

HOUSE BILL 584

C7
HB 546/21 – W&M

2lr1866

By: **Delegates Hornberger and Kaiser**
Introduced and read first time: January 31, 2022
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Video Lottery Operator – Reconciliation of Proceeds – Uncollectible Debt**

3 FOR the purpose of altering the definition of “proceeds” to allow a video lottery operator,
4 under certain circumstances, to reduce the amount of proceeds received from video
5 lottery terminals and table games by the amount of certain uncollectible negotiable
6 instruments for up to a certain number of days following a certain determination;
7 requiring a video lottery operator to report certain information to certain committees
8 of the General Assembly at a certain frequency; and generally relating to proceeds
9 from video lottery terminals and table games.

10 BY repealing and reenacting, without amendments,
11 Article – State Government
12 Section 9–1A–01(a) and 9–1A–26(a)
13 Annotated Code of Maryland
14 (2021 Replacement Volume)

15 BY repealing and reenacting, with amendments,
16 Article – State Government
17 Section 9–1A–01(u) and 9–1A–26(e)
18 Annotated Code of Maryland
19 (2021 Replacement Volume)

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

22 **Article – State Government**

23 9–1A–01.

24 (a) In this subtitle the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



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

4 (2) (i) "Proceeds" may be reduced consistent with regulations adopted
5 by the Commission in accordance with [subparagraph] SUBPARAGRAPHS (ii) AND (III) of
6 this paragraph.

7 (ii) If a video lottery operation licensee returns to successful players
8 more than the amount of money bet through video lottery terminals or table games on a
9 given day, the video lottery licensee may subtract that amount from the proceeds of up to
10 7 following days.

11 (iii) 1. IN THIS SUBPARAGRAPH, "COUNTER CHECK" MEANS
12 A NEGOTIABLE INSTRUMENT ACCEPTED, ON OR AFTER JULY 1, 2022, BY A VIDEO
13 LOTTERY OPERATOR AS A PROMISE BY A PLAYER TO REPAY A LINE OF CREDIT OF AT
14 LEAST \$250,000 ISSUED TO THE PLAYER BY THE VIDEO LOTTERY OPERATOR.

15 2. A. AFTER REASONABLE COLLECTION EFFORTS
16 HAVE BEEN MADE AND ONLY IF THE VIDEO LOTTERY OPERATOR WAS IN
17 COMPLIANCE WITH ALL LAWS AND REGULATIONS APPLICABLE TO THE ISSUANCE OF
18 CREDIT TO A PLAYER, A VIDEO LOTTERY OPERATOR MAY REDUCE THE AMOUNT OF
19 PROCEEDS BY ANY AMOUNT OF A COUNTER CHECK ACCEPTED FROM THE PLAYER
20 THAT IS DETERMINED TO BE UNCOLLECTIBLE BY THE GENERAL MANAGER OR CHIEF
21 FINANCIAL OFFICER OF THE VIDEO LOTTERY FACILITY.

22 B. THE VIDEO LOTTERY OPERATOR MAY REDUCE THE
23 AMOUNT OF PROCEEDS AS PROVIDED UNDER SUBSUBSUBPARAGRAPH A OF THIS
24 SUBSUBPARAGRAPH NOTWITHSTANDING THE FORGIVENESS OF THE
25 UNCOLLECTIBLE COUNTER CHECK, IN WHOLE OR IN PART, BY THE VIDEO LOTTERY
26 OPERATOR BASED ON A GOOD FAITH BELIEF THAT THE PLAYER'S BUSINESS COULD
27 BE RETAINED IN GOOD STANDING.

28 3. A VIDEO LOTTERY OPERATOR MAY REDUCE THE
29 AMOUNT OF PROCEEDS AS AUTHORIZED UNDER THIS SUBPARAGRAPH FOR UP TO 7
30 DAYS FOLLOWING THE DETERMINATION THAT A COUNTER CHECK IS
31 UNCOLLECTIBLE.

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

35 (ii) After the first fiscal year of operations, the exclusion specified in
36 subparagraph (i) of this paragraph may not exceed a percentage established by the
37 Commission by regulation of the proceeds received from video lottery terminals and table

1 games in the prior fiscal year by the video lottery operation licensee under § 9–1A–27(a)(2),
2 (c)(1)(ii), and (d)(1) of this subtitle.

3 9–1A–26.

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

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

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

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

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

19 (2) **BY ANY AMOUNT OF A COUNTER CHECK, AS DEFINED IN §**
20 **9–1A–01(U) OF THIS SUBTITLE, THAT IS DETERMINED TO BE UNCOLLECTIBLE BY**
21 **THE GENERAL MANAGER OR CHIEF FINANCIAL OFFICER OF THE VIDEO LOTTERY**
22 **FACILITY.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That:

24 (a) A video lottery operator shall report, at least quarterly, to the Senate Budget
25 and Taxation Committee and the House Ways and Means Committee, in accordance with
26 § 2–1257 of the State Government Article, the following information, if applicable:

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

31 (2) whether the player from whom the video lottery operator accepted the
32 uncollectible counter check was a first–time debtor of the operator.

33 (b) The report required under subsection (a) of this section may not include
34 personally identifiable information about the player that is the subject of the report.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2022. It shall remain effective for a period of 2 years and, at the end of June 30, 2024,
3 this Act, with no further action required by the General Assembly, shall be abrogated and
4 of no further force and effect.