

Remarks for the Senate Community, Economic & Recreational Development Committee

Hearing on Table Games in Pennsylvania

By Robert DeSalvio, President of Sands Casino Resort Bethlehem

Good Morning as was mentioned in the introduction, I am Robert DeSalvio the President of the Sands Casino Resort Bethlehem. I would like to thank Chairwoman Earll and the Committee for the opportunity to testify on the subject of expanding gaming in Pennsylvania to include table games and to express the Sands strong support for approving table games now.

By way of background, prior to joining Las Vegas Sands Corp. 2 1/2 years ago as President of the Pennsylvania project, I spent the previous 28 years in the gaming industry in Atlantic City and Connecticut.

Approving table games, at an appropriate tax rate, in the near future is very important to Pennsylvania's future, because it will create tens of thousands of new jobs, lead to hundreds of millions in new investment in Pennsylvania and allow Pennsylvania's growing gaming industry to remain competitive in the regional marketplace.

On May 22nd, the Sands Casino Resort Bethlehem opened for business. The opening was the culmination of a four year process and a \$743 Million investment by the Las Vegas Sands Corp. Our corporate leadership has invested so much time and capital in this project because Pennsylvania is the middle of one of the greatest gaming marketplaces in the United States.

In addition to the \$743 Million Las Vegas Sands Corp. has invested in building the Sands Casino Resort Bethlehem, in the last year we have hired almost a 1,000 people. I can't think of one other employer in the Lehigh Valley who was expanding employment over the last year, let alone adding 1,000 new jobs.

The Innovation Group, who testified before this Committee on September 16th regarding a report they authored about the economic impact of table games in Pennsylvania, predicted that approving table games in Pennsylvania at a 12% tax rate would directly create 10,000 new, good paying jobs and lead to the creation of an additional 6,000 jobs. No other economic development program that the Commonwealth could start would generate hundreds of millions in new tax revenues and create 16,000 new jobs, all while costing no money to the state. In fact, with the new taxes and fees, our casinos will pay to create those jobs.

New jobs will only reach their full potential if Pennsylvania properly sets the table games tax rate and limits the licensing fee. High table games taxes and large licensing fees may seem like an easy way for the state to make money, but they are recipe for a fewer casino jobs, smaller new construction investments and minimized economic impact.

The Sands strongly supports Senate Bill 1033. It properly sets the Pennsylvania table games tax rate at 12% and requires licensees to pay a \$10 Million licensing fee. This tax rate and licensing fee will allow the state to generate significant revenues while providing an economic incentive for owners and operators to hire new workers and invest in their facilities. If tax rates and licensing fees rise above those figures each operator will be forced to reconsider hiring and investment decisions and they will probably reduce those numbers, thus hurting Pennsylvania's future economic growth.

Approving table games at this time is not only important to create new jobs in Pennsylvania, but it is essential if our casinos are to stay competitive with neighboring states who are rushing to approve new gaming options to stay a step ahead of Pennsylvania.

In May 2008, I had the chance to present testimony to the House Gaming Oversight Committee on the issue of table games in Pennsylvania and to express my strong support for approving table games at an appropriate tax rate. At that time I urged the Committee to take prompt action to approve table games, because the gaming marketplace in this region and across the country is constantly changing. Waiting to approve table games gives other states the chance to respond to Pennsylvania's gaming success.

Since my previous testimony, 16 months ago, the regional gaming marketplace has changed dramatically. Our neighboring states have considered and approved new gaming options that threaten the vitality of Pennsylvania's economy. The state of Delaware has approved sport betting and table games at their three race tracks. In New York, the Catskills are expecting to have a new full casino. Charlestown, West Virginia in the near future will be holding a referendum on table games and it is expected to pass. Maryland and Ohio have approved slots at racetracks and Ohio will be holding a full gaming referendum this Fall.

Pennsylvania must remain competitive in this environment or we risk losing needed tax revenue to support property tax relief and economic activity. Remaining competitive in this marketplace means approving table games, at an appropriate tax rate very soon.

More jobs, greater investment and improved competitiveness in the marketplace makes approving table games in the near future, at an appropriate tax rate, a winner for Pennsylvania.

Thank you for allowing me the time and opportunity to testify today and I look forward to answering your questions.