

Testimony of Daniel Walker, Preti Flaherty

On behalf of the Oxford Casino & Hotel, Churchill Downs Inc.

In Opposition to

**LD 554, An Act To Create Gaming Equity And Fairness For The Native American Tribes
In Maine**

Joint Standing Committee on Veterans and Legal Affairs

March 17, 2021

Senator Luchini, Representative Caiazzo, and Members of the Joint Standing Committee on Veterans and Legal Affairs, my name is Dan Walker, and I represent the Oxford Casino & Hotel in Oxford, Maine. I testify today in opposition to LD 554 that will very likely expand gaming in the State of Maine 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 fairly recent \$25 million 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 has 963 slot machines, 30 table games, 3 restaurants, and 2 full bars. Importantly, the property (pre-COVID) employed 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 LD 554 should be opposed.

1. Casino gaming is a successful economic engine for Oxford County.

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 2019 Payroll:** \$14.0 million in wages and \$3.3 million in benefits
- **Taxable property value:** \$49.5 million
- **Gaming taxes paid:** Over \$38.2 in 2019.
- **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 well over 200 Oxford County residents and over 100 Androscoggin County residents, as well as residents of Cumberland, Franklin, Penobscot, York, and Kennebec Counties. The Casino has become a crucial economic engine for the region: A 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 the local business community.

Casino expansion will put an end to this 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 net revenue benefit to the State of Maine and will 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. New casinos 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 recent flat growth. 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 554, to know where a casino might be located, and to better understand its effect 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; 15 miles from the highway; and just a thirty-five-minute drive from Portland. 75 percent of their 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 open 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, 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 CDI can continue to invest in the facility and bring even more economic development dollars and jobs to western and southern Maine.

4. The tribal gaming effort authorized in LD 554 would likely 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. 8 MRSA §1019(6). LD 554 could allow a casino or other gaming facility on any Tribal Trust Land with no limitation on distance from the existing facilities.

- Could be located anywhere in the State.

The casino or gaming facility anticipated in LD 554 could be located on reservation land *or* any Tribal Trust Land owned or to be owned by one of the four tribes.

- Would not require a statewide vote.

Both existing casinos have been approved by a statewide vote, which is required under current law. 8 MRSA §1019(7). This bill would exclude Indian gaming from such state laws.

- Possible that would not require a municipal vote.

Current law requires that a casino project receive the approval from the host municipality. 8 MRSA §1019(7). LD 554 could exclude this requirement from Tribal gaming efforts going forward.

- 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, 8 M.R.S.A. §1018(1-A), and this bill could exempt the tribes from paying any license fee.

- State tax on slot machines and table games is undetermined.

The taxes in LD 554 are undetermined. This would immediately place the casinos in a huge competitive disadvantage if the taxes are significantly lower.

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.

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

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