

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1014
Ways and Means

(Delegate Turner, *et al.*)

Budget and Taxation

Expansion of Commercial Gaming - Referendum - Sports Wagering

This bill, which is subject to voter referendum, establishes that the General Assembly may authorize, by law, that the State Lottery and Gaming Control Commission may issue a license to offer sports wagering in the State to a video lottery operation licensee or a licensee for mile thoroughbred racing or harness racing if the federal Professional Amateur Sports Protection Act (PASPA) is altered or amended in a manner that does not prohibit the State from allowing wagering on sporting events or if a federal court or the U.S. Department of Justice determines that PASPA does not prohibit it. It is the General Assembly's intent that, if authorized, State revenues generated by sports wagering be used for dedicated purposes, including public education. **The bill takes effect July 1, 2018, contingent on PASPA no longer prohibiting sports betting, after which it is contingent on passage of a referendum by voters in the next general election.**

Fiscal Summary

State Effect: None. If PASPA were to no longer prohibit sports betting and the bill is approved at referendum, legislation would still be needed to implement sports wagering.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 5 of the 2007 special session amended the Maryland Constitution so that after November 15, 2008, the General Assembly may only authorize additional

forms or expansion of commercial gaming if approved through a referendum by a majority of the voters in a general election.

Wagering on a contest, event, game, or match between individuals or teams sponsored by a professional league or association or hosted by a college or university is illegal in Maryland.

Chapter 346 of 2012 exempts a specified “fantasy competition” from prohibitions against betting, wagering, and gambling in State law. The law defines “fantasy competition” as any online fantasy or simulated game or contest such as fantasy sports in which (1) participants own, manage, or coach imaginary teams; (2) all prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest; and (3) the winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals.

Background: PASPA prohibits a government entity from sponsoring, operating, advertising, promoting, licensing, or authorizing a lottery, sweepstakes, or other betting, gambling, or wagering scheme based on one or more competitive games in which amateur or professional athletes participate. Likewise, a person may not sponsor, operate, advertise, or promote a lottery, sweepstakes, or other betting, gambling, or wagering scheme based on one or more competitive games in which amateur or professional athletes participate. States that had sports gambling before PASPA or authorized sports gambling within a year after PASPA became effective may continue to have sports gambling. Thus, Delaware, Montana, Nevada, and Oregon may offer gambling on sporting events, but only Delaware and Nevada currently authorize sports gambling.

New Jersey is challenging PASPA in the Supreme Court in *Christie v. National Collegiate Athletic Association*, arguing that PASPA violates the Constitution by “commandeering” the states into enforcing federal law. The Supreme Court heard oral arguments in December 2017 and is expected to make a decision by summer 2018. Some states are preparing to authorize sports betting if it becomes legal under federal law. For example, if sports betting is authorized under federal law, Pennsylvania has authorized licensed casinos to apply for a sports wagering license.

Sports betting accounts for approximately 2% of total gaming revenues in Nevada. The consulting firm Global Market Advisors estimates under a low scenario and a high scenario that sports betting in Maryland could generate \$13.7 million and \$182.1 million in revenues, respectively, if sports betting was legalized.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Board of Elections; Maryland State Lottery and Gaming Control Agency; U.S. Supreme Court; Global Market Advisors; Department of Legislative Services

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