

HOUSE BILL 579

C7

3lr1640

By: **Delegates Elliott, Afzali, Beitzel, Clagett, DeBoy, Fisher, Frank, Hough, James, Jameson, Kipke, Krebs, McComas, McConkey, McDonough, Minnick, Sophocleus, Stocksedale, Szeliga, Weir, Wilson, and Wood**

Introduced and read first time: January 31, 2013

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Veterans' Organizations – Instant Ticket Lottery Machines – Use of Proceeds**

3 FOR the purpose of altering the allocation of proceeds from instant ticket lottery
4 machines operated by veterans' organizations in certain counties; requiring that
5 a certain amount of the net after-payout proceeds be used to benefit a charity
6 and the remainder of the proceeds to further the purposes of the veterans'
7 organization; repealing a prohibition against using certain receipts from the
8 sale of tickets from instant ticket lottery machines for a certain purpose under
9 certain circumstances; repealing certain provisions regarding the composition of
10 the Maryland Veterans Trust Fund; and generally relating to proceeds from
11 instant ticket lottery machines operated by certain veterans' organizations.

12 BY repealing and reenacting, with amendments,
13 Article – State Government
14 Section 9–112, 9–120, and 9–913
15 Annotated Code of Maryland
16 (2009 Replacement Volume and 2012 Supplement)

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

19 **Article – State Government**

20 9–112.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

7 (1) the financial responsibility and security of the applicant and the
8 business or activity of the applicant;

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

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

12 (4) the volume of expected sales.

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

14 (i) Caroline County;

15 (ii) Cecil County;

16 (iii) Dorchester County;

17 (iv) Kent County;

18 (v) Montgomery County;

19 (vi) Queen Anne's County;

20 (vii) Somerset County;

21 (viii) Talbot County;

22 (ix) Wicomico County; and

23 (x) Worcester County.

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

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

1 (3) [After deduction of any commission and validation prize payout as
2 provided under § 9–117 of this subtitle, a] **A veterans’ organization issued a license**
3 **under this subsection shall [credit the remaining receipts from the sale of tickets from**
4 **instant ticket lottery machines to the State Lottery Fund established under § 9–118 of**
5 **this subtitle] USE:**

6 **(I) AT LEAST ONE–HALF OF THE NET AFTER–PAYOUT**
7 **PROCEEDS FROM ITS INSTANT TICKET LOTTERY MACHINES FOR THE BENEFIT**
8 **OF A CHARITY; AND**

9 **(II) THE REMAINDER OF THE PROCEEDS FROM ITS INSTANT**
10 **TICKET LOTTERY MACHINES TO FURTHER THE PURPOSES OF THE VETERANS’**
11 **ORGANIZATION.**

12 (4) [(i) Subject to subparagraph (ii) of this paragraph, a] **A**
13 **veterans’ organization issued a license under this subsection shall purchase or lease**
14 **from the Agency the instant ticket lottery machines to be used by the veterans’**
15 **organization.**

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

19 (5) The Director may adopt regulations to implement the provisions of
20 this subsection that included restricting the location of instant ticket lottery machines
21 in areas of a veterans’ organization’s public meeting hall that is accessible to the
22 public.

23 (6) The State Lottery and Gaming Control Agency shall ensure that
24 the conduct of the gaming and the operation of the instant ticket lottery machines as
25 established under this subsection are consistent with the holding in the case of
26 Chesapeake Amusements Inc. v. Riddle, 363 Md. 16 (2001).

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

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

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

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

32 9–120.

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

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

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

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

9 (i) into the Maryland Stadium Facilities Fund the money that
10 remains in the State Lottery Fund from the proceeds of the lotteries conducted for the
11 benefit of the Maryland Stadium Authority, after the distribution under subsection (a)
12 of this section; **AND**

13 (ii) [after June 30, 2014, into the Maryland Veterans Trust
14 Fund 10% of the money that remains in the State Lottery Fund from the proceeds of
15 sales of tickets from instant ticket lottery machines by veterans' organizations under §
16 9–112(d) of this subtitle, after the distribution under subsection (a) of this section; and

17 (iii)] into the General Fund of the State the money that remains
18 in the State Lottery Fund from the proceeds of all other lotteries after the distribution
19 under subsection (a) of this section.

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

22 (c) The regulations of the Agency shall apportion the money in the State
23 Lottery Fund.

24 9–913.

25 (a) In this section, “Fund” means the Maryland Veterans Trust Fund.

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

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

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

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

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

4 (e) The Fund consists of[:

5 (1)] gifts and grants that the Department receives under § 9–912(b) of
6 this subtitle[; and

7 (2) contributions to the Fund from the sale of tickets from instant
8 ticket lottery machines under § 9–112(d) of this title].

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

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

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

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

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

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

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

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

22 (2) The report shall include:

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

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

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

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 2013.