



LAS VEGAS SANDS CORP.

**Testimony of Andy Abboud, Senior Vice President of Government Relations and
Community Development Las Vegas Sands Corp. (LVSC)
For the Pennsylvania State Senate Community, Economic and Recreational
Development Committee**

Senator Ward and members of the Senate Community, Economic and Recreational Development Committee, thank you for allowing me the opportunity to present testimony on behalf of the Las Vegas Sands Corporation (LVSC) regarding the Legislative Budget and Finance Committee's Report on "*The Current Condition and Future Viability of Casino Gaming in Pennsylvania*" and to express our strong opposition to internet gambling.

Before I talk about our opposition to internet gambling, it is important to discuss the Sands Casino Resort Bethlehem.

In 2006, the Sands was awarded, through a highly competitive process, a Category 2 License to operate a casino in Bethlehem, Pennsylvania. We promised in our application to build a destination location that would revitalize the vacant Bethlehem Steel Plant and invest close to a Billion dollars. We started construction at the height of the great recession. When many other construction projects were shuttered, our commitment was strong.

We are now starting our fifth year of operations in Bethlehem. We have invested over \$800 million to build and develop the largest casino in the Commonwealth, an adjoining mall, hotel and an events center. Thousands of skilled craftsmen were put to work building the casino and we now directly employ over 2600 people. Many companies would stop there, but we have plans to partner with Bass Pro Shops to build one of their newest locations in an old steel building that has been vacant for twenty years and to help redevelop more of the old Bethlehem Steel site. Our investment has had profound effect on Bethlehem.

Last year, almost 8 Million people visited the Sands Casino Resort Bethlehem and the community venues, like Steel Stacks that are next to our site. Our investment and the commitment by other groups to follow the Sands and build has led to the rebirth of Bethlehem's Southside. This investment would not have occurred if Pennsylvania had internet gambling, because internet gambling requires no community investment, it requires no tradesmen, dealers, maintenance worker or servers.

In that same time, as the report we are discussing today indicates, "*PA casinos have made \$3.1 billion in initial capital investments and annually produce about \$2.9 billion in total output. PA casinos directly employ about 16,650 people. Casino operations and induced spending from casino employees support about 25,500 jobs and produce about \$3.0 billion annually in total economic output. Ongoing renovations and upkeep generate an additional \$81 million annually in total output, supporting another 600 jobs.*"

The jobs and investment have been added during one of the worst recessions in national history. Casinos have also helped to redevelop blighted areas in cities like Bethlehem, Chester, and Pittsburgh, bringing in billions of dollars in construction investment to Pennsylvania's urban core. Internet gambling will reduce participation at brick and mortar casinos and lead to fewer jobs in casino related lodging, restaurant, entertainment and retail industries. It will also reduce new construction investment by Pennsylvania casino licensees.

It is clear that Internet gambling threatens Pennsylvania jobs, but it also threatens families and the state budget.

It is nearly impossible to prevent minors from gambling online. The Pennsylvania Gaming Control Board will be unable to prevent adults from allowing minors to play on their accounts, because there is no technology that can prevent a minor from stealing a password or being given access to an account by an adult. States will have little incentive to bar participation by minors living in other states, and could allow college students to gamble online by setting the minimum age at 18 years old.

Even PA's top gaming regulator, Kevin O'Toole the Executive Director of the Pennsylvania Gaming Control Board, acknowledged the problem of underage gaming when he recently said, *"Regarding age verification, however, Internet gambling does pose a unique concern. At the time that a person registers for an online gaming account, his/her information can be verified to ensure proper identity and age. However, it becomes more difficult to determine with confidence that no one other than the registered player utilizes that account. This issue needs to be further researched to identify a better process for age verification."*

In this time of tight budgets and lagging state tax revenues it is easy to look to something like internet gambling as an answer to Pennsylvania's fiscal questions, but internet gambling has not lived up to its promises.

I know the study we are discussing today projects that internet gambling in Pennsylvania would generate \$68 Million in tax revenue in the first year and \$113 Million every year after that. All you have to do is look at the facts in other states. When New Jersey legalized internet gambling it was projected to generate \$160 Million in the tax revenue this year. New Jersey is on course to generate only \$12 Million this year. In the first quarter, Nevada's online poker generated \$184,000 of tax revenue. It is possible; it is actually costing Nevadans more money to regulate internet poker than what they are generating in revenue.

TIME magazine said that in states where internet gambling is already legal, government officials have "Drastically, laughably overestimated the amount of money that would be generated" by internet gambling. The Associated Press reports that "When it comes to raising revenue for the state, internet gambling has been a bust."

In conclusion, internet gambling is bad for Pennsylvania jobs, Pennsylvania families and the Commonwealth's budget.