

## **WRITTEN TESTIMONY IN SUPPORT OF SENATE BILL 557**

Submitted by Arundel Amusements, Inc.

Chair and Members of the Budget and Taxation Committee:

Arundel Amusements, Inc. respectfully submits this testimony in support of Senate Bill 557.

AAI is a long-standing Maryland gaming operator. Our majority ownership structure has remained stable, compliant, and fully transparent under the oversight of the Maryland Lottery and Gaming Control Commission. We are not seeking to reduce regulatory oversight of gaming operations. We are seeking a narrow statutory clarification to address a succession planning issue created by the current statutory definition.

Our majority owner is in his mid-70s. As part of responsible estate planning, he wishes to make a lifetime gift of a minority interest - specifically up to 25% - to a family member. The proposed transfer would be strictly non-voting. The recipient would have no voting rights, no authority to direct management, no board designation rights, and no operational role.

Any person holding 5% or more of a gaming licensee is deemed to "own" the licensee for regulatory purposes. That triggers extensive personal qualification requirements, background investigations, financial disclosures, and ongoing reporting obligations. While those requirements are appropriate for individuals who exercise control or influence over gaming operations, they apply equally to a passive, non-voting family member who has no governance or operational role.

As a result, the proposed transfer has been deferred because the current statutory definition treats a passive economic interest the same as a controlling ownership interest.

Senate Bill 557 provides a narrowly tailored solution. It creates a limited statutory exclusion for a beneficial or proprietary interest of 25% or less if that interest:

1. Does not confer any voting rights; and
2. Confers no authority to direct management or operations.

The bill does not limit the Commission's authority to disqualify individuals who own or control a licensee. It does not permit voting interests to avoid review, and it does not alter oversight of operators, management, or any person who exercises influence over gaming activities.

The bill distinguishes between passive economic interests and the authority to govern or direct licensed gaming operations.

This clarification supports orderly family succession planning without weakening regulatory safeguards. It allows ownership transitions to occur responsibly while preserving the Commission's full authority over those who direct and control licensed gaming operations.

AAI respectfully urges a favorable report on Senate Bill 557.

Sincerely,

Leigh Maddox,  
Counsel to Arundel Amusements, Inc.