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Study: Question 7 Claims Grossly Exaggerated

Nonpartisan analysis finds economic, education, and fiscal claims are overstated

ROCKVILLE, MD — A new study from the nonpartisan Maryland Public Policy Institute casts doubt on the economic and fiscal arguments in support of Question 7, the referendum to expand gambling in Maryland. The economic impact study, entitled *An Economic Analysis of the Proposed Expansion of Gaming in Maryland*, finds that claims by Question 7 supporters of increased education funding, job growth, and revenues are largely overstated and in some cases false.

Key findings in the study include:

- **Almost half of the promised new revenues under Question 7 are not new.** The study finds that forty-five percent of the revenues expected to be generated by a Prince George's casino are existing gaming revenues—not new revenues.
- **Question 7 may result in less overall revenue for Maryland.** Tax revenue is unlikely to increase much—and may even decline - compared to scenarios in which a sixth casino is not built.
- **Under Question 7, only 24 percent of revenues would go to the Education Trust Fund.** Despite statements that the primary purpose of the referendum is to raise revenue for education, more than 72 percent of the additional gross gaming revenues created by the bill goes to casino owners. Further, the referendum does not require a net increase in public education funding.
- **Question 7 reduces state tax revenues from casino operators.** To mitigate local opposition and garner political support from Prince George's County businesses, the Legislature lowered tax rates on surrounding gaming facilities to compensate them for the negative effect a new casino would have on their earnings.

“This objective analysis debunks many of the most attractive arguments for Question 7, particularly that a ‘Yes’ vote will significantly improve state revenues and benefit Maryland public education,” said Christopher Summers, president of the Maryland Public Policy Institute. “The lack of guarantees for increased education funding, the region’s saturated gaming landscape, the absence of comparative advantages of a National Harbor casino, the faulty assumptions behind a similar 2008 referendum, and tax breaks for casino operators are just a few of the findings that should give voters healthy skepticism about the credibility of Question 7 and its supposed benefits.”

ABOUT THE MARYLAND PUBLIC POLICY INSTITUTE Founded in 2001, the Maryland Public Policy Institute is a nonpartisan public policy research and education organization that focuses on state policy issues. The Institute’s mission is to formulate and promote public policies at all levels of government based on principles of free enterprise, limited government, and civil society.

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