

New Jersey. Legislature, Senate, Judiciary  
Committee

Public hearing on SCR 39 - proposing a  
constitutional amendment to permit the Legislature  
to authorize the operation of gambling games in  
Atlantic City and to license and tax such operations.

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P U B L I C      H E A R I N G

before  
*New Jersey, Legislature.*  
SENATE, (AND ASSEMBLY) JUDICIARY  
COMMITTEE(S)

on

(Senate Concurrent Resolution No. <sup>SCR</sup> 39 -  
proposing a constitutional amendment to permit  
the Legislature to authorize the operation of  
gambling games in Atlantic City and to license  
and tax such operations.

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Held:  
March 19, 1970  
Assembly Chamber  
State House  
Trenton, New Jersey

Members of Committees present:

Senator Frank X. McDermott [Acting Chairman]

Senator John L. White

Senator John A. Lynch

Senator Ira Schoem

Assemblyman Albert S. Smith

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SENATOR FRANK X. McDERMOTT [Acting Chairman]:

May I have your attention please? This is a public hearing on Senate Concurrent Resolution No. 39. The sponsors of the resolution are Senators Frank McDermott from Union, William Musto from Hudson, Hugh Kelly from Camden, and William Kelly from Hudson County.

The purpose of this resolution is to permit the New Jersey voters on a November election ballot to approve the following question. It is an amendment to our existing Constitution. The amendment would permit the Legislature, if approved by the voters, to authorize by law the conduct and operation of gambling games in the City of Atlantic City and to license and tax such operations and equipment used in connection therewith for the benefit of the State and such city - and conditioning its approval upon the vote of the majority of the votes cast thereon throughout the State and in the City of Atlantic City.

The Constitution of the State of New Jersey requires that all resolutions which would amend the Constitution first go to a public hearing before they may be voted on by the Legislature.

This hearing is conducted by the Judiciary Committee of both houses of the Legislature. I am Senator Frank X. McDermott, the principal sponsor of this resolution. To my right is Senator John Lynch from Middlesex, a member of the Senate Judiciary Committee; to my left is Assemblyman Albert Smith from Atlantic County who is Vice Chairman of

the Assembly Judiciary Committee. The other members of the Committee unfortunately have been unable to attend because of conflicts in their schedules.

As announced earlier, we will be happy to hear from all of those who wish to be witnesses. Unfortunately, however, when the hearing was scheduled it was scheduled for a morning on which the Assembly would be meeting also. Therefore, we have a very limited time here this morning. If it is deemed necessary we will be happy to hold further public hearings so that everyone will have an opportunity to be heard, but we are very limited this morning and, therefore, I respectfully request that each witness who testifies for or against this resolution speak briefly. I don't want to limit anyone; I just merely want to hurry you on.

Before we take testimony, I would like to announce to the group here that we have been joined by another member of the Senate Judiciary Committee, Senator John White from Gloucester County.

The first witness is Mayor William Somers.

Will you please identify yourself?

W I L L I A M T. S O M E R S: I am William T. Somers, Mayor of the City of Atlantic City, and I am accompanied here this morning by Commissioner Arthur Ponzio, Commissioner Karlos LaSane, and, regretfully, Commissioner Mario F. Floriani and Commissioner Meredith Kerstetter could not be with us, but they concur in the presentation which I

would like to now give to this distinguished body.

Senator, I have heard figures estimating that gambling legalized in the State of New Jersey could produce some two hundred millions of dollars, and I must assume that, if this type of revenue is available from legalized gambling, this two hundred millions of dollars must now be going into the hoodlum and racketeer element at the moment in the State of New Jersey. I would like to begin by urging this distinguished group to give every consideration to placing on a referendum for the people of the State of New Jersey to have an opportunity to express their desires this coming November to channel this two hundred millions of dollars out of the hands of the racketeer, out of the hands of organized crime, and into the State Treasury where it should belong and will do the most good for the people in the many, many programs that the State of New Jersey has in the next decade ahead.

I think we are all well aware, Senator, that the Number 2 industry in our State, tourism ranks second in the State of New Jersey only to the chemical industry here in the State of New Jersey. The people who come into our State both in the southern half of New Jersey and our northern winter resorts are people who come in and bring their own money from out of State into this very great and expanded business of tourism here in the State of New Jersey.

The City of Atlantic City, for instance, spends some considerable money, over half a million dollars annually, to promote tourism to our area. Couple this with the amount

of moneys that are spent by our hotels and businesses, we estimate that over two million dollars are spent annually just in our small area to attract visitors to our State and to our city.

The point is, Senator, that most New Jersey counties, most New Jersey cities, and certainly the resort cities must realize that we are faced with tremendous competition - from Europe, from Las Vegas, from California, South America - the transcontinental jets have made it a very popular and easy method for our people in the United States traveling to these other areas.

It is imperative in my opinion that New Jersey's resort and travel industry must be placed on a competitive basis with other resort areas that offer gambling, top flight entertainment, and first-class accommodations. This is why, in my opinion, an overwhelming majority of Atlantic City public officials, business and civic leaders - many of them here today - support legalized gambling in the State of New Jersey.

I do not pretend to say that Atlantic City is the only place in New Jersey where legalized gambling could be successful. I do, however, believe it is the logical place to begin, because we already have magnificent hotel and motel structures that with very little transition could become very elaborate legal gambling casinos. We are not speaking, Senator, of honky-tonk gambling. We strongly believe in and support, under a State Gambling Commission, that the operations be set up on a casino-type procedure very similar to the manner

in Puerto Rico. Gambling, for instance, would be permitted only from 8 P.M. until 4 A.M. in the morning. Alcoholic beverages would not be served in the casinos. We do not seek a wide-open honky-tonk gambling operation and no one, I believe, who favors this, would want to see slot machines promiscuously scattered up and down our main streets or in our shopping centers.

I believe that the eastern State which first attempts to present this problem to the people and legalizes gambling is going to have a very, very important jump on our surrounding States. In the State of New York at the moment, Governor Rockefeller and Mayor John Lindsay are both concurring in and supporting a piece of legislation which would permit off-track betting in the entire State of New York and this, again, is New York's attempt to channel into the State the revenues which are now going to the racketeering and to the hoodlum elements that are controlling gambling in their State.

We must also look for a moment at the State's revenue and I say to myself and to the people of Atlantic City what other source of revenue do we have in the State of New Jersey that we have not had? Just recently, of course, through necessity - and I believe this administration came into office with an estimated three hundred million dollar deficit in budgeting and just recently the State of New Jersey and you legislators had to increase the sales tax from three to five per cent. And as we look at the other avenues of possible taxation, I think that unless the people of the State of New Jersey have an opportunity to make it clear that they

want or do not want legalized gambling that I as a public official, at this point in time, certainly could not support the State's ideas in any other type area, and that is why I believe it is imperative that the people of the State of New Jersey have the opportunity to give their expression.

Our citizens need and I think they are going to be demanding and are demanding right now immediate relief from taxes. We are already faced in the State of New Jersey with a law suit which could possibly force the State to pay the entire cost of supporting our public schools. On top of that, just the other day, large segments of our population are asking for State support for aid to our parochial schools. Meanwhile our senior citizens are caught in the very cruel squeeze of inflation and mounting taxes. Now where does the money come from? Must we resort to taxing religious property or non-profit organizations? Must our cities heap additional taxation, whether it be a head tax or a wage tax, upon our people? And I think all of us in government are fully cognizant that if this continues from the one source, the people who pay the property tax, the people who are paying all the other taxes, we very well could have a tax revolution on our hands, because taxes are becoming to many of our people almost at the confiscatory stage. This decision, in my humble opinion, sir, has to be made this year. To delay is only to court disaster.

For years we have talked about legalized gambling, but I think the time for action is right now. The overwhelming success of the lottery on public referendum just last November

indicates today's mood of the people, and they are willing to accept any reasonable means to avoid the imposition of new taxes coming directly from them.

I am not saying, sir, that legalized gambling is going to become the magic elixir which is going to solve all of our State's problems and our cities' problems. I don't think anyone here believes that. But I do believe that a complete restructuring of our entire State tax laws is urgently needed. But you and I know, Senator and Assemblymen, that that restructuring is going to take study and is going to be a couple of years away. In the meantime, how do our cities continue to exist? Where is the aid to come from to help our schools, our hospitals, our senior citizens, our teachers, and our poor?

Legalized gambling will not solve all of our problems but it certainly could, in my opinion, help us hold the line against new taxes at the State or local level.

I think essentially, when we argue about gambling issues in the abstract, we really have no way of really knowing how gambling would affect us in New Jersey. And, of course, I humbly suggest that Atlantic City could, should, and would be delighted, in my opinion, if the public approved this referendum, to be used as the testing area for the very qualitative, high type casino gambling. What we need, Senator and Assemblymen, at the moment, if this is approved, are facts, not polemics.

As for legalized gambling being an invitation to organized crime, I think perhaps this might be the cruelist

criticism of all. The truth is that the criminal element is already with us in the State of New Jersey and, as a matter of fact, during the past six months - and I take no pride in this and I know that none of you do either - I think the State of New Jersey has had more unfavorable publicity in this connection than has Las Vegas, or Puerto Rico, or the Bahamas that have legalized gambling.

I think it is time to break organized crime's monopoly on gambling in the State of New Jersey, and I know of no other way to break the back of organized crime's control of gambling in the State of New Jersey other than to legalize it and let the State of New Jersey participate in the taxes and profit that come from the hundreds of thousands of people who are now traveling elsewhere to gamble in casinos in this country and out of this country.

We have outlawed gambling in New Jersey. It is not legal. We have received absolutely no revenue from this source and, as a matter of fact, haven't we in effect helped organized crime in their control of the gambling in our State to continue to finance their various other nefarious plots and schemes - the narcotics traffic and everything else in this connection.

I have been greatly disturbed recently by a report that maybe organized crime is going to mount a concentrated effort to attempt to knock out the possibility of this referendum coming before the people. This to me is even greater proof that far from inviting the criminal element into the State - which is already here evidently - legalized

gambling, strictly controlled and strictly regulated by the State of New Jersey, would in effect drive organized crime and illegal gambling out of the State of New Jersey.

As to the morality of legalizing gambling, I guess in small measure it's like the millions of Americans who might like to take a drink - some do and some don't. Those who do, do it willingly; those who would gamble would also do it willingly. I rather believe it's a moral obligation, so far as public officials are concerned, to safeguard the people against the illegal operation of criminals and gambling, and I further believe that gambling honestly run, scrupulously supervised by our State and the profits being used by the State of New Jersey in the many, many programs that we know are of necessity, would certainly go a long way toward relieving the tax burdens on the property owners, on the senior citizens, on the people who at the moment, in this inflationary era, can least afford it.

Continued delay, sir, means that it could be two or four years before this could become operational. We know that last year we voted for the lottery. The latest estimate I have is that due to difficulties in setting up the mechanics, the lottery may not be in effect until 1971. The lottery incidentally, Senator, was overwhelmingly accepted by the public, and I think we all know that a lottery is nothing more than the numbers game. It's the same kind of operation. You buy a number, somebody picks a number, and it's the numbers game but now legalized, thank God, where revenue is going to come in to

the State treasury.

I do not believe, sir, and I hope that you and your Committee are able to convince the legislators, the Assembly and Senate, that the people of the State of New Jersey now have this right to vote and to decide the issue of legalized gambling for themselves. If the people, of course, reject this idea, then there is no further discussion for any of us because this would be accepted by this distinguished group as well as every municipal official in the State of New Jersey.

I know this decision may be a little difficult but this decision is yours. I can only ask that this Committee lend their every effort to place this into the hands of the people where it rightfully belongs and allow them to decide this issue. Their decision, of course, is one that we are all going to abide by.

I close, Senator, by again saying that during the strike in Las Vegas, only 16 hotels excepted, the estimated loss of revenue to the State of Nevada in taxes per day was \$35,000 a day, and this was not the entire town closed up. So the figures that I have heard, and you may even have projected them, Senator, are two hundred millions of dollars. It still keeps floating in my mind that right now in the State of New Jersey today there are two hundred millions of dollars floating around, controlled by the criminal element and the racketeers, which rightfully belong to the people of the State of New Jersey and, sir, I wish you and your Committee the very best of luck and I hope that you sell

this to the Legislature to permit the people of New Jersey to make this decision come November.

Thank you very much. [Applause]

SENATOR McDERMOTT: Mayor Somers, you addressed yourself to the criticism that legalizing gambling in Atlantic City would aid organized crime. I wonder if you would care to comment on the only other criticism that I have heard, that perhaps, if Atlantic City became a casino city, it would attract undesirables. Do you have any feeling on that matter?

MAYOR SOMERS: Yes, indeed. Senator, we are probably the most famous resort of all of New Jersey's resort areas and famous to the degree that we are a convention city and that we do attract millions of people at our conventions and during the tourist season in the summer months. I do not believe that the legalization of gambling, again very, very tightly controlled by the State of New Jersey, would attract the type of element that a lot of people think it is going to attract. And conversely, not only are these people in the State of New Jersey today, because evidently there is much organized crime already here - they are here and they are taking the money illegitimately with no taxes to the State, no taxes to the municipality, no benefits to the people, and I say, Senator, we in my opinion would not attract with the type of gambling casinos that we are suggesting in the City of Atlantic City a criminal element. Quite conversely, I think we would be attracting to our cities some of the Triple A grade tourists, if you can call them that, the tourist who does come to your city who is looking for the

innovation of horse racing in the daytime, gambling in the evening, entertainment at night, and I think he would come and spend money and I think he would be an asset and not be of the criminal element, sir.

ASSEMBLYMAN McDERMOTT: Thank you, Mayor.

Senator White, do you have any questions of Mayor Somers?

SENATOR WHITE: I do. Mayor, in the proposal of Senator McDermott, it is provided that a majority of the voters of Atlantic City would have to approve this referendum in addition to the people of the State. I am concerned whether or not this shouldn't be in the County of Atlantic rather than in the City of Atlantic City. Do you have any thoughts on that at all, because I think it's going to have far-reaching effects in Ventnor, Margate, Longport, and the mainland communities.

MAYOR SOMERS: Yes, sir, Senator. We, of course, have legalized horse racing in the State of New Jersey and our residents in Atlantic City and Atlantic County and our visitors can now come now to that track and place a bet. At the moment in the State of New Jersey, if they place that bet with a bookie, the bookie is going to get locked up and the bettor is going to get locked up, and there is no revenue again.

I have no personal objections, if the people of the State of New Jersey would concur with this resolution and vote affirmatively to put this on local option and/or countywide option - I still believe that in Atlantic County,

for instance, with 23 municipalities making up our county, in my opinion, at this point in time, they would overwhelmingly vote in favor of legalized gambling for the City of Atlantic City.

SENATOR WHITE: Getting down to the technical points then, would you agree that the people of Atlantic County rather than the people of Atlantic City should carry this load on the ballot.

MAYOR SOMERS: I have no objections, and I agree to that. If it would be set up in the 21 counties after this referendum did pass at the State level that it was now county option for an affirmative vote, and then municipal option, I would see no objection to that and I still think it would carry, sir.

SENATOR WHITE: Thank you.

SENATOR McDERMOTT: Have you any questions, Senator Lynch?

SENATOR LYNCH: Mayor, do you have in mind a gambling resort such as Las Vegas?

MAYOR SOMERS: No, sir. I have in mind, Senator - and as I say, we are probably the one city in the entire State of New Jersey at the moment who could make this transition if it is acted upon favorably, more quickly than any other city because we already have some of the most magnificent hotels and motels -

SENATOR LYNCH: I agree with you.

MAYOR SOMERS: Thank you. I don't want to sound like I'm making a speech again, but, Senator, the type of

gambling that I can envision would be the gambling casinos that would open at 8 P.M. in the evening and close at 4 A.M. in the morning. There would be no alcoholic beverages, Senator, served in the gambling casinos. They were serve you Coke, coffee, or a sandwich if you would like, but if you wanted to drink then you would go to some other area of the hotel or the motel and you would go to their cocktail lounge and you would see their show. You would do your drinking in one place and your gambling in another. I do not like to see the around-the-clock grind out 24 hours a day, even the penny slot machines like they have in Las Vegas. I favor tightly controlled, strictly controlled gambling, and these would be ultra. The men would be required to wear jackets and ties, the women would be required to wear dresses - no honky-tonk, but quality, sir.

SENATOR LYNCH: Then any operation that you envision would not be as large as that in Las Vegas today?

MAYOR SOMERS: No, sir.

SENATOR LYNCH: It has been stated by the Chairman of this Committee that the State of New Jersey could gain approximately two hundred million dollars by way of revenue. Do you agree with that statement?

MAYOR SOMERS: Yes, sir. As a matter of fact, I think when the Senator said two hundred million dollars - if this resolution receives an affirmative vote and we have it in New Jersey within the next year, I think the Senator's estimate of revenue may be a little modest.

SENATOR LYNCH: Would you be enlightened if I told you that during the fiscal year ending June 30, 1969, the total take by the State of Nevada from all gambling sources totaled \$21,420,000?

MAYOR SOMERS: The total take, is that the gross amount of revenue produced?

SENATOR LYNCH: The total revenue to the State from the gambling operations in the State of Nevada, including Las Vegas.

MAYOR SOMERS: I think you asked me if I would be surprised if I heard that? Yes, sir, I would be flabbergasted, Senator.

SENATOR LYNCH: Would that make you change your opinion as to a revenue of two hundred million dollars from Atlantic City?

MAYOR SOMERS: I just can't quite believe, Senator, that is the total revenue from the gambling operations in Nevada.

SENATOR LYNCH: If you would like, I'll show you a breakdown of the Nevada budget for the year ending June 30, 1969.

MAYOR SOMERS: Well, you may be absolutely right but this apparently is a little bit inconsistent with the AP or UP release I read out of Las Vegas, during the strike, where it said the State of Nevada was losing \$35,000 a day. Now \$35,000 a day is not consistent with a total of \$21,000,000, Senator.

SENATOR LYNCH: How much is \$35,000 times 365 days?

MAYOR SOMERS: It's over a hundred million dollars, Senator, a hundred thirty or forty.

SENATOR LYNCH: I have no further questions.

SENATOR McDERMOTT: Assemblyman Smith, do you have any questions of Mayor Somers?

ASSEMBLYMAN SMITH: It's a peculiar thing to ask me, Senator. I am from Atlantic County and I concur in everything that Mayor Somers says. [Applause]

SENATOR McDERMOTT: If there are no further questions, thank you very much, Mayor Somers, for coming here today.

The next witness will be Mayor W. Robert Hentges.

Mayor, for the record, will you please state your name and the municipality you represent.

W. R O B E R T H E N T G E S: Yes, Senator, my name is W. Robert Hentges. I am Mayor of the Borough of West Wildwood, in the County of Cape May, and for those of you who think I may look young, I am in my seventh year as the Mayor of that community.

First let me say, Senator, that I am not now nor have I ever been an expert on gambling, legalized or otherwise. But I do have some thoughts concerning SCR 39 and for the sake of not being repetitious to what Mayor Somers said I will keep my remarks brief.

As we look around us to our neighboring States, particularly the State of Pennsylvania, we find that the fiscal crisis concerning increased costs of increased services in every category of State, county and municipal government is reaching panic proportions. It seems that Governor Schafer has had little support for a state income tax and there doesn't appear to be much left in the State

of Pennsylvania to tax except the air the Pennsylvanians breathe, and I think perhaps that is becoming so polluted no one would pay a tax on that.

My immediate concern in this vein is that the State of New Jersey is fast following in the footsteps of Pennsylvania. We just increased our sales tax from three to five per cent. The Governor of New Jersey has not ruled out the need nor the possibility of an income tax in the not too distant future. It is definitely evident, therefore, that the State of New Jersey must find additional revenue in lieu of further income taxes and soaring taxes on private homes. Our universities, our institutions, our public agencies, and all public programs are requesting additional moneys to meet increased costs. We are rapidly approaching a point where the workingman, the senior citizen, and those living on fixed incomes can no longer afford the programs set forth by the State, counties and municipalities of New Jersey. Taxes in general have become unbearable. Thus we look to legalized gambling as a mild panacea, if you will, for some of the by-nature ills of the State of New Jersey, and legalized gambling could undoubtedly be a gigantic boon to the State of New Jersey and particularly the South Jersey area.

As you know, Senator, the South Jersey area is primarily a resort oriented industry. In fact, I would say that the resort industry in South Jersey is the Number One industry. The State is a corridor State from New England to the South and is traveled very heavily by tourists the year round. But in South Jersey and in Atlantic County and

in Cape May County and the other ocean-front counties, we only have a very small business season. Legalized gambling could perhaps increase this to a 12-month economy instead of the present feast or famine 3-month season. Legalized gambling would put countless people to work and I think the important part of this is that we could take some of these people off the unemployment rolls, some off the welfare rolls, and finally get some of these people on the payrolls for a change. It would supply numerous jobs in numerous categories, certainly too numerous to mention at this time.

This then would seem to be one method of supplying additional revenue for the State of New Jersey without placing further burdens upon the taxpayers. If gambling in New Jersey is to be legalized, it certainly should be done in a very strict manner, with the laws, rules and regulations set forth by the Legislature of the State of New Jersey, and the Legislature should not give to the Director of a Department the power to promulgate such rules and laws as he may see fit to run legalized gambling. I think the Legislature in the past has done this in many departments and in my conversations with various Senators and Assemblymen, it seems to be a mistake in letting a Director promulgate such rules and regulations as he may deem necessary. I think in something like this the power should rest solely in the hands of the Legislature.

Legalized gambling has undoubtedly many advantages and many disadvantages. In my letter to you, Senator, I

suggested that legislation be introduced now, and it would not in any way delay SCR 39, to set up a legalized gambling study commission, because as it is today there are many people who have doubts that legalized gambling can do good for a community. There are those who certainly feel that it would be the worst thing that could ever happen to a community. And unless this whole proposal is studied in depth, then the people of New Jersey are being asked to vote for something they are only supposing would be good for the community or bad for the community. I would suggest that this Legalized Gambling Study Commission should contain a member of the clergy, one or two members of county or municipal government, and selected members of the Legislature, and the commission should be given a definite time period in which to complete their study - 3 months, 6 months, whatever the case might be - and the results of the study be presented to the people of the State of New Jersey, listing the advantages, the disadvantageous, the moneys that could or could not be gained by the State of New Jersey. I think the Governor of the State of New Jersey and those legislators who now have doubts about SCR 39 would be more enlightened and it would certainly make the entire proposal more palatable to everyone concerned.

Now there is only one distinct part of SCR 39 to which I and many people from Cape May County strenuously object, and that is the sole significance of Atlantic City as being the only community in the State of New Jersey in which legalized gambling can be conducted. We in Cape May County become somewhat dismayed. The legislators of

Atlantic County are to be commended because when they want an expressway, legislation is passed and they get an expressway; when they want to be exempted from the sales tax, they are exempted from the sales tax; and when they want the Lindenwood high speed line to be extended, legislation is introduced in that vein.

Now Cape May County happens to be, in my opinion and in the opinion of many business people of Cape May County, certainly on an equal par with that of Atlantic City. Perhaps we don't have the six or ten-story highrise motels or apartment houses that Atlantic City has, but we do have all of the necessary facilities for a resort area. Our hotels and motels exceed at the present time 5200 luxury units on a year-round basis. There are 500 luxury motel units now under construction in the Wildwood area alone, and the 5200 luxury units are in the Wildwood area alone. This is not counting the other municipalities of Cape May County.

Cape May County, and particularly the Wildwood area, is fast becoming a convention center also. The City of Wildwood now has under construction a 1.3 million dollar convention hall. The Wildwoods play host to the New Jersey State American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, and last year the New Jersey State Lodge of The Elks. In addition to the conventions, there are upwards of 150,000 people in the Wildwood area alone on any given day during the entire summer months. On the weekends this figure exceeds 200,000 people in the Wildwood area alone, and I want you to note, Senator and members of the Judiciary

Committee, that I am speaking only of the Wildwood area. Cape May County has 12 other municipalities in addition to the four Wildwoods.

Your bill for legalized gambling, limiting it to Atlantic City, could, therefore, mean the virtual economic death of Cape May County without a question of doubt in anyone's mind. There are only three areas in the entire State of New Jersey that are still classified by the federal government as economically-depressed areas. They are Camden City, the City of Newark, and Cape May County.

The figures released for the unemployment rates for the month of February indicate that in Cape May County the unemployment rate has reached 15.3 per cent of the work force; in Atlantic City 8.4 per cent of the work force, while the State average is 5.6 per cent of the work force.

The Greater Wildwood Hotel-Motel Association, of which the President, Frank Oster, is here this afternoon, and the Cape May County League of Municipalities, and the Greater Wildwood Beveragemen's Association have all gone on record in opposition to SCR 39 in its present form in that it limits gambling to Atlantic City and Atlantic City only.

Now I have had many people come to me and express their opinion relative to this legislation. At the present time the sentiment, and once again only those who have spoken to me, would run six to one in favor of this legislation in Cape May County, but, Senator, they are seven to nothing against it if it's only got to be in Atlantic City.

And that is fact.

Now I don't believe that the sponsors of ACR 39 would want to assume the responsibility of declaring the economic death of Cape May County, and this legislation will certainly do that, because we cannot conceive that the New Jersey American Legion, the Veterans of Foreign Wars, or the Disabled American Veterans will come to Wildwood for their convention and travel 40 miles up the Parkway to gamble. It's not feasible and we can't conceive that it would happen. They are going to stay in Atlantic City and we could possibly have a new 1.3 million dollar convention hall with no conventions, and this is a very sad state of affairs.

Now if this legislation is permitted to exist in its present condition, I can guarantee to all the people here today that there will be litigation in the courts of the State of New Jersey to determine whether or not this bill is in effect constitutional. This bill would seem to me, limiting it to Atlantic City alone, to be in violation of the Federal anti-trust laws, it is a restriction of trade, it eliminates competition, and it is certainly discriminatory. The bill in effect is telling one group of people that they have a right to enter into a specific business but denying others the same opportunity.

Now I share the enthusiasm of the people here today from Atlantic City. They have a gift horse, if you will, racing in Atlantic City, and they know it. I don't believe that anyone in their wildest imagination could imagine what good legalized gambling could do for any community. I would therefore respectfully urge that the city officials of

Atlantic City, the Chamber of Commerce of Atlantic City, and the legislators of Atlantic County and you, Senator McDermott and the other sponsors of this legislation, amend this bill now to permit the people of Cape May County to also have the right to decide this question for themselves. They don't particularly care to be legislated out of it; we have the facilities and there is no reason in God's world why we couldn't do it too.

Now you have mentioned an estimate of two hundred million dollars revenue to the State of New Jersey from legalized gambling. Have you given thought, sir, that perhaps if the five resort counties in the State were permitted legalized gambling, why couldn't this figure approach five hundred million dollars instead of two hundred million. I am sure that the State of New Jersey could certainly use the money.

In conclusion, the concept has merit, Senator. There is no question about it and, if I were to say I was against it, I would be telling less than the truth. I think it deserves very, very serious and detailed consideration. But the one-city aspect of this bill can mean the death of the entire question at the polls, if in fact it ever gets to the polls after it travels through the courts of the State of New Jersey, because we in Cape May County will not sit by and see this bill go on the ballot as it is, because it can mean and it will mean without a doubt the economic death of Cape May County and we are only asking that the

people of Cape May County, who are human beings and business people, be accorded the same opportunity. They may vote against it. I have no idea, but at least they should be accorded the right to say yes or no. We are in competition with Atlantic City and this is not offering us the right kind of competition.

Thank you very much. [Applause]

SENATOR McDERMOTT: Mayor Hentges, as you know, the criticism of this resolution has been directed to two points: Number 1, that it might aid organized crime and Number 2 that certain undesirable types of people would be attracted to gambling areas. Would you care to express an opinion on both of those criticisms from your point of view as a Mayor?

MAYOR HENTGES: Yes, sir. I have no specific opinion relative to this. I have never been to Las Vegas nor Puerto Rico. I have never seen the gambling casinos in operation, but those people, and there are many incidentally, who go to Las Vegas from Cape May County yearly to gamble, have informed me that the clientele of Las Vegas are class people. They are not the riff-raff, they have money, and the opinion that it would break the back of organized crime I think certainly does have merit, because when you take away a source of revenue from organized crime, it would drive the illegal gambling operations away from the State.

SENATOR McDERMOTT: Thank you, Mayor Hentges.

Senator White, do you have any questions? Senator Lynch? Assemblyman Smith? [No questions]

Thank you again, Mayor Hentges, for your presentation here today.

The next witness is Commissioner Brendan Byrne.

B R E N D A N    B Y R N E:        My name is Brendan T. Byrne; I am an attorney; I spent some nine years as Prosecutor of Essex County, and am now on the Public Utility Commission of the State of New Jersey. I have a brief statement.

I can't help being reminded, by the way, when I sit and talk about any form of gambling, that when I was Prosecutor it was my habit, in presenting a case to a grand jury on gambling to first explain to them a little bit about gambling and if it was a bookmaking case I would get the bookmaking cases together and explain to them how a bet is made, what a parlay is, etc., and I thought it gave them sufficient background to intelligently listen to the case. The first time I did it, one of the women grand jurors interrupted me and she said that she thought that was unnecessary, that after all, all the members of the grand jury were familiar with this, we have horse racing in New Jersey, and that she went to the track quite often and when she went she always bet on the caddy. So I felt that maybe that type of instruction was not altogether useless.

The advance billing on my testimony here today indicates - to quote from a paper - that "Byrne is in favor of a Las Vegas in Atlantic City." I'm not sure what that means. If Las Vegas is used to conjure images of mob control and corruption, then of course I'm against it. It is unfortunate that people on both sides look for emotionally-charged

words in discussing the legalization of gambling.

An Essex County Grand Jury said in 1964 - and I would like to quote a paragraph - "Legalized gambling in any form is an emotionally-charged issue. Yet no state-wide survey is available to show the total amount of money drained from the economy through illegal gambling or how much legalization of gambling might reduce that drain. It seems to us that no intelligent recommendation could be made until the problem has been inventoried and defined. A study would provide a realistic base for an intelligent rather than an emotional discussion for appraisal and decision as to a proper course of action. We recommend" - this is the Grand Jury talking - "that the Governor cause a full study to be made of all aspects of this problem so that the citizens of New Jersey may have the facts necessary for an intelligent appraisal and decision in such a course of action."

Finally now I believe that we have an opportunity to be objective. An objective approach in my judgment would require (1) an evaluation as to whether we regard gambling as immoral per se. Those who do are completely justified in their opposition to any extension of legalized gambling under any circumstances; (2) an evaluation as to whether legalized gambling in Atlantic City would create an immoral environment there. This question must be answered by those in government entrusted with the formulation of plans and those in law enforcement charged with implementing standards.

I note that the Governor this week appointed Ralph Batch of Essex County to administer the State lottery. That high calibre appointment shows the determination by

government to enforce high standards in the areas of legalized gambling. I believe that a casino-type operation in Atlantic City, based on the best experiences of other states and other countries, would not adversely affect the moral climate of Atlantic City.

This would probably require that casino hours be limited as in San Juan, that a casino, if in a hotel at all, be segregated from other hotel facilities, and that federal and State authorities exercise strict supervision as to personnel, control and operation.

The final question is whether it is worth the effort for the State of New Jersey to legalize gambling. I have several brief comments:

1. Legal gambling will never eliminate completely illegal gambling. Illegal liquor is still being manufactured in the United States. Bookies actually operate at race tracks in New Jersey.

2. Legalized gambling would take some of the market away from the illegal operation. How much would depend on the nature and extent of the legal operation.

3. To the extent that the illegal operation atrophies, police and other law enforcement officers would be free to fight other crime. To the extent that police supervision is needed over legal gambling, that cost would be a cost of the operation of legalized gambling.

4. Legitimate operators of casinos are available and there is no reason for New Jersey's not having operations of the highest integrity.

I have suggested that the Committee solicit testimony from Mr. John Scarny who is employed by the Hilton Chain among others for casino consultation.

5. The casino activity would be subject to State tax. If we assume that illegal gambling will continue to exist, even with vigorous law enforcement, that tax would represent a windfall.

I have every confidence that these hearings will give the citizens of the State an opportunity to make an intelligent evaluation of the problem and, if the issue is still to be determined on emotion, at least it can be informed emotion.

Thank you. [Applause]

SENATOR McDERMOTT: Commissioner Byrne, I want to compliment you on a very comprehensive presentation of your viewpoint and of the problem, and I must say that someone with your background in law enforcement really knows what he's talking about, and the Committee sincerely appreciates the fact that you have taken time to make such a comprehensive analysis of the resolution.

Are there any questions? Senator White?

SENATOR WHITE: Commissioner, would you have any opinion as to whether a matter of this type, Number 1, should be approved on a countywide basis as opposed to the city basis that we now have in the resolution? - and secondly whether it should be extended to other areas such as the Wildwood area or whatever the other areas might be?

COMM'R BYRNE: Well, first of all, I think Atlantic City does serve as a unique testing ground for this type of

operation. (Applause) Atlantic City is well known throughout the country and I am proud to say I have just brought the National Utility Commissioners convention into Atlantic City for next year, and I do think that if we start in a city like Atlantic City which has the basic facilities and would give us the opportunity to set up a high-class operation, we could then go on and make the additional judgments as to where else it might be appropriate and workable in the State of New Jersey. I envision that some day they are going to clean up the Passaic River and Newark is going to be a resort town again.

SENATOR McDERMOTT: Do you have any questions, Senator Lynch? [No.]

Assemblyman Smith? [No questions]

Thank you again, Commissioner, for coming here today.

SENATOR MC DERMOTT: Mr. Ford Hall, please. Mr. Hall, will you please state your full name and your association for the record.

F O R D H A L L: My name is Ford Hall. I am a resident of Brigantine, New Jersey. I am a former State Police Captain and would like to confine my talk to police work.

I have been in police work and security work for the past 32 years. I have had security experience in the so-called gambling area as a supervisor over several of the large casinos in the Las Vegas area and I am familiar with the Porto Rico area and I will talk on my experience only with that.

I hope that you will consider me as a law enforcement official and I might state this: I am speaking about my views only.

Number one, I read in the papers that they are bringing Las Vegas east. I don't know why they are referring to this in this manner. I don't think they are bringing Las Vegas east. I think New Jersey is very capable of running their own state as they see fit.

After I left the State Police I became very interested in security. I am now affiliated with the Black International Detective Agency of Atlantic City. I became interested in this because it was in the field in which I was schooled. I was fortunate to be sent to Las Vegas by a very large private agency in security. I became the director of security for a large private agency that handles a considerable amount of the security in the casinos in Las Vegas. I later became the owner or part-owner of an agency for security of the casinos

Now I have heard a remark here upon which I would like to

touch lightly that it brings the wrong element to our city. I am in absolute doubt as to what they mean by that. I am of the opinion, speaking from a police background, that gambling - legalized gambling - well controlled, well supervised, does just the opposite. It drives away the illegal gambling. I do not believe that any of us are naive enough to believe in our communities we do not have illegal gambling. This exists not only in the State of New Jersey, but my work has carried me to the 48 states in the United States and I find the same situation occurs. It is my contention that the undesirables are forced to leave our communities when we legalize gambling. There is no longer need for the bookie around the corner. There is no longer need for the little games that go on in the back rooms. They can do it legally.

It seems to me they have centered comment on Las Vegas. But we have Porto Rico, the Riviera, Monte Carlo, the Bahamas. And being in law enforcement work all of my life, I am naturally going to observe my surroundings and take a look at the criminal element. It was my good fortune to spend two and one-half years in Las Vegas. I noticed in particular the schools and the contentment of the school teachers. I noticed not only were they considering the older people, those over 21, but the young. They had built centers for them. The 20-year-old does not go in the casinos. They are not allowed in the casinos. They have youth centers that they can go to that are very tightly policed. The parent does not worry about the youngster being out with the gang taking a little pot or a little of this or a little of that. They don't worry

about their being in the casino. At this point I might mention that a casino is self-contained. They are not a liability to the police department of their community or the state police. They have well-trained security officers of their own paid by the casinos, not at the expense of the taxpayers.

Now when we hear the word "gambling," to a police officer, such as myself, it means something illegal. That's all I ever knew until I went to Las Vegas, which was very educational to me, to see the gambling in action. I went to the other places. I went to Porto Rico. I have been in the Bahamas. I went to Havannah before that was closed. I watched very closely. I only said one thing to myself - it's too bad I did not spend my years in law enforcement in this kind of an atmosphere. My work would have been much easier.

The taxpayers of our State and communities are paying what we call in our work a vice squad which has a terrific job. Contrary to the remarks you might hear about some, they have a terrific job to do. They are handling these so-called undesirables of our communities.

Now many people who go to Monte Carlo and the other gambling casinos have never picked up a set of dice nor played a game of cards in their lives. They would come to your community, to our community, for the elegance - for the most fantastic entertainment in the world. I have never in my travels seen anybody's arm twisted to sit down at a gambling table. They can enjoy our entertainment and the surroundings

without spending one dime on the gambling. The people that do gamble come from all states in the Union. They are business people, people who if they stop at a dice table or at a 21 table or whatever it might be, could well afford to drop \$10, \$100 or what have you?

There is one other thing I might mention. I was very concerned, being in the capacity I was in, about hiring qualified help, which is a problem as we all know all over the United States today. So I was in constant touch with the unemployment office for that reason. I found they had no unemployment lines. Anybody in the area that wanted to work could find a job. It is not a seasonal business; it is a year-round business.

Take Nevada - I'll mention that because I am more familiar with that than the other places which have casinos - we see beautiful highways there. Their school system must be very good or we wouldn't see contented teachers. We see beautiful streets and highways, whatever is necessary.

If we are to believe that gambling brings the wrong element or the undesirables, as some of us call it - and this will be my last thought - would we see such large enterprises going into the casino business as we do today? Howard Hughes is in the business. Lunz is in the business and I am sure they don't need the undesirables to help them. They are financially able to do what they want to. Kirk Kakorian is in the business. They are people who need no help from anybody. I would say that it is drawing a type of people that we need in our State to help our tax situation. Thank you. [Applause]

SENATOR MC DERMOTT: Senator White, do you have any questions?

SENATOR WHITE: Mr. Hall, I have asked this question before. You are from Brigantine, I believe. Is that correct?

MR. HALL: Yes.

SENATOR WHITE: Do you feel that the people of Brigantine should have the right to vote on this referendum and have that control on whether or not it becomes operative?

MR. HALL: Senator, I would say this: I would be a very poor judge because I have not talked to too many of the people of Brigantine. I would hesitate to say what their feelings are or reflect their feelings.

SENATOR WHITE: Well, what would be your personal opinion? Would you feel that any other community aside from Atlantic City should have the right to say whether or not this would become operative? I say it because, for instance, many race tracts although they are in one community - take Garden State which is in Cherry Hill - it has a very drastic effect on other surrounding communities in traffic, etc. That won't be the problem here, traffic, but it does have its effect. I am just trying to get your candid opinion as to whether or not other communities in Atlantic County should have the say also as to whether this goes into Atlantic City.

MR. HALL: Senator, I don't really feel qualified to say whether the other communities should vote or whether they should not vote. But it is my own humble belief that the surrounding counties will receive benefits from the casinos in

Atlantic City as well as Atlantic City itself. And I am a firm believer that there has to be a starting point for this. I say it will spread. I don't believe it would be restricted to Atlantic City. It went all over the State of Nevada, for instance.

As to the vote, I am sure Senator McDermott and you other gentlemen are much more qualified to answer that than I am.

SENATOR MC DERMOTT: Any further questions?

SENATOR LYNCH: Captain, you say you spent quite a bit of time in Las Vegas?

MR. HALL: Two and one-half years in the business, yes, sir.

SENATOR LYNCH: The casinos in Las Vegas are licensed by the state, are they not?

MR. HALL: Yes, sir.

SENATOR LYNCH: And the fee for a casino, depending on what games they run, as I understand it, range from \$100 to \$6,000 apiece.

MR. HALL: I have no knowledge of the cost of the license.

SENATOR LYNCH: Do you have any knowledge of the tax that the state imposes on the gross receipts of gambling resorts in the State of Nevada?

MR. HALL: No, sir, I do not. Senator, my connection with it was mostly law enforcement and security.

SENATOR MC DERMOTT: Any further questions? Assemblyman Smith?

ASSEMBLYMAN SMITH: I have none.

SENATOR MC DERMOTT: Thank you very much, Mr. Hall.

[Applause]

Mr. Gary Malamut, please. Mr. Malamut, would you please identify yourself for the record.

G A R Y P. M A L A M U T: My name is Gary Malamut. I am President of the New Jersey Hotel-Motel Association which has 250 members, 25,000 bedrooms and represents an industry with a capital investment of one-half a billion dollars in the State of New Jersey.

I have been accused of having a selfish interest in legalized gambling. Yes! I admit I have a selfish interest - a selfish interest in New Jersey and its seven million residents who are being taxed into oblivion - a real estate tax load that is unbearable, a 5 per cent sales tax that is borne by the seven million residents of the State of New Jersey, and the next step will be a personal income tax to be borne by the same seven million people. Give these seven million people a chance to decide if they want to legalize gambling or be faced with a personal income tax.

What other methods of taxation are available to us? The question of lottery versus legalized gambling is not a valid one. They lottery can never hope to raise much money and whatever it does will be a drop in the bucket to the State Treasury. It will not help New Jersey. It will take money from the residents of New Jersey. I would venture the opinion that if gambling were legalized, the increased

revenue from the 5 per cent state sales tax would produce more revenue than the lottery ever would. Legalized gambling will bring people to New Jersey, both as residents and transients. It is a brand new legal industry employing thousands of people. Retail sales would improve. Goods and services would improve. It would reduce unemployment, welfare and relief. It would provide an annual economy to the travel and hospitality industry of New Jersey, which is either number one or number two in the entire state.

We could improve our image as a progressive state that is attempting to cure the problems prevalent all over the country, especially New Jersey. It would improve our transportation problems. The Lindenwold High Speed Line could be extended to Trenton and Atlantic City. The Atlantic City Airport would become a beehive of activity. The long dreamed of Intercontinental Jetport could become a reality if it is really needed.

There are 107 million people within a 500 mile radius of Atlantic City. These figures are from the 1960 census. The projected population for 1975 is 130 million people. This is 60 per cent of the population of the United States. They could come to New Jersey by car, bus, plane and train, all bringing new money and out-of-state visitors.

We would attract potentially millions of new visitors and convention delegates, people that currently are hopping all over the globe, and they could reach New Jersey quickly and inexpensively and they would help produce the revenue so badly needed in our corridor state.

They would produce more sales taxes, more gasoline taxes, more tobacco taxes, and the tax that would be imposed on legalized gambling, certainly a goodly sum toward the state budget. Remember, 100 million people live elsewhere within this 500 mile radius and only 7 million live in New Jersey. I like the odds of 14 to 1. New Jersey must be the winner with odds like that.

Certain newspapers throughout the state are already criticizing the plan. What are their motives? Can the Mafia be in the newspaper business too? In their zeal to criticize, have they forgotten the problems of New Jersey? Have they lost track of the fact that implementation is in the hands of the State Legislature? Some newspaper coined the expression, "Las Vegas for the East." Plush, elegant casinos do not attract undesirables. Security guards can prevent admission to improperly attired persons. Certain betting minimums can discourage the average bettor.

Forget Nevada and think about Puerto Rico, Nassau, Freeport, Curacao, Aruba, Estoril in Portugal, Monte Carlo and Monaco. That's what we want. The opponents, whatever their motivation, are unwittingly playing into the hands of organized crime by their objections. The objectors are perpetrating everything that they claim to be against: morality, crime, corruption and narcotics.

Already we assume money and pressure is flowing into New Jersey to fight against legalized gambling. It's coming from within New Jersey and from the west and from foreign countries.

Senate Resolution 39 introduced by Senator McDermott attempts to place the question of legalized gambling before the 7 million voters and citizens of New Jersey. That is the primary objective at this time. The recent overwhelming mandate from the voters on the lottery question reflects the mood of the people. A 4 to 1 majority is quite substantial. Many people have questioned the rules and regulations and implementation of the plan. These same people voted for the lottery under the same conditions and circumstances. The lottery is now in the hands of our elected representatives for implementation. The same procedure would apply to legalized gambling. I cannot blame some of our respected public officials like Governor Cahill, Senator Sears, Senator Batemen and Frederick Lacey for expressing concern on the issue. They have a growing problem that must be solved. Men like Attorney General Kugler, State Investigation Chief Hyland and Mr. Lacey admit that it is a tremendous job and they are doing their utmost to cope with it. I commend them for it. But the citizens of New Jersey can deal a tremendous blow to organized crime in one fell swoop by removing the primary source of funding for organized crime and channel the funds for productive uses. It would be up to them and our other legislators to recommend and institute the proper system. If it should be state owned, state controlled and state operated, so be it! If it should be by public corporations with stock held by the public, so be it! We should leave that to their research and wisdom. The new regime in Trenton should move with speed because it will still take years to commence

operations. And these years only add to the treasuries of organized crime.

The numbers writers are hoping we study the lottery issue to death. In fact, they would like us to get a PhD in lottery because then they can stay in business for a few more years.

Mr. Lacey and Senator Bateman are concerned about the image of New Jersey. So am I. I have lived here all my life and at the moment that image stinks. Let's clean it up. It's no wonder the children say, "Don't trust anyone over 30." They look at us hypocritical adults with our heads in the sand about organized crime, gambling and narcotics. Our public officials are doing a good job, but it would take thousands more. Many law enforcement officials endorse legalized gambling. They want to concentrate their time, money and effort on true crime enforcement. Raiding a bookie joint or a numbers parlor versus a junkie assaulting and robbing a person seems a poor comparison. Recently, with great preparation and with daring and threat to life and limb, a raid was performed on an Elks Club to confiscate some antiquated slot machines. By the way, those same slot machine proceeds went to help crippled children. Is this a crime or is the fact of selling dope to our children the real crime?

This is the Garden State, but it's a rotten garden and its products that daily grow stronger are crime, corruption, illegal gambling and narcotics. Let's have the guts to remove the heroin needle from the arms of our children and give them something in return like a decent and inexpensive college

education. Thank you. [Applause]

SENATOR MC DERMOTT: Thank you very much, Mr. Malamut, for your presentation here today.

Senator White, do you have a question of Mr. Malamut?

SENATOR WHITE: Mr. Malamut, we have permitted race tracks to come into the state. We now have approved a state lottery. Do you have any opinion if this referendum were to be approved whether or not this would naturally lead to off-track betting and all other forms of legalized gambling, perhaps not immediately, but in the foreseeable future?

MR. MALAMUT: I would think so, sir. In fact, New York State is in the process at the moment, with the endorsement of Governor Rockefeller and Mayor Lindsay, to approve legalized off-track betting and it was editorially endorsed by the New York Times.

SENATOR MC DERMOTT: Any further questions? [No response]  
Thank you again, Mr. Malamut.

MR. MALAMUT: Thank you. [Applause]

SENATOR MC DERMOTT: The next witness is Mr. George Buckwald.

I would like to point out at this time that another member of the Judiciary Committee is present here, Senator Ira Schoem from Passaic.

Mr. Buckwald, will you please identify yourself for the purpose of the record.

H. G E O R G E B U C K W A L D: My name is H. George Buckwald. I am from Lakewood. I am President of the New Jersey Travel and Resort Association, a group whose membership includes

more than 500, comprised of representatives of municipalities, resort businesses, transportation companies, publications and other communications media and many other allied business firms.

For the past dozen years or more we have all been witness to the emergence of organized tours both within the United States and outside of the continental limits, taking our residents and neighbors from the eastern United States to distant points of interest. Whenever possible, these tours include Las Vegas, San Juan, The Bahamas, where legalized gambling constitutes the big draw for tourist attraction. Seldom do these tours include our Jersey seashore resorts.

The fantastic success and growth of Las Vegas as the largest United States mecca of pleasure-bent people, whether for vacation or in connection with conventions, business meetings, or organized tours, shows the tremendous appeal to our American people of state controlled gambling casinos and allied legalized games of chance.

It is estimated that 22 million visitors per year favor Las Vegas as their favorite resort. Some 14,000 people work in the 16 hotels that constitute "The Strip" alone, which is the center of Las Vegas entertainment and hotel accommodations. I need not try to estimate the total of hundreds of millions spent in new ratables and facilities and the many thousands of jobs that are needed to service this huge business. Of course, while we focus our attention on Vegas, we acknowledge Reno and all other Nevada resorts and include all allied industries benefitting from the draw of

the casinos.

Let us now bring our attention home to New Jersey and see what can happen if state controlled gambling is enlarged to include casino type operations.

We estimate the population in a 500-mile circle centering on Atlantic City at 100 million. These people are our potential customers. While the Atlantic City work force is similar at this time to the 14,000 of the Vegas strip, the potential growth, both in new construction, new jobs and expansion of allied industry would be fantastic, if casino gambling were approved.

The main draw for Vegas is East to West. New Jersey's loss to Nevada can be counted in the millions of dollars. Our resort communities have been growing, but we cater mainly to our own people. We need a big draw to bring our neighbors and distant customers to this state. The flow of money generated by an Eastern Vegas-styled resort will immediately spur plans for expanded and new construction, providing jobs, ratables and international interest in our Southern New Jersey resort industry and benefitting all who are in the allied business of supplying the traveling public's needs.

The magic of the Atlantic City beachfront has drawn millions of people to our famed resort. But let's face it, where else in this country can you envision such a completely wonderful facility, where our present resort facilities would be augmented by licensed and regulated casinos, where the biggest names in the entertainment world would perform, attracting people from everywhere to our South Jersey shores?

We urge the Legislature to favor this industry's request to approve Senator McDermott's resolution. We trust that the voters of this state who enjoy the casinos of the West will approve state controlled legalized wagering in Atlantic City, helping to increase our New Jersey economy and at the same time easing our state tax burden, due to tax payments from a new source of revenue. Thank you. [Applause]

SENATOR MC DERMOTT: Thank you, Mr. Buckwald.  
Are there any questions? [No questions.] Thank you.

Mr. Anthony Rey is our next witness. Mr. Rey, will you please identify yourself for the purposes of the record.

A N T H O N Y M. R E Y: Thank you, Senator. I am Anthony Rey of Ventnor, New Jersey, President of the Greater Atlantic City Chamber of Commerce. I speak in behalf of an organization of some 1100 members who have indicated their overwhelming approval of the proposed resolution to legalize gambling - not in the Las Vegas style, but that of government-regulated luxury casinos, similar to many now in existence elsewhere.

In our opinion it need not be that this proposed legislation, when the time comes to implement it, be restricted to our city alone. This could be a new industry that would complement the hospitality industry. It could be controlled by a commission appointed by the Governor and the Legislature competent of creating and operating a well-run recreation, just as has been accomplished with flat and trotter racing.

As Executive Vice President and General Manager of the Leeds and Lippincott Company, owners and operators of

Chalfonte-Haddon Hall, a Quaker-founded firm, if you will, the last property of Quaker origin to accept the repeal of prohibition, still considered one of the most conservative family-styled properties on the boardwalk, we would be quick to oppose anything that smacked of any semblance of organized crime.

My associates and I, along with the Chamber of Commerce that I represent here today, would feel that legalizing the desire that exists for the pleasure of and the excitement related to legalized gambling would offer another feature attraction for our tourists while deterring those who profit by the absence of controlled and well-regulated legalized gambling.

Not only would legalized gambling return employment on a year-round basis in the resort industry, which is either the number one or number two industry of our state, but would return the tourist who formerly filled our resort hotel and motel rooms twelve months a year and has now left our state to enjoy the gaming facilities in San Juan, the Bahamas, and other such recreation centers here and abroad.

Our visitor statistics indicate that the great bulk of expected revenues to be derived from this form of entertainment would come from out-of-state visitors, not from our own citizens, and we are indeed very fearful of a state income tax that may well follow the numerous and difficult taxes we now bear, unless relief is found by this substitute tax.

Let us not be smug - State of New Jersey - for we may be certain that if we fail to act, our neighboring states

will. They, too, are beset with economic problems similar to our own and the quest for implementing their finances is always with them. Just 400 miles north of us, Montreal, Canada, is refining and readying the machinery to commence the operation of some form of gambling.

The advent of this new attraction so near to us will, without doubt, draw many of our resort tourists who are continuously looking for new pleasures and new excitements. It is my belief that we must think clearly, organize systematically, and move rapidly into this area.

A defeat of this resolution, without a chance for the taxpayer of New Jersey to voice his opinion, may just be the assist that certain elements elsewhere are seeking to shut us out of this lucrative endeavor. We owe ourselves the opportunity of a voice in determining the course our state will take on this crucial decision.

We, the citizenry of the State of New Jersey, beg to be given the privilege, which is our sacred right, in democratic process on the ballot next November, of whether we want to avail ourselves of the lucrative revenues derived from legalized gambling or face the inevitable, a personal state income tax levied on top of the recent five per cent sales tax. Thank you. [Applause]

SENATOR MC DERMOTT: Thank you very much, Mr. Rey.

There is one final witness, the Former Mayor of Atlantic City, Mayor Jackson. Regrettably we are holding up the work of the Assembly and I would request you to be brief, Mayor.

R I C H A R D     S.     J A C K S O N:     Thank you very much, Senator.

My name is Richard S. Jackson, presently Executive Director of the New Jersey Expressway, former Mayor of the City of Atlantic City, former Commissioner of the City of Atlantic City, having been closely related and associated with travel, tourism and vacationing and the convention business of the State of New Jersey.

In point I have to agree with our good governor, Governor Cahill, in the point that he brings out that possibly this could encourage an undesirable element into the State of New Jersey. However, I think that all of us, as elected officials, particularly of the Legislature, should pursue this much further and make a survey as to just what does encourage an undesirable element, just what does encourage hoodlumism, gangsterism, mobs. What does encourage this is an undesirable element that encourages it and discourages it along the lines of an illegal activity. They are always associated with, they have always benefitted by, they have always been surrounded with an undesirable element, an illegal activity in any state, whether it be the State of New Jersey or any state in the United States. And I personally believe that you will find that legalizing gambling will drive this element out of the State of New Jersey and they will go elsewhere to sell their wares. I think history will bear me out and you will find when we had prohibition this in itself developed organized crime, it developed mobs and gangsters. But once we removed this prohibition, we removed the bootlegging,

we removed the illegal activity and made it legal, you don't find bootlegging, you don't find this type of activity in the State of New Jersey or any place else in the United States. They have resorted to other activity, but this has been removed.

I say the same thing about gambling for the State of New Jersey, that once this element has been removed and once this purpose and cause has been removed, you will find that the undesirable element will leave the State of New Jersey and will go elsewhere to sell their wares.

I think we are losing sight of the fact that the number one industry of the State of New Jersey is travel, tourism, vacationing and convention business. We are losing sight of the fact that we are in competition with every other state in the United States. I think we are losing sight of the fact that we must meet this competition when other states and other areas are providing means and reasons for travelling some 600, 800, 1,000 miles in order to develop this industry. I think if we are going to realize the full impact and the full value of our number one industry and to protect it, we must find a means of encouraging this half the population of the United States within a radius of four hundred to five hundred miles of the State of New Jersey to reach us in order to do this. I think it is a proven fact that Atlantic City has for years carried the ball for the number one industry in the State of New Jersey. I think this is a proven fact when you consider we entertain some 500 conventions a year coming into our city, coming into the State of New Jersey. I think you will further find that for every two persons that visit the

State of New Jersey, one persons visits the City of Atlantic City. I think we are perfectly satisfied to use Atlantic City as a trial ground, to use it as a trial balloon, in order that the State of New Jersey can benefit from the proposed \$200 million a year revenue that will be derived from this, in order that the entire State of New Jersey can benefit by this - not only Atlantic City but the entire State of New Jersey.

We are constantly reaching out and trying to find a way and a means for additional revenue for the State of New Jersey to meet the increased costs that are only natural and normal. And where are these going to come from? Every means of taxation has always been devised to dip into the pockets of the citizen of the State of New Jersey. I say that if we legalize this and if we put this into operation, the major portion of it will be met by the out-of-state person coming in here and it will not be dipping into the pockets of the citizens and taxpayers of the State of New Jersey. It is the only means that we can devise that can be done in this fashion.

I say, give this opportunity of reaching this decision not to just a few individuals but to the entire State of New Jersey and let the voters approach it in a democratic fashion and all the legislators will find - and I am very happy I am speaking at this late hour in order that they can hear this - that this is a way and a means for the people of the State of New Jersey to reach this decision. This will not be in the hands of one or two or three individuals,

but seven million citizens of the State of New Jersey and I implore you to allow this to be met in a democratic fashion so that every voter in the State of New Jersey can make this most important decision. And I am sure that the State of New Jersey will benefit by this opportunity. Thank you.

[Applause]

SENATOR MC DERMOTT: For the purposes of this hearing, I will introduce a prepared statement by Mr. Thomas S. Watson. I will not read it, but it will be incorporated in the record.

[Mr. Watson's statement can be found on page 51 of this transcript.]

I must at this time conclude the hearing this morning. I appreciate the fact that the witnesses came a long distance and engaged in considerable preparation for their testimony here today. I particularly appreciate the presence of Senator White, Senator Lynch, Senator Schoem and Assemblyman Smith for participating in this conference hearing here this morning. Thank you all, ladies and gentlemen, for coming today. [Applause]

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My name is Thomas S. Watson, I reside at 1022 North 24th Street, Camden, New Jersey. I thank you for this opportunity to voice my opposition to Senator McDermott's bill. There is no doubt in my mind that Senator McDermott, Senator Kelly and Senator Musto have introduced this bill with honorable intentions. But I do question to what degree they have thought out the end results. I personally feel these Senators are unknowingly being used as tools of organized crime. My reason for feeling this way is that it's common knowledge that through investigation and cooperation of Federal, State, and local law enforcement, organized crime has suffered a serious setback. As has been reported in the press, many of their higher echelon and their alleged political conspirators have been exposed. With this type of continued law enforcement there is but one thing lacking to eliminate organized crime in New Jersey. We must remove from their grasp the monies they use to control, corrupt and destroy in our great state. This can only be accomplished by having any type of gambling run and operated by the State of New Jersey. Once you allow private enterprize to operate gambling establishments you are in effect giving organized crime a legitimate outlet for their illegal monies. There is no way to stop them from eventually gaining complete control of Atlantic City and the surrounding areas. Organized crime wants this bill passed for it is their only salvation in this State. I say their only salvation because I'm sure they realize it is only a matter of time before the State legalizes and operates numbers and off-track betting and betting on sporting events. Once this happens they realize they must find some way to recoupe the billion or more dollars they will lose. Gambling run by private enterprize will be their means of flourishing in this State. It is for these reasons that I am presently having a bill drawn up to legalize numbers and off-track betting and betting on sporting events, State operated and controlled with the monies to be used for lowering Real Estate Property Taxes. I can assure you organized crime will fight passage of this bill. If passed it would be unprofitable for them to continue in this type of gambling.

It is therefore imperative that you as representatives of the people exercise wisdom in seeing what the end results of this bill will mean to our State. It is imperative that as our representatives you block passage of

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Senator McDermott's bill. A bill which in the end will save the same evil we are attempting to destroy. It is equally imperative that you as responsible legislators give support to a bill such as mine which will be a giant step to eliminate the corrupting influences of organized crime in our State. The longer we put off implementation of my proposal the more money and power to corrupt we give to organized crime. *Will we sell our state to organized crime for 200 million dollars a year?*

*Thomas S. Watson Jr.*