

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