

# **Testimony in support of crossover bill HB1319.pdf**

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CROSSOVER BILL HB1319\_RichardKaplowitz\_FAV

3/26/2024

Richard Keith Kaplowitz  
Frederick, MD 21703

**TESTIMONY ON CROSSOVER BILL HB#/1319 – FAVORABLE**

**Internet Gaming - Authorization and Implementation**

**TO:** Chair Guzzone, Vice Chair Rosapepe and members of the Budget and Taxation Committee

**FROM:** Richard Keith Kaplowitz

**My name is Richard K. Kaplowitz. I am a resident of District 3. I am submitting this testimony in support of CROSSOVER BILL HB#1319, Internet Gaming - Authorization and Implementation**

This bill looks at internet gambling as a possible source for the additional revenue that is acknowledged as a deficit for Maryland. The bill includes social equity and consumer protection provisions as well as a ban on using credit cards to bet. It requires that the citizens of Maryland vote in a referendum on the issue, thus placing the burden on proponents and opponents to make the case to the citizenry for their positions on the issue.

Because this bill doesn't make a change without that vote by the citizens it can and should be passed so the issue can be put to the voters. There are both pro and con arguments to be made, but the intent of the bill is to increase Maryland's revenues to permit funding for critical needs like the Blueprint for Education.

The General Assembly must defer to the will of the voters and pass this bill to put the question to the voters. Whether a representative is for or against the concept it is the decision of the voters that will have the final say so when this bill is passed into law.

More revenue must be found for our state's needs! **I respectfully urge this committee to return a favorable report and pass CROSSOVER BILL HB1319.**

**MTHA - FWA - HB 1319.pdf**

Uploaded by: Jason Weintraub

Position: FWA



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:

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**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

# **EK\_iDEA\_Study\_FullReport\_Final.pdf**

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**Eilers & Krejczik**  
Gaming

## **Comparing Online And Land-Based Casino Gaming**

*How The Growing Online Segment Impacts Land-Based Performance*

**FEBRUARY 2024 | PREPARED EXCLUSIVELY FOR IDEA GROWTH**

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# Glossary

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**Cannibalization:** A shift in consumer spend from one product or product type to another. In this report, we use the term exclusively to mean a shift away from existing land-based casino spend and towards online casino gaming.

**Gross gaming revenue (GGR):** Topline revenue—commonly understood to refer to the total amount bet less the amount paid out in winning bets. Note that all mentions of “revenue” in this report refer to gross gaming revenue.

**Online casino (OC):** Casino gaming (e.g., slots, table games) conducted by consumers over the internet.

**Land-based casino:** A physical building where casino gaming (e.g., slots, table games) is conducted by consumers in person.

**Land-based-only market:** A market (in this report, generally a state) in which land-based casinos operate but online casinos do not.

**Omni-channel market:** A market (in this report, generally a state) in which both land-based casinos and online casinos operate.

**Compound annual growth rate (CAGR):** The average annual rate of revenue growth between two given years.

**Compound quarterly growth rate (CQGR):** The average quarterly rate of revenue growth between two given quarters.

**Online-first customers:** Customers of a casino company who appeared in the company’s online casino customer database prior to appearing in the company’s land-based casino customer database (not all necessarily appear in the land-based database).

**Land-based-first customers:** Customers of a casino company who appeared in the company’s land-based casino customer database prior to appearing in the company’s online casino customer database (not all necessarily appear in the online casino database).



This report studies how the legalization of online casino gambling affects land-based casinos. We analyze data from casinos, regulators, and state governments, and we conducted our own survey of companies that offer both land-based and online casino products. When studying revenue data, we closely look at performance in states where both online and land-based casinos are available as well as states where only land-based casinos operate. In addition to looking at public data, we also produced our own detailed model to estimate the specific impact that introduction of online casinos has on land-based casino revenue. Throughout this report, whenever we refer to revenue we specifically mean gross gaming revenue—the “topline” figure commonly used to refer to the total amount bet by a casino’s customers, minus the amount paid out in winning bets.

**Online casino attracts different customers vs. land-based casino.** Compared to land-based casino players, online casino players tend to be moderately younger and are more likely to be male. Playing online requires less time and allows for play at lower stakes. Online play also attracts a different audience because it lacks the social element of being around other players at a physical property.

**Casino operators have not observed cannibalization.** We conducted a survey of casino operators with both land-based and online products, and 100% of them stated that their land-based revenue either “stayed roughly the same” or “moderately increased” following the introduction of online casino play. No one we spoke to believed that their online casino revenue had cannibalized their land-based casino revenue. We note that these responses are based on the very best available data on this topic: internal customer databases.

**Online casinos have a positive impact on land-based casino revenue.** We used three unique approaches to study how online casinos affect land-based casino revenue:

- 1. Land-based casino markets all showed positive change after online casino was introduced.** There are six states where both land-based and online casinos currently operate. For each state, we compared the growth rate of land-based casino revenue before online casinos were introduced there with the growth rate after online casinos were introduced. In all six states, land-based casino revenue was positively impacted by the introduction of online casinos. The amount of that improvement, quarterly, ranged from +0.34% in Connecticut to +6.02% in West Virginia, with an average increase of +2.44%.
- 2. Compared with land-based-only states, casino markets with online performed better.** In each of the six states with both land-based and online casinos, we compared their revenue performance before and after their respective introductions of online casinos with the performance of seven other states where only land-based casinos operate. Five out of those six states outperformed the land-based-only states in terms of their directional change using the same time periods.
- 3. Adding online casino boosts land-based casino revenue.** We built a model that takes into account a wide variety of economic and demographic factors, including data on the differences between online and land-based players, how customers typically behave differently after online casinos are made available, and other key factors. According to our conservative estimates, we estimate that in a typical U.S. state, the total impact of online casino introduction on land-based casino revenue is positive: up about +1.7%.

Online casinos grow the overall tax revenues collected by states - and not just because of new online revenue. **Land-based casino revenues have consistently been positively impacted by the introduction of online casinos, due in large part to the differences in the customers who prefer each type of gaming.**

Average change in land-based growth rate after states introduced online casinos

**+2.44%**

The number of states with online casinos where their land-based revenue growth outperformed states with only land-based casinos

**5 of 6**

The typical impact of introducing online casinos on a state’s land-based revenue, according to our modeling

**+1.7%**

# §1. Differences Between Land-Based And Online Casino

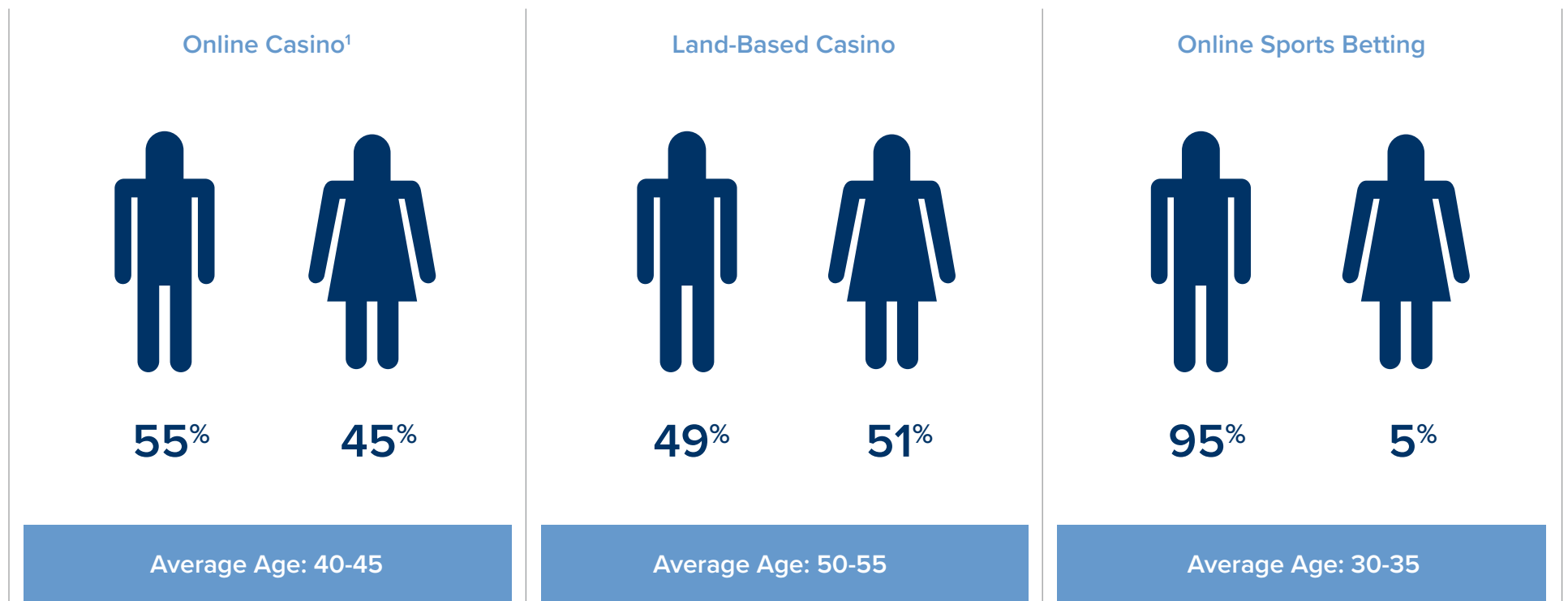
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*In this section, we highlight core differences between online and land-based casino demographics and experiences.*

## Land-Based And Online Casino Attract Different Customers

**Key Takeaway:** Gambling products are not one-size-fits-all—they naturally draw different kinds of customers. Below, we use relevant public company data to illustrate differences between land-based and online casino customer demographics. As the data makes clear, online casino attracts substantially younger customers than land-based casino. Note: online sports betting customer data is also included for additional context.

### Online Casino vs. Land-Based Casino Demographics



Source: [Golden Nugget Online Gaming June 2020 Investor Presentation](#) / Eilers & Krejcik Gaming

<sup>1</sup> Online casino demographic data ([November 2023](#)) from Rush Street Interactive similarly suggests a relatively balanced distribution of gender (46-54 male-female) and average age (42)

## Land-Based And Online Casino Offer Different Experiences To Customers

**Key Takeaway:** Land-based and online casino draw different kinds of customers because each product provides a fundamentally different experience. An online casino visit, for example, is typically measured in minutes, while a land-based casino visit is more likely to be measured in hours. The graphic below provides a surface analysis of major differences between the online and land-based casino experience.

### Major Experiential Differences: Land-Based vs. Online Casino

	Online Casino	Land-Based Casino
<b>Time Investment</b>	Lower	Higher
<b>Stake Levels</b>	Broader	Narrower
<b>Overall Experience</b>	Narrower	Broader

### Notes And Context

**Time Investment.** The time investment required for an online casino "visit" is often measured in minutes, versus the typical time commitment required to visit a land-based casino, which is more likely to be measured in hours.

**Stake Levels.** The lowest stakes available online are often a fraction of the stakes that a land-based casino can support due to physical space constraints; land-based casinos typically offer \$5 blackjack as a minimum stake, whereas online casinos can (and do) offer blackjack for \$0.05 a hand.

**Overall Experience.** Land-based casinos typically offer specific amenities, such as food, beverage, and entertainment options. Additionally, they incorporate unique environments and social elements into their products.

## §2. Casino Executives On Cannibalization

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*In this section, we provide a selection of key quotes from land-based casino executives on the topic of cannibalization. All executives cited in this section operate land-based and online casino businesses and so have direct visibility into the relationship between land-based and online casino.*

### Casino Executives Have Said Land-Based And Online Casino Are Complementary

**Key Takeaway:** To date, executives from a range of land-based casino companies have reported a complementary dynamic between land-based and online casino. Indeed, some of those executives have specifically stated that online casino has not been cannibalistic to land-based casino, and that online casino has been critical to reactivating and reacquiring dormant land-based customers and acquiring new customers.

...we haven't seen any cannibalization. We firmly believe that the [online and land-based] businesses are complementary and together that it makes for a much stronger product overall.

**Keith Smith**  
CEO, Boyd Gaming ([Source](#))

The idea that omnichannel [casino] can and will work—and not be cannibalizing—is something I'm very excited by moving forward.

**Bill Hornbuckle**  
CEO, MGM Resorts ([Source](#))

There is still a misconception that online casino play cannibalizes land-based casinos. But iGaming's competitors are Netflix and Candy Crush—not casinos.

**Thomas Winter**  
Former SVP Of Online Gaming, Golden Nugget Atlantic City ([Source](#))

In terms of cannibalization, we have seen nothing to date in terms of cannibalizing the brick-and-mortar business. It's been accretive to brick-and-mortar in that customers that we found through digital or reactivated in digital, showing up in brick-and-mortar continues to increase as the quarters pass.

**Tom Reeg**  
CEO, Caesars Entertainment ([Source](#))

...roughly 66% of [our online casino] players [are] new to our ecosystem or reconnected former patrons. The average age of these players is much younger than our core land-based player, which highlights the lack of cannibalization iCasino has had on our brick and mortar business in the first quarter.

**Jay Snowden**  
CEO, Penn Entertainment ([Source](#))

## §3. Casino Operators On Cannibalization

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*We conducted a proprietary survey of casino operators with land-based and online businesses to determine whether cannibalization is occurring. In this section, we show results from our survey—results which well align with the statements from executives we highlighted in §2.*

### Survey Participants: Online Casino Is Not Cannibalizing Land-Based Casino (1/2)

**Key Takeaway:** For this report, we conducted our own proprietary survey of operators with land-based and online casino businesses to determine whether, or to what extent, cannibalization is occurring. We note that the response from participants was unanimous: cannibalization has not been observed. Further, all survey participants noted that fears about cannibalization are not valid.

#### About Our Survey

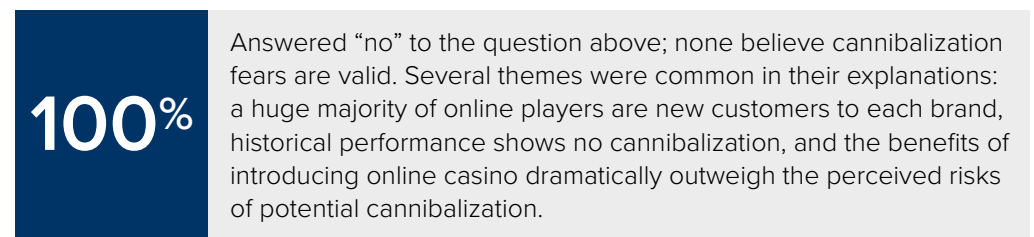
- Throughout this report, we focus most of our attention on analysis of publicly available gaming data to evaluate the impact that online casino availability has had on land-based casino performance. However, the very best possible data on this topic is not public; **rather, the most reliable and accurate data is the internal customer databases of casino operators with both retail and online products.**
- Operators can determine the extent of crossover between the audiences for their land-based and online products with significant granularity. As such, **they can each individually draw accurate conclusions regarding whether their online products have cannibalized their retail casinos**—and they have the luxury of doing so by looking at actual historical performance rather than surmising about what retail growth should have looked like.
- We reached out to several operators to ask about their experiences, and we received responses from five. Each respondent to our short survey represents a company that owns a land-based casino and an associated online casino brand, and all respondents aligned closely on some key areas.

#### Survey Highlights

**Q. How would you describe the impact the introduction of online casino has on land-based casino revenue? (N=5)**



**Q. How would you describe the impact the introduction of online casino has on land-based casino revenue? (N=5)**





### Survey Participants: Online Casino Is Not Cannibalizing Land-Based Casino (2/2)

**Key Takeaway:** Of operators who were willing to share insights driven by their player databases, none believe cannibalization has taken place. When we asked those operators to look at their player databases for the crossover between their online and land-based players in states where both product types are available, the average response was that just 7% of customers play both online and at retail casinos. We view this minimal crossover between the two sets of customers as one of the biggest reasons that cannibalization has not been observed.

#### A Closer Look At Casino Player Crossover Trends

Survey Question	Average Response	Lowest Response	Highest Response
In states where you have both land-based and online operations, what percentage of customers participate in both land-based and online casino games? (N=4)	7%	2%	12%
What percentage of online-first customers participate in land-based casino games? (N=4)	6%	1%	13%
What percentage of land-based-first customers participate in online casino games? (N=4)	9%	4%	17%

## §4. How Online Casino Has Impacted Land-Based Production

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*In this section, we examine the impact the introduction of online casino has on their corresponding market's land-based casino GGR production, including case studies for all six states—Connecticut, Delaware, Michigan, New Jersey, Pennsylvania, and West Virginia—currently live with online casino.*

### Case Studies: Overview (1/7)

**Key Takeaway:** For all six states with online casino (OC), we compared the compound quarterly growth rates (CQGR) of land-based casino GGR immediately before and after the introduction of online casino for the maximum allowable periods based on available data. Every state showed a positive change in quarterly growth after the introduction of online casino—the table below details the results.

State	Online Casino Introduced	Quarterly Periods Examined Pre- & Post-OC	Land-Based Casino CQGR Pre-OC	Land-Based Casino CQGR Post-OC	Change in Land-Based CQGR Post OC
Connecticut	Oct 2021	8	-0.99%	-0.65%	+0.34%
Delaware	Nov 2013	24	-1.64%	+0.30%	+1.94%
Michigan*	Jan 2021	8	-3.15%	+1.74%	+4.89%
New Jersey	Nov 2013	24	-1.37%	-0.09%	+1.28%
Pennsylvania	Jul 2019	16	+0.16%	+0.30%	+0.14%
West Virginia*	Jul 2020	8	-3.00%	+3.02%	+6.02%

\* Both Michigan and West Virginia went live with online casino during a period in which their land-based casino operations were being disrupted by state-mandated COVID-19-driven restrictions, which likely had an impact on retail casino growth rates for those states. Additional context can be found on the corresponding slides that follow.

#### Methodological Notes:

- 1) We measured quarterly growth rates, factoring out the seasonality impact, over comparable time frames before and after the introduction of online casino for each state (e.g., Connecticut was measured in the 8 quarterly periods from 3Q19–3Q21 and 3Q21–3Q23 for pre- and post-OC, respectively).
- 2) For each state, online casino has been operational for at least 24 months (8 quarterly periods) and land-based casinos were established within the state prior to the introduction of online casino.

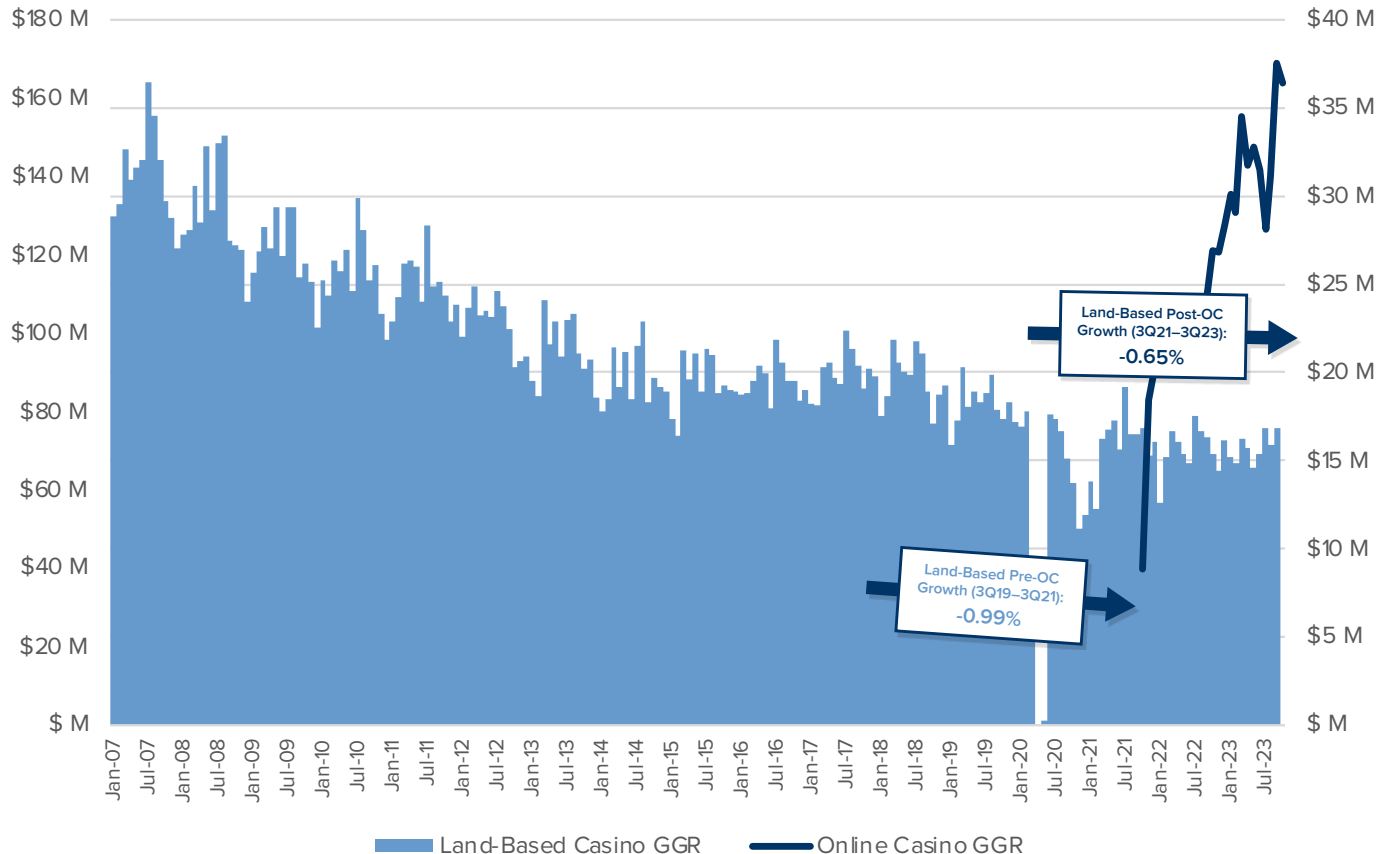
Source: Eilers & Krejcik Gaming

## Case Study: Connecticut Online Casino Impact (2/7)



**Key Takeaway:** The Connecticut land-based casino market was in observable year-over-year GGR decline prior to online casino launching. Since online casino was introduced in 2021, a flattening of that decline in CT land-based revenue is evident. Of note, land-based casino GGR in 2023 is currently on pace for its third instance of y/y growth since 2007 (excluding COVID-impacted 2020) and first since 2017.

Connecticut Land-Based Casino GGR – Since 2007



Change in Land-Based GGR Growth Post Online Casino Introduction:

**+0.34%**

Online Casino Launch:

**Oct-2021**

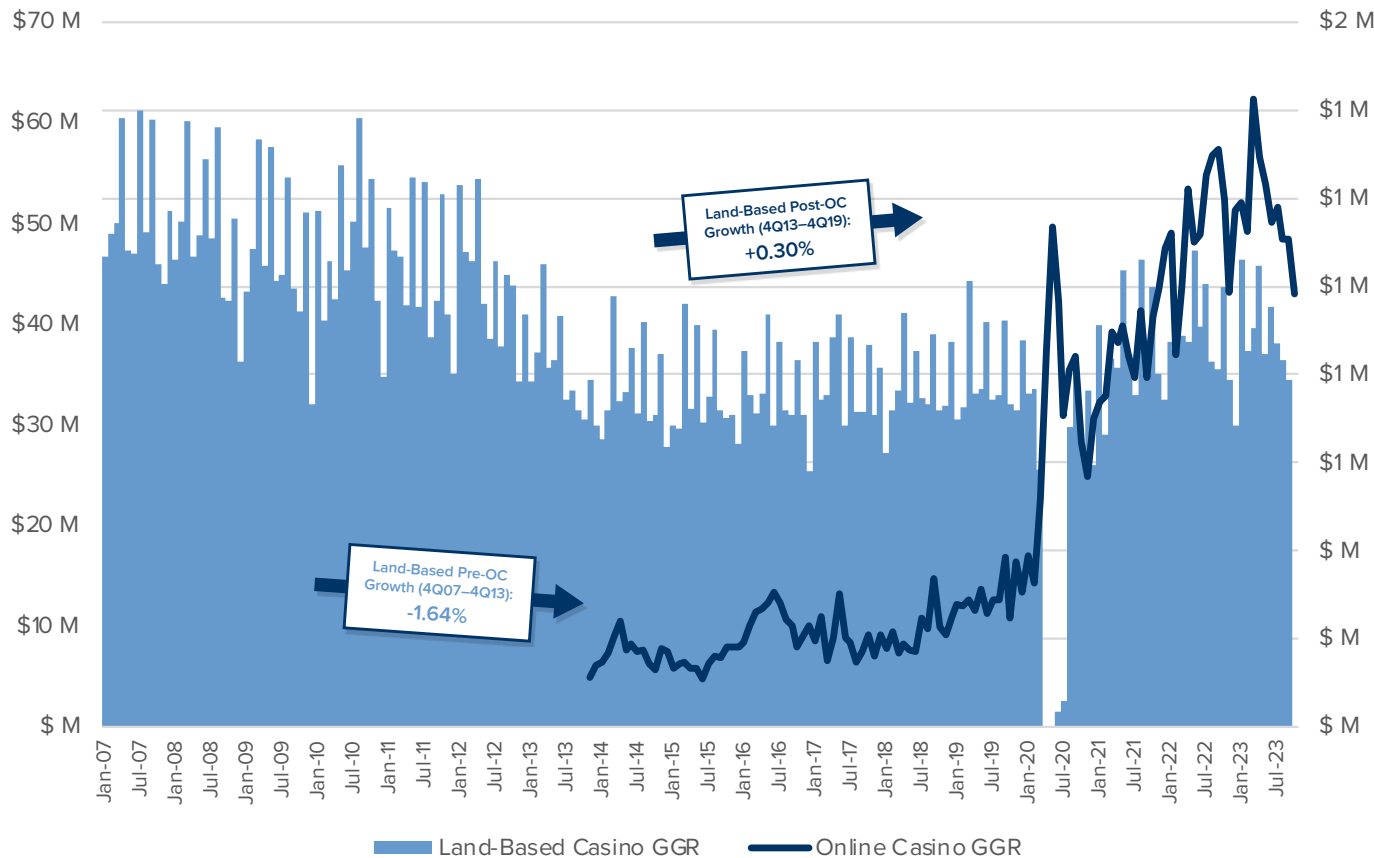
Source: CT Department of Consumer Protection / Eilers & Krejcik Gaming



## Case Study: Delaware Online Casino Impact (3/7)

**Key Takeaway:** The Delaware land-based casino market was in observable year-over-year GGR decline prior to online casino, illustrated in the chart below. Since online casino was introduced in 2013, a flattening of that decline, and subsequent uptick, in DE land-based GGR is evident. Of note, land-based casino GGR has been up y/y every year (excluding COVID-impacted 2020) since 2015.

Delaware Land-Based Casino GGR – Since 2007



Change in Land-Based GGR Growth Post Online Casino Introduction:

**+1.94%**

Online Casino Launch:

**Nov-2013**

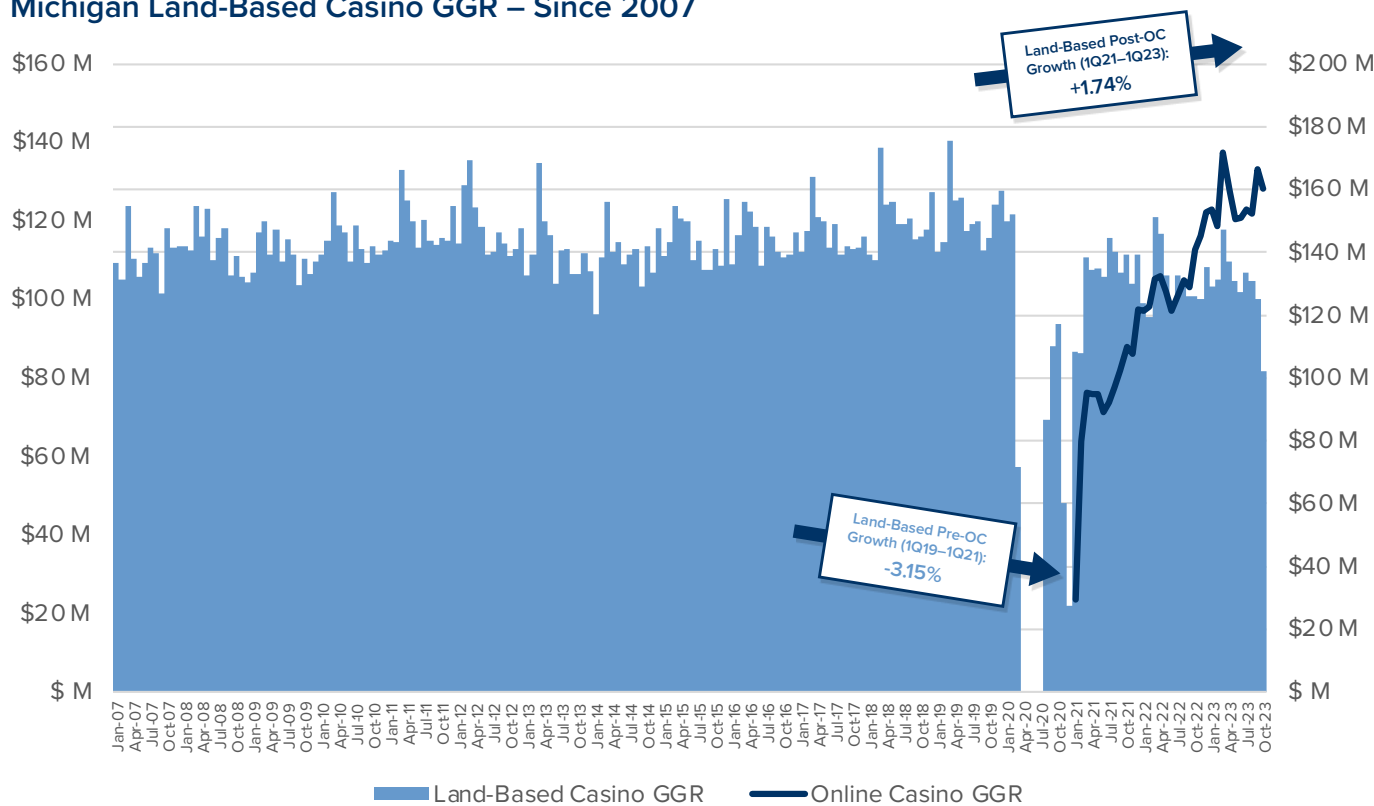
Source: DE Lottery / Eilers & Krejcik Gaming



## Case Study: Michigan Online Casino Impact (4/7)

**Key Takeaway:** The chart below shows land-based casino GGR production in Michigan’s 3 Detroit-based commercial casinos. Unlike other states in our study, MI land-based GGR never fully recovered to their pre-COVID levels after state and federal restrictions took hold, which we believe is a result of limited out-of-state play driven by federal policy blocking access from nearby Canadians—a challenge unique to the Detroit casinos.

Michigan Land-Based Casino GGR – Since 2007



Change in Land-Based GGR Growth Post Online Casino Introduction:

**+4.89%\***

Online Casino Launch:

**Jan-2021**

\* Note: The +4.89% figure was measured to and from Michigan’s online casino launch (1Q21), when the state was still undergoing land-based casino, COVID-driven capacity restrictions. We also measured Michigan’s pre- and post-growth from 2Q21—when the state’s casinos returned to full capacity—which led to a post-OC growth change of +1.50%.

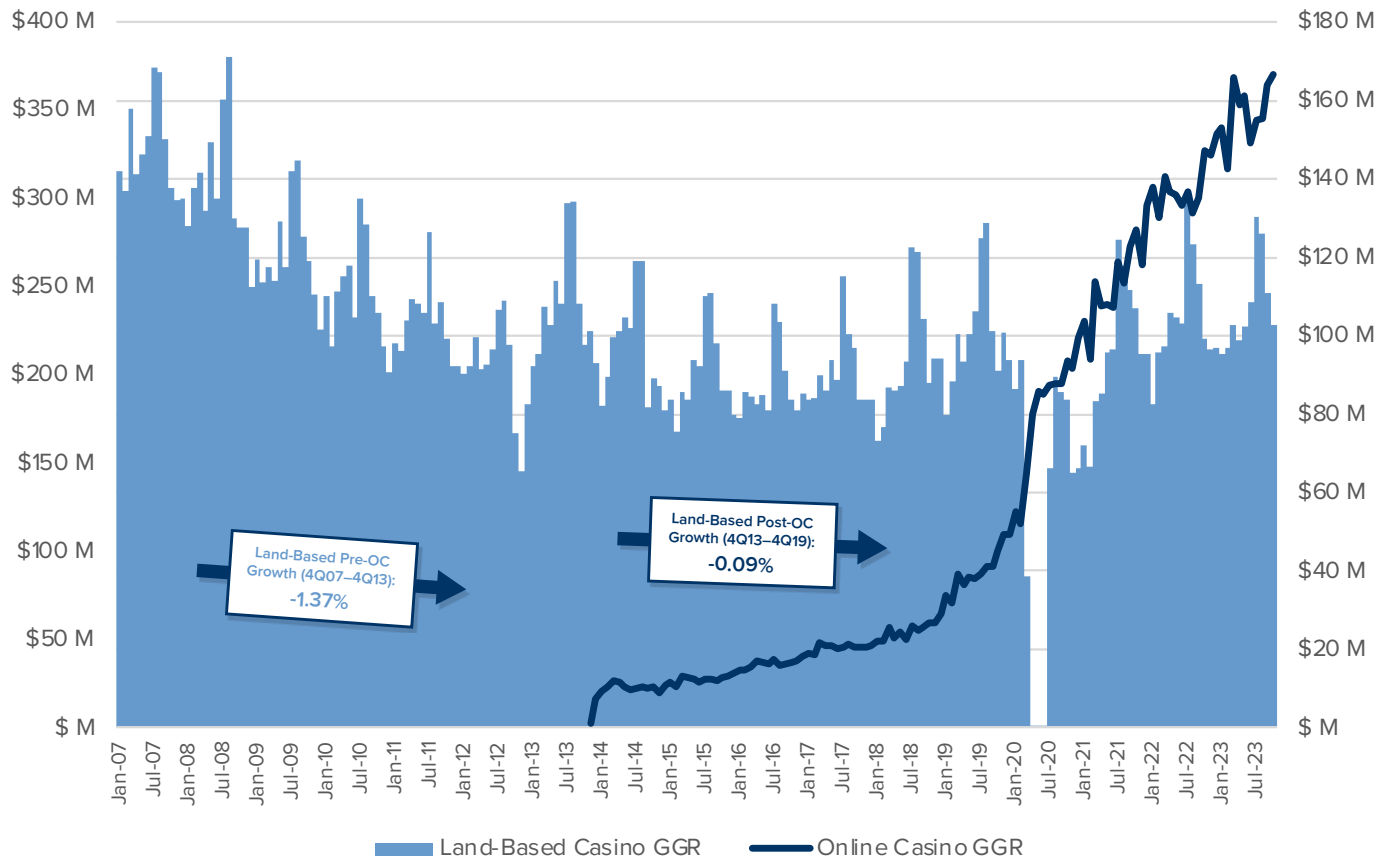
Source: MI Gaming Control Board / Eilers & Krejcik Gaming



## Case Study: New Jersey Online Casino Impact (5/7)

**Key Takeaway:** The New Jersey land-based casino market was in observable year-over-year GGR decline prior to online casino, illustrated in the chart below. Since online casino was introduced in 2013, a flattening, and subsequent uptick, in NJ land-based revenue is evident. Of note, land-based casino GGR has been up y/y every year (excluding COVID-impacted 2020) since 2016.

**New Jersey Land-Based Casino GGR – Since 2007**



**Change in Land-Based GGR Growth Post Online Casino Introduction:**

**+1.28%**

**Online Casino Launch:**

**Nov-2013**

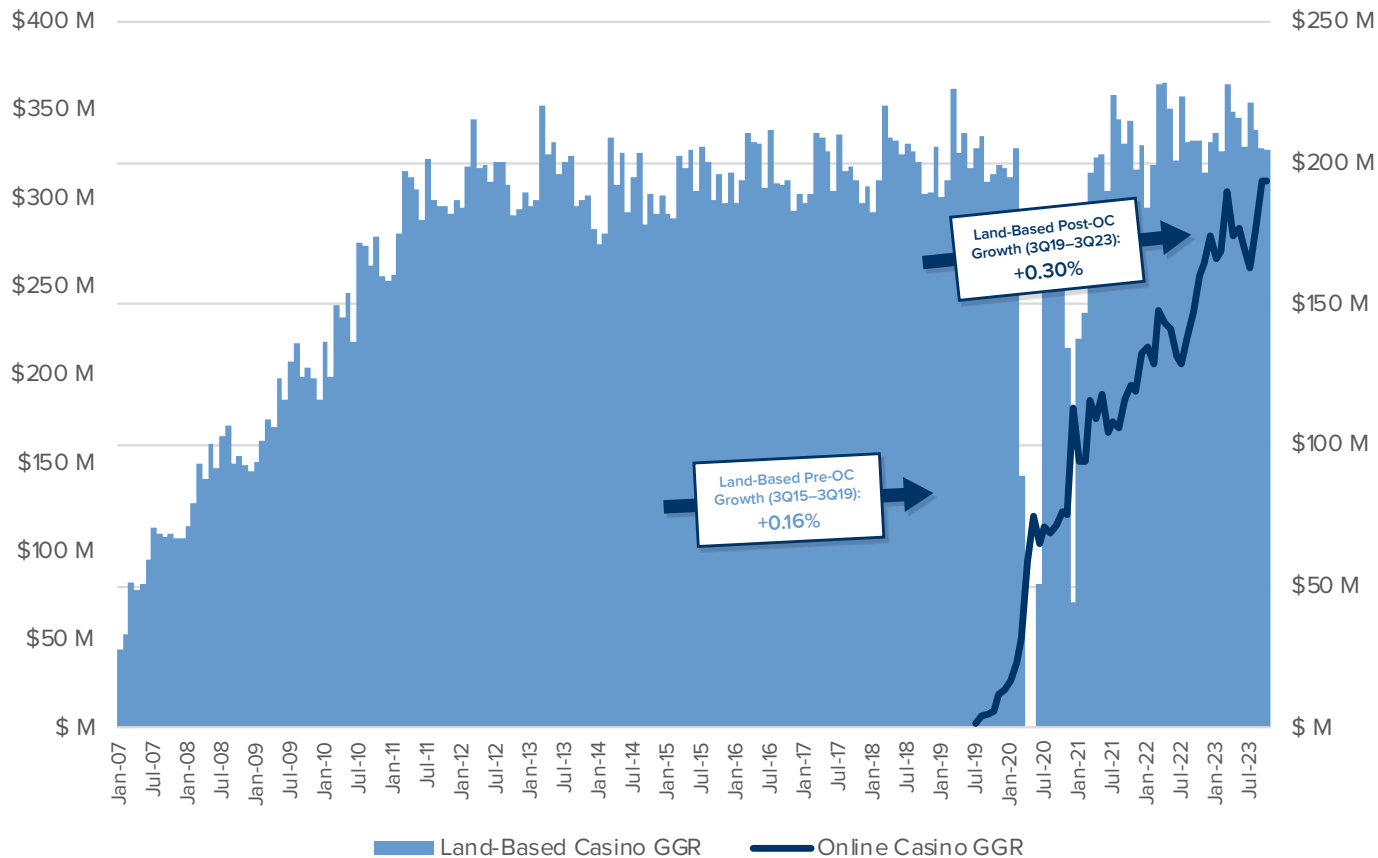
Source: NJ Division of Gaming Enforcement / Eilers & Krejcik Gaming

## Case Study: Pennsylvania Online Casino Impact (6/7)



**Key Takeaway:** The Pennsylvania land-based casino market was experiencing modest GGR growth prior to online casino, illustrated in the chart below. After online casino was introduced in 2019, and post 2020–2021 COVID-related casino shutdowns, the PA land-based market resumed its growth phase. Both land-based and online casino GGR hit a high point in 2022 and are on pace to eclipse that mark again in 2023.

**Pennsylvania Land-Based Casino GGR – Since 2007**



**Change in Land-Based GGR Growth Post Online Casino Introduction:**

**+0.14%**

**Online Casino Launch:**

**Jul-2019**

Source: PA Gaming Control Board / Eilers & Krejcik Gaming

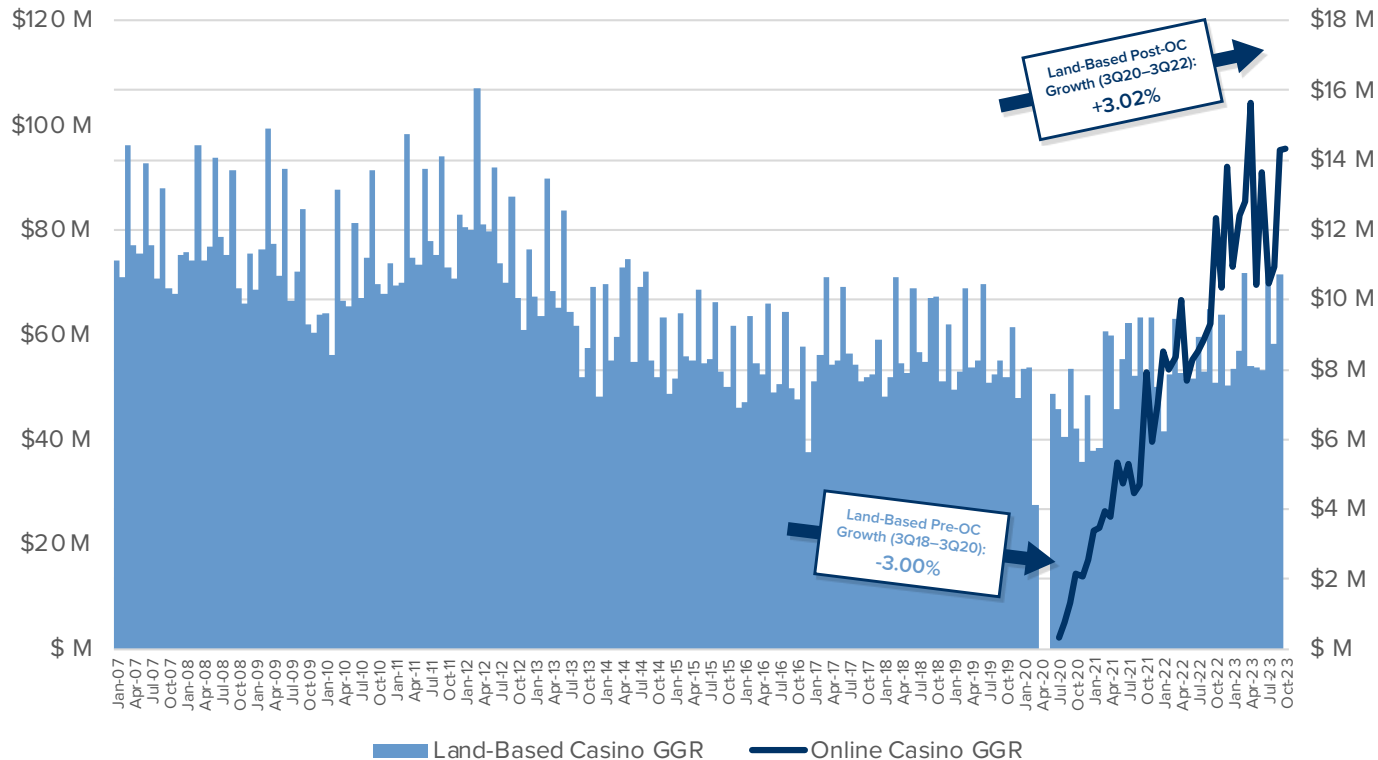




## Case Study: West Virginia Online Casino Impact (7/7)

**Key Takeaway:** The chart below shows land-based casino GGR production at West Virginia’s 5 racetracks. From the market’s high point in 2012, it began an extended period of GGR decline followed by another period of flattening prior to casino shutdowns. Subsequent to the state’s mid- pandemic online launch, land-based casinos returned to their pre-COVID GGR production and are on pace in 2023 for their best year since 2013.

West Virginia Land-Based Casino GGR – Since 2007



Change in Land-Based GGR Growth Post Online Casino Introduction:

**+6.02%\***

Online Casino Launch:

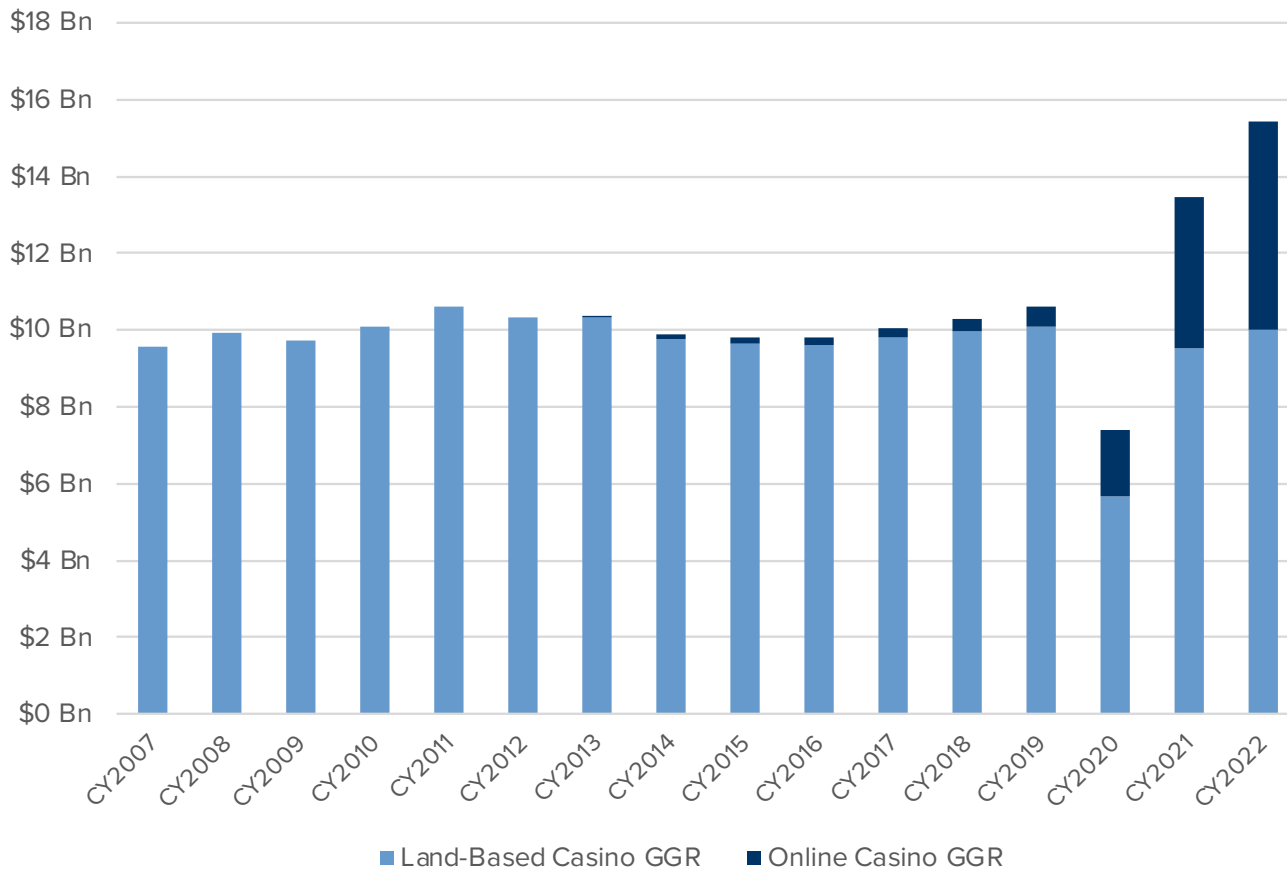
**Jul-2020**

\* Note: The +6.02% figure was measured to and from West Virginia’s online casino launch (3Q20), when the state was still undergoing land-based casino, COVID-driven capacity restrictions. We also measured West Virginia’s pre- and post-growth from 2Q21—when the state’s casinos were operating at full capacity—which led to a post-OC growth change of +1.27%.

## Online Casino Revenue Results In Substantial Net Gains

**Key Takeaway:** Online casino is undeniably net additive to GGR, and by extension, gaming tax revenue. Forgetting the complexities of the broader discussion around the relationship between online casinos and land-based casino revenue, the addition of online casino has resulted in meaningful aggregate GGR growth in every state where online casinos have launched.

Land-Based + Online Casino GGR, Aggregated Across All Omni-Channel States



### Notes And Context

In omni-channel states (ie.those with both land-based and online casino), land-based casino GGR grew at a 2.5% CAGR from 2007 through 2011 when it peaked. Between 2011 and 2016, land-based casino GGR declined for 5 consecutive years at a CAGR of -2.0%. During that time, online casinos first launched, but online GGR was still quite small, representing just 2.0% of aggregate GGR in omni-channel states by 2016.

From 2016-2019, online casino grew at a 38.3% CAGR—from 2% of the market to 5%—and the land-based market’s 5-year negative trend reversed (land-based grew at a 1.7% CAGR). 2019 was the first year that combined land-based and online GGR beat the 2011 land-based peak. 2020 declined due to casino closures, but 2021 and 2022 saw enormous growth in aggregate GGR, driven by online casino. The long-term trend is visually obvious: land-based GGR has been flattish, and online has grown hugely.

Source: Eilers & Krejcik Gaming

## §5. Performance Comparison Between Market Types

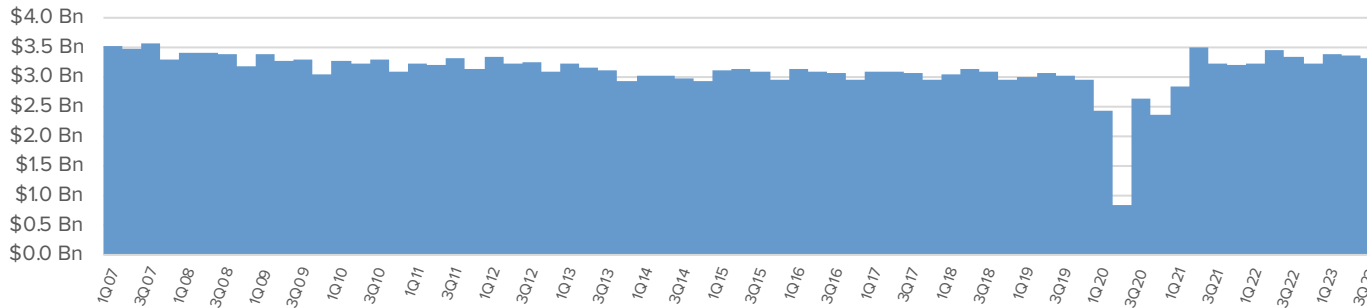
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*In this section, we look at the performance, in aggregate, of omni-channel casino markets (ie. those with both land-based and online casino) vs. land-based-only markets. While we believe this methodology doesn't account for some external factors (e.g., differences in state economies or COVID-19 policy), we felt it important to explore this approach because similar methodology has been used by some studies to—in our view, incorrectly—conclude that cannibalization is a significant issue.*

## Omni-Channel And Land-Based-Only Markets Aggregated

**Key Takeaway:** In the charts below, we show land-based GGR production aggregated among both the 6 previously examined omni-channel markets and the 7 land-based-only markets—CO, IL, IN, IA, LA, MS, and MO—that haven’t experienced a dramatic change to their respective landscapes since 2007. Over that time, the omni-channel markets grew slightly, while the land-based-only group showed marginal decline.

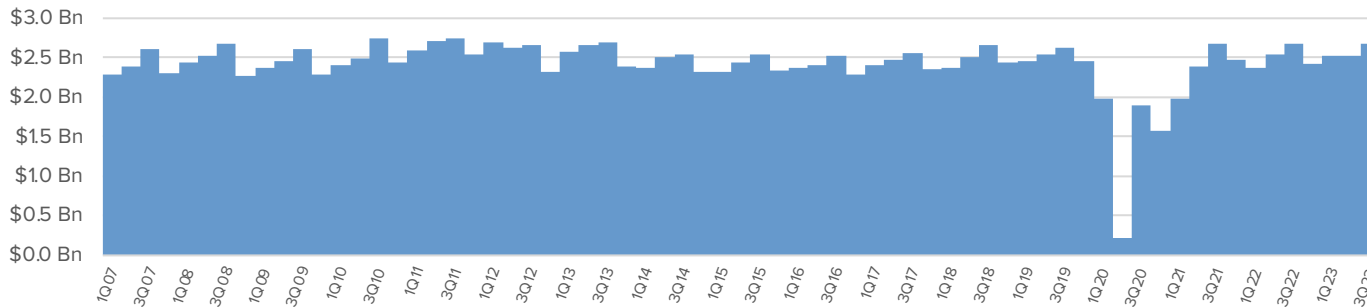
Land-Based-Only Markets Aggregated: Land-Based Casino GGR Since 2007



Land-Based-Only Markets' Quarterly Growth (3Q07–3Q23):

**-0.12%**

Omni-Channel Markets Aggregated: Land-Based Casino GGR Since 2007



Omni-Channel Markets' Quarterly Growth (3Q07–3Q23):

**+0.04%**

Source: State Regulators / Eilers & Krejcik Gaming

## Comparable Time Periods: Growth-Rate Changes From Land-Based-Only Markets

Deriving the Percentage Change in our Land-Based-Only Group for Each Relevant Timeframe

	Connecticut Time Period	Delaware Time Period	Michigan Time Period	New Jersey Time Period	Pennsylvania Time Period	West Virginia Time Period
<b>Pre-OC Period</b>	3Q19 – 3Q21	4Q07 – 4Q13	1Q19 – 1Q21	4Q07 – 4Q13	3Q15 – 3Q19	3Q18 – 3Q20
<b>Post-OC Period</b>	3Q21 – 3Q23	4Q13 – 4Q19	1Q21 – 1Q23	4Q13 – 4Q19	3Q19 – 3Q23	3Q20 – 3Q22
<b>Aggregated Land-Based Markets’ Pre-OC Period GGR CQGR</b>	+0.97%	-0.31%	-0.78%	-0.31%	-0.14%	-2.20%
<b>Aggregated Land-Based Markets’ Post-OC Period Compound GGR CQGR</b>	+0.29%	+0.05%	+2.28%	+0.05%	+0.63%	+3.34%
<b>Aggregated Land-Based Markets’ Change in Land-Based GGR CQGR</b>	<b>-0.68%</b>	<b>+0.36%</b>	<b>+3.07%</b>	<b>+0.36%</b>	<b>+0.77%</b>	<b>+5.54%</b>

### About Our Approach

Throughout our individual state case studies, we’ve shown that land-based casino revenue trends improved following the introduction of online casino **in all six states** where online casino is legal and available. We strongly believe that approach provides the most accurate view of the history of casino cannibalization (that online casino doesn’t harm, but rather boosts land-based casino).

That said, the data to the left will allow us to utilize the same general approach that some other prominent studies have used to conclude that cannibalization is a problem—but we’ll be looking with more granularity. Earlier, we derived the percentage change in land-based GGR before vs. after online casino introduction in omni-channel states. To the left, we derive the percentage change for our bucket of 7 land-based-only states for each of those same respective time periods. We’ll compare on the next slide.

Source: State Regulators / Eilers & Krejcik Gaming

## Growth-Rate Changes: Omni-Channel vs. Land-Based-Only Markets

	Connecticut	Delaware	Michigan	New Jersey	Pennsylvania	West Virginia
Aggregated Land-Based Markets' Change in Land-Based CQGR	-0.68%	+0.36%	+3.07%	+0.36%	+0.77%	+5.54%
Omni-Channel Market Change in Land-Based CQGR	+0.34%	+1.94%	+4.89%	+1.28%	+0.14%	+6.02%
Omni-Channel Market vs. Aggregated Land-Based-Only Markets	+1.02%	+1.58%	+1.82%	+0.92%	-0.63%	+0.48%

In the table above, we show how each respective omni-channel state's GGR CQGR changed after its introduction of online casino vs. the change for our bucket of land-based-only states for the same periods of time.

### Walking through an example to explain: Connecticut

In Connecticut, online casinos launched in 3Q21. That means we have 8 available quarters of data to date, so we compared the most recent 8 quarters (3Q21–3Q23) to the 8 quarters leading into the launch (3Q19–3Q21). In the pre-launch 8 quarters, Connecticut land-based casino GGR declined at a CQGR of -0.99%, and in the post-launch 8 quarters, it declined at a CQGR of -0.65%.

Comparing the two CQGRs, we see that in the period following introduction of online casino compared to the period prior, Connecticut *improved* its land-based casino GGR CQGR by +0.34%. By comparison, our land-based-only bucket of states were growing at a CQGR of +0.97% for the 8 quarters leading into Connecticut's online casino launch. After Connecticut's online casino launch, those same land-based-only states saw their GGR CQGR decline to +0.29%, a drop of -0.68%.

Connecticut's +0.34% change vs. the land-based-only states seeing a -0.68% change means Connecticut performed +1.02% better in terms of how land-based casino GGR changed following online casino introduction relative to the average change of the land-based-only states.

That means this methodology, with appropriate time frames, leads to the same conclusion as our other work. We nonetheless maintain that this methodology fails to account for a multitude of external factors including differences in state economies and COVID-19 policies.

**Key Takeaway:** In five out of six omni-channel states, the states not only improved their GGRs following their respective introductions of online casino, they in fact also *outperformed the states with only land-based casinos in terms of their GGR's directional change over a like time period.*

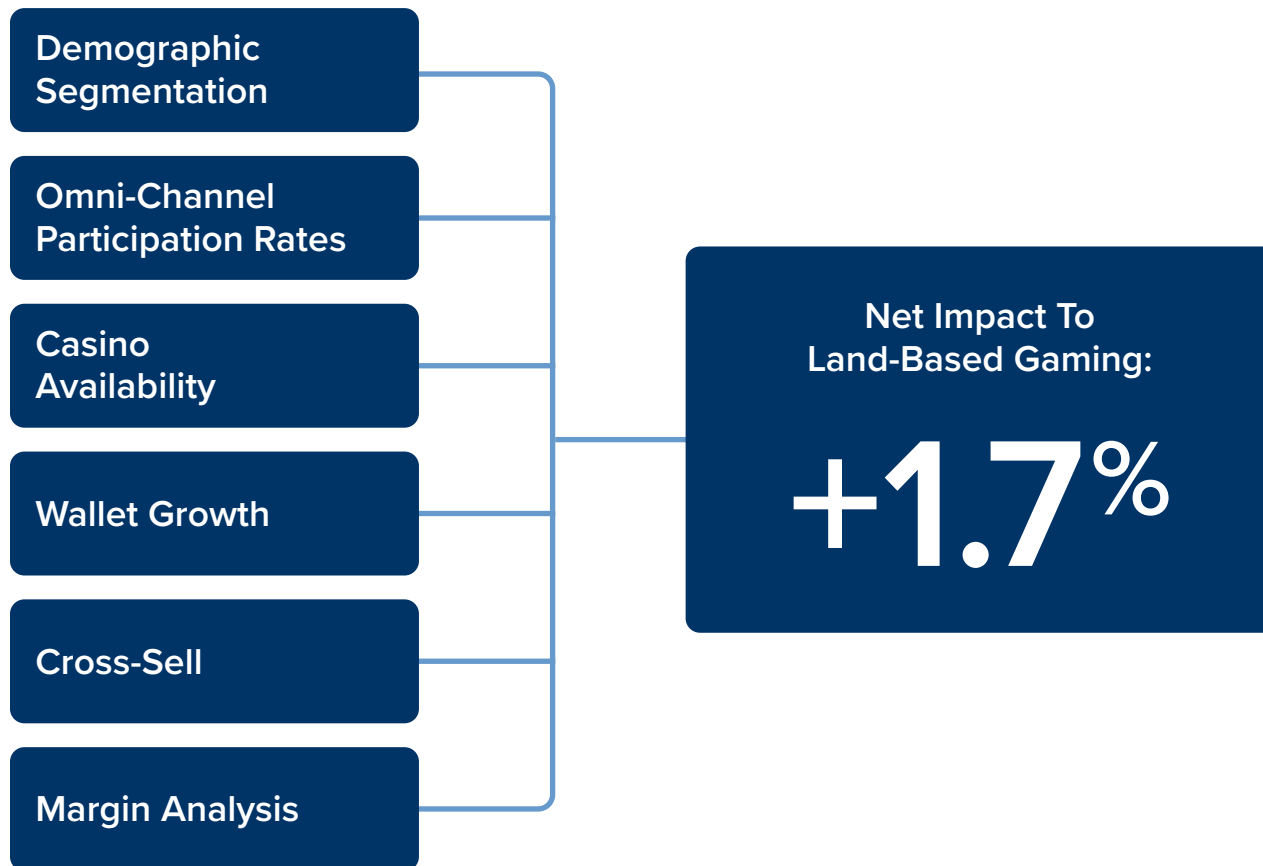
## §6. Modeling Potential Cannibalization

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*In this section, we summarize the methodology and findings from our bottom-up model which uses a set of conservative assumptions and estimates. Some of the factors we account for in our modeling are: demographic differences between online and land-based players, rates of omni-channel participation by consumers, impact of omni-channel participation on consumer wallet growth, availability of land-based casinos, and impact of cross-sell.*

## Model Overview: Land-Based Casino To Benefit From Online Casino

**Key Takeaway:** We conducted a ‘bottom-up’ modeling exercise to understand the potential cannibalization effects of iGaming on land-based casino GGR. Using a set of conservative assumptions in a hypothetical state, we estimate that there is likely to be a small positive effect of iGaming on land-based gaming.



### Notes And Context

**Limited Demographic Overlap:** There is little overlap between iGaming and land-based players when we group players based on age bands. Slightly less than 14% of land-based demand is estimated to come from players that also play online.

**High Omni-Channel Spend:** Our data from operators suggests that omni-channel players spend 2.5x online-only players and 5.5x land-based players. Although we expect that much of that difference owes to those players being highly engaged with or without iGaming, we estimate that a small amount of their play in land-based is accretive due to iGaming participation.

**Meaningful Cross-Sell:** We estimate nearly one-third of omni-channel players are “online-first” players that are incremental to land-based sales.

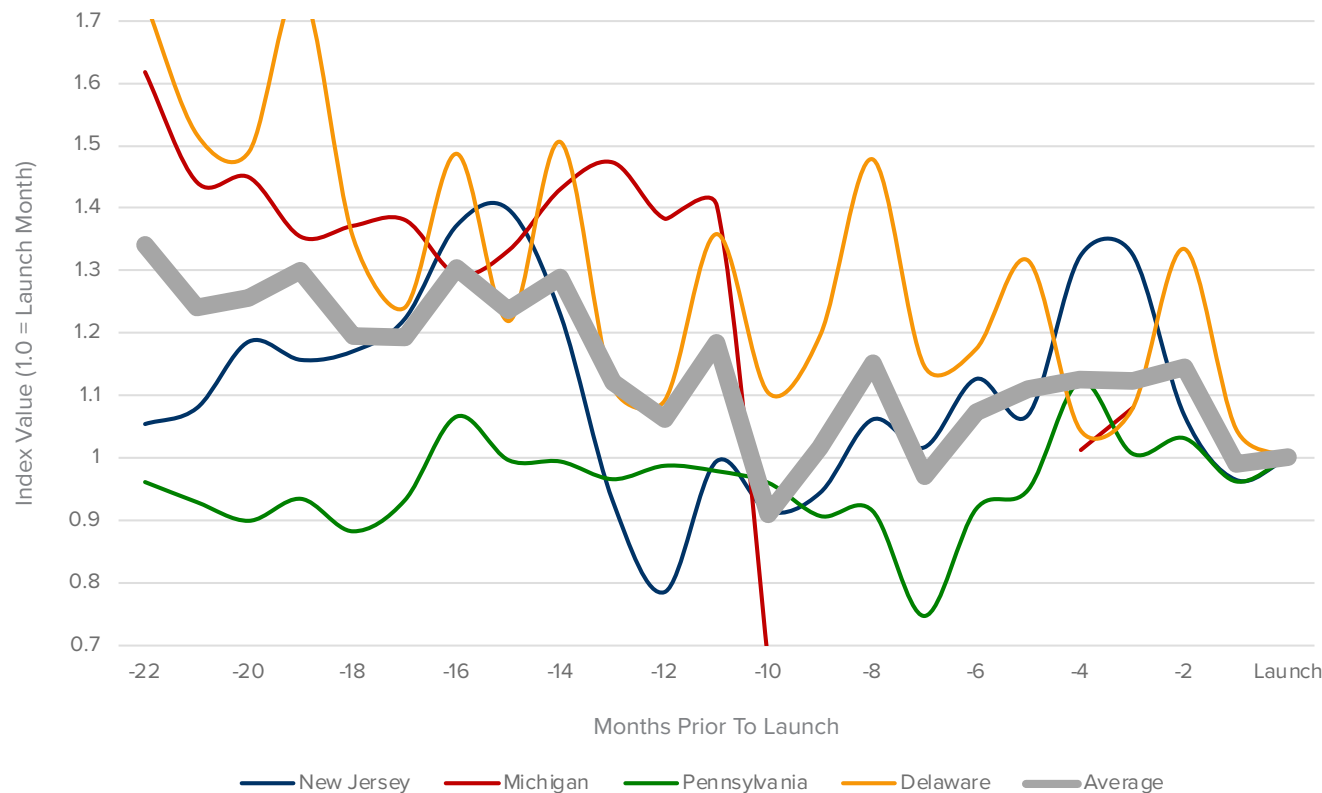
More details about the methodology appear on [slide 30](#) and the accompanying XLSX file



## Other Methodologies: Comparisons Between States

**Key Takeaway:** We find little value in comparing states with and without iGaming. A key challenge is that the relevant markets with iGaming were generally flat or in secular decline before the launch of online casinos (this dynamic was often a catalyst leading to online legalization), while ‘comparable’ states tended to be growing land-based casino markets. We also find there are too many idiosyncrasies in the markets to be confident in 2022 comparisons. For example, Michigan casinos were adversely impacted by extensive Canadian border closures and vaccination requirements.

### Indexed GGR Casino Revenue Prior To iGaming Launch



### Notes And Context

**Markets in Decline:** On average, across New Jersey, Pennsylvania, Michigan and Delaware, nominal casino GGR fell by roughly 12% in the year prior to launch. We do not view these markets as comparable to other states with commercial gaming in a post-Covid recovery analysis. For example, Illinois (+12%), Indiana (+21%), and Ohio (+11%) YoY growth was strong in February 2020.

**Different Policies:** COVID-19 related policies had substantially different impacts on iGaming states and non-iGaming states. For instance, Michigan and Pennsylvania properties closed on two separate occasions. Michigan did not reopen until December 2020 and Pennsylvania did not reopen until January 2021.

Michigan was particularly affected by Federal policies that restricted access from Canadians. The land-border was closed to tourists until October 1, 2022, and there was a vaccine requirement until May 12, 2023.

Source: Eilers & Krejcik Gaming, LLC, UNLV Libraries Center for Gaming Research, Casino City

## Addressing Other Studies With Differing Conclusions (1/2)

There are two prominent studies on the topic of casino cannibalization that have been cited in media: one published by Deutsche Bank, and another more recently by The Innovation Group. In addition to the issues we identified on the prior slide, each of these studies has unique methodological challenges. Although we view any approach as having some limitations, we view our own methodology that results in different conclusions as substantially more reliable and accurate.

### The Innovation Group’s November 2023 Study for the Maryland Lottery and Gaming Control Agency

To estimate the impact of online casino on land-based casino performance, The Innovation Group “compared brick-and-mortar casino performance in 2019 and 2022 between states with and without iGaming.” In our view, the selection of these years is at odds with the goal of their study due to the launch dates of the six states with online casino availability:

- **New Jersey** and **Delaware** online casinos launched in November 2013. If online casino did cannibalize land-based casino in those states, the bulk of the impact would have happened prior to 2019. By extension, changes in land-based performance between 2019 and 2022 in those states were likely driven by other factors, as their online casino markets were mature.
- **Pennsylvania** (July 2019), **West Virginia** (July 2020), **Michigan** (January 2021), and **Connecticut** (October 2021) all launched during or after the first comparison year of land-based performance, meaning that at least some portion of the difference in land-based performance between 2019 and 2022 in those states happened *prior to the existence of online casinos in those markets*.

For example, the study states that land-based casino GGR declined by 14.2% in Connecticut from 2019 to 2022 – a drop of over \$139 million. The study then compares that figure to a “baseline growth” estimate of +2.1% to conclude land-based casino underperformed by -16.3%. However, a large majority of the land-based casino decline happened before there were online casinos in the state. **Of the \$139 million decline between 2019 and 2022, 83.4% of that decline was realized by 2021, a year in which online casinos were not available until October.**

**Double counting population growth:** The study’s “baseline growth” figures, which represent the amount one would expect each state’s (or group of states’) GGR to grow or decline, is calculated in their report by taking the percentage change in land-based casino GGR, subtracting by the percentage change in GDP, and then subtracting again by the percentage change in population – all three between 2019 and 2022. This is an error as the control should either be for total GDP or GDP per capita plus population. Double counting population effects is an error that was done in both the iGaming and non-iGaming states, and it adds unnecessary noise to the estimates.

**Other dubious choices:** Population change uses total population change rather than change in adult population. The study estimates 3.1% as the population change between 2019 and 2022 for both iGaming and non-iGaming states, but we estimate their list of iGaming states experienced 1.8% population growth of people aged 21+, and that their non-iGaming states saw 2.0% adult population growth.

**THE INNOVATION GROUP**

### iGaming in Maryland

**Impact of iGaming on Casinos and Lottery**

To estimate the impact of iGaming on land-based casino Gross Gaming Revenue (“GGR”), we compared brick-and-mortar casino performance in 2019 and 2022 between states with and without iGaming. To compare brick-and-mortar casino performance between 2019 and 2022, we calculated ‘baseline growth’ rates for each group (states with iGaming, and states without) based on how much each group’s total population and Gross Domestic Product (“GDP”) changed during the period. We did so to adjust for increases and decreases in a state’s or region’s brick-and-mortar gaming revenues due to changes in population or the overall economic environment.

In all, we observed 2% same-store casino revenue growth in non-iGaming states, versus an 8.2% decline in iGaming states, suggesting a cannibalization rate of approximately 10% of casino gaming revenue.

	Growth
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

Since Maryland’s casino revenue is just over \$2 billion annually, this would amount to a loss of just more than \$200 million in casino revenue, against a gain of \$900 million in iGaming revenue.

Source: Eilers & Krejcik Gaming, LLC, The Innovation Group, Deutsche Bank

### Addressing Other Studies With Differing Conclusions (2/2)

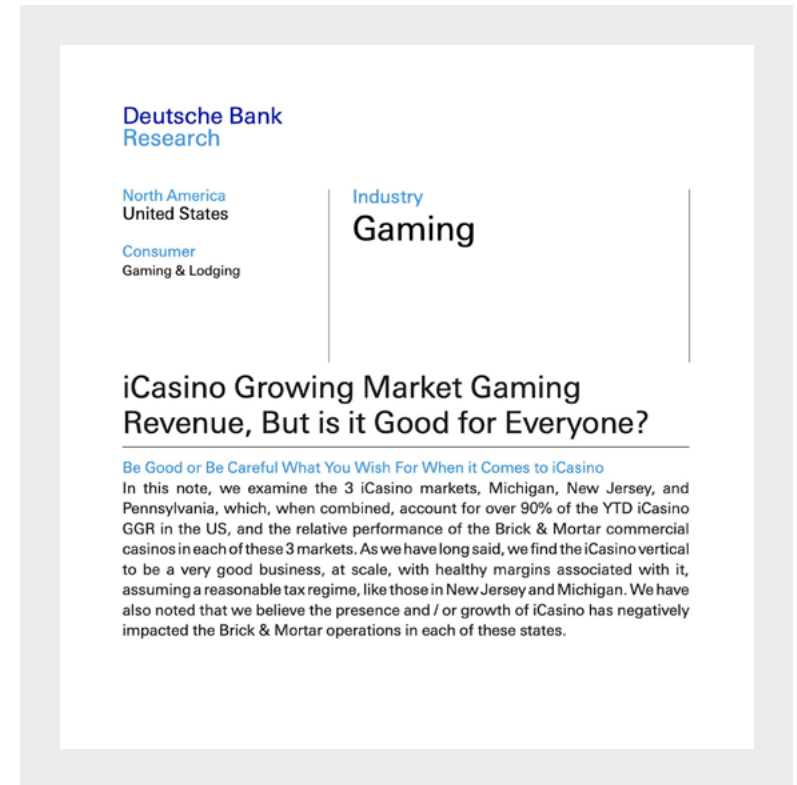
#### Deutsche Bank's September 2022 Research Note

Deutsche Bank's approach to considering the impact of online casino on land-based casino performance compares the land-based casino revenue change between 8-month periods (Jan–Aug) in 2019 and 2022 for three iGaming states (Michigan, New Jersey, and Pennsylvania) with the performance over like periods of time in seven non-iGaming states (Iowa, Missouri, Indiana, Ohio, Louisiana, Maryland, and Mississippi).

The study concludes that non-iGaming states, in aggregate, grew +13.0%. This research note most directly overlooks the key issues on market comps that we've identified in our analysis. As we stated, in New Jersey, Pennsylvania, Michigan and Delaware, nominal casino GGR fell by double digits in the year prior to launch and appeared in decline well before those dates. We do not view these markets as comparable to other states in such a blunt comparison methodology, particularly with other meaningful differences like Covid-19 related policy impacts.

Although we view any approach as having some limitations to precisely modeling potential cannibalization, we view our own methodology and supporting evidence as substantially more robust.

**Conclusion: Both the Innovation Group and Deutsche Bank studies that were cited by online casino detractors fail to consider a variety of factors in their respective analyses. We believe that their approach was fundamentally an 'apple-to-oranges' comparison of a group of states already in secular decline (prompting early iGaming expansion) versus a group of states that were growing into the pandemic closures.**



### Methodological Notes

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**Demographic Segmentation:** We categorize effects according to age bands, which allows for an understanding of gambling behaviors across different segments of the population. We used the distribution of population across age bands in Ohio as a stand-in representative state, and then use incomes across those age bands to understand potential distribution.

**Omni-Channel Participation Rates:** We use three different data sources to understand the potential distribution of iGaming players, land-based players, and omni-channel players, including data from the UK Gambling Commission (2023 survey – past four-week data), New Jersey (Rutgers University 2023 survey – past 12-month data), and data from our survey of operators. Our operator survey data includes only responses from two operators we deemed to be the most relevant, which we subsequently weighted based on their relative market shares. We then estimated a set of ‘hybrid participation rates,’ based on our relative confidence in the relevance of UK, NJ, and operator data sources. The survey of operators and UK Gambling Commission data are overweight while the New Jersey study is underweight due to sampling issues in the New Jersey study.

**Cannibalization Analysis:** The model uses estimated demand and participation rates to calculate the unadjusted potential cannibalization and its share, reflecting the maximum potential impact of iGaming on land-based revenue if 100% of the demographically overlapping iGaming revenue were to be cannibalized from land-based casinos. We then adjust this based on factors identified below.

- **Casino Availability:** Casinos are not easily available for all individuals in a state; therefore, some land-based demand will go unmet. Any overlapping iGaming would therefore not be cannibalizing that unmet demand. We assume 15% of land-based demand is unmet, which is slightly less than we estimate from prior geographic analysis of Ohio.
- **Wallet Size:** Wallet growth can occur via reduced household savings or reduced consumption of non-gaming. Based on inferences made from our operator survey, we estimate that omni-channel players (\$1,209 per month) spend more than either iGaming only (\$435 per month) or land-based only (\$217 per month). However, we also make the conservative assumption that most of the difference in the omni-channel players’ average spend vs. land-based players is that they are highly engaged players that would have had a higher-than-average land-only spend. To determine the incremental spend, we assume an 80/20 ratio—that 80% of revenue comes from the top 20% of customers, and we label the 20% as those highly engaged players—we estimate their spend at \$3,023 per month. The remaining players support the difference at \$756 per month. After subtracting the average online-only spend (\$435), we’re left with \$321 attributable to land-based spending. This is incremental over the \$217 average land-based spending, suggesting that even with conservative assumptions, there’s reason to believe that omni-channel is accretive to land-based spending. We assume this incremental spend for single brand players, but conservatively cap multi-brand players at no incremental land-based spend.
- **Cross-Sell:** We estimate the conversion rates from online-first customers to land-based, which are net additive to casino revenue. Based on results from our operator survey, we estimate that 29% of omni-channel players are online-first.
- **Margin Analysis:** We make modest assumptions about players that may be encouraged by an operator to play online instead of in-person, due to high gross margins online. Since gross margins vary widely but are generally strong in both online and land-based gaming, we expect limited diverted play. Assuming 55% margins in land-based and 60% in iGaming, and a relatively high cross-elasticity of -1.0, we allow for 8.3% of demand to be pushed online—a value that we view as quite conservative.

## About The Authors

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**Adam Krejcik** is a Principal at Eilers & Krejcik Gaming and leads the firm's Sports Betting & Emerging Verticals and Digital & Interactive Gaming practices. Krejcik has over a decade of market and equity research experience. Prior to joining Eilers & Krejcik, he was a senior research analyst at Roth Capital Partners covering the global interactive entertainment sector. Krejcik has appeared on CNBC, CCTV, and BNN, and is a regular speaker at industry conferences.



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**Damon Singer** is a Director at Eilers & Krejcik Gaming and leads market analysis within the Sports Betting & Emerging Verticals practice. Prior to joining Eilers & Krejcik, Singer was a professional gambler who specialized in identifying methods in which casino games can be exploited by gamblers, and in developing strategies to employ those methods.



**Matt Kaufman** is Managing Director of Digital & Interactive Gaming at Eilers & Krejcik Gaming. Matt leads the firm's production of syndicated research on mobile gaming. He is a frequent strategic advisor for some of the largest online gaming operators and has acted as an advisor on billions of dollars' worth of M&A transactions in the space. Matt was named to Global Gaming Business' 40 Under 40 list for 2023.



**Chris Krafcik** is a Managing Director at Eilers & Krejcik Gaming and co-leads the firm's Sports Betting & Emerging Verticals practice. Krafcik oversees production of the practice's sector-leading syndicated market research, including its forecasting models and proprietary performance trackers. Krafcik's research and forecasts are regularly cited by policymakers, public companies, and mainstream media, including the New York Times and the Washington Post.

## About Eilers & Krejcik Gaming

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Eilers & Krejcik Gaming LLC is an independent research and consulting firm with branches in Orange County, California and Las Vegas, Nevada. The firm's focus is on product, market, and policy analysis related to the global regulated gambling market. Clients include operators, suppliers, private equity and venture capital firms, institutional investors, and state governments.

The firm's work on the U.S. regulated sports betting issue includes a series of 50-state projections that have become the widely accepted basis for discussion of the U.S. market's potential. Recent state-governmental engagements have included West Virginia and Indiana, for which Eilers & Krejcik Gaming provided comprehensive market projections, economic impact projections, and fiscal analyses relating to sports betting and online gambling.



# Eilers & Krejcik Gaming

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# **iDEA\_EK\_Cannibalization1Pager.pdf**

Uploaded by: John Pappas

Position: FWA

2024 Research Study

# Impact of Online Casino on Land-based Casino Revenue

## Results Debunk Cannibalization

 **ONLINE CASINO POSITIVELY IMPACTS LAND-BASED CASINO REVENUE**

**+2.44%**

**quarterly  
revenue increase**

Average quarterly increase of land-based casino revenue after legal iGaming introduced

**+1.7%**

**more land-based  
revenue**

Land-based revenue boost states are likely to see if they legalize iGaming

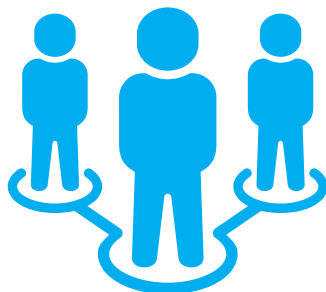
**5 of 6**

**states  
outperformed**

States with both online and land-based that outperformed states with land-based-only casino gaming

**DIFFERENT VENUES = DIFFERENT PLAYERS**

Broadening the appeal of casinos



**Age 50-55:** Land-Based Casinos

**Age 40-45:** Online Casinos

**Age 30-35:** Online Sports Betting





## WHAT LAND-BASED CASINO EXECUTIVES SAY

“...[W]e have seen **nothing to date in terms of cannibalizing** the brick-and-mortar business.”

—Tom Reeg (via NC Sharp), CEO Caesars Entertainment

“...We firmly believe that the **[online and land-based] businesses are complementary** and together that it makes for a much stronger product overall.”

—Keith Smith (via Seeking Alpha), CEO Boyd Gaming



## PREVIOUS REPORTS USED FLAWED METHODOLOGY

The “iGaming in Maryland” report by The Innovation Group (Nov. 2023) is fundamentally flawed:

- Arbitrarily compares performance between 2019 and 2022 for all states regardless of when they introduced iGaming.
  - NJ and DE launched online in 2013
  - 4 states included in their study launched online casino after the start of the 2019 comparison period
- Erroneously double-counts population growth, inflating the results
- Includes minors as part of potential gambling population

# **Maryland Senate Testimony March 26 Final.pdf**

Uploaded by: John Pappas

Position: FWA

**Submitted Testimony of the iDevelopment and Economic Association (iDEA)  
Senate Budget and Taxation Committee Hearing on HB 1319  
March 26, 2024**

Chairman Guzzone and Distinguished Members of the Senate Budget and Taxation Committee,

The iDevelopment and Economic Association (iDEA) is the leading trade association for the US online gaming industry. We are writing in support of HB 1319, with a more regionally competitive tax rate. We thank Chairwoman Vanessa Atterbeary and Senator Watson for their leadership on this issue and their commitment to creating a regulated, safe, and economically advantageous online gaming industry to ensure Maryland thrives in the digital age.

iDEA was founded to advocate for responsible internet gaming policies that spur economic growth and protect consumers. Our membership represents every segment of this emerging industry and has vast experience operating in state-regulated jurisdictions across the United States, including in Maryland where our members are licensed as online sports wagering operators and suppliers. iDEA is uniquely positioned to provide a 360-degree perspective into every internet gaming policy issue this Committee may consider.

We commend the Committee for discussing HB 1319 and urge you to support authorizing internet gaming (iGaming) for the benefit of consumers and the state of Maryland.

**iGaming Considerations for Maryland**

*Consumer Protection*

Simply type “play online poker in Maryland” or “play online slots in Maryland” into your web browser and you will be directed to numerous websites claiming to be legal and legitimate because they operate out of the reach of the Maryland government. This should be a major concern for policymakers.

Today, any Maryland resident with an internet connection and a credit card (and even crypto currency) has access to real money online casino gaming and poker. These offshore websites operate without any restriction or consumer safety protections. They lack the transparency and consumer protections afforded by state-regulated entities, exposing our citizens to potential exploitation, and diverting funds that could otherwise benefit the state and its taxpayers. Legalizing iGaming will protect consumers by turning a black market into one that is state-licensed, regulated, taxed and accountable.

By transitioning from unregulated to a regulated environment, Maryland can ensure that all iGaming operations adhere to strict standards of fairness, data protection, and responsible

gaming practices. This shift not only protects Marylanders from the risks associated with offshore and illegal sites but also promotes a culture of safe and responsible gaming.

### Economic Impact

Given the media's coverage of budgetary deficits, we imagine that Maryland lawmakers are deeply committed to coming up with solutions to fund the Blueprint without creating burdensome taxes for Maryland residents.

iGaming has emerged as a significant source of tax revenue and economic benefits in states like New Jersey, Michigan, Pennsylvania and West Virginia, contributing nearly \$5 billion in taxes and surpassing revenue expectations. These funds have supported vital public services, including education, healthcare, and infrastructure, and have proven to be resilient income streams during crises like the COVID-19 pandemic.

Earlier this month economic experts at the Analysis Group released a comprehensive study<sup>1</sup> that examined the potential economic impact of iGaming in five states including Maryland. Based on their analysis, legal iGaming in Maryland will produce \$5.5 billion dollars in revenues in the first five years. This would equal \$1.65 billion in new tax revenue in just five years for the state if Maryland lawmakers elected to tax iGaming at a flat rate of 30%.

The tax revenues from HB 1319 will be primarily disbursed to the Blueprint for Maryland's Future. This critical education reform initiative needs to be fully funded so that it can effectively address achievement gaps and provide improvement opportunities for students in pre-K through middle school. If lawmakers legalize iGaming the dollars will go to boost the state's commitment and investment into a first-in-class public education system. As Maryland faces a lean fiscal outlook, securing vital education funding today is paramount.

iGaming has also proven to have broader economic impact than just producing direct tax revenues. While online casinos exist on the internet, they are tangible businesses that require skilled personnel. According to research conducted by noted economist Alan Meister<sup>2</sup>, regulated iGaming created nearly 6,600 new jobs in the state of New Jersey in the first five years (2013 – 2018). This jobs figure has grown with the popularity of "live dealer" games in recent years.

Today, Maryland's gaming industry supports more than 16,000 jobs, a figure that iGaming is poised to increase. Embracing online gaming will help Maryland reinforce the regulated gaming industry as a significant contributor to the state's prosperity.

For example, HB 1319 requires online gaming companies to base their live dealer studios in the state. This means up to 1,000 jobs could be created for communities in Maryland that have traditionally been under-represented in the tech community. Jobs and training would be created

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<sup>1</sup> [The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States](#), Analysis Group, March 18, 2024

<sup>2</sup> [Economic Impact of New Jersey Online Gaming](#), Meister Economic Consulting & Victor Strategies, October 2019

for game presenters, set designers and builders, as well as technical staff, team leaders and operations managers.

### *iGaming and Land-Based Casinos*

iDEA is pleased to share with you a study from by Eilers and Krejcik Gaming<sup>3</sup> (EKG) that assesses how online gaming impacts land-based casino performance. The full report and summary are included in our testimony submission.

This critical issue was central to discussion at the hearing on iGaming legislation (SB 603) in this Committee last month. Contrary to the unfounded claims that iGaming takes money and jobs out of the land-based casino ecosystem, this in-depth study looks at actual data from states with both iGaming and casinos. It reveals that, in addition to adding a revenue stream for land-based casino operators, online gaming helps boost revenue for operators’ brick-and-mortar properties. In the six states that offer iGaming, the evidence shows that online gaming is a catalyst for growth, not a competitor to land-based casinos. These findings are also independently supported by the separate research conducted by the Analysis Group that was cited earlier in our testimony.

Pennsylvania has been a model for how iGaming and land-based casinos can coexist and even thrive. Since the launch of iGaming in July of 2019 there has been an increase in overall land-based revenues for both slots and table games. See chart below provided by the Pennsylvania Gaming Control Board (PGCB)<sup>4</sup>. In 2023, the PGCB announced that 2023 was a record year for overall gaming revenue with nearly every gaming vertical (online and offline) seeing YoY increases. This resulted in a record \$2.3 billion dollars in tax revenues.

Year	Slot Machine Revenue	Table Games Revenue	iGaming Revenue	Sports Wagering Revenue	VGT's Revenue	Fantasy Sports Contests	Total Gaming Revenue
2013	\$2,384,098,225	\$729,830,365					\$3,113,928,590
2014	\$2,319,534,380	\$749,543,217					\$3,069,077,597
2015	\$2,365,651,659	\$808,137,112					\$3,173,788,771
2016	\$2,360,184,122	\$853,238,055					\$3,213,422,178
2017	\$2,336,212,902	\$890,704,254					\$3,226,917,156
2018	\$2,369,885,203	\$878,796,174		\$2,516,589		\$15,309,615	\$3,266,507,581
2019	\$2,363,085,678	\$903,594,181	\$33,599,749	\$84,112,967	\$2,329,540	\$25,872,124	\$3,412,594,239
2020	\$1,355,924,785	\$504,309,266	\$565,776,908	\$189,703,465	\$16,647,898	\$21,148,707	\$2,653,511,029
2021	\$2,287,529,465	\$924,902,965	\$1,112,855,937	\$340,113,160	\$39,852,039	\$29,298,635	\$4,734,552,201
2022	\$2,390,757,300	\$990,568,468	\$1,364,392,468	\$401,208,108	\$42,079,447	\$22,329,896	\$5,211,335,687
2023	\$2,463,698,452	\$971,742,564	\$1,741,832,079	\$458,616,339	\$41,237,349	\$20,091,332	\$5,697,218,115

**Pennsylvania Gaming Revenues from 2013 – 2023 (iGaming launched July of 2019)**

<sup>3</sup> [Comparing Online And Land-Based Casino Gaming](#), Eilers and Krejcik Gaming LLC, February 2024

<sup>4</sup> [PA Gaming Control Board Reports Record High Gaming Revenue for 2023](#), Pennsylvania Gaming Control Board, January 18, 2024

Since the launch of iGaming, 4 new land-based casinos have opened in Pennsylvania. According to reports published by the PGCB during FY 2022/23 Pennsylvania casinos added 700 new jobs to their workforce. Additionally, the PGCB website<sup>5</sup> hosts job boards for all the state's land-based casinos and at of time of submitting this testimony there were hundreds of job opportunities at Pennsylvania casinos ranging from slot technicians and casino floor security to human resources and food and beverage positions.

Beyond the success of New Jersey's and Pennsylvania's gaming industries, a news story<sup>6</sup> was recently published that interviewed state gaming regulators in all six states that currently authorize iGaming and land-based casinos. Every regulator remarked that iGaming has had no negative impact on the land-based industry. These regulators oversee the entirety of gambling activity in their state, so they provide an impartial and informed position. Their viewpoint, coupled with the data, tells an irrefutable story about the true impact of iGaming on casinos.

As the Senate considers the merits of legalizing and regulating iGaming, you can be assured that it will complement Maryland existing land-based casinos to deliver even more gaming related tax revenues to the state.

### Modernization and Competition

The introduction of iGaming represents a significant stride towards modernizing Maryland's gaming industry. It acknowledges the evolving preferences of consumers who increasingly seek convenience and omnichannel experiences. By integrating iGaming with land-based casinos, Maryland can offer a seamless gaming experience that bridges the physical and digital realms. This not only caters to the preferences of a wider demographic but also positions Maryland as a leader in the gaming industry, capable of providing a comprehensive gaming ecosystem.

It is important to note that Maryland borders three states that have already authorized online gaming – Delaware, Pennsylvania and West Virginia. It is safe to assume that Maryland residents are already participating in online gaming through these states, as was the case with sports betting before Maryland authorized it. By taking action now Maryland can avoid the risks of falling behind in the competitive regional gaming market, keep revenue in state and also modernize its gaming industry.

### Existing Regulatory Foundation

The technological infrastructure and regulatory frameworks – established and overseen by the Maryland Lottery and Gaming Control Commission – that have successfully governed online sports betting in Maryland offer a blueprint for the safe and responsible expansion into iGaming.

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<sup>5</sup> Pennsylvania Gaming Control Board, [Employment at the Pennsylvania Casinos](#), Current

<sup>6</sup> [Regulators from Established US online Casino Markets Agree: No Retail Cannibalization](#), PlayUSA, March 19, 2024

Digital identity verification, geolocation technology, and integrity software—cornerstones of Maryland’s current sports betting system—can effortlessly be adapted to regulate online casino games, ensuring secure, fair, and responsible gaming. The regulatory safeguards in place, including consumer protection and anti-money laundering practices, are equally applicable, promising a safe environment for Marylanders to engage in iGaming.

Neighboring states have shown that regulating online sports betting and iGaming concurrently leads to a safer, more vibrant gaming ecosystem. These examples provide valuable lessons and best practices that Maryland can adapt to ensure the integrity and success of both operations.

### Reasonable Tax Rate

While iDEA supports many of the provisions within HB 1319, we do urge consideration of the proposed tax rate as we believe a more competitive tax rate will boost revenues to the state.

To ensure that iGaming delivers on its potential, it’s important that lawmakers get the tax level right. While it might seem logical that a higher tax will bring in more tax dollars, experience elsewhere has shown that a balanced tax rate secures the state benefits without hindering the market’s development or competitiveness.

Running an iGaming business is a complex and costly operation that extends beyond what meets the eye. Complying with the laws and regulations designed to protect consumers necessitates substantial investments in sophisticated technology, including secure payment systems, geolocation technology, advanced customer identification and verification processes, and robust anti-fraud measures.

Taxing the iGaming industry excessively without considering these expenses could stifle innovation and growth, ultimately diminishing tax revenue both near and long-term. Lawmakers should recognize the significant costs associated with maintaining a compliant, secure, and fair iGaming environment, and craft tax policies that support sustainable growth.

It’s a balancing act. If it’s done correctly, everybody wins - schools gain more funding, local communities have more jobs, and state-based industries can invest even more in their businesses and employees.

### **Conclusion**

In conclusion, we urge this Committee to support HB 1319 with a more regionally competitive tax rate. The passage of iGaming legislation in Maryland would represent a significant step forward in modernizing the state’s gaming industry, driving economic growth, and safeguarding its citizens. We thank the Committee for its attention to this testimony and look forward to contributing to Maryland’s bright future in gaming.

**RSI HB1319 FWA SENATE.pdf**

Uploaded by: Keith Walmsley

Position: FWA





## **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.

**HB1319-BT\_MACo\_SWA.pdf**

Uploaded by: Kevin Kinnally

Position: FWA



## House Bill 1319

### *Internet Gaming – Authorization and Implementation*

MACo Position: **SUPPORT**  
**WITH AMENDMENTS**

To: Budget and Taxation Committee

Date: March 26, 2024

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1319 **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 to conduct and operate internet gaming in the state.

**In addition to advocating for a more 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.

This bill provides counties with a one percent share of internet gaming revenue – distributed to each county based on its school-age population – to fund education. As internet gaming has the potential to generate significant revenue to fund public schools, MACo urges the Committee to consider a more 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 HB 1319.

**Riverboat HB 1319 Testimony.Rev 1.pdf**

Uploaded by: Lesly Feliz

Position: FWA



301 Beach Terrace • Colonial Beach, VA 22443 • 804.224.7055  
www.riverboatonthepotomac.com

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Monday, March 25, 2024

**Subject: Testimony in Favor with Amendments for House Bill 1319 - Internet Gaming - Authorization and Implementation**

Dear Honorable Members of the Budget and Taxation Committee,

I am writing on behalf of Riverboat on the Potomac to express our position of “favorable with amendments” on House Bill 1319, which seeks to authorize and implement Internet Gaming in Maryland. As a small, minority-owned business, we recognize the potential benefits that iGaming could bring to our state, both economically and recreationally. However, we believe that certain amendments are necessary to ensure equity, diversity, and inclusion within this emerging industry, particularly for businesses like ours.

Our support for HB 1319 is contingent upon the incorporation of amendments that address the following concerns:

1. **Inclusion of B-2 and Mobile Licensees:** Incorporation of amendments that provide a clearer pathway for B-2 or mobile licensees, including minority and women-owned businesses, to participate in iGaming. This is a crucial step towards reducing disparities between large casinos and smaller entities, ensuring a more equitable landscape within the industry. Specifically, we advocate for amendments that allow B-2 Class or Mobile Classes of Sports Wagering Licensees who are minority or women-owned to be considered for licensing waivers, promoting diversity and inclusion.
2. **Licensing Fees:** While inclusivity amendments are a positive development, the high initial fees pose significant barriers to entry for smaller entities. We urge the committee to consider reviewing and possibly adjusting these fees to ensure they do not disproportionately disadvantage small, minority-owned businesses.

In conclusion, Riverboat on the Potomac supports HB 1319 with the proposed amendments, believing that such changes will foster a more inclusive, equitable, and diverse iGaming industry in Maryland. We appreciate the committee's consideration of our testimony and look forward to contributing positively to the dialogue surrounding this important legislation.

Sincerely,

Antonio Jones, Managing Partner  
Riverboat on-the Potomac, LLC

If you have any questions, please contact:

Lesly Feliz  
Greenwill Consulting Group  
[lfeliz@greenwillgroup.com](mailto:lfeliz@greenwillgroup.com)

**SB 603 written testimony\_.pdf**

Uploaded by: Sushant Sidh

Position: FWA





To: Chair Guzzone and Members of the Senate Budget and Taxation Committee

Date: March 26<sup>th</sup>, 2024

Re: Favorable with Amendments of HB 1319 Internet Gaming - Authorization and Implementation

On behalf of our clients Delta Bingo, Wayson's Bingo, Abner's Bingo and Atlantic Bingo, I write in support HB 1319 with amendments. Our amendments include providing halls with additional electronic instant bingo machines as well as allowing commercial halls in the State to operate i-bingo, as a separate classification of i-gaming.

Commercial Bingo has been a partner with localities and the State of Maryland for decades, providing millions of dollars in public revenue and charitable contributions. Our halls considerably predate casino gaming in Maryland and our industry has always been viewed as consistently good actors in Maryland.

In 2007 and 2012 there was a need for increased revenue for the state, and we played a crucial role in supporting that initiative. However, despite our contributions, the gaming industry continues to be monopolized by casinos. This has hindered innovation and progress within our sector. Even though we are not direct competitors, casinos continue to stall our attempts in advancing innovation in the bingo industry.

Bingo caters to a distinct clientele from casinos and therefore we are not direct competitors to casinos. Our clientele consists of a more elderly group that also enjoys live bingo in addition to the opportunity to play electronic instant bingo machines, which casinos' contend maybe competitive. The facts are evident: casinos in Maryland choose not to operate 7,500 slot machines the State does not derive revenue from as they prefer the lower tax rate levied on table games. We simply ask for authorization to operate less than 300 more machines spread among 6 commercial halls in the State.

In addition, the bingo industry – as the state's initial legal gaming industry – also wishes inclusion in the i-gaming enterprise. Among our businesses is an operator with experience in i-gaming as a license holder in Ontario, Canada. We, in fact, have more experience in i-gaming / i-bingo than many casinos.

In closing, we urge a favorable report on HB 1319 with our amendments to level the playing field in Maryland which has been skewed since the arrival of casinos in Maryland, as the impact of bingo has been neglected.

Sushant Sidh

**Uri Clinton HB 1319 Written Testimony (3.26.24).pd**

Uploaded by: Uri Clinton

Position: FWA

# BOYDGAMING

TO: Chair Guy J. Guzzone, and the members of the Senate Budget and Taxation Committee

FROM: Uri Clinton, Boyd Gaming Corporation, Executive Vice President and General Counsel

DATE: March 26, 2024

RE: **FAVORABLE WITH AMENDMENTS** – House Bill 1319

As the Executive Vice President and General Counsel for Boyd Gaming Corporation, I am writing to support House Bill 1319, which would authorize iGaming in the state of Maryland. A well-regulated iGaming market in Maryland could generate \$1.1 billion in gross gaming revenue (GGR) by 2030. We support House Bill 1319 with amendments that would authorize additional skins, with a competitive tax rate below 30% and meaningful, yet realistic, minority business participation. These amendments would yield more competition for the benefit of Maryland residents, maximize revenues for the state, and create new marketing opportunities for the Maryland's six (6) brick-and-mortar operators.

Boyd Gaming is one of the largest casino entertainment companies in the United States, owning and operating 28 casinos in 11 states, along with our iconic Stardust Online Casino in Pennsylvania, New Jersey, and Ontario, Canada. Passage of HB 1319 would provide an opportunity for Boyd to make new investment in the great state of Maryland.

Before divesting our ownership interest in Atlantic City's Borgata Hotel and Casino, Boyd Gaming managed that property and was among the first to launch iGaming in New Jersey once it was legalized there in 2013. We embraced iGaming at Borgata despite those who thought that it would cannibalize our brick-and-mortar business. The results confirmed what we believed to be true; iGaming proved to be complementary to our land-based business, not competitive, in that:

- ***iGaming Attracted a Different Clientele*** – 60% of online casino customers had not been to Borgata in over a year, and 75% had made fewer than two trips to Borgata in the previous year.
- ***iGaming Grew Overall Gaming Revenues*** – And on a combined basis, the addition of online gaming revenue<sup>1</sup> resulted in an incremental revenue increase for Borgata of more than 40% from our land-based play alone in December 2012.

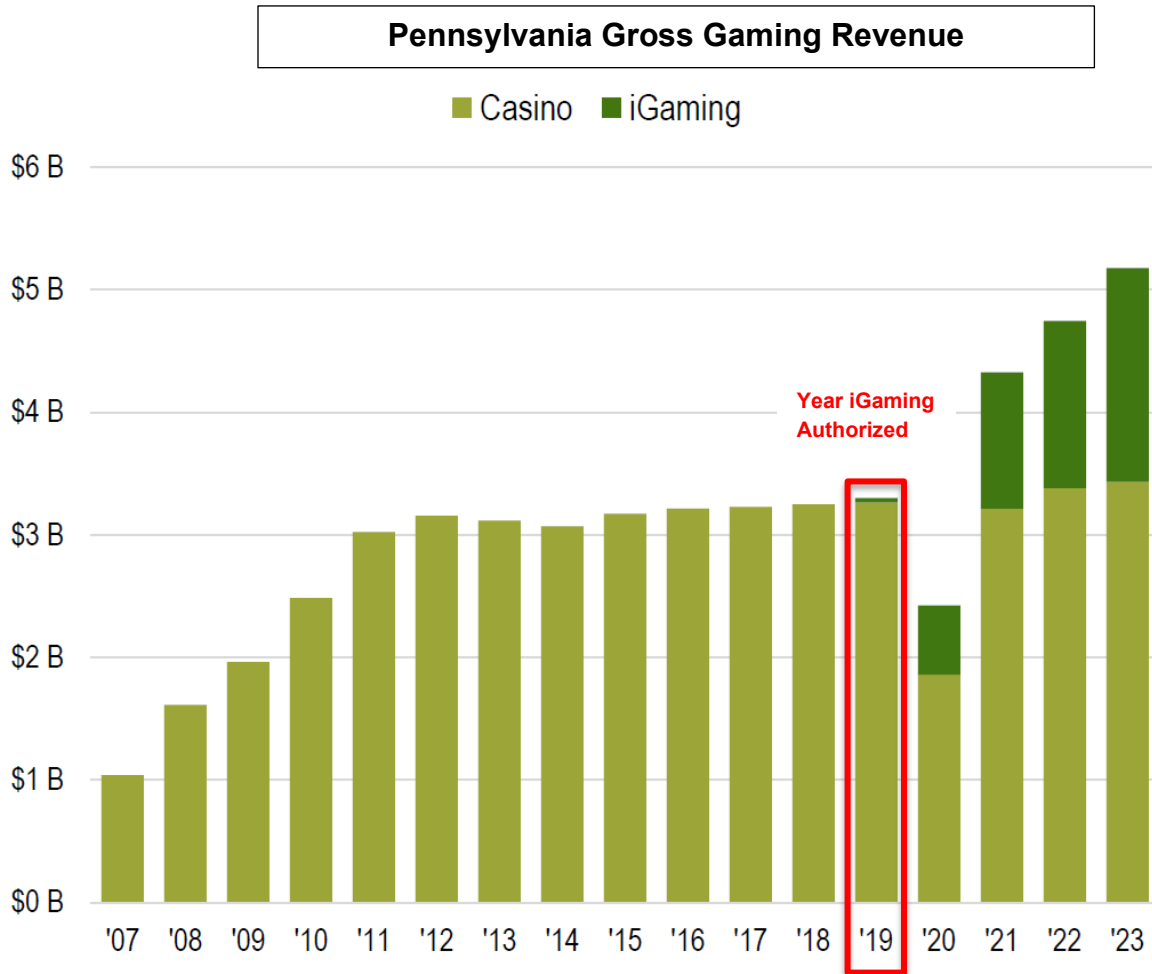
We are now experiencing similar results in our current operations in Pennsylvania. It is important to note that our Pennsylvania land-based property has not experienced any job loss as a result of iGaming's launch in 2019.<sup>A</sup> Our experience is not unique, in fact recent industry studies and the raw Gross Gaming Revenue reports of states where both brick and mortar and iGaming coexist show similar outcomes.

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<sup>1</sup> Including land-based poker

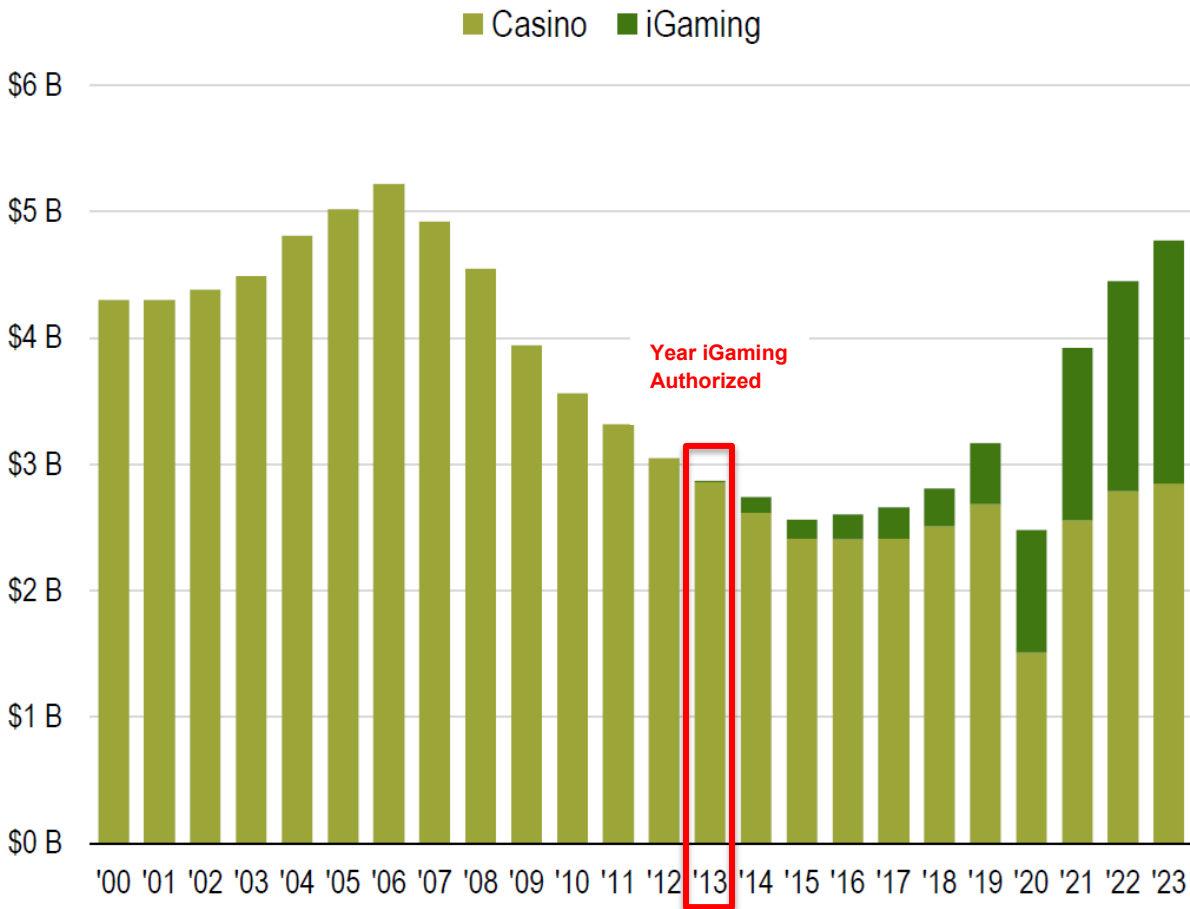
## iGaming is Additive to Brick-and-Mortar Revenue – Not Cannibalistic

**Pennsylvania Case Study** – Pennsylvania’s brick & mortar casino revenue began to plateau in 2012 and remained relatively flat through 2018, the final full year before the addition of iGaming in July 2019. In fact, from 2012 thru 2018, the brick & mortar revenue only increased 3%. However, since the introduction of iGaming, the brick & mortar gaming revenue has increased 6% from 2019 to 2023. In addition, the State had \$1.7B in taxable iGaming revenue. So not only did the brick & mortar casinos show growth, but the State’s gaming tax revenue grew substantially from iGaming.



**New Jersey Case Study** – Prior to the introduction of iGaming, New Jersey was experiencing a downward trend in brick & mortar casino revenue due in large part to the expansion of legalized gaming in neighboring states. However, after the launch of iGaming in November 2013, brick & mortar casino revenue began to rebound, while total taxable gaming revenue returned to pre-expansion levels. For example, in the 7 years prior to the launch of iGaming in New Jersey, brick & mortar casino revenue had a compound annual growth rate (CAGR) of **-8.2%**. However, over the past 8 years with iGaming that trend has reversed, and New Jersey’s brick & mortar casinos had a CAGR of 2.1%, while adding another \$1.9B in iGaming revenue.

**New Jersey Gross Gaming Revenue**



### **Additional Licenses to Serve Maryland's \$1Billion iGaming Market**

We suggest increasing the number of iGaming skins and licenses available under HB 1319. Having a robust number of skins and licenses will spur competition among market participants, which will maximize tax revenue for Maryland and yield a better iGaming experience for the public. Moreover, it would provide eleven more opportunities for minority business owners to enter the iGaming industry.

States with a greater number of iGaming outlets have reported the strongest gaming volumes. The number of outlets, also referred to as skins or sublicenses, that are offered in each state appear to provide a number of advantages including expanding the marketing reach of brick and mortar casinos by providing access to multiple data bases and establishing a competitive marketplace. Increasing the number of licenses, skins, or sublicenses, would also increase the number of opportunities for disadvantaged and/or minority business owners. Moreover, fewer skins would suggest less revenue potential when you compare revenue per skin in states with higher numbers of skins against those with lower number of skins.

### **iGaming Metrics by State (2023)**

<b>State</b>	<b>Start Year</b>	<b>iGaming Revenue</b>	<b>No. of Skins</b>	<b>Revenue Per Skin</b>
<b>States with a Greater Than 15 Skins:</b>				
New Jersey	2013	\$1.9 B	33	\$58 M
Pennsylvania	2019	\$1.7 B	19	\$92 M
Michigan	2021	\$1.7 B	16	\$108 M
<b>States with a Fewer Than 15 Skins:</b>				
Connecticut*	2021	\$335 M	2	\$167 M
West Virginia	2020	\$157 M	11	\$14 M
Delaware	2013	\$14 M	3	\$5 M

\*Operated under tribal gaming compacts.

## **A Tax Rate That is Under 30% Would Create a Healthy iGaming Segment of Maryland's Gaming Industry**

Moreover, a sound tax policy is critical to the success of iGaming. The current proposed tax rate is higher than many other states, which limits marketing reinvestment and market growth. We recommend a gaming tax of no more than 30% to help accomplish this goal. By way of comparison:

- New Jersey's tax rate is 17.5%<sup>2</sup>, and
- Michigan has sliding scale from 20% to 28%, based on adjusted gross gaming revenue.<sup>3</sup>

We also recommend the tax deduction for free play and promotional credits be capped after year one at 40%, with a \$10,000,000 annual limit. There is a substantial, ongoing marketing investment required to attract and retain players. These incentives are required to help grow the overall revenue for the state.

We also support various proposed initiatives to address local stakeholder issues:

- (1) Meaningful minority business participation, including the 5% partnership requirement
- (2) Protecting jobs at Maryland's brick-and-mortar casinos
- (3) Expanding protections against problem gambling

Finally, if the Committee does not wish to pass iGaming implementation legislation this session, we respectfully request that the Committee send the issue of iGaming to a referendum to prevent further delay of implementation in Maryland.

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<sup>2</sup> American Gaming Association's Gaming Regulations and Statutory Requirements, New Jersey, Exhibit C, p.5.

<sup>3</sup> American Gaming Association's Gaming Regulations and Statutory Requirements, New Jersey, Exhibit D, p.7.



## **Appendix/Notes**

- A) The Eilers & Krejci February 2019 Analysis: How The Multiple-Brand Model Impacts State-Regulated Online Gambling Markets data indicates only 7% of customers participate in both land-based and online casino games. The minimal crossover is a big reason cannibalization has not been observed. Land-based casino revenues will (actually) increase as operators leverage iGaming platforms as a marketing tool to drive visitation with a new or wider set of patrons.

# **2024 HB1319 Testimony Against 2024-03-26.pdf**

Uploaded by: Alan Lang

Position: UNF

Honorable Senators

Please vote against HB1319.

Despite a roughly 2-1 margin of people testifying against this bill, the House passed it.

Even though online gaming is projected to increase revenue for the State, it may have unintended consequences such as a loss in revenue from casinos and the lottery and may have increased expenses from addictive gambling behavior.

Please vote against HB1319.

Alan Lang, District 31  
242 Armstrong Lane  
Pasadena, MD 21122  
410.336.9745  
[Alanlang1@verizon.net](mailto:Alanlang1@verizon.net)

# **Campaign for Fairer Gambling Letter to MD Senate.p**

Uploaded by: Breanne Soura-Schawohl

Position: UNF



Senator Guy Guzzone, Chairman  
Budget and Taxation Committee  
3 West Miller Office Building  
Annapolis, MD 21401

March 25, 2024

Chairman Guzzone -

I appreciate the opportunity to share The Campaign for Fairer Gambling's concerns for HB 1319. The Campaign aims to advance a politically bipartisan and scientifically evidence-based practice to enhance consumer protections across the gambling sector. We strive to raise awareness of gambling related harm ultimately doing all that we can to prevent and reduce it. According to the National Council on Problem Gambling there are an estimated 9 million Americans that are struggling with problem gambling nationwide (the annual social costs of problem gambling totaling \$14 billion). Of that, there are an estimated 191,015 (4% of the adult population) that are Maryland adults. That is two times greater than the national average. A 2022 Maryland prevalence study highlighted that the majority (65.7%) of disordered gamblers were aged between 35 and 64 years and disordered gambling was more prevalent in Blacks/African Americans (8.2%) compared to Whites (3.1%), Asians (2.9%) and Hispanics (0.2%). Additionally, the percentage of disordered gamblers who participated in sports betting was higher compared to other forms of gambling. Last year, the National Council on Problem Gambling Helpline received 6,045 calls, texts, and chats from Marylanders. Research highlights that anytime you introduce a new form of gambling within a jurisdiction, you will increase the number of problems. As will certainly happen with the introduction of I-Gambling.

Headlines continue to run rampant across the nation (almost weekly now) highlighting the ever-increasing number of calls for help, policymakers begging for more funds to address gambling related harm (Michigan and New York most recently) or highlighting predatory and worrisome practices being deployed by industry operators. These facts are troubling indeed. Policymakers must seriously consider the consequences of legalization and the impending social costs and harms that follow suit.

A recent NERA study examining the New Jersey I-gambling market (often regarded as the 'gold standard' for gambling) found that while I-gambling taxes contributed nearly \$385 million to the state, this was significantly dampened by the astounding \$350 million in social costs the state also incurs from I-gambling related harm. Those social costs are mainly being driven by 6% of the population (survey conducted by Rutgers University) that has been found to be struggling with a gambling disorder. This is three times the national average. These social costs are emerging in the form of welfare payments, homelessness, and criminal justice.

While we applaud the subcommittee for increasing responsible gambling considerations and requirements within the bill, more still should be done and considered. When Maryland legalized sports betting just last year, the legislature failed to increase the funding desperately needed to address the increased harm. Any further legalization should account for this deficit and attribute more than the proposed 1%. Additionally, this proposed legislation allows for some deductions of promotional free play/bonus offers. This is a dangerous precedent. Deductions of any kind drive more advertising into the state that have led to players engaging in play that they otherwise can't afford. Promotional deductions also negatively impact problem gambling funding, as when funding is tied to revenue (in this case), revenue is less for the state when promotional deductions are allowed. This was felt firsthand in Virginia.

International jurisdictions that have had I-gambling for some time are becoming ever more aggressive in their pursuits to limit these products. Just recently the UK announced a stake limit of £2 for individuals under the age of 25 and £5 for everyone else. And they're not alone. Norway also has stake limits that equate to \$4. Juxtapose that to New Jersey, where you can go and play an online slot at \$75,000 max bet per spin. Is that something you'd want the people of Maryland to be able to do?

A lot of focus has been placed on bringing live dealer I-gambling to Maryland, under the pretense that it will be a job 'creator'. It's important to note that the product you consider offering (and at a reduced tax rate), according to leading recent research, carries the highest risk correlation (even compared to its RNG counterparts) for problem gambling. Seriously considering necessary guardrails to prevent as much harm as possible for these products will be paramount.

Additionally, a recent survey unveiled by the State of Connecticut highlighted that 70% of gambling revenue is being derived from 7% of the population. 1.8% of these individuals have a gambling problem and the remaining 4.9% are considered at-risk. The current business model for I-gambling, appears to have most revenues coming from the vulnerable few. A recent Wall Street Journal highlighted this well.

The intent of the legislation should be done with open eyes. This would be creating a new industry. The proof that the illegal market is captured and offset by legalization is simply not there. The catastrophic harm for some that will result from this legalization will not only be gravely felt by that individual. It will trickle into your communities and ultimately be felt by the entire state.

I appreciate your consideration and I'd be happy to answer all questions that you may have.

Warmest Regards,

Brianne Doura-Schawohl

# **Rocky Gap Casino Resort HB 1319.pdf**

Uploaded by: brian kurtz

Position: UNF



## Rocky Gap Casino Resort, and Golf iGaming HB 1319

Dear Maryland House and Senate Leaders,

I hope this letter finds you well. I am writing on behalf of Rocky Gap Casino, Resort, and Golf to express our thanks and appreciation for the work Chair Atterbeary and the committee undertook to put forth the first iGaming Bill HB1319. While we support the concept and introduction of iGaming, we are in opposition of HB 1319 in its current proposed form and look forward to working with legislators for a more measured approach.

HB 1319 as written, in its current form, makes an iGaming operation commercially unreasonable to Rocky Gap or requires Rocky Gap to take actions that would have a material negative impact on Rocky Gap' gaming operation. We ask further consideration and amendments to the iGaming legislation.

1. **Exclusive Licensing for State Casinos:** We strongly support the idea that only the existing state casinos should be eligible for licensing in the iGaming sector. Providing the ability for up to three competitive skins per location. This approach would ensure that the revenue generated from iGaming remains within Maryland, benefiting our local economy and preserving the existing investments made by the state casinos. This would also ensure that the individual skins then must be initially tethered to an existing casino and not have the option of launching independently. We propose a 5-year term for consideration, in conjunction with the initial license term.
2. **License fee for State Casinos:** To include up to three skins for the license fee of \$1m. We would ask that two of the skins be associated with those casinos already in the market with the third skin being specifically majority operated by a registered Maryland MBE/WMBE.
3. **Tax Rate:** We propose a tax rate not to exceed 28% for iGaming in the state of Maryland. With dramatic differences in population density throughout the state and available rooftops in the smaller casinos' geographic locations, a tax rate of 28% would ensure a reasonable return. In addition, iGaming operators hold on slots is only an expected 3%-4% vs. brick-and-mortar operations that generally hold 8%-10%.
4. **Installment Payments for Licensing Fees:** To further facilitate the participation of smaller casinos, we suggest allowing the licensing fees to be paid in installments. This approach would alleviate the financial burden of a lump sum payment and promote more inclusivity within the industry. We recommend equal installments over the initial 5-year term of the license.

Rocky Gap Casino is committed to being a responsible and contributing member of the community, and we look forward to being a part of the development of iGaming in our state. In addition, we believe there are alternative and added considerations available to ensure inclusion, equity and diversity as it relates to iGaming and the State of Maryland. We hope you will consider our recommendations as you work on the forthcoming iGaming legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Kurtz", written over a light blue horizontal line.

Brian Kurtz  
SVP | General Manager



**Casino letter HB 1319 2024-3-20 (3).pdf**

Uploaded by: Denise Hill

Position: UNF



March 20, 2024

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

Re: Opposition to HB1319

Dear Chair Guzzone:

Maryland's casinos drive significant State revenues and other benefits to the State's economy. Maryland's six casinos support over 15,000 direct jobs, generate \$5.78 billion in annual economic impact, and create \$962.2 million in tax impacts each year.<sup>1</sup>

Maryland has the 19<sup>th</sup> largest population in the country but generates the 4<sup>th</sup> highest gaming tax revenues. Maryland casinos spent over \$3 billion in initial construction and have reinvested more than \$1 billion since that time.

As three of Maryland's six casinos, we write to express our opposition to House Bill 1319. We respectfully request that the Budget and Taxation Committee give an unfavorable report to HB1319.

Thank you for your consideration of our position.

Sincerely,

Ryan Eller  
EVP & General Manager  
Live! Casino Hotel Maryland

Bobbi Jones  
General Manager  
Ocean Downs Casino & Racetrack

Brian Kurtz  
VP & General Manager  
Rocky Gap Casino Resort

cc: Hon. Bill Ferguson, President of the Senate  
Members, Budget and Taxation Committee  
Members, Maryland Senate

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<sup>1</sup> Source: American Gaming Association

# **HB 1319 - Sen Internet Gaming.pdf**

Uploaded by: Denise Riley

Position: UNF



A Union of Professionals  
**AFT-Maryland**

5800 Metro Drive, Suite 100 • Baltimore, MD 21215-3226  
410/764-3030 • fax: 410/764-3008  
md.aft.org

Kenya Campbell  
PRESIDENT

LaBrina Hopkins  
SECRETARY-TREASURER

**Written Testimony Submitted to the Maryland Senate Ways and Means Committee  
HB 1319 - Internet Gaming - Authorization and Implementation  
March 26, 2024**

**OPPOSE**

Chair Guzzone and members of the Committee, AFT-Maryland asks for an unfavorable report on HB 1319, due to the detrimental impact internet gaming will have on traditional casino jobs and the broader community.

Online gambling poses a significant threat to the livelihoods of thousands of workers employed within the brick-and-mortar casino industry. These establishments serve as vital economic engines, providing stable employment opportunities for countless Maryland citizens, including state employees, hospitality staff and maintenance workers.

Unlike traditional casinos, online gambling platforms require minimal physical infrastructure and human capital to operate. As a result, they are not significant contributors to local employment and do not offer the same level of job security and benefits as their brick-and-mortar counterparts.

Traditional casinos serve as more than just places to gamble; they are vibrant entertainment destinations that attract tourists, support local businesses, and generate tax revenue to fund essential public services.

By contrast, online gambling fosters isolation, addiction, and financial hardship. The accessibility and convenience of online gambling platforms make it easier for vulnerable individuals to succumb to addictive behaviors, leading to devastating personal and societal consequences.

We need to prioritize the well-being of our communities and safeguard the interests of hardworking individuals who rely on the casino industry for their livelihoods. Rather than embracing the expansion of online gambling, let us work together to support the traditional casino industry and preserve the jobs and prosperity it brings to our communities. Thank you.



# **Crossover Testimony - HB 1319 - Internet Gaming -**

Uploaded by: Donna Edwards

Position: UNF



# MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

Balto. (410) 269-1940 • Fax (410) 280-2956

*President*

**Donna S. Edwards**

*Secretary-Treasurer*

**Gerald W. Jackson**

**HB 1319 - Internet Gaming - Authorization and Implementation  
Senate Budget & Taxation Committee  
March 26, 2024**

**OPPOSE**

**Donna S. Edwards  
President**

**Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to provide testimony in opposition to HB 1319 and internet gaming. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

Internet Gaming will lead to job losses in brick and mortar casinos. The State commissioned report from the Innovation Group reached this conclusion, predicting a 10.2% decrease in in-person revenues. A comparable 10.2% reduction in casino staffing would be 2,700 jobs. The Sage report reached a similar conclusion, using more conservative numbers, predicting at least 1,200 lost jobs. Maryland's House of Delegates acknowledged I-Gaming will reduce jobs by passing Amendment HB1319/823325/1 which creates an employee displacement fund, providing \$10,000,000 of additional unemployment insurance assistance and retraining for brick and mortar casino workers that lose their jobs due to Internet Gaming. This amendment passed on a voice vote with no vocal opposition.

The proponents' arguments do not add up. When making a bet, you have to know the odds in order to know whether you think the risk is worth the reward. With Internet Gaming, we already know the risks are tremendous. No one seems to disagree. If the state's rewards are supposed to be increased revenues, legislators should ask themselves whether they really think cutting thousands of middle-class tax paying jobs is the soundest path towards steady revenue. Meanwhile the state will unleash an unprecedented increase in problem gaming and addiction.

Do not gamble Maryland's future on I Gaming. These numbers do not add up. Vote no on HB 1319.

# **Senate T&B Committee Heidi Zimmermann against HB13**

Uploaded by: Heidi Zimmermann

Position: UNF



# **Testimony Against HB 1319—Internet Gaming -Authorization and Implementation**

Submitted to the Taxation and Budget Committee  
of The Maryland House of Senate  
Hearing date Tuesday, March 26 2024

Presented by  
Heidi Zimmermann, Banquet Server, and Bartender  
at the Horseshoe Casino Baltimore

My name is Heidi Zimmerman. I work at Horseshoe Baltimore Casino as a banquet server and Brew Brothers bartender.

I have worked in the hospitality industry for 16 years in a wide variety of venues. I joined the team at the Horseshoe Baltimore in 2015. Before the Covid19 Pandemic we had a busy banquet schedule at the Casino. Myself and the other banquet servers earned an hourly wage plus guaranteed gratuity thanks to our Union contract.

You don't have a regular schedule with Banquet work, it is completely driven by events. This was fine for me. My kids were grown, and I liked the variety and enjoyed working with all of the different customers. When banquet business was slow, I picked up bartender shifts at the public bars in the Casino.

When my co-workers and I came back after the Pandemic shut down, we did not have the same banquet business. I started working more bartender shifts.

As a tipped worker in a casino, the money I make is mostly in tips. 80% or more of my income comes from the tips paid to me by the customers. Some shifts I make more than other shifts depending on the number of people who come in.

This is also true for the thousands of other tipped workers in Maryland's Casinos. Slot attendants, Dealers, Cage Cashiers, all the food and beverage servers.

The math is easy. There is no disagreement that iGaming will cause a reduction in foot traffic at the Casinos. Less customers means less people to serve, which equals less tips, which means less income for Casinos workers and less jobs. It is important that you realize that for thousands of Maryland

Casino job there is a family that depends on that person to pay rent, put food on the table, buy school supplies, clothing and shoes.

Our Banquet business is really just recovering from the Pandemic. I speak for all of my co-workers when I say please do not take another bite out of our customer base by legalizing iGaming in Maryland. Give HB 1319 an Unfavorable reading.

# **hb1319 testimony opposed.pdf**

Uploaded by: Joshua John

Position: UNF

## **Written Testimony of Joshua John**

### **In Opposition to House Bill 1319**

**March 26th, 2024**

My name is Joshua John. I am a 21-year-old undergraduate student in my final year at the University of Maryland. During my time at college, I have seen the detrimental effects of online gambling and its constant availability firsthand. As this committee considers legalizing internet gaming, I find it important to consider the effects similar legislation has had on young adults across the country. It would be difficult to discuss the significance of legalizing internet gaming without first discussing that of online sports gambling in the state. Immediately after sports gambling was legalized in Maryland, many of my peers downloaded the various apps, believing they would have a new fun activity to compete against their friends. I found my own roommates gambling daily, betting money they knew they didn't have. They skirted age requirements by using older friends' accounts and wagered funds meant for textbooks on online betting instead. In lieu of cutting their losses, each time they lost a bet, they counterintuitively saw an opportunity to win that money back by placing a higher bet in the future. With the advent of constant access to gambling, I watched their new addictions bloom in my very own dorm room.

Concerningly, there is legitimate reason to believe that HB1319 would have even more detrimental effects on young adults than the legalization of online sports betting. This legislation effectively allows the thrilling lights, rewards, and dopamine boosts of a casino to be accessed at one's own fingertips 24/7, 365 days a year. Unlike sports gambling that has specific game times, players, and kinds of bets that can be placed, internet gaming as a whole has no such inherent guardrails. With no allotted hours of the day, no daily limits on money spent, and every kind of casino game imaginable available, the cause for worry cannot be overstated when it comes to the

state's vulnerable college students. An NIH study conducted in 2015 found that students who engaged in internet gambling were more likely to miss school, struggle with anxiety, and report family issues stemming from their gambling addiction. Further, the report cites that gambling problems accelerated by internet gambling are associated with higher rates of academic failure, alcohol consumption, and drug abuse. I fear the consequences that legalizing internet gaming in Maryland would have on the state's college students would be endless. As such, I urge a strong unfavorable report on this bill.

### **Relevant Citations**

Petry NM, Gonzalez-Ibanez A. Internet gambling in problem gambling college students. *J Gambl Stud.* 2015 Jun;31(2):397-408. doi: 10.1007/s10899-013-9432-3. PMID: 24337905; PMCID: PMC4055543.

**HB-1319 OPPOSE.pdf**

Uploaded by: Linda Diefenbach

Position: UNF

HB-1319 OPPOSE

Who thought of this bill?

Putting slot machines and other casino games on Marylanders cell phones, tablets and computers is like the state is handing drugs to an addict.

Please OPPOSE this bill.

Linda Diefenbach



# **HB 1319 testimony in Senate..pdf**

Uploaded by: Mark Stewart

Position: UNF

**Testimony of The Cordish Companies and Live! Casino Hotel Maryland**

**Presented by Mark Stewart, General Counsel**

**In OPPOSITION to HB1319**

**Budget and Taxation Committee Hearing**

**March 26, 2024**

On behalf of The Cordish Companies and Live! Casino Hotel Maryland, I respectfully submit this written testimony in **opposition** to HB1319 and the authorization of online casino gambling (“iGaming”) in Maryland. The Cordish Companies and Live! are Maryland-based and Maryland headquartered companies, with a long history of economic, civic and community investment in the State. We oppose HB1319 because iGaming is a bad bet for Maryland:

1. **iGaming is a jobs killer** – According to the Maryland Lottery’s consultant, Innovation Group, iGaming will lead to thousands of Marylanders losing their good-paying jobs. Sage Policy Group found Maryland would lose nearly 3,000 jobs as a result of HB1319. All casino unions oppose iGaming. These are our team members who help us produce for Maryland year in and year out and we stand with them.
2. **Inflated revenue projections** – The iGaming revenue projections at the heart of this debate are badly inflated – a fact publicly acknowledged by Innovation Group (Jan. 18, 2024 Report to House Ways & Means Committee at p. 11). Innovation assumed that the State’s iGaming market would produce the same gross revenue regardless of the tax rate imposed – but this is not true. HB1319’s tax rate will yield \$180 Million *less* tax revenue than Innovation and Department of Legislative Services (“DLS”) have projected even before cannibalization and other deductions are considered.
3. **iGaming causes substantial cannibalization** – iGaming will cannibalize gaming tax revenue generated by Maryland’s six brick and mortar casinos, undercutting any new revenue generation. Innovation Group, Deutsche Bank, Sage Policy Group and others have said Maryland’s six casinos will see at least a 10% drop in gaming revenue due to iGaming. The experience in other states shows that, for a state like Maryland, that figure could exceed 20%. In fact, the Sage Policy Group noted a 26% cannibalization at Maryland casinos during the first year of mobile sports betting (p. 3, Jan. 4, 2024, Sage Policy Group Report).
4. **iGaming destroys economic development** – The negative impacts on Maryland’s casinos and significant reduction in foot traffic also results in substantial losses of ancillary economic activity and reduced economic investment in Maryland. This means reduced sales tax, wage tax, alcohol tax and property tax revenues, as well as financial losses for Maryland small businesses and non-profits. Sage Policy Group projected as many as 4,000 additional lost jobs and \$74 Million annually in lost State and local tax revenue. Neither Innovation Group nor DLS factored these losses into their analyses.

5. iGaming sends Marylanders' money out-of-state – iGaming does not promote tourism. Instead, by its very nature, iGaming relies almost exclusively on Marylanders for wagers. At the same time, the vast majority of operator revenue from iGaming will flow to technology platform providers outside of Maryland. Neither Innovation Group nor DLS factored this into their analyses.
6. Wait for the data – Online gambling needs to be fully studied by the University of Maryland Center for Excellence on Problem Gambling and other experts so that the State has all the data and a comprehensive picture of what expansion may entail for Marylanders, including potential increases in social costs. The Senate passed SB878 calling for just such a study, and there should be no expansion until that study is completed.
7. iGaming doesn't add up – Advocates of HB1319 say it's needed for the tax revenue. Yet, taking all the factors above into account, iGaming simply does not add up. The claimed tax revenue gains are illusory and will not materialize.

### ***Maryland's Successful Gaming Industry***

The General Assembly carefully crafted the initial gaming legislation, strategically locating casinos to maximize tax revenue, seeking input from local communities, imposing a historically high gaming tax rate, and implementing protections and safeguards against problem gambling. As a result, Maryland is home to a thriving gaming industry that is among the best (in terms of jobs and tax revenue) in the nation. According to the American Gaming Association, Maryland's six casinos support 27,300 jobs. The State's casinos have also generated over \$3.5 Billion in gaming taxes for Maryland since the inception of casino gaming. Of course, our industry has produced many multiples of that sum when one considers the economic benefits of capital investment in casino facilities, hotels, entertainment venues, restaurants and other ancillary development, construction spend, personnel wages and taxes, property taxes, sales taxes, liquor taxes, purchases of goods and services from Maryland vendors, local share support for important community projects, and philanthropy for non-profits. As per the American Gaming Association, these examples are all part of the \$5.78 Billion in annual economic impact attributable to Maryland's six casinos.

From its inception until the launch of mobile sports betting in Maryland (with the exception of Covid's 2020), the State's casino industry averaged nearly \$100 Million in new tax revenue growth each year. Over a ten-year period, that's \$1 Billion in new tax revenue. It's safe to say that Maryland has rarely, if ever, had an industry produce such tremendous financial results for the State. As a bit of foreshadowing should iGaming be adopted, the launch of mobile

sports betting – even after considering the new revenue it generated – cost the State approximately \$75 Million in total tax revenue in 2023 because of the loss of patron foot traffic at the State’s casinos. If left alone, Maryland’s gaming industry can get back to what it does best – growing new tax revenue for the State.

### ***iGaming is Devastating for Maryland Workers***

Casinos offer an attractive career for Maryland workers. Casino jobs offer good pay, with benefits and special incentives, like the free healthcare clinic provided by Live! to its workers and their families. Many casino jobs are union jobs, many are available to workers with a high school diploma or less, and casinos boast a fully diverse workforce. iGaming is a direct threat to casino workers. Sage Policy Group, in a March 2024 Report for the Anne Arundel County Chamber of Commerce, reported that iGaming, implemented consistent with HB1319, would cost Maryland nearly 3,000 statewide jobs, resulting in a \$90 million/year decline in employee wages. If iGaming is enacted with a lower tax rate, those job losses could skyrocket to more than 6,700 lost jobs and nearly \$400 Million in lost wages. Even if jobs are preserved, iGaming is likely to suppress wages and threaten benefits.

Sage Policy Group’s findings are consistent with other experts and real world experience in iGaming states. The Innovation Group has stated that as many as 8% of the gaming industry’s more than 27,000 jobs could be lost. True to form, in Pennsylvania, over 2,000 casino jobs disappeared after iGaming launched and those losses were sustained despite the opening of five (5) new casinos. Likewise, in New Jersey, a November 2023 study by NERA Economic Consulting for The Campaign for Fairer Gambling found that more than 15,700 casino jobs had been lost since the start of iGaming – representing a loss of more than \$900 Million in employee wages.

All labor unions representing casino workers in Maryland oppose iGaming and HB1319, including the Maryland State AFL-CIO, UFCW, UNITE HERE, United Auto Workers, Seafarers Entertainment and Allied Trade Union, Teamsters, American Federation of Teachers, International Union of Operating Engineers, and the International Alliance of Theatrical Stage Employees. HB1319’s one-time funding for a VLT Employee Displacement Fund has not changed this opposition and is a solution for an unnecessary problem – just don’t destroy the jobs

in the first place. Notably, a similar proposal in New York was opposed by the affected labor unions and ultimately abandoned by the Senate of New York.

### ***iGaming is a Zero-Sum Game At Best***

Despite the claims of easy money by out-of-state and foreign iGaming companies, the numbers don't add up for iGaming. Even before considering the cannibalization and economic leakage caused by iGaming, a major flaw in the Innovation Group's projections means that hundreds of millions of dollars in projected iGaming revenue will never materialize at the tax rate included in HB1319.

Explained simply, Innovation Group assumed that gross iGaming Revenue would be the same regardless of the tax rate imposed. But, that is not how gaming markets work. As Sage Policy Group explained in its March 2024 Report:

Critically, the IG Report's analysis does not account for the effects of tax rates on iGaming activity. In other words, it assumes the same level of taxable iGaming activity at a 10 percent tax rate as at a 45 percent tax rate . . . It is almost certain that the estimated iGaming revenues for the higher tax rates in the IG Report's analysis are overstated . . . Correspondingly, tax revenues at higher iGaming tax rates [like in HB1319] are overstated, possibly by large amounts."<sup>1</sup>

Innovation Group has acknowledged this fact.<sup>2</sup> As such, the purported \$904 Million of gross iGaming revenue by 2029 is a mirage. An analysis of the per capita iGaming revenue spend in the iGaming states of New Jersey, Michigan and Pennsylvania (which have respective tax rates of 15%, 25% and 42%) shows the impact on market size and gross revenue of the iGaming tax rate. Applying that analysis to the Innovation Group's 2029 projection for Maryland lowers gross iGaming revenue by \$400 Million and decreases iGaming tax revenues and net tax revenues by \$180 Million. As such, instead of \$308 Million in net gaming taxes claimed by Innovation Group for 2029, when HB1319's tax rate is accounted for, the real net tax revenue number is only \$128 Million.

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<sup>1</sup> Sage Policy Group, *The Economic Implications of iGaming Legalization in Maryland* (March 2024) at pp.6-7.

<sup>2</sup> The Innovation Group, *iGaming in Maryland* (November 2023) at p. 31; Report to House Ways and Means Committee (Jan. 18, 2024) at p. 11.

Importantly, this \$180 Million loss in projected tax revenue under HB1319 is taken off the top ***before*** required additional deductions for casino cannibalization, job losses, economic leakage and increased social costs. The Innovation Group and DLS project that iGaming will cannibalize over 10% of gaming revenue at Maryland’s six casinos, reducing gaming revenue by more than \$200 million. Observers like Sage Policy Group and data from other states indicate that the losses will be even greater.

In the real-world example of mobile sports betting in Maryland, after just one year of online betting, brick and mortar casino sports betting revenue decreased by 65% – more than six times the Innovation Group’s projected rate for iGaming. As a result, the State lost 1,400 jobs and will suffer annual losses of \$92 Million in wages and nearly \$225 Million in economic output. According to Sage Policy Group (January 2024 Report), **mobile sports betting also led to a 26% decline in in-person slot machine and table game revenue**, costing the State millions of dollars in gaming taxes.

In another real-world example, backing out the opening of new casinos (which is appropriate given that Maryland has no new casinos) **brick and mortar casinos in iGaming states suffered a more than 23% decline in gaming revenue** from 2019-2022. While casinos in iGaming states saw in-person revenue *decline* by 10%, their counterparts in non-iGaming states enjoyed a 13.5% *increase* in in-person gaming revenue during that same period. Further, until recently, the biggest iGaming states (New Jersey, Michigan and Pennsylvania) were the only states in the country where in-person casino revenue had not recovered to 2019, pre-pandemic levels. ***To this day, New Jersey brick and mortar casinos are still not back to 2019 gaming revenue levels due to iGaming.*** All of which shows that Innovation Group’s projected 10.2% cannibalization rate is low.

Importantly, Innovation Group admits they did ***not*** factor into their study ***any*** ripple effects or ancillary losses as a result of brick and mortar casino cannibalization or ***any*** increase in government spending on social costs from iGaming. As HB1319’s fiscal note is based on Innovation Group’s study, DLS also omitted these crucial factors from its analysis. New Jersey’s experience is telling on both points. The NERA study showed that iGaming had a net negative financial impact on New Jersey, after considering a \$180 Million/yr. decrease in economic output

and \$350 Million/yr. increase social costs tied to increased gambling addiction, impacts on healthcare, homelessness, welfare programs, and criminal justice system costs.<sup>3</sup>

Sage Policy Group's March 2024 Report, *The Economic Implications of iGaming Legalization in Maryland*, provides a detailed analysis of the economic leakage that will result in Maryland from iGaming. Assuming the same 10% cannibalization rate adopted by the Innovation Group, Sage Policy Group projects iGaming and HB1319 could cost Maryland an additional 4,000 jobs statewide, resulting in a decrease of \$224 Million in employee wages, and a decline in economic output of nearly \$681 Million each year. These figures could be even higher if the tax rate is reduced in HB1319 or if, as expected, casino cannibalization from iGaming is higher than Innovation Group's projections. Moreover, Sage Policy Group found that this economic leakage will result in a loss of \$74 Million per year in non-gaming related State and local tax revenue.

In sum, the iGaming math does not add up:

\$407.2M/yr. iGaming tax revenue by 2029<sup>4</sup>  
– \$180.9M/yr. Less tax revenue overinflation based on actual HB1319 tax rate<sup>5</sup>  
– \$98.3M/yr. Less lost B&M gaming tax revenue due to iGaming as per Innovation<sup>6</sup>  
– \$137.6M/yr. Additional lost B&M gaming tax revenue at 26% cannibalization rate<sup>7</sup>  
– \$74M/yr. Less lost States & local tax revenue from decreased economic output<sup>8</sup>  
(–\$83.6M/yr.) Net negative impact from iGaming

When the complete economic consequences of iGaming are factored in, even the Innovation Group and DLS' highest projections for new iGaming tax revenue leaves the State with no gain in net revenue. If, in reality, brick and mortar cannibalization is more than 2x the projection of Innovation Group, and job losses and economic leakage are likewise worse, then the State's losses could be even greater. Finally, if, like New Jersey, Maryland is forced to

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<sup>3</sup> NERA Economic Consulting, *Economic Assessment of iGambling in New Jersey* (Nov. 2023).

<sup>4</sup> Innovation Group, *iGaming in Maryland* (Nov. 2023) at Table 28.

<sup>5</sup> See *iGaming in Maryland* at p. 31; Sage Policy Group, *The Economic Implications of iGaming Legalization in Maryland* (March 2024) at pp.6-7.

<sup>6</sup> *iGaming in Maryland* at Table 28.

<sup>7</sup> Sage Policy Group, *iGaming in Maryland* (January 2024) at p. 23.

<sup>8</sup> Sage Policy Group, *The Economic Implications of iGaming Legalization in Maryland* (March 2024) at p.6.

increase spending on social costs caused by iGaming (\$235M/yr. as per the NERA study pro-rated for Maryland), the economics of iGaming get even worse. It's easy to see how Maryland will end up losing financially from iGaming.

### ***Don't Experiment with Marylanders***

Despite how much it's talked about in the media, **only six states** have experience with iGaming. **43 states have not authorized it.** Online gambling is very different than in-person casino gaming. At Maryland's casinos, the Lottery's regulations and the casinos' procedures are geared to create a pause in the action and make patrons think twice before placing that next bet. Patrons must travel to the casino. Credit cards cannot be used to gamble and access to cash requires additional steps. Casino employees are trained to identify problem gambling and intervene. Patrons are not allowed to gamble while drunk or high. Security personnel stop underage individuals from gaining access to gaming.

Online gambling lacks many of these protections. Maryland only has one year of mobile sports betting under its belt. While the Maryland Center of Excellence has reported increases in call volumes and problems among young people, the Center has explained that the State does not yet have the data to know the full scope of the problem that may be facing Marylanders. It takes time for problem gambling behavior to manifest itself, people to accept that they have a problem and, ultimately, to seek help from the Center or a 1-800 Helpline. The Senate wisely recognized this in passing SB 878, which calls for a comprehensive study of the impact of mobile sports betting by July 2029 and which we support.

### ***Conclusion***

We urge you to oppose HB1319. At the very least, before any further expansion of online gambling occurs, the State should conduct a comprehensive study of mobile sports betting and its various impacts, as well as the societal impacts of iGaming in the very few states that have authorized it, to obtain a clearer data-based picture of the issues related to iGaming and inform any future legislative policy accordingly. There is too much at stake for the State in terms of jobs, comprehensive tax revenues and potential social costs to rush this important public policy decision.



# **HB 1319 Maryland Center of Excellence on Problem G**

Uploaded by: Mary Drexler

Position: UNF



March 26, 2024

Senate Budget and Taxation Committee  
3 West  
Miller Senate Office Building  
Annapolis, Maryland 21401

RE: HB 1319 – Internet Gaming - Authorization and Implementation

Dear Chair Guzzone:

This letter is in opposition to *House Bill 1319 – Internet Gaming - Authorization and Implementation*. This bill calls for the legalization of iGaming in Maryland.

iGaming is one of the most addictive activities available.<sup>1</sup> The ease of access to iGaming is expected to lead to more health and emotional difficulties that come with gambling disorders including substance abuse, depression, and increased suicide rates.

Currently, only seven states have legalized iGaming (Connecticut, Delaware, Michigan, Nevada, New Jersey, Pennsylvania, and West Virginia). All of the states with data have noted increases in helpline calls since iGaming began; Pennsylvania reported the lowest increase of calls with a 140% increase, Michigan was the highest with a fivefold increase in just the first month after iGaming went live. The damage that iGaming causes is clear.

Online sports betting is hurting Marylanders and adding another highly addictive gambling activity in iGaming is going to cause more trauma. We urge an unfavorable report on HB 1319. If you would like more information, please contact Mary Drexler at [mdrexler@som.umaryland.edu](mailto:mdrexler@som.umaryland.edu).

Sincerely,

Mary Drexler, MSW

<sup>1</sup> Morgan State University, Center for Data Analytics and Sports Gaming Research, "The Socio-economic Impact of Legalizing Interactive Gaming (iGaming) and Online Betting in Maryland." February 14, 2024.

**NCADD-MD - 2024 HB 1319 UFV - iGaming - Senate.pdf**

Uploaded by: Nancy Rosen-Cohen

Position: UNF



**Senate Budget & Tax Committee  
March 26, 2024**

**House Bill 1319 – Internet Gaming - Authorization and Implementation**

**Oppose**

The National Council on Alcoholism and Drug Dependence-MD strongly opposes HB 1319. We believe that making gambling as easy as picking up your phone at any hour of any day is a dangerous step, especially for young people.

Evidence is growing that shows more and more young people are accessing gambling activities online. While no one in this General Assembly is advocating for young people to gamble, we know they are gambling and access will increase.

We need more research related to mobile gaming. We need to learn lessons from other states and countries around the world. We should not be rushing into iGaming without understanding the impact and until we believe we have the resources to mitigate the harms it will lead to.

We respectfully oppose HB 1319.

*The Maryland Affiliate of the National Council on Alcoholism and Drug Dependence (NCADD-Maryland) is a statewide organization that works to influence public and private policies on addiction, treatment, and recovery, reduce the stigma associated with the disease, and improve the understanding of addictions and the recovery process. We advocate for and with individuals and families who are affected by alcoholism and drug addiction.*

# **Against HB 1319. Kristina Cazeau. Ways and Means h**

Uploaded by: Nancy Stack

Position: UNF

**Testimony Against**  
**HB 1319—Internet Gaming -Authorization and Implementation**  
Before The Ways and Means Committee  
of The Maryland House of Delegates  
Monday, February 26, 2024

Kristina Cazeau, Food and Beverage Server at the Ocean Downs Casino

Hello. My name is Kristina Cazeau. I am a pre-med student at the University of Maryland Salisbury majoring in Bio-Med. I also work as a food and beverage server at the Ocean Downs Casino in Berlin, Maryland.

Thank you, Chairwoman Atterbeary, Vice Chair Wilkens and members of the House Ways and Means Committee for this opportunity to address you today.

Lots of students at UM Salisbury look to Ocean City to make money while they are in school. I for one, must completely support myself and pay for tuition and books to pursue my studies.

In spring of last year, my friend Alex who also works at the Casino and is here today, started to look for jobs. We found jobs as servers in the Club House at the Ocean Downs Casino which is busy during the summer months because of live horse racing. This was a much better summer job than the other hospitality jobs in the area. We made \$15.00 an hour plus tips. Which for a Salisbury student equaled “making bank”.

Then at the end of the summer season we were able to get work as servers in the Casino Restaurant, Poseidon. This is a huge advantage to me as a self-supporting student. Most of the hospitality jobs in the area are only for the summer. Right now, I work part time so that I have time for my studies. When classes are over, I will pick up more hours.

I work with great people. The vast majority of my co-workers are not students. I work with single Moms, retirees, hard working parents, and career hospitality workers.

As a tipped worker most of my income comes from tips. And I share my tips with the other staff members who help me deliver excellent service. These are the server assistants or bussers, and the bartenders who make the drinks that I serve.

We are in the business of customer service. This is why my co-workers, and I are completely against any and all legislation and that would legalize iGaming in Maryland. I don't understand why the legislature would do something that will reduce the number of customers at the Casinos, which will in turn cut our earnings and reduce job opportunities. We need these jobs.

Please give HB 1319 an unfavorable reading.

**SB 565 and 603. Against. Beverly Fiedler. Budget a**

Uploaded by: Nancy Stack

Position: UNF

**Testimony Against**  
**SB 0603 Internet Gaming – Authorization and Implementation**  
**SB 0565 Expansion of Commercial Gaming - Internet Gaming referendum**

Before the Maryland Senate Budget and Taxation Committee

Wednesday, February 28, 2024

Presented by

Beverly Fiedler, Bartender at the Ocean Downs Casino

Good afternoon. My name is Beverly Fiedler. I am a bartender at the Ocean Downs Casino in Berlin Maryland where I have worked for 13 years.

Thank you Chairman Guzzone, Vice Chair Rosapepe and members of the committee for this opportunity.

I am a proud member of UNITE HERE Local 7. Today I am speaking for all of the employees at our Casino—union and non-union to say that we are opposed to both SB 603 and SB 565 and any other legislation that would advance iGaming in the State of Maryland.

As a New Jersey resident I had enjoyed summers at the Maryland shore for many years. I always wanted to move here but the economics did not work.

Most of the hospitality jobs around Ocean City are part time and seasonal. I needed a year-round full-time job that provided health insurance, a retirement plan--decent benefits.

When I learned that the Casino was going to open, I got my resume in early. I was able to move to Ocean Pines, Md permanently in large part because I could get a full-time, year-round job at the Casino.

I started in the cleaning department, EVS. I worked my way up to food concessions, then to working as a bartender at the main bar. I am not exaggerating to say that this is the best bartender job Ocean City. Our wages go up every year, we have paid sick days, paid personal days, paid vacation days, we have regular days off. When we work on a holiday, we are paid 2 ½ times our normal hourly rate of pay, we have Union job security and rights.



At least 50% of my income comes from tips given to me directly by customers. The larger the number of customers in the Casino on a given day the more I earn in tips.

So when we learned that iGaming is being considered for Maryland, we were of course upset. Every report shows traffic to the Casinos declining with iGaming. If our customer base goes down, our income will absolutely go down. But our rents, mortgage, utility, food, prescriptions, and transportation costs will not be going down.

The introduction of iGaming will hurt thousands of Maryland Casino workers and our families. iGaming will take good jobs out of our communities.

Please give an unfavorable report on bills SB 565 and SB 603.

# **Senate T&B Committee Nancy Stack against HB1319 pd**

Uploaded by: Nancy Stack

Position: UNF

# **Testimony Against HB 1319—Internet Gaming -Authorization and Implementation**

Submitted to the Taxation and Budget Committee

of The Maryland House of Senate

Hearing date Tuesday, March 26, 2024

Submitted by

Nancy Stack, Dealer at Ocean Downs Casino

My name is Nancy Stack. In January of 2013, I was a 15-year resident of Cecil County. I had voted to approve legalizing Video Lottery Terminals and also Table Games in Maryland. When I heard about an open house at the Perryville Casino to recruit Table Game Dealers I decided to attend. At that time, I was working full time at a moving company in Philadelphia. I wanted to work closer to home, but there were no jobs available for the same or better wages than the wages I had at the moving company.

At the Perryville open house, I was selected for a part time dealer position.

I took classes to become a dealer. Honestly, I did not like dealing at first. I realized that I could work as a Slot Attendant at the Perryville Casino and make what I made at my Philadelphia job. I was able to work my way up to being a full time Slot Attendant and quit the other job. This allowed me to support myself without the long commute. I paid attention and I got more familiar with how table games worked. A year later I became a full-time dealer which is more lucrative than the Slot Attendant job.

When table games opened at the Ocean Downs Casino, I visited the Ocean City area. It only took a few day trips to see what a nice area it is and that it would be a nice place to retire when I was ready. I applied to work as a Dealer at the Ocean Downs Casino and was hired as part of the first wave of Dealers at the Casino.

Fast forward to today. I have been able to maintain a positive quality of life for over ten years working in Maryland Casinos. I've worked lots of jobs in my lifetime. I thought that this would be the job from which I would eventually retire.

I am extremely concerned that my current standard of living is now in jeopardy because of iGaming. I saw in person the effect that internet Sports Betting had on foot traffic in the Casinos. Lines of customers waiting to place sport bets disappeared overnight. As a Dealer, 80-85% of my income is generated from tips given to me and my fellow dealers by customers.

There has been a lot of discussion about on-line poker and dealing with iGaming. These are not additions that are welcomed by Dealers at all, nor is this "job creation". We make our money

through our interaction with the players. A big part of the job is how we talk with our customers, how we share our game knowledge, how we joke and laugh with the players. Like other tipped workers, it's the connections that we make our customers that lead to more generous tips.

Since COVID19 we have all become familiar with zoom and on-line platforms. It is in no way the same as personal interaction.

I'm here on behalf of my coworkers and particularly the dealers at the Ocean Downs Casino to let you know that we are very much opposed to iGaming being legalized in Maryland.

For those of us who work in Hospitality, year-round employment in Worcester and Wicomico Counties is limited due to the seasonal nature of the industry. The Casino, however, provides year-round hospitality jobs for cleaners, cooks, cage cashier, slot attendants, security guards, IT workers, dishwashers, clerical and administrative workers and dealers.

We have been anticipating more growth with the opening of a hotel adjacent to Ocean Downs Casino. The introduction of iGaming will put an end to the hotel and any other development and job creation. In fact it will cause customer traffic at all of the Maryland Casinos to decline which means less business, less tips and fewer jobs. It is not good public policy to drive customers away from the Casinos.

Please enter an unfavorable reading for HB1319 in any form.

Thank you for the opportunity to provide written testimony.

# **HB1319Oppose.pdf**

Uploaded by: Peggy Williams

Position: UNF

HB1319

Oppose

Internet Gaming - Authorization and Implementation

Dear Committee Members:

This bill seeks to put slot machines and other casino games on everyone's smartphone, iPad, and computer in our state. What could possibly go wrong? With everything that is going on in the world, how is this even on the sponsors' radar screen? It's about money. How will it be ensured that all the revenue brought in by this will go where it is actually supposed to go? This is about making gambling more "equitable." What a joke. It has nothing to do with race and everything to do with money. This is about predation on people who already have problems and the state making money off of them. Disgusting. Oppose this bill.

Peggy Williams

Severna Park

D31

# **2024-02-20 iGaming Wrong for Maryland.pdf**

Uploaded by: Roxie Herbekian

Position: UNF

# iGaming is Wrong for Maryland Workers and Communities



UNITE HERE Local 7 and UNITE HERE Local 25 proudly represent 2,400 members who work at the Horseshoe Casino, Ocean Downs Casino, and MGM National Harbor. Through collective bargaining, workers at those casinos have achieved family supporting wages and benefits. Legalizing online casino gambling in Maryland will put these jobs at risk.

## Maryland Jobs with \$65 Million in Income Could Be Eliminated by iGaming

Legalizing iGaming will reduce Maryland’s brick-and-mortar casino revenue by 10.2%, according to a report produced by The Innovation Group for the Maryland Lottery. It based its projection on a comparison of in-person gaming revenues in states with and without iGaming.<sup>i</sup> From 2019 to 2022, states with iGaming saw in-person revenues decline 8.2%, while states without iGaming saw in-person revenues grow 2%, implying a “cannibalization rate” of 10.2%. Maryland’s six brick and mortar casinos directly employ 6,678 people.<sup>ii</sup> According to the American Gaming Association, Maryland’s gaming industry supports 27,380 jobs.<sup>iii</sup> If a 10.2% reduction in brick-and-mortar revenue creates a 10.2% reduction in employment, it would mean a loss of over 680 direct jobs and over 2,700 total jobs. The Sage Policy Group projected a loss of 685 direct jobs with \$33.6 million in lost annual income and a total loss of approximately 1,215 jobs with over \$65 million in lost annual income through direct and secondary effects.<sup>iv</sup>

## Online Sports Betting Slashed In-Person Sports Betting by 42%

Since Maryland legalized online sports betting, in-person sports betting wagers have fallen 42% in the state. In-person sports betting handle peaked in October 2022 at \$39.7 million. Online sports betting launched the following month on November 22. In December, the first full month of online sports betting, in-person handle plummeted to \$18.8 million.

Months	Maryland Average Monthly In-Person Sports Betting Handle
Jan 2022 – Oct 2022 (Online Sports Betting Not Legal in MD)	\$26,339,181
Jan 2023 – Oct 2023 (Online Sports Betting Legal in MD)	\$15,401,425

The impact of online sports betting is already harming Marylanders who work at in-person sportsbooks as attendants, bartenders, servers, and cleaners. Many rely on tips from customers. The impact of legalizing online casino games would harm even more casino workers.

## In-Person Casino Gaming Fosters Economic Development

In-person casino gaming drives investment in hotels, restaurants, retail, and entertainment venues both within and around casino properties. For example, the Horseshoe Casino in Baltimore has been a catalyst for the development of The Walk @ Warner Street that now includes a Top Golf and could include a new music venue, hotel, and retail space in the future.<sup>v</sup> Online gaming will endanger economic development opportunities at casinos throughout the state, undermining the purpose of casino legalization in Maryland.



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<sup>i</sup> The Innovation Group, “iGaming in Maryland,” November 2023

<sup>ii</sup> Maryland Lottery and Gaming Commission, Data Dashboard, January 2024, Retrieved from:  
[https://www.mdgaming.com/wp-content/uploads/2024/02/Dashboard\\_January2024\\_2\\_14\\_24.pdf](https://www.mdgaming.com/wp-content/uploads/2024/02/Dashboard_January2024_2_14_24.pdf)

<sup>iii</sup> American Gaming Association, “Gaming by the Numbers: Maryland,” as of December 31, 2023. Retrieved from:  
<https://www.americangaming.org/wp-content/uploads/2019/07/AGA-2021-State-Economic-One-Page-Maryland.pdf>

<sup>iv</sup> Anirban Basu, Sage Policy Group, Inc., Memo to Anne Arundel County Chamber of Commerce Re: iGaming in Maryland, January 4, 2024. Retrieved from: <https://annearundelchamber.org/wp-content/uploads/2024/01/igamingreport.pdf>

<sup>v</sup> WBAL 11, “TopGolf to open Friday as part of newly named entertainment district,” October 25, 2022, Retrieved from: <https://www.wbaltv.com/article/topgolf-open-fridaythe-walk-at-warner-street-baltimore/41767204>

Caves Valley Partners, “Horseshoe Casino/Warner Street Entertainment District,” Retrieved from:  
<https://cavesvalleypartners.com/project/horseshoe-casino/>

**2024-03-20 UNITE HERE Ltr to Gov Moore.pdf**

Uploaded by: Roxie Herbekian

Position: UNF

March 20, 2024

The Honorable Wes Moore  
Governor  
State House  
100 State Circle  
Annapolis, MD 21401

Dear Governor Moore,

On behalf of the more than 250,000 members of UNITE HERE, including 2,400 Maryland casino workers, I urge you to oppose the legalization of iGaming.

Legalizing iGaming would eliminate union jobs at brick-and-mortar casinos in Maryland and harm future economic development.

The State of Maryland should protect union jobs. Through collective bargaining, members of our union at the MGM National Harbor, Horseshoe Baltimore, and Ocean Downs Casino have achieved high standards for wages, benefits, and workplace protections.

The only way to maximize job creation and investment from the gaming industry is to keep gaming at brick-and-mortar facilities. Online gaming companies have argued that iGaming could create jobs in live dealer studios for some games offered online. But we know that brick-and-mortar casinos employ many more people than just dealers – cooks, dishwashers, servers, bartenders, cleaners, valets, hotel staff, and more. These workers depend on in-person business and tips. Beyond direct employment, casinos spark surrounding development projects. In Baltimore, the Horseshoe has been a catalyst for the development of The Walk @ Warner Street that now includes a Top Golf and could include a new music venue, hotel, and retail space in the future. In Worcester County, Ocean Downs is considering adding a hotel. These development plans would be put at risk by competition from iGaming reducing in-person activity at the casinos.

Legalizing iGaming will reduce Maryland's brick-and-mortar casino revenue by 10.2%, according to a report produced by The Innovation Group for the Maryland Lottery. It based its projection on a comparison of in-person gaming revenues in states with and without iGaming. From 2019 to 2022, states with iGaming saw in-person revenues decline 8.2%, while states without iGaming saw in-person revenues grow 2%, implying a "cannibalization rate" of 10.2%. Maryland's six brick-and-mortar casinos directly employ 6,678 people as of January. According to the American Gaming Association, Maryland's gaming industry supports 27,380 jobs. If a 10.2% reduction in brick-and-mortar revenue creates a 10.2% reduction in employment, it would mean a loss of over 680 direct jobs and over 2,700 total jobs. The Sage Policy Group projected a loss of 685 direct jobs with \$33.6 million in lost annual income and a total loss of

approximately 1,215 jobs with over \$65 million in lost annual income through direct and secondary effects.

We need to be creating more union jobs to lift up our communities. iGaming will set us backwards by causing union members to lose their jobs. Please stand with hard working families that rely on these jobs to provide for their loved ones.

Sincerely,

A handwritten signature in black ink that reads "D. R. Taylor". The signature is written in a cursive style with a large, stylized "D" and "T".

D. Taylor  
President  
UNITE HERE International Union

Cc: William Ferguson, President, Maryland State Senate  
Adrienne Jones, Speaker, Maryland House of Delegates  
Guy Guzzone, Chair, Senate Budget and Taxation Committee  
Vanessa Atterbeary, Chair, House Ways and Means Committee  
Eric Luedtke, Chief Legislative Officer for Governor Moore

**aflcio one pager for 3.15.24.pdf**

Uploaded by: Roxie Herbekian

Position: UNF



# MARYLAND STATE & D.C. AFL-CIO

AFFILIATED WITH NATIONAL AFL-CIO

7 School Street • Annapolis, Maryland 21401-2096

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*President*

Donna S. Edwards

*Secretary-Treasurer*

Gerald W. Jackson

## Labor Unions Are Opposed to I-Gaming in Maryland

The General Assembly created thousands of good middle class jobs when it passed casino gaming in 2008. Now HB 1319 is making a risky bet on losing hundreds of middle class jobs and millions in community investments. Currently, the following unions represent thousands of workers in the six Maryland casinos:

- UNITE HERE
- Seafarers International Union (SIU)
- International Union of Operating Engineers (IUOE)
- United Food and Commercial Workers International Union (UFCW)
- United Auto Workers (UAW)
- International Alliance of Theatrical Stage Employees (IATSE)
- American Federation of Teachers (AFT)
- Teamsters (IBT).

“iGaming is a job killer and discourages development in our communities,” says Tracy Lingo, President of UNITE HERE Local 7. “We know that there is a need to find money for the budget and UNITE HERE supports several measures to do that. I don’t understand why Democrats want to fix the budget on the backs of hard-working Marylanders in Casinos and businesses that support the brick and mortar Casinos.

***Please say NO to ALL bills that would advance iGaming, this includes a referendum.”***

“The SIU is strongly opposed to igaming and it will cause a significant loss in jobs in all casinos. We fought very hard 12 years ago to support Maryland Live to bring jobs to this state by supporting and voting for expanded casino gambling. We don’t want to take a step backwards by losing good paying jobs in Maryland.” said Shane Sterry, Assistant Vice President, Seafarers Entertainment & Allied Trades Union.



# Listen to the Experts!

## I-Gaming Won't Solve Maryland's Problems!

- Maryland's own report on I-Gaming commissioned with The Innovation Group found that brick and mortar gaming establishments could expect to lose 10% of their revenue from decreased foot-traffic.<sup>1</sup> In 2023, an Indiana report of their Legislative Services Agency claimed the state could expect to lose between \$134 million and \$268 million from the "loss of tax revenues from displacement of gaming activities at brick-and-mortar casinos and racinos" if they passed I-Gaming.<sup>2</sup>
- A report from the Sage Policy Group, commissioned by the Anne Arundel County Chamber of Commerce, shows legalization of iGaming in Maryland could result in a statewide personal income decline of \$65M, a reduction of \$1.9M in state income tax and \$1.2M in local income tax annually... The IG Report finds that same-store B&M casino revenues from in-person gaming declined 8 percent between 2019 and 2022 in states that legalized iGaming while increasing 2 percent in states that did not. With decimals, that translates into a 10.2 percent reduction in same-store B&M gaming revenues, or approximately \$200 million, based on 2022 data.
- Labor's experience in states that have I-Gaming is different from what the proponents claim. In 2023, over 3,700 casino workers in Detroit, Michigan went on strike after months of failed negotiations. The casino operators there, MGM and Penn Entertainment, were seeing millions in profits that failed to trickle down to workers. Increased gaming revenues does not translate to good jobs. The truth is there will be fewer dealers, bartenders, and hospitality workers employed working in casinos.
- The Maryland Center of Excellence on Problem Gambling was established in 2012 and operates the state's problem gaming fund, addiction treatment services, resource hotline, and research. Its \$4.7 million budget comes solely from brick and mortar casino operations. As brick and mortar casinos lose revenue to online gaming, it will decrease important funding for problem gaming. Online gaming may raise additional funds set aside in the bill for problem gaming but not nearly enough to combat the increase in the problem it is helping to cause in the first place. Mary Drexler, Program Director for the Maryland Center of Excellence on Problem Gaming, reported that, "We're moving so fast that we don't see the full potential of sports betting, yet we are seeing an increase in calls, texts and chats that come into our helpline. We're definitely seeing the demographic change to a younger adult population, especially now minority males."
- The Journal of Behavioral Addictions found that, "Despite its illegality among adolescents, online gambling is a common practice, which puts their mental health and well-being at serious risk...Between 0.89% and 1% of adolescents exhibited an online gambling disorder...Many adolescents worldwide are involved in gambling—both online and offline—despite being below the legal gambling age (between 16 and 21 years, depending on the country and type of game)... Due to its progressive legalization and promotion alongside the expansion of technology, online gambling is becoming increasingly popular, especially among young people."<sup>3</sup>

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<sup>1</sup> Maryland State Lottery & Gaming Control Agency, "The Innovation Group: iGaming in Maryland." November 2023.

<sup>2</sup> Wayne Parry, "Internet casinos thrive in 6 states. So why hasn't it caught on more widely in the US?" AP. November 24, 2023.

<sup>3</sup> Montiel, Irene et al. "Problematic online gambling among adolescents: A systematic review about prevalence and related measurement issues." Journal of behavioral addictions vol. 10,3 566-586. 16 Sep. 2021, doi:10.1556/2006.2021.00055

**Letter to Gov. Moore from UNITE HERE 7 and 25 re**

Uploaded by: Roxie Herbekian

Position: UNF





October 10, 2023

The Honorable Wes Moore  
Governor of Maryland  
State House  
100 State Circle  
Annapolis, MD 21401

Dear Governor Moore,

Unite Here Locals 7 and 25, representing 6,000 workers who live in Maryland, and 2,400 employees who work at the MGM, Ocean Downs and Horseshoe Baltimore casinos, have significant concerns about Maryland moving forward with iGaming during the upcoming legislative session. As the largest gaming workers Union in the country, we are well aware of the dangers presented by iGaming.

In particular, we are concerned about the loss of Maryland jobs at the brick-and-mortar casinos. Maryland's six casinos have provided nearly a \$1B in state gaming revenue to the state and over \$3B in economic impact, including over \$700M in annual wages for nearly 16,000 Maryland jobs. Based on a Pennsylvania Gaming Control Report, PA casinos saw an approximately 10% reduction in jobs after the launch of iGaming – equating to about a 2,000-employee job loss. We believe iGaming will not only inhibit future Maryland casino job growth, but will also lead to a loss of jobs, Union jobs.

In addition, we believe that iGaming will exponentially increase problem gaming to epidemic levels in Maryland if enacted. The National Problem Gaming Council's 2021 Survey on Gambling Attributes found that online gamblers were as much as 8x more likely to report compulsive gambling problems and addictive behavior. More than 36% of iGaming players in PA experiences problem gambling according to a 2022 report conducted for the PA Department of Drug & Alcohol Programs. The national director of Stop Predatory Gambling & Campaign for Gambling-Free Kids recently stated that:

“Online gambling is like gambling fentanyl, it's like the most extreme form of all. It's opening a casino right in your bedroom so you can sit there in your pajamas and lose everything.”

Finally, we all need to be concerned that iGaming will lead to less real estate tax revenue, less personal property tax revenue, less income tax revenue, less alcohol tax revenue, and less sales tax revenue than are currently being realized with the brick-and-mortar casinos. Why would a casino

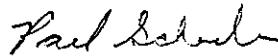
invest additional capital to improve or expand its casino/entertainment/hotel footprint if it can make money with much less investment in iGaming? It's clear that iGaming may mean more net gambling revenue, but at what cost and what loss of other state revenue streams – and jobs! When gaming was legalized in Maryland, many voters and organizations supported legalization because of the job creation it would bring to our state. iGaming takes us in the opposite direction.

There is a reason why over 40 states, including Nevada, have not enacted iGaming – and why 6 states have recently rejected iGaming legislation. It is clear that iGaming is a job killer, problem gambling powder keg, and overall revenue loser. Well before you receive The Innovation Group's pro-iGaming report from the Lottery Commission, we urge you to reject iGaming for Maryland.

Sincerely,



Tracy Lingo  
President  
UNITE HERE Local 7  
[tlingo@unitehere.org](mailto:tlingo@unitehere.org)



Paul Schwab  
Executive Secretary-Treasurer  
UNITE HERE Local 25  
[pschwalb@unitehere.org](mailto:pschwalb@unitehere.org)

Cc: William Furgeson, President, Maryland State Senate  
Adriene Jones, Speaker, Maryland House of Delegates  
Eric Luedtke, Chief Legislative Officer for Governor Moore

**Ltr from UNITE HERE on iGaming Companies. 3.7.24.**

Uploaded by: Roxie Herbekian

Position: UNF



March 7, 2024

To: The Honorable Bill Ferguson, President of the Maryland Senate  
The Honorable Adrienne Jones, Speaker of the Maryland House of Delegate  
Senator Guy Guzzone, Chair of the Md Senate Committee on Budget and Taxation  
Delegate Vanessa Atterbeary, Chair of the Md House Committee on Ways and Means

From: Tracy Lingo, President of UNITE HERE Local 7

A handwritten signature in black ink, appearing to read "Tracy Lingo", is written over the "From:" line.

Re: Fanatics, a proponent of legalizing iGaming in Maryland

It's not what you say, it's what you do that matters.

Last week during the House Ways and Means and the Senate Budget and Taxation committee hearings on iGaming Bills, proponents professed that iGaming would bring thousands of good union jobs to Maryland. **Among the proponents testifying was Brandt Iden, Vice President of Government Affairs for Fanatics.** Fanatics is a leading provider of licensed sports merchandise and global digital sports platforms. The company already operates one of Maryland's online Sports Betting Aps. Fanatics also operates a massive online and retail store empire that sells sports team apparel. Among its retail operations is Camden Yards which Fanatics began operating during the last quarter of 2022. This includes the year-round Orioles Team Store and the Game Day retail stores and kiosks.

**iGaming proponents want us to believe that iGaming is not a job killer but will create thousands of good union jobs in Maryland if iGaming is legalized. The reality of Fanatics as an employer in Maryland, is quite different.**

Fanatics has been in a labor dispute with its retail workers at Camden Yards who are members of UNITE HERE Local 7 for over twelve months. **Negotiations for a first Union contract have stalled over Fanatics' insistence that their business model does not include full-time work for hourly paid workers.**

For many years, the previous unionized retail operators at Camden Yards have scheduled employees for as many full-time schedules as possible, thereby maximizing the number of year-round workers who could qualify for health insurance and other full-time benefits. The Orioles Team store is open year-round, five days a week for thirty hours a week. UNITE HERE Local 7 has asked Fanatics to schedule workers for full-time hours where available. Fanatics has refused. In contrast, Fanatics restricts workers to working two to three days per week, thirteen to nineteen hours a week. Fanatics also refuses to provide health insurance for hourly workers because they are not scheduled for full time hours, despite the fact that full time schedules are possible.

Can we trust iGaming operators' assertions that they will create good union jobs? Fanatics has done the exact opposite by taking full-time jobs and dividing them into part time jobs with no benefits. We urge our State Senators and Delegates not to gamble with Maryland jobs. Say NO to ALL iGaming bills.

# **Petitions against iGaming.pdf**

Uploaded by: Roxie Herbekian

Position: UNF

# Petition

December 2023

To: The Honorable Wes Moore, Governor of Maryland

The Honorable Bill Ferguson, President of the Maryland Senate

The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

1. The introduction of iGaming or any variation of it will have a negative impact on Maryland's brick and mortar Casinos causing job loss and reduced demand for goods and services from local businesses.
2. iGaming increases problem gaming due to the isolation of patrons gambling at home.
3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

**Please do not approve any measures that would advance iGaming in our state.**

Print Name	Signature	Job at a Md Casino
Chantel Kimbre	Chantel Kimbre	Cashier
KIM MILES	KIM MILES	SLOT ATTENDANT
Deborah Yeagin	Deborah Yeagin	Table Games Dealer
Melissa Colbert	Melissa Colbert	Beverage Server
Chadwick Paris	Chadwick Paris	Beverage <del>Server</del>
Emani Lee	Emani Lee	Beverage supervisor
Olga Petrikova	Olga Petrikova	Beverage server
Tara Taylor	Tara Taylor	table games
Loren Simpson	Loren Simpson	Sportsbook
Eva Poliszczak	Eva Poliszczak	Bartender
George Haddaway	George Haddaway	barback

# Petition

December 2023

To: The Honorable Wes Moore, Governor of Maryland  
The Honorable Bill Ferguson, President of the Maryland Senate  
The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

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Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

**Please do not approve any measures that would advance iGaming in our state.**

Print Name	Signature	Job at a Md Casino
Chris Lighty	Chris Lighty	J. Lots
Andrea Williams	Andrea Williams	Cook EDR
Breyonna Scott	Breyonna Scott	steward
Ryan Powell	Ryan Powell	EDR
Chiranjibi Swar	Chiranjibi Swar	Table Games
Palma Suresh	Palma Suresh	Table games
Gregory Martin	Gregory Martin	Steward
Tyghera Hursey	Tyghera Hursey	EDR Attendance
Jason Taylor	Jason Taylor	Cook EDR
James Thwait	James Thwait	Table Games

# Petition

December 2023

To: The Honorable Wes Moore, Governor of Maryland  
 The Honorable Bill Ferguson, President of the Maryland Senate  
 The Honorable Adrienne Jones, Speaker of the Maryland House of Delegates

We, the undersigned employees of Maryland Casinos are opposed to the legalization of iGaming, including live online poker, in our State.

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3. Reduced traffic in the Casinos would lead to decreases in overall tax revenues including those from Alcohol and Sales Tax and discourage economic development connected to the casinos.

Maryland legalized Video Lottery Terminals (VLTs) and then table games to a large degree because of job growth and economic development. iGaming is a serious threat to both.

**Please do not approve any measures that would advance iGaming in our state.**

Print Name	Signature	Job at a Md Casino
Barbara Bullock		
Dezillia Castor		Horsehoe Dealer Table Game
<del>MELIE ABBINSON</del> BRANPOW STEWART		<del>HORSESHOE FACILITIES</del>
Robert Caine		Barback
GAUTAM BR		TABLE GAMES DEALER
Gary Mackey		EVS-HD
Denny Lane		Table games
MELISSA PORTER-BELCH		Table Games
Dominique Brown		Slot Attendant





# Petition

December 2023

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Print Name	Signature	Job at a Md Casino
Gloria E Shell	Gloria E Shell	<del>HOSE SHOE</del> Horse shoe
Elsa Gonzalez	<del>Douglas</del>	Horse shoe
JAKABI, CALLAHAN	J	Horseshoe <del>Horseshoe</del>
MICHE MATHIAS	Michele Mathias	HORSESHOE
Dzhenn Smith	D Smith	Horse shoe
Paonna Tucker	P Tucker	Horseshoe
Russell Wilson	R Wilson	Horseshoe
Chelsea Harvin	Chelsea Harvin	Horse shoe
Germaine Baskin <sup>wa</sup> Baskin	Guyell	HORSE SHOE
Wes Curry	Wes Curry	H.S.C.

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Print Name	Signature	Job at a Md Casino
Selina Franklin	Selina Franklin	
Jerry Wheeler	Jerry Wheeler	Table Games Dealer
Beralene Woods	Beralene Woods	Security
Tim Ward	Tim Ward	Table game dealer
Edward Brown	Edward Brown	EVS
Rhonda Hunter	Rhonda Hunter	Steward
Angela Burton	Angela Burton	Table Games Dealer
D'Andre Coyle	D'Andre Coyle	TG Dealer
WAYNE SMITH	Wayne Smith	TG Dealer
Lakayla Muse	Lakayla Muse	TG Deal-Rate

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Print Name	Signature	Job at a Md Casino
Justin B Johnson	Justin B Johnson	Horseshoe Casino
Ramon C. Kingwood	Ramon C. Kingwood	Horseshoe
Gilbert Myers	Gilbert Myers	HORSE SHOE
Kenneth Kater	Kenneth Kater	EDR
Wayne Smith	Wayne Smith	Horseshoe
Abigail Klos	Abigail Klos	Horseshoe
Edward Wital	Edward Wital	horseshoe
Joshua Cook	Joshua Cook	TG Horseshoe
SABINA SCOTT	Sabina Scott	EUS Horseshoe Casino
JASON STILES	Jason Stiles	COUNT RM

# Petition

December 2023

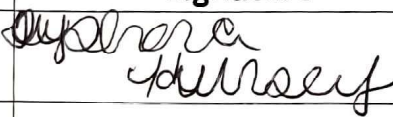
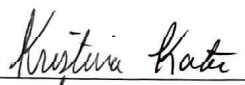
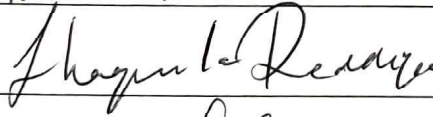
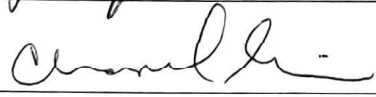

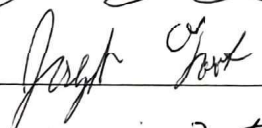
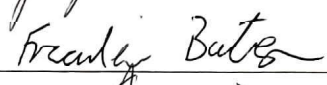

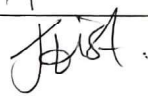

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Print Name	Signature	Job at a Md Casino
Tyghera Hursey		EDR, <del>Table Games</del>
Kristina Kates		LEAD STEWARD Horseshoe CASINO
shaquila Reddick		EVS Horseshoe Casino
Chanel Ervin		EVS Horseshoe casino
Zach Roselle	 5855	Horseshoe Table Games Dealer
Joseph Foote		Horseshoe Table Games Dealer
Frankie Bates		EVS horse shoe
KESHAV MADAI		TABLE GAMES.
JITENDRA BISIA		TABLE GAMES.
PRARASHY Joshi		TABLE GAMES

# **Senate T&B Committee TRacy Lingo against HB1319**

Uploaded by: Roxie Herbekian

Position: UNF

**Testimony Against**  
**HB 1319—Internet Gaming – Authorization and Implementation**  
**The Maryland State Taxation and Budget Committee**

For Hearing held on Tuesday, March 26, 2024

Submitted by

Tracy Lingo, President of UNITE HERE Local 7

My name is Tracy Lingo, I am the president of UNITE HERE Local 7. UNITE HERE is the largest Union of Casino workers in the United States. Our Union also represents hotel, food service, stadium and airport hospitality workers nationally and in Maryland.

The Gaming industry has expanded significantly over the last few decades. This expansion in States like Maryland, when done right, can fund important State and local initiatives, spur economic development beyond the Casinos and provide family sustaining jobs which further advances our economy.

iGaming is being touted as a quick fix to Maryland's budget. On behalf of thousands of Maryland's Casino workers and their local communities I ask that you look beyond this simplistic promise. iGaming if legalized in Maryland would in fact completely undermine the great progress that has and is being made in the areas of local development and job creation. It would also accelerate the most negative aspect of legalized gambling, which is problem gambling addiction.

In hearings held in this committee and also in the House Ways and Means Committee legislators have heard stories from workers that made them, as architects of public policy, feel good. Stories about how your work to develop Casino Gaming in our state has resulted in people getting jobs and thriving. Workers being paid decent wages that have allowed them to purchase homes, work just one job and spend more time with their families.

All of us want Maryland to be a great place to live and work—a state with a strong economy that allows workers to stand on their own feet and to support themselves and their families.

iGaming will hurt, not help us in reaching this goal.

UNITE HERE and other casino workers unions in Maryland are in opposition to all legislation that would lead to the legalization of iGaming in Maryland. I have included in my written testimony, petitions signed by union and non-union Maryland Casino workers who ask that you please halt all consideration of legalizing iGaming in Maryland.

First and foremost, the impact on the brick-and-mortar Casinos will be dramatic. The Innovation Report that was commissioned by the Maryland Gaming and Lottery Control Agency states clearly that we can expect a 10.2% loss of brick-and-mortar gaming revenue.

Maryland's six brick-and-mortar casinos directly employ 6,678 people as of January. According to the American Gaming Association, Maryland's gaming industry creates \$5.78 billion in economic impact and supports 27,380 jobs. The Sage Policy Group projected that legalizing iGaming could eliminate 685 direct jobs with \$33.6 million in lost annual income and a total loss of approximately 1,215 jobs with over \$65 million in lost annual income through direct and secondary effects. iGaming will not only inhibit future Maryland casino job growth, but will also lead to a loss of jobs, Union jobs.

Maryland's brick-and-mortar casino have fostered economic development connected to or adjacent to the Casinos. Ocean Downs Casino has plans on hold to construct a hotel by its casino. The Warner Street corridor next to the Horseshoe Baltimore Casino has begun developing an entertainment district which includes plans to build a hotel. The MGM Casino is a major engine for the development taking place at National Harbor in Prince George's County. iGaming will reduce the foot traffic in the Casinos and have a negative impact on all of these development plans. Why would a casino invest additional capital to improve or expand its casino/entertainment/hotel footprint if it can make money with much less investment in iGaming?

Problem Gaming. All indicators point to an exponential increase in problem gaming if Maryland enacts iGaming. The National Problem Gaming Council's 2021 Survey on Gambling Attributes found that online gamblers were as much as 8x more likely to report compulsive gambling problems and addictive behavior. More than 36% of iGaming players in PA experience problem gambling according to a 2022 report conducted for the PA Department of Drug & Alcohol Programs. The national director of Stop Predatory Gambling & Campaign for Gambling-Free Kids recently stated that:



“Online gambling is like gambling fentanyl, it’s like the most extreme form of all. It’s opening a casino right in your bedroom so you can sit there in your pajamas and lose everything.”

Finally, we all need to be concerned that iGaming will have a negative impact on local jurisdictions. This includes not only a reduction of sales tax and alcohol tax but also less local impact money to the local jurisdictions. This local impact money which is generated from the Casinos is controlled by the local jurisdictions. It is used for a variety of projects including paying for residents’ community college tuition, paying for public employees’ pensions, and funding environmental sustainability, infrastructure, head start, summer youth and job training programs.

There is a reason why over 40 states, including Nevada, have not enacted iGaming – and why 6 states have recently rejected iGaming legislation. It is clear that iGaming is a job killer and an accelerant to problem gambling that will suppress local development and rob community programs of funds that they currently receive from the local impact money.

Please put Maryland’s working families and communities first. Reject all legislation that could advance iGaming in our state this includes a state wide referendum.

We ask for an unfavorable reading on HB 1319.

**HB1319\_MRA\_UNF.pdf**

Uploaded by: Sarah Price

Position: UNF

# MARYLAND RETAILERS ALLIANCE

*The Voice of Retailing in Maryland*



## **HB1319 Internet Gaming - Authorization and Implementation Budget and Taxation Committee March 26<sup>th</sup>, 2024**

### **Position: Unfavorable**

**Background:** HB1319 would legalize internet gaming in Maryland.

**Comments:** The Maryland Retailers Alliance (MRA) strongly opposes the implementation of internet gaming (iGaming) in Maryland due to the projected job losses and long-term stagnation of revenue that was reported to the General Assembly earlier this year.

Proponents of iGaming claim that online gambling would not have a negative impact on brick-and-mortar casinos in Maryland and that this policy would increase revenue for the State; the fiscal note for HB1319, however, predicts a cannibalization rate to casinos of at least 10% once iGaming is fully implemented. Fewer patrons at physical casinos means fewer jobs and decreased revenue in the surrounding communities. Maryland's casinos are located within twenty miles of eleven Maryland Main Street communities and eight Baltimore City Main Street neighborhoods. Ten more Main Streets are located along major highways between Maryland's more populous counties and tourist destination casinos located in Allegany and Wicomico Counties. Each community near a brick-and-mortar casino benefits directly from its proximity to the facility and would be negatively impacted by a downturn of the casino industry. Decreased patronage of casinos equals fewer tourism dollars spent at every local restaurant, hotel, and retailer operating around these entertainment epicenters.

We have not found data which projects dependably consistent revenue increases from iGaming. New Jersey has experienced not only stagnant revenue since the implementation of iGaming there but also overall negative effects to the State economy. iGaming would adversely affect brick-and-mortar casinos, reducing jobs and community funding through local impact grants, and negatively impacting the tourism economy that has grown since casinos began operating in Maryland. We would urge the body to seriously consider these concerns and vote unfavorably on HB1319.

Thank you for your consideration.

**Anne Arundel County\_OPP\_HB1319 (Senate).pdf**

Uploaded by: Steuart Pittman

Position: UNF



March 26, 2024

**House Bill 1319**

**Internet Gaming - Authorization and Implementation  
Senate Budget and Taxation Committee**

**Position: UNFAVORABLE**

This legislation authorizes the State Lottery and Gaming Control Commission (SLGCC) to license video lottery operators to conduct and operate Internet gaming in the State. The authorization of Internet gaming would have significant and detrimental economic impacts for Anne Arundel County communities.

Anne Arundel County has had a meaningful and successful partnership with Live! Casino since it opened in 2012. In addition to the generation of revenue that provides critical funding for fire and public safety services, recreation and parks, education and libraries, transportation systems, and other community services and projects, Live! employs over 2,200 individuals. Live! has also invested over \$250 million in a hotel and event center, which opened in 2018. During the pandemic, Live! partnered with the Anne Arundel County Health Department to operate a COVID vaccination clinic in the casino's convention space.

Like the other five Maryland counties with state-licensed casinos, Anne Arundel County receives a portion of revenues derived from table gaming and video lottery terminals in the form of local impact grants. Anne Arundel County receives 5% of table gaming revenues associated with Live! Casino, and a portion of video lottery terminal (VLT) revenues associated with the three casinos in the central Maryland area. A Local Development Council guides spending of the revenue from VLTs, which is spent on programs and services located in a 3-mile radius surrounding the casino. Permitted uses include infrastructure improvements, facilities, public safety, sanitation, economic and community development, and other public services and improvements.

We anticipate that, once implemented, Internet gaming will impact local jobs, the local economy, and local revenues associated with in-person table gaming and VLTs. Internet gaming will transfer revenue from the economic engine that benefits our residents to online platforms that do not. For this reason, Anne Arundel County opposes the authorization of Internet gaming.

A handwritten signature in blue ink, appearing to read "Steuart Pittman", is located at the bottom left of the page.

Steuart Pittman  
County Executive

**HB 1319 MWMCA.pdf**

Uploaded by: Wayne Frazier

Position: UNF



**Md. Washington**  
**Minority Companies Association**  
Connecting Large & Small Businesses to Work Together

2001 W. Coldspring Lane  
Suite 118  
Baltimore, MD 21209  
Phone: (443) 759-8580  
Email: [info@mwmca.org](mailto:info@mwmca.org)

Visit our website at [www.mwmca.org](http://www.mwmca.org)

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March 25, 2024

Senator Guy Guzzone, Chairman  
Budget and Taxation Committee  
3 West Miller Office Building  
Annapolis, Maryland 21401

Ref. House Bill 1319

Dear Chairman Guzzone,

It has come to my attention that the Senate Budget & Tax committee will hear public comments on House Bill 1319 and its features to expand Maryland's gaming to include i-Gaming. Please understand that it is my distinct pleasure to provide testimony representing the members and E- subscribers of Md. Washington Minority Companies Association (MWMCA), located in Baltimore City Maryland. Since 2002, MWMCA operated as a trade, design, and material commodity trade association with hundreds of members and thousands of virtual E- subscribers. Our weekly E- newsletter to small, minority and women owned businesses, is their guiding light and voice to that community. Our industry renowned website [www.mwmca.org](http://www.mwmca.org) is most sought after by major corporations and small businesses alike looking to connect with one another for mutual benefits. In essence we support and endorse total economic engineering inclusion and we believe Maryland is ready from more.

Now comes our "Free State's" unfortunate attempt to expand its entrance into i-Gaming at a time when perhaps it's needed less. With all the years it took to achieve casino style gaming in Maryland, along with the billions of dollars it took to purchase land, seek permits, architectural and engineering design, purchase expensive power and AC equipment, construct world class facilities, train basic neophytes in gaming to serve in this industry, vendors seeking state licensing, expanded expense for security of the facilities and its patrons, and the state of Maryland building new roads to access the casinos; we are now looking to add a major burden to crush the relatively new industry.



Why, when there is so much downside for perhaps making it easier to allow folks to gamble. Literally with this new legislation, one would be able to place bets while they're in the restroom relieving themselves. We believe at MWMCA that the risk is not worth affecting the entire flourishing industry. With revenues at their all-time high and the state enjoying it and our residents are working along with gaming and retail sales tax are contributing to the overall revenue of the state of Maryland. Why attempt to change that now. Therefore, we respectfully request a no vote on this ill timely recommended legislation that will destroy the thriving casino gaming industry as we know it now.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Frazier', written over a horizontal line.

Wayne R. Frazier, Sr.  
President

# **HB1319 Testimony.pdf**

Uploaded by: William Love

Position: UNF

I'm Bill Love of 490 Fairoak Dr, Severna Park MD

Concerning HB1319: Internet Gaming - Authorization and Implementation

Bill seeks to put slot machines and other casino games on everyone's smartphone, iPad, and computer in our state.

Please, vote unfavorably to this bill.

Thank you

# **Maryland Senate HB 1319 Testimony FELDMAN (3.26.24)**

Uploaded by: Alan Feldman

Position: INFO

**Testimony of Alan Feldman  
Regarding House Bill 1319  
Before the Maryland Senate Budget and Taxation Committee  
March 26, 2024**

Chair Guzzone and members of the Senate Budget and Taxation Committee, my name is Alan Feldman, and among other responsibilities, I am currently a Distinguished Fellow in Responsible Gaming at the International Gaming Institute at the University of Nevada, Las Vegas, working to develop programs and policies to advance related knowledge and capabilities within the gaming industry.

I have over 30 years of experience in the gaming industry with an international gaming operator during which time I spearheaded the launch of an innovative, player-focused responsible gambling program that encourages players to adopt behaviors and attitudes that can reduce the risk of developing gambling disorders. I currently serve as Chair Emeritus of the International Center for Responsible Gaming, as a member of the Responsible Gaming Committee for the International Gaming Standards Association and I Chair the Nevada Advisory Committee on Problem Gambling. I have also previously served as a member of the Gambling Research Advisory Committee for the Massachusetts Gaming Commission.

Based on my experience in the field of responsible gaming, I am frequently asked about the differences between land-based and online gambling as it relates to the implementation of Responsible Gaming strategies. It is not unusual for lawmakers and regulators to have concerns that online gaming is potentially more harmful than its land-based counterparts. This has not proven to be true.

At the outset, let me state that there are effective measures that can be taken by operators of both forms of gambling. However, internet or online gambling (iGaming) provides a unique opportunity to accurately monitor gambling behavior in real environments which may allow intervention for those who encounter difficulties, an unquestionable benefit over land-based forms of gambling.

Historically, gathering data from gamblers is challenging due to the high levels of misreporting in self-report data collection. This statistical defect is all but eliminated in an online format where all data is collected and reported accurately.

Player account-based gambling is utilized for multiple forms of Internet, mobile and land-based gambling through player cards and user-names. Player accounts track and store a wealth of data on gambling behavior and related activities. Whereas in land-based examples, players often have multiple accounts with a single operator, online gambling allows for comprehensive analysis of a player's activity within individual operators' systems.

Tracking online gambling data creates opportunities for operators to easily access activity such as money wagered, number of gambling days, deposits, wins, and losses. Such indicators are

informative, but do not, on their own, identify the potential for future gambling problems. By way of example, individuals who engage heavily in gambling are not necessarily those who develop gambling problems. In fact, studies in the US over the past 4 decades indicate the prevalence of those with a diagnosable gambling disorder have remained at or just under 1 percent of adults. We have yet to find the exact mixture of data points that can identify this minority of customers, although it's something that academics and even for-profit companies constitute to strive to understand.

Consequently, the combination of activity-based indicators with indicators that are still in development using AI and machine learning may better capture individuals at risk for gambling problems.

Gambling research has been justifiably criticized for its reliance on self-report rather than behavioral measures. Research analyzing player account data may advance conceptual models, identify behavioral risk factors for problem gambling and evaluate and guide effective policy and responsible gambling programs.

Although research utilizing player account data has unique limitations, it offers considerable benefits for researchers, operators and regulators. Research methodology incorporating the use of player account data stands to make significant contributions to the gambling field.

Account-based behavioral models are already used by e-commerce providers, including gambling operators, to understand customers and provide appropriate levels of customer support, marketing, feedback and communication.

We are at the early stages of researching player data and I would advise the Committee to be wary of anyone promoting the idea that data can "identify" a problem gambler simply by reviewing their activity. That said, there are several companies that seem to be closing in on identifying the right mix of data points in order to reduce false positive rates and produce targeted and effective interventions.

The longitudinal and dynamic nature of player account data does enable patterns and deviations from patterns to be tracked. The type of player account data which is possible to be tracked for every iGaming player includes, but is not limited to the following key indicators:

- Length of Play
- Frequency of Play
- Average Wagers
- Total Wagers for a Specified Period of Play
- Trajectory of Wagers

By comparison, it is impossible to accurately track many of these same data points for players who frequent land-based casinos without using loyalty cards. This is significant because changes in individual play patterns may be more relevant than comparison to group norms because of the

variation between individuals. Online data makes detailed tracking of individual play patterns possible.

Furthermore, players may be compared to others with similar play patterns as opposed to attempts to generalize all players to a single baseline. Gamblers are often classified in research trials as either 'excessive' or 'normal', based on amount of time, expenditure and number of trips to gambling venues. However, these variables may differ between forms of gambling; for example, a large wager can be placed on a sporting event in a short time and online poker can be played for hours for very small amounts of money.

With iGaming, this data can be accurately captured and analyzed providing detailed individual and community insights to further guide effective company interventions and State policy on this often-vexing topic.

Researchers around the world, including our team at UNLV's International Gaming Institute, are striving to find the keys to understanding the best use of this data to inform player protection and responsible gaming policies and programs, and are closing in on providing the necessary insights, and data from online gambling is crucial in this effort.

Thank you for the opportunity to testify on this important topic. I am happy to answer any questions the Chair or Committee members may have.

Alan M. Feldman  
[alan.feldman@unlv.edu](mailto:alan.feldman@unlv.edu)  
4505 S. Maryland Pkwy  
Las Vegas, NV 89154 | Box 6037

Distinguished Fellow, Responsible Gaming, International Gaming Institute at UNLV  
Chair Emeritus, International Center for Responsible Gaming  
Chair, Nevada State Advisory Committee on Problem Gambling  
Member, Responsible Gaming Committee, International Gaming Standards Association  
Former member, Gambling Research Advisory Committee, Massachusetts Gaming Commission

# 1\_Applied\_Analysis\_Testimony.pdf

Uploaded by: Brian Gordon

Position: INFO



March 25, 2024

Senator Guy Guzzone  
Chair, Budget and Taxation Committee  
On Behalf of Budget and Taxation Committee  
Senate  
State of Maryland  
3 West  
Miller Senate Office Building  
Annapolis, Maryland 21401

SUBMITTED VIA My MGA Portal

**RE: Testimony by Brian Gordon, Applied Analysis, Regarding House Bill 1319**

Chair Guzzone and Members of Senate, Budget and Taxation Committee:

Thank you for allowing me the opportunity to offer testimony. My name is Brian Gordon; I am a Principal with Applied Analysis, a consulting firm specializing in economic analysis, public policy analysis and gaming and hospitality analysis. For nearly three decades our firm and its principals have been evaluating gaming-specific issues, various policy initiatives and related economic implications. I am also a certified public accountant (CPA) and accredited in business valuations (ABV) by the American Institute of Certified Public Accountants.

**PURPOSE AND BACKGROUND**

I am here today to offer our firm's testimony related to House Bill 1319, which contemplates the authorization of internet-based gaming activities, such as online slot machines, online table games and other activities. I will refer to these activities as iGaming.

Applied Analysis was retained by Boyd Gaming Corporation to conduct an independent assessment of three primary topics, including: (1) the potential revenue implications of the proposed legislation; (2) alternative revenue scenarios should an alternative number of licenses, or sublicenses, be considered by this body; and (3) the topic of cannibalization of brick-and-mortar casino revenues sourced to iGaming activity. My time here is limited, but I would like to highlight the most salient points of our research and analysis.

**1. BASELINE iGAMING REVENUES IN MARYLAND ESTIMATED TO EXCEED \$1.1 BILLION BY 2030**

Assuming Maryland were to approve iGaming legislation that allows economic activity to commence in 2026, initial estimates suggest annual gaming revenue of nearly \$500 million is possible. This estimate reflects a 50 percent discount to the average iGaming revenue per adult in the six other states that actively offer iGaming. Simply stated, this estimate assumes each Maryland resident over the age of 21 spends approximately \$111 in 2026, which is approximately half the average among iGaming states.

Consistent with a number of other markets, revenue is expected to ramp up after its initial debut as multiple channels launch and this new entertainment offering is absorbed by the market. By 2030, estimates suggest Maryland revenue could exceed \$1.1 billion. Importantly, consumer spending on iGaming activities in 2030 is estimated to account for approximately 0.21

percent – that is less than half a percent – of personal income in Maryland. For reference, a typical household earning the median income of \$94,991 in Maryland would be expected to spend an average of \$199.49 per year on iGaming activities.

## **2. REVENUES COULD OUTPERFORM BASELINE EXPECTATIONS WITH A GREATER NUMBER OF OUTLETS**

Research suggests that states with a greater number of iGaming outlets have reported the strongest gaming volumes. The number of outlets that are offered in each state appear to provide a number of advantages, including:

- Expanding the brand reach of brick-and-mortar casinos;
- Establishing a competitive marketplace (more quickly);
- Attracting new demographics to the gaming space, including groups not previously exposed to in-person gaming;
- Providing access to a wider database of potential consumers and accelerating the absorption within the market; and
- Catering to niche demographics that may not have been connected but for multiple access points.

For reference, New Jersey has an estimated 33 skins and generated \$1.9 billion in iGaming revenue in 2023, while Pennsylvania has approximately 19 skins and posted revenue of \$1.7 billion in the past year. The baseline revenue estimates discussed previously assume two licenses (or skins) per operator. However, fewer skins would suggest less revenue potential (reducing revenue by 25 percent or more), while more skins (a minimum of three per operator), could increase revenues by 25 percent or more – equating to approximately \$1.4 billion in iGaming revenue by 2030.

## **3. CONCERNS ABOUT CANNIBALIZATION OF BRICK-AND-MORTAR CASINOS APPEAR UNWARRANTED**

I understand there has been speculation about the impact iGaming may have on brick-and-mortar casino operators. Physical casinos are responsible for employing thousands of workers while positively contributing to the overall economy. However, the consumers visiting a casino, which is referred to as experiential gaming, tend to be much different than those seeking entertainment opportunities on a computer or mobile device from the comfort of their home. Research on this topic would suggest the two groups rarely cross over with one another, and in fact, they have the potential to complement one another.

States with tenured iGaming access have not seen a dramatic fall of in-person gaming revenue. Immediately following their iGaming launches, several states saw brick-and-mortar casino revenues stabilize and then ultimately trend upward. A few key examples include:

- New Jersey casino revenues were trending downward for the better part of a decade, reaching a low of \$2.4 billion in the mid-2010s. As iGaming ramped up, casino gaming revenues increased to \$2.7 billion in 2019 (pre-pandemic) and reached over \$2.8 billion in 2023 (excluding sports betting). Combined, revenues reached \$4.8 billion in 2023, the highest level since 2007.
- Pennsylvania experienced a somewhat similar overall gain as casino revenues hovered around \$3.2 billion annually for a five-year period prior to the introduction of iGaming. Since then, aggregate revenues reached \$5.2 billion in 2023 with casino revenues increasing to \$3.4 billion.
- Delaware casino revenues were sliding prior to the introduction of iGaming about a decade ago, and since the launch, casino revenues have trended upward.

A multichannel approach to gaming products suggests that revenues increase across the industry. Gains in overall revenues have also translated into increased tax dollars.

####

Thank you again for the opportunity to provide testimony on this important topic.

Sincerely,



Applied Analysis

By: Brian R. Gordon, CPA/ABV, Principal

## **2\_Applied\_Analysis\_Executive\_Summary.pdf**

Uploaded by: Brian Gordon

Position: INFO



Applied Analysis was retained to evaluate specific attributes related to proposed legislation in the state of Maryland that contemplates the authorization and implementation of internet gaming, or iGaming. More specifically, the analysis addresses key topics related to Maryland House Bill 1319 (“HB1319”) and Senate Bill 603 (“SB603”). The analysis contained herein considers three primary topics, including: (1) the potential revenue implications of the proposed legislation; (2) alternative revenue scenarios should an alternative number of licenses, or sublicenses, be considered by this body; and (3) the topic of cannibalization of brick-and-mortar casino revenues sourced to iGaming activity. This Executive Summary includes the salient findings within the analysis. The full report, including key assumptions and limitations, can be accessed by contacting our office.

### **1. BASELINE iGAMING REVENUES IN MARYLAND ESTIMATED TO EXCEED \$1.1 BILLION BY 2030**

Assuming Maryland were to approve iGaming legislation that allows economic activity to commence in 2026, initial estimates suggest gaming revenue of approximately \$500 million is possible with a 50-percent discount to the average iGaming revenue (\$111 per adult in Maryland which is approximately half the average among iGaming states).

Revenue is expected to ramp up after its initial debut as multiple channels launch and this new entertainment offering is absorbed in the market. By 2030, Maryland revenue could exceed \$1.1 billion. Importantly, consumer spending on iGaming activities in 2030 is estimated to account for approximately 0.21 percent (less than half a percent) of personal income in Maryland. For reference, a typical household earning the median income of \$94,991 in Maryland would be expected to spend an average of \$200 per year on iGaming activities.

### **2. REVENUES COULD OUTPERFORM BASELINE EXPECTATIONS WITH A GREATER NUMBER OF OUTLETS**

States with a greater number of iGaming outlets have reported the strongest gaming volumes. The number of outlets, also referred to as skins or sublicenses, that are offered in each state appear to provide a number of advantages, including:

- Expanding the brand reach of brick-and-mortar casinos;
- Establishing a competitive marketplace (more quickly);
- Attracting new demographics to the gaming space, including groups not previously exposed to in-person gaming;
- Providing access to a wider database of potential consumers and accelerating the absorption within the market; and
- Catering to niche demographics that may not have been connected but for multiple access points.

For reference, New Jersey has an estimated 33 skins and generated \$1.9 billion in iGaming revenue in 2023, while Pennsylvania has approximately 19 skins and posted revenue of \$1.7 billion in the past year. The baseline revenue estimates in the preceding section assume two licenses (or skins) per operator. However, fewer skins would suggest less revenue potential (reducing revenue by 25 percent or more), while more skins (a minimum of three per operator), could increase revenues by 25 percent or more.

### **3. CONCERNS ABOUT CANNIBALIZATION OF BRICK-AND-MORTAR CASINOS APPEAR UNWARRANTED**

While evaluating the expansion of gaming offerings to online activities, it is appropriate to consider the implications on other segments of the market, including brick-and-mortar casinos. Physical casinos are responsible for employing thousands of workers while positively contributing to the overall economy. However, the consumers visiting a casino (experiential gaming) tend to be much different than those seeking entertainment opportunities on a computer or mobile device from the comfort of their home. Research on this topic would suggest the two groups rarely crossover with one another, and in fact, they have the potential to complement one another.

States with tenured iGaming access have not seen a dramatic fall of in-person gaming revenue. New Jersey and Delaware launched iGaming a decade ago. In both cases, iGaming legalization came as brick-and-mortar casino revenues were previously trending downward. Immediately following their iGaming launches, both states saw brick-and-mortar casino revenues stabilize and then ultimately trend upward. Pennsylvania experienced a somewhat similar overall gain as casino revenues hovered around \$3.2 billion annually for a five-year period prior to the introduction of iGaming. Since then, aggregate revenues reached \$5.2 billion in 2023 with casino revenues increasing to \$3.4 billion. A multichannel approach to gaming products increases revenues across the entire industry.

### **3\_Applied\_Analysis\_Report.pdf**

Uploaded by: Brian Gordon

Position: INFO

# Maryland iGaming Analysis

APPLIED  
ANALYSIS



February 19, 2024

Mr. Uri Clinton  
Executive Vice President, General Counsel and Corporate Secretary  
Boyd Gaming Corporation  
6465 South Rainbow Boulevard  
Las Vegas, Nevada 89118

**RE: Maryland iGaming Analysis**

Dear Mr. Clinton:

In accordance with your request, Applied Analysis (“AA”) is pleased to submit this report titled *Maryland iGaming Analysis*. AA was retained by Boyd Gaming Corporation (“Boyd” or the “Company”) to evaluate specific attributes related to proposed legislation in the state of Maryland that contemplates the authorization and implementation of internet gaming, or iGaming. More specifically, this analysis addresses key topics the Company is evaluating in response to Maryland House Bill 1319 (“HB1319”) and Senate Bill 603 (“SB603”). The analysis contained herein considers the revenue potential of iGaming in Maryland, the impact on existing brick-and-mortar casinos and other factors. This summary report outlines the salient findings and conclusions of our review and analysis.

This report was designed by AA in response to your request. However, we make no representations as to the adequacy of these procedures for all your purposes. Generally speaking, our findings and estimates are as of the date of this letter and utilize the most recent data available. The information in this report was collected from our internal databases and various third parties, including the Company and other public data providers. The data were assembled by AA. While we have no reason to doubt its accuracy, the information collected was not subjected to any auditing or review procedures by AA; therefore, we can offer no representations or assurances as to its completeness.

This report is an executive summary. It is intended to provide an overview of the analyses conducted and a summary of our salient findings. AA will retain additional working papers relevant to this study. If you reproduce this report, it must be done so in its entirety. We welcome the opportunity to discuss this report with you at any time. Should you have any questions, please contact Brian Gordon or Jeremy Aguero at (702) 967-3333.

Sincerely,



Applied Analysis





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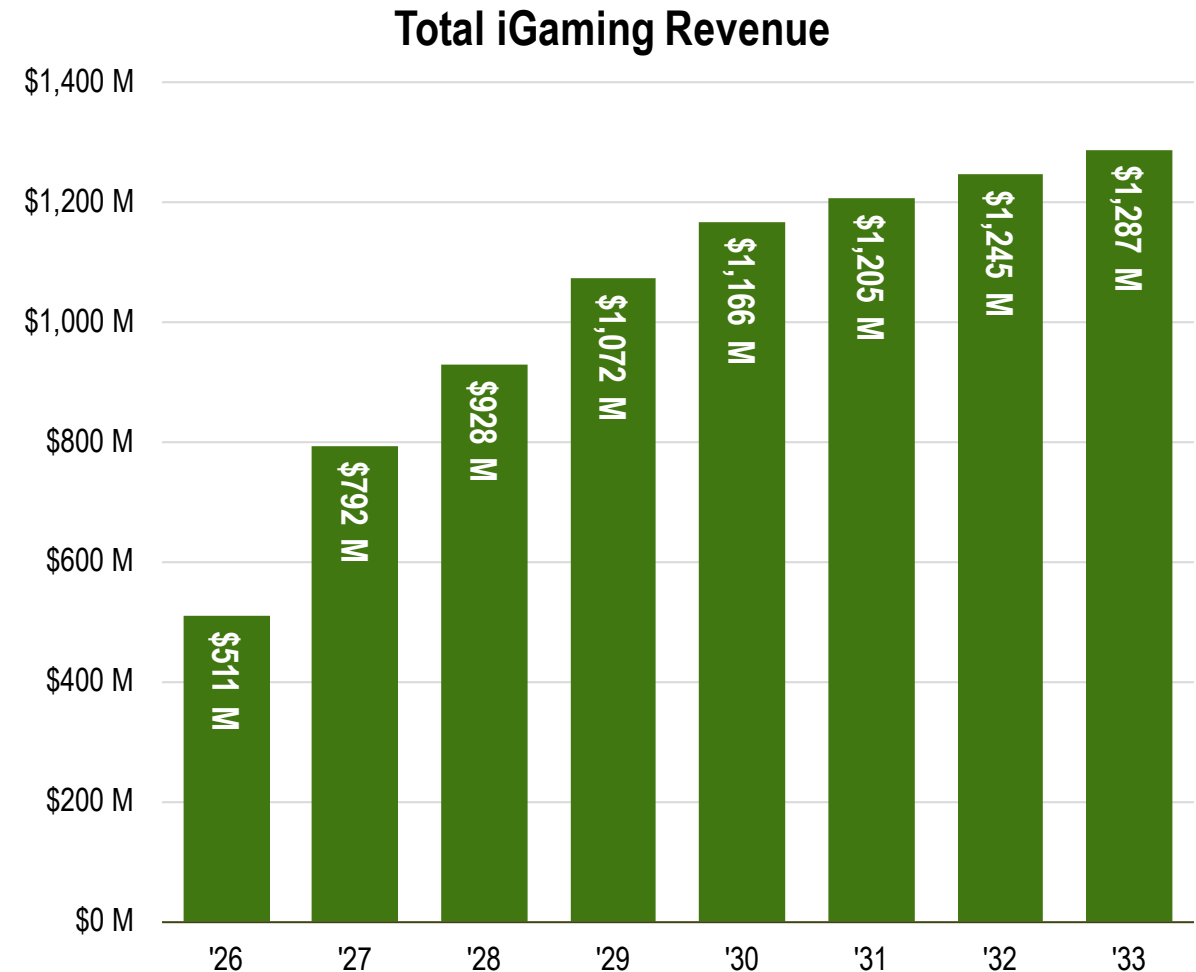
# Executive Summary

## Baseline iGaming Revenues in Maryland Estimated to Exceed \$1.1 Billion by 2030

Assuming Maryland were to approve iGaming legislation that allows economic activity to commence in 2026, initial estimates suggest gaming revenue of approximately \$500 million is possible with a 50 percent discount to the average iGaming revenue (\$111 per resident over 21 in Maryland, which is approximately half the average among iGaming states).

Consistent with a number of other markets, revenue is expected to ramp up after its initial debut as multiple channels launch, and this new entertainment offering is absorbed by the market. By 2030, estimates suggest Maryland revenue could exceed \$1.1 billion.

Importantly, consumer spending on iGaming activities in 2030 is estimated to account for approximately 0.21 percent – that is less than half a percent – of personal income in Maryland. For reference, a typical household earning the median income of \$94,991 in Maryland would be expected to spend an average of \$200 per year on iGaming activities.



# Executive Summary

## Revenues Could Outperform Baseline Expectations with a Greater Number of Outlets

States with a greater number of iGaming outlets have reported the strongest gaming volumes. The number of outlets, also referred to as skins or sublicenses, that are offered in each state appear to provide a number of advantages, including:

- Expanding the brand reach of brick-and-mortar casinos;
- Establishing a competitive marketplace (more quickly);
- Attracting new demographics to the gaming space, including groups not previously exposed to in-person gaming;
- Providing access to a wider database of potential consumers and accelerating the absorption within the market; and
- Catering to niche demographics that may not have been connected but for multiple access points.

The baseline revenue estimates on the preceding page assume two licenses (or skins) per operator. However, fewer skins would suggest less revenue potential (reducing revenue by 25 percent or more), while more skins (a minimum of three per operator) could increase revenues by 25 percent or more.

### iGaming Metrics by State (2023)

State	Start Year	iGaming Revenue	No. of Skins	Revenue Per Skin
<b>States with Greater Than 15 Skins:</b>				
New Jersey	2013	\$1.9 B	33	\$58 M
Pennsylvania	2019	\$1.7 B	19	\$92 M
Michigan	2021	\$1.7 B	16	\$108 M
<b>States with Fewer Than 15 Skins:</b>				
Connecticut*	2021	\$335 M	2	\$167 M
West Virginia	2020	\$157 M	11	\$14 M
Delaware	2013	\$14 M	3	\$5 M

\*Operated under tribal gaming compacts.

# Executive Summary

## Concerns About Cannibalization of Brick-and-Mortar Casinos Appear Unwarranted

While evaluating the expansion of gaming offerings to online activities, it is appropriate to consider the implications on other segments of the market, including brick-and-mortar casinos. Physical casinos are responsible for employing thousands of workers while positively contributing to the overall economy. However, the consumers visiting a casino (experiential gaming) tend to be much different than those seeking entertainment opportunities on a computer or mobile device from the comfort of their home. Research on this topic would suggest the two groups rarely cross over with one another, and in fact, they have the potential to complement one another.

States with tenured iGaming access have not seen a dramatic fall of in-person gaming revenue. New Jersey and Delaware launched iGaming a decade ago. In both cases, iGaming legalization came as brick-and-mortar casino revenues were previously trending downward. Immediately following their iGaming launches, both states saw brick-and-mortar casino revenues stabilize and then ultimately trend upward. A multichannel approach to gaming products increases revenues across the entire industry.

### Literature Review

Author	General Conclusions Regarding iGaming Cannibalization of Brick-and-Mortar Casinos
Meister Economic Consulting	Brick-and-mortar gross gaming revenue stabilized then began to grow after iGaming launch
Spectrum Gaming Group	iGaming does not cannibalize brick-and-mortar gaming
Christiansen Capital Advisors, LLC	iGaming grows the overall gaming market
The Innovation Group	Estimates iGaming across all states reduced brick-and-mortar revenue by as much as 10.2 percent
Gemini Research	iGaming does not negatively affect brick-and-mortar gaming revenue
Eilers & Krejcik	iGaming generated a positive 1.7 percent impact for brick-and-mortar casinos



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# Estimating iGaming Demand in Maryland

## Key Considerations

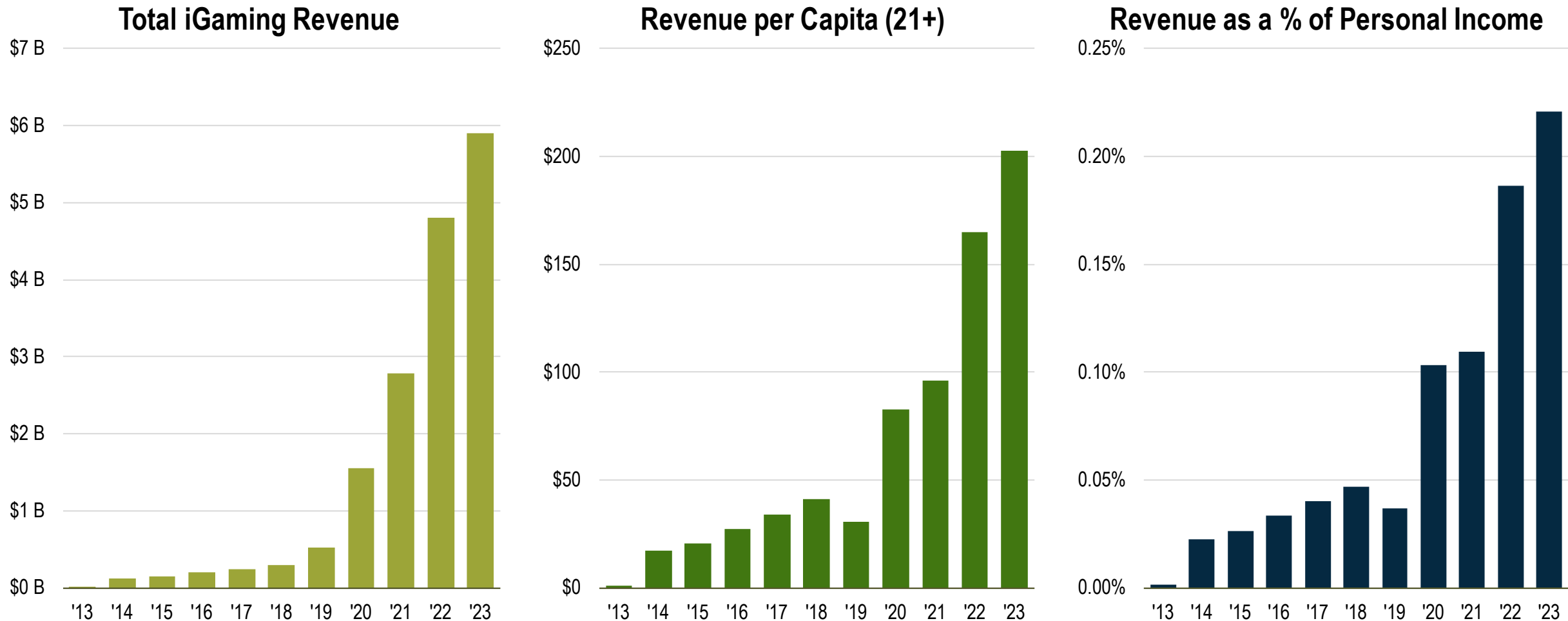
The overall process to develop iGaming estimates for the state of Maryland is based on a stepwise approach with key assumptions sourced to historical performances within the industry and a range of results that could potentially prevail in Maryland. Note: Performance trends in states offering iGaming are included in the next section of this report.

As with any forward-looking estimates, actual results are subject to variability, external forces and other considerations. The estimates contained herein are designed to provide order-of-magnitude estimates when evaluating the potential size of the market.

<b>1</b>	Evaluate performance trends in markets offering iGaming
<b>2</b>	Understand consumer spending levels overall
<b>3</b>	Analyze consumer behavior on a relative basis (e.g., per capita and share of income)
<b>4</b>	Develop projections of the economic base in Maryland (e.g., 21+ adults and incomes)
<b>5</b>	Develop estimates of iGaming demand on a relative basis
<b>6</b>	Contemplate a reasonable ramp-up (or absorption) period within the subject market
<b>7</b>	Apply average consumer spending expectations to the resident base
<b>8</b>	Establish a range of potential outcomes to provide upper and lower expectations
<b>9</b>	Review for reasonableness relative to comparable markets offering iGaming
<b>10</b>	Consider estimates developed by others in the industry for comparability purposes

# iGaming Performance Trends

Aggregate Among Six States Actively Offering iGaming

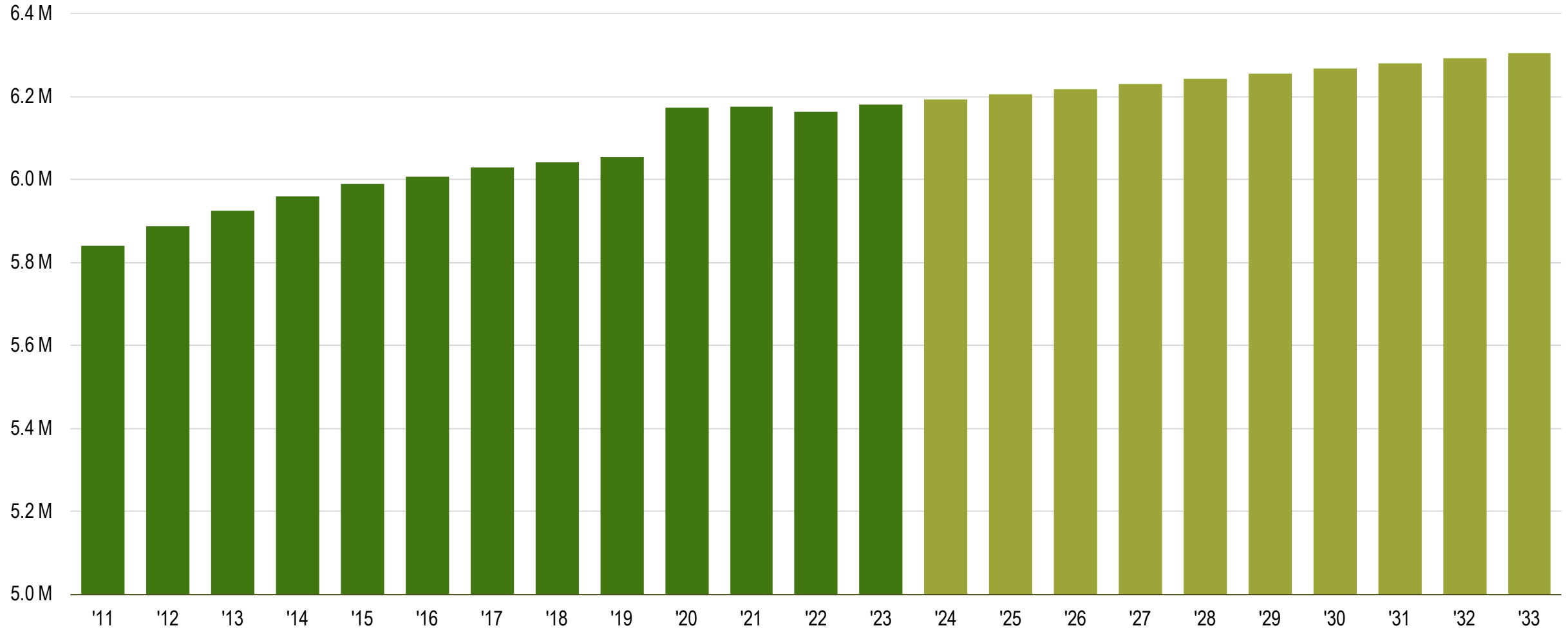


Source: Various (included in subsequent sections of this report). Note: Revenue, adult population and personal income have not been adjusted for partial years.



# Maryland Economic Base Projections

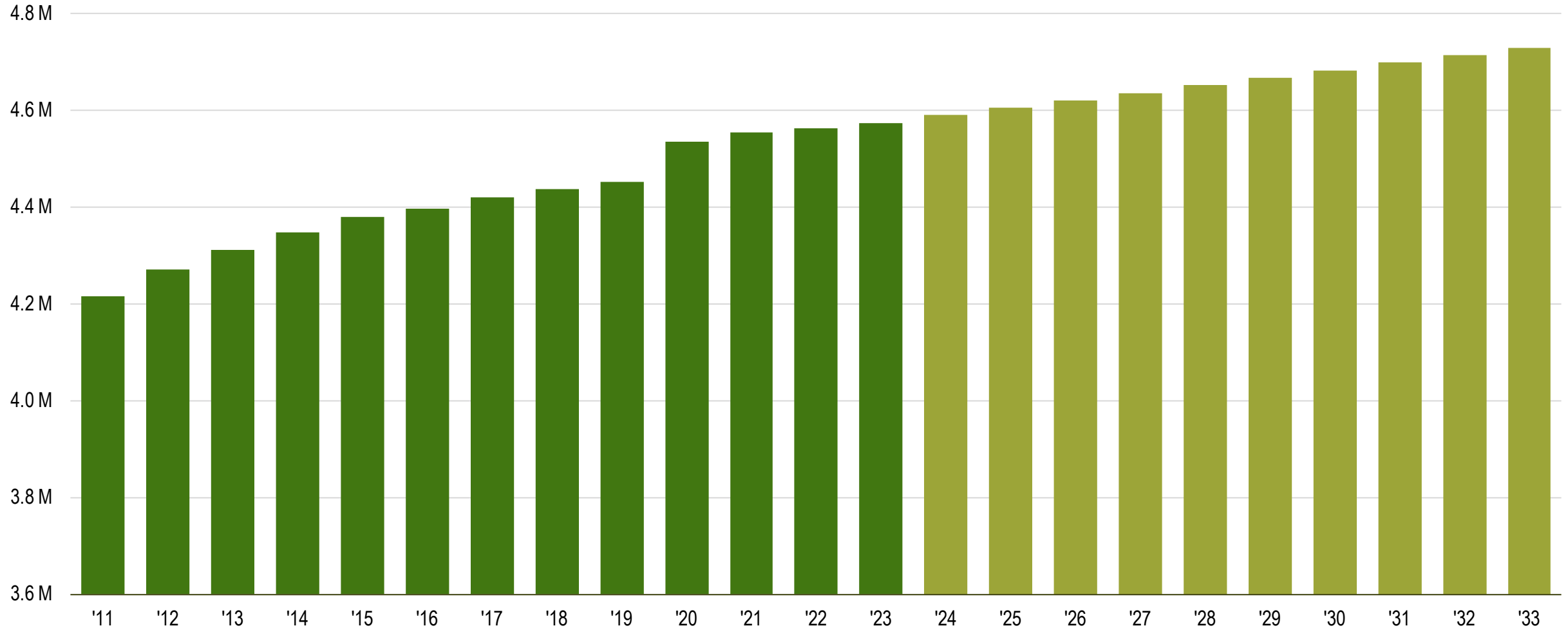
## Total Population



Note: Assumes annual growth of 0.2 percent.

# Maryland Economic Base Projections

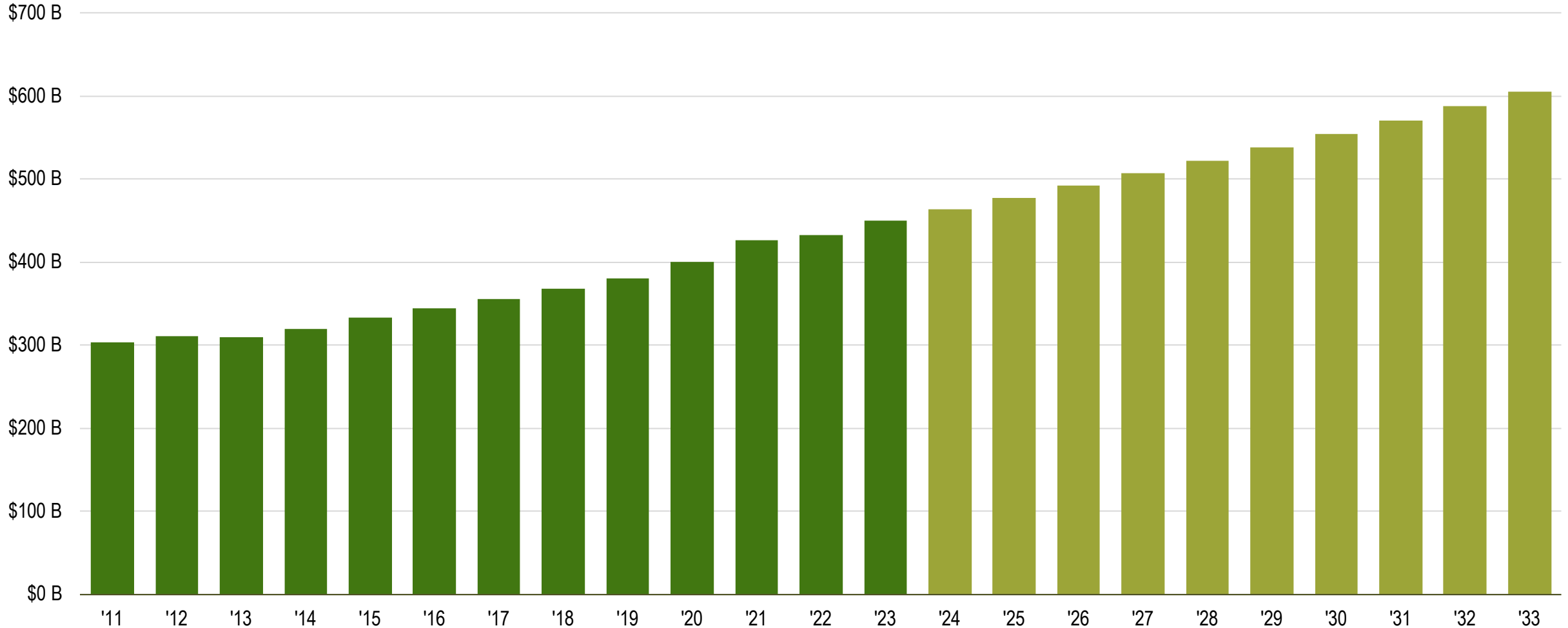
## Adult Population (21+)



Note: Assumes population growth of 0.2 percent and an overall aging of the population consistent with current trends.

# Maryland Economic Base Projections

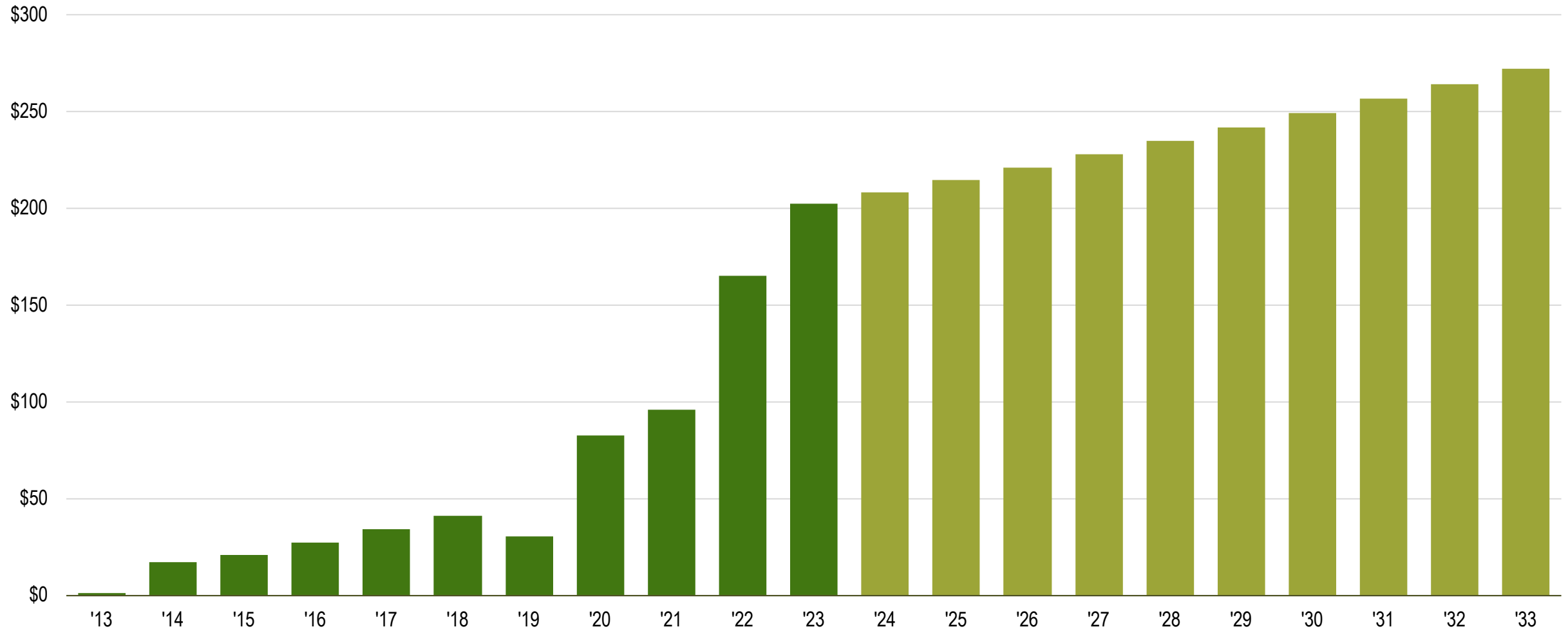
## Personal Income



Note: Assumes growth of 3.0 percent annually (below historical averages).

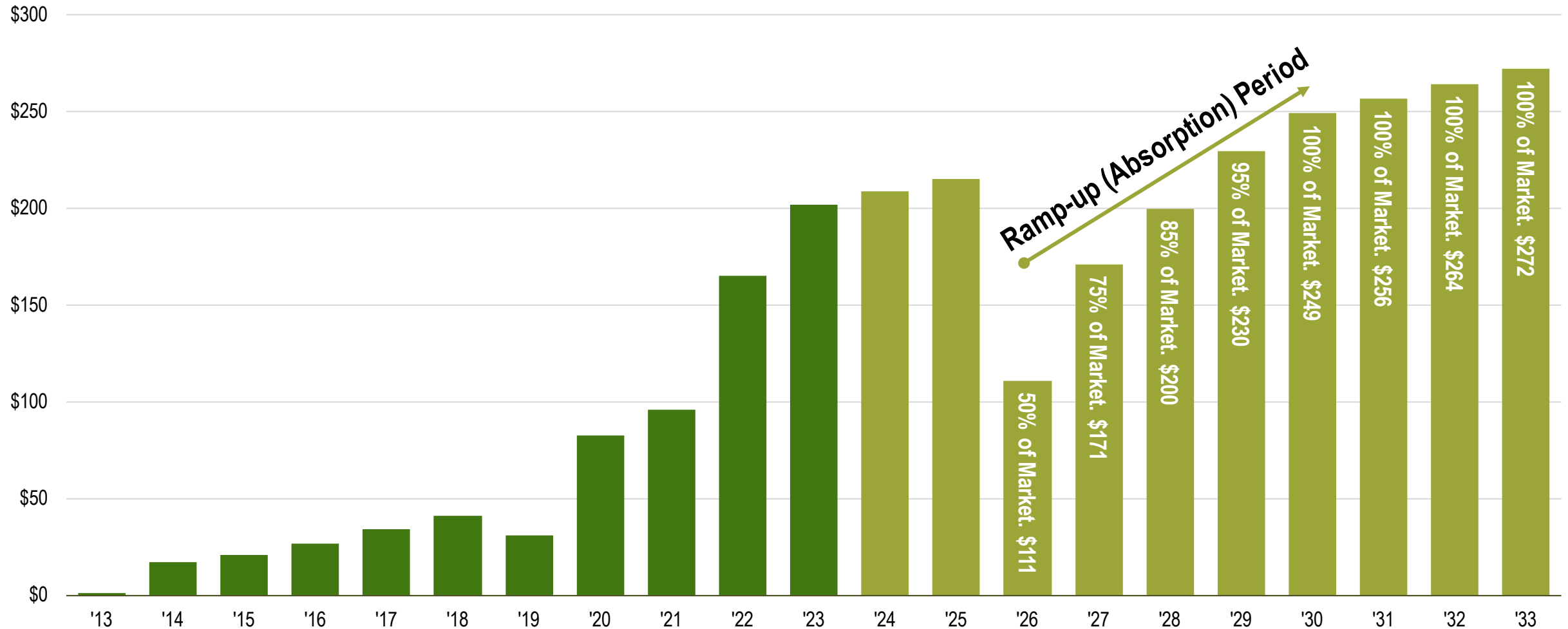
# iGaming Revenue per Capita (21+)

Assumed Baseline at Industry Average Levels



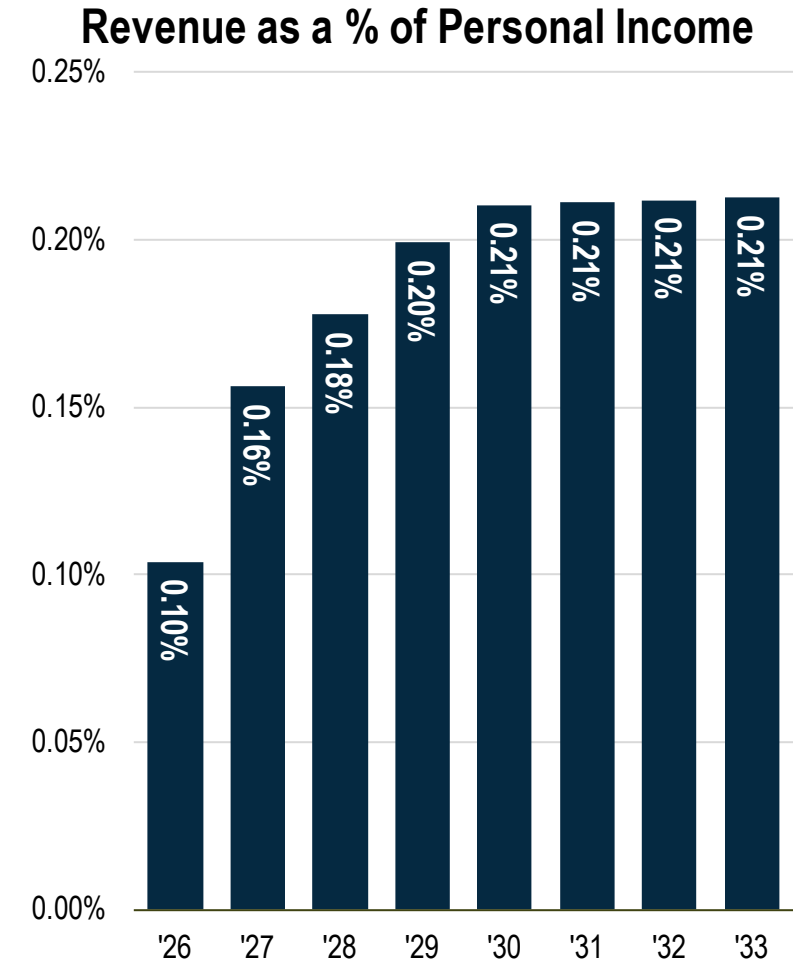
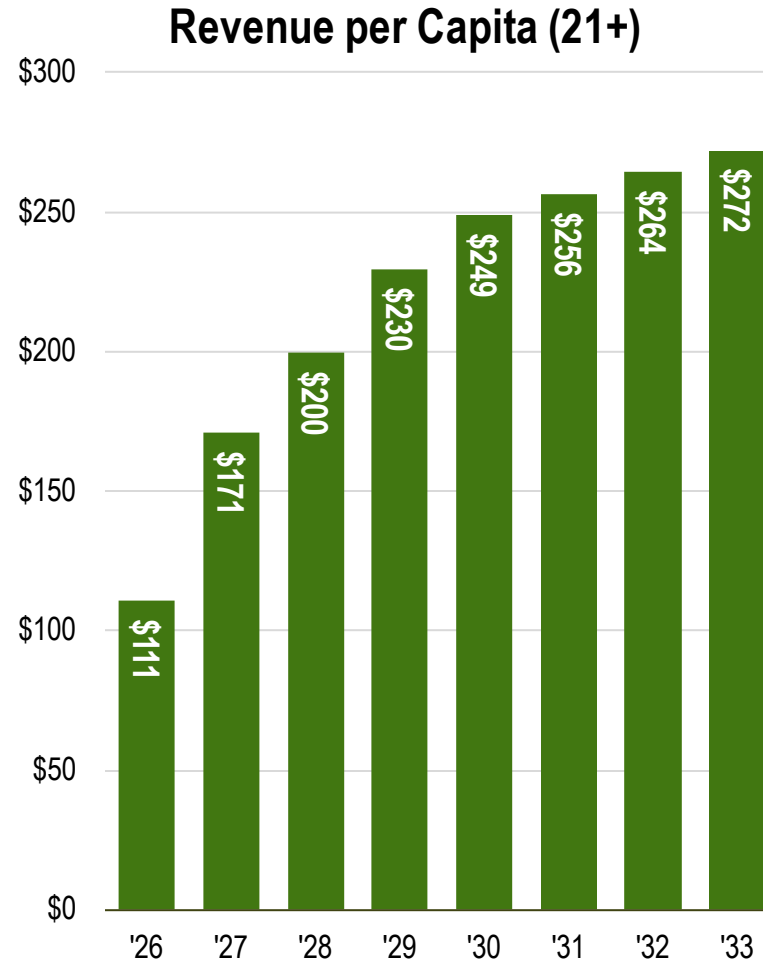
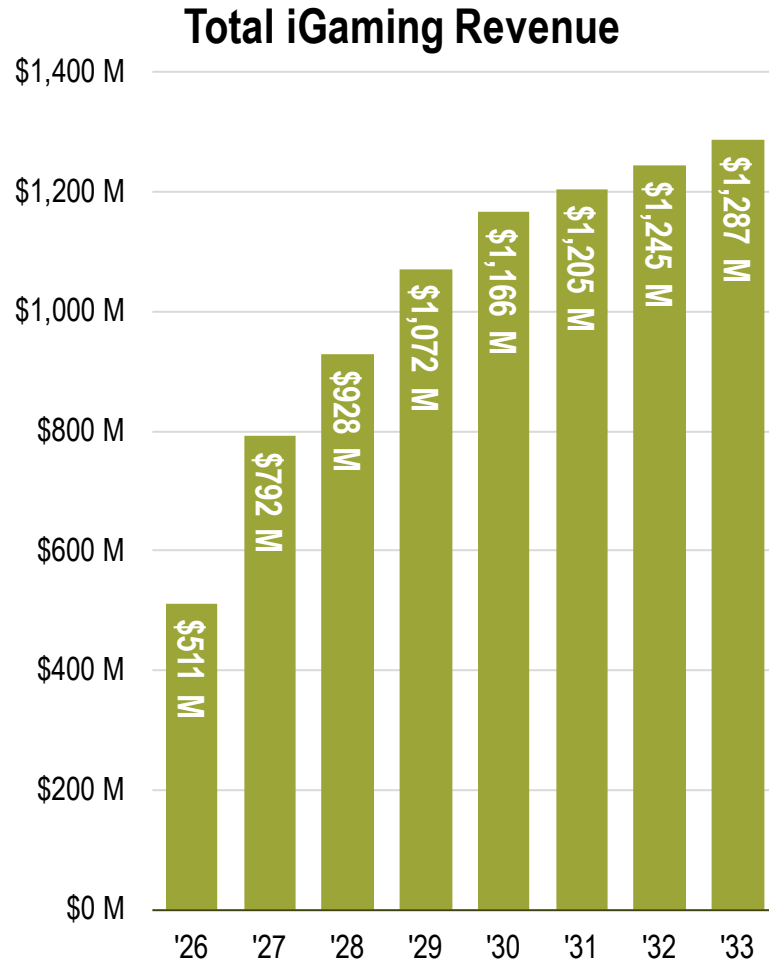
# iGaming Revenue per Capita (21+)

Assumed Baseline for Maryland (Starting in 2026)



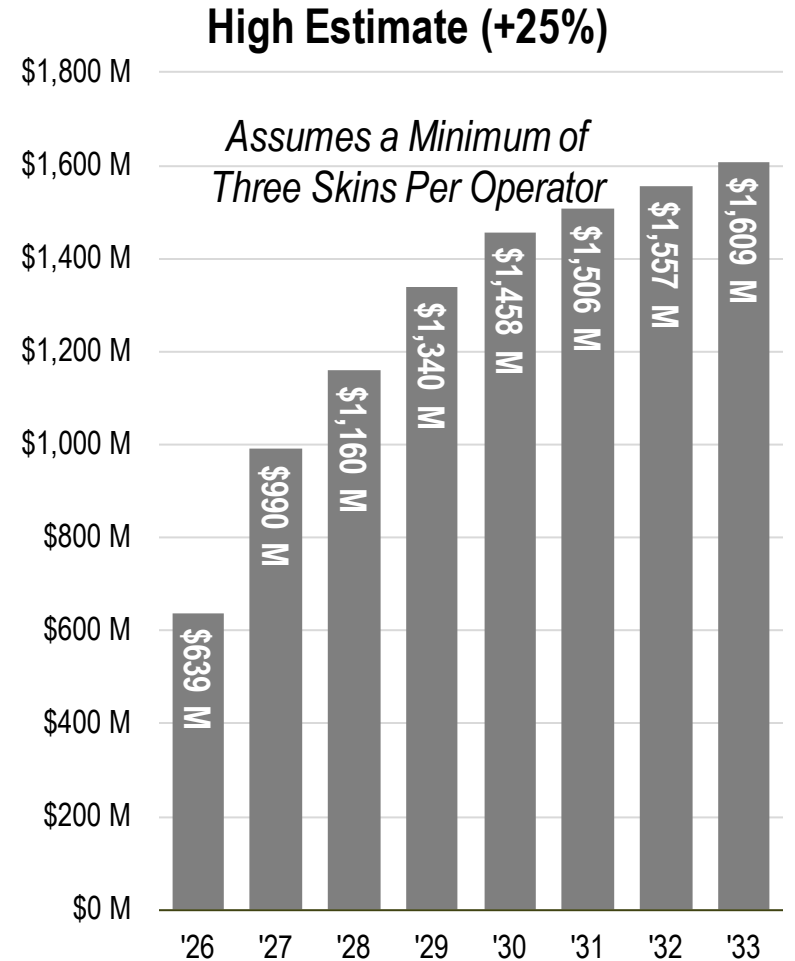
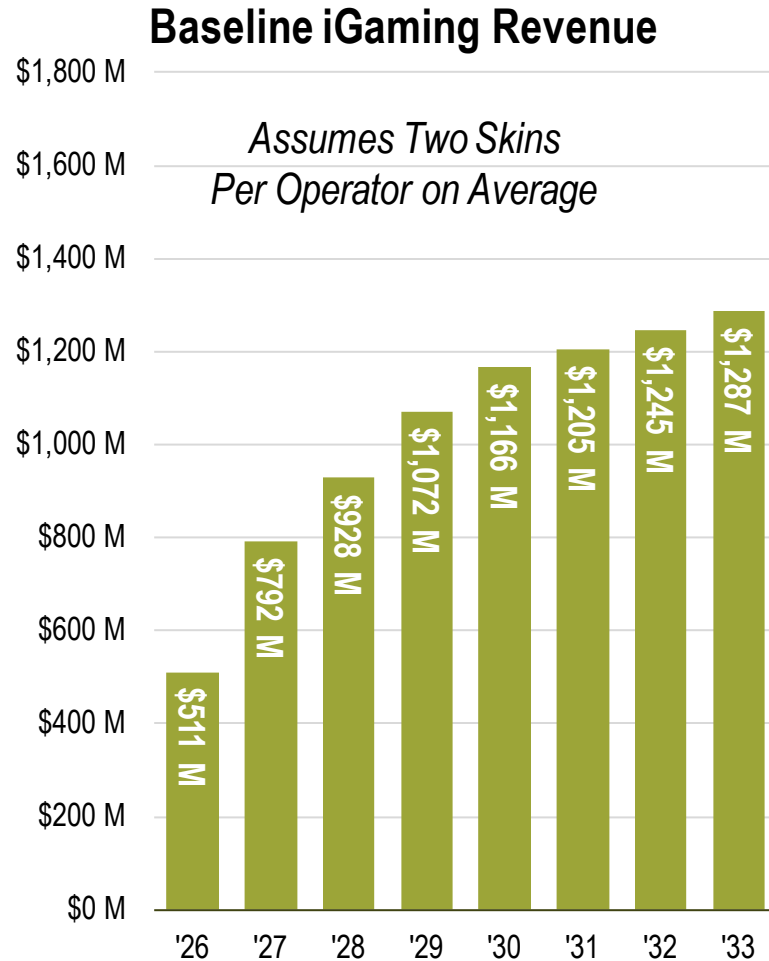
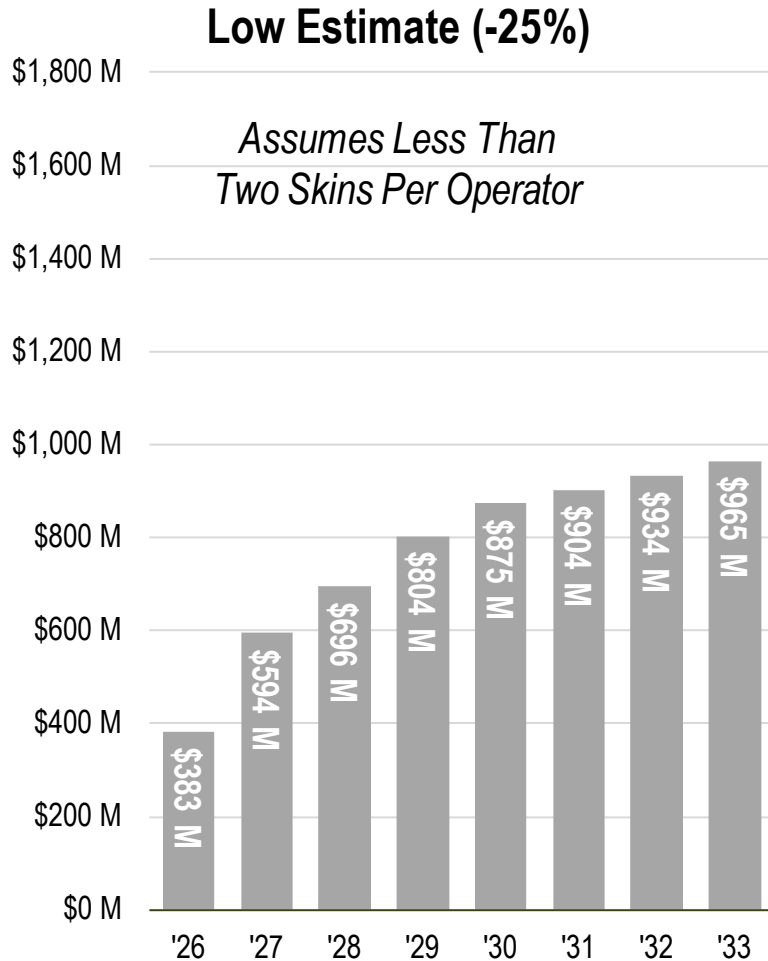
# iGaming Performance Expectations

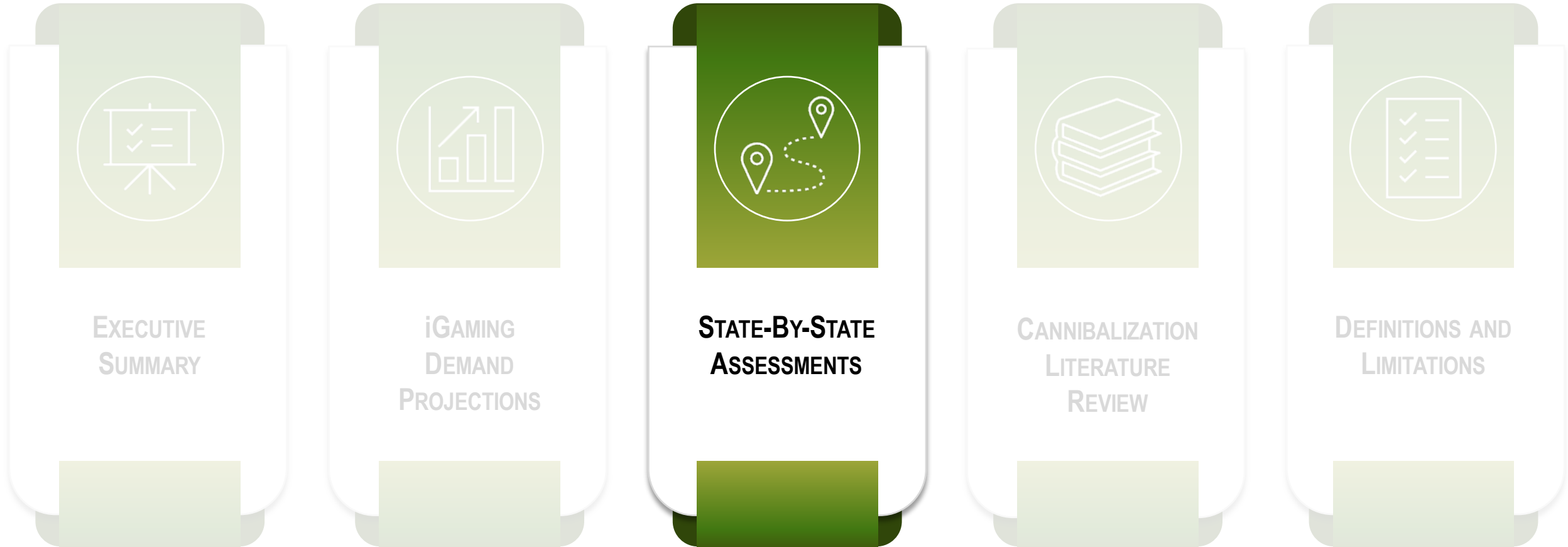
## Baseline Maryland Trends



# iGaming Performance Expectations

## Alternative Maryland iGaming Revenue Trends





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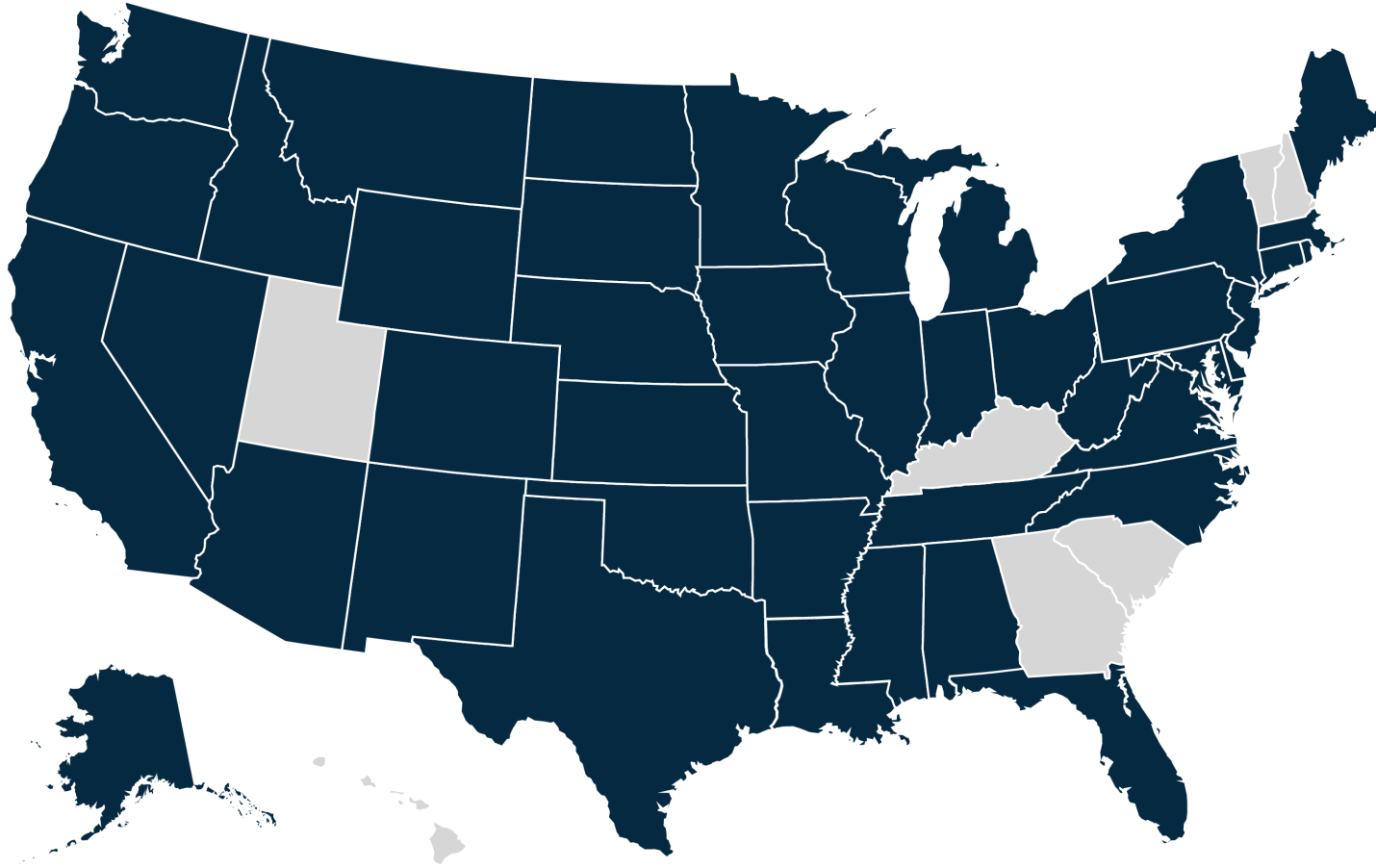
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# States With Brick-and-Mortar Casinos

## Commercial and Tribal Casinos



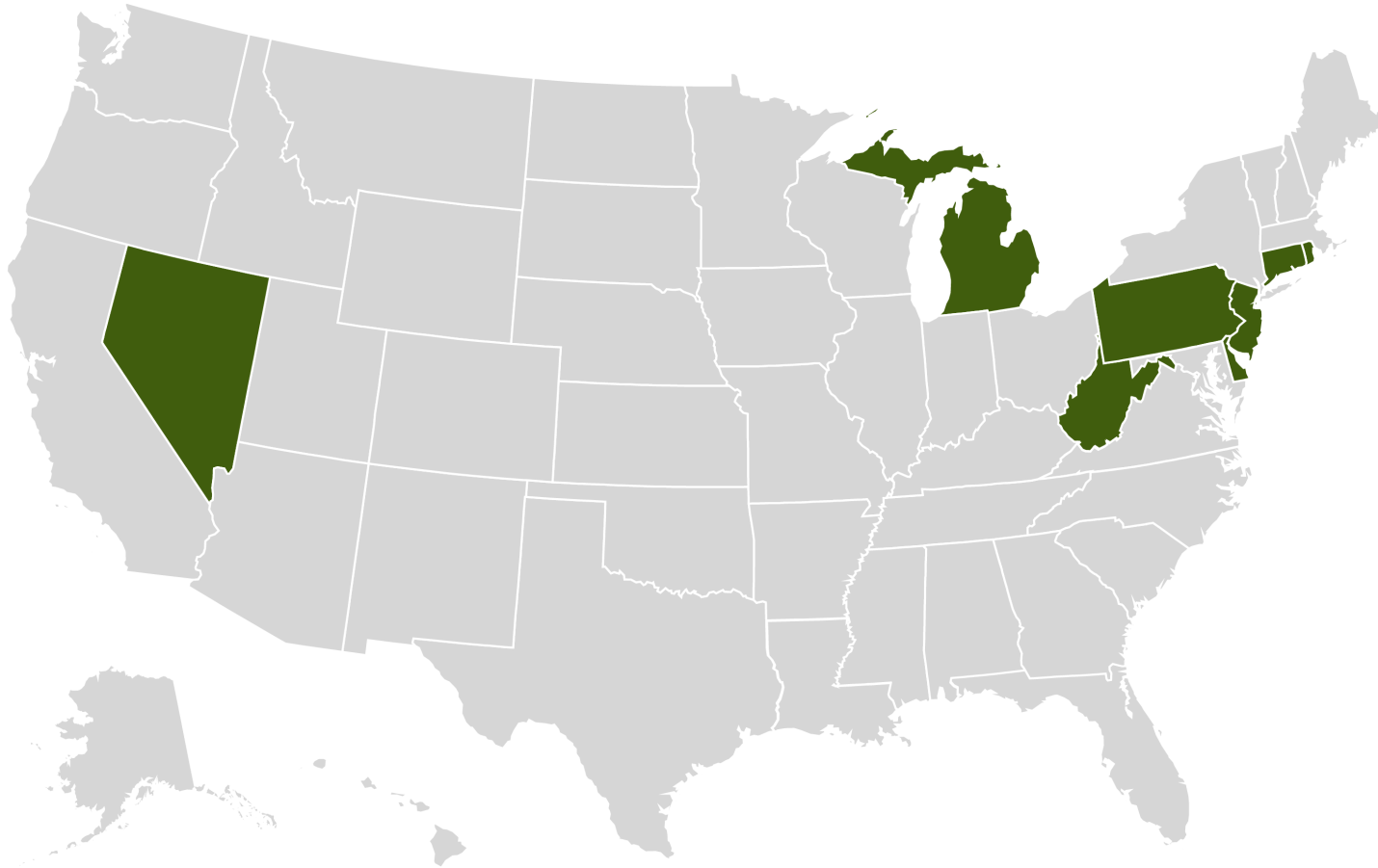
Reach	Value
<b>Total Casino Locations</b>	<b>1,100</b>
Commercial Casinos	486
Tribal Casinos	525
<b>No. of States Participating:</b>	
Commercial Casinos	27
Tribal Casinos	29
Legal Sports Betting	38
Legal iGaming	8

Commercial casino locations do not include other forms of commercial gaming locations, such as bars, taverns or truck stops with video lottery terminals, or other locations in which gaming is incidental to the location's primary business.

Source: American Gaming Association

# States With iGaming

## Authorized States



States	Authorized Activity	Date Authorized
Connecticut	Slots, Tables, Poker, Live Dealer	Oct 2021
Delaware	Slots, Tables, Poker, Cash Games	Nov 2013
Michigan	Slots, Tables, Video Poker, Live Dealer, Bingo, Slingo	Jan 2021
Nevada	Poker Only	Apr 2013
New Jersey	Slots, Tables, Video Poker, Live Dealer, Bingo, Slingo	Nov 2013
Pennsylvania	Slots, Tables, Video Poker, Live Dealer, Bingo, Slingo	Jul 2019
Rhode Island	Slots, Tables, Poker, Live Dealer	Mar 2024
West Virginia	Slots, Tables, Video Poker, Live Dealer, Bingo, Slingo	Jul 2020

Source: American Gaming Association

# Licensing Structure

## State-by-State Comparison

In all six states where iGaming is available, it is managed by existing physical casino operators, except for Rhode Island, where it has not yet started. Some states have a "closed" model, permitting online gaming exclusively under one brand, which could be that of an established casino or a partnered brand through an arrangement called a "skin." Other states adopted a "hybrid" model, allowing several third-party companies to offer iGaming services through these skins.

The availability of more skins translates to more access points for consumers to engage in online gaming. Notably, states with a larger number of skins, such as New Jersey, Michigan, and Pennsylvania, report higher volumes of online gaming activity.

State	Licensing Model	Number of Skins	Number of Skins Per License
New Jersey	Hybrid	33	5
Delaware	Closed	3	1
Pennsylvania	Hybrid	19	Unlimited
West Virginia	Hybrid	11	3
Michigan	Closed	16	2
Connecticut	Closed	2	1
Rhode Island	Closed	1	1

Source: NJ Division of Gaming Enforcement; Delaware Lottery; WV Lottery; PA Gaming Control Board; MI Gaming Control Board; CT General Assembly; Note: Delaware iGaming is run by the Delaware Lottery; sites for the three racinos are run on top of the main platform.

# iGaming Performance Metrics for 2023

## State-by-State Comparison

State	Year Authorized	Revenue	Revenue Per Capita (21+)	Share of Personal Income	Number of Skins	Revenue Per Skin
New Jersey	2013	\$1.9 Billion	\$276.62	0.26%	33	\$58.3 Million
Delaware	2013	\$14.1 Million	\$18.10	0.02%	3	\$4.7 Million
Pennsylvania	2019	\$1.7 Billion	\$177.73	0.20%	19	\$91.7 Million
West Virginia	2020	\$156.7 Million	\$115.79	0.17%	11	\$14.2 Million
Michigan	2021	\$1.7 Billion	\$229.86	0.29%	16	\$108.2 Million
Connecticut	2021	\$334.6 Million	\$122.32	0.11%	2	\$167.3 Million

Source: State gaming agencies; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis.

# Skins/Sublicenses

## Key Considerations

Expand Brand Reach of Brick-and-Mortar Casinos	Establish a Competitive Marketplace	Attract New Demographics	Access to Wider Database
<ul style="list-style-type: none"> <li>▪ Third-party brands bring their own marketing budgets and content channels to reach new users.</li> <li>▪ Provide rewards programs and promotions that draw new customers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A large number of skins in the market allows for more specialized sites that cater to niche demographics.</li> <li>▪ These groups may have been previously inaccessible without with the additional resources of a third-party partner.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Online players tend to be younger than brick-and-mortar casino customers.</li> <li>▪ National brands could reach new groups not previously exposed to brick-and-mortar gaming, leading to physical visitation at existing or new facilities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Casinos could gain access to the databases of their partners to better identify and access potential customers.</li> </ul>

Source: Spectrum; Innovation Group

# Tax Rates by Activity

## State-by-State Comparative Analysis

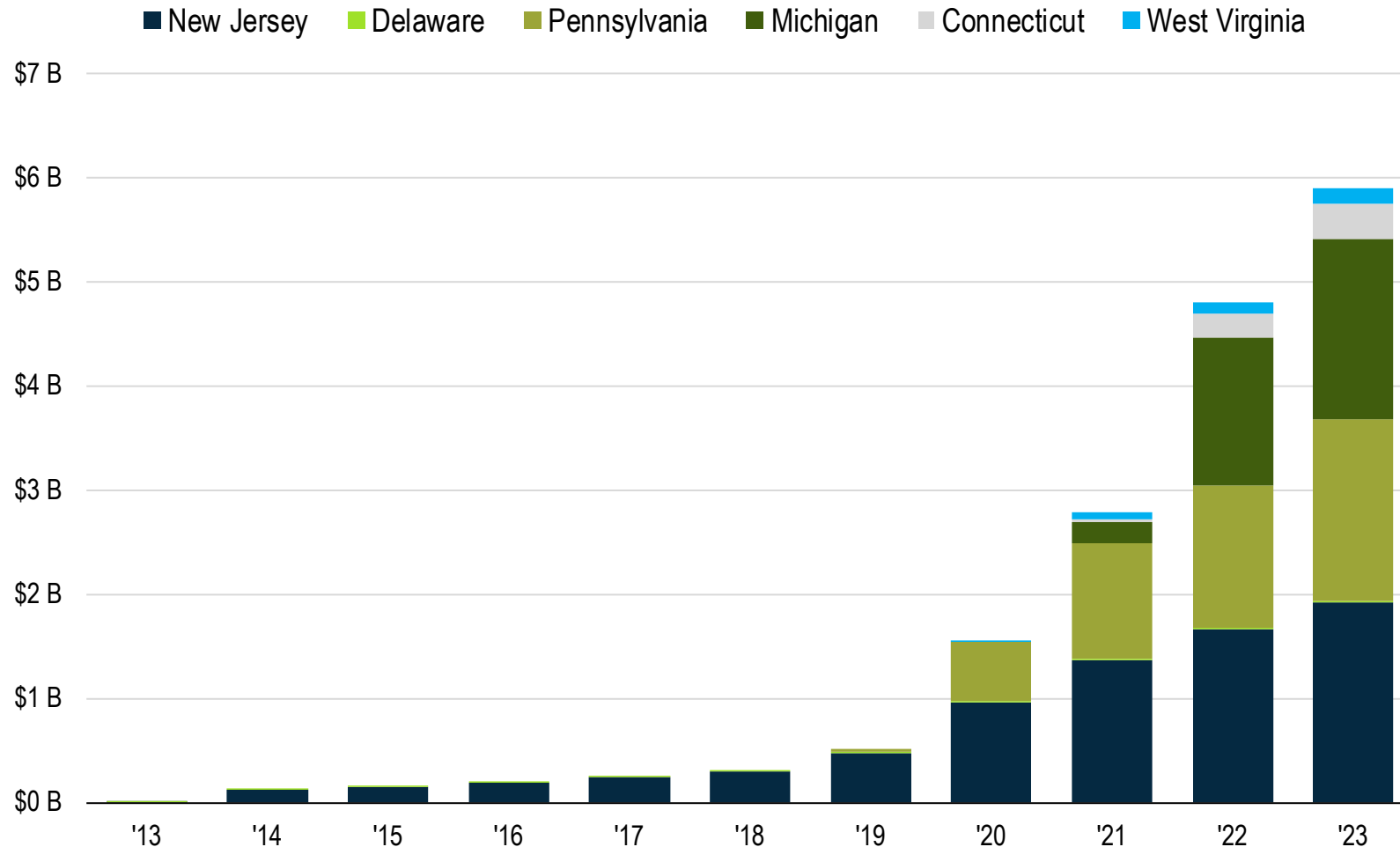
Much of the discussion around the taxation of iGaming involves two issues: Ensuring the rate is not so high as to be prohibitive to expansion and ensuring the rate is not so low that operators are incentivized to disinvest from brick-and-mortar operations. Most states have determined that 'sweet spot' to be between 15 and 20 percent for table games, while tax rates for other games vary to a wide degree depending on the state.

State	Slots	Table Games	Retail Electronic Gaming	Retail Table Game
New Jersey	17.5%	17.5%	9.25%	9.25%
Delaware	43.5%	34.0%	57.0%	20.0%
Pennsylvania	54.0%	16.0%	55.0%	16.0%
West Virginia	15.0%	15.0%	53.5%	35.0%
Michigan	20.0-28.0%	20.0-28.0%	19.0%	19.0%
Connecticut	18.0%	18.0/20.0%	0.0%	0.0%
Rhode Island	62.45%	16.5%	68.85-74.0%	17.0-19.0%

Source: American Gaming Association; Spectrum. Note: In Delaware the first \$3.75 million gross gaming revenue is taxed at 100 percent. Michigan's rate is tiered based on revenue. Connecticut's tax rate is scheduled to increase to 20 percent in 2026.

# iGaming Revenue

## Aggregated Performances by State



Source: Various state gaming regulatory agencies

New Jersey accounted for the vast majority of iGaming revenue through 2019, the point at which Pennsylvania introduced iGaming. Growth in iGaming revenue expanded rapidly after 2019. In New Jersey and Pennsylvania, growth rates increased amid the pandemic in 2020 and have continued a similar trajectory through 2023.

The trend in online gaming growth mirrors the shift to online shopping during the pandemic, when reduced operational capacities and public health concerns moved consumers to favor online activity at home.

The addition of three other states with iGaming since 2020 have added to the growth in revenue over the past few years.

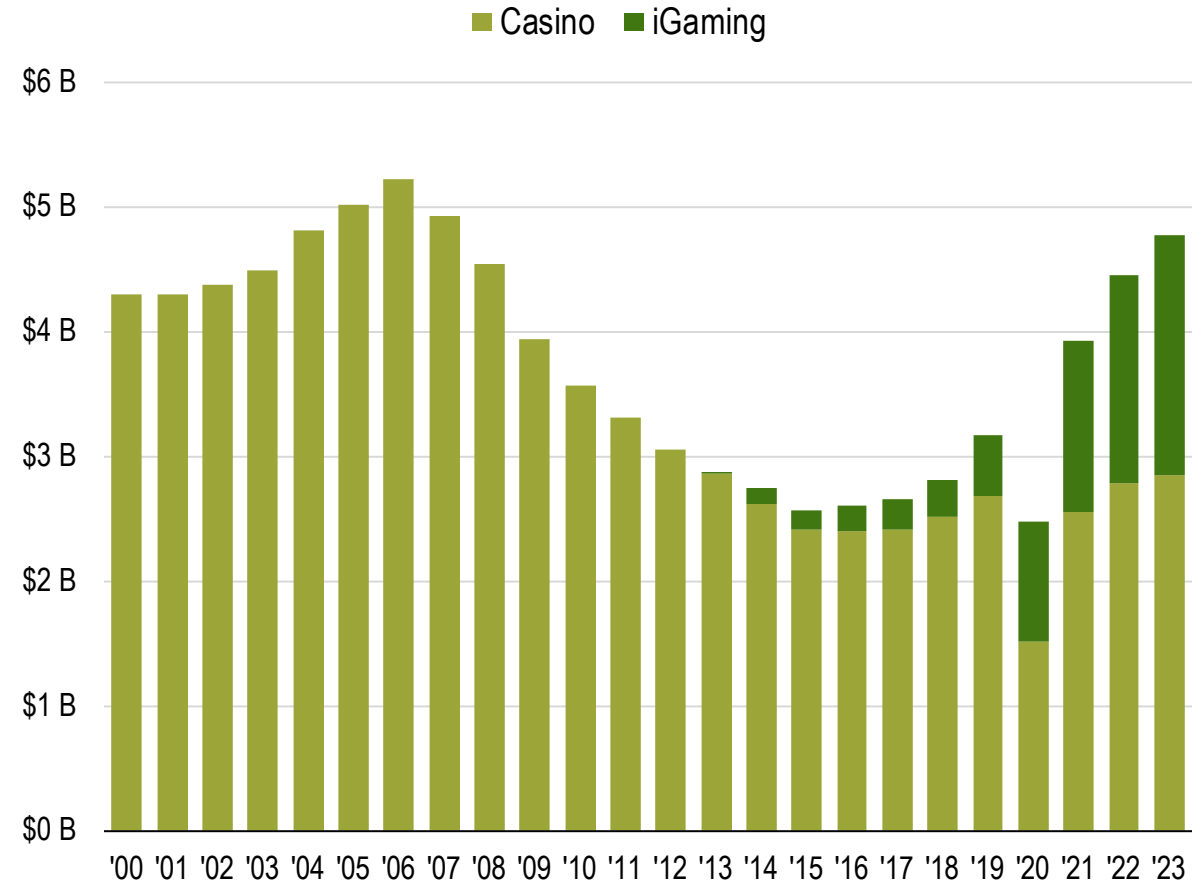
# Gaming

## New Jersey



2023 Snapshot	Value	Per Capita	Share of Income
Population (21+)	6,954,600	N/A	N/A
Income	\$739.62 Billion	N/A	N/A
Casino Revenue	\$2.85 Billion	\$409.50	0.39%
iGaming Revenue	\$1.92 Billion	\$276.62	0.26%
Combined Revenue	\$4.77 Billion	\$686.12	0.65%

### Gaming Revenue



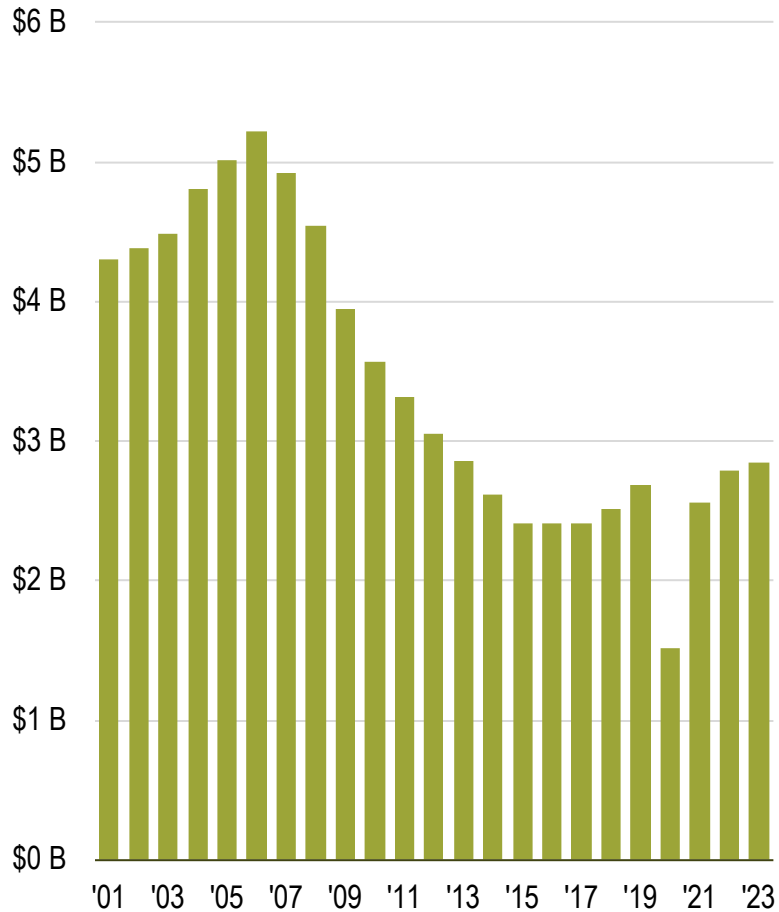
Source: New Jersey Division of Gaming Enforcement; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis (note: revenues exclude sports betting)



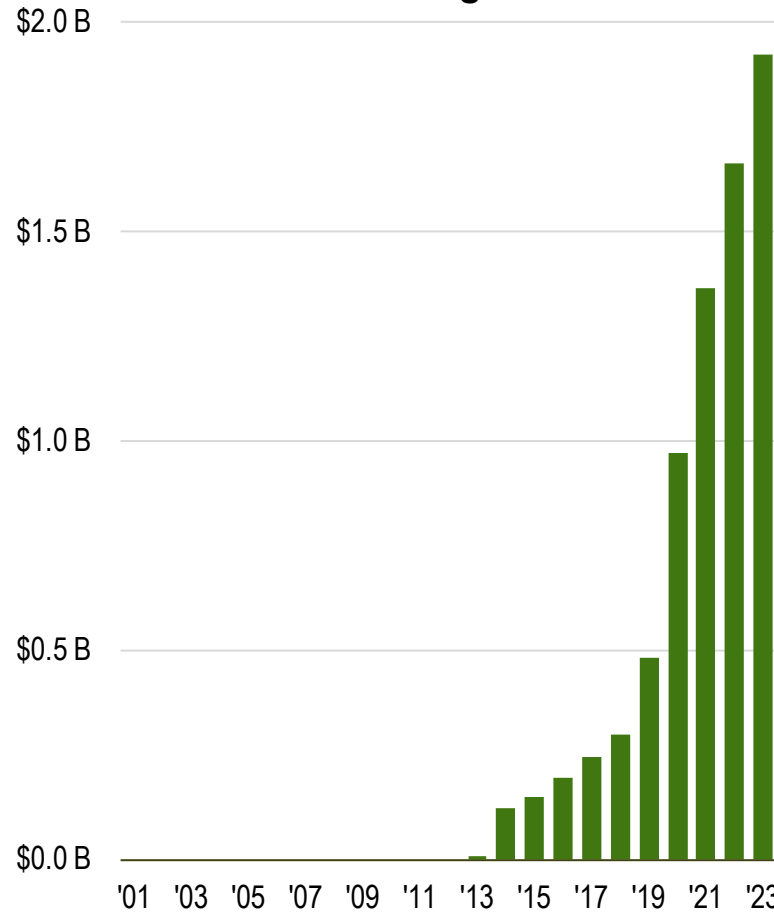
# Gaming Revenue

## New Jersey

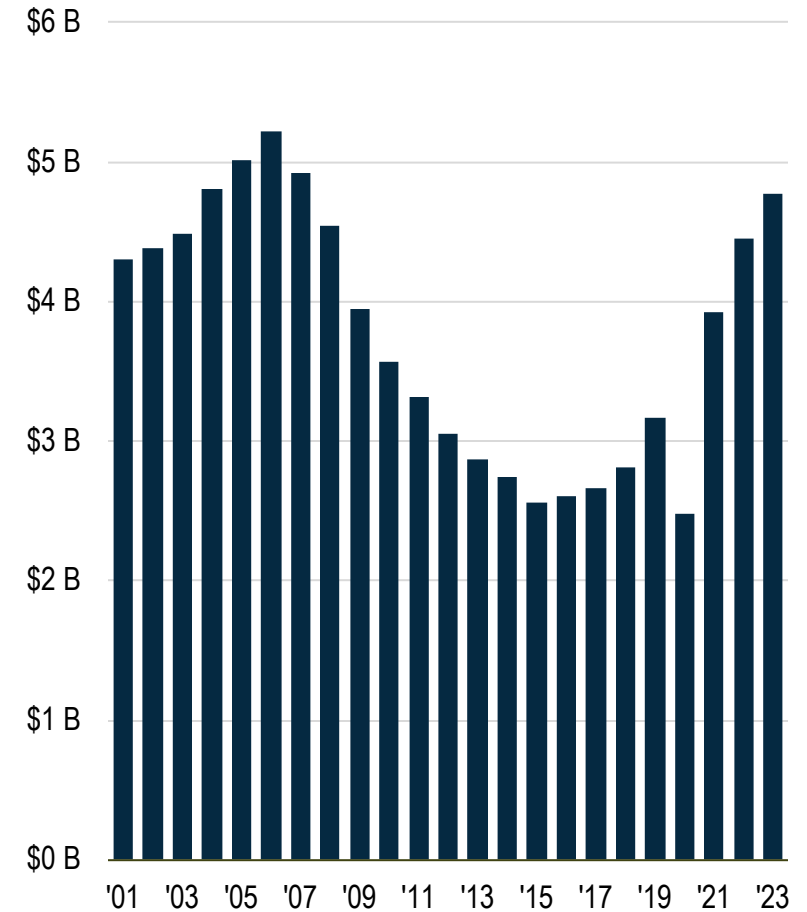
### Casino



### iGaming



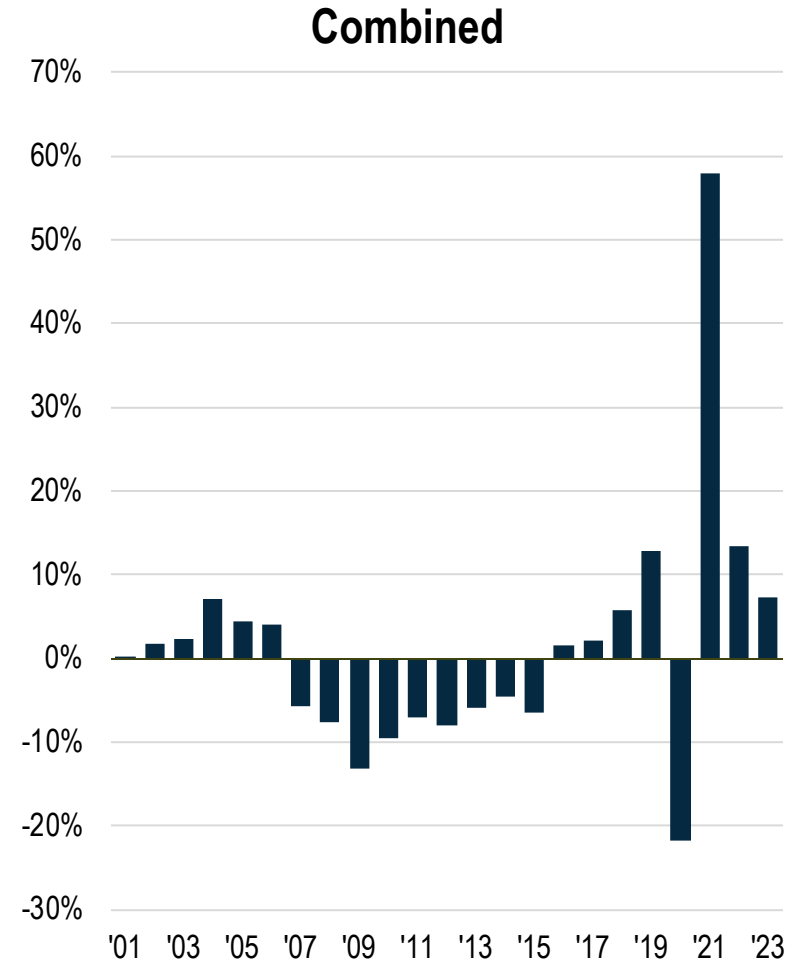
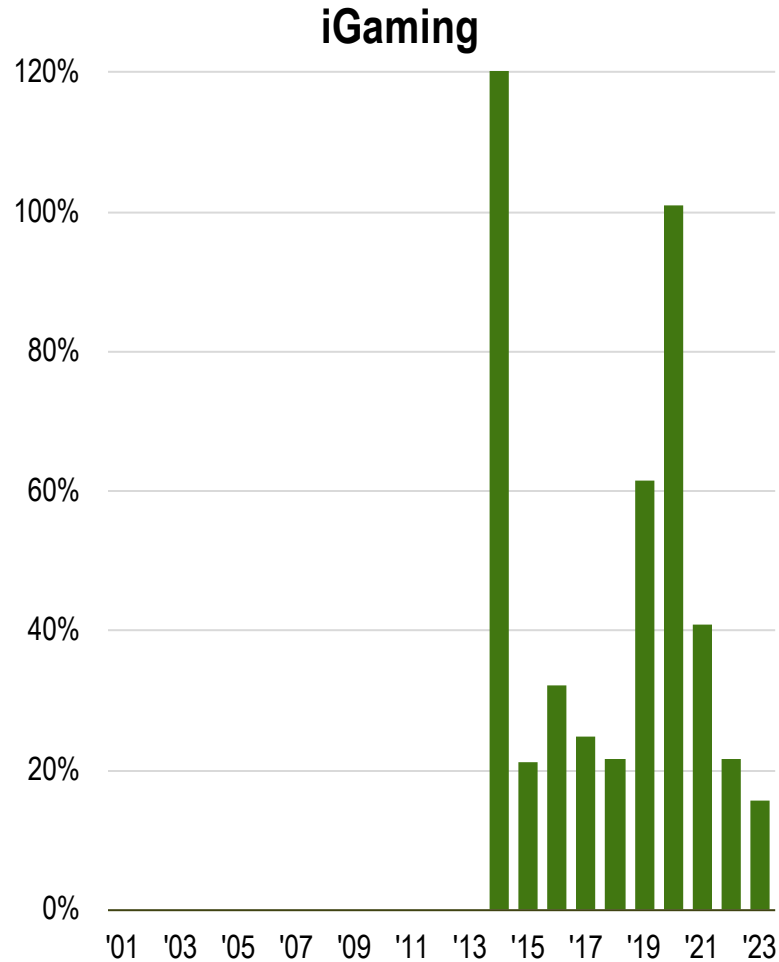
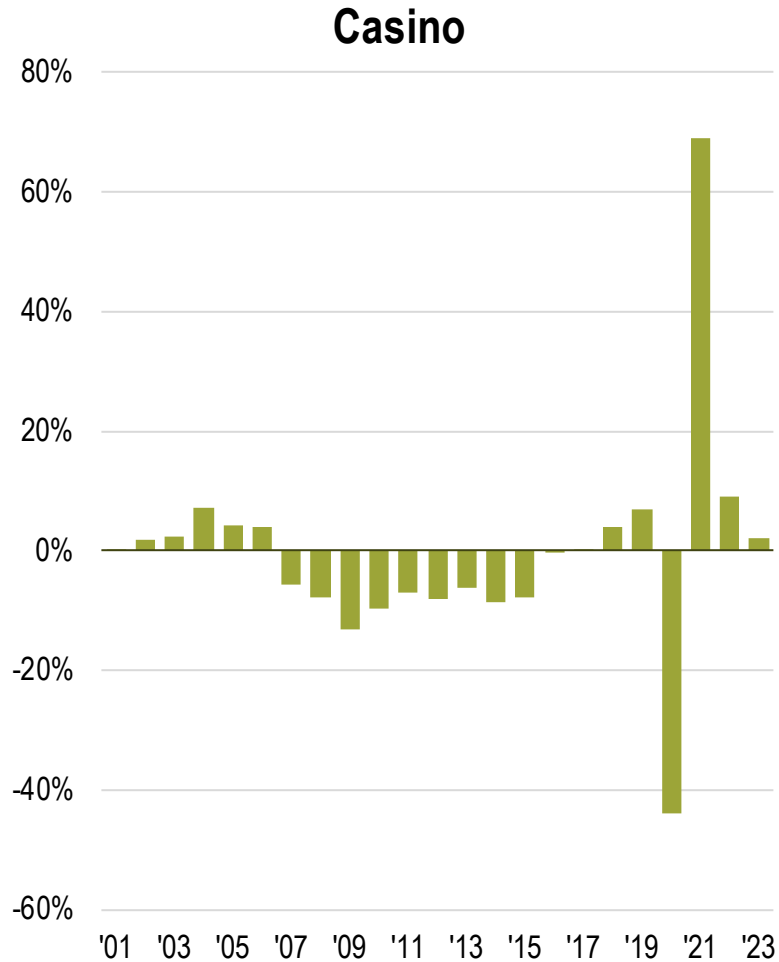
### Combined



Source: New Jersey Division of Gaming Enforcement

# Gaming Revenue Annual Growth (%)

## New Jersey

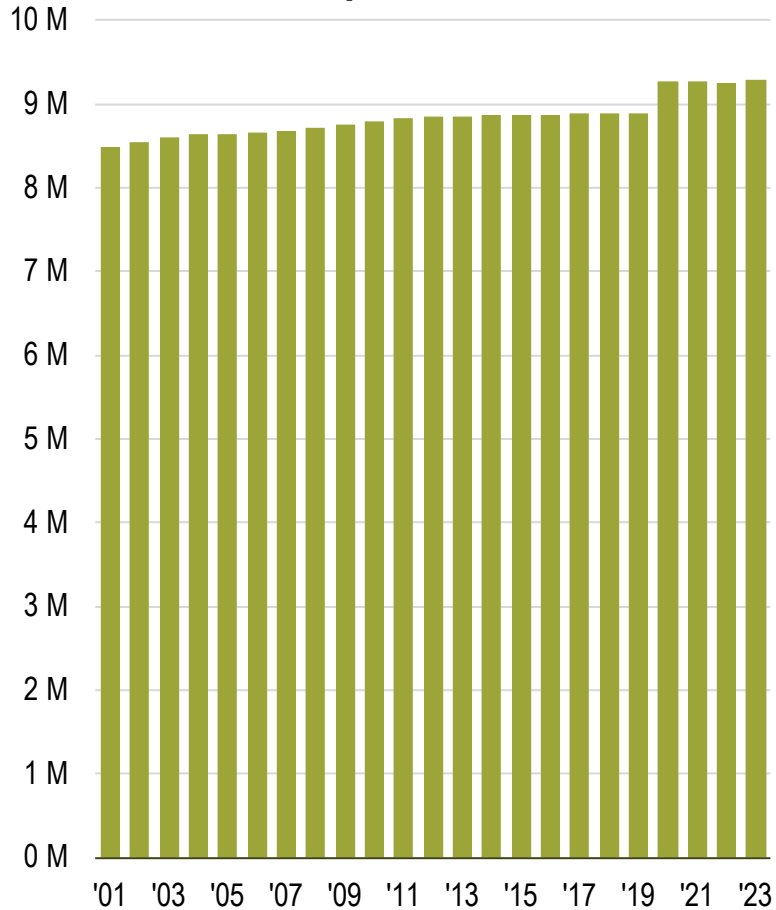


Source: New Jersey Division of Gaming Enforcement, Applied Analysis. Note: Some chart axes adjusted for clarity.

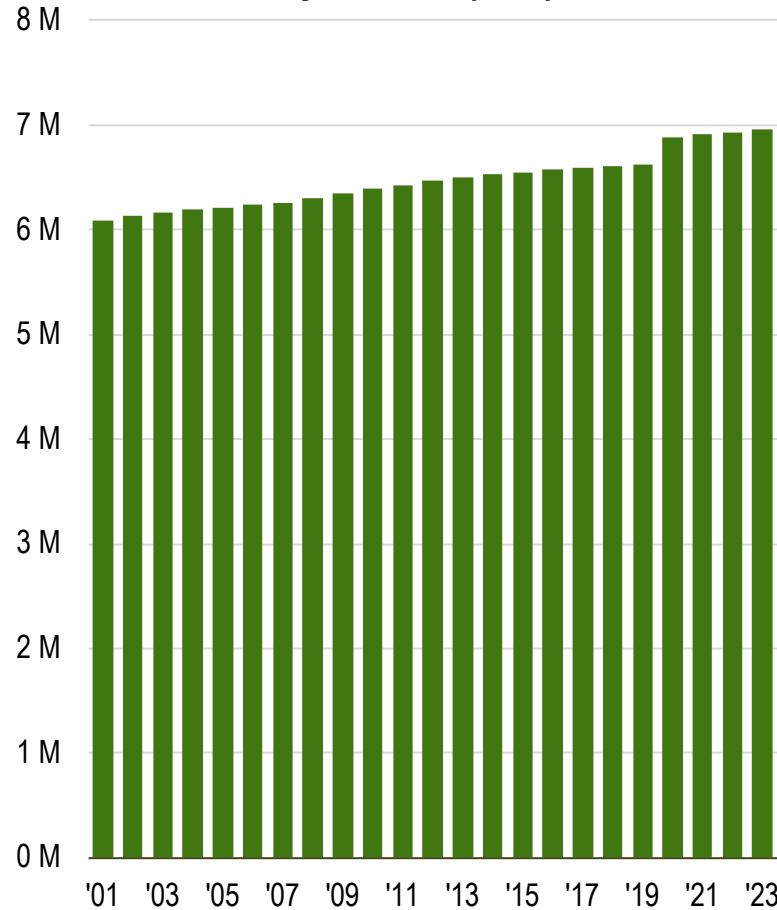
# Economic Base

## New Jersey

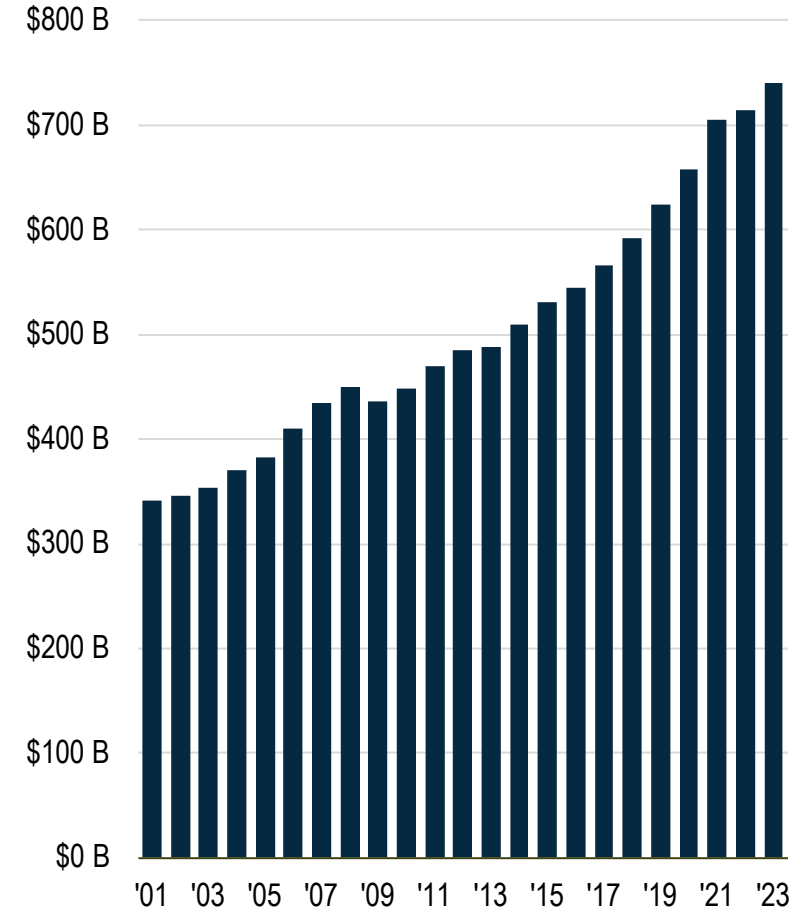
### Population



### Population (21+)



### Personal Income

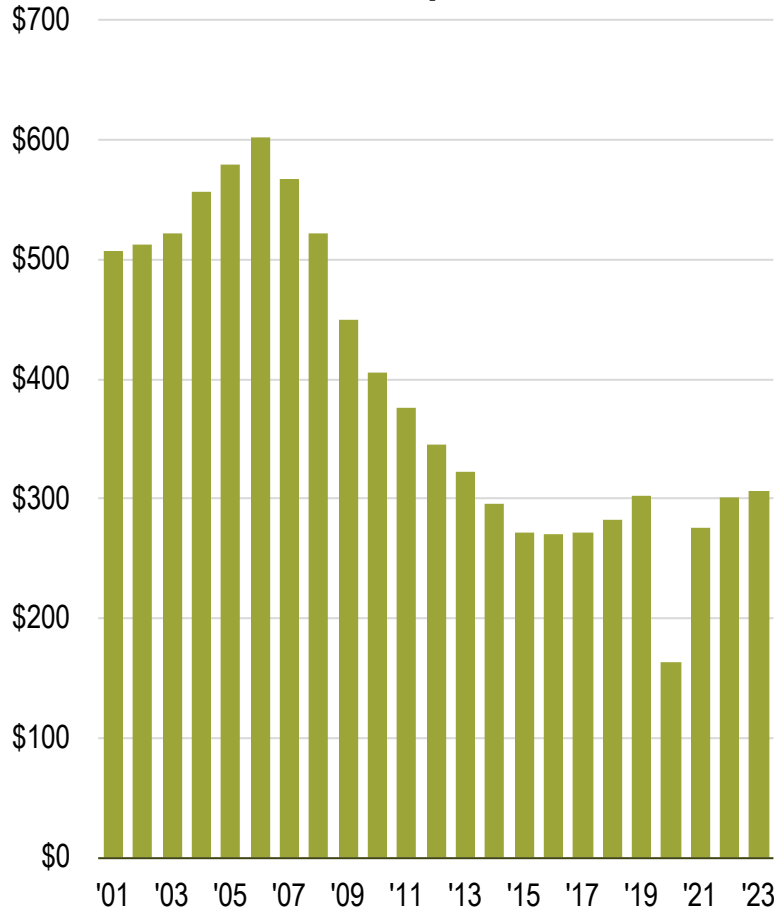


Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

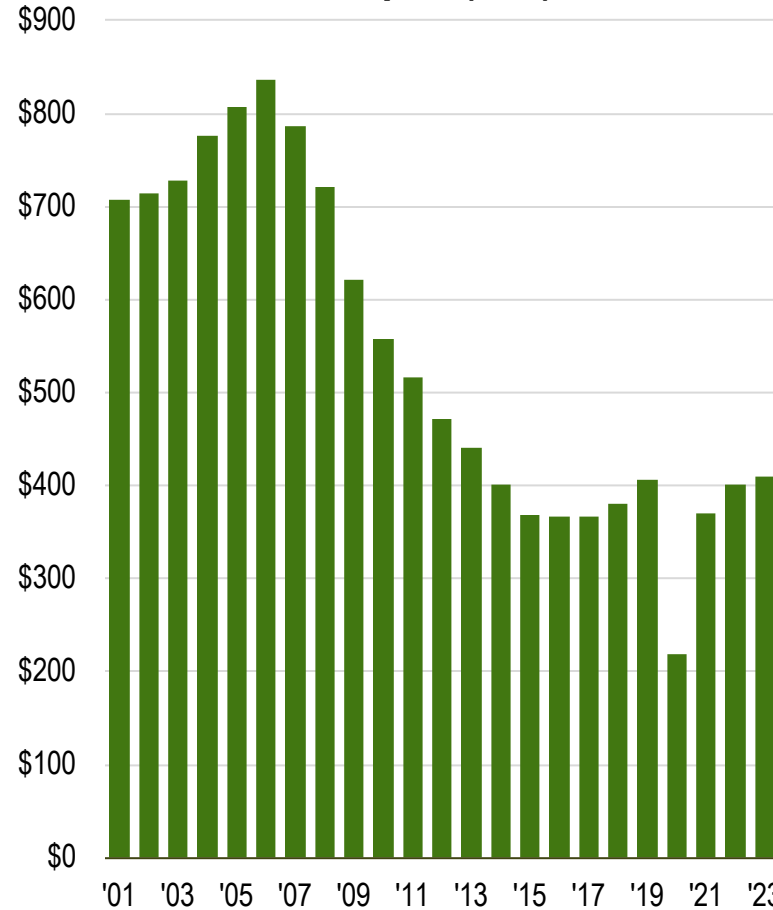
# Casino Revenue per Metric

## New Jersey

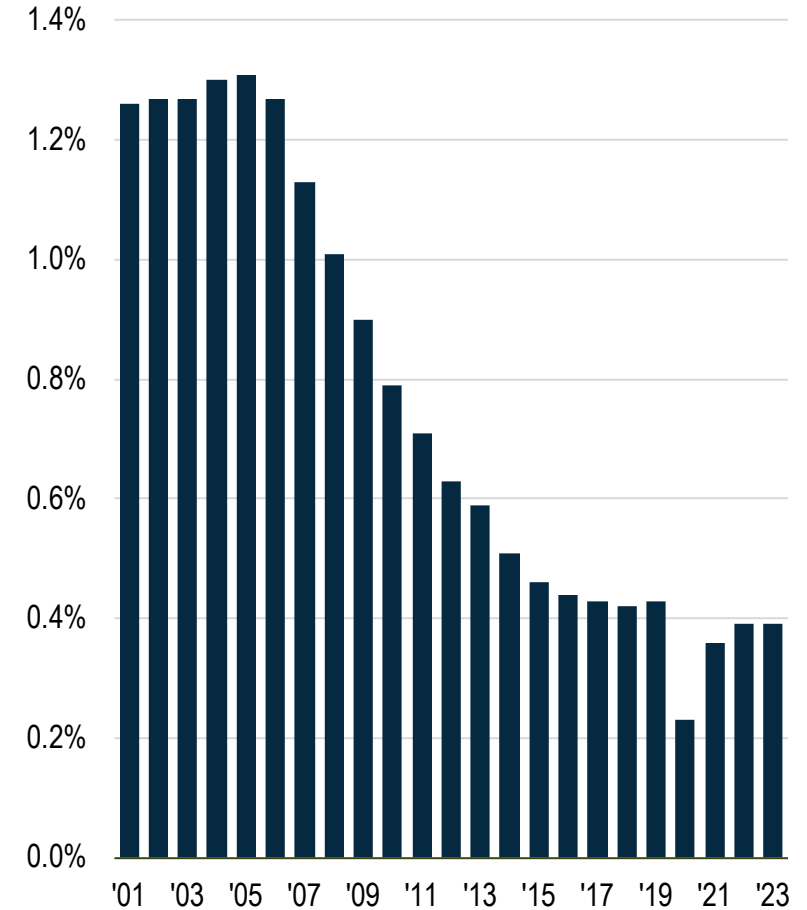
Per Capita



Per Capita (21+)



Share of Personal Income

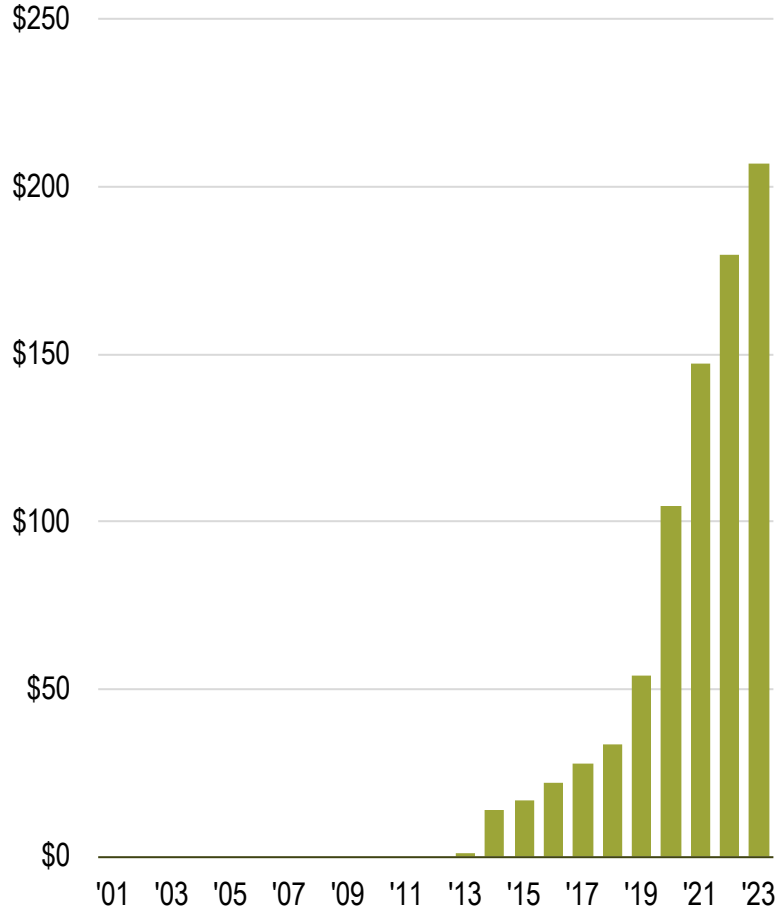


Source: New Jersey Division of Gaming Enforcement; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

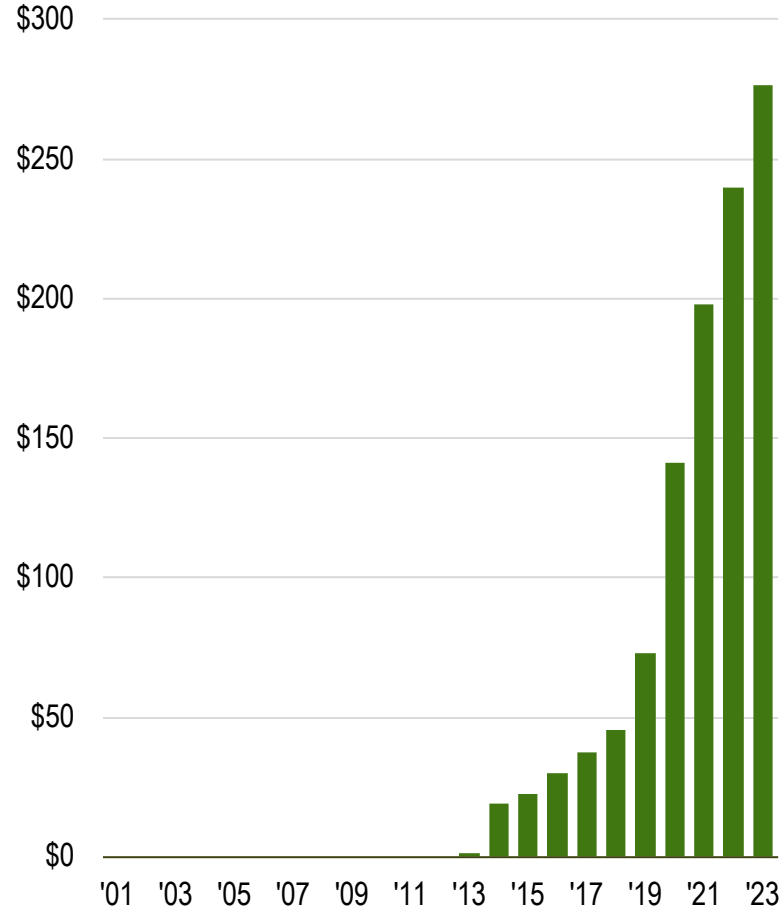
# iGaming Revenue per Metric

## New Jersey

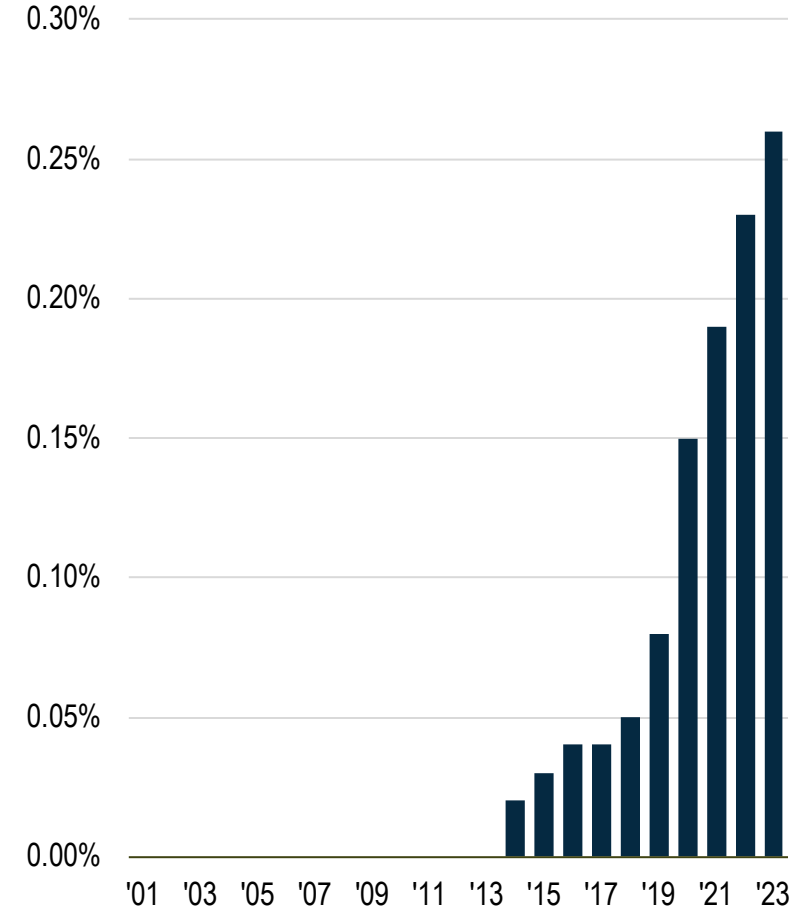
Per Capita



Per Capita (21+)



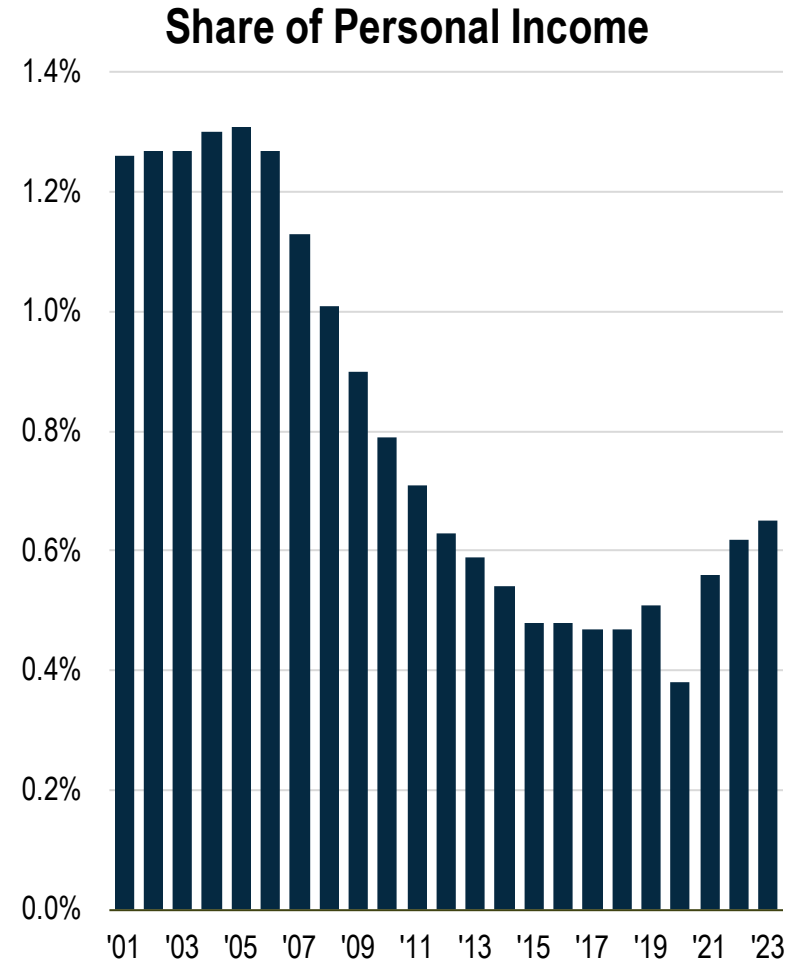
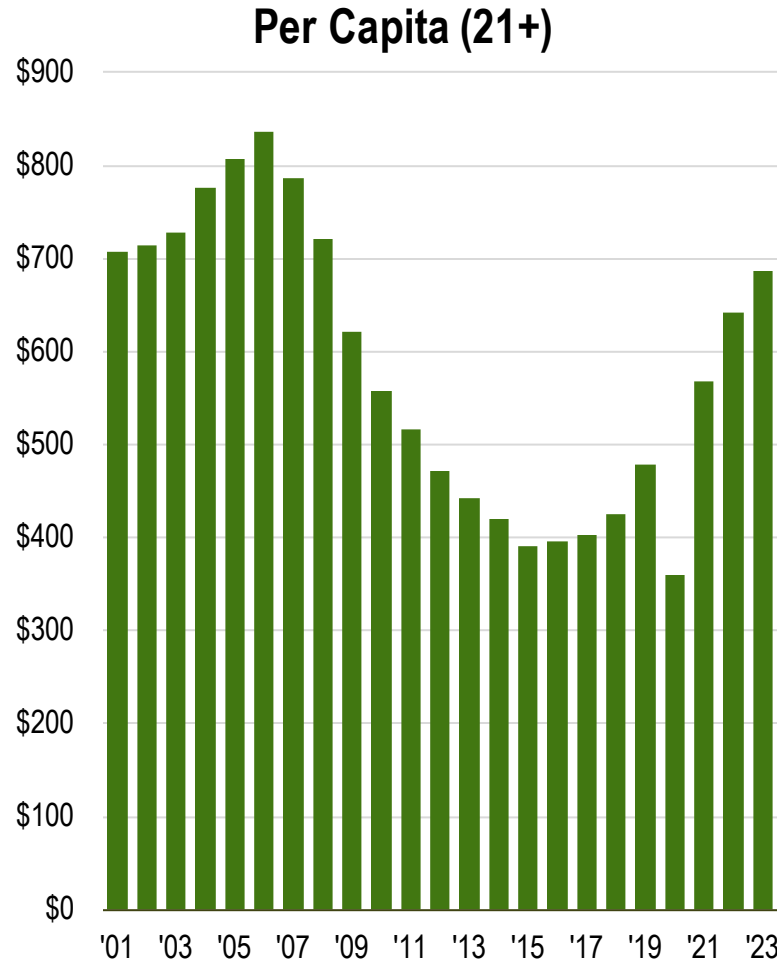
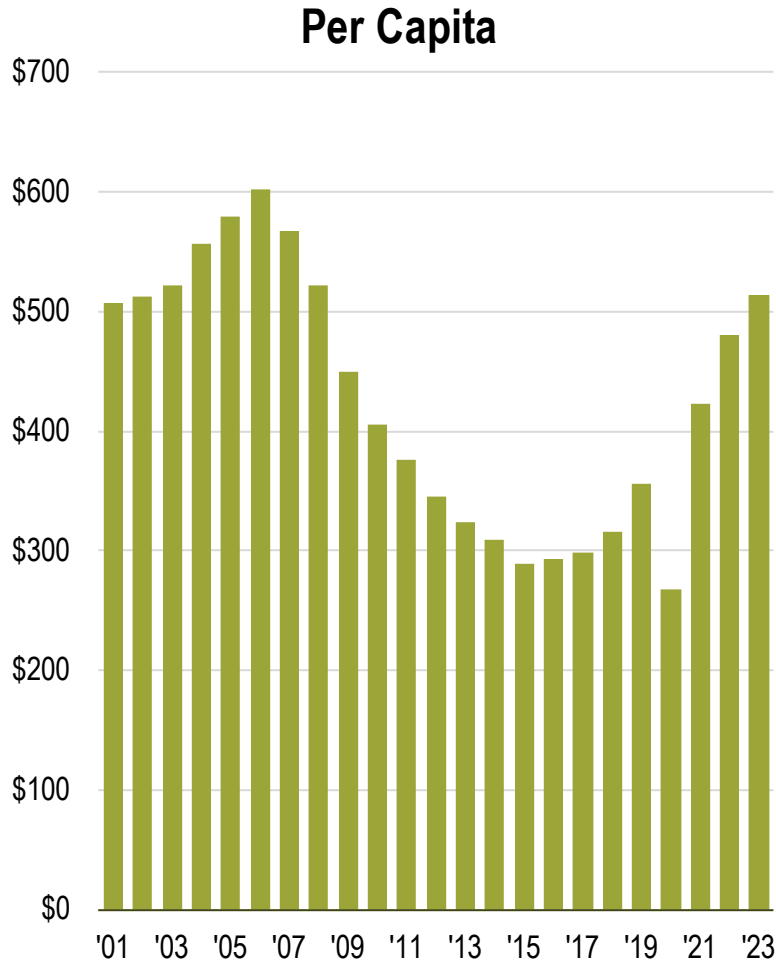
Share of Personal Income



Source: New Jersey Division of Gaming Enforcement; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

# Combined Gaming Revenue per Metric

## New Jersey



Source: New Jersey Division of Gaming Enforcement; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

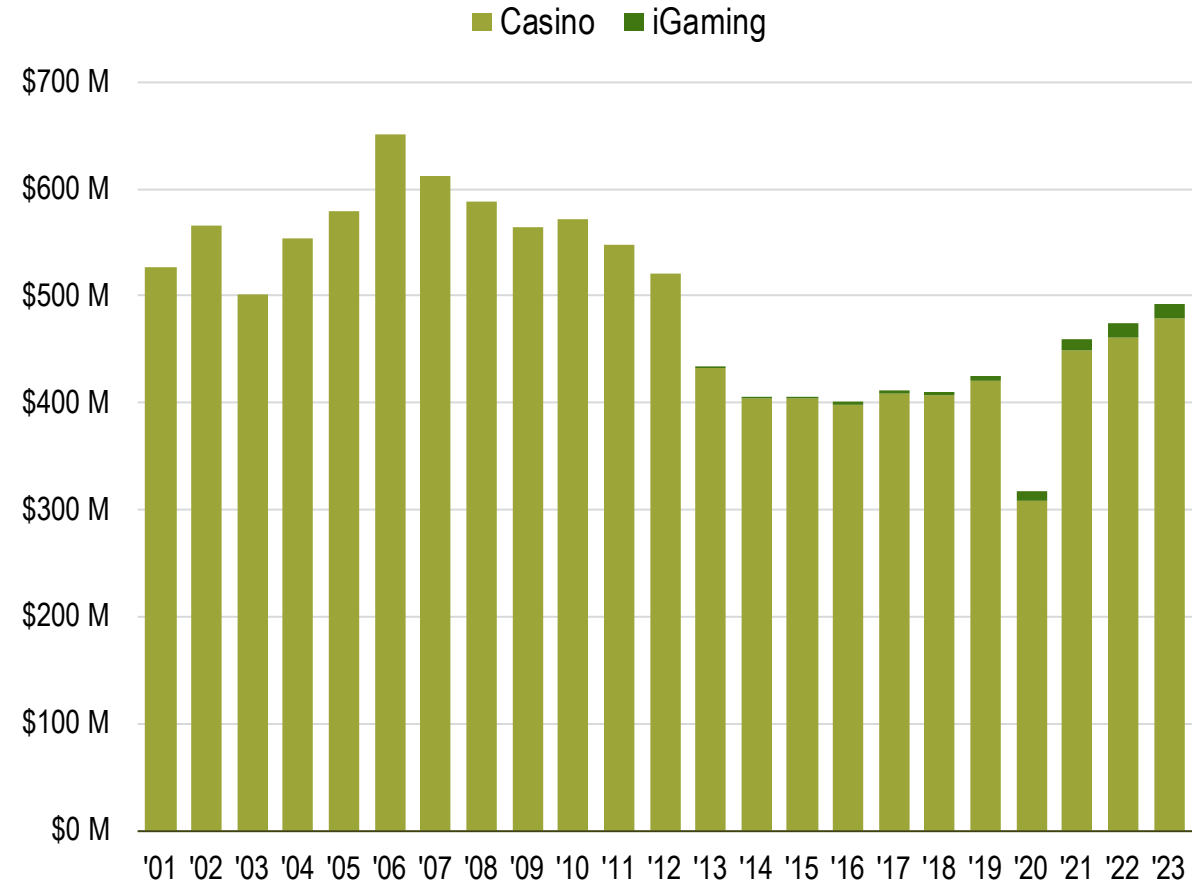
# Gaming

## Delaware



2023 Snapshot	Value	Per Capita	Share of Income
Population (21+)	777,700	N/A	N/A
Income	\$66.95 Billion	N/A	N/A
Casino Revenue	\$478.41 Million	\$463.62	0.71%
iGaming Revenue	\$14.07 Million	\$18.10	0.02%
Combined Revenue	\$492.48 Million	\$477.26	0.74%

### Gaming Revenue

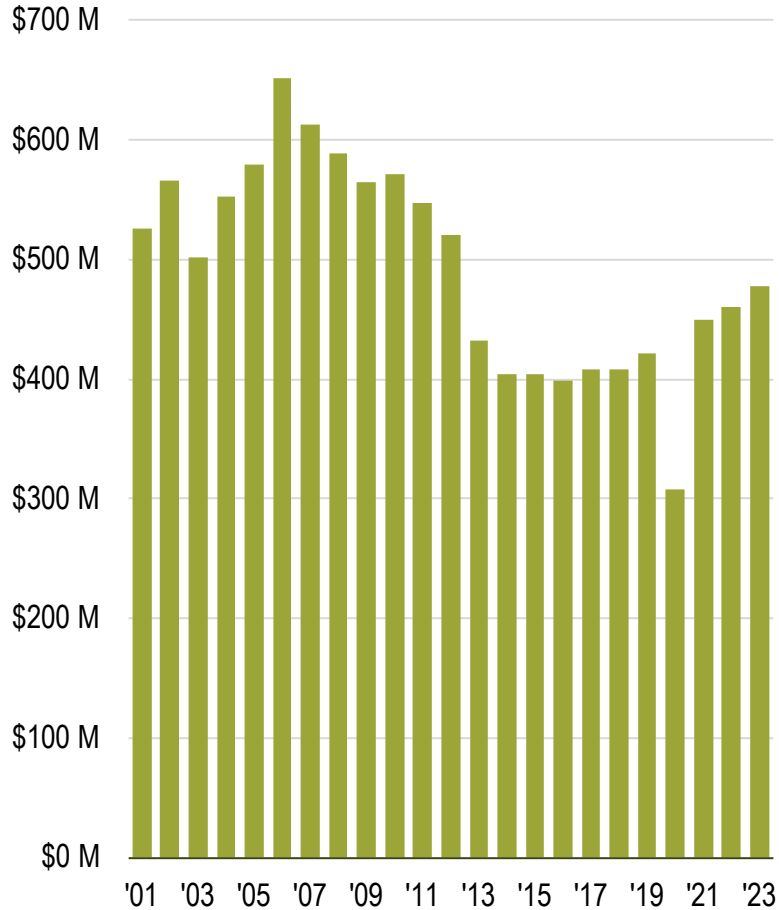


Source: Delaware Lottery; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

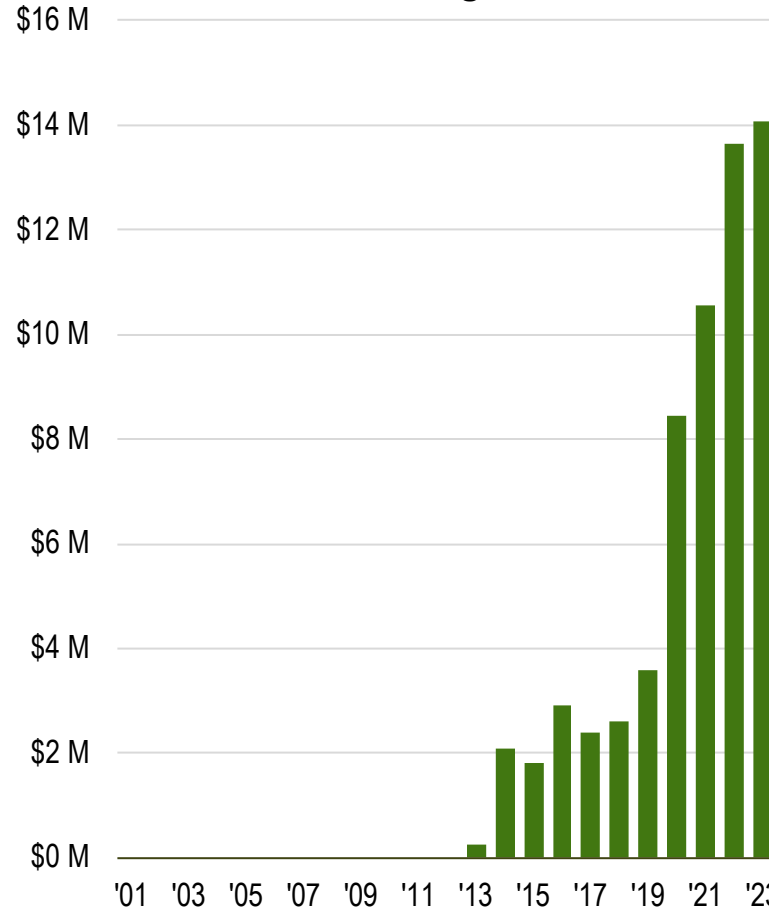
# Gaming Revenue

## Delaware

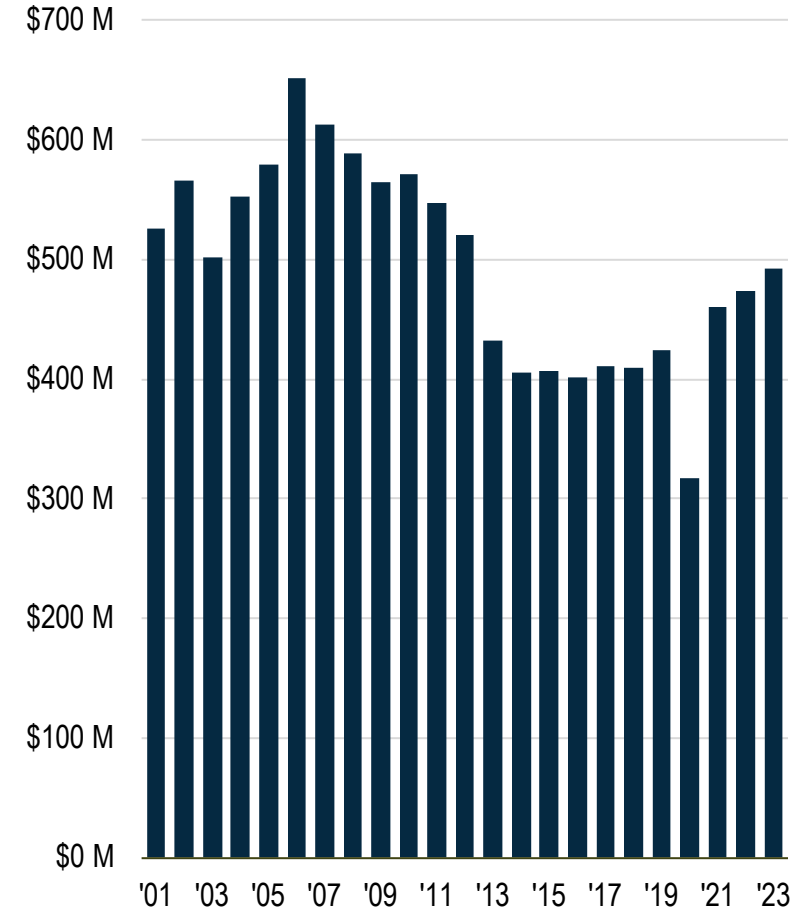
### Casino



### iGaming



### Combined



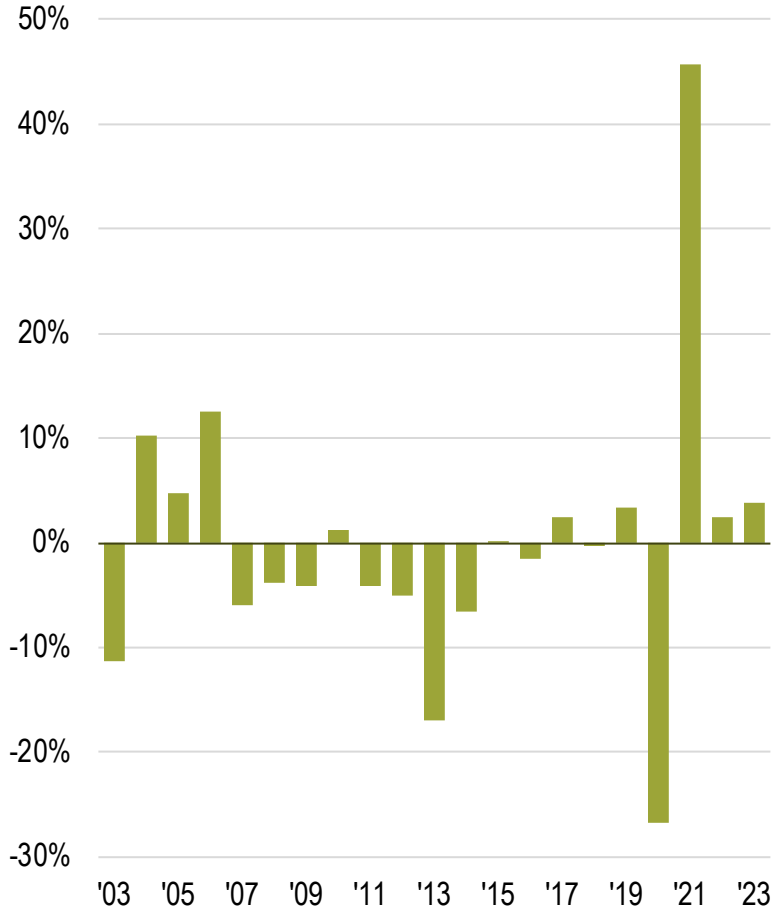
Source: Delaware Lottery



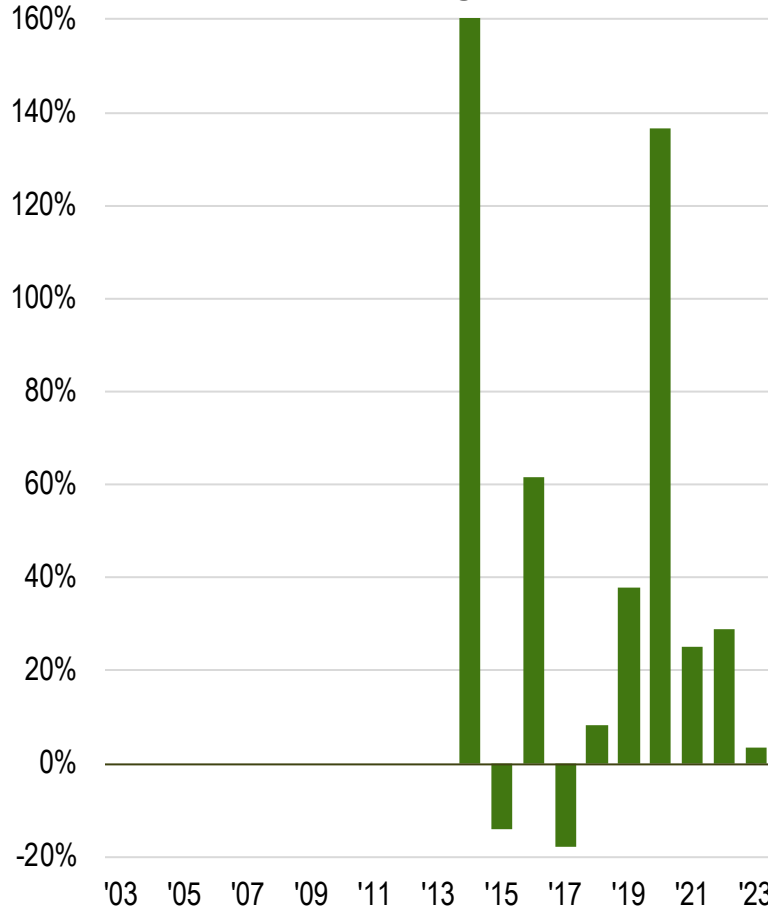
# Gaming Revenue Annual Growth (%)

## Delaware

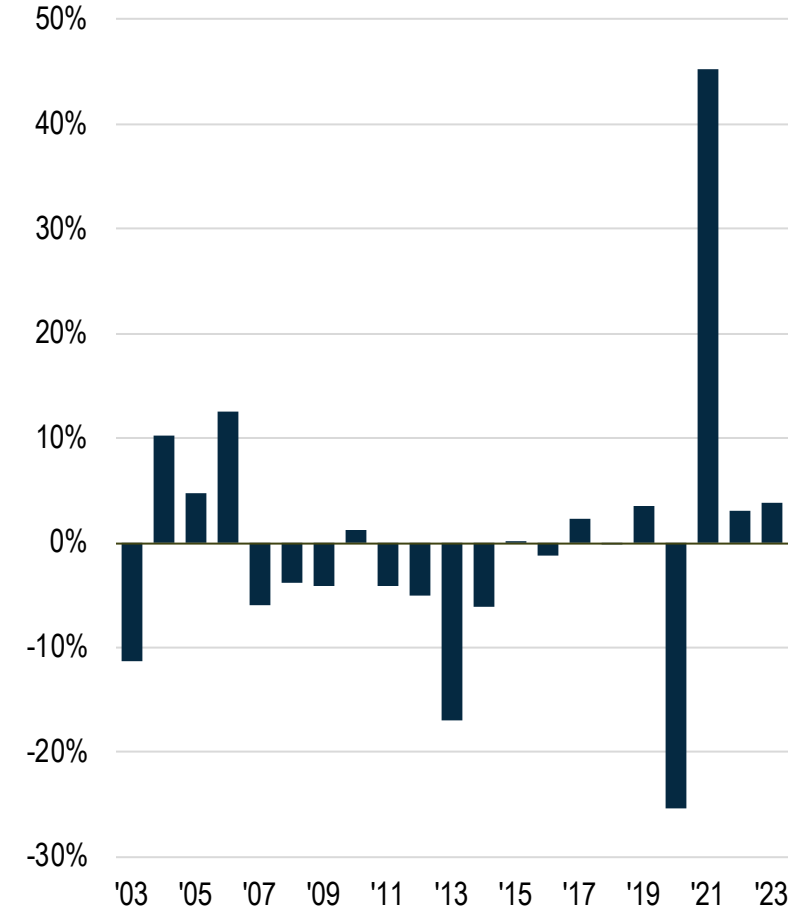
### Casino



### iGaming



### Combined

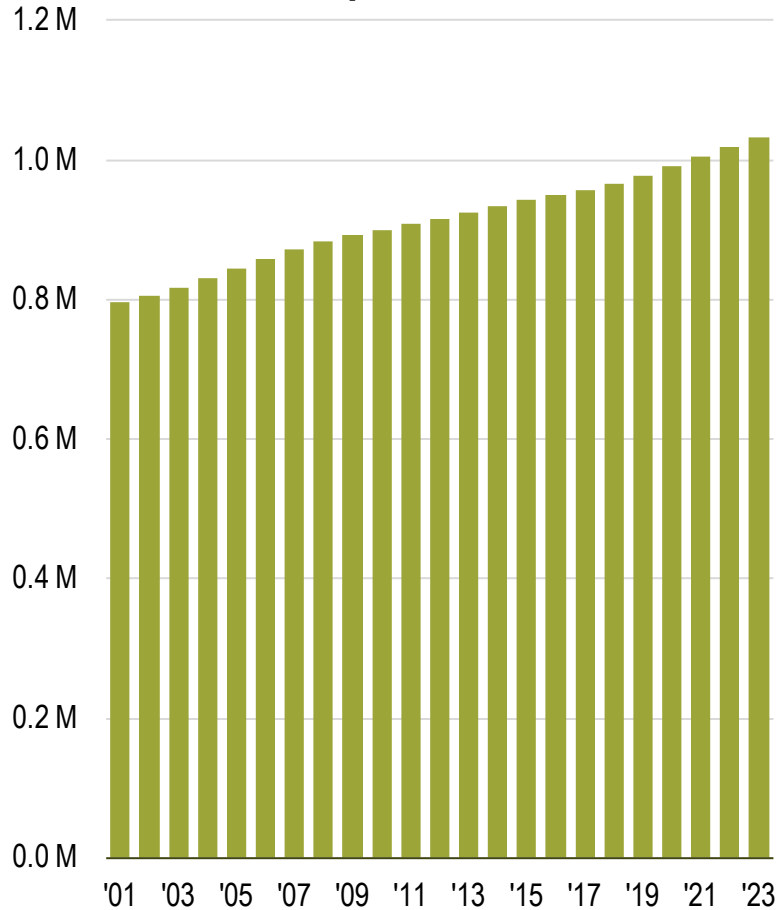


Source: Delaware Lottery; Applied Analysis. Note: Some chart axes adjusted for clarity.

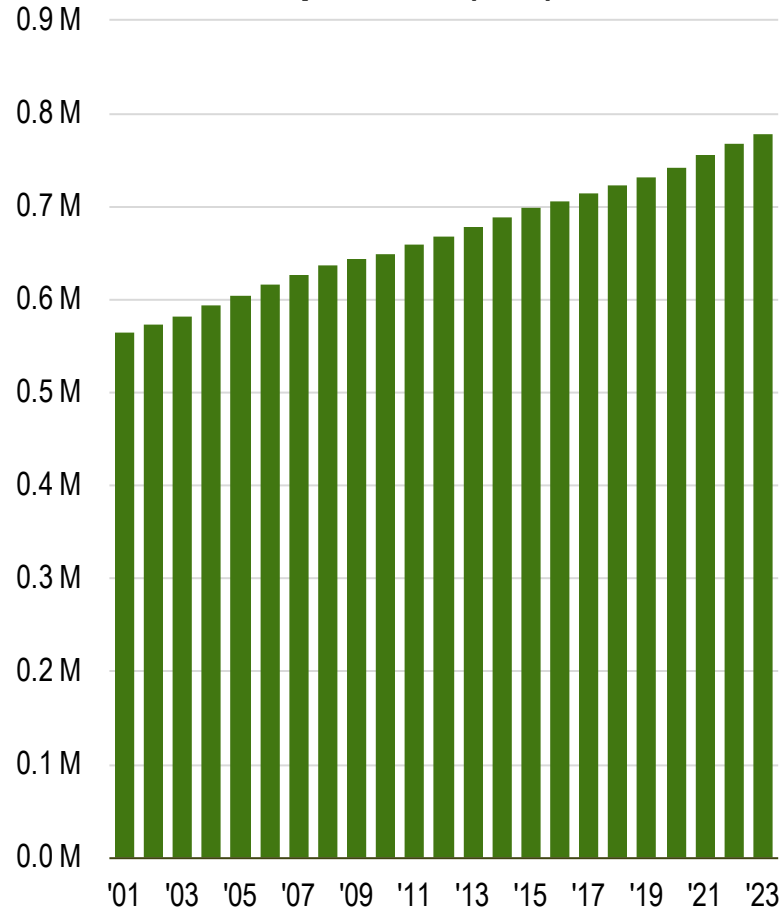
# Economic Base

## Delaware

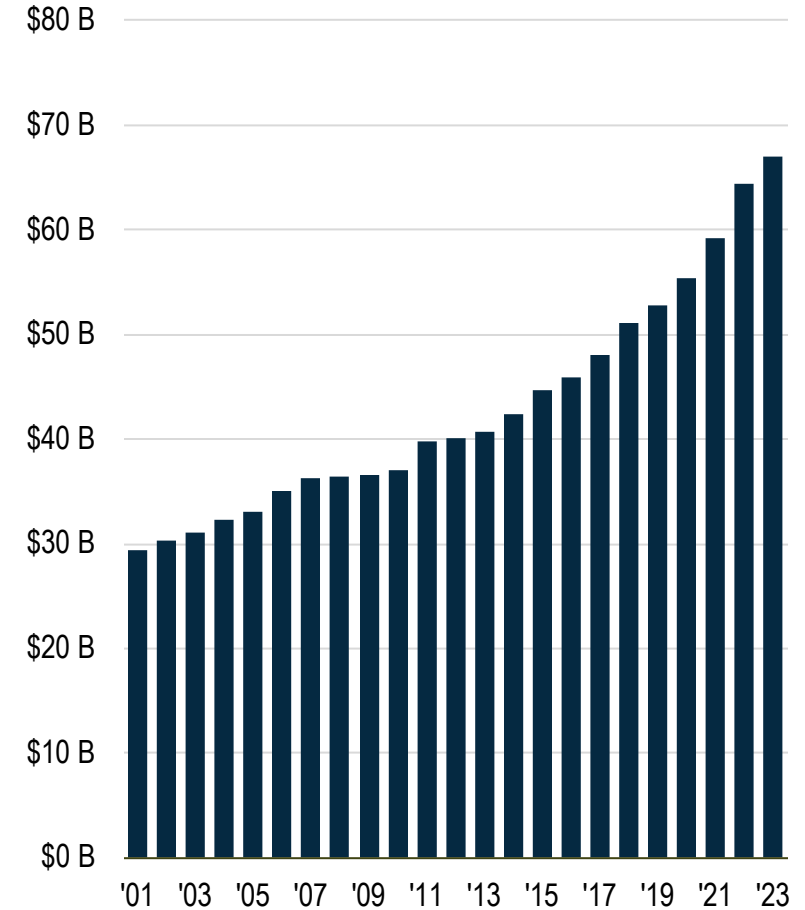
### Population



### Population (21+)



### Personal Income

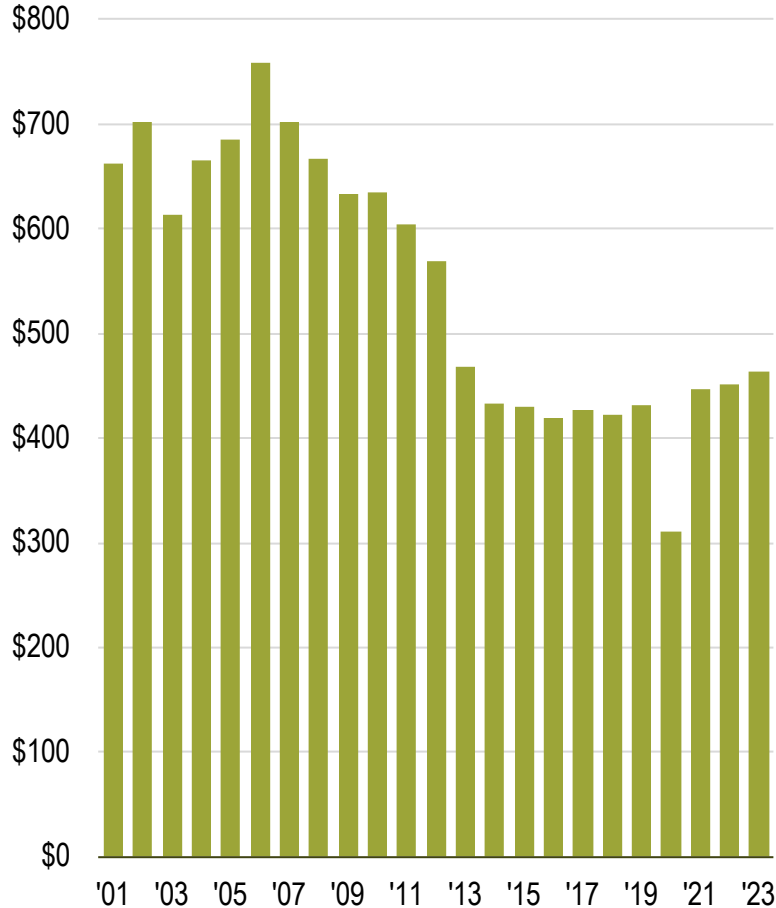


Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

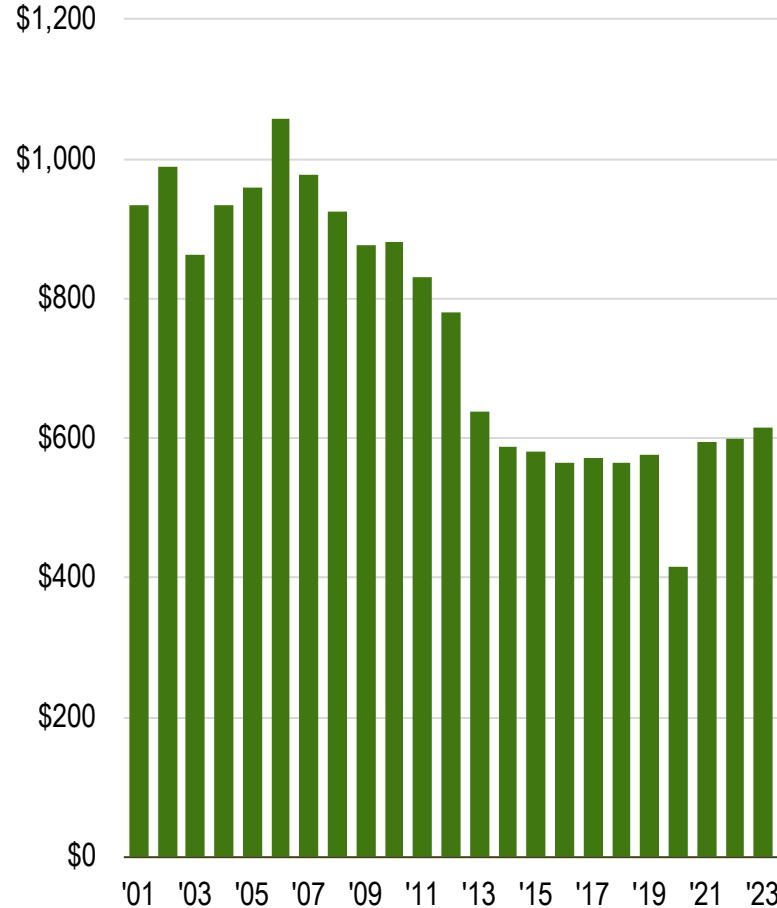
# Casino Revenue per Metric

## Delaware

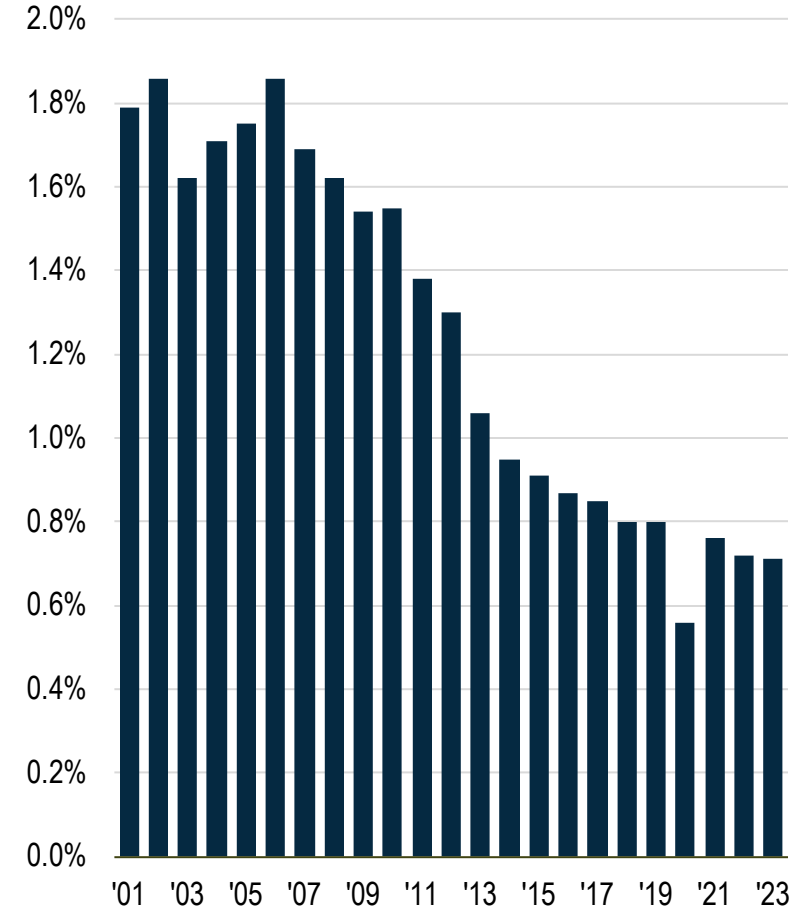
Per Capita



Per Capita (21+)



Share of Personal Income

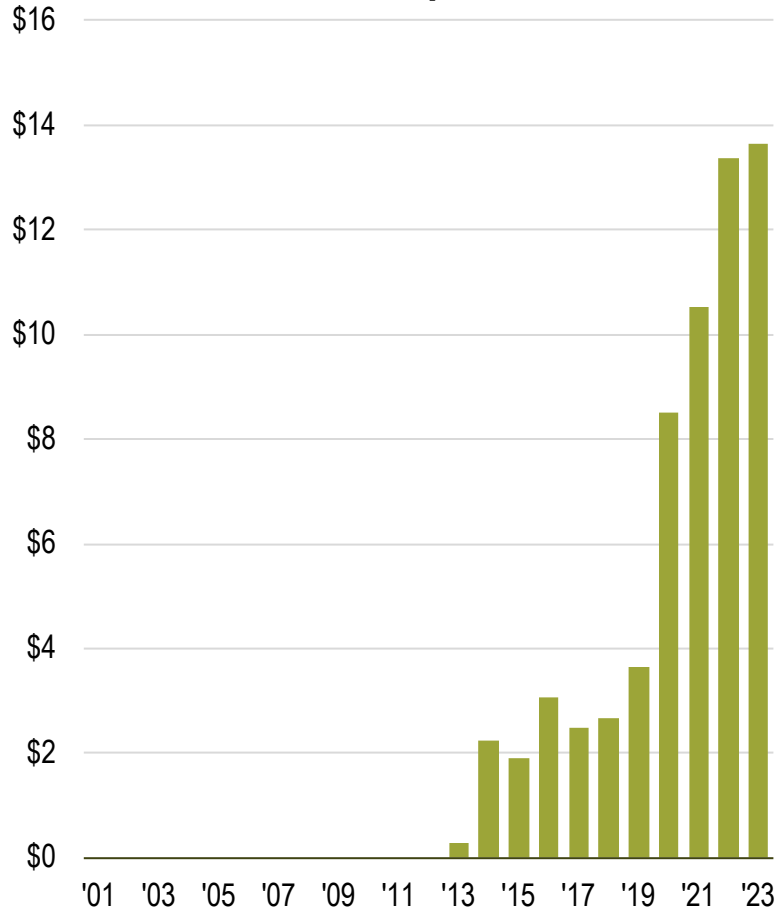


Source: Delaware Lottery; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

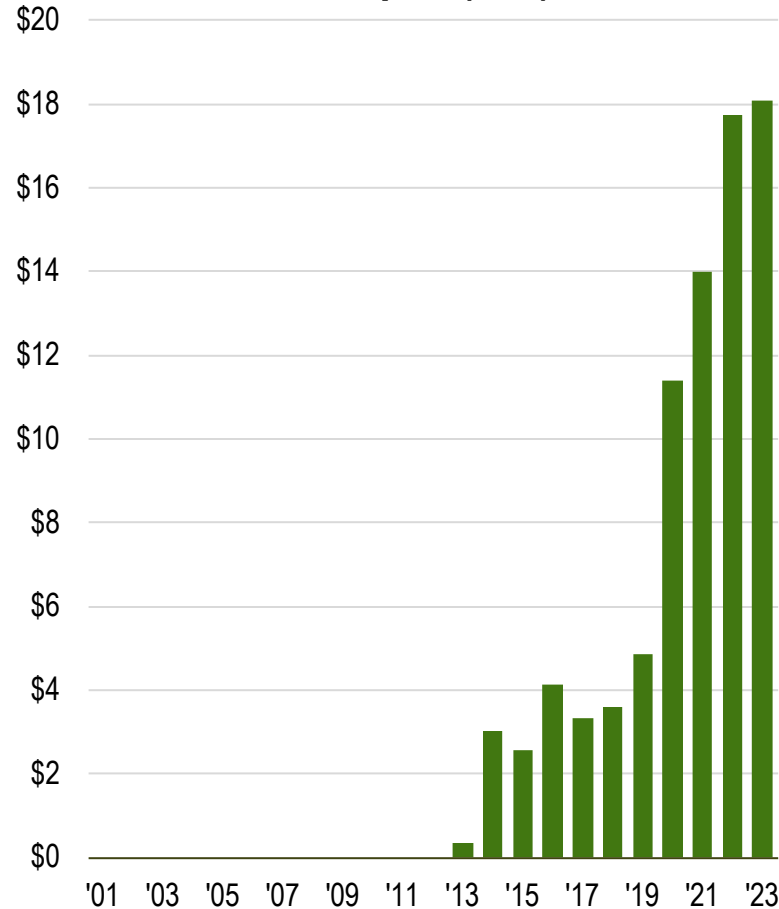
# iGaming Revenue per Metric

## Delaware

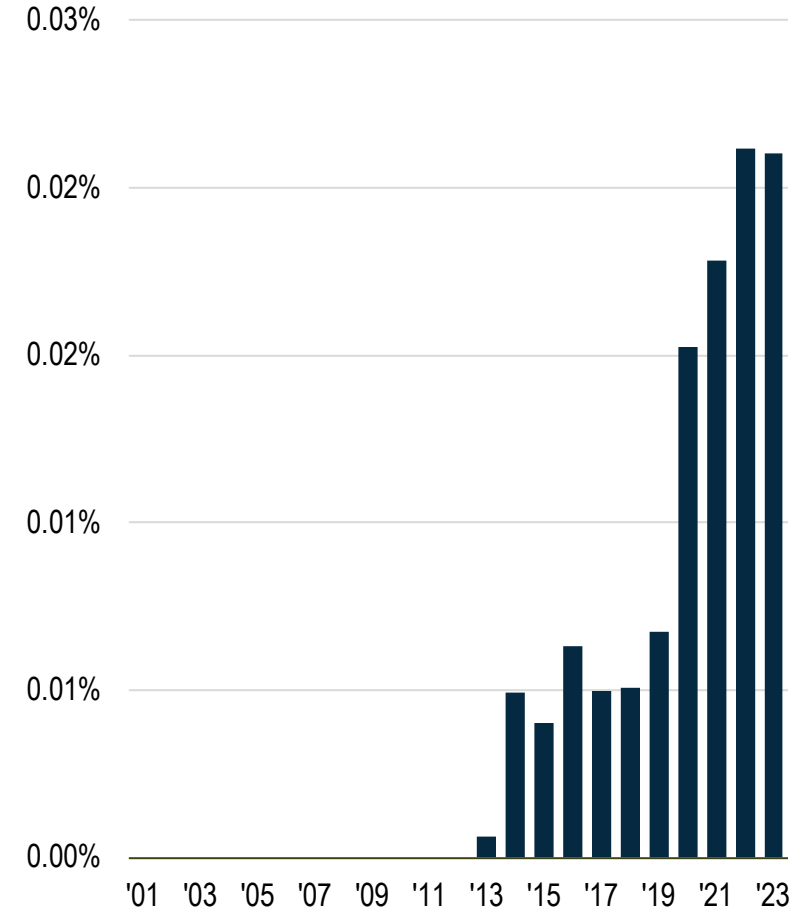
Per Capita



Per Capita (21+)



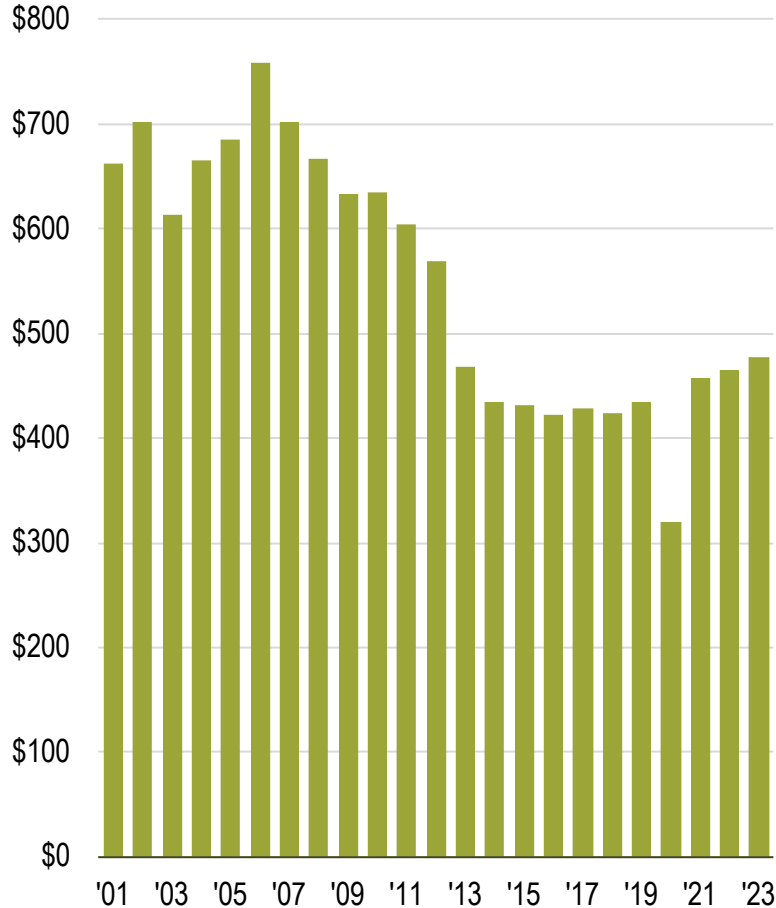
Share of Personal Income



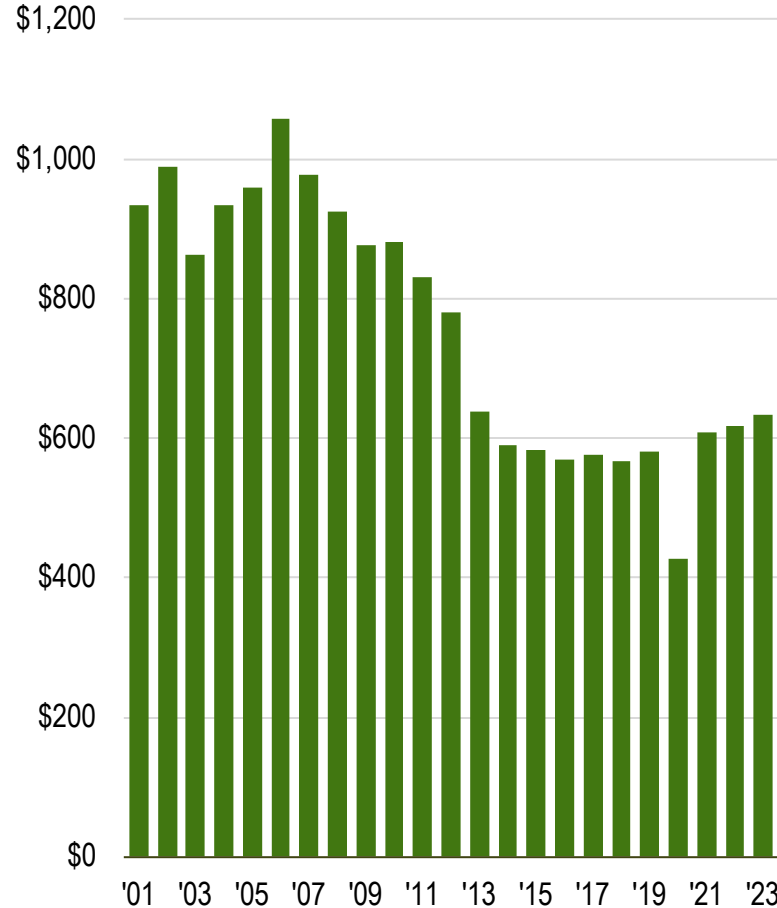
Source: Delaware Lottery; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

# Combined Gaming Revenue per Metric Delaware

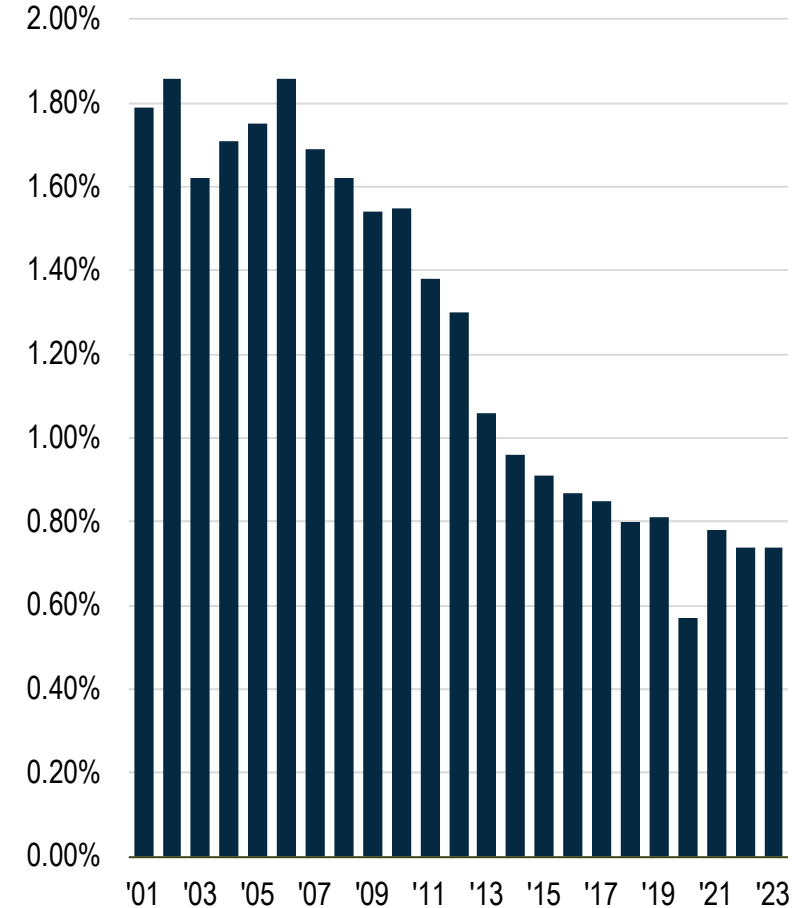
Per Capita



Per Capita (21+)



Share of Personal Income



Source: Delaware Lottery; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

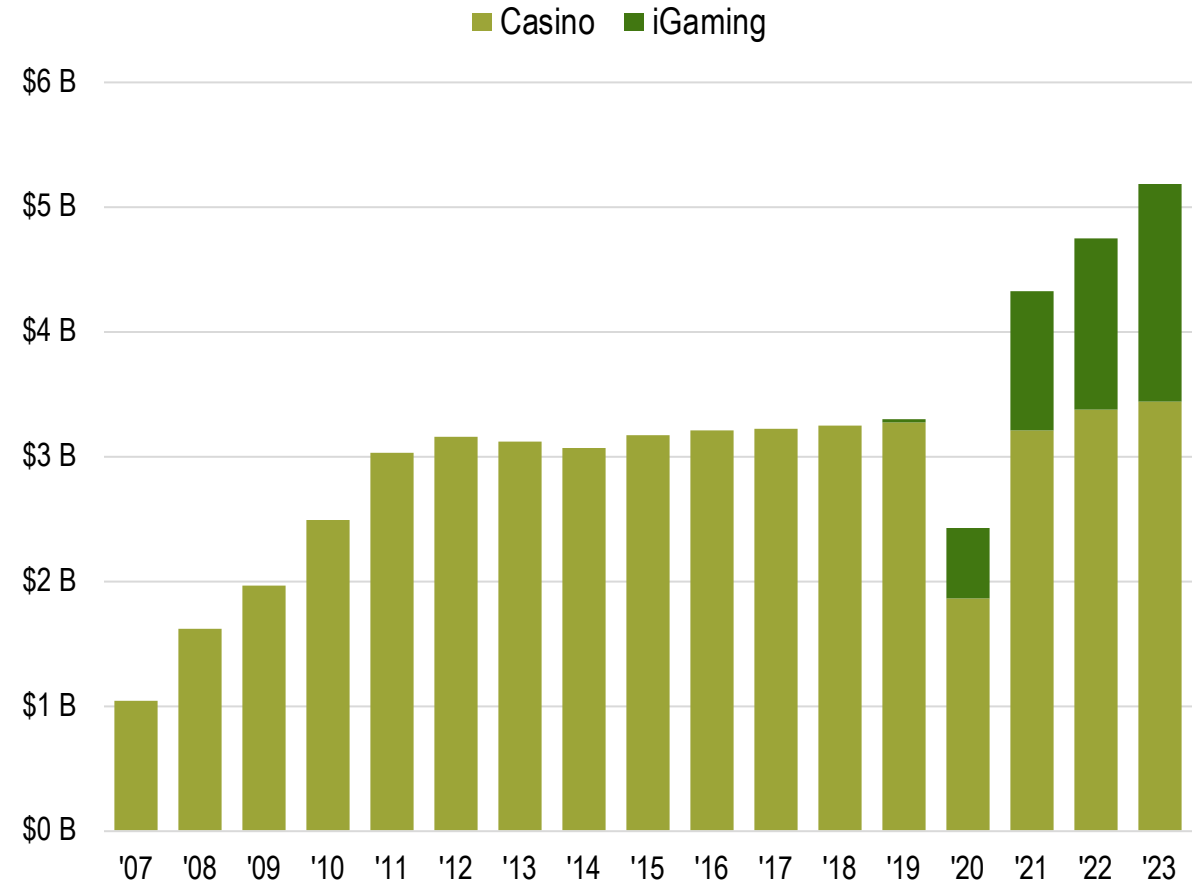
# Gaming

## Pennsylvania



2023 Snapshot	Value	Per Capita	Share of Income
Population (21+)	9,800,200	N/A	N/A
Income	\$869.49 Billion	N/A	N/A
Casino Revenue	\$3.44 Billion	\$350.55	0.40%
iGaming Revenue	\$1.74 Billion	\$177.73	0.20%
Combined Revenue	\$5.18 Billion	\$528.28	0.60%

### Gaming Revenue

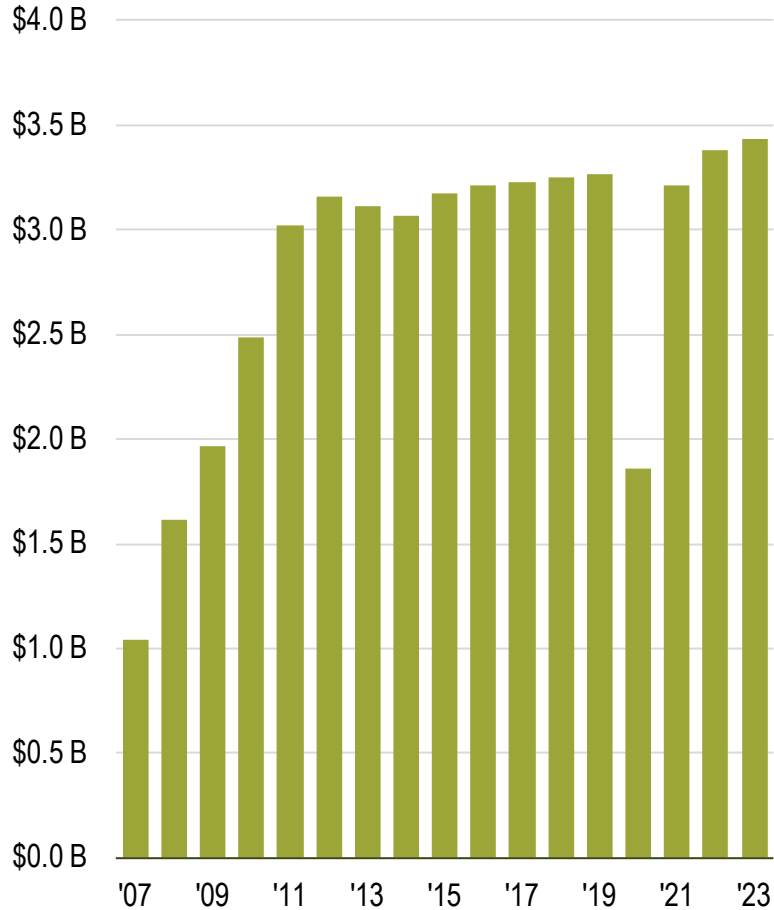


Source: Pennsylvania Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis (note: revenues exclude sports betting)

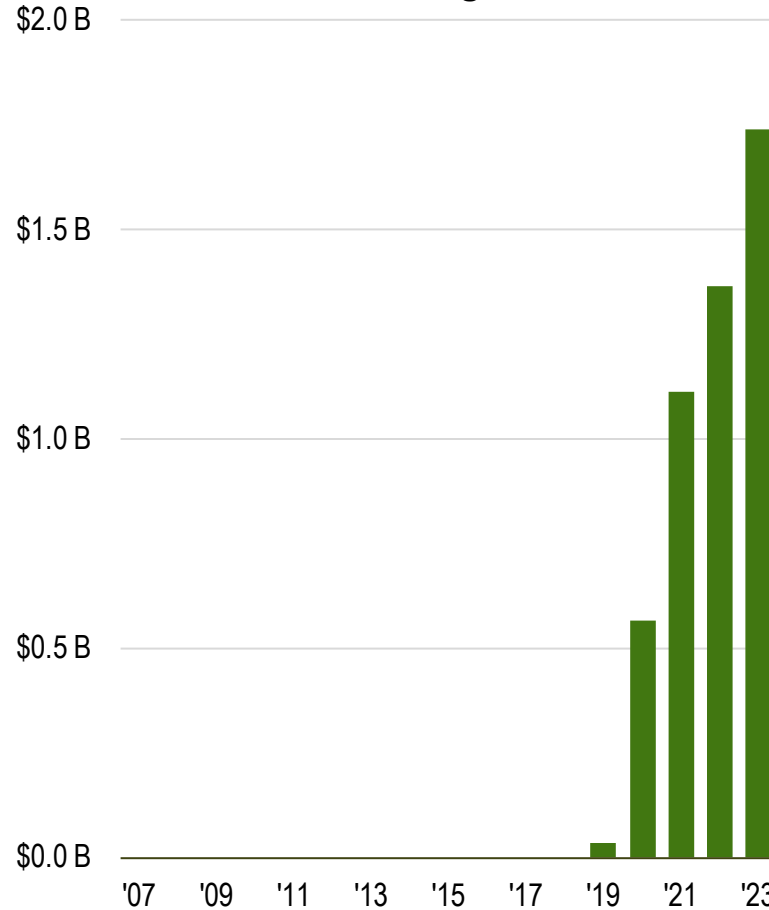
# Gaming Revenue

## Pennsylvania

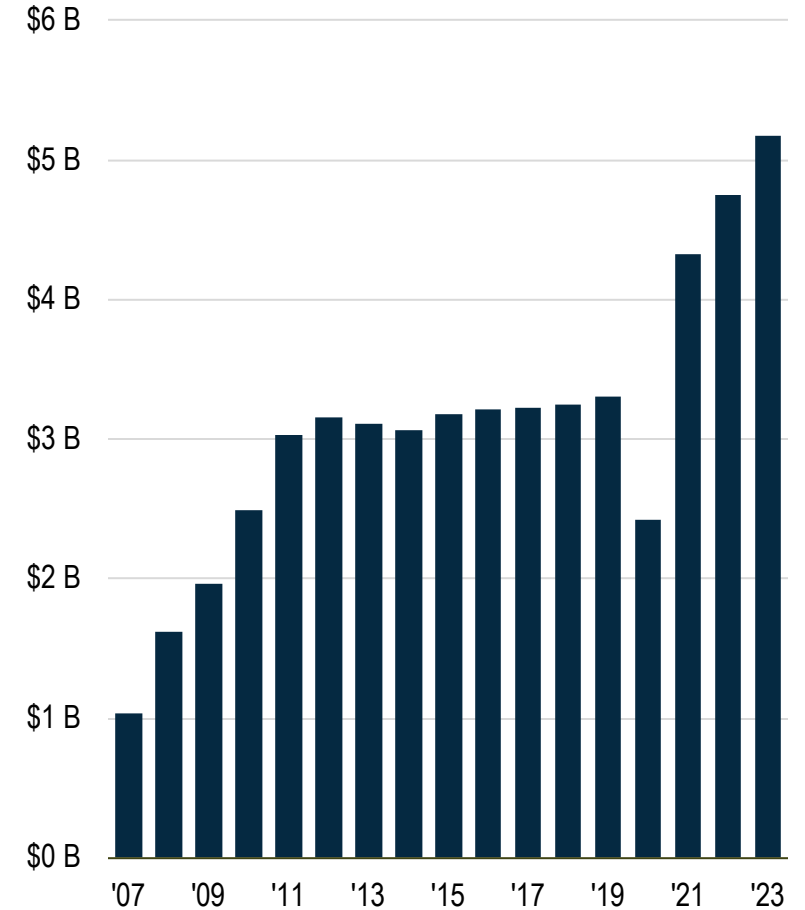
### Casino



### iGaming



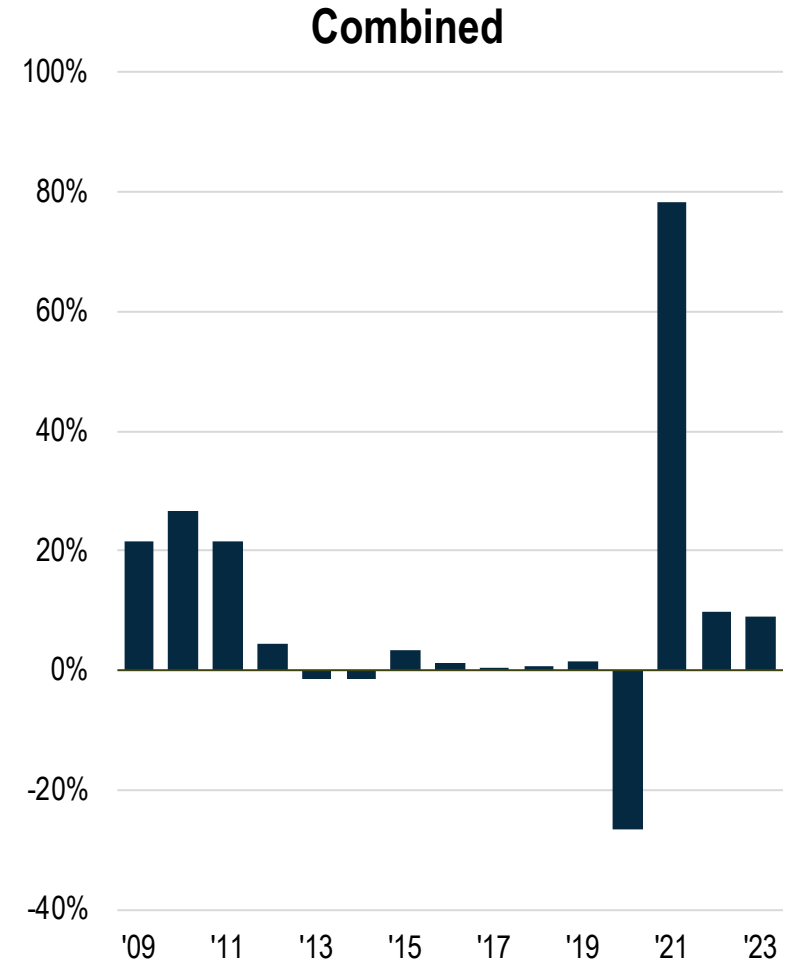
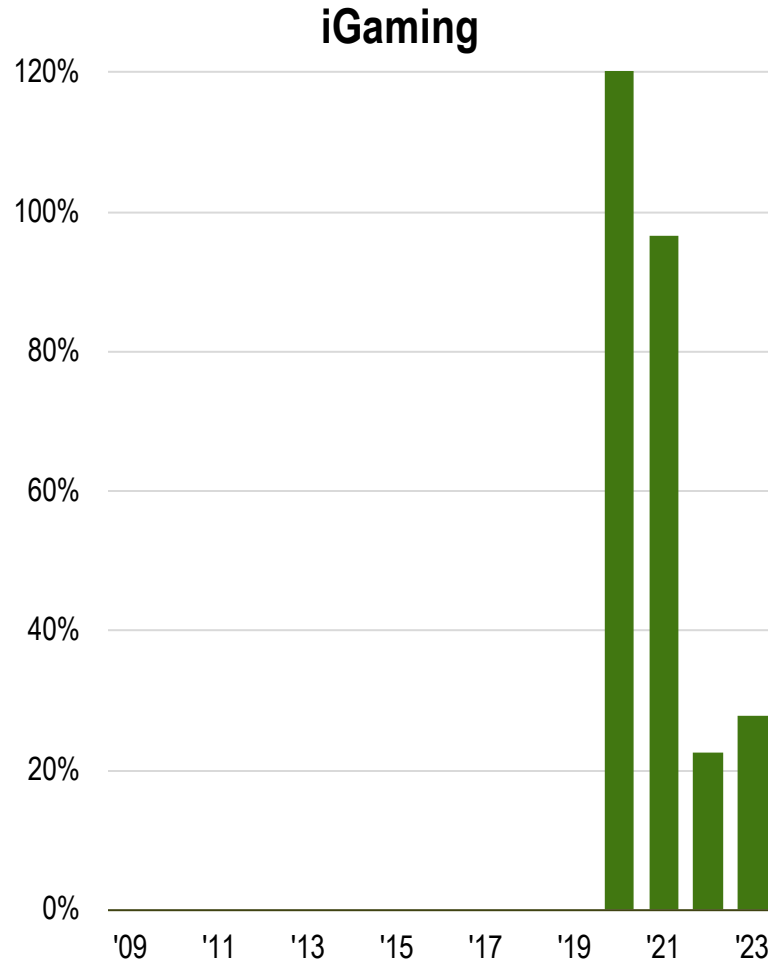
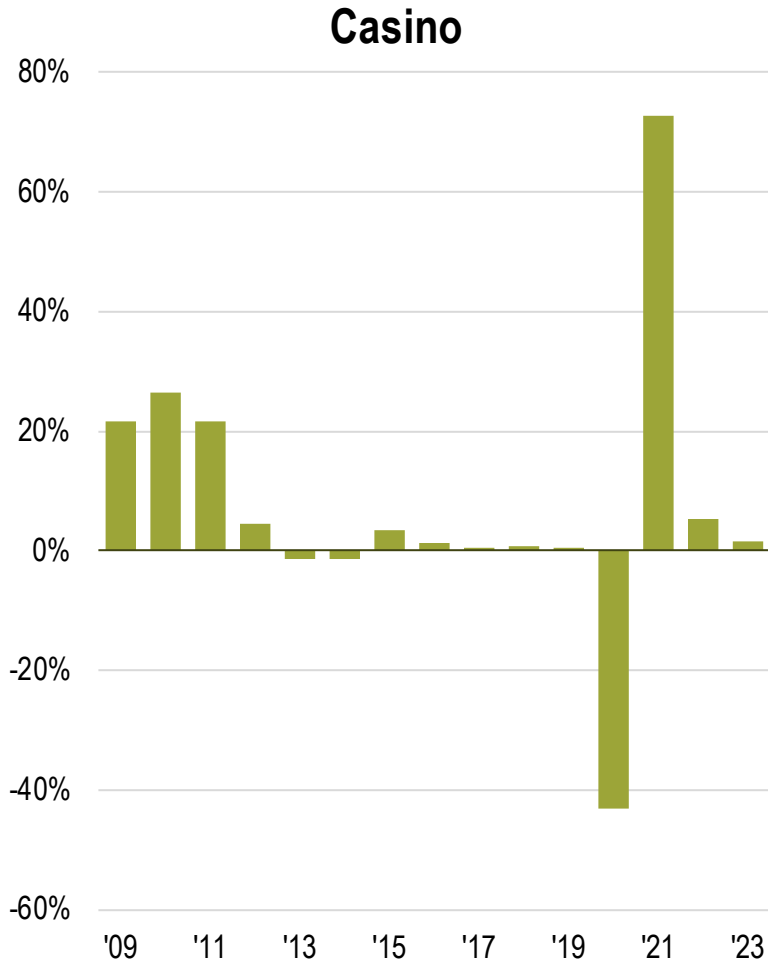
### Combined



Source: Pennsylvania Gaming Control Board

# Gaming Revenue Annual Growth (%)

## Pennsylvania



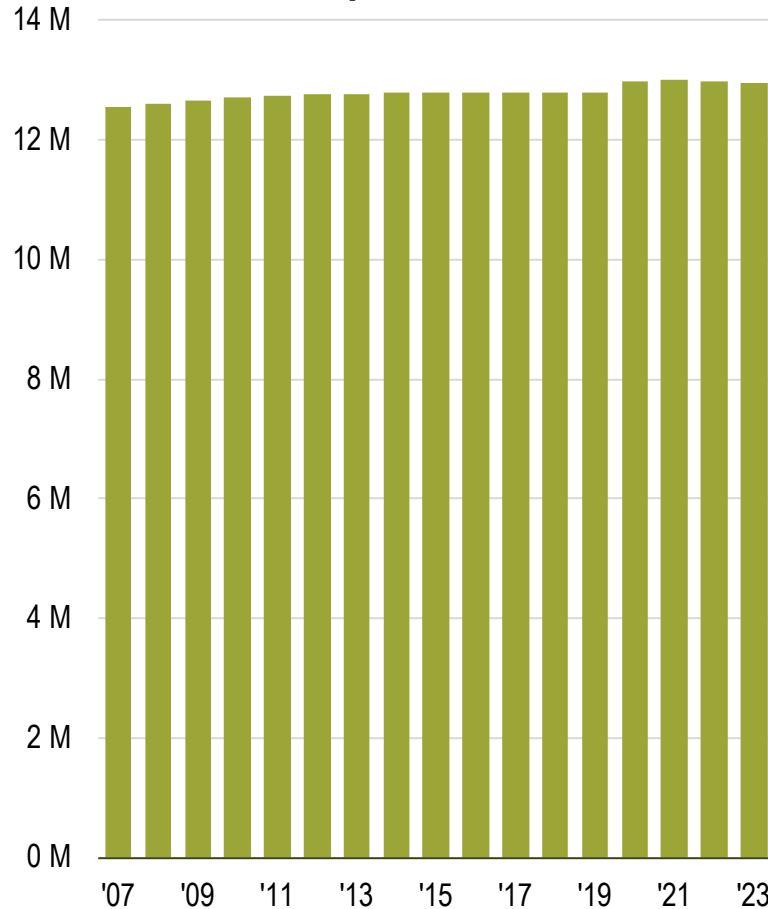
Source: Pennsylvania Gaming Control Board; Applied Analysis. Note: Some chart axes adjusted for clarity.



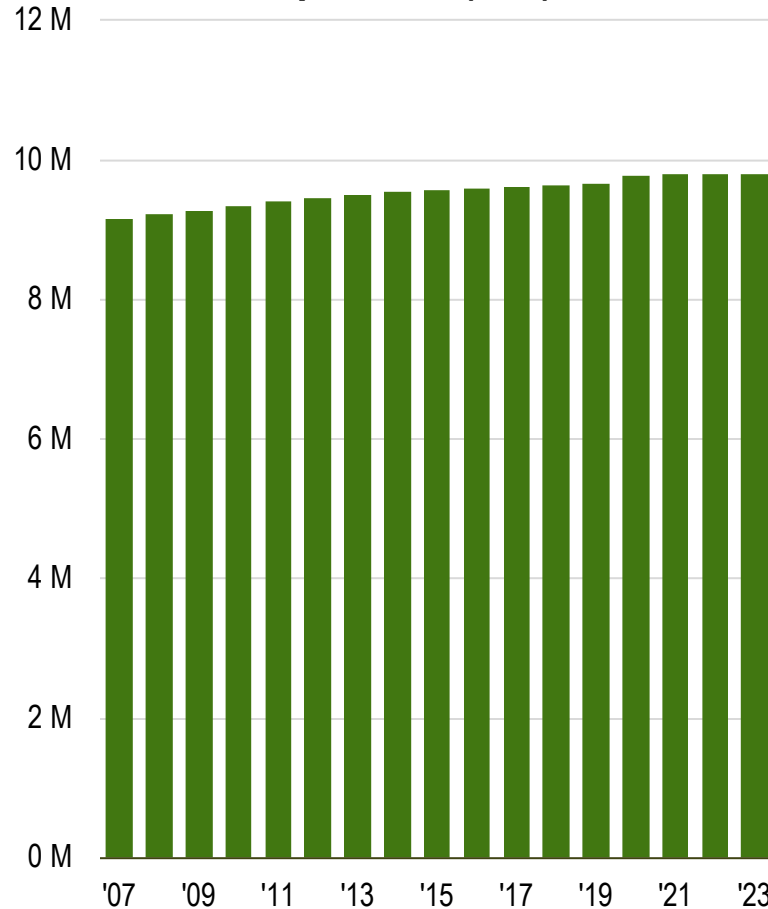
# Economic Base

## Pennsylvania

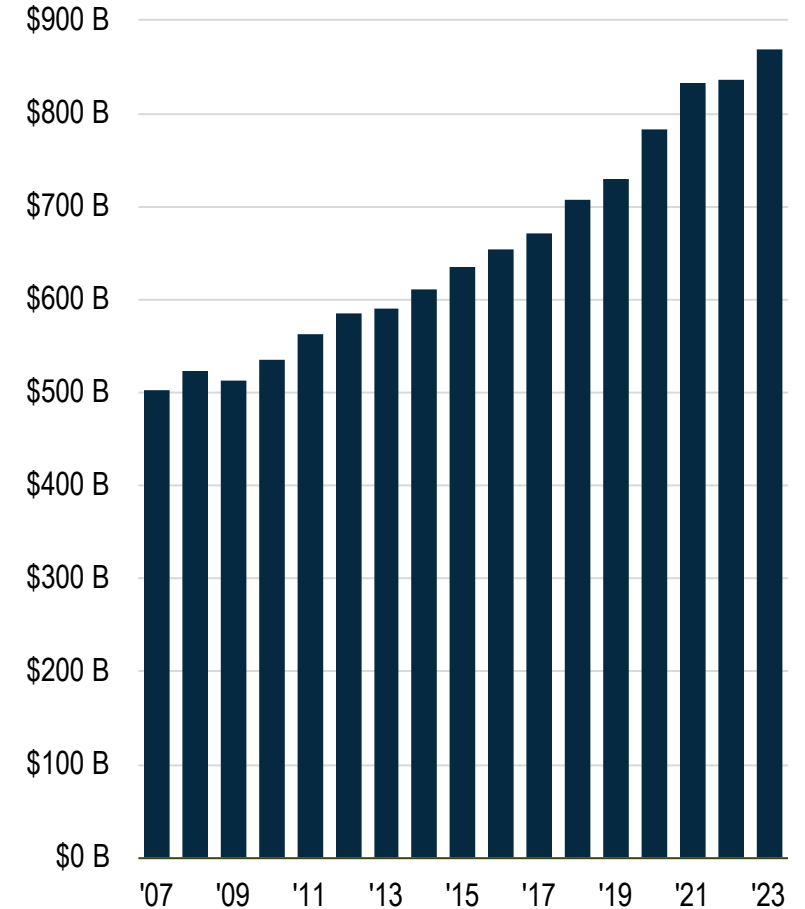
### Population



### Population (21+)



### Personal Income

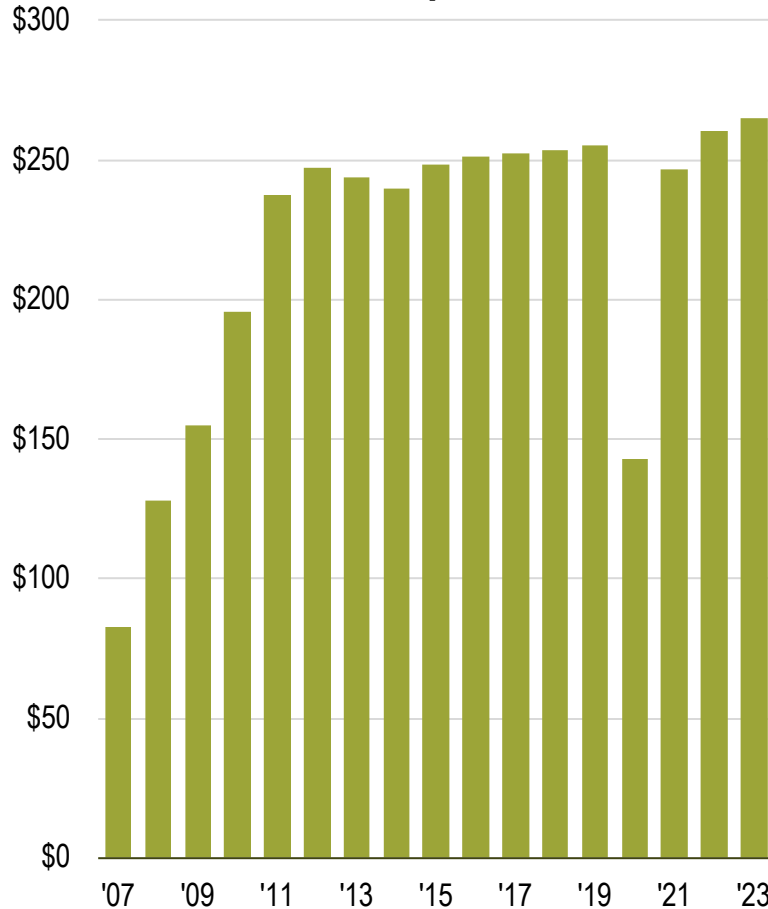


Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

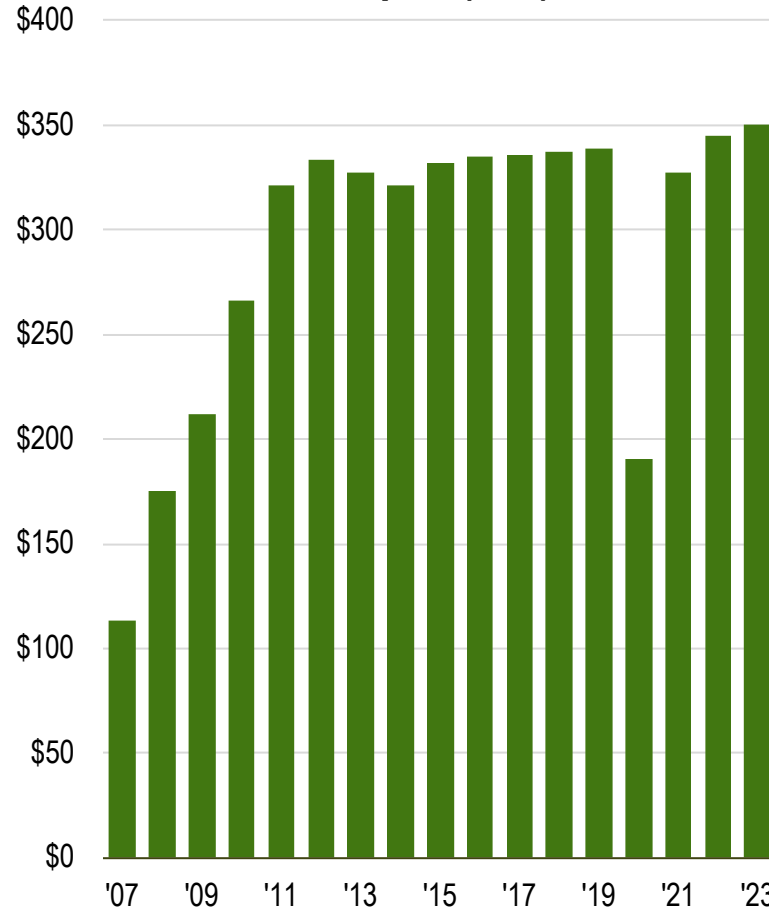
# Casino Revenue per Metric

## Pennsylvania

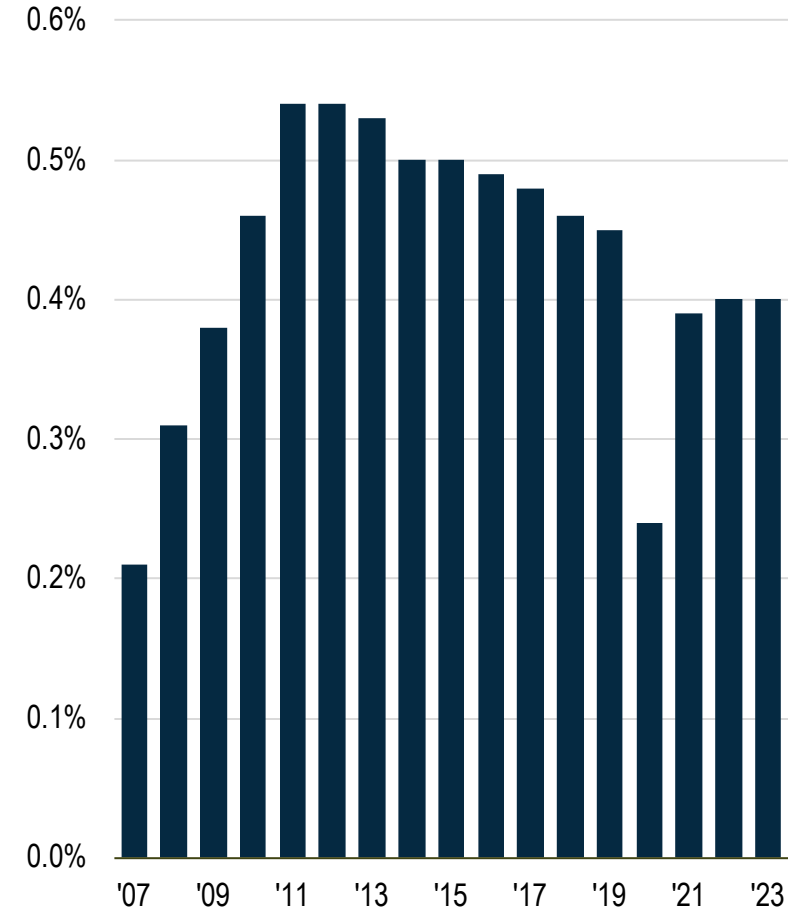
Per Capita



Per Capita (21+)



Share of Personal Income

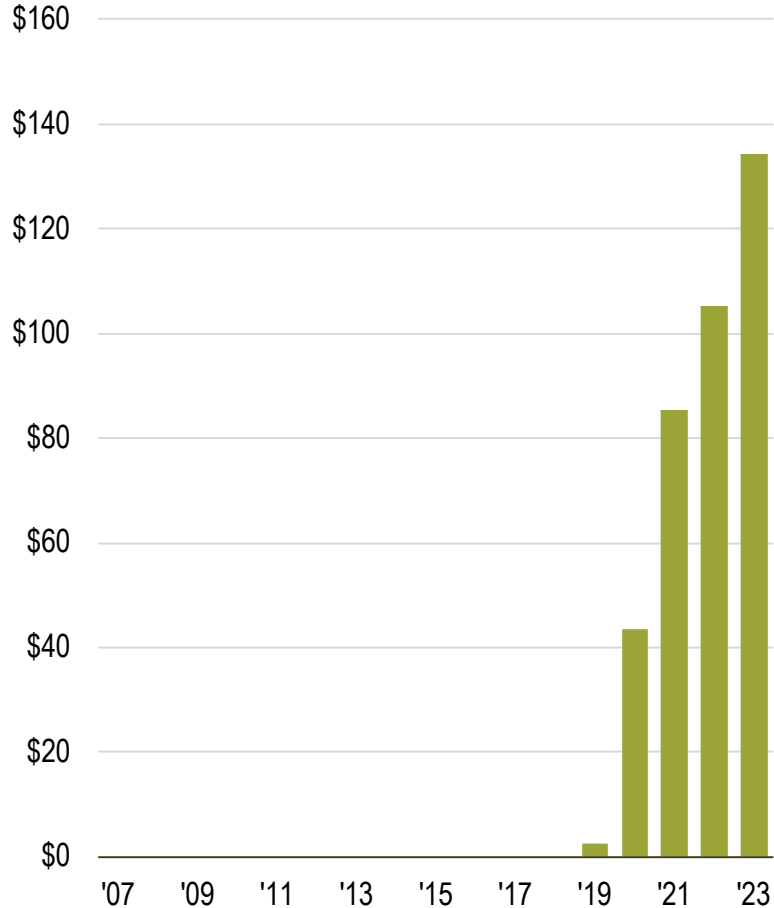


Source: Pennsylvania Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

# iGaming Revenue per Metric

## Pennsylvania

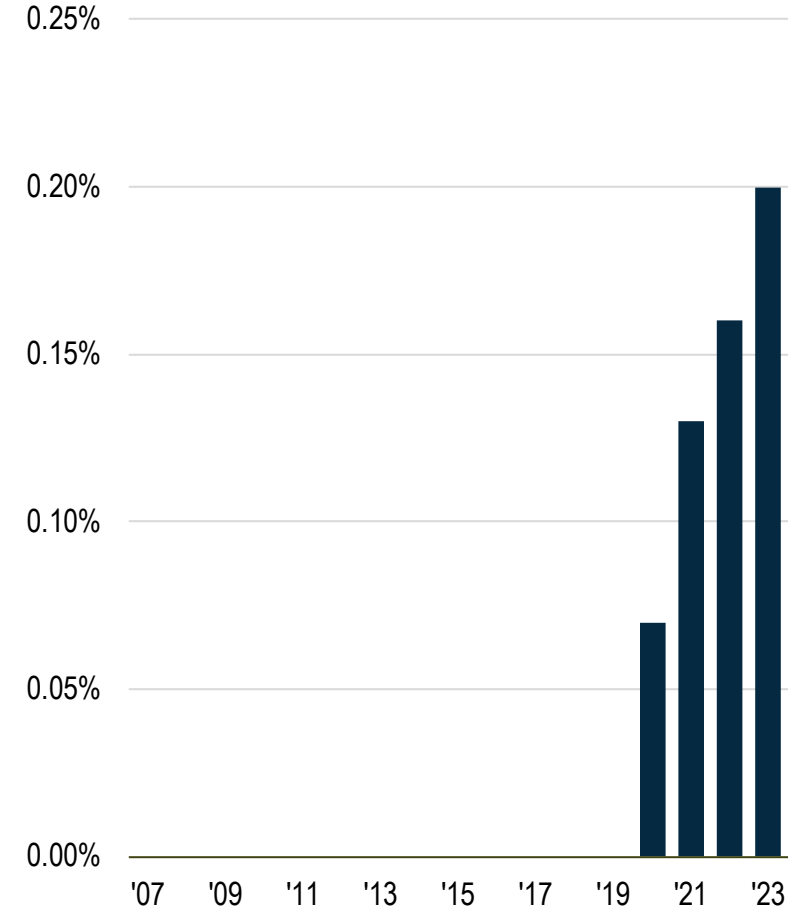
Per Capita



Per Capita (21+)



Share of Personal Income

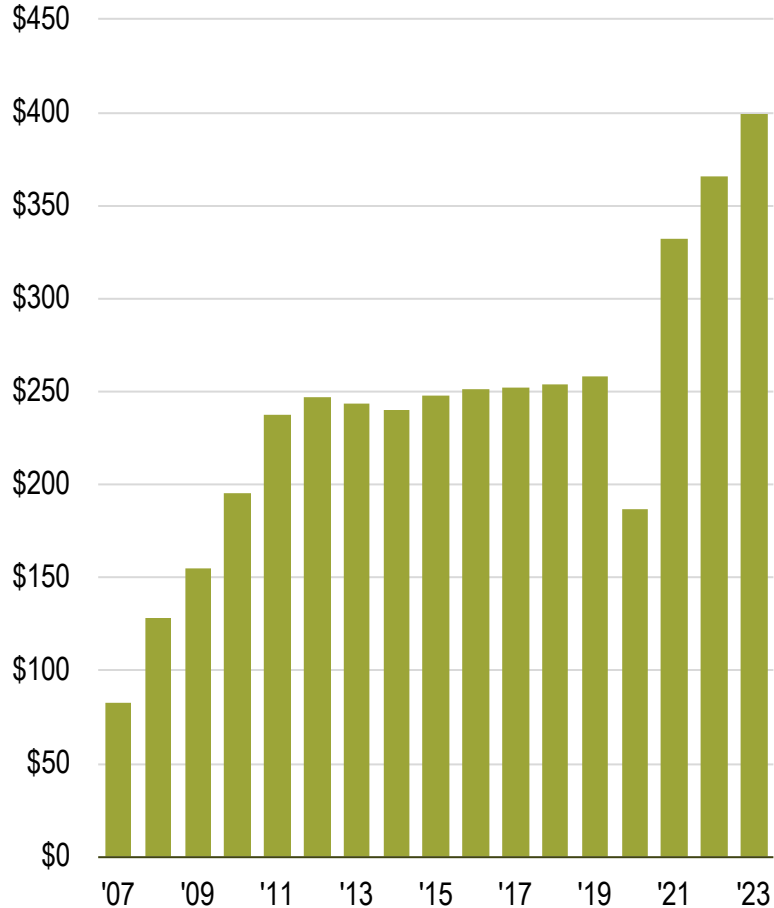


Source: Pennsylvania Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

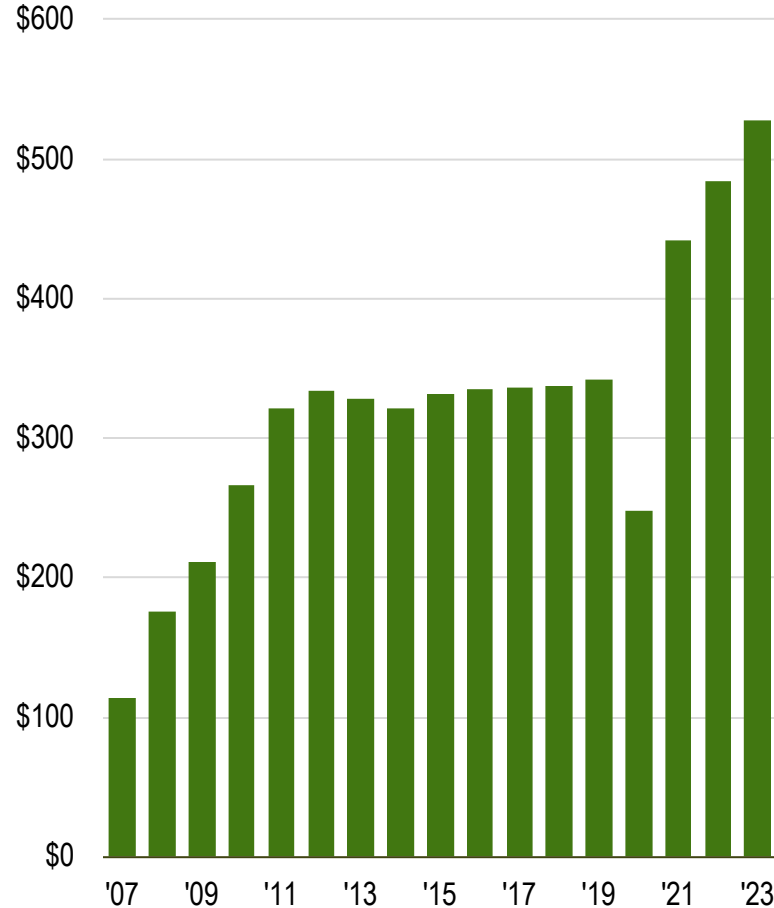
# Combined Gaming Revenue per Metric

## Pennsylvania

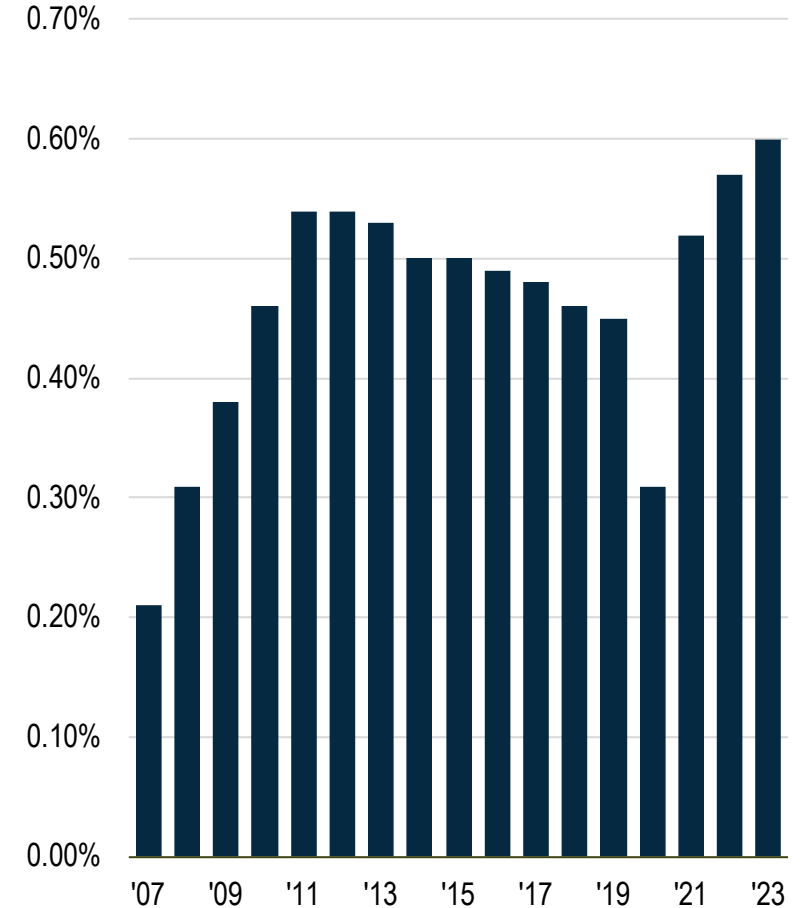
Per Capita



Per Capita (21+)



Share of Personal Income



Source: Pennsylvania Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

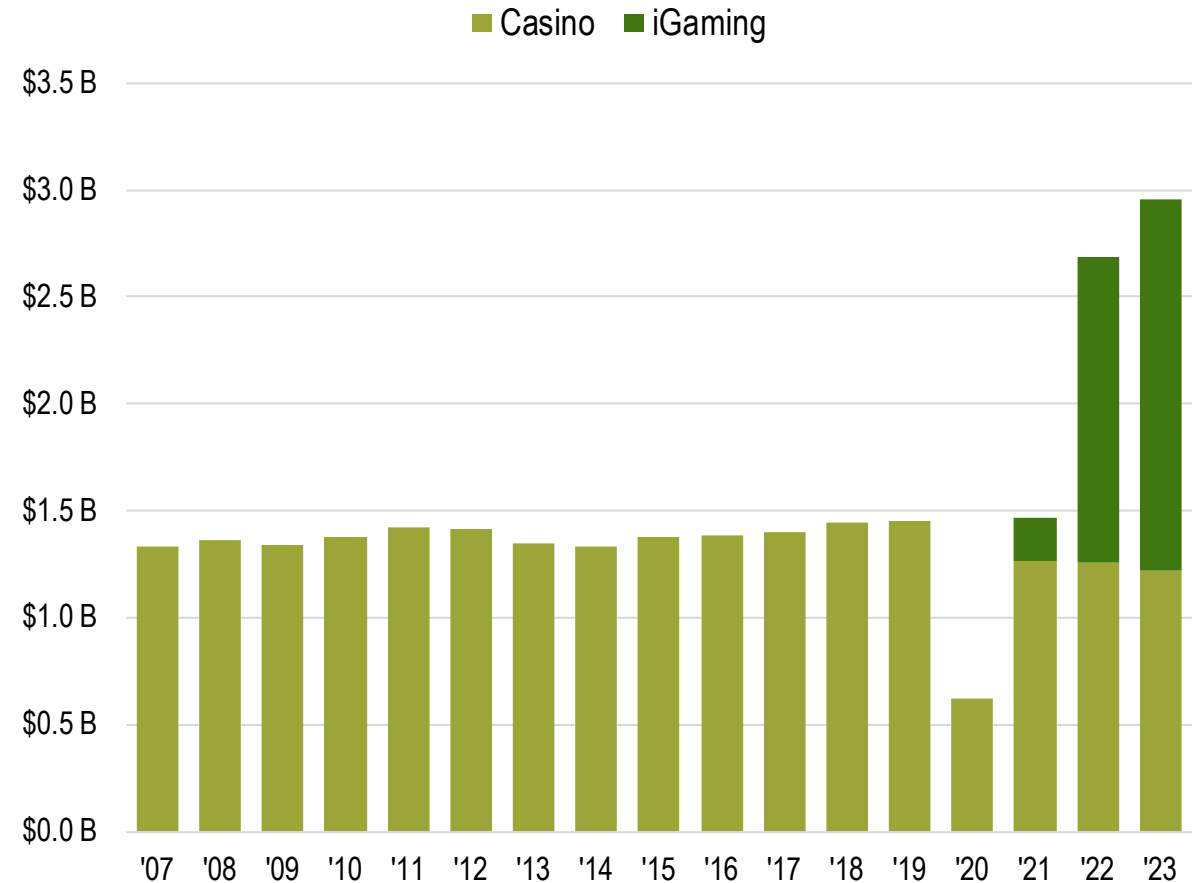
# Gaming

## Michigan



2023 Snapshot	Value	Per Capita	Share of Income
Population (21+)	7,537,200	N/A	N/A
Income	\$592.72 Billion	N/A	N/A
Casino Revenue	\$1.22 Billion	\$162.23	0.21%
iGaming Revenue	\$1.73 Billion	\$229.86	0.29%
Combined Revenue	\$2.96 Billion	\$392.09	0.50%

### Gaming Revenue



Source: Michigan Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis (note: revenues exclude sports betting)

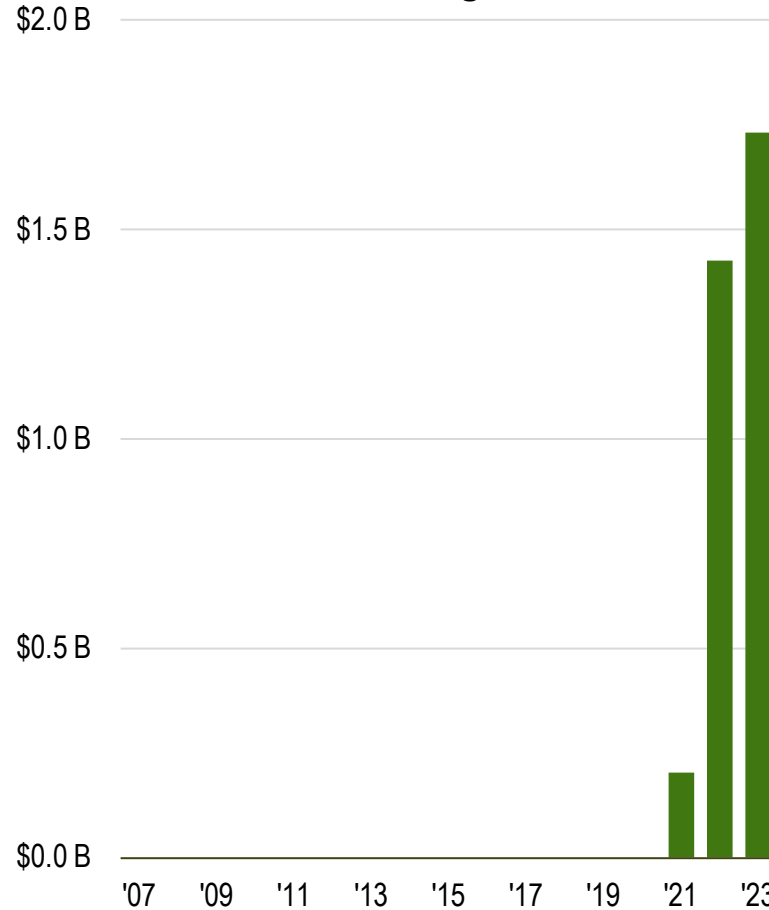
# Gaming Revenue

## Michigan

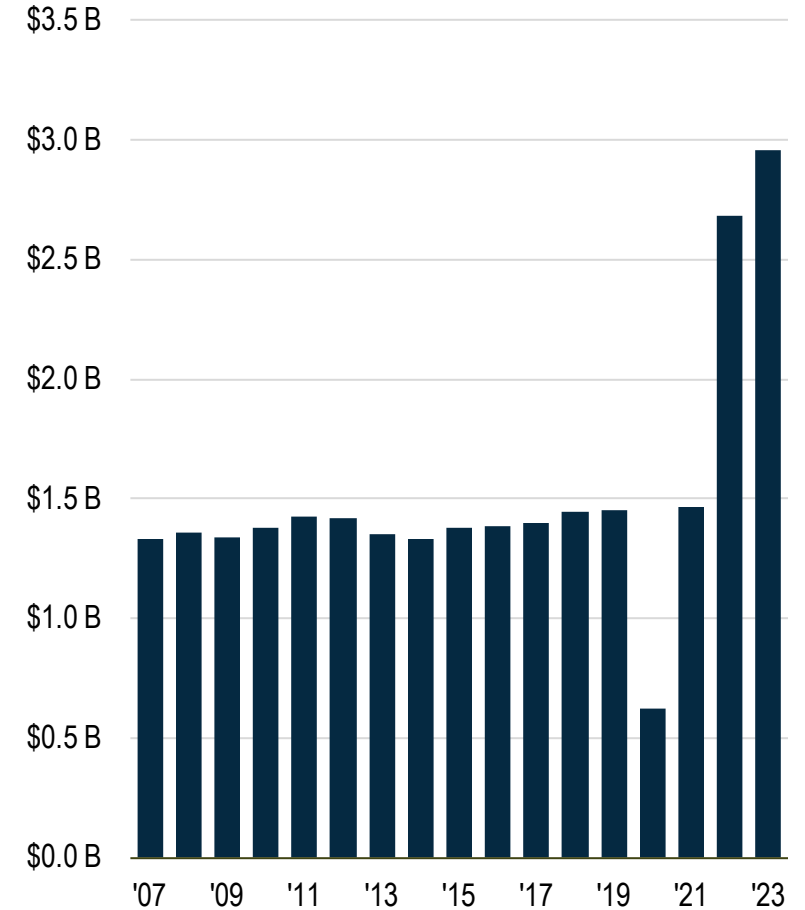
### Casino



### iGaming



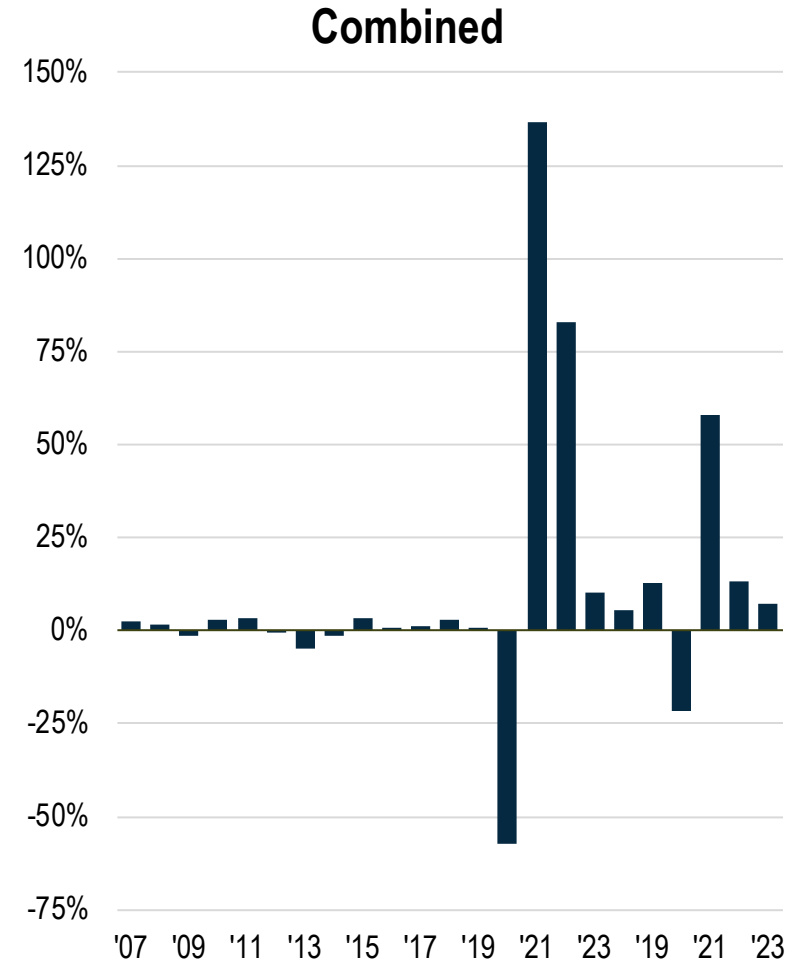
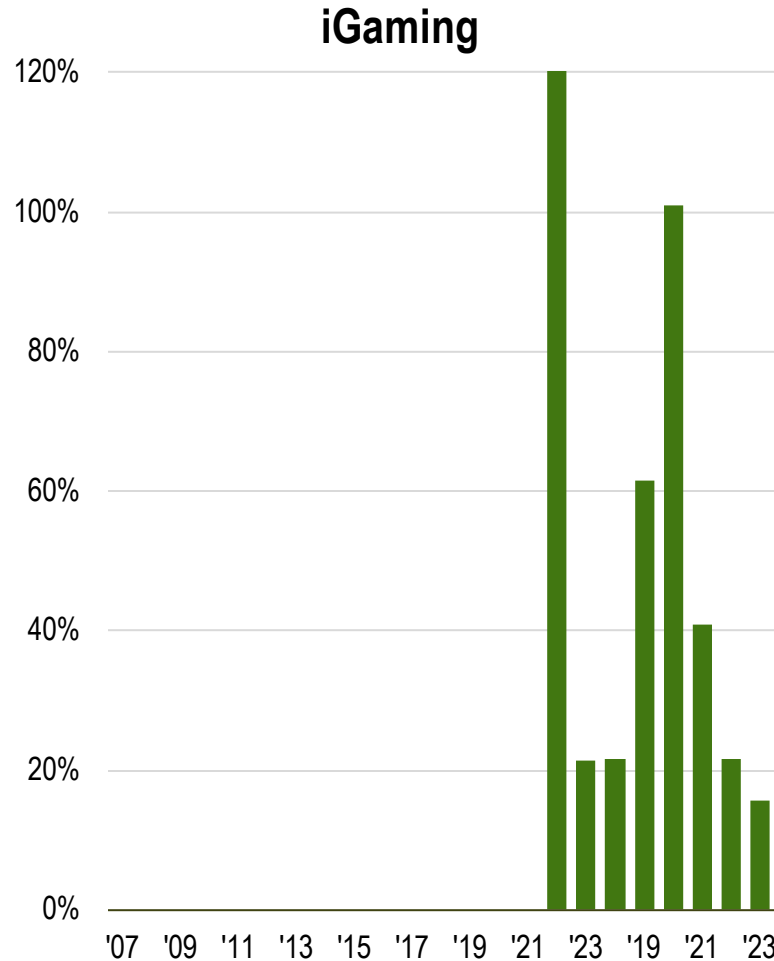
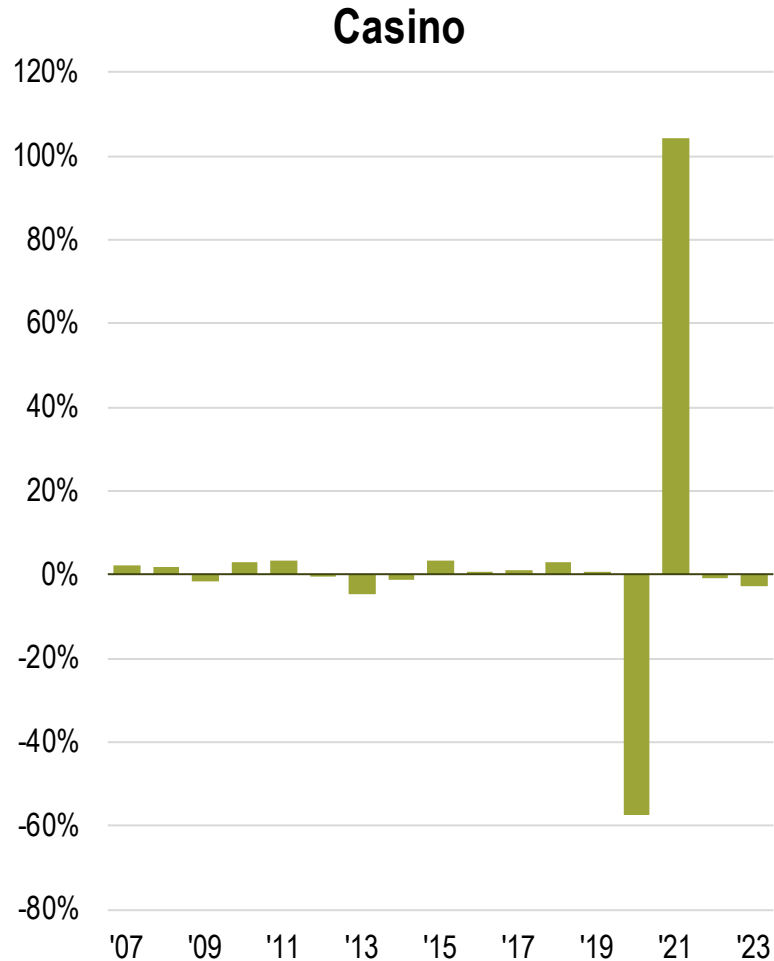
### Combined



Source: Michigan Gaming Control Board; Applied Analysis

# Gaming Revenue Annual Growth (%)

## Michigan

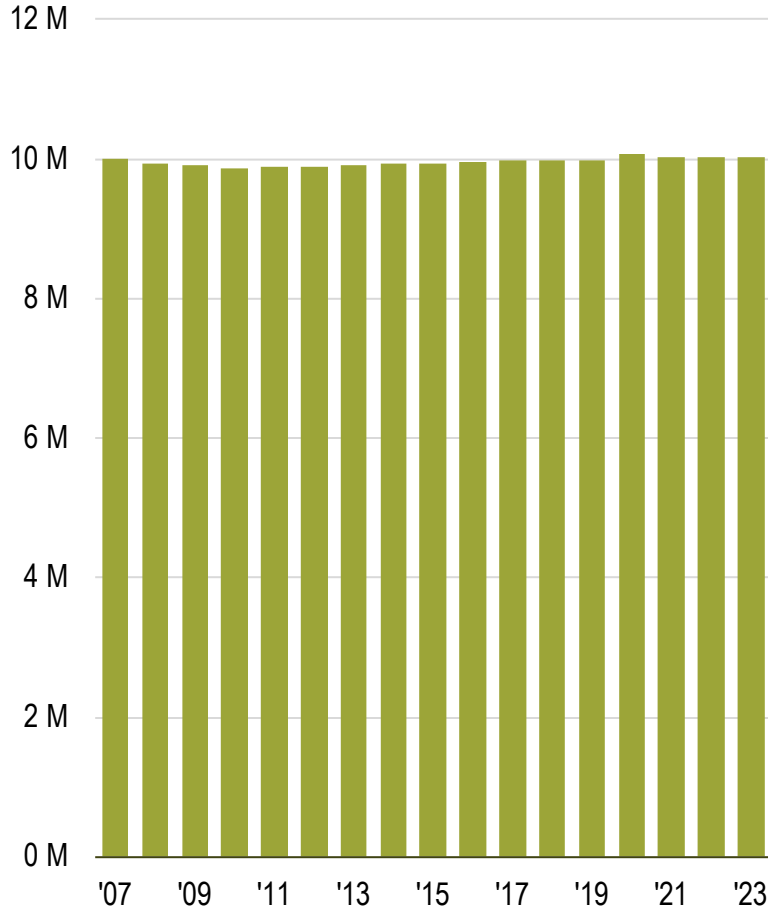


Source: Michigan Gaming Control Board; Applied Analysis. Note: Some chart axes adjusted for clarity.

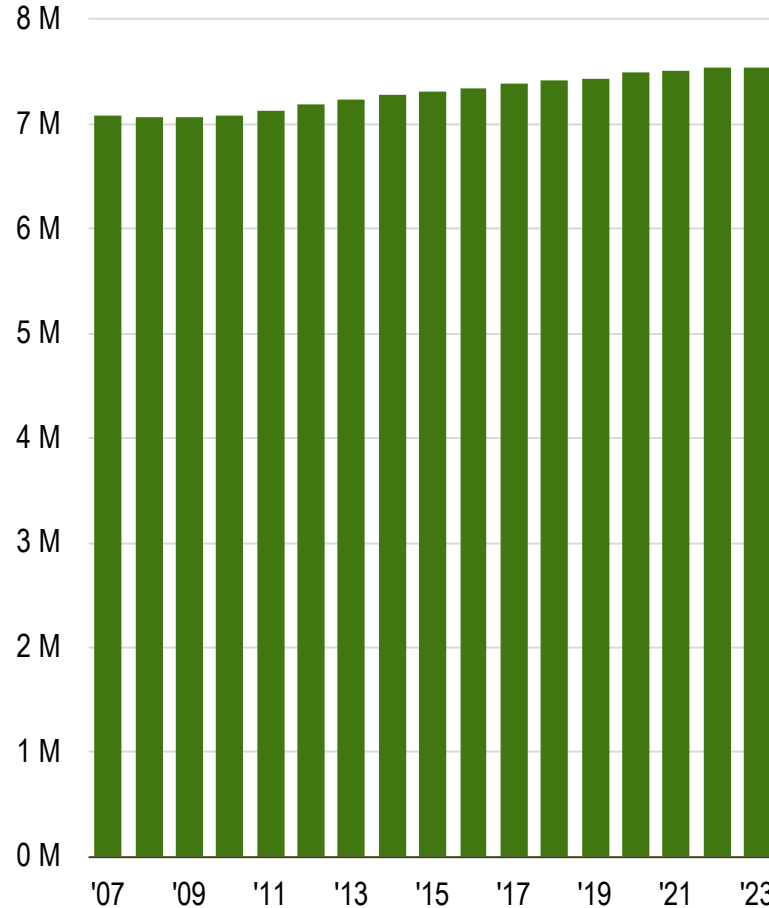
# Economic Base

## Michigan

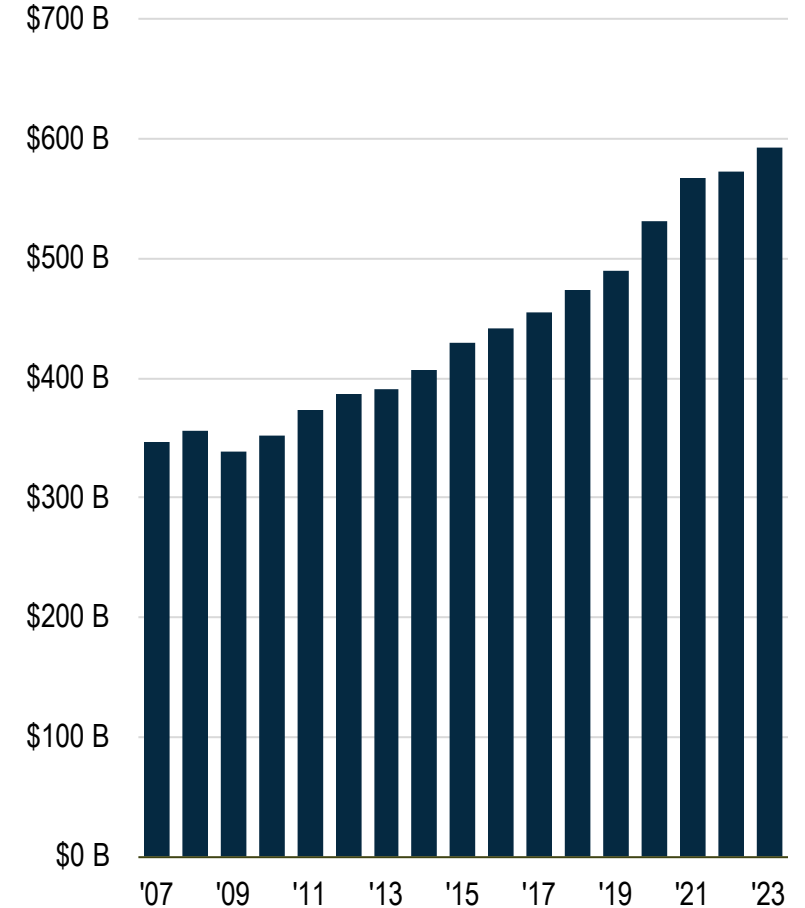
Population



Population (21+)



Personal Income



Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis



# Casino Revenue per Metric

## Michigan

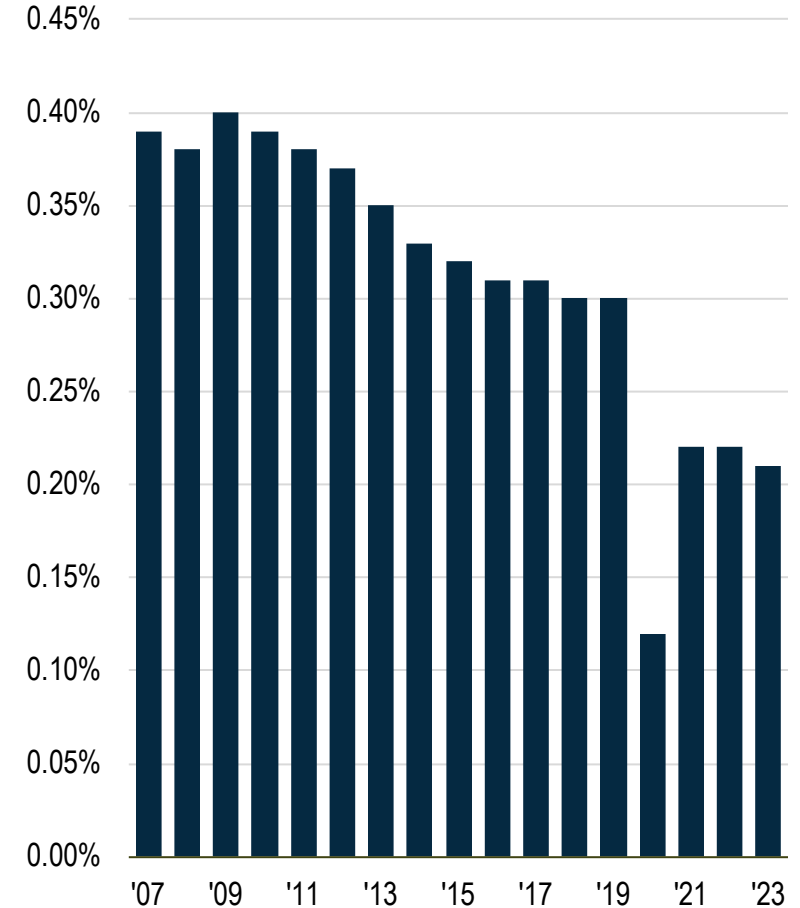
### Per Capita



### Per Capita (21+)



### Share of Personal Income

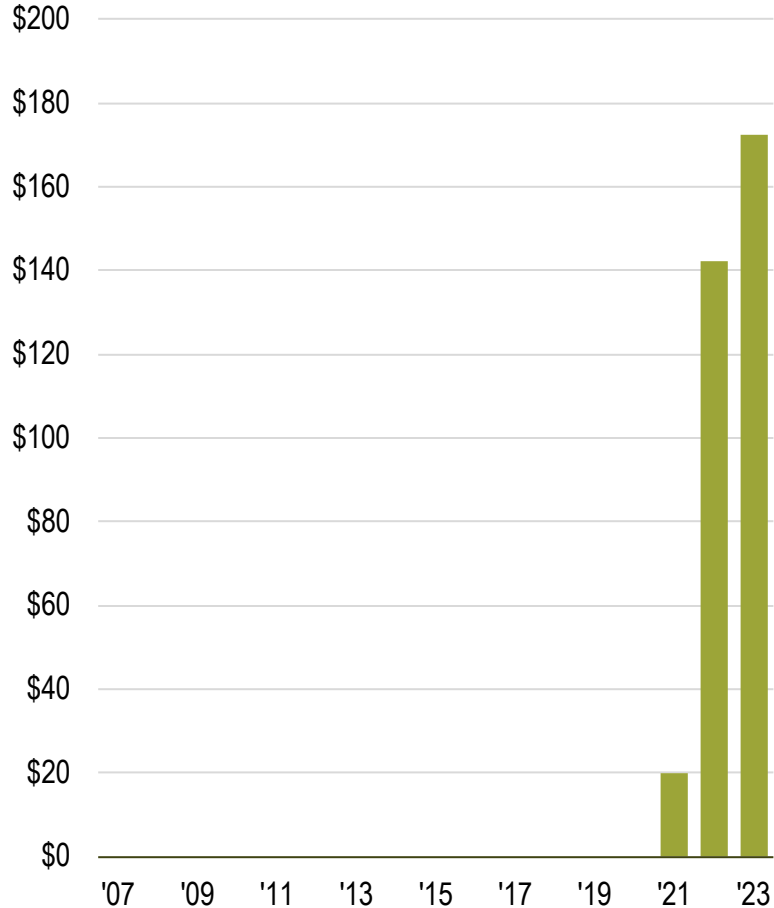


Source: Michigan Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

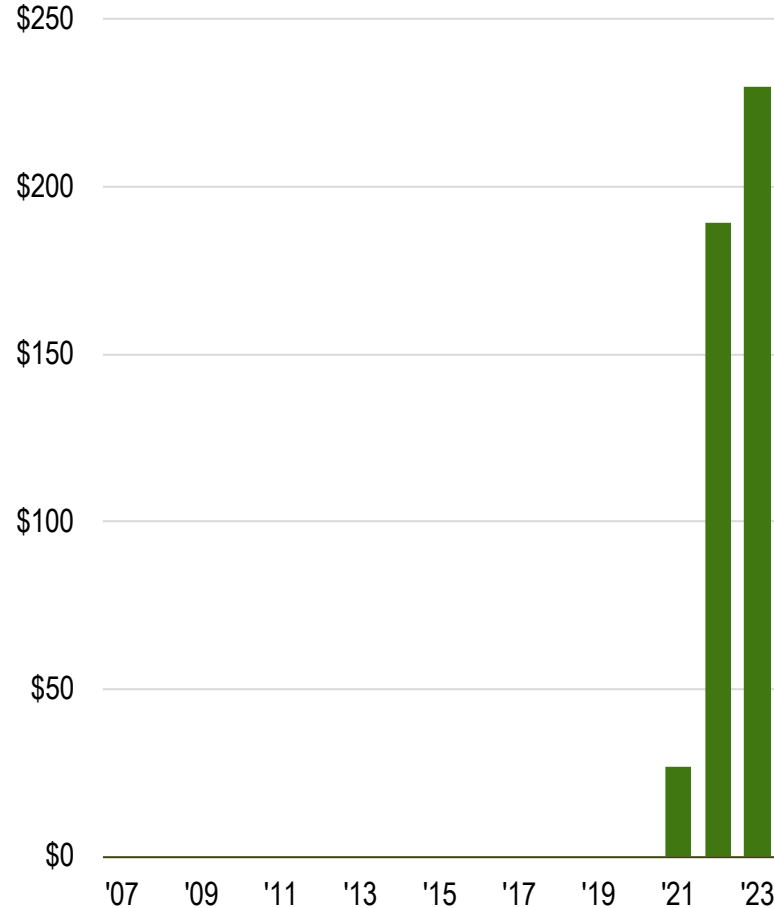
# iGaming Revenue per Metric

## Michigan

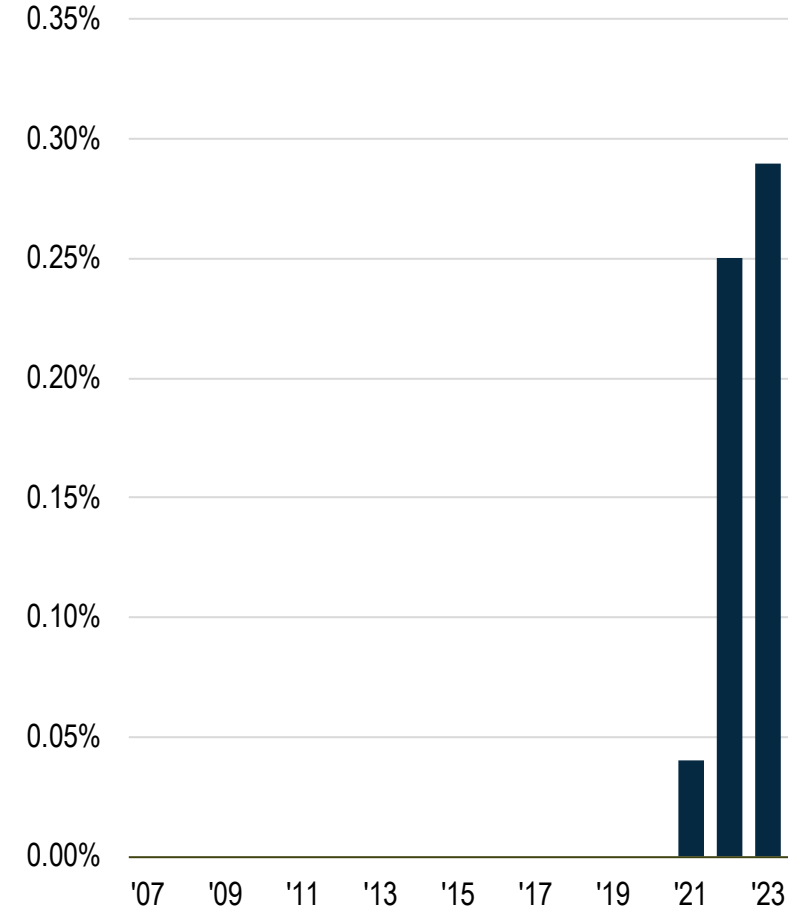
Per Capita



Per Capita (21+)



Share of Personal Income

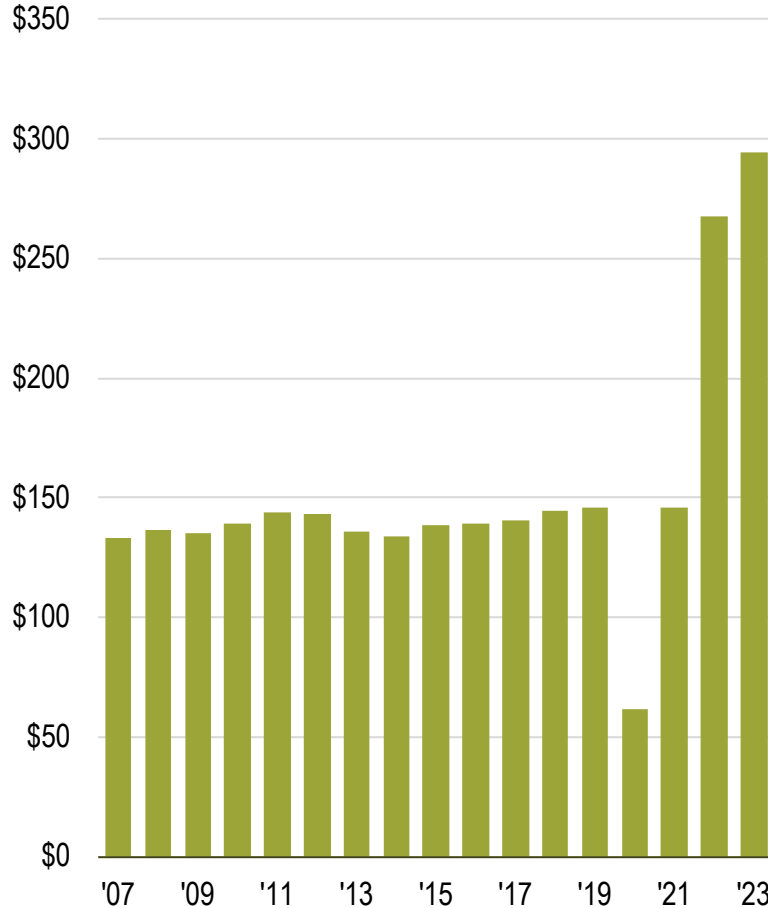


Source: Michigan Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

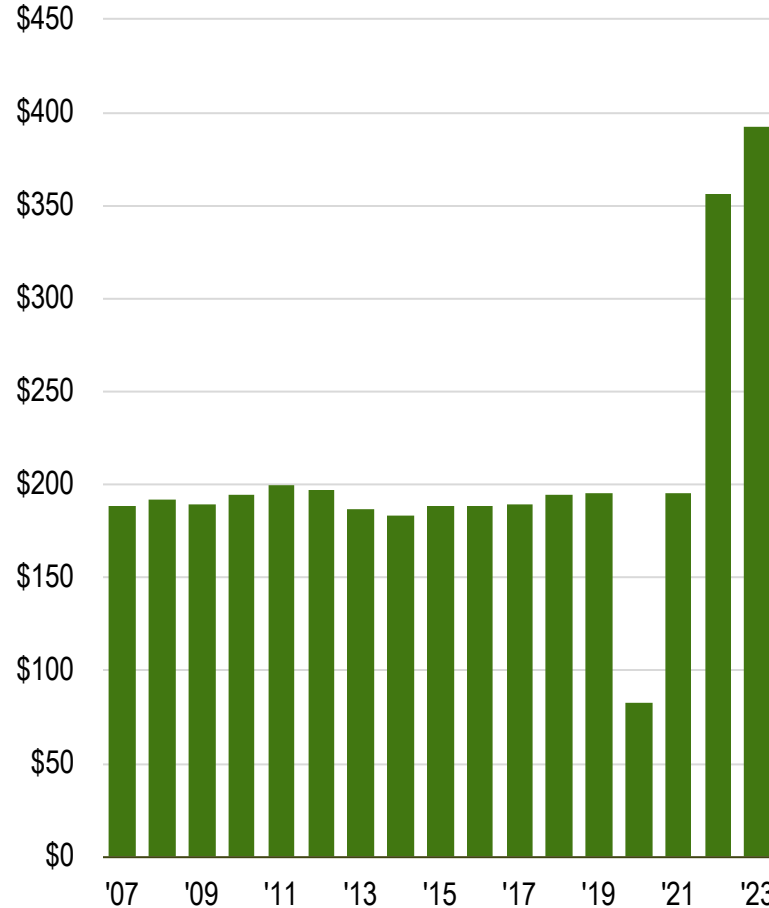
# Combined Gaming Revenue per Metric

## Michigan

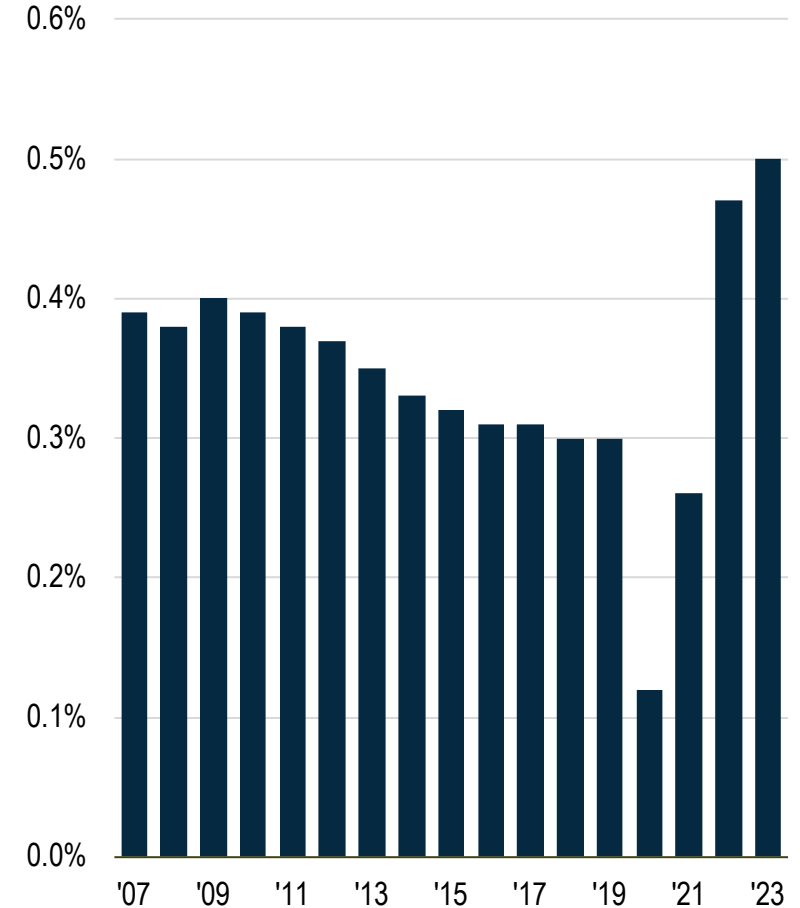
Per Capita



Per Capita (21+)



Share of Personal Income



Source: Michigan Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

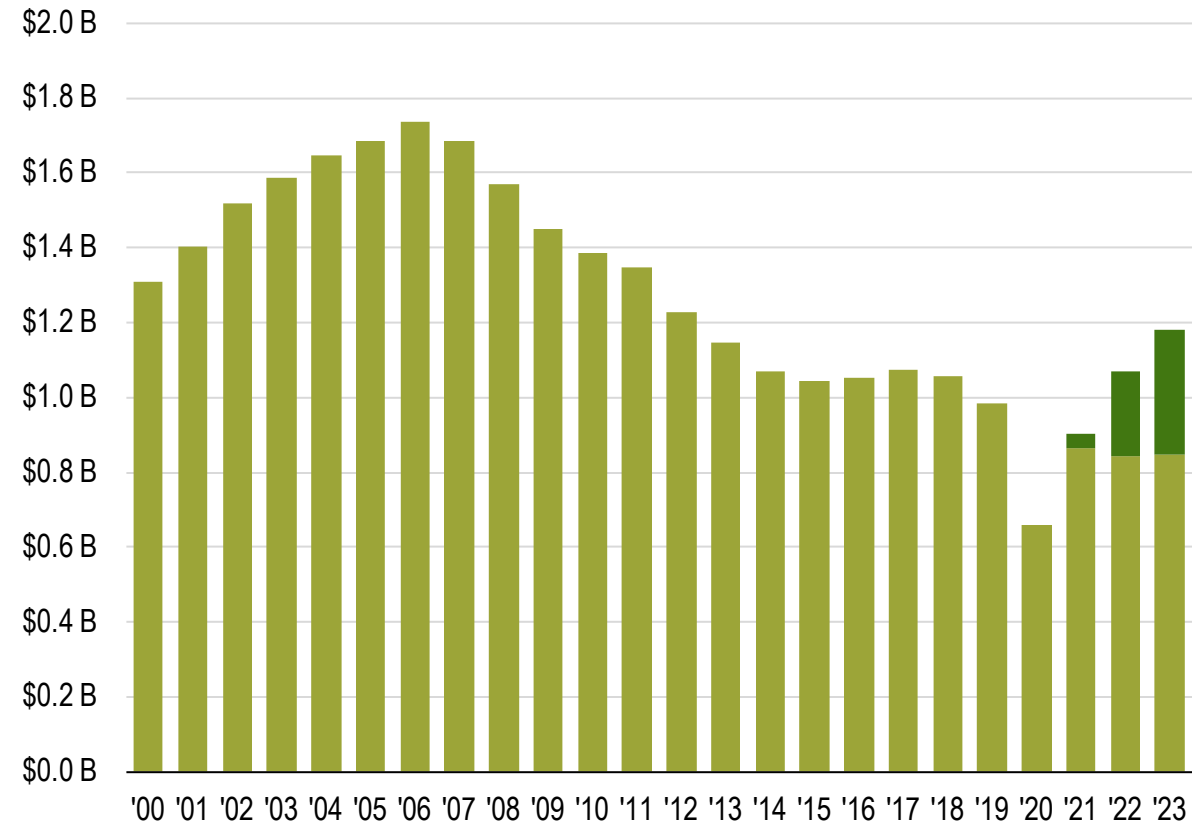
# Gaming Connecticut



2023 Snapshot	Value	Per Capita	Share of Income
Population (21+)	2,735,500	N/A	N/A
Income	\$312.81 Billion	N/A	N/A
Casino Revenue	\$845.30 Million	\$309.01	0.27%
iGaming Revenue	\$334.60 Million	\$122.32	0.11%
Combined Revenue	\$1.18 Billion	\$479.27	0.38%

## Gaming Revenue

■ Casino ■ iGaming

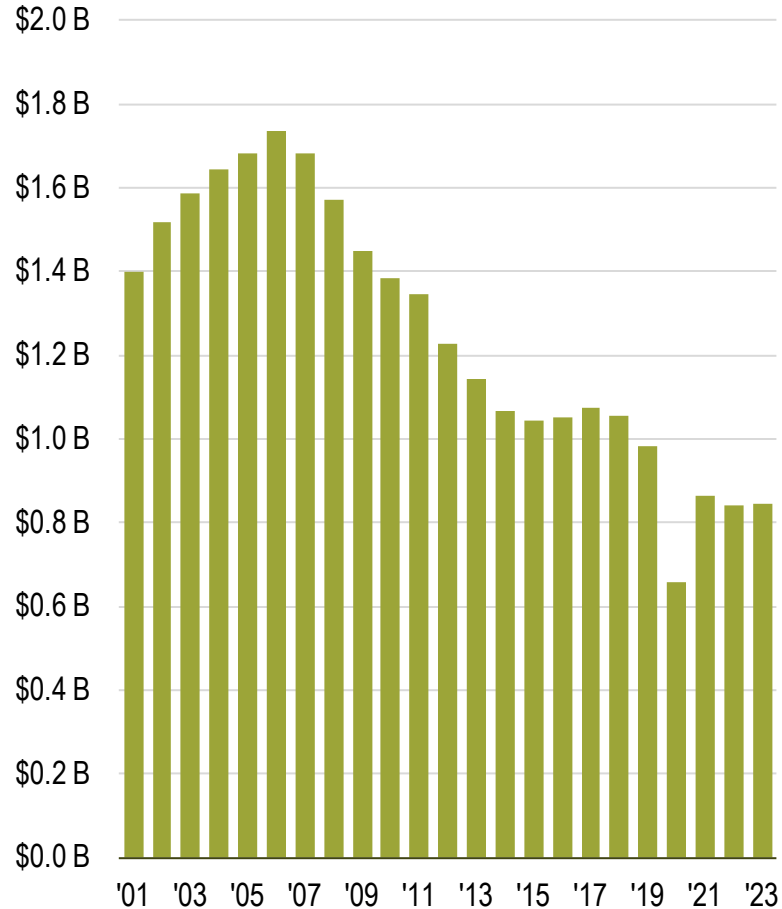


Source: Michigan Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis (note: revenues exclude sports betting)

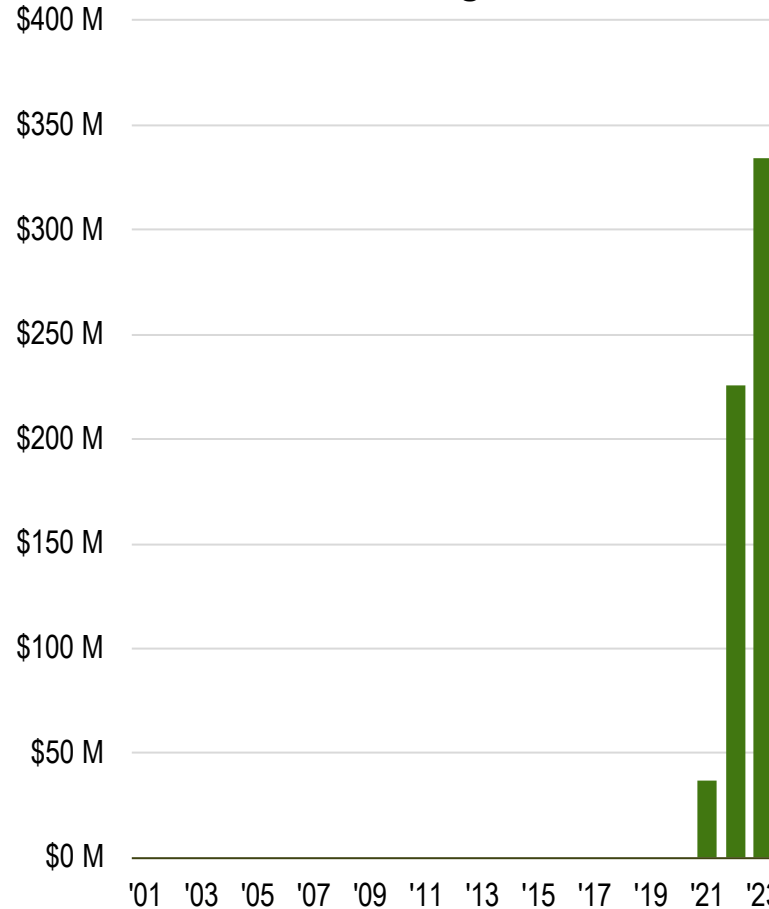
# Gaming Revenue

## Connecticut

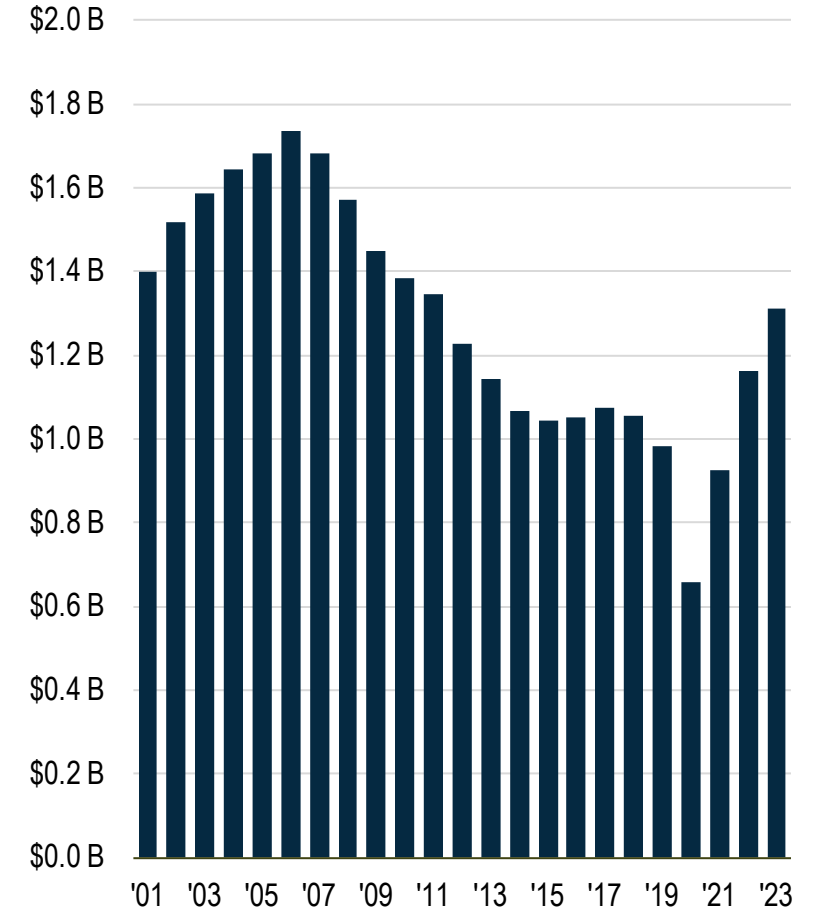
### Casino



### iGaming



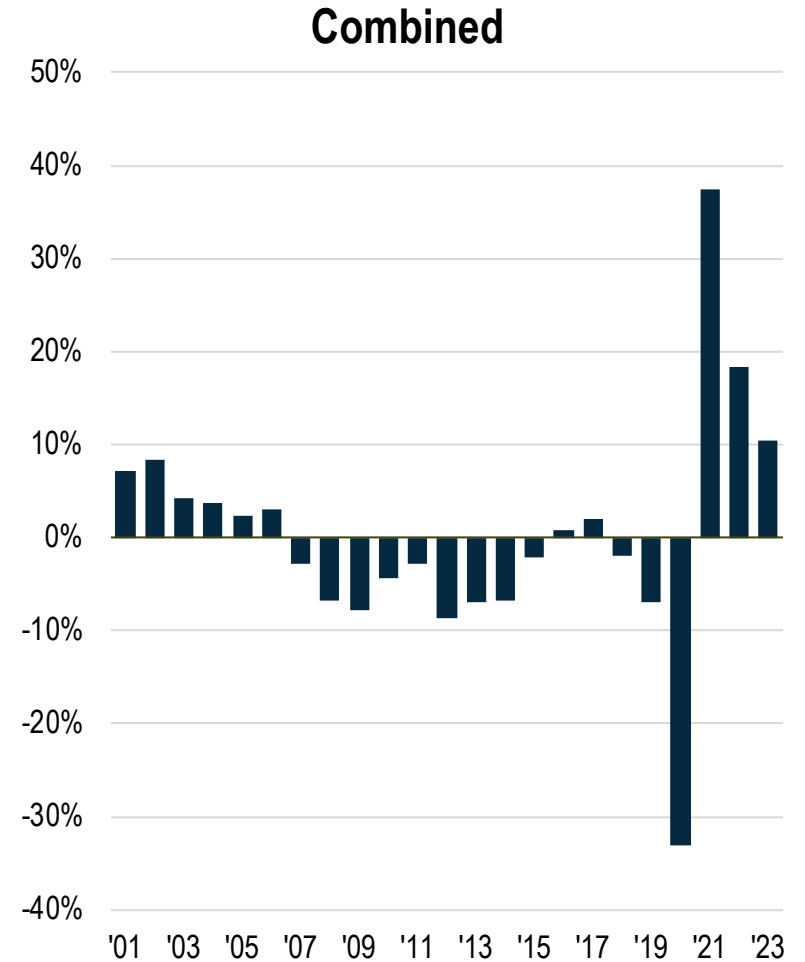
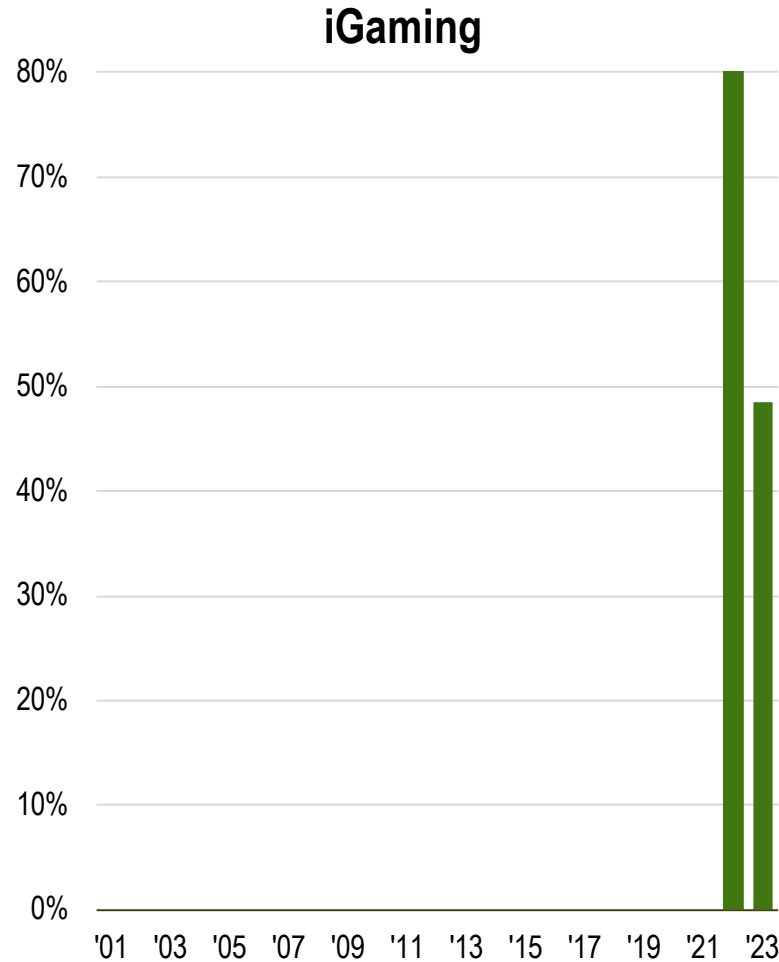
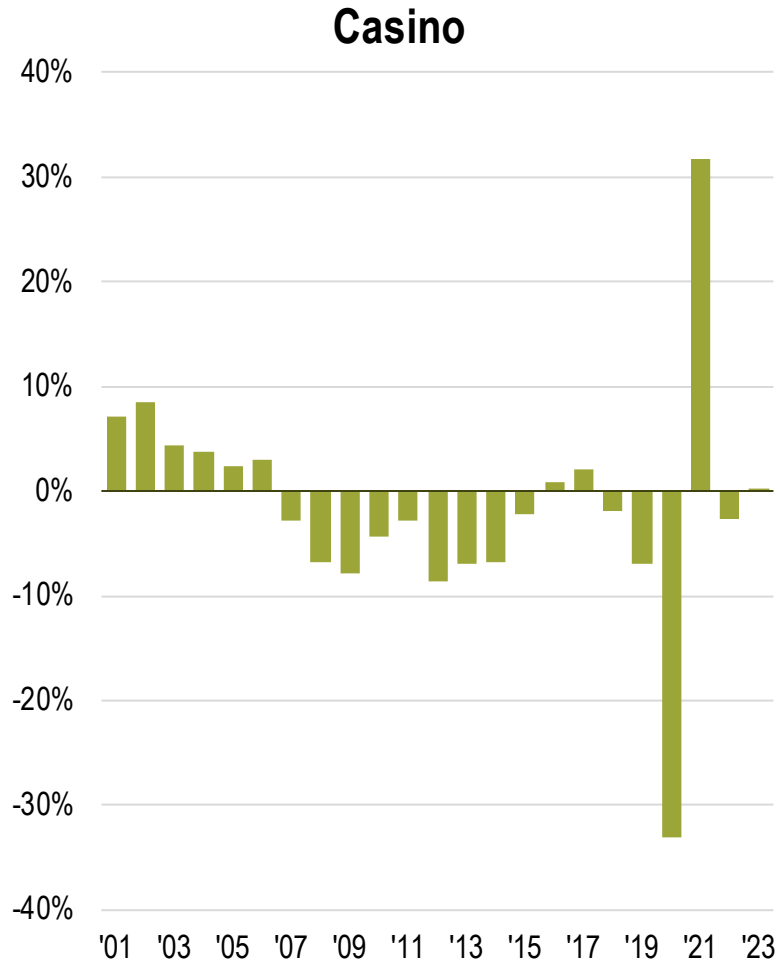
### Combined



Source: Connecticut Department of Consumer Protection

# Gaming Revenue Annual Growth (%)

## Connecticut

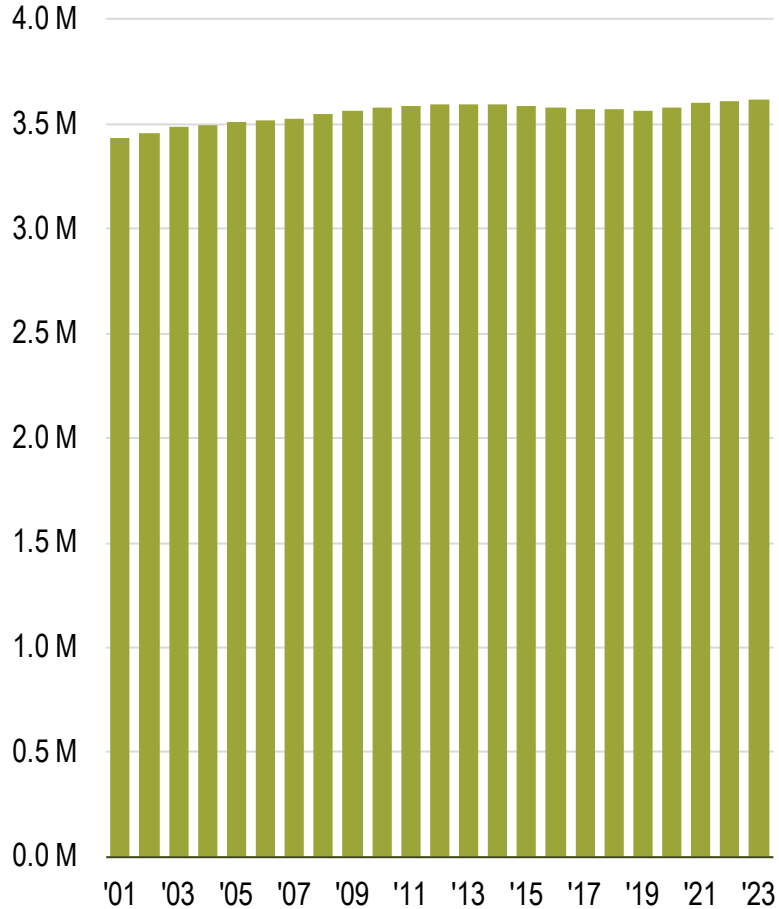


Source: Connecticut Department of Consumer Protection; Applied Analysis. Note: Some chart axes adjusted for clarity.

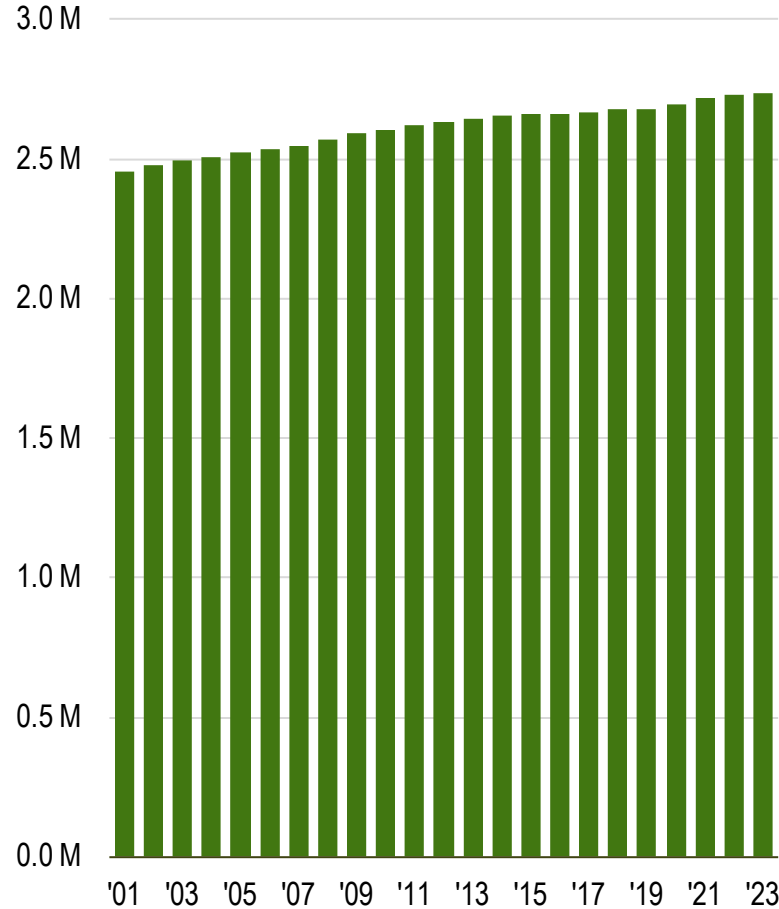
# Economic Base

## Connecticut

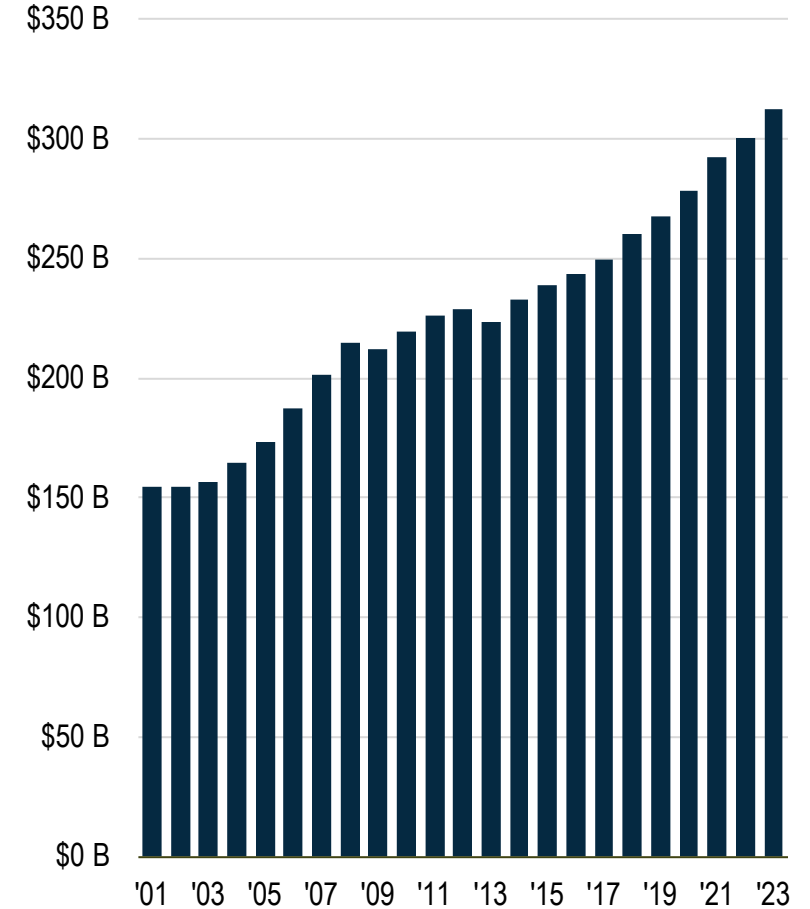
### Population



### Population (21+)



### Personal Income

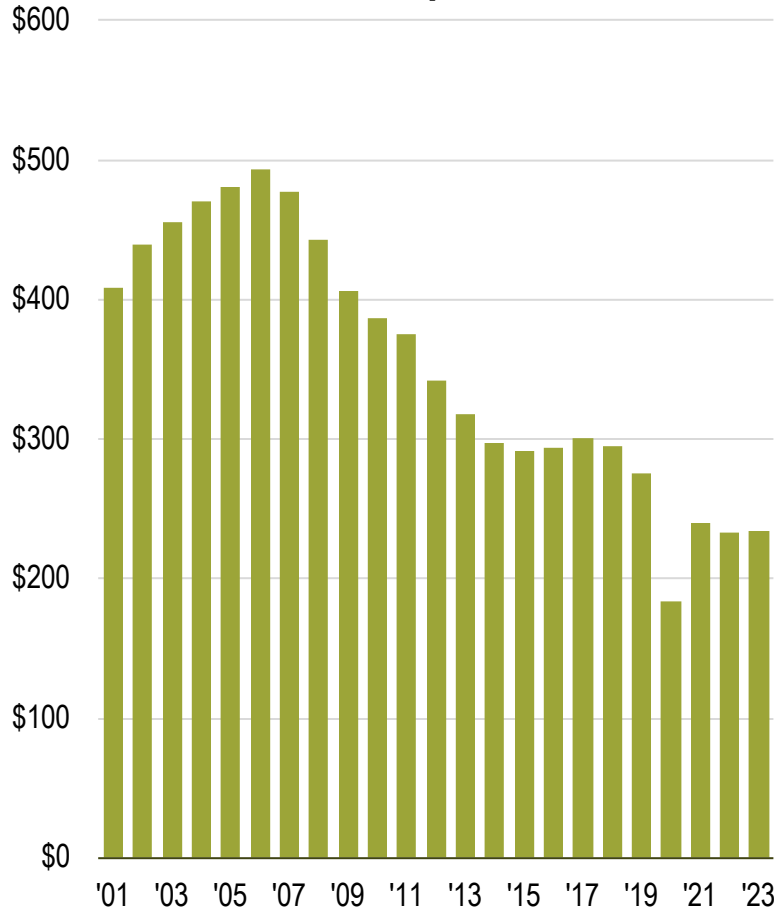


Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

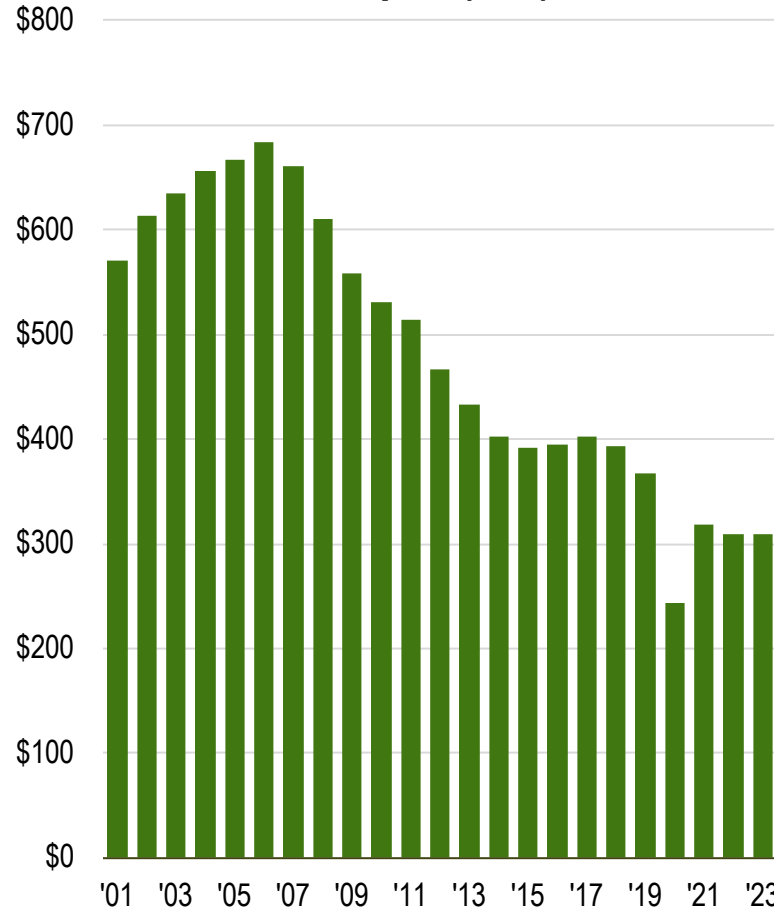
# Casino Revenue per Metric

## Connecticut

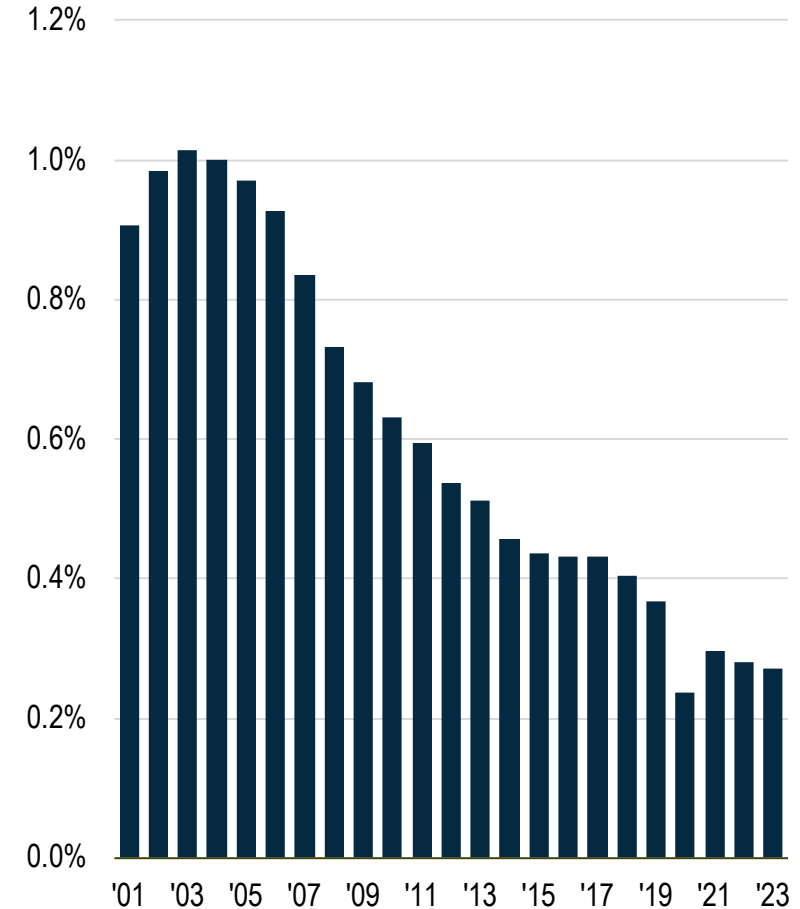
Per Capita



Per Capita (21+)



Share of Personal Income



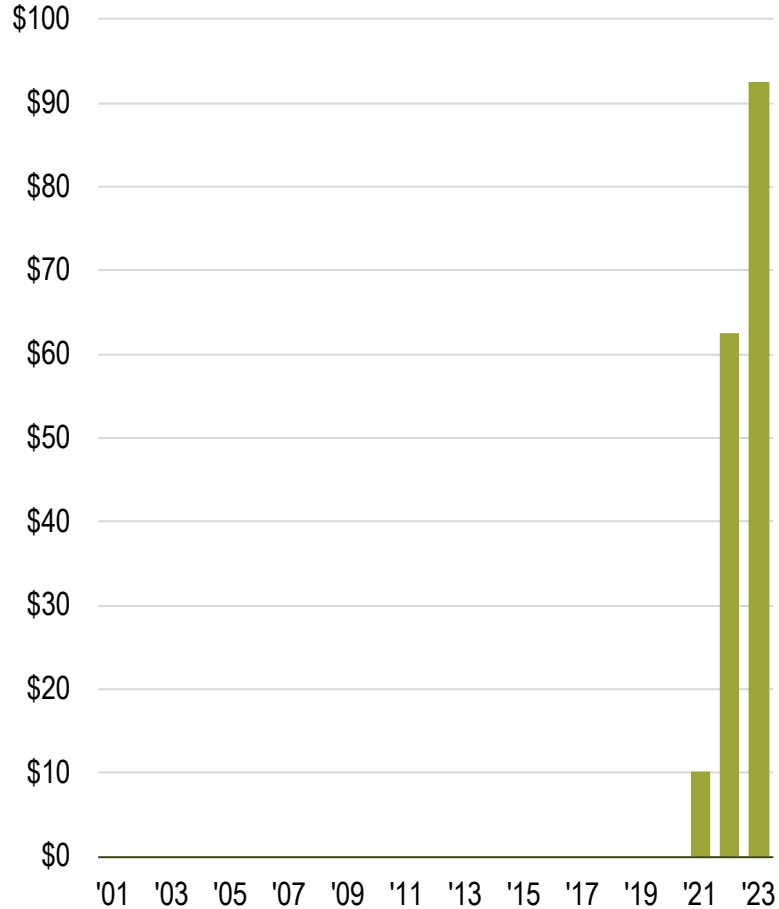
Source: Connecticut Department of Consumer Protection; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis



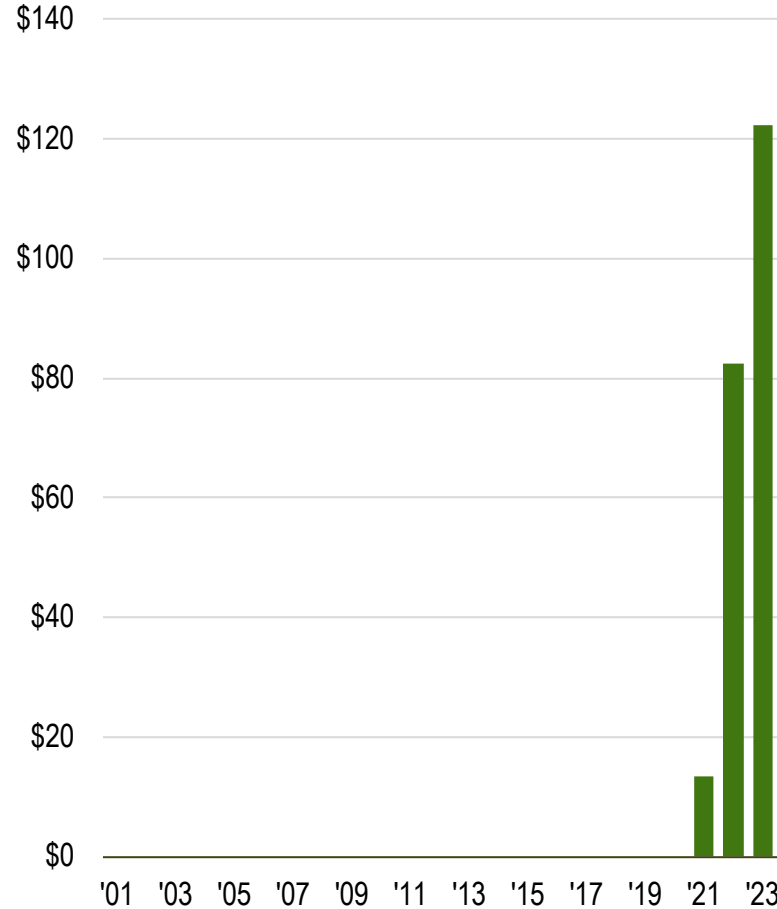
# iGaming Revenue per Metric

## Connecticut

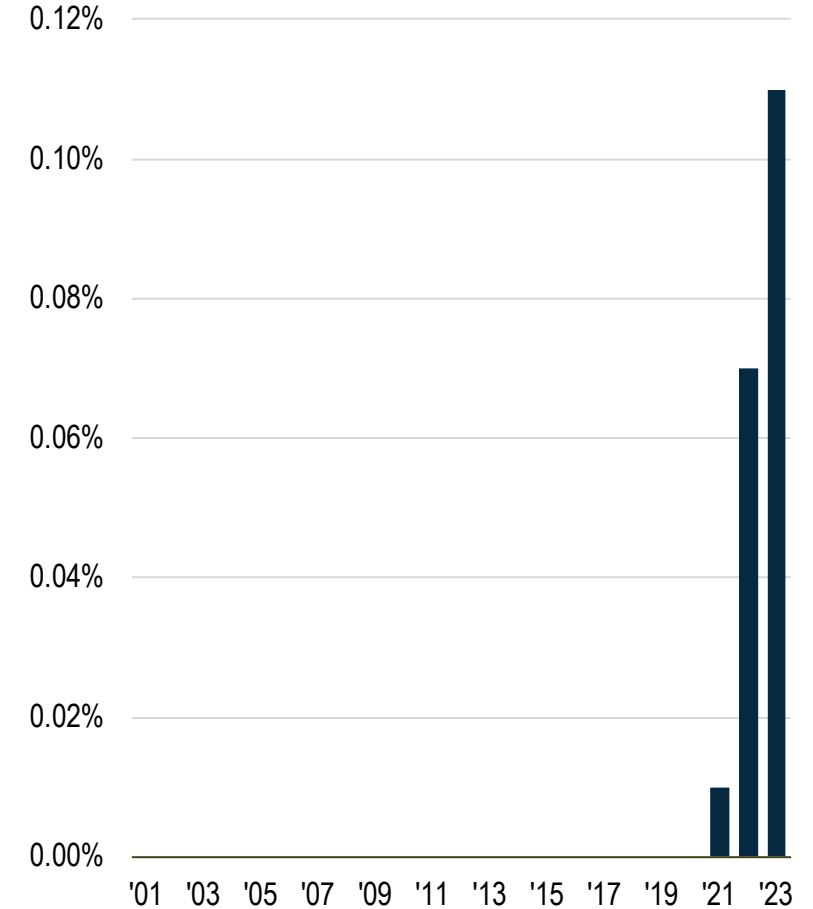
Per Capita



Per Capita (21+)



Share of Personal Income

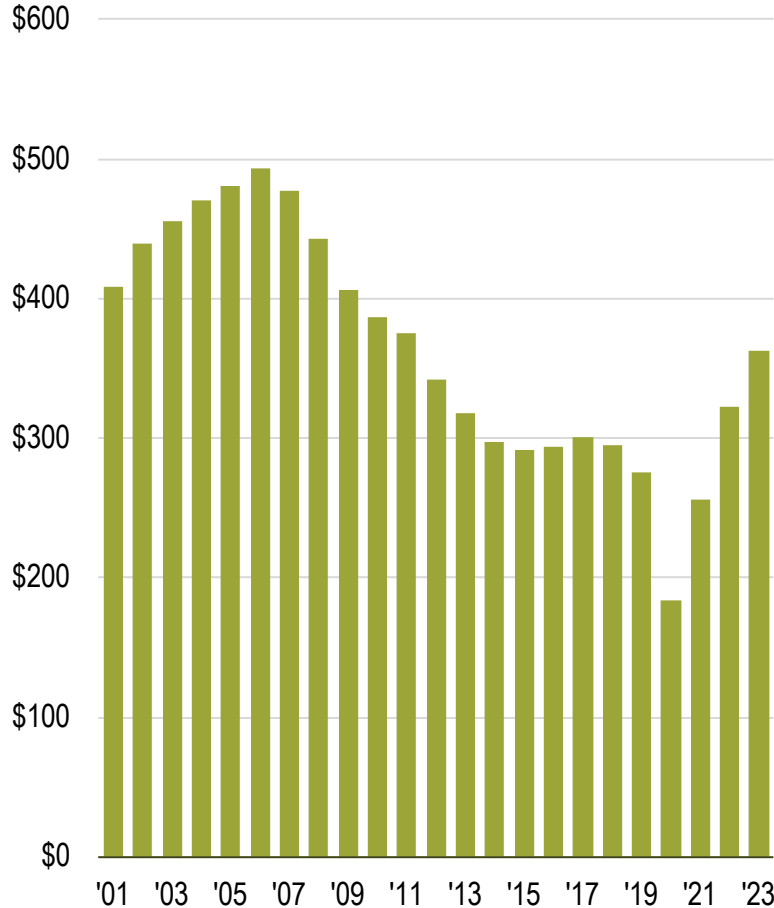


Source: Connecticut Department of Consumer Protection; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

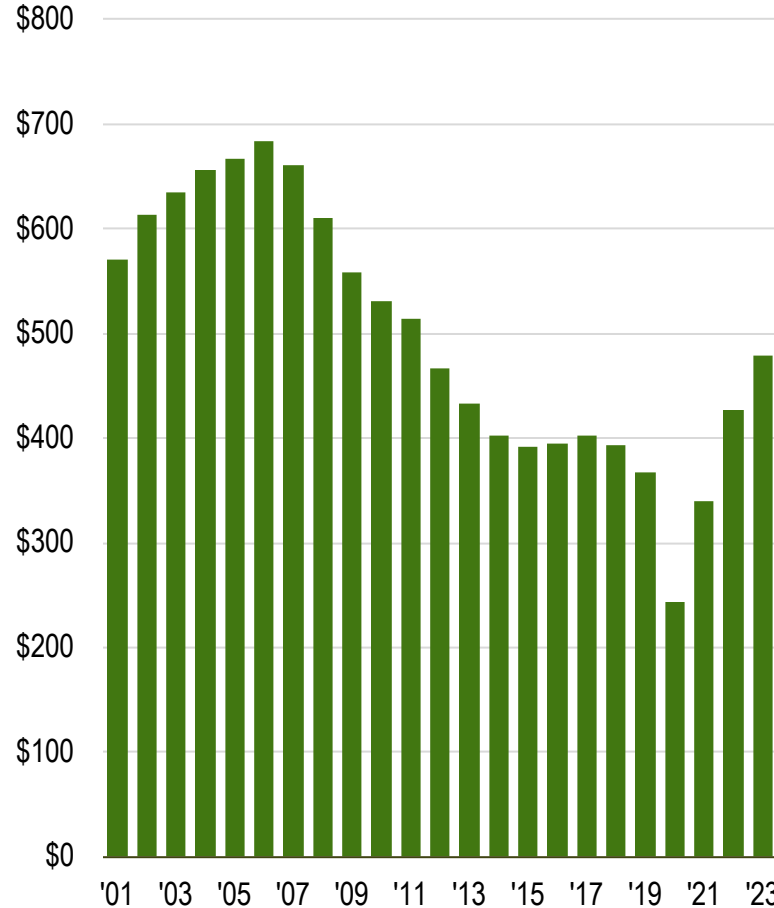
# Combined Gaming Revenue per Metric

## Connecticut

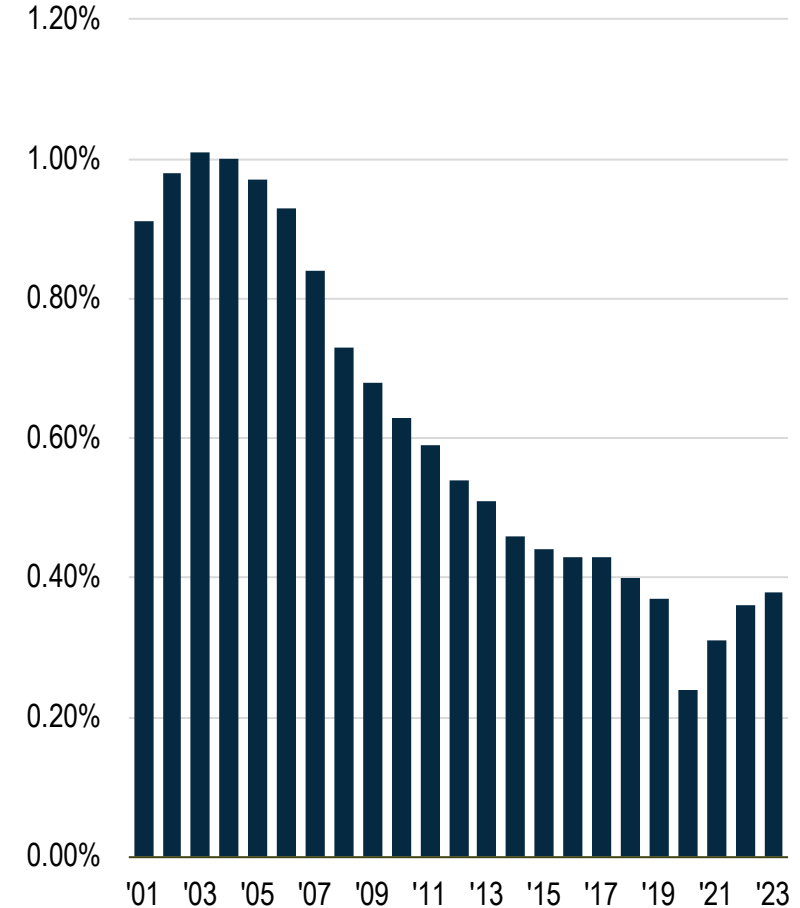
Per Capita



Per Capita (21+)



Share of Personal Income



Source: Connecticut Department of Consumer Protection; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

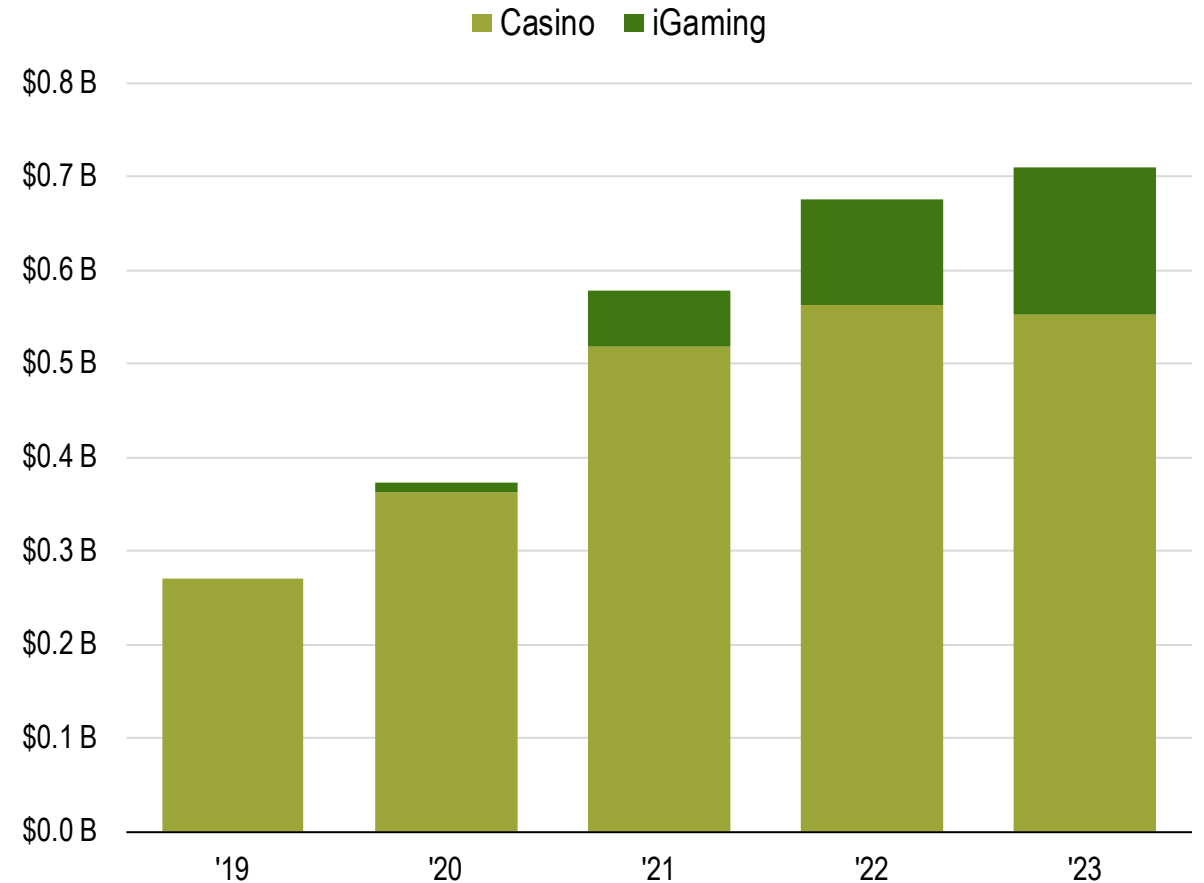
# Gaming

## West Virginia



2023 Snapshot	Value	Per Capita	Share of Income
Population (21+)	1,353,700	N/A	N/A
Income	\$92.35 Billion	N/A	N/A
Casino Revenue	\$533.33 Million	\$408.01	0.60%
iGaming Revenue	\$156.75 Million	\$115.79	0.17%
Combined Revenue	\$709.08 Million	\$523.80	0.77%

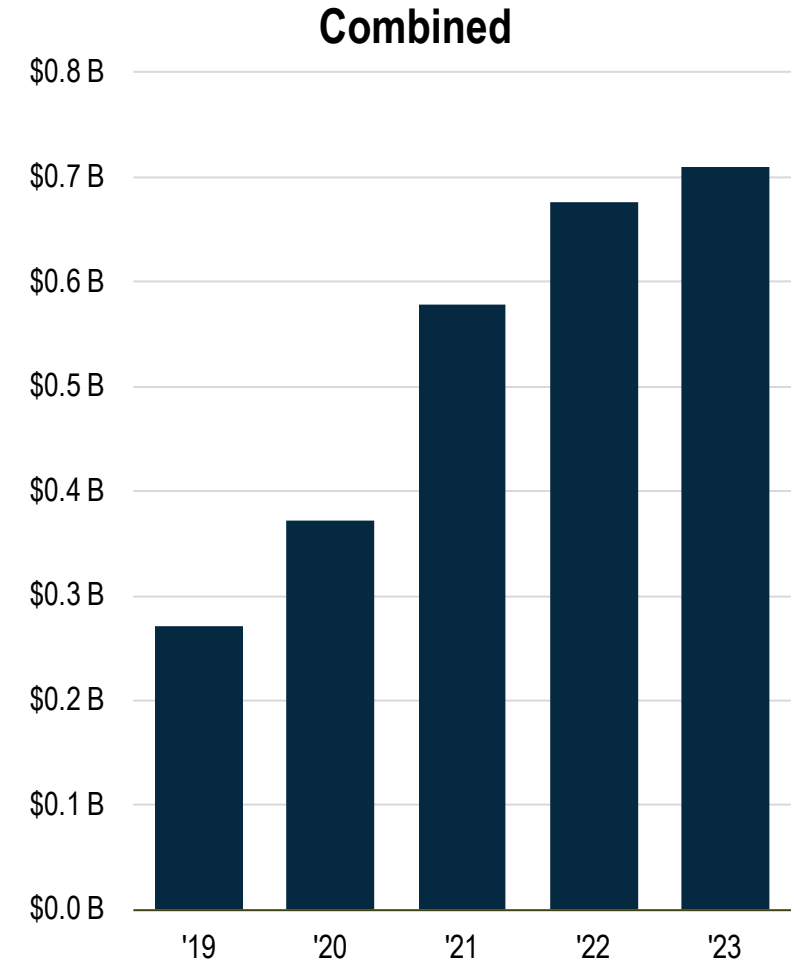
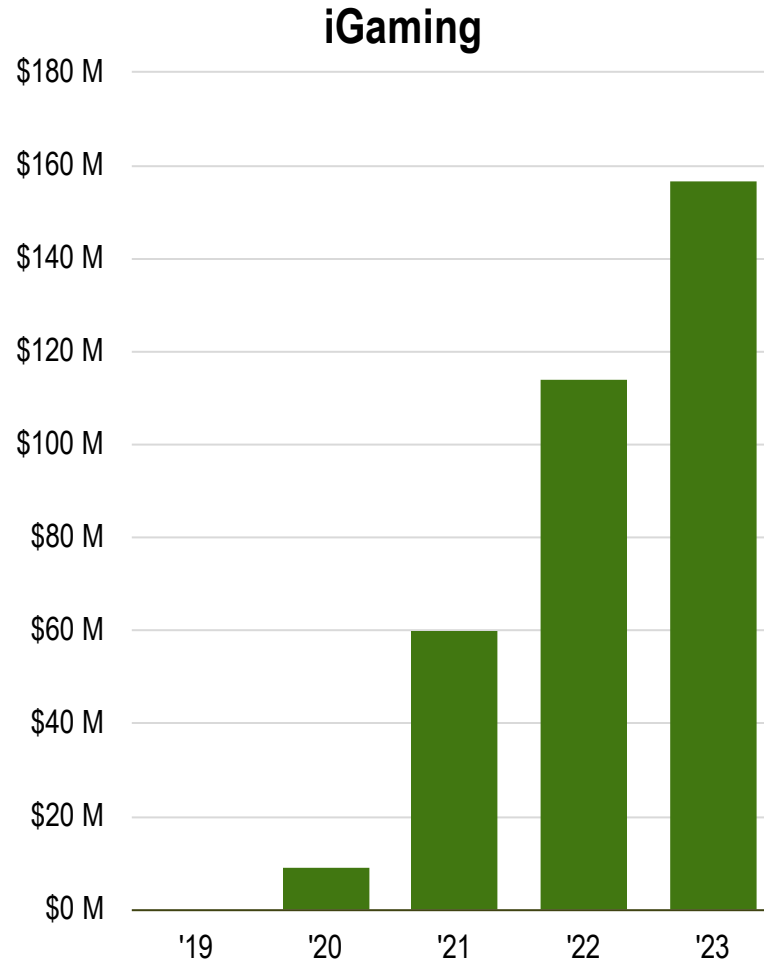
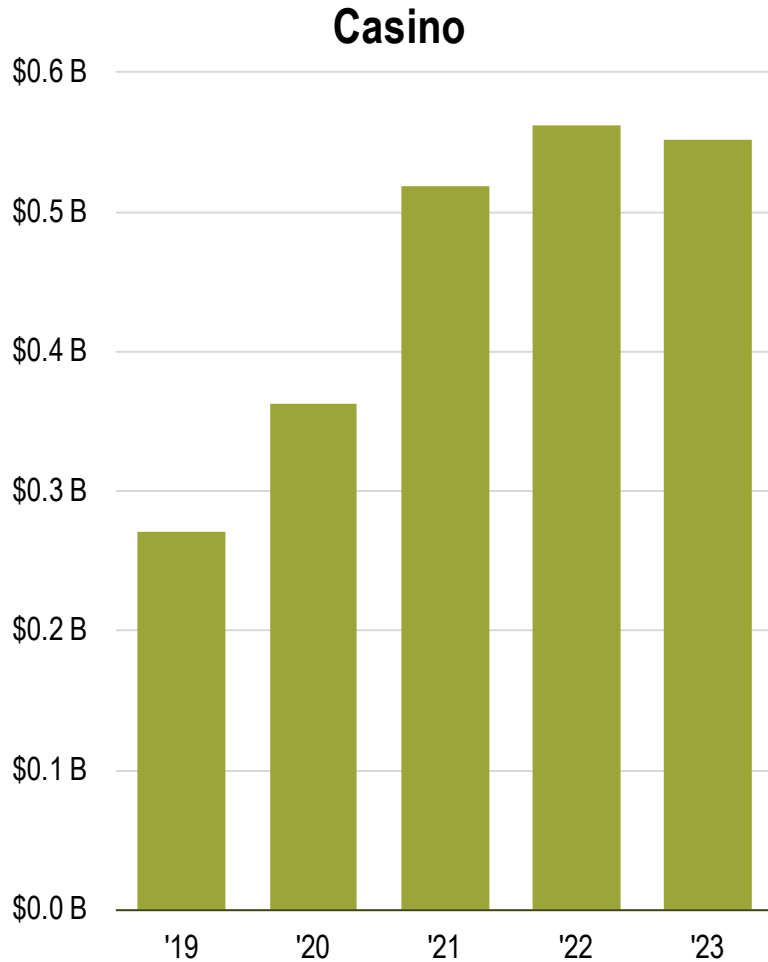
### Gaming Revenue



Source: Michigan Gaming Control Board; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis. Note: Data prior to 2019 not readily available by calendar year.

# Gaming Revenue

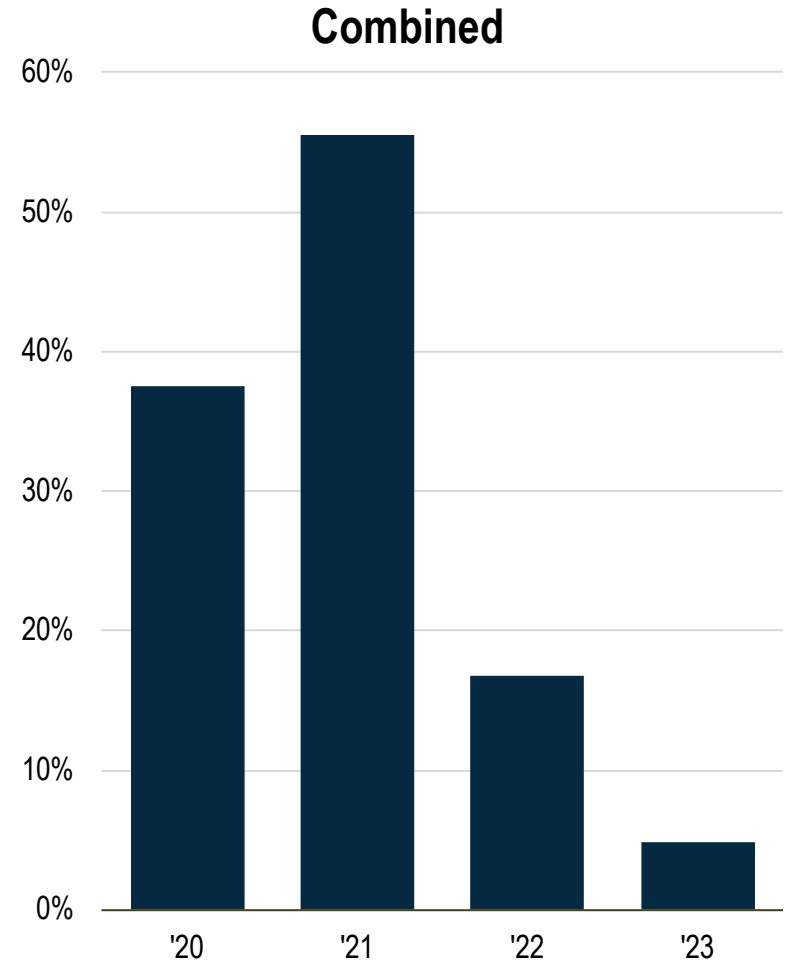
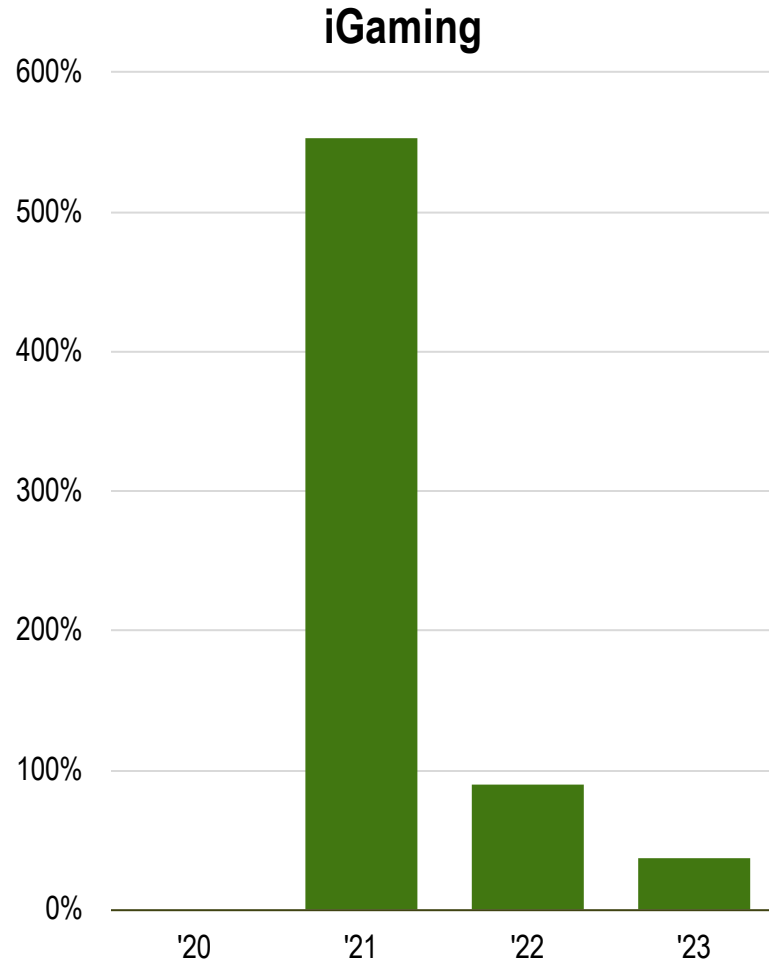
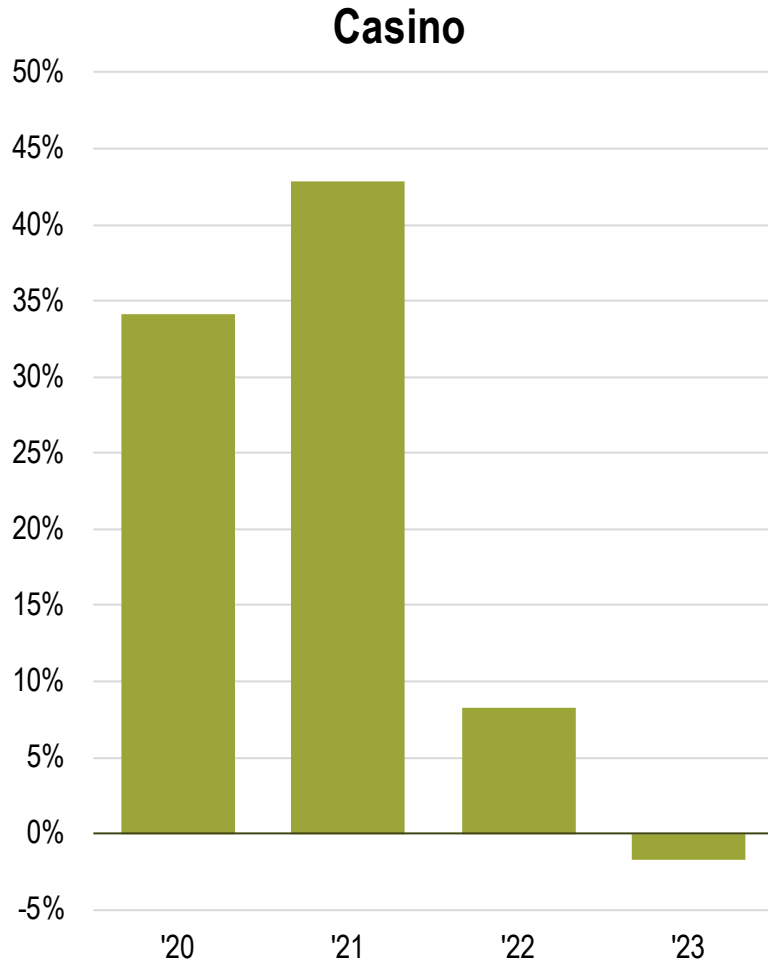
## West Virginia



Source: West Virginia Lottery. Note: Data prior to 2019 not readily available by calendar year.

# Gaming Revenue Annual Growth (%)

## West Virginia

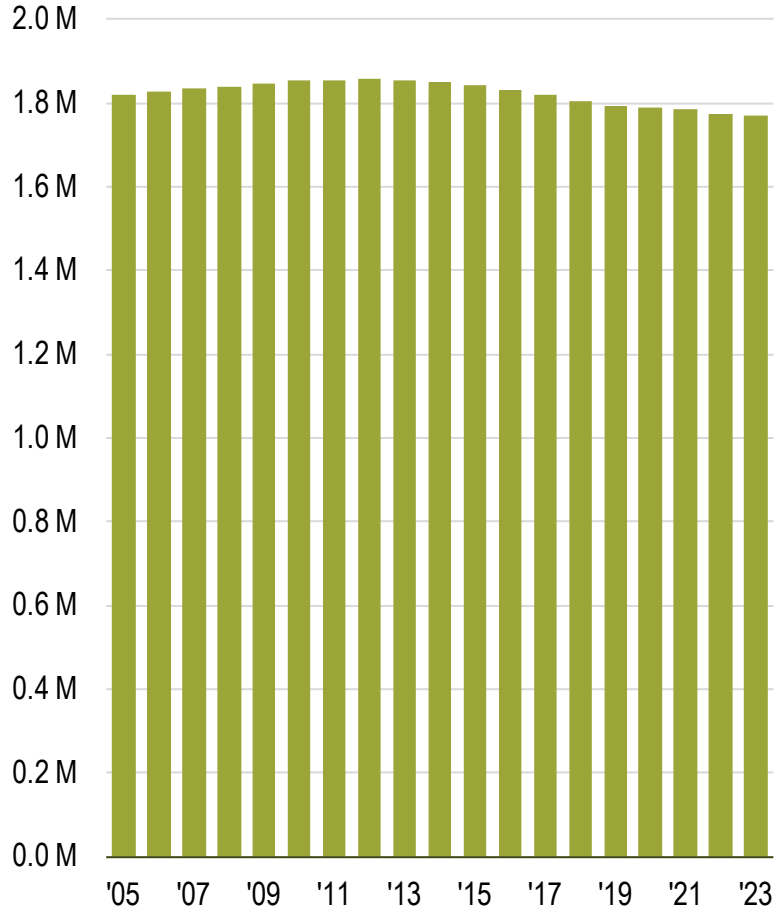


Source: West Virginia Lottery; Applied Analysis. Note: Data prior to 2019 not readily available by calendar year.

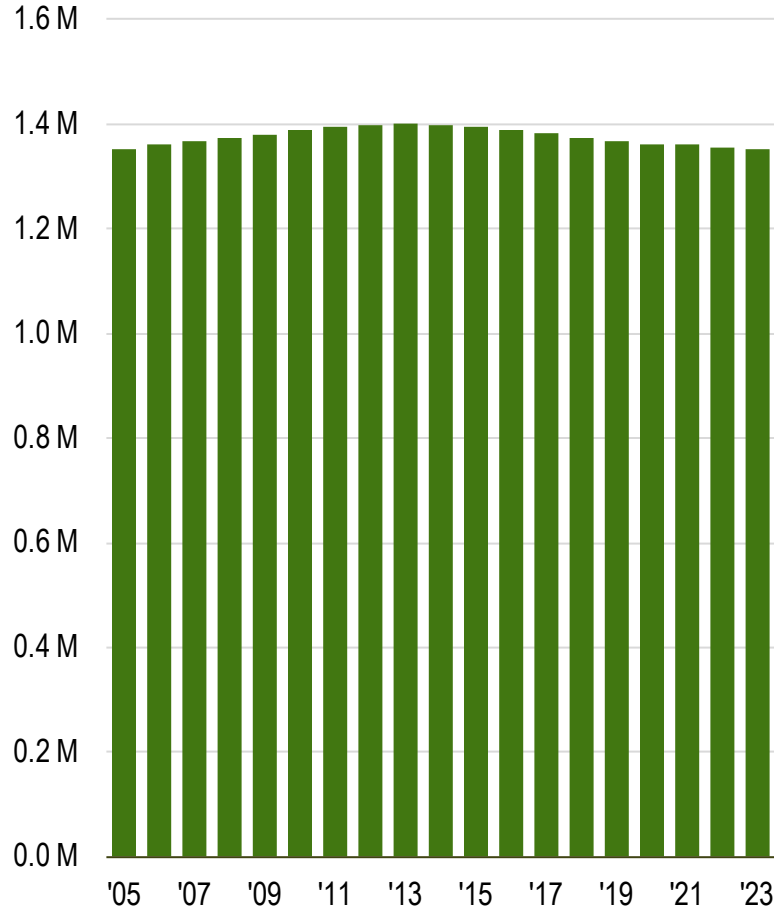
# Economic Base

## West Virginia

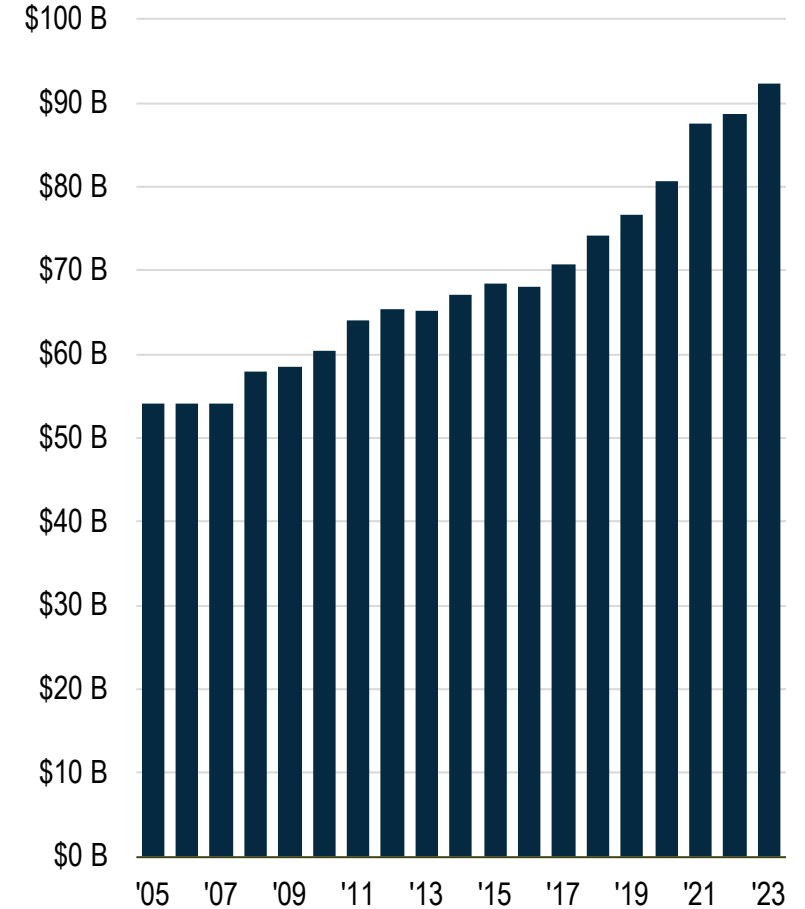
### Population



### Population (21+)



### Personal Income

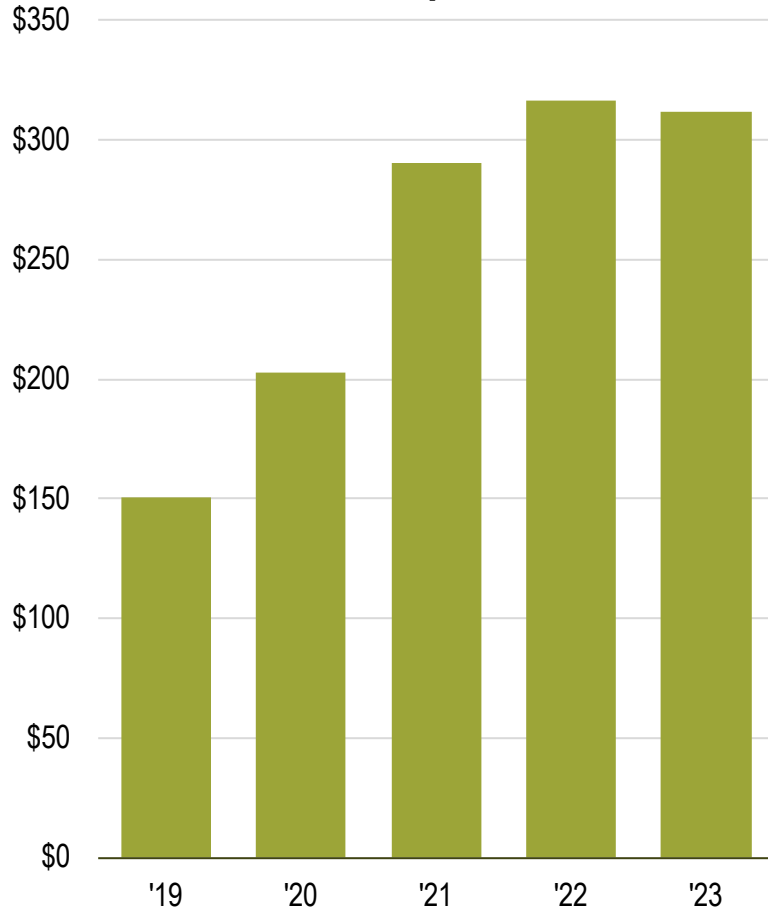


Source: U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis

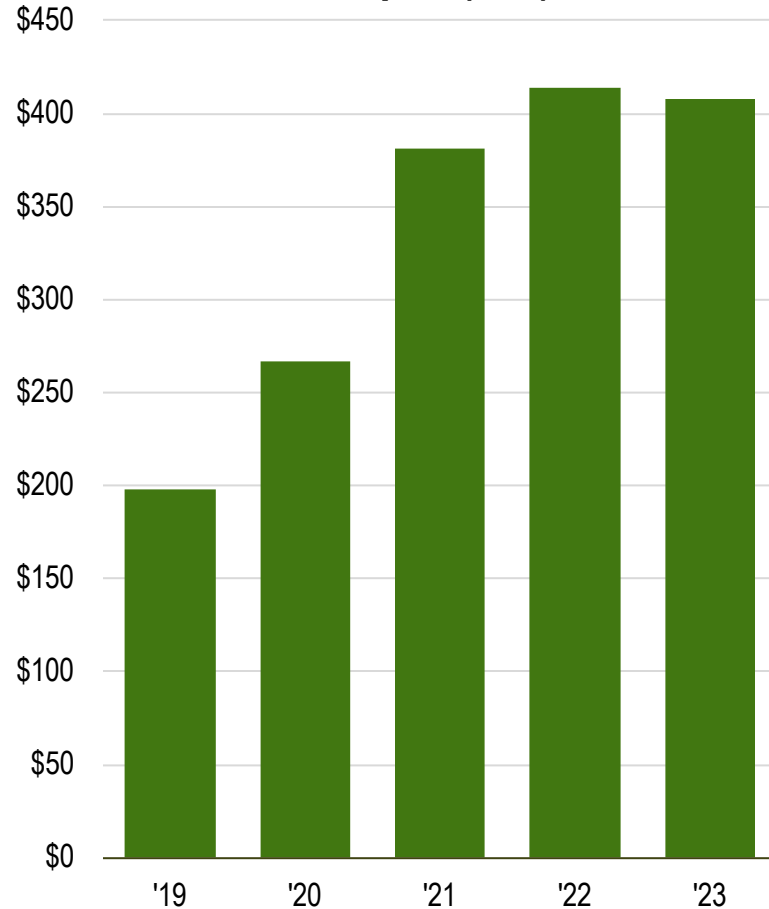
# Casino Revenue per Metric

## West Virginia

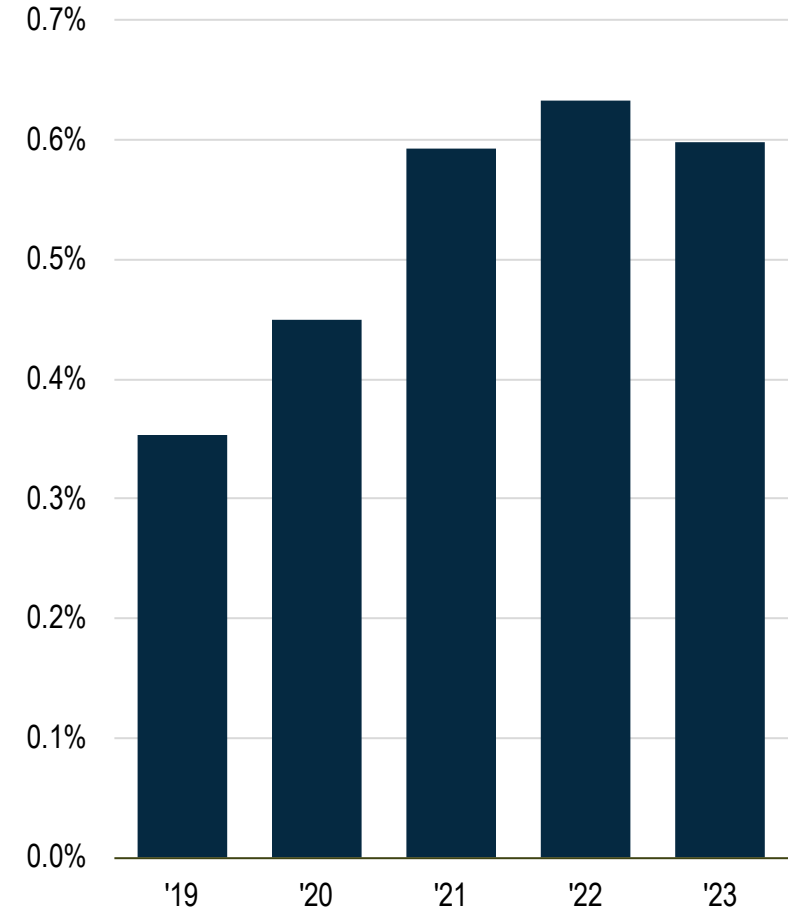
Per Capita



Per Capita (21+)



Share of Personal Income

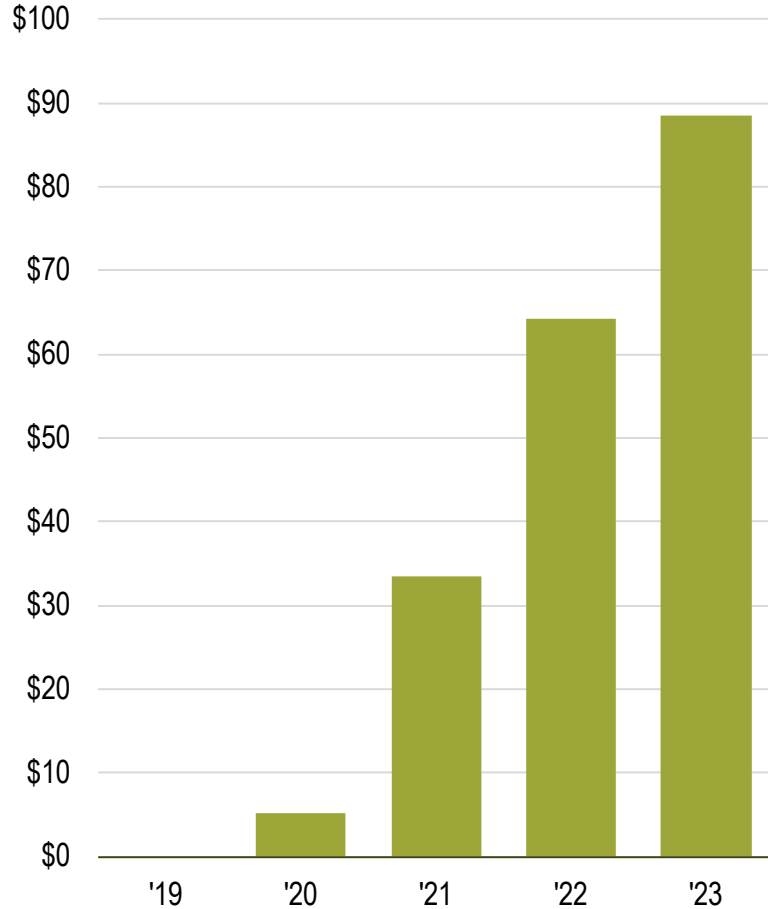


Source: West Virginia Lottery; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis. Note: Data prior to 2019 not readily available by calendar year.

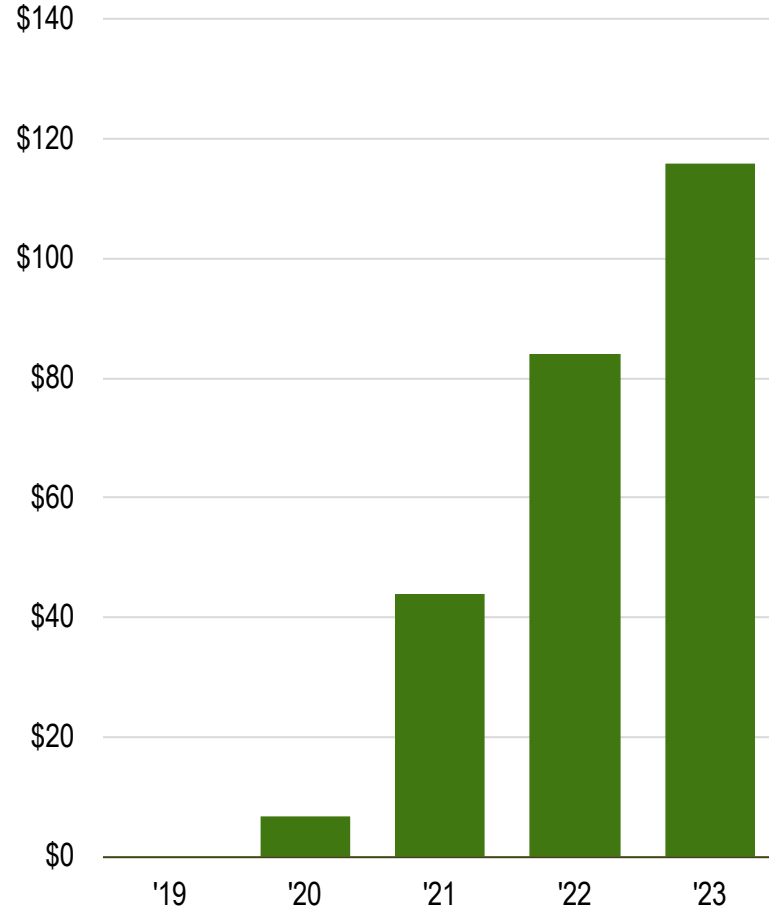
# iGaming Revenue per Metric

## West Virginia

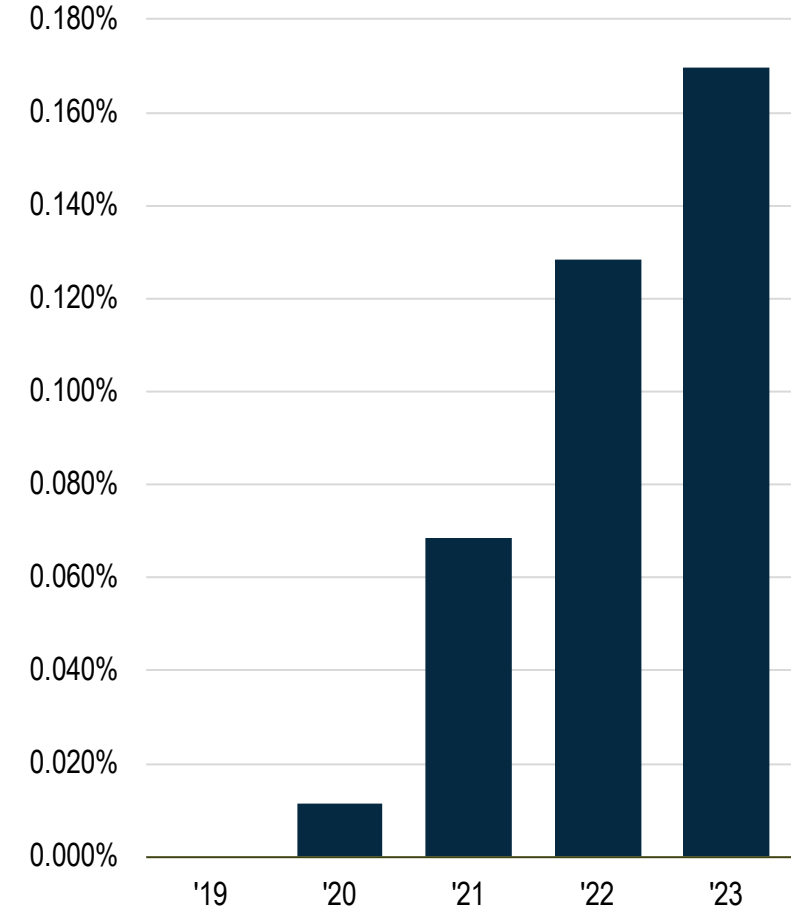
Per Capita



Per Capita (21+)



Share of Personal Income



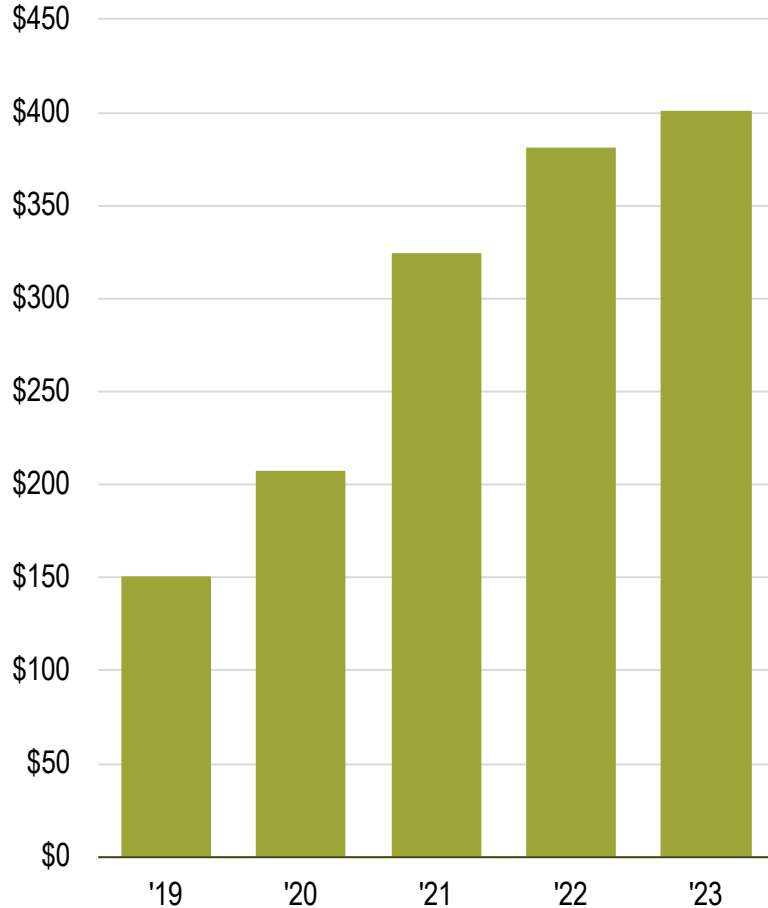
Source: West Virginia Lottery; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis. Note: Data prior to 2019 not readily available by calendar year.



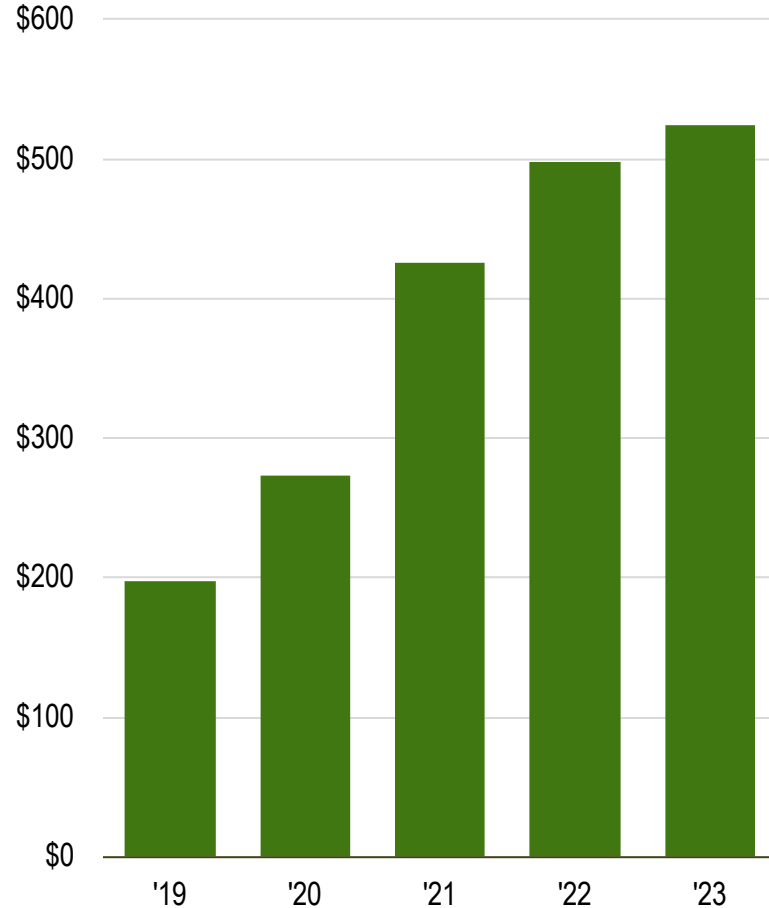
# Combined Gaming Revenue per Metric

## West Virginia

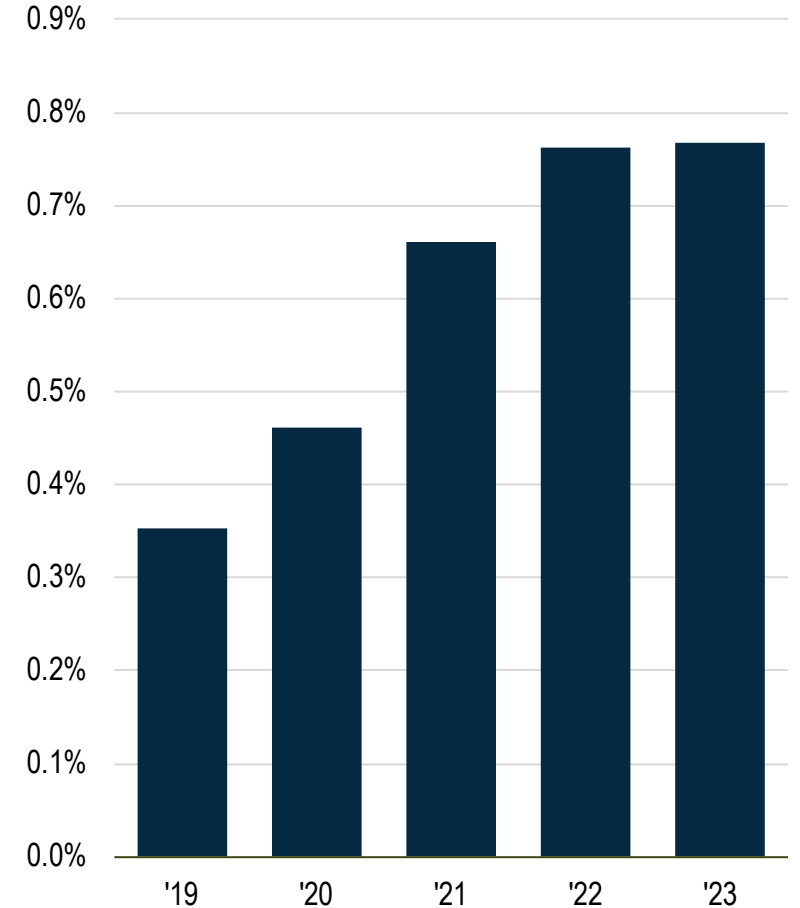
Per Capita



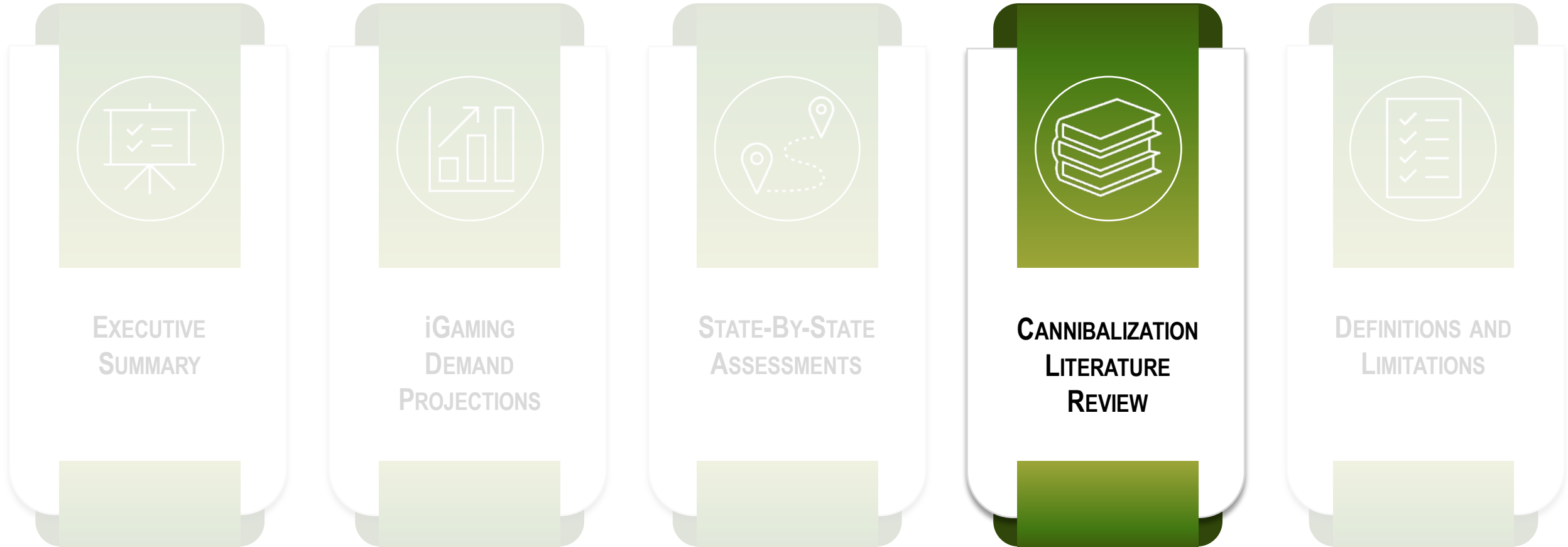
Per Capita (21+)



Share of Personal Income



Source: West Virginia Lottery; U.S. Census Bureau; U.S. Bureau of Economic Analysis; Applied Analysis. Note: Data prior to 2019 not readily available by calendar year.



# Brick-and-Mortar Casino Cannibalization

## Key Considerations

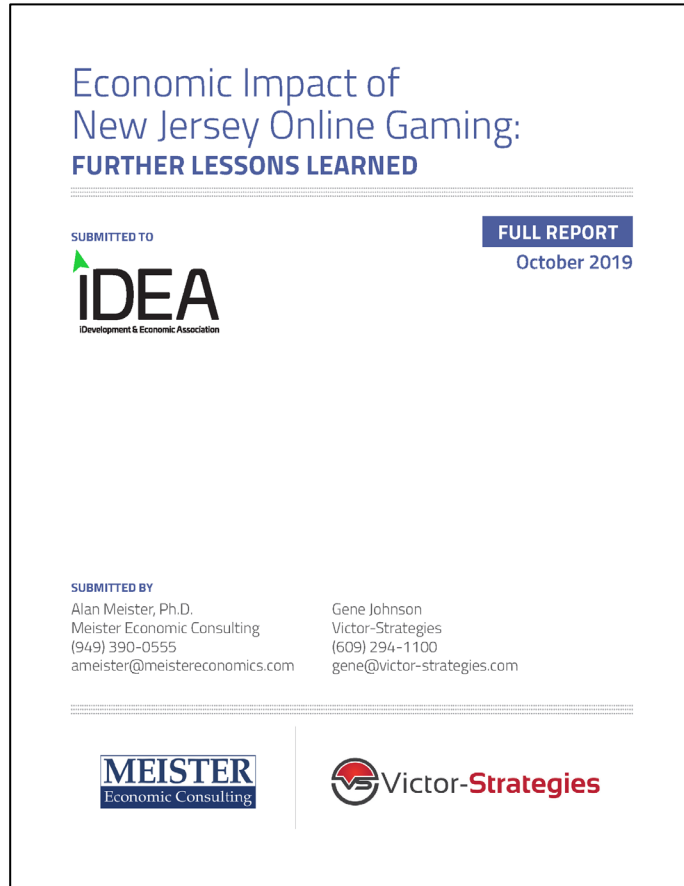
An area of potential concern when considering the legalization of iGaming is the impact it may have on existing brick-and-mortar casinos. Opponents to iGaming legalization may argue that online gaming activities will divert customers from in-person gaming to online activity (often referred to as cannibalization). While there is the potential for a small share of players to adjust their behavior, states with tenured iGaming access have not seen a dramatic fall of in-person gaming revenue. New Jersey and Delaware launched iGaming a decade ago. In both cases, iGaming legalization came as brick-and-mortar casino revenues were trending downward. Immediately following their iGaming launches, both states saw brick-and-mortar casino revenues stabilize and then trend upward.

Five of the seven iGaming states launched in 2019 or later, coinciding with the COVID-19 pandemic. This unique timing makes it difficult to separate the effects of iGaming on existing establishments from the effects of pandemic-era capacity limits, social distancing policies and individual caution. Many casinos reduced capacity within physical casinos, which could partially explain revenue trends in selected markets. Additionally, casino floor sizes and the number of tables and games on casino floors have generally been shrinking. Since 2019, gaming machines in non-tribal casinos decreased by 9.7 percent, while machines in non-casino locations increased by 16 percent. Pennsylvania was the only iGaming state that saw growth in the number of gaming machines, with an increase of 6.3 percent. Maryland gaming machine capacity declined 16 percent.

Research suggests a multichannel approach to gaming products increases revenues across the entire industry as evidenced within this report. Gaming company Rush Street Interactive (“RSI”) operates online casinos in three states. The company reported that users who used both sports betting and iGaming services generated 12.6 times more gross gaming revenue than sports bettors alone and 2.8 times more revenue than iGaming-only players. Recent literature on the topic is summarized on the following pages.

Source: American Gaming Association; RSI Investor Presentation Q2-23

# Literature Review



## Results

- From 2013 to 2018, iGaming contributed \$2 billion in total output and supported 6,552 total jobs in New Jersey
- State and local taxes totaled \$206 million
- Noted that brick-and-mortar gross gaming revenue stabilized then began to grow after iGaming launch

## Methodology

- Employed an input-output model to assess total economic impact
- Used IMPLAN economic modeling system
- The model estimated direct, indirect and induced impacts of iGaming

# Literature Review



## Results

- Estimated average iGaming revenue per adult of \$830 three years after launch
- Based on gross gaming revenue and industry leader statements, the study concluded that iGaming does not cannibalize brick-and-mortar gaming

## Methodology

- Forecasted iGaming market in Indiana via:
  - Gaming spending per adult
  - Gaming spending as a percentage of gross state product
  - Gaming spending as a percentage of personal disposable income
- Estimated employment impact based on industry operator feedback

# Literature Review



170 Sawyer Road  
New Gloucester, ME 04260  
Phone: 207.926.1039  
Email: [stine@cwj.net](mailto:stine@cwj.net)

## *Rhode Island iGaming and State Revenue Forecast, May 2023 Update*

Christiansen Capital Advisors, LLC (CCA) has been retained by the State of Rhode Island Department of Revenue (DOR) to update its forecasts of iGaming revenue. As in other forecasts CCA has produced for the State of Rhode Island,<sup>1</sup> we rely heavily on empirical data from other jurisdictions in constructing our projections. Therefore, we begin the analysis below with a review of the performance to date of iGaming in these other jurisdictions followed by our estimates of the likely performance of similar offerings in Rhode Island.

### RESULTS FROM OTHER iGAMING STATES

#### Nevada

Nevada was the first state to authorize iGaming. In March 2011, the Nevada legislature introduced AB 258, which instructed the Nevada Gaming Commission to adopt regulations for the licensing and regulation of Internet Poker. In December 2011, the Commission adopted amendments to its regulations to make possible the licensing and operation of Internet Poker. In February 2013, Nevada enacted legislation that allowed the pooling of Internet Poker with other jurisdictions where the practice was legal via entering into "compacts" with these other states.

In addition to being limited to Internet Poker only, Nevada does not report statistics due to a provision in Nevada gaming law that prevents the disclosure of individual financial records. Thus, Nevada reports online and offline poker together in its reports.

#### Delaware

On June 28, 2012, Delaware Governor Jack Markell signed the Delaware Gaming Competitiveness Act of 2012, allowing the Delaware State Lottery to operate full-scale casinos online. Their iGaming website was launched on November 8, 2013. The Delaware Lottery controls the entire gaming platform and is currently contracted with Light and Wonder Gaming, Inc. (formerly Scientific Games) and 888 Holdings to operate it. Sites, or "skins," are provided by the licensed gaming sites (Delaware Park, Dover Downs, and Harrington Raceway) and run on top of that platform. In essence, iGaming in Delaware is a single portal that the licensees feed into. Delaware offers several poker games, as well as roulette, blackjack, and slots. Despite being in operation for eight years, iGaming in Delaware significantly lags most other states even after posting significant gains in 2020 and 2021 due to COVID-19 induced lockdowns. It appears that this single portal structure, delays in implementing mobile iGaming via iOS and Android and a burdensome revenue share for the licensed gaming sites has significantly hampered the performance of iGaming in Delaware (Exhibit 1.1). Specifically, after paying Light and Wonder and 888 for the operation of the platform, the first \$3.75 million of iGaming revenues (26% of the \$14.4 million Delaware iGaming produced over the last twelve months) is transferred to the State general fund. Of the remainder 15.5 % of

<sup>1</sup> Christiansen Capital Advisors, LLC, for the Rhode Island Department of Revenue "Rhode Island Gaming and State Revenue Forecast," December 1, 2021, March 12, 2019, October 31, 2017, 2015, and 2014.

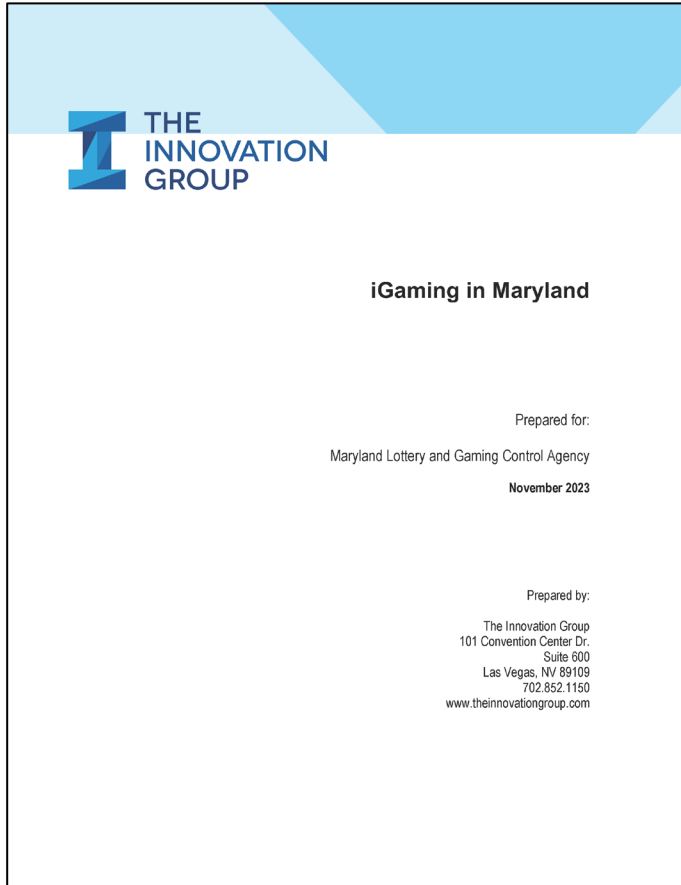
## Results

- Found no evidence of cannibalization among iGaming states
- Estimated \$38.8 million in tax revenue from iGaming by year five in Rhode Island
- Concluded that experiences in other states indicated that iGaming grows the overall gaming market

## Methodology

- Forecasted iGaming revenue based on trends in Connecticut and West Virginia

# Literature Review



## Results

- Forecasted iGaming gross revenue of \$900 million by 2029
- Estimated iGaming across all states reduced brick-and-mortar revenue by as much as 10.2 percent
- Suggested two skins per operator to create a competitive market

## Methodology

- Estimated cannibalization rate by comparing net gross gaming revenue growth among non-iGaming states to net gross gaming revenue of iGaming states
- Forecasted iGaming revenue by comparing spend per capita trends in other iGaming states

# Literature Review



## Results

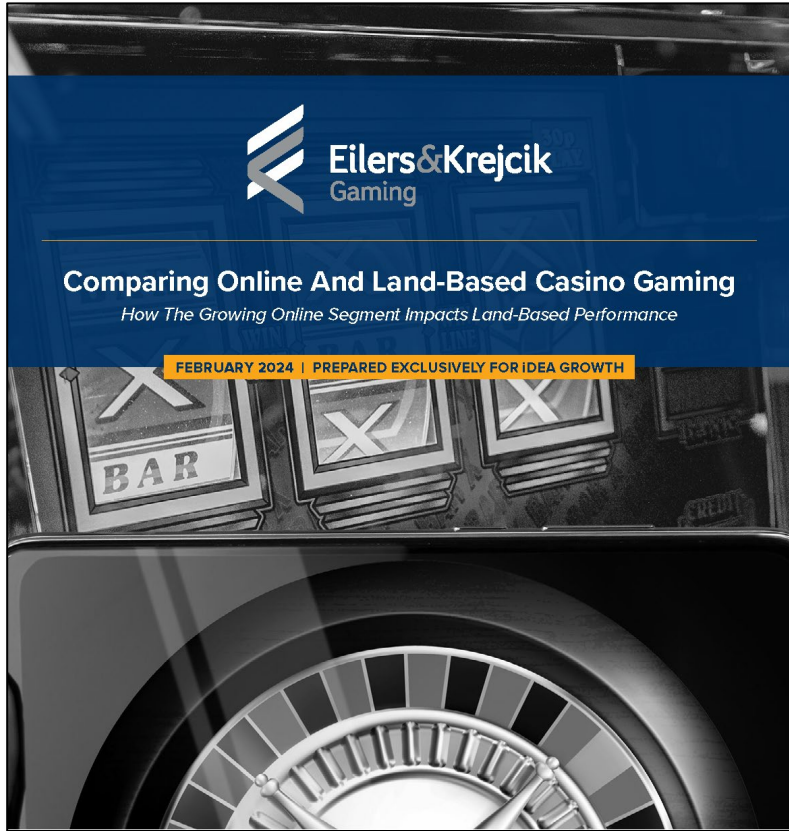
- Brick-and-mortar casino gross gaming revenue has been increasing since the pandemic
- Based on previous literature, the study concluded that iGaming does not negatively affect brick-and-mortar gaming
- More than half (50.5 percent) of casino revenue originated from Connecticut residents

## Methodology

- Employed PI+ model from Regional Economic Models
- Used AirSage cell phone location data to calculate the portion of casino patrons that traveled from out of state



# Literature Review



## Results

- Brick-and-mortar gross gaming revenue increased by an average of 2.4 percent after the launch of iGaming
- Gaming revenue in five out of six iGaming states outperformed revenue growth in comparable brick-and-mortar only states
- Estimated iGaming generated a positive 1.7 percent impact for brick-and-mortar casinos

## Methodology

- Compared the compound quarterly growth rate of gross gaming revenue at brick-and-mortar casinos pre- and post-iGaming launch
- Employed demand and participation rate estimates to model cannibalization
- Conducted a survey of gaming operators

# Bill Hornbuckle

CEO, MGM Resorts International



“

The idea that omnichannel can and will work - and not be cannibalizing - is something I'm excited about moving forward.

I think iGaming opens to the notion that you can engage with a company 365 days a year if you choose to, come to a brick-and-mortar environment three times a year and be recognized and be rewarded and have a holistic experience whether it's around iGaming or sports.

”

Source: MGM Q2 2021 Earnings Call; sigma.world

# Jason Robins

## CEO, DraftKings



Source: Bonus.com; legalsportsreport.com. Picture Source: Pillar VC

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“

The way that I would explain this is you're bringing more people into the market. There's marketing, there's other things that come with the legalization. More people are able to access it because it's more convenient. So, you're just bringing more people into the market ... that lifts everything.

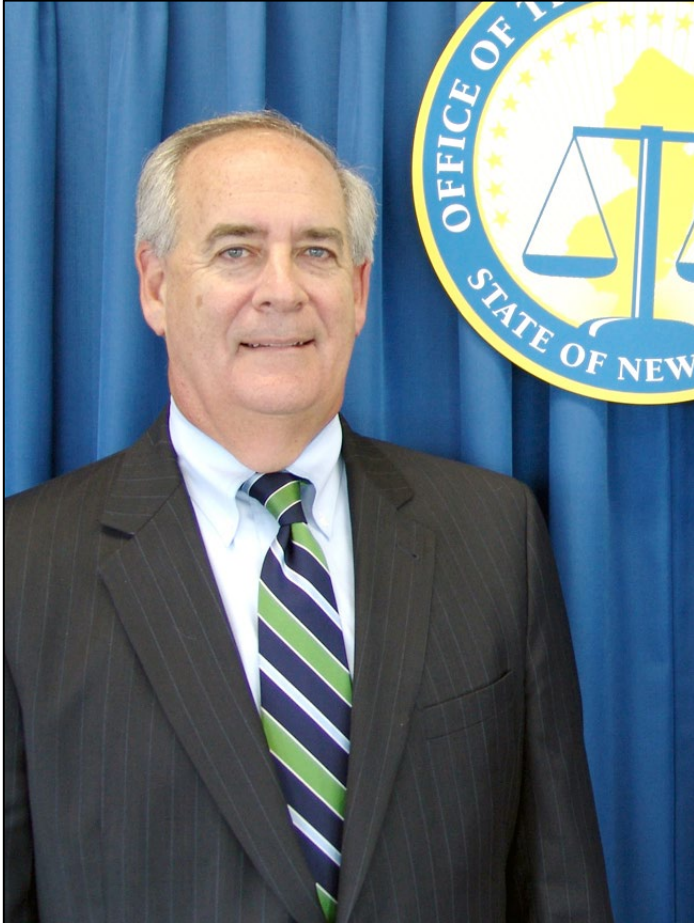
Large states have authorized both (sports betting and iGaming) without cannibalizing existing retail gaming operators and experiencing a hyperbolic doomsday scenario opponents recklessly predicted. ...The stigma and fears associated with online gaming seem to rely on inaccurate and out-of-date ideas of how the technology works.

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”

# David Rebeck

Director, New Jersey Division of Gaming Enforcement



Source: ggbmagazine.com; ifrahlaw.com. Picture Source: nj.org

“

Given what has happened since then, (iGaming) has rescued the casino industry in New Jersey. If we hadn't legalized iGaming, it would be a different environment here today. It definitely did not cannibalize the offerings. It's brought in a new demographic of individuals who they can market to, and it has expanded their opportunities to be successful as a business.

(iGaming) has created competition, it has created a better consumer opportunity, and we're not maxed out yet.

”

# Keith Smith

CEO, Boyd Gaming



Source: PRNewswire. Picture Source: Las Vegas Review-Journal

“

These results also once again demonstrate online gaming’s potential to expand our business. About 85 percent of our online players have not had rated play at Borgata in at least two years, showing there is little overlap with our land-based business. Online gaming is growing our database, creating a long-term opportunity to market Borgata to an entirely new group of customers.

”



EXECUTIVE  
SUMMARY



iGAMING  
DEMAND  
PROJECTIONS



STATE-BY-STATE  
ASSESSMENTS



CANNIBALIZATION  
LITERATURE  
REVIEW



**DEFINITIONS AND  
LIMITATIONS**

# Definitions, Assumptions and Limiting Conditions

## Selected Definitions

- **iGaming:** Casino games, such as slot machines, table games and poker, that are offered electronically over the internet (via mobile devices and computers).
- **Skin:** A skin is a sublicense of a casino's online betting license.
- **Gross Gaming Revenue (GGR):** Total amount wagered minus winnings paid
- **Omnichannel strategy:** A business strategy designed to create a unified user experience across interaction points.
- **Multichannel strategy:** The use of multiple types of interaction points to attract consumers.

## Assumptions and Limiting Conditions

The information used in, and arising from, this analysis is based upon assumptions that are subject to uncertainty and variation. As a result, the estimates do not represent results that will be achieved in the future. There will usually be differences between projected and actual results as events and circumstances frequently do not occur as expected; the differences may be material. This report, the findings contained herein, and the analysis underlying the findings have been prepared to demonstrate the possible effect of future hypothetical occurrences showing the potential demand for gaming-related activity. These occurrences are deemed reasonable based on the assumptions and underlying analyses contained herein. This analysis also assumes necessary approvals from the appropriate jurisdictions with respect to legislative changes are obtained.

# About the Author

Applied Analysis (AA) is a Nevada-based economic analysis and gaming consulting firm with extensive experience. AA also maintains a broad range of gaming experience. AA has been retained by several organizations to review and analyze the economic, fiscal and social impacts of community investments and operations. This economic impact analysis includes impacts on employment, wages and output.

AA is an information and analysis resource founded in 1997 for both the public and private sectors. Our team has extensive experience in real estate, market analysis, urban economics, information technology, finance and hospitality consulting. We apply this knowledge in an effort to develop creative solutions to our clients' challenges. Our team has performed analyses in Nevada, California, Mississippi, Colorado, New York, Illinois and other markets around the country. We have serviced a broad spectrum of business clients, from governmental agencies to healthcare providers. Our public sector practice has analyzed the fiscal and economic impact of developments from five to 23,000 acres and handled policy issues spanning business tax initiatives to the cost of air quality programs.

Our vision and goals have been the same since our inception. We strive to provide superior advisory services through a better understanding of our clients and their issues. We obtain this superior understanding through listening closely to our clients' needs and designing solutions that take into account their unique nature, circumstances and requirements.

To put it simply, we are a solutions resource. Our future is branded by the success of our clients and the quality of our professionals. *Our commitment lies therein.*

Applied Analysis' broad range of experience in a number of industries and disciplines provides our professionals with a global view and approach to projects. The following highlights key service lines and areas of expertise.

- Economic Analysis
- Financial Analysis / Advisory Services
- Hospitality / Gaming Consulting Services
- Information Technology / Web-based Solutions
- Litigation Support / Expert Analysis
- Market Analysis
- Opinion Polling / Consumer Sentiment Analysis
- Public Policy Analysis

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For More Information, Contact:

**Applied Analysis**

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Las Vegas, Nevada 89118

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# **HB1319 - TSO - Internet Gaming - Implementation &**

Uploaded by: Pilar Helm

Position: INFO

March 26, 2024

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

***Re: Letter of Information – House Bill 1319 – Internet Gaming – Authorization & Implementation***

Dear Chair Guzzone and Committee Members:

The Maryland Department of Transportation (MDOT) offers the following information on House Bill 1319 for the Committee’s consideration.

House Bill 1319 calls for The State’s Minority Business Enterprise (MBE) program requirements to apply to the Internet gaming industry to the extent practicable and permitted by federal law. The bill also provides that within six months of the issuance of an Internet gaming license, the Governor’s Office of Small, Minority, and Women Business Affairs – in consultation with the Office of the Attorney General (OAG) and the licensee – will establish a clear plan for setting reasonable and appropriate MBE participation goals and procedures for the procurement of goods and services related to Internet gaming.

As a preliminary matter, an analysis must be conducted to identify all the relevant industry codes that are expected to be impacted by the iGaming industry. These analyses have historically been conducted by an outside consultant. Then, as is the constitutional prerequisite for efforts to apply race-conscious remedies like the MBE program to nascent industries, a predicate disparity analysis must be conducted to determine whether significant disparities exist for minority and women-owned businesses operating within the identified codes. It should be noted that MDOT is statutorily required to produce various disparity studies/analyses for other nascent industries prior to the 2026 legislative session.

The Maryland Department of Transportation respectfully requests the Committee consider this information during its deliberations of House Bill 1319.

Respectfully submitted,

Chantal Kai-Lewis  
Director, Office of Small & Minority Business Policy  
Maryland Department of Transportation  
410-865-1156

Pilar Helm  
Director of Government Affairs  
Maryland Department of Transportation  
410-865-1090