

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 1015 (Senator Miller)
Budget and Taxation

Gaming - Fantasy Competitions - Operators and Video Lottery Facilities

This bill transfers the authority to adopt regulations relating to fantasy competitions from the Comptroller to the State Lottery and Gaming Control Commission (SLGCC). Subject to a voter referendum, SLGCC may authorize a video lottery operation licensee to offer fantasy competitions to the public and SLGCC must adopt regulations to do so. **The bill takes effect July 1, 2018, with a provision of the bill contingent on passage of a referendum by voters in November 2018.**

Fiscal Summary

State Effect: SLGCC can adopt regulations with existing resources. If approved at referendum, SLGCC can likely authorize a video lottery operation licensee to offer fantasy competitions to the public with existing resources. The bill does not specify any fees or taxes on fantasy competitions, so revenues are not materially affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Wagering on a contest, event, game, or match between individuals or teams sponsored by a professional league or association or hosted by a college or university is illegal in Maryland.

Chapter 346 of 2012 exempts a specified “fantasy competition” from prohibitions against betting, wagering, and gambling in State law. The law defines “fantasy competition” as

any online fantasy or simulated game or contest such as fantasy sports in which (1) participants own, manage, or coach imaginary teams; (2) all prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest; and (3) the winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals.

In January 2016, the Office of the Attorney General issued a letter of advice on whether Chapter 346 had the effect of expanding commercial gaming in the State and, therefore, should have been subject to a voter referendum as required by Article XIX of the Maryland Constitution. The Attorney General's Office concluded that Chapter 346 clearly authorized traditional fantasy sports competitions that do not constitute commercial gaming and are, therefore, not subject to a voter referendum. However, to the extent that Chapter 346 authorized daily fantasy sports competitions, the Attorney General's Office concluded that the Act should have been referred to voter referendum. Due to the substantial uncertainty surrounding the issue, the Attorney General recommended that the General Assembly clarify whether daily fantasy sports are authorized in Maryland.

In the August 19, 2016 issue of the *Maryland Register*, the Comptroller published proposed fantasy sports regulations. The stated purpose of the regulations is to ensure that fantasy sports competitions are conducted on a fair and level playing field and to provide disclosure of information regarding players' tax obligations. The regulations also contain many of the consumer protection provisions incorporated in legislation enacted in other states. The regulations took effect January 2, 2017.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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nb/jrb

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