



STAFF AGENDA MEMORANDUM

TO: Maryland Lottery and Gaming Control Commission

FROM: Jim Nielsen, Deputy Director / COO

DATE: September 22, 2022

SUBJECT: Proposed Changes to Gaming and Sports Wagering Regulations

Summary:

We are presenting staff recommendations for changes to the Gaming and Sports Wagering regulations for consistency between the two, provide clarifications, and technical corrections. The recommended changes are as follows:

Code of Maryland Regulations (COMAR) 36.03.02.06 and COMAR 36.10.02.10

Principal entities are not “licensed,” but they must meet the same qualification requirements as license applicants, so they submit a qualification application and undergo a background investigation. For principal entities that are identified in more than one application, the proposed amendments would streamline the qualification process. After the Commission determines that a principal entity is qualified, its qualifications are recognized for five years. If the same entity is identified in a second or subsequent license application during the five-year period, there is no need for a new application or background investigation.

COMAR 36.03.02.02 and COMAR 36.03.02.14

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.

**COMAR 36.10.02.14, COMAR 36.10.03.02, COMAR 36.10.04.02 through 36.10.04.06
COMAR 36.10.05.01 through 36.10.05.02, COMAR 36.10.06.02 through 36.10.06.05,
COMAR 36.10.06.09, COMAR 36.10.13.40, and COMAR 36.10.14.06**

These proposed amendments would clarify that an applicant: (1) to meet the bond qualification requirement, may submit documentation proving its *qualification* for a performance bond, instead of bearing the cost of purchasing a performance bond during the qualification process; (2) must provide the original performance bond to the Commission before the license is issued; (3) may not use its performance bond to satisfy the \$6M reserve requirement; and (4) must obtain a separate surety bond in order to use a bond to satisfy any part of the \$6M reserve requirement.

COMMISSION ACTION REQUESTED APPROVE EACH MOTION SEPARATELY:

A. After review and discussion, motion to approve Staff's proposed changes to Code of Maryland Regulations 36.03.02.06 and 36.10.02.10 concerning principal entities.

Staff Recommendation: Staff recommends approval of the motion.

B. After review and discussion, motion to approve Staff's proposed changes to COMAR 36.03.02.02 and COMAR 36.03.02.14 pertaining to the contractor tiers.

Staff Recommendation: Staff recommends approval of the motion.

C. After review and discussion, motion to approve Staff's proposed changes to COMAR 36.10.02.14, COMAR 36.10.03.02, COMAR 36.10.04.02 through 36.10.04.06 COMAR 36.10.05.01 through 36.10.05.02, COMAR 36.10.06.02 through 36.10.06.05, COMAR 36.10.06.09, COMAR 36.10.13.40, and COMAR 36.10.14.06.

Staff Recommendation: Staff recommends approval of the motion.

D. Motion to delegate to Staff the authority to make any further non-substantive changes to the regulations that may be necessary for publication in the Maryland Register for final adoption.

Staff Recommendation: Staff recommends approval of the motion