

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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February 2, 2021

The Honorable Anne R. Kaiser
Chair, Ways and Means Committee
Room 130, House Office Building
Annapolis, MD 21401-1991

Re: Letter of Support – House Bill 553 - State Lottery Tickets – Prohibition on Internet Sales - Repeal

Dear Chair Kaiser and Members of the Ways and Means Committee:

The Maryland Lottery and Gaming Control Agency (“MLGCA” or “Agency”) submits this letter of support to the House Ways and Means Committee (“Committee”) regarding House Bill 553, which could have a positive impact on lottery subscription sales, and thus generating more revenue for the General Fund.

This proposed legislation would amend State Government Article §9-111 by repealing the prohibition on the Agency from allowing a person to purchase a State lottery ticket through an electronic device that connects to the Internet, such as a personal computer or mobile device. The proposed legislation would repeal subsection §9-111(e) in its entirety.

This prohibition was enacted during the 2017 legislative session in an effort to prevent the Agency from further developing an iLottery concept. *See* Chapter 447 (HB813) of 2017 Session. However, this prohibition also indirectly impacted the Agency’s inherent statutory authority to continue updating its subscription services to its players. Removing this prohibition would make it easier for the Agency and more convenient for the players to purchase a subscription for four (4) lottery games. The Agency currently offers subscriptions for Mega Millions, Powerball, Multi-Match and Cash4Life through the Lottery’s My Lottery Rewards website. *See* <https://www.mdlottery.com/player-tools/subscriptions/>

The Agency submits that repealing this prohibition for the limited purpose of allowing us to process lottery subscription sales online would bring us into the modern era of payment processing. Currently, a player has to go online to the lottery website to complete a subscription application, print the application, and mail it along with a check to the Agency for processing the subscription. Once the player’s application and check arrives, the Agency must scan the application and deposit the check for payment. From start to finish, it could take on average 1 to 2 weeks before the entire process is completed and the player receives the subscription, versus having this entire process completed in a matter of minutes. While it is difficult to give a true estimate of the revenue potential, the Agency believes that lottery subscription sales could increase by as much as 20%, from \$2.385 million (based on 2020 sales) to \$2.862 million annually.

If the Committee were interested in having the Agency launch an iLottery platform, we could do that as well. The iLottery concept allows a lottery to put a selected number of games in an electronic format so that potential players can use an electronic device that connects to the Internet, such as a personal computer or mobile device, to purchase games using this alternative platform. Currently, six states have legalized iLottery to date: Georgia, Illinois, Kentucky, Michigan, North Carolina, and Pennsylvania. New Hampshire offers e-instant games online and multi-state jackpot games, and Virginia offers online lottery tickets through a subscription-based service.

On January 20, the United States Court of Appeals for the First Circuit issued its decision in the *New Hampshire Lottery Commission and Neopollard Interactive LLC; Pollard Banknote Limited (Plaintiffs, Appellees) vs. Jeffrey Rosen, Acting U.S. Attorney General; United States Department of Justice; United States*. This decision declared that the Wire Act's prohibition pertains only to sporting events or contests across state lines, confirming the Department's original 2011 opinion. An appeal appears doubtful; the First Circuit is now the second appellate court to hold that the Wire Act applies only to sports betting.

Although a non-Maryland resident is not prohibited from traveling across state lines to purchase a lottery ticket from a licensed Maryland lottery retailer, and then bringing that ticket back across state lines, the non-Maryland resident would be prohibited from using the Internet to purchase that same ticket using a Maryland iLottery platform.

Thank you for your consideration of this letter of support to HB 553. If you should have any questions or need more information about this subject, please do not hesitate to contact James B. Butler, MLGCA's Managing Director, Organizational Compliance, at (410) 230-8781 or jbutler@maryland.gov.

Sincerely,



Gordon Medenica
Director

cc: Delegate Eric Ebersole
All Committee Members