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## Fumo tests slots plan for offtrack, track sites

### Senator says proposal would raise more than limited parlors

Tuesday, December 09, 2003

**BY CHARLES THOMPSON**  
Of The Patriot-News

Sen. Vince Fumo has begun shopping a gambling expansion plan that would authorize 13 slots locations around Pennsylvania, six at racetracks and seven at other sites.

Under Fumo's plan, which the Philadelphia Democrat says is the best way to raise Gov. Ed Rendell's target of \$1 billion for school property tax relief, six licenses would be reserved for the state's operating or licensed commercial racetracks.

The other seven would be for nontrack sites.

Two "Class B" licenses would be available to federally recognized Indian tribes that agree to operate under rules applying to other operators -- including payment of nearly half the casino winnings in state taxes and horse racing subsidies.

Five "Class C" licenses would go to other applicants, two reserved for

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Philadelphia and one for Pittsburgh.

Christopher Craig, Fumo's chief counsel, said a market study projects gross revenues of at least \$2.9 billion from Fumo's plan. That would provide enough for a proposed 34 percent tax on casino winnings to raise \$1 billion.

Limiting slot parlors to the six licensed tracks would produce slightly less than \$1.5 billion, the study said.

The carrot for racetrack operators -- whose revenues would be cut by nearly one-third if the nontrack casinos are authorized -- is a provision giving them a greater profit margin than earlier slots bills.

All slots parlors would contribute 9 percent of their winnings to horse-race purses and related racing funds. A tracks-only bill passed by the Senate in June required operators to pump 18 percent of their winnings into racing subsidies.

Mike Jeannot, general manager of The Meadows harness track near Pittsburgh, said he still prefers a tracks-only bill, but the new allocation formula and market-protection zones in Fumo's draft make it acceptable to him.

Other track operators could not be reached.

Fumo's market study, authored by Louisiana-based gaming consultant The Innovation Group, used two models based on 12 sites: one designed to achieve the greatest winnings; the other based on a political map that Fumo believes represents a better chance of passage.

The first version proposed, in addition to six racetrack and two city casinos, sites at Valley Forge, Allentown, southern York County -- to attract people from Washington and Baltimore -- and Lawrence County, near Youngstown, Ohio.

That model would net \$2.8 billion, the study said, before any intensive out-of-state marketing efforts.

The political-compromise model placed the at-large licenses in Allentown, Beaver County and the Poconos, and converted the Valley Forge license into a second Center City Philadelphia site.

Craig said this scenario better reflects where lawmakers want licenses and, as in the case of York County, where lawmakers actively oppose them.

It projects gross terminal revenues of \$2.5 billion, which Fumo staffers said is a conservative estimate that would grow with marketing. Fumo added the 13th license to his bill to ensure the \$2.9 billion target is met and sustainable in the face of competition from neighboring states.

Craig noted the study is a model. A new gaming control board would determine the actual placement of the licenses.

Fumo, the Senate Democrats' floor leader on gaming, is optimistic a

slots bill can pass early next year, but he acknowledged yesterday he does not have majority support for his plan yet.

Mike Manzo, chief of staff to House Minority Leader H. William DeWeese, D-Greene, noted Democratic leaders have concerns about the split of track and nontrack licenses, and many caucus members may object to opening the door to Indian gaming.

Several Senate Republican slots supporters have said they may reconsider their support if there is too much nontrack expansion.

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