



To: Chair Guy Guzzone and Members of the Senate Budget and Taxation Committee
From: MGM National Harbor
Date: February 27, 2024
Re: Senate Bill 603 (Internet Gaming -- Authorization and Implementation)
Position: Support with Amendments

MGM Resorts International, a global entertainment company with national and international destinations featuring best-in-class hotels and casinos, would like to thank Senator Watson for introducing Senate Bill (SB) 603 and for his leadership on this timely conversation about iGaming. Detailed in this testimony, there is an incredible opportunity for Maryland to modernize its gaming options and expand the existing gaming market by nearly \$2 billion in annual gross gaming revenue¹ over the next several years by legalizing iGaming, a form of online casino gaming that has become a ubiquitous form of entertainment offered by casino operators in regulated iGaming states. We hope the information shared in our testimony will assist the Committee as you deliberate over policy measures that are crucial to the continued evolution of Maryland's gaming industry.

The MGM Resorts portfolio encompasses 31 unique hotel and gaming destinations globally, including one of the most recognizable resort brands here in Maryland – MGM National Harbor. The Company's 50/50 venture, BetMGM, offers U.S. sports betting and online gaming through market-leading brands. BetMGM is currently licensed in Maryland and operates both statewide online sports betting as well as our retail sports book located inside MGM National Harbor.

Maryland's commercial brick-and-mortar casino gaming industry, of which MGM National Harbor is proudly a part, continues to be a significant economic engine for the state through robust job creation and the generation of substantial tax revenues that fund important public priorities, including education.

While only 19th in the country by population, in 2023 Maryland generated the fourth-highest gaming tax revenue in the nation. Collectively, Maryland's six commercial casinos, have generated \$3 billion in economic impact; creating more than 15,000 direct jobs to date; and produced \$962 million in positive tax impact in 2023.

Since the inception of the Maryland Education Trust Fund (ETF), the state's commercial casinos contributed \$4.9 billion to the fund and generated \$6.5 billion in overall taxes. **In the less than six years of MGM National Harbor's existence, the property alone produced more than \$1 billion in total contributions to the ETF.**

¹ *The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States*, Analysis Group, pending release in March 2024 (finding in total, land-based and iGaming revenues combined are projected to grow from \$2.0 billion in 2024 to \$3.9 billion in 2029 (a 91.7% increase). This large increase is attributable to multiple factors, including Maryland's large population for iGaming, continued growth potential for Land-based casino revenues, and its demonstrated large sports betting revenues.



At MGM Resorts, we believe that we can only be successful to the extent that we help foster the vibrancy of the local communities in which we operate. As of 2022, about half – 46% – of our more than 3,100 employees at MGM National Harbor are local residents of Prince George’s County and/or veterans. Collectively, our team members have volunteered more than 30,000 hours of their time since opening – using their personal talents to assist organizations in the community serving the unhoused, veterans, youth, low-income families, and environmental causes.

In 2000, MGM Resorts became the first gaming company to voluntarily declare a formal Social Impact and Sustainability strategy as a matter of integrity and as a business imperative. Diversity and inclusion anchor our culture of mutual respect among our diverse array of extraordinary employees and business partners – with talents, experiences, and perspectives that underscore our belief in the strength of diversity.

From 2017 to 2022, over 40 percent of the MGM National Harbor’s operational expenditures were with minority business enterprises. Over the last seven years, we have spent over \$190 million on supplier contracts and partnerships with minority- and women-owned business enterprises. Additionally, since we opened in 2014, MGM National Harbor has provided more than \$6 million in financial aid and in-kind support to local non-profit organizations.

The land-based casino gaming industry has been a significant economic driver that has positively impacted the lives of many Marylanders – whether they be our employees, our local and diverse suppliers, our community partners, or residents who have benefited from the tax dollars that our industry generates. It is in this context that we vocalize our strong support of efforts to legalize iGaming, which we believe will **increase the revenue projections for existing casino gaming, create meaningful new tax revenue to fund critical state programs, and modernize the state’s gaming industry.**

iGaming – casino-style slots and table games offered on an online platform – presents a significant economic opportunity not only for industry participants but also for the State in terms of incremental tax revenues, job creation, and diversification of the land-based casino industry. **Legal in eight states and operational in six, including in Maryland’s neighboring states of Pennsylvania, West Virginia, and Delaware, full-scale iGaming is a \$6.6 billion² industry as of 2023 and growing.** The industry produces substantial tax revenues in each respective jurisdiction.

We recognize that there are some who may be concerned about the effect of iGaming legalization on land-based operations. **Based on our experience in two iGaming states – New Jersey and Michigan – where MGM Resorts currently operates both retail and online casino gaming, there are complementary synergies between our retail casino properties and iGaming that have allowed us to enhance the customer experience, and build business, with both.**

For example, we have found that a significant percentage of iGaming “omnichannel” customers (i.e., patrons with both land-based casino activity and online casino play) first interacted with our online gaming platform *prior to* visiting an MGM Resorts retail property in those two states,

² Eilers & Krejcik Gaming, U.S. Online Casino Monitor, January 2024.



indicating an opportunity to leverage online gaming to convert digital gaming customers to retail as well as increase the frequency of land-based casino visitation. In addition, omnichannel customers with both land and digital casino activity have higher gaming spend vis-à-vis a “single-channel” patron, which means that iGaming grows the overall revenue pie, thus positively impacting the overall state gaming tax revenue. In Maryland alone, the tax revenue generated by iGaming would be at least \$200 million annually.

Additionally, iGaming legalization ensures that the gaming entertainment we offer – just like any other entertainment product – stays relevant and continues to evolve with technology and modern-day delivery methods. We are particularly excited about an emerging but fast-growing segment of iGaming called online “live dealer” games, which are live table games conducted in real time either at a studio or at a land-based casino that are livestreamed on an iGaming platform, allowing patrons to participate as those games occur in studio or on the casino floor. Live dealer is a prime example of how the synergies between retail and online can make gaming entertainment more innovative, interactive, and fun while creating new opportunities for Maryland businesses.

Based on our experience our digital gaming customer database is younger, compared to our overall customer database. iGaming can give retail casino operators a new way to (1) interact with and engage their customers digitally wherever they are, and (2) introduce a new customer demographic to land-based casino gaming.

These anecdotal observations of our experiences in New Jersey and Michigan are further substantiated by several empirical studies that have examined the interplay between retail and online casino. **A recent study by Eilers & Krejcik concluded that 1) online casinos have a positive impact on land-based casino revenue; 2) online casinos attract different customers versus land-based casinos; and 3) the typical state would boost casino revenue after introducing iGaming.³**

To repeat: We have over a billion dollars invested here in Maryland, and most assuredly, we would not jeopardize that investment if we thought iGaming would compete or negatively impact our business or employees. We know that iGaming, whether online slots, table games or live dealer, is a different form of entertainment, and our land-based venues will always offer an experience that cannot be replicated on a computer.

We support the licensure framework in SB603 that tethers iGaming licenses to the incumbent land-based casino gaming operators who have fostered and maintained deep ties to the community; have invested billions of dollars into the state; and continue to generate jobs, economic development, and tax revenues for the state. MGM National Harbor, as outlined above, is committed to supporting our communities and businesses at the state and county level.

Additionally, as a highly regulated gaming company MGM Resorts must prove that we are suitable for the privilege of holding a license to operate the very same casino games that would be offered on an iGaming platform. Our gaming license in any jurisdiction is dependent not only upon the integrity with

³ “Comparing Online and Land-Based Casino Gaming,” Eilers & Krejcik, February 2024.



which we operate in that market, but in all markets. As a company with several destination resorts in the country, we have billions of dollars of investment that depend on our ability to conduct our business consistent with the strongest regulatory standards to which we are subject.

To put it simply, we are engaged in a race to the top. This race to the top is evident in every aspect of our business, and we incorporate the following principles into our iGaming product:

- We know our customer. Our online gaming partner, BetMGM, creates all our technology in-house and in a manner that reflects the regulatory requirements of each jurisdiction in which we operate.
- A customer must create an account before they are permitted to gamble on our mobile app or Internet site. When verifying our customer accounts, we use a sophisticated multi-factor identity verification process that uses a customer's name, Social Security Number, and date of birth to confirm identity across different databases and confirm that the customer is as purported and of legal age. This is the same know-your-customer protocols we use for sports betting accounts created in the state.
- We invest in responsible gaming. MGM Resorts is an industry leader in responsible gaming in the brick-and-mortar environment, and we carry that expertise into the mobile environment. We, along with our online gaming partner, BetMGM, continue to develop protocols that encourage responsible gaming on the front-end and use a series of markers to identify when a player may be exhibiting signs of problem gambling. We offer messaging and interaction with players, self-exclusion lists, and wager limits as examples of ways that players may limit their engagement.

That is why we believe any iGaming licensing framework should recognize those who have made existing investments in the state as well as the most suitable and experienced operators in the market.

We are concerned, however, with the tax rate proposed in SB 603. The most entrenched competition that regulated iGaming operators would face in a legalized iGaming market would be the existing illegal offshore operators who pay no taxes, have no compliance overhead costs, do not invest in responsible gaming tools, and thus can invest heavily in marketing to drown out the legal competition. **We believe that a reasonable tax rate is critical to stamping out unregulated online offshore operators and to recognize the already significant tax revenues⁴ that incumbent casino gaming operators already produce for the state.**

We look forward to working with the Sponsor and the Committee on developing a framework that legalizes iGaming in a responsible way that that creates opportunities for all Marylanders while recognizing the current contributions of the brick-mortar industry.

⁴ The blended casino gaming tax rate in the state is 41 percent, which is second highest in the country.