

Chapter 736

(Senate Bill 537)

AN ACT concerning

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

FOR the purpose of ~~requiring that a certain number of years before the expiration of a certain term of a video lottery operation license the licensee file a certain notice with~~ *altering the number of years before the end of the term of a video lottery operation license that a licensee is required to provide certain notice of intent to renew the license and is authorized to apply for renewal; providing for the term of a renewed license; requiring the State Lottery and Gaming Control Commission; requiring a video lottery operation licensee, within a certain number of years after filing a certain notice, to file an application to renew a certain license that includes a certain payment; requiring the Commission to renew a certain license unless the Commission makes a certain finding; requiring the Commission, under certain circumstances, to provide a licensee a certain hearing; requiring a licensee to pay a certain fee over the course of the renewal license term under certain circumstances; altering the distribution of certain video lottery terminal proceeds;* and generally relating to the renewal of video lottery operation licenses.

BY repealing and reenacting, with amendments,

Article – State Government

Section 9-1A-13, ~~9-1A-17, 9-1A-27(a)(8) and (9), and 9-1A-30(c)~~

Annotated Code of Maryland

(2021 Replacement Volume and 2022 Supplement)

BY adding toArticle – State GovernmentSection 9-1A-27(a)(9)Annotated Code of Maryland(2021 Replacement Volume and 2022 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-13.

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

(b) During the initial term of a video lottery operation license, the licensee shall provide the Commission with an annual update of the information required under this

subtitle for the issuance of a license by the date set by the Commission in regulations and on the form required by the Commission.

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

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

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

(3) ~~Within 1 year [of~~ **AT LEAST 1 YEAR BUT NOT MORE THAN 5 YEARS BEFORE** the end of the initial 15-year license term ~~]~~ ~~AFTER FILING A NOTICE OF INTENT UNDER SUBSECTION (C) OF THIS SECTION~~ **OR A RENEWAL TERM**, a video lottery operation licensee ~~[may reapply for a]~~ **SHALL FILE AN APPLICATION TO RENEW A VIDEO LOTTERY OPERATION** license ~~[that has a license term of 10 years and a]~~ **THAT INCLUDES THE PAYMENT OF THE** license ~~RENEWAL fee to be established by [statute]~~ **THE COMMISSION BY REGULATION.**

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

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

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

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

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

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

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

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

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

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

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

9-1A-17.

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

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

(1) proper application for renewal; and

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

9-1A-27.

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

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

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

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

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

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

9-1A-30.

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

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

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

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

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

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

Approved by the Governor, May 16, 2023.