



Pete Zaleski, Meadows Metrics:

Thank you, Rick. My name is Peter Zaleski. I am a professor of Economics at Villanova University where I have served on the faculty since 1987. Since the 1990s, I have undertaken numerous economic and statistical analyses. Pace-O-Matic has contracted with Meadows Metrics, an Analytics consulting firm, to perform an economic impact study. I serve as the lead consultant to Meadows Metrics on this project.

Using data provided by Miele Manufacturing, we are estimating the income generated for Pennsylvania Skill amusement device machine operators who are located in Pennsylvania and the income generated for owners of the establishments where these devices are located in Pennsylvania. In addition, we are including an indirect impact and an induced multiplier effect, a standard treatment in economic analysis which allows us to estimate the dollar value of the added benefits to the community - examples of which were mentioned by Tom Marino and you will hear more about in the next group of testimony.

The indirect effect accounts for the additional income generated throughout the state as a result of these business owners needing to hire more employees or outsource more work to support their growing businesses. The induced effects measure the extra spending in the community all of those affected will undertake. As a result of this added income and spending, the Pennsylvania Skill devices generates sales tax and income tax for the Commonwealth of Pennsylvania.

Miele Manufacturing produces these devices in Williamsport, PA and utilizes numerous Pennsylvania suppliers. We are also estimating the impact of Miele Manufacturing's manufacturing activities on the Pennsylvania economy. This impact includes a substantial indirect effect as well as the induced multiplier effect. As you will agree, manufacturing is crucial to a healthy state economy. The sale of these devices generates sales tax for state of Pennsylvania along with income tax on the income generated.

We have made preliminary estimates so far and will complete our analysis in the coming weeks. Our preliminary estimate is that the Pennsylvania Skill amusement device has a substantial impact statewide with respect to job creation, income generation and the generation of tax revenue. For the current year we would expect a total economic impact on the state's gross domestic product of just shy of one billion dollars, that generates state tax revenue of \$26 - \$30 million, and we would expect those number to increase over the next few years.

I would now turn this over to Randy Wright to discuss the impact of skill games in Virginia.



Randy Wright, Queen of Virginia:

My name is Randy Wright and I am a consultant for Queen of Virginia Skill amusement devices. Let me first thank you for your public service.

I too have served in various public roles in my home state of Virginia; including serving as a City Councilman; as a member of the Virginia State Board of Commerce for seven years and chairing the Board for two of those years; Served on the Virginia State Board of Corrections for six years and was vice chair for two of those years; Chairing a Virginia Statewide Blue Ribbon Commission on transportation in urbanized areas; and serving as the National Chair of the Transit Board. In that role, I worked with SEPTA, which was rated in the top 3 Transit Authorities in America and I am proud to have become personal friends with the CEO Rick Simonetta and his wife Bonnie. I still hold the distinction of having been the only chair to serve for three years.

For the purposes of today, I would like to discuss my service as Deputy Director of the Virginia Lottery from 2014 – 2018.

Let me share with you the Virginia story regarding the Virginia Lottery and Queen of Virginia Skill amusement devices, which are the same Pennsylvania Skill amusement devices utilized in this Commonwealth. The Virginia Lottery had a record year in Fiscal Year 2019 with more than \$2 Billion in sales and profits of \$606 million. At this point in FY 2020, lottery sales are up over the 8.6% projections which indicate profits will likely exceed \$645 million this year. Since Queen of Virginia Amusement devices were introduced in Virginia, our joint statistical data shows that where the lottery and skill amusement devices share locations, lottery sales have increased from 17- 27% in profits. My point here is that skill amusement devices complement the lottery, in much the same way Casinos offer various games. In conclusion, the implementation of Virginia Skill amusement devices has contributed to the record-breaking years the Virginia Lottery has recorded. Thank you for allowing me to speak today.