

Foxwoods' casino failure could cost Phila. - Philadelphia Inquirer

Written by Administrator

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Momentum is building in Harrisburg to put the Foxwoods Casino license up for bid statewide, instead of guaranteeing that it stays in Philadelphia.

Lawmakers in the House and Senate are preparing to introduce bills when

the General Assembly reconvenes in January that would take away Philadelphia's automatic right to a second casino.

The prospect of losing a casino could be an unexpected outcome of the prolonged collapse of Foxwoods.

SugarHouse Casino in Fishtown finally opened in September, but the stalled Foxwoods project in South Philadelphia lost its right to run a casino in a 6-1 Gaming Control Board decision Dec. 16.

State Rep. Curt Schroder (R., Chester), chairman of the House Gaming Oversight Committee, is drafting legislation that would allow the auctioning of the Foxwoods license to the highest bidder anywhere in the state.

Republican leaders, including incoming House Majority Leader Mike Turzai of Allegheny County, have indicated that they support the idea, Schroder said.

In the Senate, Democrat John N. Wozniak of Johnstown plans to reintroduce legislation that would open up bidding for not only the Foxwoods license but also one reserved for the financially struggling Valley View Downs racetrack in Western Pennsylvania's Lawrence County.

Wozniak introduced a similar bill in May, but the full Senate never voted on it.

He said in an interview that the bill might advance further now that the gaming board had revoked the license and the matter was more pressing.

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"Philly could still be in the mix," Wozniak said. "I'm not saying you can't have it there. But let the private sector make the determination."

When Pennsylvania legalized gambling in 2004, legislators failed to think through what would happen if a license was revoked. In particular, the gaming act is silent on whether a casino operator should get a refund of the \$50 million licensing fee for a slots parlor, said Doug Sherman, general counsel for the gaming board.

Litigation seems likely.

The Foxwoods investors have 30 days to appeal to Commonwealth Court after the board files its final order on the license, said Doug Harbach, a gaming board spokesman. Though the ruling was made Dec. 16, the order has not yet been filed.

Philadelphia is the only city or county in the state with a set-aside for two licenses. Under the 2004 gaming law, Philadelphia would get two and Pittsburgh one, and 11 licenses would be scattered across the state. Two of those 14 licenses have not been awarded.

Schroder said that he thought bids on the Foxwoods license should start at \$50 million, and that letting the market decide a location would take some of the politics out of the process.

When the gaming board awarded Philadelphia's two licenses in December 2006, it was widely perceived that political connections had played a role in the selections. One license (Foxwoods) went to a group led by friends of Gov. Rendell, and the second (SugarHouse) was awarded to a project including onetime allies of then-State Sen. Vincent J. Fumo, the Democratic power broker who spearheaded legalized gaming in Pennsylvania.

State Rep. Michael O'Brien, a Philadelphia Democrat who supports Schroder's bill, said he believed gaming in Philadelphia already had reached a saturation point, with Parx to the north in Bensalem, SugarHouse in the city, Harrah's Chester to the south, and a proposed smaller resort casino in Valley Forge to the west.

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"That's it. That's the market," O'Brien said. He added that the lackluster results so far for SugarHouse were evidence that the market was at its tipping point.

In November, SugarHouse reported that its 1,599 slot machines averaged \$206.53 each in daily winnings. That compared with \$279.25 at Parx and \$242.37 at Harrah's.

If Philadelphia holds on to its second license and gets a do-over from the gaming board, local politicians, community activists, and urban planners hope that the state has learned from its mistake.

Unlike other parts of Pennsylvania, the awarding of Philadelphia's casino licenses sparked intense community and political backlash.

"The support just wasn't there," Wozniak said. "We wasted a whole lot of time, and they wasted a whole lot of money."

Taxpayers, he added, "got burned" in lost gaming revenue to reduce wage taxes.

Putting the license out to bid may correct that, he said, by placing a casino where it's wanted. "There's interest in my region," he said. "There's nothing in the center of the state."

City officials have argued that the gaming board, by deciding in 2006 that Philadelphia's two casinos would be on the Delaware River, effectively made critical land-use decisions for Philadelphia - with little input from the city or its residents.

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