

# **RG SB338 Testimony from UFCW**

Uploaded by: Chorpenning, Jason

Position: FAV



In SUPPORT of  
SB 338

WRITTEN TESTIMONY  
Jason Chorpenning, President  
United Food & Commercial Workers International Union Local 27  
21 West Road, Towson, MD 21204

February 5, 2020  
Budget and Taxation Committee  
Maryland Senate

Chairman Guzzone, Vice Chair Rosapepe and Members of the Committee, on behalf of the 23,000 working men and women represented by United Food & Commercial Workers International Union (UFCW) Local 27, I am submitting testimony in support of SB 338.

The UFCW Local 27 is proud to represent the hard-working men and women at Rocky Gap Resort and Casino. From gaming to house cleaning to the spa almost all of the workers at the resort are members of Local 27.

These are good-paying, union jobs in an area that has a higher unemployment rate than the state average. This legislation would make permanent the current tax rate on the Video Lottery Terminal operations at Rocky Gap and make a slight shift in distributions to the county and the purse dedication account.

While we do typically not support different treatment for some employers, Rocky Gap is a unique case. It is the smallest of the State's six casino's and faces more out of state competition than other casinos.

The opening of the casino at Rocky Gap led to improvements and expansion to the property, increased employment and additional tax revenue at a facility that had previously been a drain of State resources.

Extending the current tax rate would help allow Rocky Gap to continue to provide good quality jobs in Allegheny County, generate tax revenue and remain competitive with out-of-state casinos.

**I urge the Committee to SUPPORT SB 338.**

# **RG SB338 Rocky Gap Tax Testimony**

Uploaded by: Hogan, PJ

Position: FAV



February 5, 2020

**The Honorable Guy Guzzone, Chair and Members of Senate Budget & Tax Committee**

**RE: SB 338 Allegany County - Video Lottery Terminals - Distribution of Proceeds**

**POSITION: STRONG SUPPORT**

The Rocky Gap Casino and Resort would like to thank Senator George Edwards for introducing SB338. This legislation would simply make permanent the tax rate on the Video Lottery Terminal operations at Rocky Gap.

**Key Points for support of SB338:**

- Unique location and competition challenges from PA and WV.
- 2 Failed RFP and casino vendor before Golden Entertainment purchased license and property.
- Smallest of the 6 casinos yet we generate over \$21 mil per year for the state.
- Major employer in Western MD providing over 337 full time jobs and over 500 jobs at peak season.
- Over half of the customers at Rocky Gap Casino come from outside of Maryland.
- No other Maryland casino faces the level of competition from PA and WV that Rocky Gap does.
- The requested legislative change will maintain the status quo and actually increase the level of funding generated for the Education Trust Fund by over \$500,000 per year, and will ensure the viability of the Casino and Resort and future investment in this state property.

It is very useful to understand the history of this property and subsequent casino license. The Rocky Gap Resort was built and financed by the State of Maryland as a Hotel and Conference Center back in the mid 1990s. Unfortunately, due to many factors it was not successful and viable as a Resort and Conference Center owned by the State of Maryland. This facility became a significant drain on the State finances.

The following is drawn from a 2012 Maryland Economic Development Corporation report:

*“Rocky Gap Golf and Resort (Status: Non-Performing) The project began construction in 1996, on land ground leased to MEDCO by DNR, and funding was derived through a combination of MEDCO bonds, State grants and loans and a grant from Allegany County. From its inception, the project experienced operating difficulties resulting in its inability to meet required debt service payments. In order to address these operating difficulties, as well as the project’s need for additional capital improvements to enhance operational competitiveness, MEDCO concluded a restructuring of the debt in December of 2008. The project experienced a significant drop in revenues and has*

*been struggling to regain its market share. The project failed to generate a positive operating cash flow for the calendar years ending 2010 and 2011. The State Video Lottery Facility Location Commission issued a Video Lottery Operation License for the operation of terminals at the Rocky Gap Facility and, since State law requires that the licensee purchase the facility, in connection with the sale of the facility, the 2008 Bonds will be redeemed or otherwise satisfied and cancelled. In January 2012, the MEDCO board approved the sale of the facility to the eventual licensee. MEDCO closed on a sale of the leasehold interest in the property to the licensed gaming operator on August 3, 2012. Debt related to operating facilities includes revenue bonds payable of \$47,877,100 and \$46,857,100 as of June 30, 2012 and 2011, respectively, related to Rocky Gap. Rocky Gap has an accumulated deficit of \$59,971,000 and \$54,202,000 as of June 30, 2012 and 2011, respectively, and incurred operating losses of \$3,888,000 and \$4,308,000 during the years ended June 30, 2012 and 2011, respectively.”*

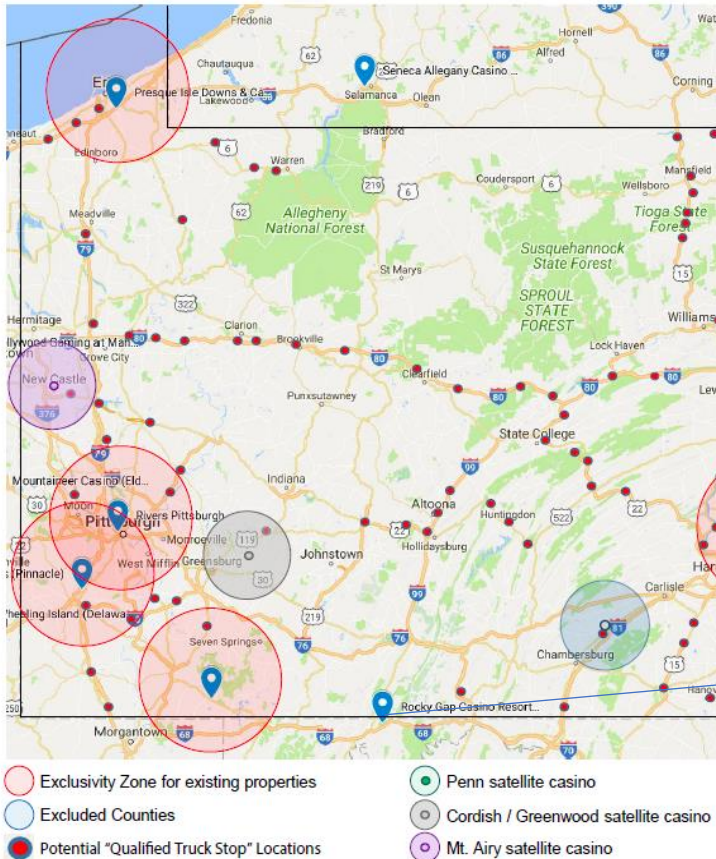
When the State of Maryland authorized the six casino licenses and locations in 2012 it was understood that due to the unique nature of the Rocky Gap location a special tax rate would need to be set for the casino operator at this location. This was an experiment to see if this project would attract a licensee who would purchase the property from MEDCO and the State of Maryland and operate a successful casino benefitting the State of Maryland and the Western Maryland Region.

The experiment has been a success for everyone. We have an entity, Golden Entertainment that purchased the debt laden property from the State and who has invested in significant improvements to the property that sits on state owned land. Rocky Gap Casino provides over \$21 million dollars per year to the State and the Education Trust Fund, employs over 337 people in Allegany County and is a true economic stimulus to the Western Maryland region of our state.

A recent report from the Maryland Lottery and Gaming Commission recognized the unique and significant challenges faced by the Rocky Gap Casino & Resort from the surrounding states of Pennsylvania and West Virginia; *“Rocky Gap could see customer erosion to Pennsylvania and West Virginia since both states now offer sports betting at their casinos; Rocky Gap could also see an impact from the roll-out of "mini-casinos" in Pennsylvania. We would encourage the legislature to consider these competitive changes, unanticipated in the 2012 legislation, in looking at tax rates for the smaller casinos.”*

We ask for your favorable report on SB338.

# PA Gaming Expansion Landscape



Competition from surrounding states

PA – 5 Full Casinos  
 22 Truck Stop VLT Locations  
 Sports Betting in operation.

WV – 4 Full Casinos  
 Pending legislation to add additional satellite casinos.  
 Sports Betting in operation.

Rocky Gap Casino & Resort

# **AACPS SB338 Allegany VLTs 2.5.20 OPP**

Uploaded by: Ortiz, Jeanette

Position: UNF





## SB338 ALLEGANY COUNTY - VIDEO LOTTERY TERMINALS - DISTRIBUTION OF PROCEEDS

February 5, 2020

BUDGET AND TAXATION COMMITTEE

### OPPOSE

Jeanette Ortiz, Esq., Legislative & Policy Counsel (410.703.5352)

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Anne Arundel County Public Schools (AACPS) opposes **SB338 Allegany County - Video Lottery Terminals - Distribution of Proceeds**. This bill permanently continues the current distribution of video lottery terminal (VLT) proceeds from the video lottery facility in Allegany County, instead of altering the distribution after the first 10 years of operations as scheduled under current law.

Passage of this legislation would result in a decrease in funding to the Education Trust Fund. Under current law, the VLT facility in Allegany County receives 60% of the VLT revenues the first 10 years of operation. The remaining 40% is divided among various entities, including the Education Trust Fund, in accordance with the law. After 10 years, the percentage of revenue for the he VLT facility in Allegany County is scheduled to decrease to 53% of the VLT revenues to be divided among the various entities identified in the law, including the Education Trust Fund, is scheduled to increase to 47%. By retaining the 60-40 revenue split in perpetuity, as proposed by this bill, less revenue will go to the Education Trust Fund. Efforts to reduce funding flowing into the Education Trust Fund is very concerning especially given the anticipated costs that will be associated with implementing the recommendations of the Kirwan Commission.

As such, AACPS opposes efforts to reduce funding to the Education Trust Fund. Continuing to deplete money from the Education Trust Fund has a negative impact on education in Maryland. The single most important strategic goal of the Board of Education of Anne Arundel County is to accelerate the academic learning and engagement of all students while eliminating all achievement, experience, and opportunity gaps. As expectations and standards rise, increased per-pupil spending is necessary to continue educational success in Anne Arundel County and the State of Maryland. Strong State and local funding for Pre-K–12 public education is essential in ensuring that all AACPS students have access to the appropriate programs and instructional support they need to meet rigorous standards and expectations and ensure that AACPS is elevating all students and eliminating all gaps.

Accordingly, we respectfully request an **UNFAVORABLE** committee report on SB338.