

HOUSE BILL 225

C7, C6

01r0708

By: **Delegates Ebersole, Kaiser, Buckel, Cain, Carey, Guyton, Hartman, Ivey, Krimm, Lisanti, Palakovich Carr, Patterson, Reznik, Rose, Shoemaker, Smith, and Washington**

Introduced and read first time: January 16, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Gaming – Sports Wagering – Implementation**

3 FOR the purpose of authorizing certain license holders to accept wagers on certain sporting
4 events from certain individuals and by certain methods; requiring the State Lottery
5 and Gaming Control Commission to regulate sports wagering in the State; requiring
6 the State Lottery and Gaming Control Agency to provide certain assistance to the
7 Commission; requiring certain persons to apply to the Commission for certain
8 licenses; requiring certain applicants to sign certain memoranda of understanding
9 relating to compliance with the Minority Business Enterprise Program as a condition
10 of the Commission's approval of certain licenses; authorizing the Commission to
11 provide waivers or exemptions from certain licensing requirements under certain
12 circumstances; requiring applicants for certain licenses to pay certain fees set by the
13 Commission; requiring an applicant for a certain sports wagering license or the
14 renewal of the license to pay a certain fee for the license or renewal; establishing
15 certain license terms for a certain number of years, subject to a certain annual fee
16 for certain licensees; providing for the distribution of certain licensing fees collected
17 by the Commission; requiring the Commission to deny, suspend, or revoke a license
18 and reprimand or fine a licensee under certain circumstances; authorizing the
19 Commission to impose a certain penalty under certain circumstances; establishing
20 certain procedures and requirements for the issuing of certain licenses; authorizing
21 certain sports wagering licensees to enter into certain agreements for the operation
22 of online sports wagering; providing that an individual may register for online sports
23 wagering either in person or online; prohibiting certain individuals from making a
24 wager and certain sports wagering licensees from accepting a wager from certain
25 individuals; requiring certain sports wagering licensees to establish certain
26 procedures, provide certain safeguards, and report certain information to the
27 Commission relating to sports wagering; providing for the accounting and
28 distribution of certain sports wagering proceeds and certain unclaimed winning
29 wagers; requiring the Commission to adopt certain regulations; requiring the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Commission to report annually to the Governor and the General Assembly on certain matters on or before a certain date; declaring the intent of the General Assembly; making conforming changes; defining certain terms; making this Act subject to a certain contingency; and generally relating to wagering on sporting events.

BY repealing and reenacting, without amendments,
Article – State Government
Section 9–1A–01(a) and (k) and 9–1A–30(a)
Annotated Code of Maryland
(2014 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,
Article – State Government
Section 9–1A–03 and 9–1A–30(b)(1)
Annotated Code of Maryland
(2014 Replacement Volume and 2019 Supplement)

BY adding to
Article – State Government
Section 9–1E–01 through 9–1E–13 to be under the new subtitle “Subtitle 1E. Sports Wagering”
Annotated Code of Maryland
(2014 Replacement Volume and 2019 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – State Government

9–1A–01.

(a) In this subtitle the following words have the meanings indicated.

(k) “Commission” means the State Lottery and Gaming Control Commission.

9–1A–03.

(a) Except as provided in subsection (b) of this section, any additional forms or expansion of commercial gaming other than as expressly provided in this subtitle **AND SUBTITLE 1E OF THIS TITLE** are prohibited.

(b) This subtitle, including the authority provided to the Commission under this subtitle, does not apply to:

(1) lotteries conducted under Subtitle 1 of this title;

(2) wagering on horse racing conducted under Title 11 of the Business

1 Regulation Article;

2 (3) the operation of slot machines as provided under Titles 12 and 13 of the
3 Criminal Law Article; or

4 (4) other gaming conducted under Titles 12 and 13 of the Criminal Law
5 Article.

6 9-1A-30.

7 (a) There is an Education Trust Fund which is a special, nonlapsing fund that is
8 not subject to § 7-302 of the State Finance and Procurement Article.

9 (b) (1) There shall be credited to the Education Trust Fund all proceeds
10 allocated to the Fund under § 9-1A-27 of this subtitle **AND SUBTITLE 1E OF THIS TITLE.**

11 **SUBTITLE 1E. SPORTS WAGERING.**

12 **9-1E-01.**

13 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
14 INDICATED.

15 (B) “COMMISSION” HAS THE MEANING STATED IN § 9-1A-01 OF THIS TITLE.

16 (C) “HORSE RACING LICENSEE” MEANS THE HOLDER OF A LICENSE ISSUED
17 BY THE STATE RACING COMMISSION UNDER TITLE 11, SUBTITLE 5 OF THE
18 BUSINESS REGULATION ARTICLE.

19 (D) “ONLINE SPORTS WAGERING” MEANS SPORTS WAGERING THROUGH AN
20 ONLINE GAMING SYSTEM:

21 (1) ON A COMPUTER, A MOBILE DEVICE, OR ANY OTHER INTERACTIVE
22 DEVICE; AND

23 (2) THAT IS ACCEPTED BY A SPORTS WAGERING LICENSEE OR AN
24 ONLINE SPORTS WAGERING OPERATOR.

25 (E) “ONLINE SPORTS WAGERING OPERATOR” MEANS AN ENTITY THAT
26 HOLDS A LICENSE ISSUED BY THE COMMISSION UNDER THIS SUBTITLE TO OPERATE
27 ONLINE SPORTS WAGERING ON BEHALF OF A SPORTS WAGERING LICENSEE.

28 (F) “PROCEEDS” MEANS THE PART OF THE AMOUNT OF MONEY WAGERED
29 ON SPORTING EVENTS UNDER THIS SUBTITLE THAT IS NOT RETURNED TO
30 SUCCESSFUL BETTORS BUT IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.

(G) (1) “RACING FACILITY” MEANS A RACE TRACK IN THE STATE THAT IS OWNED, OPERATED, OR CONTROLLED BY A HORSE RACING LICENSEE.

(2) “RACING FACILITY” INCLUDES A SATELLITE SIMULCAST FACILITY THAT IS LOCATED AT THE RACE TRACK.

(H) (1) “SPORTING EVENT” MEANS:

(I) A PROFESSIONAL SPORTS OR ATHLETIC EVENT;

(II) A COLLEGIATE SPORTS OR ATHLETIC EVENT;

(III) AN OLYMPIC OR INTERNATIONAL SPORTS OR ATHLETIC EVENT IN WHICH THE MAJORITY OF THE PARTICIPANTS ARE AT LEAST 18 YEARS OLD;

(IV) AN ELECTRONIC SPORTS OR VIDEO GAME COMPETITION:

1. SANCTIONED BY AN ESPORTS GOVERNING ENTITY;

AND

2. IN WHICH EACH PARTICIPANT IS AT LEAST 18 YEARS

OLD;

(V) A MOTOR RACE EVENT SANCTIONED BY A MOTOR RACING GOVERNING ENTITY; OR

(VI) ANY PORTION OF A SPORTING EVENT, INCLUDING THE INDIVIDUAL PERFORMANCE STATISTICS OF ATHLETES OR COMPETITORS IN A SPORTING EVENT.

(2) “SPORTING EVENT” DOES NOT INCLUDE:

(I) A HIGH SCHOOL SPORTS OR ATHLETIC EVENT; OR

(II) A FANTASY COMPETITION REGULATED UNDER SUBTITLE 1D OF THIS TITLE.

(I) “SPORTS WAGERING” MEANS THE BUSINESS OF ACCEPTING WAGERS ON ANY SPORTING EVENT BY ANY SYSTEM OR METHOD OF WAGERING, INCLUDING SINGLE-GAME BETS, TEASER BETS, PARLAYS, OVER-UNDER, MONEYLINE, POOLS, EXCHANGE WAGERING, IN-GAME WAGERING, IN-PLAY BETS, PROPOSITION BETS,

1 AND STRAIGHT BETS.

2 (J) "SPORTS WAGERING LICENSE" MEANS A LICENSE ISSUED BY THE
3 COMMISSION UNDER THIS SUBTITLE THAT AUTHORIZES THE HOLDER TO ACCEPT
4 WAGERS ON SPORTING EVENTS.

5 (K) "SPORTS WAGERING LICENSEE" MEANS THE HOLDER OF A SPORTS
6 WAGERING LICENSE.

7 (L) "SPORTS WAGERING LOUNGE" MEANS A NONSMOKING AREA LOCATED
8 IN A VIDEO LOTTERY FACILITY OR RACING FACILITY WHERE SPORTS WAGERING IS
9 CONDUCTED.

10 (M) (1) "VIDEO LOTTERY FACILITY" HAS THE MEANING STATED IN §
11 9-1A-01 OF THIS TITLE.

12 (2) "VIDEO LOTTERY FACILITY" DOES NOT INCLUDE A LOCATION IN
13 THE FACILITY WHERE SATELLITE SIMULCAST BETTING IS CONDUCTED.

14 (N) "VIDEO LOTTERY OPERATION LICENSE" HAS THE MEANING STATED IN §
15 9-1A-01 OF THIS TITLE.

16 (O) "VIDEO LOTTERY OPERATOR" HAS THE MEANING STATED IN § 9-1A-01
17 OF THIS TITLE.

18 9-1E-02.

19 (A) (1) THE COMMISSION SHALL REGULATE THE OPERATION OF SPORTS
20 WAGERING IN ACCORDANCE WITH THIS SUBTITLE.

21 (2) THE STATE LOTTERY AND GAMING CONTROL AGENCY SHALL
22 PROVIDE ASSISTANCE TO THE COMMISSION IN THE PERFORMANCE OF THE
23 COMMISSION'S DUTIES UNDER THIS SUBTITLE.

24 (B) THIS SUBTITLE AUTHORIZES A SPORTS WAGERING LICENSEE TO
25 CONDUCT AND OPERATE SPORTS WAGERING IN THE STATE AS PROVIDED IN THIS
26 SUBTITLE.

27 9-1E-03.

28 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION
29 SHALL REGULATE SPORTS WAGERING AND THE CONDUCT OF SPORTS WAGERING TO
30 THE SAME EXTENT THAT THE COMMISSION REGULATES THE OPERATION OF VIDEO

1 LOTTERY TERMINALS AND TABLE GAMES UNDER SUBTITLE 1A OF THIS TITLE.

2 (B) IN ACCORDANCE WITH THIS SUBTITLE, THE COMMISSION SHALL ADOPT
3 REGULATIONS THAT ESTABLISH:

4 (1) THE FORM AND CONTENT OF AND THE DEADLINE TO SUBMIT AN
5 APPLICATION FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE;

6 (2) THE METHODS, PROCEDURES, AND FORM FOR DELIVERY OF
7 INFORMATION FROM AN APPLICANT OR A LICENSEE CONCERNING ANY PERSON'S
8 FAMILY, HABITS, CHARACTER, ASSOCIATES, CRIMINAL RECORD, BUSINESS
9 ACTIVITIES, AND FINANCIAL AFFAIRS;

10 (3) THE PROCEDURES FOR THE FINGERPRINTING OF AN APPLICANT
11 FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE OR OTHER METHODS OF
12 IDENTIFICATION THAT MAY BE NECESSARY IN THE JUDGMENT OF THE COMMISSION
13 TO ACCOMPLISH EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF THIS SUBTITLE;

14 (4) APPLICATION AND RENEWAL FEES AS REQUIRED UNDER §
15 9-1E-06(C) OF THIS SUBTITLE;

16 (5) THE GROUNDS AND PROCEDURES FOR REPRIMANDS OF
17 LICENSEES OR THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER THIS
18 SUBTITLE;

19 (6) THE MANNER AND METHOD OF COLLECTION OF TAXES, FEES, AND
20 CIVIL PENALTIES;

21 (7) STANDARDS, PROCEDURES, AND RULES THAT GOVERN THE
22 CONDUCT OF SPORTS WAGERING, INCLUDING:

23 (I) DEFINING AND LIMITING THE AREAS OF OPERATION FOR
24 SPORTS WAGERING AND SPECIFYING THE SQUARE FOOTAGE, DESIGN, TYPE OF
25 EQUIPMENT, SECURITY MEASURES, AND ANY OTHER MATTER RELATING TO A
26 SPORTS WAGERING LOUNGE NECESSARY TO CARRY OUT THE PROVISIONS OF THIS
27 SUBTITLE;

28 (II) THE APPROVAL PROCESS FOR SELF-SERVICE KIOSKS OR
29 MACHINES, SECURITY MEASURES FOR THE KIOSKS OR MACHINES, THE AMOUNT OF
30 WAGERS AUTHORIZED ON THE KIOSKS OR MACHINES, AND ANY OTHER MATTER
31 RELATING TO A SELF-SERVICE KIOSK OR MACHINE NECESSARY TO CARRY OUT THE
32 PROVISIONS OF THIS SUBTITLE;

1 (III) THE TYPES OF WAGERS ON SPORTING EVENTS THAT MAY BE
2 ACCEPTED BY A SPORTS WAGERING LICENSEE;

3 (IV) THE TYPES AND VALUES OF PROMOTIONAL ITEMS THAT MAY
4 BE GIVEN AWAY TO ENCOURAGE SPORTS WAGERING;

5 (V) THE MANNER IN WHICH WAGERS ARE RECEIVED, PAYOUTS
6 ARE REMITTED, AND POINT SPREADS, LINES, AND ODDS ARE DETERMINED;

7 (VI) THE MAXIMUM WAGERS THAT MAY BE ACCEPTED BY A
8 SPORTS WAGERING LICENSEE OR ONLINE SPORTS WAGERING OPERATOR FROM A
9 SINGLE BETTOR ON A SINGLE SPORTING EVENT;

10 (VII) THE AMOUNT OF CASH RESERVES TO BE MAINTAINED BY
11 SPORTS WAGERING LICENSEES TO COVER WINNING WAGERS;

12 (VIII) ACCEPTABLE FORMS OF PAYMENT AND ADVANCE DEPOSIT
13 METHODS BY BETTORS;

14 (IX) MINIMUM UNIFORM STANDARDS OF ACCOUNTANCY
15 METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ENSURE
16 CONSISTENCY, COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL
17 INFORMATION, INCLUDING PERCENTAGES OF PROFIT;

18 (X) PERIODIC FINANCIAL REPORTS AND THE FORM OF THE
19 REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC
20 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER THE
21 ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE MAINTAINED BY
22 THE SPORTS WAGERING LICENSEE AS REQUIRED BY THIS SUBTITLE AND THE
23 REGULATIONS THAT SHALL BE ISSUED UNDER THIS SUBTITLE;

24 (XI) REQUIRING LICENSEES UNDER THIS SUBTITLE TO
25 DEMONSTRATE AND MAINTAIN FINANCIAL VIABILITY; AND

26 (XII) ENSURING THAT SPORTS WAGERING IS CONDUCTED
27 LEGALLY; AND

28 (8) ANY OTHER REGULATION NECESSARY TO CARRY OUT THE
29 PROVISIONS OF THIS SUBTITLE.

30 9-1E-04.

31 (A) THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE:

1 (1) A VIDEO LOTTERY OPERATOR OR HORSE RACING LICENSEE THAT
2 OPERATES SPORTS WAGERING;

3 (2) A PERSON THAT OPERATES SPORTS WAGERING ON BEHALF OF A
4 SPORTS WAGERING LICENSEE, INCLUDING AN ONLINE SPORTS WAGERING
5 OPERATOR;

6 (3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS
7 SUBSECTION THAT MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR
8 PROVIDES SERVICE, MAINTENANCE, OR REPAIRS FOR SPORTS WAGERING
9 EQUIPMENT AND DEVICES; AND

10 (4) AN INDIVIDUAL EMPLOYED IN THE OPERATION OF SPORTS
11 WAGERING BY A SPORTS WAGERING LICENSEE IF THE INDIVIDUAL DOES NOT
12 OTHERWISE HOLD A VALID LICENSE UNDER SUBTITLE 1A OF THIS TITLE OR TITLE
13 11 OF THE BUSINESS REGULATION ARTICLE.

14 (B) THE COMMISSION MAY BY REGULATION REQUIRE A PERSON THAT
15 CONTRACTS WITH A LICENSEE AND THE PERSON'S EMPLOYEES TO OBTAIN A
16 LICENSE UNDER THIS SUBTITLE IF THE COMMISSION DETERMINES THAT THE
17 LICENSING REQUIREMENTS ARE NECESSARY IN ORDER TO PROTECT THE PUBLIC
18 INTEREST AND ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

19 (C) FOR ALL LICENSES REQUIRED UNDER THIS SUBTITLE, IF AN APPLICANT
20 HOLDS A VALID LICENSE IN ANOTHER STATE AND THE COMMISSION DETERMINES
21 THAT THE LICENSING STANDARDS OF THE OTHER STATE ARE COMPREHENSIVE AND
22 THOROUGH AND PROVIDE SIMILAR AND ADEQUATE SAFEGUARDS TO THOSE
23 PROVIDED IN THIS SUBTITLE, THE COMMISSION MAY:

24 (1) WAIVE SOME OR ALL OF THE REQUIREMENTS OF THIS SUBTITLE;
25 AND

26 (2) ISSUE A LICENSE TO THAT APPLICANT.

27 (D) (1) ON THE REQUEST OF AN APPLICANT, THE COMMISSION MAY
28 GRANT AN EXEMPTION OR A WAIVER OF A LICENSING REQUIREMENT OR GROUNDS
29 FOR DENIAL OF A LICENSE IF THE COMMISSION DETERMINES THAT THE
30 REQUIREMENT OR GROUNDS FOR DENIAL OF A LICENSE AS APPLIED TO THE
31 APPLICANT ARE NOT NECESSARY TO PROTECT THE PUBLIC INTEREST OR
32 ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

33 (2) ON GRANTING TO AN APPLICANT AN EXEMPTION OR A WAIVER

1 UNDER THIS SUBSECTION, OR AT ANY TIME AFTER A WAIVER OR AN EXEMPTION HAS
2 BEEN GRANTED, THE COMMISSION MAY:

3 (I) LIMIT OR PLACE RESTRICTIONS ON THE EXEMPTION OR
4 WAIVER AS THE COMMISSION CONSIDERS NECESSARY IN THE PUBLIC INTEREST;
5 AND

6 (II) REQUIRE THE PERSON THAT IS GRANTED THE EXEMPTION
7 OR WAIVER TO COOPERATE WITH THE COMMISSION AND TO PROVIDE THE
8 COMMISSION WITH ANY ADDITIONAL INFORMATION REQUIRED BY THE
9 COMMISSION AS A CONDITION OF THE WAIVER OR EXEMPTION.

10 **9-1E-05.**

11 (A) A VIDEO LOTTERY OPERATOR OR HORSE RACING LICENSEE MAY APPLY
12 TO THE COMMISSION FOR A SPORTS WAGERING LICENSE.

13 (B) AN APPLICATION SUBMITTED FOR A SPORTS WAGERING LICENSE
14 UNDER THIS SECTION SHALL INCLUDE AN APPLICATION FEE OF \$2,500,000.

15 (C) A SPORTS WAGERING LICENSEE MAY NOT BEGIN ACCEPTING WAGERS
16 ON SPORTING EVENTS UNTIL THE FEE UNDER SUBSECTION (B) OF THIS SECTION IS
17 PAID IN FULL.

18 (D) THE TERM OF A SPORTS WAGERING LICENSE UNDER THIS SECTION IS 15
19 YEARS, SUBJECT TO AN ANNUAL FEE OF \$250,000, PAYABLE TO THE COMMISSION
20 BEGINNING IN THE SECOND YEAR OF THE 15-YEAR TERM.

21 (E) ON APPLICATION BY THE SPORTS WAGERING LICENSEE AND
22 SUBMISSION OF A \$250,000 LICENSE RENEWAL FEE, THE COMMISSION MAY RENEW
23 FOR 15 YEARS A SPORTS WAGERING LICENSE.

24 **9-1E-06.**

25 (A) AN APPLICANT FOR A LICENSE UNDER THIS SUBTITLE SHALL SUBMIT TO
26 THE COMMISSION AN APPLICATION:

27 (1) IN THE FORM THAT THE COMMISSION REQUIRES; AND

28 (2) ON OR BEFORE THE DATE SET BY THE COMMISSION.

29 (B) AS A CONDITION TO THE COMMISSION'S APPROVAL OF A LICENSE
30 UNDER THIS SUBTITLE, THE APPLICANT SHALL SIGN A MEMORANDUM OF

1 UNDERSTANDING WITH THE COMMISSION THAT REQUIRES THE APPLICANT TO USE
2 BEST EFFORTS AND EFFECTIVE OUTREACH TO COMPLY, TO THE EXTENT
3 PRACTICABLE AND AUTHORIZED BY THE UNITED STATES CONSTITUTION, WITH THE
4 STATE'S MINORITY BUSINESS ENTERPRISE PROGRAM.

5 (C) (1) THIS SUBSECTION DOES NOT APPLY TO THE APPLICATION OR
6 LICENSE RENEWAL FEES FOR A SPORTS WAGERING LICENSE REQUIRED UNDER §
7 9-1E-05 OF THIS SUBTITLE.

8 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE
9 COMMISSION SHALL ADOPT REGULATIONS THAT ESTABLISH AN APPLICATION FEE
10 AND LICENSE RENEWAL FEE FOR A LICENSE UNDER THIS SUBTITLE.

11 (II) THE APPLICATION FEE FOR AN ONLINE SPORTS WAGERING
12 OPERATOR LICENSE MAY NOT BE LESS THAN \$5,000.

13 (3) AN APPLICANT SHALL SUBMIT THE APPLICATION FEE WITH THE
14 APPLICATION.

15 (4) THE TERM OF THE LICENSE IS 1 YEAR.

16 (D) ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE
17 COMMISSION, THE COMPTROLLER SHALL PAY THE APPLICATION FEES AND LICENSE
18 RENEWAL FEES COLLECTED BY THE COMMISSION UNDER THIS SECTION AND §
19 9-1E-05 OF THIS SUBTITLE TO THE EDUCATION TRUST FUND ESTABLISHED UNDER
20 § 9-1A-30 OF THIS TITLE.

21 (E) (1) APPLICANTS AND LICENSEES SHALL HAVE THE AFFIRMATIVE
22 RESPONSIBILITY TO ESTABLISH BY CLEAR AND CONVINCING EVIDENCE THE
23 APPLICANT'S OR LICENSEE'S QUALIFICATIONS.

24 (2) APPLICANTS AND LICENSEES SHALL PROVIDE INFORMATION
25 REQUIRED BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING
26 TO QUALIFICATIONS IN THE FORM SPECIFIED BY THE COMMISSION, IF APPLICABLE.

27 (3) (I) APPLICANTS AND LICENSEES SHALL:

28 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED
29 BY THE COMMISSION; AND

30 2. COOPERATE IN AN INQUIRY, AN INVESTIGATION, OR A
31 HEARING CONDUCTED BY THE COMMISSION.

1 (II) ON ISSUANCE OF A FORMAL REQUEST TO ANSWER OR
2 PRODUCE INFORMATION, EVIDENCE, OR TESTIMONY, IF AN APPLICANT OR A
3 LICENSEE REFUSES TO COMPLY, THE APPLICATION OR LICENSE MAY BE DENIED,
4 SUSPENDED, OR REVOKED BY THE COMMISSION.

5 (4) (I) IF THE APPLICANT IS AN INDIVIDUAL, THE APPLICANT
6 SHALL BE PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND
7 INVESTIGATION PURPOSES.

8 (II) IF THE APPLICANT IS NOT AN INDIVIDUAL, THE
9 COMMISSION BY REGULATION MAY ESTABLISH THE CATEGORIES OF INDIVIDUALS
10 WHO SHALL BE PHOTOGRAPHED AND FINGERPRINTED FOR IDENTIFICATION AND
11 INVESTIGATION PURPOSES.

12 (5) (I) APPLICANTS AND LICENSEES SHALL INFORM THE
13 COMMISSION OF AN ACT OR OMISSION THAT THE PERSON KNOWS OR SHOULD KNOW
14 CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ADOPTED
15 UNDER THIS SUBTITLE.

16 (II) APPLICANTS AND LICENSEES MAY NOT DISCRIMINATE
17 AGAINST A PERSON WHO IN GOOD FAITH INFORMS THE COMMISSION OF AN ACT OR
18 OMISSION THAT THE PERSON BELIEVES CONSTITUTES A VIOLATION OF THIS
19 SUBTITLE OR THE REGULATIONS ADOPTED UNDER THIS SUBTITLE.

20 (6) APPLICANTS AND LICENSEES SHALL PRODUCE INFORMATION,
21 DOCUMENTATION, AND ASSURANCES TO ESTABLISH THE FOLLOWING
22 QUALIFICATION CRITERIA BY CLEAR AND CONVINCING EVIDENCE:

23 (I) THE FINANCIAL STABILITY, INTEGRITY, AND
24 RESPONSIBILITY OF THE APPLICANT OR LICENSEE;

25 (II) THE INTEGRITY OF ANY FINANCIAL BACKERS, INVESTORS,
26 MORTGAGEES, BONDHOLDERS, AND HOLDERS OF OTHER EVIDENCES OF
27 INDEBTEDNESS THAT BEAR A RELATION TO THE APPLICATION;

28 (III) THE APPLICANT'S OR LICENSEE'S GOOD CHARACTER,
29 HONESTY, AND INTEGRITY; AND

30 (IV) SUFFICIENT BUSINESS ABILITY AND EXPERIENCE OF THE
31 APPLICANT OR LICENSEE.

32 (F) (1) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED
33 UNDER THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE

COMMISSION, THE COMMISSION SHALL CONDUCT A BACKGROUND INVESTIGATION ON THE QUALIFICATIONS OF THE APPLICANT AND ANY PERSON WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE.

(2) THE COMMISSION MAY REFER AN APPLICATION FOR A LICENSE TO AN APPROVED VENDOR UNDER § 9-1A-20 OF THIS TITLE TO CONDUCT THE BACKGROUND INVESTIGATION FOR THE COMMISSION.

(G) (1) AFTER RECEIVING THE RESULTS OF THE BACKGROUND INVESTIGATION, THE COMMISSION MAY EITHER GRANT A LICENSE TO AN APPLICANT WHOM THE COMMISSION DETERMINES TO BE QUALIFIED OR DENY THE LICENSE TO AN APPLICANT WHOM THE COMMISSION DETERMINES TO BE NOT QUALIFIED OR DISQUALIFIED.

(2) IF AN APPLICATION FOR A LICENSE IS DENIED, THE COMMISSION SHALL PREPARE AND FILE AN ORDER DENYING THE LICENSE WITH A STATEMENT OF THE REASONS FOR THE DENIAL, INCLUDING THE SPECIFIC FINDINGS OF FACT.

(H) (1) AN INDIVIDUAL MAY NOT KNOWINGLY GIVE FALSE INFORMATION OR MAKE A MATERIAL MISSTATEMENT IN AN APPLICATION REQUIRED FOR ANY LICENSE UNDER THIS SUBTITLE OR IN ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE COMMISSION.

(2) AN INDIVIDUAL WHO VIOLATES THIS SECTION IS GUILTY OF A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO IMPRISONMENT NOT EXCEEDING 3 YEARS OR A FINE NOT EXCEEDING \$5,000 OR BOTH.

9-1E-07.

(A) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT FOR A LICENSE UNDER § 9-1E-04 OF THIS SUBTITLE, REPRIMAND OR FINE A LICENSEE, OR SUSPEND OR REVOKE A LICENSE FOR A VIOLATION OF:

(1) THIS SUBTITLE;

(2) A REGULATION ADOPTED UNDER THIS SUBTITLE; OR

(3) A CONDITION THAT THE COMMISSION SETS.

(B) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000.

(C) EACH DAY THAT A PERSON IS IN VIOLATION UNDER THIS SECTION

1 SHALL BE CONSIDERED A SEPARATE VIOLATION.

2 (D) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER
3 SUBSECTION (B) OF THIS SECTION, THE COMMISSION SHALL CONSIDER:

4 (1) THE SERIOUSNESS OF THE VIOLATION;

5 (2) THE HARM CAUSED BY THE VIOLATION; AND

6 (3) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON WHO
7 COMMITTED THE VIOLATION.

8 (E) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, NOTHING
9 CONTAINED IN THIS SUBTITLE ABROGATES OR LIMITS THE CRIMINAL LAWS OF THE
10 STATE OR LIMITS THE AUTHORITY OF THE GENERAL ASSEMBLY TO ENACT
11 STATUTES ESTABLISHING CRIMINAL OFFENSES AND PENALTIES RELATING TO
12 SPORTS WAGERING OPERATIONS.

13 9-1E-08.

14 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
15 SPORTS WAGERING LICENSEE MAY NOT ACCEPT WAGERS ON SPORTING EVENTS
16 UNLESS A SPORTS WAGERING LOUNGE, APPROVED BY THE COMMISSION, IS
17 ESTABLISHED AND HAS COMMENCED OPERATION IN THE LICENSEE'S VIDEO
18 LOTTERY FACILITY OR RACING FACILITY.

19 (2) A SPORTS WAGERING LICENSEE MAY PETITION THE COMMISSION
20 TO CONDUCT SPORTS WAGERING DURING THE CONSTRUCTION OF A SPORTS
21 WAGERING LOUNGE IN THE LICENSEE'S VIDEO LOTTERY FACILITY OR RACING
22 FACILITY, FOR A PERIOD NOT TO EXCEED 18 MONTHS:

23 (I) AT A TEMPORARY FACILITY THAT IS PHYSICALLY
24 CONNECTED TO, ATTACHED TO, OR ADJACENT TO THE APPLICANT'S VIDEO LOTTERY
25 FACILITY OR RACING FACILITY; OR

26 (II) THROUGH ONLINE SPORTS WAGERING.

27 (B) A SPORTS WAGERING LICENSEE THAT HAS MET THE REQUIREMENTS OF
28 SUBSECTION (A) OF THIS SECTION MAY ACCEPT WAGERS ON SPORTING EVENTS
29 THAT ARE MADE:

30 (1) BY AN INDIVIDUAL PHYSICALLY PRESENT IN A SPORTS WAGERING
31 LOUNGE LOCATED AT THE LICENSEE'S VIDEO LOTTERY FACILITY OR RACING

FACILITY OR A TEMPORARY FACILITY AUTHORIZED UNDER SUBSECTION (A) OF THIS SECTION;

(2) ON A SELF-SERVICE KIOSK OR MACHINE, APPROVED BY THE COMMISSION, BY AN INDIVIDUAL PHYSICALLY PRESENT IN THE LICENSEE'S VIDEO LOTTERY FACILITY OR RACING FACILITY; OR

(3) THROUGH ONLINE SPORTS WAGERING BY AN INDIVIDUAL PHYSICALLY LOCATED IN THE STATE.

(C) TO PARTICIPATE IN ONLINE SPORTS WAGERING UNDER THIS SECTION, A BETTOR SHALL REGISTER:

(1) IN PERSON AT THE SPORTS WAGERING LICENSEE'S VIDEO LOTTERY FACILITY OR RACING FACILITY; OR

(2) ONLINE USING A WEBSITE OR MOBILE APPLICATION APPROVED BY THE COMMISSION.

9-1E-09.

(A) (1) A SPORTS WAGERING LICENSEE:

(I) MAY CONDUCT AND OPERATE ONLINE SPORTS WAGERING; OR

(II) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION AND SUBSECTION (B) OF THIS SECTION, MAY ENTER INTO A CONTRACT WITH AN ONLINE SPORTS WAGERING OPERATOR TO CONDUCT ONLINE SPORTS WAGERING ON ITS BEHALF ON NO MORE THAN ONE:

1. WEBSITE AND ACCOMPANYING MOBILE APPLICATION, BOTH DISPLAYING THE BRAND OF THE LICENSEE; AND

2. INDIVIDUALLY BRANDED WEBSITE AND ACCOMPANYING MOBILE APPLICATION, BOTH DISPLAYING THE BRAND OF THE ONLINE SPORTS WAGERING OPERATOR.

(2) A PERSON OTHER THAN THE SPORTS WAGERING LICENSEE MAY NOT CONDUCT ONLINE SPORTS WAGERING, EXCEPT FOR TESTING PURPOSES, UNTIL THE PERSON RECEIVES FROM THE COMMISSION AN ONLINE SPORTS WAGERING LICENSE.

(3) ALL SPORTS WAGERING LICENSEES THAT ARE RELATED ENTITIES ARE TREATED AS A SINGLE SPORTS WAGERING LICENSEE FOR PURPOSES OF THE LIMITATION UNDER SUBSECTION (A)(1)(II)2 OF THIS SECTION.

(B) (1) A SPORTS WAGERING LICENSEE MAY NOT ENTER INTO A CONTRACT WITH AN ONLINE SPORTS WAGERING OPERATOR UNLESS THE CONTRACT IS IN WRITING AND HAS BEEN APPROVED BY THE COMMISSION.

(2) A SPORTS WAGERING LICENSEE SHALL SUBMIT ANY MATERIAL CHANGE IN AN ONLINE SPORTS WAGERING CONTRACT PREVIOUSLY APPROVED BY THE COMMISSION TO THE COMMISSION FOR ITS APPROVAL OR REJECTION BEFORE THE MATERIAL CHANGE MAY TAKE EFFECT.

(3) (I) THE DUTIES AND RESPONSIBILITIES OF AN ONLINE SPORTS WAGERING OPERATOR MAY NOT BE ASSIGNED, DELEGATED, SUBCONTRACTED, OR TRANSFERRED TO A THIRD PARTY WITHOUT THE PRIOR APPROVAL OF THE COMMISSION.

(II) A THIRD PARTY MUST BE LICENSED AS AN ONLINE SPORTS WAGERING OPERATOR BEFORE PROVIDING SERVICES.

9-1E-10.

(A) AN INDIVIDUAL MAY NOT WAGER ON A SPORTING EVENT AND A SPORTS WAGERING LICENSEE MAY NOT ACCEPT A WAGER FROM AN INDIVIDUAL ON A SPORTING EVENT IF THE INDIVIDUAL:

(1) IS UNDER THE AGE OF 21 YEARS;

(2) IS NOT PHYSICALLY PRESENT IN THE STATE;

(3) IS AN ATHLETE, A COACH, A REFEREE, OR A DIRECTOR OR AN EMPLOYEE OF A SPORTS GOVERNING ENTITY OR ANY OF ITS MEMBER TEAMS;

(4) IS THE DIRECT OR INDIRECT LEGAL OR BENEFICIAL OWNER OF 10% OR MORE OF A SPORTS GOVERNING ENTITY OR ANY OF ITS MEMBER TEAMS IF ANY MEMBER TEAM OF THAT SPORTS GOVERNING ENTITY PARTICIPATES IN THE SPORTING EVENT;

(5) HAS ACCESS TO CERTAIN TYPES OF EXCLUSIVE INFORMATION ON ANY SPORTING EVENT OVERSEEN BY THAT INDIVIDUAL'S SPORTS GOVERNING ENTITY;

1 **(6) HOLDS A POSITION OF AUTHORITY OR INFLUENCE SUFFICIENT TO**
2 **EXERT INFLUENCE OVER THE PARTICIPANTS IN A SPORTING EVENT, INCLUDING**
3 **COACHES, MANAGERS, HANDLERS, OR ATHLETIC TRAINERS;**

4 **(7) IS IDENTIFIED ON ANY MANDATORY OR VOLUNTARY EXCLUSION**
5 **LIST MAINTAINED BY THE COMMISSION;**

6 **(8) IS THE OPERATOR, DIRECTOR, OFFICER, OWNER, OR EMPLOYEE**
7 **OF THE SPORTS WAGERING LICENSEE OR ONLINE SPORTS WAGERING OPERATOR OR**
8 **ANY RELATIVE OF THE LICENSEE OR OPERATOR LIVING IN THE SAME HOUSEHOLD**
9 **AS THE LICENSEE OR OPERATOR; OR**

10 **(9) HAS ACCESS TO NONPUBLIC CONFIDENTIAL INFORMATION HELD**
11 **BY THE SPORTS WAGERING LICENSEE OR ONLINE SPORTS WAGERING OPERATOR.**

12 **(B) FOR ONLINE SPORTS WAGERING, THE SPORTS WAGERING LICENSEE**
13 **SHALL:**

14 **(1) HAVE IN PLACE TECHNICAL AND OPERATIONAL MEASURES TO**
15 **PREVENT ACCESS BY INDIVIDUALS WHO ARE UNDERAGE OR PHYSICALLY LOCATED**
16 **OUTSIDE THE STATE, INCLUDING:**

17 **(I) AGE VERIFICATION PROCEDURES, WHICH MAY REQUIRE**
18 **THE USE OF A REPUTABLE INDEPENDENT THIRD PARTY THAT IS IN THE BUSINESS**
19 **OF VERIFYING AN INDIVIDUAL'S PERSONALLY IDENTIFIABLE INFORMATION; AND**

20 **(II) THE USE OF GEOFENCING TECHNOLOGY TO VERIFY A**
21 **BETTOR'S GEOGRAPHIC LOCATION;**

22 **(2) INCLUDE ON ITS ONLINE SPORTS WAGERING WEBSITE A**
23 **DESCRIPTION OF THE POSSIBLE REPERCUSSIONS FOR AN UNDERAGE OR**
24 **OUT-OF-STATE BETTOR, WHICH MAY INCLUDE IMMEDIATE STOPPAGE OF PLAY,**
25 **ACCOUNT CLOSURE, AND FORFEITURE AND CONFISCATION OF WINNINGS; AND**

26 **(3) ESTABLISH PROCEDURES TO PREVENT PROHIBITED INDIVIDUALS**
27 **FROM WAGERING ON SPORTING EVENTS.**

28 **(C) A SPORTS WAGERING LICENSEE SHALL:**

29 **(1) ADOPT PROCEDURES TO OBTAIN PERSONALLY IDENTIFIABLE**
30 **INFORMATION FROM ANY INDIVIDUAL WHO PLACES ANY SINGLE WAGER IN AN**
31 **AMOUNT OF \$10,000 OR MORE ON A SPORTING EVENT;**

(2) PROMPTLY REPORT TO THE COMMISSION:

(I) ANY CRIMINAL OR DISCIPLINARY PROCEEDINGS AGAINST THE LICENSEE OR ITS EMPLOYEES IN CONNECTION WITH THE LICENSEE'S SPORTS WAGERING OPERATION;

(II) ANY ABNORMAL BETTING ACTIVITY OR PATTERNS THAT MAY INDICATE A CONCERN ABOUT THE INTEGRITY OF A SPORTING EVENT;

(III) ANY OTHER CONDUCT WITH THE POTENTIAL TO CORRUPT THE OUTCOME OF A SPORTING EVENT FOR PURPOSES OF FINANCIAL GAIN, INCLUDING MATCH FIXING; AND

(IV) ANY SUSPICIOUS OR ILLEGAL WAGERING ACTIVITIES, INCLUDING THE USE OF FUNDS DERIVED FROM ILLEGAL ACTIVITY, WAGERS TO CONCEAL OR LAUNDER FUNDS DERIVED FROM ILLEGAL ACTIVITY, USE OF AGENTS TO PLACE WAGERS, OR USE OF FALSE IDENTIFICATION; AND

(3) MAINTAIN RECORDS OF SPORTS WAGERING OPERATIONS IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE COMMISSION.

(D) THE COMMISSION IS AUTHORIZED TO SHARE ANY INFORMATION UNDER THIS SECTION WITH ANY LAW ENFORCEMENT AGENCY, SPORTS TEAM, SPORTS GOVERNING ENTITY, OR REGULATORY AGENCY THE COMMISSION DEEMS APPROPRIATE.

9-1E-11.

(A) (1) THE COMMISSION SHALL ACCOUNT TO THE COMPTROLLER FOR ALL OF THE REVENUE UNDER THIS SUBTITLE.

(2) THE PROCEEDS FROM SPORTS WAGERING SHALL BE UNDER THE CONTROL OF THE COMPTROLLER AND DISTRIBUTED AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION.

(B) ALL PROCEEDS FROM SPORTS WAGERING SHALL BE ELECTRONICALLY TRANSFERRED ON A WEEKLY BASIS INTO THE STATE LOTTERY FUND ESTABLISHED UNDER SUBTITLE 1 OF THIS TITLE AND DISTRIBUTED, ON A PROPERLY APPROVED TRANSMITTAL PREPARED BY THE COMMISSION, AS FOLLOWS:

(1) TO THE SPORTS WAGERING LICENSEE, 80% OF THE PROCEEDS FROM SPORTS WAGERING; AND

1 **(2) THE REMAINDER TO THE EDUCATION TRUST FUND ESTABLISHED**
2 **UNDER § 9-1A-30 OF THIS TITLE.**

3 **(C) A WINNING WAGER ON A SPORTING EVENT THAT IS NOT CLAIMED BY THE**
4 **WINNER WITHIN 182 DAYS AFTER THE WAGER IS WON SHALL:**

5 **(1) BECOME THE PROPERTY OF THE STATE; AND**

6 **(2) BE DISTRIBUTED TO THE EDUCATION TRUST FUND ESTABLISHED**
7 **UNDER § 9-1A-30 OF THIS TITLE.**

8 **9-1E-12.**

9 **(A) ALL WAGERS ON SPORTING EVENTS AUTHORIZED UNDER THIS**
10 **SUBTITLE SHALL BE INITIATED, RECEIVED, AND OTHERWISE MADE WITHIN THE**
11 **STATE UNLESS OTHERWISE DETERMINED BY THE COMMISSION IN ACCORDANCE**
12 **WITH APPLICABLE FEDERAL AND STATE LAWS.**

13 **(B) CONSISTENT WITH THE INTENT OF THE UNITED STATES CONGRESS AS**
14 **ARTICULATED IN THE UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT OF**
15 **2006, THE INTERMEDIATE ROUTING OF ELECTRONIC DATA RELATING TO A LAWFUL**
16 **INTRASTATE WAGER AUTHORIZED UNDER THIS SUBTITLE MAY NOT DETERMINE THE**
17 **LOCATION IN WHICH THE WAGER IS INITIATED, RECEIVED, OR OTHERWISE MADE.**

18 **(C) NOTWITHSTANDING THE PROVISIONS OF THIS SUBTITLE, A WAGER ON A**
19 **SPORTING EVENT MAY BE ACCEPTED OR POOLED WITH A WAGER FROM AN**
20 **INDIVIDUAL WHO IS NOT PHYSICALLY PRESENT IN THE STATE IF THE COMMISSION**
21 **DETERMINES THAT ACCEPTING OR POOLING THE WAGER IS NOT INCONSISTENT**
22 **WITH FEDERAL LAW OR THE LAW OF THE JURISDICTION, INCLUDING ANY FOREIGN**
23 **NATION, IN WHICH THE INDIVIDUAL IS LOCATED, OR THAT SUCH WAGERING IS**
24 **CONDUCTED IN ACCORDANCE WITH A RECIPROCAL AGREEMENT TO WHICH THE**
25 **STATE IS A PARTY THAT IS NOT INCONSISTENT WITH FEDERAL LAW.**

26 **9-1E-13.**

27 **ON OR BEFORE DECEMBER 1 EACH YEAR, THE COMMISSION SHALL REPORT**
28 **TO THE GOVERNOR AND, SUBJECT TO § 2-1257 OF THIS ARTICLE, TO THE GENERAL**
29 **ASSEMBLY ON:**

30 **(1) THE OPERATION OF SPORTS WAGERING IN THE STATE;**

31 **(2) SPORTS WAGERING REVENUES FROM THE IMMEDIATELY**
32 **PRECEDING FISCAL YEAR, INCLUDING THE HANDLE, HOLD, HOLD PERCENTAGE,**

1 AND PROCEEDS, BROKEN DOWN BY TYPE OF WAGER, TYPE OF SPORTING EVENT, AND
2 SPORTS WAGERING FACILITY;

3 (3) THE IMPACT OF SPORTS WAGERING ON THE INTEGRITY OF
4 SPORTING EVENTS, INCLUDING THE IMPACT, IF ANY, ON ATHLETES;

5 (4) (I) THE IMPACT OF SPORTS WAGERING ON PROBLEM
6 GAMBLERS AND GAMBLING ADDICTION IN THE STATE; AND

7 (II) THE NEED, IF ANY, OF ADDITIONAL PROBLEM GAMBLING
8 FUNDS AND RECOMMENDATIONS ON THE AMOUNT NECESSARY TO ADDRESS THE
9 IMPACT ON PROBLEM GAMBLING; AND

10 (5) THE EFFECTIVENESS OF THE STATUTORY AND REGULATORY
11 CONTROLS IN PLACE TO ENSURE THE INTEGRITY OF ONLINE SPORTS WAGERING
12 OPERATIONS.

13 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General
14 Assembly that, in order to maintain the competitiveness of the State's gaming program, the
15 State Lottery and Gaming Control Agency prepare to implement sports wagering in the
16 State as expeditiously as possible and in a manner that is in the best interests of Maryland
17 and its citizens, by:

18 (1) reviewing the implementation processes of other states and consulting
19 with the gaming regulators in those states; and

20 (2) developing draft regulations that have been approved by the Director of
21 the Agency ahead of the 2020 general election and initiating the administrative process for
22 those regulations as soon as possible under the law.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2020, contingent on the taking effect of Chapter ____ (S.B. ____/H.B. ____)(0lr1609) of
25 the Acts of the General Assembly of 2020, and if Chapter ____ (S.B. ____/H.B. ____)(0lr1609)
26 does not become effective, this Act, with no further action required by the General
27 Assembly, shall be null and void.