

**HOUSE BILL 1170**  
CONSTITUTIONAL AMENDMENT

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C7

2001 Regular Session  
11r2745

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By: **Delegates Rawlings, Branch, C. Davis, D. Davis, Dewberry, Franchot, Giannetti, Harrison, Hubers, Malone, Minnick, Mohorovic, Turner, Valderrama, Vallario, and Weir**

Introduced and read first time: February 9, 2001

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Public Education - Funding - Video Lottery Terminals**

3 FOR the purpose of prohibiting the statutory expansion of forms of gaming, with  
4 certain exceptions, by the General Assembly; providing for the regulation of the  
5 operation of certain video lottery terminals by the State Lottery Commission  
6 under certain circumstances; providing that video lottery terminals may be  
7 offered for public use in the State only by a business entity to which a video  
8 lottery facility license has been issued by the State Lottery Commission;  
9 providing that other laws that prohibit the operation of video lottery terminals  
10 do not apply to video lottery terminals authorized under this Act; requiring  
11 video lottery terminals and associated equipment to be owned or leased by and  
12 under the control of the Commission; limiting the number of licenses to operate  
13 video lottery terminals to locations at a certain number of different regions of  
14 the State; requiring the Commission to issue at least a certain number of  
15 licenses to operate video lottery terminals to holders of a license for a racetrack  
16 issued by the State Racing Commission; requiring that an applicant for a license  
17 either hold a license to operate a racetrack issued by the State Racing  
18 Commission or operate a tourist destination location in the State as defined by  
19 the State Lottery Commission; limiting to a certain number the number of video  
20 lottery terminals that a video lottery facility licensee may operate; requiring the  
21 State Lottery Commission to select applicants to be issued a video lottery facility  
22 license through a competitive process that is to be reviewed and approved by the  
23 Governor and the Legislative Policy Committee of the General Assembly before  
24 the process is utilized; providing that the proceeds of the video lottery terminal  
25 gaming authorized by this Act that are not returned to successful players shall  
26 be under the control of the State Lottery Commission; requiring that at least  
27 one-half of the net proceeds of the video lottery terminal gaming authorized by  
28 this Act be dedicated to a special fund and used to support an adequate  
29 education for the children of Maryland in public schools and for public libraries;  
30 and generally relating to the financing of public education through the  
31 authorization of video lottery terminal gaming that is regulated and controlled  
32 by the State Lottery Commission.

33 BY proposing an addition to the Constitution of Maryland

1 New Article XIX - State Lottery Commission - Video Lottery Terminals  
2 Section 1 through 4, inclusive

3 Preamble

4 WHEREAS, The question of whether to authorize video lottery terminals is a  
5 public policy issue of paramount importance to the State; and

6 WHEREAS, The authorization of any additional forms or expansion of  
7 commercial gaming, such as casino-style gaming, in the State is prohibited by this  
8 Act; and

9 WHEREAS, The General Assembly recognizes that an investment in education  
10 is an investment in the State's economic future and in a workforce that can meet the  
11 challenges of the 21st century and beyond; and

12 WHEREAS, The State should dedicate significant levels of funding from the  
13 video lottery operations to reflect a commitment to adequate prekindergarten through  
14 secondary public education and educational opportunities for the students of the  
15 State; and

16 WHEREAS, Maryland's horse racing industry reaches across the State affecting  
17 farm owners, breeders, horsemen, and track personnel from the Eastern Shore to  
18 Western Maryland; and

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

22 WHEREAS, The General Assembly finds and declares that competition from  
23 video lottery facilities in Delaware and West Virginia are resulting in increased  
24 purses and economic activity in those states and will have a substantial negative  
25 impact on Maryland's historic racing and breeding industries and the related  
26 economy of the State; and

27 WHEREAS, The tourist industry of the State constitutes a critical component of  
28 its economic structure and, if properly developed, controlled, and fostered, is capable  
29 of providing a substantial contribution to the general welfare, health, and prosperity  
30 of the State and its inhabitants; and

31 WHEREAS, The General Assembly finds and declares that it is necessary and in  
32 the best interest of the economic growth of the State to make commitments to  
33 educational programs in the State and to allow Maryland's horse racing and breeding  
34 industries to compete with those industries in surrounding states by authorizing  
35 video lottery terminals at some of Maryland's racing facilities and tourist destination  
36 locations; now, therefore,

37 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
38 MARYLAND, (Three-fifths of all the members elected to each of the two Houses  
39 concurring), That it be proposed that the Constitution of Maryland read as follows:

## ARTICLE XIX - STATE LOTTERY COMMISSION - VIDEO LOTTERY TERMINALS

## 1. DEFINITIONS.

(A) IN THIS ARTICLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "NET PROCEEDS" MEANS THE PROCEEDS LESS THE COSTS INCURRED BY THE STATE LOTTERY COMMISSION IN ADMINISTERING THIS ARTICLE.

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

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

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

## 2. ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING PROHIBITED.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON OR AFTER THE EFFECTIVE DATE OF THIS ARTICLE, THE GENERAL ASSEMBLY, EXCEPT TO THE EXTENT VIDEO LOTTERY TERMINAL GAMING IS AUTHORIZED BY THIS ARTICLE, MAY NOT AUTHORIZE STATUTORILY ANY ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING, INCLUDING CASINO-STYLE GAMING, CARD GAMES, DICE GAMES, ROULETTE, SLOT MACHINES, AND VIDEO LOTTERY TERMINALS.

(B) THIS SECTION DOES NOT APPLY TO:

(1) EXCEPT AS PROVIDED IN SUBSECTION (A) OF THIS SECTION, LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE STATE GOVERNMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND;

(2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE BUSINESS REGULATION ARTICLE OF THE ANNOTATED CODE OF MARYLAND; OR

(3) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION INCLUDED UNDER THE GAMING SUBHEADING OF ARTICLE 27 OF THE ANNOTATED CODE OF MARYLAND.

## 1 3. VIDEO LOTTERY FACILITY LICENSE REQUIREMENTS.

2 (A) THE STATE LOTTERY COMMISSION SHALL REGULATE THE OPERATION OF  
3 VIDEO LOTTERY TERMINALS THAT ARE USED BY INDIVIDUALS FOR VIDEO LOTTERY  
4 GAMING OR BETTING PURPOSES AT VIDEO LOTTERY FACILITIES LICENSED UNDER  
5 THIS ARTICLE.

6 (B) ONLY A BONA FIDE CORPORATION, PARTNERSHIP, BUSINESS TRUST,  
7 LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY THAT HAS BEEN ISSUED  
8 A VIDEO LOTTERY FACILITY LICENSE BY THE STATE LOTTERY COMMISSION MAY  
9 OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE STATE UNDER THIS  
10 ARTICLE.

11 (C) ANY OTHER LAW THAT PROHIBITS THE LOCATION, POSSESSION, KEEPING,  
12 MAINTAINING, OR OPERATION OF VIDEO LOTTERY TERMINALS DOES NOT APPLY TO  
13 VIDEO LOTTERY TERMINALS AUTHORIZED IN ACCORDANCE WITH THIS ARTICLE.

14 (D) EACH VIDEO LOTTERY TERMINAL DEVICE, ANY ASSOCIATED EQUIPMENT,  
15 AND ANY CENTRALIZED COMPUTER SYSTEM THAT IS USED TO CONTROL VIDEO  
16 LOTTERY TERMINALS SHALL BE OWNED OR LEASED BY THE STATE LOTTERY  
17 COMMISSION AND SHALL BE UNDER THE CONTROL OF THE STATE LOTTERY  
18 COMMISSION.

19 (E) THE STATE LOTTERY COMMISSION MAY ISSUE NO MORE THAN FOUR  
20 VIDEO LOTTERY FACILITY LICENSES TO OPERATE VIDEO LOTTERY TERMINALS AT  
21 LOCATIONS IN FOUR DIFFERENT REGIONS OF THE STATE.

22 (F) THE COMMISSION MUST ISSUE AT LEAST TWO VIDEO LOTTERY FACILITY  
23 LICENSES TO HOLDERS OF A LICENSE FOR A RACETRACK ISSUED BY THE STATE  
24 RACING COMMISSION.

25 (G) AT A MINIMUM, AN APPLICANT FOR A VIDEO LOTTERY FACILITY LICENSE  
26 MUST EITHER (1) HOLD A LICENSE FOR A RACETRACK ISSUED BY THE STATE RACING  
27 COMMISSION OR (2) OPERATE A TOURIST DESTINATION LOCATION IN THE STATE, AS  
28 DEFINED BY THE STATE LOTTERY COMMISSION.

29 (H) A VIDEO LOTTERY FACILITY LICENSEE MAY NOT OPERATE MORE THAN  
30 2,500 VIDEO LOTTERY TERMINALS.

31 (I) (1) THE COMMISSION SHALL SELECT APPLICANTS TO BE ISSUED A  
32 VIDEO LOTTERY FACILITY LICENSE USING A COMPETITIVE PROCESS.

33 (2) BEFORE THE STATE LOTTERY COMMISSION IMPLEMENTS A  
34 COMPETITIVE PROCESS TO SELECT APPLICANTS FOR VIDEO LOTTERY FACILITY  
35 LICENSES, THE COMMISSION SHALL SUBMIT TO THE GOVERNOR AND THE  
36 LEGISLATIVE POLICY COMMITTEE OF THE GENERAL ASSEMBLY FOR REVIEW AND  
37 APPROVAL THE COMPETITIVE PROCESS TO BE USED.

1 4. DISTRIBUTION OF PROCEEDS.

2 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE  
3 CONTROL OF THE STATE LOTTERY COMMISSION.

4 (B) AT LEAST ONE-HALF OF THE NET PROCEEDS SHALL BE DEDICATED TO A  
5 SPECIAL FUND AND USED TO SUPPORT (1) AN ADEQUATE EDUCATION FOR THE  
6 CHILDREN OF MARYLAND IN PUBLIC SCHOOLS, PREKINDERGARTEN THROUGH  
7 GRADE 12, AND (2) PUBLIC LIBRARIES.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the General Assembly  
9 determines that the amendment to the Constitution of Maryland proposed by this Act  
10 affects multiple jurisdictions and that the provisions of Article XIV, Section 1 of the  
11 Constitution concerning local approval of constitutional amendments do not apply.

12 SECTION 3. AND BE IT FURTHER ENACTED, That the foregoing section  
13 proposed as an amendment to the Constitution of Maryland shall be submitted to the  
14 legal and qualified voters of this State at the next general election to be held in  
15 November, 2002 for their adoption or rejection in pursuance of directions contained in  
16 Article XIV of the Constitution of this State. At that general election, the vote on this  
17 proposed amendment to the Constitution shall be by ballot, and upon each ballot  
18 there shall be printed the words "For the Constitutional Amendment" and "Against  
19 the Constitutional Amendment," as now provided by law. Immediately after the  
20 election, all returns shall be made to the Governor of the vote for and against the  
21 proposed amendment, as directed by Article XIV of the Constitution, and further  
22 proceedings had in accordance with Article XIV.