



# MARYLAND STATE & D.C. AFL-CIO

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**SB 340 - Internet Gaming - Authorization and Implementation**  
**Senate Budget and Tax Committee**  
**January 29, 2025**

**OPPOSE**

**Donna S. Edwards**  
**President**  
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Chairman and members of the Committee, thank you for the opportunity to provide testimony in opposition to SB 340. 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.

Proponents of SB 340 claim there will be millions of dollars in new revenue and increased jobs but have no real data regarding jobs that will be lost in brick-and-mortar casinos and the number and type of jobs they plan to create. Labor's experience in states that have I-Gaming is different from what the proponents assert. 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 record profits that failed to trickle down to workers. Increased gaming revenues does not automatically translate to good jobs.

The General Assembly created good middle-class jobs when you passed gaming in 2008. 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), and the Teamsters (IBT).

Online gaming is simply too new as an industry to be understood as a foolproof potential state revenue source. Some states find that they are simply "robbing Peter to pay Paul" by decreasing potential in-person casino tax revenues. 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>1</sup> Another report found that, "On average, **onsite** sports betting is associated with an increase

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<sup>1</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.

in casino revenues; however, **online** sports betting is associated with a decrease in casino revenues.”<sup>2</sup> Maryland’s own commissioned report with The Innovation Group found that brick and mortar gaming establishments could expect to lose 10% of their revenue.<sup>3</sup>

Focusing on online gaming as a new potential state revenue source shifts the attention away from Maryland’s structural revenue problems that require real solutions like combined reporting, changing the throwback rule, and increasing income taxes on millionaires. I-Gaming will disproportionately tax working people. When Michigan expanded online casino gaming, a representative of their state’s Problem Gambling Association, stated, “It’s a way for the state to increase revenue without increasing taxes on the masses. The more the population loses, the more kickback the government gets, so they have little or no incentive to put up guard rails to slow down the problem side of gambling.”<sup>4</sup> This creates a dangerous relationship where the state is required to derive its revenue from problem gambling itself, while claiming to combat it.

Online gaming will contribute to more problem gambling. Many of the states that have legalized online gambling have seen a significant increase in the number of calls made to their respective problem gambling hotlines. A 2023 Pennsylvania report found that the total number of calls made to the hotline regarding online gaming went from 20% of total calls in 2021 to 34% in 2023.<sup>5</sup> Michigan reported seeing their total calls triple from 2018 to 2023<sup>6</sup>; Pennsylvania saw that one in three people who called the hotline reported at least one problem with their gambling<sup>7</sup>; and New Jersey, one of the country’s leaders in online gambling, reported seeing a 277% increase in calls made to their 800-GAMBLER helpline since legalization in 2018.<sup>8</sup> This finding is hardly unique, a 2023 article by Dr. Tristian Brass and Dr. Shawn R. Charlton of the University of Central Arkansas found that, “The easy access and always-on nature of online gambling could encourage compulsive behavior... bettors can easily conceal their gambling activity from others, making it easier for individuals to engage in excessive gambling behavior.”<sup>9</sup>

Proponents of online gaming argue that revenues from gaming can be dedicated to funds that combat gambling addiction, as proposed in SB 340, but these funds have struggled to keep up with the proliferation of gambling addiction as the industry has grown. 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. Legal sports betting in the state currently contributes nothing to the fund.

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<sup>2</sup> Can, Ege and Nichols, Mark W. and Pavlopoulos, Vasileios, The Effects of Sports Betting on Casino Gambling and Lottery (December 9, 2023). Available at SSRN: <https://ssrn.com/abstract=4659440> or <http://dx.doi.org/10.2139/ssrn.4659440>

<sup>3</sup> Maryland State Lottery & Gaming Control Agency, “The Innovation Group: iGaming in Maryland.” November 2023.

<sup>4</sup> Claire Chapin and Jakila Taylor, “Online casinos, sportsbooks intensify online gambling problem.” Spartan News Room. Michigan State University. May 1, 2022.

<sup>5</sup> Harrison Can, “Watchdogs see uptick in helpline calls as sports and online gambling increase.” City & State Pennsylvania. August 2024.

<sup>6</sup> Zach Lutz, “Michigan Sports Betting, Gambling Addiction Numbers Rising.” Birches Health. November 2024.

<sup>7</sup> 2023 Online Gambling Report. The Pennsylvania State University. 2023.

<sup>8</sup> Wayne Parry, “New Jersey loves the money from online sports betting, but fears addictive consequences.” AP News. October 2024.

<sup>9</sup> Tristan Brass and Shawn R. Charlton, PhD (University of Central Arkansas), “The (Unfortunate) Rise of Online Gambling.” PSI CHI. April 2023.

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. CNN reported that, “Resources for gambling addiction programs have long been thin in the United States and have been stretched further by the current wave of sports betting.”<sup>10</sup> A 2024 gambling addiction study found that up to 20 million Americans have gambling problems or are at risk of developing one.<sup>11</sup>

These problems are not just limited to adults that can legally participate in online gaming but are especially concerning for young people, primarily young men. The same Pennsylvania 2023 report found that nearly 50% of gamblers ages 18-30 reported being online-exclusive—the highest percentage of any age group. Due to easy-access and limited regulation, researchers suggest that online gambling attracts younger audiences with less-developed frontal cortexes who spend more recklessly than the older populations.<sup>12</sup> 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>13</sup> We cannot risk the long-term negative effects that online gambling has on young people.

Maryland should not take a risky bet on internet gaming. The potential job losses, unstable revenue, and damage to public health are not worth the risk.

We urge an unfavorable report on SB 340.

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<sup>10</sup> Nathaniel Meyersohn. “The dark side of the sports betting boom.” CNN. February 10, 2023.

<sup>11</sup> Anders Bergman, “Gambling Addiction Study – 3300 Participants.” QuitGamble. January 2024.

<sup>12</sup> 2023 Online Gambling Report. The Pennsylvania State University. 2023.

<sup>13</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