

**Testimony of Daniel Walker, PretiFlaherty
on behalf of Churchill Downs Incorporated**

In Support of

LD 623, An Act to Amend the Advanced Deposit Wagering Laws

**Joint Standing Committee on Veterans and Legal Affairs
March 17, 2021**

Good afternoon Senator Luchini, Representative Caiazzo, and members of the Joint Standing Committee on Veterans and Legal Affairs. My name is Dan Walker, with PretiFlaherty on behalf of Churchill Downs, Inc. As you know, Churchill Downs is the parent company of Oxford Casino, which had employed about 450 people before the pandemic, with an estimated investment of nearly \$17 million in direct pay and benefits in a regular year. Churchill Downs and Oxford Casino proudly contribute to the economy of both the local community and the state overall. Today, I would like to testify with regards to LD 623 and how it relates to their other business, TwinSpires.com.

TwinSpires is the largest advance deposit wagering operator in the United States. It operates in 40 states and over 80% of TwinSpires' customers do not regularly wager at racetracks or off-track betting facilities, meaning that TwinSpires is bringing an entirely new group of customers to the sport.

ADW operators are permitted to accept interstate wagers under Federal law, namely the Interstate Horseracing Act, or the IHA.¹ The IHA's purpose is to regulate interstate commerce with respect to wagering on horseracing, in order to further the horseracing and legal off-track betting industries in the United States.

TwinSpires would promote Maine horse racing across the country by allowing residents of other states to place online wagers on Maine races. Maine residents used to be able to place bets on this platform on races around the country, such as the Kentucky Derby. Churchill Downs and TwinSpires wish to resume operating in Maine by participating in an open ADW market.

We have worked with the bill sponsor in an effort to revise the existing program that limits the market to only one ADW provider. Under this newly proposed structure in LD 623, multiple providers could apply for licenses. Competition is crucial. Multiple providers will lead to customers getting the best possible product without concerns that come from a single provider model, such as technical issues on a big race day. An open market would also result in more revenue for the various stakeholders in the distribution structure. The more variety you have, the more customers you will have, which will lead to more revenue for the State.

¹ 15 U.S.C §§ 3001-3007

We have proposed a 5% tax rate on wagers placed in Maine. There are few states that tax ADW operations and this rate is at the high end of those that do. Given that this higher tax rate would apply to all ADW market participants, it is sure to generate more state tax revenue than the single operator model.

Additionally, the bill includes a provision in Section 9 that will allow multijurisdictional account wagering providers to maintain eligibility to receive an ADW license, despite having received wagers from Maine residents before the current single ADW license was awarded. This bill creates a clean slate to allow the ADW program to become the best that it can be.

CDI and TwinSpires wish to operate in Maine and further contribute to the state's overall racing industry. We respectfully request an open licensure process and a predictable tax rate of 5% to ensure that we can participate in a profitable and sustainable way.

Thank you for your consideration.

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