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Media Advisory

Magna wins slots license auction in Quebec by accepting only 22% of the slots revenue to cover all operating costs and necessary profit. In contrast, Magna refuses to competitively bid for slots licenses in Maryland and seeks 36% of the revenue.

Summary: Yesterday, the *Thoroughbred Times* reported that **Magna Entertainment**, the majority owner of the Pimlico and Laurel racetracks, was awarded the concession to operate slot machines at the four racetracks in the Province of Quebec. Magna participated in a competitive bid with other gaming firms, and it bid the lowest percentage of the slots revenue in exchange for obtaining the concession from the Province. For operating the slots concession, Magna is entitled to receive 22% of the slots revenue. The remaining 78% will be retained by the Province for general purposes.

Contrast to Maryland Position: Here in Maryland, Magna and other track owners insist that without 36% or more of slots revenue, their proposed racino operations will be uneconomic. “Magna’s actions in Quebec certainly conflict with its rhetoric in Annapolis,” points out **Thomas Firey**, a senior fellow at the **Maryland Public Policy Institute** and co-author of two gaming studies. “In Annapolis, Magna says such a low percentage is not viable, yet in Quebec, Magna happily volunteers that percentage.”

The 22% revenue share should adequately cover Magna’s operating costs in Quebec and provide an acceptable profit. **It is consistent with the 15%, 20% and 27% shares allocated to racinos in Alberta, New York and Rhode Island.**

“There must be something in the water in Annapolis,” said **Jeff Hooke**, chairman of the **Maryland Tax Education Foundation**. “There are multiple examples indicating that 20% or so is more than adequate to run a slots business, yet many of our legislators insist on giving the tracks more in proposed legislation. Quebec successfully runs a competitive bid, but the process seems too complicated for Maryland.”

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