

HOW PHILLY WORKS

Philly's Next Casino

The debate over a second Philadelphia casino has begun, but the job of making a final decision on it belongs to a seven-member board that sits about 100 miles down the turnpike in the state capitol.

Undoubtedly sensitive to the community outrage that preceded (and threatened to topple) SugarHouse – and contributed to the demise of the city's second casino licensee, Foxwoods – the board will host a public forum on February 12 in Philly to allow the public to hear from six new applicants for a second city casino. In the meantime, City Council is holding its own hearing this Thursday on a plan by U.S. Congressman and Democratic City Committee boss Bob Brady.

If all this casino talk has you revved up, we hope this edition of **HOW PHILLY WORKS** helps you learn more about what a second casino might mean for Philadelphia – and for you.

- February 5, 2013

If Foxwoods didn't work out, why is Philadelphia getting another casino?

Legislation passed by the state General Assembly in 2004 to allow casinos in Pennsylvania earmarked two of the 14 slots casinos for Philadelphia. When the license of one of the two – Foxwoods – was revoked, some Harrisburg lawmakers wanted to put the license up for a statewide bid, but the Pennsylvania Gaming Control Board said it had to stay here.

What is the Pennsylvania Gaming Control Board?

The Pennsylvania Gaming Control Board, or PGCB, is a seven-member regulatory board that oversees gaming in Pennsylvania and awards all casino licenses. Of its seven members, the Governor appoints three, and the Majority and Minority Leaders of the Pennsylvania Senate and House of Representatives appoint one each. Only one of the PGCB's Commissioners, James Ginty, lives in Philadelphia.

That's good...I think. Do we know what Ginty thinks about a second casino?

We don't know what he thinks about the current applicants, but he certainly seems to support a second city casino. Ginty cast the only dissenting vote in revoking Foxwood's license. He said he was worried that Philadelphia might lose its chance for jobs and revenue that a second casino would bring in.

How many jobs would a second casino bring?

If it employs as many people as SugarHouse, about 1,000. But as Council President Clarke pointed out in an April 2012 *Philadelphia Inquirer* OpEd, building a second casino would create as many as 600 construction jobs and perhaps 4,500 jobs related to the casino (e.g., retail shops that open up in the area, more parking).

What about revenue?

According to the PGCB, in the 2011/2012 fiscal year, SugarHouse brought in \$189.9 million in gross revenues from slot machines and \$81.2 million from table games.

Whoa! Why is Philadelphia crying poor with that much money?

Because the city does not see anywhere close to all those dollars. Here's how it works: Revenue from slot machines is divided up differently than revenue from table games. For every dollar spent at a slot machine, 34 cents goes to the state. This money is used to lower property taxes across Pennsylvania, except in Philadelphia, where it is used to reduce the wage tax. Between 2008 and 2012, the city wage tax has gone down from 4.219% to 3.928% for city residents and from 3.724% to 3.498% for nonresidents -- thanks in large part to gaming revenue.

Does city government get anything from slots?

Four cents of every dollar spent at slot machines goes to the local government where the casino is located. So a second casino would bring more money to the city. As for the remainder of the slots revenue: 12% goes to the horse race industry, 5% goes to the economic development and tourism fund, and 45% goes to the casino.

You said revenues from table games are different.

Yes. For every dollar spent on table games, 12 cents goes to the state and two cents to local government where the casino is located. In other words, the casino takes home the vast majority of the money spent on table games.

So exactly how much money has SugarHouse brought to Philly?

Since opening in 2010, SugarHouse has brought in about \$14.9 million to Philadelphia.

I don't want to be greedy here, but shouldn't Philadelphia be getting more?

That's what Bob Brady says. The U.S. Congressman who represents Philadelphia (and a little part of Delaware County) is proposing using a non-profit corporation – the newly formed Philadelphia Casino Benefit Corporation – to partner with Penn National Gaming, one of the six companies that have applied for a license to operate the city's second casino. Penn National would own 1/3 of the casino. The non-profit would own the other 2/3 and direct its profits to the city's underfunded pension fund and the financially strapped public schools.

Sounds good to me.

City Council obviously thinks so too. Council is holding a public hearing "to examine the feasibility and legality" of Brady's proposal at 2 p.m. on Thursday, February 7 in City Hall, Room 400. Even if Council loves the proposal though, the final decision is up to the PGCB.

Now tell me about the PGCB's plans.

The PGCB is holding a public forum starting at 9:00 a.m. on Tuesday, February 12 at the Pennsylvania Convention Center. The six applicants for the city's second casino will present their proposals.

Can I talk at the forum?

Not on February 12, but the PGCB will be back at the Pennsylvania Convention Center to hear from the public from 9:00 a.m. – 9:00 p.m. on Thursday, April 11 and from 9:00 a.m. - 3:30 p.m. on Friday, April 12. You can register to speak by going to the PGCB's [website](#) beginning on March 4.

By the way, who are the six applicants and where would they put their casino?

Of the six proposals, three are along Packer Avenue, near the sports stadiums. The other three are

for Market East, North Broad Street and Fishtown. You'll probably recognize some of the big names who are applying for the license, including Philadelphia developer Bart Blatstein and casino magnate Steve Wynn. You can check out the project descriptions and see who's behind them (at least as of January 2) [here](#). Since then, Walter P. Lomax Jr. who made his fortune in the health-care industry has joined Joseph Procacci as a stakeholder in Casino Revolution, and Bart Blatstein has brought on the Isle of Capri as an operator for his proposed Provence casino.

I'm glad to know where they might end up. I live near one of the sites. What will this do to my property taxes?

That's hard to know. Remember that city residents do not get property tax relief from casino revenues. But a casino in your neighborhood could make the value of your property go up – or down: there are studies supporting both theories. Some have found that casinos provide a boost to employment, income of surrounding households, and housing prices, while other have found that the negative aspects of casinos (traffic, increased crime, etc.) lower property values. But also remember that the value of residential properties in Philadelphia is a big unknown. The city still hasn't released the results of its block-by-block reassessment of every property in the city. We're told the new property value assessments will begin to be sent out on February 15.

Basically you're saying the second casino is a done deal, right?

Not necessarily. Opponents to SugarHouse didn't prevail – but Foxwoods never happened. It could turn out that none of the six proposals appeal to the PGCB. And don't count citizen groups out. As we said, anti-gaming activists helped torpedo Foxwoods by getting support from elected officials to change zoning and to delay approval of permits. Neighbors of the proposed North Broad Street casino have already created the North Broad Community Coalition to represent that community's interests.

What are the next steps after the April hearings?

The PGCB will hold "suitability hearings" on each of the applicants starting in the summer or fall of 2013. The proceedings are not open to the public, but groups that want to present evidence to the PGCB can file a petition to intervene at least 45 days before the first hearing.

How can I stay on top of what's happening?

You can check on upcoming PGCB news related to Philadelphia by going to: <http://gamingcontrolboard.pa.gov/>. Casino-Free Philadelphia has a definite agenda, but if you favor that agenda, you can stay up-to-date by logging onto <http://www.casinofreephilly.org/>.

*We hope you enjoy reading these as much as we enjoy writing them. Let us know how we did, or suggest other topics for our **HOW PHILLY WORKS** by e-mailing futureofthecity@seventy.org.*