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DEPUTY MAJORITY WHIP

Ways and Means Committee

Chair
Early Childhood Subcommittee



The Maryland House of Delegates
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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Chair Kaiser, Vice Chair Washington, and members of the Ways Means Committee:

Thank you for the opportunity to testify on House Bill 403
Video Lottery Operational License - Renewal

When we began the process to allow casinos in the state of Maryland, licensing fees were set. In your set of documents, you see what these licensing fees were as each casino opened.

A little calculation reveals that there was consistency in how these fees were set.

The licensing amount divided by the number of VLT's that were requested, in each case, was \$6000/ VLT. (The only exception is Rocky gap which was granted 500 free VLTs. Their cost, then, was only for 350 VLT's but was then at the same rate.)

The licenses were set to last for 15 years, so this comes to $\$6000/\text{VLT}/15\text{yrs} = \$400/\text{VLT}/\text{year}$.

The casinos have become interested in what the relicensing process will be when they arrive at the end of their initial license. This was not set forth clearly in the original legislation. They would like to begin the relicensing process early so they can have assurance that they can continue to operate successfully. This legislation seeks to allow them to begin the process 5 years before expiration and simultaneously sets a fee for relicensing

Adjusting the \$400 rate at 2% inflation would bring it to a little over \$500 in the present. For simplicity the amount has been rounded down to \$500 for each VLT and table game each year. This creates an advantage for the casinos as it does not require the entire 15 year payment up front, but rather allows the fee to be paid in consistent and smaller installments annually.

Licensing IS an ongoing process in many professions and businesses. This legislation will bring the relicensing process, in a fair way, to the casino industry in Maryland.

I respectfully request a favorable report.

A handwritten signature in cursive script that reads "Eric D. Ebersole".

Delegate Eric Ebersole