
By: **Delegate C. Davis**

Introduced and read first time: February 12, 1999

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Lottery Commission - Video Lottery Terminals**

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

26 BY repealing and reenacting, with amendments,
27 Article 27 - Crimes and Punishments
28 Section 264B I.
29 Annotated Code of Maryland
30 (1996 Replacement Volume and 1998 Supplement)

31 BY adding to
32 Article - State Government

1 Section 9-8A-01 through 9-8A-14, inclusive, to be under the new subtitle
2 "Subtitle 8A. Video Lottery Terminals"
3 Annotated Code of Maryland
4 (1995 Replacement Volume and 1998 Supplement)

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

7 **Article 27 - Crimes and Punishments**

8 264B.

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

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

24 **Article - State Government**

25 SUBTITLE 8A. VIDEO LOTTERY TERMINALS.

26 9-8A-01.

27 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
28 INDICATED.

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

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

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

4 (1) INFORMATION RETRIEVAL; AND

5 (2) PROGRAMS TO ACTIVATE AND DISABLE VIDEO LOTTERY TERMINALS.

6 (E) "COMMISSION" MEANS THE STATE LOTTERY COMMISSION.

7 (F) "CONTROL" MEANS THE AUTHORITY TO DIRECT THE MANAGEMENT AND
8 POLICIES OF AN APPLICANT OR LICENSEE.

9 (G) "COSTS" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE
10 EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS
11 SUBTITLE, INCLUDING THE TESTING AND EXAMINATION OF VIDEO LOTTERY
12 TERMINALS AND THE PERFORMANCE OF BACKGROUND INVESTIGATIONS AND
13 OTHER RELATED ACTIVITIES.

14 (H) "COUNTY" INCLUDES BALTIMORE CITY.

15 (I) (1) "EASTERN SHORE OF MARYLAND" MEANS CAROLINE, CECIL,
16 DORCHESTER, KENT, QUEEN ANNE'S, SOMERSET, TALBOT, AND WICOMICO COUNTIES.

17 (2) "EASTERN SHORE OF MARYLAND" DOES NOT INCLUDE WORCESTER
18 COUNTY.

19 (J) "FAMILY" MEANS A SPOUSE, PARENT, GRANDPARENT, CHILD,
20 GRANDCHILD, SIBLING, UNCLE, AUNT, NEPHEW, NIECE, FATHER-IN-LAW,
21 MOTHER-IN-LAW, DAUGHTER-IN-LAW, SON-IN-LAW, BROTHER-IN-LAW, OR
22 SISTER-IN-LAW, BY WHOLE BLOOD, HALF BLOOD, MARRIAGE, ADOPTION, OR
23 NATURAL RELATIONSHIP.

24 (K) (1) "LICENSEE" MEANS AN APPLICANT WHO HAS BEEN ISSUED A VIDEO
25 LOTTERY FACILITY LICENSE.

26 (2) "LICENSEE" INCLUDES, UNLESS THE CONTEXT OTHERWISE
27 REQUIRES, AN APPLICANT WHO HAS BEEN ISSUED ANY LICENSE REQUIRED UNDER
28 THIS SUBTITLE.

29 (L) "MANUFACTURER" MEANS A PERSON WHO:

30 (1) HOLDS A LICENSE ISSUED BY THE COMMISSION TO ENGAGE IN THE
31 BUSINESS OF DESIGNING, BUILDING, CONSTRUCTING, ASSEMBLING,
32 MANUFACTURING, OR DISTRIBUTING A PRODUCT THAT IS A CENTRAL COMPUTER,
33 VIDEO LOTTERY TERMINAL, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER
34 COMPONENTS OF VIDEO LOTTERY TERMINALS, THE RANDOM NUMBER GENERATOR
35 OF VIDEO LOTTERY TERMINALS, OR THE CABINET IN WHICH A VIDEO LOTTERY
36 TERMINAL IS HOUSED; AND

1 (2) CONTRACTS WITH THE LICENSEE OR THE COMMISSION FOR THE
2 SALE, LEASE, OR OTHER ASSIGNMENT OF THE PRODUCT.

3 (M) "OWN" MEANS HAVING A BENEFICIAL OR PROPRIETARY INTEREST, OF AT
4 LEAST A CERTAIN PERCENTAGE ESTABLISHED BY THE COMMISSION, IN THE
5 PROPERTY OR BUSINESS OF AN APPLICANT OR LICENSEE.

6 (N) "PLAYER" MEANS A PERSON WHO PLAYS A VIDEO LOTTERY TERMINAL AT A
7 VIDEO LOTTERY FACILITY LICENSED BY THE COMMISSION.

8 (O) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY BET THROUGH
9 VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO SUCCESSFUL PLAYERS BUT
10 IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.

11 (P) "SATELLITE SIMULCAST FACILITY" MEANS A FACILITY AUTHORIZED BY
12 THE STATE RACING COMMISSION TO CONDUCT SATELLITE SIMULCAST BETTING AT A
13 LOCATION OTHER THAN A TRACK.

14 (Q) "VIDEO LOTTERY" MEANS GAMING OR BETTING CONDUCTED USING A
15 VIDEO LOTTERY TERMINAL.

16 (R) "VIDEO LOTTERY EMPLOYEE" MEANS AN EMPLOYEE, OF A PERSON WHO
17 HOLDS A VIDEO LOTTERY FACILITY LICENSE, WHO PARTICIPATES IN THE VIDEO
18 LOTTERY OPERATIONS.

19 (S) "VIDEO LOTTERY SERVICE TECHNICIAN" MEANS A PERSON WHO IS
20 LICENSED BY THE COMMISSION TO PERFORM SERVICE, MAINTENANCE, OR REPAIRS
21 ON LICENSED VIDEO LOTTERY TERMINALS.

22 (T) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY ELECTRONIC
23 CONTRIVANCE, MACHINE, OR OTHER DEVICE THAT, ON INSERTION OF A COIN,
24 TOKEN, OR SIMILAR OBJECT OR ON PAYMENT OF ANY CONSIDERATION, IS
25 AVAILABLE TO PLAY OR OPERATE, THE PLAY OR OPERATION OF WHICH, WHETHER
26 BY REASON OF THE SKILL OF THE OPERATOR OR APPLICATION OF THE ELEMENT OF
27 CHANCE, OR BOTH, MAY DELIVER OR ENTITLE THE PLAYER WHO OPERATES THE
28 DEVICE TO RECEIVE CASH, PREMIUMS, MERCHANDISE, TOKENS, OR ANYTHING OF
29 VALUE, WHETHER THE PAYOUT IS MADE AUTOMATICALLY FROM THE DEVICE OR IN
30 ANY OTHER MANNER.

31 (2) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED
32 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER ARTICLE 27, §
33 264B OF THE CODE.

34 (U) "WESTERN MARYLAND" MEANS ALLEGANY, GARRETT, AND WASHINGTON
35 COUNTIES.

1 9-8A-02.

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

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

7 (I) A MILE THOROUGHBRED RACING LICENSEE LOCATED AT A
8 TRACK THAT CONDUCTED LIVE RACING DURING CALENDAR 1998;

9 (II) A HARNESS RACING LICENSEE LOCATED AT A TRACK IN PRINCE
10 GEORGE'S COUNTY THAT CONDUCTED LIVE RACING DURING CALENDAR 1998;

11 (III) A TOURIST DESTINATION LOCATION IN BALTIMORE CITY,
12 WESTERN MARYLAND, OR THE EASTERN SHORE OF MARYLAND; OR

13 (IV) A HOLDER OF A PERMIT TO OPERATE A SATELLITE SIMULCAST
14 FACILITY UNDER TITLE 11, SUBTITLE 8 OF THE BUSINESS REGULATION ARTICLE.

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

19 (2) AN APPLICANT OR LICENSEE SHALL HAVE THE AFFIRMATIVE
20 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
21 PERSON'S QUALIFICATIONS.

22 (3) AN APPLICANT OR LICENSEE SHALL PROVIDE INFORMATION
23 REQUIRED BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING
24 TO THE QUALIFICATIONS IN THE FORM SPECIFIED BY THE COMMISSION.

25 (4) AN APPLICANT OR LICENSEE SHALL CONSENT TO INSPECTIONS,
26 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBSECTION OR REGULATIONS
27 ISSUED UNDER THIS SUBSECTION.

28 (5) (I) AN APPLICANT OR LICENSEE SHALL HAVE THE CONTINUING
29 DUTY TO:

30 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY
31 THE COMMISSION; AND

32 2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR
33 HEARING CONDUCTED BY THE COMMISSION.

34 (II) IF AN APPLICANT OR LICENSEE REFUSES TO COMPLY WITH A
35 FORMAL REQUEST TO ANSWER OR PRODUCE INFORMATION, EVIDENCE, OR

1 TESTIMONY, THE COMMISSION MAY DENY, SUSPEND, OR REVOKE THE APPLICATION
2 OR LICENSE.

3 (6) AN APPLICANT SHALL BE PHOTOGRAPHED AND FINGERPRINTED
4 FOR IDENTIFICATION AND INVESTIGATION PURPOSES UNDER PROCEDURES
5 ESTABLISHED IN REGULATIONS THAT SHALL BE ISSUED BY THE COMMISSION.

6 (7) IF AN APPLICANT OR LICENSEE HOLDS A RACING LICENSE OR A
7 SATELLITE SIMULCAST FACILITY PERMIT THAT IS FOR ANY REASON DENIED,
8 SUSPENDED, OR REVOKED UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE,
9 THE COMMISSION SHALL ALSO DENY, SUSPEND, OR REVOKE THE PERSON'S
10 APPLICATION OR LICENSE UNDER THIS SUBSECTION.

11 (8) AN APPLICANT OR LICENSEE SHALL:

12 (I) PROVIDE ALL INFORMATION TO THE COMMISSION THAT THE
13 APPLICANT OR LICENSEE PROVIDES TO THE STATE RACING COMMISSION UNDER §§
14 11-312 THROUGH 11-316 OF THE BUSINESS REGULATION ARTICLE; AND

15 (II) PRODUCE INFORMATION, DOCUMENTATION, AND ASSURANCES
16 TO ESTABLISH THE FOLLOWING QUALIFICATION CRITERIA BY CLEAR AND
17 CONVINCING EVIDENCE:

18 1. THE FINANCIAL STABILITY, INTEGRITY, AND
19 RESPONSIBILITY OF THE APPLICANT OR LICENSEE;

20 2. THE INTEGRITY OF THE FINANCIAL BACKERS,
21 INVESTORS, MORTGAGEES, BONDHOLDERS, AND HOLDERS OF OTHER EVIDENCES OF
22 INDEBTEDNESS THAT BEAR A RELATION TO THE APPLICATION;

23 3. THE APPLICANT'S OR LICENSEE'S GOOD CHARACTER,
24 HONESTY, AND INTEGRITY;

25 4. SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE
26 APPLICANT OR LICENSEE; AND

27 5. THE SUITABILITY OF THE VIDEO LOTTERY FACILITY AND
28 ITS LOCATION.

29 (9) IN ADDITION TO PROVIDING INFORMATION REQUIRED UNDER
30 PARAGRAPH (8) OF THIS SUBSECTION, AN APPLICANT THAT IS A CORPORATION
31 SHALL PROVIDE TO THE COMMISSION:

32 (I) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF
33 ALL BUSINESSES OPERATED BY THE CORPORATION;

34 (II) THE NAMES, PERSONAL EMPLOYMENT, AND CRIMINAL
35 HISTORIES OF OFFICERS, DIRECTORS, AND PRINCIPAL EMPLOYEES OF THE
36 CORPORATION;

1 (III) THE NAMES OF ALL HOLDING, INTERMEDIARY, AND
2 SUBSIDIARY COMPANIES OF THE CORPORATION;

3 (IV) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF
4 ALL BUSINESSES OPERATED BY THE CORPORATION'S HOLDING, INTERMEDIARY, AND
5 SUBSIDIARY COMPANIES;

6 (V) THE RIGHTS AND PRIVILEGES ACQUIRED BY THE HOLDERS OF
7 DIFFERENT CLASSES OF AUTHORIZED SECURITIES OF THE CORPORATION AND ITS
8 HOLDING, INTERMEDIARY, AND SUBSIDIARY COMPANIES;

9 (VI) THE TERMS ON WHICH THE SECURITIES HAVE BEEN OR ARE TO
10 BE OFFERED;

11 (VII) THE TERMS AND CONDITIONS OF ALL OUTSTANDING LOANS,
12 MORTGAGES, TRUST DEEDS, PLEDGES, OR OTHER INDEBTEDNESS OR SECURITY
13 DEVICES UTILIZED BY THE CORPORATION;

14 (VIII) THE EXTENT OF THE EQUITY SECURITY HOLDING IN THE
15 CORPORATION OF THE OFFICERS, DIRECTORS, AND UNDERWRITERS AND THEIR
16 REMUNERATION IN THE FORM OF SALARY, WAGES, FEES, OR OTHERWISE;

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

20 (X) THE NAMES OF PERSONS WHO OWN OR CONTROL THE
21 CORPORATION;

22 (XI) A DESCRIPTION OF ALL BONUS AND PROFIT SHARING
23 ARRANGEMENTS;

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

25 (XIII) A LISTING OF STOCK OPTIONS.

26 (10) A NONCORPORATE APPLICANT FOR A VIDEO LOTTERY FACILITY
27 LICENSE SHALL PROVIDE THE INFORMATION REQUIRED UNDER PARAGRAPH (9) OF
28 THIS SUBSECTION IN THE FORM REQUIRED BY THE COMMISSION.

29 9-8A-03.

30 (A) (1) ON THE FILING OF ANY APPLICATION FOR ANY LICENSE REQUIRED
31 UNDER THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE
32 COMMISSION, THE COMMISSION SHALL CONDUCT A BACKGROUND INVESTIGATION
33 AND A HEARING ON THE QUALIFICATIONS OF THE APPLICANT AND ANY PERSON
34 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
35 LICENSE.

1 (2) AFTER THE BACKGROUND INVESTIGATION AND HEARING, THE
2 COMMISSION MAY EITHER GRANT A LICENSE TO AN APPLICANT WHOM THE
3 COMMISSION DETERMINES TO BE QUALIFIED OR DENY THE APPLICATION OF AN
4 APPLICANT WHOM THE COMMISSION DETERMINES TO BE NOT QUALIFIED.

5 (3) IF THE APPLICATION IS DENIED, THE COMMISSION SHALL PREPARE
6 AND FILE AN ORDER DENYING THE APPLICATION WITH A STATEMENT OF THE
7 REASONS FOR THE DENIAL, INCLUDING THE SPECIFIC FINDINGS OF FACT.

8 (4) IF SATISFIED THAT AN APPLICANT IS QUALIFIED TO RECEIVE A
9 LICENSE, AND ON TENDER OF ALL REQUIRED APPLICATION, LICENSE, AND OTHER
10 FEES AND TAXES, AND ANY BONDS AS THE COMMISSION MAY REQUIRE FOR THE
11 FAITHFUL PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS SUBTITLE AND
12 THE REGULATIONS ISSUED UNDER THIS SUBTITLE, THE COMMISSION SHALL ISSUE A
13 LICENSE FOR A TERM OF 1 YEAR.

14 (5) (I) THE COMMISSION SHALL SET BY REGULATION THE AMOUNT
15 OF THE BOND OR BONDS TO BE REQUIRED UNDER THIS SUBSECTION AS THE
16 COMMISSION MAY DEEM APPROPRIATE.

17 (II) THE BONDS FURNISHED MAY BE APPLIED BY THE COMMISSION
18 TO THE PAYMENT OF AN UNPAID LIABILITY OF THE LICENSEE.

19 (6) (I) BECAUSE THE PUBLIC HAS A VITAL INTEREST IN VIDEO
20 LOTTERY OPERATIONS AND HAS ESTABLISHED A LIMITED EXCEPTION TO THE
21 POLICY OF THE STATE CONCERNING GAMING FOR PRIVATE GAIN, PARTICIPATION IN
22 VIDEO LOTTERY OPERATIONS BY A LICENSEE UNDER THIS SUBTITLE SHALL BE
23 DEEMED A REVOCABLE PRIVILEGE CONDITIONED ON THE PROPER AND CONTINUED
24 QUALIFICATION OF THE LICENSEE AND ON THE DISCHARGE OF THE AFFIRMATIVE
25 RESPONSIBILITY OF EACH LICENSEE TO PROVIDE TO THE REGULATORY AND
26 INVESTIGATORY AUTHORITIES UNDER THIS SUBTITLE OR ANY OTHER PROVISION OF
27 LAW, ANY ASSISTANCE AND INFORMATION NECESSARY TO ASSURE THAT THE
28 POLICIES DECLARED BY THIS SUBTITLE ARE ACHIEVED.

29 (II) CONSISTENT WITH THE POLICY DESCRIBED IN SUBPARAGRAPH
30 (I) OF THIS PARAGRAPH, IT IS THE INTENT OF THIS PARAGRAPH TO:

31 1. PRECLUDE THE CREATION OF ANY PROPERTY RIGHT IN
32 ANY LICENSE REQUIRED UNDER THIS SUBTITLE;

33 2. PRECLUDE THE ACCRUAL OF ANY VALUE TO THE
34 PRIVILEGE OF PARTICIPATION IN VIDEO LOTTERY OPERATIONS;

35 3. PROHIBIT THE TRANSFER OF ANY LICENSE ISSUED
36 UNDER THIS SUBTITLE; AND

37 4. REQUIRE THAT PARTICIPATION IN VIDEO LOTTERY
38 OPERATIONS BE CONDITIONED SOLELY ON THE INDIVIDUAL QUALIFICATIONS OF
39 THE PERSON WHO SEEKS THE PRIVILEGE.

1 9-8A-04.

2 (A) UNLESS A VIDEO LOTTERY FACILITY LICENSE IS RENEWED AS PROVIDED
3 IN THIS SECTION, THE VIDEO LOTTERY FACILITY LICENSE EXPIRES 1 YEAR AFTER
4 THE EFFECTIVE DATE OF THE VIDEO LOTTERY FACILITY LICENSE.

5 (B) BEFORE A VIDEO LOTTERY FACILITY LICENSE EXPIRES, THE HOLDER OF
6 THE VIDEO LOTTERY FACILITY LICENSE MAY RENEW IT FOR THE NEXT SUCCEEDING
7 1-YEAR TERM, SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR
8 SUSPEND A LICENSE, IF THE HOLDER OF THE LICENSE PAYS ALL REQUIRED
9 APPLICATION, LICENSE, AND OTHER FEES AND TAXES.

10 9-8A-05.

11 (A) A VIDEO LOTTERY FACILITY LICENSE FOR A RACETRACK OR TOURIST
12 DESTINATION LOCATION ENTITLES THE HOLDER OF THE VIDEO LOTTERY FACILITY
13 LICENSE TO OPERATE A MAXIMUM OF 2,000 VIDEO LOTTERY TERMINALS FOR PUBLIC
14 USE AT EACH LOCATION FOR WHICH THE VIDEO LOTTERY FACILITY LICENSE IS
15 ISSUED.

16 (B) A VIDEO LOTTERY FACILITY LICENSE FOR A SATELLITE SIMULCAST
17 FACILITY ENTITLES THE HOLDER OF THE VIDEO LOTTERY FACILITY LICENSE TO
18 OPERATE A MAXIMUM OF 250 VIDEO LOTTERY TERMINALS FOR PUBLIC USE AT EACH
19 LOCATION FOR WHICH THE VIDEO LOTTERY FACILITY LICENSE IS ISSUED.

20 9-8A-06.

21 (A) SUBJECT TO THE HEARING PROVISIONS OF TITLE 10, SUBTITLE 2 OF THIS
22 ARTICLE, THE COMMISSION MAY DENY A VIDEO LOTTERY FACILITY LICENSE TO AN
23 APPLICANT, REPRIMAND OR FINE A LICENSEE, OR SUSPEND OR REVOKE A VIDEO
24 LOTTERY FACILITY LICENSE IF THE APPLICANT OR LICENSEE VIOLATES:

25 (1) THIS SUBTITLE;

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

27 (3) A CONDITION THAT THE COMMISSION SETS.

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

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

33 (I) THE SERIOUSNESS OF THE VIOLATION;

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

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

1 9-8A-07.

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

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

6 (2) ESTABLISH A LICENSING SYSTEM FOR VIDEO LOTTERY EMPLOYEES,
7 VIDEO LOTTERY MANUFACTURERS, AND VIDEO LOTTERY SERVICE TECHNICIANS;

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

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

12 (5) CERTIFY REVENUE FROM THE VIDEO LOTTERY TERMINALS,
13 RECEIVE COMPLAINTS FROM THE PUBLIC, AND CONDUCT ANY OTHER
14 INVESTIGATION INTO THE OPERATION OF THE VIDEO LOTTERY TERMINALS AND THE
15 MAINTENANCE OF THE VIDEO LOTTERY TERMINALS AND ASSOCIATED EQUIPMENT
16 AS THE COMMISSION MAY DEEM NECESSARY AND PROPER;

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

20 (7) DEFINE AND LIMIT THE AREAS OF OPERATION FOR VIDEO LOTTERY
21 TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO LOTTERY
22 TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY TERMINALS;

23 (8) REGULATE THE PRACTICE AND PROCEDURES FOR NEGOTIABLE
24 TRANSACTIONS INVOLVING PLAYERS, INCLUDING LIMITATIONS ON THE
25 CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE TRANSACTIONS, AND THE
26 ESTABLISHMENT OF FORMS AND PROCEDURES FOR NEGOTIABLE INSTRUMENT
27 TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

28 (9) SET THE GROUNDS AND PROCEDURES FOR FINES, REPRIMANDS,
29 AND THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER THIS
30 SUBTITLE;

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

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

35 (12) PROVIDE FOR MINIMUM UNIFORM STANDARDS OF ACCOUNTANCY
36 METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ASSURE CONSISTENCY,

1 COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL INFORMATION,
2 INCLUDING PERCENTAGES OF PROFIT FOR VIDEO LOTTERY TERMINALS;

3 (13) REQUIRE PERIODIC FINANCIAL REPORTS AND THE FORM OF THE
4 REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC
5 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER
6 THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE
7 MAINTAINED BY THE VIDEO LOTTERY FACILITY LICENSEE AS REQUIRED BY THIS
8 SUBTITLE AND ANY REGULATION THAT SHALL BE ISSUED UNDER THIS SUBTITLE;

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

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

13 (B) (1) THE COMMISSION SHALL PROMPTLY AND IN REASONABLE ORDER
14 INVESTIGATE ALL APPLICATIONS AND ENFORCE THIS SUBTITLE AND ANY
15 REGULATION ISSUED UNDER THIS SUBTITLE.

16 (2) WITHOUT NOTICE AND WITHOUT WARRANT, THE COMMISSION AND
17 ITS EMPLOYEES AND AGENTS MAY:

18 (I) INSPECT AND EXAMINE ALL PREMISES IN WHICH VIDEO
19 LOTTERY OPERATIONS UNDER THIS SUBTITLE ARE CONDUCTED OR ANY
20 AUTHORIZED VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, OR CENTRAL
21 COMPUTER ARE DESIGNED, BUILT, CONSTRUCTED, ASSEMBLED, MANUFACTURED,
22 SOLD, DISTRIBUTED, OR SERVICED, OR IN WHICH RECORDS OF THOSE ACTIVITIES
23 ARE PREPARED OR MAINTAINED;

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

26 (III) SEIZE SUMMARILY AND REMOVE FROM THOSE PREMISES AND
27 IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO LOTTERY TERMINALS,
28 ASSOCIATED EQUIPMENT, OR CENTRAL COMPUTER FOR THE PURPOSES OF
29 EXAMINATION AND INSPECTION;

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

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

1 9-8A-08.

2 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE
3 CONTROL OF THE COMMISSION AND SHALL BE DISTRIBUTED AS PROVIDED IN THIS
4 SECTION.

5 (B) FROM THE PROCEEDS FROM VIDEO LOTTERY TERMINALS, THE
6 COMMISSION SHALL INITIALLY PAY, BASED ON A SCHEDULE DETERMINED BY THE
7 COMMISSION:

8 (1) THE COSTS TO LEASE, OR THE CAPITALIZED COST TO PURCHASE,
9 THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL
10 COMPUTER; AND

11 (2) THE COSTS TO REPAIR AND MAINTAIN THE VIDEO LOTTERY
12 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT
13 THESE COSTS ARE NOT INCLUDED IN THE COSTS OF LEASING OR PURCHASING THE
14 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER.

15 (C) FROM THE PROCEEDS FROM THE VIDEO LOTTERY TERMINALS AFTER THE
16 DEDUCTIONS FROM THE PROCEEDS OF THE AMOUNTS DESCRIBED UNDER
17 SUBSECTION (B) OF THIS SECTION, THE COMMISSION SHALL PAY, BASED ON A
18 SCHEDULE DETERMINED BY THE COMMISSION:

19 (1) AS APPROVED BY THE COMMISSION, AN AMOUNT NOT TO EXCEED
20 ONE-THIRD OF THE REMAINDER OF THE PROCEEDS FOR THE OPERATING COSTS AND
21 RELATED CAPITAL COSTS OF, AND A REASONABLE RETURN FOR, THE VIDEO LOTTERY
22 FACILITY LICENSEE;

23 (2) (I) ONE-THIRD TO THE COUNTY IN WHICH THE FACILITY IS
24 LOCATED; OR

25 (II) IF THE VIDEO LOTTERY FACILITY IS LOCATED IN LAUREL RACE
26 COURSE, OR IN ANY OTHER LOCATION INVOLVING MULTIPLE LOCAL JURISDICTIONS,
27 ONE-THIRD TO THE LOCAL JURISDICTIONS IN WHICH THE VIDEO LOTTERY FACILITY
28 IS LOCATED IN PROPORTION TO THE DISTRIBUTION OF IMPACT AID TO THOSE LOCAL
29 JURISDICTIONS UNDER § 11-404 OF THE BUSINESS REGULATION ARTICLE; AND

30 (3) THE BALANCE OF THE PROCEEDS TO THE STATE TO BE DISTRIBUTED
31 AS FOLLOWS:

32 (I) 50% TO ALL COUNTIES WITHOUT A VIDEO LOTTERY FACILITY,
33 TO BE DIVIDED AMONG THOSE COUNTIES ON A PER CAPITA BASIS; AND

34 (II) 50% TO THE TRANSPORTATION TRUST FUND.

1 9-8A-09.

2 EACH TRACK AT WHICH VIDEO LOTTERY TERMINALS ARE ALLOWED TO BE
3 MAINTAINED SHALL CONDUCT LIVE RACING ON AT LEAST AS MANY DAYS AS WERE
4 CONDUCTED IN CALENDAR 1998.

5 9-8A-10.

6 (A) EACH VIDEO LOTTERY TERMINAL DEVICE, ASSOCIATED EQUIPMENT, AND
7 THE CENTRAL COMPUTER SHALL BE:

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

9 (2) UNDER THE CONTROL OF THE COMMISSION.

10 (B) (1) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER'S
11 LICENSE ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A
12 LICENSEE OR THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO
13 LOTTERY TERMINAL, ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR
14 SERVICES THAT DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY
15 TERMINALS.

16 (2) EACH MANUFACTURER AND EACH PERSON WHO OWNS OR
17 CONTROLS THE MANUFACTURER, MANAGEMENT AND SUPERVISORY PERSONNEL,
18 AND OTHER PRINCIPAL EMPLOYEES SHALL QUALIFY UNDER STANDARDS THAT THE
19 COMMISSION DETERMINES.

20 (3) THE COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF A
21 LICENSING REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A
22 MANUFACTURER'S LICENSE.

23 (4) A MANUFACTURER OF VIDEO LOTTERY TERMINALS, ASSOCIATED
24 EQUIPMENT, OR CENTRAL COMPUTER SHALL MANUFACTURE OR DISTRIBUTE THE
25 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER
26 THAT MEET SPECIFICATIONS AND PROCEDURES CONTAINED IN REGULATIONS THAT
27 THE COMMISSION SHALL ADOPT.

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

32 (2) THE COMMISSION SHALL COMPLY WITH THE REQUIREMENTS OF
33 THE STATE FINANCE AND PROCUREMENT ARTICLE, INCLUDING REQUIREMENTS FOR
34 COMPETITIVE BIDS FOR PROCUREMENT CONTRACTS.

1 9-8A-11.

2 (A) THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND, SUBJECT TO §
3 2-1246 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY, THE REPORTS REQUIRED
4 UNDER THIS SECTION.

5 (B) THE COMMISSION SHALL SUBMIT:

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

9 (2) AN ANNUAL REPORT THAT STATES THE TOTAL PROCEEDS FROM
10 VIDEO LOTTERY TERMINALS AND THE TOTAL PRIZE DISBURSEMENTS, TOTAL COSTS,
11 AND OTHER EXPENSES FOR 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 VIDEO LOTTERY TERMINALS.

18 9-8A-12.

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

21 (B) THE COMPTROLLER SHALL CREDIT THE REVENUES AS REQUIRED UNDER
22 THIS SUBTITLE.

23 9-8A-13.

24 A VIDEO LOTTERY TERMINAL MAY NOT BE PLAYED BY AND A PRIZE MAY NOT BE
25 GIVEN TO:

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

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

30 9-8A-14.

31 (A) A PERSON MAY NOT:

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

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

2 (3) TAMPER WITH A VIDEO LOTTERY TERMINAL WITH THE INTENT TO
3 INTERFERE WITH THE PROPER OPERATION OF THE MACHINE.

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

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
8 effect July 1, 1999.