

March 30, 2021

## **House Bill 532**

### **Gaming - Video Lottery Terminals - Payout Percentages and Distribution of Proceeds**

#### **Senate Budget and Taxation Committee**

#### **Position: FAVORABLE WITH AMENDMENTS**

This Bill would alter the distribution of proceeds from video lottery terminals (VLT) at most of the State's six commercial casinos, including the Maryland Live! Casino in Anne Arundel County. This Bill would unfairly target Maryland Live! to the benefit of other casinos by decreasing the operator share of revenue for Maryland Live! while increasing the operator share of revenue above the share established in current law for three other casinos, beginning in January 2023.

Under this Bill, the operator share of revenue for Maryland Live! would decrease by two percentage points, from 49% to 47%. Based on fiscal year 2019 revenue, this would result in a loss of more than \$8 million in revenue annually to Maryland Live!. Three other casinos would receive revenue increases of between \$1.5 million and \$2.5 million annually, compared to the operator shares established in current law.

Due to the significant contributions Maryland Live! makes to the community and economy, and the existing timeline established for review of the tax structure for casinos, I respectfully request that the committee amend the Bill to remove the operator share decrease for Maryland Live!. Notably:

- According to data published by the State Lottery and Gaming Control Commission, Maryland Live! employs over 2,200 individuals. This is more than 40% of the total jobs created by all six of Maryland's casinos.
- Senate Bill 1 of 2012, the bill that authorized VLTs, requires the State Lottery and Gaming Control Commission to report on the tax structure and competitiveness of the Maryland gaming market by December 1, 2022. This bill would increase the tax rate on Maryland Live! just one month later, on January 1, 2023.

In addition to the creation of jobs, Maryland Live! has provided other significant and meaningful contributions to the local economy and community since opening in 2012. Maryland Live! invested over \$250 million in a hotel and event center, which opened in 2018 and has generated additional recurring tax revenue. Annual local impact grants supported by VLT revenue provide critical funding for fire and public safety services, recreation and parks, education and libraries,



transportation systems, and other community services and projects. Recently, Maryland Live! partnered with the Anne Arundel County Health Department to operate a COVID vaccination clinic in the casino's convention space.

This Bill also requires any amount of local impact grants distributed to Anne Arundel County or Baltimore City as a result of a specified hold harmless provision to be paid by the Comptroller from VLT proceeds. It is my understanding that this does not change the amount of annual local impact grant funding to Anne Arundel County, but rather the source of revenue for that grant. As long as there is no change to the current or future amount of the local impact grant funding, Anne Arundel County is supportive of the revenue swap.

For those reasons, I urge a **FAVORABLE** report **WITH AMENDMENTS** on House Bill 532, to remove the operator share decrease for Maryland Live!.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steuart Pittman".

Steuart Pittman  
County Executive