

HOUSE BILL 25

C7

8lr4527

By: **The Minority Leader and Delegates Aumann, Boteler, Costa, Eckardt, Elliott, Frank, Haddaway, Impallaria, Jennings, Kipke, McComas, McDonough, McKee, Miller, O'Donnell, Schuh, Shank, Stull, and Weldon**

Introduced and read first time: October 29, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Video Slot Machines Revenues and Operations**

3 FOR the purpose of renaming the State Lottery Commission to be the State Gaming
4 Commission and requiring the Commission to regulate the operation of certain
5 video slot machines; altering the membership of the State Gaming Commission
6 and specifying certain requirements for members of the Commission;
7 authorizing the operation of video slot machines connected to a certain central
8 computer that allows the State Gaming Commission to monitor a video slot
9 machine and that has certain capabilities; prohibiting access to the central
10 computer by certain licensees with a certain exception; providing that only a
11 person with a certain video slot machine operation license may offer a video slot
12 machine for public use in the State; providing that this Act is statewide and
13 exclusive in effect and that certain laws do not apply to video slot machines
14 authorized under this Act; requiring the State Gaming Commission to conduct
15 certain investigations and hearings; requiring the State Gaming Commission to
16 adopt certain regulations; requiring the State Gaming Commission to require a
17 certain bond and collect certain fees, civil penalties, and taxes; authorizing the
18 State Gaming Commission to inspect and seize certain equipment, financial
19 information, and records without notice but with a judicially authorized
20 warrant; requiring certain video slot machine manufacturers, video slot
21 machine gaming facility operators, video slot machine gaming employees, and
22 other individuals required by the State Gaming Commission to be licensed;
23 providing for the application and licensing process; providing for review of a
24 denial of an application for a certain license by the State Board of Contract
25 Appeals; establishing the misdemeanor of giving false information in an
26 application for a license under this Act or in any supplemental information
27 required by the State Gaming Commission; establishing certain penalties;
28 establishing certain eligibility criteria and disqualifying criteria for a video slot

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 machine operation license; requiring a person that contracts with a video slot
2 machine operation licensee to meet certain requirements under certain
3 circumstances; requiring that a video slot machine operation license not issued
4 under this Act reverts to the State; requiring a licensee to commence operation
5 of video slot machines within a certain time period and authorizing the State
6 Gaming Commission to grant extensions under certain circumstances; providing
7 for certain eligibility criteria and disqualifying criteria for certain licenses;
8 providing for certain license terms and renewals; stating the intent of the
9 General Assembly relating to video slot machine operation licenses; prohibiting
10 certain video slot machine operation licensees from selling or otherwise
11 transferring more than a certain percentage of the legal or beneficial interest
12 unless certain conditions are met; requiring that the transfer of a certain
13 interest in a person that holds a video slot machine operation license be
14 approved by the State Gaming Commission; requiring the State Gaming
15 Commission to buy or lease the central computer authorized under this Act;
16 prohibiting more than a certain number of video slot machines from being
17 allocated in one county; providing the minimum payout percentage for video slot
18 machines and authorizing the State Gaming Commission to adopt certain video
19 slot machine payout percentages; providing for the hours of operation of video
20 slot machines; prohibiting the State Gaming Commission from issuing certain
21 licenses under certain circumstances; requiring the State Gaming Commission
22 to adopt certain regulations pertaining to the expulsion of underaged or
23 substance impaired individuals from video slot machine gaming facilities;
24 authorizing the State Gaming Commission to reprimand a licensee or deny,
25 suspend, or revoke certain licenses under certain circumstances; requiring the
26 Comptroller to collect and distribute certain money in certain ways; establishing
27 a Purse Dedication Account under the authority of the State Racing
28 Commission; providing for a certain distribution from video slot machine
29 gaming operation proceeds to the Purse Dedication Account for horse racing;
30 providing for certain distributions from the Purse Dedication Account for horse
31 racing in a certain manner; establishing the Education Trust Fund; requiring
32 certain distributions from video slot machine gaming operation proceeds to the
33 Education Trust Fund to be used for certain purposes; requiring the Governor to
34 provide certain funding for public school construction from the Education Trust
35 Fund for certain fiscal years; providing for certain local development grants;
36 establishing an Administrative Fund; creating a Compulsive Gambling Fund in
37 the Department of Health and Mental Hygiene; providing for certain
38 disbursements from the Compulsive Gambling Fund for certain purposes;
39 requiring the State Gaming Commission to make a certain annual report by a
40 certain date; prohibiting a licensee for a certain period of time from employing,
41 or entering into a financial relationship with, an individual who was a member
42 of the State Gaming Commission; exempting certain procurements by the State
43 Gaming Commission from certain requirements; requiring the State Gaming
44 Commission to establish a certain application fee; prohibiting the State Gaming
45 Commission from awarding more than a certain number of video slot machine
46 operation licenses; requiring the State Gaming Commission to conduct a certain
47 number of separate, simultaneously held auctions of all of the video slot
48 machine operation licenses; requiring that the State Gaming Commission

1 award the video slot machine operation licenses in accordance with a certain
 2 bidding process; providing for certain fees to be paid by bidders of video slot
 3 machine operation licenses; requiring certain bids for video slot machine
 4 operation licenses to include certain information and to meet certain
 5 requirements; prohibiting the State Gaming Commission from issuing more
 6 than a certain number of certain licenses in one county; requiring the State
 7 Gaming Commission to consider certain factors and to award a video slot
 8 machine operation license on the basis of the lowest percentage of the gross
 9 revenues from the operation of video slot machine gaming that the bidder is
 10 willing to keep or hold; requiring the State Gaming Commission to be
 11 responsible for certain matters relating to racetrack locations and nonracetrack
 12 destination locations after the award of video slot machine operation licenses;
 13 providing for review of a denial of an application for a certain license by the
 14 State Board of Contract Appeals; allowing the operation of video slot machines
 15 in a temporary facility under certain circumstances; requiring, before the
 16 issuance of a video slot machine operation license by the State Gaming
 17 Commission to an applicant to provide clear and convincing evidence that the
 18 applicant has complied with all applicable local zoning, planning, and land use
 19 laws, ordinances, and regulations; providing for the staggering of the terms of
 20 certain new members of the State Gaming Commission; making certain stylistic
 21 changes; defining certain terms; providing for the effective date of this Act; and
 22 generally relating to the regulation and operation of and revenues from lawfully
 23 authorized video slot machine gaming in the State.

24 BY repealing and reenacting, with amendments,
 25 Article – State Government
 26 Section 9–101(c), 9–104, and 9–105
 27 Annotated Code of Maryland
 28 (2004 Replacement Volume and 2007 Supplement)

29 BY adding to
 30 Article – State Government
 31 Section 9–1A–01 through 9–1A–25 to be under the new subtitle “Subtitle 1A.
 32 Video Slot Machines”
 33 Annotated Code of Maryland
 34 (2004 Replacement Volume and 2007 Supplement)

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

37 **Article – State Government**
 38 9–101.

39 (c) “Commission” means the State [Lottery] **GAMING** Commission.

40 9–104.

1 There is a State [Lottery] **GAMING** Commission in the Agency.

2 9–105.

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

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

7 **(I) AT LEAST 25 YEARS OLD;**

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

10 **(III) A QUALIFIED VOTER OF THE STATE; AND**

11 **(IV) AN INDIVIDUAL WHO HAS NOT BEEN CONVICTED OF OR**
12 **GRANTED PROBATION BEFORE JUDGMENT FOR A SERIOUS CRIME OR A CRIME**
13 **THAT INVOLVES MORAL TURPITUDE OR GAMBLING.**

14 **(2) A MEMBER OF THE COMMISSION MAY NOT:**

15 **(I) HAVE AN OFFICIAL RELATIONSHIP TO A PERSON WHO**
16 **HOLDS A LICENSE UNDER THIS SUBTITLE;**

17 **(II) HAVE ANY DIRECT OR INDIRECT FINANCIAL INTEREST,**
18 **OWNERSHIP, OR MANAGEMENT, INCLUDING HOLDING ANY STOCKS, BONDS, OR**
19 **OTHER SIMILAR FINANCIAL INTERESTS IN ANY GAMING ACTIVITIES, INCLUDING**
20 **HORSE RACING OR LOTTERY;**

21 **(III) RECEIVE OR SHARE IN, DIRECTLY OR INDIRECTLY, THE**
22 **RECEIPTS OR PROCEEDS OF ANY GAMING ACTIVITIES, INCLUDING HORSE**
23 **RACING OR LOTTERY; AND**

24 **(IV) HAVE A BENEFICIAL INTEREST IN ANY CONTRACT FOR**
25 **THE MANUFACTURE OR SALE OF GAMING DEVICES, THE CONDUCT OF ANY**
26 **GAMING ACTIVITY, OR THE PROVISION OF ANY INDEPENDENT CONSULTING**
27 **SERVICES IN CONNECTION WITH ANY GAMING ESTABLISHMENT OR GAMBLING**
28 **ACTIVITY.**

29 **(3) NOT MORE THAN SIX MEMBERS MAY BE OF THE SAME**
30 **POLITICAL PARTY.**

1 **(C) (1) THE MEMBERS OF THE COMMISSION SHALL BE**
2 **KNOWLEDGEABLE AND EXPERIENCED IN FISCAL MATTERS.**

3 **(2) THE COMMISSION SHALL INCLUDE:**

4 **(I) ONE MEMBER WITH SUBSTANTIAL EXPERIENCE IN LAW**
5 **ENFORCEMENT;**

6 **(II) ONE MEMBER WITH SUBSTANTIAL EXPERIENCE IN A**
7 **FIELD RELATING TO FINANCE, ECONOMICS, OR INVESTMENTS;**

8 **(III) ONE MEMBER WHO IS A CERTIFIED PUBLIC**
9 **ACCOUNTANT WITH SUBSTANTIAL EXPERIENCE IN ACCOUNTING; AND**

10 **(IV) ONE MEMBER WITH SUBSTANTIAL EXPERIENCE IN A**
11 **FIELD OF INFORMATION TECHNOLOGY.**

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

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

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

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

19 **(E) FOR A PERIOD OF 3 YEARS AFTER A MEMBER HAS SERVED ON THE**
20 **COMMISSION, THAT MEMBER MAY NOT BE EMPLOYED BY A VIDEO SLOT**
21 **MACHINE OPERATION LICENSEE OR ENTER INTO A FINANCIAL RELATIONSHIP**
22 **WITH A VIDEO SLOT MACHINE OPERATION LICENSEE.**

23 **[(d)] (F) (1) Subject to the hearing requirements of this subsection, the**
24 **Governor may remove a member for cause.**

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

27 **SUBTITLE 1A. VIDEO SLOT MACHINES.**

28 **9-1A-01.**

29 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
30 **INDICATED.**

1 **(B) “APPLICANT” MEANS A PERSON WHO APPLIES FOR OR BIDS ON ANY**
2 **LICENSE REQUIRED UNDER THIS SUBTITLE.**

3 **(C) “ASSOCIATED EQUIPMENT” MEANS HARDWARE LOCATED ON A**
4 **LICENSEE’S PREMISES THAT IS CONNECTED TO THE CENTRAL COMPUTER FOR**
5 **THE PURPOSE OF PERFORMING COMMUNICATION, VALIDATION, OR OTHER**
6 **FUNCTIONS, BUT NOT INCLUDING THE COMMUNICATION FACILITIES OF A**
7 **REGULATED UTILITY OR THE VIDEO SLOT MACHINES.**

8 **(D) “AVERAGE ANNUAL PAYOUT PERCENTAGE” MEANS THE AVERAGE**
9 **ANNUAL PERCENTAGE OF MONEY USED BY PLAYERS TO PLAY A VIDEO SLOT**
10 **MACHINE THAT IS RETURNED TO PLAYERS OF THAT VIDEO SLOT MACHINE.**

11 **(E) “BACKGROUND INVESTIGATION” MEANS A SECURITY, CRIMINAL,**
12 **AND CREDIT INVESTIGATION OF A PERSON THAT APPLIES FOR OR IS GRANTED A**
13 **LICENSE UNDER THIS SUBTITLE.**

14 **(F) “CAREER OFFENDER” MEANS A PERSON WHOSE BEHAVIOR IS**
15 **PURSUED IN AN OCCUPATIONAL MANNER OR CONTEXT FOR THE PURPOSE OF**
16 **ECONOMIC GAIN AND WHO UTILIZES METHODS THAT ARE DEEMED BY THE**
17 **COMMISSION AS CRIMINAL VIOLATIONS INIMICAL TO THE INTEREST OF THE**
18 **STATE.**

19 **(G) “CAREER OFFENDER CARTEL” MEANS A GROUP OF PERSONS WHO**
20 **OPERATE TOGETHER AS CAREER OFFENDERS.**

21 **(H) “CENTRAL COMPUTER” MEANS A CENTRAL SITE COMPUTER**
22 **PROVIDED TO AND CONTROLLED BY THE COMMISSION TO WHICH VIDEO SLOT**
23 **MACHINES COMMUNICATE FOR PURPOSES OF:**

24 **(1) INFORMATION RETRIEVAL;**

25 **(2) RETRIEVAL OF THE WIN AND LOSS DETERMINATION FROM**
26 **VIDEO SLOT MACHINES; AND**

27 **(3) PROGRAMS TO ACTIVATE AND DISABLE VIDEO SLOT**
28 **MACHINES.**

29 **(I) “COMMISSION” MEANS THE STATE GAMING COMMISSION.**

30 **(J) “CONTROL” MEANS THE AUTHORITY TO DIRECT THE MANAGEMENT**
31 **AND POLICIES OF AN APPLICANT OR LICENSEE.**

1 **(K) “COSTS” MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE**
2 **EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS**
3 **SUBTITLE, INCLUDING:**

4 **(1) THE COSTS OF LEASING OR THE CAPITALIZED COST OF**
5 **PURCHASING THE CENTRAL COMPUTER;**

6 **(2) THE COSTS TO REPAIR AND MAINTAIN THE CENTRAL**
7 **COMPUTER, TO THE EXTENT THESE COSTS ARE NOT INCLUDED IN THE COSTS OF**
8 **LEASING OR PURCHASING THE CENTRAL COMPUTER;**

9 **(3) THE COSTS OF TESTING AND EXAMINING OF VIDEO SLOT**
10 **MACHINES; AND**

11 **(4) THE COSTS OF PERFORMING BACKGROUND INVESTIGATIONS**
12 **AND OTHER RELATED ACTIVITIES.**

13 **(L) “FAMILY” MEANS SPOUSE, PARENTS, GRANDPARENTS, CHILDREN,**
14 **GRANDCHILDREN, SIBLINGS, UNCLES, AUNTS, NEPHEWS, NIECES,**
15 **FATHERS-IN-LAW, MOTHERS-IN-LAW, DAUGHTERS-IN-LAW, SONS-IN-LAW,**
16 **BROTHERS-IN-LAW, AND SISTERS-IN-LAW, WHETHER BY WHOLE BLOOD OR**
17 **HALF BLOOD, BY MARRIAGE, ADOPTION, OR NATURAL RELATIONSHIP.**

18 **(M) “LICENSE” MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, A**
19 **LICENSE REQUIRED UNDER THIS SUBTITLE.**

20 **(N) “LICENSEE” MEANS AN APPLICANT THAT HAS BEEN ISSUED A**
21 **LICENSE REQUIRED UNDER THIS SUBTITLE.**

22 **(O) “MANUFACTURER” MEANS A PERSON:**

23 **(1) THAT IS ENGAGED IN THE BUSINESS OF DESIGNING,**
24 **BUILDING, CONSTRUCTING, ASSEMBLING, MANUFACTURING, OR DISTRIBUTING**
25 **A CENTRAL COMPUTER, A CENTRAL COMPUTER SOFTWARE SYSTEM, VIDEO SLOT**
26 **MACHINES, ASSOCIATED EQUIPMENT, THE ELECTRONIC COMPUTER**
27 **COMPONENTS OF VIDEO SLOT MACHINES, THE RANDOM NUMBER GENERATOR**
28 **OF VIDEO SLOT MACHINES, OR THE CABINET IN WHICH A VIDEO SLOT MACHINE**
29 **IS HOUSED;**

30 **(2) THAT PRODUCES A PRODUCT THAT IS INTENDED FOR SALE,**
31 **LEASE, OR OTHER ASSIGNMENT TO THE COMMISSION OR A VIDEO SLOT**
32 **MACHINE OPERATION LICENSEE; AND**

1 **(3) THAT CONTRACTS WITH THE COMMISSION OR A VIDEO SLOT**
2 **MACHINE OPERATION LICENSEE FOR THE SALE, LEASE, OR OTHER ASSIGNMENT**
3 **OF A PRODUCT DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION.**

4 **(P) “NONRACETRACK DESTINATION LOCATION” MEANS A LOCATION**
5 **THAT IS NOT A RACETRACK THAT IS ELIGIBLE FOR OR HAS BEEN AWARDED IN**
6 **THE MANNER PROVIDED BY LAW A VIDEO SLOT MACHINE OPERATION LICENSE.**

7 **(Q) “OWN” MEANS HAVING A BENEFICIAL OR PROPRIETARY INTEREST**
8 **OF AT LEAST 10% IN THE PROPERTY OR BUSINESS OF AN APPLICANT OR**
9 **LICENSEE.**

10 **(R) “PLAYER” MEANS AN INDIVIDUAL WHO PLAYS A VIDEO SLOT**
11 **MACHINE AT A VIDEO SLOT MACHINE GAMING FACILITY LICENSED BY THE**
12 **COMMISSION.**

13 **(S) “PROCEEDS” MEANS THE PART OF THE AMOUNT OF MONEY BET**
14 **THROUGH VIDEO SLOT MACHINES THAT IS NOT RETURNED TO SUCCESSFUL**
15 **PLAYERS, BUT IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.**

16 **(T) “PROGRESSIVE JACKPOT” MEANS A PRIZE THAT INCREASES AS ONE**
17 **OR MORE VIDEO SLOT MACHINES ARE CONNECTED TO A PROGRESSIVE JACKPOT**
18 **SYSTEM.**

19 **(U) “PROGRESSIVE JACKPOT SYSTEM” MEANS THE CAPABILITY OF THE**
20 **CENTRAL COMPUTER TO LINK ONE OR MORE VIDEO SLOT MACHINES IN ONE OR**
21 **MORE LICENSED FACILITIES AND TO OFFER ONE OR MORE PROGRESSIVE**
22 **JACKPOTS.**

23 **(V) “RACETRACK LOCATION” MEANS A LOCATION AT A RACETRACK**
24 **THAT HOLDS A LICENSE FROM THE STATE RACING COMMISSION TO HOLD A**
25 **RACE MEETING THAT IS ELIGIBLE FOR OR HAS BEEN AWARDED A VIDEO SLOT**
26 **MACHINE OPERATION LICENSE IN THE MANNER PROVIDED BY LAW.**

27 **(W) “VIDEO SLOT MACHINE” MEANS ANY MACHINE OR OTHER DEVICE**
28 **THAT, ON INSERTION OF A BILL, COIN, TOKEN, VOUCHER, TICKET, COUPON,**
29 **CREDIT OR DEBIT CARD, OR SIMILAR ITEM, OR ON PAYMENT OF ANY**
30 **CONSIDERATION:**

31 **(1) IS AVAILABLE TO PLAY OR SIMULATE THE PLAY OF ANY GAME**
32 **OF CHANCE IN WHICH THE RESULTS, INCLUDING THE OPTIONS AVAILABLE TO**
33 **THE PLAYER, ARE RANDOMLY AND IMMEDIATELY DETERMINED BY THE**
34 **MACHINE OR OTHER DEVICE; AND**

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

6 (3) "VIDEO SLOT MACHINE" DOES NOT INCLUDE AN AUTHORIZED
7 SLOT MACHINE OPERATED BY AN ELIGIBLE ORGANIZATION UNDER TITLE 12,
8 SUBTITLE 3 OF THE CRIMINAL LAW ARTICLE.

9 (X) "VIDEO SLOT MACHINE GAMING" MEANS GAMING OR BETTING THAT
10 IS CONDUCTED USING A VIDEO SLOT MACHINE.

11 (Y) "VIDEO SLOT MACHINE GAMING EMPLOYEE" MEANS AN EMPLOYEE
12 OF A PERSON THAT HOLDS A LICENSE.

13 (Z) "VIDEO SLOT MACHINE GAMING FACILITY" MEANS A FACILITY
14 WHERE PLAYERS PLAY VIDEO SLOT MACHINES UNDER THIS SUBTITLE.

15 (AA) "VIDEO SLOT MACHINE OPERATION LICENSE" MEANS A LICENSE
16 ISSUED TO A PERSON THAT ALLOWS PLAYERS TO OPERATE VIDEO SLOT
17 MACHINES.

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
21 SLOT MACHINES IN ACCORDANCE WITH THIS SUBTITLE.

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

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

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

29 (I) CONTINUOUSLY MONITORING, RETRIEVING, AND
30 AUDITING THE OPERATIONS, FINANCIAL DATA, AND PROGRAM INFORMATION OF
31 ALL VIDEO SLOT MACHINES;

1 (II) ALLOWING THE COMMISSION TO ACCOUNT FOR ALL
2 MONEY INSERTED IN AND PAYOUTS MADE FROM ANY VIDEO SLOT MACHINE;

3 (III) DISABLING FROM OPERATION OR PLAY ANY VIDEO SLOT
4 MACHINE AS THE COMMISSION CONSIDERS NECESSARY TO CARRY OUT THE
5 PROVISIONS OF THIS SUBTITLE; AND

6 (IV) SUPPORTING A PROGRESSIVE JACKPOT SYSTEM
7 CAPABLE OF OPERATING ONE OR MORE PROGRESSIVE JACKPOTS.

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

12 (II) ONLY IF THE ACCESS DOES NOT IN ANY WAY AFFECT
13 THE INTEGRITY OR SECURITY OF THE CENTRAL COMPUTER, THE COMMISSION
14 MAY ALLOW A VIDEO SLOT MACHINE OPERATION LICENSEE TO HAVE ACCESS TO
15 INFORMATION FROM THE CENTRAL COMPUTER THAT ALLOWS THE LICENSEE TO
16 OPERATE A PLAYER TRACKING SYSTEM OR OBTAIN OTHER INFORMATION
17 PERTINENT TO THE LEGITIMATE OPERATION OF A VIDEO SLOT MACHINE
18 GAMING FACILITY.

19 (D) ONLY A PERSON WITH A VIDEO SLOT MACHINE OPERATION
20 LICENSE ISSUED BY THE COMMISSION MAY OFFER A VIDEO SLOT MACHINE FOR
21 PUBLIC USE IN THE STATE UNDER THIS SUBTITLE.

22 **9-1A-03.**

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

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

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

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

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

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

3 **9-1A-04.**

4 (A) THE COMMISSION SHALL:

5 (1) HEAR AND DECIDE, PROMPTLY AND IN REASONABLE ORDER,
6 LICENSE APPLICATIONS AND BIDS AND CAUSES AFFECTING THE GRANTING,
7 SUSPENSION, REVOCATION, OR RENEWAL OF LICENSES UNDER THIS SUBTITLE;

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

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

13 (4) COLLECT APPLICATION, LICENSE, AND OTHER FEES TO COVER
14 THE ADMINISTRATIVE COSTS OF THIS SUBTITLE;

15 (5) DEPOSIT APPLICATION, LICENSE, AND OTHER FEES IN A BANK
16 ACCOUNT THAT THE TREASURER DESIGNATES TO THE CREDIT OF THE STATE
17 LOTTERY FUND;

18 (6) LEVY AND COLLECT CIVIL PENALTIES FOR CIVIL VIOLATIONS
19 OF THE PROVISIONS OF THIS SUBTITLE OR REGULATIONS ISSUED UNDER THIS
20 SUBTITLE;

21 (7) BE PRESENT AT A VIDEO SLOT MACHINE OPERATION
22 THROUGH ITS EMPLOYEES AND AGENTS AT ANY TIME DURING THE OPERATION
23 OF ANY VIDEO SLOT MACHINE FOR THE PURPOSE OF:

24 (I) CERTIFYING REVENUE FROM THE VIDEO SLOT
25 MACHINES;

26 (II) RECEIVING COMPLAINTS FROM THE PUBLIC; AND

27 (III) CONDUCTING INVESTIGATIONS INTO THE OPERATION
28 AND MAINTENANCE OF THE VIDEO SLOT MACHINES AND ASSOCIATED
29 EQUIPMENT AS THE COMMISSION CONSIDERS NECESSARY; AND

1 **(8) REVIEW AND RULE ON ANY COMPLAINT BY A LICENSEE**
2 **REGARDING ANY INVESTIGATIVE PROCEDURES OF THE COMMISSION THAT ARE**
3 **UNNECESSARILY DISRUPTIVE OF VIDEO SLOT MACHINE OPERATIONS.**

4 **(B) THE COMMISSION MAY:**

5 **(1) ISSUE SUBPOENAS TO COMPEL THE ATTENDANCE OF**
6 **WITNESSES AT ANY PLACE WITHIN THE STATE IN THE COURSE OF ANY**
7 **INVESTIGATION OR HEARING UNDER THIS SUBTITLE;**

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

11 **(3) PROVIDE FOR NOTICES OR SERVICE OF PROCESS IN CIVIL**
12 **ACTIONS TO BE SERVED AS PRESCRIBED UNDER THE MARYLAND RULES; AND**

13 **(4) PROPOUND WRITTEN INTERROGATORIES.**

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

17 **(D) THE COMMISSION SHALL ADOPT REGULATIONS THAT INCLUDE THE**
18 **FOLLOWING SPECIFIC PROVISIONS:**

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

23 **(2) ESTABLISHING, IN CONSULTATION AND COLLABORATION**
24 **WITH THE DEPARTMENT OF STATE POLICE, THE METHODS, PROCEDURES, AND**
25 **FORM FOR DELIVERY OF INFORMATION FROM AN APPLICANT OR LICENSEE**
26 **CONCERNING ANY PERSON'S FAMILY, HABITS, CHARACTER, ASSOCIATES,**
27 **CRIMINAL RECORD, BUSINESS ACTIVITIES, AND FINANCIAL AFFAIRS;**

28 **(3) ESTABLISHING, IN CONSULTATION AND COLLABORATION**
29 **WITH THE DEPARTMENT OF STATE POLICE, THE PROCEDURES FOR:**

30 **(I) FINGERPRINTING AN APPLICANT FOR ANY LICENSE**
31 **REQUIRED UNDER THIS SUBTITLE AND DETERMINING WHETHER APPLICANTS**
32 **OR LICENSEES ARE ENGAGED IN CRIMINAL ACTIVITY; AND**

1 (II) PROVIDING OTHER METHODS OF IDENTIFICATION THAT
2 MAY BE NECESSARY IN THE JUDGMENT OF THE COMMISSION TO ACCOMPLISH
3 EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF THIS SUBTITLE;

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

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

8 (6) DEFINING AND LIMITING THE AREAS OF OPERATION FOR
9 VIDEO SLOT MACHINES, RULES OF VIDEO SLOT MACHINES, ODDS FOR VIDEO
10 SLOT MACHINES, AND THE METHOD OF OPERATION OF THE VIDEO SLOT
11 MACHINES;

12 (7) GOVERNING THE PRACTICE AND PROCEDURES FOR
13 NEGOTIABLE TRANSACTIONS INVOLVING PLAYERS, INCLUDING LIMITATIONS ON
14 THE CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE TRANSACTIONS AND THE
15 ESTABLISHMENT OF FORMS AND PROCEDURES FOR NEGOTIABLE INSTRUMENT
16 TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

17 (8) PRESCRIBING THE GROUNDS AND PROCEDURES FOR
18 REPRIMANDS OF LICENSEES OR THE REVOCATION OR SUSPENSION OF LICENSES
19 ISSUED UNDER THIS SUBTITLE;

20 (9) GOVERNING THE MANUFACTURE, DISTRIBUTION, SALE, AND
21 SERVICING OF VIDEO SLOT MACHINES;

22 (10) ESTABLISHING THE PROCEDURES, FORMS, AND METHODS OF
23 MANAGEMENT CONTROLS;

24 (11) PROVIDING FOR MINIMUM UNIFORM STANDARDS OF
25 ACCOUNTANCY METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO
26 ASSURE CONSISTENCY, COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL
27 FINANCIAL INFORMATION, INCLUDING PERCENTAGES OF PROFIT FOR VIDEO
28 SLOT MACHINES;

29 (12) ESTABLISHING PERIODIC FINANCIAL REPORTS AND THE
30 FORM OF THE REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A
31 CERTIFIED PUBLIC ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE,
32 DISCLOSING WHETHER THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES
33 EXAMINED ARE MAINTAINED BY THE VIDEO SLOT MACHINE OPERATION
34 LICENSEE AS REQUIRED BY THIS SUBTITLE;

1 **(13) REQUIRING LICENSEES UNDER THIS SUBTITLE TO**
2 **DEMONSTRATE AND MAINTAIN FINANCIAL VIABILITY;**

3 **(14) ENSURING THAT THE OPERATION OF VIDEO SLOT MACHINES**
4 **AND VIDEO SLOT MACHINE GAMING FACILITIES IS CONDUCTED LEGALLY; AND**

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

7 **(E) (1) THE COMMISSION SHALL BY REGULATION REQUIRE AN**
8 **APPLICANT OR LICENSEE TO FILE A BOND FOR THE BENEFIT OF THE STATE FOR**
9 **THE FAITHFUL PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS**
10 **SUBTITLE AND ANY REGULATIONS ISSUED UNDER THIS SUBTITLE.**

11 **(2) AN APPLICANT OR LICENSEE SHALL OBTAIN AND SUBMIT**
12 **SATISFACTORY PROOF OF THE BOND TO THE COMMISSION BEFORE A LICENSE**
13 **IS ISSUED OR REISSUED.**

14 **(3) THE BONDS FURNISHED MAY BE APPLIED BY THE**
15 **COMMISSION TO THE PAYMENT OF AN UNPAID LIABILITY OF THE LICENSEE.**

16 **(F) (1) THE COMMISSION SHALL PROMPTLY AND THOROUGHLY**
17 **INVESTIGATE ALL APPLICATIONS AND ENFORCE THIS SUBTITLE AND**
18 **REGULATIONS THAT ARE ADOPTED UNDER THIS SUBTITLE.**

19 **(2) THE COMMISSION AND ITS EMPLOYEES AND AGENTS SHALL**
20 **HAVE THE AUTHORITY, WITHOUT NOTICE BUT WITH A JUDICIALLY AUTHORIZED**
21 **WARRANT, TO:**

22 **(I) INSPECT AND EXAMINE ALL PREMISES IN WHICH:**

23 **1. VIDEO SLOT MACHINE OPERATIONS UNDER THIS**
24 **SUBTITLE ARE CONDUCTED;**

25 **2. AUTHORIZED VIDEO SLOT MACHINES OR**
26 **ASSOCIATED EQUIPMENT ARE DESIGNED, BUILT, CONSTRUCTED, ASSEMBLED,**
27 **MANUFACTURED, SOLD, DISTRIBUTED, OR SERVICED; OR**

28 **3. RECORDS OF THOSE ACTIVITIES ARE PREPARED**
29 **OR MAINTAINED;**

30 **(II) INSPECT ANY VIDEO SLOT MACHINES OR ASSOCIATED**
31 **EQUIPMENT IN, ABOUT, ON, OR AROUND THE PREMISES;**

1 (III) SEIZE SUMMARILY AND REMOVE FROM THOSE
2 PREMISES AND IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO SLOT
3 MACHINES OR ASSOCIATED EQUIPMENT FOR THE PURPOSES OF EXAMINING AND
4 INSPECTION;

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

9 (V) SEIZE, IMPOUND, OR ASSUME PHYSICAL CONTROL OF:

10 1. BOOKS, RECORDS, LEDGERS, CASH BOXES AND
11 THEIR CONTENTS;

12 2. A COUNTING ROOM OR ITS EQUIPMENT; OR

13 3. OTHER PHYSICAL OBJECTS RELATING TO VIDEO
14 SLOT MACHINE OPERATIONS.

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

18 **9-1A-05.**

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

21 (1) A VIDEO SLOT MACHINE GAMING FACILITY OPERATOR;

22 (2) A MANUFACTURER;

23 (3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS
24 SUBSECTION WHO MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR,
25 OR PROVIDES SERVICE, MAINTENANCE, OR REPAIRS FOR VIDEO SLOT
26 MACHINES; AND

27 (4) A VIDEO SLOT MACHINE GAMING EMPLOYEE.

28 (B) BY REGULATION, THE COMMISSION MAY REQUIRE A PERSON THAT
29 CONTRACTS WITH A LICENSEE AND THE PERSON'S EMPLOYEES TO OBTAIN A
30 LICENSE UNDER THIS SUBTITLE IF THE COMMISSION DETERMINES THAT THE
31 LICENSING REQUIREMENTS ARE NECESSARY IN ORDER TO PROTECT THE

1 PUBLIC INTEREST AND ACCOMPLISH THE POLICIES ESTABLISHED BY THIS
2 SUBTITLE.

3 **9-1A-06.**

4 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
5 UNLESS AN INDIVIDUAL HOLDS A VALID LICENSE ISSUED UNDER THIS
6 SUBTITLE, THE INDIVIDUAL MAY NOT BE EMPLOYED BY A LICENSEE AS A VIDEO
7 SLOT MACHINE FACILITY EMPLOYEE.

8 (B) BY REGULATION, THE COMMISSION MAY EXEMPT CATEGORIES OF
9 VIDEO SLOT MACHINE GAMING EMPLOYEES WHO ARE NOT DIRECTLY INVOLVED
10 IN THE VIDEO SLOT MACHINE OPERATIONS FROM THE REQUIREMENT UNDER
11 SUBSECTION (A) OF THIS SECTION IF THE COMMISSION DETERMINES THAT THE
12 REQUIREMENT IS NOT NECESSARY IN ORDER TO PROTECT THE PUBLIC
13 INTEREST OR ACCOMPLISH THE POLICIES ESTABLISHED UNDER THIS SUBTITLE.

14 (C) BEFORE ISSUANCE OF A VIDEO SLOT MACHINE GAMING EMPLOYEE
15 LICENSE, AN APPLICANT SHALL PROVIDE SUFFICIENT INFORMATION,
16 DOCUMENTATION, AND ASSURANCES THAT THE COMMISSION MAY REQUIRE.

17 (D) BY REGULATION, THE COMMISSION SHALL ESTABLISH STANDARDS
18 AND QUALIFICATIONS FOR VIDEO SLOT MACHINE GAMING EMPLOYEES.

19 (E) THE COMMISSION SHALL DENY A VIDEO SLOT MACHINE GAMING
20 EMPLOYEE LICENSE TO AN APPLICANT WHO DOES NOT MEET THE STANDARDS
21 AND QUALIFICATIONS ESTABLISHED BY THE COMMISSION UNDER SUBSECTION
22 (C) OF THIS SECTION.

23 **9-1A-07.**

24 (A) UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER'S
25 LICENSE ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A
26 LICENSEE OR THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO
27 SLOT MACHINE, ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR
28 SERVICES THAT DIRECTLY RELATE TO THE OPERATION OF VIDEO SLOT
29 MACHINES UNDER THIS SUBTITLE.

30 (B) BY REGULATION, THE COMMISSION SHALL ESTABLISH:

31 (1) STANDARDS AND QUALIFICATIONS FOR MANUFACTURERS AS
32 A CONDITION OF LICENSURE BY THE COMMISSION;

1 (2) A LIST OF APPROVED CENTRAL COMPUTERS THAT MAY BE
2 PURCHASED OR LEASED BY THE COMMISSION; AND

3 (3) A LIST OF APPROVED VIDEO SLOT MACHINES AND
4 ASSOCIATED EQUIPMENT THAT MAY BE PURCHASED OR LEASED BY A VIDEO
5 SLOT MACHINE OPERATION LICENSEE.

6 **9-1A-08.**

7 (A) (1) THIS SUBSECTION DOES NOT APPLY TO LICENSE FEES FOR A
8 VIDEO SLOT MACHINE OPERATION LICENSE.

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

11 (3) AN APPLICANT SHALL SUBMIT THE LICENSE FEE WITH THE
12 APPLICATION.

13 (B) AN APPLICANT FOR A LICENSE SHALL SUBMIT TO THE COMMISSION
14 AN APPLICATION:

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

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

17 (C) (1) APPLICANTS AND LICENSEES SHALL HAVE THE AFFIRMATIVE
18 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
19 QUALIFICATIONS OF THE APPLICANTS AND LICENSEES.

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

23 (3) APPLICANTS AND LICENSEES SHALL CONSENT TO
24 INSPECTIONS, SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBTITLE OR
25 REGULATIONS ISSUED UNDER THIS SUBTITLE.

26 (4) (I) APPLICANTS AND LICENSEES SHALL HAVE THE
27 CONTINUING DUTY TO:

28 1. PROVIDE ASSISTANCE OR INFORMATION
29 REQUIRED BY THE COMMISSION; AND

1 **2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR**
2 **HEARING CONDUCTED BY THE COMMISSION.**

3 **(II) ON THE ISSUANCE OF A FORMAL REQUEST TO ANSWER**
4 **OR PRODUCE INFORMATION, EVIDENCE, OR TESTIMONY, IF AN APPLICANT OR**
5 **LICENSEE REFUSES TO COMPLY, THE APPLICATION MAY BE DENIED OR THE**
6 **LICENSE OF THE PERSON MAY BE DENIED, SUSPENDED, OR REVOKED BY THE**
7 **COMMISSION.**

8 **(D) BY REGULATION, THE COMMISSION SHALL:**

9 **(1) IDENTIFY THE ACTS OR OMISSIONS THAT, IF COMMITTED BY**
10 **APPLICANTS AND LICENSEES IN VIOLATION OF THIS SUBTITLE OR ANY**
11 **REGULATIONS ADOPTED UNDER THIS SUBTITLE BY THE COMMISSION, MUST BE**
12 **REPORTED BY THE APPLICANTS AND LICENSEES TO THE COMMISSION;**

13 **(2) PROHIBIT APPLICANTS AND LICENSEES FROM**
14 **DISCRIMINATING AGAINST A PERSON WHO IN GOOD FAITH INFORMS THE**
15 **COMMISSION OF AN ACT OR OMISSION THAT THE PERSON BELIEVES**
16 **CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ADOPTED**
17 **UNDER THIS SUBTITLE; AND**

18 **(3) IDENTIFY THE KINDS OF DOCUMENTATION AND ASSURANCES**
19 **THAT APPLICANTS AND LICENSEES MUST PRODUCE TO ESTABLISH BY CLEAR**
20 **AND CONVINCING EVIDENCE OF:**

21 **(I) THE APPLICANT'S OR LICENSEE'S FINANCIAL**
22 **STABILITY, INTEGRITY, RESPONSIBILITY, BUSINESS ABILITY, AND EXPERIENCE;**
23 **AND**

24 **(II) THE APPLICANT'S OR LICENSEE'S GOOD CHARACTER,**
25 **HONESTY, AND INTEGRITY.**

26 **(E) (1) THE COMMISSION MAY EITHER GRANT A LICENSE TO AN**
27 **APPLICANT WHOM THE COMMISSION DETERMINES TO BE QUALIFIED OR DENY**
28 **THE LICENSE TO AN APPLICANT WHOM THE COMMISSION DETERMINES TO BE**
29 **NOT QUALIFIED OR DISQUALIFIED.**

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

1 **(F) EXCEPT AS TO A VIDEO SLOT MACHINE OPERATION LICENSE, IF THE**
2 **COMMISSION IS SATISFIED THAT AN APPLICANT IS QUALIFIED TO RECEIVE A**
3 **LICENSE, AND ON TENDER OF ALL REQUIRED APPLICATION, LICENSE, AND**
4 **OTHER FEES AND TAXES, AND ANY BOND REQUIRED UNDER § 9-1A-04(E) OF**
5 **THIS SUBTITLE, THE COMMISSION SHALL ISSUE A LICENSE FOR A TERM OF 1**
6 **YEAR.**

7 **(G) AN INDIVIDUAL MAY NOT KNOWINGLY GIVE FALSE INFORMATION**
8 **OR MAKE A MATERIAL MISSTATEMENT IN AN APPLICATION REQUIRED FOR ANY**
9 **LICENSE UNDER THIS SUBTITLE OR IN ANY SUPPLEMENTAL INFORMATION**
10 **REQUIRED BY THE COMMISSION.**

11 **(H) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT,**
12 **REPRIMAND OR FINE A LICENSEE, OR SUSPEND OR REVOKE A LICENSE FOR A**
13 **VIOLATION OF:**

14 **(1) THIS SUBTITLE;**

15 **(2) A REGULATION ADOPTED UNDER THIS SUBTITLE; OR**

16 **(3) A CONDITION THAT THE COMMISSION SETS.**

17 **(I) (1) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (H) OF THIS**
18 **SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000.**

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

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

24 **(I) THE SERIOUSNESS OF THE VIOLATION;**

25 **(II) THE HARM CAUSED BY THE VIOLATION; AND**

26 **(III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE**
27 **PERSON WHO COMMITTED THE VIOLATION.**

28 **(J) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SUBTITLE,**
29 **NOTHING CONTAINED IN THIS SUBTITLE ABROGATES OR LIMITS THE CRIMINAL**
30 **LAWS OF THE STATE OR LIMITS THE AUTHORITY OF THE GENERAL ASSEMBLY**
31 **TO ENACT STATUTES ESTABLISHING CRIMINAL OFFENSES AND PENALTIES**
32 **RELATING TO VIDEO SLOT MACHINE OPERATIONS.**

1 **9-1A-09.**

2 (A) (1) IN ADDITION TO OTHER INFORMATION REQUIRED BY THIS
3 SUBTITLE, THE COMMISSION, BY REGULATION, SHALL ESTABLISH THE KINDS OF
4 INFORMATION A BUSINESS ENTITY THAT BIDS FOR A VIDEO SLOT MACHINE
5 OPERATION LICENSE MUST PROVIDE.

6 (2) THE REGULATIONS SHALL REQUIRE AT A MINIMUM THAT THE
7 APPLICANT SHALL PROVIDE:

8 (I) DOCUMENTATION AS TO THE NATURE OF THE
9 APPLICANT'S BUSINESS ENTITY, ITS FINANCIAL STRUCTURE, AND A
10 DESCRIPTION OF ALL BUSINESSES OPERATED BY THE BUSINESS ENTITY; AND

11 (II) CERTIFIED COPIES OF STATEMENTS OF THE THREE
12 MOST RECENT AUDITS OF THE APPLICANT'S BUSINESS ENTITY.

13 (B) IF A BUSINESS ENTITY THAT BIDS FOR A VIDEO SLOT MACHINE
14 OPERATION LICENSE IS A SUBSIDIARY OF A COMPANY, OR IF A BUSINESS
15 ENTITY HOLDING A VIDEO SLOT MACHINE OPERATION LICENSE IS TO BECOME A
16 SUBSIDIARY OF A COMPANY, EACH HOLDING COMPANY AND EACH
17 INTERMEDIARY COMPANY WITH RESPECT TO THE BUSINESS ENTITY SHALL, AS A
18 CONDITION OF THE SUBSIDIARY OF THE COMPANY ACQUIRING OR RETAINING A
19 VIDEO SLOT MACHINE OPERATION LICENSE:

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

21 (2) FURNISH THE COMMISSION WITH THE INFORMATION
22 REQUIRED UNDER SUBSECTION (A) OF THIS SECTION AND OTHER INFORMATION
23 THAT THE COMMISSION MAY REQUIRE.

24 **9-1A-10.**

25 IF A VIDEO SLOT MACHINE OPERATION LICENSEE CONTRACTS WITH
26 ANOTHER PERSON, OTHER THAN AN EMPLOYEE OF THE VIDEO SLOT MACHINE
27 OPERATION LICENSEE, TO PROVIDE ANY OF THE SERVICES RELATED TO
28 OPERATING A VIDEO LOTTERY FACILITY, EACH PERSON AND EACH OTHER
29 PERSON WHO OWNS OR CONTROLS THE PERSON OR MANAGEMENT AND
30 SUPERVISORY PERSONNEL AND OTHER PRINCIPAL EMPLOYEES OF THE PERSON
31 SHALL QUALIFY UNDER THE STANDARDS AND PROVISIONS SET FORTH IN THIS
32 SUBTITLE FOR VIDEO SLOT MACHINE OPERATION LICENSEES.

33 **9-1A-11.**

1 **SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR**
2 **SUSPEND A LICENSE AND, EXCEPT FOR A VIDEO SLOT MACHINE OPERATION**
3 **LICENSE, A LICENSE IN FORCE MAY BE RENEWED BY THE COMMISSION FOR THE**
4 **NEXT SUCCEEDING LICENSE PERIOD ON:**

5 **(1) PROPER APPLICATION FOR RENEWAL; AND**

6 **(2) PAYMENT OF ALL REQUIRED APPLICATION, LICENSE, AND**
7 **OTHER FEES AND TAXES.**

8 **9-1A-12.**

9 **(A) THE CENTRAL COMPUTER SHALL BE:**

10 **(1) OWNED OR LEASED BY THE COMMISSION; AND**

11 **(2) UNDER THE CONTROL OF THE COMMISSION.**

12 **(B) THE VIDEO SLOT MACHINES AND ASSOCIATED EQUIPMENT SHALL**
13 **BE OWNED OR LEASED BY VIDEO SLOT MACHINE OPERATION LICENSEES.**

14 **9-1A-13.**

15 **(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
16 **SUBSECTION, A VIDEO SLOT MACHINE SHALL HAVE AN AVERAGE ANNUAL**
17 **PAYOUT PERCENTAGE OF 90%.**

18 **(2) THE COMMISSION MAY BY REGULATION ESTABLISH AN**
19 **AVERAGE ANNUAL PAYOUT PERCENTAGE OF MORE THAN 90% BUT NOT MORE**
20 **THAN 95% FOR VIDEO SLOT MACHINES.**

21 **(B) A VIDEO SLOT MACHINE GAMING FACILITY MAY OPERATE DAILY**
22 **FROM 8 A.M. TO 2 A.M.**

23 **9-1A-14.**

24 **(A) BY REGULATION, THE COMMISSION SHALL ESTABLISH**
25 **RESTRICTIONS, PROHIBITIONS, AND OTHER APPROPRIATE PROVISIONS THAT**
26 **VIDEO SLOT MACHINE OPERATION LICENSEES MUST COMPLY WITH AS A**
27 **CONDITION OF LICENSURE AS TO:**

1 (1) THE ADMISSION OF OR ALLOWING TO REMAIN ON OR NEAR
2 THE PREMISES OF A VIDEO SLOT MACHINE GAMING FACILITY ANY INDIVIDUAL
3 WHO IS:

4 (I) UNDER THE INFLUENCE OR IMPAIRED BECAUSE OF
5 ALCOHOLIC BEVERAGES, DRUGS, OR OTHER SUBSTANCES; OR

6 (II) UNDER THE AGE OF 21;

7 (2) A LIST OF INDIVIDUALS WHO ARE TO BE MANDATORILY
8 EXCLUDED OR EJECTED FROM A VIDEO SLOT MACHINE GAMING FACILITY THAT
9 SHALL INCLUDE CAREER OFFENDERS AND INDIVIDUALS WHO HAVE BEEN
10 CONVICTED OF A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE OR A
11 GAMBLING OFFENSE; AND

12 (3) A LIST OF SANCTIONS THAT THE COMMISSION MAY IMPOSE ON
13 A VIDEO SLOT MACHINE OPERATION LICENSEE FOR FAILURE TO COMPLY WITH
14 THE REQUIREMENTS FOR THE EJECTION OR EXCLUSION OF INDIVIDUALS FROM
15 THE VIDEO SLOT MACHINE GAMING FACILITY.

16 (B) BY REGULATION, THE COMMISSION SHALL ADOPT REASONABLE
17 AND EFFECTIVE MEASURES THAT ARE INTENDED TO REDUCE OR MITIGATE THE
18 EFFECTS OF COMPULSIVE OR PROBLEM GAMBLING.

19 **9-1A-15.**

20 (A) ALL PROCEEDS FROM THE OPERATION OF VIDEO SLOT MACHINES
21 SHALL BE ELECTRONICALLY TRANSFERRED DAILY INTO THE STATE LOTTERY
22 FUND ESTABLISHED UNDER SUBTITLE 3 OF THIS TITLE AND DISTRIBUTED AS
23 PROVIDED IN THIS SUBTITLE.

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

26 (2) THE PROCEEDS FROM VIDEO SLOT MACHINES SHALL BE
27 UNDER THE CONTROL OF THE COMPTROLLER AND SHALL BE DISTRIBUTED AS
28 PROVIDED IN THIS SUBTITLE.

29 **9-1A-16.**

30 (A) THE COMPTROLLER SHALL PAY FROM THE PROCEEDS OF VIDEO
31 SLOT MACHINE GAMING ACTIVITY:

1 (1) 4% TO THE ADMINISTRATIVE FUND ESTABLISHED UNDER §
2 9-1A-19 OF THIS SUBTITLE;

3 (2) 46% TO THE EDUCATION TRUST FUND ESTABLISHED UNDER
4 § 9-1A-18 OF THIS SUBTITLE;

5 (3) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
6 COMMISSION, AN AMOUNT NOT TO EXCEED THE PERCENTAGE OF THE GROSS
7 PROCEEDS THE VIDEO SLOT MACHINE OPERATION LICENSEE AGREED TO KEEP
8 OR HOLD IN THE BID FOR THE VIDEO SLOT MACHINE OPERATION LICENSE THAT
9 HAD BEEN SUBMITTED BY THE LICENSEE UNDER THIS SUBTITLE;

10 (4) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
11 COMMISSION, 4.5% IN LOCAL DEVELOPMENT GRANTS, AS REQUIRED UNDER §
12 9-1A-20 OF THIS SUBTITLE, TO THE COUNTY IN WHICH A VIDEO SLOT MACHINE
13 GAMING FACILITY IS LOCATED;

14 (5) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
15 COMMISSION, 6% TO THE PURSE DEDICATION ACCOUNT ESTABLISHED UNDER
16 § 9-1A-17 OF THIS SUBTITLE, NOT TO EXCEED \$75,000,000 ANNUALLY; AND

17 (6) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
18 COMMISSION, 0.5% TO THE COMPULSIVE GAMBLING FUND ESTABLISHED
19 UNDER § 9-1A-21 OF THIS SUBTITLE.

20 (B) ANY PROCEEDS OF VIDEO SLOT MACHINE GAMING ACTIVITY THAT
21 REMAINS UNDISTRIBUTED SHALL REVERT TO THE GENERAL FUND OF THE
22 STATE.

23 9-1A-17.

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

26 (B) (1) THE ACCOUNT SHALL RECEIVE MONEY AS REQUIRED UNDER
27 § 9-1A-16(5) OF THIS SUBTITLE.

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

31 (3) THE COMPTROLLER SHALL:

32 (I) ACCOUNT FOR THE ACCOUNT; AND

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

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

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

9 **(C) SUBJECT TO THE PROVISIONS OF SUBSECTION (D) OF THIS**
10 **SECTION, FROM THE FUNDS IN THE ACCOUNT, THE STATE RACING**
11 **COMMISSION SHALL ALLOCATE EACH YEAR:**

12 **(1) 75% TO THE THOROUGHBRED INDUSTRY; AND**

13 **(2) 25% TO THE STANDARD BRED INDUSTRY.**

14 **(D) THE PROVISIONS OF THIS SECTION MAY NOT BE CONSTRUED TO**
15 **APPLY TO THE RACECOURSE IN ALLEGANY COUNTY OR OTHER FUTURE**
16 **RACECOURSES UNTIL HORSE RACING BEGINS AT THOSE RACECOURSES.**

17 **9-1A-18.**

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

21 **(B) (1) THERE SHALL BE CREDITED TO THE EDUCATION TRUST**
22 **FUND ALL PROCEEDS ALLOCATED TO THE FUND UNDER § 9-1A-16(A)(2) OF**
23 **THIS SUBTITLE.**

24 **(2) MONEY IN THE EDUCATION TRUST FUND SHALL BE INVESTED**
25 **AND REINVESTED BY THE TREASURER, AND INTEREST AND EARNINGS SHALL**
26 **ACCUE TO THE FUND.**

27 **(C) MONEY IN THE EDUCATION TRUST FUND SHALL BE USED ONLY TO**
28 **OFFSET THE TOTAL FUNDING REQUIRED TO PROVIDE AN ADEQUATE EDUCATION**
29 **FOR CHILDREN ATTENDING PUBLIC SCHOOLS IN THE STATE IN**
30 **PREKINDERGARTEN THROUGH GRADE 12.**

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

3 **9-1A-19.**

4 (A) THERE IS AN ADMINISTRATIVE FUND WHICH IS A SPECIAL,
5 NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE
6 AND PROCUREMENT ARTICLE.

7 (B) THE FUND CONSISTS OF ALL PROCEEDS ALLOCATED TO IT UNDER §
8 **9-1A-16(A)(1)** OF THIS SUBTITLE.

9 (C) (1) MONEY IN THE FUND SHALL BE INVESTED AND REINVESTED
10 BY THE TREASURER, AND INTEREST AND EARNINGS SHALL ACCRUE TO THE
11 FUND.

12 (2) THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

13 (D) THE MONEY IN THE FUND SHALL BE USED BY THE COMMISSION FOR
14 COSTS AS DEFINED IN § **9-1A-01** OF THIS SUBTITLE.

15 **9-1A-20.**

16 (A) LOCAL DEVELOPMENT GRANTS PROVIDED UNDER § **9-1A-16(A)(4)**
17 OF THIS SUBTITLE SHALL BE USED FOR IMPROVEMENTS IN THE COMMUNITIES
18 IN IMMEDIATE PROXIMITY TO THE VIDEO SLOT MACHINE GAMING FACILITIES
19 OR FOR ANY OTHER PURPOSES A LOCAL GOVERNMENT CONSIDERS
20 APPROPRIATE.

21 (B) THE COMPTROLLER SHALL PAY LOCAL DEVELOPMENT GRANTS
22 FROM THE PROCEEDS ALLOCATED FOR THOSE GRANTS UNDER § **9-1A-16(A)(4)**
23 OF THIS SUBTITLE IN THE FOLLOWING MANNER:

24 (1) **23.33%** OF THE PROCEEDS TO A COUNTY WITH A VIDEO SLOT
25 MACHINE GAMING FACILITY THAT HAS **3,500** VIDEO SLOT MACHINES; AND

26 (2) **10%** OF THE PROCEEDS TO A COUNTY WITH A VIDEO SLOT
27 MACHINE GAMING FACILITY THAT HAS **1,500** VIDEO SLOT MACHINES.

28 **9-1A-21.**

29 (A) THERE IS A COMPULSIVE GAMBLING FUND IN THE DEPARTMENT
30 OF HEALTH AND MENTAL HYGIENE.

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

4 **(C) (1) THERE SHALL BE CREDITED TO THE COMPULSIVE GAMBLING**
5 **FUND ALL PROCEEDS ALLOCATED TO THE FUND UNDER § 9-1A-16(A)(6) OF**
6 **THIS SUBTITLE.**

7 **(2) MONEY IN THE COMPULSIVE GAMBLING FUND SHALL BE**
8 **INVESTED AND REINVESTED BY THE TREASURER, AND INTEREST AND**
9 **EARNINGS SHALL ACCRUE TO THE FUND.**

10 **(3) EXPENDITURES FROM THE COMPULSIVE GAMBLING FUND**
11 **SHALL BE MADE ONLY:**

12 **(I) BY THE DEPARTMENT OF HEALTH AND MENTAL**
13 **HYGIENE TO IMPLEMENT THE PROGRAMS AND SERVICES IT DEVELOPS IN**
14 **ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (4) OF THIS SUBSECTION;**
15 **AND**

16 **(II) IN ACCORDANCE WITH AN APPROPRIATION APPROVED**
17 **BY THE GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET OR BY THE**
18 **BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE**
19 **FINANCE AND PROCUREMENT ARTICLE.**

20 **(4) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE**
21 **SHALL DEVELOP APPROPRIATE PROGRAMS AND SERVICES FOR INDIVIDUALS**
22 **WITH COMPULSIVE OR PROBLEM GAMBLING.**

23 **9-1A-22.**

24 **THE COMMISSION SHALL PREPARE AND SUBMIT AN ANNUAL REPORT TO**
25 **THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THIS ARTICLE, TO THE**
26 **GENERAL ASSEMBLY ON THE OPERATION AND FINANCES OF THE VIDEO SLOT**
27 **MACHINE OPERATION UNDER THIS SUBTITLE.**

28 **9-1A-23.**

29 **(A) THE COMMISSION MAY NOT AWARD AND ISSUE MORE THAN SIX**
30 **VIDEO SLOT MACHINE OPERATION LICENSES.**

31 **(B) A VIDEO SLOT MACHINE OPERATION LICENSE ISSUED UNDER THIS**
32 **SUBTITLE IS NOT VALID AT A GEOGRAPHIC LOCATION OTHER THAN THE**

1 GEOGRAPHIC LOCATION OF THE RACETRACK LOCATION OR THE
2 NONRACETRACK DESTINATION LOCATION AT THE TIME THE LICENSE IS ISSUED.

3 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
4 COMMISSION SHALL AUTHORIZE 15,000 VIDEO SLOT MACHINES FOR
5 OPERATION AT VIDEO SLOT MACHINE GAMING FACILITIES IN THE STATE.

6 (2) THE COMMISSION MAY AUTHORIZE LESS THAN 15,000 VIDEO
7 SLOT MACHINES FOR OPERATION AT VIDEO SLOT MACHINE GAMING FACILITIES
8 IN THE STATE IF THE COMMISSION DETERMINES THAT THERE IS AN
9 INSUFFICIENT NUMBER OF QUALIFIED BIDDERS OR BIDS FOR VIDEO SLOT
10 MACHINE OPERATION LICENSES UNDER THIS SUBTITLE TO AWARD ALL 15,000
11 VIDEO SLOT MACHINES.

12 (D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, WHEN
13 AWARDING A VIDEO SLOT MACHINE OPERATION LICENSE, THE COMMISSION
14 SHALL SPECIFY THE NUMBER OF VIDEO SLOT MACHINES AUTHORIZED FOR
15 EACH VIDEO SLOT MACHINE GAMING FACILITY.

16 (2) (I) THREE VIDEO SLOT MACHINE GAMING FACILITIES FOR
17 WHICH VIDEO SLOT MACHINE OPERATION LICENSES HAVE BEEN AWARDED
18 UNDER THIS SUBTITLE SHALL EACH BE AUTHORIZED TO HAVE 3,500 VIDEO
19 SLOT MACHINES.

20 (II) THREE VIDEO SLOT MACHINE GAMING FACILITIES FOR
21 WHICH VIDEO SLOT MACHINE OPERATION LICENSES HAVE BEEN AWARDED
22 UNDER THIS SUBTITLE SHALL EACH BE AUTHORIZED TO HAVE 1,500 VIDEO
23 SLOT MACHINES.

24 (E) THE FEES FOR VIDEO SLOT MACHINE OPERATION LICENSES ARE:

25 (1) \$200,000,000 FOR LICENSES FOR VIDEO SLOT MACHINE
26 GAMING FACILITIES THAT WILL BE AUTHORIZED TO OPERATE 3,500 VIDEO SLOT
27 MACHINES; AND

28 (2) \$83,300,000 FOR LICENSES FOR VIDEO SLOT MACHINE
29 GAMING FACILITIES THAT WILL BE AUTHORIZED TO OPERATE 1,500 VIDEO SLOT
30 MACHINES.

31 (F) THE INITIAL TERM OF A VIDEO SLOT MACHINE OPERATION LICENSE
32 IS 20 YEARS.

33 (G) DURING THE INITIAL TERM OF A VIDEO SLOT MACHINE OPERATION
34 LICENSE, THE LICENSEE SHALL PROVIDE THE COMMISSION WITH AN ANNUAL

1 UPDATE OF THE INFORMATION REQUIRED UNDER THIS SUBTITLE FOR THE
2 ISSUANCE OF A LICENSE BY THE DATE SET BY THE COMMISSION IN
3 REGULATIONS AND ON THE FORM REQUIRED BY THE COMMISSION.

4 (H) (1) AT THE END OF THE INITIAL 20-YEAR LICENSE TERM, A NEW
5 BIDDING PROCESS SHALL BE ESTABLISHED BY STATUTE BY THE GENERAL
6 ASSEMBLY FOR VIDEO SLOT MACHINE OPERATION LICENSES.

7 (2) THE STATUTE ENACTED UNDER PARAGRAPH (1) OF THIS
8 SUBSECTION SHALL INCLUDE:

9 (I) PROCEDURES FOR HOLDERS OF THE VIDEO SLOT
10 MACHINE OPERATION LICENSES ISSUED UNDER THIS SUBTITLE TO REBID FOR A
11 NEW VIDEO SLOT MACHINE OPERATION LICENSE;

12 (II) REQUIREMENTS RELATING TO INFORMATION TO BE
13 PROVIDED BY THE APPLICANT TO THE COMMISSION IN CONNECTION WITH THE
14 APPLICANT'S BID FOR THE LICENSE; AND

15 (III) THE PAYMENT OF ALL REQUIRED LICENSE FEES AND
16 TAXES.

17 (I) IF A VIDEO SLOT MACHINE OPERATION LICENSEE HAS ITS LICENSE
18 REVOKED OR OTHERWISE SURRENDERS THE LICENSE, THE VIDEO SLOT
19 MACHINE OPERATION LICENSE REVERTS TO THE STATE.

20 (J) AS THE PUBLIC HAS A VITAL INTEREST IN VIDEO SLOT MACHINE
21 OPERATIONS AND HAS ESTABLISHED A LIMITED EXCEPTION TO THE POLICY OF
22 THE STATE CONCERNING GAMBLING FOR PRIVATE GAIN, PARTICIPATION IN
23 VIDEO SLOT MACHINE OPERATIONS BY A LICENSEE UNDER THIS SUBTITLE
24 SHALL BE DEEMED A REVOCABLE PRIVILEGE CONDITIONED ON:

25 (1) THE PROPER AND CONTINUED QUALIFICATION OF THE
26 LICENSEE; AND

27 (2) THE DISCHARGE OF THE AFFIRMATIVE RESPONSIBILITY OF
28 EACH LICENSEE TO PROVIDE TO THE REGULATORY AND INVESTIGATORY
29 AUTHORITIES UNDER THIS SUBTITLE OR ANY OTHER PROVISION OF LAW ANY
30 ASSISTANCE AND INFORMATION NECESSARY TO ASSURE THAT THE POLICIES
31 DECLARED BY THIS SUBTITLE ARE ACHIEVED.

32 (K) CONSISTENT WITH THE POLICY DESCRIBED IN SUBSECTION (A) OF
33 THIS SECTION, IT IS THE INTENT OF THIS SUBTITLE TO:

1 **(1) PRECLUDE:**

2 **(I) THE CREATION OF ANY PROPERTY RIGHT IN ANY**
3 **LICENSE REQUIRED UNDER THIS SUBTITLE; OR**

4 **(II) THE ACCRUAL OF ANY MONETARY VALUE TO THE**
5 **PRIVILEGE OF PARTICIPATION IN VIDEO SLOT MACHINE OPERATIONS;**

6 **(2) NOT PRECLUDE THE TRANSFER OF ANY LICENSE ISSUED**
7 **UNDER THIS SUBTITLE; AND**

8 **(3) REQUIRE THAT PARTICIPATION IN VIDEO SLOT MACHINE**
9 **OPERATIONS BE CONDITIONED SOLELY ON THE CONTINUING QUALIFICATIONS**
10 **OF THE PERSON THAT SEEKS THE PRIVILEGE.**

11 **(L) THE COMMISSION MAY DENY THE TRANSFER OF A VIDEO SLOT**
12 **MACHINE OPERATION LICENSE IF THE TRANSFEREE DOES NOT MEET THE**
13 **STANDARDS AND QUALIFICATIONS ESTABLISHED UNDER THIS SUBTITLE AND**
14 **ANY REGULATIONS LAWFULLY ADOPTED BY THE COMMISSION.**

15 **(M) (1) A VIDEO SLOT MACHINE OPERATION LICENSEE MAY NOT SELL**
16 **OR OTHERWISE TRANSFER MORE THAN 20% OF THE LEGAL OR BENEFICIAL**
17 **INTERESTS OF THE PERSON UNLESS:**

18 **(I) THE PERSON NOTIFIES THE COMMISSION OF THE**
19 **PROPOSED SALE OR TRANSFER; AND**

20 **(II) THE COMMISSION DETERMINES THAT THE PROPOSED**
21 **BUYER OR TRANSFEREE MEETS THE REQUIREMENTS OF THIS SUBTITLE.**

22 **(2) UNLESS THE COMMISSION NEEDS A LONGER TIME TO**
23 **DETERMINE WHETHER THE PROPOSED BUYER OR TRANSFEREE MEETS THE**
24 **REQUIREMENTS OF THIS SUBTITLE, IF THE REQUIREMENTS OF PARAGRAPH (1)**
25 **OF THIS SUBSECTION ARE NOT SATISFIED, A LICENSE ISSUED UNDER THIS**
26 **SUBTITLE IS AUTOMATICALLY REVOKED 90 DAYS AFTER THE SALE OR**
27 **TRANSFER.**

28 **9-1A-24.**

29 **(A) THE VIDEO SLOT MACHINE OPERATION LICENSES AUTHORIZED BY**
30 **THIS SUBTITLE SHALL BE PUT UP FOR AUCTION BY THE COMMISSION AT SIX**
31 **SEPARATE BUT SIMULTANEOUSLY HELD AUCTIONS.**

1 **(B) THE COMMISSION SHALL SELECT AND ENTER INTO A CONTRACT**
2 **WITH AN INVESTMENT BANKING FIRM OF NATIONAL STATURE AND WITH**
3 **RELEVANT EXPERIENCE TO CONDUCT THE AUCTIONS FOR THE COMMISSION.**

4 **(C) THE COMMISSION SHALL UTILIZE THE AUCTIONS REQUIRED UNDER**
5 **SUBSECTION (A) OF THIS SECTION TO AWARD AND ISSUE VIDEO SLOT MACHINE**
6 **OPERATION LICENSES TO QUALIFIED BIDDERS:**

7 **(1) ON THE BASIS OF A COMPETITIVE BIDDING PROCESS**
8 **CONSISTENT WITH THE PROCESS ESTABLISHED FOR COMPETITIVE SEALED BIDS**
9 **UNDER TITLE 13 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;**

10 **(2) SUBJECT TO THE LICENSE AND APPLICATION FEES PROVIDED**
11 **IN THIS SECTION AND IN § 9-1A-23 OF THIS SUBTITLE; AND**

12 **(3) TO THE PERSON THAT SUBMITS A BID THAT CONTAINS THE**
13 **LOWEST PERCENTAGE OF THE GROSS REVENUES OBTAINED FROM THE**
14 **OPERATION OF VIDEO SLOT MACHINES THAT THE PERSON PROPOSES TO KEEP**
15 **OR HOLD WHEN COMPARED TO THE PERCENTAGE OF THE GROSS REVENUES**
16 **THAT THE OTHER PERSONS THAT SUBMITTED BIDS FOR THE SAME VIDEO SLOT**
17 **MACHINE OPERATION LICENSE PROPOSE TO KEEP OR HOLD.**

18 **(D) NOTWITHSTANDING THE PROVISIONS OF TITLE 13 OF THE STATE**
19 **FINANCE AND PROCUREMENT ARTICLE, AFTER THE CONCLUSIONS OF THE**
20 **AUCTIONS, THE COMMISSION SHALL:**

21 **(1) MAKE THE APPLICATION FOR VIDEO SLOT MACHINE**
22 **OPERATION LICENSES AVAILABLE TO THE PUBLIC;**

23 **(2) DISCLOSE TO THE PUBLIC THE PROSPECTIVE OPERATORS OF**
24 **VIDEO SLOT MACHINE GAMING FACILITIES, THE OWNERSHIP INTERESTS OF THE**
25 **PROSPECTIVE OPERATORS, AND THE LOCATIONS OF THE PROPOSED VIDEO**
26 **SLOT MACHINE GAMING FACILITIES; AND**

27 **(3) SUMMARIZE THE TERMS OF EACH PROPOSAL AND MAKE THE**
28 **SUMMARIES AVAILABLE TO THE PUBLIC.**

29 **(E) ALL BIDS SUBMITTED FOR A VIDEO SLOT MACHINE OPERATION**
30 **LICENSE UNDER THIS SECTION:**

31 **(1) SHALL BE SUBMITTED TO THE COMMISSION BY DECEMBER**
32 **31, 2008;**

1 (2) SHALL INCLUDE THE INFORMATION NECESSARY FOR
2 APPLICATION FOR A VIDEO SLOT MACHINE OPERATION LICENSE AS REQUIRED
3 BY THIS SUBTITLE AND BY REGULATIONS ADOPTED BY THE COMMISSION;

4 (3) SHALL INCLUDE AN APPLICATION FEE ESTABLISHED BY THE
5 COMMISSION FOR THE PURPOSE OF COVERING EXPENSES THAT WILL BE
6 INCURRED BY THE COMMISSION IN CONSIDERING A BID;

7 (4) SHALL INCLUDE A SWORN STATEMENT, ALONG WITH
8 APPROPRIATE DOCUMENTATION, THAT THE BIDDER HAS SUFFICIENT FUNDS
9 AVAILABLE TO PAY THE LICENSE FEE PROPOSED UNDER THE BID; AND

10 (5) SHALL BE REJECTED IF THEY ARE BASED ON A PERCENTAGE
11 SHARE FOR THE APPLICANT THAT EXCEEDS 39% OF THE GROSS PROCEEDS
12 FROM VIDEO SLOT MACHINES.

13 (F) THE COMMISSION SHALL MAKE ITS DECISIONS ON THE AWARD OF
14 BIDS FOR VIDEO SLOT MACHINE OPERATION LICENSES BY NOT LATER THAN
15 MARCH 31, 2009.

16 (G) THE COMMISSION SHALL DETERMINE WHETHER A BIDDER IS
17 QUALIFIED TO HOLD A VIDEO SLOT MACHINE OPERATION LICENSE UNDER THIS
18 SUBTITLE.

19 (H) THE COMMISSION SHALL REJECT A BID FOR A VIDEO SLOT
20 MACHINE OPERATION LICENSE TO AN APPLICANT WHO IS DISQUALIFIED ON
21 THE BASIS OF:

22 (1) THE FAILURE OF THE APPLICANT TO PROVE BY CLEAR AND
23 CONVINCING EVIDENCE THAT THE APPLICANT AND EACH PERSON WHO OWNS
24 OR CONTROLS THE APPLICANT IS QUALIFIED UNDER THE PROVISIONS OF THIS
25 SUBTITLE;

26 (2) THE IDENTIFICATION OF THE APPLICANT AS CAREER
27 OFFENDER OR A MEMBER OR ASSOCIATE OF A CAREER OFFENDER CARTEL, OR
28 AS HAVING BEEN CONVICTED OF A CRIMINAL OFFENSE INVOLVING MORAL
29 TURPITUDE OR A GAMBLING OFFENSE; OR

30 (3) ANY OTHER REASONABLE CRITERIA RELATING TO THE
31 INFORMATION THE APPLICANT IS REQUIRED TO SUBMIT TO THE COMMISSION
32 AS A CONDITION OF LICENSURE UNDER THIS SUBTITLE.

33 (I) AN UNSUCCESSFUL BIDDER FOR A VIDEO SLOT MACHINE
34 OPERATION LICENSE UNDER THIS SECTION MAY SEEK, UNDER TITLE 15 OF THE

1 **STATE FINANCE AND PROCUREMENT ARTICLE, REVIEW BY THE STATE BOARD**
2 **OF CONTRACT APPEALS OF THE AWARDING OF THE VIDEO SLOT MACHINE**
3 **OPERATION LICENSE BY THE COMMISSION.**

4 (J) **NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (C)(3) OF**
5 **THIS SECTION, THE COMMISSION SHALL AWARD AND ISSUE AT LEAST TWO OF**
6 **THE SIX VIDEO SLOT MACHINE OPERATION LICENSES TO PERSONS LICENSED BY**
7 **THE STATE RACING COMMISSION TO CONDUCT HORSE RACES IN THE STATE.**

8 (K) **THE COMMISSION MAY NOT AWARD A VIDEO SLOT MACHINE**
9 **OPERATION LICENSE TO A PERSON THAT IS NOT QUALIFIED UNDER THIS**
10 **SECTION OR THIS SUBTITLE.**

11 (L) **THE COMMISSION MAY NOT AWARD AND ISSUE MORE THAN TWO**
12 **VIDEO SLOT MACHINE OPERATION LICENSES TO THE SAME PERSON.**

13 (M) **THE COMMISSION MAY NOT AWARD AND ISSUE MORE THAN ONE**
14 **VIDEO SLOT MACHINE OPERATION LICENSE IN ANY SINGLE COUNTY.**

15 (N) **A VIDEO SLOT MACHINE OPERATION LICENSE MAY NOT BE**
16 **AWARDED AND ISSUED BY THE COMMISSION UNTIL THE APPLICANT WHO IS A**
17 **SUCCESSFUL BIDDER FOR A VIDEO SLOT MACHINE OPERATION LICENSE UNDER**
18 **THIS SUBTITLE DEMONSTRATES TO THE COMMISSION BY CLEAR AND**
19 **CONVINCING EVIDENCE THAT THE APPLICANT HAS COMPLIED WITH ALL**
20 **APPLICABLE LOCAL ZONING, PLANNING, AND LAND USE LAWS, ORDINANCES,**
21 **AND REGULATIONS.**

22 (O) **AFTER THE AWARD OF A VIDEO SLOT MACHINE OPERATION**
23 **LICENSE UNDER THIS SECTION, THE COMMISSION SHALL BE RESPONSIBLE FOR**
24 **ALL MATTERS RELATING TO REGULATION OF THE VIDEO SLOT MACHINE**
25 **OPERATION LICENSEE.**

26 (P) **NOTWITHSTANDING ANY OF THE PROVISIONS OF THIS SUBTITLE,**
27 **THE COMMISSION MAY NOT AWARD A VIDEO SLOT MACHINE OPERATION**
28 **LICENSE UNDER THIS SUBTITLE UNLESS THE COMMISSION DETERMINES AND**
29 **DECLARES THAT A BID SELECTED FOR AWARD OF THE LICENSE IS IN THE**
30 **PUBLIC INTEREST AND IS CONSISTENT WITH THE PURPOSES OF THIS SUBTITLE.**

31 **9-1A-25.**

32 (A) **NOTHING IN THIS SUBTITLE MAY BE CONSTRUED TO PROHIBIT A**
33 **VIDEO SLOT MACHINE OPERATION LICENSEE FROM BEGINNING VIDEO SLOT**
34 **MACHINE OPERATIONS IN A TEMPORARY FACILITY THAT MEETS THE MINIMUM**

1 REQUIREMENTS ESTABLISHED IN REGULATIONS ADOPTED BY THE
2 COMMISSION.

3 (B) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A) OF THIS
4 SECTION, A VIDEO SLOT MACHINE OPERATION LICENSEE SHALL BE FULLY
5 OPERATIONAL IN A PERMANENT FACILITY NO LATER THAN 2 YEARS AFTER THE
6 ISSUANCE OF THE VIDEO SLOT MACHINE OPERATION LICENSE.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act may not be
8 construed to affect the terms of the members of the State Lottery Commission
9 appointed before the effective date of this Act. The terms of the four new members of
10 the State Gaming Commission appointed under this Act shall expire as follows:

- 11 (1) one member in 2009;
- 12 (2) one member in 2010; and
- 13 (3) two members in 2011.

14 SECTION 3. AND BE IT FURTHER ENACTED, That the publishers of the
15 Annotated Code of Maryland, in consultation with and subject to the approval of the
16 Department of Legislative Services, shall correct, with no further action required by
17 the General Assembly, references in the Annotated Code to the State Lottery
18 Commission and State Lottery Agency rendered incorrect by this Act.

19 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 January 1, 2008.