

HOUSE BILL 372

C7, A1
HB 567/13 – W&M

4lr1036

By: **Delegate Glenn**

Introduced and read first time: January 23, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Video Lottery Operation Licenses – Expansion to Alcoholic Beverages**
3 **Licensed Establishments**

4 FOR the purpose of authorizing the Video Lottery Facility Location Commission to
5 award video lottery operation licenses to holders of certain alcoholic beverages
6 licenses; altering the number of video lottery terminals that may be authorized
7 in the State; requiring that the State Lottery and Gaming Control Agency
8 administer and issue licenses for the operation of video lottery terminals;
9 providing for the distribution of proceeds from the play of video lottery
10 terminals; submitting this Act to a referendum of the qualified voters of the
11 State; and generally relating to video lottery operation licenses in the State.

12 BY repealing and reenacting, with amendments,
13 Article – State Government
14 Section 9–1A–05(a), 9–1A–27, and 9–1A–36(f), (g), (h), (i), and (r)(1)
15 Annotated Code of Maryland
16 (2009 Replacement Volume and 2013 Supplement)

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

19 **Article – State Government**

20 9–1A–05.

21 (a) [The] **EXCEPT AS PROVIDED IN § 9–1A–27(E) OF THIS SUBTITLE,**
22 **THE** Video Lottery Facility Location Commission established under § 9–1A–36 of this
23 subtitle may not:

24 (1) award more than six video lottery operation licenses;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) award more than 16,500 video lottery terminals for operation at
2 video lottery facilities in the State;

3 (3) subject to the requirements of § 9–1A–36(h) and (i) of this subtitle,
4 award more than 4,750 terminals for operation at any video lottery facility; and

5 (4) for a location in Allegany County:

6 (i) award a video lottery operation license to an applicant that
7 does not agree to purchase the Rocky Gap Lodge and Resort; and

8 (ii) notwithstanding § 9–1A–36(i)(2) of this subtitle, award more
9 than 1,500 video lottery terminals for operation at a video lottery facility in Allegany
10 County.

11 9–1A–27.

12 (a) Except as provided in subsections (b), [and] (c), **AND (E)(4)** of this section
13 and § 9–1A–26(a)(3) of this subtitle, on a properly approved transmittal prepared by
14 the Commission, the Comptroller shall pay the following amounts from the proceeds of
15 video lottery terminals at each video lottery facility:

16 (1) (i) on or before March 31, 2015, 2% to the State Lottery and
17 Gaming Control Agency for costs as defined in § 9–1A–01 of this subtitle; and

18 (ii) beginning April 1, 2015, 1% to the State Lottery and Gaming
19 Control Agency for costs as defined in § 9–1A–01 of this subtitle;

20 (2) to the video lottery operation licensee, the percentage stated in the
21 accepted application for the location, not to exceed, except as provided in subsection (b)
22 of this section, 33%;

23 (3) 5.5% in local impact grants, in accordance with § 9–1A–31 of this
24 subtitle;

25 (4) 7% to the Purse Dedication Account established under § 9–1A–28
26 of this subtitle, not to exceed a total of \$100,000,000 to the Account annually;

27 (5) (i) until the issuance of a video lottery operation license in
28 Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under §
29 9–1A–29 of this subtitle and distributed in accordance with that section; and

30 (ii) on or after the issuance of a video lottery operation license in
31 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §
32 9–1A–29 of this subtitle and distributed in accordance with that section, not to exceed
33 a total of \$20,000,000 to the Account annually;

1 (6) 1.5% to the Small, Minority, and Women–Owned Businesses
2 Account established under § 9–1A–35 of this subtitle;

3 (7) (i) except as provided in item (ii) of this item, 6% to the video
4 lottery operation licensee if the video lottery operation licensee owns or leases each
5 video lottery terminal device and the associated equipment and software; and

6 (ii) 8% to the video lottery operation licensee in Anne Arundel
7 County;

8 (8) beginning after the issuance of a video lottery operation license for
9 a video lottery facility in Prince George’s County, 8% to the video lottery operation
10 licensee in Anne Arundel County and 7% to the licensee in Baltimore City for:

11 (i) marketing, advertising, and promotional costs required
12 under § 9–1A–23 of this subtitle; and

13 (ii) capital improvements at the video lottery facilities; and

14 (9) the remainder to the Education Trust Fund established under §
15 9–1A–30 of this subtitle.

16 (b) (1) Beginning July 1, 2013, for a video lottery facility in Worcester
17 County with less than 1,000 video lottery terminals, the percentage in subsection
18 (a)(2) of this section is equal to 43% provided that each year an amount equivalent to
19 2.5% of the proceeds from video lottery terminals at the video lottery facility is spent
20 on capital improvements at the video lottery facility.

21 (2) After the first 10 years of operations at a video lottery facility in
22 Allegany County, the percentage:

23 (i) in subsection (a)(2) of this section is equal to 43% provided
24 that each year an amount equivalent to 2.5% of the proceeds from video lottery
25 terminals at the video lottery facility is spent on capital improvements at the video
26 lottery facility; and

27 (ii) in subsection (a)(1) of this section is equal to 2%.

28 (3) For a video lottery facility in Prince George’s County, the
29 percentage in subsection (a)(2) of this section stated in the accepted application for the
30 location may not exceed 38%.

31 (c) (1) For the first 10 years of operations at a video lottery facility in
32 Allegany County, on a properly approved transmittal prepared by the Commission, the
33 Comptroller shall pay the following amounts from the proceeds of video lottery
34 terminals at a video lottery facility in Allegany County:

1 (i) 2% to the State Lottery and Gaming Control Agency for
2 costs as defined in § 9-1A-01 of this subtitle;

3 (ii) to the video lottery operation licensee, the percentage stated
4 in the accepted application for the location, not to exceed 50%;

5 (iii) 2.75% in local impact grants, in accordance with § 9-1A-31
6 of this subtitle;

7 (iv) 2.5% to the Purse Dedication Account established under §
8 9-1A-28 of this subtitle;

9 (v) 0.75% to the Small, Minority, and Women-Owned
10 Businesses Account established under § 9-1A-35 of this subtitle; and

11 (vi) the remainder to the Education Trust Fund established
12 under § 9-1A-30 of this subtitle.

13 (2) After the first 10 years of operations at a video lottery facility in
14 Allegany County, the proceeds generated at the facility in Allegany County shall be
15 allocated as provided in subsections (a) and (b) of this section.

16 (d) (1) Each video lottery operation licensee shall retain 80% of the
17 proceeds of table games at the video lottery facility.

18 (2) On a properly approved transmittal prepared by the Commission,
19 the Comptroller shall pay 20% of the proceeds of table games at the video lottery
20 facility to the Education Trust Fund established under § 9-1A-30 of this subtitle.

21 **(E) (1) THE VIDEO LOTTERY FACILITY LOCATION COMMISSION MAY**
22 **AWARD VIDEO LOTTERY OPERATION LICENSES THROUGHOUT THE STATE TO**
23 **HOLDERS OF A CLASS B, CLASS C, OR CLASS D ALCOHOLIC BEVERAGES**
24 **LICENSE OF ANY KIND.**

25 **(2) AN INDIVIDUAL ALCOHOLIC BEVERAGES LICENSE HOLDER**
26 **MAY LOCATE AND OPERATE NOT MORE THAN FIVE VIDEO LOTTERY TERMINALS**
27 **ON THE LICENSED PREMISES OF THE LICENSE HOLDER.**

28 **(3) THE STATE LOTTERY AND GAMING CONTROL AGENCY SHALL**
29 **ADMINISTER AND ISSUE LICENSES FOR THE OPERATION OF VIDEO LOTTERY**
30 **TERMINALS UNDER THIS SUBSECTION.**

31 **(4) PROCEEDS FROM THE OPERATION OF VIDEO LOTTERY**
32 **TERMINALS UNDER THIS SUBSECTION SHALL BE DISTRIBUTED IN THE SAME**

1 MANNER AS PROCEEDS FROM THE SALE OF STATE LOTTERY TICKETS ARE
2 DISTRIBUTED.

3 [(e)] (F) (1) If the costs of the State Lottery and Gaming Control Agency
4 are less than the proceeds specified in subsection (a)(1) of this section, any amount not
5 distributed to the State Lottery and Gaming Control Agency shall be paid to the
6 Education Trust Fund established under § 9-1A-30 of this subtitle.

7 (2) The costs of the Commission shall be as provided in the State
8 budget.

9 9-1A-36.

10 (f) [The] EXCEPT AS PROVIDED IN § 9-1A-27(E) OF THIS SUBTITLE,
11 THE Video Lottery Facility Location Commission may award not more than six video
12 lottery operation licenses to qualified applicants, through a competitive process
13 consistent with the process for competitive sealed proposals under Title 13 of the State
14 Finance and Procurement Article.

15 (g) (1) THIS SUBSECTION DOES NOT APPLY TO A VIDEO LOTTERY
16 OPERATION LICENSE AWARDED UNDER § 9-1A-27(E) OF THIS SUBTITLE.

17 (2) The Video Lottery Facility Location Commission may not award
18 more than one video lottery facility operation license in a single county or Baltimore
19 City.

20 (h) (1) [In] EXCEPT AS PROVIDED IN § 9-1A-27(E) OF THIS
21 SUBTITLE, IN order to qualify for a video lottery operation license under this section,
22 a proposed video lottery facility shall be located in one of the following counties:

23 (i) a location in Anne Arundel County, within 2 miles of MD
24 Route 295;

25 (ii) a location in Cecil County, within 2 miles of Interstate 95;

26 (iii) a location on State property associated with the Rocky Gap
27 State Park in Allegany County;

28 (iv) a location in Worcester County, within 1 mile of the
29 intersection of Route 50 and Route 589;

30 (v) a location in Baltimore City that is:

31 1. located:

32 A. in a nonresidential area;

- 1 B. within one-half mile of Interstate 95;
- 2 C. within one-half mile of MD Route 295; and
- 3 D. on property that is owned by Baltimore City on the
- 4 date on which the application for a video lottery operation license is submitted; and

5 2. not adjacent to or within one-quarter mile of property

6 that is:

7 A. zoned for residential use; and

8 B. used for a residential dwelling on the date the

9 application for a video lottery operation license is submitted; or

10 (vi) a location in Prince George's County within a 4-mile radius

11 of the intersection of Bock Road and St. Barnabas Road.

12 (2) Nothing in this subtitle may be construed to preempt the exclusive

13 authority of the Video Lottery Facility Location Commission to award video lottery

14 operation licenses in accordance with this subtitle.

15 (3) (i) With respect to a video lottery operation license awarded to

16 a location under paragraph (1)(iv) of this subsection, the holder of the video lottery

17 operation license or any other person with a direct or indirect legal or financial

18 interest in the Ocean Downs racetrack or video lottery facility may not:

19 1. build any type of hotel, motel, or other public lodging

20 accommodation on or within 10 miles of the property owned by the holder of the

21 license on which a video lottery facility is operated;

22 2. convert an existing facility on or within 10 miles of

23 the property described in item 1 of this subparagraph into any type of hotel, motel, or

24 other public lodging accommodation; or

25 3. build or operate a conference center or convention

26 center, amusement park, amusement rides, arcade, or miniature golf course on or

27 within 10 miles of the property described in item 1 of this subparagraph.

28 (ii) The prohibitions under subparagraph (i) of this paragraph

29 apply to any subsequent holder of a video lottery operation license awarded under

30 paragraph (1)(iv) of this subsection.

31 (i) (1) Except as provided in paragraphs (2) and (3) of this subsection

32 **AND § 9-1A-27(E) OF THIS SUBTITLE**, the Video Lottery Facility Location

1 Commission may not allocate more than the following number of video lottery
2 terminals for:

3 (i) a location in Anne Arundel County – 4,750 video lottery
4 terminals;

5 (ii) a location in Baltimore City – 3,750 video lottery terminals;

6 (iii) a location in Cecil County – 2,500 video lottery terminals;

7 (iv) a location in Prince George’s County – 3,000 video lottery
8 terminals;

9 (v) a location in Rocky Gap State Park (Allegany County) –
10 1,500 video lottery terminals; and

11 (vi) a location in Worcester County – 2,500 video lottery
12 terminals.

13 (2) The Video Lottery Facility Location Commission may allocate
14 video lottery terminals in a manner that is different from the allocation provided in
15 paragraph (1) of this subsection on a determination that the market factors and other
16 factors evaluated under subsection (k) of this section warrant the different allocation,
17 provided that no one location may be allocated more than 4,750 video lottery
18 terminals.

19 (3) (i) Beginning with the termination date for the Video Lottery
20 Facility Location Commission and every 3 years thereafter, if all of the video lottery
21 terminals authorized under this subtitle are not allocated or have been allocated but
22 are not in regular operation, the State Lottery and Gaming Control Commission may
23 allocate or reallocate video lottery terminals to video lottery operation licensees in a
24 manner that ensures that the highest potential revenues are achieved.

25 (ii) In determining the highest potential revenues to be achieved
26 by additional video lottery terminals at each potential location, the State Lottery and
27 Gaming Control Commission shall consider the market performance of the existing
28 video lottery terminals at each location.

29 (r) (1) Nothing in this subtitle may be construed to require the Video
30 Lottery Facility Location Commission to award all [six] video lottery operation
31 licenses authorized under this subtitle.

32 SECTION 2. AND BE IT FURTHER ENACTED, That before this Act, which
33 authorizes an expansion of commercial gaming, becomes effective it shall first be
34 submitted to a referendum of the qualified voters of the State at the general election to
35 be held in November of 2014, in accordance with Article XIX, § 1(e) of the Maryland
36 Constitution. The State Board of Elections shall do those things necessary and proper

1 to provide for and hold the referendum required by this section. If a majority of the
2 votes cast on the question are “For the referred law” the provisions of this Act shall
3 become effective on the 30th day following the official canvass of votes for the
4 referendum, but if a majority of the votes cast on the question are “Against the
5 referred law” the provisions of this Act are of no effect and null and void.

6 SECTION 3. AND BE IT FURTHER ENACTED, That, subject to the provisions
7 of Section 2 of this Act and for the sole purpose of providing for the referendum
8 required by Section 2 of this Act, this Act shall take effect July 1, 2014.