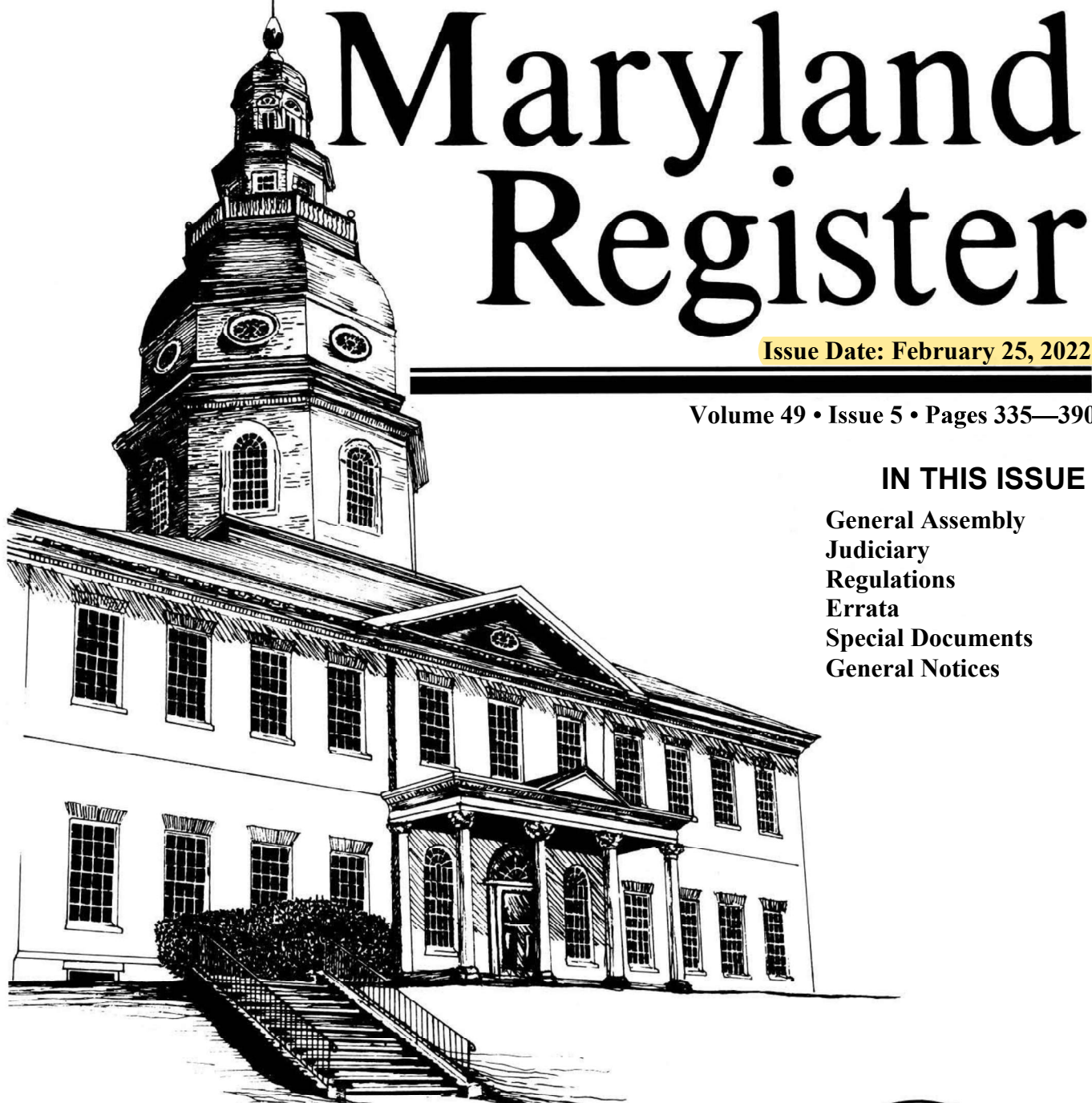




Maryland Register

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Pursuant to State Government Article, §7-206, Annotated Code of Maryland, this issue contains all previously unpublished documents required to be published, and filed on or before February 7, 2022, 5 p.m.

Pursuant to State Government Article, §7-206, Annotated Code of Maryland, I hereby certify that this issue contains all documents required to be codified as of February 7, 2022.

Gail S. Klakring
Administrator, Division of State Documents
Office of the Secretary of State



Emergency Action on Regulations

Symbol Key

- Roman type indicates text existing before emergency status was granted.
- *Italic type* indicates new text.
- [Single brackets] indicate deleted text.

Emergency Regulations

Under State Government Article, §10-111(b), Annotated Code of Maryland, an agency may petition the Joint Committee on Administrative, Executive, and Legislative Review (AELR), asking that the usual procedures for adopting regulations be set aside because emergency conditions exist. If the Committee approves the request, the regulations are given emergency status. Emergency status means that the regulations become effective immediately, or at a later time specified by the Committee. After the Committee has granted emergency status, the regulations are published in the next available issue of the Maryland Register. The approval of emergency status may be subject to one or more conditions, including a time limit. During the time the emergency status is in effect, the agency may adopt the regulations through the usual promulgation process. If the agency chooses not to adopt the regulations, the emergency status expires when the time limit on the emergency regulations ends. When emergency status expires, the text of the regulations reverts to its original language.

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Notice of Emergency Action

[22-060-E]

The Joint Committee on Administrative, Executive, and Legislative Review has granted emergency status to:

(1) Amendments to Regulations **.03** and **.08** under **COMAR 36.10.04 Specific Requirements for Sports Wagering Facilities Licensees**;

(2) Amendments to Regulation **.03** under **COMAR 36.10.12 Collection of Taxes, Fees, and Penalties**;

(3) Amendments to Regulation **.40** under **COMAR 36.10.13 Sports Wagering Licensee Minimum Internal Control Standards**;

(4) Amendments to Regulations **.01** and **.03** under **COMAR 36.10.14 Sports Wagering Requirements and Limitations**;

(5) Amendments to Regulations **.03** and **.04** under **COMAR 36.10.16 Wagering Using Online, Web-Based, or Mobile Applications**;

(6) New Regulation **.04** under **COMAR 36.10.17 Sports Wagering Equipment**; and

(7) Amendments to Regulations **.05** and **.06** under **COMAR 36.10.18 Sports Wagering Technical Standards**.

Emergency status began: January 26, 2022.

Emergency status expires: July 25, 2022.

Editor's Note: The text of this document will not be printed here because it appears as a Notice of Proposed Action on pages 383—385 of this issue, referenced as [22-060-P].

JOHN A. MARTIN
Director

Waterbody	Waterbody/Limits	Area (acres)
<i>Stony Creek</i>	39.1723° N, 76.5171° W to 39.1725° N, 76.5126° W	677
<i>Rock Creek</i>	39.1614° N, 76.5004° W to 39.1625° N, 76.4862° W	524
<i>South Shore, Patapsco River</i>	39.1472° N, 76.4589° W to 39.1471° N, 76.4588° W	2
<i>Bodkin Creek</i>	39.1346° N, 76.4398° W to 39.1320° N, 76.4384° W	609
<i>Magothy and Little Magothy Rivers</i>	39.0592° N, 76.4332° W to 39.0462° N, 76.4295° W	5,879
<i>Podickory Creek</i>	39.0328° N, 76.4040° W to 39.0318° N, 76.4049° W	9
<i>Sandy Point/Mezick Ponds</i>	39.0087° N, 76.4032° W to 39.0086° N, 76.4037° W	47
<i>Whitehall Bay</i>	38.9748° N, 76.4547° W to 38.9871° N, 76.4268° W	1,599
<i>Severn River</i>	38.9747° N, 76.4547° W to 38.9411° N, 76.4504° W	7,497
<i>Oyster Creek</i>	38.9274° N, 76.4638° W to 38.9273° N, 76.4634° W	34
<i>Fishing Creek</i>	38.9148° N, 76.4591° W to 38.9073° N, 76.4602° W	228
<i>South River</i>	38.9073° N, 76.4602° W to 38.8850° N, 76.4910° W	5,904
<i>West and Rhode Rivers</i>	38.8850° N, 76.4910° W to 38.8531° N, 76.4959° W	4,370
<i>Total Area</i>		27,379

(5) The provisions in §B(4) of this regulation are effective for all vessels on July 1, 2022, with the exception of United States Coast Guard Inspected Passenger Vessels as defined in 46 CFR Chapter I, Subchapter T, Small Passenger Vessels (Under 100 Gross Tons), for which this regulation will become effective on July 1, 2025.

C. (text unchanged)

BENJAMIN H. GRUMBLES
Secretary of the Environment

Title 36

MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY

Subtitle 05 TABLE GAMES

36.05.02 Table Game Equipment

Authority: State Government Article, §§9-1A-02 and 9-1A-04, Annotated Code of Maryland

Notice of Proposed Action [22-058-P]

The Maryland State Lottery and Gaming Control Agency proposes to amend Regulation .20 under COMAR 36.05.02 Table Game Equipment. This action was considered at the Maryland Lottery and Gaming Control Commission open meeting held on December 2, 2021, notice of which was given pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to increase the maximum number of permitted player positions from 14 to 28 for each dealer controlled electronic table game, which would bring Maryland closer to the limits in other jurisdictions.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact. The limited number currently permitted prevents them from offering more positions at lower wagers and discourages some players, thereby reducing the tax revenue. This change brings Maryland closer to the limits in other jurisdictions. The proposed amendment would allow the casinos to accommodate more players and have more flexible minimum wagers if they are able to add more positions while still having the game considered a table game for tax purposes.

II. Types of Economic Impact.	Revenue (R+/R-)	Magnitude
	Expenditure (E+/E-)	
A. On issuing agency:	NONE	
B. On other State agencies:		
ETG tax rate	(R-)	Minor
C. On local governments:	NONE	
	Benefit (+) Cost (-)	Magnitude
D. On regulated industries or trade groups:		
Casinos	(+)	Minor
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:		
Player positions	(+)	Minimal

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

B. Although ETGs are currently taxed at the VLT tax rate, the casinos believe that they will be able to accommodate more players and have more flexible minimum wagers if they are able to add more positions while still having the game considered a table game for tax purposes.

D. This amendment would bring Maryland's ETGs positions closer to the limits in other jurisdictions.

F. The change should have a positive economic impact because more positions will be available for players at the dealer controlled electronic table games (ETGs), which will allow the casinos to offer more flexible minimum wagers. Because the current regulatory provision only permits casinos to have 14 positions at each ETG, this provision prevents the casinos from offering more positions at lower wagers and discourages some players from participating, thereby reducing the tax revenue.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to James B. Butler, Assistant Deputy Director, Chief of Staff, Maryland Lottery and Gaming Control Agency, 1800 Washington Blvd., Suite 330, Baltimore, MD 21230, or call (410) 230-8781, or email to jbutler@maryland.gov, or fax to (410) 230-8727. Comments will be accepted through March 28, 2022. A public hearing has not been scheduled.

36.05.02 Table Game Equipment

Authority: State Government Article, §§9-1A-02 and 9-1A-04, Annotated Code of Maryland

.20 Dealer Controlled Electronic Table Games — Requirements.

A.—G. (text unchanged)

H. A dealer controlled electronic table game system shall have no more than [14] 28 table game positions in operation for every dealer.

I. (text unchanged)

JOHN A. MARTIN
Director

**Subtitle 10 SPORTS WAGERING
PROVISIONS**

Notice of Proposed Action

[22-060-P]

The Maryland State Lottery and Gaming Control Agency proposes to:

- (1) Amend Regulations .03 and .08 under **COMAR 36.10.04 Specific Requirements for Sports Wagering Facilities Licensees;**
- (2) Amend Regulation .03 under **COMAR 36.10.12 Collection of Taxes, Fees, and Penalties;**
- (3) Amend Regulation .40 under **COMAR 36.10.13 Sports Wagering Licensee Minimum Internal Control Standards;**
- (4) Amend Regulations .01 and .03 under **COMAR 36.10.14 Sports Wagering Requirements and Limitations;**
- (5) Amend Regulations .03 and .04 under **COMAR 36.10.16 Wagering Using Online, Web-Based, or Mobile Applications;**
- (6) Adopt new Regulation .04 under **COMAR 36.10.17 Sports Wagering Equipment;** and
- (7) Amend Regulations .05 and .06 under **COMAR 36.10.18 Sports Wagering Technical Standards.**

This action was considered at the Maryland Lottery and Gaming Control Commission open meeting held on December 16, 2021, notice of which was given pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to:

- (1) Remove requirements to use Official League Data;
- (2) Include the unique aspects of the application process when the owner of a professional sports franchise or stadium under State Government Article, §9-1E-06(a)(1)(i)2 selects a designee to be the applicant for a sports wagering facility license;
- (3) Remove provisions that would authorize a “runner” to purchase an in-person wager;

(4) Specify when tax returns and tax payments are due to the Commission, and specify the enforcement action to be taken if not timely remitted;

(5) Align time frames specified in the Internal Controls chapter;

(6) Allow bettors to access their account while out of State, as long as wagering does not occur;

(7) Include a Change Management Plan issued by the Commission that licensees must follow;

(8) Allow bettors to opt out of receiving by email, text message, or other means confirmation of each transaction on a bettor account; and

(9) Clarify information security measures

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to James B. Butler, Assistant Deputy Director, Chief of Staff, Maryland Lottery and Gaming Control Agency, 1800 Washington Blvd., Suite 330, Baltimore, MD 21230, or call (410) 230-8781, or email to jbutler@maryland.gov, or fax to (410) 230-8727. Comments will be accepted through March 28, 2022. A public hearing has not been scheduled.

**36.10.04 Specific Requirements for Sports
Wagering Facilities Licensees**

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

.03 Class A-1 Sports Wagering Facility License.

A.—D. (text unchanged)

E. Designee Designation. If an applicant that is an owner identified under §B(2)—(7) of this regulation identifies a designee, the owner shall:

(1) Complete and execute an Affidavit of Owner of a Professional Sports Franchise or Stadium Supporting the Owner's Designee to be the Applicant for, and Holder of, a Sports Wagering Facility License that:

(a) Identifies the designee;

(b) Acknowledges that the sports wagering law authorizes the Commission to issue a Class A-1 sports wagering facility license to an owner of a specified professional sports franchise or stadium, or to the owner's designee, if the applicant meets all applicable requirements;

(c) Understands, acknowledges, and certifies that the designee is required to meet all applicable requirements for:

(i) Qualification by the Commission;

(ii) License award by SWARC;

(iii) License issuance by the Commission; and

(iv) Continuing obligations for the term of the license;

(d) Understands, acknowledges, and certifies that the owner is prohibited from controlling or influencing the designee in the designee's capacity as an applicant for or holder of a sports wagering facility license; and

(e) Understands, acknowledges, and certifies that the owner is prohibited from receiving from the designee any interest,

percentage, or share of handle, proceeds, or profit, that is based on sports wagering; and

(2) Submit to the Commission documentation establishing that it has no control or influence over an owner's designee.

F. Designee Responsibilities.

(1) The designee shall complete and execute an Affidavit of Designee of an Owner of a Professional Sports Franchise or Stadium Supporting the Owner's Designee to be the Applicant for, and Holder of, a Sports Wagering Facility License that meets the same requirements in §E(1) of this regulation.

(2) The designee shall submit to the Commission documentation that the owner has no control or influence over it.

G. Designee Substitution.

(1) If an owner seeks to replace the named designee, the owner and the designee shall submit to the Commission a request to replace the designee as the holder of the license.

(2) The new designee shall submit to the Commission an application for a sports wagering facility license.

(3) The Commission may transfer the sports wagering facility license to the new designee after the Commission determines the new designee meets all applicable requirements for a sports wagering facility license, and issues the license.

.08 In-Person Wagering at Sports Wagering Facilities.

A. A sports wagering facility licensee may accept a wager made by an individual who is physically present at the sports wagering facility at a betting window [or by a runner].

B.—D. (text unchanged)

36.10.12 Collection of Taxes, Fees, and Penalties

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-33, and 9-1E-01—9-1E-15, Annotated Code of Maryland

.03 Obligation to Pay.

A. (text unchanged)

B. A sports wagering licensee shall submit monthly sports wagering tax returns to the Commission by the 5th day of the following month.

C. If monthly sports wagering taxes are due, the licensee shall pay them to the Commission by wire transfer by the 5th day of the following month.

D. If, by the seventh calendar day of the month, a sports wagering licensee fails to submit a properly completed sports wagering tax return and all taxes due to the Commission, the sports wagering license shall be automatically suspended.

E. If a sports wagering license is suspended under of this regulation, the Commission may lift the license suspension after the licensee submits the tax return and the tax payment.

[B.] F. (text unchanged)

[C.] G. Reconciliation of Gross Sports Wagering Receipts.

(1) If a sports wagering licensee returns to successful bettors more than the amount of money wagered on a sporting event, the sports wagering licensee may subtract the difference between the amount wagered and the amount returned to bettors from its proceeds of up to [three] 3 months.

(2) A sports wagering licensee may not subtract losses under [§C(1)] §G(1) of this regulation for more than [three] 3 consecutive months.

36.10.13 Sports Wagering Licensee Minimum Internal Control Standards

Authority: State Government Article, §§9-1A-02, 9-1A-04, 9-1A-33, and 9-1E-01—9-1E-15, Annotated Code of Maryland

.40 Security of Funds and Data.

A.—D. (text unchanged)

E. A sports wagering licensee shall implement and prominently publish the following on its platform:

(1)—(4) (text unchanged)

(5) Procedures that allow a bettor to request withdrawal of funds from their user account, whether such account is open or closed, including:

(a) The sports wagering licensee shall honor any bettor's request to withdraw funds by the later of [10] 5 days after receipt of the request or [10] 5 days after submission of any tax reporting paperwork required by law;

(b)—(c) (text unchanged)

(6) (text unchanged)

F.—J. (text unchanged)

36.10.14 Sports Wagering Requirements and Limitations

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

.01 Authorized Wagers.

A.—B. (text unchanged)

C. Verifiable Outcome.

(1) (text unchanged)

(2) A sports wagering licensee may use any Commission approved data source for determining the results of sports wagers.

[(3)] A governing entity may submit a request to the Commission to require a sports wagering licensee to use official league data to settle a wager placed.

(4) Within 60 days after the Commission approves the request from a governing entity, a sports wagering licensee may only use official league data to determine the result of a wager placed.

(5) A sports wagering licensee may use data other than official league data if:

(a) The governing entity is unable to provide, on commercially reasonable terms as determined by the Commission, a timely feed of official league data; or

(b) A sports wagering licensee demonstrates to the Commission that a governing entity has not provided or offered to provide a feed of official league data to the sports wagering licensee on commercially reasonable terms, by providing the Commission with sufficient information to show:

(i) The availability of a governing entity's official league data for such bets on commercially reasonable terms from an alternative authorized source;

(ii) Costs paid by the sports wagering licensee for data from authorized sources, in Maryland and in other states;

(iii) The reliability of the data, including the quality and complexity of the process used for collecting the data; and

(iv) Any other information the Commission requires.

(6) While the Commission is considering whether official league data is available on commercially reasonable terms, a sports wagering licensee may use any other approved data source for determining the results of bets placed.]

D. (text unchanged)

.03 Prohibited Wagers.

A. (text unchanged)

B. A sports wagering licensee may not accept a wager that the licensee knew or should have known:

(1) (text unchanged)

(2) Was made by an athlete on [an athletic event of the type in which the athlete participates or] an athletic event governed by the same governing entity under which the athlete competes;

(3)—(5) (text unchanged)

C.—E. (text unchanged)

36.10.16 Wagering Using Online, Web-Based, or Mobile Applications

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

.03 Geolocation Requirements.

A sports wagering licensee and its agents, contractors, and vendors shall ensure that all of its sports [wagering is] *wagers are* initiated, received, and completed within the State and that only intermediate routing of a sports wager occurs outside the State.

.04 Periodic Review of Systems.

A sports wagering licensee and its agents, contractors, and vendors shall periodically review their [information] *geolocation* technology systems [and networks] to ensure compliance with this chapter.

36.10.17 Sports Wagering Equipment

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

.04 Change Management.

Sports wagering licensees shall adhere to a Change Management Plan issued by the Commission.

36.10.18 Sports Wagering Technical Standards

Authority: State Government Article, §§9-1E-01—9-1E-15, Annotated Code of Maryland

.05 Bettor Accounts.

A.—M. (text unchanged)

N. Except for the placement or settlement of a wager, *unless the bettor has opted to not receive such notifications*, the sports wagering licensee shall confirm each transaction on a bettor account by:

(1)—(3) (text unchanged)

O.—V. (text unchanged)

.06 Information Security.

A. A sports wagering licensee shall:

(1) Implement, maintain, regularly review and revise, and comply with a comprehensive information security system that [takes reasonable steps to protect] *reasonably protects* the confidentiality, integrity, and availability of a bettor's personally identifiable information; and

(2) Ensure that the security system set forth in §A(1) of this regulation [shall contain] *includes* administrative, technical, and physical safeguards which [are]:

(a) [Appropriate] *Are appropriate* to the size, complexity, nature, and scope of the operations; and

(b) [Sensitive of] *Protect* the personal information owned, licensed, maintained, handled, or otherwise in the possession of the sports wagering licensee.

B. A sports wagering licensee shall:

(1) *Within 90 days of commencing operations, and annually thereafter, conduct a vulnerability assessment, penetration testing, and operational security control review against ISO 27001 standard, or other similar standards such as CIS or NIST CSF;*

[(1)] (2) Perform vulnerability assessments and penetration testing of the sports wagering platform[, associated equipment, and networks to assess the effectiveness of security controls; and] *at multiple layers, including:*

(a) *Internal and external network;*(b) *Mobile and web application;*(c) *Database;*(d) *Firewall;*(e) *If applicable, wireless; and*

(f) *Any additional security testing that the Commission requires;*

[(2)] (3) [Have the testing set forth in §B(1) of this regulation conducted by a Commission approved third party as set forth in Regulation .03B of this chapter.] *Ensure that a Commission approved third party described in Regulation .02B of this chapter conducts the testing required in §B(1) and (2) of this regulation; and*

(4) *Perform internal quarterly vulnerability scans, and retain documentation of the scan results and the actions taken to resolve identified vulnerabilities.*

C. A sports wagering licensee shall [create a report that:] *submit to the Commission the assessment report issued by the third party and the licensee's report.*

D. *The combined reports in §C of this regulation shall:*(1) *Provide details for all vulnerabilities identified;*

[(1)] (2) [Assesses] *Assess* the adequacy and effectiveness of the sports wagering licensee's information technology security controls and system configurations; and

[(2)] (3) [Provides] *Provide* recommendations for eliminating each material weakness or significant deficiency identified.

[D.] E. (text unchanged)

JOHN A. MARTIN
Director