



October 2, 2023

Pennsylvania State Senate Community, Economic and Recreational Development Committee

Public Hearing on Gaming in the Commonwealth

Dear Chairman Gebhard, Minority Chair Williams and members of the Committee:

On behalf of Harrah's Philadelphia Racetrack and Casino located in the City of Chester, Delaware County we welcome the opportunity to submit our comments on today's public hearing on gaming in the Commonwealth. Since 2007, we have operated a harness racetrack and casino and proudly employ a diverse unionized workforce that employs 62% of women (including our Senior Vice President and General Manager, Zara Alayan), African American, Latino and Asian descent. In fact, 40% of Harrah's Philadelphia's workforce is Black/African American. We are extremely proud of our accomplishments since our opening and believe that the issues outlined briefly herein are immensely important to the well-being of our business, racing, and our workforce.

Saturated Gaming Market:

Harrah's Philadelphia has monumental challenges in southeast Pennsylvania as we sit in one of the most highly competitive and saturated gaming markets in the nation. Harrah's Philadelphia is in direct competition of over twenty-five legal casino properties within a two-hour drive of Chester. In addition, the Commonwealth has over thirty-nine internet wagering sites that offer casino style games and thirteen mobile sports wagering sites which impact revenues.

Based on our experience since opening, the Pennsylvania gaming market has met its market capacity. Any effort, either legislatively or by the courts, to increase gaming supply in any form such as skill games or distributed gaming will cannibalize the existing licensees.

Simply put, skill games and distributed gaming would result in decreased revenues for the Commonwealth, threaten our employment levels, harm the horseracing industry, and result in less shared revenues with Delaware County and the City of Chester.

City of Chester – Financially Distressed Municipalities Act (Act 47):

Since 2007, when Harrah's Philadelphia began operations and the Commonwealth, Delaware County and the City of Chester have received more \$2.4 billion in taxes and local share disbursements.

The Chester city budget is hugely dependent on revenues from Harrah's Racetrack and Casino. During the COVID-19 pandemic and the shutdown of casinos, Chester did not receive its monthly revenues through the LSA and other local agreements which resulted in a fiscal emergency and triggered the Financially Distressed Municipalities Act (Act of 1987, P.L. 246, No. 47), also known as Act 47. Chester is

currently under State Receivership. Any additional loss in Harrah's Philadelphia revenue will directly result in a consequential negative impact to the State, County and City, thus forcing larger deficits upon Chester's budget.

Race Horse Development Fund (RHDF):

The casino industry is the financial lifeblood of PA's family farms and agriculture business as the industry supports the state's horseracing and horse breeding industry. As you know, casino operators pay an assessment on their revenues from slot machines to the Race Horse Development Fund (RHDF), which provide money for racing purses and breeder incentives. By impacting slot revenues, skill and distributed gaming would result in less money to the RHDF, purses, and breeder incentives. This would disrupt the purse structure in Pennsylvania and would deliver a staggering blow to the state's agricultural economy as owners choose to race in neighboring states with more competitive purses.

Pennsylvania's high tax rates & regulatory reform to combat the illegal gaming market online and retail:

The slot tax rate at Harrah's Philadelphia is 61% and is a clear disadvantage to its regional competitors coupled with high regulatory costs. The high tax rates stifle growth, jobs, and impact investment in Chester. High tax rates also foster the illegal and grey market in the online space and in backroom gaming operations. The illegal market ignores anti-money-laundering practices, predatory gambling of minors goes unchecked, and responsible gaming measures are disregarded.

To be clear, the greatest threat to Harrah's Philadelphia is the continued proliferation of skill games and distributed gaming. Beyond that massive concern, the Commonwealth could benefit from modest tax and regulatory reforms. Such reforms may improve responsible player engagement, create jobs and increase revenues to the Commonwealth. In that regard, we recommend the following reforms:

- Gaming Tax Rates – table game and slot tax rates have stifled growth and development compared to neighboring states who offer more luxurious amenities like integrated resort hotels, spas, restaurants, high end retail shopping and live entertainment.
- Table Game Rules – reforming table game rules to encourage responsible player engagement to increase revenues and create jobs.
- Gaming Voucher Reform - updating the gaming voucher rules and expiration dates of unclaimed escheats to mirror competitive neighboring jurisdictions.
- Streamlining of some Gaming Regulations --to limit or eliminate the need to seek Gaming Board approval for certain non-suitability related processes, such as internal corporate restructurings or departures of Principals.

In closing, we strongly urge you to recognize the threat to lawful gaming posed by expansion efforts with skill and distributed gaming and help the gaming industry remain competitive. Skill and distributed gaming would continue to siphon lawful, regulated and accountable revenues from casinos across the state, having far-reaching impacts on operations with unionized employment, our local Chester and Delco vendors as well as horseracing and the broader agricultural industry.

Thank you and the Committee for raising awareness on these critical issues.

Sincerely,

Joseph Tyrrell, Regional Vice President – Government Relations

Caesars Entertainment, Inc. and Harrah's Philadelphia Casino and Racetrack

Cc:

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Delaware County, County Council

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