

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • John Martin, Director



Montgomery Park Business Center
1800 Washington Blvd., Suite 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

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

FROM: Paula Yocum, Managing Director, CFO

DATE: May 17, 2022

SUBJECT: Report for the May Commission Meeting

This is a status update of ongoing and special projects in Finance.

I. BUDGET

- **FISCAL YEAR 2021 Final Expenditures**

- Lottery: \$92,242,246
- VLT Special Fund: \$11,470,216
- VLT General Fund: \$ 4,946,387

- **FISCAL YEAR 2022**

The Fiscal Year 2022 budget has been finalized by the legislature. Our advertising budget was reduced by \$2 million. Due to the enactment of sports wagering and fantasy gaming competition legislation, we have also submitted a Fiscal Year 2022 budget deficiency request to cover the anticipated expenses for implementation of the new programs.

Program	Original Appropriation	Net total of Amendments and Deficiencies	Revised Total
Lottery	\$85,639,279	\$4,539,920	\$90,179,199
VLT General Fund	\$6,380,609	\$(460,931)	\$5,919,678
VLT Special Fund	\$11,743,735	\$953,611	\$12,697,346
Sports Wagering	--	\$2,122,824	\$2,122,824
Vax Cash 2.0	--	\$2,000,000	\$2,000,000
Totals	\$103,763,623	\$9,155,424	\$112,919,047

Amendments were for statewide annual salary reviews (ASR), cost of living adjustments (COLA) of 2% as authorized in the FY 2022 budget bill, FY 2022 employee's bonus, step increases (where applicable), appropriation shift from VLT General Fund to VLT Special Fund, appropriation for the new Sports Wagering Program and funding for Vax Cash 2.0.

- **FISCAL YEAR 2023**

The Fiscal Year 2023 budget request was submitted to DBM for review. DBM provided their analysis for the Fiscal Year 2023 budget. The Fiscal Year 2023 proposed operating and capital budgets were introduced. MLGCA management responded to Department of Legislative Services' (DLS) requests for information for their analysis of the proposed budget allowance. DLS submitted their analysis that concurred with the Governor's allowance for MLGCA. Agency budget hearings were conducted Friday, February 18th and Monday, February 21st with the Senate's Public Safety, Transportation, and Environment subcommittee and the

House's Transportation and the Environment subcommittee, respectively. On April 1, 2022, the General Assembly passed the FY2023 operating budget.

II. ACCOUNTING/FINANCE

- **Promotion Fund (Unclaimed Prizes)**

○ Beginning Balance as of March 31, 2022	\$14,229,499
○ Estimated increase in April, 2022	\$2,453,390
○ Estimated usage in April, 2022	<u>(\$2,878,476)</u>
○ Estimated Ending Balance as of April 30, 2022	\$13,804,413

- The monthly financial statements will be provided separately when received from the auditors.

III. SPECIAL PROJECTS

- The department has participated in the Agency's fixed assets system implementation process. This system is expected to not only reduce the length of time to approve Agency procurement requests but also to allow for real time status of such requests. Additionally, it is expected that the inventory control module will create efficiencies in entries of, maintenance of and reconciliation of inventory records. User training started this month.

IV. FANTASY COMPETITIONS OPERATORS

- As of May 18, 2021, registered fantasy competition operators are now subject to a 15% operator tax per Chapter 356 of the 2021 Session Laws of Maryland (House Bill 940 – Gaming – Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering – Supplementary Appropriation). Tax revenue and forms are due on a quarterly basis.
- The quarterly tax revenue forms and payments for the tax period of January 1, 2022 through March 31, 2022 were due on April 15, 2022. For this period, the Agency collected \$810,035.44. In total, the Agency has received \$2,229,703.78 from Fantasy Competition Operators to date.