



Testimony of Jack Sours, Vice President and General Manager, Oxford Casino & Hotel

In Opposition to

LD 1144, An Act to Authorize Tribal Gaming, and

LD 1244, An Act To Authorize the Gambling Control Board to Accept an Application from the Passamaquoddy Tribe to Operate 50 Slot Machines in the Tribe's High-stakes Beano Facility.

Joint Standing Committee on Veterans and Legal Affairs

March 25, 2019

Senator Luchini, Representative Schneck, and Members of the Joint Standing Committee on Veterans and Legal Affairs, my name is Jack Sours, and I am the Vice-President and General Manager of Oxford Casino & Hotel in Oxford, Maine. I testify today in opposition to each of these bills that will expand gaming in the State of Maine in various ways for Maine's Tribes.

Oxford Casino opened for business June 6, 2012 on an approximately 100 acre property on Route 26 in Oxford. Since then, the casino has expanded three times, including the recent \$25million dollar investment in a 107 room hotel, 5,000 square foot multi-purpose event center, a new restaurant, and an expanded gaming floor. The Casino, now has 963 slot machines, 30 table games, 3 restaurants, and 2 full bars. Importantly, the property employs over 450 Mainers – the vast majority with full benefits – bringing economic vitality to a region that sorely needs it. Attached to my testimony is a detailed description of the beneficiaries of the Oxford Casino, which extend both locally, regionally, and statewide.

I would like to highlight a few key points on why casino expansion is bad for Maine at this time, and why these proposals are not ready for prime time.

1. Casino gaming is a successful economic engine for Oxford County and a relatively new industry in Maine.

Since Oxford Casino opened its doors in 2012, we have clearly seen the incredible economic benefits brought to the Town of Oxford, the region, and the State. A few facts worth noting:

- **Employees:** 450+
- **Estimated 2018 Payroll:** \$13.5 million in wages and \$3.5 million in benefits
- **Taxable property value:** \$49.5 million
- **Gaming taxes paid:** Over \$38.6 million since January 2018.
- **Estimated sales, hotel, beverage, and meal taxes paid:** \$608,000.

Oxford County is finally starting to rebound as a result of the economic foundation that the casino has provided to the region. Specifically, the Casino employees 217 Oxford County residents and 121 Androscoggin County residents, as well as residents of Cumberland, Franklin, Penobscot, York, and Kennebec Counties. A number of individuals from the Oxford County



business community have travelled here today - a testament to the economic engine that our facility has become for the region. These personal anecdotes should provide context for the sea change that has occurred in the region: A new hotel across from the casino, a multi-use development project, planned new restaurants, a new sewer extending from town to the casino, and greater opportunities for existing businesses - all examples of a reversal of fortunes for our business community.

Casino expansion will put an end to this success. Let me repeat that. Expansion at this time will put an end to that success. Expanding gaming in Maine, like has occurred in other jurisdictions to the point of saturation, will hurt the existing facilities, cost jobs, and stagnate their development. If you choose to expand gaming at this time, you will kill this successful economic engine for Oxford County.

2. Gaming expansion will cannibalize the existing facilities and provide no benefit to the State of Maine and hurt the beneficiaries of the existing casinos.

While the promise of new casino revenues may sound tempting, the truth is quite different – there will be significant cannibalization. In short, a new casino in Maine will merely move dollars from one casino to another with little or no benefit to the State. We see this happening throughout the country as the saturation point has been reached quickly in expanding gaming markets, including Maine's. After years of growth, the Maine gaming market has simply stopped growing, as can be seen by the flat growth numbers over the last two quarters. As further evidence of a flat gaming market, the Oxford Casino and the Hollywood Casino each have over 500 slot machines less than their 1500 limit.

There has been no analysis recently on whether Maine's gaming market can withstand another casino without just creating pure cannibalization. Additionally, there has been no visibility around LD 1144, to know where a casino might be located, and to better understand its affect on the existing gaming market.

Here are some numbers that explain where our customer base comes from. Oxford is the southernmost town in Oxford County. We are 15 miles from the highway, and just a thirty-five minute drive from Portland. 75 percent of our revenues are derived from customers that drive in from Androscoggin, York, or Cumberland County, or from New Hampshire.

Several years ago, we commissioned a study from gaming market expert, Dr. Clyde Barrow of the University of Massachusetts-Dartmouth. Barrow examined the potential impact of a casino located in southern Maine and regional gaming expansion on the existing Maine gaming market. He found that such gaming expansion would dramatically reduce the gross gaming revenue of the existing facilities with little commensurate rise in total state gaming revenue and job creation. Barrow estimated that another casino in Southern Maine at that time would reduce the gross gaming revenue of the Oxford Casino by over 50% and reduce the revenue of Hollywood Casino by close to 30%. He estimated that 95.5% of a new casino's gross gaming revenue would be based on pure displacement and cannibalization of existing Maine casino revenues. Today, with



the Wynn Casino North of Boston set to open this Summer and with the flat gaming market in Maine, this number could be closer to 100%.

The bottom line is that an additional Maine casino, especially in Southern Maine will divert jobs and opportunity away from a rural, poor county where it is needed.

3. Maine's existing casino market areas are working.

After a long period of study several years ago, Massachusetts determined that three casino zones were sufficient for its nearly 7 million people. In comparison, Maine has codified in law two regions separated by 100 mile market areas, which we believe are sufficient for our rural nature and only 1.3 million people. It is important that Maine continues to enforce these current 100-mile market areas, which have been supported three times in statewide referenda. Oxford Casino already serves the southern Maine market area, and Hollywood Casino already serves the Northern and Central Maine market area.

In order for Maine to best compete with the gaming facilities to the South, the Oxford Casino needs stability in the Maine gaming market and predictability in the regulatory environment, so we can continue to invest in our facility and bring even more economic development dollars and jobs to western and southern Maine.

4. The tribal casino effort authorized in LD 1144 has a number of flaws and does not follow the law and tradition that the existing casinos followed.

- Could be located within 100 miles of another casino.

Both existing casinos have been approved under the current law that requires casinos to be separated by 100 miles in Maine. LD 1144 lowers that limit to 50 miles.

- Could be located anywhere in the State (outside of 50 miles from the casinos).

The casino anticipated in LD 1144 could be located on reservation land *or* any land owned by one of the four tribes on January 1st of this year.

- Would not require a statewide vote.

Both existing casinos have been approved by a statewide vote, which is required under current law. Both of these bills create an exception from this requirement.

- Possible that would not require a municipal vote.

Current law requires that a casino project receive the approval from the host municipality. In LD 1144, if the any of the tribes own land in any municipality before January 1st of this year, there is no requirement of a municipal vote.



- Avoids any license fee.

Existing law requires the license fee for a casino to be \$250,000 or \$5,000,000 if there is a competitive bidding process, and these bills exempt the tribes from paying any license fee.

- Has ½ the tax on slot machines of the other casinos.

The tax on slot machines in LD 1144 is approximately half of the current tax on slot machines for both of the other casinos. This would immediately place the casinos in a huge competitive disadvantage.

5. Mainers do not want any more casinos but do want to approve of any efforts to expand gambling.

Finally, want to emphasize that Mainers have consistently demonstrated in election after election and poll and poll that they **do not want** an expansion of gambling but **do want** to retain the ability to decide whether gaming is expanded in the State. This year's efforts to expand casino gambling in Maine is coming on the tails of the recent tremendous defeat of an effort to expand to another casino in Maine on a statewide ballot.

Thank you for the opportunity to provide testimony in opposition to these bills.

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DISTRIBUTION OF GAMING REVENUE FROM OXFORD CASINO IN 2018

SLOTS ONLY

Department of Education (K-12)	\$ 19,433,734
University of Maine System	\$ 2,930,607
Maine Maritime Academy	\$ 178,790
Maine Community College System	\$ 2,332,048
Penobscot and Passamaquoddy Tribes	\$ 3,109,397
General Fund for Admin Costs of GCB	\$ 2,332,048
Host Municipality (Oxford)	\$ 1,554,699
Agricultural Fair Support Fund	\$ 777,349
Harness racing Purses	\$ 777,349
Sire Stakes Fund	\$ 777,349
Host County	\$ 777,349
Dairy Improvement Fund	\$ 388,675
Maine Milk Pool	\$ 388,675

TABLE GAMES ONLY

Department of Education (K-12)	\$ 1,755,982
GCB Admin Expense/Gambling Addition	\$ 526,795
Host Municipality (Town of Oxford)	\$ 351,197
Host County (Oxford County)	\$ 175,798

Total	\$ 38,567,842
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Source: https://www.maine.gov/dps/gamb-control/documents/12-31-18Oxford_001.pdf