

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 176

(Chair, Budget and Taxation Committee)(By Request -
 Departmental - Lottery and Gaming Control Agency)

Budget and Taxation

Ways and Means

Video Lottery Facility Payouts - Intercepts for Restitution Payments, Child Support Payments, and Debts Owed to the State

This departmental bill authorizes the Central Collection Unit (CCU) to certify a debt or claim owed to the State, and the responsible debtor, to a video lottery operator for prize interception. The bill specifies the order in which specified interception requests must be honored and makes clarifying changes. The Secretary of the Department of Budget and Management (DBM) and the Director of the State Lottery and Gaming Control Agency (SLGCA) may jointly adopt regulations to implement provisions of the bill. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: State revenues (all funds) and special fund revenues annually increase, potentially by at least \$3.0 million and \$510,000, respectively, beginning in FY 2027 from prize interceptions. Affected State agencies can implement the bill with existing resources.

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
GF/SF/FF/Higher Ed Rev.	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Expenditure	0	0	0	0	0
Net Effect	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5

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

Local Effect: Local community college revenues may annually increase beginning in FY 2027, as discussed below. Expenditures are not materially affected.

Small Business Effect: SLGCA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

Intercept Program for CCU State Debts or Claims

Certification of the debt or claim owed to the State that CCU sends to the video lottery operator must contain specified information. If the debtor wins a prize to be paid directly by a video lottery operator requiring the issuance of Internal Revenue Service Form W-2G or a substantially equivalent form by the video lottery operator, the video lottery operator must notify the debtor that State law requires the operator to withhold the prize and pay it toward money owed to the State. The bill establishes an appeal process available to those receiving the notice. If an appeal is not filed within 15 days after the date of the notice, the video lottery operator must transfer the prize, up to the amount of the debt or claim, to CCU. The video lottery operator must honor prize interception requests in the following order:

- (1) child support payments that are in arrears;
- (2) restitution for delinquency or a crime that is in arrears;
- (3) debts or claims owed to the State from a lottery prize interception request; and
- (4) debts or claims owed to the State from a video lottery prize interception request.

SLGCA must also honor prize interception requests in the order listed above.

Restitution Payment Intercept Program

The bill authorizes CCU to collect overdue restitution and certify a restitution obligor who is in arrears on payments exceeding \$30 to a video lottery operator (instead of SLGCA) for video lottery facility prize interception, and makes technical and conforming changes. SLGCA advises that this codifies existing procedure. If a restitution obligor appeals the video lottery facility prize interception, the hearing must be held in accordance with the Administrative Procedure Act.

Child Support Intercept Program

The Child Support Administration (CSA) within the Department of Human Services is authorized to certify under certain conditions unpaid child support debts of more than \$150

to SLGCA or a video lottery operator (instead of just SLGCA as under current law). The bill also makes technical and conforming changes. SLGCA advises that these changes codify existing procedure.

Current Law: While State law requires video lottery operators to intercept prize money for outstanding child support obligations and delinquent court-ordered restitution, it does not authorize intercepting outstanding debts owed to the State.

SLGCA must intercept lottery prize winnings for outstanding child support collected by CSA, delinquent court-ordered restitution, and other debt owed to the State collected by CCU.

Intercept Programs to Collect Delinquent Child Support

The State operates several intercept programs to collect delinquent child support, including lottery prizes and prizes won at a video lottery facility, among others. Pursuant to the Family Law Article, CSA is authorized to certify under certain conditions unpaid child support debts of more than \$150 to SLGCA. SLGCA and a video lottery operator are required to remit to CSA the prize up to the amount of arrearage of an obligor certified as being in arrears.

Restitution Payments

The Division of Parole and Probation and the Department of Juvenile Services may refer an overdue restitution account for collection to CCU and, if probation or other supervision is terminated and restitution is still owed, must refer the overdue restitution account for collection to CCU.

CCU may collect overdue restitution and certify a restitution obligor who is in arrears on payments exceeding \$30 to the Comptroller for income tax refund interception and to SLGCA for State lottery prize and video lottery facility prize interception. SLGCA and a video lottery operator are required to remit to CCU the prize up to the amount of arrearage of an obligor certified as being in arrears.

Central Collection Unit

CCU is responsible for collecting any delinquent accounts or debts owed to the State. CCU is authorized to use any actions available to it under State law to collect debts or claims. CCU is authorized to charge an administrative fee of up to 20% of the outstanding principal and interest on the debt referred to it for collection; the current fee is 17%. Debt payments are credited to the agency that refers the debt. The administrative fees are credited to the

Central Collection Fund, which is the special fund used to pay for CCU's operating expenses.

CCU uses a variety of methods and resources to facilitate the collection of delinquent accounts, including intercepting lottery prize money.

Background: The Office of Legislative Audits (OLA) in DLS issued an [audit](#) of SLGCA in May 2025 that found that State casinos did not intercept prize money for amounts due to the State because statute only provides for such recoveries from lottery winnings. Examining three of the six casinos from September 30, 2021, through January 31, 2024, the audit identified \$9.2 million in prize money awarded to patrons that could have been withheld.

CCU is responsible for collecting delinquent debts, claims, and accounts owed to the State except for taxes, child support payments, and unemployment contributions and overpayments. Typical debts include Motor Vehicle Administration fines; student tuition and fees; and restitution for damage to State property.

Appendix – Maryland Gaming provides the status of gaming in Maryland as of December 2025.

State Fiscal Effect: Based on OLA's audit of SLGCA, DLS estimates that State revenues (all funds) increase significantly, potentially by at least \$3.0 million annually, from intercepting video lottery facility prizes for debts and claims owed to the State, which are credited to the agency that refers the debt. Since CCU charges a 17% administrative fee, special fund revenues to the Central Collection Fund increase, potentially by at least \$510,000 annually, beginning in fiscal 2027. The actual increase in State revenues depends on a casino patron's winnings and the amount of debts and claims owed to the State by that person.

Other Impacts

SLGCA and DBM can adopt regulations and SLGCA can monitor video facility operators' compliance with existing resources. The bill is not anticipated to materially affect the operations or finances of the Judiciary. To the extent that there are contested hearings for prize intercepts, the Office of Administrative Hearings (OAH) can likely handle any increase in cases with existing resources. Additionally, OAH notes that it needs to train administrative law judges on substantive aspects of the bill, which it can do with existing resources.

Local Revenues: Under § 3-302 of the State Finance and Procurement Article, a community college is a unit of the State for purposes of CCU. CCU is responsible for the

collection of each delinquent account or other debt that is owed to a community college if the board of trustees for the community college adopts a resolution appointing CCU as the collector of delinquent accounts or other debt and submits the resolution to CCU.

Thus, to the extent gaming prizes are intercepted for CCU debts or claims on behalf of community colleges, local community college revenues annually increase beginning in fiscal 2027. The actual increase depends on a casino patron's winnings and the amount of debt stemming from local community colleges that has been referred to CCU.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 289 (Chair, Ways and Means Committee)(By Request - Departmental - Lottery and Gaming Control Agency) - Ways and Means.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Human Services; Maryland State Lottery and Gaming Control Agency; Office of Administrative Hearings; Department of Legislative Services

Fiscal Note History: First Reader - January 19, 2026
js/jrb Third Reader - March 23, 2026
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Video Lottery Facility Payouts - Intercepts for Restitution Payments, Child Support Payments, and Debts Owed to the State

BILL NUMBER: SB 176

PREPARED BY: Jennifer Beskid

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

__ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposal is specific to the ability of video lottery operators to be notified about a claim or a debt and to intercept winnings that could be applied to the claim or debt in a manner similar to how lottery winnings are intercepted. This change will not have an impact on small businesses.

Appendix – Maryland Gaming

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**.

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

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>
VLTs Distribution					
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
Total VLTs	\$1,363.9	\$1,378.7	\$1,391.1	\$1,403.6	\$1,416.2
Table Games Distribution					
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
Total Table Games	\$598.0	\$602.4	\$607.0	\$611.5	\$616.2
Total VLTs and Table Games	\$1,961.8	\$1,981.1	\$1,998.0	\$2,015.1	\$2,032.4
Total Education Trust Fund	\$607.4	\$613.8	\$624.5	\$630.5	\$637.3

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 SB 176/ Page 8

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**.

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>
State Revenues					
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
Total	\$121.1	\$120.2	\$122.2	\$123.9	\$125.7
Distribution					
Blueprint for Maryland’s Future Fund ¹	\$92.7	\$91.0	\$92.4	\$93.8	\$95.1
General Fund	28.5	29.2	29.7	30.2	30.6
SMWOBSWA Fund ²	0.0	0.0	0.0	0.0	0.0
Problem Gambling Fund ³	1.4	1.3	1.3	1.3	1.3

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

¹ 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.

² 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.

³ 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
