

STAFF AGENDA MEMORANDUM

DATE OF MEETING: September 26, 2024

AGENDA ITEM: **Proposed Amendments to Regulations:**
General Provisions
Lottery Provisions
Gaming Provisions
Table Games Provisions
Sports Wagering Provisions

PRESENTER: James Nielsen, Deputy Director / COO

ISSUE SUMMARY: We are presenting proposed amendments to regulations in the following subtitles: General Provisions, Lottery Provisions, Gaming Provisions, Table Games Provisions, and Sports Wagering Provisions. The amendments include eliminating the previously permitted deduction of promotional play from taxable gaming revenue by casinos and sports wagering operators. Additionally, there are a number of changes, corrections and clarifications identified by staff while reviewing the Agency's General Provisions and Lottery regulations.

Proposed Amendments To COMAR Title 36 Maryland State Lottery and Gaming Control Agency

Subtitle 01 General Provisions

Chapter 01 General

Proposed amendments to Regulation .01 of this chapter add a number of definitions used elsewhere in the Agency's regulations, and simplify others.

Proposed amendments to Regulation .02 of this chapter update and simplify the rules of construction for the regulations by cross-referencing to existing law.

Proposed amendments to Regulations .03, 04 and .05 of this chapter align the regulations with current terminology and practice.

Proposed amendments to Regulation .06 of this chapter update and clarify ethical issues that will be included in the revised Code of Conduct for Commissioners and Staff.

Chapter 03 Voluntary Exclusion and Responsible Gaming

Proposed amendments to Regulation .01 of this chapter simplify some cumbersome language regarding self-exclusion from multiple types of gaming activities and adds a definition.

Proposed amendments to Regulation .02 of this chapter clarify the expanded gaming activities offered in Maryland and how to self-exclude from each.

Proposed amendments to Regulation .03 of this chapter make it consistent with the Style Manual for Maryland Regulations.

Proposed amendments to Regulation .04 of this chapter remove extraneous language.

Proposed amendments to Regulation .05 of this chapter are consistent with the Style Manual and address a statutory change requiring disclosure of certain anonymized information to the Maryland Department of Health.

Proposed amendments to Regulations .06 and .08 of this chapter make the language consistent with revised definitions.

Subtitle 02 Lottery Provisions

Chapter 01 General

Proposed amendments to Regulation .01 of this chapter bring the terminology in line with current systems and practices.

An entirely new Regulation .02 of this chapter describes how organizations may submit a request for the Agency to sponsor an event.

Chapter 02 Retailer Licensing

Proposed amendments to Regulation .01 of this chapter update definitions consistent with the Style Manual and for accuracy.

Proposed amendments to Regulation .02 of this chapter remove a superfluous word for consistency with the definitions.

Proposed amendments to Regulation .03 of this chapter update the list of prohibited acts by a licensed retailer consistent with statute.

Proposed amendments to Regulation .04 of this chapter specify that applications are submitted electronically and update the criteria the Agency considers when deciding whether to issue a license.

Proposed amendments to Regulation .05 of this chapter provide further information on bonds that may be required before or after licensing as required by statute.

Proposed amendments to Regulations .06, .07 and .08 of this chapter are made for style, clarity, and consistency.

Proposed amendments to Regulation .09 of this chapter clarify the procedures and requirements of a corrective action plan including what is within the discretion of the Agency to permit.

Proposed amendments to Regulation .10 of this chapter expand and update the list of impermissible acts by a retailer, identify sanctions the Agency may impose, and identify a retailers' rights after sanctions have been imposed.

Chapter 03 Retailer Requirements

Proposed amendments to Regulations .01 are formatting changes to align with the Style Manual because Regulation .01 is reduced in size and broken out into two regulations for clarity.

Regulation .02 of this chapter is newly created, from the preexisting Regulation .01 of this chapter. Proposed amendments to Regulation .02 of this chapter clarify and identify obligations of a lottery retailer.

Regulation .03 of this chapter is a new regulation that reorganizes retailer prohibitions that were located elsewhere in the regulations.

Regulation .04 of this chapter is a new regulation that reorganizes permissible sales of lottery tickets that were located elsewhere in the regulations.

Regulation .05 of this chapter is a new regulation that merely takes language from the preexisting Regulation .01 of this chapter and reorganizes it for clarity.

Proposed amendments to Regulation .06 of this chapter renumber an existing regulation because of the reorganization of content in the newly created Regulations .02-.05.

Proposed amendments to Regulations .07, .08, .09, and .10 of this chapter renumber an existing regulation and update terminology.

Proposed amendments to Regulation .11 of this chapter renumber an existing regulation, update terminology, and describe the Agency's use of tools to identify unusual claims.

Proposed amendments to Regulation .12 of this chapter renumber an existing regulation, update terminology and clarify that the Director has discretion in considering whether a retailer may participate in the Expanded Cashing Authority Program.

Proposed amendments to Regulation .13 of this chapter renumber an existing regulation and update terminology.

Proposed amendments to Regulation .14 clarify the process for retailer compliance with the ADA.

Proposed amendments to Regulation .15 of this chapter renumber an existing regulation, update terminology, and describe what constitutes a change in ownership of a lottery retailer's business.

Preexisting Regulation .12 is removed because it is reorganized into the new Regulations .02 through .05 of this chapter.

Chapter 04 Common Provisions for All Lottery Games

Proposed amendments to Regulations .01, .02, .03 and .04 are changes to clarify and update language consistent with the Style Manual.

Proposed amendments to Regulation .05 of this chapter clarify and update liability limits for draw games.

Proposed amendments to Regulations .06 and .07 of this chapter update the language consistent with the Style Manual.

Regulation .08 is no longer applicable and would be deleted.

Chapter 05 Specific Game Provisions

Proposed amendments to Regulations .01, .02, .03 and .04 clarify and update terminology to align with current practices and technology.

Chapter 07 Unclaimed Lottery Prizes

Proposed amendments to Regulations .01 and .02 clarify and update terminology.

Chapter 09 Instant Ticket Lottery Machines

Proposed amendments to Regulation .01 identify the applicable statute.

Proposed amendments to Regulations .02, .03, .04, and .05 of this chapter clarify and update terminology and cross-references.

Subtitle 03 Gaming Provisions

Chapter 10 Video Lottery Facility Minimum Internal Control Standards

Proposed amendments to Regulation .36 of this chapter eliminate the ability of a video lottery facility to deduct promotional play redeemed by players from its taxable revenues. It also updates the language concerning annual reporting of amounts of promotional play provided to players consistent with the Style Manual.

Subtitle 05 Table Games

Chapter 03 Table Game Procedures

Proposed amendments to Regulation .15 of this chapter eliminate the ability of a video lottery facility to deduct promotional play redeemed by players from its taxable revenues.

Subtitle 10 Sports Wagering Provisions

Chapter 13 Sports Wagering Licensee Minimum Internal Control Standards

Proposed amendments to Regulation .39 of this chapter eliminate the ability of a sports wagering licensee to deduct promotional play redeemed by players from its taxable revenues. It also updates the language concerning annual reporting of amounts of promotional play provided to players consistent with the Style Manual.

COMMISSION ACTION REQUESTED:

- 1) After review and any discussion, motion to approve the proposed amendments to the regulations in the General Provisions Subtitle;
- 2) After review and any discussion, motion to approve the proposed amendments to the regulations in the Lottery Provisions Subtitle;
- 3) After review and any discussion, approve the proposed amendments to the regulations in the Gaming Provisions Subtitle;
- 4) After review and any discussion, motion to approve the proposed amendments to the regulations in the Table Games Subtitle;
- 5) After review and any discussion, motion to approve the proposed amendments to the regulations in the Sports Wagering Provisions Subtitle; and
- 6) Motion to delegate to Staff the authority to make any non-substantive changes to the approved regulation amendments that may be necessary to prepare them for publication in the *Maryland Register*.

STAFF RECOMMENDATIONS: Staff recommends approval of all 6 motions.