

GAMING

Update

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From Chairwoman
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198th Legislative District



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The House Gaming Oversight Committee, created in 2007, is responsible for monitoring legislation and policies regarding Pennsylvania's gaming industry. This includes focusing on issues relevant to the state's gaming law, which first passed the General Assembly in 2004, and working with the Pennsylvania Gaming Control Board to oversee the state's licensed casinos. Pennsylvania's 12 casinos generate nearly \$1.5 billion in tax revenue each year, and employ as many as 16,000 Pennsylvanians.

Pennsylvania has become the second-leading gaming market in the country, surpassing New Jersey and falling just below Nevada. However, we are leading the nation in the amount of tax revenue collected from gaming operations.

In addition, the House Gaming Oversight Committee is responsible for carefully reviewing all gaming issues and legislation, including bills relating to games of chance, bingo, the Pennsylvania Lottery, horse racing and illegal gambling. The committee is also required to review regulations to ensure they are consistent with the law.

Over the last several years, we have put in place tools that have created jobs and spurred economic development, but there is more to be done. We need to continue to grow our economy while also providing additional reforms for this emerging industry in our commonwealth.

This publication is a brief update on how Pennsylvania's gaming industry impacts you.

Interest, investments in Philadelphia's 2nd casino highlight growing market

After much speculation and hard-fought battles to preserve Philadelphia's second casino license over the last two years, the Pennsylvania Gaming Control Board's application and suitability process for the remaining license is finally nearing its end.

Philadelphia's second casino license garnered the highest number of applicants for one individual license since gaming began in Pennsylvania. Chairwoman Youngblood was the leading proponent of keeping the remaining Category 2 license in Philadelphia and fought to oppose any legislative action that would have stripped the city of its second license. The number of applicants willing to invest in Philadelphia puts to rest any doubt that the city will be able to sustain a second casino.

The five remaining applicants are all willing to take a risk and invest hundreds of millions of dollars in our city. With this level of competition for one license, it is evident that the city will prosper with two casinos. No developer, let alone five developers, would risk so much money on a venture if they thought the business would not be successful.

The applicants include:

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- **The Provence** – Tower Entertainment, LLC
Proposed location: 400 N. Broad St.
- **Casino Revolution** – PHL Local Gaming, LLC
Proposed location: Pattison Avenue at Front and 3rd streets
- **Live! Hotel and Casino** – Stadium Gaming, LLC
Proposed location: 900 Packer Ave.
- **Market 8** – Market East Associates
Proposed location: 8th and Market streets
- **Hollywood Casino Philadelphia** – PA Gaming Ventures, LLC
Proposed location: 700 Packer Ave.





Revenue from Pa. Gaming *Benefits for all Pennsylvanians*

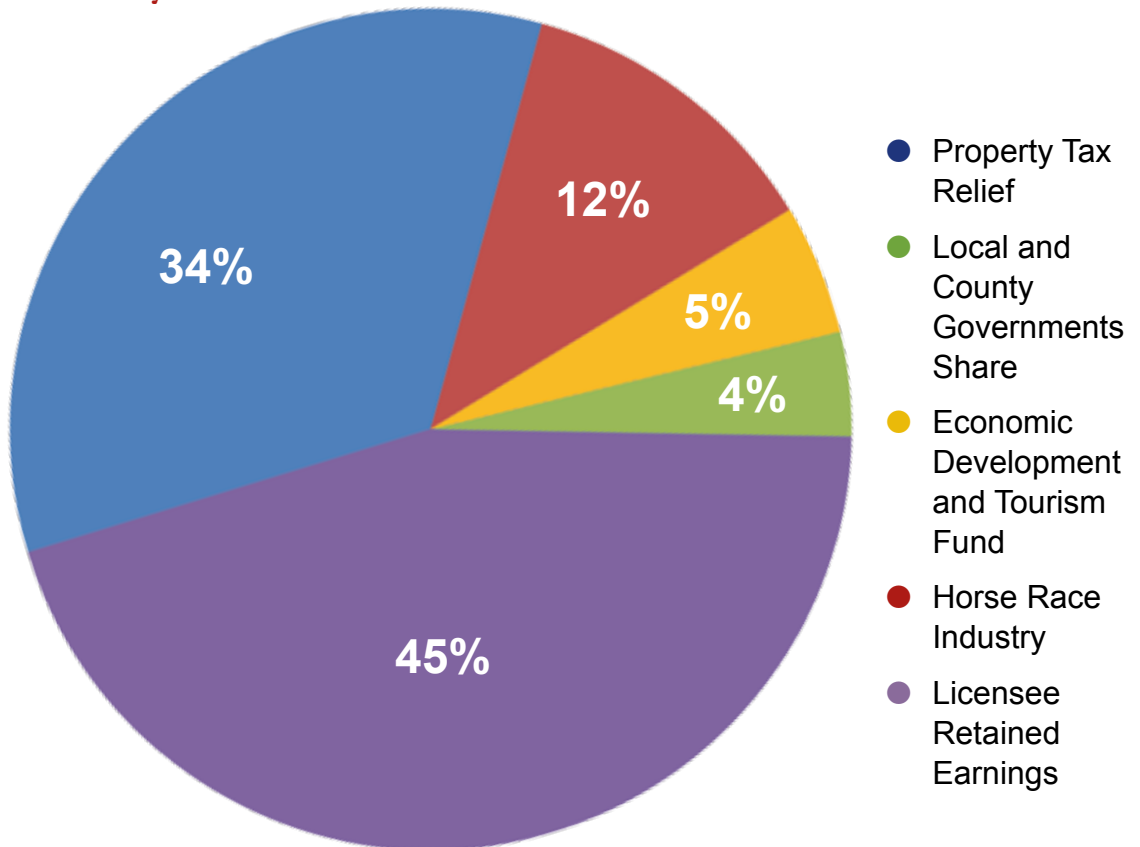
Pennsylvania's licensed gaming entities produce billions of dollars in tax revenue each year. This revenue comes from several different sources and usually has a dedicated purpose to provide significant benefits for all Pennsylvanians.

The following is an overview of the various streams of tax revenue collected from the commonwealth's licensed casinos and where the funding goes once collected.

Slot Revenue

All licensed casinos in Pennsylvania pay taxes on the daily gross slot machine revenue they generate. This tax rate equates to 55 percent of the revenue each casino generates. Essentially, for every dollar wagered on slot machines in Pennsylvania's casinos, 55 cents is returned to the state.

The 55 percent tax rate is split into four separate entities – the State Gaming Fund, Local Share Assessment, the Pennsylvania Gaming Economic Development and Tourism Fund (GEDTF), and the Pennsylvania Race Horse Development Fund (PRHDF).



In total, since 2006, Pennsylvania's gaming industry has contributed nearly \$8 billion through slot machine revenues.

State Gaming Fund – 34 percent tax rate

The State Gaming Fund is the main funding stream for the state, with the majority of the money going into the Property Tax Relief Fund to provide property tax reductions for almost all homeowners across the commonwealth. Philadelphia is the only county to use money from this fund to provide wage tax relief and not property tax relief.

Money from this fund is also used to fund compulsive and problem gambling addiction treatment programs, drug and alcohol addiction treatment programs, volunteer fire company grants, and local law enforcement grants.

Local Share Assessment – 4 percent tax rate

Each facility pays a 4 percent local share assessment that is allocated for specific purposes outlined in the Gaming Act. Each allocation is different for each specific licensed facility, and is usually allocated to the counties and municipalities that host casinos.

Philadelphia is required to send the first \$5 million from its LSA allotment to the Philadelphia School District. The remaining money is placed into the city's general fund.

Pennsylvania Gaming Economic Development and Tourism Fund (GEDTF) – 5 percent tax rate

The GEDTF is used for specific projects in Allegheny and Philadelphia counties, as well as for projects approved by the Commonwealth Financing Authority's H2O PA program.

Philadelphia is authorized to receive funding from the GEDTF for one approved project – the Pennsylvania Convention Center.

Pennsylvania Race Horse Development Fund (PRHDF) – 12 percent tax rate

Money in this fund goes toward live racing purses, breeding programs, and health and pension benefits for horse owners and trainers – as well as health insurance, life insurance and other benefits for thoroughbred jockeys and standardbred drivers.

From Jan. 1, 2010 till June 30, 2010, 34 percent of the money deposited into the Pennsylvania Race Horse Development Fund was transferred to the General Fund. Beginning July 1, 2010, the amount of this transfer was reduced to 17 percent.



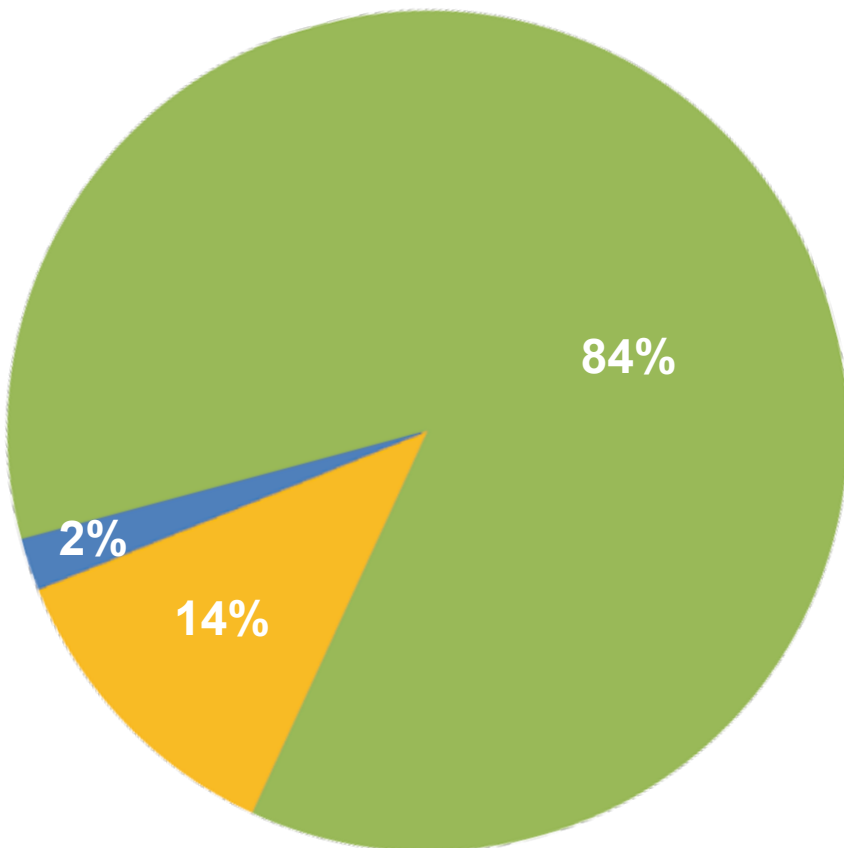
Table Game Revenue

In 2010, the General Assembly approved the operation of table games at all licensed casinos that conduct slot machine gaming in Pennsylvania.

Licensed casinos pay taxes on the daily gross table game revenue they generate. This tax rate equates to 16 percent of the revenue each casino generates from table games. Essentially, for every dollar wagered on table games in Pennsylvania's casinos, 16 cents is returned to the state.

The 16-percent tax rate is split between two paths – with the state collecting 14 percent, which goes directly to the state's General Fund, and local municipalities collecting 2 percent through a local share assessment.

For each specific licensed casino, after two years of conducting table game operations, their state tax rate is reduced from 14 percent to 12 percent.



- Local and County Governments Share
- Casino Retained Earnings
- PA Budget General Fund*

* PA Budget General Fund is 14% in the first two years of table games operation, then drops to 12%.

In total, since 2010, Pennsylvania's gaming industry has contributed nearly \$350 million through table game revenues.

Philadelphia's 2nd casino

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Philadelphians have been counting on the revenue from this second Category 2 license since the original Gaming Act was established, and the people of this city have been eager to apply for the full-time, high-wage jobs, most of which come with medical and pension benefits, that were promised from two licensed facilities.

Pennsylvania has become a global model for regulating and enforcing the gaming industry. The state Gaming Control Board has been extremely thorough and transparent during the application process, and has provided numerous opportunities to include the public in the process, and ensure they have a voice.

With the applicants' suitability hearings wrapping up earlier this year, the final phase of the application process is complete. The evidentiary record is now closed, and the board is able to consider an award of the license. It is expected that a decision will be reached by this spring or summer.



The House Gaming Oversight Committee holds a meeting on Philadelphia's second casino. Over the last two years, Chairwoman Youngblood has been the leading advocate in keeping Philadelphia's second casino license in Philadelphia. A second casino could provide up to 2,500 high-wage jobs and inject more than \$150 million into the local economy.



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A map of Pennsylvania's 12 current casinos



Harrah's Philadelphia Casino & Racetrack
www.harrahshilly.com
 777 Harrah's Blvd. • Chester, PA 19013
 (800) 480-8020

Hollywood Casino at Penn National
www.hollywoodpnrc.com
 777 Hollywood Blvd. • Grantville, PA 17028
 (717) 469-2211

The Meadows Racetrack & Casino
www.meadowsgaming.com
 210 Racetrack Rd. • Washington, PA 15301
 (724) 503-1200

Mohegan Sun at Pocono Downs
www.mohegansunpocono.com
 1280 Highway 315 • Wilkes-Barre, PA 18702
 (888) 946-4672

Mount Airy Casino Resort
www.mountairycasino.com
 312 Woodland Rd. • Mount Pocono, PA 18344
 (877) 682-4791

Lady Luck Casino Nemacolin
<http://nemacolin.isleofcapricasinos.com>
 4067 National Pike • Farmington, PA 15437
 (888) LADY-LUCK

Parx Casino/Philadelphia Park Racetrack
www.parxcasino.com
 2999 Street Rd. • Bensalem, PA 19020
 (888) 588-7279

Presque Isle Downs Casino
www.casinoierie.com
 8199 Perry Hwy. • Erie, PA 16509
 (866) 374-3386

The Rivers Casino
www.riverscasino.com/pittsburgh
 777 Casino Dr. • Pittsburgh, PA 15212
 (877) 558-0777

Sands Casino Resort Bethlehem
www.pasands.com
 77 Sands Blvd. • Bethlehem, PA 18015
 (877) 726-3777

SugarHouse Casino
www.sugarhousecasino.com
 1001 North Delaware Ave. • Philadelphia, PA 19125
 (877) 477-3715

Valley Forge Casino Resort
www.vfcasino.com
 1160 First Ave. • King of Prussia, PA 19406
 (610) 354-8118

HARNESS RACE TRACK AND CASINO

STAND ALONE CASINO

THOROUGHBRED RACE TRACK AND CASINO

CASINO RESORT

Philadelphia region growing as major casino market



Philadelphia and its surrounding area has emerged as a major casino market. One casino is located within the city – SugarHouse Casino. Several others are within driving distance – including Harrah's Philadelphia located in Chester, Parx Casino and Racetrack located in Bensalem, and Valley Forge Casino Resort located in King of Prussia.

In addition, applicants applying for a second casino that will be located within the city limits are currently going through the extensive application process.

This would establish five casinos in southeastern Pennsylvania – elevating the region to one of the most influential gaming markets in the country.