

2026 HB 295 Maryland Center of Excellence on Probl

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April 1, 2026

Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: HB 295 – Gaming - Prohibition on Interactive Games and Revenue From
Illegal Markets – Letter of Support

Dear Chair Guzzone:

This letter is in support of HB 295, which, in part, makes online sweepstakes games illegal in Maryland.

Online sweepstakes companies claim that sweepstakes are not gambling because players are not making a purchase for the chance to win real money and prizes. However, they effectively function like all other forms of gambling and have the same addictive potential. States are catching onto the damage of online sweepstakes and are increasingly filing lawsuits against these operators; for example, an online sweepstakes operator, VGW, faces multiple lawsuits alleging it is operating an illegal gambling website. Maryland has not filed any lawsuits, but the Lottery has sent cease-and-desist letters to multiple operators informing them their websites were illegal and demanding they block Marylanders from accessing their sites. Operators have been slow to respond, if at all.

This bill will give the state more recourse against these illegal operations. We urge a favorable report on HB 295. If you would like more information, please contact Heather Eshleman at heshleman@som.umaryland.edu or (667) 214-2120.

Sincerely,

Heather Eshleman, MPH
Director of Operations
Maryland Center of Excellence on Problem Gambling
Office Direct: 667-214-2120
Email: heshleman@som.umaryland.edu

HB 295 - B&T - Gaming – Prohibition on Interactive

Uploaded by: Jennifer Beskid

Position: FAV

Maryland Lottery and Gaming Control Agency



Wes Moore, Governor • John Martin, Director

Montgomery Park Business Center
1800 Washington Blvd., Ste. 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users use Maryland Relay
www.mdlottery.com

DATE: April 1, 2026

BILL NO: House Bill 295

BILL TITLE: Gaming - Prohibition on Interactive Games and Revenue from Illegal Markets

COMMITTEE: Senate Budget and Taxation Committee

POSITION: FAVORABLE

House Bill 295, *Gaming – Prohibition on Interactive Games and Revenue From Illegal Markets*, would update Maryland Criminal Law to respond to the proliferation of illegal online gaming in the State, and would authorize the Maryland Lottery and Gaming Control Agency (Agency) to consider Maryland-licensed casinos, fantasy competitions, and sports wagering licensees' involvement in illegal online gaming as a potential gaming license disqualification. These tools are critical for the State's effective and collaborative response to the serious problem of illegal online gaming.

Together with the Maryland Lottery and Gaming Control Commission (Commission), the Agency is required to regulate and oversee traditional lottery, casinos, fantasy competitions and sports wagering, to account for their proceeds, and to issue all licenses and registrations for these gaming activities. The ONLY Internet-based (online) gaming activity that is legal in Maryland is mobile sports wagering and fantasy sports competitions conducted by licensed mobile sports wagering operators and registered online fantasy competition operators. Only the Commission is authorized to issue licenses and registrations. Currently, there are only 12 mobile sports wagering licensees and 14 registered online fantasy competition operators. <https://www.mdgaming.com/legal-vs-illegal-online-gaming/>.

The bill has been amended to clarify that online games requiring CONSIDERATION, CHANCE, and REWARD constitute illegal online gaming. Consideration involves paying money to play, chance is the opportunity to win a reward, and reward is any award, cash, cash equivalent, prize, or item convertible to cash that a player may receive from playing an interactive game. Illegal interactive games do not include games like CandyCrush™, where there is no opportunity to win a reward.

Since 2024, the Commission has sent 89 cease and desist letters to companies offering illegal interactive games, such as VGW. Approximately 25% of these operators have withdrawn from Maryland while others have failed to respond and continue operating illegally. The Commission does not have the legal authority to stop them; it can only notify them that their operations are illegal.

Illegal gaming proliferates in Maryland and throughout the U.S. The online gaming problem is explained in the December 2025 *JCR Report on Illicit Gaming*, which the Agency submitted jointly with the Office of the Maryland Attorney General. The *JCR Report* describes the serious consumer protection and fiscal issues created by untaxed and unchecked illegal online gaming. According to the August 2025 report by the American Gaming Association, *Sizing the Illegal and Unregulated Gaming Markets in the United States*¹, “Americans now wager over \$673 billion each year with illegal and unregulated gambling operators, costing the legal gaming industry an estimated \$54 billion in annual revenue and depriving state governments of more than \$15 billion in tax receipts.”

SUMMARY OF THE U.S. ILLEGAL AND UNREGULATED MARKET (\$BILLIONS)²			
UNREGULATED MARKET	ESTIMATED HANDLE	ESTIMATED REVENUE	ESTIMATED STATE GAMING TAX REVENUE LOSS
Sports Betting (includes Bookies and Offshore)	\$84.0	\$5.0	\$1.0
Online Slots and Table Games	\$466.2	\$18.6	\$4.8
Unregulated Machines in Bars, Taverns, etc.	\$123.4	\$30.3	\$9.5
TOTAL	\$673.6	\$53.9	\$15.3
Estimated Number of Skill/Gray Machines		625,316	

Tax rates for loss estimate are AGA estimates of average tax rates for each vertical across legal states: Sports – 20.3%, Online Slots and Table Games – 25.8%, Machines – 31.4%

SB 860 (2025 Session) focused on illegal online gaming styled as “sweepstakes,” where players can earn virtual coins or tokens that can be converted to cash. In early 2025, a new form of unauthorized online gaming emerged: predictive market event contracts on the outcomes of sporting events. These contracts constitute unlicensed sports wagering. State gaming regulators’ orders to cease and desist these offerings are the subject of litigation pending in an increasing number of federal and state courts across the US. Maryland is involved in *KalshiEx, LLC v. Martin, et al.*, which is pending in the 4th Circuit Court of Appeals. In a January 12, 2026 letter to both houses of Congress, the American Gaming Association and the Indian Gaming Association urged “timely congressional action to address the explosion of unregulated sports event contracts being offered by prediction markets. Since these contracts, that are indistinguishable from legal sports betting, were launched last January [2025], they have grown exponentially in trading volume and have expanded beyond the outcome of single games to include complex parlays and even potential wagers on the collegiate transfer portal.”

The Agency’s and Commission’s existing laws and regulations set forth requirements for the legal operation of gaming activities, including accounting for proceeds, conducting background investigations and

¹ <https://www.americangaming.org/wp-content/uploads/2025/08/Illegal-Market-Research-Report.pdf>

² iBid

determining the qualifications of all license applicants, collecting application and license fees, and ensuring that licensees verify players' age and physical location, protect players' PII, and provide mechanisms by which players may voluntarily self-exclude from gaming activities. However, none of these requirements apply to *unlicensed* gaming operators or illegal gaming activity. Under current law, the Agency and Commission have no authority over *unlicensed* gaming operators.

HB 295 adds new § 12-115 to the Criminal Law Article, which updates existing law to expressly cover online gaming activities. The new section defines illegal online games as "interactive games," and prohibits their operation in Maryland. Violation of § 12-115 is a misdemeanor that carries penalties of up to 3 years imprisonment and/or a fine from \$10,000 to \$100,000, and a conviction renders a person ineligible for a Commission-issued gaming license. The new definition of "interactive games" exempts games that solely award non-cash prizes, but should capture current and unknown future illegal, real-money online games.

The Commission has legal authority only over its license applicants and licensees. HB 295 amends the casino gaming and sports wagering laws (State Government Article, Title 9, Subtitles 1A and 1E) to authorize the Commission to deny or revoke a license based on the applicant's/licensee's involvement with, or receipt of revenue from, an interactive game. Under amendments to SG § 9-1A-07, license applicants and licensees must annually disclose any business relationship with entities that are known to support, operate, conduct, or promote an "interactive game" in the State, and a direct or indirect acceptance of revenue from the conduct of an interactive game in an illegal interactive gaming market. Misrepresentations or omissions are the basis for the Commission denying a license application, revoking a license, or imposing sanctions on a current licensee and the licensee's officers and board members.

The bill also adds new § 9-1A-08.1, which prohibits the Commission from issuing a license or revoking a license, if the applicant or licensee, or any of the applicant's or licensee's affiliates, accept revenue that is directly or indirectly derived from one of three specified jurisdictions. The prohibited jurisdictions are federally designated High Risk and State Sponsored Terrorism Jurisdictions, and jurisdictions where online casino gaming is prohibited.

Passage of SB 295 would provide the Agency and the Commission with a stronger means to address illegal gaming through focused licensing requirements and prohibitions, potentially deter illegal operators from entering the Maryland market, and provide the State with a clear basis for pursuing criminal action against illegal online gaming operators.

For the reasons stated above, the Agency requests a FAVORABLE report on House Bill 295.

Testimony - HB 295 Prohibition on Interactive Game

Uploaded by: Mark Stewart

Position: FAV

Testimony of The Cordish Companies and Live! Casino Hotel Maryland
Presented by Mark Stewart, General Counsel
In SUPPORT of HB 295

Budget and Taxation Committee Hearing

April 1, 2026

Dear Chairman Guzzone and Members of the Committee:

On behalf of The Cordish Companies and Live! Casino & Hotel Maryland, we respectfully submit this testimony **in support** of HB 295 and urge a favorable report.

Live! Casino & Hotel Maryland has long been a cornerstone of Maryland's gaming and hospitality industry since opening in 2012. We employ approximately 2,700 team members and support an additional 5,100 indirect jobs across the State. We contribute roughly \$350 million in taxes to Maryland each year and have invested more than \$1.1 billion in our facility over the past decade. We are also part of the wider Cordish Gaming Group, the only national casino operator headquartered in the State of Maryland.

Illegal online gambling is a serious problem in Maryland that directly threatens the regulated gaming system. Unlicensed operators continue to target Maryland residents while operating outside the State's legal and regulatory framework. These platforms offer casino style games without oversight, consumer protection, or accountability.

We appreciate the opportunity to work and support the Maryland Lottery and Gaming Control Agency on this important legislation. HB 295 moves in the right direction by directly targeting illegal online gaming activity within the State and helping Maryland more effectively address it.

HB 295 is a more effective policy approach than proposals that have suggested legalizing iGaming as a way to eliminate the illegal market. Data from jurisdictions across the country and around the world consistently shows that the legalization of online casino gaming does not eliminate illegal operators. In many cases, the illegal market thrives alongside the legal market. Expansion is not a substitute for enforcement.

Targeted enforcement measures such as those advanced in HB 295 are a more practical way to address illegal online activity. We would also support additional legislative efforts that go further by establishing clear enforcement mechanisms for those individuals or entities that market illegal platforms or facilitate unlawful gaming transactions within the State.

HB 295 does not stand alone. Together with HB 1226 and SB 635, it forms a comprehensive approach to addressing illegal online gambling in Maryland. Each measure plays a distinct and complementary role in strengthening enforcement, closing loopholes, and ensuring that bad actors cannot continue to operate.

Taken as a whole, these bills send a clear message that Maryland is serious about protecting consumers and holding illegal online operators accountable. Our written testimony in support of HB 1226 is enclosed for your reference.

For these reasons, we respectfully urge a **favorable** report on HB 295.

Thank you for your time and consideration.

Testimony of The Cordish Companies and Live! Casino Hotel Maryland

Presented by Mark Stewart, General Counsel

In SUPPORT of HB 1226

Budget and Taxation Committee Hearing

March 31, 2026

On behalf of The Cordish Companies and Live! Casino Hotel Maryland, I respectfully submit this written testimony **in support** of HB 1226, which would enact the Maryland Illegal Online Gambling Enforcement Act and bolster the State's enforcement efforts against illegal online gambling. We appreciate the Budget and Taxation Committee's attention to the growing issue of illegal online gambling and the need to ensure that Maryland's laws are effectively enforced.

Background on the Illegal Online Gambling Market

Illegal and unregulated online gambling is a significant and ongoing reality across the United States. The American Gaming Association's August 2025 report estimates that, nationally, gambling on illegal online slots and table games is substantial, and accounts for billions of dollars annually in state gaming tax revenue loss. This activity is occurring through websites and mobile platforms that accept wagers from U.S. residents without holding a U.S. state issued gaming license.

Concerns about the scope and impact of offshore operators have also been raised by a bipartisan coalition of state attorneys general. In an August 5, 2025, letter to the U.S. Department of Justice—signed by Maryland Attorney General Anthony Brown and attorneys general from across the country—the group requested coordinated enforcement efforts to address illegal offshore gaming operations. The letter describes operators that function without proper licensure, evade taxation, fail to verify age, and undercut regulated markets. A copy of the letter is enclosed with this testimony.

Importantly, the attorneys general urged use of enforcement tools such as website seizures, injunctions, asset forfeiture, and cooperation with financial institutions to block unlawful transactions. While their letter focused on federal enforcement authority, the underlying enforcement strategies it endorses—disrupting illegal operators' access to payment systems, digital infrastructure, and U.S. consumers—are directly relevant at the state level.

The Maryland Illegal Online Gambling Enforcement Act seizes on those same core strategies and implements them within Maryland's own enforcement framework. Rather than relying solely on federal action, the bill equips Maryland authorities with state-level civil tools designed to disrupt illegal operators' ability to market, host, and monetize their activities in this State.

Legislative Approaches in Other States

Maryland is not alone in examining legislative tools to address illegal online gambling. In 2025, several states enacted or advanced legislation aimed at banning and more effectively enforcing against illegal online sweepstakes and similar gaming models.

For example:

- New York (Senate Bill 5935) adopted legislation that not only prohibits operating or promoting illegal online sweepstakes games, but also extends potential liability to those who “support” such operations, including financial institutions, payment processors, geolocation providers, gaming content suppliers, platform providers, media affiliates, investors, and board members.
- California (Assembly Bill 831) similarly included geolocation providers, gaming content suppliers, platform providers, and media affiliates within the scope of potential liability for supporting illegal online gaming.
- Other states, including Nevada, Montana, and New Jersey, have adopted enhanced penalty structures, forfeiture provisions, and jurisdictional clarifications to strengthen enforcement tools.

A common theme across these measures is recognition that illegal online operators often rely on a network of third-party service providers—payment processors, hosting companies, content suppliers, and advertisers—to reach consumers and process transactions. By addressing not only the operator but also those who knowingly facilitate the operation, states have sought to create more effective enforcement mechanisms.

These examples demonstrate that states are experimenting with a range of civil and criminal tools to respond to illegal online gambling activity, and that HB 1226 fits within a broader national policy conversation.

Maryland Law and the Purpose of This Bill

Online gambling that is not expressly authorized under Maryland law is already illegal. However, many illegal online gambling operators are located offshore or otherwise beyond the easy reach of traditional criminal enforcement.

As the multistate attorneys general letter underscores, offshore operators are often structured to evade direct enforcement and operate across jurisdictions. That reality presents practical challenges for state-level prosecution.

HB 1226 is designed to strengthen Maryland’s ability to respond using tools that are familiar in the consumer protection context. Rather than relying solely on criminal prosecution of distant operators, the bill focuses on disrupting the ecosystem that allows illegal online gambling to function.

Specifically, the bill empowers the Attorney General to take action to impact illegal operators' ability to:

1. Market to and attract Maryland consumers – by authorizing cease and desist notices and enforcement against those who promote illegal online gambling.
2. Prop up websites and digital platforms – by enabling action directed at platform providers and others who host, transmit, or otherwise facilitate access to illegal gambling websites.
3. Receive payment from consumers – by prohibiting financial transaction providers from knowingly processing payments in connection with illegal online gambling and by authorizing enforcement measures against those who continue to facilitate such transactions.

These approaches mirror the enforcement strategies endorsed by the coalition of attorneys general—targeting websites, financial flows, and supporting infrastructure—but apply them through Maryland's own statutory authority.

Importantly, the bill does not alter or affect gaming activities that are expressly authorized and regulated under Maryland law. Instead, it is designed to ensure that the State has practical, enforceable mechanisms to address activity that is already unlawful.

Key Provisions of the Maryland Illegal Online Gambling Enforcement Act

The Maryland Illegal Online Gambling Enforcement Act applies to (1) operators that offer illegal online gambling to individuals located in Maryland and (2) individuals and entities that promote or provide support to operators of illegal online gambling (for example, financial institutions, platform providers, gaming content providers, promoters, media affiliates, and endorsers).

- The Attorney General or other prosecuting attorney is empowered to:
 - Issue cease-and-desist notices to violators.
 - Seek temporary or permanent injunctions to restrain illegal conduct.
 - Maintain a public list of offending websites.
- Operators offering illegal online gambling can be fined \$50,000 for the first violation and \$100,000 for each subsequent violation.
 - Each illegal wager or promotion is treated as a separate violation.
 - Penalties include possible imprisonment up to three years and forfeiture of profits.
- Supporters of illegal online gambling (e.g., banks, advertisers, platforms) can be fined \$25,000 fine for the first violation and \$50,000 for each subsequent violation. Each act of support constitutes a separate violation.

- Financial institutions are prohibited from processing payments related to illegal online gambling.
- Platform providers are prohibited from hosting or transmitting illegal gambling content and must verify operator licensure before hosting advertisements.
- Financial institutions and platform providers may block or refuse transactions or transmissions without liability.
- Courts may issue injunctions to:
 - Remove or disable access to illegal gambling websites.
 - Freeze associated bank or credit accounts.
 - Stop payment processing or advertising support.
- Violation of an order against a supporter of illegal online gambling results in a fine of \$50,000 for the first offense and \$100,000 for each subsequent violation.
- Out-of-state violators targeting Maryland residents are subject to Maryland jurisdiction.
- The Maryland Attorney General is authorized to adopt rules, regulations, and standards for enforcement.

Conclusion

HB 1226 is a needed and important measure to enhance enforcement against illegal online operators, and those who would enable them, and to protect Marylanders. Contrary to the claims of some, legalizing more online gambling does not shrink or stop the illegal market.¹ Indeed, just the opposite is the case – the illegal market thrives and grows.² Enforcement against illegal activities, not sanctioning them, is sound policy. We respectfully urge a favorable report on HB 1226.

¹ *The Washington Post*, “Legal sports betting was supposed to end the black market. It didn’t,” (Sept. 12, 2024); <https://cdn.sanity.io/files/42ezp3kj/production/3c51bcc5f56e9f4e49be0d36910c0db943805877.pdf>; *Sportsbookreview.com*, “Latest Report Says 74% of Online Gambling Revenue in the US Comes from Illegal Sites” (June 17, 2025); https://www.fairergambling.com/wp-content/uploads/2025/04/GYS_Y_S_CFG-REPORT_USA-NATIONAL-2024_04.08.2025_FINAL_NO-EM.pdf.

² In Pennsylvania, which has both online sports betting and iGaming, participation in the illegal market nearly doubled year over year, according to a new study by Penn State University. <https://www.pa.gov/content/dam/copapwp-pagov/en/ddap/documents/documents/agency-reports/interactive-gaming-reports/psu-2025-online-gambling-report.pdf>

Paysafe HB295 and HB1226 Opposition.pdf

Uploaded by: Chris Stromberg

Position: UNF

March 27, 2026

Chair and Members
Senate Budget & Taxation Committee
Maryland General Assembly
Annapolis, Maryland

Re: Opposition to HB295 – Gaming – Prohibition on Interactive Games and Revenue From Illegal Markets, and HB 1226 - Maryland Illegal Online Gambling Enforcement Act

Chair and Members of the Committee:

On behalf of Paysafe, I write to express our opposition to House Bill 295 and HB1226, which would prohibit certain ‘interactive games’ and impose new reporting, licensing, and sanction authorities related to revenue from so-called illegal interactive gaming markets. While Paysafe shares the State’s goal of combating unlawful gaming activity, these bills as drafted would impose significant and unworkable compliance burdens on payment processors and other regulated financial intermediaries without providing clear standards or regard for how modern payment systems operate.

HB295 and HB1226 Impose Ambiguous “Knowledge” Standards on Payment Processors

HB295 requires license applicants and licensees to disclose any business relationship with payment processors that are ‘known to support’ prohibited interactive games. The bill does not define what it means to ‘support’ such activity, how knowledge is established, or what evidentiary standard applies. While HB 295 provides that evidence of a cease-and-desist letter issued by the Commission provides constructive knowledge, it does not preclude a prosecutor or state agency from prosecuting a broad array of applicants and licensees on other grounds.

Likewise, HB 1226 is vague and ambiguous as to what constitutes “illegal online gambling”, as well as what it means to “accept or process any financial transaction **in connection with the participation of a person in illegal online gambling.**” This ambiguous language would require financial institutions and payment companies to apply impracticable levels of scrutiny to the financial transactions of not only companies, but individuals both within and outside the state of Maryland, while also requiring them to make a legal determination of what constitutes illegal online gambling.

This ambiguity creates substantial compliance risk for payment companies and Maryland licensees alike, exposing them to potential license denial or revocation based on subjective or inconsistent interpretations rather than clear, predictable rules.

Existing Federal Payments Compliance Frameworks Already Address Illicit Activity

Payment processors already operate under extensive federal oversight, including Bank Secrecy Act and anti-money laundering requirements, sanctions screening, real-time transaction monitoring, and

enhanced due diligence programs. Introducing an undefined, state-specific knowledge standard on top of these national frameworks creates conflict, uncertainty, and duplicative compliance obligations without meaningfully improving enforcement outcomes.

The Bill's Reporting and Revenue-Attribution Requirements Are Operationally Unworkable

HB295 and HB1226 contemplate disclosures and prohibitions tied to whether a person or an affiliate knowingly accepts revenue derived from, or even "in connection with" jurisdictions deemed illegal interactive gaming markets. In practice, payment networks process millions of transactions across thousands of merchants and do not categorize transactions by downstream end-user geography or affiliate-level gaming activity in the manner the bill presumes. Payment processors generally lack both the data and the legal authority to compel such information from global merchants and their affiliates, making compliance with these requirements operationally infeasible.

HB295 and HB1226 Would Discourage Payment Providers From Serving Maryland-Licensed Businesses

The practical result of these provisions will be to discourage payment processors from serving Maryland-licensed businesses. Faced with unclear standards and the risk that indirect or attenuated associations could jeopardize a customer's license, payment providers may choose to limit or withdraw services from Maryland's regulated markets. This would reduce access to secure, compliant payment channels for legitimate operators and consumers and could unintentionally push activity toward less regulated alternatives.

State-Specific Payments Mandates Risk Fragmenting National Payment Security

The payments ecosystem relies on uniform national standards to manage fraud, cybersecurity, sanctions compliance, and anti-money laundering controls. State-by-state payment compliance mandates tied to gaming classifications risk fragmenting these systems, increasing costs, and reducing the effectiveness of existing safeguards. Maryland has historically benefited from deference to federal oversight of payment systems, and HB295 and HB1226 move away from that proven approach.

For these reasons, Paysafe respectfully urges the Senate Budget & Taxation Committee to oppose HB295 and HB1226 or, at a minimum, substantially revise these bills to remove ambiguous knowledge-based standards and unworkable reporting and investigatory obligations imposed on payment intermediaries. We stand ready to work with the Committee and state regulators on solutions that target unlawful activity while preserving secure, compliant, and efficient payment systems for Maryland consumers and businesses.

Respectfully submitted,

Chris Stromberg

Vice President & Head of U.S. Government Affairs
Paysafe