

TO: The Honorable Guy Guzzone, Chair
Members, Senate Budget & Taxation Committee
The Honorable Speaker Adrienne A. Jones

FROM: Malik Edwards

DATE: March 25, 2021

RE: **SUPPORT WITH AMENDMENT** – House Bill 940 – *Gaming - Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering*

Bet on Black, LLC, a Maryland minority-owned company, submits this letter of strong **support with amendment** for **House Bill 940** because it provides minority business owners an opportunity for equity ownership of a sports wagering license in Maryland. **However, there remains one major issue of concern relating to ensuring meaningful minority equity inclusion in sports wagering:**

Bet on Black, LLC has been apprised that there are alleged fervent efforts by Maryland video lottery terminal operators (*i.e.* Maryland casinos) to have **House Bill 940** amended by the Senate to grant them mobile licenses by right, as opposed to a competitive process among all interested stakeholders. This alleged concerted effort would result in the automatic granting of mobile licenses to Class A facility licensees, immediately shrinking the number of available mobile licenses for Class B facility licensees or mobile-only licensees to no more than 3.

Class A licensees under **House Bill 940**, as amended by the House of Delegates, now equals 12 potential licensees: all 6 casinos; horse racing licensees (Pimlico and Laurel Racetracks), whose definition also includes the Maryland State Fair and a riverboat company in Charles County; and all three professional sports stadiums. That, by itself, are 12 licensees, when the total number of available mobile licenses stands at 15. Even if the bill is not further amended to automatically grant mobile licenses to Class A licensees, the total number of mobile licenses should still be raised to at minimum equal the total number of Class A and B licenses, *i.e.* at least 22 mobile licenses.

About 86% of sports gaming revenue is derived from mobile applications, and a Class B licensee would likely need a mobile license to be meaningfully profitable. Even Virginia has passed legislation further expanding their total number of available mobile licenses from the amount initially approved in 2020.¹ This concern is further emphasized by our general anticipation that most, if not all, of the Class A licensees will receive mobile licenses either way, which would leave only 3 mobile licenses available for all potential Class B licensees or mobile-only licensees.

We urge the Senate Budget & Taxation Committee to give **House Bill 940** a favorable report following the inclusion of the above and below referenced amendments. We also urge the Committee to incorporate **Recommendations 4 and 19** of Chapter 3 of **President Ferguson's Advisory Workgroup on Equity and Inclusion**, which speak specifically to minority equity inclusion in sports gaming, perhaps through uncodified language.

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¹ See **HB1847/SB1254: Sports betting; clarifies certain procedures** (Virginia 2021); see also <https://www.bizjournals.com/washington/news/2021/03/16/virginia-sportsbooks-more-mobile-apps.html>.

Bet on Black, LLC Proposed Senate Amendments
House Bill 940: Gaming - Regulation of Fantasy Gaming Competitions and
Implementation of Sports Wagering

Summary:

- The availability of mobile licenses should be increased from 15 to 22. *House Bill 940* defines the casinos, horseracing licensees (which now also include the Maryland State Fair and a riverboat company), and all three professional sports stadiums as Class A applicants. No more than 10 Class B licenses can be issued. About 86% of sports gaming revenue is derived from mobile applications. Assuming that all Class A licensees receive a mobile license, that only leaves 3 remaining for Class B licensees and mobile-only licensees. By raising the number of mobile licenses to 22, all Class B licensees and mobile-only licensees may potentially be awarded a mobile license as well.

Proposed Amendment Text:

Page 17, Line 11: Strike “15”, insert “22”

Page 34, Line 18: Strike “15”, insert “22”

Page 37, Line 15: Strike “15”, insert “22”

Report of the Senate President’s Advisory Workgroup on Equity and Inclusion:

Chapter 3. Wealth and Economic Opportunity

Recommendation 4: To encourage procurement bids by women and minority-owned firms, provide a bid incentive for bids submitted by joint ventures of MBEs. In addition, explore strategies for giving preference to joint ventures of MBEs that submit proposals when competitive sealed proposals or other procurement methods are used in which price is not the only factor considered.

Recommendation 19: To ensure that Maryland’s minority and women-owned businesses can enter the sports or events betting market and benefit from Maryland’s future sports or events betting economy, require any entity seeking a sports or events betting license to meet the State MBE participation goals or enter into a joint venture with a majority minority business. Additionally, reduce license fees for a joint venture with a minority business to 50% of the amount of the regular license fee.