

SB 272_Commerce_SWAF Repeal_Support.pdf

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Position: FAV



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: January 18, 2024
BILL NO: Senate Bill 272
BILL TITLE: Sports Wagering - Sports Wagering Assistance Fund - Repeal
COMMITTEE: Ways and Means
POSITION: Support

The Maryland Department of Commerce (Commerce) supports Senate Bill 272 - Sports Wagering - Sports Wagering Assistance Fund - Repeal.

Bill Summary:

Senate Bill 272 repeals the now inactive Sports Wagering Assistance Fund (SWAF) within the Department of Commerce. The fund was created in order to assist small, minority, and women-owned businesses attempting to obtain licenses to operate sports wagering facilities in the State and was funded through a portion of license fees. Funds were awarded in the form of grants or loans to small, minority, and women-owned businesses for application assistance, assistance with sports wagering operations, or training to support participation in the sports wagering industry.

Background:

Chapter 356, Acts of 2021 in addition to creating the legal and regulatory framework for sports wagering in Maryland also created the Sports Wagering Assistance Fund to be administered by Commerce.

The program is funded through 5% of Class A sports wagering licensing fees. Companies can receive grants or loans to aid them in completing their license applications, to assist with sports wagering operations, or to help with employee training. In FY 2022, three companies received four awards totaling \$95,000. There was no activity in FY 2023, but over the lifetime of the program a total of \$499,458.22 was awarded to assist 11 businesses.

Rationale:

The program was created with the goal of assisting small, minority, and women-owned businesses hoping to enter the sports wagering market. It was a program with a very specific short-term goal and yet the enabling legislation did not include a sunset date. Now that sports wagering is underway in Maryland and licenses have been issued, there is limited additional revenue coming into the fund and the Department feels SWAF is no longer necessary. Maryland Lottery and Gaming (MLGCA) indicates that two Class A-1 licenses and two Class A-2 licenses are available but it is unclear if these additional applications will be submitted. MLGCA estimates that over a five-year period, somewhere between \$5,000 to \$15,000 could be directed to SWAF through license renewals. With few if any new businesses entering the market and a small amount of additional funding over that timespan the program will no longer be effective in growing the industry.

Commerce respectfully requests a favorable report on Senate Bill 272.