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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

GAMING OVERSIGHT COMMITTEE

PARX RACING GRANDSTAND, COTILLION ROOM
3001 STREET ROAD
BENSALEM, PA

WEDNESDAY, APRIL 12, 2017
1:57 P.M.

PUBLIC HEARING

BEFORE: HONORABLE SCOTT A. PETRI, MAJORITY CHAIRMAN
HONORABLE GENE DIGIROLAMO
HONORABLE JEFF C. WHEELING
HONORABLE JAMES R. SANTORA
HONORABLE THOMAS L. MEHAFFIE, III
HONORABLE FRANK A. FARRY
HONORABLE PATRICK J. HARKINS, MINORITY CHAIRMAN
HONORABLE EDWARD NEILSON
HONORABLE EDDIE DAY PASHINSKI
HONORABLE SID MICHAELS KAVULICH
HONORABLE JOHN T. GALLOWAY
HONORABLE DOM COSTA

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COMMITTEE STAFF PRESENT:

LEA D. FARRELL

LEGISLATIVE ADMINISTRATIVE ASSISTANT

THOMAS MILLER

RESEARCH ANALYST

JOSIAH SHELLY

EXECUTIVE DIRECTOR, HOUSE GAMING OVERSIGHT

COMMITTEE HOUSE REPUBLICAN CAUCUS

CHRISTOPHER J. KING

COMMITTEE EXECUTIVE DIRECTOR

ALSO PRESENT:

SENATOR ROBERT TOMLINSON

BOB GREEN, Chairman, Greenwood Racing

TONY RICCI, Chief Executive Officer, Greenwood Racing

SAL DEBUNDA, President, Pennsylvania Thoroughbred
Horsemen's Association

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P R O C E E D I N G S

CHAIRMAN PETRI: Ladies and gentlemen, we're going to --- I'm going to call this public hearing of the Pennsylvania House of Representatives, Gaming Oversight meeting for April 12th, 2017, 2:00 p.m., located at Parx Casino, Bensalem, to order.

The first order of business, our firefighter, Representative Frank Farry, if you would lead us in the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN PETRI: I want to thank everyone for attending.

The members will recall that during the Governor's Budget Address he tasked our legislature with the responsibility of trying to come up with some money to fill budget holes, and particularly to come up with recurring revenue.

The Governor never addressed and told us what we should do. He left that to our, hopefully, sound thoughts and discretion about what we will do or not do in order to help fill those budget holes.

This hearing is a series of hearings. And for the members in the audience, the committee has already had a hearing in Harrisburg, there's been a hearing in Erie, and we've had site visits to Harrah's and also to Sands Casino.

1 We're now at Parx Casino in Bensalem. The committee will also
2 soon be traveling to other parts, including Mount Airy and a
3 couple of the casinos in the Pittsburgh area.

4 So with that, I want to recognize our host today,
5 who is Bob Green, Chairman of Greenwood Racing, and our host,
6 State Representative, our good friend and colleague, Gene
7 DiGirolamo, for some opening comments. Mr. Chairman, you may
8 proceed when ready.

9 MR. GREEN: Thank you. Mr. Chairman, members of the
10 House Gaming Oversight Committee, we would like to welcome you
11 with great pleasure to Parx Racing and Casino.

12 I'd also like to extend a warm welcome to Senator
13 Tomlinson and Representative Gene DiGirolamo. As you know,
14 they have been staunch supporters of the state's gaming
15 industry and were instrumental in the passage of historic Bill
16 2330, commonly known as the Slots Bill.

17 And just last night I was looking through a few old
18 photographs and there was one that was taken just outside here
19 in the entry at the grandstand. It was a bright, sunny Monday
20 morning. The date was Monday, July the 5th, 2004. And in the
21 early hours of that same morning the Slots Bill had passed the
22 House and the Senate and the Governor's Office wanted the
23 signing of that bill to take place here at the racetrack known
24 as Philadelphia Park at that time.

25 And the photograph shows a table set out in the

1 open. There were people here watching the training of horses.
2 It was obviously historic ---. So anyway, this table was set
3 up, and the photograph shows the Governor signing the bill and
4 on one side of him is Senator Tomlinson, on the other
5 Representative DiGirolamo. On the other side of him is myself,
6 Mr. Sal DeBunda and Mayor Joe. I'm pleased to tell you that
7 all five of us are here today. I think we're still alive and
8 kicking, as they say. And I was to understand the ex-Governor
9 would be here, but he had apparently an important luncheon at
10 the Capital Grille in Philadelphia.

11 On a serious note, at that time and on that moment
12 who could have envisioned the phenomenal industry that is here
13 today? But the truth is we did. We testified to that
14 administration that if that bill was passed, we would produce
15 --- the program, over \$1 billion in tax revenue. We would
16 create 15,000 to 30,000 new jobs. We would spur capital
17 investment with the initial finance of \$2 billion and that the
18 economic ripple effect would be in excess of \$10 billion. All
19 of that has happened. So those testimonies, those pledges,
20 those promises, have been kept in spades.

21 Now, as the Chairman pointed out, the Commonwealth
22 is looking for additional revenue through gaming. And we
23 understand that. What I would say is be very careful. Do not
24 jeopardize what you already have, which is enormous.

25 I believe that when push comes to shove, there is

1 some incremental revenue to be had from gaming. And I use the
2 word incremental very advisedly.

3 What we intend to do is a portfolio of what we
4 believe and others in the industry believe is a sensible and
5 correct approach to go about providing upfront money and
6 referring revenue for the future. I will leave that in the
7 capable hands of our Chief Executive Officer, Mr. Tony Ricci.

8 At the last public hearing I spoke, and there was
9 much talk about data, projections, analysis, et cetera. I have
10 to say that before he was Chief Executive Officer, Mr. Ricci
11 was my Chief Financial Officer for over ten years. Nobody in
12 this business pares down numbers the way he does. So I can
13 tell you and absolutely vouch for the veracity of any numbers
14 or statistics he puts before you.

15 Moving over to the main part of the --- the first
16 item on the agenda was local share assessment. And normally
17 when people think about local share it's in some sort of vague
18 conceptual arena. So we thought it would be very useful to
19 bring a few of our local community partners into the meeting
20 today. And to introduce them, I'll hand it over to our good
21 friend and Representative, State Representative Gene
22 DiGirolamo. Thank you. And I'll be here for the rest of the
23 afternoon if you have any questions for me.

24 CHAIRMAN PETRI: Thank you, Mr. Green. Gene, if you
25 will proceed.

1 REPRESENTATIVE DIGIROLAMO: Thank you. Welcome.
2 Welcome to Bensalem and welcome to the 18th Legislative
3 District. Chairman Petri, Chairman Harkins, all the
4 distinguished members of the committee, welcome to you all.
5 Also, welcome to Representative Neilson as well.

6 CHAIRMAN PETRI: Gene, they're signaling they can't
7 hear you. Can you pull that mic closer? Or it might not even
8 be on.

9 REPRESENTATIVE DIGIROLAMO: Okay. Better?

10 CHAIRMAN PETRI: Okay.

11 REPRESENTATIVE DIGIROLAMO: Okay.

12 And welcome to Parx Horse Racing and Casino.

13 And just to give you a little bit of background,
14 Bensalem Township is my home legislative district. I think I'm
15 the only one in the General Assembly to have one township as a
16 --- as a district, 62,000 people. I was born and raised here,
17 as well as Senator Tomlinson and also Mayor DiGirolamo. And
18 we're very, very proud of that. We have a deep history. We're
19 actually going to celebrate our 325th Anniversary later on this
20 year. So we're very, very proud of Bensalem. But we're also
21 very, very proud of Parx Horse Racing and Casino.

22 A little bit about our history that I thought I'd
23 share with you very, very quickly. And again, we're very proud
24 of our history. The first Treasurer of the United States,
25 James Hill, actually lived in Bensalem, and he's got a

1 magnificent house down on the river. Actually, at that house,
2 when Lewis and Clark came back from their expedition in 1801 or
3 1802, they stayed at that house and transcribed their notes
4 from their exhibition and gave it to --- I think it was
5 President Madison or President Monroe.

6 Benjamin Franklin was also a visitor many, many
7 times here in Bensalem. He had a very, very good friend who
8 lived in Bensalem, Joseph Gavin. And our Historical Society
9 believes that his experiment when he discovered electricity was
10 actually here in Bensalem and not in the City of Philadelphia.

11 And also, and finally, during the Revolutionary War,
12 something Scott Petri knows very well, at Washington Crossing,
13 that night, when Washington crossed the Delaware, another
14 general, General Cadwalader, tried to cross the Delaware River
15 right here in Bensalem. And the idea was to attack Trenton
16 from both sides. General Cadwalader never got over the river
17 because of the ice and General Washington won the battle. We
18 actually beat the British that time, Bob.

19 Anyway, just real quick about Parx, Parx Racing and
20 Casino. What an amazing, amazing community partner they have
21 been to Bensalem Township, to Bucks County and to the State of
22 Pennsylvania. I was here, along with Senator Tomlinson, back
23 in 2004. Governor Rendell actually came to Parx, as well as
24 Mayor DiGirolamo, and signed the bill that created gaming here
25 in Pennsylvania right out on the racetrack here. Me and

1 Senator Tomlinson stood right next to him. And they've lived
2 up, I'm telling you, to every one of the promises that they
3 made.

4 They've gone above and beyond, again, not only as it
5 pertains to the local share, but they are taxed at 54 percent,
6 the highest taxation in the nation. And over --- to remind
7 everybody, over 30 percent of that tax, I think it's 34,
8 actually goes across the State of Pennsylvania, where
9 homeowners benefit and they get a tax rebate on their school
10 property taxes each and every year. They have fulfilled every
11 promise that they have made. And I'm saying it, and I say it
12 all the time, Parx Casino, for Bensalem, for Bucks County and
13 the State of Pennsylvania, has not only been a home run, but
14 they have absolutely been a grand slam for what they've been
15 able to do, economic development, really, really good-paying
16 jobs, high-quality jobs with benefits. They have been an
17 amazing community partner.

18 And I'm going to close with this, as Chairman Petri
19 said at the beginning, we've got to balance our budget. Now,
20 the Governor has proposed recurring revenue in the form of
21 Marcellus shale, closing the Delaware loophole. Hey, I'm in
22 favor of doing both of those things. I'll put that vote up
23 every day of the week to do those two things. But some in
24 Harrisburg do not appear to go along with this, so they're
25 looking at other forms of gaming to balance the budget. Please

1 be careful of what you're doing. Do not, I'm begging you, hurt
2 an industry that has been up and running for over 12 years that
3 has created thousands upon thousands of good-paying jobs here
4 in Pennsylvania that have lived up to every one of the promises
5 that they made. Please do not hurt this industry to balance a
6 budget with other forms of gaming that is going to affect this
7 industry, not only the casino but the horse racing industry.
8 Because many of us in this state care very, very much about the
9 horse racing industry.

10 So with that, I'm going to turn it over --- back to
11 Chairman Petri. We were just thrilled to death to have you
12 here in Bensalem and looking forward to hearing the rest of the
13 testimony from --- from some of the other people. Thank you.

14 CHAIRMAN PETRI: Thank you, Gene and Bob, for your
15 heartfelt comments. Let's do self-introduction and then my
16 colleague, who gets the award for traveling the furthest, he
17 came from Erie, wants to make some opening comments. He can
18 and then we'll get right into the local share.

19 So starting on my right, Lea, would you like to
20 introduce yourself?

21 MS. FARRELL: Lea Farrell, Office of Representative
22 Scott Petri.

23 MR. MILLER: Tom Miller. I'm a Research Analyst.

24 REPRESENTATIVE NEILSON: Ed Neilson, Philadelphia
25 County, 174th Legislative District.

1 REPRESENTATIVE MEHAFFIE: Tom Mehaffie, Dauphin
2 County, 106.

3 REPRESENTATIVE WHEELING: Jeff Wheeling, 83rd
4 District, Williamsport, PA, home of Little League Baseball.

5 MR. SHELLY: Josiah Shelly, Executive Director of
6 the Gaming Oversight Committee.

7 CHAIRMAN PETRI: Scott Petri, State Representative,
8 178th District.

9 CHAIRMAN HARKINS: Pat Harkins, 1st District, Erie.

10 MR. KING: Christopher King, Executive Director
11 under Chairman Harkins.

12 REPRESENTATIVE PASHINSKI: Representative Eddie Day
13 Pashinski, Luzerne County, Mohegan Sun, 121st District.

14 REPRESENTATIVE KAVULICH: Sid Kavulich, Lackawanna
15 County, 14th District, home of new Philadelphia Eagles
16 quarterback, Matt McGloin.

17 SENATOR TOMLINSON: Thank you very much. Tommy
18 Tomlinson. And if I can just take one more minute in this
19 introduction. I was a very proud member of the House of
20 Representatives when I first met Bob Green, and this racetrack
21 was on its way out. It was folding. It wasn't going to make
22 it. The owner was not going to make it. Mr. Green stepped in,
23 saved it and actually made it prosper for quite a while.

24 But I was a House member at the time, and I remember
25 that I had voted for riverboat gaming in Philadelphia and then

1 met Mr. Green and several other members and realized that this
2 was a great opportunity to save this track, keep these 1,000
3 jobs that we have here. And now I think we have over 2,100
4 jobs here in Parx Casino alone, 18,000 jobs statewide, billions
5 of dollars in investments all over the state.

6 And as Gene pointed out, when you think about the
7 largest portion of this 54-percent tax, 34 percent of that goes
8 to every citizen that pays tax, property taxes in the State of
9 Pennsylvania. And I think --- and I'm sorry, I thought we did
10 a great job with the local share, which was really an impact
11 fee for our mayors and our towns for extra police, extra fire
12 trucks, things that would be needed for first responders. But
13 when I saw what the Marcellus shale did --- industry did with
14 60 percent local share, I guess I didn't do such a good job
15 with the four percent. But the largest part of this money does
16 go across the entire State of Pennsylvania for property tax
17 rebates. And of course, four percent stays locally, and we'll
18 hear a lot more about that.

19 But I just wanted to thank you for inviting me and
20 extending me the courtesy to sit here with you, but I did want
21 the members of the House to know I was a very proud member of
22 the House and it was in those days that we first realized we
23 had to save --- it was Keystone Racetrack at the time. We
24 wanted to save this racetrack, save these jobs. We didn't need
25 another mall in Bensalem, didn't need another housing

1 development, and we maintained this track and turned it into
2 two very, very beautiful sites.

3 So Chairman and Chairman, thank you very much for
4 inviting me here today.

5 REPRESENTATIVE GALLOWAY: John Galloway, 140th
6 District, Lower Bucks County.

7 REPRESENTATIVE SANTORA: James Santora, 163rd
8 Legislative District, Delaware County.

9 CHAIRMAN PETRI: And I'll just reintroduce Frank
10 Farry, Middletown Township and local firefighter supporter.
11 Thank you, Frank, for being here.

12 Chairman, would you like to make some opening
13 comments?

14 CHAIRMAN HARKINS: Sure. I just would like to thank
15 everyone for hosting this, especially Bob Green, who I just had
16 the pleasure of meeting.

17 We have Presque Isle Downs up along the lake up in
18 Erie. It's a great facility, but this --- this really is, you
19 can tell, a great area and a lot of investment, both sweat
20 capital and labor intensive. But my hat's off to you. I
21 really can see the effort that was put in here.

22 Again, thanks for having us. And I'll be very brief
23 because I have to make the drive back to Erie tonight, so thank
24 you very much.

25 CHAIRMAN PETRI: Okay.

1 We're going to start with our first panel. And the
2 first topic is going to be local share assessment. We'll start
3 with Brian Hessesenthaler, who's the Chief Operating Officer of
4 the County of Bucks. And Mayor Joe, you're on deck. Sure, you
5 can join and that way we have both of your beautiful, smiling
6 faces together.

7 MR. HESSENTHALER: Thank you. First of all, on
8 behalf of the Commissioners of --- can everybody hear us? On
9 behalf of the Commissioners of Bucks County, thank you all for
10 having us here today as the county representative on this
11 panel.

12 What I'd like to do is kind of lay out what the
13 local share --- is that better? Again, thank you behalf of the
14 Commissioners of Bucks County for having us here today to be
15 part of this panel. We feel very privileged.

16 I'd like to start out by just kind of telling you
17 what all the local share assessment means to the County of
18 Bucks. We receive approximately, give or take,
19 seven-and-a-half million dollars a year. And what happens with
20 that seven-and-a-half million dollars a year is 50 percent of
21 that goes to the Redevelopment Authority. And I'm sure Mr.
22 White will talk about that in his speech. And the other 50
23 percent goes to the county. And we put that into our agenda
24 from these various services.

25 If you look on the county recent local share

1 assessment sheet, some of these services that this money has
2 been extremely beneficial in helping the county to provide are
3 we have two public safety training centers in the county, one
4 in the lower end, one in the Doylestown area that serves as ---
5 and this is --- these training centers are extremely important
6 to helping our first responders conduct training. And I
7 believe the RDA does contribute on behalf of the one, but the
8 county also contributes on behalf of the other.

9 Bucks County Health Improvement Partnership, it's
10 --- it provides insurance to those who cannot get insurance.
11 Again, the RDA contributes to that, as does the county.

12 One of the areas, unfortunately, we see all over,
13 human services. The demand or the need for these services is
14 growing all over. It's just --- it's outpacing anything we
15 could ever have thought of as far as the rate. And this fund
16 is in league with the county to try to fill up some of those
17 holes. Some of the areas --- a lot of people may look at Bucks
18 County and say, well, you really don't have a homeless issue.
19 We do in Bucks County. We really do. There are affluent parts
20 of the county and there are some parts of the county that
21 aren't that affluent, and we do have homeless issues there.

22 We have mental health issues throughout the county
23 that continue to grow and grow and grow. And the more we learn
24 about these issues, the more they continue to grow. So they're
25 issues that we have to deal with.

1 Our Children and Youth Program, as you all know, the
2 increase that's been required of the people working in children
3 and youth as far as due diligence, paperwork and whatnot, and
4 justifiably so, that's just caused an increased cost to the
5 county that these funds are going to help us to fill.

6 Drug and alcohol, with the opioid issue that's going
7 on, I don't think I have to say a lot about that. Those needs
8 continue to increase.

9 And aging, we continue to provide services for our
10 aging population, which in Bucks County is increasing.

11 Bucks County's population is between 625,000 and
12 630,00 individuals, and again, that aging population continues
13 to grow.

14 If this money --- if this local share were to go
15 away, what it would mean for the County of Bucks would be no
16 less than \$40 million a year and you're talking about a
17 two-percent tax increase. It's a half a mill. That does not
18 account for the portion that goes to the RDA.

19 I plead with you, please, as you've heard earlier,
20 this is funding that is extremely important for the county.
21 When you look at our budget, it's a \$400 million budget. \$3.5
22 million, \$3.75 million, oh, that's not a whole lot. It is a
23 lot. Every little bit helps. Every little bit we don't have
24 to pass on to the taxpayers helps them.

25 One of the stories I like to share is, I'm sure you

1 all remember the budget stalemate in 2015, and there was a lot
2 of impact, particularly in the social services area.

3 One of the things the County of Bucks was able to
4 do, we did not curtail, we did not eliminate, we kept those
5 services going. And because of the funding we had, we were
6 able to get through that period. It was close. It was very,
7 very close. We were within a couple million dollars ahead of
8 taking drastic action until late December. And that was the
9 local share over the course of the year that was a big, big
10 part of us being able to weather that storm.

11 So again, I plead with you on behalf of the county,
12 on behalf of the county residents, the commissioners, please,
13 please do not look to cut this local share assessment. Thank
14 you.

15 CHAIRMAN PETRI: We're going to hold questions until
16 the panels are all complete. So Mayor Joe, when you're ready,
17 you may proceed.

18 MAYOR DIGIROLAMO: Thank you, Mr. Petri, Mr.
19 Chairman and all the members of the Oversight Committee. Thank
20 you for having us here today, a very, very important day of
21 testimony for me. I can't think of more important testimony I
22 could give in Bensalem than today other than maybe, as our good
23 friend talked about, drug and alcohol being a major problem.
24 And certainly we always put that first to make sure we can get
25 that in order, and we're trying hard.

1 You know, I just want to --- Gene DiGirolamo, State
2 Representative, gave a little bit of a history lesson. And I'm
3 glad that he did. But he hasn't told you that I'm part of that
4 history. I'm the oldest member around here, so --- I'm even
5 older than Senator Tomlinson, by the way, but we are a great
6 community, a great history. You're all invited here for our
7 325th birthday in October.

8 So having said that, let's talk about how important
9 this revenue is to us. And by the way, I must interrupt myself
10 to thank Parx Casino, Bob Green and all of his people here that
11 have done an incredible job. They have lived up to everything
12 they were going to do. They've done it. And I'm backing into
13 this because when we were doing this with Senator Tomlinson and
14 Gene and they were passing this bill and certainly with Ed
15 Rendell and many meetings with --- we fought for that to make
16 sure that we got this for the hometown, to get that stipend ---
17 it's more than a stipend, to make sure we got that money,
18 because we promised people that were against the casino and
19 against Governor Rendell that we would get money to help the
20 community to do a good job here and actually give money back to
21 our constituents, which we have done every year since 206.

22 Now, having said that, the most important thing that
23 we have here in Bensalem is our police force, our fire, EMS,
24 without a doubt. As soon as the legislation passed, I
25 immediately put on 19 more policemen. It was a promise to the

1 community that we --- to safeguard this community against any
2 problems that may arise out of the casino being here, all of
3 the things that they told you about, all of the things,
4 prostitution, all the things that never really happened. But
5 that was out there and we wanted to make sure our community was
6 safe and well for our constituents. And we've done that. And
7 that costs us money. That alone is 20 percent of our police
8 budget, when we put on those 19 policemen. And to this day,
9 they --- they're here all the time, whenever they're needed.
10 Our fire is here, our EMS, and cooperating with this casino.
11 They have done an incredible job.

12 Alone, I've told you that 20 percent comes out to \$5
13 million a year that we're putting into our police. We hired
14 full-time firemen. We have --- we had to do that because we
15 figured with the casino here, which is more people here, more
16 things going on, daytime firemen, as Mr. Farry, as a
17 representative will tell you, they're just not around during
18 the day anymore. It's just because they're working. So we put
19 on a full-time fire --- daytime, just daytime. And the
20 volunteers do an incredible job of filling in for the rest of
21 that. But that alone costs us well over a million dollars.

22 We get back and we've given back every year to our
23 homeowner grant. We were getting it back. This year we'll get
24 back \$3 million out of that money, goes directly back to our
25 constituents.

1 The debt that we incurred --- we've put on like over
2 20 percent of our police force, caused us to increase our
3 department structurally. We had to spend money on that. And
4 that was not just for that, but for the paid firemen.

5 So in all of this, when we come up there, we have
6 spent well over \$10 million. And I --- you have in front of
7 you the numbers. It adds up to about \$12 million that we feel
8 as though we put into it. So we're paying \$2 million more.
9 Our people deserve that. That's a service they deserve and we
10 continue to do that.

11 If --- if, God forbid, that is ever taken away from
12 us, we would have to lay off those policemen. We would have to
13 lay off supporting staff. We'd have to do everything humanly
14 possible to get that down, because we'd never be able to raise
15 the tax rate on our constituents here. We wouldn't be able to
16 do it to make up for that.

17 And by the way, as we went along through the years
18 here, I didn't raise taxes for 22 years, until this past year.
19 And this was a big part of it that helped us do that. And
20 through those years I laid off --- in the last four years I've
21 laid off 19 people out of other services, not the police. I
22 vow I will never take a policeman off of that. I will never
23 lay off them or supporting staff. They are the most important
24 thing we have going on here.

25 And all of you know where you're located. And most

1 of you I'm sure have been to Bensalem before. You have the
2 turnpike, I-95 --- there are two rails going through us, major
3 state highways. We're in the middle of everything. The City
4 of Philadelphia borders us on our south. North of us you see
5 Trenton and New York. It all goes through here.

6 During the day we have approximately between 200,000
7 and 250,000 people in Bensalem. It's an incredible job that
8 they've done here, and I hope, I hope that this committee can
9 recommend not to ever cut any of this that we're receiving from
10 the Parx Casino. And Parx Casino has been an incredible
11 partner to us. I can't tell you --- they this year have come
12 up and said that they're with the county, that they will come
13 up with the money that we need for this year to get us through
14 our budget. So Parx Casino has done an incredible job.

15 I thank you. If there's any questions, I'd be glad
16 to ask --- answer them. At a later date, anything we can
17 provide you for, if we have the information I'll be glad to
18 share it with you. Thank you for having me. And thank you to
19 the committee today. Thank you.

20 CHAIRMAN PETRI: Thank you, Mayor.

21 Next we'll hear from Robert White, who's the
22 Executive Director of the Redevelopment Authority for the
23 County of Bucks. Thank you for being here, Rob.

24 MR. WHITE: I thank you for inviting me. I'm going
25 to tell you I've got a little bit of a cold left over, but I

1 didn't want to miss this opportunity to let everybody know how
2 important these local share funds are and what it would mean to
3 have an end to them.

4 I'm the Director of the Redevelopment Authority of
5 the County of Bucks, and we're tasked with actually taking in
6 applications, assessing them and approving grant applications
7 to the contiguous municipalities to help them to update
8 intersections and look out for any of the impacts.

9 As you know, when this thing started off, people
10 thought that there were going to be a lot of impacts, and they
11 looked for things and really probably for reasons to not have
12 gaming. But it turns out that, thanks to the foresight of
13 people like Senator Tomlinson and Representative DiGirolamo, I
14 can sit here and say without a doubt that the local share
15 assessment funding for the contiguous municipalities has taken
16 and lessened these impacts to those communities.

17 At the beginning there were legitimate concerns.
18 How will this new industry affect the surrounding community and
19 how do we prevent these predicted impacts or soften them. Many
20 talking heads, opponents to gaming, predicted serious impacts,
21 expected higher crime rates, more traffic on our highways, more
22 accidents to investigate, antiquated intersections, the need to
23 update the fire and police equipment, improve facilities for
24 our volunteer emergency service personnel, emergency responder
25 radios and updated maintenance of public works equipment, just

1 to name a few.

2 Now, it's important to point out that all of the
3 dire warnings never really came true. However, it is my belief
4 that they never came true because the community surrounding the
5 gaming facility could avail themselves of the local share
6 assessment grant and prepare for and address any potential
7 impact. They do that each year by prioritizing the expected
8 impacts and submitting a grant application to my authority.
9 The board and I and the staff review them, and my board
10 actually awards those grants.

11 These grants are provided --- these grants provide
12 the necessary funding for these communities to fully equip
13 police radio and emergency response vehicles with updated
14 equipment so they can better serve the community.

15 We updated the fire --- fire training school to
16 provide the best training for our local firefighters, new
17 emergency responder radios mandated by the Federal Government
18 for better communication, upgrades to the intersections, which
19 you know, forever have been --- in Bucks County it's hard to
20 make a left, it's hard to make a right, so they were able to
21 find funds to do that, to update these intersections and make
22 them more of a pass-through. Updating, upgrading all the fire
23 and police facilities.

24 Some of the impacts are not as bad as many had
25 originally thought, but a lot of that, like we said, is because

1 money is available for these communities that are contiguous.
2 And you know, you can go on and on and on and on, but we're
3 representing a contiguous municipality that is where the blue
4 collar people work and where they live in Bucks County and
5 represents --- really, if you look at Bucks County, you take
6 this away, it will flip over, because we're holding it down,
7 you know, keeping it right side up.

8 And these grants are necessary if we're to continue
9 to keep up, have better, better equipment, better trained
10 personnel. You know, this is all --- you know, is all the work
11 done? No, it's not done. Will it never be done? Probably not
12 because we're going to have updates all the time. It's not
13 going to be --- police radios, they were replaced a decade and
14 a half ago and now they're replaced again. These are all costs
15 that fall on these communities that are the highest taxed
16 communities in Bucks County for the most part.

17 They're safer today because of this money and I
18 would urge that this committee would do everything they can in
19 their power to ensure that these funds continue to come to the
20 County of Bucks, which gets half of that two percent. And the
21 other half, or one percent of that, goes out to these six
22 municipalities that are actually contiguous. I thank you for
23 the time to testify today.

24 CHAIRMAN DIGIROLAMO: Thank you, Mr. White. Next
25 we'll hear from our colleague Frank Farry, who's wearing his

1 other hat today as Fire Chief of Middletown Fire Company. Mr.
2 Farry, the mic is yours, as they say.

3 REPRESENTATIVE FARRY: Thank you. It's nice to be
4 on this side of the table, actually.

5 PANEL MEMBER: We have some questions for you.

6 REPRESENTATIVE FARRY: I'm sure you do. Just go
7 easy on me.

8 So as --- as I'm sure the committee knows, a
9 longtime volunteer firefighter and Fire Chief of a neighboring
10 community. But prior to being elected I actually worked for
11 the municipal government here. I worked as the Assistant
12 Township Manager and Acting Township Manager for Middletown
13 Township, which is a community of 47,000 residents just to the
14 north of Bensalem. So I actually have firsthand experience in
15 applying for the local share grants.

16 We heard the Mayor testify about the host community
17 funds. We heard Mr. Hessenthaler testify about the money that
18 comes to the county. And a third component is the money that
19 Bob White was just speaking to, which is to the contiguous
20 communities.

21 Middletown is a contiguous community of Bensalem.
22 And over the many years I've made applications for many, many
23 different projects. The process is Middletown would actually
24 have all of their member agencies, EMS, fire and then their
25 internal departments like law enforcement and public works,

1 actually provide a list to the Board of Supervisors, who would
2 then whittle down that list. That list would then be submitted
3 to the RDA, the Redevelopment Authority. We'd have a day of
4 presentations, and then the RDA Board would actually decide
5 what projects from what communities would be approved. So I
6 think it's important for the committee and all our colleagues
7 in Harrisburg to know this isn't some willy-nilly setup. This
8 isn't like Williams used to be, which predated me in
9 Harrisburg. There --- there is actually a formal process for
10 deciding what projects get approved.

11 Over the last ten years --- and these are just rough
12 numbers --- across these contiguous communities and regionally
13 --- I think that's another important component --- some of this
14 is done regionally. Just like, although we may have fire
15 boundaries and fire districts and jurisdictions, when a
16 building is on fire, there's mutual agreements and neighboring
17 fire departments respond.

18 The tower truck you saw out here is actually from my
19 department. It was a slightly over a million-dollar project.
20 \$400,000 of the cost of that truck were actually funded by the
21 RDA through a contiguous grant to our township, which purchased
22 the truck. Would Middletown Township have been able to
23 purchase that truck? Probably not. We would have maybe had to
24 hold off for several years. That truck has a lifespan of 20 to
25 25 years. That's not a vehicle that's going to be replaced

1 every five to ten years. It has a tremendously long lifespan.

2 And although it's not first due on the casino, if
3 there's a major incident in the casino, it will be here
4 probably second alarm or not long after. Or when there's been
5 other major incidents in Bensalem, that truck has actually
6 relocated to cover the rest of Bensalem. So while Bensalem
7 companies are tied up on a major incident, that truck has sat
8 in Bensalem Station, ready to provide the service that the
9 Bensalem trucks would normally provide. And we do that across
10 the board throughout all their departments and it's probably
11 similar in your home communities.

12 So over the course of these ten years, roughly \$5
13 million has been spent on police vehicles, equipment and
14 various resources across these contiguous communities. Roughly
15 \$4.4 million has been spent for fire departments. And again,
16 this also includes station upgrades, equipment, apparatus.

17 We've spent over \$2 million --- the RDA has spent
18 over \$2 million on EMS services. And we all know the struggle
19 that our EMS providers are facing. And I think --- not to
20 speak for the Mayor, but I believe you actually added it ---
21 through your local share, you actually added an additional
22 shift for your EMS to cover the busy times down here.

23 Over 600 --- excuse me, over \$6 million has been
24 spent on joint public safety. We have a public safety training
25 center here in Lower Bucks that covers all disciplines. Some

1 of that money has been funded through the RDA. And then Mr.
2 White touched on the regional radios so that we all can
3 communicate with each other. And that's included in those
4 figures.

5 \$3 million --- almost \$3 million has been spent on
6 quality of life programs. There's been almost \$9 million
7 granted on transportation improvements, traffic signals,
8 roadways and the like. And then there's roughly \$4 million
9 that's been spent on municipal operations for each of the
10 townships.

11 Now, those numbers may seem large as you're hearing
12 them, \$5 million and \$4 million. Remember, those numbers are
13 over ten years. And those numbers are spread either regionally
14 or across six communities, six townships, that are outside of
15 Bensalem. So if you start whittling down, those numbers aren't
16 as large as they appear, but I can tell you they provide a very
17 vital resource to our first responders and the operation of our
18 government.

19 We talked about the process. And you know, can we
20 quantify if there's been --- there's ten more accidents per
21 month, you know, there's this many more EMS calls? You may be
22 able to quantify some of it, but you're not going to be able to
23 fully quantify it. I can't say that the accident that happens
24 on Route 1 in Middletown --- we're not interviewing that
25 driver, saying where were you going or where were you coming

1 from. Oh, I was going to Parx Casino or I was coming from Parx
2 Casino. But that is an additional run for police, fire and EMS
3 within Middletown Township. So that's why the contiguous
4 community part is also a very important part.

5 And the final thing I'll close on, and this is
6 something that --- that is missed quite often as we govern in
7 Harrisburg, it's not always about the call volumes. It's not
8 always about the big incident. It's very similar to our
9 military. It's about a state of readiness because one day that
10 major incident will happen. One day the resources will be
11 needed. They may not have been needed today, they may not have
12 been needed last week, but there will be a time where those
13 resources are needed and ensuring that our first responders and
14 our local governments have the resources they need to handle
15 that major incident is an important part of delivering our
16 services and governing. And that state of readiness is part of
17 what these grants have funded.

18 So I thank you for the opportunity to be here, and I
19 think you're going to open up for questions to the committee,
20 the panel.

21 CHAIRMAN PETRI: Questions from members? I see you
22 grabbed the mic?

23 REPRESENTATIVE NEILSON: I grabbed the mic, Mr.
24 Chairman. Thank you, gentlemen, for your testimony. No need,
25 Frank. I don't need ---. Yeah, the Mayor, I was wondering if,

1 while we're on the record, if you wanted to correct your nephew
2 about the kite incident that he thinks happened in Bensalem?
3 Because we know that happened in northeast Philadelphia, right
4 down the road, where I live.

5 MAYOR DIGIROLAMO: Ben Franklin, he died this past
6 week. Didn't you know that?

7 REPRESENTATIVE NEILSON: Yes, he did. Yes, he did.

8 MAYOR DIGIROLAMO: He did, I'm serious, the actor
9 who played him. I can qualify that. And actually I chaired
10 the Tricentennial before I was Mayor, our 300th birthday, and
11 we actually had a cutout of Ben Franklin with a kite up top
12 with every so far how much money we were raising. And the City
13 of Philadelphia went crazy. They said you can't do that.

14 Well, to be perfectly honest with you, nobody can
15 prove where he flew the kite. Gene was exactly right.
16 Franklin would go out many, many times up there. As I said,
17 I'm the senior member around here, and I actually remember the
18 key. I think we have that key that ---.

19 REPRESENTATIVE NEILSON: You took the wind out of my
20 kite. But for the record, and this has been something I ask
21 all our panelists as we travel and we talk about local share,
22 being a partner, you spoke about how good Parx is to you and
23 the partnership and we saw the law change and what the Supreme
24 Court ruled. Are they still providing you with local share or
25 have they held back their payment?

1 MAYOR DIGIROLAMO: I think --- I thought I said
2 that.

3 REPRESENTATIVE NEILSON: I just want to make
4 sure ---

5 MAYOR DIGIROLAMO: Yes, absolutely.

6 REPRESENTATIVE NEILSON: --- that's pulled out
7 because some have it, and I want to make certain that the
8 community knows that they are a partner and they don't care
9 what that law says, they're going to keep on supplying the
10 community ---.

11 MAYOR DIGIROLAMO: Well, from your lips to God's
12 ears that they keep that, but they have certainly said that
13 they're now, you know, depending on the legislature. But they
14 have been incredible partners. We couldn't do it without them,
15 honestly.

16 REPRESENTATIVE NEILSON: Thank you, Mr. Chairman.
17 That's all I have.

18 CHAIRMAN PETRI: Representative Santora?

19 REPRESENTATIVE SANTORA: Thank you all for
20 testifying. Again, it's a shame that everybody couldn't play
21 well in the sandbox. I know Parx has with the local share.
22 And I'm sure the ones who didn't thought everybody was going to
23 jump onboard with them. And it's nice to hear that a lot of
24 our local casinos, including Parx and Harrah's back home in
25 Delaware County, have continued that effort.

1 So you've got my commitment that I'm going to do
2 whatever I can. And I know our Chairman is very interested in
3 getting this local share corrected as well. We --- we're going
4 to work on your behalf to make sure that that happens.

5 We --- we've got to --- we got to make it happen.
6 We've got to make it, unfortunately, float to the Supreme
7 Court. And as soon as we do, we're going to make that effort
8 quickly and try to get it done as soon as possible.

9 Great to hear from you, Representative, on all the
10 good things that the community is receiving form this local
11 share. It is so important. And in fact, in my county it does
12 go into the General Fund. And fortunately, for the last three
13 years the county has not had to raise taxes.

14 The City of Chester, if not the poorest city in the
15 Commonwealth, receives a major portion of their budget from and
16 a portion that they actually receive. They get that money in
17 from the casino, where a lot of their property tax people
18 aren't --- don't pay. So they're sitting there with a big
19 balance sheet and it's not helping. But Harrah's steps up.
20 Parx continually steps up.

21 So it's --- it's good to hear. Again, we'll work on
22 getting that local share corrected as fast as possible. Thank
23 you.

24 CHAIRMAN PETRI: Representative?

25 REPRESENTATIVE KAVULICH: Thank you, Mr. Chairman.

1 Gentlemen, thank you very much for your testimony. Some of our
2 fellow legislators are talking about revising a law which would
3 spread out some of these local share payments and these local
4 share allotments more across the state rather than just the
5 simple areas where the casinos are located in the contiguous
6 counties.

7 I know how I feel about that, but would any of you
8 care to comment on how this would affect you if these numbers
9 are cannibalized by spreading it out over a wider area rather
10 than just the areas that they are currently distributed, these
11 local share monies?

12 REPRESENTATIVE FARRY: Sid, I'll be happy to
13 comment. This is me wearing multiple hats. Because,
14 obviously, I hear those same --- same arguments in Harrisburg.
15 And you know, I believe the Senator alluded to the amount of
16 money that these casinos are taxed and how that money is spread
17 across the Commonwealth to benefit all of the residents. And
18 you know, all we have to do is take a look at Marcellus shale
19 and how much money is staying local there. You know, I mean,
20 if it would need to be applied across the board, then it needs
21 to be applied to everybody, which I don't think the Marcellus
22 shale folks that may want some of their casino money would, you
23 know, in their communities ---.

24 I can tell --- I can tell you the impact. As a
25 first responder, as somebody that's on --- on these fire runs,

1 I know the difference of --- of the benefit we have from those
2 local impacts. And remember, it's local impacts. I mean ---
3 and that's --- I know where you are, but I'm just saying that's
4 what our colleagues need to understand. It's the --- the local
5 impacts. And as we struggle to --- to you know, keep our EMS
6 afloat and as we struggle to keep the morale high in our police
7 departments and we struggle to keep our volunteer fire service
8 alive and well --- you heard the Mayor testify that they had to
9 have a paid engine down here during the day to ensure that they
10 can get out the door and handle the response volumes --- it
11 would be that much harder in our communities to be able to
12 continue doing what we're doing without that local share. And
13 I think that makes a tremendous difference.

14 We've been blessed that there was a casino --- or
15 there was a racetrack here that now has evolved into a casino
16 location as well. So we've been blessed by that. But there
17 are absolutely impacts going on here that we need to be
18 covered, no different than, I'm sure, our colleagues from the
19 Marcellus shale regions would be saying the same --- the same
20 thing.

21 So I mean, that's my comment on it. I think we're
22 like-minded on that issue. But I'd be happy if any of the rest
23 of the panel would like to comment on that as well.

24 MAYOR DIGIROLAMO: I just --- thanks,
25 Representative. Absolutely the casino is taxed enough right

1 now. There's no question across the state. And people are
2 getting that benefit already from the casino, Parx Casino being
3 number one in the State of Pennsylvania. They're already
4 getting that. And to say tax them more or cut --- I don't know
5 --- we need that revenue. So I love the rest of my
6 Pennsylvanians, but I want to keep it here.

7 REPRESENTATIVE KAVULICH: Thank you.

8 CHAIRMAN PETRI: Representative Pashinski? Oh, did
9 you want to ---?

10 MAYOR DIGIROLAMO: I'm sorry. Thank you. I'm just
11 very --- I'll make it real short. I can't reiterate enough
12 what these two gentlemen just said. It would be --- it would
13 harm the county and the county's residents very much so if that
14 percentage would be cut.

15 MR. WHITE: I have something to add to that. We
16 don't just get grant applications for \$3.5 million that we have
17 to give out. We give \$7 million and \$8 million worth of
18 impacts that are in these communities, and some of them don't
19 get taken care of.

20 REPRESENTATIVE PASHINSKI: Thank you, Mr. Chairman.
21 Mohegan Sun has also done their job just like Parx and they've
22 continued to provide the onus of the money, which is very
23 important for our local communities. I agree with you totally.

24 But what a lot of our colleagues are looking at is
25 the distribution of the money that should be spread out

1 throughout the entire state. And I think it's really
2 imperative for all of us to make sure that the people of our
3 communities understand that for the last eight years that the
4 casino industry has been in place every single property owner
5 has received not a check in the mail but a reduction on their
6 property tax. And most people still don't understand that.
7 They don't look at their tax bill and as a result they say I
8 thought --- I thought the casino industry was going to
9 eliminate our property taxes. That also is false. So we want
10 to make sure that we clear the record.

11 The casino industry has provided us a tremendous
12 amount of opportunity for not only the host communities but
13 throughout the State of Pennsylvania. It is working and has
14 been working, and I want to make sure we emphasize that point.
15 Thank you, Mr. Chair.

16 CHAIRMAN PETRI: Representative Wheeling?

17 REPRESENTATIVE WHEELING: Thank you very much for
18 your testimony and also hosting us down here in the flatlands.
19 You know, we're --- up in Williamsport we're called ridge
20 runners. We call you folks flatlanders.

21 But being in the --- from the northern part of
22 Pennsylvania, the similarities between the Marcellus shale and
23 the impact fee and, of course, casino and the local share all
24 --- boy, a lot of similarities. And so that's why we get antsy
25 when there's talk of a severance tax, because as well as losing

1 the local share would affect your communities, losing the
2 impact fee up in our neck of the woods would really impact our
3 --- our communities. So it's almost like, you know, just
4 change some words around and it's the same testimony whether
5 you're talking about natural gas or the casinos. So I just
6 wanted to point that out. Thank you. Thank you, Mr. Chairman.

7 CHAIRMAN PETRI: Senator Tomlinson?

8 SENATOR TOMLINSON: Yeah. When we originally did
9 this it was to --- it was not universally welcomed when we
10 proposed this casino in Bensalem. The Mayor and I and Gene
11 took a lot of criticism that it will ruin our neighborhood,
12 crime's going to increase, there's going to be all kinds of bad
13 things happening in Bensalem, property values will decrease.
14 Of course, none of those things happened, as the Mayor did
15 testify.

16 But as part of what we thought was important to our
17 community is to make sure that we mitigated any of these
18 potential problems, and that's how we came up with the local
19 share or, as you might call it, the --- you know, an impact
20 fee. So it was for more police, it was for more fire. And
21 when you look at the fire truck, it --- you see now how big of
22 a facility this is with these two buildings. Our local fire
23 companies probably couldn't handle this thing if this went into
24 a full blaze. We need those other fire companies from those
25 other communities to back us up. We need police departments

1 from the neighboring communities to back us up if something big
2 happens at this facility.

3 So this was meant to be an impact fee. This was
4 meant to mitigate any negative things that could happen in the
5 community because many of the citizens thought I was crazy and
6 the Mayor was crazy and Gene was crazy to bring this casino,
7 but --- just a real short story. The reason that I fought so
8 hard for this is all our residents are going to New Jersey to
9 spend all their gaming money. We would have five buses a day
10 leave at Dunkin' Donuts on Street Road to go gamble down in New
11 Jersey. Bensalem residents and Lower Bucks County residents
12 already decided they were going to gamble, and they were. And
13 they were gambling millions and millions of Pennsylvania
14 dollars.

15 Now, all I want to do is recover that. But we were
16 actually more successful than just recovering the Pennsylvania
17 dollars. We captured a lot of New Jersey dollars in the
18 western part of New Jersey. We have captured a lot. Between
19 Sands and here, SugarHouse and Harrah's, we captured a lot of
20 that. And I know that New Jersey is not happy about that, but
21 we've brought those dollars back.

22 And just another reason that I thought that this
23 local share --- or this local impact fee would be important, I
24 was a member of the School Board when this was just a
25 racetrack. And the previous owners, we got no overshare. The

1 City of Philadelphia School District got one percent of the
2 hand, but we got nothing.

3 The casino --- the racetrack was in my district, I'm
4 on the School Board, and Philadelphia was getting the money.
5 Of course, I mean, isn't that always the way ---?

6 But anyway, I vowed --- I vowed as a School Board
7 member, if we ever get something going in this area, this
8 community is going to get some of that money for the impact
9 here and, of course, the property taxes that are paid here by
10 this space. Our school district gets \$8 million in property
11 taxes, \$8 million. They went from a million dollars a year to
12 \$8 million a year in property taxes for the school system, but
13 of course, the township gets a little over \$10 million a year,
14 you know, for their services.

15 So one of the reasons that I think local impact is
16 important, local share is important, is --- and it was set up
17 before and I wasn't around. We didn't get it. The School
18 District of Philadelphia got it. So we want to make sure we
19 get it. Thank you very much.

20 CHAIRMAN PETRI: Okay.

21 PANEL MEMBER: We hear a lot about property tax and
22 property tax relief, but I think Representative Pashinski said
23 --- talked about that your property taxes didn't go up. And I
24 think, Mayor, you talked about how property taxes didn't go up,
25 because we don't see a line item on our property taxes saying,

1 hey, look, there's your share.

2 Can you try and explain how you're able to hold
3 those taxes back because of this money? Because I think that
4 the person --- people don't get it, but this held it back from
5 you raising it. But if you didn't have this money, those taxes
6 would have went up. And if you can, maybe project how much
7 that would have went.

8 MAYOR DIGIROLAMO: Well, being fiscally responsible,
9 we had to make sure we didn't raise --- I'm a retired
10 businessman, so I understand that. And we were able to do that
11 by first making sure before the casino got here in 2006 that
12 --- I came in office in 1994. So it was a long time ago. So
13 we held the line on that.

14 When the casino came in, part of this money was used
15 and has carried us through to last since 2006. And we finally
16 came to a point after laying off as many people as I could
17 without having --- not having departments, this money has
18 carried through there. But we came to a point of no return, so
19 last year we had to raise taxes because of everything going on.
20 I mean, our police department is second to none. We were just
21 internationally accredited. So it's all about the police.
22 Actually, if you really want to know, they are a big part of
23 our debt. So we were able to do that for many years by just
24 cutting and let the money come in from the casino and giving
25 back from our constituents. We were able to fulfill our

1 promises, as Senator knows and Gene knows, that we made to our
2 constituents here to allow us to bring a casino.

3 We went through hell. We went through hell for a
4 year-and-a-half before --- just going through the legislation
5 that we were --- you know, we were selling the town down the
6 drain, look what you're doing. You don't have any idea. That
7 was very difficult for all of us because we're all from
8 Bensalem. We know everybody. So that was very difficult.

9 And I would think by preventing --- as you heard my
10 colleagues up here say, by preventing what could have been the
11 worst things that could have happened, by doing it and spending
12 the money we did we were able to sustain the quality of life
13 that we have here in Bensalem. And we'll continue to do that.
14 Without this money that we get, believe me, believe me, I've
15 got nowhere to go. It's cut police. That's it. And I've
16 vowed never to do that.

17 So I don't know how we make that up, I really don't,
18 in God's name. We would be incredibly troubled, the share that
19 we get. I don't know how else to express it to you other than
20 come into the office and see what goes on here every day and
21 you'll know that we need this money. And you heard the rest of
22 the people here testifying how important it is. It's just ---
23 I wish I could tell you in a better way. I can't articulate it
24 enough to --- other than if you come with me and try to
25 understand. I offer this to you, everything that's needed or

1 --- in the future, testify or numbers, whatever you need to do,
2 we're willing to give that to you.

3 REPRESENTATIVE FARRY: And if I can follow up, on
4 behalf of the contiguous communities, which I represent several
5 of them as a State Representative, they will be faced with
6 several choices. If they're buying a new police car, they'd
7 have to factor that into their budget in one form or another,
8 which obviously they do, but they would have a choice of raise
9 taxes to buy that new police car, keep driving the dilapidated
10 one, which probably should be put out of service. You know,
11 they're really faced with several challenges, especially when
12 it comes to new equipment.

13 The training we're getting at the public safety
14 centers are a regional aspect which the county would have to
15 fund. So it affects both the county and the contiguous
16 municipalities as well because this infused money in there to
17 replace older equipment, which is outdated, which may not have
18 the latest safety standards.

19 I mean, that fire truck has rollover airbags in it.
20 Our ladder truck that it replaced certainly didn't. If that
21 fire truck got broadsided and the water weight sits high, it
22 rolls over, those firefighters are in much greater danger.
23 We're in a much safer position riding in that truck that you
24 saw here today. So the contiguous municipalities are in a very
25 similar situation to what the Mayor said and, you know, gave

1 him the opportunity to replace outdated equipment.

2 Some of those intersections would have never gotten
3 improved. Some of those traffic signals would have never
4 gotten modernized and replaced, which improves traffic flow.
5 So without that --- those impact fees to those things, either
6 we would have to raise taxes to pay for them or they wouldn't
7 have happened, one of those two things, without the local
8 share.

9 CHAIRMAN PETRI: Thank you, gentlemen, for your
10 testimony.

11 MAYOR DIGIROLAMO: Just one more thing. And if you
12 read this it will tell you more, but the impact on your roads
13 and the intersections that we had to improve, it was all part
14 of this to make sure that we had it safe not just for our
15 people but the people coming in and out for the casino. So
16 thank you.

17 CHAIRMAN PETRI: We're going to move next to our
18 next panelists, Tony Ricci, Chief Executive Officer, Greenwood
19 Racing.

20 And thank you, gentlemen, for your testimony.

21 For the audience's benefit, Dom Costa, a
22 Representative, has joined us.

23 Tony, Bob, welcome.

24 MR. RICCI: Good afternoon. Thank you for this
25 opportunity. We really appreciate the opportunity to share our

1 perspectives on what clearly is an unqualified success story
2 here, Parx and actually the gaming industry within the State of
3 Pennsylvania.

4 We've seen testimony so far about the many benefits
5 that our existence and our expansion of gaming has provided
6 both to the community in Bensalem but in the contiguous
7 communities also. We're very proud of that.

8 And we're also very proud of our reputation. I
9 think you've seen today how highly regarded we are in the
10 community. Bob spoke earlier about our credibility. It's
11 something that we take very seriously. When we come before you
12 today, we come in a way to try to help you in your
13 deliberations to make a good decision. We know that your goal
14 is to do what's best for the Commonwealth. And we'd like to
15 help you with that today.

16 You're getting bits of information from people
17 outside the state that tell you that there's opportunity to
18 increase what is already a tremendous success story. And we'd
19 like to give you all the facts so that you can make a better
20 informed decision and one that doesn't have negative unintended
21 consequences which can happen when you make decisions without
22 all the information. So thank you very much. Now I'd like to
23 give my comments.

24 The first thing I'd like to mention is that we
25 employ 2,500 people. About 1,200 of those are full time. And

1 more than 80 percent of the employees here are Pennsylvania
2 residents.

3 As you heard previously, our team, which is led by
4 our superb Director of Community Development and Diversity, Mr.
5 Ron Davis, is tightly woven into the fabric of this wonderful
6 community. And the casino gaming has produced substantial
7 benefits to our surrounding business and it's also saved the
8 racing industry. And Sal DeBunda, the president of our
9 Horsemen's Association, will be commenting on that following my
10 comments.

11 Our state, as you've heard, currently generated more
12 tax revenue from casino gaming than any state in the country,
13 and it's by a wide margin. And that's due in large part to the
14 tax rate. We've heard about that earlier. On slots, when you
15 include the costs to the Gaming Board, which are also allocated
16 to us, it comes to over 59 percent.

17 And I mention that with respect to the Gaming Board
18 because many other states don't charge the casinos for the
19 costs of regulation. They're part of the state budget. So
20 when you're doing an apples and apples comparison, it's
21 important to consider that. Bob did mention earlier that I
22 spend a lot of time with numbers, and I hope you can see that
23 in my testimony.

24 We are concerned that initiatives that have been
25 proposed within the legislature that have been supported by

1 outside interests that claim they're going to produce a similar
2 benefit to what they experienced in a lower tax jurisdiction,
3 what actually happened here in Pennsylvania, adversely impact
4 our casino industry. This isn't possible given the large
5 disparity that we have in the tax rates between our state and
6 these other states. And in particular, I'll refer to Illinois
7 and New Jersey.

8 Illinois's tax rate for casinos is bonded, but the
9 weighted average is about 32 percent. Many casinos pay less
10 than 30 percent.

11 In New Jersey the tax rate is nine percent. So when
12 you have operators from those jurisdictions saying things work
13 in those states, they don't mention to you that the casinos are
14 paying a much, much lower tax rate than we're currently paying.
15 We're not complaining. We're not asking for a reduction until
16 we take it. But we know in this environment that's not
17 realistic.

18 We're also troubled that some bills are circulating
19 through Harrisburg in a piecemeal fashion. They ignore the
20 potential adverse impact one bill could potentially have on
21 another. An example of this is the local share assessment.

22 As we stated at our hearing on March 7th, we're very
23 happy to honor our original commitment. We were very equipped
24 to work on a voluntary basis with Mayor Joe to maintain the
25 status quo and assured that they would have the revenues they

1 need to function.

2 However, if an internet gaming bill was passed, if
3 HB 1010 were to be passed, that could have serious negative
4 consequences for all revenue. And it really undermines the
5 whole concept of the local minimum or the impact fee and things
6 like that. We'd have no choice but to reassess our position.

7 It's also our view that internet gaming and slots at
8 taverns can't coexist. There is really no need to place slot
9 machines in bars if everyone's phone or computer is essentially
10 turned into a slot machine already. There's really no need to
11 go to a bar any longer for that amenity because you've got it
12 in your own living room or wherever you are at that moment.

13 Therefore, we really urge you to consider all of
14 these proposed initiatives globally in an omnibus fashion to
15 ensure all the impacts are fully thought through and there are
16 no negative unintended consequences.

17 As we testified on March 7th, we do believe internet
18 gaming legislation will reduce the tax revenue earned by the
19 state. And that's simply due to the large difference in the
20 tax rates. What we've seen is 15 percent proposed for internet
21 gaming versus the 59 percent that I referred to earlier, and
22 really the high likelihood that there's going to be
23 cannibalization of the brick-and-mortar casinos. I wake up
24 every day and I read another story about a retailer who's
25 closing his doors down and it's due to competition from

1 internet retailing. That's a serious matter throughout the
2 state. We know we have Sears, Macy's, Borders, GameStop just
3 announced, everyone is reassessing their brick-and-mortar
4 positions and it's directly attributable to the competition in
5 the retail industry.

6 So the claims that this won't have an adverse impact
7 on our brick-and-mortar business really defy all the evidence
8 to the contrary in the real world today. And I would ask you
9 to seriously consider that with a healthy skepticism,
10 particularly when we're talking about a huge disparity in the
11 tax rate, with four times what's being proposed in the current
12 legislation and that these issues that occurred in the retail
13 sector are when the playing field's level. I mean, there is no
14 tax disparity between the businesses, yet the brick-and-mortar
15 is still losing out. So if the playing field is tilted toward
16 them, we're even more likely to have cannibalization.

17 So I would say to you that, just from a purely
18 numbers standpoint, it's a 25-percent cannibalization factor
19 for the state to even break even. And I really question ---
20 does anybody really think that not more than 25 percent won't
21 come from brick-and-mortar casinos? I'm sure it will, and
22 that's why I --- we go to great pains to point this fact out to
23 you.

24 There's also no protections built into any of the
25 existing legislation that would protect the brick-and-mortars

1 in terms of geographic --- protections, things like that, that
2 just further compounds the problem where we'll end up taking
3 what is a very well thought out system of marketing the gaming
4 product to the consumer and turn it into a dysfunctional
5 distribution system where people are just throwing money at
6 anyone who may say the word casino on their computer, they'll
7 get a pop-up that says sign up and gamble for free.

8 So I think, we're very concerned that not only will
9 this lower the overall level of the brick-and-mortars, but it
10 will just basically create less traffic on the whole and be
11 disruptive to the local share, et cetera. Because then the
12 question is, does the revenue leave Bensalem? Is the \$10
13 million minimum still applicable and realistic? So I would
14 urge you to consider all those factors when you're thinking
15 about gaming.

16 And separately, there's a similar issue with slots
17 at taverns. The Slots at Taverns Bill, HB 1010, offers on all
18 the faces, when you include Gaming Board costs, a 39.5 percent
19 tax rate to the --- for the state. It then lowers our tax rate
20 to what's effectively, when you include Gaming Board costs,
21 about 53-and-a-half percent.

22 When you work the numbers, this is still, at best
23 case, a wash for the state and more likely less revenue for the
24 state. And I will walk you through that. It's in my
25 testimony, but I'd like to walk you through that.

1 And all you have to do is look at the experience in
2 Illinois. I'm not making this up. We spent a lot of time
3 assessing the impact of VGT, slots at taverns, in Illinois, how
4 it impacted the casino industry and where the revenue came
5 from. And what we saw was that, yes, there was \$1.1 million of
6 new revenue --- that should read the word new revenue generated
7 at these slot VGT outlets. However, the casino industry lost
8 20 percent of its revenue. Maybe the State of Illinois was not
9 that concerned about it because net to net it really had the
10 same tax rate. The VGT operators were paid 30 percent. The CO
11 industry was around 32. They apparently were less concerned
12 with the issue of employment, capital investment, at the casino
13 entities, and on a net basis they did generate additional tax
14 revenue, it's undeniable, in Illinois. But that same approach
15 would result in less tax revenue here in Pennsylvania because
16 of the difference in the rates.

17 So when you look at it, if --- if our casino revenue
18 --- and I truly believe our casino revenue here in Pennsylvania
19 would be reduced by more than 19 percent. That's what the
20 casinos in Illinois experienced.

21 I'd like to point out that those casinos are capped.
22 They're nowhere near the quality of the casinos we have here in
23 Pennsylvania. They're capped at 1,200 positions. There isn't
24 a casino in our state that has that --- that few. And that's
25 the maximum you can have in Illinois. Our --- almost 5,000

1 positions here at Parx. So you're talking smaller riverboat
2 casinos, not well distributed throughout the population centers
3 in Illinois. And even they lost 20 percent of their business.

4 I would contend that, you know, just based on the
5 pure difference in slot machines --- we have a third more slot
6 machines than they had when VGT gaming was introduced, that
7 you'd expect more like a 30-percent reduction in revenue at the
8 casinos.

9 Now, I'm presenting numbers that just Illinois
10 experienced. You can make your own decisions on whether you
11 think it's worse. We certainly believe it is. But even if you
12 accept the Illinois numbers, it's no better. And I'll walk you
13 through why.

14 There's about \$2.4 billion of slot revenue in the
15 state last year. If you were to lose 19 percent of that, at 59
16 percent, that's \$269 million.

17 The lower tax rate that's in HB 210 would cost
18 another \$110 million. Separately, the stadium casino project,
19 which we --- we are part of that as a joint venture partner
20 with Cordish Companies, would no longer be liable if HB 1010
21 would pass. It really would make no sense to put a --- to
22 spend over \$600 million on a casino in south Philadelphia when
23 every bar in the area has slot machines. It just --- it would
24 lose its feasibility.

25 All told then, we've got \$490 million of lost

1 revenue before you even start with VGTs. If you applied the
2 same methodology that Illinois experienced, yes, you could see
3 that there's probably 1.2 --- one and a quarter billion dollars
4 of revenue out there, at these taverns. No more than even the
5 1.1 that was realized in Illinois. So we're trying to be
6 honest with this assessment.

7 With that, at 39-and-a-half percent you get \$496
8 million. For all that effort we generate an extra \$6 million.
9 And that's if you believe the impact will only be of what was
10 impacted in Illinois. We are certain it's going to be worse.
11 And we're fearful that it will be worse. And in that regard,
12 you're looking at a --- actually less revenue for the state.
13 And that's before you get into the issues of job creation, job
14 losses, investment losses, et cetera.

15 So our view towards our industry is better
16 developed, has more slot machines, better serves the population
17 centers of this state. You're actually going to see
18 significant net loss in gaming revenue if HB 1010 were to pass.

19 One interesting point we'd like to note is that in
20 assessing all the data in Illinois we noted that within 25
21 miles of the casino the market barely grew. We were able to go
22 through all of the locations where slot machines exist in
23 Illinois and separate whether they're within 25 miles or
24 outside of 25 miles of the casino.

25 About 52 percent of the revenue from VGT at taverns

1 was done beyond 25 miles of a casino. Within 25 miles of a
2 casino the overall market, when you factor in the
3 cannibalization at the casino and the new business in the VGT
4 areas, only grew five percent in 2012 to 2016.

5 You don't have to take my word for this. Part of my
6 testimony that was submitted, the Illinois Commission on
7 Government Forecasting and Accountability, and I can refer you
8 to page 45 in their 2016 report on wagering in Illinois, and
9 I'll quote an excerpt from that, the inclusion of video gaming
10 in the Chicago area has only slightly increased the amount of
11 gaming dollars in the region. With an average annual growth in
12 gaming of only one-and-a-half percent per year, thus far it
13 appears that video gaming has simply reshuffled the deck chairs
14 and redistributed casino revenues to the numerous gaming venues
15 that now exist in the region.

16 It's clear that our state will not be able to
17 increase its revenue for gaming taxes if you're going to trade
18 59 cents for 39 cents. The math doesn't work. Even in
19 Illinois they acknowledged there's really no benefit when
20 you're within 25 miles of a casino, but there was some benefit
21 as you went down the state.

22 Over to the loss of this gaming tax revenue, we
23 point out that the state could lose the benefit of the \$75
24 million stadium casino license fee that we expect to be paying
25 very soon, along with the 5,000 construction jobs and the \$600

1 million of economic benefit that will --- from the construction
2 of the facility in the development phase.

3 Furthermore, we're certain that the state would lose
4 more than 4,000 jobs and the racing industry would be
5 devastated in the proces. Because remember, a lot of this
6 money goes directly towards horses for racing operations.

7 I would have to point out that the local share issue
8 would be totally disrupted since most casinos who have agreed
9 to maintain the status quo will now see a major reduction in
10 their revenue sources and that they have to be reassessed and
11 rediscussed.

12 And lastly, I'd like to point out that it will take
13 several years to develop this VGT network. In Illinois,
14 legislation was passed in 2009. However, the first locations
15 didn't open until late 2012. And after that, the four-year
16 rollout through 2016 generated \$121 million in year one, \$485
17 million in year two, \$805 million in year three, and just over
18 a billion in the Illinois fiscal year, which runs through the
19 end of June in year four.

20 This obviously is not going to correct a current
21 budget deficit issue. And as I mentioned earlier, the
22 comparable tax rates of 53-and-a-half percent to the casino,
23 39-and-a-half percent to the VGT operators.

24 It's reasonable for us to question why the state
25 would even accept less money for the same product that's being

1 offered to consumers, particularly when the casino industry has
2 contributed the following. We produce over \$1.4 billion of tax
3 revenue to the state, more than any other state in the country
4 by far. We've paid more than \$750 million of upfront license
5 fees. We've invested more than \$6 billion in facilities and
6 equipment. We directly employed more than 18,000 people.
7 We've worked with our local communities, as we've seen today,
8 to spur economic development. We've saved our racing industry.
9 And we conduct our business with great integrity and a
10 commitment to responsible gaming and compliance.

11 I would like to point out that we're --- we're part
12 of the Bank Secrecy Act. We spend a tremendous amount of our
13 time working on money laundering issues and things like that,
14 under the oversight of Department of Treasury.

15 And I don't know how that would work when you're
16 talking about slots at taverns, but we've spent a lot of time
17 on compliance, responsible gaming, regulation, and to me
18 they're two completely different approaches, yet this group is
19 paying a lower tax rate. We have all this infrastructure, all
20 this effort, and somehow they would get a lower rate than us.

21 Any --- and HB 1010 requires the operators of the
22 taverns to pay only nominal upfront fees. It won't create the
23 jobs, an investment of any significance. And even worse, as
24 you've seen in Illinois, a devastating impact on the casino
25 industry will result and that loss of jobs, capital investment,

1 will put our racing industry in peril. So not only will all
2 these benefits that we talked about earlier be significantly
3 diminished, but the Commonwealth will end up getting less
4 money.

5 So I struggle to understand the rationale for the
6 state to structure an industry so that the casinos, who created
7 all this job --- all these jobs, have a significant investment,
8 have a much higher cost structure, would retain only
9 46-and-a-half percent of the revenue while route operators,
10 tavern owners, with relatively no upfront costs and have a much
11 lower cost structure, would be able to keep 60 percent. It
12 doesn't make any business sense and I think the state is losing
13 in this trade.

14 But we do think, as I mentioned earlier, there is
15 some opportunity here. We know that the state is looking for
16 money to help close the budget deficit. We're trying to find
17 an approach that would accomplish that goal, but at the same
18 time not hurt the casino industry, that would create jobs and
19 still follow all the original guidelines that were established
20 in the original legislation that has been so successful to
21 date, which include things like compliance.

22 And as we looked at it, as I mentioned earlier, we
23 saw that there was an amount of business generated in Illinois,
24 well over \$500 million, at taverns that were more than 25 miles
25 from the casino. So we took a look at the relative population

1 bases in Illinois and in Pennsylvania, noted that the
2 populations were about the same. There are about 12.8 million
3 people in both states and that there are about 3.7 million
4 people in Illinois who live more than 25 miles from the casino.
5 That's about 4.3 million, 4.4 million here in Pennsylvania. So
6 there are some similarities and it led us to think that, you
7 know, there might be something here that could create more
8 revenue, more jobs, maybe even spread local share around
9 throughout the state to communities that aren't presently
10 benefiting or even being served by the casinos.

11 So we thought about it and, you know, what came to
12 mind was something very similar to what the racing industry did
13 with off-track betting locations, and it worked very
14 successfully. And if we have something like satellite casinos
15 that were beyond 25 miles of any casino and no closer than 10
16 miles to each other, so if you create some separation and
17 market protections and distribution, that it could function in
18 a way where it wouldn't adversely impact the casino industry
19 and it could create additional revenue, additional jobs,
20 additional capital investment, much like the off-track betting
21 facilities did very successfully for the racing industry.

22 So we've been kicking around ideas and we've spoken
23 with some other casinos and we do believe that there could be
24 an approach where maybe 25 facilities, may two each --- two of
25 the Category Is and IIs and one of the IIIs would pay a license

1 fee of somewhere around \$4 million to \$5 million at a
2 50-percent tax rate. If you had 25 of those locations in the
3 state, that would generate somewhere between \$100 million to
4 \$125 million of upfront license fees.

5 Separately, we do believe, while it wouldn't be as
6 expansive as what the stops at taverns were, you could probably
7 generate about \$450 million of additional gaming revenue on an
8 incremental basis and at a 50-percent tax rate, you're looking
9 at \$225 million of ongoing, recurring revenue that would
10 produce 4,000 additional jobs, about \$700 million in capital
11 investment for the 25 locations. And also we believe it would
12 help create more local share for those communities, and we know
13 that's a sensitive issue right now.

14 We also believe and we understand that the tavern
15 owners are looking for something. We think it would be a good
16 idea --- we would be supportive of them having Keno at the
17 taverns. And in theory, that could generate, if you look at
18 the national averages for Keno, with 4,000 outlets, it
19 typically --- in our state, potentially it could average
20 \$100,000 in revenue a week. That would translate --- in a
21 year. I'm sorry. That would translate to about \$400 million
22 of revenue that would generate, on a 20-percent tax rate, \$80
23 million for the state.

24 So that if you combine the \$80 million potentially
25 from Keno with the \$200 million to \$250 million we think we can

1 generate at these satellite facilities, we've got over \$300
2 million in real revenue, not what you see to date in other
3 proposals, but something that you can take to the bank because
4 it's being delivered by an industry that you can rely upon.
5 You see what we've done over the last ten years, how we conduct
6 ourselves. We have the money. We can do it very quickly and
7 very responsibly, which I don't think you could say about any
8 of that. There's a lot of unknowns with respect to these
9 critiques.

10 So that we also believe that we could generate some
11 additional upfront fees through the repayment of our existing
12 loan with the state. The casino industry has about a \$60
13 million loan outstanding to the Genera Fund for Gaming Board
14 costs that were generated in the creation of this industry that
15 were held off to a future date when the industry was completely
16 rolled out in wealth. That's sitting at about \$60 million.

17 We're paying out a portion of that, about \$6 million
18 a year right now. But I would propose that we would just pay
19 that loan off if the state needs money.

20 And separately, I mentioned on March 7th that the
21 Gaming Board costs are something that we would appreciate the
22 legislature taking a look at. That would be something that
23 we'd certainly be willing to pay money for, approximately \$30
24 million to help the state defray the costs of transitioning
25 from the current approach to putting a one-and-a-half percent

1 cap, which is the one thing we do support in HB 1010, on Gaming
2 Board costs.

3 That's --- that concludes my remarks. I'm certainly
4 open to any questions.

5 Oh, one last point I think I forgot to make. I said
6 earlier that internet gaming and VGTs could not coexist. I
7 feel the same way about this. I have to tell you that before
8 anyone would consider investing up to \$700 million to roll out
9 25 new locations with 500 slot machines --- and if I didn't
10 mention that, I apologize. We're talking about locations with
11 no more than 500 machines, no less than 100. My guess is with
12 25 --- and we've taken a look at the entire state, the
13 population centers that fall outside of the 25-mile radius, and
14 that the majority of these 25 would have about 500 machines.
15 There's enough people out there --- four million people out
16 there that would create 25 locations with approximately 500
17 machines.

18 So on that basis, you'd have to --- you'd proceed
19 with caution, you know, before you make that type of investment
20 if all you really had to do was market to those same people who
21 are outside of all of our geographic regions on the computer.
22 Much less money, much cheaper. And if it's at a 15-percent tax
23 rate, all the better.

24 So one of the driving assumptions in this is that
25 internet would not be there because I'm not so sure everybody

1 would take you up on this opportunity like they said they
2 would. And I'm only speaking for us, if someone else didn't
3 want to do it, we would do it.

4 CHAIRMAN PETRI: Thank you. I'm going to start with
5 the first question. One of the things that a number of people
6 have approached me about and the Governor is concerned about is
7 the lottery fund and stabilizing that. Does your thought
8 process include anything with regard --- and what would you do
9 with regard to lottery? Some people talked about iLottery and
10 the like. Have you given any consideration?

11 MR. RICCI: Yeah. We were assuming that the Keno
12 that we're proposing for the tavern owners would be conducted
13 through the lottery. So that out of that --- yeah, they would
14 get their share out of that money.

15 CHAIRMAN PETRI: Thank you.
16 Representative Pashinski?

17 REPRESENTATIVE PASHINSKI: Thank you very much.
18 Thank you for testimony. Great stuff there. Because Mohegan
19 Sun was the first casino that was up and running and was in my
20 district, I got to be a big part of that whole operation. And
21 I wanted to make it very clear that I support the casino
22 industry 100 percent.

23 You've done everything that you've been required to.
24 You've provided the dollars for tax relief and the LSAs, and
25 you have helped the equine industry, and that's something we

1 also have to be very concerned with. That's another 30,000,
2 35,000 jobs.

3 I also did see in my district some of the taverns
4 and the clubs were affected negatively because of the fact that
5 you can't compete, you know, with the quality and the kind of
6 activity that you have, you know, in your facilities and the
7 --- besides the gambling. I'm sorry.

8 So I began investigating, you know, meeting with our
9 clubs and our taverns, trying to figure out what we could do to
10 try to help them out. And of course, they were the ones that
11 brought up the VGTs. So as we investigated that, we determined
12 that there about 12,000 establishments between clubs and
13 taverns, and it appears --- and this is where I'm going to need
14 your expert advice --- it appears as though we have about
15 36,000 to 40,000 gray machines. So for --- that's our illegal
16 machines. Does that number sound right to you?

17 MR. RICCI: That's the number that's thrown about.
18 I couldn't tell you that it's right. I've seen no evidence of
19 that.

20 REPRESENTATIVE PASHINSKI: Okay.

21 We do agree, though, that the gray machines do
22 exist?

23 MR. RICCI: It's possible. I haven't seen any
24 personally, honestly.

25 REPRESENTATIVE PASHINSKI: Well, they do exist. And

1 would you ---?

2 MR. GREEN: I think there's no empirical answer
3 about the number that exist. I've lived here in Bucks, in
4 Philadelphia, for 30 years and I've never gone to a bar and
5 tavern where I have ever seen any.

6 Where they do exist, it's more in the western part
7 of the state. And bear in mind that the ability to play slot
8 machines and gamble is very well tested for in the main urban
9 population census, where we have Parx, we have SugarHouse, we
10 have Harrah's in Chester, Rivers in Pittsburgh, Sands in the
11 Lehigh Valley.

12 So I believe that where there is the existence of
13 gray machines are more in those areas that are not accounted
14 for by the existing casinos. And that is where we adopted the
15 approach that, okay, rather than have --- essentially there are
16 17,000 licensed facilities, bars and taverns, and having to
17 have a situation where they are --- I don't know how you would
18 regulate that, how there's compliance, how you could ---
19 underage. They are enormous problems.

20 But that being said, --- four million people who are
21 in areas 25 miles away from a casino. But we can actually
22 develop a new industry, create results, create revenue, create
23 upfront fees and do all that without stopping the investment in
24 our existing industry and without cannibalizing what we have
25 already created. Because, as we say, we put our money where

1 our mouths area. We pay hundreds of millions of upfront fees.
2 We've invested here 700 billion bucks. I mean, we should not
3 put that at risk. That --- it would be crazy.

4 REPRESENTATIVE PASHINSKI: I agree with you totally.
5 I agree --- I want to make sure that you know where I'm coming
6 from. I do not want to do anything that jeopardizes the casino
7 industry.

8 But as you are concerned about the infusion of
9 something else which will then reduce your affectability, as
10 legislators we're also trying to deal with another industry,
11 the restaurant, tavern, club industry, that has been affected
12 in some cases, many cases. What can we do? So it may not be
13 VGTs. You --- you brought out another proposal. But I want to
14 make it very, very, very clear, and I've stated this time and
15 time again in public, we have to do everything we can to
16 maintain the casino industry that we have right now because
17 it's working.

18 MR. RICCI: Yes.

19 REPRESENTATIVE PASHINSKI: And we do not want to
20 saturate --- saturate the state to then take and reduce your
21 output, which then reduces what the state and the people of the
22 state receive.

23 But we're struggling, looking for ways that we can
24 take something that is occurring, whether it's --- whether you
25 agree or not, I think you agree that it's at least in parts of

1 the state, and legalize it to get some dollars out of that
2 without affecting your business.

3 You've also offered some other opportunities here
4 that I think we need to continue to discuss for the benefit of
5 everybody concerned.

6 So I want to make that clear.

7 MR. RICCI: Thank you.

8 REPRESENTATIVE PASHINSKI: I want to protect the
9 casino industry. It is working. We want to keep it working.
10 And it's also saved the equine industry, which is also a big
11 part of our state.

12 MR. RICCI: I do agree with Bob, that more likely
13 --- we don't see a preponderance of those type of illegal
14 machines here, but they are more likely to be in the areas that
15 aren't being served by the industry. Our proposal helps deal
16 with that in a way. But it's possible that those machines will
17 not go away in any scenario because people are paying no tax
18 today, and they like that better than paying a tax down the
19 road.

20 REPRESENTATIVE PASHINSKI: I've heard that comment
21 because my --- my --- my bill said three maximum, and they
22 didn't like that. Thank you very much.

23 CHAIRMAN PETRI: And Representative, and for the
24 benefit of those listening or recording and the like, I have
25 made a commitment that at some point in time we should have a

1 hearing on the VGT bill that is before our committee. And I
2 think at that time if a regulator from Illinois would be
3 willing to come to Pennsylvania and provide us with answers to
4 the very big question you asked, and that is what do you do
5 about illegal machines or gray machines and how does that
6 unfold, I think we could benefit as a committee immensely by
7 understanding what successes Illinois had, what failures they
8 may have had and then answer our questions.

9 Anybody else have a question for this particular
10 panel? Well, let's start with Representative Mehaffie. Since
11 he has a question, he gets to go first.

12 REPRESENTATIVE MEHAFFIE: Thank you, Mr. Chairman.

13 Bob and Tony, thank you so much for having us. You
14 have such a great facility here. I can't wait to get over to
15 the other side and see around.

16 So I'm in Dauphin County. We do have a racetrack
17 and Hollywood Casino. The slots have saved our horsemen. And
18 I see what you've done. I talked to some of your staff earlier
19 about how beautiful are the new barns and what you've done
20 here. Bob, thank you for saving it before the slot machines
21 were here.

22 Two questions I have. Number one is, I know you
23 didn't hit on numbers, Tony, but what kind of effect do you
24 think the --- the other forms of gaming that are out there, the
25 other bills, how would that affect the horsemen's funds in

1 numbers?

2 MR. RICCI: You know, that --- in slots and taverns,
3 if you use 25 to 30 --- use 30 percent to make it easy. You
4 know, for our horsemen here, that would cost them \$20 million a
5 year in purse money. You know, it would cause us to
6 dramatically reassess our racing program.

7 REPRESENTATIVE MEHAFFIE: Yeah, that --- I know
8 Sal's up next, so I don't want to steal his thunder in any way.

9 With your new proposal, ---

10 MR. RICCI: Yes.

11 REPRESENTATIVE MEHAFFIE: --- does that include any
12 money for the horsemen, the 50 percent that you're proposing?

13 MR. RICCI: We would certainly be supportive of
14 that. That's something that we would work with the legislators
15 on, to best allocate that money. But we would clearly support
16 that just as we did with the existing legislation.

17 REPRESENTATIVE MEHAFFIE: Okay.

18 Because I think our other two bills, no money is in
19 there for horsemen.

20 Is that correct?

21 MR. RICCI: That's correct.

22 REPRESENTATIVE MEHAFFIE: Okay.

23 All right. Thank you so much.

24 MR. RICCI: Sure.

25 CHAIRMAN PETRI: And you know, let me just say, from

1 my own perspective, without connecting to the rest of the
2 committee, to me it seems to make some sense in that you're
3 taking slots out of the original allocation which could come
4 into a building and then would be part of the distribution. So
5 in my mind, I'm --- if we considered this proposal, I'm
6 thinking of it in those terms, that as I understand it, your
7 proposal would not expand the number of allowed machines, it
8 would stay within the original allotment under Senator
9 Tomlinson's bill.

10 MR. RICCI: That's correct. Each casino has a
11 5,000-machine allotment, and no one is --- you know, we have
12 the most with 3,400.

13 MR. PETRI: Sid?

14 REPRESENTATIVE KAVULICH: Mr. Ricci, you made a
15 comment I believe the last time we were here about eight months
16 ago or so and you said that when Pennsylvania set up this
17 industry they did it the right way and just to leave us alone.
18 And I've used that on several occasions.

19 MR. RICCI: To leave us alone?

20 REPRESENTATIVE KAVULICH: It was a good point. And
21 I was waiting for you to say it again today, but ---.

22 MR. RICCI: That's passed.

23 REPRESENTATIVE KAVULICH: Yes. But even when we
24 talk about the effect of internet gaming and the impact it had
25 in New Jersey, I go back to what you said, New Jersey set up

1 everything in one town.

2 MR. RICCI: Yes.

3 REPRESENTATIVE KAVULICH: And again, you alluded to
4 the fact that people being more than 25 miles away from a
5 casino, and it's --- we don't have it as much as they do in New
6 Jersey, when it comes to the impact that internet gaming I
7 think would have --- the adverse effect that it would have on
8 our industry here.

9 MR. RICCI: Thank you. Thank you for remembering
10 what I said.

11 And I would like to point out that that has been our
12 position. Not so much leave us alone, but do no harm. You
13 know, we're certainly there to help. But to clarify, what we
14 did was we really spent a lot of time data-mining the Illinois
15 situation. And what we --- and what's clear is that there
16 isn't opportunity more than 25 miles from a casino, that to
17 create more revenue, to create more jobs, we could pay a higher
18 tax rate than what's being proposed in HB 1010 by the tavern
19 owners and operators. We do think that would be a better way
20 for the state in every way. And having seen that, you know, we
21 felt, you know, that it's something we should put forward.

22 CHAIRMAN PETRI: Representative Neilson?

23 REPRESENTATIVE NEILSON: Thank you, gentlemen, for
24 your testimony here today. And he answered my first question
25 because I wanted to ask you about opportunities and suggestions

1 because the temperature up in Harrisburg seemed to think that
2 --- we're going over the sin tax. We want to tax every sin ---
3 people perceive to be a sin, whether it's drinking, smoking,
4 gambling. They want to go after all that. And I'm just trying
5 to --- because that seems like the common core. And I wanted
6 to see --- and your idea just struck me really good because we
7 talked about this. As Sid said, a year ago we talked --- we
8 had testimony about the OTBs and expanding in OTBs. That was
9 our last testimony. And we used a 50-mile rule. We attempted
10 to make that part of the bill because we thought it would
11 cannibalize. Would these off-sites, would they be OTB? Is
12 that what we're trying to put ---

13 MR. RICCI: It's a possibility.

14 REPRESENTATIVE NEILSON: --- making it an OTB?

15 MR. RICCI: Since there's Category IIs and IIIs that
16 don't have existing OTBs, they have to be part of this, too.
17 So our --- you know, we kind of stepped back from that approach
18 and said let's --- let's call them satellite locations. You
19 know, we can come up with a formal legal term for them down the
20 road. And OTBs are called not primary locations as an example.

21 But every casino should have an opportunity to
22 participate in this, not just the racing locations.

23 REPRESENTATIVE NEILSON: As you looked at it, what
24 would be a capital investment to put one of these facilities
25 in? I mean, on my way in today ---.

1 MR. RICCI: It would be about \$25 million or \$30
2 million. \$25 million to \$30 million when you add on the
3 licensure.

4 REPRESENTATIVE NEILSON: So after that capital
5 investment, \$700 million here?

6 MR. RICCI: Yes.

7 REPRESENTATIVE NEILSON: Since while we have
8 everybody's attention, on the way in I saw probably a hundred
9 construction workers as I walked in the front door.

10 MR. RICCI: That's right.

11 REPRESENTATIVE NEILSON: And what is going on now?

12 MR. RICCI: We're in the process of building a
13 multi-purpose showroom that will be able to seat 1,500 people
14 for a seated event, a concert or comedy show. We'll also do
15 boxing, MMA, benefits, things like that. And we're expecting
16 to open that up in November.

17 We're also going to add two restaurant amenities,
18 one a gastropub, another one that is a --- is Lombardi's Pizza
19 in Little Italy. If you've never been there, it's the best
20 pizza I've ever had in my life, and I'm looking forward to
21 that.

22 Secondly, we're going to bring poker over.
23 Currently, poker is on our second floor here, and we're going
24 to bring that over into the casino. So all that's expected to
25 be done in November of this year. We're going to spend about

1 \$50 million on that.

2 REPRESENTATIVE NEILSON: Last question, Mr.
3 Chairman, if I may. What I haven't heard is commitment to
4 charity. And it's something that I always like to bring up
5 when I have an owner up here. Community, we've heard that and
6 the local share. But charity? Then I'll end with that.

7 MR. RICCI: Thank you. Yes, it's all part of our
8 core value. It's part of our culture that we work with the
9 community. And we've contributed to international, national
10 and local charities in excess of \$55 million since we started
11 in 2006.

12 REPRESENTATIVE NEILSON: Thank you, Mr. Chairman.

13 CHAIRMAN PETRI: So I'll --- I didn't see anybody
14 else making movement. I do have one other question. I just
15 --- I have to ask about the internet and iGaming because it's
16 --- there's a proposal pending. What are your thoughts in that
17 regard generally? I know you said that your proposal does not
18 include any --- why don't you lay it --- lay that out?

19 MR. RICCI: Again, it goes back to the whole concept
20 of a 15-percent tax rate versus 59. It's very hard to add
21 things that are going to compete directly with the existing
22 brick-and-mortar. That's why the proposal that we outlined can
23 work because it doesn't compete directly. It's actually
24 complimentary, where a casino like ours could have a satellite
25 location and potentially have some cross marketing there.

1 The internet is going to be totally disruptive. And
2 the first --- the first thing people will do is go after
3 existing casino customers, try to sign them up to an account.
4 And I think we've already seen some evidence of that when New
5 Jersey implemented internet gaming. There were all kinds of TV
6 ads here in the Philadelphia market. Now that SugarHouse has
7 opened their site, they're even advertising in the market to
8 their New Jersey customers to play online.

9 And clearly, you know, the national customer they're
10 going to have gaming as a casino customer. There may be some
11 that aren't, but it's highly unlikely. In the case that I
12 referred to earlier, I think it's going to be clearly
13 cannibalization of brick-and-mortar casinos if you're trading
14 59 cents for 15 cents. It's a clear loser in our mind.

15 CHAIRMAN PETRI: Senator Tomlinson?

16 SENATOR TOMLINSON: Yes. I think I said this
17 before. I think that putting a slot machine on everybody's
18 cell phones is really, really bad public policy. The cell
19 phone is already one of the most addictive devices we have.
20 You can't go into a restaurant or a church or anywhere where
21 people --- somebody's not on their cell phone, checking their
22 messages or sending a message. It's just amazing to me.

23 And I think 60 Minutes the other night did a thing
24 on how they engineered the addictiveness of this phone without
25 putting gambling on it. So now we're going to put a slot

1 machine on a cell phone that will be in your hands, in your
2 home --- in the comfort of your home. And you're going to give
3 it a tax rate of 15 percent with no real investment.

4 MR. RICCI: Right.

5 SENATOR TOMLINSON: And I think a slot machine costs
6 \$20,000 a buy. This casino or most casinos spend somewhere
7 between \$350 million and \$700 million and they employ 2,000
8 people and now you're going to put a slot machine on a cell
9 phone and have a 15-percent tax. I don't know how the State of
10 Pennsylvania would allow that to happen because you just cut
11 the State of Pennsylvania out of all its revenue. Fifty-four
12 (54) percent after someone invested hundreds of millions of
13 dollars and employed thousands of people, and now you're going
14 to put somebody on a cell phone at a 15-percent tax, which
15 allows the casino to spend an awful lot of money, given free
16 play and promoting play on a cell phone.

17 So now we're going to have people not only driving
18 down the highway texting on their cell phone, but they're going
19 to be playing a slot machine on their cell phone driving down
20 the highway, not only in their home.

21 I think it's the worst public policy I've ever heard
22 second to the fact that we're going to give them a 15-percent
23 tax. I don't know who even thought this up and thought about
24 the State of Pennsylvania and the money that goes to the
25 property tax refund, goes to the horses, goes to the local

1 share, goes to --- all that's gone.

2 And I --- I couldn't help but be shocked when I got
3 this through one of the publications, a newspaper publication,
4 New Jersey SugarHouse launches exclusive new Konami slot online
5 gaming. It doesn't say Philadelphia or Pennsylvania
6 SugarHouse. It says New Jersey SugarHouse.

7 Playsugarhouse.com is excited for the first --- to
8 bring these two exciting Konami games to the New Jersey --- New
9 Jersey online market. Now these games, which are extremely
10 popular in land-based casinos around the world, can now be
11 played right in the palm of your hand. And then it goes on to
12 say and in the comfort of your home.

13 And I asked the SugarHouse representative last month
14 --- or last meeting that you had are they going to market the
15 New Jersey customer online that's traveling over the Walt
16 Whitman Bridge and traveling over the Benjamin Franklin Bridge
17 to play in Pennsylvania at 54-percent tax, are they going to
18 market the New Jersey customer at a 15-percent tax? They said
19 no.

20 And then I read in an industry publication that
21 they're, in fact, promoting online gaming with a very popular
22 game --- I don't play slot machines, so I don't know. So if
23 I'm a Representative from the City of Philadelphia, I'm
24 wondering what's happening to my local share, what's happening
25 to my tax dollar that I get 54 percent in Pennsylvania, and now

1 this company is --- New Jersey SugarHouse? I never heard of
2 New Jersey SugarHouse.

3 So I guess they are marketing the New Jersey
4 customer. And then if I'm representative Neilson, I want to
5 find out what's going on here because Philadelphia is going to
6 get shorted, Pennsylvania is going to get shorted because that
7 customer, instead of driving over the Walt Whitman Bridge, is
8 now going to stay in Woodbury, New Jersey or stay in Hamilton,
9 New Jersey or --- as I said earlier, one of the greatest
10 successes we had is we dipped into the New Jersey market in a
11 big way.

12 And now I guess they found a way to exploit the New
13 Jersey market and not pay the Pennsylvania tax, which makes my
14 point that I tried to make at the last meeting. If you give
15 this to a Pennsylvania company --- Parx Casino will do this if
16 you give them the ability to do it. Why wouldn't they? They
17 make money. And if they can pay less --- what business doesn't
18 want to pay less taxes?

19 So as I tried to say last time, the cannibalization
20 of internet gaming is more --- not just in the casino customer,
21 it's the --- it's the benefit that goes --- and we talked about
22 it today, the benefit that goes with property tax reduction,
23 the benefit that goes to the local share. That's not 15
24 percent.

25 So how can we disinvest Pennsylvania from gaming?

1 We just took --- we took --- the biggest --- the biggest winner
2 in Pennsylvania gaming is the state. We made the state the
3 biggest winner. We put the horsemen, we put the taxpayer, we
4 put the local share in, we put capital improvements in. We
5 loaded it up at a 54-percent tax rate, more tax revenue than
6 any state in the nation, \$1.4 billion, and now we're going to
7 let these casinos run and are taxing them 15 percent. And of
8 course, that's the rate in New Jersey. The New Jersey tax rate
9 at a casino is nine percent. The tax rate online in New Jersey
10 is 15 percent, but the tax rate in Pennsylvania is 54 percent.
11 So now you market your New Jersey customer on a Philadelphia
12 casino. What happens to Philadelphia?

13 But anyway, I --- I think that it's a --- it's a
14 troubled public policy because while I think that we can play
15 internet poker, I think the shell game going on here is
16 internet slot machines, because that's where the money is.
17 Thank you, Mr. Chairman.

18 MR. RICCI: I agree with everything you said. And I
19 will add to that that, you're right, if it were passed, we
20 don't think it would be a good thing for the state, but we
21 would do it all out and we'd want to be number one in the
22 internet world just like we are in the real world. So that's a
23 legitimate point.

24 I'd also like to, if you'd allow me, to address a
25 comment that was made after our last hearing. You reminded me

1 that there was a comment about our social gaming site, somehow
2 by us conducting that it was in conflict with the comments that
3 I've made earlier. And to me, the two are --- it's not a
4 casino. It's a place where you can go play for free, play for
5 fun, and play casino games, slot machines, try them out and
6 hopefully come into our casino and play them if you like them.
7 You can't win any money.

8 About 98 percent of the people playing that site
9 that way, for free, don't give us any money. There are two
10 percent of the people who would like to do that for a little
11 longer, that they pay for the privilege of having more time.
12 They don't win any prizes. We're not allowed to give them any
13 prizes. That would be gambling. So that these are two
14 completely different things. It's not in any way something
15 that's impacting our revenue at all or the tax base for the
16 state. So the statements we're making are not inconsistent.

17 And to follow up on what you said, Senator, yes, we
18 would go all out on that. We'd have no choice. We're in the
19 business.

20 CHAIRMAN PETRI: Well, thank you for your testimony.

21 Our last presenter today will be Salvatore DeBunda,
22 Pennsylvania Thoroughbred Horsemen's Association, PTHA.

23 MR. DEBUNDA: I'm going to stand. Good afternoon,
24 everyone. Thank you for having us here.

25 The reason I'm standing is --- I may be standing

1 here alone, but I do not speak for only myself. So I want to
2 --- since you're here at Parx, I just want to take the
3 opportunity to introduce some of our board members and our
4 staff who are here so that you get to know who they are.

5 I'd like to start, I guess, at the back of the room.
6 We have Phil Aristone. He's one of our directors. If they
7 would stand, I would appreciate that. We have --- I guess
8 Butch Reid --- is Butch still here? He left; correct?

9 Ron Glorioso, if you could stand for a minute. Nick
10 Saponara, who's a member of our board. George Asensio is our
11 --- Charles, I mean, Asensio is a member of our board. I'm
12 leaving John Servis for last. I think you all know who he is.
13 He's the trainer of Smarty Jones. And he is the only trainer
14 in the history of racing that had entered one time in both the
15 Kentucky Derby and the Kentucky Oaks and has won both times.

16 SENATOR TOMLINSON: Sal, before you go, can I
17 interrupt you for one second?

18 Mr. Chairman, would you mind if I interrupted?

19 CHAIRMAN PETRI: I guess I don't mind.

20 SENATOR TOMLINSON: John, stand up again, please.

21 I'd like John --- when I first started doing this gaming bill
22 and I knew there were a lot of horseman around, and then Smarty
23 Jones comes along in the scene and there's a lot of publicity.
24 And all of a sudden I see this guy on TV and I said, oh, my
25 gosh. I didn't know John Servis as a trainer or someone who

1 worked here. I knew him as the Little League coach. The Mayor
2 and I and Gene go to every banquet that we have for our Little
3 Leagues and our church groups and there's John --- that was
4 John Servis. John Servis was always at the Little League
5 banquets. And I just know him as just a wonderful, great
6 community member, and then here he turns out to be probably one
7 of the most successful trainers in the United States.

8 But my point, Sal, that I'd like to make, along with
9 the other gentlemen that are there, is that when we hear that,
10 you know, your horse racing gets this --- these folks are
11 members of my community. They live here. Their kids go to
12 school here. It might not just be in Bensalem, but it could be
13 anywhere in Bucks County or anywhere in Pennsylvania. You're
14 going to see a truck --- I'm going to show you all the people
15 that work and live in this industry.

16 But the industry is --- has taken a little bit of
17 rap I think for some people that --- but the people that work
18 in this industry are good family people. They're community
19 people. They pay taxes. They own homes here. They send their
20 kids to school here. They're active in Little League. They're
21 active in organizations. They're good community citizens.

22 And John, it was a shock to me to know you were such
23 a --- here, I just thought you were a Little League coach from
24 down the street, and here you're a great trainer.

25 MR. SERVIS: Thank you.

1 MR. DEBUNDA: I did leave out Dr. Steve Appel, who's
2 an orthodontist, is here. And also last but certainly not
3 least is our Executive Director, Mike Ballezzi, who has been
4 our Executive Director I think for over 22 years, if I'm
5 correct.

6 And I just want to take a second. You know, we hear
7 about this is the sport of kings and sheikhs and the
8 legislature likes to throw that around. I'm going to talk
9 about that more later, but Mike was a lawyer, practicing
10 lawyer. He got this --- this bug, this --- it's called the
11 horse gene, and he grew up in Upper Darby, was a lawyer, was a
12 judge, had this horse gene. And he became exposed to horses
13 and the people in the industry, and he fell in love, as
14 everyone who has that gene does. And he gave up all of that to
15 become the Executive Director of the PTHA so he could help
16 people who have this similar gene that he does and like horse
17 racing and are out here 24/7 working with these horses. And
18 Mike, you deserve a round of applause.

19 Again, my name is Sal DeBunda. I'm president of the
20 Pennsylvania Thoroughbred Horsemen's Association. I wear two
21 hats as I sit here. One, I'm an owner of horses. I'm a
22 breeder of horses. I'm president of this organization. And
23 I'm also vice president of the Pennsylvania --- of the national
24 THA, which consists of all states and many states involved in
25 this industry.

1 The reason I mention that is that two of those
2 members are Illinois and New Jersey. So it's interesting that
3 you mention Illinois and the VGTs. I can tell you that our
4 meetings, and we meet three times a year, both New Jersey and
5 Illinois talk about they're not sure they're going to be around
6 in the horse industry in the next few years. They're barely
7 hanging on. They used to run over 150 days in New Jersey.
8 They're down to 54, I think it is.

9 The City of Chicago is a great city in Illinois, yet
10 their racing is almost nonexistent. They're going out of
11 business. So I think you asked a very important question. How
12 are the horsemen going to be taken care of in all these things?
13 Well, they did them there without taking care of the horsemen
14 and they're going to become dinosaurs. They're going to
15 disappear from Illinois and New Jersey, in my opinion, unless
16 something is done.

17 So I just point out that I'm involved in an
18 organization that regularly meets and talks about these issues,
19 and those two states are in the list of have-nots, if they not
20 survive. So I think that's something you can keep in mind.

21 But I'm proud to say that we represent 4,300 members
22 of our organization here at Parx. We have owners and trainers
23 who --- you become a member by racing a horse here, and we have
24 4,300 of those members.

25 While we understand the challenges that face the

1 Commonwealth in addressing the demand for new revenue, we want
2 to express our concerns for the potentially damaging impact
3 that the expansion of gaming will have on the horsemen.

4 I support the comments of Tony Ricci and Bob Green
5 and their concerns about that because what happens to them
6 affects us. So we're very much in partnership with them in
7 what we get.

8 I also want to take a moment to acknowledge that
9 they have met every commitment not only that they have under
10 that but to us. Those barns that you see out there are well in
11 excess of their requirement that they had to make under the
12 slots bill. They went beyond that. They worked with us. This
13 is all part of their cooperation with us. The proof of that
14 would be that we set up about five years ago the Parx Racing
15 Hall of Fame. And Bob Green was in the initial class of that.
16 He was there. Tony Ricci is in recently --- last year was put
17 in. So we have two members of the operators who are members of
18 the Parx Hall of Fame because of their contribution that they
19 have made to racing here at Parx.

20 So that --- when Act 71 was enacted --- I want to
21 make this point very clear --- some of the legislatures think
22 that this was a tax, that a tax is paid to them and they're
23 giving us our tax money back. Bob described that photograph of
24 which I was a party. It was a cooperative effort between the
25 operators of the racetrack, the state and the horsemen. It was

1 a balance that was made. They recognized that casino gaming
2 would have an impact on horse racing. They agreed to pay this
3 sum of money up to 12 percent to pay that. So not one dollar
4 of the money that comes to us in the Racehorse Development Fund
5 is actually coming from taxpayers. It's coming from our good
6 friends here and also from other casinos around the state to
7 support horse racing. So this idea that it was a tax, that you
8 can change that tax, is really against what the idea was to
9 begin with.

10 And I thank the legislator who mentioned this
11 earlier. Your predecessors were geniuses in setting up this
12 legislation for two reasons. You put a balance of locations,
13 unlike New Jersey. You have a balance, a spraying out of the
14 locations so they didn't compete with each other. That was
15 bordering on genius because that created an environment where
16 they all could succeed rather than dealing with each other.

17 When the Borgata opened up in Atlantic City,
18 everybody talked about that. But everyone said they're just
19 going to take from the other casinos. And it turned out to be
20 right. So that was part of the genius.

21 The second part of the genius was the fact that they
22 had a balance between the funds that came for the state, the
23 funds that went to the horse racing industry, the funds that
24 went to the casino, the funds that went to other development.
25 That balance worked. And that formula has been working. And I

1 would say to you don't mess with that formula because you end
2 up with Frankenstein, is what you end up with, okay, where you
3 kill the industries that have been working as a part of that,
4 because that's what you end up with if you start changing that
5 around.

6 If you do change anything, you have to have the
7 impact on the other parts of it from that change. The thing
8 that's a concern to us is all these things that have been
9 talked about with respect to the expansion of gaming, they
10 don't include the horsemen in any of it, okay.

11 Now, I want to point out to you that under the new
12 Act that's set up, the Racing Commission and --- and now the
13 horse racing industry pays for its own testing. There was a
14 study that was required in that, that was done by the state.
15 And I'm quoting from there. It says, if the General Assembly
16 finds that the addition of alternate gaming platforms is
17 advisable, any --- any expansion of gaming should be tied to
18 the financial benefit of the horse racing industry.
19 Competitions on gaming platforms that are not connected to the
20 casinos can only draw patrons away. That's your own state
21 study that said that.

22 They go further on in the report to say, any
23 expansion of gaming in Pennsylvania, in order not to be
24 detrimental to the horse racing industry, must contribute
25 financially to the State Racing Fund. Again, your own study

1 confirms that that's something you need to do and not just look
2 at it one way and say, well, they're getting enough money.
3 Because what's happening to our industry here is if this
4 happens we'll get less money to deal with and the state's
5 taking away money, which I'm going to talk about.

6 Since 2009, the Racehorse Development Fund has been
7 raided to solve the chronic structural deficit issues facing
8 Pennsylvania. Over \$300 million has been diverted from the
9 Racehorse Development Fund. It was not the intention of funds
10 that were put into it by this establishment. I don't think
11 there's anybody else in the state that's helped more by having
12 their funds taken away, okay.

13 There have been significant funds earmarked for the
14 Racehorse Development Fund siphoned off to help balance the
15 General Fund, provide additional funding for fairs, the Farm
16 Show, the Penn Vet School and the Animal Health and Diagnostic
17 Lab. In total, over \$325 million has been taken from the
18 Racehorse Development Fund for those issues. And it's
19 continuing, okay.

20 Almost \$26 million was taken in the --- this fiscal
21 year, to date. The Governor's budget proposal is over \$30
22 million to be taken from the Racehorse Development Fund.

23 We're concerned about the jobs that are created.
24 We're concerned about an industry that we want to survive.
25 We've put some charts up. And I want to look at this chart

1 here. You may have it in your package. It's a --- it's a
2 chart showing all of the standardbred breeders and horsemen
3 throughout the Commonwealth of Pennsylvania. I want to make it
4 clear it does not include vendors. These are just --- these
5 are just the horsemen. I want you to look at that and say
6 that's a list of all the factories for jobs that I have here in
7 the Commonwealth because every horse is a job creator, 24/7 job
8 creator.

9 PANEL MEMBER: Can you put a chart up?

10 MR. DEBUNDA: It's in your packet. We don't have a
11 chart. It's in your packet.

12 There's a chart that looks like this in your
13 package. This is what one horse generates in terms of jobs.
14 The second chart you have up there shows what purse money ---
15 how the money is spent. That's also in your package. So that
16 when purse money comes in, it doesn't just go into my bank
17 account. I have to spend it for the trainer, for the vet, for
18 the farrier, for the dentist, for the jockey, for all the other
19 related jobs that come from having just one horse in there. So
20 that the horse is a 24/7 job creator.

21 Unlike other factories that --- that create jobs,
22 tomorrow that horse could be on a van and creating a job in a
23 different state. That's the difference between us --- I always
24 use the example, as my friend, Steve Crawford, has pointed out
25 to me. Harley-Davidson is a single type of horse with

1 horsepower. They generate jobs. No one seems to worry about
2 the fact that the owners of those people in Milwaukee are not
3 residents of the State of Pennsylvania, but for some reason
4 they worry about the fact that the horse owner is not a
5 resident of Pennsylvania. Well, it doesn't make a difference
6 whether the horse --- horse owner lives in Sweden, California,
7 New Jersey or Pennsylvania. It's creating a job here in
8 Pennsylvania. To me, that's what's really important.

9 So I want to point out to you that this is --- these
10 are all locations that are going to create jobs, jobs for our
11 Commonwealth. And anything you do to affect that in the
12 expansion of gaming will affect those jobs. And that's
13 something we believe is important.

14 The same study that I referred to indicated that we
15 do get \$232 million throughout --- throughout the Commonwealth
16 for the Racehorse Development Fund. That seems like a lot of
17 money, and it is. But we're a big state with a lot of racing
18 facilities. Delaware has two locations. So you have to look
19 again at the number of racetracks we have here and look at the
20 amount per race. That's really not much more than it is in
21 other jurisdictions. It's just a bigger state with more
22 racetracks.

23 But they also found of the \$232 million that was
24 given to us, we returned in economic activity and benefited for
25 the Commonwealth \$289 million. So that's about a 1.8 to 1 for

1 every dollar you give the racing industry we're giving back to
2 the Commonwealth. All right. So if you take away \$50 million,
3 you're actually going to take away \$80 million, in my opinion,
4 of money that's being given back to the Commonwealth. So you
5 have to look at that balance that's there. It's just not a
6 matter of people sitting there and having this fund and not
7 going to be affected by it. Because people --- what happened
8 in --- in Illinois and what's happening in New Jersey is good
9 horses, good trainers, good jockeys, they're leaving, because
10 the results are better somewhere else and the legislature is
11 more supportive. You have to look at that fact.

12 I just want to also mention one other thing. I'd
13 mention that Mr. Ballezzi is not a sheikh or a king. All of us
14 who are involved in this industry have this gene that we love
15 horses and the people involved in it.

16 My good friend, Dr. Steve Appel, grew up in
17 Sheepshead Bay. Lived in a condo, didn't have any horses,
18 didn't grow up on a farm. He became a --- went to Temple and
19 became an orthodontist here. The first money he made, where he
20 had extra money, he bought a horse, not a house, a horse.
21 Okay. His wife still talks about that 40 years later. But
22 that shows you when you have that gene what happens.

23 Take my own case. I have a nice beautiful suit and
24 tie, I drive a nice car, I have a nice legal practice. I grew
25 up in a row house in south Philadelphia. Neither of my parents

1 went to high school. But I was lucky enough to have some
2 brains and also be willing to work hard. I went to St. Joe's
3 Prep. I went to Wharton School. I went to the University of
4 Pennsylvania Law School. So I've been a very lucky individual.

5 Then somewhere along the line I got exposed to
6 horses. I had never ridden a horse in my life, folks, so I
7 don't know where this came from. I got exposed to it. I fell
8 in love. I decided to be more than an owner. I got involved
9 over 20 years ago in the Horsemen's Organization. So you do
10 fall in love. This is what happens. So the people who are in
11 this industry, they're not kings, they're not sheikhs. They're
12 people who are in love with the horse and with the people who
13 take care of those horses. And I would ask you to understand
14 that love and not pull out the frame that that love generates
15 in the Commonwealth of Pennsylvania. Thank you very much.

16 CHAIRMAN PETRI: Questions? Start with
17 Representative Wheeling.

18 REPRESENTATIVE WHEELING: Thank you very much for
19 your --- your testimony there. One of the buzzwords --- and
20 I'm relatively new. This is my second term. But one of the
21 current buzzwords is corporate welfare as we talk about the
22 Racehorse Development Fund. And before you get into that part
23 of the corporate welfare, talking to Mr. Ricci back there and
24 Representative Neilson about this track, this complex, there
25 was no LERTA; correct? I'm looking at Mr. Ricci and he's

1 shaking his head. There is no LERTA. There is no corporate
2 welfare ---

3 MR. DEBUNDA: Right.

4 REPRESENTATIVE WHEELING: --- that built this.

5 There was no KOZ. There was no funds, taxpayers' funds to
6 build this.

7 So then we get into the Racehorse Development Fund.
8 Can you explain to me or help me understand how that was an
9 agreement that was some ten years ago, as I understand it, that
10 there was a percentage of the slots and the industry had a
11 choice that they could manage that percentage themselves or
12 give it to the Commonwealth and then the Commonwealth would
13 redistribute it back. Am I correct on that? What's the
14 history of that?

15 MR. DEBUNDA: You're partially correct.

16 REPRESENTATIVE WHEELING: Partially? All right.
17 Help me understand that, please.

18 MR. DEBUNDA: Well, first of all, there was an
19 agreement where the track operators that were going to become
20 casinos basically agreed to give a percentage of it. And there
21 were a couple reasons. One, it was going to have an impact on
22 horse racing, number one.

23 Number two is they were going to be able to get a
24 license, unlike the Category IIs, by just showing that they
25 didn't have any problem, legal problems, and they had the

1 money. They didn't have to go through that what I'll call the
2 dog and pony show to get it. So they were getting something
3 back, their right to be able to have a casino at their
4 racetrack.

5 And the third thing was that they wanted to make
6 sure that everyone contributed equally to that.

7 So we only get what's generated here at Parx. We do
8 not --- SugarHouse, for example, we do not get any of their
9 money. But again, part of the genius of the legislation was
10 that they made everybody pay for what we were entitled to. So
11 when they open up a new casino somewhere that's not a
12 racetrack, we get no more money. All that happens is that part
13 of that contribution is spread over a larger number of casinos.
14 So we --- our --- our number is based on what happens here at
15 Parx. The national is based on what happens there.

16 Now, the reason it went to the state was it turned
17 out that all the money that comes in goes to the state, all of
18 it. The state then sends back to the casino their share, sends
19 back to the casino our share, sends to the breeders their
20 share. So it wasn't like it was decided that the state should
21 get our money and pay it back. All the money went to the
22 state. And then they take it, make sure the math is right, and
23 then they send it to all the different places, and it comes
24 back to the casino.

25 Our money is not sent directly to us. It comes back

1 to the casino and within a week they deposit it into an account
2 for our share of that here. So it's not like it was only the
3 Racehorse Development Fund that went to the state. All the
4 money went to the state and then it comes back to all the
5 various uses, including the state tax. I don't know if that
6 answers your question or not.

7 CHAIRMAN PETRI: I think --- and I know what the
8 Representative's referring to. Someone else in the industry,
9 they could quit --- when the legislation was originally
10 drafted, they could --- you could have as a group decided that
11 it would be paid to you by the casinos as by --- as opposed to
12 by the state. At the time the choice was to use the state.
13 And I think that particular person's quip was maybe we should
14 have thought about it the other way, because I think the point
15 you've made is that is valid is that this is not taxpayer
16 money. This is money that was set aside to save the horse
17 racing industry.

18 I will tell you that I never would have voted
19 personally for the original bill without that, because I know
20 that there are --- and I'm glad the map showed it, there are a
21 lot of horse owners in our area, that there's just a lot of
22 them. And you are correct, you're all kinds of walks of life
23 and half the time you don't even know who a horseman is or
24 isn't. So I want to thank you for that.

25 MR. DEBUNDA: Could be a Little League coach.

1 CHAIRMAN PETRI: Exactly. Exactly.

2 Representative Neilson?

3 REPRESENTATIVE NEILSON: I want to follow up because
4 this is --- this is something that we speak about, Sal. A lot
5 of us newer members that came in in the last five, ten years
6 --- the revenue, restricted to revenue. We don't like your
7 typical politicians putting their hands in this pie, going in
8 there, robbing this one to pay this one. Will that be
9 something that the industry --- will it be receptive to having
10 a restricted revenue fund that we couldn't get it and maybe
11 like being oversaw by the Racing Commission itself and
12 distributed that way instead of letting it come into our
13 General Fund and then going back out?

14 MR. DEBUNDA: Going back in retrospect, we would
15 rather that the money would come directly to us and not have
16 gone through the state, to answer your question.

17 REPRESENTATIVE NEILSON: That's exactly what we're
18 trying to pull out of you, Sal. You all piqued our interest at
19 a trip you did in Erie, and we all looked at each other like,
20 wow. You know what, this is not welfare. It's something
21 you're using right for the industry. And this --- this ---
22 this is fantastic, because this is what --- I think this needs
23 to get out there more. This shows us what just only one horse
24 does and what it costs.

25 Because we heard last time, Mr. Chairman, from

1 different horse owners who testified and spoke to us in depth
2 about what it really costs because we don't know that. But
3 this is something we'll proudly share with our fellow members.

4 MR. DEBUNDA: And I just want to add a point. I
5 think --- and Mr. Ricci spoke about this, it was good
6 legislation. When it was first passed it was well publicized.
7 And I'm going to be frank with you, people were starting to
8 come to Pennsylvania to breed, to own and to train. We were
9 getting phone calls --- our phones were ringing off the hook.

10 Unfortunately, financial things came up and they
11 decided to start abating the Racehorse Development Fund, \$50
12 million the first year. By the way, it was Governor Rendell
13 who did that. So the same person who passed the bill actually
14 took the money away. I don't want to, you know, discredit
15 anyone else. But --- and \$50 million the next year. And
16 that's how we got to this \$325 million.

17 But that put a chilling effect on investment. Mr.
18 Green spoke about investment for his facility. If you were
19 going to --- it takes a lot of money to put a farm here and get
20 stallions here and things like that. It put a chilling effect
21 because they felt they couldn't --- and I don't mean this in a
22 derogatory --- they couldn't trust the legislature to let ---
23 leave it alone, okay. And that put a chilling effect ---.

24 That's now started to come back because now we're
25 only down to \$30 million, okay, and the atmosphere was good.

1 But to do the work, to do these other things, you basically
2 will put that chilling effect --- we'll be frozen. People will
3 not come to Pennsylvania to race, to expand, to have their
4 stallions here.

5 I'll put out a fact to you that --- those of you ---
6 it's funny because --- I have to laugh at this. I was asked to
7 be on a transition committee by Governor Wolf. And I said to
8 the Governor, I appreciate that. Which committee would you
9 like me to be on? He says agriculture. I says, I appreciate
10 that, but do you realize I grew up in south Philadelphia, on a
11 sidewalk? And he said, yes. But the horse industry is part of
12 agriculture. So it was interesting he ---.

13 But I point out to you that Pennsylvania has the
14 same exact soil that Kentucky has. We could have as prosperous
15 and as big a horse industry here. In fact, we're the only
16 state to put the horse on the flag, by the way. I don't know
17 if you know that or not. We're the only state in the United
18 States that has a horse on its flag. But it's more encouraged
19 than Kentucky. There's more done to encourage that.

20 Part of the problem with the breeding program, and
21 the head of the breeders is here, is that our top stallion stud
22 fee is about \$10,000. Now, I know all of you would be great to
23 take \$10,000 for a stud fee. But the stud fee is \$10,000. In
24 Kentucky it's \$300,000 for the top stallion, okay, because we
25 can't attract those kind of stallions. We could if we had the

1 right atmosphere and the right environment.

2 So I'd just point out we have a tremendous
3 opportunity in Pennsylvania thanks to the good work of Bob
4 Green and the COs who really make it a vibrant --- you know, we
5 have two play barns on Pennsylvania Derby Day. Except for the
6 Breeders' Cup, that's the only day in the United States where
7 there's two great --- \$1 million races in the same day. It's
8 all thanks to the operators of Parx. So I just think we have a
9 tremendous opportunity here, and I think you should take
10 advantage of it.

11 I meant to say one thing about Mr. Green. They are
12 very much a part of not only living up to their --- but by
13 being part of the community. In another world I'm Chairman of
14 the Philly Pops. I don't know if you've been there. And our
15 season sponsor, Parx Racing and Casino. So he is a part of the
16 community and has worked with us, and I salute the Parx and the
17 Greenwood organization for being part of that.

18 This has been a tremendous partnership. We started
19 off adversaries. We have become close allies, working together
20 to better the casino and racing industry here in Pennsylvania.
21 And I'm very proud of what we've accomplished. And I thank
22 them for being our partners, and I support their --- their
23 testimony here today.

24 CHAIRMAN HARKINS: Thank you, Sal. Thank you also
25 for this information.

1 Just a quick note. Again, I'm from Erie and we have
2 Presque Isle Downs. We went over ---

3 MR. DEBUNDA: I'm familiar with it.

4 CHAIRMAN HARKINS: --- much of the racing things,
5 and I'm sure you probably know much more than I do, but we have
6 a younger, inexperienced, freshman legislator. I won't call
7 him out. But he went on the news because we have a problem
8 with our school district funding up in Erie, and it is a
9 critical mess, but we are addressing that, but he wanted to
10 know why we couldn't use the money from the Horse Racing
11 Commission or from the --- you know, from this Horse Racing
12 Fund.

13 And immediately I started getting the phone calls at
14 my office, even at my home that evening. And I explained it
15 thoroughly to, you know, the constituents, who innocently
16 wanted to know why that was. And when I explained to them how
17 --- they understood. But there's so much misinformation and
18 disinformation that many times, you know, as legislators, we
19 can't get that out there. So anywhere I go I try to reinforce
20 that. And we did that in Erie also, but if you can just keep
21 driving that home.

22 MR. DEBUNDA: I appreciate that. And we find that
23 one of our --- we thought when the slot bill was passed things
24 were done, we were done.

25 CHAIRMAN HARKINS: Right.

1 MR. DEBUNDA: We found that with the change in the
2 membership of the legislature and those kind of comments and
3 rumors, that education has become a very important part of our
4 role. So we try to really do a good job of that.

5 CHAIRMAN HARKINS: And I appreciate that again. And
6 I'm going to ask Senator Tomlinson if he will relay that to ---
7 to my neighbor in the Senate, but I'll turn it over to you,
8 Tom.

9 SENATOR TOMLINSON: Thank you. Actually, when I
10 guess we first started talking about this bill, I really only
11 wanted to do seven racetracks. I didn't want to do
12 stand-alones. I didn't want to do Class IIIs. I wanted to do
13 racetracks, because I think the history and the tradition of
14 horses and breeders in Pennsylvania is a great one.

15 And this is not an endowment. This isn't a grant.
16 They have to race and they have to run for this. I mean, they
17 have to --- they have to produce a winner. You have to produce
18 a good horse. I mean, there's a competition. It's not like,
19 okay, you just get this money and that's it. It goes to people
20 who actually win and who actually earn it. And I think that's
21 a huge difference.

22 And then the ripple effect that's going through the
23 community is incredible. And I think it's over --- it's over
24 80 percent of that money that circles around into feed and into
25 people that work here and in the barns and things like that.

1 So to me, when we were writing this thing, it was --- of course
2 we wanted to make horse racing --- keep that tradition going,
3 but it also was good for York and Lebanon and every other
4 community. We talked about spreading the money around, well,
5 it went into agriculture and it went into horse farms. And it
6 actually helped Upper Bucks horse farms and open space. Open
7 space became more available or more worthwhile because it was
8 worth more as a farm, as a horse farm.

9 So the ripple effect of this economy, of throwing
10 this money in instead of just giving a couple hundred million
11 dollars to education or a couple hundred million dollars here,
12 it's an industry that produces more. I mean, it --- it does
13 something. And I think that's the key. You just don't --- you
14 just don't put it there and then it --- next year you need
15 another hundred million dollars, and the next year you need
16 another.

17 And that's the same path we're going down now with
18 the casinos. The way that the Fund got raided, now, all of a
19 sudden, legislators think, okay, let's just --- let's just turn
20 this cell phone into a slot machine and we'll make it easier
21 for us and we'll make more money, when actually they're making
22 less money. And then, of course, that cuts you out and it cuts
23 everybody else out. Well, let's do VGTs at bars and we'll do
24 that. Well, that --- that takes away from the horsemen.
25 That's going to take away from everybody else.

1 So when we thought this plan out and as we
2 negotiated it, and of course, Class IIs and Class IIIs, and of
3 course, you're right, Class Is --- if you were a Class I, you
4 got a license. You didn't have to compete before the Gaming
5 Commission for a location. You got that license. And that was
6 the advantage of that.

7 Of course --- and I think, since he's in the room,
8 we should blame Steve Crawford for taking that money off of us.
9 I said that facetiously. It was part of that legislative
10 process. It's part of a leader that we see all the time say,
11 hey, instead of raising taxes, let's grab a little bit of that
12 money, hey, let's take some money off of that because we don't
13 need --- a tenth or two-tenths --- we'll just take it out of
14 this. We'll take it out of the gaming money and we'll take it
15 out of that. And what you're doing, though, is you're ruining
16 18,000 jobs. You're ruining millions of dollars in
17 investments. You're ruining all --- everything that's been
18 built up. And it's an industry --- it's an economic engine.

19 And as you drove in on Street Road, there's not a
20 restaurant that you've heard of that isn't here. Every
21 restaurant that you can name, Applebee's, Outback's,
22 Carrabba's, Friday's, Red Robbin, they're all here, Panera,
23 they're all here on --- and there's more hotel rooms in
24 Bensalem than there is in all of Bucks County. This is an
25 economic engine. And it drives more than just the jobs that

1 are here. It drives jobs in those restaurants that are on
2 Street Road and those gas stations that are on Street Road.
3 And so the same thing that happened to the Horse Racing
4 Development Fund they're trying to do to the casinos now. It's
5 an incredible problem, and it didn't hit me until we just
6 started talking about it.

7 Somebody said that we got a tight budget, we need
8 some money, we can't find money, let's just raid this fund or
9 let's raid that fund or let's raid this industry. So it's
10 very, very dangerous. We created a great thing here, it's been
11 very successful. And this chart is tremendous to show where
12 all this money goes, into jobs.

13 And that's why I wanted to point out my friend John
14 Servis. If I would have won the Kentucky Derby, I probably
15 would have retired, John, but you're still training horses and
16 a lot of horses. So the money --- they just keep hiring more
17 people, spending more money here. And this money is not just a
18 gift, it's something they have to earn and work for.

19 MR. DEBUNDA: Thank you, Senator. And I just want
20 to add that the \$20 million that Mr. Ricci referred to as the
21 effect on our purses, that's a third of our purses when we go
22 --- a third. And that would --- we would not be able to
23 compete with other jurisdictions for the horse, the owner,
24 because our purses --- horses only run so many times a year, so
25 you choose where they run. You can put them on a van and run

1 them anywhere. We would not be able to compete. So that would
2 be the death knell of the kind of racing we have here in Parx.

3 And by the way, I mentioned the million dollar
4 races. That purse money comes from the horseman. It's not put
5 up by the track. And we wouldn't be able to fund that if ---.

6 CHAIRMAN PETRI: Representative Mehaffie still has a
7 question, I believe.

8 REPRESENTATIVE MEHAFFIE: Real quick. Sal, thank
9 you. And I'm encouraged to hear you're a breeder also, not
10 just an owner.

11 I have a horse farm. When it started --- and
12 Senator, you're right. We have to stop raiding the Horse Fund.
13 We must. Because the breeding side is what's suffering right
14 now. You'd agree; correct?

15 MR. DEBUNDA: I do.

16 REPRESENTATIVE MEHAFFIE: Okay.

17 At this point I have a --- when this started back in
18 '04, '05, we had a gentleman come in and buy a 110-acre farm
19 right by my home. Spent millions and millions of dollars on
20 fence, barns, outsheds, pastures and so forth. And he brought
21 in Real Quiet. And we're all familiar ---.

22 MR. DEBUNDA: I bred to Real Quiet.

23 REPRESENTATIVE MEHAFFIE: There you go. And that's
24 what I want to make a point here is, as breeders, and you guys
25 --- you know, I've never seen so many horse trailers. When

1 they brought Real Quiet in here, I never saw so many horse
2 trailers come into our community. And Real Quiet's no longer
3 alive. He did pass away. But at that point, these trailers
4 weren't coming in from just Pennsylvania. They were coming in
5 from Maryland, Kentucky, all over, every state. And we got to
6 remember that, because these farms bring in business,
7 out-of-state business. And we got to realize that when we raid
8 that Horse Fund and we hurt these breeders, we hurt economic
9 development in our areas. So I just want to say that. And
10 thank you so much, Sal.

11 MR. DEBUNDA: By the way, my horse was called
12 WhisperDowntheLane. By the way, when I --- when I want to
13 breed in Kentucky --- my mare just had a baby a week ago. If I
14 want to breed that horse in Kentucky, I have to send her down
15 to Kentucky, her and the baby, in a van, put her on a farm
16 there for three months, give them money, and hopefully she'll
17 get pregnant and then I bring her back. So all that time that
18 she was down in Kentucky, no money was going to the
19 Commonwealth. So we'd rather be breeding here.

20 CHAIRMAN PETRI: Final question from Representative
21 Pashinski.

22 REPRESENTATIVE PASHINSKI: Actually, it's just a
23 comment. The Senator and my fellow colleague down there did a
24 great job. But so did you --- so did you with this visual.
25 Now, take ---.

1 MR. DEBUNDA: You notice the lawyer's hanging in
2 that photograph?

3 REPRESENTATIVE PASHINSKI: You know what, I noticed
4 that. But stay with --- stay with the economic development.
5 There should be a chart here regarding the purchase of the
6 farms and the feed and the fence and the buildings and the
7 trailers and all of the people that are employees of those
8 places. And I thought you may want to end with what was the
9 condition of the racehorse industry before the casino industry
10 came in. Because you guys were hanging on a string, the
11 quality of your horses. The breeders were gone. And what
12 happened with the casino industry, it just ignited your
13 industry again. We now attract the people from Kentucky with
14 the quality horses that purchased our farms. In Pennsylvania
15 we have 97,000 farms. I believe 30,000 are horse farms.
16 That's a lot of money.

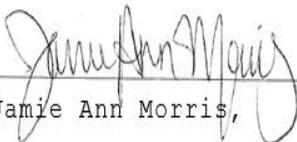
17 So I think those points you may want to, you know,
18 prop it up with --- with some of those facts because I don't
19 people understand that. They don't understand what that one
20 horse brings in. And they don't understand the money that's
21 coming in, you know, through that industry. Thank you.

22 CHAIRMAN PETRI: With that --- and thank you for
23 your testimony. This hearing will be adjourned. And look for
24 the next one to be scheduled at a casino near you.

25 MEETING CONCLUDED AT 4:33 P.M.

CERTIFICATE

I hereby certify that the foregoing proceedings, was reported by me on and I, Jamie Ann Morris, read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Jamie Ann Morris,
Court Reporter