

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

House Bill 960  
Ways and Means

(Delegates Olszewski and Kach)

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**Gaming - Video Lottery Terminals - Player Cards**

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This bill requires the State Lottery Commission to mandate that each video lottery terminal (VLT) in the State be operated only by insertion of a video lottery player card. To obtain a player card, an individual must provide a video lottery operation licensee with proof of identification, such as a driver's license, Social Security number, credit card, or debit card. The licensee must use the player card to prohibit an individual from playing a VLT under specified conditions. The bill also requires the State Lottery Commission to adopt regulations to carry out player card provisions.

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**Fiscal Summary**

**State Effect:** Special fund revenues from the State VLT program may decrease beginning in FY 2011 to the extent that player participation is discouraged by player card requirements. General and special fund expenditures increase substantially in order to create and implement information sharing systems and processes, including any State Lottery Agency and/or video lottery operation licensees expenditures to retrofit and/or program VLT machines to accommodate player cards.

**Local Effect:** VLT program local impact grant funds may be reduced for those counties with VLT facilities, to the extent that individuals are deterred from visiting State VLT facilities.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** A video lottery licensee must use the player card to prohibit an individual from playing a VLT if the individual:

- is overdue in paying State taxes in an amount exceeding \$150;
- is in arrears under a child support order in an amount exceeding \$150;
- is named in an arrest warrant that a law enforcement agency has attempted but failed to serve due to the inability to locate the individual; or
- is receiving treatment for compulsive gambling in a program conducted by the Department of Health and Mental Hygiene or in a private organization certified by the department.

**Current Law:** During the 2007 special session, the General Assembly adopted two pieces of legislation pertaining to VLT gambling – Chapter 4 (Senate Bill 3) and Chapter 5 (House Bill 4). Chapter 5 was a constitutional amendment approved by the voters at the November 2008 general election that authorized the expansion of gambling subject to specified restrictions. The constitutional amendment provided that (1) a maximum of five VLT facility licenses may be awarded within specified areas of the State; (2) no more than one facility license may be awarded in any county or Baltimore City; (3) a maximum of 15,000 VLTs may be authorized; and (4) VLT facilities must comply with any applicable planning and zoning laws of a local jurisdiction.

Chapter 4, which was contingent on ratification of Chapter 5, established the operational and regulatory framework for the VLT program. Under Chapter 4, VLT facility operation licenses are awarded by a Video Lottery Facility Location Commission. The State Lottery Commission will oversee VLT operations and will own/lease the VLTs and a central monitor and control system. Chapter 4 allows for a maximum of 15,000 machines, distributed as follows: 4,750 VLTs in Anne Arundel County; 3,750 VLTs in Baltimore City; 2,500 VLTs in Worcester County; 2,500 VLTs in Cecil County; and 1,500 VLTs in Allegany County. In addition, geographic parameters for each jurisdiction within which a VLT facility may be located are provided. The location commission may alter VLT allocations if warranted by an evaluation of market and other factors; however, no more than 4,750 VLTs may be placed at any one location.

Gross VLT proceeds are distributed as follows, pursuant to Chapter 4 of the 2007 special session:

- Business Investment – 1.5% to a small, minority, and woman-owned business investment account;

- Lottery (Administration) – 2% to the State lottery for administrative costs, with other costs provided for in the State budget;
- Local Government Impact Grants – 5.5% to local governments in which a video lottery facility is operating, 18% of which would go for 15 years (starting in fiscal 2012 and ending in fiscal 2027) to Baltimore City through the Pimlico Community Development Authority and to Prince George’s County for the community surrounding Rosecroft (\$1 million annually);
- Horse Racing Industry – 7% to a purse dedication account to enhance horse racing purses and funds for the horse breeding industry, not to exceed \$100 million annually;
- Racetrack Renewal – 2.5% for an eight-year period to a Racetrack Renewal Fund, not to exceed \$40 million annually;
- Licensee (Operator) – no more than 33% to video lottery operation licensees; and
- Education Trust Fund – remainder to Education Trust Fund (48.5%-51.0%).

*Limitations on VLT Use*

There is no requirement that player cards be used to access VLTs.

A video lottery operation licensee shall ensure that intoxicated individuals and individuals under the age of 21 years are not allowed to play video lottery terminals and are not allowed in areas of the video lottery facility where video lottery terminals are located.

The State Lottery Commission must adopt regulations to provide for the establishment of a list of individuals who are to be mandatorily excluded or ejected by a video lottery operation licensee from any video lottery operation. Regulations must include standards for exclusion or ejection and must include standards relating to individuals:

- who are career offenders (as defined by regulations);
- who have been convicted of a criminal offense under U.S. law that involves moral turpitude or a gambling offense; or
- whose presence in the establishment of a licensee would be adverse to the interest of the State, the licensee, or the person.

The State Lottery Commission may impose sanctions on a licensee if the licensee knowingly fails to exclude or eject an individual placed on the list of individuals to be excluded or ejected.

The State Lottery Commission must also adopt regulations to reduce or mitigate effects of problem gambling. The regulations must include establishment of a voluntary list of

individuals with gambling problems who request to be excluded from any video lottery operation in the State, as well as means for a sober and informed individual to request placement on the exclusion for a specified time period. A video lottery operation licensee may not permit an individual on the voluntary exclusion list to enter into the video lottery facility or to play a video lottery terminal. The State Lottery Commission may impose sanctions on a licensee for knowingly failing to exclude from the premises an individual on the voluntary exclusion list.

### *Disclosure of Selected Information*

Generally, State law prohibits an officer, employee, former officer, or former employee of the State or of a political subdivision of the State from disclosing, in any manner, any tax information. Tax information includes:

- the amount of income or any other particulars disclosed in specified tax returns, or return information in a required attachment to the tax return;
- any return information, as defined in Section 6103 of the Internal Revenue Code, required to be attached to or included in a tax return required under this article; or
- any information contained in an admissions and amusement tax return or a sales and use tax return.

Chapter 332 of 1998 provides that court files and records pertaining to an arrest warrant must not be open to public inspection until either the warrant has been served or 90 days have elapsed since the warrant was issued. In addition, court files and records pertaining to an arrest warrant issued pursuant to a grand jury indictment or conspiracy investigation may not be open to public inspection until all arrest warrants for any coconspirators have been served. However, a State's Attorney or a peace officer may release information concerning an unserved arrest warrant and the charging document upon which the warrant was issued.

The official custodian of a medical record must deny inspection of a part of a public record containing:

- medical or psychological information about an individual, other than an autopsy report;
- personal information about an individual with a disability, or perceived disability; or
- a specified report on HIV/AIDS.

**Background:** Casinos often offer (but not require) to patrons what are generally called player club cards. Players holding player club cards can earn points to be used for free

game play, discounts on services, and other rewards for frequent participation. The use of the player club cards by patrons allows casino operators to gather and analyze valuable information such as playing levels and the demographics of participants, via a system that tracks card use.

The State Lottery Agency is not aware of any state that bars VLT participation through the use of a mandatory player card.

**State Revenues:** The bill may deter some would-be casino visitors from gambling at Maryland VLT facilities. VLT revenues decrease beginning in fiscal 2011 to the extent that the player card requirements discourage VLT patronage.

**State Expenditures:** State expenditures will depend on how each video lottery operation licensee uses player cards to prohibit an individual from playing a VLT, for specified reasons. Potentially the licensee could bar an individual from entering the facility and/or the card could deny the transaction at any and all VLT machines. Regardless, the licensee will have to access pertinent information for each visitor on State taxes due, child support owed, unserved arrest warrants and the reason they have not been served, as well compulsive gambling treatment received by specified institutions. The process would have to allow the licensee to make use of all relevant information without violating any law prohibiting the licensee from viewing, or being provided with the information.

The Comptroller's Office advises that regardless of the number of visitors to VLT facilities, an automated system in which video lottery operation licensees access a State system to verify that an individual does not owe more than \$150 in taxes (one of the four reasons for preventing an individual from using the VLT machine) would cost approximately \$50,000 to implement. Other departments, including various law enforcement agencies, would have to implement and/or provide access to a similar system, at similar cost.

The Comptroller's Office further advises that it could potentially coordinate a process by which information that would be regularly provided from the Comptroller's Office, the Department of Human Resources (DHR), and the Department of Health and Mental Hygiene (DHMH). Such an automated system could require up to four newly developed components:

- receiving requests from each video lottery operation licensee;
- receiving data from DHR and DHMH;
- performing data matching processes; and
- responding to video lottery operation licensees.

The State Lottery Commission will own or lease all VLTs in the State. Either the licensee or the State Lottery Agency will incur expenses if VLT machines must be retrofitted and/or programmed to accommodate the use of player cards.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Health and Mental Hygiene, Comptroller's Office, Judiciary (Administrative Office of the Courts), Maryland State Lottery Agency, Department of State Police, Department of Legislative Services

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