

House Gaming Oversight Committee

Pennsylvania Video Gaming Association President Rich Teitelbaum

May 1, 2017

Chairmen Petri, Harkins and members of the House Gaming Oversight Committee I would like to take this time to thank you for allowing me to come here today and speak.

My name is Richard Teitelbaum and I am the President of the Pennsylvania Video Gaming Association as well as the owner of Lendell Vending Company. I operate Jukeboxes, Video Games, and ATM machines in Restaurants, Bars, VFW's, American Legions, and C-Stores (Wawa, Sheets, Royal Farms, Etc.) in Philadelphia and surrounding communities.

Amusement Operators like myself have been advocating for the placement of VGT's in liquor licensed locations and truck stops for many years now. Our organization along with other groups have worked tirelessly advocating for many items in House Bill 1010.

It is easy for me to tell you with full implementation of House Bill 1010 the state would generate \$400 million dollars a year for Pennsylvania from VGT revenue. And, our model would deliver 4% local share for all 67 counties. What isn't as easy is to explain in detail the amount of the other benefits to the state. Nonetheless, if we look to Illinois where a similar operator based system was implemented in September of 2012. The building trades were affected. To set up a location carpentry and electrical work will need to be done in most establishments, which will have an immediate impact on the building trades. In addition to the locations generating revenue from the VGTs, they will also benefit with additional food and drink sales. The additional business in the locations is going to require these locations to hire additional people to handle the extra customers. Looking back to Illinois now a few short years into the implementation, many locations are now putting money back into their businesses, for the first time in years many locations have become more profitable and are able to make capital improvements. This has caused a dramatic slowdown in the turnover of these businesses. There are certainly more benefits than I just described.

The industry that I work in has been hit very hard over the last five years. The changes in business regulations, smoking laws and liquor taxes in some municipalities have really hampered the profitability for these locations. The continued rise in liquor license costs is making it hard for the mom and pop businesses to survive. These small companies bring in millions in tax revenue and are key to a healthy bottom line for the state and they need your help. Our industries employ hundreds of thousands of hard working tax paying citizens. They need the passage of this bill to survive. All Pennsylvania operators rely on liquor licensed establishments being successful.

As far as my own industry, our respective companies will handle all aspects of the operations. Operators will purchase and service the machines. We will help locations prepare their gaming area. We will coordinate with the state for approval and set up of the terminals. We will provide redemption terminals and the funds to inventory them, collections, repairs and the distribution of revenue to the locations and state. It will be necessary for us to hire many new employees to support this industry. These new employees, industry wide and building trades will continue to add millions of wage tax revenue to our commonwealth putting people back to work. The typical gaming operator is a vital part of the partnership between locations, the Commonwealth and operators.

If you look into the current LCB License transfer list many licenses are transferring to supermarkets, and c-stores. They are the only ones that can afford them. We cannot afford to lose an industry. Illinois has embraced this change and it is working.

It is in Pennsylvania's best interest to diversify its gaming portfolio to insure its long-term viability. I along with my organization can deliver that for the Commonwealth.