

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulation  
Maryland State Lottery and Gaming Control Agency  
(DLS Control No. 16-114)**

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**Overview and Legal and Fiscal Impact**

The proposed regulation requires that the device that manages video lottery terminals that offer progressive jackpots be controlled by the operations and security departments of the video lottery facility, which reflects current practice.

The proposed regulation presents no legal issues of concern.

There is no fiscal impact on State or local agencies.

**Regulation of COMAR Affected**

**Maryland State Lottery and Gaming Control Agency:**

Video Lottery Terminals: Video Lottery Technical Standards: COMAR 36.04.01.28

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**Legal Analysis**

**Background**

Between 10% and 15% of video lottery terminals in each video lottery facility in the State offer players a “progressive jackpot” that increases uniformly based on wagers as the video lottery terminals are played. Progressive jackpot terminals in the same video lottery facility are linked together. Terminals that offer MegaHits, a multi-state video lottery game with a progressive jackpot, are linked to terminals in the five states that offer MegaHits.

A device in each video lottery facility called a “progressive controller” manages the progressive jackpots from a remote location. The progressive controller calculates and transmits the amount of an available progressive jackpot to the video lottery terminals, based on a pre-established rate of progression and the denomination of the video lottery terminals.

**Summary of Regulation**

COMAR 36.04.01.28 states that a progressive controller shall be secured in a dual key controlled compartment, with one key controlled by a manufacturer or the facility manager and one key controlled by the commission. The proposed regulation requires instead that one key be controlled by the operations department of the video lottery facility and the other key controlled

by the security department of the video lottery facility. The proposed regulation conforms the management of progressive controllers to reflect current practice.

### **Legal Issues**

The regulation presents no legal issues of concern.

### **Statutory Authority and Legislative Intent**

The agency cites §§ 9-1A-02, 9-1A-04, 9-1A-15, 9-1A-22, and 9-1A-24 of the State Government Article as statutory authority for the regulation. Section 9-1A-02 governs the operation of video lottery terminals; Section 9-1A-04 requires the commission to adopt regulations, including ones that govern the rules, odds, and method of operation for video lottery terminals; Section 9-1A-15 concerns manufacturer license requirements; Section 9-1A-22 states that a video lottery terminal must have an average payout percentage of at least 87%; and Section 9-1A-24 requires the commission to ensure that a video lottery operation licensee complies with certain requirements.

This authority is correct and complete. The regulation complies with the legislative intent of the law.

### **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

### **Agency Estimate of Projected Fiscal Impact**

The regulation makes technical changes relating to the security of video lottery terminals. The agency advises that the regulation has no impact on State or local governments. The Department of Legislative Services concurs and advises that the regulation conforms to current practice.

### **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 regulation has minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

### **Contact Information**

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