

SENATE BILL 430

C7
SB 155/22 – B&T

3lr2361
CF 3lr2359

By: **Senators Corderman, Ready, and Bailey**
Introduced and read first time: February 2, 2023
Assigned to: Budget and Taxation

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 that the Agency solicit proposals from multiple
10 vendors for the lease or purchase of instant ticket lottery machines under this Act;
11 and generally relating to the operation of and proceeds from instant ticket lottery
12 machines in the State.

13 BY repealing and reenacting, with amendments,
14 Article – State Government
15 Section 9–112
16 Annotated Code of Maryland
17 (2021 Replacement Volume and 2022 Supplement)

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

20 **Article – State Government**

21 9–112.

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

24 **(2) (I) “FRATERNAL ORGANIZATION” MEANS A NONPROFIT**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 ORGANIZATION THAT:

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

9 (II) "FRATERNAL ORGANIZATION" INCLUDES A SORORAL
10 ORGANIZATION.

11 (III) "FRATERNAL ORGANIZATION" DOES NOT INCLUDE:

- 12 1. ANY COLLEGE OR HIGH SCHOOL FRATERNITY OR
13 SORORITY; OR
- 14 2. ANY OTHER FRATERNAL OR SORORAL ORGANIZATION
15 THE MEMBERSHIP OF WHICH IS RESTRICTED IN WHOLE OR IN PART TO STUDENTS
16 OR GRADUATES OF AN EDUCATIONAL INSTITUTION OR A PROFESSIONAL SCHOOL.

17 (3) "VETERANS' organization" means an organization that is tax exempt
18 and organized as a veterans' organization under § 501(c)(19) or § 501(c)(4) of the Internal
19 Revenue Code.

20 (b) Except as provided in subsection (d) of this section, in accordance with the
21 regulations of the Agency and this subtitle, the Director shall issue licenses to the persons
22 and governmental units that will best serve the public convenience and promote the sale of
23 State lottery tickets or shares.

24 (c) Before issuing a license to an applicant, the Director shall consider such
25 factors as:

- 26 (1) the financial responsibility and security of the applicant and the
27 business or activity of the applicant;
- 28 (2) the accessibility of the place of business or activity to the public;
- 29 (3) the sufficiency of existing licenses to serve the public convenience; and
- 30 (4) the volume of expected sales.

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

- 2 (i) Caroline County;
- 3 (ii) Cecil County;
- 4 (iii) Dorchester County;
- 5 (iv) Kent County;
- 6 (v) Queen Anne's County;
- 7 (vi) Somerset County;
- 8 (vii) Talbot County;
- 9 (viii) Wicomico County; and
- 10 (ix) Worcester County.

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

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

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

22 **(II) AFTER DEDUCTION OF A VALIDATION PRIZE PAYOUT, A**
23 **FRATERNAL ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL**
24 **REMIT THE RECEIPTS FROM THE SALE OF TICKETS FROM INSTANT TICKET LOTTERY**
25 **MACHINES TO THE AGENCY TO BE DISTRIBUTED AS PROVIDED IN SUBPARAGRAPH**
26 **(III) OF THIS PARAGRAPH.**

27 **(III) ON A PROPERLY APPROVED TRANSMITTAL, THE AGENCY**
28 **SHALL PAY THE FOLLOWING AMOUNTS FROM THE PROCEEDS OF SALES OF TICKETS**
29 **FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL**
30 **ORGANIZATION:**

1 **1. 10% TO THE HOMELESSNESS SOLUTIONS PROGRAM**
2 **IN THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, TO BE USED,**
3 **IN CONSULTATION WITH THE DEPARTMENT OF VETERANS AFFAIRS, TO ASSIST**
4 **VETERANS AND FAMILIES OF VETERANS, WITH PRIORITY GIVEN TO:**

5 **A. WOMEN VETERANS WHO ARE HOMELESS OR AT RISK**
6 **OF HOMELESSNESS;**

7 **B. SINGLE-PARENT VETERAN FAMILIES; AND**

8 **C. VETERANS WHO ARE VICTIMS OF DOMESTIC**
9 **VIOLENCE; AND**

10 **2. FROM THE REMAINING PROCEEDS OF SALES OF**
11 **TICKETS FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL**
12 **ORGANIZATION:**

13 **A. 50% TO THE FRATERNAL ORGANIZATION;**

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

16 **C. ANY REMAINING AMOUNT TO THE GENERAL FUND OF**
17 **THE STATE.**

18 **(IV) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT, WHEN**
19 **THE AGENCY SOLICITS PROPOSALS FOR THE PURCHASE OR LEASE OF INSTANT**
20 **TICKET LOTTERY MACHINES UNDER SUBPARAGRAPH (III)2B OF THIS PARAGRAPH,**
21 **THE AGENCY SOLICIT PROPOSALS FROM MULTIPLE VENDORS.**

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

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

28 (5) The Director may adopt regulations to implement the provisions of this
29 subsection that include restricting the location of instant ticket lottery machines in areas
30 of a veterans' organization's **OR FRATERNAL ORGANIZATION'S** public meeting hall that
31 is accessible to the public.

32 (6) The Agency shall ensure that the element of chance in the conduct of
33 the gaming through the instant ticket lottery machines established under this subsection

1 is consistent with the holding in the case of *Chesapeake Amusements Inc. v. Riddle*, 363
2 Md. 16 (2001), in that the element of chance must be wholly within the pre-printed instant
3 lottery ticket, and that player enhancements in an instant ticket lottery machine may not
4 affect the element of chance being wholly within the pre-printed instant lottery ticket.

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

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

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

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2023.