



To: House Ways and Means Committee

Date: February 7, 2023

Re: Testimony in Opposition to Proposed Legislation to Increase the Availability of Slots-Like Machines (HB 224, HB 257, HB 263)

Maryland’s six casinos oppose legislation that will increase the availability of "slots-like" machines in Maryland.

Maryland's casinos drive significant State revenues and other benefits to the State’s economy.

- Maryland has the 19th largest population in the country but generates the 4th highest gaming tax revenues.
- Maryland's six commercial casinos created 15,000+ (pre-pandemic) direct jobs, generate \$3.0 billion in economic impact; and create \$962.2 million in tax impacts.¹
- Maryland's 41% Blended Tax Rate is the second highest tax rate in the country.
- Maryland has one of the highest gaming tax revenues as a percentage of corporate income tax collected in the country, at 52%. In other words, the 6 casinos in Maryland pay over half as much tax annually as **the thousands of other corporations doing business in the state each year.** (\$832 million Gaming Tax v \$1.6 billion corporate income tax.²)
- Maryland casinos spent over \$3 billion in initial construction.
- **Maryland casinos have provided \$4.9 billion to the Maryland Education Trust Fund and \$6.5 billion in overall taxes since the program began.**

Increasing the availability of slots-like machines will negatively impact State gaming revenues to fund public K-12 education and other important programs.

- Games like instant ticket lottery machines (ITLM), electronic tip jars, "skill-based" games, and instant bingo machines generally mirror slot machine play and therefore compete with slot machine play and casinos generally.
- Maryland has greatly benefitted from its casino gaming program, which, in FY2022 alone, provided the Education Trust Fund \$611 million of the total of \$932 million in total Blueprint revenues in that year.³
- In FY2022, Maryland's gaming revenue also provided:
 - \$106m in local aid
 - \$91m to Maryland's horse racing industry
 - \$19m to the Maryland's Small, Minority and Women-owned Business Fund
 - \$4.5m to the Responsible Gaming Fund

¹ Source: American Gaming Association
² Source: January, 2023 DLS Fiscal Briefing
³ Source: FY2024 Budget Highlights, App. Q.

- The Blueprint, which will increase education funding by an average of \$3.8b/year, will require the Maryland General Assembly to identify funding sources to fully fund the plan every year. The Department of Legislative Services projects that the Blueprint Fund will have a negative fund balance beginning in FY2027.
- The partnership between Maryland and its VLT licensees is one of the most successful partnerships to fund public education in the nation. It is critical that the Maryland General Assembly protect the funding streams so important to State programs.
- By increasing the availability of slot machine-like machines that compete with slot machines, these bills are contrary to the State's interest in maximizing casino tax revenue to fund public education and the other programs funded by casino taxes.

These bills undercut responsible gaming initiatives and lack essential regulatory oversight to protect the public.

- Maryland's Voluntary Exclusion Program (VEP) is a core component of the State's responsible gaming efforts, and helps to ensure that at-risk people are protected.
- The state created the VEP in 2011 to assist people who have a gambling problem and choose to exclude themselves from Maryland casinos, lottery, and/or certain bingo halls in Anne Arundel and Calvert Counties.
- The Maryland Lottery and Gaming Control Agency staffs each casino in Maryland at all times that the casino floor is open to enroll people into the VEP.
- Maryland's casinos are responsible for ensuring that individuals who are on the VEP list do not have access to gaming on their properties.
- As a result of these requirements and other regulation by the MLGCA, Maryland's casinos are arguably the most regulated businesses in Maryland.
- The proposed bills do not include responsible gaming protections for slot-like games.
- Without proven responsible gaming measures in place, excluded patrons can simply avoid Maryland's casinos and frequent understaffed bingo halls, fraternal organizations, and bars and restaurants who might have access to these machines.
- The operators of these slots-like machines are also not subject to regulatory oversight and control to protect the public that is exercised by the MLGCA over casinos.

As the State's partners in funding the Blueprint for Maryland's Future and in ensuring that effective responsible gaming measures are in place, we respectfully request the Ways and Means Committee to give an unfavorable report to HB 224, HB 257, and HB 263.