

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 484
Ways and Means

(Delegate Ebersole)

Fantasy Competitions - Alterations and Voluntary Exclusion Requirements

This bill expands the definition of a “fantasy competition” and alters the definition of “sports wagering” to exempt a fantasy competition that is in compliance with the law. A fantasy competition operator must develop and maintain a program to mitigate and curtail compulsive play. The State Lottery and Gaming Control Commission (SLGCC) must establish a voluntary exclusion list, as well as means for a sober and informed individual to request placement on the exclusion list, for fantasy competitions and incorporate it into any other self-exclusion program that SLGCC operates. A fantasy competition operator may not pay any prize or award to an individual who is on SLGCC’s self-exclusion list, and any such prize or award is forfeited to the Problem Gambling Fund. SLGCC may impose sanctions on a fantasy competition operator that knowingly fails to exclude an individual on the voluntary exclusion list from participating in fantasy competitions.

Fiscal Summary

State Effect: To the extent that a mobile sports wagering operator could qualify as a fantasy competition operator under the bill instead, Blueprint for Maryland’s Future Fund (BMFF) special fund revenues may decrease beginning in FY 2026.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: “Fantasy competition” includes any online fantasy or simulated game or contest, such as fantasy sports, in which participants own, manage, or coach an imaginary

team, (in addition to imaginary teams under current law) and a participant competes against other participants or a single participant competes against a statistical measurement established by the fantasy competition operator, in addition to requirements under current law.

A fantasy competition operator must include a statement regarding obtaining problem gaming assistance on the operator's portal, website, or computer or mobile application, and on all its marketing materials and advertisements.

A fantasy competition operator may not permit an individual on the voluntary exclusion list to establish a fantasy competition account or participate in fantasy competitions but may allow the individual to access their account for viewing and downloading transaction history.

If a self-excluded individual participates in a fantasy competition, the fantasy competition operator must report specified information about the incident to SLGCC.

Current Law: 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. Any winnings on a sports event not claimed within 182 days after the wager is won revert to the Problem Gambling Fund.

“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.

SLGCC must adopt regulations to carry out fantasy competitions and the regulations may include requirements for the establishment of a voluntary exclusion list.

“Sports wagering” means 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.

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 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.

The Maryland Center of Excellence on Problem Gambling is a program of the University of Maryland School of Medicine and funded by MDH's Behavioral Health Administration through the Problem Gambling Fund. The primary goal of the center is to minimize the risks and problems associated with gambling in the State.

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

State Fiscal Effect: The State Lottery and Gaming Control Agency (SLGCA) advises that allowing a participant to play against a statistical measurement set by the fantasy competition operator significantly changes the current structure of fantasy competitions and could allow fantasy competition operators to conduct sports wagering without holding a sports wagering license.

While fantasy competitions and sports wagering have the same tax rate and revenue distribution, the methods used to calculate and collect the taxes differ. Fantasy competition tax is paid quarterly and calculated by allocating the State's share of total entry fees to the adjusted revenue (entry fees minus prizes) and applying the State tax rate to that proportion. As a result, the State's share is contingent upon the operations and revenue generated in other jurisdictions that authorize the fantasy competition. Sports wagering tax is paid monthly and calculated by subtracting total payouts to bettors from total wagers placed in the State, and then applying the State's tax rate to the resulting gross gaming revenue. Additionally, the application fee for a mobile sports wagering license is \$500,000 and is valid for five years while the registration fee for a fantasy competition operator is \$100 annually.

Thus, to the extent that the bill causes mobile sports wagering operators to become fantasy competition operators instead, special fund revenues to BMFF may decrease. The

Department of Legislative Services does not know to what extent, if at all, that this will occur.

SLGCA has a voluntary exclusion program for fantasy competitions so it can incorporate that program with other voluntary exclusion programs that it operates with existing resources. Regulations for fantasy competitions prohibit players on the voluntary exclusion list from claiming revenues, and SLGCA notes that those winnings are distributed to the Problem Gambling Fund. Thus, forfeiting fantasy competition winnings of an individual on the voluntary exclusion list to the Problem Gambling Fund codifies existing practice.

Small Business Effect: Small businesses that are fantasy competition operators may benefit from the expanded definition of “fantasy competition.”

Additional Information

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

Designated Cross File: SB 470 (Senators Rosapepe and Corderman) - Budget and Taxation.

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

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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, 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 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
