HOUSE BILL 546

By: Delegate Hornberger
Introduced and read first time: January 20, 2021
Assigned to: Ways and Means

A BILL ENTITLED

AN ACT concerning

Video Lottery Operator – Reconciliation of Proceeds – Uncollectible Debt

FOR the purpose of altering the definition of “proceeds” to allow a video lottery operator, under certain circumstances, to reduce the amount of proceeds received from video lottery terminals and table games by the amount of certain uncollectible negotiable instruments for up to a certain number of days following a certain determination; requiring the State Lottery and Gaming Control Commission to adopt certain regulations; requiring a video lottery operator to report certain information to certain committees of the General Assembly at a certain frequency; making technical changes; defining a certain term; providing for the termination of this Act; and generally relating to proceeds from video lottery terminals and table games.

BY repealing and reenacting, without amendments,
Article – State Government
Section 9–1A–01(a) and 9–1A–26(a)
Annotated Code of Maryland
(2014 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–1A–01(u) and 9–1A–26(e)
Annotated Code of Maryland
(2014 Replacement Volume and 2020 Supplement)

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

Article – State Government

9–1A–01.
(a) In this subtitle the following words have the meanings indicated.

(u) (1) “Proceeds” means the part of the amount of money bet through video lottery terminals and table games that is not returned to successful players but is otherwise allocated under this subtitle.

(2) (i) “Proceeds” may be reduced consistent with regulations adopted by the Commission in accordance with subparagraphs (ii) and (iii) of this paragraph.

(ii) If a video lottery operation licensee returns to successful players more than the amount of money bet through video lottery terminals or table games on a given day, the video lottery licensee may subtract that amount from the proceeds of up to 7 following days.

(III) 1. In this subparagraph, “COUNTER CHECK” means a negotiable instrument accepted, on or after July 1, 2021, by a video lottery operator as a promise by a player to repay a line of credit of at least $250,000 issued to the player by the video lottery operator.

2. A. After reasonable collection efforts have been made and only if the video lottery operator was in compliance with all laws and regulations applicable to the issuance of credit to a player, a video lottery operator may reduce the amount of proceeds by any amount of a counter check accepted from the player that is determined to be uncollectible by the general manager or chief financial officer of the video lottery facility.

B. The video lottery operator may reduce the amount of proceeds as provided under subsubparagraph A of this subparagraph notwithstanding the forgiveness of the uncollectible counter check, in whole or in part, by the video lottery operator based on a good faith belief that the player’s business could be retained in good standing.

3. A video lottery operator may reduce the amount of proceeds as authorized under this subparagraph for up to 7 days following the determination that a counter check is uncollectible.

(3) (i) Subject to subparagraph (ii) of this paragraph, “proceeds” does not include money given away by a video lottery operation licensee as free promotional play and used by players to bet in a video lottery terminal or at a table game.

(ii) After the first fiscal year of operations, the exclusion specified in
subparagraph (i) of this paragraph may not exceed a percentage established by the
Commission by regulation of the proceeds received from video lottery terminals and table
games in the prior fiscal year by the video lottery operation licensee under § 9–1A–27(a)(2),
(c)(1)(ii), and (d)(1) of this subtitle.

9–1A–26.

(a) (1) Except as provided in paragraphs (2) and (3) of this subsection, all
proceeds from the operation of video lottery terminals and table games shall be
electronically transferred daily into the State Lottery Fund established under Subtitle 1 of
this title and distributed as provided under § 9–1A–27 of this subtitle.

(2) The requirement under paragraph (1) of this subsection does not apply
on a day when State government is closed.

(3) The amount from the proceeds of video lottery terminals to be paid to
video lottery operation licensees under § 9–1A–27(a)(2), (7), and (8), (b), and (c)(1)(ii) and
(2) of this subtitle shall be retained by the licensee.

(e) The Commission shall adopt regulations, CONSISTENT WITH § 9–1A–01(U)
OF THIS SUBTITLE, that allow a video lottery operation licensee to reduce the amount of
proceeds:

(1) when a video lottery operation licensee returns to successful players
more than the amount of money bet through video lottery terminals or table games on a
given day [that are consistent with § 9–1A–01(u) of this subtitle]; AND

(2) BY ANY AMOUNT OF A COUNTER CHECK, AS DEFINED IN §
9–1A–01(U) OF THIS SUBTITLE, THAT IS DETERMINED TO BE UNCOLLECTIBLE BY
THE GENERAL MANAGER OR CHIEF FINANCIAL OFFICER OF THE VIDEO LOTTERY
FACILITY.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) A video lottery operator shall report, at least quarterly, to the Senate Budget
and Taxation Committee and the House Ways and Means Committee, in accordance with
§ 2–1257 of the State Government Article, the following information, if applicable:

(1) the number of times the operator has reduced the amount of proceeds
from video lottery terminals and table games by the amount of an uncollectible counter
check or forgiven debt under § 9–1A–26 of the State Government Article and the total
amount of the reductions; and

(2) whether the player from whom the video lottery operator accepted the
uncollectible counter check was a first–time debtor of the operator.
(b) The report required under subsection (a) of this section may not include personally identifiable information about the player that is the subject of the report.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2021. It shall remain effective for a period of 2 years and, at the end of June 30, 2023, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.