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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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Senate Bill 557
Gaming – Definition of “Own” – Alterations

Good afternoon, Chairman Guzzone, Vice Chair Rosapepe and Members of the Committee.

Thank you for the opportunity to present Senate Bill 557. This bill is a narrow, technical bill that addresses a definitional issue in Maryland’s gaming law that has created unintended regulatory burdens without improving oversight or integrity.

Under current law, the definition of “own” is broader than necessary. It treats certain passive, non-controlling minority interests the same as individuals who actually exercise control over a gaming facility or sports wagering operation. In practice, that means people with no voting rights, no managerial authority, and no ability to influence operations are nonetheless subject to the same ownership-based qualification requirements as controlling principals.

That approach has practical consequences. It can require repeated qualification and disclosure for individuals who have no role in decision-making or operations, complicating renewals, financing, and compliance for otherwise well-regulated, long-standing licensees. Importantly, these requirements are imposed in situations where there is no corresponding regulatory benefit, because there is no control to regulate.

SB 557 provides a targeted and conservative fix. It clarifies that a non-controlling, non-voting interest of 25 percent or less does not constitute “ownership” for purposes of control and disqualification, so long as that interest confers no voting rights and no operational authority. The 25 percent threshold is intentionally conservative and set well below any level commonly associated with control or governance authority. The bill also requires that the interest confer no voting rights and no authority to influence operations. The threshold functions solely as an initial screening mechanism and does not replace the Commission’s qualitative assessment of actual control.

What this bill does not do is just as important. It does not weaken suitability standards. It does not reduce background checks for individuals who exercise control. It does not limit the authority of the Lottery and Gaming Control Commission to investigate, audit, or enforce compliance. All existing integrity, financial reporting, and enforcement provisions remain fully intact.

This is a statutory clarification, not a policy shift. The issue addressed by this bill is one that can only be resolved through legislation, rather than through regulation, because it is embedded directly in the statutory definition.

Senate Bill 557 does not establish a new regulatory program, modify existing licensing structures, or expand the enforcement authority of the Maryland Lottery and Gaming Control Commission. It aligns the statutory definition of ownership with actual control, allowing regulatory resources to remain focused where oversight matters most.

In short, this bill preserves Maryland's strong gaming regulatory framework while improving clarity and proportionality in how that framework is applied.

I respectfully request a "Favorable Report" on SB 557.