THE CURRENT CONDITION AND FUTURE VIABILITY OF CASINO GAMING IN PENNSYLVANIA

REPORT SUBMITTED TO:
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Executive Director
The Pennsylvania Legislative Budget and Finance Committee
A Joint Committee of the Pennsylvania General Assembly
Office Room 400, Finance Building
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ESI Casino & Gaming Expertise

Title	Location	Date
The Potential Impact of Local, National, and Global iGaming in New Jersey	New Jersey	2014
Potential Economic Impacts of the Proposed River Trails Casino	Lawrence, KS	2013
Economic Impacts of the Proposed Lawrence Downs Casino and Racing Resort	Lawrence County, PA	2013
The Potential Economic and Fiscal Impacts of Tower Entertainment's Proposed The Provence Entertainment Complex	Philadelphia, PA	2013
The Economic and Fiscal Impact on the State of Indiana of Expansion into Table Games at Hoosier Park and Indiana Grand	Anderson, IN	2013
Potential Job Impacts Attributable to the Proposed Category 3 Entertainment Center Gaming Facility for the Valley Forge Convention Center	King of Prussia, PA	2011
Proposed Local Economic Impacts of the Proposed Harrah's South Philadelphia Casino	Philadelphia, PA	2010
Potential Economic and Fiscal Impacts of the Proposed New Jersey Intrastate iGaming Bill	New Jersey	2010
Potential Local & Statewide Economic and Fiscal Impacts of Proposed Kansas Star Casino	Sumner County, KS	2010
Potential Economic Impacts of the Proposed Category 3 Mason-Dixon Resort & Casino	Adams County, PA	2010
Potential Local & Statewide Economic and Fiscal Impacts of Proposed Foxwoods Casino	Chisholm Creek, KS	2009
Potential Local and Statewide Economic and Fiscal Impacts of Proposed Rippling Waters Casino	Ottumwa, IA	2009
Potential Residential Property Value Impacts Associated with the Proposed Foxwoods Casino Philadelphia and Adjacent Delaware River Waterfront Improvements	Philadelphia, PA	2006
Potential Economic Impacts of the Lehigh Valley Tropicana	Allentown, PA	2006
Philadelphia Gaming Advisory Task Force	Philadelphia, PA	2005

ESI Casino & Gaming Expertise

- Land-based casino-related analyses to public and private clients: Kansas, Iowa, New Jersey, and Pennsylvania (Allentown, Valley Forge, Gettysburg, and Philadelphia);
- Online gaming analyses in New Jersey;
- Experienced economists and economic development specialists, with a focus on entertainment and tourism economics;
- Mullin/Ozimek nominated as “Hot 50 of 2014” in Gaming Intelligence;
- Ozimek testified in State hearings in New Jersey on iGaming;

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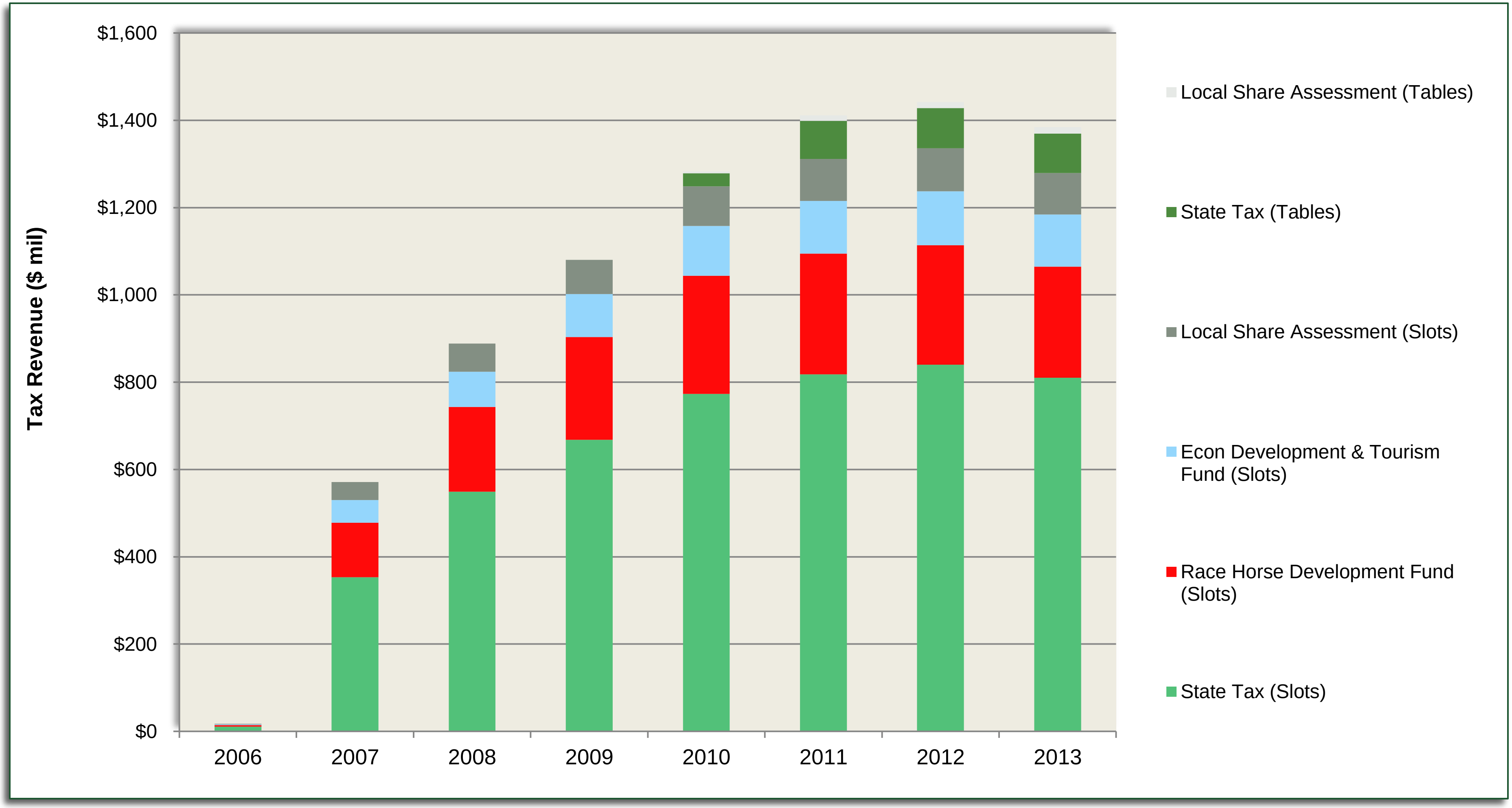
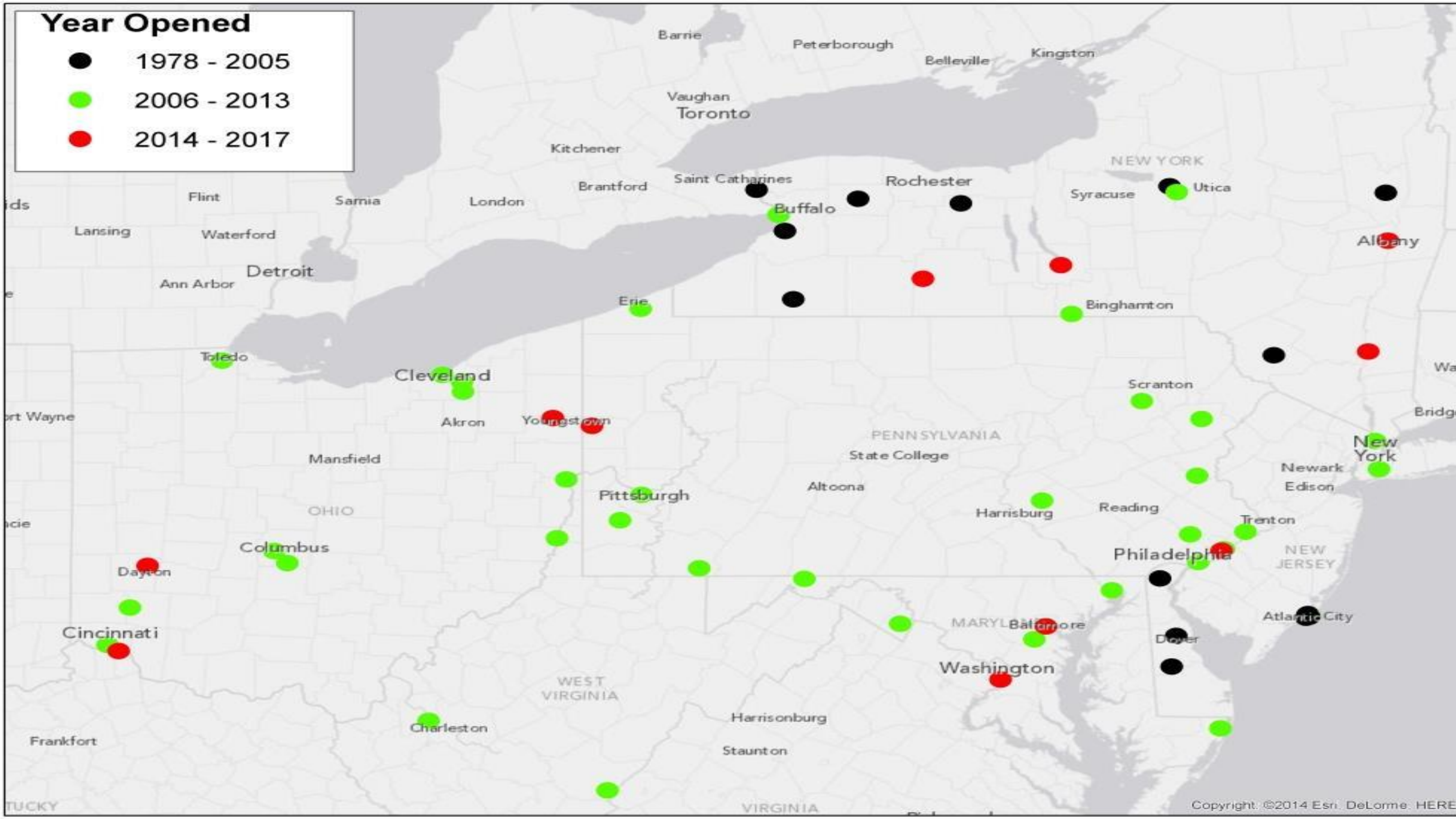
Pennsylvania Gaming Tax Revenues by Fund, 2006-2013



Source: Pennsylvania Gaming Control Board (2014)

Map of Historic and Projected Mid-Atlantic Commercial Casino Development



Source: Econsult Solutions (2014)

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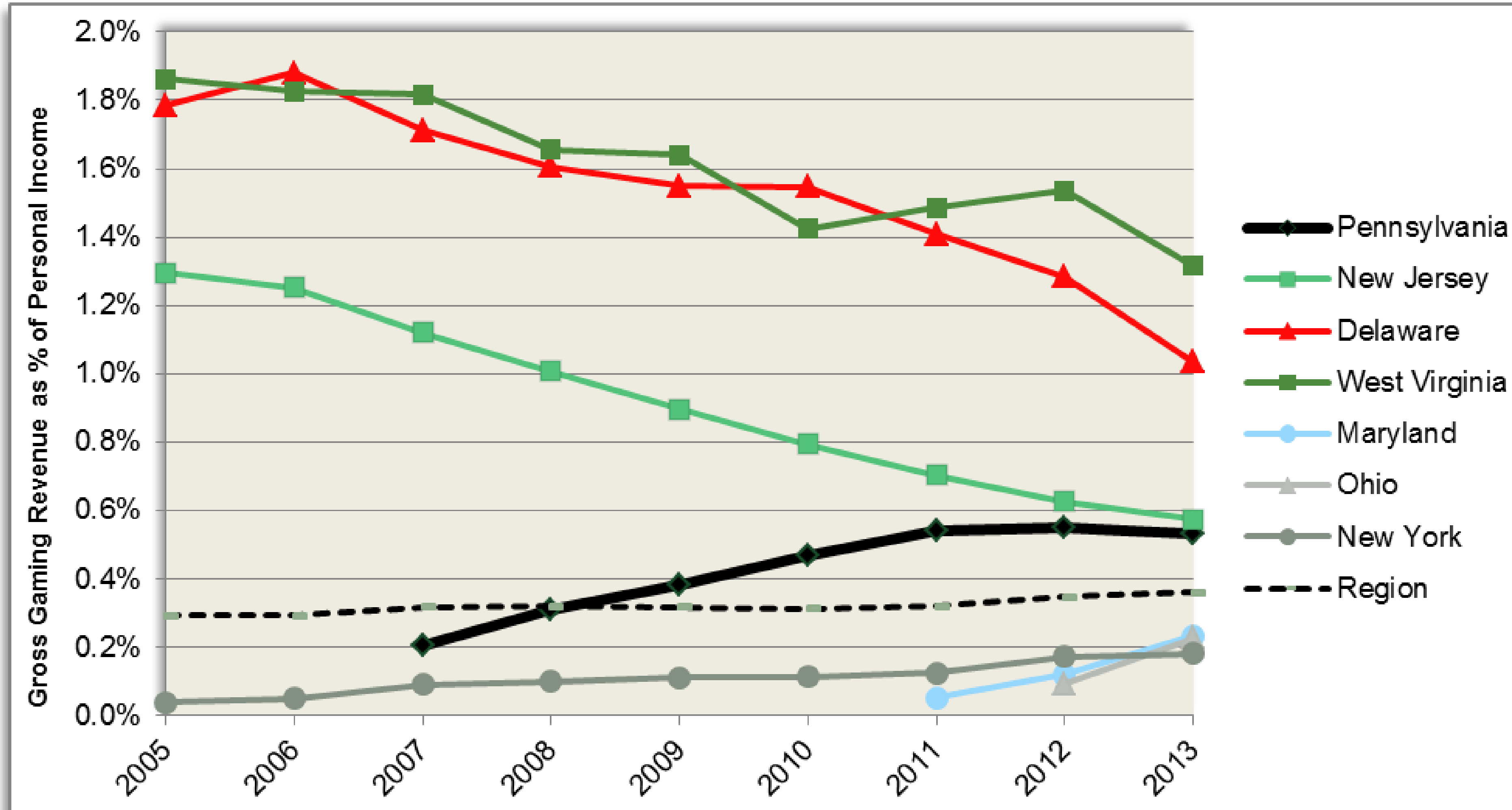
Gross Gaming Revenue as Percentage of Personal Income for PA and Neighboring States



Source: Econsult Solutions (2014)

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Model Results 1:
Addition of Pennsylvania Casinos

State	PA Casino Gross Gaming Revenue, Current ($ mil)	PA Casino Gross Gaming Revenue with Two Additional PA Casinos ($ mil)	Net Growth ($ mil)
Delaware	42	45	**3**
Maryland	66	68	**2**
New Jersey	391	455	**64**
New York	299	305	**6**
Ohio	105	139	**34**
Out of Market	238	250	**11**
Pennsylvania	1,950	2,211	**261**
West Virginia	23	24	**1**
Grand Total	**$3,114**	**$3,496**	**$383**

Source: Econsult Solutions, Inc. (2014)

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Model Results 2: Addition of Pennsylvania Casinos and Regional Competition

Gamer Residence	PA Casino Gross Gaming Revenue, Baseline ($ mil)	PA Casino Gross Gaming Revenue with New Regional Competition ($ mil)	Net Growth ($ mil)
Delaware	45	45	**0**
Maryland	68	61	**-7**
New Jersey	455	443	**-12**
New York	305	268	**-38**
Ohio	139	105	**-34**
Out of Market	250	203	**-47**
Pennsylvania	2,211	2,183	**-28**
West Virginia	24	23	**-1**
Grand Total	**$3,496**	**$3,329**	**$-167**

Source: Econsult Solutions, Inc. (2014)

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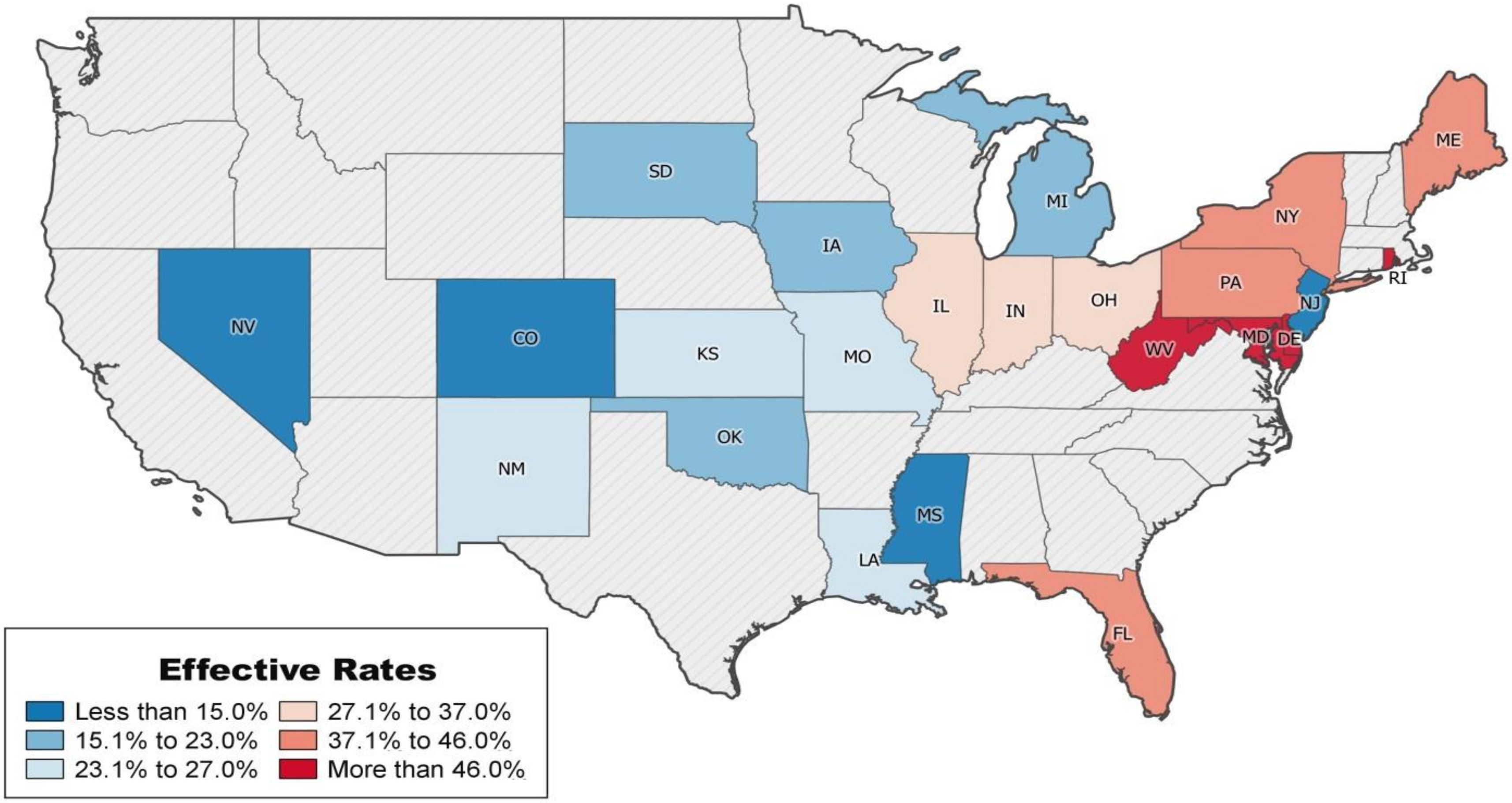
Map of Effective Tax Rates by State, 2012



Source: Various State Gaming Boards (2014, American Gaming Association (2013), Econsult Solutions, Inc. (2014)

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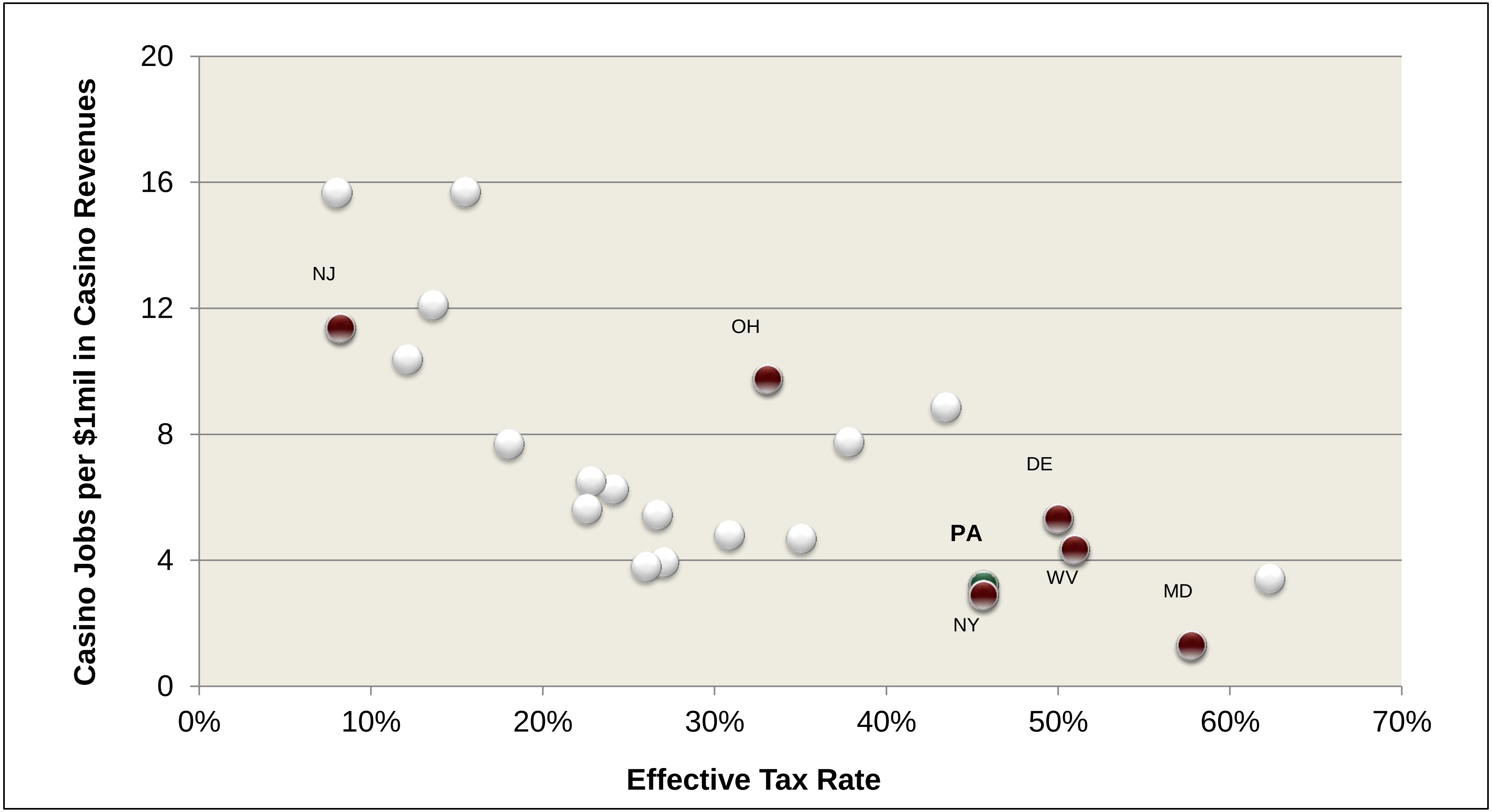
Direct Employment per $ Million in Casino Revenue and Effective Tax Rates, 2012



Source: American Gaming Association (2013), Various State Gaming Boards, Econsult Solutions, Inc. (2014)

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Summary of Potential Revenue Sources and Direct Tax Impacts

Revenue Source	More Likely Substitute or Complement for PA Casinos?	Direct Tax Revenue
iGaming	Complement is most likely	$68 million in the first year, and $110+million annually thereafter
Sports Betting	Complement highly likely	$20 million to $110 million annually
Fantasy Sports	Complement highly likely	No taxes in short-run, uncertain in long-run
Prediction Markets	Neither	No taxes in short-run, uncertain in long-run
Small Games of Change	Substitution is possible	Uncertain, likely small unless adoption increases dramatically
Airport slots	Neither	$3 to $4 million/year per 100 machines at larger airports

Source: Econsult Solutions, Inc. (2014)

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