

SENATE BILL 267

C7

3lr0975

By: **Senators Watson and King**

Introduced and read first time: January 25, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Internet Gaming – Authorization and Implementation**

3 FOR the purpose of authorizing the State Lottery and Gaming Control Commission to issue
4 certain licenses to certain video lottery operators in the State to conduct or
5 participate in certain Internet gaming operations in the State; requiring the
6 Commission to regulate Internet gaming and the conduct of Internet gaming in the
7 State; authorizing the Governor, on recommendation of the Commission, to enter
8 into certain multijurisdictional Internet gaming agreements with certain other
9 governments, subject to certain limitations; submitting this Act to a referendum of
10 the qualified voters of the State; and generally relating to Internet gaming.

11 BY adding to

12 Article – State Government

13 Section 9–1F–01 through 9–1F–09 to be under the new subtitle “Subtitle 1F. Internet
14 Gaming”

15 Annotated Code of Maryland

16 (2021 Replacement Volume and 2022 Supplement)

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

19 **Article – State Government**

20 **SUBTITLE 1F. INTERNET GAMING.**

21 **9–1F–01.**

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (B) "COMMISSION" MEANS THE STATE LOTTERY AND GAMING CONTROL
2 COMMISSION.

3 (C) "INTERNET GAMING" MEANS CASINO-STYLE GAMING THROUGH AN
4 ONLINE GAMING SYSTEM:

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

7 (2) THAT IS CONDUCTED BY AN INTERNET GAMING LICENSEE OR A
8 PERSON WHO OPERATES INTERNET GAMING ON BEHALF OF AN INTERNET GAMING
9 LICENSEE.

10 (D) "INTERNET GAMING LICENSE" MEANS A LICENSE ISSUED BY THE
11 COMMISSION TO CONDUCT INTERNET GAMING IN THE STATE IN ACCORDANCE WITH
12 THIS SUBTITLE.

13 (E) "INTERNET GAMING LICENSEE" MEANS THE HOLDER OF AN INTERNET
14 GAMING LICENSE UNDER THIS SUBTITLE.

15 (F) "PROCEEDS" MEANS THE AMOUNT OF MONEY BET ON INTERNET
16 GAMING, LESS:

17 (1) THE AMOUNT RETURNED TO SUCCESSFUL PLAYERS;

18 (2) THE CASH EQUIVALENTS OF ANY MERCHANDISE OR THING OF
19 VALUE AWARDED AS A PRIZE TO SUCCESSFUL PLAYERS; AND

20 (3) FREE PLAY AND PROMOTIONAL CREDITS REDEEMED BY PLAYERS.

21 9-1F-02.

22 (A) THIS SUBTITLE AUTHORIZES AN INTERNET GAMING LICENSEE TO
23 CONDUCT AND OPERATE INTERNET GAMING IN THE STATE AS PROVIDED IN THIS
24 SUBTITLE.

25 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION
26 SHALL REGULATE INTERNET GAMING AND THE CONDUCT OF INTERNET GAMING TO
27 THE SAME EXTENT THAT THE COMMISSION REGULATES THE OPERATION OF VIDEO
28 LOTTERY TERMINALS AND TABLE GAMES UNDER SUBTITLE 1A OF THIS TITLE AND
29 MOBILE SPORTS WAGERING UNDER SUBTITLE 1E OF THIS TITLE.

30 (C) THE COMMISSION SHALL ADOPT REGULATIONS THAT ESTABLISH:

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

3 (2) STANDARDS, PROCEDURES, AND RULES THAT GOVERN THE
4 CONDUCT AND OPERATION OF INTERNET GAMING; AND

5 (3) ANY OTHER REGULATION NECESSARY TO CARRY OUT THE
6 PROVISIONS OF THIS SUBTITLE.

7 **9-1F-03.**

8 (A) THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE
9 IN ORDER TO CONDUCT OR PARTICIPATE IN INTERNET GAMING OPERATIONS IN THE
10 STATE:

11 (1) A PERSON THAT CONDUCTS INTERNET GAMING IN THE STATE;

12 (2) A PERSON THAT OPERATES INTERNET GAMING ON BEHALF OF AN
13 INTERNET GAMING LICENSEE;

14 (3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS
15 SUBSECTION THAT MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR
16 PROVIDES SERVICE, MAINTENANCE, OR REPAIRS FOR INTERNET GAMING
17 EQUIPMENT AND DEVICES; AND

18 (4) AN INDIVIDUAL DIRECTLY EMPLOYED IN THE OPERATION OF
19 INTERNET GAMING BY AN INTERNET GAMING LICENSEE IF THE INDIVIDUAL DOES
20 NOT OTHERWISE HOLD A VALID LICENSE UNDER SUBTITLE 1A OR 1E OF THIS TITLE.

21 (B) (1) THE COMMISSION MAY ISSUE AN INTERNET GAMING LICENSE TO
22 A VIDEO LOTTERY OPERATOR IN THE STATE, AS DEFINED IN § 9-1A-01 OF THIS
23 TITLE.

24 (2) THE INITIAL LICENSE FEE FOR AN INTERNET GAMING LICENSE IS
25 EQUAL TO \$500,000.

26 (3) THE TERM OF AN INTERNET GAMING LICENSE IS 5 YEARS.

27 (4) (I) ON APPLICATION BY AN INTERNET GAMING LICENSEE AND
28 PAYMENT OF A LICENSE RENEWAL FEE UNDER SUBPARAGRAPH (II) OF THIS
29 PARAGRAPH, THE COMMISSION SHALL RENEW FOR 5 YEARS AN INTERNET GAMING
30 LICENSE IF THE LICENSEE COMPLIES WITH ALL STATUTORY AND REGULATORY

1 **REQUIREMENTS.**

2 (II) THE LICENSE RENEWAL FEE IS EQUAL TO 1% OF THE
3 INTERNET GAMING LICENSEE'S AVERAGE ANNUAL PROCEEDS RETAINED BY THE
4 LICENSEE UNDER § 9-1F-05(B)(1)(II) OF THIS SUBTITLE FOR THE PRECEDING
5 3-YEAR PERIOD.

6 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
7 COMMISSION MAY SET BY REGULATION THE INITIAL LICENSE FEE AND RENEWAL
8 LICENSE FEE FOR A LICENSE ISSUED TO A PERSON DESCRIBED UNDER SUBSECTION
9 (A)(2) THROUGH (4) OF THIS SECTION.

10 (2) THE INITIAL AND RENEWAL LICENSE FEE FOR A PERSON WHO
11 OPERATES INTERNET GAMING ON BEHALF OF AN INTERNET GAMING LICENSEE MAY
12 NOT BE LESS THAN \$5,000.

13 (3) THE TERM OF THE LICENSE DESCRIBED UNDER THIS SUBSECTION
14 IS 5 YEARS.

15 (D) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
16 COMMISSION, THE COMPTROLLER SHALL PAY THE FOLLOWING AMOUNTS FROM
17 THE LICENSEE FEES COLLECTED BY THE COMMISSION UNDER THIS SECTION:

18 (1) AN AMOUNT TO THE STATE LOTTERY AND GAMING CONTROL
19 AGENCY NECESSARY TO REIMBURSE THE AGENCY FOR EXPENSES RELATED TO THE
20 ISSUANCE AND RENEWAL OF LICENSES UNDER THIS SECTION; AND

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

23 **9-1F-04.**

24 **AN INTERNET GAMING LICENSEE:**

25 (1) SHALL:

26 (I) COMPLY WITH ALL STATE AND FEDERAL DATA SECURITY
27 LAWS; AND

28 (II) MAINTAIN ALL INTERNET GAMING DATA SECURELY FOR AT
29 LEAST 5 YEARS; AND

30 (2) MAY NOT:

1 (I) SHARE ANY PERSONALLY IDENTIFIABLE INFORMATION
2 WITH ANY THIRD PARTIES WITHOUT PERMISSION, EXCEPT AS NEEDED TO OPERATE
3 INTERNET GAMING AND ADMINISTER THE LICENSEE'S OBLIGATIONS UNDER THIS
4 SUBTITLE;

5 (II) TARGET ADVERTISING TO INDIVIDUALS WHO ARE
6 PROHIBITED FROM PARTICIPATING IN GAMBLING ACTIVITIES UNDER THIS TITLE
7 AND OTHER AT-RISK INDIVIDUALS; OR

8 (III) ENGAGE IN ANY FALSE OR DECEPTIVE ADVERTISING.

9 **9-1F-05.**

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

12 (2) THE PROCEEDS FROM INTERNET GAMING, LESS THE AMOUNT
13 RETAINED BY THE LICENSEE UNDER SUBSECTION (B)(1)(II) OF THIS SECTION,
14 SHALL BE UNDER THE CONTROL OF THE COMPTROLLER AND DISTRIBUTED AS
15 PROVIDED UNDER SUBSECTION (B) OF THIS SECTION.

16 (B) (1) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
17 PARAGRAPH, ALL PROCEEDS FROM INTERNET GAMING SHALL BE ELECTRONICALLY
18 TRANSFERRED MONTHLY INTO THE STATE LOTTERY FUND ESTABLISHED UNDER
19 SUBTITLE 1 OF THIS TITLE.

20 (II) A LICENSEE SHALL RETAIN 85% OF THE PROCEEDS FROM
21 INTERNET GAMING RECEIVED BY THE LICENSEE.

22 (2) ALL PROCEEDS FROM INTERNET GAMING IN THE STATE LOTTERY
23 FUND ESTABLISHED UNDER SUBTITLE 1 OF THIS TITLE SHALL BE DISTRIBUTED ON
24 A MONTHLY BASIS, ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
25 COMMISSION TO THE EDUCATION TRUST FUND ESTABLISHED UNDER § 9-1A-30 OF
26 THIS TITLE.

27 **9-1F-06.**

28 (A) IN ORDER TO ASSIST INDIVIDUALS WHO MAY HAVE A GAMBLING
29 PROBLEM, AN INTERNET GAMING LICENSEE SHALL:

30 (1) CAUSE THE WORDS "IF YOU OR SOMEONE YOU KNOW HAS A
31 GAMBLING PROBLEM AND WANTS HELP, CALL 1-800-GAMBLER" OR SOME

1 COMPARABLE LANGUAGE APPROVED BY THE COMMISSION TO BE DISPLAYED
2 PROMINENTLY AT LOG-ON AND LOG-OFF TIMES TO ANY INDIVIDUAL VISITING OR
3 LOGGED ONTO AN INTERNET GAMING PLATFORM; AND

4 (2) PROVIDE A MECHANISM BY WHICH AN INTERNET GAMING
5 ACCOUNT HOLDER MAY ESTABLISH THE FOLLOWING CONTROLS ON THE ACCOUNT
6 HOLDER'S GAMING ACTIVITY THROUGH THE ACCOUNT:

7 (I) A LIMIT ON THE AMOUNT OF MONEY DEPOSITED WITHIN A
8 SPECIFIED PERIOD OF TIME AND THE LENGTH OF TIME THE ACCOUNT HOLDER WILL
9 BE UNABLE TO PARTICIPATE IN INTERNET GAMING IF THE ACCOUNT HOLDER
10 REACHES THE ESTABLISHED DEPOSIT LIMIT; AND

11 (II) A TEMPORARY SUSPENSION OF INTERNET GAMING
12 ACTIVITY THROUGH THE ACCOUNT FOR ANY NUMBER OF HOURS OR DAYS.

13 (B) IF A SUSPENSION OF INTERNET GAMING ACTIVITY UNDER SUBSECTION
14 (A)(2)(II) OF THIS SECTION IS IMPOSED BY THE ACCOUNT HOLDER FOR AT LEAST 72
15 HOURS, THE INTERNET GAMING LICENSEE MAY NOT SEND GAMING-RELATED
16 ELECTRONIC MAIL TO THE ACCOUNT HOLDER UNTIL THE SUSPENSION EXPIRES.

17 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
18 AN INTERNET GAMING LICENSEE SHALL PROVIDE A MECHANISM BY WHICH AN
19 ACCOUNT HOLDER MAY CHANGE THE CONTROLS ON GAMING ACTIVITY IMPOSED BY
20 THE ACCOUNT HOLDER UNDER THIS SECTION.

21 (2) IF THE ACCOUNT IS SUSPENDED BY THE ACCOUNT HOLDER
22 UNDER SUBSECTION (A)(2)(II) OF THIS SECTION, THE ACCOUNT HOLDER MAY NOT
23 CHANGE GAMING CONTROLS UNTIL THE SUSPENSION EXPIRES.

24 (D) NOTWITHSTANDING A TEMPORARY SUSPENSION OF INTERNET GAMING
25 ACTIVITY IMPOSED BY AN ACCOUNT HOLDER UNDER SUBSECTION (A)(2)(II) OF THIS
26 SECTION, THE ACCOUNT HOLDER MAY CONTINUE TO HAVE ACCESS TO THE ACCOUNT
27 AND IS AUTHORIZED TO WITHDRAW FUNDS FROM THE ACCOUNT ON PROPER
28 APPLICATION TO THE INTERNET GAMING LICENSEE.

29 9-1F-07.

30 (A) THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000
31 AGAINST ANY PERSON WHO KNOWINGLY:

32 (1) OFFERS INTERNET GAMING IN THE STATE WITHOUT A LICENSE TO
33 CONDUCT OR PARTICIPATE IN INTERNET GAMING OPERATIONS IN THE STATE;

1 **(2) TAMPERS WITH SOFTWARE, COMPUTERS, OR OTHER EQUIPMENT**
2 **USED TO CONDUCT INTERNET GAMING TO ALTER THE ODDS OR THE PAYOUT OF A**
3 **GAME OR DISABLE THE GAME FROM OPERATING ACCORDING TO THE RULES OF THE**
4 **GAME AS ADOPTED BY THE COMMISSION; OR**

5 **(3) OFFERS OR ALLOWS TO BE OFFERED ANY INTERNET GAME THAT**
6 **HAS BEEN TAMPERED WITH IN A WAY THAT AFFECTS THE ODDS OR THE PAYOUT OF**
7 **A GAME OR HAS BEEN DISABLED FROM OPERATING ACCORDING TO THE RULES OF**
8 **THE GAME AS ADOPTED BY THE COMMISSION.**

9 **(B) IN ADDITION TO ANY PENALTIES IMPOSED UNDER SUBSECTION (A) OF**
10 **THIS SECTION, THE COMMISSION MAY REVOKE, FOR NOT LESS THAN 30 DAYS, THE**
11 **LICENSE OF AN INTERNET GAMING LICENSEE OR ANY OTHER PERSON REQUIRED TO**
12 **BE LICENSED UNDER THIS SUBTITLE WHO IS IN VIOLATION OF SUBSECTION (A) OF**
13 **THIS SECTION.**

14 **9-1F-08.**

15 **ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE COMMISSION SHALL REPORT**
16 **TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THIS ARTICLE, THE**
17 **GENERAL ASSEMBLY ON:**

18 **(1) THE IMPACT OF INTERNET GAMING ON PROBLEM GAMBLERS AND**
19 **GAMBLING ADDICTION IN THE STATE; AND**

20 **(2) THE EFFECTIVENESS OF THE STATUTORY AND REGULATORY**
21 **CONTROLS IN PLACE TO ENSURE THE INTEGRITY OF INTERNET GAMING**
22 **OPERATIONS.**

23 **9-1F-09.**

24 **(A) IN THIS SECTION, “GOVERNMENT” MEANS ANY GOVERNMENTAL UNIT,**
25 **OTHER THAN THE UNITED STATES GOVERNMENT, OF A NATIONAL, STATE, OR LOCAL**
26 **BODY EXERCISING GOVERNMENTAL FUNCTIONS.**

27 **(B) ON RECOMMENDATION OF THE COMMISSION, THE GOVERNOR, ON**
28 **BEHALF OF THE STATE, IS AUTHORIZED TO:**

29 **(1) ENTER INTO AN AGREEMENT WITH OTHER GOVERNMENTS,**
30 **SUBJECT TO THE LIMITATIONS OF THIS SECTION, THAT ALLOWS AND PROVIDES FOR**
31 **PARTICIPATION IN MULTIJURISDICTIONAL INTERNET GAMING BY INDIVIDUALS**
32 **WHO ARE PHYSICALLY LOCATED IN JURISDICTIONS OVER WHICH THE**

1 GOVERNMENTS THAT ARE A PARTY TO THE AGREEMENT EXERCISE LEGAL
2 AUTHORITY; AND

3 (2) TAKE ALL NECESSARY ACTIONS TO ENSURE THAT ANY
4 AGREEMENT ENTERED INTO UNDER THIS SECTION BECOMES EFFECTIVE.

5 (C) THE COMMISSION MAY ADOPT REGULATIONS UNDER THIS SECTION
6 THAT PROVIDE FOR:

7 (1) THE FORM, LENGTH, AND TERMS OF AN AGREEMENT AUTHORIZED
8 UNDER THIS SECTION;

9 (2) MATTERS RELATING TO THE TAXATION OF INTERNET GAMING
10 REVENUE BY THE PARTIES TO THE AGREEMENT;

11 (3) THE SHARING AND DISTRIBUTION OF INTERNET GAMING
12 REVENUE AMONG THE PARTIES TO THE AGREEMENT;

13 (4) RESOLUTION OF PLAYER DISPUTES;

14 (5) THE INFORMATION THAT A GOVERNMENT PROPOSING TO ENTER
15 INTO THE AGREEMENT WITH THE STATE MUST PROVIDE TO THE COMMISSION;

16 (6) THE MANNER AND PROCEDURE FOR HEARINGS CONDUCTED BY
17 THE COMMISSION WITH RESPECT TO ANY AGREEMENT AUTHORIZED UNDER THIS
18 SECTION;

19 (7) THE INFORMATION THAT THE COMMISSION MUST PROVIDE TO
20 THE GOVERNOR THAT SUPPORTS THE RECOMMENDATIONS OF THE COMMISSION
21 MADE UNDER THIS SECTION; AND

22 (8) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS SECTION.

23 (D) THE GOVERNOR MAY NOT ENTER INTO AN AGREEMENT UNDER THIS
24 SECTION UNLESS THE AGREEMENT INCLUDES TERMS:

25 (1) FOR ANY POTENTIAL ARRANGEMENT FOR THE SHARING OF
26 REVENUES BY THE PARTIES TO THE AGREEMENT;

27 (2) PERMITTING THE EFFECTIVE REGULATION OF INTERNET GAMING
28 BY THE STATE, INCLUDING PROVISIONS RELATING TO LICENSING, TECHNICAL
29 STANDARDS TO BE FOLLOWED, RESOLUTION OF DISPUTES BY PATRONS,
30 REQUIREMENTS FOR BANKROLLS, ENFORCEMENT, ACCOUNTING, AND

1 MAINTENANCE OF RECORDS;

2 (3) BY WHICH EACH PARTY TO THE AGREEMENT AGREES TO PROHIBIT
3 OPERATORS OF INTERNET GAMING, SERVICE PROVIDERS, AND MANUFACTURERS OR
4 DISTRIBUTORS OF INTERNET GAMING SYSTEMS FROM ENGAGING IN ANY ACTIVITY
5 PERMITTED UNDER THE AGREEMENT UNLESS THOSE PERSONS ARE LICENSED OR
6 FOUND SUITABLE:

7 (I) UNDER THIS SUBTITLE; OR

8 (II) BY ANY OTHER PARTY TO THE AGREEMENT UNDER
9 REQUIREMENTS THAT ARE MATERIALLY CONSISTENT WITH THE REQUIREMENTS OF
10 THIS SUBTITLE;

11 (4) PROHIBITING VARIATION OR DEROGATION FROM THE
12 REQUIREMENTS OF THE AGREEMENT FOR ANY PARTY TO THE AGREEMENT ABSENT
13 THE CONSENT OF ALL PARTIES TO THE AGREEMENT;

14 (5) PROHIBITING ANY SUBORDINATE OR SIDE AGREEMENTS, EXCEPT
15 WITH RESPECT TO SHARING OF REVENUES, AMONG ANY SUBSET OF THE
16 GOVERNMENTS THAT ARE PARTIES TO THE AGREEMENT; AND

17 (6) IF THE AGREEMENT ALLOWS PERSONS PHYSICALLY LOCATED IN
18 THE STATE TO PARTICIPATE IN INTERNET GAMING CONDUCTED BY ANOTHER PARTY
19 TO THE AGREEMENT OR AN OPERATOR OF INTERNET GAMING LICENSED BY THE
20 OTHER PARTY, REQUIRING THAT PARTY TO ESTABLISH AND MAINTAIN REGULATORY
21 REQUIREMENTS GOVERNING INTERNET GAMING THAT ARE CONSISTENT WITH THE
22 REQUIREMENTS OF THIS SUBTITLE IN ALL MATERIAL RESPECTS.

23 SECTION 2. AND BE IT FURTHER ENACTED, That:

24 (a) In accordance with Article XIX, § 1(e) of the Maryland Constitution, before
25 this Act, which authorizes additional forms or expansion of commercial gaming, becomes
26 effective, a question substantially similar to the following shall be submitted to a
27 referendum of the qualified voters of the State at the general election to be held in
28 November 2024:

29 “Do you favor the expansion of commercial gaming in the State of Maryland to
30 authorize Internet gaming for the primary purpose of raising revenue for education?”

31 (b) The State Board of Elections shall do those things necessary and proper to
32 provide for and hold the referendum required by this section. If a majority of the votes cast
33 on the question are “For the referred law”, this Act shall become effective on the 30th day
34 following the official canvass of votes for the referendum, but if a majority of the votes cast
35 on the question are “Against the referred law”, this Act, with no further action required by

1 the General Assembly, shall be null and void.

2 SECTION 3. AND BE IT FURTHER ENACTED, That, subject to the provisions of
3 Section 2 of this Act and for the sole purpose of providing for the referendum required by
4 Section 2 of this Act, this Act shall take effect July 1, 2023.