



August 23, 2023

Dear Senators Cappelletti and Muth and the members of the Senate Democratic Policy Committee,

As the General Assembly begins to focus on illegal skill games this fall, Harrah's Philadelphia Casino and Racetrack in the City of Chester, Delaware County strongly oppose legislative proposals to legalize skill games in convenience stores, social clubs, bars, and taverns across Pennsylvania.

Simply put, skill games would result in decreased revenues for our Harrah's Philadelphia Casino and Racetrack in Chester, threaten our employment levels, harm the horseracing industry, and result in less shared revenues with Delaware County and the City of Chester. The gaming market in Pennsylvania has already reached a saturation point that already has over twenty-five legal casino properties and within a two-hour drive of Chester. In addition, statewide the Commonwealth has over thirty-nine internet wagering sites that offer casino style games and thirteen mobile sports wagering sites. As a result, the legalization of skill games will only serve to cannibalize the existing gaming revenues at Harrah's and other brick and mortar casinos.

Declines in gaming revenues at Pennsylvania casinos would also result in decreases in the share of revenue that counties and municipalities receive. Since 2007, Harrah's began operations and the Commonwealth, Delaware County and the City of Chester have received more \$2.4 billion in taxes and local share disbursements. These revenues would need to be made up by Delaware County and Chester with cuts to economic development projects, municipal and county budget cuts, property tax increases, or a combination of the three. In addition, funding for Pennsylvania's property tax relief program, which comes from a portion of gaming revenues, would also be impacted.

The Chester city budget is dependent on revenues from Harrah's Racetrack and Casino. During the COVID-19 pandemic and the shutdown of casinos, Chester did not receive their monthly revenues through the LSA and other local agreements which resulted in a fiscal emergency and triggered the Financially Distressed Municipalities Act (Act of 1987, P.L. 246, No. 47), also known as Act 47. Chester is currently under state receivership. Any additional loss in revenue will directly result in a negative impact to the State and City, thus forcing larger deficits to Chester.

Skill games would also negatively impact the state's horseracing and horse breeding industry. As you know, casino operators pay an assessment on their revenues from slot machines to the Race Horse Development Fund (RHDF), which provide money for racing purses and breeder incentives. By impacting slots revenues, skill games would result in less money to the RHDF, purses, and breeder incentives. This would disrupt the purse structure in Pennsylvania, resulting in lost jobs and a staggering blow to the

state's agricultural economy as owners choose to race in neighboring states with more competitive purses.

States, like Pennsylvania, have established rigorous licensing and regulatory regimes for land-based casinos. In turn, those casinos have designed and conducted effective policies to promote responsible gambling, prohibit participation by minors, and assure full compliance with all laws ranging from gambling controls to money laundering to tax payments. We also have self-exclusion lists that enable individuals with a gambling problem to ban themselves from casinos. These regulatory regimes – and the self-exclusion list – are not currently contemplated by the skill game lobby and in any event would be nearly impossible to enforce if gambling were legalized at thousands of convenience stores, bars, and tavern across the state.

In closing, we strongly urge you to oppose the legalization of skill games in Pennsylvania by voting no on gaming expansion in the Commonwealth. Skill games will siphon revenues from casinos across the state, having far-reaching impacts on operations with unionized employment, our local Chester and Delco vendors as well as horseracing and the larger agricultural industry.

Thank you and the Committee for raising awareness on this important issue.

Sincerely,

Joseph Tyrrell, Regional Vice President – Government Relations

Caesars Entertainment, Inc. and Harrah's Philadelphia Casino and Racetrack