



March 15, 2024

Honorable Guy Guzzone, Chair  
Budget and Tax Committee  
3 West, Miller Senate Office Building  
Annapolis, Maryland 21401

Re: HB 1319

The Maryland Thoroughbred Horsemen's Association ("MTHA") **supports House Bill 1319 (Internet Gaming - Authorization and Implementation) with amendments.**

Created in statute, the Purse Dedication Account ("PDA") currently receives a percentage of brick-and-mortar video lottery terminal ("VLT") net proceeds from the State's six land-based casinos. These revenues are statutorily allocated to thoroughbred racing purses and breeder incentives. **The MTHA respectfully requests that the same percentage-based brick-and-mortar VLT allocation to the thoroughbred PDA applies to iGaming under HB 1319 to mitigate any digital cannibalization.**

The 2023 Joint Chairmen's Report required the Maryland Lottery and Gaming Control Agency ("MLGCA") to submit a report on iGaming to the budget committees, that, among other things, examines "the impact of iGaming on revenue generated by brick-and-mortar casinos." In the [Innovation Group's November 2023 Report](#) to MLGCA, Table 21 notes that iGaming "cannibalizes existing brick and mortar revenue streams by approximately 10.2%:"

For the period between 2019 and 2022, non-iGaming states grew at 2% relative to baseline, while iGaming states grew at -8.2% relative to baseline, **implying an impact of -10.2% on brick-and-mortar gross gaming revenue from iGaming.**

<b>Table 21: iGaming Impact on Brick &amp; Mortar GGR</b>	
	<b>Growth</b>
Net GGR Growth, iGaming States	-8.2%
Net GGR Growth, Non-iGaming States	2.0%
<b>Impact of iGaming on B&amp;M GGR</b>	<b>-10.2%</b>

Source: The Innovation Group

The first-reader fiscal note for House Bill 1319 reflects the potential ongoing reduction to the Purse Dedication Account – which continues in perpetuity beyond Fiscal 2029:

---

**Exhibit 1**  
**Revenue Effects under the Bill**  
**Fiscal 2025-2029**  
**(\$ in Millions)**

	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Purse Dedication Account	0.0	(4.9)	(6.2)	(7.6)	(8.5)

The MTHA appreciates the House's efforts to offset these projected PDA revenue losses in the amended bill with actual, hard-coded distributions to the PDA in fiscal years 2025 through 20230. However, for the long-term success of the State's racing program, the MTHA believes the General Assembly should consider a percentage-based approach that is consistent with the current brick-and-mortar VLT distributions to the PDA.

With this amendment, the MTHA supports House Bill 1319.

Very truly yours,



Katherine M. Voss  
President, MTHA