

Written Testimony in Support of HB 668 .pdf

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Position: FAV

Written Testimony in Support of HB 668 (2023)

Gaming – Problem Gambling Fund – Table Game Fees and Distribution of Sports Wagering Proceeds

Before the Ways and Means Committee: February 23, 2023

Introduction

House Bill 668 is designed to increase funding for the State’s Problem Gambling Fund, which supports Marylanders who struggle with problem gambling. To increase funding, the bill: 1) requires that 1% of the proceeds from sports wagering be distributed to the Problem Gambling Fund, and 2) imposes an annual fee of \$500 for each table game to be paid by each video lottery operation licensee and distributed to the Problem Gambling Fund. This testimony explains why, with the recent legalization of mobile sports wagering in Maryland, increasing the amount of dedicated funding towards those suffering from problem gambling is more important than ever.

The Number of Marylanders Suffering from Problem Gambling is Increasing

The 2020 Maryland Gambling Prevalence Study showed that there was an increase in problem gambling prevalence among Maryland residents from 2017-2020, rising from 0.7% to 3.1%.¹ This increase was despite the 2020 survey being administered during the early stages of the COVID-19 pandemic when all of Maryland’s casinos and horse tracks were closed to the public. Of note, 35% of respondents listed sports wagering as their primary form of gambling. This was before sports wagering was legalized.

Legalizing Sports Wagering is Proven to Exacerbate the Problem

According to the National Council on Problem Gambling (NCPG), the risks for gambling addiction grew by 30% from 2018 to 2021.² This timespan is significant since 2018 is the year that the Supreme Court decided *Murphy v. National Collegiate Athletic Association*, which overturned the Professional and Amateur Sports Protection Act.³ As a result of this decision, there is no longer a federal prohibition on states allowing sports wagering.⁴ While Maryland does not yet have gambling data that includes legalized sports wagering, the problem gambling helpline has seen an increase in calls related to sports wagering. This trend is consistent with other states that have legalized sports wagering. New Jersey has reported a nearly 200% increase

¹ Maryland Center of Excellence on Problem Gambling, *Statewide Gambling Prevalence in Maryland: 2020*, MARYLAND CENTER OF EXCELLENCE ON PROBLEM GAMBLING (2020), <https://www.mdproblemgambling.com/wp-content/uploads/2022/07/Gambling-Prevalence-study-2020-FINAL.pdf>

² Marsha Mercer, *As Sports Betting Grows, States Tackle Teenage Problem Gambling*, THE PEW CHARITABLE TRUSTS (Jul. 12, 2022), <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/07/12/as-sports-betting-grows-states-tackle-teenage-problem-gambling>.

³ MURPHY v. NATIONAL COLLEGIATE ATHLETIC ASSN. 832 F. 3d 389 (Oct. 2017)

⁴ MURPHY v. NATIONAL COLLEGIATE ATHLETIC ASSN. 832 F. 3d 389 (Oct. 2017)

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in total problem gambling helpline calls and a nearly 500% increase in helpline calls about online sportsbooks.⁵ In Connecticut, calls to the problem gambling helpline have increased by an average of 125%.⁶ In the Midwest, calls to the problem gambling helpline in Michigan have increased by 171% since sports wagering was legalized.⁷ NCPG believes these increases are likely due to the 24/7 access to sports wagering and “live” wagering that shortens the lag between the bet and reward, increasing the speed and frequency of gambling.⁸

Dedicated Problem Gambling Funding is Vital to Mitigating the Ramifications of Sports Wagering

Sports wagering is currently live and legal in 33 states and Washington D.C., and legal but not yet operational in 3 more, while 8 states currently have sports wagering bills in pending legislation.⁹ Of the 34 jurisdictions with live and legal sports wagering, more than half have included dedicated funding to problem gambling services in their sports wagering legislation. Virginia and Pennsylvania are leading the way when it comes to using sports wagering revenues to dedicate funding to problem gambling services. Each of these jurisdictions has explicitly placed provisions in their sports wagering legislation that mandate funding of problem gambling services. Both provisions provide for percentage amounts of sports wagering revenue to be allocated to problem gambling services. Virginia significantly increased problem gambling funding through the enactment of sports wagering legislation to increase the State’s per capita spending on the public health issue.¹⁰ The nationally recommended best practice is to dedicate 1% of revenue from legalized sports wagering to problem gambling services.¹¹ In one study, a significant correlation was found between the amount spent on problem gambling services in a

⁵ Chris Glorioso, Kristina Pavlovic, *I-Team: Calls to Gambling Crisis Hotlines are Soaring*, NBC NEW YORK (Dec. 2, 2022), <https://www.nbcnewyork.com/investigations/i-team-calls-to-gambling-crisis-hotlines-are-soaring/3980918/#:~:text=Calls%20to%20800%2DGAMBLER%20Are%20Up%20Almost%20200%25%20Since%202018&text=The%20data%20suggests%20internet%20and,increase%20over%20Fiscal%20Year%202019.>

⁶ Chris Glorioso, Kristina Pavlovic, *I-Team: Calls to Gambling Crisis Hotlines are Soaring*, NBC NEW YORK (Dec. 2, 2022), <https://www.nbcnewyork.com/investigations/i-team-calls-to-gambling-crisis-hotlines-are-soaring/3980918/#:~:text=Calls%20to%20800%2DGAMBLER%20Are%20Up%20Almost%20200%25%20Since%202018&text=The%20data%20suggests%20internet%20and,increase%20over%20Fiscal%20Year%202019.>

⁷ Public Interest, *Michigan online betting: \$8.3B wagered and 171% spike in hotline calls*, MLIVE (Feb. 10, 2023), <https://www.mlive.com/public-interest/2023/02/michigan-online-betting-83b-wagered-and-171-spike-in-hotline-calls.html>

⁸ National Council on Problem Gambling, *A Review of Sports Wagering & Gambling Addiction Studies Executive Summary*, NATIONAL COUNCIL ON PROBLEM GAMBLING (Dec. 2019), https://www.ncpgambling.org/wp-content/uploads/2020/01/Sports-gambling_NCPGLitRvwExecSummary.pdf

⁹ American Gaming Association, *Interactive U.S. Map: Sports Betting*, AMERICAN GAMING ASSOCIATION (Jan. 31, 2023), <https://www.americangaming.org/research/state-gaming-map/>

¹⁰ VA Code § 58.1-4038 (2020)

¹¹ National Council on Problem Gambling, *Responsible Gaming Principles for Sports Gambling Legislation*, NATIONAL COUNCIL ON PROBLEM GAMBLING (Mar. 2018), <https://www.ncpgambling.org/wp-content/uploads/2018/03/Responsible-Gaming-Principles-for-Sports-Gambling-Legislation.pdf>

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state and the number of problem gamblers treated in that state.¹² States across the country are including dedicated problem gambling funding in their sports wagering legislation because they clearly understand the impact that funding can have on the treatment and prevention of problem gambling, and Maryland should follow suit.

Conclusion

It is clear that with sports wagering being rapidly legalized throughout the country, the prevalence of problem gambling will only continue to increase. Legislation is the most effective way that the State can dedicate funding to problem gambling treatment and prevention services. If the General Assembly does not act, the state will not have the proper resources to prevent problem gambling and treat Marylanders already suffering from this devastating and oft-overlooked addiction.

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.

¹² National Association of Administrators for Disordered Gambling Services, *2021 Survey of Publicly Funded Problem Gambling Services in the United States*, PROBLEM GAMBLING SOLUTIONS, INC. (Jul. 2022), <https://int.nyt.com/data/documenttools/naadgs-analysis-of-problem-gambling-funding-july-2022/521f7652c06a6d4d/full.pdf>

Del. Allen HB 668

Uploaded by: Delegate Nick Allen

Position: FAV

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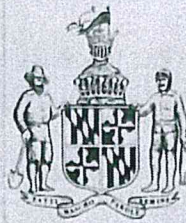
Environment and Transportation
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Housing and Real Property

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Natural Resources,
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 23, 2023

HB0668 Gaming – Problem Gambling Fund – Table Game Fees and Distribution of Sports Wagering Proceeds

Good afternoon, Madam Chairwoman, Madam vice-chair, and members of the Ways & Means committee.

For the record, my name is Delegate Nick Allen and I am here to testify in support of **HB0668**, which deals with the Maryland Problem Gambling Fund.

In Maryland, as we have steadily expanded the ways people can legally gamble, the General Assembly has simultaneously ensured a funding stream to address the problems that arise for people who cannot limit their participation.

In legislation this body passed back in 2007, we ensured funding would go to the Problem Gambling Fund with the allowance of slot machines, or video lottery terminals. In 2012, we ensured funding would go to the Problem Gambling Fund when we expanded to table games.

This legislation neglected, however, to create an effective funding stream with the expansion to sports wagering in the past year. That's what this bill is about. The bill does two main things: First, this bill directs 1% of the proceeds from sports wagering in the State Lottery Fund to the Problem Gambling Fund. When the General Assembly legalized sports wagering in Maryland, it specified that any funds that were not claimed 182 days after the wager is won would go to the Problem Gambling Fund.

An unforeseen problem we have realized is that more than 90% of people place their sports bets online. Unlike lottery tickets where a winner has to go to retailer to claim their prize, the payout when a person places a bet online goes directly into the account the player established with the sportsbook operator. Again, unlike a small portion of lottery winnings, online prizes never go unclaimed. There are, exactly, zero dollars in unclaimed funds for the vast majority of sports wagering in Maryland.

The 1% proposal in this legislation will correct that unexpected error so that Maryland can be more adequately funded to support those who need help. And we need more resources. The latest gambling prevalence study conducted in Maryland in 2020, showed a substantially higher prevalence than in the surveys conducted in 2017 and 2010. There is little doubt that the

incidence of problem gambling will continue to grow as we make it easier for people gamble in many different ways.

Second, the bill requires each video lottery operation licensee to pay an annual \$500 fee for each table game with the money going into the Problem Gambling Fund. This is important because casinos have removed other table games and VLTs to make room for their sportsbooks. This has resulted in a reduction of funding for the Problem Gambling Fund. The reduction has meant Maryland has been investing less in the resources to help Marylanders suffering the harms of this addiction. This fee increase will allow those programs funded by the Problem Gambling Fund to continue working at their usual capacities.

Let's make sure we're providing the resources to address the problems. Thank you, colleagues. I respectfully request a favorable report on **HB0668** and I look forward to answering any questions you may have.

HB 668 Maryland Center of Excellence on Problem Ga

Uploaded by: Mary Drexler

Position: FAV

February 23, 2023

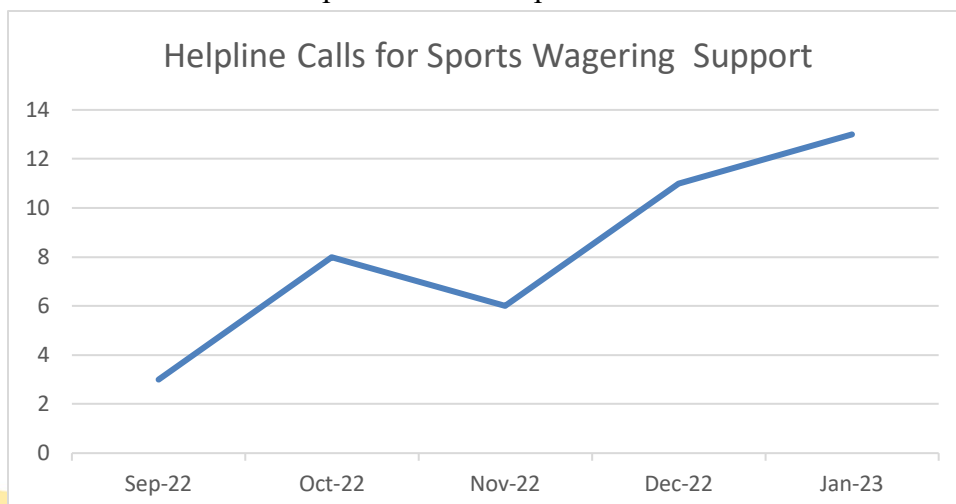
House Ways and Means Committee
Room 131
House Office Building
Annapolis, Maryland 21401

RE: HB 668 – Gaming – Problem Gambling Fund – Table Game Fees and
Distribution of Sports Wagering Proceeds

Dear Chair Atterbeary:

This letter is in strong support of *House Bill 668 – Gaming – Problem Gambling Fund – Table Game Fees and Distribution of Sports Wagering Proceeds*. This bill requires each video lottery operation licensee to pay an annual \$500 fee for each table game for distribution into the Problem Gambling Fund. This bill also diverts 1% of the proceeds from sports wagering in the State Lottery Fund to the Problem Gambling Fund.

The Maryland Center of Excellence on Problem Gambling (the Center) is fully funded by the Problem Gambling Fund (PGF) to promote healthy and informed choices regarding gambling and problem gambling through public awareness, training and education, prevention, technical assistance to the behavioral health care system, peer recovery support, research, and public policy. The Center, which began operation on July 1, 2012, was created in response to legislation in 2008 that expanded legal gambling opportunities in the State. In recognition that problem gambling is an addiction just like substance use disorder, and access to 24/7 casino gambling will inevitably cause a subset of Marylanders to suffer from this addiction, the PGF was established to provide support for problem gambling treatment, prevention, public awareness, helpline services, and research. While sports wagering is relatively new in the state, here is a simple snapshot of what the Center has experienced in the past few months.





The money the Center receives from the funding streams this bill creates will go towards activities such as:

- More robust counter-marketing campaigns to combat the billions of dollars sportsbooks spend on advertising each year.
- More support for the more than 400 people across the state looking for help at any given time.
- Increased training opportunities to bring more providers into Maryland's no-cost treatment network.
- Public awareness campaigns to targeted special populations such as veterans, especially those with PTSD who experience a 60% higher rate of gambling addiction than the general population.ⁱ

In creating the PGF in 2008, the General Assembly has already recognized that dedicated problem gambling funding is necessary when increasing gambling access. The Center now comes to you to continue this trend by providing meaningful funding for sports wagering so that all of the programs funded by the PGF can continue to meet the expanding needs of Marylanders. The Maryland Center of Excellence on Problem Gambling urges a favorable report on HB 668.

Sincerely,

A handwritten signature in black ink that reads "Mary Drexler". The signature is fluid and cursive, with a large initial "M" and "D".

Mary Drexler, MSW
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ⁱ <https://www.kpbs.org/news/military/2020/02/25/va-doubles-down-treatment-gambling-addiction>

NCADD-MD - 2023 HB 668 FAV - Problem Gambling Fund

Uploaded by: Nancy Rosen-Cohen

Position: FAV



**House Ways & Means Committee
February 23, 2023**

**House Bill 668
Gaming – Problem Gambling Fund –
Table Game Fees and Distribution of Sports Wagering Proceeds
Support**

NCADD-Maryland supports House Bill 668. Each time the State of Maryland has expanded legalized gaming in the last 15 years, the General Assembly has seen fit to ensure a funding stream to address the problems that accompany gambling. A fee was assessed for slot machines. A fee was also assessed for casino table games. But we neglected to add an *effective* funding stream with the expansion into sports wagering.

When the General Assembly legalized sports wagering in Maryland, it specified that any funds that were not claimed 182 days after the wager is won would go to the Problem Gambling Fund. However, with more than 90% of people placing their sports bets online, there are no unclaimed prizes. Unlike lottery tickets where a winner has to go to retailer to claim their prize, the payout when a person places a bet online goes directly into the account the player established with the sportsbook operator. Again, unlike a small portion of lottery winnings, online prizes never go unclaimed. There are zero dollars in unclaimed funds for the vast majority of sports wagering in Maryland.

This has resulted in an expansion of gambling without the accompanying resources to address the problems. And the problem is growing. The latest gambling prevalence study conducted in Maryland in 2020, showed a substantially higher prevalence than in the surveys conducted in 2017 and 2010. There is little doubt that the incidence of problem gambling will continue to grow as we make it easier for people gamble in many different ways.

In addition to directing 1% of sports wagering revenue to the Problem Gambling Fund, House Bill 668 requires each video lottery operation licensee to pay an annual \$500 fee for each table game to support the Problem Gambling Fund. This is important because casinos have removed other table games and slot machines to make room for their sportsbooks. This has resulted in a reduction of funding for the Problem Gambling Fund. The reduction has meant Maryland has been investing less in the resources to help Marylanders suffering the harms of this addiction. This fee increase will allow those programs funded by the Problem Gambling Fund to continue working at their usual capacities.

We urge a favorable report on House Bill 668.

The Maryland Affiliate of the National Council on Alcoholism and Drug Dependence (NCADD-Maryland) is a statewide organization that works to influence public and private policies on addiction, treatment, and recovery, reduce the stigma associated with the disease, and improve the understanding of addictions and the recovery process. We advocate for and with individuals and families who are affected by alcoholism and drug addiction.