

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

House Bill 882  
Ways and Means

(Delegate Rudolph)

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Gaming - Video Lottery Employees - Licenses

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This bill requires the State Lottery Commission to establish two categories of video lottery employee licenses, one category for video lottery employees who handle money in a video lottery facility and one for video lottery employees who do not handle money in a video lottery facility.

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Fiscal Summary

**State Effect:** The Maryland State Lottery can adopt any necessary regulations using existing resources, including any changes to employee license fees.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** During the 2007 special session, the General Assembly adopted two pieces of legislation pertaining to video lottery terminal (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. Chapter 624 of 2010 made several changes to the VLT program implemented by Chapter 4.

An individual must hold a valid license issued by the State Lottery Commission in order to be employed as a video lottery employee. The commission may, by regulation, exempt categories of video lottery employees from holding a license if the commission determines that the requirement is not necessary in order to protect the public interest or accomplish VLT-related policies.

Pursuant to Code of Maryland Regulations (COMAR) 14.01.10.13, the commission currently has two types of VLT facility *employee* licenses: gaming employee licenses and nongaming employee licenses. A gaming employee is an individual employed by the holder of a video lottery facility operation license whose duties relate to the operation of a facility and who performs or supervises the performance of:

- operating, servicing, or maintaining a video lottery terminal or associated equipment;
- accounting, maintaining, or auditing a facility's financial records;
- counting or processing video lottery terminal revenue;
- conducting security or surveillance in or around a facility; or
- operating or maintaining a facility's information systems.

A nongaming employee is an individual employed by the holder of a video lottery facility operation license for duties other than those of a gaming employee. The Department of State Police or an approved vendor must conduct a background investigation in a timely manner of an applicant for a video lottery operation license; a video lottery operator; and any other applicant the commission considers necessary. An applicant for a gaming license currently pays an application fee of \$250 and a license fee of \$200, while an applicant for a nongaming license pays an application fee of \$50 and a license fee of \$100. Licenses are issued for an initial term of three years.

Under State law, among the reasons an applicant for a video lottery employee license may be disqualified are (1) failure to prove the applicant's good character, honesty, and integrity; (2) commission of, conviction for, or current prosecution for a crime involving moral turpitude or gambling; and (3) pursuit by the applicant of economic gain that is in violation of State law or that may be inimical to VLT policy.

COMAR 14.01.14 details minimum internal control standards for video lottery facilities. Many of these standards relate in some way to the handling of money. Among others, there are minimum standards for: (1) the handling of money in a cashier's cage and handling of cash in a count room; (2) the design of a cashier's cage and a count room;

(3) access to and collection of cash storage boxes; (4) customer deposits; (5) issuance and deposit of counter checks; (6) accounting; and (7) surveillance of various activities in a video lottery facility.

**State Fiscal Effect:** VLT facilities will contain both gaming and nongaming employees who handle money, including nongaming employees such as food and beverage sales employees. Under current regulations, the State Lottery Commission imposes application and renewal fees for employee licenses. The bill does not specifically alter these fees. It is assumed that if the addition of two additional employee categories results in necessary changes to background investigation requirements, then employee licensing fees will be altered accordingly through changes to current regulations. The impact of any fee changes cannot be estimated at this time.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 11, 2011  
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