

Maryland Tax Education Foundation

FOR IMMEDIATE RELEASE

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MEDIA FOLLOW-UP

Isle of Capri Bids \$340 Million for Pittsburgh Slots License!

WHAT: **Isle of Capri**, a major casino operation, has offered **\$340 million** for the right to obtain the sole Pittsburgh slots license—**\$50 million** to the state for the license and **\$290 million** for a new arena for the National Hockey League's Pittsburgh Penguins. After paying the license fee and building the arena, **Isle of Capri** is still responsible for constructing a new slots parlor, an additional expense estimated at **\$200 million**.

WHY: **Isle of Capri**, a publicly-traded company on the New York Stock Exchange, is motivated to make money for its stockholders, so it's clear that the total **\$540 million** investment, while substantial, will provide profits for the company. After the announcement, **Isle of Capri's** stock price rose \$0.60 to \$33.40.

PRIOR LICENSE

SALES: Since Pennsylvania legalized slots, three licenses have been sold in transactions valuing the licenses at **\$245 million**, **\$340 million** and **\$442 million**, respectively. These amounts are far in excess of the \$50 million license fee paid to the state, indicating a vast benefit provided to wealthy racetrack owners who obtained the licenses at bargain prices.

COMMENTS: "The latest license bid confirms the validity of auctioning off these valuable franchises," remarked **Jeff Hooke**, Chairman of MTEF. "Too many states are giving away these licenses for pennies on the dollar, losing billions in the process."

"Pennsylvania's 52% tax rate on slots revenues (which includes purse subsidies) is not a deterrent to investment by major casino companies," noted **Peter Gavian**, MTEF Vice President. "Before the Pennsylvania legislature, their advisors and their lobbyists stated that 52% was way too high; it seems obvious they were blowing smoke."