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Beef up ‘Local Share’ gambling dollars reporting

By Colin McNickle

“Pursue your happiness,” read the “Welcome to Pennsylvania” interstate border signs. But “Pursue some transparency” would be a better slogan considering the commonwealth’s spotty record of holding accountable how some recipients of gambling taxes spend that money, finds an analysis by the Allegheny Institute for Public Policy.

Keystone State gambling tax receipts are doled out to taxpayers and local governments under a variety of categories. Most familiar is the Property Tax Relief Fund. But local governments also receive money from the Gaming, Economic Development and Tourism Fund and the Local Share Assessment (LSA).

And how those LSA dollars are accounted for should be raising some questions, says Elizabeth Miller, a research associate at the Pittsburgh think tank (in *Policy Brief Vol. 19, No. 45*).

The Local Share Assessment portion allocates slot machine operation fees and table game revenues to the host municipality and county of the licensed gambling facility. The LSA proceeds are to be used to diminish the effects of gaming and related activities, such as increased costs of emergency services and to support the community and economy.

Per legislative Act 1 of 2010, those receiving LSA dollars must file annual reports with the state Department of Community and Economic Development (DCED). And the DCED must file reports with various legislative oversight committees.

The reports must state the specific amount of money and a description of how the LSA money was used, whether it went into the respective recipients’ general fund or for specific projects.

But compliance by local recipients has been spotty. To wit, Allegheny County failed to report in 2015. The City of Pittsburgh did not report to the DCED in 2015 or 2017.

Statewide, Luzerne County has only complied with the mandated reporting protocol twice, in 2010 and 2014. The City of Philadelphia failed to report in 2017 and 2018. The City of Chester did not report in 2015, 2016 and 2017.

“Why aren’t some local governments following the Legislature’s requirement?” Miller asks. After all, “Local governments are responsible for financial transparency and the correct use for public funds.”

Part of the problem, however, could be of the Legislature’s own making: Act 1 does not indicate whether there is any type of penalty for local governments who fail to annually report to the DCED.

Such toothless “paper tiger” enforcement hardly is acceptable when dealing with tens of millions of dollars annually. The 2018 statewide LSA total was \$123 million. In 2017, the amount was \$91.8 million. The highest LSA revenues came in 2011 at \$144 million.

But there’s another, broader, issue regarding the use of LSA dollars –effectiveness.

“Do LSA funds and other funds such as gaming and economic development and tourism funds provide the most ‘bang for their buck’?” Miller asks. “Could this money be better used if dispersed to individual taxpayers in the form of property tax relief?”

“Pennsylvanians should demand financial accountability from their local governments surrounding the use of LSA dollars and elected representatives should be urged to optimize the way gaming taxes can benefit all Pennsylvanians,” Miller concludes.

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