



Pennsylvania Gaming Control Board



Pennsylvania's New Gaming Industry:

Measuring the Economic Impact of Slot Machines on Pennsylvania's Pari-Mutuel Wagering Industry

**Kevin C. Kile – Gaming Operations Liaison
Pennsylvania Gaming Control Board
December 9, 2008**

Pennsylvania Racinos

Pennsylvania Permits Slots Gaming at Up to 14 Sites

There Are Currently 6 Racinos Operating



Where Did We Start?

PENNSYLVANIA CONSOLIDATED STATUTES



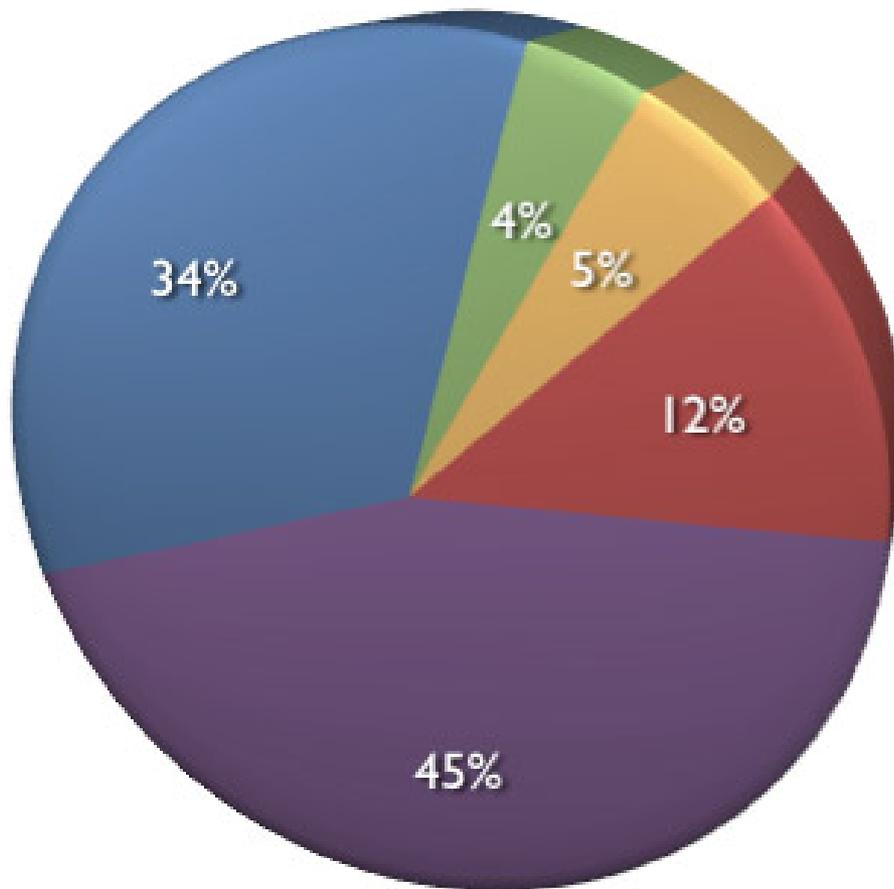
Passage of Act 71 in July of 2004 Designed to:

- ✓ **Establish Gaming at 14 PA Locations**
- ✓ **Generate Property Tax Relief**
- ✓ **Stimulate Economic Development**
- ✓ **Create an Oversight Agency**
- ✓ **Revitalize the PA Horse Racing Industry**

Office of Racetrack Gaming

- ✓ **Coordinates Policies & Procedures Related to Racetrack Gaming**
- ✓ **Liaison to Horse and Harness Racing Commissions**
- ✓ **Liaison to Racinos & Horsemen's Organizations**
- ✓ **Provide Oversight of Maintenance and Improvements to Backside Areas of Racetracks**
- ✓ **Monitor Distribution of Funds from the PA Race Horse Development Fund**

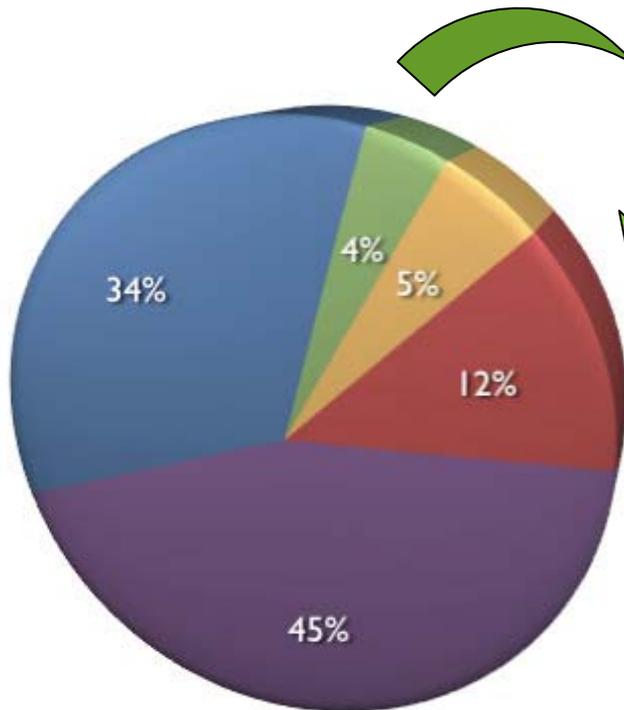
Gross Terminal Revenue



- Tax to the State Gaming Fund
- Local and County Governments Share
- Economic Development and Tourism Fund
- Horse Race Industry
- Licensee Retained Earnings
(Reimbursement for costs of the Pennsylvania Gaming Control Board, Pennsylvania State Police, the Pennsylvania Department of Revenue, and Pennsylvania Attorney General are paid from retained earnings.)

Race Horse Development Fund

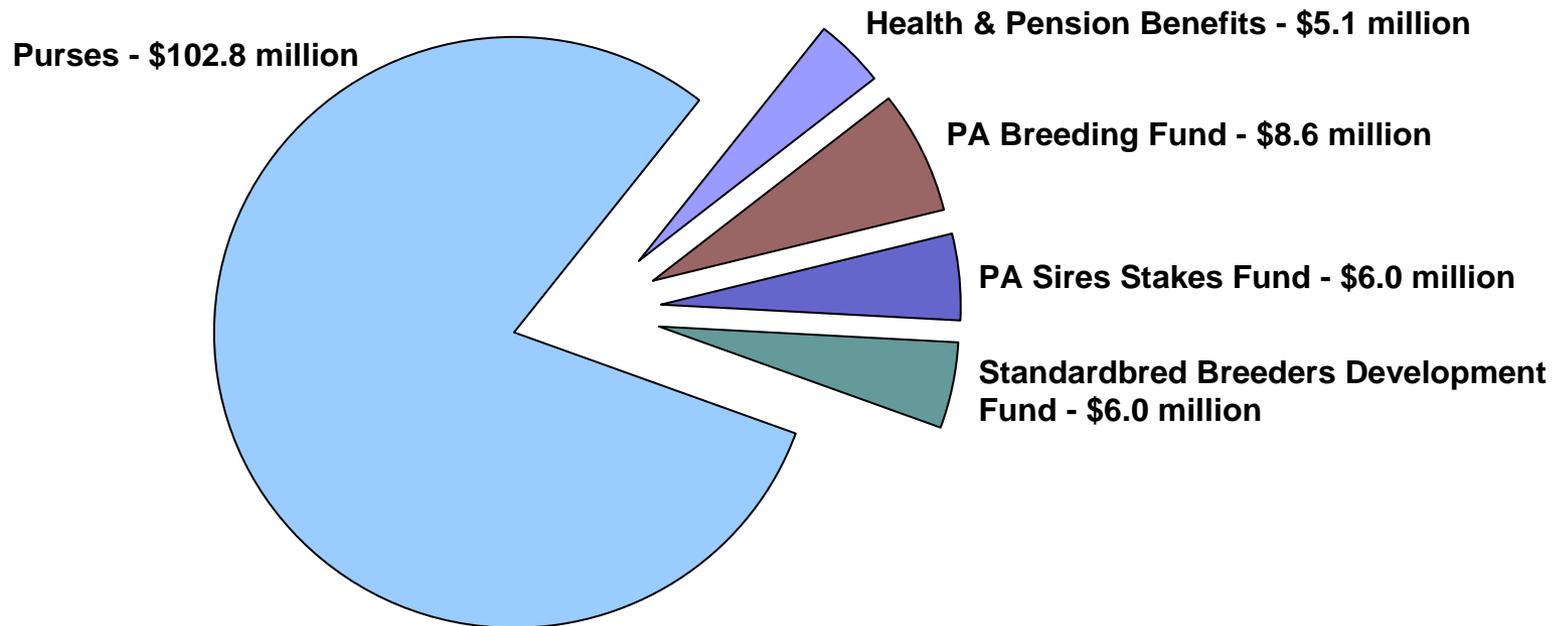
12% assessed daily by the Department of Revenue



- ✓ 80% is deposited weekly into a separate, interest bearing purse account for the benefit of the horsemen.
- ✓ For thoroughbred tracks, 16% is deposited into the Pennsylvania Breeding Fund on a monthly basis.
- ✓ For standardbred tracks, 8% is deposited into the Pennsylvania Sire Stakes Fund and the remaining 8% is deposited into the Pennsylvania Standardbred Breeders Development Fund. Both transfers are completed on a monthly basis.
- ✓ 4% is used to fund health and pension benefits for the members of the horsemen's organizations.

Race Horse Development Fund

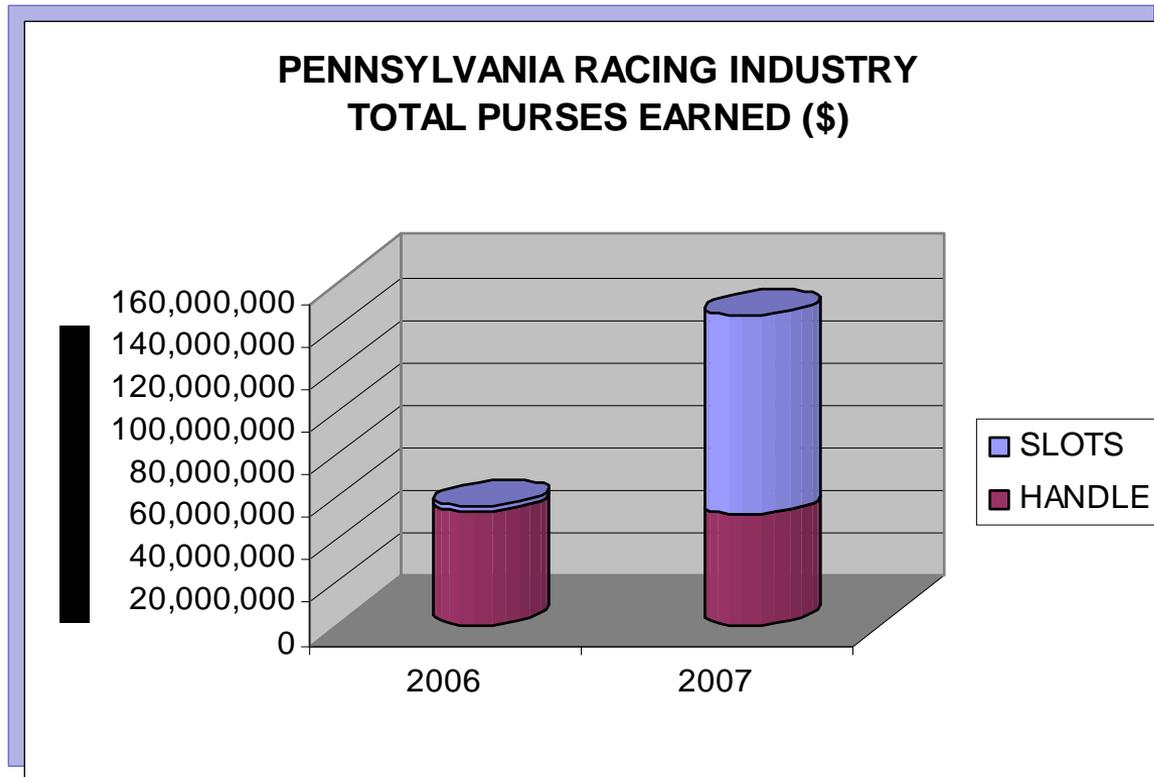
\$128.5 Million Distributed Through December 31, 2007:



How Do We Measure Impact?

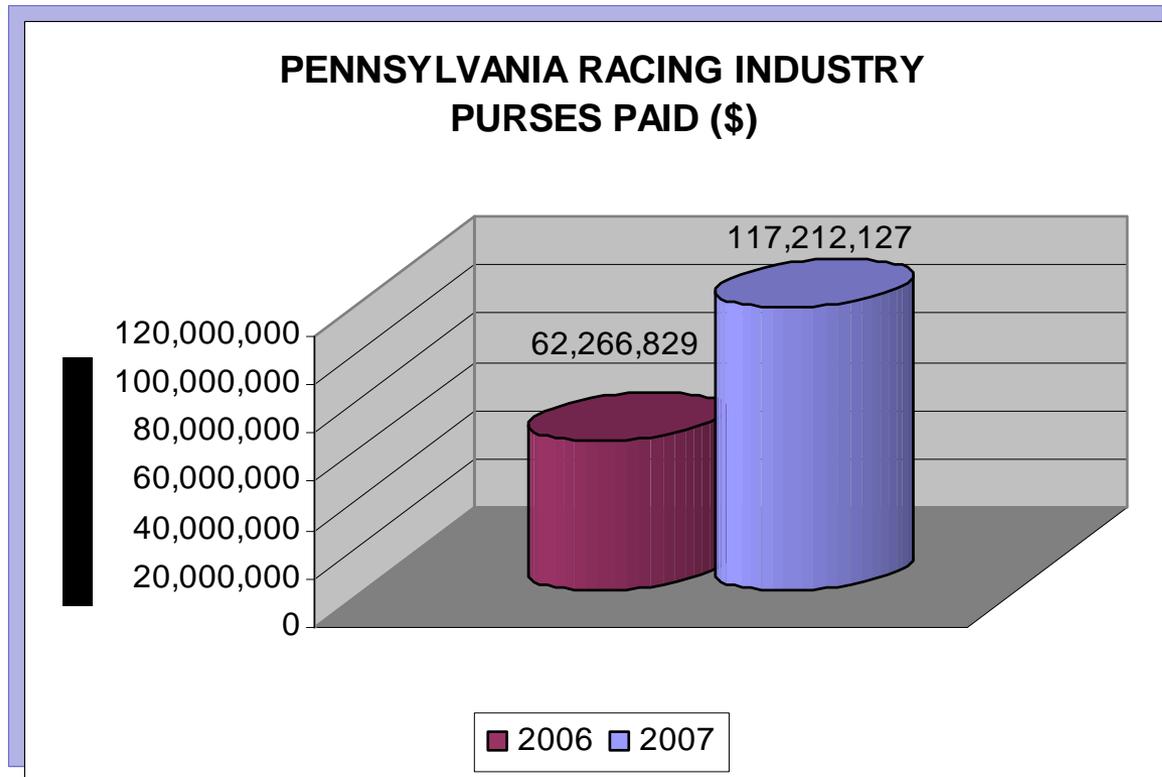
- ✓ **Understand Environment**
- ✓ **Determine Potential Indicators**
- ✓ **Work with Horse and Harness Racing Commissions**
- ✓ **Gather Current and Historical Statistics**
- ✓ **Measure as an Industry**
- ✓ **Continue to Measure and Expand As Market Stabilizes**

Purses Earned



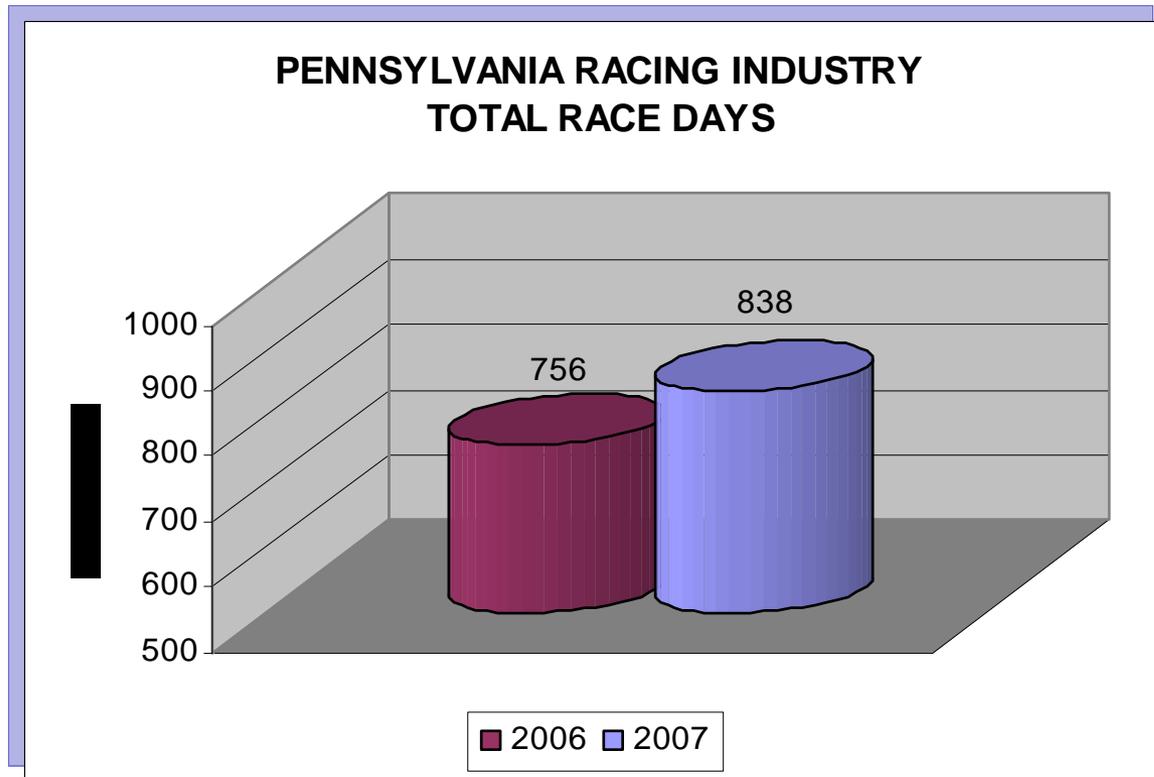
CY 2008 = \$152.2 Million (Through 9/30/08)

Purses Paid



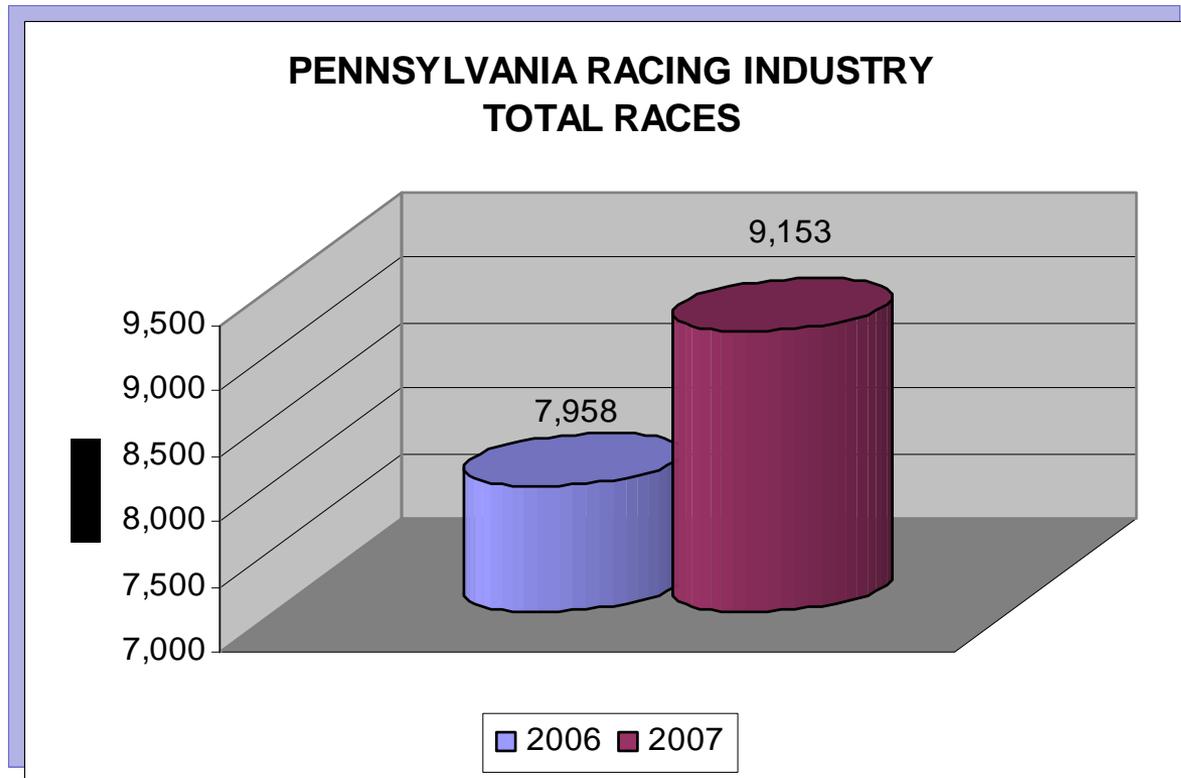
CY 2008 = \$140.5 Million (Through 9/30/08)

Race Days



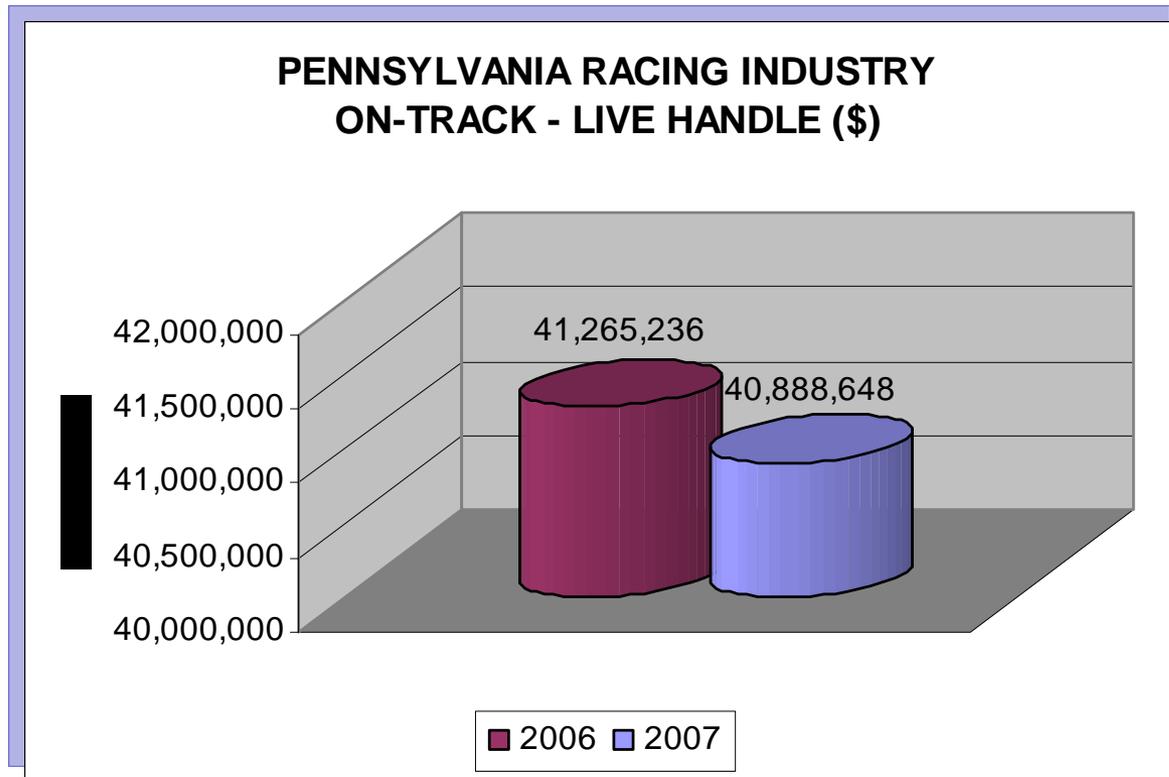
CY 2008 = 749 (Through 9/30/08)

Live Races



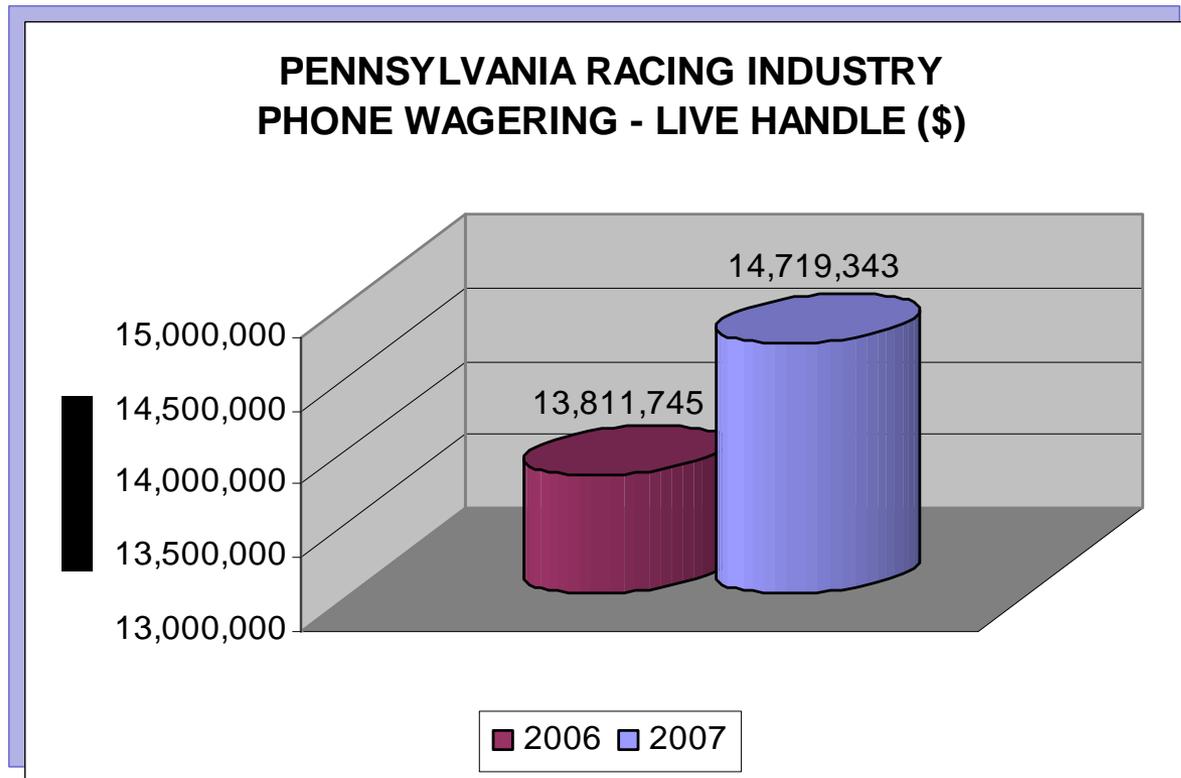
CY 2008 = 8,424 (Through 9/30/08)

Live Racing Handle – On-Track



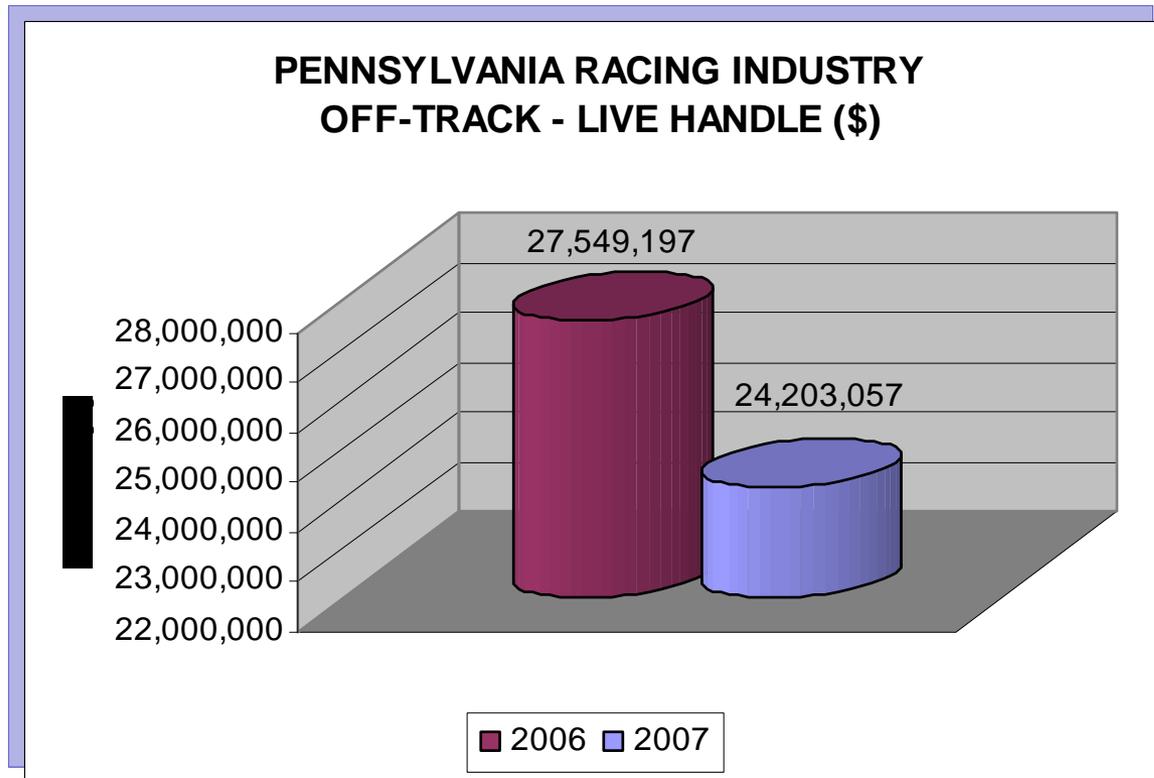
CY 2008 = \$36.2 Million (Through 9/30/08)

Live Racing Handle – Phone Wagering



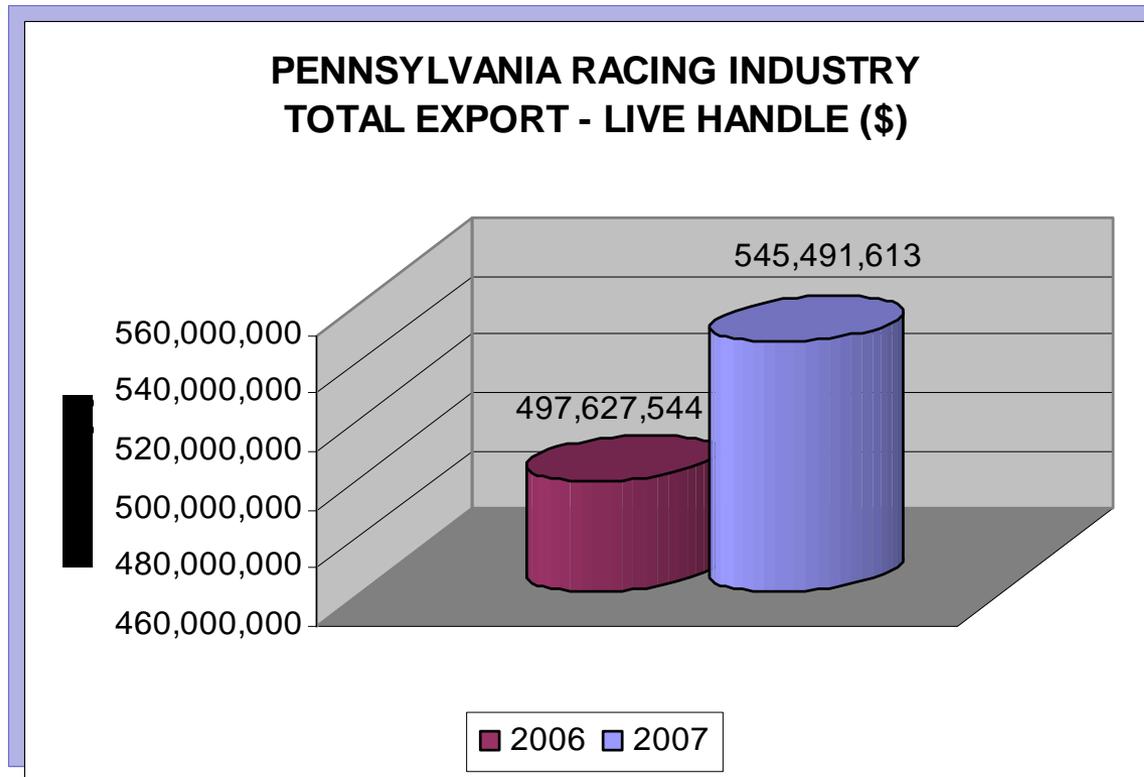
CY 2008 = \$11.1 Million (Through 9/30/08)

Live Racing Handle – Off-Track



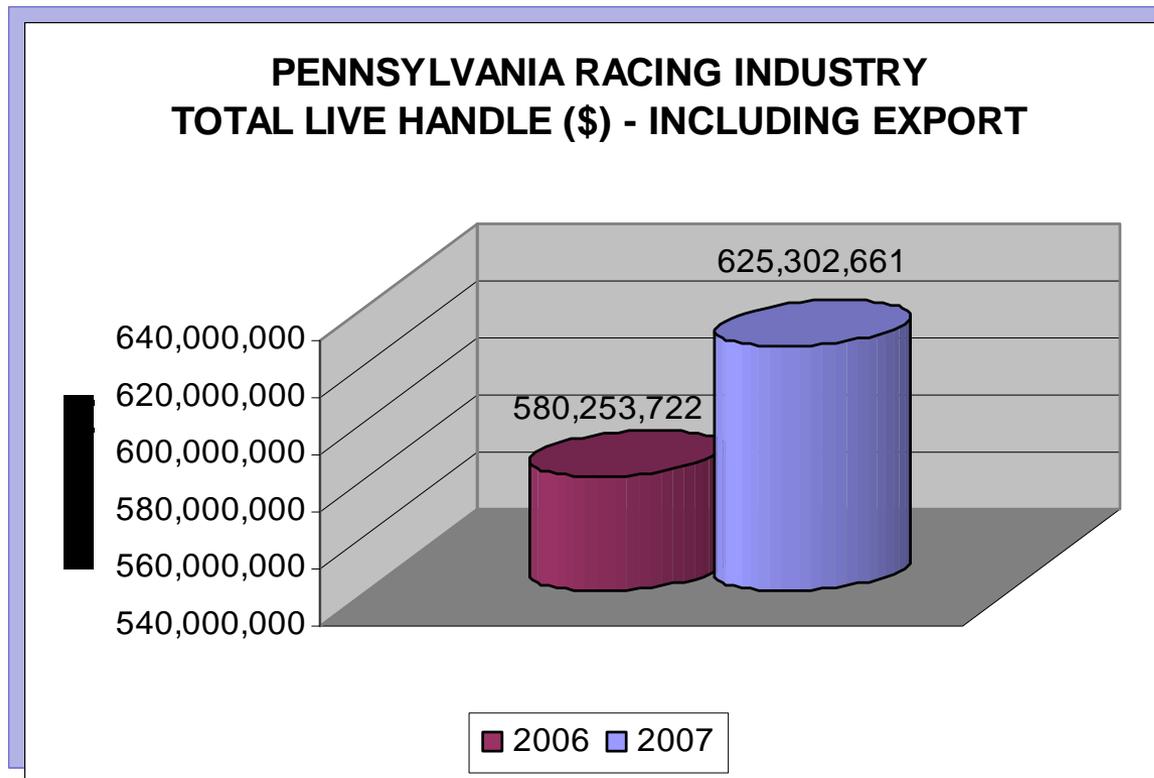
CY 2008 = \$23.7 Million (Through 9/30/08)

Total Export



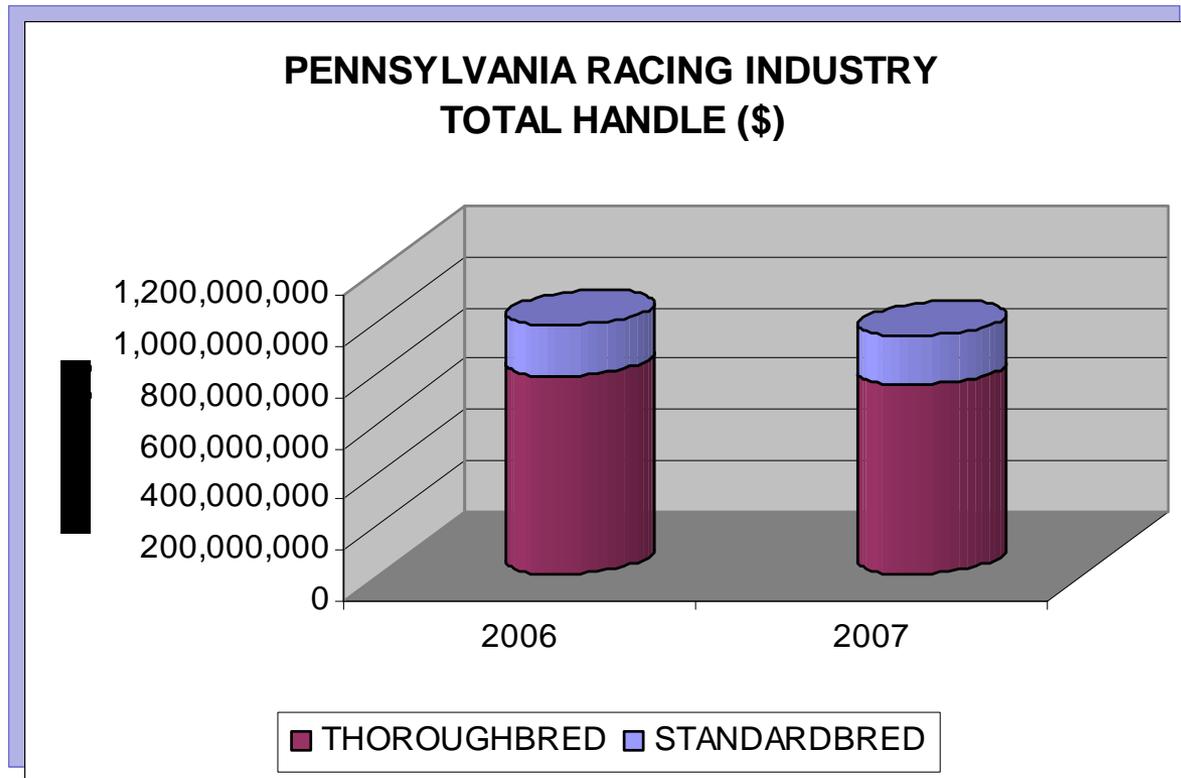
CY 2008 = \$513.0 Million (Through 9/30/08)

Live Racing Handle – Including Export



CY 2008 = \$584.0 Million (Through 9/30/08)

Total Handle



CY 2008 = \$651.1 Million (Through 9/30/08)

Beyond Pari-Mutuel Wagering....

- ✓ **Equine Industry**
- ✓ **Farmland Preservation**
- ✓ **Employment**
- ✓ **Hay**
- ✓ **Boarding**
- ✓ **Training**
- ✓ **Veterinary Care**
- ✓ **Bedding**
- ✓ **Etc.**



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Questions



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