

Groups: Slots will add jobs, revenue, boost investment

Retailers, racetracks, even nursing homes welcome video gambling

by Kevin James Shay | Staff Writer

Voters' decision last week to install up to 15,000 slot machines in Maryland will help businesses by forestalling future tax increases, creating jobs and boosting revenue and capital investment, business executives said.

Slots will not only lead to more jobs and disposable income, but retain the dollars now spent on slots in Delaware and other states, said Thomas Saquella, president of the Maryland Retailers Association.

"People would rather keep that money in the state and get some benefit out of it," he said.

The state retailers group endorsed the slots referendum, only the second time in the organization's 60-year history it has gotten involved in such a referendum. The other time was about 20 years ago when it opposed an issue attempting to overturn a ban on "Saturday Night Special" handguns.

If as many as 15,000 video gambling machines come on board at five sites in the state, they could pump about \$660 million a year into a state education fund by fiscal 2013, according to a report by the General Assembly's Department of Legislative Services.

Slot-machine operators stand to make as much as \$449 million annually, while \$20 million could go to a targeted fund administered by the state for investment capital and loans to women- and minority-owned companies. More than \$100 million is also earmarked for horse racing purses and renovating racetracks.

The Maryland Jockey Club plans to apply for a license at Laurel Park, an Anne Arundel County track it operates and a potential site for 4,750 machines, said spokesman Mike Gathagan. If the track gains approval, the addition of slots will definitely boost attendance, he said. "But I don't think we will see 20,000 people here on a daily basis," Gathagan said. "We certainly can accommodate that size of a crowd and have had that number of people here before."

The issue attracted opponents such as Comptroller Peter V.R. Franchot (D), who said more gambling leads to higher social costs to treat addiction and deal with bankruptcy and other ills. They also questioned whether consumers would end up spending money on slots that they might otherwise spend at grocery and

retail stores, and thus the state might not get as much money in the long run as officials thought.

However, gambling is just one more entertainment option for people, said Robert Brennan, executive director of the Maryland Economic Development Corp., a state agency that works to attract and retain businesses. The corporation, which can issue bonds for financial assistance on projects on a non-recourse basis, has provided financing for projects such as the 215-room Rocky Gap Resort and Golf Course in Flintstone. A private company manages that resort, and the state is not responsible for repaying bonds issued by the agency.

Slots near sites such as Rocky Gap State Park in Allegany County will bring more people to those regions, he said.

"That will benefit everybody," Brennan said. "The projects will create new jobs. ... Some people will turn around and go home without staying, but a lot of people will stay and spend their money in our state."

Other potential sites for slots are in Baltimore city, near the Ocean Downs racetrack in Berlin on the Eastern Shore and near Interstate 95 in Cecil County.

As for Rocky Gap, the Maryland Economic Development Corp. will not be applying for a license itself — private gambling companies or organizations must do that, Brennan said. But the state corporation could negotiate with the companies on certain issues, he said.

Bids, including a \$3 million license fee required for each 500 machines, must be submitted by Feb. 1.

Slot machines in Delaware, West Virginia and Pennsylvania have driven millions of dollars out of the state, said Tom Chuckas, Maryland Jockey Club president.

"We now expect to be able to compete more effectively with the surrounding states," Chuckas said in a statement. "Not only will schools be stronger, but more money will be available for state programs, and now Maryland's money will stay right here."

Other business groups that supported the measure included the Maryland Chamber of Commerce, [Greater Baltimore Committee](#) and Health Facilities Association of Maryland, which represents nursing-home operators. Leaders with the latter organization cited the possibility of further state budget cuts that would hurt nursing homes if slots revenue were not available.