

HOUSE BILL 26

C7, C6, C8

8lr4588

By: **Delegate Rudolph**

Introduced and read first time: October 29, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Gaming Act of 2008**

3 FOR the purpose of renaming the State Lottery Commission to be the Maryland
4 Gaming and Lottery Administration; providing for the continuity of all units,
5 personnel, properties, appropriations, and other attributes of the State Lottery
6 Commission; requiring the Administration to regulate the operation of casino
7 games; authorizing the Administration to issue licenses for a certain number of
8 resort casinos and racinos; authorizing the Administration to authorize a
9 certain number of video lottery terminals for a resort casino and a certain
10 number of video lottery terminals for a racino; specifying certain requirements
11 of applicants for a resort casino license or racino license; requiring the
12 Administration to conduct a certain hearing; specifying certain factors that the
13 Administration shall weigh in issuing a resort casino license or racino license;
14 specifying that a resort casino license or racino license shall revert to the
15 Administration under certain conditions if the licensee does not take a certain
16 action within a certain time; requiring the Administration to charge certain fees
17 for certain licenses and slot machines; requiring persons to obtain certain
18 licenses before taking certain actions; requiring the Administration to establish
19 average annual payout percentages for successful players of casino games;
20 authorizing the Administration to deny a license, reprimand or fine a licensee,
21 or suspend or revoke a license under certain circumstances; requiring that all
22 proceeds from the operation of the resort casino and racinos be electronically
23 transferred daily into the State Lottery Fund; requiring certain distributions
24 from proceeds of casino games for certain purposes; establishing a Compulsive
25 Gambling Fund in the Department of Health and Mental Hygiene; providing for
26 certain disbursements from the Compulsive Gambling Fund for certain
27 purposes; requiring that the Office of the Attorney General establish a Division
28 of Gaming Enforcement for a certain purpose; requiring the resort casino and
29 racino licensees to adopt certain programs for certain purposes and to act as
30 licensed agents of the State Lottery; defining certain terms; providing for

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certain corrections in cross-references and terminology; and generally relating
2 to the operation of casino games in the State.

3 BY adding to
4 Article – State Government
5 Section 9–1A–01 through 9–1A–20 to be under the new subtitle “Subtitle 1A.
6 Casino Gaming”
7 Annotated Code of Maryland
8 (2004 Replacement Volume and 2007 Supplement)

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

11 **Article – State Government**

12 **SUBTITLE 1A. CASINO GAMING.**

13 **9–1A–01.**

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

16 (B) “ADMINISTRATION” MEANS THE MARYLAND GAMING AND LOTTERY
17 ADMINISTRATION.

18 (C) (1) “CASINO GAME” MEANS A GAME OF SKILL OR OF CHANCE
19 PLAYED WITH CARDS, DICE, OR ANY MACHINE OR OTHER DEVICE FOR MONEY,
20 PROPERTY, CHECKS, CREDIT, OR ANYTHING OF VALUE, WHETHER THE PAYOUT
21 IS MADE AUTOMATICALLY FROM A MACHINE OR DEVICE OR IN ANY OTHER
22 MANNER.

23 (2) “CASINO GAME” INCLUDES GAMES PLAYED ON SLOT
24 MACHINES OR VIDEO LOTTERY TERMINALS.

25 (D) “RACINO” MEANS A RACETRACK WHERE GAMING ON VIDEO
26 LOTTERY TERMINALS IS AUTHORIZED.

27 (E) “RESORT CASINO” MEANS A NONRACETRACK FACILITY IN WHICH
28 CASINO GAMES ARE PLAYED.

29 **9–1A–02.**

30 (A) THE STATE LOTTERY COMMISSION ESTABLISHED UNDER § 9–104
31 OF THIS ARTICLE IS RENAMED THE MARYLAND GAMING AND LOTTERY
32 ADMINISTRATION.

1 **(B) THE CONTINUITY OF ALL UNITS, PERSONNEL, PROPERTIES,**
2 **APPROPRIATIONS, CREDITS, ASSETS, LIABILITIES, AND OBLIGATIONS OF THE**
3 **STATE LOTTERY COMMISSION IS RETAINED IN THE ADMINISTRATION.**

4 **9-1A-03.**

5 **THE ADMINISTRATION SHALL REGULATE THE OPERATION OF CASINO**
6 **GAMES IN ACCORDANCE WITH THIS SUBTITLE.**

7 **9-1A-04.**

8 **(A) THE ADMINISTRATION MAY ISSUE LICENSES FOR ONE RESORT**
9 **CASINO AND NOT MORE THAN THREE RACINOS.**

10 **(B) IN CONJUNCTION WITH THE GOVERNING BODY OF THE AFFECTED**
11 **COUNTY, THE ADMINISTRATION SHALL SELECT THE LOCATIONS OF THE RESORT**
12 **CASINO AND RACINOS:**

13 **(1) TO MAXIMIZE THE RECAPTURE OF REVENUES FLOWING TO**
14 **NEIGHBORING STATES;**

15 **(2) TO PROVIDE MAXIMUM ECONOMIC DEVELOPMENT BENEFITS;**
16 **AND**

17 **(3) TO MINIMIZE SOCIAL COSTS.**

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

19 **THE ADMINISTRATION MAY AUTHORIZE:**

20 **(1) FOR THE RESORT CASINO, NOT MORE THAN 5,000 VIDEO**
21 **LOTTERY TERMINALS; AND**

22 **(2) FOR EACH RACINO, NOT MORE THAN 3,500 VIDEO LOTTERY**
23 **TERMINALS.**

24 **9-1A-06.**

25 **(A) AN APPLICANT FOR A RESORT CASINO LICENSE OR RACINO LICENSE**
26 **SHALL SUBMIT TO THE ADMINISTRATION AN APPLICATION:**

27 **(1) IN THE FORM THAT THE ADMINISTRATION REQUIRES; AND**

1 (2) ON OR BEFORE THE DATE THAT THE ADMINISTRATION SETS.

2 (B) (1) EACH APPLICANT SHALL PROVIDE INFORMATION REQUIRED
3 BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING TO
4 QUALIFICATIONS IN THE FORM THAT THE ADMINISTRATION SPECIFIES.

5 (2) ON THE FILING OF AN APPLICATION, THE ADMINISTRATION
6 SHALL REFER THE APPLICATION TO THE DEPARTMENT OF STATE POLICE TO
7 CONDUCT A BACKGROUND INVESTIGATION ON THE QUALIFICATIONS OF THE
8 APPLICANT.

9 (C) AN APPLICANT OR LICENSEE OR AN AFFILIATE, INTERMEDIARY,
10 SUBSIDIARY, OR HOLDING COMPANY OF AN APPLICANT OR LICENSEE MAY NOT
11 HOLD AN OWNERSHIP OR FINANCIAL INTEREST IN ANOTHER APPLICANT OR
12 LICENSEE THAT IS GREATER THAN 33.3%.

13 (D) AN APPLICANT MAY NOT BE SUBJECT TO A COURT-ORDERED
14 JUDGMENT OR LIEN CREATED BY A GOVERNMENTAL UNIT.

15 **9-1A-07.**

16 AFTER RECEIVING AN APPLICATION AND THE RESULTS OF THE
17 BACKGROUND INVESTIGATION CONDUCTED BY THE DEPARTMENT OF STATE
18 POLICE REQUIRED UNDER § 9-1A-06(B) OF THIS SUBTITLE, THE
19 ADMINISTRATION SHALL CONDUCT A HEARING:

20 (1) TO ISSUE A RESORT CASINO LICENSE OR RACINO LICENSE TO
21 AN APPLICANT WHOM THE ADMINISTRATION DETERMINES TO BE QUALIFIED,
22 ON PAYMENT OF THE LICENSE FEE UNDER § 9-1A-10 OF THIS SUBTITLE; OR

23 (2) TO DENY THE RESORT CASINO LICENSE OR RACINO LICENSE
24 TO AN APPLICANT WHOM THE ADMINISTRATION DETERMINES TO BE NOT
25 QUALIFIED OR DISQUALIFIED.

26 **9-1A-08.**

27 AMONG THE FACTORS THE ADMINISTRATION SHALL WEIGH IN ISSUING A
28 RESORT CASINO LICENSE OR RACINO LICENSE ARE THE FOLLOWING:

29 (1) DOCUMENTATION OF SUFFICIENT FINANCIAL RESOURCES TO
30 PAY THE LICENSE FEE AND CONSTRUCTION COSTS OF A RESORT CASINO OR
31 RACINO;

1 (2) THE SUITABILITY OF THE SITE THAT IS SELECTED BY THE
2 APPLICANT TO SUPPORT A RESORT CASINO OR RACINO;

3 (3) THE ABILITY OF THE APPLICANT TO ESTABLISH A GAMING
4 PROGRAM, INCLUDING A PROGRAM TO TRAIN EMPLOYEES TO RECOGNIZE
5 PROBLEM GAMBLERS; AND

6 (4) WHETHER THE LOCAL GOVERNING BODY OF THE
7 JURISDICTION WHERE THE RESORT CASINO OR RACINO WOULD BE LOCATED
8 HAS:

9 (I) APPROVED THE LOCATION OF THE RESORT CASINO OR
10 RACINO; AND

11 (II) SIGNED AN AGREEMENT TO HELP UNDERWRITE THE
12 COST OF REQUIRED INFRASTRUCTURE IMPROVEMENTS, SUCH AS EXPANDED
13 WATER AND SEWER LINES, ROADS, AND POLICE AND FIREFIGHTING SERVICES.

14 **9-1A-09.**

15 (A) IF A LICENSEE DOES NOT BEGIN OPERATING A RESORT CASINO OR
16 RACINO WITHIN 24 MONTHS AFTER RECEIVING THE LICENSE, THE LICENSE
17 SHALL REVERT TO THE ADMINISTRATION.

18 (B) THE ADMINISTRATION MAY ISSUE THE LICENSE TO ANOTHER
19 APPLICANT ON THE VOTE OF TWO-THIRDS OF THE MEMBERSHIP OF THE
20 ADMINISTRATION.

21 **9-1A-10.**

22 (A) THE ADMINISTRATION SHALL CHARGE A LICENSE FEE OF:

23 (1) \$250,000,000 TO THE RESORT CASINO LICENSEE; AND

24 (2) \$150,000,000 TO A RACINO LICENSEE.

25 (B) THE TERM OF EACH LICENSE UNDER THIS SECTION IS 10 YEARS AND
26 IS RENEWABLE.

27 **9-1A-11.**

28 EACH YEAR THE ADMINISTRATION SHALL ASSESS A FEE OF \$1,500 FOR
29 EACH SLOT MACHINE IN THE RESORT CASINO OR A RACINO.

1 9-1A-12.

2 (A) (1) BEFORE A PERSON MAY SELL, LEASE, OFFER, PROVIDE,
3 DISTRIBUTE, OR SERVICE A VIDEO LOTTERY TERMINAL OR ASSOCIATED
4 EQUIPMENT, THE PERSON SHALL BE ISSUED A DISTRIBUTOR'S LICENSE BY THE
5 ADMINISTRATION.

6 (2) THE FEE FOR A DISTRIBUTOR'S LICENSE IS \$25,000.

7 (3) THE ANNUAL RENEWAL FEE FOR A DISTRIBUTOR'S LICENSE IS
8 \$10,000.

9 (B) (1) BEFORE A PERSON MAY MANUFACTURE, BUILD, REBUILD,
10 FABRICATE, ASSEMBLE, PRODUCE, PROGRAM, DESIGN, OR OTHERWISE MAKE
11 MODIFICATIONS TO A VIDEO LOTTERY TERMINAL OR ASSOCIATED EQUIPMENT,
12 THE PERSON SHALL BE ISSUED A MANUFACTURER'S LICENSE BY THE
13 ADMINISTRATION.

14 (2) THE FEE FOR A MANUFACTURER'S LICENSE IS \$50,000.

15 (3) THE ANNUAL RENEWAL FEE FOR A MANUFACTURER'S
16 LICENSE IS \$25,000.

17 (C) THE ADMINISTRATION SHALL ADOPT REGULATIONS TO CARRY OUT
18 THIS SECTION.

19 9-1A-13.

20 THE ADMINISTRATION BY REGULATION SHALL ESTABLISH AVERAGE
21 ANNUAL PAYOUT PERCENTAGES FOR SUCCESSFUL PLAYERS OF CASINO GAMES.

22 9-1A-14.

23 (A) THE ADMINISTRATION MAY DENY ANY LICENSE REQUIRED UNDER
24 THIS SUBTITLE TO AN APPLICANT, REPRIMAND OR FINE A LICENSEE, OR
25 SUSPEND OR REVOKE A LICENSE FOR A VIOLATION OF:

26 (1) THIS SUBTITLE;

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

28 (3) A CONDITION THAT THE ADMINISTRATION SETS.

1 **(B) (1) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS**
2 **SECTION, THE ADMINISTRATION MAY IMPOSE A PENALTY NOT EXCEEDING**
3 **\$5,000.**

4 **(2) EACH DAY THAT A PERSON IS IN VIOLATION OF THIS SECTION**
5 **SHALL BE CONSIDERED A SEPARATE VIOLATION.**

6 **9-1A-15.**

7 **(A) ALL PROCEEDS FROM THE OPERATION OF THE RESORT CASINO AND**
8 **RACINOS SHALL BE ELECTRONICALLY TRANSFERRED DAILY INTO THE STATE**
9 **LOTTERY FUND ESTABLISHED UNDER SUBTITLE 3 OF THIS TITLE AND**
10 **DISTRIBUTED AS PROVIDED IN THIS SUBTITLE.**

11 **(B) THE ADMINISTRATION SHALL ACCOUNT TO THE COMPTROLLER**
12 **FOR ALL OF THE REVENUE UNDER THIS SUBTITLE.**

13 **9-1A-16.**

14 **AFTER THE ADMINISTRATION PAYS THE PERCENTAGE OF PROCEEDS**
15 **FROM CASINO GAMES THAT THE ADMINISTRATION DETERMINES IS NEEDED TO**
16 **COVER THE EXPENSES INCURRED BY THE ADMINISTRATION IN IMPLEMENTING**
17 **THIS SUBTITLE AND THE PAYOUT TO SUCCESSFUL RESORT CASINO AND RACINO**
18 **PLAYERS, THE ADMINISTRATION SHALL PAY:**

19 **(1) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE**
20 **ADMINISTRATION, THE PERCENTAGE STATED IN THE ACCEPTED APPLICATION**
21 **OF THE RESORT CASINO OR RACINO LICENSEE;**

22 **(2) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE**
23 **ADMINISTRATION:**

24 **(I) IF THE RESORT CASINO OR RACINO IS NOT LOCATED IN**
25 **A MUNICIPAL CORPORATION, 2% IN A LOCAL DEVELOPMENT GRANT TO THE**
26 **COUNTY IN WHICH THE RESORT CASINO OR RACINO IS LOCATED; OR**

27 **(II) IF THE RESORT CASINO OR RACINO IS LOCATED IN A**
28 **MUNICIPAL CORPORATION, 1% TO THE MUNICIPAL CORPORATION AND 1% TO**
29 **THE COUNTY IN WHICH THE RESORT CASINO OR RACINO IS LOCATED;**

30 **(3) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE**
31 **ADMINISTRATION, 1% TO A SPECIAL FUND, TO BE USED ONLY TO PAY FOR**
32 **MARKETING AND TOURISM DEVELOPMENT INITIATIVES ADMINISTERED BY THE**
33 **MARYLAND OFFICE OF TOURISM;**

1 **(4) 0.125% TO THE COMPULSIVE GAMBLING FUND ESTABLISHED**
2 **UNDER § 9-1A-17 OF THIS SUBTITLE;**

3 **(5) 2% TO THE MARYLAND-BRED RACE FUND ESTABLISHED**
4 **UNDER § 11-530 OF THE BUSINESS REGULATION ARTICLE;**

5 **(6) 2% TO THE MARYLAND STANDARDBRED RACE FUND**
6 **ESTABLISHED UNDER § 11-624 OF THE BUSINESS REGULATION ARTICLE;**

7 **(7) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE**
8 **ADMINISTRATION, 1% TO A SPECIAL FUND, TO BE USED ONLY TO PAY FOR LAND**
9 **PRESERVATION INITIATIVES; AND**

10 **(8) THE BALANCE OF THE NET PROCEEDS TO THE GENERAL**
11 **FUND.**

12 **9-1A-17.**

13 **(A) THERE IS A COMPULSIVE GAMBLING FUND IN THE DEPARTMENT**
14 **OF HEALTH AND MENTAL HYGIENE.**

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

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

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

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

26 **(1) BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE:**

27 **(I) TO ESTABLISH A 24-HOUR HOTLINE FOR COMPULSIVE**
28 **AND PROBLEM GAMBLERS AND TO PROVIDE COUNSELING AND OTHER SUPPORT**
29 **SERVICES FOR COMPULSIVE AND PROBLEM GAMBLERS; AND**

1 (II) TO DEVELOP AND IMPLEMENT A PROBLEM GAMBLING
2 PREVENTION PROGRAM; AND

3 (2) IN ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE
4 GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET OR BY THE BUDGET
5 AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE FINANCE
6 AND PROCUREMENT ARTICLE.

7 **9-1A-18.**

8 THE OFFICE OF THE ATTORNEY GENERAL SHALL ESTABLISH A DIVISION
9 OF GAMING ENFORCEMENT TO ENFORCE THIS SUBTITLE IN COOPERATION
10 WITH THE DEPARTMENT OF STATE POLICE.

11 **9-1A-19.**

12 **THE RESORT CASINO LICENSEE AND EACH RACINO LICENSEE SHALL:**

13 (1) ADOPT A VENDOR PREFERENCE AND EMPLOYMENT PROGRAM
14 TO ENCOURAGE SMALL BUSINESS GROWTH, JOB CREATION FOR LEGAL
15 RESIDENTS, AND ECONOMIC DEVELOPMENT IN THE STATE;

16 (2) ADOPT A CUSTOMER REWARDS PROGRAM TO ALLOW PATRONS
17 TO REDEEM ACCUMULATED PLAYER REWARD POINTS AT PARTICIPATING
18 HOTELS, MOTELS, RESTAURANTS, AND RETAIL OUTLETS; AND

19 (3) ACT AS LICENSED AGENTS OF THE STATE LOTTERY AND
20 OFFER AND ADVERTISE STATE LOTTERY PRODUCTS ON THEIR PREMISES,
21 INCLUDING INSTANT TICKET GAMES, LOTTO-TYPE GAMES, AND KENO.

22 **9-1A-20.**

23 **THE ADMINISTRATION MAY ADOPT REGULATIONS TO CARRY OUT THIS**
24 **SUBTITLE.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That the publisher of the
26 Annotated Code of Maryland, in consultation with and subject to the approval of the
27 Department of Legislative Services, shall correct, with no further action required by
28 the General Assembly, cross-references and terminology rendered incorrect by this
29 Act that affects provisions enacted by this Act. The publisher shall adequately describe
30 any such correction in an editor's note following the section affected.

31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2008.