

SENATE BILL 31

C7
SB 49/09 – B&T

(PRE-FILED)

2lr0649

By: **Senators Klausmeier, Astle, Stone, Kittleman, Garagiola, and Young**

Requested: October 4, 2011

Introduced and read first time: January 11, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Gaming – Slot Machines – Ownership and Operation by Eligible Nonprofit**
3 **Organizations**

4 FOR the purpose of making provisions that authorize eligible nonprofit organizations
5 to own or operate slot machines applicable statewide; altering the definition of
6 “eligible organization” to make it applicable to a nonprofit organization that has
7 been located in the State for a certain number of years before the organization
8 applies for a license for a slot machine; and generally relating to slot machine
9 ownership and operation by eligible nonprofit organizations.

10 BY repealing and reenacting, with amendments,
11 Article – Criminal Law
12 Section 12–304
13 Annotated Code of Maryland
14 (2002 Volume and 2011 Supplement)

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

17 **Article – Criminal Law**

18 12–304.

19 (a) In this section, “eligible organization” means:

20 (1) a nonprofit organization that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) has been located in [a county listed in subsection (b) of this
2 section] **THE STATE** for at least 5 years before the organization applies for a license
3 under subsection [(e)] **(D)** of this section; and

4 (ii) is a bona fide:

- 5 1. fraternal organization;
- 6 2. religious organization; or
- 7 3. war veterans' organization; or

8 (2) a nonprofit organization that has been affiliated with a national
9 fraternal organization for less than 5 years and has been located in [a county listed in
10 subsection (b) of this section] **THE STATE** for at least 50 years before the nonprofit
11 organization applies for a license under subsection [(e)] **(D)** of this section.

12 (b) [This section applies in:

- 13 (1) Caroline County;
- 14 (2) Cecil County;
- 15 (3) Dorchester County;
- 16 (4) Kent County;
- 17 (5) Queen Anne's County;
- 18 (6) Somerset County;
- 19 (7) Talbot County;
- 20 (8) Wicomico County; and
- 21 (9) Worcester County.

22 (c) (1) In this subsection, a console or set of affixed slot machines is not
23 an individual slot machine.

24 (2) Notwithstanding any other provision of this subtitle, an eligible
25 organization may own and operate a slot machine if the eligible organization:

26 (i) obtains a license under subsection [(e)] **(D)** of this section for
27 each slot machine;

1 (ii) owns each slot machine that the eligible organization
2 operates;

3 (iii) owns not more than five slot machines;

4 (iv) locates and operates its slot machines at its principal
5 meeting hall in the county in which the eligible organization is located;

6 (v) does not locate or operate its slot machines in a private
7 commercial facility;

8 (vi) uses:

9 1. at least one-half of the gross proceeds from its slot
10 machines for the benefit of a charity; and

11 2. the remainder of the proceeds from its slot machines
12 to further the purposes of the eligible organization;

13 (vii) does not use any of the proceeds of the slot machine for the
14 financial benefit of an individual; and

15 (viii) reports annually under affidavit to the State Comptroller:

16 1. the income of each slot machine; and

17 2. the disposition of the income from each slot machine.

18 **[(d)] (C)** An eligible organization may not use or operate a slot machine
19 unless:

20 (1) the slot machine is equipped with a tamperproof meter or counter
21 that accurately records gross receipts; and

22 (2) the eligible organization keeps an accurate record of the gross
23 receipts and payoffs of the slot machine.

24 **[(e)] (D)** (1) (i) The State Comptroller shall regulate the operation of
25 slot machines under this section.

26 (ii) The State Comptroller may adopt regulations to implement
27 the requirements of this section, including requiring audits of the annual reports
28 submitted to the State Comptroller under subsection **[(c)(2)(viii)] (B)(2)(VIII)** of this
29 section.

1 (2) Before an eligible organization may operate a slot machine under
2 this section, the eligible organization shall obtain a license for the slot machine from
3 the State Comptroller.

4 (3) (i) The State Comptroller shall:

5 1. charge an annual fee for each license for a machine;

6 and

7 2. issue a license sticker to the applicant.

8 (ii) The applicant shall place the sticker on the slot machine.

9 (iii) The State Comptroller shall set the amount of the annual
10 fee so that the total proceeds of the annual fee equal an amount directly related to
11 administrative costs of the State Comptroller to regulate the operation of slot
12 machines under this section.

13 (4) In the application to the State Comptroller for a license, one of the
14 principal officers of the eligible organization shall certify under affidavit that the
15 organization:

16 (i) is an eligible organization; and

17 (ii) will comply with this section.

18 **[(f)] (E)** (1) A principal officer of the eligible organization may not
19 intentionally misrepresent a statement of fact on the application.

20 (2) A person who violates this subsection is guilty of perjury and on
21 conviction is subject to the penalty provided under Title 9, Subtitle 1 of this article.

22 **[(g)] (F)** The Comptroller may not issue a license for a slot machine to an
23 eligible organization located in Ocean City that is located east of South and North
24 Baltimore Avenues.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2012.