

IN THE SUPREME COURT OF PENNSYLVANIA

No.: 216 MM 2017

SANDS BETHWORKS GAMING, LLC

Petitioner,

v.

**PENNSYLVANIA DEPARTMENT OF REVENUE; C. DANIEL HASSELL IN
HIS OFFICIAL CAPACITY AS SECRETARY OF THE PENNSYLVANIA
DEPARTMENT OF REVENUE; and THE
PENNSYLVANIA GAMING CONTROL BOARD**

Respondents.

**BRIEF OF PETITIONER SANDS BETHWORKS GAMING, LLC IN
SUPPORT OF ITS PETITION FOR REVIEW**

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STATEMENT OF JURISDICTION

This action challenges certain provisions of the Pennsylvania Race Horse Development and Gaming Act, 4 Pa. C.S. § 1101 et. seq., *as amended* (2017) (the “Amended Act”). This Court has exclusive jurisdiction “to hear any challenge to or to render a declaratory judgment concerning the constitutionality” of the Amended Act. 4 Pa. C.S. § 1904; *DePaul v. Commonwealth*, 969 A.2d 536, 538 n.1 (Pa. 2009); *Pennsylvania Against Gambling Expansion Fund, Inc. v. Commonwealth*, 877 A.2d 383, 392 (Pa. 2007). This Court’s province is to “determine the meaning of Constitutional and statutory provisions.” *Thornburgh v. Lewis*, 470 A.2d 952, 955 (Pa. 1983); *accord Respublica v. Duquet*, 2 Yeates 493, 501 (Pa. 1799).

ORDER OR OTHER DETERMINATION IN QUESTION

None. This is an original jurisdiction matter.

STATEMENT OF THE SCOPE AND STANDARD OF REVIEW

This is an original jurisdiction matter involving a question of law. The Court’s review is plenary. *Soc’y Hill Civic Ass’n v. Pennsylvania Gaming Control Bd.*, 928 A.2d 175, 178 (Pa. 2007).

STATEMENT OF QUESTIONS INVOLVED

The Amended Act establishes a new variable tax rate on slot machine daily revenues. The tax consists of a daily assessment made on casinos operating in Pennsylvania and then a narrow and specifically-directed refund that effectively reduces the net tax rate for certain casinos. In this action, Petitioner Sands Bethworks Gaming, LLC (“Petitioner” or “Sands”) challenges this variable net tax rate on multiple constitutional grounds.

More specifically, the Amended Act mandates a “Supplemental Daily Assessment” (“Supplemental Assessment”), under which the Department of Revenue assesses casinos 0.5% of their daily slot machine revenues. The casinos pay this assessment into a newly-formed and restricted fund called the “Casino Marketing and Capital Development Account” (“CMCD Account”). The Amended Act then requires the Pennsylvania Gaming and Control Board (“Board”) to redistribute the Supplemental Assessment proceeds back out of the CMCD Account to a limited subset of the casinos that paid the Supplemental Assessment into the CMCD Account. The amount refunded—and the casinos to which the funds are returned—varies based on the casinos’ revenues in the prior year. The recipients are to use the returned funds for marketing and capital development to support their own private casino operations. *See* 4 Pa. C.S. §§ 1407(C.1), 1407.1, 1408(C.1). The net effect is a non-uniform tax rate on slot

machine revenues that varies significantly among casinos based on the revenues that those casinos generate.

The questions presented are:

1. Whether the Supplemental Assessment and CMCD Account results in a variable tax-rate scheme based on casino revenues that violates the Uniformity Clause of the Pennsylvania Constitution, Pa. Const. Art. VIII § 1.

Suggested Answer: Yes

2. Whether the Supplemental Assessment is an invalid tax because it serves no public purpose other than to redistribute tax proceeds to a select group of casinos for their private commercial use.

Suggested Answer: Yes

3. Whether the Supplemental Assessment violates the Special Law Clause of the Pennsylvania Constitution, Pa. Const. Art. III, § 32, because it is a tax that exclusively benefits a select group of private casinos.

Suggested Answer: Yes.

4. Whether the tax scheme imposed by the Supplemental Assessment and CMCD Account violates the Equal Protection and Due Process Clauses of the Fourteenth Amendment of the Constitution of the United States because it arbitrarily imposes variable tax rates on casinos without a legitimate or rational basis for such differential treatment.

Suggested Answer: Yes.

5. Whether the Court can and should enter an order requiring that no money be paid out of the CMCD Account and that all funds collected from Sands as the “Supplemental Assessment” since January, 2018 be returned to Sands from the CMCD Account?

Suggested Answer: Yes.

STATEMENT OF THE CASE

A. Form of Action and Procedural History

On December 27, 2017, Sands filed this petition for review pursuant to 4 Pa. C.S. § 1904. On January 24, 2018, Respondents answered the petition for review and added eight new matters, arguing that the petition may be barred because the Court lacks subject matter, the matter is not ripe, the Amended Act does not violate the United States or Pennsylvania Constitutions, the Amended Act is rationally related to a legitimate state purpose and does not disproportionately impact Sands, the claims for declaratory relief are barred by the Eleventh Amendment, and that the claims may be barred by the Tax Injunction Act. Respondents did not file preliminary objections or any other matters.

On January 16, 2018, Sands filed an Application for Special Relief in the form of a preliminary injunction asserting that it will be irreparably harmed if emergency and temporary relief is not ordered pending final resolution of this action. On February 28, 2018, the parties entered into, and filed, a joint stipulation

regarding Sands' Application for Special Relief. The stipulation provides that if the Court substantially grants the relief sought in the Petition for Review or the Supplemental Assessment otherwise is effectively invalidated, (a) Respondents are permitted by law to refund the Supplemental Assessment paid by Sands into the CMCD Account; and (b) within thirty (30) days of the Court's judgment, Respondents shall take all steps necessary to ensure the Pennsylvania Treasury, or such other applicable governmental entity, issues to Sands a full refund of the Supplemental Assessment paid by Sands into the CMCD Account.

The stipulation further provides that, if the Court grants the Petition for Review, it shall retain jurisdiction to oversee and ensure that any funds paid into the CMCD Account by Sands shall be returned to Sands. The stipulation remains in effect as of this briefing.

B. Statement of Facts

This is a matter for this Court's exclusive and original jurisdiction. The facts set forth in this section should be without any dispute. Certain materials cited here are from publicly available sources, such as revenue and other financial information reported to the Board by casinos or their operating entities. These

materials are gathered and assembled in the separately-bound Appendix of Exhibits and are further authenticated by the Affidavit of Ilana Eisenstein.¹

1. Regulatory Framework before the Amended Act

In July 2004, the General Assembly passed the original Pennsylvania Race Horse Development and Gaming Act (the “2004 Gaming Act”), 4 Pa. C.S. § 1101 *et seq.* That legislation initially legalized slot machine gaming within Pennsylvania. The 2004 Gaming Act was intended to provide a significant source of income to the Commonwealth and to develop tourism in the Commonwealth. 4 Pa. C.S. § 1102.

The 2004 Gaming Act established a framework for strict regulation and monitoring of gaming license and activities. It provided for a limited number of casino licenses: (i) “Category 1” licenses permitting up to seven qualifying licensed horse racetracks to maintain slot machine facilities; (ii) “Category 2” licenses permitting up to five stand-alone slot machine locations in metropolitan or other tourism areas; and (iii) “Category 3” licenses permitting up to three hotel-resort slot machine facilities.² 4 Pa. C.S. §§ 1301-1307. Casino operators paid

¹ Materials in the Appendix are cited by their identifying information as well as their corresponding tab number.

² Category 1 licensees are also called “racinos,” and require hosting of live racing in addition to casino activities. 4 Pa. C.S. § 1302. Category 2 licensees are stand-alone casinos. 4 Pa. C.S. § 1304. Category 3 licensees are known as “resort

multimillion-dollar licensing fees in addition to investments of millions of dollars to develop and build their brick-and-mortar casino facilities. Sands has operated under a Category 2 license for all periods relevant to this action. (Respondent’s Answer at 17 (Jan. 29, 2018).)

In addition, the 2004 Gaming Act required each Slot Machine Licensee to pay certain taxes, including a Slot Machine Tax, a Local Share Assessment paid to local and municipal governments, and a Daily Assessment (paid into the “Pennsylvania Gaming Economic Development and Tourism Fund”).³ See 4 Pa. C.S. §§ 1403, 1405, & 1407.

2. The Amended Gaming Act

On October 30, 2017, the General Assembly adopted the Amended Act and its broad expansion of gaming in the Commonwealth. It authorized many new gaming activities such as video gaming terminals at truck stops, internet gambling, airport gambling, fantasy sports, sports betting—and established altogether new “Category 4” licensed casinos for smaller gaming facilities to be placed at

casinos” and have certain restrictions on gambling by hotel guests or members. 4 Pa. C.S. § 1305. The Amended Act changed the number of available Category 3 licenses from three to two. 4 Pa. C.S. § 1307(A).

³ The 2004 Gaming Act initially authorized slot-machine gambling only. In 2010, amendments to the act allowed table games at Pennsylvania casinos for licensees who paid an additional table games license fee. 4 Pa. C.S. §§ 13A11, 13A61.

qualified locations throughout the Commonwealth. 4 Pa. C.S. §§ 1305.1(D)(1); 13A11(B)(2.2)(II).

The Amended Act is expected to provide significant income to the Commonwealth. Pennsylvania's 12 existing casinos currently generate approximately \$1.4 billion in tax revenue for the Commonwealth each year. (App. 1, Pennsylvania Gaming Control Board Annual Report for 2016-2017 at 18.) ("Annual Report") Under the Amended Act, slot machines are subject to a "Slot Machine Tax" of 34% and a "Daily Assessment" of 5.5% of "Gross Terminal Revenue" ("GTR").⁴ Table games are subject to a 12% tax rate plus a 2% local share assessment. 4 Pa. C.S. §§ 13A62 and 13A63(f). The Amended Act designates the percentage of those tax proceeds that will fund particular public uses, including property tax relief, economic development, and support of local and county governments. 4 Pa. C.S. § 1102(3).

⁴ "Gross Terminal Revenue" is the difference between the wagers received by a slot machine minus payouts. 4 Pa. C.S. § 1103. Section 1407(C) of the Amended Act requires "each licensed gaming entity" to pay a "daily assessment" of 5.5% of its "Gross Terminal Revenue" to the "Pennsylvania Gaming Economic Development and Tourism Fund." The Economic Development and Tourism Fund is a discreet account that pays for local public works and pays off the debt for certain public projects such as the Philadelphia Convention Center. 4 Pa. C.S. § 1407(B).

3. The Supplemental Assessment and CMCD Account

Embedded in this ambitious new gaming law is the Supplemental Assessment. All Category 1, 2, and 3 licensed gaming entities, including Sands, are required to pay the Supplemental Assessment every day, in the amount of 0.5% of their GTR. The Supplemental Assessment is deposited into the newly-created CMCD Account. 4 Pa. C.S. § 1407(C.1).⁵

The Department of Revenue is authorized and assigned the duties of administering and collecting taxes imposed under the Amended Act. 4 Pa. C.S. § 1501. The Department of Revenue collects and administers the Supplemental Assessment. 61 Pa. Code § 1001.5. The Amended Act then charges the Board with administering the CMCD Account and making distributions from the CMCD Account to certain licensed casinos, pursuant to its own procedures and guidelines. 4 Pa. C.S. § 1407.1.

The CMCD Account is a “restricted” fund that serves only as a pass-through account to receive the proceeds of the Supplemental Assessment and then redistribute them to lower-revenue casinos. The Amended Act gives the CMCD Account no other purpose. After the Supplemental Assessment and designated Slot Machine Taxes are deposited into the CMCD Account, the Board *must* pay

⁵ In addition, the Amended Act provides that at least \$2 million annually also will be transferred from the State Gaming Fund (which is financed by Slot Machine Taxes) to the CMCD Account. 4 Pa. C.S. § 1408(C.1).

out mandatory “distributions” from the CMCD Account back to a narrow subset of the same casinos that financed the Account. *See id.* 1407.1(E) (specifying the payout that licensees “shall receive” depending on their revenues and license category) (emphasis added). The Amended Act specifies the “distribution” amounts, which vary by the casinos’ slot machine revenues and license category. *Id.* The receiving casinos may use the payouts for their own “marketing or capital development.” 4 Pa. C.S. § 1407.1(D).

Although slot machine licensees (except Category 4 licensees) pay the Supplemental Assessment into the CMCD Account at a uniform rate of 0.5% of GTR, the mandatory “distribution” payments out of the CMCD Account are unequal. They are tiered according to the revenues of the potential recipient casinos. Licensees with GTRs under \$200 million (or Category 3 licensees with revenues under \$50 million) are paid mandatory “distributions” from the CMCD Account in amounts ranging from \$500,000 to \$4 million, depending on the category of license and the casinos’ GTR. 4 Pa. C.S. § 1407.1(E). But casinos with slot revenues over \$200 million, such as Sands, are not eligible for the CMCD mandatory distributions.⁶ *Id.*

⁶ Category 4 licensees are also ineligible for “distributions” or “grants” from the CMCD Account, as are any Category 3 licensees with GTR over \$50 million. 4 Pa. C.S. § 1407.1(D) & (E).

The results of this tax scheme are effective tax rates that vary in favor of certain lower-revenue casinos over higher-revenue casinos. The few casinos that qualify for a mandatory “distribution” out of the CMCD Account (*i.e.*, those Category 1 and 2 casinos with GTR under \$200 million and Category 3 with GTR under \$50 million) will see a reduction in their effective tax rate by 1%-2.7%, depending on their license category and revenues. By contrast, a casino with GTR above \$200 million (like Sands), is ineligible under the Amended Act for any CMCD Account mandatory payout.⁷ It will pay the full Supplemental Assessment and receive no offsetting distribution from the CMCD Account.

The following chart summarizes the effective tax rate on each licensee when taking into account the Supplemental Assessment and corresponding CMCD payout:

⁷ Sands had \$304,160,284.80 in GTR for its slot machine business in the 2016-2017 fiscal tax year. (*See* App. 2, Pennsylvania Gaming Control Board Monthly Slot Machine Gaming Revenue Report July 2016 through June 2017 (“2016/17 Revenue Report”).) Full text available at http://gamingcontrolboard.pa.gov/files/revenue/Gaming_Revenue_Monthly_Slots_FY20162017.pdf. Sands’ GTR for the 2017-2018 fiscal tax year through March 18, 2018 is already \$212,964,823.63 and it reasonably expects its GTR in future tax years to remain well above \$200 million. Therefore, it is, and will be, ineligible for CMCD Account mandatory payouts. (*See* App. 3, Pennsylvania Gaming Control Board Weekly Slot Machine Gaming Revenue Report through March 18, 2018 (“2017/18 Revenue Report”).) Full text available at https://gamingcontrolboard.pa.gov/files/revenue/Gaming_Revenue_Weekly_20180318.pdf.

Eligibility for CMCD “Grant”	“Grant” Amounts	Effective Reduction in Tax Rate ⁸
Cat. 1 and 2 Slot Machine Licensees with GTR of \$150 million or less	\$4 million	2.6%+ reduction in GTR tax rate
Cat. 1 and 2 Slot Machine Licensees with GTR between \$150 and \$200 million	\$2.5 million	1.25% to 1.7% reduction in GTR tax rate
Cat. 3 Slot Machine Licensees with GTR under \$50 million	\$500,000	1.0%+ reduction in GTR tax rate
Cat. 1 and 2 Slot Machine Licensees with GTR above \$200 million (<i>i.e.</i> , Sands Bethlehem) & Cat. 3 Slot Machine Licensees with GTR above \$50 million	Ineligible for CMCD “grant” under 4 Pa. C.S. § 1407.1(E)	No reduction in GTR tax rate

See 4 Pa. C.S. § 1407.1(E).

Based on publicly declared 2016-2017 gross terminal revenues, only four out of twelve presently operating casinos will qualify for CMCD mandatory payouts. See App. 2, 2016/17 Revenue Report and App. 4, Summary of the 2016-2017 Published Gaming Revenues. Those four qualifying casinos would be

⁸ The effective reduction in tax rate reflects the mandatory grant amount as a percentage of the *maximum* GTR for a licensee in each grouping. If a grantee’s GTR is less than the maximum amount, that grantee will benefit from an even larger effective reduction in its tax rate as a percentage of its GTR.

entitled to a total payout of \$11 million from the CMCD Account if the 2016-2017 figures were used.⁹

If any money then remains in the CMCD Account, the Board will distribute the leftover funds as “grants” to other slot machine licensees (other than Category 4 licensees).¹⁰ 4 Pa. C.S. § 1407.1(C). Based on published revenues for fiscal year 2016-2017, however, after the mandatory distributions are paid, very little money (approximately \$3 million) will be left for any further CMCD Account payouts.¹¹ In other words, not enough funds will be left in the CMCD Account for even *one* more casino to match the top-level recipients’ refund.

⁹ Prequel Isle and Mount Airy are Category 1 or 2 casinos with revenues under \$150 million and therefore each would be entitled to a \$4 million CMCD Account payout based on the 2016-2017 figures. SugarHouse Casino, PA is a Category 2 casino with slot revenues between \$150 million and \$200 million that qualifies for a \$2.5 million payout. Lady Luck Casino Nemaquin is a Category 3 casino with revenues under \$50 million that would receive \$500,000 from the CMCD Account based on the 2016-2017 figures. (*See* App. 2.) The published revenues from the first portion of fiscal year 2017-2018 are tracking to yield the same result. (*See* App. 3.)

¹⁰ Casinos will be required to apply for a CMCD “grant” under unspecified procedures that the Board will establish. 4 Pa. C.S. § 1407.1(D) & (E)(2).

¹¹ In the fiscal year 2016-2017, the combined GTR for all Category 1, 2, and 3 casinos was \$2,336,152,508.01. (App. 2.) Based on those 2016-2017 numbers, the Supplemental Assessment will yield approximately \$11.7 million, plus an additional \$2 million in Slot Machine Taxes that will be transferred to the CMCD Account pursuant to 4 Pa. C.S. § 1408(C.1). After the \$11 million in mandatory distributions are paid to the four qualifying casinos, only approximately \$2.7 million would remain available to be distributed to the other eight Category 1, 2, and 3 casinos.

4. Returning the funds.

On January 16, 2018, out of well-founded concern that it was paying an unconstitutional tax, Sands invoked 4 Pa. C.S. § 1904 and Pennsylvania Rule of Appellate Procedure 1532(a) and filed an application for special relief in the nature of a preliminary injunction with this Court. The Respondents agreed with Sands that this Court had the authority to enter the request and that, if the challenged provisions of the Gaming Act are unlawful, the funds Sands paid as a Supplemental Assessment could and should be returned to Sands. The parties therefore provided the Court with a stipulation and proposed order memorializing their agreement as follows:

If the Court substantially grants the relief sought in the Petition for Review or the Supplemental Assessment otherwise is effectively invalidated, (a) Respondents are permitted by law to refund the Supplemental Assessment paid by Sands into the CMCD Account; and (b) within thirty (30) days of the Court's judgment, Respondents shall take all steps necessary to ensure the Pennsylvania Treasury, or such other applicable governmental entity, issues to Sands a full refund of the Supplemental Assessment paid by Sands into the CMCD Account.

Joint Stipulation and Proposed Order at 3 ¶ 2 (filed January 16, 2018).

On March 5, 2018, this Court denied the request for a preliminary injunction and denied without prejudice the request that it enter an order approving the stipulation. Rather than granting the stipulation, the Court directed the parties to address possible remedies in this briefing.

SUMMARY OF ARGUMENT

The Amended Act substantially expanded Pennsylvania's gaming law. It authorizes a wide range of new gaming options in Pennsylvania including internet gambling, sports betting, fantasy contests, truck-stop and airport gambling, and 10 new licenses for "mini-casinos." The Amended Act is over 900-pages long.

Tucked within that sprawling legislation is the special-interest tax scheme challenged in this action. The scheme funnels slot-machine tax revenues back to a select subset of Pennsylvania casinos for their private use. Under the challenged provisions, all licensed casinos must pay a "Supplemental Assessment" of 0.5% of their daily slot revenues into a newly-formed and restricted CMCD Account. The CMCD Account serves the sole purpose of paying distributions from the Supplemental Assessment back to a select subset of casinos in amounts ranging from \$500,000 to \$4 million. The distributions are paid out of the same taxes that the recipients paid into the CMCD Account. The Amended Act allows those select casinos to use the payouts from the CMCD Account for marketing and capital development to support their own private casino operations. 4 Pa. C.S. §§ 1407(C.1), 1407.1, 1408(C.1). Although the refund is labeled a "distribution," the Amended Act dictates the amount of the returned assessment and makes the

payouts mandatory for casinos with qualifying revenues.¹² The payment is substantively indistinguishable from a refund or tax credit.

The effective tax is not uniform. The refunded amount is determined by the casinos' slot revenues from the preceding year and the casinos' license category. Some casinos will receive higher CMCD Account payouts than others based on their revenue. Based on the published 2016-2017 revenues, only four out of twelve presently operating casinos will receive mandatory CMCD Account refunds. (*See* nn. 12-13.) The remaining casinos, including Sands, have revenues too high to qualify for mandatory payouts from the CMCD Account. After the mandatory grants are fully paid, the Board will distribute to other casinos any funds remaining in the CMCD Account. But based on published prior year slot revenues, very little, if any, funds will be left in the CMCD Account for further payouts once the mandatory "grants" are paid. Projected slot revenues suggest that less than \$3

¹² The subsection governing the CMCD payouts—4 Pa. C.S. § 1407.1(E)—is entitled "Distribution of Grants." It provides that "each year, before the Board awards a *grant* under this section, the following *distributions* shall be made." *Id.* § 1407.1(E)(1) (emphasis added). The next subsections establish the mandatory "distribution" amounts (between \$500,000-\$4 million) at each revenue level. *Id.* § 1407.1(E)(1)(I)-(III). The statute further provides that, after the mandatory distributions have been made, "remaining money in the [CMCD Account] shall be distributed by the Board to other slot machine licensees ... that have applied for *grants*." *Id.* § 1407.1(E)(2) (emphasis added). The statute thus calls the mandatory payments "distributions" and uses the term "grant" to refer to the discretionary payments out of any remaining CMCD Account funds.

million (below the \$4 million due to a single casino in the top-eligibility category) will be available to be divided among all eight of the remaining casinos.¹³

The Supplemental Assessment and CMCD Account's patently non-uniform tax scheme violates the Uniformity Clause of the Pennsylvania Constitution. The Uniformity Clause forbids taxing businesses at different rates based on their size and revenue.¹⁴ Pa. Const. Art. VIII § 1. This Court has repeatedly reaffirmed that principle, including when this Court recently invalidated a variable-rate tax on slot revenues in *Mount Airy #1, LLC v. Pennsylvania Dep't of Revenue*, 154 A.3d 268 (2016). The General Assembly inexplicably ignored that longstanding uniformity rule by creating the new Supplemental Assessment and CMCD Account with different effective tax rates depending on casino revenue levels.

The Supplemental Assessment and CMCD Account are also unconstitutional on additional and separate grounds. For one, the Supplemental Assessment serves no public purpose. The Supplemental Assessment finances the CMCD Account, a restricted fund used exclusively to make payouts to a handful of private casinos.

¹³ Casinos must “apply” for grants under procedures that the Board will establish. 4 Pa. C.S. § 1407.1(D) & (E)(2). No casino may receive more than \$4 million annually from the CMCD Account. 4 Pa. C.S. § 1407.1(E)(3)(I).

¹⁴ The Uniformity Clause provides that “[a]ll taxes shall be uniform, upon the same class of subjects, within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws.” Pa. Const. Art. VIII § 1.

There is nothing “public” in a purpose that returns assessments to a select set of casinos for their private use in marketing or capital investment. The redistribution of the Supplemental Assessment from the CMCD Account to a narrow set of casinos for their private use is not a legitimate public purpose.

The challenged provisions further violate the Pennsylvania Constitution’s prohibition on special laws, Pa. Const. Art. III, § 32.¹⁵ The Special Law Clause prohibits taxes where only a “portion of the public is specially benefited” and where the “benefit received and the burden imposed [are] palpably disproportionate.” *Allegheny County v. Monzo*, 500 A.2d 1096, 1102, 1105 (Pa. 1985). The Supplemental Assessment is used to redistribute tax revenue from certain licensed casinos (like Sands) to a small number of other, similarly situated private casinos. That type of private tax and redistribution scheme is just the kind of non-public special law that the Pennsylvania Constitution prohibits. It benefits only a small group of private companies and it does so in a grossly disproportionate manner. Sands pays its full share of the Supplement Assessment and other slot-machine taxes, but it is ineligible to receive any benefit in return.

For largely the same reasons, the challenged provisions violate equal protection guarantees and give rise to a taking without due process under the

¹⁵ The Special Law Clause provides “[t]he General Assembly shall pass no local or special law in any case which has been or can be provided for by general law.” Pa. Const. Art. III, § 32.

Fourteenth Amendment to the Constitution of the United States. No legitimate or rational basis exists for the arbitrary revenue classifications imposed by the CMCD Account payout scheme. A special tax (like this one) that disproportionately benefits a handful of private casinos is “a taking without due process under the Fourteenth Amendment of the United States Constitution” and “an arbitrary form of classification in violation of equal protection.” *Monzo*, 500 A.2d at 1102.¹⁶

The parties have agreed that if Sands prevails in this action Respondents “are permitted by law to refund the Supplemental Assessment paid by Sands into the CMCD Account.” Respondents have further agreed to take “all steps necessary” to ensure that Sands’ Supplemental Assessment payments would be returned if Sands prevails. (Joint Stipulation and Order at 3, 4 ¶ 2, filed February 28, 2018.) Respondents’ authority to return unlawful Supplemental Assessment payments thus is uncontroverted. Such relief is not only proper, moreover, it is required by due process, which requires a meaningful and certain remedy for unlawful tax collection. This Court, has full authority to order such a refund.

¹⁶ Section 1904 does not provide this Court with original jurisdiction to hear a claim under 42 U.S.C. § 1983. *Mount Airy*, 154 A.2d at 271 n.1. Petitioner hereby expressly reserves all rights to pursue relief under § 1983 in an appropriate forum, and does not waive any such claim. *England v. Louisiana State Bd. of Medical Examiners*, 375 U.S. 411 (1964). To the extent that the claims of equal protection and due process under the Constitution of the United States overlap with any claim under § 1983, petitioner reserves all rights to pursue those claims in the same court that has competent jurisdiction to adjudicate its § 1983 claim.

Where, as here, an unconstitutional tax may be traced to a specific, restricted account, the return of the proceeds is a form of prospective injunctive relief that falls within this Court’s original jurisdiction.

Sands therefore seeks: (i) a declaration that the provisions of the Amended Act establishing the Supplemental Assessment and CMCD Account are unconstitutional on their face and as applied to Sands; (ii) a permanent injunction against the enforcement of these provisions; and (iii) a permanent injunction enjoining the distribution of any funds paid into the CMCD Account and requiring the return of any such funds that Sands paid into it.

ARGUMENT

I. The Amended Act’s Provisions on the Supplement Assessment and CMCD Payouts Violate the Uniformity Clause

The concept of “uniformity” of taxation under the Pennsylvania Constitution is to be taken literally. As demonstrated below: (a) tax rates must be truly uniform and cannot be pegged to factors that may vary within any class of taxpayers, such as their revenue; (b) applied here, the unequivocal rule of uniformity condemns the Amended Act’s provisions on the Supplemental Assessment and the CMCD Account; and (c) the Respondents’ passing suggestion that these provisions do not actually effectuate a “tax” is without merit.

A. Tax Rates May Not Vary Based on Revenues

The Uniformity Clause of the Pennsylvania Constitution provides that “[a]ll taxes shall be uniform, upon the same class of subjects, within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws.” Pa. Const. Art 1, § 8. The Uniformity Clause was enacted with the Constitution of 1874 as “a direct response to the legislative use of special tax laws applicable only to particular industries or individuals.” *Nextel Communications of the Mid-Atlantic, Inc. v. Commonwealth*, 171 A.3d 682, 694 (Pa. 2017). It was meant “to eradicate inequitable fiscal policies” that had been based on “parliamentary favoritism and class legislation.” *Mount Airy*, 154 A.3d at 273.

The Uniformity Clause does not permit graduated or variable tax-rates, *i.e.*, tax rates that change depending on revenues or the quantity or value of property taxed. *Mount Airy*, 154 A. 3d at 275. The “money value of any given kind of property” is not a proper basis for unequal taxation. *Id.* “[W]here different rates are legislatively imposed on varying amounts or quantities of the same tax base, then you have a graded tax that lacks uniformity under [the Pennsylvania] constitution.” *Turco Paint & Varnish Co. v. Kalodner*, 184 A. 37, 40 (Pa. 1936); *accord Kelley v. Kalodner*, 181 A. 598 (Pa. 1935) (striking down graduated income tax as a violation of the Uniformity Clause).

For the same reason, deductions and exemptions from taxable income or property generally violate the uniformity principle because they necessarily yield variable effective tax rates. This Court thus “has consistently viewed as unconstitutional tax laws which, although applicable to an entire class of taxpayers, wholly exempt some of those taxpayers from paying the tax.” *Nextel*, 171 A.3d at 697. Tax schemes may not circumvent these unambiguous constitutional rules by appearing facially uniform, but then allowing exceptions or qualifications that functionally result in variable tax rates. This Court therefore struck down a proposed 3.5% personal income tax rate, because the tax scheme imposed a federal definition of “taxable” income that included exclusions and exceptions with the actual effect of creating a net variable tax. *Amidon v. Kane*, 279 A.2d 53, 64 (1971); accord *Cope’s Estate*, 43 A. 79 (Pa. 1899) (overturning inheritance tax statute that exempted the first \$5,000 of the estate property from taxation).

As demonstrated below, the Amended Act’s provisions on the Supplemental Assessment and CMCD Account violate these principles.

B. The Supplemental Assessment and CMCD Account Create an Illegal Variable Net Tax Rate Based on Revenue

The Supplemental Assessment and CMCD Account refunds establish an unconstitutional variable net tax rate. All casinos pay the Supplemental Assessment at a uniform rate of 0.5% of their GTR. This money is collected by the Department of Revenue and it goes into the CMCD Account. But then—from

that same account—certain casinos receive a payout back from the CMCD Account. Those payouts are equivalent to a tax credit or refund. The payouts are determined by the casinos’ revenues, resulting in net tax rates—the amount that they pay as the Supplemental Assessment, less the amount paid back to them via the CMCD Account distributions, divided by their GTR—that are different for each casino and that are impermissibly based on their revenues.

The challenged provisions thus flatly violate the Uniformity Clause by imposing variable tax obligations based on a casino’s revenue level. *Mount Airy*, 154 A. 3d at 274. It does not matter if the non-uniformity is explicit or whether the “operation and effect” of the tax scheme—as a whole—functions as a variable rate tax. *Nextel*, 171 A.3d at 698. Variation in tax credits or refunds violates the constitutional uniformity requirement just as would variation in the stated tax rate. *Id.*; see also *Fidelity Bank, N.A. v. Commonwealth, Dep’t of Revenue*, 645 A.2d 452, 460-61 (Pa. Commw. Ct. 1994) (holding tax-credit law violated uniformity clause where the availability of the credit depended on the bank’s charter date). Likewise, the tax base must be calculated the same way for all taxpayers in a given class. *Nextel*, 171 A.2d at 689-90; *Turco Paint*, 184 A. at 40. Because of the non-uniform CMCD Account distributions, the effective tax rate varies among the casinos subject to the Supplemental Assessment. The constitutional violations are clear.

This Court’s recent decisions confirm the illegality of these provisions. In *Mount Airy*, this Court struck down the local share assessment in the prior version of the Pennsylvania gaming statute because it did not apply uniformly to all casinos. Non-Philadelphia casinos had to pay an annual municipal local share assessment of *either* 2% of GTR *or* a \$10 million lump sum, whichever was greater. *See* 154 A.3d at 271. The effect was that casinos with a GTR below \$500 million had to pay \$10 million flat, while casinos with a GTR above \$500 million paid 2% of their GTR (which would always amount to more than \$10 million). *Id.* This Court agreed with *Mount Airy* that the statute amounted to a “variable-rate assessment” that violated the uniformity rule. The tax scheme operated just like “two separate municipal assessments”: (i) “a \$10 million lump sum” plus (ii) “a tax of 2% of GTR subject to an exemption for the first \$500 million of each casino’s GTR.” *Id.* at 276. The Court held “[t]he non-uniformity inherent in such as scheme” to be “unmistakable.” *Id.*

This scheme is even more problematic than the two-tiered local share assessment in *Mount Airy*. The challenged provisions in this case create multiple effective tax rates depending on the casino’s revenues levels. While the non-uniform taxes in *Mount Airy* funded municipal governments, the Supplemental Assessment funds only the CMCD Account—which, in turn, is designed for the singular purpose of providing a huge tax-credit to a select number of private

casinos. None of the Supplemental Assessment proceeds is directed at public purposes.

To be sure, it is technically the CMCD Account payouts that vary by casino revenue, not the 0.5% Supplemental Assessment. But that is irrelevant. This Court evaluates how a tax actually “functions” and considers a tax’s “operation or effect” in determining uniformity. *Nextel*, 171 A.3d at 698-99; *Mount Airy*, 154 A.3d at 277. Statutory labels do not matter. This Court accounts for the practical net effect of any applicable credits, exclusions, and deductions and the method of establishing the tax base. *Nextel*, 171 A.3d at 698.

Substance thus prevails over form. For example, in *Nextel*, this Court struck down the Pennsylvania revenue code’s limits on corporations’ ability to carry over losses to offset income in the next tax year. The revenue code had restricted carry-over losses to \$3 million *or* 12.5% of its taxable income, whichever was greater. 171 A.3d at 685. This Court ruled that the scheme violated the Uniformity Clause. *Id.* at 689-701. As the Court explained, most corporations could use carryover losses to reduce their tax liability to zero, but Nextel was limited to a deduction of 12.5% of its taxable income because it had far more than \$3 million in prior losses. *Id.* at 699. Even though the corporate tax rate (9.9%) was uniform (like the 0.5% Supplemental Assessment), the carry-over limit violated the uniformity principle by creating a “*de facto*” exemption for corporations with \$3 million or less in

taxable income. *Id.* The statute thus improperly “created disparate tax obligations based *solely* on the value of the property involved—*i.e.*, the amount of each [corporation’s] taxable income.” *Id.*

That same functional analysis has straightforward application to this case. The CMCD Account payments in both “operation and effect” offset the recipients’ tax liability. The result is a de facto tax credit for casinos with qualifying revenues. Sands and other similarly situated casinos are—in violation of the constitution—not entitled to that same credit. Just as in *Nextel*, the “disparate tax obligation” that results from the CMCD Account payout scheme is based “*solely* on ... the amount of each [casino’s] taxable income.” 171 A.3d at 699.

Sands’ potential eligibility for discretionary “grants” from the leftover CMCD Account funds does not save the tax scheme. There will barely be sufficient funds in the CMCD Account to fund even one grant at the \$4 million level, much less more than eight. In addition, a mandatory distribution dictated by statute is not equivalent to the remote potential that Sands may receive a discretionary CMCD grant.¹⁷

These provisions of the Amended Act therefore violate the Uniformity Clause.

¹⁷ The Board has yet to issue the procedures and guidelines for the discretionary CMCD grant applications.

C. There Is No Legitimate Question that the Challenged Provisions Are Taxes

The Respondents' Answer to Sands' Application for Special Relief contends that the Supplemental Assessment and the CMCD Account payouts do not create a new tax scheme. (Respondent's Answer at 5 (Jan. 29, 2018).) Should they actually pursue that argument, it has no merit. The Supplemental Assessment is a new tax on slot revenues. As demonstrated in Argument § I.B above, statutory labels do not matter. "Especially in tax cases, substance controls over form." *Baehr Bros. v. Commonwealth*, 409 A.2d 326, 329 (Pa. 1979). This principle applies not only for questions regarding what constitutes taxable income, but also to whether a statutory provision is a tax in the first place. *See, e.g., National Federation of Independent Business v. Sebelius*, 567 U.S. 519, 563-64 (2012) (upholding "individual mandate" in health care legislation because it was a "tax" irrespective of its statutory label).

The relevant substance—that these provisions constitute a tax—is beyond dispute. The Supplemental Assessment is statutorily-mandated. Its collection is administered by the Pennsylvania Department of Revenue. 61 Pa. Code § 1001.5. It is collected as a percentage of revenue. The Supplemental Assessment bears all the attributes of any other tax. The payouts from the CMCD Account similarly are a tax credit. Casinos pay the Supplemental Assessment to the Department of Revenue and it goes into the restricted CMCD Account—and then, just like a

credit, refund, deduction, or exemption, some casinos get a mandatory payout. That so-called mandatory “distribution,” in turn, comes from the very same account into which their tax is deposited, such that the “distribution” effectively reduces the amount of taxes that the recipients had to pay. Had the General Assembly more accurately named the CMCD payouts “refunds” or “credits” (which they are), then the argument that this scheme does not create an effective variable tax rate would fail on its face. Just because the General Assembly chose different words for these provisions does not change their substance and effect.

For all the reasons set forth in this section, the Supplemental Assessment is an unconstitutional tax.

II. The Supplemental Assessment and the CMCD Account Do Not Serve A Public Purpose

Taxes may only raise revenue for public purposes. Tax legislation therefore can be constitutional only if it is “reasonably designed to yield benefits to the public.” *Tosto v. Pennsylvania Nursing Home Loan Agency*, 331 A.2d 198, 202 (Pa. 1975). As this Court ruled long ago:

An Act of the legislature authorizing contributions to be levied for a mere private purpose, or for a purpose which, though it be public, is one in which the people from whom they are exacted have no interest, would not be a law, but a sentence commanding the periodical payment of a certain sum by one portion or a class of the people to another. The power to make such order is not legislative, but judicial; and was not given to the Assembly by the general grant of legislative authority.

Sharpless v. Mayor of Philadelphia, 21 Pa. 147, 148 (1853); *see also Citizens' Savings & Loan Association of Cleveland v. City of Topeka*, 87 U.S. (20 Wall.) 655 (1875) (stating similar principles under federal taxation).

The Amended Act's Supplemental Assessment and CMCD Account provisions are flatly unconstitutional under these principles. They serve no public purpose.¹⁸ For example, these provisions do not operate to fund programs aiming to secure the general welfare of the Commonwealth's population. They are not aimed to support education, public safety, public health, the Commonwealth's debts or expenses, public parks, waterways, roads, infrastructure, or anything else that might be considered a "public purpose" sufficient to justify imposition of a tax. *See generally Mitchell v. North Carolina Indus. Development Financing Authority*, 273 N.C. 137 (1968) (analyzing the difference between "public" versus "private" purpose of a tax); *State of Oklahoma, ex rel. Lacy v. Jackson*, 682 P.2d 218, 220 (1983) (describing what may constitute "public" purpose); 16D C.J.S. Constitutional Law § 2302 (2018) (similarly discussing what might be considered "public" purposes and a valid purpose of a tax).

Far from furthering a "public" purpose, these provisions further the narrow and quite *private* purpose of redistributing a certain portion of daily casino

¹⁸ As the Supreme Court of Oklahoma once put it, "the term 'public purpose' is synonymous with 'government purpose.'" *State of Oklahoma ex rel. v. Jackson*, 682 P.2d 218, 200 (Okla. 1984).

revenues to a small subset of those same casinos for their purely private use. As the Amended Act states, the payments from the CMCD Account “shall be used by the slot machine licensee for marketing or capital development.” 4 Pa. C.S. § 1407.1(D). There is nothing remotely “public” about enabling a few private entities to engage in “marketing” or “capital improvement.” If anything, securing funds from taxpayers to benefit a particular set or class of entities like these casinos is the antithesis of a public purpose.

These provisions resemble the special-interest bond program struck down by the Supreme Court of the United States in *City of Topeka*. The State of Kansas had sought to authorize municipalities to issue bonds to encourage the building of bridges and infrastructure. The City of Topeka, in turn, issued bonds under that program to one particular manufacturer to try to establish bridge shops within the city. Closely echoing this Court’s then-recent decision in *Sharpless*, the Supreme Court ruled that this effort – singling out a certain entity or class of entities for special treatment – was an improper basis for taxation:

To lay with one hand the power of the government on the property of the citizen, and with the other to bestow it upon favored individuals to aid private enterprises and build up private fortunes, is none the less a robbery because it is done under the forms of law and is called taxation. This is not legislation. It is a decree under legislative forms.

City of Topeka, 87 U.S. (20 Wall.) at 664.

The Amended Act in this case seeks to impart precisely the same type of private purposes rejected in *City of Topeka* and by this Court in *Sharpless*. There is no basis to assert that the collection of the Supplemental Assessment and the refunds from the CMCD account to a select set of taxpayers—to fund their “marketing” and “capital improvement”—is a “public purpose.” The Amended Act makes no connection between such private objectives and any public purpose. Nor is any connection even conceivable, as the private nature of those objectives is patent and irrefutable. At bottom, the challenged parts of the Amended Act amount to naked special interest provisions for the exclusive benefit of a select few recipients. Their undeniably private purpose renders them unconstitutional.

III. The Supplemental Assessment and the CMCD Account Violate Pennsylvania’s Special Law Prohibition

The “Special Law” provision of the Pennsylvania Constitution provides that “the General Assembly shall pass no local or special law in any case which has been or can be provided for by general law.” Pa. Const. Art. III § 32. That provision prohibits special taxes where only a “portion of the public is specially benefited” and where the “benefit received and the burden imposed [are] palpably disproportionate.” *Allegheny County v. Monzo*, 500 A.2d 1096, 1102, 1105 (Pa. 1985); *see also Bold Corp. v. County of Lancaster*, 801 A.2d 469 (Pa. 2002) (evaluating whether the burdens imposed by a tax disproportionately outweighed the benefits that the tax would generate); *Leventhal v. City of Philadelphia*, 542

A.2d 1328 (Pa. 1988) (applying *Monzo*'s proportionality test). The Special Law restrictions also direct that the General Assembly may not pass a special law that “exempt[s] property from taxation” or “[r]emit[s] ... moneys legally paid into the treasury.” Pa. Const. Art. III § 32.

The Supplemental Assessment violates the Special Law Clause as applied to Sands and other casinos that are ineligible to receive CMCD Account distributions. Sands pays its full share of the Supplemental Assessment into the CMCD Account. Its contribution to the CMCD Account will be nearly \$1.5 million paid annually (*See App. 3*). But Sands cannot plausibly receive any benefit from the Supplemental Assessment—meaning its “benefit” for purpose of the proportionality test is zero. No burden can be “proportional” to a benefit set by statute at zero. Worse yet, Sands will be affirmatively harmed by the CMCD Account payments that Sands’ competitors will receive to fund their private marketing and capital development—activities that threaten Sands’ own business and standing in the marketplace.

This Court’s decision in *Monzo* illustrates how this scheme violates the Special Law Clause. In *Monzo*, this Court struck down a 1% room-rental tax imposed on all hotels in Allegheny County for the special purpose of funding a new convention center in downtown Pittsburgh. The hotel operator in *Monzo* was located in suburban Pittsburgh at some distance to the proposed convention center.

The hotel operator demonstrated that the burden of the room-rental tax fell on all the hotels within the county, whereas only those hotels and businesses close to the new convention center would benefit from the tax. 500 A.2d at 1104. The hotel operator established that the tax, “in effect, subsidize[d] downtown Pittsburgh hotels and businesses at the expense of” more distant hotels (like the hotel operator’s), which were essentially forced to “finance its competition.”¹⁹ *Id.*

This case is an even clearer violation of the Special Law Clause than the hotel tax in *Monzo*. In *Monzo*, the hotel operator had to pay the 1% hotel tax, but received minimal benefits from the convention center. Sands similarly is required to pay 0.5% of its GTR (over \$1.5 million per year)—and yet is *ineligible* to receive a mandatory distribution from the CMCD Account. The hotel-room tax invalidated by *Monzo* funded a convention center that only *indirectly* benefitted the hotel owner’s downtown competitors. This scheme is far more harmful to Sands than the hotel tax in *Monzo* because the Supplemental Assessment will be paid *directly* to Sands’ competitors. Sands’ tax burden is palpably disproportionate to

¹⁹ *Bold* and *Leventhal* also involved challenges to hotel-room taxes designed to fund local convention centers. This Court upheld the taxes in those cases because the evidence demonstrated that the convention centers would result in overflow room rentals and other business benefits to the plaintiffs. *See Bold Corp.*, 801 A.2d at 471-72; *Leventhal*, 542 A.2d at 1133-34. The room tax also could be recouped by the hotel operators in the form of higher room rates, mitigating the harm to the hotels. In contrast, Sands cannot conceivably benefit from the payment of the Supplemental Assessment to fund other private casinos.

any benefit (none) it will receive. *See Monzo*, 500 A.2d at 1104-06. That scheme therefore violates the Special Law provision of the Pennsylvania Constitution.

IV. The Challenged Provisions Violate the Equal Protection and Due Process Guarantees of the Constitution of the United States

For many of the same reasons, the Supplemental Assessment and CMCD Account violate federal equal protections and due process guarantees. The Pennsylvania Uniformity Clause typically aligns with federal equal protection protections, although Pennsylvania uniformity requirements are, in some instances, more restrictive than federal law. *Valley Forge Towers Apartments N, LP v. Upper Merion Area Sch. Dist.*, 163 A.3d 962, 967 n.4 (Pa. 2017); *Mount Airy*, 154 A.3d at 274. Under the federal Equal Protection Clause, a tax classification scheme is generally evaluated under rational-basis review. *Mount Airy*, 154 A.3d at 274. Even under that deferential standard of review, the Equal Protection Clause still requires that any “classification rationally further a legitimate state interest.” *Nordlinger v. Hahn*, 505 U.S. 1, 10 (1992). Moreover, equal protection does not permit a state to subject certain taxpayers to “discriminatory treatment by subjecting [them] to taxes not imposed on others of the same class.” *Allegheny Pittsburgh Coal Co. v. Cty. Comm’n of Webster Cty., W. Va.*, 488 U.S. 336, 345-46 (1989) (citation omitted).

The Supplemental Assessment and CMCD Account fail even that basic test. No rational basis exists for providing tax credits to casinos according to the

arbitrary revenue cut-offs established by the Amended Act. Nor do those revenue classifications serve any discernible state interest. The revenue classifications unconstitutionally discriminate against certain casinos and benefit others in a wholly unfair and disproportionate manner. There is no legitimate reason for the Commonwealth to single out four out of twelve casinos for special treatment in the form of multi-million dollar tax refunds paid for by taxes on the remaining eight. That does not satisfy rational-basis review.

For similar reasons, federal due process also prohibits special taxes, like the Supplemental Assessment, that disproportionately benefit only a select few. This Court has observed that a special tax not only violates state uniformity standards and equal protection, but also is “a taking without due process under the Fourteenth Amendment of the United States Constitution.” *Monzo*, 500 A.2d at 1102. *Monzo* cited two federal cases—*Thomas v. Kansas City So. Ry.*, 261 U.S. 481 (1923), and *Morton Salt Co. v. City of South Hutchinson*, 159 F.2d 897 (10th Cir.1947)—to support its conclusion that federal due process and equal protection do place meaningful limits on “special taxes.”

In *Thomas*, the Supreme Court of the United States found that a tax authorized by a special law to fund a local drainage project violated equal protection. 261 U.S. at 483-84. The cost of the project was to be borne by all landowners, but two railroads successfully challenged the tax because they would

have been obligated to pay fifty-seven percent of the total cost of the project under the special law, but would have received only indirect benefits.

Similarly, in *Morton Salt*, a temporary injunction was granted because the court of appeals found that “a serious constitutional question” was presented by a tax to pay off bonds used to finance a waterworks system. The company challenging the tax was required to pay forty-six percent of the project’s cost, but alleged it would receive very little benefit. 159 F.2d at 902. Sands faces a similar unconstitutional burden as described in *Thomas* and *Morton Salt*. It is required to pay over \$1.5 million annually into the CMCD Account, but it is statutorily barred from receiving a mandatory distribution.

The Supplemental Assessment and CMCD Account accordingly violate the equal protection and due process guarantees of the Fourteenth Amendment.

V. The Supplemental Assessment and CMCD Account Provision Should Be Severed from the Amended Act.

For all the reasons set forth above, the Supplemental Assessment and the CMCD Account are unconstitutional. This raises the question of the proper remedy. Sands respectfully submits that the Court should sever the provisions at issue rather than striking down the entire Amended Act.

Pennsylvania law requires that this Court conduct a severability analysis. 1 Pa. C.S. § 1925. As a rule, the individual provisions of all statutes presumptively are severable. *Mount Airy*, 154 A.3d at 278. The Amended Act contains its own

provision restating the presumption that its provisions are severable. 4 Pa. C.S. § 1902. Severance of the invalid sections is appropriate where, after the void provisions are excised, the remainder of the statute may still be carried out in accordance with the General Assembly’s intent.

For example, in *Mount Airy*, the Pennsylvania Supreme Court found that the invalidated municipal tax assessment was severable. The Court recognized that the other provisions of the Gaming Act could still operate even in the absence of the local share assessment at issue. The Act’s “valid provisions” were not “so dependent upon” the invalidated tax “that the General Assembly would not have enacted the former without the latter.” 154 A.3d at 279-80. The Court therefore severed the invalid municipal share assessment and left the rest of the statute intact. *Id.*

The same rationale applies here. The Supplemental Assessment and CMCD Account effectuate a self-contained scheme that does not affect the other provisions. There is nothing in their terms that link to or depend upon any other provision of the Amended Act in a material way. The other parts of the Amended Act—which govern all aspects of the now-expanded gaming industry—may readily operate even in the absence of the Supplemental Assessment and CMCD Account. The Gaming Act itself has existed in one form or another since 2004 without the newly added provisions. The other valid provisions of the Amended

Act are not so dependent on the Supplemental Assessment and CMCD Account that the General Assembly would not have enacted the legislation without them. The valid provisions of the Amended Act may operate in an unimpeded manner consistent with their terms without regard to the inclusion or severance of these provisions. They are severable.

This Court therefore should enjoin the operation of the Supplemental Assessment and any distributions from the CMCD Account and strike those provisions (4 Pa. C.S. §§ 1407(C.1), 1407.1, 1408(C.1)). It should otherwise leave the remainder of the Amended Act intact.

VI. Respondents Raise Other Meritless Objections.

Respondents' answer asserts that this matter is not ripe, that the claims for declaratory relief are barred by the Eleventh Amendment, and that the claims may be barred by the Tax Injunction Act. These arguments are without merit.

A. The Case Is Ripe For Review.

While Pennsylvania does “not have a constitutional case or controversy requirement as found in our federal system,” the doctrine of ripeness “is a judicially-created principle which mandates the presence of an actual controversy” and that prevents “premature adjudication.” *Bayada Nurses, Inc. v. Department of Labor and Industry*, 8 A.3d 866, 874 (Pa. 2010). In deciding whether the doctrine of ripeness bars consideration of a declaratory judgment action, “[t]he court must

consider whether the issues are adequately developed for judicial review and what hardship the parties will suffer if review is delayed.” *Treski v. Kemper Nat’l Ins. Cos.*, 674 A.2d 1106, 1113 (Pa. Super. 1996).

This matter is plainly ripe. The challenged provisions of the Amended Act are already in effect. Sands has begun payment of the Supplemental Assessment. Based on the Board’s published monthly revenue reports, Sands estimates that it will pay over \$1.5 million in Supplement Assessment taxes for fiscal year 2017-2018 (*See App. 3*). The effect on Sands is concrete. The Amended Act dictates the operation of the CMCD Account payout scheme challenged in this petition. It will be irreparably harmed if the CMCD Account funds are paid to its competitors. Such payments will affect Sands’ standing in the marketplace in addition to imposing economic and competitive costs. There is no reason to delay determination of the questions presented. Nothing more must happen to develop the issues presented for review.

B. The Eleventh Amendment Does Not Apply.

Respondent’s answer asserts that the Eleventh Amendment bars claims for declaratory relief. The Eleventh Amendment is a provision in the federal constitution that limits the judicial power of federal courts over sovereign states and state actors. It does not apply to state-court suits such as this one.

C. The Tax Injunction Act Does Not Apply.

Respondents' answer also incorrectly invokes the Tax Injunction Act of 1937, 28 U.S.C. § 1341. The Tax Injunction Act prohibits *federal* courts from enjoining the collection of any state tax "where a plain, speedy and efficient remedy may be had in the courts of such state." *Id.* It does not pertain a lawsuit brought in this Court.

VII. The Parties Have Agreed that, if Sands Prevails, the Funds Will Be Returned.

This Court directed the parties to address the potential remedies that the Court could impose in this case. The Supplemental Assessment went into effect on January 1, 2018. Sands has been paying the Supplemental Assessment into the CMCD Account since that date. No distributions have been made from the CMCD Account, meaning that the Supplemental Assessment proceeds remain in that restricted account. As both the Supplemental Assessment and CMCD Account are unconstitutional and invalid, Sands seeks (i) to enjoin any further collection of the Supplemental Assessment; (ii) to enjoin any distributions to other casinos from the CMCD Account; and (iii) the return of the Supplemental Assessment that it has paid into the CMCD Account.

The Respondents have already agreed in the Joint Stipulation and Order that they "are permitted by law to refund the Supplemental Assessment paid by Sands into the CMCD Account" and have agreed to take "all steps necessary" to ensure

that Sands' Supplemental Assessment payments would be returned if Sands were to prevail. (Joint Stipulation and Order at 3, 4 ¶ 2, filed February 28, 2018.) That agreement makes perfect sense. The sole purpose of the CMCD Account is to complete the grant and distribution scheme challenged by Sands in this action. That scheme is unconstitutional for all the reasons set forth in this brief. Refund of the funds contained in the CMCD Account therefore is appropriate and required, as the Joint Stipulation correctly reflects and the parties have agreed. Sands therefore respectfully submits that the question whether the funds should and will be returned is largely moot—and in fact is uncontroverted.

Sands nevertheless takes this opportunity to respond to the Court's directive that the parties address the scope of potential remedies. To those ends, the context of this challenge matters. Sands has been paying an unconstitutional Supplemental Assessment since the Amended Gaming Act took effect. The CMCD Account serves only to effectuate the unconstitutional distribution of the Supplemental Assessment proceeds to other private casinos. Under such circumstances, this Court has ample authority to require that the funds be taken out of the CMCD Account and returned to Sands (as well as to order that no funds be otherwise distributed out of the CMCD Account).

This case is a constitutional challenge under a specific provision giving this Court exclusive, original jurisdiction to hear "*any* challenge" to the

constitutionality of the provisions at stake. 4 Pa. C.S. § 1904. Pennsylvania Rule of Appellate Procedure 1532(a) goes even further and grants this Court broad remedial authority, including to order “the seizure of property, dispose of seized property, issue a preliminary or *special injunction*, appoint a temporary receiver or grant other interim or *special relief* required in the interest of justice and consistent with the usages and principles of law” (emphasis added). Those provisions would be toothless if the Court could not issue the relief sought here.

Sands recognizes that this Court stated in a footnote in *Mount Airy* that the Court could not award a “refund” in a tax dispute as “monetary damages” under its jurisdiction and that that statement cites other precedent addressing the limits of this Court’s ability to order tax refunds. *Mount Airy*, 638 Pa. at 280 n.11. Sands likewise acknowledges that the Court’s footnote in *Mount Airy* commented that its decisions in tax cases only apply prospectively and that the Court cannot award retroactive relief (especially in circumstances like in *Mount Airy*, where the tax had been paid for multiple years). *Id.*

But this situation is very different. Sands does not seek “monetary damages” or a “retroactive” remedy. Nor does it seek to have money garnished or separated and refunded from the general treasury. Far to the contrary, the return of the funds here upon a finding of unconstitutionality (assuming the Respondents had not already agreed to that relief) is classic prospective equitable relief. The

unconstitutionally-collected funds sit now in the CMCD Account. They can be readily traced, accounted for, segregated, and returned. Where assets can be traced to a particular fund, an order that compels their return to a successful plaintiff is a form of equitable relief, not money damages. *Sereboff v. Mid Atl. Med. Servs., Inc.*, 547 U.S. 356, 357, 365 (2006) (ruling that an insurer’s request to trace funds in a health plan beneficiary’s possession and to recover them was equitable). As the Supreme Court of the United States summarized:

Our cases have long recognized the distinction between an action at law for damages—which are intended to provide a victim with monetary compensation for an injury to his person, property, or reputation—and an *equitable action for specific relief*—which may include an order providing for the reinstatement of an employee with backpay, or for “the recovery of specific property or monies, ejection from land, or injunction either directing or restraining the defendant officer’s actions. ... The fact that a judicial remedy may require one party to pay money to another is not a sufficient reason to characterize the relief as ‘money damages.’”

Bowen v. Massachusetts, 487 U.S. 879, 893 (1988) (quoting *Larson v. Domestic & Foreign Commerce Corp.*, 337 U.S. 682, 688 (1949)) (emphasis added; internal citations omitted); *accord Zellous v. Broadhead Assocs.*, 906 F.2d 94, 98 (3d Cir. 1990). *Bowen* establishes that the return of the Supplemental Assessment proceeds is equitable relief, not money damages.

The straightforward remedy here is an unremarkable forward-looking injunction (i) requiring the prospective return of the specific amount paid by Sands

as a Supplemental Assessment, which is currently sitting in a designated account, and (ii) enjoining any action to distribute those funds elsewhere. This type of “equitable action for special relief” (as the Court in *Bowen* put it) falls squarely within the Court’s authority under 4 Pa. C.S. § 1904 and Pa.R.A.P. 1532(a) to hear “any” constitutional challenge and to issue “special” relief including an “injunction.”

Any other construction of the Court’s authority would itself be unconstitutional. Taxpayers must have a remedy to recover improperly assessed taxes. *McKesson Corp. v. Div. of Alcoholic Beverages & Tobacco, Dep’t of Bus. Regulation of Florida*, 496 U.S. 18, 51 (1990).²⁰ Due process requires it. The Supreme Court observed that a State need not provide “predeprivation process” by “[a]llowing taxpayers to litigate their tax liabilities prior to payment.” *Id.* at 31. But, “to satisfy the requirements of the Due Process Clause ... the State must provide taxpayers with, not only a fair opportunity to challenge the accuracy and legal validity of their tax obligation, but also a ‘clear and certain remedy,’ for any erroneous or unlawful tax collection to ensure that the opportunity to contest the tax is a meaningful one.” *Id.* (quoting *Atchison, T. & S.F.R. Co. v. O’Connor*, 223

²⁰ To the extent the Court’s reasoning is expressed in footnote 11 to *Mount Airy* does apply here and would preclude a return of the money, then that narrow point was incorrect and should be revisited if that were the actual meaning of the decision (and Sands does not believe that it is). But there is no reason to do so because that portion of *Mount Airy* is inapposite for the foregoing reasons.

U.S. 280, 285 (1912)). That firmly rooted obligation to provide a meaningful remedy applies with full force here. Respondents have agreed with this approach in the Joint Stipulation by promising to refund the Supplemental Assessment to Sands if the tax scheme is invalidated.

This Court therefore could and should require the return of the money paid and enjoin any other distribution from the CMCD Account—but any question as to that relief ought to be unnecessary, given that the parties agreed and proposed a stipulation to this Court that the Respondents would take the necessary steps to return the funds if Sands prevails.

CONCLUSION

The petition for review should be granted in full. This Court should declare that the Supplemental Assessment and CMCD Account violate the United States and Pennsylvania Constitutions, strike the provisions establishing that scheme from the Amended Act, including 4 Pa. C.S. §§ 1407(C.1), 1407.1, and 1408(C.1), permanently enjoin the future enforcement of the Supplemental Assessment and the distribution of any funds from the CMCD Account, and order the return of any such funds that Sands paid into it.

Respectfully submitted,

Dated: March 20, 2018

By: /s/ Ilana Eisenstein

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Ilana Eisenstein (PA Bar No. 94907)

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Attorneys for Petitioner

Sands Bethworks Gaming, LLC

CERTIFICATION OF WORD COUNT

I hereby certify that pursuant to Pennsylvania Rules of Appellate Procedure 2135(a)(1) and 2135(d), that the word count for the foregoing Brief, including footnotes, and headings but not including the cover, tables, signature block, or proof of service, is less than 14,000 words. Accordingly, this Brief complies with the aforesaid Rules.

Dated: March 20, 2018

By: */s/ Ilana Eisenstein*

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CERTIFICATE OF COMPLIANCE

I certify that this filing complies with the provisions of the Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.

Dated: March 20, 2018

By: /s/ Ilana Eisenstein

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IN THE SUPREME COURT OF PENNSYLVANIA

No.: 216 MM 2017

SANDS BETHWORKS GAMING, LLC

Petitioner,

v.

**PENNSYLVANIA DEPARTMENT OF REVENUE; C. DANIEL HASSELL IN
HIS OFFICIAL CAPACITY AS SECRETARY OF THE PENNSYLVANIA
DEPARTMENT OF REVENUE; and THE
PENNSYLVANIA GAMING CONTROL BOARD**

Respondents.

**APPENDIX TO BRIEF OF PETITIONER SANDS BETHWORKS
GAMING, LLC IN SUPPORT OF ITS PETITION FOR REVIEW**

DLA PIPER LLP (US)

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Sands Bethworks Gaming, LLC

APPENDIX

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EXHIBIT 1: Pennsylvania Gaming Control Board Annual Report for 2016-2017	4a
EXHIBIT 2: Pennsylvania Gaming Control Board Monthly Slot Machine Gaming Revenue Report July 2016 through June 2017	33a
EXHIBIT 3: Pennsylvania Gaming Control Board Weekly Slot Machine Gaming Revenue Report for Fiscal Year 2017-2018 through March 18, 2018	45a
EXHIBIT 4: Summary of the 2016-2017 Published Gaming Revenues.....	52a

IN THE SUPREME COURT OF PENNSYLVANIA

SANDS BETHWORKS GAMING, LLC :
 :
 : *Petitioner,* :
 :
 : v. : Docket No.: 216 MM 2017
 :
 PENNSYLVANIA DEPARTMENT OF :
 REVENUE; C. DANIEL HASSELL IN HIS :
 OFFICIAL CAPACITY AS SECRETARY OF :
 THE PENNSYLVANIA DEPARTMENT OF :
 REVENUE; and THE PENNSYLVANIA :
 GAMING CONTROL BOARD :
 :
 : *Respondents.* :

**AFFIDAVIT OF ILANA EISENSTEIN IN SUPPORT OF PETITIONER’S
BRIEF IN SUPPORT OF ITS PETITION FOR REVIEW**

I, Ilana Eisenstein, being duly sworn according to law, depose and say that the facts set forth below are true and correct:

1. I am a partner at DLA Piper LLP (US), counsel of record for Petitioner Sands Bethworks Gaming, LLC in the above-captioned case. I make this Affidavit in support of Petitioner’s Brief in Support of its Petition for Review based on my personal knowledge. I am familiar with the facts set forth herein and, if called and sworn as a witness, I could and would testify competently as to the following matters.

2. Attached as **Exhibit 1** is a true and correct copy of the Pennsylvania Gaming Control Board Annual Report for 2016-2017 (“Annual Report”). The

Annual Report is a public record and is officially published on the Pennsylvania Gaming Control Board's website. I obtained the attached copy of the Annual Report from the Gaming Board's official website at the following address:

http://gamingcontrolboard.pa.gov/files/communications/2016-2017_PGCB_Annual_Report_compressed.pdf.


3. Attached as **Exhibit 2** is a true and correct copy of the Pennsylvania Gaming Control Board Monthly Slot Machine Gaming Revenue Report July 2016 through June 2017 ("2016/17 Revenue Report"). The 2016/17 Revenue Report is a public record and is officially published on the Pennsylvania Gaming Control Board's website. I obtained the attached copy of the 2016/17 Revenue Report from the Gaming Board's official website at the following address:

http://gamingcontrolboard.pa.gov/files/revenue/Gaming_Revenue_Monthly_Slots_FY20162017.pdf.

4. Attached as **Exhibit 3** is a true and correct copy of the Pennsylvania Gaming Control Board Weekly Slot Machine Gaming Revenue Report through March 18, 2018 ("2017/18 Revenue Report"). The 2017/18 Revenue Report is a public record and is officially published on the Pennsylvania Gaming Control Board's website. I obtained the attached copy of the 2017/18 Revenue Report from the Gaming Board's official website at the following address:

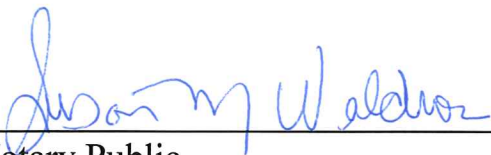
https://gamingcontrolboard.pa.gov/files/revenue/Gaming_Revenue_Weekly_20180318.pdf.

5. Attached as **Exhibit 4** is a Table summarizing the Gross Terminal Revenue for Category 1, 2, and 3 casinos for fiscal year 2016-2017. I obtained the Gross Terminal Revenue figures provided in this Table directly from the published 2016/17 Revenue Report (Exhibit 2) on the Pennsylvania Gaming Control Board's official website.



Ilana Eisenstein, Esquire
Attorney for Sands Bethworks Gaming, LLC

Subscribed and sworn to before me
this 20 day of March, 2018.



Notary Public

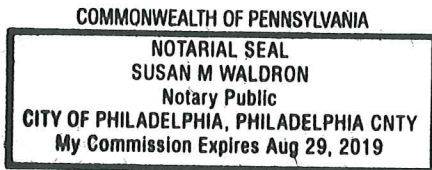


EXHIBIT 1



**GAMING CONTROL BOARD
ANNUAL REPORT**

2016-2017



David M. Barasch

CHAIRMAN'S MESSAGE

Welcome to the Pennsylvania Gaming Control Board's Fiscal Year 2016-17 Annual Report. This publication, now in its 11th year, provides detail on our agency's regulatory efforts along with important revenue statistics.

Casino gaming in the Commonwealth supports thousands of living wage jobs and generates well over \$1 billion annually in tax revenue. Additionally, Pennsylvania's casinos produce additional significant economic benefits through their annual purchase of hundreds of millions of dollars in goods and services from Pennsylvania businesses.

Since I became Chair in October 2015, normal term limitations have led to a significant changeover of the seven-member Board. But, through the appointments by the Governor and Legislature of well qualified new members to the Board, along with the excellent work of our agency staff, the PGCB's regulatory efforts have not missed a beat.

At the same time, we have also continued to be good stewards of our agency's budget by controlling our employment complement without sacrificing the quality of our work.

It continues to be my honor to serve the citizens of Pennsylvania as Chair of the PGCB. I look forward to working with my Board colleagues to continue our fair regulation of the Commonwealth's successful casino industry, while being prepared to also regulate other forms of gaming that may be legalized in the future.

David M. Barasch
Chairman



Kevin F. O'Toole

EXECUTIVE DIRECTOR'S MESSAGE

Thank you for taking the time to review this annual report and find out more about the important work of the Pennsylvania Gaming Control Board ("PGCB").

Established through the passage in 2004 of the Pennsylvania Race Horse Development and Gaming Act, the PGCB has carried out the many and diverse demands of that law to help build and regulate an industry that creates more tax revenue from commercial casinos than any other state.

Technology continues to drive the casino industry that we regulate. Over the past year, the PGCB has seen increasing reliance on technology on the gaming floors including exciting new forms of table games designed to attract more patrons and keep gaming enjoyable.

The discussion of expanding to permit additional forms of legalized gaming continues in Harrisburg. With that in mind, much of our staff has been preparing for any additional regulatory undertaking that may come our way should approvals be made by the Legislature and Governor.

We work for you, the public. If you ever have any comments on the Commonwealth's casino industry, I invite you to contact us via e-mail at pgcb@pa.gov.

Kevin F. O'Toole
Executive Director

BOARD MEMBERS



Kathy M. Manderino
Board Member
Designated by the Governor



David M. Barasch
Chairman
Designated by the Governor



William H. Ryan, Jr.
Board Member
Designated by the Governor



Dante Santoni, Jr.
Board Member
Designated by the
Minority Leader of the
House of Representatives



Richard G. Jewell
Board Member
Designated by the
Speaker of the
House of Representatives



Merritt C. Reitzel
Board Member
Designated by the
President Pro Tempore
of the Senate



Sean Logan
Board Member
Designated by the
Minority Leader
of the Senate



The Honorable
C. Daniel Hassell
Ex-Officio Member
Secretary of Revenue



The Honorable
Joe Torsella
Ex-Officio Member
State Treasurer



The Honorable
Russell C. Redding
Ex-Officio Member
Secretary of Agriculture

PUBLIC MEETINGS & EXECUTIVE SESSIONS

The Pennsylvania Gaming Control Board (Board) convenes public meetings monthly to conduct its business and render decisions on applications, petitions and reports and recommendations. In order to complete its work timely and efficiently, the Board may convene more than one public meeting during a single month.

It is customary for the Board to conduct an executive session the day prior to a public meeting for the purpose of discussing matters confidential under the state's Sunshine Law. An agenda is prepared for these executive sessions and the agenda is posted to the Board's website. Additionally, the Board may consider matters that necessitate a hearing and these matters are conducted immediately prior to a scheduled public meeting.

When the hearing is concluded, the Board's Chairman may call for an executive session to engage in quasi-judicial deliberations regarding the matters which were the subject of the hearing. A log of executive sessions held by the Board during fiscal year 2016/2017, including reference to the agenda posted on the Board's website, is set forth below:

Pennsylvania Gaming Control Board - Executive Session Log Fiscal Year 2016-2017

7/12/2016

See Agenda posted on Gaming Control Board Website under "Meetings". Link to [7/13/2016](#).

7/13/2016

Quasi-judicial deliberation regarding public hearings held on 7/13/2016 - See Agenda posted on Gaming Control Board Website under "Meetings". Link to [7/13/2016](#).

8/9/2016

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [8/10/2016](#).

9/6/2016

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [9/7/2016](#).

10/4/2016

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [10/5/2016](#).

11/15/2016

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [11/16/2016](#).

12/13/2016

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [12/14/2016](#).

1/10/2017

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [1/11/2017](#).

1/31/2017

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [2/1/2017](#).

3/21/2017

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [3/22/2017](#).

3/22/2017

Quasi-judicial deliberation regarding a public hearing held on 3/22/2017 - See Agenda posted on Gaming Control Board Website under "Meetings". Link to [3/22/2017](#).

4/4/2017

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [4/5/2017](#).

4/25/2017

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [4/26/2017](#).

4/26/2017

Quasi-judicial deliberation regarding an oral argument and a public hearing held on 4/26/2017 - See Agenda posted on Gaming Control Board Website under "Meetings". Link to [4/26/2017](#).

5/16/2017

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [5/17/2017](#).

6/6/2017

See Agenda posted on Gaming Control Board Website under "Meetings" Link to [6/7/2017](#).

PGCB STATEMENT OF REVENUE & EXENDITURES

Fiscal Year 2016-17

Beginning Balance			
Casino Operator Assessments	\$34,414,000		
Restricted Revenue	<u>\$5,755,000</u>		
Available			\$40,169,000
Personnel Expenditures			
Salaries	\$19,398,751		
Overtime	\$301,343		
Benefits	\$13,580,353		
Other Employee Paid Benefits	\$0		
Leave Payouts/Military Stipend	<u>\$79,588</u>		
Total Personnel Expenditures		\$33,360,135	
Operating Expenditures			
Travel	\$222,029		
Training	\$25,167		
Utilities/Comm	\$442,431		
Services	\$1,539,291		
Rentals/Leases	\$1,762,323		
Supplies	\$92,288		
Equipment(NFA)	\$671,090		
Inventory Expenses	\$26,438		
Other Operating Expenses	<u>\$722,525</u>		
Total Operating Expenditures		\$5,503,581	
Fixed Assets			
Hardware Peripherals	\$93,965		
Software Licensing Recurring	<u>\$132,724</u>		
		<u>\$226,689</u>	
Total Expenditures			<u>\$39,090,405</u>
Revenues Over (Under) Expenditures			\$1,078,595

Note: Expenditure figures as of August 7, 2017. Figures include account payables.



Claire Yantis
Administrative
Director

BUREAU OF ADMINISTRATION

This year, the PGCB created the Bureau of Administration to oversee the integration of administrative and management service programs for the PGCB, and to assist the Executive Director in developing management and policy recommendations regarding technology, personnel management, agency operating procedures, and financial management. The Bureau of Administration oversees the operation of the following seven bureaus:

- Compulsive and Problem Gambling
- Gaming Laboratory Operations
- Financial Management
- Human Resources
- Information Technology
- Office Services
- Communications

Separate reports on the Gaming Laboratory and Compulsive and Problem Gambling are contained in other sections of this report. Information on the other bureaus under the Bureau of Administration follow:

Financial Management

The Office Financial Management (OFM) serves as the focal point for the Gaming Control Board's fiscal matters by providing direction, planning, and oversight for financial policy, procedures, and reporting. OFM is committed to strengthening financial management within the Board through a coordinated program involving the:

- modernization and integration of financial systems;
- improvement of financial reporting and accountability; enhancement of efficient and effective management controls; and,
- preparation of financial statements.

OFM assists the Board in preparing both analysis and recommendations regarding the itemized gaming budgets of the Department of Revenue, Attorney General's Office, and Pennsylvania State Police to the legislative appropriations committees. In addition, the OFM bills, collects, reports and monitors all agency generated revenue and posts on the PGCB Internet website, and a list of all the itemized expenses of employees and members for each month that were reimbursed.

Human Resources

The Office of Human Resources (OHR)

- establishes, maintains and administers effective and comprehensive classification and compensation programs/policies;
- reviews and maintains the agency's organizational structure to ensure efficient operation and complement control;
- coordinates a highly competitive benefits program; and,
- ensures that all employees work in a safe and fair environment.

The OHR staff support the Board in achieving its goals and objectives by assisting managers in recruiting, retaining, and developing a talented and diverse workforce through the coordination of training and performance management programs. The OHR also strives to maintain a cooperative working relationship with the American Federation of State, County and Municipal Employees (AFSCME) who represent all professional, clerical, administrative and first-line supervisory positions at the PGCB.

In Fiscal Year 2016-2017 the OHR assisted the agency by:

- continuing to develop and implement a comprehensive training schedule to ensure all managers and employees are aware of roles and responsibilities regarding critical employment policies and procedures;
- working with Bureaus to review staffing needs and structure resulting in an elimination of three positions; and,
- restructuring the Bureau of Administration to increase efficiency and decrease redundancies between Bureaus.

Employees By Bureau as of June 30, 2017

Commissioners 7	Executive Offices 5
Administration 30	Investigations & Enforcement 76
Casino Compliance 123	Licensing 22
Office of Chief Counsel 10	Hearings and Appeals 4
Office of Gaming Operations 13	
Total Number of Employees 290	



Information Technology

The Office of Information Technology (OIT) is responsible for the performance and integrity of the network, and the overall planning, organization and execution of all information technology functions within the Gaming Control Board.

OIT is responsible for the continued support and development of applications to assist PGCB staff in their daily business operations. OIT also provides daily support of all technology for employees, including oversight and maintenance of all computers, servers, networks, software, and telecommunications equipment. OIT will continue to leverage technology solutions to enhance operational efficiencies throughout all areas of the Gaming Control Board.

During the fiscal year OIT worked on:

- an infrastructure upgrade project to enhance our effectiveness, network speed and reliability within the main office and three regional offices;
- an upgrade and migration of external facing applications and public web site to a new infrastructure located at the commonwealth enterprise data center;
- implementation of a new self-service help desk system along with a self-service password reset application;
- the completion of approximately fifty-nine (59) internal application enhancements providing new functionality to various bureaus within the organization.

Office Services

Office Services has the responsibility of ensuring that the administrative activities within PGCB run efficiently by providing structure to the transportation needs, purchasing requirements, building security and the operations of all PGCB offices. Activities can range from being responsible for the management of purchase orders; advising on “Requests for Proposals” and other contracts; managing office leases and researching new lease opportunities to reduce overall costs; continually monitoring building security needs and upgrades; and, the day to day assignment of automobiles for PGCB related duties.

During the fiscal year, the employees of Office Services:

- purchased requested goods and services related to the day to day operation of the Board;

- reviewed all lease arrangements for cost savings including the relocation of the Conshohocken office at a substantial saving to the Board; and,
- maintained fleet services for employees traveling on Board business while reducing overall fleet size.

Office of Communications

The Office of Communications is responsible for coordinating a comprehensive effort to inform the public of the Board’s goals, plans, and activities through all forms of media outlets. We also oversee, guide, plan, and coordinate the writing, publication, and production of all communication products – printed materials, photos/videos, website, and social media postings generated from Board bureaus and offices.

Over the last fiscal year, the Office of Communications:

- oversaw the Board’s efforts to warn youth and parents about the dangers of attempting to gamble at a PA casino when underage, with the “What’s Really at Stake” media campaign;
- conducted 38 speaking engagements to community organizations throughout Pennsylvania;
- live streamed 13 public board meetings from the board’s public meeting room in Harrisburg and from two office site locations for the license renewal hearing of Mohegan Sun Pocono and Lady Luck Casino Resort; and,
- responded to hundreds of requests for information from both the media and the public.



OFFICE OF COMPULSIVE & PROBLEM GAMBLING

The PGCB's Office of Compulsive and Problem Gambling (OCPG) remains committed to:

- assisting Pennsylvanians affected by compulsive gambling by ensuring that every casino operator has established, and complies with, an approved compulsive and problem gambling plan;
- directing problem gamblers and their families to compulsive gamblers assistance organizations' toll-free helplines for crisis counseling, referral services and treatment;
- heightening public awareness of the dangers of compulsive, problem, intoxicated and underage gambling;
- developing prevention programs and harm reduction tools for gamblers;
- creating new problem gambling materials and outreach programs;
- establishing education materials for residents of differing demographics/ languages;
- continue to develop college partnerships.

The OCPG searches for ways to expand its outreach to the citizens of this Commonwealth.

During the 2016-2017 Fiscal Year, the OCPG's Director and its Program Analyst attended the following senior fairs across the state:

- 8/10/2016 Senator Corman's senior fair in Lewistown
- 9/8/2016 Senator Yudichak's senior fair in Jim Thorpe
- 9/10/2016 Representative Tobash's senior fair in Pine Grove
- 9/13/2016 Representatives Everett and Yaw's senior fair in Pennsdale
- 9/23/2016 Representative Kauffman's senior fair in Chambersburg
- 10/13/2016 Senators Baker and Yudichak and Representative Kaufer's senior fair in Kingston
- 4/7/2017 Senator Boscola's senior fair in Bethlehem
- 5/19/2017 Representatives Schweyer and Schlossberg's senior fair in Allentown

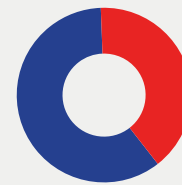
At these events, OCPG staff distributed hundreds of pieces of informational handouts on gambling addiction treatment and the Board's statewide Self-Exclusion Program.



Elizabeth Lanza
Director
Office of Compulsive and Problem Gambling

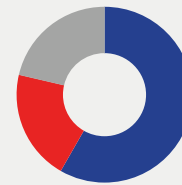
Pennsylvania Self-Exclusion Program

Data shows that there are a total of 11,567 self-exclusion requests from individuals as of June 30, 2017.



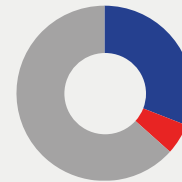
Gender

- 6,997 or 61% are males
- 4,570 or 39% are females



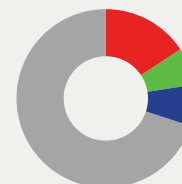
Type of Enrollment- 1, 5 or Lifetime Ban

- 6,747 or 58% - 1 year
- 2,346 or 20% - 5 years
- 2,474 or 22% - lifetime



Current Status

- 3,796 or 31% - Self-Removed
- 697 or 6% re-enrolled after removal
- 7,771 or 63% currently self-excluded



Reported Violations by Enrollment Type

- 1,820 or 16% - 1 year
- 781 or 7% - 5 years
- 858 or 7% - lifetime
- 8,108 or 70% no known violations

Of the violations, 34% were female and 66% were male. 621 individuals had 2 or more violations.



Self-Exclusion by Race

Caucasian	8,282	72%
African American	1,744	15%
Asian	861	7%
Hispanic	320	3%
Middle Eastern	130	1%
Indian	113	1%
Multi-Racial	41	<1%
Native American	12	<1%
Other	64	<1%
Total	11,567	100%

Self-Exclusion Intakes by Year

2006	2
2007	182
2008	321
2009	589
2010	903
2011	1,263
2012	1,456
2013	1,583
2014	1,474
2015	1,567
2016	1,510
2017 (6/30/17)	717
Total	11,567

Self-Exclusion by Age (at Intake)

21-25	883
26-34	2,361
35-44	2,773
45-54	2,890
55-64	1,859
65+	801

A well-recognized function of the OCPG is the administration of the Board’s Self-Exclusion Program. During the time an individual enrolls in the Self-Exclusion Program, Board staff collects data that is used to improve the program as well as to better their understanding of gambling addiction within the Commonwealth.

The OCPG supported and participated in National Problem Gambling Awareness Month (NPGAM), a grassroots public awareness and outreach campaign held during the entire month of March. In partnership with the Department of Drug and Alcohol Programs and the Council on Compulsive Gambling of Pennsylvania (CCGP), the OCPG disseminated informational documents during NPGAM in Harrisburg at the Capitol. During NPGAM, OCPG also made public presentations at the CCGP’s annual statewide conferences in Philadelphia and Pittsburgh.

The OCPG interacts with national organizations that advocate for the prevention and treatment of gambling addiction as well as the promotion of responsible gambling. For the second year, Director Lanza chaired the Membership Committee for the National Council on Problem Gambling.

As always, the OCPG remains dedicated to enhancing the Self-Exclusion Program, providing treatment options to those who have a gambling disorder, attending conferences, senior fairs and other outreach events to spread knowledge of problem gambling and to encourage responsible gambling among those who utilize Pennsylvania’s gambling venues.



If you or someone you know has a gambling problem, call The Council on Compulsive Gambling at:

**1-800-848-1880 or
1-800 GAMBLER**

BUREAU OF GAMING LABORATORY OPERATIONS



Heather Worner
Bureau of Gaming
Laboratory Operations



The Bureau of Gaming Laboratory Operations (“GLO”) is the focal point for the review and approval of slot machines, table games, associated equipment, and related gaming technology in Pennsylvania casinos.

Pursuant to the Pennsylvania Race Horse Development and Gaming Act, casino licensees may not use slot machines or other gaming technology until first approved by the Board.

The primary function of the gaming laboratory is to evaluate electronic gaming products and associated equipment used in casino gambling for compliance with law, Board Regulations, and technical standards. Staff reviews product specifications, software, and hardware submitted by gaming manufacturers and conducts a variety of tests as deemed necessary. Gaming Laboratory staff also review updates and changes to equipment previously approved for use. GLO assists with conducting investigations of regulatory violations, patron complaints, software and hardware deficiencies, and alleged cheating incidents.

The GLO fulfills this mission by breaking work into two critical areas:

Engineering Reviews:

A team of Engineers is responsible for evaluating all gaming devices for compliance with the minimum design standards, reviewing modifications to gaming devices and ancillary equipment, and conducting investigations of regulatory violations.

All casino related products are thoroughly tested in its 5,100-square foot lab to certify regulatory compliance with all minimum design standards regarding security and, in the case of slot machines, the 85% minimum

payback mandated by law as well as the testing of automated shufflers, progressive systems, electronic table games, and other technology necessary to conduct gaming. Additionally, communication between the thousands of operating slot machines and the Central Control Computer System is confirmed, the communication of each machine is verified with casinos’ in-house monitoring systems, and analysis of voucher redemption machines is performed.

Statistical Analysis:

A team of Statisticians are responsible for evaluating the theoretical return for every slot machine game theme submitted for review, the analysis of progressive reward payouts and random number generators. Table game rules are also verified by the statistical review team for calculation of the house advantage.

GLO can also accept testing and certification documentation from private independent laboratories on the slot machine manufacturer’s behalf. This can reduce turnaround time for approval for new slot machine game themes for use on casino floors.

In FY 2016-2017 GLO:	
Received 862 gaming related submissions	Reviewed 8,885 paytables
Reviewed 1,169 associated hardware and software components	Reviewed 365 slot machine game themes for regulatory compliance.



Mozelle E. Daniels

Director
Office of Diversity

OFFICE OF DIVERSITY

Pursuant to §1212 of the Pennsylvania Race Horse Development and Gaming Act (“the Act”), the PGCB is charged with promoting and ensuring diversity in all aspects of legalized gaming. The PGCB developed rules and regulations, 58 Pa. Code §481a, to accomplish its goals. The diversity regulations established the policies and procedures for promoting and ensuring that the regulated entities foster participation and diversity in all aspects of their operations in the Commonwealth.

Notwithstanding constant changes in Pennsylvania’s gaming industry over the last decade, diversity has remained at the forefront of the PGCB’s insistence and mission. Regardless of changes in casino ownership, casino executive management, or within the PGCB itself, diversity and inclusion has been and continues to be an ongoing noteworthy accomplishment of the entire industry.

As of June 30, 2017, the casinos/resorts employed a total of 17,736 individuals. Residents of the Commonwealth comprise 89% of the casinos’ workforce. Approximately 43% of the employees are females while 37% of those employed at the casinos are racial minorities. Executive/Management/Professional staff at the casinos consists of a total of 2,378 individuals. Of this total 63% are male, 37% are female and 23% are racial minorities. The casinos’ training and retention efforts continue to result in internal promotions. Additionally, the casinos continue to work to meet the goals of the legislature in the area of table games employment. Pennsylvania residents currently comprise 81% of table games employees.

The casinos’ supplier diversity programs continue to create opportunities for local business entities. Casinos have worked to create environments where procurement professionals are supported by executive level staff to promote the utilization of diverse vendors that supply goods and services. Through relationships with minorities, women and local businesses, the casinos have been able to combine objective market knowledge and identify areas with competitive purchasing capacity.

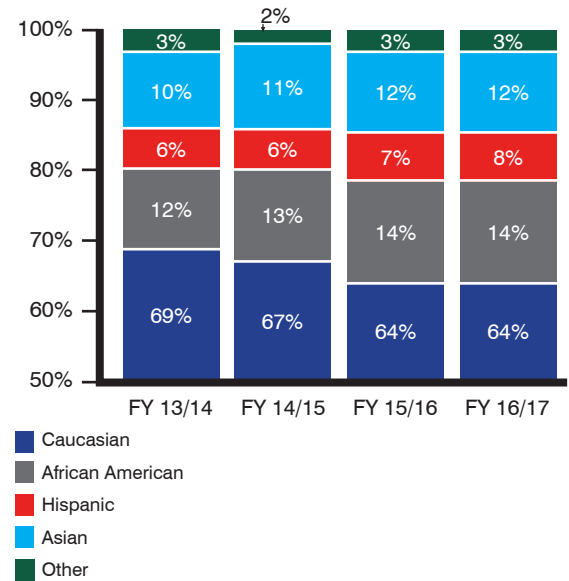
The casinos are committed to increasing opportunities to qualified businesses capable of providing exceptional services at the best value. The casinos continue to support awareness and outreach initiatives among current and potential suppliers. These programs include, but are not limited to: vendor fairs and networking events for diverse groups; visiting vendor sites to determine their capability to meet supplier requirements for the facilities; establishing economical payment plans mutually agreed upon by the vendors and purchasing managers at the casinos; conducting workshops and other activities to increase awareness on the part of diverse groups concerning the types and volumes of goods and services the casinos purchase in the course of business operations; advertising in media to engage diverse groups; entering into strategic partnerships with local chambers of commerce; and mentoring small businesses. Moreover, the casinos support organizations promoting supplier diversity and economic empowerment, such as the Minority Supplier Development Council and the Women’s Business Enterprise Council for Pennsylvania, Delaware and New Jersey. Expenditures for each licensed facility are available in the PGCB’s Gaming Diversity Report.

Community outreach, sponsorships and donations to charitable causes continue to be a priority for the casinos. As in previous years, casino employees routinely volunteer thousands of hours to various organizations, fund raisers, neighborhood revitalization efforts, and educational pursuits throughout the Commonwealth. The casinos have distributed well over \$106 million towards philanthropic activities since 2006.

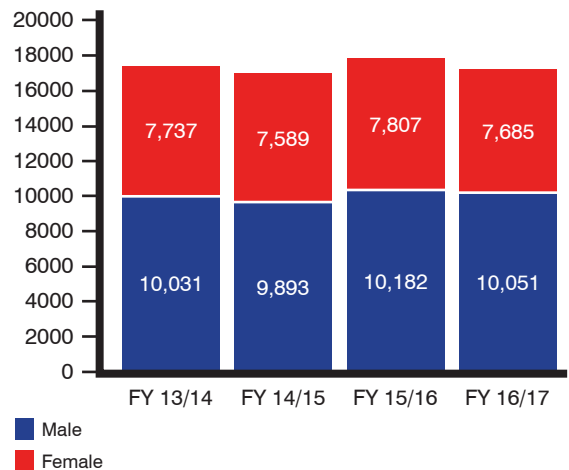
The PGCB remains committed to monitoring the activities of the Commonwealth’s licensed casinos in promoting diversity and ensuring compliance with the Act.

Statewide

Employment by Race



Employment by Gender





Susan Hensel
 Director
 Bureau of Licensing

BUREAU OF LICENSING

During the last fiscal year, the Bureau of Licensing focused on improving efficiencies in the licensing process by deploying new technologies and updating its policies and procedures. With nearly 9,000 applications submitted during the fiscal year, the Bureau continued its efforts to identify means of working smarter while protecting the integrity of gaming through the licensure of the people and entities participating in Pennsylvania's casino industry.

In addition to receiving and processing applications in the last fiscal year, the Bureau oversaw the preparation of licensing suitability reports and approvals of:

- 2 casino license renewals;
- 9 manufacturer renewals;
- 2 initial manufacturer licenses;
- 2 initial manufacturer designee licenses; and,
- 3 gaming junket licenses.

In addition, the Bureau facilitated the certification and registration of almost 200 gaming service providers, which are companies doing non-gaming related business with casinos.

Additional Bureau highlights during the 2016-2017 Fiscal Year included:

- Analyzing agreements, corporate structures and applications associated with changes of control for the Meadows; Isle of Capri, the management company for Lady Luck Casino Nemacolin; and Caesars Entertainment, the parent corporation of Harrah's Philadelphia Casino.
- Referring nearly 80 potential regulatory violations to the PGCB Office of Enforcement Counsel for action.
- Fielding approximately 3,800 calls from gaming and non-gaming applicants, casinos and other individuals with questions about completing applications, application statuses and other information.
- Implementing an enhanced disbursement report system to improve analyst's ability to review more than \$1.5 billion in annual casino spending.
- Utilizing an electronic check imaging process to deposit and track more than 1,600 checks totaling nearly \$4 million annually in application and license fees.
- Producing nearly 10,000 board credentials for employees working in Pennsylvania casinos.
- Working to implement new software to facilitate faster and more efficient scanning of template documents submitted by applicants as well as toward the electronic submission of other documents through the SLOTSlink electronic application system.
- Coordinating with information technology staff to expand SLOTSlink functionality to accept registered gaming service provider applications electronically thus improving the renewal notification process for gaming and non-gaming employees of manufacturers, suppliers and gaming service providers.

Applications Approved by Type:	FY 7/1/16 - 6/30/17
Category 1	0
Category 2	1
Category 3	1
Slot Machine Manufacturer	1
Slot Machine Manufacturer Designee	1
Table Game Manufacturer	10
Table Game Manufacturer Designee	1
Slot Machine Supplier	0
Table Game Supplier	0
Management Company	1
Affiliate	37
Key Employee	95
Principal	177
Principal Entity	23
Junkets	3
Gaming--Level 2	789
Gaming	3,926
Non-Gaming Employee	2,285
Certified/Registered/Notifications Gaming Service Providers, Affiliates, Employees	952
TOTAL	8,303

Number of Applications	FY 7/1/16 - 6/30/17
Received	8,726
Approved	8,303
Denied	73
Surrendered	120
Withdrawn	440
Not Accepted	0
Revoked	44
Suspended	7

BUREAU OF CASINO COMPLIANCE



Gerald E. Stoll
*Director
Bureau of Casino
Compliance*



The Bureau of Casino Compliance, in furtherance of the Board's mission to secure the integrity of gaming and the safety of patrons, provides round-the-clock representation at each casino. The responsibilities of Casino Compliance Representatives (CCR's) assigned to each casino throughout the Commonwealth include, but are not limited to, the following:

- to assure compliance with Board regulation and standard operating procedures submitted by each casino;
- to receive and process patron complaints;
- to ensure that revisions to the licensee's gaming floor are done in accordance with the Board's approval;
- to issue temporary license badges to employees of the casino;
- to observe the collection and accounting of table game drop boxes in order to determine table game win or revenue; and,
- to generally monitor all gaming activity.

Additionally, the bureau maintains a current inventory of all slot machines whether on the floor, in transit, or in storage in order to make certain that all are configured to return a minimum of 85% as required by statute. Table game equipment such as cards, dice, roulette balls & wheels, gaming chips, and peripheral devices related to casino gaming are also monitored. CCR's also monitor the destruction of cards, dice and perishable gaming equipment to assure that the destruction is completed according to established regulation.

Another critical function of CCR's is to be available to the public to receive any patron complaints. All patron complaints are reviewed and thoroughly investigated, with those involving non-compliance with internal controls or Board regulations then forwarded to the Office of Enforcement Counsel for action. Additionally, CCR's refer information concerning suspected criminal activity to the on-site Pennsylvania State Police personnel for investigation.

CCR's also address the issue of Compulsive and Problem Gambling along with its proper oversight and attention by the casino. CCR's regularly enroll members of the public in the PGCB's voluntary Self-Exclusion Program and while also monitoring any potential violations of this program. The Bureau of Casino Compliance also maintains a voluntary credit exclusion program for patrons of PA casinos which supplements the Compulsive and Problem Gaming initiative that is actively in place.

Of particular importance, the Bureau of Casino Compliance certifies the casino's adherence to minimum Security and Surveillance staffing while also assuring that a formal Standard Operating Procedure policy is in place at each casino. Additionally, surveillance camera coverage and retention reviews are

performed frequently by CCR's to safeguard assets, enhance patron safety, resolve complaints and monitor gaming activity.

Gaming floor changes are significant in number and occur when table games or slot machines are increased in number, relocated, removed, or repositioned. Therefore, the Bureau of Casino Compliance coordinates and documents any authorized changes to the gaming floor, spending considerable time coordinating the PGCB's oversight of gaming floor plan changes.

As the Pennsylvania gaming industry continues to evolve, the Bureau of Casino Compliance will remain prepared for both the expansion of existing casinos and the opening of new facilities. Through this process, we will ensure compliance with gaming regulation.

Technical Field Operations:

The Bureau of Casino Compliance is responsible for the technical compliance of the slot machine floor, table game floor and the IT room of every casino. Within all casinos, normal maintenance to the gaming floor is necessary. For example, carpet removal and installation is a frequent event, resulting in all slot machines being uninstalled and reinstalled. This is a significant undertaking and very labor intensive taking 16 to 20 weeks on average. The Technical Field Representatives (TFR's) are instrumental and closely involved with both the planning and implementation, and are integral for a smooth install assisting the operator to assure that interruptions are minimal and patron inconvenience is low.

A significant amount of behind-the-scenes activity is conducted by TFR's who are responsible for monitoring the day-to-day operations of a casino's software and systems. TFR's assure that all slot machines maintain connectivity to the Central Control Computer System; conduct random inspection of slot machines for configurable options; inspect table game devices for compliance; and, conduct highly technical investigations. TFR's also work with the PGCB lab staff to assure that manufacturer notifications are reviewed and addressed efficiently.

BUREAU OF GAMING OPERATIONS

The Bureau of Gaming Operations (BGO) works closely with the gaming industry to ensure the integrity of slot machine and table game operations at the Commonwealth's 12 casinos. Comprised of Compliance and Audit units, BGO reviews internal controls and performs audits to ensure casino games are conducted fairly and in accordance with the law and PGCB regulations.

Compliance Unit

Compliance Unit staff review internal controls and other required regulatory submissions including table game rules submissions, gaming guides, dealer training programs, tournament rules and schedules, and table game equipment submissions. Examples of equipment submissions include cards, dice, chips, signs and layouts used in table game operations. Patrons who visit a casino and play table games can be assured that all the equipment required for the operation of that game has been carefully reviewed by BGO staff.

As required by the Gaming Act, each casino licensee is responsible for developing a written system of internal controls that describe its operating procedures in key departments such as finance, security, surveillance, table games and slots. Licensees are also required to train employees in the performance of their duties, including compliance with the Board's regulations and the licensee's system of accounting and internal controls.

Examples of internal controls that must be submitted to the BGO for review and approval include procedures for the:

- counting and recording of slot machine and table game revenue;
- safety of patrons including adequate security and surveillance coverage;
- prevention of underage gambling;
- safeguarding of casino assets including controlled access to sensitive keys and restricted areas; and,
- issuance of casino credit.

In fiscal year 2016-2017, Compliance Unit staff reviewed 626 internal control amendments, 450 table game submissions and 48 slot tournament submissions. BGO staff also developed table game rules submission forms for three new table games:

- Cajun Stud
- Four Card Prime
- Four Card Frenzy

Licensees use BGO's rules submission forms to specify the approved rule variations and pay tables they will use when offering a table game for play. This allows PGCB onsite staff and auditors to ensure the games are conducted in accordance with the Board's regulations.

Audit Unit

The Audit Unit performs compliance audits to ensure casinos and their employees conduct gaming operations with highest level of integrity and that strong accounting controls are followed to ensure the accurate collection of tax revenue owed to the Commonwealth. Audits focus on key areas of casino operations including: cage, drop and count, surveillance, table games, compulsive and problem gambling, restricted area access and sensitive key controls.



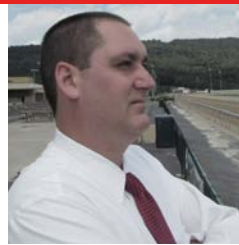
Paul Resch
Director
Bureau of Gaming Operations

Auditors obtain an understanding of the licensees' slot machine and table game operations through observation of gaming operations, examination of records and interviews with casino personnel. Audit reports include recommendations for corrective action and a response from the licensee to each finding of non-compliance. All findings are forwarded to the Office of Enforcement Counsel for review.

During FY 2016-2017, Audit Unit staff performed 15 audits in which 10 were follow-up audits and five were compliance audits focused on key areas of casino operations identified by the Audit Unit through an annual risk assessment.

The Audit Unit also reviews grant contracts under the Local Law Enforcement Grant Program. The PGCB is allotted \$2 million per year to award grants to local law enforcement agencies and the Pennsylvania State Police for the purpose of investigating, enforcing and preventing unlawful gambling. During FY 2016-2017, audit staff reviewed grant contract documents for three local law enforcement agencies that received grants. The review involves an examination to determine if grant funds appear to have been properly allocated and expenditures accounted for in accordance with grant guidelines, the grant agreement and the approved project description and budget.

<i>The Bureau of Gaming Operations accomplished the following in FY 2016-2017:</i>	
Reviewed 626 internal control amendments	Reviewed 450 table game submissions
Performed 15 compliance audits	Reviewed 48 slot tournament submissions
Reviewed 3 local law enforcement grants	



Kevin Kile
Director
Office of Racetrack Gaming

OFFICE OF RACETRACK GAMING

The Pennsylvania Race Horse Development and Gaming Act states that the authorization of limited casino gaming is intended to positively assist the Commonwealth's horse racing industry, support programs intended to foster and promote horse breeding, and improve the living and working conditions of personnel who work and reside in and around the stable and backside areas of racetracks. Toward that end, the Office of Racetrack Gaming serves as the Pennsylvania Gaming Control Board's liaison between the gaming and horse racing industries in order to support this legislative intent for legalized casino gaming to assist the racing industry.

The avenue utilized by statute to assist the horse racing industry was the creation of the Pennsylvania Race Horse Development Fund which is funded by a portion of gross revenue generated from slot machine gaming by the casinos. In Fiscal Year 2016-2017, approximately 10% of revenue generated from slot machine gaming was earmarked for the Pennsylvania Race Horse Development Fund resulting in \$240 million of tax revenue. This revenue provides increased purses for horsemen, awards for breeders, and funding for health and pension benefits. In addition to revenue generated by law under the Pennsylvania Race Horse Development Fund, the racetrack casinos have collectively invested more than \$70 million in new and renovated racing facilities. These new facilities, such as barns, paddocks, and dormitories, have significantly improved the living and working conditions for horsemen and their employees who work at the racetracks on a daily basis.

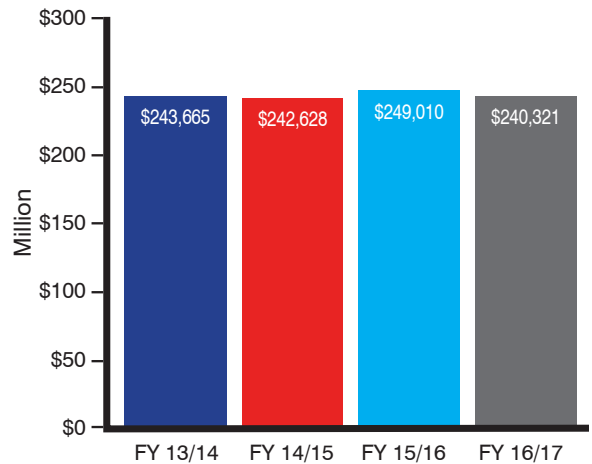
In order to support and monitor the impact casino gaming is having on the horse racing industry, the Office of Racetrack Gaming establishes and maintains effective relationships as a liaison to the Pennsylvania Department of Agriculture, Pennsylvania Horse Racing Commission, casino and racetrack operators, horsemen's organizations, and related organizations. The Office of Racetrack Gaming regularly attends Pennsylvania Racing Commission meetings and provides reports to the Board regarding all areas that impact casino gaming.

The Office of Racetrack Gaming also ensures each casino and racetrack operator submits an annual report summarizing how the introduction and expansion of gaming has fulfilled the intent of the Act to enhance live racing at the casino, plans to promote live racing, and how it is working to increase both live handle and daily attendance at the racetrack.

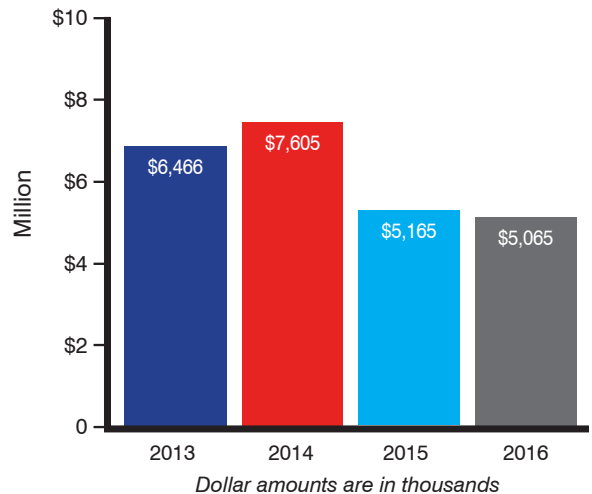
The Office of Racetrack Gaming released its tenth annual Benchmark Report in April 2017 which provides a comprehensive overview of the benefit slot machine gaming revenue provides for the horse racing industry in Pennsylvania. This report also details key indicators within horse racing which outline the health of the industry and can be accessed through the Board's website.

Finally, the Office of Racetrack Gaming regularly assists the Bureau of Gaming Operations in all areas of its responsibility including, but not limited to, the review of internal controls, table game operations, and promotional activities conducted at casinos. The Office of Racetrack Gaming reviewed the rules to approximately 5,400 promotions submitted by the twelve casinos in Fiscal Year 2016-2017 to ensure all marketing activities within the Commonwealth do not adversely impact the public or the integrity of gaming.

PA Race Horse Development Fund



Backstretch Improvements





R. Douglas Sherman
Chief Counsel

OFFICE OF CHIEF COUNSEL

The Office of Chief Counsel (OCC) engages in and oversees legal services encompassing broad topical areas for the Pennsylvania Gaming Control Board. It is legal counsel to the Board on issues of policy and procedure including legislative proposals, administration, personnel, budget, operations, licensing and all other matters that may emerge in the course of regulating casino gaming. Additionally, the OCC serves as the Board's legal representative in various court proceedings, including appeals of Board decisions. In addition, OCC oversees the ongoing repayment by casino operators of \$63.8 million that was borrowed from the Property Tax Relief Reserve Fund to fund the agency in its infancy, as well as the administration of local law enforcement grants for the purpose of combatting illegal gambling in the Commonwealth.

Licensing:

The Licensing Section of the OCC advises and assists the Bureau of Licensing in all matters involving the licensing process, including the application process and on any licensing ramifications of actions involving licensees. The Licensing section also works daily with the Bureau of Licensing on issues such as debt refinancing, corporate restructuring, and changes in control and/or ownership of licensed entities and is instrumental in coordinating the compliance of a licensee with its Statement of Conditions. Over the past year, the Licensing Section produced renewal suitability reports for casinos currently operating in Pennsylvania and for numerous slot machine and table game manufacturers, manufacturer designees, suppliers, junkets, gaming service providers and management companies.

Regulatory Review:

The 2016-2017 Fiscal Year continued the crafting of regulations to address new gaming technology in the Commonwealth, expanding the compliment of table game options available for play in all licensed facilities and revising the agency's existing body of regulations and policies. The rulemakings approved by the Board addressed a wide range of topics, including the promulgation of temporary regulations and statements of policy on rules of play for new table games and side wagers and regulations on new hybrid gaming systems which combines live table game play with slot machine style wagering.

Litigation:

The Litigation Section of the OCC provides counsel to the Board on matters coming before it including enforcement actions, petitions for relief, suspensions, revocations, consent agreements, withdrawals of applications, surrenders of licenses, placement of individuals on the Board's exclusion list, licensing and Reports & Recommendations generated by the Board's Office of Hearings and Appeals. In total, during Fiscal Year 2016-2017, the OCC reviewed and provided legal advice to the Board on over 450 such matters.

During the same period of time, the Litigation Section represented the Board before judicial and administrative tribunals in which the Board was named as a party (e.g. employment law, Right-To-Know Law) or in which

Board records or personnel were subpoenaed. The Litigation Section also provided counsel to the PGCB Open Records Officer and Office Services Section involving compliance with the Right-To-Know Law and Procurement Code.

Legislation:

OCC, through the Board's legislative liaisons, addresses questions of the legislature concerning the administration of the Gaming Act as well as relating to possible future legislation amendments and proposals as they relate to gaming. OCC frequently reviews proposed legislative language and provides feedback to promote the prompt, efficient and effective implementation of gaming.

OFFICE OF HEARINGS & APPEALS



Linda S. Lloyd
Director
Office of Hearings and Appeals



The Office of Hearings and Appeals (OHA) receives and processes all filings with the Board's Clerk, as well as conducting hearings, building records and producing Reports and Recommendations for the Board's consideration.

The year saw two License Renewal public input hearings for the following operators:

- September 2016 – Lady Luck/Nemacolin Woodlands
- March 2017 – Mohegan Sun at Pocono Downs

From July 1, 2016 through June 30, 2017, the Board's Clerk received 2,565 filings to be processed. The breakdown of the types of filings, as well as other information, is as follows:

TYPES OF FILINGS	FY 7/1/16 - 6/30/17	FY 7/1/15 - 6/30/16
Petitions	178	359
Answers/Motions/Misc.	1178	1,375
Enforcement Actions	244	111
Requests for Oral Hearing	62	79
Reports and Recommendations Issued	62	72
Exceptions	7	17
Disposed Hearing Files	39	44
Board Orders	641	636
OHA Orders	102	108
Total Orders Processed	743	744
Hearings Conducted by OHA	65	85
Records Certified to Courts	0	2
Requests for Documents	48	65

OFFICE OF ENFORCEMENT COUNSEL



Cyrus Pitre
Chief Enforcement Counsel

The Office of Enforcement Counsel (OEC) serves as the prosecutor in all noncriminal matters relating to casino gaming in the Commonwealth. In its regulatory function, the OEC operates separately and independently from the Pennsylvania Gaming Control Board (Board).

Guided by the mandates of the Pennsylvania Race Horse Development and Gaming Act (Act), Board approved regulations, established legal precedence, and Commonwealth statutory law, the OEC has three main functions: background investigations; regulatory enforcement; and petition responses.

During Fiscal Year 2016-2017, these functions resulted in the OEC handling 4,000 legal regulatory matters.

Background Investigations

The OEC is responsible for reviewing and making recommendations regarding the suitability of initial applicants and renewal applicants for licensure by the Board. In this role, the OEC is tasked with preparing background investigation reports, issuing and prosecuting denial recommendations, answering withdrawal requests, and assisting the Bureau of Investigations and Enforcement (BIE) during the background investigation process.

Regulatory Enforcement

Through its enforcement duties, the OEC ensures that those licensed by the Board conduct themselves in a manner consistent and in accordance with the Act and Regulations, and that patrons of the Commonwealth's casinos do not harm the character and integrity of the gaming industry.

In this role, the OEC is the hub wherein all potential non-criminal violations of the Act and Regulations come for resolution. The OEC receives potential violation referrals from within the agency through the various Offices and Bureaus and at times, from the Board members. The OEC also receives violation referrals from the public, licensees, the PA General Assembly, state, federal, and foreign government agencies, etc. Once received, those violation referrals that require investigative work are forwarded to the BIE with as-needed guidance from the OEC. Once the BIE completes its investigation, the report is forwarded to the OEC for review and appropriate action. When violation referrals do not necessitate an investigation by BIE, the OEC, through its own initiative, takes the appropriate action.

Petition Responses

The OEC is also responsible for filing responses to petitions filed with the Board by licensees, applicants, or the public and for ensuring that the requested relief does not run afoul of the Act or Board Regulations. In this role, the OEC represents the various positions of Board staff in conjunction with the legal parameters presented by the Act and Regulations.

Between July 1, 2016 and June 30, 2017 the following statistics are attributed to OEC's regulatory oversight and prosecutorial work:

Statistic	FY 16/17
Background Investigation Reports	1,514
Sworn Interviews	11
Application Withdrawals Processed	454
Petitions Answered	105
Administrative Hearings	83
Gaming/Nongaming Legal Reviews	424
Demand Letters Issued	151
Recommendation of Application Denials Issued	81
Warning Letters	809
Compliance Conferences	10
Consent Agreements	36
Enforcement Complaints	88
Exclusion Petitions	234
Regulatory Violation Fines/ Penalties Assessed	\$764,500

BUREAU OF INVESTIGATIONS AND ENFORCEMENT

Pursuant to the Pennsylvania Race Horse Development and Gaming Act (Act), the Bureau of Investigations and Enforcement (BIE) operates as an independent bureau within the Gaming Control Board. The primary mission of BIE is to ensure the integrity of the Commonwealth's gaming industry through suitability investigations of gaming operators, their key employees and gaming employees to determine their suitability for licensing.

In addition to suitability of casino investigations, BIE also conducts suitability investigations for manufacturers, suppliers, gaming service providers and other businesses interested in conducting business within the Commonwealth's gaming industry.

Licensing Investigations

All applicants for a license, permit, or registration, whether a casino employee, a manufacturer of gaming equipment, a casino operator, or a gaming service provider to a casino are investigated by the BIE. License renewal investigations are conducted on all entities and individuals every three years and on gaming service providers every four years. These efforts include a comprehensive criminal history record check based upon information received from FBI fingerprint results, as well as other local police department and court checks.

From its investigatory process, the BIE then prepares a comprehensive report detailing the applicant's background and suitability. Elements of a background investigation include but are not limited to:

- business and personal contact,
- regulatory history in other jurisdictions,
- criminal history checks,
- FBI criminal history records,
- tax record examinations, and
- database checks regarding both political contributions and court records for pending and concluded civil litigation.

Enforcement Investigations

The BIE also investigates all licensees and other persons regulated by the Board for non-criminal violations of the Gaming Act. Examples of these investigations are:

- exclusion request for a patron passing counterfeit money;
- payments to prohibited vendors;
- employee misconduct; and,
- underage gaming.

The BIE's investigatory reports on these various violations or complaints are also forwarded to the OEC for action.

Pursuant to Act 90 of 2013, referred to as the Tavern Gaming Law, the BIE is mandated with the responsibility of conducting background investigations for applicants for a tavern gaming license. As such, the BIE conducts a thorough background investigation to include a federal and state criminal history record search, financial and tax review, and a regulatory history evaluation. The BIE then submits a background investigation report to the Pennsylvania Liquor Control Board, who determines suitability for a tavern gaming license.

Financial Investigations

The BIE has its own Financial Investigations Unit (FIU) that maintains and reviews all corporate compliance submissions presented to the Board. The FIU monitors financial stability of casinos to assure the public's interest is protected



Paul Mauro
Director
Bureau of Investigations
and Enforcement

in accordance with the Act. The FIU facilitates the BIE investigators and analysts with in-depth financial investigations of principals and corporate enterprises. The FIU also reviews changes in debt financing and financial restructuring, as well as evaluating other issues that require financial analysis for the Board's review.

Investigation by Type:	FY 16/17
Category 1	1
Category 2	1
Category 3	0
Slot Machine Manufacturer	8
Slot Machine Manufacturer Designee	2
Table Game Manufacturer	5
Table Game Manufacturer Designee	1
Slot Machine Supplier	1
Table Game Supplier	0
Management Company	0
Affiliate	40
Key Employee	106
Principal	246
Principal Entity	22
Junkets	3
Gaming--Level 2	854
Gaming	4,091
Non-Gaming Employee	2,367
Certified/Registered/Notifications Gaming Service Providers, Affiliates, Employees	978
Tavern Gaming Applicants	4
TOTAL	8,730

Pennsylvania has 12 operating casinos. As of June 30, 2017 PA casinos employed 17,736 individuals of which 5,857 are associated with the play of table games. Total tax revenue from slots machines and table games for FY 16/17 was \$1,425,022,487.



Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	1,239
Gross Revenue	\$866,518,040
Taxes	\$138,529,376
Non-Banking Tables	225
Gross Revenue	\$59,184,493
Banking Tables	951
Gross Revenue	\$786,442,943
Fully Automated Electronic Tables	5
Gross Revenue	\$4,079,530
Hybrid Tables	58
Gross Revenue	\$16,811,075

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	25,685
Wagers	\$29,961,927,185
Payouts	\$27,063,371,056
Promotional Plays	\$634,971,410
Adjustments	\$3,000
Gross Terminal Revenue	\$2,336,152,508
* Taxes and Fees	\$1,286,493,111

Taxable Slot Wins Per Day

Jul-16	\$258.49
Aug-16	\$234.54
Sep-16	\$240.50
Oct-16	\$232.38
Nov-16	\$226.46
Dec-16	\$229.31
Jan-17	\$221.54
Feb-17	\$261.55
Mar-17	\$258.32
Apr-17	\$262.16
May-17	\$251.28
Jun-17	\$244.55

Local Share Distribution FY 2016-17

Statewide	
Slots -	\$132,621,082
Tables -	\$17,025,786

*There is \$49,822,966 in Local Share Minimum amount included.



Mohegan Sun at Pocono Downs opened on November 14, 2006 in Luzerne County, Plains Township and is a harness racetrack. As of June 30, 2017 the casino employed 1,588 individuals of which 399 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	91
Gross Revenue	\$43,407,091
Taxes	\$6,853,624
Non-Banking Tables	18
Gross Revenue	\$2,731,686
Banking Tables	71
Gross Revenue	\$39,028,391
Fully Automated Electronic Tables	0
Gross Revenue	\$0
Hybrid Tables	2
Gross Revenue	\$1,647,014

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	2,332
Wagers	\$2,590,948,546
Payouts	\$2,336,311,460
Promotional Plays	\$46,083,899
Adjustments	\$3,000
Gross Terminal Revenue	\$208,562,173
*Taxes and Fees	\$116,170,756

Taxable Slot Wins Per Day

Jul-16	\$268.62
Aug-16	\$247.60
Sep-16	\$255.89
Oct-16	\$235.41
Nov-16	\$242.23
Dec-16	\$224.59
Jan-17	\$223.14
Feb-17	\$259.95
Mar-17	\$248.85
Apr-17	\$259.82
May-17	\$245.88
Jun-17	\$238.88

Local Share Distribution FY 2016-17

Luzerne County - CFA	Plains Township
Slots - \$11,067,575	Slots - \$2,116,592
Tables - \$425,406	Tables - \$425,406



Parx Casino opened on December 19, 2006 in Bucks County, Bensalem Township and is a thoroughbred racetrack. As of June 30, 2017 the casino employed 2,059 individuals of which 1,024 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	179
Gross Revenue	\$170,142,543
Taxes	\$26,942,501
Non-Banking Tables	45
Gross Revenue	\$17,292,921
Banking Tables	124
Gross Revenue	\$146,698,922
Fully Automated Electronic Tables	0
Gross Revenue	\$0
Hybrid Tables	10
Gross Revenue	\$6,150,700

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	3,412
Wagers	\$5,249,679,715
Payouts	\$4,774,682,525
Promotional Plays	\$88,407,686
Adjustments	\$0
Gross Terminal Revenue	\$386,589,505
*Taxes and Fees	\$207,066,059

Taxable Slot Wins Per Day

Jul-16	\$309.91
Aug-16	\$294.49
Sep-16	\$302.63
Oct-16	\$292.82
Nov-16	\$285.13
Dec-16	\$299.12
Jan-17	\$280.83
Feb-17	\$317.28
Mar-17	\$319.75
Apr-17	\$324.00
May-17	\$321.82
Jun-17	\$308.46

Local Share Distribution FY 2016-17

Bucks County	Bensalem Township
Slots - \$9,297,520	Slots - \$6,914,494
Tables - \$1,679,232	Tables - \$1,679,232



Harrah's Philadelphia Casino and Racetrack opened on January 23, 2007 in Delaware County in the City of Chester and is a harness racetrack. As of June 30, 2017 the casino employed 1,351 individuals of which 491 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	118
Gross Revenue	\$65,633,790
Taxes	\$10,779,353
Non-Banking Tables	28
Gross Revenue	\$5,315,635
Banking Tables	83
Gross Revenue	\$58,442,280
Fully Automated Electronic Tables	2
Gross Revenue	\$1,172,239
Hybrid Tables	5
Gross Revenue	\$703,636

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	2,450
Wagers	\$2,597,922,511
Payouts	\$2,340,004,109
Promotional Plays	\$57,546,393
Adjustments	\$0
Gross Terminal Revenue	\$200,372,009
*Taxes and Fees	\$112,064,523

Taxable Slot Wins Per Day

Jul-16	\$208.51
Aug-16	\$187.40
Sep-16	\$203.22
Oct-16	\$199.93
Nov-16	\$193.61
Dec-16	\$208.51
Jan-17	\$201.55
Feb-17	\$238.68
Mar-17	\$242.84
Apr-17	\$247.49
May-17	\$226.28
Jun-17	\$218.59

Local Share Distribution FY 2016-17

Delaware County	Chester City
Slots - \$3,526,294	Slots - \$9,493,528
Tables - \$626,809	Tables - \$626,809



Presque Isle Downs & Casino opened on February 28, 2007 in Erie County, Summit Township and is a thoroughbred racetrack. As of June 30, 2017 the casino employed 802 individuals of which 200 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	38
Gross Revenue	\$15,056,674
Taxes	\$2,480,635
Non-Banking Tables	7
Gross Revenue	\$981,057
Banking Tables	31
Gross Revenue	\$13,792,060
Fully Automated Electronic Tables	0
Gross Revenue	\$283,558
Hybrid Tables	0
Gross Revenue	\$0

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	1,594
Wagers	\$1,269,225,697
Payouts	\$1,135,171,205
Promotional Plays	\$22,053,089
Adjustments	\$0
Gross Terminal Revenue	\$112,001,403
*Taxes and Fees	\$67,068,964

Taxable Slot Wins Per Day

Jul-16	\$234.42
Aug-16	\$207.55
Sep-16	\$207.27
Oct-16	\$191.07
Nov-16	\$184.64
Dec-16	\$152.06
Jan-17	\$154.86
Feb-17	\$201.60
Mar-17	\$192.11
Apr-17	\$199.41
May-17	\$196.27
Jun-17	\$195.81

Local Share Distribution FY 2016-17

Erie County	Summit Township
Slots - \$10,617,025	Slots - \$1,039,113
Tables - \$0	Tables - \$0
Erie Co. Redevelopment Auth.	
Slots - \$0	
Tables - \$296,923	



Meadows Racetrack & Casino opened on June 11, 2007 in Washington County, North Strabane Township and is a harness racetrack. As of June 30, 2017 the casino employed 1,348 individuals of which 334 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	82
Gross Revenue	\$32,103,316
Taxes	\$5,381,486
Non-Banking Tables	14
Gross Revenue	\$1,843,856
Banking Tables	67
Gross Revenue	\$29,380,412
Fully Automated Electronic Tables	1
Gross Revenue	\$879,048
Hybrid Tables	0
Gross Revenue	\$0

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	2,730
Wagers	\$2,923,054,379
Payouts	\$2,705,144,362
Promotional Plays	\$72,558,777
Adjustments	\$0
Gross Terminal Revenue	\$217,910,016
*Taxes and Fees	\$121,129,531

Taxable Slot Wins Per Day

Jul-16	\$208.13
Aug-16	\$186.47
Sep-16	\$189.41
Oct-16	\$183.53
Nov-16	\$178.13
Dec-16	\$191.13
Jan-17	\$170.45
Feb-17	\$203.11
Mar-17	\$199.13
Apr-17	\$207.17
May-17	\$198.35
Jun-17	\$209.05

Local Share Distribution FY 2016-17

Washington County - DCED	Washington County - Townships
Slots - \$8,406,495	Slots - \$2,936,974
Tables - \$147,243	Tables - \$164,896
North Strabane Twp.	
Slots - \$1,985,910	
Tables \$312,139	



Mount Airy Casino Resort opened on October 22, 2007 in Monroe County, Paradise Township. As of June 30, 2017 the casino employed 1,112 individuals of which 391 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	81
Gross Revenue	\$46,374,923
Taxes	\$7,412,674
Non-Banking Tables	9
Gross Revenue	\$1,182,250
Banking Tables	70
Gross Revenue	\$44,287,520
Fully Automated Electronic Tables	0
Gross Revenue	\$185,453
Hybrid Tables	2
Gross Revenue	\$719,700

Slot Revenues FY 2016-17

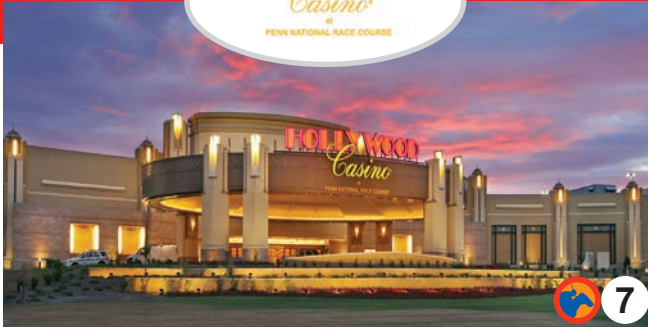
Average Number of Slot Machines in June 2017	1,868
Wagers	\$1,894,693,313
Payouts	\$1,712,144,989
Promotional Plays	\$40,328,271
Adjustments	\$0
Gross Terminal Revenue	\$142,220,078
*Taxes and Fees	\$82,548,569

Taxable Slot Wins Per Day

Jul-16	\$240.38
Aug-16	\$213.88
Sep-16	\$215.37
Oct-16	\$201.14
Nov-16	\$187.49
Dec-16	\$170.82
Jan-17	\$183.67
Feb-17	\$214.03
Mar-17	\$209.35
Apr-17	\$226.58
May-17	\$224.13
Jun-17	\$217.22

Local Share Distribution FY 2016-17

Monroe County - CFA	Paradise Township
Slots - \$9,316,278	Slots - \$887,466
Tables - \$229,530	Tables - \$459,061
Monroe County	PHEAA
Slots - \$2,092,703	Slots - \$0
Tables - \$0	Tables - \$229,531



Hollywood Casino at Penn National Race Course opened on February 12, 2008 in Dauphin County, East Hanover Township and is a thoroughbred racetrack. As of June 30, 2017 the casino employed 1,001 individuals of which 256 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	74
Gross Revenue	\$36,145,845
Taxes	\$5,920,495
Non-Banking Tables	16
Gross Revenue	\$4,300,960
Banking Tables	55
Gross Revenue	\$30,908,954
Fully Automated Electronic Tables	1
Gross Revenue	\$573,169
Hybrid Tables	2
Gross Revenue	\$362,762

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	2,350
Wagers	\$2,289,947,663
Payouts	\$2,043,031,569
Promotional Plays	\$37,233,508
Adjustments	\$0
Gross Terminal Revenue	\$209,682,586
*Taxes and Fees	\$116,845,322

Taxable Slot Wins Per Day

Jul-16	\$258.45
Aug-16	\$229.10
Sep-16	\$233.68
Oct-16	\$227.26
Nov-16	\$222.17
Dec-16	\$226.66
Jan-17	\$215.54
Feb-17	\$257.81
Mar-17	\$271.24
Apr-17	\$268.89
May-17	\$252.24
Jun-17	\$242.85

Local Share Distribution FY 2016-17

Dauphin County	East Hanover Twp, Leb. Co
Slots - \$12,134,688	Slots - \$160,000
Tables - \$464,435	Tables - \$128,899
East Hanover Twp, Dauphin Co	
Slots - \$1,062,582	
Tables - \$128,899	



Sands Casino Resort Bethlehem opened on May 22, 2009 in Northampton County in the City of Bethlehem. As of June 30, 2017 the casino employed 2,519 individuals of which 1,153 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	237
Gross Revenue	\$235,146,710
Taxes	\$37,200,495
Non-Banking Tables	30
Gross Revenue	\$11,086,426
Banking Tables	177
Gross Revenue	\$218,584,578
Fully Automated Electronic Tables	0
Gross Revenue	\$0
Hybrid Tables	30
Gross Revenue	\$5,475,706

Slot Revenues FY 2016-17

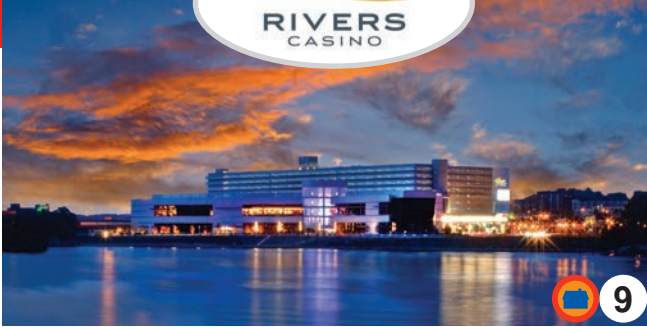
Average Number of Slot Machines in June 2017	3,013
Wagers	\$4,501,123,464
Payouts	\$4,047,700,127
Promotional Plays	\$149,263,053
Adjustments	\$0
Gross Terminal Revenue	\$304,160,285
*Taxes and Fees	\$164,898,150

Taxable Slot Wins Per Day

Jul-16	\$296.86
Aug-16	\$265.62
Sep-16	\$273.94
Oct-16	\$268.28
Nov-16	\$264.72
Dec-16	\$266.36
Jan-17	\$255.05
Feb-17	\$300.16
Mar-17	\$289.12
Apr-17	\$291.91
May-17	\$283.79
Jun-17	\$265.26

Local Share Distribution FY 2016-17

Allentown City	Easton City	Northampton Co.
Slots - \$3,210,898	Slots - \$0	Slots - \$2,631,134
Tables - \$468,333	Tables - \$1,170,833	Tables - \$1,405,000
Bethlehem City	Lehigh County	
Slots - \$8,239,105	Slots - \$877,045	
Tables - \$1,170,833	Tables - \$468,333	



Rivers Casino opened on August 9, 2009 in Allegheny County in the City of Pittsburgh. As of June 30, 2017 the casino employed 1,763 individuals of which 557 were associated with the play of table games.



SugarHouse Casino opened on September 23, 2010 in the City of Philadelphia. As of June 30, 2017 the casino employed 1,551 individuals of which 676 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	122
Gross Revenue	\$65,442,747
Taxes	\$10,361,428
Non-Banking Tables	30
Gross Revenue	\$6,726,743
Banking Tables	92
Gross Revenue	\$58,716,004
Fully Automated Electronic Tables	0
Gross Revenue	\$0
Hybrid Tables	0
Gross Revenue	\$0

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	2,934
Wagers	\$3,201,879,246
Payouts	\$2,872,632,213
Promotional Plays	\$63,901,639
Adjustments	\$0
Gross Terminal Revenue	\$265,345,394
*Taxes and Fees	\$145,555,600

Taxable Slot Wins Per Day

Jul-16	\$268.32
Aug-16	\$241.39
Sep-16	\$234.41
Oct-16	\$235.04
Nov-16	\$222.16
Dec-16	\$236.78
Jan-17	\$233.64
Feb-17	\$277.18
Mar-17	\$265.28
Apr-17	\$261.35
May-17	\$243.41
Jun-17	\$243.66

Local Share Distribution FY 2016-17

Allegheny County	Vistors Bureau of Monroeville
Slots - \$4,676,570	Slots - \$0
Tables - \$0	Tables - \$96,785
City of Pittsburgh	Dept. of Education
Slots - \$9,794,474	Slots - \$0
Tables - \$0	Tables - \$1,193,679

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	140
Gross Revenue	\$118,692,298
Taxes	\$19,140,505
Non-Banking Tables	28
Gross Revenue	\$7,722,960
Banking Tables	104
Gross Revenue	\$108,231,722
Fully Automated Electronic Tables	1
Gross Revenue	\$986,063
Hybrid Tables	7
Gross Revenue	\$1,751,556

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	1,802
Wagers	\$2,046,391,308
Payouts	\$1,835,131,826
Promotional Plays	\$32,349,158
Adjustments	\$0
Gross Terminal Revenue	\$178,910,324
*Taxes and Fees	\$94,721,982

Taxable Slot Wins Per Day

Jul-16	\$268.88
Aug-16	\$239.29
Sep-16	\$255.43
Oct-16	\$254.89
Nov-16	\$248.79
Dec-16	\$245.82
Jan-17	\$241.60
Feb-17	\$291.27
Mar-17	\$297.38
Apr-17	\$284.36
May-17	\$275.04
Jun-17	\$259.22

Local Share Distribution FY 2016-17

Phila. School District	Philadelphia City
Slots - \$3,522,087	Slots - \$2,823,063
Tables - \$1,194,177	Tables - \$1,123,560



Valley Forge Casino Resort opened on March 31, 2012 in Montgomery County, Upper Merion Township and is a resort facility. As of June 30, 2017 the casino employed 1,081 individuals of which 293 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	50
Gross Revenue	\$34,270,834
Taxes	\$5,407,763
Non-Banking Tables	0
Gross Revenue	\$0
Banking Tables	50
Gross Revenue	\$34,270,834
Fully Automated Electronic Tables	0
Gross Revenue	\$0
Hybrid Tables	0
Gross Revenue	\$0

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	600
Wagers	\$1,056,383,106
Payouts	\$957,030,180
Promotional Plays	\$19,124,198
Adjustments	\$0
Gross Terminal Revenue	\$80,228,728
*Taxes and Fees	\$42,465,190

Taxable Slot Wins Per Day

Jul-16	\$355.42
Aug-16	\$350.89
Sep-16	\$365.50
Oct-16	\$342.70
Nov-16	\$333.38
Dec-16	\$351.26
Jan-17	\$355.77
Feb-17	\$404.98
Mar-17	\$390.48
Apr-17	\$416.44
May-17	\$383.77
Jun-17	\$355.48

Local Share Distribution FY 2016-17

Upper Merion Township	Montgomery Co. - CFA
Slots - \$1,358,290	Slots - \$1,358,290
Tables - \$313,889	Tables - \$313,889



Lady Luck Casino Nemacolin opened on July 1, 2013 in Fayette County, Wharton Township and is a resort facility. As of June 30, 2017 the casino employed 1,561 individuals of which 83 were associated with the play of table games.

Table Game Revenues FY 2016-17

Average Number of Table Games in June 2017	27
Gross Revenue	\$4,101,268
Taxes	\$648,415
Non-Banking Tables	0
Gross Revenue	\$0
Banking Tables	27
Gross Revenue	\$4,101,268
Fully Automated Electronic Tables	0
Gross Revenue	\$0
Hybrid Tables	0
Gross Revenue	\$0

Slot Revenues FY 2016-17

Average Number of Slot Machines in June 2017	600
Wagers	\$340,678,236
Payouts	\$304,386,489
Promotional Plays	\$6,121,740
Adjustments	\$0
Gross Terminal Revenue	\$30,170,007
*Taxes and Fees	\$15,958,464

Taxable Slot Wins Per Day

Jul-16	\$168.21
Aug-16	\$143.89
Sep-16	\$139.65
Oct-16	\$124.40
Nov-16	\$121.77
Dec-16	\$110.54
Jan-17	\$112.02
Feb-17	\$156.24
Mar-17	\$148.05
Apr-17	\$144.92
May-17	\$145.06
Jun-17	\$147.30

Local Share Distribution FY 2016-17

Fayette County - DCED	Wharton Township
Slots - \$537,443	Slots - \$537,443
Tables - \$41,013	Tables - \$41,013

Vision Statement

The goal of the Pennsylvania Gaming Control Board is to be the premier gaming regulator in the United States, maintaining and enhancing public trust with honesty, integrity and credibility.

Mission Statement

The Pennsylvania Gaming Control Board, guided by the Gaming Act and supported by a dedicated professional staff, will protect the interest of the public by ensuring the integrity of legalized gaming through the strict enforcement of the law and regulations, the licensing of qualified individuals and entities, and fulfilling the objectives of legalized gaming in the Commonwealth to deliver a significant source of revenue, assist the horse racing industry, provide broad economic opportunities and enhance tourism.

If you or someone you know has a gambling problem,
help is available and it works
Call 1-800-GAMBLER



Pennsylvania Gaming Control Board

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Harrisburg PA 17106

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www.gamingcontrolboard.pa.gov



EXHIBIT 2



Pennsylvania Gaming Control Board



MONTHLY SLOT MACHINE GAMING REVENUES

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
<u>Mohegan Sun</u>						
Wagers	\$239,529,301.03	\$222,867,900.57	\$216,851,901.39	\$208,783,507.20	\$203,166,359.74	\$205,622,415.09
Payouts	\$216,107,467.87	\$201,135,316.25	\$195,304,554.75	\$187,897,398.66	\$183,534,027.50	\$185,959,820.55
Promotional Plays (Internal) ¹	\$4,003,007.40	\$3,836,085.63	\$3,645,383.92	\$3,867,583.18	\$3,303,943.30	\$3,428,328.19
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$3,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$19,418,825.76	\$17,899,498.69	\$17,901,962.72	\$17,018,525.36	\$16,328,388.94	\$16,236,316.35
State Tax (34%)	\$6,602,400.76	\$6,085,829.57	\$6,086,667.31	\$5,786,298.63	\$5,551,652.25	\$5,520,347.58
LSA (4%) ³	\$776,753.00	\$715,979.94	\$716,078.51	\$680,740.99	\$653,135.56	\$649,452.69
EDTF (5%) ⁴	\$970,941.32	\$894,974.94	\$895,098.15	\$850,926.27	\$816,419.46	\$811,815.84
PRHDF ⁵	\$2,005,329.58	\$1,856,208.81	186423713.0%	\$1,757,316.04	\$1,691,988.81	\$1,673,947.17
Taxable w/s/d	\$268.62	\$247.60	\$255.89	\$235.41	\$242.23	\$224.59
Number of Machines ⁶	2,332	2,332	2,332	2,332	2,247	2,332
GTR % Change ⁷	2.13%	-6.18%	1.01%	-6.39%	-8.4%	-12.03%
<u>Parx</u>						
Wagers	\$462,800,887.19	\$430,884,735.59	\$427,379,471.79	\$423,049,757.13	\$411,842,075.89	\$443,053,309.62
Payouts	\$421,619,066.99	\$391,563,564.52	\$388,027,290.34	\$384,053,124.44	\$374,814,104.44	\$402,946,014.82
Promotional Plays (Internal) ¹	\$7,517,883.74	\$7,332,766.08	\$7,539,846.50	\$7,189,048.11	\$7,054,800.99	\$7,615,816.93
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$33,663,936.46	\$31,988,404.99	\$31,812,334.95	\$31,807,584.58	\$29,973,170.46	\$32,491,477.87
State Tax (34%)	\$11,445,738.40	\$10,876,057.69	\$10,816,193.91	\$10,814,578.80	\$10,190,877.96	\$11,047,102.47
LSA (4%) ³	\$1,346,557.46	\$1,279,536.19	\$1,272,493.37	\$1,272,303.39	\$1,198,926.83	\$1,299,659.09
EDTF (5%) ⁴	\$1,683,196.83	\$1,599,420.23	\$1,590,616.76	\$1,590,379.25	\$1,498,658.52	\$1,624,573.90
PRHDF ⁵	\$3,480,074.56	\$3,319,743.59	\$3,311,126.31	\$3,286,985.01	\$3,094,546.50	\$3,352,257.53
Taxable w/s/d	\$309.91	\$294.49	\$302.63	\$292.82	\$285.13	\$299.12
Number of Machines ⁶	3,504	3,504	3,504	3,504	3,504	3,504
GTR % Change ⁷	0.70%	-0.28%	6.05%	0.98%	-0.9%	-1.45%
<u>Harrah's Philadelphia</u>						
Wagers	\$237,276,209.36	\$215,822,448.91	\$216,238,896.85	\$218,725,842.71	\$197,206,434.60	\$210,958,575.65
Payouts	\$213,626,761.30	\$194,373,753.20	\$194,471,286.48	\$196,649,801.40	\$177,734,684.00	\$190,449,854.85
Promotional Plays (Internal) ¹	\$5,551,019.40	\$5,182,713.70	\$5,185,129.12	\$5,218,110.78	\$4,492,353.95	\$4,620,700.78
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$18,098,428.66	\$16,265,982.01	\$16,582,481.25	\$16,857,930.53	\$14,979,396.65	\$15,888,020.02
State Tax (34%)	\$6,153,465.76	\$5,530,433.88	\$5,638,043.61	\$5,731,696.36	\$5,092,994.88	\$5,401,926.82
LSA (4%) ³	\$723,937.16	\$650,639.31	\$663,299.28	\$674,317.23	\$599,175.86	\$635,520.79
EDTF (5%) ⁴	\$904,921.42	\$813,299.07	\$829,124.05	\$842,896.52	\$748,969.83	\$794,401.01
PRHDF ⁵	\$1,868,117.61	\$1,687,428.80	\$1,724,371.21	\$1,743,392.01	\$1,548,943.53	\$1,636,150.06
Taxable w/s/d	\$208.51	\$187.40	\$203.22	\$199.93	194	\$208.51
Number of Machines ⁶	2,800	2,800	2,720	2,720	2,579	2,458
GTR % Change ⁷	-2.30%	-8.99%	1.42%	-9.24%	-11.8%	-14.71%



Pennsylvania Gaming Control Board



MONTHLY SLOT MACHINE GAMING REVENUES

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
Presque Isle						
Wagers	\$137,967,445.33	\$121,047,130.65	\$113,823,666.22	\$107,786,102.97	\$98,665,296.74	\$84,302,866.84
Payouts	\$123,606,102.82	\$108,362,038.53	\$102,018,454.32	\$96,543,207.30	\$88,259,060.43	\$75,560,373.67
Promotional Plays (Internal) ¹	\$2,879,362.89	\$2,468,008.85	\$1,931,102.10	\$1,836,934.85	\$1,609,986.18	\$1,256,800.54
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$11,481,979.62	\$10,217,083.27	\$9,874,109.80	\$9,405,960.82	\$8,796,250.13	\$7,485,692.63
State Tax (34%)	\$3,903,873.09	\$3,473,808.29	\$3,357,197.32	\$3,198,026.65	\$2,990,725.04	\$2,545,135.51
LSA (4%) ³	\$459,279.19	\$408,683.34	\$394,964.40	\$376,238.47	\$351,849.98	\$299,427.70
EDTF (5%) ⁴	\$574,099.00	\$510,854.16	\$493,705.53	\$470,298.04	\$439,812.49	\$374,284.61
PRHDF ⁵	\$1,187,560.83	\$1,060,323.34	\$1,026,783.01	\$971,801.63	\$910,629.52	\$772,730.28
Taxable w/s/d	\$234.42	\$207.55	\$207.27	\$191.07	\$184.64	\$152.06
Number of Machines ⁶	1,580	1,588	1,588	1,588	1,588	1,588
GTR % Change ⁷	2.76%	-4.34%	0.16%	-5.41%	-2.6%	-20.88%
The Meadows						
Wagers	\$267,906,559.21	\$250,082,608.91	\$255,273,724.12	\$251,807,327.06	\$233,607,648.13	\$225,617,936.12
Payouts	\$247,440,517.56	\$231,759,057.54	\$237,272,041.53	\$233,783,348.21	\$216,677,845.68	\$208,399,732.99
Promotional Plays (Internal) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Promotional Plays (External) ¹	\$6,648,467.10	\$6,886,845.74	\$7,373,066.14	\$6,700,618.18	\$6,515,684.01	\$5,724,747.56
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$20,466,041.65	\$18,323,551.37	\$18,001,682.59	\$18,023,978.85	\$16,929,802.45	\$17,218,203.13
State Tax (34%)	\$6,958,454.14	\$6,230,007.48	\$6,120,572.07	\$6,128,152.80	\$5,756,132.83	\$5,854,189.06
LSA (4%) ³	\$818,641.66	\$732,942.04	\$720,067.28	\$720,959.15	\$677,192.13	\$688,728.14
EDTF (5%) ⁴	\$1,023,302.08	\$916,177.56	\$900,084.15	\$901,198.95	\$846,490.14	\$860,910.16
PRHDF ⁵	\$2,115,794.51	\$1,899,090.28	\$1,868,952.06	\$1,861,211.21	\$1,748,808.96	\$1,773,872.86
Taxable w/s/d	\$208.13	\$186.47	\$189.41	\$183.53	\$178.13	\$191.13
Number of Machines ⁶	3,172	3,170	3,168	3,168	3,168	2,906
GTR % Change ⁷	3.02%	-5.70%	2.61%	-6.86%	-6.2%	-9.73%
Mount Airy						
Wagers	\$176,042,801.30	\$161,326,550.20	\$159,367,556.06	\$160,447,525.37	\$142,254,363.85	\$132,936,810.30
Payouts	\$158,646,455.58	\$145,459,617.84	\$143,957,625.81	\$145,250,922.29	\$128,655,661.88	\$120,204,328.00
Promotional Plays (Internal) ¹	\$3,476,538.85	\$3,481,306.55	\$3,340,774.66	\$3,548,939.86	\$3,091,658.84	\$2,840,657.57
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$13,919,806.87	\$12,385,625.81	\$12,069,155.59	\$11,647,663.22	\$10,507,043.13	\$9,891,824.73
State Tax (34%)	\$4,732,734.32	\$4,211,112.76	\$4,103,512.90	\$3,960,205.48	\$3,572,394.66	\$3,363,220.43
LSA (4%) ³	\$556,792.29	\$495,425.06	\$482,766.22	\$465,906.51	\$420,281.74	\$395,672.97
EDTF (5%) ⁴	\$695,990.34	\$619,281.30	\$603,457.80	\$582,383.15	\$525,352.18	\$494,591.24
PRHDF ⁵	\$1,432,058.37	\$1,282,672.44	\$1,250,374.02	\$1,202,718.55	\$1,082,414.67	\$1,016,667.51
Taxable w/s/d	\$240.38	\$213.88	\$215.37	\$201.14	\$187.49	\$170.82
Number of Machines ⁶	1,868	1,868	1,868	1,868	1,868	1,868
GTR % Change ⁷	2.93%	-6.06%	3.85%	0.76%	-4.9%	-11.02%



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MONTHLY SLOT MACHINE GAMING REVENUES

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
<u>Penn National</u>						
Wagers	\$206,390,702.89	\$180,646,736.85	\$187,947,836.25	\$188,762,886.18	\$173,214,115.91	\$178,117,193.63
Payouts	\$183,838,567.38	\$160,849,026.11	\$167,955,497.70	\$168,642,122.89	\$154,556,586.18	\$158,822,386.84
Promotional Plays (Internal) ¹	\$3,347,210.90	\$2,821,547.90	\$3,279,489.05	\$3,325,050.55	\$2,767,722.40	\$2,543,364.00
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$19,204,924.61	\$16,976,162.84	\$16,712,849.50	\$16,795,712.74	\$15,889,807.33	\$16,751,442.79
State Tax (34%)	\$6,529,674.37	\$5,771,895.37	\$5,682,368.82	\$5,710,542.34	\$5,402,534.51	\$5,695,490.54
LSA (4%) ³	\$768,196.95	\$679,046.53	\$668,513.97	\$671,828.50	\$635,592.31	\$670,057.72
EDTF (5%) ⁴	\$960,246.26	\$848,808.17	\$835,642.48	\$839,785.62	\$794,490.36	\$837,572.14
PRHDF ⁵	\$1,984,699.95	\$1,760,150.13	\$1,739,691.17	\$1,734,920.72	\$1,642,440.90	\$1,729,318.68
Taxable w/s/d	\$258.45	\$229.10	\$233.68	\$227.26	\$222.17	\$226.66
Number of Machines ⁶	2,397	2,390	2,384	2,384	2,384	2,384
GTR % Change ⁷	1.42%	-7.06%	-3.20%	-7.30%	-4.1%	-3.00%
<u>Sands Bethlehem</u>						
Wagers	\$396,612,922.28	\$374,972,411.15	\$362,515,942.95	\$377,354,214.34	\$363,865,084.60	\$370,553,765.16
Payouts	\$356,169,342.01	\$337,522,031.82	\$325,254,520.70	\$339,287,862.56	\$327,580,024.41	\$333,418,080.16
Promotional Plays (Internal) ¹	\$12,715,732.17	\$12,661,751.17	\$12,499,569.89	\$13,008,485.52	\$12,357,383.58	\$12,257,219.50
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$27,727,848.10	\$24,788,628.16	\$24,761,852.36	\$25,057,866.26	\$23,927,676.61	\$24,878,465.50
State Tax (34%)	\$9,427,468.32	\$8,428,133.58	\$8,419,029.78	\$8,519,674.56	\$8,135,410.05	\$8,458,678.27
LSA (4%) ³	\$1,109,113.92	\$991,545.10	\$990,474.10	\$1,002,314.64	\$957,107.04	\$995,138.61
EDTF (5%) ⁴	\$1,386,392.40	\$1,239,431.39	\$1,238,092.58	\$1,252,893.31	\$1,196,383.84	\$1,243,923.27
PRHDF ⁵	\$2,840,091.09	\$2,560,858.36	\$2,560,629.47	\$2,567,830.07	\$2,459,189.17	\$2,556,012.77
Taxable w/s/d	\$296.86	\$265.62	\$273.94	\$268.28	\$264.72	\$266.36
Number of Machines ⁶	3,013	3,010	3,013	3,013	3,013	3,013
GTR % Change ⁷	1.83%	-2.80%	-0.55%	2.17%	-1.2%	-0.87%
<u>The Rivers</u>						
Wagers	\$279,490,714.67	\$257,493,318.19	\$250,949,170.32	\$256,315,961.34	\$239,239,508.68	\$274,299,047.96
Payouts	\$250,175,361.45	\$230,958,949.20	\$225,173,774.54	\$229,725,368.41	\$214,874,521.71	\$246,285,103.79
Promotional Plays (Internal) ¹	\$5,384,461.54	\$4,650,033.12	\$4,896,919.29	\$4,957,985.57	\$4,577,473.31	\$6,220,750.79
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$23,930,891.68	\$21,884,335.87	\$20,878,476.49	\$21,632,607.36	\$19,787,513.66	\$21,793,193.38
State Tax (34%)	\$8,136,503.16	\$7,440,674.20	\$7,098,682.01	\$7,355,086.51	\$6,727,754.66	\$7,409,685.77
LSA (4%) ³	\$957,235.69	\$875,373.44	\$835,139.06	\$865,304.29	\$791,500.57	\$871,727.72
EDTF (5%) ⁴	\$1,196,544.61	\$1,094,216.83	\$1,043,923.83	\$1,081,630.40	\$989,375.66	\$1,089,659.66
PRHDF ⁵	\$2,475,325.76	\$2,267,687.83	\$2,168,370.85	\$2,225,858.73	\$2,039,497.72	\$2,243,965.65
Taxable w/s/d	\$268.32	\$241.39	\$234.41	\$235.04	\$222.16	\$236.78
Number of Machines ⁶	2,877	2,924	2,969	2,969	2,969	2,969
GTR % Change ⁷	-1.69%	-7.66%	-0.54%	-5.05%	-9.5%	-6.14%



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MONTHLY SLOT MACHINE GAMING REVENUES

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
<u>SugarHouse</u>						
Wagers	\$176,247,040.37	\$162,167,503.70	\$162,911,325.06	\$168,441,495.20	\$158,497,212.70	\$166,499,246.42
Payouts	\$157,470,875.64	\$145,407,518.30	\$146,133,836.93	\$151,173,985.18	\$142,245,044.78	\$149,561,220.94
Promotional Plays (Internal) ¹	\$2,988,868.50	\$2,729,492.60	\$2,302,301.47	\$2,341,198.88	\$2,153,426.59	\$2,801,991.48
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$15,787,296.23	\$14,030,492.80	\$14,475,186.66	\$14,926,311.14	\$14,098,741.33	\$14,136,034.00
State Tax (34%)	\$5,367,680.72	\$4,770,367.56	\$4,921,563.47	\$5,074,945.78	\$4,793,572.09	\$4,806,251.58
LSA (4%) ³	\$631,491.84	\$561,219.71	\$579,007.46	\$597,052.44	\$563,949.66	\$565,441.34
EDTF (5%) ⁴	\$789,364.84	\$701,524.64	\$723,759.32	\$746,315.55	\$704,937.06	\$706,801.70
PRHDF ⁵	\$1,628,758.67	\$1,454,065.11	\$1,504,671.45	\$1,537,643.33	\$1,458,417.15	\$1,454,970.34
Taxable w/s/d	\$268.88	\$239.29	\$255.43	\$254.89	\$248.79	\$245.82
Number of Machines ⁶	1,894	1,891	1,889	1,889	1,889	1,855
GTR % Change ⁷	4.48%	-0.18%	12.21%	5.22%	6.2%	2.60%
<u>Valley Forge</u>						
Wagers	\$94,950,783.58	\$90,430,375.78	\$85,170,336.06	\$85,504,577.80	\$80,120,829.90	\$83,009,445.41
Payouts	\$85,990,326.05	\$81,870,615.71	\$76,831,872.55	\$77,444,216.83	\$72,503,381.67	\$75,022,003.17
Promotional Plays (Internal) ¹	\$2,349,733.92	\$2,033,119.93	\$1,759,390.41	\$1,686,140.92	\$1,616,605.16	\$1,453,970.51
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$6,610,723.61	\$6,526,640.14	\$6,579,073.10	\$6,374,220.05	\$6,000,843.07	\$6,533,471.73
State Tax (34%)	\$2,247,646.04	\$2,219,057.67	\$2,236,884.85	\$2,167,234.81	\$2,040,286.64	\$2,221,380.39
LSA (4%) ³	\$264,428.94	\$261,065.60	\$263,162.94	\$254,968.81	\$240,033.71	\$261,338.86
EDTF (5%) ⁴	\$330,536.19	\$326,332.00	\$328,953.68	\$318,711.04	\$300,042.18	\$326,673.61
PRHDF ⁵	\$681,932.33	\$676,084.48	\$681,305.28	\$656,774.46	\$619,128.37	\$672,471.62
Taxable w/s/d	\$355.42	\$350.89	\$365.50	\$342.70	\$333.38	\$351.26
Number of Machines ⁶	600	600	600	600	600	600
GTR % Change ⁷	-3.42%	2.89%	10.81%	-2.72%	-1.2%	2.48%
<u>Nemacolin</u>						
Wagers	\$33,362,112.03	\$30,994,070.06	\$27,629,015.06	\$27,262,377.79	\$24,648,910.13	\$24,031,025.08
Payouts	\$29,672,100.58	\$27,779,328.15	\$24,689,154.08	\$24,487,053.00	\$22,042,900.99	\$21,500,310.14
Promotional Plays (Internal) ¹	\$576,940.78	\$551,781.20	\$438,696.48	\$473,089.29	\$425,038.96	\$484,984.85
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$3,113,070.67	\$2,662,960.71	\$2,501,164.50	\$2,302,235.50	\$2,180,970.18	\$2,045,730.09
State Tax (34%)	\$1,058,444.03	\$905,406.63	\$850,395.92	\$782,760.06	\$741,529.85	\$695,548.20
LSA (4%) ³	\$124,522.83	\$106,518.45	\$100,046.60	\$92,089.41	\$87,238.80	\$81,829.23
EDTF (5%) ⁴	\$155,653.54	\$133,148.03	\$125,058.23	\$115,111.76	\$109,048.52	\$102,286.53
PRHDF ⁵	\$320,401.44	\$276,409.87	\$258,863.89	\$237,292.97	\$225,421.51	\$210,443.10
Taxable w/s/d	\$168.21	\$143.89	\$139.65	\$124.40	\$121.77	\$110.54
Number of Machines ⁶	597	597	597	597	597	597
GTR % Change ⁷	3.26%	-5.95%	-0.42%	-11.34%	-7.9%	-2.63%



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MONTHLY SLOT MACHINE GAMING REVENUES

	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016
Total						
Wagers	\$2,708,577,479.24	\$2,498,735,790.56	\$2,466,058,842.13	\$2,474,241,575.09	\$2,326,327,840.87	\$2,399,001,637.28
Payouts	\$2,444,362,945.23	\$2,257,040,817.17	\$2,227,089,909.73	\$2,234,938,411.17	\$2,103,477,843.67	\$2,168,129,229.92
Promotional Plays (Internal) ¹	\$50,790,760.09	\$47,748,606.73	\$46,818,602.89	\$47,452,567.51	\$43,450,393.26	\$45,524,585.14
Promotional Plays (External) ¹	\$6,648,467.10	\$6,886,845.74	\$7,373,066.14	\$6,700,618.18	\$6,515,684.02	\$5,724,747.56
Adjustments ²	\$0.00	\$3,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$213,423,773.92	\$193,949,366.66	\$192,150,329.51	\$191,850,596.41	\$179,399,603.94	\$185,349,872.22
State Tax (34%)	\$72,564,083.11	\$65,942,784.68	\$65,331,111.97	\$65,229,202.78	\$60,995,865.42	\$63,018,956.62
LSA (4%) ³	\$8,536,950.93	\$7,757,974.71	\$7,686,013.19	\$7,674,023.83	\$7,175,984.19	\$7,413,994.86
EDTF (5%) ⁴	\$10,671,188.83	\$9,697,468.32	\$9,607,516.56	\$9,592,529.86	\$8,969,980.24	\$9,267,493.67
PRHDF ⁵	\$22,020,144.70	\$20,100,723.04	\$19,959,375.85	\$19,783,744.73	\$18,521,426.81	\$19,092,807.57
Taxable w/s/d	\$258.49	\$234.54	\$240.50	\$232.38	\$226.46	\$229.31
Number of Machines ⁶	26,634	26,676	26,632	26,632	26,406	26,074
GTR % Change ⁹	1.14%	-4.47%	2.43%	-3.04%	-4.3%	-6.17%



Pennsylvania Gaming Control Board



MONTHLY SLOT MACHINE GAMING REVENUES

	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	FY 2016/2017 Total	Grand Total
<u>Mohegan Sun</u>								
Wagers	\$197,629,327.73	\$207,889,015.59	\$221,322,178.51	\$230,910,774.66	\$225,927,194.82	\$210,448,669.99	\$2,590,948,546.32	\$27,864,598,654.21
Payouts	\$178,143,751.03	\$187,439,938.92	\$199,301,809.14	\$208,120,695.90	\$203,505,386.24	\$189,861,293.37	\$2,336,311,460.18	\$25,143,321,130.39
Promotional Plays (Internal) ¹	\$3,354,161.00	\$3,475,605.54	\$4,030,432.24	\$4,612,953.90	\$4,650,747.10	\$3,875,667.80	\$46,083,899.20	\$455,238,770.31
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,000.00	\$527,246.97
Gross Terminal Revenue	\$16,131,415.70	\$16,973,471.13	\$17,989,937.13	\$18,177,124.86	\$17,774,997.48	\$16,711,708.82	\$208,562,172.94	\$2,266,571,986.48
State Tax (34%)	\$5,484,681.37	\$5,770,980.17	\$6,116,578.64	\$6,180,222.43	\$6,043,499.14	\$5,681,980.99	\$70,911,138.84	\$770,634,535.73
LSA (4%) ³	\$645,256.61	\$678,938.85	\$719,597.48	\$727,085.00	\$648,646.70	\$0.00	\$7,611,665.33	\$89,932,064.82
EDTF (5%) ⁴	\$806,570.79	\$848,673.56	\$899,496.87	\$908,856.26	\$888,749.89	\$835,585.44	\$10,428,108.79	\$113,328,609.20
PRHDF ⁵	\$1,639,127.23	\$1,722,857.00	\$1,845,173.30	\$1,879,074.77	\$1,833,659.33	\$1,722,347.09	\$21,491,266.26	\$253,629,215.71
Taxable w/s/d	\$223.14	\$259.95	\$248.85	\$259.82	\$245.88	\$238.88		
Number of Machines ⁶	2,332	2,332	2,332	2,332	2,332	2,332		
GTR % Change ⁷	-8.75%	-8.60%	-6.94%	-5.50%	-6.66%	-4.96%		
<u>Parx</u>								
Wagers	\$417,454,876.15	\$423,873,147.33	\$464,510,547.22	\$457,097,827.10	\$459,671,622.40	\$428,061,457.73	\$5,249,679,715.14	\$52,186,272,241.33
Payouts	\$379,917,295.20	\$385,848,937.85	\$422,930,832.72	\$415,555,235.19	\$418,005,025.57	\$389,402,032.90	\$4,774,682,524.98	\$47,463,219,692.80
Promotional Plays (Internal) ¹	\$7,241,699.72	\$7,108,246.05	\$7,203,507.88	\$7,938,533.83	\$7,580,434.38	\$7,085,101.37	\$88,407,685.58	\$871,450,267.09
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$462,550.78
Gross Terminal Revenue	\$30,295,881.23	\$30,915,963.43	\$34,376,206.62	\$33,604,058.08	\$34,086,162.45	\$31,574,323.46	\$386,589,504.58	\$3,852,064,832.22
State Tax (34%)	\$10,300,599.63	\$10,511,427.56	\$11,687,910.26	\$11,425,379.73	\$11,589,295.23	\$10,735,269.95	\$131,440,431.59	\$1,309,702,043.32
LSA (4%) ³	\$1,211,835.26	\$1,236,638.55	\$1,375,048.26	\$1,344,162.33	\$1,246,325.07	\$0.00	\$14,083,485.80	\$152,702,498.92
EDTF (5%) ⁴	\$1,514,794.06	\$1,545,798.21	\$1,718,810.34	\$1,680,202.89	\$1,704,308.15	\$1,578,716.19	\$19,329,475.33	\$192,603,242.35
PRHDF ⁵	\$3,085,495.90	\$3,134,310.67	\$3,525,833.08	\$3,468,978.08	\$3,515,912.14	\$3,254,376.38	\$39,829,639.75	\$430,595,424.77
Taxable w/s/d	\$280.83	\$317.28	\$319.75	\$324.00	\$321.82	\$308.46		
Number of Machines ⁶	3,480	3,480	3,468	3,457	3,417	3,412		
GTR % Change ⁷	-2.03%	-6.54%	-0.70%	-1.35%	-1.32%	2.24%		
<u>Harrah's Philadelphia</u>								
Wagers	\$204,993,328.83	\$211,011,510.89	\$234,138,928.51	\$227,895,175.35	\$218,955,310.07	\$204,699,849.04	\$2,597,922,510.77	\$33,787,984,970.37
Payouts	\$185,029,565.78	\$190,174,836.46	\$211,026,354.15	\$204,973,993.35	\$197,223,019.67	\$184,270,198.70	\$2,340,004,109.34	\$30,460,204,183.63
Promotional Plays (Internal) ¹	\$4,668,902.62	\$4,476,902.90	\$4,503,665.50	\$4,737,859.50	\$4,545,947.00	\$4,363,087.30	\$57,546,392.55	\$596,740,360.41
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,347,643.11
Gross Terminal Revenue	\$15,294,860.43	\$16,359,771.53	\$18,608,908.86	\$18,183,322.50	\$17,186,343.40	\$16,066,563.04	\$200,372,008.88	\$2,733,388,069.44
State Tax (34%)	\$5,200,252.56	\$5,562,322.34	\$6,327,029.02	\$6,182,329.66	\$5,843,356.76	\$5,462,631.44	\$68,126,483.09	\$929,351,943.76
LSA (4%) ³	\$611,794.40	\$654,390.86	\$744,356.36	\$727,332.93	\$631,856.03	\$0.00	\$7,316,620.21	\$108,637,262.77
EDTF (5%) ⁴	\$764,743.02	\$817,988.61	\$930,445.45	\$909,166.13	\$859,317.16	\$803,328.17	\$10,018,600.44	\$136,669,403.84
PRHDF ⁵	\$1,557,679.80	\$1,657,169.10	\$1,906,293.56	\$1,877,193.92	\$1,772,771.16	\$1,656,075.25	\$20,635,586.01	\$309,118,055.20
Taxable w/s/d	\$201.55	\$238.68	\$242.84	\$247.49	\$226.28	\$218.59		
Number of Machines ⁶	2,448	2,448	2,472	2,449	2,450	2,450		
GTR % Change ⁷	-10.77%	-10.80%	-2.98%	-3.31%	-5.69%	-2.51%		



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MONTHLY SLOT MACHINE GAMING REVENUES

	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	FY 2016/2017 Total	Grand Total
Presque Isle								
Wagers	\$83,400,518.95	\$95,474,688.47	\$103,382,415.56	\$107,993,333.85	\$109,263,754.69	\$106,118,477.21	\$1,269,225,697.48	\$18,827,869,217.31
Payouts	\$74,472,306.32	\$85,111,216.83	\$92,349,505.60	\$96,515,358.61	\$97,554,821.59	\$94,818,759.43	\$1,135,171,205.45	\$17,003,394,372.83
Promotional Plays (Internal) ¹	\$1,276,166.96	\$1,365,872.50	\$1,540,045.70	\$1,942,323.00	\$2,010,371.15	\$1,936,114.05	\$22,053,088.77	\$324,173,279.20
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$324,383.02
Gross Terminal Revenue	\$7,652,045.67	\$8,997,599.14	\$9,492,864.26	\$9,535,652.24	\$9,698,561.95	\$9,363,603.73	\$112,001,403.26	\$1,500,625,948.30
State Tax (34%)	\$2,601,695.52	\$3,059,183.70	\$3,227,573.84	\$3,242,121.79	\$3,297,511.08	\$3,183,625.30	\$38,080,477.13	\$510,212,823.01
LSA (4%) ³	\$306,081.83	\$359,903.96	\$379,714.57	\$381,426.09	\$358,612.82	\$0.00	\$4,076,182.35	\$59,621,164.28
EDTF (5%) ⁴	\$382,602.29	\$449,879.97	\$474,643.22	\$476,782.60	\$484,928.10	\$468,180.20	\$5,600,070.21	\$75,031,298.17
PRHDF ⁵	\$778,422.35	\$912,302.94	\$973,761.65	\$987,827.14	\$1,000,885.54	\$965,787.91	\$11,548,816.14	\$169,589,908.02
Taxable w/s/d	\$154.86	\$201.60	\$192.11	\$199.41	\$196.27	\$195.81		
Number of Machines ⁶	1,594	1,594	1,594	1,594	1,594	1,594		
GTR % Change ⁷	-2.71%	-6.33%	-6.97%	-6.05%	-5.35%	-6.88%		
The Meadows								
Wagers	\$214,237,627.57	\$222,920,177.30	\$253,286,155.43	\$253,060,884.56	\$254,753,887.36	\$240,499,842.94	\$2,923,054,378.71	\$30,378,642,386.66
Payouts	\$197,783,411.08	\$205,211,028.46	\$234,051,285.90	\$233,694,833.58	\$235,593,811.57	\$223,477,448.27	\$2,705,144,362.37	\$27,987,277,473.60
Promotional Plays (Internal) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Promotional Plays (External) ¹	\$4,741,142.31	\$4,441,208.55	\$5,406,243.68	\$5,876,186.85	\$5,949,512.04	\$6,295,054.99	\$72,558,777.15	\$569,792,542.86
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$231,837.18
Gross Terminal Revenue	\$16,454,216.49	\$17,709,148.84	\$19,234,869.53	\$19,366,050.98	\$19,160,075.79	\$17,022,394.67	\$217,910,016.34	\$2,391,596,750.24
State Tax (34%)	\$5,594,433.61	\$6,021,110.59	\$6,539,855.63	\$6,584,457.30	\$6,514,425.79	\$5,787,614.18	\$74,089,405.48	\$813,142,895.05
LSA (4%) ³	\$658,168.67	\$708,365.98	\$769,394.77	\$774,642.03	\$707,797.13	\$0.00	\$7,976,898.98	\$94,924,368.17
EDTF (5%) ⁴	\$822,710.85	\$885,457.43	\$961,743.48	\$968,302.55	\$958,003.78	\$851,119.74	\$10,895,500.87	\$119,579,838.22
PRHDF ⁵	\$1,676,247.87	\$1,793,410.51	\$1,969,455.24	\$2,000,036.83	\$1,972,917.42	\$1,754,394.60	\$22,434,192.35	\$268,075,368.68
Taxable w/s/d	\$170.45	\$203.11	\$199.13	\$207.17	\$198.35	\$209.05		
Number of Machines ⁶	3,114	3,114	3,116	3,116	3,116	2,730		
GTR % Change ⁷	-5.73%	-5.81%	-2.94%	0.57%	-1.42%	-4.86%		
Mount Airy								
Wagers	\$149,220,918.22	\$148,312,191.20	\$161,063,373.98	\$168,681,520.59	\$170,635,509.09	\$164,404,193.28	\$1,894,693,313.44	\$19,249,815,921.73
Payouts	\$135,446,377.32	\$133,827,457.79	\$145,618,785.63	\$152,441,961.22	\$153,982,438.15	\$148,653,357.61	\$1,712,144,989.12	\$17,469,676,286.34
Promotional Plays (Internal) ¹	\$3,138,638.11	\$3,290,330.61	\$3,321,781.66	\$3,541,916.37	\$3,677,772.87	\$3,577,929.97	\$40,328,245.92	\$337,039,020.66
Promotional Plays (External) ¹	\$0.01	\$0.00	\$0.00	\$0.00	\$25.00	\$0.00	\$25.01	\$25.01
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$110,229.65
Gross Terminal Revenue	\$10,635,902.79	\$11,194,402.80	\$12,122,806.69	\$12,697,643.00	\$12,975,298.07	\$12,172,905.70	\$142,220,078.40	\$1,443,210,844.38
State Tax (34%)	\$3,616,206.95	\$3,806,096.96	\$4,121,754.26	\$4,317,198.64	\$4,411,601.35	\$4,138,787.96	\$48,354,826.67	\$490,691,687.58
LSA (4%) ³	\$425,436.12	\$447,776.12	\$484,912.27	\$507,905.73	\$479,316.33	\$0.00	\$5,162,191.36	\$57,201,822.18
EDTF (5%) ⁴	\$531,795.17	\$559,720.15	\$606,140.33	\$634,882.15	\$648,764.90	\$608,645.29	\$7,111,004.00	\$72,160,543.12
PRHDF ⁵	\$1,076,717.09	\$1,131,328.92	\$1,238,650.01	\$1,305,950.16	\$1,333,861.42	\$1,253,532.38	\$14,606,945.54	\$160,960,684.80
Taxable w/s/d	\$183.67	\$214.03	\$209.35	\$226.58	\$224.13	\$217.22		
Number of Machines ⁶	1,868	1,868	1,868	1,868	1,867	1,868		
GTR % Change ⁷	-4.24%	-3.76%	-0.49%	2.56%	3.31%	4.30%		



Pennsylvania Gaming Control Board



MONTHLY SLOT MACHINE GAMING REVENUES

	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	FY 2016/2017 Total	Grand Total
<u>Penn National</u>								
Wagers	\$174,263,349.50	\$189,996,181.63	\$208,499,875.64	\$208,114,419.88	\$202,273,304.22	\$191,721,060.45	\$2,289,947,663.03	\$23,900,870,146.00
Payouts	\$155,517,066.09	\$169,691,967.51	\$185,630,355.71	\$185,616,376.43	\$180,571,593.04	\$171,340,023.37	\$2,043,031,569.25	\$21,492,629,609.98
Promotional Plays (Internal) ¹	\$2,816,867.80	\$3,095,073.90	\$3,109,436.05	\$3,541,593.62	\$3,325,816.83	\$3,260,334.55	\$37,233,507.55	\$276,096,083.03
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$150,373.42
Gross Terminal Revenue	\$15,929,415.61	\$17,209,140.22	\$19,760,083.88	\$18,956,449.83	\$18,375,894.35	\$17,120,702.53	\$209,682,586.23	\$2,132,294,826.41
State Tax (34%)	\$5,416,001.30	\$5,851,107.70	\$6,718,428.53	\$6,445,192.94	\$6,247,804.07	\$5,821,038.88	\$71,292,079.37	\$724,980,241.53
LSA (4%) ³	\$637,176.62	\$688,365.61	\$790,403.38	\$758,258.00	\$758,473.71	\$0.00	\$7,642,913.30	\$84,547,402.78
EDTF (5%) ⁴	\$796,470.78	\$860,457.01	\$988,004.22	\$947,822.52	\$918,794.73	\$856,035.13	\$10,484,129.42	\$106,614,742.08
PRHDF ⁵	\$1,619,293.38	\$1,746,294.36	\$2,029,459.00	\$1,957,835.26	\$1,896,607.46	\$1,764,940.82	\$21,605,651.83	\$237,341,308.65
Taxable w/s/d	\$215.54	\$257.81	\$271.24	\$268.89	\$252.24	\$242.85		
Number of Machines ⁶	2,384	2,384	2,350	2,350	2,350	2,350		
GTR % Change ⁷	-0.82%	-2.47%	3.37%	-0.05%	-1.93%	0.53%		
<u>Sands Bethlehem</u>								
Wagers	\$356,633,296.75	\$364,408,487.45	\$399,747,460.14	\$389,964,662.54	\$387,290,562.29	\$357,204,654.59	\$4,501,123,464.24	\$33,468,866,028.03
Payouts	\$320,870,084.00	\$327,462,633.08	\$359,808,913.97	\$351,180,462.64	\$348,199,519.34	\$320,946,651.97	\$4,047,700,126.66	\$30,160,266,497.23
Promotional Plays (Internal) ¹	\$11,940,357.68	\$11,623,472.99	\$12,933,970.06	\$12,398,843.13	\$12,584,806.59	\$12,281,460.50	\$149,263,052.78	\$1,018,450,026.26
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$310,436.70
Gross Terminal Revenue	\$23,822,855.07	\$25,322,381.38	\$27,004,576.11	\$26,385,356.77	\$26,506,236.36	\$23,976,542.12	\$304,160,284.80	\$2,290,459,941.24
State Tax (34%)	\$8,099,770.74	\$8,609,609.67	\$9,181,555.87	\$8,971,021.31	\$9,012,120.34	\$8,152,024.33	\$103,414,496.82	\$778,756,380.08
LSA (4%) ³	\$952,914.22	\$1,012,895.26	\$1,080,183.05	\$1,055,414.27	\$982,002.10	\$0.00	\$11,129,102.31	\$90,581,088.86
EDTF (5%) ⁴	\$1,191,142.77	\$1,266,119.08	\$1,350,228.80	\$1,319,267.85	\$1,325,311.82	\$1,198,827.12	\$15,208,014.23	\$114,522,997.47
PRHDF ⁵	\$2,407,140.36	\$2,558,409.97	\$2,753,682.52	\$2,702,232.02	\$2,718,701.91	\$2,466,637.08	\$31,151,414.79	\$249,103,111.96
Taxable w/s/d	\$255.05	\$300.16	\$289.12	\$291.91	\$283.79	\$265.26		
Number of Machines ⁶	3,013	3,013	3,013	3,013	3,013	3,013		
GTR % Change ⁷	1.82%	0.93%	-0.87%	0.80%	-5.09%	-0.36%		
<u>The Rivers</u>								
Wagers	\$261,198,102.75	\$271,969,395.76	\$295,764,912.87	\$276,593,667.34	\$274,433,764.15	\$264,131,681.49	\$3,201,879,245.52	\$25,601,432,882.76
Payouts	\$234,259,929.67	\$243,545,830.49	\$265,983,846.17	\$247,893,920.89	\$246,511,968.90	\$237,243,637.80	\$2,872,632,213.02	\$23,027,310,071.31
Promotional Plays (Internal) ¹	\$5,434,024.33	\$5,380,923.29	\$5,480,630.04	\$5,695,394.96	\$5,782,378.19	\$5,440,664.23	\$63,901,638.66	\$457,256,857.49
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$281,949.35
Gross Terminal Revenue	\$21,504,148.75	\$23,042,641.98	\$24,300,436.66	\$23,004,351.49	\$22,139,417.06	\$21,447,379.46	\$265,345,393.84	\$2,117,147,903.31
State Tax (34%)	\$7,311,410.56	\$7,834,498.27	\$8,262,148.47	\$7,821,479.51	\$7,527,401.82	\$7,292,109.02	\$90,217,433.96	\$719,830,287.55
LSA (4%) ³	\$860,165.96	\$921,705.66	\$972,017.47	\$920,174.06	\$816,897.43	\$0.00	\$9,687,241.35	\$83,759,341.61
EDTF (5%) ⁴	\$1,075,207.48	\$1,152,132.11	\$1,215,021.84	\$1,150,217.55	\$1,106,970.86	\$1,072,369.00	\$13,267,269.83	\$105,857,396.02
PRHDF ⁵	\$2,178,155.67	\$2,329,141.64	\$2,487,160.22	\$2,370,315.50	\$2,275,990.89	\$2,204,280.34	\$27,265,750.80	\$230,351,067.86
Taxable w/s/d	\$233.64	\$277.18	\$265.28	\$261.35	\$243.41	\$243.66		
Number of Machines ⁶	2,969	2,969	2,955	2,934	2,934	2,934		
GTR % Change ⁷	0.50%	0.12%	3.21%	-3.84%	-1.29%	2.94%		



Pennsylvania Gaming Control Board



MONTHLY SLOT MACHINE GAMING REVENUES

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<u>SugarHouse</u>								
Wagers	\$161,699,974.31	\$175,627,295.38	\$197,831,404.19	\$180,310,832.09	\$175,630,525.41	\$160,527,453.57	\$2,046,391,308.40	\$13,558,630,611.73
Payouts	\$144,769,992.12	\$157,805,278.44	\$177,371,029.89	\$161,815,536.54	\$157,461,159.73	\$143,916,347.34	\$1,835,131,825.83	\$12,142,304,437.91
Promotional Plays (Internal) ¹	\$3,036,679.39	\$2,693,402.06	\$3,368,871.72	\$2,694,525.09	\$2,641,966.93	\$2,596,433.67	\$32,349,158.38	\$216,179,182.95
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$125,981.70
Gross Terminal Revenue	\$13,893,302.80	\$15,128,614.88	\$17,091,502.58	\$15,800,770.46	\$15,527,398.75	\$14,014,672.56	\$178,910,324.19	\$1,200,272,972.57
State Tax (34%)	\$4,723,722.96	\$5,143,729.07	\$5,811,110.88	\$5,372,261.97	\$5,279,315.59	\$4,764,988.66	\$60,829,510.33	\$408,092,810.95
LSA (4%) ³	\$555,732.09	\$605,144.59	\$683,660.10	\$632,030.80	\$569,131.30	\$0.00	\$6,543,861.33	\$47,398,367.28
EDTF (5%) ⁴	\$694,665.16	\$756,430.75	\$854,575.15	\$790,038.52	\$776,369.92	\$700,733.65	\$8,945,516.26	\$60,013,649.16
PRHDF ⁵	\$1,413,625.54	\$1,531,763.00	\$1,751,103.95	\$1,629,547.29	\$1,598,168.23	\$1,440,359.92	\$18,403,093.98	\$128,812,264.15
Taxable w/s/d	\$241.60	\$291.27	\$297.38	\$284.36	\$275.04	\$259.22		
Number of Machines ⁶	1,855	1,855	1,854	1,852	1,821	1,802		
GTR % Change ⁷	1.34%	-4.45%	3.40%	-4.51%	-4.09%	-6.10%		
<u>Valley Forge</u>								
Wagers	\$84,067,900.31	\$80,289,346.03	\$97,164,827.53	\$94,300,797.82	\$93,020,830.20	\$88,353,056.05	\$1,056,383,106.47	\$4,757,544,184.40
Payouts	\$76,137,708.72	\$72,195,344.03	\$88,297,720.46	\$85,379,553.57	\$84,491,749.02	\$80,865,688.70	\$957,030,180.48	\$4,288,481,561.20
Promotional Plays (Internal) ¹	\$1,312,785.48	\$1,290,375.19	\$1,604,151.92	\$1,521,162.28	\$1,407,984.95	\$1,088,777.77	\$19,124,198.44	\$98,507,374.82
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$78,149.05
Gross Terminal Revenue	\$6,617,406.11	\$6,803,626.81	\$7,262,955.15	\$7,400,081.97	\$7,121,096.23	\$6,398,589.58	\$80,228,727.55	\$370,633,397.43
State Tax (34%)	\$2,249,918.06	\$2,313,233.14	\$2,469,404.74	\$2,516,027.85	\$2,421,172.74	\$2,175,520.46	\$27,277,767.39	\$126,015,355.24
LSA (4%) ³	\$264,696.24	\$272,145.05	\$290,518.20	\$296,003.27	\$258,299.81	\$0.00	\$2,926,661.43	\$14,542,848.18
EDTF (5%) ⁴	\$330,870.29	\$340,181.34	\$363,147.77	\$370,004.11	\$356,054.80	\$319,929.49	\$4,011,436.50	\$18,531,670.27
PRHDF ⁵	\$674,364.50	\$688,045.12	\$743,042.99	\$762,484.34	\$734,287.92	\$659,402.85	\$8,249,324.26	\$38,855,194.01
Taxable w/s/d	\$355.77	\$404.98	\$390.48	\$416.44	\$383.77	\$355.48		
Number of Machines ⁶	600	600	600	592	599	600		
GTR % Change ⁷	7.75%	7.00%	6.27%	8.13%	2.69%	5.53%		
<u>Nemacolin</u>								
Wagers	\$24,367,124.47	\$29,032,406.51	\$31,003,818.66	\$29,822,757.27	\$29,753,327.54	\$28,771,291.11	\$340,678,235.71	\$1,369,175,530.64
Payouts	\$21,810,836.36	\$25,878,012.41	\$27,655,230.14	\$26,692,982.89	\$26,569,512.24	\$25,609,068.07	\$304,386,489.05	\$1,230,976,653.86
Promotional Plays (Internal) ¹	\$483,068.85	\$542,686.03	\$609,589.05	\$537,884.45	\$487,121.49	\$510,858.23	\$6,121,739.66	\$25,543,603.26
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$46,895.65
Gross Terminal Revenue	\$2,073,219.26	\$2,611,708.07	\$2,738,999.47	\$2,591,889.93	\$2,696,693.81	\$2,651,364.81	\$30,170,007.00	\$112,702,169.17
State Tax (34%)	\$704,894.56	\$887,980.75	\$931,259.83	\$881,242.61	\$916,875.90	\$901,464.04	\$10,257,802.38	\$38,318,737.67
LSA (4%) ³	\$82,928.78	\$104,468.31	\$109,559.94	\$103,675.59	\$99,779.95	\$0.00	\$1,092,657.89	\$4,393,944.41
EDTF (5%) ⁴	\$103,660.99	\$130,585.41	\$136,949.97	\$129,594.49	\$134,834.71	\$132,568.26	\$1,508,500.44	\$5,635,108.62
PRHDF ⁵	\$210,140.67	\$264,683.74	\$279,701.07	\$266,603.14	\$277,002.94	\$272,538.67	\$3,099,503.01	\$11,716,381.67
Taxable w/s/d	\$112.02	\$156.24	\$148.05	\$144.92	\$145.06	\$147.30		
Number of Machines ⁶	597	597	597	597	600	600		
GTR % Change ⁷	6.86%	18.96%	3.21%	-2.28%	4.41%	6.23%		



Pennsylvania Gaming Control Board



MONTHLY SLOT MACHINE GAMING REVENUES

	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	FY 2016/2017 Total	Grand Total
Total								
Wagers	\$2,329,166,345.54	\$2,420,803,843.54	\$2,667,715,898.24	\$2,624,746,653.05	\$2,601,609,592.24	\$2,444,941,687.45	\$29,961,927,185.23	\$284,951,702,775.17
Payouts	\$2,104,158,323.69	\$2,184,192,482.27	\$2,410,025,669.48	\$2,369,880,910.81	\$2,349,670,005.06	\$2,210,404,507.53	\$27,063,371,055.73	\$257,869,061,971.08
Promotional Plays (Internal) ¹	\$44,703,351.94	\$44,342,891.06	\$47,706,081.82	\$49,162,990.13	\$48,695,347.48	\$46,016,429.44	\$562,412,607.49	\$4,676,674,825.48
Promotional Plays (External) ¹	\$4,741,142.32	\$4,441,208.55	\$5,406,243.68	\$5,876,186.85	\$5,949,537.04	\$6,295,054.99	\$72,558,802.17	\$569,792,567.88
Adjustments ²	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,000.00	\$4,997,676.58
Gross Terminal Revenue	\$180,304,669.91	\$192,268,470.21	\$209,984,146.94	\$205,702,752.11	\$203,248,175.70	\$188,520,750.48	\$2,336,152,508.01	\$22,410,969,641.19
State Tax (34%)	\$61,303,587.82	\$65,371,279.92	\$71,394,609.97	\$69,938,935.74	\$69,104,379.81	\$64,097,055.21	\$794,291,853.05	\$7,619,729,741.47
LSA (4%) ³	\$7,212,186.80	\$7,690,738.80	\$8,399,365.85	\$8,228,110.10	\$7,474,138.38	\$0.00	\$85,249,481.64	\$888,242,174.26
EDTF (5%) ⁴	\$9,015,233.65	\$9,613,423.63	\$10,499,207.44	\$10,285,137.62	\$10,162,408.82	\$9,426,037.68	\$116,807,626.32	\$1,120,548,498.50
PRHDF ⁵	\$18,316,410.36	\$19,469,716.97	\$21,503,316.59	\$21,208,078.45	\$20,930,766.36	\$19,414,673.29	\$240,321,184.72	\$2,488,147,985.48
Taxable w/s/d	\$221.54	\$261.55	\$258.32	\$262.16	\$251.28	\$244.55		
Number of Machines ⁶	26,254	26,254	26,222	26,155	26,092	25,685		
GTR % Change ⁹	-2.44%	-3.95%	-0.60%	-1.58%	-2.68%	-0.77%		

FOOTNOTES:

¹ Promotional plays are determined to be internal or external based on the way that they are handled by the slot machine meters and the Department of Revenue's central computer system (CCS). Internal promotional plays are recorded as wagers when they are played. Since the statutory definition of gross terminal revenue (GTR) excludes promotional play, the internal plays must be subtracted from "Wagers Received" before the GTR is calculated and the appropriate tax rate is applied.

External promotional plays are recorded as both a wager and a payout when they are played. Therefore, external plays must be subtracted from both "Wagers Received" and "Amount Won" before the GTR is calculated and the appropriate tax rate is applied. This results a net change of zero to GTR and the appearance that the external promotional plays have no impact on GTR. In reality all promotional play, whether internal or external, is deducted from GTR.

Since the inclusion of external promotional plays in the "Amount Won" essentially overstates the amount won when compared to other venues with internal promotional play only, the external promotional play must be deducted from the "Amount Won" prior to the calculation of any payout percentage.

² Made by Department of Revenue based on an analysis of daily reports from the central control computer system.

³ Local Share Assessment

⁴ Pennsylvania Gaming Economic Development and Tourism Fund

⁵ Pennsylvania Race Horse Development Fund. Note: Beginning January 1, 2010, 34% of the money deposited into the Pennsylvania Race Horse Development Fund is transferred to the General Fund. Beginning July 1, 2010, the amount of this transfer is reduced to 17%. The General Fund transfer of 17% will continue until its expiration on June 30, 2013.

⁶ This is an average count that can vary from day to day. In addition, the count may be affected by floor moves and expansions to the extent that it includes machines that are connected to the CCS but are not authorized for play, or machines that were only authorized for play during a portion of the gaming day. Continuous monitoring by the CCS prevents any licensed facility from operating more than their authorized number of slot machines at any given time.

⁷ As compared to the same month in the prior year.

⁸ Data is not available until the casino has been open for an entire year.

⁹ Represents the total change in GTR for the same month in the prior period and is therefore affected by the opening of additional casinos.

EXHIBIT 3



Pennsylvania Gaming Control Board



Slot Machine Gaming Revenues

	Week of Mar 12 - Mar 18	March 2018 Month-to-Date	2017/2018 Fiscal Year-to-Date
<u>Mohegan Sun</u>			
Wagers	\$52,183,121.93	\$130,428,340.05	\$1,758,917,426.86
Payouts	\$46,931,416.19	\$117,224,663.74	\$1,583,035,568.56
Promotional Plays (Internal) ¹	\$872,311.98	\$1,998,032.18	\$32,182,478.61
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$4,379,393.76	\$11,205,644.13	\$143,703,867.69
State Tax (34%)	\$1,488,993.88	\$3,809,919.00	\$48,859,314.99
LSA (2%) ³	\$87,587.88	\$224,112.90	\$860,019.35
EDTF (5%) ⁴	\$262,763.63	\$672,338.66	\$7,615,203.08
PRHDF	\$448,259.61	\$1,145,097.24	\$14,670,834.87
Average Taxable Win/Slot/Day	\$268.28	\$266.95	
Active Slot Machines ⁵	2,332	2,332	
<u>Parx</u>			
Wagers	\$116,246,593.41	\$297,989,867.55	\$3,796,486,049.53
Payouts	\$105,529,367.71	\$271,241,504.76	\$3,453,372,630.95
Promotional Plays (Internal) ¹	\$1,835,210.63	\$4,662,312.32	\$63,958,169.07
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.01
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$8,882,015.07	\$22,086,050.47	\$279,155,249.51
State Tax (34%)	\$3,019,885.12	\$7,509,257.16	\$94,912,784.92
LSA (2%) ³	\$177,640.30	\$441,721.01	\$1,715,738.88
EDTF (5%) ⁴	\$532,920.90	\$1,325,163.02	\$14,815,631.89
PRHDF	\$911,661.47	\$2,261,382.93	\$28,504,130.47
Average Taxable Win/Slot/Day	\$380.24	\$366.42	
Active Slot Machines ⁵	3,337	3,337	
<u>Harrah's Philadelphia</u>			
Wagers	\$48,254,704.17	\$129,727,747.43	\$1,704,284,633.67
Payouts	\$43,283,324.15	\$116,427,434.22	\$1,532,089,692.66
Promotional Plays (Internal) ¹	\$690,104.53	\$1,729,581.53	\$31,497,323.63
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$4,281,275.49	\$11,570,731.68	\$140,697,617.38
State Tax (34%)	\$1,455,633.67	\$3,934,048.78	\$47,837,189.97
LSA (2%) ³	\$85,625.52	\$231,414.63	\$884,068.99
EDTF (5%) ⁴	\$256,876.53	\$694,243.90	\$7,476,915.40
PRHDF	\$437,673.68	\$1,183,248.38	\$14,356,103.41
Average Taxable Win/Slot/Day	\$249.64	\$262.37	
Active Slot Machines ⁵	2,450	2,450	



Pennsylvania Gaming Control Board



Slot Machine Gaming Revenues

	Week of Mar 12 - Mar 18	March 2018 Month-to-Date	2017/2018 Fiscal Year-to-Date
<u>Presque Isle</u>			
Wagers	\$23,775,634.77	\$66,371,939.93	\$881,838,484.84
Payouts	\$21,271,374.52	\$59,245,435.42	\$787,644,900.90
Promotional Plays (Internal) ¹	\$350,237.06	\$903,391.86	\$14,553,814.29
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$2,154,023.19	\$6,223,112.65	\$79,639,769.65
State Tax (34%)	\$732,367.88	\$2,115,858.30	\$27,077,521.62
LSA (2%) ³	\$43,080.47	\$124,462.27	\$464,302.55
EDTF (5%) ⁴	\$129,241.39	\$373,386.76	\$4,214,139.85
PRHDF	\$221,128.06	\$639,468.50	\$8,136,927.01
Average Taxable Win/Slot/Day	\$193.17	\$217.03	
Active Slot Machines ⁵	1,593	1,593	
<u>The Meadows</u>			
Wagers	\$57,929,130.70	\$159,110,216.29	\$2,066,772,074.51
Payouts	\$52,369,454.47	\$143,454,373.65	\$1,906,675,585.17
Promotional Plays (Internal) ¹	\$1,460,531.22	\$3,951,366.92	\$11,089,556.23
Promotional Plays (External) ¹	\$0.00	\$0.00	\$42,639,506.30
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$4,099,145.01	\$11,704,475.72	\$149,006,933.11
State Tax (34%)	\$1,393,709.30	\$3,979,521.76	\$50,662,357.35
LSA (2%) ³	\$81,982.90	\$234,089.52	\$873,279.09
EDTF (5%) ⁴	\$245,948.70	\$702,268.54	\$7,886,986.29
PRHDF	\$420,364.26	\$1,200,281.23	\$15,218,796.15
Average Taxable Win/Slot/Day	\$191.62	\$212.78	
Active Slot Machines ⁵	3,056	3,056	
<u>Mount Airy</u>			
Wagers	\$37,393,778.10	\$91,625,440.75	\$1,359,228,705.46
Payouts	\$33,604,579.68	\$82,647,787.38	\$1,226,662,860.57
Promotional Plays (Internal) ¹	\$882,419.74	\$2,133,517.20	\$28,786,385.48
Promotional Plays (External) ¹	\$0.00	\$0.01	\$0.01
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$2,906,778.68	\$6,844,136.17	\$103,779,459.41
State Tax (34%)	\$988,304.74	\$2,327,006.31	\$35,285,016.19
LSA (2%) ³	\$58,135.58	\$136,882.74	\$555,494.93
EDTF (5%) ⁴	\$174,406.73	\$410,648.18	\$5,466,720.42
PRHDF	\$297,866.93	\$699,338.35	\$10,572,299.42
Average Taxable Win/Slot/Day	\$222.78	\$204.08	
Active Slot Machines ⁵	1,864	1,864	



Pennsylvania Gaming Control Board



Slot Machine Gaming Revenues

	Week of Mar 12 - Mar 18	March 2018 Month-to-Date	2017/2018 Fiscal Year-to-Date
<u>Penn National</u>			
Wagers	\$49,340,867.71	\$134,373,566.52	\$1,604,744,082.90
Payouts	\$44,181,048.62	\$120,144,002.35	\$1,432,829,351.57
Promotional Plays (Internal) ¹	\$672,408.10	\$1,991,521.30	\$26,420,541.55
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$4,487,410.99	\$12,238,042.87	\$145,494,189.78
State Tax (34%)	\$1,525,719.74	\$4,160,934.58	\$49,468,024.57
LSA (2%) ³	\$89,748.24	\$244,760.87	\$876,630.51
EDTF (5%) ⁴	\$269,244.67	\$734,282.58	\$7,713,024.81
PRHDF	\$460,657.77	\$1,253,502.64	\$14,848,813.74
Average Taxable Win/Slot/Day	\$276.68	\$293.44	
Active Slot Machines ⁵	2,317	2,317	
<u>Sands Bethlehem</u>			
Wagers	\$89,190,195.22	\$235,152,332.02	\$3,185,162,649.58
Payouts	\$80,231,560.68	\$211,715,671.18	\$2,866,661,733.06
Promotional Plays (Internal) ¹	\$2,893,499.85	\$6,900,674.58	\$105,535,132.89
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	(\$960.00)
Gross Terminal Revenue	\$6,065,134.69	\$16,535,986.26	\$212,964,823.63
State Tax (34%)	\$2,062,145.81	\$5,622,235.34	\$72,408,040.04
LSA (2%) ³	\$121,302.70	\$330,719.73	\$1,268,284.25
EDTF (5%) ⁴	\$363,908.08	\$992,159.18	\$11,282,383.41
PRHDF	\$619,461.58	\$1,685,258.16	\$21,655,631.80
Average Taxable Win/Slot/Day	\$290.85	\$308.38	
Active Slot Machines ⁵	2,979	2,979	
<u>Rivers</u>			
Wagers	\$70,860,978.55	\$197,554,800.11	\$2,396,927,863.26
Payouts	\$63,757,268.10	\$177,354,335.15	\$2,151,822,875.85
Promotional Plays (Internal) ¹	\$1,410,702.07	\$4,169,850.75	\$51,083,718.02
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$5,693,008.38	\$16,030,614.21	\$194,021,269.39
State Tax (34%)	\$1,935,622.84	\$5,450,408.83	\$65,967,231.59
LSA (2%) ³	\$113,860.16	\$320,612.28	\$1,194,162.39
EDTF (5%) ⁴	\$341,580.49	\$961,836.85	\$10,298,144.64
PRHDF	\$581,004.91	\$1,639,646.74	\$19,767,263.12
Average Taxable Win/Slot/Day	\$281.22	\$308.26	
Active Slot Machines ⁵	2,892	2,892	



Pennsylvania Gaming Control Board



Slot Machine Gaming Revenues

	Week of Mar 12 - Mar 18	March 2018 Month-to-Date	2017/2018 Fiscal Year-to-Date
<u>SugarHouse</u>			
Wagers	\$45,668,955.16	\$123,261,244.61	\$1,461,516,620.76
Payouts	\$40,694,709.54	\$110,414,645.17	\$1,313,427,173.74
Promotional Plays (Internal) ¹	\$764,232.55	\$1,809,358.27	\$21,969,939.52
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$4,210,013.07	\$11,037,241.17	\$126,119,507.50
State Tax (34%)	\$1,431,404.44	\$3,752,662.01	\$42,880,632.59
EDTF (5%) ⁴	\$252,600.78	\$662,234.46	\$6,703,355.92
PRHDF	\$430,077.70	\$1,127,060.60	\$12,853,693.26
Average Taxable Win/Slot/Day	\$332.47	\$338.91	
Active Slot Machines ⁵	1,809	1,809	
<u>Valley Forge</u>			
Wagers	\$23,238,830.66	\$62,515,479.14	\$787,692,531.10
Payouts	\$20,930,152.08	\$56,774,458.18	\$715,981,917.23
Promotional Plays (Internal) ¹	\$324,738.59	\$814,568.24	\$11,928,706.33
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$1,983,939.99	\$4,926,452.72	\$59,781,907.54
State Tax (34%)	\$674,539.60	\$1,674,993.93	\$20,325,848.61
LSA (2%) ³	\$79,357.59	\$197,058.11	\$744,993.57
EDTF (5%) ⁴	\$119,036.41	\$295,587.16	\$3,175,343.78
PRHDF	\$202,027.14	\$502,893.06	\$6,089,019.69
Average Taxable Win/Slot/Day	\$472.37	\$456.15	
Active Slot Machines ⁵	600	600	
<u>Nemacolin</u>			
Wagers	\$6,103,892.17	\$16,928,287.48	\$235,548,108.07
Payouts	\$5,415,869.26	\$15,035,805.62	\$210,846,677.24
Promotional Plays (Internal) ¹	\$90,222.99	\$247,594.51	\$3,983,391.50
Promotional Plays (External) ¹	\$0.00	\$0.00	\$0.00
Adjustments ²	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$597,799.92	\$1,644,887.35	\$20,718,039.33
State Tax (34%)	\$203,251.97	\$559,261.68	\$7,044,133.46
LSA (2%) ³	\$23,912.00	\$65,795.49	\$237,470.72
EDTF (5%) ⁴	\$35,868.00	\$98,693.25	\$1,095,269.77
PRHDF	\$60,804.30	\$167,872.50	\$2,112,059.81
Average Taxable Win/Slot/Day	\$142.33	\$152.30	
Active Slot Machines ⁵	600	600	



Pennsylvania Gaming Control Board



Slot Machine Gaming Revenues

	Week of Mar 12 - Mar 18	March 2018 Month-to-Date	2017/2018 Fiscal Year-to-Date
<u>Total</u>			
Wagers	\$620,186,682.55	\$1,645,039,261.88	\$21,239,119,230.54
Payouts	\$558,200,125.00	\$1,481,680,116.82	\$19,181,050,967.50
Promotional Plays (Internal) ¹	\$12,246,619.31	\$31,311,769.66	\$402,989,157.12
Promotional Plays (External) ¹	\$0.00	\$0.01	\$42,639,506.32
Adjustments ²	\$0.00	\$0.00	(\$960.00)
Gross Terminal Revenue	\$49,739,938.24	\$132,047,375.40	\$1,655,082,633.92
State Tax (34%)	\$16,911,578.99	\$44,896,107.68	\$562,728,095.90
LSA (2%) ³	\$962,233.34	\$2,551,629.55	\$9,674,445.23
EDTF (5%) ⁴	\$2,984,396.31	\$7,922,842.54	\$87,743,119.26
PRHDF	\$5,090,987.41	\$13,505,050.33	\$168,785,572.75
Average Taxable Win/Slot/Day	\$275.11	\$284.02	
Active Slot Machines ⁵	25,829	25,829	

FOOTNOTES:

¹ Promotional plays are determined to be internal or external based on the way that they are handled by the slot machine meters and the Department of Revenue's central computer system (CCS). Internal promotional plays are recorded as wagers when they are played. Since the statutory definition of gross terminal revenue (GTR) excludes promotional play, the internal plays must be subtracted from "Wagers Received" before the GTR is calculated and the appropriate tax rate is applied.

External promotional plays are recorded as both a wager and a payout when they are played. Therefore, external plays must be subtracted from both "Wagers Received" and "Amount Won" before the GTR is calculated and the appropriate tax rate is applied. This results a net change of zero to GTR and the appearance that the external promotional plays have no impact on GTR. In reality all promotional play, whether internal or external, is deducted from GTR.

Since the inclusion of external promotional plays in the "Amount Won" essentially overstates the amount won when compared to other venues with internal promotional play only, the external promotional play must be deducted from the "Amount Won" prior to the calculation of any payout percentage.

² Made by Department of Revenue based on an analysis of daily reports from the central control computer system

³ Local Share Assessment

⁴ Pennsylvania Gaming Economic Development and Tourism Fund

⁵ This is an average count that can vary from day to day. In addition, the count may be affected by floor moves and expansions to the extent that it includes machines that are connected to the CCS but are not authorized for play, or machines that were only authorized for play during a portion of the gaming day. Continuous monitoring by the CCS prevents any licensed facility from operating more than their authorized number of slot machines at any given time.

EXHIBIT 4

Casino	Category	GTR 2016/2017	Eligible for Mandatory Distribution	Amount of Mandatory Distribution	Totals
Parx Casino and Racing	1	\$386,589,504	No	N/A	
The Meadows Racetrack and Casino	1	\$217,910,016	No	N/A	
Hollywood Casino at Penn National Race Track	1	\$209,682,586	No	N/A	
Mohegan Sun Pocono	1	\$208,562,172	No	N/A	
Harrah's Casino and Racetrack	1	\$200,372,008	No	N/A	
Presque Isle Downs	1	\$112,001,403	Yes	\$4,000,000	
Sands Casino Resort	2	\$304,160,284	No	N/A	
Rivers Casino	2	\$265,345,393	No	N/A	
SugarHouse Casino PA	2	\$178,910,324	Yes	\$2,500,000	
Mount Airy Casino Resort	2	\$142,220,078	Yes	\$4,000,000	
Valley Forge Casino Resort	3	\$ 80,228,727			
Lady Luck Casino Nemacolin	3	\$ 30,170,007	Yes	\$ 500,000	
Total Combined GTR for 2016/2017		\$2,336,152,508			
Total Combined Supplemental Assessment Based on 2016/2017 GTR (0.5% of total GTR)					\$11,680,762

Casino	Category	GTR 2016/2017	Eligible for Mandatory Distribution	Amount of Mandatory Distribution	Totals
Annual Transfer from the State Gaming Fund to the CMCD Account per 4 Pa. C.S. § 1408(C.1)					+\$2,000,000
Annual Amount placed in CMCD Account for 2016/2017					\$13,680,762
Total Mandatory Distributions from CMCD				\$11,000,000	-\$11,000,000
Total Amount Remaining in CMCD Account After Mandatory Distributions					\$2,689,762