



October 2, 2023

The Honorable Christopher Gebhard, Chair  
Senate Community, Economic & Recreational Development Committee  
15 East Wing  
Harrisburg, PA 17120

The Honorable Anthony Williams, Chair  
Senate Community, Economic & Recreational Development Committee  
11 East Wing  
Harrisburg, PA 17120

Dear Chairmen Gebhard and Williams,

Thank you for the invitation to present to you and the dedicated members of the Senate Community, Economic & Recreational Development Committee. While we are regrettably unable to attend, we wanted to take this opportunity to share some of the key issues our industry is facing and how the legislature might be able to help us navigate them to the benefit of the Commonwealth.

There are several regulatory reforms we believe would be beneficial for our industry. To help expedite the review of employee license applications and ultimately improve our chances of hiring well-qualified employees, the background investigation should not include a review of federal tax status. This change in definition has been supported by the Pennsylvania Gaming Control Board (PGCB) as a way to temporarily streamline the employment process until the federal tax review process improves. Additionally, the process for adopting table games rule changes should be simplified to only require notification of desired changes to this committee and the corresponding committee in the House. The main reason for a table game rule change is to drive revenue for the property and the Commonwealth. The time it takes to go through the current regulatory process table games rule changes can take months and literally leaves money on the table. Again, the PGCB has expressed an interest in streamlining the process by which table game rule changes are implemented.

In recent years, many casinos across the Commonwealth have been “right-sizing” their gaming floors by reducing the number of slot machines available for play. To accomplish a slot reduction of more than 2%, a casino must petition the PGCB who can then grant, decline, or condition the request. We are at a point where we would like to reduce the number of machines on our floor to meet current demand, provide a better experience for our guests, and limit unnecessary fixed costs for games that are rarely in use. However, as a Category 1 licensee we are statutory prohibited from going below 1,500 machines on the floor. It is our request to see this arbitrary number replaced by the PGCB petition process regardless of the number of machines in play. To give you a sense, since 2021, a total of 2,218 machines have been removed from Pennsylvania casino’s gaming floors. It is important to note, and as the PGCB has heard from multiple casinos in their petitions, no revenue loss to the property or the Commonwealth is expected with a reduction of unused slot machines.



This trend of reducing the number of slot machines on casino floors is a product of what we consider our gravest challenge: the ongoing expansion of gambling in the Commonwealth. Most notably, this expansion comes in the form of a distributed gaming model that has become so pervasive we've had legislators tell us there are in excess of 100,000 machines in every corner of the state. As these unregulated, untaxed machines have grown in number, brick and mortar casinos have experienced real losses. Our casino has seen slot revenue drop by 15.7%. We are not alone. When you consider all original category 1, 2 and 3 licensees, slot revenue has fallen 11.3% over the same six-year period. This decline in revenue has had negative impacts on not only our business and the revenue collected by the Commonwealth, but also on the number of people we employ. To give the committee an example, in 2016 Presque Isle Downs & Casino employed over 900 people and today the property employs just over 500 individuals. This is roughly a 45% decrease in employment.

We are appreciative of the opportunity you have given us to provide feedback on the current state of affairs in our industry. Please count us as a partner as this committee works to address these important issues in the weeks and months ahead.

Regards,

Gary Hendricks

A handwritten signature in black ink, appearing to read "Gary Hendricks", is written over the printed name. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.