

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1226 (Delegate Bartlett)
 Judiciary and Ways and Means

Maryland Illegal Online Gambling Enforcement Act

This bill prohibits a person from operating, offering, conducting, engaging in, or promoting illegal online gambling in the State or knowingly supporting these actions either directly or indirectly. A person who violates this prohibition is guilty of a misdemeanor and subject to fines and/or imprisonment as specified in the bill. The Office of the Attorney General (OAG), acting through the Consumer Protection Division, or a prosecuting attorney may issue a written cease and desist order to any person who violates the prohibition. Additionally, OAG may issue a written cease and desist order to any person to discontinue its support of illegal online gambling within the State. A violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions.

Fiscal Summary

State Effect: Special fund expenditures for OAG increase by \$212,500 in FY 2027. Future years reflect annualization and inflation. General fund revenues and expenditures may increase minimally as a result of the bill’s penalty provisions. Gaming revenues are likely not materially affected.

| (in dollars) | FY 2027 | FY 2028 | FY 2029 | FY 2030 | FY 2031 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| SF Expenditure | 212,500 | 250,100 | 261,100 | 272,400 | 283,900 |
| Net Effect | (\$212,500) | (\$250,100) | (\$261,100) | (\$272,400) | (\$283,900) |

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

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill does not apply to a person licensed under current law to offer online sports wagering or fantasy competitions.

The bill specifies requirements of cease and desist orders and how they may be used. A prosecuting attorney who is not the Attorney General who issues a cease and desist order must forward a copy of the order to the Attorney General. The Attorney General must maintain: (1) a depository to track issued cease and desist orders; and (2) a list publicly available on OAG's website that identifies online gambling operators and their website address that has been issued a cease and desist order.

The Attorney General is not required to make reasonable efforts to locate an online gambling operator before serving the cease and desist order. Before issuing a cease and desist order, the Attorney General may provide reasonable notice to the State Lottery and Gaming Control Commission (SLGCC) to allow SLGCC to determine whether it will join the order.

Whenever the Attorney General or a prosecuting attorney has reason to believe that a person is violating provisions of the bill, the Attorney General or a prosecuting attorney may bring an action in the name of the State to restrain by temporary or permanent injunction the conduct giving rise to the violation.

A court must order the forfeiture of any profits, gains, gross receipts, or other benefits earned by a person in connection with a violation of the bill.

SLGCC must revoke a gaming license held by a person found to have violated provisions of the bill, and the person is ineligible for any future gaming licenses issued by SLGCC. Additionally, SLGCC may deny, revoke, suspend, condition, or limit licenses or permits issued by SLGCC for failing to comply with the bill.

Providers, such as financial transaction providers and platform providers, are prohibited from participating with a person in illegal online gambling, as specified. The bill establishes safeguards to prevent illegal online gambling through platform providers and financial transaction providers. OAG or a prosecuting attorney may issue a written cease and desist order to prevent illegal online gambling as specified. A person must timely comply with a cease and desist order. The Chair of SLGCC may consult with the Attorney General on the issuance of specified cease and desist orders.

A court may issue any relief that it deems appropriate to prevent and restrain activities prohibited by the bill under specified circumstances. Additionally, the Attorney General or a prosecuting attorney may seek an *ex parte* injunction under specified circumstances.

Constraints on relief and violation provisions are outlined in the bill. The Attorney General is authorized to enter into agreements for the exchange and release of investigatory material deemed pertinent to enforcing the bill.

The Consumer Protection Division has the authority to adopt rules, regulations, and standards to further the purposes of the bill, including the prevention and restraint of illegal online gambling to persons physically located in the State. OAG, prosecuting attorneys, and the courts must liberally construe the bill relating to preventing the prohibited activities.

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.

OAG, 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. A decision by SLGCC must be the final determination as to whether a gaming device being operated in the State is a legal gaming device and is being operated in a lawful manner.

Federal Laws

Several federal laws, like the Wire Act, the Illegal Gambling Business Act, and the Unlawful Internet Gambling Enforcement Act, among others, make it illegal to operate or financially support unlicensed gambling in the United States. The Federal Trade Commission handles complaints related to fraudulent or deceptive business practices, including those involving online gambling. Additionally, the Federal Bureau of Investigation handles complaints related to illegal gaming operators.

Maryland Consumer Protection Act

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division within OAG is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

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

State Revenues: General fund revenues may increase minimally as a result of the bill’s monetary penalty provisions. The bill likely does not materially impact State gaming revenues.

State Expenditures: Since May 2024, SLGCA has sent 75 cease-and-desist letters to alleged illegal gaming operators. Given the number of alleged illegal operators, OAG needs an investigator and an assistant Attorney General to enforce the bill. Thus, special fund expenditures for OAG increase by \$212,451 in fiscal 2027, which accounts for the bill’s October 1, 2026 effective date. This estimate reflects the cost of hiring one assistant Attorney General and one investigator to address increased enforcement of illegal gaming expected under the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|------------------|
| Positions | 2.0 |
| Salary and Fringe Benefits | \$184,169 |
| Operating Expenses | <u>28,282</u> |
| Total FY 2027 State Expenditures | \$212,451 |

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

The bill’s incarceration penalty does not have a material impact on general fund expenditures.

Additional Information

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

Designated Cross File: SB 652 (Senators Waldstreicher and West) - Budget and Taxation.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland State's Attorneys' Association; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2026
jg/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

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
