

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulations  
Maryland State Lottery and Gaming Control Agency  
(DLS Control No. 22-330)**

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**Overview and Legal and Fiscal Impact**

These regulations: (1) update reporting requirements for certain video lottery facility and sports wagering transactions; (2) correct inconsistencies in the rule regarding counter check procedures; (3) conform to Chapter 692 of 2021, which reduced the minimum average payout percentages for video lottery terminals; (4) alter the map used to verify a mobile bettor's geographic location in the State; and (5) make clarifying changes.

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: Video Lottery Facility Minimum Internal Control Standards:  
COMAR 36.03.10.07, .27, and .37

Video Lottery Terminals: Video Lottery Technical Standards: COMAR 36.04.01.11

Sports Wagering Provisions: Specific Requirements for Mobile Sports Wagering Licenses:  
COMAR 36.10.05.04

Sports Wagering Licensee Minimum Internal Control Standards: COMAR 36.10.13.06

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**Legal Analysis**

**Summary of Regulations**

The regulations amend COMAR 36.03.10.07N and P by clarifying that video lottery facility operators file reports on suspicious and currency transactions with the federal Financial Crimes Enforcement Network. In addition, the facility operator must provide the State Lottery and Gaming Control Commission "with access to" the reports, rather than filing copies with the commission. A conforming change is also made to COMAR 36.10.13.06P with respect to the filing of currency transaction reports by a sports wagering licensee.

COMAR 36.03.10.27D(2)(a) is amended to require a gaming operations department supervisor, rather than a slot attendant, to follow certain procedures with respect to a player's counter check and to transport the check directly to the cashier's cage. This change makes the

regulation internally consistent. COMAR 36.03.10.37B is amended to allow a facility operator to locate a ticket redemption unit in the cashier's cage. The State Lottery and Gaming Control Agency advises this change is to accommodate employees who cash out tickets received as tips.

The regulations also conform COMAR 36.04.01.11 to Chapter 692 of 2021 by reducing, from 87% to 85%, the minimum average payout percentage for video lottery terminals.

Finally, the regulations amend COMAR 36.10.05.04A(1)(b) by altering the map used to verify a mobile bettor's geographic location in the State. The change requires mobile sports wagering licensees to use the U.S. Census Bureau Map of Maryland, rather than the MD iMAP platform.

## **Legal Issues**

The regulations present no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The agency cites § 10-113.1 of the Family Law Article and §§ 9-1A-01(u), 9-1A-02, 9-1A-04, 9-1A-15, 9-1A-22, 9-1A-24, 9-1A-33, and 9-1E-01 through 9-1E-15 of the State Government Article as statutory authority for the regulations. Section 9-1A-02 of the State Government Article requires the commission to regulate the operation of video lottery terminals and table games. Section 9-1A-04(d) requires the commission to adopt specified regulations, including regulations that (1) establish the practice and procedures for negotiable transactions involving players; (2) establish the procedures, forms, and methods of management controls and the rules of video lottery terminals; and (3) otherwise carry out the provisions of Title 9, Subtitle 1A of the State Government Article. Section 9-1A-22(a), as amended by Chapter 692 of 2021, provides that a video lottery terminal must have an average payout percentage of at least 85%. Finally, §§ 9-1E-01 through 9-1E-15 implement the State's sports wagering program. More specifically, § 9-1E-04 provides that the commission must regulate sports wagering to the same extent that it regulates the operation of video lottery terminals and table games in the State and requires the commission to adopt specified regulations, including regulations that govern the conduct of sports wagering. The remaining cited authority is not relevant to these regulations.

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

## **Technical Corrections and Special Notes**

In response to suggestions from the Department of Legislative Services, staff for the agency agreed to make specified technical changes. This analysis reflects those changes.

## **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

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

The agency advises that the regulations have no impact on State or local governments. The Department of Legislative Services concurs. The regulations implement a provision of Chapter 692 of 2021 (House Bill 532), which reduced the minimum average payout percentages for video lottery terminals (VLTs). The fiscal impact of this provision in regulations was accounted for in the fiscal and policy note for House Bill 532, which assumed current practice regarding payout percentages will not significantly change. However, to the extent that payout percentages are reduced, patronage may be somewhat reduced while proceeds per play on VLTs increase. The net impact of these counteracting effects may alter the amount of VLT proceeds by an unknown amount.

## **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**

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