

**E75D**  
**Maryland Lottery and Gaming Control Agency**

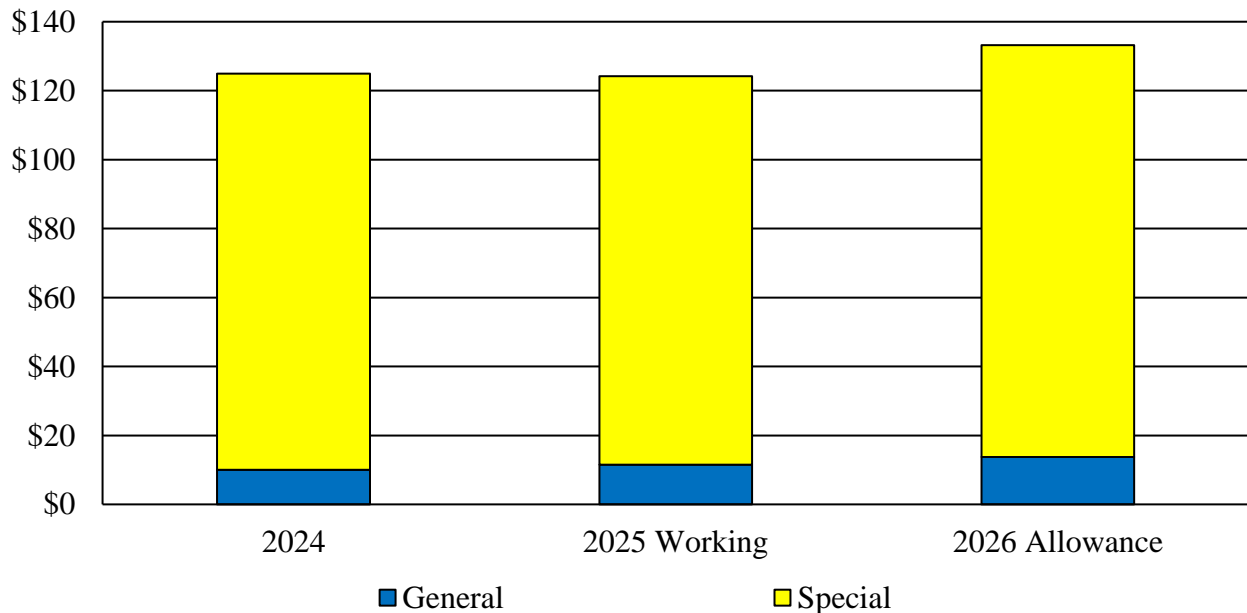
**Program Description**

The Maryland Lottery and Gaming Control Agency (MLGCA) administers lottery games and regulates the State’s casino and sports betting programs to generate revenue for the State. The lottery currently offers a mix of instant ticket, Fast Play, and draw games. All games are sold through lottery agents, which are private businesses that receive commissions and fees in exchange for selling the games to the public. MLGCA is also responsible for the regulation of the video lottery terminal (VLT) program, including accounting for VLT revenues, managing the program’s video lottery central system, and regulating and licensing operators. MLGCA regulates the table games at the authorized VLT facilities, sports wagering, and fantasy gaming in the State.

***Operating Budget Summary***

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**Fiscal 2026 Budget Increases \$9.0 Million, or 7.3%, to \$133.2 Million**  
**(\$ in Millions)**



Note: The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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## **Fiscal 2025**

### **Proposed Deficiency**

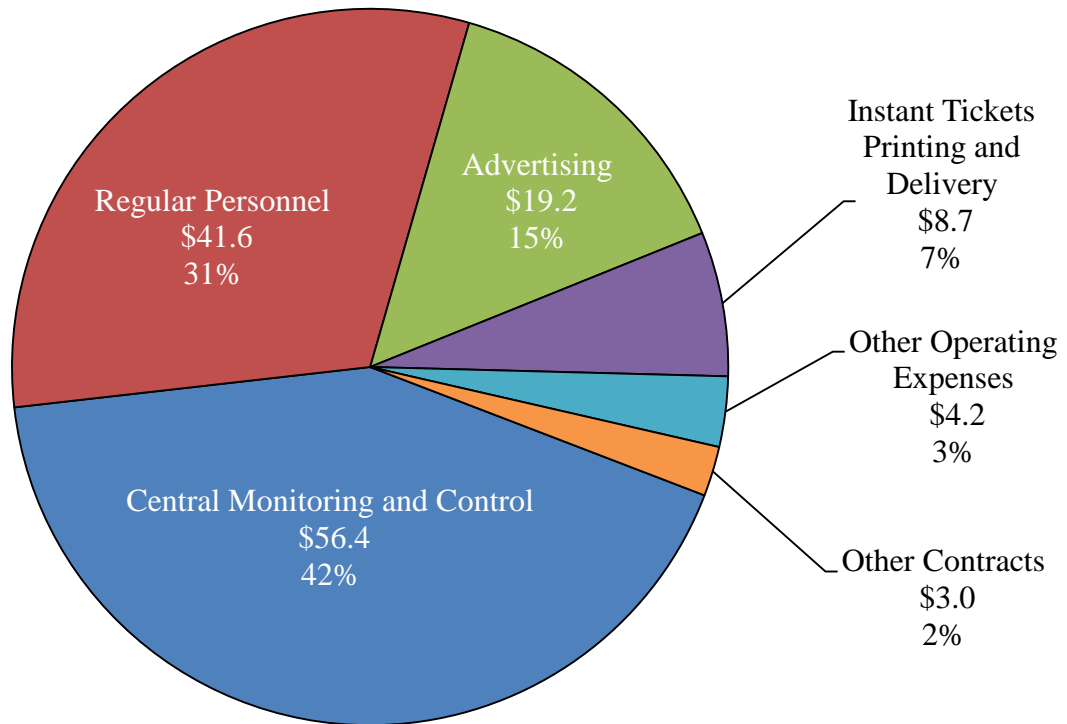
The budget bill includes proposed deficiency appropriations totaling just under \$830,000 in special funds to support administration and operations. The deficiency is due to increased vendor costs for the lottery (\$585,700) and instant ticket lottery machines (ITLM) (\$243,828). Vendor costs are based on the amount of revenue coming in, so when lottery revenues increase, so do vendor costs.

The budget bill also includes a fiscal 2025 fund swap for VLT and gaming operations, reducing the general fund appropriation by \$418,098 and increasing the special fund appropriation by the same amount.

### **Fiscal 2026 Overview of Agency Spending**

MLGCA's largest expense is the three contracts for production and distribution of lottery tickets, equipment and monitoring for ITLMs, and slot machine monitoring at casinos. These are shown as central monitoring and control in **Exhibit 1**, and collectively account for 42% of MLGCA's fiscal 2026 allowance. Regular personnel costs make up 31% of the allowance, and advertising accounts for another 15%.

**Exhibit 1**  
**Overview of Agency Spending**  
**Fiscal 2026 Allowance**  
**(\$ in Millions)**



Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2026 Budget Books

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### **Proposed Budget Change**

MLGCA's central monitoring and control contracts are the largest area of growth in the fiscal 2026 allowance, increasing \$5.7 million (11%) from fiscal 2025. The cost of these contracts is based partly on revenues, with higher vendor fees paid out in years when higher revenues are collected; thus, the actual costs vary from year to year. Costs may also vary due to the quantity of tickets ordered and whether games use licensed content like the name of a sports team or other brand name. Regular personnel costs also increase, primarily due to salary and fringe benefit costs, as shown in **Exhibit 2**.

**Exhibit 2**  
**Proposed Budget**  
**Maryland Lottery and Gaming Control Agency**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Total</b>
Fiscal 2024 Actual	\$9,999	\$114,964	\$124,963
Fiscal 2025 Working Appropriation	11,543	112,678	124,220
Fiscal 2026 Allowance	<u>13,753</u>	<u>119,483</u>	<u>133,236</u>
Fiscal 2025-2026 Amount Change	\$2,210	\$6,805	\$9,015
Fiscal 2025-2026 Percent Change	19.1%	6.0%	7.3%
 <b>Where It Goes:</b>			<b><u>Change</u></b>
<b>Personnel Expenses</b>			
Salary increases and associated fringe benefits, including fiscal 2025 cost-of-living adjustments and increments.....			\$4,693
Costs associated with 1 new position .....			76
Turnover rate increases from 5.23% to 6.20% .....			-364
Other fringe benefit adjustments .....			39
<b>Other Changes</b>			
Central monitoring and control systems .....			5,667
Advertising contracts .....			-75
Contractual staff decrease by 5 FTEs .....			-405
Proposed fiscal 2025 deficiency appropriation .....			-830
Other .....			212
<b>Total</b>			<b>\$9,015</b>

FTE: full-time equivalent

Source: Governor’s Fiscal 2026 Budget Books

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

## Budget Reconciliation and Financing Act

Two provisions in the Budget Reconciliation and Financing Act (BRFA) of 2025 would raise tax rates on gaming. The provisions would increase the table game tax rate from 20% to 25% and increase the mobile sports wagering tax rate from 15% to 30%. The fiscal 2026 budget as introduced assumes increases in revenues from the BRFA provisions, but the estimates of future revenues and disbursements in this analysis do not take the proposed tax rate changes into account.

### *Personnel Data*

	<b><u>FY 24</u></b> <b><u>Actual</u></b>	<b><u>FY 25</u></b> <b><u>Working</u></b>	<b><u>FY 26</u></b> <b><u>Allowance</u></b>	<b><u>FY 25-26</u></b> <b><u>Change</u></b>
Regular Positions	364.10	364.10	365.10	1.00
Contractual FTEs	<u>8.75</u>	<u>12.75</u>	<u>7.75</u>	<u>-5.00</u>
<b>Total Personnel</b>	<b>372.85</b>	<b>376.85</b>	<b>372.85</b>	<b>-4.00</b>

#### *Vacancy Data: Regular Positions*

Turnover and Necessary Vacancies, Excluding New Positions	22.57	6.20%
Positions and Percentage Vacant as of 12/31/24	29.75	8.17%
Vacancies Above Turnover	7.18	

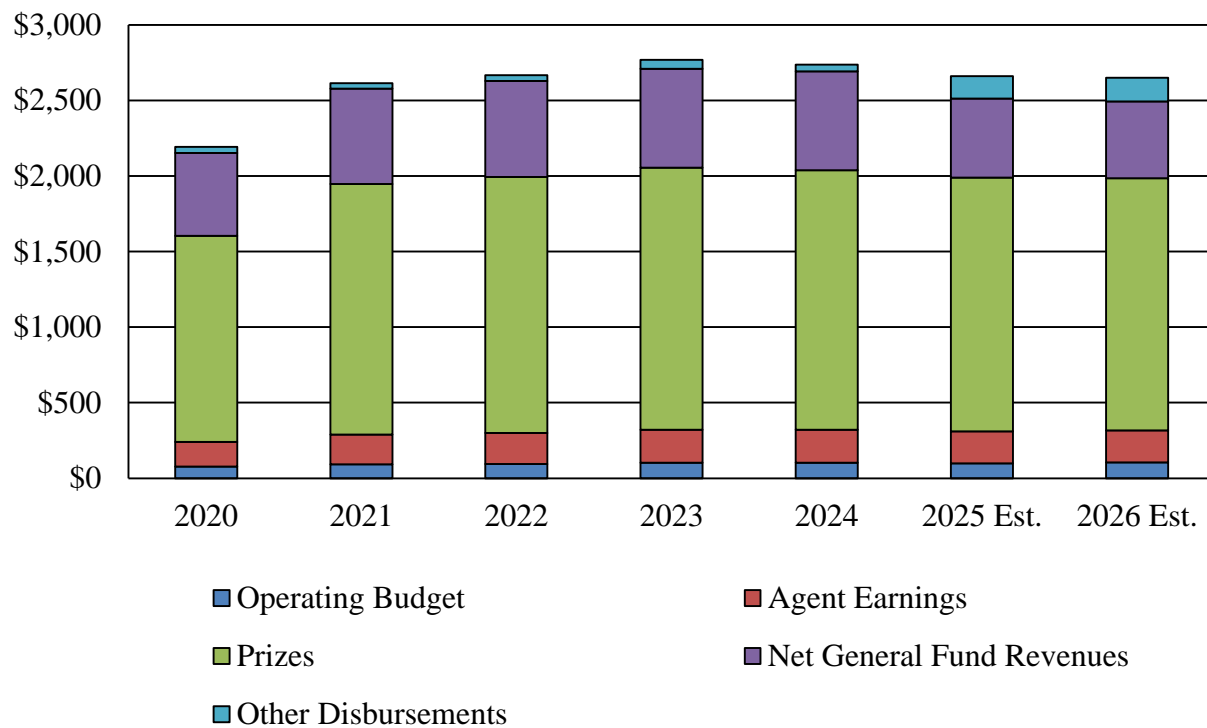
- The fiscal 2026 allowance includes 1 new regular position and a reduction of 5 contractual full-time equivalents. The new position will be a lottery representative working on retail sales as the retail sales team is at capacity for maintaining relationships with noncorporate retailers. The contractual positions being eliminated are 4 unneeded positions in sports wagering and 1 in VLT and gaming. MLGCA had expected more sports wagering licensees to sign up and anticipated needing contractual gaming license investigators, but since there have been fewer licensees than expected, regular employees in existing positions have been able to complete the work.
- Of the vacant positions, 5 had been vacant between six months and a year, and none had been vacant more than one year.

## Key Observations

### 1. Lottery Revenue Performance

Lottery sales in fiscal 2024 were \$2.7 billion, a \$32 million (1%) decrease from fiscal 2023. Proceeds from the lottery games pay for prizes, agent earnings, and all operating expenses of MLGCA for the lottery program. The lottery launched a new game in fiscal 2024, Cash Pop, which generated \$5.3 million in sales in fiscal 2024 and is projected to generate \$22.2 million in sales in fiscal 2025. **Exhibit 3** shows lottery earnings and the proportions distributed for prizes to the State general fund and to other disbursements.

**Exhibit 3**  
**Lottery Earnings and Disbursements**  
Fiscal 2020-2026 Est.  
(\$ in Millions)



Source: Governor’s Fiscal 2026 Budget Books

*E75D – Maryland Lottery and Gaming Control Agency*

Net general fund revenue is projected to decrease in fiscal 2025 to \$522.9 million, down from \$655.0 million in fiscal 2024. The decrease is driven by an expected decline in sales (\$77.1 million) and increases in the “other disbursements” category (\$103.9 million). New or increased disbursements in fiscal 2025 include:

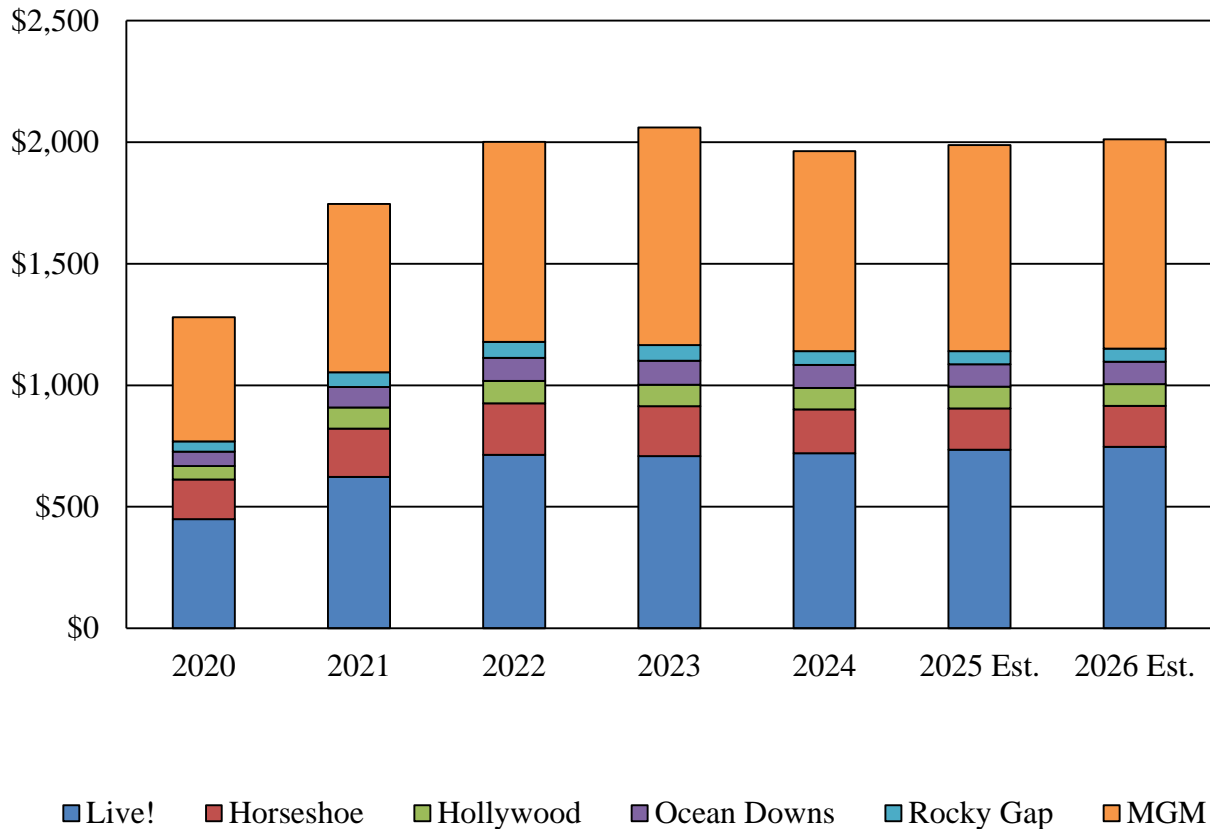
- Supplemental Stadium Financing Revenue – \$34.7 million;
- Blue Line Corridor Fund – \$27.0 million;
- Bus Rapid Transit Fund – \$27.0 million;
- Sports and Entertainment Facilities Fund – \$12.4 million; and
- Prince George’s County Local Impact Grants – \$3.0 million.

As bonds are issued and the Orioles and Ravens stadiums are renovated, funding going toward supplemental stadium financing is expected to increase; \$48.2 million in lottery revenue for these projects is projected in fiscal 2026. More about these projects can be found in D28A03 – Maryland Stadium Authority.

## **2. Casino Earnings and Contributions**

Casino revenues, which include VLTs and table games, were \$2.0 billion in fiscal 2024, a \$97 million (5%) decrease from the prior year. Gross revenues by casino are shown in **Exhibit 4**. Revenues at Live! Casino and Hollywood Casino Perryville increased in fiscal 2024, while revenues at other casinos decreased.

**Exhibit 4  
Casino Earnings  
Fiscal 2020-2026 Est.  
(\$ in Millions)**



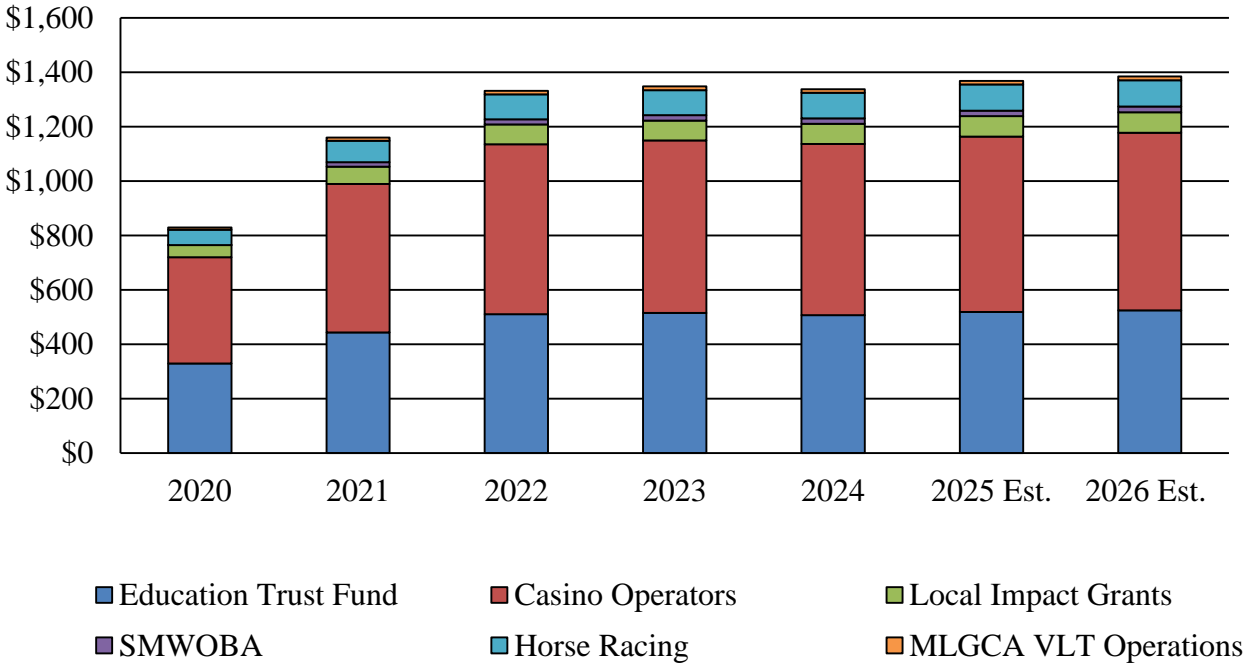
Source: Board of Revenue Estimates

**VLT Revenues**

VLT revenues totaled \$1.3 billion in fiscal 2024, a \$10 million (1%) decrease from the prior year. After disbursements to casino operators and other specified recipients, the Education Trust Fund (ETF) received \$506.8 million. **Exhibit 5** shows the disbursement of VLT revenue.



**Exhibit 5**  
**VLT Revenue Disbursements**  
**Fiscal 2020-2026 Est.**  
**(\$ in Millions)**



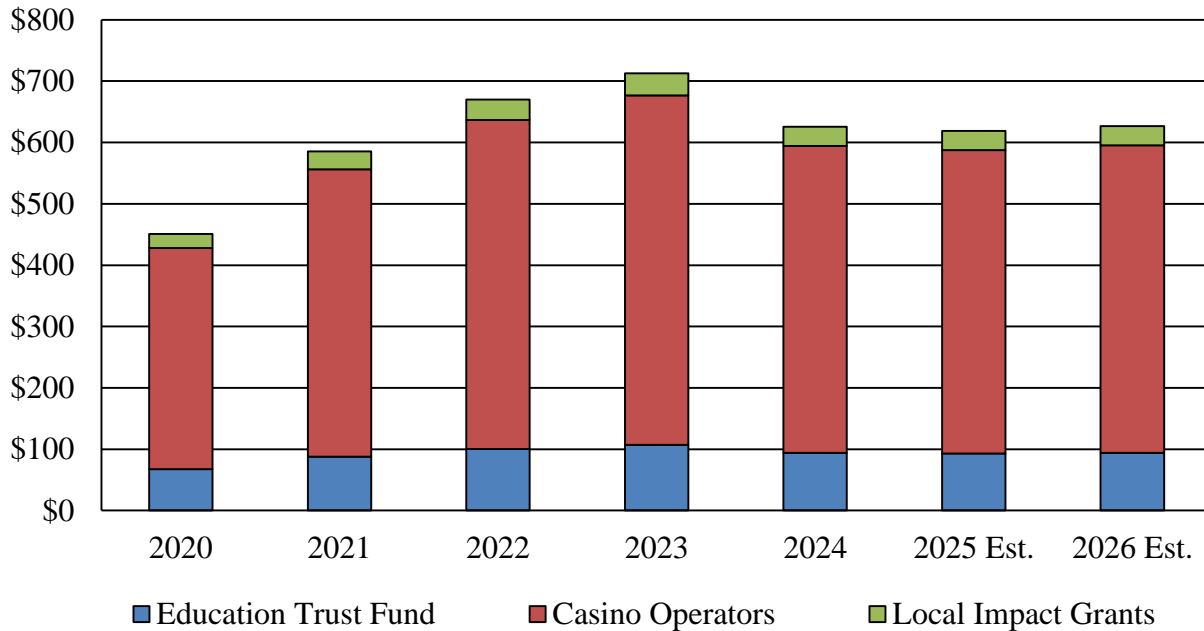
MLGCA: Maryland Lottery and Gaming Control Agency  
 SMWOBA: Small, Minority, and Women-Owned Businesses Account  
 VLT: video lottery terminal

Source: Board of Revenue Estimates

**Table Game Revenues**

Gross revenues from table games were \$625.8 million in fiscal 2024, an \$87 million (12%) decrease from fiscal 2023. Gross revenues from table games are currently distributed to facility operators (80%), ETF (15%), and the casino’s local jurisdiction (5%). A BRFA provision would alter the distribution by reducing the percentage distributed to facility operators to 75%. The extra 5% would be distributed to the General Fund through fiscal 2027 and thereafter to the ETF. **Exhibit 6** shows past and estimated future disbursements from table game revenues.

**Exhibit 6**  
**Table Game Revenue Disbursements**  
**Fiscal 2020-2026 Est.**  
**(\$ in Millions)**



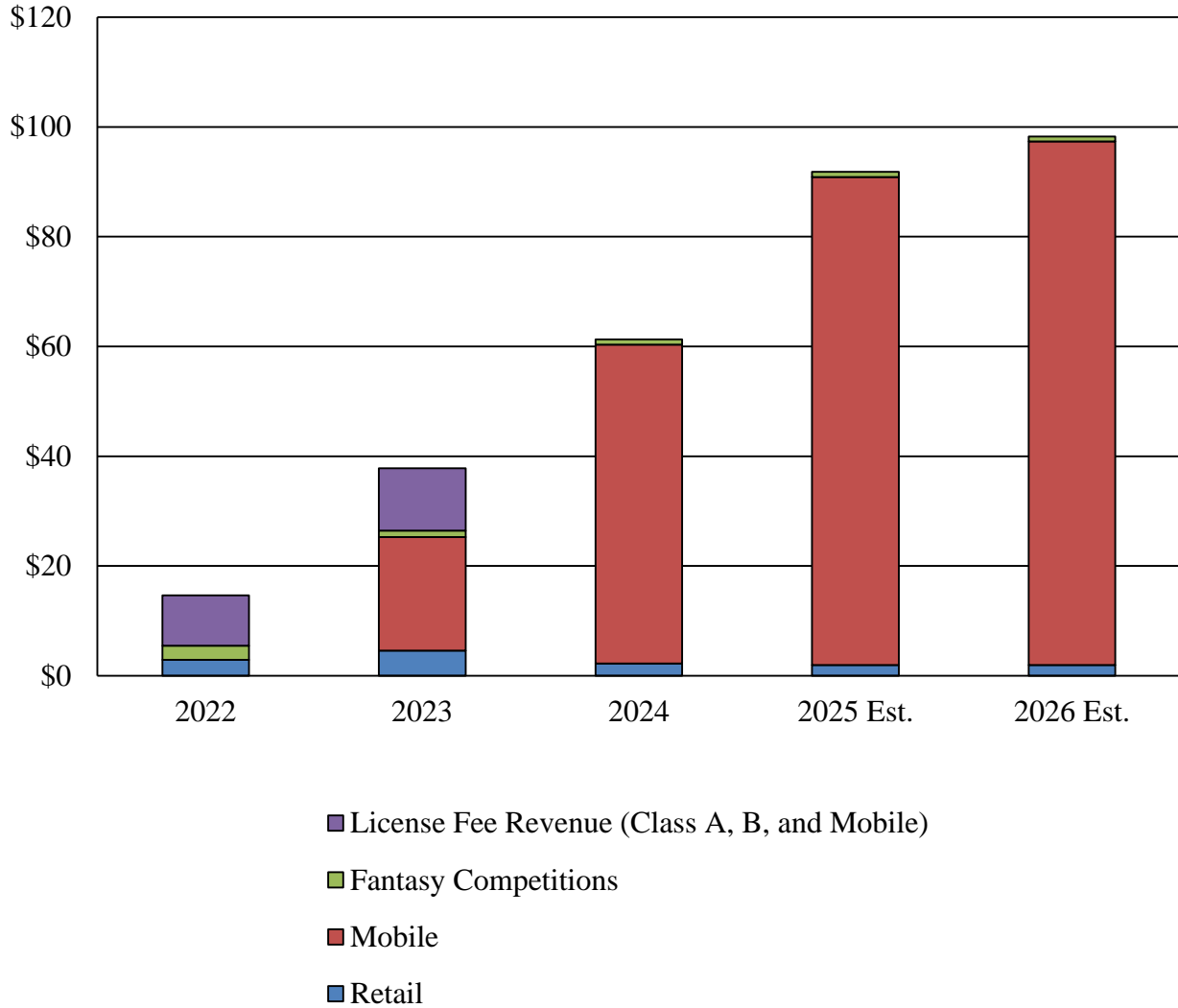
Source: Board of Revenue Estimates

### 3. Sports Wagering Revenues

In November 2020, Maryland voters approved a constitutional amendment to authorize sports betting in the State. Chapter 356 of 2021 established an operational and regulatory framework for the State’s sports wagering program. MLGCA is responsible for issuing licenses to sports betting operators after approval by the Sports Wagering Application Review Commission. State revenues from sports wagering and fantasy competitions are dedicated to the Blueprint for Maryland’s Future Fund (BMFF).

In fiscal 2024, \$61.3 million in sports wagering revenue was deposited to the BMFF with the vast majority of that revenue coming from mobile gaming. A BRFA provision would reduce the percentage of mobile sports wagering proceeds retained by operators from 85% to 70% and direct the additional 15% to the General Fund through fiscal 2027 and thereafter to the BMFF. **Exhibit 7** shows past and estimated future revenues from sports wagering.

**Exhibit 7**  
**Sports Wagering and Fantasy Competition Revenues**  
**Fiscal 2022-2026 Est.**  
**(\$ in Millions)**



Source: Board of Revenue Estimates

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1**  
**2024 Joint Chairmen’s Report Responses from Agency**

The 2024 *Joint Chairmen’s Report* (JCR) requested that MLGCA prepare two reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Monthly Reporting on Sports Wagering:*** The committees requested that MLGCA include information on major types of bets being placed via sports wagering. Monthly reports are published on MLGCA’s website and include reporting on total handle, prizes paid, promotion play, contributions to the State, and type of sports bet upon, among other data.
- ***Report on Problem Gambling:*** Submitted jointly with the Maryland Center of Excellence on Problem Gambling and the Maryland Department of Health, this report includes information on the prevalence of problem gambling and efforts that each agency is taking to address problem gambling. Among its efforts, MLGCA operates self-exclusion programs that people can sign up for to voluntarily exclude themselves from different types of gambling. As of August 2024, the number of self-exclusion participants for each type of gambling were casinos – 3,129, lottery – 729, instant bingo – 531, sports wagering – 355, and daily fantasy games – 326.

**Appendix 2**  
**Object/Fund Difference Report**  
**Maryland Lottery and Gaming Control Agency**

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
<b>Positions</b>					
01 Regular	364.10	364.10	365.10	1.00	0.3%
02 Contractual	8.75	12.75	7.75	-5.00	-39.2%
<b>Total Positions</b>	<b>372.85</b>	<b>376.85</b>	<b>372.85</b>	<b>-4.00</b>	<b>-1.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 36,475,147	\$ 37,203,638	\$ 41,648,928	\$ 4,445,290	11.9%
02 Technical and Special Fees	275,078	734,963	330,452	-404,511	-55.0%
03 Communication	208,263	275,720	228,645	-47,075	-17.1%
04 Travel	113,443	161,500	150,500	-11,000	-6.8%
06 Fuel and Utilities	113,123	121,902	113,123	-8,779	-7.2%
07 Motor Vehicles	527,020	586,458	445,900	-140,558	-24.0%
08 Contractual Services	84,711,162	81,695,951	87,357,728	5,661,777	6.9%
09 Supplies and Materials	107,008	218,500	218,500	0	0%
10 Equipment – Replacement	238,724	314,999	420,703	105,704	33.6%
11 Equipment – Additional	127,410	167,000	185,957	18,957	11.4%
13 Fixed Charges	2,066,301	1,910,130	2,135,227	225,097	11.8%
<b>Total Objects</b>	<b>\$ 124,962,679</b>	<b>\$ 123,390,761</b>	<b>\$ 133,235,663</b>	<b>\$ 9,844,902</b>	<b>8.0%</b>
<b>Funds</b>					
01 General Fund	\$ 9,998,894	\$ 11,960,671	\$ 13,752,518	\$ 1,791,847	15.0%
03 Special Fund	114,963,785	111,430,090	119,483,145	8,053,055	7.2%
<b>Total Funds</b>	<b>\$ 124,962,679</b>	<b>\$ 123,390,761</b>	<b>\$ 133,235,663</b>	<b>\$ 9,844,902</b>	<b>8.0%</b>

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within DBM.