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Are Pa.'s gaming dollars well spent?

By Colin McNickle

A long time ago, in a government clime far, far away, those advocating for legalized gambling in Pennsylvania helped to sell it as a way to give property owners long-sought, yet long-elusive, public school tax relief.

Indeed, there was relief. But it was nominal at best. To wit, \$619 million currently is available annually from gaming dollars, which results in an average tax savings of \$200 per household. That, of course, is a drop in the bucket to many.

There is, of course, another pool of gambling-derived revenues. But, per state legislation that authorized legalized slots machines in 2004, proceeds from a 5 percent tax used to create the Gaming Economic Development and Tourism Fund helped to pay for plenty of other things.

But, "Is this money well spent?" asks Eric Montarti, a senior policy analyst at the Allegheny Institute for Public Policy (*in Policy Brief Vol. 18, No. 16*).

Not only was gaming fund money used for Philadelphia's Pennsylvania Convention Center but also for a new hockey arena for the Pittsburgh Penguins and seven other Allegheny County projects.

Among those, debt service and airline fee reductions at Pittsburgh International Airport – in essence, a public subsidy for airline service -- and two county economic development funds. Act 42 of 2017 extended the original 10-year funding term into perpetuity.

And gambling dollars were used for other purposes other than school property tax reductions. There was money to retire two other City of Pittsburgh/Allegheny County development funds from the 1990s and a bank loan for the David L. Lawrence Convention Center.

Then there was gaming money for the city/county Sports and Exhibition Authority, which rides herd over the convention center, PPG Paints Arena, PNC Park and Heinz Field.

Going forward, repurposed gaming money will be used to establish the Regional Sports Commission in hopes of attracting more marquee sporting events to greater Pittsburgh. Additional millions of dollars will go to retire the debt service on a Lehigh Valley science center in northeastern Pennsylvania.

And though not authorized by Act 42, other projects across the state might well tap into the gaming fund. Which brings us back to the operative question of whether the money has been, or will be, well spent on state-directed economic development, which too often is notorious for its lack of accountability and results.

Think of Pittsburgh's convention center, one that ended up costing more than \$100 million over original estimates, Montarti reminds.

"What would taxpayers have preferred if given a choice of using the (Gaming Economic Development and Tourism Fund) money toward economic development projects or putting it toward school property tax relief via homestead exemptions?" the Pittsburgh think tank scholar asks.

As the allocations for gaming fund-subsidized projects expire, "the funding could be moved to raise the amount of money to be used for property tax reductions," Montarti notes.

But don't hold your breath.

"Instead," Montarti says, "it will almost certainly go back to feed the insatiable appetite that is publicly subsidized economic development in Pennsylvania."

"Development" that too often is more noted for its "public purpose" dubiety and wasting-tax-dollars notoriety.

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