



Ohio Senate Select Committee on Gaming

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Scioto Downs

Good afternoon Chairman Schuring, Vice Chair Manning, ranking member Thomas, and members of the Committee. Thank you for the opportunity to testify today.

My name is Steve Jarmuz and I am speaking today in several capacities: first, as an Ohio resident, businessperson, taxpayer, and father. Second, as the Senior Vice President and General Manager for Eldorado Scioto Downs which has proudly offered horse race wagering since 1958 and casino style gaming since 2012. And third, as a representative of Caesars Entertainment, one of the nation's preeminent casino and sports book operators.

My goal today is to share my understanding of what legal, regulated sports betting will mean for my employees and my business, and how to build a public policy foundation for a socially responsible, commercially successful sports betting industry. I agree with much of the testimony you have heard from the legal sports betting community over the last few weeks. Rather than cover that same ground, I want to provide the perspective of a local gaming operator.

First, a little about myself; I have spent my entire professional career in the gaming industry. I have been licensed in 6 different gaming jurisdictions, most recently here in Ohio. In the last 3 years, I have grown to embrace the Buckeye State as my new home and a wonderful place to raise my family.

Please allow me to provide a brief overview of Scioto Downs' contributions and impacts.

Scioto Downs is a state-of-the-art gaming and hospitality facility with over 2,400 video lottery games and a standardbred harness track. In addition to gaming activities, we offer dining and entertainment options that we consider some of the finest in our market. Despite Covid, we remain focused on our core mission to provide a world class racing, gaming and entertainment experience to Columbus and the region.

- We currently employ 335 team members who earn 14.4 million dollars in annual wages including tips. Our employee base is about evenly split between males and females, and our diversity numbers mirror our surrounding community.
- In 2019, our last full year in operation, we generated more than 62 million dollars in gaming tax revenue for the state
- Also in 2019, we contributed more than 19 million dollars to the standardbred purse fund, supporting our local agricultural economy

- Annually we remit on average two million dollars in sales, use, and racing taxes, also adding 2.4 million dollars in property taxes and 3.7 million dollars in state income taxes withheld from jackpots.
- We spend roughly fifteen million dollars per year on Ohio based vendors; and
- We entertain more than 2.4 million visitors annually.

The Coronavirus has made operating all entertainment and hospitality businesses challenging, and Scioto Downs is no exception.

Beginning March 13 of last year, we closed our doors for 97 days. As a responsible corporate citizen, we paid all full-time employees for the next 4 weeks and paid 100% of our employee health care premiums during the entire length of the shutdown. We're proud to say that we were the first standardbred track in the country to resume live racing, albeit with no spectators on premise. Since reopening to the public, we have added housekeeping personnel, enhanced cleaning procedures, enforce the proper wearing of masks, and disabled roughly 30 percent of our games to help promote social distancing.

The goals of legalized sports betting haven't changed due to Covid, and they haven't changed since the last time the Ohio legislature considered sports betting: those goals are combating the illegal market, promoting integrity, protecting consumers, and generating public revenue. What has changed, though, is the potential importance of regulated sports betting in cultivating relationships with new and existing customers, to the benefit of our employees and their careers and to the benefit of public education and other beneficiaries of legal gaming in Ohio.

In my remaining time, I'd like to drill down on these benefits and how I believe Ohio can best achieve them.

The background for my remarks here is the 80 years of experience held by Scioto Downs' parent company – Caesars Entertainment – in managing sports books and other gaming facilities across a wide array of operating models, regulatory frameworks, and tax structures.

Today, Caesars operates and/or has branded brick-and-mortar sports books in 37 locations in eight states. The states where we offer mobile sports betting include Pennsylvania and Indiana. After the close of our pending acquisition of William Hill, we will have more than 175 brick-and-mortar sportsbooks across 16 states, and mobile sports betting in 12 states. In Nevada, where we have managed 15 sports books for more than five decades, we operate the iconic Caesars Palace sports book in Las Vegas. We have partnerships with media organizations such as ESPN, are the NFL's first-ever Official Casino Sponsor, and have additional sponsorships with a growing list of major league sports teams, including our Blue Jackets.

The evidence from around the country since PASPA was declared unconstitutional is clear: A legal, regulated sports betting market brings a suite of economic benefits to host states and communities, including:

- Taxes on gross sports betting revenue;
- Income taxes on customer winnings;
- Employee income taxes and other spinoff tax revenues; and
- Higher capital investments and business volumes in brick and mortar casinos, translating to increased employment and gaming tax revenue.

And these benefits can be achieved in relatively short order, which is important to Scioto Downs and the entire Ohio gaming industry. The industry already has the expertise and scalable infrastructure, and the regulation of sports betting doesn't differ in fundamental ways from the regulatory missions and competencies of state gaming control agencies. It's a natural extension of existing gaming control agency authority and doesn't require reinventing the wheel.

Furthermore, the model which Ohio has pursued – linking sports betting to existing casino and VLT operators and authorizing both mobile and brick-and-mortar sportsbooks – is best suited for achieving these benefits. Mobile wagering is essential in combating the illegal market and it will also complement brick and mortar sports books in several ways:

- Through loyalty programs, where rewards points are earned on mobile wagering yet redeemed at properties. Where mobile sports betting is tethered to casinos, existing customers become better customers. We can talk to them more frequently, making them aware of offers and events;
- Through opportunities for brick and mortar gaming facilities to compete in the digital age - Mobile brings investment into innovation and a digital transformation for our businesses in the form of electronic payments, cashless gaming, and other forms of mobile entertainment;
- Through enhanced exposure to and engagement with the millennial generation, which attracts a new customer to a brick and mortar gaming property; and finally
- Through additional marketing opportunities and special events that drive increased visitation. Large Super Bowl parties and March Madness viewing events at sportsbooks in brick and mortar casino are a lot of fun, and they are a big customer draw.

The synergies between mobile and brick and mortar sports books mean more jobs. Brick and mortar sports books create jobs both directly and indirectly. The direct jobs are driven by the roles within the sports book. Ticket writers, bartenders, servers, security personnel, maintenance, cleaning staff, and supervisors are all required when operating a sports book. Indirect jobs are created through additional trips to the brick and mortar casino as well as capital improvements

While sports betting will deliver important economic benefits to Ohio, I know that you understand from other testimony that sports betting is not an economic cure-all for either governments or operators. Rather, it provides a marketing vehicle to encourage patron visitation, and to enhance customer experiences and gaming business.

I'm encouraged that the deliberations over sports betting in Ohio recognize certain core issues in creating a commercially viable and socially responsible industry, including:

- Establishing a brick and mortar model along with mobile that recognizes and leverages the investments that well-regulated businesses have already made in Ohio;
- Setting a tax rate that recognizes expected margins in legal sports betting and that undercuts the illegal market; and lastly
- Protecting customers by imposing strict regulatory requirements that prevent minors from playing, with robust age and ID checks; ensuring players are within borders with strong geofencing technology; and by requiring operators to make available tools to customers to help them manage their gambling

I applaud this committee for taking the time to hear from all stakeholders, and to listen to all perspectives. Thank you again for the opportunity to speak, and I look forward to any questions you may have.