



## Regulatory Oversight

### COMMERCIAL GAMING

**Governing Body:** Maryland Code State Government § 9-1A-01 et. seq., provides a regulatory framework for the implementation of Video Lottery Terminals (VLTs) and table games through the Maryland Lottery and Gaming Control Commission (MLGCC), within the Maryland Lottery and Gaming Control Agency (MLGCA).

The MLGCC is a seven-member board responsible for regulating gaming (slots and table games) in Maryland. The MLGCC also serves as an advisory board to the MLGCA. After licenses are awarded, the MLGCA steps in for the subsequent regulatory process and is responsible for conducting background and financial checks of potential facility licensees, in conjunction with the appropriate agencies.

Video lottery terminals (VLTs), including electronic table games, are permitted under the law. Electronic table games, which are electronic versions of games such as roulette and blackjack, are permitted under the definition of VLTs. The law was amended in 2012 to permit live table games. Authorized table games are defined as roulette, baccarat, blackjack, craps, big six-wheel, mini-baccarat, poker, pai gow poker, and sic bo (or any variation and composites of these games); and gaming tournaments in which players compete against one another in one or more of the games previously described.



## Licensing

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Under [§ 9-1A-36](#), six video lottery facilities, or casinos, are permitted in the state, the last of which opened in 2016.

Licenses are awarded through a competitive bidding process. An initial license fee of \$3m is required for every 500 VLTs included in the application. The applicant must provide for at least \$25m in direct investment by the applicant in construction and related costs for each 500 VLTs contained in the proposed application, which shall be prorated based on the exact number of VLTs contained in the application. The license awarded is for an initial period of 15 years. The licensee may apply for a 15-year renewal at the end of the original license period, however the operator must submit a notice of intent to reapply at least two years (and no more than five years) prior to the expiration date.

The Video Lottery Facility Location Commission, tasked with awarding the casino licenses, may alter the allocation of the VLTs if warranted by market conditions. However, no more than 4,750 VLTs may be placed at any single location and no more than 16,500 VLTs across the state.

**Supplier License:** In Maryland, manufacturers, distributors and resellers must be licensed. Manufacturers must pay a \$10,000 application fee and an initial license fee of \$5,000. Their licenses may be renewed every five years at \$5,000. Distributors and resellers must pay a \$10,000 application fee and an initial license fee of \$1,000. A distributor/reseller license may be renewed every five years at \$5,000.



## Taxation

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**Gaming Tax Rate:** Maryland's VLT tax rates vary by casino. Currently, owners of casinos are entitled to the following revenue shares from VLTs:

- Rocky Gap Casino Resort: 60%
- Casino at Ocean Downs: 53%
- Maryland Live!: 49%
- Horseshoe Casino Baltimore: 46%
- MGM National Harbor: 44%
- Hollywood Casino Perryville: 39%

The taxation rate for table games is 20 percent and is distributed as follows: 15 percent to the Maryland Education Trust Fund and 5 percent to local grants. Md. Code State Government [§ 9-1A-27\(D\)](#).

**Tax Allocation:** In Maryland, slot machine taxes are distributed in the following manner:

Education Trust Fund	32.75-47.5%
Horse Racing Purse	6%
Local Impact Grants	5.5%
Race Track Facilities Renewal Account	1%
Maryland Lottery & Gaming Control Agency	1%
Small, minority and women-owned business	1.5%

**Promotional Credits:** In Maryland, 20 percent of total VLT revenue from the previous fiscal year may be used as free promotional play.

**Withholding Tax on Gambling Winnings:** For winnings over \$5,000, operators are required to withhold:

- 8.75 percent for Maryland residents; and
- 7 percent for out-of-state players.



## Responsible Gaming

### COMMERCIAL GAMING

**Statutory Funding Requirement:** Gaming licensees must help to defray operational costs for the problem gambling hotline. An annual fee of \$425 is required to be paid for each video lottery terminal (VLT) operated by a licensee during any given year. The fee is distributed to the state's problem gambling fund. Additionally, a fee of up to \$500 is required for each table game which is to be distributed to the state's problem gaming fund.

**Self-exclusion:** The MLGCC maintains [a self-exclusion program](#) for the state's casinos. The only people who have access to the self-exclusion list are the MLGCC and the Maryland casino operators. Consequently, the provisions only apply to Maryland's casinos and not to those in other states; however, the operators of Maryland casinos may bar individuals from their facilities in other states. If a voluntarily excluded individual is found in a Maryland casino, the individual is subject to arrest for trespassing.

Maryland's self-exclusion program enables individuals to elect either a two-year ban or a lifetime exclusion. Individuals may self-exclude from all video lotteries, lottery play, instant bingo facilities (with more than ten instant bingo machines), fantasy competitions, sports wagering, and/or any combination of these five activities.

An individual enrolled for at least two years may request removal from the list, however, they must first undergo a problem gambling assessment by a licensed professional who is approved by the state. The individual must complete any recommended treatment and complete a problem gambling treatment and prevention program. The Maryland Lottery and Gaming Control Commission (MLGCC) will have the final determination on whether an applicant can be removed from the voluntary exclusion list.

**Alcohol use:** Maryland does not offer patrons complimentary alcoholic beverages.

**Advertising Restrictions:** Maryland prohibits predatory marketing. It is illegal for a gaming advertisement to be false or deceptive, or to knowingly direct a gaming advertisement to an individual under 21 years of age or to persons on the state's exclusion (mandatory or voluntary) lists. All gaming ads (billboard/radio/television/print) must bear the approved gambling assistance message.

**On-Premise Display Requirement:** The state's approved gambling assistance message must be displayed at each customer entrance to the gaming floor.

**Restrictions on Minors on the Gambling Premises:** Persons under 21 are not allowed in a gambling area.



## Other Regulations

### COMMERCIAL GAMING

**Testing Requirements:** Gaming equipment must be tested and approved by the MLGCC before use in Maryland.

**AML Requirements:** Under federal U.S. law, commercial casino operators, tribal gaming operators and card

clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism financing.

**Shipping Requirements:** Prior to transporting a video lottery terminal or table game equipment, the person proposing to move the piece of gaming equipment must submit written notice to the MLGCC.

**Credit Offered to Patrons:** Patrons may be extended credit for the purposes of gaming.

**Political Contributions:** A person with an interest in a video lottery facility may not make political contributions in state elections.

**Smoking Bans:** Under the Maryland Clean Indoor Air Act of 2007, smoking is not permitted in gaming facilities.

**Cashless Gaming & Alternative Payments:** Maryland gaming law and regulations allow for the use of electronic credit systems to make gambling payments for video lottery terminals. Cryptocurrency is not currently permitted as a form of payment for gambling transactions.



## Sports Betting

**Authorized Operators:** Legislation enacted in May 2021 authorizes various incumbent gambling entities to be licensed sports wagering facility licensees. It also allows for up to 60 mobile sports wagering licenses.

**Mobile Sports Betting:** Mobile/online sports betting is permitted. A sports wagering facility licensee may apply for a mobile license, however, they are not guaranteed to receive one.

**Taxes and Fees:** Sports wagering facility license fees are dependent on the class category. License fees are as follows:

- Class A-1: \$2m
- Class A-2: \$1m
- Class B-1: \$250,000
- Class B-2: \$50,000
- The license fee for a mobile sports wagering license is \$500,000.

Licenses are valid for five years and renewal fees are equal to one percent of the licensee's average annual proceeds for the preceding 3-year period, less any proceeds remitted for taxes.

Sports-betting revenue is taxed at a rate of 15 percent. However, operators are permitted to deduct the amount paid out for winning wagers, cash equivalents of any merchandise or thing of value awarded as a prize, free bets and promotional credits, and the 0.25 percent federal excise tax on handle.

**Amateur Restrictions:** Licensees may not accept wagers on high-school sporting events.

**Tax on Promotional Credits:** There is a limitation on free promotional play. Through the first full fiscal year of a sports wagering licensee's operations, a licensee's proceeds exclude money given away by the licensee as free

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promotional play and used by bettors to make a sports wager.

After the first full fiscal year of a sports wagering licensee's operations, the amount of money given away as free promotional play in a fiscal year may not exceed 20% of the total sports wagering proceeds that the sports wagering licensee generated in the prior fiscal year.

After the first fiscal year of sports wagering activity, any amount of money given away as free promotional play beyond the 20% cap specified above will be considered taxable proceeds.

**Age Restrictions:** Participants must be at least 21 years of age.