



Senate Budget and Taxation Committee

Testimony in Support of SB 603 with Amendments

February 28, 2024

The Sports Betting Alliance (“SBA”) represents four of the premier online gaming operators in the country: BetMGM, DraftKings, Fanatics Betting & Gaming, and FanDuel. All four of our members are proudly operating in Maryland’s highly successful online sports betting market<sup>1</sup>, which generated \$44 million in tax revenue for the state in 2023. We are here today to testify in support of the effort to further modernize Maryland’s gaming options through the addition of online casino gaming, or “iGaming.” iGaming stands to benefit Maryland in a number of significant ways and we want to thank the Committee for today’s hearing and Senator Watson for his leadership on pursuing this opportunity for the state.

First, iGaming would be a major new source of revenue for the state. Based on the performance of similarly-situated iGaming states, iGaming is projected to generate a minimum of \$200 million in tax revenue annually for Maryland—money that can immediately be put to use for educational needs in the state.

Second, iGaming will help shut down the illegal online gaming market. It’s estimated that Maryland residents are currently wagering about **\$6.2 billion** annually on online casino games—with no regulatory oversight or taxable revenue to the state. Authorizing iGaming would channel this existing activity into a legal market that works for the benefit of all Marylanders by ensuring that wagering revenue is taxed by the state, and that any iGaming participants have the benefit of robust consumer protections and regulatory oversight.

Finally, iGaming is expected to enhance, rather than harm, the performance of Maryland’s land-based casinos. **According to multiple recent in-depth studies, iGaming states have seen on average a 1.8% increase in land-based casino revenue growth after the introduction of iGaming.**<sup>2</sup> These studies, which were conducted entirely independently of each other, reached nearly identical conclusions regarding the positive rate of revenue growth of land-based gaming after the introduction of iGaming. They also avoided multiple flaws in methodology that were present in Maryland’s report from the

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<sup>1</sup> Maryland legalized mobile sports wagering in 2020 for adults 21 years and over.

<sup>2</sup> *Comparing Online and Land-based Casino Gaming*, Eilers & Krejcik, February 2024 (finding a net impact of iGaming on land-based casino revenues for a typical state is +1.7%); *The Potential Economic Impact of Legalizing iGaming on Casino Revenues in Five States*, Analysis Group, pending release (finding a net impact on land-based casino revenues of +1.9%).

innovation group, such as subtracting growth rates in GDP and population from gaming revenues, using a fixed time period that fails to account for the fact that iGaming was legalized at different times in different states, and a failure to account for baseline trends in control states.

**The SBA supports legislation to authorize iGaming in Maryland that incorporates the hallmarks of the successful iGaming markets established in other states: a tethered model that promotes competition among licensed operators, reasonable tax rate, common-sense regulatory framework, and measures to protect consumers and promote responsible gaming. We are encouraged by our preliminary discussions with Senator Watson and the committee, during which we committed to address important priorities involving minority business enterprises while also proposing some changes to SB 603 that seek to ensure new iGaming tax revenue while also supporting existing gaming verticals and jobs in the state.**

We look forward to our ongoing work with the members of this committee and the General Assembly as you shape the future of gaming in Maryland.