

**Chapter 5 of the 2007 Special Session
(House Bill 4)**

QUESTION 2

Constitutional Amendment

Video Lottery Terminals – Authorization and Limitations

Summary

(Prepared by the Department of Legislative Services of the Maryland General Assembly in accordance with Section 7-105 of the Election Law Article of the Annotated Code of Maryland)

Adds new Article XIX to the Maryland Constitution to authorize gaming by the operation of video lottery terminals, also known as slot machines, at certain locations in the State for the primary purpose of providing funds for public education.

Current law prohibits the commercial operation of video lottery terminals that, by the element of chance, may deliver or entitle the players who operate the machine to receive cash or anything of value either paid out from the machine or in any other manner.

This constitutional amendment authorizes the State of Maryland to issue up to five video lottery operation licenses for the primary purpose of raising revenue for (1) education for the children of the State in public schools (prekindergarten through grade 12); (2) public school construction and public school capital improvements; and (3) construction of capital projects at community colleges and public senior higher education institutions.

Under the provisions of this constitutional amendment:

(a) the State may not authorize the operation of more than 15,000 video lottery terminals;

(b) a video lottery operation license may be awarded only for a video lottery facility in one of the following locations in the State:

- (1) Anne Arundel County, within 2 miles of MD Route 295;
- (2) Cecil County, within 2 miles of Interstate 95;

(3) Worcester County, within 1 mile of the intersection of Route 50 and Route 589;

(4) Allegany County, on State property located within Rocky Gap State Park in Allegany County; and

(5) Baltimore City, if the video lottery facility is (i) located in a nonresidential area within one-half mile of Interstate 95, within one-half mile of MD Route 295, and on property that is owned by Baltimore City on the date on which the application for a video lottery operation license is submitted; and (ii) is not adjacent to or within one-quarter mile of property that is zoned for residential use and is used for a residential dwelling on the date the application for a video lottery operation license is submitted;

(c) the State may not award more than one video lottery operation license in a single county or Baltimore City;

(d) a video lottery facility shall comply with all applicable planning and zoning laws of the local jurisdiction in which the facility is to be located;

(e) the General Assembly may only authorize additional forms or expansion of commercial gaming if approval is granted through a referendum, authorized by an act of the General Assembly, in a general election by a majority of the qualified voters in the State; and

(f) the General Assembly may periodically enact laws, not inconsistent with this constitutional amendment, as may be necessary and proper to carry out this constitutional amendment.

Finally, this constitutional amendment provides that it does not apply to gaming conduct as authorized by certain other laws, such as lotteries, wagering on horse racing, and charitable gaming.

During the 2007 Special Session, the General Assembly also passed companion legislation (Chapter 4 - Senate Bill 3) that provides for a statutory framework for the licensure and regulation of commercial video lottery facility operations by the State Lottery Commission and the award of video lottery facility operation licenses by a Video Lottery Facilities Location Commission. The legislation also provides that the revenues generated by video lottery terminal gaming activities are to be distributed as follows: a minimum of 48.5% to the Education Trust Fund; no more than 33% to the video lottery operating licensees; 7% to horse racing purses (not to exceed \$100,000,000 annually); 5.5% in local impact grants; 2.5% to the racetrack facility renewal account, not to exceed \$40,000,000 annually (for the first 8 years only); 2% to the lottery agency for costs; and 1.5% to the Small, Minority, and Women- Owned Businesses Account. That companion legislation is contingent on the approval of this constitutional amendment.