



THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

Thank you for your consideration of **HB553 - State Lottery Tickets - Prohibition on Internet Sales – Repeal**

The Maryland State Lottery is very successful revenue generator for Maryland. At our briefing in Ways and Means, we saw not only the current success, but how innovation there has spurred that growth.

We are at a nexus for the possible implementation of a new type of gambling here Maryland - sports wagering. But with that will likely come another innovation in gambling in Maryland - online access. As we generally move well into the online access age, we understand that for some forms of wagering to be viable and competitive, it will be necessary to allow that access. The State Lottery is among them. Already six states have permitted and begun online sales of lottery items. Our lottery would benefit from the ability to consider joining them.

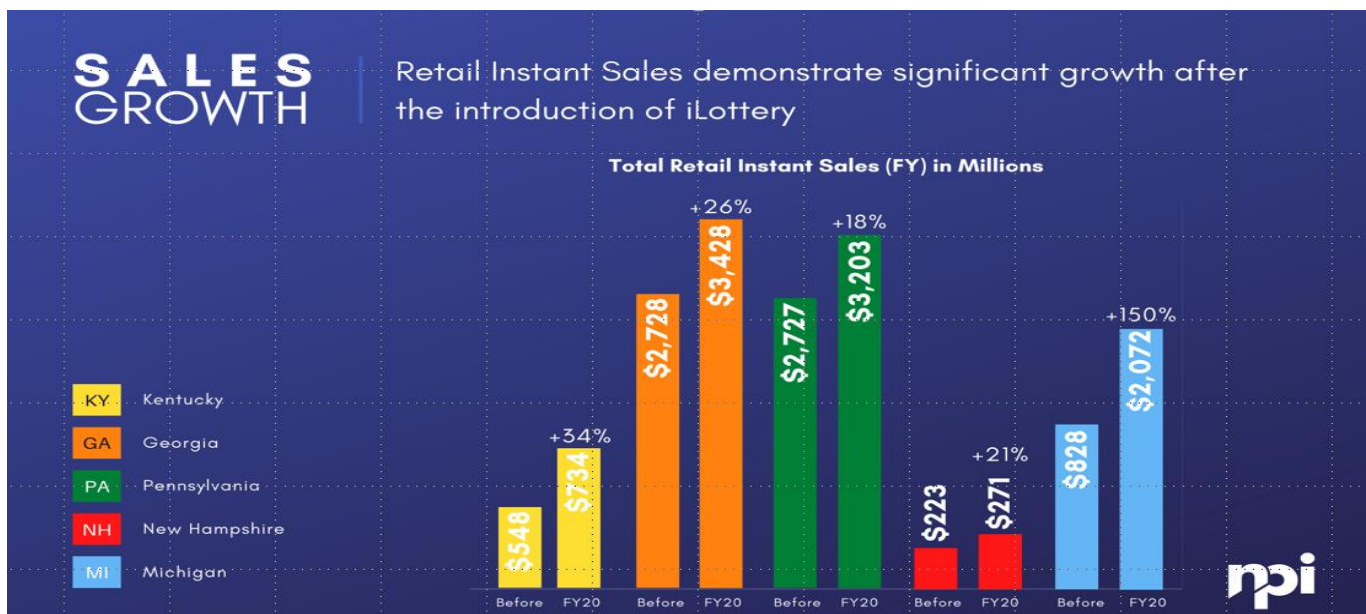
This legislation does not require online lottery, in merely enables the Maryland State Lottery to consider safe and meaningful ways to expand their sales – sales which, after overhead costs, remit the entire profit to state funds.

There is concern that an action like this would impact sales by the very groups on which the lottery was built in its infancy – retailers, bars, liquor stores, and a few other outlets. Generally, these groups are willing to offer lottery merchandise due to

- 1) the percentage of each sale that they receive and
- 2) the extra business they believe it brings to their establishments.

-The first is true and will remain that way. The 5% of each sale (not to mention rewards for winning tickets sold) will remain part of their revenue stream.

-The second may be an unfounded concern. Research in the existing online lottery states shows that brick and mortar sales continue to increase, and sometimes outperform previous increases, after online sales - as noted in this table:



[Type here]

Lottery agencies and the industry in general posit that online sales do not cannibalize current patrons, they attract new patrons and, further, these new customers access in person sales at the brick and mortar establishments too.

With this expansion, the State Lottery will begin to be able to realize even more revenue for the state and the current in person sales as sources revenue, and those who benefit from the them , should not be significantly impacted.

Thank you for your consideration and I urge a favorable report.

Delegate Eric Ebersole