

HOUSE BILL 816

C7

2lr0666

By: **Prince George's County Delegation**

Introduced and read first time: February 9, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery – Licenses – Prince George's County Veterans' Organizations**

3 **PG 306–12**

4 FOR the purpose of authorizing the Director of the State Lottery Agency to issue to
5 certain veterans' organizations in Prince George's County a license for not more
6 than a certain number of instant ticket lottery machines for the sale of certain
7 lottery machine tickets under certain circumstances; requiring a veterans'
8 organization to locate and operate certain instant ticket lottery machines in
9 certain places; authorizing the Director to adopt certain regulations; providing
10 that revenues from certain lottery machine ticket sales by a veterans'
11 organization are to be credited to the State Lottery Fund after certain
12 deductions are made; requiring the Comptroller to distribute a certain
13 percentage of proceeds deposited in the State Lottery Fund from certain lottery
14 machine ticket sales by veterans' organizations to the Maryland Veterans Trust
15 Fund; requiring a veterans' organization issued a license under this Act to
16 purchase or lease instant ticket lottery machines; prohibiting a veterans'
17 organization from using certain lottery receipts to pay certain costs for instant
18 ticket lottery machines; defining a certain term; directing the State Lottery
19 Agency to implement the provisions of this Act in accordance with a certain
20 court decision; and generally relating to the State lottery and certain lottery
21 machine ticket sales by veterans' organizations.

22 BY repealing and reenacting, with amendments,
23 Article – State Government
24 Section 9–112, 9–120(b), and 9–913
25 Annotated Code of Maryland
26 (2009 Replacement Volume and 2011 Supplement)

27 BY repealing and reenacting, without amendments,
28 Article – State Government

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 9–120(a)
2 Annotated Code of Maryland
3 (2009 Replacement Volume and 2011 Supplement)

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

6 **Article – State Government**

7 9–112.

8 (a) IN THIS SECTION, “VETERANS’ ORGANIZATION” MEANS AN
9 ORGANIZATION THAT IS TAX EXEMPT AND ORGANIZED AS A VETERANS’
10 ORGANIZATION UNDER § 501(C)(19) OR § 501(C)(4) OF THE INTERNAL
11 REVENUE CODE.

12 (b) [In] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, IN
13 accordance with the regulations of the Agency and this subtitle, the Director shall
14 issue licenses to the persons and governmental units that will best serve the public
15 convenience and promote the sale of State lottery tickets or shares.

16 [(b)] (C) Before issuing a license to an applicant, the Director shall consider
17 such factors as:

18 (1) the financial responsibility and security of the applicant and the
19 business or activity of the applicant;

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

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

23 (4) the volume of expected sales.

24 (D) (1) THIS SUBSECTION APPLIES ONLY IN PRINCE GEORGE’S
25 COUNTY.

26 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,
27 THE DIRECTOR MAY ISSUE A LICENSE UNDER THIS SUBTITLE FOR NOT MORE
28 THAN FIVE INSTANT TICKET LOTTERY MACHINES TO AN APPLICANT THAT IS A
29 VETERANS’ ORGANIZATION.

30 (II) A VETERANS’ ORGANIZATION THAT IS ISSUED A LICENSE
31 UNDER THIS SUBSECTION SHALL LOCATE AND OPERATE ITS INSTANT TICKET
32 LOTTERY MACHINES AT ITS PRINCIPAL MEETING HALL IN THE COUNTY IN
33 WHICH THE VETERANS’ ORGANIZATION IS LOCATED.

1 **(3) AFTER DEDUCTION OF ANY COMMISSION AND VALIDATION**
2 **PRIZE PAYOUT AS PROVIDED UNDER § 9–117 OF THIS SUBTITLE, A VETERANS’**
3 **ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL CREDIT THE**
4 **REMAINING RECEIPTS FROM THE SALE OF TICKETS FROM INSTANT TICKET**
5 **LOTTERY MACHINES TO THE STATE LOTTERY FUND ESTABLISHED UNDER §**
6 **9–118 OF THIS SUBTITLE TO BE DISTRIBUTED AS PROVIDED UNDER § 9–120(B)**
7 **OF THIS SUBTITLE.**

8 **(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,**
9 **A VETERANS’ ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION**
10 **SHALL PURCHASE OR LEASE FROM THE AGENCY THE INSTANT TICKET LOTTERY**
11 **MACHINES TO BE USED BY THE VETERANS’ ORGANIZATION.**

12 **(II) AN ORGANIZATION MAY NOT USE RECEIPTS FROM THE**
13 **SALE OF TICKETS FROM INSTANT TICKET LOTTERY MACHINES THAT WOULD**
14 **OTHERWISE BE CREDITED TO THE STATE LOTTERY FUND FOR THE COSTS OF**
15 **PURCHASING OR LEASING INSTANT TICKET LOTTERY MACHINES.**

16 **(5) THE DIRECTOR MAY ADOPT REGULATIONS TO IMPLEMENT**
17 **THE PROVISIONS OF THIS SUBSECTION THAT INCLUDE RESTRICTING THE**
18 **LOCATION OF INSTANT TICKET LOTTERY MACHINES IN AREAS OF A VETERANS’**
19 **ORGANIZATION’S PUBLIC MEETING HALL THAT IS ACCESSIBLE TO THE PUBLIC.**

20 **[(c)] (E)** The Director may not issue a license to:

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

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

24 **[(d)] (F)** The Commission may hear and decide an appeal of a denial of a
25 license.

26 9–120.

27 (a) The Comptroller shall distribute the State Lottery Fund to pay:

28 (1) on a pro rata basis for the daily and nondaily State lottery games,
29 the expenses of administering and operating the State lottery, as authorized under
30 this subtitle and the State budget; and

31 (2) then, except as provided in § 10–113.1 of the Family Law Article
32 and § 11–618 of the Criminal Procedure Article, the holder of each winning ticket or
33 share.

1 (b) (1) Promptly after the 1st day of each month, the Comptroller shall
2 pay:

3 (i) into the Maryland Stadium Facilities Fund the money that
4 remains in the State Lottery Fund from the proceeds of the sports lotteries conducted
5 for the benefit of the Maryland Stadium Authority, after the distribution under
6 subsection (a) of this section; [and]

7 **(II) AFTER JUNE 30, 2013, INTO THE MARYLAND VETERANS**
8 **TRUST FUND 10% OF THE MONEY THAT REMAINS IN THE STATE LOTTERY FUND**
9 **FROM THE PROCEEDS OF SALES OF TICKETS FROM INSTANT TICKET LOTTERY**
10 **MACHINES BY VETERANS' ORGANIZATIONS UNDER § 9-112(D) OF THIS**
11 **SUBTITLE, AFTER THE DISTRIBUTION UNDER SUBSECTION (A) OF THIS SECTION;**
12 **AND**

13 **[(ii)] (III)** into the General Fund of the State the money that
14 remains in the State Lottery Fund from the proceeds of all other lotteries after the
15 distribution under subsection (a) of this section.

16 (2) The money paid into the General Fund under this subsection is
17 available in the fiscal year in which the money accumulates in the State Lottery Fund.

18 9-913.

19 (a) In this section, "Fund" means the Maryland Veterans Trust Fund.

20 (b) There is a Maryland Veterans Trust Fund in the Department.

21 (c) (1) The Fund is a special, nonlapsing fund that is not subject to
22 reversion under § 7-302 of the State Finance and Procurement Article.

23 (2) The State Treasurer shall hold the Fund separately, and the
24 Comptroller shall account for the Fund.

25 (d) (1) The Secretary shall administer the Fund.

26 (2) The Maryland Veterans Commission, the Maryland Veterans'
27 Home Commission, and program directors shall advise the Secretary on the
28 administration of the Fund.

29 (e) The Fund consists of:

30 **(1)** gifts and grants that the Department receives under § 9-912(b) of
31 this subtitle; **AND**

1 **(2) CONTRIBUTIONS TO THE FUND FROM THE SALE OF TICKETS**
2 **FROM INSTANT TICKET LOTTERY MACHINES UNDER § 9-112(D) OF THIS**
3 **SUBTITLE.**

4 (f) Money in the Fund may only be used to:

5 (1) make grants and loans under § 9-912(b)(2)(i) of this subtitle;

6 (2) be invested under § 9-912(b)(2)(ii) of this subtitle; and

7 (3) pay the costs of administering the Fund through distribution to an
8 administrative cost account in the Department.

9 (g) (1) The State Treasurer shall invest the money in the Fund in the
10 same manner as other State money may be invested.

11 (2) Any investment earnings of the Fund shall be credited to the Fund.

12 (h) Money expended from the Fund is supplemental to and is not intended to
13 take the place of funding that would otherwise be appropriated to the Department.

14 (i) (1) On or before August 31 of each year, the Secretary shall submit a
15 report to the General Assembly, in accordance with § 2-1246 of this article, on the
16 status of the Fund.

17 (2) The report shall include:

18 (i) the gross amount of gifts and grants credited to the Fund;

19 (ii) the costs of administration of the Fund; and

20 (iii) a detailed accounting of the use of the Fund.

21 SECTION 2. AND BE IT FURTHER ENACTED, That the State Lottery Agency
22 shall ensure that the conduct of the gaming and the operation of the instant ticket
23 lottery machines as established under this Act are consistent with the holding in the
24 case of Chesapeake Amusements Inc. v. Riddle, 363 Md. 16 (2001).

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2012.