

# HOUSE BILL 328

C7

(5lr1242)

## ENROLLED BILL

— Ways and Means/Budget and Taxation —

Introduced by ~~Delegate Ebersole~~ Delegates Ebersole, Griffith, and Vogel

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.

\_\_\_\_\_  
Speaker.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Lottery – Instant Ticket Lottery Machines – Veterans’ and Fraternal**  
3 **Organizations**

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; altering the distribution of proceeds from  
7 certain instant ticket lottery machine sales by veterans’ organizations; providing for  
8 the distribution of proceeds from certain instant ticket lottery machine sales by  
9 fraternal organizations; authorizing, instead of requiring, the Director to consider  
10 certain information before issuing certain licenses; repealing a requirement that  
11 certain veterans’ organizations purchase or lease certain instant ticket lottery  
12 machines; prohibiting certain fraternal organizations from operating an instant  
13 ticket lottery machine in certain locations; altering certain requirements concerning  
14 the conduct of gaming through instant ticket lottery machines; and generally  
15 relating to the operation of instant ticket lottery machines in the State.

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#### 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 BY repealing and reenacting, with amendments,  
2 Article – State Government  
3 Section 9–112  
4 Annotated Code of Maryland  
5 (2021 Replacement Volume and 2024 Supplement)

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

8 **Article – State Government**

9 9–112.

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

12 (2) “ACTIVE MEMBERS” MEANS INDIVIDUALS WHO ARE RECOGNIZED  
13 BY A FRATERNAL ORGANIZATION AS DUES-PAYING MEMBERS OR LIFETIME  
14 MEMBERS.

15 (3) (I) “FRATERNAL ORGANIZATION” MEANS A NONPROFIT  
16 ORGANIZATION THAT:

17 1. A. IS TAX EXEMPT AND ORGANIZED AS A  
18 FRATERNAL OR SORORAL ORGANIZATION UNDER § 501(C)(7) OR § 501(C)(8) OF THE  
19 INTERNAL REVENUE CODE;

20 B. OWNS OR LEASES A PROPERTY; AND

21 C. HAS A BONA FIDE MEMBERSHIP OF AT LEAST 300  
22 ACTIVE MEMBERS OR HAS BEEN LOCATED IN A COUNTY IN WHICH SUBSECTION (D)  
23 OF THIS SECTION APPLIES FOR AT LEAST 5 YEARS BEFORE THE ORGANIZATION  
24 APPLIES FOR A LICENSE UNDER SUBSECTION (D) OF THIS SECTION; OR

25 2. IS INDEPENDENT AND THE MEMBERSHIP OF WHICH  
26 COMPRISES SOLELY GRADUATE MEMBERS OF A NATIONWIDE FRATERNITY OR  
27 SORORITY THAT IS TAX EXEMPT UNDER § 501(C)(7) OR § 501(C)(8) OF THE  
28 INTERNAL REVENUE CODE.

29 (II) “FRATERNAL ORGANIZATION” DOES NOT INCLUDE:

30 1. ANY COLLEGE OR HIGH SCHOOL FRATERNITY OR  
31 SORORITY; OR

1                                   **2. ANY OTHER FRATERNITY OR SORORITY THE**  
2 **MEMBERSHIP OF WHICH IS RESTRICTED IN WHOLE OR IN PART TO STUDENTS OR**  
3 **GRADUATES OF AN EDUCATIONAL INSTITUTION OR A PROFESSIONAL SCHOOL.**

4                   **(4) “VETERANS’ organization”** means an organization that is tax exempt  
5 and organized as a veterans’ organization under § 501(c)(19) or § 501(c)(4) of the Internal  
6 Revenue Code.

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

11           (c) Before issuing a license to an applicant, the Director [shall] **MAY** consider  
12 such factors as:

13                   (1) the financial responsibility and security of the applicant and the  
14 business or activity of the applicant;

15                   (2) the accessibility of the place of business or activity to the public;

16                   (3) the sufficiency of existing licenses to serve the public convenience; and

17                   (4) the volume of expected sales.

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

19                   (i) Caroline County;

20                   (ii) Cecil County;

21                   (iii) Dorchester County;

22                   (iv) Kent County;

23                   (v) Queen Anne’s County;

24                   (vi) Somerset County;

25                   (vii) Talbot County;

26                   (viii) Wicomico County; and

27                   (ix) Worcester County.

1 (2) (i) Subject to subparagraph (ii) of this paragraph, the Director may  
2 issue a license under this subtitle for:

3 1. not more than five instant ticket lottery machines to an  
4 applicant that is a veterans' organization ~~OR FRATERNAL ORGANIZATION; AND~~

5 2. NOT MORE THAN THREE INSTANT TICKET LOTTERY  
6 MACHINES TO AN APPLICANT THAT IS A FRATERNAL ORGANIZATION.

7 (ii) A veterans' organization ~~OR FRATERNAL ORGANIZATION~~ that  
8 is issued a license under this subsection shall locate and operate its instant ticket lottery  
9 machines at its principal meeting hall in the county in which the veterans' organization ~~OR~~  
10 ~~FRATERNAL ORGANIZATION~~ is located.

11 (III) AS A RETAILER UNDER THE INSTANT TICKET LOTTERY  
12 MACHINE PROGRAM, A VETERANS' ORGANIZATION OR FRATERNAL ORGANIZATION  
13 SHALL BE COMPENSATED BASED ON A PERCENTAGE OF PROCEEDS.

14 (3) (I) After deduction of any [commission and] validation prize payout  
15 as provided under § 9–117 of this subtitle, a veterans' organization issued a license under  
16 this subsection shall RETAIN 50% OF THE NET PROCEEDS AND credit the remaining  
17 ~~receipts~~ NET PROCEEDS from the sale of tickets from instant ticket lottery machines to  
18 the State Lottery Fund established under § 9–118 of this subtitle.

19 (II) ON A PROPERLY APPROVED TRANSMITTAL, THE AGENCY  
20 SHALL PAY THE FOLLOWING AMOUNTS FROM THE NET PROCEEDS OF SALES OF  
21 TICKETS FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A VETERANS'  
22 ORGANIZATION:

23 1. 50% TO VETERANS' ORGANIZATIONS 5% TO THE  
24 MARYLAND VETERANS TRUST FUND ESTABLISHED UNDER § 9-913 OF THIS TITLE;

25 2. TO THE AGENCY, AN AMOUNT NECESSARY TO PAY FOR  
26 THE PURCHASE OR LEASE OF THE INSTANT TICKET LOTTERY MACHINES AND  
27 AGENCY ADMINISTRATION FEES FOR THE PROGRAM; AND

28 3. ANY REMAINING AMOUNT TO THE EDUCATION TRUST  
29 FUND ESTABLISHED UNDER § 9-1A-30 OF THIS TITLE.

30 (III) AFTER DEDUCTION OF A VALIDATION PRIZE PAYOUT, A  
31 FRATERNAL ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL  
32 ~~REMIT THE PROCEEDS FROM THE SALE OF TICKETS FROM INSTANT TICKET LOTTERY~~  
33 ~~MACHINES;~~

1                                   1.     **RETAIN 25% OF THE NET PROCEEDS FOR**  
 2 **UNDERGRADUATE, GRADUATE, OR TRADE SCHOOL SCHOLARSHIPS OR CAPITAL**  
 3 **IMPROVEMENTS, CAPITAL OUTLAYS, ACQUISITIONS, OR EXISTING COMMUNITY**  
 4 **OUTREACH PROGRAMS AND RESOURCES; AND**

5                                   **2.     REMIT THE REMAINDER TO THE AGENCY TO BE**  
 6 **DISTRIBUTED AS PROVIDED IN SUBPARAGRAPH (IV) OF THIS PARAGRAPH.**

7                                   **(IV) ON A PROPERLY APPROVED TRANSMITTAL, THE AGENCY**  
 8 **SHALL PAY THE FOLLOWING AMOUNTS FROM THE NET PROCEEDS OF SALES OF**  
 9 **TICKETS FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL**  
 10 **ORGANIZATION:**

11                                   1.     **20% TO THE HOMELESSNESS SOLUTIONS PROGRAM**  
 12 **IN THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, TO BE USED,**  
 13 **IN CONSULTATION WITH THE DEPARTMENT OF VETERANS AND MILITARY**  
 14 **FAMILIES, TO ASSIST VETERANS AND FAMILIES OF VETERANS, WITH PRIORITY**  
 15 **GIVEN TO:**

16                                   A.     **WOMEN VETERANS WHO ARE HOMELESS OR AT RISK**  
 17 **OF HOMELESSNESS;**

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

19                                   C.     **VETERANS WHO ARE VICTIMS OF DOMESTIC**  
 20 **VIOLENCE; ~~AND~~**

21                                   ~~2.     **FROM THE REMAINING PROCEEDS OF SALES OF**~~  
 22 ~~**TICKETS FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL**~~  
 23 ~~**ORGANIZATION;**~~

24                                   ~~A.     **25% TO THE FRATERNAL ORGANIZATION TO BE USED**~~  
 25 ~~**FOR UNDERGRADUATE, GRADUATE, OR TRADE SCHOOL SCHOLARSHIPS OR CAPITAL**~~  
 26 ~~**IMPROVEMENTS, CAPITAL OUTLAY, ACQUISITIONS, OR EXISTING COMMUNITY**~~  
 27 ~~**OUTREACH PROGRAMS AND RESOURCES;**~~

28                                   **2.     5% TO THE MARYLAND VETERANS TRUST FUND**  
 29 **ESTABLISHED UNDER § 9-913 OF THIS TITLE;**

30                                   ~~B.~~ **3. TO THE AGENCY, AN AMOUNT NECESSARY TO PAY FOR**  
 31 **THE PURCHASE OR LEASE OF THE INSTANT TICKET LOTTERY MACHINES AND**  
 32 **AGENCY ADMINISTRATION FEES FOR THE PROGRAM; AND**

~~€~~ **4. ANY REMAINING AMOUNT TO THE EDUCATION TRUST  
FUND ESTABLISHED UNDER § 9-1A-30 OF THIS TITLE.**

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

(ii) An organization may not use ~~receipts~~ **NET PROCEEDS** from the sale of tickets from instant ticket lottery machines that would otherwise be [credited to the State Lottery Fund] **DISTRIBUTED AS REQUIRED UNDER PARAGRAPH (3) OF THIS SUBSECTION** for the costs of purchasing or leasing instant ticket lottery machines.

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

**(II) A FRATERNAL ORGANIZATION MAY NOT LOCATE OR OPERATE ITS INSTANT TICKET LOTTERY MACHINES IN A MEETING HALL THAT IS:**

**1. LOCATED ON OR AFFILIATED WITH THE CAMPUS OF AN INSTITUTION OF HIGHER EDUCATION; OR**

**2. LOCATED IN A BUILDING WHERE STUDENTS OF AN INSTITUTION OF HIGHER EDUCATION RESIDE.**

(6) The Agency shall ensure that the element of chance in the conduct of the gaming through the instant ticket lottery machines established under this subsection is ~~consistent with the holding in the case of Chesapeake Amusements Inc. v. Riddle, 363 Md. 16 (2001), in that the element of chance must be~~ **CONTAINED** wholly within the ~~pre-printed~~ **PREDETERMINED** instant lottery ticket, and that player enhancements in an instant ticket lottery machine may not affect the element of chance ~~being wholly within the pre-printed instant lottery ticket.~~

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

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

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

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.