

# SENATE BILL 4

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By: **Senator Zucker**

Introduced and read first time: January 8, 2020

Assigned to: Budget and Taxation

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## A BILL ENTITLED

AN ACT concerning

### **Gaming – Sports Betting – Implementation**

FOR the purpose of authorizing certain license holders to accept wagers on certain sporting events from certain individuals and by certain methods; requiring the State Lottery and Gaming Control Commission to regulate sports wagering in the State; requiring the State Lottery and Gaming Control Agency to provide certain assistance to the Commission; requiring certain persons to apply to the Commission for certain licenses; requiring certain applicants to sign certain memoranda of understanding relating to compliance with the Minority Business Enterprise Program as a condition of the Commission's approval of certain licenses; authorizing the Commission to provide waivers or exemptions from certain licensing requirements under certain circumstances; requiring applicants for certain licenses to pay certain fees set by the Commission; requiring an applicant for a certain sports wagering license or the renewal of the license to pay a certain fee for the license or renewal; establishing certain license terms for a certain number of years; providing for the distribution of certain licensing fees collected by the Commission; requiring the Commission to deny, suspend, or revoke a license and reprimand or fine a licensee under certain circumstances; authorizing the Commission to impose a certain penalty under certain circumstances; establishing certain procedures and requirements for the issuing of certain licenses; authorizing certain sports wagering licensees to enter into certain agreements for the operation of online sports wagering; providing that an individual may register for online sports wagering either in person or online; prohibiting certain individuals from making a wager and certain sports wagering licensees from accepting a wager from certain individuals; requiring certain sports wagering licensees to establish certain procedures, provide certain safeguards, and report certain information to the Commission relating to sports wagering; providing for the accounting and distribution of certain sports wagering proceeds and certain unclaimed winning wagers; requiring the Commission to adopt certain regulations; requiring the Commission to report annually to the Governor and the General Assembly on certain matters on or before a certain date; declaring the intent of the General Assembly; making conforming changes; defining certain terms; submitting

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



this Act to a referendum of the qualified voters of the State; and generally relating to wagering on sporting events.

BY repealing and reenacting, without amendments,  
 Article – State Government  
 Section 9–1A–01(a) and (k) and 9–1A–30(a)  
 Annotated Code of Maryland  
 (2014 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,  
 Article – State Government  
 Section 9–1A–03 and 9–1A–30(b)(1)  
 Annotated Code of Maryland  
 (2014 Replacement Volume and 2019 Supplement)

BY adding to  
 Article – State Government  
 Section 9–1E–01 through 9–1E–13 to be under the new subtitle “Subtitle 1E. Sports Wagering”  
 Annotated Code of Maryland  
 (2014 Replacement Volume and 2019 Supplement)

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

### **Article – State Government**

9–1A–01.

- (a) In this subtitle the following words have the meanings indicated.
- (k) “Commission” means the State Lottery and Gaming Control Commission.

9–1A–03.

(a) 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 **AND SUBTITLE 1E OF THIS TITLE** are prohibited.

(b) 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-30.

(a) 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) (1) There shall be credited to the Education Trust Fund all proceeds allocated to the Fund under § 9-1A-27 of this subtitle **AND SUBTITLE 1E OF THIS TITLE.**

#### **SUBTITLE 1E. SPORTS WAGERING.**

**9-1E-01.**

**(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

**(B) “COMMISSION” HAS THE MEANING STATED IN § 9-1A-01 OF THIS TITLE.**

**(C) “ONLINE SPORTS WAGERING” MEANS SPORTS WAGERING THROUGH AN ONLINE GAMING SYSTEM:**

**(1) ON A COMPUTER, A MOBILE DEVICE, OR ANY OTHER INTERACTIVE DEVICE; AND**

**(2) THAT IS ACCEPTED BY A SPORTS WAGERING LICENSEE OR AN ONLINE SPORTS WAGERING OPERATOR.**

**(D) “ONLINE SPORTS WAGERING OPERATOR” MEANS AN ENTITY THAT HOLDS A LICENSE ISSUED BY THE COMMISSION UNDER THIS SUBTITLE TO OPERATE ONLINE SPORTS WAGERING ON BEHALF OF A SPORTS WAGERING LICENSEE.**

**(E) “PROCEEDS” MEANS THE PART OF THE AMOUNT OF MONEY WAGERED ON SPORTING EVENTS UNDER THIS SUBTITLE THAT IS NOT RETURNED TO SUCCESSFUL BETTORS BUT IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.**

**(F) (1) “SPORTING EVENT” MEANS:**

**(I) A PROFESSIONAL SPORTS OR ATHLETIC EVENT;**

(II) A COLLEGIATE SPORTS OR ATHLETIC EVENT;

(III) AN OLYMPIC OR INTERNATIONAL SPORTS OR ATHLETIC EVENT IN WHICH THE MAJORITY OF THE PARTICIPANTS ARE AT LEAST 18 YEARS OLD;

(IV) AN ELECTRONIC SPORTS OR VIDEO GAME COMPETITION:

- AND
1. SANCTIONED BY AN ESPORTS GOVERNING ENTITY;
  2. IN WHICH EACH PARTICIPANT IS AT LEAST 18 YEARS OLD;

(V) A MOTOR RACE EVENT SANCTIONED BY A MOTOR RACING GOVERNING ENTITY; OR

(VI) ANY PORTION OF A SPORTING EVENT, INCLUDING THE INDIVIDUAL PERFORMANCE STATISTICS OF ATHLETES OR COMPETITORS IN A SPORTING EVENT.

(2) "SPORTING EVENT" DOES NOT INCLUDE:

(I) A HIGH SCHOOL SPORTS OR ATHLETIC EVENT; OR

(II) A FANTASY COMPETITION REGULATED UNDER SUBTITLE 1D OF THIS TITLE.

(G) "SPORTS WAGERING" MEANS THE BUSINESS OF ACCEPTING WAGERS ON ANY SPORTING EVENT BY ANY SYSTEM OR METHOD OF WAGERING, INCLUDING SINGLE-GAME BETS, TEASER BETS, PARLAYS, OVER-UNDER, MONEYLINE, POOLS, EXCHANGE WAGERING, IN-GAME WAGERING, IN-PLAY BETS, PROPOSITION BETS, AND STRAIGHT BETS.

(H) "SPORTS WAGERING LICENSE" MEANS A LICENSE ISSUED BY THE COMMISSION UNDER THIS SUBTITLE THAT AUTHORIZES THE HOLDER TO ACCEPT WAGERS ON SPORTING EVENTS.

(I) "SPORTS WAGERING LICENSEE" MEANS THE HOLDER OF A SPORTS WAGERING LICENSE.

(J) "SPORTS WAGERING LOUNGE" MEANS A NONSMOKING AREA LOCATED IN A VIDEO LOTTERY FACILITY WHERE SPORTS WAGERING IS CONDUCTED.

(K) (1) “VIDEO LOTTERY FACILITY” HAS THE MEANING STATED IN § 9-1A-01 OF THIS TITLE.

(2) “VIDEO LOTTERY FACILITY” DOES NOT INCLUDE A LOCATION IN THE FACILITY WHERE SATELLITE SIMULCAST BETTING IS CONDUCTED.

(L) “VIDEO LOTTERY OPERATION LICENSE” HAS THE MEANING STATED IN § 9-1A-01 OF THIS TITLE.

(M) “VIDEO LOTTERY OPERATOR” HAS THE MEANING STATED IN § 9-1A-01 OF THIS TITLE.

9-1E-02.

(A) (1) THE COMMISSION SHALL REGULATE THE OPERATION OF SPORTS WAGERING IN ACCORDANCE WITH THIS SUBTITLE.

(2) THE STATE LOTTERY AND GAMING CONTROL AGENCY SHALL PROVIDE ASSISTANCE TO THE COMMISSION IN THE PERFORMANCE OF THE COMMISSION’S DUTIES UNDER THIS SUBTITLE.

(B) THIS SUBTITLE AUTHORIZES A SPORTS WAGERING LICENSEE TO CONDUCT AND OPERATE SPORTS WAGERING IN THE STATE AS PROVIDED IN THIS SUBTITLE.

9-1E-03.

(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION SHALL REGULATE SPORTS WAGERING AND THE CONDUCT OF SPORTS WAGERING TO THE SAME EXTENT THAT THE COMMISSION REGULATES THE OPERATION OF VIDEO LOTTERY TERMINALS AND TABLE GAMES UNDER SUBTITLE 1A OF THIS TITLE.

(B) IN ACCORDANCE WITH THIS SUBTITLE, THE COMMISSION SHALL ADOPT REGULATIONS THAT ESTABLISH:

(1) THE FORM AND CONTENT OF AND THE DEADLINE TO SUBMIT AN APPLICATION FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE;

(2) THE METHODS, PROCEDURES, AND FORM FOR DELIVERY OF INFORMATION FROM AN APPLICANT OR A LICENSEE CONCERNING ANY PERSON’S FAMILY, HABITS, CHARACTER, ASSOCIATES, CRIMINAL RECORD, BUSINESS ACTIVITIES, AND FINANCIAL AFFAIRS;

**(3) 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) APPLICATION AND RENEWAL FEES AS REQUIRED UNDER § 9-1E-06(C) OF THIS SUBTITLE;**

**(5) THE GROUNDS AND PROCEDURES FOR REPRIMANDS OF LICENSEES OR THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER THIS SUBTITLE;**

**(6) THE MANNER AND METHOD OF COLLECTION OF TAXES, FEES, AND CIVIL PENALTIES;**

**(7) STANDARDS, PROCEDURES, AND RULES THAT GOVERN THE CONDUCT OF SPORTS WAGERING, INCLUDING:**

**(I) DEFINING AND LIMITING THE AREAS OF OPERATION FOR SPORTS WAGERING AND SPECIFYING THE SQUARE FOOTAGE, DESIGN, TYPE OF EQUIPMENT, SECURITY MEASURES, AND ANY OTHER MATTER RELATING TO A SPORTS WAGERING LOUNGE NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE;**

**(II) THE APPROVAL PROCESS FOR SELF-SERVICE KIOSKS OR MACHINES, SECURITY MEASURES FOR THE KIOSKS OR MACHINES, THE AMOUNT OF WAGERS AUTHORIZED ON THE KIOSKS OR MACHINES, AND ANY OTHER MATTER RELATING TO A SELF-SERVICE KIOSK OR MACHINE NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE;**

**(III) THE TYPES OF WAGERS ON SPORTING EVENTS THAT MAY BE ACCEPTED BY A SPORTS WAGERING LICENSEE;**

**(IV) THE TYPES AND VALUES OF PROMOTIONAL ITEMS THAT MAY BE GIVEN AWAY TO ENCOURAGE SPORTS WAGERING;**

**(V) THE MANNER IN WHICH WAGERS ARE RECEIVED, PAYOUTS ARE REMITTED, AND POINT SPREADS, LINES, AND ODDS ARE DETERMINED;**

**(VI) THE MAXIMUM WAGERS THAT MAY BE ACCEPTED BY A SPORTS WAGERING LICENSEE OR ONLINE SPORTS WAGERING OPERATOR FROM A SINGLE BETTOR ON A SINGLE SPORTING EVENT;**

(VII) THE AMOUNT OF CASH RESERVES TO BE MAINTAINED BY SPORTS WAGERING LICENSEES TO COVER WINNING WAGERS;

(VIII) ACCEPTABLE FORMS OF PAYMENT AND ADVANCE DEPOSIT METHODS BY BETTORS;

(IX) MINIMUM UNIFORM STANDARDS OF ACCOUNTANCY METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ENSURE CONSISTENCY, COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL INFORMATION, INCLUDING PERCENTAGES OF PROFIT;

(X) 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 SPORTS WAGERING LICENSEE AS REQUIRED BY THIS SUBTITLE AND THE REGULATIONS THAT SHALL BE ISSUED UNDER THIS SUBTITLE;

(XI) REQUIRING LICENSEES UNDER THIS SUBTITLE TO DEMONSTRATE AND MAINTAIN FINANCIAL VIABILITY; AND

(XII) ENSURING THAT SPORTS WAGERING IS CONDUCTED LEGALLY; AND

(8) ANY OTHER REGULATION NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

9-1E-04.

(A) THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE:

(1) A VIDEO LOTTERY OPERATOR THAT OPERATES SPORTS WAGERING;

(2) A PERSON THAT OPERATES SPORTS WAGERING ON BEHALF OF A SPORTS WAGERING LICENSEE, INCLUDING AN ONLINE SPORTS WAGERING OPERATOR;

(3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS SUBSECTION THAT MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR PROVIDES SERVICE, MAINTENANCE, OR REPAIRS FOR SPORTS WAGERING EQUIPMENT AND DEVICES; AND

(4) AN INDIVIDUAL EMPLOYED IN THE OPERATION OF SPORTS WAGERING BY A SPORTS WAGERING LICENSEE IF THE INDIVIDUAL DOES NOT OTHERWISE HOLD A VALID LICENSE UNDER SUBTITLE 1A OF THIS TITLE.

(B) 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) FOR ALL LICENSES REQUIRED UNDER THIS SUBTITLE, IF AN APPLICANT HOLDS A VALID LICENSE IN ANOTHER STATE AND THE COMMISSION DETERMINES THAT THE LICENSING STANDARDS OF THE OTHER STATE ARE COMPREHENSIVE AND THOROUGH AND PROVIDE SIMILAR AND 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 THAT APPLICANT.

(D) (1) ON THE REQUEST OF AN APPLICANT, THE COMMISSION MAY GRANT AN EXEMPTION OR A 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 TO PROTECT THE PUBLIC INTEREST OR ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

(2) ON GRANTING TO AN APPLICANT AN EXEMPTION OR A WAIVER UNDER THIS SUBSECTION, OR AT ANY TIME AFTER A WAIVER OR AN 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.



(A) A VIDEO LOTTERY OPERATOR MAY APPLY TO THE COMMISSION FOR A SPORTS WAGERING LICENSE.

(B) AN APPLICATION SUBMITTED FOR A SPORTS WAGERING LICENSE UNDER THIS SECTION SHALL INCLUDE AN APPLICATION FEE OF \$2,500,000.

(C) A SPORTS WAGERING LICENSEE MAY NOT BEGIN ACCEPTING WAGERS ON SPORTING EVENTS UNTIL THE FEE UNDER SUBSECTION (B) OF THIS SECTION IS PAID IN FULL.

(D) THE TERM OF A SPORTS WAGERING LICENSE UNDER THIS SECTION IS 1 YEAR.

(E) ON APPLICATION BY THE SPORTS WAGERING LICENSEE AND SUBMISSION OF A \$250,000 LICENSE RENEWAL FEE, THE COMMISSION MAY RENEW FOR 1 YEAR A SPORTS WAGERING LICENSE.

**9-1E-06.**

(A) AN APPLICANT FOR A LICENSE UNDER THIS SUBTITLE 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) AS A CONDITION TO THE COMMISSION'S APPROVAL OF A LICENSE UNDER THIS SUBTITLE, THE APPLICANT SHALL SIGN A MEMORANDUM OF UNDERSTANDING WITH THE COMMISSION THAT REQUIRES THE APPLICANT TO USE BEST EFFORTS AND EFFECTIVE OUTREACH TO COMPLY, TO THE EXTENT PRACTICABLE AND AUTHORIZED BY THE UNITED STATES CONSTITUTION, WITH THE STATE'S MINORITY BUSINESS ENTERPRISE PROGRAM.

(C) (1) THIS SUBSECTION DOES NOT APPLY TO THE APPLICATION OR LICENSE RENEWAL FEES FOR A SPORTS WAGERING LICENSE REQUIRED UNDER § 9-1E-05 OF THIS SUBTITLE.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMMISSION SHALL ADOPT REGULATIONS THAT ESTABLISH AN APPLICATION FEE AND LICENSE RENEWAL FEE FOR A LICENSE UNDER THIS SUBTITLE.

(II) THE APPLICATION FEE FOR AN ONLINE SPORTS WAGERING

**OPERATOR LICENSE MAY NOT BE LESS THAN \$5,000.**

**(3) AN APPLICANT SHALL SUBMIT THE APPLICATION FEE WITH THE APPLICATION.**

**(4) THE TERM OF THE LICENSE IS 1 YEAR.**

**(D) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, THE COMPTROLLER SHALL PAY THE APPLICATION FEES AND LICENSE RENEWAL FEES COLLECTED BY THE COMMISSION UNDER THIS SECTION AND § 9-1E-05 OF THIS SUBTITLE TO THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THIS TITLE.**

**(E) (1) APPLICANTS AND LICENSEES SHALL HAVE THE AFFIRMATIVE RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE APPLICANT'S OR LICENSEE'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, IF APPLICABLE.**

**(3) (I) APPLICANTS AND LICENSEES SHALL:**

**1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY THE COMMISSION; AND**

**2. COOPERATE IN AN INQUIRY, AN INVESTIGATION, OR A HEARING CONDUCTED BY THE COMMISSION.**

**(II) ON ISSUANCE OF A FORMAL REQUEST TO ANSWER OR PRODUCE INFORMATION, EVIDENCE, OR TESTIMONY, IF AN APPLICANT OR A LICENSEE REFUSES TO COMPLY, THE APPLICATION OR LICENSE MAY BE DENIED, SUSPENDED, OR REVOKED BY THE COMMISSION.**

**(4) (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.**

**(5) (I) APPLICANTS AND LICENSEES SHALL INFORM THE COMMISSION OF AN ACT OR OMISSION THAT THE PERSON KNOWS OR SHOULD KNOW CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ADOPTED 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 ADOPTED UNDER THIS SUBTITLE.**

**(6) 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; AND**

**(IV) SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE APPLICANT OR LICENSEE.**

**(F) (1) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE COMMISSION, THE COMMISSION SHALL 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.**

**(2) THE COMMISSION MAY REFER AN APPLICATION FOR A LICENSE TO AN APPROVED VENDOR UNDER § 9-1A-20 OF THIS TITLE TO CONDUCT THE BACKGROUND INVESTIGATION FOR THE COMMISSION.**

**(G) (1) AFTER RECEIVING THE RESULTS OF THE BACKGROUND INVESTIGATION, 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.

(H) (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.

9-1E-07.

(A) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT FOR A LICENSE UNDER § 9-1E-04 OF THIS SUBTITLE, 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) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000.

(C) EACH DAY THAT A PERSON IS IN VIOLATION UNDER THIS SECTION SHALL BE CONSIDERED A SEPARATE VIOLATION.

(D) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER SUBSECTION (B) OF THIS SECTION, THE COMMISSION SHALL CONSIDER:

- (1) THE SERIOUSNESS OF THE VIOLATION;
- (2) THE HARM CAUSED BY THE VIOLATION; AND
- (3) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON WHO COMMITTED THE VIOLATION.

(E) EXCEPT AS OTHERWISE 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 SPORTS WAGERING OPERATIONS.

9-1E-08.

(A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A SPORTS WAGERING LICENSEE MAY NOT ACCEPT WAGERS ON SPORTING EVENTS UNLESS A SPORTS WAGERING LOUNGE, APPROVED BY THE COMMISSION, IS ESTABLISHED AND HAS COMMENCED OPERATION IN THE LICENSEE'S VIDEO LOTTERY FACILITY.

(2) A SPORTS WAGERING LICENSEE MAY PETITION THE COMMISSION TO CONDUCT SPORTS WAGERING DURING THE CONSTRUCTION OF A SPORTS WAGERING LOUNGE IN THE LICENSEE'S VIDEO LOTTERY FACILITY FOR A PERIOD NOT TO EXCEED 18 MONTHS:

(I) AT A TEMPORARY FACILITY THAT IS PHYSICALLY CONNECTED TO, ATTACHED TO, OR ADJACENT TO THE APPLICANT'S VIDEO LOTTERY FACILITY; OR

(II) THROUGH ONLINE SPORTS WAGERING.

(B) A SPORTS WAGERING LICENSEE THAT HAS MET THE REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION MAY ACCEPT WAGERS ON SPORTING EVENTS THAT ARE MADE:

(1) BY AN INDIVIDUAL PHYSICALLY PRESENT IN A SPORTS WAGERING LOUNGE LOCATED AT THE LICENSEE'S VIDEO LOTTERY FACILITY OR A TEMPORARY FACILITY AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION;

(2) ON A SELF-SERVICE KIOSK OR MACHINE, APPROVED BY THE COMMISSION, BY AN INDIVIDUAL PHYSICALLY PRESENT IN THE LICENSEE'S VIDEO LOTTERY FACILITY; OR

(3) THROUGH ONLINE SPORTS WAGERING BY AN INDIVIDUAL PHYSICALLY LOCATED IN THE STATE.

(C) TO PARTICIPATE IN ONLINE SPORTS WAGERING UNDER THIS SECTION, A BETTOR SHALL REGISTER:

(1) IN PERSON AT THE SPORTS WAGERING LICENSEE'S VIDEO LOTTERY FACILITY; OR

**(2) ONLINE USING A WEBSITE OR MOBILE APPLICATION APPROVED BY THE COMMISSION.**

**9-1E-09.**

**(A) (1) A SPORTS WAGERING LICENSEE:**

**(I) MAY CONDUCT AND OPERATE ONLINE SPORTS WAGERING;  
OR**

**(II) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION AND SUBSECTION (B) OF THIS SECTION, MAY ENTER INTO A CONTRACT WITH AN ONLINE SPORTS WAGERING OPERATOR TO CONDUCT ONLINE SPORTS WAGERING ON ITS BEHALF.**

**(2) A PERSON OTHER THAN THE SPORTS WAGERING LICENSEE MAY NOT CONDUCT ONLINE SPORTS WAGERING, EXCEPT FOR TESTING PURPOSES, UNTIL THE PERSON RECEIVES FROM THE COMMISSION AN ONLINE SPORTS WAGERING LICENSE.**

**(3) (I) A SPORTS WAGERING LICENSEE MAY NOT CONTRACT WITH MORE THAN ONE ONLINE SPORTS WAGERING OPERATOR TO CONDUCT ONLINE SPORTS WAGERING ON THE LICENSEE'S BEHALF.**

**(II) ALL SPORTS WAGERING LICENSEES THAT ARE RELATED ENTITIES ARE TREATED AS A SINGLE SPORTS WAGERING LICENSEE FOR PURPOSES OF THE LIMITATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

**(B) (1) A SPORTS WAGERING LICENSEE MAY NOT ENTER INTO A CONTRACT WITH AN ONLINE SPORTS WAGERING OPERATOR UNLESS THE CONTRACT IS IN WRITING AND HAS BEEN APPROVED BY THE COMMISSION.**

**(2) A SPORTS WAGERING LICENSEE SHALL SUBMIT ANY MATERIAL CHANGE IN AN ONLINE SPORTS WAGERING CONTRACT PREVIOUSLY APPROVED BY THE COMMISSION TO THE COMMISSION FOR ITS APPROVAL OR REJECTION BEFORE THE MATERIAL CHANGE MAY TAKE EFFECT.**

**(3) (I) THE DUTIES AND RESPONSIBILITIES OF AN ONLINE SPORTS WAGERING OPERATOR MAY NOT BE ASSIGNED, DELEGATED, SUBCONTRACTED, OR TRANSFERRED TO A THIRD PARTY WITHOUT THE PRIOR APPROVAL OF THE COMMISSION.**

**(II) A THIRD PARTY MUST BE LICENSED AS AN ONLINE SPORTS WAGERING OPERATOR BEFORE PROVIDING SERVICES.**

**9-1E-10.**

**(A) AN INDIVIDUAL MAY NOT WAGER ON A SPORTING EVENT AND A SPORTS WAGERING LICENSEE MAY NOT ACCEPT A WAGER FROM AN INDIVIDUAL ON A SPORTING EVENT IF THE INDIVIDUAL:**

**(1) IS UNDER THE AGE OF 21 YEARS;**

**(2) IS NOT PHYSICALLY PRESENT IN THE STATE;**

**(3) IS AN ATHLETE, A COACH, A REFEREE, OR A DIRECTOR OR AN EMPLOYEE OF A SPORTS GOVERNING ENTITY OR ANY OF ITS MEMBER TEAMS;**

**(4) IS THE DIRECT OR INDIRECT LEGAL OR BENEFICIAL OWNER OF 10% OR MORE OF A SPORTS GOVERNING ENTITY OR ANY OF ITS MEMBER TEAMS IF ANY MEMBER TEAM OF THAT SPORTS GOVERNING ENTITY PARTICIPATES IN THE SPORTING EVENT;**

**(5) HAS ACCESS TO CERTAIN TYPES OF EXCLUSIVE INFORMATION ON ANY SPORTING EVENT OVERSEEN BY THAT INDIVIDUAL'S SPORTS GOVERNING ENTITY;**

**(6) HOLDS A POSITION OF AUTHORITY OR INFLUENCE SUFFICIENT TO EXERT INFLUENCE OVER THE PARTICIPANTS IN A SPORTING EVENT, INCLUDING COACHES, MANAGERS, HANDLERS, OR ATHLETIC TRAINERS;**

**(7) IS IDENTIFIED ON ANY MANDATORY OR VOLUNTARY EXCLUSION LIST MAINTAINED BY THE COMMISSION;**

**(8) IS THE OPERATOR, DIRECTOR, OFFICER, OWNER, OR EMPLOYEE OF THE SPORTS WAGERING LICENSEE OR ONLINE SPORTS WAGERING OPERATOR OR ANY RELATIVE OF THE LICENSEE OR OPERATOR LIVING IN THE SAME HOUSEHOLD AS THE LICENSEE OR OPERATOR; OR**

**(9) HAS ACCESS TO NONPUBLIC CONFIDENTIAL INFORMATION HELD BY THE SPORTS WAGERING LICENSEE OR ONLINE SPORTS WAGERING OPERATOR.**

**(B) FOR ONLINE SPORTS WAGERING, THE SPORTS WAGERING LICENSEE SHALL:**

**(1) HAVE IN PLACE TECHNICAL AND OPERATIONAL MEASURES TO PREVENT ACCESS BY INDIVIDUALS WHO ARE UNDERAGE OR PHYSICALLY LOCATED OUTSIDE THE STATE, INCLUDING:**

**(I) AGE VERIFICATION PROCEDURES, WHICH MAY REQUIRE THE USE OF A REPUTABLE INDEPENDENT THIRD PARTY THAT IS IN THE BUSINESS OF VERIFYING AN INDIVIDUAL'S PERSONALLY IDENTIFIABLE INFORMATION; AND**

**(II) THE USE OF GEOFENCING TECHNOLOGY TO VERIFY A BETTOR'S GEOGRAPHIC LOCATION;**

**(2) INCLUDE ON ITS ONLINE SPORTS WAGERING WEBSITE A DESCRIPTION OF THE POSSIBLE REPERCUSSIONS FOR AN UNDERAGE OR OUT-OF-STATE BETTOR, WHICH MAY INCLUDE IMMEDIATE STOPPAGE OF PLAY, ACCOUNT CLOSURE, AND FORFEITURE AND CONFISCATION OF WINNINGS; AND**

**(3) ESTABLISH PROCEDURES TO PREVENT PROHIBITED INDIVIDUALS FROM WAGERING ON SPORTING EVENTS.**

**(C) A SPORTS WAGERING LICENSEE SHALL:**

**(1) ADOPT PROCEDURES TO OBTAIN PERSONALLY IDENTIFIABLE INFORMATION FROM ANY INDIVIDUAL WHO PLACES ANY SINGLE WAGER IN AN AMOUNT OF \$10,000 OR MORE ON A SPORTING EVENT;**

**(2) PROMPTLY REPORT TO THE COMMISSION:**

**(I) ANY CRIMINAL OR DISCIPLINARY PROCEEDINGS AGAINST THE LICENSEE OR ITS EMPLOYEES IN CONNECTION WITH THE LICENSEE'S SPORTS WAGERING OPERATION;**

**(II) ANY ABNORMAL BETTING ACTIVITY OR PATTERNS THAT MAY INDICATE A CONCERN ABOUT THE INTEGRITY OF A SPORTING EVENT;**

**(III) ANY OTHER CONDUCT WITH THE POTENTIAL TO CORRUPT THE OUTCOME OF A SPORTING EVENT FOR PURPOSES OF FINANCIAL GAIN, INCLUDING MATCH FIXING; AND**

**(IV) ANY SUSPICIOUS OR ILLEGAL WAGERING ACTIVITIES, INCLUDING THE USE OF FUNDS DERIVED FROM ILLEGAL ACTIVITY, WAGERS TO CONCEAL OR LAUNDER FUNDS DERIVED FROM ILLEGAL ACTIVITY, USE OF AGENTS TO PLACE WAGERS, OR USE OF FALSE IDENTIFICATION; AND**



**(3) MAINTAIN RECORDS OF SPORTS WAGERING OPERATIONS IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE COMMISSION.**

**(D) THE COMMISSION IS AUTHORIZED TO SHARE ANY INFORMATION UNDER THIS SECTION WITH ANY LAW ENFORCEMENT AGENCY, SPORTS TEAM, SPORTS GOVERNING ENTITY, OR REGULATORY AGENCY THE COMMISSION DEEMS APPROPRIATE.**

**9-1E-11.**

**(A) (1) THE COMMISSION SHALL ACCOUNT TO THE COMPTROLLER FOR ALL OF THE REVENUE UNDER THIS SUBTITLE.**

**(2) THE PROCEEDS FROM SPORTS WAGERING SHALL BE UNDER THE CONTROL OF THE COMPTROLLER AND DISTRIBUTED AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION.**

**(B) ALL PROCEEDS FROM SPORTS WAGERING SHALL BE ELECTRONICALLY TRANSFERRED ON A WEEKLY BASIS INTO THE STATE LOTTERY FUND ESTABLISHED UNDER SUBTITLE 1 OF THIS TITLE AND DISTRIBUTED, ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, AS FOLLOWS:**

**(1) TO THE SPORTS WAGERING LICENSEE, 80% OF THE PROCEEDS FROM SPORTS WAGERING; AND**

**(2) THE REMAINDER TO THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THIS TITLE.**

**(C) A WINNING WAGER ON A SPORTING EVENT THAT IS NOT CLAIMED BY THE WINNER WITHIN 182 DAYS AFTER THE WAGER IS WON SHALL:**

**(1) BECOME THE PROPERTY OF THE STATE; AND**

**(2) BE DISTRIBUTED TO THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF THIS TITLE.**

**9-1E-12.**

**(A) ALL WAGERS ON SPORTING EVENTS AUTHORIZED UNDER THIS SUBTITLE SHALL BE INITIATED, RECEIVED, AND OTHERWISE MADE WITHIN THE STATE UNLESS OTHERWISE DETERMINED BY THE COMMISSION IN ACCORDANCE WITH APPLICABLE FEDERAL AND STATE LAWS.**

**(B) CONSISTENT WITH THE INTENT OF THE UNITED STATES CONGRESS AS ARTICULATED IN THE UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT OF 2006, THE INTERMEDIATE ROUTING OF ELECTRONIC DATA RELATING TO A LAWFUL INTRASTATE WAGER AUTHORIZED UNDER THIS SUBTITLE MAY NOT DETERMINE THE LOCATION IN WHICH THE WAGER IS INITIATED, RECEIVED, OR OTHERWISE MADE.**

**(C) NOTWITHSTANDING THE PROVISIONS OF THIS SUBTITLE, A WAGER ON A SPORTING EVENT MAY BE ACCEPTED OR POOLED WITH A WAGER FROM AN INDIVIDUAL WHO IS NOT PHYSICALLY PRESENT IN THE STATE IF THE COMMISSION DETERMINES THAT ACCEPTING OR POOLING THE WAGER IS NOT INCONSISTENT WITH FEDERAL LAW OR THE LAW OF THE JURISDICTION, INCLUDING ANY FOREIGN NATION, IN WHICH THE INDIVIDUAL IS LOCATED, OR THAT SUCH WAGERING IS CONDUCTED IN ACCORDANCE WITH A RECIPROCAL AGREEMENT TO WHICH THE STATE IS A PARTY THAT IS NOT INCONSISTENT WITH FEDERAL LAW.**

**9-1E-13.**

**ON OR BEFORE DECEMBER 1 EACH YEAR, THE COMMISSION SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1257 OF THIS ARTICLE, TO THE GENERAL ASSEMBLY ON:**

**(1) THE OPERATION OF SPORTS WAGERING IN THE STATE;**

**(2) SPORTS WAGERING REVENUES FROM THE IMMEDIATELY PRECEDING FISCAL YEAR, INCLUDING THE HANDLE, HOLD, HOLD PERCENTAGE, AND PROCEEDS, BROKEN DOWN BY TYPE OF WAGER, TYPE OF SPORTING EVENT, AND SPORTS WAGERING FACILITY;**

**(3) THE IMPACT OF SPORTS WAGERING ON THE INTEGRITY OF SPORTING EVENTS, INCLUDING THE IMPACT, IF ANY, ON ATHLETES;**

**(4) (I) THE IMPACT OF SPORTS WAGERING ON PROBLEM GAMBLERS AND GAMBLING ADDICTION IN THE STATE; AND**

**(II) THE NEED, IF ANY, OF ADDITIONAL PROBLEM GAMBLING FUNDS AND RECOMMENDATIONS ON THE AMOUNT NECESSARY TO ADDRESS THE IMPACT ON PROBLEM GAMBLING; AND**

**(5) THE EFFECTIVENESS OF THE STATUTORY AND REGULATORY CONTROLS IN PLACE TO ENSURE THE INTEGRITY OF ONLINE SPORTS WAGERING OPERATIONS.**

**SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that, in order to maintain the competitiveness of the State's gaming program, the**

State Lottery and Gaming Control Agency prepare to implement sports wagering in the State as expeditiously as possible and in a manner that is in the best interests of Maryland and its citizens, by:

- (1) reviewing the implementation processes of other states and consulting with the gaming regulators in those states; and
- (2) developing draft regulations that have been approved by the Director of the Agency ahead of the 2020 general election and initiating the administrative process for those regulations as soon as possible under the law.

SECTION 3. AND BE IT FURTHER ENACTED, That before this Act, which authorizes additional forms or expansion of commercial gaming, becomes effective, it first shall be submitted to a referendum of the qualified voters of the State at the general election to be held in November 2020, in accordance with Article XIX, § 1(e) of the Maryland Constitution. The State Board of Elections shall do those things necessary and proper to provide for and hold the referendum required by this section. If a majority of the votes cast on the question are “For the referred law”, this Act shall become effective on the 30th day following the official canvass of votes for the referendum, but if a majority of the votes cast on the question are “Against the referred law”, this Act, with no further action required by the General Assembly, shall be null and void.

SECTION 4. AND BE IT FURTHER ENACTED, That, subject to the provisions of Section 3 of this Act and for the sole purpose of providing for the referendum required by Section 3 of this Act, this Act shall take effect July 1, 2020.