



The Honorable Guy Guzzone, Chairman
Senate Budget & Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

Dear Chairman Guzzone and Members of B&T,

I am writing regarding SB 639, Sports Wagering - Wagers on Historical Horse Races – Authorization. The Historical Horse Racing Bill would allow the use of HHR (Historical Horse Racing) devices utilizing a modified pari-mutuel system. HHR is an electronic betting product that enables players to wager on replays of horse races that have already been run. The modified systems used in HHR allow individual players to bet on historical horse races while maintaining a pooled wagering structure.

The Maryland-based OTBs, which operate under the authority of the Maryland Jockey Club (MJC) and the Maryland Horsemen's Association (MHA), have experienced a decline of nearly 40% in revenue over the past three years. The industry's racing authority is proactively attempting to revise contracts to both increase costs and decrease the revenue split, which currently stands at 33% of revenue after expenses, minus revenue acquired through the Stronach Group's 1st Racing wagering application.

Three OTBs (Boonsboro, Longshot's, and Riverboat on the Potomac) have come together under a signed Memorandum of Understanding (MOU) and are jointly pursuing the implementation of HHR. These OTBs are 100% owned by minorities or women and are located an hour or more from the nearest casino in Maryland.

Research indicates that approximately \$40 million in annual revenue is leaving the state of Maryland, as gaming outlets in Pennsylvania, Virginia, and West Virginia attract patrons. This is especially concerning since the areas where the OTBs are situated are significantly underserved in terms of gaming entertainment venues.

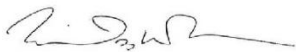
Based upon 500 HHR machines designated to each OTB, this bill can raise upwards of \$65M in new state tax revenue year-over-year.

The HHR bill release will reflect the proposed number of machines to be operating in OTB locations. The plan only places HHR machines in locations 30 miles outside of MD-based casinos, which takes the casino slot machine (VLT) cannibalization rate to less than 1%.

The Frederick County Chamber of Commerce recognizes the important role that Longshot's (and the two other aligned OTB's) play in our communities. As a consequence of the changing nature of bettors' interests and the local economies, we strongly encourage the Committee to see the benefits that SB 639 offers to our OTB operators, the industry, the Jockey Club and the Horsemen's Association. We further suggest that this approach, by its design, minimizes detrimental impacts on Maryland's existing casinos.

We hope you'll give SB639 a favorable Committee report, and support adoption of this potentially industry-saving measure when it reaches the floor of the Maryland Senate.

Respectfully submitted,



Richard B. Weldon, Jr
President/CEO, Frederick County Chamber of Commerce