

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1087 (Delegate Queen)
Ways and Means and Appropriations

Institutions of Higher Education - Online Gambling - Prohibition

This bill establishes that online gambling is prohibited on the campuses of all institutions of higher education in Maryland. It also establishes a duty for each institution of higher education to, by August 1, 2024, establish a “geofence” (virtual perimeter) encompassing the entire campus property that prevents access to online gambling, via cellular phone application, within the campus property. If an individual attempts to participate in online gambling while within the designated geofence, the individual must be (1) prevented from online gambling and (2) shown a warning that contains information about the prohibition and options for seeking help for gambling addiction. Each institution of higher education must publish on its website a written policy consistent with the provisions of the bill. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: *Under one set of assumptions*, each public four-year institution of higher education and Baltimore City Community College (BCCC) must enter into a contract with each company that provides geolocation services to any mobile sports wagering licensee operating in Maryland, as an institution has no ability to directly prevent players from using online gaming applications to conduct gaming activities. Thus, higher education expenditures may increase, potentially significantly, to establish and enforce these contracts. Revenues are not affected.

Local Effect: *Under one set of assumptions*, each local community college must likewise enter into a contract with each company that provides geolocation services to any mobile sports wagering licensee operating in Maryland. Thus, higher education expenditures may increase, potentially significantly, to establish and enforce these contracts. Revenues are not affected. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Gaming in Maryland

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 allotted in the State. Licensees are also authorized to have table games with approval of the State Lottery and Gaming Control Commission (SLGCC). The General Assembly may only authorize additional forms or expansion of gaming if approved through a referendum by a majority of voters in a general election.

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, including through mobile applications. Other forms of online gaming are not currently authorized in Maryland, but legislation has been introduced during the 2024 session to authorize Internet gambling and online lottery sales.

Under Chapter 356, specified individuals (including those younger than age 21; those not physically present in the State; and athletes, coaches, referees, directors, or employees of a sports governing entity or any of its member teams) may not wager on a sporting event; likewise, a sports wagering licensee may not accept a wager from those individuals. However, otherwise, 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 at that property. Likewise, a mobile sports wagering licensee may only accept wagers by an individual physically located in the State.

To participate in online sports wagering, an individual must register using a website or mobile application approved by SLGCC, or in person at specified facilities. A mobile sports wagering licensee may conduct and operate online sports wagering or may enter into a contract with one online sports wagering operator to conduct online sports wagering on its behalf; however, an online sports wagering operator may conduct online sports wagering on behalf of more than one mobile sports wagering licensee.

The Sports Wagering Application Review Commission (SWARC) is authorized to conduct a competitive process to award up to 60 mobile licenses and up to 30 Class B facility licenses. A 45-day application period ended on October 21, 2022, during which SWARC

received 21 mobile applications (1 applicant withdrew) and 6 Class B facility applications. With respect to the mobile licenses, 12 were operational as of the end of January 2024.

Institutions of Higher Education

“Institution of higher education” is defined as an institution of postsecondary education that generally limits enrollment to graduates of secondary schools and awards degrees at either the associate, baccalaureate, or graduate level. It includes public, private nonprofit, and for-profit institutions.

State/Local Expenditures: According to the Maryland State Lottery and Gaming Control Agency and Towson University (TU), an institution of higher education has no technical ability to *directly* prevent players from using online gaming applications to conduct gaming activities. Typically, online players download online gaming applications in order to establish an account on the platform, which allows the *operator* to implement the necessary geofencing. Thus, each public institution of higher education, which includes the University System of Maryland constituent institutions, Morgan State University, St. Mary’s College of Maryland, BCCC, and local community colleges, must likely enter into a contract with every company that currently provides geolocation services to any mobile sports wagering licensee operating in Maryland. Accordingly, *under this set of assumptions*, higher education expenditures increase, potentially significantly, to establish and enforce such contracts.

Even so, it is not clear whether institutions could encourage companies to enter into such contracts or even if this approach would or could fully meet the bill’s requirement for geofencing at all institutions of higher education. For example, the University of Maryland Global Campus (UMGC) presently prohibits gambling websites and applications on UMGC-owned devices and any device connected to a UMGC-owned network. However, devices not linked to a UMGC network, such as personal devices or those on military bases using a government network, are exempt from these restrictions. The geofencing requirement in the bill presents additional challenges unique to UMGC due to UMGC’s diverse array of locations nationally and internationally.

Further, TU advises that implementing a geofence as required in the bill around TU’s campus is not technically feasible, as the geofence would have no effect on unmanaged devices (devices not owned or managed by TU) and devices not connected to TU’s network (such as cell phones using a cellular-only connection to the Internet). TU also notes challenges related to geofence accuracy, virtual private network usage, mobile device settings, legal and ethical concerns, and other technical limitations.

Small Business Effect: Companies that provide geolocation services to any mobile sports wagering licensee in Maryland may qualify as a small business.

Additional Comments: Private institutions of higher education must also meet the requirements of the bill. Therefore, their expenditures likely also increase under the bill.

Additional Information

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

Designated Cross File: None.

Information Source(s): Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Independent College and University Association; Maryland Department of Health; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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Analysis by: Caroline L. Boice

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