

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

GAMING OVERSIGHT COMMITTEE
PUBLIC HEARING

STATE CAPITOL
HARRISBURG, PA

RYAN OFFICE BUILDING
ROOM 205

WEDNESDAY, FEBRUARY 24, 2021
1:01 P.M.

PRESENTATION ON
HOW CASINOS FARED DURING COVID-19 PANDEMIC

COMMITTEE MEMBERS PRESENT:

HONORABLE SUE HELM, MAJORITY CHAIRWOMAN
HONORABLE DONALD COOK
HONORABLE ERIC DAVANZO
HONORABLE RUSS DIAMOND
HONORABLE JONATHAN FRITZ
HONORABLE CHRIS QUINN
HONORABLE MEGHAN SCHROEDER
HONORABLE SCOTT CONKLIN, DEMOCRATIC CHAIRMAN
HONORABLE DANILO BURGOS
HONORABLE JOSEPH CIRESI
HONORABLE MANUEL GUZMAN
HONORABLE JEANNE MCNEIL
HONORABLE ROBERT MERSKI
HONORABLE MARK ROZZI

COMMITTEE MEMBERS PRESENT VIRTUALLY:

HONORABLE JAMES GREGORY
HONORABLE AARON KAUFER
HONORABLE JOSEPH KERWIN
HONORABLE CARRIE LEWIS DELROSSO
HONORABLE THOMAS MEHAFFIE
HONORABLE JASON ORTITAY
HONORABLE TODD POLINCHOCK
HONORABLE K.C. TOMLINSON
HONORABLE MICHAEL DRISCOLL

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*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

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SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts online.)

P R O C E E D I N G S

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3 MAJORITY CHAIRWOMAN HELM: I thank all the
4 Members for joining us today whether in person or
5 virtually. Thank you to all of our testifiers for taking
6 their time to come before the Committee today as well. I
7 am Chairwoman Sue Helm from the 104th Legislative District.
8 If we could, starting with Chairman Conklin, can we have
9 Members please introduce themselves?

10 DEMOCRATIC CHAIRMAN CONKLIN: Scott Conklin, 77th
11 District.

12 REPRESENTATIVE ROZZI: Mark Rozzi, Berks County,
13 126th District.

14 REPRESENTATIVE MCNEIL: Jeanne McNeil, 133rd
15 District.

16 REPRESENTATIVE DIAMOND: Russ Diamond, 102nd
17 District, Lebanon County.

18 REPRESENTATIVE DAVANZO: Eric Davanzo,
19 Westmoreland County, 58th District.

20 REPRESENTATIVE FRITZ: Good afternoon, Jonathan
21 Fritz, proudly representing the 111th Legislative District,
22 Susquehanna and Wayne County.

23 REPRESENTATIVE COOK: 49th District, parts of
24 Fayette and Washington County, the Mon Valley, State Rep
25 Bud Cook.

1 REPRESENTATIVE BURGOS: Good afternoon, State
2 Representative Danilo Burgos, 197th legislative District,
3 Philadelphia.

4 REPRESENTATIVE KIRKLAND: Good afternoon. Brian
5 Kirkland, Delaware County, 159th Legislative District.

6 REPRESENTATIVE CIRESI: Wait a minute. Joe
7 Ciresi, Montgomery County, 146th.

8 MALE SPEAKER: In person.

9 REPRESENTATIVE DELROSSO: Representative Carrie
10 Lewis DelRosso, Allegheny and Westmoreland Counties.

11 REPRESENTATIVE KAUFER: Aaron Kaufer, Luzerne
12 County, 120th District.

13 REPRESENTATIVE DRISCOLL: Representative Mike
14 Driscoll, Philadelphia, 173rd.

15 REPRESENTATIVE KERWIN: Joe Kerwin, 125th
16 District, Dauphin and Schuylkill Counties.

17 REPRESENTATIVE ORTITAY: Jason Ortitay, State
18 Representative for the 46th District, Allegheny and
19 Washington.

20 REPRESENTATIVE MEHAFFIE: Tom Mehaffie, 106th
21 District, Dauphin County.

22 REPRESENTATIVE GREGORY: Jim Gregory, 80th
23 District, Blair County.

24 REPRESENTATIVE TOMLINSON: Representative K.C.
25 Tomlinson, 18th District, Bucks County.

1 REPRESENTATIVE POLINCHOCK: Representative Todd
2 Polinchock, central Bucks County, 144th District.

3 REPRESENTATIVE SCHROEDER: Hi, State
4 Representative Meghan Schroeder from Bucks County.

5 REPRESENTATIVE GUZMAN: Hi, good afternoon.
6 Manuel Guzman representing the 127th in Reading. Thank
7 you.

8 REPRESENTATIVE MERSKI: Representative Bob
9 Merski, 2nd Legislative District, Erie County.

10 MAJORITY CHAIRWOMAN HELM: Again, thank you all
11 for coming. Today, we will hear from the Pennsylvania
12 Gaming Control Board, as well as industry representatives,
13 to discuss the many closures during the pandemic that have
14 affected the industry, how it's really affected them and
15 how they're proceeding. I believe we all want to know how
16 this is affecting our local communities, the employees of
17 the casinos, and of course revenues to the Commonwealth.
18 While the casinos are open with a limited capacity now, we
19 still have a long way to go to get them safely and fully
20 functioning.

21 Chairman Conklin, do you have any opening
22 remarks?

23 DEMOCRATIC CHAIRMAN CONKLIN: I'd like to thank
24 the Chairwoman. Yes, I'd like to thank everyone for
25 showing up today, but most of all, we want to thank the

1 casinos for showing up today. They have been one of the
2 true partners for this State. They've paid a lot of money
3 to do business here, and with the pandemic and other
4 extraneous factors happening within the gambling industry,
5 it's so important that we hear what you have to say today.
6 So thank you very much, Chairwoman, and I'm prepared to
7 start.

8 MAJORITY CHAIRWOMAN HELM: Wonderful. A few
9 housekeeping things before we get started, we have Members
10 and testifiers in attendance virtually, as well as the
11 public viewing via livestream. Due to Sunshine Law
12 requirements, if either of these platforms experience
13 technical difficulties, we will pause the meeting in order
14 to correct the issues.

15 For the Members participating virtually, please
16 mute your microphones. Please know that when you speak, we
17 all hear you. If you want to be recognized for comments,
18 please use the raise-hand function. After being recognized
19 but prior to speaking, please turn on your camera and
20 unmute your microphone. After you have completed your
21 question, please mute your microphone.

22 We will now do the swearing in of testifiers. It
23 will be a new tradition of the Committee to swear in
24 testifiers as our Appropriations Committee has done for
25 many years. Please raise your right hand to be sworn in.

1
2 (Witnesses sworn.)

3
4 MAJORITY CHAIRWOMAN HELM: Thank you. And
5 finally, without further ado, let's hear from our
6 testifiers. First, we will hear from the Gaming Control
7 Board. With us today are Kevin O'Toole, Executive Director
8 of the board; and Doug Sherman, Chief Counsel. I believe
9 Mr. O'Toole will be presenting remarks and both will be
10 available for questions. You may begin your remarks, Mr.
11 O'Toole.

12 MR. O'TOOLE: Good afternoon, Chairwoman Helm and
13 Chairman Conklin and Members of the Gaming Oversight
14 Committee. I am Kevin O'Toole, and I serve as the
15 Executive Director of the Pennsylvania Gaming Control
16 Board. As indicated, Doug Sherman, our Chief Counsel, is
17 with me today, and it's our pleasure to be with you.

18 I think is important before we talk about how the
19 casinos have fared during the pandemic to put it into
20 context and talk just a little bit about where they were
21 before the pandemic. Pennsylvania's 12 brick-and-mortar
22 casinos were continuing a five-year pattern of growth
23 generating gaming revenue through calendar year 2019. At
24 the end of that calendar year, \$3.41 billion in total
25 gaming revenue had been earned from all sources of

1 regulated activity, the highest single year total to date.

2 This pattern of growth was aided by the Gaming
3 Expansion Act of 2017, and that act is showing itself in a
4 very positive way. The General Assembly passed the
5 Gambling Expansion Act in 2017, and the Governor signed it
6 into law in late October of 2017. That act brought
7 additional gaming opportunities to the casino licensees by
8 authorizing online gaming first with sports wagering and
9 then with interactive gaming in the form of online slots,
10 table games, and poker. It's also important to note that
11 the Gaming Expansion Act of 2017 created a new category of
12 casino licensees, a Category 4. The Category 4 license is
13 a little smaller casino. It can have up to 750 slot
14 machines and 30 table games. According to the act, the
15 board was tasked with conducting auctions and accepting
16 bids, and at the end of a number of auctions, today, we are
17 at five Category 4 locations.

18 So what I wanted to bring that into the pandemic
19 was that, pre-pandemic, three of those Category 4s had
20 commenced construction, Live! Casino Pittsburgh, Hollywood
21 Casino Morgantown, and Hollywood Casino York. Also under
22 construction pre-pandemic was Live! Casino and Hotel in
23 Philadelphia, the fifth and final Category 2 casino.

24 Amongst those three that were under construction
25 of the Category 4s plus Live! Casino and Hotel in

1 Philadelphia, two new casinos were opened up in just the
2 last three months. First, Live! Casino Pittsburgh, the
3 first Category 4, opened on November 17th of 2020 after a
4 two-day test period and the Live! Casino and Hotel
5 Philadelphia, the Category 2 casino, opened on January 19th
6 of 2021 after a two-day test period. Those were the first
7 two casinos to open since Lady Luck Casino Nemacolin opened
8 on July 1st, 2013.

9 So in a very unexpected turn of events, 2020
10 became one of the most challenging years for the casino
11 industry in Pennsylvania. In fact, it was a challenging
12 year for every gaming jurisdiction in the United States.
13 All 12 casinos in Pennsylvania were required to temporarily
14 close starting in mid-March 2020 in an effort to limit the
15 transmission of the COVID-19 virus. When this occurred,
16 the casinos mobilized their staff to secure the gaming
17 floor in all respects.

18 The COVID-19 temporary closures resulted in the
19 casinos placing a greater emphasis on existing and new
20 partnerships with experienced online gaming operators.
21 Revenue games from online gaming activity show that the
22 gambling public moved to the online casino offerings to a
23 significant extent when the casinos temporarily closed in
24 mid-March. While this new revenue source did not fully
25 replace land-based revenues, it certainly represented

1 somewhat of a life raft for the industry in the context of
2 continuing a source of gaming revenues.

3 Throughout 2020, the board continued its work on
4 licensing online and sports wagering operators. With
5 proper licensing in place, board staff coordinated the
6 launch of online casino and sports wagering platforms in a
7 timely manner. In fact, today, we have launched the 14th
8 online casino website in Pennsylvania.

9 In early May of 2020, Governor Wolf announced the
10 beginning of a phased recovery plan for businesses that had
11 temporarily closed in mid-March 2020. That recovery plan
12 was based upon counties being designated in the red phase,
13 the yellow phase, or the green phase. So it became evident
14 that when a casino located in the county, you know,
15 transitioned into the green phase, that they would be
16 allowed to reopen.

17 So prior to that occurring, the board prepared a
18 COVID-19 informational document detailing the necessary
19 steps that licensees needed to implement in order to
20 adequately promote the safety of casino patrons and
21 employees upon reopening. The protocols included new
22 operational requirements based on best practices
23 guidelines, along with the various reopening plans that
24 were submitted to the board from each casino licensee
25 operating in Pennsylvania.

1 While we have submitted those guidelines for
2 reopening as part of our testimony, I will briefly
3 paraphrase the guidelines. They are based upon information
4 from the Centers of Disease Control and the Pennsylvania
5 Department of Health and are designed to emphasize the
6 safety of patrons, employees, and others, including the use
7 of masks, enhanced cleaning and sanitation throughout the
8 casino, and sanitation of all gaming equipment, social
9 distancing, and barriers between patrons actively engaged
10 in gaming.

11 The casinos were authorized to reopen under the
12 COVID-19 mitigation protocols, and that process began on
13 June the 8th, 2020. Not every casino opened up on the same
14 day. It took about 7 to 10 days, and all 12 casinos were
15 back up and running.

16 It's important to note that Rivers Casino
17 Pittsburgh did reopen on June the 8th of 2020. However, a
18 month later on July the 3rd of 2020 the Rivers Casino
19 Pittsburgh closed at the direction of the city of
20 Pittsburgh for one week due to a spike in COVID-19 cases in
21 the Pittsburgh area. The casino reopened on July 10th of
22 2020.

23 Also, with respect to reopening from the closures
24 in mid-March, Rivers Casino Philadelphia, pursuant to
25 directives from the city of Philadelphia and their

1 Department of Health, did not reopen until July 17th of
2 2020.

3 With the reopenings, casino gaming revenues and
4 tax assessments to the Commonwealth from that revenue began
5 to recover. Later in 2020, however, due to an increase in
6 positive COVID-19 tests, the 12 casinos were closed a
7 second time starting on December 12th of 2020. The second
8 period of closures lasted a shorter period of time and did
9 end on January 4th of 2021.

10 As of the current date, 14 casinos are open and
11 operating pursuant to the mitigation measures in place to
12 minimize the COVID-19 virus. While revenue are reduced
13 from the pre-COVID period, we do see in comparing previous
14 years before the pandemic that the casinos have been
15 successful at generating close to 70 percent of their slot
16 revenue and their table game revenue from prior years. We
17 also anticipate that, as mitigation measures are modified
18 or lifted, that revenues will continue to rebound.

19 In closing, the COVID-19 pandemic has dealt
20 Pennsylvania's casino industry and unexpected and
21 unprecedented blow, and the board is committed to assisting
22 each Pennsylvania licensed casino operator and facilities
23 to operate in a safe and efficient manner and to assure the
24 safety of gaming patrons and employees. The casinos have
25 stepped up and taken this challenge head on and have done

1 everything asked of them under very difficult
2 circumstances.

3 Thank you for the opportunity to provide our
4 testimony this afternoon. Chief Counsel Sherman and I are
5 available to answer any questions you may have. Thank you
6 very much.

7 MAJORITY CHAIRWOMAN HELM: Thank you. And we do
8 have questions. First of all, we've been joined by
9 Representative Quinn.

10 And our first question is by Representative
11 Diamond.

12 REPRESENTATIVE DIAMOND: Thank you, Madam Chair.
13 And thank you, sir. I always appreciate meeting with you
14 folks.

15 Your written testimony provides the very
16 startling revenue drops for our casino industry. It's very
17 stark, and it's not unlike some of our other industries in
18 Pennsylvania through COVID. However, we rely more on the
19 casino revenue than we do on those other industries.

20 What I'm curious about is that through these
21 closures and reopenings and that sort of thing, has the
22 board kept track of any kind of quantifiable amount of
23 instances of community transmission, contact tracing
24 instances, or outbreaks of COVID-19 that are centered in
25 any casinos? And I believe the Department of Health

1 considers an outbreak to be one person who transmits to two
2 or more people. Has the board tracked any of that just so
3 that we can, you know, actually assess how that has
4 impacted the ability of the casinos to be effective in the
5 fight against COVID?

6 MR. O'TOOLE: Thank you. Yes, we have tracked
7 information not to the scope that your question laid out,
8 but in our pandemic protocols, we required each casino
9 licensee to appoint a Pandemic Safety Officer. And that
10 pandemic safety officer is required to communicate with our
11 Director of Casino Compliance any time that an employee
12 tests positive for COVID-19. So we have kept track of
13 those notifications. And over approximately a nine-month
14 period now up until yesterday afternoon, there is slightly
15 over 600 notifications of gaming employees who tested
16 positive of COVID-19.

17 REPRESENTATIVE DIAMOND: Okay. And thank you.
18 And just to clarify that, when an employee tests positive
19 for COVID-19, that's not direct evidence that they've
20 caught it at the casino, at work. They may have caught it
21 from a family member at home, that sort of thing. So is
22 there any kind of further clarification whether it's been
23 spread by having the casino open? Is there anything like
24 that?

25 MR. O'TOOLE: No, there's no information that it

1 has spread because the casinos are open. The individual
2 employee is required to quarantine. He cannot come back to
3 work until he has received another test that's negative at
4 a minimum of 10 days. I think they may have lowered that
5 to seven days fairly recently. There is contact tracing to
6 make sure that that individual who tested positive and
7 reported it to the casino [inaudible] is evidence of close
8 contact. The other [inaudible] negative test.

9 REPRESENTATIVE DIAMOND: Well, sir, I believe you
10 froze up a couple times there and we missed some of what
11 you said. Has there further been any issues with customers
12 of casinos who are sick or test positive or anything? I'm
13 not sure how a casino would track that, but has there been
14 any further issues like that?

15 MR. O'TOOLE: No, there have been no further
16 issues like that. We would not be a source of information
17 for whether patrons have contracted it at a casino. I
18 think the local or the county board of health would be the
19 resource for that information.

20 REPRESENTATIVE DIAMOND: All right. Thank you
21 very much. Thank you, Madam Chair.

22 MAJORITY CHAIRWOMAN HELM: Representative Ciresi.

23 REPRESENTATIVE CIRESI: Thank you very much. And
24 thank you all for testifying today. I have a couple
25 questions around the revenue numbers that you had given. I

1 see that the number of iGame revenue has increased
2 exponentially, which is a good thing because if we continue
3 down that path and see our other numbers come up, that
4 would be really great for revenue of the State. But as we
5 reopened, how much of a rebound did we see right away? Was
6 it significant onto the total number do you know or how
7 does it look?

8 MR. O'TOOLE: With respect to slot machines and
9 table games?

10 REPRESENTATIVE CIRESI: Yes.

11 MR. O'TOOLE: Yes, we did see a rebound
12 immediately when the casinos reopened. And, you know, we
13 were pleased to see that the figures approached 65 to 70
14 percent of pre-pandemic levels. But when you take the
15 entire year of 2020 where there was close to four months of
16 no casino activity, you know, the difference in table game
17 revenue and slot revenue from the previous year is in the
18 55 to 57 percent range.

19 REPRESENTATIVE CIRESI: And how does that fare
20 with other states, Nevada, New Jersey, New York, I mean,
21 Connecticut, wherever they have casinos? How are we doing
22 in comparison to them?

23 MR. O'TOOLE: You know, all that information is
24 basically anecdotal that you can catch in various trade
25 journals and whatnot, so it's very hard to judge with other

1 jurisdictions how well they have done after closures. It
2 is true that, you know, it's fair to say that if not every
3 casino, very close to every casino in the United States has
4 incurred some degree of closure during 2020.

5 REPRESENTATIVE CIRESI: I was just wondering if
6 we were on track like a national average if we were within
7 there, below or above.

8 And then onto casino profit. Because they've
9 done more online gaming, which means they have less cost to
10 keep up buildings, less employee costs, have their profit
11 margins changed? I know they've lost money, but have we
12 seen any kind of change in their profit margin? Because
13 now online gaming is not as intense as in-house gaming.

14 MR. O'TOOLE: Sir, you have a great crew of
15 testifiers when I am finished here.

16 REPRESENTATIVE CIRESI: All right.

17 MR. O'TOOLE: I would suggest that you ask them
18 that.

19 REPRESENTATIVE CIRESI: I will ask it. Lastly,
20 what is the fee for them to -- what do we charge then as
21 fees from the State? Like, we've waived a lot of different
22 fees for a lot of organizations. Are there any fees there
23 that we can look at to help them out?

24 MR. O'TOOLE: You know, we're always certainly
25 willing to talk about fees, but, you know, the act mandates

1 that the regulated industry defray the cost of regulation,
2 so, you know, that's a difficult fee to waive. It has not
3 gone up. And, you know, it defrays the expenses of being
4 regulated.

5 REPRESENTATIVE CIRESI: Thank you.

6 MAJORITY CHAIRWOMAN HELM: Representative
7 Ortitay.

8 REPRESENTATIVE ORTITAY: Thank you, Madam Chair.
9 Thank you for being here.

10 If I remember correctly in the last gaming
11 expansion bill that we enacted, it included language to
12 permit Pennsylvania to enter into a multistate gaming
13 compact to allow for larger multistate poker pools similar
14 to what we did with Powerball through the lottery. Why
15 hasn't the Gaming Control Board moved forward with
16 establishing these compacts like other States have?

17 MR. SHERMAN: Representative, the gaming compact
18 was held up to a large extent because of litigation that
19 had been pending concerning the Department of Justice's
20 interpretation [inaudible]. The Department of Justice's
21 interpretation was struck in New Hampshire District Court.
22 It was then appealed in the First Circuit Court of Appeals,
23 which has just recently upheld the lower court's decision.
24 We're now in that time period in which if the Department of
25 Justice was going to seek writ of certiorari, they could do

1 so for 90 days before that decision becomes final. But I
2 can tell you that we have been having some preparatory
3 discussions trying to work toward that goal.

4 REPRESENTATIVE ORTITAY: So it is something that
5 we can expect the Control Board to be working towards in
6 the future --

7 MR. SHERMAN: Oh, yes.

8 REPRESENTATIVE ORTITAY: -- if everything holds
9 up?

10 MR. SHERMAN: Yes. Okay.

11 REPRESENTATIVE ORTITAY: Thank you. Thank you,
12 Madam Chair.

13 MAJORITY CHAIRWOMAN HELM: Thank you. Any other
14 questions? If not, thank you, Mr. O'Toole. Thank you, Mr.
15 Chairman. And you can be assured we will be back in touch
16 with you through these next two years, so thank you.

17 MR. O'TOOLE: You're welcome.

18 MAJORITY CHAIRWOMAN HELM: Next, we will hear
19 from casino industry representatives. We have several
20 panels. I will let each panel testify and then have
21 follow-up questions with all three panels at the end. I
22 believe Mr. Stewart and Mr. King are here to assist where
23 needed. So let's start with panel #1, which is Eric
24 Hausler, Chief Executive Officer, Parx Casino; Kathy
25 McCracken, Executive Vice President and General Manager,

1 Wind Creek Bethlehem; Chris Albrecht, Senior Vice
2 President, General Manager, Harrah's Philadelphia Casino
3 and Racetrack. Go ahead when you're ready.

4 MR. STEWART: Madam Chair, this is Mark Stewart.
5 With your permission, may I offer some introductory
6 comments to the panel?

7 MAJORITY CHAIRWOMAN HELM: Sure, Mark, go ahead.

8 MR. STEWART: Thank you. Madam Chair, Chairman
9 Conklin, Members of the Committee, thank you. My name is
10 Mark Stewart with Eckert Seamans. We very much appreciate
11 your holding this hearing on the impacts of the pandemic on
12 Pennsylvania's casinos and our outlook for the future,
13 topics that, needless to say, are very personal and
14 important to all the presenters today.

15 As Executive Director O'Toole had mentioned, it's
16 important in order to appreciate the impact of the
17 pandemic, as well as what everyone has been fighting to
18 recover from and even to improve upon, that we understand a
19 little bit about the industry pre-pandemic. And simply
20 stated, Pennsylvania's gaming industry, its casino gaming
21 industry is a signature accomplishment of the General
22 Assembly, and it's one of the most successful industries in
23 the Commonwealth.

24 Thomas, would you go to slide 2?

25 We have an extensive reach that spans the entire

1 State and touches every corner. We were able to secure
2 participation today from 13 of the States' 14 operational
3 casinos. As the Chair noted, there are two panels of
4 casino operators who will testify. We have representatives
5 from all the other casinos virtually for question-and-
6 answer sessions. And, if appropriate, we will at the
7 appropriate time with the Chair's indulgence will at least
8 acknowledged those individuals.

9 Next slide, please.

10 A couple little known facts about the industry,
11 Pennsylvania is the number one State in the country for the
12 receipt and collection of gaming tax revenue. Our casinos
13 pay the highest total tax rate in the country, and while
14 many people like to think of Nevada when they think about
15 casino gaming in the United States, they really should be
16 thinking about Pennsylvania because Pennsylvania
17 consistently beats Nevada in terms of the tax money it
18 collects from its casinos.

19 Next slide.

20 At full capacity on a statewide basis we produce
21 tremendous results, and we do it like clockwork. Prior to
22 the pandemic, \$1.5 billion in tax revenue in a single year,
23 and that was before iGaming and sports betting got into
24 full swing. Tremendous employment, as you can see, 20,000
25 direct jobs, 90 percent of which are Pennsylvania

1 residents. And there's additional indirect jobs and
2 tremendous support in terms of wages and benefits.

3 Next slide.

4 Each year our casinos also do \$500 million in
5 business with Pennsylvania, partners contribute \$240
6 million and \$140 million to the State respectively for
7 agriculture and for economic development and infrastructure
8 projects and each year approximately \$150 million in
9 support for our host communities and counties. We are
10 presently developing a tool that will help us further
11 demonstrate our statewide impact, but our preliminary work
12 shows that 65 out of 67 counties in Pennsylvania benefit
13 from either casino jobs or has business partners that are
14 within those counties. And of course all 100 percent of
15 the counties benefit from property tax relief.

16 Now, of course the COVID-19 pandemic change life
17 as we all knew it, and it had drastic impacts on our
18 casinos. Our first panel will discuss those impacts and
19 all that they've done to overcome them. We have also
20 submitted written testimony from the entire industry, and
21 we would respectfully ask that the Members review that at
22 their pleasure. I did just want to highlight one fact from
23 it, and that is that our land-based casinos suffered slot
24 machine and table game revenue losses of greater than 40
25 percent. Many of you are businesspeople or were in

1 business before you took your office. Can you imagine your
2 business losing more than 40 percent of its primary source
3 of revenue? And those are the main dollars that go to
4 supporting our team members and our business partners as
5 well. And of course since the State would've collected
6 over 50 percent of the gross dollars on the majority of
7 those losses, you suffered right along with us.

8 So with that, I would like to turn it over to
9 Eric Hausler, who is the CEO of Parx Casino. Thank you.

10 Eric, you're on mute.

11 MR. HAUSLER: My first virtual testimony. I'm
12 Eric Hausler, the CEO of Parx Casino and Greenwood Racing.
13 I want to thank Chairwoman Helm and Chairman Conklin and
14 the Members of the Committee for hosting the hearing. It's
15 a pleasure to be here to speak to you today.

16 As Mark had noted, your constituents and every
17 taxpayer benefit from a tax structure and rates that are
18 unmatched in the Nation. On slot machines alone, the State
19 receives more than 50 cents on every dollar that is won by
20 our casino.

21 I'm going to talk specifically about our casino
22 in Bucks County and the Category 4 casino we're developing
23 in Shippensburg, but I want to make clear that the entire
24 State, every taxpayer benefits. We've made significant
25 capital investments into our facility. Seven hundred

1 million in Bucks County and approximately another \$70-plus
2 million will be spent developing the Category 4 casino in
3 Shippensburg.

4 At full strength, Parx Casino and surrounding
5 have about 2,700 employees. Like all businesses in
6 Pennsylvania, COVID had a meaningful impact on ours. Our
7 land-based casino revenues at Parx dropped 38 percent.
8 That in real dollars is \$233 million. We were closed for
9 125 days during the year, and even when we were reopened,
10 we were operating at significantly diminished capacity.
11 This drop has had a tremendous impact on all of our
12 partners, vendors, suppliers, Bucks County, and, of course,
13 the State.

14 At the peak of the closure, we were down to 300
15 working employees, and we are now back up north of 2,100
16 employees working for us.

17 During the State-mandated closures, we tried to
18 protect our team members. During the first closure, which
19 started in mid-March, as noted, we paid all team members
20 their full rate for 28 days. Then we maintained at our
21 cost their healthcare through the entirety of that closure
22 until our reopening on June 29th. During the second
23 closure, which started December 12th approximately and
24 ended January 4th, we continued to pay all our team members
25 and maintain their health benefits over that three and a

1 half week period.

2 In order to reopen and continue operating, we've
3 made over \$3 million in investments in COVID-19 mitigation
4 and training. We've tried to create as safe and as
5 comfortable and environment for our guests, and our contact
6 tracing and data shows that our systems are working.

7 We have mandatory masks. We have temperature
8 checks for all customers and team members. We have
9 signage, staging, Plexiglas dividers, limited capacity at
10 slot machines, gaming tables, and in our restaurants. We
11 have high-tech ozone filtration systems on the casino
12 floor, and we also offer free rapid testing to all of our
13 employees as needed and have, since reopening, conducted
14 well over 1,000 tests for COVID-19.

15 Our comprehensive contact tracing and
16 notification [inaudible] implemented for all team members,
17 and since the beginning of the pandemic, our positive rate
18 of COVID amongst team members is tracking roughly in line
19 with the State rate, yet I'll note we host more than 80,000
20 customers a week in our facilities sometimes.

21 This is a snapshot, but the data has shown
22 throughout the pandemic that our efforts have been working.
23 In order to thrive once again, the industry needs to return
24 to normal operations, full capacity as quickly as possible,
25 safely and responsibly. We need a stable market and

1 regulatory framework. My colleagues will address
2 [inaudible] skill games in the State and proposed
3 legislation to add new slot machines, skills, and VGTs to
4 the State. Our investments, course, are based on the
5 market, but we don't believe a massive expansion of
6 available gaming in the State will either get the State the
7 benefits they need or help our business return to normalcy.

8 With that, I'll turn it over to the next
9 panelist, and I appreciate the opportunity to speak.

10 MS. MCCRACKEN: Thank you. Good afternoon,
11 Chairwoman Helm and Chairman Conklin and the Members of the
12 Gaming Oversight Committee. Thank you for allowing me the
13 time to discuss how Wind Creek Bethlehem is faring
14 throughout the pandemic and our financial outlook for the
15 future. I am Kathy McCracken, Executive Vice President and
16 General Manager of Wind Creed Bethlehem.

17 In discussing where we are today and the
18 financial future of our property, it is important to
19 discuss our past. Wind Creek Bethlehem was conceived in
20 2006 as a unique and bold idea to take a vacant lot at the
21 former Bethlehem steel plant in Bethlehem and redevelop
22 into a destination casino. The land had been dormant and
23 fallow for over a decade, but some people had the vision to
24 see that a casino and shopping mall could breathe new life
25 into old steel.

1 In 2019, Wind Creek Hospitality, an authority of
2 the Poarch Band of Creek Indians, purchased the Sands
3 Casino Resort Bethlehem for \$1.3 billion. Wind Creek made
4 this investment because of the excellent track record of
5 the property and Pennsylvania's stable and strong casino
6 gaming industry.

7 Before the COVID-19 business closures struck last
8 March, Wind Creek Bethlehem had 2,330 employees. Our team
9 members come from many parts of Pennsylvania. They may
10 even be your constituents. In addition to our employees,
11 Wind Creek Bethlehem also does business with 838 vendors --

12 MALE SPEAKER: Beth, are you there? Can you hear
13 us?

14 MS. MCCRACKEN: Yes, can you not hear me?

15 MALE SPEAKER: Yes. No, is there a way you can
16 turn on your camera?

17 MS. MCCRACKEN: It's saying it's on. Is it not
18 on?

19 MALE SPEAKER: It is not on.

20 MS. MCCRACKEN: I'll try it again. Is it still
21 not on?

22 MALE SPEAKER: There you go.

23 MS. MCCRACKEN: Is that better? Sorry about
24 that. I apologize. Yes, it was showing here that it was
25 on when I clicked it, so I am not an IT person, as you can

1 see. All right. I'll just continue on, okay? You don't
2 want me to start over, right, just continue?

3 FEMALE SPEAKER: Just continue. It's just nice
4 to see a face.

5 MS. MCCRACKEN: Yes, sorry about that. I
6 apologize.

7 In addition to our employees Wind Creek also does
8 business with 838 vendors, who supply us with a wide range
9 of goods and services. Wind Creek, like all Pennsylvania
10 casinos, has a large economic impact across Pennsylvania.
11 Since the property opened in 2009 in the middle of the
12 great recession and before COVID-19, we were consistently
13 either second or first in total revenues and had been the
14 statewide leader in table games revenue.

15 Since the pandemic, much has changed with our
16 business. COVID-19 restrictions forced us to close from
17 mid-March to the end of June, and Pennsylvania casinos were
18 shut down again for three weeks at the end of 2020,
19 reopening on January 4th. The business shutdowns
20 significantly affected our business and our team members.
21 During the shutdown, we did not layoff any employees. We
22 paid them through May 31st even though they were not
23 working. After we reopened, we were forced to make
24 permanent layoffs. Now, at the beginning of this year,
25 Wind Creek Bethlehem has 1,463 employees.

1 In addition to the business closure, casinos,
2 like every other business, we had to rethink the way we
3 operate to protect the health and safety of our customers
4 and the community. Attached to my testimony is an ad we
5 ran in our local papers which details the steps we are
6 taking to keep our team members, customers, and community
7 safe.

8 While we were focused on navigating our business
9 through these challenging times, we have not forgotten our
10 commitment to Bethlehem, the Lehigh Valley and
11 Pennsylvania. During the pandemic, we have pitched in
12 financially to help a number of local organizations. This
13 includes providing nearly \$7,000 in PPE to the Office of
14 Emergency Management, approximately \$4,000 in food
15 donations towards local food banks benefitting schools and
16 community centers. Since the property's reopening, Wind
17 Creek Bethlehem has begun selling facemasks with 100
18 percent of revenue going towards local organizations, which
19 to date has raised over \$4,000. We are also proudly
20 serving as a COVID-19 vaccination site.

21 These are challenging times, but they are
22 especially difficult for anyone in the hospitality or
23 entertainment business. In spite of the circumstances we
24 have faced over the last year, Wind Creek Hospitality
25 remains very optimistic about Wind Creek Bethlehem and the

1 future of Pennsylvania's casino industry. We are breaking
2 ground on a new \$155 million hotel next to the casino. We
3 opened a new sports book onsite late last year, and we are
4 expanding one of our restaurants. These are all positive
5 signs for our industry, but we have one large concern about
6 the future that only you can control.

7 As every casino in Pennsylvania tries to rebound
8 from 2020 and adjust to the ongoing issues with COVID, one
9 of the worst thing Pennsylvania can do is to approve an
10 expansion of gambling, especially distributed gambling in
11 the form of VGTs in bars, taverns, or clubs or legalizing
12 games of skill. Expanding gambling would severely hurt
13 casinos at this time when we are just starting to recover
14 from the shutdowns of 2020. It will lead less investment
15 from casinos, fewer Pennsylvania jobs, and less tax revenue
16 for the State and local government.

17 Pennsylvania has still not implemented all the
18 gambling changes included in Act 42 of 2017. Give us the
19 opportunity to recover from the pandemic and fully
20 implement Act 42 before you consider any gambling
21 expansion.

22 Thank you and I look forward to your questions.
23 And sorry about the video.

24 MR. ALBRECHT: Thank you, Chairwoman Helm,
25 Chairman Conklin, and Members of the Committee. My name is

1 Chris Albrecht, and I'm the General Manager of Harrah's
2 Philadelphia Casino and Racetrack here in Chester. I
3 appreciate the opportunity to today on behalf of Harrah's,
4 our parent company Caesars Entertainment, and the
5 Pennsylvania casino industry overall.

6 While our combined properties have suffered
7 losses, as explained in our letter and testimony today,
8 each property has had its own unique challenges with the
9 impact of COVID-19. Our business at Harrah's has certainly
10 been impacted by the effects of the pandemic, as well as
11 the industry restrictions currently in place and even more
12 recently for us with the addition of a fifth casino into
13 the Philadelphia market with the opening of Philly Live.
14 Right now, there are only so many customers that are
15 willing to come out during the pandemic either because they
16 are not ready or because they don't like the current
17 restrictions that we have in place. We are now sharing
18 those guests here in the Philadelphia market amongst five
19 of us instead of four.

20 Our gaming revenues in 2020 were down 34 percent,
21 and in January we saw another additional decline of 34
22 percent, greatly impacting our tax contributions to the
23 Commonwealth.

24 Outside of last July due to the pent-up demand
25 from the initial closure period, our casino gaming revenues

1 declined year-to-year every month after reopening,
2 progressively getting worse each month through our second
3 closure in December, followed by another significant
4 decline here in January and in February so far as well.
5 This revenue shortfall has challenged our contributions to
6 Delaware County and to the city of Chester, which has been
7 a part of Act 47 since 1995 and is currently in
8 receivership by the Commonwealth.

9 This challenged our impact on the racing
10 community, as a harness track here representing one of the
11 six racetrack casinos in Pennsylvania and our ability to
12 support the numerous local businesses we use as vendors and
13 suppliers to our property. On an annual basis, Harrah's
14 Casino directly contributes almost \$12 million to the city
15 of Chester, about 20 percent of the city budget as shown in
16 the recent receiver's report, and almost \$10 million to
17 Delaware County.

18 This pandemic impact has also been felt on our
19 employee side. During the closure, we partnered with the
20 Pennsylvania Gaming Control Board to put in place robust
21 protocols to meet or exceed the restrictions enacted by the
22 Commonwealth, adapting along the way as those restrictions
23 changed throughout the past several months. We put all of
24 our team members through a new training program and
25 welcomed them back with a focus on these new procedures.

1 Enforcing mask compliance across all team members and
2 guests; social distancing set up across all of our gaming
3 positions; line queueing and around the building;
4 sanitizing all of our machines, table games, surfaces,
5 gaming chips, equipment in each area; adding numerous hand
6 sanitizer and sanitizing wipe stations across the building
7 for guests to use on their own; temperature scanning and
8 health screenings for all of our team members and
9 temperature scanning for our customers who enter the gaming
10 floor. We also added signage and sound system around the
11 building reminding our guests and team members of these new
12 protocols.

13 When we closed last March, our total team member
14 count was around 1,200. However, due to our current
15 volumes and restrictions, our team member count is now down
16 to 750. About 80 of those team members are in our food and
17 beverage department directly impacted the restrictions in
18 the F&B industry and with our inability to serve beverages
19 on the casino floor. As noted in our letter, beverage
20 service on the gaming floor remains one of the biggest
21 disadvantages that we have as an industry when compared to
22 other jurisdictions around us. Our existing protocol
23 should allow for us to deliver those beverages to our
24 guests while still maintaining social distancing standards
25 at all of our gaming positions.

1 My property's diverse workforce is 80 percent
2 Pennsylvania residents, 45 percent Delaware County
3 residents, and almost 40 percent union-affiliated, and we'd
4 like to get more of them back to work.

5 I know that the next panel will address concerns
6 about VGTs and the additional gaming expansion that has
7 been proposed in the past, but as a property already facing
8 the impacts of an existing gaming expansion during the
9 pandemic, I will echo the sentiment now to focus more on
10 getting our brick-and-mortar businesses back to pre-
11 pandemic levels and to continue the benefit from the gaming
12 expansion already passed back in 2017 before considering
13 any further action.

14 Thank you for your time and consideration today.

15 MAJORITY CHAIRWOMAN HELM: Thank you. Do we have
16 any questions? Representative Ciresi.

17 REPRESENTATIVE CIRESI: Thank you. You just
18 addressed the issue with food and beverage, and you said
19 it's different than what's around in the communities. Can
20 you just speak to that for a minute, what restrictions you
21 have that the local restaurants or the communities don't
22 have?

23 MR. ALBRECHT: It was in reference to the other
24 gaming environments, so we are not allowed to serve
25 alcohol, drink service on our casino floors currently where

1 our neighboring States and jurisdictions are allowed to do
2 so. That is certainly an experience that many casino
3 gamblers like to enjoy. When you think through obviously
4 the various seasonal events, you know, March Madness coming
5 up, things like that, that's certainly an experience that,
6 you know, would be of value to our industry to be able to
7 help restore some of the revenues we've lost during this
8 period.

9 REPRESENTATIVE CIRESI: That absolutely would be,
10 right. If other States are doing it around us especially,
11 that's why I asked before about what other States were
12 doing and how we compared, especially our State right next
13 to us, New Jersey. If they're able to do that in Atlantic
14 City, I can't see why we can't do that here in
15 Pennsylvania.

16 One quick question. PPP money, did any of the
17 casinos receive that?

18 MALE SPEAKER: Eric, I think you're on mute.

19 MR. BILLHIMER: Live! did not.

20 MR. HAUSLER: Parx did not.

21 MS. MCCRACKEN: Wind Creek did not.

22 MR. ALBRECHT: We did not at Harrah's.

23 REPRESENTATIVE CIRESI: Well, thank you all very
24 much for your testimony.

25 MAJORITY CHAIRWOMAN HELM: Representative McNeil.

1 REPRESENTATIVE MCNEIL: Thank you, Chairwoman. I
2 want to thank all of you for all of the steps you have been
3 taking to keep your staff and employees and all of your
4 customers safe during this pandemic.

5 Wind Creek is in my area, and I would like to
6 give a shout out to Kathy McCracken thank you for paying
7 those employees for those months that you could and
8 thanking you for all you do in the community before the
9 pandemic, during, and I'm sure it will continue afterwards.
10 And I look forward to all the projects you're working on
11 when they're finished.

12 MS. MCCRACKEN: Thank you. Yes, our Wind Creek
13 Hospitality committed to that early on with the team
14 members, and it certainly made it much better for, you
15 know, the whole property and the community. Thank you.

16 MAJORITY CHAIRWOMAN HELM: Representative
17 Mehaffie.

18 REPRESENTATIVE MEHAFFIE: Thank you, Chairwoman.
19 Mark, I have a couple questions. One of them is related as
20 far as the slot revenue. You said the slot revenue was
21 down over 40 percent, is that correct?

22 MR. STEWART: Representative, yes, it's at the
23 land-based casino slot machine revenue is down
24 approximately I think 43 percent statewide.

25 REPRESENTATIVE MEHAFFIE: Okay. So how has that

1 affected two areas, number one, in the Cat 1s, the
2 horseracing fund, and, number two, the local share? Is
3 that approximately the same loss that we've seen as far as
4 the slot revenue? Then would that be the exact same?

5 MR. STEWART: To the extent that those -- yes,
6 the first fund is a factor of revenue. It's a percentage
7 of revenue, so as those revenues were down, you know, the
8 first fund would also be down. Likewise with local share,
9 some of that was offset through iGaming revenue and some of
10 the support for our local communities in the form of an
11 annual flat fee, but certainly the revenue-based, you know,
12 distributions to our host communities were hurt.

13 REPRESENTATIVE MEHAFFIE: Okay. And then that of
14 course affected the horseracing industry, too. I'm
15 assuming they were shut down as long as you were shut down,
16 is that correct?

17 MR. STEWART: Eric Hausler, I don't know if you'd
18 like to speak to that, but yes, we were generally shut down
19 the same period of time.

20 MR. HAUSLER: Yes. They were shut down. They
21 came up around the same time as the casino. I will note
22 that we board over 1,000 horses on our backstretch at Parx
23 East, and those folks continued to board with us while we
24 were closed. In an abundance of safety we implemented
25 protocols there but kept the horses and the horsemen that

1 tend to them onsite during the entirety of the pandemic.

2 MR. ALBRECHT: And we at Harrah's opened one week
3 racing before the casino did without anyone obviously at
4 the casino yet.

5 REPRESENTATIVE MEHAFFIE: Okay. Thank you. And
6 my last question, now, this falls back to Representative
7 Ciresi and the hospitality. We know you can't serve
8 alcohol. Your limitation would be just at the tables, is
9 that correct, as far as how you can serve alcohol and how
10 that has impacted you? So you don't have servers going to
11 slot machines or the table games?

12 MR. HAUSLER: That is correct.

13 MS. MCCRACKEN: We actually have servers going to
14 the slot and tables to serve like coffee and tea and things
15 like that but not alcohol.

16 REPRESENTATIVE MEHAFFIE: But not alcoholic
17 beverage, which -- okay.

18 MS. MCCRACKEN: Correct.

19 MR. ALBRECHT: Alcohol --

20 MS. MCCRACKEN: Which makes it even a little
21 crazier.

22 REPRESENTATIVE MEHAFFIE: Yes, it doesn't make a
23 lot of sense, does it?

24 Now, the other thing that you've had, and this
25 has been, you know, a debate going back and forth is the

1 smoking ban. And how has that affected you as far as your
2 players that are smokers and then also nonsmokers? I mean,
3 is that something you're hearing back and forth or where is
4 that and how does that play in what has gone on so far
5 during the pandemic?

6 MR. HAUSLER: I would say -- so we opened with
7 smoking at Parx initially, and one day in Director O'Toole
8 and after some discussion I think the smoking went down
9 across the entire State. Obviously, it's affected
10 revenues. It's very hard to quantify I think for us. We
11 have built a smoking patio for our guests that want to
12 smoke so they can exit the building, go out and smoke and
13 not have to come back through the temperature scans because
14 they stay within the range of the building. But, you know,
15 for sure during this pandemic we are supportive of it
16 because it's hard to police people wearing masks full-time
17 while they would be smoking, and so I think we're
18 supportive of that as long as the mask mandates are in
19 place.

20 REPRESENTATIVE MEHAFFIE: Do you hear compliments
21 on that? Because, you know, there's some people that say,
22 oh, they really like the idea that there's not smoking on
23 the floor, but then of course your smokers, you know, you
24 hear the opposite. I mean, do you hear anything going on
25 at that point?

1 MR. HAUSLER: I would say it's a mixed -- to your
2 point, the smokers would prefer to smoke at the games like
3 they used to, and the nonsmokers are delighted that we're
4 not having smoking in the facility.

5 REPRESENTATIVE MEHAFFIE: Okay. Thank you.
6 Thank you for your time. Thank you for your testimony.
7 And best of luck. I can't imagine as a businessperson
8 being down 40 percent. Anything we can do to help you
9 throughout this, we absolutely want to entertain it, and
10 please bring forth your ideas of what we can do to help.
11 Thank you. Thank you, Madam Chair.

12 MR. HAUSLER: Thank you.

13 MAJORITY CHAIRWOMAN HELM: Representative
14 Tomlinson.

15 REPRESENTATIVE TOMLINSON: First of all, I just
16 want to say thank you all for being here. We truly
17 appreciate it.

18 My question is for Eric. Eric, first, thank you
19 for testifying. I'd like to ask you a question about the
20 illegal gambling devices that we seem to be seeing pop up
21 everywhere and how that is impacting your business. Also I
22 asked this question because when your business is impacted,
23 obviously, clearly, as your largest partner, the State is
24 impacted as well. So if you can give me a little more
25 information on that, we would greatly appreciate it.

1 MR. HAUSLER: Sure. And thank you. You know,
2 what's happened around the State is a variety of what are
3 called skill games have popped up. There will be two or
4 three in a pizza parlor. I know in your neighborhood, you
5 know, I can go through -- you and I are in the same
6 neighborhood effectively, so, you know, I'll go down to the
7 local convenience store and there's a couple there. And I
8 think they're well into the thousands at this point. And I
9 think you've also seen in the media that they have been
10 aggressively pursued by criminals who are breaking into
11 them, breaking the cash boxes out, and then stealing the
12 money.

13 Our concern from day one is it is an unregulated
14 form of gaming. They're not paying the 55 percent slot tax
15 that we're paying. They're not regulated in any way by the
16 Gaming Board like we are, so there's no security, there's
17 no surveillance, there's no protection of cash from money-
18 laundering. All of the things and protocols that we as an
19 industry have in place, they do not. Not only does it hurt
20 the State because for every dollar they are generating, in
21 theory, that's a dollar that could be going to one of the
22 regulated casino operations that do pay 55 cents on the
23 dollar back to the State in taxes, but it's also just a
24 security, you know, responsible gaming issue as well. You
25 know, there's nobody monitoring whether people are playing

1 too much or whether they've been on a game too long.
2 Somebody who's on the State exclusion list, for instance,
3 that's maintained by all of us could easily walk in and
4 play a skill game and lose all of their money without
5 anybody knowing it. And so there's, you know, 20 different
6 things that are wrong with that entire model that we take
7 exception to as a highly regulated industry, you know, in
8 the State.

9 REPRESENTATIVE TOMLINSON: Well, thank you so
10 much, Eric. I couldn't agree more.

11 MR. HAUSLER: Thank you.

12 MAJORITY CHAIRWOMAN HELM: Representative
13 Gregory.

14 REPRESENTATIVE GREGORY: Thank you, Madam Chair,
15 for the opportunity and for all the testifiers being here,
16 the opportunity to just address the subject that I'm seeing
17 us go towards, but I thought we were going to talk about
18 the COVID impact. So while we're on this subject, let's
19 dive in.

20 First of all, my casino experience is that I
21 enjoy the loss leader of the buffet. Everybody loves the
22 buffet. You use it as a loss leader. However, there is a
23 belief that I'm hearing about and reading about that the
24 skill games actually can bring people to casinos, if you
25 follow my thinking here, almost as an off-site loss leader

1 because people who have never been to a casino now have a
2 chance to experience what that is like maybe in their VFW.
3 For example, in Williamsburg just a mile or two down the
4 road, population of about 1,500, the VFW there would not be
5 in existence without the skill games and the ability for
6 them to then contribute to the civic organizations in their
7 community.

8 And so can you talk a little bit about the theory
9 at least that skill games are actually an off-site loss
10 leader that actually can bring people to want to experience
11 the casino opportunity that maybe would not have had they
12 not had that opportunity to, you know, put a couple of
13 bucks in a skill game at their VFW?

14 MR. HAUSLER: [inaudible].

15 REPRESENTATIVE GREGORY: Thank you, Madam Chair.

16 MR. HAUSLER: Prior to joining Greenwood and
17 Parx, I operated a casino company in the Midwest. We
18 operated directly against Illinois, which had an
19 extraordinary amount of videogame terminals or the like.
20 And our experience was our core operations lost
21 approximately, give or take, 20 percent from the
22 implementation of distributed gaming of any type throughout
23 the State. In that case, it was VGTs. In this case, I
24 don't think -- at least based on our experience, we don't
25 think it's additive to the casino experience. It ends up

1 as a net negative to the casino experience.

2 MAJORITY CHAIRWOMAN HELM: Representative
3 Diamond.

4 REPRESENTATIVE DIAMOND: Thank you, Madam Chair.
5 I know that we've been here to talk about the impact of
6 COVID on our casinos, but apparently, you know, the
7 expansion of gaming is important to your minds. All three
8 of you have mentioned it. And in fact I want to direct my
9 question to Mr. Hausler, who you qualified the skill games
10 as illegal skill games. I kind of take a little umbrage
11 with that term because that's not really a completely
12 settled argument yet, whether they're illegal or legal.

13 But I did want to ask you because I believe that
14 Mr. Stewart's firm serves your casino. And I wanted to ask
15 you how you were struck by the fact that Mr. Stewart's firm
16 is actually representing the skill games people in the
17 Commonwealth of Virginia and whether you consider that to
18 be a conflict of interest or not? If they're fighting
19 against it here but for it in another State, how do you
20 work that out as retaining them as counsel?

21 MR. STEWART: I'm happy to make a comment.

22 MR. HAUSLER: I think that's best for Mr.
23 Stewart.

24 MR. STEWART: Yes, just to correct the record,
25 certainly, Representative, our firm had in the past, it no

1 longer does, and, you know, it's a different State with
2 different laws. Pennsylvania's Crimes Code is unique and
3 has a unique prohibition that states that slot machines may
4 only [inaudible]. I certainly understand --

5 FEMALE SPEAKER: We're going to pause a second
6 until you catch up, Mark. You're frozen on our end.

7 MR. STEWART: Madam Chair, we do have a second
8 panel if you're prepared. Adrian King and the panelists
9 are ready to go.

10 FEMALE SPEAKER: You froze on us like completely.

11 MR. STEWART: Oh, okay. Well, that was probably
12 ideal. Who knew that the internet actually worked that
13 way? I don't know what all you heard, Madam Chair, but I
14 would say that I had said that Adrian King and the second
15 panel were ready to go. If you would like me to reiterate
16 my response.

17 FEMALE SPEAKER: Mark, I don't mean to
18 interrupt --

19 MR. STEWART: Otherwise, I will.

20 FEMALE SPEAKER: We didn't even hear your answer
21 at all.

22 MR. STEWART: Okay.

23 MAJORITY CHAIRWOMAN HELM: To Representative
24 Diamond, when he asked the question, we did not hear your
25 answer to him.

1 MR. STEWART: Okay. I had said thank you very
2 much --

3 MALE SPEAKER: [inaudible] sharing the screen.
4 Can you un-share your screen? Thank you.

5 MR. STEWART: Can you hear me now?

6 MAJORITY CHAIRWOMAN HELM: Yes.

7 MR. STEWART: Okay, thank you. I had thanked
8 Representative Diamond for the opportunity to address that
9 fact. I had clarified that our firm, while it had in the
10 past done some work for that industry in the Commonwealth
11 of Virginia, we no longer do. And I indicated that the
12 laws in Pennsylvania are unique. Pennsylvania's Crime Code
13 has a specific provision that makes slot machines illegal
14 if they are operated anywhere outside of a licensed
15 Pennsylvania casino, and the law defines any game that
16 takes money in and pays money out, whether it's determined
17 by skill, chance, or both, to be a slot machine.

18 That said, I certainly understood his point that
19 it is a matter that is presently before the Commonwealth
20 Court, and I had indicated to you then, after thanking him
21 for the opportunity to address that matter, that Adrian
22 King and our second panel were ready to go.

23 REPRESENTATIVE DIAMOND: With all due respect,
24 Mr. Stewart, I've read through this lawsuit in Virginia,
25 and many of the same arguments that are being made there

1 are being made today by the skill games operators in
2 Pennsylvania. And I'm not so sure that the laws are all
3 that different. Thank you, Madam Chair.

4 MAJORITY CHAIRWOMAN HELM: Thank you. I think
5 you two panel #1. Just as a reminder, though, this hearing
6 is about COVID recovery, and we do plan to have hearings on
7 skill games and VGTs in the future, so if we could keep it
8 to the COVID recovery, that's what we'd appreciate.

9 But we are ready for panel #2, and the panel
10 consists of Joseph Billhimer, Executive Vice President,
11 Cordish Gaming Group, Live! Casino and Hotel Philadelphia
12 and Live! Casino Pittsburgh; and Bud Green, Assistant
13 General Manager, Rivers Casino Pittsburgh; and Daniel Ihm,
14 Vice President and General Manager, Hollywood Casino at
15 Penn National Race Course. Go ahead when you're ready.

16 MR. KING: Good afternoon. This is Adrian King.
17 Just give me two seconds, please. I apologize.

18 Madam Chairwoman Helm, Chairman Conklin, Members
19 of the Committee, this is Adrian King from the Ballard
20 Spahr firm, also working with Mr. Stewart and representing
21 the gaming industry.

22 I want to be respectful of the Chairwoman's
23 comments about not focusing perhaps as much as we would
24 like to on the issue of skill games and VGT extension,
25 distributed gaming, so I will be a little bit more brief

1 with my comments.

2 But I think that the reason why we had laid this
3 out was the title of the hearing as we understand it was to
4 both talk to you about the pandemic, the effects on the
5 casino industry, and recovery, but also to talk about the
6 financial future of the industry. And I think what you've
7 heard so far is if we are allowed to move forward with
8 recovery and hopefully for all of our sakes across the
9 Commonwealth and all business segments, if we can recover
10 from the pandemic, this industry will recover. It has
11 shown signs of doing so. And it will recover and it will
12 return itself to the position that it has been in since its
13 inception, which has been, quite frankly, a tax-generating
14 machine, the best in the United States, a golden goose so
15 to speak, proverbial golden goose.

16 And so the purpose of this next panel talk to you
17 about the investments that some of the -- all of the
18 operators are constantly making investments in their
19 properties, but some of the operators have or are in the
20 process of making significant additional investment in the
21 Commonwealth of Pennsylvania in terms of new construction,
22 new facilities, and things of that nature.

23 And the point that we're trying to get to is if
24 distributed gaming were to be implemented in any fashion,
25 you are putting all of that at risk. And we say that most

1 respectfully. But these operators who are making this
2 additional investment did so with the expectation that
3 distributed gaming would not be authorized in the
4 Commonwealth of Pennsylvania. That was the decision that
5 the General Assembly made in 2017 when Act 42 was passed.
6 And, instead, you had decided to move ahead with satellite
7 casinos, very limited VGTs at truck stops, sports wagering,
8 and iGaming.

9 And so the point is that the folks who are going
10 to talk to you are going to let you know, look, we're here
11 making more investment, we're trying to generate even more
12 tax revenue, but perhaps we wouldn't have done so if we had
13 known the rules would change just three years later.

14 And also I think the point here is if distributed
15 gaming is approved in any of the ways that are under
16 discussion, it will have a serious detrimental effect on
17 this industry, perhaps almost as much as COVID, maybe not
18 all the way to 40 percent, as you've heard, but looking at
19 other jurisdictions like Illinois, we have seen downturns
20 of upwards of 20 percent, and that has resulted in
21 thousands of casino employee layoffs, a lack of capital
22 investment, and really a very debilitated land-based casino
23 industry. And that is the point that we were trying to
24 make.

25 In respect of the Chairwoman, I'm not going to go

1 through these additional slides. They are meant to show,
2 compare, contrast sort of the benefits of casino gaming
3 versus the harm of distributed gaming. I know that we want
4 to very much discuss this in greater detail. We look
5 forward to a hearing specifically focused on that.

6 And I will turn it over now to Mr. Billhimer so
7 that he can discuss his company's, quite frankly, very
8 significant investment in Pennsylvania. Mr. Billhimer, go
9 ahead.

10 MR. BILLHIMER: Thank you very much. Madam
11 Chairwoman Helm and Chairman Conklin and the rest of the
12 Gaming Committee, thanks for having me. I'm Joe Billhimer.
13 I am the executive Vice President for the PA casinos for
14 Cordish. I came to Pennsylvania in 2010 and served as
15 President of MTR Gaming. We operated a casino in northwest
16 PA, Presque Isle Downs, so I've been in the gaming industry
17 for over 30 years, and I'm proud to be here today
18 representing the Cordish companies and our significant
19 investment in the Commonwealth.

20 I'm going to try to share a screen. You're going
21 to lose my pretty face here, and hopefully, everyone can
22 hear me well. Can you see my screen?

23 MALE SPEAKER: Yes.

24 MR. BILLHIMER: Okay, great. So being the newest
25 member in the Commonwealth, I thought it would be good to

1 give you all a background. The Cordish companies are a
2 premier developer of live-branded dining, entertainment,
3 gaming, hotel, and sports-anchored destinations around the
4 country. Now in its fourth generation of family ownership,
5 Cordish is an international conglomerate of businesses with
6 divisions focused on gaming, lodging, food and beverage,
7 and entertainment, as well as mixed-use sports-anchored
8 districts.

9 Following the success of our flagship Live!
10 Casino in Hanover, Maryland, Cordish Gaming was established
11 to lead the expansion of the Live! Casino brand into the
12 Commonwealth.

13 I am going to try and make sure I can change some
14 slides here. Sorry.

15 It has been quite a journey to get to this point
16 in the development. I can't say enough about how proud I
17 am of this company and the incredible management team, all
18 of our team members and our ownership who all pulled
19 together to get us to this point in the project. We've
20 been working on these two PA properties since 2012 when we
21 applied for the Category 2 license. In January 2018 we won
22 the Category 4 license at auction. Our license was awarded
23 in August of 2019.

24 We made significant commitments for both projects
25 in part to build first-class casino properties but to

1 create opportunities in each of these locations for
2 economic development and to create jobs. We have invested
3 over \$850 million to live up to these commitments. We made
4 these investments with the understanding that the tax
5 structure, and more importantly for the Committee to know,
6 we pushed through these projects at a time that we've never
7 seen in U.S. history, which I'd like to speak to.

8 Nothing prepared us for 2020, and the challenges
9 of constructing and opening two new properties in the midst
10 of a global pandemic was at times overwhelming. With both
11 projects underway, we had to halt construction at both
12 properties in March of 2020. To give you some perspective,
13 I put this slide together just to kind of show you all of
14 the obstacles that we went through. We had construction
15 halted March 28th in Westmoreland, and in Philadelphia on
16 April 13th. Meanwhile, we began working very diligently on
17 COVID safety programs to be prepared to restart these
18 projects as quickly as possible. In Philadelphia, we put
19 in place very robust contact tracing programs for everyone
20 on the site. We were able to restart construction for both
21 projects in early May.

22 The team also developed very strong protocols in
23 all areas in anticipation of a reopening. We call it the
24 Play it Safe program. We developed a safety training, as
25 you can see here, or we developed training for dealers that

1 was COVID-safe in Pittsburgh and virtual in Philadelphia.
2 We developed comprehensive COVID plans with real commitment
3 to spend whatever was necessary to meet guidelines
4 established by the State, the cities, health departments,
5 and PGCB. We ultimately opened Pittsburgh with limited
6 occupancy at 50 percent and no liquor service on the floor,
7 as well as limited occupancy in our restaurants. We then
8 closed Pittsburgh on December 15th. The entire State shut
9 down for a matter of weeks, which greatly affected our
10 processes in Philadelphia.

11 We continued our processes of virtual training
12 and adapted in Philadelphia to train some 700, 800
13 frontline team members in a virtual method to be safe. We
14 then reopened Pittsburgh on January 5th, again, with
15 occupancy restrictions and limited beverage service. We
16 then opened softly the Philadelphia casino on January 19th.
17 In Philadelphia we have even more severe restrictions of
18 five persons per thousand square feet with only 25 percent
19 restaurant occupancy and absolutely no beverages of any
20 kind allowed on the floor. Despite all these challenges,
21 we lived up to our commitments.

22 While speaking to what we have done in PA, it is
23 important that you also recognize the industry and what the
24 PA casinos have done. Pre-COVID had been pacing to
25 generate nearly \$1.5 billion in taxes. That's \$1.5 billion

1 and have paid \$17 billion since the start of gaming in
2 Pennsylvania as an industry. In 2019 fiscal year, PA
3 casinos paid over 60 percent of the total corporate income
4 tax of every other company in PA. I believe that's worth
5 repeating. PA casinos were on pace to pay over 60 percent
6 of the total corporate income tax of every other company in
7 PA.

8 We remain committed to serving PA with our
9 development that will create maximum benefits for the
10 Commonwealth for years to come. Our two properties have
11 already created more than 6,000 construction and new
12 permanent jobs. The Cordish companies and Live! have been
13 recognized as leaders in the business community and
14 creating opportunities for local MBE, WBE, and veteran-
15 owned businesses. It's critical to us and the core of our
16 company culture to not only meet expectations but to
17 embrace the spirit of inclusion and our commitment and
18 outreach in the community.

19 I have to speak briefly and I'll respect the
20 Chairwoman's request not to elaborate, but it would send a
21 bad message to the business community and beyond for
22 legislators to consider changing the rules on operators at
23 this point. Live! properties have played by the rules
24 despite many unplanned challenges, and our industry
25 collectively have invested billions of dollars under

1 current laws in the highest tax structures in the U.S.
2 Putting aside the obvious issues of competition in
3 surrounding States who operate with more favorable tax
4 structures, there is a basic issue of fairness. Live! has
5 shown during these difficult times that it played by the
6 rules and has lived up to its commitments.

7 As mentioned previously, we have invested
8 hundreds of millions of dollars in capital, created
9 thousands of quality new jobs in Pennsylvania, and we have
10 started the process of generating hundreds of millions of
11 dollars of new taxes, all based on the current laws. We
12 feel strongly that the Committee should reject any form of
13 expanded gaming.

14 And I do thank you for the opportunity to speak,
15 and I look forward to questions as well.

16 Did I get rid of my screen okay?

17 MR. KING: Yes, nice job, Joe. And now we're
18 going to turn it over to Bud Green from Rivers Casino
19 Pittsburgh. Bud, the floor is yours.

20 MR. GREEN: Thank you, Chairwoman Helm, Chairman
21 Conklin, and Members of the Committee. My name is Bud
22 Green, and I'm here to represent Rush Street Gaming, which
23 owns and operates Rivers Pittsburgh and Rivers Philadelphia
24 casinos.

25 Our philosophy is simple. Our casinos are

1 steadfast community partners and strong economic engines
2 for the cities and counties we operate. It's a point of
3 distinction that all Rush Street Gaming casinos integrate
4 thoughtfully and seamlessly with our host communities.

5 We are proud of our commitment not only to our
6 team members, Pittsburgh and Philadelphia, but also to the
7 surrounding region and the entire Commonwealth of
8 Pennsylvania. We see our relationship, which has existed
9 for more than a decade now, as a true partnership with the
10 taxpayers and residents you represent.

11 Much like every other casino property that you've
12 heard and continue to hear from today, we have been hit
13 hard with the COVID-19 pandemic. The impact that COVID-19
14 has negatively affected our team members and casino
15 revenues, as well as the tax dollars generated from the
16 cities and counties who operated in, as well as the
17 Commonwealth. Employment for Rivers Pittsburgh and Rivers
18 Philadelphia is down by more than 35 percent. Revenues are
19 down nearly 50 percent from 2019 to 2020. Furthermore,
20 being open for the first six weeks of 2021 compared to the
21 first six weeks of 2020 in a restriction-free pre-pandemic
22 environment, revenues are down about 35 percent.

23 There are unrealistic mitigations such as no
24 serving alcoholic drinks on the casino floor, restaurant
25 limitations and closures, and restricted event capacity.

1 Rivers Philadelphia has been hit harder compared to the
2 other casinos in the State because of additional
3 restrictions placed on them by local authorities on top of
4 the mitigation efforts by the State.

5 The decrease in case counts and vaccine rollouts
6 suggest that there is a light at the end of the tunnel, but
7 we're still operating at 50 percent capacity with no
8 indication of when full capacity may return, when we can
9 serve drinks on the casino floor, or offer to hold
10 unrestricted events like weddings and tradeshow that we've
11 held in the past.

12 We know the partnership that we have had with you
13 is vital not only to our success but to the success of
14 Pennsylvania. It is truly a partnership. We take it
15 seriously. We see the State as a majority shareholder in
16 our business with 55 percent of our gross [inaudible]
17 revenues we generate go to the taxpayers of Pennsylvania.

18 To date, since our properties first opened,
19 Rivers Casinos have provided more than \$2.7 billion in
20 State and local tax revenue to the Commonwealth of
21 Pennsylvania, Allegheny County, the city of Pittsburgh, and
22 the city of Philadelphia. This includes revenue dedicated
23 to property tax relief, local community and municipal
24 organizations, the horse racing industry, city and county
25 governments, the Philadelphia School District, Philadelphia

1 Special Services District, volunteer fire companies and
2 emergency service agencies, libraries, and the Pittsburgh
3 Sports and Exhibition Authority to which Rivers Pittsburgh
4 pays \$7.5 million a year. When the SEA agreement concludes
5 in 2038, Rivers will have contributed a total of \$225
6 million to the SEA for the arena's construction.

7 This also does not include the assessment levied
8 on all casinos in the State to pay for our own regulatory
9 cost. This additional assessment, which is separate from
10 our State gaming tax, local share assessment, and all other
11 taxes, fully subsidized elements of Pennsylvania's gaming
12 industry. There are zero costs passed to the taxpayers of
13 this State to regulate our casino. What other industry can
14 say they cover the cost of their own regulation? None.

15 We haven't even mentioned our commitment to local
16 community organizations. Outside our statutory tax
17 requirements, Rivers Pittsburgh and Rivers Philadelphia
18 donated nearly \$1.5 million in charitable contributions to
19 the communities in the 2019/2020 fiscal year. This
20 contribution amount was near the same level to the prior
21 fiscal year even amid a pandemic that shut the casino
22 industry down for months. As of June 30th, 2020, all
23 Pennsylvania casinos have contributed over \$127 million
24 towards corporate socially responsible endeavors and
25 philanthropic activities since 2006.

1 This also does not include the hundreds of
2 millions of dollars in economic development that we support
3 through our locally owned small business partners. This
4 past year amid the pandemic the Rivers Casinos in
5 Pittsburgh and Philadelphia paid more than \$82 million to
6 gaming service providers and vendors, of which 76 percent
7 were local and minority-owned businesses.

8 Although our employment numbers are down due to
9 the pandemic, the Rivers properties have been a major
10 employer for the Commonwealth, and we plan to resume that
11 commitment once we go back to full capacity and offer
12 entertainment, events, and other amenities that we have
13 done before.

14 We continue to be committed to a diverse
15 workforce. As of June 30th, 2019, Rivers Philadelphia is
16 the best-performing casino in the State regarding minority
17 employment. Fifty-eight percent of Rivers Philadelphia
18 employees are [inaudible]. In 2019, Rivers Philadelphia
19 minority employment rose to its highest level in more than
20 five years. The property's executive management and
21 professional staff positions are filled by [inaudible]
22 racial minorities. As the statewide average is around 35
23 percent, Rivers Pittsburgh is slightly under at 34
24 [inaudible] --

25 MR. KING: Bud, can you hear us? I think we have

1 lost your connection.

2 MR. GREEN: -- and even pay for our own
3 regulatory costs. We employ tens of thousands of people.
4 We spend hundreds of millions of dollars partnering with
5 local minority-owned small businesses. Yet each year,
6 including this year where the pandemic has greatly impacted
7 our operation and employment, we are faced with threats of
8 expanded gaming. Gaming, like any other industry in
9 business, is subject to the laws of economics. Customers
10 and revenues do not grow merely because we want them to or
11 because there's another form of gambling available. We are
12 at a saturation point in Pennsylvania, and other forms of
13 distributed gaming will [inaudible] your revenues. There
14 are just no additional dollars out there to collect.

15 As a majority shareholder in our industry
16 collecting 55 percent of gross revenues, the Commonwealth
17 should be looking at ways to protect the industry rather
18 than threatening its success. The impact [inaudible]
19 casinos of Pennsylvania has caused PA patrons to visit
20 casinos across State lines. Lower revenues for PA casinos
21 make it much harder to compete on entertainment, hotel
22 offers, promotions, and reinvestment into the properties.
23 In turn, we see reduced employment, community spend, and
24 revenues to the Commonwealth.

25 Twenty-five years ago it was hard to envision

1 [inaudible] Las Vegas and Atlantic City leading the way on
2 gaming successes. There is a fragility in the PA gaming
3 industry. Public policy should best protect and preserve
4 the gains made by PA since the introduction of the Gaming
5 Act. It is not inconceivable that the casino industry in
6 PA can contract like New Jersey experienced, especially
7 with the constant concern of expanded gaming.

8 What we have also learned through this pandemic
9 is any disruption to casino operations severely impacts
10 employment and revenue for the Commonwealth. This includes
11 the introduction of competition that will only cannibalize
12 the market and reduce all benefits that gaming has provided
13 Pennsylvanians for over a decade. The State can look at
14 where the revenue goes, what is the most effective way to
15 distribute those revenues, and how to best maximize the
16 success of those revenues. Introducing a form of
17 distributed gaming would merely dilute the existing
18 customer base and negatively impact the partnership we have
19 built.

20 Thank you for the opportunity to address you all
21 today and the leadership you provide the Commonwealth. I
22 look forward to your questions.

23 MR. KING: Madam Chairwoman, the last speaker on
24 this panel is Mr. Dan Ihm, who's the Vice President and
25 General Manager of the Hollywood Casino in Grantville. I

1 know that Dan has been having some video problems where he
2 can't see us, but I can see him, and I hope all of you can
3 as well.

4 And with that, I'm going to turn it over to Dan.

5 MAJORITY CHAIRWOMAN HELM: Okay. That's my
6 hometown, you know, out there in Grantville.

7 MR. KING: Very good, thank you.

8 MR. IHM: Thank you, Adrian. Can everybody see
9 me okay and hear me okay?

10 MR. KING: Yes.

11 MR. IHM: Perfect. All right. Well, thank you,
12 Chairwoman Helm, Chairman Conklin, and Members of the
13 Committee. Good afternoon. My name is Dan Ihm. I'm the
14 Vice President and General Manager for Hollywood Casino
15 Penn National Race Course here in Dauphin County. With me
16 here today I also have Tony Frabbiele, the Vice President
17 and General Manager of The Meadows Racetrack and Casino in
18 Washington County.

19 So thank you again for having us here today, and
20 thank you for the opportunity to present. The prior panel
21 of casino executives spoke about the adverse impact that
22 COVID-19 has had on Pennsylvania's casino industry and the
23 challenges we face in returning the industry to its pre-
24 pandemic levels of business, employment, vendor spend and
25 support of our local communities. I will not cover those

1 issues in details in my testimony, but please know that
2 Hollywood Casino, as well as The Meadows, have equally
3 suffered and also look forward to getting back to pre-COVID
4 operational levels.

5 So my testimony today will focus on Penn
6 National's working relationship with Pennsylvania, our
7 company's significant and enduring commitment to our
8 investment in Pennsylvania even in the face of the
9 pandemic, and our request that the Commonwealth recognize
10 this and treat our company and the gaming industry as a
11 whole as the true business partner we are and with the
12 basic fairness and regulatory stability that we deserve.

13 As many of you know, Penn National traces its
14 roots to the opening of its horseracing track in Grantville
15 on August 30th of 1972. So I'm proud to say that next year
16 we will be celebrating the 50th anniversary of our launch
17 as a proud Pennsylvania-based and incorporated company.
18 Throughout all of these nearly 50 years, Penn National has
19 been pleased to work with the Commonwealth side by side to
20 establish and grow what we have today: a robust gaming
21 industry that year over year provided the State with \$1.5
22 billion in gaming tax revenue, and that's more than any
23 other State in the entire country, tax revenue, I would
24 like to point out, that is used to support critical
25 programs such as property tax relief, economic development,

1 horseracing and related agricultural initiatives, and
2 supports a multitude of local community organizations and
3 programs such as volunteer fire companies and the like.
4 You will hear more about what local share funds are used
5 for right here in Dauphin County when County Commissioner
6 Jeff Haste testifies in the next panel.

7 I said that Penn National -- and which is the
8 same for the entire gaming industry -- works side-by side
9 with the Commonwealth. So what do I mean by that? In
10 order to create the gaming industry we have today, the
11 Commonwealth enacted laws and issued regulations to
12 legalize gaming and then invited companies like Penn
13 National to compete for the right to invest significant
14 amounts of capital in the State to build and operate casino
15 facilities, while also making a reasonable return on their
16 investment. Act 42 of 2017 is the perfect example of this
17 of this structure, which is effectively the continuation of
18 a highly successful public- private partnership that
19 started with the passage of the original Gaming Act back in
20 2004.

21 So under Act 42 of 2017, the Commonwealth
22 rejected proposals to authorize widespread distributed
23 gaming across the Commonwealth, either through VGTs at
24 liquor licenses or the legalization of skill games, and
25 instead decided to approve up to 10 Category 4 "mini-

1 casinos," limited VGTs at truck stops only, and other
2 initiatives such as sports wagering and iGaming. With the
3 Commonwealth signaling that this list of items, not
4 distributed gaming, was its preferred approach towards
5 gaming expansion, Penn National chose to invest even more
6 of its capital into the State.

7 So with respect to the Category 4 casinos, Penn
8 National successfully bid on not one but two of the
9 ultimately five mini-casino licenses that were successfully
10 auctioned. On January 10th, 2019, Penn National submitted
11 a winning bid of \$50.1 million for the right to construct
12 an 80,000 square-foot Category 4 facility at the York
13 Galleria Mall in Springettsbury Township, York County.
14 Subsequently, on April 10th, 2019, Penn National submitted
15 a winning bid of \$7.5 million for the right to construct an
16 85,900 square-foot Category 4 facility just off the
17 Morgantown Exit off the Pennsylvania Turnpike in Berks
18 County.

19 Altogether, Penn National paid the Commonwealth
20 \$57.6 million for the licenses needed to construct the two
21 Category 4 casinos. Critically, this amount was paid to
22 the Commonwealth almost immediately, and before our company
23 commenced the outlay of an additional \$173.4 million to
24 construct and outfit the Hollywood Casino York and
25 Hollywood Casino Morgantown locations. In total, Penn

1 National is spending a combined \$231 million in the
2 Commonwealth just on these two projects alone.

3 While construction activities for both projects
4 commenced in 2019, those efforts were unfortunately halted
5 as a result of the pandemic and Penn National's need to
6 assess and stabilize its finances during a period in which
7 nearly every casino nationwide was ordered closed.
8 Importantly, construction has currently started at both of
9 the locations. Penn National provides regular construction
10 progress reports to the Pennsylvania Gaming Control Board,
11 and we expect both casinos to be open and welcoming both
12 patrons and up to 450 new employees sometime during the
13 fourth quarter of this year.

14 In the face of these challenging and uncertain
15 times, there can be no doubt that Penn National's
16 commitment to the Commonwealth continues unabated. Given
17 this history, Penn National is disappointed at the prospect
18 of further gaming expansion. The industry is still
19 attempting to recover from the pandemic. Four of the five
20 authorized Category 4 casinos have not even opened, and the
21 effects on the existing casinos have yet to be determined.
22 Penn National respectfully requests that this Committee
23 firmly rejects any effort to authorize distributed gaming
24 in any of its forms, especially either VGT expansion or
25 skill games legalization. Instead, we ask that the

1 Committee help the gaming industry build and strengthen its
2 partnership with the Commonwealth so that we can fully
3 recover from the pandemic, restore the \$1.5 billion in
4 annual tax revenue, get more of our team members back to
5 work, and increase our local business partner spend back to
6 pre-pandemic levels.

7 So on behalf of Penn National and my colleagues,
8 we thank you for carefully considering my testimony.

9 MAJORITY CHAIRWOMAN HELM: Thank you. We're
10 going to continue on and then do questions.

11 And last but not least, panel 3, which consists
12 of some old friends of the General Assembly, we are glad to
13 have with us today Gene and Jeff. On this panel, we have
14 the Honorable Gene DiGirolamo, Commissioner, Bucks County
15 Board of Commissioners, and the Honorable Jeff Haste,
16 Chairman, Dauphin County Board of Commissioners. Whenever
17 you're ready, go ahead.

18 MR. DIGIROLAMO: Jeff, I guess I go first. Can
19 everybody see and hear me, Madam Chair?

20 MAJORITY CHAIRWOMAN HELM: Yes, you're good.

21 MR. DIGIROLAMO: Okay, good. Madam Chair and
22 Chairman Conklin and the Members of the Committee, good to
23 see everybody, and good to be with you today. Me and Jeff
24 did not bring a moderator, so I would like to appoint
25 Representative Mehaffie as our moderator today. And we

1 would really appreciate if he didn't say a whole lot, so if
2 you would just stay in the background, Tom, just be our
3 moderator. But, again, good to be with you today.

4 Just a little context, I represented the 18th
5 District for 25 years, which is now represented by my good
6 friend K.C. Tomlinson, and it's good to see K.C. on the
7 Committee as well. And Parx is in Bensalem Township in
8 Bucks County, and for a little context, back in 2004 when
9 Act 71 was signed into law at Parx Casino at the racetrack
10 by Governor Rendell, I was sitting right next to the
11 Governor along with Senator Tomlinson and my uncle, who is
12 the Mayor of Bensalem Township, Joseph DiGirolamo. And
13 Governor Rendell signed it into law, and I was very proud
14 to be the prime sponsor of the bill, Act 71. To be clear,
15 when the bill left the House, it was an innocuous little
16 bill. Most of the language that started gaming here in
17 Pennsylvania and the slot machines was inserted over in the
18 Senate. Then it came back to the House and was passed and
19 signed into law by Governor Rendell.

20 And I know we're getting late. I'm going to
21 condense my comments little bit. But if I just had to say
22 something is that Parx Casino and the gaming industry
23 across the State of Pennsylvania has just been nothing but
24 an incredible community partner [inaudible] our State of
25 Pennsylvania. Back then, we were under an awful lot of

1 pressure because there were some people that were saying
2 that there was going to be problems, crime, traffic, we and
3 were under a lot of pressure, myself and the Senator and
4 the Mayor. And none of those problems have materialized,
5 and the casinos have been nothing but a tremendous partner.

6 Here in Bucks County since the inception of the
7 slot machines, the casino, Parx, has paid over \$100 million
8 to the county of Bucks, to say nothing of the local share,
9 which Bensalem Township is getting \$10 million a year from
10 the slot machines, and I believe that the last count over
11 \$1 million a year from the table games, which were put into
12 law a little bit later. So \$100 million to the county, by
13 my count, it's over \$160 million to the host community, and
14 they have just been an incredible community partner.

15 The money that has gone to the county has gone to
16 not only the host municipality but also the surrounding
17 municipalities of Bensalem Township, and that money was put
18 to good use. It has gone to such things as county public
19 safety training center, police radio equipment, fire and
20 EMS upgrade projects, streetlights, road improvements, and
21 all kinds of things that address public safety.

22 Now, when we talk about COVID, COVID certainly
23 has had an impact on the casino industry, as you have
24 heard, but to the county and the host municipality here in
25 Bucks County, it has not had that much of an impact. In

1 2019 the county received \$8 million. In 2020 it's going to
2 see a little bit less than \$7 million, so that's a little
3 bit of a drop. But as far as the money to the host
4 municipality, Parx Casino has pledged to give them their
5 whole full share. So we are very, very grateful to Parx
6 for doing that.

7 And I'm just going to condense this and emphasize
8 in closing that just Parx Casino has been an incredible
9 friend and partner to all of our community, to the host
10 municipalities, to the surrounding municipalities, to the
11 county in general. And I use this baseball analogy that
12 casino gambling in Bucks County and I am sure around the
13 State of Pennsylvania has not only been a home run, but it
14 has been an absolute grand slam. And I am grateful and I
15 know the people across the Commonwealth of Pennsylvania are
16 grateful for the casino industry and the good work that you
17 do here, the community partner that you are, the tens of
18 thousands of jobs that you created, and we are very, very,
19 very happy with what you've done here in Pennsylvania, and
20 we'd like to see that continue.

21 So thank you, Madam Chair, and I'll turn it over
22 to Jeff.

23 MR. HASTE: Thank you, Gene. Good afternoon,
24 everyone. I'm Jeff Haste. I'm Chairman of the Board of
25 Commissioners here in Dauphin County. It's good to see my

1 good friend and ally for many, many years on a number of
2 fronts, Gene, here today. It's also good to say hello to
3 Madam Chairman Helm, who used to be my State Rep, and to
4 Representative Conklin, who used to be a colleague in his
5 county commissioner days, and to everybody on the panel.

6 And I also would like to begin by saying the
7 folks at Hollywood Casino have been great community
8 partners here in Dauphin County. In fact, as Gene was
9 talking, I was thinking back when the pandemic first hit,
10 Hollywood contacted me, Dan in particular, and offered up
11 their facility, their parking lot for a drive-through
12 testing site if we needed it, and then shortly thereafter
13 they took their excess foods that they had so that they did
14 not spoil, called up and asked where they could distribute
15 them. And they were very helpful in some of our early food
16 banks. And they've been a great partner for us here in
17 Dauphin County.

18 Today, I'd like to discuss with you the variety
19 of ways in which the gaming funds have impacted those
20 living, working, and traveling here in Dauphin County. To
21 give you a little bit of background on my history, in
22 witnessing Hollywood Casino grow, I have pretty much seen
23 it as a Dauphin County resident and during my 20 years as a
24 county commissioner start from just being a local racetrack
25 to a little more improved racetrack to a full entertainment

1 destination in just a few short years. It's been an
2 exciting transformation and one that has benefited many of
3 our Dauphin County families and organizations and community
4 organizations.

5 Hollywood has been a major economic development
6 driver for us here in Dauphin County. We've seen numerous
7 residential and commercial projects since the racetrack
8 expanded to a full entertainment destination. And
9 specifically, around Hollywood's current location in East
10 Hanover Township, Dauphin County, there's been development
11 and housing options for employees of the casino, as well as
12 growth in the hotel stay for those who come and wish to
13 frequent the casino.

14 The tax revenues generated by the casino have
15 been very good for the state, the county and our local
16 townships, but like everyone, Hollywood was greatly
17 impacted by COVID and they were forced to close for nearly
18 three months last year. With their reopening, we have
19 started to see revenue levels start to creep back up to
20 where they once were, and people are going back to work.
21 However, we know that by supporting our major local job
22 creators, like Hollywood, we can enable them to get back to
23 their full employment sooner than later.

24 The local share fund that we generate from
25 Hollywood has related community impacts, and I'd like to

1 discuss some of those today. There are far too many to go
2 into great detail, but I'd like to talk about a few of
3 them.

4 Our schools and educators can offer more to their
5 students and staff because of the funds. Our human
6 services groups can feed and shelter more people.
7 Communities are safer because first responders and the
8 improved equipment and upgrades they have. Our public
9 parks and spaces are upkeep and improved. And
10 municipalities have been able to improve their
11 infrastructure to ensure the durability and sustainability
12 of each one of our communities.

13 To briefly summarize how the gaming dollars are
14 dispersed in our municipalities and neighborhoods, I'd like
15 to talk about that a little bit. The local share revenue
16 that we generate are dispersed to East Hanover Township and
17 several of the contiguous municipalities, as well as to
18 Dauphin County itself. And that process starts with what
19 we call our Gaming Advisory Committee. It's a panel of
20 five citizens, one from the host township, three from the
21 contiguous municipalities, and one a county at large
22 individual. They hear the applications, they meet with
23 those who are going to apply to explain the process to
24 them, and they then have a number of public hearings that
25 last several months throughout the process. And then it

1 culminates in the Gaming Advisory Board ranking those
2 projects in order and submitting them to the Board of
3 Commissioners for final approval. And in fact that process
4 just happened today. My two colleagues and I were able to
5 take final action on this year's local share gaming grant
6 awards.

7 We try to consider a wide range of projects
8 offering different services. We focus on transportation,
9 human services, public safety, and give a priority to those
10 that have a community impact and benefit across the county
11 and to those that can use those dollars to leverage in
12 other dollars to help our economic growth here in the
13 county. Last year, we were able to hand out \$6.3 million
14 in grants to over 80 projects, and today, as I said, we
15 passed it today, we were able to issue \$6.1 million out to
16 over 80 projects.

17 We had over 100 districts and organizations and
18 agencies request monies this year for a total of 9.5, and
19 after our Gaming Advisory Committee went through that, it
20 was narrowed down to roughly 80 and \$6.1 million.

21 We're receiving fewer dollars this year for
22 disbursement due to the COVID pandemic impact on the
23 Hollywood operations, and I'll give you a little more of an
24 idea on some of the projects we did today and the impact
25 that they had on our community. First off, several police

1 departments and fire departments have gotten new equipment
2 and radio systems. Human services groups like the
3 Salvation Army and NutriPacks in some of our schools are
4 able to provide more food and resources to those in our
5 community that are hungry and needy. And we have a
6 backpack program through some of our schools that give kids
7 food for the weekend. Several of our schools have been
8 able to have security upgrades given because of the result
9 of the local share dollars. Several of our sports fields,
10 whether they are school or community-based, have been
11 improved. Stormwater, sewer, HVAC projects and systems
12 will be renovated in many municipalities across the county.
13 And we have one police department in particular this year
14 who is going to see a big improvement in their policing
15 ability because they will be able to pay for both body and
16 vehicle cameras by using these gaming dollars.

17 These are projects and programs that, without the
18 gaming dollars, would not be possible. In fact, even
19 though we talk about these dollars aren't able to offset
20 local property tax, in many ways, these projects enable our
21 local municipalities from having to raise taxes to be able
22 to provide these services to their residents.

23 And I would be remiss if I didn't add that this
24 is a process that repeats itself every single year, year
25 after year. Groups and organizations annually apply for

1 these funds. If they're not able to receive funds in one
2 year, they very well could the following year as they
3 improve their system and their ability to make a report.

4 A strong gaming industry benefits so many
5 communities across Dauphin County and Pennsylvania. I know
6 the team at Penn National is looking to regain its pre-
7 pandemic employment footing here in the county. And as
8 they do, they will bring back more Dauphin County residents
9 to full-time employment, and that has an amazing trickle-
10 down impact on our community and restaurants and other
11 facilities in and around Hollywood.

12 As this Committee looks at the gaming industry
13 and reviews potential legislation, please do all you can do
14 to support gaming jobs and the industry and help bring them
15 back from the pre-pandemic situation that they're in. For
16 me as just one Dauphin County Commissioner, this is the
17 most important thing your community could do. I want to
18 thank you for this opportunity to discuss the gaming
19 industry and the associated taxes that are involved with it
20 and the impact here in Dauphin County. These dollars make
21 our students and neighbors safer. They sustain and
22 strengthen community infrastructure. They improve our
23 leisure offerings here in the county. And, most
24 importantly, they offer our families sustaining jobs.

25 I want to thank you for this time, and I'll

1 continue to listen to the rest of the Committee reports.

2 Thank you.

3 MAJORITY CHAIRWOMAN HELM: Thank you.

4 MR. KING: Chairwoman Helm, Adrian King. I just
5 had one last closing point and then questions if you think
6 we still have time.

7 But we just wanted to point out while the focus
8 here was on local share from Commissioner Haste's
9 perspective and Representative DiGirolamo for their
10 respective communities around their casinos, last year,
11 there was also \$68 million that went into the CFA for
12 projects across the entire state. And we think it's
13 important that everyone realize even if your particular
14 community does not have a casino in the county, that does
15 not mean that there are not casino dollars out there for
16 local share purposes.

17 With that, the casinos will end their
18 presentation for the day. If there are questions, happy to
19 entertain them.

20 MAJORITY CHAIRWOMAN HELM: Thank you. We do have
21 questions. We'll start with Representative Davanzo.

22 REPRESENTATIVE DAVANZO: Thank you, Madam Chair.
23 I want to thank the panel for being here today. My
24 question is for Mr. Billhimer if he's still on the call.
25 The casino I have in -- it's not a question but is the

1 Casino Live! Westmoreland. Some of the employees there are
2 also my constituents. And the problem that we're running
3 into is, you know, they quit their current job to go take a
4 job at the casino to better their self, and they kind of
5 got hung out to dry with the unemployment, which is no
6 shocker. I just want to know if you could just touch base
7 on where you're at with your full-time employees. Are they
8 coming back? And even your part-time employees because, as
9 it was known today, the jobs are what's important here to
10 our people, and we all need to get back to work here, so
11 just, thank you.

12 MR. BILLHIMER: Yes, I'm sorry, I'm not aware of
13 any full-time or part-time folks that haven't been brought
14 back. I'd be happy to look at it off-line for you, but
15 we've been back in, you know, full limited operations with,
16 you know, some of the occupancy restrictions, but I'd be
17 happy to look at it with you off-line and our G.M. Sean
18 Sullivan as well.

19 REPRESENTATIVE DAVANZO: Okay, perfect. And then
20 one last thing, anything we can do in the immediate future
21 to help you guys out right now?

22 MR. BILLHIMER: No, you know, again, I think it's
23 been great, as you've seen, you know, the economic
24 development just, you know, with us coming into the
25 Westmoreland Mall has been great. We're starting to see

1 some retail pick up and some other developments around the
2 area. You know, we're very excited and very optimistic
3 about the future and even our future plans there in
4 Westmoreland.

5 REPRESENTATIVE DAVANZO: Thank you. I appreciate
6 that. I've gotten a lot of great reviews on it. Everyone
7 seems more than happy. Thanks once again.

8 MR. BILLHIMER: Yes. Thank you very much.

9 MAJORITY CHAIRWOMAN HELM: Representative Guzman?

10 REPRESENTATIVE GUZMAN: Thank you. Thank you,
11 Madam Chairwoman. I appreciate the opportunity. And thank
12 you to the presenters. I appreciate you for taking the
13 time here as well today to speak with us.

14 So today I heard a lot about how the casino
15 industry is doing pretty badly because of COVID-19, and I
16 definitely don't disagree with that. However, I do want to
17 -- for my colleagues and then I'll get into my question --
18 I do want to go into some figures here. Penn National Bank
19 at the start of the pandemic, their stock price was \$13.26.
20 Today, the stock price is at \$119.54. That's an 800
21 percent increase. MGM at the beginning of the pandemic,
22 their stock price was \$15.44. Now, it's \$36.94. That is
23 an increase of 139 percent. Caesars at the beginning of
24 the pandemic their stock price was \$18.82. Today, their
25 stock price is \$88.30. That is an increase of 369 percent.

1 Churchill Downs, which is another casino that owns one of
2 the panelists here, at the beginning of the pandemic, their
3 stock price was \$75.50. Today, their stock price is
4 \$234.00.

5 So I bring those numbers up because while I
6 definitely understand that revenues have been down
7 consistently over the last year, the stock price, however,
8 shows the complete opposite. And so my question is
9 wouldn't it be safe to say that working-class people, the
10 people who are actually working in your casinos, have taken
11 the brunt of COVID-19, whereas being out of work and being
12 underemployed during the last seven to eight, nine months?
13 And would it be safe to say that the executives in the
14 companies that hold these casinos are doing pretty well
15 despite COVID-19 and the pressure that it has extended on
16 your bottom lines?

17 MR. KING: Well, Representative, if I could, this
18 is Adrian King. I think the one thing to keep in mind --
19 and I hear what you're saying. I've listened very
20 carefully. I think when you look at these companies, you
21 have to look at them across the board in terms of all the
22 businesses that they're engaged in, whether it be casino
23 gaming, online gaming, some of these companies are getting
24 into media businesses and things of that nature. All of
25 these various activities affect the stock price. And,

1 again, I recognize your point.

2 On the other hand, our point about how we are
3 faring with respect to the pandemic or how we might fare
4 adversely from distributed gaming is looking at the
5 business on the ground in Pennsylvania. And we know what
6 happens when we have reduced business either because of the
7 pandemic or because basically the business is siphoned off
8 due to another form of gaming. That results in less tax
9 revenue -- first of all, less revenue to us but also less
10 tax revenue to the Commonwealth and less going into all the
11 various programs that we support.

12 So I don't know that I've totally answered your
13 question, but I think that's an important point to be made.

14 REPRESENTATIVE GUZMAN: Wouldn't it be safe to
15 assume that the casinos are actually doing better now
16 during COVID-19 than before COVID-19 given the inflated
17 stock prices that many of the companies that I just stated
18 have?

19 MR. KING: I don't know that I can agree with
20 that. I think there may be segments of the business.
21 Certainly, you've heard from the Gaming Control Board that
22 online business has increased, and that's certainly true,
23 but land-based, absolutely not. It has been knocked very
24 hard, as we have described. How the markets interpret that
25 is how the markets interpret that, but I think you really

1 have to, you know, slice it and dice it into the various
2 segments of the business.

3 REPRESENTATIVE GUZMAN: Chairwoman, I'll be quiet
4 after this. I'll say that the truth is is that for me and
5 from my perspective the bottom line of many of these
6 casinos here have done quite well given their increases in
7 stock prices. As I said, Penn National has seen an
8 increase of over 800 percent since the start of the
9 pandemic. And so, quite frankly, I haven't heard enough
10 today about the people who are working in your casinos, the
11 working-class people who are in my neighborhood every day
12 wondering when they're going to get back to work, wondering
13 who's going to pay their next bill, wondering who's going
14 to pay their next electricity bill. So it seems to me that
15 your shareholders and your CEOs are doing pretty well for
16 themselves. Meanwhile, all the other working-class people
17 under your employ are not. Thank you.

18 MAJORITY CHAIRWOMAN HELM: Representative
19 Mehaffie.

20 REPRESENTATIVE MEHAFFIE: Thank you, Madam
21 Chairwoman.

22 I just wanted to say, Gene, it's great seeing you
23 again. It's always a pleasure. And thank you for your
24 confidence in putting me in charge of you and Jeff. It is
25 always a pleasure to see you guys.

1 I do want to say one thing. As a Representative
2 of Dauphin County and with Sue and Andrew Lewis and Joe
3 Kerwin, I got to say our team at the county does and
4 exceptional job of taking their time, working through the
5 process with local share, and distributing it out to those
6 who really need it. And I can say they've done -- over the
7 years even when I was a Township Commissioner they've
8 really included a lot of us in that, and they've really
9 done a great job. So if anybody ever has any questions or
10 how they do things here in Dauphin County, I mean, Jeff
11 really has modeled this and of course Pries and Haste and
12 Hartwick, Commissioners, have done a great job with that,
13 and I just want to put a shout out to them. And, Gene,
14 thank you again for your vote.

15 MAJORITY CHAIRWOMAN HELM: Representative Cook.

16 REPRESENTATIVE COOK: Representative Mehaffie,
17 thanks for the setup there. I really appreciate it.
18 Representative, Commissioners, this one is aimed towards
19 you. Gene, it's great to see you again. Back in my
20 district it has been very, very difficult to get
21 information on the local share process. And without a
22 doubt one of the greatest benefits is that local share
23 account money. But to my -- and I understand that each
24 entity treats it a different way, the procedures are
25 different. So I do not need an answer today, but I would

1 like to pose to you under the fairness, accountability, and
2 transparency of it all, if you could share or send to me
3 later I would greatly appreciate your process.

4 Specifically, do you all keep minutes? Do your board
5 members that review the process file financial disclosure
6 forms? And finally, do you rotate your board members? So
7 it's late in the day. I really don't need the answer, but
8 I'm looking to try to take a look at how each one of the
9 entities deal with LSA. Like I said, it's been very, very
10 difficult in my home county. So I think we're getting
11 there, but it would be helpful to see how other people do
12 it. Thank you very much, Madam Chair.

13 MR. DIGIROLAMO: Madam Chair, this is Gene
14 DiGirolamo. May I respond to Bud?

15 MAJORITY CHAIRWOMAN HELM: Sure.

16 MR. DIGIROLAMO: Bud, I will touch base with you
17 later this week. I'll give you a call and we can discuss
18 what Bucks County is doing. And if you need any other
19 information, we will certainly make every effort to get you
20 the information that you need. And good hearing your voice
21 again, Bud.

22 REPRESENTATIVE COOK: Thank you, Gene. I really
23 appreciate that. My first thing was addressing you as Mr.
24 Chairman, so thank you all.

25 MR. HASTE: This is Jeff Haste. We'll do the

1 same.

2 MAJORITY CHAIRWOMAN HELM: Representative
3 Ortitay.

4 REPRESENTATIVE ORTITAY: Thank you, Madam Chair.
5 I think someone is still -- there we go. Someone was still
6 off mute. Thank you, Madam Chair, and thank you all to the
7 casinos for being here today and sharing your stories about
8 the current state of affairs. It's crazy for me to sit
9 here and listen to the loss in revenue and the loss of jobs
10 that we've seen throughout COVID. You know, I'm uniquely
11 positioned here right smack in between Rivers Casino and
12 The Meadows Casino with my district sharing both Allegheny
13 and Washington Counties. As Representative Cook said, we
14 have the LSA in Washington County. In Allegheny County we
15 have the GEDF and formerly the CITF programs for economic
16 development.

17 My district alone for both programs has probably
18 seen close to \$5 million since the inception. A lot of
19 that money has gone towards absolutely essential projects,
20 you know, from, you know, flood prevention to
21 infrastructure to roads and bridges, the whole nine there.
22 So, you know, my district has seen a huge impact from the
23 casinos.

24 And what I'm wondering -- and I'll direct most of
25 my questions to Mr. Green for Rivers in Allegheny County.

1 You had run through the amount of money that Rivers gives
2 out. And Allegheny County -- and please correct me if I'm
3 wrong with some of these numbers here. Allegheny County
4 itself gets \$5 million for their general fund, \$10 million-
5 plus goes to the city of Pittsburgh, \$7.5 million goes for
6 the Penguins arena, and then \$60 million for 270 projects
7 throughout Allegheny County for economic development. Are
8 any of those payments in danger or looking to be decreased
9 after the year that you have seen with COVID?

10 MR. GREEN: No. It's obviously going to be hard
11 during the pandemic, but we expect to make all those
12 payments. You know, expanding gaming is not going to make
13 it any easier if that was the case, but no, we're expecting
14 to make all those payments.

15 REPRESENTATIVE ORTITAY: So even with COVID,
16 you're taking it on the chin here to make those payments to
17 county, city, and local governments for projects. I think
18 that, you know, I tip my hat off to you for that because
19 that's a lot of money when you've lost a lot of money, too,
20 in going about this.

21 And I guess the next thing I'll jump into is
22 employment. Can you talk about your peak employment, your
23 low employment, and where you're at right now as in regards
24 to COVID?

25 MR. GREEN: Sure. In Rivers Pittsburgh at the

1 peak we were at 1,728 employees. We're currently down to
2 1,090. That's a combination of full-time, part-time, so
3 that's a drop of about 37 percent. And then our property
4 Rivers Philadelphia, they peaked out at 1,675. They're
5 down to 1,087, which is about a 35 percent decrease in
6 employees, active employees.

7 REPRESENTATIVE ORTITAY: So that's quite a hit.
8 So, you know, as we hopefully start emerging from COVID
9 over the next couple of months as the vaccine rolls out,
10 what can we do as the State government to ensure your
11 success and a quick rebound to get these people back to
12 work and to get your business model back in line?

13 MR. GREEN: I mean, there's a few things just off
14 the top of my head. I think, you know, from a restriction
15 standpoint, any support to get some of these restrictions
16 lifted. I believe Chris at Harrah's mentioned the F&B
17 part. You know, just to be able to get bartenders and
18 beverage servers on the floor would be a great help not
19 just from a business standpoint but get people back
20 working. I think that is very important. And, you know,
21 as things progress, you know, we continually evaluate, but
22 that is one of the restrictions I'd like to see lifted.

23 And just, you know, pre-pandemic here at Rivers
24 Pittsburgh, you know, we have built out a 25,000 square-
25 foot event center where we were holding tradeshow and a

1 lot of other events, concerts, you know, big investment
2 into the property, and now it's sitting dormant and not
3 being utilized because of a lot of these restrictions that
4 we're currently under.

5 So, you know, we also have our hotel that is, you
6 know, two floors built with steel and concrete just sitting
7 there, you know depending on how things go with
8 restrictions being lifted, as well as expanded gaming, you
9 know, we'd like to get started again, but time will tell
10 and we'll have those conversations as things progress.

11 REPRESENTATIVE ORTITAY: All right. Thank you.
12 I appreciate that. You know, just in closing here, Madam
13 Chair, you know, as we come out of this, you know, we need
14 to recognize that our casinos are a really good partner
15 with the State, especially here in Allegheny and Washington
16 County. We have a lot to lose if our casinos don't get
17 back to their full employment and to their full revenue
18 here again. So, again, thank you, Madam Chair, and thank
19 you all.

20 MAJORITY CHAIRWOMAN HELM: Representative Rozzi.

21 REPRESENTATIVE ROZZI: Thank you, Madam Chair.
22 Penn National is based in Berks County, and I have a
23 question for Penn National. Can you tell me because I
24 heard from what some of these other casinos have done. Can
25 you tell me what you guys have done specifically for your

1 employees during this pandemic and any other things that
2 you've done for the community during this same time?

3 MR. FRABBIELE: I'll start with that question,
4 Tony Frabbiele, Vice President and General Manager at The
5 Meadows. So, you know, one of the things we did as a
6 company was we carried -- as all of our businesses were
7 closing across the enterprise, we carried all of our
8 employees' benefits through the month of August throughout
9 the pandemic. We also paid all of our team members here in
10 Pennsylvania through the end of March and continued them on
11 our payroll. So their benefits continued through the
12 summer time frame, and then as we were able to start
13 bringing folks back, which we opened in June, obviously,
14 those folks that returned to the payroll had full benefits
15 and compensation reinstated as they came into the property.

16 Beyond that, we also created a fund for employees
17 that were in a position of hardship to be able to go. And
18 people like myself and Dan Ihm, who's on this call, and
19 anyone else that's an executive from Penn National Gaming
20 donated personally to those funds while we also took pay
21 decreases. So we've done those things.

22 At The Meadows also I donated over 13 tons of
23 [inaudible] out to the food bank. We've reached out
24 through the Barstool Fund and created relief efforts that
25 affected businesses directly here in Pennsylvania. Penn

1 National Gaming donated \$1 million initially and has now
2 put in over \$4 million. And I believe that fund as of the
3 other day was at \$36 million. And we've worked with our
4 local partners here to let them know that businesses can
5 apply for that assistance through the Barstool Fund.

6 Those are just a few things. I'll let Dan
7 continue on and maybe talk about some things from his side
8 as well.

9 MR. IHM: Yes, thank you, Tony. So we pretty
10 much took a very collaborative effort through the
11 [inaudible] from Tony and myself, so all of the things that
12 Tony described as it relates to team members extending
13 benefits applied to PNRG as well. And, as Tony described
14 on some of the Barstool Fund contributions to Pennsylvania
15 small businesses, I just wanted to point out that obviously
16 with the \$4 million that Penn National has put in to help
17 small businesses, throughout all the jurisdictions that
18 Penn property operates, but in Pennsylvania alone there was
19 a little over \$500,000 that was allocated just to small
20 businesses in Pennsylvania.

21 And, you know, Tony and I, as part of that
22 partnership, we reached out to small businesses within the
23 local community, reached out to the chambers within
24 Harrisburg, for example, to locate and find small
25 businesses that were in desperate need, and those are some

1 of the businesses that we targeted to help with that
2 Barstool Fund.

3 MR. FRABBIELE: And just one more thing to note
4 that I don't believe I've mentioned is we did over the
5 holiday season as we were closed here in Pennsylvania,
6 subsequently that same week Jay Snowden and our executive
7 team decided to pay every employee at Penn National Gaming
8 a minimum of \$500 as compensation, as a bonus across all of
9 our team members. So that was also another thing that we
10 did that I forgot to mention.

11 REPRESENTATIVE ROZZI: Thank you.

12 MAJORITY CHAIRWOMAN HELM: Thank you. And
13 Chairman Conklin.

14 DEMOCRATIC CHAIRMAN CONKLIN: The Chairwoman
15 informed me it's late. We're well past our time, but this
16 is just a quick one. I'm going to go just a little bit
17 off-topic, but since it's the last question, I'm going to
18 put this one out only because Rivers is in Pittsburgh, this
19 one is for Bud Green. Bud -- and I'm only asking you this
20 because of the proximity of Rivers. In my area I'm going
21 to call them the other gaming machines, not to, you know,
22 pick out any particular one, I've seen a huge amount of
23 smash-and-grabs, especially in my poorer neighborhoods,
24 especially in my more ethnic neighborhoods. And only
25 because of the proximity of your casino, could you tell me,

1 are you seeing anything like that that these machines --
2 I'm seeing them in basically the corner store, the 7/11,
3 not in the clubs, not anywhere else, but basically we're
4 seeing in the poorer neighborhoods, the more ethnic
5 neighborhoods. Are you seeing that in the Pittsburgh area?

6 MR. GREEN: Yes, no, I see, you know, those
7 machines at restaurants, corner stores. You know, from a
8 regulatory standpoint and just a policy and procedures
9 standpoint, it blows my mind how those are so accessible to
10 anybody that comes in. And, you know, we take pride in
11 what we do here and regardless of our -- you know, problem
12 gambling, you know, AML, things of that nature to make sure
13 everything is on the up and up.

14 You know, but as for your question about in the
15 Pittsburgh area, they're all around. You know, I was at a
16 couple restaurants last week and I saw them in there and
17 restaurants I had never been to before and just a couple of
18 them in each restaurant. So they're all over the place.
19 Let's be honest. We're not kidding ourselves. They're
20 everywhere, and they hurt us. And I specifically saw
21 somebody, you know, playing a machine, get up, go to an
22 ATM, and go right back to that machine. That was a week
23 ago in the North Hills of Pittsburgh. So they're out
24 there, and it really does hurt us. It's a problem.

25 MAJORITY CHAIRWOMAN HELM: Okay. Thank you all

1 for attending today. I believe we learned so much about
2 the industry and how they survived and thrived during the
3 pandemic. We wish them the best as we move forward and
4 hope that they can open to full capacity soon.

5 This meeting is adjourned.

6

7 (The hearing concluded at 3:14 p.m.)

1 I hereby certify that the foregoing proceedings
2 are a true and accurate transcription produced from audio
3 on the said proceedings and that this is a correct
4 transcript of the same.

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