

Constructing a Gaming Money Ledger

As of September 1, 2013, accumulated gaming revenue from slots and table games amounting to nearly \$700 million had been distributed in Allegheny County.

Most of it came from the state in the form of property tax relief through homestead exemptions applied to school property taxes. Much has come in the form of economic development dollars, paying off some old debts and creating pools of money for new uses. Then, because the County is host to a stand alone casino, money from that facility is going to help libraries, tourism, community development, the County's budget, and the legacy costs of the City of Pittsburgh.

When a citizen asks "where is all the gaming money we were promised?" it is most certainly a multi-pronged answer as our latest report details. And that is just in Allegheny County.

Let's begin with the property tax relief promised under the legalization of gaming. A tax levied on all gaming facilities in the state creates a pool of money which is then used to lower school property taxes for qualified homestead/farmsteads. From fiscal year 2008-09 through the current fiscal year approximately \$377 million (about \$62 million per year) has been used to pay for homestead/farmstead exemptions. The number of properties qualifying for relief has climbed since 08-09 from 303,907 to 320,790 this fiscal year. The amount per district is driven by formula rather than taking the total amount of money divided by number of applications. For Fiscal Year 2013-14 a qualified homestead in Duquesne will see estimated school property tax relief of \$360; a homestead in Avonworth around \$80. The state's Gaming Control Board has estimated that the average reduction per homestead statewide is around \$200.

The next largest share of money after that for property tax relief comes from the state to the County through the Economic Development and Tourism Fund. Various entities—the City, the County, the SEA, and the Airport Authority—receive a share. This money is earmarked to pay off old debts for the City and County who set up economic development programs backed by Regional Asset District dollars, the airport, and the convention center. There is money going for the operating deficit of the convention center. Originally there was money for the construction of a hotel at the center, but after that project stalled the money was shifted to Allegheny County for an economic development fund now called the "Gaming Economic Development Fund". This is in addition to a "Community Infrastructure and Tourism Fund" set up by the County with gaming money. Lastly, there is an annual disbursement for the hockey arena. In all, \$223 million from this fund has been deposited to date.

One other share of gaming money held by the state and then returned to the County upon application is a local law enforcement grant program, amounting to just over \$1 million to date. Various law enforcement agencies have received a grant.

The fact that Allegheny County hosts the Rivers Casino means there are additional streams of money floating around within the County. Rivers is taxed the same way as other gaming facilities so it pays into the funds for property tax relief, economic development, etc. However, Rivers pays host fees to the City and the County, (\$54 million to date) it has fulfilled two community agreements (\$6 million to date), and is paying an annual amount for thirty years for the construction of the hockey arena (\$32.8 million to date) which is in addition to the money coming from the state through the Economic Development and Tourism Fund. In addition, as the result of the legalization of table games in 2010 there are local share assessments on that play that stay in Allegheny County. These pots of money are dedicated to the Carnegie Libraries in Pittsburgh, the non-Pittsburgh libraries that are part of the County library association, and the Convention and Visitors' Bureau of Monroeville (\$3.6 million to date).

That's basically six streams of gaming money—three coming from the state and three coming from the Rivers Casino—flowing into and around Allegheny County. With open-ended disbursements to the County for the Community Infrastructure and Tourism Fund and the Gaming Economic Development Fund going for development purposes through an application and award process through the County's Redevelopment Authority that further spreads out gaming money (i.e. the County gets the money from the state and then it disburses it to communities, non-profits, etc. who apply for a share).

If one was to represent the gaming money in the County by a single \$1 bill, \$0.54 cents would go to property tax relief, \$0.32 cents to economic development, \$0.08 cents to host fees, and the remaining \$0.06 cents to law enforcement, local assessments from table games, and community agreements negotiated by the Rivers Casino. As commitments expire, or changes to gaming distributions are made in Harrisburg, this allotment may be altered.

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