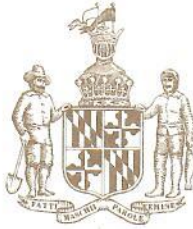


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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Senate Bill 552 – Video Lottery Operation License – Renewal

February 12, 2020

Mister Chairman and Members of the Budget and Taxation Committee:

Senate Bill 552 clarifies the standard that must be met to renew the State's six Video Lottery Terminal operation licenses at the end of their initial and any subsequent terms, and increases the amount of time before the end of the license term that the licensee is required to file an application for renewal.

Under the bill, the licensee will be required to file with the Lottery Commission a notice of intent to apply for the renewal of the license two years before the current term expires. Within one year after filing a notice of intent, the video lottery operation licensee may file an application to renew that include the payment of the license renewal fee. The Lottery Commission will then determine if the licensee is still qualified for the license under Maryland law and the Lottery will renew the license as long as it finds the licensee meets that standard.

Continued "qualification" for the license is an exacting standard because it requires the licensee to continue to meet the rigorous requirements for qualification under the statute and the Lottery's regulations.

Senate Bill 552 does **not** change the current law that leaves the amount of the license renewal fee to be determined by the General Assembly. This bill retains the ability for the legislature to make that decision at a future date.

Even though the initial term of each VLT operation license is 15 years and they do not start to come up for renewal for a few years yet, we should clean up this statute now. The lack of a clear process and standard for renewing the licenses in the current law can create problems as licensees try to raise capital to reinvest in their facilities to keep them competitive and attractive, which in turn helps generate revenues for the Education Trust Fund. Potential lenders and investors look for clarity around the process to renew licenses before they commit funding for capital improvements.

I respectfully request a favorable report on Senate Bill 552.