

# **UPDATE: 2017 Mustio/Reschenthaler Gaming Proposal Specifics**

## **Additional Video Gaming Terminals in Specific Locations**

- 10 Terminals in Truck Stops
  - The thought process behind doing this is to encourage out-of-state participation in the industry. In order to mirror the widely-agreed to model of placing casino locations in high transit areas with out-of-state dollars, we believe this will bring in tax revenue from non-PA residents.
- 10 Terminals in Off-Track Betting Locations
  - With a restricted number of OTBs that can exist in the Commonwealth, this was an agreed-to provision from the entire coalition.

## **Category 3 License Changes**

- Delay of the Final Category 3 Location
  - With the saturation of casinos in Pennsylvania and nearby states, the thought is that delaying and/or eliminating the threat of the last Category 3 may entice casino participation.
    - Proposal: Delay Issuing the license until July 1, 2020

## **Ownership Requirement**

- Eliminating the current “one and a third” ownership restriction of casino slot license ownership. This proposal was agreed to and supported by Gaming ED Josiah Shelly.

## **Regulatory Costs**

- Limits assessment rate for FY 2017-2018 to 1.7% and returns it to original 1.5% for FY 2017-2018.

## **Slot Machine Tax Rate**

- Lowers base slot machine tax rate to 29%; delayed until July 1, 2018.
  - Holds harmless the Property Tax Relief Fund with implementation of the Video Gaming Fund.

## **State Police Costs**

- Total phase out of State Police presence at casinos with a proposed July 1, 2018 completion date.

## **Opening the Market for Competition**

- Operators
  - All entities are permitted to get into the terminal operating business
    - Previously, casinos had griped about not being able to compete.
  - Specifically allows partnership agreements between traditional, established operators and casinos who wish to sign contracts and sub-contract

## **Tax-Rate Parity**

- Marginal Tax Rate: 34.5% State Tax, 2% County, 2% Municipality
  - Local Share projects run through CFA
  - True Slot tax is actually 38%, VGT starting at 38.5%

## **Community Investment**

- Local Share Assessment (LSA) Program
  - 67 Counties
  - Run through CFA
  - 4% of total revenues
- \$2.5 M annually for firefighters and emergency services
- \$2.5M annually for substance-abuse programs.

## **Tightening Operator Initiatives**

- Improvements have been made from last year to explicitly describe what can be provided to tavern operators in order to make sure gaming area will be in compliance with the law.
  - Additionally, monetary values are set to promote competition.

## **Limits on Maximum Bets and Payouts**

- This will differentiate the industry from slot operations in brick and mortar casinos.
  - Prohibiting statewide progressive jackpots.

## **Gaming Hours Explicitly Defined in Liquor Licensed Establishments**

- Provision states that VGT operations are only to be sold during the hours of permitted liquor sales.

## **Gaming Control Board Conditional Licensure**

- In order to get the industry functional and solvent as quickly as possible, the GCB will have the ability to grant conditional licensure to organizations with what is deemed a “similar license in another jurisdiction”
  - This provision will likely extend to existing route operators, amusement operators AND existing casino licensees

## **Reducing Up Front Costs for Taverns and Clubs**

- Once again, the earlier the industry gets up and running-the better it is for everyone. The thought process here is to get maximum participation and limit the argument that this has a chance of being a repeat of Small Games of Chance.
  - Costs have been cut significantly for taverns.
  - Even further for non-profit clubs.