

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 27, 2024

SUBJECT: Report for the March 2024 Commission Meeting

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

I. GOVERNMENT RELATIONS MATTERS

A. Legislative Update:

There are less than twelve (12) days remaining in this year's legislative session! Below are fourteen (14) bills of interest, from the one hundred and seventeen (117) bills, that we are currently tracking during the 2024 session. In addition, the Department of Legislative Services (DLS) has requested that the Agency respond to thirty (30) 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.

1. Lottery Bills of Interest

- a. **HB1218—*State Lottery - Internet Sales Authorization and Distribution of Proceeds (Delegates Patterson, Fennell, and Kaiser)***—This bill would authorize the State Lottery and Gaming Control Agency to allow a person to purchase a State lottery ticket through an electronic device that connects to the Internet, and alter the distribution of certain lottery proceeds. The House Ways & Means Committee conducted a bill hearing on February 29, but the Committee has yet to take a vote on this bill.
- b. **SB1013/HB1159—*State Lottery - Instant Ticket Lottery Machines - Veterans' and Fraternal Organizations (Senator Charles and Delegate Ebersole)***—This bill would authorize the Director of the State Lottery and Gaming Control Agency to issue certain fraternal organizations a license for not more than five instant ticket lottery machines, alter the distribution of proceeds from certain instant ticket lottery machines by a veterans' organization, repeal a requirement that veterans' organizations purchase or lease instant ticket lottery machines. The Senate Budget & Taxation Committee conducted a bill hearing on February 28, but the Committee has yet to take a vote on this bill. The House Ways & Means Committee conducted a bill hearing on February 22, but the Committee has yet to take a vote on this bill.

2. Sports Wagering Bills of Interest

- a. **HB132—*Sports Wagering Campaign Contributions Parity Act of 2024 (Delegate Cardin)***—This bill would repeal the prohibition on applicants for and holders of video lottery operation licenses and persons who own an interest in video lottery facility

operations in the State from directly or indirectly making contributions to the campaign finance entity of a candidate for any nonfederal public office in the State or any other campaign finance entity organized in support of a candidate for any nonfederal public office in the State. The House Ways & Means Committee conducted a bill hearing on January 17, but the Committee has yet to take a vote on this bill.

- b. **[SB272/HB224](#)—*Sports Wagering - Sports Wagering Assistance Fund - Repeal (Department of Commerce departmental bill)*—This bill would repeal provisions of law establishing the Small, Minority-Owned, and Women-Owned Business Sports Wagering Assistance Fund. The House Ways & Means Committee conducted a bill hearing on January 17, but the Committee has yet to take a vote on this bill. The Senate Budget & Taxation Committee conducted a bill hearing on January 18, but the Committee has yet to take a vote on this bill.**
- c. **[HB526](#)—*Sports Wagering - Licenses and Application of Minority Business Enterprise Program Requirements (Delegates Buckel and Wilkins)*—This bill would require the Sports Wagering Application Review Commission, subject to certain limitations, to accept and consider applications for sports wagering facility licenses and mobile sports wagering licenses submitted before January 1, 2026, and alter the termination date of certain provisions of law requiring the application of the Minority Business Enterprise Program to the sports wagering industry. The House Ways & Means Committee conducted a bill hearing on February 8, but the Committee has yet to take a vote on this bill.**
- d. **[SB903](#)—*Prince George's County - Mobile Sports Wagering Proceeds - Local Impact Grant (Senator Muse)*—This bill would require a mobile sports wagering licensee that is part of an ownership group that operates a video lottery facility in Prince George's County to pay \$3,500,000 each year from the proceeds of mobile sports wagering to the Comptroller to be used for local impact grants to nonprofit organizations and municipalities located within 6 miles of the video lottery facility. The Senate Budget & Taxation Committee conducted a bill hearing on February 28, and returned an unfavorable report. The bill has been withdrawn.**
- e. **[SB1066/HB1291](#)—*Sports Wagering - Independent Evaluation of Sports Wagering Content - Required (Senator Zucker and Ferguson, and Delegate Attar)*—This bill would require, rather than authorize, certain sports wagering licensees and sports wagering operators that advertise in the State to contract with certain independent evaluators to evaluate and rate the sports wagering licensee's sports wagering content, sports wagering experts, sports wagering influencers, and content partners. The full Senate passed this bill 46-0, and now the House Ways & Means Committee has scheduled a bill hearing on March 28, on this cross-filed bill. The House Ways & Means Committee conducted a bill hearing on February 29 on the house version of the bill, but the Committee has yet to take a vote on this bill.**

3. Gaming Bills of Interest

- a. **[SB83/HB1391](#)—*Video Lottery Terminals - Distribution of Local Impact Grants - Town of Forest Heights (Senator Muse and Delegates Valderrama, Turner, and Woods)*—This bill would alter the distribution of proceeds from video lottery terminals by increasing, from \$120,000 to \$1,000,000, the amount of the local impact grant to be paid to the Town of Forest Heights. The Senate Budget & Taxation Committee conducted a bill hearing on January 18, but the Committee has yet to take a vote on this bill. The House Ways & Means Committee conducted a bill hearing on March 7, but the Committee has yet to take a vote on this bill.**

- b. **SB603—*Internet Gaming - Authorization and Implementation (Senator Watson)***—This bill would authorize the State Lottery and Gaming Control Commission to issue certain licenses to certain video lottery operators and certain qualified applicants to conduct or participate in certain Internet gaming operations in the State, authorize the Governor, on recommendation of the Commission, to enter into certain multijurisdictional Internet gaming agreements with certain other governments, subject to certain limitations; and submit the Act to a referendum of the qualified voters of the State. The Senate Budget & Taxation Committee conducted a bill hearing on February 28, but the Committee has yet to take a vote on this bill.
 - c. **HB1192—*Video Lottery Employee Licenses - Crimes of Moral Turpitude - Alterations (Delegates Feldmark, Griffith, Atterbeary)***—This bill would alter the circumstances under which the State Lottery and Gaming Control Commission is required to disqualify an applicant who committed a certain crime involving moral turpitude from holding a video lottery employee license. The full House passed this bill 135-2. The Senate Budget & Taxation Committee conducted a bill hearing on March 26, but the Committee has yet to take a vote on this bill.
 - d. **HB1252—*Gaming - Study on Video Lottery Terminals at Baltimore-Washington International Thurgood Marshall Airport (Delegates Metzgar and Hornberger)*** - This bill would require the State Lottery and Gaming Control Commission to conduct a study on the feasibility of granting a video lottery operation license for a video lottery facility at Baltimore-Washington International Thurgood Marshall Airport, and require the Commission, on or before October 1, 2024, to report its findings and recommendations to the General Assembly. The full House passed this bill 108-31. The Senate Budget & Taxation Committee conducted a bill hearing on March 26, but the Committee has yet to take a vote on this bill.
 - e. **HB1319—*Internet Gaming - Authorization and Implementation (Delegate Atterbeary)***—This bill would authorize the State Lottery and Gaming Control Commission to issue certain licenses to certain qualified applicants to conduct or participate in certain Internet gaming operations in the State; authorize the Governor, on recommendation of the Commission, to enter into certain multijurisdictional Internet gaming agreements with certain other governments, subject to certain limitations; and submit the Act to a referendum of the qualified voters of the State. The full House passed this bill 92-43. The Senate Budget & Taxation Committee conducted a bill hearing on March 26, but the Committee has yet to take a vote on this bill.
4. Local Bills of Interest
- a. **SB415/HB277—*Frederick County - Local Gaming and Authorization for Electronic Tip Jar Dispensers (Senator Lewis Young and Delegate Kerr)***— This bill would authorize, subject to certain provisions of law, a person that operates a tip jar in Frederick County to operate an electronic tip jar dispenser that does not connect to the Internet or to a server; and alter certain obsolete language in provisions of law governing gaming in Frederick County. The full House passed this bill 139-0, and the full Senate passed the bill on second reader. In addition, the full Senate passed the cross-filed bill on second reader.
 - b. **SB627—*Horse Racing - Satellite Simulcast Betting - Alterations (Senator McKay)***—This bill would transfer the regulation of satellite simulcast betting facilities in the State from the State Racing Commission to the State Lottery and Gaming Control Agency, alter the definition of "satellite simulcast betting", for purposes of provisions of law governing satellite simulcast betting and permit to hold satellite simulcast betting, to authorize pari-mutuel betting at a satellite simulcast facility in the State on a race that is simulcast from a sending track located in certain states. The Senate Budget & Taxation Committee conducted a bill hearing on February 28, but the Committee has yet to take a vote on this bill.

B. Budget & Legislative Hearings:

The Senate and House Budget Committees issued their final decisions on SB360 - Budget Bill (Fiscal Year 2025) and SB362 (Budget Reconciliation and Financing Act of 2024 (BRFA)). On the Budget bill, the Committees recommended that the Agency continue its monthly reporting on sports wagering by bet types, and in addition, submit a joint report with the Maryland Center of Excellence on Problem Gambling, and the Maryland Department of Health, on the programs and strategies each entity employs to address problem gambling. The report must be submitted to the budget committees by December 11, 2024. On the BRFA, the Committees recommended that the Governor's proposed reduction in the retailer selling commission from 6.0% to 5.5% instead be reduced to 5.75%, with a revenue savings of \$22.4 million or about \$6.75 million less than initially proposed.

Governor Moore has appointed Everett Browning Sr. and Ade Adebisi, both of Prince George's County, to the Commission. On March 15, the Senate confirmed Mr. Browning's nomination, and the full Senate is expected to confirm Mr. Adebisi's nomination on March 29.

C. Regulations:

The Agency received one set of comments to our proposed regulations that appeared in the December 29 edition of *the Maryland Register*. *See* for the proposed regulations <https://dsd.maryland.gov/MDRIssues/5026/Assembled.aspx> and for the comments – <https://www.mdgaming.com/wp-content/uploads/2024/02/DK-Maryland-Formal-Comments-on-Proposed-Regulations-for-Gaming-Sports-Wagering-Video-Lottery-Terminals-and-Instant-Bingo-Machines-Submitted-1.29.24.pdf>. At the March Commission meeting, the Agency will present its recommendations to the Commission for review and vote. A Notice of Final Action on the proposed regulations will be filed sometime after the Commission's decision.

D. SWARC Update:

The Sports Wagering Application Review Commission (SWARC) is unlikely to hold its next meeting in April 2024, lacking the MLGCC finding any applicants suitable for Sports Wagering licenses before the next SWARC meeting. *See* <https://swarc.org/meeting-records/> for more details.

II. HUMAN RESOURCES MATTERS

The Human Resources (HR) department continues to focus on recruiting for sports wagering positions and backfilling other positions around the Agency in order to meet the Department of Budget and Management's (DBM) vacancy rate reduction plan for the Agency.

We interviewed candidates for the HR Director position but more than likely will open a full recruitment for this position. Saundra Green, our new HR Manager, started with the Agency on March 6, and has hit the ground running. We are excited to have her on board in HR.

III. PROCUREMENT MATTERS

John Lloyd, Director of Procurement, and his team continue to process procurement requests as expeditiously as possible. Below are a few procurements matters that the Agency is currently working on:

Regarding the Agency's Lottery Central Monitoring and Control System (LCMCS) #2015-01, the current contract expires in May 2025. The Agency will seek a contract extension later in 2024, to allow adequate time for the RFP process and for the new contract to be in place. The Agency submitted the

draft RFP to the Department of Information Technology (DoIT) for its technical review. We also provided a copy of the RFP to the Department of General Services/Office of State Procurement (DGS/OSP) for its review.

Regarding the RFP for Veterans' Organizations Instant Ticket Lottery Machines (ITLMs) and Related Services, the current contract expires in September 2024. The Agency provided the incumbent contractor, Diamond Game, with an updated Statement of Work (SOW) in early March and are waiting to get its feedback on the SOW and proposed pricing. When completed, the Agency will prepare a sole source recommendation to submit to OSP for its review before submission to the Commission for approval and to the Board of Public Works (BPW) as an agenda item.

Regarding the RFP for Advertising, Digital, Web and Social Media Services, the current contract expires on June 30, 2024. This RFP will encompass two specialties, including Functional Area I – Creative Development, Production, Digital, Website and Research Services and Functional Area II - Media Planning and Buying Services. The Agency visited the Maryland State Advertising Agency (MSAA) on March 6, to review its work and make a determination, per COMAR 21.02.03.02(C) (7) and Md. State Personnel and Pensions Code Ann. §13-402, if MSAA is a viable state government option. The Agency has determined that, at this time, it is appropriate to issue the RFP to select vendor(s). We expect to request extensions of the existing contracts shortly to allow time for the RFP process.