

## **Written Testimony in Support of HB 668 (2023)**

### Gaming – Problem Gambling Fund – Table Game Fees and Distribution of Sports Wagering Proceeds

*Before the Ways and Means Committee: February 23, 2023*

#### **Introduction**

House Bill 668 is designed to increase funding for the State’s Problem Gambling Fund, which supports Marylanders who struggle with problem gambling. To increase funding, the bill: 1) requires that 1% of the proceeds from sports wagering be distributed to the Problem Gambling Fund, and 2) imposes an annual fee of \$500 for each table game to be paid by each video lottery operation licensee and distributed to the Problem Gambling Fund. This testimony explains why, with the recent legalization of mobile sports wagering in Maryland, increasing the amount of dedicated funding towards those suffering from problem gambling is more important than ever.

#### **The Number of Marylanders Suffering from Problem Gambling is Increasing**

The 2020 Maryland Gambling Prevalence Study showed that there was an increase in problem gambling prevalence among Maryland residents from 2017-2020, rising from 0.7% to 3.1%.<sup>1</sup> This increase was despite the 2020 survey being administered during the early stages of the COVID-19 pandemic when all of Maryland’s casinos and horse tracks were closed to the public. Of note, 35% of respondents listed sports wagering as their primary form of gambling. This was before sports wagering was legalized.

#### **Legalizing Sports Wagering is Proven to Exacerbate the Problem**

According to the National Council on Problem Gambling (NCPG), the risks for gambling addiction grew by 30% from 2018 to 2021.<sup>2</sup> This timespan is significant since 2018 is the year that the Supreme Court decided *Murphy v. National Collegiate Athletic Association*, which overturned the Professional and Amateur Sports Protection Act.<sup>3</sup> As a result of this decision, there is no longer a federal prohibition on states allowing sports wagering.<sup>4</sup> While Maryland does not yet have gambling data that includes legalized sports wagering, the problem gambling helpline has seen an increase in calls related to sports wagering. This trend is consistent with other states that have legalized sports wagering. New Jersey has reported a nearly 200% increase

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<sup>1</sup> Maryland Center of Excellence on Problem Gambling, *Statewide Gambling Prevalence in Maryland: 2020*, MARYLAND CENTER OF EXCELLENCE ON PROBLEM GAMBLING (2020), <https://www.mdproblemgambling.com/wp-content/uploads/2022/07/Gambling-Prevalence-study-2020-FINAL.pdf>

<sup>2</sup> Marsha Mercer, *As Sports Betting Grows, States Tackle Teenage Problem Gambling*, THE PEW CHARITABLE TRUSTS (Jul. 12, 2022), <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/07/12/as-sports-betting-grows-states-tackle-teenage-problem-gambling>.

<sup>3</sup> MURPHY v. NATIONAL COLLEGIATE ATHLETIC ASSN. 832 F. 3d 389 (Oct. 2017)

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in total problem gambling helpline calls and a nearly 500% increase in helpline calls about online sportsbooks.<sup>5</sup> In Connecticut, calls to the problem gambling helpline have increased by an average of 125%.<sup>6</sup> In the Midwest, calls to the problem gambling helpline in Michigan have increased by 171% since sports wagering was legalized.<sup>7</sup> NCPG believes these increases are likely due to the 24/7 access to sports wagering and “live” wagering that shortens the lag between the bet and reward, increasing the speed and frequency of gambling.<sup>8</sup>

### **Dedicated Problem Gambling Funding is Vital to Mitigating the Ramifications of Sports Wagering**

Sports wagering is currently live and legal in 33 states and Washington D.C., and legal but not yet operational in 3 more, while 8 states currently have sports wagering bills in pending legislation.<sup>9</sup> Of the 34 jurisdictions with live and legal sports wagering, more than half have included dedicated funding to problem gambling services in their sports wagering legislation. Virginia and Pennsylvania are leading the way when it comes to using sports wagering revenues to dedicate funding to problem gambling services. Each of these jurisdictions has explicitly placed provisions in their sports wagering legislation that mandate funding of problem gambling services. Both provisions provide for percentage amounts of sports wagering revenue to be allocated to problem gambling services. Virginia significantly increased problem gambling funding through the enactment of sports wagering legislation to increase the State’s per capita spending on the public health issue.<sup>10</sup> The nationally recommended best practice is to dedicate 1% of revenue from legalized sports wagering to problem gambling services.<sup>11</sup> In one study, a significant correlation was found between the amount spent on problem gambling services in a

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<sup>5</sup> Chris Glorioso, Kristina Pavlovic, *I-Team: Calls to Gambling Crisis Hotlines are Soaring*, NBC NEW YORK (Dec. 2, 2022), <https://www.nbcnewyork.com/investigations/i-team-calls-to-gambling-crisis-hotlines-are-soaring/3980918/#:~:text=Calls%20to%20800%2DGAMBLER%20Are%20Up%20Almost%20200%25%20Since%202018&text=The%20data%20suggests%20internet%20and,increase%20over%20Fiscal%20Year%202019.>

<sup>6</sup> Chris Glorioso, Kristina Pavlovic, *I-Team: Calls to Gambling Crisis Hotlines are Soaring*, NBC NEW YORK (Dec. 2, 2022), <https://www.nbcnewyork.com/investigations/i-team-calls-to-gambling-crisis-hotlines-are-soaring/3980918/#:~:text=Calls%20to%20800%2DGAMBLER%20Are%20Up%20Almost%20200%25%20Since%202018&text=The%20data%20suggests%20internet%20and,increase%20over%20Fiscal%20Year%202019.>

<sup>7</sup> Public Interest, *Michigan online betting: \$8.3B wagered and 171% spike in hotline calls*, MLIVE (Feb. 10, 2023), <https://www.mlive.com/public-interest/2023/02/michigan-online-betting-83b-wagered-and-171-spike-in-hotline-calls.html>

<sup>8</sup> National Council on Problem Gambling, *A Review of Sports Wagering & Gambling Addiction Studies Executive Summary*, NATIONAL COUNCIL ON PROBLEM GAMBLING (Dec. 2019), [https://www.ncpgambling.org/wp-content/uploads/2020/01/Sports-gambling\\_NCPGLitRvwExecSummary.pdf](https://www.ncpgambling.org/wp-content/uploads/2020/01/Sports-gambling_NCPGLitRvwExecSummary.pdf)

<sup>9</sup> American Gaming Association, *Interactive U.S. Map: Sports Betting*, AMERICAN GAMING ASSOCIATION (Jan. 31, 2023), <https://www.americangaming.org/research/state-gaming-map/>

<sup>10</sup> VA Code § 58.1-4038 (2020)

<sup>11</sup> National Council on Problem Gambling, *Responsible Gaming Principles for Sports Gambling Legislation*, NATIONAL COUNCIL ON PROBLEM GAMBLING (Mar. 2018), <https://www.ncpgambling.org/wp-content/uploads/2018/03/Responsible-Gaming-Principles-for-Sports-Gambling-Legislation.pdf>

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state and the number of problem gamblers treated in that state.<sup>12</sup> States across the country are including dedicated problem gambling funding in their sports wagering legislation because they clearly understand the impact that funding can have on the treatment and prevention of problem gambling, and Maryland should follow suit.

### **Conclusion**

It is clear that with sports wagering being rapidly legalized throughout the country, the prevalence of problem gambling will only continue to increase. Legislation is the most effective way that the State can dedicate funding to problem gambling treatment and prevention services. If the General Assembly does not act, the state will not have the proper resources to prevent problem gambling and treat Marylanders already suffering from this devastating and oft-overlooked addiction.

*This testimony is submitted on behalf of the Public Health Law Clinic at the University of Maryland Carey School of Law and not by the School of Law, the University of Maryland, Baltimore, or the University of Maryland System.*

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<sup>12</sup> National Association of Administrators for Disordered Gambling Services, *2021 Survey of Publicly Funded Problem Gambling Services in the United States*, PROBLEM GAMBLING SOLUTIONS, INC. (Jul. 2022), <https://int.nyt.com/data/documenttools/naadgs-analysis-of-problem-gambling-funding-july-2022/521f7652c06a6d4d/full.pdf>