C7 6lr2891 CF HB 647

By: Senator Middleton

Introduced and read first time: February 4, 2016

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

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Video Lottery Facilities - Charles County - Expansion and Use of Proceeds

3 FOR the purpose of authorizing the awarding of an additional video lottery operation 4 license and a certain number of additional video lottery terminals for a video lottery 5 facility in Charles County in a vessel moored to a pier on the Potomac River; 6 specifying that certain proceeds from the video lottery terminals and table games be 7 paid to the Governor Harry W. Nice Memorial Bridge Fund; repealing a certain 8 prohibition against an individual or a business entity owning an interest in more than one video lottery facility; repealing certain prohibitions against a video lottery 9 operation licensee providing food or alcoholic beverages to individuals at no cost; 10 11 altering the amount the Comptroller pays to certain video lottery operation licensees 12 from the proceeds of video lottery terminals; repealing a certain prohibition against 13 a holder of a video lottery operation license at the Ocean Downs racetrack from 14 building or operating certain structures within a certain geographic area; providing 15 for the reconstitution of the Video Lottery Facility Location Commission under 16 certain circumstances; establishing the Governor Harry W. Nice Memorial Bridge 17 Fund as a special, nonlapsing fund; specifying that the purpose of the Fund is to help 18 defray the costs of replacing the Governor Harry W. Nice Memorial Bridge; requiring 19 the Department of Transportation to administer the Fund; requiring the State 20 Treasurer to hold the Fund and the Comptroller to account for the Fund; specifying 21 the contents of the Fund; specifying the purpose for which the Fund may be used; 22 providing for the investment of money in and expenditures from the Fund; defining 23 a certain term; submitting this Act to a referendum of the qualified voters of the 24State; providing for the effective date of certain provisions of this Act; making certain 25 provisions of this Act subject to a certain contingency; and generally relating to 26 gaming in the State.

BY repealing and reenacting, with amendments,

Article – State Government

29 Section 9–1A–05(a) and (d), 9–1A–24, and 9–1A–36(f), (h), (i)(1), (r)(1), and (t)

30 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1	(2014 Replacement Volume and 2015 Supplement)
2 3 4 5 6 7 8	BY repealing and reenacting, with amendments, Article – State Government Section 9–1A–27 Annotated Code of Maryland (2014 Replacement Volume and 2015 Supplement) (As enacted by Chapter 1 of the Acts of the General Assembly of the 2012 2nd Special Session)
9 10 11 12 13	BY adding to Article – State Government Section 9–1A–30.1 Annotated Code of Maryland (2014 Replacement Volume and 2015 Supplement) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
16	Article - State Government
L 7	9–1A–05.
18 19	(a) The Video Lottery Facility Location Commission established under $\S~9-1A-36$ of this subtitle may not:
20	(1) award more than [six] SEVEN video lottery operation licenses;
21 22	(2) award more than [16,500] 18,000 video lottery terminals for operation at video lottery facilities in the State;
23 24	(3) subject to the requirements of § 9–1A–36(h) and (i) of this subtitle, award more than 4,750 terminals for operation at any video lottery facility; and
25	(4) for a location in Allegany County:
26 27	(i) award a video lottery operation license to an applicant that does not agree to purchase the Rocky Gap Lodge and Resort; and
28 29 30	(ii) notwith standing $\S 9-1A-36(i)(2)$ of this subtitle, award more than 1,500 video lottery terminals for operation at a video lottery facility in Allegany County.
31 32 33	(d) (1) In this subsection, "owner" includes any type of owner or beneficiary of a business entity, including an officer, director, principal employee, partner, investor, stockholder, or beneficial owner of the business entity and, notwithstanding any other

- provisions of this subtitle, including a person having any ownership interest regardless of the percentage of ownership interest.
- 3 (2) An individual or business entity may [not] own an interest in more than 4 one video lottery facility.
- 5 (3) A member of the Senate of Maryland or the House of Delegates may not 6 be an owner or an employee of any business entity that holds a video lottery operation 7 license.
- 8 (4) Notwithstanding paragraphs (1) and (2) of this subsection:
- 9 (i) an individual or business entity may enter into a management 10 agreement to operate a facility located in Allegany County that it does not own, subject to 11 the approval of the Video Lottery Facility Location Commission and the State Lottery and 12 Gaming Control Commission; and
- 13 (ii) a holder of a video lottery operation license may apply to the 14 Video Lottery Facility Location Commission for an additional license provided that the 15 application required under § 9–1A–36 of this subtitle includes a plan for divesting from the 16 video lottery operation license held on the date of the application.
- 17 9–1A–24.
- 18 (a) [Except as provided in subsection (b) of this section, the] **THE** Commission shall ensure that a video lottery operation licensee complies with the requirements of this section as a condition of holding the video lottery operation license.
- 21 (b) **[**(1) The county alcoholic beverages licensing authority for the county in which a video lottery facility is located shall ensure that the video lottery operation licensee complies with the requirements of this subsection.
- 24 (2) Except as provided in paragraph (4) of this subsection, a video lottery operation licensee may not provide food or alcoholic beverages to individuals at no cost.
- 26 (3) Any food or alcoholic beverages offered by a video lottery operation 27 licensee for sale to individuals may be offered only at prices that are determined by the 28 county alcoholic beverages licensing authority to be commensurate with the price of similar 29 types of food and alcoholic beverages at restaurants in the county in which the video lottery 30 facility is located.
- 31 (4) A video lottery operation licensee may provide food at no cost to 32 individuals to the same extent allowed under Article 2B, § 12–106 of the Code for a person 33 engaged in the sale or barter of spirituous, malt, or intoxicating liquors and licensed under 34 the laws of Maryland.

- 1 (c)] (1) Except as provided in paragraph (2) of this subsection, a video lottery 2 operation licensee shall ensure that intoxicated individuals and individuals under the age 3 of 21 years are not allowed to play video lottery terminals or table games and are not 4 allowed in areas of the video lottery facility where video lottery terminals or table games 5 are located.
- 6 (2) A video lottery operation licensee may allow a video lottery employee 7 who is an adult to enter or remain in an area within the video lottery facility that is 8 designated for table game or video lottery terminal activities if the video lottery employee 9 is working.
- [(d)] (C) (1) By regulation, the Commission shall provide for the establishment of a list of individuals who are to be mandatorily excluded or ejected by a video lottery operation licensee from any video lottery operation licensed under this subtitle.
- 14 (2) The regulations under this subsection shall define the standards for exclusion or ejection and shall include standards relating to individuals:
- 16 (i) who are career offenders as defined by regulations adopted by the 17 Commission;
- 18 (ii) who have been convicted of a criminal offense under the laws of 19 the United States or any jurisdiction within the United States that is a criminal offense 20 involving moral turpitude or a gambling offense; or
- 21 (iii) whose presence in the establishment of a licensee would be 22 adverse to the interest of the State, the licensee, or the person.
- 23 (3) The Commission may impose sanctions on a licensee in accordance with 24 this subtitle if the licensee knowingly fails to exclude or eject from the premises of the 25 licensee an individual placed by the Commission on the list of individuals to be excluded or 26 ejected.
- 27 (4) An order under this subsection is subject to judicial review.
- [(e)] (D) (1) By regulation, the Commission shall adopt measures that are intended to reduce or mitigate the effects of problem gambling.
- 30 (2) The regulations shall:
- 31 (i) include establishment of a voluntary exclusion list of individuals 32 with gambling problems who have requested to be excluded from any video lottery 33 operation licensed under this subtitle; and
- 34 (ii) provide a simple mechanism for an individual who is sober and 35 informed to request placement on the voluntary exclusion list for a specified period of time.

1 2 3	(3) A video lottery operation licensee may not permit an individual on the voluntary exclusion list to enter into the video lottery facility or to play a video lottery terminal.
4 5 6	(4) The Commission may impose sanctions on a licensee in accordance with this subtitle if the licensee knowingly fails to exclude from the premises of the licensee an individual on the voluntary exclusion list.
7 8	[(f)] (E) In order to protect the public interest, the regulations shall include provisions that:
9 10	(1) limit the number and location of and maximum withdrawal amounts from automated teller machines;
11 12 13	(2) prohibit authorized automated teller machines from accepting electronic benefit cards, debit cards, or similar negotiable instruments issued by the Department of Human Resources for the purpose of accessing temporary cash assistance;
14 15	(3) require payouts above an amount adopted by the Commission to be made by check;
16 17	(4) require conspicuous disclosures related to the payout of video lottery terminals;
18	(5) limit the dollar amount that video lottery terminals will accept;
19 20 21	(6) prohibit the use of specified negotiable instruments at video lottery facilities and the use of credit cards, debit cards, and similar devices in video lottery terminals;
22 23 24	(7) provide consumers with a record of video lottery terminal spending levels if marketing measures are utilized that track consumer spending at video lottery facilities;
25 26	(8) prohibit consumers from cashing paychecks at video lottery facilities; and
27 28	(9) prohibit video lottery operation licensees from engaging in or contracting with another to engage in predatory marketing practices.

A video lottery operation licensee may not, directly or indirectly,

interfere with, hinder, obstruct, impede, or take any action to delay the implementation or

establishment of a video lottery facility by any other licensee or applicant for a video lottery

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(1)

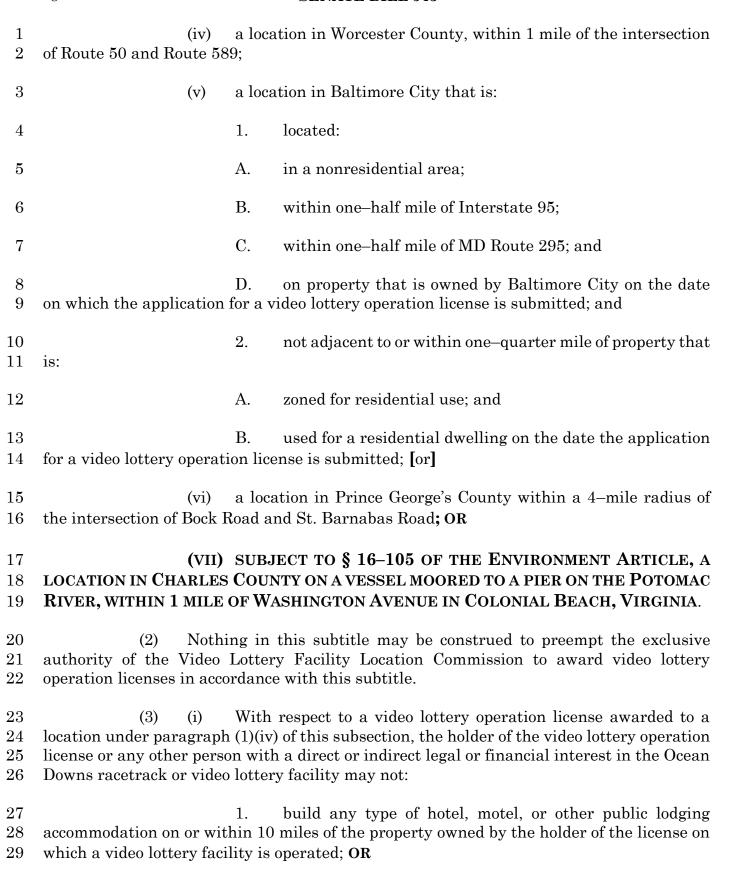
operation license awarded or issued under this subtitle.

- 1 (2) (i) The Commission shall adopt regulations, to the fullest extent 2 allowed by the first amendment of the Constitution of the United States, to carry out the 3 provisions of this subsection.
- 4 (ii) The regulations adopted under this subsection shall include 5 provisions:
- 6 1. that expressly prohibit:
- A. taking any of the actions described in paragraph (1) of this subsection relating to the issuance of required State or local governmental approvals for the establishment of a video lottery facility; or
- B. providing funding or other material support to engage in any of the actions described in paragraph (1) of this subsection;
- 12 2. that prohibit, as unlawful indirect conduct, activity:
- A. by an entity in which the licensee owns a beneficial or proprietary interest; or
- B. by an entity in which an affiliate of the licensee owns a beneficial or proprietary interest; and
- 3. that allow the Commission to impose sanctions and penalties in accordance with § 9–1A–25 of this subtitle if a licensee knowingly violates paragraph (1) of this subsection.
- 20 **9–1A–30.1.**
- 21 (A) IN THIS SECTION, "FUND" MEANS THE GOVERNOR HARRY W. NICE 22 MEMORIAL BRIDGE FUND.
- 23 (B) THERE IS A GOVERNOR HARRY W. NICE MEMORIAL BRIDGE FUND.
- 24 (C) THE PURPOSE OF THE FUND IS TO HELP DEFRAY THE COSTS OF
 25 REPLACING, WITH A FOUR-LANE BRIDGE, THE GOVERNOR HARRY W. NICE
 26 MEMORIAL BRIDGE, WHICH CONNECTS CHARLES COUNTY, MARYLAND, AND KING
 27 GEORGE COUNTY VIRGINIA ACROSS THE POTOMAC RIVER
- 27 GEORGE COUNTY, VIRGINIA, ACROSS THE POTOMAC RIVER.
- 28 (D) THE DEPARTMENT OF TRANSPORTATION SHALL ADMINISTER THE 29 FUND.
- 30 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT 31 SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, 1 2 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND. 3 **(F)** THE FUND CONSISTS OF: REVENUE DISTRIBUTED TO THE FUND UNDER § 9-1A-27(A)(9) **(1)** 4 AND (D)(2)(II) OF THIS SUBTITLE; 5 **(2)** MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND 6 7 ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR **(3)** THE BENEFIT OF THE FUND. 8 9 (G) THE FUND MAY BE USED ONLY FOR DEFRAYING THE COSTS OF 10 REPLACING THE HARRY W. NICE MEMORIAL BRIDGE. THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND 11 (H) **(1)** IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED. 12 13 **(2)** ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE. 14 EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE 15 (I)WITH THE STATE BUDGET. 16 9-1A-36. 17 18 The Video Lottery Facility Location Commission may award not more than (f) [six] SEVEN video lottery operation licenses to qualified applicants, through a competitive 19 process consistent with the process for competitive sealed proposals under Title 13 of the 20 21 State Finance and Procurement Article. 22 In order to qualify for a video lottery operation license under this (h) 23section, a proposed video lottery facility shall be located in one of the following counties: 24a location in Anne Arundel County, within 2 miles of MD Route (i) 25295; 26 a location in Cecil County, within 2 miles of Interstate 95; (ii) 27 (iii) a location on State property associated with the Rocky Gap State

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Park in Allegany County;



- 1 2. convert an existing facility on or within 10 miles of the 2 property described in item 1 of this subparagraph into any type of hotel, motel, or other 3 public lodging accommodation [: or 4 3. build or operate a conference center or convention center, 5 amusement park, amusement rides, arcade, or miniature golf course on or within 10 miles 6 of the property described in item 1 of this subparagraph]. 7 The prohibitions under subparagraph (i) of this paragraph apply 8 to any subsequent holder of a video lottery operation license awarded under paragraph 9 (1)(iv) of this subsection. 10 Except as provided in paragraphs (2) and (3) of this subsection, the (1) Video Lottery Facility Location Commission may not allocate more than the following 11 12 number of video lottery terminals for: 13 a location in Anne Arundel County – 4,750 video lottery (i) 14 terminals; 15 a location in Baltimore City -3,750 video lottery terminals; (ii) 16 (iii) a location in Cecil County -2,500 video lottery terminals; 17 (IV) A LOCATION IN CHARLES COUNTY – 1,500 VIDEO LOTTERY 18 TERMINALS; [(iv)] **(V)** 19 a location in Prince George's County – 3,000 video lottery 20terminals; 21[(v)] **(VI)** a location in Rocky Gap State Park (Allegany County) 221,500 video lottery terminals; and 23 (vi) (VII) a location in Worcester County – 2,500 video lottery 24terminals. 25(r) (1) Nothing in this subtitle may be construed to require the Video Lottery 26 Facility Location Commission to award all [six] SEVEN video lottery operation licenses authorized under this subtitle. 27
- 28 (t) (1) Except as provided in paragraph (2) of this subsection, the Video 29 Lottery Facility Location Commission shall terminate on January 1, 2015.
- 30 (2) The Governor may reconstitute the Video Lottery Facility Location 31 Commission, which shall include the appointment of new members based on the criteria 32 established under subsections (b) and (c) of this section:

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- 10 1 (i) [one] 1 year prior to the expiration of a video lottery operation 2 license; [or] 3 (ii) following the revocation or surrender of a video lottery operation 4 license; OR 5 (III) FOLLOWING AUTHORIZATION OF AN ADDITIONAL VIDEO LOTTERY OPERATION LICENSE AT A LOCATION IN CHARLES COUNTY. 6 7 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read 8 as follows: 9 9-1A-27.10 (a) Except as provided in subsections (b) and (c) of this section and § 9-1A-26(a)(3) of this subtitle, on a properly approved transmittal prepared by the 11 Commission, the Comptroller shall pay the following amounts from the proceeds of video 12 13 lottery terminals at each video lottery facility: 14 on or before March 31, 2015, 2% to the State Lottery and Gaming (1)15 Control Agency for costs as defined in § 9–1A–01 of this subtitle; and 16 (ii) beginning April 1, 2015, 1% to the State Lottery and Gaming 17 Control Agency for costs as defined in § 9–1A–01 of this subtitle: 18 40% to the video lottery operation licensee, the percentage stated in (2)19 the accepted application for the location, not to exceed, except as provided in subsection (b) of this section, 33%]; 20 21(3)5.5% in local impact grants, in accordance with § 9-1A-31 of this 22subtitle; 23 6% to the Purse Dedication Account established under § 9–1A–28 of this (4) subtitle, not to exceed a total of \$100,000,000 to the Account annually; 2425until the issuance of a video lottery operation license in (5)(i) Baltimore City, 1.75% to the Racetrack Facility Renewal Account established under § 269-1A-29 of this subtitle and distributed in accordance with that section; and 27 28 on or after the issuance of a video lottery operation license in (ii) 29 Baltimore City, 1% to the Racetrack Facility Renewal Account established under §
- 321.5% to the Small, Minority, and Women-Owned Businesses Account 33 established under § 9–1A–35 of this subtitle;

total of \$20,000,000 to the Account annually;

9-1A-29 of this subtitle and distributed in accordance with that section, not to exceed a

- 1 (i) except as provided in item (ii) of this item, 6% to the video lottery (7)2 operation licensee if the video lottery operation licensee owns or leases each video lottery 3 terminal device and the associated equipment and software; and 4 (ii) 8% to the video lottery operation licensee in Anne Arundel County; 5 6 beginning after the issuance of a video lottery operation license for a 7 video lottery facility in Prince George's County, 8% to the video lottery operation licensee in Anne Arundel County and 7% to the licensee in Baltimore City for: 8 9 marketing, advertising, and promotional costs required under § 9-1A-23 of this subtitle; and 10 11 (ii) capital improvements at the video lottery facilities; and 12 (9)**(I)** EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, the remainder to the Education Trust Fund established under § 9–1A–30 of this subtitle; AND 13 14 (II)THE REMAINDER OF THE PROCEEDS FROM THE VIDEO 15 LOTTERY FACILITY LOCATED IN CHARLES COUNTY TO THE GOVERNOR HARRY W. NICE MEMORIAL BRIDGE FUND ESTABLISHED UNDER § 9-1A-30.1 OF THIS 16 SUBTITLE. 17 Beginning July 1, 2013, for a video lottery facility in Worcester County 18 (b) 19 with less than 1,000 video lottery terminals, the percentage in subsection (a)(2) of this 20 section is equal to 43% provided that each year an amount equivalent to 2.5% of the 21 proceeds from video lottery terminals at the video lottery facility is spent on capital 22improvements at the video lottery facility. 23After the first 10 years of operations at a video lottery facility in 24Allegany County, the percentage: 25in subsection (a)(2) of this section is equal to 43% provided that (i) 26 each year an amount equivalent to 2.5% of the proceeds from video lottery terminals at the 27 video lottery facility is spent on capital improvements at the video lottery facility; and 28(ii) in subsection (a)(1) of this section is equal to 2%. 29 (3)For a video lottery facility in Prince George's County, the percentage in 30 subsection (a)(2) of this section stated in the accepted application for the location may not
- 32 (c) (1) For the first 10 years of operations at a video lottery facility in Allegany 33 County, on a properly approved transmittal prepared by the Commission, the Comptroller

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exceed 38%.

- shall pay the following amounts from the proceeds of video lottery terminals at a video lottery facility in Allegany County:
- 3 (i) 2% to the State Lottery and Gaming Control Agency for costs as 4 defined in § 9–1A–01 of this subtitle;
- 5 (ii) to the video lottery operation licensee, the percentage stated in 6 the accepted application for the location, not to exceed 50%;
- 7 (iii) 2.75% in local impact grants, in accordance with $\S 9-1A-31$ of 8 this subtitle;
- 9 (iv) 2.5% to the Purse Dedication Account established under § 10-9-1A-28 of this subtitle;
- 11 (v) 0.75% to the Small, Minority, and Women–Owned Businesses 12 Account established under § 9–1A–35 of this subtitle; and
- 13 (vi) the remainder to the Education Trust Fund established under $\$ 14 9-1A-30 of this subtitle.
- 15 (2) After the first 10 years of operations at a video lottery facility in 16 Allegany County, the proceeds generated at the facility in Allegany County shall be 17 allocated as provided in subsections (a) and (b) of this section.
- 18 (d) (1) Each video lottery operation licensee shall retain 80% of the proceeds 19 of table games at the video lottery facility.
- 20 (2) On a properly approved transmittal prepared by the Commission, the 21 Comptroller shall pay the following amounts from the proceeds of table games at each video 22 lottery facility:
- 23 (i) 5% to the local jurisdiction in which the video lottery facility is 24 located, provided that:
- 25 1. 50% of the proceeds paid to Baltimore City shall be used 26 to fund school construction projects; and
- 27 2. 50% of the proceeds paid to Baltimore City shall be used to fund the maintenance, operation, and construction of recreational facilities; and
- 29 (ii) **1. EXCEPT AS PROVIDED IN ITEM 2 OF THIS ITEM,** 15% to 30 the Education Trust Fund established under § 9–1A–30 of this subtitle; **AND**

2. OF THE PROCEEDS FROM THE VIDEO LOTTERY FACILITY IN CHARLES COUNTY, 15% TO THE GOVERNOR HARRY W. NICE MEMORIAL BRIDGE FUND ESTABLISHED UNDER § 9–1A–30.1 OF THIS SUBTITLE.

- (e) (1) If the costs of the State Lottery and Gaming Control Agency are less than the proceeds specified in subsection (a)(1) of this section, any amount not distributed to the State Lottery and Gaming Control Agency shall be paid to the Education Trust Fund established under § 9–1A–30 of this subtitle.
- 8 (2) The costs of the Commission shall be as provided in the State budget.
- 9 (f) On or before December 1, 2019, and every year thereafter, the State Lottery and Gaming Control Commission shall report to the Governor and, in accordance with § 2–1246 of this article, the General Assembly on the distribution of proceeds of video lottery terminals to licensees for the procurement of video lottery terminals; marketing, advertising, and promotional costs; and capital improvements and the distributions of local impact grants to jurisdictions under § 9–1A–31 of this subtitle.
- 15 (g) Baltimore City shall report to the Baltimore City Senate and House 16 Delegations by December 31 of each year as to the distribution and use of the funds 17 provided under subsection (d) of this section.
 - SECTION 3. AND BE IT FURTHER ENACTED, That, subject to Section 4 of this Act, Section 2 of this Act shall take effect contingent on the taking effect of Chapter 1 of the Acts of the General Assembly of the 2012 2nd Special Session, and if Chapter 1 does not become effective, Section 2 of this Act shall be null and void without the necessity of further action by the General Assembly.
 - SECTION 4. AND BE IT FURTHER ENACTED, That before this Act, which authorizes an additional location for video lottery gaming and table games, becomes effective it shall first be submitted to a referendum of the qualified voters of the State at the general election to be held in November of 2016, in accordance with Article XIX, § 1(e) of the Maryland Constitution. The State Board of Elections shall do those things necessary and proper to provide for and hold the referendum required by this section. If a majority of the votes cast on the question are "For the referred law" the provisions of this Act shall become effective on the 30th day following the official canvass of votes for the referredum, but if a majority of the votes cast on the question are "Against the referred law" the provisions of this Act are of no effect and null and void.
 - SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the provisions of Sections 3 and 4 of this Act and for the sole purpose of providing for the referendum required by Section 4 of this Act, this Act shall take effect October 1, 2016.