

Pennsylvania iGaming Applications Anticipated As Window Closes

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At least a few Pennsylvania casinos are expected to apply for internet gaming licenses before an initial licensing window closes next Monday, despite a contorted regulatory landscape and stiff fiscal requirements.

With one week to the initial deadline, the Pennsylvania Gaming Control Board (PGCB) still has yet to receive an application from any of the land-based casinos that are now eligible to seek licenses for internet casino games and poker, communications director Doug Harbach told GamblingCompliance in an email on Monday.

“But we do anticipate that some petitions will be submitted by the end of business on 7/16,” Harbach said.

An internet gaming law passed last October granted land-based casino licensees a window of 90 days to apply for separate certificates to offer online table games, slots and poker for an upfront fee of \$10m.

After Monday, casinos would still have a further 30 days to apply for licenses, but they would have to pay \$4m for each of the certificates or up to \$12m in total. By mid-August, applications could then be opened to gaming companies licensed in other jurisdictions.

The fact no casino has applied with a week to go in the initial 90-day window is neither a sign of lack of interest nor especially surprising, according to Pennsylvania gaming-watchers who cite several reasons for casinos to hold fire until the last few days of the period.

For one thing, applying early does not mean a casino could launch operations before a rival who applied later on, given that regulations require the PGCB to establish a uniform “commencement date” for internet gaming.

The text of the Pennsylvania law also requires casinos to submit detailed information regarding their technology partners, internal procedures and even the specific games they plan to offer — provisions which on their face would suggest that casinos can apply only once partnership deals are struck and operational plans are finalized.

Further, the 90-day licensing window has been punctuated not only by a pair of directives requested of the PGCB to provide guidance on the finer points of regulations in several critical areas, including “skins”, but also by the May 14 U.S. Supreme Court ruling that left gaming companies to contemplate how iGaming will mesh with a [separate legal regime for online and land-based sports wagering](#) in Pennsylvania.

Even with just a few days to go, casinos appear reluctant to show their hands on whether or not they will apply for iGaming certificates before the 90-day window closes.

Representatives of several casino operators either declined to comment or did not respond to inquiries as to their intentions.

At least one major Pennsylvania casino operator is understood to be still reaching a final decision on whether to apply. But gaming executives and legal experts privately are expecting at least three or four of Pennsylvania’s 13 casinos, and perhaps a majority of them, to step forward.

“I’ll be surprised if there isn’t at least a reasonable response,” said one Pennsylvania gaming lawyer who requested anonymity.

Meanwhile, two companies — IGT and The Stars Group — have applied for licenses to operate internet gaming platforms on behalf of Pennsylvania casinos, according to PGCB records.

Under Pennsylvania law, an “interactive gaming operator” license requires a \$1m upfront fee. Which casinos IGT and The Stars Group intend to partner with has not been publicly disclosed. Both applications remain pending, Harbach said.

The passage of Pennsylvania’s law made the populous Keystone State just the fourth to regulate online casino or poker games.

Still, the call on whether to actually participate in the market is far from the no-brainer one might have expected based on the several years of intensive lobbying activity that went into pushing a bill across the finish line.

The upfront fees for certificates and platform licenses, plus an eye-watering 54 percent tax rate on online slot games, are far higher than their equivalents in New Jersey or other established jurisdictions.

Then the Pennsylvania regulations have presented several challenges for would-be market entrants as well.

Although casinos may deploy multiple brands, or “skins”, under their licenses, the Pennsylvania website of any out-of-state or international brand must “clearly and prominently identify” the local casino with whom they are partnered, including in the web address, according to a [June 12 PGCB memo](#).

That same memo also indicated that any online “skins” would be required to share player information with their Pennsylvania casino partner not only for purposes of anti-money laundering reporting, but also so that the casino can market its land-based property to those players.

Yet another issue understood to have been raised in recent weeks is whether game content already approved for New Jersey’s online casino market can be deployed in Pennsylvania without further compliance approvals by the PGCB or a certified testing agency.

“Put all this together, and the commercial decision to apply for a license cannot be taken lightly,” said Jeremy Kleiman, a partner of Saiber law firm in New Jersey who represents clients in Pennsylvania.

See also:

[Practical Guide: Pennsylvania Online Gaming Licenses](#)

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