

Good morning Madam Chair and committee members. And thank you for giving us the opportunity to speak before you today.

I am Bob Pickus and I serve as the Executive Chairman of the Board of Valley Forge Casino Resort in King of Prussia. As you may know, the Valley Forge Casino Resort opened in the spring of 2012 and recently celebrated the anniversary of its third year of operation. Prior to its opening, the owners of Valley Forge spent over \$145 million to renovate and transform the existing resort facility into a fully integrated casino resort. Since opening, the owners have spent millions more dollars in additional capital expenditures to further enhance the facility. We also proudly employ nearly 900 employees.

When the Pennsylvania Race Horse Development and Gaming Act was passed in 2004, it established the framework for the introduction and growth of various categories of casinos in the Commonwealth. Since the first casino opened in 2006, the growth of gaming in Pennsylvania has been extremely successful, soon catapulting the Commonwealth to the second top grossing spot in gaming revenues by state, trailing only Nevada. Today, however, the competitive landscape has significantly changed with gaming now in every state that borders Pennsylvania. It is therefore appropriate [As you have heard from others this morning, it is timely] that this Committee and the General Assembly have seen fit to hear from gaming operators and others on ways to potentially change the Act to keep its thriving business competitive and growing into the future.

We are aware of the letter sent to this Committee and others by the ten Category 1 and 2 license holders with certain suggestions to amend the Gaming Act to help those operators. Be advised that Valley Forge would have joined in those portions of that letter aimed at initiatives to maintain and enhance competitiveness.

One initiative not addressed in that letter, which we strongly urge you to consider is internet gaming. While only three other states have authorized online gaming and its start up has been less than expected, Pennsylvania still has an opportunity to be among the first movers in what will be a significant growth opportunity going forward. The numbers out of NJ are showing consistent improvement as that market begins to establish itself and shows healthy signs of growth. If internet gaming is considered here, you should ensure that it maximizes tax revenues by not limiting skins and allows poker and all other games offered in casinos in Pennsylvania. It should also permit partnerships with existing operators that have experience and name recognition and should have a tax rate at the same level or lower than New Jersey to create a thriving market and allow compacts with other states and, lastly, it should not discriminate against Category 3's in anyway.

As one of the two Category 3 licensees in the Commonwealth, we urge you to consider other initiatives to address certain limitations that are restricting our growth and competitiveness. While we are aware that the Category 3's came at less cost for less gaming units, we believe that unnecessarily limits our growth and also keeps tax revenues from the Commonwealth. In addition, the Category 3 license had restrictions placed on it that neither other category was burdened with, such as access and limitations on poker and tournaments. Of course, any discussion about Category 3's must begin with access; the requirement that any patron of the casino must first patronize the non-gaming amenities of the resort.

After three years of operating under that condition, it is clear that it simply does not work. That requirement imposes operational and compliance obligations that simply serve no regulatory or other purpose and instead create an uninviting welcome for our guests and impose operational and other extraordinary costs on the Commonwealth's smallest casinos, which are in the worst position to absorb them. Lifting the access requirement will simply generate more tax revenue without affecting any legitimate regulatory concerns.

Another limitation imposed only on Category 3's is the limit of 600 slot machines and 50 table games. Simply put, this limitation also artificially limits the number of games offered and thereby limits revenues and taxes, again for no real regulatory purpose. While we recognize that Category 3's are treated differently, greater limits on the number of slots and tables should be considered. Currently, we do experience times when all of our games are at capacity and we are literally turning people and their money away. Additionally, poker tables, which are not house banked games, should be permitted without counting against any new limits. Also to be considered to help drive additional revenue is the relaxation of the requirement that allows only one tournament per month. Such an artificial limit on this successful marketing activity again serves only to limit revenues and resulting taxes.

As every discussion about Category 3's must begin with access, it must end talking about costs. We acknowledge that the Category 3 licenses were less expensive than the Category 1's and 2's. We also understand that the type of relief requested this morning would come at a price and we are prepared to discuss that issue further with this committee and its staff and to pay such reasonable amount as the legislature may impose.

Thank you again for this opportunity and I am happy to answer any questions you may have.