

February 4, 2020

Delegate Anne R. Kaiser
Chair, Budget and Taxation Committee
Room 131
House Office Building
Annapolis, Maryland 21401

Re: HB 225 Gaming – Sports Betting – Implementation (LETTER OF INFORMATION)

Chairwoman Kaiser and Members of the Committee:

House Bill 225 authorizes the State Lottery and Gaming Control Commission (the Commission) to issue licenses for sports wagering. A sports wagering licensee may accept wagers made by an individual in a sports wagering lounge, self-service kiosk or machine in the licensee’s video lottery facility, or through online sports wagering by any individual physically present in the State. Sports wagering will not include high school sports or athletic events, or a fantasy competition. Those under 21, as well as those not physically present in the State, may not wager on a sporting event.

Sports wagering and sports betting are synonymous terms that describe the activity of predicting the result of sporting events and placing a bet on the outcome. In a legal setting, sports bettors place wagers – with the money being deposited “up-front” – through a bookkeeper who tracks wagers and payouts. When done legally and responsibly, sports gambling can be fun, promote sports integrity, drive public funding, and reduce illegal gambling. However, much of sports gambling in the United States and Maryland is dominated by illegal sports gambling, where illegal bookmakers do not require money up-front and allow bets to be placed on “credit,” – often resulting in extremely large amounts of debt owed to the illegal and criminal sports betting market and bookmakers.

The Public Health Effects of Gambling

Nearly 80 percent of Americans nationwide are in favor of eliminating state prohibitions and having legalized sports gambling.¹ Legalized sports gambling can, if done correctly, generate tax revenue used on public health concerns, support thousands of jobs, protect the integrity of sports through identifying suspicious gambling activity, and eliminate the black market of illegal gambling. However, with the spread of legalized gambling, the Legislature cannot forget those who may fall victim to addictions related to gambling.

¹ Seton Hall Sports Poll, *Nat'l Poll: 80% of Americans Support Legalized Sports Betting* (Oct. 10, 2019), <http://blogs.shu.edu/sportspoll/2019/10/10/natl-poll-80-of-americans-support-legalized-sports-betting/>.

Over 150,000 adults in Maryland have a gambling problem.² Problem gambling includes all gambling behavior patterns that compromise, disrupt, or damage personal, family, or vocational pursuits,³ which may be more than just a financial concern. People with a gambling problem are 15 times more likely to commit suicide,⁴ often suffer from substance use disorders, depression, and anxiety.⁵ Men are more often impacted than women and it normally begins in adolescence in men and later in women.⁶ Older adults are often more vulnerable than other age groups, because of their dependence on fixed incomes and limited ability to recover from gambling losses.⁷

Institutions such as the Maryland Center of Excellence on Problem Gambling, a program of the University of Maryland School of Medicine and funded by the Maryland Department of Health's Behavioral Health Administration, will play a pivotal role in the creation of responsible sports gambling policy. The Center is responsible for promoting healthy and informed choices regarding problem gambling through public awareness, training and education, prevention and public policy – all which will be important in ensuring at-risk Marylanders receive the needed attention with the expansion of sports gambling.

Problem Gambling Prevention and Treatment Services

The legalization of sports wagering will lead to an increased prevalence of gambling in the state and may lead to more gambling problems. Across the country, the expansion of gambling has not been uniformly accompanied by appropriate—or in some cases any— funds to prevent or treat gambling addiction. As a result current public problem gambling prevention and treatment services—especially for youth—are insufficient in most states and nonexistent in many. Currently, there is no language in House Bill 225 that offers any assistance, resources, education, or services to counteract any increase in problem gambling associated with this newly legalized method of gambling.

The National Council on Problem Gambling suggests that expansion of sports gambling should include dedicated funds to prevent and treat gambling addiction – specifically, the equivalent of

² University of Maryland School of Medicine, The Center of Excellence on Problem Gambling, *Facts*, <http://www.mdproblemgambling.com/facts/>.

³ National Council on Problem Gambling, *Help & Treatment: FAQ*, <https://www.ncpgambling.org/help-treatment/faq/>.

⁴ Rob Davies, *Problem gamblers at 15 times higher risk of suicide* (March 12, 2019), <https://www.theguardian.com/society/2019/mar/13/problem-gamblers-at-15-times-higher-risk-of-suicide-study-finds>.

⁵ Psychological Today, *Gambling Disorder (Compulsive Gambling, Pathological Gambling)*, <https://www.psychologytoday.com/us/conditions/gambling-disorder-compulsive-gambling-pathological-gambling>.

⁶ *Id.*, at <https://www.psychologytoday.com/us/conditions/gambling-disorder-compulsive-gambling-pathological-gambling>.

⁷ *Id.*, at <https://www.psychologytoday.com/us/conditions/gambling-disorder-compulsive-gambling-pathological-gambling>.

1% of revenue from legalized sports betting should be dedicated to problem gambling services.⁸ States that have included problem gambling in their sports betting legislation have taken a variety of approaches. For example, in Pennsylvania House Bill 519, the legislature included a Compulsive and Problem Gambling Treatment Fund from sports wagering taxes and stated that any individual who engages in sports wagering from a location in which the activity is unauthorized shall forfeit all entitlement to any winnings and the money associated with any forfeited winnings shall be deposited into the Fund.⁹

As more gambling opportunities become available, most immediately, sports wagering, it is important that the Legislature be keenly aware of not only the benefits of gambling, but of the potential addictive risks that will be associated with it.¹⁰ The Legislature should look to the National Council on Problem Gaming, or follow the lead of other states in ensuring that members of the Maryland community are not abandoned and left to fall victim to the dangers associated with problem and addictive gambling.

Promoting Socially Responsible Gambling

While committing resources to treatment of problem gambling is important, it is equally as important to anticipate upstream factors which cause problem gambling and implement preventative measures within the law itself. Strategies could be as simple as requiring employees of betting lounges to undergo robust training on age verification and identifying and reporting problematic gambling behavior. The legislature could also set limits on the volume or value of bets an individual can make over a given timeframe. Finally, this bill could include harsher penalties for licensees that accept bets without verifying a bettor's identity to ensure ineligible participants do not have access.

The legislature could also empower The Commission to study problem gambling within the state as sports-betting is implemented and the efficacy of the preventative measures described above. This could be done through mandatory surveying at access points such as betting websites and wagering lounges. Self-reported surveys could provide invaluable insight into the effects of commercial gaming expansion on problem gamblers and perhaps shed light on issues not considered in this document.

⁸ *Id.*, at <http://www.ncpgambling.org/wp-content/uploads/2018/03/Responsible-Gaming-Principles-for-Sports-Gambling-Legislation.pdf>.

⁹ House Bill 519, 2021st Leg., Reg. Sess. (Pa. 2017).

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2017&sInd=0&body=H&type=B&bn=519>

¹⁰ University of Maryland School of Medicine, The Center of Excellence on Problem Gambling, *Facts*, <http://www.mdproblemgambling.com/facts/>.

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This testimony is submitted on behalf of the Public Health Law Clinic at the University of Maryland Carey School of Law and not by the School of Law, the University of Maryland, Baltimore, or the University of Maryland System.