

***SENATE BILL 267 Testimony – Senator Ron Watson 2/15/2023***

Good Afternoon Colleagues,

I am pleased to sponsor SB 267, Internet Gaming.

Colleagues, Maryland boast 6 brick and mortar casinos, each of which contributes to funding our Education Trust Fund. We know our history in this space, slots, table games, and now sports betting, but we are missing one vital component with respect to gaming and that is the 4<sup>th</sup> leg of the casino stool, iGaming.

“Internet Gaming” means casino-style gaming through an online gaming system.

Fundamental Aspects of the Bill:

1. Creates a NEW funding stream for education, i.e. “The Blueprint”
2. 15% of proceeds would ultimately go the ETF.
3. Initial Internet Gaming license is \$500,000
4. License is renewable in 5 year increments at a rate of 1% of the licensee’s average annual proceeds for the preceding 3 year period
5. Allows the Governor to enter into agreements with other states participating in multijurisdictional Internet Gaming.
6. Places protections in place for problem gamblers and gambling addiction.
7. Licenses are allocated to the 6 existing Casinos.

- Connecticut, Delaware, Michigan, New Jersey, Pennsylvania, and West VA have legalized iGaming
- Michigan started online gaming in 2021
- I am grateful of the efforts to fund the Blueprint, but as we have all been briefed, we have some significant challenges to meet in the out years.
- According to the Comptrollers Office, and detailed in the fiscal note, as much as \$97M could be generated by FY 2028.

There are 3 important aspects of this bill I want to highlight:

1. I mentioned that the Governor will be able to enter into agreements with other states..... why would we want to do that? There are 4 states that have entered what is known as the Multi-State Internet Gaming Agreement

or MSIGA. In a nutshell, for certain games like poker, it allows players of one state to play with the players of the other states which increases what is known as the player pool (liquidity). The larger the player pool, the larger the jackpots, and hence more revenue. A good way to think about this is to consider how Powerball and Mega Millions works. Players from multiple states play in a single game to win a “progressive jackpot”. Similarly, some of the states in the MSIGA link their progressive slot machines and some table games. The current members of the MSIGA are Delaware, Nevada, New Jersey and Michigan and it is my strong desire that Maryland become a player in this space.

2. Secondly, this will require the use of technology, not just to facilitate the online gaming experience, but also to ensure no one physically outside of the boundaries of the State of Maryland, unless members of the MSIGA, can play. This is called geofencing.

And for those unfamiliar, geofencing uses GPS technology to create a virtual geographic boundary, enabling software to trigger a response when a mobile device enters or leaves a particular area.

3. And lastly, what can online gaming do that brick and mortar casino’s can’t other than offer an online experience? The answer is micro-stakes! There are table minimums set in every casino to ensure that the money wagered is enough to pay for the dealers and keep the light on. Once a game is converted to an online format, you can play a game for any amount 24/7, be it \$1, or a quarter.... You get the point.

In closing, this bill seeks to generate a new and missing revenue stream for Education, specifically our Blueprint, allow our senior and other members of our community who are uncomfortable entering a casino to play, allow us to legalize online gaming and capture profits from those who use paypal, venmo, cash app and other forms of payment who are currently engaging in private online gaming. Colleagues, the passage of this bill will complete the journey our state started with casino’s back in 2008. I respectfully urge a favorable committee report.