

The Impact of Gaming on the City's Five-Year Plan

Many of the reports about the PICA staff's analysis of gaming have been misleading. Not only do the reports fail to mention that PICA staff said that gaming would produce immediate tangible benefits for Philadelphia, including \$70 million in gaming fees, \$12 million in payments in lieu of taxes and further reductions in wage tax rates, but they also make it appear that the staff report said that gaming will create a multi-hundred million dollar deficit in the City's budget. The report was not intended to say that. If PICA staff believed that gaming would create deficits of that size, staff could not have recommended approval of the five-year plan to the PICA Board. Instead, the report was highlighting that the inclusion of the benefits of gaming in the five-year plan, without any of the costs, creates a financial risk for the City.

The July 26, 2007 staff report on the city's FY08-FY12 Five-Year Plan devoted a little less than two pages to a discussion on gaming, out of a 54 page document. That gaming discussion was included in the section on the report on risks to the City's Five-Year Plan.

While the staff report said that there would be costs to having casinos in Philadelphia, it did not quantify the size of the risk. The report did quote academics who had written reports about gaming. Before discussing the academics' analyses, however, the report noted that there are a wide range of views as to the costs and benefits of gaming and that it is difficult to accurately quantify them. The report was not intended to be an endorsement of the views of those academics. It was, however, pointing out that those views existed and that it is unlikely that the City's projections of zero costs will turn out to be accurate. If next year's five year plan continues to project casino-related revenues, it should also include casino-related obligations.

PICA Staff