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Charles County

Ways and Means Committee

Subcommittees

Chair, Racing and Gaming

Early Childhood

Chair

Charles County House Delegation



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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SPONSOR Testimony on HB 169: Expansion of Commercial Gaming – Referendum – Sports Wagering

Dear Madam Chair Anne Kaiser, Vice-Chair Alonzo Washington and Members of the Ways and Means Committee:

House Bill 169 is subject to voter referendum that will establish that the Maryland General Assembly may authorize, by law, that the State Lottery and Gaming Control Commission may issue a license to offer sports wagering in the state to a video lottery operation licensee or licensee for thoroughbred racing.

Under current law, Chapter 5 of the 2007 special session amended the Maryland Constitution so that after November 15, 2008, the General Assembly may only authorize additional forms or expansion of commercial gaming if approved through a referendum by a majority of the voters in a general election. As it now stands, wagering on a contest, event, game, or match between individuals or teams sponsored by a professional league or association or hosted by a college or university is illegal in Maryland.

In 2012 Chapter 346 exempts a specified "fantasy competition" from prohibitions against betting, wagering, and gambling in State law. In 2019 Chapter 338 was added to authorize an organization conducting an "eSports competition" to offer prize money or merchandise in winning participants in the eSports competition.

Background – The federal Professional Amateur Sports Protection Act of 1992 (PASPA) made betting on sports in most states illegal under federal law, however New Jersey challenged the PASPA in the U.S. Supreme Court citing the federal ban violated the U.S. Constitution by commandeering the states into enforcing federal law. In May 2018, the U.S. Supreme Court ruled PASPA was indeed unconstitutional, leaving states free to authorize sports betting. In June of the same year, Delaware became the first state outside of Nevada to offer single-game sports betting and was quickly followed by New Jersey and multiple states throughout the U.S. who are hoping to capture a new source of gaming revenue.

Along with Nevada, as of January 2020 sports betting operations are now underway in 13 states and additionally six other states and the District of Columbia are expected to launch sports betting operations in 2020. The majority of states with sports betting laws authorize online sports betting.

Benefits to the State – The Department of Legislative Services (DLS) notes that retail sports betting revenues in Delaware, New Jersey, Pennsylvania and West Virginia average approximately 2% of those states' total gaming revenues from video lottery terminals and table games. Using the same 2% of Maryland's gaming revenues, gross revenues after payouts to bettors could increase by \$36.5 million in fiscal 2022 and assuming that the current table games tax rate of 20% is applied, the State share of gross revenues in fiscal 2022 would be \$7.3 million. Authorizing mobile sports betting could significantly increase revenues with the potential of \$18.2 million for fiscal year 2022.

Education Trust Fund (ETF) was established during special session in 2007 and is a special fund that is supported by gaming revenues and in 2018 Chapter 357 was added as a Constitutional Amendment approved by the voters at the 2018 general election. The amendment requires the Governor to provide supplemental State funding for public education through the use of commercial gaming revenues that are dedicated to public education or school construction in the State budget beginning in fiscal year 2020. Supplemental funding must total at least \$250 million in fiscal 2021, growing to 100% of all gaming revenues dedicated to ETF by fiscal 2023.

I am requesting a favorable vote for House Bill 169.