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GENERAL ASSEMBLY LEGISLATIVE OVERSIGHT COMMITTEE
on
Social and Economic Impact of Casino Gambling in
Atlantic City

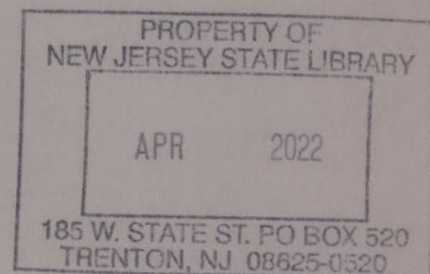
Held:
November 15, 1978
Mayor's Conference Room
City Hall
Atlantic City, New Jersey

MEMBERS OF COMMITTEE PRESENT:

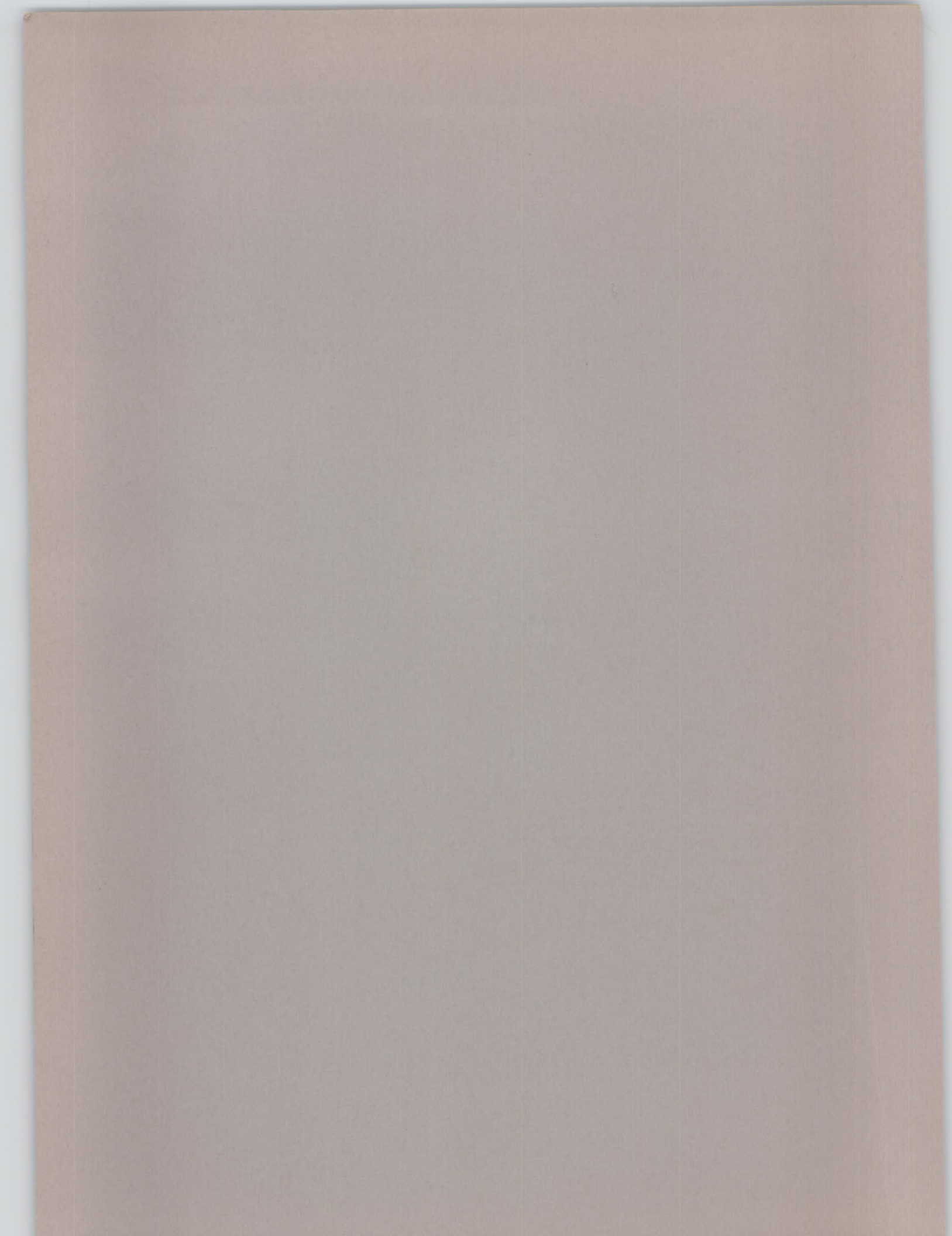
Assemblyman Kenneth A. Gewertz (Chairman)
Assemblywoman Barbara Berman
Assemblyman Alan J. Karcher
Assemblywoman Greta Kiernan
Assemblyman Dean A. Gallo
Assemblyman Walter J. Kavanaugh
Assemblyman William J. Maguire

ALSO:

Steven B. Frakt, Research Associate
Legislative Services Agency
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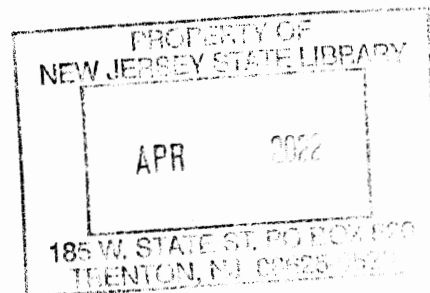
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ASSEMBLYMAN KENNETH A. GEWERTZ (Chairman): I will call the meeting to order and take the roll in the absence of Mr. Frakt. I am Assemblyman Gewertz. Assemblyman Karcher, Assemblyman Maguire, and Assemblyman Gallo are present. Assemblywoman Kiernan and Assemblyman Kavanaugh will be here directly.

Our first witness will be the Chairman of the Casino Control Commission, Joseph Lordi, who acts in a multi-capacity as the Chairman of the Commission and also on the Governor's Task Force on Housing and other related matters.

J O S E P H L O R D I: Chairman Gewertz and members of the Committee, I would like to thank you for inviting me to testify before the Legislative Oversight Committee. As Chairman of the Casino Control Committee and as Chairman of the Governor's Cabinet Committee in Atlantic City, the social and economic impact of casino gambling in Atlantic City is of great concern to me. At the outset, I would like to review for you some of the activities of the Casino Control Commission and of the Cabinet Committee.

In November of 1976, the voters of this state decided to embark on a unique endeavor of approving casino gambling in Atlantic City. The challenge presented by this decision was one that had never been faced before by any state in the Union. Unlike Nevada, which formulated over the years a regulatory structure to surround an already existing industry, we did not have this industry in our state nor did we have the luxury of time in which to develop the necessary regulatory structure and procedures. Yet we met this challenge and developed a comprehensive regulatory scheme to assure that the goals sought to be achieved by the 1976 Referendum were actually realized.

The first step in implementing this decision came on June 2, 1977, when the Casino Control Act was enacted. It was not, however, until three months later that the Casino Control Commission created by that Act became operational with the appointment of its members. Acting as expeditiously as possible, the Commission began to organize itself and held its first public meeting in October of 1977. Recognizing the urgent need to implement the provisions of the Act, the Commission, from its outset, did not delay in formulating regulatory procedures until its organization and staff were in place. Instead, while it was looking for permanent office space, hiring staff, obtaining equipment, and structuring its organization, it was also developing regulations and procedures to govern the casino industry. And, even before the regulations were finally completed, it was hearing the first applications for a temporary casino permit. By following this approach, the Commission was able to accomplish an immense amount of work and get the first casino operating during its initial eight months of existence. Since its inception, the Commission has drafted and adopted regulations governing every aspect of casino gambling pursuant to its statutory obligations. These include regulations governing equal employment opportunity, gaming equipment, slot machines, entertainment, advertising, application procedures, rules of the game, gaming schools, casino internal accounting controls, and alcoholic beverage controls, just to name a few.

During this time period, three casino applications - Resorts, Bally and Caesar's - have been filed and referred to the Division of Gaming Enforcement for investigation. This is in addition to three partial casino applications which have been received from Playboy, Penthouse, and Great Bay Hotel Corporation being processed for declaratory rulings. Furthermore, the Commission has approved two gaming school licenses, with six additional applications being investigated by the Division of Gaming Enforcement.

In the area of casino service industries, 240 applications are being processed with 509 contract approval forms filed and 264 contracts approved. As of this date the Commission has licensed over 1,400 casino employees, over 1,400 hotel employees and over fifty-five casino key employees. Additionally, approximately sixty key employees, 750 casino employees and 1,650 hotel employee applications are presently being investigated by the Division of Gaming Enforcement and processed by the Casino Control Commission.

Casino gambling in New Jersey became a reality on May 26, 1978 with the opening of Resorts International Hotel Casino. This corporation had applied for a license on December 22, 1977. On March 17, 1978 the Casino Control Act was amended to provide for a temporary casino permit, allowing the operation of a casino pending completion on the investigation by the Division of Gaming Enforcement. Within two months after this amendment the Commission was able to review and approve the casino hotel facility, the voting trust agreements submitted, and things such as the casino layout, gaming equipment, slot machines, internal controls -- all necessary to make the casino operational. Within this time period the Commission was also able to license sufficient staff for the casino hotel facility to commence its operation.

The opening of the Resorts International Casino has demonstrated clearly that casino gambling in New Jersey can be, and it is, a tremendous success. As of August 30, 1978 Resorts International Casino has realized over \$63 million in gross revenue from its casino operation, or approximately \$640,000 per day. These revenue figures far exceed any revenue statistics we have seen from Nevada casinos and place Resort International in a position of being one of the most, if not the most, profitable casino in the world today. The September and October figures appear to be continuing this trend, with gaming revenue projected at near the gross revenue figures reported through July. Of course, these revenue figures have a direct relationship to the tax revenues collected for casino gambling and the casino revenue fund for the benefit of senior citizens and the disabled. As of September 22 of this year, \$6,222,500 has been deposited in this fund. In addition, the Commission as of September 25 has collected \$2,185,090 in fees, which have been deposited in the Casino Control Fund. In implementing the provisions of the Casino Control Act, the Commission has gained extensive and invaluable experience in regulating casino gambling. It is fully in agreement with the philosophy, with the Act requiring strict regulation of casino gaming and the persons associated therewith. While the commission believes that strict regulation is essential for the proper control of this industry in Atlantic City, it does recognize that certain modifications should be made to the Act's provisions. Accordingly, I have made several such recommendations to the Assembly Committee on State Government, so that the goals of the Act may be more expeditiously achieved without unduly affecting its basic concept of strict control. Those proposed amendments are in a statement I made before that Committee and I'd be glad to forward them on to the Oversight Committee.

In recognition of the need to coordinate the efforts of the various departments of State Government, which has jurisdiction in Atlantic City, Governor Byrne, last year, established a Governor's Cabinet Committee on Atlantic City. The primary purpose of the Cabinet Committee is to give direction to these efforts. When the Governor asked me to chair this Cabinet Committee my first task was to assess the needs of the Atlantic City area. It was immediately apparent that housing and unemployment were high priority matters. So sub-committees were formed to study these situations. As a result of the Housing Study the Cabinet Committee made several recommendations to

the City of Atlantic City for incorporation into its master plan. These recommendations included suggestions that the master plan should identify specific housing needs of current and prospective residents, specify goals and objectives with regard to increase in the housing supply and rehabilitating the existing units, preserve existing neighborhoods where feasible, provide for the elimination of discrimination in housing, address the problems of relocation, estimate the number distribution and density of new units which will be required, and address the timing of relocation considerations associated with any rezoning of present residential areas for resort/hotel use. All of these recommendations are being considered for incorporation into the master plan. And we are hopeful that they will be meaningfully addressed.

The Cabinet Committee has also been instrumental in securing a written commitment from HUD for the Section Eight, subsidized housing units which have previously been promised by President Carter. The re-birth of Atlantic City can only be accomplished if the people of Atlantic City have decent homes in which to live. I see several basic housing needs for this area. I would like to outline them for you and discuss some of the things presently being done.

The need for housing in Atlantic City is acute. Much of the present housing stock is old and sub-standard. The provision of safe and sanitary shelter both in new units and through the rehabilitation of existing units is of paramount importance in the future of the area and to the future of its many senior citizens and lower income households. The need for low and moderate income housing in this area is well documented. I see as two of the most critical problems in this area land availability and re-location capability. Atlantic City has limited land resources. I am told that there are only about four square miles of developable land in the city. With the dawning of the casino gaming era has come a rapid increase in real estate values in the Atlantic City area. This fact compounds the housing problem, particularly with regard to low and moderate income and senior citizen housing. This type of housing will simply not be built in a free enterprise system under these conditions. Subsidies are necessary at all levels. Cooperation among Federal, State, County and Local governmental agencies and between government and private sources is essential if these housing needs are to be met. On behalf of the Cabinet Committee, I supported the law recently signed by the Governor affording additional notice in relocation assistance to residents of dwellings in Atlantic City intended for use as casino hotels. I was also instrumental in bringing together State and Local officials and private developers so that the construction of badly needed residential units could begin.

The Casino Control Act invested the Casino Control Commission with certain powers which are relevant to the housing needs of Atlantic City area. The legislative policy of this section of this statute indicates that legalized casino gaming was approved as a unique tool for urban redevelopment for Atlantic City. The idea is to use this tool to facilitate the redevelopment of existing blighted areas and to attract new investment capital to the area. As the agency charged with the responsibility of licensing casinos, the Casino Control Commission has considered the suitability of each proposed casino and its related facilities. Each applicant for a casino license must establish the qualifications of the facility in which the casino was to be located. Specifically, the law provides that each applicant must produce such information, documentation and assurances that establish to the satisfaction of the Casino Control Commission the suitability of the casino and related facilities, and that the proposal will not adversely affect overall environmental conditions. Each applicant must submit an impact statement which will include architectural and site

plans which establish that the proposed facilities comply in all respects the requirements of the Casino Control Act, of the Master Plan and zoning ordinance of Atlantic City and of the Coastal Area Facility Review Act. Each applicant must also submit analyses of the effect of the proposed casino hotel on the overall environment including, without limitation, the economic, social, demographic and competitive conditions as well as the natural resources of Atlantic City and the State of New Jersey. Thus, the law specifies that in determining whether or not to grant the license to operate a casino hotel, the Casino Control Commission must consider the impact which that casino hotel complex will have on the physical and human environment of the area. A vital part of that consideration is the impact which that casino hotel complex will have on the housing market. Each casino hotel which must have a minimum of 500 sleeping units plus large amounts of indoor public space for meetings, exhibitions, dining, entertainment, and sports facilities, and will employ in excess of 2,000 persons. While the vast majority of the new jobs created will be filled by local and regional residents, it is inevitable that new residents will be attracted to the area from other parts of the state and beyond. This will increase the need for new housing units to be built and for existing units to be rehabilitated. If the Casino Control Commission finds that a given proposed casino project will have a significant adverse impact on the housing market in the Atlantic City area, it may consider this as a factor in its licensing decision. In such cases the Commission has the power to deny a casino license or condition the granting of a casino license upon the applicant's taking such steps to alleviate the adverse impact on the housing market as the Commission deems appropriate and necessary. As Chairman of the Casino Control Commission, I want to assure you that we view the question of adequate housing as one of paramount importance and we shall give housing consideration great weight in our licensing decisions.

The Casino Control Act imposes special taxes on casino licenses. One section of the Act provides for a potential 2% alternative investment tax. If, after the third tax year gross revenues exceed the casino licensee's cumulative investments, the operator is obliged to make investments in the amount not less than 2% of gross revenues within the next five years. If the operator fails in this obligation the 2% amount must be paid as additional gross revenue tax. Under the laws any such investments required by the operator's third through seventh annual return must be made in Atlantic City. Thereafter, at least fifty percent of such required investments must be made in any other municipality in the State. The potential assistance of the 2% alternative tax with the housing problems of Atlantic City arises from the Commission's authority over their required investments and cumulative investments. The Act provides that any such investment must obtain an eligibility determination from the Commission. Specifically, the law requires the Commission to consider the public interest including the social and economic benefits from the investment. Moreover, the law defines both investment and cumulative investments in terms of real property and real property improvements. Thus, a casino licensee who intends to avoid payment of the 2% alternative tax must obtain Commission approval of its investments in order to have them counted. In its review of a proposed investment the Commission will, of course, consider the needs of the Atlantic City region and the implementation of the City's Master Plan. The housing problem would certainly be one area of concern in assessing investment eligibility.

Additionally, under the law a casino licensee who locates his casino hotel in a blighted area or an area endangered by blight, may enter into an agreement with the State Department of the Treasury whereby the casino hotel facility would re-

ceive potentially favorably real estate tax treatment. However, during the term of such agreement, if the profits during a given year exceed twenty percent of the licensee's cumulative investments in Atlantic City, the licensee is obliged to place fifty percent of that excess in a special retention account maintained by the Treasurer. In order to recapture any amount so deposited the licensee must, within five years, have cumulative investments in Atlantic City which total more than the licensee's average annual gross income from Atlantic City for the tax year and the two preceeding years. However, the licensee will automatically be entitled to recapture it's excess profits if it's average annual gross income for three years falls below it's cumulative investments in the State.

The purpose of these provisions in the law is to encourage development of areas in need of renewal by providing a potential real estate tax incentive while at the same time preventing a participating casino licensee from realizing unconscionably high returns. As with the 2% investment liability, the Commission would be able to monitor and divide such investment pursuant to it's eligibility determination criteria.

The Casino Control Commission intends to utilize both the licensing provisions and the taxation provisions of the Casino Control Act to provide the casino industry with the necessary incentives to insure that the housing needs of the Atlantic City area are met. I intend to add a plan or two to staff the Commission to help implement these goals. Housing is not a problem of Atlantic City alone, however.

Some of the responsibility for planning and for providing housing opportunity rests with the surrounding region. The amount of developable land in which new housing can be provided in Atlantic City is limited. Not all of the existing housing can be rehabilitated. A regional impetus must be created in order to provide a long range answer to Atlantic City's housing situation. I note that the Atlantic County executive has recently called for a reasonable approach to housing and transportation problems in the area. I join in recommending such an approach.

With regard to unemployment, the Cabinet Committee, along with others, has been instrumental in the creation of the casino hotel industry placement services, known as CHIPS -- a joint State-County project utilizing Federal funds to create appropriate training programs so that local residents can be trained for jobs in the casino hotel industry and can be placed in these jobs. The Cabinet Committee will continue to coordinate the efforts of State government in the Atlantic City area and will serve as a catalyst to stimulate action in regard to housing and employment, as well as transportation and other social services. I'm optimistic about the future of Atlantic City.

In this first six months of the casino era I have seen the seeds of future growth in the Atlantic City area sown. But I am also realistic about the future of Atlantic City. The dream of the revitalization of the tourist and convention industry here will not be realized overnight, nor will the road to a new Atlantic City be an easy one. The keys are planning, dedication and cooperation among State, County and Local governments.

Thank you.

ASSEMBLYMAN GEWERTZ: Thank you, Mr. Chairman. Assemblyman Karcher do you have a . . .

ASSEMBLYMAN KARCHER: Commissioner, on the-- Addressing first the Cabinet Committee, does the Treasurer serve on that committee?

MR. LORDI: Yes. The Treasurer serves on that Committee.

ASSEMBLYMAN KARCHER: I have a particular area that has troubled me and I was here in August as part of the . . . to conduct hearings for the Joint Tax Policy

Study Commission. That was August 15th. This is an area that I think reflects part of the State's concern. The State is concerned because even though there has been this what we all will agree is a renaissance here in Atlantic City, I think you don't have to go past two days newspapers to see that there has been what is unquestionably a speculative real estate boom in this city. But, notwithstanding that fact, the equalization table that is used for the purposes of distributing, for instance, school aid to Atlantic City, urban aid to Atlantic City, etc., etc., has not reflected what everyone knows and what common sense dictates to us has been a rather remarkable real estate boom in this particular geographical area.

I was wondering whether, number one, anyone on the Cabinet Committee or anyone on your staff has looked into the assessment practices and the sale study ratio practices that have been taking place in Atlantic City?

MR. LORDI: No, we have not.

ASSEMBLYMAN KARCHER: I would like to suggest that there is something very strange going on. There were, for instance -- to familiarize those who aren't familiar with it so that the question makes sense to everyone else in the room -- every sale that takes place is theoretically supposed to be studied to see what its relationship is to the assessed valuation of the community and the assessed valuation of that particular property. Now, as of August 15th it was my understanding that during that sales study period there were approximately two thousand sales. Of those two thousand sales, which theoretically should be used in the formula to go into the study, two-thirds of them -- all of which reflected the prices that would have been detrimental to the various interests of the City -- were excluded for one reason or another. All of this had a net effect, and what the net effect was is that the State of New Jersey is still expected to send \$6 million, just in school aid, to Atlantic City on the theory that Atlantic City is still a poverty-ridden, poor community as far as real estate values are concerned. It also works conversely for the rest of the communities in Atlantic County, where they are forced to pay a higher percentage of the county equalization. Right?

Perhaps what is most troublesome is that there seems to be a pattern of delay in adding these new real estate values to the books. I think it is obviously working a hardship on the State - or perhaps not a hardship, maybe an inequity on the State - and is operating so as to effect an inequity on the surrounding communities in Atlantic County. Most important, and perhaps most urgent in its need to be addressed, is the fact that it is working a hardship on the individual property owner - the small homeowner in Atlantic City, the condominium owner, the individual private homeowner. I certainly think it is something that warrants attention. Over the last twenty-four hours, we have heard a number of people express what truly must be taken as serious concerns about what is going on with regard to the tax situation. What bothers everybody, I think, is that what is shown on the books doesn't have any bearing with reality. The newspaper reports show phenomenal sales and phenomenal increases in the rate of the base. Yet, for some reason, the books of the City don't reflect that and how it is being done. It think that deserves some scrutiny.

MR. LORDI: I don't know whether or not the Cabinet Committee has the time or the responsibility to do it. The Cabinet Committee was intended to coordinate the activities of the various departments of government as they relate to Atlantic City, but not to assume the responsibilities of each department.

I daresay that we will discuss it at our Cabinet Committee meeting to see whether or not the appropriate department of government can look into it. But, we wouldn't have the manpower to staff review of something that is as complex as the matters that you brought to my attention. But, I certainly will review it and see whether or not we can get the appropriate department to look into it.

ASSEMBLYMAN KARCHER: Let me ask you another question. There is also another aspect to that. Perhaps one of the most pernicious aspects of it happens to be something that-- For instance, let me give you a particular: Atlantic City in 1976 and the books of the Commissioner of the Department. The Director of the Division of Taxation's books show that Atlantic City was worth the aggregate value of all real estate in the City. The aggregate value of all the real estate in the City approached somewhere around \$350 to \$400 million. We know, for instance - and we heard testimony on the other Committee - that there were sales here that were reflecting not 100% increases over assessed valuations, but were reflecting sometimes a 1,000% -- a ratio of a thousand percent over the assessed valuations. Yet, the books don't reflect that. What is perhaps most troublesome is that many of those sales were being excluded on the basis that there is personal property allegedly being sold with the enterprise-- That is done for a number of reasons, but, most of all, it seems to me that there is a distinct pattern of that type of thing going on, the net effect of which is manifold. It operates to the detriment, as I said, of the other towns in the county and operates to the detriment of the State, but most of all it operates to the detriment of-- Or, it operates to the benefit of the individual purchaser, who allegedly claims that he is purchasing personal property that doesn't exist in some instances, or that minimally exists and has artificial value. I think that is something that really warrants some scrutiny.

ASSEMBLYMAN GEWERTZ: Commissioner, I would just like to elaborate one step further. The critical need for housing is compounded by expensive ground and the cost of construction. We are going to look at this business with the sales and the sales ratio. In fact, we have some people downstairs now starting to go through the books, as far as sales are concerned. What happens is, people are not paying their fair share on purchases. For example, if somebody buys the Ambassador, which was assessed at \$900,000, and they buy it for \$9 million, then they should be paying the taxes on \$9 million, not on \$900,000 -- and so and so forth, as ground is bought and sold.

The bottom line is that by the bigger people not paying their fair share of taxes, each individual homeowner is now stuck with having to pay more than they should pay and subsequently the assessed value of the ground in its entirety becomes extremely expensive as far as utilizing it for--

MR. LORDI: Well, isn't the sale of the land done with the county and the governing body and aren't they required to reassess that property?

ASSEMBLYMAN KARCHER: Well, what I was driving at was that the \$9 million dollar sale reflects on what we all know, we all know that is for the value of the property, for the value of the real estate. I am not pointing out any specific example, but we discussed back in August situations where the purchase was - no question about it - just for the value of the real estate. Yet, they will list the real estate in the closing statement as assessed at \$900,000 and we are buying it for \$2 million, but we are buying \$7 million worth of used pillow cases and \$3 million worth of used silverware, all of which then becomes depreciable on an unaccelerated scale for Federal income tax purposes, all subject to a casualty claim of it's thrown out or just a pure straight line loss.

What happens then is it goes on the books for the \$9 million and it might be two or three years before the true value is ever reflected in the books. In the meantime, the people of the City have to pay higher taxes because of that type of manipulation and it's a great concern.

MR. LORDI: Well, if that's happening then it calls for an investigation by the appropriate authorities.

ASSEMBLYMAN GEWERTZ: Well, we're going to go into it as part of our Overview Committee.

MR. LORDI: I merely point out that as Chairman of the Commission--

ASSEMBLYMAN GEWERTZ: (interrupting) I understand that.

MR. LORDI: (continuing) --we don't have the manpower; we don't have the time to look into an area of this kind, but what we can do is identify the State agency that may be responsible for it and ask if they would look at it.

ASSEMBLYMAN GEWERTZ: Well, it's very important that next time the group meets that that would be brought to the attention of the Treasurer.

MR. LORDI: Most certainly.

ASSEMBLYMAN GEWERTZ: Because I was under the impression that we had allocated monies to open a branch office of the Department of the Treasury down here to follow through and reassess or reevaluate different sales.

MR. LORDI: They may very well be doing that.

ASSEMBLYMAN GEWERTZ: Well, if he is it's not on the books and everybody else seems to be paying for it. Now, there are several other areas -- certainly, as far as I'm personally concerned, I think the Commission has done an outstanding job as a Commission. Unfortunately, you're saddled with some legislation that obviously should be modified in dealing with other agencies, mainly Gaming Enforcement. That, I think, impedes your ability to expeditiously do what the Legislature has empowered you to do. As far as I'm concerned I think that Gaming Enforcement should, in fact, come under the Commission as the investigative agency rather than having two separate ones, but be that as it may.

One of the things that we were concerned about in the last several days was the tax credit situation for casinos. It's based on a gross, I think, of \$50 million or more before the credit takes effect. And it's also based, I believe, a five year--

MR. LORDI: It doesn't take effect until after the third taxable year and then over a period of five years an investment has to be made in Atlantic City.

ASSEMBLYMAN GEWERTZ: Well, the question that comes about is someone operating on a temporary license -- does that time for the investment credit start from the time that they're issued a temporary license or from the time that they're issued a permanent license? Because, that doesn't seem to be too clear.

MR. LORDI: I might say that we, ourselves, are wrestling with that question. We're in the process of drafting a regulation to implement those sections of the act, and one of the questions would be, of course, whether or not the third taxable year would run from the date that a temporary permit had been issued rather than when a permanent license had been issued.

ASSEMBLYMAN KAVANAUGH: Commissioner, don't you believe the legislative intent was such that they would start from the time they open the doors rather than -- because we were considering when we drafted the regulation in the legislation that there was going to be a temporary license. As far as those of us who were involved in drafting legislation, we had no thought that it was going to be prolonged "X" number of months or what time there was going to be an extension. It

was to start as soon as they opened those doors one crack. That was starting to --

MR. LORDI: When they open their doors, do you mean--? Are we talking now about a temporary license?

ASSEMBLYMAN KAVANAUGH: Yes. I think it's almost a dodge on the part of -- it just happens to be that Resorts is the first one there, but we gave them the two or three years for the investment and I think that as far as the Legislature is concerned, that time started when they opened.

MR. LORDI: Well, we've been asked questions as to whether or not the cumulative investment can start as of the day that the doors were open versus the third taxable year, and, frankly, a literal reading of the statute would indicate that it starts the third taxable year and not from the day that the door was open. Now your question then was--?

ASSEMBLYMAN KAVANAUGH: It was about a temporary license.

MR. LORDI: Does the period start to run from the date that the temporary permit was issued or the date that a permanent license was issued? So, you really have two questions involved here and we'll address ourselves to them. Frankly, I don't have the proposals in front of me. We are reviewing that whole area with the thought in mind of requesting legislative amendments to it. That will cover both the questions that have been raised here and will also make these investments more palatable to the licensees. So, while I'm not prepared at this time to indicate to you what those requested amendments would be, I want to assure this committee that we are reviewing it in the light of both questions posed here and, two, with the idea of asking for amendments which, as I say, will make it more palatable to the licensee, so that he would want to invest his money rather than pay the additional gross revenue tax over and above the eight percent. So, I think you'll be hearing from us within the next three or four weeks.

ASSEMBLYMAN GEWERTZ: There is another thing. Some questions were raised dealing with the employment of people. There seems to be some question, at least in the higher managerial positions, whether or not people are made aware that there are openings -- not within the Commission but within the casino, so that they have adequate time to file an application prior to the jobs being filled. And one of the suggestions we would like you to consider is to prescribe that there be an advertising of vacancies and/or positions that are to be filled in sufficient time so that people that conceivably have the qualifications would have the opportunity to apply and not be locked out.

MR. LORDI: Are you talking advertising outside the casino hotel complex or are you talking within the complex itself? Because as far as within the complex itself, something is being done by the Casino Control Commission. We, I think two meetings ago, approved what we described as "upward mobility program". It's a program to train those employees of Resorts International in the casino and it's going to be expanded to the casino hotel to train them for higher level positions.

ASSEMBLYMAN GEWERTZ: Forget the casino for a moment -- not dealers, pit bosses, etc. -- but let's assume that a complex has a need for managerial people within the hotel, within the corporation itself.

MR. LORDI: Really. What we've done is really important because what we are in effect doing with this "upward mobility program" is insuring that these Jersey residents, who were trained as dealers and trained for lesser positions within the casino and within the casino hotel, can now be trained to be qualified for these higher level positions where we do not reach, for example, affirmative action goals.

The reason for that is because there just aren't New Jersey residents that have that kind of experience. It is an important part of the steps that are being taken by the Casino Control Commission to insure that everyone has an opportunity for these higher-level positions and to insure that they achieve those goals that are set forth in our rules and regulations because our rules and regulations are addressed to every level of employment. And in order to achieve the kind of goals that we're talking about in every level of employment we have, shall we say, encouraged and, in effect, compelled the licensee, in this case, to establish these programs to insure these opportunities. Now, what you're suggesting is the higher level managerial positions, be they in the casino or in the hotel, which this "upward mobility program" directs itself to. But, for those within -- do you mean advertising on the outside to see if any of the residents on the outside are interested?

ASSEMBLYMAN GEWERTZ: Let's assume that there are people within the City of Atlantic City that have qualifications for management positions within a hotel. Those people will never have the knowledge to apply for a specific position because they have no knowledge that there is an opening or that that firm is considering hiring people in that capability. So you might very well-- Everybody runs with applications and files them but they're not filed for specific positions because nobody knows that these positions exist. Subsequently, internally people are hired and may even be brought in from out of State on the basis that "Well, we couldn't find anybody locally that could perform this type of service." But the reason that nobody locally could be found was that nobody locally applied because they had no knowledge that that job exists. And there is a very strong feeling from many people in the community that they are being locked out of opportunities for better paying jobs because they have no knowledge that those jobs are open.

MR. LORDI: Well, I have no problem with that approach and the reason I have no problem with it is because, as I say, our affirmative action regulation reads to every level of employment. And, of course, if the employer comes in and says to us, "the reason why we have not achieved those goals is because there are not, in the Atlantic City area or in the New Jersey area, residents who have the kind of experience that is necessary for the job." When that statement is made, we have nothing to counter it with and we will accept it as a bona fide effort. What I would think is, our regulation should require them to affirmatively go out and seek that kind of experience among our residents -- not necessarily Atlantic City itself, you understand, but certainly the area and the State. So I think it's being done, but what you're suggesting is to perhaps require them to go even further.

ASSEMBLYMAN GEWERTZ: They should publicly advertise.

MR. LORDI: Well, I can only tell you that. Whether we can go any further is something I will have to look into. As far as publicly advertising, I know that they have tried. For example, in the case of Resorts International, when they were recruiting men and women - most of them young men and women - as dealers, they went throughout the State of New Jersey and Atlantic City area and recruited them. Our statute requires that these employees be New Jersey residents. And you may recall that it was the Casino Control Commission that recommended to the Legislature that a residency requirement be established that would set a six month residency for key casino employees and in the case of regular casino employees, there should be a three month residency requirement set. So, I dare say that in many ways they were forced to make that effort to find New Jersey residents with that kind of experience. But, certainly we will see whether or not we can't cause them to go out and make an even greater effort to

find among our citizenry those that might very well qualify for these high level positions.

ASSEMBLYMAN GEWERTZ: There are two other areas of concern, the processing of applications, particularly for those people who are not in key employee positions, and the length of time that is extended in various types of investigations that really may not be necessary for the type of service that that individual is performing, particularly in the area of cocktail waitresses, etc., and where they are not handling money -- you know, they're not dealing cards and would appear that many people --- Again, I am saying, I do not look upon it as the fault of the Commission, because you can only act on these things as they come back from Gaming Enforcement. But I'll be damned if I can understand why it takes so long to process such a thing. If it takes that long, and it costs that much money in man hours to do it, then maybe it's not really necessary to begin with. Because I'm sure that neither the Legislature nor the public looks at people that sweep floors and people that make beds and people that serve drinks as potential racketeers and that seems to be the emphasis. Along that same trend of thought, as far as service industries are concerned, it is my thinking that there are obviously some service organizations that require in-depth investigations, but the guy who sells clams or crabs to Resorts and he does a total of \$500 a year in business, he's going to be out of the mainstream because he cannot afford to pay the kind of fee that is required to do this type of investigation. So now what happens is we may very well end up with an economic backlash to the extent that smaller people are not given the opportunity to be licensed, because they don't do enough business to warrant the kind of fee that is required to be paid to do the investigation. They will be out of the mainstream. If they can't do business locally, they are within their rights to do business with larger firms elsewhere, which has a tendency to put people out of work here. That is the reverse of what we're trying to do. I would like to take into consideration - I know the Speaker feels the same, and I would like to welcome him here today to our meeting - the rights of little people and their ability to live within this system we established. They should not be delayed unduly, and as small business people they should not be forced out of business or be denied the opportunity to get in on some of this economic boom because of ---

MR. LORDI: There are two things that I can respond to, Mr. Gewertz. First of all, as far as those casino employees that have performed duties in responsibilities unrelated to gaming, we have, in fact, made a recommendation to a Legislative Committee that the statute be amended to permit the issuance of temporary licenses in the same manner as the statute provides for casino hotel employees. And we would urge the amendment to the Casino Control Act that would then, of course, permit the Commission or the Chairman, whichever way it goes, to issue a temporary license pending the investigation of those applicants for employment in non-related gaming jobs without affecting the basic integrity of the act itself and it's intent to see only that qualified individuals and responsible individuals of the highest integrity hold these jobs. So with that amendment I think we can avoid some of the criticisms that have been directed, in the past, at both the Division and the Commission.

As for the service industries themselves, we separate them, as well. As you know, there are two categories of service industries - those who are directly related to gaming and those non-related gaming industries. In the non-related gaming industries we have interpreted the statute to enable these industries to do business with a casino licensee or a casino permittee under a con-

tract pending the investigation if they're doing business on a continuing regular basis. So what happens is this: A certain business wants to do business with a casino hotel and does not, as I say, engage directly in a business that is related to gaming, but the licensee or permittee files a contract with the Casino Control Commission. We, in turn, review that contract, refer that contract to the Division of Gaming, of course, pending a determination that the contract is a reasonable one, as the staff requires, and pending a determination as to the suitability of the parties, and pending a determination as to whether or not they're doing business on a regular and continuing basis. It's these non-related industries that are permitted to do business. So they're not suffering any hardship. You also referred to costs. What we've done as far as the costs are concerned, we've modified our schedule of fees -- I believe at our last meeting or the meeting before that, not only with respect to the non-related casino industries but also to related industries -- those industries related directly to gaming -- because in some instances there were -- with some justification -- some complaints about the costs of investigation, but what we've done is, we've reduced the amount of those fees so that it would be more acceptable to them and, secondly, the difference could be absorbed by not only the present licensee, but all future casino licensees. I would think that on the basis of the modifications that have been made now that it would not be a financial hardship for most industries to apply to the Casino Control Commission for a license and pay the licensing fee, and whatever the investigation costs is absorbed in it. I might also point out: if an industry or a business establishment were unable to afford to do business with a licensee because, one, the volume of their business and together with the cost of the license fee, which is \$500. I don't think the Commission would consider that business or industry doing business on a continuing and regular basis. We would be just satisfied that it's the kind of business that should not come under our regulatory control, because of the limited, or the minimum, amount of its business. So, you're not going to have that kind of a situation. There's a certain flexibility in the regulation which enables us to take into consideration that factor.

ASSEMBLYMAN GEWERTZ: Thank you. Assemblyman Gallo?

ASSEMBLYMAN GALLO: Getting back to the 2% credit, as far as the casinos having the flexibility of reinvesting in Atlantic City. Now, you mentioned the planning stage. When they go for their license they have to meet certain criteria that you feel, and the Commission feels, is important and viable to the social and economic impact of Atlantic City. With the different industries that are now coming in along with Resorts, have you gotten the impression that they feel that that part of it is an investment, and they want to be involved in re-investment in Atlantic City? Is there a definite feeling there?

MR. LORDI: The impression I get is, yes, they do. As you know the potential applicants for casino licensees or casino developers have formed their own association, and, I think, have hired an executive director, one of Atlantic City's own, Bill Downing. I believe they have meetings and have had meetings with members of the Cabinet Committee and have had meetings with others and I hope that we could encourage them to invest over-and-above the casinos themselves. I see an interest in some of these applicants in investing beyond the hotels. I see this, and am encouraged by it, and I like to believe that those that have already filed and those who will file in the future will take the same attitude.

Secondly, as I pointed out, the Commission is in a position to not only encourage it but almost command it. And I would think, given that kind of heavy

tool or heavy hammer--which doesn't appear to be necessary because they seem to want to do it voluntarily - yes, you're going to see more and more of them invest in the City, itself, not just in the hotel.

ASSEMBLYMAN GALLO: We can all see that by looking at what is happening in this City right now with the resurgence of the City. I do think the economic end of it has taken hold very positively. The social part of it, the social problems that have resulted, or those areas that the Legislature thought it was addressing when it passed this legislation, does not seem to be getting anything solved. It seems that the condition has only magnified the social problem to a greater extent. As you mentioned, housing is one area we are all concerned with, since there is a three-year period for casinos to reinvest in Atlantic City, whether it be in housing, or any of the other major areas of concern to everyone. That time frame seems to be critical. We took a short tour today, and saw some properties that were vacant. I understand also that there's an option by Resorts on those particular properties that encompass at least four blocks. The land is completely level, beautiful, and ready to go. I don't think the City can wait through that three-year period for this type of investment, knowing full well that the casinos will be, at least, reporting earnings that they're making.

MR. LORDI: You only have one casino in place, at the time. Hopefully we'll have two more in place by the summer months or thereabouts, which, of course, will put us in a better position than we are now. The problem is we expected everything --- We do recognize the problems. We know what they are. We know we need housing; we know we need employment; we know that there are some social needs that are being developed right now. But the fact is they'll even be greater problems. You're not going to go out and invest \$100 million on improving your transportation facilities until you have some casinos in place. It's the old story, which comes first the chicken or the egg? People are not going to invest their money unless they know their's going to be a fair return on their investment. They're not going to invest money in housing unless they know there's going to be a need for it and unless they're going to make a profit. This is why we have the problems now that we do have. What we have to do is, one: address ourselves to the social needs, try to get them moving as quickly as possible - recognizing that we're not going anywhere until we get some casinos in place. And I think that's our job. Our job is to encourage these investors to come forward, and if they qualify under every section of the statute, as they must, then, as I say, make certain that they not only take an interest in the hotel, but that they also take an interest in the City itself. Your initial question, I think, was a good one - do these potential applicants show any further interest beyond just the hotel-casinos. I am encouraged, and I can say today, as far as I know, they do show further interest in the City.

ASSEMBLYMAN GALLO: Well, I'm glad to hear that. We did have Bally testify yesterday, or their representative, and we were given an overall picture of the the scheme of things. They told us that they have submitted plans to the City for some housing utilization or building of housing now on properties that they own, which is, to me, a very positive sign. I agree with what you're saying. You do have to have those other industries in place and in operating position so that the dollars generated can be utilized to make this overall plan go. I think everybody is just a little bit anxious, because we have seen what is in place already in the tour that we took this morning. It's rather devastating to us to see some of the critical housing needs that have not been addressed. Thank you.

ASSEMBLYMAN GEWERTZ: Assemblyman Maguire?

ASSEMBLYMAN MAGUIRE: Commissioner, my questions by comparison seem rather mundane. First of all, where is that money being kept - that 2% for the three-year period? What kind of an account is it in and who administers that account?

MR. LORDI: The 2% on the investment tax? It has not. First of all there is no money coming in yet because ---

ASSEMBLYMAN MAGUIRE: Well, we are making plans to collect that, aren't we?

MR. LORDI: Well, we're preparing to. First of all, it wouldn't be collected. We're talking about 2%. It wouldn't be collected by us; it's an investment that would be made by the licensee. If, in fact, they fail to make that investment, he would then have to pay an additional 2% gross revenue tax over and above the 8%. So he has a choice, under certain conditions, to either invest it, or pay an additional tax of 2% on his gross revenues. But that doesn't come into play, as I said, under the statute and this is one of the questions that was posed - whether it should start to run as soon as the casino is opened up or the third taxable year. We have reason to believe that it's the third taxable year. The question is whether it runs from the temporary permit or permanent license. But it would not be deposited in any special account. It can either be invested or 2% would be paid on gross revenues, in which case it would go into the Casino Revenue Account, which is money, as you know, dedicated for senior citizens and disabled. As of yet, I think the Legislature has held some hearings on implementing legislation to determine how that money should be distributed among the senior citizens and disabled residents.

ASSEMBLYMAN MAGUIRE: Thank you. I wasn't aware of the technical aspects with regard to that.

You made reference to excess profits, and this is something that always causes me concern. What kind of a formula would be used to determine this? Whether they're running a casino or a motel or a solid waste disposal facility, how do you determine the profits are in excess?

MR. LORDI: Frankly, I don't know. I wouldn't be exactly sure of that. At the present time, the commission is wrestling with the requirements of the statute which regulate the minimum and maximum bets that can be made at the gaming tables in the casino. To do that, they have to take into consideration the viability of the industry together with maximum participation by the betting public. And in determining what the minimum should be and the percentage of tables that should be two dollar and five dollar tables, we definitely had to make comparisons, for example, with Nevada and some other jurisdictions to ascertain what their return on their investments were and various other fiscal factors that would enable us to arrive at some percentage that would not affect its viability or its profitability or its ability to compete, not only with licensees within this City but with other jurisdictions. We found that it's difficult to make a comparison because it is a completely different ballpark. The investments are different, and the risks are, in many respects, greater so it's hard for me to really answer your question because I don't know if I can determine whether or not a profit is excessive or unconscionable. I think it's going to have to wait until the other licensees coming into place within the Atlantic City before we can make the kind of comparisons that I think are meaningful. But in the meantime the closest we can come to it is we can determine what the investment was in Atlantic City compared to a comparable complex in the Nevada area and find out what their return on their investment has been with regard to equity, related to what is being made here now. But, unfortunately, we only have one casino in place here and who can say what the

demand will be when you have two or three or four or five. I'm convinced that there's a demand to satisfy more than that, but that's the risk factor that has not yet been answered, in Atlantic City.

ASSEMBLYMAN MAGUIRE: So, it might be just a little premature to be talking about excesses.

MR. LORDI: I think so.

ASSEMBLYMAN MAGUIRE: Commissioner, I'm not sure I'm as comfortable as perhaps, some other members of the Oversight Committee when we talk about a private enterprise to hire people other than in executive positions, other than those they want to hire. Whether they're from Atlantic City, New Jersey or even the United States, they are investing their dollars in their business. It would seem to me that at the higher executive level they should be given an absolutely free hand to hire whomever they please to manage their properties and their monies.

ASSEMBLYMAN GEWERTZ: Bill, I don't think the comment was that they shouldn't be able to hire who they want. I said that people are unable to apply because they have no knowledge of the existence of the jobs. The requirement should be merely, by virtue of advertisement, to open it up to a broader spectrum of people to apply. Every employer has the right to hire who they wish . . .

ASSEMBLYMAN MAGUIRE: I'm not sure the employers should be required to advertise. As long as he is running his own business and breaking no laws, I don't know that there is much we can do.

MR. LORDI: Well, except this. Under our regulations, and I think this is mandated by the statute, the employer, the licensee in this case, has to comply to affirmative action goals as established by the Casino Control Commission. And those regulations address themselves to every level of employment. That would seem to me -- if a licensee or an applicant for a license is going to satisfy the Casino Control Commission that they made a bona fide effort to hire New Jersey residents to meet these goals, they're going, of necessity, to have to point out on the record what steps were taken to reach out and attempt to recruit that type of experience. So, perhaps, one method would be advertising in the local newspaper or a major newspaper circulating in this area. The media may be another way. But it would seem to me this they would have to do because it's a requirement of the law. But I agree with you. We can't tell them who Assemblyman Gewertz thinks they should hire, but we can certainly require them to comply, as I said, to at least make a good faith effort. We recognize this fact, particularly with regard to the casino operations. There were no New Jersey residents to fill these higher positions of pit bosses and assistant managers, et cetera. The Commission, having taken that fact into consideration, has said, "Fine, we know this." So, when they came in with individuals from outside the jurisdiction, we licensed them, despite the fact that those high level positions would not reach those affirmative action goals. But what we've required them to do, as I said before, is to establish these kind of upward mobility programs which would provide for established training programs to those people who are New Jersey residents who have jobs so they can have the opportunity to move upward. I think . . .

ASSEMBLYMAN MAGUIRE: I find no fault with that.

MR. LORDI: Yes, sir. And I would think . . .

ASSEMBLYMAN MAGUIRE: . . . and I'll be the first to admit that all of the laws that we pass . . .

MR. HARRY GORMAN: Mr. Chairman. It's an accepted fact that we are hoping . . .

ASSEMBLYMAN GEWERTZ: Sir, sir, if you are going to testify, I'll take your name.

MR. HARRY GORMAN: My name is Harry Gorman, I belong to twenty organizations. When do you want me to testify?

ASSEMBLYMAN GEWERTZ: Sir, when we get through the list of people who have been sitting here.

MR. HARRY GORMAN: Thank you very much.

ASSEMBLYMAN GEWERTZ: My pleasure.

ASSEMBLYMAN MAGUIRE: A rhetorical comment or question that somebody might want to consider, perhaps even the Speaker of the House. I think the FCI did a magnificent job when it came to helping Middlesex County resolve the problems affecting the transfer of land and the value attached thereto. Maybe the City of Atlantic City could even welcome the assistance from the people who have the expertise. It could help them resolve the problems that Alan Karcher made reference to on two separate occasions. And with that I think I will stop for a while.

ASSEMBLYMAN GEWERTZ: Assemblyman Kavanaugh?

ASSEMBLYMAN KAVANUAGH: Just briefly. Commissioner, yesterday in some testimony there were a couple of areas I thought possibly you could clear up now instead of going through with a lot of letter writing. One deals with the East Coast Gambling School. I see Viola Creig here again today. She questioned us about County College and the number of gambling instructors. Now, are there different standards for the ones that are employed by her school and the ones that are at the county college, or do they all have to be licensed instructors?

MR. LORDI: They all have to be licensed under the same standards.

ASSEMBLYMAN KAVANAUGH: All right. Now, she gave us a newspaper article where there were something like 15 or 17 licensed instructors.

MR. LORDI: No, I don't think so.

ASSEMBLYMAN KAVANAUGH: So, that is just newspaper print?

MR. LORDI: No. I am aware of what Viola has addressed herself to, but it has nothing to do with the standards. Any applicant for a license as an instructor in one of our gaming schools must be licensed under the same standards, regardless of the school.

ASSEMBLYMAN KAVANAUGH: Okay, fine. The other question is the question of the Atlantic City police jurisdiction. There are two questions. One deals with the use of the Atlantic City police within the casino while wearing Atlantic City Police uniforms. There is a question of using that type of security. It is taking jobs away from other people who could be trained for security. It is giving one individual two jobs and lets another person stay on the street, unemployed.

The second question is, do the Atlantic City police have jurisdiction inside the casino?

MR. LORDI: Well, in response to the first question, I don't think I follow you. Do you mean there are Atlantic City police officers employed at the casino?

ASSEMBLYMAN GEWERTZ: They are being employed.

MR. LORDI: Well, I had a meeting this morning with Commissioner Ross at which time I posed this question, although we were also discussing other areas. And, in my discussions with him I was led to believe that as of the present time - I am not talking about what occurred two or three weeks ago, or before that - there is a directive put out by the Atlantic City Police Department that no police officer within that department may be employed by a licensee in any capacity. So, I would assume that

answers that question.

As far as the jurisdiction of the local police department in the area of a casino-hotel, I see the State Police as having primary responsibility within a casino.

ASSEMBLYMAN KAVANAUGH: You are talking about the 60 thousand square feet?

MR. LORDI: That's right. It may very well be that their jurisdictions overlap as far as alcoholic beverages are concerned. Although, as you know, the State Police can supercede any local police department on any investigation.

We have had some meaningful discussions - that is Commissioner Roth, myself, and Lieutenant DeMassi of the State Police - this morning and on other occasions, in which we are attempting to identify more specifically the jurisdiction of the various police departments. I think we have had a cooperative and very constructive discussions which will lead to the identification of the specific responsibilities of each.

But, in answer to your question, as of this moment I see the State Police as having the prime responsibility for insuring that the criminal laws of our state are complied with in the casino itself. But, I see no problem in identifying more specifically the responsibilities of these groups and I would hope that we can make a statement in the next two or three weeks with respect to this.

ASSEMBLYMAN GEWERTZ: Assemblywoman Kiernan.

ASSEMBLYWOMAN KIERNAN: Good afternoon, Commissioner. Just a couple of quick questions. We were just talking about affirmative action before. We had a gentleman from the ACLU testify before us yesterday and he had several objections to the law, as written. One of the things that he raised a question on was their contention that residency requirements are not constitutional and that they are preparing a court case on the subject. He suggested that the same result could be achieved by making residency part of the affirmative action portion of the bill. Would you be agreeable to something of that nature?

MR. LORDI: I will be glad to pursue it. As of this moment we do have legislation which establishes the duration of residence for casino-hotel employees and casino key employees. Until such time as the courts declare it unconstitutional, I would think that we would have to accept it as constitutional. Now, whether or not we can avoid a constitutional test by incorporating it into the regulations as opposed to the statute, is a legal question I couldn't possibly answer. We will look into it, obviously. But, as of this moment, there is no question that there is a justiciable controversy here in the sense that, yes, it could very well be declared unconstitutional and, yes, it could very well be declared constitutional. We just don't know because I don't think there are any cases on this point. But, I will certainly review the legal question that has been posed by the ACLU to see whether or not our regulation should also be amended to provide for durational residency.

ASSEMBLYWOMAN KIERNAN: One other thing. I have a letter here from the Police Chief in the City in which he - this is a letter to me as a member of the State Government Committee, my other hat - asks for us to consider twenty-four hour casinos, one of the reasons being that it would assist him in law enforcement since he would not have the problems of the streets at a certain time of night in which everyone is going home -- that kind of a thing. Do you have any feeling about that?

MR. LORDI: If I am asked specifically whether I think the casino should stay open for twenty-four hours, I would have to say no. I think the Legislature showed good judgment in closing them down, as they have. One it gives an opportunity to the

licensees themselves to clean house. We have had problems, for example, with just one casino in place, and the unprecedented crowds, with maintaining the casino in the manner that the statute calls for and that we are proud of. I am happy to say that the casino has really improved. Anyone that has been there recently and was there during the summer months can see the tremendous improvements that have taken place.

If only for that reason, it seems to me that I would favor the present statute, as opposed to an amendment permitting the casinos to stay open twenty-four hours a day. Secondly, it gives the bettors an opportunity to sit back and reconsider what they are doing.

ASSEMBLYWOMAN KIERNAN: To go take out a loan.

MR. LORDI: Let's face it, if they are open twenty-four hours a day, it is conceivable that you can encourage them to gamble beyond their means. I would think this is a way of retrenching and sitting back and relaxing and thinking about it, and perhaps going home.

But, as far as the enforcement problems are concerned--

ASSEMBLYMAN MAGUIRE: You wouldn't say that if you had a hot run and it was five minutes to four.

MR. LORDI: That's for sure. I would also have to say that I am not aware of the problems that may have been flowing from the casinos as a result of it closing for a couple of hours on weekdays and weekends. If there has been a problem, it hasn't been brought to my attention. If there has been an increase in crime, it seems to me that it is an enforcement problem that we can handle in another way, rather than by opening the casinos twenty-four hours a day. That is the last thing that I would like to see done.

ASSEMBLYWOMAN KIERNAN: I ought to get you a copy of this letter then, because the Chief - his name is tenBrink, I think - gives some statistics and figures on the tremendous rise in crime - dramatic, he calls it - between 3:00 A.M. and 5:00 A.M. on weekdays and 5:00 A.M. and 7:00 A.M. on weekends.

MR. LORDI: I dare say, I don't know what categories of crimes have increased. I dare say, the more people you bring into an area, the more crime you are going to have. It is just a case of law enforcement adjusting to it. But, I don't know that leaving the casinos open twenty-four hours a day is in any way going to reduce the crime rate. If anything, it may increase it. I have had enough years at law enforcement to speak with authority on that subject.

ASSEMBLYWOMAN KIERNAN: Thank you.

ASSEMBLYMAN GEWERTZ: Assemblywoman Berman.

ASSEMBLYWOMAN BERMAN: Commissioner, you spoke about the fact that since the summer, the casino has cleaned itself up in terms of housekeeping and appearance. There are people who go to Las Vegas and who come back here and compare the atmosphere -- the rudeness, and the fact that there is just a different feeling that you get from Resorts compared with Vegas. People who go to the casinos all the time just expect a modicum of decency. They say they don't get that. This is a problem that I am afraid we are going to hear spread across the United States: "Don't go to New Jersey because your money is going to be taken but you are going to be treated rudely."

Professional gamblers talk about the fact that they are not allowed to tap on the shoe when they are playing baccarat. They get yelled at and are told it is costing a lot of money. These are the kinds of things, or attitudes, that go

across the United States. Gambling is a business and you can't be rude to your customers. Whether you like gambling or you don't like gambling as a moral tenet, it is a business in our state. How does this affect us versus Las Vegas?

MR. LORDI: Well, first of all, I would have to, quite obviously, hear the complaints myself. We do get complaints and we have set up a procedure within the Casino Control Commission to attempt, as best we can, to resolve whatever complaints the patrons have. In fact, the statute specifically requires the Casino Control Commission to have inspectors in the casinos to listen to and help resolve the complaints of the patrons. So, we have had complaints in the past that some employees have been rude, whether they be dealers, or whether it has been supervisory help. But, there is an improvement in that area.

How do you deal with attitude? I would think in two ways: One, you require them to change their attitude, and, two, competition. I think the problem is two-fold here: One, we are making progress. Just as we have improved the appearance of the casino, I think we have improved the attitude of not only the employees - the dealers themselves - but the attitude of the supervisory help also. They were never subject to tight, stringent regulatory controls such as they have to face here in New Jersey. I think that as time goes on, you are going to find that that attitude will change and that while the customer may not always be right, they are at least going to bend backwards to try and resolve whatever his problem might be. So, I think that you are going to see an improvement in attitude.

I also think that you are going to see an improvement in attitude as soon as other casinos come into place and as soon as healthy competition surfaces. Then, of course, each one is going to be vying for the patron.

ASSEMBLYWOMAN BERMAN: Let's hope that happens quite soon.

MR. LORDI: Well, I would hope so too.

ASSEMBLYWOMAN BERMAN: Thank you.

ASSEMBLYMAN GEWERTZ: There is only one other thing. I think, concerning Mrs. Craig's complaint, that it was not based so much on instructors but whether or not federal monies and taxpayer's resources should be put into play to compete with private enterprise that has already made an investment and is now placed in a compromising position as far as being able to continue as a private entity. So, I would hope that through Chips and whatever else, you might look into that and make sure that things are fair.

MR. LORDI: There is no question in my mind but that they are. I have had conversations with Viola and Viola and I will continue to have conversations. I am sure that there has been some misunderstanding. There are no federal, state, nor local funds that are going in to establish any unfair competition between the gaming schools or, for that matter, any licensees. I know that Mrs. Craig and I will probably discuss what her concerns are and I will certainly look into it. I can assure you that that situation will never be allowed.

ASSEMBLYMAN GEWERTZ: Okay. Thank you. Mr. Speaker?

A S S E M B L Y M A N C H R I S T O P H E R J. J A C K M A N: I just wanted to make a general statement, Joe.

Number one, this Committee that is functioning here in Atlantic City came here to be helpful to you. I wanted you to know that at the outset. They have taken the time out. This is dedication. They don't get any more money for doing what they are doing and I compliment them.

Originally, our entire focus, when we started this casino gambling, was to make sure that we took care of the people who lived, or resided in, Atlantic City.

That was the original intent. We talked in terms of gambling. We talked in terms of the ethnic problem as it existed here -- the black and the Hispanic. There were people who worked here when times were tough. Now, with the times getting better, it was our hope and wish that these would be the people who would be taken care of. Somewhere along the line, we are not doing that.

As far as you are concerned, it is a credit to you. Now, I liked what Kenny said before. I think maybe we have just a little bit too much down here. I think maybe we should put this all under one roof, so to speak. Maybe we ought to have one overall function in operation and you will be the overseer of it. I think we are going in different directions.

Another thing - and Kenny hit it and some of my colleagues on the Committee hit it - is the subject of jobs. There is such a hold-back. We have people who have been working in these hotels for months and months and still haven't gotten their licenses. I don't want to see - and I am not saying this in a derogatory sense - all whites in the key positions. I think that the black and the Hispanic who have dedicated their lives to this city are the ones that we originally intended to help. We want them in decent housing. There is one reason why that can't come to fruition as far as I am concerned - and this is not a witch hunt, I want you to know that. This is a dedication. From this meeting will come legislation that will make your hand a little stronger and the regulations more enforceable.

And, of course, as was mentioned before, you have only one show in town. Resorts is buying up property because they have so much money. They are way beyond the 2%. Hell, they are in the 20% bracket right now. If they keep it up, they will own Atlantic City. By that time there will be nobody left and they will be running their own casino, just in this little area here. That's good. I am very happy for them. I am glad everybody is making money. But, we want some of that money to filter down. That was our original intent.

I, as Speaker, and my colleagues, am going to make sure that that is what is going to happen here. We don't want to put money in the till - eight million dollars - we want to take care of the senior citizens. That was all part of the understanding. But, at the same time we wanted to create jobs; that was the whole key -- jobs and decent housing for the people. These people are sitting here today, taking time out from their job - they don't get any money for this. The dedication is here and I compliment them for it.

Joe, of course my feeling for you and your dedication is the same. You know more about law enforcement than almost anybody in the State.

What we are trying to accomplish here-- And, again, I am going to repeat, this is not a witch hunt. This is not to come down here to try and step on any of the politicians. We want to cooperate with the Mayor, the Commissioners, the Senators that are down here, and with the Assemblymen that are down here. We want to help them. We want to put legislation together. But, the whole intent of the casino gambling legislation was to turn this city around, and we are trying to do that. And, I don't want people coming from Vegas. I don't want people coming from all over Pennsylvania. I don't want them to come in here and take the jobs away from the people in the State here. When times were tough, they took all the garbage and everything else. There is a pride here. They want their jobs. They don't want welfare. They want housing. And that is what we are trying to accomplish here, amen.

MR. LORDI: Of course, I agree with everything you say. I think I have to respond in this way - and I can only respond in a limited way because there

is only one casino open here, with a temporary permit: Over three thousand jobs have been created there. Whereas, before they got their temporary permit, there were only five hundred jobs. The bulk of those employees are New Jersey residents.

ASSEMBLYMAN JACKMAN: Good.

MR. LORDI: The larger number of them come from this area. Now, I can recall when we granted a gaming school license to a corporation that in effect had been formed by Resorts International. The reason why we granted that gaming school license was because we recognized that without a gaming school license at that time, we could not train New Jersey residents as dealers. As a result of that license, Resorts went out and recruited over 500 young men and women - with some rare exceptions -- young people that had no hope for a job; young people that had no hope to be trained to fill jobs someday with a salary that was reasonable and that would enable them to buy the necessities and the conveniences of life.

Well, okay, they were trained and they are now working at Resorts International. These were jobs that we created on behalf of New Jersey residents. Now, when you multiply those jobs by the other areas of the casino - whether you are talking about slot trainees or whether you are talking about cashiers, and the like, all of them are New Jersey residents by and large. As I pointed out before, where we are weak is on the higher levels. But, here again we are attempting to push and prod and compel compliance with these affirmative action goals by requiring these upward mobility programs.

What we are doing at Resorts - and we are learning as we are going along - we are going to carry to other casinos. We are going to create jobs and we are going to create housing, but it is necessary that we get other casinos in place.

ASSEMBLYMAN JACKMAN: You have complete cooperation.

I just want to make one other statement that I, again, think bears repeating. Men and women are sitting in this room and they are here to help you. We are looking for your guidance in a situation that you are living with every day of the week. We are not down here every day in the week. You tell us, as legislators, what is necessary in order to put this thing down the pike and you will get our cooperation.

MR. LORDI: Thank you.

ASSEMBLYMAN GEWERTZ: Thank you, sir. Mr. Perez, Latin Organization of Atlantic City. Mr. Perez.

E N R I Q U E P E R E Z: What I would like to do is to read the statement I have prepared and afterwards, if some of the committee members want to testify, have our people testify and that way I can translate for them if they have any difficulty.

The Latin Organization of Atlantic City is a private, non-profit organization located at 417 Atlantic Avenue, here in Atlantic City. The organization grew out of the needs of the inlet section of Atlantic City.

With the passage of the casino referendum in 1976, this seemed to be a blessing for Atlantic City and for the State of New Jersey. But, for the poor and the elderly, it has been a true curse. Over 80% of the Hispanic community in Atlantic City voted in favor of casinos, expecting better jobs, improved housing conditions. However, problems were anticipated. These problems have become a reality and, unfortunately, much more than anticipated.

Today, all we have are the promises of the casino. The employment rate among the Hispanic is the same as it has been in the past years; nothing has changed. The present casino has not met the hiring quarter of minorities, yet officials do nothing. The housing condition in the inlet section of Atlantic City, which is

80% substandard and 50% overcrowded, is being bulldozed for new casino and commercial interests. Yet, no one has taken into consideration the needs of the poor and the disadvantaged. The area has enough problems without having to compete with multi-million dollar casino industries.

As stated earlier, the inlet section of Atlantic City is predominantly Hispanic and has a residential zone. Now, the plans are to convert this area into a hotel-casino zone. We feel that zoning families out, forgetting their human needs and rights and supporting commercial interests in this area, is discriminatory. If such actions were to take place, we would urge community members to file suits.

The casino referendum was intended to be a tool to revive Atlantic City and, yes, casinos will revive the resorts queen. But, what about the poor and the disadvantaged people of Atlantic City who gambled and voted in favor of casinos with the hope of obtaining better jobs and homes and who want to become a part of this fast growing Atlantic City? Will they be around to claim their winnings? In the past few years we have watched the fastest growing ethnic group - Hispanics - wither away from 4,500 in 1976 to a mere 2,000 as a result of the casino impact.

Therefore, we call upon you to join us in the preservation of the rights of American citizens and in the preservation of our people of Atlantic City. We call upon you to use your power and influence to join us in our fight against this problem. We need your influence to speed up the process of housing for our people. We need you to help to stop the violation of our rights in Atlantic City.

In conclusion, I would just like to say that Atlantic City has a second chance to revive itself, to rebuild itself economically and physically and we want to be a part of that growing city. But, due to our limited resources, we need and seek your support to assure that the poor and underprivileged will not be forgotten.

ASSEMBLYMAN GEWERTZ: Thank you. I can only speak from my own knowledge and I am relatively sure I speak for the majority of the Committee also that there is no question that some of the housing is as bad as the worst concentration camp that anybody could devise for human suffering. We intent to do whatever is within our power to see that it is corrected and it is corrected now, not three years down the pike. Because, people can't wait that long. Are there any questions for Mr. Perez?

ASSEMBLYMAN GALLO: No, I just want to say that you did accompany us on the tour today. I think the problems that you have outlined in your presentation are very vivid. This is something that I think the Commissioner said he was concerned with also. The only help I have to offer there is that the casinos coming in - as the Commissioner has indicated - do relate to the needs of Atlantic City and they will make it a team effort to be able to not only take and do the economic uplift that is so necessary, but also do the other end of it, which is the betterment of the people that are living here by letting them also participate in the advantages of having casinos in Atlantic City.

I think you have shown us that very clearly today -- that there are needs and desperate needs.

MR. PEREZ: I would like to ask if any of the other community members want to speak. (at which time Mr. Perez asks, in Spanish, if any community members present wish to speak)

ASSEMBLYMAN GEWERTZ: If anybody wishes to speak, you certainly have the opportunity.

A I D A C O R T E S: I can say something here. I am not a resident of Atlantic

City but from what I can see eventually this is going to be more than a middle class section and if I were to live here I would like to know what my chances would be of living here if I don't have the income to live here?

ASSEMBLYMAN GEWERTZ: At the moment, as it presently exists, not good, but hopefully we will be able to do what has to be done to make sure that nobody is going to be displaced for reasons of profit. If buildings are sub-standard and they have to come down, or if there are so many code violations that they are not proper for people to live in, then it is incumbent upon the administration to provide the necessary units so that people can retain their dignity.

Of course, it is our hope - and we have been sort of trying to direct our efforts to this - to come up with ways and means of giving people ownership of the property, rather than the type of public housing that has historically failed. In many instances people do not take as good care of something that doesn't belong to them as they would if they owned it themselves. So, the key is to maybe get the city to loosen up on some ground that conceivably could be utilized by the various public housing corporations, poverty programs, your organization, etc., so that you can start to build new units to get the people out of these sub-standard ones.

MS. CORTES: Also, can we count on the help of those people who can give us the help? That is the important thing. Because we can sit here and we can say we need your help and everybody can say they understand that we have a problem. But, what we really want is the help of everybody, whoever can give it to us. There are people out there living, and it is a shame the way they have to live. I am grateful that I don't have to live that way, but if I did I would fight. That is what I am here for. I am fighting for these people too. They need somebody out there that is going to say, "okay, I am willing to help you," and maybe not tomorrow or the day after, but eventually they will come through. They will not just say they are going to do it and not do it.

ASSEMBLYMAN GEWERTZ: Well, we are here because there is a need to be here and we don't intend to spend our time listening to people talk about problems because we can see the problems. We are here to gather sufficient data to intelligently change what is now existing -- or at least put heat on people that are responsible to make those changes.

MS. CORTES: Thank you.

MR. PEREZ: May I say something?

ASSEMBLYMAN GEWERTZ: Yes.

MR. PEREZ: In the past there have been similar meetings and we hope that at this time there will be some good follow-through.

ASSEMBLYMAN GEWERTZ: I want you all to understand one thing. We are here for two days at this point in time. That is not to say that we are not going to be back, because we will be back here. In addition to coming back and going over areas that we have not been able to cover in these two days, we intend to put our staff to work to get the necessary background information so that we can do what has to be done. Okay? Now, bear in mind, we don't have the legislative power to mandate things. But, the Speaker, who certainly has enough clout in the lower house of the Legislature, has told you in plain English that he is not happy with what is going on and that as far as he is concerned, it is going to change for the better, and we are going to work to supply him with the information so that can come to pass. William DeJesus.

Mr. DeJesus, will you please sit down because this is being recorded.

W I L L I A M DeJ E S U S: I am William DeJesus. I am the director of the bi-lingual program and I am working with the Spanish community in the city. I decided to talk now because you asked, "Do you want these people to stay here in Atlantic City"? That question is usually heard in this chamber. I have heard this many times when the community meets with the mayor. The mayor has said the same thing, "We don't want the community to go from Atlantic City."

It is not the casino, per se, who is the enemy of the minorities here. It is the people who have the houses and the land where our community lives who are the main enemy because the landlords are the ones that raise the rent and they are the ones who evict the people. They want those buildings and that land to make money from the land. The problem is not the casino, really; mainly the problem is the landlords. That is private property and they are absentee landlords and owners and there is no law to stop them from selling those properties.

So, it is of no use to say that we are going to stay if the people - the owners of those buildings - are throwing us out.

ASSEMBLYMAN GEWERTZ: The problem started out, as I see it, because of the decline of the City. The people that had these properties couldn't do anything with them, other than rent them to poor people because nobody else was interested in doing that. So, you had an influx of people who wouldn't be here other than the fact that they were provided, at that time, with very, very low rents. Now the situation has reversed and people are no longer interested in collecting rents. They want the property and the buildings back because they can sell it for more money.

So, I don't know that we can stop people from selling their properties or whatever the case may be, but we can damn sure make sure that somebody starts to build units so that people, if they have to leave one place, can go to another within the city that is better and that, hopefully, they can own.

MR. DeJESUS: You are right and I am with you. We are trying to get the money from CDA to make a study of the project Santa Rosa. That is the project that we propose for that area in which we can have all kinds of people, Hispanic, black, white, senior citizen, and everybody, under a cultural environment, so that we can have some of the business here. We don't believe that everyone who is coming to Atlantic City is going to gamble. People are coming with families and they can enjoy themselves in a cultural environment; they can enjoy themselves by eating something Hispanic and by hearing Hispanic music. We also want to participate here with this business.

The trouble is that the land is said to now cost \$10 million in the area where we plan, or propose, to have a Barrio. Now we are thinking, "where are we going to put this Barrio?" And, the only place there is for that Barrio is the dump area. It is near the harbor and the Bay. If they don't give us the land we are not going to get the money and we will have to drop our plans. So, there is really no hope. Where are we going to put this Barrio?

ASSEMBLYMAN GEWERTZ: One of the problems we heard yesterday was, the City planner was to determine how much ground the city has, where, and whether enough pressure can be put to bear to loosen some of that ground. That is what you have to have; you must have ground. Once you have the ground, you can get the money to build the houses. But, the ground prices are so high that it is almost unaffordable to build houses on ground that expensive. That is one of the points that Assemblyman Karcher addresses, because by making the people who have bought and hold

those properties pay the taxes on the higher sale price, it should reduce the tax level for other people and make it more feasible to do what you have in mind.

MR. DeJESUS: Also, I would like to call your attention to the winter that is near. Last year we know some landlords cut the heat, and all the utilities. This year the same thing is going to happen and we don't have places to move these people to. We need emergency housing, trailers, anything you can give us, so we can house these people. Because if you don't do that, what is going to happen here is the people are going to be forced to move from the city and when they ask us to bring back the people who want the Barrio, we are not going to have people to put in this Barrio. Then, you can be sure the community, you, the mayor, and everyone, is going to work this out and say, "you must stay here "

MR. PEREZ: May I say something else?

ASSEMBLYMAN GEWERTZ: Yes.

MR. PEREZ: Is it possible to look into the possibility of having certain revenue of the casino monies put aside, to be administered by the city, so that when a landlord does not fix, on order by the court, heat, or whatever, the city can fix it and put a lien on the property? This would speed up the process.

ASSEMBLYMAN GEWERTZ: I am not an attorney, but Alan might address himself to the question of whether or not the city, by ordinance, can provide for that -- or if it can be done under state code. I know you can withhold rents so you can make repairs and deduct that from the rent that you are paying.

ASSEMBLYMAN KARCHER: The way it would have to be done and the way it should be structured is, the city in certain instances can do emergency things. They can provide heat, etc., in order to insure that the building meets the housing code specifications for habitability. If and when the city is forced to do that, what should happen is, the landlord - the property owner - should be surcharged and the money advanced to the city for that purpose should go on his tax bill. That is the simplest and most expeditious way to see that he pays for it.

MR. PEREZ: That would really speed up the process. Could that possibly be checked into?

ASSEMBLYMAN KARCHER: I don't know of anything that prohibits the city from doing that.

For instance, let me give you the classic example. You have some deteriorated housing, some blighted housing, where the owner is just as happy to have the thing burned down, and then is burned by accident, or not by accident. Then, they won't even clear it up and it becomes rat infested and a hazard. In those instances, the law is very clear. It is a danger to health and the city can go in there and demolish it - take it down - and put it on the tax bill.

MR. PEREZ: That is what the landlord is encouraging because then he sells the land for a lot of money and he pays a little bit to the city. If he had to tear it down, he would have to pay a lot more.

ASSEMBLYMAN KARCHER: I am not aware of anything that would prohibit the city from setting up a mechanism to provide that landlords, under a housing code - a municipal housing code - be forced to meet certain standards for habitability. If and when they fail to meet those standards for habitability, the city can move in and surcharge on the basis of a tax. I don't know of anything that would prevent the city from doing that. I might be wrong, but I think I know what I am talking about. I think the city could do that if they wished to do it. And, if the city wanted to establish some kind of revolving fund to do that, that would be possible as well.

MR. PEREZ: It is up to the city.

ASSEMBLYMAN GEWERTZ: Understand, we are not elected representatives of the city, or of this county, nor are we even members of the Legislature who represent this area. You know, we will work with you in whatever way we can to help you.

ASSEMBLYMAN KARCHER: The city has a housing code, doesn't it?

MR. PEREZ: Yes.

ASSEMBLYMAN KAVANAUGH: If Alan were on retainer he could be more definite on that. (laughter)

ASSEMBLYMAN KARCHER: I would have to put my jacket back on.

ASSEMBLYMAN GEWERTZ: But, you know, we are available. If you have a program that we can help you with, you can contact Mr. Frakt and we will provide you with whatever assistance we are capable of giving to you.

MR. PEREZ: Thank you.

ASSEMBLYMAN GEWERTZ: Thank you. Dr. Victor Bressler from the Atlantic City Renaissance.

DOCTOR VICTOR BRESSLER: Thank you, ladies and gentlemen. I want to express our gratitude for the opportunity to be here. I am Victor Bressler, representing the Atlantic City Renaissance. Atlantic City Renaissance is a planning advocacy comprising Atlantic County citizens and some throughout the state -- in fact some in the nation -- who share an interest in what Atlantic City Renaissance means and who have a common concern for the quality of life of all residents and every visitor.

What I am about to say has been said many times in many ways, and has been spoken before legislative bodies of this state, its bureaucracy as well as local government in the city and county. I will say it again a little more strongly and perhaps the message will still not be perceived but we will continue to try.

The numerous human problems in community development issues seeking resolution in Atlantic City prior to the casino gambling referendum have proliferated and will sooner or later heavily affect the entire county and the region. The present legislation has not addressed these consequences except to anticipate some economic benefits that are perceived broadly as likely to impact favorably upon Atlantic City and alternately serve some advantage to the elderly citizens of New Jersey.

There exists in Trenton, and elsewhere, a growing apprehension that Atlantic City, as the major gateway to New Jersey, must capture notoriety for better or for worse, that will reflect significantly upon the image of our state in the eyes of the entire world. It is becoming evident that neither the Casino Control Commission nor, I respectfully submit, this distinguished Committee of the Assembly can respond to or influence these events any more successfully than the numerous other learned groups that have descended upon us to dissect, reflect, and finally depart, leaving behind more data - some of it useful - judgments, prognostications, and admonitions, but very few useful tools or resources with which to construct our hopeful emerald city.

An effective mechanism has yet to be established that will deal with issues and concerns pragmatically fortified by a continuity of grass roots input. The state's field command in Atlantic City is thinly staffed and lacks the resources and power to act. This contrasts with a high command in Trenton that is, in effect, waging a campaign on the drawing boards without benefit of real day-by-day intelligence. This tenuous line of communication delays issue responsiveness

until both local citizens and developers are overcome by frustration.

Yet to be heard is the answer to the question, "where and how shall the power of the Legislature be balanced by the power and wisdom of people who are concerned in order to mature and expedite a development process that is clearly in the public interest"? Hearing this, you will continue to deal with us, here in Southeast Jersey, on a crisis-by-crisis basis. Responses by state government to issues ranging from housing and displacement through to the Blenheim controversy have followed this pattern. It is not enough to listen and leave. The theater of the tribunal merely engenders bitterness and cynicism amongst citizens who are seeking more constructive action.

There has been no provision for the establishment of a permanent, locally-based citizens evaluation mechanism. And, incidentally, by locally-based I mean citizens who will be affected. That may reach even beyond the borders of Atlantic County. The highest impact remains in this city, of course. But, there has been no provision for the establishment of such a locally-based citizens evaluation mechanism, oriented not only to monitoring attitudes, but also to collecting the hard data, not just opinions, that is needed to expedite planning and sound decisions by government. Such a process should assure an orderly identification of needs as well as a continuous review and comment upon all proposals and recommendations by the Casino Control Commission and by planners to the various levels of government.

This is the key to reason and sanity. Without it, local citizens are locked into a spectator's role and the state is locked out -- out of touch and out of sight, insensitive and blind.

ASSEMBLYMAN GEWERTZ: Would you like us to respond?

DOCTOR BRESSLER: I will give you a moment to recover and offer a paraphrase on what has been stated here.

ASSEMBLYMAN GEWERTZ: I can't argue with what you say because it is true. The government does not function by the people and for the people any longer because it is enmeshed in so much bureaucracy that it is almost impossible for anything to get done right. But, unlike some of the other legislative committees, we are not the standing reference committee. Our committee, by law, is an oversight committee and the word oversight, as it is defined in our formulation, is a monitoring agency and an agency that is responsible to gather facts and make sure that some of the things that need to be correct are, in fact, corrected. And, we have a good track record in our dealings with some of the bureaucrats. I can't tell you that we win all of the time, by we are sure going to give it a human approach.

DOCTOR BRESSLER: Mr. Gewertz, with every high regard for the record of the Committee, I want to reinforce that regard from the standpoint that what I say here does not suggest that this process should not continue. What I hope will be perceived is that you are at a disadvantage as you pursue your efforts. When, in fact, it becomes necessary for people to be gathered together in this way, they find themselves oftentimes separated from one another, out of touch, and often they come before bodies of this sort, and discover that they become adversaries rather than advocates in common. It would simplify matters, and we would hope that there would be some way by which creative legislation could encourage our citizens here to place themselves in a closer working relationship so that as the need arises not only would you be invited to meet, from time to time, with this body of citizens, or other members of local and county government, but also your legislative assistance might have a role in the process also -- and so might

the technical and planning bureaucracy at the state level, and perhaps even beyond. Otherwise, each group comes in here to function, much as the first group that come in here four or more years ago, simply by reaching out in this manner and bringing people in. And, they created a very fine document and subsequent to that we have four or five other very fine and very interesting documents which we believe we value. We have learned as they have learned, but the continuity has never been sustained.

ASSEMBLYMAN GEWERTZ: Do you know why? If you analyze government and you look at this particular area, you will find that the original intent was to encourage citizen participation by having such bodies as zoning boards, planning boards, utilities authorities, etc., etc., and the appointments to those boards supposedly are to represent a cross section of the area in which they serve. Now, sometimes that happens and sometimes it doesn't happen. But, when the city was having problems after the first referendum went down, a lot of people got together and they called themselves the Committee to Rebuild Atlantic City. That was a citizens group. That was not a governmental agency. That was comprised of a multiplicity of people which may even have included yourself. They did a hell of a job because they sold it and it passed. Now, the very same people today are no longer working together; they are all fighting like cats and dogs to see who can buy what piece of ground and sell it to who for the biggest profit. That has a very adverse effect. But, there is nothing in the government that precludes people with a common goal from forming a committee to do whatever it is that you want to do.

As a group of people you can go to governmental agencies and you can make demands and you have the power of your vote. If people are not sensitive to your problems, then you throw them the hell out. It is as simple as that.

ASSEMBLYMAN GALLO: I would think one thing, Doctor. Sometimes we see a problem and of course we would like to tackle it. I guess the only quick way of solving problems is to have a dictatorship where one man says that is the way it goes, or one gal says we are going to take care of it. I don't think anybody on this Committee doesn't recognize the problems and the length of time that it is going to take to fix them. We are not going to be able to waive any wand and say this has to be done to bring about what we are looking for in some of the social areas that have not been addressed by this legislation.

But, I think the awareness is, number one, the first step for any committee, even a committee such as ours -- an awareness that there is a problem and what the problem is. When we get the input from people like yourself and others that have testified before us, we get a broad spectrum of the problem, not just a small segment. Sometimes they are segments that we have been spoon fed.

So, whether you have the citizens groups or not, hearings such as this are very important to a committee, in order to be able to zero in on areas where we may be able to suggest change to the Legislature. This report will be given to the Speaker of the House and the Speaker of the House will move forward from there, depending upon what our report says and what our recommendations are, and what our back-up information and data consists of. So, those are all things that take time.

Some of the background information that the Chairman has requested from staff already is going to take considerable amount of time before it can be put together with an approach that will hopefully start eating away at the problem so we can solve some of the problems that now exist.

So, I don't think that any of us are foolish enough to think that we are going to come down here and have the answers when many, many people with a great deal more expertise in the field have not been able to come up with the answers. But, we hope that we can act as a catalyst.

DOCTOR BRESSLER: I think that is what I am looking for and the last word hits the nail on the head clearly. There may not be the legal mandate available to you and your attorney in his wisdom may have a better answer. But, for example, there is hardly a person in this room - nor were there people in this room yesterday, I would guess - who has not worked together in some way and appeared almost without fail individually and collectively before all of the succession of such encounters that have been held. There is, therefore, an awareness of one another and a development of, and a capability of, their working more closely together.

I view this as a very strong force, something like a permanent floating crap game that needs not to be structured in the traditional committee sense. Perhaps creative legislation can define such an entity that can expand and contract, but maintain itself permanently to communicate with people in government.

ASSEMBLYMAN GEWERTZ: Doctor, there is a bill in the legislature that probably, if it were passed, would be the greatest tool that any legislature could have to work with, and it has been done in other states. Instead of giving an oversight committee the power to recommend, they give the oversight committee the power to mandate changes in regulations that adversely affect the public's interest. And, if we had that kind of authority at this point in time, it wouldn't be such a terrible thing to get some of these problems that have been outlined out of the way the following day. But, we don't have that authority yet. Hopefully, very shortly, we will have that bill come up.

DOCTOR BRESSLER: Provided you are also mandated to respond to grass roots input and that mechanism is defined.

ASSEMBLYMAN GEWERTZ: You see, we come with the attitude that we know nothing about what is going on here. Nothing. We are finding out by the information you are giving us, what we can see, and what our staff people are gathering. We have no ax to grind with anybody. There is nobody in this room that is going to vote for or against you for doing your job. We are not subject to some of the pressures that other people are subject to because they don't want to make enemies or step on someone's toes.

I don't really care. It doesn't bother me. I have been at it a long time. I am not loved by all but someone has to get it done.

DOCTOR BRESSLER: We are all in the same position. We are getting to know one another better and we hope that in this process, and in those that will follow, we will continue to become more closely acquainted and perhaps work together more effectively.

ASSEMBLYMAN GEWERTZ: Thank you very much, Doctor.

DOCTOR BRESSLER: Thank you. I appreciate it.

ASSEMBLYMAN GEWERTZ: Mayor Guy Muziani from the City of Wildwood.

M A Y O R G U Y M U Z I A N I: Mr. Chairman, members of the committee, and interested citizens. I understand, of course, that your main purpose and objective in visiting Atlantic City for the past two days is to get the input concerning the impact of casino gambling operations here in the City -- how it affects the people, the merchants, and the city as a whole.

I am hopeful that you will allow me to speak because I will address my

comments in a way that might make you think that I am probably here at the wrong forum. I will talk about the impact of this particular operation here in Atlantic City on the other resorts in the State of New Jersey. I am very concerned about that. I feel that there aren't enough people who are addressing that particular aspect of the problem, as it concerns the impact of casinos.

Now, if I were to elaborate a little more on this particular subject--

ASSEMBLYMAN GEWERTZ: Proceed.

MAYOR MUZIANI: Okay. As you all know, of course, Wildwood is 40 miles south of Atlantic City. Apparently today that is the way we are known, we are known as the city 40 miles south of Atlantic City. We don't particularly appreciate that kind of a designation. We would like to think that we have an identity of our own. We would hope, of course, that the industry itself will continue to be as prosperous as it has been in the past, as far as our county is concerned.

The Wildwoods have been very, very successful. We have had more capital development on the five mile beach than most other resorts in the State of New Jersey. Ours is not the type of development that you would find here in Atlantic City, where you have the conglomerates, where you have the large corporations coming here with huge sums of money to invest.

The investor on our island is usually a man who has sold out somewhere else, moves into town to either a proprietorship, a small corporation, or a partnership -- nothing too big. I think the largest investor we have there today is a \$5 million complex. It ranges in the area of \$1 million to \$5 million, depending upon the size of the motels that they are building.

And, of course, we are very, very successful there. We have been. But, this past year we did feel the first brunt of the casino operation here in the City of Atlantic City, mainly in the area of the restaurant operations and the entertainment field.

Now, what we have done is, we have sat down and discussed this problem. We are trying to project ahead three years. I think it is necessary that we do this to understand the full impact this will have upon us.

The tourism industry, of course, is very vital to the State of New Jersey. I, of course, campaigned most vigorously against this referendum when it was considered two years ago, not because I am against Atlantic City being revitalized -- certainly not. I am only interested in protecting the interest of the people and the merchants in the community I represent.

We are looking for safeguards -- some way of knowing that some day in the future we won't be on the short end of the situation. Of course, those who argued for the passage of the referendum, stated the positive aspects of it -- the fact that there would be an overflow; that not everyone would go to Atlantic City because not everyone liked gambling; that they would be coming our way; that there would be an influx of more people and new people because of what is happening here in Atlantic City. Well, it didn't happen that way and, of course, we only have one casino operating at the present time.

You say, "well, we just can't get an accurate barometer as yet," but let's assume now that we have three going in addition to Resorts -- three complexes that are going to be new and modern, costing \$50 million or \$100 million in investments. These places are going to be attractive. They are going to offer facilities second to none anywhere. You will then find a different situation developing.

Number one, the tourism dollar today is having its problems because, first

of all the tourism dollar is very competitive; everyone wants that visitor to come to their town. Inflation is taking a chunk of that right out of the hands of the average visitor that we cater to on our island, and that is the middle-class income people. Inflation is going to be a real factor as far as tourism is concerned, no matter where, because by the time you are finished with the necessities of life, there isn't too much left for the luxuries in life anymore. So, that means that the inflation factor is something to be considered.

We do a tremendous business with the Canadian market. We are probably doing as much business as any other resort in the State of New Jersey as far as the Canadian market is concerned. Last year it tapered off. This year I understand it is going to taper off some more because last year the Canadian dollar was only worth 85¢. Now it is only worth 80¢. So, the government in Canada is encouraging their people to stay at home and not travel to the United States and get 80¢ on the dollar. They are finding ways to try and keep them there. So, we will lose some because of that. We will lose some because of inflation.

Then you get the State of New Jersey who is not doing what it should be doing as far as energy is concerned. No way are they doing it. They have committed themselves by way of legislation and they have not, in any way, fulfilled the requirements of that legislation. They agreed to set up the Division status within the Department of Labor and Industry as far as tourism is concerned. We weren't satisfied with that, really. We wanted a tourism department to have the cabinet level designation because we felt that the industry itself was the second largest in the state and it merited that kind of recognition. It generates a tremendous amount of money for the State of New Jersey in many ways. They were to appoint a Director as of July 1st. The Governor has not done that to this day. They have a committee functioning -- 13 members, I understand. It is an advisory committee. They have met twice, at their own calling, and accomplished nothing. They were to have a master plan by February '79 and they haven't even started that yet.

I heard the representative of the advertising agency that the state has engaged to do their advertising tell us two weeks ago that the state had reduced their advertising budget from \$460 thousand to \$200 thousand and they haven't spent one penny of that yet for next year.

So, here we are with a combination of things. You have the inflation factor. You have the State of New Jersey not doing what it should be doing for the industry. You have the Canadian market that is a factor. And, now, of course, we have this business of tourism, as far as the resorts are concerned, and that means Atlantic City.

Now, it is our thinking-- And I think this particular news item that I made copies of, that appeared in the Philadelphia Inquirer, pretty much sums up the situation as far as I am concerned. It might help to enlighten you as to the points I am going to make.

We have three casinos going for us, let's say, in three years. Now, they have to become competitive amongst themselves. I don't think anybody can deny the fact that they will become competitive amongst themselves. Right now, Resorts has it made -- \$600 thousand a day. They are going to try and protect that. Now, you have the other operations going on here in Atlantic City and they are going to, of course, want to get a piece of the action, so they are going to be trying all they can to be competitive, which means that they are going to start offering package plans. This could mean that they will start giving away a room; they will

start giving fringe benefits; or whatever they can do to get the action to their casino. Now, how does a resort, like Wildwood, Asbury Park, Seaside Heights, compete against this kind of operation? Now, you understand, of course, that when you take in \$600 thousand a day you can afford to appropriate a tremendous amount of money to advertise.

All the resorts put together would not be able to equal the amount of money that three casinos will be able to spend in promotion, in advertising. There is no way we are going to be able to compete. That is going to be a disadvantage for us. We are going to be offering what we can offer.

Let's take a hypothetical situation. I am not so much concerned about July and August. In July and August the schools are closed and we will get our share of the families because the kids like coming to our town; the families like coming to our town. We have a beach second to none. We have a boardwalk that offers all there is to be offered as far as entertainment for the family. And, we have all the other services that you expect to find in an on-going resort area. The fact is, having all of this is fine in July and August. May, June, and September are very important to us now because an eight-week season is not enough to be able to make it. Investments are tremendous today. Interest rates are high. Operational costs increase each year. The bottom line is not what it used to be. They might be grossing it but they are not netting it because of the cost of operating a business. Labor increases constantly and the situation is, of course, where the off-season business could be affected because weekend business in Wildwood has been very good for the past years in May and June.

Let's take a hypothetical situation: On the third week in May I decide I want to go away for the weekend with my family. I might be tempted to go to the Wildwoods. I have been going there for years. Wildwood offers modern facilities by way of motels. You can't go on the beach because it is not warm enough, nor can you go in the water. So, you have to find things to do. Now, here you have a casino advertise a package plan in the newspapers and you figure it all out and think, I would be better off going down to Atlantic City because now I will get a room for one-half the price it is going to cost me in Wildwood; they have the entertainment nobody else seems to have because they can't afford it; and whatever else they offer. So, these are all disadvantages to the economy of the tourism industry.

I complained when I was campaigning against this referendum of the fact that the State of New Jersey had to watch out for putting all their eggs in one basket. My question is, what is the State going to be doing for the other resorts so that we can remain competitive? What are they going to do for the other resorts? They can't just shove us aside. They can't wait until the situation develops to the point that you can't do anything about it. I am hopeful that they would think about it now, talk about it, plan now, and understand that there could be a problem here with reference to the fact that we can't remain competitive.

As you know, the mass transit system here is very much in need. We need one in Wildwood as well. Traffic is a problem here. The problem will be compounded when they have additional casinos in the area. So, a mass transit system becomes more feasible. Right now they say it is not feasible. I would think that probably with three casinos going and with the attraction and the track record that Resorts has in getting people to come here right now on a daily basis - they are coming and going the same day, but they are coming - it means that the concept of a mass transit system becomes more feasible. But, does it help us 40 miles south?

Because we are still going to be closed down for the winter since we can't offer what is being offered here, and we can't in any way get someone to invest money in a mass transit system when it is not feasible in our area because of the lack of numbers of people. If Atlantic City gets a mass transit system, and we have no mass transit system to compete with, that is another disadvantage for us.

So, what I am trying to say here is, I am not taking anything away from Atlantic City. I certainly hope that they are as successful as they plan to be. If they are optimistic to believe that this is going to revitalize the entire concept of the resort industry on this island, I don't doubt that will probably will happen. But, don't let it happen to the disadvantage of all of the other resorts in the state. There is a lot of money invested in these other resorts in the State of New Jersey. You might also be thinking that there aren't too many others that are saying these things at this time. I have been very vocal about this subject. I know I have talked to others who have indicated to me that they were in favor of the referendum at the time of its passage and they now have second thoughts about it because they are beginning to realize that there are definite disadvantages to the other resorts because they cannot remain competitive.

Now, I have a question I would like to ask--

ASSEMBLYMAN KAVANAUGH: Can I interrupt you for just a moment?

MAYOR MUZIANI: Yes.

ASSEMBLYMAN KAVANAUGH: I don't want to interrupt your train of thought but how are the minorities down in the Wildwood area? What percentage of minorities do you have compared to--?

MAYOR MUZIANI: Well, my city is at least 28% black -- between 28% and 30% black.

ASSEMBLYMAN KAVANAUGH: So, as a major concern, you are going to be in the same fix down there that we were in up here?

MAYOR MUZIANI: Well, certainly. Yes.

I would like to ask a question. I want to understand if I am right in this. I have been told this. I am not too sure. When this referendum was passed, was there a stipulation that it would be for a five year trial period? Does anybody have any knowledge of that?

ASSEMBLYMAN KAVANAUGH: There cannot be another referendum for five years in any place in the State. In other words, this is for five years and then another referendum could be voted on allowing casinos either statewide or in Wildwood, or Somerville, or Seaside.

MAYOR MUZIANI: I opposed gambling. We didn't need gambling in Wildwood. I am personally opposed to gambling. Yet, I came out for the Jai Alai operation in the Wildwoods, and of course we lost out. Why did I come out for Jai Alai when I was opposed to casino gambling?

ASSEMBLYMAN GEWERTZ: Survival.

MAYOR MUZIANI: That's right, because I was looking for something so that we could be competitive, something that was an attraction. I was looking for something as an identity. Do you know how much advertising Atlantic City has gotten because of casino gambling? Hundreds and hundreds of thousands of dollars worth of free publicity. If we had jai alai in Wildwood it would have given us an identity. We wouldn't be known as the city 40 miles south of Atlantic City. It would help others to know who we were and the fact that we were there and we were there to offer a service and a resort that we feel has everything a family would want by way of a

vacation.

During the past three months I have talked with some of the restaurant operators on our island. Last year we had five operations open at this time of the year. This year we have two. There are three closed. They were not doing the business. Five or six of the clubs were open. We have one left. I have been trying to find out why. They tell me everybody is coming over here at night. They come here at night and most of them are losing, and they keep coming back. The fact is, they are taking them out of Wildwood and the money is not being spent in Wildwood and it is affecting the business community because three of our people had to close down.

ASSEMBLYMAN GEWERTZ: How about your convention business? Have you noticed any difference?

MAYOR MUZIANI: Our convention business is limited.

ASSEMBLYMAN GEWERTZ: I understand that, but have you noticed any decline in what it has been in the past years versus this year?

MAYOR MUZIANI: No, not yet. We still have the State Firemen. We have the Veterans' convention. We don't have any problems with that at the moment. Of course, we are limited too as far as conventions are concerned because you have the time factor here.

ASSEMBLYMAN KARCHER: What is the effective tax rate in Wildwood?

MAYOR MUZIANI: Two ninety one a hundred.

ASSEMBLYMAN KARCHER: How about the other parts of that island?

MAYOR MUZIANI: I think we are probably the highest of the three. I think North Wildwood is like 241 and the Crest might be about 237.

What I am going to ask you to give consideration to - and I don't know if this is feasible or not or whether it is legal or not - is, I think there might be legislation considered that would prevent Resorts, Caesars, Bally, or anyone else, from giving away rooms, from offering a package plan that would entice people to come here to gamble. In doing so, you offer them free rooms. You offer them free meals. You offer them something free, so it takes it out of the area of competitiveness with other resorts. That is what I am concerned about.

I make reference to this particular news item. It indicates here that some of the businessmen here on the island didn't do too good this past year. There wasn't any real overflow. Now, if there are three more casinos and they are able to put in four restaurants, beauty parlors, and stores that sell clothing, and they are going to do all they can to keep them in that complex, how much impact is it going to have on the merchant on the boardwalk, or the merchant three blocks away, or four blocks away here in Atlantic City, let alone Wildwood? Where is the overflow that is going to come to Wildwood?

ASSEMBLYMAN GEWERTZ: Oh, I think they are hurting here, really. I think it is going to get worse for the small businesses.

MAYOR MUZIANI: The small business has to get hurt because they are going to do all they can to keep them in that complex because they want that dollar from them and they can't get that gambling dollar away from them if they go somewhere else, or go off the premises.

ASSEMBLYMAN GEWERTZ: Mayor, let me ask you something. How much help would it be to the Wildwoods if Highway 55 were completed all the way into the North/South Freeway?

MAYOR MUZIANI: It would be a tremendous thing to happen, believe me.

ASSEMBLYMAN GEWERTZ: Because I know we have been beating the hell out of the Department of Transportation to carry through with their promise. I live in the Woodbury area and for me to go to Wildwood and travel 47 is really murder until you can pick up 55 on the other side of Vineland.

MAYOR MUZIANI: Right.

ASSEMBLYWOMAN BERMAN: I am just curious, are you advocating gambling eventually for the resorts, somewhat similar to Nevada where they have gambling throughout the state, or let's say in the South of France where the resorts have it? Is that what you are eventually leading us to?

MAYOR MUZIANI: I have gotten myself to a point where I say this: Whatever is necessary to be done in order for us to remain competitive, we would certainly give consideration to, even if that means gambling for Wildwood in five years. If we are so affected by what is happening here, then certainly we are going to give that consideration, even though I am personally opposed to it. But the survival of and the economic well-being of that community I represent is going to be foremost in my mind.

ASSEMBLYWOMAN BERMAN: I live on Long Beach Island in the summer and, of course, we are 40 miles to the north, so we are almost in the reverse situation. Of course, I guess we can start from Deal in the Atlantic Highlands and go on down the state. Is that what we are leading to?

MAYOR MUZIANI: Well, I don't know if we are leading to that or not. The fact is, what happens to the other resorts if they are affected by what is happening here in the next three, four, or five years? What is the state going to do for us?

ASSEMBLYWOMAN BERMAN: You raise a very good question.

ASSEMBLYMAN GEWERTZ: By helping one you destroy everything else.

ASSEMBLYWOMAN BERMAN: That's right.

MAYOR MUZIANI: Here you have a state that doesn't even recognize the value of the industry itself. It reduces its budget. It doesn't do what legislation requires them to do and nobody seems to care.

ASSEMBLYMAN GEWERTZ: I made a note of that and we will take a look and see what is going on.

MAYOR MUZIANI: I wish you would.

ASSEMBLYMAN GEWERTZ: I don't know who decided to reduce what, but this may be part of this building of a surplus kind of a situation. We have mandated that certain things be done and they damn well had better be done. But, if you don't keep an eye on them and if you don't keep monitoring them, which is the function of this Committee, then they just go off and do whatever they darn well please and there go all the good intentions we had. In fact, I found out only the other day that one of the programs that really had a very high priority, which was the alcoholism rehabilitation program - which has been on the books for a while and we have been appropriating money for it - has never gotten off the ground because they have never dispersed the money into the program to make it work. And, all this time I thought we did a good thing; we helped all these people and the damn thing hasn't even started yet. They have been sitting on the money.

ASSEMBLYMAN KARCHER: Let me go back for a second. As I understand it, in the resort towns of Cape May County - I was a little startled when you said what the tax rates were, that they were approaching 272, or whatever it was. It was my understanding that they were much lower - the effective rate. I am not talking about the actual rate. I am talking about the effective rate.

MAYOR MUZIANI: Are you talking about my local purpose tax rate?

ASSEMBLYMAN KARCHER: I am talking about your effective rate. What is your--?

MAYOR MUZIANI: Two ninety one.

ASSEMBLYMAN KARCHER: It depends upon your assessment. What is your average rate?

MAYOR MUZIANI: Two ninety one. We are 100%.

ASSEMBLYMAN KARCHER: Aren't there towns alongside of you that have tax rates that are almost non-existent, like Sea Isle City?

MAYOR MUZIANI: No, there is only one community and that happens to be Upper Township and that is because of the franchise tax from the power plant.

ASSEMBLYMAN KARCHER: All the money goes into the local purpose tax there? Because I know the school taxes are almost non-existent.

MAYOR MUZIANI: We have school taxes.

ASSEMBLYMAN KARCHER: Well, for instance, let me tell you a figure that I know to be accurate - Avalon has \$333,000 worth of real estate for every child in the school system. That is a lot of property behind every kid. In fact, it is the highest in the State. Sea Isle City is very close behind it. And, I know the Wildwoods are not far behind that. You just don't have that many children in the system, do you?

MAYOR MUZIANI: We have 800 kids, I think, in our high school. That is not Catholic high, that is public high. There is also a Catholic school. Right now, the assessed value of all the property in the city of Wildwood is \$178 million. So, you will have three resorts here that will equal the entire investment in the city of Wildwood when they go up. That is our total assessed value, \$178 million.

ASSEMBLYMAN GEWERTZ: Thank you, Mayor.

MAYOR MUZIANI: Thank you very much.

ASSEMBLYMAN GEWERTZ: Mr. Cooper. Mr. Cooper is one of the planners with the Delaware River Port Authority. He is probably one of the most knowledgeable people that I know in the area of planning. Mr. Cooper has come here through the courtesy of the Director, General Watkins, to try to provide the Committee with some input. Basically, Mr. Cooper, I think what we are interested in hearing from the Port Authority is the area of mass transit in and out of Atlantic City, which is one of the things we have been asked to address. You might also give us the benefit of what your concern is with reference to investment credit and how these things should be structured.

W I L L A R D C O O P E R: Maybe I can react to your latter question first, the one dealing with investment credit.

I just wonder if I can, for the record, just put in a few sentences of comment about the agency I am associated with. I feel I have a responsibility to do that.

ASSEMBLYMAN GEWERTZ: A few words from the sponsor.

MR. COOPER: Right. My name is Willard Cooper and I am the planning liaison for the Delaware River Port Authority. The Delaware River Port Authority was established in its present form by compact in 1952 as a bi-state agency. As a public self-supporting agency, the Port Authority's duties include authorization to construct, own, and operate passenger and vehicular transportation facilities across the Delaware River within the Port district. I would just like you to understand that that is a critical point. The Port district in New Jersey includes the seven counties in southern New Jersey, those below Mercer County, but not including Mercer County. It does include Atlantic County and the seacoast counties.

In addition to its responsibilities for constructing and operating bridges across the Delaware River and for promoting commerce in the Port district, it also has a responsibility for planning, constructing and operating a rail rapid transit system within a 35 mile radius of Camden in New Jersey and two points in Philadelphia. So, I just want you to understand the restrictions that our compact - which means the two State Legislatures, Pennsylvania and New Jersey, and the Congress - has placed on us in terms of mass transit corporations.

ASSEMBLYMAN KARCHER: That 35 mile radius doesn't get us to Atlantic City.

MR. COOPER: That's why I made the point.

ASSEMBLYWOMAN KIERNAN: It could go thirty five miles more.

ASSEMBLYMAN KARCHER: The legislative mandate permits it to go 35 miles.

ASSEMBLYWOMAN BERMAN: PRSO?

ASSEMBLYMAN KARCHER: It connects all the way to Hammonton.

ASSEMBLYWOMAN BERMAN: And then you connect up to--?

MR. COOPER: The PRSO, and I will talk about that very briefly after I say a few things about Article 11, Section 144, which is the 2% investment fund - and I am not speaking for the Authority now. I am only reacting to some of the comments that were made here and just offering a planner's insight, if you will, to perhaps something that might be of some assistance. This is something I wrote down several months ago, after reviewing the Casino Control Act, to see just what might be in the Act that might be helpful to the development of regional transportation facilities.

I came across the 2% investment fund and the note I jotted down to myself is, there is increasing awareness that this provision is a source of funds to attack a variety of housing, development, and transportation problems. Unfortunately, the inordinate time involved in progressing a project through the layers of procedural requirements to completion is not always appreciated. Reviews by local, state, and regional planning agencies, environmental impact analysis - I would imagine in Atlantic City the Coastal Zone Act also applies - and consistency with the variety of community development regulations and federal requirements; serve to handicap and delay the progress of a project having a public interest purpose. That is just the language in the law in terms of Section 144. Experience reveals that the development of a facility may require more than 10 years from conception to completion. And, there is a housing development immediately adjoining my place of work. I know Mrs. Berman is familiar with it. It is now into construction. I have been with the Authority almost 10 years. I worked initially on the development of that project before coming to the Authority. It is a combination Section 8, subsidized - federally subsidized - rental project and mortgage financing through the Housing Finance Agency.

I just want you to note - and it is something that you are all alluding to - that the question is, how can these investment funds really be put to work in the immediate future? That is what I am leading to and I think you made some comments that were leading in that direction, sir.

This would indicate a need to begin immediately to plan the direction of future involvement in such investment programs. I just jotted some notes down, parenthetically, while I was listening to the discussion: "encourage early investment of these funds, consistent with local needs." The whole concept should really be based on the fact that you have a great resource to work with here to bring facilities in line much earlier than they will be if one followed the implications of the Act.

As I understand the implications of the Act, at the end of the third year,

you then begin to determine what the financial status is and whether you have, in effect, garnered in more than the amount of the cumulative investment in each year, up to the end of the third year. Then you have five years following the end of the third year to make those investments, as I understand the Act. So, that means a casino which is prosperous and flourishing may well not begin investing its funds if it wants to in terms of what it is required to do under the Act, until perhaps the sixth, seventh, or eighth year.

So, what I am suggesting - and this is a reaction to some of the conversation I heard here - is, one, apparently they are going to employ a professional planner, which means there will be somebody working in this area, full time, on the Casino Commission. I had a thought that perhaps as part of the licensing procedure, the casinos - the applicants - be advised that they are required, perhaps not by law but by regulation of the Commission, to begin doing the up-front planning now to avoid the loss of lead time required to move the application of a project. I am sure you are all familiar with the time it takes to do the planning, the design, the architectural design, the engineering work, the procedural requirements - environmental, coastal zone, and what have you. So, if someone started at the end of the third year and the beginning of the fourth year, they could be into another two or three years of paper work and design. So, I think what you really need is some up-front action. I don't propose to define that right now, but I think that might be something that the Commission itself, with its new staff could do. I think they expressed the fact that Bally and some other applicants had indicated an interest in trying to move ahead with that. They didn't qualify as to whether the interest was doing something immediately or waiting for the third year.

So, I think perhaps one way to move into the development aspect of this thing is to get some kind of requirement by the Commission up front. There should be action activity with the application.

ASSEMBLYMAN GALLO: On the planning end of it.

MR. COOPER: Yes. That can be torturous. It can take years.

Let me just move back for a second to something that the Mayor said. I didn't fully understand his thought about mass transit. I think he was talking about local versus regional mass transit. They will have a localized system on the island but they don't have any kind of comparable transit facility to the south to move people.

I would just like to get on a subject that is very dear to my heart and that is the PRSO, Conrail right-of-way between Lindenwold and Atlantic City.

ASSEMBLYMAN GEWERTZ: That is the end of the high speed line. The Port Authority operates the mass transit system to Lindenwold and from Lindenwold on. That is PRSO.

MR. COOPER: Right. I don't know if any of you are familiar with this. I hope I had a little to do with it. I am sure Mrs. Berman had a great deal to do with it, and perhaps some others. But, recently the State of New Jersey, as part of exercising a 900 day option in acquiring unneeded rail from Conrail, under the U. S. Railway Act, acquired all of the rail lines in Southern New Jersey. That may well turn out to be one of the greatest assets that we may have in the state's possession. I think everybody associated with it is really to be congratulated because these were acquired at - and some of you may know this - liquidation value. So, I use the term salvage value. They were practically given away by Conrail as part of the consolidation of rail trackage to make Conrail more viable as a railroad.

The trackage to Atlantic City and the tracks which go down to the other seashore communities have all been acquired and are now in the hands of the State. So, one, we have this great asset. And, again, I say I congratulate the State and everyone associated with it for obtaining it.

The next step really is - for those of you who may or may not be familiar with it because it is the only mass transportation facility available to serve this area - to find a way, and perhaps even prior to that to define what is really needed in the way of improving the entire service. The State has put together a trans-pack program, which I understand is a statewide mass transit improvement program, which is going to be released very shortly. I have had several meetings and we have been informed that there is some funding for the modernization of the rail diesel cars. This may be the second or third time around for those rail diesel cars. But, for those of you who are not familiar with it, there is a single track remaining, even though the right-of-way had two tracks and it can accommodate two tracks. There was a single set of rails from southern New Jersey, to the west, to Atlantic City, and to the southern seashore resort area.

I think something ought to be done now before a crisis develops in moving forward with the necessary planning and programming to upgrade the whole mass transit requirement to serve the seashore area. The terminal location in Atlantic City is truncated and isolated. The happened at the time of the construction of the Atlantic City Expressway. It has actually become a barrier to the passenger terminal - if you can call it a terminal. The city is in the process of moving forward, I understand, with a transportation terminal study, which will be HUD funded.

What I am really saying is, we have a facility here. It involves a number of agencies and in order to move forward with a progressive program to upgrade it as a viable mass transportation facility, I think we have to get all these agencies together, because there is no one single agency with direct responsibility. We have to get these agencies together, perhaps under the aegis of the Department of Transportation, possibly in the form of a task force, to really explore what really needs to be done to improve that mass transit connection which might become a vital link in the years ahead. I am sure you are all aware that with the major expressways and, of course, the Garden State Parkway and the Atlantic City Expressway, and with the increase in casino activity and facilities - conventions and what have you here that the Mayor of Wildwood was alluding to - there is going to be a major transportation problem. And, the one thing that I think in the not too distant future can really help to alleviate that problem is the upgrading of this kind of service.

ASSEMBLYMAN GALLO: When you say upgrading, do you mean upgrading the facility as it now stands, or are we talking about new methods?

MR. COOPER: These are personal thoughts. I don't think you really need any kind of exotic transportation. If you are familiar with our line, our cars can go 75 miles an hour. I think what has to be examined in the very near future is whether you need that kind of service and what kind of money you want to invest in this kind of facility.

I just want to say that several years ago the Port Authority - the study may be out of date now - did undertake an analysis of this kind of service and we examined electrification overhead, high speed transit, such as our Lindenwold line, and the costs are quite considerable. As such, it was prior to casino gambling. I am now saying it is time for a new look. This is just a personal observation.

ASSEMBLYMAN GEWERTZ: Could we get a copy of the old study?

MR. COOPER: Yes. I will make that available. I would just like to say also that this particular line holds forth the promise of some very good intercept parking arrangements. The Garden State Parkway and the railroad cross somewhere, I think, past Pomona, close to Atlantic City. Also, the Pomona facilities become more important in terms of longer distance flights. My personal opinion is that it will. The possibility exists - because the train runs just to the north of that - that this line could serve the airport as well as the Garden State Parkway and intercept thousands of automobiles.

I am associated, just as an observer, with the committee down here that is doing the transportation planning and one of the conclusions that I think everybody has come to at this point is that you are going to have to have intercept parking. This railroading combination - and I have had calls even from the Garden State Parkway traffic planners expressing interest and wanting to know more about how these two facilities could be interrelated - I think, should have something in the nature of a committee or a task force, or what have you, in order to begin thinking about this regional facility which could really produce a great benefit for the area.

I would just like to say that - and this is just a thought - the President just signed the new Surface Transportation Act of 1978 and in it is funding for transportation terminal facilities exclusively. Whereas before you had to compete with mass transit and buses and that sort of thing, there is now a special category for transportation terminals, such as they are studying and exploring here in the city. This act, at least in my way of thinking, will make it more feasible to accommodate the development of that facility, that kind of facility, which is definitely going to be needed if we are going to have rail service into Atlantic City.

ASSEMBLYWOMAN BERMAN: Mr. Cooper, is that authorization or appropriation?

MR. COOPER: It is just the act.

ASSEMBLYWOMAN BERMAN: It is authorization, not appropriation?

MR. COOPER: It is authorization, right. It is a \$54 billion Act, which includes highways as well. It is an overall transportation Act.

ASSEMBLYMAN GEWERTZ: Thank you, Mr. Cooper.

MR. COOPER: Thank you very much.

ASSEMBLYMAN GEWERTZ: Mr. John Kondratow, County Chairman of the United Taxpayers of New Jersey.

J O H N K O N D R A T O W: I have no prepared statement, as you can see. I have quite a lot of interest in things that are transpiring here today, and every day. I am a native son of Atlantic City. I own my own single family home in Atlantic City and I pay taxes on that. And, I run a business from Atlantic City. So, I am quite involved in Atlantic City. I am also the President of the Taxpayers Union of Atlantic City on top of being the County Chairman of the United Taxpayers of New Jersey.

When I see the Mayor from Wildwood come here and ask what you are going to do for him because of Atlantic City having an unfair advantage, and so forth, I think back on the last 15 years and of the unfair advantage that Wildwood had over Atlantic City and nothing was done to help Atlantic City. Atlantic City was in a doldrum, so to speak. Wildwood became a family resort which took a lot of people away from Atlantic City.

I was also surprised to hear of their high tax rate of \$2.91. I am paying

\$7.00 a hundred here in Atlantic City. It was \$7.96 last year.

ASSEMBLYMAN GEWERTZ: Excuse me. But, you have to equate the rate--

MR. KINDARTOW: Well, figure it at 50%

ASSEMBLYMAN GEWERTZ: (continuing) --of assessment. I don't know whether Atlantic City is even at 50%, to be honest with you.

MR. KINDARTOW: Well, anyhow, these are the things that come to mind.

ASSEMBLYMAN KARCHER: They say 60% for Atlantic City.

MR. KINDARTOW: Right. So, that would be double the tax rate down there.

ASSEMBLYMAN GEWERTZ: About \$4.00 roughly.

MR. KINDARTOW: They say that is very high. Now, I am suffering with this tax rate as a single family homeowner, and have been suffering with it. I hear others say they want a Barrio. Fine. I am Polish. Can I get a Polish community here? I am born and raised in this town, like I say. Can I set up my own location where I want? For years, you couldn't live on the south side unless you were very influential. You couldn't own property on the south side. Here is a group of people coming in and asking for a piece of property that is zoned for casinos, or commercial, or whatever. I don't see the rationality of it myself.

Now, we will get into government subsidized housing. Right now, we are tops in the nation in government subsidized housing. We used to be second to Newark. But, we are tops now. Thirty percent of our housing in Atlantic City is government subsidized. Now, I do feel we need housing. We need housing desperately in the private sector. Where are all these people who are going to be working in these casinos going to live? Do you want to send them all to the outlying communities and give us all the government low-income and government subsidized housing here in Atlantic City?

This has happened over a period of years. No other community in the entire county has taken care of any low income or government subsidized housing but Atlantic City. So, everything has influxed right here into one big area. Now, we have a chance to revitalize Atlantic City and everybody is saying, "Oh, now you have to take care of this." But I still don't see any low income housing, let's say, in Pleasantville. I don't see any in Ventnor, Margate, or any of these other communities. Why does it have to be here? Why are we the ones who are going to have to take this brunt?

Now, as a taxpayer I know you can put government subsidized housing here - and I am not against government subsidized housing, per se - but what is a safe percentage? How much can we afford to keep, up and above 30%. What percentage of the taxpaying in the private sector can support what percentage of government subsidized housing? This is a question I brought up to our city commissioners and I never received an answer from them. This continuously keeps going on and the ball keeps getting bigger and bigger and bigger, and, gentlemen, there has to be a stop to it somewhere, or there has to be a siphoning off program somewhere.

I have written letters to all the housing agencies, state, federal, local, county, and everything. I have given them figures taken from very prominent publications, or from sources that were unrefutable, and still nothing is done about it. Still I hear a cry for more housing and more housing here in Atlantic City. I say siphon some of it off to the other communities. They are going to benefit by it. Everybody is going to benefit from this casino gambling. They are all talking about their properties going up and everything else.

ASSEMBLYMAN KARCHER: What are the zoning patterns in the other towns in

Atlantic County?

MR. KONDRATOW: Would you believe, Pleasantville--

ASSEMBLYMAN KARCHER: Would they provide for multi-family housing, low income housing?

MR. KONDRATOW: Pleasantville, about six months ago - or maybe a year ago - issued a public statement that they wouldn't take any more housing, any subsidized housing whatsoever.

ASSEMBLYMAN KARCHER: I thought you said they didn't have any.

MR. KONDRATOW: Well, I am going back a few years and they have very little in comparison.

ASSEMBLYMAN KARCHER: I thought you said they didn't have any.

MR. KONDRATOW: And, nobody has done anything in the rest of the county.

ASSEMBLYMAN KARCHER: Do they have zoning ordinances that preclude multi-family housing?

MR. KONDRATOW: I cannot answer for the other communities.

ASSEMBLYMAN KARCHER: You have to take a look to see what the density factors are per acre.

MR. KONDRATOW: I do know that if you take a place like Egg Harbor Township, it is a big sprawling area. If they want to put some subsidized housing up, fine. Let's distribute it; let's not put it all in one spot.

ASSEMBLYMAN GEWERTZ: Don't confuse our comments on housing with the word subsidized housing. There has to be private development and private money to build houses for the people who are going to work here and private ownership.

MR. KONDRATOW: Definitely.

ASSEMBLYMAN GEWERTZ: We are not in favor of continuing to build some of the things that have been built here because it just hasn't worked out.

MR. KONDRATOW: Well, for the present time there is one development of 85 units to go up. Now, this property was purchased from the city over two years ago with the stipulation that it was to be used for low income housing. All right? I brought it up at the various commission meetings. I asked, "why hasn't this builder started? There is a need for this housing." Until, finally - like I said - maybe this past month they did get started on this. But, in the meantime they allocated more property for government subsidized housing and more units, to the extent that now we have other construction - maybe 1,000 units - and in the planning maybe 500 more units. Now, one thing that comes to my mind is the recent development for senior citizen housing - and this touches me no end. The Community Haven Building, right over here on Virginia and Pacific Avenues was the latest thing that went up for senior citizens. Great. I thought it was wonderful. My business takes me out of town. I am out of town quite a bit. I am in a hotel in Washington, D.C. and I picked up a Washington newspaper. I am glancing through the newspaper and here is Community Haven advertising for senior citizens in Washington to come to live in Community Haven in Atlantic City.

Now, if we needed this housing so desperately for the citizens of Atlantic City, why are we advertising in Baltimore and Washington newspapers - because at that time I say that it was advertised in the Baltimore newspaper?

MEMBER OF AUDIENCE: May I interrupt you a moment, sir? I happen to be one of the seven trustees of that building. The reason we are advertising for that is, some of the people who lived in various areas were not able to pay their rent, but were being subsidized by their family. They refused to come because it was in the inlet area. So, for your information, we had to take in people from out of the city.

My name is Harry Goran in case you want to know.

ASSEMBLYMAN GEWERTZ: You will have your opportunity to speak.

MR. KONTRETOW: So, I can't understand if the housing was build for the people in Atlantic City, why you have to advertise. No way, can you make me understand that you have to advertise out of town.

(whereupon Mr. Goran tried to interrupt)

ASSEMBLYMAN GEWERTZ: Please. Please. It is impossible for the girl to transcribe with two people talking back and forth. So, when he is finished, you will have your opportunity.

MR. KONTRETOW: You have heard quite a bit from just about every faction here in the city, I guess. I don't know if you have heard from any taxpayers or not. We are also looking for some relief, and I mean it. We have been paying the bills for all these years on this high tax rate. We suffered with all of this and we didn't move out when things got rough. How about us?

ASSEMBLYMAN GEWERTZ: I think initially you heard Assemblyman Karcher who was making that point loud and clear. He mentioned the methods being used on assessing, and reassessing, properties that have been sold for a much higher value than had been recorded. I think he was speaking directly to what you are talking about, in the hopes that that might be changed, or at least investigated so that the little person, the little business operator, the individual homeowner, is not, in effect, being raped by a high tax rate -- and I think that is what Assemblyman Karcher said before and I think he did it very eloquently.

MR. KONTRETOW: We have been hit with a high tax rate for quite a length of time and I have wondered myself whether I should move out of the community, but I was born here. I was born and raised here. My family is here. My roots are here. All right? I love Atlantic City. I don't care how bad it got. And, I suffered through all of this.

Now, there comes a time of plenty. Now, who is going to benefit from this time of plenty? Is it going to be the people who paid the bills all these years and looked forward and progressed and tried to make the city progress? You have to take this into consideration.

A gentleman just sat here just a few minutes ago - Dr. Bressler - and I do not mean anything detrimental to Dr. Bressler, but he owned a house in Atlantic City and he just sold it not too long ago for a very handsome profit. When I see a man like this come to speak before a board like this about things in Atlantic City and about profit taking and "let's take care of various things," that hurts me no end.

Now, you had a gentleman here about Conrail. I don't know how long the taxpayers are going to subsidize Conrail either. And, that is another thing you have to take into consideration. Conrail is constantly losing money and it is becoming a big national item with the taxpayers today.

ASSEMBLYMAN KARCHER: We can't solve that problem here. We have enough problems of our own in the state.

ASSEMBLYMAN GEWERTZ: His comment on Conrail was that the state practically got for nothing all of Conrail's rights-of-way which gives you an opportunity to link Philadelphia with Atlantic City vis-a-vis a direct line.

MR. KONDRATOW: What I am trying to get across is trying to avoid pumping too much money into a system that may be forced by the federal government to fold up.

ASSEMBLYMAN GEWERTZ: There is some talk about some French company electrifying

and running trains between Lindenwold and Atlantic City with the use of private capital.

MR. KONDRATOW: Are there any questions?

ASSEMBLYMAN GEWERTZ: I have nothing. Does anyone have anything? (no questions)
Thank you, Mr. Kondratow.

We will now hear from Mr. Tony Vecchioli, Landlords Protective Society.

A N T H O N Y V E C C H I O L I: In reference to housing, I am in contact with the people of the inlet on a daily basis. Now, I have spoken to many of these people. There is only a small segment of that population that actually wants housing. About 80% of them want to be relocated out of the city. They are looking for relocation funds. They would rather have that large lump sum of money in their hands to do as they wish.

Why don't we take a survey in that area? I am sure that after taking that survey in that area you will be amazed to find out that the majority of the people there would rather have a large lump sum of money in their hands than actually have housing for the simple reason that they know in reality housing will not go up for another three, four, or five years. In another three, four, or five years there won't be any inlet left.

So, the legislative body, or any concerned officials, politicians, or whatever, should, instead of beating around the bush, get to these people and give them their money and get them out of there. Those that want to stay and who deserve housing, give them housing.

ASSEMBLYMAN KARCHER: What does that mean, deserve housing?

MR. VECCHIOLI: Well--

ASSEMBLYMAN KARCHER: What do you have to do to deserve to live in America?

MR. VECCHIOLI: We have to do some screening. Hold on a moment, before you jump to conclusions. Hold on a moment. Yesterday we were discussing an individual, a little old lady - a 55 or 65 year old lady - on Vermont Avenue that supposedly was boarded up. That was in a basement apartment. Okay. Fine. Now, I have the information on the husband. If you go the engineer's office, it is block 1, lot 106. He owned the house from 1971. He just sold it on October 12, 1977. That individual has a home in Vineland, New Jersey. Now, that individual's wife is a welfare recipient and it so happens to be that little old lady on the front page - that helpless little innocent old lady - in addition to being this man's wife, living with him -- he also supports another wife who is on welfare and who lives in the same apartment. Now, people like this are not deserving.

I am saying that if you are going to give housing, or build housing for people who want to stay here, then screen them very carefully and build the housing for them. Those that want to go, let them go.

ASSEMBLYMAN KARCHER: Don't they have a vehicle for the determination of something like this? It is rather difficult for a legislative body or for an individual to make that determination as to who is deserving and who is not deserving.

MR. VECCHIOLI: Well, this is up to--

ASSEMBLYMAN KARCHER: For instance, the situation that you just recounted is a situation which is best addressed by the courts. In fact, that is the function of the courts, to decide whether or not there should be proper support payments, title to land, etc., etc. That is best decided by the courts. But, the tone of what you said, "those people who deserve to have housing--"

MR. VECCHIOLI: Well, people like this sold their home for \$23 thousand and

have another home in Vineland, New Jersey and also have about \$40 thousand in the bank. Their wives are collecting welfare and are living in a basement apartment. Now, here they are splattered on the front page as "poor little helpless old victim; look where she is at," when in reality she was only a summer resident of that building and she had proper notice to get out of that building. She had a 90-day notice to vacate the premises. As soon as the cold season set in the building was to be boarded up.

ASSEMBLYMAN KARCHER: You recounted an instance of welfare fraud.

MR. VECCHIOLI: Well, this is one instance. This is up to the landlord to report it. But, if you go to the engineer's office, you will find the information I gave you is the exact information. It is block 1, lot 106. And, incidentally, it is the husband of Dolores Cordero; it is not the brother or the brother-in-law. It is the husband. You have to go through the engineer's office. He has the up-to-date tax records.

This is one instance. There are other instances that have been brought to the attention of the prosecutor's office and the welfare office. I haven't turned in any of my tenants, but most of my tenants are cheats. But, we have an understanding -- "get out so I can close the building." I hate to say that, but that is the only way I get them out. I don't want them in the buildings.

A great portion of those inlet residents are welfare cheats and I don't think they deserve housing. Those who are legitimate individuals, by all means go out of your way and give them housing, whether they are black, white, purple, or green -- I don't care.

ASSEMBLYMAN GALLO: Who are you employed with?

MR. VECCHIOLI: I am not employed by anyone. I own 18 buildings in the inlet area.

ASSEMBLYMAN GALLO: I see.

ASSEMBLYWOMAN BERMAN: The Landlords Protective Society.

MR. VECCHIOLI: Yes.

ASSEMBLYWOMAN BERMAN: Who are you protecting?

MR. VECCHIOLI: The landlords, in particular.

ASSEMBLYWOMAN BERMAN: You mean yourself?

MR. VECCHIOLI: We have 200 members. There is a new breed of landlord coming into the inlet who is purchasing buildings for \$50 and \$60 thousand and who has high mortgages. Now, these new landlords are passing the high rents to people like this for \$225 and \$250 a month. I am referring to people in the inlet. There is some truth to what they are saying about the new breed of landlords coming in.

If you check my buildings - I will give you the address: 22 South Saint Catherine Place, for one. She pays \$135 a month and it includes the electric and gas. Those are three rooms. A lot of my buildings are low rent. That is because I own the buildings personally. I have no mortgages. But, these new landlords that are coming into the inlet area and that are purchasing the buildings at \$50 and \$60 thousand, dilapidated buildings on Rhode Island Avenue and other areas that have high mortgages are socking it to the people down there for \$225 and \$250 a month. Those landlords should be closed up. Those buildings should be put out of circulation and those people should be relocated.

ASSEMBLYMAN GEWERTZ: Thank you. Mr. Harry Gorem.

H A R R Y A. G O R E M: My name is Harry A. Gorem. I am president of 20 organizations. One of the ones I am proud of is the Mayor's Advisory Board on Aging. I have been that for the last five administrations. I go from the senior

citizens down to the Boy Scouts, and I am the commissioner of the Boy Scouts.

I retired and came here 25 years ago because my mother lived here. She lived to be 95. I am only 83 and I am hoping that I have a little more time to go.

I want to leave you with a pleasant note. I just got through -- this is my third meeting and I have two tonight. That is par for the course. I have five meetings a day and I can take them and I can dish it out. I can handle it pretty well.

I have traveled around the world three times and I am always happy to come back to Atlantic City. When I come back to Atlantic City, I kiss the ground upon which I walk because there is no place in the entire world, or that part of the world that I have been to, that is comperable to Atlantic City. It is for that reason that I come back here to live.

I realize, though, that this is a place where the older people come to die. Some of the children send their parents down here and pay for their rent in an apartment and forget about them being here. Once every now and then they decide to come down and see how mother is doing or how grandma is doing. But, that is beside the point. I am one of the few people left at this table, or in this room, I should say, who was on the committee for gambling. One of my pet expressions was this: A woman gives birth to a baby and she carried the baby in her belly. After nine months she delivers the baby and the baby learns to creap, to crawl, to walk, and to run. The trouble with a good many of us people here is, we are expecting a magic wand. Resorts came to town; they are doing a good business; and everybody thinks the whole thing ought to be booming.

I will say this, even though I am 83: I am hoping to live to see the day when Atlantic City will be back to its "Queen of Resorts" status, as it was so many, many years ago when we first came here in 1910 - when my parents came here in 1910. To me, living on Virginia Avenue and living in one of those senior citizens low-priced homes, and listening to that noise that goes on after these people come from there is music to my ears. It is like living at the Americana or Waldorf in New York. And, I have been to both of those places because I belong to many organizations and go to conferences there. My son lives in New York and I visit him there. It is like music to hear those people walking there, and the cars driving around.

I can go out on my terrace and see those people coming out. Some are happy because they won. Some are not so happy because they lost. But, they had a hell of a good time and nobody stood there with a gun and said you've got to go there and nobody stands there with a gun and says you don't have to go there.

I have been there on several occasions. I was there last night with some people. Those who want to go there and gamble, go there and gamble. I go there to see what it looks like and to watch the expression on some of the people. It is like sitting in one of those sidewalk cafes in some of the European cities. You look at the people and you wonder, "Who is he? What does he do? What does she do?"

The people in this city should thank God for the fact that we have the casino gambling. They should thank God for the fact that we have Resorts here, who was ambitious enough to start. We are hoping that within the next little while, when they have more than one casino and there will be more action, there will be more life to this place here and there will be more prosperity here. Then the people will say, "Well, we just couldn't see that far ahead."

I am very grateful for the fact that we have a casino here and I am looking

forward to a prosperous and healthy city in Atlantic City.

I want to leave you with this thought: My philosophy in life is, think positive and it will happen that way, but don't expect it to happen because of somebody else. As an illustration, I fight for free transportation; I fight for the \$1.00 prescription.

When Mike asked for a group of people to come so that he could have somebody bolster him, because we were \$17 million overdrawn, out of a city of so many thousands and thousands of senior citizens I am ashamed to tell you but 15 of us showed up to that meeting. They always say, let George do it; let Harry do it.

I was on television not too long ago and a woman who has known me for over 40 years said I have a question for the old man with the beard. The lady happened to know me for about 50 years, so I pressed the button and said, lady, you are on the air, what is your question, please? This time she didn't say the old man with the beard, she said, Harry, I want to know do you get paid for all the work you do for the senior citizens. I could give it to her with both barrels and believe me, I do. Because the doctor told me, if anybody is going to give you an ulcer, you give it to them. I am applying that tactic. So, I said, lady, I know who you are and you have known me for 50 years and you know better than to ask me a silly question like that, but for the benefit of the listening audience, ladies and gentlemen, no, I do not get paid for the work I do for the senior citizens.

With that thought, I am going to leave you. Atlantic City is going to boom. It is going to go places and we hope that you fellows who are doing a good job will continue to do your good job and screen out some of these people who are charging \$185 for St. Catherine's Place. I lived on Main Avenue, the Gramercy Court Apartments, which was a much nicer place, and I didn't pay any \$175. So, with that thought in mind, I want to leave you by saying, keep on doing the good work you are doing. With God's help, we will see it and we will see it sooner than we expect. Mrs. Berman is coming back and tell me, Harry, you did a nice job.

ASSEMBLYMAN GEWERTZ: Thank you. Does anybody have any questions they would like to ask Harry? I am calling you Harry.

MR. GOREM: Good, you can call me Harry. That is what they call me. They call me the mayor of the boardwalk. I hold my meetings in this very room here with my various organizations.

All I want to say is this is going to be a good place to live and you will be very proud of it.

ASSEMBLYMAN GEWERTZ: Harry, let me just say this: There is no question that things will prosper. We only want to make sure there is a division of wealth. And, to all of the millionaires that are being created because they sit in various positions of authority, because they had a little insight as to what was going to happen before it happened and they got the jump on other people, I say, God bless them.

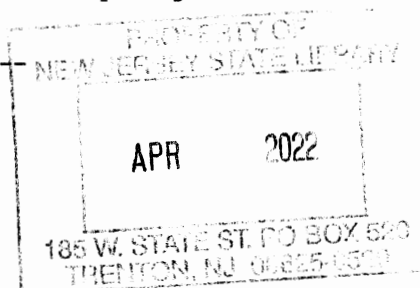
MR. GOREM: Mr. G., I am sure you can handle them; you and your Committee can handle them and handle them very well.

ASSEMBLYMAN GEWERTZ: I just want to make sure that everyone gets a little bit.

MR. GOREM: And, if you need some additional help--

ASSEMBLYMAN GEWERTZ: I'm going to call you.

MR. GOREM: (continuing) --don't be afraid, call.



ASSEMBLYMAN GEWERTZ: I'm going to call you.

MR. GOREM: Thank you very much. I just spaded a shovel of dirt for this new building that just went up.

ASSEMBLYMAN GEWERTZ: There being no further witnesses, we will now adjourn the hearing.

(hearing concluded)

