

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: May 25, 2023

SUBJECT: Report for the May 2023 Commission Meeting

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

I. GOVERNMENT RELATIONS MATTERS

1. Legislative Update

With the conclusion of the legislative session in Maryland at midnight on Monday, April 10, the Agency has been monitoring which bills have been signed into law by Governor Moore in order to develop the Agency's legislative implementation plan. Our Director of Legislation and Policy Development, Sean Ford, assisted the Governor's Office with various bill signing ceremonies and participated in photographs for key gaming related bills. Below are four (4) bills of interest that were signed into law from the over fifty (50) bills that the Agency tracked during the 2023 session.

A. [SB537](#) - Video Lottery Operation License – Renewal (*Senator King*) - This bill requires at least 2 years before the expiration of a video lottery operation license that the licensee file a notice of intent to file for renewal with the Commission, and requires a video lottery operation licensee, within 1 year after filing notice, to file an application to renew the license and pay a license renewal fee of 0.75% of average annual proceeds from the prior three years. The annual renewal fee must be paid in equal installments for each 5-year period of the 15-year term beginning on the effective date of the renewed license. Additionally, the bill requires the Commission to renew the license for a 15-year term unless the Commission finds the licensee is not qualified to hold the license. SB537 began as a MLGCA departmental bill to generate debate and a resolution on this long-standing issue, and in the end successfully achieved the implementation of a license renewal process. This bill passed both chambers and was signed into law on May 16.

B. [SB621](#) - Gaming - Sports Wagering - Independent Evaluation of Sports Wagering Content (*Senators Zucker and Hettleman*) – This bill requires the Commission to license independent evaluators to evaluate sports wagering content provided by sports wagering experts, sports wagering influencers, and content partners. In addition, the bill requires the Commission to promulgate regulations for the licensure of independent evaluators, and authorizes sports wagering licensees and sports wagering operators to contract with independent evaluators for certain purposes. The Agency worked with the bill sponsor on

amendments that were added to this bill before it passed both chambers and was signed into law on May 16.

C. [HB802](#) - Institutions of Higher Education – Sports Wagering Contracts – Prohibition (*Delegates Wilkins, Atterbear, Buckel, Charles, Ebersole, Fair, Feldmark, Griffith, Grossman, Hartman, Hornberger, R. Long, Miller, Patterson, Wells, and Wu*) – This bill prohibits an institution of higher education from entering into a contract with a regulated gaming entity if, under the terms of the contract, the institution of higher education receives a commission, a bonus, or any other incentive payment based on the success of securing student participation in sports wagering or online sports wagering. However, an existing obligation or contract right may not be impaired in any way by the bill. This bill passed both chambers and was signed into law on May 16.

D. [HB1288](#) - Video Lottery Employee Licenses - Crimes of Moral Turpitude - Alterations (*Delegate Charles*) – This bill exempts an applicant for a video lottery employee license from disqualification due to the applicant’s conviction, active parole, or probation within the prior seven years or current prosecution for any crimes involving moral turpitude under the laws of the United States or of any state, if the conviction, active parole, probation, or prosecution involves a nonviolent misdemeanor offense, other than a crime involving gambling, for which the applicant participated in and completed a problem-solving court program. Problem-solving courts are those under the Office of Problem-Solving Courts, such as Veteran’s court or Drug courts, or a comparable program from another court system. The Agency worked with the bill sponsor on amendments and testified favorably for the bill in Committee before it passed both chambers and was signed into law on May 16.

2. SWARC Update

The Sports Wagering Application Review Commission (SWARC) held its virtual monthly meeting on Wednesday, May 17. SWARC awarded a mobile sports wagering license to Queen Sportsbook Maryland, LLC. The Queen Sportsbook will have to submit a diversity plan to SWARC within 30-days after issuance of the award decision. SWARC also reviewed and approved diversity plans submitted by Veterans Services Corporation d/b/a Vital Services Contractors, Inc., a mobile sports wagering awardee, and Whitman Gaming, Inc., a sports wagering facility awardee. These two awardees now move to the final phase of this process, which is submitting internal operational controls and conducting controlled demonstrations of the sportsbook operations. See <https://swarc.org/meeting-records/> for more details. SWARC will hold its next virtual monthly meeting at 9:00 a.m. on Wednesday, June 21.

II. HUMAN RESOURCES MATTERS

The Human Resources (HR) Department continues to focus on recruiting for sports wagering positions and backfilling other positions by the June 30 deadline in order for the Agency to meet its targeted vacancy rate reduction. In addition, the HR department is reviewing documents for compliance with the State’s Records Retention Policy & Procedures. HR will be resuming Ethics Training to ensure compliance with the State Ethics Commission training requirements, and to ensure that designated employees electronically file their annual financial disclosure statements by the April 30 deadline. The Agency achieved a 99.0% completion rate for designated employees who filed their 2022 disclosure statements by April 30.

III. PROCUREMENT MATTERS

The Procurement Department works 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. Below are a few major procurement matters:

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 offerors submitted proposals in response to the subject RFP, and the RFP Evaluation Committee reviewed the proposals and made a recommendation of the Contract award to SC&H Group, Inc, ("SC&H"), of Sparks, MD. On March 23, the Agency received approval of the Contract from the Commission, and the Contract will be submitted to the Department of General Services (DGS) for inclusion on the next available Board of Public Works (BPW) Agenda. There are MBE opportunities under this contract. See <https://www.mdgaming.com/wp-content/uploads/2023/03/Agenda-Item-Commission-Recommendation-Final.pdf> *UPDATE: The Agency is in DGS' queue for contract review and inclusion on the BPW agenda.*

Sole Source Contract with Baltimore Ravens Limited Partnership (#2023-02): This is a sole source Licensing Contract where the Agency desires to use the Baltimore Ravens NFL football team marks and logos for two Instant Ticket Lottery Games and one Terminal Instant Win 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 plans to purchase several game ticket 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. On March 23, the Agency received approval of the Contract from the Commission, and the Contract will be submitted to DGS for inclusion on the next available BPW Agenda. Because this is a Sole Source Contract, there are no MBE or VSBE opportunities under this Licensing Contract. See <https://www.mdgaming.com/wp-content/uploads/2023/03/Ravens-2023-02-Staff-Agenda-Memo-Final.pdf> *UPDATE: The Agency's Procurement Director received confirmation that the MBE goal for this contract was approved and the BPW approved this action item at its May 17 BPW Meeting. See May 17 BPW Agenda <https://bpw.maryland.gov/MeetingDocs/2023-May-17-Agenda.pdf> (See pages 125-126).*

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 devices that use animation to display pre-determined play results that generate revenue for the benefit of the Veterans' Organizations and the State of Maryland. The Procurement Director and ITLM Program Manager have been meeting 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 meet 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 available two-year option, which will expire on June 30, 2024. This RFP is in the initial drafting stages and will encompass three

Functional Areas, 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 meet to determine if there will be any changes to the existing MBE / VSBE goals.

REP for Consulting Services Related to iGaming Operations in Maryland and Other Licensed States (#2023-XX). The Maryland General Assembly's FY24 Budget requires the MLGCA to submit a report on iGaming and authorizes MLGCA to contract with a third party to assist in the completion of a study on iGaming. The report on iGaming will be submitted to the Budget Committees of the General Assembly no later than November 15, 2023. The General Assembly is generally interested in a better understanding of the current regulatory landscape for iGaming, as well as the estimated market in Maryland; the potential economic impact of legal regulated iGaming on Maryland's brick-and-mortar casinos, other gaming venues, and the State Lottery; the experience of other States; methods to transition individuals from the current illegal iGaming market to a legal market in Maryland, and the impact on problem gambling. UPDATE: The Procurement Director submitted the RFP to DGS for review. The Governor's Office of Small, Minority and Women Business Affairs (GOSBA) granted the Agency's request for a waiver of the Small Business Reserve (SBR) designation due to the complexity and time sensitivity of the required report. The Agency does not anticipate there will any MBE opportunities under this contract.

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