
By: **Delegate G. Clagett**

Introduced and read first time: February 1, 2006

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Public School Construction - Funding - Video Lottery Terminals**

3 FOR the purpose of requiring the State Lottery Commission to regulate the operation
4 of certain video lottery terminals; requiring the Governor to appoint a member
5 of the State Racing Commission as a liaison to the State Lottery Commission;
6 altering the membership of the State Lottery Commission; specifying certain
7 requirements for members of the State Lottery Commission; requiring the
8 Governor to appoint a member of the State Lottery Commission as a liaison to
9 the State Racing Commission; providing that members of the State Lottery
10 Commission may be compensated as provided in the State budget; authorizing
11 the operation of video lottery terminals connected to a certain central computer
12 that allows the State Lottery Commission to monitor a video lottery terminal
13 and that has certain capabilities; prohibiting access to the central computer to
14 certain licensees with a certain exception; providing that only a person with a
15 certain video lottery operation license may offer a video lottery terminal for
16 public use in the State; providing that this Act is statewide and exclusive in its
17 effect and that certain laws do not apply to video lottery terminals authorized
18 under this Act; authorizing the State Lottery Commission to conduct certain
19 investigations and hearings; requiring the State Lottery Commission to adopt
20 certain regulations; authorizing the State Lottery Commission to require a
21 certain bond and collect certain fees, civil penalties, and taxes; authorizing the
22 State Lottery Commission to inspect and seize certain equipment, financial
23 information, and records without notice or warrant; authorizing the State
24 Lottery Commission to issue a certain number of video lottery operation licenses
25 under certain circumstances; requiring certain video lottery terminal
26 manufacturers, video lottery operators, video lottery employees, and other
27 individuals as determined by the State Lottery Commission to be licensed;
28 providing for the application and licensing process; establishing certain
29 eligibility criteria and disqualifying criteria for a video lottery operation license;
30 requiring certain video lottery operation licensees to maintain certain numbers
31 of live racing days; providing that the license of certain video lottery operation
32 licensees may be revoked if a certain horse racing event or trade names and
33 other items related to the event are transferred outside the State; requiring a
34 certain licensee to conduct a certain annual race with certain exceptions;
35 requiring certain video lottery operation licensees to submit to the State Lottery

1 Commission a certain plan to improve the quality and marketing of horse
2 racing; requiring certain video lottery operation licensees to offer for sale a
3 certain percentage of equity ownership to certain individuals under certain
4 circumstances; requiring certain applicants and licensees to comply with certain
5 provisions of law relating to minority business participation; specifying that
6 certain collective bargaining agreements do not negate certain provisions of this
7 Act; providing for the monitoring of certain provisions of this Act by the
8 Governor's Office of Minority Affairs; providing for certain eligibility criteria
9 and disqualifying criteria for certain licenses; providing for certain waivers of
10 certain licensing requirements under certain circumstances; providing for
11 certain license terms; stating the intent of the General Assembly relating to
12 video lottery operation licenses; prohibiting a video lottery operation license
13 from being transferred or pledged as collateral; prohibiting certain licensees
14 from selling or otherwise transferring more than a certain percentage of the
15 legal or beneficial interest unless certain conditions are met; requiring that the
16 transfer of a certain interest in a person that holds a video lottery operation
17 license be approved by the State Lottery Commission; requiring the Department
18 of State Police to conduct certain background investigations in a certain
19 manner; requiring the State Lottery Commission to buy or lease the video
20 lottery terminals, associated equipment, and central computer authorized under
21 this Act; specifying limits on the number of video lottery terminals allowed at
22 certain facilities; providing the minimum payout for video lottery terminals and
23 authorizing the State Lottery Commission to adopt certain video lottery
24 terminal payouts; providing for the hours of operation of video lottery terminals;
25 prohibiting the State Lottery Commission from issuing certain licenses under
26 certain circumstances; prohibiting a video lottery operation licensee from
27 offering food or beverages at no cost with a certain exception or from offering
28 food and beverages below certain prices; requiring the State Lottery
29 Commission to adopt certain regulations to reduce or mitigate the effects of
30 problem gambling; authorizing the State Lottery Commission to reprimand a
31 licensee or deny, suspend, or revoke certain licenses under certain
32 circumstances; requiring the Comptroller to collect and distribute certain money
33 in specified ways; establishing the Public School Construction Fund; requiring
34 certain distributions from video lottery proceeds to the Public School
35 Construction Fund to be used for a certain purpose; establishing a Purse
36 Dedication Account under the authority of the State Racing Commission;
37 providing for a certain distribution from video lottery proceeds to the Purse
38 Dedication Account for horse racing; providing for certain distributions from the
39 Purse Dedication Account for horse racing in a certain manner; authorizing the
40 State to pay certain transportation costs; requiring the Department of
41 Transportation to facilitate certain negotiations; requiring a certain
42 transportation plan to be developed by certain counties; providing for the
43 creation of certain local development councils; providing for appointment and
44 membership of certain local development councils; requiring certain counties to
45 develop certain plans to be reviewed by certain local development councils;
46 specifying that certain local development grants should be used for certain
47 purposes; authorizing certain fees and providing for a certain distribution from
48 certain fees to the Compulsive Gambling Fund; creating a Compulsive Gambling

1 Fund in the Department of Health and Mental Hygiene; providing for certain
2 disbursements from the Compulsive Gambling Fund for certain purposes;
3 expanding the types of funds that a certain fire, rescue, and ambulance special
4 fund may receive; exempting a certain procurement by the State Lottery
5 Commission from certain provisions of law; requiring the State Lottery
6 Commission to make a certain annual report by a certain date; requiring the
7 Department of Transportation to conduct a certain study and make a certain
8 report by a certain date; requiring a certain certification entity to conduct
9 certain studies and make certain reports; making the provisions of this Act
10 severable; providing for the staggering of the terms of certain new members of
11 the State Lottery Commission; defining certain terms; providing for the
12 termination of certain provisions of this Act; providing that certain provisions of
13 this Act are contingent on the termination of another Act; and generally relating
14 to the operation of video lottery terminals at certain locations in the State.

15 BY adding to

16 Article - Business Regulation
17 Section 11-202(g)
18 Annotated Code of Maryland
19 (2004 Replacement Volume and 2005 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article - State Government
22 Section 9-105 and 9-108(d)
23 Annotated Code of Maryland
24 (2004 Replacement Volume and 2005 Supplement)

25 BY adding to

26 Article - State Government
27 Section 9-1A-01 through 9-1A-33 to be under the new subtitle "Subtitle 1A.
28 Video Lottery Terminals"
29 Annotated Code of Maryland
30 (2004 Replacement Volume and 2005 Supplement)

31 BY repealing and reenacting, with amendments,

32 Article - Public Safety
33 Section 8-102
34 Annotated Code of Maryland
35 (2003 Volume and 2005 Supplement)

36 BY repealing and reenacting, without amendments,

37 Article - State Finance and Procurement
38 Section 11-203(b)(2)
39 Annotated Code of Maryland
40 (2001 Replacement Volume and 2005 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article - State Finance and Procurement
3 Section 11-203(a)(1)(xviii) and (xix) and (b)(3)
4 Annotated Code of Maryland
5 (2001 Replacement Volume and 2005 Supplement)

6 BY adding to
7 Article - State Finance and Procurement
8 Section 11-203(a)(1)(xx)
9 Annotated Code of Maryland
10 (2001 Replacement Volume and 2005 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article - State Finance and Procurement
13 Section 11-203(b)(2)
14 Annotated Code of Maryland
15 (2001 Replacement Volume and 2005 Supplement)
16 (As enacted by Chapter 402 of the Acts of the General Assembly of 2003)

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

19 **Article - Business Regulation**

20 11-202.

21 (G) THE GOVERNOR SHALL APPOINT ONE MEMBER OF THE COMMISSION TO
22 SERVE AS A LIAISON TO THE STATE LOTTERY COMMISSION ESTABLISHED UNDER
23 TITLE 9 OF THE STATE GOVERNMENT ARTICLE.

24 **Article - State Government**

25 9-105.

26 (a) The Commission consists of [5] NINE members appointed by the Governor
27 with the advice and consent of the Senate.

28 (b) (1) [Each] AT THE TIME OF APPOINTMENT, EACH member of the
29 Commission [must be a resident and citizen of the State.] SHALL BE:

30 (I) AT LEAST 25 YEARS OLD;

31 (II) A RESIDENT OF THE STATE WHO HAS RESIDED IN THE STATE
32 FOR AT LEAST 5 YEARS;

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

1 (IV) AN INDIVIDUAL WHO HAS NOT BEEN CONVICTED OF OR
2 GRANTED PROBATION BEFORE JUDGMENT FOR A SERIOUS CRIME OR A CRIME THAT
3 INVOLVES MORAL TURPITUDE OR GAMBLING.

4 (2) A MEMBER OF THE COMMISSION MAY NOT:

5 (I) HAVE A DIRECT OR INDIRECT FINANCIAL INTEREST IN VIDEO
6 LOTTERY TERMINALS;

7 (II) HAVE AN OFFICIAL RELATIONSHIP TO A PERSON WHO HOLDS A
8 LICENSE UNDER SUBTITLE 1A OF THIS TITLE; OR

9 (III) HOLD ANY STOCKS, BONDS, OR OTHER FINANCIAL INTEREST IN
10 A PERSON HOLDING A LICENSE UNDER SUBTITLE 1A OF THIS TITLE.

11 (3) NO MORE THAN SIX MEMBERS MAY BE OF THE SAME POLITICAL
12 PARTY.

13 (4) THE MEMBERS OF THE COMMISSION SHALL REFLECT THE
14 GEOGRAPHIC, RACIAL, AND GENDER MAKEUP OF THE STATE.

15 (C) THE COMMISSION SHALL INCLUDE:

16 (1) ONE MEMBER WITH EXPERIENCE IN LAW ENFORCEMENT;

17 (2) ONE MEMBER WITH EXPERIENCE IN A FIELD RELATING TO FINANCE
18 OR INVESTMENTS;

19 (3) ONE MEMBER WHO IS A CERTIFIED PUBLIC ACCOUNTANT; AND

20 (4) ONE MEMBER WITH EXPERIENCE IN A FIELD OF INFORMATION
21 TECHNOLOGY.

22 [(c)] (D) (1) The term of a member is 4 years.

23 (2) The terms of members are staggered [as required by the terms
24 provided for members of the Commission on October 1, 1984].

25 (3) At the end of a term, a member continues to serve until a successor is
26 appointed and qualifies.

27 (4) A member who is appointed after a term has begun serves only for
28 the rest of the term and until a successor is appointed and qualifies.

29 [(d)] (E) (1) Subject to the hearing requirements of this subsection, the
30 Governor may remove a member for cause.

31 (2) Before the Governor removes a member, the Governor shall give the
32 member notice and an opportunity for a public hearing.

1 (F) THE GOVERNOR SHALL APPOINT ONE MEMBER OF THE COMMISSION TO
2 SERVE AS A LIAISON TO THE STATE RACING COMMISSION ESTABLISHED UNDER
3 TITLE 11 OF THE BUSINESS REGULATION ARTICLE.

4 9-108.

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

6 (1) may receive compensation [as payment for attendance at
7 Commission meetings or other lottery functions in the amount of:

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

10 (ii) \$165 per meeting attended, not to exceed \$2,000 annually for
11 the Commission chairman]; and

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

14 SUBTITLE 1A. VIDEO LOTTERY TERMINALS.

15 9-1A-01.

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

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

20 (C) "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 (D) "AVERAGE ANNUAL PAYOUT PERCENTAGE" MEANS THE AVERAGE
26 ANNUAL PERCENTAGE OF MONEY USED BY PLAYERS TO PLAY A VIDEO LOTTERY
27 TERMINAL THAT IS RETURNED TO PLAYERS OF THAT VIDEO LOTTERY TERMINAL.

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

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

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

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

6 (1) INFORMATION RETRIEVAL;

7 (2) RETRIEVAL OF THE WIN AND LOSS DETERMINATION FROM VIDEO
8 LOTTERY TERMINALS; AND

9 (3) PROGRAMS TO ACTIVATE AND DISABLE VIDEO LOTTERY TERMINALS.

10 (I) "COMMISSION" MEANS THE STATE LOTTERY COMMISSION.

11 (J) "CONTROL" MEANS THE AUTHORITY TO DIRECT THE MANAGEMENT AND
12 POLICIES OF AN APPLICANT OR LICENSEE.

13 (K) "COSTS" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE
14 EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS
15 SUBTITLE, INCLUDING:

16 (1) THE COSTS OF LEASING OR THE CAPITALIZED COST OF PURCHASING
17 THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL
18 COMPUTER;

19 (2) THE COSTS TO REPAIR AND MAINTAIN THE VIDEO LOTTERY
20 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT
21 THESE COSTS ARE NOT INCLUDED IN THE COSTS OF LEASING OR PURCHASING THE
22 VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER;

23 (3) THE COSTS OF TESTING AND EXAMINATION OF VIDEO LOTTERY
24 TERMINALS; AND

25 (4) THE COSTS OF PERFORMING BACKGROUND INVESTIGATIONS AND
26 OTHER RELATED ACTIVITIES.

27 (L) "FAMILY" MEANS SPOUSE, PARENTS, GRANDPARENTS, CHILDREN,
28 GRANDCHILDREN, SIBLINGS, UNCLES, AUNTS, NEPHEWS, NIECES, FATHERS-IN-LAW,
29 MOTHERS-IN-LAW, DAUGHTERS-IN-LAW, SONS-IN-LAW, BROTHERS-IN-LAW, AND
30 SISTERS-IN-LAW, WHETHER BY WHOLE BLOOD OR HALF BLOOD, BY MARRIAGE,
31 ADOPTION, OR NATURAL RELATIONSHIP.

32 (M) "LICENSE" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, A
33 LICENSE REQUIRED UNDER THIS SUBTITLE.

34 (N) "LICENSEE" MEANS AN APPLICANT WHO HAS BEEN ISSUED A LICENSE
35 REQUIRED UNDER THIS SUBTITLE.

36 (O) "MANUFACTURER" MEANS A PERSON:

1 (1) THAT IS ENGAGED IN THE BUSINESS OF DESIGNING, BUILDING,
2 CONSTRUCTING, ASSEMBLING, MANUFACTURING, OR DISTRIBUTING A CENTRAL
3 COMPUTER, A CENTRAL COMPUTER SOFTWARE SYSTEM, VIDEO LOTTERY
4 TERMINALS, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER COMPONENTS
5 OF VIDEO LOTTERY TERMINALS, THE RANDOM NUMBER GENERATOR OF VIDEO
6 LOTTERY TERMINALS, OR THE CABINET IN WHICH A VIDEO LOTTERY TERMINAL IS
7 HOUSED;

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

10 (3) THAT CONTRACTS WITH THE COMMISSION OR A LICENSEE FOR THE
11 SALE, LEASE, OR OTHER ASSIGNMENT.

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

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

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

19 (S) "PROGRESSIVE JACKPOT" MEANS A PRIZE THAT INCREASES AS ONE OR
20 MORE VIDEO LOTTERY TERMINALS ARE CONNECTED TO A PROGRESSIVE JACKPOT
21 SYSTEM.

22 (T) "PROGRESSIVE JACKPOT SYSTEM" MEANS THE CAPABILITY OF THE
23 CENTRAL COMPUTER TO LINK ONE OR MORE VIDEO LOTTERY TERMINALS IN ONE OR
24 MORE LICENSED FACILITIES AND TO OFFER ONE OR MORE COMMON PROGRESSIVE
25 JACKPOTS.

26 (U) "VIDEO LOTTERY" MEANS GAMING OR BETTING CONDUCTED USING A
27 VIDEO LOTTERY TERMINAL.

28 (V) "VIDEO LOTTERY EMPLOYEE" MEANS AN EMPLOYEE OF A PERSON WHO
29 HOLDS A LICENSE.

30 (W) "VIDEO LOTTERY FACILITY" MEANS A FACILITY AT WHICH PLAYERS PLAY
31 VIDEO LOTTERY TERMINALS UNDER THIS SUBTITLE.

32 (X) "VIDEO LOTTERY OPERATION LICENSE" MEANS A LICENSE ISSUED TO A
33 HORSE RACETRACK THAT ALLOWS PLAYERS TO OPERATE VIDEO LOTTERY
34 TERMINALS.

35 (Y) (1) "VIDEO LOTTERY TERMINAL" MEANS ANY MACHINE OR OTHER
36 DEVICE THAT, ON INSERTION OF A BILL, COIN, TOKEN, VOUCHER, TICKET, COUPON,
37 OR SIMILAR ITEM, OR ON PAYMENT OF ANY CONSIDERATION:

1 (I) IS AVAILABLE TO PLAY OR SIMULATE THE PLAY OF ANY GAME
2 OF CHANCE IN WHICH THE RESULTS, INCLUDING THE OPTIONS AVAILABLE TO THE
3 PLAYER, ARE RANDOMLY AND IMMEDIATELY DETERMINED BY THE MACHINE OR
4 OTHER DEVICE; AND

5 (II) BY THE ELEMENT OF CHANCE, MAY DELIVER OR ENTITLE THE
6 PLAYER WHO OPERATES THE MACHINE OR DEVICE TO RECEIVE CASH, PREMIUMS,
7 MERCHANDISE, TOKENS, OR ANYTHING OF VALUE, WHETHER THE PAYOUT IS MADE
8 AUTOMATICALLY FROM THE DEVICE OR IN ANY OTHER MANNER.

9 (2) "VIDEO LOTTERY TERMINAL" INCLUDES A MACHINE OR DEVICE:

10 (I) THAT DOES NOT DIRECTLY DISPENSE MONEY, TOKENS, OR
11 ANYTHING OF VALUE TO WINNING PLAYERS; AND

12 (II) DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION THAT
13 USES AN ELECTRONIC CREDIT SYSTEM MAKING THE DEPOSIT OF BILLS, COINS, OR
14 TOKENS UNNECESSARY.

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

18 9-1A-02.

19 (A) THIS SUBTITLE IS STATEWIDE AND EXCLUSIVE IN ITS EFFECT.

20 (B) THE COMMISSION SHALL REGULATE THE OPERATION OF VIDEO LOTTERY
21 TERMINALS IN ACCORDANCE WITH THIS SUBTITLE.

22 (C) (1) THIS SUBTITLE AUTHORIZES THE OPERATION OF VIDEO LOTTERY
23 TERMINALS CONNECTED TO A CENTRAL COMPUTER THAT ALLOWS THE COMMISSION
24 TO MONITOR A VIDEO LOTTERY TERMINAL.

25 (2) THE COMMISSION SHALL PROVIDE AND OPERATE A SINGLE
26 CENTRAL COMPUTER INTO WHICH ALL LICENSED VIDEO LOTTERY TERMINALS MUST
27 BE CONNECTED.

28 (3) THE CENTRAL COMPUTER SHALL BE CAPABLE OF:

29 (I) CONFORMING TO THE PROTOCOLS OF THE VIDEO LOTTERY
30 TERMINALS LEASED OR PURCHASED BY THE COMMISSION UNDER THIS SUBTITLE;

31 (II) CONTINUOUSLY MONITORING, RETRIEVING, AND AUDITING
32 THE OPERATIONS, FINANCIAL DATA, AND PROGRAM INFORMATION OF ALL VIDEO
33 LOTTERY TERMINALS;

34 (III) ALLOWING THE COMMISSION TO ACCOUNT FOR ALL MONEY
35 INSERTED IN AND PAYOUTS MADE FROM ANY VIDEO LOTTERY TERMINAL;

1 (IV) DISABLING FROM OPERATION OR PLAY ANY VIDEO LOTTERY
2 TERMINAL AS THE COMMISSION DEEMS NECESSARY TO CARRY OUT THE PROVISIONS
3 OF THIS SUBTITLE; AND

4 (V) SUPPORTING A PROGRESSIVE JACKPOT SYSTEM CAPABLE OF
5 OPERATING ONE OR MORE PROGRESSIVE JACKPOTS.

6 (4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
7 PARAGRAPH, THE COMMISSION MAY NOT ALLOW A VIDEO LOTTERY OPERATION
8 LICENSEE TO HAVE ACCESS TO THE CENTRAL COMPUTER SYSTEM OR INFORMATION
9 FROM THE CENTRAL COMPUTER SYSTEM.

10 (II) PROVIDED THE ACCESS DOES NOT IN ANY WAY AFFECT THE
11 INTEGRITY OR SECURITY OF THE CENTRAL COMPUTER SYSTEM, THE COMMISSION
12 MAY ALLOW A VIDEO LOTTERY OPERATION LICENSEE TO HAVE ACCESS TO
13 INFORMATION FROM THE CENTRAL COMPUTER THAT ALLOWS THE LICENSEE TO
14 OPERATE A PLAYER TRACKING SYSTEM OR OBTAIN OTHER INFORMATION
15 PERTINENT TO THE LEGITIMATE OPERATION OF A VIDEO LOTTERY FACILITY.

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

19 9-1A-03.

20 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ANY
21 ADDITIONAL FORMS OR EXPANSION OF COMMERCIAL GAMING OTHER THAN AS
22 EXPRESSLY PROVIDED IN THIS SUBTITLE ARE PROHIBITED.

23 (B) THIS SUBTITLE, INCLUDING THE AUTHORITY PROVIDED TO THE
24 COMMISSION UNDER THIS SUBTITLE, DOES NOT APPLY TO:

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

26 (2) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE
27 BUSINESS REGULATION ARTICLE;

28 (3) THE OPERATION OF SLOT MACHINES AS PROVIDED UNDER TITLES 12
29 AND 13 OF THE CRIMINAL LAW ARTICLE; OR

30 (4) OTHER GAMING CONDUCTED UNDER TITLES 12 AND 13 OF THE
31 CRIMINAL LAW ARTICLE.

32 9-1A-04.

33 (A) THE COMMISSION SHALL:

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

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

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

6 (4) COLLECT APPLICATION, LICENSE, AND OTHER FEES TO COVER THE
7 ADMINISTRATIVE COSTS OF THIS SUBTITLE RELATED TO LICENSING;

8 (5) DEPOSIT APPLICATION, LICENSE, AND OTHER FEES TO A BANK
9 ACCOUNT THAT THE STATE TREASURER DESIGNATES TO THE CREDIT OF THE STATE
10 LOTTERY FUND TO COVER THE ADMINISTRATIVE COSTS OF THIS SUBTITLE RELATED
11 TO LICENSING;

12 (6) LEVY AND COLLECT CIVIL PENALTIES FOR CIVIL VIOLATIONS OF
13 THE PROVISIONS OF THIS SUBTITLE OR REGULATIONS ISSUED UNDER THIS
14 SUBTITLE;

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

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

26 (B) THE COMMISSION MAY:

27 (1) ISSUE SUBPOENAS TO COMPEL THE ATTENDANCE OF WITNESSES AT
28 ANY PLACE WITHIN THE STATE IN THE COURSE OF ANY INVESTIGATION OR HEARING
29 UNDER THIS SUBTITLE;

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

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

36 (4) PROPOUND WRITTEN INTERROGATORIES.

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

4 (D) THE COMMISSION SHALL ADOPT REGULATIONS THAT INCLUDE THE
5 FOLLOWING SPECIFIC PROVISIONS IN ACCORDANCE WITH THIS SUBTITLE:

6 (1) ESTABLISHING THE METHODS AND FORMS OF APPLICATION THAT
7 AN APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE SHALL FOLLOW
8 AND COMPLETE BEFORE CONSIDERATION OF THE APPLICATION BY THE
9 COMMISSION;

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

14 (3) ESTABLISHING THE PROCEDURES FOR THE FINGERPRINTING OF AN
15 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE OR OTHER
16 METHODS OF IDENTIFICATION THAT MAY BE NECESSARY IN THE JUDGMENT OF THE
17 COMMISSION TO ACCOMPLISH EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF
18 THIS SUBTITLE;

19 (4) ESTABLISHING THE MANNER AND PROCEDURE OF HEARINGS
20 CONDUCTED BY THE COMMISSION;

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

23 (6) DEFINING AND LIMITING THE AREAS OF OPERATION FOR VIDEO
24 LOTTERY TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO
25 LOTTERY TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY
26 TERMINALS;

27 (7) REGULATING THE PRACTICE AND PROCEDURES FOR NEGOTIABLE
28 TRANSACTIONS INVOLVING PLAYERS, INCLUDING LIMITATIONS ON THE
29 CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE TRANSACTIONS AND THE
30 ESTABLISHMENT OF FORMS AND PROCEDURES FOR NEGOTIABLE INSTRUMENT
31 TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

32 (8) PRESCRIBING THE GROUNDS AND PROCEDURES FOR REPRIMANDS
33 OF LICENSEES OR THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER
34 THIS SUBTITLE;

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

37 (10) ESTABLISHING THE PROCEDURES, FORMS, AND METHODS OF
38 MANAGEMENT CONTROLS;

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

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

11 (13) REQUIRING LICENSEES UNDER THIS SUBTITLE TO DEMONSTRATE
12 AND MAINTAIN FINANCIAL VIABILITY;

13 (14) ENSURING THAT THE OPERATION OF VIDEO LOTTERY TERMINALS
14 AND VIDEO LOTTERY FACILITIES IS CONDUCTED LEGALLY; AND

15 (15) OTHERWISE CARRYING OUT THE PROVISIONS OF THIS SUBTITLE.

16 (E) (1) THE COMMISSION MAY BY REGULATION REQUIRE AN APPLICANT OR
17 LICENSEE TO FILE A BOND FOR THE BENEFIT OF THE STATE FOR THE FAITHFUL
18 PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS SUBTITLE AND ANY
19 REGULATIONS ISSUED UNDER THIS SUBTITLE.

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

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

26 (F) (1) THE COMMISSION SHALL PROMPTLY AND THOROUGHLY
27 INVESTIGATE ALL APPLICATIONS AND ENFORCE THIS SUBTITLE AND REGULATIONS
28 THAT ARE ADOPTED UNDER THIS SUBTITLE.

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

31 (I) INSPECT AND EXAMINE ALL PREMISES IN WHICH VIDEO
32 LOTTERY OPERATIONS UNDER THIS SUBTITLE ARE CONDUCTED OR ANY
33 AUTHORIZED VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, OR CENTRAL
34 COMPUTER IS DESIGNED, BUILT, CONSTRUCTED, ASSEMBLED, MANUFACTURED,
35 SOLD, DISTRIBUTED, OR SERVICED, OR IN WHICH RECORDS OF THOSE ACTIVITIES
36 ARE PREPARED OR MAINTAINED;

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

1 (III) SEIZE SUMMARILY AND REMOVE FROM THOSE PREMISES AND
2 IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO LOTTERY TERMINALS,
3 ASSOCIATED EQUIPMENT, OR CENTRAL COMPUTER FOR THE PURPOSES OF
4 EXAMINATION AND INSPECTION;

5 (IV) INSPECT, EXAMINE, AND AUDIT BOOKS, RECORDS, AND
6 DOCUMENTS CONCERNING A LICENSEE'S VIDEO LOTTERY OPERATIONS, INCLUDING
7 THE FINANCIAL RECORDS OF A PARENT CORPORATION, SUBSIDIARY CORPORATION,
8 OR SIMILAR BUSINESS ENTITY; AND

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

13 (3) A LICENSEE SHALL AUTHORIZE ANY OTHER PERSON HAVING
14 FINANCIAL RECORDS RELATING TO THE LICENSEE TO PROVIDE THOSE RECORDS TO
15 THE COMMISSION.

16 9-1A-05.

17 (A) THE COMMISSION MAY ISSUE NO MORE THAN FIVE VIDEO LOTTERY
18 OPERATION LICENSES.

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

21 (1) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT
22 LAUREL PARK IN ANNE ARUNDEL COUNTY;

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

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

27 (4) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT THE
28 HORSE RACECOURSE IN ALLEGANY COUNTY; AND

29 (5) THE HOLDER OF THE LICENSE TO HOLD A RACE MEETING AT THE
30 OCEAN DOWNS RACETRACK IN WORCESTER COUNTY.

31 (C) THE COMMISSION MAY ONLY ISSUE A VIDEO LOTTERY OPERATION
32 LICENSE:

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

1 (2) FOR A GEOGRAPHIC LOCATION IN ALLEGANY COUNTY OR FOR THE
2 GEOGRAPHIC LOCATION ON JUNE 1, 2006, OF THE HORSE RACECOURSE FOR WHICH
3 THE APPLICANT HOLDS THE LICENSE TO HOLD A RACE MEETING.

4 9-1A-06.

5 (A) THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE:

6 (1) A VIDEO LOTTERY OPERATOR;

7 (2) A MANUFACTURER;

8 (3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS
9 SUBSECTION WHO MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR
10 PROVIDES SERVICE, MAINTENANCE, OR REPAIRS FOR VIDEO LOTTERY TERMINALS;
11 AND

12 (4) A VIDEO LOTTERY EMPLOYEE.

13 (B) THE COMMISSION BY REGULATION MAY REQUIRE A PERSON THAT
14 CONTRACTS WITH A LICENSEE AND THE PERSON'S EMPLOYEES TO OBTAIN A
15 LICENSE UNDER THIS SUBTITLE IF THE COMMISSION DETERMINES THAT THE
16 LICENSING REQUIREMENTS ARE NECESSARY IN ORDER TO PROTECT THE PUBLIC
17 INTEREST AND ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

18 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
19 UNLESS AN INDIVIDUAL HOLDS A VALID LICENSE ISSUED UNDER THIS SUBTITLE,
20 THE INDIVIDUAL MAY NOT BE EMPLOYED BY A LICENSEE AS A VIDEO LOTTERY
21 EMPLOYEE.

22 (2) THE COMMISSION BY REGULATION MAY EXEMPT CATEGORIES OF
23 VIDEO LOTTERY EMPLOYEES WHO ARE NOT DIRECTLY INVOLVED IN THE VIDEO
24 LOTTERY OPERATIONS FROM THE REQUIREMENT UNDER PARAGRAPH (1) OF THIS
25 SUBSECTION IF THE COMMISSION DETERMINES THAT THE REQUIREMENT IS NOT
26 NECESSARY IN ORDER TO PROTECT THE PUBLIC INTEREST OR ACCOMPLISH THE
27 POLICIES ESTABLISHED UNDER THIS SUBTITLE.

28 9-1A-07.

29 (A) AN APPLICANT FOR A LICENSE SHALL SUBMIT TO THE COMMISSION AN
30 APPLICATION:

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

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

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

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

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

3 (C) (1) APPLICANTS AND LICENSEES SHALL HAVE THE AFFIRMATIVE
4 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
5 PERSON'S QUALIFICATIONS.

6 (2) APPLICANTS AND LICENSEES SHALL PROVIDE INFORMATION
7 REQUIRED BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING
8 TO QUALIFICATIONS IN THE FORM SPECIFIED BY THE COMMISSION.

9 (3) APPLICANTS AND LICENSEES SHALL CONSENT TO INSPECTIONS,
10 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBTITLE OR REGULATIONS
11 ISSUED UNDER THIS SUBTITLE.

12 (4) (I) APPLICANTS AND LICENSEES SHALL HAVE THE CONTINUING
13 DUTY TO:

14 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY
15 THE COMMISSION; AND

16 2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR
17 HEARING CONDUCTED BY THE COMMISSION.

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

22 (5) (I) IF THE APPLICANT IS AN INDIVIDUAL, THE APPLICANT SHALL
23 BE PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND
24 INVESTIGATION PURPOSES.

25 (II) IF THE APPLICANT IS NOT AN INDIVIDUAL, THE COMMISSION
26 BY REGULATION MAY ESTABLISH THE CATEGORIES OF INDIVIDUALS WHO SHALL BE
27 PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND INVESTIGATION
28 PURPOSES.

29 (6) (I) APPLICANTS AND LICENSEES SHALL HAVE A DUTY TO INFORM
30 THE COMMISSION OF AN ACT OR OMISSION THAT THE PERSON KNOWS OR SHOULD
31 KNOW CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ISSUED
32 UNDER THIS SUBTITLE.

33 (II) APPLICANTS AND LICENSEES MAY NOT DISCRIMINATE
34 AGAINST A PERSON WHO IN GOOD FAITH INFORMS THE COMMISSION OF AN ACT OR
35 OMISSION THAT THE PERSON BELIEVES CONSTITUTES A VIOLATION OF THIS
36 SUBTITLE OR THE REGULATIONS ISSUED UNDER THIS SUBTITLE.

1 (7) APPLICANTS AND LICENSEES SHALL PRODUCE INFORMATION,
2 DOCUMENTATION, AND ASSURANCES TO ESTABLISH THE FOLLOWING
3 QUALIFICATION CRITERIA BY CLEAR AND CONVINCING EVIDENCE:

4 (I) THE FINANCIAL STABILITY, INTEGRITY, AND RESPONSIBILITY
5 OF THE APPLICANT OR LICENSEE;

6 (II) THE INTEGRITY OF ANY FINANCIAL BACKERS, INVESTORS,
7 MORTGAGEES, BONDHOLDERS, AND HOLDERS OF OTHER EVIDENCES OF
8 INDEBTEDNESS THAT BEAR A RELATION TO THE APPLICATION;

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

11 (IV) SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE
12 APPLICANT OR LICENSEE.

13 (D) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED UNDER
14 THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE
15 COMMISSION, THE COMMISSION SHALL:

16 (1) REFER THE APPLICATION TO THE DEPARTMENT OF STATE POLICE
17 TO CONDUCT A BACKGROUND INVESTIGATION UNDER § 9-1A-20 OF THIS SUBTITLE
18 ON THE QUALIFICATIONS OF THE APPLICANT AND ANY PERSON WHO IS REQUIRED
19 TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE; AND

20 (2) IF THE APPLICANT IS APPLYING FOR A VIDEO LOTTERY OPERATION
21 LICENSE, CONDUCT A HEARING ON THE QUALIFICATIONS OF THE APPLICANT AND
22 ANY PERSON WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A
23 CONDITION OF A LICENSE.

24 (E) (1) AFTER RECEIVING THE RESULTS OF THE BACKGROUND
25 INVESTIGATION AND CONDUCTING ANY HEARING REQUIRED UNDER THIS SUBTITLE,
26 THE COMMISSION MAY EITHER GRANT A LICENSE TO AN APPLICANT WHOM THE
27 COMMISSION DETERMINES TO BE QUALIFIED OR DENY THE LICENSE TO AN
28 APPLICANT WHOM THE COMMISSION DETERMINES TO BE NOT QUALIFIED OR
29 DISQUALIFIED.

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

33 (F) EXCEPT AS PROVIDED IN § 9-1A-13 OF THIS SUBTITLE, IF SATISFIED THAT
34 AN APPLICANT IS QUALIFIED TO RECEIVE A LICENSE, AND ON TENDER OF ALL
35 REQUIRED APPLICATION, LICENSE, AND OTHER FEES AND TAXES, AND ANY BOND
36 REQUIRED UNDER § 9-1A-04(E) OF THIS SUBTITLE, THE COMMISSION SHALL ISSUE A
37 LICENSE FOR A TERM OF 1 YEAR.

1 9-1A-08.

2 (A) IN ADDITION TO OTHER INFORMATION REQUIRED BY THIS SUBTITLE, A
3 BUSINESS ENTITY APPLYING FOR A VIDEO LOTTERY OPERATION LICENSE SHALL
4 PROVIDE THE FOLLOWING INFORMATION:

5 (1) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF ALL
6 BUSINESSES OPERATED BY THE BUSINESS ENTITY;

7 (2) THE NAMES, PERSONAL EMPLOYMENT, AND CRIMINAL HISTORIES
8 OF THE OFFICERS, DIRECTORS, PARTNERS, AND PRINCIPAL EMPLOYEES OF THE
9 BUSINESS ENTITY;

10 (3) THE NAMES OF ALL HOLDING, INTERMEDIARY, AND SUBSIDIARY
11 COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES OF THE BUSINESS ENTITY;

12 (4) THE ORGANIZATION, FINANCIAL STRUCTURE, AND NATURE OF ALL
13 BUSINESSES OPERATED BY THE BUSINESS ENTITY'S HOLDING, INTERMEDIARY, AND
14 SUBSIDIARY COMPANIES OR OTHER SIMILAR BUSINESS ENTITIES;

15 (5) THE RIGHTS AND PRIVILEGES ACQUIRED BY THE HOLDERS OF
16 DIFFERENT CLASSES OF AUTHORIZED SECURITIES, PARTNERSHIP INTERESTS, OR
17 OTHER SIMILAR OWNERSHIP INTERESTS OF THE BUSINESS ENTITY AND ITS
18 HOLDING, INTERMEDIARY, AND SUBSIDIARY COMPANIES OR OTHER SIMILAR
19 BUSINESS ENTITIES;

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

22 (7) THE TERMS AND CONDITIONS OF ALL OUTSTANDING LOANS,
23 MORTGAGES, TRUST DEEDS, PLEDGES, OR OTHER INDEBTEDNESS OR SECURITY
24 DEVICES UTILIZED BY THE BUSINESS ENTITY;

25 (8) THE EXTENT OF THE EQUITY SECURITY HOLDING IN THE BUSINESS
26 ENTITY OF THE OFFICERS, DIRECTORS, PARTNERS, AND UNDERWRITERS AND THEIR
27 REMUNERATION IN THE FORM OF SALARY, WAGES, FEES, OR OTHERWISE;

28 (9) THE NAMES OF PERSONS OTHER THAN THE DIRECTORS AND
29 OFFICERS WHO OCCUPY POSITIONS SPECIFIED BY THE COMMISSION OR WHOSE
30 COMPENSATION EXCEEDS AN AMOUNT DETERMINED BY THE COMMISSION;

31 (10) THE NAMES OF PERSONS WHO OWN OR CONTROL THE BUSINESS
32 ENTITY;

33 (11) A DESCRIPTION OF ALL BONUS AND PROFIT SHARING
34 ARRANGEMENTS;

35 (12) COPIES OF MANAGEMENT AND SERVICE CONTRACTS; AND

36 (13) A LISTING OF STOCK OPTIONS.

1 (B) IF A BUSINESS ENTITY THAT APPLIES FOR A VIDEO LOTTERY OPERATION
2 LICENSE IS A SUBSIDIARY OR IF A BUSINESS ENTITY HOLDING A VIDEO LOTTERY
3 OPERATION LICENSE IS TO BECOME A SUBSIDIARY, EACH HOLDING COMPANY AND
4 EACH INTERMEDIARY COMPANY WITH RESPECT TO THE BUSINESS ENTITY SHALL, AS
5 A CONDITION OF THE SUBSIDIARY ACQUIRING OR RETAINING A VIDEO LOTTERY
6 OPERATION LICENSE:

7 (1) QUALIFY TO DO BUSINESS IN THE STATE; OR

8 (2) FURNISH THE COMMISSION WITH THE INFORMATION REQUIRED
9 UNDER SUBSECTION (A) OF THIS SECTION AND OTHER INFORMATION THAT THE
10 COMMISSION MAY REQUIRE.

11 (C) AN INDIVIDUAL APPLYING FOR A VIDEO LOTTERY OPERATION LICENSE
12 SHALL PROVIDE, TO THE EXTENT APPLICABLE TO AN INDIVIDUAL, THE
13 INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION IN THE FORM
14 REQUIRED BY THE COMMISSION.

15 (D) THE COMMISSION SHALL DENY A VIDEO LOTTERY OPERATION LICENSE
16 TO AN APPLICANT WHO IS DISQUALIFIED ON THE BASIS OF ANY OF THE FOLLOWING
17 CRITERIA:

18 (1) FAILURE OF THE APPLICANT TO PROVE BY CLEAR AND CONVINCING
19 EVIDENCE THAT THE APPLICANT AND EACH PERSON WHO OWNS OR CONTROLS THE
20 APPLICANT ARE QUALIFIED UNDER THE PROVISIONS OF THIS SUBTITLE;

21 (2) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
22 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO PROVIDE
23 INFORMATION, DOCUMENTATION, AND ASSURANCES REQUIRED BY THIS SUBTITLE
24 OR REQUESTED BY THE COMMISSION;

25 (3) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE
26 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE TO REVEAL ANY
27 FACT MATERIAL TO QUALIFICATION;

28 (4) SUPPLYING, BY THE APPLICANT OR ANY PERSON REQUIRED TO BE
29 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE, INFORMATION
30 THAT IS UNTRUE OR MISLEADING AS TO A MATERIAL FACT CONCERNING THE
31 QUALIFICATION CRITERIA;

32 (5) CONVICTION OF THE APPLICANT OR OF ANY PERSON REQUIRED TO
33 BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE OF AN
34 OFFENSE UNDER THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN
35 THE UNITED STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE
36 OR A GAMBLING OFFENSE;

37 (6) CURRENT PROSECUTION OF THE APPLICANT OR A PERSON WHO IS
38 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
39 FOR AN OFFENSE DESCRIBED UNDER ITEM (5) OF THIS PARAGRAPH; HOWEVER, AT

1 THE REQUEST OF THE APPLICANT, THE COMMISSION MAY DEFER DECISION ON THE
2 APPLICATION DURING THE PENDENCY OF THE CHARGE;

3 (7) PURSUIT BY THE APPLICANT OR A PERSON WHO IS REQUIRED TO BE
4 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE OF ECONOMIC
5 GAIN IN AN OCCUPATIONAL MANNER OR CONTEXT THAT IS IN VIOLATION OF THE
6 LAWS OF THE STATE, IF THE PURSUIT CREATES A REASONABLE BELIEF THAT
7 PARTICIPATION OF THE APPLICANT IN VIDEO LOTTERY OPERATIONS WOULD BE
8 INIMICAL TO THE POLICIES OF THIS SUBTITLE;

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

15 (9) THE COMMITTING OF AN ACT BY THE APPLICANT OR A PERSON WHO
16 IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A
17 LICENSE THAT WOULD CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (5) OF
18 THIS SUBSECTION, EVEN IF THE ACT HAS NOT BEEN OR MAY NOT BE PROSECUTED
19 UNDER THE CRIMINAL LAWS OF THE STATE;

20 (10) CONTUMACIOUS DEFIANCE BY THE APPLICANT OR A PERSON WHO IS
21 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE
22 OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL INVESTIGATORY
23 BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE UNITED STATES
24 WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES RELATING TO
25 GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY; AND

26 (11) ANY OTHER REASON ESTABLISHED IN REGULATIONS OF THE
27 COMMISSION AS A REASON FOR DENYING A LICENSE.

28 (E) AN APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE, OTHER THAN
29 A HORSE RACECOURSE IN ALLEGANY COUNTY OR WORCESTER COUNTY, SHALL MEET
30 THE FOLLOWING REQUIREMENTS BY CLEAR AND CONVINCING EVIDENCE:

31 (1) THE CONSTRUCTION PROJECT AT THE TRACK LOCATION FOR THE
32 APPLICANT'S VIDEO LOTTERY FACILITY SHALL COST AT LEAST \$150,000,000 IN DIRECT
33 INVESTMENT BY THE APPLICANT IN CONSTRUCTION AND RELATED COSTS; AND

34 (2) (I) THE APPLICANT SHALL PROVIDE THE EQUIVALENT OF AT
35 LEAST 500 ADDITIONAL FULL-TIME POSITIONS AT THE LOCATION OF THE VIDEO
36 LOTTERY FACILITY; AND

37 (II) THE POSITIONS CREATED UNDER THIS ITEM SHALL COMPLY
38 WITH ANY LOCAL LAWS, ORDINANCES, OR REGULATIONS REGARDING PAYMENT OF A
39 LIVING WAGE OR OTHER REQUIREMENTS RELATING TO EMPLOYMENT IN THE
40 COUNTY WHERE THE VIDEO LOTTERY FACILITY WILL BE LOCATED.

1 (F) AN APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE THAT IS A
2 HORSE RACECOURSE IN ALLEGANY COUNTY OR OCEAN DOWNS SHALL MEET THE
3 FOLLOWING REQUIREMENTS BY CLEAR AND CONVINCING EVIDENCE:

4 (1) THE CONSTRUCTION PROJECT AT THE TRACK LOCATION FOR THE
5 APPLICANT'S VIDEO LOTTERY FACILITY SHALL COST AT LEAST \$43,000,000 IN DIRECT
6 INVESTMENT BY THE APPLICANT IN CONSTRUCTION AND RELATED COSTS; AND

7 (2) (I) THE APPLICANT SHALL PROVIDE THE EQUIVALENT OF AT
8 LEAST 150 ADDITIONAL FULL-TIME POSITIONS AT THE LOCATION OF THE VIDEO
9 LOTTERY FACILITY; AND

10 (II) THE POSITIONS CREATED UNDER THIS ITEM SHALL COMPLY
11 WITH ANY LOCAL LAWS, ORDINANCES, OR REGULATIONS REGARDING PAYMENT OF A
12 LIVING WAGE OR OTHER REQUIREMENTS RELATING TO EMPLOYMENT IN ALLEGANY
13 COUNTY OR WORCESTER COUNTY.

14 9-1A-09.

15 (A) UNLESS THE LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR
16 OTHER CIRCUMSTANCES BEYOND THE CONTROL OF THE LICENSEE, AS A CONDITION
17 OF LICENSURE, A VIDEO LOTTERY OPERATION LICENSEE SHALL MAINTAIN AT LEAST
18 THE FOLLOWING LIVE RACING DAYS FOR HORSE RACING:

19 (1) 220 DAYS FOR THE COMBINED LICENSEES AT LAUREL PARK AND
20 PIMLICO RACE COURSE;

21 (2) 180 DAYS FOR A LICENSEE AT ROSECROFT RACEWAY;

22 (3) 21 DAYS FOR A LICENSEE AT A HORSE RACECOURSE IN ALLEGANY
23 COUNTY; AND

24 (4) THE SAME NUMBER OF RACING DAYS FOR A LICENSEE AT OCEAN
25 DOWNS RACETRACK AS WERE CONDUCTED IN 2004.

26 (B) (1) IF VIDEO LOTTERY OPERATION LICENSES HAVE BEEN ISSUED FOR
27 THE PIMLICO RACE COURSE OR LAUREL PARK, THE VIDEO LOTTERY OPERATION
28 LICENSES FOR EACH LOCATION SHALL BE REVOKED IF THE NAME, COMMON LAW
29 AND STATUTORY COPYRIGHTS, SERVICE MARKS, TRADEMARKS, TRADE NAMES, OR
30 HORSE RACING EVENTS THAT ARE ASSOCIATED WITH THE PREAKNESS STAKES OR
31 THE WOODLAWN VASE ARE TRANSFERRED TO A LOCATION OUTSIDE THE STATE.

32 (2) AS AN ADDITIONAL CONDITION OF A VIDEO LOTTERY OPERATION
33 LICENSE, THE LICENSEES DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION
34 SHALL BE REQUIRED TO:

35 (I) PROMOTE AND CONDUCT THE PREAKNESS STAKES AT THE
36 PIMLICO RACE COURSE EACH YEAR; OR

1 (II) IF THE PIMLICO RACE COURSE NO LONGER EXISTS, THE
2 PREAKNESS STAKES RACE IS PREVENTED FROM BEING CONDUCTED AT THE PIMLICO
3 RACE COURSE, OR THE STATE RACING COMMISSION, UNDER § 11-513 OF THE
4 BUSINESS REGULATION ARTICLE, DEEMS AN EMERGENCY EXISTS, PROMOTE AND
5 CONDUCT THE PREAKNESS STAKES RACE EACH YEAR AT ANOTHER TRACK LOCATED
6 IN THE STATE THAT IS APPROVED BY THE STATE RACING COMMISSION.

7 (C) IF A LICENSEE HAS BEEN ISSUED A VIDEO LOTTERY LICENSE FOR LAUREL
8 PARK, THE LICENSEE SHALL PERMIT THE EVENT KNOWN AS THE MARYLAND
9 MILLION TO BE RUN ANNUALLY AT LAUREL PARK UNLESS:

10 (1) THE LICENSEE IS PREVENTED FROM DOING SO BY WEATHER, ACTS
11 OF GOD, OR OTHER CIRCUMSTANCES BEYOND THE CONTROL OF THE LICENSEE; OR

12 (2) THE LICENSEE AND THE MARYLAND MILLION LLC AGREE TO
13 ANOTHER LOCATION THAT IS APPROVED BY THE STATE RACING COMMISSION.

14 (D) (1) AS A CONDITION OF CONTINUED LICENSURE, EACH LICENSEE
15 SHALL DEVELOP AND SUBMIT TO THE COMMISSION A MULTIYEAR PLAN TO IMPROVE
16 THE QUALITY AND MARKETING OF HORSE RACING AT THE LOCATION WHERE THE
17 LICENSE IS GRANTED.

18 (2) EACH PLAN SHALL INCLUDE:

19 (I) GOALS, INDICATORS, AND TIMELINES FOR SPECIFIC ACTIONS
20 THAT WILL BE TAKEN BY THE LICENSEE TO IMPROVE THE QUALITY AND MARKETING
21 OF THE HORSE RACING INDUSTRY IN MARYLAND; AND

22 (II) A MASTER PLAN FOR CAPITAL IMPROVEMENTS THAT REFLECTS
23 AT A MINIMUM:

24 1. COMMITMENTS THAT HAVE BEEN MADE TO THE RACING
25 COMMISSION; AND

26 2. AN ONGOING INVESTMENT IN THE CAPITAL
27 MAINTENANCE AND IMPROVEMENTS IN THE HORSE RACING RELATED FACILITIES
28 EQUAL TO AT LEAST ONE-THIRD OF THE REVENUES PROVIDED TO A VIDEO LOTTERY
29 OPERATION LICENSEE UNDER § 9-1A-27 OF THIS SUBTITLE.

30 (3) THE RACING COMMISSION SHALL EVALUATE THE LEVEL OF
31 REVENUES SPENT ON CAPITAL MAINTENANCE AND IMPROVEMENTS EVERY 5 YEARS
32 AND SHALL REPORT TO THE GENERAL ASSEMBLY ON THE FINDINGS OF THE
33 EVALUATION.

34 (4) (I) HOLDERS OF A LICENSE ISSUED BY THE RACING COMMISSION
35 THAT RECEIVE A SHARE OF THE PROCEEDS UNDER THIS SUBTITLE SHALL JOINTLY
36 DEVELOP A MULTIYEAR PLAN TO IMPROVE THE QUALITY AND MARKETING OF THE
37 HORSE RACING INDUSTRY IN MARYLAND.

1 (II) THE JOINT PLAN SHALL INCLUDE GOALS, INDICATORS, AND
2 TIMELINES FOR SPECIFIC ACTIONS THAT WILL BE TAKEN BY THE THOROUGHBRED
3 AND HARNESS RACING INDUSTRY TO IMPROVE THE QUALITY AND MARKETING OF
4 THE HORSE RACING INDUSTRY IN MARYLAND, INCLUDING JOINT MARKETING
5 EFFORTS.

6 (E) AS A PART OF THE CAPITAL MAINTENANCE AND IMPROVEMENT ITEMS IN
7 THE PLAN SUBMITTED UNDER SUBSECTION (D) OF THIS SECTION BY A LICENSEE,
8 THE LICENSEE SHALL INCLUDE ANY IMPROVEMENTS NECESSARY TO ENSURE THAT
9 THE CONDITION OF ANY PART OF THE RACETRACK FACILITY WHERE INDIVIDUALS
10 RESIDE IS SATISFACTORY FOR HUMAN HABITATION AND MEETS MINIMUM HOUSING
11 AND SANITATION STANDARDS IN THE COUNTY WHERE THE FACILITY IS LOCATED.

12 (F) IF A VIDEO LOTTERY OPERATION LICENSE HAS BEEN ISSUED FOR A
13 RACETRACK LOCATION AT THE PIMLICO RACE COURSE, IN THE PLAN SUBMITTED BY
14 A LICENSEE AT THE PIMLICO RACE COURSE UNDER SUBSECTION (D) OF THIS
15 SECTION, ONE OF THE CAPITAL MAINTENANCE AND IMPROVEMENT ITEMS IN THE
16 PLAN SHALL BE THE CREATION OF A PREMIER CLASSIC RACETRACK AND MUSEUM
17 AS A PART OF THE PIMLICO RACE COURSE.

18 (G) THE PLANS REQUIRED UNDER SUBSECTION (D) OF THIS SECTION SHALL
19 ALSO BE PROVIDED TO THE STATE RACING COMMISSION AND TO THE LEGISLATIVE
20 POLICY COMMITTEE OF THE GENERAL ASSEMBLY.

21 9-1A-10.

22 (A) IN THIS SECTION, "QUALIFIED INVESTOR" MEANS AN INDIVIDUAL WHO
23 MEETS:

24 (1) THE QUALIFICATIONS AND CRITERIA ESTABLISHED BY §§ 9-1A-07
25 AND 9-1A-08 OF THIS SUBTITLE FOR A VIDEO LOTTERY OPERATION LICENSE;

26 (2) THE CRITERIA RELATED TO QUALIFIED INVESTORS UNDER THE
27 SECURITIES ACT OF 1933; AND

28 (3) WITH THE EXCEPTION OF § 14-301(I)(3) OF THE STATE FINANCE AND
29 PROCUREMENT ARTICLE, THE REQUIREMENTS OF TITLE 14, SUBTITLE 3 OF THE
30 STATE FINANCE AND PROCUREMENT ARTICLE FOR CERTIFICATION AS A MINORITY
31 BUSINESS ENTERPRISE.

32 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, ON
33 OR BEFORE AUGUST 31, 2006, AN APPLICANT FOR A VIDEO LOTTERY OPERATION
34 LICENSE, OTHER THAN A HORSE RACECOURSE IN ALLEGANY COUNTY, SHALL OFFER
35 FOR SALE TO QUALIFIED INVESTORS AT LEAST 15% OF THE EQUITY OWNERSHIP,
36 EITHER DIRECT OR INDIRECT, OF THE ENTITY OR ENTITIES THAT HOLD OR WILL
37 HOLD THE APPLICANT'S:

38 (I) MILE THOROUGHBRED OR HARNESS RACING LICENSE; AND

39 (II) VIDEO LOTTERY OPERATION LICENSE.

1 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, ON
2 OR BEFORE AUGUST 31, 2007, AN APPLICANT FOR A VIDEO LOTTERY OPERATION
3 LICENSE THAT IS A HORSE RACECOURSE IN ALLEGANY COUNTY SHALL OFFER FOR
4 SALE TO QUALIFIED INVESTORS AT LEAST 15% OF THE EQUITY OWNERSHIP, EITHER
5 DIRECT OR INDIRECT, OF THE ENTITY OR ENTITIES THAT HOLD OR WILL HOLD THE
6 APPLICANT'S:

7 (I) MILE THOROUGHBRED OR HARNESS RACING LICENSE; AND

8 (II) VIDEO LOTTERY OPERATION LICENSE.

9 (3) IF AN APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE IS AN
10 ENTITY THAT HOLDS MORE THAN ONE MILE THOROUGHBRED OR HARNESS RACING
11 LICENSE AND IS ELIGIBLE FOR MORE THAN ONE VIDEO LOTTERY OPERATION
12 LICENSE, THE APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE SHALL OFFER
13 TO QUALIFIED INVESTORS AT LEAST 10% OF THE EQUITY OWNERSHIP OF THE
14 ENTITY.

15 (C) IN ITS APPLICATION FOR A VIDEO LOTTERY OPERATION LICENSE, AN
16 APPLICANT SHALL DESCRIBE THE PROCESS THE APPLICANT HAS DEVELOPED TO:

17 (1) MAKE THE AVAILABILITY OF THIS INVESTMENT OPPORTUNITY
18 WIDELY KNOWN TO QUALIFIED INVESTORS;

19 (2) SCREEN AND SELECT THE POTENTIAL INVESTORS; AND

20 (3) ENSURE, CONSISTENT WITH THE EXERCISE OF SOUND BUSINESS
21 JUDGMENT, THAT QUALIFIED INVESTORS WHO RESIDE IN MARYLAND ARE
22 PROVIDED WITH A PREFERENCE FOR SELECTION WITH A GOAL OF AT LEAST 50% OF
23 QUALIFIED INVESTORS.

24 (D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND TO
25 REGULATORY APPROVAL, PRIOR TO THE DATE A VIDEO LOTTERY OPERATION
26 LICENSE IS ISSUED UNDER THIS SUBTITLE, AN APPLICANT SHALL HAVE SOLD OR
27 HAVE EXECUTED CONTRACTS FOR THE SALE OF THE PERCENTAGE OF THE
28 APPLICANT'S EQUITY OWNERSHIP INTEREST AS REQUIRED IN SUBSECTION (B) OF
29 THIS SECTION.

30 (2) (I) NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, AN
31 APPLICANT MAY NOT BE REQUIRED TO SELL AN EQUITY OWNERSHIP INTEREST IN
32 THE ENTITIES DESCRIBED IN SUBSECTION (B) OF THIS SECTION FOR A PRICE THAT IS
33 LESS THAN:

34 1. FAIR MARKET VALUE; OR

35 2. AS ADJUSTED ON A PRO RATA BASIS, THE VALUE PAID BY
36 THE PRIMARY EQUITY HOLDER FOR ITS OWNERSHIP INTEREST AS EVIDENCED BY
37 THE AMOUNT OF THE EQUITY INVESTMENT MADE OR TO BE MADE BY THE PRIMARY
38 EQUITY HOLDER.

1 (II) AT THE REQUEST OF A QUALIFIED INVESTOR, THE
2 COMMISSION SHALL REVIEW AND APPROVE THE PRICE DETERMINED BY THE
3 APPLICANT IN SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.

4 (E) (1) THE COMMISSION SHALL SUBMIT TO THE LEGISLATIVE POLICY
5 COMMITTEE OF THE GENERAL ASSEMBLY THE NAMES OF AND BACKGROUND
6 INFORMATION ON THE EQUITY OWNERS AND PROSPECTIVE EQUITY OWNERS OF AN
7 APPLICANT FOR A VIDEO LOTTERY OPERATION LICENSE.

8 (2) THE INFORMATION REQUIRED UNDER THIS SUBSECTION SHALL BE
9 PROVIDED TO THE LEGISLATIVE POLICY COMMITTEE OF THE GENERAL ASSEMBLY
10 AT LEAST 30 DAYS PRIOR TO THE AWARD OF A VIDEO LOTTERY OPERATION LICENSE.

11 (F) (1) FOR THE CONSTRUCTION OF FACILITIES AND PROCUREMENT
12 RELATED TO THE OPERATION OF VIDEO LOTTERY TERMINALS, THE APPLICANT OR
13 LICENSEE SHALL AT A MINIMUM MEET THE SAME REQUIREMENTS OF A
14 DESIGNATED UNIT FOR MINORITY BUSINESS PARTICIPATION AS DESCRIBED UNDER
15 TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

16 (2) IF THE COUNTY IN WHICH A VIDEO LOTTERY FACILITY WILL BE
17 LOCATED HAS HIGHER MINORITY BUSINESS PARTICIPATION REQUIREMENTS THAN
18 THE STATE AS DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, THE APPLICANT
19 SHALL MEET THE COUNTY'S MINORITY BUSINESS PARTICIPATION REQUIREMENTS
20 TO THE EXTENT POSSIBLE.

21 (3) A COLLECTIVE BARGAINING AGREEMENT OR AGREEMENTS,
22 INCLUDING A PROJECT LABOR AGREEMENT OR A NEUTRALITY AGREEMENT,
23 ENTERED INTO BY AN APPLICANT OR LICENSEE MAY NOT NEGATE THE
24 REQUIREMENTS OF THIS SUBSECTION.

25 (4) NOTWITHSTANDING ANY COLLECTIVE BARGAINING AGREEMENT OR
26 AGREEMENTS, AN APPLICANT OR LICENSEE SHALL GIVE A PREFERENCE TO HIRING
27 QUALIFIED EMPLOYEES FROM THE COMMUNITIES IN CLOSE PROXIMITY TO THE
28 VIDEO LOTTERY FACILITY.

29 (G) (1) THE COMMISSION SHALL ENSURE THAT A VIDEO LOTTERY
30 OPERATION LICENSEE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION AS A
31 CONDITION OF HOLDING THE VIDEO LOTTERY OPERATION LICENSE.

32 (2) THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS SHALL MONITOR A
33 LICENSEE'S COMPLIANCE WITH THIS SECTION.

34 (3) THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS SHALL REPORT TO
35 THE COMMISSION AT LEAST EVERY 6 MONTHS ON THE COMPLIANCE OF LICENSEES
36 WITH THIS SECTION.

37 (4) IF THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS REPORTS THAT A
38 LICENSEE IS NOT IN COMPLIANCE WITH THIS SECTION, THE COMMISSION SHALL
39 TAKE IMMEDIATE ACTION TO ENSURE THE COMPLIANCE OF THE LICENSEE.

1 (H) THE PROVISIONS OF THIS SECTION AND ANY REGULATIONS ADOPTED
2 UNDER THIS SECTION SHALL BE OF NO EFFECT AND MAY NOT BE ENFORCED ON OR
3 AFTER JULY 1, 2009.

4 9-1A-11.

5 (A) (1) ON OR BEFORE OCTOBER 1, 2006, AN APPLICANT FOR A VIDEO
6 LOTTERY OPERATION LICENSE, OTHER THAN A HORSE RACECOURSE IN ALLEGANY
7 COUNTY OR OCEAN DOWNS RACETRACK, SHALL SUBMIT TO THE COMMISSION AN
8 APPLICATION AS PROVIDED IN THIS SUBTITLE AND A \$5,000,000 APPLICATION FEE.

9 (2) ON OR BEFORE OCTOBER 1, 2006, AN APPLICANT FOR A VIDEO
10 LOTTERY OPERATION LICENSE FOR OCEAN DOWNS RACETRACK SHALL SUBMIT TO
11 THE COMMISSION AN APPLICATION AS PROVIDED IN THIS SUBTITLE AND A \$1,500,000
12 APPLICATION FEE.

13 (3) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE
14 COMMISSION MAY NOT ACCEPT ANY APPLICATIONS FOR VIDEO LOTTERY OPERATION
15 LICENSES OR APPLICATION FEES AFTER OCTOBER 1, 2006.

16 (B) (1) ON OR BEFORE OCTOBER 1, 2007, AN APPLICANT FOR A VIDEO
17 LOTTERY OPERATION LICENSE THAT IS A HORSE RACECOURSE IN ALLEGANY
18 COUNTY SHALL SUBMIT TO THE COMMISSION AN APPLICATION AS PROVIDED IN THIS
19 SUBTITLE AND A \$1,500,000 APPLICATION FEE.

20 (2) THE COMMISSION MAY NOT ACCEPT AN APPLICATION FOR A VIDEO
21 LOTTERY OPERATIONS LICENSE OR AN APPLICATION FEE FROM A HORSE
22 RACECOURSE IN ALLEGANY COUNTY AFTER OCTOBER 1, 2007.

23 (C) ANY VIDEO LOTTERY OPERATION LICENSES NOT ISSUED FOR A LOCATION
24 AUTHORIZED UNDER THIS SUBTITLE SHALL AUTOMATICALLY REVERT TO THE
25 STATE.

26 (D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
27 LICENSEE SHALL COMMENCE OPERATION OF THE VIDEO LOTTERY TERMINALS AT
28 THE LOCATION FOR WHICH THE VIDEO LOTTERY OPERATION LICENSE HAS BEEN
29 ISSUED WITHIN 18 MONTHS AFTER THE LICENSE IS ISSUED.

30 (2) (I) UPON A DETERMINATION BY THE COMMISSION THAT
31 EXTENUATING CIRCUMSTANCES EXIST WHICH ARE BEYOND THE CONTROL OF THE
32 LICENSEE AND HAVE PREVENTED THE LICENSEE FROM COMPLYING WITH THE
33 REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION MAY
34 ALLOW THE LICENSEE AN EXTENSION OF 6 MONTHS TO COMPLY WITH THE
35 REQUIREMENTS.

36 (II) THE COMMISSION MAY NOT GRANT MORE THAN TWO
37 EXTENSIONS TO A LICENSEE UNDER THIS SECTION.

1 (3) IF A VIDEO LOTTERY OPERATION LICENSEE FAILS TO COMPLY WITH
2 THE REQUIREMENTS OF THIS SUBSECTION, THE LICENSE ISSUED TO THE LICENSEE
3 SHALL BE REVOKED AND SHALL AUTOMATICALLY REVERT TO THE STATE.

4 9-1A-12.

5 IF A VIDEO LOTTERY OPERATION LICENSEE CONTRACTS WITH ANOTHER
6 PERSON OTHER THAN AN EMPLOYEE OF THE VIDEO LOTTERY OPERATION LICENSEE
7 TO PROVIDE ANY OF THE SERVICES RELATED TO OPERATING A VIDEO LOTTERY
8 FACILITY, EACH PERSON AND EACH OTHER PERSON WHO OWNS OR CONTROLS THE
9 PERSON OR MANAGEMENT AND SUPERVISORY PERSONNEL AND OTHER PRINCIPAL
10 EMPLOYEES OF THE PERSON SHALL QUALIFY UNDER THE STANDARDS AND
11 PROVISIONS SET FORTH IN §§ 9-1A-07 AND 9-1A-08 OF THIS SUBTITLE FOR VIDEO
12 LOTTERY OPERATION LICENSEES.

13 9-1A-13.

14 (A) THE INITIAL TERM OF A VIDEO LOTTERY OPERATION LICENSE IS 15
15 YEARS.

16 (B) DURING THE INITIAL TERM OF A VIDEO LOTTERY OPERATION LICENSE,
17 THE LICENSEE SHALL PROVIDE THE COMMISSION WITH AN ANNUAL UPDATE OF THE
18 INFORMATION REQUIRED UNDER THIS SUBTITLE FOR THE ISSUANCE OF A LICENSE
19 BY THE DATE SET BY THE COMMISSION IN REGULATIONS AND ON THE FORM
20 REQUIRED BY THE COMMISSION.

21 (C) ONE YEAR BEFORE THE EXPIRATION OF THE TERM OF A VIDEO LOTTERY
22 OPERATION LICENSE, THE LICENSEE SHALL FILE WITH THE COMMISSION A NOTICE
23 OF INTENT TO REAPPLY FOR THE LICENSE UNDER THIS SUBTITLE.

24 (D) AT THE END OF THE INITIAL 15-YEAR LICENSE TERM, A VIDEO LOTTERY
25 OPERATION LICENSEE MAY REAPPLY FOR A LICENSE THAT HAS A LICENSE TERM OF
26 10 YEARS AND LICENSE FEE TO BE ESTABLISHED BY STATUTE.

27 (E) IF A LICENSEE HAS ITS LICENSE REVOKED OR OTHERWISE SURRENDERS
28 THE LICENSE, THE VIDEO LOTTERY OPERATION LICENSE REVERTS TO THE STATE.

29 9-1A-14.

30 (A) UNLESS AN INDIVIDUAL HOLDS A VALID VIDEO LOTTERY EMPLOYEE
31 LICENSE ISSUED BY THE COMMISSION, THE INDIVIDUAL MAY NOT BE EMPLOYED BY
32 A VIDEO LOTTERY OPERATION LICENSEE AS A VIDEO LOTTERY EMPLOYEE.

33 (B) BEFORE ISSUANCE OF A VIDEO LOTTERY EMPLOYEE LICENSE, AN
34 APPLICANT SHALL PROVIDE SUFFICIENT INFORMATION, DOCUMENTATION, AND
35 ASSURANCES THAT THE COMMISSION MAY REQUIRE.

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

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

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

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

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

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

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

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

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

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

34 9-1A-15.

35 (A) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER LICENSE
36 ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A LICENSEE OR
37 THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO LOTTERY TERMINAL,
38 ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR SERVICES THAT
39 DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY TERMINALS UNDER THIS
40 SUBTITLE.

1 (B) EACH MANUFACTURER, AND EACH PERSON WHO OWNS OR CONTROLS
2 THE MANUFACTURER OR MANAGEMENT AND SUPERVISORY PERSONNEL AND OTHER
3 PRINCIPAL EMPLOYEES OF THE MANUFACTURER, SHALL QUALIFY UNDER THE
4 STANDARDS AND PROVISIONS SET FORTH IN §§ 9-1A-07 AND 9-1A-08 OF THIS
5 SUBTITLE FOR VIDEO LOTTERY OPERATION LICENSEES.

6 (C) EXCEPT AS PROVIDED IN § 9-1A-16(A) OF THIS SUBTITLE, THE
7 COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF ANY LICENSING
8 REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A MANUFACTURER LICENSE.

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

13 9-1A-16.

14 (A) FOR ALL LICENSES REQUIRED UNDER THIS SUBTITLE OTHER THAN A
15 VIDEO LOTTERY OPERATION LICENSE, IF AN APPLICANT OR LICENSEE HOLDS A
16 VALID LICENSE IN ANOTHER STATE AND THE COMMISSION DETERMINES THAT THE
17 LICENSING STANDARDS OF THE OTHER STATE ARE COMPREHENSIVE, THOROUGH,
18 AND PROVIDE SIMILAR ADEQUATE SAFEGUARDS TO THOSE PROVIDED IN THIS
19 SUBTITLE, THE COMMISSION MAY:

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

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

24 (B) (1) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ON THE
25 REQUEST OF AN APPLICANT, THE COMMISSION MAY GRANT AN EXEMPTION OR
26 WAIVER OF A LICENSING REQUIREMENT OR GROUNDS FOR DENIAL OF A LICENSE IF
27 THE COMMISSION DETERMINES THAT THE REQUIREMENT OR GROUNDS FOR DENIAL
28 OF A LICENSE AS APPLIED TO THE APPLICANT ARE NOT NECESSARY IN ORDER TO
29 PROTECT THE PUBLIC INTEREST OR ACCOMPLISH THE POLICIES ESTABLISHED BY
30 THIS SUBTITLE.

31 (2) ON GRANTING TO AN APPLICANT AN EXEMPTION OR WAIVER OF A
32 LICENSING REQUIREMENT OR GROUNDS FOR DENIAL OF A LICENSE, OR AT ANY TIME
33 AFTER A WAIVER OR EXEMPTION HAS BEEN GRANTED, THE COMMISSION MAY:

34 (I) LIMIT OR PLACE RESTRICTIONS ON THE EXEMPTION OR
35 WAIVER AS THE COMMISSION CONSIDERS NECESSARY IN THE PUBLIC INTEREST;
36 AND

37 (II) REQUIRE THE PERSON WHO IS GRANTED THE EXEMPTION OR
38 WAIVER TO COOPERATE WITH THE COMMISSION AND TO PROVIDE THE COMMISSION
39 WITH ANY ADDITIONAL INFORMATION REQUIRED BY THE COMMISSION AS A
40 CONDITION OF THE WAIVER OR EXEMPTION.

1 (C) THE COMMISSION MAY NOT WAIVE ANY OF THE REQUIREMENTS OF THIS
2 SUBTITLE FOR ISSUANCE OF A VIDEO LOTTERY OPERATION LICENSE.

3 9-1A-17.

4 SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR SUSPEND
5 A LICENSE, A LICENSE IN FORCE MAY BE RENEWED BY THE COMMISSION FOR THE
6 NEXT SUCCEEDING LICENSE PERIOD ON:

7 (1) PROPER APPLICATION FOR RENEWAL; AND

8 (2) PAYMENT OF ALL REQUIRED APPLICATION, LICENSE, AND OTHER
9 FEES AND TAXES.

10 9-1A-18.

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

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

23 (1) PRECLUDE:

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

26 (II) THE ACCRUAL OF ANY MONETARY VALUE TO THE PRIVILEGE
27 OF PARTICIPATION IN VIDEO LOTTERY OPERATIONS; AND

28 (III) THE TRANSFER OF ANY LICENSE ISSUED UNDER THIS
29 SUBTITLE; AND

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

33 9-1A-19.

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

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

1 (2) PLEDGED AS COLLATERAL.

2 (B) (1) A LICENSEE MAY NOT SELL OR OTHERWISE TRANSFER MORE THAN
3 5% OF THE LEGAL OR BENEFICIAL INTERESTS OF THE PERSON UNLESS:

4 (I) THE PERSON NOTIFIES THE COMMISSION OF THE PROPOSED
5 SALE OR TRANSFER; AND

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

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

13 9-1A-20.

14 (A) FOR A LICENSE ISSUED UNDER THIS SUBTITLE, THE DEPARTMENT OF
15 STATE POLICE SHALL:

16 (1) CONDUCT A BACKGROUND INVESTIGATION OF EACH APPLICANT IN
17 A TIMELY MANNER; AND

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

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

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

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

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

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

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

1 (III) THE MANDATORY PROCESSING FEE REQUIRED BY THE
2 FEDERAL BUREAU OF INVESTIGATION FOR A NATIONAL CRIMINAL HISTORY
3 RECORDS CHECK.

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

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

12 (D) AFTER COMPLETION OF THE BACKGROUND INVESTIGATION OF AN
13 APPLICANT, THE DEPARTMENT OF STATE POLICE SHALL PROMPTLY FORWARD THE
14 RESULTS OF THE INVESTIGATION TO THE COMMISSION.

15 9-1A-21.

16 (A) EACH VIDEO LOTTERY TERMINAL, THE ASSOCIATED EQUIPMENT, AND
17 THE CENTRAL COMPUTER SHALL BE:

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

19 (2) UNDER THE CONTROL OF THE COMMISSION.

20 (B) SUBJECT TO THE COMMISSION'S ABILITY TO CANCEL OR ALTER THE
21 CONTRACT IN THE EVENT ONE OR MORE ELIGIBLE APPLICANTS FOR A VIDEO
22 LOTTERY OPERATION LICENSE FAIL TO OBTAIN A LICENSE, THE COMMISSION SHALL
23 CONTRACT WITH ONE OR MORE LICENSED MANUFACTURERS FOR THE LEASE OR
24 PURCHASE OF THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND
25 CENTRAL COMPUTER AUTHORIZED UNDER THIS SUBTITLE.

26 (C) THE COMMISSION SHALL DEVELOP REGULATIONS GOVERNING THE SALE
27 OR LEASE OF VIDEO LOTTERY TERMINALS BY THE COMMISSION UNDER THIS
28 SUBTITLE IN A MANNER THAT PROVIDES A COMPETITIVE PROCESS AMONG
29 LICENSED MANUFACTURERS WITH INCENTIVES TO LICENSED MANUFACTURERS
30 BASED ON THE PERFORMANCE OF THE MANUFACTURER'S VIDEO LOTTERY
31 TERMINALS.

32 9-1A-22.

33 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
34 COMMISSION MAY AUTHORIZE 3,500 VIDEO LOTTERY TERMINALS FOR OPERATION
35 UNDER A VIDEO LOTTERY OPERATION LICENSE.

36 (B) IF A VIDEO LOTTERY OPERATION LICENSE IS AUTHORIZED AT A HORSE
37 RACECOURSE IN ALLEGANY COUNTY OR WORCESTER COUNTY, THE COMMISSION
38 MAY NOT AUTHORIZE MORE THAN 1,000 VIDEO LOTTERY TERMINALS FOR

1 OPERATION UNDER A VIDEO LOTTERY OPERATION LICENSE ISSUED FOR A LOCATION
2 AT A HORSE RACECOURSE IN ALLEGANY COUNTY OR WORCESTER COUNTY.

3 9-1A-23.

4 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS
5 SUBSECTION, A VIDEO LOTTERY TERMINAL SHALL HAVE AN AVERAGE ANNUAL
6 PAYOUT PERCENTAGE OF 90%.

7 (2) THE COMMISSION MAY BY REGULATION ESTABLISH AN AVERAGE
8 ANNUAL PAYOUT PERCENTAGE OF MORE THAN 90% BUT NOT MORE THAN 95% FOR
9 VIDEO LOTTERY TERMINALS.

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

13 (B) A VIDEO LOTTERY FACILITY MAY OPERATE DAILY FROM 8 A.M. TO 2 A.M.

14 (C) A VIDEO LOTTERY OPERATOR LICENSEE SHALL BE RESPONSIBLE FOR ALL
15 MARKETING, ADVERTISING, AND PROMOTION FOR ITS VIDEO LOTTERY OPERATION.

16 (D) ANY STATE LOTTERY GAMES THAT ARE OFFERED BY OR THROUGH THE
17 COMMISSION MAY NOT BE OFFERED FOR SALE AT A VIDEO LOTTERY FACILITY.

18 9-1A-24.

19 (A) THE COMMISSION SHALL ENSURE THAT A VIDEO LOTTERY OPERATION
20 LICENSEE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION AS A CONDITION
21 OF HOLDING THE VIDEO LOTTERY OPERATION LICENSE.

22 (B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, A
23 VIDEO LOTTERY OPERATION LICENSEE MAY NOT PROVIDE FOOD OR BEVERAGES,
24 INCLUDING ALCOHOLIC BEVERAGES, TO INDIVIDUALS AT NO COST.

25 (2) ANY FOOD OR BEVERAGES, INCLUDING ALCOHOLIC BEVERAGES,
26 OFFERED BY A VIDEO LOTTERY OPERATION LICENSEE FOR SALE TO INDIVIDUALS
27 MAY BE OFFERED ONLY AT PRICES THAT ARE DETERMINED BY THE COMMISSION TO
28 BE COMMENSURATE WITH THE PRICE OF SIMILAR TYPES OF FOOD AND BEVERAGES
29 AT RESTAURANTS IN THE COUNTY IN WHICH THE VIDEO LOTTERY FACILITY IS
30 LOCATED.

31 (3) A VIDEO LOTTERY OPERATION LICENSEE MAY PROVIDE FOOD AT NO
32 COST TO INDIVIDUALS TO THE SAME EXTENT ALLOWED UNDER ARTICLE 2B, § 12-106
33 OF THE CODE FOR A PERSON ENGAGED IN THE SALE OR BARTER OF SPIRITUOUS,
34 MALT, OR INTOXICATING LIQUORS AND LICENSED UNDER THE LAWS OF MARYLAND.

35 (C) A VIDEO LOTTERY OPERATION LICENSEE SHALL ENSURE THAT
36 INTOXICATED INDIVIDUALS AND INDIVIDUALS UNDER THE AGE OF 21 YEARS ARE
37 NOT PERMITTED TO PLAY VIDEO LOTTERY TERMINALS AND ARE NOT PERMITTED IN

1 AREAS OF THE VIDEO LOTTERY FACILITY WHERE VIDEO LOTTERY TERMINALS ARE
2 LOCATED.

3 (D) (1) BY REGULATION, THE COMMISSION SHALL PROVIDE FOR THE
4 ESTABLISHMENT OF A LIST OF INDIVIDUALS WHO ARE TO BE MANDATORILY
5 EXCLUDED OR EJECTED BY A VIDEO LOTTERY OPERATION LICENSEE FROM ANY
6 VIDEO LOTTERY OPERATION LICENSED UNDER THIS SUBTITLE.

7 (2) THE REGULATIONS UNDER THIS SUBSECTION SHALL DEFINE THE
8 STANDARDS FOR EXCLUSION OR EJECTION AND SHALL INCLUDE STANDARDS
9 RELATING TO INDIVIDUALS:

10 (I) WHO ARE CAREER OFFENDERS AS DEFINED BY REGULATIONS
11 ADOPTED BY THE COMMISSION;

12 (II) WHO HAVE BEEN CONVICTED OF A CRIMINAL OFFENSE UNDER
13 THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN THE UNITED
14 STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE OR A
15 GAMBLING OFFENSE; OR

16 (III) WHOSE PRESENCE IN THE ESTABLISHMENT OF A LICENSEE
17 WOULD BE ADVERSE TO THE INTEREST OF THE STATE, THE LICENSEE, OR THE
18 PERSON.

19 (3) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN
20 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO
21 EXCLUDE OR EJECT FROM THE PREMISES OF THE LICENSEE AN INDIVIDUAL PLACED
22 BY THE COMMISSION ON THE LIST OF INDIVIDUALS TO BE EXCLUDED OR EJECTED.

23 (4) AN ORDER UNDER THIS SUBSECTION SHALL BE SUBJECT TO
24 JUDICIAL REVIEW.

25 (5) RACE, COLOR, CREED, NATIONAL ORIGIN OR ANCESTRY, OR GENDER
26 MAY NOT BE A REASON FOR PLACING THE NAME OF AN INDIVIDUAL ON THE LIST OF
27 INDIVIDUALS TO BE EXCLUDED OR EJECTED.

28 (E) (1) BY REGULATION, THE COMMISSION SHALL ADOPT MEASURES THAT
29 ARE INTENDED TO REDUCE OR MITIGATE THE EFFECTS OF PROBLEM GAMBLING.

30 (2) (I) THE REGULATIONS SHALL INCLUDE ESTABLISHMENT OF A
31 VOLUNTARY EXCLUSION LIST OF INDIVIDUALS WITH GAMBLING PROBLEMS WHO
32 HAVE REQUESTED TO BE EXCLUDED FROM ANY VIDEO LOTTERY OPERATION
33 LICENSED UNDER THIS SUBTITLE.

34 (II) THE REGULATIONS UNDER THIS PARAGRAPH SHALL PROVIDE A
35 SIMPLE MECHANISM FOR AN INDIVIDUAL WHO IS SOBER AND INFORMED TO
36 REQUEST PLACEMENT ON THE VOLUNTARY EXCLUSION LIST FOR A SPECIFIED
37 PERIOD OF TIME.

1 (III) A VIDEO LOTTERY OPERATION LICENSEE MAY NOT PERMIT AN
2 INDIVIDUAL ON THE VOLUNTARY EXCLUSION LIST TO ENTER INTO THE VIDEO
3 LOTTERY FACILITY OR TO PLAY A VIDEO LOTTERY TERMINAL.

4 (IV) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN
5 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO
6 EXCLUDE FROM THE PREMISES OF THE LICENSEE AN INDIVIDUAL ON THE
7 VOLUNTARY EXCLUSION LIST.

8 (3) IN ORDER TO PROTECT THE PUBLIC INTEREST, THE REGULATIONS
9 SHALL INCLUDE PROVISIONS THAT:

10 (I) LIMIT THE NUMBER AND LOCATION OF AND MAXIMUM
11 WITHDRAWAL AMOUNTS FROM AUTOMATED TELLER MACHINES;

12 (II) REQUIRE PAYOUTS ABOVE AN AMOUNT ADOPTED BY THE
13 COMMISSION TO BE MADE BY CHECK;

14 (III) REQUIRE CONSPICUOUS DISCLOSURES RELATED TO THE ODDS
15 AND PAYOUT OF VIDEO LOTTERY TERMINALS;

16 (IV) LIMIT THE DOLLAR AMOUNT THAT VIDEO LOTTERY TERMINALS
17 WILL ACCEPT;

18 (V) PROHIBIT THE USE OF SPECIFIED NEGOTIABLE INSTRUMENTS
19 AT VIDEO LOTTERY FACILITIES AND THE USE OF CREDIT CARDS, DEBIT CARDS, AND
20 SIMILAR DEVICES IN VIDEO LOTTERY TERMINALS;

21 (VI) PROVIDE CONSUMERS WITH A RECORD OF VIDEO LOTTERY
22 TERMINAL SPENDING LEVELS IF MARKETING MEASURES ARE UTILIZED THAT TRACK
23 CONSUMER SPENDING AT VIDEO LOTTERY FACILITIES; AND

24 (VII) PROHIBIT VIDEO LOTTERY OPERATION LICENSEES FROM
25 ENGAGING IN OR CONTRACTING WITH ANOTHER TO ENGAGE IN PREDATORY
26 MARKETING PRACTICES.

27 9-1A-25.

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.

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

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

5 (I) THE SERIOUSNESS OF THE VIOLATION;

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

7 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON
8 WHO COMMITTED THE VIOLATION.

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

14 9-1A-26.

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

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

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

24 9-1A-27.

25 (A) THE COMPTROLLER SHALL PAY FROM THE PROCEEDS OF VIDEO LOTTERY
26 TERMINALS:

27 (1) 5% TO THE STATE LOTTERY AGENCY FOR COSTS AS DEFINED IN §
28 9-1A-01 OF THIS SUBTITLE;

29 (2) ON A PROPERLY APPROVED TRANSMITTAL FROM THE COMMISSION,
30 35% OF THE PROCEEDS FROM A VIDEO LOTTERY FACILITY TO THE VIDEO LOTTERY
31 OPERATION LICENSEE THAT HOLDS THE LICENSE FOR THE FACILITY;

32 (3) (I) SUBJECT TO THE PROVISIONS OF ITEM (III) OF THIS ITEM, ON A
33 PROPERLY APPROVED TRANSMITTAL FROM THE COMMISSION, 3% OF THE PROCEEDS
34 FROM A VIDEO LOTTERY FACILITY TO THE COUNTY IN WHICH THE VIDEO LOTTERY
35 FACILITY IS LOCATED TO BE USED AS A LOCAL DEVELOPMENT GRANT UNDER §
36 9-1A-30 OF THIS SUBTITLE;

1 (II) SUBJECT TO THE PROVISIONS OF ITEM (III) OF THIS ITEM, ON A
2 PROPERLY APPROVED TRANSMITTAL FROM THE COMMISSION, 2% OF THE PROCEEDS
3 FROM A VIDEO LOTTERY FACILITY TO THE MUNICIPAL CORPORATION IN WHICH THE
4 VIDEO LOTTERY FACILITY IS LOCATED TO BE USED AS A LOCAL DEVELOPMENT
5 GRANT UNDER § 9-1A-30 OF THIS SUBTITLE;

6 (III) IF A VIDEO LOTTERY FACILITY OPERATION LICENSE IS ISSUED
7 FOR LAUREL PARK, 10% OF THE PROCEEDS SHALL BE USED AS A LOCAL
8 DEVELOPMENT GRANT THAT SHALL BE DISTRIBUTED IN THE FOLLOWING MANNER:

9 1. 73% TO ANNE ARUNDEL COUNTY;

10 2. 17% TO HOWARD COUNTY; AND

11 3. 10% TO THE CITY OF LAUREL;

12 (4) 5% TO THE SENATOR WILLIAM H. AMOSS FIRE, RESCUE, AND
13 AMBULANCE FUND ESTABLISHED UNDER § 8-102 OF THE PUBLIC SAFETY ARTICLE;

14 (5) 10% TO THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER §
15 9-1A-28 OF THIS SUBTITLE; AND

16 (6) 40% TO THE PUBLIC SCHOOL CONSTRUCTION FUND ESTABLISHED
17 UNDER § 9-1A-29 OF THIS SUBTITLE.

18 (B) IF THE COSTS OF THE STATE LOTTERY AGENCY ARE LESS THAN 5%, ANY
19 AMOUNT NOT DISTRIBUTED TO THE STATE LOTTERY AGENCY SHALL BE DIVIDED
20 EQUALLY AND PAID TO:

21 (1) THE PUBLIC SCHOOL CONSTRUCTION FUND ESTABLISHED UNDER §
22 9-1A-29 OF THIS SUBTITLE; AND

23 (2) THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER § 9-1A-28
24 OF THIS SUBTITLE.

25 9-1A-28.

26 (A) THERE IS A PURSE DEDICATION ACCOUNT UNDER THE AUTHORITY OF
27 THE STATE RACING COMMISSION.

28 (B) (1) THE ACCOUNT SHALL RECEIVE MONEY AS REQUIRED UNDER §
29 9-1A-27 OF THIS SUBTITLE.

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

32 (3) THE COMPTROLLER SHALL:

33 (I) ACCOUNT FOR THE FUND; AND

1 (II) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
2 STATE RACING COMMISSION, ISSUE A WARRANT TO PAY OUT MONEY FROM THE
3 FUND IN THE MANNER PROVIDED UNDER THIS SECTION.

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

6 (5) EXPENDITURES FROM THE ACCOUNT SHALL ONLY BE MADE ON A
7 PROPERLY APPROVED TRANSMITTAL PREPARED BY THE STATE RACING COMMISSION
8 AS PROVIDED UNDER SUBSECTION (C) OF THIS SECTION.

9 (C) SUBJECT TO THE PROVISIONS OF SUBSECTIONS (D) AND (E) OF THIS
10 SECTION, THE STATE RACING COMMISSION SHALL ALLOCATE A PERCENTAGE OF
11 THE FUNDS IN THE ACCOUNT EACH YEAR TO THE THOROUGHBRED INDUSTRY AND
12 THE STANDARD BRED INDUSTRY BASED ON THE PERCENTAGE OF TOTAL WAGERING
13 ON LIVE RACING AT RACETRACKS IN THE STATE THAT CAN BE ATTRIBUTED TO EACH
14 INDUSTRY DURING THE PRIOR CALENDAR YEAR.

15 (D) THE AMOUNT OF FUNDS ALLOCATED TO THOROUGHBRED PURSES AND
16 THE MARYLAND-BRED RACE FUND SHALL BE ALLOCATED AS FOLLOWS:

17 (1) 89% TO THOROUGHBRED PURSES; AND

18 (2) 11% TO THE MARYLAND-BRED RACE FUND.

19 (E) THE AMOUNT OF FUNDS ALLOCATED TO STANDARD BRED PURSES AND
20 THE STANDARD BRED RACE FUND SHALL BE ALLOCATED AS FOLLOWS:

21 (1) 89% TO STANDARD BRED PURSES; AND

22 (2) 11% TO THE STANDARD BRED RACE FUND.

23 (F) THE PROVISIONS OF THIS SECTION MAY NOT BE CONSTRUED TO APPLY TO
24 THE RACECOURSE IN ALLEGANY COUNTY UNTIL HORSE RACING BEGINS AT THAT
25 RACECOURSE.

26 9-1A-29.

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

30 (B) (1) THERE SHALL BE CREDITED TO THE PUBLIC SCHOOL
31 CONSTRUCTION FUND ALL PROCEEDS ALLOCATED TO THE FUND UNDER § 9-1A-27
32 OF THIS SUBTITLE.

33 (2) MONEY IN THE PUBLIC SCHOOL CONSTRUCTION FUND SHALL BE
34 INVESTED AND REINVESTED BY THE STATE TREASURER, AND INTEREST AND
35 EARNINGS SHALL ACCRUE TO THE FUND.

1 (C) MONEY IN THE PUBLIC SCHOOL CONSTRUCTION FUND SHALL ONLY BE
2 USED TO PROVIDE FUNDING FOR PUBLIC SCHOOL CONSTRUCTION IN THE STATE.

3 (D) EXPENDITURES FROM THE PUBLIC SCHOOL CONSTRUCTION FUND SHALL
4 BE MADE EACH FISCAL YEAR IN ACCORDANCE WITH THE STATE BUDGET.

5 9-1A-30.

6 (A) LOCAL DEVELOPMENT GRANTS PROVIDED UNDER § 9-1A-27 OF THIS
7 SUBTITLE SHOULD BE USED FOR IMPROVEMENTS IN THE COMMUNITIES IN
8 IMMEDIATE PROXIMITY TO THE VIDEO LOTTERY OPERATION FACILITIES AND MAY
9 BE USED FOR THE FOLLOWING PURPOSES:

10 (1) INFRASTRUCTURE IMPROVEMENTS;

11 (2) FACILITIES;

12 (3) PUBLIC SAFETY;

13 (4) SANITATION;

14 (5) ECONOMIC AND COMMUNITY DEVELOPMENT, INCLUDING HOUSING;
15 AND

16 (6) OTHER PUBLIC SERVICES AND IMPROVEMENTS TO BENEFIT THE
17 COMMUNITIES IN IMMEDIATE PROXIMITY TO THE VIDEO LOTTERY FACILITIES.

18 (B) (1) A LOCAL DEVELOPMENT COUNCIL SHALL BE ESTABLISHED IN EACH
19 GEOGRAPHIC AREA WHERE A VIDEO LOTTERY FACILITY IS LOCATED.

20 (2) A LOCAL DEVELOPMENT COUNCIL SHALL CONSIST OF THE
21 FOLLOWING 15 MEMBERS APPOINTED BY THE CHIEF EXECUTIVE OF THE COUNTY IN
22 WHICH THE LOCAL DEVELOPMENT COUNCIL IS LOCATED, IN CONSULTATION WITH
23 THE SENATORS AND DELEGATES WHO REPRESENT THE COMMUNITIES
24 SURROUNDING THE FACILITY AND THE RESPECTIVE COUNTY COUNCILS, CITY
25 COUNCILS, OR COUNTY COMMISSIONERS:

26 (I) ONE SENATOR WHO REPRESENTS THE DISTRICT WHERE THE
27 FACILITY IS LOCATED;

28 (II) TWO DELEGATES WHO REPRESENT THE DISTRICTS WHERE THE
29 COMMUNITIES SURROUNDING THE FACILITY ARE LOCATED;

30 (III) ONE REPRESENTATIVE OF THE VIDEO LOTTERY OPERATION
31 LICENSEE;

32 (IV) SEVEN RESIDENTS OF THE COMMUNITIES IN IMMEDIATE
33 PROXIMITY TO THE FACILITY; AND

34 (V) FOUR REPRESENTATIVES OF BUSINESSES OR INSTITUTIONS
35 LOCATED IN IMMEDIATE PROXIMITY TO THE FACILITY.

1 (C) (1) PRIOR TO ANY EXPENDITURE OF LOCAL DEVELOPMENT GRANT
2 FUNDS PROVIDED UNDER § 9-1A-27 OF THIS SUBTITLE, A COUNTY SHALL DEVELOP A
3 MULTIYEAR PLAN FOR THE EXPENDITURE OF THE LOCAL DEVELOPMENT GRANT
4 FUNDS FOR SERVICES AND IMPROVEMENTS CONSISTENT WITH SUBSECTION (A) OF
5 THIS SECTION.

6 (2) A COUNTY SHALL CONSULT WITH THE LOCAL DEVELOPMENT
7 COUNCIL ESTABLISHED UNDER SUBSECTION (B) OF THIS SECTION IN DEVELOPING
8 THE PLAN REQUIRED UNDER THIS SUBSECTION.

9 (3) A COUNTY SHALL SUBMIT THE PLAN TO THE LOCAL DEVELOPMENT
10 COUNCIL FOR REVIEW AND COMMENT BEFORE ADOPTING THE PLAN OR EXPENDING
11 ANY GRANT FUNDS.

12 (4) THE LOCAL DEVELOPMENT COUNCIL SHALL ADVISE THE COUNTY
13 ON THE IMPACT OF THE FACILITY ON THE COMMUNITIES AND THE NEEDS AND
14 PRIORITIES OF THE COMMUNITIES IN IMMEDIATE PROXIMITY TO THE FACILITY.

15 (5) (I) A LOCAL DEVELOPMENT COUNCIL SHALL HAVE 45 DAYS TO
16 REVIEW, COMMENT, AND MAKE RECOMMENDATIONS ON THE PLAN REQUIRED
17 UNDER THIS SUBSECTION.

18 (II) ON THE REQUEST OF A LOCAL DEVELOPMENT COUNCIL, THE
19 COUNTY SHALL HOLD A PUBLIC HEARING ON THE PLAN.

20 (6) A COUNTY SHALL MAKE BEST EFFORTS TO ACCOMMODATE THE
21 RECOMMENDATIONS OF THE LOCAL DEVELOPMENT COUNCIL AND ANY TESTIMONY
22 PRESENTED AT THE HEARING BEFORE ADOPTING THE PLAN REQUIRED UNDER THIS
23 SUBSECTION.

24 (D) A VIDEO LOTTERY OPERATION LICENSEE SHALL PROVIDE TO THE LOCAL
25 DEVELOPMENT COUNCIL A MASTER PLAN FOR THE DEVELOPMENT OF THE SITE ON
26 WHICH THE VIDEO LOTTERY FACILITY WILL BE LOCATED.

27 9-1A-31.

28 (A) THE STATE MAY PAY FOR THE REASONABLE TRANSPORTATION COSTS TO:

29 (1) MITIGATE THE IMPACT ON THE COMMUNITIES IN THE IMMEDIATE
30 PROXIMITY TO THE FACILITY; AND

31 (2) MAKE EACH VIDEO LOTTERY FACILITY ACCESSIBLE TO THE PUBLIC.

32 (B) (1) A COMPREHENSIVE TRANSPORTATION PLAN SHALL BE:

33 (I) DEVELOPED BY EACH COUNTY WHERE A FACILITY IS LOCATED,
34 IN CONSULTATION WITH THE LOCAL DEVELOPMENT COUNCIL CREATED UNDER §
35 9-1A-30 OF THIS SUBTITLE; AND

1 (II) APPROVED BY THE MARYLAND DEPARTMENT OF
2 TRANSPORTATION.

3 (2) THE COMPREHENSIVE TRANSPORTATION PLAN SHALL INCLUDE
4 PROVISIONS ON ROADS AND MASS TRANSIT.

5 (C) THE MARYLAND DEPARTMENT OF TRANSPORTATION SHALL FACILITATE
6 NEGOTIATIONS WITH AFFECTED COMMUNITIES TO ENSURE THE MOST PRACTICAL
7 INGRESS TO AND EGRESS FROM THE VIDEO LOTTERY FACILITY.

8 9-1A-32.

9 (A) THE COMMISSION SHALL:

10 (1) ESTABLISH AN ANNUAL FEE OF \$390, TO BE PAID BY EACH VIDEO
11 LOTTERY OPERATION LICENSEE, FOR EACH VIDEO LOTTERY TERMINAL OPERATED
12 BY THE LICENSEE DURING THE YEAR; AND

13 (2) DISTRIBUTE THE FEES COLLECTED UNDER ITEM (1) OF THIS
14 SUBSECTION TO THE COMPULSIVE GAMBLING FUND ESTABLISHED IN SUBSECTION
15 (B) OF THIS SECTION.

16 (B) (1) THERE IS A COMPULSIVE GAMBLING FUND IN THE DEPARTMENT OF
17 HEALTH AND MENTAL HYGIENE.

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

21 (3) MONEY IN THE COMPULSIVE GAMBLING FUND SHALL BE INVESTED
22 AND REINVESTED BY THE STATE TREASURER, AND INTEREST AND EARNINGS SHALL
23 ACCRUE TO THE FUND.

24 (4) EXPENDITURES FROM THE COMPULSIVE GAMBLING FUND SHALL BE
25 MADE ONLY:

26 (I) BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE TO:

27 1. ESTABLISH A 24-HOUR HOTLINE FOR COMPULSIVE AND
28 PROBLEM GAMBLERS AND TO PROVIDE COUNSELING AND OTHER SUPPORT
29 SERVICES FOR COMPULSIVE AND PROBLEM GAMBLERS; AND

30 2. DEVELOP AND IMPLEMENT A PROBLEM GAMBLING
31 PREVENTION PROGRAM; AND

32 (II) IN ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE
33 GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET OR BY THE BUDGET
34 AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE FINANCE AND
35 PROCUREMENT ARTICLE.

1 9-1A-33.

2 THE COMMISSION SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND,
3 SUBJECT TO § 2-1246 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY:

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

5 (2) WITH THE ASSISTANCE OF LOCAL POLICE DEPARTMENTS AND THE
6 DEPARTMENT OF STATE POLICE, DETAILING THE CRIMES THAT OCCUR WITHIN THE
7 COMMUNITIES SURROUNDING A VIDEO LOTTERY FACILITY.

8 **Article - Public Safety**

9 8-102.

10 (a) There is a Senator William H. Amoss Fire, Rescue, and Ambulance Fund.

11 (b) The purposes of the Fund are to promote:

12 (1) the delivery of effective and high quality fire protection, rescue, and
13 ambulance services in the State;

14 (2) increased financial support for fire, rescue, and ambulance
15 companies by counties; and

16 (3) the continued financial viability of volunteer fire, rescue, and
17 ambulance companies given the greatly increased costs of equipment.

18 (c) (1) The Director shall administer the Fund.

19 (2) Subject to paragraph (3) of this subsection, the Director may adopt
20 procedures to carry out this subtitle, including additional auditing and reporting
21 requirements.

22 (3) The Director may not:

23 (i) impose training or operational requirements as a precondition
24 to receipt of money, except as otherwise expressly provided in this subtitle; or

25 (ii) require that capital equipment purchased with State money
26 have a useful life expectancy of greater than 1 year.

27 (d) The Fund consists of money:

28 (1) appropriated in the State budget to the Fund; AND

29 (2) FROM THE PROCEEDS OF VIDEO LOTTERY TERMINALS UNDER §
30 9-1A-27 OF THE STATE GOVERNMENT ARTICLE.

31 (e) (1) As authorized by the Director, the Treasurer shall make payments
32 out of the Fund to each county on warrant of the Comptroller.

1 (2) The Treasurer shall make the payments required under this
2 subsection to the appropriate county in approximately equal amounts on or about
3 August 15, November 15, February 15, and May 15.

4 (f) (1) State money provided under this section may only be used to:

5 (i) acquire or rehabilitate fire or rescue equipment, including
6 ambulances;

7 (ii) acquire or rehabilitate capital equipment used in connection
8 with fire or rescue equipment; and

9 (iii) rehabilitate facilities used primarily to house fire fighting
10 equipment, ambulances, and rescue vehicles.

11 (2) State money provided under this section may not be used:

12 (i) for administrative costs;

13 (ii) for compensation or fringe benefits to employees or members of
14 county governments, or fire, rescue, or ambulance companies;

15 (iii) for travel or meal expenses;

16 (iv) for fuel, utility, or routine maintenance costs of facilities or
17 equipment;

18 (v) to acquire new or replacement fire hydrants, water mains, or
19 emergency alarm systems not installed at a fire, rescue, or ambulance facility;

20 (vi) for insurance;

21 (vii) for fund-raising activities;

22 (viii) to refinance debt or another obligation incurred before July 1,
23 1985;

24 (ix) to replace or repair eligible items to the extent that insurance
25 proceeds are available;

26 (x) for costs associated with the "9-1-1" emergency telephone
27 system; or

28 (xi) for land or interests in land.

29 **Article - State Finance and Procurement**

30 11-203.

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

1 (1) procurement by:

2 (xviii) the Maryland Energy Administration, when negotiating or
3 entering into grants or cooperative agreements with private entities to meet federal
4 specifications or solicitation requirements related to energy conservation, energy
5 efficiency, or renewable energy projects that benefit the State; [and]

6 (xix) the Maryland Developmental Disabilities Administration of the
7 Department of Health and Mental Hygiene for family and individual support services,
8 and individual family care services, as those terms are defined by the Department of
9 Health and Mental Hygiene in regulation; AND

10 (XX) THE STATE LOTTERY AGENCY FOR NEGOTIATING AND
11 ENTERING INTO CONTRACTS FOR THE PURCHASE, LEASE, MANUFACTURE, REPAIR,
12 MAINTENANCE, AND OPERATION OF VIDEO LOTTERY TERMINALS;

13 (b) (2) Except for procurement under subsection (a)(1)(i) and (xii) and (2)(i)
14 and (vi) of this section, the provisions of Title 14, Subtitle 3 of this article ("Minority
15 Business Participation") shall apply to each procurement enumerated in subsection
16 (a) of this section.

17 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
18 read as follows:

19 **Article - State Finance and Procurement**

20 11-203.

21 (b) (3) A procurement by an entity listed in subsection (a)(1)(i) through (xv)
22 [and (xix)], (XIX), AND (XX) of this section shall be made under procedures that
23 promote the purposes stated in § 11-201(a) of this subtitle.

24 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
25 read as follows:

26 **Article - State Finance and Procurement**

27 11-203.

28 (b) (2) A procurement by an entity listed in subsection (a)(1)(i) through (xv)
29 [and (xix)], (XIX), AND (XX) of this section shall be made under procedures that
30 promote the purposes stated in § 11-201(a) of this subtitle.

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

1 SECTION 5. AND BE IT FURTHER ENACTED, That the intent of this Act, and
2 its various integrated provisions, is to provide for the authorization and regulation of
3 certain gaming devices for the purpose of generating State revenues and other funds
4 for specified purposes, including funding public school construction and assisting the
5 State's racing industry. This section is not intended to detract from the application of
6 the severability provision contained in Section 4 of this Act or from the ability of a
7 court of competent jurisdiction to consider and apply appropriate severability
8 principles in the event of a judicial challenge to the validity of a specific portion or
9 portions of the bill.

10 SECTION 6. AND BE IT FURTHER ENACTED, That the agency designated by
11 the Board of Public Works under § 14-303(b) of the State Finance and Procurement
12 Article of the Annotated Code of Maryland, in consultation with the General
13 Assembly and the Office of the Attorney General, shall initiate two studies of the
14 requirements of § 9-1A-09 of the State Government Article as enacted by Section 1 of
15 this Act that evaluate the continued compliance of the requirement with any federal
16 and constitutional requirements. In preparation for the studies, the State Lottery
17 Commission shall require video lottery operation license applicants and licensees to
18 provide any information necessary to perform the studies. The studies shall also
19 evaluate race-neutral programs or other methods that can be used to address the
20 needs of minority investors and minority businesses. A final report of the first study
21 shall be submitted to the Legislative Policy Committee on or before December 1, 2007,
22 so that the General Assembly may review the report prior to the 2008 Session. A final
23 report of the second study shall be submitted to the Legislative Policy Committee on
24 or before September 30, 2009, so that the General Assembly may review the report in
25 conjunction with the report of the study on the Minority Business Enterprise Program
26 prior to the 2010 Session.

27 SECTION 7. AND BE IT FURTHER ENACTED, That the Department of
28 Transportation shall study the impact of the increased traffic resulting from any
29 proposed operation of video lottery terminals at Pimlico Race Course, including the
30 need for an interchange on Jones Falls Expressway between Northern Parkway and
31 Interstate 695. The Department of Transportation shall provide a final report on the
32 study required under this section to the General Assembly on or before December 1,
33 2006, in accordance with § 2-1246 of the State Government Article.

34 SECTION 8. AND BE IT FURTHER ENACTED, That this Act may not be
35 construed to affect the terms of the members of the State Lottery Commission
36 appointed before the effective date of this Act. The terms of the four new members of
37 the State Lottery Commission appointed under this Act shall expire as follows:

- 38 (1) one member in 2007;
- 39 (2) one member in 2008; and
- 40 (3) two members in 2009.

41 SECTION 9. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
42 take effect June 1, 2006. It shall remain effective until the taking effect of Section 3 of

1 this Act. If Section 3 of this Act takes effect, Section 2 of this Act shall be abrogated
2 and of no further force and effect.

3 SECTION 10. AND BE IT FURTHER ENACTED, That Section 3 of this Act
4 shall take effect on the expiration of Chapter 402 of the Acts of the General Assembly
5 of 2003.

6 SECTION 11. AND BE IT FURTHER ENACTED, That, subject to the
7 provisions of Sections 9 and 10 of this Act, this Act shall take effect June 1, 2006.