



To: Senate Budget and Taxation Committee

Date: March 3, 2025

Re: Testimony in Opposition to Senate Bill 982 (Sports Wagering – Wagers on Historical Horse Races– Authorization)

Maryland's six casinos oppose SB 982, which would result in a major expansion of 4,000 slot machine-like games in numerous areas of the State that are already being served by our facilities. The result will be cannibalization of Maryland's existing gaming tax revenue, job losses among our workforces, and less overall tax revenue for the State.

SB 982 would expand commercial gaming in Maryland by allowing wagers on what are commonly referred to as historic horse racing machines, or "HHRs." However, to the public and the player, **there is virtually no distinction between an HHR and the video lottery terminal (VLT) games on our casino floors.**

Virtually all of the popular VLT game titles in Maryland's casinos are available in an HHR format, including: Buffalo Gold; Blazing 777 Triple Double Jackpot; Ultimate Fire Link; Wheel of Fortune; Huff N More Puff; and Quick Hit Blitz. The following pictures demonstrate the similarity between VLTs and HHR machines.





SB 982 purports to designate already-run, historic horse races as a “sporting event” and authorize HHR wagers as a sports bet on such sporting events. Clearly, as these HHR photographs demonstrate, gambling on an HHR machine is not a sports bet. The data from the historic horse race is used to determine the outcome of a play on an HHR machine with results based on the actual race’s finish rather than a purely random event. For additional technical reasons, pari-mutuel wagers, which are the type of wager placed on an HHR, are not fixed-odds sports bets as either a matter of fact or law.

The HHR sports betting mischaracterization leads to at least three negative ramifications:

1. It means that these VLT-like games **will only be taxed at 15%**;
2. It means that **the State will receive less overall gaming tax revenue** as it will collect only 15% from the play on the 4,000 HHRs as opposed to 51% on average from VLT play; and
3. It means that these 4,000 HHRs **would not contribute any funding to problem gaming prevention and treatment programs.**

The bill also proposes to install these low-tax, VLT-like games in locations that are close to our facilities and in areas where we otherwise draw material numbers of patrons. For instance, under the Bill, Pimlico Race Course in Baltimore City, Laurel Park in Anne Arundel County, Rosecroft Raceway in Prince George's County, The Maryland State Fairgrounds in Timonium, Baltimore County, and Fair Hill Races in Cecil County could all obtain the approvals necessary to host HHRs. Additionally, our facilities draw substantial customers from the areas surrounding the off-track-betting ("OTB") locations that would be eligible for HHRs under the bill, such as Fort Washington, Frederick, Hagerstown, Hampstead, and Boonsboro.

SB 982 would fundamentally change Maryland's gaming landscape, altering the rules of the game on which our companies based their collective \$3 Billion of investment in the State. Indeed, adding 4,000 VLT-like HHRs is tantamount to an over 40% increase in the number of slot machines currently in play in the State and nearly a 25% increase in the total number of VLTs authorized under Maryland's constitution. The cannibalization caused by these low-tax, VLT-like machines will inhibit reinvestment and expansion of our facilities and could lead to job losses for our team members.

Maryland's six casinos drive significant State revenues and other benefits to the State's economy.

- Maryland has the 19th largest population in the country but generates the 4th highest gaming tax revenues.
- Maryland's six commercial casinos support 15,000+ direct jobs, generate \$3.0 billion in economic impact; and create \$962.2 million in tax impacts.¹
- Maryland's 41% Blended Tax Rate is the second highest tax rate in the country.
- Maryland has one of the highest gaming tax revenues as a percentage of corporate income tax collected in the country, at 52%. In other words, the 6 casinos in Maryland pay over half as much tax annually as **the thousands of other corporations doing business in the state each year.** (\$848 million Gaming Tax v \$1.6 billion corporate income tax.²)

Maryland casinos have provided \$5.2 billion to the Maryland Education Trust Fund and over \$6.5 billion in overall taxes since the program began.

¹ Source: American Gaming Association

² Source: January 2023 DLS Fiscal Briefing

Increasing the availability of VLT-like HHR games, particularly at a 15% tax rate, will negatively impact State gaming revenues to fund public K-12 education and other important programs. In FY2024 along, Maryland's six casinos generated \$601 million for the Education Trust Fund. Casino revenues also contributed to the following important programs in FY2024:

- \$105 million in local aid
- \$94 million to Maryland's horse racing industry
- \$20 million to the Maryland's Small, Minority and Women-owned Business Fund; and
- \$4.5 million to the Responsible Gaming Fund.

The partnership between Maryland and its VLT licensees is one of the most successful partnerships to fund public education in the nation. We respectfully urge the Maryland General Assembly protect the funding streams so important to these State programs.