Statement of
Debra P. DiLorenzo, President & CEO, Chamber of Commerce Southern New Jersey
Before the Senate Budget & Appropriations Committee – Public Hearing
On SCR-1
Monday, February 29, 2016

Good afternoon, Mr. Chairman and members of the Committee. I am Debra P. DiLorenzo, President & CEO, Chamber of Commerce Southern New Jersey and a lifelong resident of Southern New Jersey. I am here today to express our organization’s strong opposition to SCR-1. Thank you for the opportunity to present our position.

Over the past several months, I have testified before this Committee on the undeniable impact that the expansion of gaming to North Jersey would have on Atlantic City. Although the effect on Atlantic City cannot and should not be understated, today I would like to speak to the regional impact that the expansion of gaming outside of Atlantic City will undoubtedly have on Southern New Jersey.

Please see the chart attached to my testimony. This chart highlights two critical things. First, the chart shows the timeline of events from 2006 – when the first casino (Sands Casino) closed its doors in Atlantic City – to today. Second, the chart shows some key statistics and indicators, such as revenue numbers and unemployment rates, among others, as evaluated from a regional perspective. All data on this chart was assessed by analyzing the seven most southern counties of New Jersey – not just the data as it relates to Atlantic City or the Atlantic County area – by using public data from the New Jersey Casino Control Commission Annual Reports.

When looking at the timeline of events, those items highlighted in red are casino openings/closings in Atlantic City. Those highlighted in yellow are changes in the gaming landscape, including casino openings in Delaware and Pennsylvania, including:

- The opening of Harrah’s Chester (now Harrah’s Philadelphia), which is 72 miles from Atlantic City;
- The opening of Parx Casino – 78 miles from AC;
- The opening of SugarHouse Casino – 62 miles away;
- And on the horizon, the planned opening of Live! Hotel & Casino in South Philly – a mere 60 miles from AC near the sports stadiums.

It is worth pointing out that in 2007, the same year three casinos opened 72, 130 and 175 miles respectively from Atlantic City, Atlantic City casino revenue dipped nearly $400 million from $5.2 billion to $4.8 billion. All three of the casinos built in 2007 are at least the same distance as the casinos called for in SCR-1 – 72 miles from Atlantic City – and the impact was truly undeniable.

Next, I would ask you to look at the trends our chart shows. Specifically:
The number of casino employees living in the seven most southern counties – down approximately 18,000 employees since 2006, from 41,943 to 23,734 today;

The amount of money spent with businesses located in the seven most southern counties – down almost a billion dollars, from $1.6 billion in 2006 to $628 million in 2014;

The overall unemployment rate for the region, which includes the three counties with the highest unemployment rate in the State – Cape May, Cumberland and Atlantic counties.

Additionally, as Senator Van Drew has previously so poignantly indicated, the economy of our region is drastically different than that of our North Jersey brethren. According to the NJ Department of Labor’s May 2015 report on seven industry clusters – Leisure Hospitality and Retail; Bio-Pharmaceutical Life Sciences; Transportation, Logistics & Distribution; Financial Services; Manufacturing; Construction; and Technology – South Jersey employment lags well behind that of Northern New Jersey, which dominates these industry clusters.

After reviewing this data, it is indisputable that expanding gaming within New Jersey will only result in more of what our region has already lived through – more casino closures, more jobs lost, less vendor money being spent in the region and higher unemployment.

To move forward with this proposal absent a thorough analysis of the saturation of the gaming market in the entire mid-Atlantic region is risky at best, as market saturation will surely impact the long term viability of casinos in our state – be it in Atlantic City, Jersey City or the Meadowlands. Moving gamblers from Atlantic City to North Jersey benefits only North Jersey and at great expense to South Jersey.

Although the monies designated to Atlantic City and Atlantic County in this bill are well-intended, they will do absolutely nothing to combat the regional impact.

Thank you for allowing me to express our opposition to SCR-1.
# Changes in the Region's Gaming Market 2006 - 2014

<table>
<thead>
<tr>
<th>Event</th>
<th>Year</th>
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<tbody>
<tr>
<td>The Sands Casino Hotel Closes in AC</td>
<td>2006</td>
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<tr>
<td>January 2007: Harrah's Chester Opens - 72 miles from AC</td>
<td>2007</td>
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<tr>
<td>October 2007: Mount Airy Casino Resort Opens - 175 miles from AC</td>
<td>2008</td>
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<tr>
<td>Dover Downs in Delaware Expands Operations - 130 miles from AC</td>
<td>2009</td>
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<tr>
<td>May 2009: Sands Casino Resort Opens - 120 miles from AC</td>
<td>2010</td>
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<tr>
<td>December 2009: Parx Casino and Racing Opens - 78 miles from AC</td>
<td>2011</td>
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<td>September 2010: SugarHouse Casino Opens - 62 miles from AC</td>
<td>2012</td>
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<tr>
<td>Revel Opens in AC</td>
<td>2013</td>
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<tr>
<td>Revel, Trump Plaza, Showboat and Atlantic Club Close in AC</td>
<td>2014</td>
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## Annual Casino Revenue (in billions)

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<td></td>
<td>$5.20</td>
<td>$4.82</td>
<td>$4.48</td>
<td>$3.89</td>
<td>$3.60</td>
<td>$3.30</td>
<td>$3.00</td>
<td>$2.86</td>
<td>$2.80</td>
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## # of Casino Employees Living in Southern New Jersey

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<td></td>
<td>41,943</td>
<td>38,842</td>
<td>36,801</td>
<td>34,697</td>
<td>32,562</td>
<td>31,304</td>
<td>30,073</td>
<td>30,917</td>
<td>23,734</td>
<td>N/A</td>
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## Casino Monies Spent with South Jersey Vendors

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<tr>
<td></td>
<td>$1.6B</td>
<td>$2.03B</td>
<td>$1.8B</td>
<td>N/A</td>
<td>$879M</td>
<td>$1.7B</td>
<td>$930M</td>
<td>$772M</td>
<td>$628M</td>
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## Average Unemployment Rate in Southern New Jersey

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<tr>
<td></td>
<td>5.60%</td>
<td>5.27%</td>
<td>6.40%</td>
<td>10.50%</td>
<td>11.60%</td>
<td>11.60%</td>
<td>11.70%</td>
<td>10.45%</td>
<td>8.82%</td>
<td>N/A</td>
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*Southern New Jersey defined as Cape May, Atlantic, Salem, Cumberland, Gloucester, Camden and Burlington Counties.*

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CHAMBER OF COMMERCE SOUTHERN NEW JERSEY
Testimony before the Senate Budget Committee on SCR1  
Monday, February 29, 2016

As the leading business voice in the region, The Greater Atlantic City Chamber has a unique role to play in ensuring business retention/development, new employment opportunities are being cultivated and the business community and the public sector are working together to create long term economic stability/growth for Atlantic County.

That being said, there are a number of polices being advanced here in the state that concern our Chamber including increasing the minimum wage to $15, mandatory paid sick leave, and constitutionally dedicated pension payments for Public Employees.

But from our perspective, far worse is the proposal to add more gambling within the state, essentially decimating South Jersey to benefit a few in the northern part of the state. While it's true that Atlantic City has suffered significantly from the growth of gambling in the northeastern U.S., adding more casinos would make the impact on one part of the state disproportionately adverse.

AC has and does contribute to the entire state.

Since 1978, Atlantic City Casinos and Atlantic City have provided the State of New Jersey with significant revenue through taxes on Gross Gaming Revenues, Investment Alternative Taxes Paid to CRDA, as well as corporate income taxes, property taxes, payroll and luxury taxes, and sales and related taxes.

While the industry has contracted in recent years due to gaming competition in neighboring states, the Industry still employs almost 25,000 people directly and several thousand more in its vendor businesses. Total salaries and wages amounted to $684 million in 2014. In addition the Industry has invested significant capital dollars, employing thousands in the construction trades.
Beneficiaries of Atlantic City Casinos touch all corners of our state, from senior citizens and the disabled to those employed by the industry and their vendors to labor unions across the state’s geography from Atlantic City across South Jersey to North Jersey and beyond.

However, with the oversupply of gambling throughout the northeast, Atlantic City has suffered tremendously. Since January 2014, four Atlantic City casinos have closed their doors. The impact of the closure of the Revel, Atlantic Club, Trump Plaza and Showboat facilities have resulted in the loss of 7,700 direct jobs, $240 million in lost wages and over $30 million in tax revenue.

And as you know, Atlantic County leads the nation in property foreclosures, and Atlantic City’s ratable base has declined from $20 billion to just over $6 billion.

That brings us to today and SCR1, which is proposing to amend the state constitution to allow the legislature to pass laws to permit the establishment of two casinos in two separate counties in North Jersey. This action creates a sharp divide between the two areas of the state.

Recent studies indicate that the proposed gaming expansion will:

- cause the closing of several more casinos,
- increase the County unemployment rate significantly,
- exacerbate the property foreclosure rate beyond what is currently the highest in the nation and
- create severe economic hardship for our region.

The expansion of gaming beyond Atlantic City could cause the loss of up to 14,550 direct and indirect jobs from the potential closure of an additional two to four casino hotels. Lost direct wages from those closings would amount to $230.9 million, resulting in reduced revenues to the state for wage-related taxes, lost fee-related revenue, potential impairment of publicly traded municipal and state authority debt, and the near doubling of Atlantic County’s unemployment rate, which is already twice the state average.

In addition, many national studies indicate that more casinos do not equal more gambling revenue. They pointed to data indicating that growth in gamblers has remained constant over the last 5 years, while growth in gambling facilities has
Increased 38%. More than half the population in the Northeast now lives within 25 miles of a casino featuring video lotteries, table games or slot machines, up from about 10 percent a decade ago. In 1978, only Las Vegas and Atlantic City had casino gaming. Today 24 states have such facilities, with several other states expected to follow. In fact of the nine eastern states with casino gambling, only New York and Maryland were able to show improvement in 2013 over 2012.

The key issues for the Chamber and the business community from this legislative proposal are substantially more lost jobs, sustaining an already uncertain local investment climate, and a real lack of reliable data and information on what actual benefits would be derived from expanding gaming in North Jersey.

Honest and realistic data (a study) on how much revenue will be generated from casinos in other parts of the state needs to be completed and shared. What resources will flow to Atlantic City, how will it be used, who will receive it; all questions that need to be answered before considering SCR1. What we do know is jobs will be lost and we believe that the revenue from two casinos in North Jersey to Atlantic City will not offset the losses.

Let me read to you from a recent report titled *South Jersey Economic Review* by Stockton University William J. Hughes Center for Public Policy (Feb 2016).

Relating to JOBS, Stockton said “Reflecting the precarious state of the local economy, Atlantic City’s labor force is in virtual free fall. Between November 2012 and November 2015, the metropolitan area’s labor force plunged by 12,780—a startling 9% decline. Only Pine Bluff, AR, whose labor force contracted 12.3% over the same period, saw a greater percentage decline. Remarkably, the absolute decline in Atlantic City’s labor force was the fifth largest among all metropolitan areas in the U.S. during this period.”

And on HOUSING, Stockton Hughes Center said “The dire state of the local economy and the apparent out-migration now occurring continue to be reflected in the local housing market. Foreclosure data from RealtyTrac indicate that 1 in every 261 residential properties in Atlantic County was in some stage (pre-foreclosure, auction or bank owned) of active foreclosure in December. This compares to 1 in every 553 properties statewide, and 1 in every 1,278 nationally.”

In closing, the Chamber has long been opposed to the expansion of gaming outside Atlantic City as should be our members, all South Jersey residents and all businesses.
Responsible elected officials must oppose this legislation and protect the region's economic future. Policy makers need to make sound policy decisions.

Bob Marshall
Director of Advocacy & Legislative Affairs
Greater Atlantic City Chamber
12 South Virginia Avenue
Atlantic City, NJ
609-226-9202
Testimony on SCR1
Delivered to:
Senate Budget and Appropriations
February 29, 2016

The Tie between Farmland and Open Space Protection and Horse Racing

According to the United States Census Bureau, "New Jersey is the most densely populated state in the United States." This is based on population and land mass.

"New Jersey lost a greater share of its agricultural land to development than any state – more than 25 percent in the 25 years between 1982 and 2007(25 years)." American Farmland Trust of the National Resources Inventory conducted by the U.S. Department of Agriculture's Natural Resources Conservation Service. Over the last 50 years, that number is well over 50%.

In August 2012, the United States Department of Agriculture's National Agricultural Statistics Service estimated New Jersey's farmland real estate to have the highest value per acre.

NJ: $12,200.00
Rhode Island: $12,000.00
Connecticut: $11,100.00
Pennsylvania: $5,200.00
New York: $2,650.00

As it relates to horse racing, breeding and facilities, Pennsylvania diverts over $50 million of gaming revenue to horse racing purses, breeding, horsemen benefits and facilities. New York diverts over $100 million of gaming revenue to horseracing purses, breeding, horsemen benefits and facilities.

According to Rutgers University, horse racing and breeding in New Jersey including its related farmland value is a $1 billion industry.

New Jersey Racing Commission's 2016 Calendar:

Harness Racing Days: Freehold - 109, Meadowlands – 84, for a total of 193
Thoroughbred Racing Days: Monmouth Park - 71
(The entire industry raced double the number of days prior to New York and Pennsylvania legalizing casino gaming at their racetracks.)
Given these facts:

Will New Jersey's racetracks, horse racing and horse breeding industries as well as the numerous farm commodities (hay, feed suppliers) that support this industry survive the additional competition for the gaming dollar with only 2% of the net revenue guaranteed to go to support the industry?

I'm not an economist but I would venture to say that the answer is "no" without the industry being given its own tools (not a diversion from another industry) to keep it going. This referendum should have been expanded to include either casinos or slots/VLT's at racetracks.

A racetrack is no different than a grocery store where a blueberry or peach or apple farmer sells his product. It is a marketplace where farmers bring their horses to race to earn purse money and if the horse is bred in New Jersey, breeding awards. It is the place the hay and feed farmer supply with these commodities to stable and feed the horses. If "live" racing days continue to diminish or racetracks close, there is no reason to keep your farm, your breeding operation, your horses in New Jersey or the racetrack open. This is especially true if you can sell your farm for over $12,000 an acre and move to the neighboring states of Pennsylvania or New York where land values are less than half and purses and breeders awards are rich.

So what's the impact on each New Jersey resident if this 2% is not enough to keep this $1 billion industry going?

1. The loss of a $1 billion industry.
2. The closure of racetracks, the marketplace for horse farms and related commodities.
3. The loss of additional farmland to commercial and residential development.

And for ALL New Jersey residents, the loss of quality of life as more and more open space and farmland is lost.

Respectfully submitted on behalf of Freehold Raceway,

Barbara DeMarco and Sal Anderton
My name is Neva Pryor. I am the Executive Director of the Council on Compulsive Gambling of New Jersey (1-800-GAMBLER). The Council is neither for nor against gambling. We are here to heighten awareness of problem and disordered gambling. The Council offers support, treatment and hope to the nearly 5% of problem gamblers and their families in the state of New Jersey and their families.

I am testifying in regard to SCR1 which would permit the expansion of casino gambling locations in certain counties. SCR1 does not include any provision to provide help for individuals who experience gambling problems. The growth of casinos across NJ will affect this population more profoundly than any other group that would benefit from the revenue provided by the expansion of gaming in our State. I believe if the state expands casino gambling into northern New Jersey it has a responsibility to provide help to the people who may be impacted by such an expansion. I think it would be immoral not to.

As Executive Director of the Council on Compulsive Gambling of New Jersey, Inc., it is essential for me to alert sponsors of gambling expansion legislation about the importance of including in bills that are introduced with allocations for education, prevention and treatment of gambling disorders. As far as I can see, beyond several set-asides to address host communities, Atlantic City recovery efforts, and horsemen, all future State revenues from casino gambling will continue to be dedicated for the same restricted purposes as existing casino revenues. There is new language in the legislation regarding allocations to counties and municipalities for "programs and property tax relief for senior citizens and disabled residents and for such other purposes as the Legislature shall by law provide." The Council would like to suggest that help for problem and disordered gamblers be included in this bill as well.

Various studies have proven that a casino within 10 miles of an individual’s home has a significant effect on problem gambling and is associated with a 90 percent increase in the odds of becoming a problem or disordered gambler. The Council urges you and your colleagues to include in SCR1 a set-aside provision to fund prevention and treatment programs for problem and disordered gamblers and their families. The growth of these casinos will directly effect this population more profoundly than any other group that would benefit from the revenue provided by the expansion of gaming in our State.
Not only does the risk of problem and disordered gambling increase, so does the rate of suicide. The suicide rate among problem and disordered gamblers is 20%. The mission of the Council is to heighten awareness of problem and disordered gambling and to offer support, treatment and hope to problem gamblers and their families. We do not advocate for or against gambling, but rather advocate for the need to insure there is help available for anyone who has or may develop a gambling problem.

In conclusion, if you or someone you know has a gambling problem, please have them call 1-800-Gambler. We offer support, treatment and hope.

Neva Pryor, MS

Executive Director, Council on Compulsive Gambling of New Jersey
TO: Members of the Senate Budget & Appropriations Committee

FR: Michele N. Siekerka, Esq., President and CEO

DATE: February 29, 2016

RE: SCR-1 (Sarlo, Sweeney) Proposes a Constitutional Amendment to expand casino gambling beyond Atlantic City

On behalf of its 20,000 members, who employ 1.2 million people, the New Jersey Business & Industry Association (NJBIA), would like to express our SUPPORT for SCR-1, and the efforts to expand the footprint of casino gambling beyond Atlantic City’s borders, in order to revitalize an important state industry, create new jobs and stimulate the state’s economy.

New Jersey’s casino gaming industry is being negatively impacted by casinos in surrounding states, siphoning gambling revenue away from Atlantic City, a reality that has led to the recent closure of four casinos here that have put 8,000 people out of work.

By allowing a limited number of casinos in other parts of our state, we can better compete for the casino dollars already being spent elsewhere in Pennsylvania, Delaware and New York while at the same time providing significant redevelopment funding for Atlantic City.

If we don’t act now our neighboring states will continue to pose a competitive threat. If casino gambling ever comes to the Manhattan area, which is actively being contemplated, the game will be over. We need to make New Jersey competitive with our neighboring states.

The landscape has changed since the first casino opened nearly 40 years ago in Atlantic City, which unfortunately is no longer the only game in town. The New Jersey casino industry – a vital part of the state’s economy – needs room to grow in order to provide the new jobs and economic boost that New Jersey and Atlantic City needs.

Thank you for your consideration of our comments.
COMMENTS OF GORDON MacINNES, PRESIDENT, NEW JERSEY POLICY PERSPECTIVE, ON SCR-1
BEFORE THE SENATE BUDGET COMMITTEE, FEBRUARY 29, 2016

Chairman Sarlo and members of the Committee, I appreciate the opportunity to present this statement on the constitutional amendment to expand casino gambling to North Jersey.

SCR-1 was placed on senators’ desks 21 days ago as required by the Constitution and seems poised for swift and uncritical consideration by the Legislature. I hope not. There are numerous issues posed by expanding casinos to North Jersey that deserve careful attention and answers before being acted on by this committee, your legislative colleagues and the public.

There’s time. The legislature has 163 days before final action is required to place SCR-1 on the November ballot. That is plenty of time to more closely inspect the implications and consequences of the issues raised by authorizing two North Jersey casinos. Before voting to proceed so quickly with approval of SCR-1, I would hope the Committee would address three glaringly obvious questions:

1. **Given Atlantic City’s deteriorating financial and economic conditions, what assurance can be given that the goal of helping to stabilize Atlantic City—as originally asserted—is any longer on the table?**

   At the beginning of 2014, Atlantic City had 12 casinos; today, it has 8. State revenues have been cut in half in just seven years. Wall Street analysts expect at least two of the eight to close in the next two years, long before any of the proposed North Jersey casinos would be operating. When opened, the North Jersey casinos will be competing in a saturated Northeast market that is adding eight new casinos in the next three years. Eight! But make that ten if the proposed referendum is approved.

   Moody’s projects that opening North Jersey casinos will only accelerate the closure of weakened casinos in Atlantic City. What is worse is that the saturated Northeastern market is not growing, even without the approved new casinos.

   Given these known facts, it is fair to ask SCR-1’s proponents if the goal of saving and rebuilding Atlantic City has been abandoned. Recent events around a proposed state takeover of the city’s finances suggest that it has.

   **2. Given that North Jersey is already among the most heavily traveled and congested regions in the nation, how will the public transit and highway infrastructure be improved to accommodate new casinos — and who will pay for such improvements?**

   The Meadowlands and the Jersey City waterfront have drawn the strongest developer and local political interest.. Routes 3 and 17, the Turnpike extension and Jersey City’s surface streets are already congested and in sub-par conditions. The opening of billion dollar plus casinos only
stands to make this worse – unless a new plan to improve traffic flow and upgrade public transit is drawn up, implemented and, crucially, financed. The Transportation Trust Fund is without funding to pay for new projects. The NJDOT capital plan for 2016-21 includes no improvements to the Meadowlands area.

Two major developers have shown strong interest in building casinos in the Meadowlands, one attached to the Meadowlands racetrack, the other to the American Dream mall. American Dream—one of the largest malls in America—is scheduled to open next year. With the TTF near bankruptcy and Routes 3 and 17 and the Turnpike already jammed, just one casino at the Meadowlands would convert Route 3 into an 18-hour a day parking lot; the 2014 Super Bowl nightmare argues that mass transit is no solution.

3. How does the Committee know how new casinos will aid Atlantic City and the state’s perilous financial condition without including proposed tax rates in the discussion?

I agree that the tax rate contemplated for the North Jersey casinos should not be carved into the Constitution.

However, promises of windfall tax revenues for New Jersey can’t come true without an aggressive tax rate on new casinos, if they can come true at all. The state has paid the price—literally, in billions of dollars of lost revenue—for failing to take advantage of its East Coast monopoly in 1976 by foregoing a tax rate on Atlantic City’s casinos that reflected that monopoly. Yet no tax rate is defined in this casino expansion plan.

Some developers suggest that they’d be happy to pay tax rates as high as 55 percent for their new casinos. Recently, however, Senator Sweeney has stated that he would not support a rate as high as 50 percent and that only something in the 20 to 30 percent range would be acceptable. Such rates would end the prospect that Atlantic City could receive revenues sufficient to even stabilize its finances, never mind to implement a plan (that doesn’t exist) to grow it as a non-casino destination.

Any sensible investor or citizen would want answers to these—and other—questions before putting up cash or a vote. New Jersey should learn from its past. The stampede to enact SCR-1 suggests that those lessons are being ignored.
Assemblyman Chris Brown
Testimony on SCR-1
Public Hearing
Senate Budget and Appropriations Committee
February 29, 2016

Mr. Chairman and Members of the Committee:

The Legislature is proposing to ask the voters of this State to amend our constitution in a manner that will have a significant fiscal and economic impact our residents. Yet, SCR-1 was not certified for a fiscal note so we can ascertain the scope of the fiscal and economic impact. The concurrent resolution anticipates over $450 million in gaming tax revenue and dictates the appropriation of these funds to the state and to local governments.

Shouldn't we get a handle on what and if this revenue will be there?

I have asked at our earlier hearings if any independent studies have been conducted to show a net positive economic or fiscal impact of expanding gaming outside of Atlantic City.

According to the testimony at previous hearings in both the Senate and the Assembly, the answer is "No."

I have shared a number of studies clearly showing a negative net impact to the state if we expand gaming outside of Atlantic City, yet here is a proposal asking the voters of this state to amend the constitution to permit a policy, that based on existing data, is bad for the state. (Please see the attached Exhibit A: Summary of Previous Studies and Analyses.)

Putting aside the lack of independent studies showing a positive net impact to the state, we have a concurrent resolution making a number promises that sound terrific to our seniors, our local governments, the horsemen, and to Atlantic City, but we have no verification that any of those promises can be kept.

If we are going to change our constitution with promises to all of these groups, shouldn't we know what the tax rate on these two new casinos will be?

SCR-1 outlines a complicated formula for the appropriation of tax revenue generated by two North Jersey casinos, but does not say what the tax rate will be. Will it be 8% like we currently apply to casinos in Atlantic City? Will it be 50%? At one time members of this chamber said the tax rate could be as high as 66%.

When I recently raised this question about the tax rate at the Assembly Judiciary Committee earlier this month, the Senate President indicated the tax rate would be between 25% and 30%, half of what North Jersey casino supporters have been promising all along.
How can the Legislature honestly tell the voters that New Jersey will have $450 million to spend on the programs outlined in SCR-1 when we don’t even know what the tax rate is? Without that vital bit of information on the ballot, voters can’t make an informed decision.

Saying the State will have all this tax revenue without specifying a tax rate reminds me of a boardwalk carnival Barker who makes grand promises just to get you inside the tent, and what’s inside the tent falls way short of expectations.

We have to recognize the competition and oversaturation of the gaming market will dampen the gross gaming revenue of two North Jersey casinos, particularly with the recent approval by New York of three upstate casinos, expected to open in 2017. The approval of two North Jersey casinos just over the New York border will only force New York to approve more casinos on their side of the border.

Don’t take my word for it, this is what experts have said:

* Peter Trombetta, an analyst at Moody’s Investors Service recently said after New York approved its new casinos, “A lot of the new casinos are going to take market share from existing casinos. That’s what’s happening elsewhere.”

Mr. Trombetta is a co-author of a recent report, “Northeast Casinos Face Rising Tide of Competition,” that describes cannibalization underway in a region where there are now 41 casinos and racinos — racetracks with electronic slot machines and electronic table games — and more on the way.

Mr. Trombetta said the recently approved Lago Casino in the Finger Lakes region would face especially tough competition, since it is a short distance from two existing racetrack casinos and the Oneida Indian Nation’s Turning Stone casino.

The Lago casino expects to receive more than half of its revenues from customers currently patronizing other New York operations.

* Steve Perskie, former Democrat state senator, author of the Casino Control Act, and Casino Control Commission Chairman said, “Expanding gaming in North Jersey is going to do nothing other than contribute even more to the political necessity of New York...New York will not sit back and do nothing if a major casino facility opens in the Meadowlands...[A North Jersey casino] isn’t going to keep any significant number of dollars in New Jersey that otherwise would have gone across the border; it just won’t.”

* Sheldon Adelson, the owner of Las Vegas Sands, America’s largest casino company, said New York will look at a Meadowlands casino and say “We gotta open in New York and keep the money in New York.”

Now if the gaming market is only going to get even more competitive, and if there are those who insist on opening casinos in North Jersey, how can they get a competitive edge? Or how can we attract investors to open casinos in the Meadowlands or Jersey City, particularly if the minimum investment is now a billion dollars?
A lower tax rate.

After all, New Jersey already has the precedent of the lowest casino tax rate in the region. Leaving the tax rate unspecified until a later date leaves this Legislature under pressure to keep the tax rate low in order to attract casinos. As I mentioned earlier, North Jersey casino advocates have already said the tax rate will be lower than originally promised. How low will it ultimately go?

Now, let’s look at gaming revenue.

Deutsche Bank estimated two North Jersey casinos would generate $500 in gross gaming revenue.

Stockton University estimated Atlantic City will lose $500 million in gaming revenue if there are two North Jersey casinos.

So, we know North Jersey casinos will only cannibalize gaming revenue.

We are looking at zero net revenue taxed at a lower rate. It will be hard for the state to keep the promises in this concurrent resolution.

The second issue I have is SCR-1 creates another policy that will dig the hole deeper for Atlantic City (and the State), by going after our convention and trade show business, which is critical for year-round employment for our local families.

A billion dollar facility is going to offer more than slot machines. SCR-1 is creating two destination resorts that will directly compete with Atlantic City for conventions and trade shows and, I am willing to bet, family entertainment, too. There will not be enough to help the families of Atlantic County to offset the destruction of the only industry we have caused by two North Jersey casinos.

My friend, Assemblyman Ralph Caputo made a point during an earlier public hearing on this issue, if casinos open in North Jersey, many Atlantic City casino employees will simply re-locate to North Jersey to work in the Meadowlands or Jersey City or the American Dream or Edison.

Perhaps there would be some casino workers willing to uproot their families; remove their children from their schools and their friends, try to sell their homes without taking a loss on the mortgage, but what about the corner dry cleaner? What about the local pizza shop owner? What about the gas station attendant? What about the local building trades men and women? This issue has an impact on the entire local economy.

SCR-1 has no foundation of economic or fiscal data to justify NJ’s amending gaming policy. It will only cannibalize revenue and jobs and hurt the entire State.

I urge my colleagues not to support SCR-1 or its companion ACR-1. If it comes to it, I will urge the public not to support the ballot question. Thank you.
Exhibit A: Summary of Previous Studies and Analyses

There is a long list of independent studies and analyses dating back to 2007 which have concluded North Jersey casinos will devastate Atlantic County and cannibalize gaming revenue for the State, actually resulting in less revenue for the state.

* In 2007, Christian Capital Advisors study, on behalf of Meadowlands casino supporters, found the primary market area for Meadowlands video lottery terminals falls within the primary market area for Atlantic City casinos, thus concluding a single casino in the Meadowlands would cannibalize Atlantic city’s market.

* In 2010, the Casino Association of New Jersey concluded a single casino in the Meadowlands casino would:

  1. Siphon off 45 percent of gaming revenue from Atlantic City,
  2. Resulting in the entire New Jersey casino industry having a net loss to the state of 3,800 jobs and $190 million in lost wages, and
  3. Diverting $45 million from services for this State’s seniors and disabled citizens.

* In 2014, the independent studies performed by Stockton University revealed:

  1. The population in northern New Jersey accounts for 41.8 percent of the total gaming customers from New Jersey who gamble in Atlantic City, thus, a casino in northern New Jersey would put at least 41.8 percent of Atlantic City’s New Jersey gaming customers at risk.
  2. Two North Jersey casinos will close an additional two Atlantic City casinos; reduce gaming revenue by $350 million to $500 million,
  3. And put another 10,000 families out of work.

* In 2015, Deutsche Bank reported a Meadowlands casino will draw from a 40 miles radius, cutting deep into Monmouth County which is critical to Atlantic City’s market, thus further verifying the cannibalization of the market.

* In 2015, a study by the Greater Atlantic City Chamber found:

  1. Expansion of gaming beyond Atlantic City will lead to the closure of an additional two to four casino hotels
  2. Resulting in the loss of up to 14,550 direct and indirect jobs
  3. Also resulting in the loss of of $230.0 million in wages.
  4. And double Atlantic County’s unemployment rate to 23%.

In 2016, Moody’s confirmed earlier reports that North Jersey casinos will cause the closure of additional Atlantic City casinos. Even worse, Moody’s explained high-end casinos in North Jersey could pose a threat to Borgata which has fared better than other Atlantic City casinos in.
recent years. Moody’s added this proposed expansion comes at a time when there are eight new casinos expected to open in the Northeast U.S. by the end of 2018 - including in Philadelphia, a major feeder market for Atlantic City,