

WRITTEN TESTIMONY IN SUPPORT OF SENATE BILL 557 (AS AMENDED)

Submitted by Arundel Amusements, Inc.

Chair and Members of the House Ways and Means Committee:

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

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 transfer of a minority, non-voting interest to a family member. The proposed transfer would confer no voting rights, no authority to direct management, no board designation rights, and no operational role. The recipient would have no ability—directly or indirectly—to influence the operation of the business.

Under current law, any person holding 5% or more of a gaming licensee is deemed to “own” the licensee for regulatory purposes. That designation triggers extensive personal qualification requirements, including 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 with no governance or operational role.

As a result, the proposed transfer has been deferred because the statute does not distinguish between a passive economic interest and an interest that carries authority or control.

Senate Bill 557 addresses that issue. The bill preserves appropriate safeguards while addressing the underlying problem. It distinguishes between passive economic interests and those that confer the ability to direct or influence gaming operations.

The bill does not limit the Commission’s authority to regulate gaming. 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. Any person who exercises control - formally or informally - remains fully subject to existing qualification and disqualification standards.

This clarification supports orderly and responsible family succession planning without weakening Maryland’s regulatory framework. It allows ownership transitions to occur in a measured way 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, as amended.

Sincerely,  
Leigh Maddox  
Counsel to Arundel Amusements, Inc.