HB 942

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 942
(Delegate Luedtke)

Ways and Means
Budget and Taxation

Satellite Simulcast Betting Facilities and Permit Holders and Sports Wagering Facilities - Alterations

This bill specifies that certain local zoning approval is not required to use a facility for satellite simulcast betting if the facility is properly zoned for operation of (1) a video lottery facility; (2) a sports wagering facility; or (3) electronic bingo or tip jar machines. The bill authorizes the Maryland Racing Commission (MRC) to waive review of an applicant for a satellite simulcast betting permit if the applicant is a video lottery or sports wagering licensee. In addition, the bill generally prohibits the Sports Wagering Application Review Commission (SWARC) from awarding a Class B-1 or B-2 sports wagering facility license to an applicant whose sports wagering facility will be located within a specified mile radius of certain existing Class B-1 or B-2 sports wagering facilities located in Carroll, Charles, or Frederick counties. The bill takes effect July 1, 2022.

Fiscal Summary

State Effect: Potential general fund expenditure increase beginning in FY 2023 for licensing and compliance costs for the State Lottery and Gaming Control Agency (SLGCA). Expanding the exclusion mile radius for Class B-1 and B-2 sports wagering facility licenses in Carroll, Charles, or Frederick counties has no fiscal effect because SWARC is still expected to issue the maximum number of Class B-1 and B-2 sports wagering facility licenses authorized under current law. State revenues are not affected.

Local Effect: None. Altering where Class B-1 and B-2 sports wagering licenses may be awarded does not affect video lottery terminal (VLT) and table game revenues in the State because the bill does not alter the exclusion zone for casinos with a sports wagering facility license. Thus, local impact grants are not affected.

Small Business Effect: Potential meaningful.
Analysis

**Bill Summary:** Subject to the approval of the Maryland Racing Commission and the State Lottery and Gaming Control Commission (SLGCC):

- a self-service kiosk at a satellite simulcast facility that is located in a sports wagering facility may accept both satellite simulcast bets and sports wagers, provided that the kiosk separately accounts for the different types of wagers and meets all specifications and requirements established by regulation by SLGCC; and
- a mile thoroughbred racing licensee or a harness racing licensee may enter into an agreement with a sports wagering licensee authorizing the employees of the sports wagering licensee to operate the pari-mutuel betting equipment and to accept pari-mutuel bets on horse racing in a satellite simulcast facility.

SLGCC may adopt regulations authorizing a sports wagering licensee, if a satellite simulcast facility is located in the licensee’s sports wagering facility, to allow its employees to (1) accept satellite simulcast bets on horse racing and (2) operate kiosks capable of accepting both sports wagers and satellite simulcast bets.

**Current Law:**

*Simulcast Betting*

A person must have a permit granted by MRC whenever the person holds satellite simulcast betting. Local zoning laws or ordinances may not be preempted regarding satellite simulcast betting facilities.

MRC may waive portions of the review that it determines to be appropriate for a satellite simulcast betting facility if the applicant is a horse racing licensee.

A satellite simulcast betting facility must offer pari-mutuel betting facilities and amenities that MRC finds are (1) comparable to those available in the sports palace facilities of the mile thoroughbred racing licensees, including high quality dining, lounge, and seating areas that are of a manner generally found in fine restaurants and teletheatre screen capacity and (2) appropriate for the area where the satellite simulcast facility is located.

Chapter 356 of 2021 established and implemented sports wagering in the State and provided for regulation of sports wagering and fantasy gaming competitions.

*Sports and Event Wagering*

Chapter 492 of 2020, a constitutional amendment approved by the voters at the November 2020 general election, authorized sports and event wagering, contingent upon implementation legislation passed by the General Assembly. Chapter 356 of 2021
established the operational and regulatory framework for the State’s sports wagering program.

Under Chapter 356, SLGCC is required to generally regulate sports wagering to the same extent that it regulates the operation of VLTs and table games in the State. Sports wagering licenses are awarded by SWARC, the members of which were appointed by the Governor, the President of the Senate, and the Speaker of the House.

On award of a license by SWARC, SLGCC must issue a license to an applicant that meets the requirements for licensure. There are 13 Class A and 7 Class B sports wagering facility licensees designated under the law, all of which are identified in Exhibit 1, and can be seen in this map. Class B-2 licenses are reserved for applicants with less than (1) 25 employees or (2) $3,000,000 in annual gross receipts. A sports wagering facility licensee may accept wagers made by an individual physically present on the licensee’s property, including wagers on a self-service kiosk, device, or machine on the property.

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**Exhibit 1**

**Designated Sports Wagering Facility Licensees**

<table>
<thead>
<tr>
<th>License</th>
<th>Application Fee</th>
<th>Designated Licensees</th>
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| Class A-1 | $2,000,000 | • Three video lottery facilities – Live! in Anne Arundel County, Horseshoe in Baltimore City, and MGM National Harbor in Prince George’s County  
• Three professional sports stadiums/teams – M&T Bank Stadium, Oriole Park in Baltimore City, and FedEx Field in Prince George’s County  
• Owner of a professional hockey, basketball, or soccer franchise that leases a stadium in Maryland |
| Class A-2 | $1,000,000 | • Three video lottery facilities – Rocky Gap in Allegany County, Hollywood in Cecil County, and Ocean Downs in Worcester County  
• Maryland Jockey Club (operator of Laurel Park and Pimlico racecourses) |
| Class B | B-1: $250,000  
B-2: $50,000 | • Maryland State Fairgrounds  
• Four off-track betting locations – Greenmount Station in Carroll County, Riverboat on the Potomac in Charles County, Long Shot’s in Frederick County, and Jockey Bar and Grille in Washington County  
• Two commercial bingo facilities with at least 200 machines – Bingo World in Anne Arundel County and Rod ‘N’ Reel in Calvert County |

Source: Department of Legislative Services

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Applicants may also compete for an additional 30 Class B-1 or B-2 facility licenses and 60 mobile sports wagering licenses. Mobile license applicants must pay a $500,000 application fee. Mobile wagers are restricted to individuals physically located in the State. SWARC must actively seek to achieve racial, ethnic, and gender diversity when awarding Class B facility and mobile licenses and encourage small, minority, and women-owned businesses to apply.

SWARC may not award a license for a location within (1) a 15-mile radius of a Class A-1 or A-2 sports wagering facility located in Allegany, Cecil, or Worcester counties or (2) a 1.5-mile radius of a Class A or B licensee located outside of Allegany, Cecil, or Worcester counties.

Licensees retain 85% of sports wagering proceeds, with the remainder distributed to the Blueprint for Maryland’s Future Fund. Revenues accruing to the Blueprint for Maryland’s Future Fund are to be used to provide a world-class education for early childhood and K-12 students so that they are prepared for college and a career in the global economy. Certain other revenues are distributed to the Problem Gambling Fund and the Small, Minority-Owned, and Women-Owned Business Sports Wagering Assistance Fund, the purpose of which is to provide grants or loans to small, minority-owned, and women-owned businesses to facilitate participation in the sports wagering industry.

**State Fiscal Effect:** SLGCA advises that the bill may have an operational impact on its current gaming and licensing staff as well as the staffing at casinos and sports wagering facilities. The bill will require more SLGCA coordination with MRC, which regulates horse racing and satellite simulcast betting (OTBs) in the State. As a result, SLGCA expenditures may increase beginning in fiscal 2023 to comply with any additional licensing that may be required under the bill.

SLGCA advises that while it may be possible for self-service kiosks to accept bets and wagers for both pari-mutuel and sports wagering operations, and that the kiosk central system would be able to provide a separate accounting for each wagering operation, an OTB vendor would still have to go through SLGCA’s licensing process and become an approved vendor. In addition, the kiosks will have to be thoroughly tested for compliance by an independent approved testing lab and approved by SLGCC.

If an agreement is reached between an OTB licensee and a sports wagering licensee to allow sports wagering employees to operate pari-mutuel betting equipment and accept pari-mutuel bets, OTB employees would have the ability to operate both sets of equipment and to accept bets and wagers from both programs. SLGCA advises that OTB employees will not be allowed to operate sports wagering equipment until they are licensed by SLGCC to do so.

MRC can handle the requirements of the bill with existing budgeted resources.
**Small Business Effect:** Some small businesses, including minority and women-owned businesses, may be prohibited from obtaining a Class B-1 or B-2 sports wagering facility license if they are located within the specified mile radius of certain existing Class B-1 or B-2 sports wagering facilities located in Carroll, Charles, or Frederick counties. Other small businesses with a Class B-1 or B-2 sports wagering facility license may benefit from reduced potential competition as a result of having a larger buffer zone from competing sports wagering facilities.

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**Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** SB 792 (Senator Guzzone) - Budget and Taxation.

**Information Source(s):** Comptroller’s Office; Maryland Department of Labor; State Lottery and Gaming Control Agency; Department of Legislative Services

**Fiscal Note History:**
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