

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 291

(Chair, Ways and Means Committee)(By Request -
Departmental - Lottery and Gaming Control Agency)

Ways and Means

Sports Wagering Proceeds - Promotional Play Exclusion - Limitation

This departmental bill alters the definition of sports wagering proceeds so that sports wagering proceeds do not include money given away by a sports wagering licensee as free promotional play and used by players to bet on a sporting event during the first full fiscal year of operations. After the first full fiscal year of operations, the exclusion of promotional play as proceeds may not exceed a percentage, as established by the State Lottery and Gaming Control Commission (SLGCC) in regulations, of the total sports wagering proceeds retained by the sports wagering facility licensee in the prior fiscal year or the total online sports wagering proceeds retained by the mobile sports wagering licensee in the prior fiscal year. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: None. The bill codifies existing procedure.

Local Effect: None.

Small Business Effect: The State Lottery and Gaming Control Agency (SLGCA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: SLGCC must regulate sports wagering and the conduct of sports wagering to the same extent that SLGCC regulates the operation of video lottery terminals and table games. SLGCC must adopt regulations governing sports wagering, including standards,

procedures, and rules that govern the conduct of sports wagering, including the type and values of promotional items that may be given away to encourage sports wagering.

Appendix – Maryland Gaming provides the status of gaming in Maryland as of December 2025.

Background: In August 2025, SLGCA proposed a regulation in the *Maryland Register* to lower the cap on the amount of money a mobile sports wagering licensee may give away as free promotional play in a fiscal year, from 20% to 5% of total sports wagering proceeds that the mobile sports wagering licensee generated in the prior fiscal year (see [DLS Control No. 25-165P](#)). After the first fiscal year of sports wagering activity, this 5% cap includes only mobile sports wagering revenues generated by the licensee. The regulation does not change the cap for sports wagering facility licensees but does specify that the 20% cap applies to sports wagering *facility* licensees rather than mere sports wagering licensees.

The fiscal analysis of the regulation stated that promotional play spending for mobile sports wagering declined from \$211.4 million in fiscal 2023 to \$105.8 million in fiscal 2025. SLGCA advises that promotional play is typically utilized to attract new players. As the sports wagering market matures, there are fewer new players to attract with promotional play. Assuming this decline in promotional play spending continues until the mobile sports wagering market reaches full maturity, reducing the free promotional play of mobile sports wagering spending from 20% to 5% may annually increase general fund revenues by approximately \$2.0 million and Blueprint for Maryland’s Future Fund revenues by approximately \$6.0 million.

However, the actual impact on revenues may be significantly less if mobile sports wagering licensees greatly reduce promotional play spending due to that spending being subject to gaming taxes. A more meaningful decline in such spending could significantly reduce these revenue projections.

As of January 2026, SLGCA has not yet final published the regulation and so the regulation is not in effect. SLGCA is authorized to final publish the regulation at any time, but if SLGCA does not final publish the regulation by August 2026, the regulation will be withdrawn as an operation of law.

Additional Information

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

Designated Cross File: SB 102 (Chair, Budget and Taxation Committee)(By Request - Departmental - Lottery and Gaming Control Agency) - Budget and Taxation.

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

Fiscal Note History: First Reader - January 19, 2026
sj/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 2025 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	654	18
Ocean Downs	Worcester	January 2011	900	18
Maryland Live!	Anne Arundel	June 2012	3,878	179
Rocky Gap Casino	Allegany	May 2013	628	12
Horseshoe Casino	Baltimore City	August 2014	1,365	115
MGM National Harbor	Prince George’s	December 2016	2,268	214

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 2027 through 2031 are shown in **Exhibit 2**. A total of \$2.0 billion in gross gaming revenues is projected in fiscal 2027, including \$607.4 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 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
VLTs Distribution					
Education Trust Fund	\$517.7	\$523.4	\$533.5	\$538.8	\$544.9
Lottery Operations	13.6	13.8	13.9	14.0	14.2
Purse Dedication Account	81.8	82.7	83.5	84.2	85.0
Racetrack Renewal Account	12.0	12.2	6.9	6.5	5.3
Local Impact Grants	75.0	75.8	76.5	77.2	77.9
Business Investment	20.5	20.7	20.9	21.1	21.2
Licensees	643.2	650.1	655.9	661.8	667.8
Total VLTs	\$1,363.9	\$1,378.7	\$1,391.1	\$1,403.6	\$1,416.2
Table Games Distribution					
Education Trust Fund	\$89.7	\$90.4	\$91.0	\$91.7	\$92.4
Local Impact Grants	29.9	30.1	30.3	30.6	30.8
Licensees	478.4	482.0	485.6	489.2	492.9
Total Table Games	\$598.0	\$602.4	\$607.0	\$611.5	\$616.2
Total VLTs and Table Games	\$1,961.8	\$1,981.1	\$1,998.0	\$2,015.1	\$2,032.4
Total Education Trust Fund	\$607.4	\$613.8	\$624.5	\$630.5	\$637.3

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. Chapter 604 of 2025 increased the mobile sports wagering tax rate from 15% to 20%. Mobile sports wagering licensees receive 80% of mobile sports wagering proceeds, while all other licensees receive 85% of proceeds from

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sports wagering and fantasy gaming. Beginning in fiscal 2026, 5% of mobile sports wagering proceeds (*i.e.*, 25% of State mobile sports wagering revenues) is distributed to the general fund and the remainder is distributed to the Blueprint for Maryland’s Future Fund, which supports public education. State revenues from sports wagering and fantasy gaming and their distributions in fiscal 2027 through 2031 are shown in **Exhibit 3**.

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

	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
State Revenues					
Sports Wagering – Retail	\$2.1	\$2.1	\$2.1	\$2.0	\$2.0
Sports Wagering – Mobile	113.9	117.0	119.0	120.8	122.6
Sports Wagering License Fees	4.0	0.0	0.0	0.0	0.0
Fantasy Competition	1.1	1.1	1.1	1.1	1.1
Total	\$121.1	\$120.2	\$122.2	\$123.9	\$125.7
Distribution					
Blueprint for Maryland’s Future Fund ¹	\$92.7	\$91.0	\$92.4	\$93.8	\$95.1
General Fund	28.5	29.2	29.7	30.2	30.6
SMWOBSWA Fund ²	0.0	0.0	0.0	0.0	0.0
Problem Gambling Fund ³	1.4	1.3	1.3	1.3	1.3

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Sports Wagering Proceeds - Promotional Play Exclusion - Limitation

BILL NUMBER: HB 291

PREPARED BY: Jennifer Beskid

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

☒ X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

☐ ___ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

MLGCA is aware there could be a decrease in the amount of revenues generated by sports wagering licensees as the result of this change; however, the amount cannot be determined.