

**MARYLAND LOTTERY AND GAMING CONTROL AGENCY**

**REQUEST FOR INFORMATION (RFI)**

**INSTANT TICKET LOTTERY MACHINES, THEIR CONTROL SYSTEM AND  
RELATED SERVICES**



**Issue Date: January 17, 2024**

**Responses Due: February 2, 2024**

## Contents

I.	Request for Information Summary Sheet	3
II.	Introduction	4
III.	Background	4
	A. Enacting Legislation	4
	B. Program Description	5
	C. Veterans' Organization	6
IV.	Information Requested and Questions	6
V.	RFI Process	7
VI.	Submission Requirements	7

## I. REQUEST FOR INFORMATION SUMMARY SHEET

<b>Name</b>	Instant Ticket Lottery Machines, Their Control System and Related Services
<b>Issue Date:</b>	January 17, 2024
<b>Closing Date and Time</b>	February 2, 2024 2:00 p.m., Eastern Standard Time
<b>Questions are to be sent via email to:</b>	Email Address: <a href="mailto:John.Lloyd@maryland.gov">John.Lloyd@maryland.gov</a> Attention: RFI #
<b>Questions must be submitted no later than:</b>	January 24, 2024
<b>Issuing Office:</b>	Maryland Lottery and Gaming Control Agency (MLGCA)
<b>Procurement Officer:</b>	John P Lloyd Montgomery Park Business Center 1800 Washington Blvd. Suite #330
<b>Email:</b>	<a href="mailto:John.Lloyd@maryland.gov">John.Lloyd@maryland.gov</a>
<b>Office Phone:</b>	(410) 230-8886
<b>Responses are to be sent via email:</b>	Maryland Lottery and Gaming Control Agency (MLGCA) Attention: John P Lloyd, Procurement Officer Montgomery Park Business Center 1800 Washington Blvd. Suite #330 Baltimore, Maryland 21230 <a href="mailto:John.Lloyd@maryland.gov">John.Lloyd@maryland.gov</a>

## II. Introduction

The Maryland Lottery and Gaming Control Agency (“MLGCA”) is seeking interest and availability of contractors for MLGCA to procure the design, development, installation, implementation, operation and maintenance of a complete, turn-key, Instant Ticket Lottery Machine (ITLM) Central System and related services needed to carry out an ITLM Program. Through this RFI, MLGCA is collecting information from potential offerors for an ITLM Central System to help MLGCA develop an RFP and resulting contract.

## III. Background

### A. ENACTING LEGISLATION

During the 2012 second special session of the Maryland General Assembly, Senate Bill 1 was enacted relating to the legalization of ITLMs in the State. Subsequent Legislation modified some provisions of this law. Summaries of some of the provisions of these Bills are provided below. The full text may be accessed at the website of the Maryland General Assembly: <http://mgaleg.maryland.gov> and primarily affect State Government Article (“SG”) § 9-112, [Annotated Code of Maryland](#).

1. **SENATE BILL 1** - Senate Bill 1 authorizes the Director of the MLGCA to issue to certain Veterans’ Organizations a license to operate not more than five (5) ITLMs. Under the legislation, a Veterans’ Organization that is issued a license shall locate and operate the ITLMs at its principal meeting hall in the county in which the Veterans’ Organization is located. Additionally, the conduct of gaming and the operation of ITLMs must be consistent with the holding in the case of *Chesapeake Amusements Inc. v. Riddle*, 363 MD. 16 (2001). Senate Bill 1 did not provide for the issuance of a license to operate ITLMs by Veterans’ Organizations in the following counties:
  - a. Caroline County;
  - b. Cecil County;
  - c. Dorchester County;
  - d. Kent County;
  - e. Montgomery County; (See below, Montgomery County ITLMs are now permitted.)
  - f. Queen Anne’s County;
  - g. Somerset County;
  - h. Talbot County;
  - i. Wicomico County; and
  - j. Worcester County.
2. **HOUSE BILL 646** - During the 2013 session of the Maryland General Assembly, House Bill 646 was enacted. This legislation removed Montgomery County from the list of counties that were not authorized to operate ITLMs. The legislation also provided additional clarification to the requirement in Senate Bill 1 that the conduct of gaming

and the operation of the ITLMs must be consistent with the holding in the case of *Chesapeake Amusements Inc. v. Riddle*, 363 Md. 16 (2001) as follows:

The State Lottery and Gaming Control Agency shall ensure that the element of chance in the conduct of gaming through the instant ticket lottery machines is consistent with the holding in the case of *Chesapeake Amusements Inc. v. Riddle*, 363 Md. 16 (2001), in that the element of chance must be wholly within the pre-printed instant lottery ticket, and that player enhancements in an instant ticket lottery machine may not affect the element of chance being wholly within the pre-printed instant lottery ticket. (emphasis added)

## **B. PROGRAM DESCRIPTION**

ITLMs use entertaining animation to display predetermined Instant Ticket results on a video screen. Various themes are used based on prize tables and denominations, and the MLGCA must approve all themes placed into service in the State.

Please refer to the information on the MLGCA's website for more information on the program. [ITLM Program Description](#)

The MLGCA must procure the design, development, installation, implementation, operation and maintenance of a complete, turn-key, Instant Ticket Lottery Machine (ITLM) Central System and related services to support our ITLM Program which includes, but is not limited to:

1. All ITLM devices for the ITLM retailer locations (each, an "ITLM Facility");
2. All supplies needed to support ITLM Facilities, such as Instant tickets and paper for a Ticket in Ticket Out (TITO) system;
3. A central computer system located at a location provided by the Contractor and approved by MLGCA (the "Central System");
4. All software for the Central System, servers, and ITLMs;
5. The telecommunications network that will connect each ITLM Facility and all ITLMs, to the ITLM Central System;
6. Servers required for the operation and control of the ITLMs at ITLM Facilities;
7. Ticket validation equipment for each ITLM Facility to redeem TITO vouchers;
8. Ticket validation equipment for the MLGCA to use at its headquarters;
9. The design, planning, production, security and storage of pre-printed Instant Tickets under the Contractor's control;

10. The delivery of Instant Tickets to the participating ITLM Facilities;
11. Specified financial and operational reporting for the project and each ITLM Facility;
12. A process to ensure that prizes are not paid to individuals on the Lottery Voluntary Exclusion List or those with specific debts and liabilities that the Lottery is required to collect from all prizes that are reportable for income tax purposes (over \$600); and
13. Annual tax reporting for reportable prizes and ITLM Facility commissions.

**C. VETERAN’S ORGANIZATIONS**

1. Veterans’ Organizations, as licensed lottery agents are to receive a regular commission consistent with SG § 9-117, which is currently 6% of ticket sales. Additionally, a Veterans’ Organization may further receive a cashing fee not to exceed 3% of valid prizes paid, consistent with SG § 9-117. MLGCA utilizes a formula based on the prize structure of ITLM games to pay cashing fees in an amount that generates revenue to the Veteran’s Organizations equal to 50% of the total of sales less prizes paid. This is currently 1.7679% of prizes paid.
2. Veterans’ Organizations remit to the MLGCA, on a weekly basis, the sales less prizes paid, less vouchers issued, plus vouchers redeemed (proceeds) from the operations of the ITLMs, less the sales commission and cashing fee as required under SG § 9-112(d)(3) of the Lottery Law. MLGCA uses the remitted funds to pay the Contractor for ITLM services provided and the balance is deposited to the State Lottery Fund, from which 10% is directed to the Maryland Veteran’s Trust Fund.
3. Below is the current distribution of sales, for illustrative purposes only.

Category	Example Amount	Percentages
Sales / Amount Played	\$100,000.00	
Prizes	\$90,500.00	90.5% of Sales
Net Proceeds	\$9,500,00	9.5% of Sales
Sales Commission	\$6,000.00	6% of Sales
Cashing Fee	\$1,599.95	1.7679% of Amount Paid
Gross to Post	\$7,599.95	
Contractor Fee	\$2,850.00	30% of Proceeds
Net to Post	\$4,749.95	50% of Net Proceeds
MLGCA Share	\$1,900.05	20% of Net Proceeds

**IV. Information Requested and Questions**

This RFI is a means of determining if there are any entities currently offering or willing to offer the type of equipment, systems and services currently provided to ITLM Facilities and if they have the experience and expertise to do so. Entities that are unable to comply with the requirement to

provide pre-printed tickets that are placed inside an ITLM and read by the ITLM prior to displaying an entertaining reveal of the result of play, as is required by law, should indicate that in their responses.

The following is the information requested from responding entities:

- A. Do you currently provide or are you able to provide turn key systems using a kiosk style device with a video display of play results?
- B. List the North American jurisdictions to which you supply these systems and devices, including jurisdiction name, the number of locations served, the total number of devices, and the dates of the contract.
- C. Provide photographs of devices you provide to these jurisdictions.
- D. Do you currently provide or are you able to provide these systems and devices using pre-printed tickets that include the element of chance wholly within the pre-printed tickets, as is required under Maryland law?
  - 1. If so, what are the protections against individuals identifying and cashing winning plays, such as latex covering, secure barcodes, or other methods?
  - 2. Are tickets on rolls or in fan-folded “packs”?

Note: Responding to this RFI is not a condition to responding to an RFP that may be issued at a later date.

## V. RFI Process

This RFI is being issued by MLGCA to seek initial input through a written response. Once the responses have been received, MLGCA may invite respondents to an in-person or virtual question-and-answer session. This question-and-answer session is informational or for clarification only, for the purpose of determining whether there would be interest in a future procurement.

## VI. Submission Requirements

Please limit your responses to no more than five (5) pages. The preferred response format is to repeat each item in Section IV followed by your response. Photographs do not count towards the page count.

The MLGCA will treat all responses as confidential. Respondents should give specific attention to the identification of those portions of its response which it considers confidential, proprietary, commercial information, or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Public Information Act, Title 4 of the General Provisions Article of the Annotated Code of Maryland. Respondents are advised that, upon request

for this information from a third party, the MLGCA will be required to make an independent determination whether information may be disclosed

To be considered, responses must be submitted by 2:00 p.m., February 2, 2024, Eastern Standard Time. The MLGCA reserves the right to extend this deadline. Responses must be provided as a searchable PDF document and emailed to:

<b>Responses are to be sent via e-mail to:</b>	Maryland Lottery and Gaming Control Agency Attention: John P Lloyd, Procurement Officer Montgomery Park Business Center 1800 Washington Blvd. Suite #330 Baltimore, Maryland 21230 Email: <a href="mailto:john.lloyd@maryland.gov">john.lloyd@maryland.gov</a>
------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------