

Document on LS Letterhead.pdf

Uploaded by: Alyse Cohen

Position: FAV

Long Shot's

Alyse L. Cohen – Managing Member
PO Box 278 Monrovia, MD 21770-0278
301-865-0605

Madam Chairwoman and Madam Vice Chairwoman, thank you for having me. My name is Alyse Cohen, and I am in favor of HB 1134. As the owner of Long Shot's, one of Maryland's few retail sports books located outside of a casino or racetrack, we are facing severe challenges in both our ability to grow sales or even maintain an operating partner.

Sports betting in Maryland was anticipated to be an 80/20 split between online and retail. Instead, we have witnessed online to grow to 97.2% of the total handle making retail, especially those without other attractions like a casino, incredibly difficult to operate.

The majority of class B license holders, defined as small gaming facilities outside of a racetrack or casino, have either lost their original sports betting partners or haven't been able to attract one at all.

In many respects, this is a consequence of the class B's not having the same advantages as class A, a casino or racetrack. Class B's simply do not have the funding, name recognition, or technology to compete and, therefore, need to partner with a larger organization. This does not mean that the operator is the predominant shareholder or beneficiary. It simply is a business arrangement seen across a number of other sectors. In fact, a typical franchise model is ubiquitous in both hotels and restaurants where small local owners partner with bigger corporations and in turn have the benefits.

While one intent of the sports wagering initiative was to provide women and minorities the ability to gain access to an otherwise exclusive industry, preventing us from utilizing the full benefit of our larger partners defeats the purpose. In reality, larger players are putting smaller ones out of business. One way of preventing such destruction is to pass HB 1134.

HB 1134 seeks to clarify an interpretation and level the playing field. Class B license holders who have aligned with Class A operators should have the ability to utilize their respective rewards programs. Not only do rewards programs proactively maintain a loyal customer base, they grow interest in the retail network as certain email blasts and promotional play is targeted for in-person gaming.

Furthermore, class B operators are mostly located in areas that border other states. Promoting retail sports betting via rewards will keep Maryland gaming dollars in state the coffers and further promote local economic development.

In conclusion, HB 1134 will help create a diverse and successful gaming network by enabling multiple types of outlets to not only exist but thrive. It will clarify an interpretation to allow the Class B's to pass along a similar rewards program as the larger casinos and racetracks were granted. Thank you for the opportunity.

Cline.Letter of Support.Boonsoboro.SB982.3.3.25.pd

Uploaded by: Amanda Brooks

Position: FAV



BOARD OF COUNTY COMMISSIONERS OF
WASHINGTON COUNTY, MARYLAND

March 3, 2025

Senator Guy Guzzone
Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, Maryland 21401

RE: Support Senate Bill 982 – Sports Wagering – Wagers on Historical Horse Races - Authorization

Dear Senator Guzzone:


I am writing this letter to offer strong support of SB982 as the Vice President of the County Commissioners of Washington County. I recognize that historic horse racing machines would greatly benefit The Boonsboro OTB and compliment the entertainment center that they have built.

The Boonsboro OTB and its unique offerings are a destination here in Washington County. Adding HHR machines as a new offering would have a significant impact on our community bringing new jobs and commerce to a growing county. The Boonsboro OTB has made a substantial investment into its large multifaceted venue and with these machines, the venue will draw a wider audience of clientele.

With an aging demographic of horse racing enthusiasts, and the introduction of online sports gaming, Boonsboro OTB has been faced with many new obstacles. The introduction of HHR machines will continue to keep the OTB business viable and bring revenue otherwise lost to WV or PA here in the state. Ultimately, this translates into tax dollars for crucial programs.

We hope for a favorable outcome, and support SB982.

Sincerely,


Jeffrey A. Cline
Vice President

Jeffrey A. Cline, Vice President

100 West Washington Street, Suite 1101 | Hagerstown, MD 21740 | P: 240.313.2200 | F: 240.313.2201 |
Hearing Impaired: 7-1-1

WWW.WASHCO-MD.NET

SB 982 FAV FCG JOINT LS25.pdf

Uploaded by: Jessica Fitzwater

Position: FAV



FREDERICK COUNTY GOVERNMENT

SB 982 - Wagers on Historical Horse Races – Authorization

DATE: March 5, 2025
COMMITTEE: Senate Judicial Proceedings Committee
POSITION: Favorable

On behalf of the Frederick County Community, we urge the committee to give **SB 982 – Wagers on Historical Horse Races – Authorization** a favorable report.

This bill will introduce historic horse racing machines as a sporting event for OTB (off track betting) facilities, such as at Long Shot's in Frederick County. This proposal represents a thoughtful and strategic approach to economic development that marries our county's heritage with innovation.

Preserving Frederick County's rich agricultural and rural heritage amid periods of growth and economic uncertainty presents challenges. Industries and businesses are facing similar financial challenges, and we believe this initiative is not only an economic opportunity for our community but also a meaningful step toward preserving our county's rich agricultural and equestrian heritage.

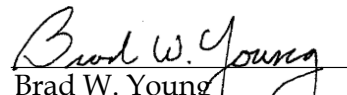
The introduction of these games could play a vital role in revitalizing the commercial area around the Frederick's Francis Scott Key Mall, which has been struggling to thrive in an increasingly competitive retail landscape. By introducing historic horse racing, we can attract more visitors, generate new jobs, and create a sustainable business environment that benefits not only the local economy but also the entire county.

Frederick County has long been a hub for Maryland's horse racing industry, which is deeply intertwined with our agricultural roots. This proposal builds off that tradition to leverage economic opportunity for our growing community.

Thank you for your consideration of SB 982. We urge you to advance this bill with a favorable report.

Respectfully,


Jessica Fitzwater
County Executive


Brad W. Young
County Council President

SB 982 FAV FCG OCE LS25 .pdf

Uploaded by: Jessica Fitzwater

Position: FAV



FREDERICK COUNTY GOVERNMENT
OFFICE OF THE COUNTY EXECUTIVE

Jessica Fitzwater
County Executive

SB 982 – Wagers on Historical Horse Races – Authorization

DATE: March 5th, 2025
COMMITTEE: Budget and Taxation Committee
POSITION: Favorable
FROM: The Office of County Executive Jessica Fitzwater

As Frederick County Executive, I urge the committee to give **SB 982 – Wagers on Historical Horse Races – Authorization** a favorable report.

This bill will introduce historic horse racing machines as a sporting event for OTB (off track betting) facilities, such as at Long Shot's in Frederick County. This proposal represents a thoughtful and strategic approach to economic development that marries our county's heritage with innovation.

Preserving Frederick County's rich agricultural and rural heritage amid periods of growth and economic uncertainty presents challenges. Industries and businesses are facing similar financial challenges, and I believe this initiative is not only an economic opportunity for our community but also a meaningful step toward preserving our county's rich agricultural and equestrian heritage.

The introduction of these games could play a vital role in revitalizing the commercial area around the Frederick's Francis Scott Key Mall, which has been struggling to thrive in an increasingly competitive retail landscape. By introducing historic horse racing, we can attract more visitors, generate new jobs, and create a sustainable business environment that benefits not only the local economy but also the entire county.

Frederick County has long been a hub for Maryland's horse racing industry, which is deeply intertwined with our agricultural roots. This proposal builds off that tradition to leverage economic opportunity for our growing community.

Thank you for your consideration of SB 982. I urge you to advance this bill with a favorable report.

Jessica Fitzwater, County Executive
Frederick County, MD

SB 982 Riverboat.pdf

Uploaded by: Maruthi Prasad

Position: FAV



4001 Beach Terrace • Colonial Beach, VA 22443 • 804.224.7055
www.riverboatonthepotomac.com

March 3, 2025

Dear Chair Guzzone, Vice Chair Rosapepe, and Members of the Senate Budget and Taxation Committee,

My name is Maruthi Prasad, and I serve as the Managing Partner of Riverboat on the Potomac, a 100% Minority Business Enterprise (MBE) gaming and entertainment facility that has proudly operated in Maryland for three decades. I write to express my strong support for Senate Bill 982, which would authorize certain sports wagering facilities, including ours, to accept wagers on historical horse races.

As a minority-owned business that has played a vital role in Maryland's gaming and entertainment industry, Riverboat on the Potomac has consistently worked to provide an engaging and responsible gaming experience while contributing to the local economy. However, our facility has experienced a significant decline in revenue, particularly due to the evolving gaming landscape and changing consumer preferences. Despite the expansion of sports wagering in the state, retail sportsbooks have not met revenue expectations, underscoring the need for additional gaming options to sustain our operations.

The authorization of Historical Horse Racing (HHR) machines at our Off-Track Betting (OTB) facility would provide a critical opportunity to generate new revenue, increase foot traffic, and attract a broader customer base. Many of our patrons frequently inquire about horse racing terminals, only to be disappointed when we inform them that we do not offer them. SB 982 would allow us to fill this gap, creating a more comprehensive and competitive gaming experience while ensuring that Maryland remains on par with neighboring states that have already embraced similar gaming expansions.

Furthermore, Riverboat on the Potomac is uniquely positioned to capture out-of-state gaming dollars, particularly from Virginia residents who visit our facility. Unlike other gaming establishments that primarily draw from in-state customers, our location provides Maryland with a distinct advantage by generating revenue from non-residents, thereby benefiting the state's economy without increasing the tax burden on Maryland citizens.

Riverboat on the Potomac has a longstanding record of compliance with gaming regulations and responsible horse-racing simulcasting. The introduction of HHR machines would be a natural extension of our existing operations, further strengthening Maryland's competitive standing in the gaming industry while supporting minority-owned businesses like ours.

This bill is not just about gaming—it is about economic development, job creation, and fostering sustainable growth within Maryland's gaming sector. I urge the committee to issue a favorable report on SB 982 to allow businesses like Riverboat on the Potomac to remain viable and continue contributing to the state's economy.

Thank you for your time and consideration.

Sincerely,

Maruthi Prasad

Maruthi Prasad
Managing Partner, Riverboat on-the-Potomac

SB 982 - Senator Corderman Testimony.pdf

Uploaded by: Paul Corderman

Position: FAV

PAUL D. CORDERMAN
Legislative District 2
Frederick and Washington Counties

Budget and Taxation Committee

Subcommittees

Capital Budget

Education, Business and Administration



James Senate Office Building
11 Bladen Street, Room 403
Annapolis, Maryland 21401
410-841-3903 • 301-858-3903
800-492-7122 Ext. 3903
Paul.Corderman@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

March 5, 2025

Senate Budget & Tax Committee
Chair Guy Guzzone
Vice Chair Jim Rosapepe
3 West Miller Senate Office Building
Annapolis, MD 21401

Testimony In Support of SB 982 - Sports Wagering – Wagers on Historical Horse Races – Authorization

Chair Guzzone, Vice Chair Rosapepe, and Members of the Budget & Tax Committee,

Thank you for the opportunity to present SB 982 to you today. SB 982 seeks to authorize the placement and wagering on pari-mutuel historical horse racing machines. This bill represents a significant step forward in providing greater flexibility and additional opportunities for licensed facilities and the State of Maryland.

Permitting the utilization of the historical horse racing machines will provide a much-needed revenue stream for Maryland's Off-Track Betting (OTB) establishments while maintaining a balance between the OTB's and Maryland's Casino Industry. This legislation will regulate and ensure that wagering on this type of gaming is fair, transparent, and accessible only through approved facilities.

Including specific guidelines on the use of terminals, limits on the number of machines, and mandates for up-to-date information, Senate Bill 982 fosters an environment of responsible gaming. Furthermore, Senate Bill 982 offers the opportunity for additional revenue for the state while promoting job creation, tourism, and economic development.

Thank you for your consideration of this bill, and we respectfully request a favorable report on SB 982.

Sincerely,

A handwritten signature in blue ink, appearing to read "P.D. Corderman".

Paul D. Corderman
District 2 – Washington & Frederick Counties

SB982 Boonsboro OTB.pdf

Uploaded by: Rachel Souders

Position: FAV



TOWN OF BOONSBORO

21 NORTH MAIN STREET ♦ BOONSBORO, MARYLAND 21713

WWW.TOWN.BOONSBORO.MD.US ♦ 301-432-5141

March 3, 2025

Senator Guy Guzzone
Miller Senate Office Building, 3 West Wing
11 Bladen Street
Annapolis, MD 21401

Dear Senator:

On behalf of the Town of Boonsboro, I am writing to express support for SB982 for Historic Horse Racing (HHR) Machines at Boonsboro Off Track Betting (OTB). The addition of HHR Machines would draw additional clientele to an already successful establishment and reap numerous benefits for our growing Town, Washington County, and the State of Maryland as a whole.

Bringing HHR Machines to Boonsboro OTB will attract customers that currently travel to West Virginia and/or Pennsylvania, thus keeping Marylanders (and their money) in state. In addition, Boonsboro's close proximity to state lines will make Boonsboro OTB a viable option for out-of-state residents looking for a new venue. The subsequent increase in tax revenue will help the Town of Boonsboro to complete many needed infrastructure improvements that are lacking funds.

The addition of HHR Machines to Boonsboro OTB is projected to create 100 new job openings – an astonishing number for a Town of our size. These jobs could be life-changing in an area with minimal access to public transportation and employment opportunities. Due to the success we have already seen with Boonsboro OTB and its neighboring establishments, I have no doubt that expanding the business to offer HHR Machines will have a very positive impact on the Town's economic standing.

I am thrilled to have the chance to convey my support of SB982, and I hope you will share my optimistic outlook on the potential benefits to this area. Should you have any questions or concerns, please feel free to contact me by email (townmanager@townofboonsboro.com) or phone (301-432-7600).

Thank you so much for your time.

Respectfully,

Rachel Souders
Town Manager

0660_001.pdf

Uploaded by: Richard Weldon

Position: FAV



The Honorable Guy Guzzone
Maryland State Senate
Seante Budget and Taxation Committee
Miller Senate Office Building
Annapolis, MD

ATTN: Testimony for SB982: Sports Wagering – Wagers on Historical Horse Races – Authorization

Dear Chairman Guzzone & Members of the Budget and Tax Committee,

I'm writing to you in my capacity as the President and CEO of the Frederick County Chamber of Commerce to enthusiastically offer our strong support for the subject bill. Our Chamber, with over 950 companies and organizational members, representing over 42,000 full-time equivalent employees and 65 sectors of the Frederick County economy, recognize that Longshots could be a more attractive dining and entertainment destination if they were able to feature historic horse racing machines.

We count Longshots OTB and Sports Book as a member-in-good-standing of our Chamber, and this new form of gaming entertainment would benefit this uniquely placed woman-owned business. The owner of Longshots has invested substantial financial resources into this beautiful state-of-the-art facility. Located directly adjacent to both Interstate 270 and Interstate 70, Longshots is uniquely positioned to siphon travelers from both West Virginia and Pennsylvania gaming destinations.

The advent of online gaming options places additional attraction burdens on our OTB facilities, and Longshots has shouldered some of that burden. In order to attract clients who seek a more vibrant gaming experience, both those who've never experienced horse racing and those drawn to a more engaging experience, coupled with great food and beverage options, the addition of HHR machines has the potential to dramatically increase the viability of our OTB and sports book facilities. That means additional critical revenue, at a moment in time where you, our legislative leaders, are seeking significant resources to address education shortfalls that call the promises made to our K-12 population into question.

We urge your favorable report, and support of SB982.

Respectfully,

A handwritten signature in blue ink, appearing to read 'R. B. Weldon, Jr.', followed by a long horizontal flourish.

Richard B. Weldon, Jr
President/CEO

cc: Alyse Cohen, Cohenterprises, Inc.

Joint Casino Testimony on SB 982 (HHR 2025).pdf

Uploaded by: Mark Stewart

Position: UNF



To: Senate Budget and Taxation Committee

Date: March 3, 2025

Re: Testimony in Opposition to Senate Bill 982 (Sports Wagering – Wagers on Historical Horse Races– Authorization)

Maryland's six casinos oppose SB 982, which would result in a major expansion of 4,000 slot machine-like games in numerous areas of the State that are already being served by our facilities. The result will be cannibalization of Maryland's existing gaming tax revenue, job losses among our workforces, and less overall tax revenue for the State.

SB 982 would expand commercial gaming in Maryland by allowing wagers on what are commonly referred to as historic horse racing machines, or "HHRs." However, to the public and the player, **there is virtually no distinction between an HHR and the video lottery terminal (VLT) games on our casino floors.**

Virtually all of the popular VLT game titles in Maryland's casinos are available in an HHR format, including: Buffalo Gold; Blazing 777 Triple Double Jackpot; Ultimate Fire Link; Wheel of Fortune; Huff N More Puff; and Quick Hit Blitz. The following pictures demonstrate the similarity between VLTs and HHR machines.





SB 982 purports to designate already-run, historic horse races as a “sporting event” and authorize HHR wagers as a sports bet on such sporting events. Clearly, as these HHR photographs demonstrate, gambling on an HHR machine is not a sports bet. The data from the historic horse race is used to determine the outcome of a play on an HHR machine with results based on the actual race’s finish rather than a purely random event. For additional technical reasons, pari-mutuel wagers, which are the type of wager placed on an HHR, are not fixed-odds sports bets as either a matter of fact or law.

The HHR sports betting mischaracterization leads to at least three negative ramifications:

1. It means that these VLT-like games **will only be taxed at 15%**;
2. It means that **the State will receive less overall gaming tax revenue** as it will collect only 15% from the play on the 4,000 HHRs as opposed to 51% on average from VLT play; and
3. It means that these 4,000 HHRs **would not contribute any funding to problem gaming prevention and treatment programs.**

The bill also proposes to install these low-tax, VLT-like games in locations that are close to our facilities and in areas where we otherwise draw material numbers of patrons. For instance, under the Bill, Pimlico Race Course in Baltimore City, Laurel Park in Anne Arundel County, Rosecroft Raceway in Prince George's County, The Maryland State Fairgrounds in Timonium, Baltimore County, and Fair Hill Races in Cecil County could all obtain the approvals necessary to host HHRs. Additionally, our facilities draw substantial customers from the areas surrounding the off-track-betting ("OTB") locations that would be eligible for HHRs under the bill, such as Fort Washington, Frederick, Hagerstown, Hampstead, and Boonsboro.

SB 982 would fundamentally change Maryland's gaming landscape, altering the rules of the game on which our companies based their collective \$3 Billion of investment in the State. Indeed, adding 4,000 VLT-like HHRs is tantamount to an over 40% increase in the number of slot machines currently in play in the State and nearly a 25% increase in the total number of VLTs authorized under Maryland's constitution. The cannibalization caused by these low-tax, VLT-like machines will inhibit reinvestment and expansion of our facilities and could lead to job losses for our team members.

Maryland's six casinos drive significant State revenues and other benefits to the State's economy.

- Maryland has the 19th largest population in the country but generates the 4th highest gaming tax revenues.
- Maryland's six commercial casinos support 15,000+ direct jobs, generate \$3.0 billion in economic impact; and create \$962.2 million in tax impacts.¹
- Maryland's 41% Blended Tax Rate is the second highest tax rate in the country.
- Maryland has one of the highest gaming tax revenues as a percentage of corporate income tax collected in the country, at 52%. In other words, the 6 casinos in Maryland pay over half as much tax annually as **the thousands of other corporations doing business in the state each year.** (\$848 million Gaming Tax v \$1.6 billion corporate income tax.²)

Maryland casinos have provided \$5.2 billion to the Maryland Education Trust Fund and over \$6.5 billion in overall taxes since the program began.

¹ Source: American Gaming Association

² Source: January 2023 DLS Fiscal Briefing

Increasing the availability of VLT-like HHR games, particularly at a 15% tax rate, will negatively impact State gaming revenues to fund public K-12 education and other important programs. In FY2024 along, Maryland's six casinos generated \$601 million for the Education Trust Fund. Casino revenues also contributed to the following important programs in FY2024:

- \$105 million in local aid
- \$94 million to Maryland's horse racing industry
- \$20 million to the Maryland's Small, Minority and Women-owned Business Fund; and
- \$4.5 million to the Responsible Gaming Fund.

The partnership between Maryland and its VLT licensees is one of the most successful partnerships to fund public education in the nation. We respectfully urge the Maryland General Assembly protect the funding streams so important to these State programs.

SB 982 Maryland Center of Excellence on Problem Ga

Uploaded by: Mary Drexler

Position: UNF



UNIVERSITY of MARYLAND
SCHOOL OF MEDICINE

Mary Drexler, MSW
Director of Operations

Maryland Center of Excellence on Problem Gambling
250 W. Pratt Street, Suite #1050
Baltimore, MD 21201
667-214-2121

mdrexler@som.umaryland.edu
www.MdProblemGambling.com
HELPLINE 1-800-GAMBLER

March 5, 2025

Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 982 – Sports Wagering – Wagers on Historical Horse Races –
Authorization

Dear Chair Guzzone:

The Maryland Center of Excellence on Problem Gambling (Center) opposes *Senate Bill 982 – Sports Wagering – Wagers on Historical Horse Races – Authorization*. This bill would allow a sports wagering facility licensee to accept in-person wagers on historical horse races, essentially expanding gambling opportunities in Maryland.

As the only public health organization in the state that is solely focused on promoting healthy and informed choices regarding gambling and problem gambling, the Center connects with hundreds of Marylanders every year who are seeking help for themselves or a loved one struggling with gambling responsibly. The Center does not support expanding gambling at this time in Maryland.

We urge an unfavorable report on SB 982. If you would like more information, please contact Mary Drexler at mdrexler@som.umaryland.edu.

Sincerely,

Mary Drexler, MSW
Director of Operations
Maryland Center of Excellence on Problem Gambling
Office Direct: 667-214-2124
Cell Phone: 860-798-9086
Email: mdrexler@som.umaryland.edu

SB 982 - Sports Wagering – Wagers on Historical Ho

Uploaded by: Jennifer Beskid

Position: INFO

Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



Montgomery Park Business Center
1800 Washington Blvd., Ste. 330
Baltimore, Maryland 21230

Tel: 410-230-8800
TTY users call Maryland Relay
www.mdlottery.com

DATE: March 3, 2025
BILL NO: Senate Bill 982
BILL TITLE: Sports Wagering – Wagers on Historical Horse Races – Authorization
COMMITTEE: Budget and Taxation
POSITION: Information

The Maryland Lottery and Gaming Control Agency (Agency) provides the following information regarding Senate Bill 982, Sports Wagering – Wagers on Historical Horse Races – Authorization.

Bill Summary:

SB 982 proposes adding language to State Government (SG) Article § 9-1E-01 that would alter the definition of a sporting event to specify that except as otherwise prohibited, sports wagering now includes “live” horse racing held in or out of the State. It would also add a definition of “historical horse race” to the statute.

SB 982 would allow exceptions under SG § 9-1E-09 (F) that would authorize a sports wagering facility licensee to accept wagers on past horse races using Historical Horse Racing (HHR) devices that look and play like a VLT (slot machine) by individuals who are physically present at a thoroughbred or standardbred race course that holds a Class A-2 sports wagering facility license, a license issued by the State Racing Commission to the Maryland State Fairgrounds in Timonium, or a satellite simulcast facility (Off-Track Betting (OTB) facility. SB 982 would prohibit a sports wagering licensee or a mobile sports wagering licensee from accepting wagers on historical horse races under certain conditions.

Finally, SB 982 would add a new section, SG § 9–1E–09.1, that would apply only to a sports wagering facility licensee authorized to offer wagering on historical horse racing in accordance with SB § 9–1E–09.

Background:

This bill would permit HHR devices using modified pari-mutuel system. In a traditional pari-mutuel system, all players must wager on the same race to contribute to a common betting pool. The modified system utilized by HHR allows individual players to bet on different historical races while still maintaining the pooled wagering structure. Here’s how it works according to industry information:

1. Pooled Wagering Without a Shared Race

- Unlike live pari-mutuel racing, where all bettors wager on the same race before post time, HHR systems use a **"synthetic" pari-mutuel pool**.
- Players at different terminals can be assigned different historical races, but their bets are still aggregated into a shared **pari-mutuel pool**.

- The key is that winnings are paid out based on the pari-mutuel formula, not a fixed payable like a slot machine.

2. How Does Pooled Wagering Maintain Pari-Mutuel Integrity?

- HHR operators ensure that enough wagers are placed across various races to simulate a true pari-mutuel pool.
- Even if different players are betting on different races, the wagering system groups bets into categories (e.g., Win, Place, Show) and calculates payouts accordingly.
- Regulatory frameworks often require a minimum number of wagers in the pool to maintain pari-mutuel status.

3. The Workaround: Seeded Pools & Aggregate Betting

- To function as pari-mutuel, HHR machines may use seeded pools or aggregate multiple player bets into a common system.
- Even if players bet on different races, their money goes into a collective pool that determines payouts based on pari-mutuel mechanics.

Rationale:

This bill proposes a new type of slot-machine like gaming device that the Agency believes is an expansion of commercial gaming. In a letter of advice from the Attorney General of Maryland, dated March 15, 2010, it was determined that authorizing a facility to accept wagers on historical horse races under the circumstances described would constitute commercial gaming and therefore be subject to the referendum requirement.

Additionally, there are several concerns regarding how such a program could be implemented.

- The HHR operators take a share of the amount wagered as a hold or rake, similar to poker. There are no guidelines on a maximum amount to be withheld or if the percentage must be disclosed to patrons.
- This allows a select group of sports wagering licensees to offer something different than all the other licensees, even those that paid a significantly higher license fee.
- If these devices are classified as sports wagering, it is likely that operators would be required to pay federal excise taxes on all wagers.
- The current 15% sports wagering tax is significantly less than the 42% to 58% taxes paid on VLT revenues, even though the devices are designed to look and play like a VLT.
- It is unclear if promotional play would be permitted and deductible from the amount retained by the operator.

Furthermore, to the extent that players choose HHR devices instead of going to a Video Lottery Facility, the State's share of revenue generated drops from between 42% - 58% to just 15%. The Agency is unable to determine the potential impact on casino gaming revenue if players start to migrate away from traditional VLTs at the casinos, with the much higher tax rate.

We ask that you consider this information as you debate SB 982.

Ifrah Law on MD HHR Bill.pdf

Uploaded by: Jordan Briggs

Position: INFO



Written Testimony and Comments of Ifrah Law on the State of Maryland General Assembly's Committee on Budget and Taxation's Proposed Bill No. SB 0982 as applicable to Sports Wagering—Wagers on Historical Horse Races—Authorization

March 5, 2025



About Ifrah

Ifrah Law has represented online gaming clients since the inception of the firm in 2009 and it now represents many of the largest igaming companies and industry associations around the world. Ifrah Law has been at the center of most of the important prosecutions and lawsuits in the online gaming industry, and it was instrumental in the creation of the legislative and regulatory frameworks in three states which currently permit online gaming: Delaware, New Jersey and Nevada. Further, Ifrah Law was formally retained by the Delaware State Lottery to provide expert legal advice on its expansion to online gaming.

Nationally ranked by Chambers USA in Gaming & Licensing Law, Ifrah Law collectively brings decades of experience in betting and wagering law to advise companies on compliance with state and federal laws in the daily fantasy sports, online gaming, and esports space, including both real money and skill-based peer-to-peer competition sites. The firm's founder, Jeff Ifrah, frequently presents on issues pertaining to iGaming law for organizations like the American Bar Association (ABA), the International Masters of Gaming Law (IMGL) and the International Association of Gaming Advisors (IAGA).

Ifrah Law represents Long Shot's LLC and has provided legal advice to Long Shot's during the development of SB 0982. We are submitting this written testimony to share our analysis on the legality of amending Maryland's sports wagering laws to include historical horse races, and we are available for oral testimony to answer questions on the same.

Historical Horse Racing in Maryland

The legal framework for wagering varies significantly by state. While pari-mutuel wagering on horse racing has been legal in many states for long enough to establish some consistency across state laws, sports wagering is still relatively new in the United States. As states have legalized sports wagering, each has tailored its laws to meet market demand, constitutional requirements, and tax revenue needs. Accordingly, while other state statutes can provide guidance for implementing historical horse racing (HHR), but the way other states have approached their own state laws is not definitive.

Several other states actively allow HHR, and it has been authorized by statutory update to state pari-mutuel laws in New Hampshire, Louisiana, Virginia, Wyoming.¹ However, for the reasons herein, Maryland is uniquely positioned to incorporate HHR into its sports wagering laws.

¹ N.H. Rev Stat § 284:22-b; La. Rev Stat § 4:214; Va. Code § 59.1-369(17); Wyo. Stat. §§ 11-25-102, 11-25-201. A Louisiana court has ruled against § 4:214, but the Louisiana statute, placed among the pari-mutuel laws of the state as simulcasting, differs from the Maryland bill at issue.



In 2020, Maryland voters approved a constitutional referendum to allow sports wagering in the state.² The definition of a “sporting event” passed by the voters already includes “a professional sports or athletic event” and horse races in the state. *See* MD State Gov’t Code § 9-1E-01(i)(1). This is a key distinction—unlike in most other states with HHR, Maryland’s sports wagering law already applies to certain horse racing events. Since HHR machines use real historical race data, they are similar to the horse races already covered under Maryland’s sports wagering framework. As a result, HHR is already in line with the intent of Maryland voters when they approved sports wagering.

Amendments to sports wagering statutes are not unprecedented. Although most state sports wagering laws are still relatively new, some of the early adopters have already begun making legislative updates.³ In states that have legalized sports wagering, it is also common to add new sports or contests to the catalog of approved sporting events.⁴

For these reasons, we believe it is consistent with the current sports wagering law as approved by Maryland voters to include HHR as a type of sports wagering via legislative amendment.

Very truly yours,

A handwritten signature in black ink that reads 'Ifrah PLLC'.

Ifrah PLLC

² FAQs, Maryland Lottery and Gaming, available at <https://www.mdgaming.com/welcome/faqs/>.

³ *See* N.J. P.L. 2018, c. 33, as amended 2021, c.286, s.2, amendments available at https://www.njleg.state.nj.us/bill-search/2022/S2986/bill-text?f=S3000&n=2986_U1.

⁴ Maryland’s current and past sports wagering catalogs are available at <https://www.mdgaming.com/maryland-sports-wagering/>.

GGHM - Maryland HHR Pres.pdf

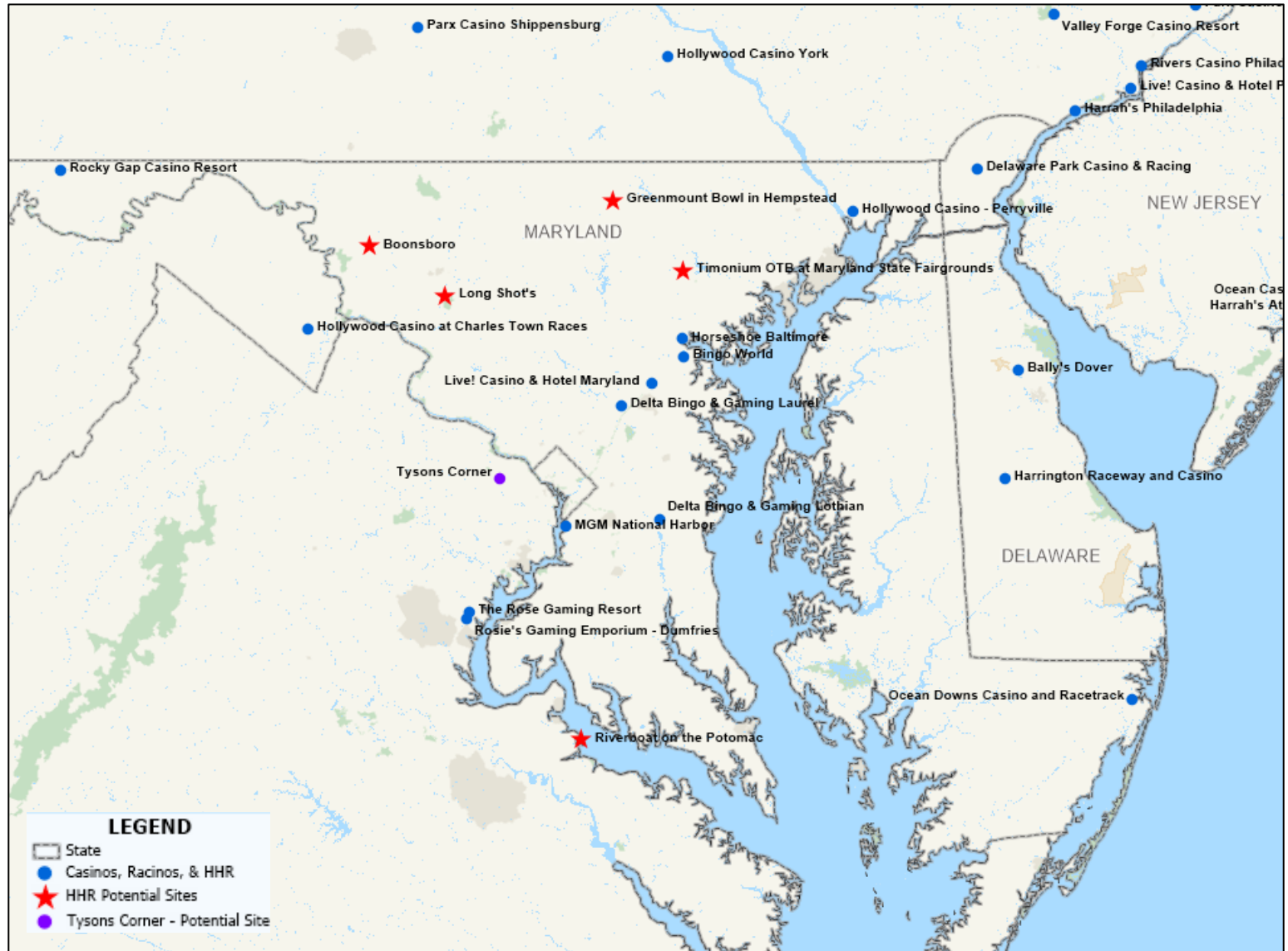
Uploaded by: Michael Kim

Position: INFO

Maryland - Historical Horse Racing

March 2025

Maryland – Assumed OTB Locations



Maryland OTB Trends

- The table below illustrates recent trends in simulcast handle across the 5 Maryland OTB locations referenced below.
- We highlight the downward trend since 2021.
- We also understand that simulcast handle at Long Shot's is down approximately 40% in 2024 compared to 2023.
- Long Shot's anticipates the recent handle trends at MD OTB locations to continue and are now at a level severe enough to call into question the long-term viability of the MD OTBs.
- Based on our independent analysis, GGHM estimates that adding up to 500 historical horse racing (HHR) machines at each OTB location would significantly benefit these small OTB business owners and would also generate significant direct and indirect economic benefits to the state and each local community.

Year	Long Shots	Boonsboro	Greenmount	Riverboat	Timonium	Total
2021	\$6,972,078	\$2,035,918	\$2,156,340	\$2,098,370	\$15,071,052	\$28,333,758
2022	\$6,077,553	\$1,714,564	\$2,251,642	\$1,468,820	\$11,879,516	\$23,392,095
2023	\$5,275,329	\$1,317,422	\$2,396,343	\$1,542,397	\$12,530,839	\$23,062,330

Sources: GGHM Analysis, Maryland Racing Commission Annual Reports 2021 - 2023

HHR Revenue Estimates

- The below chart is based on the projected impact of 500 HHR machines at the 5 Maryland OTB locations referenced on the prior slide.
- We estimate HHR net revenue will be generated from the recapture of Maryland gamers currently visiting out of state casinos and market growth.
- Potential annual tax revenues based on a range of precedent effective tax rates in other states where HHR machines are currently operating.

500 Units per Site Scenario	Units	Revenue (in millions)
Total HHR Net Revenue	2,500	\$151M
MD Gamer Recapture from Out of State Casinos:		\$28M
Out of State Gamer Capture:		\$34M
New MD Revenue/Demand Created:		\$35M

Tax Rate	Tax Revenue (in millions)
20%	\$30M
25%	\$38M
30%	\$45M

Virginia HHR & Casino Market

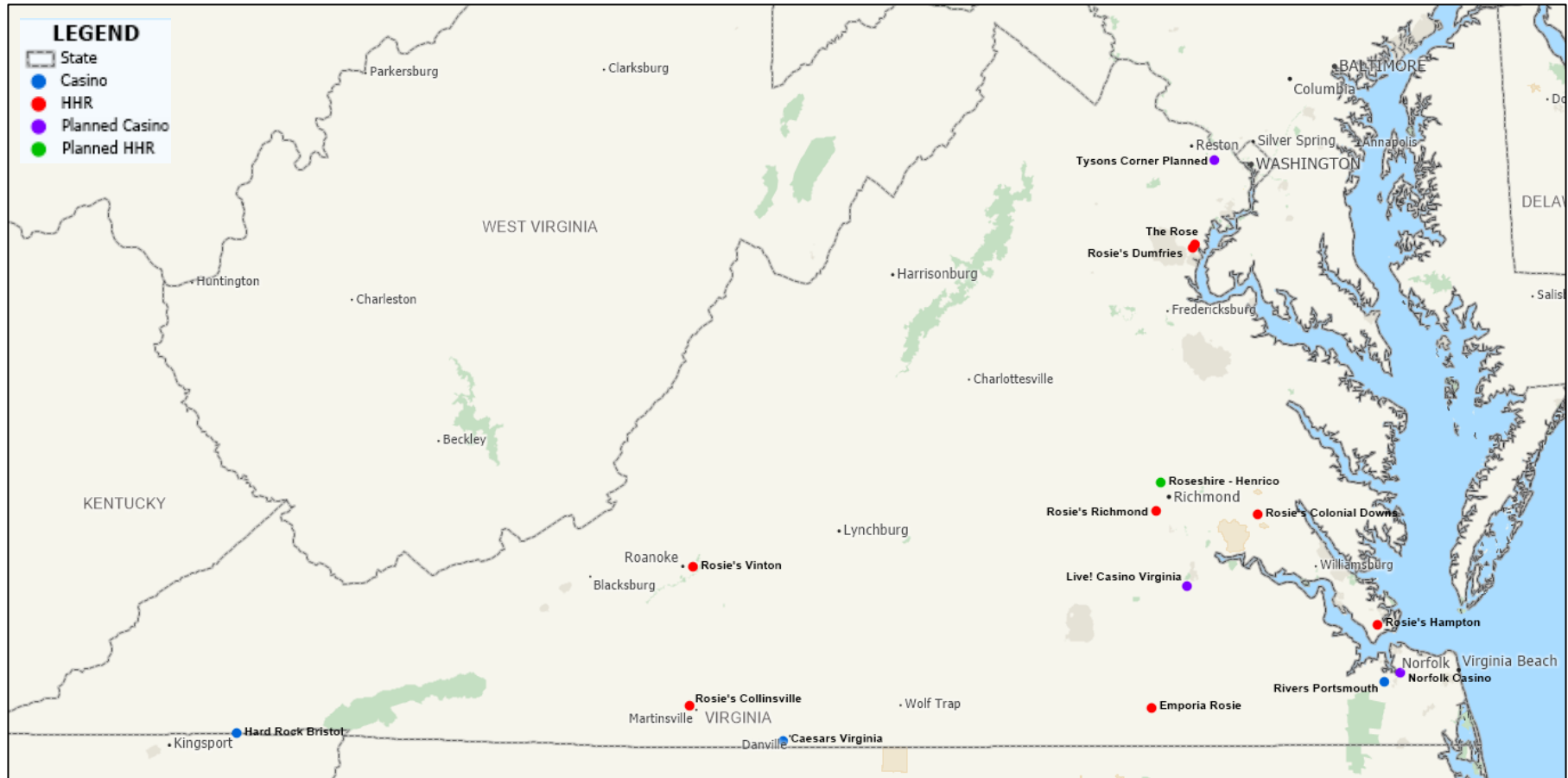
- HHR facilities have been operating in Virginia since 2019, prior to the first temporary casino opening in July 2022.
- Total HHR and Casino revenues have continued to grow in the years following their initial openings.
- HHR effective rate of 22%.

Name	Type	Opening Date	HHRs or Slots	Months Open	TTM 11/2024	
					HHR or Slot Rev	
Rosie's Colonial Downs	HHR	4/18/2019	488	71	\$	58,900,773
Rosie's Vinton	HHR	5/9/2019	473	70	\$	58,211,198
Rosie's Richmond	HHR	6/30/2019	804	69	\$	142,253,021
Rosie's Hampton	HHR	10/29/2019	700	65	\$	103,026,777
Rosie's Dumfries	HHR	1/1/2021	150	50	\$	46,116,033
Rosie's Collinsville	HHR	7/22/2021	37	44	\$	4,574,982
Hard Rock Bristol	Casino	Temp 7/8/2022	870	32	\$	145,596,932
Rivers Portsmouth	Casino	1/23/2023	1,419	26	\$	215,642,078
Caesars Virginia	Casino	Temp 5/15/2023	768	22	\$	171,560,620
Emporia Rosie	HHR	9/25/2023	150	18	\$	22,065,463
The Rose	HHR	10/23/2024	1,650	5	\$	12,718,867
Hard Rock Bristol	Casino	Perm 11/14/2024	1,486	4		
Caesars Virginia	Casino	Perm 12/17/2024	1,479	3		
Roseshire - Henrico	HHR	Building but requires Referendum		-		
Norfolk Casino	Casino	Target: Temp Nov 2025		-		
Live! Casino Virginia	Casino	Target: Temp Early 2026		-		
Norfolk Casino	Casino	Target: Perm Nov 2027		-		
Live! Casino Virginia	Casino	Perm: TBA		-		
Tysons Corner Planned	Casino	TBA		-		

Sources: GGHM Analysis, Virginia Racing Commission, Virginia Lottery,

<https://apps.legislature.ky.gov/CommitteeDocuments/349/13531/Sep%2013%202021%20HHR%20Tax%20Analysis.pdf>

Virginia Map



Other HHR State Markets

- **Kentucky** – the first HHR facility opened in 2011, with facilities opening every few years until as recently as February of 2025. The Kentucky HHR industry generated over \$900M of revenue on a trailing twelve months ended 11/2024 basis. Thirteen HHR facilities offer over 8,000 HHR units statewide and HHR revenues are taxed at a 32.3% effective rate.
- **New Hampshire** - the latest HHR market with legalization in 2021 and the first locations opening in 2023. The state currently has 11 operating HHR facilities and generated over \$168M of revenue during trailing twelve months ended 11/2024. There are approximately 1,600 HHR units offered in New Hampshire and HHR revenues are taxed at a 29.4% effective tax rate. Two new facilities are planned to open this March with 1,200 additional HHR units and more locations have been approved in the state.
- **Wyoming** – HHR gaming was legalized in 2013, with 40 HHR facilities currently operating and several new sites continuing to open in the last 12 months. These locations combined for a total revenue of over \$187M during the trailing twelve months ended 11/2024. There are approximately 2,400 HHR units offered statewide and are taxed at an effective rate of 25.8%.

Sources: GGHM Analysis, Individual State Reporting,

<https://apps.legislature.ky.gov/CommitteeDocuments/349/13531/Sep%2013%202021%20HHR%20Tax%20Analysis.pdf>

Job Creation & Economic Impacts

- We assume each OTB facility will require some level of capital investment, whether an expansion or the refurbishment of the existing facilities and will be a jobs generator for the local communities.
- Given the ability to operate up to 500 HHR machines will allow each OTB location to make such capital investments. By way of example, we estimate Long Shot's would invest approximately \$20M at its location.
- The economic benefits of the facilities can be broken down into two time periods; the pre-opening/construction period and the ongoing annual operations period.
- During the construction period, the facilities will generate significant economic output to the local communities, including temporary construction jobs. GGHM to perform further analysis to quantify these impacts.
- Within 1-2 years of commencing operations, we estimate the potential for up to 100 new direct jobs at each OTB location, or 500 total jobs generating significant wages and employment related taxes for the local communities. GGHM to perform further analysis to quantify these impacts.
- The OTB's will also generate other significant fiscal benefits including property taxes, sales taxes and excise taxes. The taxes will benefit the state and each local community. These annual fiscal benefits will be further analyzed and quantified by GGHM.

About GGHM

- GGHM is a boutique advisory firm focused exclusively on the global gaming sector. Our senior leadership team has significant CFO, M&A, capital markets, operational, and gaming industry experience with professional backgrounds from industry leading gaming companies (Shufflemaster Gaming, International Game Technology, Anchor Gaming), leading global investment banks (Salomon Brothers & Societe Generale Corporate & Investment Banking), and global public accounting firms (Deloitte & Touche, Coopers & Lybrand). Our team brings world-class gaming industry knowledge and relevant C-suite relationships in order to gather the most relevant information for our clients.
- GGHM has been retained by Long Shot's for advisory and consulting services related to potential rollout of Historical Horse Racing Machines (HHRM's) at select OTB locations in Maryland. In connection with this engagement, GGHM has performed elements of a gaming market study in connection with adding HHRM's to existing OTB facilities located in Maryland as follows: Long Shot's in Frederick, Timonium OTB, Riverboat on the Potomac, Greenmount Bowl in Hempstead, and the town of Boonsboro.

GGHM Partner Bios

■ Richard L. Baldwin, MBA, CPA

- ❑ Richard L. Baldwin, MBA, CPA is an accomplished senior financial executive with more than 25 years' experience working for and with a diverse number of global and domestic companies entering, accessing or operating in public capital markets and reporting to, working with and advising the boards of directors for numerous publicly traded and private companies. Rich has significant capital markets and M&A experience having led and participated in transactions ranging from \$10 million to \$1.5 billion and having served as a Board of Director for multiple gaming companies. He is a trusted advisor within the global gaming and hospitality industry.
- ❑ As a Managing Partner for GGHM, Baldwin works closely with GGHM's other managing partners to support the company's diverse client base that includes public and private companies, governments, Native American tribes, regulatory agencies and investment funds with respective annual revenues ranging from several million to over a billion dollars individually. Rich frequently works side-by-side with client owners, Boards and senior management teams to assist in the evaluation and development of growth and other strategic initiatives, M&A opportunities, capital allocation, operational/strategic planning and execution of private debt and equity transactions.

■ Michael S. Kim

- ❑ Michael S. Kim is a founder and Co-Managing Partner of GGHM. He is also Chairman and CEO of Legend Rock Capital, a private investment firm that makes select investments across the global gaming, hospitality and real estate sectors and whose affiliated entities previously acquired, owned and operated the Sparks Nugget, a 1,382 room/1,100+ employee integrated casino resort in Northern Nevada which generated \$80mm+ of gross revenues. He has broad operational, banking and capital markets transaction experience and proven expertise in real estate, gaming and hospitality matters.
- ❑ Prior to founding GGHM, Michael was Managing Director, Corporate Finance - Real Estate, Gaming, Lodging and Leisure SG Corporate & Investment Banking ("SG CIB") in New York, the US securities division of Société Générale where he oversaw SG CIB's activities worldwide across these industries. While at SG CIB, he was actively involved in the origination, structuring and execution of corporate banking and capital markets transactions raising \$40+ billion and executing numerous domestic and cross-border strategic and M&A advisory assignments (both private and public, buy-side and sell-side), LBOs and recapitalizations for real estate, gaming, lodging and leisure clients totaling \$20+ billion. Prior to joining SG CIB, Michael was an investment banker with Salomon Brothers covering the real estate and financial institutions group (FIG) sectors and also worked for JP Morgan.

Disclaimer

This presentation has been prepared by Morowitz Gaming Advisors LLC and Global Gaming & Hospitality Capital Advisors LLC including their subsidiaries, affiliates, and independent contractors (collectively, “GGHM” or the “Advisors”) with the assistance of Long Shot’s OTB (the “Company”). The sole purpose of the presentation is to assist the Company with determining the potential rollout of Historical Horse Racing Machines (HHRM’s) at select OTB locations in Maryland. In connection with this engagement, GGHM has performed elements of a gaming market study in connection with adding HHRM’s to existing OTB facilities located in Maryland as follows: Long Shot’s in Frederick, Timonium OTB, Riverboat on the Potomac, Greenmount Bowl in Hempstead, and the town of Boonsboro, collectively referred to as the “Project” and to provide selected analytical data that can be shared with the state of Maryland and local communities and governments. This presentation does not purport to be all-inclusive or to contain all information that a prospective interested party may desire to evaluate the feasibility of or any investment related to a potential transaction involving the Company or the Project. By accepting this presentation, all recipients acknowledge that the information contained herein or made available in connection with any further investigation of the Project or a transaction involving the Company or the Project, oral or written, is proprietary and confidential and is being furnished to the recipient with the express understanding that this presentation and any proprietary and confidential information regarding the Company or the Project contained herein are deemed to be “Confidential Information,” and as such, the recipient’s review of this presentation and any proprietary and confidential information regarding the Company or the Project shall remain strictly confidential. This presentation may not be photocopied, reproduced or distributed to others, including by any form of electronic or digital transmission, at any time without the prior written consent of the Advisors; The Advisors understand and agree that the presentation is being issued by Advisor for the Company’s internal use only as part of the Company’s internal evaluation of the impacts of HHRM’s in Maryland. By accepting this presentation, the recipient agrees to comply with the terms of any Confidentiality Agreement as it relates to the presentation and any other evaluation material provided by the Company.

*This presentation has been prepared for informational purposes and solely for the Company’s internal use only. All information set forth in this presentation has been prepared by the Advisors based upon information furnished by the Company and market information provided by various third-party sources and our fieldwork and analysis. The Advisors do not assume any responsibility for such information, and the recipient is responsible for the independent verification of the information set forth in this presentation, including the estimates and projections of future financial and operating performance of the Project, if any, and other forward-looking statements, or of any additional evaluation material made available in connection with any further investigation of the market or the Project. Any estimates, projections and forward-looking statements contained herein have been prepared and based on information currently available to the Advisors and the Company and involve subjective assumptions, judgments and analyses, which may or may not be correct. The Advisors and the Company have no obligation to update any such estimates, projections or forward-looking statements or to provide access to any additional information. Neither the Advisors nor the Company make any express or implied representation or warranty as to the accuracy or completeness of the information contained in, or for any omissions from, the presentation or any additional evaluation material made available in connection with any further investigation of the Company or the Project. **TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE ADVISORS AND THE COMPANY EXPRESSLY DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO ANY AND ALL LIABILITY WHICH MAY BE BASED ON SUCH INFORMATION OR ANY ERRORS OR OMISSIONS RELATING THERETO AND THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN THIS presentation, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSES EVEN IF KNOWN TO ADVISORS OR THE COMPANY.** The conclusions and any permitted reliance on and use of this presentation shall be subject to the assumptions, limitations and qualifying statements contained in the presentation.*

Neither the receipt of this presentation by any person nor any information contained herein or supplied herewith or subsequently communicated to any person in connection with a proposed transaction involving the Company or the Project is or is to be taken or construed as constituting the giving of legal, tax, accounting, or investment advice by the Advisors to any such person. Further, the information contained herein, as well as any other communications or information provided by the Advisors is not intended to be, and shall not be regarded or construed as, a recommendation to participate in a transaction or to make any investment in the Company or the Project. The Advisors do not provide tax, legal or accounting advice. Neither the Advisors nor any of their respective officers, directors, affiliates or representatives accept any responsibility for the tax treatment of any investment in the Company or the Project. You should conduct a thorough and independent review of the legal, tax and accounting aspects of any information provided to you and an independent assessment of the merits of pursuing a transaction involving the Company or the Project and should consult your own professional advisors in light of your particular circumstances.

Limiting Conditions

- Certain information included in this presentation contains forward-looking estimates, projections, and/or statements. GGHM has based these projections, estimates and/or statements upon information provided by the Company and our current expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, as well as a number of assumptions concerning future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, and future performance. Further, statements that include the words: “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “project,” or other words or expressions of similar meaning have been utilized.
- These statements are subject to risks, uncertainties, assumptions and other important factors, many of which are outside of our control, which could cause actual results to differ materially from the results discussed in the forward-looking statements. Actual results may vary materially from those expressed or implied, and there can be no assurance that estimated returns or projections will be realized or that actual returns will not be materially different than estimated herein. Accordingly, you are cautioned not to place undue reliance on such forward-looking statements or projections. You should conduct your own analysis, using such assumptions as you deem appropriate, and should fully consider other available information in making a decision to invest in the Company or the Project. Past performance is not necessarily indicative of future results, and there is no assurance that the historic returns described herein will actually be achieved. Performance is dependent upon future events and may be significantly affected by changes in economic and other circumstances. This presentation also contains estimates made by independent parties and by us relating to market size and growth and other industry data. These estimates involve a number of assumptions and limitations and you are cautioned not to give undue weight to such estimates. All forward-looking statements are based on information available to us as of the date hereof and we assume no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- Supply and demand and other market projections are, by their very nature, only estimates and “best guesses” of what may occur in the future. Any number of variables may change over time and methodologies that work under certain conditions may not work in other or changing conditions. Additionally, some of the assumptions used in our study will inevitably not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved during the period of our analysis will vary from our projections and the variations may be material. Accordingly, GGHM accepts no liability in relation to the estimates or projections provided herein.
- We have no duty to update the conclusions in this presentation for events and circumstances occurring after the date of this presentation.

GGHM - Maryland HHR Pres.pdf

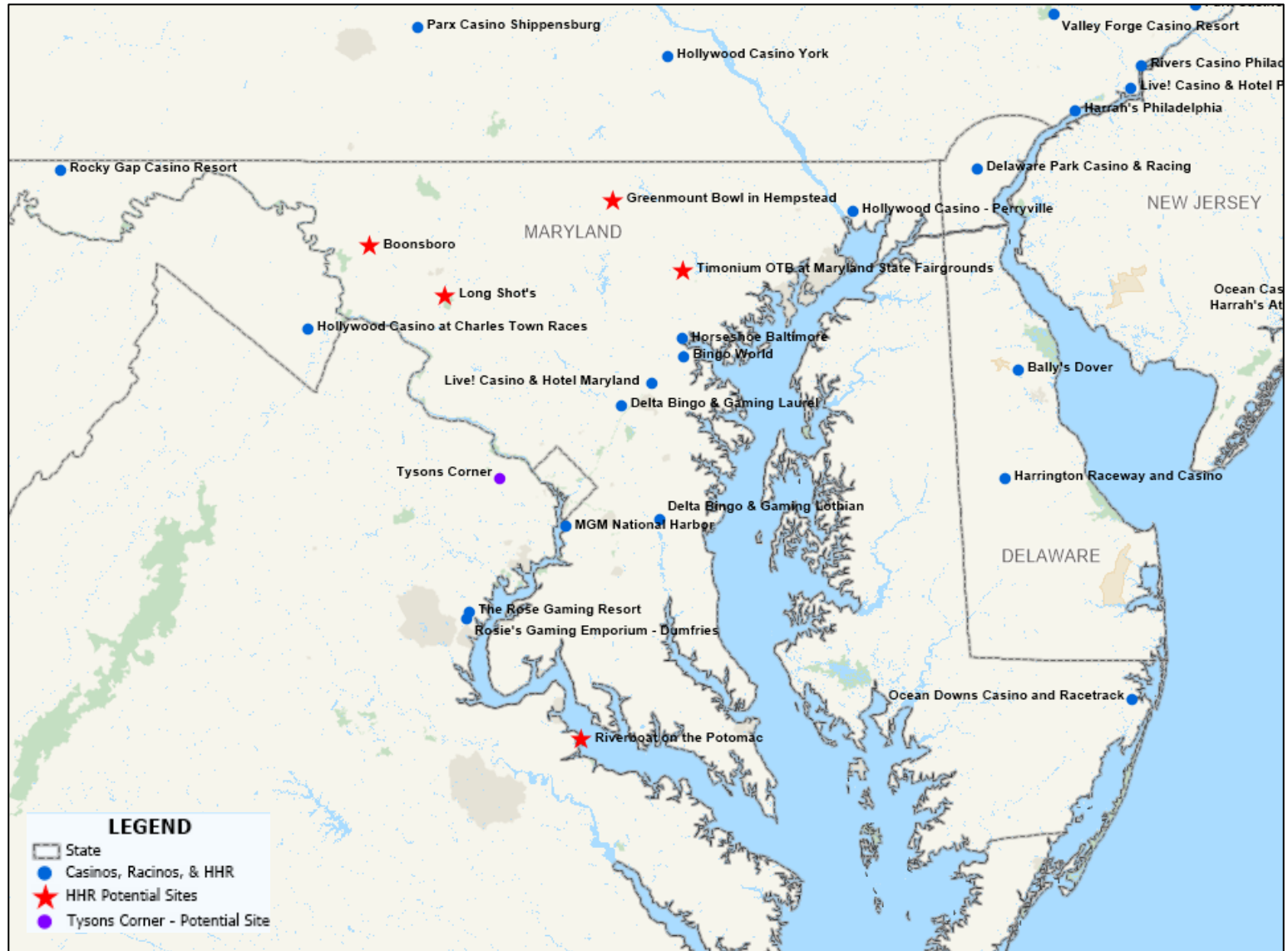
Uploaded by: Rich Baldwin

Position: INFO

Maryland - Historical Horse Racing

March 2025

Maryland – Assumed OTB Locations



Maryland OTB Trends

- The table below illustrates recent trends in simulcast handle across the 5 Maryland OTB locations referenced below.
- We highlight the downward trend since 2021.
- We also understand that simulcast handle at Long Shot's is down approximately 40% in 2024 compared to 2023.
- Long Shot's anticipates the recent handle trends at MD OTB locations to continue and are now at a level severe enough to call into question the long-term viability of the MD OTBs.
- Based on our independent analysis, GGHM estimates that adding up to 500 historical horse racing (HHR) machines at each OTB location would significantly benefit these small OTB business owners and would also generate significant direct and indirect economic benefits to the state and each local community.

Year	Long Shots	Boonsboro	Greenmount	Riverboat	Timonium	Total
2021	\$6,972,078	\$2,035,918	\$2,156,340	\$2,098,370	\$15,071,052	\$28,333,758
2022	\$6,077,553	\$1,714,564	\$2,251,642	\$1,468,820	\$11,879,516	\$23,392,095
2023	\$5,275,329	\$1,317,422	\$2,396,343	\$1,542,397	\$12,530,839	\$23,062,330

Sources: GGHM Analysis, Maryland Racing Commission Annual Reports 2021 - 2023

HHR Revenue Estimates

- The below chart is based on the projected impact of 500 HHR machines at the 5 Maryland OTB locations referenced on the prior slide.
- We estimate HHR net revenue will be generated from the recapture of Maryland gamers currently visiting out of state casinos and market growth.
- Potential annual tax revenues based on a range of precedent effective tax rates in other states where HHR machines are currently operating.

500 Units per Site Scenario	Units	Revenue (in millions)
Total HHR Net Revenue	2,500	\$151M
MD Gamer Recapture from Out of State Casinos:		\$28M
Out of State Gamer Capture:		\$34M
New MD Revenue/Demand Created:		\$35M

Tax Rate	Tax Revenue (in millions)
20%	\$30M
25%	\$38M
30%	\$45M

Virginia HHR & Casino Market

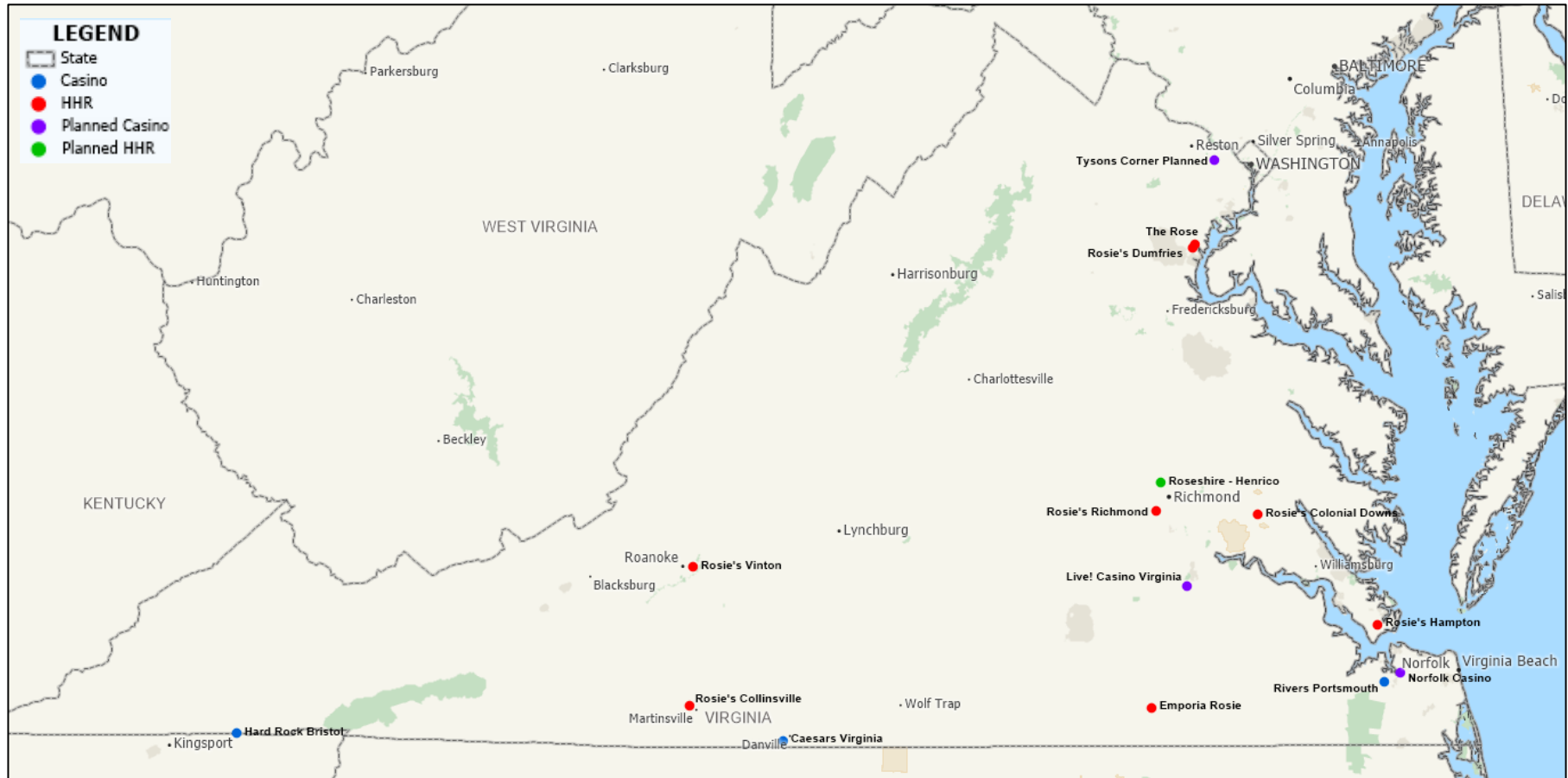
- HHR facilities have been operating in Virginia since 2019, prior to the first temporary casino opening in July 2022.
- Total HHR and Casino revenues have continued to grow in the years following their initial openings.
- HHR effective rate of 22%.

Name	Type	Opening Date	HHRs or Slots	Months Open	TTM 11/2024	
					HHR or Slot Rev	
Rosie's Colonial Downs	HHR	4/18/2019	488	71	\$	58,900,773
Rosie's Vinton	HHR	5/9/2019	473	70	\$	58,211,198
Rosie's Richmond	HHR	6/30/2019	804	69	\$	142,253,021
Rosie's Hampton	HHR	10/29/2019	700	65	\$	103,026,777
Rosie's Dumfries	HHR	1/1/2021	150	50	\$	46,116,033
Rosie's Collinsville	HHR	7/22/2021	37	44	\$	4,574,982
Hard Rock Bristol	Casino	Temp 7/8/2022	870	32	\$	145,596,932
Rivers Portsmouth	Casino	1/23/2023	1,419	26	\$	215,642,078
Caesars Virginia	Casino	Temp 5/15/2023	768	22	\$	171,560,620
Emporia Rosie	HHR	9/25/2023	150	18	\$	22,065,463
The Rose	HHR	10/23/2024	1,650	5	\$	12,718,867
Hard Rock Bristol	Casino	Perm 11/14/2024	1,486	4		
Caesars Virginia	Casino	Perm 12/17/2024	1,479	3		
Roseshire - Henrico	HHR	Building but requires Referendum		-		
Norfolk Casino	Casino	Target: Temp Nov 2025		-		
Live! Casino Virginia	Casino	Target: Temp Early 2026		-		
Norfolk Casino	Casino	Target: Perm Nov 2027		-		
Live! Casino Virginia	Casino	Perm: TBA		-		
Tysons Corner Planned	Casino	TBA		-		

Sources: GGHM Analysis, Virginia Racing Commission, Virginia Lottery,

<https://apps.legislature.ky.gov/CommitteeDocuments/349/13531/Sep%2013%202021%20HHR%20Tax%20Analysis.pdf>

Virginia Map



Other HHR State Markets

- **Kentucky** – the first HHR facility opened in 2011, with facilities opening every few years until as recently as February of 2025. The Kentucky HHR industry generated over \$900M of revenue on a trailing twelve months ended 11/2024 basis. Thirteen HHR facilities offer over 8,000 HHR units statewide and HHR revenues are taxed at a 32.3% effective rate.
- **New Hampshire** - the latest HHR market with legalization in 2021 and the first locations opening in 2023. The state currently has 11 operating HHR facilities and generated over \$168M of revenue during trailing twelve months ended 11/2024. There are approximately 1,600 HHR units offered in New Hampshire and HHR revenues are taxed at a 29.4% effective tax rate. Two new facilities are planned to open this March with 1,200 additional HHR units and more locations have been approved in the state.
- **Wyoming** – HHR gaming was legalized in 2013, with 40 HHR facilities currently operating and several new sites continuing to open in the last 12 months. These locations combined for a total revenue of over \$187M during the trailing twelve months ended 11/2024. There are approximately 2,400 HHR units offered statewide and are taxed at an effective rate of 25.8%.

Sources: GGHM Analysis, Individual State Reporting,

<https://apps.legislature.ky.gov/CommitteeDocuments/349/13531/Sep%2013%202021%20HHR%20Tax%20Analysis.pdf>

Job Creation & Economic Impacts

- We assume each OTB facility will require some level of capital investment, whether an expansion or the refurbishment of the existing facilities and will be a jobs generator for the local communities.
- Given the ability to operate up to 500 HHR machines will allow each OTB location to make such capital investments. By way of example, we estimate Long Shot's would invest approximately \$20M at its location.
- The economic benefits of the facilities can be broken down into two time periods; the pre-opening/construction period and the ongoing annual operations period.
- During the construction period, the facilities will generate significant economic output to the local communities, including temporary construction jobs. GGHM to perform further analysis to quantify these impacts.
- Within 1-2 years of commencing operations, we estimate the potential for up to 100 new direct jobs at each OTB location, or 500 total jobs generating significant wages and employment related taxes for the local communities. GGHM to perform further analysis to quantify these impacts.
- The OTB's will also generate other significant fiscal benefits including property taxes, sales taxes and excise taxes. The taxes will benefit the state and each local community. These annual fiscal benefits will be further analyzed and quantified by GGHM.

About GGHM

- GGHM is a boutique advisory firm focused exclusively on the global gaming sector. Our senior leadership team has significant CFO, M&A, capital markets, operational, and gaming industry experience with professional backgrounds from industry leading gaming companies (Shufflemaster Gaming, International Game Technology, Anchor Gaming), leading global investment banks (Salomon Brothers & Societe Generale Corporate & Investment Banking), and global public accounting firms (Deloitte & Touche, Coopers & Lybrand). Our team brings world-class gaming industry knowledge and relevant C-suite relationships in order to gather the most relevant information for our clients.
- GGHM has been retained by Long Shot's for advisory and consulting services related to potential rollout of Historical Horse Racing Machines (HHRM's) at select OTB locations in Maryland. In connection with this engagement, GGHM has performed elements of a gaming market study in connection with adding HHRM's to existing OTB facilities located in Maryland as follows: Long Shot's in Frederick, Timonium OTB, Riverboat on the Potomac, Greenmount Bowl in Hempstead, and the town of Boonsboro.

GGHM Partner Bios

■ Richard L. Baldwin, MBA, CPA

- ❑ Richard L. Baldwin, MBA, CPA is an accomplished senior financial executive with more than 25 years' experience working for and with a diverse number of global and domestic companies entering, accessing or operating in public capital markets and reporting to, working with and advising the boards of directors for numerous publicly traded and private companies. Rich has significant capital markets and M&A experience having led and participated in transactions ranging from \$10 million to \$1.5 billion and having served as a Board of Director for multiple gaming companies. He is a trusted advisor within the global gaming and hospitality industry.
- ❑ As a Managing Partner for GGHM, Baldwin works closely with GGHM's other managing partners to support the company's diverse client base that includes public and private companies, governments, Native American tribes, regulatory agencies and investment funds with respective annual revenues ranging from several million to over a billion dollars individually. Rich frequently works side-by-side with client owners, Boards and senior management teams to assist in the evaluation and development of growth and other strategic initiatives, M&A opportunities, capital allocation, operational/strategic planning and execution of private debt and equity transactions.

■ Michael S. Kim

- ❑ Michael S. Kim is a founder and Co-Managing Partner of GGHM. He is also Chairman and CEO of Legend Rock Capital, a private investment firm that makes select investments across the global gaming, hospitality and real estate sectors and whose affiliated entities previously acquired, owned and operated the Sparks Nugget, a 1,382 room/1,100+ employee integrated casino resort in Northern Nevada which generated \$80mm+ of gross revenues. He has broad operational, banking and capital markets transaction experience and proven expertise in real estate, gaming and hospitality matters.
- ❑ Prior to founding GGHM, Michael was Managing Director, Corporate Finance - Real Estate, Gaming, Lodging and Leisure SG Corporate & Investment Banking ("SG CIB") in New York, the US securities division of Société Générale where he oversaw SG CIB's activities worldwide across these industries. While at SG CIB, he was actively involved in the origination, structuring and execution of corporate banking and capital markets transactions raising \$40+ billion and executing numerous domestic and cross-border strategic and M&A advisory assignments (both private and public, buy-side and sell-side), LBOs and recapitalizations for real estate, gaming, lodging and leisure clients totaling \$20+ billion. Prior to joining SG CIB, Michael was an investment banker with Salomon Brothers covering the real estate and financial institutions group (FIG) sectors and also worked for JP Morgan.

Disclaimer

This presentation has been prepared by Morowitz Gaming Advisors LLC and Global Gaming & Hospitality Capital Advisors LLC including their subsidiaries, affiliates, and independent contractors (collectively, “GGHM” or the “Advisors”) with the assistance of Long Shot’s OTB (the “Company”). The sole purpose of the presentation is to assist the Company with determining the potential rollout of Historical Horse Racing Machines (HHRM’s) at select OTB locations in Maryland. In connection with this engagement, GGHM has performed elements of a gaming market study in connection with adding HHRM’s to existing OTB facilities located in Maryland as follows: Long Shot’s in Frederick, Timonium OTB, Riverboat on the Potomac, Greenmount Bowl in Hempstead, and the town of Boonsboro, collectively referred to as the “Project” and to provide selected analytical data that can be shared with the state of Maryland and local communities and governments. This presentation does not purport to be all-inclusive or to contain all information that a prospective interested party may desire to evaluate the feasibility of or any investment related to a potential transaction involving the Company or the Project. By accepting this presentation, all recipients acknowledge that the information contained herein or made available in connection with any further investigation of the Project or a transaction involving the Company or the Project, oral or written, is proprietary and confidential and is being furnished to the recipient with the express understanding that this presentation and any proprietary and confidential information regarding the Company or the Project contained herein are deemed to be “Confidential Information,” and as such, the recipient’s review of this presentation and any proprietary and confidential information regarding the Company or the Project shall remain strictly confidential. This presentation may not be photocopied, reproduced or distributed to others, including by any form of electronic or digital transmission, at any time without the prior written consent of the Advisors; The Advisors understand and agree that the presentation is being issued by Advisor for the Company’s internal use only as part of the Company’s internal evaluation of the impacts of HHRM’s in Maryland. By accepting this presentation, the recipient agrees to comply with the terms of any Confidentiality Agreement as it relates to the presentation and any other evaluation material provided by the Company.

*This presentation has been prepared for informational purposes and solely for the Company’s internal use only. All information set forth in this presentation has been prepared by the Advisors based upon information furnished by the Company and market information provided by various third-party sources and our fieldwork and analysis. The Advisors do not assume any responsibility for such information, and the recipient is responsible for the independent verification of the information set forth in this presentation, including the estimates and projections of future financial and operating performance of the Project, if any, and other forward-looking statements, or of any additional evaluation material made available in connection with any further investigation of the market or the Project. Any estimates, projections and forward-looking statements contained herein have been prepared and based on information currently available to the Advisors and the Company and involve subjective assumptions, judgments and analyses, which may or may not be correct. The Advisors and the Company have no obligation to update any such estimates, projections or forward-looking statements or to provide access to any additional information. Neither the Advisors nor the Company make any express or implied representation or warranty as to the accuracy or completeness of the information contained in, or for any omissions from, the presentation or any additional evaluation material made available in connection with any further investigation of the Company or the Project. **TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE ADVISORS AND THE COMPANY EXPRESSLY DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO ANY AND ALL LIABILITY WHICH MAY BE BASED ON SUCH INFORMATION OR ANY ERRORS OR OMISSIONS RELATING THERETO AND THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN THIS presentation, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSES EVEN IF KNOWN TO ADVISORS OR THE COMPANY.** The conclusions and any permitted reliance on and use of this presentation shall be subject to the assumptions, limitations and qualifying statements contained in the presentation.*

Neither the receipt of this presentation by any person nor any information contained herein or supplied herewith or subsequently communicated to any person in connection with a proposed transaction involving the Company or the Project is or is to be taken or construed as constituting the giving of legal, tax, accounting, or investment advice by the Advisors to any such person. Further, the information contained herein, as well as any other communications or information provided by the Advisors is not intended to be, and shall not be regarded or construed as, a recommendation to participate in a transaction or to make any investment in the Company or the Project. The Advisors do not provide tax, legal or accounting advice. Neither the Advisors nor any of their respective officers, directors, affiliates or representatives accept any responsibility for the tax treatment of any investment in the Company or the Project. You should conduct a thorough and independent review of the legal, tax and accounting aspects of any information provided to you and an independent assessment of the merits of pursuing a transaction involving the Company or the Project and should consult your own professional advisors in light of your particular circumstances.

Limiting Conditions

- Certain information included in this presentation contains forward-looking estimates, projections, and/or statements. GGHM has based these projections, estimates and/or statements upon information provided by the Company and our current expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, as well as a number of assumptions concerning future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, and future performance. Further, statements that include the words: “may,” “could,” “should,” “would,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “project,” or other words or expressions of similar meaning have been utilized.
- These statements are subject to risks, uncertainties, assumptions and other important factors, many of which are outside of our control, which could cause actual results to differ materially from the results discussed in the forward-looking statements. Actual results may vary materially from those expressed or implied, and there can be no assurance that estimated returns or projections will be realized or that actual returns will not be materially different than estimated herein. Accordingly, you are cautioned not to place undue reliance on such forward-looking statements or projections. You should conduct your own analysis, using such assumptions as you deem appropriate, and should fully consider other available information in making a decision to invest in the Company or the Project. Past performance is not necessarily indicative of future results, and there is no assurance that the historic returns described herein will actually be achieved. Performance is dependent upon future events and may be significantly affected by changes in economic and other circumstances. This presentation also contains estimates made by independent parties and by us relating to market size and growth and other industry data. These estimates involve a number of assumptions and limitations and you are cautioned not to give undue weight to such estimates. All forward-looking statements are based on information available to us as of the date hereof and we assume no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- Supply and demand and other market projections are, by their very nature, only estimates and “best guesses” of what may occur in the future. Any number of variables may change over time and methodologies that work under certain conditions may not work in other or changing conditions. Additionally, some of the assumptions used in our study will inevitably not materialize and unanticipated events and circumstances may occur; therefore, actual results achieved during the period of our analysis will vary from our projections and the variations may be material. Accordingly, GGHM accepts no liability in relation to the estimates or projections provided herein.
- We have no duty to update the conclusions in this presentation for events and circumstances occurring after the date of this presentation.