

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

AN ACT concerning

Internet Gaming – Authorization and Implementation

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

BY adding to

Article – State Government

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

Annotated Code of Maryland

(2021 Replacement Volume and 2022 Supplement)

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

Article – State Government

SUBTITLE 1F. INTERNET GAMING.

9–1F–01.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(B) “COMMISSION” MEANS THE STATE LOTTERY AND GAMING CONTROL COMMISSION.

(C) “INTERNET GAMING” MEANS CASINO-STYLE GAMING THROUGH AN ONLINE GAMING SYSTEM:

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

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

(D) “INTERNET GAMING LICENSE” MEANS A LICENSE ISSUED BY THE COMMISSION TO CONDUCT INTERNET GAMING IN THE STATE IN ACCORDANCE WITH THIS SUBTITLE.

(E) “INTERNET GAMING LICENSEE” MEANS THE HOLDER OF AN INTERNET GAMING LICENSE UNDER THIS SUBTITLE.

(F) “PROCEEDS” MEANS THE AMOUNT OF MONEY BET ON INTERNET GAMING, LESS:

(1) THE AMOUNT RETURNED TO SUCCESSFUL PLAYERS;

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

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

9-1F-02.

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

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

(C) THE COMMISSION SHALL ADOPT REGULATIONS THAT ESTABLISH:

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

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

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

9–1F–03.

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

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

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

(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 INTERNET GAMING EQUIPMENT AND DEVICES; AND

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

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

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

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

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

REQUIREMENTS.

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

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

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

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

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

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

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

9-1F-04.**AN INTERNET GAMING LICENSEE:**

(1) SHALL:

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

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

(2) MAY NOT:

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

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

(III) ENGAGE IN ANY FALSE OR DECEPTIVE ADVERTISING.

9-1F-05.

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

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

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

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

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

9-1F-06.

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

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

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

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

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

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

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

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

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

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

9-1F-07.

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

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

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

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

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

9-1F-08.

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

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

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

9-1F-09.

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

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

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

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

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

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

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

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

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

(4) RESOLUTION OF PLAYER DISPUTES;

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

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

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

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

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

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

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

MAINTENANCE OF RECORDS;

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

(I) UNDER THIS SUBTITLE; OR

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

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

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

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

SECTION 2. AND BE IT FURTHER ENACTED, That:

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

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

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