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MAJORITY CHAIR,
STATE GOVERNMENT COMMITTEE



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300 MAIN CAPITOL BUILDING
P.O. BOX 202182
HARRISBURG, PENNSYLVANIA 17120-2182
PHONE: 717.787.8529
FAX: 717.787.5066
E-MAIL: bjoosephs@pahouse.net
WEB SITE: www.babette.org

1528 WALNUT STREET, SUITE 501
PHILADELPHIA, PENNSYLVANIA 19102
PHONE: 215.893.1515
FAX: 215.560.5816

House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

November 1, 2007

Hon. Edward G. Rendell
Governor of Pennsylvania
Room 225 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Rendell:

The letter is written in regards to your press release of October 29, 2007 regarding the Sugarhouse Casino riparian rights application.

In the release you noted that "...The City of Philadelphia and its law department have concluded that the director of commerce has the authority, under state law, to grant Sugarhouse the right to erect approved structures along the Delaware River and has initiated the process to do so."

I am struck by the wording of your statement. It makes no mention of the point of contention at issue here – the underlying riparian rights that need to be granted in order for full construction to proceed. I believe that this is purposeful, as it is quite clear to me that it is the legislature of this Commonwealth, and not local governments, that control the destiny of state riparian rights.

The city of Philadelphia is essentially beginning a process to overstep the authority solely granted to the legislature to grant riparian rights. As chair of the House State Government, as an elected official, as a citizen of the city of Philadelphia, and as a constituent of yours, I strongly urge your support against what I believe is a calculated misreading of state law that will most assuredly be met with a legal challenge.

Let me be clear. I share your goal of generating revenues in order to reduce taxes for property owners and to promote statewide economic development. However, I am certain that you concur that elected officials simply cannot condone, passively or otherwise, things that clearly run counter to proper governance. This is the case no matter how noble the reason may be.

In summation, the city of Philadelphia asserts that it can license the state lands for private use and the construction of a permanent structure for a licensed gaming facility. However, Chapter

18-100 of the City Code states in §18-101 - Bulkhead and Pierhead Lines - that this is "subject to the regulations of the Federal and State government..."

Your position on this is unclear. Similarly unclear is certain aspects of your position on the issue of the granting of riparian rights.

Consequently, I am respectfully requesting that you answer the following questions: Is it your position that the city of Philadelphia can license state lands for private use and the construction of a permanent structure for a licensed gaming facility, as it has concluded that it can? Is it the city of Philadelphia or the Commonwealth of Pennsylvania that has the legal authority to grant riparian rights to the Sugar House Casino?

On November 13, 2007 the House State Government Committee is positioned to meet to discuss this issue. Therefore, I respectfully request a response to this letter prior to November 12, 2007. I am confident that the research regarding these questions has already been undertaken by your administration.

Yours,

Babette Josephs

cc: House and Senate State Government Committee Members
House Gaming Oversight Committee Members
Democratic House Leadership
Interested parties



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF GENERAL SERVICES
HARRISBURG

OFFICE OF THE SECRETARY

717-787-5996

November 9, 2007

The Honorable Babette Josephs
Chairman
State Government Committee
PA House of Representatives
300 Main Capitol
Harrisburg, PA 17120

NOV 13 2007

Dear Chairman Josephs:

I am writing in response to your recent letter to Governor Rendell concerning the process now ongoing in the City of Philadelphia in which Sugarhouse Casino is requesting a license from the City with respect to use of riparian rights at the casino location selected by the Gaming Control Board.

As we have discussed, the Commonwealth's riparian rights policy attempts to formalize a process for administering requests for leasing riparian areas and to fairly value such interests. In the past, these interests had been conveyed for little or no consideration. Intense interest in residential development along the Delaware River in Philadelphia gave us an opportunity to review this policy.

To date, the General Assembly has not enacted legislation related to the riparian rights Sugarhouse has requested. It is my understanding that Sugarhouse and the City of Philadelphia Law Department believe that under current state law, the City has the ability to grant to Sugarhouse the riparian rights in question. Ultimately, whether Sugarhouse and the City are correct may be decided through legal proceedings. Today, however, the Governor supports the Sugarhouse application if it will expedite the development of the project. It is past time to implement the requirements of the Gaming Act and to move forward with this important project that will generate revenues to reduce the Philadelphia wage tax, create hundreds of new jobs and support economic development statewide.

We look forward to working with you in the future on this issue. Please feel free to call my office if you wish to discuss this issue further.

Sincerely,

James P. Creedon
Secretary

FOR IMMEDIATE RELEASE:

Oct. 29, 2007

CONTACT:

Doug Rohanna

717-783-1116

GOVERNOR RENDELL COMMENTS ON SUGARHOUSE CASINO RIPARIAN RIGHTS APPLICATION

HARRISBURG – Governor Edward G. Rendell today issued the following statement regarding the riparian rights application filed in Philadelphia by HSP Gaming LP (Sugarhouse Casino):

“It is my understanding that the city of Philadelphia and its law department have concluded that the director of commerce has the authority, under state law, to grant Sugarhouse the right to erect approved structures along the Delaware River and has initiated a process to do that. I support this application process, given the importance of gaming revenues from this facility to reducing city wage taxes and expanding the Pennsylvania Convention Center.

“Philadelphia is already reaping the benefits of revenue from casinos in other parts of Pennsylvania, as we are spending hundreds of millions of dollars to condemn and demolish property in preparation for the planned expansion of the Pennsylvania Convention Center in downtown Philadelphia.

“Philadelphia senior citizens are also receiving property tax rent rebates supported by gaming funds, and all Philadelphia wage earners will see substantial wage tax reductions when all gaming facilities are up and running. These benefits are too important to the city, the region and the commonwealth to be delayed indefinitely.

“The Gaming Board made its decision as to the location of the casino after a public process in accordance with the Gaming Act, and the Supreme Court upheld that decision. I have met with representatives of community groups to discuss their concerns, and have taken their proposals concerning alternative sites to the developers, who have declined to pursue these options. I have also offered to meet again with community groups to discuss how best to address the impacts these facilities will have on the city, and I renew that offer today. But it is past time to implement the requirements of the law and to move forward to generate the revenues that will support substantial tax reductions and economic development statewide.”

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The Rendell administration is committed to creating a first-rate public education system, protecting our most vulnerable citizens and continuing economic investment to support our communities and businesses. To find out more about Governor Rendell's initiatives and to sign up for his weekly newsletter, visit his Web site at: www.governor.state.pa.us.