



Testimony Before Maryland General Assembly –Budget and Taxation Committee
House Bill 940
March 25, 2021

Chairperson Guzzone, Members of the Committee:

DraftKings respectfully submits this testimony in support of HB 940, a bill that would establish a framework for regulated sports wagering in Maryland.

Nearly half the country has already passed sports wagering laws, including Maryland’s neighbors Delaware, Pennsylvania, West Virginia, the District of Columbia, and Virginia. Sports wagering is already taking place even in Maryland on a massive scale, with an estimated 1.3 million Marylanders betting over \$2 billion in illegal wagers each year.¹ Nearly all the sports wagers in Maryland are placed online through offshore websites in the robust illegal market.

In establishing a regulated market, it’s worth highlighting that legal operators will not just be competing with other legitimate entities, they must also remain competitive with pricing from illegal, offshore sportsbooks that do not face the same taxation and regulatory costs. High taxes and fees can reduce an operator’s ability to offer competitive pricing, a significant factor for consumers when making the decision on where to spend their money. We respectfully ask the Committee to consider instituting a flat tax rate at 15% that will allow for competition and growth while achieving the important objective of generating revenue for education in Maryland.

We also suggest amending the bill to reflect that certain functions of sports betting operations are typically and properly within an operator’s discretion, including determining how to set point spreads, lines, and odds, the types and values of promotional items offered, and setting minimum and maximum wagers.

Finally, it should be noted that the more quickly sports betting goes live in Maryland, the more revenue can be generated for education in the state. DraftKings supports adding specific timeframes to the legislation to ensure that the process moves efficiently toward the licensing and launching of operators in this new market.

Thank you for your consideration.

¹ See <https://www.americangaming.org/wp-content/uploads/2018/12/AGA-Oxford-Sports-Betting-Economic-Impact-Report1-1.pdf> (noting that approximately 28% of U.S. adults currently bet on sports).