



To: Senate Budget & Tax Committee  
 Re: Letter of **SUPPORT with Amendment** for SB4

January 29, 2020

Maryland’s six VLT Licensees offer its **SUPPORT with Amendment** for **SB4**. This legislation, sponsored by Senator Zucker, would establish the regulatory framework for sports betting in Maryland, as well as provide the voters of the state the ability to authorize sports betting through referendum.

**Facts About Maryland Gaming**

- Maryland, with the 19th largest population in the country, generates the 4th highest gaming tax revenues in the nation.
- 15,000+ direct jobs, \$3.0 billion economic impact; \$962.2 million tax impact (AGA)
- Second highest tax rate in the country (2nd only to PA)- (41% Blended Tax Rate)
- Maryland has the highest gaming tax revenues as a percentage of corporate income tax collected in the country - 71%. In other words, the 6 casinos in Maryland pay nearly as much tax annually as **ALL OTHER BUSINESSES IN THE STATE COMBINED**. (\$735 million Gaming Tax v \$1.03 billion corporate income tax - Source State Comptroller)
- Maryland casinos spent over \$3 billion in initial construction
- **Maryland casinos have provided \$3.3 billion to the Maryland Education Trust Fund and \$4.4 billion in overall taxes since the program began**

**Maryland’s Six Licensed Casinos SUPPORT SB4’s provisions:**

- Sports betting licenses should go to VLT licensees
- Mobile is essential - Americans currently have convenient access to a robust illegal mobile sports wagering market. Restricting customers’ mobile options will merely keep them on the black market
- To make legal operators competitive and eradicate the unregulated market, mobile sports wagering, including remote sign-ups and deposits, should be allowed
- Wagering on sports contests involving local college sports teams should not be restricted. These games are not restricted on the illegal market and the legislation should attempt to drive all betting away from offshore, illegal sites
- The MLGCA should be empowered to prohibit certain wagers based on their expertise and analysis, if required in order to protect the integrity of bets or wagers
- Maryland’s six licensees have made remarkable investments in the state. A single mobile skin only to each licensed VLT operator ensures that each sports betting operator has made an impactful investment in creating Maryland jobs and supporting Maryland communities

**Maryland’s Six Licensees Request Amendments for SB4:**

- **Taxation should be reasonable:** Sports wagering is a low-margin business, with significant portion of handle spent on compliance, marketing, and taxes. Meanwhile, unregulated operators do not pay taxes, do not invest in responsible gaming measures, and have no compliance costs. **Sports betting at the state’s six casinos will allow the State to realize significant new incremental casino**



gaming taxes which will exponentially exceed any tax on sports betting. It will also attract patrons who spend money on dining, entertainment, and other hospitality, all of which will benefit the State in terms of tax revenue.

- **Single-digit taxation** maximizes legal operators' ability to invest in operations and marketing. As drafted, SB4 would make Maryland the 3<sup>rd</sup> highest taxed sports betting operation in the country, limiting its ability to effectively compete against regional neighbors and the black market
- **No application fee:** Maryland's licensees have spent a combined \$88.5 million on VLT licenses to enter the Maryland market. Sports books are part of casino operations. There is no need for separate sports wagering licensing or renewal fees