

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulations  
Maryland State Lottery and Gaming Control Agency  
(DLS Control No. 16-165)**

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## **Overview and Legal and Fiscal Impact**

The regulations make various changes to licensing, reporting, and internal control requirements relating to the operation of video lottery terminals and table games.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

## **Regulations of COMAR Affected**

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

Gaming Provisions: Investigation and Licensing: COMAR 36.03.02.11 and .18

Enforcement: COMAR 36.03.04.07

Video Lottery Facility Minimum Internal Control Standards:

COMAR 36.03.10.07, .20, .24, .26, .27, .36, .44, .45, and .49

Facility Standards: COMAR 36.03.11.04

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## **Legal Analysis**

### **Summary of Regulations**

These regulations:

- clarify that a request for a waiver or exemption from a licensing requirement must be in writing in a format specified by the State Lottery and Gaming Control Commission;
- alter the requirement for a licensee to display the licensee's identification card "at all times while working" by allowing the commission to require the display only "for a specific date and time";
- alter provisions requiring the commission to "express an opinion" as to the adequacy and effectiveness of the facility operator's internal controls over financial reporting to instead require the commission to "assess the adequacy and effectiveness of the facility operator's information technology security controls and system configurations with recommendations as to how to eliminate each material weakness or significant deficiency identified";

- allow a facility operator to adopt procedures that are approved by the commission for acceptance and verification of personal checks equaling or exceeding \$500;
- allow a facility operator to charge a fee for cashing a check for a player;
- eliminate the requirement for an acknowledgement copy of a counter check that is issued at the cashier's cage;
- require a report regarding promotional play to be submitted quarterly rather than weekly;
- allow the count room to be located at a location that is approved by the commission rather than only adjacent or proximate to its cashier's cage;
- eliminate the need for a commission representative to be present when a count room employee inspects the count room and counting equipment to verify that no currency, chips, checks, vouchers, coupons, or other documentation remain in the room;
- allow a facility to account for tips and gratuities given to a poker dealer in accordance with a gaming industry tip and compliance agreement rather than a certain procedure stated in regulation;
- allow the use of a single surveillance camera for a craps, baccarat, or roulette gaming table instead of multiple cameras if the single camera can clearly identify the entire table layout, conduct, and outcome of the game; and
- make various nonsubstantive changes, including correcting typographical errors and punctuation, replacing gender specific language with gender neutral language, and clarifying provisions by adding terms that formerly were only implied.

## **Legal Issues**

The regulations present no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The State Lottery and Gaming Control Agency cites §§ 9-1A-01(u), 9-1A-02, 9-1A-04, 9-1A-06, 9-1A-07, 9-1A-14, 9-1A-16, 9-1A-24, and 9-1A-25 of the State Government Article and § 10-113.1 of the Family Law Article as authority for the regulations.

The cited provisions of the State Government Article require the commission to (1) regulate the operation of video lottery terminals; (2) adopt regulations that establish the procedures, forms, and methods of management controls and licensing of video lottery licensees; and (3) establish exemptions and waivers of licensing requirements. The provisions also authorize the commission to deny a license to an applicant, reprimand or fine a licensee, or suspend or revoke a license.

Section 10-113.1 of the Family Law Article authorizes the Child Support Enforcement Administration of the Department of Human Resources to certify to the State Lottery and Gaming Control Agency the name of any obligor who owes child support and who wins a prize at a video lottery facility of an amount requiring the issuance of an Internal Revenue Service form W-2G. Section 10-113.1 also requires the video lottery operation licensee to provide a notice to the obligor stating that the video lottery operation licensee shall withhold the prize to pay it towards the obligor's child support arrearage.

This authority is correct and complete. The regulations comply 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 regulations make changes to the licensing, reporting, and internal control requirements relating to the operation of video lottery facilities. The agency advises that the regulations have no impact on State or local governments. The Department of Legislative Services concurs as the changes are generally technical and procedural in nature.

### **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.

## **Contact Information**

**Legal Analysis:** Andrew M. Lantner – (410) 946/(301) 970-5350

**Fiscal Analysis:** Heather N. Ruby – (410) 946/(301) 970-5510