

**Testimony of Daniel Walker, Preti Flaherty**

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

**In Opposition to**

**LD 1060, An Act To Increase the State Revenue from Casino Net Income, Reallocate the State Distribution and Provide Tax Uniformity**

**Joint Standing Committee on Veterans and Legal Affairs**

**April 2, 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 1060.

Oxford Casino & Hotel opened for business June 6, 2012 on a 100-acre property along Route 26 in Oxford. In less than 10 years, the Casino has expanded three times, including a recent \$25 million investment in a 107-room hotel, 5,000 square foot multi-purpose event center, a new restaurant, and an expanded gaming floor. Currently, 963 slot machines and 30 table games are housed at the Casino, and three restaurants and two full bars operate on the property. Importantly, Oxford Casino (pre-COVID) employed over 450 Mainers – the vast majority with full benefits – bringing economic vitality to a region that sorely needs it.

The proposal before you drastically increases the tax on casinos and amends the long-standing casino cascades. The bill requires each casino to significantly raise its taxes so that a total of 50% of net slot machine income and 50% of net table game income is collected by the casinos.

For the Oxford Casino, the increase in the tax on slot machines amounts to a difference in percentage of 4%, which translates into an increase in tax of \$3,070,000. The increase in the tax on table games amounts to a difference in percentage of 34%, which is a percentage increase of 300%, which translates into an increase in tax of nearly \$6,000,000. This is much higher than any other jurisdiction in the country.

Tax policy for casinos, or any other business, attempts to balance the public benefit of providing taxes with the ability of the business to be able to provide a quality product and reinvest the funds back into the facility, its employees, and the community. This dramatic tax increase would drastically throw this out of balance.

LD 1060 could unravel all the good that has been done for this part of Maine and the people who depend on the success of the Casino. It will cost jobs, and halt future development in Oxford County, shifting dollars away from the Oxford Casino and the region.

The success of Oxford Casino has lifted a poor region of Maine and spurred additional business growth in Oxford, Western Maine, and beyond. Unemployment was nearly 11 percent in Oxford

County back in 2012 but has dropped to six percent. Employees have earned more than \$14 million in wages and more than \$3 million in benefits, and nearly \$50 million in taxes have been generated – boosting funding for essential services in the region. A new hotel opened across Route 26, dining establishments continue to pop up in the surrounding area, and needed business and public health infrastructure projects have come to fruition. Oxford Casino helped saved this part of Maine and gave these folks hope for financial stability.

The Casino is just starting to get back on its feet after a year of either being completely closed or only operating with 200 patrons or about 8 percent of its capacity. More than 200 employees were furloughed or lost their jobs this past year. They are slowly starting to be reemployed as the capacity limits were increased March 26<sup>th</sup>. Just this past week, the Casino was allowed to turn back on a handful more of its slot machines and increase its foot traffic. But it has a long way to go before it sees pre-pandemic activity and revenues. An increase in taxes of over \$9 million will cost jobs.

These cascades have provided millions upon millions of dollars in funding for college scholarships, the harness racing industry, the agricultural fairs, Fund for a Healthy Maine, the OTBs, and the Tribes. Oxford Casino has provided significant funding to the Tribes since 2012 – more than \$21.5 million. This proposal changes Oxford Casino's share to the Tribes from 4% to 5%. But an even bigger issue is that the casinos would be required to give another 3% to the state's General Fund. As the casinos have been crippled by this pandemic and have struggled to keep the doors open, it is a slap in the face to sweep more money into the state coffers. Once the cascades are opened, what is to prevent them from being changed again directing more money away from the above-mentioned initiatives.

Both Oxford Casino and Hollywood Casino would be required to collect 5% of net slot machine income and 5% of net table game income for distribution to Maine's tribal governments with the proportions established yearly by a 17-member Indian Casino Revenue Distribution Committee. We are equally concerned that this bill requires huge amounts of casino tax revenue to be directed to a yet to be established Committee with no idea as to how the monies would be proportioned to each of the Tribes.

There are just too many problems with this bill. It will hurt the existing facilities and the jobs and economic benefits they provide to their host communities; it will damage the long-standing cascade formula that has provided stability and funding to many worthwhile endeavors; and it increases the tax rate structure by 300%.

I ask that the Committee vote to reject this bill. Thank you for your time today and I would be happy to answer any questions.

###