

HOUSE BILL 131

C7
HB 1015/19 – W&M

0lr1548
CF SB 59

By: **Delegate Krimm**

Introduced and read first time: January 15, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery – Instant Ticket Lottery Machines – Fraternal Organizations**
3 **(“ITLM” 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; declaring the
9 intent of the General Assembly; defining certain terms; and generally relating to the
10 operation of and proceeds from instant ticket lottery machines in the State.

11 BY repealing and reenacting, with amendments,
12 Article – State Government
13 Section 9–112
14 Annotated Code of Maryland
15 (2014 Replacement Volume and 2019 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) “VENDOR” MEANS A BUSINESS ENTITY THAT:

17 (I) OWNS, SERVICES, AND MAINTAINS INSTANT TICKET
18 LOTTERY MACHINES FOR USE IN ESTABLISHMENTS APPROVED BY THE AGENCY; AND

19 (II) HAS BEEN ESTABLISHED AND OPERATING FOR AT LEAST 5
20 YEARS.

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

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

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

30 (1) the financial responsibility and security of the applicant and the
31 business or activity of the applicant;

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

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

(4) the volume of expected sales.

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

(i) Caroline County;

(ii) Cecil County;

(iii) Dorchester County;

(iv) Kent County;

(v) Queen Anne's County;

(vi) Somerset County;

(vii) Talbot County;

(viii) Wicomico County; and

(ix) Worcester County.

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

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

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

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

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

1. 10% INTO A SPECIAL FUND TO BE USED BY THE DIVISION OF NEIGHBORHOOD REVITALIZATION IN THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO ASSIST VETERANS AND THEIR FAMILIES, PROVIDED THAT, ANNUALLY, THE FIRST \$100,000 DISTRIBUTED UNDER THIS ITEM SHALL BE DISTRIBUTED TO THE OUTREACH AND ADVOCACY PROGRAM IN THE DEPARTMENT OF VETERANS AFFAIRS FOR THE DEVELOPMENT AND MAINTENANCE OF A WEBSITE AND SOCIAL MEDIA PAGES TO PUBLICIZE VETERANS' PROGRAMS; AND

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

A. 50% TO THE FRATERNAL ORGANIZATION;

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

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

(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 from the sale of tickets from instant ticket lottery machines that would otherwise be credited to the State Lottery Fund for the costs of purchasing or leasing instant ticket lottery machines.

(5) 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 FRATERNAL ORGANIZATION'S public meeting hall that is accessible to the public.

(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 wholly within the pre-printed 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.

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

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

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

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

6 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General
7 Assembly that, when the State Lottery and Gaming Control Agency solicits proposals for
8 the lease or purchase of instant ticket lottery machines under this Act, the Agency solicit
9 proposals from multiple vendors.

10 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2020.