
By: **Senator Giannetti**

Introduced and read first time: January 31, 2003

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Racing and Video Lottery Act**

3 FOR the purpose of requiring the State Lottery Commission to regulate the operation
4 of certain video lottery terminals; providing that only a person with a certain
5 video lottery facility license may offer a video lottery terminal for public use in
6 the State; providing that certain laws do not apply to video lottery terminals
7 authorized under this Act; establishing certain eligibility criteria and
8 disqualifying criteria for a video lottery facility license; requiring the
9 Commission to issue video lottery facility licenses to holders of licenses for
10 certain racetracks; prohibiting the Commission from issuing certain licenses
11 under certain circumstances; requiring the Commission to use a certain process
12 to select applicants to be issued a video lottery facility license; authorizing the
13 Commission to conduct certain investigations and hearings; specifying a limit on
14 the number of video lottery terminals allowed at certain facilities; requiring
15 certain video lottery terminal manufacturers, video lottery operators, video
16 lottery employees, and service technicians to be licensed; providing for certain
17 eligibility criteria and disqualifying criteria for certain licenses; requiring the
18 Commission to buy or lease the video lottery terminals, associated equipment,
19 and central computer authorized under this Act; authorizing the Commission to
20 reprimand a licensee or deny, suspend, or revoke certain licenses under certain
21 circumstances; authorizing the Commission to collect certain fees, civil
22 penalties, and taxes; requiring the Commission to adopt certain regulations;
23 requiring the Commission to distribute certain moneys in specified ways;
24 authorizing the Maryland Stadium Authority, for capital improvement projects
25 of a certain amount or more financed directly or indirectly with proceeds from
26 video lottery terminals, to manage the project; requiring the State Lottery
27 Commission to establish a certain electronic payment system and to account to
28 the Comptroller for certain revenue and expenditures; authorizing the State
29 Lottery Commission to consider an application for a video lottery facility license
30 only if the governing body of the county adopts a certain resolution and certain
31 contingencies related to a special election are satisfied; authorizing the
32 Maryland Stadium Authority to enter into contracts for projects for the
33 construction, renovation, remodeling, or repair of certain facilities; making the
34 provisions of this Act severable; defining certain terms; and generally relating to
35 the operation of video lottery terminals at certain locations in the State.

1 BY adding to
2 Article - State Government
3 Section 9-1A-01 through 9-1A-11 to be under the new subtitle "Subtitle 1A.
4 Video Lottery Terminals"
5 Annotated Code of Maryland
6 (1999 Replacement Volume and 2002 Supplement)

7 BY adding to
8 Article - Financial Institutions
9 Section 13-709.1
10 Annotated Code of Maryland
11 (1998 Replacement Volume and 2002 Supplement)

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

14 **Article - State Government**

15 **SUBTITLE 1A. VIDEO LOTTERY TERMINALS.**

16 9-1A-01.

17 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

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

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

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

29 (E) "CAREER OFFENDER" MEANS A PERSON WHOSE BEHAVIOR IS PURSUED IN
30 AN OCCUPATIONAL MANNER OR CONTEXT FOR THE PURPOSE OF ECONOMIC GAIN
31 THAT UTILIZES METHODS THAT ARE CONSIDERED BY THE COMMISSION AS
32 CRIMINAL VIOLATIONS OF THE PUBLIC POLICY OF THE STATE.

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

1 (G) "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 (H) "COMMISSION" MEANS THE STATE LOTTERY COMMISSION.

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

9 (J) "COSTS" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE
10 EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS
11 SUBTITLE, INCLUDING:

12 (1) THE COSTS OF LEASING, OR THE CAPITALIZED COST OF
13 PURCHASING, THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND
14 CENTRAL COMPUTER;

15 (2) THE COSTS TO REPAIR AND MAINTAIN THE VIDEO LOTTERY
16 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT
17 THESE COSTS ARE NOT INCLUDED IN THE COSTS OF LEASING OR PURCHASING THE
18 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER;

19 (3) THE COSTS OF TESTING AND EXAMINATION OF VIDEO LOTTERY
20 TERMINALS; AND

21 (4) THE COSTS OF PERFORMING BACKGROUND INVESTIGATIONS AND
22 OTHER RELATED ACTIVITIES.

23 (K) "COUNTY" INCLUDES BALTIMORE CITY.

24 (L) "FAMILY" MEANS A SPOUSE, PARENT, GRANDPARENT, CHILD,
25 GRANDCHILD, SIBLING, UNCLE, AUNT, NEPHEW, NIECE, FATHER-IN-LAW,
26 MOTHER-IN-LAW, DAUGHTER-IN-LAW, SON-IN-LAW, BROTHER-IN-LAW, AND
27 SISTER-IN-LAW, WHETHER BY WHOLE OR HALF BLOOD, BY MARRIAGE, ADOPTION,
28 OR NATURAL RELATIONSHIP.

29 (M) (1) "LICENSEE" MEANS AN APPLICANT THAT HAS BEEN ISSUED A VIDEO
30 LOTTERY FACILITY LICENSE.

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

34 (N) "MANUFACTURER" MEANS A PERSON:

35 (1) THAT HOLDS A LICENSE ISSUED BY THE COMMISSION TO ENGAGE IN
36 THE BUSINESS OF DESIGNING, BUILDING, CONSTRUCTING, ASSEMBLING,

1 MANUFACTURING, OR DISTRIBUTING A CENTRAL COMPUTER, VIDEO LOTTERY
2 TERMINALS, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER COMPONENTS
3 OF VIDEO LOTTERY TERMINALS, THE RANDOM NUMBER GENERATOR OF VIDEO
4 LOTTERY TERMINALS, OR THE CABINET IN WHICH A VIDEO LOTTERY TERMINAL IS
5 HOUSED;

6 (2) THAT PRODUCES A PRODUCT THAT IS INTENDED FOR SALE, LEASE,
7 OR OTHER ASSIGNMENT TO A LICENSEE OR THE COMMISSION; AND

8 (3) THAT CONTRACTS WITH THE LICENSEE OR THE COMMISSION FOR
9 THE SALE, LEASE, OR OTHER ASSIGNMENT.

10 (O) "NET PROCEEDS" MEANS THE PROCEEDS LESS THE COSTS INCURRED BY
11 THE COMMISSION IN ADMINISTERING THIS SUBTITLE.

12 (P) "OWN" MEANS HAVING A BENEFICIAL OR PROPRIETARY INTEREST, OF AT
13 LEAST A CERTAIN PERCENTAGE ESTABLISHED BY THE COMMISSION, IN THE
14 PROPERTY OR BUSINESS OF AN APPLICANT OR LICENSEE.

15 (Q) "PLAYER" MEANS AN INDIVIDUAL WHO PLAYS A VIDEO LOTTERY
16 TERMINAL AT A VIDEO LOTTERY FACILITY LICENSED BY THE COMMISSION.

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

20 (S) "SERVICE TECHNICIAN" MEANS A PERSON WHO IS LICENSED BY THE
21 COMMISSION AND PERFORMS SERVICE, MAINTENANCE, OR REPAIR ON LICENSED
22 VIDEO LOTTERY TERMINALS.

23 (T) "VIDEO LOTTERY" MEANS GAMING OR BETTING CONDUCTED USING A
24 VIDEO LOTTERY TERMINAL APPROVED BY THE COMMISSION UNDER THIS SUBTITLE.

25 (U) "VIDEO LOTTERY EMPLOYEE" MEANS AN EMPLOYEE, OF A PERSON THAT
26 HOLDS A VIDEO LOTTERY FACILITY LICENSE, WHO PARTICIPATES IN THE VIDEO
27 LOTTERY OPERATIONS.

28 (V) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY ELECTRONIC
29 CONTRIVANCE, MACHINE, OR OTHER DEVICE THAT, ON INSERTION OF A COIN,
30 TOKEN, OR SIMILAR OBJECT OR ON PAYMENT OF ANY CONSIDERATION, IS
31 AVAILABLE TO PLAY OR SIMULATE THE PLAY OF A VIDEO GAME, LIMITED TO A VIDEO
32 SLOT MACHINE GAME ONLY, AUTHORIZED BY THE COMMISSION WHICH, BY
33 APPLICATION OF THE ELEMENT OF CHANCE MAY DELIVER OR ENTITLE THE PLAYER
34 WHO OPERATES THE DEVICE TO RECEIVE CASH, PREMIUMS, MERCHANDISE,
35 TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE
36 AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.

37 (2) "VIDEO LOTTERY TERMINAL" DOES NOT INCLUDE AN AUTHORIZED
38 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER TITLE 12,
39 SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE.

1 9-1A-02.

2 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, NOTHING
3 CONTAINED IN THIS SUBTITLE MAY BE CONSTRUED AS AUTHORIZING ANY
4 ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING OTHER THAN AS
5 EXPRESSLY PROVIDED IN THIS SUBTITLE.

6 (B) THIS SECTION DOES NOT APPLY TO:

7 (1) LOTTERIES CONDUCTED UNDER SUBTITLE 1 OF THIS TITLE;

8 (2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE
9 BUSINESS REGULATION ARTICLE; OR

10 (3) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR
11 VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE
12 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION DESCRIBED UNDER TITLE 13
13 OF THE CRIMINAL LAW ARTICLE.

14 9-1A-03.

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

17 (B) ONLY A PERSON WITH A VIDEO LOTTERY FACILITY LICENSE ISSUED BY
18 THE COMMISSION MAY OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC USE IN THE
19 STATE UNDER THIS SUBTITLE.

20 (C) ANY OTHER LAW THAT PROHIBITS THE LOCATION, POSSESSION, KEEPING,
21 MAINTAINING, OR OPERATION OF VIDEO LOTTERY TERMINALS DOES NOT APPLY TO
22 VIDEO LOTTERY TERMINALS AUTHORIZED IN ACCORDANCE WITH THIS SUBTITLE.

23 9-1A-04.

24 (A) IN ADDITION TO ANY OTHER REQUIREMENTS OF THIS SUBTITLE, TO
25 QUALIFY FOR A VIDEO LOTTERY FACILITY LICENSE, AN APPLICANT MUST BE A
26 HOLDER OF A LICENSE ISSUED BY THE STATE RACING COMMISSION FOR RACING AT
27 PIMLICO RACE COURSE, LAUREL RACE COURSE, OR AT A MILE THOROUGHBRED
28 RACING TRACK IN ALLEGANY COUNTY.

29 (B) AN APPLICANT FOR A VIDEO LOTTERY FACILITY LICENSE SHALL MEET
30 THE FOLLOWING ELIGIBILITY REQUIREMENTS BY CLEAR AND CONVINCING
31 EVIDENCE:

32 (1) THE CONSTRUCTION PROJECT AT THE TRACK LOCATION FOR THE
33 APPLICANT'S VIDEO LOTTERY AND OTHER FACILITIES SHALL COST AT LEAST
34 \$100,000,000 IN DIRECT INVESTMENT BY THE APPLICANT IN CONSTRUCTION AND
35 RELATED COSTS AT THE TRACK LOCATION;

1 (2) THE APPLICANT SHALL PROVIDE THE EQUIVALENT OF AT LEAST 150
2 ADDITIONAL FULL-TIME JOBS AT THE TRACK LOCATION FOR WHICH THE VIDEO
3 LOTTERY FACILITY LICENSE IS SOUGHT; AND

4 (3) THE APPLICANT SHALL PROVIDE EVIDENCE THAT THE INITIAL
5 LICENSING FEE OF \$125 MILLION REQUIRED BY § 9-1A-07(A)(6) OF THIS SUBTITLE
6 CAN BE PAID IMMEDIATELY ON ISSUANCE OF A LICENSE BY THE COMMISSION.

7 9-1A-05.

8 (A) THE COMMISSION SHALL SELECT APPLICANTS TO BE ISSUED A VIDEO
9 LOTTERY FACILITY LICENSE USING THE PROCESS SPECIFIED IN THIS SECTION.

10 (B) EACH APPLICANT FOR A LICENSE SHALL SUBMIT TO THE CHAIRMAN OF
11 THE COMMISSION AN APPLICATION:

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

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

14 (C) (1) EACH APPLICANT OR LICENSEE HAS THE AFFIRMATIVE
15 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
16 APPLICANT'S OR LICENSEE'S QUALIFICATIONS.

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

20 (3) EACH APPLICANT OR LICENSEE SHALL CONSENT TO INSPECTIONS,
21 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBTITLE OR REGULATIONS
22 ISSUED UNDER THIS SUBTITLE.

23 (4) (I) EACH APPLICANT OR LICENSEE HAS THE CONTINUING DUTY
24 TO:

25 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY
26 THE COMMISSION; AND

27 2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR
28 HEARING CONDUCTED BY THE COMMISSION.

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

33 (5) EACH APPLICANT SHALL BE PHOTOGRAPHED AND FINGERPRINTED
34 FOR IDENTIFICATION AND INVESTIGATION PURPOSES UNDER PROCEDURES
35 ESTABLISHED IN REGULATIONS THAT SHALL BE ISSUED BY THE COMMISSION.

1 (6) (I) EACH APPLICANT OR LICENSEE HAS A DUTY TO INFORM THE
2 COMMISSION OF AN ACT OR OMISSION THAT THE PERSON BELIEVES CONSTITUTES A
3 VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ISSUED UNDER THIS SUBTITLE.

4 (II) AN APPLICANT OR LICENSEE MAY NOT DISCRIMINATE AGAINST
5 A PERSON WHO INFORMS THE COMMISSION OF AN ACT OR OMISSION THAT THE
6 PERSON BELIEVES CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE
7 REGULATIONS ISSUED UNDER THIS SUBTITLE.

8 (7) EACH APPLICANT OR LICENSEE SHALL PRODUCE INFORMATION,
9 DOCUMENTATION, AND ASSURANCES TO ESTABLISH THE FOLLOWING
10 QUALIFICATION CRITERIA BY CLEAR AND CONVINCING EVIDENCE:

11 (I) THE FINANCIAL STABILITY, INTEGRITY, AND RESPONSIBILITY
12 OF THE APPLICANT OR LICENSEE;

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

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

18 (IV) SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE
19 APPLICANT OR LICENSEE;

20 (V) THE SUITABILITY OF THE VIDEO LOTTERY FACILITY AND ITS
21 LOCATION;

22 (VI) THE GOOD FAITH EFFORTS OF THE APPLICANT OR LICENSEE
23 TO PROVIDE FOR OWNERSHIP WITH INDICATION OF PERCENTAGE AND TYPE, SUCH
24 AS EQUITY PARTNER OR SPECIFIC PERCENTAGE SHAREHOLDER, BY MINORITY
25 INDIVIDUALS, WOMEN, AND BUSINESS ENTITIES OWNED BY MINORITY INDIVIDUALS
26 OR BY WOMEN; AND

27 (VII) A. FOR THE CONSTRUCTION OF FACILITIES AND
28 PROCUREMENT RELATED TO THE OPERATION OF VIDEO LOTTERY TERMINALS, THE
29 APPLICANT SHALL, AT A MINIMUM, MEET THE SAME REQUIREMENTS OF A
30 DESIGNATED UNIT FOR MINORITY BUSINESS PARTICIPATION DESCRIBED UNDER
31 TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

32 B. IF THE COUNTY IN WHICH A VIDEO LOTTERY FACILITY
33 WILL BE LOCATED HAS HIGHER MINORITY BUSINESS PARTICIPATION
34 REQUIREMENTS THAN THE STATE AS DESCRIBED IN ITEM A OF THIS ITEM, THE
35 APPLICANT SHALL TO THE EXTENT POSSIBLE MEET THE COUNTY'S MINORITY
36 BUSINESS PARTICIPATION REQUIREMENTS.

37 (8) IN ADDITION TO OTHER INFORMATION REQUIRED BY THIS
38 SUBTITLE, A CORPORATION APPLYING FOR A VIDEO LOTTERY FACILITY LICENSE
39 SHALL PROVIDE THE FOLLOWING INFORMATION:

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

3 (II) THE NAMES, PERSONAL EMPLOYMENT, AND CRIMINAL
4 HISTORIES OF OFFICERS, DIRECTORS, AND PRINCIPAL EMPLOYEES OF THE
5 CORPORATION;

6 (III) THE NAMES OF ALL HOLDING, INTERMEDIARY, AND
7 SUBSIDIARY COMPANIES OF THE CORPORATION;

8 (IV) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF
9 ALL BUSINESSES OPERATED BY THE CORPORATION'S HOLDING, INTERMEDIARY, AND
10 SUBSIDIARY COMPANIES;

11 (V) THE RIGHTS AND PRIVILEGES ACQUIRED BY THE HOLDERS OF
12 DIFFERENT CLASSES OF AUTHORIZED SECURITIES OF THE CORPORATION AND ITS
13 HOLDING, INTERMEDIARY, AND SUBSIDIARY COMPANIES;

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

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

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

22 (IX) THE NAMES OF INDIVIDUALS OTHER THAN DIRECTORS AND
23 OFFICERS WHO OCCUPY POSITIONS SPECIFIED BY THE COMMISSION OR WHOSE
24 COMPENSATION EXCEEDS AN AMOUNT DETERMINED BY THE COMMISSION;

25 (X) THE NAMES OF PERSONS WHO OWN OR CONTROL THE
26 CORPORATION;

27 (XI) A DESCRIPTION OF ALL BONUS AND PROFIT-SHARING
28 ARRANGEMENTS;

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

30 (XIII) A LISTING OF STOCK OPTIONS.

31 (9) IF A CORPORATION THAT APPLIES FOR A VIDEO LOTTERY FACILITY
32 LICENSE IS, OR IF A CORPORATION HOLDING A VIDEO LOTTERY FACILITY LICENSE IS
33 TO BECOME, A SUBSIDIARY, EACH HOLDING COMPANY AND EACH INTERMEDIARY
34 COMPANY WITH RESPECT TO THE CORPORATION SHALL, AS A CONDITION OF THE
35 SUBSIDIARY ACQUIRING OR RETAINING A VIDEO LOTTERY FACILITY LICENSE:

36 (I) QUALIFY TO DO BUSINESS IN THIS STATE;

1 (II) IF IT IS A CORPORATION, FURNISH THE COMMISSION WITH THE
2 INFORMATION REQUIRED OF A CORPORATE APPLICANT SPECIFIED IN PARAGRAPH (8)
3 OF THIS SUBSECTION AND OTHER INFORMATION THAT THE COMMISSION MAY
4 REQUIRE; OR

5 (III) IF IT IS NOT A CORPORATION, FURNISH THE COMMISSION WITH
6 THE INFORMATION THE COMMISSION MAY REQUIRE.

7 (10) A NONCORPORATE APPLICANT FOR A VIDEO LOTTERY FACILITY
8 LICENSE SHALL PROVIDE THE INFORMATION REQUIRED UNDER PARAGRAPH (8) OF
9 THIS SUBSECTION IN THE FORM REQUIRED BY THE COMMISSION.

10 (11) THE COMMISSION SHALL DENY A VIDEO LOTTERY FACILITY LICENSE
11 TO AN APPLICANT WHO IS DISQUALIFIED ON THE BASIS OF ANY OF THE FOLLOWING
12 CRITERIA:

13 (I) FAILURE OF THE APPLICANT TO PROVE BY CLEAR AND
14 CONVINCING EVIDENCE THAT THE APPLICANT AND EACH PERSON WHO OWNS OR
15 CONTROLS THE APPLICANT ARE QUALIFIED UNDER THE PROVISIONS OF THIS
16 SUBTITLE;

17 (II) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
18 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO PROVIDE
19 INFORMATION, DOCUMENTATION, AND ASSURANCES REQUIRED BY THIS SUBTITLE
20 OR REQUESTED BY THE COMMISSION;

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

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

28 (V) THE CONVICTION OF THE APPLICANT OR OF ANY PERSON
29 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
30 OF AN OFFENSE UNDER THE LAWS OF THE UNITED STATES OR ANY JURISDICTION
31 WITHIN THE UNITED STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL
32 TURPITUDE OR A GAMBLING OFFENSE;

33 (VI) CURRENT PROSECUTION OF THE APPLICANT OR A PERSON
34 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
35 LICENSE FOR AN OFFENSE DESCRIBED UNDER ITEM (V) OF THIS PARAGRAPH;
36 HOWEVER, AT THE REQUEST OF THE APPLICANT, THE COMMISSION SHALL DEFER
37 DECISION ON THE APPLICATION DURING THE PENDENCY OF THE CHARGE;

38 (VII) THE PURSUIT BY THE APPLICANT OR A PERSON WHO IS
39 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
40 OF ECONOMIC GAIN IN AN OCCUPATIONAL MANNER OR CONTEXT THAT IS IN

1 VIOLATION OF THE CRIMINAL OR CIVIL PUBLIC POLICIES OF THE STATE, IF THE
2 PURSUIT CREATES A REASONABLE BELIEF THAT PARTICIPATION OF THE APPLICANT
3 IN VIDEO LOTTERY OPERATIONS WOULD BE ADVERSE TO THE POLICIES OF THIS
4 SUBTITLE;

5 (VIII) THE IDENTIFICATION OF THE APPLICANT OR A PERSON WHO IS
6 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
7 AS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER CARTEL OR AN
8 ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER
9 THAT CREATES A REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS
10 TO BE INIMICAL TO THE POLICIES OF THIS SUBTITLE;

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

16 (X) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON
17 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
18 LICENSE OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL
19 INVESTIGATORY BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE
20 UNITED STATES WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES
21 RELATING TO GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY.

22 (D) (1) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED
23 UNDER THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE
24 COMMISSION, THE COMMISSION SHALL CONDUCT A BACKGROUND INVESTIGATION
25 AND A HEARING ON THE QUALIFICATIONS OF THE APPLICANT AND ANY PERSON
26 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
27 LICENSE.

28 (2) AFTER THE INVESTIGATION AND HEARING, THE COMMISSION MAY
29 EITHER GRANT A LICENSE TO AN APPLICANT WHOM THE COMMISSION DETERMINES
30 TO BE QUALIFIED OR DENY THE APPLICATION TO AN APPLICANT WHOM THE
31 COMMISSION DETERMINES TO BE NOT QUALIFIED OR DISQUALIFIED.

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

35 (4) IF SATISFIED THAT AN APPLICANT IS QUALIFIED TO RECEIVE A
36 LICENSE, AND ON TENDER OF ALL REQUIRED APPLICATION, LICENSE, AND OTHER
37 FEES AND TAXES, AND ANY BONDS THE COMMISSION REQUIRES FOR THE FAITHFUL
38 PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS SUBTITLE, ANY STATUTE,
39 AND THE REGULATIONS ISSUED UNDER THIS SUBTITLE, THE COMMISSION SHALL
40 ISSUE A LICENSE FOR A TERM OF 1 YEAR.

1 (5) (I) BY REGULATION, THE COMMISSION SHALL SET THE AMOUNT
2 OF THE BOND REQUIRED UNDER THIS SUBSECTION IN THE AMOUNT THE
3 COMMISSION CONSIDERS APPROPRIATE.

4 (II) THE BOND FURNISHED MAY BE APPLIED BY THE COMMISSION
5 TO THE PAYMENT OF AN UNPAID LIABILITY OF THE LICENSEE.

6 (6) SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR
7 SUSPEND A LICENSE, A LICENSE IN FORCE SHALL BE RENEWED BY THE COMMISSION
8 FOR THE NEXT SUCCEEDING LICENSE PERIOD ON:

9 (I) PROPER APPLICATION FOR RENEWAL; AND

10 (II) PAYMENT OF ALL REQUIRED APPLICATION, LICENSE, AND
11 OTHER FEES AND TAXES.

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

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

20 (I) MAY LIMIT OR PLACE RESTRICTIONS ON THE EXEMPTION OR
21 WAIVER AS THE COMMISSION CONSIDERS NECESSARY IN THE PUBLIC INTEREST;
22 AND

23 (II) SHALL REQUIRE THE PERSON WHO IS GRANTED THE
24 EXEMPTION OR WAIVER TO COOPERATE WITH THE COMMISSION AND, ON REQUEST,
25 TO PROVIDE INFORMATION IN THE SAME MANNER AS REQUIRED OF A LICENSED
26 VIDEO LOTTERY FACILITY UNDER THIS SUBTITLE.

27 (F) (1) BECAUSE THE STATE HAS A VITAL INTEREST IN VIDEO LOTTERY
28 OPERATIONS AND HAS ESTABLISHED A LIMITED EXCEPTION TO THE POLICY OF THE
29 STATE CONCERNING GAMING FOR PRIVATE GAIN, PARTICIPATION IN VIDEO LOTTERY
30 OPERATIONS BY A LICENSEE UNDER THIS SUBTITLE SHALL BE DEEMED A
31 REVOCABLE PRIVILEGE CONDITIONED ON THE PROPER AND CONTINUED
32 QUALIFICATION OF THE LICENSEE AND ON THE DISCHARGE OF THE AFFIRMATIVE
33 RESPONSIBILITY OF EACH LICENSEE TO PROVIDE TO THE REGULATORY AND
34 INVESTIGATORY AUTHORITIES UNDER THIS SUBTITLE OR ANY OTHER PROVISION OF
35 LAW, ANY ASSISTANCE AND INFORMATION NECESSARY TO ASSURE THAT THE
36 POLICIES DECLARED BY THIS SUBTITLE ARE ACHIEVED.

37 (2) CONSISTENT WITH THE POLICY DESCRIBED IN PARAGRAPH (1) OF
38 THIS SUBSECTION, IT IS THE INTENT OF THIS SUBSECTION TO:

39 (I) PRECLUDE:

1 1. THE CREATION OF ANY PROPERTY RIGHT IN ANY LICENSE
2 REQUIRED UNDER THIS SUBTITLE;

3 2. THE ACCRUAL OF ANY VALUE TO THE PRIVILEGE OF
4 PARTICIPATION IN VIDEO LOTTERY OPERATIONS; AND

5 3. THE TRANSFER OF ANY LICENSE ISSUED UNDER THIS
6 SUBTITLE; AND

7 (II) REQUIRE THAT PARTICIPATION IN VIDEO LOTTERY
8 OPERATIONS BE CONDITIONED SOLELY ON THE INDIVIDUAL QUALIFICATIONS OF
9 THE PERSON WHO SEEKS THE PRIVILEGE.

10 (G) (1) EACH VIDEO LOTTERY TERMINAL DEVICE, ASSOCIATED EQUIPMENT,
11 AND THE CENTRAL COMPUTER SHALL BE:

12 (I) OWNED OR LEASED BY THE COMMISSION; AND

13 (II) UNDER THE CONTROL OF THE COMMISSION.

14 (2) THE COMMISSION SHALL DETERMINE HOW MANY VIDEO LOTTERY
15 TERMINALS EACH VIDEO LOTTERY FACILITY LICENSEE MAY OPERATE, BUT THE
16 COMMISSION MAY NOT ALLOW MORE THAN 12,500 VIDEO LOTTERY TERMINALS TO BE
17 OPERATIONAL AT ANY ONE TIME.

18 (H) (1) UNLESS A PERSON HOLDS A VALID VIDEO LOTTERY OPERATOR
19 LICENSE ISSUED BY THE COMMISSION, THE PERSON MAY NOT ENTER INTO A
20 MANAGEMENT AGREEMENT, OR ANY OTHER BUSINESS RELATIONSHIP, WITH A
21 VIDEO LOTTERY FACILITY LICENSEE OR APPLICANT FOR THE OPERATION OR THE
22 MANAGEMENT OF THE LICENSEE'S OR APPLICANT'S VIDEO LOTTERY FACILITY OR TO
23 SHARE IN THE PROCEEDS FROM THE LICENSEE'S OR APPLICANT'S VIDEO LOTTERY
24 FACILITY.

25 (2) EACH VIDEO LOTTERY OPERATOR AND EACH OTHER PERSON WHO
26 OWNS OR CONTROLS THE VIDEO LOTTERY OPERATOR, MANAGEMENT AND
27 SUPERVISORY PERSONNEL, AND OTHER PRINCIPAL EMPLOYEES SHALL QUALIFY
28 UNDER THE STANDARDS AND PROVISIONS SET FORTH IN SUBSECTIONS (B) AND (C)
29 OF THIS SECTION FOR LICENSEES.

30 (3) THE COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF
31 ANY LICENSING REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A VIDEO
32 LOTTERY OPERATOR LICENSE.

33 (4) A VIDEO LOTTERY FACILITY LICENSEE OR APPLICANT SHALL FILE
34 WITH THE COMMISSION ANY CURRENT OR PROPOSED OPERATION OR MANAGEMENT
35 AGREEMENT WITH ANY PERSON, WHICH AGREEMENT SHALL BE SUBJECT TO
36 APPROVAL BY THE COMMISSION.

1 (5) A LICENSED VIDEO LOTTERY OPERATOR MAY NOT ENTER INTO AN
2 AGREEMENT DESCRIBED UNDER THIS SUBSECTION WITH MORE THAN ONE VIDEO
3 LOTTERY FACILITY LICENSEE.

4 (I) (1) UNLESS A PERSON HOLDS A VALID VIDEO LOTTERY EMPLOYEE
5 LICENSE ISSUED BY THE COMMISSION, THE PERSON MAY NOT BE EMPLOYED BY A
6 LICENSEE AS A VIDEO LOTTERY EMPLOYEE.

7 (2) UNLESS A PERSON HOLDS A VALID SERVICE TECHNICIAN LICENSE
8 ISSUED BY THE COMMISSION, THE PERSON MAY NOT PROVIDE SERVICE AS A
9 SERVICE TECHNICIAN.

10 (3) BEFORE ISSUANCE OF A LICENSE, AN APPLICANT FOR A VIDEO
11 LOTTERY EMPLOYEE LICENSE OR SERVICE TECHNICIAN LICENSE SHALL PROVIDE
12 SUFFICIENT INFORMATION, DOCUMENTATION, AND ASSURANCES TO MEET THE
13 QUALIFICATION CRITERIA CONTAINED IN REGULATIONS ISSUED BY THE
14 COMMISSION.

15 (4) THE COMMISSION SHALL DENY A VIDEO LOTTERY EMPLOYEE
16 LICENSE OR SERVICE TECHNICIAN LICENSE TO AN APPLICANT WHO IS
17 DISQUALIFIED ON THE BASIS OF CRITERIA AND PROCEDURES CONTAINED IN
18 REGULATIONS ISSUED BY THE COMMISSION.

19 (J) (1) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER
20 LICENSE ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A
21 LICENSEE OR THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO
22 LOTTERY TERMINAL, ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR
23 SERVICES THAT DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY
24 TERMINALS.

25 (2) EACH MANUFACTURER AND EACH PERSON WHO OWNS OR
26 CONTROLS THE MANUFACTURER, MANAGEMENT AND SUPERVISORY PERSONNEL,
27 AND OTHER PRINCIPAL EMPLOYEES SHALL QUALIFY UNDER THE STANDARDS AND
28 PROVISIONS SET FORTH IN SUBSECTIONS (B) AND (C) OF THIS SECTION FOR
29 LICENSEES.

30 (3) THE COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF
31 ANY LICENSING REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A
32 MANUFACTURER LICENSE.

33 (4) A MANUFACTURER OF THE VIDEO LOTTERY TERMINALS,
34 ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER SHALL MANUFACTURE OR
35 DISTRIBUTE THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND
36 CENTRAL COMPUTER THAT MEET SPECIFICATIONS AND PROCEDURES CONTAINED
37 IN REGULATIONS ISSUED BY THE COMMISSION.

38 (K) (1) THE COMMISSION SHALL CONTRACT WITH ONE OR MORE LICENSED
39 MANUFACTURERS FOR THE LEASE OR PURCHASE OF THE VIDEO LOTTERY
40 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER AUTHORIZED
41 UNDER THIS SUBTITLE.

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

4 9-1A-06.

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

7 (1) THIS SUBTITLE;

8 (2) A REGULATION ADOPTED UNDER THIS SUBTITLE;

9 (3) A STATUTE ENACTED IN ACCORDANCE WITH THIS SUBTITLE; OR

10 (4) A CONDITION THAT THE COMMISSION SETS.

11 (B) (1) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS
12 SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000
13 PAYABLE TO THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-10 OF THIS
14 SUBTITLE.

15 (2) EACH DAY THAT A PERSON IS IN VIOLATION OF THIS SECTION SHALL
16 BE CONSIDERED A SEPARATE VIOLATION.

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

19 (I) THE SERIOUSNESS OF THE VIOLATION;

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

21 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON
22 WHO COMMITTED THE VIOLATION.

23 (C) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SUBTITLE, THIS
24 SUBTITLE DOES NOT ABROGATE OR LIMIT THE CRIMINAL LAWS OF THIS STATE OR
25 LIMIT OR PROHIBIT THE ENACTMENT OF LAWS ESTABLISHING CRIMINAL OFFENSES
26 AND PENALTIES RELATING TO VIDEO LOTTERY OPERATIONS.

27 9-1A-07.

28 (A) THE COMMISSION SHALL:

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

32 (2) CONDUCT HEARINGS CONCERNING CIVIL VIOLATIONS OF THIS
33 SUBTITLE OR REGULATIONS ISSUED UNDER THIS SUBTITLE;

1 (3) ISSUE REGULATIONS THE COMMISSION CONSIDERS NECESSARY TO
2 FULFILL THE POLICIES OF THIS SUBTITLE;

3 (4) ESTABLISH AND COLLECT APPLICATION, LICENSE, AND OTHER FEES
4 TO COVER THE COSTS OF ADMINISTERING THIS SUBTITLE, EXCEPT THE COSTS
5 DESCRIBED UNDER § 9-1A-01(J)(2) OF THIS SUBTITLE;

6 (5) APPLY APPLICATION, LICENSE, AND OTHER FEES TO COVER THE
7 COSTS OF ADMINISTERING THIS SUBTITLE, EXCEPT THE COSTS DESCRIBED UNDER §
8 9-1A-01(J)(2) OF THIS SUBTITLE;

9 (6) ESTABLISH AN INITIAL LICENSING FEE OF \$125,000,000 TO BE PAID
10 BY EACH VIDEO LOTTERY FACILITY LICENSEE IMMEDIATELY ON ISSUANCE OF A
11 LICENSE TO THE LICENSEE BY THE COMMISSION AND DISTRIBUTED TO THE
12 GENERAL FUND OF THE STATE FOR THE GENERAL PURPOSES OF STATE
13 GOVERNMENT;

14 (7) (I) ESTABLISH AN ANNUAL FEE OF \$360, TO BE PAID BY EACH
15 VIDEO LOTTERY FACILITY LICENSEE, FOR EACH VIDEO LOTTERY TERMINAL
16 OPERATED BY THE LICENSEE DURING THE YEAR; AND

17 (II) DISTRIBUTE THE FEES COLLECTED UNDER ITEM (I) OF THIS
18 PARAGRAPH TO THE COMPULSIVE GAMBLING FUND ESTABLISHED IN § 9-1A-12 OF
19 THIS SUBTITLE;

20 (8) LEVY AND COLLECT CIVIL PENALTIES THAT SHALL BE PAID TO THE
21 EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-10 OF THIS SUBTITLE FOR
22 CIVIL VIOLATIONS OF THE PROVISIONS OF THIS SUBTITLE AND ANY REGULATIONS
23 ISSUED UNDER THIS SUBTITLE;

24 (9) BE PRESENT AT A VIDEO LOTTERY FACILITY THROUGH ITS
25 EMPLOYEES AND AGENTS AT ANY TIME DURING THE OPERATION OF ANY VIDEO
26 LOTTERY TERMINAL FOR THE PURPOSE OF CERTIFYING REVENUE FROM THE VIDEO
27 LOTTERY TERMINALS, RECEIVING COMPLAINTS FROM THE PUBLIC, AND
28 CONDUCTING ANY OTHER INVESTIGATION INTO THE OPERATION OF THE VIDEO
29 LOTTERY TERMINALS AND THE MAINTENANCE OF THE VIDEO LOTTERY TERMINALS
30 AND ASSOCIATED EQUIPMENT THE COMMISSION CONSIDERS NECESSARY AND
31 PROPER; AND

32 (10) REVIEW AND RULE ON ANY COMPLAINT BY A LICENSEE REGARDING
33 ANY INVESTIGATIVE PROCEDURES OF THE COMMISSION THAT ARE UNNECESSARILY
34 DISRUPTIVE OF VIDEO LOTTERY OPERATIONS.

35 (B) (1) THE COMMISSION'S NEED TO INSPECT AND INVESTIGATE SHALL BE
36 PRESUMED AT ALL TIMES.

37 (2) THE DISRUPTION OF A LICENSEE'S VIDEO LOTTERY OPERATIONS
38 SHALL BE PROVED BY CLEAR AND CONVINCING EVIDENCE AND ESTABLISH THAT:

1 (I) THE PROCEDURES HAD NO REASONABLE LAW ENFORCEMENT
2 PURPOSE; AND

3 (II) THE PROCEDURES WERE SO DISRUPTIVE AS TO INHIBIT THE
4 LICENSEE'S VIDEO LOTTERY OPERATIONS.

5 (C) THE COMMISSION HAS THE AUTHORITY TO:

6 (1) ISSUE SUBPOENAS AND TO COMPEL THE ATTENDANCE OF
7 WITNESSES AT ANY PLACE WITHIN THE STATE;

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

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

14 (4) SUBMIT WRITTEN INTERROGATORIES.

15 (D) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION
16 SHALL CONDUCT A HEARING IN THE SAME MANNER AS SPECIFIED IN TITLE 10,
17 SUBTITLE 2 OF THIS ARTICLE.

18 (E) THE COMMISSION SHALL ADOPT REGULATIONS THAT INCLUDE THE
19 FOLLOWING SPECIFIC PROVISIONS IN ACCORDANCE WITH THIS SUBTITLE:

20 (1) REQUIRING THE METHODS AND FORMS OF APPLICATION THAT AN
21 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE SHALL FOLLOW
22 AND COMPLETE BEFORE CONSIDERATION OF THE APPLICATION BY THE
23 COMMISSION;

24 (2) REQUIRING THE METHODS, PROCEDURES, AND FORM FOR DELIVERY
25 OF INFORMATION FROM AN APPLICANT OR LICENSEE CONCERNING ANY PERSON'S
26 FAMILY, HABITS, CHARACTER, ASSOCIATES, CRIMINAL RECORD, BUSINESS
27 ACTIVITIES, AND FINANCIAL AFFAIRS;

28 (3) REQUIRING THE PROCEDURES FOR THE FINGERPRINTING OF AN
29 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE OR OTHER
30 METHODS OF IDENTIFICATION THAT THE COMMISSION CONSIDERS NECESSARY TO
31 ACCOMPLISH EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF THIS SUBTITLE;

32 (4) REQUIRING THE MANNER AND PROCEDURE OF HEARINGS
33 CONDUCTED BY THE COMMISSION;

34 (5) REQUIRING THE MANNER AND METHOD OF COLLECTION OF TAXES,
35 FEES, AND CIVIL PENALTIES;

1 (6) DEFINING AND LIMITING THE AREAS OF OPERATION FOR VIDEO
2 LOTTERY TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO
3 LOTTERY TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY
4 TERMINALS;

5 (7) REGULATING THE PRACTICE AND PROCEDURES FOR NEGOTIABLE
6 TRANSACTIONS INVOLVING VIDEO LOTTERY TERMINAL PLAYERS, INCLUDING
7 LIMITATIONS ON THE CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE
8 TRANSACTIONS, AND THE ESTABLISHMENT OF FORMS AND PROCEDURES FOR
9 NEGOTIABLE INSTRUMENT TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

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

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

14 (10) REQUIRING THE PROCEDURES, FORMS, AND METHODS OF
15 MANAGEMENT CONTROLS;

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

20 (12) REQUIRING PERIODIC FINANCIAL REPORTS AND THE FORM OF THE
21 REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC
22 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER
23 THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE
24 MAINTAINED BY THE VIDEO LOTTERY FACILITY LICENSEE AS REQUIRED BY THIS
25 SUBTITLE OR ANY REGULATIONS ISSUED UNDER THIS SUBTITLE;

26 (13) LIMITING SIGNS AND OTHER ON-SITE ADVERTISING TO REDUCE
27 SOLICITATION FOR VIDEO LOTTERY PURPOSES FROM THE PUBLIC THOROUGHFARES
28 OR OTHERWISE DOMINATING OR DESPOILING THE ENVIRONMENT;

29 (14) PROHIBITING A LICENSEE FROM ALLOWING A MINOR TO PLAY A
30 VIDEO LOTTERY TERMINAL; AND

31 (15) ESTABLISHING A PAYOUT PERCENTAGE FOR VIDEO LOTTERY
32 TERMINALS OF NOT LESS THAN 83% ON AN AVERAGE ANNUAL BASIS.

33 (F) (1) BY REGULATION, THE COMMISSION SHALL PROVIDE FOR THE
34 ESTABLISHMENT OF A LIST OF PERSONS WHO ARE TO BE EXCLUDED OR EJECTED
35 FROM ANY VIDEO LOTTERY FACILITY LICENSED UNDER THIS SUBTITLE.

36 (2) THE REGULATIONS UNDER THIS SUBSECTION SHALL DEFINE THE
37 STANDARDS FOR EXCLUSION OR EJECTION AND SHALL INCLUDE STANDARDS
38 RELATING TO PERSONS:

1 (I) WHO ARE CAREER OFFENDERS AS DEFINED BY REGULATIONS
2 THAT SHALL BE ISSUED BY THE COMMISSION;

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

7 (III) WHOSE PRESENCE IN THE ESTABLISHMENT OF A LICENSEE
8 WOULD BE ADVERSE TO THE INTEREST OF THE STATE, THE LICENSEE, OR THE
9 PERSON.

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

14 (4) AN ORDER UNDER THIS SUBSECTION SHALL BE SUBJECT TO
15 JUDICIAL REVIEW.

16 (5) RACE, COLOR, CREED, NATIONAL ORIGIN OR ANCESTRY, OR GENDER
17 MAY NOT BE A REASON FOR PLACING THE NAME OF A PERSON ON THE LIST OF
18 PERSONS TO BE EXCLUDED OR EJECTED.

19 (G) (1) THE COMMISSION SHALL PROMPTLY AND IN REASONABLE ORDER
20 INVESTIGATE ALL APPLICATIONS AND ENFORCE THE PROVISIONS OF THIS SUBTITLE
21 OR ANY REGULATIONS ISSUED UNDER THIS SUBTITLE.

22 (2) THE COMMISSION AND ITS EMPLOYEES AND AGENTS HAVE THE
23 AUTHORITY, WITHOUT NOTICE AND WITHOUT WARRANT, TO:

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

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

32 (III) SEIZE SUMMARILY AND REMOVE FROM THOSE PREMISES AND
33 IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO LOTTERY TERMINALS,
34 ASSOCIATED EQUIPMENT, OR CENTRAL COMPUTER FOR THE PURPOSES OF
35 EXAMINATION AND INSPECTION;

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

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

5 9-1A-08.

6 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE
7 CONTROL OF THE COMMISSION AND SHALL BE DISTRIBUTED AS PROVIDED IN THIS
8 SECTION.

9 (B) FROM THE PROCEEDS FROM VIDEO LOTTERY TERMINALS FOR ALL VIDEO
10 LOTTERY FACILITIES, THE COMMISSION SHALL FIRST PAY THE COSTS INCURRED BY
11 THE COMMISSION IN ADMINISTERING THIS SUBTITLE BASED ON A SCHEDULE
12 DETERMINED BY THE COMMISSION.

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

17 (1) 50% TO THE GENERAL FUND;

18 (2) 45% TO LICENSEES; AND

19 (3) 5% TO LOCAL JURISDICTIONS WITHIN A 5-MILE RADIUS OF WHERE
20 VIDEO LOTTERY IS CONDUCTED.

21 9-1A-09.

22 (A) FOR CAPITAL IMPROVEMENT PROJECTS OF \$1,000,000 OR MORE AT HORSE
23 RACING TRACKS AND RELATED FACILITIES FINANCED DIRECTLY OR INDIRECTLY
24 WITH PROCEEDS FROM VIDEO LOTTERY TERMINALS, THE MARYLAND STADIUM
25 AUTHORITY MAY MANAGE THE PROJECT, IN ACCORDANCE WITH THE
26 REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION, IF REQUESTED BY THE VIDEO
27 LOTTERY FACILITY LICENSEE.

28 (B) (1) THE MARYLAND STADIUM AUTHORITY SHALL NOTIFY THE
29 LEGISLATIVE POLICY COMMITTEE IN WRITING OF ANY PROPOSED PROJECT THAT IS
30 SUBJECT TO THE AUTHORITY'S REVIEW AND MANAGEMENT UNDER SUBSECTION (A)
31 OF THIS SECTION.

32 (2) THE COMMITTEE SHALL HAVE 45 DAYS TO REVIEW AND COMMENT
33 ON THE PROPOSED PROJECT.

34 (3) THE AUTHORITY MAY NOT ENTER INTO ANY CONTRACT FOR A
35 PROJECT UNTIL AFTER THE 45-DAY REVIEW AND COMMENT PERIOD OR THE
36 AUTHORITY RECEIVES THE COMMITTEE'S COMMENTS, WHICHEVER IS SOONER.

1 (C) THE MARYLAND STADIUM AUTHORITY SHALL USE FUNDS PROVIDED BY
2 THE VIDEO LOTTERY FACILITY LICENSEES OR OTHERWISE APPROPRIATED FOR A
3 PROJECT THE AUTHORITY HAS REVIEWED AND APPROVED.

4 9-1A-10.

5 (A) THE COMMISSION SHALL ESTABLISH AN ELECTRONIC PAYMENT SYSTEM
6 FOR THE PAYMENT OF THE AMOUNTS REQUIRED UNDER § 9-1A-08 OF THIS
7 SUBTITLE.

8 (B) THE COMMISSION SHALL ACCOUNT TO THE COMPTROLLER FOR ALL OF
9 THE REVENUE AND EXPENDITURES UNDER THIS SUBTITLE.

10 (C) THE COMPTROLLER SHALL CREDIT THE REVENUES AS REQUIRED BY §
11 9-1A-08 OF THIS SUBTITLE.

12 9-1A-11.

13 (A) NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS SUBTITLE, THE
14 COMMISSION MAY CONSIDER AN APPLICATION FOR A VIDEO LOTTERY FACILITY
15 LICENSE ONLY IF, BEFORE THE ISSUANCE OF A LICENSE:

16 (1) THE APPLICANT FOR THE VIDEO LOTTERY FACILITY LICENSE GIVES
17 WRITTEN NOTICE TO THE GOVERNING BODY OF THE COUNTY IN WHICH THE
18 APPLICANT INTENDS TO LOCATE THE VIDEO LOTTERY FACILITY WHEN THE
19 APPLICANT SUBMITS THE APPLICATION;

20 (2) THE GOVERNING BODY OF A COUNTY IN WHICH AN APPLICATION
21 FOR A VIDEO LOTTERY FACILITY IN THAT COUNTY HAS BEEN MADE ADOPTS A
22 RESOLUTION IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION IN SUPPORT
23 OF THE ESTABLISHMENT AND LOCATION OF A VIDEO LOTTERY FACILITY IN THE
24 COUNTY WITHIN 60 DAYS AFTER SUBMISSION OF THE APPLICATION FOR THE VIDEO
25 LOTTERY FACILITY LICENSE; AND

26 (3) (I) THE LEGALLY QUALIFIED VOTERS OF THE COUNTY HAVE NOT
27 SUBMITTED A PETITION TO PLACE THE LOCAL RESOLUTION ON THE BALLOT AT A
28 SPECIAL ELECTION IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION
29 WITHIN 30 DAYS AFTER PASSAGE OF THE LOCAL RESOLUTION; OR

30 (II) THE OUTCOME OF THE SPECIAL ELECTION DESCRIBED IN
31 SUBSECTION (C) OF THIS SECTION IS IN SUPPORT OF THE LOCAL RESOLUTION.

32 (B) (1) PRIOR TO THE ADOPTION OF A RESOLUTION DESCRIBED IN
33 SUBSECTION (A)(2) OF THIS SECTION, THE GOVERNING BODY OF A COUNTY SHALL
34 CONDUCT A PUBLIC HEARING ON THE PROPOSED RESOLUTION.

35 (2) THE GOVERNING BODY OF THE COUNTY SHALL PUBLISH NOTICE OF
36 THE HEARING ON THE PROPOSED RESOLUTION AT LEAST ONCE A WEEK FOR 2
37 CONSECUTIVE WEEKS BEFORE THE HEARING IN A NEWSPAPER OF GENERAL
38 CIRCULATION IN THE COUNTY.

1 (C) (1) A SPECIAL ELECTION SHALL BE HELD IN THE COUNTY IF A PETITION
2 IS CERTIFIED IN ACCORDANCE WITH TITLE 6, SUBTITLE 2 OF THE ELECTION LAW
3 ARTICLE WITH THE SIGNATURES OF AT LEAST 3% OF THE LEGALLY QUALIFIED
4 VOTERS OF THE COUNTY IN SUPPORT OF PLACING THE RESOLUTION DESCRIBED IN
5 SUBSECTION (A)(2) OF THIS SECTION ON THE BALLOT AT A SPECIAL ELECTION IN THE
6 COUNTY.

7 (2) THE SPECIAL ELECTION SHALL BE HELD WITHIN 30 DAYS AFTER THE
8 DATE A PETITION IS CERTIFIED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS
9 SUBSECTION.

10 (3) THE COST OF THE SPECIAL ELECTION SHALL BE PAID BY THE STATE.

11 (4) THE BOARD OF SUPERVISORS OF ELECTIONS OF THE COUNTY AND
12 THE COUNTY GOVERNING BODY SHALL DO THOSE THINGS NECESSARY AND PROPER
13 TO PROVIDE FOR AND HOLD THE REFERENDUM REQUIRED BY THIS SECTION.

14 (5) THE BOARD OF SUPERVISORS OF ELECTIONS OF THE COUNTY AND
15 THE COUNTY GOVERNING BODY SHALL PLACE ON THE BALLOT AT THE SPECIAL
16 ELECTION THE TITLE "ESTABLISHMENT AND LOCATION OF VIDEO LOTTERY
17 FACILITY IN THE COUNTY" AND UNDERNEATH THE TITLE, ON SEPARATE LINES,
18 OPTIONS FOR THE VOTER TO SELECT "FOR THE VIDEO LOTTERY FACILITY" OR
19 "AGAINST THE VIDEO LOTTERY FACILITY".

20 (6) BEFORE THE SPECIAL ELECTION, THE BOARD OF SUPERVISORS OF
21 ELECTIONS OF THE COUNTY SHALL PUBLISH IN AT LEAST TWO NEWSPAPERS OF
22 GENERAL CIRCULATION IN THE COUNTY, AT LEAST ONCE A WEEK FOR 3
23 CONSECUTIVE WEEKS, NOTICE OF THE REFERENDUM AND A COPY OF THE
24 RESOLUTION ADOPTED BY THE COUNTY GOVERNING BODY.

25 (7) IF THE MAJORITY OF THE VOTERS VOTING ON THE RESOLUTION
26 VOTE FOR THE VIDEO LOTTERY FACILITY, THE COMMISSION MAY CONSIDER
27 AWARDED A VIDEO LOTTERY FACILITY LICENSE FOR A VIDEO LOTTERY FACILITY IN
28 THAT COUNTY.

29 (8) IF THE MAJORITY OF THE VOTERS VOTING ON THE RESOLUTION
30 VOTE AGAINST THE VIDEO LOTTERY FACILITY, THEN THE RESOLUTION SHALL BE
31 NULL AND VOID AND THE COMMISSION MAY NOT AWARD A VIDEO LOTTERY FACILITY
32 LICENSE FOR A VIDEO LOTTERY FACILITY IN THAT COUNTY.

33 **Article - Financial Institutions**

34 13-709.1.

35 THE AUTHORITY MAY ENTER INTO CONTRACTS FOR PROJECTS FOR THE
36 CONSTRUCTION, RENOVATION, REMODELING, OR REPAIR OF HORSE RACING TRACKS
37 AND RELATED FACILITIES AS DESCRIBED IN § 9-1A-09(A) OF THE STATE
38 GOVERNMENT ARTICLE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That if any provision of this
2 Act or the application thereof to any person or circumstance is held invalid for any
3 reason in a court of competent jurisdiction, the invalidity does not affect other
4 provisions or any other application of this Act which can be given effect without the
5 invalid provision or application, and for this purpose the provisions of this Act are
6 declared severable.

7 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 June 1, 2003.