

**Department of Legislative Services**  
 Maryland General Assembly  
 2026 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1240 (Delegates Fair and Buckel)  
 Ways and Means

**Sports Wagering - Wagers on Historical Horse Races - Authorization**

This bill, which is subject to voter referendum, authorizes a sports wagering facility licensee to accept wagers on historical horse races (HHR) that are made by an individual physically present at specified licensed horse racing tracks, video lottery facilities, or satellite simulcast facilities. HHR sports wagering must be conducted as pari-mutuel betting and may be conducted on HHR of any breed. An individual may wager on HHR only on a terminal approved by the State Lottery and Gaming Control Commission (SLGCC), and SLGCC may not authorize more than 4,000 terminals. The bill specifies tax rates on HHR, along with the HHR revenue distribution, which is similar to video lottery terminals (VLTs), except 5% of HHR proceeds are distributed to the general fund and the remainder is distributed to the Blueprint for Maryland’s Future Fund (BMFF). **Provisions of the bill take effect January 1, 2027, contingent on passage of a referendum by voters in November 2026; the requirement for a referendum takes effect July 1, 2026.**

**Fiscal Summary**

**State Effect:** No impact in FY 2027. If HHR is approved by voters, under one set of assumptions, general fund revenues increase by \$2.8 million in FY 2028, escalating to \$9.4 million in FY 2031. BMFF special fund revenues and expenditures annually increase by at least \$11.9 million beginning in FY 2028. General fund expenditures correspondingly decrease but also increase by \$1.5 million in FY 2028 with ongoing costs for the State Lottery and Gaming Control Agency (SLGCA). Other special fund revenues and expenditures increase by \$7.9 million in FY 2028 and by \$26.4 million in FY 2031.

| (\$ in millions) | FY 2027 | FY 2028  | FY 2029  | FY 2030  | FY 2031  |
|------------------|---------|----------|----------|----------|----------|
| GF Revenue       | \$0     | \$2.8    | \$7.1    | \$8.5    | \$9.4    |
| SF Revenue       | \$0     | \$19.8   | \$49.4   | \$59.3   | \$65.9   |
| GF Expenditure   | \$0     | (\$10.4) | (\$28.7) | (\$34.9) | (\$39.0) |
| SF Expenditure   | \$0     | \$19.8   | \$49.4   | \$59.3   | \$65.9   |
| Net Effect       | \$0.0   | \$13.2   | \$35.8   | \$43.4   | \$48.5   |

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Local impact grants from HHR increase, potentially by \$3.1 million in FY 2028 and escalate to \$10.4 million in FY 2031, though substitution effects with VLTs may mitigate a portion of these revenues.

**Small Business Effect:** Potential meaningful.

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## Analysis

**Bill Summary:** The definition of a “sporting event” for sports wagering is altered to specify that it includes a *live* horse race, as specified, and also includes HHR. The sports wagering facility licensees that may accept HHR wagers are (1) a Class A-1 or A-2 sports wagering licensee at a video lottery facility; (2) a Class A-2 sports wagering licensee at a thoroughbred or standardbred racecourse; (3) the licensee (or subsidiary of the licensee) at the Maryland State Fairgrounds in Timonium; or (4) a sports wagering licensee at a satellite simulcast facility.

HHR sports wagering may only be permitted in a designated area on the premises of the sports wagering facility licensee that is approved by SLGCC and only during the days and hours approved by SLGCC. Before offering HHR wagering, the licensee must first obtain SLGCC’s written approval of all types of wagers offered, and the bill specifies posting requirements to explain HHR pari-mutuel betting.

SLGCC must approve the total number of terminals that may be available at a sports wagering facility. The bill also specifies requirements that apply to the terminals. A wager on an HHR or multiple HHRs must be placed in pari-mutuel pools approved by SLGCC, and a sports wagering facility must operate an HHR pari-mutuel pool or pools in a manner and method approved by SLGCC.

A payout to a winning bettor must be paid from money wagered by bettors and may not constitute a wager against the sports wagering facility licensee. A sports wagering facility licensee offering HHR wagering may operate a player-funded pool or pools in a manner and method approved by SLGCC for the purpose of ensuring that sufficient funds are available at all times to pay any winning wagers in situations where a pari-mutuel pool becomes a minus pool. For each wager made, a sports wagering facility licensee may assign a percentage of the wager to a player-funded pool or pools. The minimum wager that a sports wagering facility licensee may accept on an HHR wager is 10 cents. The minimum payout on any wager may not be less than the amount wagered.

### *Proceeds from Historical Horse Races*

A sports wagering facility licensee that is not a video lottery operator retains 60% of HHR proceeds, while video lottery operators retain the same percentage of HHR proceeds that the operator retains from VLTs. The HHR proceeds, less the amount retained by the licensee, must be under the control of the Comptroller and are transferred monthly into the State Lottery Fund to be distributed as follows:

- 1% to SLGCA;
- 5.5% to local impact grants;
- 6% to the Purse Dedication Account (PDA);
- 1.5% to the Small, Minority, and Women-Owned Businesses Account (SMWOBA);
- 5% to the general fund; and
- the remainder to BMFF.

**Current Law:** The General Assembly may only authorize additional forms or expansion of gaming if approved through a referendum by a majority of voters in a general election.

### *Sports Wagering*

Chapter 492 of 2020, a constitutional amendment approved by the voters at the November 2020 general election, authorized sports and event wagering, contingent upon implementation legislation passed by the General Assembly. Chapter 356 of 2021 implemented sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. Chapter 604 of 2025 increased the mobile sports wagering tax rate from 15% to 20%. Mobile sports wagering licensees receive 80% of mobile sports wagering proceeds, while all other licensees receive 85% of proceeds from sports wagering and fantasy gaming. Beginning in fiscal 2026, 5% of mobile sports wagering proceeds (*i.e.*, 25% of State mobile sports wagering revenues) is distributed to the general fund and the remainder is distributed to BMFF, which supports public education. Any winnings on a sports event not claimed within 182 days after the wager is won revert to the Problem Gambling Fund.

“Sports wagering” means the business of accepting wagers on any sporting event by any system or method of wagering, including single-game bets, teaser bets, parlays, over-under, moneyline, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, and straight bets.

A “sporting event” includes a professional, college, Olympic, or international sports or athletic event, an electronic sports or video game competition played by an adult, a sanctioned motor race event, and other types of events as specified. Except as otherwise

prohibited under federal or State law, a sporting event may include a horse race, held in or out of the State, if consented to and approved by the horse racing licensee of the applicable breed, the organization representing the majority of the owners and trainers of the applicable breed in the State, and the Maryland Racing Commission.

#### *Distribution of Video Lottery Terminal Proceeds*

Generally, the distribution of gross VLT proceeds from a video lottery facility is as follows:

- 1% to SLGCA;
- 5.5% to local impact grants;
- 6% to PDA;
- 1% to the Racetrack Facility Renewal Account;
- 1.5% to SMWOBA;
- 6% to the video lottery operation licensee if the video lottery operation licensee owns or leases each VLT device and the associated equipment and software;
- 33% (the amount stated in the accepted video lottery operation license application); and
- the remainder to the Education Trust Fund.

**Appendix – Maryland Gaming** provides more information on gaming in Maryland as of December 2025.

#### *Maryland Racing Commission*

Since 1920, the Maryland Racing Commission has regulated horse racing in the State and sought to protect and promote the public interest in all matters pertaining to horse racing and wagering. The commission has established pari-mutuel betting as the only legal system of wagering on horse races on racetracks over which the commission has jurisdiction. Pari-mutuel betting is a system of betting in which those who successfully bet on horses that finish in specified positions share the mutuel pool. The commission is responsible for regulating, with few exceptions, the conduct of all pari-mutuel betting and other aspects of horse racing in the State.

#### *Live and Simulcast Racing*

Maryland offers three types of horse racing in the State – thoroughbred, standardbred, and steeplechase racing. Thoroughbred racing is held at mile tracks: Laurel Park in Prince George’s County; Pimlico Race Course in Baltimore City; and at the Timonium Race Course in Baltimore County during the Maryland State Fair. Standardbred racing is held at two racetracks: Rosecroft Raceway in Prince George’s County and

Ocean Downs Racetrack in Worcester County. Steeplechase racing is held at Fair Hill Races in Cecil County. By law, Fair Hill Races is permitted to have up to eight race days per year. Thoroughbred and standardbred tracks do not have a limit on the number of races they may conduct per year.

In addition to wagering on live races, an individual may wager on races simulcast from around the country to any of the State tracks or off-track betting facilities. There are currently nine off-track betting locations (also known as simulcast betting facilities) operating in the State: Riverboat on the Potomac; Hollywood Casino; Horseshoe Casino; MGM National Harbor Casino; Pimlico Race Course (when not conducting live racing); Timonium Fair Grounds; and establishments in Boonsboro, Frederick, and Hampstead.

**State Fiscal Effect:** This analysis assumes that:

- voters approve the referendum in November 2026;
- SLGCA hires six additional employees as of January 1, 2028;
- while the bill authorizes SLGCC to authorize as many as 4,000 HHR terminals, market demand might be lower, so 2,400 HHR terminals are authorized;
- it takes at least one year for HHR terminals to commence operation, commencing in the latter half of fiscal 2028;
- HHR terminals have an average win per day of \$215, which is based on an analysis by the Department of Legislative Services (DLS) of the win per day of existing VLTs;
- it takes four years to reach full annual HHR revenue maturity of approximately \$188 million annually, with 30% of revenue maturity in fiscal 2028 (reflecting a partial year), 75% in fiscal 2029, 90% in fiscal 2030, and full maturity in fiscal 2031; and
- sports wagering licensees receive 60% of HHR proceeds and BMFF receives 21% of HHR proceeds as DLS is unable to determine the distribution of proceeds by HHR facility at this time. Depending on the location, sports wagering licensees of video lottery facilities will retain 42% to 58% of HHR proceeds and BMFF receives 23% to 39% of HHR proceeds, so actual revenues to BMFF will be higher than projected (not accounting for any cannibalization effects).

Under these assumptions, **Exhibit 1** shows the distribution of revenues under the bill. HHR proceeds are \$56.5 million in fiscal 2028, of which at most \$33.9 million is retained by sports wagering licensees and \$22.6 million is distributed to the State as shown in the exhibit. BMFF revenues increase by at least \$11.9 million in fiscal 2028 and by at least \$39.6 million in fiscal 2031 as a result of implementing HHR. Depending on when HHR operations commence at each facility, BMFF revenues may increase further from sports wagering licensees with HHRs renewing their licenses in fiscal 2028, and every five years

thereafter, as the license renewal fee is equal to 1% of the licensee’s average annual proceeds from sports wagering as specified. Additionally, special fund revenues to the Problem Gambling Fund may increase minimally from unclaimed HHR winnings.

HHR is expected to reduce VLT proceeds as HHR terminals mimic the experience of VLTs, but it is unknown what the cannibalization effects of HHRs will be on VLTs. The tax rate and revenue distribution of HHRs are generally similar to VLTs, so to the extent that HHR revenues offset VLT revenues, the revenue effects shown in Exhibit 1 are less. Additionally, if video lottery operation licensees decrease the number of VLTs at their facilities, special fund revenues to the Problem Gambling Fund decrease since video lottery operation licensees pay an annual fee of \$425 per VLT to the Problem Gambling Fund.

**Exhibit 1**  
**Revenue Effects under the Bill**  
**Fiscal 2027-2031**  
**(\$ in Millions)**

|                            | <u>FY 2027</u> | <u>FY 2028</u> | <u>FY 2029</u> | <u>FY 2030</u> | <u>FY 2031</u> |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Licensee (60%)             | \$0.0          | \$33.9         | \$84.8         | \$101.7        | \$113.0        |
| Local Impact Grants (5.5%) | 0.0            | 3.1            | 7.8            | 9.3            | 10.4           |
| SMWOBA (1.5%)              | 0.0            | 0.8            | 2.1            | 2.5            | 2.8            |
| Purse Dedication (6%)      | 0.0            | 3.4            | 8.5            | 10.2           | 11.3           |
| SLGCA (1%)                 | 0.0            | 0.6            | 1.4            | 1.7            | 1.9            |
| General Fund (5%)          | 0.0            | 2.8            | 7.1            | 8.5            | 9.4            |
| BMFF (21%)                 | 0.0            | 11.9           | 29.7           | 35.6           | 39.6           |
| <b>Total HHR Revenue</b>   | <b>\$0.0</b>   | <b>\$56.5</b>  | <b>\$141.3</b> | <b>\$169.5</b> | <b>\$188.3</b> |

BMFF: Blueprint for Maryland’s Future Fund  
SMWOBA: Small, Minority, and Women-Owned Businesses Account  
SLGCA: State Lottery and Gaming Control Agency  
HHR: historical horse races

Notes: Depending on the location, sports wagering licensees of video lottery facilities will retain 42% to 58% of HHR proceeds and BMFF receives 23% to 39% of HHR proceeds, so actual revenues to BMFF will be higher than shown above (not accounting for any cannibalization effects). Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

Current projections indicate that, under current law, revenues in BMFF, including prior-year fund balances, will be less than the required increases to annual expenditures under the Blueprint for Maryland’s Future beginning in fiscal 2028. It is, therefore, assumed that general fund expenditures for education decrease to the same extent that any BMFF revenues and expenditures increase under the bill.

*State Lottery and Gaming Control Agency Expenditures*

SLGCA advises that it requires an additional nine positions in order to oversee 4,000 HHR terminals. However, since DLS estimates fewer terminals will become active, it is assumed that SLGCA only needs six positions. Thus, SLGCA expenditures increase by approximately \$2.05 million in fiscal 2028, which accounts for employees starting on January 1, 2028, once HHR commences after a delay for implementation. SLGCA receives 1% of HHR proceeds, so of the \$2.05 million of SLGCA expenditures, \$565,020 is special fund expenditures and \$1.49 million is general fund expenditures in fiscal 2028. This estimate includes associated costs, such as an annual software expense of \$1.7 million.

|   |                    |
|---|--------------------|
| Positions                               | 6.0                |
| Salaries and Fringe Benefits            | \$288,885          |
| Software and Licensing Expenses         | 1,714,286          |
| Other Operating Expenses                | <u>50,763</u>      |
| <b>Total FY 2028 SLGCA Expenditures</b> | <b>\$2,053,934</b> |

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. To the extent that more than 2,400 HHR terminals are operational, SLGCA may require additional employees. SLGCA notes that it may incur nominal additional upfront programming costs, so general fund expenditures may increase further.

This analysis assumes that SLGCA is responsible for the oversight of HHRs. As such, DLS assumes that the Maryland Racing Commission within the Maryland Department of Labor has limited oversight and responsibilities for managing HHRs and can, therefore, implement the bill with existing resources.

**Local Revenues:** Local impact grants receive 5.5% of HHR and VLT revenues. Thus, local impact grants from HHR increase by \$3.1 million in fiscal 2028, escalating to \$10.4 million in fiscal 2031, though substitution effects with VLTs may mitigate a portion of these revenues.

**Small Business Effect:** Small businesses may benefit to the extent that they receive SMWOBA funds. SMWOBA receives 1.5% of HHR revenues under the bill and 1.5% of VLT revenues under current law. SMWOBA revenues increase by approximately

\$850,000 in fiscal 2028 and by \$2.8 million in fiscal 2031 as a result of implementing HHR. However, to the extent that VLT revenues decrease as a result of the cannibalization effects of HHR, a portion of this revenue is negated.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See SB 982 and HB 1048 of 2025.

**Designated Cross File:** SB 639 (Senators Corderman and Lewis Young) - Budget and Taxation.

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

**Fiscal Note History:** First Reader - February 24, 2026  
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## Appendix – Maryland Gaming

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The State of Maryland has authorized and awarded six video lottery operation licenses in Baltimore City and Allegany, Anne Arundel, Cecil, Prince George’s, and Worcester counties with a maximum number of 16,500 video lottery terminals (VLTs) allotted in the State. The opening date and the number of VLTs and table games in operation for each facility as of December 2025 are shown in **Exhibit 1**.

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**Exhibit 1**  
**Number of VLTs and Table Games in Maryland**

| <u>Casino</u>       | <u>County</u>   | <u>Opening Date</u> | <u>VLTs</u> | <u>Table Games</u> |
|---------------------|-----------------|---------------------|-------------|--------------------|
| Hollywood Casino    | Cecil           | September 2010      | 654         | 18                 |
| Ocean Downs         | Worcester       | January 2011        | 900         | 18                 |
| Maryland Live!      | Anne Arundel    | June 2012           | 3,878       | 179                |
| Rocky Gap Casino    | Allegany        | May 2013            | 628         | 12                 |
| Horseshoe Casino    | Baltimore City  | August 2014         | 1,365       | 115                |
| MGM National Harbor | Prince George’s | December 2016       | 2,268       | 214                |

VLT: video lottery terminal

Source: State Lottery and Gaming Control Agency; Department of Legislative Services

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### *Video Lottery Terminals and Table Game Revenues*

The estimated revenues from VLTs and table games in fiscal 2027 through 2031 are shown in **Exhibit 2**. A total of \$2.0 billion in gross gaming revenues is projected in fiscal 2027, including \$607.4 million to be distributed to the Education Trust Fund.

**Exhibit 2**  
**Distribution of Estimated VLT and Table Game Revenues in Maryland**  
**Current Law**  
**(\$ in Millions)**

|                                   | <u>FY 2027</u>   | <u>FY 2028</u>   | <u>FY 2029</u>   | <u>FY 2030</u>   | <u>FY 2031</u>   |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>VLTs Distribution</b>          |                  |                  |                  |                  |                  |
| Education Trust Fund              | \$517.7          | \$523.4          | \$533.5          | \$538.8          | \$544.9          |
| Lottery Operations                | 13.6             | 13.8             | 13.9             | 14.0             | 14.2             |
| Purse Dedication Account          | 81.8             | 82.7             | 83.5             | 84.2             | 85.0             |
| Racetrack Renewal Account         | 12.0             | 12.2             | 6.9              | 6.5              | 5.3              |
| Local Impact Grants               | 75.0             | 75.8             | 76.5             | 77.2             | 77.9             |
| Business Investment               | 20.5             | 20.7             | 20.9             | 21.1             | 21.2             |
| Licensees                         | 643.2            | 650.1            | 655.9            | 661.8            | 667.8            |
| <b>Total VLTs</b>                 | <b>\$1,363.9</b> | <b>\$1,378.7</b> | <b>\$1,391.1</b> | <b>\$1,403.6</b> | <b>\$1,416.2</b> |
| <b>Table Games Distribution</b>   |                  |                  |                  |                  |                  |
| Education Trust Fund              | \$89.7           | \$90.4           | \$91.0           | \$91.7           | \$92.4           |
| Local Impact Grants               | 29.9             | 30.1             | 30.3             | 30.6             | 30.8             |
| Licensees                         | 478.4            | 482.0            | 485.6            | 489.2            | 492.9            |
| <b>Total Table Games</b>          | <b>\$598.0</b>   | <b>\$602.4</b>   | <b>\$607.0</b>   | <b>\$611.5</b>   | <b>\$616.2</b>   |
| <b>Total VLTs and Table Games</b> | <b>\$1,961.8</b> | <b>\$1,981.1</b> | <b>\$1,998.0</b> | <b>\$2,015.1</b> | <b>\$2,032.4</b> |
| <b>Total Education Trust Fund</b> | <b>\$607.4</b>   | <b>\$613.8</b>   | <b>\$624.5</b>   | <b>\$630.5</b>   | <b>\$637.3</b>   |

VLT: video lottery terminal

Note: Numbers may not sum to total due to rounding.

Source: Board of Revenue Estimates; Department of Budget and Management; Department of Legislative Services

Chapter 492 of 2020, a constitutional amendment approved by the voters at the November 2020 general election, authorized sports and event wagering, contingent upon implementation legislation passed by the General Assembly. Chapter 356 of 2021 implemented sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. Chapter 604 of 2025 increased the mobile sports wagering tax rate from 15% to 20%. Mobile sports wagering licensees receive 80% of mobile sports wagering proceeds, while all other licensees receive 85% of proceeds from

sports wagering and fantasy gaming. Beginning in fiscal 2026, 5% of mobile sports wagering proceeds (*i.e.*, 25% of State mobile sports wagering revenues) is distributed to the general fund and the remainder is distributed to the Blueprint for Maryland’s Future Fund, which supports public education. State revenues from sports wagering and fantasy gaming and their distributions in fiscal 2027 through 2031 are shown in **Exhibit 3**.

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**Exhibit 3**  
**Distribution of Estimated State Sports Wagering and Fantasy Competition Revenues**  
**Current Law**  
**(\$ in Millions)**

|   | <u>FY 2027</u> | <u>FY 2028</u> | <u>FY 2029</u> | <u>FY 2030</u> | <u>FY 2031</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>State Revenues</b>                             |                |                |                |                |                |
| Sports Wagering – Retail                          | \$2.1          | \$2.1          | \$2.1          | \$2.0          | \$2.0          |
| Sports Wagering – Mobile                          | 113.9          | 117.0          | 119.0          | 120.8          | 122.6          |
| Sports Wagering License Fees                      | 4.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Fantasy Competition                               | 1.1            | 1.1            | 1.1            | 1.1            | 1.1            |
| <b>Total</b>                                      | <b>\$121.1</b> | <b>\$120.2</b> | <b>\$122.2</b> | <b>\$123.9</b> | <b>\$125.7</b> |
| <b>Distribution</b>                               |                |                |                |                |                |
| Blueprint for Maryland’s Future Fund <sup>1</sup> | \$92.7         | \$91.0         | \$92.4         | \$93.8         | \$95.1         |
| General Fund                                      | 28.5           | 29.2           | 29.7           | 30.2           | 30.6           |
| SMWOBSWA Fund <sup>2</sup>                        | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Problem Gambling Fund <sup>3</sup>                | 1.4            | 1.3            | 1.3            | 1.3            | 1.3            |

SMWOBSWA: Small, Minority-Owned, and Women-Owned Business Sports Wagering Assistance

<sup>1</sup> The Blueprint for Maryland’s Future Fund is intended to assist in providing adequate funding for early childhood education and primary and secondary education to provide a world-class education to students in Maryland.

<sup>2</sup> Five percent of the class A-1 license fees (\$2.0 million each) and of the class A-2 license fees (\$1.0 million each) are paid into the SMWOBSWA Fund. Five percent of renewal fees are transferred to the SMWOBSWA Fund.

<sup>3</sup> Player winnings not claimed within 182 days are distributed to the Problem Gambling Fund.

Note: Numbers may not sum to total due to rounding.

Source: Board of Revenue Estimates; Department of Legislative Services

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