

# HOUSE BILL 39

C7

(11r0705)

## ENROLLED BILL

— Ways and Means/Budget and Taxation —

Introduced by **Delegates Conway and McDermott**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Worcester County~~ **Slot Machines for Nonprofit Organizations on the**  
3 **Eastern Shore - Expansion and Oversight**

4 FOR the purpose of requiring the State Comptroller to regulate the operation of slot  
5 machines by certain eligible organizations in certain counties; adding Worcester  
6 County to the list of counties in which certain nonprofit fraternal, religious, and  
7 war veterans' organizations may own and operate a certain number of slot  
8 machines under certain circumstances; authorizing the Comptroller to adopt  
9 certain regulations; requiring the Comptroller to set the amount of a certain  
10 annual fee in a certain manner; prohibiting the Comptroller from issuing  
11 licenses for slot machines to certain eligible organizations in certain locations in  
12 Ocean City; prohibiting the Comptroller from initiating certain reporting and  
13 audit requirements until a certain date; and generally relating to slot machines  
14 ~~in Worcester County~~ in certain counties.

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining 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.



1 BY repealing and reenacting, with amendments,  
2 Article – Criminal Law  
3 Section 12–304  
4 Annotated Code of Maryland  
5 (2002 Volume and 2010 Supplement)

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

8 **Article – Criminal Law**

9 12–304.

10 (a) In this section, “eligible organization” means:

11 (1) a nonprofit organization that:

12 (i) has been located in a county listed in subsection (b) of this  
13 section for at least 5 years before the organization applies for a license under  
14 subsection (e) of this section; and

15 (ii) is a bona fide:

- 16 1. fraternal organization;  
17 2. religious organization; or  
18 3. war veterans’ organization; or

19 (2) a nonprofit organization that has been affiliated with a national  
20 fraternal organization for less than 5 years and has been located in a county listed in  
21 subsection (b) of this section for at least 50 years before the nonprofit organization  
22 applies for a license under subsection (e) of this section.

23 (b) This section applies in:

- 24 (1) Caroline County;  
25 (2) Cecil County;  
26 (3) Dorchester County;  
27 (4) Kent County;  
28 (5) Queen Anne’s County;  
29 (6) Somerset County;

1 (7) Talbot County; [and]

2 (8) Wicomico County; AND

3 (9) **WORCESTER COUNTY.**

4 (c) (1) In this subsection, a console or set of affixed slot machines is not  
5 an individual slot machine.

6 (2) Notwithstanding any other provision of this subtitle, an eligible  
7 organization may own and operate a slot machine if the eligible organization:

8 (i) obtains a license under subsection (e) of this section for each  
9 slot machine;

10 (ii) owns each slot machine that the eligible organization  
11 operates;

12 (iii) owns not more than five slot machines;

13 (iv) locates and operates its slot machines at its principal  
14 meeting hall in the county in which the eligible organization is located;

15 (v) does not locate or operate its slot machines in a private  
16 commercial facility;

17 (vi) uses:

18 1. at least one-half of the **GROSS** proceeds from its slot  
19 machines for the benefit of a charity; and

20 2. the remainder of the proceeds from its slot machines  
21 to further the purposes of the eligible organization;

22 (vii) does not use any of the proceeds of the slot machine for the  
23 financial benefit of an individual; and

24 (viii) reports annually under affidavit to the State Comptroller:

25 1. the income of each slot machine; and

26 2. the disposition of the income from each slot machine.

27 (d) An eligible organization may not use or operate a slot machine unless:

1 (1) the slot machine is equipped with a tamperproof meter or counter  
2 that accurately records gross receipts; and

3 (2) the eligible organization keeps an accurate record of the gross  
4 receipts and payoffs of the slot machine.

5 (e) (1) **(I) THE STATE COMPTROLLER SHALL REGULATE THE**  
6 **OPERATION OF SLOT MACHINES UNDER THIS SECTION.**

7 **(II) THE STATE COMPTROLLER MAY ADOPT REGULATIONS**  
8 **TO IMPLEMENT THE REQUIREMENTS OF THIS SECTION, INCLUDING REQUIRING**  
9 **AUDITS OF THE ANNUAL REPORTS SUBMITTED TO THE STATE COMPTROLLER**  
10 **UNDER SUBSECTION (C)(2)(VIII) OF THIS SECTION.**

11 **(2)** Before an eligible organization may operate a slot machine under  
12 this section, the eligible organization shall obtain a license for the slot machine from  
13 the ~~sheriff of the county in which the eligible organization plans to locate the slot~~  
14 ~~machine~~ **STATE COMPTROLLER.**

15 ~~(2)~~ **(3)** (i) The ~~county~~ **STATE COMPTROLLER** shall:

16 1. charge an annual fee ~~of \$50~~ for each license for a  
17 machine; and

18 2. issue a license sticker to the applicant.

19 (ii) The applicant shall place the sticker on the slot machine.

20 (iii) ~~The proceeds of the annual fee shall be transferred to the~~  
21 ~~general fund of the county~~ **THE STATE COMPTROLLER SHALL SET THE AMOUNT OF**  
22 **THE ANNUAL FEE SO THAT THE TOTAL PROCEEDS OF THE ANNUAL FEE EQUAL**  
23 **AN AMOUNT DIRECTLY RELATED TO ADMINISTRATIVE COSTS OF THE STATE**  
24 **COMPTROLLER TO REGULATE THE OPERATION OF SLOT MACHINES UNDER THIS**  
25 **SECTION.**

26 (3) In the application to the ~~sheriff~~ **STATE COMPTROLLER** for a  
27 license, one of the principal officers of the eligible organization shall certify under  
28 affidavit that the organization:

29 (i) is an eligible organization; and

30 (ii) will comply with this section.

31 (f) (1) A principal officer of the eligible organization may not intentionally  
32 misrepresent a statement of fact on the application.

1 (2) A person who violates this subsection is guilty of perjury and on  
2 conviction is subject to the penalty provided under Title 9, Subtitle 1 of this article.

3 **(G) THE COMPTROLLER MAY NOT ISSUE A LICENSE FOR A SLOT**  
4 **MACHINE TO AN ELIGIBLE ORGANIZATION LOCATED IN OCEAN CITY THAT IS**  
5 **LOCATED EAST OF SOUTH AND NORTH BALTIMORE AVENUES.**

6 SECTION 2. AND BE IT FURTHER ENACTED, That the Comptroller may not  
7 initiate any audit or reporting requirements, as authorized under § 12-304(e)(1)(ii) of  
8 the Criminal Law Article as enacted by this Act, until July 1, 2012.

9 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
10 effect ~~October 1, 2011~~ June 1, 2011.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.