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## NEWS

# Slots at Laurelton a long-term proposition at best

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HARRISBURG — If the new owner of the former Laurelton Center really wants to open a slots casino there, he would have to pursue a long-term strategy. Say for the year 2020.

Gary E. Murphy, the Maryland businessman who took ownership of this former state mental institution in Union County in central Pennsylvania last month, would have to overcome several major obstacles to obtain a state slots license if that emerges as his goal.

He would have to change the terms of the Laurelton sales agreement with the state, amend a 2005 state law authorizing the sale of Laurelton and, not the least, undo a major provision of the 2004 law authorizing up to 14 slots casinos across Pennsylvania. That provision makes it extremely unlikely that Pennsylvania will authorize any new slots venues beyond the initial 14 for the next decade.

Local speculation about gambling at Laurelton comes in the wake of Murphy's purchase of the property from the state for \$1.6 million. Murphy has said he would lose the property if he allowed gambling there, but it's his personal opinion that gambling would benefit the area.

The incorporation papers of Murphy's company, Mountain Valley Inc., list "gaming" as one of the purposes for which the company was formed. Murphy also lists a host of other purposes, including a convention center, dude ranch and outdoor recreation.

The Laurelton conveyance law, Act 23 of 2005, says the title of the property will revert to the state if Murphy or a future owner would use it for gambling.

Even if Murphy succeeded in getting lawmakers and the governor to amend the conveyance law, he would come up hard against terms of Act 71 of 2004 that are inhospitable for any future slots license applicants.

First of all, the deadline to apply for a slots license expired last Dec. 20. The state Gaming Control Board is currently evaluating the plans of 22 applicants for 14 licenses split among three categories, 5 stand-alone casinos, 7 casinos at horse racetracks and two smaller casinos at resorts.

The House and Senate are considering legislation to rewrite sections of the slots law.

THE FOCUS OF the rewrite bill is on ethics standards, the role of the state attorney general in enforcing slots laws and increasing aid to communities that host casinos, not on expanding the field of slots venues.

Murphy could attempt to persuade lawmakers to expand the authorized venues in the rewrite bill, but the House at least has moved in the opposite direction. The chamber passed an amendment last February to exclude a slots casino in Adams County, defined as a sixth class county with a population between 91,000 and 92,000. Union County is a seventh class county.

One local state lawmaker would not be on board.

"Sen. Corman is an opponent of gambling," said Don Houser, aide to Sen. Jake Corman, R-Centre, whose district includes western Union County. "His support of any legislation to add a gambling license for Laurelton is not a reality."

Rep. Russell Fairchild, R-Union, doesn't see that prospect happening.

"There is absolutely nothing I know of that Murphy could do if he wanted to," said Fairchild. "He doesn't want to."

Once the state gaming board issues slots licenses in the three categories probably in 2007, the door effectively slams shut for new venues for the next 10 years.

This is due to a provision in Act 71 saying the state will refund the one-time \$50 million license fee to all licensees holding a racetrack and standalone license if changes are made to the law in specified areas during the first five years. One area includes action to "increase the statutory maximum number of permissible licensed facilities."

That would amount to a \$600 million loss of revenue for the state.

After the first five years are up, any major changes to Act 71 during the succeeding five years would result in a partial refund of license fees. For example, in the seventh year licensees would get \$33 million back and in the ninth year \$16 million back.

The holders of the two resort licenses wouldn't get a refund on their \$5 million fee, but here too any expansion of resort license venues would trigger the refund of all the \$50 million fees.

THE REFUND PROVISION serves two purposes, said Christopher Craig, counsel to Sen. Vincent Fumo, D-Philadelphia, an architect of Act 71. First, the slots licenses will have the assurances of operating in a predictable market since the state isn't likely to give back \$600 million in revenues. Secondly, the cap on slots licenses is meant to ease concerns about unlimited gambling in Pennsylvania.

"We are not increasing that number in the next 10 years," said Craig. "People who don't like gambling would attach value to that provision."

To refund the license fees means there would be less state revenue to underwrite property tax relief, said Houser.

"If some people want to tinker with the legislation, it has dire consequences for property owners in Pennsylvania," he added.