

Department of Legislative Services  
Maryland General Assembly  
2023 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1102  
Ways and Means

(Delegate D. Barnes)

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**Gaming - Sports Wagering - Exemption for Sports-Based State Lottery Game**

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This bill excludes, from the definition of “sports wagering” as it applies to sports wagering licensees, the sale or purchase, in accordance with Subtitle 1 of the State Government Article, of a State lottery game ticket on which selections are made by the player or randomly generated and for which the winning numbers are randomly generated and based on the outcome of actual sporting events. Thus, the bill excludes this wagering from sports wagering and authorizes State lottery games of this nature. **The bill takes effect July 1, 2023.**

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**Fiscal Summary**

**State Effect:** Minimal. If instituted, a State lottery game of the nature described by the bill is not anticipated to significantly increase overall lottery sales in the State. Further, excluding such wagering from the definition of sports wagering is not anticipated to alter sports wagering revenues.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** The State Lottery and Gaming Control Commission and the State Lottery and Gaming Control Agency (SLGCA) administer a variety of weekly, daily, and instant lottery games and regulate the State’s gaming program, including sports wagering.

## *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 implemented sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. Licensees receive 85% of proceeds from sports wagering and fantasy gaming and the State receives 15%, as well as license fee revenues. Proceeds primarily accrue to the Blueprint for Maryland's Future Fund, although 5% of certain license and renewal fees are transferred to the Small, Minority-Owned, and Women-Owned Business Sports Wagering Assistance Fund.

“Sports wagering” is the business of accepting wagers on any sporting event by any system or method of wagering, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets. For additional information on sports and event wagering, including projected revenues and their distribution from fiscal 2024 through 2028, see the **Appendix – Maryland Gaming**.

**State Fiscal Effect:** Excluding the wagering proposed by the bill from the definition of sports wagering is not anticipated to alter sports wagering revenues in the State. If SLGCA implements a sports-based State lottery game as described under the bill, the effect on overall lottery sales is anticipated to be minimal. Implementation would require software upgrades and be accompanied by promotional efforts, with associated costs.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** State Lottery and Gaming Control Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2023  
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## Appendix – Maryland Gaming

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The State of Maryland has authorized and awarded six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George’s, and Worcester counties with a maximum number of 16,500 video lottery terminals (VLT) allotted in the State. The opening date and the number of VLTs and table games in operation for each facility as of December 2022 are shown in **Exhibit 1**.

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### Exhibit 1 Number of VLTs and Table Games in Maryland

<u>Casino</u>	<u>County</u>	<u>Opening Date</u>	<u>VLTs</u>	<u>Table Games</u>
Hollywood Casino	Cecil	September 2010	699	19
Ocean Downs	Worcester	January 2011	842	19
Maryland Live!	Anne Arundel	June 2012	3,855	179
Rocky Gap Casino	Allegany	May 2013	614	16
Horseshoe Casino	Baltimore City	August 2014	1,466	130
MGM National Harbor	Prince George’s	December 2016	2,130	209

VLT: video lottery terminal

Source: State Lottery and Gaming Control Agency; Department of Legislative Services

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### *VLT and Table Game Revenues*

The estimated revenues from VLTs and table games in fiscal 2024 through 2028 are shown in **Exhibit 2**. A total of \$2.1 billion in gross gaming revenues is projected in fiscal 2024, including \$616.4 million to be distributed to the Education Trust Fund.

**Exhibit 2**  
**Distribution of Estimated VLT and Table Game Revenues in Maryland**  
**Current Law**  
**(\$ in Millions)**

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
<b>VLTs Distribution</b>					
Education Trust Fund	\$509.8	\$516.4	\$523.2	\$531.7	\$538.6
Lottery Operations	13.5	13.7	13.9	14.0	14.2
Purse Dedication Account	81.0	82.0	83.1	84.2	85.3
Racetrack Renewal Account	13.5	13.7	13.9	12.3	12.5
Local Impact Grants	74.2	75.2	76.2	77.2	78.2
Business Investment	20.2	20.5	20.8	21.0	21.3
Licensees	637.4	645.7	654.1	662.6	671.2
<b>Total VLTs</b>	<b>\$1,349.7</b>	<b>\$1,367.2</b>	<b>\$1,385.0</b>	<b>\$1,403.0</b>	<b>\$1,421.4</b>
<b>Table Games Distribution</b>					
Education Trust Fund	\$106.6	\$108.1	\$109.5	\$111.0	\$112.4
Local Impact Grants	35.5	36.0	36.5	37.0	37.5
Licensees	568.7	576.3	584.0	591.8	599.7
<b>Total Table Games</b>	<b>\$710.9</b>	<b>\$720.4</b>	<b>\$730.0</b>	<b>\$739.7</b>	<b>\$749.6</b>
<b>Total VLTs and Table Games</b>	<b>\$2,060.6</b>	<b>\$2,087.6</b>	<b>\$2,115.0</b>	<b>\$2,142.7</b>	<b>\$2,170.9</b>
<b>Total Education Trust Fund</b>	<b>\$616.4</b>	<b>\$624.5</b>	<b>\$632.7</b>	<b>\$642.6</b>	<b>\$651.1</b>

VLT: video lottery terminal

Source: Board of Revenue Estimates; Department of Budget and Management; Department of Legislative Services

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 implemented sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. Licensees receive 85% of proceeds from sports wagering and fantasy gaming and the State receives 15%, as well as license fee revenues. State revenues from sports wagering and fantasy gaming and their distributions are shown in **Exhibit 3**.

**Exhibit 3**  
**Distribution of Estimated State Sports Wagering and**  
**Fantasy Competition Revenues**  
**Current Law**  
**(\$ in Millions)**

	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
<b>State Revenues</b>					
Sports Wagering – Retail	\$7.8	\$8.0	\$8.1	\$8.2	\$8.3
Sports Wagering – Mobile	40.1	42.1	44.2	46.4	48.7
Sports Wagering License Fees	0.0	0.0	0.0	4.5	27.7
Fantasy Competition	1.0	1.0	1.0	1.1	1.1
<b>Total</b>	<b>\$48.9</b>	<b>\$51.0</b>	<b>\$53.3</b>	<b>\$60.1</b>	<b>\$85.8</b>
<b>Distribution</b>					
Blueprint for Maryland’s Future Fund <sup>1</sup>	\$48.9	\$51.0	\$53.3	\$60.0	\$84.5
SMWOBSWA Fund <sup>2</sup>	0.0	0.0	0.0	0.1	1.3
Problem Gambling Fund <sup>3</sup>	5.8	5.9	6.0	6.1	6.2

SMWOBSWA: Small, Minority-Owned, and Women-Owned Business Sports Wagering Assistance

<sup>1</sup> The Blueprint for Maryland’s Future Fund is intended to assist in providing adequate funding for early childhood education and primary and secondary education to provide a world-class education to students in Maryland.

<sup>2</sup> Five percent of the class A-1 license fees (\$2.0 million each) and of the class A-2 license fees (\$1.0 million each) are paid into the SMWOBSWA Fund. Five percent of renewal fees are transferred to the SMWOBSWA Fund.

<sup>3</sup> Player winnings not claimed within 182 days are distributed to the Problem Gambling Fund.

Source: Board of Revenue Estimates; Department of Legislative Services