



Senate Bill 603

Internet Gaming – Authorization and Implementation

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Budget and Taxation Committee

Date: February 28, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS SB 603 WITH AMENDMENTS**. Contingent upon approval through a referendum by a majority of the voters in the 2024 general election, this bill authorizes the State Lottery and Gaming Control Commission (SLGCC) to license video lottery operators and up to five other qualified applicants to conduct and operate internet gaming in the state.

In addition to advocating for an equitable share of new internet gaming revenue, MACo seeks to guard existing revenue streams from brick-and-mortar casinos – upon which local governments have relied for several years to support critical services and infrastructure.

Maryland has authorized video lottery operation licenses in Baltimore City, Allegany, Anne Arundel, Cecil, Prince George’s, and Worcester Counties, with a maximum number of 16,500 video lottery terminals (VLTs) allotted in the state. Subject to approval by the State Lottery and Gaming Control Agency, licensees are also authorized to have table games.

Counties with brick-and-mortar casinos receive a portion of revenues from table gaming and video lottery terminals through local impact grants, which fund programs and services that benefit communities surrounding the casinos. Local development councils determine how to invest the revenue in each jurisdiction, and permitted uses include infrastructure upgrades, facilities, public safety, sanitation, economic and community development, and enhancing quality education services and opportunities in public schools.

MACo anticipates that once implemented, internet gaming will negatively impact local jobs, the local economy, and the revenues associated with in-person table gaming and VLTs. As such, MACo urges the Committee to include a hold-harmless provision to ensure the continued success of local impact grants and the services and programs they provide for casino-adjacent communities.

Like the State, counties face significant budget pressures, driven primarily by the ballooning costs to implement the Blueprint for Maryland’s Future successfully. The local levels of funding for education in each respective jurisdiction have reached record levels in recent years. However, this record county funding, combined with more significant funding requirements mandated by the law, will limit counties’ ability to

fund competing governmental needs at basic operational levels. This can threaten Blueprint implementation and the funding and stability of critical local government services, like public safety and emergency management, public health and social services, transportation infrastructure, libraries, and community colleges. No county government wants to choose between funding education or safety, human services, and infrastructure.

As drafted, this bill provides no internet gaming revenue for counties to fund their local shares of the Blueprint. As internet gaming has the potential to generate significant revenue to fund public schools, MACo urges the Committee to consider an equitable revenue distribution for county governments as true partners in education investments.

Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report on SB 603.