

**TESTIMONY OF JOHN V. FINAMORE, SR. VICE PRESIDENT OF  
REGIONAL OPERATIONS, PENN NATIONAL GAMING, TO THE SENATE  
COMMUNITY, ECONOMIC & RECREATIONAL DEVELOPMENT COMMITTEE**

**JUNE 3, 2014**

Good morning Madame Chair and members of the Community, Economic and Recreational Development Committee and staff. My name is John Finamore and I'd like to thank you for the opportunity to testify today on the important subject of the ever-increasing competitive landscape in Pennsylvania and the Mid-Atlantic region in general.

As Sr. Vice President of Regional Operations for Penn National Gaming, I oversee 10 of the company's 27 properties, including our namesake Hollywood Casino at Penn National Race Course in East Hanover Township, a short drive up the road from here. Our company was founded here in 1972, and went public in 1994 on the strength of Penn National Race Course alone and its affiliated off track wagering facilities. Today, we've grown to become the nation's largest publicly traded regional gaming operator with facilities in 18 different jurisdictions across North America. Importantly, we're proud to be the only publicly traded gaming company headquartered in Pennsylvania. We have over 1,400 Pennsylvania-based employees, representing over \$83 million annually in PA-based payroll, and last year contributed more than \$2 million to local community and charity organizations. Finally, we've generated over \$1.5 billion in gaming revenue for the Commonwealth and over \$770 million in gaming taxes collected since 2008.

As you know, there has been a significant arms race in terms of gaming expansion in the Mid-Atlantic region. The Atlantic City market was experiencing a nearly 13% growth rate before the advent of casinos in Pennsylvania, and despite the addition of Revel, it has free fallen to consistently negative double digits. You now have casinos in Delaware, West Virginia, Maryland, New York, Ohio and Pennsylvania and new competition coming online in Baltimore and Prince George's County, Maryland. And with states like Delaware looking to cut its casino taxes by nearly half, we applaud you for looking carefully at the affect of all this supply, and ways the Commonwealth might possibly consider some relief, through the Econsult Report.

We, too, have been doing our homework and recently completed a comprehensive survey of regional consumer habits to assess the economic impact of the recession. In all, we looked at 2,000 customers who had gambled more than twice at one of our facilities. In 2010, we asked a similar group of customers if they felt the economy was getting any better and 16% said "yes." Today, that number has increased to 27%. And, 65% of surveyed patrons still say gambling is one of their favorite activities. But while attitudes are increasingly optimistic over the last couple of years, the average spend per trip remains flat and the number of annual customer trips has decreased from over 45 trips in 2010 to what is currently 42 trips. That may not sound like a lot, but when you multiply it over a database such as ours with 4 million customers, it is certainly impactful. In sum, there's more optimism out

there, but fewer visits, and less revenue. So, what is the answer as we continue to wait for a full market recovery?

For starters, we support the concepts outlined in the Econsult Report, including reducing regulatory costs wherever possible, just as we are constantly looking to reduce our operating costs and manage our margins. We would also encourage you to look for ways to incentivize further capital and marketing investment through things like tax credits to which other industries have access, and to remove barriers for customers to access THEIR money. Finally, we're supportive in concept of Pennsylvania authorizing Internet poker, provided it's done in such a way that the existing brick and mortar establishments are the sole licensed agents. We have a lot to learn, both good and bad from New Jersey and from other states who've started down this road.

With that, I'd be happy to answer any questions. Thank you.