
By: **Delegate C. Davis**

Introduced and read first time: February 20, 1998

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Lottery Commission - Video Lottery Terminals at Racetracks**

3 FOR the purpose of authorizing the State Lottery Commission to allow certain
4 thoroughbred racing licensees and harness racing licensees to offer video lottery
5 terminals for public use at racetracks in the State; requiring that a person have
6 a video lottery facility license whenever the person offers video lottery terminals
7 for public use in the State; establishing certain requirements that an applicant
8 must meet to receive and maintain a license; authorizing the State Lottery
9 Commission to collect certain licensee fees; authorizing holders of a video lottery
10 facility license to operate a certain maximum number of video lottery terminals;
11 providing for the issuance, term, and renewal of licenses; providing for penalty
12 provisions; requiring the State Lottery Commission to adopt certain regulations;
13 requiring the State Lottery Commission to take certain actions; requiring that
14 the payout from video lottery terminals be within a certain range on an annual
15 basis; establishing the distribution of proceeds; requiring that live racing be
16 conducted on a certain number of days at certain racetracks; requiring the State
17 Lottery Commission to submit to the Governor and the General Assembly
18 certain reports; requiring the State Lottery Commission to make certain
19 accounts to the Comptroller; providing for the payment of certain prizes;
20 prohibiting certain acts; providing certain penalties; defining certain terms;
21 providing for the application of this Act; and generally relating to the operation
22 of video lottery terminals at racetracks.

23 BY repealing and reenacting, with amendments,
24 Article 27 - Crimes and Punishments
25 Section 264B I.
26 Annotated Code of Maryland
27 (1996 Replacement Volume and 1997 Supplement)

28 BY adding to
29 Article - State Government
30 Section 9-8A-01 through 9-8A-15, inclusive, to be under the new subtitle
31 "Subtitle 8A. Video Lottery Terminals"
32 Annotated Code of Maryland

1 (1995 Replacement Volume and 1997 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
8 insertion or deposit therein, or placing with another person of any piece of money,
9 coin, token or other object, such machine, apparatus or device is caused to operate or
10 may be operated, and by reason of any element of chance or of other outcome of such
11 operation unpredictable by him, the user may receive or become entitled to receive
12 any piece of money, coin, token or other object representative of and convertible into
13 money, irrespective of whether the said machine, apparatus or device may, apart from
14 any 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,
18 lessor, lessee, licensor, licensee, or otherwise, except as provided in paragraphs II, VI,
19 and VII of this section OR TITLE 9, SUBTITLE 8A OF THE STATE GOVERNMENT
20 ARTICLE.

21 **Article - State Government**

22 **SUBTITLE 8A. VIDEO LOTTERY TERMINALS.**

23 9-8A-01.

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

26 (B) "APPLICANT" MEANS A PERSON WHO APPLIES FOR ANY LICENSE
27 REQUIRED UNDER THIS SUBTITLE.

28 (C) "ASSOCIATED EQUIPMENT" MEANS HARDWARE LOCATED ON THE
29 LICENSEE'S PREMISES THAT IS CONNECTED TO THE VIDEO LOTTERY SYSTEM FOR
30 THE PURPOSE OF PERFORMING COMMUNICATION, VALIDATION, OR OTHER
31 FUNCTIONS, BUT NOT INCLUDING THE COMMUNICATION FACILITIES OF A
32 REGULATED UTILITY OR THE VIDEO LOTTERY TERMINALS.

33 (D) "CENTRAL COMPUTER" MEANS A CENTRAL SITE COMPUTER PROVIDED TO
34 AND CONTROLLED BY THE COMMISSION TO WHICH VIDEO LOTTERY TERMINALS
35 COMMUNICATE FOR PURPOSES OF:

36 (1) INFORMATION RETRIEVAL; AND

- 1 (2) PROGRAMS TO ACTIVATE AND DISABLE VIDEO LOTTERY TERMINALS.
- 2 (E) "COMMISSION" MEANS THE STATE LOTTERY COMMISSION.
- 3 (F) "CONTROL" MEANS THE AUTHORITY TO DIRECT THE MANAGEMENT AND
4 POLICIES OF AN APPLICANT OR LICENSEE.
- 5 (G) "COSTS" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE
6 EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS
7 SUBTITLE, INCLUDING THE TESTING AND EXAMINATION OF VIDEO LOTTERY
8 TERMINALS AND THE PERFORMANCE OF BACKGROUND INVESTIGATIONS AND
9 OTHER RELATED ACTIVITIES.
- 10 (H) "FAMILY" MEANS A SPOUSE, PARENT, GRANDPARENT, CHILD,
11 GRANDCHILD, SIBLING, UNCLE, AUNT, NEPHEW, NIECE, FATHER-IN-LAW,
12 MOTHER-IN-LAW, DAUGHTER-IN-LAW, SON-IN-LAW, BROTHER-IN-LAW, OR
13 SISTER-IN-LAW, BY WHOLE BLOOD, HALF BLOOD, MARRIAGE, ADOPTION, OR
14 NATURAL RELATIONSHIP.
- 15 (I) (1) "LICENSEE" MEANS AN APPLICANT WHO HAS BEEN ISSUED A VIDEO
16 LOTTERY FACILITY LICENSE.
- 17 (2) "LICENSEE" INCLUDES, UNLESS THE CONTEXT OTHERWISE
18 REQUIRES, AN APPLICANT WHO HAS BEEN ISSUED ANY LICENSE REQUIRED UNDER
19 THIS SUBTITLE.
- 20 (J) "MANUFACTURER" MEANS A PERSON WHO:
- 21 (1) HOLDS A LICENSE ISSUED BY THE COMMISSION TO ENGAGE IN THE
22 BUSINESS OF DESIGNING, BUILDING, CONSTRUCTING, ASSEMBLING,
23 MANUFACTURING, OR DISTRIBUTING A PRODUCT THAT IS A CENTRAL COMPUTER,
24 VIDEO LOTTERY TERMINAL, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER
25 COMPONENTS OF VIDEO LOTTERY TERMINALS, THE RANDOM NUMBER GENERATOR
26 OF VIDEO LOTTERY TERMINALS, OR THE CABINET IN WHICH A VIDEO LOTTERY
27 TERMINAL IS HOUSED; AND
- 28 (2) CONTRACTS WITH THE LICENSEE OR THE COMMISSION FOR THE
29 SALE, LEASE, OR OTHER ASSIGNMENT OF THE PRODUCT.
- 30 (K) "OWN" MEANS HAVING A BENEFICIAL OR PROPRIETARY INTEREST, OF AT
31 LEAST A CERTAIN PERCENTAGE ESTABLISHED BY THE COMMISSION, IN THE
32 PROPERTY OR BUSINESS OF AN APPLICANT OR LICENSEE.
- 33 (L) "PLAYER" MEANS A PERSON WHO PLAYS A VIDEO LOTTERY TERMINAL AT A
34 VIDEO LOTTERY FACILITY LICENSED BY THE COMMISSION.
- 35 (M) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH
36 VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT
37 IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.

1 (N) "VIDEO LOTTERY" MEANS GAMING OR BETTING CONDUCTED USING A
2 VIDEO LOTTERY TERMINAL.

3 (O) "VIDEO LOTTERY EMPLOYEE" MEANS AN EMPLOYEE, OF A PERSON WHO
4 HOLDS A VIDEO LOTTERY FACILITY LICENSE, WHO PARTICIPATES IN THE VIDEO
5 LOTTERY OPERATIONS.

6 (P) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY ELECTRONIC
7 CONTRIVANCE, MACHINE, OR OTHER DEVICE THAT, ON INSERTION OF A COIN,
8 TOKEN, OR SIMILAR OBJECT OR ON PAYMENT OF ANY CONSIDERATION, IS
9 AVAILABLE TO PLAY OR OPERATE, THE PLAY OR OPERATION OF WHICH, WHETHER
10 BY REASON OF THE SKILL OF THE OPERATOR OR APPLICATION OF THE ELEMENT OF
11 CHANCE, OR BOTH, MAY DELIVER OR ENTITLE THE PLAYER WHO OPERATES THE
12 DEVICE TO RECEIVE CASH, PREMIUMS, MERCHANDISE, TOKENS, OR ANYTHING OF
13 VALUE, WHETHER THE PAYOUT IS MADE AUTOMATICALLY FROM THE DEVICE OR IN
14 ANY OTHER MANNER.

15 (2) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED
16 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER ARTICLE 27, §
17 264B OF THE CODE.

18 9-8A-02.

19 (A) (1) A PERSON SHALL HAVE A VIDEO LOTTERY FACILITY LICENSE ISSUED
20 BY THE COMMISSION WHENEVER THE PERSON OFFERS A VIDEO LOTTERY TERMINAL
21 FOR PUBLIC USE IN THE STATE.

22 (2) TO QUALIFY FOR A VIDEO LOTTERY FACILITY LICENSE, AN
23 APPLICANT SHALL BE:

24 (I) A MILE THOROUGHBRED RACING LICENSEE LOCATED AT A
25 TRACK THAT CONDUCTED LIVE RACING DURING CALENDAR 1997; OR

26 (II) A HARNESS RACING LICENSEE LOCATED AT A TRACK THAT
27 CONDUCTED LIVE RACING DURING CALENDAR 1997.

28 (B) (1) AN APPLICANT FOR A VIDEO LOTTERY FACILITY LICENSE SHALL
29 SUBMIT TO THE EXECUTIVE DIRECTOR OF THE COMMISSION AN APPLICATION IN
30 THE FORM THAT THE COMMISSION RECOMMENDS AND ON OR BEFORE THE DAY
31 THAT THE COMMISSION SETS.

32 (2) AN APPLICANT OR LICENSEE SHALL CONSENT TO INSPECTIONS,
33 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBSECTION OR REGULATIONS
34 ISSUED UNDER THIS SUBSECTION.

35 (3) (I) AN APPLICANT OR LICENSEE SHALL HAVE THE CONTINUING
36 DUTY TO:

37 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY
38 THE COMMISSION; AND

1 (IX) THE NAMES OF PERSONS OTHER THAN DIRECTORS AND
2 OFFICERS WHO OCCUPY POSITIONS SPECIFIED BY THE COMMISSION OR WHOSE
3 COMPENSATION EXCEEDS AN AMOUNT DETERMINED BY THE COMMISSION;

4 (X) THE NAMES OF PERSONS WHO OWN OR CONTROL THE
5 CORPORATION;

6 (XI) A DESCRIPTION OF ALL BONUS AND PROFIT SHARING
7 ARRANGEMENTS;

8 (XII) COPIES OF MANAGEMENT AND SERVICE CONTRACTS; AND

9 (XIII) A LISTING OF STOCK OPTIONS.

10 9-8A-03.

11 THE COMMISSION SHALL ISSUE A VIDEO LOTTERY FACILITY LICENSE TO EACH
12 APPLICANT WHO:

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

14 (2) PAYS A VIDEO LOTTERY FACILITY LICENSE FEE THAT THE
15 COMMISSION SETS.

16 9-8A-04.

17 (A) UNLESS A VIDEO LOTTERY FACILITY LICENSE IS RENEWED AS PROVIDED
18 IN THIS SECTION, THE VIDEO LOTTERY FACILITY LICENSE EXPIRES 5 YEARS AFTER
19 THE EFFECTIVE DATE OF THE VIDEO LOTTERY FACILITY LICENSE.

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

25 9-8A-05.

26 A VIDEO LOTTERY FACILITY LICENSE ENTITLES THE HOLDER OF THE VIDEO
27 LOTTERY FACILITY LICENSE TO OPERATE A MAXIMUM OF 2,000 VIDEO LOTTERY
28 TERMINALS FOR PUBLIC USE AT EACH LOCATION FOR WHICH THE VIDEO LOTTERY
29 FACILITY LICENSE IS ISSUED.

30 9-8A-06.

31 (A) SUBJECT TO THE HEARING PROVISIONS OF TITLE 10, SUBTITLE 2 OF THIS
32 ARTICLE, THE COMMISSION MAY DENY A VIDEO LOTTERY FACILITY LICENSE TO AN
33 APPLICANT, REPRIMAND OR FINE A HOLDER OF A VIDEO LOTTERY FACILITY
34 LICENSE, OR SUSPEND OR REVOKE A VIDEO LOTTERY FACILITY LICENSE IF THE
35 APPLICANT OR HOLDER VIOLATES:

1 (1) THIS SUBTITLE;

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

3 (3) A CONDITION THAT THE COMMISSION SETS.

4 (B) (1) THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000
5 FOR EACH DAY THAT THE HOLDER OF A VIDEO LOTTERY FACILITY LICENSE IS IN
6 VIOLATION UNDER SUBSECTION (A) OF THIS SECTION.

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

9 (I) THE SERIOUSNESS OF THE VIOLATION;

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

11 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE APPLICANT
12 OR HOLDER OF THE VIDEO LOTTERY FACILITY LICENSE.

13 9-8A-07.

14 (A) THE COMMISSION SHALL ADOPT REGULATIONS THAT INCLUDE THE
15 FOLLOWING SPECIFIC PROVISIONS IN ACCORDANCE WITH THIS SUBTITLE:

16 (1) ISSUE REGULATIONS AS IN ITS JUDGMENT MAY BE NECESSARY TO
17 FULFILL THE POLICIES OF THIS SUBTITLE;

18 (2) ESTABLISH A LICENSING SYSTEM FOR VIDEO LOTTERY EMPLOYEES;

19 (3) ESTABLISH AND COLLECT APPLICATION, LICENSE, AND OTHER FEES
20 TO COVER THE COSTS OF ADMINISTERING THIS SUBTITLE;

21 (4) APPLY APPLICATION, LICENSE, AND OTHER FEES TO COVER THE
22 COSTS OF ADMINISTERING THIS SUBTITLE;

23 (5) CERTIFY REVENUE FROM THE VIDEO LOTTERY TERMINALS,
24 RECEIVE COMPLAINTS FROM THE PUBLIC, AND CONDUCT ANY OTHER
25 INVESTIGATION INTO THE OPERATION OF THE VIDEO LOTTERY TERMINALS AND THE
26 MAINTENANCE OF THE VIDEO LOTTERY TERMINALS AND ASSOCIATED EQUIPMENT
27 AS THE COMMISSION MAY DEEM NECESSARY AND PROPER;

28 (6) REVIEW AND RULE ON ANY COMPLAINT BY A LICENSEE REGARDING
29 ANY INVESTIGATIVE PROCEDURES OF THE COMMISSION THAT ARE UNNECESSARILY
30 DISRUPTIVE OF VIDEO LOTTERY OPERATIONS;

31 (7) DEFINE AND LIMIT THE AREAS OF OPERATION FOR VIDEO LOTTERY
32 TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO LOTTERY
33 TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY TERMINALS;

1 (8) REGULATE THE PRACTICE AND PROCEDURES FOR NEGOTIABLE
2 TRANSACTIONS INVOLVING PLAYERS, INCLUDING LIMITATIONS ON THE
3 CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE TRANSACTIONS, AND THE
4 ESTABLISHMENT OF FORMS AND PROCEDURES FOR NEGOTIABLE INSTRUMENT
5 TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

6 (9) SET THE GROUNDS AND PROCEDURES FOR REPRIMANDS OR THE
7 REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER THIS SUBTITLE;

8 (10) GOVERN THE MANUFACTURE, DISTRIBUTION, SALE, AND SERVICING
9 OF VIDEO LOTTERY TERMINALS;

10 (11) REQUIRE PROCEDURES, FORMS, AND METHODS OF MANAGEMENT
11 CONTROLS;

12 (12) PROVIDE FOR MINIMUM UNIFORM STANDARDS OF ACCOUNTANCY
13 METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ASSURE CONSISTENCY,
14 COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL INFORMATION,
15 INCLUDING PERCENTAGES OF PROFIT FOR VIDEO LOTTERY TERMINALS;

16 (13) REQUIRE PERIODIC FINANCIAL REPORTS AND THE FORM OF THE
17 REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC
18 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER
19 THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE
20 MAINTAINED BY THE VIDEO LOTTERY FACILITY LICENSEE AS REQUIRED BY THIS
21 SUBTITLE, THE REGULATIONS THAT SHALL BE ISSUED UNDER THIS SUBTITLE, AND
22 ANY STATUTE ENACTED IN ACCORDANCE WITH THIS SUBTITLE;

23 (14) PROHIBIT A LICENSEE FROM ALLOWING A MINOR TO PLAY A VIDEO
24 LOTTERY TERMINAL; AND

25 (15) ESTABLISH PAYOUT PERCENTAGE FOR VIDEO LOTTERY TERMINALS
26 OF NOT LESS THAN 83% ON AN AVERAGE ANNUAL BASIS.

27 (B) (1) THE COMMISSION SHALL PROMPTLY AND IN REASONABLE ORDER
28 INVESTIGATE ALL APPLICATIONS AND ENFORCE THIS SUBTITLE, REGULATIONS
29 ISSUED UNDER THIS SUBTITLE, AND ANY STATUTE ENACTED IN ACCORDANCE WITH
30 THIS SUBTITLE.

31 (2) WITHOUT NOTICE AND WITHOUT WARRANT, THE COMMISSION AND
32 ITS EMPLOYEES AND AGENTS MAY:

33 (I) INSPECT AND EXAMINE ALL PREMISES IN WHICH VIDEO
34 LOTTERY OPERATIONS UNDER THIS SUBTITLE ARE CONDUCTED OR ANY
35 AUTHORIZED VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, OR CENTRAL
36 COMPUTER ARE DESIGNED, BUILT, CONSTRUCTED, ASSEMBLED, MANUFACTURED,
37 SOLD, DISTRIBUTED, OR SERVICED, OR IN WHICH RECORDS OF THOSE ACTIVITIES
38 ARE PREPARED OR MAINTAINED;

1 (II) INSPECT ANY VIDEO LOTTERY TERMINALS, ASSOCIATED
2 EQUIPMENT, OR CENTRAL COMPUTER IN, ABOUT, ON, OR AROUND THOSE PREMISES;

3 (III) SEIZE SUMMARILY AND REMOVE FROM THOSE PREMISES AND
4 IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO LOTTERY TERMINALS,
5 ASSOCIATED EQUIPMENT, OR CENTRAL COMPUTER FOR THE PURPOSES OF
6 EXAMINATION AND INSPECTION;

7 (IV) INSPECT, EXAMINE, AND AUDIT BOOKS, RECORDS, AND
8 DOCUMENTS CONCERNING A LICENSEE'S VIDEO LOTTERY OPERATIONS; AND

9 (V) SEIZE, IMPOUND, OR ASSUME PHYSICAL CONTROL OF BOOKS,
10 RECORDS, LEDGERS, CASH BOXES AND THEIR CONTENTS, A COUNTING ROOM OR ITS
11 EQUIPMENT, OR OTHER PHYSICAL OBJECTS RELATING TO VIDEO LOTTERY
12 OPERATIONS.

13 9-8A-08.

14 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE
15 CONTROL OF THE COMMISSION AND SHALL BE DISTRIBUTED AS PROVIDED IN THIS
16 SECTION.

17 (B) FROM THE PROCEEDS FROM VIDEO LOTTERY TERMINALS, THE
18 COMMISSION SHALL INITIALLY PAY, BASED ON A SCHEDULE DETERMINED BY THE
19 COMMISSION:

20 (1) THE COSTS TO LEASE, OR THE CAPITALIZED COST TO PURCHASE,
21 THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL
22 COMPUTER; AND

23 (2) THE COSTS TO REPAIR AND MAINTAIN THE VIDEO LOTTERY
24 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT
25 THESE COSTS ARE NOT INCLUDED IN THE COSTS OF LEASING OR PURCHASING THE
26 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER.

27 (C) FROM THE PROCEEDS FROM THE VIDEO LOTTERY TERMINALS AFTER THE
28 DEDUCTIONS FROM THE PROCEEDS OF THE AMOUNTS DESCRIBED UNDER
29 SUBSECTION (B) OF THIS SECTION, THE COMMISSION SHALL PAY, BASED ON A
30 SCHEDULE DETERMINED BY THE COMMISSION:

31 (1) AS APPROVED BY THE COMMISSION, AN AMOUNT NOT TO EXCEED
32 42% OF THE REMAINDER OF THE PROCEEDS FOR THE OPERATING COSTS AND
33 RELATED CAPITAL COSTS OF, AND A REASONABLE RETURN FOR, THE VIDEO LOTTERY
34 FACILITY LICENSEE;

35 (2) 11% TO INCREASE PURSES TO BE ALLOCATED AS FOLLOWS:

36 (I) 70% TO PURSES AT THE MILE THOROUGHbred RACING TRACKS
37 AND TIMONIUM; AND

- 1 (II) 30% TO PURSES AT HARNESS RACING TRACKS;
- 2 (3) 3% TO INCREASE THE BRED FUNDS TO BE ALLOCATED AS FOLLOWS:
- 3 (I) 70% TO THE MARYLAND-BRED RACE FUND; AND
- 4 (II) 30% TO THE STANDARD BRED RACE FUND;
- 5 (4) 30% TO THE STATE GENERAL FUND; AND
- 6 (5) 15% DIVIDED EQUALLY AMONG THE LOCAL SUBDIVISIONS IN WHICH
- 7 THE VIDEO LOTTERY FACILITIES ARE LOCATED.

8 9-8A-9.

9 EACH TRACK AT WHICH VIDEO LOTTERY TERMINALS ARE ALLOWED TO BE

10 MAINTAINED SHALL CONDUCT LIVE RACING ON AT LEAST AS MANY DAYS AS WERE

11 CONDUCTED IN CALENDAR 1997.

12 9-8A-10.

13 (A) EACH VIDEO LOTTERY TERMINAL DEVICE, ASSOCIATED EQUIPMENT, AND

14 THE CENTRAL COMPUTER SHALL BE:

15 (1) OWNED OR LEASED BY THE COMMISSION; AND

16 (2) UNDER THE CONTROL OF THE COMMISSION.

17 (B) (1) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER'S

18 LICENSE ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A

19 LICENSEE OR THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO

20 LOTTERY TERMINAL, ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR

21 SERVICES THAT DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY

22 TERMINALS.

23 (2) EACH MANUFACTURER AND EACH PERSON WHO OWNS OR

24 CONTROLS THE MANUFACTURER, MANAGEMENT AND SUPERVISORY PERSONNEL,

25 AND OTHER PRINCIPAL EMPLOYEES SHALL QUALIFY UNDER STANDARDS THAT THE

26 COMMISSION DETERMINES.

27 (3) THE COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF A

28 LICENSING REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A

29 MANUFACTURER'S LICENSE.

30 (4) A MANUFACTURER OF VIDEO LOTTERY TERMINALS, ASSOCIATED

31 EQUIPMENT, OR CENTRAL COMPUTER SHALL MANUFACTURE OR DISTRIBUTE THE

32 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER

33 THAT MEET SPECIFICATIONS AND PROCEDURES CONTAINED IN REGULATIONS THAT

34 THE COMMISSION SHALL ADOPT.

1 (C) (1) THE COMMISSION SHALL CONTRACT WITH ONE OR MORE LICENSED
2 MANUFACTURERS FOR THE LEASE OR PURCHASE OF THE VIDEO LOTTERY
3 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER AUTHORIZED
4 UNDER THIS SUBTITLE.

5 (2) THE COMMISSION SHALL COMPLY WITH THE REQUIREMENTS OF
6 THE STATE FINANCE AND PROCUREMENT ARTICLE, INCLUDING REQUIREMENTS FOR
7 COMPETITIVE BIDS FOR PROCUREMENT CONTRACTS.

8 9-8A-11.

9 (A) THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND, SUBJECT TO §
10 2-1246 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY, THE REPORTS REQUIRED
11 UNDER THIS SECTION.

12 (B) THE COMMISSION SHALL SUBMIT:

13 (1) A MONTHLY REPORT THAT STATES THE PROCEEDS FROM VIDEO
14 LOTTERY TERMINALS AND THE TOTAL PRIZE DISBURSEMENTS, TOTAL COSTS, AND
15 OTHER EXPENSES FOR THE PRECEDING MONTH; AND

16 (2) AN ANNUAL REPORT THAT STATES THE TOTAL PROCEEDS FROM
17 VIDEO LOTTERY TERMINALS AND THE TOTAL PRIZE DISBURSEMENTS, TOTAL COSTS,
18 AND OTHER EXPENSES FOR THE PRECEDING YEAR.

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

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

23 (2) RECTIFY AN UNDESIRABLE CONDITION IN THE OPERATION OR
24 ADMINISTRATION OF VIDEO LOTTERY TERMINALS.

25 9-8A-12.

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

28 (B) THE COMPTROLLER SHALL CREDIT THE REVENUES TO THE GENERAL
29 FUND OF THE STATE.

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

32 9-8A-13.

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

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

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

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

7 (D) THE COMMISSION SHALL KEEP UNCLAIMED PRIZES:

8 (1) FOR 182 DAYS AFTER THE PLAY OF THE VIDEO LOTTERY TERMINAL
9 IN WHICH THE PRIZE IS WON, FOR PAYMENT OF THE WINNER; AND

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

12 9-8A-14.

13 A VIDEO LOTTERY TERMINAL MAY NOT BE PLAYED BY AND A PRIZE MAY NOT BE
14 GIVEN TO:

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

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

19 9-8A-15.

20 (A) A PERSON MAY NOT:

21 (1) OPERATE A VIDEO LOTTERY TERMINAL IN ANY MANNER OTHER
22 THAN THE MANNER THAT THE REGULATIONS OF THE COMMISSION SET;

23 (2) ALLOW A MINOR TO PLAY A VIDEO LOTTERY TERMINAL;

24 (3) KNOWINGLY PRESENT A COUNTERFEIT OR ALTERED VIDEO
25 LOTTERY TERMINAL TICKET OR SHARE FOR PAYMENT;

26 (4) KNOWINGLY TRANSFER A COUNTERFEIT OR ALTERED VIDEO
27 LOTTERY TERMINAL OR SHARE TO ANOTHER PERSON TO PRESENT FOR PAYMENT; OR

28 (5) TAMPER WITH A VIDEO LOTTERY TERMINAL WITH THE INTENT TO
29 INTERFERE WITH THE PROPER OPERATION OF THE MACHINE.

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 1998.