

MARYLAND RETAILERS ALLIANCE

The Voice of Retailing in Maryland



SB362 Budget Reconciliation and Financing Act of 2024 Budget and Taxation Committee February 29th, 2024

Position: Favorable with Amendments

Background: SB362 would, in an effort to increase State revenues, reduce lottery agent sales commissions and prize ticket cashing commissions for lottery agents.

Comments: The Maryland Retailers Alliance has serious concerns about the proposed alterations to lottery agent sales commission and prize ticket cashing commission rates included in SB362. The State budget as proposed would reduce commission rates from 6.0% to 5.5% for lottery sales and 3.0% to 2.0% for prize ticket cashing. The commission rates were raised to their current level in 2022 as the result of a long-standing agreement set when casino gaming legislation passed in 2012. State leadership and the legislature at that time understood that lottery retailers would be adversely affected by the introduction of a brick-and-mortar gaming industry, and the commission rates were finally increased just two years ago.

Lottery retailers in Maryland are facing a multitude of proposals this year that would impact operations, sales, and revenue. These include tobacco sales restrictions, license fee increases, staffing requirements, increased tobacco taxes, the implementation of internet lottery sales, and the commission reductions proposed in the State budget. Though we only testify on one bill at a time, and most of these bills will not be considered by this committee, MRA must occasionally consider the sum of several bills when determining our position on one piece of legislation as no bill is passed in a vacuum. Each of these measures would have a detrimental impact on operations and comes with a high cost for retailers, and the commission reductions in particular are estimated to result in a loss of upwards of \$6,000 per store each year.

Just as Marylanders are experiencing high costs for housing, transportation, and goods, businesses in Maryland are constantly adjusting to ever-increasing operational costs: high commercial rent, increased transportation costs for goods, high labor costs, and workforce shortages are all impacting businesses, and the cost of the Family and Medical Leave Insurance Program is still to come. We would respectfully urge you to seriously consider the compounding effect of these policies and the legislation proposed this year on Maryland's businesses, and to reduce the impact on lottery retailers by removing the lottery commission rate reductions from SB362.

Thank you for your consideration.