



## BUSINESS

### Casino report touts benefits to Pa. of table games

By Suzette Parmley  
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By 2012, table games could increase Pennsylvania's annual casino-gambling revenue 30 percent, or \$976 million, spur nearly \$1 billion in economic impact, and create more than 16,000 jobs, according to a report presented today to state lawmakers. The 28-page economic analysis, compiled by Denver-based Innovation Group and paid for by three companies that own casinos in the state, comes as momentum clearly is shifting in Harrisburg in favor of adding games such as roulette and blackjack to help bridge a \$3.2 billion budget gap.

Gov. Rendell has been steadfast in a desire to wait until all 14 licensed gaming venues were in operation before moving to table games. But his spokesman, Chuck Ardo, said today that nothing was being ruled out. Thus far, eight slots parlors have opened throughout the state.

"If a bill legalizing table games reaches the governor's desk, he will certainly look at it carefully in making a decision based on the facts," Ardo said. "We are in an enormous budget debate, and it would be imprudent to rule anything in or anything out."

Innovation Group's analysis concluded that Pennsylvania's casinos and the state would benefit dramatically from the addition of table games to its currently slots-only venues.

With games similar to those found in the palaces of Atlantic City and Las Vegas, the state would become a gambling titan in its own right, and would stand to generate:

Gambling revenue totaling about \$4.2 billion per year.

More than 10,000 casino jobs, with 45 percent coming to five eastern Pennsylvania casinos, among them PhiladelphiaPark in Bensalem, Harrah's Chester Casino and Racetrack, and the two planned in Philadelphia.

Revenue findings were based on 12 of the 14 planned casinos' being in operation and on a blended tax rate of 46.1 percent - a combination of the 55 percent tax on slots revenue and a 12 percent tax on table-games revenue.

The 46.1 percent tax rate would be the second-highest in the country among states that offer both slots and table games. West Virginia's tax rate is 48.1 percent.

Eastern Pennsylvania would generate the most gaming revenue among three areas of the state - \$1.95 billion, or 46 percent of the \$4.2 billion total, in 2012.

"I think tax revenues increase in a meaningful way with the introduction of table games," said Steve Rittvo, chairman and chief executive officer of Innovation Group, who presented the report to the state House Gaming Oversight Committee at the Capitol. "It gives the gaming industry here longevity and stability in a highly competitive market."

Rittvo said PhiladelphiaPark, Sands Resort Casino in Bethlehem, and Mohegan Sun at Pocono Downs, near Wilkes-Barre, hired his gaming-consulting firm to prepare the study.

After his PowerPoint presentation, Rittvo fielded questions from a broad section of committee members, both Republican and Democratic, over the types of jobs table games would generate, their salaries, and the potential for hotels, restaurants, entertainment centers, and other amenities table games would add.

State Rep. Paul Clymer (R., Bucks), a member of the committee, was not impressed by the report.

"Since this was paid for by three casinos . . . it's no surprise that it was favorably inclined as to why the legalization of table games would be in the best interest of the state," Clymer said. "But the critique and questions asked by members of the committee show it may not be in the best interest of the state right now, because we are in an economic slide."

"The poor, disadvantaged, and the less-educated would try to strike it rich," he said. "The last thing we want to see is the expansion of gambling that is going to take more money out of the local economies and create more dysfunctional families."

But even Clymer conceded that momentum and pressure for table games were building.

"One of the clear signals was the hearing today," he said. "That is a signal that the pro-gamblers are moving it forward."

The informational session was called by committee chairman Dante Santoni (D., Berks), who said the bill introduced last week by House Majority Whip Bill DeWeese (D., Greene) has picked up steam.

"It was important to gather the information that we needed," Santoni said after the meeting. "We've been talking about this for a while.

"The momentum has ratcheted up," he said. "The General Assembly is looking at revenue sources. Everything is on the table. The budget shortfall is the one aspect that is pushing it a little quicker than was anticipated a few weeks ago."

The measure - House Bill 21 - calls for a total tax rate of 21 percent on table-games revenue, with 18 percent going to property-tax and wage-tax reductions.

DeWeese said he was open to having the money go instead to the general fund, to help relieve the budget deficit for the first three years and to negotiating a lower tax rate if it improved the bill's chance of passage.

"Every percentage in my proposal is certainly available for negotiation within the committee, in the caucus, and on the floor of the House," he said today. "The prevailing perspective of the majority of the members will be paramount."

Pennsylvania's casino operators say they are ready. But Bob Green, chairman of Greenwood Racing Inc., which owns PhiladelphiaPark, said the key was the tax rate on table games. A lower rate is justified because table games are labor-intensive, he said.

According to the Innovation Group report, about 9.75 jobs are required per table, including dealers and pit bosses.

"There has to be a realistic situation where we can compete effectively and maintain those table-game revenues that are going to New Jersey," Green said. He watched the gaming committee hearing and later met with panel and caucus leaders to champion the cause.

New Jersey's tax rate on gross gambling revenue is 9.25 percent.

As soon as the committee meeting ended, members of the Republican caucus, including Clymer and Mike Turzi (R., Allegheny), had a news conference, calling for full hearings on the legislation and asking that Senate Bill 711 - a gaming-reform bill - not be used as a vehicle to legalize table games.

In an interview earlier this week, Senate Majority Leader Dominic Pileggi (R., Delaware) said he was open to the idea of allowing table games. But he, too, said such legislation should not be considered until the existing law was tightened. Republicans control the Senate.

"It is critically important that, before we do anything with expanding gaming, we first make changes to the gaming act," Pileggi said. "It is a necessary condition before we seriously consider table games."

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