

1 Title 36 STATE LOTTERY AND
2 GAMING CONTROL AGENCY

3
4 Subtitle 03 GAMING PROVISIONS

5
6 Chapter .02 Investigation and Licensing

7
8 Authority: State Government Article, § 9-1A-04(a), (d), Annotated Code of Maryland

9 .17 Vendor Registration and Certification.

10 A. Definition.

11 (1) In this regulation, the following term has the meaning indicated.

12 (2) Term Defined. "Vendor" means a person who provides goods or services to a video
13 lottery operation applicant or licensee and who is not required to be licensed as a
14 manufacturer or contractor under State Government Article, Title 9, Subtitle 1A,
15 Annotated Code of Maryland, or this subtitle, and includes:

16 (a) Suppliers of alcoholic beverages;

17 (b) Suppliers of food and nonalcoholic beverages;

18 (c) Refuse handlers;

19 (d) Vending machine providers and service personnel;

20 (e) Janitorial and maintenance companies;

21 (f) Tenant businesses or franchises located within facilities if such goods and
22 services are not gaming related;

For February 25, 2016 Commission.

The proposed amendments to the threshold and fee structure for vendor certification, registration, and renewal should allow more small businesses to become financially eligible for registration. Proposed new § C-1 would clarify that if a video lottery operator purchases goods or services from a vendor *solely* so those goods or services may be given to a player, that vendor is exempt from vendor registration or certification requirements. Operators are already subject to certain limits and reporting requirements under COMAR 36.03.10.09 – *Complimentary Services*; new § C-1 would require that an operator purchasing goods or services from an exempted vendor includes in its reports under COMAR 36.03.10.09 the name of each exempted vendor it uses.

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1 (g) Providers of transportation services if such services are not gaming related;

2 (h) Persons involved in the construction of a facility;

3 (i) Lessors of real property or goods;

4 (j) Payroll services and other employer related services;

5 (k) Employee recruiting services; and

6 (l) Persons whose services the Commission reviews and determines must be
7 registered or certified under this regulation.

8 B. A vendor that conducts business with a video lottery operation applicant or licensee shall be
9 registered or certified by the Commission if the vendor is not exempt, and:

10 (1) The vendor is providing nongaming related goods and services to a video lottery
11 operation applicant or licensee for a value described in §D or E of this regulation; or

12 (2) The Commission:

13 (a) Reviews a vendor's services and determines that registration or certification is
14 required to protect the public interest of the State or accomplish the policies in
15 State Government Article, Title 9, Subtitle 1A, Annotated Code of Maryland, and
16 this subtitle; and

17 (b) Notifies the vendor that registration or certification is required.

18 C. The following persons that provide any of the enumerated services to a video lottery operation
19 applicant or licensee are exempt from vendor registration and certification requirements:

20 (1) Public utilities that provide:

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- 1 (a) Water;
- 2 (b) Sewerage;
- 3 (c) Electricity; or
- 4 (d) Natural gas;
- 5 (2) Insurance companies that provide insurance to a video lottery applicant or licensee or
- 6 its employees;
- 7 (3) Employee benefit and retirement plans, including 401(k) plans and employee stock
- 8 purchase programs;
- 9 (4) Professional associations that receive funds from the video lottery applicant or
- 10 licensee for the cost of enrollment, activities, and membership;
- 11 (5) Units of federal, State, county, or municipal government;
- 12 (6) Manufacturers of alcoholic beverages;
- 13 (7) State-chartered or federally chartered banks or savings and loan associations;
- 14 (8) Providers of professional services, including accountants, attorneys, engineers or
- 15 architects, and others identified by Commission staff to be providers of professional
- 16 services;
- 17 (9) Telecommunication, satellite, or internet services;
- 18 (10) Shipping services;

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1 (11) Persons that engage in efforts to influence legislative or administrative action on
2 behalf of a video lottery operation applicant or licensee for economic consideration;

3 (12) Educational or training opportunities for facility employees;

4 (13) Professional entertainers, sports figures, or other celebrities engaged by a video
5 lottery operation licensee to appear at a licensee-sponsored entertainment or promotional
6 event;

7 (14) Representatives of a media outlet or provider of a simulcast service;

8 (15) A vendor that provides, or anticipates providing, within a calendar year a combined
9 total value of nongaming related goods and services to State video lottery operation
10 applicants or licensees of less than \$~~2,500~~ **10,000**; or

11 (16) A vendor for whom the Commission determines registration or certification is not
12 necessary in order to protect the public interest.

13 **C-1. Certain Vendors Exempt from Certification or Registration Requirements.**

14 **(1) A vendor is exempt from certification or registration requirements if it provides,**
15 **or anticipates providing, goods or services that a video lottery operator purchases**
16 **solely to be given to a player.**

17
18 **(2) A vendor exempted under this section may only provide the following goods and**
19 **services to a video lottery facility operator:**

20
21 (a) **Leisure or recreational travel;**

22 (b) **Lodging;**

23 (c) **Vehicles;**
24
25

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1
2 (d) **Entertainment;**

3
4 (e) **Dining;**

5
6 (f) **Clothing;**

7
8 (g) **Jewelry;**

9
10 (h) **Gift cards; or**

11
12 (i) **Other gift items.**
13

14 **(3) A video lottery operator that purchases goods or services from a vendor**
15 **exempted under this section:**

16
17 **(a) Is subject to the requirements of COMAR 36.03.10.09; and**

18
19 **(b) Shall identify in a report submitted under COMAR 36.03.10.09 each**
20 **exempted vendor from which it purchased goods or services during the**
21 **reporting period.**

22 D. Vendor Registration.

23 (1) A vendor that provides, or anticipates providing, in a calendar year nongaming related
24 goods and services to a **single** video lottery applicant or licensee that are valued from
25 \$2,500 **10,000** to \$99,999 **299,999** shall be registered with the Commission.

26 (2) The video lottery applicant or licensee to which a vendor provides, or anticipates
27 providing, the nongaming related goods and services shall submit to the Commission a
28 completed registration form in a format designated by the Commission that includes:

For February 25, 2016 Commission.

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- 1 (a) Vendor name;
- 2 (b) Vendor business address;
- 3 (c) Type of service provided;
- 4 (d) Total value of goods or services provided to video lottery applicants or
- 5 licensees in the State within a calendar year;
- 6 (e) Verification that the vendor's business is in good standing with the Maryland
- 7 Department of Assessment and Taxation; ~~and~~
- 8 (f) **Registration fee of \$100; and**
- 9 (g) Any other information the Commission requires.

10 (3) Upon receipt of a **the registration fee and** completed registration form, the

11 Commission shall provide the applicant or licensee with written notification of whether it

12 has registered the vendor.

13 E. Vendor Certification.

14 (1) A vendor **shall be certified by the Commission** ~~that~~ **if it** provides, or anticipates

15 providing, in a calendar year nongaming related goods and services to:

16 (a) a **single** video lottery applicant or licensee that are valued at or above

17 \$100,000 ~~shall be certified by the Commission~~ **\$300,000; or**

18 (b) **multiple video lottery applicants or licensees that are valued at or above**

19 **\$600,000.**

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1 (2) A vendor that provides, or anticipates providing, the nongaming related goods and
2 services shall submit to the Commission a:

3 (a) Completed certification form in a format designated by the Commission that
4 includes:

5 (i) Vendor name;

6 (ii) Vendor business address;

7 (iii) Each video lottery operation applicant or licensee in the State with
8 which it does or expects to do business;

9 (iv) Type of service provided;

10 (v) Total value of goods or services provided to video lottery applicants or
11 licensees in the State within a calendar year;

12 (vi) Any other jurisdiction where it conducts business related to a video
13 lottery operation;

14 (vii) Verification that the vendor's business is in good standing with the
15 Maryland Department of Assessment and Taxation; and

16 (viii) Any other information the Commission requires; and

17 (b) Certification fee of \$~~500~~1,000.

18 (3) Upon receipt of a certification fee and completed certification form, the Commission
19 shall verify the information provided by the vendor and:

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1 (a) If the Commission determines that the vendor's conduct of business with a
2 video lottery operation applicant or licensee is consistent with the public interest
3 of the State and the policies in State Government Article, Title 9, Subtitle 1A,
4 Annotated Code of Maryland, and this subtitle, grant the vendor's application for
5 certification; or

6 (b) If the Commission determines that the vendor's conduct of business with a
7 video lottery operation applicant or licensee is contrary to the public interest of
8 the State or the policies in State Government Article, Title 9, Subtitle 1A,
9 Annotated Code of Maryland, or this subtitle, deny the vendor's request for
10 certification.

11 (4) The Commission shall provide the vendor with written notification of its decision.

12 F. Except as provided in §G of this regulation, a nonexempt vendor may not conduct business
13 that relates to facility operations with a video lottery operation applicant or licensee until it is
14 registered or certified by the Commission.

15 G. Emergency Notification. An applicant or licensee may accept goods or services from a vendor
16 that is not registered or certified by the Commission if:

17 (1) The applicant or licensee encounters an emergent threat to public health, safety, or
18 welfare that is outside its control and requires immediate provision of goods or services
19 by a vendor; and

20 (2) Unless the vendor is exempt under §C of this regulation:

21 (a) No later than the next State business day after the vendor's emergency
22 provision of goods or services, the applicant or licensee shall submit to the
23 Commission a vendor emergency notification form that includes an explanation of
24 the need for its emergency use of a vendor that is not registered or certified by the
25 Commission; and

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1 (b) Within 20 business days of submitting the vendor emergency notification
2 form:

3 (i) The applicant or licensee shall submit to the Commission a vendor
4 registration form; or

5 (ii) The vendor shall submit to the Commission a vendor certification form
6 and the \$1,000 certification fee.

7 H. A vendor's registration or certification:

8 (1) Remains in effect for 5 years from the date the Commission approves registration or
9 certification;

10 (2) May be renewed by the Commission if the applicable form, and any required **renewal**
11 fee, are submitted as required under § D or E of this regulation at least 90 days before the
12 expiration of 5 years from the date of written notification under §D(3) or E(3)(c) of this
13 regulation;

14 (3) Shall automatically expire if a vendor does not comply with renewal requirements
15 under this regulation; and

16 (4) Is subject to cancellation by the Commission if the Commission determines that the
17 vendor's continued conduct of business with a video lottery operation applicant or
18 licensee is contrary to the public interest of the State or the policies in State Government
19 Article, Title 9, Subtitle 1A, Annotated Code of Maryland, or this subtitle.

20 I. **Renewal fees.**

21 **(a) For a registered vendor, the renewal fee is \$100.**

22 **(b) For a certified vendor, the renewal fee is \$500.**

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1 **J.** The Commission's decision to deny or cancel a vendor registration or certification, **or to deny**
2 **the renewal of a vendor registration or certification,** does not give rise to an appeal right
3 under the contested case provisions of the Maryland Administrative Procedure Act.

4 ~~J.~~ **K.** The Commission may maintain and make publicly available a list of:

- 5 (1) Registered and certified vendors; and
6 (2) Vendors that are prohibited from doing business with a video lottery operation
7 applicant or licensee because the Commission has denied or cancelled their registration or
8 certification.

9 ~~K.~~ **L.** A video lottery operation applicant or licensee shall:

- 10 (1) Submit to the Commission a monthly vendor payments report in a format prescribed
11 by the Commission; and
12 (2) Ensure that a vendor appearing on its monthly vendor payments report is:
13 (a) Registered;
14 (b) Certified; or
15 (c) Exempt.

16

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