



## STAFF AGENDA MEMORANDUM

**DATE OF MEETING:** December 19, 2024

**AGENDA ITEM:** **Withdrawal of Proposed Amendments to Regulations:**  
General Provisions  
Table Games

**PRESENTER:** James Nielsen, Deputy Director / COO

**ISSUE SUMMARY:** In September 2024, the Agency presented a number of amendments to video lottery terminal, table game, and sports wagering regulations, all of which the Commission approved. Some of the approved amendments would, if finalized, eliminate all deductions from taxable revenue for redeemed promotional play for VLTs, table games, and sports wagering. The 30-day public comment period for these regulations began December 2. However, since the Commission approved the proposed promotional play regulation amendments in September, economic and competitive concerns have led the Agency to reconsider those amendments as related to casino promotional play.

Rather than waiting for expiration of the public comment period, the Agency believes withdrawing these proposed amendments at this time will allow the casinos to plan marketing campaigns to mitigate out of state competition in 2025. The Agency is not proposing the withdrawal of amendments that eliminated promotional play deductions for Sports Wagering.

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

#### **Subtitle 03 Gaming Provisions**

#### **Chapter 10 Video Lottery Facility Minimum Internal Control Standards**

Withdrawal of proposed amendments to Regulation .36 of this chapter regarding the elimination of the ability of a video lottery facility to deduct promotional play redeemed by players from its taxable revenues.

#### **Subtitle 05 Table Games**

#### **Chapter 03 Table Game Procedures**

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

**COMMISSION ACTION REQUESTED:**

- 1) After review and any discussion, motion to approve withdrawal of the proposed amendments to Regulation 36.03.10.36;
- 2) After review and any discussion, motion to approve withdrawal of the proposed amendments to Regulation 36.05.03.15;
- 3) Motion to delegate to Staff the authority to make any non-substantive changes to the withdrawn proposed amendments that may be necessary to prepare the notice of withdrawal for publication in the *Maryland Register*.

**STAFF RECOMMENDATIONS:** Staff recommends approval of all 3 motions.

1 Title 36  
2 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY  
3 Subtitle 03 GAMING PROVISIONS

4 Chapter 10 Video Lottery Facility Minimum Internal Control Standards

5 Authority: Family Law Article, §10-113.1; State Government Article, §§9-1A-01(u), 9-1A-02, 9-  
6 1A-04, and 9-1A-24; Annotated Code of Maryland

7 **.36 Promotional Play.**

8 A. – E. (text unchanged)

9 F. ~~[Limitation on Free]~~ **No Deduction From Proceeds for** Promotional Play.

10 ~~[(1) Through the first full fiscal year of a facility's operations, the proceeds of a facility~~  
11 ~~excludes money given away by a licensee as free promotional play and used by players to bet in~~  
12 ~~a video lottery terminal or at a table game.~~

13 ~~(2) After the first full fiscal year of a facility's operations, the amount of money given away~~  
14 ~~as free promotional play in a fiscal year may not exceed a percentage of the facility's proceeds~~  
15 ~~received in the prior fiscal year under State Government Article, §9-1A-27(a)(2), (c)(1)(ii), and~~  
16 ~~(d)(1), Annotated Code of Maryland, that equates to 20 percent of total video lottery terminal~~  
17 ~~and table game proceeds the facility generated in the prior fiscal year.~~

18 ~~(3) An amount of money given away as free promotional play in a fiscal year exceeding the~~  
19 ~~percentage defined in §F(2) of this regulation of the facility's proceeds of the prior fiscal year~~  
20 ~~shall be allocated as] **No percentage of promotion play may be deducted from** proceeds under~~  
21 ~~State Government Article, §9-1A-27, Annotated Code of Maryland.~~

22 G. **Reporting.** No later than 90 days after the end of the fiscal year, a facility operator shall  
23 submit to the Commission a written [:

24 ~~(1) Report] **report** of its use of free promotional play during the prior fiscal year. [; and~~

25 ~~(2) Recommendation for any adjustment to the limitation on free promotional play~~  
26 ~~established under §F(2) of this regulation.]~~

27 H. For purposes of ~~[§§F and G]~~ **§G** of this regulation, “fiscal year” means the fiscal year of the  
28 facility operator.

1 Title 36  
2 MARYLAND STATE LOTTERY AND GAMING CONTROL AGENCY  
3 Subtitle 05 TABLE GAMES

4 Chapter 03 Table Games Procedures

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

6 .15 Table Game Taxes and Gross Table Game Revenue.

7 A. – C (text unchanged)

8 D. The net revenue for an individual banking table game must be equal to the total of §D(1)—  
9 (3) of this regulation, minus the total of §D(4)—(6) of this regulation:

10 (1) – (5) (text unchanged)

11 (6) The sum of all promotional instruments [~~that are allowed to be~~ **may not be** excluded  
12 from taxable proceeds under COMAR 36.03.10.36.

13 E. – J. (text unchanged)