

Table games at casinos more a matter of ‚when‘ than ‚if‘

The early success of Pennsylvania slots parlors has energized an influential lawmaker who wants to bring table games next to the state – and do so soon.

At a hearing in North Strabane of the House Gaming Oversight Committee yesterday, Majority Leader Bill DeWeese, D-Greene, touted his legislation to broaden the state’s gambling options.

The expansion beyond slots, not surprisingly, was embraced by Pennsylvania racetrack casino operators who say they need it to compete with other states that offer the full gambling menu. West Virginia racinos are adding the table games this fall.

Mr. DeWeese and other proponents acknowledged it may be too soon to get Pennsylvania lawmakers to approve table games in the 2007-08 session, but by the same token, opponents conceded that the new legalization appears to be more a matter of „when“ than „if.“

„I do think [table games are] coming,“ said Rep. Kerry Benninghoff, R-Centre, a self-described gambling opponent on the committee. „I’m not a fan of the industry, but it’s a matter of doing it smart, making it a win-win“ for both the state and casinos.

As at hearings near the four other racetracks that added slots parlors since late last year, the gaming committee members heard praise for the new jobs, government revenues and minimal problems associated with the casinos. The Meadows Racetrack & Casino opened June 11 in Washington County, and township officials testified that it has been everything promised.

Bill Paulos, an executive of The Meadows' Las Vegas-based parent firm, said the temporary casino has collected more than USD 51 million in losses by slots players, with nearly USD 30 million of that going to state and local governments and the horse-racing industry.

The revenue and jobs at The Meadows will increase greatly with completion of a permanent casino and racing facility in early 2009, he noted. He said the boost would be even greater if the facility can include about 40 tables for poker, blackjack, craps and roulette. The new building will have room for those on the assumption they will be allowed eventually.

„It's the obvious move,“ Mr. Paulos said of legalized table games. „We're being attacked by West Virginia, and now's the time to do it ... as we expand.“

Mr. DeWeese told committee members that discussion of the issue is „probably only in the second inning,“ with much debate ahead before passage is a possibility. He noted there were insufficient votes to include table games as part of the 2004 gambling legislation, but that could change because of the early experience with slots.

„The reaction among the wagering public is favorable, and the dollar yields are quite robust,“ he said.

At the same time, he conceded that Gov. Ed Rendell's lack of support for table games until there's more state history with slots is a „tangible impediment.“

Pennsylvania has legalized slots in as many as 14 locations, but thus far only five at racetracks have opened.

„I'm just trying to generate momentum, to put heat and light on the issue. ... It's very important the conversation take place,“ the House leader said, expressing hope his bill will receive consideration this year or next.

A key part of the debate, highlighted yesterday by Mr. Paulos and Robert Soper, president of the Mohegan Sun at Pocono Downs racino, is the tax rate that would be applied to table games.

Casinos typically earn less revenue from table games than slot machines, although their costs of running the tables are higher because of the number of employees that are needed. It's thus commonly discussed that the tax bite from new games would have to be less than the 55 percent rate on slot machines.

West Virginia set a 35 percent rate for table games, lower than it uses for slots, and Mr. DeWeese's legislation proposes a 34 percent rate. Mr. Paulos said the rate should be no higher than 20 percent, and Mr. Soper said anything above that would limit what casinos would offer.

Jim Pappas, executive director of the Council on Compulsive Gambling of Pennsylvania, told the committee that it should not consider newly legalized gambling without additional funding and programs to combat addiction problems. He said the state has been slow to undertake such efforts using the USD 1.5 million appropriated in the original legislation.