

## Casinos say table games would generate \$165 million in PA

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By Tom Barnes, Pittsburgh Post-Gazette

HARRISBURG -- Pennsylvania could get an additional \$165 million in annual gaming revenue if table games were in operation at all 12 of the state's larger casinos, an analyst hired by three casinos said today.

The revenue would consist of \$104 million generated by the table games themselves -- poker, blackjack, roulette and dice -- plus another \$61 million in additional revenue from slots, said Steve Rittvo, chief executive officer of The Innovation Group. He said the presence of table games would attract players of those games plus additional slots players who come with them.

Mr. Rittvo's estimate of the additional annual revenue was based on a 12 percent state tax on the gross gaming revenue from table games. That tax rate is less than the 21 percent tax rate contained in House Bill 21, a measure introduced by House Democratic Whip Bill DeWeese of Waysnesburg.

Mr. Rittvo was hired by three existing casinos in Pennsylvania -- Philadelphia Park, Mohegan Sun (near Wilkes-Barre) and the just-opened Sands Bethworks casino in Bethlehem.

He said that a table games tax rate as high as Mr. DeWeese has proposed would reduce a casino's ability to add fancy "amenities" such as a hotel, spa, club, entertainment venue or restaurant, which would attract table games players. With fewer amenities, fewer table games players would be attracted and tax revenue would suffer.

Table games also are much more labor intensive than slots, raising a casino's labor costs, he said.

Mr. Rittvo did say, however, that the national table games tax rate average was about 18 percent, ranging from zero tax on some Native American casinos to 37 percent in West Virginia.

Mr. DeWeese has estimated that with a 21 percent tax rate, the state could gain about \$200 million a year. In addition, a casino would have to pay a one-time license fee of

\$10 million for table games, which would mean an extra one-time collection of \$120 million, once all 12 of the state's larger casinos are operating.

In August, when Rivers Casino opens in Pittsburgh, there will be nine of the larger casinos in operation, meaning casinos they can have up to 5,000 slots. But two other large casinos in Philadelphia and one in Lawrence County won't be open for at least two or three more years. There are also two smaller resort casinos, with no more than 500 slots, authorized by the 2004 slots law but not yet in operation.

Mohegan Sun casino executive Robert Soper said Pennsylvania already has one of the highest tax rates in the U.S. on slots revenue -- 55 percent. He said he hopes the Legislature, if it legalizes table games, would have a tax rate on table games of no more than 12 percent.

Mr. DeWeese said he is hoping for a House vote on his bill before the summer recess. The bill now calls for 18 percent of the tax revenue to go for lowering property taxes, as does much of the slots tax revenue; 2 percent for host towns and counties and 1 percent for agriculture.

But because of the state's huge \$3.2 billion budget deficit, for the first three years, Mr. DeWeese is willing to let the state revenue go to erasing the deficit rather than the three uses outlined in the bill.

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