

**TESTIMONY OF  
CHARLES PIZZI  
PRESIDENT**

**GREATER PHILADELPHIA CHAMBER OF COMMERCE**

**JULY 26, 1995**

Clymer 7/10/06  
FYI

Good afternoon Representative Clymer and members of the Committee. My name is Charles Pizzi and I am the President of the Greater Philadelphia Chamber of Commerce. I am pleased to be here this afternoon to offer some thoughts on the subject of gaming; a subject which evokes much controversy and passion by supporters and opponents alike.

We at the Greater Philadelphia Chamber of Commerce have followed the debate closely and while we have not adopted a formal position on gaming, we believe that there are a number of items which must be addressed in any proposed legislation.

First and foremost, the legislature must decide on the timing of the referendum. The Governor has stated that he would only sign gaming legislation once the issue was addressed by a statewide referendum. We believe that any referendum should be placed on the ballot sooner rather than later. It is important to end the speculation and uncertainty that currently exists. Money is being invested and plans are being made on rumor and speculation. It is time to end the speculation and move forward. We would urge that a referendum appear on the ballot this November.

Gaming in Pennsylvania would be an experience unique to the nation. Philadelphia would be the first urban area to develop a riverboat gaming industry within city limits and compete with a neighboring land based casino market. Population densities within a 100 mile radius would indicate that riverboats here could generate revenues in excess of those currently operating in other jurisdictions. As Table 1 indicates, both the total population and adult population in the Philadelphia market area far exceed those populations in existing riverboat market areas.

An additional indicator of potential success by Philadelphia riverboat casinos is the city's close proximity to Atlantic City. Studies show that, on average, 25% of patrons of Atlantic City casinos come from Philadelphia and eastern Pennsylvania. This statistic provides a solidified core group upon which to base gaming revenues in Philadelphia.

Should a referendum occur and legislation be developed, many issues need to be addressed as part of those bills. Some of the issues are as follows:

**Infrastructure Planning:** Parking, highway improvements and public transit issues are a few of the challenges which must be addressed prior to the licensing of the first boat. Local groups should undertake a comprehensive planning effort along with the City to assure that the needs of the casinos are met with the least disruption to the surrounding neighborhoods. Other communities have underestimated the number of visitors attracted to gaming locations and have faced severe parking and congestion problems. We must learn from those mistakes and not repeat them here.

**Community Impact:** Any legislation must be designed in a way that assures the community that gaming will be an added attraction, not a dominant one. We must look to preserve local restaurants, hotels and other entertainment sources. With the advent of riverfront development, the Avenue of the Arts and a state-of-the-art convention center, Philadelphia is billing itself as a first-class destination city. We must be careful to

approach gaming in a way that protects the growth and impact of these existing enterprises. Riverboats should act as a catalyst to increase business in surrounding establishments, not detract from it. Developers familiar with urban planning issues should be consulted on the design of the boats as well as the related facilities to assure that each community is being enhanced by the design. We do not want gaudy displays which will downgrade the look of our historic districts.

**Licenses & Fees:** Any legislation should assure that gaming revenues are used in a responsible way so as to enhance the competitiveness of both the Commonwealth and the municipality. I believe that the number of licenses must be limited to a reasonable number.

This will assure that gaming is an enhancement to the riverfront but does not dominate it. There should be both entrance and exit licensing fees to assure that once an operator locates here, there is a long-term commitment to the region. Some other locations are now suffering as a result of operators leaving once projected revenues have not materialized. In Philadelphia, those monies should be used to reduce the wage tax. This tax has been the major factor in job flight. Cities on both ends of the Commonwealth would benefit if gaming revenues were to be used in this fashion.

There are many positive things which could result from gaming. Job creation on both a temporary and permanent basis, increased tourist interest in our region and its accompanying economic benefits, as well as increased revenue for both the City and State. Table 2 outlines a range of potential economic benefits that could be felt as a direct result of gaming in Pennsylvania.

I certainly recognize that there are those who oppose gaming. Some are concerned about possible increases in crime while others have moral concerns. To the highest degree possible we should seek to protect against these evils in the construction of the legislation. We must recognize that current legalized gaming in Pennsylvania generates funds for programs that serve our senior citizens and that source of revenue needs to continue.

I recognize the General Assembly's historic reluctance in approving referendums. Some legislators would surely argue that they were elected to make decisions such as this on behalf of their constituencies. The logic is sound. On the other hand, many voters in Pennsylvania would like the opportunity to introduce gaming into their communities. Perhaps this is an opportunity to take bold steps and seek new solutions to longstanding urban problems. Perhaps the solution is a local rather than statewide referendum. Pennsylvania must take decisive action before this opportunity vanishes.

Delaware is installing slot machines at its three racetracks. New, extravagant casinos are being planned in New Jersey. New York is looking into the feasibility of establishing casinos. It is only a matter of time until this opportunity to keep Pennsylvania gaming dollars in Pennsylvania will pass. The question we must ask is what new sources of revenue will we provide to keep Pennsylvania competitive. Will we resort to the usual

methods which made us, until recently, the highest taxed business tax in the nation? Will legislators vote to place more of the tax burden on their constituents by raising the personal income tax? I believe that each of these options is fraught with danger. We must look to make Pennsylvania Competitive again and that means looking to new industries whose revenues will produce economic benefits throughout our economy. I suggest that gaming may be one of those options.

Table 1  
TOTAL POPULATION AND ADULT POPULATION  
IN EXISTING AND POTENTIAL RIVERBOAT MARKET AREAS

CITY	TOTAL POPULATION IN METROPOLITAN AREA	TOTAL POPULATION WITHIN 100 MILES	TOTAL ADULT POPULATION WITHIN 100 MILES
Chicago, IL	7.1 million	11.6 million	8.1 million
New Orleans, LA	1.3 million	10.0 million	7.0 million
Gulfport & Biloxi, MS	0.25 million	1.6 million	1.2 million
St. Louis, MO	2.4 million	3.6 million	2.5 million
Joliet, IL	0.125 million	11.6 million	8.1 million
Pittsburgh, PA	1.9 million	6.3 million	4.6 million
<b>Philadelphia, PA</b>	<b>4.5 million</b>	<b>26.4 million</b>	<b>19.1 million</b>

Source: Ernst & Young LLP, "The Riverboat Gaming Industry and the Implications for Philadelphia, PA," Table 3, p. 9, taken from CACI Marketing, Inc. and the respective cities' Chambers of Commerce.

Table 2  
POTENTIAL ECONOMIC BENEFITS

ECONOMIC BENEFIT	ASSUMPTIONS	LOW	HIGH
Annual Gaming Revenue	Five Cruising/Dockside Casinos in Philadelphia	\$700 Million	\$1.0 Billion
Riverboat Employees	1,250 to 1,750 per boat	6,250	8,750
Total Gaming Tax Revenue	15% Tax Rate	\$105 Million	\$150 Million
State Share of Gaming Tax	50% of Total	\$52.5 Million	\$75 Million
(1) Philadelphia City and County Gaming Tax	50% of Total	\$52.5 Million	\$75 Million
(1) Annual Payroll	\$20,000 Average Salary	\$125 Million	\$175 Million
(1) Wage Tax Revenue	5% Tax Rate (rounded)	\$6 Million	\$9 Million
(1) Expenditures for Goods and Services	Based on Comparison to Other Riverboats	\$10 Million	\$15 Million
<b>Total Direct Economic Benefits</b>	<b>Sum of (1)s (rounded)</b>	<b>\$195 Million</b>	<b>\$275 Million</b>

Our analysis and range of estimated economic benefits is predicated on the following assumptions:

1. Gaming is allowed only in Philadelphia, Pittsburgh, and Erie.
2. Nearby counties do not have casinos.
3. There are no riverboat casinos in New Jersey or Delaware.
4. Five casino licenses are issued, each with 40,000 square feet of gaming space in Philadelphia.
5. Multiple vessels per license are permitted if cruising is required.
6. The low-end of the range assumes cruising casinos.
7. The high-end of the range assumes dockside casinos.
8. A Gaming Master Plan is in place.

Source: Ernst & Young LLP, "The Riverboat Gaming Industry and the Implications for Philadelphia, PA," Table 1, p.4.