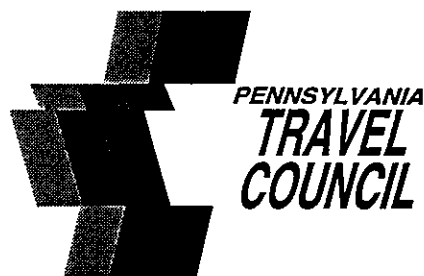


# TESTIMONY BEFORE THE HOUSE JUDICIARY COMMITTEE



Presented by  
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July 1, 1996

Good afternoon, members of the House Judiciary Committee. My name is Gerry Gutenstein. I am general manager of the Sheraton Society Hill Hotel, Philadelphia. I am here today not only as a hotelier, but also as the President of the Greater Philadelphia Hotel Association and Vice President of the Pennsylvania Travel Council. With me is Barry Wickes, President, of the Pennsylvania Travel Council. On behalf of these two associations and Pennsylvania's hospitality and tourism industry, I thank you for giving us the opportunity to testify here today.

The Greater Philadelphia Hotel Association represents and serves the hotel and hospitality industry in the Greater Philadelphia region on issues which include sales and marketing; education; government relations; community outreach; labor and employment; public relations and industry development.

The Pennsylvania Travel Council is the statewide trade association whose mission is to promote and protect the interests of Pennsylvania's hospitality and tourism industry. As such, the Council provides governmental affairs representation, as well as marketing and educational programs to its membership of over 700 hospitality-related businesses. The association's membership includes hotels and motels, bed and breakfast properties, attractions and theme parks, historical sites, ski areas, convention and visitor bureaus, and many schools and universities.

Although the Hotel Association and the Travel Council have not yet taken a formal position on this critical issue, the state's hospitality and tourism industry does believe any discussion of riverboat gaming ought to begin with a strong dose of realism. Here are some critical factors to consider:

Realism vs. hype: Gaming exists already in Pennsylvania in many forms, and it exists in many other states in some legally-sanctioned form. The key is not whether to allow more gaming but to ensure that gaming of all kinds operate with a climate of public protection and fairness.

Riverboat gaming should not be allowed at the expense of existing public and private investments, including hotels, restaurants, retail establishments or other legalized gaming facilities. Revenue and jobs should be balanced against infrastructure and governmental costs of public safety and regulation.

To avoid unnecessary financial losses to the community, the legislation must provide that riverboat gaming entities incur the costs of infrastructure improvements and consumption of community services such as additional police.

Also necessary is the creation of an interdependent relationship between riverboat gaming operators and the various hotels, restaurants, retail operations and attractions, to ensure that riverboat gaming does not undermine these existing businesses which are currently thriving. In order for this interdependent relationship to prosper, it may be necessary to include provisions that benefit existing local business.

The Commonwealth should recognize that riverboat gaming is not a panacea for fiscal difficulties faced by any level of government--local municipalities, schools, or other special programs. It's not likely that riverboat gaming can generate the revenues that their most ardent supporters project. In future years, the national market may become saturated. Pennsylvania needs to look with great caution at the long-term and potentially inflated claims of revenue generation.

Pennsylvania's hospitality and tourism industry believes the Commonwealth must take a common sense and fair approach to new gaming opportunities. We have two primary concerns and expectations of legalized riverboat gaming: (1) that gaming entities form marketing partnerships with the hospitality and tourism industry, and (2) that economic opportunity is expanded, not merely shifted from one enterprise to another.

Some Riverboat gaming proponents make the assumption that riverboat gaming will be a catalyst for conventions and tourism in Pennsylvania. Therefore, it is a priority for the industry to ensure that this assumption becomes a reality. Provisions must be made in the proposed riverboat gaming legislation to encourage joint marketing activities between gaming interests and businesses that depend on tourism. Currently, we believe this is not the case.

In order to assure marketing dollars are properly committed, the final legislation must include specific language relative to collection of a fee upon entrance to the casino for interstate marketing.

Our industry supports the right of Pennsylvanians to vote on the legalization of riverboat gaming. Governor Ridge, along with supporters and opponents of riverboat gaming have called for a statewide referendum. We believe that any referendum should be placed on the ballot sooner than later. Local option should also be respected and included in the final version of any legislation to legalize riverboat gaming in Pennsylvania.

In conclusion, the hospitality and tourism industry is most appreciative of the support we have received from the legislature. Your continued support has helped us become a strong and important component of the Commonwealth's economy. As the state's second largest industry, we want to support what our legislators and the citizens of the Commonwealth feel is good for the State; but we ask that representatives from our industry have the opportunity to provide input into the further development of proposed legislation to legalize riverboat gaming in Pennsylvania. We will work closely with this Committee, members of the General Assembly, and the Ridge Administration to ensure that the industry's concerns and expectations outlined in these remarks are included in any approved riverboat gaming legislation.

Thank you again for this opportunity to share our views. I will be pleased to respond to any questions you may have.