

Maryland Lottery and Gaming Control Agency

Wes Moore, 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, Human Resources, and Procurement

DATE: January 26, 2023

SUBJECT: Report for the January 2023 Commission Meeting

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

I. GOVERNMENT RELATIONS MATTERS

1. Legislative Update

On January 11, 2023, the Maryland General Assembly convened for start of the 445th Legislative Session and, on January 18, 2023, Governor Wes Moore and Lieutenant Governor Aruna Miller were sworn in as the 63rd Governor and the 10th Lieutenant Governor of the State of Maryland, respectively. Below are three (3) bills of interest, from the twenty-two (22) bills that I am currently tracking during the 2023 session. In addition, the Department of Legislative Services (DLS) has requested that the Agency respond to six (6) 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

- i. [**HB224**](#) - **State Lottery - Instant Ticket Lottery Machines - Fraternal Organizations (ITLMs for Homeless Veterans Act)** (*Delegates Charles, Grossman, Harris, Phillips, and Taylor*) - 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 bill sponsors have included our previously recommended amendments to this bill, so we have no major issues on this bill. This bill is on first reader in the House Ways and Means Committee. This bill has been submitted in past legislative sessions, and last year, the Senate cross-file bill passed the Senate (46-0).
- ii. [**HB54**](#) - **Sports Wagering Campaign Contributions Parity Act of 2023** (*Delegate Cardin*) This bill would repeal the prohibition on applicants for and holders of a certain video lottery operation license and persons who own an interest in video

lottery facility operations in the State from directly or indirectly making contributions to certain campaign finance entities. The House Ways and Means Committee held a bill hearing on January 24, but no Committee vote has been taken.

- iii. **HB 217** - **Video Lottery Operation License – Renewal** (*Delegates Ebersole, Charles, and Wilkins*) - This bill would alter the number of years from two, to at least 2 but not more than 5, before the end of the term of a video lottery operation license that a licensee is required to provide certain notice of intent to renew the license and is authorized to apply for renewal; providing for a 15-year term for a renewed license. In addition, this bill would require MLGCC to renew a gaming license unless the Commission finds the licensee is no longer qualified. This bill is on first reader in the House Ways and Means Committee.

2. Budget Hearings

The Agency is currently scheduled to appear before the following subcommittees to discuss our FY24 budget submission:

- March 2 at 1:00 p.m. – House Appropriations Subcommittee on Transportation and the Environment
- March 3 at 11:30 a.m. – Senate Budget and Taxation Subcommittee on Public Safety, Transportation, and Environment

3. SWARC Update

The Sports Wagering Application Review Commission (SWARC) held a virtual monthly meeting on Wednesday, January 18, 2023. At this meeting, I presented SWARC with ten (10) Diversity Plans submitted by sports wagering mobile awardees/licensees for their review and consideration. After each presentation, SWARC voted on whether the awardee/licensee's Diversity Plan was in compliance with the requirements detailed in Section B of the Sports Wagering Application Addendum. SWARC voted unanimously to approve all submitted plans and also voted unanimously to post all approved plans on SWARC's website so that the plans would be made available to the public. SWARC's next meeting is scheduled for February 15, at which time SWARC may consider license award decisions for three sports wagering facility applicants and two mobile sports wagering applicants.

II. HUMAN RESOURCES MATTERS

The Human Resources (HR) Department reports that all HR staff completed their semi-annual training requirements and that the Agency's December FY23 Performance Planning and Evaluation (PEP) completion rate currently stands at 95.5%. HR continues to focus on recruiting for sports wagering positions and back filling other positions as they become available.

III. PROCUREMENT MATTERS

The Procurement Department works closely with all Divisions to support the MLGCA daily operations to include, but not limited to, procurement of printing of POS materials and various information sheets/brochures to support all games; promotional items, sponsorship agreements for events; and supplies/equipment for the Lottery's internal use, as well as the processing of all payments under \$5,000.00 using the State P-Cards and monthly reconciliation of bank statements.

Procurement staff work with other departments to implement tools available to modernize the procurement processes, with a goal of reducing paper handling and allowing users more visibility into the status of submitted requests. There are two programs that will be fielded by e MLGCA's Information Technology Department to help with reduction of paperwork from small and large procurements.

RFP for Auditing and Accounting Services for MLGCA (#2022-10): The primary responsibilities for this Contractor will be to audit, on a monthly basis, the Agency's special-purpose financial statements as well as to audit the Agency's year-end financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"). Potential offeror submitted proposals in response to the subject RFP, and the RFP Evaluation Committee will meet to review the submitted proposals and ultimately make a recommendation to the Director for contract award.

Ravens Licensing Contract: This is a sole source Licensing Contract that is currently in the drafting stage. The Agency desires to use the Baltimore Ravens NFL football team marks and logos for two Instant Ticket Lottery Games and one Instant Ticket Terminal Game known as Fast Play, as well as use supporting marketing and advertising materials at Lottery retailer locations to support the promotional campaign for the tickets. Further, the Agency desires to purchase several game tickets and experiential packages to be used as player prizes in conjunction with the promotional campaign. This Licensing Contract is necessary in order to obtain the rights to use these marks and logos as well as to purchase the exclusive prizes.

Abacus/Blackhawk Network Contract: This is a sole source contract that is currently in the drafting stage. The Agency has had several discussions with Abacus/Blackhawk Network staff about their product, which is a Quickcard lottery ticket. The Agency has no existing capability to perform the distribution of this ticket, and Abacus / Blackhawk currently have the gross infrastructure in place with select vendors to accommodate this contract tasking. The communication interface between the Abacus/Blackhawk system and the Lottery's central system will enhance the sales of Quickcards to customers that the Agency otherwise would not be able to reach.

RFP for Veterans' Organizations Instant Ticket Lottery Machines (ITLMs) and Related Services: The ITLM program launched in September 2014, and the current contract expires in February 2024. ITLMs are lottery vending machines with spinning video reel animation that generates revenue for the benefit of the Veterans' Organizations and the State of Maryland. The Procurement Officer and ITLM Program Manager have met to discuss the existing contract and expectations for a new contract. Currently, 91 Veterans' Posts in Maryland have ITLMs installed in their locations.

MBE/VSBE/SBR Activities: A summary of MLGCA's MBE/VSBE participation is attached.