

## SugarHouse Year One: Pennsylvania bets, Philadelphia loses

A briefing on the impact of SugarHouse on our City after one year, by the numbers:

### FINANCIAL LOSSES

<b>\$232,034,168</b>	Total amount that people have lost at SugarHouse since opening (through the end of August) <sup>1</sup>
<b>\$116,017,084</b>	Total gambling losses by Philadelphia residents (through the end of August) <sup>2</sup>
<b>\$11,479,868</b>	Total tax and fee revenue to city from SugarHouse (includes LSA and state taxes) <sup>3</sup>
<b>10:1</b>	Ratio of gambling loss for City residents vs. revenue to City <sup>4</sup>

### INVESTOR PROFIT

<b>\$54,185,333</b>	Profit for all investors in SugarHouse <sup>5</sup>
<b>\$34,136,759</b>	Profit taken from Philadelphia and sent to Chicago investors Neil Bluhm and Greg Carlin <sup>6</sup>

### PERSONAL INDEBTEDNESS

<b>500</b>	Approx. number of people who have relied on the contents of their bank account to take out lines of quicksand credit <sup>7</sup>
<b>\$250,000</b>	Total amount of quicksand credit SugarHouse has extended to patrons at minimum <sup>8</sup>
<b>3-5</b>	Visits to SugarHouse per week by a "large percentage" of its customers <sup>9</sup>
<b>20%</b>	Percentage of compulsive gamblers who declare bankruptcy as a result of gambling losses <sup>10</sup>
<b>Unknown</b>	Number of bankruptcies of people who emptied their bank accounts because they took out a line of quicksand credit and lost <sup>11</sup>

### CRIME

<b>500</b>	Security cameras at SugarHouse <sup>12</sup>
<b>24</b>	Hours of each day that State Police patrol SugarHouse <sup>12</sup>
<b>2</b>	Crimes committed on or adjacent to SugarHouse property <b>each week</b> , on average <sup>13</sup> , not including off-property crimes such as the pistol-whipping of a customer who was followed to his home in NJ <sup>14</sup>
<b>Unknown</b>	Number of people embezzling from their employers in order to gamble <sup>15</sup> (in Western PA, according to court records, at least five people have recently been convicted of embezzling over \$1.5 million for the purpose of gambling <sup>16</sup> )

### JOBS

<b>1,008</b>	Jobs created by SugarHouse, as of June <sup>17</sup>
<b>Unknown</b>	Number of jobs displaced by SugarHouse taking revenue from other businesses <sup>18</sup> (one estimate: 3.5 jobs lost per casino job gained <sup>19</sup> )
<b>66% and 64%</b>	Percentage of <b>jobs at SugarHouse</b> held by white people or men, respectively <sup>17</sup>
<b>41% and 47.2%</b>	Percentage of <b>Philadelphians</b> who are white people or men, respectively <sup>20</sup>
<b>0</b>	Union jobs created <sup>21</sup>
<b>7.8%</b>	Percentage of SugarHouse's budget spent on suppliers that went to minority- or women-owned businesses in the first quarter of 2011 <sup>17</sup>

## Sources

**By necessity, we've used certain assumptions and estimates, all of which are explained here. As a matter of public policy we urge the PGCB and SugarHouse to release the data they have.**

1. Through August 2011, according to PGCB. Total revenue for slots and tables comes from PGCB Monthly Slot Gaming Revenues wagers grand total minus payouts grand total plus Monthly Table Gaming gross revenue grand total. Available at [www.pgcb.state.pa.us](http://www.pgcb.state.pa.us) under "Revenue".
2. Assumes half of Sugarhouse customers are Philadelphia residents. SugarHouse has this information but has not made it public. A variety of marketing surveys and background materials, as well as the presence of casinos in nearby suburbs, indicate that SugarHouse's patrons are more likely than not to be Philadelphians, but SugarHouse has not made that information public. The Philadelphia Inquirer reports that "The casino draws heavily from nearby Chinatown and attracts a broad cross-section of customers from North, South, and West Philadelphia and South Jersey, who come from within a 12-mile radius," [SugarHouse General Manager Wendy] Hamilton said ([tinyurl.com/6zfpl8u](http://tinyurl.com/6zfpl8u)).
3. Total Local Share Assessment (LSA) (\$7,066,039), according to the PGCB Monthly Slot Gaming Revenues plus Monthly Table Gaming Revenues plus total SugarHouse State tax money that comes to Philadelphia residents as wage tax reduction (\$3,413,829), plus Special Services District donations (\$1,000,000, according to SugarHouse). The total wage tax reduction for Philadelphia from ALL Pennsylvania casinos is \$86.3 million ([tinyurl.com/6bgmndx](http://tinyurl.com/6bgmndx)). SugarHouse taxes comprise 6.9% of tax revenue from casinos to the State, according to the PGCB, so SugarHouse contributed 6.9% of Philadelphia's wage tax reduction. However, not all of the wage tax reduction goes to Philadelphia residents; of the \$1.148 billion in wage taxes collected in FY 2010-11, 57.33% came from residents of Philadelphia. City of Philadelphia Comprehensive Annual Report 2010 p165 ([tinyurl.com/3av3ejb](http://tinyurl.com/3av3ejb)).
4. Total lost at SugarHouse by Philadelphians according to PGCB (assuming half of the gamblers at SugarHouse are Philadelphia residents as above), compared to Local Share Assessment that goes to the City plus wage tax reduction for Philadelphia residents.
5. Estimated, based on *Casino Operations Management* (2nd edition, p179) by Jim Kilby, Jim Fox and Anthony Lucas: "... the profit margins that a typical large casino might experience" are slots 60%-70% and table games 15%-20%." SugarHouse had a post-tax gross revenue for slots of \$77,965,710.39; based on industry averages, at least 60% of that post-tax gross revenue is profit for investors. Similarly, SugarHouse had a post-tax gross revenue for tables of \$49,372,708.56; based on industry averages, at least 15% of that post-tax gross revenue is profit for the investors.
6. 62.9% of the total profit made at SugarHouse. Bluhm and Carlin combined own 62.9% of SugarHouse. PGCB Ownership Interests Report, August 23, 2011 ([tinyurl.com/3mrxmxh](http://tinyurl.com/3mrxmxh)).
7. SugarHouse Casino Executive stated in private meeting that approximately 500 lines of credit have been given out to patrons.
8. The minimum credit line is \$500, according to SugarHouse officials, so the actual total can be assumed to be much higher than \$250,000, but SugarHouse has not provided an actual total.
9. Public statement by SugarHouse General Manager Wendy Hamilton, to the Pennsylvania Gaming Congress, on March 22, 2011.
10. Several state studies have concluded that 20% or more of compulsive gamblers were forced to file for bankruptcy protection because of losses they incurred. "The Personal Bankruptcy Crisis, 1997," *SMR Research Corporation*, Hackettstown, NJ, p118.
11. SugarHouse has not provided data on quicksand credit default rates.
12. *Philadelphia Inquirer*, "Robbery in SugarHouse parking lot defeated tight security", Nov. 14, 2010.
13. Uniform Crime Report for October 2010 to August 2011 for the SugarHouse Gaming Enforcement Division of the PA State Police (75 incidents) ([tinyurl.com/zlgtj](http://tinyurl.com/zlgtj)), plus crimes reported to the Philadelphia Police Department from October 2010 to August 2011 on the 1000 block of North Delaware Avenue (19 incidents) (via [www.crimereports.com](http://www.crimereports.com)).
14. *ABC Action News*, "SugarHouse Casino winner attacked near home", October 18, 2010.
15. In a survey of nearly 400 members of Gamblers Anonymous, 57% admitted stealing to finance their gambling. On average these 400 people stole \$135,000 and their total theft was over \$30 million. Lesieur H., "Costs and treatment of pathological gambling." *The Annals of the American Academy of Political and Social Science* 556: pp153-171. 1998 ([tinyurl.com/6easbrr](http://tinyurl.com/6easbrr)).
16. *Pittsburgh Tribune-Review*, "Gambling addiction leads many down criminal road", June 19, 2011.
17. *Philadelphia City Paper*, "Pa. Gaming Control Board says SugarHouse diversity numbers 'very disappointing,'" June 16, 2011.
18. "The employment effects of casino gaming ... could be positive or negative depending upon the degree to which casino gaming substitutes for or complements consumption at other local businesses." "Casino Gaming and Local Employment Trends," Thomas A. Garrett, *Federal Reserve Bank of St. Louis Review*, January/February 2004, 86(1), pp9-22. at ([tinyurl.com/3meu9jq](http://tinyurl.com/3meu9jq)).
19. "Economic Impact of the SugarHouse and Foxwoods Slot Parlors Proposed for Philadelphia," Frederic H. Murphy, Fox School of Business and Management, Temple University, 2007 ([tinyurl.com/4xb6fda](http://tinyurl.com/4xb6fda)).
20. 2010 US Census ([tinyurl.com/5sjo8gq](http://tinyurl.com/5sjo8gq)).
21. *Philadelphia City Paper*, "SugarHouse casino workers announce intention to unionize," August 5, 2011.