SENATE BILL 959

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EMERGENCY BILL ENROLLED BILL

(8lr3180)

—Budget and Taxation/Ways and Means—

Introduced by Senators Middleton, Miller, Astle, Conway, Currie, DeGrange, Exum, Forehand, Frosh, Garagiola, Haines, Harrington, Kasemeyer, Kelley, King, Kramer, Lenett, Madaleno, McFadden, Munson, Muse, Peters, Pinsky, Pugh, Raskin, Robey, Rosapepe, and Stoltzfus

Read and Examined by Proofreaders:

]	Proofreader.
]	Proofreader.
Sealed with the Great Seal and	d presented	to the Govern	or, for his ap	oproval this
day of	_ at		o'clock,	M.
				President.
	CHAPTER_			
AN ACT concerning				
Statewide Phase <u>Slot</u>	Out of Elec Machines –		n g Devices	
FOR the purpose of prohibiting,				
transfer, replacement, lice			_	_
the State; providing certa				
term; providing certain j	-	_		_
definition of "slot machine		_		
certain machines, apparat				
through the reading of a g				
providing that the defin				
<u>machines, apparatuses, or</u>	<u>r devices; au</u>	thorizing the	continued use	<u>e of certain</u>

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



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${1 \atop 2}$	instant bingo machines under certain circumstances; providing a certain limitation on the number of slot machines for a certain location; prohibiting the
3	issuance of a commercial bingo license under certain conditions; providing that
4	the State Lottery Agency shall submit a certain report by a certain date,
5	establishing that the enforcement and implementation of this Act may not be
6	stayed under certain circumstances; making this Act an emergency measure
7	and generally relating to electronic gaming devices slot machines.
8	BY repealing and reenacting, without amendments,
9	Article - Criminal Law
10	Section 12-101(a), 12-102, 12-104, 12-111, 12-302, and 13-203
11	Annotated Code of Maryland
12	(2002 Volume and 2007 Supplement)
13	BY repealing and reenacting, with amendments,
14	Article - Criminal Law
15	Section 12-101(d), 12-301, 12-304(e), and 13-101
16	Annotated Code of Maryland
17	(2002 Volume and 2007 Supplement)
18	BY adding to
19	Article - Criminal Law
20	Section 12–108.1
21	Annotated Code of Maryland
22	(2002 Volume and 2007 Supplement)
23	BY repealing and reenacting, with amendments,
24	Article – Criminal Law
25	Section 12–301 and 13–101
26	Annotated Code of Maryland
27	(2002 Replacement Volume and 2007 Supplement)
28	BY repealing and reenacting, without amendments,
29	<u>Article – Criminal Law</u>
30	Section 12–302
31	Annotated Code of Maryland
32	(2002 Replacement Volume and 2007 Supplement)
33	Preamble
34	WHEREAS, Although 37 states have authorized the use of slot machines
35	Maryland, with the narrow exception of qualified nonprofit organizations in eight
36	Eastern Shore counties, has long prohibited a person from locating, possessing
37	keeping, or operating a slot machine; and
38	WHEREAS, Despite a clear prohibition in State law as to the use of slot

machines and similar gaming devices, the use, possession, and operation of electronic

gaming devices and machines has expanded throughout the State on a massive scale under the pretext of bingo, tip jars, and other gaming activities without any State authorization, oversight, or regulation; and

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WHEREAS, In many instances these electronic gaming devices are so similar in appearance and operation to slot machines that the contention that they are not slot machines is absurd and has caused confusion among the members of the public as well as law enforcement officers who are charged with upholding the State laws prohibiting the unauthorized operation of slot machines; and

WHEREAS, When the State legislature granted persons the opportunity to conduct bingo, instant bingo, or other forms of gambling, the legislature did not contemplate or intend that the games would be played on technologically advanced electronic gaming devices similar in appearance and player operation to slot machines; and

WHEREAS, The General Assembly passed a proposed Constitutional Amendment in November 2007 that will be decided by the voters of this State at referendum in November 2008 which would authorize an electronic video lottery terminal program strictly limited to five locations in the State with a limited number of machines and a significant majority of the funding allocated to benefit K-12 and higher education in the State; and

WHEREAS, Neither the General Assembly nor the voters have approved measures to authorize expanded electronic gaming in the State; and

WHEREAS, Electronic gaming devices have been inappropriately authorized by local governments at a potentially unlimited number of locations and are being operated in this State with no central State oversight or regulation of the revenues and their distribution resulting in tremendous private gain to private operators under the guise of commercial and charitable activity to the detriment of the State; and

WHEREAS, The State Lottery is estimated to yield over \$500,000,000 for the general support of State government in fiscal year 2009, and a proliferation of electronic gaming devices without any authorization by the General Assembly will reduce State revenues at a time of great fiscal strain on the State budget; and

WHEREAS, Revenues collected from the State Lottery are essential to the State budget and for maintaining critical government services, including funding provided to local governments for K-12 education, teachers' retirement, libraries, aging public school renovation, community colleges, local police aid, and local health departments, and to preserving full funding of local highway user revenues, and Program Open Space funds; and

WHEREAS, Without central regulation and oversight by the State, the massive, unregulated, and unauthorized expansion of electronic gaming on an ad hoc basis at the local level creates the opportunity for inappropriate private gain, criminal activity,

$\frac{1}{2}$			or that is harmful to the public interest and is contrary to the best the citizens of the State; now, therefore,
3 4			1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF at the Laws of Maryland read as follows:
5			Article - Criminal Law
6	12–101.		
7	(a)	In tl	nis subtitle the following words have the meanings indicated.
8	(d)	(1)	"Gaming device" means:
9 10	chance is p	layed 1	(i) a gaming table, except a billiard table, at which a game of for money or any other thing or consideration of value; or
11 12	considerati	on of v	(ii) a game or device at which money or any other thing or value is bet, wagered, or gambled.
13 14	book, and k	(2) oingo.	"Gaming device" includes a paddle wheel, wheel of fortune, chance
15 16	DEVICE U	(3) NDER	"GAMING DEVICE" INCLUDES AN ELECTRONIC GAMING \$12-108.1 OF THIS SUBTITLE.
17	12-102.		
18	(a)	A pe	rson may not:
19		(1)	bet, wager, or gamble;
20 21	contingenc	(2) y;	make or sell a book or pool on the result of a race, contest, or
22 23 24	established	(3) I , kept, water.	establish, keep, rent, use, or occupy, or knowingly allow to be, rented, used, or occupied, all or a part of a building, vessel, or place, within the State, for the purpose of:
25	-	,	(i) betting, wagering, or gambling; or
26 27	race, conte :	st, or c	(ii) making, selling, or buying books or pools on the result of a ontingency; or
28	,	(4)	receive, become the depository of, record, register, or forward, or
29	propose. ac	, ,	r pretend to forward, money or any other thing or consideration of
30			vagered, or gambled on the result of a race, contest, or contingency.

1	(b)			who violates this section is guilty of a misdemeanor and on
2				imprisonment for not less than 6 months and not exceeding 1
3	year or a fi	ne of n e	o t less	than \$200 and not exceeding \$1,000 or both.
4	(e)	(1)	The j	provisions of this subsection apply only in Baltimore City.
5		(2)	A per	rson who violates this section may be charged by a citation.
6		(3)		ation for a violation of this section may be issued to a person
7	by a police	-officer	' auth	orized to make arrests in Baltimore City if there is probable
8	cause to be	elieve t	hat th	ne person is committing or has committed a violation of this
9	section.			•
10		(4)	A cit	ation issued under this subsection shall contain:
11			(i)	the name and address of the person charged;
12			(ii)	the statute allegedly violated;
13			(iii)	the location, date, and time that the violation occurred;
14			(iv)	the fine or term of imprisonment that may be imposed;
15			(v)	a notice stating that prepayment of a fine is not allowed;
16 17	charged a s	ummo i	(vi) ns to a	a notice that the court shall promptly send the person ppear for trial; and
18			(vii)	the signature of the police officer issuing the citation.
19		(5)	(i)	The police officer who issued the citation shall forward to the
$\frac{10}{20}$	annvanniata	` /	` /	1
40	appropriace	court	a copy	of the citation.
01			(::)	The count shall manuathy schooling the cose for twick and
21		. 1.C.	(ii)	The court shall promptly schedule the case for trial and
22	summon th	e defer	idant t	o appear.
23			(iii)	Willful failure of the defendant to respond to the summons is
24	contempt o	f court.		•
25	12–104.			
26	(a)	A per	'son m	ay not:
27		(1)	keen	a gaming device, or all or a part of a building, vessel, or place,
28	on land or v			the State for the purpose of gambling;

1	(2) own, rent, or occupy all or a part of a building, vessel, or place and
2	knowingly allow a gaming device to be kept in the building, vessel, or place;
3	(3) lease or rent all or a part of a building, vessel, or place to be used
4	for the purpose of gambling;
5	(4) deal at a gaming device or in a building, vessel, or place for
6	gambling;
7	(5) manage a gaming device or a building, vessel, or place for
8	gambling; or
9	(6) have an interest in a gaming device or the profits of a gaming
10	device.
11	(b) A person who violates this section is guilty of a misdemeanor and on
12	conviction is subject to imprisonment for not less than 6 months and not exceeding 1
13	year or a fine not exceeding \$500 or both.
4.4	10.1001
14	12-108.1.
4 F	(1) (1) The marks of our of the form of the first of the
15	(A) (1) IN THIS SECTION, "ELECTRONIC GAMING DEVICE" MEANS AN
16	ELECTRONIC SLOT MACHINE, VIDEO POKER MACHINE, ELECTRONIC BINGO
17	MACHINE, ELECTRONIC PULL TAB MACHINE, OR SIMILAR ELECTRONIC MACHINE
18	THAT:
10	
19	(I) ON INSERTION OF A COIN, TOKEN, OR SIMILAR OBJECT
20	OR ON PAYMENT OF ANY CONSIDERATION, IS AVAILABLE TO BE PLAYED; AND
01	
21	(H) BY THE SKILL OF THE PLAYER, THE APPLICATION OF
22	THE ELEMENT OF CHANCE, OR BY ANY OTHER METHOD, MAY DELIVER OR
23	ENTITLE THE PLAYER TO RECEIVE CASH, PREMIUMS, MERCHANDISE, TOKENS,
24	PAPER RECEIPTS REDEEMABLE FOR CASH, OR ANYTHING ELSE OF VALUE.
25	(2) "Electronic gaming device" includes an electronic
26	MACHINE THAT:
27	(I) DISPENSES TICKETS VERIFYING THE NUMBER OF
28	POINTS OR CREDITS THAT THE PLAYER HAS ACCUMULATED WHILE PLAYING
29	AND THAT MAY BE REDEEMED FOR CASH OR MERCHANDISE; AND
30	(H) IS EQUIPPED WITH A KNOCK-OFF SWITCH OR SIMILAR
31	DEVICE THAT RELEASES FREE GAMES OR CREDITS ACCUMULATED TOWARD THE
~ ~	
32	AWARD OF CASH OR MERCHANDISE AND RESETS THE POINT OR CREDIT TOTAL

$1\\2$	(3) IF LEGISLATION IS ENACTED AUTHORIZING COMMERCIAL VIDEO LOTTERY GAMING IN THE STATE, "ELECTRONIC GAMING DEVICE" DOES
3	NOT INCLUDE A VIDEO LOTTERY TERMINAL AS DEFINED IN § 9-1A-01 OF THE
4	STATE GOVERNMENT ARTICLE.
5	(B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
6	SUBSECTION, A PERSON MAY NOT PURCHASE, LEASE, SELL, TRANSFER,
7	REPLACE, LICENSE, OR OPERATE AN ELECTRONIC GAMING DEVICE IN THE
8	STATE.
9	(2) IF A PERSON HAS CONTINUOUSLY OPERATED AN ELECTRONIC
10	GAMING DEVICE AS AN OWNER, LESSOR, LESSEE, LICENSOR, LICENSEE, OR IN
11	ANY OTHER CAPACITY BEGINNING:
12	(I) BEFORE JULY 1, 1998, THE PERSON MAY CONTINUE TO
13	OPERATE AN ELECTRONIC GAMING DEVICE THROUGH THE END OF JUNE 30,
14	2009;
15	(H) ON OR AFTER JULY 1, 1998, BUT BEFORE JULY 1, 2003,
16	THE PERSON MAY CONTINUE TO OPERATE AN ELECTRONIC GAMING DEVICE
17	THROUGH THE END OF DECEMBER 31, 2008; AND
18	(HI) ON OR AFTER JULY 1, 2003, BUT BEFORE MARCH 1,
19	2008, THE PERSON MAY CONTINUE TO OPERATE AN ELECTRONIC GAMING
20	DEVICE THROUGH THE END OF JUNE 30, 2008.
21	(C) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A
22	MISDEMEANOR AND ON CONVICTION IS SUBJECT TO:
23	(1) IF THE PERSON IS AN INDIVIDUAL, IMPRISONMENT NOT
24	EXCEEDING 1 YEAR OR A FINE OF \$1,000 OR BOTH FOR EACH VIOLATION; OR
25	(2) IF THE PERSON IS AN ORGANIZATION, A FINE NOT EXCEEDING
26	\$1,000 OR LOSS OF PRIVILEGES TO CONDUCT A GAMING EVENT NOT EXCEEDING
27	60 DAYS OR BOTH FOR EACH VIOLATION.
28	12-111.
29	If a law enforcement officer has a reason to suspect a gaming device is kept
30	unlawfully at a place, the law enforcement officer shall:
31	(1) visit the place; and

charge all persons who violate a law that prohibits gambling.

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(2)

1	12–301.
2	In this subtitle:
3	(1) "slot machine" means a machine, apparatus, or device that:
4 5	(i) operates or can be made to operate by inserting, depositing, or placing with another person money, a token, or another object; and
6 7 8	(ii) through the element of chance, THE READING OF A GAME OF CHANCE, THE DELIVERY OF A GAME OF CHANCE, or any other outcome unpredictable by the user, awards the user:
9 10	1. money, a token, or other object that represents or that can be converted into money; or
$egin{array}{c} 11 \ 12 \end{array}$	2. the right to receive money, a token, or another object that represents and can be converted into money; and
13	(2) "slot machine" includes:
14 15 16	(i) a machine, apparatus, or device described in item (1) of this section that also sells, delivers, or awards merchandise, money, or some other tangible thing of value; {and}
l7 l8	(ii) a pinball machine or console machine that pays off in merchandise; AND
19 20	(HI) AN ELECTRONIC GAMING DEVICE UNDER § 12–108.1 OF THIS TITLE.
$\frac{21}{22}$	(3) "SLOT MACHINE" DOES NOT INCLUDE A MACHINE, APPARATUS, OR DEVICE THAT:
23 24	(I) AWARDS THE USER ONLY FREE ADDITIONAL GAMES OR PLAYS;
25 26	(II) AWARDS THE USER ONLY NONCASH MERCHANDISE OR NONCASH PRIZES OF MINIMAL VALUE;
27 28 29	(III) DISPENSES PAPER PULL TAB TIP JAR TICKETS OR PAPER PULL TAB INSTANT BINGO TICKETS THAT MUST BE OPENED MANUALLY BY THE USER PROVIDED THAT THE MACHINE, APPARATUS, OR DEVICE DOES
30	NOT:

1	1. READ THE TICKETS ELECTRONICALLY;
2	2. ALERT THE USER TO A WINNING OR LOSING
3	TICKET; OR
4	3. TABULATE A PLAYER'S WINNINGS AND LOSSES;
5	(IV) 1. DISPLAYS FACSIMILES OF BINGO CARDS THAT
6	USERS MARK AND MONITOR AS NUMBERS ARE CALLED BY AN INDIVIDUAL
7	LOCATED ON THE PREMISES ACCORDING TO NUMBERS CALLED ON THE
8	PREMISES BY AN INDIVIDUAL WHERE THE USER IS OPERATING THE MACHINE;
9	AND
10	2. Does not permit a user to play more than
11	54 BINGO CARDS AT THE SAME TIME;
12	(V) IS USED BY THE STATE LOTTERY COMMISSION UNDER
13	TITLE 9 OF THE STATE GOVERNMENT ARTICLE; OR
14	(VI) IF LEGISLATION TAKES EFFECT AUTHORIZING THE
15	OPERATION OF VIDEO LOTTERY TERMINALS, IS A VIDEO LOTTERY TERMINAL AS
16	DEFINED IN AND LICENSED UNDER THAT LEGISLATION.
17	12–302.
18	(a) Except as allowed under §§ 12–304 through 12–306 of this subtitle, a
19	person may not locate, possess, keep, or operate a slot machine in the State as an
20	owner, lessor, lessee, licensor, licensee, or in any other capacity.
21	(b) A person who violates this section is guilty of a misdemeanor and on
$\frac{22}{23}$	conviction is subject to imprisonment not exceeding 1 year or a fine of \$1,000 or both for each violation.
20	ioi cacii violatioii.
24	<u>13–101.</u>
25	(A) Activities conducted under this title are allowed notwithstanding the
26	provisions of Title 12, Subtitles 1 and 2 of this article.
27	(B) A COUNTY MAY NOT ISSUE A COMMERCIAL BINGO LICENSE UNDER
28	THIS TITLE OR UNDER ANY PUBLIC LOCAL LAW TO AN ENTITY THAT WAS NOT
29	LICENSED TO CONDUCT COMMERCIAL BINGO ON OR BEFORE JUNE 30, 2008.

$\frac{1}{2}$	(e) (1) an individual slot	In this subsection, a console or set of affixed slot machines is no machine.
3 4 5		[Notwithstanding] SUBJECT TO § 12–108.1 OF THIS TITLE BUT NG any other provision of this subtitle, an eligible organization ma slot machine if the eligible organization:
6 7	slot machine;	(i) obtains a license under subsection (e) of this section for each
8 9	operates;	(ii) owns each slot machine that the eligible organization
10		(iii) owns not more than five slot machines;
11 12	meeting hall in th	(iv) locates and operates its slot machines at its princips county in which the eligible organization is located;
13 14	commercial facilit	(v) does not locate or operate its slot machines in a privat
15		(vi) uses:
16 17	machines for the k	1. at least one-half of the proceeds from its slo enefit of a charity; and
18 19	to further the pur	2. the remainder of the proceeds from its slot machine poses of the eligible organization;
20 21	financial benefit o	(vii) does not use any of the proceeds of the slot machine for the continuity and
22		(viii) reports annually under affidavit to the State Comptroller:
23		1. the income of each slot machine; and
24		2. the disposition of the income from each slot machine.
25	13-101.	
26 27 28	OF THIS SECT	rities] EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B ION, ACTIVITIES conducted under this title are allowed the provisions of Title 12, Subtitles 1 and 2 of this article.

$1\\2\\3$	(B) THE OPERATION OF AN ELECTRONIC GAMING DEVICE IN ANY ACTIVITY CONDUCTED UNDER THIS TITLE IS SUBJECT TO § 12–108.1 OF THIS ARTICLE.
4	13-203.
5 6 7	This title and Title 12 of this article do not prohibit a qualified organization from conducting a gaming event for the exclusive benefit of a qualified organization if an individual or group of individuals does not:
8	(1) benefit financially from the gaming event under this subtitle; or
9 10	(2) receive any of the proceeds from the gaming event under this subtitle for personal use or benefit.
11 12 13 14 15 16	SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding the provisions of Section 1 of this Act, an entity licensed to offer instant bingo under a commercial bingo license as of July 1, 2007, or by a qualified organization as defined in § 13–201 of this article on the premises of the qualified organization may continue to operate a game of instant bingo in the same manner using electronic machines until January July 1, 2009, provided that:
17 18 19	(a) the machines have been in operation for a 1-year period ending December 31, 2007; the machines have been in operation for a 1-year period ending December 31, 2007;
20 21 22	(b) the machines operate using preprinted rolls of paper pull tab tickets that issue pull tab tickets in a predetermined order the entity does not operate more than the number of electronic machines operated as of February 28, 2008; and
23 24 25	(e) (b) (c) the conduct of the gaming and operation of the machines is consistent with all other provisions of the Criminal Law Article and with the holding in the case of Chesapeake Amusements Inc. v. Riddle, 363 Md. 16 (2001).
26	SECTION 3. AND BE IT FURTHER ENACTED, That:
27	(a) The State Lottery Agency shall prepare a report that:
28 29	(1) outlines the current statutory and regulatory provisions governing gaming activities in local jurisdictions;
30 31	(2) provides information on the prevalence of gaming activities in local jurisdictions;
32	(3) analyzes the financial impact of gaming activities for:
33	(i) the entities or organizations conducting the activities;

1	(ii) the local jurisdictions; and
$\frac{2}{3}$	(iii) any other entities or organizations that may benefit financially from such activities;
4 5 6	(4) examines the impact of gaming activities in local jurisdictions on other gaming activities regulated by the State, including the State Lottery and horse racing; and
7 8	(5) makes recommendations as to how the State may exercise additional or improved oversight of gaming activities.
9 10 11 12	(b) The State Lottery Agency shall submit the report required under subsection (a) of this section to the Governor and, subject to \$2-1246 of the State Government Article, to the Senate Budget and Taxation Committee and the House Committee on Ways and Means on or before December 15, 2008.
13 14 15 16 17	SECTION 3. 4. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, if any action is brought for declaratory, injunctive, or other relief to challenge the legality of any provision of this Act or any amendment made by this Act, the enforcement and implementation of this Act may not be stayed pending the disposition of the action.
18 19 20 21 22	SECTION 2. 4. 5. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted shall take effect July 1, 2008.
	Approved:
	Governor.
	President of the Senate.
	Speaker of the House of Delegates.