

# SENATE BILL 59

C7  
SB 326/19 – B&T

(PRE-FILED)

0lr0733  
CF 0lr1548

By: **Senator Young**

Requested: September 23, 2019

Introduced and read first time: January 8, 2020

Assigned to: Budget and Taxation

## A BILL ENTITLED

1 AN ACT concerning

2 **State Lottery – Instant Ticket Lottery Machines – Fraternal Organizations**  
3 **(“Slots” 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; authorizing  
9 certain fraternal organizations to purchase or lease certain instant ticket lottery  
10 machines from certain vendors; defining certain terms; and generally relating to the  
11 operation of and proceeds from instant ticket lottery machines in the State.

12 BY repealing and reenacting, with amendments,  
13 Article – State Government  
14 Section 9–112  
15 Annotated Code of Maryland  
16 (2014 Replacement Volume and 2019 Supplement)

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

19 **Article – State Government**

20 9–112.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) (I) "FRATERNAL ORGANIZATION" MEANS A NONPROFIT ORGANIZATION THAT:

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

(II) "FRATERNAL ORGANIZATION" INCLUDES A SORORAL ORGANIZATION.

(III) "FRATERNAL ORGANIZATION" DOES NOT INCLUDE:

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

(3) "VENDOR" MEANS A BUSINESS ENTITY THAT:

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

(II) HAS BEEN ESTABLISHED AND OPERATING IN THE STATE FOR AT LEAST 5 YEARS.

(4) "VETERANS' organization" means an organization that is tax exempt and organized as a veterans' organization under § 501(c)(19) or § 501(c)(4) of the Internal Revenue Code.

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

(c) Before issuing a license to an applicant, the Director shall consider such

1 factors as:

2 (1) the financial responsibility and security of the applicant and the  
3 business or activity of the applicant;

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

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

6 (4) the volume of expected sales.

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

8 (i) Caroline County;

9 (ii) Cecil County;

10 (iii) Dorchester County;

11 (iv) Kent County;

12 (v) Queen Anne's County;

13 (vi) Somerset County;

14 (vii) Talbot County;

15 (viii) Wicomico County; and

16 (ix) Worcester County.

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

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

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

28 **(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 COMPTROLLER TO BE DISTRIBUTED AS PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH.

(III) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, THE COMPTROLLER 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; AND

B. 50% IN THE MANNER SPECIFIED IN SUBPARAGRAPH (IV) OF THIS PARAGRAPH.

(IV) THE AMOUNT THE COMPTROLLER IS REQUIRED TO PAY UNDER SUBPARAGRAPH (III)2B OF THIS PARAGRAPH SHALL BE DISTRIBUTED AS FOLLOWS:

1. FIRST, AN AMOUNT NECESSARY TO PAY FOR THE PURCHASE OR LEASE OF THE INSTANT TICKET LOTTERY MACHINES TO THE ENTITY PURCHASING OR LEASING THE INSTANT TICKET LOTTERY MACHINES;

2. SECOND, AN AMOUNT NECESSARY TO OVERSEE AND MANAGE THE OPERATION OF INSTANT TICKET LOTTERY MACHINES BY THE FRATERNAL ORGANIZATION TO THE STATE LOTTERY FUND ESTABLISHED UNDER § 9-118 OF THIS SUBTITLE; AND

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

(4) (i) Subject to subparagraph (ii) of this paragraph, a veterans'

1 organization **OR FRATERNAL ORGANIZATION** issued a license under this subsection shall  
2 purchase or lease the instant ticket lottery machines to be used by the veterans'  
3 organization **OR FRATERNAL ORGANIZATION**.

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

7 (iii) **A FRATERNAL ORGANIZATION MAY PURCHASE OR LEASE**  
8 **ITS INSTANT TICKET LOTTERY MACHINES FROM ANY VENDOR THAT IS APPROVED BY**  
9 **THE AGENCY TO SELL OR LEASE INSTANT TICKET LOTTERY MACHINES TO A**  
10 **FRATERNAL ORGANIZATION.**

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

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

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

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

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

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

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
27 1, 2020.