
By: Delegate Arnick

Introduced and read first time: February 28, 1996

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Racing Commission - Slot Machines at Racetracks**

3 FOR the purpose of authorizing the State Racing Commission to allow certain
4 thoroughbred racing licensees and harness racing licensees to offer slot machines
5 for public use at racetracks in the State; requiring that a person have a slot machine
6 license whenever the person offers slot machines for public use in the State;
7 establishing certain requirements that an applicant must meet to be issued a license;
8 authorizing the State Racing Commission to collect a certain licensee fee;
9 authorizing holders of a slot machine license to operate a certain maximum number
10 of slot machines; providing for the issuance, term, and renewal of licenses; requiring
11 the State Racing Commission to review the personal and financial background of
12 applicants for licenses; requiring the State Racing Commission to adopt certain
13 regulations; requiring that the payout from slot machines be within a certain range
14 on an annual basis; requiring a holder of a slot machine license to allocate certain
15 moneys in specified ways to certain persons; requiring that live racing be conducted
16 on a certain number of days at certain racetracks; authorizing the State Racing
17 Commission to require a slot machine supplier to meet certain requirements;
18 requiring the State Racing Commission to submit to the Governor and the General
19 Assembly certain reports; requiring the State Racing Commission to make certain
20 accounts to the Comptroller; providing for the payment of certain prizes;
21 prohibiting certain acts; providing certain penalties; defining certain terms;
22 providing for the application of this Act; and generally relating to the operation of
23 slot machines at racetracks.

24 BY repealing and reenacting, with amendments,
25 Article 27 - Crimes and Punishments
26 Section 264B I.
27 Annotated Code of Maryland
28 (1992 Replacement Volume and 1995 Supplement)

29 BY adding to
30 Article - Business Regulation
31 Section 11-8A-01 through 11-8A-19 to be under the new subtitle "Subtitle 8A. Slot
32 Machines"
33 Annotated Code of Maryland

2

1 (1992 Volume and 1995 Supplement)

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

4 **Article 27 - Crimes and Punishments**

5 264B.

6 Any machine, apparatus or device is a slot machine within the provisions of this
7 section if it is one that is adapted for use in such a way that, as a result of the insertion or
8 deposit therein, or placing with another person of any piece of money, coin, token or
9 other object, such machine, apparatus or device is caused to operate or may be operated,
10 and by reason of any element of chance or of other outcome of such operation
11 unpredictable by him, the user may receive or become entitled to receive any piece of
12 money, coin, token or other object representative of and convertible into money,
13 irrespective of whether the said machine, apparatus or device may, apart from any
14 element of chance or unpredictable outcome of such operation, also sell, deliver or
15 present some merchandise or money or other tangible thing of value.

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

20 **Article - Business Regulation**

21 SUBTITLE 8A. SLOT MACHINES.

22 11-8A-01.

23 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
24 INDICATED.

25 (B) (1) "SLOT MACHINE" MEANS A MACHINE IN WHICH CASH OR TOKENS
26 ARE DEPOSITED TO PLAY IN A GAME OF CHANCE IN WHICH THE RESULTS,
27 INCLUDING OPTIONS AVAILABLE TO THE PLAYER, ARE RANDOMLY AND
28 IMMEDIATELY DETERMINED BY THE MACHINE.

29 (2) "SLOT MACHINE" INCLUDES A MACHINE THAT:

30 (I) USES SPINNING REELS OR VIDEO DISPLAYS;

31 (II) DISPENSES CASH OR TOKENS DIRECTLY TO WINNING PLAYERS;

32 OR

33 (III) USES AN ELECTRONIC CREDIT SYSTEM THAT MAKES THE
34 DEPOSIT OF CASH OR TOKENS UNNECESSARY.

35 (C) "SLOT MACHINE LICENSE" MEANS A SLOT MACHINE LICENSE ISSUED BY
36 THE COMMISSION TO OFFER SLOT MACHINES FOR PUBLIC USE.

3

1 (D) "WIN" MEANS THE PART OF THE PROCEEDS FROM SLOT MACHINE GAMES
2 THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT IS OTHERWISE ALLOCATED
3 UNDER THIS SUBTITLE.

4 11-8A-02.

5 A PERSON MUST HAVE A SLOT MACHINE LICENSE ISSUED BY THE COMMISSION
6 WHENEVER THE PERSON OFFERS SLOT MACHINES FOR PUBLIC USE IN THE STATE.

7 11-8A-03.

8 TO QUALIFY FOR A SLOT MACHINE LICENSE, AN APPLICANT MUST BE A MILE
9 THOROUGHbred RACING LICENSEE OR HARNESS RACING LICENSEE.

10 11-8A-04.

11 (A) AN APPLICANT FOR A SLOT MACHINE LICENSE SHALL SUBMIT TO THE
12 EXECUTIVE DIRECTOR OF THE COMMISSION AN APPLICATION IN THE FORM THAT
13 THE COMMISSION REQUIRES AND ON OR BEFORE THE DAY THAT THE COMMISSION
14 SETS.

15 (B) THE COMMISSION SHALL REVIEW THE PERSONAL AND FINANCIAL
16 BACKGROUND OF ANY PERSON THAT IS TO BE RESPONSIBLE FOR THE DAILY
17 OPERATIONS OF SLOT MACHINE GAMING IN THE MANNER SIMILAR TO THE REVIEW
18 REQUIRED UNDER § 11-316 OF THIS TITLE.

19 11-8A-05.

20 THE COMMISSION SHALL ISSUE A SLOT MACHINE LICENSE TO EACH APPLICANT
21 WHO:

22 (1) MEETS THE REQUIREMENTS OF THIS SUBTITLE; AND

23 (2) PAYS A SLOT MACHINE LICENSE FEE THAT THE COMMISSION SETS.

24 11-8A-06.

25 (A) UNLESS A SLOT MACHINE LICENSE IS RENEWED AS PROVIDED IN THIS
26 SECTION, THE SLOT MACHINE LICENSE EXPIRES 5 YEARS AFTER THE EFFECTIVE
27 DATE OF THE SLOT MACHINE LICENSE.

28 (B) BEFORE A SLOT MACHINE LICENSE EXPIRES, THE HOLDER OF THE SLOT
29 MACHINE LICENSE MAY RENEW IT FOR AN ADDITIONAL 5-YEAR TERM, IF THE
30 HOLDER OTHERWISE IS ENTITLED TO BE A HOLDER OF A SLOT MACHINE LICENSE
31 AND PAYS TO THE COMMISSION A RENEWAL FEE THAT THE COMMISSION SETS.

32 11-8A-07.

33 A SLOT MACHINE LICENSE ENTITLES THE HOLDER OF THE SLOT MACHINE
34 LICENSE TO OPERATE A MAXIMUM OF 2,000 SLOT MACHINES FOR PUBLIC USE AT
35 EACH TRACK AT WHICH THE HOLDER CONDUCTS RACING.

36 11-8A-08.

37 (A) SUBJECT TO THE HEARING PROVISIONS OF §§ 11-309 AND 11-310 OF THIS
38 TITLE, THE COMMISSION MAY DENY A SLOT MACHINE LICENSE TO AN APPLICANT,

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1 REPRIMAND A HOLDER OF A SLOT MACHINE LICENSE, FINE, OR SUSPEND OR
2 REVOKE A SLOT MACHINE LICENSE IF THE APPLICANT OR HOLDER VIOLATES:

3 (1) THIS TITLE;

4 (2) A REGULATION ADOPTED UNDER THIS TITLE; OR

5 (3) A CONDITION THAT THE COMMISSION SETS.

6 (B) (1) THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000
7 FOR EACH DAY THAT THE HOLDER OF A SLOT MACHINE LICENSE IS IN VIOLATION
8 OF SUBSECTION (A) OF THIS SECTION.

9 (2) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER
10 PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER:

11 (I) THE SERIOUSNESS OF THE VIOLATION;

12 (II) THE HARM CAUSED BY THE VIOLATION; AND

13 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE
14 APPLICANT OR HOLDER OF THE SLOT MACHINE LICENSE.

15 11-8A-09.

16 THE COMMISSION SHALL ADOPT REGULATIONS THAT:

17 (1) SPECIFY THE VALUE OF CASH OR TOKENS NEEDED TO PLAY SLOT
18 MACHINES;

19 (2) SET STANDARDS FOR ADVERTISING, MARKETING, AND
20 PROMOTIONAL MATERIALS TO BE USED BY THE HOLDER OF A SLOT MACHINE
21 LICENSE;

22 (3) SET PROCEDURES FOR ACCOUNTING AND REPORTING OF
23 FINANCIAL INFORMATION OF THE HOLDER OF A SLOT MACHINE LICENSE;

24 (4) SPECIFY THE HOURS OF OPERATION OF SLOT MACHINES ON THE
25 TRACK USED BY THE HOLDER OF THE SLOT MACHINE LICENSE;

26 (5) SPECIFY THE ON-SITE SECURITY ARRANGEMENTS THAT MUST BE IN
27 PLACE FOR EACH SLOT MACHINE;

28 (6) LIST THE TYPES OF GAMES THAT MAY BE PLAYED ON A SLOT
29 MACHINE; AND

30 (7) REQUIRE THAT A RECORDING DEVICE KEEP A PERMANENT,
31 TAMPER-PROOF RECORD OF ALL CASH OR TOKENS INSERTED INTO EACH SLOT
32 MACHINE, ALL CREDITS PLAYED IN FREE SLOT MACHINE GAMES, ALL CREDITS WON
33 BY SLOT MACHINE PLAYERS THAT ARE REDEEMABLE IN CASH, AND ANY OTHER
34 INFORMATION THAT THE COMMISSION CONSIDERS NECESSARY.

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1 11-8A-10.

2 THE PAYOUT FROM SLOT MACHINE GAMES TO SUCCESSFUL PLAYERS SHALL
3 BE AT LEAST 87% BUT NOT MORE THAN 95% ON AN ANNUAL BASIS.

4 11-8A-11.

5 (A) FROM THE WIN THAT IS DEDUCTED FROM THE PROCEEDS OF SLOT
6 MACHINE GAMES, THE HOLDER OF THE SLOT MACHINE LICENSE SHALL ALLOCATE
7 30% TO BE DISTRIBUTED AS FOLLOWS:

8 (1) 15% TO THE GENERAL FUND OF THE STATE;

9 (2) 5% TO THE COUNTIES, OF WHICH 3% SHALL BE ALLOCATED TO THE
10 HOST COUNTY OR COUNTIES; AND

11 (3) 10% TO PURSES.

12 (B) FROM THE REMAINING BALANCE OF THE WIN THAT IS DEDUCTED FROM
13 THE PROCEEDS OF SLOT MACHINE GAMES AFTER THE ALLOCATIONS UNDER
14 SUBSECTION (A) OF THIS SECTION ARE MADE, THE HOLDER OF THE SLOT MACHINE
15 LICENSE SHALL USE AT LEAST 22% OF THE MONEY THAT IS KEPT TO OPERATE AND
16 IMPROVE THE BUILDINGS AND SERVICES OF THE FACILITIES AND FOR MARKETING
17 ACTIVITY FOR RACING, SO AS TO ENHANCE THE WELL-BEING OF THE RACING
18 INDUSTRY.

19 11-8A-12.

20 EACH TRACK AT WHICH SLOT MACHINES ARE ALLOWED TO BE MAINTAINED
21 SHALL CONDUCT LIVE RACING:

22 (1) ON AT LEAST 75% OF THE NUMBER OF DAYS THAT LIVE RACING WAS
23 CONDUCTED IN 1995; OR

24 (2) IN THE CASE OF A RELOCATION, ON THE NUMBER OF DAYS THAT
25 THE COMMISSION REQUIRES.

26 11-8A-13.

27 (A) THE COMMISSION MAY REQUIRE A SLOT MACHINE SUPPLIER TO POST AN
28 APPROPRIATE SURETY BOND, IRREVOCABLE LETTER OF CREDIT, OR CASH
29 SECURITY DEPOSIT IN THE AMOUNT SET BY THE COMMISSION BY REGULATION.

30 (B) INSTEAD OF A SURETY BOND, IRREVOCABLE LETTER OF CREDIT, OR
31 CASH SECURITY DEPOSIT, THE COMMISSION MAY PROVIDE A BLANKET BOND
32 COVERING ALL OR SELECTED SLOT MACHINE SUPPLIES IN ACCORDANCE WITH THE
33 AVAILABILITY OF BONDS AND THE FINANCIAL STATUS OF AN INDIVIDUAL OR A
34 CORPORATION.

35 11-8A-14.

36 A SLOT MACHINE SUPPLIER SHALL SUBMIT TO THE COMMISSION:

37 (1) A LIST OF ALL EQUIPMENT AND SUPPLIES OFFERED FOR SALE OR
38 LEASE IN CONNECTION WITH SLOT MACHINES UNDER THIS SUBTITLE; AND

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1 (2) AN INVENTORY OF ITS EQUIPMENT AND SUPPLIES FOR SALE OR
2 LEASE IN CONNECTION WITH SLOT MACHINES UNDER THIS SUBTITLE.

3 11-8A-15.

4 (A) THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND, SUBJECT TO §
5 2-1312 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY THE
6 REPORTS REQUIRED UNDER THIS SECTION.

7 (B) THE COMMISSION SHALL SUBMIT:

8 (1) A MONTHLY REPORT THAT STATES THE TOTAL SLOT MACHINE
9 REVENUES AND THE TOTAL PRIZE DISBURSEMENTS AND OTHER EXPENSES FOR
10 THE PRECEDING MONTH; AND

11 (2) AN ANNUAL REPORT THAT STATES THE TOTAL SLOT MACHINE
12 REVENUES AND THE TOTAL PRIZE DISBURSEMENTS AND OTHER EXPENSES FOR
13 THE PRECEDING YEAR.

14 (C) THE COMMISSION SHALL SUBMIT A REPORT WHENEVER A MATTER
15 REQUIRES AN IMMEDIATE CHANGE IN A STATE LAW TO:

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

18 (2) RECTIFY AN UNDESIRABLE CONDITION IN THE OPERATION OR
19 ADMINISTRATION OF SLOT MACHINES.

20 11-8A-16.

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

23 (B) THE COMPTROLLER SHALL CREDIT THE REVENUES TO THE GENERAL
24 FUND OF THE STATE.

25 (C) A SYSTEM OF VOUCHER DEPOSITS MAY BE USED FOR THE PAYOUT OF
26 PRIZES AND REIMBURSEMENT FOR MONEY PAID OUT FOR PRIZES.

27 11-8A-17.

28 (A) (1) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (2) OF THIS
29 SUBSECTION, § 10-113.1 OF THE FAMILY LAW ARTICLE, AND ARTICLE 27, § 640B OF
30 THE CODE, A PRIZE WON UNDER THIS SUBTITLE IS NOT ASSIGNABLE.

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

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

35 (C) A PRIZE WINNER SHALL CLAIM A PRIZE WITHIN 182 DAYS AFTER THE
36 PRIZE IS WON.

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

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1 (1) FOR 182 DAYS AFTER THE PLAY OF THE SLOT MACHINE IN WHICH
2 THE PRIZE IS WON, FOR PAYMENT OF THE WINNER; AND

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

4 11-8A-18.

5 A SLOT MACHINE MAY NOT BE PLAYED BY AND A PRIZE MAY NOT BE GIVEN
6 TO:

7 (1) AN OFFICER OR EMPLOYEE OF THE COMMISSION; OR

8 (2) AN INDIVIDUAL WHO IS A SPOUSE, CHILD, PARENT, OR SIBLING OF
9 AN OFFICER OF EMPLOYEE OF THE COMMISSION AND WHO RESIDES IN THE
10 PRINCIPAL RESIDENCE OF THE OFFICER OR EMPLOYEE.

11 11-8A-19.

12 (A) A PERSON MAY NOT:

13 (1) OPERATE A SLOT MACHINE IN ANY MANNER OTHER THAN THE
14 MANNER THAT THE REGULATIONS OF THE COMMISSION SET;

15 (2) ALLOW A MINOR TO PLAY A SLOT MACHINE;

16 (3) KNOWINGLY PRESENT A COUNTERFEIT OR ALTERED SLOT
17 MACHINE TICKET OR SHARE FOR PAYMENT;

18 (4) KNOWINGLY TRANSFER A COUNTERFEIT OR ALTERED SLOT
19 MACHINE TICKET OR SHARE TO ANOTHER PERSON TO PRESENT FOR PAYMENT;

20 (5) RENT A SLOT MACHINE UNLESS THE PERSON HAS RECEIVED
21 APPROVAL FROM THE COMMISSION FOR THE RENTAL; OR

22 (6) TAMPER WITH A SLOT MACHINE WITH THE INTENT TO INTERFERE
23 WITH THE PROPER OPERATION OF THE MACHINE.

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

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 1996.