



STANDARD BRED BREEDERS ASSOCIATION
of Pennsylvania

**HOUSE GAMING OVERSIGHT COMMITTEE HEARING
Regarding H.B. 2121**

May 15, 2008

Testimony of Paul F. Spears, Executive Director

The Standardbred Breeders Association of Pennsylvania appreciates the opportunity to address the Pennsylvania House Gaming Oversight Committee about HB2121, which would authorize table games in the Commonwealth.

SBAP supports the concept of licensing table games at licensed slots facilities under stringent legislative guidelines. HB2121 will ensure the fair and lawful operation of these activities to benefit Pennsylvanians with property tax relief and support for the Pennsylvania equine industry. However, SBAP disagrees with the formula for distribution of table games revenues in HB2121, which differs significantly from the distribution of gaming revenues in slots legislation. The portion of table games revenues allotted to benefit Pennsylvanians with property tax relief falls from the 34% of slots legislation to 28%, and the share allotted to benefit the equine industry falls from the 18% of slots legislation to 6%. The share of table games revenues retained by operators rises from the 48% of slots legislation to 66% for table games.

Operators are lobbying for this increased distribution because they claim that table games are more expensive to conduct. Even if this claim were true, it does not justify the reduction of the portion of gaming revenues that benefit the citizens of Pennsylvania. The political justification for gaming was that slots revenues would provide much needed property tax relief, and would preserve the "green space" of Pennsylvania horse farms and the many jobs associated with the Pennsylvania equine racing industry. Unfortunately, now that gaming companies have a foothold in Pennsylvania, the original goals of providing benefits to Pennsylvanians now appear to be de-emphasized in HB2121 in favor of subsidizing operator profitability. SBAP urges the Pennsylvania House of Representatives and the Gaming Oversight Committee to focus instead on preserving the benefits of gaming legislation for the citizens of the Commonwealth.

Every business provides products and services of varying profit potential. The citizens of Pennsylvania should not be required to give up an additional share of gaming revenues to boost the profits of gaming companies, and to insulate gaming companies from the normal decisions of the marketplace. SBAP very much doubts that operators would reject table games if revenue distributions remain the same as in slots legislation.

Other broad economic arguments can be made against additional subsidies to the profit margins of the Pennsylvania gaming industry:

1. Major capital construction expenditures have already established the "bricks and mortar" of slots facilities. If alterations to these facilities are necessary for table games, these will surely be minor.

2. Fees for table games licenses are much reduced from those of slots licenses, which were already inexpensive in comparison with similar fees in some other states. SBAP understands that one slots license applicant will be paying \$50,000,000 for a PA license after paying \$400,000,000 for a slots license in Indiana. Operators have already received tremendous benefits from cheap licensing fees in Pennsylvania.
3. Table game revenues are simply "found money". Other than personnel and supervisory costs, relatively little additional investment is needed to conduct these games. Placing gaming tables within a pre-existing building should not be that expensive.
4. Many people with no interest in slot machines like to play table games. Table games attract additional customers, many of whom will bring friends and family who will also play slot machines. Clearly, the total audience for gaming will expand significantly with table games.

SBAP understands that creative gaming industry accountants will claim that table games are poor investments for gaming operators. Common sense tells us that table game facilities in restricted numbers will be enormously profitable in heavily populated geographic areas such as Pennsylvania.

Therefore, Standardbred Breeders Association of Pennsylvania strongly urges the PA House of Representatives and the Gaming Oversight Committee to put the people of Pennsylvania before the profits of the gaming industry by insisting that the distribution of table games revenues remain the same as in slots legislation. The Commonwealth should not subsidize the profitability of table games from the benefits that its citizens rightfully enjoy from gaming revenues. Pennsylvanians have been promised property tax relief and support for the Pennsylvania equine industry. There are no convincing arguments to change the revenue distributions so thoughtfully constructed in slots legislation.

Standardbred Breeders Association of Pennsylvania thanks the Gaming Oversight Committee for the opportunity to speak for over 500 Pennsylvania breeders of Standardbred race horses about an issue that is vital to their industry.

Again, thank you for the opportunity to come before you today. At this time, I am happy to answer any of your questions.