
By: Delegates C. Davis, C. Mitchell, Howard, and Bonsack

Introduced and read first time: February 26, 1997

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, harness racing licensees, to offer slot machines for
5 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 certain licensee fees;
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 specific 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 (1996 Replacement Volume)

29 BY adding to

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

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1 (1992 Volume and 1996 Supplement)

2 Preamble

3 WHEREAS, Beginning with the founding of the Maryland Jockey Club in 1743,
4 Maryland's horse industry has been part of the cultural and historical fabric of the State;
5 and

6 WHEREAS, Standardbred racing a shorter but proud history in this State and
7 provides considerable supplemental income to small farmers; and

8 WHEREAS, Maryland's horse industry reaches across the State affecting farm
9 owners, breeders, horsemen and track personnel from the Eastern Shore to Western
10 Maryland; and

11 WHEREAS, The over 900 horse farms in Maryland that encompass a span of
12 more than 200,000 acres provide employment for many Marylanders, preserve green open
13 spaces, and positively impact on land values; and

14 WHEREAS, The industry employs approximately 20,000 people and generates
15 approximately \$1 billion annually in economic activity for the State, more than any other
16 professional sport in the State; and

17 WHEREAS, The General Assembly finds and declares that the Maryland horse
18 industry is vulnerable to a decline; and

19 WHEREAS, The competition from other states for quality racehorses and the
20 betting dollar has increased as a result of mechanisms aimed at increasing purse
21 structures; and

22 WHEREAS, The General Assembly finds and declares that this Act is necessary
23 to preserve, restore, and revitalize the horse racing and breeding industries and preserve
24 in Maryland the economic impact associated with these industries; and

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

27 WHEREAS, Increased funding for improvements to capital facilities at the
28 racetracks in the State will enhance the appeal of the sport and increased attendance will
29 support industry growth; now, therefore,

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

32 **Article 27 - Crimes and Punishments**

33 264B.

34 Any machine, apparatus or device is a slot machine within the provisions of this
35 section if it is one that is adapted for use in such a way that, as a result of the insertion or
36 deposit therein, or placing with another person of any piece of money, coin, token or
37 other object, such machine, apparatus or device is caused to operate or may be operated,
38 and by reason of any element of chance or of other outcome of such operation

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1 unpredictable by him, the user may receive or become entitled to receive any piece of
2 money, coin, token or other object representative of and convertible into money,
3 irrespective of whether the said machine, apparatus or device may, apart from any
4 element of chance or unpredictable outcome of such operation, also sell, deliver or
5 present some merchandise or money or other tangible thing of value.

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

10 **Article - Business Regulation**

11 SUBTITLE 8A. SLOT MACHINES.

12 11-8A-01.

13 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
14 INDICATED.

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

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

20 (I) USES SPINNING REELS OR VIDEO DISPLAYS;

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

22 OR

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

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

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

30 11-8A-02.

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

33 11-8A-03.

34 (A) TO QUALIFY FOR A SLOT MACHINE LICENSE, AN APPLICANT MUST BE:

35 (1) A MILE THOROUGHBRED RACING LICENSEE; OR

36 (2) A HARNESS RACING LICENSEE; OR

4

1 (B) ONLY ONE SLOT MACHINE LICENSE MAY BE ISSUED UNDER SUBSECTION
2 (A)(3) OF THIS SECTION IN A COUNTY.

3 11-8A-04.

4 (A) AN APPLICANT FOR A SLOT MACHINE LICENSE SHALL SUBMIT TO THE
5 EXECUTIVE DIRECTOR OF THE COMMISSION AN APPLICATION IN THE FORM THAT
6 THE COMMISSION RECOMMENDS AND ON OR BEFORE THE DAY THAT THE
7 COMMISSION SETS.

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

12 11-8A-05.

13 THE COMMISSION SHALL ISSUE A SLOT MACHINE LICENSE TO EACH APPLICANT
14 WHO:

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

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

17 11-8A-06.

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

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

25 11-8A-07.

26 A SLOT MACHINE LICENSE ENTITLES THE HOLDER OF THE SLOT MACHINE
27 LICENSE TO OPERATE A MAXIMUM OF 2,000 SLOT MACHINES FOR PUBLIC USE AT
28 EACH LOCATION FOR WHICH THE SLOT MACHINE LICENSE IS ISSUED.

29 11-8A-08.

30 (A) SUBJECT TO THE HEARING PROVISIONS OF §§ 11-309 AND 11-310 OF THIS
31 TITLE, THE COMMISSION MAY DENY A SLOT MACHINE LICENSE TO AN APPLICANT,
32 REPRIMAND OR FINE A HOLDER OF A SLOT MACHINE LICENSE, OR SUSPEND OR
33 REVOKE A SLOT MACHINE LICENSE IF THE APPLICANT OR HOLDER VIOLATES:

34 (1) THIS TITLE;

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

36 (3) A CONDITION THAT THE COMMISSION SETS.

5

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

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

6 (I) THE SERIOUSNESS OF THE VIOLATION;

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

8 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE
9 APPLICANT OR HOLDER OF THE SLOT MACHINE LICENSE.

10 11-8A-09.

11 THE COMMISSION SHALL ADOPT REGULATIONS THAT:

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

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

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

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

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

23 (6) SPECIFY THE TYPES OF GAMES THAT MAY BE PLAYED ON A SLOT
24 MACHINE; AND

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

30 11-8A-10.

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

33 11-8A-11.

34 (A) FROM THE WIN THAT IS DEDUCTED FROM THE PROCEEDS OF SLOT
35 MACHINE GAMES, THE HOLDER OF THE SLOT MACHINE LICENSE SHALL ALLOCATE
36 30% TO BE DISTRIBUTED AS FOLLOWS:

37 (1) 10% TO THE GENERAL FUND OF THE STATE;

6

1 (2) 10% TO THE COUNTIES FOR THE USE OF PUBLIC EDUCATION
2 PROGRAMS, OF WHICH 5% SHALL BE ALLOCATED TO EACH HOST COUNTY IN WHICH
3 THE SLOT MACHINE WAGERING TOOK PLACE; AND

4 (3) 10% TO PURSES FOR THE RACES CONDUCTED AT THE TRACK AT
5 WHICH THE SLOT MACHINE WAGERING TOOK PLACE OR, FOR WAGERING AT
6 FACILITIES AUTHORIZED UNDER § 11-8A-03(A)(3) OF THIS SUBTITLE, AS AGREED
7 UPON BY THE PARTIES WHO MUST AGREE UPON INTERTRACK WAGERING UNDER
8 SUBTITLE 8 OF THIS TITLE.

9 (B) FROM THE REMAINING BALANCE AFTER THE ALLOCATIONS UNDER
10 SUBSECTION (A) OF THIS SECTION ARE MADE, A SLOT MACHINE LICENSEE THAT IS
11 ALSO A RACE TRACK LICENSED UNDER THIS ARTICLE SHALL USE AT LEAST 22% OF
12 THE MONEY THAT IS KEPT TO CONSTRUCT, OPERATE, AND IMPROVE THE
13 BUILDINGS AND SERVICES OF THE FACILITIES AND FOR THE MARKETING ACTIVITY
14 FOR RACING, SO AS TO ENHANCE THE WELL-BEING OF THE RACING INDUSTRY.

15 11-8A-12.

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

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

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

22 11-8A-13.

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

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

31 11-8A-14.

32 A SLOT MACHINE SUPPLIER SHALL SUBMIT TO THE COMMISSION:

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

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

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1 11-8A-15.

2 (A) THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND, SUBJECT TO §
3 2-1312 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY, THE
4 REPORTS REQUIRED UNDER THIS SECTION.

5 (B) THE COMMISSION SHALL SUBMIT:

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

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

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

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

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

18 11-8A-16.

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

21 (B) THE COMPTROLLER SHALL CREDIT THE REVENUES TO THE GENERAL
22 FUND OF THE STATE.

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

25 11-8A-17.

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

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

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

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

35 (D) THE COMMISSION SHALL KEEP UNCLAIMED PRIZES:

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

8

1 (2) THEREAFTER IN AN UNCLAIMED PRIZE FUND FOR USE FOR OTHER
2 PRIZES.

3 11-8A-18.

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

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

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

10 11-8A-19.

11 (A) A PERSON MAY NOT:

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

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

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

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

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

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

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

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 1997.