

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • John Martin, Director



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TO: Maryland Lottery and Gaming Control Commission
John Martin, Director

FROM: James Butler, Assistant Deputy Director, Chief of Staff

DEPARTMENTS: Government Relations and Human Resources

DATE: March 24, 2022

SUBJECT: Report for the March 2022 Commission Meeting

Following is the status update of ongoing topics in Government Relations and Human Resources for March.

I. GOVERNMENT RELATIONS

1. Legislative Update

There are eighteen (18) days left in the legislative session. March 21 marked the 69th day of the session, which is known as "Crossover Day", so each chamber had to send to opposite chamber those bills that it intends to pass favorably. Below are some bills of interest, from the one hundred five (105) bills, that I am currently tracking during the 2022 session. In addition, the Department of Legislative Services (DLS) requested that the Agency respond to twenty-six (26) bills in an effort to determine the fiscal and operational impact on the Agency or Commission, and to assist DLS in preparing its fiscal and policy note on the proposed legislation.

A. Lottery Bills of Interest

SB155 - State Lottery - Instant Ticket Lottery Machines - Fraternal Organizations (ITLMs for Homeless Veterans Act) (Sen. Young) This bill would authorize the Lottery Director to issue fraternal organizations a license for not more than five instant ticket lottery machines (ITLM). This bill also would require that 10% of the proceeds from the sale of these game tickets through ITLMs go into a special fund to be used by the Maryland Department of Housing and Community Development's Homelessness Solutions Program to assist veterans and their families. The Senate Budget and Taxation Committee held a bill hearing on January 19, and no committee vote has been taken. The Agency issued a Letter of Information on this bill.

SB796/HB1315 - Instant Ticket Lottery Machines - Veterans' Organizations - Repeal of the Pre-Printed Ticket Requirement (Sen. Guzzone & Del. Ebersole) This bill would alter a requirement that the State Lottery and Gaming Control Agency ensure that instant ticket lottery machines operate in the same manner as electronic instant bingo machines. On March 23, the Senate passed this bill 46-0. The House Ways and Means Committee held a bill hearing on March 2, and no committee vote has been taken.

HB1179 - State Lottery - Sales of Lottery Tickets and Tickets From Instant Ticket Lottery Machines - Commissions (Delegate Johnson) This bill would increase the commissions from 5.5% to 6% that certain licensed agents receive from certain lottery ticket sales and that certain veterans organizations receive from sales of tickets from instant ticket lottery machines. On March 18, the House passed this bill 130-1. The bill has been referred to the Senate Budget and Taxation Committee for a bill hearing on March 30 at 1:00 p.m.

HB1469 - *Maggie McIntosh School Arts Fund – Established* (Delegate **B. Barnes)** This bill would establish the Maggie McIntosh School Arts Fund to provide grants to public schools in Baltimore City to purchase art supplies for classrooms and to expand the arts curriculum for students in eligible public schools. It also would alter the allocation of revenues from the State Lottery Fund after June 30, 2022. On March 21, the House passed this bill 129-0. This bill has been referred to the Senate Budget and Taxation Committee for a bill hearing on March 30 at 1:00 p.m.

B. Gaming Bills of Interest

SB297/HB339 - *Gaming - Sports Wagering Facilities – Locations* (Sens. **Young and Hough, and Dels. Kerr and K. Young)** This bill would prohibit the Sports Wagering Application Review Commission (SWARC) from awarding a sports wagering license to a facility located within a 10-mile radius of certain designated Class B-1 or B-2 sports wagering facilities located in Calvert, Carroll, Charles, and Frederick counties. On March 15, the Senate passed this bill 47-0. The House Ways and Means Committee had a bill hearing on February 2, and no committee vote has been taken.

SB363 - *Public High Schools - Health Education - Gambling Dangers and Addiction* (Sen. **Simonaire)** This bill would require the State Department of Education, on or before July 1, 2023, to develop a program of education on the dangers of gambling and gambling addiction to be provided in public high schools. It would require the program to be coordinated with other State agencies responsible for gambling addiction education. It also would authorize a county board of education, beginning in the 2023-2024 school year, to require each public high school in the county to include instruction on the dangers of gambling one time for students in grades 9 through 12. The Senate Education, Health, and Environmental Affairs Committee held a bill hearing on February 9, and no committee vote has been taken.

HB490 - *Election Law - Campaign Contributions - Alterations and Prohibition on Sports Wagering Licensees* (Del. **Cardin)** This bill would prohibit certain sports wagering licensees and certain individuals employed by a sports wagering licensee or video lottery operator from directly or indirectly making contributions to campaign finance entities. The House Ways and Means Committee held a bill hearing on February 15, and no committee vote has been taken.

HB584 - *Video Lottery Operator - Reconciliation of Proceeds - Uncollectible Debt* (Dels. **Hornberger and Kaiser)** This bill would alter the definition of "proceeds" to allow a casino licensee to reduce the amount of proceeds received from video lottery terminals and table games by the amount of uncollectible negotiable instruments from a player for up to 7 days following a determination that a player's counter check is uncollectable. It also would require casinos to report to the House Ways and Means Committee and the Senate Budget and Taxation Committee certain information on at least quarterly basis to these committees. The Ways and Means Committee held a bill hearing on February 9, and no committee vote has been taken. The Agency issued a Letter of Concern on this bill.

HB980 - *Sports Wagering - Prince George's County Stadiums - Sports Wagering Community Impact Fund* (Dels. **Harrison, Howell, and J. Lewis)** This bill would require that 5% of the proceeds from sports wagering at a stadium located in Prince George's County be distributed to the Sports Wagering Community Impact Fund. It also would establish the Sports Wagering Community Impact Fund as a special, nonlapsing fund, and provide that the Fund may be used only for certain purposes within a 1-mile radius of the stadium. The House Ways and Means Committee held a bill hearing on March 2, and no committee vote has been taken.

SB923 - Video Lottery Terminals – Distribution of Local Impact Grants – Town of Forest Heights (Sen. Patterson) This bill would alter the distribution of proceeds from video lottery terminals by increasing, from \$120,000 to \$250,000, the amount of the local impact grant to be paid to the Town of Forest Heights. The Senate Budget and Taxation Committee held a bill hearing on March 16, and no committee vote has been taken.

SB929 - Admissions and Amusement Tax - Sports Wagering – Prohibition (Sen. Guzzone) This bill would prohibit the application of the admissions and amusement tax to proceeds from sports wagering. On March 18, the Senate passed this bill 46-0, and the bill has been referred to the House Ways and Means Committee.

HB733 - Gaming – Video Lottery Operation License – Baltimore–Washington International Thurgood Marshall Airport (Delegates Metzgar and Krebs) This bill would alter the number of video lottery operation licenses and video lottery terminals that may be awarded by the Video Lottery Facility Location Commission to provide for the award of a video lottery operation license at Baltimore-Washington International Thurgood Marshall Airport under certain conditions. The House Ways and Means Committee held a bill hearing on February 23, and no committee vote has been taken.

SB995 - Gaming - Electronic Instant Bingo Machines – Expansion (Senator Jackson) This bill would allow an entity licensed to offer instant bingo under a commercial bingo license on July 1, 2007, to operate up to 300 electronic instant bingo machines more than the number of machines the entity operated on February 28, 2008. It also would require the entity to make a \$1,000 investment in the facility where the machine is located for each additional machine put into operation for the first time after July 1, 2022. The Senate Budget and Taxation Committee will hold a bill hearing on March 24 at 1:00 p.m.

C. Other Gaming Related Bills of Interest

SB858/HB1316 - Gaming – Electronic Instant Bingo Machines – Maximum Number of Machines (Sen. Guzzone & Del. Ebersole) This bill would allow an entity licensed to offer instant bingo under a commercial bingo license on July 1, 2007, to operate not more than 200 electronic machines if the entity operated fewer than 200 electronic machines on February 28, 2008. The Senate Budget and Taxation Committee held a bill hearing on March 10, and no committee vote has been taken. The House Ways and Means Committee held a bill hearing on March 2, and no committee vote has been taken.

SB792/HB942 - Horse Racing – Satellite Simulcast Betting Facilities and Permit Holders – Alterations (Sen. Guzzone & Del. Luedtke) This bill would provide that zoning approval is not required to use a facility for satellite simulcast betting if the facility is properly zoned for operation of a video lottery facility, a sports wagering facility or electronic bingo or tip jar machines. It also would authorize the State Racing Commission to waive review of an applicant for a satellite simulcast betting permit if the applicant is licensed to conduct certain gaming activities, and repeal certain requirements for the standard of and amenities offered by a satellite simulcast facility. On March 18, the Senate passed this bill 45-0. On March 18, the House passed this bill 127-3, and the bill has now been referred to the Senate Budget and Taxation Committee for a bill hearing.

SB647/HB759 - Frederick County - Electronic Tip Jar Machines - Authorization and Regulation (Sens. Young and Hough & Frederick County Delegation) This bill would authorize a person to operate an electronic tip jar machine in Frederick County if the person obtains a gaming permit for the machine from the county. It also would authorize the County Commissioners of Frederick County to adopt regulations for the operation of and issuance of permits for electronic tip jar machines. On March 18, the Senate passed this bill 46-0, and it has been referred to the House Ways and Means Committee for a bill hearing on March 30 at 1:00

p.m. The House Ways and Means Committee held a bill hearing on February 23, and no committee vote has been taken.

HB1394 - Gaming - Skills-Based Gaming Devices – Authorization (Del. Hornberger) This bill would authorize the State Lottery and Gaming Control Commission to issue a skills-based gaming device license to an operator to operate certain skills-based devices. It would require the Commission to determine the number of skills-based devices the holder of a license may operate, the number of skills-based devices the holder may operate at different venues the operator owns, and any limitations on the value of prizes. It also would require the holder of a skills-based gaming device license to remit to the Commission a \$500 monthly fee for each device. This bill is pending in the House Rules and Executive Nominations Committee.

2. Confirmation and Budget Hearings

On March 22, the Senate voted to confirm the nomination of Diane Croghan to the Maryland Lottery and Gaming Control Commission.

The Agency appeared before both the Senate Public Safety, Transportation, and Environment Subcommittee and the House Transportation and the Environment Subcommittee to present its FY23 budget submission. DLS recommended that the subcommittees concur with the Governor’s allowance. The Senate and House approved the Governor’s allowance for the Agency.

3. SWARC Update

The Sports Wagering Application Review Commission (SWARC) held its monthly meeting on March 16. *See <https://swarc.org/meeting-records/>* Keen Independent Research (Keen) has begun its work of contacting potential respondents to participate in the 2022 Industry Study of Potential Sports Wagering Licenses. Keen will complete the study within 120 days, at which time it will be submitted to the National Economic Research Associates, Inc. (NERA) for review.

4. Regulations Update

Below is an update of proposed regulations that were approved by the Commission:

Voluntary Exclusion and Responsible Gaming and Fantasy Competition Regulations and Related Amendments

These emergency and proposed regulations were published in the January 28 edition of the *Maryland Register*. The 30-day public comment period ended on February 28, and the Agency received comments from three (3) different entities: The Maryland Center of Excellence on Problem Gambling, DraftKings, and Bally’s Corporation. On March 11, we met to review and discuss the comments received, and now we must decide what changes would constitute as a substantive or non-substantive change. Once this decision is made, the Agency will present the recommended changes to the Commission for its review and approval. The AELR Committee approved the Commission’s request for an emergency action on these regulations, with the emergency status beginning on December 16, 2021, and expiring on June 3, 2022.

Electronic Table Game Regulation

This amendment was published in the February 25 edition of the *Maryland Register*, and we are currently in the 30-day public comment period, which ends on March 28.

Substantive Changes to Proposed Sports Wagering Regulations

The emergency and proposed regulations were also published in the February 25 edition of the *Maryland Register*. We are currently in the 30-day public comment period, which ends on March 28. The AELR Committee approved the Commission’s emergency action request on these amendments, with the emergency status beginning on January 26, 2022, and expiring on July 25, 2022.

II. HUMAN RESOURCES MATTERS

Human Resources (HR) continues to work with the Department of Budget and Management on the posting of vacancy announcements for various positions within the Agency. This is an ongoing tasking for HR staff and will be accelerated once the Agency issues more sports wagering licenses. In addition, HR is preparing job descriptions (MS-22s) in preparation for the sports wagering positions. HR is working with DBM on internal audits of the Agency’s recruiting and performance evaluation and planning (PEP) processes.