



Futules Harmar House

FILED

MAY 15 2006

Board Clerk PGC

May 9, 2006

To: PGCB

I have concerns about the gaming in Pittsburgh.

Once the license is issued what will happen to the existing poker machines in Allegheny County. I have been told that poker machine will be outlawed and any establishment with one, it will be considered a felony.

Will the gaming commission allow the casinos to place one or two machines in liquor-licensed establishments through out Allegheny County?

Someone has to realize that small Bars rely on poker machine to exist. Are Allegheny County and the state of Pennsylvania prepared to loss bar license fees, liquor sales and property tax as revenue?

I am sure they can monitor them like a lottery machine and give the bars a portion of the revenue.

I also see the need for a local license fee as well.

I am a councilman from Verona; our community receives 26,000.00 annually from poker machine license fees. If we loose that we might have to raise taxes or even worse cut back on police to make up the difference.

Please do not leave out the small communities in Allegheny County as a part of this plan.

Sincerely,

Councilman Nicholas William Futules



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Registration Form for Public Comment by Individuals

The following rules and attached "Code of Conduct for Public Comment" shall apply to any individual who wishes to speak at a Public Input Hearing conducted by the Pennsylvania Gaming Control Board.

1. This form must be filled out completely and received by the Clerk to the Board by March 6, 2006. Forms must be submitted by regular or certified mail. Hand delivered, late or incomplete forms will not be accepted.
2. Speakers may not engage in disrespectful, disorderly or contumacious language or conduct. Permission to speak may be denied or terminated if remarks are disrespectful or antagonistic or for any just cause as determined by the Presiding officer. The attached memorandum contains the complete rules for public comment.
3. Speakers will be permitted to address the board for three (3) minutes.
4. No speaker will be permitted to address any issue not submitted in his or her registration form. The Presiding officer shall have the authority to call to order any speaker in violation of this provision.

PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE)

Name of speaker: Terri L. Baltimore
Organization representing, if any: Hill House Community Collaborative
Address _____
Telephone _____
Employer: Hill House Association
Location of intended public comment: Pittsburgh, PA

Date of Public Input Hearing attending: April 18, 19

Specific applicant, if any, that your comments will address: _____

Topic: Social Impacts of Gambling on the Hill neighborhood

Summary of presentation points: Overview of social impact on individuals and families

Please list any supporting material that you plan to submit: _____

*** Please note that all comments presented during this hearing will be recorded and shall become part of the evidentiary record that will be considered by the Board.**

Speaker: Terri L. Baltimore

Affiliation: Hill House Community Collaborative

Location of Public Input Mtg.: Pittsburgh, PA

Summary of presentation points: Social Impacts

- Make provisions that guarantee adequate funding for those who may will need treatment for gambling addiction and family members that will need support and information
- Set aside funding in addition to the 5 million dollars set aside for distribution across the state
- Fund local human service organizations that will be pressed into providing additional service to address issues that gaming will present: substance abuse, legal, housing, parenting, mental health, physical health, employment and education
- Re-investment must have an impact on the social issues that are created by gaming
- Significant investment into the community, beyond the boundaries of gaming site, must be made to impact and improve the social and economic well-being of the neighborhood



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, Terri L. Baltimore^e ("Speaker") am a resident of
Pittsburgh, County of Allegheny
State of Pennsylvania, and do hereby certify and declare that the
information contained in the attached "Public Comment Request Form", is true and
correct to the best of my knowledge and belief.

Terri L. Baltimore
Signature of Speaker

March 14, 2006
Date



PENNSYLVANIA GAMING CONTROL BOARD
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Name of speaker: _____

Organization representing, if any: _____

Address: _____

Telephone num _____

Employer: _____

Location of intended public comment: _____

Denise Bozer
Untawh
U of Pgh
Downtown / Pgh

Date of Public Input Hearing attending:

April 18th or 19th

Specific applicant, if any, that your comments will address:

Slots License

Topic:

Support for Penguin's Slot

Summary of presentation points:

See below

Please list any supporting material that you plan to submit:

N/A

The Penguins need to receive the slots license. They deserve a new arena and this will give them a vehicle to generate the funds to pay for it. I would like to see a new casino area in the uptown/Hill District area. This will provide economic opportunities for the residents. It would stimulate development in these areas. You cannot develop Oakland, the South Side, Technology Park + ignore Uptown + the Hill. Develop these areas + downtown will take care of itself. Give them the license and the taxpayers won't have to

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Foot the bill!



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, Alvise Boozex ("Speaker"), am a resident of
Pittsburgh County of Allegheny
State of PA, and do hereby certify and declare that the
information contained in the attached "Public Comment Request Form", is true and
correct to the best of my knowledge and belief.

Alvise Boozex
Signature of Speaker

3-2-2006
Date



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PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE)

Name of speaker: Gretchen DeLucia

Organization representing, if any: —

Address: _____

Telephone: _____

Employer: —

Location of intended public comment: Omni William Penn Hotel (Pittsburgh)

Date of Public Input Hearing attending: Apr. 18, 19

Station
G

Specific applicant, if any, that your comments will address: North Shore Gaming &

Topic: ill effects of gambling

Summary of presentation points: "gambling's bad effects may make it like tobacco, subject to lawsuits" & see (2) below

Please list any supporting material that you plan to submit: 2 articles from the News Bureau - U. of Illinois @ Urbana-Champaign

(1A)

(2) "government sponsorship removes social stigma from gaming"

(3) also, what a shame that so much effort has gone into making North Shore & Station 5 "family-friendly", but could be negated by gambling atmosphere. (culture)

(4) also, link to alcohol

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GAMBLING & THE LAW

Gambling's bad effects may make it, like tobacco, subject to lawsuits

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Mark Reutter, Business Editor
(217) 333-0568; mreutter@uiuc.edu

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12/1/2001

CHAMPAIGN, Ill. -- Questions about the alleged harmful effects of gambling may move from the newspaper opinion page to the courtroom, according to a University of Illinois expert.

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John W. Kindt, a professor of business administration, writes that mounting evidence that casinos and video gambling machines have created "problem gamblers" makes the industry susceptible to class-action suits along the lines of state-initiated tobacco lawsuits.

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"The gambling industry appears to be vulnerable to various types of mega-lawsuits," Kindt wrote in a paper published in the journal *Managerial and Decision Economics*. According to the UI professor, who specializes in gambling research, the industry's efforts to promote gambling among vulnerable groups, including teen-agers and the elderly, make it potentially liable for the harm its product causes the general public.

Kindt examined tobacco litigation and found that corporate liability centered on the claim that cigarette executives "knew, but long hid, their knowledge that nicotine is pharmacologically active and highly addictive" and "manipulated nicotine levels in their products to hook unsuspected smokers."

According to Kindt, the gambling industry profiles customers through credit cards and uses other marketing knowledge to target people who are

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liable to wager a high percentage of their income. Overall, Kindt estimated that problem gambling, including personal bankruptcies and increased crime, costs the U.S. economy about \$80 billion a year.

Having studied the tobacco litigation, the gambling industry has attempted to insulate itself from legal liability, according to the UI expert. "Trying not to repeat the mistakes of the tobacco industry in denying for decades the problems associated with their product, the lobbying group representing the gambling industry mobilized the gambling industry in the mid-1990s to admit finally some problems, including the problem that a certain percentage of gamblers would develop gambling problems."

In defense of a potential lawsuit by Illinois or another state with legalized casinos, the gambling industry could well argue that a state should not benefit financially from an activity that it has promoted. A counter argument, according to Kindt, is that the gambling industry sponsored incomplete or misleading studies before state legislatures that played up the economic advantages of gambling while minimizing the negative side effects.

Ultimately, governments with legalized gambling will have to decide "whether the goal is to reduce the public's utilization of an alleged potentially hazardous product or to impose increased costs on the industry, which are then passed on to the consumer in the form of increased prices."

Kindt's paper is titled, "The Costs of Addicted Gamblers: Should the States Initiate Mega-Lawsuits Similar to the Tobacco Cases?"

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Gambling's bad effects may make it, like tobacco, subject to lawsuits

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Government sponsorship removes social stigma from gaming

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CHAMPAIGN, Ill. — Legalized gambling has become the biggest pastime in America. Americans spend more money on various wagers than they do on movie tickets, spectator sports, theme parks and video games combined.



Photo by Bill Wiegand

The growth of legalized gambling, combined with the rapid increase in credit-card usage and consumer debt, is changing societal attitudes toward both gambling and personal bankruptcy, argues a professor of business and legal policy at the University of Illinois at Urbana-Champaign.

Over the last two decades, however, public attitudes toward gambling have become "permissive," while those toward drugs and tobacco have hardened, says John W. Kindt, an Illinois professor of business and legal policy, in the current issue of Emory Law School's Bankruptcy Developments Journal.

Historically, gambling has been viewed as a "vice" that was shunned by respectable society and discouraged by government, along with illegal drugs, prostitution, tobacco and alcohol.

Over the last two decades, however, public attitudes toward gambling have become "permissive," while those toward drugs and tobacco have hardened, John W. Kindt writes in the current issue of the Emory Law School's Bankruptcy Developments Journal.

What accounts for the change? According to Kindt and co-author John K. Paichak, an Illinois law school graduate and former credit union analyst, gambling has become socially acceptable chiefly because of its active government sponsorship. Local and state governments have embraced lotteries and casinos as a way to finance public projects by skimming off some of the revenues going to these activities, while downplaying the risks and negative side-

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The combined effect of government support of legalized gambling, easy credit and a bankruptcy code that allows a debtor a "fresh start" appears to be leading to new social-norm production among gamblers and their fellow group members, Kindt and Palchak wrote.

"This new norm seems to discourage stigmatization for those who gamble uncontrollably and get into financial difficulty. The desire of social groups to enhance their collective esteem leads these groups to push to eliminate enforcement of group norms that stigmatize their members. ... Gamblers enjoy a good chance of successfully eliminating the negative stigma of gambling-induced bankruptcies because of the lack of incentives to oppose their efforts by non-gamblers."

In their article, Kindt and Palchak recommended that the bankruptcy code be amended to prohibit the easy discharge of gambling debts. They also call upon legislators to ban automated teller machines near casinos and forbid the use of credit cards to gamble. Legislatures should maintain loss limits such as the \$500 loss limit in Missouri.

"These policies would act as brakes on the explosive rise in unsecured debt in the U.S.," they concluded. Their study is titled "Legalized Gambling's Destabilization of U.S. Financial Institutions and the Banking Industry."

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GAMBLING

Government sponsorship removes social stigma from gaming

Mark Reutter, Business Editor
(217) 333-0568; mreutter@uiuc.edu

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Photo by Bill Wiegand

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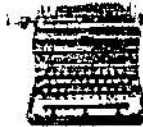
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PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Registration Form for Public Comment by Individuals

The following rules and attached "Code of Conduct for Public Comment" shall apply to any individual who wishes to speak at a Public Input Hearing conducted by the Pennsylvania Gaming Control Board.

1. This form must be filled out completely and received by the Clerk to the Board by March 6, 2006. Forms must be submitted by regular or certified mail. Hand delivered, late or incomplete forms will not be accepted.
2. Speakers may not engage in disrespectful, disorderly or contumacious language or conduct. Permission to speak may be denied or terminated if remarks are disrespectful or antagonistic or for any just cause as determined by the Presiding officer. The attached memorandum contains the complete rules for public comment.
3. Speakers will be permitted to address the board for three (3) minutes.
4. No speaker will be permitted to address any issue not submitted in his or her registration form. The Presiding officer shall have the authority to call to order any speaker in violation of this provision.

PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE)

Name of speaker: Evan S. Frazier, President + CEO
Organization representing, if any: Hill House Association
Address: _____
Telephone: _____
Employer: Hill House Association
Location of intended public comment: Pittsburgh, PA

Date of Public Input Hearing attending: April 18-19, 2006

Specific applicant, if any, that your comments will address: N/A

Topic: Economic and Social Impacts on the Hill District Com

Summary of presentation points: Economic and Social Impacts
on economic and community development

Please list any supporting material that you plan to submit: _____

*** Please note that all comments presented during this hearing will be recorded and shall become part of the evidentiary record that will be considered by the Board.**

Speaker: Evan S. Frazier

Affiliation: Hill House Association

Location of Public Input Meeting: Pittsburgh, PA

Summary of presentation points: Economic Development and Social Impacts

- Economic Development impacts on the Hill District should be considered at the front end of this process
- The licensee should make provisions to contribute to the economic revitalization of the community
- The fund should be provide substantial capital for community development projects
- The licensee should a commitment to contributions on an annual basis for a pre-determined period of time
- The community should be represented in the decision-making process on fund disbursements
- There should be a guarantee that jobs will be available for community residents at all levels --- construction, vending, service, management and executive
- The community organizations should be partners in identifying and training residents to fill job on the site
- The licensee should provide opportunities for local entrepreneurs to incubate and locate businesses in the community
- The licensee should be willing to sign a binding agreement with community partners on all of these points
- Engage communities of interest in the planning, decision-making and implementation for the plans on the Mellon Arena site
- There is a higher level of expectation for re-investment in residential communities adjacent to the gaming sites



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, Evann S. Frazier, ("Speaker") am a resident of
Pean Hills, County of Allegheny County,
State of Pennsylvania, and do hereby certify and declare that the
information contained in the attached "Public Comment Request Form", is true and
correct to the best of my knowledge and belief.

Evann S. Frazier
Signature of Speaker

3/13/06
Date



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-

PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE)

Name of speaker: JIM LUDWIG

Organization representing, if any: MY BUSINESS JIM LUDWIG'S BLUMENGARTEN

Address: _____

Telephon _____

Employer: JIM LUDWIG'S BLUMENGARTEN

Location of intended public comment: PITTSBURGH

Date of Public Input Hearing attending: APRIL 18 OR 19

Specific applicant, if any, that your comments will address: NONE

Topic: NEGATIVE CONSEQUENCES OF GAMING

Summary of presentation points: 1) MY FLORAL BUSINESS WILL SUFFER BECAUSE MY CUSTOMERS DISCRETIONARY SPENDING WILL BE DIMINISHED.

Please list any supporting material that you plan to submit: FACTS FROM RESEARCH FROM PENNSYLVANIA FAMILY ASSOCIATION

- 2) MY EMPLOYEES WILL LOSE THEIR HARD EARNED MONEY AND NEED MORE, INCREASING THE CHANCE OF INTERNAL THEFT.
- 3) MEMBERS OF MY FAMILY AND CIRCLE OF FRIENDS MORE LIKELY TO RUIN THEIR MARRIAGE OR TAKE THEIR LIFE (SUICIDE)
- 4) THERE ARE NO POSITIVE EFFECTS FROM GAMING OTHER THAN MAYBE A SEMI-VOLUNTARY METHOD OF TAXING PEOPLE AND REDISTRIBUTING MONEY. THE NEGATIVE PART IS IT A PARASITE ON BUSINESSES SUCH AS MINE THAT CREATE WEALTH.

* Please note that all comments presented during this hearing will be recorded and shall become part of the evidentiary record that will be considered by the Board.



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, JIM LUDWIG, ("Speaker") am a resident of
2938 GREENFIELD RD, County of ALLEGHENY,
State of PENNSYLVANIA, and do hereby certify and declare that the
information contained in the attached "Public Comment Request Form", is true and
correct to the best of my knowledge and belief.

James Ludwig
Signature of Speaker

3/3/06
Date



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PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE)

Name of speaker: JOHN TIERNEY

Organization representing, if any: NONE

Address: _____

Telephone _____

Employer: RESORT HOMES

Location of intended public comment: OMNI WILLIAM PENN HOTEL
PITTSBURGH, PA.

Date of Public Input Hearing attending: APRIL 18 OR 19

Specific applicant, if any, that your comments will address: NONE

Topic: AWARDED APPLICANT CRITERIA

Summary of presentation points: _____

SEE ATTACHED

Please list any supporting material that you plan to submit: _____

*** Please note that all comments presented during this hearing will be recorded and shall become part of the evidentiary record that will be considered by the Board.**

AWARDED APPLICANT CRITERIA

I would like the application board to strongly consider the following criteria in their award for the Pittsburgh slot license:

- I DIRECT CONTRIBUTIONS TO THE BUILDING OF A NEW ARENA THAT WOULD ELIMANATE THE BURDON FROM TAX PAYERS
- II THE BEST LOCATION FOR ADDITIONAL DEVELOPMENT TO CURRENTLY UNDERDEVELOPPED AREAS OF THE CITY
- III AFFIDAVIDES ON THE PERFORMANCE OF APPLICANTS FROM STATE OFFICIALS OF STATES THAT CURRENTLY HAVE THE APPLICANTS CONTROLLING GAMING LICENSES



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, JOHN TIERNEY, ("Speaker") am a resident of
MONROEVILLE, County of ALLEGHENY,
State of PENNSYLVANIA, and do hereby certify and declare that the
information contained in the attached "Public Comment Request Form", is true and
correct to the best of my knowledge and belief.

John F. Tierney
Signature of Speaker

MARCH 15, 2006
Date



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

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PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE) Name of speaker:

Organization representing, if any: _____

Address: _____

Telephone num _____

Employer: Tresbri Development Corporation

Location of intended public comment: Pittsburgh, PA

Date of Public Input Hearing attending: April 18 & 19 2006

Specific applicant, if any, that your comments will address: No specific applicant

Topic Community Reinvestment and Diversity

Summary of presentation points: Community benefits from the reinvestment plan. Diversity in casino management, operations and construction

Please list any supporting material that you plan to submit: "The Impact of Gaming Taxation in the United States"


*** Please note that all comments presented during this hearing will be recorded and shall become part of the evidentiary record that will be considered by the Board.**



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, Bruce Canedy, ("Speaker") am a resident of Penn Hills
Township, County of Allegheny, State of Pennsylvania, and do hereby certify and declare that the
information contained in the attached "Public Comment Request Form", is true and correct
to the best of my knowledge and belief.



Signature of Speaker

March 02, 2006
Date



The Impacts of Gaming Taxation in the United States

Eugene Christiansen, CEO
Christiansen Capital Advisors LLC

Executive Summary

Gaming: A Golden Goose?

Gaming has more exposure to tax increases than any other sector of the economy. Always short of money, lawmakers look eagerly for taxes they can safely raise — and gaming is an easy choice. This predilection is reinforced by a widely held myth of casino super-profitability. Casinos, everyone thinks, are magical money pumps exempt from the economic laws that govern other activities — and able to pay whatever taxes are needed to make budgets balance (at least on paper), no matter how high.

Tens of billions of dollars are invested in state-licensed gaming industries (excluding tribal casinos) that employ nearly 350,000 people and pay more than \$5 billion in gaming privilege taxes annually. Many of those jobs and, ironically, much of the gaming privilege taxes are now being placed at risk by rising tax rates that discourage the capital investment needed to maintain and increase gaming revenues.

Eight of the 11 casino states have seen increases in effective tax rates since 2002. In 2004, state-licensed casinos paid \$4.6 billion in gaming privilege taxes, \$394.1 million (or 9.4 percent) more than the \$4.2 billion they paid in 2003. At the same time, state-licensed casino gross gaming revenue (GGR), the underlying tax base, grew by \$1.8 billion, or only 6.7 percent. Gaming privilege taxes are rising faster than the tax base is growing.

Tax Rates and Capital Investment

Capital investment and tax rates are inversely related. As tax rates rise, capital investment falls. More than \$53 billion has been invested in U.S. commercial casinos and racetrack casinos since 1989. Of this amount, \$26.7 billion is invested in Nevada, where the effective tax rate is 8.4 percent. That represents 50 percent of all capital projects in the commercial gaming sector during this period. New Jersey, with the second-lowest tax rate, attracted \$8.7 billion in capital spending, or 16.4 percent of the U.S. total. Added together, the two jurisdictions with the lowest tax rates attracted 67 percent (\$35.4 billion) of all the capital

Lawmakers electing single-digit

rates are putting economic

development (and diversified

entertainment) and long-term

government revenues first and

short-term government revenues

second.

invested in or committed for commercial gaming projects in the United States since 1989.

Tax Rates and Jobs

Invested capital creates jobs. As gaming privilege tax rates rise, gaming-related employment falls. Gaming industries in Nevada, New Jersey and Mississippi support the greatest number of jobs: 266,053 people, or 76.2 percent of U.S. gaming industry employment. Not surprisingly, these three states have the lowest rates of gaming privilege tax. Higher rates of gaming privilege tax discourage job creation. New York, with the highest tax rate (61 percent), was unable to attract the capital needed to refurbish the two metropolitan area racetracks designated in law enacted in 2001 for machine operations. As a result, the jobs (only 1,813 to date) and tax revenues New York anticipated haven't materialized. Bowing to necessity, New York lowered its tax rate in April 2005.

Tax Rates and the Community

When they set tax rates, lawmakers effectively decide the kind of gaming facility that is built. High tax rates mean straight gaming without entertainment of other kinds. High tax rates discourage capital investment and job creation. High tax rates trade jobs for short-term government revenues.

Tax rates in the 20 percent range shift the emphasis away from revenue generation and toward economic development. In most markets, a 25 percent tax rate allows riverboats or racinos, with the capital investment and payrolls riverboats and racinos require. Rates higher than about 35 percent foreclose the riverboat/racino option in all but very large markets (such as Chicago) or markets that are grossly undersupplied. Rates below 20 percent (such as Mississippi's 12 percent rate) maximize job creation and capital investment while still generating substantial government revenue.

Single digit tax rates in large markets make the development of labor-intensive, diversified entertainment properties possible. **Lawmakers electing single-digit rates are putting economic development (and diversified entertainment) and long-term government revenues first and short-term government revenues second.** They are saying they want job creation and economic development as permanent parts of their communities.

The Impacts of Gaming Taxation in the United States

This white paper examines the sometimes conflicting fiscal and economic policy issues that rates of gaming privilege tax raise. Gaming taxation is not a simple matter. The best tax rate is not necessarily the one that generates the most tax revenue in the short term. Gaming is an industry. It keeps hundreds of thousands of Americans employed. Tax rates affect the industry's ability to attract capital and the number of jobs it provides. In a larger and perhaps even more important sense, tax rates determine the type of gaming facilities communities that authorize it receive: from storefront video poker to resorts that offer hotel rooms, restaurants, retail, spas and recreations of every description in addition to blackjack tables and slot machines.

Lawmakers in every gaming state face a policy choice: maximum tax revenues today, or jobs tomorrow? High gaming tax rates, or a full-employment economy? Tax revenues satisfy government's immediate fiscal needs, and their importance is obvious. But there are economic needs as well, and gaming makes important contributions to the economy. When legislatures set rates of gaming privilege tax, they weigh short-term fiscal demands against long-term economic policies. Nevada and New Jersey sought to maximize gaming's economic contributions and kept tax rates low. Lawmakers in newer gaming jurisdictions have been opting for higher tax rates. Today gaming privilege tax receipts are growing faster than the tax base. Gaming tax collections rose by 9.4 percent in 2004, while casino gross gaming revenue (GGR) — the tax base — rose by only 6.7 percent.

High rates of gaming privilege tax maximize short-term government revenues but foreclose the construction of capital-intensive, labor-intensive resorts unless the market is very large. High tax rates sacrifice gaming's positive economic contributions to short-term fiscal needs; if rates are too high, taxes that will be spent this year are raised at the cost of lost jobs and capital outflows to lower-tax jurisdictions for years, or even decades, to come.

Even in the best of times, gaming has more exposure to tax increases than any other sector of the economy. Chronically short of revenues, lawmakers look eagerly for taxes they can safely raise — and gaming, still a vice for some Americans and without a natural constituency, is an easy choice. This legislative predilection is reinforced by a widely held myth of casino super-profitability. Casinos, everyone thinks, are economic Harry Potters — magical money pumps exempt from the economic laws that govern other activities — and therefore able to pay whatever taxes are needed to make budgets balance (at least on paper), no matter how high.

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The fiscal as well as the economic stakes are high: Billions of dollars are invested in state-licensed gaming industries that employ more than 350,000 people (not including tribal casinos) and generate more than \$5.7 billion in annual gaming privilege tax receipts. Rising rates of gaming privilege tax discourage the capital investment on which gaming industries depend. High tax rates throttle gaming industries and put the jobs and tax revenues they provide at risk. And rates of gaming privilege tax are rising.

Taxes and Other Statutory Revenue Distributions

Gambling businesses, including state-licensed casinos and racinos, pay gambling privilege taxes (taxes additional to normal business income or real estate taxes) for the privilege of conducting gambling operations. Some states define gambling privilege taxes very simply, as a single percentage of GGR. New Jersey, for example, imposes a gambling privilege tax on Atlantic City casinos of a flat 8 percent of GGR. Other states have sliding scales and/or various fees, which may be levied by local governments. Nevada, for example, allows counties and municipalities to impose machine license fees, which most operators have to pay, in addition to the top tax rate of 6.75 percent of GGR imposed on all unrestricted licensees. Sliding scales and miscellaneous fees make it difficult to compare the tax obligations of licensees in different jurisdictions. How, for instance, does Atlantic City's flat 8 percent tax compare with the sliding scale Illinois levies on its riverboats, which currently has a top rate of 70 percent for riverboats winning more than \$250 million a year?

The best way of dealing with this complication is to calculate effective tax rates. Effective tax rates are actuarial: to derive them, add up the gross gaming revenue in a jurisdiction, sum the jurisdiction's gaming privilege tax receipts, and divide total tax receipts into the total GGR. This procedure is reflected in Exhibits 1, 2, 5 and 8, which present effective rates of gaming privilege tax in jurisdictions that license casinos, riverboats or racinos. Taxes, of course, are used for public purposes, such as funding government budgets. Lawmakers may also allocate portions of gross gaming revenue to private parties. Laws governing racinos, for example, often distribute percentages of racetrack machine revenues to horsemen (in the form of purse supplements), equine breeding funds and racetracks. Statutory distributions of gaming revenue to private parties are subsidies, not taxes, since money so allocated is not

available to state treasuries and budget officers. The distinction is material: in New York, for example, the provision of the Omnibus Gambling Law of 2001 allocating a percentage of racetrack VLT revenue to purses has been ruled unconstitutional on the grounds that revenues derived from the state lottery, including video lotteries, must be paid into the New York State General Fund and used exclusively for the support of education.¹

A third category of statutory distributions of gross gaming revenue is sometimes encountered in gaming law: funds set aside or earmarked for community economic development or re-development. The most prominent example is New Jersey's Casino Reinvestment Development Authority (CRDA), established by the state of New Jersey in 1984 for the purpose of "maintaining public confidence in the casino gaming industry through the reinvestment of a portion of gaming industry revenues to revitalize Atlantic City and other areas throughout New Jersey."² Under the CRDA law, licensees (i.e., casinos) are required to pay 2.5 percent of their gross revenues as a tax or to invest 1.25 percent of their gross revenues in obligation deposits to the CRDA. The obligation deposits can be utilized in three ways: for direct investments, for bond issues or as donations to finance CRDA-approved projects. Among other things, CRDA funds have been used for casino capital expansion projects; Atlantic City's convention center; improved transportation access including roads, parking and a train station linked to the convention center; and improvements to Atlantic City including new residential housing (since its inception in 1984, the CRDA has funded and completed construction of 1,897 housing units, thereby increasing Atlantic City's housing stock by 12 percent). CRDA funds have been distributed across New Jersey, financing a great variety of public-sector infrastructure improvements throughout the state.

A fourth statutory claim on gross gaming revenue is license fees. Annually recurring license fees, such as the county and municipal fees imposed on many holders of gaming licenses in Nevada or the \$25 million annual assessment that is shared equally among the three Detroit casino licensees, are effectively gaming privilege taxes and are treated as such in this report. One-time license fees, such as the \$518 million Isle of Capri agreed to pay the state of Illinois for Illinois' 10th and last riverboat license (in Rosemont) in March 2004, are a different case, more akin, in their impact on licensee financial statements, to capital expenditures. One-time fees of this magnitude are likely to be

Casinos and Racinos	1994 Gross Gaming Revenue (\$M)	1994 Taxes (\$M)	Effective Tax Rate
Nevada	\$6,935.9	\$520.0	7.5%
New Jersey	3,422.8	272.0	7.9%
Illinois	979.6	230.0	23.5%
Mississippi	1,484.3	166.0	11.3%
Louisiana	600.1	130.0	21.7%
Colorado	325.7	43.0	13.2%
Missouri	110.3	30.0	27.2%
Iowa	104.8	17.0	16.2%
South Dakota	45.5	4.0	8.8%
Total	\$13,989.0	\$1,412	10.1%

Sources: State gaming control boards, State tax commissions, Harrah's estimates and Christensen Capital Advisors, LLC

Exhibit 2			
2004 State-Licensed Casino and Racino			
Gross Gaming Revenue (GGR),			
Gambling Privilege Taxes, and Effective Tax Rates			
	2004 Total Win (\$M)	2004 Taxes (\$M)	2004 Effective Tax Rate
Nevada	\$10,562.2	\$887.0	8.4%
New Jersey	4,808.7	470.7	9.8%
Mississippi	2,780.7	333.0	12.0%
Indiana	2,369.7	760.5	32.1%
Illinois	1,718.0	801.7	46.7%
Louisiana	1,562.1	334.2	21.4%
Missouri	1,473.4	403.1	27.4%
Michigan	1,189.3	279.4	23.5%
Iowa	726.9	154.4	21.2%
Colorado	725.9	99.5	13.7%
Louisiana (Harrah's NO)	320.0	60.1	18.8%
South Dakota	78.0	11.9	15.3%
Total	\$28,312.9	\$4,595.5	16.2%
	2004 Total Win (\$M)	2004 Taxes (\$M)	2004 Effective Tax Rate
West Virginia Tracks	\$854.9	\$327.6	38.3%
Delaware Tracks	553.3	196.3	35.5%
Rhode Island Tracks	383.8	234.1	61.0%
Iowa Tracks	337.5	98.3	29.1%
Louisiana Tracks	281.0	42.7	15.2%
New York Tracks	192.4	136.8	71.0%
New Mexico Tracks	149.7	37.4	25.0%
Totals	\$2,752.6	\$1,073.0	39.0%
Grand Total (Casino and Racino)	\$31,065.5	\$5,668.5	18.2%

Indiana: Riverboat casinos pay either a flat tax of 22.5 percent or at the operator's option may participate in a second "flexible system" sliding scale with casinos winning less than \$150 million annually taxed at 15 percent and casinos winning more than \$150 million annually taxed at 35 percent.

Iowa: Small casinos pay 5 percent tax on their first \$1 million of revenue and 10 percent on the next \$2 million; rates escalate for casinos winning more money. Casinos on "excursion riverboats" pay a flat 22 percent tax. Racetrack casinos winning up to \$100 million annually also pay 22 percent on this amount, then 24 percent on annual win (GGR) exceeding \$100 million.

Louisiana: Riverboat casinos pay a flat tax of 21.5 percent. Harrah's New Orleans pays a flat tax of 21.5 percent through 2014. Racetrack slot machines pay a flat 15.2 percent. Bars and restaurant machines (not included in this report) pay a flat tax of 26 percent. Truck stop machines (not included in this report) pay a flat tax of 32.5 percent.

South Dakota: An additional gaming tax of \$2,000 per device has been applied, defined as the number of devices (machines and tables) licensed for operation. 2004 total tax was estimated using 8 percent of CY 2004 win plus a device tax on 3,154 devices (number of devices as of December 2004).

Nevada: Graduated state tax rate with a maximum tax of 6.75 percent on gross gaming revenue; additional fees and levies that may be imposed by counties, municipalities and the state add approximately 1 percent to the tax burden.

West Virginia: Fiscal year data is used to more accurately reflect tax payments.

Source: State regulatory agencies

financed rather than paid out of annual gross gaming revenue, and are consequently treated separately in this report.

Tribal gaming is not included in Exhibits 1, 2, 5 and 8 because federally recognized tribes, sovereign entities in their relationships with states, are not subject to state tax authorities. Tribes may voluntarily agree to share revenues from Class III gaming with states in the compacting process set forth in the Indian Gaming Regulatory Act (IGRA) provided the Secretary of Interior approves.

In 1994, gaming privilege taxes, expressed as percentages of GGR, ranged from a low of 7.5 percent in Nevada³ to a high of 27.2 percent in Missouri (Exhibit 1). For the country overall, gaming privilege tax rates averaged 10.1 percent.

Exhibit 2 shows where gaming privilege tax rates are today (2004): Nevada still has the lowest tax rate (8.4 percent including local fees and levies paid by most licensees) and New Jersey still has the second lowest, taxing its casinos at 8 percent plus 1.25 percent to the CRDA.⁴ Everywhere else, tax rates have gone up — way up in some states, notably in Illinois, where effective tax rates now stand at 46.7 percent, double their 1994 level.

For the United States as a whole, casino taxes now average 16.2 percent. That's a 60 percent increase in tax rates in 10 years: Racinos, which weren't really a factor in 1994, are taxed at considerably higher rates than casinos. Racino taxes range from 15.2 percent in Louisiana to 71 percent in New York.⁵ Average effective racino tax rates for the U.S. overall were 39 percent in 2004, more than twice the 16.2 percent average effective tax rate for state-licensed casinos. The blended 2004 casino/racino average effective tax rate was 18.2 percent.

**Should Tax Policy Serve Fiscal Needs
or the Needs of the Economy?**

As Exhibit 2 shows, that 18.2 percent average effective tax rate yielded \$5.67 billion in gaming privilege tax revenue in 2004. Is this good policy? That depends. Government can always use more tax revenue, and the \$5.67 billion gaming generates is needed. But, as noted, high tax rates put short-term fiscal needs ahead of long-term economic considerations: jobs and the invested capital that keeps people employed. Fiscal policy matters: states can't print money, and ultimately their budgets have to balance. When they do, all's well. When they don't, the slope gets slippery pretty fast. Michigan raised its rate of gaming privilege tax in 2004 from 18 percent to 24 percent; Iowa raised taxes on its racinos from an effective 20.7 percent in 2003 to 29.1 percent in 2004; Louisiana's governor has proposed a tax increase for 2005; and in Mississippi, which has the lowest tax rate among the riverboat states, a bill was filed in 2005 that would raise casino tax rates by 1 percent and increase the existing 3 percent tax on winnings of more than \$1,200 to 5 percent (the governor promised to veto any gaming tax increase).

But budget deficits pass. Economies are forever. Economic policy matters too, especially in the long run. Jobs matter; and in times of rising unemployment, they matter most. If gaming privilege tax rates are too high, taxes that will be spent this year are raised at the cost of lost jobs and capital outflows to lower-tax jurisdictions for years, or even decades, to come. Harry Potter economics is dangerous: only in fairy tales can super-profitable casinos pay extortionate rates of gaming privilege tax and attract the capital that puts thousands of people to work and keeps them employed.

State-Licensed Gaming Revenue In Relation to Taxes

State-licensed gaming remains a growth industry. GGR from state-licensed casinos grew by 6.7 percent, or \$1,786.6 million, to a record \$28,312.9 million, in 2004 (Exhibit 3).

Tax revenue contributed by state-licensed casinos is likewise growing. Exhibit 4 presents state-licensed casino tax payments in 2002, 2003 and 2004, and the percentage changes in these tax payments by state.

Exhibit 3					
State-Licensed Casino Win by State 2002, 2003 and 2004					
	2002 Total Win (\$M)	2003 Total Win (\$M)	2004 Total Win (\$M)	2002-2003 Percentage Change	2003-2004 Percentage Change
Nevada	\$9,450.1	\$9,625.0	\$10,562.2	1.9%	9.7%
New Jersey	4,359.1	4,488.6	4,806.7	3.0%	7.1%
Mississippi	2,724.3	2,700.0	2,780.7	-0.9%	3.0%
Indiana	2,061.6	2,229.9	2,369.7	8.2%	6.3%
Illinois	1,832.1	1,709.9	1,718.0	-6.7%	0.5%
Louisiana	1,609.9	1,566.4	1,562.1	-2.7%	-0.3%
Missouri	1,278.8	1,331.3	1,473.4	4.1%	10.7%
Michigan	1,125.1	1,130.2	1,189.3	0.5%	5.2%
Colorado	719.7	698.3	725.9	-3.0%	4.0%
Iowa	656.2	694.3	726.9	5.8%	4.7%
Louisiana (Harrah's NO)	262.4	282.0	320.0	7.5%	13.5%
South Dakota	66.3	70.4	78.0	6.1%	10.9%
Total	\$26,145.6	\$26,526.3	\$28,312.9	1.5%	6.7%

Source: State regulatory agencies

Exhibit 4					
State-Licensed Casino Tax Payments 2002, 2003 and 2004 and Percentage Change					
	2002 Taxes (\$M)	2003 Taxes (\$M)	2004 Taxes (\$M)	2002-2003 Percentage Change	2003-2004 Percentage Change
Nevada	\$718.7	\$779.2	\$887.0	8.4%	13.8%
Illinois	666.1	719.9	801.7	8.1%	11.4%
Indiana	544.7	702.7	760.5	29.0%	8.2%
New Jersey	403.2	414.5	470.7	2.8%	13.6%
Missouri	357.8	369.0	403.1	3.2%	9.2%
Louisiana	334.2	332.9	334.2	-0.4%	0.4%
Mississippi	331.7	325.0	333.0	-2.0%	2.5%
Michigan	249.1	250.2	279.4	0.4%	11.7%
Iowa	132.6	141.3	154.4	6.5%	9.3%
Colorado	98.2	95.6	99.5	-2.7%	4.2%
Louisiana (Harrah's NO)	62.6	60.0	60.1	-4.2%	0.3%
South Dakota	10.9	11.3	11.9	3.6%	5.3%
Total	\$3,909.6	\$4,201.5	\$4,595.5	7.5%	9.4%

Source: State regulatory agencies

Exhibit 5					
State-Licensed Casino Average Effective Tax Rates and Percentage Change by State 2002, 2003 and 2004					
	2002 Effective Tax Rate	2003 Effective Tax Rate	2004 Effective Tax Rate	2002-2003 Percentage Change	2003-2004 Percentage Change
Illinois	36.4%	42.1%	46.7%	15.8%	10.8%
Indiana	26.4%	31.5%	32.1%	19.3%	1.8%
Missouri	28.0%	27.7%	27.4%	-0.9%	-1.3%
Michigan	22.1%	22.1%	23.5%	0.0%	6.1%
Louisiana	20.8%	21.3%	21.4%	2.4%	0.7%
Iowa	20.2%	20.3%	21.2%	0.7%	4.4%
Louisiana (Harrah's NO)	23.9%	21.3%	18.8%	-10.9%	-11.6%
South Dakota	16.4%	16.1%	15.3%	-2.4%	-5.0%
Colorado	13.6%	13.7%	13.7%	0.3%	0.2%
Mississippi	12.2%	12.0%	12.0%	-1.1%	-0.5%
New Jersey	9.2%	9.2%	9.8%	-0.2%	6.0%
Nevada	7.6%	8.1%	8.4%	6.4%	3.7%
Average	15.0%	15.8%	16.2%	5.9%	2.5%

Source: State regulatory agencies

State-licensed casinos paid \$4,595.5 million in gaming privilege taxes in 2004, an increase of \$394.1 million, or 9.4 percent, over the \$4,201.5 million in gaming privilege taxes they paid in 2003 (Exhibit 4). In other words, gaming privilege taxes paid by state-licensed casinos outpaced growth in state-licensed casino GGR; rising by 9.4 percent while the tax base, casino GGR, rose by only 6.7 percent. Rates of gaming privilege tax continued to rise in 2004.

Exhibit 5 presents state-licensed casino average effective tax rates (or aggregate gaming privilege tax payments as a percentage of gross gaming revenue) and percentage change by state for the years 2002, 2003 and 2004. The average effective rate of gaming privilege tax for all state-licensed casinos was 16.2 percent in 2004, up by 3.7 percent from an average effective casino tax rate of 15.8 percent in 2003.

The Illinois Experiment

With the nation's highest casino gaming tax rate (effectively 46.7 percent in 2004 on a sliding scale with a 70 percent top), Illinois GGR was essentially unchanged in 2004 (+0.5 percent), following a 6.7 percent, \$122.2 million decline in 2003. Gaming tax receipts increased by \$81.8 million, but the increased taxes were generated at the cost of lost business. The tax increase went into effect in July 2002. At \$1.718 billion, 2004 GGR was \$114.1 million below 2002's \$1.832 billion. In other words, the casino revenue tax base, post-tax increase, is eroding. The net effect of the 2002 tax increase was to increase gaming privilege tax receipts from \$666.1 million in 2002 to \$801.7 million in 2004, a gain for

the state treasury of \$135.6 million, or 20.4 percent. That fiscal improvement was far short of the \$300 million in annual government revenues the higher tax rate was supposed to produce.

Illinois riverboats paid more gaming privilege taxes in 2004 than any other state-licensed casino industry except Nevada's. The \$135.6 million increase in annual gaming privilege tax collections between 2002 and 2004 came at a price to the Illinois economy: employment in Illinois riverboats declined from 9,101 in 2003 to 8,628 in 2004, a loss of 473 jobs, or 5.5 percent. The increased tax payments also reduced return on invested capital, which translated into postponed or curtailed capital spending programs by Illinois licensees — a bad sign for the future of the Illinois gaming industry.

Meanwhile, next door in Indiana, where the gaming privilege tax rate was effectively 32.1 percent in 2004, GGR was up by \$139.8 million, or 6.3 percent. Gaming privilege tax collections rose by \$57.8 million, or 8.2 percent, on top of a \$158 million, 29 percent gain in 2003. Rising tax collections from a rising tax base (casino GGR) are healthier than rising tax collections from an eroding tax base.

These numbers are a verdict on the Illinois experiment with extortionate gaming privilege tax rates: they say current rates are too high. The Illinois gaming privilege tax sliding scale is to sunset back to a 50 percent top when the current law expires (on July 1, 2005). Letting tax rates fall back to where they were in 2002 would appear to be in the best interests of Illinois. The numbers say that somewhere around the 40 percent level, higher rates of gaming privilege taxes produce diminishing returns. Declining GGR and declining payrolls are high prices to pay for marginal gains in tax collections.

License Fees

Illinois leads the nation in another respect: auctioning off gaming licenses to competing bidders. License fees effectively raise gaming privilege taxes: if they are large, they have to be financed, adding debt to balance sheets and debt service to income statements, squeezing after-interest margins and reducing the industry's ability to make regular maintenance and periodic refreshment capex. The March 2004 auction by the state of Illinois of its 10th and last riverboat license to Isle of Capri (for a location in Rosemont) produced final bids of \$518 million (Isle), \$520 million (Harrah's Entertainment, for a riverboat in Waukegan), and \$476 million (Midwest Gaming, a consortium led by Neil Bluhm, for a riverboat in Des Plaines). The auction impressed lawmakers in Pennsylvania, which imposed a flat \$50 million license fee in its 2004 slot machine law. Maryland seems to be considering multi-million dollar license fees if it ever authorizes machines; and it's a safe bet that other states will look at this as well.

Exhibit 6					
State-licensed Racino Win by State 2002, 2003 and 2004					
	2002 Total Win (\$M)	2003 Total Win (\$M)	2004 Total Win (\$M)	2002-2003 Percentage Change	2003-2004 Percentage Change
West Virginia Tracks	\$595.9	\$717.1	\$854.9	20.3%	19.2%
Delaware Tracks	565.9	502.0	553.3	-11.3%	10.2%
Rhode Island Tracks	299.1	333.5	383.8	11.5%	15.1%
Iowa Tracks	316.1	330.6	337.5	4.6%	2.1%
Louisiana Tracks	114.6	168.9	281.0	47.4%	66.3%
New York Tracks	n/a	n/a	192.4	n/a	n/a
New Mexico Tracks	141.4	149.8	149.7	5.9%	-0.1%
Total	\$2,033.0	\$2,201.9	\$2,752.6	8.3%	25.0%

Source: State regulatory agencies

Racino Gross Gaming Revenue

Exhibit 6 presents state-licensed racino win (GGR) by state for the years 2002, 2003 and 2004, and percentage changes for these years.

Racinos won \$2.75 billion in 2004, an increase of \$550.7 million, or 25 percent (Exhibit 6). In percentage terms, the gain handily outpaced state-licensed

casinos (2004 GGR +6.7 percent). Racetrack machines in West Virginia and Delaware won \$1.4 billion, just under a third (29 percent) of 2004's Borgata-stimulated Atlantic City win. With 61,000 slot machines authorized in Pennsylvania, most of them at racetracks, VLTs likely to operate at Aqueduct and Yonkers in the New York City metropolitan area someday, and more VLTs proposed at The Meadowlands by New Jersey Governor Richard Codey, the region's racinos will probably win more money than Atlantic City by the end of the decade. The racino sector's burgeoning size is due in no small part to the relatively moderate gaming effective tax rates in Delaware (35.5 percent) and West Virginia (38.3 percent⁶), which allow racinos in these states to freshen their properties with new capital investment that should offer some protection from machines in Maryland and/or Pennsylvania.

Racino Taxes

Exhibit 7 presents state-licensed racino tax payments in 2002, 2003 and 2004, and percentage changes for these years.

Racinos paid \$1,073 million in gaming privilege taxes in 2004, \$308.4 million, or 40.3 percent, more than they paid in 2003 (Exhibit 7). The increase in racino tax collections was partly due to higher tax rates.

Exhibit 7					
State-Licensed Racino Tax Receipts and Percentage Change by State 2002, 2003 and 2004					
	2002 Taxes (\$M)	2003 Taxes (\$M)	2004 Taxes (\$M)	2002-2003 Percentage Change	2003-2004 Percentage Change
West Virginia Tracks	\$229.5	\$268.6	\$327.6	17.0%	22.0%
Rhode Island Tracks	159.8	188.8	234.1	18.1%	24.0%
Delaware Tracks	198.1	175.7	196.3	-11.3%	11.7%
New York Tracks	n/a	n/a	136.6	n/a	n/a
Iowa Tracks	82.7	68.4	98.3	-17.3%	43.7%
Louisiana Tracks	17.4	25.6	42.7	47.3%	66.6%
New Mexico Tracks	35.4	37.5	37.4	5.9%	-0.2%
Total	\$722.9	\$764.6	\$1,073.0	5.8%	40.3%

Source: State regulatory agencies

Exhibit 8 presents state-licensed racino average effective tax rates (or aggregate gaming privilege tax payments as a percentage of gross gaming revenue) and percentage change by state for the years 2002, 2003 and 2004.

Racino tax rates in West Virginia, Delaware, Louisiana,

Rhode Island and New Mexico were relatively stable in 2004, but in Iowa they shot up by 40.7 percent. Iowa's action raised the sector's average effective tax rate from 34.7 percent in 2003 to 36.6 percent in 2004. Add in New York's 61 percent racino tax rate (71 percent including the allocation to lottery administrative costs), and the racino industry's 2004

	2002 Effective Tax Rate	2003 Effective Tax Rate	2004 Effective Tax Rate	2002-2003 Percentage Change	2003-2004 Percentage Change
New York Tracks	n/a	n/a	71.0%	n/a	n/a
Rhode Island Tracks	53.4%	56.6%	61.0%	5.9%	7.7%
West Virginia Tracks	38.5%	37.5%	38.3%	-2.7%	2.3%
Delaware Tracks	35.0%	35.0%	35.5%	0.0%	1.4%
Louisiana Tracks	15.2%	15.2%	15.2%	-0.1%	0.2%
Iowa Tracks	26.2%	20.7%	29.1%	-20.9%	40.7%
New Mexico Tracks	25.0%	25.0%	25.0%	0.0%	-0.1%
Average	35.6%	34.7%	39.0%	-2.3%	12.3%

Source: State regulatory agencies

average effective tax rate was 39.0 percent. For comparison, the average effective tax rate for state-licensed casinos in 2004 was 16.2 percent. As far as tax rates go, casinos represent the better investment opportunity. If gambling privilege tax rates influence the financial markets, more capital should flow into this sector of the gaming industry. That's exactly what is happening.

With the exception of New York, racinos are doing fairly well with tax rates that are on average higher than the rates applied to casinos. There are three reasons for this.

First and most importantly, many racinos do business in markets that are grossly undersupplied. Rhode Island's racinos, for example, are the closest gaming facilities to Boston — and Boston is a very large market. Delaware racinos are intercept sites for Philadelphia, West Virginia machines draw from Washington D.C., and Delta Downs has the closest machines to Houston. Pennsylvania slot machines will adversely impact Delaware and Maryland, and Massachusetts would adversely impact Rhode Island and West Virginia if they legalize gaming, but up to now racinos along the Eastern Seaboard have enjoyed some of the best market economics in the United States.

A second and related reason for the racino sector's strong performance is that machines-only gaming has lower capital and operating costs than full-service casino facilities do.

Third, many racino markets are still in the growth phase of their market cycles. Like the rapidly growing riverboat markets of the early 1990s, most racino markets are not yet mature. Racinos are still meeting locally unsatisfied demand for gaming. Until this latent unsatisfied demand is satisfied and racino markets mature, these businesses can be profitable even under relatively high rates of gaming privilege tax.

Exhibit 9
Capital Spending in the Gaming Industry Since 1989

	Estimated Total Cost (\$M)	2004 Effective Tax Rate
Nevada	\$26,692.8	8.4%
New Jersey	8,694.2	9.8%
Mississippi	4,415.1	12.0%
Louisiana	2,844.1	20.9%
Indiana	2,300.0	32.1%
Missouri	1,800.0	27.4%
Colorado	1,700.0	13.7%
Iowa	1,081.7	21.2%
Illinois	1,000.0	46.7%
Michigan	585.0	24.0%
South Dakota	95.6	16.1%
Commercial Casino Total	\$51,208.50	16.3%
Racetrack Casinos		
West Virginia	\$574.2	49.5%
Louisiana	546.0	15.2%
Delaware	287.5	35.5%
Iowa	229.0	29.1%
New Mexico	100.0	25.0%
New York	61.7	71.0%
Rhode Island	40.0	61.0%
Racetrack Casino Total	\$1,838.40	42.4%
Commercial Casino and Racetrack Casino Total	\$53,047.0	18.6%

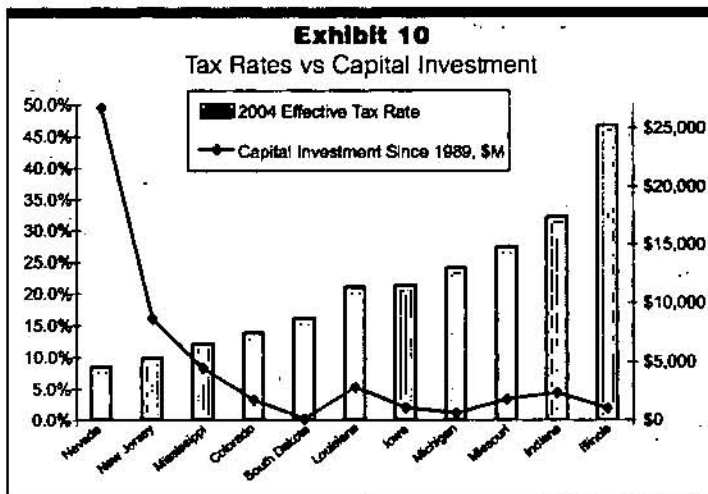
Note: Rhode Island, New Mexico, and West Virginia are CCA estimates.
Source: Christiansen Capital Advisors, LLC; State Regulatory Agencies

Tax Rates and Capital Investment

Capital investment and gaming privilege tax rates are inversely related. As tax rates rise, capital investment falls. Exhibit 9 summarizes capital investment in the gaming industry by state since 1989 (including racinos), and provides state totals of such investment together with average effective gambling privilege tax rates in 2004.

More than \$53 billion has been invested in major U.S. casinos, casino/resorts and racinos since The Mirage opened in November 1989. Of this amount, \$26.7 billion is invested in Nevada, where the effective tax rate (in 2004, including local fees and levies) is 8.4 percent. That represents 50 percent of all capital projects in the gaming sector during this period. In other words, 50 percent of the capital invested in gaming is flowing to the jurisdiction with the lowest rate of gaming privilege tax. Nevada's low tax rate has bought this state \$26.7 billion in invested capital and 191,620 casino industry jobs (Exhibit 14). New Jersey, the state with the second-lowest tax rate, attracted \$8.7 billion in capital spending, or 16.4 percent of the

U.S. total. Added together, these two states attracted 67 percent (\$35.4 billion) of all the capital invested in gaming projects in the United States since 1989. Their low tax rates have given Nevada and New Jersey an enormous advantage in the competition for gaming-related capital



Note: Rhode Island, New Mexico, and West Virginia are CCA estimates.
Racetrack casinos are not included in this exhibit.
Source: Christiansen Capital Advisors, LLC; State Regulatory Agencies

As this exhibit illustrates, the scale of casino capital projects falls as tax rates rise. Low tax rates make diversified, full-service entertainment gaming resort investments feasible. As tax rates increase, the feasibility of large, diversified, full-service entertainment gaming resort properties decreases. Single-digit tax rates make diversified entertainment properties like Wynn Las Vegas, Bellagio and Borgata possible; they mean that gaming investments will add more than gaming to the communities in which they are located: the retail, restaurants, spas, lavish hotels, purpose-built showrooms and theme park-quality attractions that define Las Vegas today can't be built if rates of gaming privilege tax are high. Low tax rates stimulate gaming property diversity. As Exhibit 11 shows, MGM MIRAGE, with properties concentrated along the Las Vegas Strip (and a half ownership interest in Borgata), derives less than half (47 percent) of its corporate revenue from gaming; the balance (53 percent) is generated from entertainment, retail, rooms, and food and beverage. Tax policies formulated to extract the last dollar from gaming operations effectively preclude investments of the kind that make up the bulk of MGM MIRAGE's portfolio.

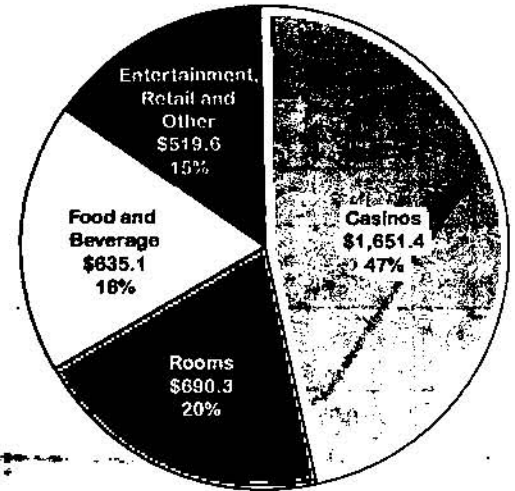
investment. That advantage is a powerful argument for keeping gaming privilege tax rates in these two states low.

Low tax rates do more than attract investment capital. They make larger, more diverse gaming facilities feasible. Full-service resort facilities offering a diverse menu of recreations contribute to communities in more ways than machines-only facilities do. Machines-only gaming satisfies a single appetite: the appetite for machines. Full-service resorts satisfy many appetites: for shopping, for dining, for shows and entertainment, for spas and pampered relaxation, or for a stay in a good hotel as a break from everyday routines, in addition to gaming at tables and machines. Full-service resorts enrich local economies by diversifying their consumer offerings and by providing well-paying jobs.

Exhibit 10 relates the size of gaming capital projects to gaming privilege tax rates for casinos and casino riverboats (excluding racinos).

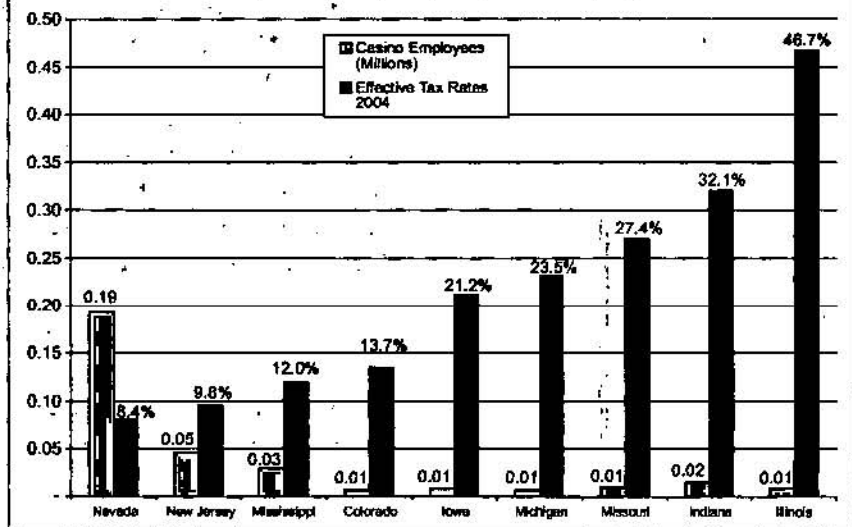
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Exhibit 11
MGM MIRAGE Sources of Revenue (9 months ending 9/2004)

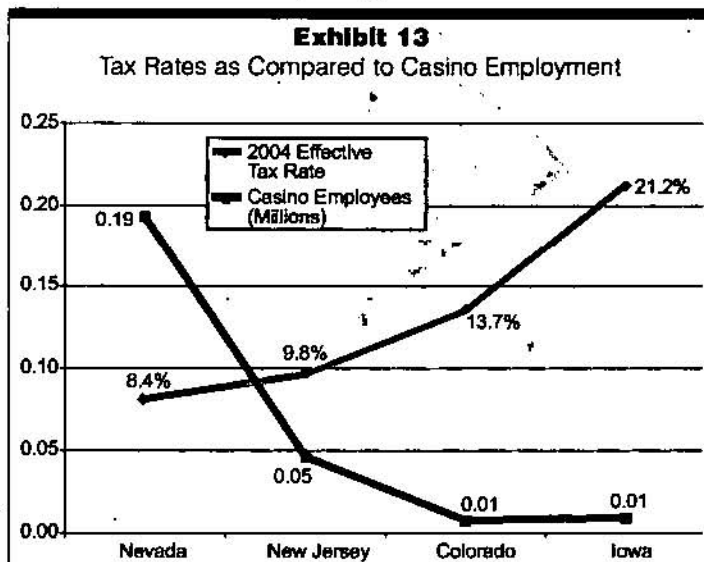


Source: MGM MIRAGE Form 10-Q

Exhibit 12
Tax Rates as Compared to Casino Employment



Source: State regulatory agencies; Christiansen Capital Advisors, LLC



Source: State regulatory agencies; Christiansen Capital Advisors, LLC

Exhibit 14
Nevada and New Jersey (2004)

	Number of Casinos	Number of Jobs	Invested Capital since 1989	Gambling Privilege
Nevada	258	191,620	\$26,692,812,742	\$886,992,000
New Jersey	13	45,187	\$8,694,212,000	\$470,669,501

Source: State regulatory agencies

Strip (and a half ownership interest in Borgata), derives less than half (47 percent) of its corporate revenue from gaming; the balance (53 percent) is generated from entertainment, retail, rooms, and food and beverage. Tax policies formulated to extract the last dollar from gaming operations effectively preclude investments of the kind that make up the bulk of MGM Mirage's portfolio.

Tax Rates and Jobs

Invested capital creates jobs. As gaming privilege tax rates rise, gaming-related employment falls. Exhibits 12 and 13 illustrate this relationship by presenting direct employment in gaming industries and gaming privilege tax rates. Gaming industries in Nevada, New Jersey and Mississippi support the greatest number of jobs; not surprisingly, these three states have the lowest rates of gaming privilege tax. States that impose higher rates of gaming privilege tax effectively discourage job creation. These states place a higher priority on immediate fiscal needs than a full-employment economy.

Low tax rates do not necessarily mean small gaming privilege tax collections. Exhibit 14 presents number of casinos, number of jobs, dollar amount of direct capital investment in gaming and gaming privilege tax receipts for Nevada and New Jersey, the states with the lowest rates of gaming privilege tax.

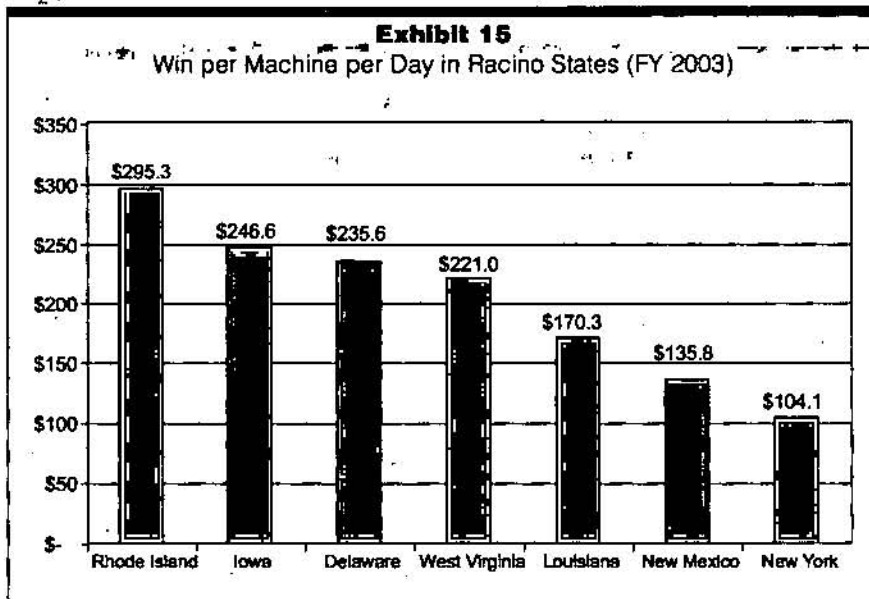
The single-digit tax rates in these two states have attracted capital investment totaling \$35.4 billion since 1989. That invested capital employs 237,000 people. Contrary to arguments often put forward in support of high rates of gaming privilege tax, the investment-friendly, full-employment tax policies adopted by Nevada and New Jersey produced gaming privilege tax receipts totaling \$1.3 billion in 2004 — nearly one third (29.54 percent) of all state gaming privilege tax receipts in 2004. Moreover, on-going capital projects in both states ensure that gaming will be a reliable source of tax revenues in future years — regardless of the spread of gaming to other jurisdictions.

New York: What Happens When Tax Rates Are Too High

New York provides a case study of what happens when gaming tax rates are set too high. New York authorized video lottery terminals (VLTs) at racetracks through its lottery law in October 2001 (the 2001 Omnibus Gambling Law). The law left too little machine revenue for operators to make the capital cost of re-fitting old racetracks as machine gaming facilities feasible, and no racinos opened.

Following lengthy negotiations between the racetracks and the state, the tax structure was amended to the following distribution percentages: 61 percent of VLT win to government, 10 percent to the lottery's administrative and regulatory costs, and 8.7 percent to horsemen and breeders, leaving 20.3 percent to racetrack operators. This was still the highest gaming tax rate in the United States, and it made capital hard to find. Finally, in January 2004, more than two years after machines were authorized, New York's first racino (Saratoga Raceway) opened. Three more racinos, all located in Upstate New York, opened during the first half of 2004. Starved of capital by New York's 61 percent tax rate, all four racino facilities are basic operations, far from the lavish full-service entertainment racinos operating so successfully in Delaware and West Virginia under far lower tax rates (Exhibit 8). Bowing to necessity, in April 2005 New York lowered its tax rate, increasing the share of VLT gross gaming revenue allocated to racetracks to 32 percent of the first \$50 million and 29 percent of the next \$100 million.

Exhibit 15 presents machine productivity for racino devices. Not all racino machines are exactly like New York's central determination system VLTs, but the comparison, in terms of consumer experience, is closer than the consumer experience with reel-spinning casino slots. The most productive racino VLTs are Rhode Island's: \$295.3 per device per day. New York racino VLTs, unsurprisingly, rank at the bottom (\$104.1 per device per day).



Source: Christiansen Capital Advisors, LLC

Exhibit 16		
Lost New York State Tax Receipts (\$M)		
	Estimated VLT Revenue	Estimated Tax Receipts
3rdQ 2002	\$250.0	\$87.5
CY2003	1140	399
CY2004	1402.3	490.8
CY2005	1570.6	549.7
Total	\$4,362.9	\$1,527.0

Source: Christiansen Capital Advisors, LLC

Lost Taxes

The end results are low gaming employment, a contribution to local leisure economies limited to machine gaming, and gaming tax receipts far below the state's expectations. The State of New York budgeted \$240 million in VLT tax revenue in FY05 and, according to The New York Times, expected \$2 billion a year from VLTs "eventually."⁷⁷ New York in fact received less than \$140 million in 2004 because its under-capitalized VLT facilities are performing significantly below pre-opening expectations. If all of the authorized racinos had been up and running by September 30, 2002 (a year after the enactment of the 2001 Omnibus Gambling Law), with tax rates at the U.S. average, 35 percent, racino tax revenues would have totaled \$977 million through the end of calendar year 2004 — approximately \$840 million more than New York State will actually receive from its VLTs. In other words, New York's uneconomically high tax rate has cost the state \$840 million in lost tax revenue as of the end of calendar year 2004.

The VLT tax receipts that could have been generated for education in 2002, 2003, 2004 and 2005 if the New York tax on VLTs had been set at 35 percent, are lost. Exhibit 16 shows what those tax receipts would have totaled assuming a 35 percent tax rate and seven racinos in operation by September 30, 2002. Through December 31, 2005, the lost tax receipts come to \$1.5 billion — \$1.5 billion for New York education, lost and gone for good.

Even lawmakers are subject to economic law, and economic law says a 61 percent gaming privilege tax rate is too high. New York's VLT law is a failure. Four years after its enactment, only four of the seven racinos it authorized have managed to scrape up even the minimal amount of capital needed to build modest (and in Monticello's case, temporary) facilities. Aqueduct and Yonkers, the two metropolitan area racetracks authorized in 2001 to conduct VLT operations, haven't produced one dollar of VLT tax revenue. The four or five year head start Aqueduct and Yonkers had over The Meadowlands in 2001 has been piddled away.

Casinos and Community Contribution

Tax rates do more than affect the number of jobs gaming industries create and the amount of tax revenues they contribute to governments. Tax rates determine the kind of gaming a community that authorizes it gets.

The tax rate a state imposes on gaming opens some policy options and forecloses others. Tax rates don't simply establish government claims on gambling revenue. They largely determine the kind of gambling

operation that generates the revenue government wants to tax. Diversified resort properties relate to communities in different ways than racinos do; racinos in turn have different community impacts than video poker machines installed in neighborhood businesses. When lawmakers set gambling privilege tax rates, they effectively decide whether communities get casino resort properties that offer a broad range of entertainment or machines-only facilities that offer gaming and nothing else.

High rates of gambling privilege tax maximize government revenues but foreclose the construction of capital-intensive, labor-intensive facilities unless the market is very large. It is not coincidental that the largest gaming resort, Steve Wynn's new Wynn Las Vegas, is in the state with the lowest rate of gaming privilege tax. This \$2.7 billion diversified full-service entertainment casino/hotel resort simply wouldn't be feasible in a jurisdiction that imposed double-digit rates of gaming privilege tax.

The reason Wynn Las Vegas was built in Las Vegas instead of Chicago or New Orleans is that Wall Street demands threshold returns on invested capital if the capital needed to build diversified casino resorts (or anything else) is to flow. That threshold is a moving target; it depends on interest rates, liquidity in financial markets, the attractiveness of casino investments relative to investments of other kinds, the outlook for gaming, travel and perhaps other kinds of consumption and, depending on the year, additional variables. But at any given point in time, this threshold is an inelastic bar. Pro forma, initial (first 12 months) return on invested capital (ROIC) for Wynn Las Vegas is 13 percent. The ROIC bar for capital investment in diversified gaming resort properties is thus currently about 13 percent.

Exhibit 17 presents the estimated initial returns together with actual initial-year returns for 15 major properties opening on the Las Vegas Strip between 1989 and 2005. The exhibit shows that returns on capital invested in large, diversified casino resort properties have been declining since The Mirage and Excalibur opened more than 15 years ago. The Mirage returned 30 percent in its initial year of operations. Excalibur returned 29 percent (1990). Initial returns generated by subsequent resorts declined through the 20 percent range to 11 percent for The Venetian and 17 percent for Paris, both opening in 1999.⁸

These percentages are good indications of where the ROIC threshold for big-cap casino resorts currently stands. Taxed at 35 percent, even the largest market wouldn't support such investment. In markets that are fully supplied, even if they are large and robust like Las Vegas (which markets to the world), gambling privilege tax rates higher than 15 percent probably foreclose future resort development on the scale of Wynn Las Vegas or Bellagio.

Tax rates have similarly complex implications for employment.

Exhibit 17					
Initial Return on Invested Capital: Major Resort Properties					
Property	Company	Date Opened	Estimated Cost (\$M)	*Estimated Initial EBITDA (\$M)	Estimated Initial Yield on Cost
The Mirage	MGG	Nov-89	\$620	\$187	30%
Excalibur	MBG	Jun-90	300	88	29%
Treasure Island	MGG	Oct-93	470	99	21%
Luxor	MBG	Oct-93	400	90	23%
MGM Grand	MGG	Dec-93	990	182	18%
Stratosphere	Carl Icahn	Apr-96	550	11	2%
Monte Carlo	MGG/MBG	Jun-96	355	92	26%
New York-New York	MGG	Jan-97	460	130	28%
**Bellagio	MGG	Oct-98	1,300	260	20%
Mandalay Bay	MBG	Mar-99	1,100	85	8%
Venetian	LVS	May-99	1,400	150	11%
Paris Las Vegas	CZR	Sep-99	785	135	17%
***Aladdin	RE/BH LLC	Aug-00	1,300	34-60	4%
Borgata	Boyd/ MGM MIRAGE	Jul-03	1,100	109	10%
Wynn Las Vegas	Wynn Resorts	Apr-05	2,700	358	13%

* For the first full calendar year of operation

** Hard facility cost. Not counting art collection costing approximately \$300 million.

*** Estimated cash flow. The company reported a loss of \$47.18 M for the quarter ended March 31, 2001. As of March 31, 2001 the equity in Aladdin Gaming LLC had a negative value of \$4.4M.

Source: Christiansen Capital Advisors, LLC

Neighborhood machines operated by lottery agents (as in Oregon or South Dakota) or in private non-gambling businesses like bars (Montana) or truck stops (Louisiana) minimize capital and labor costs while maximizing revenues. This form of machine gaming can support high rates of gaming privilege tax and hence is efficient as regards revenue generation but inefficient as regards the creation of jobs.

Governments make choices when they

decide on tax regimes for casinos and machines. Undersupplied markets give legislators some flexibility in these choices. But fully supplied market conditions impose iron constraints on gambling privilege tax rates. Set them too high and nothing happens, as proved to be the case in New York, where an October 2001 law authorizing VLTs at racetracks remained unimplemented for two years because its high tax rate left too little money for tracks and horsemen and made construction of racino facilities impossible to finance. Even in undersupplied markets, tax rates higher than Mississippi's 12 percent limit the effectiveness of gaming as an engine of diversified economic development. Diversified entertainment properties like the ones MGM Mirage operates, which generate only about half their revenue from gaming and contribute a broad range of leisure activities to the economy but cost a billion dollars or more to build, can't be financed with tax rates much higher than Nevada's effective 8.4 percent.

What Kinds of Gambling Tax Rates Buy

In deciding on tax rates, lawmakers should ask themselves this question: what kind of gambling industry do the people of their state and the communities within it want?

High tax rates mean machines-only facilities: straight gaming with no

offsetting entertainment of other kinds. High tax rates mean minimal capital investment and minimal job creation. Lawmakers who impose gambling privilege taxes higher than 50 percent are trading jobs for government revenues.

Tax rates in the 20 percent range shift the policy emphasis away from revenue generation and toward economic development. In most markets, a 25 percent tax rate allows the operation of riverboats or racinos, with the capital investment and payrolls riverboats and racinos require. Rates higher than about 35 percent foreclose the riverboat/racino option in all but very large markets (such as Chicago) or markets that are grossly undersupplied. Rates below 20 percent, such as Mississippi's 12 percent rate, maximize job creation and capital investment while still generating substantial government revenue.

Single-digit tax rates in large markets make the development of labor-intensive diversified entertainment properties possible. Lawmakers electing single-digit rates are putting economic development (and diversified entertainment) first and government revenue second. They are saying their communities want a new Wynn Las Vegas, not a riverboat or a racino and not storefront video poker.

Endnotes

¹This decision is being appealed; in the interim New York racinos continue to operate.

²Casino Reinvestment Development Authority Mission Statement. The statutory purposes of the Casino Reinvestment Development Authority or CRDA include maintaining "public confidence in the casino gaming industry as a unique tool of urban redevelopment for the city of Atlantic City and to directly facilitate the redevelopment of existing blighted areas and to address the pressing social and economic needs of the residents of Atlantic City and the State of New Jersey by providing eligible projects in which [gaming] licensees shall invest" and "to provide licensees with an effective method of encouraging new capital investment in Atlantic City...". N.J.S.A. 5:12-160. The CRDA was established by Chapter 218 of Public Law 1984, effective December 19, 1984.

³Nevada's state gaming privilege tax was 6.5 percent in 1994; various fees and local levies raised effective rates to about 7.5 percent for most licensees.

⁴Plus, in 2004, a "comp" tax that yielded \$26 million.

⁵Includes additional 10 percent of VLT gross win allocated to lottery administrative costs; the unexpended portion of this 10 percent is distributed by the lottery to the general fund. A number of Wall Street analysts include statutory distributions to racetrack operators and/or purses in racino tax rates incorrectly: taxes are monies collected by governments; statutory distributions of racetrack machine win are allocations of funds, or subsidies, to non-governmental private parties (i.e., racetracks and horsemen).

⁶38.3 percent includes amounts paid to state and local governments as well as to other sources (tourism/misc.). Purses and horse/dog development funds are not included in this figure.

⁷Greg Winter, "Court Panel Says New York Schools Need Billions More," *The New York Times*, December 1, 2004.

⁸Stratosphere and Aladdin entered bankruptcy and consequently generated negative returns on the equity invested in these properties.

Eugene Christiansen is CEO of Christiansen Capital Advisors LLC (CCA), which provides unparalleled professional gambling and entertainment industry analysis and management services. Christiansen has been active as an executive and consultant to the commercial gambling and entertainment industries since 1976. In the area of commercial gambling, he has conducted studies of the economics, taxation, financial structure and regulation of casino gaming, pari-mutuel wagering and lotteries and is the author of numerous articles in trade, professional and academic publications. Christiansen prepares authoritative studies and statistical reports that are widely used domestically and abroad, including an annual analysis of the gross wager of the United States. These works are recognized throughout the world as the most comprehensive and authoritative descriptions of the gambling industries within the United States.

The data and comments presented in this white paper are solely those of the author and do not represent the positions of the American Gaming Association. The AGA assumes no responsibility for errors or omissions in these materials.



AMERICAN GAMING ASSOCIATION

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www.americangaming.org

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PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Registration Form for Public Comment by Individuals

The following rules and attached "Code of Conduct for Public Comment" shall apply to any individual who wishes to speak at a Public Input Hearing conducted by the Pennsylvania Gaming Control Board.

1. This form must be filled out completely and received by the Clerk to the Board by March 6, 2006. Forms must be submitted by regular or certified mail. Hand delivered, late or incomplete forms will not be accepted.
2. Speakers may not engage in disrespectful, disorderly or contumacious language or conduct. Permission to speak may be denied or terminated if remarks are disrespectful or antagonistic or for any just cause as determined by the Presiding officer. The attached memorandum contains the complete rules for public comment.
3. Speakers will be permitted to address the board for three (3) minutes.
4. No speaker will be permitted to address any issue not submitted in his or her registration form. The Presiding officer shall have the authority to call to order any speaker in violation of this provision.

PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE)

Name of speaker: Patricia A. Weaver

Organization representing, if any: _____

Address: _____

Telephone number: _____

Employer: Pittsburgh Dermatology & Skin Cancer Center P.C.

Location of intended public comment: Pittsburgh

Date of Public Input Hearing attending: April 18

Specific applicant, if any, that your comments will address: _____

Topic: see attached

Summary of presentation points: _____

Please list any supporting material that you plan to submit: _____

*** Please note that all comments presented during this hearing will be recorded and shall become part of the evidentiary record that will be considered by the Board.**

Patricia A. Weaver

Topic: Elected officials' and public employees' financial interests in casinos and gambling create conflicts of interest which may render these officials and employees incapable of acting in the best interest of the citizens of Pennsylvania.

Summary of presentation points:

1. The private sector prohibits similar dealings: (See supporting material.) Why should conflicts of interest be permitted in Pennsylvania's public sector? Public officials and employees should be held to the same high standards as private sector executives and employees.
2. The public needs basic accountability. We need to know every elected official's and public employee's financial stake in gambling related businesses and properties, the present value of the projected future cash flow of those interests (based on current state projections where applicable), the present value of the collective sum of all public employees and elected official's stakes in those interest, and the present value of the Commonwealth of Pennsylvania's financial stake in gambling for comparison.
3. In the best interest of the citizens of Pennsylvania, all state action and activities involving implementing gambling should be halted until the citizens of Pennsylvania have a clearer understanding and complete transparency regarding the present value of future cash flows of all elected officials and public employees.
4. Our citizens deserve to have its leaders, employees and agents act in our best interest, not theirs. The law permitting a one percent ownership of gambling interest sets the stage for corruption of our leaders.
5. We cannot allow any public employee or elected office with a conflict of interest to be involved in developing Pennsylvania's gambling interest. If there has been a breach of trust, perhaps the development of the gambling industry in Pennsylvania should be put on hold indefinitely or until the public votes in favor of proceeding.
6. If Pennsylvania does move ahead with gambling, it should consider holding all state employees and elected officials to the same standard the federal government holds corporate executive. If any investment opportunities were obtained solely because of the position, power or influence of these state employees or officials, these assets should be relinquished to the state.

Please list any supporting material that you plan to submit:

An example of how the private sector holds executives accountable for acting in the best interest of the corporation and not benefiting at the expense of shareholders. The document is a press release describing the indictment of a private sector executive (Qwest corporate executive). The executive "allegedly secretly used his position, power, and influence as a Qwest corporate officer to personally profit and attempt to personally profit by seeking and obtaining valuable investment opportunities for himself and others at the expense and to the detriment of and in a manner not authorized by or in the best interest of Qwest and its shareholders."

FOR IMMEDIATE RELEASE

February 18, 2005

**FORMER QWEST EXECUTIVE MARC WEISBERG INDICTED FOR WIRE FRAUD
AND MONEY LAUNDERING**

DENVER - Bill Leone, Acting United States Attorney for the District of Colorado, Phillip B.J. Reid, Special Agent in Charge of the Federal Bureau of Investigation's Denver Office, and Kathleen Roberts, Postal Inspector In Charge in Denver, announced that **MARC B. WEISBERG**, age 47, of Englewood, Colorado, was indicted late yesterday by a federal grand jury in Denver for the conduct of wire fraud and money laundering while working as an executive at Qwest Communications. **WEISBERG** surrendered to the FBI first thing this morning.

According to the indictment, **WEISBERG** was a corporate officer at Qwest Communications, holding the titles of Senior Vice President and Executive Vice President. **WEISBERG's** duties at Qwest included managing and directing Qwest's corporate development group. He was, in part, responsible for evaluating, securing, and managing corporate investments for the benefit of Qwest and its shareholders.

Qwest sometimes invested in private technology companies before or at the time they became publicly traded companies. In some circumstances Qwest permitted certain employees to invest in companies with whom Qwest was or contemplated doing business. All such investments, however, were subject to and restricted by company policy, and ever employees' duty and fidelity.

Beginning in March of 1999 and continuing through September 2001, the indictment alleges that **WEISBERG** knowingly devised and intended to devise a scheme to deprive Qwest and its shareholders of defendant **WEISBERG's** honest services, and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises. As part of the scheme, **WEISBERG** allegedly secretly used his position, power, and influence as a Qwest corporate officer to personally profit, and attempt to personally profit, by seeking and obtaining valuable investment opportunities for himself and others at the expense and to the detriment of and in a manner not authorized by or in the best interests of Qwest and its shareholders.

WEISBERG allegedly accomplished his scheme by secretly taking Qwest's corporate investment opportunities for personal gain, improperly depriving Qwest of its right to allocate investment opportunity shares and concealing the extent of his personal investments, and improperly conditioning Qwest business on the receipt of personal investment opportunities and using unauthorized tactics to obtain personal investment opportunities.

According to the indictment, **WEISBERG** received in excess of \$2.9 million in proceeds obtained directly or indirectly as a result of the offenses of wire fraud and money laundering. The indictment also includes a forfeiture count, where the government is seeking a sum of money equal to \$2,906,000, which represents the proceeds of the crimes alleged. The government also can pursue substitute assets, including real property located in Grand Cayman, Cayman Islands, or in Denver, Colorado.

WEISBERG is charged with eight counts of wire fraud, which carries a penalty of not more than 5 years in federal prison and/or a \$250,000 fine, and three counts of money laundering, which carries a penalty not more than 10 years in federal prison and/or up to

a \$250,000 fine for one of the counts, and not more than 20 years in federal prison and/or up to a \$250,000 fine for the other two counts.

This case was investigated by the Federal Bureau of Investigation and the U.S. Postal Inspection Service. The case is being prosecuted by Assistant United States Attorneys Tim Neff and Peter Walsh.

These charges are only allegations and the defendant is presumed innocent unless and until proven guilty.

###



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, Patricia A. Weaver, ("Speaker") am a resident of
Fox Chapel, County of Allegheny,
State of Pennsylvania, and do hereby certify and declare that the
information contained in the attached "Presentation Request Form" is true and correct to
the best of my knowledge and belief.

Patricia A. Weaver
Signature of Speaker

3/16/06
Date



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Registration Form for Public Comment by Individuals

The following rules and attached "Code of Conduct for Public Comment" shall apply to any individual who wishes to speak at a Public Input Hearing conducted by the Pennsylvania Gaming Control Board.

1. This form must be filled out completely and received by the Clerk to the Board by March 6, 2006. Forms must be submitted by regular or certified mail. Hand delivered, late or incomplete forms will not be accepted.
 2. Speakers may not engage in disrespectful, disorderly or contumacious language or conduct. Permission to speak may be denied or terminated if remarks are disrespectful or antagonistic or for any just cause as determined by the Presiding officer. The attached memorandum contains the complete rules for public comment.
 3. Speakers will be permitted to address the board for three (3) minutes.
 4. No speaker will be permitted to address any issue not submitted in his or her registration form. The Presiding officer shall have the authority to call to order any speaker in violation of this provision.
-

PUBLIC COMMENT REQUEST FORM (PLEASE PRINT OR TYPE)

Name of speaker: EDWARD RUMM

Organization representing, if any: _____

Address: _____

Telephone _____

Employer: ENVIRONMENTAL AIR INC

Location of intended public comment: PITTSBURGH PA

Date of Public Input Hearing attending: APRIL 18 & 19

Specific applicant, if any, that your comments will address: _____

Topic: HIGHWAY INFRASTRUCTURE

Summary of presentation points: _____

Please list any supporting material that you plan to submit: 3 MIN POWER POINT PRESENTATION THAT INCLUDES SATELLITE IMAGERY THAT WHEN SYNCHRONIZED WITH MY TESTIMONY WILL PROVIDE A POWERFUL AND INFORMATIVE PRESENTATION. (SENT WITH THIS FORM)

→ MY PRESENTATION DRAWS ATTENTION TO THE HIGHWAY INFRASTRUCTURE OF THE ISLE OF CAPRI AND HARRAH'S CASINO SITES. I WILL GIVE A POWER POINT PRESENTATION THAT SHOWS SATELLITE IMAGES OF BOTH CASINO SITES AND ADDRESS MY SPECIFIC CONCERNS REGARDING PUBLIC SAFETY AND EGRESS TO AND FROM BOTH SITES.

* Please note that all comments presented during this hearing will be recorded and shall become part of the evidentiary record that will be considered by the Board.



PENNSYLVANIA GAMING CONTROL BOARD
HARRISBURG, PENNSYLVANIA
17106-9060

Verification

I, EDWARD ROHM, ("Speaker") am a resident of
PITTSBURGH, County of ALLEGHENY,
State of PENNSYLVANIA, and do hereby certify and declare that the
information contained in the attached "Public Comment Request Form", is true and
correct to the best of my knowledge and belief.

Edward Rohm
Signature of Speaker

3/1/03
Date

PITTSBURGH GAMING TASK FORCE

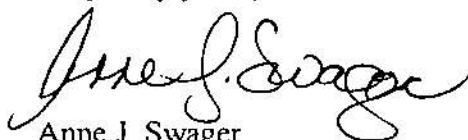
Anne LaCour Neeb
Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

2 June 2006

Dear Ms. LaCour Neeb:

Please find enclosed the Interim Report of the Pittsburgh Gaming Task Force to be entered into the public record. Thank you for this opportunity to provide comment.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Anne J. Swager".

Anne J. Swager
Co-Chair, Pittsburgh Gaming Task Force

PITTSBURGH GAMING TASK FORCE

Casino Proposal Mid-Term Report Card

	Harrah's/ Forest City	Isle of Capri	Majestic Star	Need More Information
Guarantee	X	X	X	✓
Design - Site		+		✓
Plan B and New Arena		+		✓
Design - Facility	X	X	X	✓
Financial	+			✓
Diversity			+	✓
Traffic	X	+		✓
Site Control	+			✓
Economic Development/ Local Economic Spinoff	X	X	X	✓

6.2.06

X Inadequate

+ Best of Three

Overall Grade: Incomplete

**INTERIM REPORT OF THE
PITTSBURGH GAMING TASK FORCE
JUNE 2, 2006**

The Pittsburgh Gaming Task Force was founded in April, 2005 and charged with:

- 1) considering both the positive and negative effects a slots casino would have on the Pittsburgh region and
- 2) suggesting possible measures which might mitigate negative effects and in turn bolster the positive ones.

In the past year, the Pittsburgh Gaming Task Force, through a series of public and private meetings, established a set of evaluation criteria to guide the design of a casino in Pittsburgh. Those criteria were then presented to the final three gaming license applicants—Forest City/Harrah's, Isle of Capri and Majestic Star—who in turn responded through formal presentations to the Task Force on May 25, 2006. For purposes of evaluation, it is important to note that some of the criteria were addressed more than others.

EXECUTIVE SUMMARY

This report, issued to the Pennsylvania Gaming Control Board on June 2, 2006, reflects our thinking at this time and is based on the following critical assumption:

The Pittsburgh Gaming Task Force is not satisfied with any of the three proposals as they now stand due to inadequacies in or failure to address several areas such as—but not limited to—traffic, the design of the facility, and the mitigation of the negative social impact of gaming.

Therefore, the message of the Pittsburgh Gaming Task Force to the Pennsylvania Gaming Control Board is:

There is not enough information on which to base the decision in this important matter. A proper choice will not only benefit the Commonwealth of Pennsylvania, but also the City of Pittsburgh which has significant investment at risk in all three neighborhoods of the casino proposals.

Concerns

We have many concerns; primary among them is our conviction that each candidate should be required to **provide in writing a guarantee for what they are proposing to build and underwrite**. As they stand now, the proposals are best case scenarios. Further, they should provide a financial mechanism such as a surety bond, to add muscle to this guarantee.

In addition, we recognize and want to note that each of the three proposals is contingent upon the action of others and on forces not within their control such as real estate markets, developers willing to take risks, and state and local government willing to make investments in infrastructure.

THE VALUE TO THE COMMUNITY

The Task Force fully recognizes the value of casinos to the community in terms of economic development: casinos have a good history of generating employment in communities with decent wages and benefits. They also generate considerable tax dollars for the city and state through gaming. Furthermore, the Task Force recognizes the fact that we have not had a development with the potential employment of this size in this city in a very long time.

In light of all these factors, the Pittsburgh Task Force would abrogate its responsibility to the City and the region if it were to recommend a candidate at this time. Consequently the Task Force will rate proposals in only those areas where sufficient information is available to make an informed decision. We will continue with this process and attempt to get questions answered in a reasonable manner, and follow up with additional reports as soon as they are available.

SUMMARY OF POTENTIAL OPERATOR PROPOSAL EVALUATION CRITERION

DESIGN–SITE

Conclusion

Isle of Capri has the best site because it knits into the existing urban grid, making it the most consistent with the criteria developed by our Design Committee. It also has the potential for synergy with the arena.

- The Harrah's site responds somewhat better to this criterion than the Majestic site, but still falls far short of the Isle of Capri site because of its separation from the downtown urban fabric by the river and the way it turns its back on Carson Street.
- The Majestic site is the most isolated from the existing urban fabric which makes it more of an island.

Comments

- Any of the three proposed plans should be required to fund upfront traffic mitigation based on independent study by a qualified traffic engineer funded by the Pennsylvania State Gaming Board. (See section on Traffic below)
- The Task Force prefers maximum urban integration in a multi-use area that is walkable; if economic spin-off occurs, it is more likely in a site that is integrated into the urban grid. Then the likely benefactors of the economic spin-off in this situation would be local businesses.
- The Task Force supports the idea of a rewards program for local restaurants –which extends the casino rewards program to local restaurants, not just those on-site—such as the one in the Greektown, Detroit casino which provides approximately \$200,000 a year in revenue for local restaurants.

Concerns

- We would like to see specific examples of how the three different entities have integrated or stimulated development in other markets through their casinos.
- Is synergy for additional development opportunity a reality?
- How likely is the possibility of synergy with the coupling of the casino and arena as proposed in the Isle of Capri site? Is the arena more likely to contribute to the success of the casino? And will there more of a likelihood of economic spin-off, defined as customer dollars spent in area businesses by gaming participants? The Task Force would like to see proof that this strategy succeeds and welcomes the chance to review any relevant studies.
- The Task Force is concerned about the potential negative social impact of the Isle of Capri site resulting from its close proximity to Duquesne University and residential communities in the Hill District. The proposed temporary site exacerbates these concerns.

PLAN B AND THE NEW ARENA

There is one scenario a member of the Pittsburgh Gaming Task Force feels should be given strong consideration: Isle of Capri has already committed \$290 million to fund a new arena, which is far more offered in community giveback than any of the other proposals.

Meanwhile, Governor Rendell's Plan B has put an offer of \$7.5 million a year to fund bonds over a 30-year period for the building of the new arena—provided the operator and the Penguins contribute their share. If Isle of Capri is awarded the license, the \$7.5 million from the state would not be necessary.

If Isle of Capri comes up with matching funds required by Rendell's proposal, is it possible the City could still get the arena and \$7 million from Isle of Capri every year? This scenario would vault this proposal far ahead of the others.

Even without the Governor's proposed funds, Isle of Capri has upped the ante in terms of showing the worth of the gaming license. As appointed watchdogs for the community, the Pittsburgh Gaming Task Force must question how much the gaming license is worth—obviously a great deal—and ask if the other two operators are willing to match this commitment. And if not, why?

DESIGN-FACILITY

Conclusion

The Task Force can not make any recommendations on design since the plans submitted to date are conceptual only. Based on the limited information provided, it is difficult at this point to fully evaluate how well each proposal respects the design criteria provided by the Task Force. The information provided for the Isle of Capri site appears to most closely adhere to many aspects, although it is far from complete.

We would like to pose more questions to the candidates and make recommendations as their plans move forward based on designs that *are highly likely to be built*. Our premise and firm belief is that Pittsburgh deserves a high-quality casino, not a compromised design.

Concerns

The Task Force has serious concerns about the use of temporary facilities since history shows these can become long-term ventures. In Detroit, plans for the city to assemble sites failed so the temporary facility erected more than seven years ago remains the operating facility today. We want to avoid this scenario and prevent erecting a cheap

“butler” building, a pre-fab, big box metal structure sans details, which falls well below the standard we expect in a permanent facility.

FINANCIAL

Conclusion

Forest City/Harrah’s is the strongest potential operator based on the depth of their experience and the strength of their financial base.

Comments

- Forest City, clearly a major partner in this entity, has a significant investment in the market already.

Concerns

- Several Task Force members noted that Harrah’s failure to send a representative to the May 25th meeting demonstrated a lack of regard for this project which led to speculation that Pittsburgh would be a secondary market for this group.
- Conversely, the Task Force believes a Pittsburgh casino would be of primary concern to both Isle of Capri and Majestic Star. It was noted that Nationwide Realty, a part of Isle of Capri, also has an investment in Pittsburgh as equity players with Frank Kass from Continental.

DIVERSITY

Conclusion

It would be advantageous to this city to have strong minority ownership of an industry of this size through Majestic Star.

Comments

- Majestic Star’s minority hiring in areas including employment and construction were notably higher than the others.
- Forest City/Harrah’s ranked #2 in diversity followed by Isle of Capri.

Concerns

Since the state has not released the diversity plans of the operator, the Task Force had to use generalizations provided by the operators in our analysis.

TRAFFIC

Conclusion

Isle of Capri best fit the traffic requirements recommended by the Task Force due to the existing traffic grid.

• Comments

- The Pennsylvania State Gaming Board needs to follow through on a traffic study for each site and identify necessary mitigation.
- Whoever gets the license should be required to fund the anticipated traffic mitigation measures as identified by the study upfront.
- A year or two into the chosen project, if more mitigation is necessary the licensee should be required to make the corrections at that time.

Example: Isle of Capri's traffic study, which was the most comprehensive of the three, indicates that they are aware of necessary traffic mitigation measures and that they are committed to making them. That includes the improvement of traffic signals at a cost of several million dollars.

- Projects that enhance the existing infrastructure are much preferred over those that don't since there is no certainty that new infrastructure can or will be funded.
- The Task Force highly recommends a list from each potential operator providing a guarantee of what will be fixed before the license is awarded.

Concerns

- Up to 40% of the casino traffic for the Station Square and North Shore sites would come from the West End; adequate traffic mitigation for both Majestic Star and Harrah's/Forest City is reliant on completion of PennDOT's project in the West End Circle. While this project is programmed and funded by the Department of Transportation, PennDOT has eliminated programmed projects before. Given that possibility, we recommend that the applicants commit upfront to mitigate the traffic impact if the project is pulled.
- The Forest City/Harrah's Station Square location is problematic for several reasons: the Task Force feels their traffic assumptions are not sound—they're overly optimistic and not conservative in their approach. One example is assuming the figure of 2.5 persons per car when the range was 2.0 to 2.5 persons per car. If the 2.0 passenger per car standard is used, their mitigations fail. We suggest that an independent study of this site is necessary to ensure that adequate mitigation can be realized.
- The Forest City/Harrah's plan is heavily reliant on an Intelligent Traffic System. It is not clear to the Task Force what entity would control this system or if there would even be a competent entity to control the system.

SITE CONTROL

Conclusion

Harrah's/Forest City has best site control.

Majestic Star has adequate site control while a few potential problems exist with Isle of Capri's site control.

Comments

While we understand that all three developers presented their plans in the best possible light, many parts of their proposals are conditional, based on market demands with no benchmarks established for actualizing plans. For example, all three said they will build a hotel, residential housing, or other amenities in the plan based on market demands.

Concerns

The Task Force once again emphasizes the need to demand guarantees and/or ways to compel the licensees to deliver on the promises in their proposals instead of using a best possible scenario submitted. Only then can this be evaluated fairly.

ECONOMIC DEVELOPMENT/LOCAL ECONOMIC SPINOFF

Conclusion

The Task Force encourages the grantee of the gaming license to consider significant participation of amenities by local operators—restaurants, retails and other establishments—as a complement to bringing in their own. We suggest a minimum percentage that will be guaranteed in writing.

Comments

- We strongly discourage any strategy where gaming participants only participate in gaming to the exclusion of any other surrounding amenities such as entertainment, local restaurants, and retail establishments.
- The Station Square location and the Hill District location convey more of a destination strategy—defined as attracting people outside the region with amenities that draw tourists—such as The Shops at Station Square or events at the Civic Arena.
- The more isolated North Shore location lacks sufficient amenities at this time to be considered a destination for anything other than gaming.

**CONCERNS/QUESTIONS
TO BE ADDRESSED FOR FURTHER EVALUATION**

1. How much in taxes will be spun off as an economic multiplier effect? The answer requires analysis of the extent of play in similar markets. If there are no markets that have similar demographics and income data or in which play is restricted to slot machines, then some extrapolation can be made based on solid data that is available. If there appears to be a range of estimates, what are the factors that influence the estimates?
2. These same questions need to be analyzed for the pay and benefit levels for the exact type and number of jobs that can be reasonably anticipated.
3. What has been the experience in terms of the effect of a casino on other commercial establishments (by type) in the neighborhood and city? If the experience is mixed what are the factors that have influenced the impacts?
4. What is the marketing acumen of each operator—the number of local names in their current marketing database, for instance, and the history entering new markets and developing loyal clientele?
5. How does each operator plan to mitigate the potential negative effects of gaming?
6. What is the depth of the development team? Where will the operator source senior management for development and day-to-day operation of this project—from their other facilities or will they bring in new people? Presence of bench strength within the existing organization is critical in implementations of this type.
7. What is their history of completing similar projects?
8. Are local residents on board with the proposed projects? Is there community opposition?
9. What is their entertainment industry expertise? Do they have any in-house expertise managing an entertainment venue if that is a critical aspect of their proposal?



June 2, 2006

Mr. Tad Decker
Chairman
Pennsylvania Gaming Control Board
P. O. Box 69060
Harrisburg, Pennsylvania 17106-9060

Re: Public Comment – Pittsburgh Gaming Facility Applications

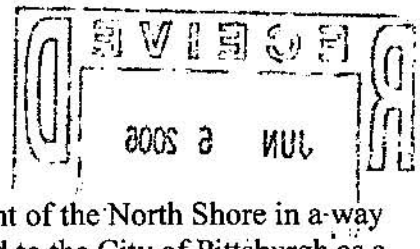
Dear Mr. Decker:

On behalf of the Pittsburgh Pirates, I would like to thank the members of the Pennsylvania Gaming Control Board for their efforts with respect to this important issue. While the addition of gaming to the State of Pennsylvania and in particular the City of Pittsburgh is anticipated to generate needed revenues, it is critical to the overall continued development of the City of Pittsburgh that careful consideration be given to where a casino would be located. As a primary stakeholder on the North Shore, I am writing to voice my strong opposition to the location of slot machines on the North Shore of the City of Pittsburgh.

The Pirates have faithfully, diligently and actively participated in the ongoing development of the North Shore. For several years, we have partnered with the Steelers, the University of Pittsburgh and Continental Real Estate to develop the North Shore into an area that is attractive for businesses, tourists and residents. PNC Park, looked at by many as the best ballpark in America, and Heinz Field draw well over two million sports fans to the North Shore every year generating substantial tax revenue for the State and the City. One of the main reasons why PNC Park is considered to be one of the industry's best is because of the family-oriented atmosphere that is created inside and outside the park throughout our season. Slot machines are not compatible to that type of family-oriented environment. In fact, they are quite contrary. Families are a primary audience for the Pirates and maintaining a family-friendly environment at PNC Park is of the utmost importance to us.

Additionally, as the North Shore development has progressed, the stakeholder group has worked together to make certain that the parking and traffic infrastructure has developed in tandem. This is so that during construction, those who live and work on the North Shore are caused the least amount of disruption. In the long-term, this "shared parking" plan also enables the North Shore to be used during the day by downtown commuters and North Shore businesses such as Equitable Resources and Del Monte, and at night and on weekends by sports fans attending events at PNC Park or Heinz Field. The addition of a casino, most assuredly, would negatively impact the existing parking and traffic plan.

Mr. Tad Decker
Pennsylvania Gaming Control Board
June 2, 2006
Page Two



The Pirates are eager to continue the development of the North Shore in a way that is beneficial to all of its current residents and to the City of Pittsburgh as a whole. The North Shore development that has occurred thus far has revitalized this area. Equitable Resources and Del Monte have relocated here. The North Shore is now a recreational destination for walkers, runners and cyclists. In the near future, it will also be home to city dwellers eager to live in a safe, attractive and affordable environment. Those who are experienced in this type of mixed-use development have assured us that residential development will most certainly not occur here if a casino is located on this site. There are better options than slot machines to add to the North Shore mix.

I appreciate the opportunity to share my concerns with you and hope that the Gaming Control Board will take them into consideration when making decisions on this very important subject. Thank you.

Regards,

Kevin McClatchy
CEO & Managing General Partner



Arthur J. Rooney, II
President

To: Pennsylvania Gaming Task Force

From: Pittsburgh Steelers Sports, Inc.

Date: May 25, 2006

The Pittsburgh Steelers would like to thank the members of the Task Force for their time and effort in considering the many issues arising out of the development of casino(s) in the City of Pittsburgh. The Steelers organization appreciates the opportunity to submit testimony to the task force regarding the Steelers strong opposition to the location of a casino on the North Shore of Pittsburgh.

The Steelers are opposed to the location of a casino on the North Shore for three primary reasons.

First, the Steelers organization opposes the location of a casino on the North Shore because it would seriously conflict with the North Shore master development plan. The North Shore master plan was developed over many hours, in fact years, of work involving many North Shore stakeholders, including the Steelers, the Pittsburgh Pirates, the University of Pittsburgh Athletic Department, Continental Real Estate Company, as well as input from many other local entities. The Steelers, Pirates and Continental in particular expended considerable financial resources and energy developing a master plan designed to guide the development of an important area of the City.

At this point, it is apparent that the North Shore Plan is working. The two new stadiums are drawing more visitors to the North Shore than was the case with Three Rivers Stadium, and the increase in attendance has produced a dramatic increase in tax revenue to the City of Pittsburgh. The development of the North Shore is well underway with the construction of two new corporate headquarters in the Equitable building and the Del Monte building. These two new buildings will bring approximately 1,000 workers to the North Shore by the end of 2006. Importantly, the anchor tenants of these new buildings were concerned enough about the possibility of gaming coming to the North Shore that both requested and received specific written protection from the City which assured these entities that gaming facilities would not be located on the North Shore. That fact, by itself, would be enough for the Steelers to take a position against the location of gaming on the North Shore.

The development plan for the North Shore also includes an area designated for development of residential units next to PNC Park. Again, this is a fact, which by itself, would strongly conflict with the location of a casino nearby.

The bottom line is that the North Shore development plan was designed to encourage a development area that was forty years overdue. Now that this development is finally in progress, with tenants in place and future residents on the way, it would make absolutely no sense to reverse direction on this development plan.

The second reason the Steelers are opposed to the location of a casino on the North Shore is the burden such a facility would place on the already strained parking and traffic infrastructure for the North Shore. On a Steelers game day the North Shore actually becomes one of the most densely populated areas in the state. Since the location of the Three Rivers Stadium on the North Shore, the Steelers, and Pirates, have worked with various local agencies to try to accommodate the needs of our fans. It has not always been easy and our fans, at times, have had to endure long periods of inconvenience that would probably not be tolerated by less enthusiastic fans in other cities.

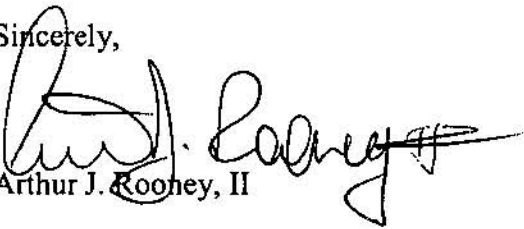
As the North Shore development progresses, plans call for many more visitors to restaurants, retail and entertainment locations. The North Shore master plan and PDP's submitted in regard to the North Shore rely on a "shared parking" plan. This allows for an efficient use of parking infrastructure. During weekdays North Shore parking spaces serve two important purposes, those of downtown commuters, and those of North Shore office workers. As these users do not use the North Shore parking facilities on nights or weekends, sports fans attending games at Heinz Field and PNC Park are able to use (share) those same parking facilities on nights and weekends when most events are scheduled. We do not believe the huge new parking and traffic loads that would come with any casino can be accommodated by the existing North Shore parking and traffic infrastructure.

Although the parking garage currently under construction will help accommodate the next phase of North Shore development, the degree of difficulty experienced in getting that garage financing in place is a prime example of why the Steelers would be skeptical of vague future promises from the public sector about the possible addition of parking facilities.

The third reason the Steelers oppose the location of a casino on the North Shore is the long-standing policy of the National Football League to restrict involvement of NFL teams with gaming facilities and operators. The NFL commits considerable resources annually on security measures to maintain a separation of gaming interests from NFL interests. The location of a gaming complex in this thriving sports and entertainment district is, again, completely inconsistent with existing uses.

Thank you again for your attention to this matter. We would be happy to answer questions or supply additional information on this subject.

Sincerely,



Arthur J. Rooney, II



Pennsylvania Gaming Control Board



WRITTEN COMMENT TO BE INCLUDED IN THE EVIDENTIARY RECORD OF THE PUBLIC INPUT HEARINGS

I request that the following comments be made part of the public input hearing record and considered by the Pennsylvania Gaming Control Board prior to awarding licenses for slots operators:

Name: Tom TORRES

Address: _____

Telephone _____

Organization, if any Pittsburgh Gaming Taskforce

Employer: RDP Consulting Services

COMMENTS: (Please use reverse side if more space is required)

Social Impact Committee (Mike English, Rev. David Gleason, Gregory Morris)

exclusions related to criminal history records must be present, but we encourage the establishment of guidelines that make reasonable allowances for past behaviors and acts that do not impact an individual's capacity to be a meaningful contributor to the success of the casino operator.

- ⇒ The casino operator will make full use of the Pittsburgh Allegheny County CareerLink System. It is also recommended that the casino operator financially supports the Pittsburgh Partnership.
- ⇒ Casino hiring must reflect, at a minimum, hiring guidelines that assure minority candidates are hired in proportion to their presence within the region.
- ⇒ Mechanisms must put in place that continually monitors the casino operator's commitment to equal employment and inclusion, particularly within the professional and management ranks.

Recommendation 2: The City of Pittsburgh Police Department should develop a strategy to confront any increase in crime associated with a casino—including specialized training in casino-related crimes. This strategy should incorporate input from community groups and the Casino Operator and form the basis for a continued working partnership. We recommend that the necessary costs be borne by the Casino Operator rather than the City of Pittsburgh.

Concern 3: A 24-hour casino staffed by local residents could leave many children home alone.

Recommendation 3: The casino operator should be encouraged to fund childcare services for their employees.

Concern 4: Studies by the National Research Council indicate that there is a correlation between pathological gambling and domestic abuse. Research also indicates a possible correlation between pathological gambling and suicide.

Recommendation 4: The Department of Public Health must monitor the impact of the casino on these social problems and work with local social service agencies and nonprofit organizations to ensure that there is adequate funding to handle increased caseload.

Concern 5: Adequate treatment facilities do not exist in Pittsburgh to treat gambling addiction.

Recommendation 5: Encourage casino operator to provide funding to drug and alcohol treatment facilities if they become qualified to also treat gambling addiction.

Concern 6: The introduction of a casino to the Pittsburgh area could cause many new gambling addictions.

Recommendation 6(a): Encourage casinos to offer a self-exclusion program. According to Gamblers Anonymous, self-exclusion is a practice whereby addicted or problem gamblers can register with casinos or casino companies giving those casinos the authority and obligation to bar those gamblers from the gaming facility. Breaking the self-exclusion rules can lead to legal ramifications both for the gaming establishment and for the individual.

Given experiences in Missouri, the gamblers that violate their own self-exclusion are caught most often when they win a large sum that requires them to present identification to collect the winnings. We recommend that when this occurs, the winnings be directed to a local gambling treatment center.

Many casinos develop the capacity for a more effective self-exclusion program with 'rewards programs.' For example, in order to enter the Harrah's riverboat casino in Kansas City, the patron must display a rewards card and a driver's license (first time patrons must go to the "Total Rewards Desk" and enroll). The rewards card is intended to reward frequent gamblers with free meals and merchandise. The more the player gambles, the more rewards are earned. The following is an excerpt from the Harrah's website that explains how the system works:

Your first card-in of the day lets the system know you're here. When you begin play, you'll see a countdown meter displaying the number of Base Reward Credits you're earning during that session. For the rest of the day you will see your updated Tier Credits and Account Balance each time you insert your card. You will also see your daily Base and Bonus Reward Credit values.

This type of system seems a promising way to implement the necessary technology for a self-exclusion program.

Recommendation 6(b): In addition, we recommend that if a casino does establish a rewards program, they should be required to send monthly gambling activity reports to participants in the program.

Concern 7: Alcohol abuse and underage drinking are often associated with casinos.

Recommendation 7(a): Require Casino Operator to abide by the Pennsylvania Liquor Control Board's Responsible Alcohol Management Program in order to:

- Detect signs of impairment and intoxication, and effectively cut off service to a customer who has had too much to drink
- Identify underage individuals, and deter minors from coming into the establishment in the first place
- Detect counterfeit, and borrowed identification
- Help reduce alcohol-related problems (underage drinking, vehicle crashes, fights, etc) in the community

R.A.M.P. is a voluntary certification program that provides certification for two years. In order to comply, trainees must complete all five parts of the program, which include: Owner/Manager Training, Server/Seller Training, New Employee Orientation, Signage, and a Compliance Visit by a representative from the Board.

Recommendation 7(b): Prohibit Casino from "comping" alcoholic beverages to patrons.

Concern 8: Catastrophic short-term gambling losses can strand individuals and lead to unnecessary petty crime.

Recommendation 8: Casino Operator should establish a "traveler's aid" program to aid those that experience catastrophic short-term gambling losses and therefore need assistance to get home.

Concern 9: Local nonprofit and social service agencies could become overextended by increased demand for services.

Recommendation 9: The Pittsburgh community must anticipate the need for increased funding of certain nonprofit organizations in the Pittsburgh area.

Concern 10: State sanctioned legalized gambling can diminish young people's perception of gambling risks.

Recommendation 10: The Department of Public Health should launch marketing efforts emphasizing the problems/pitfalls associated with gambling.

Ron Porter
Pittsburgh Gaming Task Force
April 19, 2006
Pittsburgh, PA Hearing
EXHIBIT #2

The Employment Committee is suggesting that the criteria for employment should read as follows:

A Casino Operator will be a good community partner to guarantee the creation of an applicant pool of qualified City residents who will be hired, and retained in positions throughout the gaming industry. The operator must have a realistic recruitment campaign, effectively addressing pre-employment barriers and issues, and providing ongoing retention services. The Casino Operator will fund the recruitment campaign for City residents that will screen and address pre-employment barriers, including but not limited to background investigations, credit, drug/alcohol barriers, and the application process and interviewing skills. The Casino Operator will also offer retention workshops to employees. The Pittsburgh Allegheny County CareerLink system will be the first source for recruitment and placement for all Casino positions in Pittsburgh.

The Pittsburgh Partnership in conjunction with the Pittsburgh Allegheny County CareerLink will be available to provide the above services if funded by the Casino Operator.

CareerLink offers a no cost job match system for employers and job seekers. Employers place a job order for open positions and job seekers have the ability to respond/apply on-line. Employers then can screen candidates/resumes for potential employees.

May 26, 2006

Mr. Thomas Decker, Chairman
Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg PA 17106-9060

Dear Chairman Decker:

I am writing to let you know how important your licensing decision is for the Hill District community located in Pittsburgh PA. Please share my letter with your colleagues on the Gaming Control Board.

For many years we have worked to rebuild one of our state's most important communities, the Historic Hill District. However, we are gravely concerned about our future because we have not received the commitments needed from the gaming applicants to ensure a prosperous future.

We need your help here in the Hill District. Please do not allow gambling to devastate our community; we need strong policy and adequate reinvestment dollars to balance this possible devastation. Please guarantee that the Hill District receives the needed resources to offset social and economic development ills that gambling will certainly bring by forcing applicants to address communities that will be directly impacted by their facility.

Please do not let us down, we need your help!

Respectfully,

Mrs. Sharon Hill
Signature

Signatory Information:

Full Name: Mrs. SHARON HILL

May 26, 2006

Mr. Thomas Decker, Chairman
Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg PA 17106-9060

Dear Chairman Decker:

I am a resident of the Hill District neighborhood in Pittsburgh. My community is one of the proposed sites for a gaming facility. After carefully considering all of the available information, I am writing to let you know that I **DO NOT WANT A CASINO IN THE HILL DISTRICT.**

There are a number of potential problems with a casino located in such close proximity to a residential community. They include:

- **Morality.** I do not believe that gambling, in any form, is the appropriate way to bring jobs, opportunities and investment to the area.
- **Social Challenges.** I believe the current plan, which calls for a \$1 million investment, is woefully inadequate. If you think about the potential negatives of gaming (addiction, financial challenges, homelessness, the necessity of bolstering our physical and social infrastructure) you will agree that it requires a larger financial commitment.
- **Public Safety.** A great deal of consideration has been given to the needs of the facility and other developments in the Lower Hill. However, I do not think much thought has been given to the kinds of safety issues that we will face such as prostitution, drug dealing, panhandling, loitering, etc. No one has satisfactorily laid out a plan to provide the necessary police officers to patrol the area above the proposed site
- **Traffic.** The increased traffic will overwhelm the community. None of the traffic studies address the inconvenience that will be visited upon the community.

In the 1950's, thousands of Hill District residents were displaced and a huge portion of the neighborhood was annexed to Downtown Pittsburgh because of urban renewal efforts. The community did not benefit from the re-investment in the Lower Hill District. We lost people, places, significant relationships and businesses. The current plan to place a casino in the Hill District seems like a 21st century version of urban renewal. I urge you to keep a gaming facility out of the Hill District.

Respectfully,


Signature

Signatory Information:

Full Name: *MRS. SHARON HILL*

Address:

Phone #:

Email:

May 25, 2006

Mr. Thomas Decker, Chairman
Pennsylvania Gaming Control Board
PO Box 69060
Harrisburg PA 17106-9060

Dear Chairman Decker:

Thousands of Hill District residents are counting on you to make the right decision about Pittsburgh's gaming license. Thousands hope that you will...

- Award the license to the **best plan, not the most influential plan**. The best plan is the one that will have the **least impact on residential communities** and the most impact on economic development.
- Award the license to the applicant **that offers the community both redevelopment dollars AND redevelopment "sense."** The large dollar amounts that applicants bandy about become small dollar amounts when spread widely across a large city. Choose a plan that strategically directs the dollars to the communities that will be the most adversely affected by gambling.
- Ask for a **commitment**. Find a way to insure that promises made by applicants to communities are promises kept.
- **Use your power to impact lives**. The granting of a gaming license is, of course, on many levels a business decision. But it is also a people decision. The Hill District is a rebounding community that will face significant challenges with a gaming complex located at its doorstep. Please use your power to assure that the negative impacts of gambling are minimized for our community.

If you've never been, I hope that you visit the Hill soon. In our heyday we had world class jazz spilling onto the streets; a future Pulitzer Prize winner scribbling urban poetry on napkins; and, the now world famous photographer Teenie Harris capturing images of a vibrant, sweet time in our history. We have been home to the Irish, Italian, Jewish, Syrians, Greeks and Poles and now African American.

And, if not Pittsburgh's most historic neighborhood, we are certainly its most resilient. The Hill District survived one of the nation's most destructive urban renewal projects in the late 1950s which displaced 8,000 residents and severed the neighborhood economically from Downtown Pittsburgh.

Please help insure that history is not repeated for the Hill District. Thank you for making community reinvestment an important part of your decision to grant a gaming license in Pittsburgh.

Respectfully,

Mrs. Sharon Hill
Signature

Signatory Information:

Full Name: MRS SHARON HILL

Address:

Phone #:

Email:



CONTINENTAL REAL ESTATE COMPANIES

June 2, 2006

Tad Decker
Chairman
Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

Re: Public Comment – Pittsburgh Gaming Facility Applications

Dear Mr. Decker:

On behalf of Continental Real Estate Companies, I am writing in opposition to gaming on the North Shore of Pittsburgh. Continental was selected to lead the development between Pittsburgh's new stadiums, and while many told us this development would be impossible, we have found the opposite to be true. Within the past year we have opened the beautiful Equitable Resource Headquarters Building and the Del Monte Foods Building on North Shore Drive. The initial phase of the project represents over \$75 million of private investment and over 1,000 jobs now committed to the City for years to come.

We are currently working on plans for condominiums, a hotel and a third signature office building. The Pittsburgh Steelers have recently begun to unveil their plans for a very unique entertainment area, which will be known as North Shore Live. The project the City of Pittsburgh spent years carefully planning is fast becoming a reality. We continue to work tirelessly to move the project forward, but are very concerned at the prospect of gaming adjacent to the site.

It is our belief that gaming on the North Shore will jeopardize the project. The businesses that have moved to the North Shore have told us categorically they would not have made the decision to locate on the North Shore had they known gaming was an option. We cannot take these comments lightly and would like you to take into consideration several key reasons why gaming would be harmful to the project:

1. **Planning Perspective.** The City of Pittsburgh, the Riverlife Task Force, the Pittsburgh Steelers, the Pittsburgh Pirates and many other stakeholders spent years planning for success on the North Shore. The plan is working. Downtown is being extended across the river and a new neighborhood is being created with opportunities for housing, restaurants, retail shops and sites for businesses. Why take the risk of introducing gaming into the middle of this project?

Tad Decker
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2. Non-Compatibility. A casino is not compatible with the family-friendly and business-friendly environment that has been created on the North Shore. The Pirates, Pitt Panthers, Steelers, museums and our project all rely on bringing families, employees and patrons to the North Shore in a friendly outdoor environment. A casino would jeopardize this environment.
3. Economic Development. Economic development is the main reason given for gaming in Pennsylvania. Through careful planning, substantial public and private investment and through the hard work of the Pirates, Steelers and Continental, this site is already reaping rewards for the region. The North Shore does not need a casino to spur development.
4. Parking. Another major problem is parking. The parking needs of the Pirates, Steelers, Pitt Panthers, Live District, museums, restaurants, shops, offices, housing and commuters will fully utilize the parking facilities. The introduction of a casino will make an already difficult parking situation impossible on normal days and disastrous on event days.
5. Reliance. City officials fully understood gaming would be an impediment to development on the North Shore. To this end, the City permanently prohibited gaming from the riverfront in front of our site. Additionally, the Authority primarily responsible for the North Shore development has restricted gaming from its property between the stadiums. We should be able to rely on the local commitment already made by the City on this issue. We are asking you to respect this commitment.

Thank you for your consideration of our concerns. Please don't hesitate to contact me should you require additional information or have questions about the development on the North Shore.

Very truly yours,



Barry C. Ford
President of Development



**Pennsylvania
Gaming Control Board**



**WRITTEN COMMENT TO BE INCLUDED IN THE
EVIDENTIARY RECORD OF THE PUBLIC INPUT
HEARINGS**

I request that the following comments be made part of the public input hearing record and considered by the Pennsylvania Gaming Control Board prior to awarding licenses for slots operators:

Name: Dianna Novotny

Address: _____

Telephone: _____

Organization, if any: _____

Employer: _____

COMMENTS: (Please use reverse side if more space is required)

I think that it would really help Pennsylvania. It would even bring people from other states to contribute. We all go out of state to gamble. Why can't we have it here?

Just think how many jobs it would create in Pa. We need jobs in Pa. Just think of how many jobs it would create.

Comments: Page 2 (continued)

I, Diana Aptrey verify that the information contained in this written comment is true and correct to the best of my knowledge and belief.
