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By: **Delegate C. Davis**

Introduced and read first time: February 6, 2004

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery - Licensed Agents - Banks - Commingling of Proceeds**

3 FOR the purpose of authorizing a licensed agent of the State lottery to deposit certain  
4 receipts from the sale of State lottery tickets or shares with a bank that the  
5 licensed agent selects; authorizing a licensed agent to commingle proceeds  
6 collected or deposited from the sale of State lottery tickets or shares with  
7 business receipts of the licensed agent; and generally relating to the State  
8 lottery.

9 BY repealing and reenacting, with amendments,  
10 Article - State Government  
11 Section 9-119(b)(1)  
12 Annotated Code of Maryland  
13 (1999 Replacement Volume and 2003 Supplement)

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

16 **Article - State Government**

17 9-119.

18 (b) (1) (i) The Director shall require all licensed agents to deposit, with a  
19 bank that the [Treasurer designates] LICENSED AGENT SELECTS and to the credit of  
20 the State Lottery Fund, all of the receipts from the sale of State lottery tickets or  
21 shares less any commission and validation prize payout.

22 (ii) 1. [All proceeds collected or deposited from the sale of State  
23 lottery tickets or shares constitute a trust for the benefit of the Agency until remitted  
24 and paid either directly or through the Agency's authorized collection representative.  
25 Proceeds shall include cash proceeds of the sale of any lottery products less any  
26 commission and validation prize payout] A LICENSED AGENT MAY COMMINGLE  
27 PROCEEDS FROM THE SALE OF STATE LOTTERY TICKETS OR SHARES WITH BUSINESS  
28 RECEIPTS OF THE LICENSED AGENT.

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1    2.        PROCEEDS, INCLUDING CASH PROCEEDS OF THE SALE OF  
2 ANY LOTTERY PRODUCTS LESS ANY COMMISSION AND VALIDATION PRIZE PAYOUT,  
3 SHALL BE REMITTED AND PAID DIRECTLY OR THROUGH THE AGENCY'S AUTHORIZED  
4 COLLECTION REPRESENTATIVE.

5                            (iii)        Licensed agents and each person who is a guarantor or  
6 indemnitor of a licensed agent's financial obligations to the Agency shall be liable for  
7 all proceeds from the sale of lottery tickets or shares.

8                            (iv)        The Director may adjust the time, interval, or method of  
9 collection for collections of proceeds of any licensed agent.

10                          (v)        1.        Nothing in this subsection may be construed to impose  
11 obligations or liability on any bank in which proceeds from the sale of State lottery  
12 tickets or shares are deposited.

13    2.        This subparagraph does not affect the rights and  
14 obligations of any financial institution that has issued an irrevocable letter of credit  
15 or holds any cash security deposit as provided in § 9-114 of this subtitle.

16        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
17 effect October 1, 2004.