

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1048 (Delegate Buckel, *et al.*)  
 Ways and Means

**Sports Wagering - Wagers on Historical Horse Races - Authorization**

This bill authorizes a sports wagering facility licensee to accept wagers on historical horse races (HHR) that are made by an individual physically present at specified licensed horse racing tracks or satellite simulcast facilities. HHR sports wagering must be conducted as pari-mutuel betting and may be conducted on HHR of any breed. An individual may wager on HHR only on a terminal approved by the State Lottery and Gaming Control Commission (SLGCC), and SLGCC may not authorize more than 4,000 terminals. **The bill takes effect July 1, 2025.**

**Fiscal Summary**

**State Effect:** Under one set of assumptions, Blueprint for Maryland’s Future Fund (BMFF) special fund revenues and expenditures annually increase by at least \$17.0 million beginning in FY 2027. General fund expenditures correspondingly decrease but also increase by \$2.7 million in FY 2027 with ongoing costs for the State Lottery and Gaming Control Agency (SLGCA). Special fund revenues and expenditures from video lottery terminals (VLTs) may decrease potentially significantly due to HHR substitution effects, and special fund revenues and expenditures for the Problem Gambling Fund may increase minimally beginning in FY 2027 (not shown below).

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$0	\$17.0	\$21.2	\$25.4	\$28.3
GF Expenditure	\$0	(\$14.3)	(\$18.6)	(\$22.8)	(\$25.6)
SF Expenditure	\$0	\$17.0	\$21.2	\$25.4	\$28.3
Net Effect	\$0.0	\$14.3	\$18.6	\$22.8	\$25.6

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

**Local Effect:** Local impact grants from VLTs likely decrease beginning in FY 2027 due to the substitution effects of HHR.

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** The definition of a “sporting event” for sports wagering is altered to specify that it includes a *live* horse race as specified and also includes HHR. The sports wagering facility licensees that may accept HHR wagers are (1) a Class A-2 sports wagering licensee at a thoroughbred or standardbred racecourse; (2) the licensee (or subsidiary of the licensee) at the Maryland State Fairgrounds in Timonium; or (3) a sports wagering licensee at a satellite simulcast facility.

HHR sports wagering may only be permitted in a designated area on the premises of the sports wagering facility licensee that is approved by SLGCC and only during the days and hours approved by SLGCC. Before offering HHR wagering, the licensee must first obtain SLGCC’s written approval of all types of wagers offered, and the bill specifies posting requirements to explain HHR pari-mutuel betting.

SLGCC must approve the total number of terminals that may be available at a sports wagering facility. The bill also specifies requirements of the terminals. A wager on an HHR or multiple HHRs must be placed in pari-mutuel pools approved by SLGCC, and a sports wagering facility must operate an HHR pari-mutuel pool or pools in a manner and method approved by SLGCC.

A payout to a winning bettor must be paid from money wagered by bettors and may not constitute a wager against the sports wagering facility licensee. A sports wagering facility licensee offering HHR wagering may operate a player-funded pool or pools in a manner and method approved by SLGCC for the purpose of ensuring that sufficient funds are available at all times to pay any winning wagers in situations where a pari-mutuel pool becomes a minus pool. For each wager made, a sports wagering facility licensee may assign a percentage of the wager to a player-funded pool or pools. The minimum wager that a sports wagering facility licensee may accept on an HHR wager is 10 cents. The minimum payout on any wager may not be less than the amount wagered.

### **Current Law:**

#### *Sports 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. Any

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

“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.

A “sporting event” includes a professional, college, Olympic, or international sports or athletic event, an electronic sports or video game competition played by an adult, a sanctioned motor race event, and other types of events as specified. Except as otherwise prohibited under federal or State law, a sporting event may include a horse race, held in or out of the State, if consented to and approved by the horse racing licensee of the applicable breed, the organization representing the majority of the owners and trainers of the applicable breed in the State, and the Maryland Racing Commission.

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

#### *Maryland Racing Commission*

Since 1920, the Maryland Racing Commission has regulated horse racing in the State and sought to protect and promote the public interest in all matters pertaining to horse racing and wagering. The commission has established pari-mutuel betting as the only legal system of wagering on horse races on racetracks over which the commission has jurisdiction. Pari-mutuel betting is a system of betting in which those who successfully bet on horses that finish in specified positions share the mutuel pool. The commission is responsible for regulating, with few exceptions, the conduct of all pari-mutuel betting and other aspects of horse racing in the State.

#### *Live and Simulcast Racing*

Maryland offers three types of horse racing in the State – thoroughbred, standardbred, and steeplechase racing. Thoroughbred racing is held at mile tracks: Laurel Park in Prince George’s County; Pimlico Race Course in Baltimore City; and at the Timonium Race Course in Baltimore County during the Maryland State Fair. Standardbred racing is held at two racetracks: Rosecroft Raceway in Prince George’s County and Ocean Downs Racetrack in Worcester County. Steeplechase racing is held at Fair Hill Races in Cecil County. By law, Fair Hill Races is permitted to have up to eight race days per year. Thoroughbred and standardbred tracks do not have a limit on the number of races they may conduct per year.

In addition to wagering on live races, an individual may wager on races simulcast from around the country to any of the State tracks or off-track betting facilities. There are currently nine off-track betting locations (also known as simulcast betting facilities) operating in the State: Riverboat on the Potomac; Hollywood Casino; Horseshoe Casino; MGM National Harbor Casino; Pimlico Race Course (when not conducting live racing); Timonium Fair Grounds; and establishments in Boonsboro, Frederick, and Hampstead.

**State Fiscal Effect:** This analysis assumes that:

- SLGCC hires six additional employees as of July 1, 2026;
- while the bill authorizes SLGCC to authorize as many as 4,000 HHR terminals, market demand/market saturation might be lower, so this analysis assumes 2,400 HHR terminals are authorized;
- it takes at least one year for HHR terminals to commence operation;
- HHR terminals have an average win per day of \$215, which is based on an analysis by the Department of Legislative Services (DLS) of the win per day of existing VLTs; and
- it takes four years to reach HHR's full annual revenue maturity of approximately \$188.0 million annually, with 60% of revenue maturity in fiscal 2027, 75% in fiscal 2028, 90% in fiscal 2029, and full maturity in fiscal 2030.

Under these assumptions, **Exhibit 1** shows that BMFF revenues increase by \$17.0 million in fiscal 2027 and by \$28.3 million in fiscal 2030 as a result of implementing HHR. Depending on when HHRs commence at each racetrack and satellite simulcast facility, BMFF revenues may increase further from sports wagering licensees at racetracks and satellite simulcast facilities with HHRs renewing their licenses in fiscal 2027 and 2028, and every five years thereafter, as the license renewal fee is equal to 1% of the licensee's average annual proceeds from sports wagering as specified. Additionally, special fund revenues to the Problem Gambling Fund may increase minimally from unclaimed HHR winnings.

HHR is expected to reduce VLT proceeds as HHR terminals mimic the experience of VLTs, but it is unknown what the cannibalization effects of HHRs will be on VLTs. HHRs, with a tax rate of 15%, have a much lower tax rate than VLTs (rates vary by facility from 42% to 58%), so to the extent that HHR revenues offset VLT revenues, BMFF and other special fund revenues decrease beginning in fiscal 2027. For example, for each \$1.0 million of HHR revenues that reduces VLT revenues by \$1.0 million, BMFF revenues increase by \$150,000, but Education Trust Fund revenues (which are directed into BMFF) decrease by an average of \$380,000 and other special fund VLT revenues decrease on average by almost \$150,000.

**Exhibit 1**  
**Revenue Effects under the Bill**  
**Fiscal 2026-2030**  
**(\$ in Millions)**

	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>	<b><u>FY 2028</u></b>	<b><u>FY 2029</u></b>	<b><u>FY 2030</u></b>
Sports Wagering Licensee (85%)	\$0.0	\$96.1	\$120.1	\$144.1	\$160.1
BMFF (15%)	0.0	17.0	21.2	25.4	28.3
<b>Total HHR Revenue</b>	<b>\$0.0</b>	<b>\$113.0</b>	<b>\$141.3</b>	<b>\$169.5</b>	<b>\$188.3</b>

BMFF: Blueprint for Maryland’s Future Fund  
HHR: historical horse races

Source: Department of Legislative Services

Current projections indicate that, under current law, revenues in BMFF, including prior-year fund balances, will be less than the required increases to annual expenditures under the Blueprint for Maryland’s Future beginning in fiscal 2027. It is, therefore, assumed that general fund expenditures for education decrease to the same extent that any BMFF revenues and expenditures increase under the bill.

*State Lottery and Gaming Control Agency Expenditures*

SLGCA advises that it requires an additional nine positions in order to oversee 4,000 HHR terminals. However, since DLS estimates fewer terminals will become active, it is assumed that SLGCA likely only needs six positions. Thus, special fund expenditures for SLGCA increase by approximately \$2.65 million in fiscal 2027, which accounts for employees starting on July 1, 2026, once HHR commences after a delay for implementation. This estimate includes associated costs, such as a software expense of \$2.04 million.

Positions	6.0
Salaries and Fringe Benefits	\$565,279
Software and Licensing Expenses	2,040,000
Other Operating Expenses	<u>45,937</u>
<b>Total FY 2027 SLGCA Expenditures</b>	<b>\$2,651,216</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. To the extent that more than 2,400 HHR terminals are operational, SLGCA may require additional employees.

Additionally, to the extent that HHR commences before fiscal 2027, additional resources may be needed in fiscal 2026. SLGCA notes that it may incur additional programming costs, which are unknown at this time, so general fund expenditures may increase further.

**Local Revenues:** Local impact grants annually decrease beginning in fiscal 2027 based on any cannibalization effects HHR revenues have on VLT revenues. For example, for each \$1.0 million of HHR revenues that reduces VLT revenues by \$1.0 million, local impact grants decrease by \$55,000.

**Small Business Effect:** The Small, Minority, and Women-Owned Businesses Account (SMWOBA) receives 1.5% of VLT revenues. Thus, to the extent that VLT revenues decrease as a result of the cannibalization effects of HHR, small businesses that are eligible for SMWOBA funds may receive less funding.

**Additional Comments:** This analysis assumes that the bill is not an expansion of commercial gaming. The Attorney General issued an opinion in 2009 that HHR is not permitted at racetracks and satellite simulcast facilities in the State because it does not constitute pari-mutuel betting. DLS advises that additional guidance from the Attorney General on whether HHR constitutes sports wagering may be warranted.

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### Additional Information

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

**Designated Cross File:** SB 982 (Senator Corderman, *et al.*) - Budget and Taxation.

**Information Source(s):** Comptroller's Office; Maryland Department of Labor; Maryland State Lottery and Gaming Control Agency; Virginia Joint Legislative Audit and Review Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - March 4, 2025  
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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 (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**.

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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	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

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### *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><b>FY 2026</b></u>	<u><b>FY 2027</b></u>	<u><b>FY 2028</b></u>	<u><b>FY 2029</b></u>	<u><b>FY 2030</b></u>
<b>VLTs Distribution</b>					
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
<b>Total VLTs</b>	<b>\$1,384.9</b>	<b>\$1,401.4</b>	<b>\$1,420.0</b>	<b>\$1,438.9</b>	<b>\$1,458.1</b>
<b>Table Games Distribution</b>					
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
<b>Total Table Games</b>	<b>\$626.4</b>	<b>\$634.3</b>	<b>\$643.0</b>	<b>\$651.7</b>	<b>\$660.6</b>
<b>Total VLTs and Table Games</b>	<b>\$2,011.4</b>	<b>\$2,035.7</b>	<b>\$2,063.0</b>	<b>\$2,090.6</b>	<b>\$2,118.7</b>
<b>Total Education Trust Fund</b>	<b>\$618.7</b>	<b>\$627.8</b>	<b>\$636.1</b>	<b>\$650.2</b>	<b>\$659.4</b>

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>
<b>State Revenues</b>					
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
<b>Total</b>	<b>\$98.3</b>	<b>\$104.4</b>	<b>\$101.5</b>	<b>\$102.9</b>	<b>\$104.4</b>
<b>Distribution</b>					
Blueprint for Maryland’s Future Fund <sup>1</sup>	\$98.3	\$104.4	\$101.5	\$102.9	\$104.4
SMWOBSWA Fund <sup>2</sup>	0.0	0.0	0.0	0.0	0.0
Problem Gambling Fund <sup>3</sup>	0.9	0.8	0.8	0.8	0.8

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.

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

Source: Board of Revenue Estimates; Department of Legislative Services