

# Maryland gets only six bids for five slots sites

Six companies today proposed to build Maryland slots parlors with a total of 10,550 gambling machines – far short of the 15,000 maximum slot machines allowed under a constitutional amendment adopted last year.

When bids for slots licenses were unsealed in Annapolis, only one of the five authorized locations, Anne Arundel County, received more than one bid. The four other sites, in Baltimore and Allegany, Cecil and Worcester counties, have one applicant each, said Donald Fry, head of a commission that will choose winning proposals.

The event was the biggest step in months in Maryland's years-long slog toward slots, which state officials are counting on to bring in USD 600 million in annual revenue. About two-dozen boxes were carted into the Department of Legislative Services building as the minutes ticked down to the 2:00 p.m. deadline.

House of Delegates Speaker Michael E. Busch called today's proposals „a pretty good start.“

But Jeffrey Hooke, a Bethesda-based gambling analyst, said the number of applications „has got to be highly disappointing for the state.“

„The problem with a lack of competition is that the state is stuck with the proposals, whatever they might be,“ said Hooke, who has criticized the Maryland initiative for a high tax rate he has predicted would deter investment.

There were concerns tonight among state officials about whether two proposals – for slots at Laurel Park and Rocky Gap State Park – met the financial requirements of the application.

Gov. Martin O'Malley said the results of the bidding would „probably“ mean the state cannot count on as much of money as expected, at least initially. To compensate, „we'll do what we must, by making cuts or other adjustments,“ he said.

O'Malley said he was „glad“ that bids for more than 10,000 machines were submitted in what he called „very, very tough economy.“

Still, Busch and other state officials expressed hope that interested companies would expand their plans at some point.

That is the intention of Penn National Gaming Inc. of Pennsylvania, which said today it proposed a 500-machine slots parlor in Cecil – just 20 percent of the 2,500-machine casino lawmakers and voters had authorized.

D. Eric Schippers, a Penn National spokesman, said the company's proposal includes plans to eventually enlarge its proposed USD 75 million casino by an extra thousand machines, but that they needed more information from the lottery commission – such as the type of machines the state would provide – before committing to the expansion.

„What we're hoping to do by filing this application is to remain in the process now,“ Schippers said. In Anne Arundel, where a slots parlor faces some opposition in the county council, the competing proposals include a casino at the sprawling Arundel Mills mall; and one at nearby Laurel Park racetrack developed by the track's Canadian owners.

„Our proposed casino at Arundel Mills is one of the strongest gaming opportunities in the country,“ said Joseph Weinberg, president of PPE Casino Resorts Maryland LLC, which is owned by partners in Baltimore-based The Cordish Cos.

Cordish is proposing a 4,750-machine casino at the mall, the largest size allowed by the law. It is one of two bids made today that propose the maximum number of slot machines

authorized, Fry said.

Fry and other state officials declined to identify the bidders today or provide many details, saying they will be released today. A tourism official in Allegany County told the Associated Press today that a „well-known, very reputable operator“ was planning a bid for a casino at Rocky Gap State Park, next to a money-losing state-owned resort hotel.

Though a number of companies, including Cordish, had expressed interest in a slots casino about a mile south of Baltimore's Inner Harbor, only one bidder came forward today. With about 12 minutes left before the 2 p.m. deadline, a man lugged a file box into the Department of Legislative Services building bearing the label of B.C.E.G.

An entity called Baltimore City Entertainment Group was incorporated last week, according to state records, and a person familiar with the bidding said one of the principals was a former gambling executive with Magna Entertainment Corp., the owner of Laurel and Pimlico racetracks.

Thomas Taylor, a member of Camp Springs-based Harbor Casino Group, said that his group decided Friday that a bid for the Baltimore license „didn't make sense financially,“ and said the city's USD 36 million rent request was too high.

Hooke said the Baltimore location „is one of the most attractive metropolitan areas in the state ... you'd think there would have been a lot of interest in that license.“ But Baltimore's rent requirement is „extremely high,“ he said.

The analyst pointed to other states that have been successful in attracting slots parlors even in the down economy. Illinois auctioned a license in December, and the winner among seven bidders paid USD 435 million up front, Hooke said.

O'Malley said there is „no appetite“ for lowering the 67 percent state gambling tax to lure more interest, something

Senate President Thomas V. Mike Miller has suggested.

William Rickman Jr., owner of Ocean Downs racetrack in Worcester County, was expected to bid on a license authorized near his property. The Montgomery County developer, who also owns the Delaware Park track and slots facility in Delaware, did not return calls today.

Busch said the recession has likely reduced interest and made it difficult to put up the millions of dollars required just to apply.

Several bidders waited until the final minutes to haul boxes into the Department of Legislative Services building across from the State House.

Lobbyists representing Magna pulled up in a sport utility vehicle at 1:48 p.m., along with several other people. The car was full of boxes, but instead of unloading them, the group milled about, talking on cell phones and declining to answer reporters' question.

Eight minutes after the 2:00 p.m. deadline, a man took just one of the boxes, labeled „Laurel Racing“ – a Magna affiliate – and walked it into the building, where Fry and others were waiting to unseal the bids. It appeared that was the only box that made it out of the car. After the bids were unsealed behind closed doors, Fry would only say that all the applications came within the deadline.

The Magna-owned Maryland Jockey Club canceled a news conference to discuss the Anne Arundel license, and had not issued a planned news release by late evening. Spokesman Mike Gathagan confirmed that the company had made a bid.

Another intriguing moment came at 2:22 p.m., when a different group of people who had submitted boxes, presumably with bid documents, carried one of them out of the building and hurried to their car without answering questions.

The proposals will be vetted by the slots commission and by consultants hired to review the bids, and conduct background checks on the applicants.

Despite the lack of competition, Fry said the commission would only award slots licenses to companies it believes satisfy the state's legal requirements and will produce a viable gambling enterprise.