

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1431
Ways and Means

(Delegate Buckel)

Sports Wagering - Licenses - Application Period

This bill requires the Sports Wagering Application Review Commission (SWARC) to accept and consider a sports wagering license application that is submitted before January 1, 2028, subject to specified limitations under current law. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Blueprint for Maryland’s Future Fund (BMFF) and State Lottery and Gaming Control Agency (SLGCA) revenues may increase in FY 2027 and 2028 from sports wagering license applicant fees (and related fees), and BMFF revenues, along with general fund revenues, may minimally increase further once any new license holders are operational. BMFF expenditures may increase minimally beginning in FY 2028, and general fund expenditures may decrease by corresponding amounts. General fund expenditures for the Department of Legislative Services (DLS) and SLGCA may increase in FY 2027 and 2028, with potential ongoing costs for SLGCA. Other gaming revenues are not materially affected.

Local Effect: It is assumed that sports wagering does not materially affect video lottery terminal and table game revenues in the State; thus, local impact grants are not substantially affected from any additional sports wagering licenses issued.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Sports wagering licenses are awarded by SWARC, the members of which were appointed by the Governor, the President of the Senate, and the Speaker of the House. SWARC must review applications for sports wagering facility and mobile sports wagering licensure, and the State Lottery and Gaming Control Commission (SLGCC) and DLS must staff SWARC. DLS must contract with an independent consultant to assist SWARC in the review and analysis of license applications. SWARC terminates on January 1, 2028, but the Governor may reconstitute SWARC under specified circumstances.

Specified Class A and Class B sports wagering facility licensees designated under the law (casinos, professional sports stadiums, horse racing tracks, off-track facilities, and specified bingo halls) are eligible to receive licenses under a noncompetitive process.

SWARC may also conduct a competitive process to award an additional 30 Class B-1 or B-2 facility licenses and 60 mobile sports wagering licenses. Qualifying applicants with fewer than 25 full-time equivalent employees or less than \$3.0 million in annual gross receipts are awarded B-2 licenses, while qualifying applicants exceeding either of those thresholds are awarded B-1 licenses. If SWARC does not award the maximum number of licenses, SWARC may (but is not required to) create additional application windows for any portion of the remaining mobile licenses or Class B facility licenses. The establishment of any additional application windows requires approval of a majority of SWARC members.

An applicant must pay to SLGCC a nonrefundable application fee of \$2.0 million for a Class A-1 license, \$1.0 million for a Class A-2 license, \$250,000 for a Class B-1 license, \$50,000 for a Class B-2 license, and \$500,000 for a mobile sports wagering license. The applicant must reimburse SLGCC for background investigation expenses. The term of a sports wagering license is five years.

SWARC must actively seek to achieve racial, ethnic, and gender diversity when awarding Class B facility and mobile licenses and encourage small, minority, and women-owned businesses to apply. SWARC may not award a license for a location within a specified radius of another facility. On award of a license by SWARC, SLGCC must issue a license to an applicant that meets the requirements for licensure.

Mobile sports wagering licensees receive 80% of mobile sports wagering proceeds, while all other licensees receive 85% of proceeds from 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 BMFF, which supports public education.

From the application and license renewal fees collected for sports wagering, the Comptroller must pay an amount to SLGCA necessary to reimburse SLGCA for expenses related to the issuance and renewal of sports wagering licenses, 5% collected for Class A-1 and A-2 licenses to the Small, Minority-Owned, and Women-Owned Business Sports Wagering Assistance Fund, and the remainder to BMFF.

For additional information on sports wagering, see the **Appendix – Maryland Gaming**.

State Fiscal Effect: There are 17 entities designated in statute that are eligible to receive either Class A-1, Class A-2, Class B-1, and Class B-2 licenses on a non-competitive basis, of which 14 entities currently hold licenses. Additionally, SWARC is authorized to conduct a competitive process to award up to 60 mobile licenses and up to 30 Class B facility licenses.

A 45-day application period ended on October 21, 2022; SWARC has the discretion to open another application window at any time before SWARC terminates, but it currently has no plans to do so. Thus, the bill requires SWARC to reopen the application window through December 31, 2027. There are currently 14 active mobile sports wagering licensees and 5 Class B facility licensees that have been awarded licenses on a competitive basis. Accordingly, SWARC may award up to an additional 46 mobile licenses and up to 25 additional Class B licenses on a competitive basis by January 1, 2028. However, it is unknown how many sports wagering license applicants, if any, will apply.

To the extent that any applicants apply for a Class B or mobile sports wagering license, BMFF special fund revenues increase in fiscal 2027 and 2028 by \$250,000 for each Class B-1 license applicant, \$50,000 for each Class B-2 license applicant, and \$500,000 for each mobile sports wagering license applicant, and increase further for other license fees associated with a new sports wagering license (*i.e.*, \$25,000 for an online sports wagering operator license). Additionally, SLGCA revenues increase from applicants reimbursing SLGCA for background investigations.

Once operational, any additional sports wagering licenses may increase sports wagering revenues minimally, thereby increasing BMFF revenues further, along with increasing general fund revenues from mobile sports wagering proceeds, but SLGCA does not anticipate additional licenses having a material impact on overall gaming revenues.

BMFF revenues are projected to be sufficient to cover mandated annual increases in expenditures for the Blueprint for Maryland's Future through fiscal 2027. However, 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 2028. Thus, beginning in fiscal 2028,

general fund expenditures for education decrease to the same extent that any BMFF revenues and expenditures increase under the bill.

SLGCA advises that if fewer than three mobile license applicants and fewer than three Class B license applicants apply, SLGCA can manage the licensing and regulatory process using existing resources. However, if a higher number of applications is submitted, SLGCA general fund expenditures may increase to hire additional staff.

DLS is required to contract with an independent consultant to assist SWARC in reviewing and analyzing license applications. Thus, general fund expenditures for DLS may increase in fiscal 2027 and 2028 for consulting costs related to additional applications. The actual expense will likely depend on the number of applications, if any, SWARC receives.

Small Business Effect: Some small businesses, including minority and women-owned businesses, may benefit from receiving a Class B or mobile sports wagering license. However, existing small businesses with sports wagering licenses will face more competition from any increase in licenses issued.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 526 of 2024.

Designated Cross File: None.

Information Source(s): Department of Social and Economic Mobility; Office of the Attorney General; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2026
me/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 HB 1431/ Page 6

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
