

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



**FY 2016 BUDGET  
PRESENTATION**

**STEPHEN L. MARTINO  
DIRECTOR**

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## **Mission, Vision & Goals – Lottery Operations**

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### **MISSION**

The mission of the Maryland Lottery and Gaming Control Agency is to provide revenue through the sale of entertaining Lottery products to support programs and services benefiting the citizens of Maryland.

We administer and promote the sale of Lottery products in a secure and responsible manner. This is achieved in partnership with a network of licensed lottery retailers.

### **VISION**

We envision ourselves as an innovative, adaptive and responsible business that will continue to provide a reliable source of revenue for State government operations well into the future.

We will utilize the latest technological tools and resources to provide a range of entertaining products and access opportunities that appeal to a broad player base.

### **GOALS:**

Goal 1: To increase sales and revenues to support the operation of State government.

Goal 2: To maintain a high level of customer satisfaction among Lottery players and retailers.

Goal 3: To broaden the Lottery's player base.

Goal 4: To improve the efficiency of the Lottery's operations.

## **Mission, Vision & Goals – Gaming Operations**

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### **MISSION**

The Maryland Lottery and Gaming Control Agency is committed to implementing and overseeing Maryland's gaming program with the dual goals of generating revenue for the State of Maryland while maintaining integrity, transparency and fair play. Working collaboratively with casino operators, we will ensure that all applicable laws and regulations are followed. Directing all our practices with integrity and professionalism, we will work to deliver funds to enhance Maryland's educational system and other important state programs to improve the lives of all Maryland citizens.

### **VISION**

The Maryland Lottery and Gaming Control Agency comprehensively regulates gambling, ensuring public confidence and trust in our efforts through the completeness of our practices, credibility in our implementation and transparency in our performance.

### **GOALS:**

- Goal 1: Ensure that casinos and instant bingo operations have effective controls to safeguard assets and ensure the integrity of gaming is maintained through audits and reviews to ensure compliance with statutes and regulations.
- Goal 2: To conduct an efficient licensing program that is responsive to the needs of the casinos and the individual licensees.

## **Overview**

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Overall, fiscal year 2014 was a strong year for the Maryland Lottery and Gaming Control Agency (MLGCA). Although lottery sales and revenue decreased, gaming revenue increased.

Net lottery sales were \$1.724 billion in fiscal year 2013, a decrease of \$32.13 million or 1.83% compared to fiscal year 2013. Lottery revenue decreased in fiscal year 2014 by \$24.1 million or 4.42% from fiscal year 2013, with transfers totaling \$521.1 million to the State of Maryland. The table on page 6 shows a game-by-game sales comparison between fiscal years 2013 and 2014. During fiscal year 2014, retailers received commissions totaling \$122.1 million and prizes paid to players totaled \$1.022 billion. Page 7 of this analysis provides fiscal year-to-date lottery sales and revenues as of February 22, 2015.

Gross video lottery terminal revenue in fiscal year 2014 totaled \$579.1 million, an increase of \$18.45 million or 3.29% from fiscal year 2013. Table game revenue in fiscal year 2014 totaled \$254.9 million. Fiscal year 2014 was the first full year of operations for table games. Revenue transferred to the Education Trust Fund from both video lottery terminals and table games totaled \$328.4 million in fiscal year 2014.

Pages 8 to 14 of this analysis provides up-to-date revenue information for both video lottery terminals and table games.

**Maryland Lottery and Gaming Control Agency**

**Lottery Sales and Revenue Comparison**

**Fiscal Year 2013-2014**

<b>SALES:</b>	<b>FY 2013</b>	<b>% of Total Sales</b>	<b>FY 2014</b>	<b>% of Total Sales</b>	<b>DIFFERENCE</b>	<b>% of Change</b>
<b>PICK 3</b>	245,523,090	14.0%	244,538,835	14.2%	-984,255	-0.40%
<b>PICK 4</b>	267,800,219	15.3%	270,825,588	15.7%	3,025,369	1.13%
<b>KENO</b>	181,166,747	10.3%	162,018,268	9.4%	-19,148,479	-10.57%
<b>KENO BONUS KENO SUPER BONUS</b>	38,373,084	2.2%	32,940,922	1.9%	-5,432,162	-14.16%
<b>INSTANT</b>	125,262,206	7.1%	113,145,777	6.6%	-12,116,429	-9.67%
<b>INSTANT</b>	485,838,672	27.7%	479,631,463	27.8%	-6,207,209	-1.28%
<b>MEGA-MILLIONS</b>	66,734,374	3.8%	94,213,017	5.5%	27,478,643	41.18%
<b>MEGAPLIER</b>	4,285,050	0.2%	6,280,278	0.4%	1,995,228	46.56%
<b>POWERBALL</b>	126,245,964	7.2%	100,804,309	5.8%	-25,441,655	-20.15%
<b>POWERPLAY</b>	5,097,998	0.3%	4,957,936	0.3%	-140,062	-274%
<b>BONUS MATCH-5</b>	21,078,755	1.2%	21,444,445	1.2%	365,690	1.73%
<b>MULTI-MATCH</b>	28,755,909	1.6%	26,699,000	1.5%	-2,056,909	-7.15%
<b>RACE TRAX RACE TRAX BONUS</b>	129,391,042	7.4%	137,795,943	8.0%	8,404,901	6.50%
<b>BONUS</b>	19,376,900	1.1%	20,329,682	1.2%	952,782	4.92%
<b>5 CARD CASH</b>	11,189,257	0.6%	8,365,105	0.5%	-2,824,152	-25.24%
<b>TOTAL</b>	1,756,119,267	100.0%	1,723,990,568	100%	-32,128,699	-1.83%
<b>REVENUE:</b>						
<b>LOTTERY TOTAL</b>	545,225,121	31.1%	521,106,646	30.23%	-24,118,475	-4.42%
<b>STADIUM AUTHORITY</b>	19,265,000	1.1%	20,000,000	1.1%	735,000	3.82%
<b>GENERAL FUND</b>	525,960,121	30.0%	501,106,646	29.07%	-24,853,475	-4.73%

**Maryland Lottery and Gaming Control Agency**

**Fiscal Year to Date Lottery Sales and Revenue**

**Fiscal Year 2015– As of February 22, 2015 Compared to Fiscal Year 2014 -  
As of February 23, 2014**

<b>SALES</b>	<b>Fiscal Year 2015 YTD as of 2/22/2015</b>	<b>% of Total Sales</b>	<b>Fiscal Year 2014 YTD as of 2/23/2014</b>	<b>% of Total Sales</b>	<b>DIFFERENCE</b>	<b>% of Change</b>
<b>PICK 3</b>	156,793,716	13.7%	158,119,706	14.3%	-1,325,990	-0.8%
<b>PICK 4</b>	177,456,494	15.5%	174,445,795	15.8%	3,010,699	1.7%
<b>KENO</b>	101,073,356	8.8%	103,604,407	9.4%	-2,531,051	-2.4%
<b>KENO BONUS KENO SUPER BONUS</b>	19,750,115	1.7%	21,249,388	1.9%	-1,499,273	-7.1%
<b>INSTANT</b>	72,306,993	6.3%	71,626,151	6.5%	680,843	1.0%
<b>MEGA-MILLIONS</b>	341,012,662	29.8%	294,943,817	26.7%	46,068,845	15.6%
<b>MEGAPLIER</b>	52,165,453	4.6%	62,957,354	5.7%	-10,791,901	-17.1%
<b>POWERBALL</b>	4,156,579	0.4%	3,969,155	0.4%	187,424	4.7%
<b>POWERPLAY</b>	61,343,644	5.4%	74,009,824	6.7%	-12,666,180	-17.1%
<b>BONUS MATCH-5</b>	3,257,449	0.3%	3,414,674	0.3%	-157,225	-4.6%
<b>MULTI-MATCH</b>	13,508,079	1.2%	13,551,935	1.2%	-43,856	-0.3%
<b>RACE TRAX</b>	20,220,446	1.8%	17,546,440	1.6%	2,674,006	15.2%
<b>RACE TRAX BONUS</b>	83,889,690	7.3%	86,562,940	7.8%	-2,673,250	-3.1%
<b>5 CARD CASH</b>	12,094,292	1.1%	12,899,934	1.2%	-805,642	-6.2%
<b>ITLM MONOPOLY MILLIONAIRE</b>	4,465,671	0.4%	5,576,852	0.5%	-1,111,181	-19.9%
	19,153,021	1.7%	0	0.0%	19,153,021	100%
	1,571,410	0.1%	0	0.0%	1,571,410	100%
<b>TOTAL</b>	1,144,219,069	100.0%	1,104,478,371	100.0%	39,740,699	3.6%
<b>REVENUE:</b>						
<b>LOTTERY TOTAL</b>	339,005,724	29.6%	340,391,052	30.8%	-1,385,328	-0.4%
<b>STADIUM AUTHORITY</b>	20,000,000	1.7%	20,000,000	1.9%	0	0.0%
<b>MD VETERANS' TRUST</b>	14,438	0.0%	0	0.0%	14,438	100.0%
<b>GENERAL FUND</b>	318,991,287	27.9%	320,391,052	28.8%	-1,399,766	-0.4%

**Maryland Lottery and Gaming Control Agency**

**Video Lottery Terminal (VLT) Revenue**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
<b>Gross Terminal Revenue</b>	<b>\$54,847,636.82</b>	<b>\$54,847,636.82</b>	<b>\$388,308,639</b>
Education Trust Fund	\$26,125,494.91	\$26,125,494.91	\$184,566,924.33
Casino Operators	\$19,628,226.97	\$19,628,226.97	\$139,034,649.64
Horse Racing Purse Dedication Account	\$3,724,242.94	\$3,724,242.94	\$26,197,979.21
Local Impact Grants	\$2,946,286.25	\$2,946,286.25	\$20,755,870.67
Racetrack Facility Renewal Account	\$522,900.45	\$522,900.45	\$4,326,350.95
MLGCA	\$1,096,952.69	\$1,096,952.69	\$7,766,172.22
Small, Minority, and Women-Owned Businesses	\$803,532.61	\$803,532.61	\$5,660,691.98

**Maryland Lottery and Gaming Control Agency**

**Table Game Revenue**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
Non-Banked Games	\$3,077,730.00	\$3,077,730.00	\$19,752,565.10
Banked Games	\$27,041,352.91	\$27,041,352.91	\$178,558,526.70
<b>Total</b>	<b>\$30,119,082.91</b>	<b>\$30,119,082.91</b>	<b>\$198,311,091.80</b>
Education Trust Fund	\$6,023,816.58	\$6,023,816.58	\$39,662,218.35
Casino Share	\$24,095,266.33	\$24,095,266.33	\$158,648,873.45
<b>Total</b>	<b>\$30,119,082.91</b>	<b>\$30,119,082.91</b>	<b>\$198,311,091.80</b>

*Note: In banked games, the players compete against the casino (blackjack, craps, roulette and three card poker, etc...). In non-banking games, players compete against each other (poker games).*

**Maryland Lottery and Gaming Control Agency**

**Video Lottery Terminal (VLT) Revenue and Table Game Revenue –  
Hollywood Casino Perryville**

**VLT Revenue – Hollywood Casino Perryville**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
<b>Gross Terminal Revenue</b>	<b>\$5,048,329.86</b>	<b>\$5,048,329.86</b>	<b>\$38,272,462.31</b>
Education Trust Fund	\$2,524,164.93	\$2,524,164.93	\$19,051,824.22
Casino Operator	\$1,665,948.85	\$1,665,948.85	\$12,629,912.59
Horse Racing Purse Dedication Account	\$353,383.09	\$353,383.09	\$2,679,072.36
Local Impact Grants	\$277,658.14	\$277,658.14	\$2,104,985.42
Racetrack Facility Renewal Account	\$50,483.30	\$50,483.30	\$467,131.57
MLGCA	\$100,966.60	\$100,966.60	\$765,449.22
Small, Minority, and Women-Owned Businesses	\$75,724.95	\$75,724.95	\$574,086.93

**Table Game Revenue – Hollywood Casino Perryville**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
Non-Banked Games	\$100,614.00	\$100,614.00	\$795,429.10
Banked Games	\$854,260.50	\$854,260.50	\$6,042,536.50
<b>Total</b>	<b>\$954,874.50</b>	<b>\$954,874.50</b>	<b>\$6,837,965.60</b>
Education Trust Fund	\$190,974.90	\$190,974.90	\$1,367,593.12
Casino Share	\$763,899.60	\$763,899.60	\$5,470,372.48
<b>Total</b>	<b>\$954,874.50</b>	<b>\$954,874.50</b>	<b>\$6,837,965.60</b>

**Maryland Lottery and Gaming Control Agency**

**Video Lottery Terminal (VLT) Revenue – Ocean Downs**

**VLT Revenue – Casino at Ocean Downs**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
<b>Gross Terminal Revenue</b>	<b>\$3,379,631.59</b>	<b>\$3,379,631.59</b>	<b>\$31,197,225.51</b>
Education Trust Fund	\$1,351,852.64	\$1,351,852.64	\$12,398,417.67
Casino Operator	\$1,453,241.58	\$1,453,241.58	\$13,414,806.89
Horse Racing Purse Dedication Account	\$236,574.21	\$236,574.21	\$2,183,805.79
Local Impact Grants	\$185,879.74	\$185,879.74	\$1,715,847.41
Racetrack Facility Renewal Account	\$33,796.32	\$33,796.32	\$392,444.81
MLGCA	\$67,592.63	\$67,592.63	\$623,944.56
Small, Minority, and Women-Owned Businesses	\$50,694.47	\$50,694.47	\$467,958.38

*Note: The Casino at Ocean Downs currently does not offer table games*

**Maryland Lottery and Gaming Control Agency**

**Video Lottery Terminal (VLT) Revenue and Table Game Revenue – Maryland Live!**

**VLT Revenue – Maryland LIVE!**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
<b>Gross Terminal Revenue</b>	<b>\$31,266,200.21</b>	<b>\$31,266,200.21</b>	<b>\$229,361,321.47</b>
Education Trust Fund	\$15,633,100.11	\$15,633,100.11	\$114,183,692.28
Casino Operator	\$10,317,846.04	\$10,317,846.04	\$75,689,236.05
Horse Racing Purse Dedication Account	\$2,188,634.01	\$2,188,634.01	\$16,055,292.51
Local Impact Grants	\$1,719,641.01	\$1,719,641.01	\$12,614,872.69
Racetrack Facility Renewal Account	\$312,662.00	\$312,662.00	\$2,790,581.73
MLGCA	\$625,324.04	\$625,324.04	\$4,587,226.39
Small, Minority, and Women-Owned Businesses	\$468,993.00	\$468,993.00	\$3,440,419.82

**Table Game Revenue – Maryland Live!**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
Non-Banked Games	\$2,152,927.00	\$2,152,927.00	\$15,060,269.00
Banked Games	\$16,033,094.06	\$16,033,094.06	\$120,412,683.75
<b>Total</b>	<b>\$18,186,021.06</b>	<b>\$18,186,021.06</b>	<b>\$135,472,952.75</b>
Education Trust Fund	\$3,637,204.21	\$3,637,204.21	\$27,094,590.55
Casino Share	\$14,548,816.85	\$14,548,816.85	\$108,378,362.20
<b>Total</b>	<b>\$18,186,021.06</b>	<b>\$18,186,021.06</b>	<b>\$135,472,952.75</b>

**Maryland Lottery and Gaming Control Agency**

**Video Lottery Terminal (VLT) Revenue and Table Game Revenue –  
Rocky Gap**

**VLT Revenue – Rocky Gap**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
<b>Gross Terminal Revenue</b>	<b>\$2,557,591.94</b>	<b>\$2,557,591.94</b>	<b>\$21,858,345.12</b>
Education Trust Fund	\$1,074,188.61	\$1,074,188.61	\$9,180,504.94
Casino Operator	\$1,278,796.07	\$1,278,796.07	\$10,929,173.08
Horse Racing Purse Dedication Account	\$63,939.80	\$63,939.80	\$546,458.62
Local Impact Grants	\$70,333.78	\$70,333.78	\$601,104.50
MLGCA	\$51,151.74	\$51,151.74	\$437,166.40
Small, Minority, and Women-Owned Businesses	\$19,181.94	\$19,181.94	\$163,937.58

**Table Game Revenue – Rocky Gap**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
Non-Banked Games	\$23,043.00	\$23,043.00	\$148,614.00
Banked Games	\$393,240.00	\$393,240.00	\$3,412,868.00
<b>Total</b>	<b>\$416,283.00</b>	<b>\$416,283.00</b>	<b>\$3,561,482.00</b>
Education Trust Fund	\$83,256.60	\$83,256.60	\$712,296.40
Casino Share	\$333,026.40	\$333,026.40	\$2,849,185.60
<b>Total</b>	<b>\$416,283.00</b>	<b>\$416,283.00</b>	<b>\$3,561,482.00</b>

**Maryland Lottery and Gaming Control Agency**

**Video Lottery Terminal (VLT) Revenue and Table Game Revenue –  
Horseshoe Casino Baltimore**

**VLT Revenue – Horseshoe Casino Baltimore**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
<b>Gross Terminal Revenue</b>	<b>\$12,595,883.22</b>	<b>\$12,595,883.22</b>	<b>\$67,619,284.59</b>
Education Trust Fund	\$5,542,188.62	\$5,542,188.62	\$29,752,485.22
Casino Operator	\$4,912,394.43	\$4,912,394.43	\$26,371,521.03
Horse Racing Purse Dedication Account	\$881,711.83	\$881,711.83	\$4,733,349.93
Local Impact Grants	\$692,773.58	\$692,773.58	\$3,719,060.95
Racetracks Facility Renewal Account	125,958.83	125,958.83	\$676,192.84
MLGCA	\$251,917.68	\$251,917.68	\$1,352,385.65
Small, Minority, and Women-Owned Businesses	\$188,938.25	\$188,938.25	\$1,014,289.27

**Table Game Revenue –Horseshoe Casino Baltimore**

	<b>January 2015</b>	<b>Calendar YTD 2015</b>	<b>Fiscal YTD 2015</b>
Non-Banked Games	\$801,146.00	\$801,146.00	\$3,748,253.00
Banked Games	\$9,760,758.35	\$9,760,758.35	\$48,690,438.45
<b>Total</b>	<b>\$10,561,904.35</b>	<b>\$10,561,904.35</b>	<b>\$52,438,691.45</b>
Education Trust Fund	\$2,112,380.87	\$2,112,380.87	\$10,487,738.28
Casino Share	\$8,449,523.48	\$8,449,523.48	\$41,950,953.17
<b>Total</b>	<b>\$10,561,904.35</b>	<b>\$10,561,904.35</b>	<b>\$52,438,691.45</b>

## **Department of Legislative Services (DLS) Issues and Recommended Actions**

**The DLS recommends that the Agency comment on the current trends of sales and revenues, including the impact of the competition from the State's casino facilities. The Agency should further comment on its plans for new games in light of the suspension of its latest jackpot game.**

While fiscal year 2014 lottery sales and revenues decreased for the second year in a row, we are seeing a healthy growth in lottery sales so far this fiscal year. As of February 22, 2015, lottery sales are ahead of fiscal year 2014 sales by a healthy \$39,740,699 million while revenue is slightly behind by \$1,385,328 million. The majority of our growth this fiscal year has occurred in our instant ticket product, with slightly smaller growth in our Pick 4 and Multi-Match games. In addition, the introduction of instant ticket lottery machines at the veteran's organizations has contributed to our growth in overall lottery sales.

The growth in these products is slightly offset by a decline in all other lottery games, in particular Mega Millions, Powerball, Keno and Racetrax. Mega Millions and Powerball have declined in excess of \$23 million in comparison to the same time last fiscal year. Sales for Mega Millions and Powerball are primarily jackpot dependent. Mega Millions sales have declined so far this fiscal year as a result of a lack of large jackpot in comparison to the previous fiscal year. By this time last fiscal year, Mega Millions had two significant jackpots. In December 2013, it had rolled to \$648 million and shortly thereafter had started its roll to \$414 million when it got hit in March 2014. So far this fiscal year, the highest roll for Mega Millions has been \$270 million. Powerball sales have declined not only in Maryland but throughout the entire industry. Despite the recent \$564 million Powerball jackpot, our sales still lag behind last year by \$12.8 million. It is believed that the industry as a whole is suffering from jackpot fatigue and that original Mega Millions states (which was Maryland) are feeling the decline in Powerball more than the original Powerball states. Our monitor games (Keno and Racetrax) are also declining. As of February 22, 2015, these games have declined by \$6.8 million in comparison to the same time last fiscal year. It is believed that these games have taken the biggest hit due to the opening of the casinos.

In order to combat the decline in lottery sales and to offer players a new product, in October 2014, the MLGCA introduced Monopoly Millionaires Club (MMC). The introduction of MMC was believed to be the answer to address the industry's desire for a National, premium priced unique game with local components and digital interaction for players supported by a TV game show. It was believed that this offering would be successful as it was tied to the most successful brand in gaming, MONOPOLY, offered a television game show that would have a guaranteed player from Maryland, offered hundreds of guaranteed \$1 million prizes when the top prize was hit and would, in one season, give away a \$1 million prize more times than any season in the history of broadcast television. It was also believed that this product would attract new and

## ***Maryland Lottery and Gaming Control Agency***

younger players by offering a mobile app, play at home games and integrated social marketing. We, along with the rest of the industry quickly realized that this game did not catch on as it was too confusing to players and retailers and sales did not support the prizes offered by the game. In order to be fiscally responsible, in December 2014, lotteries participating in MMC voted to suspend sales of the game.

DLS has asked us to comment on our plans for future new games in light of the suspension of MMC. The last two new games introduced have not been very successful for the Lottery. In addition to MMC, 5 Card Cash was introduced in fiscal year 2013 and has never caught on with players. As a result, this game has generated very little for the State. Instead of looking to introduce new games, the Lottery has focused its strategy on enhancing its current portfolio. As previously noted, so far this year, we have seen phenomenal growth in our instant tickets. We have leveraged our licensed property inventory and have introduced 6 licensed property games so far this fiscal year, with 5 of them being MONOPOLY. On January 26, 2015 we launched a MONOPOLY family of games which included price points of \$1, \$2, \$5 and \$10 and so far these games have performed higher than normal for games of the same price point. Furthermore, for the week ended February 8, 2015, we had our highest week of instant ticket activations in the history of the Lottery. In order to continue our growth in instant tickets and capitalize on the success of our licensed products, we plan to launch a Harley Davidson ticket in March 2015. Another one of our strategies to grow the instant ticket product is to engage new players and use social media. On February 23, 2015, Mustache Cash will launch. This is a \$1 ticket that will provide more winning experiences, will include one of the Lottery's tag lines that has been prominently used in current social media messaging and will engage a social media audience by offering a Facebook/Instagram promotion to support the notion that the lottery is fun.

In addition to growing our instant ticket product, we are studying ways to increase our draw games that have been declining, in particular Powerball, Keno and Racetrax. The industry is studying ways to improve the Powerball game. Lottery Directors from around the country have been discussing ways to arrest the decline in this game.

Based on studies performed by our consultant, the decline in Keno and Racetrax can be attributed to the casinos. In order to arrest the decline in Keno, the Lottery is working on a rebranding campaign for Keno. In addition to the rebranding campaign, we are looking to introduce a Keno progressive jackpot game in early next fiscal year which will mirror progressive jackpot play in the casino industry. It is anticipated that three other States will join us in offering this progressive jackpot game.

While Racetrax has not experienced the same decline as Keno, we have seen it begin to decline this fiscal year. In order to arrest this decline, we have been working with our vendor to develop 3-D graphics hoping that new, improved graphics will bring back lapsed players and spark new interest in the game. It is anticipated that this new and improved graphics will be launched by the end of the fiscal year.

In order to grow overall sales, we have also continued to promote our My Lottery Rewards Program. My Lottery Rewards, is a players club which enables lottery players to turn non-winning tickets into points for prizes ranging from cameras and watches to computers and flat-screen TVs. Players can also access exclusive second-chance promotions and opportunities. My Lottery Rewards was first

**Maryland Lottery and Gaming Control Agency**

launched in June 2013 with non-winning instant tickets and expanded to include non-winning draw game tickets in June 2014. Currently there are in excess of 149,000 members in this Rewards club.

With our overall strategy to enhance and revitalize our existing portfolio of games, we are hoping to see our sales continue to increase over time and the effect of the casinos on lottery sales to normalize.

**DLS recommends that the Budget Reconciliation and Financing Act (BFRA) of 2015 be amended to extend the 10% reduction in the VLT allocation for local impact aid to horse racing purse enhancement; horse racetrack redevelopment; and to the Small, Minority, and Women-Owned Business Account. This recommendation would also include a provision that would transfer the savings in fiscal 2016 to the Education Trust Fund. This action would increase funds available to the Education Trust Fund, thereby enabling a reduction in general funds under the Foundation Program in fiscal 2016. Further, DLS recommends that the BFRA be amended to make the 10% reduction to all of these allocations permanent in order to benefit the Education Trust Fund in the out-years. DLS also recommends that the committees consider a BFRA provision to increase the State’s share of revenue from table games to 25% from 20%.**

The MLGCA does not take a position on the recommendation of DLS. However, the MLGCA would like to note that as a result of the transfer of slot machines from State ownership to casino ownership, the State can expect a cost savings to the General Fund. In a 2014 Joint Chairman’s Report, the Agency, in conjunction with the Department of Budget and Management, estimated beginning in fiscal year 2015, the State can expect to see a net savings to the General Fund of approximately \$21.8 million, increasing to an estimated \$87.3 million in fiscal year 2019.

FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
\$21,818,313	\$54,666,547	\$85,353,412	\$85,080,426	\$87,291,140

## ***Maryland Lottery and Gaming Control Agency***

**DLS also recommends that the lottery agency comment on the status of the State's gaming program including the recent developments related to the mix of table games and VLTs at the casino facilities.**

In December 2014 and January 2015, the MLGCA Commission approved a reduction in the number of slot machines at Hollywood Casino at Perryville, Maryland Live! Casino and The Horseshoe Casino Baltimore. The specific reductions were as follows:

- In December 2014, a reduction of 308 slot machines was approved for the Hollywood Casino at Perryville. This reduction will bring slot supply in line with demand.
- In January 2015, a reduction of 300 slot machines was approved for Maryland Live! Casino. This reduction will bring slot supply in line with demand, allow for an amenity expansion and support a table game expansion.
- Also in January 2015, a reduction of 300 slot machines was approved of the Horseshoe Casino Baltimore. This reduction will bring slot supply in line with demand and facilitate a table game expansion.

The Agency believes that over the long term, the State will benefit from these reductions.

# Maryland Lottery and Gaming Control Agency

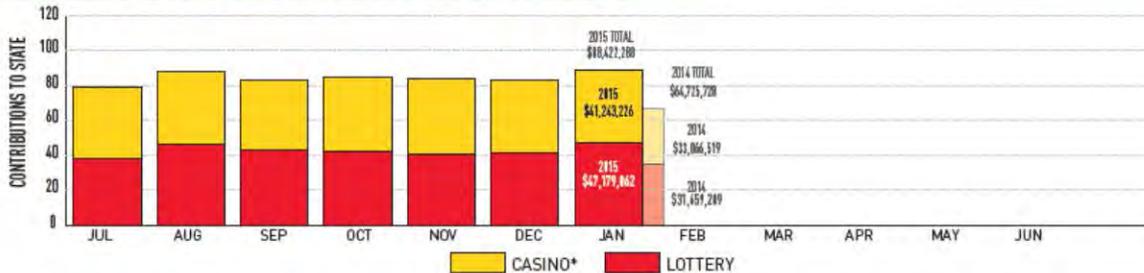
## Dashboard as of January 2015



MARYLAND LOTTERY AND GAMING CONTROL AGENCY

FY2015 DATA DASHBOARD — JANUARY 2015

### COMBINED LOTTERY & CASINO REVENUE TO THE STATE

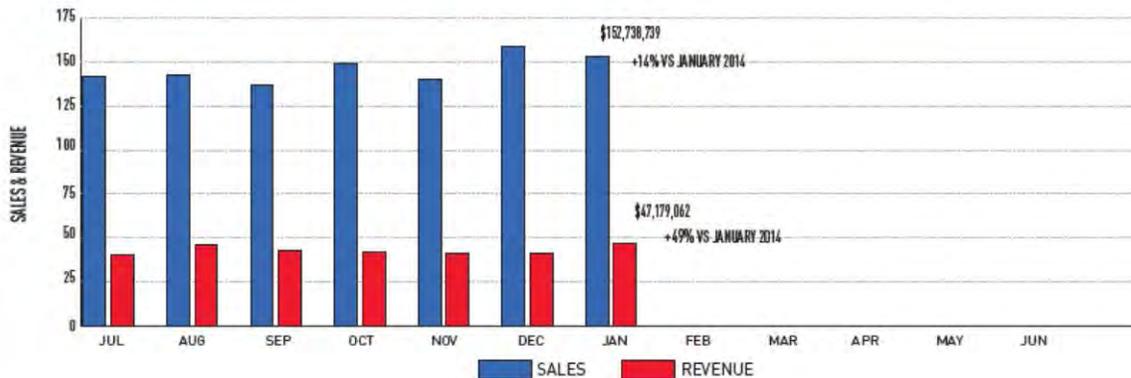


Fiscal-Year-To-Date Contributions: Lottery \$301,943,118 | Casino \$586,619,731\* | Total \$888,562,849

Voluntary Exclusion Participants: Casino 725 | Lottery 94

\* Excludes Operator's Share

### LOTTERY



#### January 2015:

- Sales: \$152,738,739 (+14% from January 2014)
- Revenue: \$47,179,062 (+49% from January 2014)
- Stadium Authority: \$2,924,184 (FYTD \$20,000,000)
- Prizes Paid: \$89,812,403 (FYTD \$612,699,559)
- Retailer Commissions: \$10,897,614 (FYTD \$72,851,777)
- State Dollars Intercepted: \$143,051 (FYTD \$775,306)

#### Number of Retailers:

- 4,534 retailers
- 248 XCAP retailers
- 5,264 terminals

#### Fiscal-Year-To-Date Sales and Revenue Notes:

- Sales: \$1,020,776,940 (+3.2% from last year) [YTD % BRE estimate: 58.3%]
- Revenue: \$301,943,118 (+1.1% from last year) [YTD % BRE estimate: 57.8%]
- Total Stadium Authority Revenue: \$2,924,184 [YTD % BRE estimate: 100%]

#### Lottery Sales by Game:

Game	January 2015	December 2014	January 2014
<b>Pick 3</b>	\$20,728,344	\$21,588,199	\$20,637,991
<b>Pick 4</b>	\$23,291,312	\$25,001,668	\$22,577,667
<b>MATCH 5</b>	\$1,714,133	\$1,754,778	\$1,740,025
<b>50/50</b>	\$525,751	\$544,476	\$660,967
<b>MULTI-MATCH</b>	\$2,248,560	\$3,695,559	\$2,253,272
<b>MEGA MILLION</b>	\$8,558,322	\$7,104,388	\$5,809,831
<b>POWERBALL</b>	\$9,678,162	\$5,806,062	\$6,565,055
<b>Keno</b>	\$26,710,847	\$25,657,845	\$24,093,344
<b>RaceTrax</b>	\$12,035,392	\$12,729,107	\$12,380,368
<b>SCRATCH OFFS</b>	\$42,855,806	\$50,248,464	\$37,294,832
<b>MONOPOLY</b>	n/a	\$514,480	n/a
ITLMs	\$4,395,288	\$4,115,542	n/a
<b>Total</b>	<b>\$152,741,917</b>	<b>\$158,760,568</b>	<b>\$134,013,352</b>

# Maryland Lottery and Gaming Control Agency

## CASINO

Casino	Slots Revenue	Table Game Revenue	Total Revenue	# of Slots	# of Table Games	Total # of Employees	# of Full Time	# of Part Time
Hollywood Casino	\$5,048,330	\$954,875	\$6,003,204	1,052	22	350	202	148
Casino at Ocean Downs	\$3,379,632	\$0	\$3,379,632	800	0	227	193	34
Maryland Live! Casino	\$31,266,200	\$18,186,021	\$49,452,221	4,212	189	2,949	2,476	473
Rocky Gap Casino Resort	\$2,557,592	\$416,283	\$2,973,875	577	17	457	327	130
Horseshoe Casino	\$12,595,883	\$10,561,904	\$23,157,788	2,500	147	2,063	1,661	402

Total Maryland Casino revenue for January 2015: \$84,966,720 vs January 2014: +28.3%

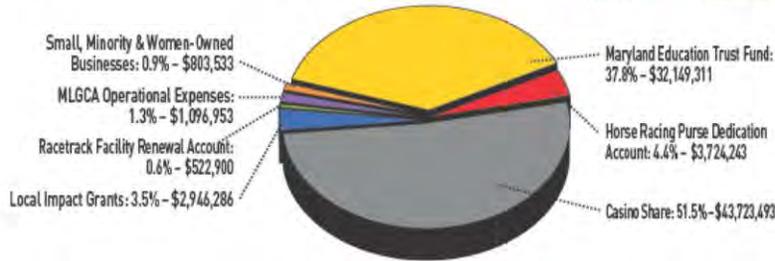
Total Education Trust Fund contribution for January 2015: \$32,149,311 vs January 2014: +25.9%

Total Casino contributions to the State for January 2015: \$41,243,226 vs January 2014: +24.7%

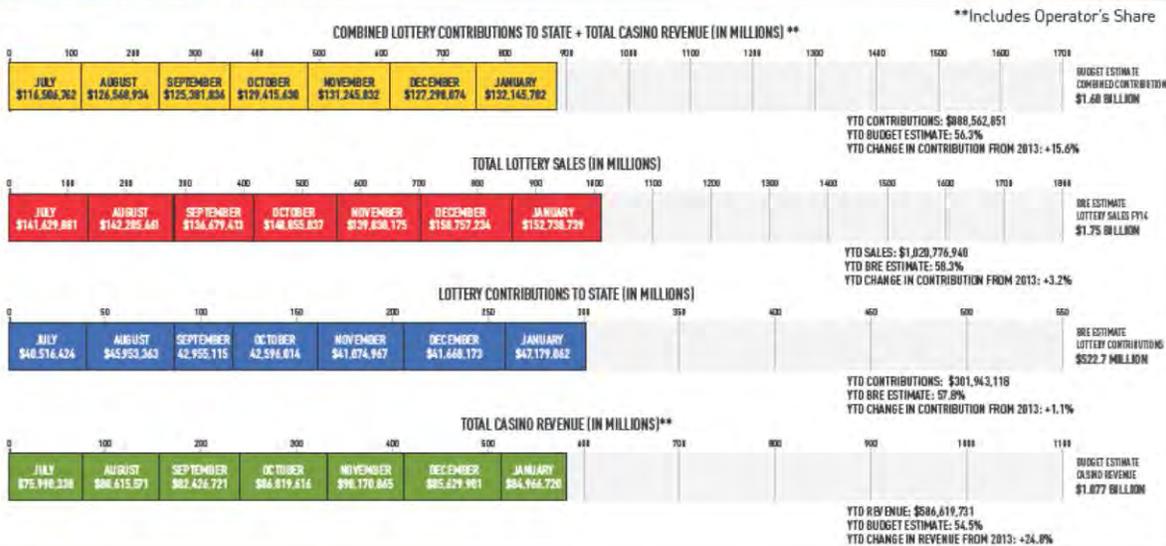
### Casino Revenues (Slots + Tables):

Casino	January 2015	December 2014	January 2014
Hollywood Casino	\$6,003,204	\$6,036,498	\$6,309,491
Casino at Ocean Downs	\$3,379,632	\$3,372,910	\$3,170,217
Maryland Live! Casino	\$49,452,221	\$50,234,547	\$53,713,344
Rocky Gap Casino Resort	\$2,973,875	\$3,076,249	\$3,029,311
Horseshoe Casino	\$23,157,788	\$22,909,698	N/A

### Casino Revenue — January 2015:



## FY2014 ESTIMATE COMPARISONS



## Fiscal Year 2014 Year-End Review



### FY2014 TRADITIONAL LOTTERY AND CASINO GAMING COMBINED REVENUE

In Fiscal Year 2014, Maryland's General Fund and Education Trust Fund received more than \$849.2 million in revenue generated from both traditional lottery and casino gaming. This combined revenue is \$19.7 million, or 2.4%, more than Fiscal Year 2013.

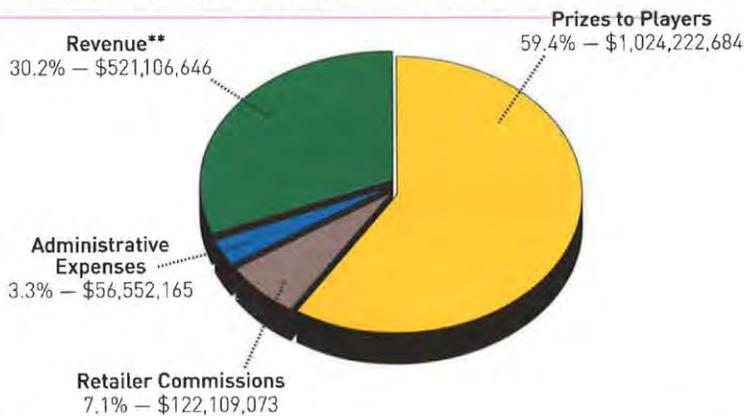
### TRADITIONAL LOTTERY

#### YEAR-END SUMMARY

In Fiscal Year 2014, the Maryland Lottery generated \$1.724 billion in sales and more than \$521.1 million in revenue, which is contributed to the State General Fund. Since its inception in 1973, the Maryland Lottery has generated more than \$13.9 billion in revenue to support the good causes of Maryland, including pre-K-12 and higher education; public health; public safety; and the environment. The Maryland Lottery is the fourth largest contributor to the state after income, sales and corporate taxes.

#### WHERE THE MONEY GOES

Traditional Lottery FY14 — \$1,723,990,568 in sales\*



#### HIGHLIGHTS

- 4,490 Maryland businesses served as Lottery retailers in FY2014
- 60,632,194 winning Maryland Lottery tickets were claimed in FY2014
- Jackpot games produced 25 new millionaires in Maryland in FY2014
- There were 856 winners of \$10,000 or more in Maryland in FY2014

#### SALES BY LOTTERY GAME

##### JACKPOT GAMES

**MEGA MILLIONS** \$100.5 million in sales  
5.8% of total sales

**MULTI MATCH** \$26.7 million in sales  
1.6% of total sales

**POWERBALL** \$105.8 million in sales  
6.1% of total sales

**BONUS MATCH 5** \$21.5 million in sales  
1.2% of total sales

##### DAILY DRAW GAMES

**Pick 3** \$244.5 million in sales  
14.2% of total sales

**Pick 4** \$270.8 million in sales  
15.7% of total sales

**5 CARD CASH** \$8.4 million in sales  
0.5% of total sales

##### MONITOR GAMES

**Keno** \$308.1 million in sales  
17.9% of total sales

**Racetrax** \$158.1 million in sales  
9.2% of total sales

##### INSTANT GAMES

**SCRATCH OFFS** \$479.6 million in sales  
27.8% of total sales

\*All Fiscal Year 2014 figures are unaudited. \*\*Includes Stadium Authority revenue of \$19,265,000.

# Maryland Lottery and Gaming Control Agency



## FY2014 TRADITIONAL LOTTERY AND CASINO GAMING COMBINED REVENUE

In Fiscal Year 2014, Maryland's General Fund and Education Trust Fund received more than \$849.2 million in revenue generated from both traditional lottery and casino gaming. This combined revenue is \$19.7 million, or 2.4%, more than Fiscal Year 2013.

## CASINO GAMING

### YEAR-END SUMMARY

The casino gaming industry in Maryland continues to grow. Casinos generated \$833.31 million in gross gaming revenue in FY2014 (July 1, 2013 – June 30, 2014) with \$328.09 million going to the state's Education Trust Fund. Four casinos were operating in the state during FY2014: Hollywood Casino Perryville in Cecil County; Casino at Ocean Downs in Worcester County; Maryland Live! Casino in Anne Arundel County; and Rocky Gap Casino Resort in Allegany County. Baltimore City's Horseshoe Casino opened in August 2014, and MGM National Harbor is expected to open in Prince George's County in 2016.

Approximately 4,000 employees worked for the state's casinos in FY2014. While table game dealers were in demand so, too, were positions in finance, marketing, surveillance and security, human resources, maintenance, and hospitality. Full-time employees received comprehensive health care and retirement benefits.

Casino revenue numbers are posted monthly on [gaming.mdlottery.com](http://gaming.mdlottery.com).

### CASINO REVENUE



Opened September 2010  
**Revenue: \$85,657,515**  
 365 Employees



Opened January 2011  
**Revenue: \$51,985,858**  
 251 Employees



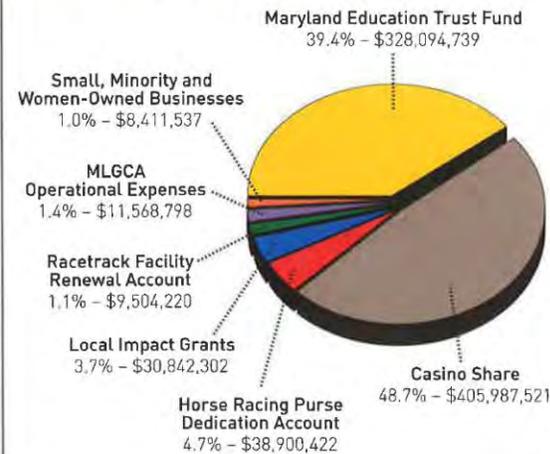
Opened June 2012  
**Revenue: \$654,414,998**  
 2,844 Employees



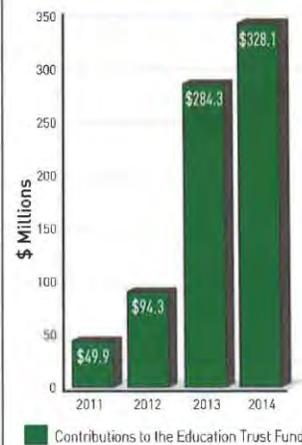
Opened May 2013  
**Revenue: \$41,251,167**  
 536 Employees\*  
 \*Seasonal employment varies

### WHERE THE MONEY GOES

Casino Gaming FY14 — \$833.3 million in revenue



### EDUCATION TRUST FUND CONTRIBUTIONS



The Maryland Lottery and Gaming Control Agency encourages responsible play. If you or someone you know needs help with a gambling problem, call 800-522-4700 or go to [mdgamblinghelp.org](http://mdgamblinghelp.org).