

MARYLAND LOTTERY AND GAMING CONTROL COMMISSION SEPTEMBER MINUTES

DATE: September 26, 2024

TIME: 10:00 a.m.

PLACE: Maryland Lottery and Gaming Control Agency Headquarters
and Virtual

PRESENT: Chair Everett D. Browning, Sr.
Vice Chair E. Randolph Vice Chair Marriner
Commissioner Ade Adebisi
Commissioner Diane Croghan
Commissioner George L. Doetsch, Jr.
Commissioner Harold E. Hodges
Commissioner James J. Commissioner Stakem

John Martin, Director
James Nielsen, Deputy Director, Chief Operating Officer
James Butler, Assistant Deputy Director, Chief of Staff
Michael Eaton, Managing Director, Gaming
John Mooney, Managing Director, Regulatory Oversight
Solomon Ramsey, Managing Director, Sales and Marketing
Paula Yocum, Managing Director, Chief Financial Officer
Seth Elkin, Managing Director, Communications
Holly Citko, Principal Counsel, Attorney General's Office
Jennifer Tosky, Deputy Principal Counsel, Attorney General's Office
Kathy Lingo, Executive Assistant

OTHERS: Representative from Hollywood Casino
Representative from Ocean Downs Casino
Representative from Live! Casino
Representative from Rocky Gap Casino Resort
Representative from Horseshoe Casino Baltimore
Representative from MGM National Harbor
Representative from Scientific Games
Representative from Pollard Banknote
Representative from International Game Technology (IGT)

Everett D. Browning, Sr., Chair

E. Randolph Marriner, Vice Chair; Commissioners: Ade Adebisi, Diane Croghan, George L. Doetsch, Jr., Harold E. Hodges, James J. Stakem

QUORUM ESTABLISHED

Chair Browning announced that there was a quorum present for the meeting. Also present in person were: Vice Chair Randy Marriner, and Commissioners Ade Adebisi, Diane Croghan, George Doetsch, and James Stakem. Commissioner Hodges was present virtually.

CALL TO ORDER

After establishing there was a quorum, Chair Browning called the meeting of the Maryland Lottery and Gaming Control Commission to order at 10:00 a.m.

APPROVAL OF THE REVISED AGENDA

Chair Browning asked for a motion to approve the revised agenda. Vice Chair Marriner motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

APPROVAL OF THE MINUTES

Chair Browning asked if there were any corrections or alterations to the minutes of the August 29, 2024, Open Session. There being none, Chair Browning asked for a motion to approve the minutes. Commissioner Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was passed with a vote of 6 to approve and 1 abstained. Commissioner Croghan abstained as she was absent from the August meeting.

CONSENT AGENDA

Chair Browning said the Consent Agenda contains:

1. EGD Games and Component Testing: Certified Lab Software, Hardware and Game Certifications: VLTs, Table Game Components, Instant Bingo Machines, Sports Wagering Systems and Kiosks (8/26/24 – 9/23/24)
2. Consent Agreements – Regulatory Violations
 - a. Hollywood Casino – Amended April 2024
 - b. Rocky Gap Casino – May 2024
3. Consent Agreements – Sports Wagering Violations
 - a. Canton Gaming – May 2024
 - b. Greenmount OTB – April 2024
 - c. Maryland Stadium Sub-Fanatics – March 2024
 - d. Riverboat on the Potomac – April 2024
4. Consent Agreements – Mobile Sports Wagering Violations
 - a. Superbook – March 2024
5. Consent Agreements – Underage Violations
 - a. Horseshoe Casino – Case No. 2024-05-002
 - b. Live! Casino – Case Nos. 2024-03-008 to -020
6. Gaming License Application Denials/Revocations
7. Staff Reports: James Nielsen; James Butler; Michael Eaton; John Mooney; Solomon Ramsey; Paula Yocum; Seth Elkin; and Holly Citko.

Chair Browning asked if any Commissioners cared to remove and discuss any items on the Consent Agenda. There being no discussion or requests, Chair Browning asked for a motion to approve the

consent agenda. Commissioner Doetsch motioned to approve, Commissioner Stakem seconded, and the motion was unanimously approved.

Commissioner Hodges approved, but asked if there is a reason that the underage violations continue to happen. Chair Browning stated that in order to answer that question, each violation would have to be pulled out separately. This could be done at next month's meeting to have a better understanding. Commissioner Hodges said that would be great.

Chair Browning announced that the last two Commission meetings were rather lengthy and out of respect for everyone's time, the Casino Operators and Vendors presentations would be limited to 5 minutes each. He said that during the review of the proposed gaming regulations, although some casino operators may want to speak about a regulation amendment, that matter is not yet before the Commission. Casino Operators will have an opportunity to provide the Commission with written comments during the public comment period for the regulations.

He thanked everyone for their cooperation in moving the meeting along smoothly.

OPERATOR REPORTS

Hollywood Casino

Ms. Amy Brennan, General Manager, reported that August gaming revenue was up 10% year-over-year in all segments. On a year-to-date basis, as of the end of August, gross gaming revenue is up 3.1%. To date, the Progressive Payday still has not been hit, and is now \$90,000 for this coming weekend. The 4-hour window of the drawings is when 33% of the day's coin-in happens. The casino also had a briefcase promotion for guests to pick briefcases and win prizes. In the community, the casino spent a half-day cleaning up the Healing Garden at Deep Roots, an organization that helps families have a stable place to stay while getting back on their feet. Team members had Tailgate Town Hall meetings to discuss the results of the annual employee engagement survey. There are currently 30 open positions, which is 8% of the casino's workforce. Hollywood casino attended the Harford County Community College Job Fair on September 19, collecting 42 resumés, and each Friday, the casino holds open interviews and offers positions on the spot. After the Job Fair, 26 people came into the casino to apply for positions, and 11 were given job offers. From a diversity spend perspective, there were 75 small businesses in the local community that came to the casino for the "Doing Business with Hollywood Casino" event, where the businesses learn about casino operations, procurement opportunities, and getting licensed.

Ocean Downs Casino

Bobbi Jones, General Manager, reported that August coin-in was up 2%, with net slot machine revenue up 1% year-over-year. Table games and drop were flat, but hold was down 9% year-over-year. There are currently 23 open positions which are being filled as needed going into the softer season. There are 10 positions currently pending, including the Director of Marketing, who needs to obtain her license. Ocean Downs has been working with local colleges, the Chamber and local agencies to get team members on board. The casino held a charity slot tournament and raised \$3,600 for Believe in Tomorrow, an organization that provides housing for kids with cancer and their families to visit the beach. Ocean Downs hosted the Air Show and the Italian Air Force. The Air Show was held in August this year instead of June, with over 2,100 people attending. The casino had a Hooked on Cash promotion for the White Marlin tournament, with over 1,000 participants.

Vice Chair Marriner noted it was nice to have Ms. Jones attending in person.

Commissioner Hodges asked if Ms. Jones had said revenue year-over-year for last month was flat?

Ms. Jones said that coin-in was flat, and table games were down 9%. Commissioner Hodges asked what attributed to that, and Ms. Jones stated that in August the casino did better because there was a great turnout for the White Marlin Tournament and that the Air Show moving to August was not planned in the revenue. Ocean Downs has been trending down similar to other casinos, but the August events were a good move for the casino.

Commissioner Hodges asked how close Ocean Downs Casino is to the end of its fiscal year. Ms. Jones said they run on a calendar year.

Commissioner Hodges asked if the casino was on track with their projections or is the casino a little off. Ms. Jones replied that they are off but that the 4th quarter last year was great for the casino and while September started off well, it has taken a dive.

Live! Casino

Mr. Ryan Eller, General Manager, reported that gaming revenue in August was up 8.6% year-over-year. Slot machine revenue was up 8.9%, table game revenue was up 10.6%, and poker was up 5%, while sportsbook lost money. Volumes continue to decline year-over-year in that area. Mr. Eller said, from a financial perspective, he wanted to address the competition in this market, specifically Virginia. Live! Casino looks at other states that can impact Maryland. One particular facility, Rosie's (The Rose Gaming Resort), is opening in Dumfries, Virginia with 310 rooms and 1,800 slot machines and resides approximately 30 miles south of MGM National Harbor, now making it the closest casino to MGM National Harbor. Live! Casino was previously the closest. Dumfries has no restrictions on promotions and a tax rate of approximately 15%, and Maryland has higher tax rates, as much as 56% on slot machines.

It leads the casinos to have to plan deliberately on what that impact on the business will be. Looking at the overall market, Maryland was up \$174 million in August from last year, which is an 8% increase year-over-year, Delaware is down 6%, Pennsylvania is up 2%. Overall Maryland is performing relatively strong in comparison to the surrounding states. Looking at 2023, Maryland had about \$2 billion in gross gaming revenue. Looking at small increases like 2% or 6%, if you apply 2% of an increase as seen in Pennsylvania, across the entire year, it is \$40 million increase, \$60 million for the State of Maryland in the form of revenue. *{Editor's Note: We believe the analysis is actually that a 2% increase across the entire year is a \$40 million increase in gross gaming revenue, which results in approximately \$20 million going to the State, whereas a 6% increase would be \$120 million in gross gaming revenue, which results in approximately \$60 million going to the State.}* The 6% in Delaware applied across an entire year is \$120 million in gross gaming revenue, and ultimately a \$50 million annual revenue decrease in the state's revenue. The casinos are heightened in focus of what competitive dynamics are, relative to other casinos in states in the dynamics of the regional market.

Small disruptions have very outsized disproportionate financial impacts on large operations such as what the casinos have in Maryland. In order to address it, I can commit that Live! Casino is formulating marketing plans to combat a new entrant into the market, and the casino is assessing long-term investments, to add to the already over \$1 billion invested to help protect and grow the casino's business despite the increased competition. Should the casino be allowed to proceed as they have in the past, the casino commits to continue to provide growth in revenue for the State of Maryland, growth in the tax base, for jobs and economic development.

In August Live! Casino had several events and programs and welcomed the return of football season. The casino had a variety of entertainment acts. Teams members were offered free health care through a free clinic. The casino held a family movie night for team members and their families with free food. This past Friday contract negotiations concluded with the union with a ratified contract for employees that includes pay raises and bonuses and additional benefits to be

included in the contract.

Commissioner Hodges said Mr. Eller mentioned Live! Casino's revenue year-over-year reported doing much better than the previous speaker. He asked how Mr. Eller rated that performance year- to-date, how it performed to date, and Mr. Eller stated Dumfries as a competitive risk. Commissioner Hodges wanted to know when that is coming on board and why it is seen as a strategic risk to deal with.

Mr. Eller said in August Live! Casino had a very robust marketing program. He could not comment on how much hold volatility may have negatively impacted the other casinos, but Live! Casino had strong volumes. The casino was not lucky in August; it had to invest a lot to grow that revenue. It was indicative of the robust calendar at the casino, and Live! Casino spent a lot of money in order to make it profitable. The casino invested money in anticipation of August being a soft month as in previous years, and had several entertainment events, which brought a lot of people into facility. Group sales have been successful. The nongaming portion had over 10,000 people in the casino for conventions and other business sales. The casino brought them onto the casino floor with some of the promotional activity for the purpose of converting them to casino customers.

In response to the second question, Mr. Eller said the threat of Dumfries currently includes two things in the yearly polling completed by the casino with its customers. What customers find to be the most valuable is location and promotions, what they have in their mailbox or email. Location in the case of Dumfries, in my (Mr. Eller's) opinion is one of the particular advantages they have. Dumfries is a high-rise casino facility that is just north of the Triangle near Quantico, close to the Northern Virginia market and the feeder market for MGM National Harbor. Over 40% of guests for Live! Casino are from out of state, and a great deal is a customer-base that overlaps with MGM National Harbor's feeder market, which comes from Northern Virginia. Although the Commission may think it would only affect MGM National Harbor, Mr. Eller said it will affect Live! Casino as well given the convenience of I-95. The distribution of the customers in that particular area, their advantage with the lower tax rate, and their ability to market profitably as well as convenience, make those two things a very dangerous combination in the casino business.

Rocky Gap Casino

Mr. Brian Kurtz, General Manager, reported that gaming revenue in August was down 6.9%, slot machine revenue was down 4.5%, driven by a decrease of coin-in down 5.5%, with less overall hold. Table game revenue was down 26%, drop was down 4%, with a substantial decrease in hold. From a results standpoint, visitation to the casino has decreased, and the casino is seeing a decrease in wallet at the lower end in unrated and uncared play. Although trends have slightly improved, the economy still creates some headwinds. Travel and visitation were still strong with 90% occupancy in the hotel, only down 2 points year-over-year. The volume is there, but there has been lower gaming spending from guests. The casino continues to use kiosks games, hot seats and multipliers to drive business, as well as entertainment. Rocky Gap hosted a VIP player event at a minor league baseball park in Pennsylvania, and the casino hosted a fireworks display after the game.

In the community, Rocky Gap completed the Stuff the Bus event, a 60-day effort, collecting over 1,400 school supply items. Starting in September, the casino is doing a 60-day collection for the Western Maryland Food Bank. The casino was a partner for the Allegany County DHS for their Crab Feast. Rocky Gap held the Dragon Boat races to benefit the local YMCA. There have been two staff changes at the casino, one of which is Ahmad Ahmad, who took over as General Manager in Colorado. The casino also onboarded a local graduate of Frostburg State University for financial planning analysis. The number of team members at the casino is 432 compared to 437 last year. The number of licensed employees is 286, 66% of the employment base, which is flat to last year's total. There are currently 20 positions open. The casino will be recruiting locally through

Cumberland Times News, local radio advertising and at colleges in September.

Horseshoe Casino

Mr. Jacob Witmer, Senior Vice President & General Manager, reported that net gaming revenue was down 4.1% year-over-year, which represents continued improvement at Horseshoe Casino in the past three months, since new leadership has come in, compared to June and July which were down double-digits. Table games, eTable and poker revenue all closed with a cumulative increase of 6.4% year-over-year. Table games were able to capitalize on a favorable hold, while eTables and poker were beneficiaries of increased volumes, just under 10%, respectively. The property continues to gain ground overall in slot performance. In August, the casino was within 6.7% of the prior year's gross gaming revenue -- normalized for hold. Mr. Witmer said that non-gaming gross revenue was a good story, with restaurants and operations continuing to build momentum, improving just shy of 10% year-over-year in August. As casino volumes continue to grow at the property, beverage operations continue to close the gap, up 15% to last year's gross revenues, after being down almost 25% in the prior quarter.

In marketing, the casino has taken an enhanced lean into the renowned Caesars Rewards Program, creating value for customers. This was something that Horseshoe Casino had walked away from in past, and are now leaning into it more aggressively and are seeing the benefit. Horseshoe is now providing excitement and value the customers want. For the 10-year anniversary, Horseshoe wants to focus on team members, and completing appreciation exercises. The property launched the NFL activations for pre- and post-game events, taking a different look this year as the relationship with the NFL as it evolves in order to capitalize on that partnership. It is good for the casino, good for the City, and good for the employees to grow that opportunity. The casino benefits many citizens in the City of Baltimore. Caesars is offering careers with growth opportunities as well as low and no cost education opportunities for team members, including tuition reimbursement, helping with student loan debt assistance. It also offers children of team members scholarships, awarding up to \$20,000 per child. One of the team members at Horseshoe in Baltimore won that award this year. In the community, the partnership with the South Baltimore Gateway Partnership has held several summer programs. The casino donated to Lupus Foundation, Lifebridge, Meals on Wheels, and other impact opportunities in Baltimore. From a corporate-wide perspective, Caesars has donated over \$500,000 nationally to larger scale programs that was then funnel down into the communities.

Chair Browning thanked Mr. Witmer for his report and said that he hoped the Orioles would go far in the playoffs.

MGM National Harbor

Mr. Jeffrey Shrader, Vice President & General Counsel, reported that August gaming revenue was up 9.7% year-over-year, led by a 12.7% increase in slot machine revenue, 6.2% increase in table game revenue. Poker was down .8%, and sportsbook was down slightly, writing over 19,000 tickets with a 7.68% hold, and a handle of \$2.35 million. In comparison, last year during this same time period, the casino wrote over 25,000 tickets with a handle of \$5.66 million, and a 3.65% hold, so it's slightly down this year. The casino had several promotions, giveaways, and entertainment acts in August, and an Amalfi Coast event in the Osteria Costa Restaurant. There was a \$150,000 Blackjack tournament on August 17. MGM National Harbor theater was very busy with multiple shows.

In the community, the casino volunteered for shoreline clean up at Piscataway Park, and also donated over 6,000 hygiene kits to the United Communities Against Poverty Women's Shelter. In supplier diversity, the casino's minority business enterprise participation spend to date is \$4 million, representing MBE payments of 22%, to 63 MBE companies. MGM National Harbor hosted

and attended several supplier diversity program events, including Women's Business Enterprise Council, Virtual Live Pitch competition, and the National Association of Minority Contractors DMV Chapter Vendor Showcase meeting.

Chair Browning thanked the casinos for their reports and for keeping to the time schedule.

VENDOR REPORTS

Scientific Games

Mr. Jeff Hale, General Manager, reported that on Monday the Game of Thrones™ launched with a second chance game event next year in Napa Valley at a castle where 4 winners from Maryland will participate for a chance at part of \$7 million. There was a new terminal release that will support three-sided jackpot signs going on shorter self-service terminals out in the field.

Pollard Banknote

Mr. Travis Priest, Director of Lottery Marketing, reported there are 12 new scratch off games launched into the market. Full scratch off games revenue is up 3% fiscal year-to-date. Maryland has had strong \$20 games, up 18.7%, with an average purchase at \$7.99, compared to \$7.77 last year, which is a 2.83% growth. In the current quarter, there has been high performance from the \$10 Ravens ticket, with the first five weeks of sales over-performing the typical \$10 price point average by 15%. Mr. Priest recognized the hard work of the Product Development team. Outside of Maryland for the current fiscal year-to-date the growth rate is -1.7%. Observing the top 10 lottery performance, the growth rate average is 2.0%, with MLGCA positioned in the top 10 cohort. Pollard looking forward to meeting with Product Development team for annual launch review to get into new aspects of product performance to share what works well, and what needs work for future fiscal planning.

Chair Browning said the Commission is looking forward to the outcome of those meetings and thanked Mr. Priest for praising the product development team.

International Game Technology (IGT)

Ms. Carmen Vegas, Operations Manager, reported that IGT has completed the SOC 2 Audit, and has submitted it to the Lottery for review. Routine maintenance and the annual disaster recovery test are scheduled for the 4th Quarter. IGT will be performing security tests in the 4th Quarter.

Chair Browning thanked Ms. Vegas for IGT's efforts in securing the Lottery.

DIRECTOR'S REPORT

Director's Report — John Martin, Director

Director John Martin commended the Baltimore Orioles on their success so far this season. He reported that two months into the new fiscal year, traditional lottery sales have had a difficult start in year-over-year comparisons based on the billion-dollar jackpots that both Powerball and Mega Millions generated last year. There has been some positive growth in scratch off sales, Fast Play and Racetrax. MLGCA will be challenged through Fiscal Year 2025 until there is a significant jackpot run with either Powerball or Mega Millions. Sales are down 9% year-over-year, and profit is down 16.8%.

In aggregate, August was the 9th best month for casino revenue, and Director Martin congratulated the casinos on nearly \$174 million in casino revenue, in the last two months it is a gain of 2.4%. Contributions were up 3.2%, showing positive indications on the casino-side. In August, sports wagering hold was up 10.4% with contributions to the State of over \$5.5 million for the month, with a strong July means over \$11.8 million in contributions to the State. Director Martin attended the NASPL Annual Conference highlighting that MLGCA was the recipient of two awards – the Batchy Award in the Radio Advertising category for the Ravens Radio – Bootleg and Flea Market coordinated campaign; and the Hickey Award in the category of Sponsorship and Event Activation for the 50th Anniversary Cash Bash Grand Finale, as well as being nominated for a number of other advertising awards.

Chair Browning congratulated the Marketing team on being recognized. Commissioner Adebisi also congratulated the Marketing team and said it was a testament to the hard work done at Lottery.

Commissioner Hodges said it was good to hear in aggregate that the casino partners are doing well and wanted to know if the Commission is verifying their performance and reviewing the casinos' year-end audit statement. Director Martin stated that MLGCA reviews the monthly audit statements, and Michael Eaton's group looks at financials and the practices which are an ongoing effort month-to-month. Vice Chair Marriner said that the audit committee reviews it quarterly as well, which includes Chair Browning and Vice Chair Marriner.

COMMISSION ACTION ITEMS

Deputy Director, Chief Operating Officer – James Nielsen

Commission Action Item – Proposed Amendments to General Provisions, Lottery Provisions, Gaming Provisions, Table Games, and Sports Wagering Regulations

Mr. Nielsen reported that MLGCA was presenting proposed amendments to regulations for: General Provisions, Lottery Provisions, Gaming Provisions, Table Games Provisions, and Sports Wagering Provisions in Title 36. The amendments include eliminating the previously permitted deduction of promotional play from taxable gaming revenue by casinos and sports wagering operators. Additionally, there were changes, corrections and clarifications identified by staff while reviewing the Agency's General Provisions and Lottery regulations. Mr. Nielsen stated that he will be back before the Commission next month with additional lottery amendments.

Mr. Nielsen outlined the approval process for regulations in Maryland. He then proceeded with the proposed amendments.

Proposed Amendments To COMAR Title 36 Maryland State Lottery and Gaming Control Agency

Subtitle 01 General Provisions

Chapter 01 General

Proposed amendments to Regulation .01 of this chapter add several new definitions and simplify others.

Proposed amendments to Regulation .02 update and simplify the regulations by cross-referencing to existing law. The computation of time was removed.

Proposed amendments to Regulations .03, .04 and .05 align the regulations with current terminology and practice.

Proposed amendments to Regulation .06 update and clarify descriptions of ethical issues that will be included in the Code of Conduct MLGCA staff is working on.

Chapter 03 Voluntary Exclusion and Responsible Gaming

Proposed amendments to Regulation .01 of this chapter simplify some cumbersome language regarding self-exclusion from more than one type of gaming activity and adds a definition.

Proposed amendments to Regulation .02 clarify the gaming activities offered in Maryland – casinos, fantasy sports, sports wagering, bingo halls with more than 10 devices and lottery - and how to self-exclude from each.

Proposed amendments to Regulation .03 deal with direct exclusion from fantasy competitions and mobile sports wagering and make the text consistent with the Style Manual.

Proposed amendments to Regulation .04 remove extraneous language.

Proposed amendments to Regulation .05 are consistent with the Style Manual and address a statutory change requiring disclosure of certain anonymized information to the Maryland Department of Health.

Proposed amendments to Regulations .06 and .08 make the language consistent with revised definitions.

Mr. Nielsen requested a motion to approve the proposed amendments to the regulations in the General Provisions, Subtitle 01.

Chair Browning asked if any Commissioners had questions. There were no questions. Chair Browning then asked for a motion to approve the proposed amendments to the regulations in the General Provisions Subtitle 01. Commissioner Doetsch motioned, Commissioner Stakem seconded, and the motion passed unanimously.

Subtitle 02 Lottery Provisions

Chapter 01 General

Proposed amendments to Regulation .01 of this chapter bring the terminology in line with current systems and Agency practices.

Regulation .02 is new and describes how organizations may submit a request for the Agency to sponsor an event.

Chapter 02 Retailer Licensing

Proposed amendments to Regulation .01 of this chapter update definitions for accuracy and to be consistent with the Style Manual.

Proposed amendments to Regulation .02 remove superfluous words.

Proposed amendments to Regulation .03 clarify that a license is not transferrable and updates the list of restrictions on a retailer license related to selling tickets, consistent with statute.

Proposed amendments to Regulation .04 specify that applications are submitted electronically and update the criteria the Agency considers when deciding whether to issue a license.

Proposed amendments to Regulation .05 provide further information on surety bonds that may be required before or after licensing as required by statute.

Proposed amendments to Regulations .06, .07 and .08 are made for style, clarity, and consistency.

Proposed amendments to Regulation .09 clarify the procedures and requirements of a corrective action plan including the Agency's discretion whether to permit a plan.

Regulation .10 identifies sanctions the Agency may impose, and identify a retailers' rights after sanctions have been imposed, the proposed amendments expand and update the list of impermissible acts by a retailer that may result in sanctions.

Chapter 03 Retailer Requirements

Proposed amendments to Regulation .01 are formatting changes and breaking down the existing Regulation .01 into two separate regulations for clarity. That caused the subsequent regulations to be renumbered.

Regulation .02 is new, partially created from what was Regulation .01 and clarifies obligations of a lottery retailer.

Regulation .03 is a new regulation that reorganizes retailer prohibitions that were located elsewhere in the regulations.

Regulations .04 and .05 are new regulations that reorganize language from the original Regulation .01 for clarity.

Proposed amendments to Regulation .06 renumber what was Regulation .02.

Proposed amendments to Regulations .07, .08, .09, and .10 renumber existing regulations and update terminology.

Proposed amendments to Regulation .11 renumber an existing regulation, update terminology, and describe the Agency's use of tools to identify unusual claims.

Proposed amendments to Regulation .12 renumber an existing regulation, update terminology and clarify that the Director has discretion in considering whether a retailer may participate in the XCAP - Expanded Cashing Authority Program.

Proposed amendments to Regulation .13 renumber an existing regulation and update terminology.

Proposed amendments to Regulation .14 clarify the requirements for retailer compliance with the ADA.

Proposed amendments to Regulation .15 renumber an existing regulation, update terminology, and describe what constitutes a change in ownership of a lottery retailer's business.

Preexisting Regulation .12 is removed because it is reorganized into the new Regulations .02 through .05.

Chapter 04 Common Provisions for All Lottery Games

Proposed amendments to Regulations .01, .02, .03 and .04 are changes to clarify and update language consistent with the Style Manual.

Proposed amendments to Regulation .05 clarify and update liability limits for draw games.

Proposed amendments to Regulations .06 and .07 update language consistent with the Style Manual.

Regulation .08 is no longer applicable and would be deleted.

Chapter 05 Specific Game Provisions

Proposed amendments to Regulations .01, .02, .03 and .04 clarify and update terminology to align with current practices and technology.

Chapter 07 Unclaimed Lottery Prizes

Proposed amendments to Regulations .01 and .02 clarify and update terminology.

Chapter 09 Instant Ticket Lottery Machines

This is related to the Veteran's Instant Ticket Lottery machine program, our ITLMs. The proposed amendments to Regulation .01 identify the applicable statute permitting the program.

Proposed amendments to Regulations .02, .03, .04, and .05 clarify and update terminology and cross-references.

Mr. Nielsen asked if there were any questions or comments to Subtitle 2.

Commissioner Hodges wanted to know, in reference to Chapter 2, if applications are only allowed to be submitted electronically and not mailed. Mr. Nielsen replied that it was electronic only in order to go into the system. Commissioner Hodges asked if people could walk into the office with applications. Mr. Nielsen responded they cannot, and that this has been the practice.

Chair Browning then asked if there were any other questions. Hearing none, he asked for a motion to approve the proposed amendments to the regulations in the Lottery Provisions Subtitle 02. Vice Chair Marriner motioned, Commissioner Stakem seconded, and the motion passed 6 to 1, with Commissioner Hodges opposed.

Mr. Nielsen said that the final three regulations address promotional play in Maryland's gaming industry. Given the State's anticipated budget shortfalls, MLGCA reviewed the practice regarding the deduction of promotional play from taxable casino gaming and sports wagering revenues. Promotional play is still permitted but, under the amended regulation, it will not be deductible from taxable revenue.

Currently, licensees are permitted to deduct an amount up to 20% of their taxable gaming revenue from the prior year. Eliminating these deductions is expected to increase the gaming taxes paid to the State, and is a step MLGCA can take to support the State's effort to meet its budgetary goals.

MLGCA considered submitting these as emergency regulations, but believes it is better to follow the standard regulatory review process that allows for public comment after the proposed regulations are published, and then to consider any comments received by the Commission prior to its implementation. This process better serves those affected by the proposed changes, so MLGCA is not requesting that these be submitted as emergency regulations.

Subtitle 03 Gaming Provisions

Chapter 10 Video Lottery Facility Minimum Internal Control Standards

Proposed amendments to Regulation .36 of this chapter eliminate the ability of a video lottery facility to deduct promotional play redeemed by players from its taxable revenues. It also modifies language concerning annual reporting of amounts of promotional play provided to players consistent with the Style Manual.

Mr. Nielsen requested a motion to approve the proposed amendments to the regulations in the Gaming Provisions, Subtitle 03.

Chair Browning asked if any Commissioners had questions. There were no questions. Chair Browning then asked for a motion to approve the proposed amendments to the regulations in the Gaming Provisions Subtitle 03. Commissioner Doetsch motioned, Vice Chair Marriner seconded, and the motion passed unanimously.

Subtitle 05 Table Games

Chapter 03 Table Game Procedures

Proposed amendments to Regulation .15 of this chapter eliminate the ability of a video lottery facility to deduct promotional play redeemed by players from its taxable revenues.

Mr. Nielsen asked if there were any questions.

Commissioner Hodges inquired about the requested change. Mr. Nielsen stated that similar to the prior regulation, casinos would not be permitted to reduce taxable revenue. Commissioner Hodges asked if all of these were the same. Mr. Nielsen affirmed all three amendments are the same.

Chair Browning then asked for a motion to approve the proposed amendments to the regulations in the Table Games Provisions Subtitle 05. Commissioner Doetsch motioned, Vice Chair Marriner seconded, and the motion passed unanimously.

Subtitle 10 Sports Wagering Provisions

Chapter 13 Sports Wagering Licensee Minimum Internal Control Standards

Proposed amendments to Regulation .39 of this chapter eliminate the ability of a sports wagering licensee to deduct promotional play redeemed by players from its taxable revenues. It also updates the language concerning annual reporting of amounts of promotional play provided to players consistent with the Style Manual.

Mr. Nielsen requested a motion to approve the proposed amendments to the regulations in the Sports Wagering Provisions Subtitle 10.

Chair Browning asked if any commissioners had questions. There were no questions. Chair Browning then asked for a motion to approve the proposed amendments to the regulations in the Sports Wagering Provisions Subtitle 10. Vice Chair Marriner motioned, Commissioner Doetsch seconded, and the motion passed unanimously.

Chair Browning then asked for a motion to delegate to staff the authority to make any non-substantive changes to the approved regulation amendments that may be necessary to prepare them for publication in the *Maryland Register*. Commissioner Doetsch motioned, Vice Chair Marriner seconded, and the motion passed unanimously.

Chair Browning took a moment to thank Lottery staff for their work on the regulations. He stated that once the proposed regulations have been published to the *Maryland Register*, the general public will have a 30-day comment period. The Commission will then review the comments prior to moving forward.

CLOSED SESSION

There was no need for the Commission to go into a closed session.

DATE AND TIME OF NEXT MEETING

Chair Browning announced the next Commission meeting will be held on Thursday, October 24, 2024, at 10:00 a.m. in person at Lottery Headquarters and via video conference.

ADJOURNMENT

There being no further business, Chair Browning adjourned the meeting at 10:58 a.m.

Respectfully submitted,


John Martin
Director