

# SENATE BILL 11

C7  
SB 423/11 – B&T

(PRE-FILED)

2lr0505  
CF 2lr0551

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By: **Senators Peters, Klausmeier, Garagiola, DeGrange, Rosapepe, King, Astle, Colburn, Kittleman, Stone, and Edwards**

Requested: September 8, 2011

Introduced and read first time: January 11, 2012

Assigned to: Budget and Taxation

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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 to  
4 certain veterans’ organizations a license for not more than a certain number of  
5 instant ticket lottery machines for the sale of certain lottery machine tickets  
6 under certain circumstances; exempting certain counties from certain  
7 provisions; requiring a veterans’ organization to locate and operate certain  
8 instant ticket lottery machines in certain places; authorizing the Director to  
9 adopt certain regulations; providing that revenues from certain lottery machine  
10 ticket sales by a veterans’ organization are to be credited to the State Lottery  
11 Fund after certain deductions are made; requiring the Comptroller to distribute  
12 a certain percentage of proceeds deposited in the State Lottery Fund from  
13 certain lottery machine ticket sales by veterans’ organizations to the Maryland  
14 Veterans Trust Fund; requiring a veterans’ organization issued a license under  
15 this Act to purchase or lease instant ticket lottery machines; prohibiting a  
16 veterans’ organization from using certain lottery receipts to pay certain costs for  
17 instant ticket lottery machines; defining a certain term; directing the State  
18 Lottery Agency to ensure that implementation of the provisions of this Act with  
19 respect to the conduct of gaming and the operation of the instant ticket lottery  
20 machines is consistent with a certain court decision; and generally relating to  
21 the State lottery and certain lottery machine ticket sales by veterans’  
22 organizations.

23 BY repealing and reenacting, with amendments,  
24 Article – State Government  
25 Section 9–112, 9–120(b), and 9–913  
26 Annotated Code of Maryland  
27 (2009 Replacement Volume and 2011 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,  
2 Article – State Government  
3 Section 9–120(a)  
4 Annotated Code of Maryland  
5 (2009 Replacement Volume and 2011 Supplement)

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

8 **Article – State Government**

9 9–112.

10 (a) IN THIS SECTION, “VETERANS’ ORGANIZATION” MEANS AN  
11 ORGANIZATION THAT IS TAX EXEMPT AND ORGANIZED AS A VETERANS’  
12 ORGANIZATION UNDER § 501(C)(19) OR § 501(C)(4) OF THE INTERNAL  
13 REVENUE CODE.

14 (b) [In] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, IN  
15 accordance with the regulations of the Agency and this subtitle, the Director shall  
16 issue licenses to the persons and governmental units that will best serve the public  
17 convenience and promote the sale of State lottery tickets or shares.

18 [(b)] (c) Before issuing a license to an applicant, the Director shall consider  
19 such factors as:

20 (1) the financial responsibility and security of the applicant and the  
21 business or activity of the applicant;

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

23 (3) the sufficiency of existing licenses to serve the public convenience;  
24 and

25 (4) the volume of expected sales.

26 (d) (1) THIS SUBSECTION DOES NOT APPLY IN:

27 (i) CAROLINE COUNTY;

28 (ii) CECIL COUNTY;

29 (iii) DORCHESTER COUNTY;

30 (iv) KENT COUNTY;

1 (V) QUEEN ANNE'S COUNTY;

2 (VI) SOMERSET COUNTY;

3 (VII) TALBOT COUNTY;

4 (VIII) WICOMICO COUNTY; AND

5 (IX) WORCESTER COUNTY.

6 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,  
7 THE DIRECTOR MAY ISSUE A LICENSE UNDER THIS SUBTITLE FOR NOT MORE  
8 THAN FIVE INSTANT TICKET LOTTERY MACHINES TO AN APPLICANT THAT IS A  
9 VETERANS' ORGANIZATION.

10 (II) A VETERANS' ORGANIZATION THAT IS ISSUED A LICENSE  
11 UNDER THIS SUBSECTION SHALL LOCATE AND OPERATE ITS INSTANT TICKET  
12 LOTTERY MACHINES AT ITS PRINCIPAL MEETING HALL IN THE COUNTY IN  
13 WHICH THE VETERANS' ORGANIZATION IS LOCATED.

14 (3) AFTER DEDUCTION OF ANY COMMISSION AND VALIDATION  
15 PRIZE PAYOUT AS PROVIDED UNDER § 9-117 OF THIS SUBTITLE, A VETERANS'  
16 ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL CREDIT THE  
17 REMAINING RECEIPTS FROM THE SALE OF TICKETS FROM INSTANT TICKET  
18 LOTTERY MACHINES TO THE STATE LOTTERY FUND ESTABLISHED UNDER §  
19 9-118 OF THIS SUBTITLE TO BE DISTRIBUTED AS PROVIDED UNDER § 9-120(B)  
20 OF THIS SUBTITLE.

21 (4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,  
22 A VETERANS' ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION  
23 SHALL PURCHASE OR LEASE FROM THE AGENCY THE INSTANT TICKET LOTTERY  
24 MACHINES TO BE USED BY THE VETERANS' ORGANIZATION.

25 (II) AN ORGANIZATION MAY NOT USE RECEIPTS FROM THE  
26 SALE OF TICKETS FROM INSTANT TICKET LOTTERY MACHINES THAT WOULD  
27 OTHERWISE BE CREDITED TO THE STATE LOTTERY FUND FOR THE COSTS OF  
28 PURCHASING OR LEASING INSTANT TICKET LOTTERY MACHINES.

29 (5) THE DIRECTOR MAY ADOPT REGULATIONS TO IMPLEMENT  
30 THE PROVISIONS OF THIS SUBSECTION THAT INCLUDE RESTRICTING THE  
31 LOCATION OF INSTANT TICKET LOTTERY MACHINES IN AREAS OF A VETERANS'  
32 ORGANIZATION'S PUBLIC MEETING HALL THAT IS ACCESSIBLE TO THE PUBLIC.

33 [(c)] (E) The Director may not issue a license to:

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

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

4 **[(d)] (F)** The Commission may hear and decide an appeal of a denial of a  
5 license.

6 9–120.

7 (a) The Comptroller shall distribute the State Lottery Fund to pay:

8 (1) on a pro rata basis for the daily and nondaily State lottery games,  
9 the expenses of administering and operating the State lottery, as authorized under  
10 this subtitle and the State budget; and

11 (2) then, except as provided in § 10–113.1 of the Family Law Article  
12 and § 11–618 of the Criminal Procedure Article, the holder of each winning ticket or  
13 share.

14 (b) (1) Promptly after the 1st day of each month, the Comptroller shall  
15 pay:

16 (i) into the Maryland Stadium Facilities Fund the money that  
17 remains in the State Lottery Fund from the proceeds of the sports lotteries conducted  
18 for the benefit of the Maryland Stadium Authority, after the distribution under  
19 subsection (a) of this section; [and]

20 **(II) AFTER JUNE 30, 2013, INTO THE MARYLAND VETERANS**  
21 **TRUST FUND 10% OF THE MONEY THAT REMAINS IN THE STATE LOTTERY FUND**  
22 **FROM THE PROCEEDS OF SALES OF TICKETS FROM INSTANT TICKET LOTTERY**  
23 **MACHINES BY VETERANS’ ORGANIZATIONS UNDER § 9–112(D) OF THIS**  
24 **SUBTITLE, AFTER THE DISTRIBUTION UNDER SUBSECTION (A) OF THIS SECTION;**  
25 **AND**

26 **[(ii)] (III)** into the General Fund of the State the money that  
27 remains in the State Lottery Fund from the proceeds of all other lotteries after the  
28 distribution under subsection (a) of this section.

29 (2) The money paid into the General Fund under this subsection is  
30 available in the fiscal year in which the money accumulates in the State Lottery Fund.

31 9–913.

32 (a) In this section, “Fund” means the Maryland Veterans Trust Fund.

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

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

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

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

7 (2) The Maryland Veterans Commission, the Maryland Veterans'  
8 Home Commission, and program directors shall advise the Secretary on the  
9 administration of the Fund.

10 (e) The Fund consists of:

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

13 (2) **CONTRIBUTIONS TO THE FUND FROM THE SALE OF TICKETS**  
14 **FROM INSTANT TICKET LOTTERY MACHINES UNDER § 9–112(D) OF THIS TITLE.**

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

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

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

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

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

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

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

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

28 (2) The report shall include:

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

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

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

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

7 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 October 1, 2012.