

**Statement of Thomas C. Bonner, Group Vice President / Legal and Chief Counsel
Parx Casino
Pennsylvania House of Representatives Health Committee
Hearing on HB 682
June 15, 2015**

- Casino gambling in Pennsylvania has been a huge success. Pennsylvania casinos in the aggregate produce the most gaming tax revenue in the United States.
 - Dire predictions of negative consequences such as increases in crime simply have not occurred.
 - Casinos have been integrated into their business and civic communities as positive and legitimate economic forces.
 - At Parx alone, we employ approximately 2,400 persons in casino and racing positions.
 - We have achieved meaningful diversity in our workforce, in which women comprise 35% of our total workforce and persons in historically under-represented groups comprise 39% of our workforce.
 - Over 80% of our staff are Pennsylvania residents.
- Within Pennsylvania, Parx Casino is the largest casino revenue producer and gaming tax payer.
 - From opening in December 2006 through December 2014, Parx has paid over \$1.6 billion to the Commonwealth in gaming taxes.
 - Using PGCB statistics, projected fiscal 2014 – 2015 revenues at Parx through June 30, 2015, are approximately \$370 million for slots and \$137 million for table games.
 - Gaming taxes paid to the state on these revenues will be approximately \$218 million.
- As an industry leader, we are pleased to have this opportunity to appear before the committee.
- Among the many goals enumerated in the gaming act, two are most relevant to the present discussion.
 - Maximize tax revenues for the Commonwealth.
 - Provide new employment opportunities by creating skilled jobs in a new industry.
- One of the ways that the legislature has acted to promote that goal is to enable casinos to offer to their guests the option of both smoking and non-smoking gaming areas.

- That option is a welcome one to our patrons, as shown by their gaming preferences.
 - Although only 50% of our gaming floor is designated as smoking permitted, approximately 68% of our total slot machine revenue is generated from machines located in the smoking areas.
- As you consider the bill to prohibit smoking in all areas of the casino, we ask that you consider the almost 18 month debate that occurred in both the House and the Senate over the appropriate exemptions to be included in the final bill, which was finally hammered out in a Conference Committee.
- We also ask that you consider what has actually happened in other states in which casino smoking prohibitions have been enacted.
 - We don't have to speculate about what might happen. We know from the actual experience of other jurisdictions, where gaming revenue declines of 15 – 20% occurred when smoking prohibitions were implemented.
 - We can expect a similar decline for Pennsylvania if the pending bill were adopted.
 - A most recent case is the Harrah's casino in New Orleans, which became smoking-prohibited in April this year and experienced a 16% decline in May 2015 revenues compared to May 2014.
 - If we use a 15% decline figure, that revenue decline would mean that each year the state would receive about \$203 million less in gaming taxes from all Pennsylvania casinos.
- We know that at Parx Casino, the slot machines located in areas of the casino where smoking is permitted perform at a rate that is about 150% of the revenues that come from slot machines located in non-smoking areas.
 - Data like this was required to support the increase in the smoking area from 25% of the casino floor to 50% when the Clear Indoor Air Act was first implemented in 2008.
 - This shows that our customers clearly preferred the option to be able to smoke then and that their preference continues.
- In an effort to provide as pleasant an environment as possible for all guests and employees, our building includes a sophisticated HVAC system that brings in 100% fresh outside air to optimize air quality.
 - The system provides about 14 changes of air each hour.
 - We have installed an ozone system that removes smoke from the air as it circulates through the air handlers.
 - We have revised the ceiling vents to enhance the downward flow of fresh air into the casino.

- In summary, our experience has shown that the current balance struck by the legislature is the right one. The availability of both smoking and non-smoking gaming areas is what our patrons want. That availability allows the PA casinos to do what the legislature intended in the enabling legislation -- maximize the revenues received by the Commonwealth and maintain the many new well-paying jobs created by the new industry. The anticipated revenue declines that would result from a smoking prohibition would frustrate the legislative intent.
 - Gaming tax revenues would be significantly reduced.
 - Significant staff reductions among the 17,000 industry employees would likely be required as a result of reduced gaming revenues.