  
27 to a video lottery facility in Baltimore City, any neighborhood within an area bounded by  
28 Liberty Heights Avenue, Northern Parkway, Druid Park Drive, and Wabash Avenue in a  
29 manner that is consistent with adopted neighborhood priorities.

30                   (7) (i) The distribution under paragraph (3)(i) of this subsection to  
31 Anne Arundel County, Baltimore City, and Prince George's County equals the sum of the  
32 amounts to be distributed to Anne Arundel County, Baltimore City, and Prince George's  
33 County divided by three.



1                   (ii) 1. Notwithstanding subparagraph (i) of this paragraph, the  
2 amount distributed to Anne Arundel County and Baltimore City under paragraph (3)(i) of  
3 this subsection may not be less than the amount received in the fiscal year before the video  
4 lottery operation license for a video lottery facility in Prince George's County was issued.

5                   **2. ANY AMOUNT DISTRIBUTED TO ANNE ARUNDEL**  
6 **COUNTY OR BALTIMORE CITY AS REQUIRED UNDER SUBSUBPARAGRAPH 1 OF THIS**  
7 **SUBPARAGRAPH SHALL BE PAID FROM THE PROCEEDS OF VIDEO LOTTERY**  
8 **TERMINALS AS REQUIRED UNDER § 9-1A-26(D) OF THIS SUBTITLE.**

9 9-1A-36.

10               (h) (3) (i) With respect to a video lottery operation license awarded to a  
11 location under paragraph (1)(iv) of this subsection, the holder of the video lottery operation  
12 license or any other person with a direct or indirect legal or financial interest in the Ocean  
13 Downs racetrack or video lottery facility may not[:

14                   1. build any type of hotel, motel, or other public lodging  
15 accommodation on or within 10 miles of the property owned by the holder of the license on  
16 which a video lottery facility is operated;

17                   2. convert an existing facility on or within 10 miles of the  
18 property described in item 1 of this subparagraph into any type of hotel, motel, or other  
19 public lodging accommodation; or

20                   3.] build or operate a conference center or convention center,  
21 amusement park, amusement rides, arcade, or miniature golf course on or within 10 miles  
22 of the property [described in item 1 of this subparagraph] OWNED BY THE HOLDER OF  
23 **THE LICENSE ON WHICH A VIDEO LOTTERY FACILITY IS OPERATED.**

24                   (ii) The prohibitions under subparagraph (i) of this paragraph apply  
25 to any subsequent holder of a video lottery operation license awarded under paragraph  
26 (1)(iv) of this subsection.

27               SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28 1, 2021.