

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 456 (Senator Rosapepe)
 Budget and Taxation

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. The State Lottery and Gaming Control Commission (SLGCC) must impose a \$50,000 annual registration fee for a fantasy competition operator, which is distributed to the Blueprint for Maryland’s Future Fund (BMFF). The bill specifies safeguards for fantasy competitions, which includes requiring SLGCC to establish a voluntary exclusion list.

Fiscal Summary

State Effect: General fund revenues annually decrease by \$14,000 from altering fantasy competition operator registration fees and decrease further from a decline in sports wagering revenues beginning in FY 2027. BMFF special fund revenues annually increase by at least \$600,000 from registration fees and increase significantly more from fantasy competition proceeds beginning in FY 2027. BMFF special fund expenditures increase by at least \$1.2 million in FY 2028 and by at least \$600,000 annually thereafter, and general fund expenditures correspondingly decrease. General fund expenditures for the State Lottery and Gaming Control Agency (SLGCA) increase by at least \$244,500 annually beginning in FY 2027.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	(\$14,000)	(\$14,000)	(\$14,000)	(\$14,000)	(\$14,000)
SF Revenue	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000
GF Expenditure	\$244,500	(\$913,800)	(\$300,400)	(\$286,800)	(\$273,100)
SF Expenditure	\$0	\$1,200,000	\$600,000	\$600,000	\$600,000
Net Effect	\$341,500	\$299,800	\$286,400	\$272,800	\$259,100

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

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: In addition to requirements under current law, “fantasy competition” includes any online fantasy or simulated game or contest, such as fantasy sports, in which:

- participants assemble (not own, manage, or coach under current law) imaginary teams or rosters;
- the value of all prizes and awards is established and made known to participants in advance of the game or contest; multiple winning participants may share a prize or award; and prizes may consist of fixed amounts, tiered payouts, or any other conditional bonus payouts, provided that all prize structures are disclosed in advance by the fantasy competition operator; and
- a participant competes against other participants (including participation in contests where participants assemble rosters or teams of at least two individual real-life athletes and select between the higher or lower of projected or actual performance statistics for each athlete).

A fantasy competition operator must develop and maintain a program to mitigate and curtail compulsive play. 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.

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. 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 BMFF, which supports public education.

“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. The winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals and no winning outcome is based solely on the performance of an individual athlete or on the score, point spread, or any performances of any single real-world team or any combination of real-world teams.

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. A fantasy competition operator must register with SLGCC before offering fantasy competition services in the State, and the registration expires one year from the initial date of registration unless the registration is renewed for a one-year term. SLGCC may impose a registration fee; accordingly, SLGCC established a \$1,000 annual registration fee for fantasy competition operators in regulations.

“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. The application fee for a mobile sports wagering license is \$500,000 and is valid for five years.

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 SLGCC has established an annual fee of \$500 per table game for the Problem Gambling Fund. Additionally, any sports wagering winnings on a sports event not claimed within 182 days after the wager is won revert to 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 2025.

State Fiscal Effect: Under current law, traditional fantasy competitions authorize operators to hold contests with multiple players of three or more with players competing against one another. The bill enables operators to provide operator-banked products, typically referred to as “pick'em” games that feature over-unders where a player can choose higher or lower on particular statistics for players. These pick'em games resemble sports wagering parlays.

The ability to offer operator-banked products will likely attract new fantasy competition operators to the State that specialize in pick'em games. As such, the Department of Legislative Services (DLS) anticipates the expanded scope of fantasy competitions under the bill to significantly increase fantasy competition revenues but also cannibalize a portion of sports wagering revenues. The bill increases registration fee revenues, increases fantasy competition revenues, decreases sports wagering revenues, and increases SLGCA operating expenses, as discussed below.

Registration Fees

There are 14 fantasy competition operators registered with SLGCC. DLS anticipates that five of these operators will not renew their current registration as the bill's registration fee of \$50,000 is higher than the current registration fee of \$1,000. This fee increase makes

operating fantasy competitions in the State less profitable unless the operators expand their product offerings.

While DLS anticipates five operators to cease operations, the bill may attract at least three new operators that specialize in offering operator-banked products. Assuming nine currently licensed fantasy competition operators continue operating in the State and three new fantasy competition operators, BMFF special fund revenues increase by \$600,000 annually as a result of the \$50,000 registration fee. General fund revenues decrease by \$14,000 annually from no longer having a \$1,000 annual registration fee that is distributed to the general fund.

Current projections indicate that general funds will be needed to support Blueprint costs beginning in fiscal 2028. It is, therefore, assumed that the BMFF special fund revenues of \$600,000 from fiscal 2027 are expended in fiscal 2028 rather than being used for other BMFF costs before then. Thus, in fiscal 2028, special fund expenditures increase by \$1.2 million, while general fund expenditures correspondingly decrease. Beginning in fiscal 2029, general fund expenditures for education decrease to the same extent that BMFF special fund revenues and expenditures increase, by \$600,000.

Fantasy Competition and Sports Wagering Revenues

Expanding the definition of fantasy competition and no longer considering fantasy competitions as sports wagering enables fantasy competition operators to offer operator-banked products that resemble sports wagering parlays. These operator-banked products may be particularly appealing to individuals between the ages of 18 and 21 years old who are ineligible to play sports betting. Thus, the expansion of fantasy competitions to authorize operator-banked products significantly increases BMFF special fund revenues, potentially by millions of dollars, beginning in fiscal 2027 since BMFF receives 15% of fantasy competition proceeds. Any BMFF special fund revenues accrued in fiscal 2027 are expended in fiscal 2028. Beginning in fiscal 2028, general fund expenditures for education decrease to the same extent that BMFF special fund expenditures increase.

Since fantasy sports pick'em games resemble sports wagering parlay games, DLS anticipates fantasy competitions under the bill to cannibalize a portion of sports wagering revenues. It is unknown how much the bill will cannibalize sports wagering revenues. The tax rate for mobile sports wagering is 20%, with 15% of mobile sports wagering proceeds distributed to BMFF and 5% of mobile sports wagering proceeds distributed to the general fund. Thus, for every \$1.0 million that fantasy competition proceeds replace mobile sports wagering proceeds, BMFF special fund revenues remain unchanged (since BMFF receives 15% of both sports wagering proceeds and fantasy competition proceeds) but general fund revenues decrease by \$50,000 for every \$1.0 million of cannibalized mobile sports wagering proceeds.

Operating Expenses for SLGCA

General fund expenditures for SLGCA increase by \$244,540 in fiscal 2027, which accounts for the bill’s October 1, 2026 effective date. This estimate reflects the cost of hiring two gaming auditors and one financial clerk to audit additional fantasy competition revenues, license operators, and oversee the expansion of fantasy competitions. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

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Salaries and Fringe Benefits	\$217,118
Operating Expenses	<u>27,422</u>
Total FY 2027 State Expenditures	\$244,540

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

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 must pay an annual \$50,000 registration fee, instead of a \$1,000 annual registration fee currently authorized in regulations. However, these businesses may benefit from the expanded definition of “fantasy competition” if they continue operating in the State.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 470 and HB 484 of 2025.

Designated Cross File: HB 731 (Delegate Ebersole) - Ways and Means.

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

Fiscal Note History: First Reader - February 16, 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 SB 456/ Page 9

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
