

SENATE BILL 537

C7

(3lr2444)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senator King**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 ~~Gaming~~ Video Lottery Operation License – Renewal

3 FOR the purpose of ~~requiring that a certain number of years before the expiration of a~~
4 ~~certain term of a video lottery operation license the licensee file a certain notice with~~
5 ~~altering the number of years before the end of the term of a video lottery operation~~
6 ~~license that a licensee is required to provide certain notice of intent to renew the license~~
7 ~~and is authorized to apply for renewal; providing for the term of a renewed license;~~
8 ~~requiring~~ the State Lottery and Gaming Control Commission; ~~requiring a video~~
9 ~~lottery operation licensee, within a certain number of years after filing a certain~~
10 ~~notice, to file an application to renew a certain license that includes a certain~~
11 ~~payment; requiring the Commission~~ to renew a certain license unless the
12 Commission makes a certain finding; requiring the Commission, under certain
13 circumstances, to provide a licensee a certain hearing; requiring a licensee to pay a
14 certain fee over the course of the renewal license term under certain circumstances;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber / conference committee amendments.



1 altering the distribution of certain video lottery terminal proceeds; and generally
2 relating to the renewal of video lottery operation licenses.

3 BY repealing and reenacting, with amendments,

4 Article – State Government

5 Section 9–1A–13, 9–1A–17, 9–1A–27(a)(8) and (9), and 9–1A–30(c)

6 Annotated Code of Maryland

7 (2021 Replacement Volume and 2022 Supplement)

8 BY adding to

9 Article – State Government

10 Section 9–1A–27(a)(9)

11 Annotated Code of Maryland

12 (2021 Replacement Volume and 2022 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

14 That the Laws of Maryland read as follows:

15 **Article – State Government**

16 9–1A–13.

17 (a) The initial term of a video lottery operation license is 15 years from the date
18 on which the video lottery facility is issued the license by the Commission.

19 (b) During the initial term of a video lottery operation license, the licensee shall
20 provide the Commission with an annual update of the information required under this
21 subtitle for the issuance of a license by the date set by the Commission in regulations and
22 on the form required by the Commission.

23 (c) ~~Two years~~ **AT LEAST 2 YEARS BUT NOT MORE THAN 5 YEARS** before the
24 expiration of the **INITIAL 15–YEAR LICENSE** term **OR A RENEWAL TERM** of a video lottery
25 operation license, the licensee shall file with the Commission a notice of intent to [reapply
26 for] **APPLY FOR RENEWAL OF** the license under this subtitle.

27 (d) **(1) THIS SUBSECTION APPLIES TO THE FIRST RENEWAL OF A VIDEO**
28 **LOTTERY OPERATION LICENSE FOLLOWING THE INITIAL 15–YEAR TERM AND EACH**
29 **SUBSEQUENT RENEWAL OF THE LICENSE.**

30 **(2) A RENEWAL OF A VIDEO LOTTERY OPERATION LICENSE IS FOR A**
31 **TERM OF ~~10~~ 15 YEARS.**

32 **(3) ~~Within 1 year [of~~ AT LEAST 1 YEAR BUT NOT MORE THAN 5 YEARS**
33 **BEFORE** the end of the initial 15–year license term ~~]~~ ~~AFTER FILING A NOTICE OF INTENT~~
34 ~~UNDER SUBSECTION (C) OF THIS SECTION~~ **OR A RENEWAL TERM,** a video lottery
35 operation licensee ~~[may reapply for a]~~ **SHALL FILE AN APPLICATION TO RENEW A VIDEO**

1 LOTTERY OPERATION license ~~[that has a license term of 10 years and a]~~ ~~THAT INCLUDES~~
 2 ~~THE PAYMENT OF THE~~ license RENEWAL fee to be established by ~~[statute]~~ ~~THE~~
 3 ~~COMMISSION BY REGULATION.~~

4 (4) ON PROPER APPLICATION FOR RENEWAL OF A VIDEO LOTTERY
 5 OPERATION LICENSE, THE COMMISSION SHALL RENEW THE LICENSE UNLESS THE
 6 COMMISSION FINDS THAT THE LICENSEE IS NO LONGER QUALIFIED UNDER THIS
 7 SUBTITLE TO HOLD A LICENSE.

8 (5) BEFORE DENYING AN APPLICATION UNDER THIS SUBSECTION,
 9 THE COMMISSION SHALL PROVIDE THE VIDEO LOTTERY OPERATION LICENSEE AN
 10 OPPORTUNITY FOR A HEARING.

11 (6) (I) FOR EACH 5-YEAR PERIOD OF THE 15-YEAR TERM, THE
 12 VIDEO LOTTERY OPERATION LICENSEE SHALL PAY A FEE EQUAL TO 0.75% OF THE
 13 AVERAGE ANNUAL PROCEEDS FROM THE OPERATION OF VIDEO LOTTERY TERMINALS
 14 AND TABLE GAMES AT THE VIDEO LOTTERY FACILITY FOR THE PRECEDING 3-YEAR
 15 PERIOD, TO BE PAID IN EQUAL ANNUAL INSTALLMENTS.

16 (II) THE VIDEO LOTTERY OPERATION LICENSEE SHALL PAY
 17 EACH INSTALLMENT:

18 1. FOR THE FIRST YEAR OF THE 15-YEAR TERM, ON THE
 19 EFFECTIVE DATE OF THE RENEWED LICENSE; AND

20 2. FOR THE REMAINING 14 YEARS OF THE
 21 15-YEAR TERM, IF THE LICENSEE REMAINS QUALIFIED TO HOLD A LICENSE UNDER
 22 THIS SUBTITLE, ON THE DATE OF THE ANNIVERSARY OF THE EFFECTIVE DATE OF THE
 23 RENEWED LICENSE.

24 (III) THE COMMISSION SHALL PAY THE RENEWAL LICENSE FEES
 25 SUBMITTED UNDER PARAGRAPH (3) OF THIS SUBSECTION THIS PARAGRAPH TO THE
 26 EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THIS SUBTITLE.

27 ~~(6) (7) THE COMMISSION, BY REGULATION, SHALL:~~

28 ~~(I) ESTABLISH AN APPLICATION PROCESS TO RENEW A VIDEO~~
 29 ~~LOTTERY OPERATION LICENSE; AND~~

30 ~~(II) SET THE LICENSE FEE FOR RENEWAL OF A VIDEO LOTTERY~~
 31 ~~OPERATION LICENSE, AS PROVIDED UNDER PARAGRAPH (3) OF THIS SUBSECTION.~~

32 (e) If a licensee has its license revoked or otherwise surrenders the license, the
 33 video lottery operation license reverts to the State.

1 9-1A-17.

2 **(A) THIS SECTION DOES NOT APPLY TO THE RENEWAL OF A VIDEO LOTTERY**
 3 **OPERATION LICENSE.**

4 **(B) Subject to the power of the Commission to deny, revoke, or suspend a license, a**
 5 **license in force may be renewed by the Commission for the next succeeding license period on:**

6 (1) proper application for renewal; and

7 (2) payment of all required application, license, and other fees and taxes.

8 9-1A-27.

9 (a) Except as provided in subsections (b) and (c) of this section and § 9-1A-26(a)(3)
 10 of this subtitle, on a properly approved transmittal prepared by the Commission, the
 11 Comptroller shall pay the following amounts from the proceeds of video lottery terminals at
 12 each video lottery facility:

13 (8) beginning after the issuance of a video lottery operation license for a
 14 video lottery facility in Prince George's County, 8% to the video lottery operation licensee in
 15 Anne Arundel County and 7% to the licensee in Baltimore City for:

16 (i) marketing, advertising, and promotional costs required under §
 17 9-1A-23 of this subtitle; and

18 (ii) capital improvements at the video lottery facilities; [and]

19 **(9) TO EACH VIDEO LOTTERY OPERATION LICENSEE, AN AMOUNT**
 20 **EQUAL TO 20% OF THE AMOUNT PAID BY THE VIDEO LOTTERY LICENSEE UNDER §**
 21 **9-1A-13 OF THIS SUBTITLE, FOR COSTS REQUIRED UNDER § 9-1A-23 OF THIS**
 22 **SUBTITLE FOR MARKETING, ADVERTISING, AND PROMOTIONS THAT EXCLUSIVELY**
 23 **TARGET OUT-OF-STATE AUDIENCES; AND**

24 ~~[(9)]~~ **(10) the remainder to the Education Trust Fund established under §**
 25 **9-1A-30 of this subtitle.**

26 9-1A-30.

27 (c) (1) There shall be credited to the Education Trust Fund:

28 **(I) all proceeds allocated to the Fund under § 9-1A-27 of this**
 29 **subtitle [and];**

1 (II) all judgments paid to the Fund under § 11–210 of the Education
2 Article; AND

3 (III) RENEWAL LICENSE FEES PAID TO THE FUND UNDER §
4 9–1A–13 OF THIS SUBTITLE.

5 (2) Money in the Education Trust Fund shall be invested and reinvested
6 by the Treasurer, and interest and earnings shall accrue to the Fund.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2023.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.