



Favorable With Amendment on House Bill 1319: Internet Gaming - Authorization and Implementation

March 26, 2024

Chair Guzzone and distinguished members of the Budget & Tax Committee, it is my pleasure to offer this testimony, favorable with amendment on **House Bill 1319: Internet Gaming - Authorization and Implementation**. If enacted, this bill would authorize and implement internet casino wagering in the State.

Rush Street Interactive (“RSI” or “Company”) is a leading, global internet casino and sports betting operator, serving players across North and South America. We are one of the legal internet sportsbooks presently operating in Maryland under the “BetRivers” brand (we operate through a wholly owned subsidiary, RSI MD, LLC). While today, we have a top internet sportsbook offering, RSI was founded in 2012 with a focus on internet casino gaming. Our management team has decades of collective experience in casino gaming in both retail and internet settings. We launched our first social casino website in 2015 (which involves free-to-play games using virtual currency), our first real-money casino websites in 2016 (New Jersey) and 2019 (Pennsylvania), and, most recently in this past December, we launched as the exclusive internet casino provider in Delaware. We presently operate internet casino websites and mobile applications in five US states (as many as other US operators), Canada, Colombia, and Mexico, and we have been recognized as the US internet casino operator of the year multiple times by industry publications. We only operate in regulated markets.

The recent legalization of sports betting in Maryland has generated a significant new tax revenue stream that, per reports, is exceeding initial expectations. A healthy Maryland gaming industry should include all of internet and retail casino gaming and sports betting. The Maryland internet casino market is projected by independent industry experts to generate more than \$1 billion in gross gaming revenue annually at market maturity, and result in hundreds-of-millions of new tax dollars, which are not otherwise being captured by the current product offerings, and which would be available to fund the Blueprint for Maryland’s Future Fund or potentially other Maryland State initiatives and programs. From our experience across many jurisdictions, and as supported by recent studies, internet casino wagering is additive to the total market and draws a different (and new) player pool and therefore, in the most mature US markets with both internet and retail casino gaming, retail casino revenue has continued growing as the internet casino segment expands. Internet casino players have different characteristics and preferences than sports bettors and retail casino players, and many people live too far away from retail casino facilities to visit them on a regular basis. Unless and until a legal, regulated market becomes available, these internet-driven players are forced to go to neighboring states offering internet casino options or resort to illicit and unregulated operators, which tout themselves as “gap fillers” and specifically target players in US

states, like Maryland, without legal internet casino options. These illicit and unregulated operators generate hundreds-of-millions to billions of dollars in annual revenue but pay no taxes. They openly advertise on digital media, radio and podcasts, and social media without age restrictions. Their websites are virtually indistinguishable from regulated operators, and they misleadingly claim to provide “safe” and “legal” gaming options, but they lack the same player safeguards, privacy and financial protections, and responsible gaming tools commanded in a regulated market.

Legalizing internet casino wagering in Maryland helps bring these players back to the regulated market, which generates significant new tax revenue for the State, but just as importantly, helps combat problem gambling concerns. While the majority of players in a regulated market do so safely and responsibly, we understand, and we are fully committed to meeting all the responsibilities that come with operating in a highly regulated gaming industry, including that responsible gaming is a top-priority for the Company and we have endeavored to take a leadership role in the industry on responsible gaming issues and strive to establish best-in-industry practices. To that end, RSI was the first US-based operator to commit to adopt certain real-time data analysis player protection software helping to track and identify player wagering patterns that may suggest problematic behavior and the need for early intervention. These types of important early intervention tools and other technology advancements, however, are only available to players in legal, regulated markets and without which problem gaming issues among Maryland players in the illicit, unregulated market will continue to go unaddressed.

While we strongly support legislation to authorize internet casino gaming in the State of Maryland, **we respectfully present the following amendments** to HB1319 for consideration.

1. Tax Rate: The tax rate proposed in HB 1319 is higher than other successful, multi-operator internet casino markets. A lower tax rate consistent with the other multi-operator internet casino jurisdictions facilitates higher investment levels and promotional activities to help attract and retain players, including redirecting players currently wagering in the illicit, unregulated market.
2. Skins: Existing brick-and-mortar facilities should be guaranteed multiple skins per property to leverage their existing operations and player databases and maximize their ability to benefit from the internet casino market and maximize value to the State.
3. Credit Cards: The existing internet sports betting regulations allow players to make deposits and wagers using credit cards. Internet casino players should have the same payment options available to them, which, among other things, will allow players to use a single wallet with operators offering both internet sports and casino gaming, help to recapture players wagering in the illicit, unregulated market, and, in turn, help to expedite the time it takes for the Maryland internet casino market to reach maturity and for the State to realize the full tax benefits.

Thank you for the opportunity to present this testimony to the Committee today.