

Top Pennsylvania Politicos In Late-Stage Talks On Gambling Expansion

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Negotiations between senior Pennsylvania lawmakers and Governor Tom Wolf on a major gambling expansion package are underway, according to the state Senate's minority leader, who said on Wednesday that a final version of that package, if one can be agreed to, will probably not emerge until sometime next month.

"We're engaged in trying to reconcile the House and Senate versions of [[House Bill 271](#)] and are working through the issues, " Democratic Senate Minority Leader Jay Costa told GamblingCompliance during a telephone interview.

HB 271, a narrow version of which passed the Senate last month and [a far broader version](#) of which passed the House this month, would expand gambling and restore the tax on slot machine revenue that casinos pay to their host communities.

The disparate Senate- and House-passed versions of HB 271 would generate revenue of between \$110m and \$357m, according to recent fiscal notes prepared by legislative analysts, and that revenue would be used to help fund the state's fiscal 2017-2018 budget and narrow its multibillion-dollar deficit.

In its current form, the bill would permit, among other things, internet casino-style gambling, tablet gambling at qualified airports, iLottery, fantasy sports contests, [video gaming terminals](#) (VGTs) at truck stops and liquor establishments, and casino-owned slot machines at off-track betting facilities.

Talks on the bill between the Wolf administration and the state's four legislative caucuses — House Republicans and Democrats, and Senate Republicans and Democrats — began last week and continued through the weekend, Costa said.

He said the five parties have mainly been at odds over VGTs, casino-owned slot machines at off-track betting facilities and so-called "ancillary" facilities, and a tax rate for internet slot and table games.

Costa declined to comment on whether a final version of the bill, if one emerges, is likely to include one or both of VGTs, which most Pennsylvania casinos oppose, and slots at off-track betting and "ancillary" facilities, which some casinos support.

He also declined to comment on whether a final tax rate for internet slot and table games, if one is agreed to, is likely to come in nearer to the Senate-proposed 54 percent rate, which most casinos oppose, or to the House-proposed 19 percent rate, which most casinos favor.

"We've met at least a half-dozen times over the last week and it's a work in progress," Costa said, adding: "Ideally, we'll get something done by June 30" — the state's budget adoption deadline — "but if it gets done at all, I think it will be in July."

Sources close to the process in Harrisburg, who requested anonymity to discuss policy development there, told GamblingCompliance on Wednesday that five-party talks on HB 271 appear to have hit a snag.

The Senate's majority Republican caucus, most of whose members are understood to oppose VGTs, was rattled earlier this week after the House's majority Republican caucus made clear that it would not support a final version of the bill unless it included language authorizing a VGT rollout, sources said.

"We continue to talk with all of the parties to see what kind of bill we can get that gets to 26 [Senate votes], 102 [House votes], and 1 [endorsement from Wolf]," Jennifer Kocher, a spokeswoman for the Senate's Republican caucus, said in a brief emailed statement on Wednesday afternoon.

When asked whether Senate Republicans, who control 34 of the chamber's 50 seats, would consider adding VGTs to their list of must-have gambling policy provisions, Kocher noted that the terminals were not included in the Senate-passed version of HB 271.

"We sent our 'must haves' to the House last month and they chose to amend the bill," she said, adding: "Talks continue from there."

Stephen Miskin and Bill Patton, spokesmen for the House's majority Republican and minority Democratic caucuses, respectively, did not return requests for comment on Wednesday afternoon.

But last week, Republican House Majority Leader Dave Reed told Capitolwire that "our caucus has been pretty adamant that we support VGTs as part of the budget discussion, but we're one of four caucuses and you've got the [Wolf] administration involved as well."

"I think to the extent we're able to maximize gaming revenue, I think that's beneficial for everybody," Reed said.

Sources said negotiations around the VGT issue are fluid and ongoing, and that VGT proponents, in an effort to shore up a wider base of support in the legislature — and particularly in the Senate — are circulating a draft proposal that would reduce the proposed number of terminals in the state from 40,000 to around 7,000.

They also said talks both on whether to allow casino-owned slot machines at off-track betting and "ancillary" facilities, and on whether to tax gross gaming revenue from internet slot and table games at a 54 percent rate, are likewise fluid and ongoing, with multiple draft proposals currently in play.

The five parties, amid an industry lobbying onslaught that includes [a newly-launched anti-VGT campaign](#) bankrolled by Sands Bethlehem owner and political mega-donor Sheldon Adelson, "are in a tough spot," one source said.

"On one hand, there's the contingent that thinks, 'The state is desperate for new revenue, so we'll take anything,' and on the other, you've got the contingent that is like, 'Hey, what the [heck] are we doing here, and can we really get more money from the gaming industry and not destroy it at the same time,' " the source said.

Looking ahead, the next procedural steps for HB 271 are clear, at least.

If all parties can agree to a final version of the bill, Costa said the Senate would need to approve it and the House would then need to concur.

If that happens, the bill would go to Wolf for his signature, he said.

In a statement to GamblingCompliance earlier this month, J.J. Abbott, Wolf's press secretary, said Wolf is "committed to working with all four caucuses to reach consensus on a gaming proposal," adding: "As [the governor] has stated previously, this solution must protect jobs ... and include real, recurring revenue."

Pennsylvania is one of two states, along with [Illinois](#), where internet gambling legislation is nearing final passage but is tied to complex, ongoing budget negotiations, according to [U.S. Internet Gambling Tracker](#), GamblingCompliance's legislative and regulatory monitoring service.

The Illinois internet gambling bill will be heard on Saturday by the House Executive Committee, while a separate bill that would extend the repeal date of the Illinois Lottery's iLottery program will be heard by that same committee next Tuesday.

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