

iDEA Growth Written Testimony Supporting SB267 (2.

Uploaded by: Christopher Nybo

Position: FAV

February 14, 2023

Hon. Guy Guzzone
Chairman, Budget & Taxation Committee
Maryland State Senate
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 267

Dear Chairman Guzzone,

The iDevelopment and Economic Association (iDEA Growth) is grateful for the opportunity to testify in support of Senate Bill 267. By way of background, iDEA Growth was founded to advocate for responsible online gaming policies that spur economic growth and protect consumers. Our membership – 31 companies and growing – represents every segment of this industry and has vast experience in regulated jurisdictions across the United States. Drawing from the successes of other states that have built strong online gaming markets, our association is uniquely positioned to provide a 360-degree perspective on iGaming policy issues.

We applaud Senators Ron Watson and Nancy King for filing SB 267. While we fully understand the challenges, both politically and practically, of enacting new gaming legislation, the need for iGaming regulation has never been more apparent. Maryland consumers have easy access to readily available offshore and illegal iGaming options that provide little or no consumer protection. State regulation of iGaming would change this dynamic and puts Maryland in control of internet gaming by turning it into a state-based industry that is supportive of the State's existing casino infrastructure, safe for consumers and accountable to regulators.

Maryland's existing gaming stakeholders should be permitted to embrace the digital era so they can reach existing and new customers through online channels. The internet gaming experience in every state that has authorized it (Pennsylvania, West Virginia, New Jersey, Connecticut, Delaware, Michigan, and Nevada) has proven, without a doubt, that iGaming is a complementary offering to land-based casino gaming. Both will grow together. To that end, independent researchers examined the success of New Jersey's iGaming market and iDEA Growth published a study highlighting its economic impact.¹ New Jersey's operating environment and regulatory structure provides a strong model, which can be implemented by other jurisdictions, bringing much needed jobs and tax revenue.

¹ [Economic Impact of New Jersey Online Gaming: Further Lessons Learned](#); October 2019; Meister Economic Consulting and Victor-Strategies.

The coronavirus pandemic has also underscored the need for iGaming. Maryland's casino closures and capacity reductions resulted in millions of casino revenue and state revenue being lost. It makes sense to take the steps now to modernize Maryland's casino industry and map the course for decades of success. By doing nothing, Maryland will leave hundreds of millions of tax dollars on the table. This is not hyperbole. Depending on tax rates, license fees, licenses available, gaming verticals allowed, and other policy considerations, a mature iGaming market in Maryland could generate almost \$132 million annually to help support important budget priorities.²

Not only are hundreds of millions in tax dollars on the line as lawmakers consider whether to advance iGaming legislation, but also meaningful protections for Maryland consumers. Without even realizing it, Maryland residents are sharing their personal and financial information with dozens of readily available illegal offshore casinos that provide no consumer protections and little assurance of winners getting paid. Regulating iGaming corrals this illegal market and turns it into an industry run by reputable operators subject to state supervision. In terms of consumer protection, the responsible gaming features available for legal operators are robust, and these powerful technologies can flag risk factors that might signal problem gambling. In fact, iDEA members have already adopted the industry's highest responsible gaming standards as part of their commitment to abide by iDEA Growth's Responsible Gaming Pillars.³

As online gaming is digital, it allows for increased monitoring of player behavior. Operators have the technical systems they need to confirm an online customer's identity, age and location. Online gaming also affords operators the ability to observe a person's gambling activity, use technology to evaluate risk and erratic behaviors and offer interventions in real-time, including sharing incredible responsible gambling tools that have proven to reduce harm. When you couple the work that the land-based industry is doing to protect consumers in casinos with the technological advantages of online gaming, you have a powerful system to ensure compliance and safety.

This is not just theory. Having recently initiated a very successful launch of its sports betting program, Maryland has learned a lot about its capabilities to effectively regulate online gaming. The State knows how to set the rules and vet the operators. The technology, from age verification, geolocation, and consumer monitoring, is identical to what Maryland has already approved for sports betting, and it is working successfully. There should be little doubt in lawmakers' minds that online gaming can be properly regulated and controlled in Maryland.

² [US iGaming State Tax Revenue Potential](#), August 2022, Light and Wonder

³ [Responsible Gaming Pillars](#), March 2021, iDEA Growth

Of course, many people will ask if iGaming will undermine the considerable investment that Maryland has made in land-based gaming. The answer is unequivocally no. Data highlighted in our report, shows that states with legal iGaming have the exact same revenue trends month-over-month for both online and land-based gaming. A more recent report from Spectrum Gaming Group came to the same conclusion.⁴ Online and retail gaming products coexist without impacting the overall growth of gaming revenues. Additionally, many casino operators in these states have expressed gratitude for having online casino and poker options during the pandemic, as iGaming has offset revenue losses from operational challenges caused by casino closures and capacity restrictions.

That being said, Maryland lawmakers should consider that the most successful regulatory programs are those that cultivate markets that are as open and competitive as possible, subject to appropriate regulations. iDEA Growth members' experience in the U.S. and around the world has shown that competition is vital to developing a thriving industry that maximizes customer engagement and tax revenue while stamping out the pervasive illegal market in the state. On the other hand, limiting the number of skins or requiring iGaming licenses to be tethered to land-based casinos will only serve to restrict instead of promote competition. We recommend these restrictions be removed as Maryland continues to evaluate the legalization of iGaming and consider a broader licensing framework that extends opportunities to other gaming stakeholders within the state for the purpose of promoting competition. Increasing the number of potential mobile operators isn't just good for Maryland consumers and businesses; it will mean more money to the State in the way of up-front licensing fees and long-term tax revenues to address critical programs in Maryland.

iGaming will keep Maryland's casino industry competitive with neighboring states, and offshore websites, that seek to extract Maryland customers and Maryland entertainment dollars away from the State. This modernization will allow for the expansion of the current regulated gaming environment in a responsible and positive way, without impacting the land-based gaming revenue generated in the State. Just as mobile sports betting has grown the overall revenues for the sports betting industry, iGaming will enhance the casinos' connection with existing customers and enable them to meet new ones in ways never before possible.

⁴ [Prospective Internet Casino Gaming in Indiana](#), September 2022, Spectrum Gaming Group

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In closing, iGaming legalization would capture a growing and sustainable source of revenue instead of letting those dollars flow to the illegal market or other states, like neighboring Pennsylvania, Delaware and West Virginia, that have already seized the digital gaming economy. But providing legal, safe and regulated iGaming is not just about new tax dollars. It is also about good policy that protects consumers and Maryland's existing gaming industry. We urge Maryland lawmakers to act this year and legalize iGaming.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Ifrah".

Jeff Ifrah
General Counsel, iDEA Growth

SB 267 Sponsor Testimony

Uploaded by: Senator Watson Senator Watson

Position: FAV

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 4th 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.

SB267MSIGA History

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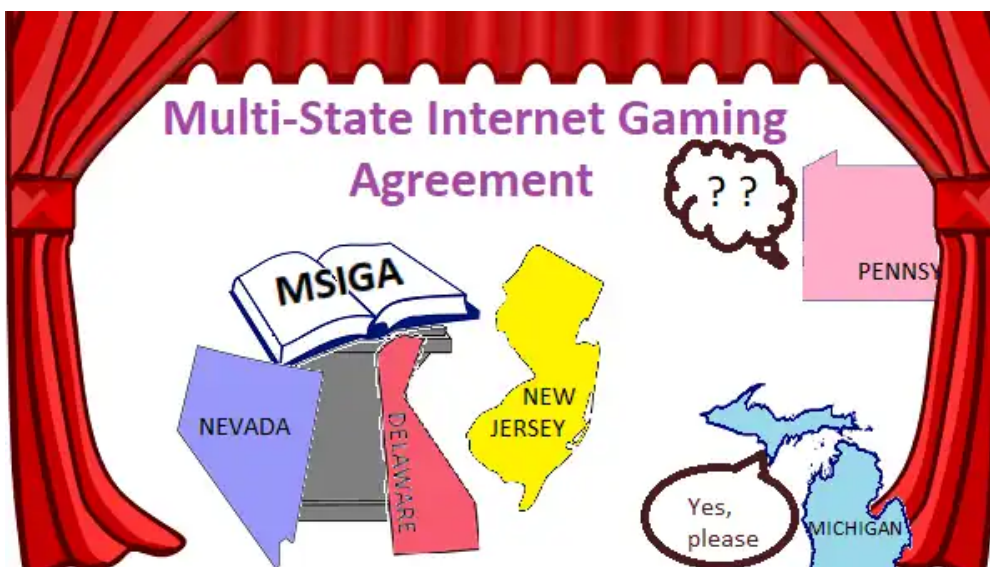
US POKER SITES CASINOS SPORTS CRYPTO ROW POKER NEWS
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Multi-State Internet Gaming Agreement: Past, Present & Future



The **Multi-State Internet Gaming Agreement**, or MSIGA for short, is a brief document of fewer than 20 pages that was initially just a minor detail in the world of online poker. However, with the growth of regulated, state-licensed interactive poker rooms in the United States, this document has begun to assume a more important role in the industry.

Since its inception, additional states have joined the Agreement, including a couple that are very prominent players in the online poker industry. With this increase in participation, some foresee the MSIGA being a key component of U.S.A. online poker going forward. Therefore, it's worth examining this agreement in detail to understand how it works and how it may facilitate the growth of regulated **online poker sites** for Americans.



What Is the MSIGA?



The **Multi-State Internet Gaming Agreement** is a compact, which is kind of like a treaty between sovereign nations except that a compact involves sub-national entities, like states. Several of the states that have launched licensed online poker regimes have negotiated the terms of the MSIGA in order to promote the robustness of their virtual poker endeavors. To be specific, Delaware, Nevada, **New Jersey**, and Michigan are parties to the agreement.



Members of the Multi-State Internet Gaming Agreement

What the Agreement does is allow players in any one of the signatory states to engage in online poker play against their counterparts in the other states. So, for example, someone can log on to a regulated poker site in New Jersey and compete with individuals not just in the Garden State but also people in Nevada and Delaware. This assumes, of course, that the poker site in question does business in New Jersey as well as one or more of the other MSIGA member states.

What Purpose Does the MSIGA Serve?



In effect, this compact creates a shared player pool across the affected states. This is beneficial for the games because people like to log in and see bustling lobbies and tables full of players. Tournaments can grow larger and feature boosted guaranteed prize pools because they're counting on traffic from multiple states to hit their participation targets rather than having to rely on the ring-fenced player pool of just one state.

We have already seen increases in poker liquidity among the states that have signed the Multi-State Gaming Agreement. As more states join, we expect this trend to continue and become even more pronounced.

Poker Networks Utilizing the MSIGA



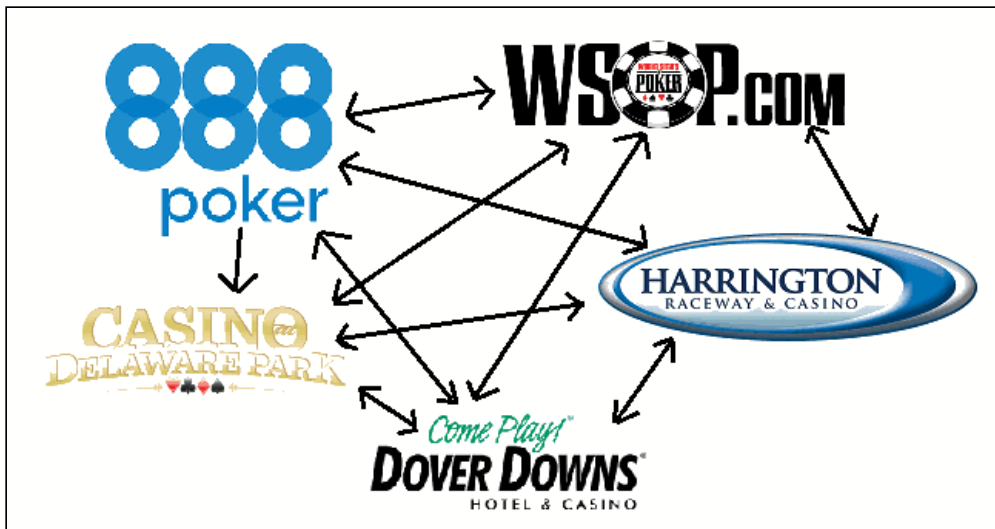
As we've noted above, in order to benefit from the MSIGA, a poker operator must be licensed to transact in multiple member states. Here is a list of the networks and sites that fulfill this condition:

All American Poker Network

The All American Poker Network was started by 888 Holdings and Avenue Capital in 2013, but 888 subsequently bought out its partner and now exercises sole control of the network. The All-American Poker Network is active in the states of **Nevada**, New Jersey, and Delaware. In Delaware, 888 holds the exclusive contract to provide software for the three DE legalized poker sites, so it basically holds a monopoly in this state.

The active skins on the All American Poker Network are:

- WSOP Nevada
- WSOP New Jersey
- 888 New Jersey
- Delaware Park (DE)
- Dover Downs (DE)
- Harrington Raceway (DE)



Members of the All American Poker Network

In Nevada and New Jersey, WSOP.com and 888poker are partners with Caesars whereas the All American Network's Delaware sites are joint ventures with each of the state's racinos.

The All American Poker Network has an average of 240 ring game players simultaneously active according to poker traffic tracking site GameIntel. The overwhelming majority of cash games are shared across the entire network although on the tournament side, the **WSOP.com** skin has certain events, mostly related to the World Series of Poker, that are absent from the other network members. Some promotions are also skin-specific.

PokerStars USA

PokerStars launched sites in New Jersey, Pennsylvania, and Michigan once its license applications were approved in each state. On January 1, 2023, **PokerStars saw fit to combine its New Jersey and Michigan sites** into one shared player pool. According to GameIntel, the traffic of the combined site is approximately 375 simultaneously active ring game players. This is sufficient to make PokerStars NJ/MI the largest regulated online poker network in the country though its liquidity pales compared to the average of 4,400 cash game players on the global PokerStars .com site.

PokerStars Michigan is a joint effort between The Stars Group and Odawa Online, the interactive arm of the Little Traverse Bay Bands of Odawa Indians. They operate the Odawa Casino Resort in Petoskey and the Odawa Casino in Mackinaw City both of

which are near the northern end of the state's Lower Peninsula. In New Jersey, PokerStars is partnered with Resorts Casino Hotel in Atlantic City.

Standalone, Ring-Fenced Poker Sites



Despite the institution of the Multi-State Internet Gaming Agreement, there still remain several standalone state-licensed sites. At these rooms, each state's players are ring-fenced and can only compete against their neighbors within the same state.

Here's a list of all the state-licensed U.S.A. internet poker sites that **do not** combine their traffic across state borders. For the sake of clarity and organization, we have divided them up by state.

New Jersey



New Jersey is an old hand at managing regulated online poker and casino systems. It has proven, over the years, to be capable of sustaining at least three independent poker networks at any given time. Right now, there are two standalone NJ sites along with WSOP.com/888 and PokerStars, which operate across state lines. Here's a list of the New Jersey-specific networks and sites that are currently operating:

partypoker/BetMGM/Borgata

partypoker NJ operates together with sister sites Borgata Poker and BetMGM Poker, and they all conduct business under a license granted to the Borgata Casino in Atlantic City. The games to be found are virtually identical across all three sites, but they each have their own promotional wrinkles, like party's weekly cashback, BetMGM's exclusive Vegas hotel offers, and the ability of Borgata's customers to trade in reward points for actual comps at the AC resort after which it is named.

According to the numbers we've seen, the three partypoker-affiliated rooms draw in about 110 simultaneously active cash game players, putting it in third place behind PokerStars and

WSOP.com, both of which operate multi-state networks that include New Jersey.

Pala Poker

Pala Poker is a bit of an odd duck in that it uses a license provided by the Borgata Hotel Casino in Atlantic City; yet, it maintains traffic separate from the other three poker sites that have partnered with the Borgata, and it has its own proprietary software too. The level of poker action is insignificant, amounting to no more than a dozen real money players typically active.

Pennsylvania



Pennsylvania passed online gaming legislation in October 2017, but delays in crafting the poker regulations and awarding licenses meant that the **first Pennsylvania-licensed online poker site** opened for business in November 2019. Since then, several other competitors have taken to the field, but all of their PA games remain constrained to this single state for now.

PokerStars

Perhaps because it was the first to open its doors in the Keystone State, PokerStars retains the lead in player population with approximately 130 players on average filling up its cash games. It operates its cardroom under a license provided through Mount Airy Casino Resort in Mount Pocono, PA. PokerStars would no doubt be able to fold its Pennsylvania traffic in together with its cardrooms in New Jersey and Michigan, but this development must wait until PA leaders decide to join the MSIGA.

WSOP.com

The Pennsylvania division of the WSOP.com cardroom sees approximately 75 players, on average, in its cash games. It runs on 888 software, the same platform that powers the All American Poker Network, but until Pennsylvania joins the MSIGA, these players are ring-fenced and only able to compete against other Pennsylvanians. WSOP.com's B&M partner is Harrah's Philadelphia.

BetMGM/Borgata

BetMGM and Borgata are two skins of the same poker product, running on partypoker software. BetMGM is partnered with Hollywood Casino in Grantville while Borgata PA is run in conjunction with Rivers Philadelphia. Notwithstanding their relationships with these two land-based casino enterprises, both BetMGM and Borgata Pennsylvania reward their players through the MGM Rewards program rather than the rewards systems in place at their B&M partners. BetMGM + Borgata combined draw in an average of just 50 individuals to their ring game tables.

Michigan



MI Governor Whitmer signed a package of igaming bills into law in December 2019. The first state-licensed internet poker site then appeared in January 2021 followed by several others.

Michigan was accepted into the MSIGA in April 2022, and so we expect the below sites to soon combine their player liquidity with their counterparts in other states. For now, the only Michigan operator to take advantage of the shared traffic pool is PokerStars.

BetMGM

BetMGM MI, which uses software from partypoker and a license from MGM Grand Detroit, is in second place in terms of MI player counts with 110 individuals simultaneously occupying cash game seats. Its users are kept apart from their counterparts in other states although they do benefit from nation-wide promotions and rewards under the MGM Rewards loyalty club.

WSOP.com

The newest Michigan-licensed online poker organization, WSOP.com, is owned by Caesars and uses a software client from 888. This iteration of the WSOP poker room is separate from the others that are active in different states, and the MI-specific player pool musters just about 55 cash game competitors at any one time. WSOP Michigan uses a license obtained by the Grand

Traverse Band of Ottawa and Chippewa Indians, which owns Turtle Creek Casino & Hotel in Williamsburg and the Leelanau Sands Casino & Lodge in Peshawbestown.

West Virginia



Although West Virginia provided for the possibility of licensed internet poker in its gaming bill (**H2934**), no online poker sites have begun to transact in the state.

BetMGM, which already offers poker in several states, and FanDuel, which has close ties to PokerStars, have successfully launched WV online casinos. Therefore, the two of them may eventually get around to debuting their poker product in **The Mountain State**. If West Virginia signs the MSIGA, this will undoubtedly make West Virginia online poker a more appealing prospect for would-be operators.

Connecticut



The newest state to have passed **online poker regulation**, **Connecticut** hasn't yet seen any in-state internet poker sites open up. Connecticut is on the smaller size, in terms of both area and population, and so it's probably not a priority for leading poker firms although this situation could change if it signs the MSIGA.

History of the MSIGA



Three states led the way in legalizing licensed online gaming within their borders: New Jersey, Delaware, and Nevada. Delaware actually passed the necessary legislation in 2012, living up to its nickname as The First State, followed by Nevada and New Jersey in 2013. By the end of 2013, interactive poker sites had begun dealing virtual games in all three states.

It soon became apparent, though, that the offerings available in each of these states were lackluster when compared to what was available in the rest of the world. Experts highlighted the ring-fenced nature of these poker sites as a major factor limiting their growth. With players in each jurisdiction having to participate in games restricted to people in the same state, there simply wasn't

enough liquidity present to grow any room beyond a certain critical mass.

Nevada and Delaware Take Action

It was with the future of the industry in mind that Delaware and Nevada crafted the Multi-State Internet Gaming Agreement and at the same time created the Multi-State Internet Gaming Association to manage the affairs of the parties to the Agreement. In February 2014, they signed this compact, which allowed online poker providers in more than one state to pool their players across both states in order to boost traffic figures and lead to a more sustainable internet poker ecosystem.

The fact that the contract to run Delaware online poker was awarded to a single company, 888 Holdings, meant that this operator was basically the only one that could benefit from the MSIGA. In March 2015, 888 joined its three DE sites to WSOP.com Nevada, creating a single multi-jurisdictional player population combining the four poker rooms.

With Delaware poker responsible for around 8 cash game players on average and WSOP NV counting 152 at this time, the impact of the Agreement was pretty limited. Delaware was the big winner as its traffic, barely enough to populate one table, was basically multiplied by 20 while Nevada saw just a minuscule bump in numbers.

New Jersey Enters the Picture

Meanwhile, New Jersey's regulated poker sites were demonstrating success to the point that single sites in New Jersey were often larger than all the rooms in Nevada and [Delaware](#) combined. Clearly, The Garden State was the big prize for the leaders of the Multi-State Internet Gaming Association to bring onboard.

It took a while, but New Jersey joined the MSIGA in October 2017. By May 2018, the technical details of implementing NJ traffic sharing had been worked out, and so the state joined the combined player pool at this time.

Bringing New Jersey into the fold was a big coup for the MSIGA. Nevertheless, the benefits were confined to a single organization, 888, which was still the only one that managed an online poker presence in more than one of the signatory states.

New Internet Gaming Licensed States

After five years with little news on regulated U.S.A. online gambling expansion, several new states began to regulate poker over the internet. Pennsylvania did so in October 2017, followed by Michigan and West Virginia in 2019 and **Connecticut** in 2021.

It generally takes some time from the passage of igaming legislation until the first sites are up and running. **Pennsylvania** and Michigan have seen licensed internet poker rooms appear, but as of April 2022, we are still waiting for them to launch in West Virginia and Connecticut.

Michigan Approved to Join MSIGA

For a while, there was much speculation as to whether Pennsylvania or Michigan would be next to join the MSIGA. This question was answered in April 2022 when the news came that **Michigan was accepted by the existing members** to become the fourth state in the Agreement.

PokerStars is thus far the only internet poker room in Michigan to have consolidated its traffic across state lines in accordance with the provisions of the compact. Its Michigan and New Jersey rooms now share one player liquidity pool. No doubt its competitors are working on doing the same. We'll stay on top of these developments and let you know when each site's Michigan player pools are joined to those of the other states.

Future of the MSIGA



Starting as a very limited agreement between two small states, the Multi-State Internet Gaming Agreement has gained more importance as it has added new members. The accession of Michigan to the MSIGA has the potential to kick off a new mini-poker boom

because Michigan's population is greater than that of any existing party to the Agreement.

For what it's worth, the biggest internet poker destinations for most American players are still offshore rooms. There's nothing in the law that criminalizes playing at these sites even though they are not explicitly legal like the state-regulated ones are.

Until the MSIGA really gathers some steam (when all the Michigan sites are fully integrated with their peers around the nation and perhaps with the future addition of Pennsylvania), offshore brands are probably the best solution for many residents of the United States. To learn more about them and how you can sign up and play, check out our guide to [U.S.A. online poker](#).

Frequently Asked Questions



Like many legal documents, the Multi-State Internet Gaming Agreement has many subtleties that are not immediately apparent. If you still have questions about it, look below where we have gathered the answers to some common inquiries about the MSIGA.

What States Are Parties to the Multi-State Internet Gaming Agreement? +

How Do Sites Benefiting From the MSIGA's Shared Liquidity Calculate Revenue From Each State? +

Does the MSIGA Deal With Online Casinos or Just Poker? +

Can a State Leave the MSIGA? +

Our Favorite Online Casino

Exclusive high-roller VIP bonuses
for [ProfessionalRakeback.com](#)

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Uploaded by: Jon Mandel

Position: FWA



**Maryland Senate Budget and Taxation Committee
Senate Bill 278 - Internet Gaming - Authorization and Implementation
February 15, 2023**

Good afternoon, Chairperson Guzzone and Members of the Committee.

For the record, my name is Jon Mandel and I am an attorney with the law firm Orrick, Herrington & Sutcliffe, which serves as National Public Policy Counsel to the Sports Betting Alliance (or “SBA”), and I have submitted written testimony in advance of the hearing. It is a pleasure to be here today in support of Senate Bill 278 with comments on behalf of a coalition of leading mobile entertainment operators in the United States, including BetMGM, DraftKings, FanDuel and Fanatics. Our members are competitors in the marketplace – operating as licensed online casino gaming, or iGaming, operators in Connecticut, Michigan, New Jersey, Pennsylvania, and West Virginia – but we are aligned in working with policymakers and stakeholders to create safe and successful gaming markets through sound legislation and regulation.

You are perhaps familiar with our coalition through the legalization of mobile sports wagering in Maryland, which launched at the end of last year. We worked side by side with lawmakers and stakeholders to ensure legal sports wagering would promote top tier consumer protections, deploy expansive responsible gaming tools and generate revenue for the State.

We appreciate the opportunity again to come to the table today and continue to work with the Committee, ensuring iGaming is established in Maryland with the same rigorous licensing process as mobile sports wagering and holding iGaming operators accountable to the highest consumer safety safeguards and security protocol standards in the industry.

Legalizing iGaming presents multiple benefits to Maryland and Marylanders, benefits that are driving three other states to consider iGaming legalization this year as well.¹ First, it will provide consumers with a safe and convenient way to engage in iGaming, a critical element not afforded in the rampant illegal, offshore market. Second, it requires and promotes responsible gaming measures that are, once again, not offered by the thriving illegal market. And third, it will generate significant tax revenue for the State without impacting traditional gaming offerings or mobile sports wagering.

Consumer Protections

Illegal Market

It is difficult to determine the exact size of the illegal iGaming industry, as it operates in a clandestine manner. However, according to a recent study by the American Gaming Association, Marylanders could be wagering approximately \$6.3 billion with illegal, offshore iGaming operators.² I would note that this figure is only an estimate, and the actual amount of illegal iGaming wagering in Maryland could be higher or lower than this estimate.

These illegal operators pose significant risks to consumers. They aren’t subject to any licensing and regulatory requirements and do not provide anywhere near the level of consumer protections as importantly required under Senate Bill 267.

¹ Illinois, Indiana and New Hampshire.

² American Gaming Association, “Sizing the Illegal and Unregulated Markets in the United States”. November 2022, available at <https://www.americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf>. According to the study, Americans wager an estimated \$337.9 billion with illegal iGaming operators, with a loss of \$3.9 billion in tax revenue to U.S. states. The estimated figure for Maryland is based on its population (~1.9% of the U.S. population).

Legal Market

Senate Bill 267 will provide consumers with a safe and convenient way to engage in iGaming. When it comes to consumer safety, every transaction will take place through a registered account, allowing iGaming operators to verify a customer's location, age and identity to ensure minors are prevented from wagering and the account holder is actually the customer who signed up to use the platform. iGaming software will undergo a robust verification and testing process conducted by a certified and independent lab to ensure the games cannot be manipulated in favor of the operator. Finally, customers that wager on legal iGaming platforms can trust that their deposits are safe and that they will receive their winnings.

Responsible Gaming

Turning to responsible gaming, which isn't just a priority for members of our coalition; it is the **top priority**. Legal and regulated iGaming operators provide tools and resources to help players manage their gaming habits and prevent problem gaming, including self-limits on the amount of time spent on the platform, caps on account deposit and wagering amounts, and exclusion all together from the app. In addition, legal and regulated iGaming operators have dedicated Player Protection teams to support the monitoring of user accounts for potential problem gaming behavior and language. All of our members' employees receive responsible gaming training when they are onboarded and periodically thereafter. And above all, consumers are provided substantial responsible gaming resources and messaging directly through the app.

Tax Revenue

Legalizing iGaming can generate significant tax revenue for Maryland.³ Equally important, iGaming's success can come without cannibalizing existing retail gaming operators, the lottery or mobile sports wagering, which have seen revenue growth year-over-year in states that have legalized iGaming. According to initial estimates through a study SBA has commissioned with a renowned gaming research company – and we welcome the opportunity to follow up with the Committee once we have more concrete data – Senate Bill 267 could generate \$102.9 to \$111.6 million in the first year, rising to \$150.6 to \$156.3 million per year in year 5, as the iGaming market in Maryland continues to mature.

Competition

Senate Bill 267 is a very strong step in the direction to establishing a legal and regulated iGaming framework. Now despite our members being vigorous competitors in the market, we advocate for that very level of competition. Competition provides better experiences for players, drives innovation, and attracts more customers from the illegal, offshore market. For this reason, SBA recommends to the sponsors and this Committee to explore ways to increase competition in the underlying framework. That can come in the form of (i) making mobile sports wagering operators eligible for an iGaming license; (ii) increasing the number of licenses, or "skins", each casino is granted; or (iii) permitting other existing gaming operators, such as the race tracks or retail sports wagering facilities, the opportunity to also offer iGaming.

Conclusion

In conclusion, legalizing iGaming will provide numerous benefits to Maryland. Legalizing iGaming will help Maryland reach its full potential and support important public initiatives by providing a safe and convenient way for consumers to engage in iGaming, deploying critical responsible gaming tools and generating significant tax revenue each year to the State.

Thank you again for the opportunity to testify. I am happy to answer any questions.

³ States like New Jersey, Connecticut, and Pennsylvania generate more than \$1 billion in gross iGaming revenue per year. Collectively, for the 12-month period ending July 2022, the six states that have legalized iGaming - CT, DE, MI, NJ, PA and WV – have generated \$4.4 billion in gross iGaming revenue.

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Uploaded by: Tony Jones

Position: FWA



301 Beach Terrace • Colonial Beach, VA 22443 • 804.224.7055
www.riverboatonthepotomac.com

Date: February 15, 2023
To: Budget & Taxation Committee
From: Riverboat on the Potomac Managing Partners

Subject: Testimony for Senate Bill 267 Internet Gaming - Authorization and Implementation

Good afternoon, Chairman Guzzone and members of the committee. My name is Antonio Jones, and I am one of the owners of the Gaming license for Riverboat on the Potomac, located in Charles County. We are proud to say that we are now the first 100% minority owned sports betting licensee (retail and mobile) in the country, an accomplishment which speaks to the commitment to inclusion fostered in my home state of Maryland. Sports betting was a clear and definitive step forward to bring small and minority businesses into the gaming industry, and SB 267 presents another opportunity to do so. We request a favorable report on this bill with amendments that would enable qualified OTBs like the Riverboat to apply for an iGaming license. We have proven in our ability to play a role in the sports betting market, having just entered month six of operation. On the mobile side, our partner PointsBet operates iGaming licenses in other states and would be able to bring their expertise to the table here in Maryland.

For those of you who don't know, the Riverboat's building is physically located in the Potomac River in Charles County, but our front door faces Colonial Beach, VA. 90% of our retail guests are from Virginia. Maryland used to have many of these little casinos that dotted the shores of the Potomac, but today, we are the only building remaining. Since becoming an OTB, the Riverboat has been trying to restore and modernize Maryland's historic gaming legacy with a focus on the new face of Maryland. As an MBE ourselves, we contracted with several Maryland-based MBE and other minority-owned businesses to perform the sports betting buildout. Customer reviews of the final construction are, in a word, glowing.

We appreciate the steps Maryland has taken to expand the gaming industry for historically underrepresented groups and we encourage the Committee to make room for that vision in this bill. For these reasons, I respectfully request a favorable report for SB 267 with amendments that would include qualify OTBs for a license.

Respectfully yours,

Antonio Jones,
Riverboat on the Potomac, Managing Member

SB 267 Maryland Center of Excellence on Problem Ga

Uploaded by: Blair Inniss

Position: UNF



February 15, 2023

Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 267 – Internet Gaming – Authorization and Implementation – Letter of
Opposition

Dear Chair Guzzone:

This letter is in opposition of SB267, which puts up for referendum the issuance of internet gaming licenses to video lottery operators in the State. This would authorize licensees to conduct casino-style gaming over the internet, allowing customers to receive the full casino experience from anywhere they please.

Internet casinos can present a bevy of public health concerns. First, and most obvious, it allows customers to participate in casino games (e.g., poker, blackjack, roulette, etc.) on any device with internet connectivity. In Maryland, these games are only accessible at a brick-and-mortar casino. Having the offerings of a casino at one's fingertips can result in increased problem gambling behavior. Numerous international studies have found that internet casino gaming has a greater prevalence of problem gambling than brick-and-mortar casino gaming.¹ In an Australian study, the rate of problem gambling among non-internet gamblers was 0.9%, while the rate among internet casino gamblers was 2.7%.² A study of international gamblers as a whole found a similar relationship between internet gaming and problem gambling, with the prevalence rate of problem gambling being 17.1% amongst internet gamers and much lower 4.1% amongst non-internet gamers.³

There is currently not much research on the public health issues posed by internet casino gaming in the United States, as only six states currently allow online casinos.⁴ However, one of the first states to adopt legislation allowing internet gaming, New Jersey, has some alarming statistics. They prided themselves as leaders in the internet gaming industries, and thus emphasized the Responsible Gaming (RG) features that would accompany online casinos, such as the ability to

¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4610999/>

² <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4610999/>

³ <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>

⁴ <https://www.playusa.com/us/>



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SCHOOL OF MEDICINE

set deposit and time limits, and the option to self-exclude.⁵ However, even with these RG measures in place, it was found that the use of these measures was very low, with only around 1% of all internet gaming account holders in the state accessing the most popular RG measure – the deposit limit.⁶ This emphasizes that the likely increase in problem gambling that could result from internet gaming cannot be curtailed by accompanying RG measures.

We are still just in the beginning stages of learning about the ramifications of mobile sports betting and have already seen a rise in problem gambling helpline calls since it was legalized. Legalizing internet gaming, which has a troubling correlation with increases in problem gambling across the country, on top of mobile sports betting, has the potential to cause a problem gambling epidemic. For these reasons, the Maryland Center of Excellence on Problem Gambling opposes SB267.

Sincerely,

A handwritten signature in black ink that reads "Mary Drexler". The signature is fluid and cursive, with a large initial "M" and "D".

Mary Drexler, MSW
Director of Operations
Maryland Center of Excellence on Problem Gambling
Office Direct: 667-214-2124
Cell Phone: 860-798-9086
Email: mdrexler@som.umaryland.edu

⁵ <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>

⁶ <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>

VoH SB 267 2023.docx.pdf

Uploaded by: Jennifer Tuerke

Position: UNF



Senate Bill 267 – Internet Gaming – Authorization and Implementation
Senate Budget and Taxation Committee
February 15, 2023
TESTIMONY IN OPPOSITION

Voices of Hope, Inc. is a nonprofit community-based organization that serves individuals with substance use disorders and addiction in Cecil and Harford Counties.

This letter is in opposition of SB267, which puts up for referendum the issuance of internet gaming licenses to video lottery operators in the State. This would authorize licensees to conduct casino-style gaming over the internet, allowing customers to receive the full casino experience from anywhere they please. Internet casinos can present a bevy of public health concerns. First, and most obvious, it allows customers to participate in casino games (e.g., poker, blackjack, roulette, etc.) on any device with internet connectivity. In Maryland, these games are only accessible at a brick-and-mortar casino. Having the offerings of a casino at one's fingertips can result in increased problem gambling behavior. Numerous international studies have found that internet casino gaming has a greater prevalence of problem gambling than brick-and-mortar casino gaming.¹ In an Australian study, the rate of problem gambling among non-internet gamblers was 0.9%, while the rate among internet casino gamblers was 2.7%.² A study of international gamblers as a whole found a similar relationship between internet gaming and problem gambling, with the prevalence rate of problem gambling being 17.1% amongst internet gamers and much lower 4.1% amongst non-internet gamers.³

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This bill is too much online gaming too soon in Maryland. We need to slow down and make sure that gambling addiction treatment and recovery supports are available for those impacted before growing access to more online internet gambling. **For these reasons, Voices of Hope, Inc. urges this committee to oppose SB 267.**

Thank you,

Jennifer Tuerke
Executive Director

1 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4610999/>

2 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4610999/>

3 <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>

4 <https://www.playusa.com/us/>

5 <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf> 6

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NCADD-MD - 2023 SB 267 UNF - Internet Casinos - Se

Uploaded by: Nancy Rosen-Cohen

Position: UNF



**Senate Budget & Tax Committee
February 15, 2023**

**Senate Bill 267
Internet Gaming - Authorization and Implementation
Oppose**

NCADD-Maryland opposes Senate Bill 267, which would ask voters to authorize internet casino gambling. This would allow people to access a full casino experience from anywhere and anytime, vastly expanding the gambling industry and the ills that ensue.

Internet casinos present myriad public health concerns. First, it allows people to participate in casino games, such as poker, blackjack, and roulette, on any device with internet connectivity. In Maryland, these games are currently only accessible at a brick-and-mortar casino. Having the offerings of a casino at one's fingertips can result in increased problem gambling behavior.

Numerous international studies have found that internet casino gaming has a greater prevalence of problem gambling than brick-and-mortar casino gaming.¹ In an Australian study, the rate of problem gambling among non-internet gamblers was 0.9%, while the rate among internet casino gamblers was 2.7%.² A study of international gamblers as a whole found a similar relationship between internet gaming and problem gambling, with the prevalence rate of problem gambling being 17.1% amongst internet gamers and much lower 4.1% amongst non- internet gamers.³

There is currently a lack of research on the public health issues posed by internet casino gaming in the United States, as only six states currently allow online casinos.⁴ However, one of the first states to adopt legislation allowing internet gaming, New Jersey, has some alarming statistics. The state emphasized the Responsible Gaming (RG) features that would accompany online casinos, such as the ability to set deposit and time limits, and the option to self-exclude.⁵ However, even with these RG measures in place, it was found that the use of these measures was very low, with only around 1% of all internet gaming account holders in the state accessing the most popular RG measure – the deposit limit.⁶ This emphasizes that the likely increase in problem gambling that could result from internet gaming cannot be curtailed by accompanying RG measures.

The state should not rush into more online gaming opportunities on the heels of internet sports wagering. NCADD-Maryland urges an unfavorable report on SB 267.

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⁶ <https://www.nj.gov/oag/ge/2015news/ResponsibleGamingFinalReport%202015.pdf>

Anne Arundel County_INFO_SB267.pdf

Uploaded by: Peter Baron

Position: INFO



February 15, 2023

Senate Bill 267

**Internet Gaming - Authorization and Implementation
Senate Budget and Taxation Committee**

Letter of Information

This legislation, which is subject to voter referendum, authorizes the State Lottery and Gaming Control Commission (SLGCC) to license video lottery operators to conduct and operate Internet gaming in the State.

Like the other five Maryland counties with state-licensed casinos, Anne Arundel County receives a portion of revenues derived from table gaming and video lottery terminals in the form of local impact grants. Anne Arundel County receives 5% of table gaming revenues associated with Live! Casino, and a portion of video lottery terminal (VLT) revenues associated with the three casinos in the central Maryland area. A Local Development Council guides spending of the revenue from VLTs, which is spent on programs and services located in a 3-mile radius surrounding the casino. Permitted uses include infrastructure improvements, facilities, public safety, sanitation, economic and community development, and other public services and improvements.

Anne Arundel County has had a meaningful and successful partnership with Live! Casino since it opened in 2012. In addition to the generation of revenue that provides critical funding for fire and public safety services, recreation and parks, education and libraries, transportation systems, and other community services and projects, Live! employs over 2,200 individuals. Live! has also invested over \$250 million in a hotel and event center, which opened in 2018. During the pandemic, Live! partnered with the Anne Arundel County Health Department to operate a COVID vaccination clinic in the casino's convention space.

We anticipate that, once implemented, Internet gaming will impact revenues associated with in-person table gaming and VLTs. Under Internet gaming, participants will have the convenient option of gaming from their phones. For this reason, Anne Arundel County requests protection of the existing revenue streams on which local governments have relied for several years, and which support important services and infrastructure for our communities.

SB267 LOI MLGCA.pdf

Uploaded by: Sean Ford

Position: INFO



February 15, 2023

Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

Re: Letter of Information – Senate Bill 267 - Internet Gaming - Authorization and Implementation

Dear Chair Guzzone, Vice Chair Rosapepe, and Members of the Budget and Taxation Committee:

The Maryland Lottery and Gaming Control Agency (“MLGCA” or “Agency”) submits this letter of information to the Budget and Taxation Committee (“Committee”), as background information regarding House Bill 267 – Internet Gaming - Authorization and Implementation.

Internet gaming (also known as “iGaming”) is wagering on virtual slot machines and other casino games. It is permitted in 7 states: CT, DE, MI, NV, NJ, PA, WV. Tax rates vary widely by jurisdiction.

	Slots	Tables	Poker	Multi-Jurisdiction Poker
CT	18%	18%		
DE	57%	20%		Yes
MI	20% - 28%	20% - 28%		Yes
NV	3.5% - 6.75%	3.5% - 6.75%		Yes
NJ	17.5%	17.5%	17.5%	Yes
PA	54%	16%	16%	
WV	15%	15%		

Source: AGA State of the States 2022

SB 267 would permit both iGaming and multi-jurisdictional poker in Maryland after passage of a constitutional referendum. All proceeds would be taxed at 15% and the Maryland Lottery and Gaming Control Commission (“MLGCC” or “Commission”) would be required to regulate iGaming to the same extent it regulates casino gaming and sports wagering.

There are several things in the proposed legislation that should be clarified or changed in order to streamline the implementation by MLGCC:

- Proceeds is defined specifically for slots and table games. The definition does not apply to multi-jurisdictional poker because the operators only collect a fee, known as a rake, for hosting the games.
- There should be limits on the amount of free and promotional play that can be deducted from the calculation of proceeds.

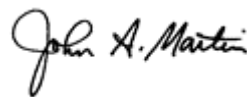
- .03(D)(1) authorizes the Agency to withhold the cost of issuing and renewing licenses from transfers to the Education Trust Fund. The Agency typically charges applicants for our investigative work, and the Agency believes that this practice should apply to iGaming. These charges are in addition to license fees described in the proposed legislation.
- There is no funding for the Agency to regulate these operations. Additional costs are likely, especially audit staff.
- .06(A)(2)(I) limits wagering after deposit limits are reached. The Agency submits that this provision should only limit additional deposits, with wagers dealt with separately.
- .07(A) has the MLGCC imposing penalties for unauthorized iGaming wagers or tampering. These should be criminal acts that may be reported by the MLGCC, or other parties, to law enforcement for action. If an outside entity tampers with software or equipment, that should also be a criminal matter. The MLGCC should only be responsible for penalties assessed against its licensees.
- .08(1) requires the MLGCC to annually report on the impact of internet gaming on problem gamblers and gambling addiction. The Agency has limited skills and resources to prepare such a report. We believe the report should be prepared by the Center of Excellence on Problem Gambling.

The proposed legislation permits only casinos to operate iGaming. MLGCC believes this is appropriate, as other potential operators do not have industry experience in this market and expanding to too many operators can dilute the business, making it difficult to be profitable.

Finally, the introduction of iGaming could have a significant impact on Lottery earnings since the Lottery is currently prohibited from allowing any of its games to be purchased on the internet. There is no constitutional prohibition for the Agency to implement iLottery, so the Maryland General Assembly could statutorily authorize the Agency to implement iLottery by passing enabling legislation, if its eventual intent is to allow both iLottery and iGaming. The Agency suggests passing legislation authorizing iLottery during a legislative session before iGaming is authorized, so that the Agency can implement iLottery prior to a launch of iGaming. Proceeding in this fashion will help protect funding for the Lottery's designated beneficiaries and various accounts.

Thank you for your consideration of this information, as the Agency takes no position on this proposed bill. If you should have any questions or need more information about this subject, please do not hesitate to contact Sean Ford, MLGCA's Director of Legislation and Policy Development, at 410-230-8988 or sean.ford@maryland.gov.

Sincerely,



John A. Martin
Director

cc: All Committee Members
Senators Watson and King