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**By: Delegates C. Davis, Bonsack, and Howard**  
Introduced and read first time: February 23, 1996  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Racing and Electronic Gaming Act**

3 FOR the purpose of requiring the State Racing Commission to issue licenses to conduct  
4 electronic gaming to qualified track applicants and qualified satellite simulcast  
5 applicants; prohibiting the State Racing Commission from issuing more than a  
6 certain number of licenses to conduct electronic gaming; providing for the issuance,  
7 term, and renewal of licenses; providing that a license to conduct electronic gaming  
8 allows the holder to operate a certain number of electronic gaming devices;  
9 providing that the State Racing Commission has jurisdiction over allelectronic  
10 gaming and other associated activities; establishing certain requirements that an  
11 applicant must meet to be issued a license; establishing certain requirements for  
12 satellite simulcast applicants and track applicants; requiring electronic gaming  
13 licensees to be reviewed periodically by the State Racing Commission; authorizing  
14 the State Racing Commission to reprimand an electronic gaming licensee or  
15 suspend or revoke a license under certain conditions; authorizing the State Racing  
16 Commission to impose certain penalties under certain conditions; requiring  
17 licensees to allocate certain moneys in specified ways to certain persons; authorizing  
18 the State Lottery Agency to adopt regulations for certain purposes; authorizing the  
19 State Racing Commission to investigate, audit, review, and monitor electronic  
20 gaming operations; authorizing the State Lottery Agency to exercise certain  
21 functions under certain circumstances; requiring the State Racing Commission to  
22 adopt certain regulations and establish the payout from electronic gaming; requiring  
23 the State Racing Commission to license electronic gaming device suppliers;  
24 authorizing the State Racing Commission to require a certain surety bond,  
25 irrevocable letter of credit, or cash security deposit from a supplier; requiring the  
26 State Racing Commission to submit to the Governor and the General Assembly  
27 certain reports; requiring the State Racing Commission to submit a certain account  
28 to the Comptroller; providing for the awarding of certain prizes; prohibiting certain  
29 acts; providing certain penalties; requiring the State Lottery Agency in conjunction  
30 with the State Racing Commission to conduct certain audits and inspections;  
31 defining certain terms; and generally relating to racing and electronic gaming.

32 BY repealing and reenacting, with amendments,  
33 Article 27 - Crimes and Punishments  
34 Section 264B I.  
35 Annotated Code of Maryland

HOUSE BILL 1380

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1 (1992 Replacement Volume and 1995 Supplement)

2 BY repealing and reenacting, with amendments,

3 Article - Business Regulation

4 Section 11-101(o) and (u)

5 Annotated Code of Maryland

6 (1992 Volume and 1995 Supplement)

7 BY adding to

8 Article - Business Regulation

9 Section 11-806 and 11-8A-01 through 11-8A-16 to be under the new subtitle

10 "Subtitle 8A. Electronic Gaming"

11 Annotated Code of Maryland

12 (1992 Volume and 1995 Supplement)

13 BY adding to

14 Article - State Government

15 Section 9-109(d)

16 Annotated Code of Maryland

17 (1995 Replacement Volume)

18 Preamble

19 WHEREAS, Beginning with the founding of the Maryland Jockey Club in 1743,

20 Maryland's horse industry has been part of the cultural and historical fabric of the State;

21 and

22 WHEREAS, Maryland's horse industry reaches across the State affecting farm

23 owners, breeders, horsemen and track personnel from the Eastern Shore to Western

24 Maryland; and

25 WHEREAS, The over 900 horse farms in Maryland that encompass a span of more

26 than 200,000 acres provide employment for many Marylanders, preserve green open

27 spaces, and positively impact on land values; and

28 WHEREAS, The industry employs about 20,000 people and generates roughly \$1

29 billion annually in economic activity for the State, more than any other professional sport

30 in the State; and

31 WHEREAS, The General Assembly finds and declares that the Maryland horse

32 industry is vulnerable to a decline; and

33 WHEREAS, The competition from other states for quality racehorses and the

34 betting dollar has increased as a result of mechanisms aimed at increasing purse

35 structures; and

36 WHEREAS, The General Assembly finds and declares that this Act is necessary to

37 preserve, restore, and revitalize the horse racing and breeding industries and preserve in

38 Maryland the economic impact associated with these industries; and

3

1 WHEREAS, Increased funding for purses for the thoroughbred and harness racing  
2 industries will help retain quality racehorses in the State; and

3 WHEREAS, Increased funding for improvements to capital facilities at the  
4 racetracks in the State will enhance the appeal of the sport and increased attendance will  
5 support industry growth; and

6 WHEREAS, The General Assembly finds and declares that competition from  
7 electronic gaming in Delaware is resulting in increased purses and economic activity in  
8 that state and that this will have a substantial negative impact on Maryland's historic  
9 racing industry and the related economy of this State; and

10 WHEREAS, The General Assembly finds and declares that it is necessary and in  
11 the best interest of the economic growth of this State to allow Maryland's racing industry  
12 to compete with the racing industries in surrounding states by authorizing electronic  
13 gaming at Maryland's racing facilities; now, therefore,

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

16 **Article 27 - Crimes and Punishments**

17 264B.

18 Any machine, apparatus or device is a slot machine within the provisions of this  
19 section if it is one that is adapted for use in such a way that, as a result of the insertion or  
20 deposit therein, or placing with another person of any piece of money, coin, token or  
21 other object, such machine, apparatus or device is caused to operate or may be operated,  
22 and by reason of any element of chance or of other outcome of such operation  
23 unpredictable by him, the user may receive or become entitled to receive any piece of  
24 money, coin, token or other object representative of and convertible into money,  
25 irrespective of whether the said machine, apparatus or device may, apart from any  
26 element of chance or unpredictable outcome of such operation, also sell, deliver or  
27 present some merchandise or money or other tangible thing of value.

28 I. It shall be unlawful for any person, firm or corporation to locate, possess,  
29 keep, maintain or operate any slot machine within this State, whether as owner, lessor,  
30 lessee, licensor, licensee, or otherwise, except as provided in paragraphs II, VI, and VII of  
31 this section AND TITLE 11, SUBTITLE 8A OF THE BUSINESS REGULATION ARTICLE.

32 **Article - Business Regulation**

33 11-101.

34 (o) "Racing" includes:

35 (1) harness racing;

36 (2) mile thoroughbred racing;

37 (3) special thoroughbred racing;

38 (4) steeplechase or hurdle racing;

4

1 (5) flat racing; [and]

2 (6) quarter horse racing; AND

3 (7) SIMULCAST RACING AND ALL OTHER GAMING OR BETTING  
4 AUTHORIZED UNDER THIS TITLE.

5 (u) (1) "Track" means a place where racing is held.

6 (2) "TRACK" INCLUDES THE BACKSTRETCH, RACING SURFACES,  
7 GRANDSTANDS, CLUBHOUSES, PARKING AREAS, AND RELATED FACILITIES.

8 11-806.

9 (A) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, EACH  
10 PERSON LISTED IN THIS SECTION MAY ALLOCATE ANY PORTION OF THE REVENUES  
11 DERIVED FROM AN ACTIVITY AUTHORIZED UNDER THIS TITLE TOWARD THE COSTS  
12 OF OPERATING THE FACILITY AT WHICH THE REVENUES WERE DERIVED.

13 (B) THE GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE  
14 OWNERS AND TRAINERS LICENSED IN THE STATE MAY ALLOCATE REVENUES OUT  
15 OF THE APPLICABLE PURSE SHARE.

16 (C) THE GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE  
17 BREEDERS IN THE STATE MAY ALLOCATE REVENUES OUT OF THE APPLICABLE  
18 BRED FUND SHARE.

19 SUBTITLE 8A. ELECTRONIC GAMING.

20 11-8A-01.

21 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
22 INDICATED.

23 (B) "ELECTRONIC GAMING" MEANS GAMING OR BETTING CONDUCTED USING  
24 AN ELECTRONIC GAMING DEVICE.

25 (C) "ELECTRONIC GAMING DEVICE" MEANS ANY ELECTRONIC DEVICE,  
26 CONTRIVANCE OR MACHINE THAT, UPON INSERTION OF A COIN, TOKEN, OR  
27 SIMILAR OBJECT, OR UPON PAYMENT OF ANY CONSIDERATION, IS AVAILABLE TO  
28 PLAY OR OPERATE, THE PLAY OR OPERATION OF WHICH, WHETHER BY REASON OF  
29 THE SKILL OF THE OPERATOR OR APPLICATION OF THE ELEMENT OF CHANCE, OR  
30 BOTH, MAY DELIVER OR ENTITLE THE PLAYER WHO OPERATES THE MACHINE TO  
31 RECEIVE CASH, PREMIUMS, MERCHANDISE, TOKENS, OR ANY THING OF VALUE,  
32 WHETHER THE PAYOFF IS MADE AUTOMATICALLY FROM THE MACHINE OR IN ANY  
33 OTHER MANNER.

34 (D) "ELECTRONIC GAMING LICENSEE" MEANS A PERSON WHO HAS BEEN  
35 AWARDED A LICENSE TO CONDUCT ELECTRONIC GAMING.

36 (E) "RESORT COMPLEX" MEANS A HOTEL, ENTERTAINMENT, AND RETAIL  
37 COMPLEX BUILT IN CONNECTION WITH A SATELLITE SIMULCAST FACILITY.

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1 (F) "SATELLITE SIMULCAST APPLICANT" MEANS A HOLDER OF OR AN  
2 APPLICANT FOR A PERMIT TO CONDUCT SATELLITE SIMULCAST BETTING.

3 (G) "TRACK APPLICANT" MEANS:

4 (1) A MILE THOROUGHBRED RACING LICENSEE IN ANNE ARUNDEL  
5 COUNTY;

6 (2) A MILE THOROUGHBRED RACING LICENSEE IN BALTIMORE CITY;  
7 AND

8 (3) A HARNESS RACING LICENSEE IN PRINCE GEORGE'S COUNTY.

9 (H) "WIN" MEANS THE PART OF THE PROCEEDS FROM ELECTRONIC GAMING  
10 THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT IS OTHERWISE ALLOCATED  
11 UNDER THIS SUBTITLE.

12 11-8A-02.

13 ANY OTHER LAW THAT PROHIBITS THE LOCATION, POSSESSION, KEEPING,  
14 MAINTAINING, OR OPERATION OF ELECTRONIC GAMING DEVICES DOES NOT APPLY  
15 TO ELECTRONIC GAMING DEVICES USED IN ACCORDANCE WITH THIS SUBTITLE.

16 11-8A-03.

17 (A) WITHIN 90 DAYS AFTER RECEIPT OF AN APPLICATION, THE COMMISSION  
18 SHALL ISSUE A LICENSE TO CONDUCT ELECTRONIC GAMING TO EACH TRACK  
19 APPLICANT WHO MEETS THE REQUIREMENTS OF THIS SUBTITLE.

20 (B) (1) WITHIN 120 DAYS AFTER RECEIPT OF AN APPLICATION, THE  
21 COMMISSION SHALL ISSUE OR DENY A LICENSE TO CONDUCT ELECTRONIC GAMING  
22 TO ANY SATELLITE SIMULCAST APPLICANT.

23 (2) THE COMMISSION MAY NOT ISSUE MORE THAN THREE LICENSES TO  
24 CONDUCT ELECTRONIC GAMING TO SATELLITE SIMULCAST APPLICANTS THAT MEET  
25 THE REQUIREMENTS OF THIS SUBTITLE.

26 (C) A LICENSE ISSUED TO A SATELLITE SIMULCAST APPLICANT TO CONDUCT  
27 ELECTRONIC GAMING SHALL REMAIN IN FORCE AS LONG AS THE ELECTRONIC  
28 GAMING LICENSEE ALLOWS BETTING ON ALL RACES OFFERED FOR BETTING BY THE  
29 MARYLAND TRACKS WITH WHICH THE ELECTRONIC GAMING LICENSEE HAS AN  
30 AGREEMENT AND THE ELECTRONIC GAMING LICENSEE COMPLIES WITH ALL  
31 CONDITIONS AND REQUIREMENTS SET BY THE COMMISSION.

32 (D) (1) A LICENSE TO CONDUCT ELECTRONIC GAMING ALLOWS THE  
33 HOLDER TO OPERATE:

34 (I) FOR A MILE THOROUGHBRED RACING LICENSEE IN ANNE  
35 ARUNDEL COUNTY -- 3,000 ELECTRONIC GAMING DEVICES;

36 (II) FOR A MILE THOROUGHBRED RACING LICENSEE IN  
37 BALTIMORE CITY -- 1,000 ELECTRONIC GAMING DEVICES;

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1 (III) FOR A HARNESS RACING LICENSEE IN PRINCE GEORGE'S  
2 COUNTY -- 1,000 ELECTRONIC GAMING DEVICES; AND

3 (IV) FOR A SATELLITE SIMULCAST FACILITY LICENSEE -- NOT  
4 MORE THAN 2,500 ELECTRONIC GAMING DEVICES.

5 (2) A TOTAL OF NOT MORE THAN 6,500 DEVICES MAY BE ISSUED TO ALL  
6 SATELLITE SIMULCAST FACILITY LICENSEES.

7 (E) AN ELECTRONIC GAMING LICENSEE SHALL PAY AN ANNUAL LICENSE FEE  
8 OF \$ 100,000 TO THE STATE FOR THE FUNDING OF PROGRAMS FOR THE TREATMENT,  
9 EDUCATION, AND ASSISTANCE OF COMPULSIVE GAMBLERS AND THEIR FAMILIES.

10 11-8A-04.

11 (A) THE COMMISSION HAS JURISDICTION OVER ALL ELECTRONIC GAMING  
12 AND OTHER ACTIVITIES ASSOCIATED WITH THE OPERATION OF ELECTRONIC  
13 GAMING DEVICES TO THE SAME EXTENT AS WHEN RACING IS HELD BY A LICENSEE.

14 (B) THE JURISDICTION OF THE COMMISSION UNDER THIS SECTION  
15 INCLUDES:

16 (1) REVIEW OF MARKETING ACTIVITIES, PROMOTIONS, GIVEAWAYS,  
17 PLAYER CLUBS, AND PRIZES;

18 (2) ESTABLISHMENT OF THE HOURS OF OPERATION FOR ELECTRONIC  
19 GAMING; AND

20 (3) RESTRICTION OR PROHIBITION ON THE USE OF FREE MEALS OR  
21 FREE ALCOHOLIC BEVERAGES AS INDUCEMENTS TO PARTICIPATE IN ELECTRONIC  
22 GAMING.

23 11-8A-05.

24 (A) (1) AN APPLICANT FOR A LICENSE TO CONDUCT ELECTRONIC GAMING  
25 SHALL SUBMIT TO THE EXECUTIVE DIRECTOR OF THE COMMISSION AN  
26 APPLICATION IN THE FORM THAT THE COMMISSION REQUIRES.

27 (2) A COPY OF THE APPLICATION SHALL BE PROVIDED TO THE  
28 DEPARTMENT OF STATE POLICE, THE STATE LOTTERY AGENCY, AND ANY OTHER  
29 AGENCY THAT THE COMMISSION REQUIRES.

30 (B) THE COMMISSION SHALL REVIEW, IN THE MANNER AND TO THE EXTENT  
31 PROVIDED IN THIS TITLE FOR OPERATORS OF RACING FACILITIES, THE PERSONAL  
32 AND FINANCIAL BACKGROUND OF THE INDIVIDUAL WHO IS TO BE RESPONSIBLE  
33 FOR THE DAILY OPERATIONS OF THE ELECTRONIC GAMING DEVICES.

34 11-8A-06.

35 A LICENSE TO CONDUCT ELECTRONIC GAMING THAT IS ISSUED TO A MILE  
36 THOROUGHBRED LICENSEE OR A HARNESS RACING LICENSEE SHALL REMAIN IN  
37 FORCE AS LONG AS THE LICENSEE MAINTAINS LIVE RACING AT ITS FACILITY AT A  
38 LEVEL THAT IS THE SAME AS THE LEVEL OF LIVE RACING AT THE FACILITY IN 1995  
39 OR OTHER LEVEL THAT IS AGREED TO BY THE ELECTRONIC GAMING LICENSEE, THE

7

1 GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE OWNERS AND  
2 TRAINERS LICENSED IN THE STATE, AND THE GROUP THAT REPRESENTS A  
3 MAJORITY OF THE APPLICABLE BREEDERS IN THE STATE.

4 11-8A-07.

5 (A) THE COMMISSION MAY NOT ISSUE A LICENSE TO CONDUCT ELECTRONIC  
6 GAMING TO A SATELLITE SIMULCAST APPLICANT UNLESS THE APPLICABLE LOCAL  
7 GOVERNING BODY HAS AUTHORIZED, BY LOCAL ORDINANCE, THE CONDUCT OF  
8 ELECTRONIC GAMING AT SATELLITE SIMULCAST FACILITIES LOCATED WITHIN ITS  
9 JURISDICTION.

10 (B) (1) THE COMMISSION MAY NOT ISSUE A LICENSE TO CONDUCT  
11 ELECTRONIC GAMING TO A SATELLITE SIMULCAST APPLICANT UNLESS THE  
12 APPLICANT HAS COMPLETED, OR HAS PLANNED AND MADE COMMITMENTS,  
13 SATISFACTORY TO THE COMMISSION AND THE APPLICABLE LOCAL GOVERNING  
14 BODY FOR CONSTRUCTION OF A RESORT COMPLEX DESIGNED WITH INPUT FROM  
15 LOCAL PLANNING OFFICIALS AND IN CONJUNCTION WITH LOCAL ECONOMIC  
16 DEVELOPMENT PLANS.

17 (2) THE MINIMUM AMOUNT OF CAPITAL EXPENDITURES ON THE  
18 PLANNING, DESIGN, AND CONSTRUCTION OF THE RESORT COMPLEX REQUIRED IN  
19 PARAGRAPH (1) OF THIS SUBSECTION IS \$100 MILLION.

20 (3) THE APPLICANT SHALL CERTIFY TO THE COMMISSION THAT THE  
21 SATELLITE SIMULCAST FACILITY AND THE RESORT COMPLEX WILL GENERATE A  
22 MINIMUM OF 1,500 NEW JOBS CONNECTED WITH THE CONSTRUCTION,  
23 MAINTENANCE, OR OPERATION OF THE RESORT COMPLEX.

24 (C) THE FACTORS THAT THE COMMISSION SHALL CONSIDER IN DECIDING  
25 WHETHER TO GRANT A SATELLITE SIMULCAST APPLICANT A LICENSE TO CONDUCT  
26 ELECTRONIC GAMING SHALL INCLUDE THOSE FACTORS SET FORTH IN § 11-819 OF  
27 THIS TITLE THAT GENERALLY CONCERN THE GRANTING OF PERMITS FOR  
28 SATELLITE SIMULCAST BETTING.

29 (D) (1) THE COMMISSION MAY NOT ISSUE A LICENSE TO CONDUCT  
30 ELECTRONIC GAMING TO A SATELLITE SIMULCAST APPLICANT UNLESS THE  
31 COMMISSION DETERMINES THAT THE ISSUANCE OF THE LICENSE IS IN THE BEST  
32 INTEREST OF RACING IN THE STATE.

33 (2) IN MAKING A DETERMINATION UNDER PARAGRAPH (1) OF THIS  
34 SUBSECTION, THE COMMISSION:

35 (I) MAY CONDUCT HEARINGS ON AN APPLICANT'S PROPOSAL AND  
36 RECEIVE TESTIMONY FROM REPRESENTATIVES OF THE RACING INDUSTRY; AND

37 (II) WHEN WEIGHING COMPETING PROPOSALS FOR AN  
38 ELECTRONIC GAMING LICENSE, SHALL GIVE SUBSTANTIAL WEIGHT TO THE  
39 PROPOSAL THAT THE COMMISSION DETERMINES WILL LIKELY PROVIDE THE  
40 LARGEST INCREASE IN PARI-MUTUEL BETTING ON RACING CONDUCTED IN THE  
41 STATE.

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1 11-8A-08.

2 (A) A PERSON OFFERING ELECTRONIC GAMING DEVICES FOR PUBLIC USE  
3 MUST HAVE A LICENSE TO CONDUCT ELECTRONIC GAMING.

4 (B) ELECTRONIC GAMING IS ALLOWED ONLY IN ACCORDANCE WITH THIS  
5 SUBTITLE.

6 11-8A-09.

7 (A) ALL ELECTRONIC GAMING LICENSEES SHALL BE REVIEWED  
8 PERIODICALLY BY THE COMMISSION TO DETERMINE COMPLIANCE WITH THIS  
9 SUBTITLE AND COMMISSION REGULATIONS.

10 (B) THE COMMISSION MAY REPRIMAND AN ELECTRONIC GAMING LICENSEE  
11 OR SUSPEND OR REVOKE A LICENSE TO CONDUCT ELECTRONIC GAMING IF THE  
12 ELECTRONIC GAMING LICENSEE VIOLATES:

13 (1) ANY PROVISION OF THIS SUBTITLE;

14 (2) A REGULATION ADOPTED UNDER THIS SUBTITLE; OR

15 (3) A CONDITION THAT THE COMMISSION SETS.

16 (C) (1) THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000  
17 FOR EACH DAY THAT AN ELECTRONIC GAMING LICENSEE IS IN VIOLATION OF  
18 SUBSECTION (B) OF THIS SECTION.

19 (2) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER  
20 PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER THE  
21 SERIOUSNESS OF THE VIOLATION, THE HARM CAUSED BY THE VIOLATION, AND THE  
22 GOOD FAITH OR LACK OF GOOD FAITH OF THE ELECTRONIC GAMING LICENSEE.

23 11-8A-10.

24 (A) FROM THE WIN FROM ELECTRONIC GAMING DEVICES, AN ELECTRONIC  
25 GAMING LICENSEE SHALL PAY TO THE STATE A TAX OF 25%, WHICH SHALL BE USED  
26 IN THE FOLLOWING WAY:

27 (1) ALLOCATE 10.5% TO FIRST PAY ALL COSTS INCURRED BY THE STATE  
28 FOR THE REGULATION OF ELECTRONIC GAMING UNDER THIS SUBTITLE AND THE  
29 REMAINDER SHALL BE DEPOSITED IN THE GENERAL FUND;

30 (2) ALLOCATE 1% TO PAY, IN A MANNER THAT THE COMMISSION  
31 DECIDES, FOR FACILITIES, SERVICES, AND REDEVELOPMENT IN COMMUNITIES  
32 WITHIN 3 MILES OF LAUREL RACE COURSE, 2 MILES OF PIMLICO RACE COURSE, AND  
33 2 MILES OF ROSECROFT RACEWAY;

34 (3) (I) FOR A MILE THOROUGHBRED RACING LICENSEE LOCATED IN  
35 ANNE ARUNDEL COUNTY, ALLOCATE 2.5% FOR PAYMENT TO THE FOLLOWING  
36 JURISDICTIONS THE AMOUNTS SPECIFIED:

37 1. 1.5% TO ANNE ARUNDEL COUNTY;

38 2. 0.5% TO HOWARD COUNTY;

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1 3. 0.4% TO PRINCE GEORGE'S COUNTY; AND

2 4. 0.1% TO THE CITY OF LAUREL; OR

3 (II) FOR ALL OTHER HOLDERS OF LICENSES TO CONDUCT  
4 ELECTRONIC GAMING, ALLOCATE 2.5% FOR DISTRIBUTION TO THE COUNTY OR  
5 BALTIMORE CITY IN WHICH THE FACILITY IS LOCATED;

6 (4) ALLOCATE 1% FOR DISTRIBUTION TO THE COUNTIES IN WHICH NO  
7 ELECTRONIC GAMING DEVICES AUTHORIZED BY THIS SUBTITLE ARE LOCATED PRO  
8 RATA BASED UPON THE POPULATIONS OF THOSE COUNTIES; AND

9 (5) ALLOCATE 10% FOR THE PURSE DEDICATION ACCOUNT.

10 (B) IN ADDITION TO THE STATE TAX REQUIRED IN SUBSECTION (A) OF THIS  
11 SECTION, AN ELECTRONIC GAMING LICENSEE SHALL PAY FROM THE WIN AN  
12 ADDITIONAL STATE TAX FOR THE PURSE DEDICATION ACCOUNT IN AN AMOUNT  
13 EQUAL TO:

14 (1) 10% FOR A MILE THOROUGHBRED RACING LICENSEE OR A HARNESS  
15 RACING LICENSEE; OR

16 (2) 5% FOR ANY OTHER HOLDER OF AN ELECTRONIC GAMING LICENSE  
17 THAT IS A SATELLITE SIMULCAST FACILITY LICENSEE AND WHOSE FACILITIES ARE  
18 LOCATED WITHIN A 35-MILE RADIUS OF A NOW-EXISTING MILE THOROUGHBRED  
19 TRACK OR A NOW-EXISTING HARNESS TRACK.

20 (C) FUNDS CREDITED TO THE PURSE DEDICATION ACCOUNT SHALL BE  
21 ALLOCATED BY THE COMMISSION AND PAID BY THE STATE IN THE FOLLOWING  
22 MANNER:

23 (1) FOR FUNDS DERIVED FROM ALL ELECTRONIC GAMING LICENSEES  
24 THAT ARE SATELLITE SIMULCAST FACILITY LICENSEES AND WHOSE FACILITIES ARE  
25 LOCATED WITHIN A 35-MILE RADIUS OF BOTH A NOW-EXISTING MILE  
26 THOROUGHBRED TRACK AND A NOW-EXISTING HARNESS TRACK:

27 (I) 71% TO MILE THOROUGHBRED PURSES;

28 (II) 9% TO THE MARYLAND-BRED RACE FUND;

29 (III) 18% TO STANDARD BRED PURSES; AND

30 (IV) 2% TO THE MARYLAND STANDARD BRED RACE FUND;

31 (2) FOR FUNDS DERIVED FROM ALL ELECTRONIC GAMING LICENSEES  
32 THAT ARE SATELLITE SIMULCAST FACILITY LICENSEES AND WHOSE FACILITIES ARE  
33 LOCATED OUTSIDE OF A 35-MILE RADIUS OF ANY NOW-EXISTING THOROUGHBRED  
34 TRACK AND ANY NOW-EXISTING HARNESS TRACK, IN THE SAME AMOUNTS AS  
35 SUBPARAGRAPH (1) ABOVE;

36 (3) FOR FUNDS DERIVED FROM ALL MILE THOROUGHBRED RACING  
37 LICENSEES AND FROM ALL ELECTRONIC GAMING LICENSEES THAT ARE SATELLITE  
38 SIMULCAST FACILITY LICENSEES AND WHOSE FACILITIES ARE LOCATED WITHIN A

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1 35-MILE RADIUS OF A NOW-EXISTING MILE THOROUGHBRED TRACK BUT NOT  
2 WITHIN A 35-MILE RADIUS OF A NOW-EXISTING HARNESS TRACK:

3 (I) 89% TO MILE THOROUGHBRED PURSES; AND

4 (II) 11% TO THE MARYLAND-BRED RACE FUND; AND

5 (4) FOR FUNDS DERIVED FROM ALL HARNESS RACING LICENSEES AND  
6 FROM ALL ELECTRONIC GAMING LICENSEES THAT ARE SATELLITE SIMULCAST  
7 FACILITY LICENSEES AND WHOSE FACILITIES ARE LOCATED WITHIN A 35-MILE  
8 RADIUS OF A NOW-EXISTING HARNESS TRACK BUT NOT WITHIN A 35-MILE RADIUS  
9 OF A NOW-EXISTING MILE THOROUGHBRED TRACK:

10 (I) 89% TO STANDARD BRED PURSES; AND

11 (II) 11% TO THE MARYLAND STANDARD BRED RACE FUND.

12 (D) ALL MILE THOROUGHBRED RACING LICENSEES AND HARNESS RACING  
13 LICENSEES THAT OPERATE ELECTRONIC GAMING DEVICES SHALL USE AT LEAST  
14 15% OF THE MONEY THAT IS RETAINED BY THEM AFTER PAYMENT OF THE  
15 ALLOCATIONS IN SUBSECTIONS (A) AND (B) OF THIS SECTION TO IMPROVE THE  
16 FACILITIES AND SERVICES OF THE TRACKS AND TO INCREASE MARKETING  
17 ACTIVITY FOR RACING, SO AS TO PROMOTE INCREASED ATTENDANCE AND  
18 PARI-MUTUEL BETTING AND ENHANCED WELL-BEING OF THE RACING INDUSTRY.

19 11-8A-11.

20 (A) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE REGULATION  
21 AND OVERSIGHT OF ELECTRONIC GAMING AUTHORIZED IN THIS SUBTITLE SHALL  
22 BE AS STRINGENT AS THE REQUIREMENTS PLACED ON RACING LICENSEES UNDER  
23 THIS TITLE AND THAT THE COMMISSION, WITH THE ADVICE OF THE STATE LOTTERY  
24 AGENCY IN AREAS WHERE IT HAS EXPERTISE, SHALL ADOPT REGULATIONS  
25 PROVIDING FOR REGULAR AUDITS AND INSPECTIONS AND FOR OTHER  
26 REQUIREMENTS SUFFICIENT TO ENSURE THE INTEGRITY OF THE ELECTRONIC  
27 GAMING OPERATIONS AND TO MAINTAIN AN ACCURATE ACCOUNTING OF PUBLIC  
28 FUNDS.

29 (B) THE COMMISSION HAS FULL POWERS PROVIDED ELSEWHERE UNDER  
30 THIS TITLE TO INVESTIGATE, AUDIT, REVIEW, AND MONITOR THE ELECTRONIC  
31 GAMING OPERATIONS OF EACH ELECTRONIC GAMING LICENSEE UNDER THIS  
32 SUBTITLE.

33 (C) TO THE EXTENT A PART OF THE REGULATORY AND OVERSIGHT  
34 FUNCTIONS HAS BEEN DELEGATED BY THE COMMISSION TO THE STATE LOTTERY  
35 AGENCY IN AREAS WHERE THE STATE LOTTERY AGENCY HAS EXPERTISE, ALL  
36 REGULATORY AND INVESTIGATIVE POWERS OF THE COMMISSION ACCRUE TO THE  
37 STATE LOTTERY AGENCY.

38 (D) THE COMMISSION SHALL ADOPT REGULATIONS PROVIDING FOR THE  
39 LICENSURE OF EMPLOYEES OF ELECTRONIC GAMING DEVICE LICENSEES AND MAY  
40 REQUIRE A CRIMINAL BACKGROUND CHECK AS A CONDITION FOR LICENSURE.

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1 (E) THE COMMISSION SHALL ESTABLISH THE PAYOUT TO SUCCESSFUL  
2 PLAYERS FROM THE CONDUCT OF ELECTRONIC GAMING.

3 11-8A-12.

4 (A) THE COMMISSION SHALL LICENSE ELECTRONIC GAMING DEVICE  
5 SUPPLIERS.

6 (B) AN ELECTRONIC GAMING DEVICE SUPPLIER MAY NOT SELL, LEASE, OR  
7 OTHERWISE PROVIDE ELECTRONIC GAMING DEVICES TO AN ELECTRONIC GAMING  
8 LICENSEE UNLESS THE SUPPLIER IS FIRST LICENSED BY THE COMMISSION AND IS IN  
9 COMPLIANCE WITH THE RULES OF THE COMMISSION.

10 (C) THE COMMISSION MAY REQUIRE A SUPPLIER OF ELECTRONIC GAMING  
11 DEVICES TO POST AN APPROPRIATE SURETY BOND, IRREVOCABLE LETTER OF  
12 CREDIT, OR CASH SECURITY DEPOSIT IN THE AMOUNT THAT THE COMMISSION SETS.

13 (D) UPON REQUEST BY THE COMMISSION, A SUPPLIER OF ELECTRONIC  
14 GAMING DEVICES SHALL SUBMIT TO THE COMMISSION:

15 (1) A LIST OF ALL DEVICES, EQUIPMENT, AND SUPPLIES OFFERED FOR  
16 SALE OR LEASE IN CONNECTION WITH ELECTRONIC GAMING UNDER THIS SUBTITLE;  
17 AND

18 (2) AN INVENTORY OF ITS DEVICES, EQUIPMENT, AND SUPPLIES USED  
19 IN CONNECTION WITH ELECTRONIC GAMING UNDER THIS SUBTITLE.

20 11-8A-13.

21 (A) THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND, SUBJECT TO §  
22 2-1312 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY THE  
23 REPORTS REQUIRED UNDER THIS SECTION.

24 (B) THE COMMISSION SHALL SUBMIT:

25 (1) ON OR BEFORE THE FIFTEENTH DAY OF EACH MONTH, A MONTHLY  
26 REPORT THAT STATES THE TOTAL ELECTRONIC GAMING REVENUES AND THE  
27 TOTAL PRIZE DISBURSEMENTS AND OTHER EXPENSES FOR THE PRECEDING MONTH;  
28 AND

29 (2) ON OR BEFORE MARCH 15 OF EACH YEAR, AN ANNUAL REPORT  
30 THAT STATES THE TOTAL ELECTRONIC GAMING REVENUES AND THE TOTAL PRIZE  
31 DISBURSEMENTS AND OTHER EXPENSES FOR THE PRECEDING YEAR.

32 (C) THE COMMISSION SHALL SUBMIT A REPORT WHENEVER A MATTER  
33 REQUIRES A CHANGE IN A STATE LAW TO:

34 (1) PREVENT AN ABUSE OR EVASION OF THIS SUBTITLE OR A  
35 REGULATION OF THE COMMISSION; OR

36 (2) RECTIFY AN UNDESIRABLE CONDITION IN THE OPERATION OR  
37 ADMINISTRATION OF ELECTRONIC GAMING.

12

1 11-8A-14.

2 (A) THE COMMISSION SHALL ACCOUNT TO THE COMPTROLLER FOR ALL OF  
3 THE REVENUE UNDER THIS SUBTITLE.

4 (B) A SYSTEM OF VOUCHER DEPOSITS MAY BE USED FOR THE PAYOUT OF  
5 PRIZES AND REIMBURSEMENT FOR MONEY PAID OUT FOR PRIZES.

6 11-8A-15.

7 (A) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, § 10-113.1  
8 OF THE FAMILY LAW ARTICLE, AND ARTICLE 27, § 640B OF THE CODE, A PRIZE WON  
9 UNDER THIS SUBTITLE IS NOT ASSIGNABLE.

10 (2) IF THE PRIZE WINNER DIES BEFORE THE PRIZE IS PAID, THE PRIZE  
11 MAY BE PAID TO THE ESTATE OF THE PRIZE WINNER.

12 (B) ON PAYMENT OF A PRIZE IN ACCORDANCE WITH THIS SECTION, THE  
13 COMMISSION IS DISCHARGED OF ALL LIABILITY.

14 (C) A PRIZE WINNER MUST CLAIM A PRIZE WITHIN 182 DAYS AFTER THE  
15 PRIZE IS WON.

16 (D) THE COMMISSION SHALL KEEP AN UNCLAIMED PRIZE:

17 (1) FOR 182 DAYS AFTER THE PLAY OF THE ELECTRONIC GAMING  
18 DEVICES IN WHICH THE PRIZE IS WON, FOR PAYMENT OF THE WINNER; AND

19 (2) THEN IN AN UNCLAIMED PRIZE FUND FOR USE FOR OTHER PRIZES.

20 11-8A-16.

21 (A) A PERSON MAY NOT:

22 (1) OPERATE AN ELECTRONIC GAMING DEVICE IN ANY MANNER  
23 INCONSISTENT WITH THIS SUBTITLE OR THE REGULATIONS OF THE COMMISSION;

24 (2) ALLOW A MINOR TO PLAY AN ELECTRONIC GAMING DEVICE;

25 (3) KNOWINGLY PRESENT A COUNTERFEIT OR ALTERED ELECTRONIC  
26 GAMING DEVICE TICKET OR SHARE FOR PAYMENT;

27 (4) KNOWINGLY TRANSFER A COUNTERFEIT OR ALTERED ELECTRONIC  
28 GAMING DEVICE TICKET OR SHARE TO ANOTHER PERSON TO PRESENT FOR  
29 PAYMENT; OR

30 (5) TAMPER WITH AN ELECTRONIC GAMING DEVICE WITH THE INTENT  
31 TO INTERFERE WITH THE PROPER OPERATION OF THE DEVICE.

32 (B) A PERSON WHO VIOLATES ANY PROVISION OF SUBSECTION (A) OF THIS  
33 SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE  
34 NOT EXCEEDING \$2,500 OR IMPRISONMENT NOT EXCEEDING 3 YEARS OR BOTH.

13

1           **Article - State Government**

2 9-109.

3           (D) THE COMMISSION, IN CONJUNCTION WITH THE STATE RACING  
4 COMMISSION, SHALL CONDUCT REGULAR AUDITS AND INSPECTIONS OF THE  
5 ELECTRONIC GAMING OPERATIONS AUTHORIZED UNDER TITLE 11, SUBTITLE 8A OF  
6 THE BUSINESS REGULATION ARTICLE TO ENSURE THAT THE ELECTRONIC GAMING  
7 DEVICES ARE PROPERLY CALIBRATED AND TO PROTECT THE INTEREST OF THE  
8 STATE.

9           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 1996.