

Thank you Senator Hickman, Representative Supica and Members of the Committee:

My name is Abe Furth, I am a resident of Old Town and I'm here today as the co-owner of Orono Brewing and Wild Maine Vodka Seltzer. I appreciate the opportunity to add my voice in support of LD 1855. My partners and I founded Orono Brewing Company (OBC) in 2014, and we expanded our business with the creation of Wild Maine Vodka Seltzer in 2021. We were on the forefront of the hard seltzer business in Maine, and we were the first Maine brewery to launch a vodka based hard seltzer. Since then Wild Maine has grown into 25% of our overall business and 40% of our package business. In a craft beverage market that has flattened out, Wild Maine is one of the reasons we've been able to buck that trend.

When we launched Wild Maine four years ago we were helping grow the "ready to drink cocktail" (RTD) market in Maine. RTD is an acronym that is well known at this point, but four years ago BABLO didn't have a plan for this segment of the craft beverage market. The difference between spirit based seltzers (like Wild Maine) and malt based seltzers is purely founded on the base alcohol—they are identical in ABV, but are taxed radically differently. When we launched there was no BABLO paperwork for RTDs, and there were no Maine excise tax forms for RTDs. From our experience, it looked like BABLO threw a dart at the wall and it landed on wine, which is what we were told to file under for excise taxes. Shortly after that we were told RTD's would actually be taxed with sparkling wine, and that we needed to pay 30 cents more than we had planned (\$1.54/gallon).

I'm not asking to lower a tax that Maine developed with intention, I'm asking to lower a tax that is exorbitantly high. We're used to paying a Maine excise tax on beer that is triple the federal excise tax—we were not prepared for the harsh reality of paying almost six times the federal rate for excise taxes on RTDs. In 2024 we paid the following for Wild Maine excise tax: \$31,754 to federal, and \$178,479 to Maine. For beer excise tax in 2024 we paid \$32,263 to federal, and 100,013 to Maine. Why is Maine charging almost 6 times the federal rate for RTDs vs 3 times the federal rate for beer?

The \$1.54/gallon Maine excise tax puts us at an extreme disadvantage when we compete against NH RTD manufacturers who pay .30/gallon for RTD excise tax, or MA manufacturers who pay \$1.10/gallon. The proposed rate of 60 cents/gallon is still far more than we pay for beer, but it would allow us to be more competitive with our New England and national competitors. The Maine craft beverage market is struggling, please correct this exorbitantly high excise tax on RTDs. Thank you for your time and consideration today, and I ask for you to support LD 1855. I'm happy to answer questions or speak further on the subject as needed.

Sincerely,



Abe Furth

Orono Brewing Company & Wild Maine Vodka Seltzer
61 Margin Street Orono, ME 04473

Product	Period	State Excise Tax	Federal Excise Tax	Percentage of Company Sales
Orono Brewing Beer	2024	\$ 100,013.35	\$ 32,262.37	75.25%
Wild Maine Vodka Seltzer	2024	\$ 178,497.29	\$ 31,754.46	24.75%
Orono Brewing Beer	April 2025	\$ 8,859.50	\$ 2,857.79	69.50%
Wild Maine Vodka Seltzer	April 2025	\$ 23,260.55	\$ 3,791.58	30.50%

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Churchill Downs Incorporated Completes Acquisition of Chasers Poker Room in Salem, New Hampshire - The Kentucky Derby is just the beginning... | Churchill Downs Incorporated

September 6, 2022

Acquisition of New Hampshire's Leading Charitable Gaming Operation Paves Way for CDI to Expand its Historical Horse Racing Operations into a Fourth State

LOUISVILLE, KY., (September 6, 2022) – Churchill Downs Incorporated (“CDI” or “the Company”) (Nasdaq: CHDN) announced today that the Company has completed its previously-announced purchase of Chasers Poker Room in Salem, New Hampshire (“Chasers”). The purchase of Chasers follows the approval of the transaction by the New Hampshire Lottery Commission.

Chasers is located approximately 30 minutes from downtown Boston and is the leading New Hampshire charitable gaming operator, offering poker and a variety of table games. CDI plans to construct an expanded charitable gaming facility in Salem, with up to 800 gaming positions including historical racing machines (“HRMs”) and table games. CDI expects the total investment in Salem, inclusive of the purchase price, to be approximately \$150 million.

“We are excited to build upon the success of Chasers with CDI’s proven excellence in historical horse racing operations and a state-of-the-art new facility,” said Bill Carstanjen, Chief Executive Officer of CDI. “It is a privilege to have the opportunity to meaningfully support nonprofits in New Hampshire as the leading gaming operator in charitable contributions.”

New Hampshire will be the fourth state in which CDI will operate historical horse racing. CDI currently operates HRMs in Kentucky and in Louisiana. CDI will also operate HRMs in Virginia upon closing of the pending acquisition of Peninsula Pacific Entertainment.

About Churchill Downs Incorporated

Churchill Downs Incorporated is an industry-leading racing, online wagering and gaming entertainment company anchored by our iconic flagship event, the Kentucky Derby. We own and operate four gaming entertainment venues with approximately 3,900 historical racing machines in Kentucky. We also own and operate TwinSpires, one of the largest and most profitable online wagering platforms for horse racing in the U.S. and we have eight retail sportsbooks. We are also a leader in brick-and-mortar casino gaming in eight states with approximately 11,800 slot machines and video lottery terminals and 250 table games. www.churchilldownsincorporated.com

This news release contains various “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by the use of terms such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “predict,” “project,” “seek,” “should,” “will,” and similar words or similar expressions (or negative versions of such words or expressions).

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important

factors, among others, that may materially affect actual results or outcomes include the following: the receipt of regulatory approvals on terms desired or anticipated, unanticipated difficulties or expenditures relating to the proposed transaction, including, without limitation, difficulties that result in the failure to realize expected synergies, efficiencies and cost savings from the proposed transaction within the expected time period (if at all), our ability to obtain financing on the anticipated terms and schedule, disruptions of our or P2E's current plans, operations and relationships with customers and suppliers caused by the announcement and pendency of the proposed transaction, our and P2E's ability to consummate a sale-leaseback transaction with respect to the Hard Rock Sioux City on terms desired or anticipated; the impact of the novel coronavirus (COVID-19) pandemic, including the emergence of variant strains, and related economic matters on our results of operations, financial conditions and prospects; the occurrence of extraordinary events, such as terrorist attacks, public health threats, civil unrest, and inclement weather; the effect of economic conditions on our consumers' confidence and discretionary spending or our access to credit; additional or increased taxes and fees; the impact of significant competition, and the expectation the competition levels will increase; changes in consumer preferences, attendance, wagering, and sponsorships; loss of key or highly skilled personnel; lack of confidence in the integrity of our core businesses or any deterioration in our reputation; risks associated with equity investments, strategic alliances and other third-party agreements; inability to respond to rapid technological changes in a timely manner; concentration and evolution of slot machine and HRM manufacturing and other technology conditions that could impose additional costs; inability to negotiate agreements with industry constituents, including horsemen and other racetracks; inability to successfully expand our TwinSpires Sports and Casino business and effectively compete; difficulty in integrating recent or future acquisitions into our operations; inability to identify and / or complete acquisitions, divestitures, development of new venues or the expansion of existing facilities on time, on budget, or as planned; general risks related to real estate ownership and significant expenditures, including fluctuations in market values and environmental regulations; reliance on our technology services and catastrophic events and system failures disrupting our operations; online security risk, including cyber-security breaches, or loss or misuse of our stored information as a result of a breach, including customers' personal information, could lead to government enforcement actions or other litigation; personal injury litigation related to injuries occurring at our racetracks; compliance with the Foreign Corrupt Practices Act or applicable money-laundering regulations; payment-related risks, such as risk associated with fraudulent credit card and debit card use; work stoppages and labor issues; risks related to pending or future legal proceedings and other actions; highly regulated operations and changes in the regulatory environment could adversely affect our business; restrictions in our debt facilities limiting our flexibility to operate our business; failure to comply with the financial ratios and other covenants in our debt facilities and other indebtedness; and increase in our insurance costs, or obtain similar insurance coverage in the future, and inability to recover under our insurance policies for damages sustained at our properties in the event of inclement weather and casualty events.

We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You may also be interested in:

Churchill CEO: “Virginia has a chance to be reborn”

Nick Hahn

The winds of change are blowing in horse racing, and in Virginia, at least, the prevailing winds are out of Kentucky.

Churchill Downs CEO Bill Carstanjen blew into town to meet with the Virginia Racing Commission April 6 and, at an at-times spirited public question-and-answer session, outlined a vision for the future that’s sure to please many stakeholders but may cause angst in other quarters.

Midlantic May TWO-YEAR-OLDS IN TRAINING

Churchill Downs, Inc. earlier this year entered into an agreement to purchase Colonial Downs and all of its associated Rosie’s properties, as well as additional properties owned by Colonial parent company Peninsula Pacific in Iowa and New York. The deal is expected to close by year end.

Carstanjen’s appearance provided some of the first public candid comments to Virginia stakeholders and the Commission on the pending sale – a sale that caught many Virginia horsemen by surprise.

“Virginia has a chance to be reborn,” Carstanjen told the gathering. “In Virginia, this is a really good framework and structure and foundation from which to build on.”



LIVE RACING
THURS-SAT, 7:00 P.M. POST

Under Virginia’s law, purses are powered in large part by so-called historical horse racing machines, which are essentially slot machines but powered by the results of past horse races. The law permits up to 5,000 machines around the state, under various conditions, and for each 100 deployed, the licensee is required to run one race day.

Colonial Downs is slated to run 27 days in 2022, up from 21 a year ago. Carstanjen intimated that the number could grow, and quickly.

“This is an accelerated change, accelerated growth environment,” he said, later adding, “You’ll see us try different things. You’ll see us push the envelope because we’re very focused on staying relevant, not just in the wagering world but in the entertainment world.”

Carstanjen told the Commission that, in broad strokes, the company’s number one goal would be “to get all these [HHR] machines deployed,” which would increase the flow of purse revenue and allow for the growth in race days. With 5,000 machines deployed, the law will require 50 days of live racing.



Preakness: Sovereignty a no-go

Kentucky Derby hero Sovereignty will not contest the Preakness, 1/ST Racing announced Tuesday.

But don't look for those 50 days to be more of the same.

For one thing, Carstanjen said, the company will be looking "where we need to bifurcate the meet."

Why a bifurcated meet? One obvious reason would be to give the turf course a rest.

Another reason: "We want to look at [Kentucky] Derby prep races so that we can have a Virginia horse going to the Derby."

Since Colonial's rebirth in 2019, most of the purse money has gone to overnight races. While purses for those races are higher than they are in other regional tracks, stakes purses are substantially similar. Carstanjen sees bolstering the stakes program as an important goal.



"We want to look at stakes races that we can move here from our other facilities and our available stakes race program," he said. "Let's turbo-charge the racing here."

Carstanjen said Churchill looks at racing not just as a wagering product but also as entertainment. The buzz around the Kentucky Derby, he said, is driven not so much by passionate racing fans and bettors as by casual fans who pay attention to the Triple Crown but perhaps not day to day racing. And while casual fans aren't worth as much, financially speaking, as are hardcore players, "There's a lot more casual fans out there than there are hardcore horseplayers."



"We have to give the community in this region an opportunity to experience horse racing as entertainment," he explained. "So you will see us reach into our bag of tricks from Derby to build interest here."

One of the state's big successes in recent years has been the Virginia Certified Residency Program. Under that program, horses that spend at least six months in the Commonwealth before the end of their two-year-old year earn their "developers" – the person who owned them during their period of residency – bonuses when they win anywhere in the Mid-Atlantic.

Virginia horsemen credit the program with filling up their barns once again. Some 3,500 horses have gone through the program to date.

But Carstanjen said it's time to start thinking about changing the program.

"I don't like your purse construct where you're paying purse money to horses that are winning out-of-state," he said. "Now that you're running race days here, it's puzzling why you're paying horses to win races in a different jurisdiction. That's your purse money that should be invested in your racing program."



CT: Banner weekend for breeder Jim Miller

During April's first weekend of stakes action at Charles Town, longtime local breeder Jim Miller was prominent in multiple states and win photos.

Carstanjen wants to direct those funds to horses that win in Virginia, and to promoting the Virginia breeding industry and the growth of a critical mass of Virginia-breds that would book fields with increasing racedays at Colonial Downs. That would promote the development of the "equi-structure" of stallions, layup facilities, local feeds and other supportive services.

"All programs started as the right thing for the moment, but we're going to be on an accelerated development schedule, so we have to be looking at these programs to make sure that we've got what's best as we grow," continued Carstanjen. "If you just stand around with a Virginia-certified program, that's all you'll ever have....it will require change. The incentive programs that are in place right now are increasingly designed for the past. They are not designed for the future."

In the minds of many since the announcement of the purchase of Colonial Downs has been the demise of the Churchill-owned Arlington Park last year. Carstanjen addressed that question without prodding.

"Racing doesn't work everywhere," he said. "Racing is something that can get screwed up and it's been screwed up in a whole bunch of jurisdictions, and it got screwed up in Virginia for a while. Illinois is an example of where racing is really screwed up, and it doesn't work well."

Carrying the weight of a year-round racing season has never been a burden in Virginia racing. While in years past that might have seemed a liability, Carstanjen perhaps sees it as an asset.

For the longest time Virginia was referred to as a breeding state and not a racing state. Since Colonial opened in 1997, that view has largely reversed. Either way, the state doesn't carry the burden of memories of long-gone "glory days," or expectations that a very different future will somehow become like the past.

By design or accident, Carstanjen likes the opportunity he sees in Virginia.

“In Virginia there been some up and downs, and Virginia struggled for a while,” he said. “But then it put together a framework that’s going to stand the test of time off into the horizon, as far as the eye can see.”

