



**MARYLAND STATE
LICENSED BEVERAGE ASSOCIATION**

150 E Main Street, Suite 104, Westminster, MD 21157

TO: The Honorable Anne R. Kaiser, Chair
Members, House Ways and Means Committee
The Honorable Eric Ebersole

FROM: J. Steven Wise
Pamela Metz Kasemeyer
Danna L. Kauffman

DATE: February 4, 2021

RE: **OPPOSE** – House Bill 553 – *State Lottery Tickets - Prohibition on Internet Sales - Repeal*

The Maryland State Licensed Beverage Association (MSLBA), which consists of approximately 1,000 Maryland businesses holding alcoholic beverage licenses (restaurants, bars, taverns and package stores), **opposes** House Bill 553.

House Bill 553 would repeal the current prohibition on the lottery being conducted online, and presumably permit the Lottery Commission to move forward with such a program by regulation.

Many MSLBA members are lottery agents and have been invaluable partners in the success of Maryland's lottery. The tremendous sales record on lottery games was on display before this Committee earlier this Session when the Lottery Commission briefed this Committee on its operations, which showed that even through difficult times when retail stores were limited in capacity or even closed, lottery sales held steady in FY 2020. And, more impressively, sales are on record pace for the current fiscal year despite the ongoing economic fallout from the pandemic. Lottery sales are one of the few bright spots in the State's revenue picture, which begs the question of why anything would be done to alter the successful relationship between the State and its lottery agents at the present time.

Lottery agents are very concerned that an online lottery would reduce sales through brick and mortar stores and with that, the commissions paid to them. These commissions are an integral revenue source for thousands of small businesses. If reduced, fewer employees may be needed. Foot traffic through the store will be reduced, affecting both the business and the sales tax revenue it generates for the State. Fewer employees might be needed, and other costs may have to be cut. The State should not go down the path of online lottery until it is absolutely certain that these results will not come to pass.

Finally, the General Assembly long ago recognized that introducing other forms of gaming into the State results in reduced lottery sales. See Fiscal Note to Senate Bill 3, 2007 Special Session. With voters having just approved sports gaming in 2020 and the Legislature debating laws to implement the expansion, which may well include mobile sports betting, it seems imprudent for the State to couple that with the start of an online lottery. The effects of this upon small businesses that are the State's lottery

agents could be significant by the Legislature's own prior estimates, so in our view it would be unwise to adopt this change at the present time.

For these reasons, MSLBA opposes House Bill 553.

For more information call:

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