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Written Testimony of Edward ("Ted") C. Taylor, President, Sportech Venues Inc., New Haven, Connecticut, regarding:

Raised House Bill No. 7239 – An Act Providing for the Regulation of Gaming to Protect Public Safety and a Competitive Process to Issue a Gaming License

-and-

Raised Senate Bill No. 957 – An Act Concerning the Regulation of Gaming and the Authorization of a Casino Gaming Facility in the State

March 9, 2017

Senator Larson, Senator Guglielmo, Representative Verrengia, and distinguished members of the Public Safety and Security Committee. I am Ted Taylor, President of Sportech Venues Inc. based in New Haven.

I am here today, to testify on Raised Bills Nos. 7239 and 957, both of which propose the creation of another casino gaming facility in Connecticut. I have great concerns about both bills should they exclude Sportech from the process leading to expanded gaming in Connecticut. Sportech – as the only other licensed gaming operator in the State besides the Mashantucket Pequot and Mohegan Tribes – should be part of the solution to Connecticut's economic challenges and any legislation that looks to expand gaming in this State.

My concerns about both bills are rooted in the need to protect the best interests of the hundreds of individuals Sportech employs and the significant revenue we generate for the State of Connecticut and its municipalities, which in 2016, totaled nearly \$6 million. Moreover, nearly 400 employees earn their livelihood as part of the Sportech family, and we need to be proactive in protecting these jobs and state and local tax revenue while remaining competitive amongst other businesses offering gaming products.

We too will be greatly impacted when MGM Springfield opens next year, just as the Tribes will be. However, creating a casino in East Windsor will dramatically and adversely impact our off-track betting and food and beverage operations in Windsor Locks, Hartford, New Britain, and Manchester. We estimate that a third casino in East Windsor will result in a drop in revenue of more than 35% at our Windsor Locks business, and a 20% drop in revenue at the other three



locations. This will devastate these businesses, and irreparably harm Sportech's entire Connecticut business. This is why we urge this Committee to allow us to be a part of the solution.

As with any business owner, I have a duty to grow our business and protect our employees, and while the gaming environment is changing rapidly with significant competition from multiple sources, our efforts are having a positive effect here in Connecticut. Since 2010, when Sportech purchased the Connecticut off-track betting business and the exclusive license to offer pari-mutuel betting in Connecticut, we have invested over \$20 million to refresh and modernize the entire Connecticut off-tracking betting business. We have invested over \$4 million in Bobby V's Restaurant & Sports Bar in Windsor Locks, a premier destination for sports entertainment, wagering, and food and beverage, to protect against the impact of MGM Springfield. We are opening a second Winners & Bobby V's location in Stamford this summer, which will bring more than 75 jobs to the city, and expect to open two (2) further in 2017.

Apart from Mohegan Sun and Foxwoods, we are the only other operator with gaming properties in the State, with some that could easily be enlarged to accommodate slots and other forms of casino gaming. Our Windsor Locks facility – just a stone's throw from Bradley International Airport – is built on six (6) acres with has 38,000 square feet, and presents a much easier opportunity to quickly facilitate expanded gaming at a location already regulated by the DCP, and within a community with a history of understanding and accepting gaming. The same holds true for many of our 14 other locations throughout the State. We have a long history of being a good corporate citizen in each town and city, and are firmly committed to continuing to do so.

During the comprehensive approval process prior to constructing our business in Windsor Locks, we took part in a referendum process. It is simply unfair to allow the Tribes to proceed with a process that creates a new casino that will destroy our own, long-established gaming business, only 4 miles away. There should be an open and transparent process that leads to the best deal for Connecticut and its citizens, and the businesses that will also be affected by any decision. In addition to the spirit of fairness and an open referendum, we encourage this committee to ensure that there is an open RFP process.

We therefore ask the Committee to consider successful initiatives implemented in other states that saved OTB jobs and allowed our industry to continue to provide economic activity and investment in our host communities. As examples, Maine, Massachusetts, and New York – three states that have also dealt with an evolving and expanding casino industry – have each passed legislation protecting their pari-mutuel gaming industries while successfully expanding commercial casino gaming in their states. These states have done so by allocating a percentage



of the states' gross gaming revenue from a new casino to protect off-track betting and the jobs it creates. Connecticut should do the same.

Recently, some states have also allowed slot machines at off-track betting facilities to stimulate competition with traditional casino gaming facilities. In New York, for example, the state has allowed slot machines at the Nassau and Suffolk off-track betting facilities, which has also created additional state revenue. A similar model could work in Connecticut.

We also request that the bill increase the number of licensed facilities that Sportech is permitted to open in the State. Doing so will allow Sportech to remain competitive in the face of increased competition in the gaming industry, and further expand our successful business model to welcoming communities where our partnerships with existing sports bars and restaurants are working well.

We also encourage the Legislature to consider adding a provision to the bill that lays the foundation for legal sports betting in the State. Currently, only a handful of states are allowed under federal law to offer sports betting and estimates are that a minimum of \$150 billion is wagered illegally on sports throughout the United States. This results in considerable losses in tax revenues to states and, moreover, means that citizens receive no protection from the law. In the next 2-4 years there is the possibility that changes in federal law will permit more states to allow sports betting and several, including Maryland, New Jersey, New York, and Pennsylvania, have already proposed legislation to come into effect once the federal issue is resolved. Connecticut should also begin this process to lay the groundwork for a competitive licensing process for legal sports betting in the state – legalization will drive considerable tax revenues for Connecticut and also allow the state to ensure that customers are protected by the appropriate regulations and authorities.

In summary, although we may be viewed as a comparatively small company, we are a global company with expensive expertise in many forms of gaming. We established our North American headquarters in Connecticut to show our commitment to our business here, and we've made great efforts to keep investing in Connecticut over the last few years.

I see this issue as not just a conversation about expanding casinos but to “expanded gaming” and how as a state we want this to look for many years to come. Whatever the final form the expansion of gaming takes in Connecticut, we expect to participate.

The gaming industry is evolving nationally, and we gladly welcome the opportunity to continue this conversation with you going forward.

Thank you for your time and consideration of my testimony today.