

# HOUSE BILL 371

C7

(PRE-FILED)

1r1516  
CF 1r0496

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By: **Delegate P. Young**

Requested: November 1, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery – Instant Ticket Lottery Machines – Fraternal Organizations**  
3 **(ITLMs for Homeless Veterans Act)**

4 FOR the purpose of authorizing the Director of the State Lottery and Gaming Control  
5 Agency to issue certain fraternal organizations a license for not more than a certain  
6 number of instant ticket lottery machines for the sale of certain instant lottery  
7 tickets under certain circumstances; providing for the distribution of the proceeds  
8 from certain lottery machine ticket sales by a fraternal organization; declaring the  
9 intent of the General Assembly; defining certain terms; and generally relating to the  
10 operation of and proceeds from instant ticket lottery machines in the State.

11 BY repealing and reenacting, with amendments,  
12 Article – State Government  
13 Section 9–112  
14 Annotated Code of Maryland  
15 (2014 Replacement Volume and 2020 Supplement)

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

18 **Article – State Government**

19 9–112.

20 (a) **(1)** In this section[, “veterans”] **THE FOLLOWING WORDS HAVE THE**  
21 **MEANINGS INDICATED.**

22 **(2) (1) “FRATERNAL ORGANIZATION” MEANS A NONPROFIT**  
23 **ORGANIZATION THAT:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1                   1.     IS A BONA FIDE FRATERNAL ORGANIZATION;
- 2                   2.     IS OPERATED UNDER THE LODGE SYSTEM;
- 3                   3.     IS CONDUCTED SOLELY FOR THE BENEFIT OF ITS
- 4 MEMBERS AND ITS BENEFICIARIES; AND
- 5                   4.     HAS BEEN LOCATED IN A COUNTY IN WHICH THIS
- 6 SECTION APPLIES FOR AT LEAST 5 YEARS BEFORE THE ORGANIZATION APPLIES FOR
- 7 A LICENSE UNDER SUBSECTION (B) OF THIS SECTION.

8                   (II)   “FRATERNAL ORGANIZATION” INCLUDES A SORORAL

9 ORGANIZATION.

10                  (III)   “FRATERNAL ORGANIZATION” DOES NOT INCLUDE:

11                   1.     ANY COLLEGE OR HIGH SCHOOL FRATERNITY OR

12 SORORITY; OR

13                   2.     ANY OTHER FRATERNAL OR SORORAL ORGANIZATION

14 THE MEMBERSHIP OF WHICH IS RESTRICTED IN WHOLE OR IN PART TO STUDENTS

15 OR GRADUATES OF AN EDUCATIONAL INSTITUTION OR A PROFESSIONAL SCHOOL.

16                  (3)   “VENDOR” MEANS A BUSINESS ENTITY THAT:

17                   (I)   OWNS, SERVICES, AND MAINTAINS INSTANT TICKET

18 LOTTERY MACHINES FOR USE IN ESTABLISHMENTS APPROVED BY THE AGENCY; AND

19                   (II)   HAS BEEN ESTABLISHED AND OPERATING FOR AT LEAST 5

20 YEARS.

21                  (4)   “VETERANS’ organization” means an organization that is tax exempt

22 and organized as a veterans’ organization under § 501(c)(19) or § 501(c)(4) of the Internal

23 Revenue Code.

24                  (b)   Except as provided in subsection (d) of this section, in accordance with the

25 regulations of the Agency and this subtitle, the Director shall issue licenses to the persons

26 and governmental units that will best serve the public convenience and promote the sale of

27 State lottery tickets or shares.

28                  (c)   Before issuing a license to an applicant, the Director shall consider such

29 factors as:

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

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

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

5 (4) the volume of expected sales.

6 (d) (1) This subsection does not apply in:

7 (i) Caroline County;

8 (ii) Cecil County;

9 (iii) Dorchester County;

10 (iv) Kent County;

11 (v) Queen Anne's County;

12 (vi) Somerset County;

13 (vii) Talbot County;

14 (viii) Wicomico County; and

15 (ix) Worcester County.

16 (2) (i) Subject to subparagraph (ii) of this paragraph, the Director may  
17 issue a license under this subtitle for not more than five instant ticket lottery machines to  
18 an applicant that is a veterans' organization **OR FRATERNAL ORGANIZATION**.

19 (ii) A veterans' organization **OR FRATERNAL ORGANIZATION** that  
20 is issued a license under this subsection shall locate and operate its instant ticket lottery  
21 machines at its principal meeting hall in the county in which the veterans' organization **OR**  
22 **FRATERNAL ORGANIZATION** is located.

23 (3) **(I)** After deduction of any commission and validation prize payout  
24 as provided under § 9–117 of this subtitle, a veterans' organization issued a license under  
25 this subsection shall credit the remaining receipts from the sale of tickets from instant  
26 ticket lottery machines to the State Lottery Fund established under § 9–118 of this subtitle.

27 **(II) AFTER DEDUCTION OF A VALIDATION PRIZE PAYOUT, A**  
28 **FRATERNAL ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL**  
29 **REMIT THE RECEIPTS FROM THE SALE OF TICKETS FROM INSTANT TICKET LOTTERY**

1 MACHINES TO THE AGENCY TO BE DISTRIBUTED AS PROVIDED IN SUBPARAGRAPH  
2 (III) OF THIS PARAGRAPH.

3 (III) ON A PROPERLY APPROVED TRANSMITTAL, THE AGENCY  
4 SHALL PAY THE FOLLOWING AMOUNTS FROM THE PROCEEDS OF SALES OF TICKETS  
5 FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL  
6 ORGANIZATION:

7 1. 10% INTO A SPECIAL FUND TO BE USED BY THE  
8 DIVISION OF NEIGHBORHOOD REVITALIZATION IN THE DEPARTMENT OF HOUSING  
9 AND COMMUNITY DEVELOPMENT TO ASSIST VETERANS AND THEIR FAMILIES,  
10 PROVIDED THAT, ANNUALLY, THE FIRST \$100,000 DISTRIBUTED UNDER THIS ITEM  
11 SHALL BE DISTRIBUTED TO THE OUTREACH AND ADVOCACY PROGRAM IN THE  
12 DEPARTMENT OF VETERANS AFFAIRS FOR THE DEVELOPMENT AND MAINTENANCE  
13 OF A WEBSITE AND SOCIAL MEDIA PAGES TO PUBLICIZE VETERANS' PROGRAMS; AND

14 2. FROM THE REMAINING PROCEEDS OF SALES OF  
15 TICKETS FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL  
16 ORGANIZATION:

17 A. 50% TO THE FRATERNAL ORGANIZATION;

18 B. TO THE AGENCY, AN AMOUNT NECESSARY TO PAY FOR  
19 THE PURCHASE OR LEASE OF THE INSTANT TICKET LOTTERY MACHINES; AND

20 C. ANY REMAINING AMOUNT TO THE GENERAL FUND OF  
21 THE STATE.

22 (IV) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT, WHEN  
23 THE STATE LOTTERY AND GAMING CONTROL AGENCY SOLICITS PROPOSALS FOR  
24 THE LEASE OR PURCHASE OF INSTANT TICKET LOTTERY MACHINES UNDER  
25 SUBPARAGRAPH (III) OF THIS PARAGRAPH, THE AGENCY SOLICITS PROPOSALS  
26 FROM MULTIPLE VENDORS.

27 (4) (i) Subject to subparagraph (ii) of this paragraph, a veterans'  
28 organization issued a license under this subsection shall purchase or lease the instant  
29 ticket lottery machines to be used by the veterans' organization.

30 (ii) An organization may not use receipts from the sale of tickets  
31 from instant ticket lottery machines that would otherwise be credited to the State Lottery  
32 Fund for the costs of purchasing or leasing instant ticket lottery machines.

33 (5) The Director may adopt regulations to implement the provisions of this  
34 subsection that include restricting the location of instant ticket lottery machines in areas

1 of a veterans' organization's **OR FRATERNAL ORGANIZATION'S** public meeting hall that  
2 is accessible to the public.

3 (6) The Agency shall ensure that the element of chance in the conduct of  
4 the gaming through the instant ticket lottery machines established under this subsection  
5 is consistent with the holding in the case of Chesapeake Amusements Inc. v. Riddle, 363  
6 Md. 16 (2001), in that the element of chance must be wholly within the pre-printed instant  
7 lottery ticket, and that player enhancements in an instant ticket lottery machine may not  
8 affect the element of chance being wholly within the pre-printed instant lottery ticket.

9 (e) The Director may not issue a license to:

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

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

13 (f) The Commission may hear and decide an appeal of a denial of a license.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2021.