

**Bill Paulos, Principal, Cannery Casino Resorts  
Pennsylvania House of Representatives  
Gaming Oversight Committee**

**Submitted Testimony:**

**“How Table Games Will Help The Meadows Compete with West Virginia”**

**Thursday, May 15, 2008**

We wish to thank Chairman James and the members of this committee for the opportunity to submit written testimony today.

To date, the Commonwealth of Pennsylvania has opened seven very successful slots casino facilities. Pennsylvania's casino operators have made a meaningful impact, providing tremendous economic development opportunities, thousands of family-sustaining jobs and first-class facilities that attract and retain in- and out-of-state patrons.

This has resulted in excess of \$890 million in tax revenues for the Commonwealth since the inception of gaming. Our neighboring state of West Virginia, through county referendum, has reacted to our competitive threat by recently legalizing table games. This development has directly impacted not only our facility at The Meadows but all future casino development in western Pennsylvania. There is no question that table games will be a strong attraction. It will enable the West Virginia casinos to market themselves as full service casino operations with all of the implicit glamour.

We have no doubt lost slot players. Pennsylvania residents are once again going back to West Virginia to spend their entertainment dollars and that is a shame. Our slot players accompany their table games playing spouses, friends, co-workers and neighbors to the West Virginia casinos. All in all, it poses a serious competitive threat as we complete our more than \$450 million investment at The Meadows.

We have to take any competitive threat from West Virginia very seriously. During the ten-year period beginning in 1995 when slots were launched at West Virginia racetracks, the Meadows experienced the following at its track and western Pennsylvania OTB sites:

- A loss of 575 jobs or 58 percent of the workforce;
- A 64 percent drop in attendance; and
- A drastic \$76 million or 38 percent decline in revenue.

We cannot allow this situation to happen again. We need to keep the playing field level and we believe that the competitive forces dictate that we react quickly to West Virginia's challenge.

Cannery Casino Resorts has the proven capability of running a sophisticated table games operation. As you have seen firsthand, the gaming climate within the state is robust. Our customers tell us every day that they would be thrilled with the addition of table games.

Since many of the permanent casinos have yet to be built, it is exactly the right time to consider the addition of table games so that adequate planning can take place. The casino floor and "back of the house" must be modified to handle the specific operational and internal control aspects of table games. Surveillance systems must be expanded dramatically. All of this takes time and money, and all of this must be approved in advance by the Gaming Control Board.

Table games are labor intensive and that's a good thing for Pennsylvania job seekers. We have done some preliminary estimates on the benefits of adding just 40 table games and have found a great economic benefit for Pennsylvania and our local economy:

- 700 additional family sustaining jobs in our casino for local Pennsylvania residents, generating \$28 million in payroll, thus doubling the number of jobs and more than doubling The Meadows' payroll for casino operations;
- \$37 million annually in additional tax revenue for local and state taxpayers;
- \$31 million more in investment in the local and regional economy; and
- An additional \$6 million investment by The Meadows into the permanent facility, bringing the total investment into The Meadows complex to more than \$450 million.

Table games will have an equal or greater impact on employment of Pennsylvania residents than the existing slots gaming legislation. But while they create jobs, table games are also much more costly to operate than slots. Thus, an enlightened legislative approach must be considered.

It would be a mistake to tax table games at the same rate as slots. Through our assessment of potential table game operations in Pennsylvania, we believe an all-in tax and fee structure of 20 percent would be workable. This would be a win for the Commonwealth, as well as allow gaming operators to make fiscally responsible decisions. We look forward to working with members of this committee and other state legislators on achieving this balance.

Tax considerations are perhaps the most important part of this legislation, but I would remiss if I did not express the importance that for this legislation to be written properly, it must be done in close cooperation with the gaming operators of the Commonwealth. Together, we must work hard to ensure that we can jointly create excellent legislation that works for everyone involved.

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