

SB 565 and 603. Against. Beverly Fiedler. Budget a

Uploaded by: Beverly Fiedler

Position: UNF

Testimony Against
SB 0603 Internet Gaming – Authorization and Implementation
SB 0565 Expansion of Commercial Gaming - Internet Gaming referendum

Before the Maryland Senate Budget and Taxation Committee

Wednesday, February 28, 2024

Presented by

Beverly Fiedler, Bartender at the Ocean Downs Casino

Good afternoon. My name is Beverly Fiedler. I am a bartender at the Ocean Downs Casino in Berlin Maryland where I have worked for 13 years.

Thank you Chaiman Guzzone, Vice Chair Rosapepe and members of the committee for this opportunity.

I am a proud member of UNITE HERE Local 7. Today I am speaking for all of the employees at our Casino—union and non-union to say that we are opposed to both SB 603 and SB 565 and any other legislation that would advance iGaming in the State of Maryland.

As a New Jersey resident I had enjoyed summers at the Maryland shore for many years. I always wanted to move here but the economics did not work.

Most of the hospitality jobs around Ocean City are part time and seasonal. I needed a year-round full-time job that provided health insurance, a retirement plan--decent benefits.

When I learned that the Casino was going to open, I got my resume in early. I was able to move to Ocean Pines, Md permanently in large part because I could get a full-time, year-round job at the Casino.

I started in the cleaning department, EVS. I worked my way up to food concessions, then to working as a bartender at the main bar. I am not exaggerating to say that this is the best bartender job Ocean City. Our wages go up every year, we have paid sick days, paid personal days, paid vacation days, we have regular days off. When we work on a holiday, we are paid 2 ½ times our normal hourly rate of pay, we have Union job security and rights.

At least 50% of my income comes from tips given to me directly by customers. The larger the number of customers in the Casino on a given day the more I earn in tips.

So when we learned that iGaming is being considered for Maryland, we were of course upset. Every report shows traffic to the Casinos declining with iGaming. If our customer base goes down, our income will absolutely go down. But our rents, mortgage, utility, food, prescriptions, and transportation costs will not be going down.

The introduction of iGaming will hurt thousands of Maryland Casino workers and our families. iGaming will take good jobs out of our communities.

Please give an unfavorable report on bills SB 565 and SB 603.

Testimony 28 Feb 24 2.pdf

Uploaded by: Carroll Hynson

Position: UNF

I am Carroll H. Hynson, Jr., President of Image Power, Inc., a certified minority business company. We are one of the first minorities in Maryland contracted by three casinos for startup/continued service and currently servicing 70 or more Fleet reserves, American Legions, and VFWs in the state. I was also the first African American Deputy Secretary of the Maryland Lottery for over fifteen years before starting my company in 2009.

I am opposed to the Senate Bill 0565 because its passing would cause a decrease in employee population, including minority employees, minority businesses and negatively affect the 850-million-dollar tax revenue contribution by the casinos annually.

Finally, I-Gaming could increase gambling addiction for young people who are underage who are already consumed with cellphone usage. Some early surveys indicate 14% of Maryland High School students have already gambled according to the Maryland Alliance for Responsible Gaming. I-Gaming would give added ammunition to this problem by providing unsupervised usage for our youth.

In conclusion, how could we monitor underage participation with I-Gaming. Our state is doing well currently without I-Gaming, why jeopardize our current positive revenues in the State of Maryland.

Thank you for your attention concerning this legislation.

SB 565 - Internet Gaming.pdf

Uploaded by: Denise Riley

Position: UNF



A Union of Professionals
AFT-Maryland

5800 Metro Drive, Suite 100 • Baltimore, MD 21215-3226
410/764-3030 • fax: 410/764-3008
md.aft.org

Kenya Campbell
PRESIDENT

LaBrina Hopkins
SECRETARY-TREASURER

**Written Testimony Submitted to the Maryland Senate Budget & Taxation Committee
SB 565 - Expansion of Commercial Gaming - Internet Gaming Referendum
February 28, 2024**

OPPOSE

Chair Guzzone and members of the Committee, AFT-Maryland asks for an unfavorable report on SB 565, due to the detrimental impact internet gaming will have on traditional casino jobs and the broader community.

Online gambling poses a significant threat to the livelihoods of thousands of workers employed within the brick-and-mortar casino industry. These establishments serve as vital economic engines, providing stable employment opportunities for countless Maryland citizens, including state employees, hospitality staff and maintenance workers.

Unlike traditional casinos, online gambling platforms require minimal physical infrastructure and human capital to operate. As a result, they are not significant contributors to local employment and do not offer the same level of job security and benefits as their brick-and-mortar counterparts.

Traditional casinos serve as more than just places to gamble; they are vibrant entertainment destinations that attract tourists, support local businesses, and generate tax revenue to fund essential public services.

By contrast, online gambling fosters isolation, addiction, and financial hardship. The accessibility and convenience of online gambling platforms make it easier for vulnerable individuals to succumb to addictive behaviors, leading to devastating personal and societal consequences.

We need to prioritize the well-being of our communities and safeguard the interests of hardworking individuals who rely on the casino industry for their livelihoods. Rather than embracing the expansion of online gambling, let us work together to support the traditional casino industry and preserve the jobs and prosperity it brings to our communities. Thank you.

SB0565_OCChamber_Thompson_UNF.pdf

Uploaded by: DENNIS RASMUSSEN

Position: UNF



Ocean City, Maryland Chamber of Commerce

410-213-0144 info@oceancity.org
oceancity.org 12320 Ocean Gateway, Ocean City, MD 21842

TESTIMONY OFFERED ON BEHALF OF **THE GREATER OCEAN CITY CHAMBER OF COMMERCE**

IN OPPOSITION OF:

SB0565 – Expansion of Commercial Gaming - Internet Gaming Referendum

Before:

Budget and Taxation Committee

Hearing: 2/28/24 at 1:00 PM

The Greater Ocean City Chamber of Commerce, representing over 700 regional businesses and job creators, **OPPOSES** Senate Bill SB0565 – Expansion of Commercial Gaming - Internet Gaming Referendum.

This legislation, the legalization of online gambling in Maryland, could result in several catastrophic economic impacts including a statewide personal income decline of \$65M, a loss of \$1.9M in state income taxes, and a loss of \$1.2M in local income tax each year.

To legalize iGaming without sufficient time to research its potential impacts does a disservice to the people and businesses that support and contribute to Maryland's economy. Beyond this potential harm to our state's finances, legalized online gambling will almost certainly result in a rise in gambling addiction, which puts the wellbeing and livelihood of Marylanders at serious risk. The Sage Policy Group and Anne Arundel County Chamber of Commerce published a new report further addressing the potential impacts of iGaming, including:

Job losses: There are six brick and mortar casinos in the state which support 27,000 jobs as of 2023, according to the American Gaming Association. iGaming jobs are often held out of state which will cause a decline in locally held jobs and available wages and benefits.

Harm to surrounding businesses: Potential expansion of brick-and-mortar casinos may halt, which limits possible revenue increases and traffic generation for other nearby businesses which benefit from casino traffic. Surrounding entertainment and shopping clusters, many of which opened because of casino traffic, will lose business as fewer guests travel to brick-and-mortar locations.

Lost opportunities: Leisure and hospitality are struggling to recover from the pandemic. The loss of casino jobs and vendor opportunities will further harm the success of local businesses.

Limited wages: iGaming could limit job opportunities for Marylanders with only a high school diploma who currently have access to positions like table games dealer which provide living wages and benefits but may disappear if iGaming is legalized.

The Ocean City Chamber respectfully requests an **UNFAVORABLE REPORT for SB0565**. Please feel free to contact the Chamber directly at 410-213-0144, or Dennis F. Rasmussen, df@rasmussengrp.net at 410-821-4445 should you have any questions.

Respectfully submitted,

Amy Thompson
Executive Director
amy@oceancity.org

Joe Schanno
Legislative Committee Chair
joe.schanno@gmail.com

Opposition to SB565 - Expansion of Commercial Gami

Uploaded by: Diana Purnell

Position: UNF



Worcester County Government
One West Market Street | Room 1103 | Snow Hill MD 21863-1195
(410) 632-1194 | (410) 632-3131 (fax) | admin@co.worcester.md.us | www.co.worcester.md.us

February 22, 2024

Honorable Senator Guy Guzzone
Miller Senate Office Building, 3 West
Annapolis, MD 21401
guy.guzzone@senate.state.md.us

Honorable Senator Jim Rosapepe
Miller Senate Office Building, 3 West
Annapolis, MD 21401
jim.rosapepe@senate.state.md.us

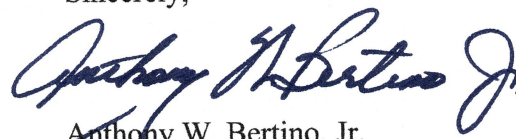
Dear Budget & Taxation Chair Senator Guzzone, Vice Chair Rosapepe and members:

The Worcester County Commissioners strongly oppose SB 565 Expansion of Commercial Gaming – Internet Gaming Referendum. We are concerned that the introduction of Internet gaming to Maryland would threaten existing brick-and-mortar institutions, fuel gambling addictions, and result in lost revenues to jurisdictions in Worcester County.

Worcester County is home to the Casino at Ocean Downs. Since opening its doors in 2011, the casino has grown to become a vital tourism and economic development partner, generating more than \$46.2 million in local impact grant (LIG) funds to Worcester County, Ocean City, Berlin, and Ocean Pines. These funds are reinvested in our communities. Just a few of the many projects our jurisdictions have been able to fund, even in years of economic downturn, include improvements to roadways and bridges, upgrades to public safety radio systems, additional police vehicles, a new Berlin Police Department, and a new Worcester Technical High School that trains area youth for family-sustaining careers right here at home.

Unlike the Casino at Ocean Downs, which has established partnerships designed to attract residents and visitors to invest their discretionary income in area hotels, eateries, and retail establishments, most online gaming operators are out-of-state. Every dollar spent gambling online would equate to a direct loss to our local economy. And, every dollar spent online would be spent anonymously. We have strong concerns about the emotional, social, and fiscal impacts of online gambling on Worcester County residents. Empirical studies indicate that this immersive platform may increase gambling disorder rates, due to factors such as accessibility, disinhibition, and convenience. To protect the long-term health of residents, businesses, and communities, we respectfully urge you to oppose SB 565.

Sincerely,



Anthony W. Bertino, Jr.
President

cc: Senator Mary Beth Carozza
Delegate Wayne Hartman
Delegate Charles Otto

SB 565 - Internet Gaming - Authorization and Imple

Uploaded by: Donna Edwards

Position: UNF



MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

President

Donna S. Edwards

Secretary-Treasurer

Gerald W. Jackson

SB 565 - Expansion of Commercial Gaming - Internet Gaming Referendum Senate Budget and Taxation Committee February 28, 2024

OPPOSE

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to provide testimony in opposition to SB 565. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

SB 565 establishes a process for legalizing, licensing, and regulating online gambling (i.e. “I-Gaming”) in Maryland on computers and mobile devices. It proposes that tax revenues raised from I-Gaming will be dedicated to the Blueprint for Maryland’s Future Fund. SB 565 follows in the footsteps of past gaming bills in Maryland and requires labor peace agreements with unions as a condition of licensure that protect the state’s proprietary interests in the gaming industry. Despite these essential worker protections being included in the bill, as they have been in other gaming bills, these protections will not offset the harm that online gaming will do to existing workers who work at brick and mortar casinos.

Currently, the following unions represent thousands of workers in the six Maryland casinos: UNITE HERE, Seafarers International Union, International Union of Operating Engineers, United Food and Commercial Workers International Union, United Auto Workers, International Alliance of Theatrical Stage Employees, American Federation of Teachers, and the Teamsters.

Online gaming is simply too new as an industry to be understood as a foolproof potential state revenue source. Some states find that they are simply “robbing Peter to pay Paul” by decreasing potential in-person casino tax revenues. In 2023, an Indiana report of their Legislative Services Agency claimed the state could expect to lose between \$134 million and \$268 million from the “loss of tax revenues from displacement of gaming activities at brick-and-mortar casinos and racinos” if they passed I-Gaming.¹ Another report found that, “On average, **onsite** sports betting is associated with an increase in casino revenues; however, **online** sports betting is associated with a decrease in casino revenues.”²

¹ Wayne Parry, “Internet casinos thrive in 6 states. So why hasn’t it caught on more widely in the US?” AP. November 24, 2023.

² Can, Ege and Nichols, Mark W. and Pavlopoulos, Vasileios, The Effects of Sports Betting on Casino Gambling and Lottery (December 9, 2023). Available at SSRN: <https://ssrn.com/abstract=4659440> or <http://dx.doi.org/10.2139/ssrn.4659440>

Maryland's own commissioned report with The Innovation Group found that brick and mortar gaming establishments could expect to lose 10% of their revenue.³

Focusing on online gaming as a new potential state revenue source shifts the attention away from Maryland's structural revenue problems that require real solutions like combined reporting, changing the throwback rule, and increasing income taxes on millionaires. I-Gaming will disproportionately tax working people. When Michigan expanded online casino gaming, a representative of their state's Problem Gambling Association, stated, "It's a way for the state to increase revenue without increasing taxes on the masses. The more the population loses, the more kickback the government gets, so they have little or no incentive to put up guard rails to slow down the problem side of gambling."⁴ This creates a dangerous relationship where the state is required to derive its revenue from problem gambling itself, while claiming to combat it.

Online gaming will contribute to more problem gambling. The same Michigan State University reporting found that, "Since Michigan legalized online casinos and sports betting in December 2019, problem gambling has spiked." This finding is hardly unique, a 2021 paper found that, "Online gambling is considered to be a particularly problematic gambling format, given the relative lack of constraints on how and when it can be accessed, its solitary nature, and the wide variety of types of gambling available. Research consistently shows higher rates of GD among online gamblers versus individuals who only gamble at land-based venues."⁵ Vice News reported, "It's pretty conclusively established in the gambling literature that ease of access is a risk factor for the development of gambling problems...Ease of access alone doesn't make someone a gambling addict. But it certainly can contribute to an increase in the rate and severity."⁶

Proponents of online gaming argue that revenues from gaming can be dedicated to funds that combat gambling addiction, as proposed in SB 565, but these funds have struggled to keep up with the proliferation of gambling addiction as the industry has grown. The Maryland Center of Excellence on Problem Gambling was established in 2012 and operates the state's problem gaming fund, addiction treatment services, resource hotline, and research. Its \$4.7 million budget comes solely from brick and mortar casino operations. Legal sports betting in the state currently contributes nothing to the fund. As brick and mortar casinos lose revenue to online gaming, it will decrease important funding for problem gaming. Online gaming may raise additional funds set aside in the bill for problem gaming but not nearly enough to combat the increase in the problem it is helping to cause in the first place. CNN reported that, "Resources for gambling addiction programs have long been thin in the United States and have been stretched further by the current wave of sports betting. In 2020, there were 5.7 million Americans with a gambling disorder, according to a nationwide survey by the National Association of Administrators for Disordered Gambling Services."⁷

³ Maryland State Lottery & Gaming Control Agency, "The Innovation Group: iGaming in Maryland." November 2023.

⁴ Claire Chapin and Jakila Taylor, "Online casinos, sportsbooks intensify online gambling problem." Spartan News Room. Michigan State University. May 1, 2022.

⁵ Hodgins, David C.a; Stevens, Rhys M.G.b. The impact of COVID-19 on gambling and gambling disorder: emerging data. Current Opinion in Psychiatry 34(4):p 332-343, July 2021. | DOI: 10.1097/YCO.0000000000000709

⁶ Maxwell Strachan, "The Rise of Mobile Gambling Is Leaving People Ruined and Unable to Quit." Motherboard: Vice. September 2022.

⁷ Nathaniel Meyersohn. "The dark side of the sports betting boom." CNN. February 10, 2023.

These problems are not just limited to adults that can legally participate in online gaming. The Journal of Behavioral Addictions found that, “Despite its illegality among adolescents, online gambling is a common practice, which puts their mental health and well-being at serious risk...Between 0.89% and 1% of adolescents exhibited an online gambling disorder...Many adolescents worldwide are involved in gambling—both online and offline—despite being below the legal gambling age (between 16 and 21 years, depending on the country and type of game)... Due to its progressive legalization and promotion alongside the expansion of technology, online gambling is becoming increasingly popular, especially among young people.”⁸ Mary Drexler, Program Director for the Maryland Center of Excellence on Problem Gaming, reported that, “We’re moving so fast that we don’t see the full potential of sports betting, yet we are seeing an increase in calls, texts and chats that come into our helpline. We’re definitely seeing the demographic change to a younger adult population, especially now minority males.”⁹

Maryland should not take a risky bet on internet gaming. The potential job losses, unstable revenue, and damage to public health are not worth the risk.

We urge an unfavorable report on SB 565.

⁸ Montiel, Irene et al. “Problematic online gambling among adolescents: A systematic review about prevalence and related measurement issues.” Journal of behavioral addictions vol. 10,3 566-586. 16 Sep. 2021, doi:10.1556/2006.2021.00055

⁹ Bryan P. Sears. “Sports betting booms, but the industry doesn’t contribute to Maryland’s Problem Gambling Fund.” Maryland Matters. October 18, 2023.

SB565.SB603.HB1319.igaming.non supporting.pdf

Uploaded by: Gina Stewart

Position: UNF



February 21, 2024

The Honorable William C. Ferguson IV
President of the Senate
Maryland State House, H-107
State Circle
Annapolis, MD 21401

The Honorable Adrienne A. Jones
House Speaker
Maryland State House, H-101
State Circle
Annapolis, MD 21401

Re: Opposition to SB0565 and SB0603/HB1319 – Expansion of Commercial Gaming - Internet Gaming Referendum and Internet Gaming - Authorization and Implementation

Dear President Ferguson and Speaker Jones,

The legalization of iGaming in Maryland, which is scheduled for a vote on February 28, poses a serious threat to our state and to your constituents. A vote in support of SB565 and SB603 is a vote against the health of our economy and the health of the people of Maryland. I am writing on behalf of The BWI Business Partnership to request that you vote against this ill-conceived and potentially devastating legislation.

The legalization of online gambling in Maryland could result in several catastrophic economic impacts including a statewide personal income decline of \$65M, a loss of \$1.9M in state income taxes, and a loss of \$1.2M in local income tax each year.

The potential loss of revenue to the casinos can also impact the local communities and non-profits such as our organization and our Foundation (BWI Community Development Foundation) that receive grant funding through the video lottery terminal facility funds (Local Development Council (LDC)/Anne Arundel County). In FY23, our County Connector shuttle grant program serviced over 84,000 passengers by providing free transit to job centers in Anne Arundel County within the 3-mile radius of Live! Casino and Hotel and through our Roadside Beautification grant program, we have collected over 40 tons of litter along with providing landscaping services to the same area making the community more aesthetically pleasing and providing a healthier community for people to work, live and play. In FY24, The Cordish Companies, Live! Casino & Hotel Maryland and the Anne Arundel County Local Development Council (LDC) awarded more than **\$18.8 million** in local impact and community grants to organizations in Anne Arundel County for Fiscal Year 2024 including our Foundation organization. This year's grants bring the total funds generated by Live! Casino & Hotel in support of Anne Arundel County organizations to more than **\$222 million** since Live! Casino & Hotel's opening.

To legalize iGaming without sufficient time to research its potential impacts does a disservice to the people and businesses that support and contribute to Maryland's economy. Beyond this potential harm to our state's finances, legalized online gambling will almost certainly result in a rise in gambling addiction, which puts the wellbeing and livelihood of Marylanders at serious risk.



The Sage Policy Group and Anne Arundel County Chamber of Commerce published a new report further addressing the potential impacts of iGaming, including:

- **Job losses:** There are six brick and mortar casinos in the state which support 27,000 jobs as of 2023, according to the American Gaming Association. iGaming jobs are often held out of state which will cause a decline in locally held jobs and available wages and benefits.
- **Harm to surrounding businesses:** Potential expansion of brick and mortar casinos may halt, which limits possible revenue increases and traffic generation for other nearby businesses which benefit from casino traffic. Surrounding entertainment and shopping clusters, many of which opened because of casino traffic, will lose business as fewer guests travel to brick and mortar locations.
- **Lost opportunities:** Leisure and hospitality are struggling to recover from the pandemic. The loss of casino jobs and vendor opportunities will further harm the success of local businesses.
- **Limited wages:** iGaming could limit job opportunities for Marylanders with only a high school diploma who currently have access to positions like table games dealer which provide living wages and benefits but may disappear if iGaming is legalized.

I am sure you can see now how supporting this legislation is a vote against Maryland and Marylanders. The above risks pose too great a threat to the economy and therefore to the commercial interests we represent. The BWI Business Partnership strongly urges that you oppose this harmful bill.

Thank you for your consideration of our comments and concerns.

Sincerely,

Gina Stewart, Executive Director
BWI Business Partnership

SB565_VAAACo_Unfavorable.pdf

Uploaded by: Kristen Pironis

Position: UNF



February 26, 2024

Written testimony from: Kristen Pironis
Executive Director, Visit Annapolis & Anne Arundel County
26 West Street
Annapolis, MD 21401
410-280-0445 / kp@visitannapolis.org

To: Senator Guy Guzzone
Chair, Budget & Taxation Committee

Regarding: Unfavorable position on SB565 and SB603

Dear Senator Guzzone:

I'm writing in my role as the destination marketing and management officer for Anne Arundel County. As you may know, Arundel Mills and Live! Casino is Maryland's most visited attraction. That visitation not only brings positive economic impact to the businesses, but to the region through corporate sponsorships, partnerships, and through jobs.

We are at an inflection point for travel, tourism, and hospitality. We came through a very tough time during a near shutdown of the industry during COVID, and have started to see glimmers of what is next. To be clear, we do not want to go back to 2019, but move our organization and our industry forward. Everyone understands how tourism is an engine for economic development, but it is now understood that the experience of travel and hospitality brings joy and well-being to visitors as well as our residents.

In hospitality and tourism—and with partners like Live! Casino—we provide those experiences. Whether it's a dinner out, a night at the hotel, or even some time at the blackjack table, the casino lives up to its promise of an experience for its guests.

The legalization of iGaming in Maryland, scheduled for a vote on February 28, may meet an immediate fiscal need, but threatens our partners, our businesses, and our communities. A vote in support of SB565 and SB603 is a vote against the health of our economy and the health of the people of Maryland. I am writing on behalf of Visit Annapolis & Anne Arundel to request that you vote against this potentially devastating legislation. Further, I would welcome the

opportunity to talk through options for moving forward to avoid unintended consequences from this legislation including:

- **Job losses:** There are six brick and mortar casinos in the state which support 27,000 jobs as of 2023, according to the American Gaming Association. iGaming jobs are often held out of state which will cause a decline in locally held jobs and available wages and benefits.
- **Harm to surrounding businesses:** Potential expansion of brick and mortar casinos may halt, which limits possible revenue increases and traffic generation for other nearby businesses which benefit from casino traffic. Surrounding entertainment and shopping clusters, many of which opened because of casino traffic, will lose business as fewer guests travel to brick and mortar locations.
- **Lost opportunities:** Leisure and hospitality are struggling to recover from the pandemic. The loss of casino jobs and vendor opportunities will further harm the success of local businesses.
- **Limited wages:** iGaming could limit job opportunities for Marylanders with only a high school diploma who currently have access to positions like table games dealer which provide living wages and benefits but may disappear if iGaming is legalized.

(source: The Sage Policy Group and Anne Arundel County Chamber of Commerce published a new [report](#) further addressing the potential impacts of iGaming)

To legalize iGaming without sufficient time to research its potential impacts does a disservice to the people and businesses that support and contribute to Maryland's economy. Beyond this potential harm to our state's finances, legalized online gambling will almost certainly result in a rise in gambling addiction, which puts the wellbeing and livelihood of Marylanders at risk.

Visit Annapolis & Anne Arundel County strongly urges that you oppose this harmful bill. Thank you for your service and your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kristen Pironis', with a long, sweeping flourish extending to the right.

Kristen Pironis
Executive Director

iGaming testimony re SB 565 603.pdf

Uploaded by: Mark Stewart

Position: UNF

Testimony of The Cordish Companies and Live! Casino Hotel Maryland

Presented by Mark Stewart, General Counsel

In OPPOSITION to SB 565 & SB 603

Budget and Tax Committee Hearing

February 28, 2024

On behalf of The Cordish Companies and Live! Casino Hotel Maryland, I respectfully submit this written testimony in **opposition** to SB 565 and SB 603 and the proposed authorization of online casino gambling (“iGaming”) in Maryland. As the State’s only Maryland-based and Maryland headquartered gaming company, whose principals make their homes and have raised their families in Maryland, The Cordish Companies and Live! feel compelled to present testimony on this crucial question facing the Legislature – because once the iGaming box is opened, there is no going back.

SB 565 and SB 603 are a bad bet for Maryland:

- 1) **iGaming is a jobs killer** – According to the Maryland Lottery’s consultant, Innovation Group, iGaming will lead to thousands of Marylanders losing their good-paying jobs. All casino unions oppose iGaming. These are our team members who help us produce for Maryland year in and year out and we stand with them.
- 2) **iGaming will bring more financial pain than gain for the State** – iGaming will cannibalize gaming tax revenue generated by Maryland’s six brick and mortar casinos, result in substantial losses of ancillary economic benefits to the State, reduce sales tax, wage tax and property tax revenues, decrease funding for local communities and destroy ongoing economic investment in Maryland.
- 3) **So much is unknown** – iGaming is night-and-day different than in-person gaming at Maryland’s casinos in a number of important ways. Online gambling needs to be fully studied by the University of Maryland Center for Excellence on Problem Gambling and other experts so that the State has all the data and a comprehensive picture of what expansion may entail for Marylanders.

SB 565, which calls for a vague and confusing referendum without any implementing details or provisions, is contrary to the public interest and should not be moved. The public deserves transparency and should not be asked to consider a referendum question without knowing the details (*e.g.*, licensing details, tax rates, protections against problem gambling, loss

of local impact grants, etc.) that could prove crucial to their determination on the question. In contrast, the original referendum authorizing the constitutional change was specific about the scope of gaming, the locations and the purpose:

Authorizing Video Lottery Terminals (Slot Machines) to Fund Education

Authorizes the State to issue up to five video lottery licenses for the primary purpose of raising revenue for education of children in public schools, prekindergarten through grade 12, public school construction and improvements, and construction of capital projects at community colleges and higher education institutions. No more than a total number of 15,000 video lottery terminals may be authorized in the State, and only one license may be issued for each specified location in Anne Arundel, Cecil, Worcester, and Allegany Counties, and Baltimore City. Any additional forms or expansion of commercial gaming in Maryland is prohibited, unless approved by a voter referendum.

(Enacts new Article XIX of the Maryland Constitution)

- For the Constitutional Amendment
- Against the Constitutional Amendment

Moreover, the General Assembly should not undertake such a massive expansion of online gambling in the State in a manner that evades the obligation and responsibility of contemporaneously enacting the legislative implementing provisions. This is particularly true with an expansion that will result in the loss of thousands of jobs, loss of hundreds of millions of dollars in brick and mortar casino gaming tax revenue, loss of hundreds of millions of dollars in ancillary economic output and related tax revenue, and loss of vital funding for local communities.

Contrary to SB 565 (and SB 603), the General Assembly carefully crafted the initial gaming legislation, strategically locating casinos to maximize tax revenue, seeking input from local communities, imposing a historically high gaming tax rate, and implementing protections and safeguards against problem gambling. As a result, Maryland is home to a thriving gaming industry that is among the best (in terms of jobs and tax revenue) in the nation. According to the American Gaming Association, Maryland's six casinos support 27,300 jobs. The State's casinos have also generated over \$3.5 Billion in gaming taxes for Maryland since the inception of casino gaming. Of course, our industry has produced many multiples of that sum when one considers

the economic benefits of capital investment in casino facilities, hotels, entertainment venues, restaurants and other ancillary development, construction spend, personnel wages and taxes, property taxes, sales taxes, liquor taxes, purchases of goods and services from Maryland vendors, local share support for important community projects, and philanthropy for non-profits.

In fact, from its inception until the launch of mobile sports betting in Maryland (with the exception of Covid's 2020), the State's casino industry averaged nearly \$100 Million in new tax revenue growth each year. Over a ten-year period, that's \$1 Billion in new tax revenue. It's safe to say that Maryland has rarely, if ever, had an industry produce such tremendous financial results for the State. As a bit of foreshadowing should iGaming be adopted, the launch of mobile sports betting – even after considering the new revenue it generated – cost the State approximately \$75 Million in total tax revenue in 2023 because of the loss of patron foot traffic at the State's casinos. If left alone, Maryland's gaming industry can get back to what it does best – growing new tax revenue for the State.

iGaming is Devastating for Maryland Workers

Casinos offer an attractive career for Maryland workers. Casino jobs offer good pay, with benefits and special incentives, like the free healthcare clinic provided by Live! to its workers and their families. Many casino jobs are union jobs, many are available to workers with a high school diploma or less, and casinos boast a fully diverse workforce. iGaming is a direct threat to casino workers. Sage Policy Group has reported that iGaming could cost Maryland as many as 2,700 jobs currently supported by the State's casinos and, based on more conservative projections, result in a loss of \$65 million/year in wages. Even if jobs are preserved, iGaming is likely to suppress wages and threaten benefits.

The Innovation Group has stated that as many as 8% of the gaming industry's more than 27,000 jobs could be lost. True to form, in Pennsylvania, over 2,000 casino jobs disappeared after iGaming launched and those losses were sustained despite the opening of five (5) new casinos. Likewise, in New Jersey, a November 2023 study by NERA Economic Consulting for The Campaign for Fairer Gambling found that more than 15,700 casino jobs had been lost since the start of iGaming – representing a loss of more than \$900 Million in employee wages.

iGaming is a Zero-Sum Game

Despite the claims of easy money by out-of-state and foreign iGaming companies, the numbers don't add up for iGaming. The Innovation Group and the Department of Legislative Services ("DLS") project that iGaming will cannibalize over 10% of gaming revenue at Maryland's six casinos, reducing gaming revenue by more than \$200 million. Observers like Sage Policy Group and data from other states indicate that the losses will be even greater.

In the real-world example of mobile sports betting in Maryland, after just one year of online betting, brick and mortar casino sports betting revenue decreased by 65% -- more than six times the Innovation Group's projected rate for iGaming. As a result, the State lost 1,400 jobs and will suffer annual losses of \$92 Million in wages and nearly \$225 Million in economic output. According to Sage Policy Group, **mobile sports betting also led to a 26% decline in in-person slot machine and table game revenue**, costing the State millions of dollars in gaming taxes.

In another real-world example, backing out the opening of new casinos (which is appropriate given that Maryland has no new casinos) **brick and mortar casinos in iGaming states suffered a more than 23% decline in gaming revenue** from 2019-2022. While casinos in iGaming states saw in-person revenue *decline* by 10%, their counterparts in non-iGaming states enjoyed a 13.5% *increase* in in-person gaming revenue during that same period. Further, until recently, the biggest iGaming states (New Jersey, Michigan and Pennsylvania) were the only states in the country where in-person casino revenue had not recovered to 2019, pre-pandemic levels. ***To this day, New Jersey brick and mortar casinos are still not back to 2019 gaming revenue levels due to iGaming.*** All of which shows that Innovation Group's projected 10.2% cannibalization rate is low.

Importantly, Innovation Group admits they did **not** factor into their study **any** ripple effects or ancillary losses as a result of brick and mortar casino cannibalization or **any** increase in government spending on social costs from iGaming. As SB 603's fiscal note is based on Innovation Group's study, DLS also omitted these crucial factors from its analysis. New Jersey's experience is telling on both points. The NERA study showed that iGaming had a net negative financial impact on New Jersey, after considering a \$180 Million/yr. decrease in economic output

and \$350 Million/yr. increase social costs tied to increased gambling addiction, impacts on healthcare, homelessness, welfare programs, and criminal justice system costs.

Using the same modeling as Innovation Group, and staying within their projected 10% cannibalization rate, yields a loss of economic output for Maryland of \$244 Million/yr. as a result of the ripple effects from brick and mortar cannibalization on jobs and ancillary economic activity at hotels, restaurants, entertainment venues, local business vendors, etc. With a dramatic decrease in patron foot traffic due to iGaming, casinos will also lack the incentive to continue expanding and growing their facilities and related developments. This would result in a loss of \$222 Million/year in economic output tied to construction related expenditures based on historic reinvestment rates by Maryland's casinos. Combined, and again using the same modeling as Innovation Group, these decreases in economic output result in a loss of State and local tax revenue totaling \$145 Million/year. In sum, the iGaming math does not add up:

- \$425M/yr. DLS projected iGaming tax revenue by 2029
- \$88.7M/yr. Less lost B&M gaming tax revenue due to iGaming as per DLS
- \$145M/yr. Less lost States & local tax revenue from decreased economic output
- \$235M/yr. Less increased spending on social costs as per NERA (pro-rated for MD)
- (-\$43.7M/yr.) Net negative impact from iGaming

When the complete economic and social consequences of iGaming are factored in, even DLS' and the Innovation Group's highest projections for new iGaming tax revenue leaves the State with no gain in net revenue. If in reality brick and mortar cannibalization is more than 2x the projection of Innovation Group, as suggested by Sage Policy Group and the real-world experience of casinos in iGaming states, the State's losses could be even greater. It's easy to see how Maryland will end up losing financially from iGaming.

Don't Experiment with Marylanders

Despite how much it's talked about in the media, **only six states** have experience with iGaming. **43 states have not authorized it.** Online gambling is very different than in-person casino gaming. At Maryland's casinos, the Lottery's regulations and the casinos' procedures are geared to create a pause in the action and make patrons think twice before placing that next bet.

Patrons must travel to the casino. Credit cards cannot be used to gamble and access to cash requires additional steps. Casino employees are trained to identify problem gambling and intervene. Patrons are not allowed to gamble while drunk or high. Security personnel stop underage individuals from gaining access to gaming.

Online gambling lacks many of these protections. Maryland only has one year of mobile sports betting under its belt. While the Maryland Center of Excellence has reported increases in call volumes and problems among young people, the Center has explained that the State does not yet have the data to know the full scope of the problem that may be facing Marylanders. It takes time for problem gambling behavior to manifest itself, people to accept that they have a problem and, ultimately, to seek help from the Center or a 1-800 Helpline. This has been recognized in SB 878 and HB 1029, which call for a comprehensive study of the impact of mobile sports betting by July 2029 and which we support.

Conclusion

We urge you to oppose SB 565 and SB 603. At the very least, before any further expansion of online gambling occurs – whether in the form of iGaming or its twin sister, iLottery – the State should conduct a comprehensive study of mobile sports betting and its various impacts, as well as the societal impacts of iGaming in the very few states that have authorized it, to obtain a clearer data-based picture of the issues related to iGaming and inform any future legislative policy accordingly. There is too much at stake for the State in terms of jobs, comprehensive tax revenues and potential social costs to rush this important public policy decision.

SB 565 Maryland Center of Excellence on Problem Ga

Uploaded by: Mary Drexler

Position: UNF



February 28, 2024

Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 565 – Expansion of Commercial Gaming - Internet Gaming Referendum

Dear Chair Guzzone:

This letter is in opposition to *Senate Bill 565 – Expansion of Commercial Gaming - Internet Gaming Referendum*. SB 565 calls for a voter referendum on the legalization of iGaming.

iGaming is one of the most addictive activities available.¹ The ease of access to iGaming is expected to lead to more health and emotional difficulties that come with gambling disorders including substance abuse, depression, and increased suicide rates.

Currently, only seven states have legalized iGaming (Connecticut, Delaware, Michigan, Nevada, New Jersey, Pennsylvania, and West Virginia). All of the states with data have noted increases in helpline calls since iGaming began; Pennsylvania reported the lowest increase of calls with a 140% increase, Michigan was the highest with a fivefold increase in just the first month after iGaming went live. The damage that iGaming causes is clear.

Online sports betting is hurting Marylanders and adding another highly addictive gambling activity in iGaming is going to cause more trauma. We urge an unfavorable report on SB 565. If you would like more information, please contact Mary Drexler at mdrexler@som.umaryland.edu.

Sincerely,

Mary Drexler, MSW

¹ Morgan State University, Center for Data Analytics and Sports Gaming Research, "The Socio-economic Impact of Legalizing Interactive Gaming (iGaming) and Online Betting in Maryland." February 14, 2024.

SB565-603 Testimony_MTC.pdf

Uploaded by: Matt Libber

Position: UNF



February 26, 2024

Maryland Senate
Senator Guy Guzzone, Chair
Budget and Taxation Committee
Miller Senate Office Building
Annapolis, Maryland 21401

RE: Opposition of SB 565 - Expansion of Commercial Gaming - Internet Gaming Referendum
Opposition of SB 603 - Internet Gaming - Authorization and Implementation

Chairperson Guzzone and Members of the Committee,

My name is Matt Libber, and I am the Legislative Committee Chair for the Maryland Tourism Coalition (MTC). I am writing to you today to express MTC's opposition to Senate Bill 565 and Senate Bill 603. The Maryland Tourism Coalition is a trade organization with members representing all areas of tourism in the State of Maryland. Our mission is to support businesses and organizations that cater to the tourism industry through education, networking, and advocacy. As such, MTC asks the committee to vote in against this bill.

MTC strongly opposes these two bills and the expansion into internet gaming in the State of Maryland. Expansion to internet gaming is a direct threat to the tourism industry in Maryland. Not only are the casinos in Maryland part of the tourism industry but the surrounding businesses to the casinos are mutually dependent on each other. Legalizing internet gaming will lead to a reduction in visitors to the brick-and-mortar casinos that exist in the State. The loss of visitors will have negative effects for the workforce of these casinos as well as the overall business of the surrounding entities that rely on casino visitors to shop and dine at their businesses and restaurants. States with iGaming have seen deterioration of their casinos resulting in decreased visitation, taxes, jobs and capital investment with less spend for local businesses and non-profits. Maryland casinos can expect a negative twenty three percent (-23%) economic impact from iGaming based on other states' experiences.

With bettors no longer having to go to physical casinos to place bets, casinos will have to reduce staff or cut shifts to account for the lower number of visitors. While casinos will still be making money the employees will be losing income and/or their jobs. During a hearing on Monday, Live Casino was asked how many employees it has to oversee its internet gaming in the Commonwealth of Pennsylvania. Live Casino started with one employee and currently has three employees to operate its entire internet gaming platform. Internet gaming will only benefit the casino owners and not the employees. In fact, the casinos will end up laying off employees as the revenues and on-site customers at the brick-and-mortar casinos continue to fall. Pennsylvania saw over 2,000 casino jobs disappear since the launch of iGaming. In NJ, nearly 16,000 jobs have been lost as a result of iGaming. All Maryland casino unions strongly oppose iGaming (UFCW, Unite Here and the Seafarers Entertainment and Allied Trade Union).



**MARYLAND
TOURISM
COALITION**

Not only will the loss of jobs occur in the casinos themselves but also the surrounding business to the casinos. While Malls around the country have been closing up due to the effects of internet shopping like amazon, Arundel Mills is still going strong due to the foot traffic generated by Live Casino. A new development in Baltimore at the Warner Street Entertainment District is dependent on the Horseshoe Casino. Ocean Downs has stated that a new hotel on the property will not happen if internet gaming is legalized. These are all businesses that exist as a result of the number of visitors each year to the brick-and-mortar casinos. All of these businesses would be in jeopardy if those visitor numbers decreased as a result of internet gaming. Due to these lost opportunities, internet gaming would lead to over 10,000 lost direct/indirect/induced jobs annually and more than \$1.6B in lost economic output/year.

Lastly, the loss of spending at brick-and-mortar casinos would decrease the local area impact grants that are generated by those revenues. These grants are used for public safety and transportation projects in many areas. These are all critical elements to the overarching tourism industry. Reduction in these grants would put additional strain on local jurisdictions budget and a likely reduction in services that will affect tourism based businesses.

The Maryland Tourism Coalition is firmly opposed to the expansion of internet gaming in Maryland. While the projected revenues seem like the solution to fund the Blueprint for Education, it would be a long-term detriment to the Maryland Economy and would have many negative unintended consequences. For these reasons, the Maryland Tourism Coalition asks this committee for an unfavorable report for this legislation.

Respectfully submitted,

Matt Libber
Legislative Chair
Maryland Tourism Coalition
mllibber@mdsoccerplex.org
301-528-1480

NCADD-MD - 2024 SB 565 UFV - iGaming Referendum -

Uploaded by: Nancy Rosen-Cohen

Position: UNF



**Senate Budget & Tax Committee
February 28, 2024**

**Senate Bill 565 – Expansion of Commercial Gaming –
Internet Gaming Referendum**

Oppose

The National Council on Alcoholism and Drug Dependence-MD strongly opposes SB 565. We believe that making gambling as easy as picking up your phone at any hour of any day is a dangerous step, especially for young people.

Evidence is growing that shows more and more young people are accessing gambling activities online. While no one in this General Assembly is advocating for young people to gamble, we know they are gambling and access will increase.

We need more research related to mobile gaming. We need to learn lessons from other states and countries around the world. We should not be rushing into iGaming without understanding the impact and until we believe we have the resources to mitigate the harms it will lead to. We need this information so that voters can make an informed decision.

We respectfully oppose SB 565.

The Maryland Affiliate of the National Council on Alcoholism and Drug Dependence (NCADD-Maryland) is a statewide organization that works to influence public and private policies on addiction, treatment, and recovery.

reduce the stigma associated with the disease, and improve the understanding of addictions and the recovery process. We advocate for and with individuals and families who are affected by alcoholism and drug addiction.

CGR - RG - SB 565 & SB 603 UNF iGaming (B&T 2024-2

Uploaded by: Rob Garagiola

Position: UNF



**Testimony in Opposition to
Expansion of Commercial Gaming – Internet Gaming Referendum
SB 565**

&

**Internet Gaming – Authorization and Implementation
SB 603**

**Before the Senate Budget & Taxation Committee
February 28, 2024**

In addition to oral testimony in opposition to SB 565 & SB 603, please see the following:

1. Legislators' Guide to Commercial Gambling in Maryland – DLS 2023 (3 pages).
2. "Economic Assessment of iGambling in New Jersey"
NERA Economic Consulting
November 9, 2023
 - Summary Page (1-page)
 - Summary Study of Report (12-pages)

Rob Garagiola, Principal
Compass Government Relations Partners
On behalf of Maryland Live! Casino & Hotel
RGaragiola@CompassAdvocacy.com
Cell: 301-801-9678

LEGISLATORS' GUIDE TO COMMERCIAL GAMBLING IN MARYLAND



DEPARTMENT OF LEGISLATIVE SERVICES 2023

Exhibit 3.4
Gross Gaming Revenues Generated by Fund
Fiscal 2016-2023
(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
VLTs								
Education Trust Fund	\$322.0	\$361.7	\$401.8	\$447.4	\$329.2	\$443.6	\$511.1	\$516.3
Lottery Operations	7.8	9.3	10.5	11.2	8.3	11.6	13.3	13.5
Purse Dedication Account	50.1	54.6	61.2	65.9	48.5	67.8	78.0	79.0
Racetrack Renewal Account	7	8.4	10	10.8	7.9	11.1	12.8	12.9
Local Impact Grants	39.7	47.5	56.8	61.1	45.0	62.9	72.4	73.2
Business Investment	10.8	12.9	0	0	0.0	17.0	19.6	19.8
General Fund	0	0	15.3	0	0	0.0	0.0	0.0
Licensees	304.3	391.3	491	528.8	390.3	546.5	624.6	633.2
Total VLTs	\$741.7	\$885.9	\$1,046.7	\$1,125.2	\$829.3	\$1,160.4	\$1,331.8	\$1,347.9
Table Games								
Education Trust Fund	\$80.5	\$89.5	\$94.8	\$95.3	\$67.6	\$87.8	\$100.5	\$106.9
Local Impact Grants	0	17.6	31.6	31.8	22.5	29.3	33.5	35.6
Licensees	321.8	428.1	505.8	508.2	360.6	468.3	536.0	570.0
Total Table Games	\$402.3	\$535.1	\$632.3	\$635.2	\$450.7	\$585.3	\$670.0	\$712.5
Total VLTs and Table Games	\$1,143.9	\$1,420.9	\$1,679.0	\$1,760.4	\$1,280.0	\$1,745.7	\$2,001.8	\$2,060.3
Total Education Trust Fund	\$402.5	\$451.2	\$496.7	\$542.7	\$396.8	\$531.4	\$611.6	\$623.2

VLT: video lottery terminal

Note: Figures may not sum due to rounding.

Source: Department of Legislative Services

Exhibit 4.2
Maryland Sports Wagering Revenue
December 2021 to August 2023

	<u>First Bet Placed</u>	<u>Total Handle¹</u>	<u>Revenue²</u>	<u>BMFF</u>
Designated Facility				
MGM National Harbor	12/9/21	\$139,038,052	\$15,436,271	\$2,316,012
Live! Casino and Hotel	12/10/21	169,818,457	20,068,329	3,010,249
Horseshoe Casino	12/10/21	64,375,743	7,967,119	1,195,068
Ocean Downs Casino	12/17/21	25,564,412	3,586,651	537,998
Hollywood Casino	12/23/21	29,316,019	2,684,565	402,685
Bingo World	8/1/22	8,637,722	1,329,673	199,451
Riverboat on the Potomac	9/8/22	2,396,647	185,983	27,897
Greenmount	10/28/22	1,058,956	163,411	24,512
Long Shot's in Frederick	11/18/22	1,744,893	303,917	45,588
Maryland Stadium Sub	1/1/23	2,704,217	104,616	15,692
Green Turtle – Canton ³	9/1/23	1,630	1,626	244
Whitman Gaming ⁴	9/2/23	2,105	2,093	314
Total		\$444,658,853	\$51,834,254	\$7,775,710
Mobile Wagering				
BetMGM	11/23/22	\$289,196,518	\$9,887,596	\$1,483,139
Bingo World	11/23/22	28,887,016	663,478	99,522
Horseshoe Casino	11/23/22	143,944,110	4,948,025	742,204
Draft Kings	11/23/22	1,052,412,824	43,395,677	6,509,352
Hollywood Casino	11/23/22	84,367,130	3,341,436	501,215
Live! Casino	11/23/22	1,478,752,366	111,627,466	16,744,120
Riverboat on the Potomac	11/23/22	34,854,032	883,940	132,591
Long Shot's	2/9/23	6,990,826	27,563	4,134
SuperBook	4/13/23	2,359,317	106,663	15,999
Maryland Stadium Sub	6/1/23	10,180,982	0.00	0.00
Crab Sports	7/13/23	496,080	1,018	153
Greenmount	8/10/23	180,496	12,460	1,869
Total		\$3,132,621,697	\$174,895,322	\$26,234,298

BMFF: Blueprint for Maryland's Future Fund

¹ Handle is the total amount of all wagers.

² Revenue is gross gaming revenue (handle minus total win) minus various payouts (e.g., promotional credits, excise taxes, losses carried forward.).

³ Controlled demonstrations on August 28 and 30, 2023.

⁴ Controlled demonstrations on August 29 and 31, 2023.

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

Source: Maryland Lottery and Gaming Control Agency

New Study: Internet Gambling Benefits Overstated

CFG Calls For First Federal Gambling Study in 25 Years

The Campaign for Fairer Gambling (CFG), a leader in gambling reform, today unveiled the summary of a report that casts new doubt on the promised economic benefits of internet gambling (iGambling) in New Jersey and beyond.

In 2019, the iGambling sector painted a rosy picture of the Garden State's windfalls in a report commissioned by the iDevelopment and Economic Association (iDEA), an entity that seeks to use legislative influence to drive the legalization of iGambling across the US.

CFG commissioned the globally respected National Economic Research Associates (NERA) to thoroughly examine the wide-ranging impacts of New Jersey's iGambling proliferation and the veracity of the iDEA Meister Report since the U.S. Supreme Court struck down the Professional and Amateur Sports Protection Act in 2018.

A massive oversight in previous debates and a fundamental flaw of the iDEA Meister Report was the reality that money spent on iGambling is not of net economic benefit because it diverts spending from elsewhere in the productive economy. Stunningly, as shown in the following table, the iGambling sector has actually been a net-negative to New Jersey's economy.

Comparison of New Jersey iGambling Modelling Results

	iDEA Meister Extrapolation				NERA			
	Output	Jobs	Wages	State Taxes	Output	Jobs	Wages	State Taxes
	\$m	#	\$m	\$m	\$m	#	\$m	\$m
2019	1,399	4,590	281	182	-58	-5,084	-291	107
2020	2,448	8,035	492	318	-102	-8,900	-509	198
2021	3,675	12,059	738	477	-153	-13,358	-764	307
2022	4,338	14,237	871	563	-180	-15,771	-902	353

Compared to alternate forms of recreation, iGambling does not deliver major economic value, because: (a) iGambling is a high-margin, low-labor activity, meaning that money spent on iGambling does not support the wages of many employees; (b) a large proportion of the money spent on iGambling is reinvested in advertising aimed at customer acquisition, which is not economically impactful; and (c) while iGambling operators may pay higher taxes than other recreation providers due to specific gambling taxes, the revenues realized are offset by the high fiscal and social costs of problem gambling, inclusive of healthcare, welfare, homelessness, and law enforcement.

As iGambling results in a reduction in the state economy there is an overall reduction in total personal income in the state, meaning there are lower federal taxes from the state. Therefore, although state taxes have increased, they have done so at the expense of a decrease in federal taxes. With the added burden of the iGambling related socio-economic costs, federal authorities must consider this tax diversion aspect.

CFG founder and funder Derek Webb said, "It is commendable that a review of gambling harm in respect of the military service members has been proposed in the federal National Defense Authorization Act. However, the overall national annual cost of problem gambling to the US economy has not been reviewed since a federal study in 1999, before the impact of iGambling. It is imperative that there is federal consideration of the consequential harms of iGambling expansion."

"All state jurisdictions should proceed with caution and a balanced debate to avoid being duped by misleading projections." Webb concluded. "iGambling ultimately imposes costs on the whole US economy."



Economic Assessment of iGambling in New Jersey

Prepared for the Campaign for Fairer Gambling

9 November 2023

Project Team

Soren Christian
Duncan Broadie

Executive Summary

Introduction and Conclusion

In 2018, the Supreme Court of the United States ruled that the existing federal ban on sports betting was unconstitutional.¹ While other forms of non-sports online gambling (“iGambling”)² had been legal in New Jersey since 2013, the 2018 Supreme Court decision effectively immediately legalized sports betting in that state.

In New Jersey, monthly gross gambling yield (GGY) for non-sports iGambling have grown from below \$20 million in 2016 to \$160 million in 2023, while sports betting contributes another c. \$80 million per month, of which over 90% is online.

In 2019, not long after the launch of online betting in New Jersey, the industry association representing online gaming and betting in the United States, commissioned a report from Meister Economic Consulting and Victor-Strategies assessing the economic impact of online gaming in New Jersey (the “Meister Report”).³ The Meister Report concludes that, from 2013 to 2018, iGambling in New Jersey has generated \$2.0 billion in output (value of sales), 6,552 jobs, \$401 million in wages to employees, and \$259 million in tax revenue to state and local governments.

We have been commissioned by the Campaign for Fairer Gambling to appraise those estimates and to provide an alternate view of them in 2023. Based on our analysis of a series of questions provided by the Campaign for Fairer Gambling, we find that the iGambling industry has been detrimental to the New Jersey economy, for several reasons:

- iGambling is a very high margin, low-cost activity for gambling operators, and few people are employed specifically in providing iGambling services. By contrast, a larger proportion of money spent in land-based gambling goes towards employment and hence cycles back into the economy when those employees spend their wages. Other alternative recreation industries are much more labor-intensive than gambling, and so if money is spent in these discretionary industries, it creates more value in terms of jobs created and wages paid out. The margins earned on iGambling may compensate the costs of developing iGambling platforms, but primarily contribute to the overall profitability of gambling operator, which is not necessarily a New Jersey-based institution.
- On the other hand, iGambling provides greater tax revenue than alternative forms of recreation. This is principally because the State of New Jersey applies various taxes that apply specifically to online casinos. These are larger than sales taxes that would apply to alternative discretionary businesses. New Jersey-based iGambling is restricted to those physically present in the state, so, unlike Atlantic City, which attracts out-of-state tourists, the iGambling sector in New Jersey primarily diverts money that would have been spent in other sectors in New Jersey (and some which may have been spent in those same sectors in

¹ *Murphy v. National Collegiate Athletic Association*

² Unless otherwise specified, “iGambling” refers to online casino gambling and online sports betting collectively.

³ Meister Economic Consulting and Victor-Strategies (October 2019), *Economic Impact of New Jersey Online Gaming: Further Lessons Learned*

nearby out-of-state urban areas like New York and Philadelphia). We do not capture reductions in personal federal income taxes paid because of the lower rates of employment in iGambling.

- Gambling, including iGambling, has negative social effects beyond the economic effects we measure. We find that there could be an additional fiscal cost of \$350 million in New Jersey driven by problem gambling. This includes the costs of healthcare, welfare, homelessness, and criminal justice. These fiscal costs approximately offset the increased tax revenue collected from casinos.
- The rapid growth in iGambling has been supported by advertising expenditure far greater than in other sectors. This indicates both the importance of advertising to reach new gamblers as well as the extent to which revenues earned by casinos is directed towards ad buys rather than other avenues which may provide more social value. In other words, gambling operators view each new customer or dollar spent as sufficiently high margin (from their perspective) that they are willing to spend considerable sums to acquire them.
- The economic analysis summarized above assumes that the money spent in gambling is diverted from other discretionary recreational activities, i.e. that gambling is just one entertainment option of several, including watching sports/theater, dining out, etc. In reality, some gamblers may spend money that they would have otherwise saved or used on necessities, or may take out credit to do so. In this case, the direct negative effects of iGambling on the economy would be lower, since that money would not have been spent were it not for the gambling activity. However, there are many larger indirect effects that result from gamblers spending money they cannot easily spare, such as increased lending rates for all borrowers and higher social costs associated with problem gambling.

In conclusion, while there may be some benefits to the State in terms of tax revenue relative to alternative industries, the value of iGambling to the State of New Jersey appears to be lower than the alternatives, whether that is land-based gambling or non-gambling related activities. Our work is based on a high level partial-equilibrium view of the sector, and we are limited in our ability to fully understand what the New Jersey economy would look like today in a counterfactual world with little or no iGambling.

We provide more detail on our analysis below.

Current Trends

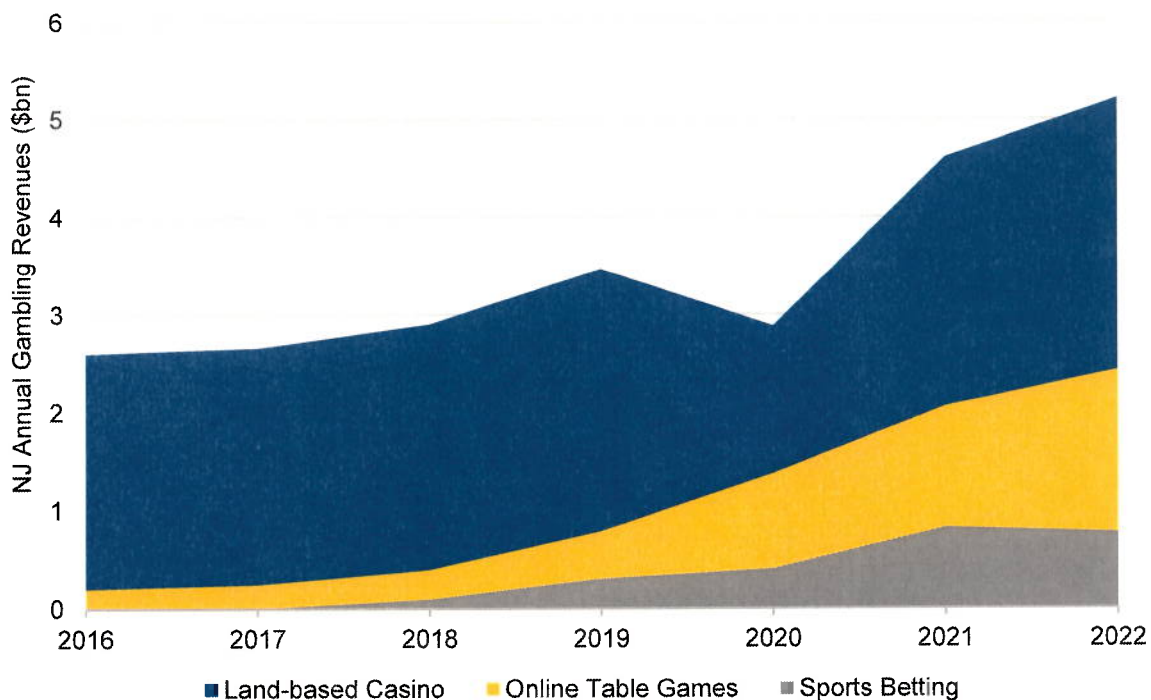
Land-based casinos have existed in Atlantic City since 1978. While there have been various openings and closures over the years, the total number was 13 or 14 from 1990 to 2014, at which point five closed following years of declining sales due to the global financial crisis and growth in casinos in neighboring states. There have been nine in operation since 2016.

In 2013, the New Jersey government legalized iGambling, though sports betting was still illegal according to federal law. Each land-based casino is allowed to host five different online casinos on its license, though these are often separate companies sharing a single license.

In 2014, New Jersey legalized sports betting, in direct conflict with federal law which banned it in all but a few states. A series of court cases culminated in 2018, when the Supreme Court ruled that the federal law was unconstitutional. This ruling immediately effected the New Jersey law, and cleared the way for other states to pass their own similar laws legalizing sports betting.

The New Jersey Division of Gaming Enforcement (DGE) provides a range of monthly and quarterly statistics on each of the casinos. In Figure 1, we show the breakdown in Gross Gambling Yield (GGY) from land-based casinos, online gaming, and sports betting (which is itself primarily online).

Figure 1: Annual GGY by Gambling Channel



As the figure shows, total GGY in New Jersey has grown with the introduction of online casino gambling and sports betting, and these two channels now account for roughly as much GGY as land-based casinos. Land-based casinos faced a clear downturn during the Covid pandemic in 2020, from which they partially returned to pre-2020 growth trends by mid-2021. This suggests that the continued growth in iGambling and betting may have partially cannibalized revenues from land-based casinos, but it is not possible from the data to fully separate this from the lingering effects of the pandemic.

Modelling the Value of Gambling to the New Jersey Economy

To measure the net effect of iGambling on the New Jersey economy, we construct a model which accounts for the dynamics of what happens to each incremental dollar spent and how that

diverts from other discretionary spending categories. In particular, we compare the effects of iGambling to the effects of land-based gambling as an alternative, and to the effects of spending money on a set of unrelated, discretionary activities: retail, food and beverage services, and entertainment, scaled in proportion to their size as industries.

We construct the model such that a dollar spent gambling online or at a land-based casino would otherwise be spent on these alternate forms of recreation. This is based on our assumption that customers decide on a balance of spending and saving money, and that some of the money they spend will be spent on recreation. There are forms of spending that are fixed and out of the control of customers, such as rent payments. Therefore, if customers choose to gamble, then they reduce forms of spending like other forms of recreation.

We use state-level statistics about the flow of money in different industries, and how \$1 of revenue is split between (a) profits, (b) expenses, and (c) labor. We show these splits in Table 1 below.

Table 1: Expenditures of Casinos and Other Recreational Firms from \$1 in Revenue

	Wages	Nonwage expenses	Profit
Online Casino	4.2¢	47¢	48¢
Land-based Casino	12¢	33¢	55¢
Alternate Recreation	38.5¢	43.5¢	18¢

Our model assumes that, depending on which category money is spent, a certain proportion of it is paid out in wages, of which those employees spend 20% on discretionary expenditure, in line with the national average “marginal propensity to consume”.

The money that they spend goes to new firms, and we likewise assume that their incremental wage money goes to discretionary categories. In turn, these businesses pass on the money they receive as profit, nonwage expenses, and wages, so the cycle repeats. We find that when customers spend money on non-gambling recreation, a greater portion of their spending goes to wages than it would if they spent their money gambling online. Below we show the overall economic outcomes of each type of spending, as well as the net effect of spending in iGambling rather than in alternate recreation activities.

Table 2: Cumulative Economic Effects of Spending \$1 on Different Types of Recreation (¢ per \$)

	New Spending Generated	Employees receive as wages
iGambling	0.9	4.5
Land-Based Gambling	2.5	12.6
Non-Gambling Alternative	8.3	41.7
iGambling (net of non-gambling alternative)	-7.4	37.2

Non-gambling industries are more labor intensive than gambling industries, so when customers' money goes to non-gambling industries, more of it is paid out in wages, which then gets spent again in the economy. By contrast, casinos hire fewer employees than other kinds of businesses, especially for online businesses. As a result, iGambling does not yield the types of positive knock-on economic outcomes that other discretionary industries do.

New Jersey customers spent \$2.4 billion gambling online in 2022. We estimate the economic effects of that spending, as well as the effects had the money been spend in land-based casinos or on alternate recreation. We display our results in Table 3 below.

Table 3: Cumulative Economic Effects of \$2.4 Billion in iGambling (\$ million)

	New Spending Generated	Employees receive as wages
iGambling	\$22	\$110
Land-Based Gambling	\$61	\$310
Non-Gambling Alternative	\$200	\$1,000
iGambling (net of non-gambling alternative)	-\$180	-\$900

We estimate that the total \$2.4 billion of iGambling in 2022 decreased New Jersey's economic activity by about \$180 million and decreased the total amount of money that employees received in wages by about \$900 million.

For the purposes of our modelling, we assume that all of that money would have been spent in New Jersey in the absence of a gambling sector. This ignores two effects. First, many land-based gamblers travel to Atlantic City from out of state, and would have stayed in their home state without the Atlantic City casinos. Second, while very few *online* gamblers are likely to have travelled to New Jersey specifically to gamble, many of them live in the greater New York or Philadelphia metropolitan areas, and may have thus spent money out of state on other

recreation activities. Thus, gambling policy in New Jersey has some economic impact on other states' economies as well, though we do not explicitly quantify it.

Tax Revenues

New Jersey casinos contribute to state and federal tax revenues, and our analysis shows that the rising popularity of iGambling has made online casinos a source of government revenue comparable to land-based casinos. Excluding the period of the pandemic, online casinos received greater revenues than land-based casinos for the first time in 2022, while facing lower costs. As a result, online casinos now contribute more in direct tax revenue than land-based casinos.

First, we examine the amount of tax revenue that comes from gamblers themselves. Players are required to report net gambling winnings (net of losses) as income and pay 24% tax on those winnings. In practice, there are very few players who have net winnings at the end of the year, and so this is a negligible tax revenue stream.

We estimate the amount of tax revenue that New Jersey gambling generates, primarily through corporate income taxes and a set of levies that apply specifically to gambling entities in New Jersey. We find the following:

- **Federal Corporate Income Tax:** Casinos (land-based and online) pay Federal Corporate Income Tax of 21% of taxable income, which is itself roughly 22% of profits, based on IRS industry data from 2013. In the absence of iGambling, we assume that revenue would be diverted to alternate recreation businesses, who would ultimately pay FCIT on the resulting profits. However, since gambling is a high-margin industry, we find that \$1 in expenditure in iGambling would yield roughly twice as much FCIT as if it were spent in alternate recreation businesses.
- **General State Taxes:** Casinos pay a 9% state business tax to New Jersey. We also assume that employees of casinos (or any other business) pay 3% personal state income tax on their wages, and 6.6% sales tax on any spending in recreational activities. We feed these revenues through our model as described above to identify the general state tax contribution from iGambling net of the tax contribution of alternative recreation businesses. We find that alternative industries contribute around 40% more to general state taxes than iGambling, primarily driven by sales tax, as well as personal income taxes.
- **Atlantic City Taxes:** New Jersey levies a number of taxes and fees specifically on Atlantic City casinos and businesses, in order to encourage economic growth there. Across the various levies, iGambling entities pay 17-18% of their GGY. Alternate recreation businesses would not pay any of this, so this results in close to \$390 million in additional taxes from iGambling in 2022.

In Table 4 below, we consolidate the three channels above to estimate the total *net* tax contribution from online casinos in New Jersey.

Table 4: Total Net Tax Contribution of Online Casinos in New Jersey

	2016	2017	2018	2019	2020	2021	2022
FCIT	3	3	5	10	18	28	32
General State Taxes	-3	-4	-7	-13	-24	-35	-42
Atlantic City Taxes	34	43	60	120	222	343	394
Total	34	42	59	117	216	335	385

As the table shows, iGambling makes a positive contribution to tax revenues in New Jersey, but this is driven entirely by the levies which apply specifically to gambling entities. However, as we show below, these additional tax revenues are largely offset by the fiscal costs of problem gambling. We also do not capture the reduction in personal federal income taxes paid compared to alternative recreation industries due to the lower labor intensity of the gambling sector.

Comparison to Meister Report

We compare our modelling to the results in the Meister report in Table 5 below, noting two caveats: (i) we have extrapolated Meister's 2019 estimates by growth in GGY since then; and (ii) Meister only presents tax findings for state taxes, so we exclude FCIT from this comparison.

Table 5: Comparison of Modelling Results

	Meister Extrapolation				NERA Modelled Results			
	Output	Jobs	Wages	State Taxes	Output	Jobs	Wages	State Taxes
	\$m	#	\$m	\$m	\$m	#	\$m	\$m
2019	1,399	4,590	281	182	-58	-5,084	-291	107
2020	2,448	8,035	492	318	-102	-8,900	-509	198
2021	3,675	12,059	738	477	-153	-13,358	-764	307
2022	4,338	14,237	871	563	-180	-15,771	-902	353

Our modelling shows that iGambling has been a negative contributor to the New Jersey economy in terms of economic output, jobs, and wages. This is because iGambling is a low labor, high margin business, and so is generally extracts rather than contributes value to the New Jersey economy. The Meister report does not take into consideration any other destination of the money that is currently being spent on iGambling.

Our figures are broadly aligned in terms of tax contribution, because the state imposes several taxes which are specific to the gambling industry. The Meister Report again fails to capture the general state tax contribution of other alternative recreation businesses, but these are smaller than the gambling-specific taxes.

Social Costs of Gambling

While the focus of this paper is on the *economic* effects of iGambling in New Jersey, we note the link between gambling and negative social effects. Rather than researching these effects independently, we summarise the findings of the National Institute for Economic and Social Research (NIESR) in the UK and apply them to New Jersey. NIESR finds that gambling, particularly gambling addiction, drive social costs in welfare payments, homelessness, and criminal justice. We apply NIESR's rates and estimate that New Jersey's \$5.2 billion GGY could cause \$740 million in social costs, of which \$350 million may be associated with iGambling.

Advertising Expenditure

iGambling in New Jersey has grown rapidly, either drawing in new players or encouraging existing players to gamble more. The iGambling industry requires marketing expenditure to achieve this.

We find that the gambling industry spends more of its revenues on marketing than other industries do, in both the US and UK.

We find that the iGambling industry spends more than 14% of its revenue on marketing in the US,⁴ while all other sectors spend less than 4% on the same. In the UK, the iGambling industry spends over 20% of its revenue on marketing, while other sectors spend 12% or less. Marketing helps to keep the nonwage expenditures of iGambling (47%) above those of land-based casinos (33%) or alternate recreation (43%). With less spending on wages, the iGambling industry creates less economic activity.

This suggests that heavy advertising is a standard part of iGambling operators' business plans, because each new customer is highly profitable from the perspective of the operator, especially if they develop a habit of gambling and hence losing more money over the long term.

⁴ For data reasons, we look at the whole of the US, not just New Jersey.

Qualifications, assumptions, and limiting conditions

There are no third-party beneficiaries with respect to this report, and NERA Economic Consulting does not accept any liability to any third party.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been independently verified, unless otherwise expressly indicated. Public information and industry and statistical data are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information. The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. NERA Economic Consulting accepts no responsibility for actual results or future events.

The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events, or conditions, which occur subsequent to the date hereof.

All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client. This report does not represent investment advice nor does it provide an opinion regarding the fairness of any transaction to any and all parties. In addition, this report does not represent legal, medical, accounting, safety, or other specialized advice. For any such advice, NERA Economic Consulting recommends seeking and obtaining advice from a qualified professional.

NERA
ECONOMIC CONSULTING

NERA Economic Consulting
Four Embarcadero Center, Suite 400
San Francisco, CA 94110
www.nera.com

SB 565 Maryland Council on Problem Gambling LOO.pd

Uploaded by: Shandra Parks

Position: UNF

February 28, 2024

Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 565 – Expansion of Commercial Gaming - Internet Gaming Referendum

Dear Chair Guzzone:

The Maryland Council on Problem Gambling strongly opposes SB 565, which would allow Marylanders to participate in a full casino experience from anywhere and at any time on an internet-accessible device.

Many studies have consistently shown that gambling addiction can have severe consequences, leading to financial ruin, family breakdowns, and mental health issues. The convenience and accessibility of iGaming platforms would only exacerbate these risks to Marylanders, as people can easily access these services from the comfort of their homes and on their mobile devices. The potential for increased addiction rates and its associated social costs should give us pause before considering the legalization of iGaming.

iGaming is already an international problem. In an Australian study, the rate of problem gambling among non-internet gamblers was 0.9%, while the rate among internet casino gamblers was 2.7%.¹ A study of international gamblers as a whole found a similar relationship between internet gaming and problem gambling, with the prevalence rate of problem gambling being 17.1% amongst internet gamers and much lower 4.1% amongst non-internet gamers.²

Additionally, the potential for underage gambling cannot be overlooked. By allowing casinos to be accessed online, age verification is near impossible to enforce effectively.³ Many researchers have found that gambling has been detrimental to the mental health of adolescents⁴, including increased rates of suicidal ideation, anxiety, alcohol and substance abuse, and poor academic performance.⁵

While researchers are still learning about the extent of the ramifications of iGaming, we know that there are risks already associated with gambling. This body continues to subsidize resources

¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4610999/>

² <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>

³ <https://crsreports.congress.gov/product/pdf/IN/IN12055#:~:text=Potential%20Challenges%20with%20Identifying%20Minors&text=This%20suggests%20that%20most%2016.ID%20than%20a%20driver's%20license>

⁴ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2533814/>

⁵ <https://pubmed.ncbi.nlm.nih.gov/12766444/> ; <http://youthgambling.mcgill.ca/en/PDF/OPGRC.pdf> ; <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2533814/#b13-0130003>

like the Problem Gambling Fund because it recognizes that Marylanders need help. For these reasons, we strongly urge an unfavorable report.

Sincerely,
Dr. Shandra Parks
President
Maryland Council on Problem Gambling
MarylandCouncilPG@yahoo.com

Anne Arundel County _OPP_SB565.pdf

Uploaded by: Steuart Pittman

Position: UNF



February 28, 2024

Senate Bill 565

Expansion of Commercial Gaming - Internet Gaming Referendum

Senate Budget and Taxation Committee

Position: UNFAVORABLE

This legislation would, subject to voter referendum, pave the way for the General Assembly to authorize the State Lottery and Gaming Control Commission (SLGCC) to license video lottery operators to conduct and operate Internet gaming in the State. The authorization of Internet gaming would have significant and detrimental economic impacts on Anne Arundel County communities.

Anne Arundel County has had a meaningful and successful partnership with Live! Casino since it opened in 2012. In addition to the generation of revenue that provides critical funding for fire and public safety services, recreation and parks, education and libraries, transportation systems, and other community services and projects, Live! employs over 2,200 individuals. Live! has also invested over \$250 million in a hotel and event center, which opened in 2018. During the pandemic, Live! partnered with the Anne Arundel County Health Department to operate a COVID vaccination clinic in the casino's convention space.

Like the other five Maryland counties with state-licensed casinos, Anne Arundel County receives a portion of revenues derived from table gaming and video lottery terminals in the form of local impact grants. Anne Arundel County receives 5% of table gaming revenues associated with Live! Casino, and a portion of video lottery terminal (VLT) revenues associated with the three casinos in the central Maryland area. A Local Development Council guides spending of the revenue from VLTs, which is spent on programs and services located in a 3-mile radius surrounding the casino. Permitted uses include infrastructure improvements, facilities, public safety, sanitation, economic and community development, and other public services and improvements.

We anticipate that, once implemented, Internet gaming will impact local jobs, the local economy, and local revenues associated with in-person table gaming and VLTs. Internet gaming will transfer revenue from the economic engine that benefits our residents to online platforms that do not. For this reason, Anne Arundel County opposes the authorization of Internet gaming.

SB 603 and 565. Against. Tracy Lingo. Budget & Tax

Uploaded by: Tracy Lingo

Position: UNF

Testimony Against
SB 0603 Internet Gaming – Authorization and Implementation
SB 0565 Expansion of Commercial Gaming - Internet Gaming referendum
Committee on Budget and Taxation
Maryland Senate
Wednesday, February 28, 2024
Presented by Tracy Lingo, President of UNITE HERE Local 7

Good afternoon, Chairman Guzzone, Vice Chair Rosapepe and members of the Maryland Senate Committee on Budget and Taxation.

My name is Tracy Lingo, I am the president of UNITE HERE Local 7. UNITE HERE is the largest Union of Casino workers in the United States. Our Union also represents hotel, food service, stadium and airport hospitality workers nationally and in Maryland.

I appreciate the opportunity to come before you today. The Gaming industry has expanded significantly over the last few decades. This expansion in States like Maryland, when done right, can fund important State and local initiatives, spur economic development beyond the Casinos and provide family sustaining jobs which further advances our economy.

iGaming is being touted as a quick fix to Maryland's budget. On behalf of thousands of Maryland's Casino workers and their local communities I ask that you look beyond this simplistic promise. iGaming if legalized in Maryland would in fact completely undermine the great progress that has and is being made in the areas of local development and job creation. It would also accelerate the most negative aspect of legalized gambling, which is problem gambling addiction.

Today you are going to hear stories from workers that will make you as state legislators feel good. Stories about how your work to develop Casino Gaming in our state has resulted in people getting jobs and thriving.

All of us want Maryland to be a great place to live and work—a state with a strong economy that allows workers to stand on their own feet and to support themselves and their families.

iGaming will hurt, not help us in reaching this goal.

UNITE HERE and other casino workers unions in Maryland are in opposition to all legislation that would lead to the legalization of iGaming in Maryland. I have included in my written testimony petitions signed by union and non-union Maryland Casino workers who ask that you please halt all consideration of legalizing iGaming in Maryland.

First and foremost, the impact on the brick-and-mortar Casinos will be dramatic. The Innovation Report that was commissioned by the Maryland Gaming and Lottery Control Agency states clearly that we can expect a 10.2% loss of brick-and-mortar gaming revenue.

Maryland's six brick-and-mortar casinos directly employ 6,678 people as of January. According to the American Gaming Association, Maryland's gaming industry creates \$5.78 billion in economic impact and supports 27,380 jobs. The Sage Policy Group projected that legalizing iGaming could eliminate 685 direct jobs with \$33.6 million in lost annual income and a total loss of approximately 1,215 jobs with over \$65 million in lost annual income through direct and secondary effects. iGaming will not only inhibit future Maryland casino job growth, but will also lead to a loss of jobs, Union jobs.

Maryland's brick-and-mortar casino have fostered economic development connected to or adjacent to the Casinos. Ocean Downs Casino has plans on hold to construct a hotel by its casino. The Warner Street corridor next to the Horseshoe Baltimore Casino has begun developing an entertainment district which includes plans to build a hotel. The MGM Casino is a major engine for the development taking place at National Harbor in Prince George's County. iGaming will reduce the foot traffic in the Casinos and have a negative impact on all of these development plans. Why would a casino invest additional capital to improve or expand its casino/entertainment/hotel footprint if it can make money with much less investment in iGaming?

Problem Gaming. All indicators point to an exponential increase in problem gaming if Maryland enacts iGaming. The National Problem Gaming Council's 2021 Survey on Gambling Attributes found that online gamblers were as much as 8x more likely to report compulsive gambling problems and addictive behavior. More than 36% of iGaming players in PA experience problem gambling according to a 2022 report conducted for the PA Department of Drug & Alcohol Programs. The national director of Stop Predatory Gambling & Campaign for Gambling-Free Kids recently stated that:

"Online gambling is like gambling fentanyl, it's like the most extreme form of all. It's opening a casino right in your bedroom so you can sit there in your pajamas and lose everything."

Finally, we all need to be concerned that iGaming will have a negative impact on local jurisdictions. This includes not only a reduction of sales tax and alcohol tax but also less local impact money to the local jurisdictions. This local impact money which is generated from the Casinos is controlled by the local jurisdictions. It is used for a variety of projects including paying for residents' community college tuition, paying for public employees' pensions, and funding environmental sustainability, infrastructure, head start, summer youth and job training programs.

There is a reason why over 40 states, including Nevada, have not enacted iGaming – and why 6 states have recently rejected iGaming legislation. It is clear that iGaming is a job killer and an accelerant to problem gambling that will suppress local development and rob community programs of funds that they currently receive from the local impact money.

Please put Maryland's working families and communities first. Reject all legislation that could advance iGaming in our state.

We ask for an unfavorable reading on both SB 656 and SB 603.

iGaming is Wrong for Maryland Workers and Communities



UNITE HERE Local 7 and UNITE HERE Local 25 proudly represent 2,400 members who work at the Horseshoe Casino, Ocean Downs Casino, and MGM National Harbor. Through collective bargaining, workers at those casinos have achieved family supporting wages and benefits. Legalizing online casino gambling in Maryland will put these jobs at risk.

Maryland Jobs with \$65 Million in Income Could Be Eliminated by iGaming

Legalizing iGaming will reduce Maryland’s brick-and-mortar casino revenue by 10.2%, according to a report produced by The Innovation Group for the Maryland Lottery. It based its projection on a comparison of in-person gaming revenues in states with and without iGaming.ⁱ From 2019 to 2022, states with iGaming saw in-person revenues decline 8.2%, while states without iGaming saw in-person revenues grow 2%, implying a “cannibalization rate” of 10.2%. Maryland’s six brick and mortar casinos directly employ 6,678 people.ⁱⁱ According to the American Gaming Association, Maryland’s gaming industry supports 27,380 jobs.ⁱⁱⁱ If a 10.2% reduction in brick-and-mortar revenue creates a 10.2% reduction in employment, it would mean a loss of over 680 direct jobs and over 2,700 total jobs. The Sage Policy Group projected a loss of 685 direct jobs with \$33.6 million in lost annual income and a total loss of approximately 1,215 jobs with over \$65 million in lost annual income through direct and secondary effects.^{iv}

Online Sports Betting Slashed In-Person Sports Betting by 42%

Since Maryland legalized online sports betting, in-person sports betting wagers have fallen 42% in the state. In-person sports betting handle peaked in October 2022 at \$39.7 million. Online sports betting launched the following month on November 22. In December, the first full month of online sports betting, in-person handle plummeted to \$18.8 million.

Months	Maryland Average Monthly In-Person Sports Betting Handle
Jan 2022 – Oct 2022 (Online Sports Betting Not Legal in MD)	\$26,339,181
Jan 2023 – Oct 2023 (Online Sports Betting Legal in MD)	\$15,401,425

The impact of online sports betting is already harming Marylanders who work at in-person sportsbooks as attendants, bartenders, servers, and cleaners. Many rely on tips from customers. The impact of legalizing online casino games would harm even more casino workers.

In-Person Casino Gaming Fosters Economic Development

In-person casino gaming drives investment in hotels, restaurants, retail, and entertainment venues both within and around casino properties. For example, the Horseshoe Casino in Baltimore has been a catalyst for the development of The Walk @ Warner Street that now includes a Top Golf and could include a new music venue, hotel, and retail space in the future.^v Online gaming will endanger economic development opportunities at casinos throughout the state, undermining the purpose of casino legalization in Maryland.

ⁱ The Innovation Group, “iGaming in Maryland,” November 2023

ⁱⁱ Maryland Lottery and Gaming Commission, Data Dashboard, January 2024, Retrieved from:

https://www.mdgaming.com/wp-content/uploads/2024/02/Dashboard_January2024_2_14_24.pdf

ⁱⁱⁱ American Gaming Association, “Gaming by the Numbers: Maryland,” as of December 31, 2023. Retrieved from:

<https://www.americangaming.org/wp-content/uploads/2019/07/AGA-2021-State-Economic-One-Pager-Maryland.pdf>

^{iv} Anirban Basu, Sage Policy Group, Inc., Memo to Anne Arundel County Chamber of Commerce Re: iGaming in

Maryland, January 4, 2024. Retrieved from: [https://annearundelchamber.org/wp-](https://annearundelchamber.org/wp-content/uploads/2024/01/igamingreport.pdf)

[content/uploads/2024/01/igamingreport.pdf](https://annearundelchamber.org/wp-content/uploads/2024/01/igamingreport.pdf)

^v *WBAL 11*, “TopGolf to open Friday as part of newly named entertainment district,” October 25, 2022, Retrieved

from: <https://www.wbalTV.com/article/topgolf-open-fridaythe-walk-at-warner-street-baltimore/41767204>

Caves Valley Partners, “Horseshoe Casino/Warner Street Entertainment District,” Retrieved from:

<https://cavesvalleypartners.com/project/horseshoe-casino/>

Petition

December 2023

To: The Honorable Wes Moore, Governor of Maryland
 The Honorable Bill Ferguson, President of the Maryland Senate
 The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

Please do not approve any measures that would advance iGaming in our state.

Print Name	Signature	Job at a Md Casino
Chanki Kumbre	CK 023209	Cage Cashier
KIM MILES	KM 015403	SLOT ATTENDANT
Debra Teagan	Debra Teagan	Table Game Dealer
Melissa Colbert	Wanker	Beverage Server
Chadnae Paris	Chadnae	Beverage Server
Emani Lee	Emani L	Beverage supervisor
Olga Petrikova	Olga	Beverage server
Tara Taylor	Tara Taylor	table games
Loren Simpson	Loren Simpson	Sportsbook
Eva Poliszczak	Eva Poliszczak	Bar tender
George Haddaway	George Haddaway	bar tender

Petition

December 2023

To: The Honorable Wes Moore, Governor of Maryland
The Honorable Bill Ferguson, President of the Maryland Senate
The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

Please do not approve any measures that would advance iGaming in our state.

Print Name	Signature	Job at a Md Casino
Chris Lighty	Chris Lighty	J-Lots
Andrew Williams	Andrew Williams	Cook EDR
Breyanna Scott	Breyanna Scott	steward
Brandon Allen	Brandon Allen	EDR
Chranjibi Swas	Chranjibi Swas	Table Games.
Pasitra Inrulla	Pasitra Inrulla	Table games
Gregory Martin	Gregory Martin	Steward
Tyghera Hursey	Tyghera Hursey	EDR Attendance
Jason Taylor	Jason Taylor	Cook EDR
James Thratt	James Thratt	Table Games

Petition

December 2023

To: The Honorable Wes Moore, Governor of Maryland
 The Honorable Bill Ferguson, President of the Maryland Senate
 The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

Please do not approve any measures that would advance iGaming in our state.

Print Name	Signature	Job at a Md Casino
Barbara Bullock		
Dezillia Castor		Horseshoe Dealer Table Game
MARIE ARDRENTON		HORSESHOE FACILITIES
BRANPOW STEWART		
Robert Caine		Barback
GAUTAM BK		TABLE GAMES DEALER
Gary Mackey		EVS-HD
Denay Lane		Table games
MELISSA PORTER-BELCH		Table Games
Dominique Brown		Slot Attendant

Petition

December 2023


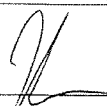
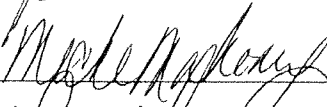
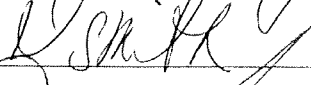
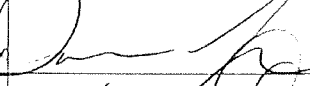


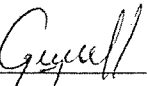
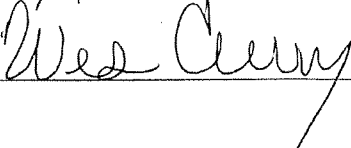
To: The Honorable Wes Moore, Governor of Maryland
The Honorable Bill Ferguson, President of the Maryland Senate
The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

Please do not approve any measures that would advance iGaming in our state.

Print Name	Signature	Job at a Md Casino
Gloria E Shell	Gloria E Shell	Horse shoe
EISA Gonzalez		Horse shoe
JAKOB, CALLAHAN		Horseshoe Horseshoe
MICHE MATHEWY		HORSESHOE
Dzhenn Smith		Horse shoe
Dionna Tucker		Horseshoe
Russell Wilson		Horseshoe
Chelsea Harvin		Horse shoe
Germaine Bahinbal ^{was}		HORSE SHOE
Wes Curry		H.S. C.

Petition

December 2023

To: The Honorable Wes Moore, Governor of Maryland

The Honorable Bill Ferguson, President of the Maryland Senate

The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

Please do not approve any measures that would advance iGaming in our state.

Print Name	Signature	Job at a Md Casino
Selina Franklin	Selina Franklin	
Jerry Wheeler	Jerry Wheeler	Table Games Dealer
Seralthe Woods	Seralthe Woods	Security
Timy Ward	Timy Ward	Table game dealer
Edward Brown	Edward Brown	EVS
Khond Hunter	Khond Hunter	STERWARD
Angela Burton	Angela Burton	Table Games Dealer
D'Andre Coyle	D'Andre Coyle	TG Dealer
WAYNE SMITH	Wayne Smith	TG Dealer
Lakayla Muse	Lakayla Muse	TG Deal- Rate

Petition

December 2023

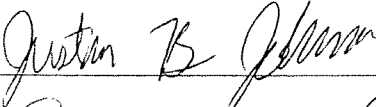
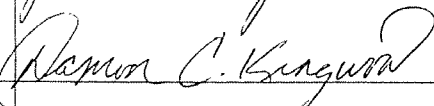
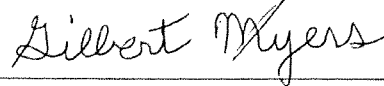
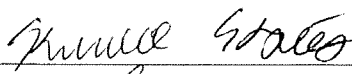


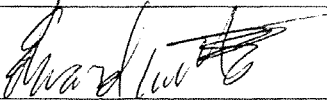

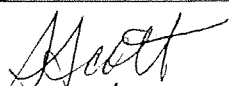
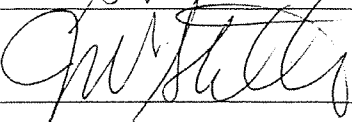
To: The Honorable Wes Moore, Governor of Maryland
The Honorable Bill Ferguson, President of the Maryland Senate
The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

Please do not approve any measures that would advance iGaming in our state.

Print Name	Signature	Job at a Md Casino
Justin B Johnson		Horseshoe Casino
Ramon C. Kingwood		Horseshoe
Gilbert Myers		HORSESHOE
Kenneth Kates		EDR
Wayne Smith		Horseshoe
Abigail Kloss		Horseshoe
Edward Wital		horseshoe
Joshua Cook		TG Horseshoe
SABINA SCOTT		EUS Horseshoe Casino
JASON STILES		COUNT RM

Petition

December 2023

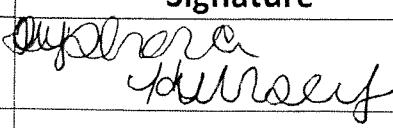
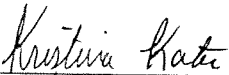
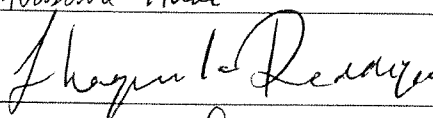
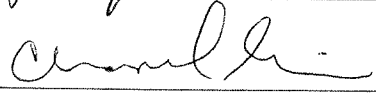

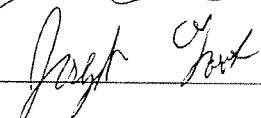
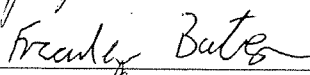
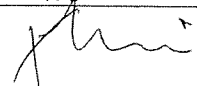
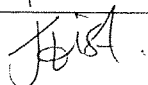
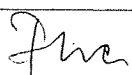
To: The Honorable Wes Moore, Governor of Maryland
 The Honorable Bill Ferguson, President of the Maryland Senate
 The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

Please do not approve any measures that would advance iGaming in our state.

Print Name	Signature	Job at a Md Casino
Tyonna Hursey		EDR at Horseshoe
Kristina Kates		LEAD STEWARD Horseshoe Casino
shaquilla Reddick		EVS Horseshoe Casino
Chanel Ervin		EVS Horseshoe casino
Zach Reselle	 5855	Horseshoe Table Games Dealer
Joseph Forte		Horseshoe Table Games Dealer
Frankie Bates		EVS horse shoe
KESHAV MADAI		TABLE GAMES.
JITENDRA BISIA		TABLE GAMES.
PRAKASH Joshi		TABLE GAMES

Guy Guzzone_SB 565.pdf

Uploaded by: Wayne Frazier

Position: UNF



Md. Washington
Minority Companies Association
Connecting Large & Small Businesses to Work Together

2001 W. Coldspring Lane
Suite 118
Baltimore, MD 21209
Phone: (443) 759-8580
Email: info@mwmca.org

Visit our website at www.mwmca.org

February 28, 2024

Senator Guy Guzzone, Chairman
Budget and Taxation Committee
3 West Miller Office Building
Annapolis, Maryland 21401

Ref. Senate Bill 565

Dear Chairman Guzzone,

It has come to my attention that the house Ways and Means committee we'll hear public comments on Senate Bill 565 and its features to expand Maryland's gaming to include i-Gaming. Please understand that it is my distinct pleasure to provide testimony representing the members and E- subscribers of Md. Washington Minority Companies Association (MWMCA), located in Baltimore City Maryland. Since 2002, MWMCA operated as a trade, design, and material commodity trade association with hundreds of members and thousands of virtual E- subscribers. Our weekly E- newsletter to small, minority and women owned businesses, is their guiding light and voice to that community. Our industry renowned website www.mwmca.org is most sought after by major corporations and small businesses alike looking to connect with one another for mutual benefits. In essence we support and endorse total economic engineering inclusion and we believe Maryland is ready from more.

Now comes our "Free State's" unfortunate attempt to expand its entrance into i-Gaming at a time when perhaps it's needed less. With all the years it took to achieve casino style gaming in Maryland, along with the billions of dollars it took to purchase land, seek permits, architectural and engineering design, purchase expensive power and AC equipment, construct world class facilities, train basic neophytes in gaming to serve in this industry, vendors seeking state licensing, expanded expense for security of the facilities and its patrons, and the state of Maryland building new roads to access the casinos; we are now looking to add a major burden to crush the relatively new industry.

Why, when there is so much downside for perhaps making it easier to allow folks to gamble. Literally with this new legislation, one would be able to place bets while they're in the restroom relieving themselves. We believe at MWMCA that the risk is not worth affecting the entire flourishing industry. With revenues at their all-time high and the state enjoying it and our residents are working along with gaming and retail sales tax are contributing to the overall revenue of the state of Maryland. Why attempt to change that now. Therefore, we respectfully request a no vote on this ill timely recommended legislation that will destroy the thriving casino gaming industry as we know it now.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. R. Frazier, Sr.', written over a horizontal line.

Wayne R. Frazier, Sr.
President

SB565_SB603_Letter_2.24.pdf

Uploaded by: Juli McCoy

Position: INFO

February 27, 2024

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

Re: SB0565 – Expansion of Commercial Gaming – Internet Gaming Referendum
SB0603 – Internet Gaming – Authorization and Implementation

Dear Chairman Guzzone:

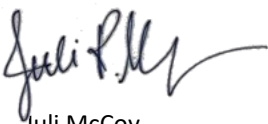
The Allegany County Chamber of Commerce respectfully requests the Senate Budget and Taxation Committee give consideration to **SB0565 – Expansion of Commercial Gaming – Internet Gaming Referendum** and **SB0603 – Internet Gaming – Authorization and Implementation**. Careful implementation of iGaming can bring significant economic benefits to Maryland, but certain considerations should be taken into account as legislation is developed.

- **Exclusive licensing for state casinos:** We strongly support that only existing state casinos should be eligible for licensing in the iGaming sector. Providing the ability for up to two competitive skins per location would ensure that the revenue generated from iGaming remains within Maryland, benefiting our local economy and preserving the existing investments made by the state casinos. This would ensure that the individual skins must be initially tethered to an existing casino and not have the option of launching independently. We propose a 5-year term for consideration, in conjunction with the initial license term.
- **Tax rate:** We propose a tax rate not to exceed 28% for iGaming in the state of Maryland. With dramatic differences in population density throughout the state, and available rooftops in the smaller casinos' geographic locations, a tax rate of 28% would ensure a reasonable return. In addition, iGaming operators hold on slots is only an expected 3 – 4% vs brick and mortar operations that generally hold 8 – 10%.
- **Installment payments for licensing fees:** To further facilitate the participation of smaller casinos, we suggest allowing the licensing fees to be paid in installments. This approach would alleviate the financial burden of a lump sum payment and promote more inclusivity within the industry. We recommend equal installments over the initial 5-year term of the license.

Rocky Gap Casino Resort has had a tremendous impact on Allegany County's economy. By balancing the iGaming market, we can continue to foster economic growth, support local businesses, and protect the interests of existing state casinos.

We urge you to consider these specific requests when reviewing SB0565 and SB0603, both of which would impact the casino industry in Maryland.

Sincerely,



Juli McCoy
President & CEO

juli@alleganycountychamber.com

cc: Honorable Jim Rosapepe, Vice Chair, Budget and Taxation Committee
Budget and Taxation Committee Members
Allegany County Delegation
Brian Kurtz, SVP | General Manager, Rocky Gap Casino Resort