

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 711

(Chair, Judicial Proceedings Committee)(By Request -
Departmental - Human Services)

Judicial Proceedings

Judiciary

Child Support - Sports Wagering and Fantasy Competition Intercept

This departmental bill extends the application of the child support intercept program to specified payouts from a “sports wagering licensee,” “online sports wagering operator,” and “fantasy competition operator.”

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: The Department of Human Services (DHS) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill’s definitions, including those for a “fantasy competition operator,” “online sports wagering operator” and “sports wagering licensee” are consistent with those in existing statutory provisions (as generally discussed below).

If an individual who owes child support and has been certified as an obligor wins a prize from sports wagering or in a fantasy competition requiring the issuance of Internal Revenue Service form W-2G (forms required to be provided to individuals who receive specified winnings from gambling) or a substantially equivalent form, the sports wagering licensee,

online sports wagering operator, or fantasy competition operator must provide notice to the obligor that:

- the obligor has won a prize to be paid by cash or check directly by the sports wagering licensee, online sports wagering operator, or fantasy competition operator;
- the State Lottery and Gaming Control Agency has received certification from the Child Support Administration (CSA) of the obligor's child support arrearage in the amount specified;
- the sports wagering licensee, online sports wagering operator, or fantasy competition operator is required to withhold the prize to pay it towards the obligor's child support arrearage;
- the obligor has 15 days to appeal to CSA if the obligor disputes the existence or the amount of the child support arrearage; and
- on interception of the prize, the sports wagering licensee, online wagering operator, or fantasy competition operator will transfer the prize or the part of the prize that equals the obligor's child support arrearage to CSA.

The sports wagering licensee, online wagering operator, or fantasy competition operator must withhold and transfer all or part of the prize up to the amount of the arrearage to CSA and pay the excess to the obligor. If a timely appeal is not filed, as specified, CSA may retain the withheld prize.

A sports wagering licensee, online sports wagering operator, or fantasy competition operator may not be held liable for an act or omission taken in good faith to comply substantially with the requirements set forth in the bill.

Current Law:

Child Support Intercepts

The State operates several intercept programs to collect delinquent child support, including the interception of tax refunds, lottery prizes, and prizes won at a video lottery facility.

Sports 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.

“Sports wagering” is the business of accepting wagers on any sporting event by any system or method of wagering. A “sporting event” includes a professional, college, Olympic, or international sports or athletic event, an electronic sports or video game competition played by an adult, and other types of events, as specified. A sports wagering licensee is the holder of a sport wagering license, which generally authorizes the holder to accept wagers on sporting events, as specified.

Online Sports Wagering

An “online sports wagering operator” is an entity registered with a state to do business within a jurisdiction of the United States that holds a specified license to operate online sports wagering on behalf of a sports wagering licensee. “Online sports wagering” is sports wagering through an online gaming system: (1) on a computer, mobile device, or any other interactive device and (2) that is accepted by a sports wagering licensee or an online sports wagering operator.

Fantasy Competition

“Fantasy competition” includes any online fantasy or simulated game or contest such as fantasy sports, in which participants own, manage, or coach imaginary teams, and all prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest. A “fantasy competition operator” is any person that offers services in connection with fantasy competitions to individuals by means of the Internet, a smart phone application, or any other electronics, digital media, communication technology, or device, but it does not include an individual who participates in the fantasy competition that the individual organizes and who receives no compensation for organizing the competition.

Background: According to DHS, the interception of sports wagering and fantasy competition winnings may increase the collection of overdue child support payments from obligors for the benefit of children and families. DHS advises there are three states that intercept sports wagering winnings for the purpose of child support collection: Indiana, Iowa, and Maine.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Human Services; Office of Administrative Hearings; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2023
km/jkb Third Reader - March 14, 2023

Analysis by: Joanne Tetlow

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Child Support-Sports Wagering and Fantasy Competition Intercept

BILL NUMBER: **SB 711**

PREPARED BY: Stephen Holmes

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON
MARYLAND SMALL

BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL

BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS