

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 792

(Senator Guzzone)

Budget and Taxation

Ways and Means

Horse Racing – Satellite Simulcast Betting Facilities and Permit Holders –
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 to waive review of an applicant for a satellite simulcast betting permit if the applicant is a video lottery or sports wagering licensee. **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). State revenues are not affected.

Local Effect: None.

Small Business Effect: None.

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

The Maryland Racing Commission 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 the Maryland Racing Commission 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.

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 the Maryland Racing Commission, 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.

The Maryland Racing Commission can handle the requirements of the bill with existing budgeted resources.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 942 (Delegate Luedtke) - Ways and Means.

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

Fiscal Note History: First Reader - March 1, 2022
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