

1 **GAMING CONTRACTOR TIER AMENDMENTS**

2 **Title 36 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY**

3 **Subtitle 03 GAMING PROVISIONS**

4 **Chapter 02 Investigation and Licensing**

5 **Authority: State Government Article, §§ 9-1A-04, 9-1A-12**
6 **Annotated Code of Maryland**

7 **.02 Definitions.**

8 A. (text unchanged)

9 B. Terms Defined.

10 (1) (text unchanged)

11 ~~[(21) “Contractor” means a person or individual, other than an employee of a video operation~~
12 ~~licensee, who contracts with a video lottery operation licensee or other person to:~~

13 ~~(a) Manage or operate a video lottery facility;~~

14 ~~(b) Provide security for a video lottery facility;~~

15 ~~(c) Perform service, maintenance, or repairs of a video lottery terminal, table game device,~~
16 ~~central operating system, associated equipment, or software;~~

17 ~~(d) Own or control a person described in §B(1)(a)–(c) of this regulation;~~

18 ~~(e) Provide junket enterprise services; or~~

19 ~~(f) Provide any other service that is essential to operation of a video lottery facility.]~~

For September 22, 2022 Commission Meeting.

These proposed amendments would codify the Agency’s practice of recognizing and licensing two Tiers of contractors based on the services they actually perform for a casino, based on their access to the casino’s essential functions; fees are lower for contractors with less access. These proposed amendments are consistent with the contractor licensing requirements in the sports wagering regulations at COMAR 36.10.01.02 and 36.10.06.04.

1 **(2) “Contractor—Tier 1” or “Tier 1 contractor” means a person or individual, other**
2 **than an employee of a video lottery operation licensee, who contracts with a video lottery**
3 **operation licensee or other person to:**

4 **(a) Manage or operate a video lottery facility;**

5 **(b) Provide security for a video lottery facility;**

6 **(c) Perform service, maintenance, or repairs of a video lottery terminal, table game**
7 **device, central operating system, associated equipment, or software;**

8 **(d) Own, operate or control a person listed above in §B(2)(a) – (c) of this regulation;**

9 **(e) Provide junket enterprise services;**

10 **(f) Provide any other service that is essential to the operation of a video lottery facility**
11 **service that may involve contact with or access to a:**

12 **(i) Central operating system;**

13 **(ii) Facility’s video lottery system;**

14 **(iii) Video lottery terminal; or**

15 **(iv) Electronic component of a table game.**

16 **(3) “Contractor—Tier 2” or “Tier 2 contractor” means a person or individual, other**
17 **than an employee of a video lottery operation licensee, who contracts with a video lottery**
18 **operation licensee or other person to provide a service that is essential to the operation of a**
19 **video lottery facility service, but has no contact with or access to a:**

20 **(a) Central operating system;**

21 **(b) Facility’s video lottery system;**

22 **(c) Video lottery terminal; or**

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1 **(d) Electronic component of a table game.**

2 ~~[(3)] (4)~~ – ~~[(24)] (25)~~ (text unchanged)

3 ~~(25)~~ **(26)** Principal Employee.

4 (a) “Principal employee” means a video lottery employee who owns, controls, or manages
5 a licensee, or otherwise exercises control over a video lottery or table game function of a
6 licensee;

7 (b) “Principal employee” includes an employee of a contractor who performs any function
8 described in ~~[\$B(1)]~~ **§B(2)** of this regulation; and

9 (c) “Principal employee” does not include a gaming employee.

10 ~~[(26)] (27)~~ – ~~[(31)] (32)~~ (text unchanged)

11
12 **.14 Contractor Licenses.**

13 A. General. If a video lottery operation licensee engages a **Tier 1 or Tier 2** contractor to
14 provide services described in COMAR 36.03.01.02B(1) **or (2)**, the contractor shall qualify under
15 the standards and provisions set forth in State Government Article, §§9-1A-07 and 9-1A-08,
16 Annotated Code of Maryland.

17 B. Qualification Requirements. The Commission may issue a **Tier 1 or Tier 2** contractor
18 license to a ~~[contractor that]~~ **person or individual who** has provided the Commission with
19 sufficient information to establish by clear and convincing evidence that it:

20 (1) Is qualified under State Government Article, §9-1A-07(c), Annotated Code of Maryland;
21 and

22 (2) Has not been disqualified under State Government Article, §9-1A-08, Annotated Code of
23 Maryland.

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1 C. The Commission may charge a **Tier 1 or Tier 2** contractor for the administrative costs
2 associated with performing a background investigation.

3 D. Application and License Fees.

4 (1) ~~[Application Fees.]~~ **For a Tier 1 contractor, the:**

5 (a) ~~[Except as provided in §D(1)(b) of this regulation, the application fee for a contractor]~~
6 **Application fee** is \$1,500~~[-];~~

7 (b) ~~[The application fee is \$750 for a contractor that provides a service that is essential to~~
8 ~~the operation of a facility service, but has no contact with or access to a:~~

9 (i) ~~Central operating system;~~

10 (ii) ~~Facility's video lottery system;~~

11 (iii) ~~Video lottery terminal; or~~

12 (iv) ~~Table game.]~~ **License fee is \$2,500; and**

13 **(c) Background investigation deposit is \$2,000.**

14 (2) ~~[License Fees.]~~ **For a Tier 2 contractor, the:**

15 (a) ~~[Except as provided in §D(2)(b) of this regulation, the license fee for a contractor is~~
16 ~~\$2,500.]~~ **Application fee is \$750;**

17 (b) ~~[The license fee]~~ **License fee is \$800; and** ~~[for a contractor that provides a service that~~
18 ~~is essential to the operation of a facility service, but has no contact with or access to a:~~

19 (i) ~~Central operating system;~~

20 (ii) ~~Facility's video lottery system;~~

21 (iii) ~~Video lottery terminal; or~~

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1 ~~(iv) Table game.]~~

2 **(c) Background investigation deposit is \$2,000.**

3 E. Term; Renewal; Fees.

4 (1) The term of a **Tier 1 and Tier 2** contractor license is 5 years.

5 (2) The Commission may stagger the terms of licenses.

6 (3) The Commission may renew the license if the contractor licensee:

7 (a) Submits an application for renewal to the Commission at least 6 months before the
8 contractor's license expires;

9 (b) Continues to comply with all licensing requirements;

10 (c) Submits to a background investigation under Regulation .05 of this chapter; and

11 (d) Pays a license renewal fee in the amount of the license fee that is required under §D(2)(a)
12 or (b) of this regulation.

13 F. A **Tier 1 and Tier 2** contractor is exempt from:

14 (1) Bond requirements under Regulation .15 of this chapter; and

15 (2) Labor peace agreement requirements under State Government Article, §9-1A-07(c)(7)(v),
16 Annotated Code of Maryland, unless the contractor is engaged:

17 (a) As a lessee;

18 (b) As a tenant; or

19 (c) Under a management agreement.

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