

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 277

(Senators Middleton and Mathias)

Finance

Economic Matters

Motor Fuel Suppliers and Retail Service Station Dealers - Promotion - Sales

This bill allows an authorized motor fuel supplier to sponsor, promote, advertise, or otherwise perform or participate in a game of chance at a retail service station, provided that the retail service station dealer agrees to participate in the game of chance. A motor fuel supplier may not require a retail service station dealer to participate in the game of chance.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances or operations, as discussed below.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Generally, a refiner or other supplier of motor fuel to a retail service station may not engage in, sponsor, promote, advertise, or otherwise perform or participate in a game of chance to be marketed or offered to the public at a retail service station in the State. However, a supplier of motor fuel authorized to operate retail service stations may, at such stations, participate in a game of chance promoted or sponsored by entities other than a refiner or supplier of motor fuel. A supplier of motor fuel authorized to conduct a game of chance may not require a retail service station dealer to pay for any costs related to the game of chance.

A producer or refiner may operate a retail service station previously dealer-operated for a period of up to 90 days under limited specified circumstances, such as if the dealer has vacated the station in breach of the lease or if the dealer has been evicted by the producer or refiner for cause. A producer or refiner may apply for an extension beyond 90 days, subject to specified conditions.

Lottery Agents

In exchange for selling State lottery products, licensed agents earn a 5.5% commission of gross lottery sales. A licensed agent may receive a cashing fee of up to 3% of valid prizes paid for services rendered in cashing winning tickets. Additionally, the State Lottery and Gaming Control Agency (SLGCA) may authorize bonuses up to 0.5% of the gross sales to licensed agents.

Background: The Comptroller has advised in the past that there are approximately 2,000 retail service stations in the State. According to SLGCA, retail service stations frequently are also licensed lottery agents. In fiscal 2015, the 4,536 lottery agents in the State generated lottery sales of \$1.76 billion.

State Revenues: The Comptroller did not respond to requests for information regarding the fiscal impact of the bill. However, SLGCA advises that it is the responsible agency for enforcement of the bill's provisions, and it can do so within existing budgeted resources. Therefore, there is likely no impact on general fund expenditures by the Comptroller. SLGCA advises that lottery revenues are not anticipated to be affected.

Additional Information

Prior Introductions: None.

Cross File: HB 342 (Delegates Carey and Davis) - Economic Matters.

Information Source(s): Maryland State Lottery and Gaming Control Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2016
min/mcr

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