

ANNOTATED CODE OF MARYLAND
State Government Article
Title 9 Miscellaneous Executive Agencies
Subtitle 1A Video Lottery Terminals

§ 9-1A-01. Definitions.

- (a) *In general.*- In this subtitle the following words have the meanings indicated.
- (b) *Applicant.*- "Applicant" means a person who applies for any license required under this subtitle.
- (c) *Associated equipment.*- "Associated equipment" means hardware located on the licensee's premises that is connected to the video lottery system for the purpose of performing communication, validation, or other functions, but not including the communication facilities of a regulated utility or the video lottery terminals.
- (d) *Average payout percentage.*- "Average payout percentage" means the average percentage of money used by players to play a video lottery terminal that is returned to players of that video lottery terminal.
- (e) *Award.*- "Award" means the act, by the Video Lottery Facility Location Commission, of approving the issuance of a video lottery operation license by the State Lottery Commission to an applicant for the operation of video lottery terminals at a specified location.
- (f) *Background investigation.*- "Background investigation" means a security, criminal, and credit investigation of a person who applies for or who is granted a license under this subtitle.
- (g) *Career offender.*- "Career offender" means a person whose behavior is pursued in an occupational manner or context for the purpose of economic gain and who utilizes methods that are deemed by the Commission as criminal violations inimical to the interest of the State.
- (h) *Career offender cartel.*- "Career offender cartel" means a group of persons who operate together as career offenders.
- (i) *Central monitor and control system.*- "Central monitor and control system" means a central system provided to and controlled by the Commission to which video lottery terminals communicate for purposes of:
- (1) information retrieval;
 - (2) retrieval of the win and loss determination from video lottery terminals; and
 - (3) programs to activate and disable video lottery terminals.
- (j) *Central Repository.*- "Central Repository" means the Criminal Justice Information System Central Repository of the Department of Public Safety and Correctional Services.
- (k) *Commission.*- "Commission" means the State Lottery Commission.
- (l) *Control.*- "Control" means the authority to direct the management and policies of an applicant or licensee.
- (m) *Costs.*- "Costs" means, unless the context otherwise requires, the expenses incurred by the Commission in the administration of this subtitle, including:
- (1) the costs of leasing or the capitalized cost of purchasing the video lottery terminals, central monitor and control system, and associated equipment and software;
 - (2) the costs to repair and maintain the video lottery terminals, central monitor and control system, and associated equipment and software to the extent these costs are not

included in the costs of leasing or purchasing the video lottery terminals, central monitor and control system, and associated equipment and software;

(3) the costs of testing and examination of video lottery terminals and the central monitor and control system; and

(4) the costs of performing background investigations and other related activities.

(n) *Family*.- "Family" means spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces, fathers-in-law, mothers-in-law, daughters-in-law, sons-in-law, brothers-in-law, and sisters-in-law, whether by whole blood or half blood, marriage, adoption, or natural relationship.

(o) *Institutional investor*.- "Institutional investor" means

(1) a retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees;

(2) an investment company registered under the Investment Company Act of 1940;

(3) a collective investment trust organized by banks under Part 9 of the rules of the Comptroller of the Currency;

(4) a closed end investment trust;

(5) a chartered or licensed life insurance company;

(6) a property and casualty insurance company;

(7) a banking or other chartered or licensed lending institution;

(8) an investment advisor registered under the Investment Advisors Act of 1940; or

(9) any other person registered in any foreign jurisdiction and regulated in accordance with a statute of any foreign jurisdiction that the Commission determines to be substantially similar to that regulated by the Investment Company Act of 1940 or the Investment Advisors Act of 1940.

(p) *License*.- "License" means, unless the context otherwise requires, a license required under this subtitle.

(q) *Licensee*.- "Licensee" means an applicant who has been issued a license required under this subtitle.

(r) *Manufacturer*.- "Manufacturer" means a person:

(1) that is engaged in the business of designing, building, constructing, assembling, manufacturing, or distributing a central monitor and control system, video lottery terminals, associated equipment or software, or the cabinet in which a video lottery terminal is housed;

(2) that produces a product that is intended for sale, lease, or other assignment to the Commission or a licensee; and

(3) that contracts with the Commission or a licensee for the sale, lease, or other assignment of a product described in paragraph (1) of this subsection.

(s) *Own*.- "Own" means having a beneficial or proprietary interest of at least 5% in the property or business of an applicant or licensee.

(t) *Player*.- "Player" means an individual who plays a video lottery terminal at a video lottery facility licensed by the Commission.

(u) *Proceeds*.-

(1) "Proceeds" means the part of the amount of money bet through video lottery terminals that is not returned to successful players but is otherwise allocated under this subtitle.

(2) (i) Subject to subparagraph (ii) of this paragraph, "proceeds" does not include money given away by a video lottery operation licensee as free promotional play and used by players to bet in a video lottery terminal.

(ii) After the first fiscal year of operations, the exclusion specified in subparagraph (i) of this paragraph may not exceed a percentage established by the Commission by regulation of the proceeds received in the prior fiscal year by the video lottery operation licensee under § 9-1A-27(a)(2) of this subtitle

(v) *Progressive jackpot.*- "Progressive jackpot" means a prize that increases as one or more video lottery terminals are connected to a progressive jackpot system.

(w) *Progressive jackpot system.*- "Progressive jackpot system" means a system capable of linking one or more video lottery terminals in one or more licensed facilities and offering one or more common progressive jackpots.

(x) *Video lottery.*- "Video lottery" means gaming or betting conducted using a video lottery terminal.

(y) *Video lottery destination location.*- "Video lottery destination location" means a location that is eligible for or has been awarded in the manner provided by law a video lottery operation license.

(z) *Video lottery employee.*- "Video lottery employee" means an employee of a person who holds a license.

(aa) *Video lottery facility.*- "Video lottery facility" means a facility at which players play video lottery terminals under this subtitle.

(bb) *Video lottery operation license.*- "Video lottery operation license" means a license awarded by the Video Lottery Facility Location Commission and issued by the State Lottery Commission to a person that allows players to operate video lottery terminals.

(cc) *Video lottery operator.*- "Video lottery operator" means a person licensed to operate a video lottery facility under this subtitle.

(dd) *Video lottery terminal.*-

(1) "Video lottery terminal" means any machine or other device that, on insertion of a bill, coin, token, voucher, ticket, coupon, or similar item, or on payment of any consideration:

(i) is available to play or simulate the play of any game of chance in which the results, including the options available to the player, are randomly determined by the machine or other device; and

(ii) by the element of chance, may deliver or entitle the player who operates the machine or device to receive cash, premiums, merchandise, tokens, or anything of value, whether the payout is made automatically from the device or in any other manner.

(2) "Video lottery terminal" includes a machine or device:

(i) that does not directly dispense money, tokens, or anything of value to winning players; and

(ii) described under paragraph (1) of this subsection that uses an electronic credit system making the deposit of bills, coins, or tokens unnecessary.

(3) "Video lottery terminal" does not include an authorized slot machine operated by an eligible organization under Title 12, Subtitle 3 of the Criminal Law Article.

§ 9-1A-02. Operation of video lottery terminals.

(a) *Scope.*- This subtitle is statewide and exclusive in its effect.

(b) *Regulation by Commission; assistance by Maryland State Lottery Agency.*-

(1) The Commission shall regulate the operation of video lottery terminals in accordance with this subtitle.

(2) The Maryland State Lottery Agency shall provide assistance to the Commission in the performance of the Commission's duties under this subtitle.

(c) *Operation of video lottery terminals authorized.*-

(1) This subtitle authorizes the operation of video lottery terminals owned or leased by the State that are connected to a central monitor and control system owned or leased by the State that allows the Commission to monitor a video lottery terminal.

(2) The Commission shall provide and operate a single central monitor and control system into which all licensed video lottery terminals must be connected.

(3) The central monitor and control system shall be capable of:

(i) continuously monitoring, retrieving, and auditing the operations, financial data, and program information of all video lottery terminals;

(ii) allowing the Commission to account for all money inserted in and payouts made from any video lottery terminal;

(iii) disabling from operation or play any video lottery terminal as the Commission deems necessary to carry out the provisions of this subtitle;

(iv) supporting and monitoring a progressive jackpot system capable of operating one or more progressive jackpots; and

(v) providing any other function that the Commission considers necessary.

(4) The central monitor and control system shall employ a widely accepted gaming industry communications protocol to facilitate the ability of video lottery terminal manufacturers to communicate with the statewide system.

(5) (i) Except as provided in subparagraph (ii) of this paragraph, the Commission may not allow a video lottery operation licensee to have access to, or obtain information from, the central monitor and control system.

(ii) Only if the access does not in any way affect the integrity or security of the central monitor and control system, may the Commission allow a video lottery operation licensee to have access to the central monitor and control system that allows the licensee to obtain information pertinent to the legitimate operation of a video lottery facility.

(d) *License required.*- Only a person with a video lottery operation license issued under this subtitle may offer a video lottery terminal for public use in the State under this subtitle.

§ 9-1A-03. Scope of subtitle.

(a) *Expansion of commercial gaming prohibited.*- Except as provided in subsection (b) of this section, any additional forms or expansion of commercial gaming other than as expressly provided in this subtitle are prohibited.

(b) *In general.*- This subtitle, including the authority provided to the Commission under this subtitle, does not apply to:

(1) lotteries conducted under Subtitle 1 of this title;

- (2) wagering on horse racing conducted under Title 11 of the Business Regulation Article;
- (3) the operation of slot machines as provided under Titles 12 and 13 of the Criminal Law Article; or
- (4) other gaming conducted under Titles 12 and 13 of the Criminal Law Article.

§ 9-1A-04. Powers and duties of Commission.

(a) *Duties of Commission.* - The Commission shall:

- (1) promptly and in reasonable order, make a decision on license applications and causes affecting the granting or renewal of licenses under this subtitle;
- (2) issue licenses in accordance with this subtitle;
- (3) after a hearing, promptly and in reasonable order, make a determination on the suspension or revocation of licenses under this subtitle;
- (4) after a hearing, suspend or revoke as applicable the license of a licensee who has a license suspended or revoked in another state;
- (5) conduct hearings concerning civil violations of this subtitle or regulations issued under this subtitle;
- (6) collect application, license, and other fees to cover the administrative costs of this subtitle related to licensing;
- (7) deposit application, license, and other fees to a bank account that the State Treasurer designates to the credit of the State Lottery Fund to cover the administrative costs of this subtitle related to licensing;
- (8) levy and collect civil penalties for civil violations of the provisions of this subtitle or regulations issued under this subtitle;
- (9) be present at a video lottery operation through its employees and agents at any time during the operation of any video lottery terminal for the purpose of certifying revenue from the video lottery terminals, receiving complaints from the public, and conducting any other investigation into the operation of the video lottery terminals and the maintenance of the video lottery terminals and associated equipment and software as the Commission may deem necessary and proper; and
- (10) review and rule on any complaint by a licensee regarding any investigative procedures of the Commission that are unnecessarily disruptive of video lottery operations.

(b) *Powers of Commission.* - The Commission may:

- (1) issue subpoenas to compel the attendance of witnesses at any place within the State in the course of any investigation or hearing under this subtitle;
- (2) administer oaths and require testimony under oath before the Commission in the course of any investigation or hearing conducted under this subtitle;
- (3) serve or cause to be served its process or notices in a manner provided for service of process in civil actions under the Maryland Rules; and
- (4) propound written interrogatories.

(c) *Hearings.* - Except as otherwise provided in this subtitle, the Commission shall conduct a hearing in the same manner as specified in Title 10, Subtitle 2 of this article.

(d) *Regulations.* - The Commission shall adopt regulations that include the following specific provisions in accordance with this subtitle:

- (1) establishing the methods and forms of application that an applicant for any license required under this subtitle shall follow and complete before consideration of the application by the Commission;
- (2) establishing the methods, procedures, and form for delivery of information from an applicant or licensee concerning any person's family, habits, character, associates, criminal record, business activities, and financial affairs;
- (3) establishing the procedures for the fingerprinting of an applicant for any license required under this subtitle or other methods of identification that may be necessary in the judgment of the Commission to accomplish effective enforcement of the provisions of this subtitle;
- (4) establishing the manner and procedure of hearings conducted by the Commission;
- (5) establishing the manner and method of collection of taxes, fees, and civil penalties;
- (6) defining and limiting the areas of operation for video lottery terminals, rules of video lottery terminals, odds for video lottery terminals, the types and values of promotional items that may be given away to encourage play of video lottery terminals, and the method of operation of the video lottery terminals;
- (7) regulating the practice and procedures for negotiable transactions involving players, including limitations on the circumstances and amounts of negotiable transactions and the establishment of forms and procedures for negotiable instrument transactions, redemptions, and consolidations;
- (8) prescribing the grounds and procedures for reprimands of licensees or the revocation or suspension of licenses issued under this subtitle;
- (9) governing the manufacture, distribution, sale, and servicing of video lottery terminals;
- (10) establishing the procedures, forms, and methods of management controls;
- (11) providing for minimum uniform standards of accountancy methods, procedures, and forms as are necessary to assure consistency, comparability, and effective disclosure of all financial information, including percentages of profit for video lottery terminals;
- (12) establishing periodic financial reports and the form of the reports, including an annual audit prepared by a certified public accountant licensed to do business in the State, disclosing whether the accounts, records, and control procedures examined are maintained by the video lottery operation licensee as required by this subtitle and the regulations that shall be issued under this subtitle;
- (13) requiring licensees under this subtitle to demonstrate and maintain financial viability;
- (14) ensuring that the operation of video lottery terminals and video lottery facilities is conducted legally; and
- (15) otherwise carrying out the provisions of this subtitle.

(e) *Bond requirements; exceptions.* -

- (1) The Commission shall by regulation require an applicant or licensee to file a bond for the benefit of the State for the faithful performance of the requirements imposed by this subtitle and any regulations issued under this subtitle.
- (2) An applicant or licensee shall obtain and submit satisfactory proof of the bond to the Commission before a license is issued or reissued.
- (3) The bonds furnished may be applied by the Commission to the payment of an unpaid liability of the licensee.

(4) The Commission by regulation may exempt categories of video lottery employees who are not directly involved in the video lottery operations from the requirements of this subsection if the Commission determines that the requirement is not necessary in order to protect the public interest or accomplish the policies established under this subtitle.

(f) *Investigations and enforcement; inspections.*-

(1) The Commission shall promptly and thoroughly investigate all applications and enforce this subtitle and regulations that are adopted under this subtitle.

(2) The Commission and its employees and agents shall have the authority, without notice and without warrant, to:

(i) inspect and examine all premises in which video lottery operations under this subtitle are conducted or any authorized video lottery terminals, central monitor and control system, or associated equipment and software designed, built, constructed, assembled, manufactured, sold, distributed, or serviced, or in which records of those activities are prepared or maintained;

(ii) inspect any video lottery terminals, central monitor and control system, or associated equipment and software in, about, on, or around those premises;

(iii) seize summarily and remove from those premises and impound, or assume physical control of, any video lottery terminals, central monitor and control system, or associated equipment and software for the purposes of examination and inspection;

(iv) inspect, examine, and audit books, records, and documents concerning a licensee's video lottery operations, including the financial records of a parent corporation, subsidiary corporation, or similar business entity; and

(v) seize, impound, or assume physical control of books, records, ledgers, cash boxes and their contents, a counting room or its equipment, or other physical objects relating to video lottery operations.

(3) A licensee shall authorize any other person having financial records relating to the licensee to provide those records to the Commission.

§ 9-1A-05. Licensing.

(a) *Limitation on licensing.*- The Video Lottery Facility Location Commission established under § 9-1A-36 of this subtitle may not:

(1) award more than five video lottery operation licenses;

(2) award more than 15,000 video lottery terminals for operation at video lottery facilities in the State; and

(3) subject to the requirements of § 9-1A-36(h) and (i) of this subtitle, award more than 4,750 terminals for operation at any video lottery facility.

(b) *Application.*- An owner or operator of a video lottery destination location described under § 9-1A-01 of this subtitle may submit an application for a video lottery operation license.

(c) *License valid only at location for which issued.*- A video lottery operation license issued under this subtitle is not valid at a geographic location other than the geographic location authorized in the license awarded by the Video Lottery Facility Location Commission and issued by the State Lottery Commission.

(d) *"Owner" defined; limitation on ownership.*-

(1) In this subsection, "owner" includes any type of owner or beneficiary of a business entity, including an officer, director, principal employee, partner, investor, stockholder, or beneficial owner of the business entity and, notwithstanding any other provisions of this subtitle, including a person having any ownership interest regardless of the percentage of ownership interest.

(2) An individual or business entity may not own an interest in more than one video lottery facility.

(3) A member of the Senate of Maryland or the House of Delegates may not be an owner or an employee of any business entity that holds a video lottery operation license.

(4) Notwithstanding paragraphs (1) and (2) of this subsection, an individual or business entity may enter into a management agreement to operate a facility located in Allegany County that it does not own, subject to the approval of the Video Lottery Facility Location Commission and the State Lottery Commission.

§ 9-1A-06. Licensees.

(a) *In general.*- The following persons shall be licensed under this subtitle:

(1) a video lottery operator;

(2) a manufacturer;

(3) a person not licensed under item (1) or (2) of this subsection who manages, operates, supplies, provides security for, or provides service, maintenance, or repairs for video lottery terminals; and

(4) a video lottery employee.

(b) *Requirements.*- The Commission may by regulation require a person that contracts with a licensee and the person's employees to obtain a license under this subtitle if the Commission determines that the licensing requirements are necessary in order to protect the public interest and accomplish the policies established by this subtitle.

(c) *License required for employees; exemptions.*-

(1) Except as provided in paragraph (2) of this subsection, unless an individual holds a valid license issued under this subtitle, the individual may not be employed by a licensee as a video lottery employee.

(2) The Commission by regulation may exempt categories of video lottery employees who are not directly involved in the video lottery operations from the requirement under paragraph (1) of this subsection if the Commission determines that the requirement is not necessary in order to protect the public interest or accomplish the policies established under this subtitle.

(d) *Employment of former members of State Lottery Commission or Video Lottery Facility Location Commission prohibited for one year.*- For a period of 1 year after the individual's service on the State Lottery Commission or the Video Lottery Facility Location Commission ends, a licensee may not employ, or enter into a financial relationship with, an individual who has been a member of the State Lottery Commission or the Video Lottery Facility Location Commission.

§ 9-1A-07. Application.

- (a) *Form; date.*- Except as provided in § 9-1A-36 of this subtitle, an applicant for a license shall submit to the Commission an application:
- (1) in the form that the Commission requires; and
 - (2) on or before the date set by the Commission.
- (b) *Scope of section; fees.*-
- (1) This subsection does not apply to license fees for a video lottery operation license.
 - (2) The Commission shall by regulation establish a fee for a license under this subtitle.
 - (3) An applicant shall submit the fee with the application.
- (c) *Qualifications for applicants and licensees; duties and sanctions.*-
- (1) Applicants and licensees shall have the affirmative responsibility to establish by clear and convincing evidence the person's qualifications.
 - (2) Applicants and licensees shall provide information required by this subtitle and satisfy requests for information relating to qualifications in the form specified by the Commission or the Video Lottery Facility Location Commission, if applicable.
 - (3) Applicants and licensees shall consent to inspections, searches, and seizures authorized by this subtitle or regulations issued under this subtitle.
 - (4)
 - (i) Applicants and licensees shall have the continuing duty to:
 1. provide assistance or information required by the Commission; and
 2. cooperate in an inquiry, investigation, or hearing conducted by the Commission.
 - (ii) On issuance of a formal request to answer or produce information, evidence, or testimony, if an applicant or licensee refuses to comply, the application or license of the person may be denied, suspended, or revoked by the Commission.
 - (5)
 - (i) If the applicant is an individual, the applicant shall be photographed and fingerprinted for identification and investigation purposes.
 - (ii) If the applicant is not an individual, the Commission by regulation may establish the categories of individuals who shall be photographed and fingerprinted for identification and investigation purposes.
 - (6)
 - (i) Applicants and licensees shall have a duty to inform the Commission of an act or omission that the person knows or should know constitutes a violation of this subtitle or the regulations issued under this subtitle.
 - (ii) Applicants and licensees may not discriminate against a person who in good faith informs the Commission of an act or omission that the person believes constitutes a violation of this subtitle or the regulations issued under this subtitle.
 - (7) Applicants and licensees shall produce information, documentation, and assurances to establish the following qualification criteria by clear and convincing evidence:
 - (i) the financial stability, integrity, and responsibility of the applicant or licensee;
 - (ii) the integrity of any financial backers, investors, mortgagees, bondholders, and holders of other evidences of indebtedness that bear a relation to the application;
 - (iii) the applicant's or licensee's good character, honesty, and integrity;
 - (iv) sufficient business ability and experience of the applicant or licensee; and
 - (v) that:
 1. the applicant or licensee has entered into a labor peace agreement with each labor organization that is actively engaged in representing or

- attempting to represent video lottery and hospitality industry workers in the State;
2. the labor peace agreement is valid and enforceable under 29 U.S.C. § 158;
3. the labor peace agreement protects the State's revenues by prohibiting the labor organization and its members from engaging in picketing, work stoppages, boycotts, and any other economic interference with the operation of the video lottery facility within the first 5 years of the effective date of the video lottery operation license; and
4. the labor peace agreement applies to all operations at the video lottery facility that are conducted by a lessee or tenant or under a management agreement.

(d) *Background investigations; hearings on qualifications.*- On the filing of an application for any license required under this subtitle and any supplemental information required by the Commission, the Commission shall:

- (1) refer the application to the Department of State Police or an approved vendor under § 9-1A-20 of this subtitle to conduct a background investigation on the qualifications of the applicant and any person who is required to be qualified under this subtitle as a condition of a license; and
- (2) if the applicant is applying for a video lottery operation license, conduct a hearing on the qualifications of the applicant and any person who is required to be qualified under this subtitle as a condition of a license.

(e) *Grant or denial of license.*-

- (1) Except for a video lottery operation license, after receiving the results of the background investigation and conducting any hearing required under this subtitle, the Commission may either grant a license to an applicant whom the Commission determines to be qualified or deny the license to an applicant whom the Commission determines to be not qualified or disqualified.
- (2) If an application for a license is denied, the Commission shall prepare and file an order denying the license with a statement of the reasons for the denial, including the specific findings of fact.

(f) *Issuance of annual license.*-

- (1) Except for a video lottery operation license as provided in § 9-1A-13 of this subtitle, if satisfied that an applicant is qualified to receive a license, and on tender of all required application, license, and other fees and taxes, and any bond required under § 9-1A-04(e) of this subtitle, the Commission shall issue a license for a term of 3 years.
- (2) The Commission may stagger the terms of licenses.

(g) *Providing false information prohibited; sanctions.*-

- (1) An individual may not knowingly give false information or make a material misstatement in an application required for any license under this subtitle or in any supplemental information required by the Commission.
- (2) An individual who violates this section is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding 3 years or a fine not exceeding \$5,000 or both.

§ 9-1A-08. Additional information required.

(a) *Business entities.*- In addition to other information required by this subtitle, a business entity applying for a video lottery operation license shall provide the following information:

- (1) the organization, financial structure, and nature of all businesses operated by the business entity;
- (2) the names, personal employment, and, when applicable, criminal histories of the officers, directors, partners, and principal employees of the business entity;
- (3) the names of all holding, intermediary, and subsidiary companies or other similar business entities of the business entity;
- (4) the organization, financial structure, and nature of all businesses operated by the business entity's holding, intermediary, and subsidiary companies or other similar business entities;
- (5) the rights and privileges acquired by the holders of different classes of authorized securities, partnership interests, or other similar ownership interests of the business entity and its holding, intermediary, and subsidiary companies or other similar business entities;
- (6) the terms on which the securities, partnership interests, or other similar ownership interests have been or are to be offered;
- (7) the terms and conditions of all outstanding loans, mortgages, trust deeds, pledges, or other indebtedness or security devices utilized by the business entity;
- (8) the extent of the equity security holding in the business entity of the officers, directors, partners, and underwriters and their remuneration in the form of salary, wages, fees, or otherwise;
- (9) the names of persons other than the directors and officers who occupy positions specified by the Commission or whose compensation exceeds an amount determined by the Commission;
- (10) the names of persons who own or control the business entity;
- (11) a description of all bonus and profit sharing arrangements;
- (12) copies of management and service contracts; and
- (13) a listing of stock options.

(b) *Subsidiaries.*- If a business entity that applies for a video lottery operation license is a subsidiary or if a business entity holding a video lottery operation license is to become a subsidiary, each holding company and each intermediary company with respect to the business entity shall, as a condition of the subsidiary acquiring or retaining a video lottery operation license:

- (1) qualify to do business in the State; or
- (2) furnish the Commission with the information required under subsection (a) of this section and other information that the Commission or the Video Lottery Facility Location Commission may require.

(c) *Individuals.*-

- (1) Except as provided in paragraph (2) of this subsection, an individual applying for a video lottery operation license shall provide, to the extent applicable to an individual, the information required under subsection (a) of this section in the form required by the Commission.
- (2) The Commission may waive the requirement to provide the information required under subsection (a) of this section for an institutional investor.

(d) *Grounds for denial of license.*- The Commission shall disqualify an applicant for a video lottery operation license on the basis of any of the following criteria:

- (1) failure of the applicant to prove by clear and convincing evidence that the applicant and each person who owns or controls the application are qualified under the provisions of this subtitle;
- (2) failure of the applicant or any person required to be qualified under this subtitle as a condition of a license to provide information, documentation, and assurances required by this subtitle or requested by the Commission;
- (3) failure of the applicant or any person required to be qualified under this subtitle as a condition of a license to reveal any fact material to qualification;
- (4) supplying, by the applicant or any person required to be qualified under this subtitle as a condition of a license, information that is untrue or misleading as to a material fact concerning the qualification criteria;
- (5) conviction of the applicant or of any person required to be qualified under this subtitle as a condition of a license of an offense under the laws of the United States or any jurisdiction within the United States that is a criminal offense involving moral turpitude or a gambling offense;
- (6) current prosecution of the applicant or a person who is required to be qualified under this subtitle as a condition of a license for an offense described under item (5) of this subsection, provided that, at the request of the applicant, the Commission may defer its decision on the application during the pendency of the charge;
- (7) pursuit by the applicant or a person who is required to be qualified under this subtitle as a condition of a license of economic gain in an occupational manner or context that is in violation of the laws of the State, if the pursuit creates a reasonable belief that participation of the applicant in video lottery operations would be inimical to the policies of this subtitle;
- (8) identification of the applicant or a person who is required to be qualified under this subtitle as a condition of a license as a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in a manner that creates a reasonable belief that the association is of a nature as to be inimical to the policies of this subtitle;
- (9) the committing of an act by the applicant or a person who is required to be qualified under this subtitle as a condition of a license that would constitute an offense described under item (5) of this subsection, even if the act has not been or may not be prosecuted under the criminal laws of the State; and
- (10) willful defiance by the applicant or a person who is required to be qualified under this subtitle as a condition of a license of a legislative investigatory body or other official investigatory body of the United States or a jurisdiction within the United States when the body is engaged in the investigation of crimes relating to gambling, official corruption, or organized crime activity.

§ 9-1A-09. Eligibility for funding racing licensees.

(a) *"Racing licensee" defined.*- In this section, "racing licensee" means the holder of a license issued by the State Racing Commission to hold a race meeting in the State under Title 11 of the Business Regulation Article.

(b) *In general.*- As a condition of eligibility for funding under § 9-1A-29 of this subtitle, a racing licensee shall:

- (1)
 - (i) for Laurel Park and Pimlico Race Course, conduct a minimum of 220 annual live racing days combined between Laurel Park or Pimlico Race Course unless otherwise agreed to by the racing licensee and the organization that represents the majority of licensed thoroughbred owners and trainers in the State or unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee's control;
 - (ii) for Rosecroft Raceway, conduct a minimum of 90 annual live racing days unless otherwise agreed to by the racing licensee and the organization that represents the majority of licensed standardbred owners and trainers in the State or unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee's control; and
 - (iii) for Ocean Downs Racetrack, conduct a minimum of 40 annual live racing days unless otherwise agreed to by the racing licensee and the organization that represents the majority of licensed standardbred owners and trainers in the State or unless the racing licensee is prevented by weather, acts of God, or other circumstances beyond the racing licensee's control;
- (2) if the racing licensee holds the racing license for Pimlico Race Course, retain in the State of Maryland the name, common law and statutory copyrights, service marks, trademarks, trade names, and horse racing events that are associated with the Preakness Stakes and the Woodlawn Vase;
- (3) if the racing licensee holds the racing license for the Pimlico Race Course, promote and conduct the Preakness Stakes each year at:
 - (i) the Pimlico Race Course; or
 - (ii) if the Pimlico Race Course no longer exists, the Preakness Stakes Race is prevented from being conducted at the Pimlico Race Course, or the State Racing Commission, under § 11-513 of the Business Regulation Article, deems an emergency exists, another track located in the State that is approved by the State Racing Commission;
- (4) if the racing licensee holds the racing license for Laurel Park, permit the event known as the Maryland Million to be run annually at Laurel Park unless:
 - (i) the racing licensee is prevented from doing so by weather, acts of God, or other circumstances beyond the control of the racing licensee; or
 - (ii) the racing licensee and the Maryland Million LLC agree to another location that is approved by the State Racing Commission;
- (5) develop and submit to the State Racing Commission a multiyear plan to improve the quality and marketing of horse racing at racetrack locations owned or operated by the racing licensee in Maryland, which shall include:
 - (i) goals, indicators, and timelines for specific actions that will be taken by the racing licensee to improve the quality and marketing of the horse racing industry in Maryland; and
 - (ii) a master plan for capital improvements that reflects, at a minimum:
 1. commitments that have been made to the State Racing Commission; and
 2. an ongoing investment in capital maintenance and improvements in the horse racing facilities of at least \$1,500,000 annually, which may include

amounts provided as a matching fund as required under § 9-1A-29(e)(2) of this subtitle; and

(6) develop with other racing industry representatives a multiyear plan to improve the quality and marketing of the horse racing industry in Maryland, which shall include goals, indicators, and timelines for specific actions that will be taken by the thoroughbred and harness racing industries to improve the quality and marketing of the horse racing industry in Maryland, including joint marketing efforts.

(c) *Plan to include improvements to residential areas.* - As part of the capital maintenance and improvement items in the plan submitted under subsection (b)(5) of this section, a racing licensee shall include any improvements necessary to ensure that the condition of any part of the racetrack facility where individuals reside is satisfactory for human habitation and meets minimum housing and sanitation standards in the county where the facility is located.

(d) *Additional recipients of plans.* - The plans required under subsection (b) of this section shall also be provided to the Department of General Services and to the Legislative Policy Committee of the General Assembly.

(e) *Revocation of license on transfer of certain races to locations outside State.* -

(1) If a video lottery operation license has been issued for a racetrack location at Laurel Park, the video lottery operation license for the location shall be revoked if the name, common law and statutory copyrights, service marks, trademarks, trade names, or horse racing events that are associated with the Preakness Stakes Race or the Woodlawn Vase are transferred to a location outside the State.

(2) As an additional condition of a video lottery operation license, if a racetrack licensee holds a video lottery operation license for Laurel Park, the licensee shall be required to:

(i) promote and conduct the Preakness Stakes Race at the Pimlico Race Course each year; or

(ii) if the Pimlico Race Course no longer exists, the Preakness Stakes Race is prevented from being conducted at the Pimlico Race Course, or the State Racing Commission, under § 11-513 of the Business Regulation Article, deems an emergency exists, promote and conduct the Preakness Stakes Race each year at another track located in the State that is approved by the State Racing Commission.

(3) If a racetrack licensee has been issued a video lottery operation license for a racetrack location at Laurel Park, the licensee shall permit the event known as the Maryland Million to be run annually at Laurel Park unless:

(i) the licensee is prevented from doing so by weather, acts of God, or other circumstances beyond the control of the licensee; or

(ii) the licensee and the Maryland Million LLC agree to another location that is approved by the State Racing Commission.

(4) If a video lottery operation license is issued to a racetrack location at Laurel Park, the video lottery operation licensee shall:

(i) maintain the operation of the Bowie Training Center; or

(ii) if State law no longer requires the Bowie Training Center to operate as a training facility, convey the property associated with the Bowie Training Center to the State as preserved land under Program Open Space.

§ 9-1A-10. Minority business requirements; employment requirements.

(a) *In general.*-

(1) For the construction and procurement related to the operation of video lottery terminals, the applicant or licensee shall at a minimum meet the same requirements of a designated unit for minority business participation as described under Title 14, Subtitle 3 of the State Finance and Procurement Article.

(2) If the county in which a video lottery facility will be located has higher minority business participation requirements than the State as described in paragraph (1) of this subsection, the applicant shall meet the county's minority business participation requirements to the extent possible.

(3) Any collective bargaining agreement or agreements, including a project labor agreement or a neutrality agreement, entered into by an applicant or licensee may not negate the requirements of this subsection.

(4) If an applicant for employment at a video lottery facility believes that the applicant has been discriminated against in the employment process, the applicant may appeal the employment decision to the local human relations board in the county where the facility is located.

(5) Notwithstanding any collective bargaining agreement or agreements, a licensee shall:

(i) provide health insurance coverage for its employees; and

(ii) give a preference to hiring qualified employees from the communities within 10 miles of the video lottery facility.

(6) A licensee shall:

(i) provide retirement benefits for its employees; and

(ii) if the licensee is a racetrack licensee, provide retirement benefits to its video lottery operation employees that are equivalent to the level of benefits provided to the racetrack employees who are eligible under the Maryland Racetrack Employees Pension Fund.

(7) Notwithstanding any collective bargaining agreement or agreements, if the licensee is a racetrack location, the licensee shall provide health insurance coverage to all employees of the racetrack, including the employees of the racetrack on the backstretch of the racetrack.

(b) *Compliance, monitoring, and reporting.*-

(1) The Commission shall ensure that a video lottery operation licensee complies with the requirements of subsection (a)(1) and (2) of this section as a condition of holding the video lottery operation license.

(2) The Governor's Office of Minority Affairs shall monitor a licensee's compliance with subsection (a)(1) and (2) of this section.

(3) The Governor's Office of Minority Affairs shall report to the Commission at least every 6 months on the compliance of licensees with subsection (a)(1) and (2) of this section.

(4) If the Governor's Office of Minority Affairs reports that a licensee is not in compliance with subsection (a)(1) and (2) of this section, the Commission may take immediate action to ensure the compliance of the licensee.

(c) *Scope of requirements of (a)(1) and (a)(2).*- On or after July 1, 2011, the provisions of subsection (a)(1) and (2) of this section and any regulations adopted under subsection (a)(1) and (2) of this section shall be of no effect and may not be enforced.

§ 9-1A-11. Requirements for commencement of operations; sanctions.

(a) *Reversion of unissued licenses.*- Any video lottery operation licenses not issued or awarded for a location authorized under this subtitle shall automatically revert to the State.

(b) *Commencement of operations; extension of time; reversion of license.*-

(1) Except as provided in paragraph (2) of this subsection, a licensee shall commence operation of video lottery terminals in a permanent facility at the location for which the video lottery operation license has been awarded within 18 months after the license is awarded.

(2) (i) On a determination by the Commission that extenuating circumstances exist that are beyond the control of an awardee and have prevented the awardee from complying with the requirements of paragraph (1) of this subsection, the Commission may allow the awardee an extension of 6 months to comply with the requirements.

(ii) The Commission may not grant more than two extensions to an awardee under this paragraph.

(3) If a video lottery operation awardee fails to comply with the requirements of this subsection, the license awarded to the awardee shall be revoked and shall automatically revert to the State.

(c) *Temporary and permanent facilities.*-

(1) Nothing in this subtitle may be construed to prohibit a video lottery operation licensee that is issued a license from beginning video lottery terminal operations in a temporary facility that meets the minimum requirements established in regulations adopted by the State Lottery Commission.

(2) Notwithstanding the provisions of paragraph (1) of this subsection, a video lottery operation licensee shall be operational in a permanent facility no later than 30 months after the award of the video lottery operation license.

(d) For a location in Allegany County, video lottery terminals may be temporarily located in the Rocky Gap Lodge and Resort until a permanent facility is constructed, subject to the requirements of subsection (b) of this section. **§ 9-1A-12. Requirements for contractors not licensees.**

If a video lottery operation licensee contracts with another person other than an employee of the video lottery operation licensee to provide any of the services related to operating a video lottery facility, each person and each other person who owns or controls the person or management and supervisory personnel and other principal employees of the person shall qualify under the standards and provisions set forth in §§ 9-1A-07 and 9-1A-08 of this subtitle for video lottery operation licensees.

§ 9-1A-13. Term.

(a) *In general.*- The initial term of a video lottery operation license is 15 years from the date on which the video lottery facility is issued the license by the Commission.

(b) *Annual updates.* - During the initial term of a video lottery operation license, the licensee shall provide the Commission with an annual update of the information required under this subtitle for the issuance of a license by the date set by the Commission in regulations and on the form required by the Commission.

(c) *Notice of intent to reapply.* - One year before the expiration of the term of a video lottery operation license, the licensee shall file with the Commission a notice of intent to reapply for the license under this subtitle.

(d) *Reapplication.* - Within 1 year of the end of the initial 15-year license term, a video lottery operation licensee may reapply for a license that has a license term of 10 years and a license fee to be established by statute.

(e) *Reversion of license to State.* - If a licensee has its license revoked or otherwise surrenders the license, the video lottery operation license reverts to the State.

§ 9-1A-14. Employee licenses.

(a) *Required.* - Unless an individual holds a valid video lottery employee license issued by the Commission, the individual may not be employed by a video lottery operation licensee as a video lottery employee.

(b) *Requirements.* - Before issuance of a video lottery employee license, an applicant shall provide sufficient information, documentation, and assurances that the Commission may require.

(c) *Grounds for disqualification.* - The Commission shall deny a video lottery employee license to an applicant who is disqualified due to:

- (1) the applicant's failure to prove the applicant's good character, honesty, and integrity;
- (2) the applicant's lack of expertise or training to be a video lottery employee;
- (3) the applicant's conviction for any crime involving moral turpitude or gambling under the laws of the United States or any state;
- (4) the applicant's current prosecution for any crime involving moral turpitude or gambling under the laws of the United States or any state, but, at the request of the applicant, the Commission may defer a decision on the application during the pendency of the charge;
- (5) pursuit by the applicant of economic gain in an occupational manner or context that is in violation of the laws of the State, if the pursuit creates a reasonable belief that participation of the applicant in video lottery operations would be inimical to the policies of this subtitle;
- (6) identification of the applicant as a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in a manner that creates a reasonable belief that the association is of a nature as to be inimical to the policies of this subtitle;
- (7) commission of an act by the applicant that would constitute an offense described under item (3) of this subsection, even if the act has not been or may not be prosecuted under the criminal laws of the State;
- (8) willful defiance by the applicant or a person that is required to be qualified under this subtitle as a condition of a license of a legislative investigatory body or other official investigatory body of the United States or a jurisdiction within the United States when the body is engaged in the investigation of crimes relating to gambling, official corruption, or organized crime activity; and

(9) any other reason established in the regulations of the Commission as a reason for denying a license.

§ 9-1A-15. Manufacturer license requirements.

(a) *Required.*- Unless a manufacturer holds a valid manufacturer's license issued by the Commission before conducting business with a licensee or the State, the manufacturer may not offer any video lottery terminal, central monitor and control system, associated equipment or software, or goods or services that directly relate to the operation of video lottery terminals under this subtitle.

(b) *Qualification.*- Each manufacturer, and each person that owns or controls the manufacturer or management and supervisory personnel and other principal employees of the manufacturer, shall qualify under the standards and provisions set forth in §§ 9-1A-07 and 9-1A-08 of this subtitle for video lottery operation licensees.

(c) *Exemptions and waivers prohibited in general.*- Except as provided in § 9-1A-16(a) of this subtitle, the Commission may not grant an exemption or waiver of any licensing requirement to an applicant for or holder of a manufacturer's license.

(d) *Manufacturer to meet required specifications and procedures.*- A manufacturer of the video lottery terminals, central monitor and control system, and associated equipment and software shall manufacture or distribute the video lottery terminals, central monitor and control system, and associated equipment and software that meet specifications and procedures established by the Commission.

§ 9-1A-16. Exemption or waiver of requirements for holders of out-of-state licenses other than video lottery operation license.

(a) *In general.*- For all licenses required under this subtitle other than a video lottery operation license, if an applicant or licensee holds a valid license in another state and the Commission determines that the licensing standards of the other state are comprehensive, thorough, and provide similar adequate safeguards to those provided in this subtitle, the Commission may:

- (1) waive some or all of the requirements of this subtitle; and
- (2) issue a license to a person having a similar license in another state.

(b) *Exemption or waiver of requirement or grounds for denial on request of applicant; limitation.*-

(1) Except as provided in subsection (c) of this section, on the request of an applicant, the Commission may grant an exemption or waiver of a licensing requirement or grounds for denial of a license if the Commission determines that the requirement or grounds for denial of a license as applied to the applicant are not necessary in order to protect the public interest or accomplish the policies established by this subtitle.

(2) On granting to an applicant an exemption or waiver of a licensing requirement or grounds for denial of a license, or at any time after a waiver or exemption has been granted, the Commission may:

- (i) limit or place restrictions on the exemption or waiver as the Commission considers necessary in the public interest; and
- (ii) require the person that is granted the exemption or waiver to cooperate with the Commission and to provide the Commission with any additional information required by the Commission as a condition of the waiver or exemption.

(c) *Waiver not available for video lottery operation licenses.*- The Commission may not waive any of the requirements of this subtitle related to a video lottery operation license.

§ 9-1A-17. Renewal of license.

Subject to the power of the Commission to deny, revoke, or suspend a license, a license in force may be renewed by the Commission for the next succeeding license period on:

- (1) proper application for renewal; and
- (2) payment of all required application, license, and other fees and taxes.

§ 9-1A-18. License is revocable privilege; property right not created.

(a) *License is revocable privilege.*- Because the public has a vital interest in video lottery operations and has established a limited exception to the policy of the State concerning gambling for private gain, participation in video lottery operations by a licensee under this subtitle shall be deemed a revocable privilege conditioned on the proper and continued qualification of the licensee and on the discharge of the affirmative responsibility of each licensee to provide to the regulatory and investigatory authorities under this subtitle or any other provision of law, any assistance and information necessary to assure that the policies declared by this subtitle are achieved.

(b) *Property right not created.*- Consistent with the policy described in subsection (a) of this section, it is the intent of this section to:

- (1) preclude:
 - (i) the creation of any property right in any license required under this subtitle;
 - (ii) the accrual of any monetary value to the privilege of participation in video lottery operations; and
 - (iii) the transfer of any license issued under this subtitle; and
- (2) require that participation in video lottery operations be conditioned solely on the continuing individual qualifications of the person who seeks the privilege.

§ 9-1A-19. Transferability of license or interests.

(a) *License not transferable or to be used as collateral.*- Except as provided in subsection (b) of this section, a license issued under this subtitle may not be:

- (1) transferred or assigned to another person; or
- (2) pledged as collateral.

(b) *Transfer of beneficial interest by licensee; revocation.*-

(1) A licensee may not sell or otherwise transfer more than 5% of the legal or beneficial interests of the licensee unless:

- (i) the licensee notifies the Commission of the proposed sale or transfer;
- (ii) the Commission determines that the proposed buyer or transferee meets the requirements of this subtitle; and
- (iii) the transfer is consistent with the policies and intent of § 9-1A-18 of this subtitle.

(2) Unless the Commission needs a longer time to determine whether the proposed buyer or transferee meets the requirements of this subtitle, if the requirements of paragraph (1)

of this subsection are not satisfied, a license issued under this subtitle is automatically revoked 90 days after the sale or transfer.

§ 9-1A-20. Background investigations

(a) *"Approved vendor" defined.*- In this section, "approved vendor" means a person that:

- (1) specializes in conducting background investigations;
- (2) has experience in the gaming industry; and
- (3) obtains the approval of the Commission to conduct background investigations under this section.

(b) *In general.*- The Department of State Police or an approved vendor shall:

- (1) conduct a background investigation in a timely manner of:
 - (i) an applicant for a video lottery operation license;
 - (ii) a video lottery operator; and
 - (iii) any other applicant the Commission considers necessary; and
- (2) cooperate with the Commission in obtaining and providing the necessary background investigation information.

(c) *Applicant to provide information; sanction.*-

- (1) An applicant shall provide the Department of State Police or an approved vendor with all information the Department requires in order to conduct a background investigation.
- (2) Failure to provide timely or accurate information is grounds for the Commission to deny an application.

(d) *State and national criminal history records check; fees; confidentiality.*-

- (1) The Department of State Police or an approved vendor shall apply to the Central Repository for a State and a national criminal history records check for the applicant if required by the Commission.
- (2) As part of the application for a criminal history records check, the Department of State Police or an approved vendor shall submit to the Central Repository:
 - (i) two complete sets of the applicant's legible fingerprints taken on forms approved by the Director of the Central Repository and the Director of the Federal Bureau of Investigation;
 - (ii) the fee authorized under § 10-221(b)(7) of the Criminal Procedure Article for access to Maryland criminal history records;
 - (iii) the mandatory processing fee required by the Federal Bureau of Investigation for a national criminal history records check; and
 - (iv) the mandatory processing fee required by Interpol for an international criminal history records check.
- (3) In accordance with §§ 10-201 through 10-234 of the Criminal Procedure Article, the Central Repository shall forward to the applicant and the Commission a printed statement of the applicant's criminal history record information.
- (4) Information obtained from the Central Repository under this section:
 - (i) shall be confidential;
 - (ii) may not be disseminated; and
 - (iii) may be used only in connection with the issuance of a license required under this subtitle.

(5) The subject of a criminal history records check under this section may contest the contents of the printed statement issued by the Central Repository as provided in § 10-223 of the Criminal Procedure Article.

(e) *Results to be forwarded to Commission.*- After completion of the background investigation of each person specified in subsection (b)(1) of this section, the Department of State Police or an approved vendor shall promptly forward the results of the investigation to the Commission.

(f) *Regulations.*- The Commission shall adopt regulations specifying the factors used to determine whether an applicant for a license must submit to an international criminal history records check.

§ 9-1A-21. Equipment to be owned or leased and controlled by Commission.

(a) *In general.*- Each video lottery terminal device, the central monitor and control system, and the associated equipment and software shall be:

- (1) owned or leased by the Commission; and
- (2) under the control of the Commission.

(b) *Commission to contract with manufacturer.*- Subject to the Commission's ability to cancel or alter the contract in the event one or more eligible applicants for a video lottery facility fail to obtain a license, the Commission shall contract with one or more licensed manufacturers for the lease or purchase of the video lottery terminals, central monitor and control system, and associated equipment and software authorized under this subtitle.

(c) *Regulations.*-

- (1) The Commission shall adopt regulations governing the sale or lease of video lottery terminals by the Commission under this subtitle.
- (2) The Commission may adopt regulations to provide incentives to licensed manufacturers based on the performance of the manufacturers' video lottery terminals.

(d) *Process of selection of equipment.*- The Commission shall establish a process enabling a licensee and the Commission to select video lottery terminals from a list approved by the Commission, subject to available funds, for use in the licensee's video lottery facility.

§ 9-1A-22. Target average payout percentage.

(a) *In general.*- Except as provided in subsections (b) and (c) of this section, a video lottery terminal shall have an average payout percentage of at least 87%.

(b) *Higher average payout percentage established by regulation.*- The Commission may by regulation establish an average payout percentage of more than 90% but not more than 95% for video lottery operation licensees.

(c) *Approval of average payout percentage greater than 95%.*- The Commission may approve an average payout percentage of more than 95% for the video lottery terminals at a video lottery facility.

§ 9-1A-23. Operation in general.

(a) *Hours of operation.*- A video lottery facility may operate daily from 8 a.m. to 2 a.m.

(b) *Marketing, advertising, promotion.*- A video lottery operation licensee shall be responsible for all marketing, advertising, and promotion for its video lottery operation.

(c) *Facility may offer any State lottery games.*- Any State lottery games that are offered by or through the Commission may be offered for sale at a video lottery facility in the State.

§ 9-1A-24. Compliance.

(a) *In general.*- Except as provided in subsection (b) of this section, the Commission shall ensure that a video lottery operation licensee complies with the requirements of this section as a condition of holding the video lottery operation license.

(b) *County alcoholic beverages licensing authority to ensure compliance.*-

(1) The county alcoholic beverages licensing authority for the county in which a video lottery facility is located shall ensure that the video lottery licensee complies with the requirements of this subsection.

(2) Except as provided in paragraph (4) of this subsection, a video lottery operation licensee may not provide food or alcoholic beverages to individuals at no cost.

(3) Any food or alcoholic beverages offered by a video lottery operation licensee for sale to individuals may be offered only at prices that are determined by the county alcoholic beverages licensing authority to be commensurate with the price of similar types of food and alcoholic beverages at restaurants in the county in which the video lottery facility is located.

(4) A video lottery operation licensee may provide food at no cost to individuals to the same extent allowed under Article 2B, § 12-106 of the Code for a person engaged in the sale or barter of spirituous, malt, or intoxicating liquors and licensed under the laws of Maryland.

(c) *Intoxicated or underage individuals prohibited from terminal areas.*- A video lottery operation licensee shall ensure that intoxicated individuals and individuals under the age of 21 years are not allowed to play video lottery terminals and are not allowed in areas of the video lottery facility where video lottery terminals are located.

(d) *Standards for exclusion or ejection of individuals to be provided by regulation.*-

(1) By regulation, the Commission shall provide for the establishment of a list of individuals who are to be mandatorily excluded or ejected by a video lottery operation licensee from any video lottery operation licensed under this subtitle.

(2) The regulations under this subsection shall define the standards for exclusion or ejection and shall include standards relating to individuals:

(i) who are career offenders as defined by regulations adopted by the Commission;

(ii) who have been convicted of a criminal offense under the laws of the United States or any jurisdiction within the United States that is a criminal offense involving moral turpitude or a gambling offense; or

(iii) whose presence in the establishment of a licensee would be adverse to the interest of the State, the licensee, or the person.

(3) The Commission may impose sanctions on a licensee in accordance with this subtitle if the licensee knowingly fails to exclude or eject from the premises of the licensee an individual placed by the Commission on the list of individuals to be excluded or ejected.

(4) An order under this subsection is subject to judicial review.

(e) *Commission to adopt regulations to reduce or mitigate effects of problem gambling; exclusion list.*-

(1) By regulation, the Commission shall adopt measures that are intended to reduce or mitigate the effects of problem gambling.

(2) The regulations shall:

(i) include establishment of a voluntary exclusion list of individuals with gambling problems who have requested to be excluded from any video lottery operation licensed under this subtitle; and

(ii) provide a simple mechanism for an individual who is sober and informed to request placement on the voluntary exclusion list for a specified period of time.

(3) A video lottery operation licensee may not permit an individual on the voluntary exclusion list to enter into the video lottery facility or to play a video lottery terminal.

(4) The Commission may impose sanctions on a licensee in accordance with this subtitle if the licensee knowingly fails to exclude from the premises of the licensee an individual on the voluntary exclusion list.

(f) *Provisions to be included in regulations.* - In order to protect the public interest, the regulations shall include provisions that:

(1) limit the number and location of and maximum withdrawal amounts from automated teller machines;

(2) require payouts above an amount adopted by the Commission to be made by check;

(3) require conspicuous disclosures related to the payout of video lottery terminals;

(4) limit the dollar amount that video lottery terminals will accept;

(5) prohibit the use of specified negotiable instruments at video lottery facilities and the use of credit cards, debit cards, and similar devices in video lottery terminals;

(6) provide consumers with a record of video lottery terminal spending levels if marketing measures are utilized that track consumer spending at video lottery facilities;

(7) prohibit consumers from cashing paychecks at video lottery facilities; and

(8) prohibit video lottery operation licensees from engaging in or contracting with another to engage in predatory marketing practices.

§ 9-1A-25. Violations; sanctions; effect on other laws.

(a) *In general.* - The Commission may deny a license to an applicant, reprimand or fine a licensee, or suspend or revoke a license for a violation of:

(1) this subtitle;

(2) a regulation adopted under this subtitle; or

(3) a condition that the Commission sets.

(b) *Penalties.* -

(1) For each violation specified in subsection (a) of this section, the Commission may impose a penalty not exceeding \$5,000.

(2) Each day that a person is in violation under this section shall be considered a separate violation.

(3) To determine the amount of the penalty imposed under paragraph (1) of this subsection, the Commission shall consider:

(i) the seriousness of the violation;

(ii) the harm caused by the violation; and

(iii) the good faith or lack of good faith of the person who committed the violation.

(c) *Subtitle not affecting existing laws or authority to enact laws related to criminal offenses and penalties.*- Except as otherwise expressly provided in this subtitle, nothing contained in this subtitle abrogates or limits the criminal laws of the State or limits the authority of the General Assembly to enact statutes establishing criminal offenses and penalties relating to video lottery operations.

§ 9-1A-26. Daily electronic transfer of proceeds; accounting and distribution.

(a) *Daily electronic transfer of proceeds.*-

(1) Except as provided in paragraph (2) of this subsection, all proceeds from the operation of video lottery terminals shall be electronically transferred daily into the State Lottery Fund established under Subtitle 3 of this title and distributed as provided under § 9-1A-27 of this subtitle.

(2) The requirement under paragraph (1) of this subsection does not apply on a day when State government is closed.

(b) *Accounting and distribution.*-

(1) The Commission shall account to the Comptroller for all of the revenue under this subtitle.

(2) The proceeds from video lottery terminals shall be under the control of the Comptroller and shall be distributed as provided under § 9-1A-27 of this subtitle.

(c) The admissions and amusement tax may not be imposed on any proceeds from the operation of video lottery terminals.

§ 9-1A-27. Distribution of proceeds.

(a) *In general.*- On a properly approved transmittal prepared by the Commission, the Comptroller shall pay the following amounts from the proceeds of video lottery terminals at each video lottery facility:

(1) 2% to the State Lottery Agency for costs as defined in § 9-1A-01 of this subtitle;

(2) except as provided in subsection (b) of this section, to the video lottery operation licensee, the percentage stated in the accepted application for the location, not to exceed 33%;

(3) 5.5% in local impact grants, in accordance with § 9-1A-31 of this subtitle;

(4) 7% to the Purse Dedication Account established under § 9-1A-28 of this subtitle, not to exceed a total of \$100,000,000 to the Account annually;

(5) (i) Except as provided in item (ii) of this item, for the first 8 years of operations at a video lottery facility, 2.5% to the Racetrack Facility Renewal Account established under § 9-1A-29 of this subtitle, not to exceed a total of \$40,000,000 to the Account annually;

(ii) for the first 5 years of operations at a video lottery facility in Allegany County, 2.5% to the video lottery operation licensee that satisfies the requirement under subsection (b) of this section;

(6) 1.5% to the Small, Minority, and Women-Owned Businesses Account established under § 9-1A-35 of this subtitle; and

(7) the remainder to the Education Trust Fund established under § 9-1A-30 of this subtitle.

(b) For the first 5 years of operations at a video lottery facility in Allegany County, the Comptroller shall pay to the video lottery operation licensee, on a properly approved transmittal prepared by the Commission, the percentages authorized in subsection (a)(2) and (5)(ii) of this section as stated in the accepted application for the location, if the applicant that is awarded the video operation license agrees to purchase the Rocky Gap Lodge and Resort.

(c) *Costs of State Lottery Agency and Commission.*-

(1) If the costs of the State Lottery Agency are less than the proceeds specified in subsection (a)(1) of this section, any amount not distributed to the State Lottery Agency shall be paid to the Education Trust Fund established under § 9-1A-30 of this subtitle.

(2) The costs of the Commission shall be as provided in the State budget.

§ 9-1A-28. Purse Dedication Account.

(a) *Established.*- There is a Purse Dedication Account under the authority of the State Racing Commission.

(b) *Status and management of account.*-

(1) The Account shall receive money as required under § 9-1A-27 of this subtitle.

(2) Money in the Account shall be invested and reinvested by the Treasurer and interest and earnings shall accrue to the Account.

(3) The Comptroller shall:

(i) account for the Account; and

(ii) on a properly approved transmittal prepared by the State Racing Commission, issue a warrant to pay out money from the Account in the manner provided under this section.

(4) The Account is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(5) Expenditures from the Account shall only be made on a properly approved transmittal prepared by the State Racing Commission as provided under subsection (c) of this section.

(c) *Allocation of funds by State Racing Commission in general.*- Subject to subsections (d) and (e) of this section, the State Racing Commission shall allocate funds in the Account as follows:

(1) 80% to the thoroughbred industry; and

(2) 20% to the standardbred industry.

(d) *Allocation to thoroughbred purses and Maryland-bred Race Fund.*- The amount of funds allocated to thoroughbred purses and the Maryland-bred Race Fund shall be allocated as follows:

(1) 85% to thoroughbred purses at the Pimlico Race Course, Laurel Park, the racecourse in Allegany County, and the racecourse at Timonium; and

(2) 15% to the Maryland-bred Race Fund.

(e) *Allocation to standardbred purses and Standardbred Race Fund.*- The amount of funds allocated to standardbred purses and the Standardbred Race Fund shall be allocated as follows:

(1) 85% to standardbred purses at Rosecroft Raceway, Ocean Downs Race Course, and the racecourse in Allegany County, allocated based on the number of live racing days at each track location; and

(2) 15% to the Standardbred Race Fund.

(f) *Grant to Fair Hill.*- From the amount provided to thoroughbred purses, the State Racing Commission shall pay an annual grant of \$100,000 to Fair Hill, as defined under § 11-811 of the Business Regulation Article.

(g) *Section inapplicable to Allegany County racecourse.*- The provisions of this section may not be construed to apply to the racecourse in Allegany County until horse racing begins at that racecourse.

(h) *Study and recommendations on Purse Dedication Account.*- On or before December 1, 2014, the State Racing Commission shall:

- (1) conduct a study to determine the impact of the Purse Dedication Account on the racing industry in the State; and
- (2) make recommendations to the General Assembly regarding the continuation of the Purse Dedication Account and the amount of money distributed to the Purse Dedication Account.

§ 9-1A-29. Racetrack Facility Renewal Account.

(a) *Established.*- There is a Racetrack Facility Renewal Account under the authority of the State Racing Commission.

(b) *Status and management of account.*-

- (1) The Account shall receive money as required under § 9-1A-27 of this subtitle.
- (2) Money in the Account shall be invested and reinvested by the Treasurer and interest and earnings shall accrue to the Account.
- (3) The Comptroller shall:
 - (i) account for the Account; and
 - (ii) on a properly approved transmittal prepared by the State Racing Commission, issue a warrant to pay out money from the Account in the manner provided under this section.
- (4) The Account is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.
- (5) Expenditures from the Account shall only be made on a properly approved transmittal prepared by the State Racing Commission as provided under subsection (c) of this section.

(c) *Use of funds.*- Funds from the Account shall be used to provide a grant to the holder of a license to hold a race meeting in the State for racetrack facility capital construction and improvements.

(d) *Allocation of funds in general.*- The amount of funds made available from the Racetrack Facility Renewal Account shall be allocated as follows:

- (1) 80% to the Pimlico Race Course, Laurel Park, and the racecourse at Timonium; and
- (2) 20% to Rosecroft Raceway and Ocean Downs Race Course.

(e) *Qualification for grant.*- In order to obtain a grant, a holder of a license to hold a race meeting in the State shall:

- (1) submit a capital construction plan to be implemented within a specified time frame to the State Racing Commission for approval; and
- (2) except as provided in subsection (f) of this section, provide and expend a matching fund.

(f) *Allocation to racecourse at Timonium.*-

(1) Of the amount provided from the Racetrack Facility Renewal Account under subsection (d)(1) of this section, \$1,000,000 shall be provided annually for 5 years to the racecourse at Timonium for racetrack facility capital construction and improvements.

(2) A matching fund is not required for the amount provided for the racecourse at Timonium under paragraph (1) of this subsection.

(g) *Grant for establishment of horse racing museum at Pimlico Race Course.*- Of the amount provided from the Racetrack Facility Renewal Account under subsection (d)(1) of this section, the State Racing Commission may provide direct grant funding for the establishment of a horse racing museum as part of the Pimlico Race Course.

(h) *Monitoring of implementation of approved capital construction plan.*- After a grant has been provided under this section, the State Racing Commission shall:

(1) in consultation with the Department of General Services, monitor the implementation of the approved capital construction plan; and

(2) make provisions for recapture of grant moneys if the capital construction plan is not implemented within the time frame approved by the State Racing Commission.

(i) *Payment of unencumbered funds to Education Trust Fund.*- Any unencumbered funds remaining in the Racetrack Facility Renewal Account on July 1, 2018, shall be paid to the Education Trust Fund established under § 9-1A-30 of this subtitle.

(j) *Regulations.*- The State Racing Commission shall adopt regulations to implement the provisions of this subsection, including regulations to address minimum criteria for the types of improvements to be made by the holder of a license.

(k) *Section inapplicable to racecourse in Allegany County.*- The provisions of this section may not be construed to apply to the racecourse in Allegany County.

§ 9-1A-30. Education Trust Fund.

(a) *Established; status.*- There is an Education Trust Fund which is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(b) *Credits to Fund; investments.*-

(1) There shall be credited to the Education Trust Fund all proceeds allocated to the Fund under § 9-1A-27 of this subtitle.

(2) Money in the Education Trust Fund shall be invested and reinvested by the Treasurer, and interest and earnings shall accrue to the Fund.

(c) *Use of Fund.*- Money in the Education Trust Fund shall be used to:

(1) provide funding for public elementary and secondary education, through continuation of the funding and formulas established under the programs commonly known as the Bridge to Excellence in Public Schools Act, first enacted by Chapter 288 of the Acts of the General Assembly of 2002, including the funding for regional differences in the cost of education under § 5-202(f) of the Education Article;

(2) provide funds to construct public school buildings and provide public school capital improvements in accordance with §§ 5-301 through 5-303 of the Education Article; and

(3) provide funds for capital projects at community colleges and public senior higher education institutions.

(d) *Expenditures.*- Expenditures from the Education Trust Fund shall be made each fiscal year in accordance with the State budget.

§ 9-1A-31. Local impact grants; local development council.

(a) *Distribution of local impact grants.*-

(1) The local impact grants provided under § 9-1A-27 of this subtitle shall be distributed in the following manner:

(i) 82% to the local jurisdictions with video lottery facilities, based on each jurisdiction's percentage of overall gross revenues from video lottery terminals; and

(ii) except as provided in paragraph (2) of this subsection, for operations at a video lottery facility starting in fiscal year 2012 and ending in fiscal year 2027, 18% to Baltimore City with the Pimlico Community Development Authority acting as the local development council in accordance with subsection (d) of this section, to be distributed primarily for capital projects benefiting economic and community development in the following manner:

1. at least 75% in a manner that is consistent with the Park Heights Master Plan; and

2. the remainder dedicated to the needs of:

A. any census blockgroup that Baltimore City identifies as being located partly or entirely within 1 mile of Pimlico Race Course but not within the boundaries of the Park Heights Master Plan; and

B. any neighborhood included in the Northwest Community Planning Forum Strategic Neighborhood Action Plan.

(2) (i) Of the amount specified under paragraph (1)(ii) of this subsection, \$1,000,000 shall be provided annually to Prince George's County to be used for capital projects in the community within 10 miles surrounding Rosecroft Raceway.

(ii) The Legislative Policy Committee shall report its findings and recommendations concerning the advisability of the continuation of the distribution of funds after fiscal year 2027 to the Comptroller and, in accordance with § 2-1246 of this article, the General Assembly, on or before November 1, 2025.

(3) Baltimore City and Prince George's County shall report to the Legislative Policy Committee by December 31 of each year as to the distribution of the funds provided under this section.

(b) *Use of local impact grants.*- Local impact grants provided under subsection (a)(1)(i) of this section shall be used for improvements in the communities in immediate proximity to the video lottery facilities and may be used for the following purposes:

(1) infrastructure improvements;

(2) facilities;

(3) public safety;

(4) sanitation;

(5) economic and community development, including housing; and

(6) other public services and improvements.

(c) *Local development councils.*-

(1) A local development council shall be established in each geographic area where a video lottery facility is located.

(2) Subject to paragraph (3) of this subsection, a local development council shall consist of the following 15 members appointed by the chief executive of the county in which the local development council is located, in consultation with the Senators and Delegates who represent the communities surrounding the facility and the respective county councils, city councils, or county commissioners:

- (i) one Senator who represents the district where the facility is located;
- (ii) two Delegates who represent the districts where the communities surrounding the facility are located;
- (iii) one representative of the video lottery operation licensee;
- (iv) seven residents of the communities in immediate proximity to the facility;
- and
- (v) four representatives of businesses or institutions located in immediate proximity to the facility.

(3) (i) If the video lottery facility is at a racetrack location at Laurel Park, the County Executive of Anne Arundel County, the County Executive of Prince George's County, and the County Executive of Howard County shall jointly appoint the local development council.

(ii) If the video lottery facility is at a racetrack location at the Ocean Downs Race Course, the County Commissioners of Worcester County and the Mayor of the Town of Ocean City shall jointly appoint the local development council.

(d) *Development of multiyear plan by county or municipality with local development council.* -

(1) Prior to any expenditure of local impact grant funds provided under § 9-1A-27 of this subtitle, a county or municipality shall develop, in consultation with the local development council, a multiyear plan for the expenditure of the local impact grant funds for services and improvements consistent with subsection (b) of this section.

(2) A county or municipality shall submit the plan to the local development council for review and comment before adopting the plan or expending any grant funds.

(3) The local development council shall advise the county or municipality on the impact of the facility on the communities and the needs and priorities of the communities in immediate proximity to the facility.

(4) (i) A local development council shall have 45 days to review, comment, and make recommendations on the plan required under this subsection.

(ii) On the request of a local development council, the county or municipality shall hold a public hearing on the plan.

(5) A county or municipality shall make best efforts to accommodate the recommendations of the local development council and any testimony presented at the hearing before adopting the plan required under this subsection.

(e) *Video lottery operation licensee to provide master plan to local development council.* - A video lottery operation licensee shall provide to the local development council a master plan for the development of the site on which the video lottery facility will be located.

§ 9-1A-32. Transportation.

(a) *State to pay for reasonable transportation costs.*- The State may pay for the reasonable transportation costs to:

- (1) mitigate the impact on the communities in the immediate proximity to the facility;
and
- (2) make each video lottery facility accessible to the public.

(b) *Comprehensive transportation plan.*-

- (1) A comprehensive transportation plan shall be:
 - (i) developed by each county where a facility is located, in consultation with the local development council created under § 9-1A-31 of this subtitle; and
 - (ii) approved by the Maryland Department of Transportation.
- (2) The comprehensive transportation plan shall include provisions on roads and provisions regarding mass transit if mass transit is a substantial manner of transportation in the county where a video lottery facility is located.

(c) *Duties of Department of Transportation.*- The Maryland Department of Transportation shall facilitate negotiations with affected communities to ensure the most practical ingress to and egress from the video lottery facility.

(d) *Duties with respect to specific local routes.*-

- (1) Notwithstanding any other provision of this section, the Department of Transportation may pay for and undertake the improvement and enhancement of MD Route 589 from the intersection of MD Route 50 through MD Route 113 in Worcester County to address the needs related to traffic capacity, public safety, and esthetics in the area where a video lottery facility is located.
- (2) The Department may take the necessary steps to ensure that the plans for the improvements and enhancements to MD Route 589 are under development on or before the date on which the video lottery facility at the Worcester County location is operational and open to the public.

§ 9-1A-33. Problem Gambling Fund.

(a) *Duties of Commission.*- The Commission shall:

- (1) establish an annual fee of \$425, to be paid by each video lottery operation licensee, for each video lottery terminal operated by the licensee during the year, based on the maximum number of terminal positions in use during the year; and
- (2) distribute the fees collected under item (1) of this subsection to the Problem Gambling Fund established in subsection (b) of this section.

(b) *Fund established.*-

- (1) There is a Problem Gambling Fund in the Department of Health and Mental Hygiene.
- (2) The Problem Gambling Fund is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.
- (3) Money in the Problem Gambling Fund shall be invested and reinvested by the Treasurer, and interest and earnings shall accrue to the Fund.
- (4) Except as provided in paragraph (5) of this subsection, expenditures from the Problem Gambling Fund shall be made only by the Department of Health and Mental Hygiene to:

- (i) establish a 24-hour hotline for compulsive and problem gamblers and to provide counseling and other support services for compulsive and problem gamblers; and
- (ii) develop and implement problem gambling treatment and prevention programs, including the programs established under Title 19, Subtitle 8 of the Health - General Article.

(5) After satisfying the requirements of paragraph (4) of this subsection, any unspent funds in the Problem Gambling Fund may be expended by the Department of Health and Mental Hygiene on drug and other addiction treatment services.

(6) Expenditures from the Problem Gambling Fund shall be made in accordance with an appropriation approved by the General Assembly in the annual State budget or by the budget amendment procedure provided for in § 7-209 of the State Finance and Procurement Article.

§ 9-1A-34. Reports and audits.

(a) *Reports.*- The Commission shall make an annual report to the Governor and, subject to § 2-1246 of this article, to the General Assembly:

- (1) on the operation and finances of the video lottery facilities;
- (2) with the assistance of local police departments and the Department of State Police, detailing the crimes that occur within the communities surrounding a video lottery facility; and
- (3) on the attainment of minority business participation goals specified for licensees under § 9-1A-10(a)(1) and (2) of this subtitle and the efforts by licensees to maintain those goals.

(b) *Annual audit.*- Each fiscal year the Legislative Auditor shall audit and evaluate the information submitted to the Commission by licensees under subsection (a)(3) of this section, with special emphasis on the licensee's utilization of contractors across a broad spectrum of its business activities, including those that are functionally related to the gaming industry.

§ 9-1A-35. Small, Minority, and Women-Owned Businesses Account.

(a) *Established.*- There is a Small, Minority, and Women-Owned Businesses Account under the authority of the Board of Public Works.

(b) *Management of Account; status.*-

- (1) The Account shall receive money as required under § 9-1A-27 of this subtitle.
- (2) Money in the Account shall be invested and reinvested by the Treasurer and interest and earnings shall accrue to the Account.
- (3) The Comptroller shall:
 - (i) account for the Account; and
 - (ii) on a properly approved transmittal prepared by the Board of Public Works, issue a warrant to pay out money from the Account in the manner provided under this section.
- (4) The Account is a special, nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article.

(5) Expenditures from the Account shall only be made on a properly approved transmittal prepared by the Board of Public Works as provided under subsection (c) of this section.

(c) *Grants to eligible fund managers.*-

(1) In this subsection, "eligible fund manager" means an entity that has significant financial or investment experience, under criteria developed by the Board of Public Works.

(2) Subject to the provisions of paragraph (3) of this subsection, the Board of Public Works shall make grants to eligible fund managers to provide investment capital and loans to small, minority, and women-owned businesses in the State.

(3) The Board of Public Works shall ensure that eligible fund managers allocate at least 50% of the funds from this Account to small, minority, and women-owned businesses in the jurisdictions and communities surrounding a video lottery facility.

(d) *Duties of fund managers.*- Fund managers receiving grants under this section shall:

(1) keep proper records of funds and accounts;

(2) provide an annual report to the Governor and, in accordance with § 2-1246 of this article, the General Assembly on investment capital and loans made pursuant to subsection (c) of this section; and

(3) be subject to audit by the Office of Legislative Audits of the Department of Legislative Services.

(e) *Audits.*- Each fiscal year the Legislative Auditor shall audit and evaluate the utilization of the funds that are allocated to small, minority, and women-owned businesses by eligible fund managers under subsection (c)(3) of this section.

§ 9-1A-36. Video Lottery Facility Location Commission.

(a) *Established.*- There is a Video Lottery Facility Location Commission.

(b) *Membership.*-

(1) The Video Lottery Facility Location Commission consists of seven members.

(2) (i) Three of the members shall be appointed by the Governor.

(ii) Two of the members shall be appointed by the President of the Senate but may not be members of the Senate of Maryland.

(iii) Two of the members shall be appointed by the Speaker of the House of Delegates but may not be members of the House.

(3) The membership of the Video Lottery Facility Location Commission appointed under this subsection should reflect the race, gender, and geographic diversity of the population of the State.

(4) One of the members appointed by the Governor shall be the chair of the Video Lottery Facility Location Commission.

(5) The Governor, in consultation with the President of the Senate and the Speaker of the House of Delegates, may remove a member of the Video Lottery Facility Location Commission for inefficiency, misconduct in office, or neglect of duty.

(c) *Qualifications.*- A member of the Video Lottery Facility Location Commission:

(1) shall be at least 21 years of age;

(2) shall be a citizen of the United States;

(3) shall be a resident of the State;

(4) shall be knowledgeable and experienced in fiscal matters and shall have at least 10 years substantial experience:

- (i) as an executive with fiduciary responsibilities in charge of a large organization or foundation;
- (ii) in an academic field relating to finance or economics; or
- (iii) as an economist, financial analyst, or accountant, or as a professional in a similar profession relating to fiscal matters or economics;

(5) may not have been convicted of or granted probation before judgment for a serious crime or a crime that involves gambling or moral turpitude;

(6) may not have an official relationship to a person that holds a license under this subtitle;

(7) may not have any direct or indirect financial interest, ownership, or management, including holding any stocks, bonds, or other similar financial interests in any gaming activities, including horse racing, video lottery terminals, or lottery;

(8) may not receive or share in, directly or indirectly, the receipts or proceeds of any gaming activities, including horse racing or lottery;

(9) may not have a beneficial interest in any contract for the manufacture or sale of gaming devices, the conduct of any gaming activity, or the provision of any independent consulting services in connection with any gaming establishment or gaming activity;

(10) may not be an elected official of State or local government; and

(11) shall file a financial disclosure statement with the State Ethics Commission in accordance with Title 15, Subtitle 6 of this article.

(d) *Compensation; reimbursement for expenses.*- A member of the Video Lottery Facility Location Commission:

(1) may not receive compensation for serving on the Video Lottery Facility Location Commission; but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(e) *Staff; consultants.*-

(1) The Commission and the Department of Legislative Services shall provide staff to the Video Lottery Facility Location Commission.

(2) The Department of Legislative Services shall contract with an independent consultant that has at least 10 years substantial experience in consulting on matters relating to the gaming industry to assist and advise the Video Lottery Facility Location Commission in the review and analysis of applications submitted under this section.

(f) *Limit on award of licenses.*- The Video Lottery Facility Location Commission may award not more than five video lottery operation licenses to qualified applicants, through a competitive process consistent with the process for competitive sealed proposals under Title 13 of the State Finance and Procurement Article.

(g) *Award of more than one license in county or Baltimore City prohibited.*- The Video Lottery Facility Location Commission may not award more than one video lottery facility operation license in a single county or Baltimore City.

(h) *Qualified locations for licenses.*-

(1) In order to qualify for a video lottery operation license under this section, a proposed video lottery facility shall be located in one of the following counties:

- (i) a location in Anne Arundel County, within 2 miles of MD Route 295;

- (ii) a location in Cecil County, within 2 miles of Interstate 95;
- (iii) except as provided in § 9-1A-11(d) of this subtitle, a location on State property associated with the Rocky Gap State Park in Allegany County that shall be in a separate building that may be adjacent or connected to the Rocky Gap Lodge and Golf Resort;
- (iv) a location in Worcester County, within 1 mile of the intersection of Route 50 and Route 589; or
- (v) a location in Baltimore City that is:

1. located:

- A. in a nonresidential area;
- B. within one-half mile of Interstate 95;
- C. within one-half mile of MD Route 295; and
- D. on property that is owned by Baltimore City on the date on which the application for a video lottery operation license is submitted; and

2. not adjacent to or within one-quarter mile of property that is:

- A. zoned for residential use; and
- B. used for a residential dwelling on the date the application for a video lottery operation license is submitted.

(2) Nothing in this subtitle may be construed to preempt the exclusive authority of the Video Lottery Facility Location Commission to award video lottery operation licenses in accordance with this subtitle.

(3) (i) With respect to a video lottery operation license awarded to a location under paragraph (1)(iv) of this subsection, the holder of the video lottery operation license or any other person with a direct or indirect legal or financial interest in the Ocean Downs racetrack or video lottery facility may not:

- 1. build any type of hotel, motel, or other public lodging accommodation on or within 10 miles of the property owned by the holder of the license on which a video lottery facility is operated;
- 2. convert an existing facility on or within 10 miles of the property described in item 1 of this subparagraph into any type of hotel, motel, or other public lodging accommodation;
- 3. build or operate a conference center or convention center, amusement park, amusement rides, arcade, or miniature golf course on or within 10 miles of the property described in item 1 of this subparagraph; or
- 4. offer to patrons of the video lottery facility the playing of live music, floor shows, dancing, dancing exhibitions, performances, or any other form of live entertainment in or near the video lottery facility, provided that the holder of the video lottery operation license for the location under paragraph (1)(iv) of this subsection or another person with a direct or indirect legal or financial interest in the Ocean Downs racetrack or the video lottery facility may allow:

- A. live fireworks displays to be conducted on the property; and
- B. a single piano that is played by an individual.

(ii) The prohibitions under subparagraph (i) of this paragraph apply to any subsequent holder of a video lottery operation license awarded under paragraph (1)(iv) of this subsection.

(i) *Limit on number of video lottery terminals; allocation.* -

(1) Except as provided in paragraphs (2) and (3) of this subsection, the Video Lottery Facility Location Commission may not allocate more than the following number of video lottery terminals for:

- (i) a location in Anne Arundel County - 4,750 video lottery terminals;
- (ii) a location in Baltimore City - 3,750 video lottery terminals;
- (iii) a location in Cecil County - 2,500 video lottery terminals;
- (iv) a location in Rocky Gap State Park (Allegany County) - 1,500 video lottery terminals; and
- (v) a location in Worcester County - 2,500 video lottery terminals.

(2) The Video Lottery Facility Location Commission may allocate video lottery terminals in a manner that is different from the allocation provided in paragraph (1) of this subsection on a determination that the market factors and other factors evaluated under subsection (k) of this section warrant the different allocation, provided that no one location may be allocated more than 4,750 video lottery terminals.

- (3) (i) Beginning with the termination date for the Video Lottery Facility Location Commission and every 3 years thereafter, if all of the video lottery terminals authorized under this subtitle are not allocated or have been allocated but are not in regular operation, the State Lottery Commission may allocate or reallocate video lottery terminals to video lottery operation licensees in a manner that ensures that the highest potential revenues are achieved.
- (ii) In determining the highest potential revenues to be achieved by additional video lottery terminals at each potential location, the State Lottery Commission shall consider the market performance of the existing video lottery terminals at each location.

(j) *Bids and initial fees.* -

(1) An application submitted for a video lottery operation license under this section shall include an initial license fee in the application of at least \$3,000,000 for each 500 video lottery terminals included in the application.

(2) All initial license fees submitted under this subtitle shall accrue to the Education Trust Fund established under § 9-1A-30 of this subtitle.

(3) An application submitted for a video lottery operation license under this section shall provide for at least \$25,000,000 in direct investment by the applicant in construction and related costs for each 500 video lottery terminals contained in the proposed application that shall be prorated based on the exact number of video lottery terminals contained in the application.

(k) *Factors considered for award of license.* -

(1) In awarding a video lottery operation license, the Video Lottery Facility Location Commission shall evaluate the factors under this subsection in the manner specified.

(2) The decision by the Video Lottery Facility Location Commission to award a license shall be weighted by 70% based on business and market factors including:

- (i) the highest potential benefit and highest prospective total revenues to be derived by the State;

- (ii) the potential revenues from a proposed location based on a market analysis;
- (iii) the extent to which the proposed location encourages Maryland gaming participants to remain in the State;
- (iv) the extent to which the proposed location demonstrates that the facility will be a substantial regional and national tourist destination;
- (v) the proposed facility capital construction plans and competitiveness of the proposed facility;
- (vi) the amount of gross revenues to be allocated to the video lottery operator over the term of the license;
- (vii) the percent of ownership by entities meeting the definition of minority business enterprise under Title 14, Subtitle 3 of the State Finance and Procurement Article;
- (viii) the extent to which the proposed location will preserve existing Maryland jobs and the number of net new jobs to be created; and
- (ix) the contents of the licensee's plan to achieve minority business participation goals in accordance with the requirements described under § 9-1A-10(a)(1) and (2) of this subtitle.

(3) The decision by the Video Lottery Facility Location Commission to award a license shall be weighted by 15% based on economic development factors, including:

- (i) the anticipated wages and benefits for new jobs to be created; and
- (ii) any additional economic development planned in the area of the proposed facility.

(4) The decision by the Video Lottery Facility Location Commission to award a license shall be weighted by 15% based on location siting factors, including:

- (i) the existing transportation infrastructure surrounding the proposed facility location;
- (ii) the negative impact, if any, of a proposed facility location on the surrounding residential community; and
- (iii) the need for additional public infrastructure expenditures at the proposed facility.

(l) *Award to unqualified person prohibited.*- The Video Lottery Facility Location Commission may not award a video lottery operation license to a person that is not qualified under this section or this subtitle.

(m) *Determination of qualification by State Lottery Commission.*-

(1) The Video Lottery Facility Location Commission shall refer to the State Lottery Commission the name and all relevant information concerning a person that makes an application under this section.

(2) On receipt of the information in paragraph (1) of this subsection, the State Lottery Commission shall evaluate whether an applicant is qualified to hold a video lottery operation license under this subtitle.

(3) On completion of its determination, the State Lottery Commission shall notify the Video Lottery Facility Location Commission of its evaluation as to whether an applicant is qualified to hold a video lottery operation license under this subtitle.

(n) After an award of a video lottery operation license under this section, the Video Lottery Facility Location Commission shall notify the State Lottery Commission of the successful applicants.

- (o) *Responsibility of Commission after award of license.*- After award of a video lottery operation license under this section, the State Lottery Commission shall:
- (1) issue the video lottery operation license; and;
 - (2) be responsible for all matters relating to regulation of the licensee.
- (p) *Review of bid process.*- An unsuccessful applicant for a video lottery operation license under this section may seek, under Title 15 of the State Finance and Procurement Article, review by the State Board of Contract Appeals of the awarding of the video lottery operation license by the Video Lottery Facility Location Commission.
- (q) *Video Lottery Facility Location Commission not required to issue all authorized licenses; bid must be in public interest and consistent with purposes.*-
- (1) Nothing in this subtitle may be construed to require the Video Lottery Facility Location Commission to award all five video lottery operation licenses authorized under this subtitle.
 - (2) Notwithstanding any of the provisions of this subtitle, the Video Lottery Facility Location Commission may not award a video lottery operation license under this subtitle unless the Video Lottery Facility Location Commission determines and declares that an applicant selected for award of the license is in the public interest and is consistent with the purposes of this subtitle.
- (r) *Reissuance of revoked or surrendered license.*- The Video Lottery Facility Location Commission may award a video lottery operation license that is revoked or surrendered utilizing the criteria established in this subtitle.
- (s) *Termination and reconstitution of Video Lottery Facility Location Commission.*-
- (1) Except as provided in paragraph (2) of this subsection, the Video Lottery Facility Location Commission shall terminate on January 1, 2015.
 - (2) The Governor may reconstitute the Video Lottery Facility Location Commission, which shall include the appointment of new members based on the criteria established under subsections (b) and (c) of this section:
 - (i) one year prior to the expiration of a video lottery operation license; or
 - (ii) following the revocation or surrender of a video lottery operation license.