

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



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DATE: March 3, 2025
BILL NO: House Bill 1418
BILL TITLE: Criminal Law - Gaming - Online Gambling and Betting
COMMITTEE: Ways and Means
POSITION: Support

The Maryland Lottery and Gaming Control Agency (Agency) submits the following Letter of Support.

Bill Summary:

HB 1418 adds language to Criminal Law Article § 12-113 that specifies illegal gambling and betting activities conducted online are prohibited in the State. The bill further requires that the Maryland Lottery and Gaming Control Agency (Agency) submit a report on or before January 1, 2026 regarding:

- the number of illegal online gaming platforms that can be accessed by State residents,
- the amount of wagers being placed on illegal platforms,
- the means by which illegal gaming platforms can be accessed,
- the means by which illegal gaming operators are marketing to individuals in the State,
- the manner in which individuals in the State are able to place wagers on illegal gaming platforms, and
- the actions available in the State to block access to illegal gambling.

Background:

The Agency's Director briefed the Ways and Means committee on January 15, 2025 and the matter of illegal gaming was discussed. Illegal and unregulated gaming occurs when operators, manufacturers, and payment processors of gaming devices bypass licensing and regulatory requirements. These illegal operators are often headquartered and operating in countries with lax or non-existent gaming regulations. Illegal gaming occurs because these "bad actors" are offering similar types of gaming opportunities to players that mirror legal, regulated gaming. It has been estimated by the American Gaming Association (AGA) that Americans spend approximately \$551 billion annually on illegal gaming.

At the state level, the AGA has projected that states lose approximately \$13.3 billion annually in tax revenues. Another group, The Innovation Group (2023)¹ estimated the illegal online casino market in Maryland generated approximately \$197 million of untaxed revenue. Maryland has been able to divert some funds from illegal gaming by offering online/mobile sports wagering, a regulated product with customer protections, but illegal operators persist in marketing and advertising to Marylanders.

Rationale:

Providing additional Legislative language prohibiting illegal gaming in the State is a step towards placing restrictions around the illegal gaming market in Maryland; not only to players but also operators, manufacturers, and payment processors. Requiring the Agency to submit a report on the above is another way to get information out to the public about illegal gaming in the State and the risks it entails. Unfortunately, the Agency will not be able to determine the number of illegal online gaming platforms that can be accessed by Marylanders or the amount of wagers being placed on illegal platforms. The Agency is able to provide this information for legal platforms and given the limited number of legal platforms, providing the names of authorized platforms could help to educate individuals using illegal platforms and encourage them to use the legal platforms that provide greater protections. As such, the Agency has proposed amendments to the bill sponsor to change the “number of illegal gaming platforms that can be accessed by State residents” and the “amount of wagers being placed on illegal platforms” from “illegal” to “legal”.

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

^{1,5} The Innovation Group. iGaming in Maryland.
https://dlslibrary.state.md.us/publications/JCR/2023/2023_49-50.pdf Published November 2023.