Public Hearing

before

SENATE LABOR COMMITTEE

The following Concurrent Resolution will be considered:

Senate Concurrent Resolution 185 (SCS)

“Proposes constitutional amendment to authorize Legislature to permit, by law, establishment and operation of casinos in certain counties”

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: December 21, 2015
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Fred H. Madden, Chair
Senator Joseph F. Vitale, Vice Chair
Senator Sandra B. Cunningham
Senator Dawn Marie Addiego
Senator Anthony R. Bucco

ALSO PRESENT:

Gregory L. Williams
Office of Legislative Services
Committee Aide

Elizabeth Mahn
Senate Majority
Committee Aide

Bill Murray
Senate Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey
PUBLIC HEARING NOTICE

The Senate Labor Committee will hold a public hearing following the 10:00 AM Committee Meeting on Monday, December 21, 2015 in Committee Room 6, First Floor, State House Annex, Trenton, New Jersey.

The public may address comments and questions to Gregory L. Williams, Committee Aide, or make bill status and scheduling inquiries to Cynthia D. Petty, Secretary, at (609)847-3845, fax (609)777-2998, or e-mail: OLSAideSLA@nJleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The public hearing will be held in accordance with Rule 24:3 of the New Jersey Senate on the following Senate Concurrent Resolution

SCR-185 (SCS) Sarlo/Sweeney

Proposes constitutional amendment to authorize Legislature to permit by law establishment and operation of casinos in certain counties.

Persons wishing to testify should submit 15 copies of written testimony to the committee on the day of the hearing.

Issued 12/18/15

- For reasonable accommodation of a disability call the telephone number or fax number above, or TTY for persons with hearing loss 609-777-2744 (toll free in NJ) 800-257-7490. The provision of assistive listening devices requires 24 hours’ notice. Real time reporter or sign language interpretation requires 5 days’ notice.
  For changes in schedule due to snow or other emergencies, call 800-792-8630 (toll-free in NJ) or 609-292-4840.
The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Concurrent Resolution No. 185.

Under current law, casino gambling is permitted only in Atlantic City in Atlantic County. This concurrent resolution proposes an amendment to the State Constitution to allow the Legislature to pass laws to permit the establishment and operation, under regulation and control by the State, of casinos in two other counties of this State. No more than two casinos would be permitted and only one casino in each of the two counties would be permitted. Also, each casino is to be located in a municipality that is at least 72 miles from Atlantic City.

The eligibility for each initial license to establish a new casino would be limited to persons whose majority equity owners: a) are holders of a New Jersey casino license that were operating a casino which was conducting gambling as of the date of passage by the Legislature of this concurrent resolution; or b) were principal owners of a holder of a New Jersey casino license that was operating a casino which was conducting gambling as of the date of passage, if that principal owner or subsidiary also holds a valid license to own and operate a casino in another jurisdiction with licensing standards similar to those in New Jersey. A principal owner would mean any person who, directly or indirectly, owns 50 percent or more of a holder of a New Jersey casino license that was operating a casino which was conducting gambling as of the date of passage.

The law would determine the location and type of such casinos and of the gambling games which may be conducted. The law would also determine the tax rate to be levied upon the gross gaming revenues derived from the gambling operations.

In the first State fiscal year in which State revenues are derived from the new casinos, those State revenues would be credited to a special account to be used for the same purposes as State revenues from Atlantic City casinos are currently applied.

In the second State fiscal year in which State revenues from the new casinos are derived and thereafter, the State revenues derived from the new casinos and from the Atlantic City casinos would be
credited to a special New Jersey Investment Fund. Two percent of the amount so credited in each State fiscal year first would be dedicated as State aid, with each half of the two percent allocated to the locality in which each of the two gambling establishments are located and operating. Locality would mean the host municipality, county, or both.

Then, the proposed amendment would dedicate for each State fiscal year the remaining revenues in the investment fund for the purposes of the recovery, stabilization, or improvement of the city of Atlantic City, for the same purposes as the State revenues from Atlantic City casinos are currently applied, for State aid to each county and municipality in the State 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 proposed amendment specifies the percentages dedicated for those purposes for the first 15 State fiscal years.

Commencing in the 17th State fiscal year and for the next subsequent nine State fiscal years, the percentages dedicated for those purposes would change over the course of 10 State fiscal years, and then would remain at those levels for each State fiscal year thereafter.

Notwithstanding the dedications, the total amount dedicated in each state fiscal year for the purposes of the recovery, stabilization, or improvement of the city of Atlantic City would not exceed one third of the total credited to the investment fund in each State fiscal year.

Of the percentage of revenues dedicated from the investment fund for State aid to each county and municipality in the State for programs and property tax relief for senior citizens and disabled residents and for such other purposes as the Legislature shall by law provide, not less than two percentage points in each State fiscal year would be dedicated for programs designed to aid the thoroughbred and standardbred horsemen in this State.

**FISCAL IMPACT:**

This concurrent resolution is not certified as requiring a fiscal note.
SENATE COMMITTEE SUBSTITUTE FOR
SENATE CONCURRENT
RESOLUTION No. 185

STATE OF NEW JERSEY
216th LEGISLATURE

ADOPTED DECEMBER 17, 2015

Sponsored by:
Senator PAUL A. SARLO
District 36 (Bergen and Passaic)
Senator STEPHEN M. Sweeney
District 3 (Cumberland, Gloucester and Salem)

Co-Sponsored by:
Senators Weinberg and Gordon

SYNOPSIS
Proposes constitutional amendment to authorize legislature to permit by law
establishment and operation of casinos in certain counties.

CURRENT VERSION OF TEXT
Substitute as adopted by the Senate Budget and Appropriations Committee.
A CONCURRENT RESOLUTION proposing to amend Article IV, Section VII, paragraph 2 of the New Jersey Constitution.

BE IT RESOLVED by the Senate of the State of New Jersey (the General Assembly concurring):

1. The following proposed amendment to the Constitution of the State of New Jersey is hereby agreed to:

PROPOSED AMENDMENT

Amend Article IV, Section VII, paragraph 2 to read as follows:

2. No gambling of any kind shall be authorized by the Legislature unless the specific kind, restrictions and control thereof have been heretofore submitted to, and authorized by a majority of the votes cast by, the people at a special election or shall hereafter be submitted to, and authorized by a majority of the votes cast thereon by, the legally qualified voters of the State voting at a general election, except that, without any such submission or authorization:

A. It shall be lawful for bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, senior citizen associations or clubs, volunteer fire companies and first-aid or rescue squads to conduct, under such restrictions and control as shall from time to time be prescribed by the Legislature by law, games of chance of, and restricted to, the selling of rights to participate, the awarding of prizes, in the specific kind of game of chance sometimes known as bingo or lotto, played with cards bearing numbers or other designations, 5 or more in one line, the holder covering numbers as objects, similarly numbered, are drawn from a receptacle and the game being won by the person who first covers a previously designated arrangement of numbers on such a card, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, and in the case of bona fide veterans' organizations and senior citizen associations or clubs to the support of such organizations, in any municipality, in which a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by the Legislature by law, shall authorize the conduct of such games of chance therein;

B. It shall be lawful for the Legislature to authorize, by law, bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, senior citizen associations or clubs, volunteer fire companies and first-aid or rescue squads to conduct games of chance of, and restricted to, the selling of rights

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
to participate, and the awarding of prizes, in the specific kinds of
games of chance sometimes known as raffles, conducted by the
drawing for prizes or by the allotment of prizes by chance, when the
entire net proceeds of such games of chance are to be devoted to
educational, charitable, patriotic, religious or public-spirited uses,
and in the case of bona fide veterans' organizations and senior
citizen associations or clubs to the support of such organizations, in
any municipality, in which such law shall be adopted by a majority
of the qualified voters, voting thereon, at a general or special
election as the submission thereof shall be prescribed by law and
for the Legislature, from time to time, to restrict and control, by
law, the conduct of such games of chance;
C. It shall be lawful for the Legislature to authorize the conduct
of State lotteries restricted to the selling of rights to participate
therein and the awarding of prizes by drawings when the entire net
proceeds of any such lottery shall be for State institutions and State
aid for education; provided, however, that it shall not be competent
for the Legislature to borrow, appropriate or use, under any pretense
whatsoever, lottery net proceeds for the confinement, housing,
supervision or treatment of, or education programs for, adult
criminal offenders or juveniles adjudged delinquent or for the
construction, staffing, support, maintenance or operation of an adult
or juvenile correctional facility or institution;
D. (1) It shall be lawful for the Legislature to authorize by law
the establishment and operation, under regulation and control by the
State, of gambling houses or casinos within the boundaries, as
heretofore established, of the city of Atlantic City, county of
Atlantic, and to license and tax such operations and equipment used
in connection therewith. Any law authorizing the establishment and
operation of such gambling establishments shall provide for the
State revenues derived therefrom to be applied solely for the
purpose of providing funding for reductions in property taxes,
rental, telephone, gas, electric, and municipal utilities charges of
eligible senior citizens and disabled residents of the State, and for
additional or expanded health services or benefits or transportation
services or benefits to eligible senior citizens and disabled
residents, in accordance with such formulae as the Legislature shall
by law provide. The type and number of such casinos or gambling
houses and of the gambling games which may be conducted in any
such establishment shall be determined by or pursuant to the terms
of the law authorizing the establishment and operation thereof.
(2) It shall also be lawful for the Legislature to authorize by law
wagering at casinos or gambling houses in Atlantic City on the
results of any professional, college, or amateur sport or athletic
event, except that wagering shall not be permitted on a college sport
or athletic event that takes place in New Jersey or on a sport or
athletic event in which any New Jersey college team participates
regardless of where the event takes place.
(3) (a) It shall also be lawful for the Legislature to authorize by
law the establishment and operation, under regulation and control
by the State, of no more than two gambling houses or casinos, each
one to be located in different counties of this State, and to license
and tax such operations and equipment used in connection
therewith. The boundaries of each municipality in which each
gambling house or casino is located shall be partially or completely
outside a 72 mile radius calculated from the outermost boundary, as
heretofore established, of the city of Atlantic City in the county of
Atlantic.

(b) (i) Any law authorizing the establishment and operation of
such gambling establishments shall provide that, in the first State
fiscal year in which State revenues are derived under part (3) of
subparagraph D. of this paragraph, those State revenues shall be
credited to a special account and dedicated for the purposes
specified under part (1) of subparagraph D. of this paragraph and
shall be used for those purposes.

(ii) Any law authorizing the establishment and operation of such
gambling establishments shall provide that, commencing in the
second State fiscal year in which State revenues are derived under
part (3) of subparagraph D. of this paragraph and thereafter, State
revenues derived under part (1) and part (3) of subparagraph D. of
this paragraph shall be credited to a special New Jersey Investment
Fund. The revenues credited to the investment fund in each State
fiscal year shall be applied solely as follows.

Two percent of the amount so credited in each State fiscal year
first shall be dedicated as State aid with each half of the two percent
allocated to the locality in which each of the two gambling
establishments is located and operating. Locality shall mean the
host municipality, county, or both.

Then, there shall be the following incremental allocations for
each State fiscal year. The remaining revenues credited to the
investment fund in each State fiscal year up to $150,000,000 shall
be dedicated 50 percent for the purposes of the recovery,
stabilization, or improvement of the city of Atlantic City, and 50
percent for the following purposes: 60 percent for the purposes
specified under part (1) of subparagraph D. of this paragraph to be
used for those purposes, and 40 percent for State aid to each county
and municipality in the State for programs and property tax relief
for senior citizens and disabled residents and for such other
purposes as the Legislature shall by law provide.

Then, remaining revenues credited to the investment fund in each
State fiscal year up to an additional $150,000,000 shall be dedicated
40 percent for the purposes of the recovery, stabilization, or
improvement of the city of Atlantic City, and 60 percent for the
following purposes: 60 percent for the purposes specified under part
(1) of subparagraph D. of this paragraph to be used for those
purposes, and 40 percent for State aid to each county and
municipality in the State for programs and property tax relief for
senior citizens and disabled residents and for such other purposes as
the Legislature shall by law provide.

Then, remaining revenues credited to the investment fund in each
State fiscal year up to an additional $150,000,000 shall be dedicated
30 percent for the purposes of the recovery, stabilization, or
improvement of the city of Atlantic City, and 70 percent for the
following purposes: 60 percent for the purposes specified under part
(1) of subparagraph D. of this paragraph to be used for those
purposes, and 40 percent for State aid to each county and
municipality in the State for programs and property tax relief for
senior citizens and disabled residents and for such other purposes as
the Legislature shall by law provide.

Then, remaining additional revenues credited to the investment
fund in each State fiscal year shall be dedicated 20 percent for the
purposes of the recovery, stabilization, or improvement of the city
of Atlantic City, and 80 percent for the following purposes: 60
percent for the purposes specified under part (1) of subparagraph D.
of this paragraph to be used for those purposes, and 40 percent for
State aid to each county and municipality in the State for programs
and property tax relief for senior citizens and disabled residents and
for such other purposes as the Legislature shall by law provide.

Commencing in the 17th State fiscal year and for the next
subsequent nine State fiscal years, the percentages dedicated above
for the purposes of the recovery, stabilization, or improvement of
the city of Atlantic City shall decrease by, and the percentage
dedicated above for the purposes specified under part (1), for State
aid to each county and municipality in the State for programs and
property tax relief for senior citizens and disabled residents, and for
such other purposes as the Legislature shall by law provide shall
increase by, the same number of percentage points from the prior
State fiscal year percentage, to achieve a final dedication of 10
percent/90 percent, 8 percent/92 percent, 6 percent/94 percent, and
4 percent/96 percent, respectively, for each of the four incremental
allocations of the remaining revenues credited to the investment
fund, and shall remain at those levels for each State fiscal year
thereafter.

Notwithstanding the dedications above, the total amount
dedicated in each State fiscal year for the purposes of the recovery,
stabilization, or improvement of the city of Atlantic City shall not
exceed one third of the total revenues credited to the investment
fund in each State fiscal year.

Notwithstanding the dedications above, no State revenues
credited to the investment fund in each State fiscal year shall be
applied to any other purpose unless the amount applied for the
purposes specified under part (i) of subparagraph D. of this
paragraph shall equal the amount of State revenues derived under
and for the purposes specified in part (1) of subparagraph D. of this
paragraph in State fiscal year 2015.

Of the percentage of revenues from the investment fund
dedicated for State aid to each county and municipality in the State
for programs and property tax relief for senior citizens and disabled
residents and for such other purposes as the Legislature shall by law
provide, not less than two percentage points in each State fiscal year
shall be dedicated for the purposes of programs designed to aid the
thoroughbred and standardbred horsemen in this State.

(c) The eligibility for each initial license to establish a gambling
house or casino under part (2) of subparagraph D. of this paragraph
shall be limited to persons whose majority equity owners: a) are
holders of a New Jersey casino license that were operating a casino
which was conducting gambling as of the date of passage by the
Legislature of the concurrent resolution that proposed the
amendment that added part (3) of subparagraph D. of this paragraph
to this Constitution; or b) were principal owners of a holder of a
New Jersey casino license that was operating a casino which was
conducting gambling as of the date of passage by the Legislature of
the concurrent resolution that proposed the amendment that added
part (3) of subparagraph D. of this paragraph to this Constitution, if
that principal owner or subsidiary also holds a valid license to own
and operate a casino in another jurisdiction with licensing standards
similar to those in New Jersey. A principal owner shall mean any
person who, directly or indirectly, owns 50 percent or more of a
holder of a New Jersey casino license that was operating a casino
which was conducting gambling as of the date of passage by the
Legislature of the concurrent resolution that proposed the
amendment that added part (3) of subparagraph D. of this paragraph
to this Constitution.

(d) The location and type of such casinos or gambling houses,
and of the gambling games which may be conducted in any such
establishment, shall be determined by or pursuant to the terms of
the law authorizing the establishment and operation thereof.

E. It shall be lawful for the Legislature to authorize, by law, (1)
the simultaneous transmission by picture of running and harness
horse races conducted at racetracks located within or outside of this
State, or both, to gambling houses or casinos in the city of Atlantic
City and (2) the specific kind, restrictions and control of wagering
at those gambling establishments on the results of those races. The
State's share of revenues derived therefrom shall be applied for
services to benefit eligible senior citizens as shall be provided by
law; and

F. It shall be lawful for the Legislature to authorize, by law, the
specific kind, restrictions and control of wagering on the results of
live or simulcast running and harness horse races conducted within
or outside of this State. The State's share of revenues derived
therefrom shall be used for such purposes as shall be provided by law.

It shall also be lawful for the Legislature to authorize by law wagering at current or former running and harness horse racetracks in this State on the results of any professional, college, or amateur sport or athletic event, except that wagering shall not be permitted on a college sport or athletic event that takes place in New Jersey or on a sport or athletic event in which any New Jersey college team participates regardless of where the event takes place.

(cf: Art. IV, Sec. VII, par. 2; amended effective December 5, 2013)

2. When this proposed amendment to the Constitution is finally agreed to pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after the final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate, the Speaker of the General Assembly and the Secretary of State, not less than three months prior to the general election.

3. This proposed amendment to the Constitution shall be submitted to the people at that election in the following manner and form:

There shall be printed on each official ballot to be used at the general election, the following:

a. In every municipality in which voting machines are not used, a legend which shall immediately precede the question as follows:

   If you favor the proposition printed below make a cross (X), plus (+), or check (✓) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+) or check (✓) in the square opposite the word "No."

b. In every municipality the following question:


| YES | CONSTITUTIONAL AMENDMENT TO PERMIT CASINO GAMBLING IN TWO COUNTIES OTHER THAN ATLANTIC COUNTY
Do you approve amending the Constitution to permit casino gambling in two additional counties in this State? At present, casino gambling is allowed only in Atlantic City in Atlantic County.
Only one casino in each of the two counties would be permitted. Each casino is to be located in a town that is at least 72 miles from Atlantic City. The amendment would limit who may receive a casino license initially.  

| NO | INTERPRETIVE STATEMENT
At present, casino gambling is allowed only in Atlantic City in Atlantic County. This amendment would allow the Legislature to pass laws to permit casino gambling to take place in two other counties in this State.
Only one casino in each of the two counties would be permitted. Each casino is to be located in a town that is at least 72 miles from Atlantic City. The amendment would limit who may receive a casino license initially.
The laws passed by the Legislature would provide for the location and type of casinos and the licensing and taxing of the operation and equipment.
The amendment provides that the State’s share of revenue from the operation of the two casinos and of the casinos in Atlantic City would be used for programs and property tax relief for senior citizens and disabled residents. It would also be used for the recovery, stabilization, or improvement of Atlantic City and other purposes as provided by law. Lesser portions would be used to aid the thoroughbred and standardbred horsemen in this State and each town and county in which a casino is located. |
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Op-Ed
*Star-Ledger*
submitted by
Sheila Reynertson
Senior Policy Analyst
New Jersey Policy Perspective

pnf: 1-19
SENATOR FRED H. MADDEN (Chair): Good morning, ladies and gentlemen.

Welcome to today’s hearing on the potential constitutional amendment for casinos; specifically, SCR-185, Senators Sarlo and Sweeney. It proposes a constitutional amendment to authorize the Legislature to permit, by law, the establishment and operation of casinos in certain counties.

Today’s hearing is an open hearing for the public to come and testify and put their comments on record, officially.

This is an extension -- I have a number of Senators here representing the Labor Committee.

May I have a roll call please?
MR. WILLIAMS (Committee Aide): Yes, Mr. Chairman.

Senator Bucco.
SENATOR BUCCO: Here.

MR. WILLIAMS: Senator Addiego.
SENATOR ADDIEGO: Here.

MR. WILLIAMS: Senator Cunningham.
SENATOR CUNNINGHAM: Here.

MR. WILLIAMS: Vice Chairman Vitale.

SENATOR JOSEPH F. VITALE (Vice Chair): Here.

MR. WILLIAMS: And Chairman Madden.
SENATOR MADDEN: Here.

The first individual here to testify, from the New Jersey Building and Construction Trades Council, will be AJ Sabath. We actually are missing a couple of microphones, for some reason. Somebody took--
AJ SABATH: I just need one.

SENATOR MADDEN: I’ll ask everyone to formally introduce themselves to the Committee when they approach the mike -- who they represent -- and then commence their testimony.

Thank you.

MR. SABATH: Thank you, Mr. Chairman. My name is AJ Sabath, and I’m here today on behalf of Bill Mullen, who is the President of the New Jersey Building and Construction Trades Council. We represent 15 building and construction trades’ members; and we represent the County Councils, and approximately 150,000 working men and women in the construction trades throughout the State of New Jersey.

We appreciate the opportunity to be here before you. We are very parochial people, and all we do is build things. And any time that there is an opportunity for us to be able to get involved in a legislative process, and encourage and promote opportunities to build, we will take advantage of that.

The economy’s been extremely tough; the amount of public funds that are being invested in public works projects has declined over the past 10 years. And we feel that the construction of casinos up in North Jersey is a much-needed shot of adrenalin into the state’s construction economy. We commend the sponsors for this; we commend the Legislature, and we look forward to working with you to make sure this comes to fruition.

Thank you, sir.

SENATOR MADDEN: Thank you, Mr. Sabath.

Next up to testify, Assemblyman Chris Brown.
Okay, Assemblyman, when you’re ready, just formally put your name on the record.

ASSEMBLYMAN CHRIS A. BROWN: Sure. Good morning, Mr. Chair; good morning, members of the Committee. My name is Chris Brown; I am the Assemblyman from the 2nd District, and I’m here today representing 15,000 families who look to potentially lose their jobs if this referendum were to go through.

I’m here today on behalf of the 10,000 families that have already lost their jobs; and the thousands of families whose livelihoods depends upon the gaming industry and it exclusively remaining, at this point in time, within Atlantic City, within Atlantic County.

You know, one of the things I just want to point out initially, and ask this Committee to consider-- While, technically, the hearing today did meet the constitutional standards -- it was noticed at about 4:35 on Friday afternoon, for this morning at 10 o’clock -- it seems to me that if we are doing something of this magnitude, something that is going to amend our Constitution and change the way that we do business as it pertains to gaming within the State of New Jersey, we ought to do our best to get as much of the public input as possible; to be as transparent and open as we can be; and make sure that we do everything we can to get it right.

And so I would formally request the Committee consider having a hearing in Atlantic County or down in South Jersey at some point in time so that everyone’s voice can be heard. It’s difficult for a lot of the families and others, obviously, to be here on a Monday morning in Trenton when they are working. And I appreciate your consideration of that.
You know, one of the things we had the privilege-- This was considered through the Assembly in the Judiciary Committee; and someone who I consider a friend and a good legislator, Ralph Caputo -- but somebody who we clearly disagree with on this issue-- And one of the questions that we posed to Mr. Caputo was, “Well, what does your study indicate? What due diligence has been done to make sure that, before we start competing with ourselves, we know that this is the right business decision; that, ultimately, the State will make more money at the end of the day -- because, obviously, that must be the goal -- than it does presently; and that it won’t do more harm to an industry that we spent so much money trying to make sure that it can succeed? What have you relied upon?”

And candidly, Mr. Caputo acknowledged, “There is no study that has been done. There is no expert evaluation that has been performed that would give us the guidance to tell us that gambling outside of Atlantic City is in the best interest of the State.”

And so, I get it; when somebody shows up and testifies before the Committee, one of the things you have to look at is, what’s that person’s bias? What’s their credibility? And if it’s parochial -- the person is coming here from Atlantic County -- we’re going to weigh his testimony accordingly.

So I say to you this morning, “Don’t take my word for it.” I come here today to share with you expert reports and analysis that’s already been done dating back to 2007 when the Christian (sic) Capital Advisors did a study on behalf of the Mainlands casino supporters. And what they concluded at that time was the primary market -- and this was just video
lottery terminals -- was Atlantic City; and that if you were to just build one
casino in the Meadowlands, it would siphon off 45 percent of gaming
revenue from Atlantic City, resulting in -- and this, I think, is important --
the entire gaming industry losing approximately 4,000 jobs and $190
million in lost wages. And it also indicated that $45 million would be
diverted from services for the State’s seniors and disabled programs.

In 2014, the independent studies performed by Stockton
University, our own State institution, realized that -- something we all
know, but they put it into -- they codified it -- that 41.8 percent of the total
gaming customers who gamble in Atlantic City come from North Jersey;
and therefore, if you were to build that North Jersey casino, all that it
would do is cannibalize the New Jersey residents who are already traveling
to Atlantic City. And that if you put two, you’re going to close two Atlantic
City casinos, reducing gaming revenue by $350 million to $500 million, and
put another, potentially, 10,000 families out of work.

In 2015, Deutsche Bank reported a Meadowlands casino will
draw from a 40-mile radius; cutting deep into Monmouth County, which is
critical to Atlantic City’s market, thus further verifying the cannibalization
of the market that Stockton pointed out, as well as the Christian study.

In 2015, the Greater Atlantic City Chamber did an
independent study, and what they found is expansion of gaming beyond
Atlantic City will, once again, close -- confirming -- two to four more
casinos; a loss of up to 15,000 jobs, both direct and indirect; and resulting
in a loss of approximately $230 million in wages -- which, of course, in
Atlantic City, would lead to the doubling of the unemployment rate, which
would put us around 16 percent.
So I would say that it’s ill-advised; and now I would say that it’s ill-conceived. Because one of the things that you’re looking at, you’re saying, “Okay, well, how does this affect the rest of the state?” And if you’re from Bergen County, or Hudson, or one of those counties, you’re saying, “Well, we have unemployment, and we have things to gain from a casino; and it shouldn’t just be left to Atlantic City. You’ve had your opportunity.” And when you look at it from a global standpoint; when you look at it from just a state perspective, right now the unemployment rate in Bergen is 4.6; Hudson is 5.4. Atlantic County is already double that; Cape May County is at 8.8; Cumberland is at 7.4. And so when you look at the fact that you’re about to take the jobs -- what we rely upon in South Jersey; we don’t have a lot of the other corporate investment, the corporate businesses that the North does to provide those jobs -- it has a disproportionate effect on us here in Atlantic County. And of course, ultimately, it will wind up siphoning enough off of Atlantic County that-- If you look at Deutsche Bank, where they say that you’re going to wind up losing $250 million to $500 million, and the projection for the new casinos is $250 million to $500 million, by the time that you’re done with Atlantic City you’re not truly, based upon these experts, gaining additional revenue for the State.

And, again, I say don’t take my word for it. Here are the facts that we know right now: With the situation that Atlantic City is in -- with its unemployment, with its national level of foreclosure rate, with more than 23,000 households receiving food stamps in January -- we are at a critical time in Atlantic County. And I would say that the policy that you have been pursuing, thus far, needs to be maintained, because Atlantic City
is leveling off. And the restructuring of our casinos right now, and the fact that we have absorbed the competitive gaming from the neighboring states and elsewhere -- we’ve hit a new level. The only people left to take from Atlantic City are those in New Jersey. All the casinos on our border, and as you spread outward, are just cannibalizing each other now. They’ve already done the damage to us. And any amount of customers that you pull back into New Jersey -- that you say, “Well, we’re losing people. They’re going across the border” -- well, that’s your $350 million to $500 million revenue stream, as predicted by Deutsche Bank -- not by me -- and they’re a proponent of expanding gaming.

So when we look at, for example, the Pennsylvania legislature budget and finance committee -- they went and confirmed that when each new casino opens, it only serves locals as a greater share of its patronage; which simply means it’s cannibalizing whatever casino may be nearby. There’s not, all of a sudden, thousands of people who say, “I’ve never tried gambling before; let me start it.” It’s not a growth market; what it basically is, is a taking-from-other-people’s-share market.

And you don’t have to, again, take my word for it; here’s what some of the experts said. The Democrat State Senator, and the author of the Casino Control Act, and the Casino Control Commission Chairman, Steve Perskie, “Expanding gaming in North Jersey is going to do nothing other than contribute even more to the political necessity of New York building.” And I know that one of the concerns that everybody has is, “Well, New York may build a casino, so we want to beat them to it.” Well, right now, I would submit to you that the experts tell us there’s a form of détente going on right now. But if we do go ahead and build it, you will
only expedite their timetable and lose this very market that you’re hoping to cannibalize from, one, Atlantic City -- those who go there, out of that market -- and two, those who go to other gaming facilities throughout.

Sheldon Adelson, the owner of the Las Vegas Sands, which is 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.’” Thus, if you listen to the very experts who have spoken on the issue, I would submit to you that they made it clear that opening a casino, at this point in time, in North Jersey is not going to ultimately cause more revenue for the State; it’s actually going to wind up leaving us with less revenue.

And when you’re trying to figure out, “Well, okay, what are you saying, Mr. Brown? That we never do it?” -- that is not my position at all. And I would say to you, take a thoughtful, timed approach. And if we look at a place like Las Vegas, where they realized that convenience gaming was coming, and they knew that it was something that was going to eat into their market share -- and at that point in time, over 10 years ago, they received approximately 65 to 70 percent of their profits from gaming revenue, 30 percent from non-gaming -- it took them over 10 years, but during that time period they were able to now change it so that 65 percent of their revenue is non-gaming. And therefore, you could put casinos wherever you want because their destination resort in Las Vegas, as an attraction, has been able to overcome it.

Well, I would submit to you that the numbers are rough right now; but Atlantic City is moving in the right direction -- that we have opened the Bass Pro Outlet, through the work of Senator Sweeney and
others. And we have opened Margaritaville, and that there is a conference center. And that despite the conversation of North Jersey gaming, and despite the reality that it will siphon off up to 45 percent of the people who presently go there, there is investment coming. And when we get to the point where our non-gaming revenue is such that it can sustain itself and contribute to the State, that would be the time.

I think one of the mistakes made earlier was when they put a five-year timetable on Atlantic City. Because if you’re an investor, and you’re somebody who wants to put millions of dollars into a geographic location, but you know that in five years there’s a good chance that 45 percent of those who go there now are not going to go there any longer, you’re going to hang on to your investment. But if we were to say that when the non-gaming revenue gets to 40 percent -- the non-gaming revenue -- if I had my way, if we could say when it gets to 60 percent -- then you would see the investment, because they would know that they can withstand the casino up North.

So what I’m hoping is that this testimony helps all of you to thoughtfully think through-- Keep in mind the disproportionate effect that it will have within our state, meaning the effect that it will have on South Jersey. Keep in mind the unemployment rates, as they stand right now; the tough times that Atlantic City has already been through.

And I thank you very much for the opportunity to speak with you this morning.

Thank you.

SENATOR MADDEN: Thank you, Assemblyman.

ASSEMBLYMAN BROWN: Yes, sir.
SENATOR MADDEN: Senator Vitale has a question.

SENATOR VITALE: Thank you, Assemblyman, for your testimony this morning.

ASSEMBLYMAN BROWN: Sure; good morning, Senator.

SENATOR VITALE: Can you just tell me a little bit more about the studies that you’ve read that have been conducted about the potential for job loss? I think that, in part, the suggestion that casinos be built in northern New Jersey would, in many ways, keep the migration -- the gaming migration from leaving northern New Jersey and going to Pennsylvania, going to Connecticut, going to New York, wherever else, for those gaming opportunities. So, I mean, that makes logical sense, right? If people are already leaving, migrating out to -- not so much-- No longer going to Atlantic City, but are going to those northern locations out-of-state, it suggests that this would keep -- do a much better job of keeping them local so they don’t have to travel miles and miles, and hours on end to get to a casino.

How would you respond to that?

ASSEMBLYMAN BROWN: Well, the problem is that the only prime market left for that casino would be the 45 percent that already travel to Atlantic City, with a percentage -- and you are very correct, and I get it; I wish there was a way that you could entice those convenience gamblers, who do leave our state to go to some of the other casinos, to patronize New Jersey.

But the argument would be that there are not enough of them to generate enough additional revenue to overcome the devastation that you will do to the Atlantic City casinos and the market for the State of New
Jersey; and that, ultimately, by siphoning off up to 45 percent, with an additional percentage, Deutsche Bank says that that the new revenue will be anywhere from $250 million to $500 million. They also point out that by doing that you will lose two casinos in Atlantic City, and lose revenue up to $500 million. But at the same time, all the investment, and all the time, and all the energy that all of you have so thoughtfully put into making sure Atlantic City does well--

I mean, look, I know that all of you care very much for every resident in the State of New Jersey; I know that. And I know that all of you want to make sure that you get it right. And sometimes in our zeal we get in our mind a certain proposition, and we’re unable to see beyond it. And if we really analyze this now -- in my opinion, and based upon what I’ve read -- the amount of people who you will pull back is not enough to overcome the devastation you’ll do. And I personally -- I live with these families, and I see them on a regular basis; and they’re hurting. And this is going to go a long way to make it a lot worse for all of them. But that’s a parochial level.

And I would say to you, on the State level, it’s going to go a long way to hurt our gaming industry, particularly if we’re planning on drawing anybody else from outside of our state to enhance that 45 percent. Because we’re only cannibalizing ourselves at this point. Well, if you listen to what the experts say, New York will build more quickly, and we won’t be drawing them in.

And right now, we have a casino that is -- one of several; but this one, in particular, is very well run -- the Borgata -- and they do an excellent job in customer service. And it is my understanding that a large part of their market is New York. And that if we were to hasten them to
build one, you would not only be losing from whatever you build in North Jersey, but you would also have an effect on Atlantic City.

SENATOR VITALE: One more question, through the Chair.

SENATOR MADDEN: Sure.

SENATOR VITALE: Thank you, Chairman.

Do you know which casinos are interested in building in northern New Jersey? Are any of them based in Atlantic City, currently?

ASSEMBLYMAN BROWN: My experience is, when it comes to casinos, you have good people, okay? They’re good people; they’re businessmen, businesswomen. But all they care about is making a buck. And we have a casino in Atlantic City that closed a profitable casino while stating it wanted to build an $880 million casino in New York. And they go around to people, such as yourselves, and they promise you things like--We were told in Atlantic City -- and this has nothing to do with the present casinos -- but we were told in Atlantic City, when gaming first passed, “If you let casinos come, you won’t pay any taxes.” Our taxes last year -- over the last two years -- and I have a property in Atlantic City -- went up 50 percent over two years. They’re hollow promises; all that glitters isn’t gold.

And the only one that I know of-- I apologize, I’ve been in Trenton too long; I can’t answer questions, I just talk. No, I don’t know of which casinos might be interested in building.

SENATOR VITALE: Thank you.

ASSEMBLYMAN BROWN: Thank you.

SENATOR MADDEN: Thank you, Assemblyman.

ASSEMBLYMAN BROWN: Yes, sir.
SENATOR MADDEN: Greater Atlantic City Chamber of Commerce -- next up to testify, Mr. Bob Marshall.

B O B  M A R S H A L L: Red means go, right? (referring to PA microphone)

SENATOR MADDEN: That’s it.

MR. MARSHALL: Thank you.

SENATOR MADDEN: Name; who you represent.

MR. MARSHALL: I’m Bob Marshall, and I’m here on behalf of the Greater Atlantic City Chamber of Commerce. If you would allow me, Mr. Chairman and Committee members, to read some points into the record on behalf of the Chamber and its 700 members.

We’d like to state our opposition to SCR-185. Expanding gambling within New Jersey would further undermine an already uncertain investment climate in our region and would fail to create a net economic benefit for the State of New Jersey.

It is ironic that this Committee is hearing a Resolution which will cause increased unemployment in southern New Jersey. Let me make a couple of points, real quickly.

Number one: The gaming market is saturated -- and you’ve heard that, but let me reiterate. National studies have indicated that more casinos do not equal more gaming revenue. Data indicates, over the last five years, the number of gaming facilities has increased 38 percent, while growth in the number of gamblers has remained constant. Adding to an already overly saturated gaming market will hurt the recovery efforts already going on in our marketplace and eventually will hurt the entire State of New Jersey.
Number two: Expanding gaming to North Jersey will hurt the South Jersey marketplace. As you know, since January 2014, four Atlantic City casinos have already closed their doors due to the oversupply of casino gaming. Those closures resulted in the loss of 12,000 jobs.

According to a recent study, expanding gaming within the state would likely result in the closure of an additional two to four casino hotels in Atlantic City, and result in the loss of an additional 14,000 jobs, and would increase Atlantic County’s unemployment rate to over 18 percent from its current level of 7.7 percent. Lost direct wages from these additional casino closings would amount to over $230 million annually, obviously resulting in reduced revenues to the State. And as you already know, and I’m sure have been told on many occasions, Atlantic County already leads the nation in home foreclosures.

It would be irresponsible, in our opinion, to craft a piece of legislation that requires a constitutional amendment without fully considering the impact on all the citizens of the State of New Jersey.

In closing, the Chamber believes that the expansion of gaming outside Atlantic City will not significantly grow gaming revenues and associated taxes; but instead, decimate the South Jersey economy to benefit North Jersey. North Jersey has many opportunities to attract investment without casinos.

On behalf of the members of the Greater Atlantic City Chamber, their families, and the over 60,000 employees of those member-businesses, we urge you to vote against SCR-185.

Thank you.

SENATOR MADDEN: Thank you, Mr. Marshall.
From the New Jersey Carpenters Union, Tricia Mueller.

TRICIA MUELLER: Good afternoon.

My name is Tricia Mueller.

SENATOR MADDEN: Is it red? (referring to PA microphone)

MS. MUELLER: Is it on?

SENATOR MADDEN: When you press it, you’ll have a red light come on.

MS. MUELLER: There we go.

SENATOR MADDEN: There, you’re on.

MS. MUELLER: Good afternoon; excuse me.

My name is Tricia Mueller; I’m the Political Director for the Northeast Regional Council of Carpenters. We represent about 30,000 union carpenter families across New Jersey and New York, and we are highly supportive of this initiative.

We represent carpenters throughout the state. And what we see is the market bleeding into New York and into Pennsylvania. I’m from Camden County, and so I know there is a big debate, north-south; but in terms of carpenters across the state, we build things, we maintain buildings. Currently you see casinos opening in southern Philadelphia, in New York; licenses are being issued left and right. And we see us in a really great danger to lose opportunity.

So we commend the Senate President, we commend all of you for taking this issue up. We support it, and we encourage leaders to move forward to keep the conversation going so we can expand gaming outside of Atlantic City.

SENATOR MADDEN: Okay; that’s it. Thank you.
MS. MUELLER: Thank you.

SENATOR MADDEN: From the Chamber of Commerce Southern New Jersey, Christina Renna.

You’re red? (referring to PA microphone)

CHRISTINA M. RENNA: Yes.

SENATOR MADDEN: Name and your agency.

MS. RENNA: Good morning. My name is Christina Renna; I’m Vice President with the Chamber of Commerce Southern New Jersey.

I am here today representing the largest business organization in South Jersey. We have approximately 1,000 members, from Burlington County all the way down to Atlantic and Cape May counties. And it’s from that regional perspective that I’m speaking to you today.

Obviously, this measure is something that we are very much opposed to. And we do look at it from a regional perspective.

I can sit and talk about a lot of things the Assemblyman and Bob Marshall from the Atlantic City Chamber already mentioned. But what I did and what our organization did, in our assessment of the data points that we know that are out there, is sort of look at the data per county -- from Burlington County, south -- to truly look at the regional impact expansion of gaming outside of Atlantic City would do.

I think it’s been stated before -- and there are people out there, and experts, and studies that have said -- that it is inevitable that if we expand gaming outside of Atlantic City more casinos will close. What that will mean for the region is higher employment, less vendor business, and just, generically, jobs lost overall, region-wide.
In front of you is a chart that we put together that assesses two things: one is a timeline of the casinos in Atlantic City starting in 2006 -- and that’s significant, because that is when the Sands closed in Atlantic City -- to today, 2015. And what we did was look at the data collectively -- so these are some new numbers, because it is data-specific to the seven counties averaged out.

As everyone knows, in 2006, gaming revenue was at its peak; it was $5.2 billion. Today, that number is somewhere between $2.5 billion and $2.8 billion. But what’s important to look at is the number of casino employees living in the seven southernmost counties of New Jersey. In 2006, we had almost 42,000 employees working in the seven most southern counties; and today we’re at almost 24,000. That is a significant, significant drop.

And I do say regionally because, if you look at the most recent numbers in Camden County alone-- Camden County is quite a distance, as we know, from Atlantic City. There are almost 700 casino employees living in Camden County today. Now, that number used to be enormously more significant than that. But it just highlights the fact that this is a regional issue. With more casino closures, all these jobs are going to be lost throughout the region.

It’s also important to look at the piece of this chart that I have below which, as I said, is a little bit of a timeline. And one piece of the conversation that we haven’t been having is that of -- or we’ve had minimally, I should say -- is the expansion of gaming in Pennsylvania. And one notable addition that I don’t think I’ve heard anyone mention -- excuse me, if they have -- is that there is a major casino going online in South
Philly in 2016, looking at a 2017 opening. And that is right near the Linc -- Lincoln Financial Field, where the Eagles play; and Citizens Bank Park, where the Phillies play. That is 60 miles from the Atlantic City border, and that is looking to go online sometime next year, into 2017. That alone, if we did not expand gaming outside of Atlantic City -- that is going to be a significant hit already anticipated and expected to the Atlantic City markets because it is so close to Atlantic City.

And that’s not to take away from all the casinos in yellow that have opened over the past -- since 2006, including the expansion of Dover Downs in Delaware, which is a mere 130 miles from Atlantic City.

So I bring all these points up to you, again, to look at a more regional picture. This is absolutely an Atlantic City issue; this is absolutely an Atlantic County issue. I’m not taking away from that at all. But the monies derived in this bill that are going to Atlantic City -- that is something that is important, and I commend the Senator President for adding that kind of language into this. However, that just helps Atlantic City; that doesn’t help the rest of the regional community that will be impacted if casinos close.

So with that, I will close by thanking you all for letting me make these comments, and I appreciate the opportunity.

Thank you.

SENATOR MADDEN: Comments? (no response)

Thank you, Christina.

MS. RENNA: Thank you.

SENATOR MADDEN: From the Freehold racecourse, Barbara DeMarco.
UNIDENTIFIED MEMBER OF AUDIENCE: (off mike) We’re just going to get her, Chair.

SENATOR MADDEN: Members, just for the record -- signed up in opposition, with no need to testify -- Sheila Reynertson from the New Jersey Policy Perspective.

SENATOR VITALE: I think the other person had left; Barbara DeMarco left.

SENATOR MADDEN: She left?
I’ll make the call again.

From the Freehold racecourse, Barbara DeMarco. (no response) Ms. DeMarco is not in the room.

Sergeant, is she standing out in the hallway? No? Okay.

Ladies and gentlemen, that concludes today’s public hearing, in accordance with the Senate Rule 24:3. This concludes today’s public hearing on SCR-185.

Be safe in your passage.

(HEARING CONCLUDED)