

Senate Committee on Community, Economic and Recreational  
Development

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Thank you, Chairman Ward, Chairman Fontana, and members of the Senate Committee on Community, Economic, and Recreational Development for allowing me to address the committee today to discuss current revenue trends and the competitive atmosphere in Pennsylvania's gaming marketplace.

I am here this morning representing more than 1,400 employees of The Meadows Racetrack & Casino. The Meadows has a proud heritage and tradition in southwestern Pennsylvania. As we look at the gaming marketplace in western Pennsylvania, we can concisely and scientifically state that the gaming marketplace is at saturation.

I would like to expand on the true meaning of "saturation." We stated in 2010 in regards to the then potential Category 3 license at Nemaquin that the western PA gaming marketplace had hit saturation. Four years later, we have stated the exact same position to the Pennsylvania Gaming Control Board at its recent public input hearing on the potential Lawrence County facility. In western PA, an additional casino license would siphon revenue from existing casinos. To that end, there would be minimal accretive tax advantage to the Commonwealth.

As a major business in southwestern Pennsylvania, we look at the potential of job losses, reduced working hours and less revenue for employees. The marketplace is currently limited and any and all increased competition negatively impacts our business model and the capital investments we would like to pursue.

Six questions that this committee should consider when reviewing market saturation and the overall competitive atmosphere are:

- Will additional revenue be significant?
- Will the Commonwealth experience new sources of revenue?
- Will cannibalization hinder current economic development opportunities at existing licensed properties?
- Will the Commonwealth's horse racing industry experience a negative impact?
- Will jobs at facilities be impacted?
- Will support for horse racing programs decrease?

The competitive atmosphere in western PA is stiff and casinos are fighting for every entertainment dollar in the region. While The Meadows has never been opposed to competition, it is clear that the regional market is entirely different than it was just 2 years ago. To us that region includes western Maryland, northern West Virginia, eastern Ohio and all of western Pennsylvania. You can't just look at the borders of Pennsylvania as the end of our marketplace or in a vacuum. We consider all pressures on the current gaming marketplace in determining whether to make additional investments and enhancements to our property. More importantly, we understand that a competitive market - not a saturated one - is a win-win for the Commonwealth and patrons of all the properties in western PA. While the initial idea of approving additional gaming opportunities within the region sounds enticing for revenue generation - clearly we, and the experts and analysts agree it will have a devastating impact on the Commonwealth overall.

The Meadows Racetrack and Casino believes the western Pennsylvania gaming marketplace is beyond mature and currently experiencing saturation. For us, we understand the current competition is a reality and extremely intense. However, we will continue to work with our majority partner, the Commonwealth, as we seek to protect and improve the gaming industry today and into the future.

As we seek improvements, we agree with many of the regulatory changes discussed in the recent E-Consult study. Our joint goal with these changes should be to better allow

current licensees to more easily compete with regional jurisdictions that also offer gaming. For The Meadows, we would support the following changes:

- lessening of the overall effective tax rate or permitting an allowance on promotional costs;
- allowing greater flexibility on hours of operation for alcohol sales;
- decrease the mandated level of Pennsylvania State Police presence;
- shorten approval time for new slot machine models and table games;
- allow for more flexibility over staffing mandates;
- fully automate the gaming service provider (vendor) licensing process;
- remove or ease registration and certificate requirements for nongaming license vendors;
- streamline employee permitting/registration process;
- automate employee Key/Principal License process; and
- mandate harsher penalties for underage violators.

As we have worked with the Commonwealth, our interaction with our regulatory body, the Pennsylvania Gaming Control Board has been very good. We look for that positive interaction to continue.

However, as a business and just like any other business, we look for stability. From time to time, we hear of potential changes to the gaming marketplace that give us great concern. Some of the issues brought up have been changes to the smoking vs. non smoking areas of our gaming floor, mandating the issuance of monthly statements and additional forms of gaming that compete with our existing industry, just to name a few. As we seek business stability, we look for these potential changes to be limited in number and in scope.

The Meadows Racetrack and Casino appreciates the opportunity to present in front of you today. Your collaborative efforts with our industry will go a long way in making sure we are stable for years to come. I thank you for your time and attention.