

Ladbroke



Racing Pennsylvania

Ladbroke Meadows

Race Track Road
P.O. Box 499
Meadow Lands, PA 15347
412-225-9300
412-563-1224

Ladbrokes-New Castle

2004 W. State St.
Westgate Plaza
New Castle, PA 16101
412-654-2221

Ladbrokes-Greensburg

1404 Greengate Mall
Greensburg, PA 15601
412-837-7791

Ladbrokes-Harmar Twp.

1 Anchor Drive
Pittsburgh, PA 15238
412-828-0610

Ladbrokes-Johnstown

1425 Scalp Avenue
University Park Shopping Ctr.
Johnstown, PA 15904
814-266-7400

Ladbrokes-Moon Twp.

1088 Beers School Road
Coraopolis, PA 15108
412-262-3100

Ladbrokes-West Mifflin

Century Square Plaza
7025 Clairton Road
West Mifflin, PA 15122
412-560-9000

JOHN M. SWIATEK, Vice-President
LADBROKE RACING CORPORATION

House Judiciary Committee Public Hearing Testimony

May 28, 1997

Ladbroke first invested in Pennsylvania by purchasing The Meadows harness track in Washington County in 1989. Later, based on new enlightened legislation, we developed off-track betting facilities in New Castle, Greensburg, Johnstown, Moon Township, Harmar Township, and West Mifflin. Each facility employs an average of 100 people, thus a total of 600 new jobs were created by the addition of these six off-track Western Pennsylvania locations, thereby doubling the number of employees we had in Pennsylvania.

Our growth also was stimulated by the 1993 introduction of full-card simulcasting -- where races from tracks throughout the United States and Canada are beamed live to our facilities while Meadows' races are seen in hundreds of outlets in 30 or more states.

We've also developed a television network with Pennsylvania cable companies that reaches up to two million households in the states.

property tax and our employees pay a wide variety of state and local taxes as a result of their employment.

Our business is like many others. In order to survive in the long term, you must change and revise business. However, our business is dissimilar to other businesses in that to change or revise our business, we must come to you, the General Assembly. In a manner of speaking, you are our "Board of Directors".

So, why am I here...

I'm here to tell you today that all of the Pennsylvania racing industry is in jeopardy:

- The operations and jobs in Pennsylvania's four racetracks
- The jobs at 17 OTBs
- The jobs of those who train and care for horses
- The farms that support our industry

- The state of West Virginia has invested \$800 thousand in tourism funds to finance a promotion program for their tracks directed at Western Pennsylvania. These promotions are in the form of newspaper ads, direct mail, television and a 30-minute infomercial that airs continually on numerous Western Pennsylvania cable systems.
- A vast majority of the customers at Delaware's and West Virginia's tracks are from Pennsylvania. We know this -- we've been there as have the newspaper and television media.

So, from a trend of regular and consistent growth, Ladbroke's operations today are experiencing a regular and consistent decline.

For example, our handle at The Meadows Racetrack alone is off 31 percent year-to-date versus 1996. Across the State, Philadelphia Park has suffered even greater declines. Plus, Philadelphia Park has a horse shortage problem as more and more stables move to Delaware for

In addition, we strongly support legislation, which defines locations of slots, enforcement, number of machines and how the tax revenue for slots will be distributed to education, economic development, volunteer fire companies, the PACE prescription program and farm land preservation and others. Pennsylvanians would then be casting their vote knowing the details of the legislation, which will assist them in their decisions.

That is a critical issue.

The longer this impact continues, the more difficult it will be to rescue our operations.

The entire horse racing industry -- breeders, owners, trainers, track operators, veterinarians, labor unions and more -- stand united to move forward with a campaign that will allow slot machines at our four racetracks. This is a restrictive expansion of gaming, but is essential if the industry is to survive.

Pittsburgh Post-Gazette

Founded 1786

Paul Block, publisher, 1927-1941

Paul Block Jr., co-publisher, 1942-1987

William Block, co-publisher, 1942-1989; chairman, 1990 -

John Robinson Block
Co-publisher and editor-in-chief

William Block Jr.
Co-publisher and president

John G. Craig, Jr., editor and vice-president

Madelyn Ross, managing editor

Michael McGough, editorial page editor

Robert B. Higdon, vice-president and general manager

Racing for slots

The governor should not try to limit slot-machine numbers

Last week, while in Pittsburgh, Gov. Ridge said a proposal to allow 3,000 slot machines at horse-racing tracks would be "gross overkill."

Based on what, we'd like to know.

Trump Casino in Atlantic City, N.J., has 4,200 slot machines, and the average at the 12 gambling casinos in that resort city was 2,732 machines at the end of 1996.

Four horse tracks in Pennsylvania, which are losing business to competitors in other states that have slot machines, want permission to add the same kind of attractions.

But the governor, who doesn't seem to mind citizens spending \$1.6 billion a year on the Pennsylvania Lottery, says the tracks shouldn't turn themselves into "land-based casinos." Well, there are casinos and there are casinos.

It's one thing to propose a law that allows, for the first time in Pennsylvania, a small navy of riverboat casinos that would ply the Monongahela, the Delaware and the Susquehanna rivers and lure tourists to the same vast array of games found in Las Vegas.

But the plan to permit the addition of slot machines at places already sanctioned and regulated by the state for wagering — Pennsylvania's four horse-racing tracks — is a much more limited expansion of gambling and one the Post-Gazette thinks could benefit the state.

While the slot-machine bill, offered by state Sen. Robert Tomlinson, R-Bucks, would strengthen the horse-racing industry and the 35,000 jobs it generates, it also would raise other significant revenues.

A 25 percent tax on the slot-machine gross would raise up to \$382 million annual-

ly for use by the state. Sixty percent of it would go to public schools, and 20 percent (\$76 million) would be earmarked for capital projects like convention centers and stadiums — a good fallback source in case the state liquor stores aren't sold and the governor is unable to create his community development fund. The rest of the state's take would go to volunteer fire companies, the farmland preservation program and the racetracks' host counties, municipalities and school districts.

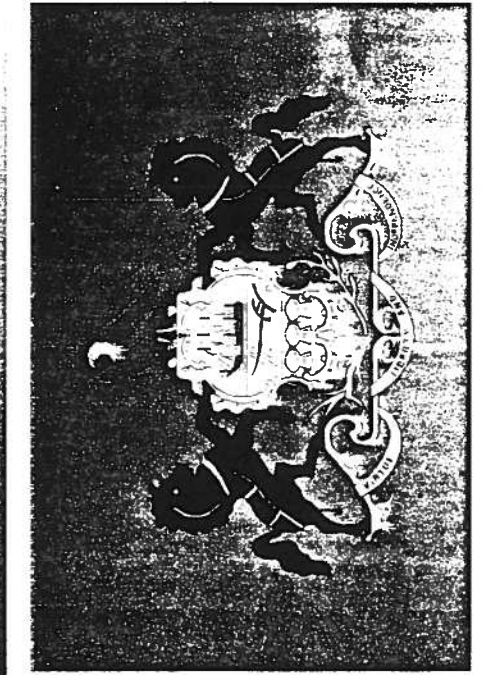
Especially if the measure passes a double referendum currently being contemplated by the Legislature — first by voters statewide, then by those in the horsetracks' local communities — we think the plan will have demonstrated ample support to become law.

As to whether the number of slot machines should be capped at 3,000 or any other number, it's worth noting that Wheeling Downs in West Virginia, which competes with Ladbrooke at the Meadows, currently has 705 machines. That's up from the 400 it opened with 18 months ago.

In New Jersey, casinos are awarded licenses for slot machines based on space, building codes and, of course, conduct of operation. We think such a formula, rather than some arbitrary numerical ceiling, ought to govern the situation in Pennsylvania.

While Gov. Ridge is wise to study all facets of the bill, it's still just a plan to offer another type of wagering at four sites whose business is already gambling. And since they are entertainment venues with well-known track records, it adds up to a modest — and beneficial — expansion to us.

IS
Pennsylvania
READY
TO LOSE⁰⁰⁰⁰



SPAR
Save Pennsylvania Racing
3001 Street Road
Bensalem, PA 19020-8512
215-639-9000 or
412-225-9300

35,000 Jobs?

\$750 Million Economic Output?

Yes, racing is an industry that supports 35,000 jobs in Pennsylvania. And these jobs are in jeopardy. The future of racing is seriously threatened by competition from the surrounding states of Delaware and West Virginia who allow their racetracks to operate slot machines.

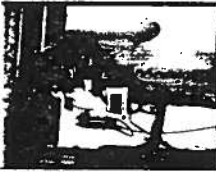
As a result, thousands of Pennsylvania customers are crossing state lines to enjoy racing and slot machines. This has produced significant benefits to the states in question with revenues being used to increase race purses, to improve facilities and to create large funding for social programs and tax cuts. By contrast, it has led to a severe downturn in Pennsylvania racing with horses, trainers, owners and jockeys leaving the Commonwealth and moving into adjoining states.

To protect the livelihood of these 35,000 people and their families, Pennsylvania needs to respond to the competition by allowing the four Pennsylvania racetracks to offer slot machines.

The racing industry provides employment across the whole spectrum of society, incorporating virtually every economic level. These range from accountants, attorneys, systems analysts, journalists, administrative staff and secretaries to thousands of union jobs including tellers, admission and program sellers, food and beverage staff, parking attendants, security personnel, maintenance workers and racing officials.

In addition, there are TV production crews, photographers, ground keepers, veterinarians, farriers and specialized transportation teams. Then there are hay and straw farmers, horse breeders, trainers, jockeys, valets, grooms, hot walkers and saddlers.

IS PENNSYLVANIA READY TO GO?



TELEVISION CREW



FARRIERS



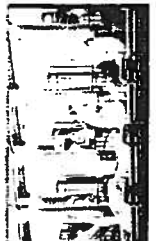
ANNOUNCERS



HOSPITALITY STAFF



GROOMS



JOCKEYS



TELLERS & OPERATORS

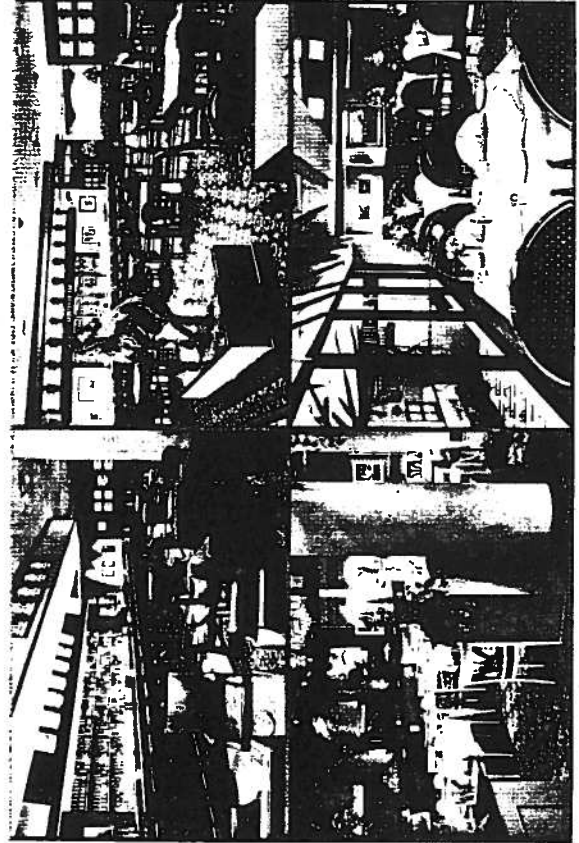
According to an independent study by Public Sector Consultants, Inc., the racing industry produces an economic output of over \$750 million, with capital facilities worth in excess of \$2 billion.

Horse racing and the legislature have been a good team for Pennsylvania. With sensible off-track betting legislation and telephone wagering regulations, the operation of racing in the Commonwealth has been held up as a model across the whole of America.

Pennsylvania has the best off track betting facilities and the most advanced wagering systems of any state in the country. Over the last seven years, 5,000 new jobs have been created and \$200 million of new capital has been invested in the industry.

This investment and economic activity is now at grave risk. Our racetracks are losing between 15% and 25% of their business to neighboring states. Pennsylvania purses are static or falling whereas Delaware's has improved by 300% in the 15 months since their racetracks have had slot machines.

IS PENNSYLVANIA READY TO GO?

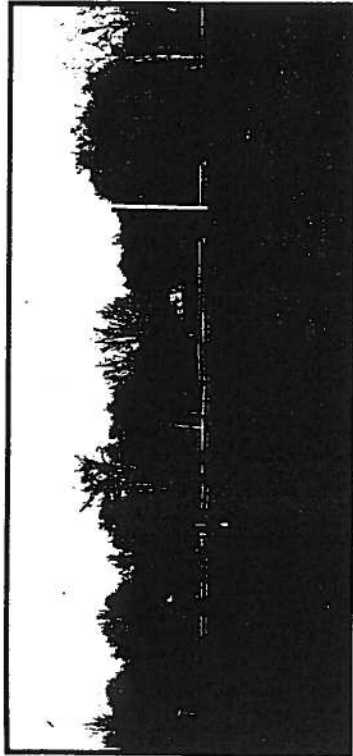


America's Off-Track Industry

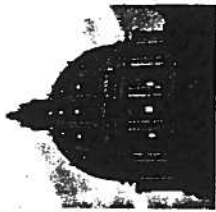
530,000 Acres of Open Space?

the preservation of open space and farmland is essential to maintain Pennsylvania's tradition as a beautiful state

IS PENNSYLVANIA WILLING TO GIVE UP THIS LAND?



NO, WE ARE NOT PREPARED TO LOSE OUR HORSE RACING INDUSTRY!!



PENNSYLVANIA WANTS

TO WIN!

- ✓ SECURE 35,000 EXISTING JOBS
- ✓ CREATE THOUSANDS OF NEW JOBS
- ✓ INVEST \$230 MILLION IN EDUCATION
- ✓ PRESERVE \$750 MILLION ECONOMIC OUTPUT
- ✓ ENCOURAGE MILLIONS OF NEW INVESTMENT
- ✓ CONSERVE HALF A MILLION ACRES OF OPEN SPACE
- ✓ KEEP PENNSYLVANIA DOLLARS IN PENNSYLVANIA
- ✓ BOOST TOURISM AND ECONOMIC DEVELOPMENT

Who Benefits?

\$MILLION
230
57
30
19
8
19
10
9
\$382

In addition, over \$200 million would be generated for purses and breeders funds to maintain Pennsylvania's racing tradition.

