



SB 4 – Gaming-Sports Betting-Implementation – SUPPORT

Maryland Senate Budget and Taxation Committee

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Horseshoe Baltimore Casino

Good afternoon Chairman Guzzone, Vice Chair Rosapepe and members of the Committee and thank you for inviting me to testify on this important issue.

My name is Randall Conroy and I serve as the Senior Vice President and General Manager of the Horseshoe Casino in Baltimore City which is part of Caesars Entertainment. Caesars owns or operates over 50 casinos and is licensed in 19 jurisdictions in five countries. I currently reside in Clarksville in Howard County, Maryland with my wife and two children.

Please allow me to provide a brief overview of Horseshoe Baltimore's contributions as we recently celebrated our five-year anniversary.

After building a \$400 million state of the art facility with over 2,100 slots and 153 table games supported by dining and entertainment options that include celebrity chefs Giada DeLaurentis, Gordon Ramsey and Guy Fieri, we remain focused on our core mission to provide a world class gaming and entertainment experience to Baltimore and the region.

To name just a few of Horseshoe's contributions:

- Currently employ 1261 people where 75% live in either Baltimore city or Baltimore County
- \$530 million in total Local and State taxes paid
- \$408 million in total vendor spend in Maryland
- \$14 million in annual land lease payments to Baltimore city
- \$7.5 million per year funding for local impact grants

As you know we face significant challenges in Maryland with our regional gaming competitors.

In order to keep pace with our competitors, we recently completed the construction of a \$15 million outdoor gaming area and a \$1.4 million renovation of our food hall. Ground-breaking on an adjacent Topgolf facility will commence this Spring while designs for a 4,000 seat Paramount concert venue also

near the casino are underway. Our vision is to create Baltimore's premiere arts and entertainment district.

However, I do need to point out that the last few years have been challenging. When the General Assembly expanded Maryland's gaming market, it agreed to a tax adjustment provision to benefit casinos who were negatively impacted by the additional supply. In fact, Horseshoe's gaming revenues decreased from \$271 million in 2017 to \$237 million in 2019. Last year, the General Assembly negated the tax reduction provision while we continue to see revenues decline not only for Horseshoe but for Baltimore City and the State.

We hope this session the General Assembly will exercise caution with any gaming expansion and ensure it will not be at the further expense of existing casinos.

Sports Wagering presents a new opportunity for Maryland.

Caesars Entertainment has more than 20 years of sports wagering experience. As an operator, manager, or brand licensor in multiple jurisdictions, our best practices include responsible gaming and anti-money laundering programs, age verification, and know-your-customer protocols. These important protections are part of our daily business routine and are in full compliance with our regulatory obligations.

Caesars Entertainment has also taken the lead role in forming the Sports Wagering Integrity Monitoring Association, which facilitates information sharing among regulated US sports wagering operators and regulators to combat suspicious and unusual betting activity. **Caesars Entertainment takes its role in ensuring the integrity of wagering operations extremely seriously.**

We believe mobile sports wagering will complement all brick and mortar casino operations and provide significant benefits to consumers, the state, and casino operators. Estimates on mobile sports could constitute over 50% of Maryland's potential sports betting revenue and may generate up to \$185 million in gross revenues by the State's 6 casinos.

We support Senate Bill 4 in concept and applaud many of its provisions as it presents an opportunity to attract new customers but want to draw your attention to the following concerns.

First, we must contemplate how we compete against the illegal sports betting market. In doing so, we need to draw from the regulated models of Nevada and New Jersey with their successful oversight and single-digit taxation rates to ensure Maryland can lead a similar path of responsible expansion that will shrink the illegal market.

A single-digit tax rate will provide the necessary resources and tools to market our facilities which has been proven to increase brick and mortar revenues without cannibalization, and provide an attractive, regulated alternative to illegal sports wagering for consumers. A single-digit tax rate is a win-win-win for the state, the industry, and consumers.

Second, we support provisions under the bill that provides all regulatory decisions to be made by the Maryland Lottery and Gaming Control Commission.

Third, we oppose legislatively-restricted categories of sports wagering, such as prohibitions on in-play wagering and betting on collegiate sports. Banning such betting activities will encourage customers to play in illegal markets and websites. Regulators should have the power to enforce and assess all types of wagers to ensure integrity and consumer protections, and operators should be encouraged to collaborate with regulators to determine the types of wagers made available.

We also support allowing customers to sign up and make deposits online as it will help eradicate the illegal market. However, we encourage the General Assembly to allow sports retail operators to have in-person sign-ups for 18 months to ensure fairness among all operators.

To summarize, a single-digit taxation rate and a strong regulatory environment will allow this low margin business to compete against the unregulated operators that do not pay taxes to Maryland.

Our casinos can leverage sports wagering to increase capital investment to create jobs, attract new customers and generate new revenue for the State and Baltimore City.

Thank you and I welcome any questions.

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