

Maryland Lottery and Gaming Control Commission

STAFF AGENDA MEMORANDUM

DATE OF MEETING: January 23, 2014

AGENDA ITEM: Approval to apply for membership in the Multi-State Lottery Association

PRESENTER: Stephen Martino, Director

ISSUE SUMMARY: Staff seeks approval to apply the Maryland Lottery and Gaming Control Agency for membership in the Multi-State Lottery Association (MUSL). MUSL is a consortium of 33 lotteries (Arizona Lottery, Arkansas Lottery, Colorado Lottery, Connecticut Lottery Corporation, D.C. Lottery & CGCB, Delaware State Lottery, Florida Lottery, Hoosier Lottery, Idaho Lottery, Iowa Lottery, Kansas Lottery, Kentucky Lottery Corporation, Louisiana Lottery Corporation, Maine Lottery, Minnesota State Lottery, Missouri Lottery, Montana Lottery, Nebraska Lottery, New Hampshire Lottery Commission, New Mexico Lottery Authority, North Carolina Education Lottery, North Dakota Lottery, Oklahoma Lottery, Oregon Lottery, Pennsylvania Lottery, Rhode Island Lottery, South Carolina Education Lottery, South Dakota Lottery, Tennessee Education Lottery, Vermont Lottery, U.S. Virgin Islands Lottery, Wisconsin Lottery, West Virginia Lottery). Maryland, as with 12 other states, was an original Mega Millions group state. However, the Texas Lottery has applied for and been accepted into MUSL. (see enclosed letter)

MUSL is a dynamic organization that works with member lotteries to develop new games and operational efficiencies to grow revenues to support the good causes of each state. Instead of operating just one game, like the Mega Millions group, MUSL operates five (Powerball, Hot Lotto, Wildcard 2, 2 by 2 and MegaHits, which is a progressive game for slot machines). Additionally, MUSL is taking the lead on developing several new games of great interest to the Maryland Lottery, including: a multi-state progressive option for Keno and a premium national game that may incorporate some form of national marketing and/or national game show.

MUSL is operated on a day-to-day basis by a staff of 12 based out of the Des Moines, Iowa, area. Joining MUSL will modestly decrease Maryland Lottery staff responsibilities, freeing them to do other important agency responsibilities.

Approving this change will not affect the Maryland Lottery's ability to sell Mega Millions. Cross-selling of national jackpot games started in January 2010. Maryland would join the Powerball and Mega Millions groups of MUSL, so this change would be transparent to Maryland lottery players. Staff estimates that the additional cost of joining MUSL will be about \$28,000 above the \$52,000 we have budgeted in this fiscal year for Mega Millions group related

expenses. That amount will be paid from our existing appropriations by finding efficiencies in other areas.

The Office of the Attorney General has been communicating with counsel from MUSL to work out all legal and operating details to ensure they are consistent with Maryland law. We anticipate no difficulties in reaching a mutually agreeable resolution.

Maryland Lottery and Gaming Control Agency staff has met to discuss this potential move and expressed no reservations about proceeding.

COMMISSION ACTION REQUIRED/REQUESTED: Grant approval to allow the director of the Maryland Lottery and Gaming Control Agency to apply the agency for membership in the Multi-State Lottery Association consistent with all applicable statutes and regulations of the State of Maryland.

STAFF RECOMMENDATIONS: Staff recommends approval.