

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 531  
Ways and Means

(Delegate F. Turner)

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**Gaming - Video Lottery Terminals**

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This emergency bill makes a number of clarifying and technical changes regarding the implementation of video lottery terminals (VLTs) in the State.

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**Fiscal Summary**

**State Effect:** The changes will not substantially affect State finances.

**Local Effect:** None. The bill clarifies that local jurisdictions may not collect admissions and amusement tax on VLT proceeds.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary/Current Law/Background:** Two VLT gambling bills passed during the 2007 special session – House Bill 4 (Chapter 5) and Senate Bill 3 (Chapter 4). House Bill 4 is a constitutional amendment that was approved by Maryland voters at the November 2008 general election authorizing 15,000 VLTs at five locations in the State. The amendment also specifies that the General Assembly may only authorize expanded forms of gambling subject to certain restrictions. Senate Bill 3, which was contingent on ratification of House Bill 4, establishes the operational and regulatory framework for the authorized VLT program.

### *Lottery Commission Operations*

The bill removes the requirement that the State Lottery Commission conduct a hearing on the qualifications of an applicant for a video lottery operation license and of any person who is required to be qualified as a condition of the license.

The bill also removes “any other reason” from the list of reasons for which the State Lottery Commission must disqualify a video lottery operation license applicant. The bill also clarifies that it is an applicant that is disqualified, not a license that is denied to a disqualified applicant.

The bill alters the definition of “own” so that it refers to any (not only 10% or more) beneficial or proprietary interest in the property or business of an applicant or licensee. The proposed change will allow more thorough background checks to be performed by the State Lottery Commission or State Police.

Under current law, the State Police or an approved vendor must conduct a background investigation of a video lottery terminal operation licensee; a video lottery operator; and any other applicant the State Lottery Commission considers necessary. The bill alters the background check requirements related to submission of fingerprints to address concerns raised by the State Police.

### *Video Lottery Operation Licenses*

The bill clarifies, where appropriate, that the Video Lottery Facility Location Commission (Location Commission) awards video lottery operation licenses and that the Lottery Commission issues the licenses, and clarifies that the Location Commission will notify the State Lottery Commission when it awards a license.

The bill generally replaces the word “bid” with the word “application” with regard to applying for a video lottery operation license, whereas current law makes use of both words; the change also applies to other forms of the respective words (*e.g.*, “bidders” is changed to “applicants”). The bill also defines the term “video lottery operator” as a person licensed to operate a video lottery facility.

The bill clarifies that the law does not prohibit a video lottery operation licensee, regardless of whether operations are at a racetrack location, from beginning video lottery terminal operations in a temporary facility that meets minimum standards. The bill also clarifies that the initial 15-year term for a video lottery operation license begins upon operation of a VLT facility in temporary or permanent facilities.

Finally, the bill clarifies that the admissions and amusement tax may not be imposed by local jurisdictions on any proceeds from the operation of video lottery terminals.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office, Maryland State Lottery Agency,  
Department of Legislative Services

**Fiscal Note History:** First Reader - March 17, 2009  
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