

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



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DATE: March 3, 2025
BILL NO: House Bill 1134
BILL TITLE: Sports Wagering - Sports Wagering Facility Licensees - Provision of Services
COMMITTEE: Ways and Means
POSITION: Information

The Maryland Lottery and Gaming Control Agency (Agency) submits the following for informational purposes.

Bill Summary:

House Bill 1134 proposes changes to State Government (SG) Article § 9-1E-09 that would allow the holder of a Class A sports wagering facility license that provides services (i.e., management or operator assistance) on behalf of a Class B sports wagering facility licensee to offer the Class A facility's rewards program in the Class B facility.

Background:

The Agency currently permits marketing agreements that do not utilize the Class A's rewards programs to be utilized at Class B facilities. Adding this language to SG § 9-1E-09 without considering the licensing requirements in SG § 9-1E-06 appears to create the potential for a relationship that conflicts with existing statute. There is a clear prohibition on Class A licensees holding a Class B license, but this bill operationally creates the perception that the Class A also owns and operates the Class B establishment. It provides the Class A licensee access to and control of an additional retail sports wagering location in conflict with the law. Below is a breakdown of the types of licenses available and the requirements for each license type:

Class A-1	Class A-2	Class B-1	Class B-2
Video lottery operator with > 1,000 VLTs ¹ or affiliated with a sports franchise as specified in SG § 9-1E-06(a)(i) (2)(A-F)	Video lottery operator with < 1,000 VLTs or a horse racing licensee.	Any applicant who meets the requirements for licensure under this subtitle and who is not eligible for a Class B-2 sports wagering facility license	Any applicant who is a person or entity with less than: 1. 25 full-time equivalent employees; or 2. \$3,000,000 in annual gross receipts
Application fee - \$2,000,000 for a Class	Application fee - \$1,000,000 for a Class	Application fee - \$250,000 for a Class B-1	Application fee - \$50,000 for a Class B-2 sports

¹ Video Lottery Terminal (VLT)

A-1 sports wagering facility license	A-2 sports wagering facility license	sports wagering facility license	wagering facility license
<p>SG § 9-1E-06(a)(3)(i) The Sports Wagering Application Review Commission (SWARC) established under § 9-1E-15 of this subtitle may not award a Class B-1 or B-2 sports wagering facility license to an applicant:</p> <ol style="list-style-type: none"> 1. who is eligible to apply for a Class A-1 or A-2 sports wagering facility license under paragraph (1) of this subsection; 2. who holds a Class A-1 or A-2 sports wagering facility license... 			

For all intent and purposes, these amendments would permit a Class A sports wagering facility licensee to have a Class B location, which would be licensed as a separate entity, but operate as Class A subsidiary despite the prohibition in SG § 9-1E-06 of Class A's holding a Class B license. Affiliated marketing is one thing, but offering a Class A licensee's rewards program at a Class B location blurs the lines between the two, distinct, entities.

Rationale:

The proposed amendments to § 9-1E-09(d)(iii) that a Class B sports wagering licensee may utilize and market a Class A sports wagering facility licensee's branding and loyalty rewards programs allows the Class B to be under the auspices of a Class A as it pertains to marketing and rewards, essentially making the Class B facility an affiliate of or satellite location for the Class A licensee.

The Agency has been approached about the challenges owners of some Class B licensees are experiencing. As the appeal of a rewards program is to bring in business - both local and out-of-state - the Agency would proffer that there are not any restrictions on the owner of a Class B license from developing its own rewards program. However, the Class B licenses should not be permitted to offer another entity's entire rewards program.

Should you have any questions about this Letter of Information, please contact Jennifer Beskid, Director Legislation and Policy at 443-571-4390 or Jennifer.beskid1@maryland.gov.