
By: Delegates C. Davis and Bonsack

Introduced and read first time: January 31, 1997

Assigned to: Ways and Means

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 all electronic
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

2

1 (1996 Replacement Volume)

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 1996 Supplement)

7 BY adding to

8 Article - Business Regulation

9 Section 11-806; and 11-8A-01 through 11-8A-18 to be under the new subtitle

10 "Subtitle 8A. Electronic Gaming"

11 Annotated Code of Maryland

12 (1992 Volume and 1996 Supplement)

13 BY adding to

14 Article - State Government

15 Section 9-109(d)

16 Annotated Code of Maryland

17 (1995 Replacement Volume and 1996 Supplement)

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 facility, as well as the opening of an electronic gaming facility in
9 West Virginia adjacent to Frederick County, will have a substantial negative impact on
10 Maryland's historic racing industry and the related economy of this State; and

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

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

18 **Article 27 - Crimes and Punishments**

19 264B.

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

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

34 **Article - Business Regulation**

35 11-101.

36 (o) "Racing" includes:

37 (1) harness racing;

38 (2) mile thoroughbred racing;

39 (3) special thoroughbred racing;

4

1 (4) steeplechase or hurdle racing;

2 (5) flat racing; [and]

3 (6) quarter horse racing; AND

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

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

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

9 11-806.

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

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

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

20 SUBTITLE 8A. ELECTRONIC GAMING.

21 11-8A-01.

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

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

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

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

37 (E) "LOCAL GOVERNING BODY" MEANS:

5

1 (1) THE GOVERNING BODY OF THE COUNTY IN WHICH A SATELLITE
2 SIMULCAST FACILITY IS LOCATED; OR

3 (2) IF THE SATELLITE SIMULCAST FACILITY IS LOCATED IN A
4 MUNICIPAL CORPORATION, THE GOVERNING BODY OF THE MUNICIPAL
5 CORPORATION.

6 (F) "RESORT COMPLEX" MEANS A HOTEL, ENTERTAINMENT, AND RETAIL
7 COMPLEX BUILT IN CONNECTION WITH A SATELLITE SIMULCAST FACILITY.

8 (G) "SATELLITE SIMULCAST APPLICANT" MEANS A HOLDER OF OR AN
9 APPLICANT FOR A PERMIT TO CONDUCT SATELLITE SIMULCAST BETTING.

10 (H) "TRACK APPLICANT" MEANS:

11 (1) A MILE THOROUGHBRED RACING LICENSEE IN ANNE ARUNDEL
12 COUNTY;

13 (2) A MILE THOROUGHBRED RACING LICENSEE IN BALTIMORE CITY;
14 AND

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

16 (I) "WIN" MEANS THE PART OF THE PROCEEDS FROM ELECTRONIC GAMING
17 THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT IS OTHERWISE ALLOCATED
18 UNDER THIS SUBTITLE.

19 11-8A-02.

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

23 11-8A-03.

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

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

30 (2) A LICENSE TO CONDUCT ELECTRONIC GAMING MAY BE ISSUED TO A
31 SATELLITE SIMULCAST FACILITY ONLY IN THE FOLLOWING JURISDICTIONS:

32 (I) ALLEGANY COUNTY;

33 (II) BALTIMORE CITY;

34 (III) CECIL COUNTY; OR

35 (IV) DORCHESTER COUNTY.

6

1 (3) THE COMMISSION MAY NOT ISSUE MORE THAN FOUR LICENSES TO
2 CONDUCT ELECTRONIC GAMING TO SATELLITE SIMULCAST APPLICANTS THAT MEET
3 THE REQUIREMENTS OF THIS SUBTITLE.

4 (C) A LICENSE ISSUED TO A SATELLITE SIMULCAST APPLICANT TO CONDUCT
5 ELECTRONIC GAMING SHALL REMAIN IN FORCE AS LONG AS THE ELECTRONIC
6 GAMING LICENSEE ALLOWS BETTING ON ALL RACES OFFERED FOR BETTING BY THE
7 MARYLAND TRACKS WITH WHICH THE ELECTRONIC GAMING LICENSEE HAS AN
8 AGREEMENT AND THE ELECTRONIC GAMING LICENSEE COMPLIES WITH ALL
9 CONDITIONS AND REQUIREMENTS SET BY THE COMMISSION.

10 (D) (1) A LICENSE TO CONDUCT ELECTRONIC GAMING ALLOWS THE
11 HOLDER TO OPERATE:

12 (I) FOR A MILE THOROUGHBRED RACING LICENSEE IN ANNE
13 ARUNDEL COUNTY -- 2,500 ELECTRONIC GAMING DEVICES;

14 (II) FOR A MILE THOROUGHBRED RACING LICENSEE IN
15 BALTIMORE CITY -- 2,500 ELECTRONIC GAMING DEVICES;

16 (III) FOR A HARNESS RACING LICENSEE IN PRINCE GEORGE'S
17 COUNTY -- 2,500 ELECTRONIC GAMING DEVICES; AND

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

20 (2) A TOTAL OF NOT MORE THAN 10,000 DEVICES MAY BE ISSUED TO ALL
21 SATELLITE SIMULCAST FACILITY LICENSEES.

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

25 11-8A-04.

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

29 (B) THE JURISDICTION OF THE COMMISSION UNDER THIS SECTION
30 INCLUDES:

31 (1) REVIEW OF MARKETING ACTIVITIES, PROMOTIONS, GIVEAWAYS,
32 PLAYER CLUBS, AND PRIZES;

33 (2) ESTABLISHMENT OF THE HOURS OF OPERATION FOR ELECTRONIC
34 GAMING; AND

35 (3) RESTRICTION OR PROHIBITION ON THE USE OF FREE MEALS OR
36 FREE ALCOHOLIC BEVERAGES AS INDUCEMENTS TO PARTICIPATE IN ELECTRONIC
37 GAMING.

7

1 11-8A-05.

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

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

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

12 11-8A-06.

13 A LICENSE TO CONDUCT ELECTRONIC GAMING THAT IS ISSUED TO A MILE
14 THOROUGHBRED LICENSEE OR A HARNESS RACING LICENSEE SHALL REMAIN IN
15 FORCE AS LONG AS THE LICENSEE MAINTAINS LIVE RACING AT ITS FACILITY AT A
16 LEVEL THAT IS THE SAME AS THE LEVEL OF LIVE RACING AT THE FACILITY IN 1996
17 OR OTHER LEVEL THAT IS AGREED TO BY THE ELECTRONIC GAMING LICENSEE, THE
18 GROUP THAT REPRESENTS A MAJORITY OF THE APPLICABLE OWNERS AND
19 TRAINERS LICENSED IN THE STATE, AND THE GROUP THAT REPRESENTS A
20 MAJORITY OF THE APPLICABLE BREEDERS IN THE STATE.

21 11-8A-07.

22 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE
23 COMMISSION MAY NOT ISSUE A LICENSE TO CONDUCT ELECTRONIC GAMING TO A
24 SATELLITE SIMULCAST APPLICANT UNLESS THE APPLICABLE GOVERNING BODY HAS
25 AUTHORIZED, BY LOCAL ORDINANCE, THE CONDUCT OF ELECTRONIC GAMING AT
26 SATELLITE SIMULCAST FACILITIES LOCATED WITHIN ITS JURISDICTION.

27 (2) THE APPLICABLE GOVERNING BODY MAY CONDUCT A
28 REFERENDUM OF THE VOTERS OF THE COUNTY OR MUNICIPAL CORPORATION, IN
29 LIEU OF PASSING A LOCAL ORDINANCE TO CONDUCT ELECTRONIC GAMING AT A
30 SATELLITE SIMULCAST FACILITY.

31 (B) (1) THE COMMISSION MAY NOT ISSUE A LICENSE TO CONDUCT
32 ELECTRONIC GAMING TO A SATELLITE SIMULCAST APPLICANT UNLESS THE
33 APPLICANT HAS COMPLETED, OR HAS PLANNED AND MADE COMMITMENTS,
34 SATISFACTORY TO THE COMMISSION AND THE APPLICABLE LOCAL GOVERNING
35 BODY FOR CONSTRUCTION OF A RESORT COMPLEX DESIGNED WITH INPUT FROM
36 LOCAL PLANNING OFFICIALS AND IN CONJUNCTION WITH LOCAL ECONOMIC
37 DEVELOPMENT PLANS.

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

41 (3) THE APPLICANT SHALL CERTIFY TO THE COMMISSION THAT THE
42 SATELLITE SIMULCAST FACILITY AND THE RESORT COMPLEX WILL GENERATE A

8

1 MINIMUM OF 1,000 NEW JOBS CONNECTED WITH THE CONSTRUCTION,
2 MAINTENANCE, OR OPERATION OF THE RESORT COMPLEX.

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

8 (D) (1) THE COMMISSION MAY NOT ISSUE A LICENSE TO CONDUCT
9 ELECTRONIC GAMING TO A SATELLITE SIMULCAST APPLICANT UNLESS THE
10 COMMISSION DETERMINES THAT THE ISSUANCE OF THE LICENSE IS IN THE BEST
11 INTEREST OF RACING IN THE STATE.

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

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

16 (II) WHEN WEIGHING COMPETING PROPOSALS FOR AN
17 ELECTRONIC GAMING LICENSE, SHALL GIVE SUBSTANTIAL WEIGHT TO THE
18 PROPOSAL THAT THE COMMISSION DETERMINES WILL LIKELY PROVIDE THE
19 LARGEST INCREASE IN PARI-MUTUEL BETTING ON RACING CONDUCTED IN THE
20 STATE.

21 11-8A-08.

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

24 (B) ELECTRONIC GAMING IS ALLOWED ONLY IN ACCORDANCE WITH THIS
25 SUBTITLE.

26 11-8A-09.

27 (A) ALL ELECTRONIC GAMING LICENSEES SHALL BE REVIEWED
28 PERIODICALLY BY THE COMMISSION TO DETERMINE COMPLIANCE WITH THIS
29 SUBTITLE AND COMMISSION REGULATIONS.

30 (B) THE COMMISSION MAY REPRIMAND AN ELECTRONIC GAMING LICENSEE
31 OR SUSPEND OR REVOKE A LICENSE TO CONDUCT ELECTRONIC GAMING IF THE
32 ELECTRONIC GAMING LICENSEE VIOLATES:

33 (1) ANY PROVISION OF THIS SUBTITLE;

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

35 (3) A CONDITION THAT THE COMMISSION SETS.

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

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

5 11-8A-10.

6 (A) FROM THE WIN FROM ELECTRONIC GAMING DEVICES LOCATED AT A
7 MARYLAND RACETRACK, AN ELECTRONIC GAMING LICENSEE SHALL PAY TO THE
8 STATE A TAX IN AN AMOUNT EQUAL TO THE SUM OF THE FOLLOWING AMOUNTS
9 COMPUTED ON A MONTHLY BASIS:

10 (1) 18% OF THE FIRST \$100 OF THE ELECTRONIC GAMING LICENSEE'S
11 AVERAGE DAILY WIN PER MACHINE;

12 (2) 24% OF THE NEXT \$100, IF ANY, OF THE ELECTRONIC GAMING
13 LICENSEE'S AVERAGE DAILY WIN PER MACHINE;

14 (3) 30% OF THE NEXT \$100, IF ANY, OF THE ELECTRONIC GAMING
15 LICENSEE'S AVERAGE DAILY WIN PER MACHINE; AND

16 (4) 36% OF THE ELECTRONIC GAMING LICENSEE'S AVERAGE DAILY WIN
17 PER MACHINE THAT EXCEEDS \$300, IF ANY.

18 (B) THE TAX COLLECTED IN SUBSECTION (A) OF THIS SECTION SHALL BE
19 ALLOCATED AS FOLLOWS:

20 (1) 60% TO THE GENERAL FUND OF THE STATE;

21 (2) 11% TO BALTIMORE CITY;

22 (3) 11% TO PRINCE GEORGE'S COUNTY;

23 (4) 8.5% TO ANNE ARUNDEL COUNTY;

24 (5) 1.5% TO HOWARD COUNTY;

25 (6) 1.0% TO THE CITY OF LAUREL;

26 (7) 5% FOR THE 508 FUND FOR CAPITAL COSTS FOR VOLUNTEER FIRE
27 DEPARTMENTS;

28 (8) 1.5% FOR THE AGRICULTURAL LAND PRESERVATION FUND UNDER §
29 2-505 OF THE AGRICULTURE ARTICLE; AND

30 (9) 0.5% FOR THE MARYLAND STATE FAIR AND AGRICULTURAL
31 SOCIETY, INC., AS A GRANT FOR THE PURPOSES SPECIFIED IN § 11-403(B)(1) OF THIS
32 ARTICLE.

33 (C) (1) THERE IS A PURSE DEDICATION ACCOUNT IN THE DEPARTMENT.

34 (2) THE ACCOUNT SHALL RECEIVE MONEYS FROM ELECTRONIC
35 GAMING LICENSEES AS REQUIRED UNDER SUBSECTION (D) OF THIS SECTION.

10

1 (3) MONEYS IN THE ACCOUNT SHALL BE INVESTED AND REINVESTED
2 BY THE TREASURER AND INTEREST AND EARNINGS SHALL ACCRUE TO THE
3 ACCOUNT.

4 (4) EXPENDITURES FROM THE ACCOUNT SHALL ONLY BE MADE AS
5 PROVIDED UNDER SUBSECTION (F) OF THIS SECTION.

6 (D) IN ADDITION TO THE STATE TAX REQUIRED IN SUBSECTION (A) OF THIS
7 SECTION, AN ELECTRONIC GAMING LICENSEE SHALL PAY FROM THE WIN FROM
8 ELECTRONIC GAMING AN ADDITIONAL STATE TAX TO THE PURSE DEDICATION
9 ACCOUNT IN AN AMOUNT EQUAL TO THE SUM OF THE FOLLOWING AMOUNTS
10 COMPUTED ON A MONTHLY BASIS:

11 (1) 12% OF THE FIRST \$100 OF THE ELECTRONIC GAMING LICENSEE'S
12 AVERAGE DAILY WIN PER MACHINE;

13 (2) 16% OF THE NEXT \$100, IF ANY, OF THE ELECTRONIC GAMING
14 LICENSEE'S AVERAGE DAILY WIN PER MACHINE;

15 (3) 20% OF THE NEXT \$100, IF ANY, OF THE ELECTRONIC GAMING
16 LICENSEE'S AVERAGE DAILY WIN PER MACHINE; AND

17 (4) 24% OF THE ELECTRONIC GAMING LICENSEE'S AVERAGE DAILY WIN
18 PER MACHINE THAT EXCEEDS \$300, IF ANY.

19 (E) (1) UNLESS ALL ELECTRONIC GAMING LICENSEES MUTUALLY AGREE
20 OTHERWISE:

21 (I) FOLLOWING THE PAYMENT OF TAXES DUE UNDER
22 SUBSECTIONS (A) AND (D) OF THIS SECTION, ALL LICENSEES SHALL ALLOCATE THE
23 WIN FROM ELECTRONIC GAMING AT EACH FACILITY TO A COMMON POOL AND
24 FROM THE COMMON POOL A PRO RATA SHARE SHALL BE ALLOCATED TO EACH
25 ELECTRONIC GAMING LICENSEE BASED ON THE NUMBER OF ELECTRONIC GAMING
26 DEVICES OPERATED BY THE LICENSEE COMPARED TO THE TOTAL NUMBER OF
27 ELECTRONIC GAMING DEVICES OPERATED BY ALL ELECTRONIC GAMING
28 LICENSEES DURING THE APPLICABLE PERIOD; AND

29 (II) FOR ALL PURPOSES UNDER THIS SUBTITLE, INCLUDING THE
30 CALCULATION OF TAXES DUE UNDER SUBSECTIONS (A) AND (D) OF THIS SECTION,
31 THE WIN FROM ELECTRONIC GAMING OF EACH ELECTRONIC GAMING LICENSEE
32 SHALL BE THAT LICENSEE'S SHARE OF THE COMMON POOL AS PROVIDED IN
33 SUBPARAGRAPH (I) OF THIS PARAGRAPH.

34 (2) THE POOLING AND ALLOCATION OF WIN UNDER PARAGRAPH (1) OF
35 THIS SUBSECTION SHALL BE MADE AT THE TIME THE TAXES ARE PAYABLE BY THE
36 ELECTRONIC GAMING LICENSEES.

37 (F) FUNDS CREDITED TO THE PURSE DEDICATION ACCOUNT UNDER
38 SUBSECTIONS (D) AND (H)(3) OF THIS SECTION SHALL BE ALLOCATED BY THE
39 COMMISSION AND PAID FROM THE PURSE DEDICATION ACCOUNT IN THE
40 FOLLOWING MANNER:

41 (1) 59.34% TO MILE THOROUGHBRED PURSES;

11

1 (2) 7.33% TO THE MARYLAND-BRED RACE FUND;

2 (3) 29.67% TO STANDARDBRED PURSES; AND

3 (4) 3.66% TO THE STANDARDBRED RACE FUND.

4 (G) NOTWITHSTANDING ANY OTHER PROVISION OF THIS TITLE, THE
5 ORGANIZATION REPRESENTING A MAJORITY OF THE THOROUGHBRED BREEDERS
6 LICENSED IN THE STATE MAY USE UP TO 5% OF THE MONEY ALLOCATED TO THE
7 MARYLAND-BRED RACE FUND UNDER SUBSECTION (E)(2) OF THIS SECTION FOR
8 ACTIVITIES RELATED TO THE MARKETING, PROMOTION, AND ENHANCEMENT OF
9 THE THOROUGHBRED RACING AND BREEDING INDUSTRY IN THE STATE.

10 (H) ALL ELECTRONIC GAMING LICENSEES SHALL USE AT LEAST 20% OF THE
11 WIN THAT IS RETAINED BY THEM AFTER PAYMENT OF THE ALLOCATIONS IN
12 SUBSECTIONS (A) AND (D) OF THIS SECTION FOR EXPENDITURES RELATED TO
13 IMPROVING THE FACILITIES AND SERVICES OF THE TRACKS, INCLUDING CAPITAL
14 IMPROVEMENTS, AND TO INCREASE MARKETING ACTIVITY FOR RACING, SO AS TO
15 PROMOTE INCREASED ATTENDANCE AND PARI-MUTUEL BETTING AND ENHANCED
16 WELL-BEING OF THE RACING INDUSTRY.

17 (I) SUBJECT TO THE REQUIREMENTS OF § 11-8A-18 OF THIS SUBTITLE, EACH
18 OF THE LOCAL JURISDICTIONS THAT RECEIVES FUNDS IN ACCORDANCE WITH THE
19 PROVISIONS OF SUBSECTION (B)(1) OF THIS SECTION SHALL USE AT LEAST 10% OF
20 THE JURISDICTION'S FUNDS FOR INFRASTRUCTURE, SERVICES, FACILITIES,
21 REDEVELOPMENT, AND OTHER IMPROVEMENTS IN THE FOLLOWING LOCATIONS
22 SURROUNDING EACH TRACK WHERE ELECTRONIC GAMING IS CONDUCTED:

23 (1) FOR LAUREL RACE COURSE, THE AREAS WITHIN EACH OF THE
24 APPLICABLE JURISDICTIONS WITHIN 1.5 MILES OF THE FACILITY;

25 (2) FOR PIMLICO RACE COURSE, WITHIN 0.5 MILES OF THE FACILITY;
26 AND

27 (3) FOR ROSECROFT RACEWAY, WITHIN 0.5 MILES OF THE FACILITY.

28 (J) ALL ELECTRONIC GAMING LICENSEES SHALL ALLOCATE 0.25% OF THE
29 WIN THAT IS RETAINED BY THEM AFTER PAYMENT OF THE ALLOCATIONS IN
30 SUBSECTIONS (A) AND (D) OF THIS SECTION:

31 (1) FOR A MILE THOROUGHBRED RACING LICENSEE, TO THE
32 MARYLAND RACE TRACK EMPLOYEES PENSION FUND; OR

33 (2) FOR A HARNESS RACING LICENSEE, TO THE MARYLAND HARNESS
34 TRACK EMPLOYEES PENSION FUND.

35 11-8A-11.

36 FROM THE WIN FROM ELECTRONIC GAMING DEVICES, AN ELECTRONIC
37 GAMING LICENSEE OPERATING AT A SATELLITE SIMULCAST FACILITY SHALL PAY
38 TO THE STATE A TAX OF 24.57% TO BE DISTRIBUTED AS FOLLOWS:

12

1 (1) 18% TO FIRST PAY ALL COSTS INCURRED BY THE STATE FOR THE
2 REGULATION OF ELECTRONIC GAMING UNDER THIS SUBTITLE, WITH THE
3 REMAINDER DEPOSITED INTO THE GENERAL FUND;

4 (2) 2% TO THE LOCAL GOVERNING BODY WHERE THE SATELLITE
5 SIMULCAST FACILITY WITH ELECTRONIC GAMING IS LOCATED; AND

6 (3) 4.57% TO THE PURSE DEDICATION ACCOUNT.

7 11-8A-12.

8 (A) TO THE EXTENT A PART OF THE REGULATORY AND OVERSIGHT
9 FUNCTIONS OVER THE CONDUCT OF ELECTRONIC GAMING HAS BEEN DELEGATED
10 IN THIS SUBTITLE OR BY THE COMMISSION TO THE STATE LOTTERY AGENCY, ALL
11 REGULATORY AND INVESTIGATIVE POWERS OF THE COMMISSION SHALL ACCRUE
12 TO THE STATE LOTTERY AGENCY.

13 (B) THE STATE LOTTERY AGENCY SHALL BE RESPONSIBLE, AND MAY
14 CONTRACT WITH A QUALIFIED INDEPENDENT LABORATORY, FOR THE TESTING OF
15 ELECTRONIC GAMING DEVICES AND RELATED EQUIPMENT ON A PERIODIC BASIS TO
16 ENSURE THAT THE DEVICES AND EQUIPMENT COMPLY WITH THE REQUIREMENTS
17 OF THIS SUBTITLE AND ANY OTHER APPLICABLE RULES AND REGULATIONS.

18 (C) (1) THE STATE LOTTERY AGENCY SHALL CONTRACT WITH A
19 QUALIFIED VENDOR FOR THE PROVISION OF AUDITING AND ACCOUNTING
20 SERVICES FOR THE ELECTRONIC GAMING DEVICES LOCATED AT EACH TRACK
21 THROUGH THE USE OF A CENTRALIZED COMPUTER.

22 (2) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE
23 MONITORING MECHANISM ESTABLISHED BY THE STATE LOTTERY AGENCY BE
24 SUFFICIENT TO MONITOR EACH DEVICE OPERATING IN THE STATE ON A REAL TIME
25 BASIS.

26 (D) THE STATE LOTTERY AGENCY SHALL ESTABLISH AN ELECTRONIC
27 PAYMENT SYSTEM FOR THE PAYMENT BY ELECTRONIC GAMING LICENSEES OF THE
28 AMOUNTS REQUIRED UNDER § 11-8A-09(A) AND (C) OF THIS SUBTITLE.

29 (E) THE STATE LOTTERY AGENCY MAY ADOPT REGULATIONS TO CARRY OUT
30 ITS DUTIES UNDER THIS SUBTITLE.

31 11-8A-13.

32 (A) THE COMMISSION SHALL LICENSE ELECTRONIC GAMING DEVICE
33 SUPPLIERS.

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

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

13

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

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

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

8 11-8A-14.

9 (A) THE COMMISSION, IN CONJUNCTION WITH THE STATE LOTTERY AGENCY,
10 SHALL SUBMIT TO THE GOVERNOR AND, SUBJECT TO § 2-1312 OF THE STATE
11 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY THE REPORTS REQUIRED
12 UNDER THIS SECTION.

13 (B) THE COMMISSION SHALL SUBMIT:

14 (1) ON OR BEFORE THE 15TH DAY OF EACH MONTH, A MONTHLY
15 REPORT THAT STATES THE TOTAL ELECTRONIC GAMING REVENUES AND THE
16 TOTAL PRIZE DISBURSEMENTS AND OTHER EXPENSES FOR THE PRECEDING MONTH;
17 AND

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

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

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

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

27 11-8A-15.

28 (A) THE STATE LOTTERY AGENCY, IN CONJUNCTION WITH THE COMMISSION,
29 SHALL ACCOUNT TO THE COMPTROLLER FOR ALL OF THE REVENUE UNDER THIS
30 SUBTITLE.

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

33 11-8A-16.

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

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

14

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

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

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

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

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

9 11-8A-17.

10 (A) A PERSON MAY NOT:

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

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

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

16 (4) KNOWINGLY TRANSFER A COUNTERFEIT OR ALTERED ELECTRONIC
17 GAMING DEVICE TICKET OR SHARE TO ANOTHER PERSON TO PRESENT FOR
18 PAYMENT; OR

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

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

24 11-8A-18.

25 (A) EACH LOCAL JURISDICTION THAT RECEIVES FUNDS UNDER § 11-8A-10(B)
26 OF THIS SUBTITLE SHALL ESTABLISH BY LOCAL ORDINANCE A COMMUNITY
27 BENEFITS BOARD COMPRISED OF RESIDENTS WITHIN THE RESPECTIVE
28 COMMUNITIES DESIGNATED UNDER § 11-8A-10(I) OF THIS SUBTITLE.

29 (B) (1) IN ADDITION TO ANY OTHER RESPONSIBILITIES, DUTIES, AND
30 POWERS GRANTED TO EACH BOARD PURSUANT TO LOCAL ENABLING ORDINANCE,
31 EACH BOARD SHALL REVIEW THE PROJECTS PLANNED BY THE JURISDICTION THAT
32 ARE FUNDED BY THE ALLOCATIONS MADE IN § 11-8A-10(B) OF THIS SUBTITLE.

33 (2) EACH BOARD MAY ALSO RECOMMEND COMMUNITY
34 REDEVELOPMENT PROJECTS FOR THE AREA WITHIN THE JURISDICTION OF THE
35 BOARD AND, ON APPLICATION, MAY RECEIVE FUNDS FOR CARRYING OUT THE
36 PROJECTS UNDER GUIDELINES ESTABLISHED BY THE RESPECTIVE LOCAL
37 GOVERNING BODY.

15

1 **Article - State Government**

2 9-109.

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

9 SECTION 2. AND BE IT FURTHER ENACTED, That, before an electronic
10 gaming license is issued to a track applicant or to an applicant for a satellite simulcast
11 facility with electronic gaming devices, the applicant shall submit the following to the
12 Maryland Racing Commission, and provide copies to the local governing body and
13 affected community groups:

14 (1) an impact study analyzing the parking, traffic, security, operating hours and
15 conditions, and other similar aspects of the applicant's electronic gaming proposal;

16 (2) a plan demonstrating the availability of adequate on-site parking or public
17 transportation for electronic gaming patrons; and

18 (3) a plan providing for the security of the electronic gaming devices, the facility
19 in which electronic gaming will occur, and the site and its surrounding communities.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 1997.