

# HOUSE BILL 952

C7

11r2777  
CF SB 423

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By: **Delegate James**

Introduced and read first time: February 11, 2011

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery – Licenses – Veterans’ Organizations**

3 FOR the purpose of authorizing the Director of the State Lottery Agency to issue a  
4 license for not more than a certain number of lottery ticket terminals for the  
5 sale of State lottery tickets to veterans’ organizations under certain  
6 circumstances; requiring that a certain amount of revenues from lottery ticket  
7 sales by a veterans’ organization is to be provided for charitable purposes;  
8 requiring that, after a certain date, a certain amount of revenues from lottery  
9 ticket sales by a veterans’ organization is to be distributed to the Maryland  
10 Veterans Trust Fund; providing that certain revenues from lottery ticket sales  
11 by a veterans’ organization are to be credited to the State Lottery Fund after  
12 certain distributions are made; requiring a veterans’ organization issued a  
13 license under this Act to purchase or lease lottery ticket terminals; prohibiting a  
14 veterans’ organization from using certain lottery receipts to pay certain costs for  
15 lottery ticket terminals; directing the State Lottery Agency to implement the  
16 provisions of this Act in accordance with a certain court decision; and generally  
17 relating to the State lottery and State lottery ticket sales by veterans’  
18 organizations.

19 BY repealing and reenacting, without amendments,  
20 Article – Criminal Law  
21 Section 12–101(f)(3)  
22 Annotated Code of Maryland  
23 (2002 Volume and 2010 Supplement)

24 BY repealing and reenacting, with amendments,  
25 Article – State Government  
26 Section 9–112, 9–119(a) and (b), and 9–913  
27 Annotated Code of Maryland  
28 (2009 Replacement Volume and 2010 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Criminal Law**

4 12–101.

5 (f) “Organization” includes:

6 (3) a veterans’ organization or club;

7 **Article – State Government**

8 9–112.

9 (a) **[In] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, IN**  
10 accordance with the regulations of the Agency and this subtitle, the Director shall  
11 issue licenses to the persons and governmental units that will best serve the public  
12 convenience and promote the sale of State lottery tickets or shares.

13 (b) Before issuing a license to an applicant, the Director shall consider such  
14 factors as:

15 (1) the financial responsibility and security of the applicant and the  
16 business or activity of the applicant;

17 (2) the accessibility of the place of business or activity to the public;

18 (3) the sufficiency of existing licenses to serve the public convenience;

19 and

20 (4) the volume of expected sales.

21 **(c) (1) SUBJECT TO THIS SUBSECTION, THE DIRECTOR MAY ISSUE A**  
22 **LICENSE UNDER THIS SUBTITLE FOR NOT MORE THAN THREE LOTTERY TICKET**  
23 **TERMINALS TO AN APPLICANT THAT IS A VETERANS’ ORGANIZATION AS**  
24 **DEFINED IN § 12–101(F)(3) OF THE CRIMINAL LAW ARTICLE.**

25 **(2) (i) AS A CONDITION OF CONTINUED LICENSURE, AFTER**  
26 **DEDUCTION OF ANY COMMISSION AND VALIDATION PRIZE PAYOUT AS PROVIDED**  
27 **UNDER § 9–117 OF THIS SUBTITLE, A VETERANS’ ORGANIZATION ISSUED A**  
28 **LICENSE UNDER THIS SUBSECTION SHALL USE ONE–HALF OF THE RECEIPTS**  
29 **GENERATED FROM THE SALE OF LOTTERY TICKETS FOR CHARITABLE**  
30 **PURPOSES.**

1                   **(II) AFTER DEDUCTION OF ANY COMMISSION AND**  
2 **VALIDATION PRIZE PAYOUT AND THE DISTRIBUTION UNDER SUBPARAGRAPH (I)**  
3 **OF THIS PARAGRAPH IS MADE, BEGINNING ON JULY 1, 2012, A VETERANS'**  
4 **ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL REMIT 10%**  
5 **OF THE REMAINING RECEIPTS FROM THE SALE OF LOTTERY TICKETS TO THE**  
6 **COMPTROLLER FOR DISTRIBUTION TO THE MARYLAND VETERANS TRUST**  
7 **FUND ESTABLISHED UNDER § 9-913 OF THIS TITLE.**

8                   **(III) AFTER DEDUCTION OF ANY COMMISSION AND**  
9 **VALIDATION PRIZE PAYOUT AND THE DISTRIBUTIONS UNDER SUBPARAGRAPHS**  
10 **(I) AND (II) OF THIS PARAGRAPH ARE MADE, A VETERANS' ORGANIZATION**  
11 **ISSUED A LICENSE UNDER THIS SUBSECTION SHALL CREDIT THE REMAINING**  
12 **RECEIPTS FROM THE SALE OF LOTTERY TICKETS TO THE STATE LOTTERY FUND**  
13 **ESTABLISHED UNDER § 9-118 OF THIS SUBTITLE.**

14                   **(3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**  
15 **A VETERANS' ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION**  
16 **SHALL PURCHASE OR LEASE FROM THE AGENCY THE LOTTERY TICKET**  
17 **TERMINALS TO BE USED BY THE VETERANS' ORGANIZATION.**

18                   **(II) AN ORGANIZATION MAY NOT USE RECEIPTS FROM THE**  
19 **SALE OF LOTTERY TICKETS THAT WOULD OTHERWISE BE USED FOR**  
20 **CHARITABLE PURPOSES OR CREDITED TO THE MARYLAND VETERANS TRUST**  
21 **FUND OR THE STATE LOTTERY FUND FOR THE COSTS OF PURCHASING OR**  
22 **LEASING LOTTERY TICKET TERMINALS.**

23                   **[(c)] (D)**       The Director may not issue a license to:

24                   (1)       a person or governmental unit to engage in business primarily as a  
25 licensed agent; or

26                   (2)       an individual who is under the age of 21 years.

27                   **[(d)] (E)**       The Commission may hear and decide an appeal of a denial of a  
28 license.

29 9-119.

30                   (a)       Except for the commission of a licensed agent **AND EXCEPT AS**  
31 **PROVIDED IN § 9-112(C)(2) OF THIS SUBTITLE**, all of the receipts from the sale of  
32 State lottery tickets or shares are due to the Agency:

33                   (1)       on the due date that the Agency sets; or

1 (2) at the times and within the intervals prescribed by Agency  
2 regulations.

3 (b) (1) (i) **[The] EXCEPT AS PROVIDED IN § 9-112(C)(2) OF THIS**  
4 **SUBTITLE, THE** Director shall require all licensed agents to deposit, with a bank that  
5 the licensed agent selects and to the credit of the State Lottery Fund, all of the  
6 receipts from the sale of State lottery tickets or shares less any commission and  
7 validation prize payout.

8 (ii) 1. A licensed agent may commingle proceeds from the  
9 sale of State lottery tickets or shares with business receipts of the licensed agent.

10 2. Proceeds, including cash proceeds of the sale of any  
11 lottery products less any commission and validation prize payout, shall be remitted  
12 and paid directly or through the Agency's authorized collection representative.

13 (iii) Licensed agents and each person who is a guarantor or  
14 indemnitor of a licensed agent's financial obligations to the Agency shall be liable for  
15 all proceeds from the sale of lottery tickets or shares.

16 (iv) The Director may adjust the time, interval, or method of  
17 collection for collections of proceeds of any licensed agent.

18 (v) 1. Nothing in this subsection may be construed to  
19 impose obligations or liability on any bank in which proceeds from the sale of State  
20 lottery tickets or shares are deposited.

21 2. This subparagraph does not affect the rights and  
22 obligations of any financial institution that has issued an irrevocable letter of credit or  
23 holds any cash security deposit as provided in § 9-114 of this subtitle.

24 (2) The Director may require any or all licensed agents to submit to  
25 the Director or a designee of the Director a report that:

26 (i) is in the form that the Director requires; and

27 (ii) gives the information that the Director requires as to the  
28 transactions in and receipts from the sale of State lottery tickets or shares.

29 9-913.

30 (a) In this section, "Fund" means the Maryland Veterans Trust Fund.

31 (b) There is a Maryland Veterans Trust Fund in the Department.

32 (c) (1) The Fund is a special, nonlapsing fund that is not subject to  
33 reversion under § 7-302 of the State Finance and Procurement Article.

1           (2)    The State Treasurer shall hold the Fund separately, and the  
2 Comptroller shall account for the Fund.

3           (d)    (1)    The Secretary shall administer the Fund.

4           (2)    The Maryland Veterans Commission, the Maryland Veterans'  
5 Home Commission, and program directors shall advise the Secretary on the  
6 administration of the Fund.

7           (e)    The Fund consists of:

8                   (1)    gifts and grants that the Department receives under § 9–912(b) of  
9 this subtitle; **AND**

10                   (2)    **CONTRIBUTIONS TO THE FUND FROM THE SALE OF LOTTERY**  
11 **TICKETS UNDER § 9–112(C) OF THIS SUBTITLE.**

12           (f)    Money in the Fund may only be used to:

13                   (1)    make grants and loans under § 9–912(b)(2)(i) of this subtitle;

14                   (2)    be invested under § 9–912(b)(2)(ii) of this subtitle; and

15                   (3)    pay the costs of administering the Fund through distribution to an  
16 administrative cost account in the Department.

17           (g)    (1)    The State Treasurer shall invest the money in the Fund in the  
18 same manner as other State money may be invested.

19                   (2)    Any investment earnings of the Fund shall be credited to the Fund.

20           (h)    Money expended from the Fund is supplemental to and is not intended to  
21 take the place of funding that would otherwise be appropriated to the Department.

22           (i)    (1)    On or before August 31 of each year, the Secretary shall submit a  
23 report to the General Assembly, in accordance with § 2–1246 of this article, on the  
24 status of the Fund.

25                   (2)    The report shall include:

26                           (i)    the gross amount of gifts and grants credited to the Fund;

27                           (ii)   the costs of administration of the Fund; and

28                           (iii)  a detailed accounting of the use of the Fund.

1           SECTION 2. AND BE IT FURTHER ENACTED, That the State Lottery Agency  
2 shall ensure that the conduct of the gaming and the operation of the lottery ticket  
3 terminals as established under this Act are consistent with the holding in the case of  
4 Chesapeake Amusements Inc. v. Riddle, 363 Md. 16 (2001).

5           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2011.