

SENATE BILL 322

Unofficial Copy
C7

2003 Regular Session
3lr0150
CF 3lr0153

By: **The President (By Request - Administration)**

Introduced and read first time: January 31, 2003

Rules suspended

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery and Racing Commission and Agency - Video Lottery Terminals**

3 FOR the purpose of establishing the State Lottery and Horse Racing Agency and
4 Commission as a unit of State government; abolishing the State Lottery Agency
5 and Commission and the State Racing Commission; transferring certain duties,
6 responsibility, authority, functions, and units of the State Lottery Agency and
7 Commission and the State Racing Commission to the State Lottery and Horse
8 Racing Agency and Commission; creating the position of Director and providing
9 for the Director's appointment and duties; establishing certain provisions
10 relating to conversion of certain positions and terms of employment and the
11 continuation of certain policies and actions; establishing the composition and
12 duties of the Commission; establishing eligibility requirements for Commission
13 members; providing for the construction of this Act; defining certain terms;
14 authorizing certain horse racetracks to offer video lottery terminals for public
15 use; establishing certain eligibility and disqualifying criteria for a video lottery
16 operation license; providing for the application process for licenses relating to
17 video lottery terminals; requiring certain investigations; specifying the
18 maximum number of video lottery terminals at certain video lottery facilities;
19 providing for the denial, suspension, and revocation of licenses relating to video
20 lottery facilities under certain circumstances; providing for certain fees;
21 providing for regulations; requiring the Commission to purchase or lease and
22 maintain control over video lottery terminals, associated equipment, and a
23 central computer; providing for the distribution of certain proceeds; creating an
24 Education Trust Fund; requiring certain distributions from video lottery
25 proceeds to the Education Trust Fund; authorizing the appropriation of money
26 from the Education Trust Fund for certain educational purposes; establishing a
27 Purse Dedication Account for horse racing; requiring the Comptroller to
28 distribute certain proceeds in a certain manner; providing for the continuation
29 and effectiveness of certain entities, contracts, acts, and procedures under
30 certain circumstances; abolishing certain commissions and a certain position;
31 making the provisions of this Act severable; and generally relating to the State
32 Lottery and Horse Racing Agency and Commission and video lottery terminals.

33 BY transferring

1 Article - Business Regulation
2 Section 11-101(a) through (d) and (e) through (u), 11-102, 11-103, 11-205
3 through 11-213, and 11-301 through 11-1208, respectively, and the title
4 "Title 11. Horse Racing"
5 Annotated Code of Maryland
6 (1998 Replacement Volume and 2002 Supplement)
7 to be Article - State Government
8 Section 9.5-101(a) through (d) and (f) through (v), 9.5-102, 9.5-103, 9.5-201
9 through 9.5-209, and 9.5-301 through 9.5-1208, respectively, and the title
10 "Title 9.5. Horse Racing"
11 Annotated Code of Maryland
12 (1999 Replacement Volume and 2002 Supplement)

13 BY repealing

14 Article - State Government
15 Section 9-102 through 9-105, inclusive, and the subtitle "Subtitle 1. State
16 Lottery Agency"
17 Annotated Code of Maryland
18 (1999 Replacement Volume and 2002 Supplement)

19 BY renumbering

20 Article - State Government
21 Section 9-101, 9-106 through 9-108, and 9-109 through 9-125, respectively,
22 to be Section 9.3-101, 9.3-204 through 9.3-206, and 9.3-302 through 9.3-318,
23 respectively
24 Annotated Code of Maryland
25 (1999 Replacement Volume and 2002 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article - State Government
28 Section 9.3-101 to be under the new title "Title 9.3. State Lottery and Horse
29 Racing Agency and Commission - State Lottery and Video Lottery
30 Terminals" and the new subtitle "Subtitle 1. Definitions; General
31 Provisions"; 9.3-204 through 9.3-206, inclusive, and 9.3-314
32 Annotated Code of Maryland
33 (1999 Replacement Volume and 2002 Supplement)
34 (As enacted by Section 3 of this Act)

35 BY repealing and reenacting, with amendments,

36 Article - State Government
37 Section 9.5-101(d); 9.5-201, 9.5-202, and 9.5-203(a) to be under the amended
38 subtitle "Subtitle 2. Commission Duties"; 9.5-303(a), 9.5-312(a)(7), and
39 9.5-818(b)
40 Annotated Code of Maryland

1 (1999 Replacement Volume and 2002 Supplement)
2 (As enacted by Section 1 of this Act)

3 BY adding to
4 Article - State Government
5 Section 9.3-102 through 9.3-104; 9.3-201 through 9.3-203, inclusive, and
6 9.3-207 to be under the new subtitle "Subtitle 2. State Lottery and Horse
7 Racing Agency and Commission"; 9.3-301 to be under the new subtitle
8 "Subtitle 3. State Lottery"; 9.3-401 through 9.3-422, inclusive, to be under
9 the new subtitle "Subtitle 4. Video Lottery Terminals"; and 9.5-101(e)
10 Annotated Code of Maryland
11 (1999 Replacement Volume and 2002 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article - State Finance and Procurement
14 Section 11-203(a)(1)(xvi) and (xvii) and (b)(2)
15 Annotated Code of Maryland
16 (2001 Replacement Volume and 2002 Supplement)

17 BY adding to
18 Article - State Finance and Procurement
19 Section 11-203(a)(1)(xviii)
20 Annotated Code of Maryland
21 (2001 Replacement Volume and 2002 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article - State Finance and Procurement
24 Section 11-203(b)(1)
25 Annotated Code of Maryland
26 (2001 Replacement Volume and 2002 Supplement)

27 Preamble

28 WHEREAS, The State is currently facing a budget crisis; and

29 WHEREAS, The State's horse racing industry reaches across the State affecting
30 farm owners, breeders, horsemen, and track personnel from the Eastern Shore to
31 Western Maryland; and

32 WHEREAS, Many Maryland residents are traveling to other states to play video
33 lottery terminals; and

34 WHEREAS, The legalization of video lottery terminals in the State would
35 attract residents from outside of Maryland to come to video lottery facilities in the
36 State; and

1 WHEREAS, Proceeds from video lottery terminals will be used to revitalize the
2 State's horse racing industry; and

3 WHEREAS, Proceeds from video lottery terminals also will be used for
4 maintaining the State government; and

5 WHEREAS, Proceeds from video lottery terminals will provide vital revenues
6 that will help the State fulfill the commitment to fund the recommendations of the
7 Thornton Commission for educating the children of the State; now, therefore,

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
9 MARYLAND, That Section(s) 11-101(a) through (d) and (e) through (u), 11-102,
10 11-103, 11-205 through 11-213, and 11-301 through 11-1208, respectively, and the
11 title "Title 11. Horse Racing" of Article - Business Regulation of the Annotated Code
12 of Maryland be transferred to be Section(s) 9.5-101(a) through (d) and (f) through (v),
13 9.5-102, 9.5-103, 9.5-201 through 9.5-209, and 9.5-301 through 9.5-1208,
14 respectively, and the title "Title 9.5. Horse Racing" of Article - State Government of
15 the Annotated Code of Maryland.

16 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 9-102
17 through 9-105, inclusive, and the subtitle "Subtitle 1. State Lottery Agency" of Article
18 - State Government of the Annotated Code of Maryland be repealed.

19 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 9-101, 9-106
20 through 9-108, and 9-109 through 9-125, respectively, of Article - State Government
21 of the Annotated Code of Maryland be renumbered to be Section(s) 9.3-101, 9.3-204
22 through 9.3-206, and 9.3-302 through 9.3-318, respectively.

23 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
24 read as follows:

25 **Article - State Government**

26 **TITLE 9.3. STATE LOTTERY AND HORSE RACING AGENCY AND COMMISSION - STATE**
27 **LOTTERY AND VIDEO LOTTERY TERMINALS.**

28 **SUBTITLE 1. DEFINITIONS; GENERAL PROVISIONS.**

29 9.3-101.

30 (a) In this [subtitle] TITLE the following words have the meanings indicated.

31 (b) "Agency" means the State Lottery AND HORSE RACING Agency.

32 (c) "Commission" means the State Lottery AND HORSE RACING Commission.

33 (d) "Director" means the Director of the Agency.

34 (e) "Governmental unit" means:

- 1 (1) an instrumentality of the State;
- 2 (2) a county or municipal corporation of the State; or
- 3 (3) an instrumentality of a county or municipal corporation of the State.

4 [(f) "License" means a license issued by the Director to act as a licensed agent.

5 (g) "Licensed agent" means a person or governmental unit licensed by the
6 Director to act as a State lottery sales agent.

7 (h) "State lottery" means the lottery established and operated under this
8 subtitle.]

9 9.3-102.

10 (A) THIS TITLE IS STATEWIDE AND EXCLUSIVE IN ITS EFFECT.

11 (B) A LOCAL GOVERNMENT OF THE STATE MAY NOT:

12 (1) MAKE OR ENFORCE A LOCAL LAW, ORDINANCE, OR REGULATION
13 ABOUT THE STATE LOTTERY OR VIDEO LOTTERY TERMINALS; OR

14 (2) IMPOSE OR COLLECT ANY TAX OR ADDITIONAL LICENSE FEE AS TO
15 THE STATE LOTTERY OR VIDEO LOTTERY TERMINALS, EXCEPT THE GENERAL
16 PROPERTY TAX.

17 (C) ANOTHER LAW THAT PROHIBITS THE SALE OF LOTTERY TICKETS OR
18 SHARES, SALE, USE, OR MANUFACTURE OF VIDEO LOTTERY TERMINALS, OR OTHER
19 ACTS RELATING TO THE STATE LOTTERY OR VIDEO LOTTERY TERMINALS AS
20 PROVIDED UNDER THIS TITLE DOES NOT APPLY TO THIS TITLE.

21 9.3-103.

22 THIS TITLE MAY NOT BE CONSTRUED TO AUTHORIZE ANY TYPE OF GAMBLING,
23 INCLUDING CASINO GAMBLING, OTHER THAN AS EXPRESSLY AUTHORIZED BY THIS
24 TITLE.

25 9.3-104.

26 THIS TITLE DOES NOT AFFECT GAMBLING, INCLUDING THE OPERATION OF
27 SLOT MACHINES WHERE PERMITTED, CONDUCTED BY A BONA FIDE FRATERNAL,
28 CIVIC, WAR VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER
29 FIRE COMPANY, OR OTHER ORGANIZATION DESCRIBED UNDER TITLES 12 AND 13 OF
30 THE CRIMINAL LAW ARTICLE.

31 SUBTITLE 2. STATE LOTTERY AND HORSE RACING AGENCY AND COMMISSION.

32 9.3-201.

33 THERE IS A STATE LOTTERY AND HORSE RACING AGENCY.

1 9.3-202.

2 THERE IS A STATE LOTTERY AND HORSE RACING COMMISSION IN THE AGENCY.

3 9.3-203.

4 (A) THE COMMISSION CONSISTS OF NINE MEMBERS APPOINTED BY THE
5 GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.

6 (B) (1) AT THE TIME OF APPOINTMENT AND QUALIFICATION EACH MEMBER
7 SHALL BE:

8 (I) AT LEAST 25 YEARS OLD;

9 (II) A RESIDENT OF THE STATE WHO HAS RESIDED IN THE STATE
10 FOR AT LEAST THE LAST 5 YEARS;

11 (III) A QUALIFIED VOTER OF THE STATE; AND

12 (IV) AN INDIVIDUAL WHO HAS NOT BEEN CONVICTED OF A CRIME
13 THAT INVOLVES MORAL TURPITUDE OR GAMBLING.

14 (2) AT LEAST TWO MEMBERS OF THE COMMISSION SHALL BE
15 KNOWLEDGEABLE OR EXPERIENCED IN AN ASPECT OF THOROUGHBRED RACING.

16 (3) AT LEAST TWO OTHER MEMBERS SHALL BE KNOWLEDGEABLE OR
17 EXPERIENCED IN AN ASPECT OF HARNESS RACING.

18 (C) (1) A MEMBER OF THE COMMISSION MAY NOT HOLD AN OFFICIAL
19 RELATION TO A PERSON WHO HOLDS A LICENSE UNDER THIS TITLE OR TITLE 9.5 OF
20 THIS ARTICLE OR HOLD ANY STOCKS, BONDS, OR OTHER FINANCIAL INTEREST IN A
21 PERSON HOLDING A LICENSE DESCRIBED IN THIS PARAGRAPH.

22 (2) NOT MORE THAN FOUR MEMBERS MAY HAVE A FINANCIAL INTEREST
23 IN RACING IN THE STATE.

24 (3) A MEMBER MAY NOT HAVE A FINANCIAL INTEREST IN VIDEO
25 LOTTERY TERMINALS.

26 (4) NOT MORE THAN SIX MEMBERS MAY BE OF THE SAME POLITICAL
27 PARTY.

28 (D) BEFORE TAKING OFFICE, EACH APPOINTEE TO THE COMMISSION SHALL
29 TAKE THE OATH REQUIRED BY ARTICLE I, § 9 OF THE MARYLAND CONSTITUTION.

30 (E) (1) THE TERM OF A MEMBER OF THE COMMISSION IS 4 YEARS AND
31 BEGINS ON JUNE 1.

32 (2) THE TERMS OF MEMBERS ARE STAGGERED AS REQUIRED BY THE
33 TERMS PROVIDED FOR MEMBERS OF THE COMMISSION ON JUNE 1, 2003.

1 (3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A
2 SUCCESSOR IS APPOINTED AND QUALIFIES.

3 (4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES
4 ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND
5 QUALIFIES.

6 (F) (1) SUBJECT TO THE HEARING REQUIREMENTS OF THIS SUBSECTION,
7 THE GOVERNOR MAY REMOVE A MEMBER OF THE COMMISSION FOR INEFFICIENCY,
8 MISCONDUCT IN OFFICE, OR NEGLECT OF DUTY.

9 (2) BEFORE THE GOVERNOR REMOVES A MEMBER, THE GOVERNOR
10 SHALL GIVE THE MEMBER AN OPPORTUNITY FOR A PUBLIC HEARING.

11 (3) AT LEAST 10 DAYS BEFORE THE HEARING, THE GOVERNOR SHALL
12 GIVE THE MEMBER:

13 (I) A COPY OF THE CHARGES; AND

14 (II) NOTICE OF THE TIME AND PLACE OF THE HEARING.

15 (4) THE MEMBER MAY BE REPRESENTED AT THE HEARING BY AN
16 ATTORNEY.

17 (5) IF THE GOVERNOR REMOVES A MEMBER, THE GOVERNOR SHALL
18 SUBMIT TO THE SECRETARY OF STATE:

19 (I) A STATEMENT OF ALL CHARGES MADE AGAINST THE MEMBER;

20 (II) THE FINDINGS OF THE GOVERNOR; AND

21 (III) A RECORD OF THE PROCEEDINGS.

22 9.3-204.

23 From among [its] THE COMMISSION members, the [Commission] GOVERNOR
24 annually shall [elect] DESIGNATE a chairman.

25 9.3-205.

26 (a) With the advice and consent of the Senate, the Governor shall appoint the
27 Director of the Agency, who is the executive officer of the Agency and secretary of the
28 Commission.

29 (b) The Director serves at the pleasure of the Governor.

30 (c) The Director must have the training and experience needed to direct the
31 work of the Agency.

32 (d) The Director shall devote full time to the duties of office and may not
33 engage in another profession or occupation.

1 (e) In addition to any duties set forth elsewhere in this subtitle, the Director
2 shall have immediate supervision and direction over the Agency.

3 (f) The Director is entitled to:

4 (1) the salary provided in the State budget; AND

5 (2) REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE
6 TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

7 9.3-206.

8 (a) (1) A majority of the full authorized membership of the Commission is a
9 quorum.

10 (2) The Commission may not act unless at least [3] FIVE members
11 concur.

12 (b) The Commission shall determine the times and places of its meetings.

13 (c) (1) The secretary of the Commission promptly shall send the Governor a
14 certified copy of the minutes of each meeting of the Commission.

15 (2) The minutes shall include a copy of each regulation of the Agency
16 that is adopted.

17 (d) As provided in the State budget, a member of the Commission:

18 (1) may receive compensation as payment for attendance at Commission
19 meetings or other [lottery] AGENCY functions in the amount [of:

20 (i) \$125 per meeting attended, not to exceed \$1,500 annually for a
21 Commission member who is not the chairman; and

22 (ii) \$165 per meeting attended, not to exceed \$2,000 annually for
23 the Commission chairman] PROVIDED IN THE STATE BUDGET; and

24 (2) is entitled to reimbursement for reasonable expenses incurred in the
25 performance of the duties as a member.

26 (e) (1) With the advice of the Commission, the Director may employ deputy
27 directors and other staff in accordance with the State budget.

28 (2) Except as provided in paragraph (3) of this subsection or otherwise by
29 law, the staff of the Commission is in the State Personnel Management System.

30 (3) A deputy director is in the executive service of the State Personnel
31 Management System. However, a deputy director may be removed only for cause after
32 being given notice and an opportunity for a hearing.

1 9.3-207.

2 (A) WITH THE APPROVAL OF THE COMMISSION, THE DIRECTOR MAY ADOPT
3 REGULATIONS OF THE AGENCY.

4 (B) THE REGULATIONS OF THE AGENCY MAY PROVIDE FOR ALL MATTERS
5 THAT ARE NECESSARY OR DESIRABLE FOR THE EFFICIENT AND ECONOMICAL
6 OPERATION AND ADMINISTRATION OF THE STATE LOTTERY AND VIDEO LOTTERY
7 TERMINALS.

8 (C) WHEN ADOPTING REGULATIONS, THE DIRECTOR SHALL CONSIDER THE
9 CONVENIENCE OF BUYERS OF STATE LOTTERY TICKETS AND SHARES, THE HOLDERS
10 OF A WINNING TICKET OR SHARE, AND THE USERS OF VIDEO LOTTERY TERMINALS.

11 SUBTITLE 3. STATE LOTTERY.

12 9.3-301.

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

15 (B) "LICENSE" MEANS A LICENSE ISSUED BY THE DIRECTOR TO ACT AS A
16 LICENSED AGENT.

17 (C) "LICENSED AGENT" MEANS A PERSON OR GOVERNMENTAL UNIT
18 LICENSED BY THE DIRECTOR TO ACT AS A STATE LOTTERY SALES AGENT.

19 (D) "STATE LOTTERY" MEANS THE LOTTERY ESTABLISHED AND OPERATED
20 UNDER THIS SUBTITLE.

21 9.3-314.

22 (A) THIS SECTION DOES NOT APPLY TO PROCEEDS PAID INTO THE STATE
23 LOTTERY FUND FROM VIDEO LOTTERY TERMINALS UNDER SUBTITLE 4 OF THIS
24 TITLE.

25 [(a)] (B) The Comptroller shall distribute the State Lottery Fund to pay:

26 (1) on a pro rata basis for the daily and nondaily State lottery games, the
27 expenses of administering and operating the State lottery, as authorized under this
28 subtitle and the State budget; and

29 (2) then, except as provided in § 10-113.1 of the Family Law Article and
30 § 11-618 of the Criminal Procedure Article, the holder of each winning ticket or share.

31 [(b)] (C) (1) Promptly after the 1st day of each month, the Comptroller shall
32 pay:

33 (i) into the Maryland Stadium Facilities Fund the money that
34 remains in the State Lottery Fund from the proceeds of the sports lotteries conducted

1 for the benefit of the Maryland Stadium Authority, after the distribution under
2 subsection [(a)] (B) of this section; and

3 (ii) into the General Fund of the State the money that remains in
4 the State Lottery Fund from the proceeds of all other lotteries after the distribution
5 under subsection [(a)] (B) of this section.

6 (2) The money paid into the General Fund under this subsection is
7 available in the fiscal year in which the money accumulates in the State Lottery
8 Fund.

9 [(c)] (D) The regulations of the Agency shall apportion the money in the State
10 Lottery Fund.

11 SUBTITLE 4. VIDEO LOTTERY TERMINALS.

12 9.3-401.

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

15 (B) "AVERAGE ANNUAL PAYOUT PERCENTAGE" MEANS THE AVERAGE
16 ANNUAL PERCENTAGE OF MONEY USED BY PLAYERS TO PLAY A VIDEO LOTTERY
17 TERMINAL THAT IS RETURNED TO PLAYERS OF THAT VIDEO LOTTERY TERMINAL.

18 (C) "APPLICANT" MEANS A PERSON WHO APPLIES FOR ANY LICENSE
19 REQUIRED UNDER THIS SUBTITLE.

20 (D) "ASSOCIATED EQUIPMENT" MEANS HARDWARE LOCATED ON THE
21 LICENSEE'S PREMISES THAT IS CONNECTED TO THE VIDEO LOTTERY SYSTEM FOR
22 THE PURPOSE OF PERFORMING COMMUNICATION, VALIDATION, OR OTHER
23 FUNCTIONS, BUT NOT INCLUDING THE COMMUNICATION FACILITIES OF A
24 REGULATED UTILITY OR THE VIDEO LOTTERY TERMINALS.

25 (E) "BACKGROUND INVESTIGATION" MEANS A SECURITY, CRIMINAL, AND
26 CREDIT INVESTIGATION OF A PERSON WHO APPLIES FOR OR WHO IS GRANTED A
27 LICENSE UNDER THIS SUBTITLE.

28 (F) "CAREER OFFENDER" MEANS A PERSON WHOSE BEHAVIOR IS PURSUED IN
29 AN OCCUPATIONAL MANNER OR CONTEXT FOR THE PURPOSE OF ECONOMIC GAIN
30 THAT UTILIZES METHODS THAT ARE DEEMED BY THE COMMISSION AS CRIMINAL
31 VIOLATIONS INIMICAL TO THE INTEREST OF THE STATE.

32 (G) "CAREER OFFENDER CARTEL" MEANS A GROUP OF PERSONS WHO
33 OPERATE TOGETHER AS CAREER OFFENDERS.

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

1 (1) INFORMATION RETRIEVAL; AND

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

3 (I) "CONTROL" MEANS THE AUTHORITY TO DIRECT THE MANAGEMENT AND
4 POLICIES OF AN APPLICANT OR LICENSEE.

5 (J) "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 (K) "FAMILY" MEANS SPOUSE, PARENTS, GRANDPARENTS, CHILDREN,
11 GRANDCHILDREN, SIBLINGS, UNCLES, AUNTS, NEPHEWS, NIECES, FATHERS-IN-LAW,
12 MOTHERS-IN-LAW, DAUGHTERS-IN-LAW, SONS-IN-LAW, BROTHERS-IN-LAW, AND
13 SISTERS-IN-LAW, WHETHER BY WHOLE BLOOD OR HALF BLOOD, BY MARRIAGE,
14 ADOPTION, OR NATURAL RELATIONSHIP.

15 (L) "LICENSE" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, A
16 LICENSE REQUIRED UNDER THIS SUBTITLE.

17 (M) "LICENSEE" MEANS AN APPLICANT WHO HAS BEEN ISSUED A LICENSE
18 REQUIRED UNDER THIS SUBTITLE.

19 (N) "MANUFACTURER" MEANS A PERSON:

20 (1) WHO HOLDS A LICENSE ISSUED BY THE COMMISSION TO ENGAGE IN
21 THE BUSINESS OF DESIGNING, BUILDING, CONSTRUCTING, ASSEMBLING,
22 MANUFACTURING, OR DISTRIBUTING A CENTRAL COMPUTER, VIDEO LOTTERY
23 TERMINALS, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER COMPONENTS
24 OF VIDEO LOTTERY TERMINALS, THE RANDOM NUMBER GENERATOR OF VIDEO
25 LOTTERY TERMINALS, OR THE CABINET IN WHICH A VIDEO LOTTERY TERMINAL IS
26 HOUSED; AND

27 (2) WHOSE PRODUCT IS INTENDED FOR SALE, LEASE, OR OTHER
28 ASSIGNMENT TO THE COMMISSION.

29 (O) "OWN" MEANS HAVING A BENEFICIAL OR PROPRIETARY INTEREST OF AT
30 LEAST 10% IN THE PROPERTY OR BUSINESS OF AN APPLICANT OR LICENSEE.

31 (P) "PLAYER" MEANS A PERSON WHO PLAYS A VIDEO LOTTERY TERMINAL AT A
32 VIDEO LOTTERY FACILITY LICENSED BY THE COMMISSION.

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

36 (R) "VIDEO LOTTERY" MEANS GAMING OR BETTING CONDUCTED USING A
37 VIDEO LOTTERY TERMINAL.

1 (S) "VIDEO LOTTERY EMPLOYEE" MEANS AN EMPLOYEE OF A PERSON WHO
2 HOLDS A LICENSE.

3 (T) "VIDEO LOTTERY FACILITY" MEANS A FACILITY AT WHICH PLAYERS PLAY
4 VIDEO LOTTERY TERMINALS UNDER THIS SUBTITLE.

5 (U) "VIDEO LOTTERY OPERATION LICENSE" MEANS A LICENSE ISSUED TO A
6 HORSE RACETRACK THAT ALLOWS PLAYERS TO OPERATE VIDEO LOTTERY
7 TERMINALS.

8 (V) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY MACHINE IN WHICH BILLS,
9 COINS, OR TOKENS ARE DEPOSITED IN ORDER TO PLAY IN A GAME OF CHANCE IN
10 WHICH THE RESULTS, INCLUDING OPTIONS AVAILABLE TO THE PLAYER, ARE
11 RANDOMLY AND IMMEDIATELY DETERMINED BY THE MACHINE. A MACHINE MAY
12 USE SPINNING WHEELS, VIDEO DISPLAYS, OR BOTH AND EITHER DOES OR DOES NOT
13 DISPENSE MONEY OR TOKENS DIRECTLY TO WINNING PLAYERS.

14 (2) "VIDEO LOTTERY TERMINAL" INCLUDES A MACHINE OTHERWISE
15 DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION THAT USES AN ELECTRONIC
16 CREDIT SYSTEM MAKING THE DEPOSIT OF BILLS, COINS, OR TOKENS UNNECESSARY.
17 9.3-402.

18 (A) THE COMMISSION SHALL REGULATE THE OPERATION OF VIDEO LOTTERY
19 TERMINALS IN ACCORDANCE WITH THIS SUBTITLE.

20 (B) THIS SUBTITLE AUTHORIZES THE OPERATION OF VIDEO LOTTERY
21 TERMINALS CONNECTED TO A CENTRAL COMPUTER THAT ALLOWS THE COMMISSION
22 TO MONITOR A VIDEO LOTTERY TERMINAL.

23 (C) ONLY A PERSON WITH A VIDEO LOTTERY OPERATION LICENSE ISSUED BY
24 THE COMMISSION MAY OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE
25 STATE UNDER THIS SUBTITLE.

26 9.3-403.

27 (A) THE COMMISSION SHALL:

28 (1) HEAR AND DECIDE, PROMPTLY AND IN REASONABLE ORDER,
29 LICENSE APPLICATIONS AND CAUSES AFFECTING THE GRANTING, SUSPENSION,
30 REVOCATION, OR RENEWAL OF LICENSES UNDER THIS SUBTITLE;

31 (2) AFTER A HEARING, SUSPEND OR REVOKE AS APPLICABLE THE
32 LICENSE OF A LICENSEE WHO HAS A LICENSE SUSPENDED OR REVOKED IN
33 ANOTHER STATE;

34 (3) CONDUCT HEARINGS CONCERNING CIVIL VIOLATIONS OF THIS
35 SUBTITLE OR REGULATIONS ISSUED UNDER THIS SUBTITLE;

1 (4) COLLECT APPLICATION, LICENSE, AND OTHER FEES TO COVER THE
2 COSTS OF ADMINISTERING THIS SUBTITLE, EXCEPT THE COSTS DESCRIBED UNDER §
3 9.3-419(C) OF THIS SUBTITLE;

4 (5) APPLY APPLICATION, LICENSE, AND OTHER FEES TO COVER THE
5 COSTS OF ADMINISTERING THIS SUBTITLE, EXCEPT THE COSTS DESCRIBED UNDER §
6 9.3-419(C) OF THIS SUBTITLE;

7 (6) LEVY AND COLLECT CIVIL PENALTIES FOR CIVIL VIOLATIONS OF
8 THE PROVISIONS OF THIS SUBTITLE OR REGULATIONS ISSUED UNDER THIS
9 SUBTITLE;

10 (7) BE PRESENT AT A VIDEO LOTTERY OPERATION THROUGH ITS
11 EMPLOYEES AND AGENTS AT ANY TIME DURING THE OPERATION OF ANY VIDEO
12 LOTTERY TERMINAL FOR THE PURPOSE OF CERTIFYING REVENUE FROM THE VIDEO
13 LOTTERY TERMINALS, RECEIVING COMPLAINTS FROM THE PUBLIC, AND
14 CONDUCTING ANY OTHER INVESTIGATION INTO THE OPERATION OF THE VIDEO
15 LOTTERY TERMINALS AND THE MAINTENANCE OF THE VIDEO LOTTERY TERMINALS
16 AND ASSOCIATED EQUIPMENT AS THE COMMISSION MAY DEEM NECESSARY AND
17 PROPER; AND

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

21 (B) THE COMMISSION MAY:

22 (1) ISSUE SUBPOENAS TO COMPEL THE ATTENDANCE OF WITNESSES AT
23 ANY PLACE WITHIN THE STATE;

24 (2) ADMINISTER OATHS AND REQUIRE TESTIMONY UNDER OATH
25 BEFORE THE COMMISSION IN THE COURSE OF ANY INVESTIGATION OR HEARING
26 CONDUCTED UNDER THIS SUBTITLE;

27 (3) SERVE OR CAUSE TO BE SERVED ITS PROCESS OR NOTICES IN A
28 MANNER PROVIDED FOR SERVICE OF PROCESS IN CIVIL ACTIONS UNDER THE
29 MARYLAND RULES; AND

30 (4) PROPOUND WRITTEN INTERROGATORIES.

31 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION
32 SHALL CONDUCT A HEARING IN THE SAME MANNER AS SPECIFIED IN TITLE 10,
33 SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE.

34 (D) (1) (I) THE COMMISSION SHALL ENSURE THAT IN THE MANNER
35 PROVIDED IN TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT
36 ARTICLE THAT AN OVERALL MINIMUM OF 25% OF THE UNIT'S TOTAL DOLLAR VALUE
37 OF CONTRACTS SHALL BE MADE DIRECTLY OR INDIRECTLY FROM CERTIFIED
38 MINORITY BUSINESS ENTERPRISES, IN ADDITION TO COMPLYING WITH THE OTHER
39 REQUIREMENTS OF TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND

1 PROCUREMENT ARTICLE RELATING TO MINORITY BUSINESS PARTICIPATION WHEN
2 AWARDING LICENSES UNDER THIS SUBTITLE.

3 (II) FOR THE CONSTRUCTION OF FACILITIES AND PROCUREMENT
4 RELATED TO THE OPERATION OF VIDEO LOTTERY TERMINALS, AN APPLICANT OR A
5 LICENSEE SHALL MEET OR EXCEED THE REQUIREMENTS OF SUBPARAGRAPH (I) OF
6 THIS PARAGRAPH RELATING TO MINORITY BUSINESS PARTICIPATION.

7 (2) IF THE COUNTY IN WHICH A VIDEO LOTTERY FACILITY WILL BE
8 LOCATED HAS HIGHER MINORITY BUSINESS PARTICIPATION REQUIREMENTS THAN
9 THE STATE AS DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, THE
10 COMMISSION, AN APPLICANT, OR A LICENSEE SHALL TO THE EXTENT POSSIBLE
11 MEET OR EXCEED THE COUNTY'S MINORITY BUSINESS PARTICIPATION
12 REQUIREMENTS.

13 (E) THE COMMISSION MAY ADOPT REGULATIONS THAT INCLUDE THE
14 FOLLOWING SPECIFIC PROVISIONS IN ACCORDANCE WITH THIS SUBTITLE:

15 (1) ESTABLISHING THE METHODS AND FORMS OF APPLICATION THAT
16 AN APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE SHALL FOLLOW
17 AND COMPLETE BEFORE CONSIDERATION OF THE APPLICATION BY THE
18 COMMISSION;

19 (2) ESTABLISHING THE METHODS, PROCEDURES, AND FORM FOR
20 DELIVERY OF INFORMATION FROM AN APPLICANT OR LICENSEE CONCERNING ANY
21 PERSON'S FAMILY, HABITS, CHARACTER, ASSOCIATES, CRIMINAL RECORD, BUSINESS
22 ACTIVITIES, AND FINANCIAL AFFAIRS;

23 (3) ESTABLISHING THE PROCEDURES FOR THE FINGERPRINTING OF AN
24 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE OR OTHER
25 METHODS OF IDENTIFICATION THAT MAY BE NECESSARY IN THE JUDGMENT OF THE
26 COMMISSION TO ACCOMPLISH EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF
27 THIS SUBTITLE;

28 (4) ESTABLISHING THE MANNER AND PROCEDURE OF HEARINGS
29 CONDUCTED BY THE COMMISSION;

30 (5) ESTABLISHING THE MANNER AND METHOD OF COLLECTION OF
31 TAXES, FEES, AND CIVIL PENALTIES;

32 (6) DEFINING AND LIMITING THE AREAS OF OPERATION FOR VIDEO
33 LOTTERY TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO
34 LOTTERY TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY
35 TERMINALS;

36 (7) REGULATING THE PRACTICE AND PROCEDURES FOR NEGOTIABLE
37 TRANSACTIONS INVOLVING PLAYERS, INCLUDING LIMITATIONS ON THE
38 CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE TRANSACTIONS, AND THE
39 ESTABLISHMENT OF FORMS AND PROCEDURES FOR NEGOTIABLE INSTRUMENT
40 TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

1 (8) PRESCRIBING THE GROUNDS AND PROCEDURES FOR REPRIMANDS
2 OR THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER THIS SUBTITLE;

3 (9) GOVERNING THE MANUFACTURE, DISTRIBUTION, SALE, AND
4 SERVICING OF VIDEO LOTTERY TERMINALS;

5 (10) ESTABLISHING THE PROCEDURES, FORMS, AND METHODS OF
6 MANAGEMENT CONTROLS;

7 (11) PROVIDING FOR MINIMUM UNIFORM STANDARDS OF ACCOUNTANCY
8 METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ASSURE CONSISTENCY,
9 COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL INFORMATION,
10 INCLUDING PERCENTAGES OF PROFIT FOR VIDEO LOTTERY TERMINALS;

11 (12) ESTABLISHING PERIODIC FINANCIAL REPORTS AND THE FORM OF
12 THE REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC
13 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER
14 THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE
15 MAINTAINED BY THE VIDEO LOTTERY OPERATION LICENSEE AS REQUIRED BY THIS
16 SUBTITLE AND THE REGULATIONS THAT SHALL BE ISSUED UNDER THIS SUBTITLE;
17 AND

18 (13) PROHIBITING A LICENSEE FROM ALLOWING A MINOR TO PLAY A
19 VIDEO LOTTERY TERMINAL.

20 (F) (1) THE COMMISSION MAY BY REGULATION REQUIRE AN APPLICANT OR
21 LICENSEE TO FILE A BOND FOR THE BENEFIT OF THE STATE FOR THE FAITHFUL
22 PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS SUBTITLE AND ANY
23 REGULATIONS ISSUED UNDER THIS SUBTITLE.

24 (2) IF THE COMMISSION REQUIRES A BOND UNDER PARAGRAPH (1) OF
25 THIS SUBSECTION, AN APPLICANT OR LICENSEE SHALL OBTAIN AND SUBMIT
26 SATISFACTORY PROOF OF THE BOND TO THE COMMISSION BEFORE A LICENSE IS
27 ISSUED OR REISSUED.

28 (3) THE BONDS FURNISHED MAY BE APPLIED BY THE COMMISSION TO
29 THE PAYMENT OF AN UNPAID LIABILITY OF THE LICENSEE.

30 (G) (1) THE COMMISSION, BY REGULATION, MAY PROVIDE FOR THE
31 ESTABLISHMENT OF PROCEDURES RELATING TO INDIVIDUALS WHO ARE TO BE
32 EXCLUDED OR EJECTED FROM ANY VIDEO LOTTERY OPERATION LICENSED UNDER
33 THIS SUBTITLE.

34 (2) IF THE COMMISSION ADOPTS REGULATIONS UNDER THIS
35 SUBSECTION, THE REGULATIONS SHALL DEFINE THE STANDARDS FOR EXCLUSION
36 OR EJECTION AND SHALL INCLUDE STANDARDS RELATING TO INDIVIDUALS:

37 (I) WHO ARE CAREER OFFENDERS AS DEFINED BY REGULATIONS
38 ADOPTED BY THE COMMISSION;

1 (II) WHO HAVE BEEN CONVICTED OF A CRIMINAL OFFENSE UNDER
2 THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN THE UNITED
3 STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE OR A
4 GAMBLING OFFENSE; OR

5 (III) WHOSE PRESENCE IN THE ESTABLISHMENT OF A LICENSEE
6 WOULD BE, IN THE OPINION OF THE COMMISSION, INIMICAL TO THE INTEREST OF
7 THE STATE, THE LICENSEE, OR THE INDIVIDUAL.

8 (3) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN
9 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO
10 EXCLUDE OR EJECT FROM THE PREMISES OF THE LICENSEE AN INDIVIDUAL PLACED
11 BY THE COMMISSION ON THE LIST OF PERSONS TO BE EXCLUDED OR EJECTED.

12 (4) AN ORDER UNDER THIS SUBSECTION SHALL BE SUBJECT TO
13 JUDICIAL REVIEW.

14 (H) (1) THE COMMISSION SHALL PROMPTLY AND THOROUGHLY
15 INVESTIGATE ALL APPLICATIONS AND ENFORCE THIS SUBTITLE AND REGULATIONS
16 THAT ARE ADOPTED UNDER THIS SUBTITLE.

17 (2) THE COMMISSION AND ITS EMPLOYEES AND AGENTS SHALL HAVE
18 THE AUTHORITY, WITHOUT NOTICE AND WITHOUT WARRANT, TO:

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

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

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

31 (IV) INSPECT, EXAMINE, AND AUDIT BOOKS, RECORDS, AND
32 DOCUMENTS CONCERNING A LICENSEE'S VIDEO LOTTERY OPERATIONS, INCLUDING
33 THE FINANCIAL RECORDS OF A PARENT CORPORATION, SUBSIDIARY CORPORATION,
34 OR SIMILAR BUSINESS ENTITY. A LICENSEE SHALL AUTHORIZE ANY OTHER PERSON
35 HAVING FINANCIAL RECORDS RELATING TO THE LICENSEE TO PROVIDE THOSE
36 RECORDS TO THE COMMISSION; AND

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

1 9.3-404.

2 (A) THE COMMISSION MAY ISSUE NO MORE THAN FOUR VIDEO LOTTERY
3 OPERATION LICENSES.

4 (B) THE FOLLOWING PERSONS MAY SUBMIT AN APPLICATION FOR A VIDEO
5 LOTTERY OPERATION LICENSE:

6 (1) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT THE
7 LAUREL THOROUGHBRED RACE COURSE IN ANNE ARUNDEL COUNTY;

8 (2) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING FOR THE
9 PIMLICO RACE COURSE IN BALTIMORE CITY;

10 (3) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING FOR THE
11 ROSECROFT RACEWAY IN PRINCE GEORGE'S COUNTY; AND

12 (4) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT THE
13 HORSE RACETRACK IN ALLEGANY COUNTY.

14 (C) THE COMMISSION MAY ONLY ISSUE A VIDEO LOTTERY OPERATION
15 LICENSE:

16 (1) TO AN APPLICANT WHO IS THE HOLDER OF A LICENSE TO HOLD A
17 RACE MEETING DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION; AND

18 (2) FOR THE LOCATION OF THE HORSE RACETRACK FOR WHICH THE
19 APPLICANT HOLDS THE LICENSE TO HOLD A RACE MEETING.

20 9.3-405.

21 (A) ON OR BEFORE MARCH 31, 2004, AN APPLICANT FOR A VIDEO LOTTERY
22 OPERATION LICENSE DESCRIBED IN § 9.3-404 OF THIS SUBTITLE SHALL SUBMIT THE
23 FOLLOWING APPLICATION FEE:

24 (1) EXCEPT AS PROVIDED IN ITEM (2) OF THIS SUBSECTION, \$100,000,000;
25 OR

26 (2) FOR THE APPLICANT FOR THE LOCATION IN ALLEGANY COUNTY,
27 \$50,000,000.

28 (B) ON OR BEFORE MARCH 31, 2004, IF THE HOLDER OF A LICENSE FOR
29 RACING HAS MADE GOOD FAITH EFFORTS TO OBTAIN AND PAY THE LICENSE FEE
30 REQUIRED UNDER THIS SECTION BUT HAS BEEN UNABLE TO DO SO, IF THE OTHER
31 REQUIREMENTS OF THIS SUBTITLE ARE MET, THE COMMISSION MAY GRANT A
32 WAIVER TO ALLOW THE PERSON ADDITIONAL TIME NOT TO EXCEED 3 MONTHS TO
33 OBTAIN THE REQUIRED AMOUNT.

34 (C) IF THE APPLICANT DOES NOT PAY THE REQUIRED FEE IN THE TIME
35 REQUIRED UNDER THIS SECTION, THE LICENSE REVERTS TO THE STATE AS
36 PROVIDED IN § 9.3-407 OF THIS SUBTITLE.

1 9.3-406.

2 (A) (1) THE INITIAL TERM OF A VIDEO LOTTERY OPERATION LICENSE IS 20
3 YEARS.

4 (2) DURING THE INITIAL TERM OF A VIDEO LOTTERY OPERATION
5 LICENSE, THE LICENSEE SHALL PROVIDE THE COMMISSION AN UPDATE ANNUALLY
6 ON THE INFORMATION REQUIRED UNDER THIS SUBTITLE FOR ISSUANCE OF THE
7 LICENSE.

8 (B) AT THE END OF 20 YEARS A VIDEO LOTTERY OPERATION LICENSE IS
9 RENEWABLE ANNUALLY FOR A FEE TO BE ESTABLISHED BY STATUTE.

10 (C) (1) IN THIS SUBSECTION, "ANNUALIZED COST OF THE LICENSE" MEANS:

11 (I) IF THE VIDEO LOTTERY OPERATION LICENSEE WAS THE
12 ORIGINAL LICENSEE, THE AMOUNT OF THE INITIAL APPLICATION FEE UNDER §
13 9.3-405 OF THIS SUBTITLE DIVIDED BY 20; OR

14 (II) IF THE VIDEO LOTTERY OPERATION LICENSEE WAS AWARDED
15 THE LICENSE AFTER THE REVOCATION OR SURRENDER OF A LICENSE BY ANOTHER
16 PERSON, THE AMOUNT OF THE APPLICATION FEE DIVIDED BY THE NUMBER OF
17 YEARS OF THE TERM OF THE LICENSE.

18 (2) IF A VIDEO LOTTERY OPERATION LICENSE IS REVOKED OR
19 SURRENDERED BEFORE THE EXPIRATION OF THE INITIAL TERM, THE STATE SHALL
20 REIMBURSE THE LICENSEE PRO RATA FOR THE PORTION OF THE APPLICATION FEE
21 BASED ON THE ANNUALIZED COST OF THE INITIAL LICENSE TIMES THE NUMBER OF
22 YEARS REMAINING ON THE LICENSE, NOT INCLUDING THE YEAR IN WHICH THE
23 LICENSE WAS REVOKED OR SURRENDERED, LESS THE REASONABLE AMOUNT OF
24 EXPENSES INCURRED BY THE STATE IN REVOKING THE LICENSE OR OBTAINING THE
25 SURRENDERED LICENSE.

26 (3) THE STATE MAY EITHER PAY THE AMOUNT REQUIRED UNDER
27 PARAGRAPH (2) OF THIS SUBSECTION IN ONE LUMP SUM OR ANNUALLY OVER THE
28 TIME REMAINING ON THE TERM OF THE LICENSE.

29 9.3-407.

30 IF A PERSON DESCRIBED IN § 9.3-404 OF THIS SUBTITLE FAILS TO SUBMIT A
31 COMPLETE OR TIMELY APPLICATION, HAS ITS APPLICATION REJECTED BY THE
32 COMMISSION, HAS ITS LICENSE REVOKED, OR OTHERWISE SURRENDERS THE
33 LICENSE, THE VIDEO LOTTERY OPERATION LICENSE REVERTS TO THE STATE.

34 9.3-408.

35 (A) IF A VIDEO LOTTERY OPERATION LICENSEE MADE CAPITAL
36 IMPROVEMENTS OR RENOVATIONS TO THE RACETRACK USED FOR VIDEO LOTTERY
37 OPERATIONS THAT ARE REASONABLY RELATED TO THE VIDEO LOTTERY OPERATION
38 AND THE LICENSE OF THE VIDEO LOTTERY OPERATOR IS REVOKED OR OTHERWISE

1 SURRENDERED WITHIN 10 YEARS OF THE COMPLETION OF THE IMPROVEMENTS OR
2 RENOVATIONS, THE LICENSEE SHALL BE ENTITLED TO REIMBURSEMENT BY THE
3 STATE FOR THE REASONABLE COSTS OF THE IMPROVEMENTS OR RENOVATIONS AS
4 PROVIDED IN THIS SECTION.

5 (B) THE LICENSEE SHALL BE REIMBURSED ON A PRO RATA BASIS IN THE
6 FOLLOWING MANNER:

7 (1) FIRST, THE TOTAL COST OF THE IMPROVEMENTS OR RENOVATIONS
8 SHALL BE DIVIDED BY 10;

9 (2) SECOND, SUBTRACT FROM 10 THE NUMBER OF YEARS THE FACILITY
10 HAS BEEN USED SINCE COMPLETION OF THE IMPROVEMENTS OR RENOVATIONS,
11 INCLUDING THE YEAR IN WHICH THE LICENSE WAS REVOKED OR SURRENDERED;
12 AND

13 (3) LASTLY, MULTIPLY THE NUMBER DETERMINED IN ITEM (1) OF THIS
14 SUBSECTION BY THE NUMBER DETERMINED IN ITEM (2) OF THIS SUBSECTION.

15 (C) THE VIDEO LOTTERY OPERATION LICENSEE SHALL HAVE THE BURDEN OF
16 PROVING THAT:

17 (1) THE IMPROVEMENTS OR RENOVATIONS WERE REASONABLY
18 RELATED TO THE VIDEO LOTTERY OPERATION; AND

19 (2) THE REASONABLENESS OF THE COSTS INCURRED.

20 (D) (1) UNLESS THE STATE INTENDS TO ASSUME THE VIDEO LOTTERY
21 OPERATION LICENSE AND OPERATE THE VIDEO LOTTERY FACILITY, THE STATE IS
22 NOT RESPONSIBLE FOR MAKING ANY PAYMENTS UNDER THIS SECTION UNTIL THE
23 COMMISSION HAS AWARDED ANOTHER VIDEO LOTTERY OPERATOR LICENSE FOR
24 THE RACETRACK WHERE THE IMPROVEMENTS OR RENOVATIONS WERE MADE.

25 (2) THE STATE MAY PAY ANY AMOUNT OWED IN THIS SECTION AS A
26 LUMP SUM OR IN EQUAL AMOUNTS OVER THE NUMBER OF YEARS DETERMINED IN
27 THE CALCULATION UNDER SUBSECTION (B)(2) OF THIS SECTION.

28 9.3-409.

29 THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE:

30 (1) A VIDEO LOTTERY OPERATOR;

31 (2) A MANUFACTURER;

32 (3) A PERSON NOT LICENSED UNDER ITEMS (1) OR (2) OF THIS SECTION
33 WHO MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR PROVIDES
34 SERVICE, MAINTENANCE, OR REPAIRS FOR VIDEO LOTTERY TERMINALS; AND

35 (4) A VIDEO LOTTERY EMPLOYEE.

1 9.3-410.

2 (A) AN APPLICANT FOR A LICENSE SHALL SUBMIT TO THE COMMISSION AN
3 APPLICATION:

4 (1) IN THE FORM THAT THE COMMISSION REQUIRES; AND

5 (2) ON OR BEFORE THE DATE SET BY THE COMMISSION.

6 (B) (1) THIS SUBSECTION DOES NOT APPLY TO LICENSE FEES FOR A VIDEO
7 LOTTERY OPERATION LICENSE.

8 (2) THE COMMISSION MAY BY REGULATION ESTABLISH A FEE FOR A
9 LICENSE UNDER THIS SUBTITLE.

10 (3) IF THE COMMISSION ESTABLISHES A FEE FOR A LICENSE, AN
11 APPLICANT SHALL SUBMIT THE FEE WITH THE APPLICATION.

12 (C) (1) AN APPLICANT OR LICENSEE SHALL HAVE THE AFFIRMATIVE
13 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
14 PERSON'S QUALIFICATIONS.

15 (2) AN APPLICANT OR LICENSEE SHALL PROVIDE INFORMATION
16 REQUIRED BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING
17 TO QUALIFICATIONS IN THE FORM SPECIFIED BY THE COMMISSION.

18 (3) AN APPLICANT OR LICENSEE SHALL CONSENT TO INSPECTIONS,
19 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBTITLE OR REGULATIONS
20 ISSUED UNDER THIS SUBTITLE.

21 (4) (I) AN APPLICANT OR LICENSEE SHALL HAVE THE CONTINUING
22 DUTY TO:

23 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY
24 THE COMMISSION; AND

25 2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR
26 HEARING CONDUCTED BY THE COMMISSION.

27 (II) ON ISSUANCE OF A FORMAL REQUEST TO ANSWER OR
28 PRODUCE INFORMATION, EVIDENCE, OR TESTIMONY, IF AN APPLICANT OR LICENSEE
29 REFUSES TO COMPLY, THE APPLICATION OR LICENSE OF THE PERSON MAY BE
30 DENIED, SUSPENDED, OR REVOKED BY THE COMMISSION.

31 (5) (I) IF THE APPLICANT IS AN INDIVIDUAL, THE APPLICANT SHALL
32 BE PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND
33 INVESTIGATION PURPOSES.

34 (II) IF THE APPLICANT IS NOT AN INDIVIDUAL, THE COMMISSION
35 BY REGULATION MAY ESTABLISH THE CATEGORIES OF INDIVIDUALS WHO SHALL BE

1 PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND INVESTIGATION
2 PURPOSES.

3 (6) (I) AN APPLICANT OR LICENSEE SHALL HAVE A DUTY TO INFORM
4 THE COMMISSION OF AN ACT OR OMISSION THAT THE PERSON BELIEVES
5 CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ISSUED
6 UNDER THIS SUBTITLE.

7 (II) AN APPLICANT OR LICENSEE MAY NOT DISCRIMINATE AGAINST
8 A PERSON WHO IN GOOD FAITH INFORMS THE COMMISSION OF AN ACT OR OMISSION
9 THAT THE PERSON BELIEVES CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE
10 REGULATIONS ISSUED UNDER THIS SUBTITLE.

11 (7) AN APPLICANT OR LICENSEE SHALL PRODUCE INFORMATION,
12 DOCUMENTATION, AND ASSURANCES TO ESTABLISH THE FOLLOWING
13 QUALIFICATION CRITERIA BY CLEAR AND CONVINCING EVIDENCE:

14 (I) THE FINANCIAL STABILITY, INTEGRITY, AND RESPONSIBILITY
15 OF THE APPLICANT OR LICENSEE;

16 (II) THE INTEGRITY OF THE FINANCIAL BACKERS, INVESTORS,
17 MORTGAGEES, BONDHOLDERS, AND HOLDERS OF OTHER EVIDENCES OF
18 INDEBTEDNESS THAT BEAR A RELATION TO THE APPLICATION;

19 (III) THE APPLICANT'S OR LICENSEE'S GOOD CHARACTER, HONESTY,
20 AND INTEGRITY; AND

21 (IV) SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE
22 APPLICANT OR LICENSEE;

23 (8) IN ADDITION TO OTHER INFORMATION REQUIRED BY THIS
24 SUBTITLE, A BUSINESS ENTITY APPLYING FOR A VIDEO LOTTERY OPERATION
25 LICENSE SHALL PROVIDE THE FOLLOWING INFORMATION:

26 (I) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF
27 ALL BUSINESSES OPERATED BY THE BUSINESS ENTITY;

28 (II) THE NAMES, PERSONAL EMPLOYMENT, AND CRIMINAL
29 HISTORIES OF OFFICERS, DIRECTORS, PARTNERS, AND PRINCIPAL EMPLOYEES OF
30 THE BUSINESS ENTITY;

31 (III) THE NAMES OF ALL HOLDING, INTERMEDIARY, AND
32 SUBSIDIARY COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES OF THE BUSINESS
33 ENTITY;

34 (IV) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF
35 ALL BUSINESSES OPERATED BY THE BUSINESS ENTITY'S HOLDING, INTERMEDIARY,
36 AND SUBSIDIARY COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES;

1 (V) THE RIGHTS AND PRIVILEGES ACQUIRED BY THE HOLDERS OF
2 DIFFERENT CLASSES OF AUTHORIZED SECURITIES, PARTNERSHIP INTERESTS, OR
3 OTHER SIMILAR OWNERSHIP INTERESTS OF THE BUSINESS ENTITY AND ITS
4 HOLDING, INTERMEDIARY, AND SUBSIDIARY COMPANIES OR OTHER SIMILAR
5 BUSINESS ENTITIES;

6 (VI) THE TERMS ON WHICH THE SECURITIES, PARTNERSHIP
7 INTERESTS, OR OTHER SIMILAR OWNERSHIP INTERESTS HAVE BEEN OR ARE TO BE
8 OFFERED;

9 (VII) THE TERMS AND CONDITIONS OF ALL OUTSTANDING LOANS,
10 MORTGAGES, TRUST DEEDS, PLEDGES, OR OTHER INDEBTEDNESS OR SECURITY
11 DEVICES UTILIZED BY THE BUSINESS ENTITY;

12 (VIII) THE EXTENT OF THE EQUITY SECURITY HOLDING IN THE
13 BUSINESS ENTITY OF THE OFFICERS, DIRECTORS, PARTNERS, AND UNDERWRITERS
14 AND THEIR REMUNERATION IN THE FORM OF SALARY, WAGES, FEES, OR OTHERWISE;

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

18 (X) THE NAMES OF PERSONS WHO OWN OR CONTROL THE
19 BUSINESS ENTITY;

20 (XI) A DESCRIPTION OF ALL BONUS AND PROFIT-SHARING
21 ARRANGEMENTS;

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

23 (XIII) A LISTING OF STOCK OPTIONS.

24 (9) IF A BUSINESS ENTITY THAT APPLIES FOR A VIDEO LOTTERY
25 OPERATION LICENSE IS A SUBSIDIARY OR IF A BUSINESS ENTITY HOLDING A VIDEO
26 LOTTERY OPERATION LICENSE IS TO BECOME A SUBSIDIARY, EACH HOLDING
27 COMPANY AND EACH INTERMEDIARY COMPANY WITH RESPECT TO THE BUSINESS
28 ENTITY SHALL, AS A CONDITION OF THE SUBSIDIARY ACQUIRING OR RETAINING A
29 VIDEO LOTTERY OPERATION LICENSE SHALL:

30 (I) QUALIFY TO DO BUSINESS IN THE STATE; OR

31 (II) FURNISH THE COMMISSION WITH THE INFORMATION
32 REQUIRED IN PARAGRAPH (8) OF THIS SUBSECTION AND OTHER INFORMATION THAT
33 THE COMMISSION MAY REQUIRE.

34 (10) AN INDIVIDUAL APPLYING FOR A VIDEO LOTTERY OPERATION
35 LICENSE SHALL PROVIDE TO THE EXTENT APPLICABLE TO AN INDIVIDUAL THE
36 INFORMATION REQUIRED UNDER PARAGRAPH (8) OF THIS SUBSECTION IN THE FORM
37 REQUIRED BY THE COMMISSION.

1 (11) THE COMMISSION SHALL DENY A VIDEO LOTTERY OPERATION
2 LICENSE TO AN APPLICANT WHO IS DISQUALIFIED ON THE BASIS OF ANY OF THE
3 FOLLOWING CRITERIA:

4 (I) FAILURE OF THE APPLICANT TO PROVE BY CLEAR AND
5 CONVINCING EVIDENCE THAT THE APPLICANT AND EACH PERSON WHO OWNS OR
6 CONTROLS THE APPLICANT ARE QUALIFIED UNDER THE PROVISIONS OF THIS
7 SUBTITLE;

8 (II) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
9 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO PROVIDE
10 INFORMATION, DOCUMENTATION, AND ASSURANCES REQUIRED BY THIS SUBTITLE
11 OR REQUESTED BY THE COMMISSION;

12 (III) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
13 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO REVEAL ANY
14 FACT MATERIAL TO QUALIFICATION;

15 (IV) SUPPLYING, BY THE APPLICANT OR ANY PERSON REQUIRED TO
16 BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE, OF
17 INFORMATION THAT IS UNTRUE OR MISLEADING AS TO A MATERIAL FACT
18 CONCERNING THE QUALIFICATION CRITERIA;

19 (V) THE CONVICTION OF THE APPLICANT OR OF ANY PERSON
20 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
21 OF AN OFFENSE UNDER THE LAWS OF THE UNITED STATES OR ANY JURISDICTION
22 WITHIN THE UNITED STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL
23 TURPITUDE OR A GAMBLING OFFENSE;

24 (VI) CURRENT PROSECUTION OF THE APPLICANT OR A PERSON
25 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
26 LICENSE FOR AN OFFENSE DESCRIBED UNDER ITEM (V) OF THIS PARAGRAPH;
27 HOWEVER, AT THE REQUEST OF THE APPLICANT, THE COMMISSION MAY DEFER
28 DECISION ON THE APPLICATION DURING THE PENDENCY OF THE CHARGE;

29 (VII) THE PURSUIT BY THE APPLICANT OR A PERSON WHO IS
30 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
31 OF ECONOMIC GAIN IN AN OCCUPATIONAL MANNER OR CONTEXT THAT IS IN
32 VIOLATION OF THE LAWS OF THE STATE, IF THE PURSUIT CREATES A REASONABLE
33 BELIEF THAT PARTICIPATION OF THE APPLICANT IN VIDEO LOTTERY OPERATIONS
34 WOULD BE INIMICAL TO THE POLICIES OF THIS SUBTITLE;

35 (VIII) THE IDENTIFICATION OF THE APPLICANT OR A PERSON WHO IS
36 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
37 AS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER CARTEL OR AN
38 ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER
39 THAT CREATES A REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS
40 TO BE INIMICAL TO THE POLICIES OF THIS SUBTITLE;

1 (IX) THE COMMITTING OF AN ACT BY THE APPLICANT OR A PERSON
2 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
3 LICENSE THAT WOULD CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (V) OF
4 THIS PARAGRAPH, EVEN IF THE ACT HAS NOT OR MAY NOT BE PROSECUTED UNDER
5 THE CRIMINAL LAWS OF THE STATE;

6 (X) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON
7 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
8 LICENSE OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL
9 INVESTIGATORY BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE
10 UNITED STATES WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES
11 RELATING TO GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY;
12 AND

13 (XI) ANY OTHER REASON ESTABLISHED IN REGULATIONS OF THE
14 COMMISSION AS A REASON FOR DENYING A LICENSE.

15 (D) (1) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED
16 UNDER THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE
17 COMMISSION, THE COMMISSION SHALL REFER THE APPLICATION TO THE
18 DEPARTMENT OF STATE POLICE TO CONDUCT A BACKGROUND INVESTIGATION
19 UNDER § 9.3-413 OF THIS SUBTITLE ON THE QUALIFICATIONS OF THE APPLICANT
20 AND ANY PERSON WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A
21 CONDITION OF A LICENSE.

22 (2) AFTER RECEIVING THE RESULTS OF THE BACKGROUND
23 INVESTIGATION, THE COMMISSION MAY EITHER GRANT A LICENSE TO AN
24 APPLICANT WHOM THE COMMISSION DETERMINES TO BE QUALIFIED OR DENY THE
25 APPLICATION TO AN APPLICANT WHOM THE COMMISSION DETERMINES TO BE NOT
26 QUALIFIED OR DISQUALIFIED.

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

30 (4) EXCEPT AS PROVIDED IN § 9.3-406 OF THIS SUBTITLE, IF SATISFIED
31 THAT AN APPLICANT IS QUALIFIED TO RECEIVE A LICENSE, AND ON TENDER OF ALL
32 REQUIRED APPLICATION, LICENSE, AND OTHER FEES AND TAXES, AND THE BOND
33 REQUIRED UNDER § 9.3-403 OF THIS SUBTITLE, THE COMMISSION SHALL ISSUE A
34 LICENSE FOR A TERM OF 1 YEAR.

35 (5) SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR
36 SUSPEND A LICENSE, A LICENSE IN FORCE SHALL BE RENEWED BY THE COMMISSION
37 FOR THE NEXT SUCCEEDING LICENSE PERIOD ON:

38 (I) PROPER APPLICATION FOR RENEWAL; AND

39 (II) PAYMENT OF ALL REQUIRED APPLICATION, LICENSE, AND
40 OTHER FEES AND TAXES.

1 (E) (1) ON THE REQUEST OF AN APPLICANT FOR A LICENSE, THE
2 COMMISSION MAY GRANT AN EXEMPTION OR WAIVER OF ANY REQUIREMENT UNDER
3 SUBSECTION (C) OF THIS SECTION IF THE COMMISSION CONSIDERS THAT THE
4 REQUIREMENT IS NOT NECESSARY IN ORDER TO PROTECT THE PUBLIC INTEREST OR
5 ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

6 (2) ON GRANTING TO AN APPLICANT AN EXEMPTION OR WAIVER OF A
7 REQUIREMENT OF SUBSECTION (C) OF THIS SECTION, OR AT ANY TIME AFTER AN
8 EXEMPTION OR WAIVER IS GRANTED, THE COMMISSION:

9 (I) MAY LIMIT OR PLACE RESTRICTIONS ON THE EXEMPTION OR
10 WAIVER AS THE COMMISSION DEEMS NECESSARY IN THE PUBLIC INTEREST; AND

11 (II) SHALL REQUIRE THE PERSON WHO IS GRANTED THE
12 EXEMPTION OR WAIVER TO COOPERATE WITH THE COMMISSION AND, ON REQUEST,
13 TO PROVIDE INFORMATION IN THE SAME MANNER AS REQUIRED OF OTHER
14 LICENSEES UNDER THIS SUBTITLE.

15 9.3-411.

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

26 (B) CONSISTENT WITH THE POLICY DESCRIBED IN SUBSECTION (A) OF THIS
27 SECTION, IT IS THE INTENT OF THIS SECTION TO:

28 (1) PRECLUDE:

29 (I) THE CREATION OF ANY PROPERTY RIGHT IN ANY LICENSE
30 REQUIRED UNDER THIS SUBTITLE;

31 (II) THE ACCRUAL OF ANY VALUE TO THE PRIVILEGE OF
32 PARTICIPATION IN VIDEO LOTTERY OPERATIONS; AND

33 (III) THE TRANSFER OF ANY LICENSE ISSUED UNDER THIS
34 SUBTITLE; AND

35 (2) REQUIRE THAT PARTICIPATION IN VIDEO LOTTERY OPERATIONS BE
36 CONDITIONED SOLELY ON THE CONTINUING INDIVIDUAL QUALIFICATIONS OF THE
37 PERSON WHO SEEKS THE PRIVILEGE.

1 9.3-412.

2 (A) A LICENSE ISSUED UNDER THIS SUBTITLE MAY NOT BE:

3 (1) TRANSFERRED OR ASSIGNED TO ANOTHER PERSON; OR

4 (2) PLEDGED AS COLLATERAL.

5 (B) (1) A LICENSEE MAY NOT SELL OR OTHERWISE TRANSFER MORE THAN
6 20% OF THE LEGAL OR BENEFICIAL INTERESTS OF THE PERSON UNLESS THE
7 PERSON:

8 (I) NOTIFIES THE COMMISSION OF THE PROPOSED SALE OR
9 TRANSFER; AND

10 (II) THE COMMISSION DETERMINES THAT THE PROPOSED BUYER
11 OR TRANSFEREE MEETS THE REQUIREMENTS OF THIS SUBTITLE.

12 (2) UNLESS THE COMMISSION NEEDS A LONGER TIME TO DETERMINE
13 WHETHER THE PROPOSED BUYER OR TRANSFEREE MEETS THE REQUIREMENTS OF
14 THIS SUBTITLE, IF THE REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION ARE
15 NOT SATISFIED, A LICENSE ISSUED UNDER THIS SUBTITLE IS AUTOMATICALLY
16 REVOKED 90 DAYS AFTER THE SALE OR TRANSFER.

17 9.3-413.

18 (A) THE DEPARTMENT OF STATE POLICE SHALL:

19 (1) CONDUCT A BACKGROUND INVESTIGATION OF EACH APPLICANT;
20 AND

21 (2) COOPERATE WITH THE COMMISSION IN OBTAINING AND PROVIDING
22 THE NECESSARY BACKGROUND INVESTIGATION INFORMATION.

23 (B) (1) AN APPLICANT SHALL PROVIDE THE DEPARTMENT OF STATE POLICE
24 WITH ALL INFORMATION THE DEPARTMENT REQUIRES IN ORDER TO CONDUCT A
25 BACKGROUND INVESTIGATION.

26 (2) FAILURE TO PROVIDE TIMELY OR ACCURATE INFORMATION IS
27 GROUNDS FOR THE COMMISSION TO DENY AN APPLICATION.

28 (C) (1) THE DEPARTMENT OF STATE POLICE SHALL APPLY TO THE CENTRAL
29 REPOSITORY FOR A STATE AND NATIONAL CRIMINAL HISTORY RECORDS CHECK FOR
30 EACH APPLICANT.

31 (2) AS PART OF THE APPLICATION FOR A CRIMINAL HISTORY RECORDS
32 CHECK, THE DEPARTMENT OF STATE POLICE SHALL SUBMIT TO THE CENTRAL
33 REPOSITORY:

1 (I) TWO COMPLETE SETS OF THE APPLICANT'S LEGIBLE
2 FINGERPRINTS TAKEN ON FORMS APPROVED BY THE DIRECTOR OF THE CENTRAL
3 REPOSITORY AND THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION;

4 (II) THE FEE AUTHORIZED UNDER § 10-221(B)(7) OF THE CRIMINAL
5 PROCEDURE ARTICLE FOR ACCESS TO MARYLAND CRIMINAL HISTORY RECORDS; AND

6 (III) THE MANDATORY PROCESSING FEE REQUIRED BY THE
7 FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY
8 RECORDS CHECK.

9 (3) IN ACCORDANCE WITH §§ 10-201 THROUGH 10-234 OF THE CRIMINAL
10 PROCEDURE ARTICLE, THE CENTRAL REPOSITORY SHALL FORWARD TO THE
11 APPLICANT AND THE DEPARTMENT OF STATE POLICE A PRINTED STATEMENT OF
12 THE APPLICANT'S CRIMINAL HISTORY RECORD INFORMATION.

13 (4) THE SUBJECT OF A CRIMINAL HISTORY RECORDS CHECK UNDER
14 THIS SECTION MAY CONTEST THE CONTENTS OF THE PRINTED STATEMENT ISSUED
15 BY THE CENTRAL REPOSITORY AS PROVIDED IN § 10-223 OF THE CRIMINAL
16 PROCEDURE ARTICLE.

17 (D) AFTER COMPLETION OF THE BACKGROUND INVESTIGATION OF AN
18 APPLICANT, THE DEPARTMENT OF STATE POLICE SHALL FORWARD THE RESULTS OF
19 THE INVESTIGATION TO THE COMMISSION.

20 9.3-414.

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

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

24 (2) UNDER THE CONTROL OF THE COMMISSION.

25 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
26 VIDEO LOTTERY OPERATION LICENSEE MAY NOT OPERATE MORE THAN 3,000 VIDEO
27 LOTTERY TERMINALS.

28 (2) THE VIDEO LOTTERY OPERATION LOCATED AT THE HORSE
29 RACETRACK IN ALLEGANY COUNTY MAY NOT OPERATE MORE THAN 1,500 VIDEO
30 LOTTERY TERMINALS.

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

35 (2) (I) A VIDEO LOTTERY OPERATION LICENSEE MAY SELECT FROM A
36 MANUFACTURER LICENSED UNDER THIS SUBTITLE THE TYPES OF VIDEO LOTTERY
37 TERMINALS THAT THE LICENSEE DESIRES TO INSTALL ON THE FACILITY.

1 (II) UNLESS THE REQUEST OF THE VIDEO LOTTERY OPERATION
2 LICENSEE IS UNREASONABLE, THE COMMISSION SHALL PURCHASE OR LEASE THE
3 VIDEO LOTTERY TERMINALS SELECTED BY THE LICENSEE.

4 (D) (1) IF THE VIDEO LOTTERY OPERATOR LICENSEE CONTRACTS WITH
5 ANOTHER PERSON OTHER THAN AN EMPLOYEE OF THE VIDEO LOTTERY OPERATOR
6 TO PROVIDE ANY OF THE SERVICES RELATED TO OPERATING A VIDEO LOTTERY
7 FACILITY, EACH PERSON AND EACH OTHER PERSON WHO OWNS OR CONTROLS THE
8 PERSON, MANAGEMENT AND SUPERVISORY PERSONNEL, AND OTHER PRINCIPAL
9 EMPLOYEES SHALL QUALIFY UNDER THE STANDARDS AND PROVISIONS SET FORTH
10 IN § 9.3-410 OF THIS SUBTITLE FOR LICENSEES.

11 (2) EXCEPT AS AUTHORIZED IN THIS SUBTITLE, THE COMMISSION MAY
12 NOT GRANT AN EXEMPTION OR WAIVER OF ANY LICENSING REQUIREMENT TO AN
13 APPLICANT FOR OR HOLDER OF A VIDEO LOTTERY OPERATOR LICENSE.

14 (E) TO THE EXTENT THAT ANY SERVICES, MATERIALS, OR LABOR NECESSARY
15 FOR THE OPERATION OF VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, OR
16 CENTRAL COMPUTER ARE NOT INCLUDED IN A CONTRACT WITH A VIDEO LOTTERY
17 OPERATION LICENSEE OR LICENSED MANUFACTURER, THE COMMISSION SHALL
18 CONTRACT WITH A PERSON QUALIFIED UNDER THIS SUBTITLE TO PROVIDE THE
19 SERVICES, MATERIALS, OR LABOR.

20 (F) (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS
21 SUBSECTION, A VIDEO LOTTERY TERMINAL SHALL HAVE AN AVERAGE ANNUAL
22 PAYOUT PERCENTAGE OF 87%.

23 (2) THE COMMISSION MAY BY REGULATION ESTABLISH AN AVERAGE
24 ANNUAL PAYOUT PERCENTAGE OF MORE THAN 87% BUT NOT MORE THAN 95% FOR
25 VIDEO LOTTERY TERMINALS.

26 (3) THE COMMISSION MAY APPROVE AN AVERAGE ANNUAL PAYOUT
27 PERCENTAGE OF MORE THAN 95% FOR THE VIDEO LOTTERY TERMINALS AT A VIDEO
28 LOTTERY FACILITY.

29 (G) A VIDEO LOTTERY FACILITY MAY OPERATE DAILY FROM 8 A.M. TO 2 A.M.

30 (H) A VIDEO LOTTERY OPERATOR LICENSEE SHALL BE RESPONSIBLE FOR ALL
31 MARKETING, ADVERTISING, AND PROMOTION FOR ITS VIDEO LOTTERY OPERATION.

32 9.3-415.

33 (A) UNLESS AN INDIVIDUAL HOLDS A VALID VIDEO LOTTERY EMPLOYEE
34 LICENSE ISSUED BY THE COMMISSION, THE INDIVIDUAL MAY NOT BE EMPLOYED BY
35 A LICENSEE AS A VIDEO LOTTERY EMPLOYEE.

36 (B) BEFORE ISSUANCE OF A LICENSE, AN APPLICANT FOR A VIDEO LOTTERY
37 EMPLOYEE LICENSE SHALL PROVIDE SUFFICIENT INFORMATION, DOCUMENTATION,
38 AND ASSURANCES THAT THE COMMISSION MAY REQUIRE.

1 (C) THE COMMISSION SHALL DENY A VIDEO LOTTERY EMPLOYEE LICENSE TO
2 AN APPLICANT WHO IS DISQUALIFIED DUE TO:

3 (1) THE APPLICANT'S FAILURE TO PROVE THE APPLICANT'S GOOD
4 CHARACTER, HONESTY, AND INTEGRITY;

5 (2) THE APPLICANT'S LACK OF EXPERTISE OR TRAINING TO BE A VIDEO
6 LOTTERY EMPLOYEE;

7 (3) THE APPLICANT'S CONVICTION FOR ANY CRIME INVOLVING MORAL
8 TURPITUDE OR GAMBLING UNDER THE LAWS OF THE UNITED STATES OR ANY STATE;

9 (4) THE APPLICANT'S CURRENT PROSECUTION FOR ANY CRIME
10 INVOLVING MORAL TURPITUDE OR GAMBLING UNDER THE LAWS OF THE UNITED
11 STATES OR ANY STATE. AT THE REQUEST OF THE APPLICANT THE COMMISSION MAY
12 DEFER A DECISION ON THE APPLICATION DURING THE PENDENCY OF THE CHARGE;

13 (5) PURSUIT BY THE APPLICANT OF ECONOMIC GAIN IN AN
14 OCCUPATIONAL MANNER OR CONTEXT THAT IS IN VIOLATION OF THE LAWS OF THE
15 STATE, IF THE PURSUIT CREATES A REASONABLE BELIEF THAT PARTICIPATION OF
16 THE APPLICANT IN VIDEO LOTTERY OPERATIONS WOULD BE INIMICAL TO THE
17 POLICIES OF THIS SUBTITLE;

18 (6) IDENTIFICATION OF THE APPLICANT AS A CAREER OFFENDER OR A
19 MEMBER OF A CAREER OFFENDER CARTEL OR AN ASSOCIATE OF A CAREER
20 OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER THAT CREATES A
21 REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS TO BE INIMICAL
22 TO THE POLICIES OF THIS SUBTITLE;

23 (7) COMMISSION OF AN ACT BY THE APPLICANT THAT WOULD
24 CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (3) OF THIS SUBSECTION, EVEN
25 IF THE ACT HAS NOT OR MAY NOT BE PROSECUTED UNDER THE CRIMINAL LAWS OF
26 THE STATE;

27 (8) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON WHO IS
28 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
29 OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL INVESTIGATORY
30 BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE UNITED STATES
31 WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES RELATING TO
32 GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY; AND

33 (9) ANY OTHER REASON ESTABLISHED IN THE REGULATIONS OF THE
34 COMMISSION AS A REASON FOR DENYING A LICENSE.

35 9.3-416.

36 (A) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER LICENSE
37 ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A LICENSEE OR
38 THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO LOTTERY TERMINAL,
39 ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR SERVICES THAT

1 DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY TERMINALS UNDER THIS
2 SUBTITLE.

3 (B) EACH MANUFACTURER, AND EACH PERSON WHO OWNS OR CONTROLS
4 THE MANUFACTURER, MANAGEMENT AND SUPERVISORY PERSONNEL, AND OTHER
5 PRINCIPAL EMPLOYEES SHALL QUALIFY UNDER THE STANDARDS AND PROVISIONS
6 SET FORTH IN § 9.3-410 OF THIS SUBTITLE FOR LICENSEES.

7 (C) EXCEPT AS PROVIDED IN § 9.3-417 OF THIS SUBTITLE, THE COMMISSION
8 MAY NOT GRANT AN EXEMPTION OR WAIVER OF ANY LICENSING REQUIREMENT TO
9 AN APPLICANT FOR OR HOLDER OF A MANUFACTURER LICENSE.

10 (D) A MANUFACTURER OF THE VIDEO LOTTERY TERMINALS, ASSOCIATED
11 EQUIPMENT, AND CENTRAL COMPUTER SHALL MANUFACTURE OR DISTRIBUTE THE
12 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER
13 THAT MEET SPECIFICATIONS AND PROCEDURES ESTABLISHED BY THE COMMISSION.
14 9.3-417.

15 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, FOR ALL
16 LICENSES REQUIRED UNDER THIS SUBTITLE, IF AN APPLICANT OR LICENSEE IS
17 LICENSED IN ANOTHER STATE AND THE COMMISSION DETERMINES THAT THE
18 LICENSING STANDARDS OF THE OTHER STATE ARE COMPREHENSIVE, THOROUGH,
19 AND PROVIDE SIMILAR ADEQUATE SAFEGUARDS TO THOSE PROVIDED IN THIS
20 SUBTITLE, THE COMMISSION MAY:

21 (1) WAIVE SOME OR ALL OF THE REQUIREMENTS OF THIS SUBTITLE;
22 AND

23 (2) ISSUE A LICENSE TO A PERSON HAVING A SIMILAR LICENSE IN
24 ANOTHER STATE.

25 (B) THE COMMISSION MAY NOT WAIVE ANY OF THE REQUIREMENTS OF THIS
26 SUBTITLE FOR ISSUANCE OF A VIDEO LOTTERY OPERATION LICENSE.

27 9.3-418.

28 (A) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT, REPRIMAND
29 OR FINE A LICENSEE, OR SUSPEND OR REVOKE A LICENSE FOR A VIOLATION OF:

30 (1) THIS SUBTITLE;

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

32 (3) A CONDITION THAT THE COMMISSION SETS.

33 (B) (1) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS
34 SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000.

35 (2) EACH DAY THAT A PERSON IS IN VIOLATION UNDER THIS SECTION
36 SHALL BE CONSIDERED A SEPARATE VIOLATION.

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

3 (I) THE SERIOUSNESS OF THE VIOLATION;

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

5 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON
6 WHO COMMITTED THE VIOLATION.

7 (C) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SUBTITLE,
8 NOTHING CONTAINED IN THIS SUBTITLE ABROGATES OR LIMITS THE CRIMINAL
9 LAWS OF THE STATE OR LIMITS THE AUTHORITY OF THE GENERAL ASSEMBLY TO
10 ENACT STATUTES ESTABLISHING CRIMINAL OFFENSES AND PENALTIES RELATING
11 TO VIDEO LOTTERY OPERATIONS.

12 9.3-419.

13 (A) ALL PROCEEDS FROM THE OPERATION OF A VIDEO LOTTERY SHALL BE
14 ELECTRONICALLY TRANSFERRED DAILY INTO THE STATE LOTTERY FUND
15 ESTABLISHED UNDER SUBTITLE 3 OF THIS TITLE AND DISTRIBUTED AS PROVIDED IN
16 THIS SECTION.

17 (B) (1) THE COMMISSION SHALL ACCOUNT TO THE COMPTROLLER FOR ALL
18 OF THE REVENUE UNDER THIS SUBTITLE.

19 (2) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER
20 THE CONTROL OF THE COMPTROLLER AND SHALL BE DISTRIBUTED AS PROVIDED IN
21 THIS SECTION.

22 (C) THE COMPTROLLER SHALL FIRST DEDUCT AND PAY TO THE STATE
23 GENERAL FUND THE ACTUAL COSTS INCURRED BY THE COMMISSION, INCLUDING
24 COSTS:

25 (1) TO PURCHASE OR LEASE THE VIDEO LOTTERY TERMINALS,
26 ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER; AND

27 (2) TO REPAIR, MAINTAIN, AND SERVICE THE VIDEO LOTTERY
28 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT
29 THESE COSTS ARE NOT INCLUDED IN THE PURCHASE OR LEASE AGREEMENTS FOR
30 THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL
31 COMPUTER, OR THE CONTRACT WITH A VIDEO LOTTERY OPERATION LICENSEE.

32 (D) FROM THE PROCEEDS REMAINING AFTER THE DEDUCTION IN
33 SUBSECTION (C) OF THIS SECTION, THE COMPTROLLER SHALL PAY:

34 (1) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, 24.8% TO
35 VIDEO LOTTERY OPERATION LICENSEES;

1 (2) (I) FROM THE PROCEEDS FROM THE LAUREL RACE COURSE AND
2 PIMLICO RACE COURSE, 1.4% TO THE MARYLAND-BRED RACE FUND ESTABLISHED
3 UNDER TITLE 9.5, SUBTITLE 5 OF THIS ARTICLE;

4 (II) FROM THE PROCEEDS FROM THE ROSECROFT RACEWAY, 1.4%
5 TO THE MARYLAND STANDARDBRED RACE FUND ESTABLISHED UNDER TITLE 9.5,
6 SUBTITLE 6, PART III OF THIS ARTICLE; AND

7 (III) FROM THE PROCEEDS FROM THE HORSE RACETRACK IN
8 ALLEGANY COUNTY, 1.4% TO THE MARYLAND-BRED RACE FUND ESTABLISHED
9 UNDER TITLE 9.5, SUBTITLE 5 OF THIS ARTICLE AND THE MARYLAND
10 STANDARDBRED RACE FUND ESTABLISHED UNDER TITLE 9.5, SUBTITLE 6, PART III
11 OF THIS ARTICLE, TO BE DIVIDED IN PROPORTION TO THE NUMBER OF RACE DAYS
12 HELD FOR THOROUGHBRED AND STANDARDBRED RACING AT THE TRACK;

13 (3) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, 5.8% TO
14 THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER § 9.3-420 OF THIS
15 SUBTITLE;

16 (4) 0.3% TO THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT
17 THE OCEAN DOWNS RACE TRACK IN WORCESTER COUNTY, PROVIDED THE PERSON
18 CONTINUES TO HOLD A RACE MEETING FOR AT LEAST THE NUMBER OF DAYS
19 AUTHORIZED IN CALENDAR 2002. IF THE PERSON DOES NOT HOLD A RACE MEETING
20 FOR AT LEAST THE NUMBER OF DAYS AUTHORIZED IN CALENDAR 2002, THE
21 PERSON'S SHARE UNDER THIS ITEM SHALL BE REDUCED PROPORTIONATELY TO THE
22 NUMBER OF DAYS OF THE RACE MEETING IN A YEAR COMPARED TO THE NUMBER OF
23 DAYS OF THE RACE MEETING IN CALENDAR 2002, WITH THE EXCESS AMOUNT GOING
24 TO THE STATE GENERAL FUND;

25 (5) 0.8% TO THE MARYLAND STATE FAIR AND AGRICULTURAL SOCIETY,
26 INC.; AND

27 (6) \$500,000 ANNUALLY TO THE DEPARTMENT OF HEALTH AND MENTAL
28 HYGIENE TO BE USED TO PROVIDE COUNSELING AND OTHER SUPPORT SERVICES
29 FOR COMPULSIVE GAMBLERS. THE MONEY ALLOCATED UNDER THIS ITEM SHALL BE
30 USED TO SUPPLEMENT AND NOT SUBSTITUTE FOR ANY OTHER MONEY IN THE STATE
31 BUDGET FOR ASSISTANCE TO COMPULSIVE GAMBLERS.

32 (E) IN ORDER TO COMPENSATE THE COUNTIES AND LOCALITIES IN OR NEAR
33 WHERE A VIDEO LOTTERY FACILITY IS LOCATED FOR INFRASTRUCTURE, FACILITIES,
34 SERVICES, AND OTHER IMPROVEMENTS, THE COMPTROLLER SHALL PAY:

35 (1) FROM THE VIDEO LOTTERY FACILITY AT THE LAUREL RACE COURSE,
36 2.2% OF THE PROCEEDS TO ANNE ARUNDEL COUNTY, 0.5% TO HOWARD COUNTY, AND
37 0.3% TO THE CITY OF LAUREL;

38 (2) FROM THE VIDEO LOTTERY FACILITY AT THE PIMLICO RACE
39 COURSE, 3% OF THE PROCEEDS TO BALTIMORE CITY;

1 (3) FROM THE VIDEO LOTTERY FACILITY AT THE ROSECROFT RACEWAY,
2 3% OF THE PROCEEDS TO PRINCE GEORGE'S COUNTY; AND

3 (4) FROM THE VIDEO LOTTERY FACILITY AT THE HORSE RACETRACK IN
4 ALLEGANY COUNTY, 3% OF THE PROCEEDS TO ALLEGANY COUNTY.

5 (F) THE COMPTROLLER SHALL PAY THE REMAINDER OF THE PROCEEDS NOT
6 OTHERWISE ALLOCATED UNDER THIS SECTION TO THE EDUCATION TRUST FUND.

7 9.3-420.

8 (A) THERE IS A PURSE DEDICATION ACCOUNT UNDER THE AUTHORITY OF
9 THE COMMISSION.

10 (B) (1) THE ACCOUNT SHALL RECEIVE MONEY AS REQUIRED UNDER §
11 9.3-419 OF THIS SUBTITLE.

12 (2) MONEY IN THE ACCOUNT SHALL BE INVESTED AND REINVESTED BY
13 THE TREASURER AND INTEREST AND EARNINGS SHALL ACCRUE TO THE ACCOUNT.

14 (3) THE COMPTROLLER SHALL:

15 (I) ACCOUNT FOR THE FUND; AND

16 (II) PAY OUT MONEY FROM THE FUND IN THE MANNER PROVIDED
17 UNDER THIS SECTION.

18 (4) THE ACCOUNT IS A SPECIAL CONTINUING, NONLAPSING FUND THAT
19 IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

20 (5) EXPENDITURES FROM THE ACCOUNT SHALL ONLY BE MADE:

21 (I) AS PROVIDED UNDER SUBSECTION (C) OF THIS SECTION; AND

22 (II) IN ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE
23 GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET OR BY THE BUDGET
24 AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE FINANCE AND
25 PROCUREMENT ARTICLE .

26 (C) THE COMMISSION MAY ALLOCATE NOT MORE THAN 1% OF THE FUNDS
27 CREDITED TO THE PURSE DEDICATION ACCOUNT UNDER § 9.3-419 OF THIS SUBTITLE
28 TO THE MARYLAND HORSE INDUSTRY BOARD, THE UNIVERSITY OF MARYLAND
29 ANIMAL SCIENCE DEPARTMENT, AND THE MARYLAND AGRICULTURAL FAIR BOARD
30 FOR EQUINE STUDIES.

31 (D) AFTER ANY ALLOCATION MADE UNDER SUBSECTION (C) OF THIS SECTION,
32 FUNDS CREDITED TO THE PURSE DEDICATION ACCOUNT UNDER § 9.3-419 OF THIS
33 SUBTITLE SHALL BE ALLOCATED BY THE COMMISSION AND PAID FROM THE
34 ACCOUNT IN THE FOLLOWING MANNER:

35 (1) 70% TO MILE THOROUGHBRED PURSES; AND

1 (2) 30% TO STANDARDBRED PURSES.

2 (E) FROM THE 70% ALLOCATED TO MILE THOROUGHBRED PURSES, THE
3 FOLLOWING ALLOCATIONS SHALL BE MADE ANNUALLY:

4 (1) \$140,000 TO THE CECIL COUNTY BREEDER'S FAIR, INC., FOR PURSES
5 AT FAIR HILL'S STEEPLECHASE MEET;

6 (2) \$55,000 FOR THE DOWNS AT SHAWAN FOR ITS STEEPLECHASE MEET;
7 AND

8 (3) THE REMAINDER TO THE HOLDERS OF THE FOLLOWING LICENSES
9 TO HOLD A RACE MEETING IN PROPORTION TO THE NUMBER OF THOROUGHBRED
10 RACE DAYS HELD AT THE RESPECTIVE TRACKS TO BE USED TO SUPPLEMENT PURSES
11 AT THE TRACK:

12 (I) THE HOLDERS OF THE LICENSES FOR LAUREL RACE COURSE
13 AND PIMLICO RACE COURSE;

14 (II) THE HOLDER OF THE LICENSE FOR TIMONIUM RACE TRACK;
15 AND

16 (III) THE HOLDER OF THE LICENSE FOR THE HORSE RACETRACK IN
17 ALLEGANY COUNTY.

18 (F) THE 30% ALLOCATED TO STANDARDBRED PURSES SHALL BE ALLOCATED
19 TO THE HOLDERS OF THE FOLLOWING LICENSES TO HOLD A RACE MEETING IN
20 PROPORTION TO THE NUMBER OF STANDARDBRED RACE DAYS HELD AT THE
21 RESPECTIVE TRACKS TO BE USED TO SUPPLEMENT PURSES AT THE TRACK:

22 (1) THE HOLDER OF THE LICENSE FOR THE ROSECROFT RACEWAY;

23 (2) THE HOLDER OF THE LICENSE FOR OCEAN DOWNS RACE TRACK; AND

24 (3) THE HOLDER OF THE LICENSE FOR THE HORSE RACETRACK IN
25 ALLEGANY COUNTY.

26 9.3-421.

27 (A) THERE IS AN EDUCATION TRUST FUND WHICH IS A SPECIAL CONTINUING,
28 NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND
29 PROCUREMENT ARTICLE.

30 (B) (1) THERE SHALL BE CREDITED TO THE EDUCATION TRUST FUND ALL
31 PROCEEDS UNDER § 9.3-419(F) OF THIS SUBTITLE.

32 (2) MONEY IN THE EDUCATION TRUST FUND SHALL BE INVESTED AND
33 REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL ACCRUE TO
34 THE FUND.

1 (C) THE MONEY IN THE EDUCATION TRUST FUND SHALL BE USED TO
 2 PROVIDE AN ADEQUATE EDUCATION FOR CHILDREN ATTENDING PUBLIC SCHOOLS
 3 IN THE STATE IN PREKINDERGARTEN THROUGH GRADE 12, THROUGH
 4 IMPLEMENTATION OF THE PROGRAMS COMMONLY KNOWN AS THE BRIDGE TO
 5 EXCELLENCE IN PUBLIC SCHOOLS, FIRST ENACTED BY CHAPTER 288 OF THE ACTS OF
 6 THE GENERAL ASSEMBLY OF 2002.

7 (D) EXPENDITURES FROM THE EDUCATION TRUST FUND SHALL BE MADE
 8 EACH FISCAL YEAR IN ACCORDANCE WITH THE STATE BUDGET.

9 9.3-422.

10 (A) THE COMMISSION SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR
 11 AND, SUBJECT TO § 2-1246 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY:

12 (1) ON THE OPERATION AND FINANCES OF THE VIDEO LOTTERY; AND

13 (2) WITH THE ASSISTANCE OF THE DEPARTMENT OF STATE POLICE,
 14 DETAILING THE CRIMES THAT OCCUR WITHIN THE COMMUNITIES SURROUNDING A
 15 VIDEO LOTTERY FACILITY.

16 Title 9.5. STATE LOTTERY AND HORSE RACING AGENCY AND
 17 COMMISSION - Horse Racing.

18 9.5-101.

19 (d) "Commission" means the State LOTTERY AND HORSE Racing Commission.

20 (E) "DIRECTOR" MEANS THE DIRECTOR OF THE STATE LOTTERY AND HORSE
 21 RACING COMMISSION.

22 Subtitle 2. [State Racing] Commission DUTIES.

23 9.5-201.

24 [(a) (1) With the approval of the Governor, the Secretary shall appoint an
 25 executive director for the Commission from a list of at least 3 nominees submitted by
 26 the Commission.

27 (2) The executive director is in the executive service in the State
 28 Personnel Management System and serves at the pleasure of the Secretary.]

29 [(b)] (A) The [executive] director shall:

30 (1) collect the taxes and fees imposed under this title or regulations
 31 adopted by the Commission;

32 (2) keep the records and papers of the Commission, including a record of
 33 each proceeding;

- 1 (3) administer the licensing of individuals who work in connection with
2 racing;
- 3 (4) prepare, issue, and submit reports of the Commission;
- 4 (5) administer the daily operation of the office of the Commission; and
- 5 (6) perform any other duty that the Commission directs.

6 [(c)] (B) With the approval of the Commission, the [executive] director shall
7 set the conditions under which a licensee must add to, change, make a reasonable
8 improvement to, or repair property that a licensee owns or leases for racing.

9 [(d)] The executive director is entitled to:

- 10 (1) compensation in accordance with the State budget; and
- 11 (2) reimbursement for expenses under the Standard State Travel
12 Regulations, as provided in the State budget.]

13 9.5-202.

14 [(a)] With the approval of the Commission and, except as otherwise provided by
15 law, subject to the provisions of the State Personnel and Pensions Article, the
16 executive director shall appoint a staff of the Commission.]

17 [(b)] (A) (1) The Commission may employ 4 stewards and 4 harness judges.

18 (2) The stewards and harness judges shall be recommended by the
19 [executive] director.

20 (3) Each licensee and organization that represents owners and trainers
21 may recommend individuals to the Commission and [executive] director for
22 appointment as stewards or harness judges.

23 (4) The stewards and harness judges are special appointments of the
24 skilled service or the professional service in the State Personnel Management
25 System.

26 [(c)] (B) Each member of the staff of the Commission, steward, and harness
27 judge is entitled to:

- 28 (1) compensation in accordance with the State budget; and
- 29 (2) reimbursement for expenses under the Standard State Travel
30 Regulations, as provided in the State budget.

31 [(d)] (C) An individual who holds a position under the Commission may not
32 hold an official relation to a licensee or hold any stocks, bonds, or other financial
33 interest in a licensee.

1 9.5-203.

2 (a) On the recommendation of the [executive] director, the Commission may
3 employ additional employees or agents, including auditors, experts, guards,
4 inspectors, a breathalyzer operator at each harness racing track, scientists,
5 Commission secretaries, specimen collectors, veterinarians, and others whom the
6 Commission considers to be essential at or in connection with a race meeting in the
7 best interests of racing.

8 9.5-303.

9 (a) An applicant for a license shall submit to the [executive] director of the
10 Commission an application:

11 (1) in the form that the Commission requires; and

12 (2) on or before a day that the Commission sets.

13 9.5-312.

14 (a) On request of the Commission, the following individuals shall give the
15 Commission their fingerprints:

16 (7) the [Executive] Director of the Commission;

17 9.5-818.

18 (b) An applicant for a permit shall submit to the [executive] director of the
19 Commission an application in the form that the Commission requires.

20 **Article - State Finance and Procurement**

21 11-203.

22 (a) Except as provided in subsection (b) of this section, this Division II does
23 not apply to:

24 (1) procurement by:

25 (xvi) the Maryland State Lottery AND HORSE RACING Agency, for
26 negotiating and entering into private sector cooperative marketing projects that
27 directly enhance promotion of the Maryland State Lottery and its products, if the
28 cooperative marketing project:

29 1. provides a substantive promotional or marketing value
30 that the lottery determines acceptable in exchange for advertising or other
31 promotional activities provided by the lottery;

32 2. does not involve the advertising or other promotion of
33 alcohol or tobacco products; and

1 SECTION 8. AND BE IT FURTHER ENACTED, That the terms of the initial
2 members of the State Lottery and Horse Racing Commission shall expire as follows:

- 3 (a) Two members in 2004;
- 4 (b) Two members in 2005;
- 5 (c) Two members in 2006; and
- 6 (d) Three members in 2007.

7 SECTION 9. AND BE IT FURTHER ENACTED, That the State Lottery and
8 Horse Racing Agency is the successor of the State Lottery Agency and the State
9 Racing Commission, the Director of the State Lottery and Horse Racing Agency is the
10 successor of the Director of the State Lottery Agency and the Executive Director of the
11 State Racing Commission, and in every law, executive order, rule, regulation, policy,
12 or document created by any official, agency, or unit of the State; (1) the terms "State
13 Lottery Commission and Agency" and "State Racing Commission" and every variation
14 of those terms means the State Lottery and Horse Racing Agency and Commission
15 and (2) the terms "Director of the State Lottery Agency" and "Executive Director of
16 the State Racing Commission" and every variation of those terms means Director of
17 the State Lottery and Horse Racing Agency.

18 SECTION 10. AND BE IT FURTHER ENACTED, That every person who, as
19 of May 31, 2003, is employed by the State Lottery Agency or the State Racing
20 Commission in a position authorized by the State budget and not abolished by this
21 Act is hereby transferred to the State Lottery and Horse Racing Agency effective June
22 1, 2003, without any change or loss of rights, benefits, entitlements, or status,
23 including, if any, merit system and retirement status, except as otherwise specifically
24 provided in this Act.

25 SECTION 11. AND BE IT FURTHER ENACTED, That, except as otherwise
26 expressly provided in this Act, nothing in this Act affects the term of office of an
27 appointed member of any board, commission, committee, or other agency or unit, and
28 a person who is a member of such a unit on the effective date of this Act shall remain
29 a member of that unit or, as the case may be, shall become a member of any successor
30 unit for the balance of the term to which the person was appointed, unless the person
31 sooner dies, resigns, or is removed pursuant to law.

32 SECTION 12. AND BE IT FURTHER ENACTED, That, except as expressly
33 provided to the contrary in this Act, any transaction affected by or flowing from any
34 statute here amended, repealed, or transferred, and validly entered into before the
35 effective date of this Act and every right, duty, or interest flowing from it remains
36 valid after the effective date of this Act and may be terminated, completed,
37 consummated, or enforced pursuant to law.

38 SECTION 13. AND BE IT FURTHER ENACTED, That, except as otherwise
39 provided in this Act, all permits and licenses, applications for permits and licenses,
40 rules and regulations, proposed rules and regulations, standards and guidelines,
41 orders and other directives, forms, plans, memberships, special funds, appropriations,

1 grants, applications for grants, contracts, property, investigations, administrative and
2 judicial proceedings, and all other duties and responsibilities associated with those
3 functions transferred by this Act shall continue in effect under the Director of the
4 State Lottery and Horse Racing Agency or the appropriate board, council, or other
5 unit within the Agency, until completed, withdrawn, canceled, modified, or otherwise
6 changed pursuant to law.

7 SECTION 14. AND BE IT FURTHER ENACTED, That, pursuant to the plan
8 of reorganization that is proposed by this Act, the publishers of the Annotated Code of
9 Maryland, subject to the approval of the Executive Director of the Department of
10 Legislative Services, shall propose the correction of any agency names and titles that
11 are rendered incorrect by this Act and the correction of numerical and similar
12 nonnumerical cross-references throughout the Annotated Code of Maryland that
13 refer to the provisions found in this Act.

14 SECTION 15. AND BE IT FURTHER ENACTED, That this Act shall take
15 effect June 1, 2003.