

Department of Legislative Services
Maryland General Assembly
2007 Special Session

FISCAL AND POLICY NOTE

House Bill 48
Ways and Means

(Delegate Impallaria, *et al.*)

State Lottery and Video Terminals - Credit Cards - Prohibited

This bill prohibits a person or governmental unit from accepting payment by credit card for a State lottery ticket or share. The bill also requires, if legislation is enacted providing for the operation and licensing of video lottery facilities in the State, that the designated State licensing entity prohibit an operator of a video lottery facility from accepting payment by credit card for any purpose from a player of a video lottery terminal (VLT).

The bill does not apply to slot machines operated by certain eligible nonprofit organizations in Eastern Shore counties.

Fiscal Summary

State Effect: The provision of the bill relating to the State Lottery codifies existing practice. To the extent legislation authorizes the operation and licensing of video lottery facilities, the bill would likely have no impact as VLTs typically are not manufactured with the capacity to accept credit cards.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill defines a VLT as a machine or device that, on insertion of payment, • is available to play or simulate the play of any game of chance in which the results, including the options available to the player, are randomly and immediately

determined by the machine or device; and • by the element of chance, may deliver or entitle the player who operates the machine or device to receive something of value, whether the payout is made automatically or in any other manner. VLTs include machines and devices that do not directly dispense winnings and those that use an electronic credit system.

Current Law: Maryland regulations prohibit a lottery agent from extending credit, in any manner, for the sale of lottery tickets or shares. All lottery tickets must be paid for by the buyer at the time of purchase and before the time of the drawing. An agent who sells or offers to sell lottery tickets or shares on a credit basis is subject to penalties.

Specified types of gambling are allowed in Maryland. This includes the State Lottery and wagering on horse racing. Bingo, bazaars, and gaming nights are allowed for some nonprofit organizations on a county-by-county basis. Several counties permit for-profit bingo. In addition, some nonprofit organizations in Eastern Shore counties are allowed to operate up to five slot machines, provided that at least 50% of the proceeds go to charity. VLTs are not authorized for operation in the State. For more information on gambling and horse racing in Maryland, consult the *Legislators' Guide to Video Lottery Terminal Gambling*.

Additional Comments: HB 3 of the 2007 special session, Maryland Education Trust Fund – Video Lottery Terminals, would require regulations that prohibit the use of credit cards, debit cards, and similar devices in VLTs.

Additional Information

Prior Introductions: HB 1013 of 2004 would have prohibited the use of credit cards, debit cards, and similar devices in VLTs. No action was taken on the bill by the House Ways and Means Committee.

Cross File: None.

Information Source(s): Maryland State Lottery Agency, Department of Legislative Services

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