

February 29, 2024

Testimony to the Maryland House of Delegates Ways and Means Committee in Support of HB 1218- Authorizing Online Lottery

Good afternoon Madam Chair, Vice Chair Wilkins and members of the House Ways and Means Committee. My name is Marvin Yates and I am the Vice President of Strategic Government Relations at MultiState. We are a full service government relations firm based in the Metro DC area and work with clients on different issues at the state level. One of those clients is NeoGames, the leading provider of technology and iLottery solutions around the world. While iLottery is only authorized in 14 states, it is being considered in a number of states this session, including Maryland. My client, NeoGames has helped to shape the US landscape as the iLottery technology and content provider in some of the most thriving states including Virginia, Michigan, New Hampshire, and North Carolina.

I stand before you today to not only discuss the capabilities and expertise of my client, but to share the benefits of online lottery. We would suggest that this committee, the House of Delegates and the Maryland General Assembly, move legislation forward that: 1. Authorizes the sale and purchase of lottery games online; and 2. Allows the State Lottery and Gaming Control Agency to select an online lottery vendor through an open, transparent and competitive bidding process specific to iLottery/digital services.

I have worked closely with clients in the gaming, sports betting, tech and lottery space for over a decade. If you look at any industry: clothing, taxi rides, shopping, music, airline tickets, restaurant reservations, everything is transitioning to online. This industry is no different! We are slowly seeing a shift from the historical retail only lottery models to a more modernized hybrid approach with omnichannel retail and online components. Consumers want to have access and the ability to do everything right from the comfort of their phone, computer and mobile devices. It is important as you consider this legislation that you fully understand some of the key reasons to support iLottery:

1. Incremental non-tax revenue for good causes-

It is our understanding through public reports that the state of Maryland is experiencing a significant budget shortfall. Instead of raising taxes, cutting certain spending or looking for other ways to place the burden on businesses and residents, you should focus on finding new sources of revenue. Full iLottery programs in states like Virginia, Michigan and others have contributed tens and even hundreds of millions in net revenue to good causes. We would recommend reaching out to public and Lottery officials in those states to get specific information on their successes.

2. Retailers will grow their player base and achieve incremental lottery sales-

iLottery sales help to reach younger players in their 20s and 30s who might not carry cash. Players online are an average of 12 years younger than retail players. Attracting a new player demographic will not only help iLottery to thrive, but will also welcome a new base of players into the retail space. iLottery states have reported a rise in retail engagement alongside their

online platforms, with an increase of over 25% in retail sales since the launch of iLottery. In fact, most states that have gone digital are growing at a faster rate than their non-iLottery counterparts; due in large part to the successful omnichannel programs and new players.

3. Additional player safety with responsible play and consumer protection tools-

The online channel provides additional player safety with key consumer protection components such as age and identity verification, player spending limits, player session limits and self-exclusion programs. Every state that has authorized iLottery has adopted a similar suite of responsible play protections to ensure that the online market uses technological advances to know its player base, but also provides additional mechanisms to protect them. The Maryland Lottery and other lotteries are known to have a focus on responsible gaming programs and this trend has expanded with the use of digital technologies.

4. Paperless, environmentally friendly with strong governance and cost efficiencies-

As the world looks for ways to reduce carbon emission and paper usage, these environmental benefits are also a reward of iLottery systems. Last April, the Massachusetts Lottery touted the environmental impact since the launch of their mobile cashing feature in September 2021. They have estimated that with over 56,000 prize claims fulfilled through the app, the elimination of vehicle trips to Lottery claim centers for these transactions has preserved an estimated 112,000 gallons of gas, resulting in an estimated carbon emissions reduction of over 2.2 million pounds. Processing these claims electronically has also reduced the Lottery's production of paper checks and that is only one part of the digital journey that lotteries can take. A full iLottery program in Maryland will recognize these benefits and more.

5. Improved accessibility through modern technologies-

We saw during the pandemic, when many retail operations were forced to curtail their activity, how an online option successfully filled the gap for players. Advanced iLottery solutions continue to benefit players who cannot access a retail point of sale for any given reason, be it health, mobility reasons or inclement weather.

6. Successful co-existence with other forms of authorized gaming-

NeoGames, has seen firsthand the ability for iLottery to not only successfully co-exist with other forms of gaming, but to also be mutually beneficial to the states in which they operate. From the experience in states where iLottery operates side-by-side with iGaming and sports betting, it introduces new audiences to the different propositions. In fact, many states are beginning to introduce legislation to authorize both iLottery and iGaming together, as they look to capitalize on the opportunity to address them at once and fully modernize their gaming apparatus, with the proper digital controls in place.

There are a multitude of reasons to authorize iLottery. NeoGames is hopeful that we can be helpful to this committee and the Maryland General Assembly on this timely and important matter. Thank you again for providing an opportunity for us to submit our comments. We would be happy to meet in the future to discuss our views on iLottery in greater detail, and can provide additional information from various iLottery programs throughout North America. Please feel free to contact myself (myates@multistate.us), Chris Shaban (Chris.Shaban@neogames.com) or Rob Wesley (Rob.Wesley@neogames.com) with any questions.