

SENATE BILL 272

C7
SB 155/22 – B&T

3lr1631
CF HB 224

By: **Senator Zucker**

Introduced and read first time: January 26, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery – Instant Ticket Lottery Machines – Fraternal Organizations**
3 **(ITLMs for Homeless Veterans Act)**

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 for the sale of certain instant lottery
7 tickets under certain circumstances; providing for the distribution of the proceeds
8 from certain lottery machine ticket sales by a fraternal organization; and generally
9 relating to the operation of and proceeds from instant ticket lottery machines in the
10 State.

11 BY repealing and reenacting, with amendments,
12 Article – State Government
13 Section 9–112
14 Annotated Code of Maryland
15 (2021 Replacement Volume and 2022 Supplement)

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

18 **Article – State Government**

19 9–112.

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

22 **(2) (I) “FRATERNAL ORGANIZATION” MEANS A NONPROFIT**
23 **ORGANIZATION THAT:**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 **1. IS A BONA FIDE FRATERNAL ORGANIZATION;**
- 2 **2. IS OPERATED UNDER THE LODGE SYSTEM;**
- 3 **3. IS CONDUCTED SOLELY FOR THE BENEFIT OF ITS**
 4 **MEMBERS AND ITS BENEFICIARIES; AND**
- 5 **4. HAS BEEN LOCATED IN A COUNTY IN WHICH THIS**
 6 **SECTION APPLIES FOR AT LEAST 5 YEARS BEFORE THE ORGANIZATION APPLIES FOR**
 7 **A LICENSE UNDER SUBSECTION (B) OF THIS SECTION.**

8 **(II) “FRATERNAL ORGANIZATION” INCLUDES A SORORAL**
 9 **ORGANIZATION.**

10 **(III) “FRATERNAL ORGANIZATION” DOES NOT INCLUDE:**

- 11 **1. ANY COLLEGE OR HIGH SCHOOL FRATERNITY OR**
 12 **SORORITY; OR**
- 13 **2. ANY OTHER FRATERNAL OR SORORAL ORGANIZATION**
 14 **THE MEMBERSHIP OF WHICH IS RESTRICTED IN WHOLE OR IN PART TO STUDENTS**
 15 **OR GRADUATES OF AN EDUCATIONAL INSTITUTION OR A PROFESSIONAL SCHOOL.**

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

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

23 (c) Before issuing a license to an applicant, the Director shall consider such
 24 factors as:

- 25 (1) the financial responsibility and security of the applicant and the
 26 business or activity of the applicant;
- 27 (2) the accessibility of the place of business or activity to the public;
- 28 (3) the sufficiency of existing licenses to serve the public convenience; and
- 29 (4) the volume of expected sales.

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

- 1 (i) Caroline County;
- 2 (ii) Cecil County;
- 3 (iii) Dorchester County;
- 4 (iv) Kent County;
- 5 (v) Queen Anne's County;
- 6 (vi) Somerset County;
- 7 (vii) Talbot County;
- 8 (viii) Wicomico County; and
- 9 (ix) Worcester County.

10 (2) (i) Subject to subparagraph (ii) of this paragraph, the Director may
11 issue a license under this subtitle for not more than five instant ticket lottery machines to
12 an applicant that is a veterans' organization **OR FRATERNAL ORGANIZATION**.

13 (ii) A veterans' organization **OR FRATERNAL ORGANIZATION** that
14 is issued a license under this subsection shall locate and operate its instant ticket lottery
15 machines at its principal meeting hall in the county in which the veterans' organization **OR**
16 **FRATERNAL ORGANIZATION** is located.

17 (3) **(I)** After deduction of any commission and validation prize payout
18 as provided under § 9–117 of this subtitle, a veterans' organization issued a license under
19 this subsection shall credit the remaining receipts from the sale of tickets from instant
20 ticket lottery machines to the State Lottery Fund established under § 9–118 of this subtitle.

21 **(II) AFTER DEDUCTION OF A VALIDATION PRIZE PAYOUT, A**
22 **FRATERNAL ORGANIZATION ISSUED A LICENSE UNDER THIS SUBSECTION SHALL**
23 **REMIT THE RECEIPTS FROM THE SALE OF TICKETS FROM INSTANT TICKET LOTTERY**
24 **MACHINES TO THE AGENCY TO BE DISTRIBUTED AS PROVIDED IN SUBPARAGRAPH**
25 **(III) OF THIS PARAGRAPH.**

26 **(III) ON A PROPERLY APPROVED TRANSMITTAL, THE AGENCY**
27 **SHALL PAY THE FOLLOWING AMOUNTS FROM THE PROCEEDS OF SALES OF TICKETS**
28 **FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL**
29 **ORGANIZATION:**

30 **1. 10% TO THE HOMELESSNESS SOLUTIONS PROGRAM**
31 **IN THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, TO BE USED,**

1 IN CONSULTATION WITH THE DEPARTMENT OF VETERANS AFFAIRS, TO ASSIST
2 VETERANS AND FAMILIES OF VETERANS, WITH PRIORITY GIVEN TO:

3 A. WOMEN VETERANS WHO ARE HOMELESS OR AT RISK
4 OF HOMELESSNESS;

5 B. SINGLE-PARENT VETERAN FAMILIES; AND

6 C. VETERANS WHO ARE VICTIMS OF DOMESTIC
7 VIOLENCE; AND

8 2. FROM THE REMAINING PROCEEDS OF SALES OF
9 TICKETS FROM INSTANT TICKET LOTTERY MACHINES OPERATED BY A FRATERNAL
10 ORGANIZATION:

11 A. 50% TO THE FRATERNAL ORGANIZATION;

12 B. TO THE AGENCY, AN AMOUNT NECESSARY TO PAY FOR
13 THE PURCHASE OR LEASE OF THE INSTANT TICKET LOTTERY MACHINES; AND

14 C. ANY REMAINING AMOUNT TO THE GENERAL FUND OF
15 THE STATE.

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

19 (ii) An organization may not use receipts from the sale of tickets
20 from instant ticket lottery machines that would otherwise be credited to the State Lottery
21 Fund for the costs of purchasing or leasing instant ticket lottery machines.

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

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

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

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

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

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

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, 2023.