

Keeping PA Casinos Competitive, Harrah's Philadelphia

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Testifiers:

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Key Points:

- Challenges:
 - Market saturation: 23 casinos within a 100 mile radius of Harrah's.
 - 2014 was the second consecutive year in which the Philadelphia market has seen a decline in slot revenue (Down 5% since 2012).
- VGTs
 - Harrah's is opposed to legalizing VGTs in bars and restaurants.
 - Casinos in Illinois have experienced a 15% decline in revenue since VGTs were permitted in bars in restaurants.
 - Harrah's estimates that PA casino revenues could experience a 39% decline if VGTs were legalized in bars and restaurants.
- Regulatory and Policy Recommendations:
 - Legalize and regulate internet gambling.
 - Allow casinos to operate entry fee skill based tournaments, similar to NJ.
 - Permit alcohol sales past 2am.
 - Increase limits on cash advance/checks, and allow 3rd party checks.
 - Authorize a gaming tax credit.
 - Consider changing casino ownership from 1 1/3 to maximum of 2.
 - Increase the speed of the PGCB approval process for new games.
 - Revise burdensome regulations related to casino staffing.
- Internet Gambling:
 - Nevada, Delaware and New Jersey have legalized internet gambling.
 - The internet gambling market has grown from \$300 million in 1997 to \$6 billion in 2010.
 - Market is currently dominated by illegal offshore operators, which means prohibition is not working and consumers are not protected.
 - In New Jersey, 80% of online players are new customers.
 - According to a recent LBFC study, internet gambling could produce \$43 million in additional annual tax revenue for PA.
 - If all 12 PA casinos apply for an internet gambling license (\$5 million fee), the Commonwealth could receive a total of \$60 million in upfront fees.
 - Underage gambling and problem gambling is easier to prevent through internet gambling as compared to bricks and mortar casinos.