



Maryland House of Delegates Bill #1048
Written Testimony of John Rynkiewicz
Managing Partner – GGHM New Jersey

Good afternoon Chairman & Delegate Committee.

My name is John Rynkiewicz. I am one of the partners of our firm GGHM, based out of our Galloway, NJ office. GGHM is a boutique advisory and consulting firm focused exclusively on the global gaming sector.

GGHM has been engaged by Long Shot's to perform advisory services related to the potential implementation of Historical Horse Racing machines (HHR's) at 5 stand-alone OTB locations in Maryland.

Our work was performed independent of the 5 OTB operators and our conclusions and opinions are based on our own professional judgement as globally recognized gaming experts.

Our baseline analysis assumes each of the 5 OTB locations would be permitted to operate up to 500 HHRM's, or 2,500 total.

We project HHRM net gaming revenues totaling \$151M, with approximately \$96M or 64% representing market growth broken down into 3 categories:

- 1) \$28M - recapture from Marylanders currently frequenting out of state casinos
- 2) \$34M - out of state gamer capture
- 3) \$35M - new MD revenue/demand created

Assuming all-in effective annual tax rates ranging from 20% - 40%, we project annual direct taxes as follows:

20% = \$30M

25% = \$38M

30% = \$45M

35% = \$53M

40% = \$60M



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At present, Virginia, is the only state where HHRM facilities and casinos co-exist. In fact, HHRM facilities were operating in the state prior to the casinos. Today, the market consists of approximately 4,500 HHRM's generating approximately \$450M in annual revenue and 4,400 slot machines generating approximately \$532M in annual revenue. Total HHRM and slot revenues have continued to grow in the years following their initial opening dates.

It's our opinion and conclusion that the VA tax base and employment base would be much smaller if the VA gaming market consisted of only HHR facilities or only casinos. We also point out that in Virginia, the effective HHRM tax rate is 22%.