

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 700 (Delegate Allen, *et al.*)
 Ways and Means

Gaming - Problem Gambling - Prevalence Study and Fund Revenue

This bill requires a percentage of fantasy competition and sports wagering revenues to be deposited into the Problem Gambling Fund. The bill specifies that the prevalence study and replication prevalence studies that the Secretary of Health must conduct under current law are for problem and pathological *in-person* gambling in the State, and the bill requires an additional study and replication studies on problem and pathological mobile gambling with the first study being completed by July 1, 2030, and subsequent replication prevalence studies conducted at least every five years. By November 1, 2026, and annually thereafter, the Secretary of Health must submit a report to the General Assembly on how funds in the Problem Gambling Fund have been expended on problem gambling treatment and prevention programs. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: Special fund revenues and expenditures for the Problem Gambling Fund increase by at least \$6.6 million annually beginning in FY 2026.

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$6.6	\$6.7	\$6.8	\$6.9	\$7.0
SF Expenditure	\$6.6	\$6.7	\$6.8	\$6.9	\$7.0
Net Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None. State aid to public schools is not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Fantasy competition operators and sports wagering licensees each retain 84%, instead of 85%, of their respective proceeds. Under current law, the Blueprint for Maryland's Future Fund (BMFF) receives the remaining 15% of proceeds; the bill alters this so that of the remaining proceeds, 93.75% is distributed to the BMFF and 6.25% is distributed to the Problem Gambling Fund. This equates to the BMFF continuing to receive 15% of proceeds from fantasy competitions and sports wagering, and the Problem Gambling Fund receiving 1% of proceeds.

Current Law:

Problem Gambling

Video lottery operation licensees must pay an annual fee of \$425 per video lottery terminal for a Problem Gambling Fund administered by the Maryland Department of Health (MDH), and the State Lottery and Gaming Control Commission (SLGCC) has established an annual fee of \$500 per table game for the Problem Gambling Fund. The Problem Gambling Fund is used to fund programs to treat and prevent gambling addiction. After satisfying specified requirements, any unspent funds in the Problem Gambling Fund may be expended by MDH on drug and other addiction treatment services.

MDH is required to conduct a problem and pathological gambling prevalence study to measure the rate of problem and pathological gambling in the State. Replication prevalence studies must be conducted at least every five years with measures taken to permit comparisons between the initial prevalence study and subsequent replication prevalence studies.

Sports Wagering Proceeds

Sports wagering facility licensees and mobile sports wagering licensees retain 85% of proceeds from sports wagering. The remainder of the proceeds must be transferred monthly to the State Lottery Fund and, in turn, distributed on a monthly basis to the BMFF. Any winnings on a sports event not claimed within 182 days after the wager is won revert to the Problem Gambling Fund.

Fantasy Competition Proceeds

A fantasy competition operator retains 85% of its proceeds and must pay the remaining 15% to SLGCC, which must distribute these funds to the BMFF.

Appendix – Maryland Gaming provides the status of gaming in Maryland as of December 2024.

State Fiscal Effect: Based upon December 2024 projections of sports wagering revenues, special fund revenues to the Problem Gambling Fund increase by at least \$6.6 million annually beginning in fiscal 2026, as shown in **Exhibit 1**. Special fund expenditures from the Problem Gambling Fund increase correspondingly for prevalence studies and to fund programs to treat and prevent gambling addiction. MDH can likely report on how funds in the Problem Gambling Fund have been expended on problem gambling treatment and prevention programs with existing resources.

Exhibit 1
Estimated Revenue Distributed to the Problem Gambling Fund Under the Bill
(\$ in Millions)

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
Sports Wagering Revenue – Retail	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
Sports Wagering Revenue – Mobile	6.4	6.5	6.6	6.7	6.8
Fantasy Competition	0.1	0.1	0.1	0.1	0.1
Problem Gambling Fund	\$6.6	\$6.7	\$6.8	\$6.9	\$7.0

Source: Department of Legislative Services

Small Business Effect: Small businesses that are sports wagering licensees or fantasy competition operators must pay an additional percentage point of proceeds to the State.

Additional Comments: House Bill 352 and Senate Bill 321 of 2025 (Budget Reconciliation and Financing Act) propose to increase the mobile sports wagering tax rate, which would impact this bill.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 878 and HB 1029 of 2024.

Designated Cross File: SB 706 (Senators Zucker and Guzzone) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 12, 2025
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Appendix – Maryland Gaming

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 (VLTs) allotted in the State. The opening date and the number of VLTs and table games in operation for each facility as of December 2024 are shown in **Exhibit 1**.

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	730	23
Ocean Downs	Worcester	January 2011	867	19
Maryland Live!	Anne Arundel	June 2012	3,800	179
Rocky Gap Casino	Allegany	May 2013	634	16
Horseshoe Casino	Baltimore City	August 2014	1,348	115
MGM National Harbor	Prince George’s	December 2016	2,305	211

VLT: video lottery terminal

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

Video Lottery Terminals and Table Game Revenues

The estimated revenues from VLTs and table games in fiscal 2026 through 2030 are shown in **Exhibit 2**. A total of \$2.0 billion in gross gaming revenues is projected in fiscal 2026, including \$618.7 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 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
VLTs Distribution					
Education Trust Fund	\$524.8	\$532.6	\$539.7	\$552.5	\$560.3
Lottery Operations	13.8	14.0	14.2	14.4	14.6
Purse Dedication Account	83.1	84.1	85.2	86.3	87.5
Racetrack Renewal Account	13.8	12.4	12.6	7.1	6.7
Local Impact Grants	76.2	77.1	78.1	79.1	80.2
Business Investment	20.8	21.0	21.3	21.6	21.9
Licensees	652.4	660.2	669.0	677.8	686.9
Total VLTs	\$1,384.9	\$1,401.4	\$1,420.0	\$1,438.9	\$1,458.1
Table Games Distribution					
Education Trust Fund	\$94.0	\$95.1	\$96.4	\$97.8	\$99.1
Local Impact Grants	31.3	31.7	32.1	32.6	33.0
Licensees	501.2	507.4	514.4	521.4	528.5
Total Table Games	\$626.4	\$634.3	\$643.0	\$651.7	\$660.6
Total VLTs and Table Games	\$2,011.4	\$2,035.7	\$2,063.0	\$2,090.6	\$2,118.7
Total Education Trust Fund	\$618.7	\$627.8	\$636.1	\$650.2	\$659.4

VLT: video lottery terminal

Note: Numbers may not sum to total due to rounding.

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 in fiscal 2026 through 2030 are shown in **Exhibit 3**.

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

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>
State Revenues					
Sports Wagering – Retail	\$1.9	\$1.9	\$1.9	\$1.9	\$1.8
Sports Wagering – Mobile	95.4	97.3	98.7	100.2	101.7
Sports Wagering License Fees	0.0	4.3	0.0	0.0	0.0
Fantasy Competition	0.9	0.9	0.9	0.9	0.8
Total	\$98.3	\$104.4	\$101.5	\$102.9	\$104.4
Distribution					
Blueprint for Maryland’s Future Fund ¹	\$98.3	\$104.4	\$101.5	\$102.9	\$104.4
SMWOBSWA Fund ²	0.0	0.0	0.0	0.0	0.0
Problem Gambling Fund ³	0.9	0.8	0.8	0.8	0.8

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

¹ 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.

² 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.

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

Note: Numbers may not sum to total due to rounding.

Source: Board of Revenue Estimates; Department of Legislative Services
