

# SENATE BILL 249

C7

11r0884  
CF HB 39

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By: **Senator Mathias**

Introduced and read first time: January 28, 2011

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 5, 2011

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## 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.

15 BY repealing and reenacting, with amendments,  
16 Article – Criminal Law  
17 Section 12–304  
18 Annotated Code of Maryland  
19 (2002 Volume and 2010 Supplement)

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

22 **Article – Criminal Law**

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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.



1 12-304.

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

3 (1) a nonprofit organization that:

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

7 (ii) is a bona fide:

8 1. fraternal organization;

9 2. religious organization; or

10 3. war veterans’ organization; or

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

15 (b) This section applies in:

16 (1) Caroline County;

17 (2) Cecil County;

18 (3) Dorchester County;

19 (4) Kent County;

20 (5) Queen Anne’s County;

21 (6) Somerset County;

22 (7) Talbot County; [and]

23 (8) Wicomico County; AND

24 **(9) WORCESTER COUNTY.**

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

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

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

5                   (ii) owns each slot machine that the eligible organization  
6 operates;

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

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

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

12                  (vi) uses:

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

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

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

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

20                           1. the income of each slot machine; and

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

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

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

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

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

29                           **(II) THE STATE COMPTROLLER MAY ADOPT REGULATIONS**  
30 **TO IMPLEMENT THE REQUIREMENTS OF THIS SECTION, INCLUDING REQUIRING**

1 AUDITS OF THE ANNUAL REPORTS SUBMITTED TO THE STATE COMPTROLLER  
 2 UNDER SUBSECTION (C)(2)(VIII) OF THIS SECTION.

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

7 ~~(2)~~ **(3)** (i) The ~~county~~ STATE COMPTROLLER shall:

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

10 2. issue a license sticker to the applicant.

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

12 (iii) ~~The proceeds of the annual fee shall be transferred to the~~  
 13 ~~general fund of the county~~ THE STATE COMPTROLLER SHALL SET THE AMOUNT  
 14 OF THE ANNUAL FEE SO THAT THE TOTAL PROCEEDS OF THE ANNUAL FEE  
 15 EQUAL AN AMOUNT DIRECTLY RELATED TO ADMINISTRATIVE COSTS OF THE  
 16 STATE COMPTROLLER TO REGULATE THE OPERATION OF SLOT MACHINES  
 17 UNDER THIS SECTION.

18 ~~(3)~~ **(4)** In the application to the ~~sheriff~~ STATE COMPTROLLER for  
 19 a license, one of the principal officers of the eligible organization shall certify under  
 20 affidavit that the organization:

21 (i) is an eligible organization; and

22 (ii) will comply with this section.

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

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

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

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.