

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1140
Ways and Means

(Delegate Ebersole)

Gaming – Prohibition of Online Sweepstakes Games and Revenue From Illegal Markets

This bill prohibits a person from operating, conducting, or promoting an online sweepstakes game in the State. An applicant for a specified gaming license, a person holding a specified gaming license, or others as specified affiliated with a person holding that license may not support the operation, conducting, or promotion of an online sweepstakes game in the State. Violators are guilty of a misdemeanor punishable by imprisonment for up to three years and/or a fine of between \$10,000 and \$100,000 and the State Lottery and Gaming Control Agency (SLGCA) must deny the person’s license application or revoke a license held by the person. Additionally, the bill specifies disclosure requirements for gaming license applicants and license holders. The State Lottery and Gaming Control Commission (SLGCC) may not issue a license and may revoke or suspend a license under specified circumstances. **The bill takes effect July 1, 2025.**

Fiscal Summary

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

Local Effect: The bill is not expected to materially affect the circuit courts.

Small Business Effect: Minimal.

Analysis

Bill Summary: An online sweepstakes game is a game, contest, or promotion that is available on the Internet or accessible on a mobile phone, computer terminal, or similar device, utilizes a dual-currency system of payment allowing the player to exchange the

currency for any prize or award or cash or cash equivalents, or chance to win the forementioned, and simulates casino-style gaming, lottery games, and sports wagering. An online sweepstakes game does not include a game that does not award cash prizes or cash equivalents.

A manufacturer or a person who manages, operates, supplies, provides security for, or provides service, maintenance, or repairs for video lottery terminals (VLTs) or table games must submit a disclosure on the license application and annually thereafter stating the jurisdictions in which the applicant or license holder or any affiliate of the applicant or license holder directly or indirectly accepted revenue from the supply of interactive game content in an illegal interactive gaming market.

A material misrepresentation or omission on the required disclosure may, in SLGCC's discretion, result in an application's denial of a license or disciplinary action, including a license suspension or revocation and penalties for officers or board members of the license holder.

SLGCC may not issue a license to a manufacturer or a person who manages, operates, supplies, provides security for, or provides service, maintenance, or repairs for VLTs or table games if the applicant or any of the applicant's affiliates knowingly accepts revenue that is directly or indirectly derived from specified sources. Likewise, SLGCC may not allow these licensed persons to commence or continue operations if SLGCC determines that the person (or person's affiliates) knowingly accepts revenue that is directly or indirectly derived from specified jurisdictions and may revoke the license after notice and opportunity for a hearing as specified.

The requirements of the bill also apply to sports wagering licenses.

Current Law: 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. The State of Maryland has authorized online sports wagering and online fantasy competitions.

The Office of the Attorney General, SLGCC, the Department of State Police, local law enforcement units, and the court must liberally construe the Criminal Law Article relating to gambling and betting to prevent prohibited activities.

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

The fiscal 2024 budget bill required SLGCA to conduct an iGaming study and submit a report on iGaming to the budget committees. SLGCA engaged the Innovation Group to

conduct the study, which was completed in November 2023. Among other topics, the report discusses the current regulatory landscape for iGaming and the estimated market in Maryland; the potential economic impact of legal regulated iGaming on Maryland's brick-and-mortar casinos, other gaming venues, and the State Lottery; and the experience of other states.

Additional Information

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

Designated Cross File: SB 860 (Senator Corderman) - Budget and Taxation.

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

Fiscal Note History: First Reader - March 3, 2025
js/jrb

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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
