

Issue Summary

The Impact of Gaming Money in Allegheny County

The Issue:

Legalized slots machines in Pennsylvania will result in the redistribution of close to \$700 million for various economic development and general government purposes in Allegheny County in the coming years.

What We Know:

Under two state statutes—one creating legalized slots (Act 71 of 2004)—and the other setting the distribution of gaming money from the Tourism and Economic Development Fund (Act 53 of 2007), we can pinpoint the amounts, recipients, and purposes of gaming money. Here is a rundown of what exists in legislation at the present time:

Act 53

Ten Year Amount	Recipient	Purpose
\$60 million	City of Pittsburgh	Retirement of obligations of Pittsburgh Development Fund
\$150 million	Allegheny County	Airport debt and economic development
\$30 million	Allegheny County	Retirement of obligations of Economic Development Fund
\$80 million	Allegheny County	Infrastructure Fund
\$20 million	Sports and Exhibition Authority*	Debt for Convention Center
\$20 million	Sports and Exhibition Authority*	Operating Deficits for Convention Center
\$225 million	Sports and Exhibition Authority*	New Hockey Arena
\$44 million	Sports and Exhibition Authority*	Convention Center Hotel Construction

Act 71

Annual Amount	Recipient	Purpose
\$10 million	Intergovernmental Cooperation Authority for Pittsburgh	Debt, pension funding for City of Pittsburgh
2% of gross terminal revenue	Allegheny County	General Government purposes

*Recipient not yet identified, but expected to be SEA due to its ownership of the convention center and the future hockey arena

Shaded portions already received first annual disbursement at time of publication

Recommendations:

The gaming money can be viewed as a “fix it program” for some of the mistakes of the past: an airport that is now too big, a convention center that was too big and failed to generate the spinoff development its proponents promised, development funds that diverted tax revenue, etc.

Many officials have viewed the money as “manna from heaven”, but that has not stopped fierce competition over the money. For instance, the first installment of gaming money for airport debt was instead used by the County. All along, officials seem convinced that the \$150 million would be used to pay down the close to \$600 million in debt held by the Airport Authority, but the County, thanks to an amendment to the bill, swooped in and got the first call on the money. Despite claims that the County itself had a \$42 million debt stemming from what they put into construction of the airport, the debt did not show up on the Authority’s books as a debt owed and one as they intended to repay. Now the County will receive the entire \$150 million under the law, but promises to forward \$108 million to the Authority for debt service purposes.

Allegheny Institute References:

Gaming Money Creates Controversy in Allegheny County, *Policy Brief*: Volume 8, Number 4 www.alleghenyinstitute.org/briefs/08_04.pdf