

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland State Lottery and Gaming Control Agency
(DLS Control No. 15-046)**

Overview and Legal and Fiscal Impact

These regulations allow a facility operator to engage the services of a qualified entity approved by the Commission to render reports on certain matters required under existing regulations. The regulations also require a facility operator to withhold payment of a certain jackpot prize to satisfy the player's financial obligation to the State.

The regulations present no legal issues of concern.

There is no material fiscal impact on State or local agencies.

Regulations of COMAR Affected

Maryland State Lottery and Gaming Control Agency:

Gaming Provisions: Video Lottery Facility Minimum Internal Control Standards:
COMAR 36.03.10.07 and .38

Legal Analysis

Summary of Regulations

COMAR 36.03.10.07F requires a facility operator to have an independent certified public accountant auditing its financial statements to render reports on certain matters, including the identification of material weaknesses or significant deficiencies in internal controls over financial reporting and the adequacy and effectiveness of information technology security controls, and to make recommendations on how these problems should be addressed. The proposed regulations would authorize the operator to use another qualified entity approved by the Commission to provide these reports and recommendations.

The regulations also amend COMAR 36.03.10.38 to require a facility operator to withhold payment of a jackpot prize to satisfy a player's financial obligation to the State, such as the payment of child support arrearage or other requirements of State law.

Legal Issue

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The Maryland State Lottery and Gaming Control Agency cites § 9-1A-04 of the State Government Article and § 10-113.1 of the Family Law Article as authority for these regulations. Section 9-1A-04(d) of the State Government Article provides that the commission shall adopt regulations providing for minimum uniform standards of accountancy methods and procedures. Section 10-113.1(f) of the Family Law Article requires a licensee to withhold certain prizes won at gaming facilities to pay towards child support arrearages of certain players, if certain steps are taken by the agency and the licensee.

The authority is correct and complete. The regulations comply with the legislative intent of the law.

Fiscal Analysis

There is no material fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The regulations implement procedural rules relating to certain minimum internal control standards for casinos. The agency advises that the regulations have no impact on State or local governments. The Department of Legislative Services concurs that there is no impact beyond that reflected in the fiscal and policy note estimate for Chapter 622 of 2014 (HB 907), which assumed a minimal increase in special fund revenues to the extent that additional child support is collected.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The agency advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

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