

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: March 23, 2023

SUBJECT: Report for the March 2023 Commission Meeting

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

I. GOVERNMENT RELATIONS MATTERS

1. Legislative Update

March 20 marked the 69th day of the legislative session, and it also marked crossover day in which each chamber must send to the opposite chamber those bills it intends to pass favorably. Bills received after this date by the opposite chamber are subject to referral to that chamber's Rules Committee. Below are five (5) bills of interest, from the fifty (50) bills that our Director of Legislation and Policy Development, Sean Ford, is currently tracking during the 2023 session. In addition, the Department of Legislative Services (DLS) has requested that the Agency respond to twenty-eight (28) 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. **SB267 - Internet Gaming - Authorization and Implementation (*Senators Watson and King*)** – This bill would authorize the Commission to issue iGaming licenses to video lottery operators to conduct or participate in Internet gaming operations in the State. In addition, the bill would authorize the Governor, on recommendation of the Commission, to enter into multijurisdictional Internet gaming agreements with certain other jurisdictions and submit this Act to a referendum of the qualified voters of the State. The Senate Budget and Taxation Committee conducted a bill hearing on February 15, but the Committee has yet to take a vote on this bill. The Chair of the Committee announced that a workgroup would be established to further discuss the potential implementation of this bill. Our office has been in touch with the bill sponsors to get a better idea of the intent and scope of the proposed bill.
- ii. **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 notice of intent to renew the license and is authorized to apply for renewal and provide 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. The House Ways and Means Committee conducted a bill hearing on February 9, and passed the bill out of Committee with a favorable report with amendments. The Agency is also tracking Senator Nancy King's bill (SB537) that would require the Commission to set the renewal fee for the licensee, a process that is consistent with all other license renewal fees under the Commission's authority. The Senate Budget and Taxation Committee held a bill hearing on March 1, and passed the bill out of Committee with a favorable report with amendments. The full Senate passed the amended bill 45-0, and now the bill has been referred to the House Ways and Means Committee for its consideration.

- iii. **[HB566](#) - State Lottery - Internet Sales of Subscription Plans - Authorization (Delegate Ebersole)** - This bill would authorize the Agency to allow the establishment of a system or program that allows for the purchase of a State lottery subscription plan through an electronic device that connects to the Internet. The House Ways and Means Committee held a bill hearing on February 23, but has yet to take a Committee vote on this bill. Amendments to the bill had been offered but the Agency had concerns about these amendments, so the sponsor withdrew the bill.

B. Gaming Bills of Interest

- i. **[SB621](#) - Gaming - Sports Wagering - Independent Evaluation of Sports Wagering Content (Senators Zucker and Hettleman)** - This bill would require the Commission, by December 31, 2023, to identify and accredit independent evaluators to evaluate sports wagering content provided by sports wagering experts, sports wagering influencers, and content partners. In addition, the bill would require the Commission to establish standards of practice governing sports wagering content and require sports wagering licensees and sports wagering operators to contract with independent evaluators for certain purposes. The Senate Budget and Taxation Committee held a bill hearing on March 8, and passed the bill out of Committee with a favorable report with amendments. Our office has been working with the bill sponsors on some proposed amendments.
- ii. **[HB1102](#) - Gaming - Sports Wagering - Exemption for Sports-Based State Lottery Game (Delegate D. Barnes)** - This bill would exclude from the definition of "sports wagering" the sale or purchase of State lottery game tickets on which selections are made by the player or randomly generated and for which the winning numbers are randomly generated and based on the outcome of actual sporting events. The House Ways and Means Committee held a bill hearing on March 2, but has yet to take a Committee vote on this bill.

2. Budget Hearings

The Agency appeared before the following subcommittees to discuss our FY24 budget submission: House Appropriations Subcommittee on Transportation and the Environment (T&E) on March 2; and the Senate Budget and Taxation Subcommittee on Public Safety, Transportation, and Environment (PST&E) on March 3. The House T&E Subcommittee voted to delete budgeted funds of \$1.2 million from our Agency's budget for the televised lottery drawings because the Agency ceased airing televised drawings and went to a random number generator drawing system.

3. SWARC Update

The Sports Wagering Application Review Commission (SWARC) decided not to meet on March 15; instead, SWARC will hold its next monthly meeting on April 19, at which time SWARC should make a few license award determinations and decide whether to accept some diversity plans submissions.

II. HUMAN RESOURCES MATTERS

The Human Resources (HR) Department is preparing the Agency's Training Report for submission to Department of Budget and Management (DBM). In addition, HR continues to work on Standard Operating Procedures (SOPs) to allow the Agency to operate in a cohesive and consistent manner. HR is reviewing points discussed with the respective bargaining units at its Labor Management Committee meetings. HR continues to focus on recruiting for sports wagering positions and backfilling other positions as they become available.

III. PROCUREMENT MATTERS

The Procurement Department continues to work closely with all Divisions to support the Agency's 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.

The Procurement Department is reviewing some small procurements to include an existing Lexis Nexis contract with the Agency. The purpose of this business relationship is for the MLGCA to use the Lexis Nexis database to provide accurate background checks and information for vendors, winners, and for the licensing of new business partners for the MLGCA. This small procurement is integral to the operational success of the Agency.

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 has met to review the submitted proposals. The proposed path forward is being presented to the Commission for a recommended award for the contract. Once approved, the intent is to get the contract submitted to the Board of Public Works in April. There are MBE opportunities under this contract.

Ravens Licensing Contract: This is a sole source Licensing Contract that was recently completed and is now awaiting signatures from all parties concerned. 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. There are no MBE or VSBE opportunities under this Licensing Contract. The proposed path forward is being presented to the Commission for a recommended award for the contract. Once approved, the intent is to get the contract submitted to the Board of Public Works in April.

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 Director and ITLM Program Manager have met to discuss the existing contract and expectations for a new contract. The Procurement Director had drafted a new RFP, and the initial draft is being internally reviewed and will be circulated amongst other internal stakeholders once completed. Currently, 91 Veterans' Posts in Maryland have ITLMs installed in their locations. There were MBE opportunities under this existing contract, and the Procurement Review Group ("PRG") is scheduled to determine if there will be any changes to the existing MBE / VSBE goals.

RFP for Advertising, Digital, Web and Social Media Services: The current contract started in May 2019 and was set to expire on June 30, 2022, but the Agency exercised the one two-year option, which will expire on June 30, 2024. This RFP is in the initial drafting stages and will encompass three Functional Areas (FA), including creative development and production of advertising and marketing materials, media planning and buying, media post-buy analysis and reconciliation, creation and production of internet web, digital and social media advertising, and other related services. The PRG is scheduled to determine if there will be any changes to the existing MBE / VSBE goals.

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