

Sports Wagering

Good Morning Senator Luchini, Representative Schneck and distinguished members of the Veterans and Legal Affairs Committee. My name is Don Barberino and I operate the Waterville and Sanford Off Track Betting facilities (OTB).

The sports wagering bills introduced here today are somewhat similar so I just wanted to offer some overview on all of them in one testimony. I am here in support of Sports Wagering in Maine to be operated by the existing gaming license categories, such as the OTBs. Here are a couple of key points to consider:

- It is important to have a reasonable tax rate. The margins are very small, averaging approximately 5%. This is before expenses. Some states have adopted low rates which leaves them with the ability to effectively market and pay expenses. For example, New Jersey has a tax rate of 8% for bricks and mortar and 12% for mobile. Iowa just passed a sports wagering bill with a 6.75% tax rate, the same rate as Nevada.
- Sports Wagering will help the commercial tracks and off-track betting facilities by drawing new people into our establishments. We need to diversify our product offerings that will appeal to a broader audience. We're in the gambling business and sports wagering is a perfect fit.
- It is important that mobile / internet wagering is tied to the brick and mortar facilities. 85% of sports wagering is through mobile. If you allow a mobile only company to come into the state, it will undermine the brick and mortar operations. It's what has occurred in the state's harness racing industry. You have the commercial tracks and OTBs competing against out of state mobile companies who are undermining our established brick and mortar businesses. They are eating our lunch. It would be grossly negligent if we haven't learned from that experience.
- All states that have legalized sports wagering permit the brick and mortar facilities to operate their own mobile platforms. No state has licensed a mobile only entity.
- The application and license fees need to be reasonable. Maine is a small rural state. Making the entry fee too high will defeat the intent of this legislation, which is to help Maine businesses and generate new revenue. Perhaps the licensing fees can be tiered so that the larger gambling venues, such as the casinos, would pay more than the smaller outlets.
- Concerning regulation expenses, the costs should be distributed to the license holders based on handle.

I look forward to working with the Committee as it works to draft sports wagering legislation. If there are any questions, I would be happy to answer them.

Thank you for your time and consideration.

Don Barberino, Pioneer Gaming