



**TESTIMONY OF DANIEL IHM, VICE PRESIDENT AND GENERAL MANAGER OF HOLLYWOOD CASINO AT PENN NATIONAL RACE COURSE, BEFORE THE PENNSYLVANIA HOUSE OF REPRESENTATIVES GAMING OVERSIGHT COMMITTEE**

Chairwoman Helm, Chairman Conklin and Members of the Committee, good afternoon, my name is Dan Ihm and I am the Vice President and General Manager of Hollywood Casino at Penn National Race Course in Dauphin County. With me here today on behalf of our parent company, Penn National Gaming, and our two existing and our two under construction casinos, are Erin Chamberlin, Penn National's Senior Vice President for Regional Operations, and Tony Frabbiele, the Vice President and General Manager of The Meadows Racetrack and Casino in Washington County.

The prior panel of casino executives spoke about the severely adverse impact that Covid-19 has had on Pennsylvania's casino industry and the challenges we face in returning the industry to its pre-pandemic levels of business, employment, vendor spend and support for our local communities. I will not cover those issues in detail in my testimony, but please know that Hollywood Casino and The Meadows have equally suffered and also look forward to getting back to their prior (2019) operational levels.

My testimony today will focus on Penn National's working relationship with Pennsylvania, our company's significant and enduring commitment to and investment in Pennsylvania – even in the face of the pandemic – and our request that the Commonwealth recognize the same and treat our company

and the gaming industry as a whole as the true business partner we are and with the basic fairness and regulatory stability that we deserve.

As many of you know, Penn National traces its roots to the opening of its horseracing track in Grantville on August 30, 1972. I am proud to say that next year we will be celebrating the 50<sup>th</sup> anniversary of our launch as a proud Pennsylvania-based and incorporated company. Throughout all of these nearly 50 years, Penn National has been pleased to work with the Commonwealth side-by-side to establish and grow what we have today: a robust gaming industry that year after year provided the state with \$1.5 billion in gaming tax revenue – ***more than any other state in the entire country***. Tax revenue, I would like to point out, that is used to support critical programs such as property tax relief, economic development, horse racing and related agricultural initiatives, and support for a multitude of local community organizations and programs such as volunteer fire companies and the like. You will hear more about what local share funds are used for right here in Dauphin County, when County Commissioner Jeff Haste testifies in the next panel.

I said that Penn National – and the same is true for the entire gaming industry – works side-by-side with the Commonwealth. What do I mean by that? Specifically, in order to create the gaming industry we have today, the Commonwealth enacted laws and issued regulations to legalize gaming and then invited companies like Penn National to compete for the right to invest significant amounts of their capital in the state to build and operate casino facilities, while also making a reasonable return on their investment. Act 42 of 2017 is the perfect example of this of this structure, which is effectively the continuation of a highly successful public / private partnership that started with the passage of the original Gaming Act in 2004.

Under Act 42 of 2017, the Commonwealth **rejected** proposals to authorize widespread distributed gaming across the Commonwealth (either through VGTs at liquor licensees or the legalization of skill games) and instead decided to approve up to ten (10) Category 4 “mini-casinos,” limited VGTs at truck stops only, and other initiatives such as sports wagering and i-gaming. With the Commonwealth signaling that **this** list of items – **not distributed gaming** -- was its preferred approach towards gaming expansion, Penn National chose to invest even more of its capital into our state.

With respect to the Category 4 casinos, Penn National successfully bid on not one (1), but two (2) of the ultimately five (5) mini-casino licenses that were successfully auctioned. On January 10, 2019, Penn National submitted a winning bid of \$50.1 million for the right to construct an 80,000 sq. ft. Category 4 facility at the York Galleria Mall in Springettsbury Township, York County. Subsequently, on April 10, 2019, Penn National submitted a winning bid of \$7.5 million for the right to construct an 85,900 sq. ft. Category 4 facility just off the Morgantown Exit of the Pennsylvania Turnpike in Berks County. Altogether, Penn National paid the Commonwealth **\$57.6 million** for the licenses needed to construct the two Category 4 casinos. Critically, this amount was paid to the Commonwealth almost immediately, and before our company commenced the outlay of **an additional \$173.4 million** to construct and outfit the two locations, which will be named Hollywood Casino York and Hollywood Casino Morgantown. In total, we are spending a combined **\$231 million** in the Commonwealth on these projects alone.

While construction activities for both projects commenced in 2019, those efforts were halted as a result of the pandemic and Penn National’s need to assess and stabilize its finances during the period in which nearly every casino nationwide was ordered closed. Importantly, however, construction at both locations has restarted. Penn National provides regular construction progress reports to the Pennsylvania Gaming Control Board, and we expect that both casinos will be open and welcoming both patrons and

up to 450 new employees sometime during the 4<sup>th</sup> Quarter of this year. In the face of these challenging and uncertain times, there can be no doubt that Penn National's commitment to the Commonwealth continues unabated.

Given this history, Penn National is alarmed and disappointed at the prospect of further gaming expansion. The industry is still attempting to recover from the pandemic. Four (4) of the five (5) authorized Category 4 casinos have not even opened, and their effect on existing casinos has yet to be determined. Accordingly, Penn National respectfully requests that this Committee firmly reject any effort to authorize distributed gaming in any of its forms, specifically either VGT expansion or skill games legalization. Instead, we ask that the Committee help the gaming industry build and strengthen its partnership with the Commonwealth so that we can fully recover from the pandemic, restore \$1.5 billion in annual tax revenue, get more of our team members back to work, and increase our local business partner spend back to pre-pandemic levels.

On behalf of Penn National and my colleagues, we thank you for carefully considering my testimony.