

April 15, 2025

Director John A. Martin
Maryland Lottery and Gaming Control Agency
Montgomery Park Business Center, Suite 330
1800 Washington Blvd.
Baltimore, MD 21230

Re: Opposition to Proposed Elimination of Promotional Play Deductions

Dear Director Martin:

On behalf of the iDevelopment and Economic Association (iDEA), a national trade association representing a wide range of stakeholders in the online gaming and sports betting industries—from large and small operators to technology and compliance providers—we write to strongly urge the Maryland Lottery and Gaming Control Agency to withdraw its proposed regulatory amendment that would eliminate the ability of licensed sports wagering operators to deduct promotional play redeemed by players from taxable revenue.

This proposal would have a profoundly negative impact on the entire Maryland sports wagering ecosystem. Promotional play is a key business tool that not only helps operators—particularly smaller and emerging brands—acquire and retain customers in a highly competitive market, but also strengthens the state’s legal marketplace by drawing consumers away from illegal offshore sportsbooks that offer generous, untaxed promotions.

Eliminating this deduction would put Maryland’s licensed operators at a significant disadvantage. It would discourage the use of promotional incentives, making the regulated market less attractive to consumers and driving more bettors to unlicensed, unregulated, and untaxed platforms. The likely outcome would be a contraction in the legal market and reduced overall tax revenues—exactly the opposite of the policy goal ostensibly driving this proposal.

Moreover, this rule is no longer necessary to address the state’s fiscal concerns. Just last week, the General Assembly passed a state budget that includes a sports wagering tax rate increase from 15% to 20%. This already places an added financial burden on operators. Layering on the elimination of promotional deductions would further strain operator margins—again, with disproportionate harm to smaller operators—and by extension, reduce reinvestment in Maryland jobs, technology vendors, and marketing partnerships.

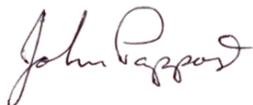
Importantly, the legal basis for this proposal is also in serious doubt. As outlined in the March 6, 2025 letter from Assistant Attorney General David Stamper to Delegate Jason Buckel, the complete elimination of the promotional deduction “arguably conflicts with Maryland’s Sports Wagering Law,” which explicitly excludes “free bets and promotional credits redeemed by bettors” from taxable proceeds under State Gov’t § 9-1E-01(h). The Attorney General concludes that “there is a risk that a court... would conclude that the proposal to completely eliminate the promotional play deduction for sports wagering conflicts with the Sports Wagering Law and, therefore, exceeds the Commission’s authority.”

While the Commission has authority to regulate the *types and values* of promotional items under § 9-1E-04(b)(6)(iii), the legislature chose not to include any language allowing for a cap or elimination of promotional deductions in the sports wagering statute. This distinction is meaningful and underscores that the authority to eliminate deductions was never intended.

The practical and legal consequences of moving forward with this rule are clear: diminished competitiveness for the legal market, a likely reduction in tax revenues over time, and a strong risk of regulatory overreach. iDEA respectfully urges the Commission to withdraw this proposed amendment and instead work collaboratively with the industry to promote a sustainable and consumer-friendly sports betting marketplace that meets the state’s revenue goals without undermining the framework established by the General Assembly.

We appreciate your consideration of our views and welcome the opportunity to engage further on this matter.

Sincerely,



John Pappas

State Advocacy Director

iDevelopment and Economic Association (iDEA)

Cc: James Nielsen, Deputy Director
James Butler, Assistant Deputy Director
Commissioners, Maryland Lottery and Gaming Control Agency
Delegate Jason Buckel