



E75D00

State Lottery and Gaming Control Agency

Fiscal Year 2027 Operating Budget

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Public Safety, Transportation, and Environment Subcommittee
Senator Shelly Hettleman, Chair
February 13, 2026 - 11:30 a.m.

House Appropriations Committee
Education and Economic Development Subcommittee
Delegate Stephanie M. Smith, Chair
February 19, 2026 – 1:00 p.m.

Testimony by: John Martin, Director

Introduction

To the Chair and Members of the Subcommittee, thank you for allowing us to appear at this hearing in support of our Operating Budget request.

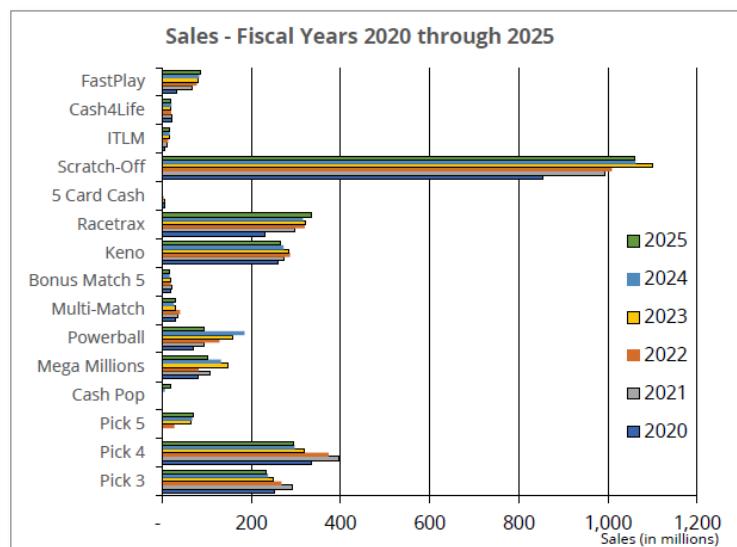
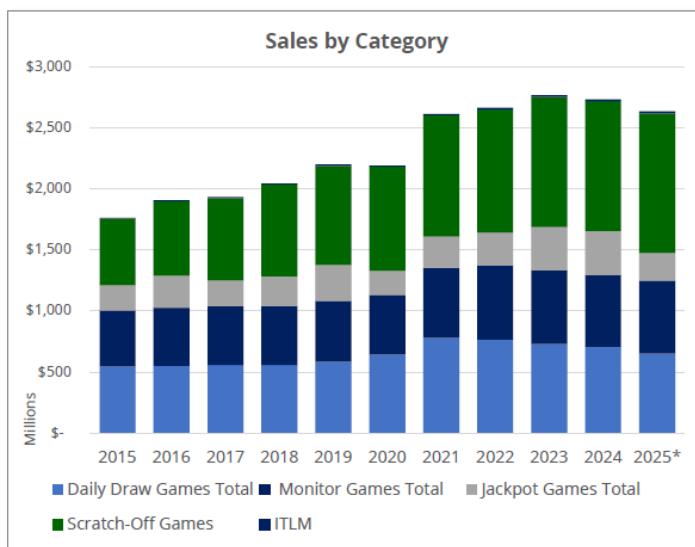
- Established by an Act of the General Assembly in 1972, the State Lottery began operations in 1973. Reorganized in 2012 as the State Lottery and Gaming Control Agency (MLGCA), the added responsibilities of regulating casinos began in 2008, and in 2012, it was expanded to include table games and a sixth casino. Further expansion of gaming occurred after a 2020 referendum to permit sports wagering and fantasy competitions was passed, the legal framework of which was created in 2021.
- The MLGCA, in conjunction with the seven-member Maryland Lottery and Gaming Control Commission (MLGCC), serves as regulator of the State's Casino Gaming and Sports Wagering programs, and as the operator of the Lottery program.
- The MLGCA is operated as a business enterprise within the framework of state laws and regulations. Its primary mission is to generate revenue for the State, both through the sale of traditional lottery products and through the administration of the casino gaming and sports wagering programs.

Lottery, casinos and sports wagering combined to contribute \$1.589 billion to support the State of Maryland's good causes during FY2025.

Lottery

The Maryland Lottery program has operated for 53 years and enjoys broad participation as **78% of adult Marylanders reported playing at least one Lottery game in the past twelve months**. A strong retailer base drives performance of Lottery revenues.

- Lottery revenue is the fourth largest contributor of revenue to the State's General Fund.
- Since inception, traditional lottery sales have exceeded \$65 billion and have contributed more than \$20.7 billion in revenue to the State. Most of the revenue from traditional lottery is contributed to the State's General Fund.
- Scratch-off games sales surpassed \$1 billion for the fourth consecutive year in FY2025.
- The Maryland Lottery's operating efficiency in FY2025 was 3.7% of administrative expenses to sales.
- Lottery sales saw modest declines of 3.6% in FY2025 compared to FY2024, and 1.2% in 2024 to 2023, primarily due to fewer billion-dollar jackpots.



Draw Games include Pick 3, Pick4, Pick 5, Bonus Match 5, and CASH POP. Monitor Games include Keno and Racetrax. Jackpot Games include Mega Millions, Powerball, Multi-Match and Cash4Life. Instant Tickets include Scratch-offs and FAST PLAY. ITLM include instant ticket lottery machines, available exclusively to Veterans' organizations.

Lottery Revenue Components

The State Lottery Fund is a statutorily created fund into which all receipts from the sale of State lottery tickets (after payment of prizes to players, commissions to licensed retailers and agency operating expenses) are deposited.

- Lottery tickets are sold across a variety of licensed retailers that Marylanders visits every day, such as convenience stores, gas stations, liquor stores, grocery stores, restaurants, bars and taverns.
- Lottery licensed retailers are private businesses that receive commissions to sell the games to the public and cash winning tickets. Lottery supports nearly 4,300 retail businesses throughout the State by driving foot traffic into their business establishments and increasing income through sales and cashing commissions. In FY2025, Maryland Lottery retailers earned \$195.7 million in sales and cashing commissions. The average retailer commission was \$45,000.
- Transactions are conducted through clerk operated terminals and touch screen vending (self-service) devices that are connected to a computerized real-time system. Debit card readers were introduced on self-service terminals in early 2021 and as a “pilot program” at the retail counter in late 2025. The average debit transaction in calendar 2026 is \$26.79.
- Maryland Lottery players won \$1.7 billion in prizes in FY2025, down 2.5% from FY2024. Total player prizes averaged nearly \$4.6 million per day; there were 1,638 prizes of \$10,000 or more, including 33 prizes of at least \$1 million.

Scratch-off games

Scratch-off games represent the largest category of sales growth, increasing by more than 24.1% since 2020. Following various strategic initiatives, revenues generated from the sales of scratch-off lottery tickets have more than doubled.

- Growth in scratch-off sales is directly attributable to improved inventory management, an aggressive planning and development schedule, increased advertising, and optimizing prize structures based on player research.
- Every scratch-off game available to consumers is evaluated on a monthly basis. By closing lower-performing games and replenishing inventory with the best-sellers, trial and repurchase rates have remained high, along with retailer and player interest and enthusiasm.
- The Lottery continues to focus on higher price point tickets at \$20. Multiple \$30 games are launched every year with a wide variety of value propositions. A new \$50 ticket is introduced annually in February, and a new \$25 price point launched in February 2026.
- Licensed properties, coupled with Linked Games or high value pricing, are highly marketable opportunities that make lottery games appealing to a new consumer without alienating the core player. Linked Games such as \$5 Let's Make a Deal with a second-chance contest and the \$5 Jurassic Park game with Linked Game prize are examples.



Strategic Initiatives

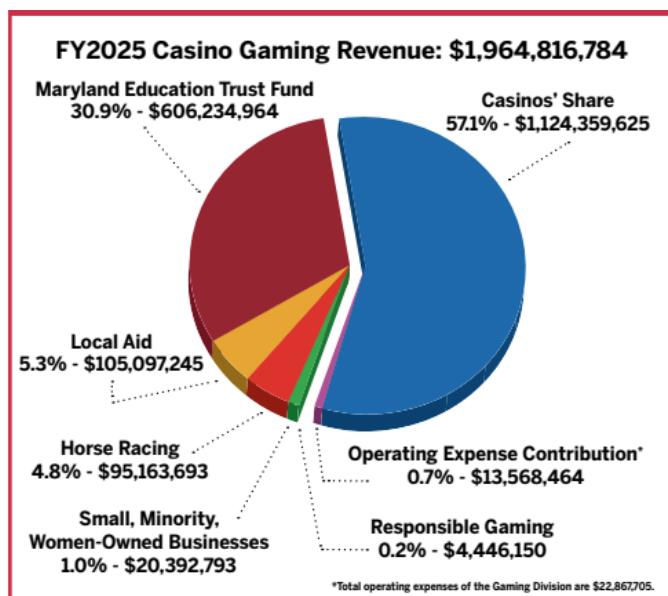
The Maryland Lottery undertakes various strategic initiatives that help in managing the operations of the Agency while trying to meet our primary mission. Initiatives such as:

- Maintaining a constant advertising presence to remain top-of-mind with consumers. Multiple media channels are utilized with an increasing focus on digital, streaming, social media and “on-demand” tactics, all designed to reach consumers when and how they consume content.
- Expanding touchscreen vending (self-service terminals) to more than 2,000 devices deployed statewide.
- Launching of a pilot program providing debit card transactions at clerk-operated Lottery terminals. The progress with this program is expected to grow to approximately 1,000 retailers.

- Providing accessibility to redeem winning tickets valued up to \$600 at any of the 4,300 licensed retailers. Expanded Cashing Authority Program (XCAP), authorizes 460 retailers to cash winning tickets valued between \$600 and \$5,000. Players can redeem winning lottery tickets valued up to \$25,000 at Maryland's six casinos.
- Increasing corporate retailers such as Walmart, Royal Farms and Giant.
- Maintaining relationships with Maryland's professional sports teams, the Baltimore Orioles and the Baltimore Ravens.
- Launching of new games/products:
 - The Lottery is working on system changes to implement a bill passed during the 2025 Legislative Session authorizing online sales of Subscriptions. Customers will be able to order and pay for Subscriptions online using a debit card, eliminating the need to mail Subscription forms and checks to the Lottery. There will also be an option to pay for a Subscription Voucher at Lottery retailers and complete the transaction online.
 - Maryland's fourth \$50 scratch-off ticket launched in February 2026 with a \$5 million top prize, along with the Lottery's first scratch-off at a \$25 price point — a crossword puzzle ticket with \$1 million top prizes.
 - The Big Spin ticket was launched in April 2024 and will be launched again in 2026 because of its outstanding performance.
 - New multi-state game opportunity: \$5 Powerball X's and O's. This unique national draw game will utilize the incredibly powerful NFL (National Football League) brand to appeal to an underserved or new player base.

Casino Gaming

The mission of the Casino Gaming program is to generate revenue for the State of Maryland and to create good-paying jobs while maintaining integrity, security, transparency and fair play. FY2025 was the third-best performance in the 15-year history of Maryland's casino program. Maryland's casino program, which began in September 2010, has generated more than \$19.8 billion in revenue, with more than \$6.4 billion supporting education in the State. The distribution of casino gaming revenue is directed by statute. The casinos generated nearly \$2.0 billion in gaming revenue from slot machines and table games during FY2025. The \$831.3 million in contributions to the State went to the following beneficiaries:



Through the first seven months of FY2026, casino gaming revenue is down -1.9% compared to same period in FY2025.

Sports Wagering and Fantasy Competitions

Maryland's sports wagering market showed signs of continued growth as FY2026 began, with statewide handle increasing 11.4% compared to the same period in FY2025. November 2025 marked a single-month record for handle at more than \$720.1 million, and contributions to the State at nearly \$19.0 million. With a growing market and the increase in contributions to the State by mobile/online operators that was adopted by the Maryland General Assembly in 2025, sports wagering contributions are trending to

reach \$120 million during FY2026. Through the first seven months of FY2026, sports wagering contributions to the Blueprint for Maryland's Future Fund (BMFF) were \$68.9 million, and to the General Fund, \$20.6 million, a total of \$89.5 million which is an increase of nearly 63.3% compared to the same period in FY2025.

Expired sports wagering prizes are distributed to the Problem Gambling Fund, and those contributions totaled more than \$1.3 million during FY2025. Maryland Lottery and Gaming staff continue to diligently oversee the program and work with licensees and operators who are entering or exiting the market, or changing partnerships or locations.

The operators of Fantasy competitions (including daily fantasy sports) also contribute 15% of their revenue to the BMFF. In FY2025, these contributions totaled more than \$1.3 million.

Responsible Gambling

Maryland Lottery and Gaming continues its ongoing Agency-wide commitment to emphasizing the importance of responsible play.

In April 2025, the Lottery received the highest level of certification in the Responsible Gambling Verification Program, which is jointly sponsored by the North American Association of State and Provincial Lotteries (NASPL) and the National Council on Problem Gambling (NCPG). The program helps lotteries plan and implement effective responsible gaming procedures in all aspects of their operations. Staff from several departments contributed to the submission, which includes summaries and documentation of the Lottery's responsible gaming efforts pertaining to employee training; retailer training; public education and awareness; product oversight; research; and advertising.

Prior to receiving this certification, the Lottery spent 2015-2022 progressing through all four levels of certification offered by the World Lottery Association (WLA), a separate, international responsible gaming program.

The Maryland Lottery supported the recognition of March as Problem Gambling Awareness Month with a paid advertising campaign and other messaging, and participated in NCPG's Gift Responsibly campaign, which reinforces the message that Lottery tickets are not an appropriate gift for anyone under the age of 18. The Lottery also worked with the Maryland Center of Excellence on Problem Gambling and the Maryland State Ad Agency to produce a series of four educational videos aimed at raising awareness of problem gambling among vulnerable groups, including youths, seniors, military veterans and rural communities. The videos were published on the Responsible Play page of the Lottery's website during September, which is designated by the American Gaming Association as Responsible Gaming Education Month.

Maryland Lottery and Gaming maintains its leadership role in the Maryland Alliance for Responsible Gambling, which brings together the State's gambling stakeholders and the problem gambling treatment community in a collaborative forum to enhance and develop resources. Maryland Lottery and Gaming staff continue to collaborate with the Maryland Center of Excellence with regular meetings between MLGCA, Center of Excellence staff and others to coordinate activities and training opportunities.

DLS Recommendation

The Maryland Lottery and Gaming Control Agency concurs with the DLS recommendation and requests approval of the Governor's FY2027 budget for E75D00, the State Lottery and Gaming Control Agency, as submitted. The analysis conducted by Department of Legislative Services' Elizabeth Waibel is comprehensive and thorough. We thank her for the work performed, as well as that of the Department of Budget and Management and our Agency's OBA Analyst, Aiden Keenan.