



To: Senate Budget and Taxation Committee

Date: February 25, 2025

Re: Testimony in Opposition to Senate 725 (Charles County – Gaming – Video Lottery Operation License and Video Lottery Terminals)

Maryland's six casinos oppose SB725, which would authorize an additional video lottery facility license in the State.

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.**

An additional casino in Maryland will disrupt Maryland's mature and successful gaming market, and negatively impact State gaming revenues to fund public K-12 education and other important programs.

- Maryland's six casinos are geographically well-distributed and accessible to all parts of the State and nearby areas of neighboring states. The additional casino proposed in SB 725 would not reach any new, untapped market for the State.
- Adding a seventh casino will not increase total gaming revenues in the State; rather, it will simply cannibalize the State's existing casinos.
- Maryland's casinos collectively spent over \$3 billion just on initial construction of their facilities. These initial investments and ongoing investments to maintain attractive and competitive facilities were made in reliance on the number and distribution of casinos dictated by the existing law.

¹ Source: American Gaming Association

² Source: January, 2023 DLS Fiscal Briefing

- Cannibalizing the existing casinos will deprive them of the revenues necessary to make ongoing investments in their facilities, threatening to reduce overall gaming revenues to the State as facilities decline.
- Maryland has greatly benefitted from its casino gaming program. Since the inception of the program, the Education Trust Fund has received over \$6 billion in casino revenues, \$601 million in FY24 alone.
- In FY2024, casino revenue also contributed:
 - \$105m in local aid
 - \$94m to Maryland's horse racing industry
 - \$20m to the Maryland's Small, Minority and Women-owned Business Fund
 - \$4.5m 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. It is critical that the Maryland General Assembly not jeopardize the program by disrupting the market with a seventh casino.
- By cannibalizing the revenues of the existing casinos and threatening their ability to continue to invest in their facilities to maintain competitiveness with other states in the region, SB 725 is contrary to the State's interest in maximizing casino tax revenue to fund public education and the other programs funded by casino taxes.

Maryland is surrounded by states with commercial gaming (Virginia, Pennsylvania, Delaware, New Jersey and West Virginia) with which it must remain competitive to preserve and grow commercial gaming revenue. The disruption of Maryland's commercial gaming market proposed in SB 725 would weaken Maryland's ability to compete with neighboring states, particularly as they threaten to expand commercial gaming near the border with Maryland.

Cannibalizing the existing casinos' revenues will negatively impact their ability to continue to support the 15,000+ existing jobs that they currently support.

For these reasons, Maryland's existing casinos request an unfavorable report on SB 725.