

**Testimony from
Jayne Thornton, Winner's Circle OTB
Veterans and Legal Affairs Committee**

April 30, 2021

Testimony in Favor of LD 1405

Why legalize sports wagering?

- The bottom line is that your constituents want it. Over 35 States will have legalized sports wagering before the end of this year. The people want it and if they cannot get a legalized version in their State then they will either go across borders or worse, go to offshore online companies that have no regulation or protection to the customer, but be assured, they will find a way.
- Given the above, the State should make its revenue from the legalization of it, especially after the tough year we have all been through.
- The in State gaming facilities also have been through an awful year with Shut downs for four months and then limitations on gathering for the remainder of the year PLUS! This added boost would certainly benefit them. They are the ones that employ Maine people, pay Maine taxes and invest in Maine.

Why should we be concerned about tethered or untethered relationships with the online companies?

I believe it is critical to have online companies be affiliated with the licensed facilities IN THE STATE of Maine. This is called tethered and often referred to as a "skin" in other jurisdictions.

Strong public policy for requiring online providers to have either a physical location OR a close relationship with an entity that has a physical location in Maine – namely to facilitate regulation.

Maine doesn't allow online sales of alcohol by out-of-State providers especially when it is available by in State providers – protects the in-State provider.

Maine has largely legalized pot, but Maine doesn't allow online sales of pot by out of State entities.

For the same reasons, while we do favor online sales of sports wagers, in order to protect both local businesses AND the State's ability to inspect, understand, tax and regulate those operations every online provider should either own or be closely associated with a local business.

The brick-and-mortar companies in the State have:

- Substantial investments in their businesses
- Employ Maine residents
- Pay taxes – sales tax, property tax, payroll tax.
- Buy their services from other Maine based companies

Online companies if untethered would have virtually no investment in the State and be rewarded with 85% of the business. The converse of that is the in-State companies are dividing up 15% of the businesses and making the investment in the State.

If tethered, the online company partner with in State companies and run a professional business to the benefit of the customer, the State and anyone else who benefits from the income generated.

They bring their branding and name recognition.

They assist in the development and construction of the retail sports book with vast experience in all types of physical facilities because in every other State they are tethered.

They bring promotions that we cannot offer without their partnership.

They assume all performance risk of the retail sports book partnership (we would have to pay for this service if we were not able to partner with them at a high cost)

Speed up the learning curve with their proven practices from the other 30 plus jurisdictions that they are already doing business in, including systems training for the employees.

We would also run a mistake-free business, but the partnership brings a faster learning curve, and puts us on a more competitive platform than trying to compete with these companies. Which we could not!

Why should Maine Agricultural Fairs benefit from Sports Wagering?

Historically, Maine Fairs have relied on funding from Maine based gaming.

Given that all Fairs were cancelled last year, Maine Fairs needs assistance more than ever.

The Maine Fairs have been included for a small distribution that is funding their Fair Association to best impact all of the Fairs, instead of small funding for each, they can make more of an impact buying for the Association for all.

Maine Fairs showcase and educate the best of what Maine has been and will be. Without this funding, it will take years for the Fairs to recover from the last year's pandemic. Maine Fairs impact most of your legislative areas and provide a great experience for Millions of Fair goers each year. These funds will continue and expand educational opportunities for the Fair goers.

Why should Horsemen and Breeders benefit from Sports Wagering?

By having sports wagering in OTBs and at Tracks, these customers will be exposed to harness racing, assisting in developing a new breed of customer. The effects of Sports wagering in these locations have shown that they do cross over and show continued interest in racing.

It is important to not benefit one at the expense of another. Spendable dollars do not change with the addition of sports wagering and therefore a small compensation for the loss of some income is desired.

Horsemen and women have worked hard to meet the changes in the environment as it pertains to their business. Much like the Fairs, the racing industry has a long-standing tradition in Maine

an the economic benefits of racing and all of the businesses that benefit from these hard working individuals is well documented. Their master plan is to gain a bit of income from sports wagering and try to get Legislation passed that relieves some of the heavy burden of the taxes on the OTBs and Tracks in order to make their product more “relevant” and then reap the benefits of the new customers that are being exposed to it. This is the first step to the master plan.

LD 1352 is an untethered bill and therefore for the reasons stated above, I do not support this bill.

LD 1404 has a majority of the State’s distribution going to fund Education. We are supportive of any distribution of the State’s share as this Committee sees fit. We proposed the General Fund so that future Legislatures were not directed and could act as they saw necessary, but Education has a great need for additional funding and if that is the pleasure of this Committee, then we support that.

LD 1527 has a section that require records to be maintained of each wager and wagerer regardless of dollar amount. In discussion with the companies that supply terminals and self serve terminals, this is not a standard that is supported. They did say that a threshold could be formed (ie all wagers over \$3000) but it would impossible to capture all of this information and require everyone to essentially register before making any sort of wager. We do not support this measure as written but could support a threshold.

This bill is also untethered and we do not support the untethered portion of this bill.