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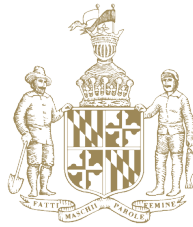
Government, Labor, and  
Elections Committee

*Subcommittees*

Chair, Election Law

Local Government/Bi-County  
Agencies and Administration

Chair, Maryland Legislative  
LGBTQ+ Caucus



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**THE MARYLAND HOUSE OF DELEGATES**  
**ANNAPOLIS, MARYLAND 21401**

The Honorable Jheanelle K. Wilkins, Chair  
Ways and Means Committee  
Maryland House of Delegates  
6 Bladen Street, Room 130  
Annapolis, MD 21401

**SPONSOR TESTIMONY**

**HB 1240: Sports Wagering - Wagers on Historical Horse Races - Authorization**

Chair Wilkins, Vice Chair Feldmark, and Members of the Ways and Means Committee:

HB 1240 authorizes on-premises pari-mutuel wagering on Historical Horse Racing (HHR) at licensed sports wagering facilities: video lottery facilities, thoroughbred/standardbred racecourses, the Maryland State Fairgrounds in Timonium, and satellite simulcast (Off Track Betting / OTB) locations. HHR terminals must be State-approved, confined to designated areas, and subject to a statewide cap and referendum, with the bill submitted to voters in November 2026 and, if approved, taking effect January 1, 2027.

Proceeds are distributed similarly to the existing structure for Video Lottery Terminals (VLTs), including dedicated shares for local impact grants, the Purse Dedication Account, the Small, Minority, and Women-Owned Businesses Account, SLGCA administration, the General Fund, and the remainder to the Blueprint for Maryland's Future, with unclaimed winnings directed to the Problem Gambling Fund.

HB 1240 provides new revenues without new taxes and does so within existing regulatory architecture. The Department of Legislative Services projects that the State will add millions year over year to the General Fund, alongside material Blueprint and local-grant support, by FY28 all without raising taxes on families and businesses. These estimates reflect conservative DLS assumptions (e.g., 2,400 active terminals at \$215 win/day and a multi-year ramp to maturity) so the actual impact could be much greater than estimated.

Beyond revenues for the State, the case for HB 1240 is strengthened by experience in neighboring states. Virginia has now operated HHR facilities since 2019 and, even after the opening of three commercial casinos, both HHR and casinos have grown in tandem. For example, August 2025 saw about \$51 million in HHR gross and \$84.8 million in casino revenue, illustrating that HHR complements, rather than cannibalizes, destination casino entertainment.

Virginia’s regulators also publish monthly HHR data and maintain an HHR dashboard, giving policymakers a transparent view of performance and distributions across facilities—useful proof that a mature, well-regulated HHR market can coexist with casinos.<sup>1</sup>

Real-world operator behavior reinforces this point. The operator of Maryland’s largest casino is expanding in the very Virginia market where multiple HHR locations already operate, clear evidence that sophisticated operators view HHR and destination casinos as complementary segments of a broader regional entertainment market, not a zero-sum proposition.<sup>2</sup>

While Casinos are finding success, OTBs in Maryland are under pressure: simulcast revenue at several sites has declined since 2021, threatening these small businesses that anchor local entertainment corridors from Frederick to Boonsboro, Hampstead, Timonium, Baltimore, Perryville, and Oxon Hill. HHR can be a lifeline that helps stabilize these businesses and retain entertainment spending in-state, especially in rural and border communities that routinely see patrons cross into Virginia, West Virginia, and Pennsylvania.<sup>3</sup>

HB 1240 authorizes established Maryland gaming and racing operators already subject to robust workforce, compliance, and licensing regimes. While HB 1240 itself does not codify new labor mandates, there are strong protections for union labor implicit in this bill because the eligible license holders for HHR machines (video lottery operation licensees and racing licensees) must already operate within collective-bargaining relationships and labor-standards compliance.

I have submitted a sponsor amendment to raise the terminal authorization to 5,500. Based on DLS analysis, I used Microsoft Copilot (AI) to estimate the fiscal effects of my proposed increase in authorized machines. DLS’s baseline exhibits assume 2,400 terminals at \$215 win/day, producing about \$188.3 million in annual HHR proceeds at implementation maturity.

To illustrate the upper-bound potential of a higher cap, Copilot scaled the DLS methodology proportionally at the same win/day and retention assumptions, noting that actual numbers would still depend on market demand, SLGCC approval, local zoning, and capital planning by licensees. This is intended to give the Committee a rough estimate:

- If the cap remained at 4,000 terminals (for comparison):
  - Total HHR proceeds: ≈ \$313.8M; Licensees (60%) ≈ \$188.3M; State/Lottery Fund share (40%) ≈ \$125.5M split as follows—Local 5.5% ≈ \$17.26M; SMWOB 1.5% ≈ \$4.71M; Purses 6% ≈ \$18.83M; SLGCA 1% ≈ \$3.14M; General Fund 5% ≈ \$15.69M; BMFF 21% ≈ \$65.90M.
- Under the amendment (cap of 5,500 terminals):
  - Total HHR proceeds: ≈ \$431.6M; Licensees (60%) ≈ \$259.0M; State/Lottery Fund share (40%) ≈ \$172.6M split as follows—Local 5.5% ≈ \$23.74M; SMWOB 1.5% ≈ \$6.47M; Purses 6% ≈ \$25.90M; SLGCA 1% ≈ \$4.32M; General Fund 5% ≈ \$21.58M; BMFF 21% ≈ \$90.64M.

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<sup>1</sup> [[yogonet.com](http://yogonet.com)] [[rga.lis.virginia.gov](http://rga.lis.virginia.gov)], [[vrc.virginia.gov](http://vrc.virginia.gov)]

<sup>2</sup> [Andercorp.com](http://Andercorp.com)

<sup>3</sup> [[virginiamercury.com](http://virginiamercury.com)], [[prnewswire.com](http://prnewswire.com)], [[500nations.com](http://500nations.com)]

The Copilot numbers are not substitutes for an updated fiscal note, but they show that if Maryland authorizes more terminals and the market supports them at DLS's baseline win/day, the Blueprint, General Fund, local jurisdictions, purses, SMWOB, and SLGCA oversight all benefit significantly.

Finally, because HHR in Maryland would be tied to a brick and mortar building, it mitigates the impacts of unlimited problem gambling that advocates worry about with iGaming because of the barrier of traveling to a physical location and the presence of staff. As was mentioned earlier, the problem gambling fund also receives additional revenues from this bill.

The broader, multi-state record suggests HHR can stabilize racing ecosystems and rural gaming venues without undermining destination casinos.<sup>4</sup> Kentucky's and Virginia's public financials point to HHR as a durable pillar of the "live & historical" segment, with Churchill Downs Inc. attributing record 2024 quarterly revenues in part to HHR growth. New Hampshire's Lottery-regulated HHR has similarly expanded returns. Together with Wyoming's decade-long experience, these data points support HB 1240's goal to retain Maryland entertainment dollars, support our OTBs, protect union labor, and fund Maryland's priorities without new taxes.

For these reasons, I respectfully urge a Favorable Report on HB 1240 with my amendment so that Maryland voters can approve this measured, well-regulated expansion of commercial gaming in November 2026.

Thank you,

A handwritten signature in blue ink that reads "Kris Fair". The signature is written in a cursive, flowing style.

Delegate Kris Fair  
District 3, Frederick County

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<sup>4</sup> [\[bloodhorse.com\]](http://bloodhorse.com), [\[cdcgaming.com\]](http://cdcgaming.com), [\[wyoleg.gov\]](http://wyoleg.gov)