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Sands Casino's Decision to Forgo Addition of 2,000 Slot Machines Could Cost State \$54 Million Per Year in Lost Revenues

Case highlights potential loss in revenues to state, local municipalities, and the equine industry under table games

HARRISBURG, PA – The Pennsylvania Equine Coalition today highlighted a decision by the Sands Casino Resort Bethlehem to scrap plans to install 2,000 additional slot machines in a 40,000 square foot area of the casino in anticipation of table games. With an average win per day of \$217 per machine at a 34 percent tax rate to the state, the loss of 2,000 new slot machines could mean a loss of nearly \$54 million in state revenues annually from slot machines.

As the Allentown Morning Call describes it, “Sands is folding on its slots expansion plans and doubling down on table games.”

“This case highlights how differing tax structures are driving casino operators to favor table games over slots machines,” said Michael P. Ballezzi, Executive Director of the Pennsylvania Thoroughbred Horsemen’s Association, which represents horsemen at Philadelphia Park. “These types of decisions will be playing out in the executive offices of casino operators across the state. In the process, the property tax relief fund, local municipalities, and the horsemen organizations are going to lose out on potential revenues.”

Ballezzi also pointed out that at a cost of \$15,000 per machine, forgoing the purchase of an additional 2,000 slot machines would result in a savings of \$30 million for the casino operator, which far exceeds the casino’s table games licensing fee plus the cost of purchasing tables. Table games, which have a much lower proposed tax rate, would also have a much greater return on investment for operators.

“According to a recent study, the addition of table games will result in a decline in slot machine revenues by 8 to 13 percent,” said Ballezzi. “But the impact is actually far greater when you consider the lost revenues as a result of casinos opting for table games over additional slot machines.”

“If Pennsylvania casinos do not move forward with the full build out of 5,000 slot machines as envisioned under Act 71, we are looking at hundreds of millions of dollars in lost revenues from slot machines per year,” stated Kim Hankins, Executive Director of the Meadows Standardbred Owners Association. “Those losses will not be made up by a 12 or 21 percent tax rate for table games. As the state moves forward with legislation legalizing table games, it needs to take a hard look at the tax rate for state revenues and work to alleviate the impact of lost revenues on the horsemen’s organizations.”

“We’re not opposed to table games, but we do have real and well-founded concerns about their impact on the horse racing and breeding industries in Pennsylvania under current legislative proposals,” said Hankins.

Ballezzi said that the state has seen remarkable growth in its equine industry under Act 71, leading to significant job creation and enhancing the Pennsylvania economy. He said preliminary elements of an economic impact study of Act 71 on the Pennsylvania Equine Industry and the larger Pennsylvania economy would be presented to Senators tomorrow, Wednesday September 22, at a hearing of the Senate Community, Economic and Recreational Development Committee at 9:30 a.m.