

Maryland Lottery and Gaming Control Agency

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DATE: March 31, 2026
BILL NO: House Bill 1226
BILL TITLE: Maryland Online Illegal Gambling Enforcement Act
COMMITTEE: Senate Budget and Taxation Committee
POSITION: FAVORABLE with Amendments

The Maryland Lottery and Gaming Control Agency (Agency) provides the following information regarding House Bill 1226, *Maryland Online Illegal Gambling Enforcement Act*.

Bill Summary: House Bill 1226 would add new Subtitle 1F to Title 9 of the State Government Article, to prohibit unauthorized online gambling and authorize the Office of the Attorney General (OAG), acting through the Consumer Protection Division (CPD), to issue cease and desist orders and take enforcement action against violators. Prohibited conduct includes: operating, offering, conducting, engaging in, or promoting illegal online gambling; and in connection with illegal online gambling, accepting or processing a financial transaction, or providing an online platform for gambling. Prohibited conduct also includes other means of supporting illegal online gambling by providing financial transactions, geolocation services, gaming content, or celebrity endorsements.

The OAG may seek relief against violators that includes restraining orders, freezing bank or credit accounts, taking down gambling platforms, as well as misdemeanor convictions that carry substantial fines. Violators are also disqualified from holding a gaming license issued by the Maryland Lottery and Gaming Control Commission (Commission).

Background: When Maryland voters authorized video lottery terminals (slot machines) by referendum in November 2008, table games and a 6th casino in November 2012, and sports wagering in November 2020, the State could not have predicted the future reach of the Internet as a vehicle for illegal online gambling operators diverting revenues generated by Maryland's regulated gaming market, which in turn means lower contributions from gaming revenues to the State's good causes - including the *Education Trust Fund* and the *Blueprint for Maryland's Future Fund*. Research from the American Gaming Association (AGA) estimated in 2025 that the unregulated, illegal, online gaming market generated \$623 billion in revenues nationally on an annual basis. This is up 22% from the 2022 estimates.

Rationale: For an activity to be “gaming” or “gambling”, there must be three elements: consideration, chance, and prize. In other words, “gaming” or “gambling” is where a player pays to play a game and has the chance to win a real-money prize. Maryland law generally prohibits gaming unless it is specifically authorized. The only authorized online gaming is offered by the 12 mobile sports wagering licensees and 12 registered fantasy competition operators who are licensed and regulated by our Agency. Otherwise, online real-money games of chance are not authorized in Maryland; that includes online poker, slots, and sweepstakes games where players can win a prize of value.

Under Criminal Law Article, §12–113, the Commission is authorized to make the final determination as to whether a “gaming device” is legal. Current law defines “gaming device” as “a game or device at which money or any other thing or consideration of value is bet, wagered, or gambled.” This definition did not contemplate the advent of online gaming. HB 1226’s definitions - including “online gambling” - bring the law into the present.

The Agency has been trying to address illegal online gambling by sending operators notices to cease and desist offering their illegal online games in Maryland; about 25% of C&D recipients have voluntarily blocked online access to their games in Maryland. However, the Commission is not authorized to take enforcement against illegal gaming or its operators.

HB 1226 establishes a comprehensive enforcement structure implemented by the OAG through its CPD, as discussed above. It also addresses jurisdictional and evidentiary obstacles that have prevented meaningful action against illegal online gaming. Importantly, the bill strengthens enforcement options as it envisions collaboration between CPD’s resources and the Agency’s gaming expertise to prioritize protecting consumers against the hazards of illegal online gaming. Unlike the legal, licensed operators offering online gaming in Maryland, illegal online operators are not required to: verify players’ physical location in Maryland (a federal law requirement); verify players’ age (21 for sports wagering, 18 for fantasy competitions), safeguard players’ personal and financial information, offer mechanisms by which players can self-exclude, or pay taxes.

Maryland is not the only state taking action against illegal operators, below is a list of other states that have proposed or enacted legislation to ban illegal online operators:

Pending Legislation (2026)

Arkansas
Florida
Illinois
Indiana
Iowa

Enacted Legislation

California
Connecticut
Louisiana
Montana
Nevada

Maine
Massachusetts
Mississippi
Ohio
Virginia

New Jersey
New York

Summary: The Commission has authority to determine whether a gaming activity is legal in Maryland, and can send cease and desist notices to illegal online operators, but has no authority for enforcement action against operators who do not comply with a C&D. HB 1226 would greatly strengthen the State's ability to take meaningful action against illegal operators.

The Agency is proposing technical amendments to ensure alignment between the definitions in HB 295 and HB 1226. These amendments have been shared with the bill sponsor.

The Agency respectfully requests the committees to vote FAVORABLE regarding HB 1226.