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Legislative Testimony
Veterans and Legal Affairs Committee
Milton F. Champion III – Executive Director
Gambling Control Unit
Department of Public Safety
April 26, 2019, 10:00 am, Room 437, State House

Senator Luchini, Representative Schneck and Distinguished Members of the Veterans and Legal Affairs Committee:

I am Milton Champion, Executive Director of the Gambling Control Unit within the Department of Public Safety. I am here today on behalf of the Department of Public Safety to testify neither for or against LD's 553, 1348, 1515, 1571 and 1642 collectively which intend to authorize sports betting in the State of Maine.

Since May 2018, when the U.S. Supreme court declared the Professional and Amateur Sports Protection Act (PASPA) unconstitutional allowing states to allow its residents to bet on sports, it has had the same excitement as a new edition cell phone. Everyone has been running and getting into line. After attending UNLV's sports wagering course, talking with other state agencies and tracking revenues by the current states with sports betting, I'm here before you today to make it as simple as it needs to be. Here are some key factors to consider:

1. Quotes from news sources—
 - a. Four of the six states that have sports betting have fallen far short of their projections. West Virginia collecting a quarter of the monthly revenue projected. Mississippi and Pennsylvania have had half their estimates.
 - b. Rhode Island, currently the only sports book in New England, was projected for \$1 million a month for its state revenue through a 51% tax. From November 2018 to February 2019 they had reached just \$50,000.00 a month. However, March increased the monthly average by \$52,000.00 to \$102,778.00 probably from the recent NCAA basketball tournament.
 - c. Mobile or on-line sports wagering is key to any proposal as has been seen by those states that did not start with it, however, will be adding it. In fact, in New Jersey where betting has gone very well, most of the bets have come from smartphones and on line.

2. Saturation – Three of the newest casinos in the northeast are under performing estimates now. The Encore in Boston is scheduled to open in June just 60 miles from our southern border with talks of a tribal casino in East Windsor. A Senate bill passed for two casinos in New Hampshire. What does this have to do with sports betting? There are only so much discretionary funds available. This, in my view indicates that New England has or is very close to reaching its saturation point.
3. It is essential, however that we have the ability to offer what the competition offers. And by competition I am referring to other states.

In summary, do we need to offer sports wagering, absolutely. Are the casinos, OTB's, or Tribes who run these operations going to make a lot of profits, unlikely. Is the state going to make lot of revenue, unlikely. So, with that in mind I would look at regulating this in the same fashion as with Fantasy Contests by considering the following:

1. Funds collected be from the gross win, greatly reducing the auditing expense.
2. Collected funds go to one source other than administrative expenses as with LD 1348 & 1571
3. Consider a small amount 1% for compulsive gambling programs.
4. Regulatory oversight by the Gambling Control Unit or Director as is the case with the recent filing of LD 1642 by adding chapter 34 under title 8.
5. Also, know that there is a federal excise tax of .25% of the amount wagered authorized by the state and an annual occupational tax as well for each principal or agent accepting wagers.

Thank you for the opportunity to appear before the committee today, and I would be happy to answer any questions you may have at this time.

Respectfully,

