

P U B L I C H E A R I N G

before

ASSEMBLY INDEPENDENT AUTHORITIES AND COMMISSIONS COMMITTEE

on

THE IMPACT OF CASINO GAMBLING ON ATLANTIC CITY AND THE SURROUNDING AREA

Held:

March 16, 1982

Room 206, City Hall Commission Chamber
Atlantic City, New Jersey

MEMBERS OF COMMISSION PRESENT:

Assemblyman A.J. Buddy Fortunato (Chairman)
Assemblyman Dennis L. Riley
Assemblyman Wayne R. Bryant
Assemblyman S.M. Terry LaCorte
Assemblyman William P. Schuber

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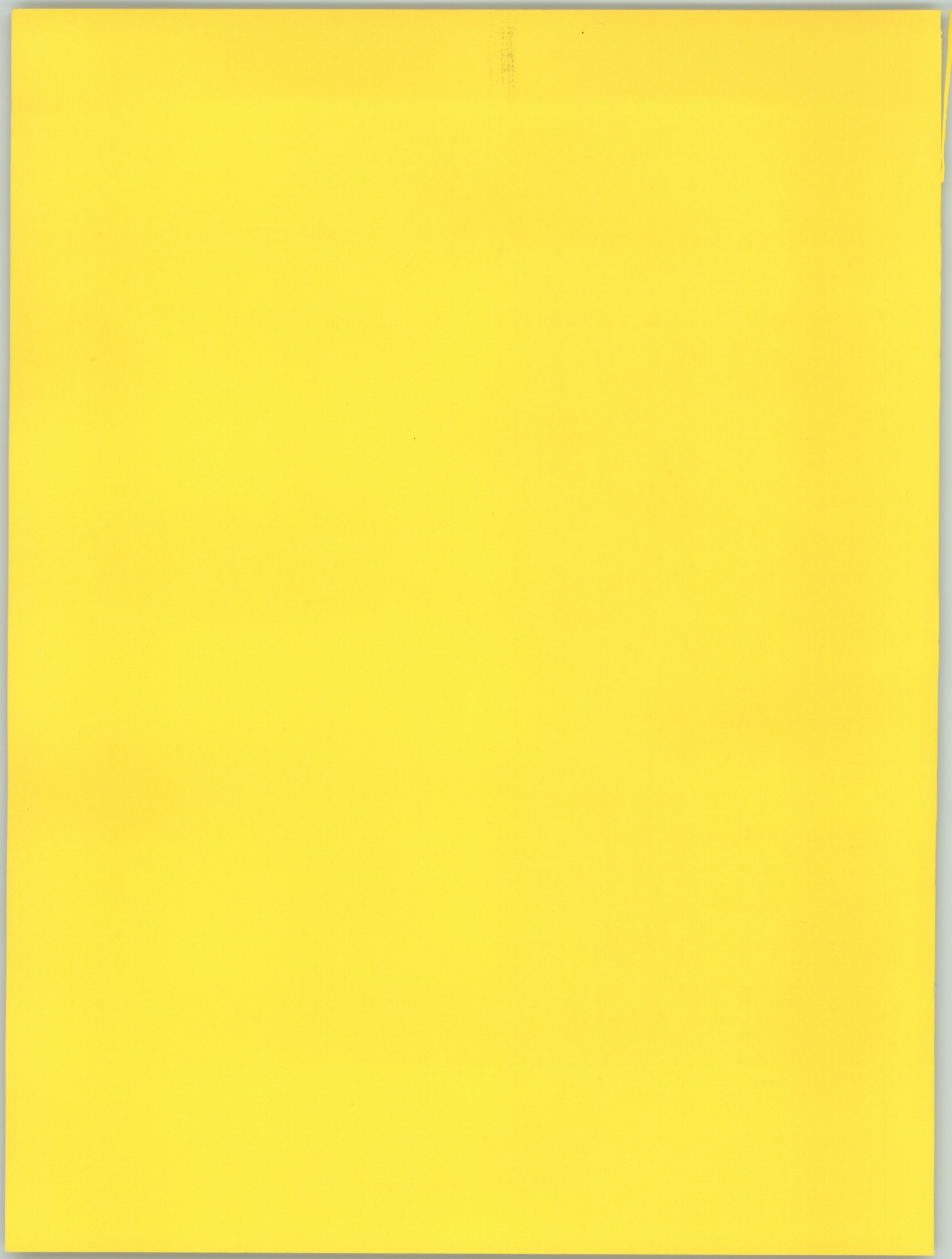
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ASSEMBLYMAN BUDDY FORTUNATO (Chairman): May I ask everyone to be seated? Good morning. I am Assemblyman Buddy Fortunato, Chairman of the Assembly Committee on Independent Authorities and Commissions. On my left is the Vice Chairman of the Committee, Assemblyman Dennis Riley, from Camden County. On his left is Assemblyman Wayne Bryant, from Camden County. On my right is Assemblyman Terry LaCorte, from Passaic County. And, on his right is Assemblyman William Pat Schuber, from Bergen County.

It is a great pleasure for us to be in Atlantic City for this public hearing. The purpose of this hearing is to obtain information for this recently created Committee concerning the impact of casino gambling on Atlantic City and the surrounding area. It was five and one-half years ago, in November of 1976, that the voters of New Jersey approved the establishment of casino gambling in this City. It was almost five years ago, in June of 1977, that the Casino Control Act became law, setting up the regulatory agencies and procedures for the governing of casinos in Atlantic City.

Much has happened in the past five years. There are now nine casinos in Atlantic City. The skyline of the City has been changed dramatically. Tens of thousands of jobs have been created. Big name entertainers appear here regularly in this resort. Over \$2 billion in casino revenue has been generated, and \$200 million has been paid in casino taxes to the State for the benefit of the senior citizens and the disabled of New Jersey.

However, all of this has not been achieved without cost or without problems. We read about the increase in crime in this City; about the displacement of families from their homes; about skyrocketing costs of housing, both for existing homes and for the construction of new homes and apartments; about the pockets of poverty that remain, untouched, by the casino boom in this City. Clearly, the problems of casino gambling, as a unique tool of urban redevelopment, have not yet been fully realized. Clearly, much remains to be done.

The time is appropriate to take a look at the situation in Atlantic City and the surrounding area, to note the gains that have been made, to define problems that exist, and to search for the solutions that will address those problems.

It is for these reasons that this Committee is conducting these public hearings in Atlantic City today and tomorrow. We want to hear from you, the citizens of this City and this area. We want to become as informed as possible about the problems that have been generated by the presence of Casino Gambling, so that we, as a Committee of the New Jersey Legislature, will be able to assist, in a knowledgeable and enlightened way, in the solution to those problems.

This morning we will receive testimony from representatives of various private, non-governmental organizations and groups. We will conclude this morning's session with an overview of local problems, provided by the Public Advocate of New Jersey, whose Department has long been involved in and interested in those problems.

This afternoon's witnesses will be elected officials from the citizens of this City and County -- the citizens who have chosen these officials as their representatives to lead them in addressing these problems.

Tomorrow morning we will hear from representatives of the Casino Industry, and tomorrow afternoon, we will hear from various other officials and private individuals.

We can now begin. I thank you for attending this morning, and I would like to ask our first witness, Ms. Connie DeVinney, from the Atlantic City Woman's

Chamber of Commerce, to step forward.

C O N N I E D e V I N N E Y: Mr. Chairman and Committee members, my name is Connie DeVinney, and I am here today as President and on behalf of the Atlantic City Women's Chamber of Commerce. I think that you and your Committee should be commended for your interest in the many problems that have been created in Atlantic City, that seem to go hand-in-hand with the benefits derived from casino gaming.

As a Chamber of Commerce, we are particularly concerned about the central business district of Atlantic City. Many businesses that have prospered in the past have now closed their doors. Many businesses that expanded to meet the anticipated demands of the Casino industry are facing financial crisis today because the Casino industry takes their business out of town.

On May 30, 1980, the press carried an article entitled, "Casino Business Pledged to Area Firms." After local businesses complained about the lack of business from casino hotels, Senator Perskie met with the members of the Atlantic City Casino Hotel Association. As a result of that meeting, the Association adopted a resolution, clearly articulating that their policy is to deal locally whenever possible. At the conclusion of that article, Senator Perskie was quoted as saying he wasn't seeking any mandatory program of the casinos, and with this agreement it was his hope that we wouldn't need any regulatory activity by the Casino Control Commission.

Mr. Chairman and Committee members, it has been almost two whole years since that article was written, and local business still has the same complaints they had then. Therefore, it is our contention that regulatory activity by the Casino Control Commission should be mandated in order to ensure that local businesses have a priority to do business with casino hotels.

Also, in conjunction with the above, the Casino Control Commission has eliminated the residency requirements for casino hotel employees; effective March 15, 1982. We want to wholeheartedly object to the elimination of such a regulation, to ensure that local and then State of New Jersey residents are given the priority for employment in an industry which was created by the voters of this State and which regulation was one of the intentions of the original Casino Control Act.

Regarding the 2% Casino Reinvestment responsibility, imposed by the Casino Control Commission, the public needs to be informed how and when this is to be implemented for the redevelopment of Atlantic City. We feel that casino gaming was approved to revitalize Atlantic City. Now that we have nine operating casino hotels, it is essential to focus the redevelopment efforts on the rest of the City, to make it more attractive and pleasant for those who visit the City, as well as those who live and work here.

Mr. Chairman and Committee members, in summary, our recommendations are:

1. That local business be given a priority to do business with casino hotels.
2. That local and State residents have priority for casino hotel employment.
3. That the redevelopment of Atlantic City commence immediately.

Casino gaming breathed life back into a dying City, now it is time for a complete recovery. On behalf of the Atlantic City Women's Chamber of Commerce, I want to thank you, Mr. Chairman, and your Committee for listening to our views.

ASSEMBLYMAN FORTUNATO: Do any of the members of the Committee have any questions at this time?

ASSEMBLYMAN BRYANT: Ms. DeVinney, your recommendation regarding the

Commission requiring that the casinos do business with businesses within Atlantic City, are you talking about any percentage of the business or totally?

MS. DeVINNEY: We want them to have priority to do business.

ASSEMBLYMAN BRYANT: When you say priority, a priority can be a one hundred percent priority, or a ten percent priority. What portion of the business should they be doing with Atlantic City? Are you saying that if they do it on a bid basis, if an Atlantic City firm bids, they automatically have priority because they are from Atlantic City?

MS. DeVINNEY: No, a percentage should be set because maybe Atlantic City can't always beat the proposals from other companies out of town. But, there should be a percentage. I don't know what the percentage should be, but maybe there should be percentage of businesses used from Atlantic City.

ASSEMBLYMAN BRYANT: Thank you.

ASSEMBLYMAN FORTUNATO: Are there any further questions? (no response)
Thank you, Ms. DeVinney.

Professor Richard Perniciaro, Stockton State College.

P R O F E S S O R R I C H A R D P E R N I C I A R O: Good morning.

ASSEMBLYMAN FORTUNATO: Good morning, Professor.

PROFESSOR PERNICIARO: I come for two interests: first my academic interest, which is attached to Stockton State College, and as an employee of the State of New Jersey, obviously; and, also, as a local resident.

It seems, when you look at the problems in Atlantic City, a lot of them come from the enabling legislation that was passed. The quote that is most frequently used that casino gambling was going to be a unique tool of urban redevelopment has been heard time and time again. The question there -- and I think the question that almost every city faces, and that we faced with the urban renewal programs in the '60's as well, is, "What do we intend to redevelop?" Do we intend to redevelop the city, or do we intend to redevelop and help the people of the city? Now, those are two different questions, and depending on how you answer the questions will depend on how you form your policies and your regulations.

Part of the problem, I think, with the Casino Gambling Act was that it was basically set up to help the State. The benefits go to the State fund for the elderly of the State. The State, in fact, passed a bill after it was voted down the first time, in 1976. I think most people did not want gambling throughout the State, so the fact is that gambling was put in Atlantic City. Atlantic City -- the citizens of Atlantic City -- bears most of the cost and the benefits go to a good part of the State and the elderly throughout the State. Part of the problem with that is that the costs are not then distributed evenly, and in fact they are not distributed at all throughout the State, and they should be. As a result of that, the State has never-- In the beginning, it should have, to a large extent, helped to finance some of the overhead capital -- the streets, new sewer systems, water, and things like that -- which the City has had to pay for, with the help of the casinos. If the State is going to get the benefits from the Gambling Act, and in fact the money goes into a State fund for the elderly -- and also we have lost a lot of the interest from it -- the State should pick up some of the costs, especially some of the costs that the City could not handle that came at the beginning of the period.

So, some of the things I have to say are moot points by this time. We have lost 16% of the population. We have lost 10% of our housing stock already,

to date, and those have been due to what I view simply as poor planning and poor anticipation on the part of the people who passed the bill. The bill was passed without ample provisions to give the city the things it would need to provide the environment for casinos and to help local residents.

Let me be a little more specific. The New Jersey State situation in 1977 -- I am sure you know, the Brookings Institution called New Jersey one of the worst States in the Union insofar as its urban area was concerned. Five of New Jersey's cities were in the top 17 of the worst cities in the country, as far as measures of depression, housing stock, poverty, and things like that are concerned. The fact is that the State of New Jersey has no urban development at all to speak of, and so casino gambling was, in fact, a reaction that can be viewed as a way the State attacked one of its urban problems. Well, that came down because basically the State had no other urban solutions.

Atlantic City is not the only City in poor shape, obviously, but the State itself has no way to cope with Camden, Jersey City, and other depressed parts of the State. So, casino gambling was accepted, in a sense, because there was no other way to deal with urban problems, and the people of Atlantic City have had to live with that experiment and all of the costs -- and some of the benefits -- that come down from it.

The other problem is, I don't think the questions have been asked properly. If we say Atlantic City is doing well, the question is, "what do we mean?" Sure, Atlantic City is doing well. The Division of Economic Development, every quarter, puts out a report and tells us how many assets are in the bank, the tax base, what has happened in salaries, etc. The point is that the City can do very well, but that does not mean that groups within the City have to do well. We can have a net benefit of, say, \$100, but that means somebody can gain \$120 and somebody can lose \$20 and still come out with a net benefit of \$100. The problem is we have not looked at equity at all; we have looked, basically, at the overall performance of the City, and I think this is where most of the dialogue starts. The community groups and interest groups are interested in how their group is doing. The Casino Hotel Association, the City Mayor, perhaps -- they say, "Look, the City is doing well. Look how many assets have come in. Look how much building has gone on." As a whole, yes, they may be doing well, but that does not mean that groups within the City have to do well. So, the proper question is, first of all, "who was the bill to help?" Was it to help the citizens that lived in Atlantic City in 1976, or was it, in fact, to help the State as a whole, or was it to simply help the capital assets of the City -- that is build up new buildings? So, once you ask the question, you get different answers. That, basically, is part of the problem. I don't think the questions have been asked properly.

The recent report by Tom Haimmer, over at Glassboro, which said that, in fact, the unemployment rate would have been much higher without casinos, is in fact a moot point. That tells us nothing about what has happened to particular groups in the City, and who has benefited and who has lost. Sure, overall the unemployment rate may have gone down, but we are not sure if that is because the population has decreased so much that the chronically unemployed have left -- which is an awful term in itself -- and in fact it doesn't tell us who got the jobs.

So, the State itself, especially when the residency requirements were put in, put the requirements in on a state level. That means people have come in from all over the State and local citizens have not gotten what I would

say was a fair share of the jobs at all.

We have a two-year research project at the college. You know as well as I do that it is impossible to know who was here in 1976 and who is still here now. It is very hard to tell who is left and who has come in. However, for 1976, the problem of in-migration of people from all over the State should have been quite obvious -- people, in fact, who compete with local citizens for the jobs themselves. That is a very difficult thing to do, I know, but I don't even think that was considered at all when the Act first came out, nor has it been considered since. Basically, anybody in the State can come in from any place, and you know as well as I do that setting up local residency -- addresses, if you have a relative living in Atlantic City -- is not all that difficult, and these sorts of things go on.

So, basically, the first thing is that I think the questions have been wrong. I am not sure -- there are five of you gentlemen, and I am not sure if the five of you would give me the same answer if I asked you "what was the purpose of gambling in Atlantic City?" If we are not sure who it was set up to help, then it is hard to say whether it is working or not working -- if we don't even know who it is working for.

ASSEMBLYMAN SCHUBER: Let me ask you a question.

PROFESSOR PERNICIARO: Yes, sir.

ASSEMBLYMAN SCHUBER: I would think, remembering the battles that went on with regard to casino gambling several years ago, it would probably be fair to say it was meant to benefit both -- that is, the City and the State. Whether, in fact, it has done that, I guess may be subject to argument.

With regard to your points, let me ask you, number one, the previous speaker had made some recommendations to this Committee for some changes in the law with regard to the regulation of casinos and those who do business with the casinos, and those who the casinos do business with. Would you agree with those statements that have been previously made -- or those recommendations?

PROFESSOR PERNICIARO: There are some problems with that. If that became part of the regulations, I would suspect that what you would see is a bunch of storefronts go up, rented by firms in Philadelphia and outside the City. In other words, they would establish an address here, get a good part of the business, and there would be no way to tell if they are sending out the business or keeping it there, or what is going on.

What I do think would be possible is to allow more of the business to be done here, as long as they use local employees -- people hired from the local area instead of bringing in their own employees. It shouldn't matter where the firm is from, as long as they use local employees. I think that would be the difference.

If you say the business has to be in Atlantic City and you have somebody doing laundry in Philadelphia, they are going to set up a storefront -- and this happens plenty of times -- and you won't know where the work is going to who is doing the work anyway. So, it is a matter of who is actually performing the labor. After all, if you want businesses that are located in Atlantic City, the reason you would want them to have the work is because they will hire local employees and their business will remain profitable. But, there is no way, again, to regulate. Again, what you will get is businesses moving in to take advantage of that, and that does not guarantee that the people here are going to be helped. They might be pushed out because of that law.

Now, the question, again, is, are you doing to help the storekeepers who are here, or do you simply want more business to be done in Atlantic City?

ASSEMBLYMAN SCHUBER: Let me ask you this: Do you have any other proposals with regard to some of the points you have made?

PROFESSOR PERNICIARO: Specifically, I want to get to housing, because that is my area. But, basically, yes, on a broader scale, I think the hardest thing to do is to find out exactly who has been here for quite some time and to make sure there are a lot of jobs. In other words, there has to be a way to find out who has been here since, I guess, '78, when the first casino opened -- or perhaps '76, and who some of the local residents are. In fact, you would have to find out who was living in the City itself, rather than who is commuting from Camden and other places, which happens all the time. They are from other counties.

If you want a practical answer to that, the answer is that it is very difficult to do. We do have unemployment rolls and we do have welfare rolls that go back. We do have information available from local agencies and social agencies that would be able to at least give us some of that information.

ASSEMBLYMAN SCHUBER: As I understand it, you indicated that you had been working on a study at Stockton concerning the population shift in Atlantic City, is that true?

PROFESSOR PERNICIARO: Yes.

ASSEMBLYMAN SCHUBER: Is that study near completion?

PROFESSOR PERNICIARO: We had two years of funding from the State, or wherever it comes from -- I guess Higher Education or somewhere -- and we did, basically, the effects of gambling in the first five years -- Excuse me, the first three years, '78 through about mid-'81. We looked at social agencies. We looked at crime. We looked at housing. We looked at clubs and organizations -- all kinds of social factors that affect people's lives. But, a lot of it was not prescriptive. We did not make policy suggestions. We, in fact, just looked out there to see what had gone on. Yes, the results of that are available. If you are interested, we are having a national conference in May. People from all over the country are coming because they have the same interest that I am sure you do and we do.

ASSEMBLYMAN SCHUBER: Will you submit that to the Committee?

PROFESSOR PERNICIARO: Yes, sir.

ASSEMBLYMAN RILEY: Professor, this also may go back to Ms. DeVinney. I can see why you would want the employment restrictions, etc. Don't you see any basic constitutional problems with regard to such restrictions?

PROFESSOR PERNICIARO: I do, certainly.

ASSEMBLYMAN RILEY: I should think that would be blown out in about two seconds. You know, it is all well and good to say that, but I think what I would like to hear from everybody would be ideas that are practical and useful. The idea of strictly local employment, as you are recommending, may sound great from an academic standpoint, but from a legal standpoint you know as well as I do that you have no chance of getting that because it is constitutionally impossible.

So, do you have anything to recommend beyond that? You know it is great to suggest that, but I think you would agree with me that we can't do that.

PROFESSOR PERNICIARO: The only other way to cope with that problem is to provide service, housing, and other things for people who don't necessarily get the jobs. Now, that is a demand side way of answering it. Most of what has gone on in Atlantic City is a supply side answer: You relax regulations, you call in businesses, you hope that things will trickle down to the local people. That is

basically what has gone on. I think enterprise zones are going to be on a national level to a large extent, and even in enterprise zones there is a 50% local residency requirement -- if they ever go through and are accepted.

ASSEMBLYMAN RILEY: You are saying the trickle down theory did not work in Atlantic City?

PROFESSOR PERNICIARO: It will not work unless you can make sure that the people are hired that were here, or else you are going to lose those people.

ASSEMBLYMAN FORTUNATO: If I may, I would like to ask you to get to the second part of your presentation.

PROFESSOR PERNICIARO: Yes. As far as housing goes, let me just very briefly-- The census material has come out and I am sure you can look at it yourself, or have someone look at it for you. If you will note, the south inlet and the north inlet have literally been decimated as far as the housing stock goes. The north inlet lost over 50% of its housing stock from 1979 to 1980. The south inlet lost approximately 20% of its housing stock. Both areas lost substantial amounts of their population -- the north inlet losing 50% of its population during that ten year period, which, you must agree, is phenomenal and devastating.

The housing problem -- if you look at the City, the City is segregated. It is segregated both housing-wise and it is segregated racially. Part of the solutions that we have -- if we have subsidized housing, or public housing in any sense -- tends to be ghettoized in the sense that it tends to be clustered together. If you look at the public housing in the City and the subsidized housing, you will notice it is always in one section. What we have is a danger of the City becoming a typical American city -- a rich section and a poor section, and remaining that way. There are ways out of that; however, the regulations that are in place are simply not sufficient to, first of all, desegregate the City -- that is, spread housing, subsidized housing and low-income housing, all over the City. That must be done as well as simply getting low-income housing. You are aware that the land costs are our biggest factor in preventing low-income housing from being built. Even the Atlantic County Improvement Authority, which has binding power, must go out and buy land somewhere, or get land, to put subsidized housing on. What they have to deal with is the speculation and the problem of assembling large parcels of land.

In order for housing to be provided, it appears quite obvious that what has to be done is, there has to be some way to control the land costs -- that is, there has to be some way for the State to help the City land bank in some way, or to assemble parcels. What all that means is up-front money from the State. It just simply has to be done. If you allow the Improvement Authority to go into the market itself and buy land, you are going to get a minimum number of units. The issue has come up lately -- and a lot of it has come up lately -- of using eminent domain. The two choices are eminent domain or else the State or someone else has to put up the money to go into the land market and buy sufficient amounts of land. The money has to be put up front. The Improvement Authority, going into the market, is already borrowing at 14% or 15% and they must also cope with the inflated land prices. It calls for drastic measures and I think if you read the legislation, part of the legislation calls for innovative measures. There has to be some way to control land costs and speculation. That may be done by imposing some kind of tax to get speculators to either put their land to some use or else sell it -- one way or the other -- because one still has to get the land to put housing on.

ASSEMBLYMAN RILEY: Would you hit me with that one again?

PROFESSOR PERMICIARO: When the land is in the control of people who will not sell it for low-density housing-- All right. People are holding housing because the south and the north inlet zoning laws were changed to high-density housing under certain circumstances. If you put up high density housing -- high rise housing -- the builder can afford to pay you more money for the land, basically. People are holding land in the hope that it will become zoned for commercial-casino, or in the hope that it will become buyable.

ASSEMBLYMAN RILEY: No. You said something about a tax.

PROFESSOR PERMICIARO: In order to get the land, you have to get the land away from the people who own it. If you want to pay the going price, you will never be able to put subsidized housing on it because the going prices are simply inflated and too high. All right? One way to get speculators to sell their land is to, in fact, zone the land properly -- for low rise -- and make sure that it will never be zoned high-rise, and it will never be zoned for casino use. Then they have no reason to hold on to it.

ASSEMBLYMAN RILEY: Are you speaking to the right body for that?

PROFESSOR PERMICIARO: Yes, I am, I think.

ASSEMBLYMAN RILEY: For zoning in Atlantic City?

PROFESSOR PERMICIARO: Well, the breakdown has been between the local authorities and the State authorities. You must admit there has been no coordination at all. If the State is going to subsidize housing -- some of the funds come through State organizations -- and if the State is worrying about housing, there has to be some way to get the local authorities to coordinate it.

ASSEMBLYMAN RILEY: Are you trying to recommend that we mandate zoning legislatively?

PROFESSOR PERMICIARO: No, I would suggest that if luxury taxes are going to be used, which have to go through the State Legislature, and if those monies are going to be given to the Improvement Authority, there must a way -- that is done by State legislation -- to make it clear to the local authorities that the Improvement Authority has that money and it can only use it if the zoning authorities cooperate. There has to be a coordinated effort.

My solution to the problem was quite simple. When the Casino Act was passed, I called for a regional economic authority, which Governor Byrne calls a "super agency." The problem is that economic forces don't stop the political barriers, and certainly what you have is, a lot of the legislation passed has been done by the State, and the zoning laws say it is controlled locally. There has been no coordination of action. I think that has been the biggest problem, basically. The zoning board has zoned three times on the inlet and what that did was to make speculators come in and expect higher and higher profits. What that does is, it closes out the Improvement Authority from buying land to put housing up there, which the State expects them to do; that's how they gave them the power to do that, to collect the luxury tax. If there is no coordination between the bodies, I don't see how the function will ever be carried out or ever be finished, basically, in that case.

So, basically, the main problem comes down to, if, in fact, there are not going to be bold moves to get some kind of housing, what it comes down to is the only way local residents can afford the housing in the market, or even on the mainland, is if they have jobs -- and that just brings us back to hiring local people again. You get yourself into a vicious circle. We have been caught in that

vicious circle, and that is, in fact, why parts of the City have not been built up, and that is part of the reason why parts of the indigenous population remain unemployed and poor. So, I think the State laws passed already have been -- I wouldn't say they have been inappropriate, but they have not attacked the problems as they stand, and, in fact, the lack of coordination, I think, has been the biggest problem with getting things done in the City itself. As I suggested, I think that you, as State legislators, can do certain things. The money, after all -- the luxury tax and things like that -- has to be okayed, and that money gets apportioned out. If you give it to the Improvement Authority and they are going to develop land and develop housing somewhere, they need a place to develop on. It can't be done with the zoning board doing what they have been doing -- or having done what they have done in the past.

ASSEMBLYMAN FORTUNATO: Mr. LaCorte.

ASSEMBLYMAN LaCORTE: Well, maybe this might be better for the Chamber of Commerce to answer, but since you both have testified regarding a residency requirement, are there any statistics the Chamber has regarding the amount of residents -- from Atlantic County -- that are employed by casinos; and, secondly, how many people from the State of New Jersey are employed by the casinos on a percentage to the total number of employees?

MS. DeVINNEY: No, I don't have those figures.

PROFESSOR PERMICIARO: The Casino Control Commission has those figures. They are not public. We have tried to get them and they can't give them to us. But, they keep them. They also keep the wage scales, and they also keep promotions of local people, and things like that. Those are not public record. We have tried to get them several times, and can't.

ASSEMBLYMAN LaCORTE: Well, without having those you really can't address that issue.

PROFESSOR PERMICIARO: There is no way of telling. I think this is another part of the whole problem, and as an employee of the State, on a state research project, we have not been able to get those numbers ourselves to understand exactly what is going on. I don't understand that in the least.

ASSEMBLYMAN FORTUNATO: Mr. Schubert.

ASSEMBLYMAN SCHUBER: I think earlier on in your testimony, with regard to the second part on housing, you gave some statistics on the number of people who have left the city since casino gambling came in.

PROFESSOR PERMICIARO: The 1980 census statistics are out; they are by census tract and they are by totals. You realize as well as I do, I think, that they are not being published in book form this year since the Census Department is out of money; so, they are on microfiche and they have just been given out, I think, last month. The dwelling units in each census tract were given out so you can tell by these census tracts of the city how many housing units have disappeared or appeared. Those are available at this time, as are the population figures by census tract.

ASSEMBLYMAN SCHUBER: I thought you had recited the figures.

PROFESSOR PERMICIARO: I did. We got the microfiche and I just copied them off. I can send you that as part of the report you asked for first. That is part of that. It is a housing analysis.

ASSEMBLYMAN FORTUNATO: Professor, if I may, your statement as to coordinated efforts -- I am on record in the local press, many times, as to admitting that there has been a breakdown. We might spend weeks arguing whose fault it is for

the breakdown, whether it be the State Legislature, whether it be the local and county officials, whether it be the casinos, or local organizations. We are here these few days to find out exactly what the feelings are -- again, if I might reiterate my opening statement -- as to the problems. We are also here to find out what the solutions might be. I guarantee there will be something emanating from these hearings in the form of legislative action, or legislation. That is a promise.

So, we, this Committee, are an extension of the Legislature. I think I can speak for the Committee when I say that we believe in a very close relationship with the public. Communication -- it is important that communication exists. It is important to note that if communication did not exist before between Atlantic City and the State, it exists now. So, I promise you that the channels will be opened. I promise you that you will see something emanating from these hearings.

PROFESSOR PERMICIARO: All right. Thank you.

ASSEMBLYMAN FORTUNATO: Thank you.

Mr. Duane Carrington from the Atlantic Human Resources. (no response)

Mr. Philip Taylor from the Atlantic Human Resources.

P H I L I P T A Y L O R: Yes. I am a Planner for the Atlantic Human Resources. We are the local community action program for Atlantic and Cape May Counties. We have three offices in Atlantic City, and having been here for over 15 years, we have had quite an experience with the local -- particularly the low-income -- community in Atlantic City. We are here to make, basically, two points about the impact of the casino industry on the low-income community in Atlantic City.

I don't want to repeat what the speaker just before me said, but I would like to echo some of his comments on both the unemployment situation as well as the housing. Just based on the 1970 to 1980 census, it showed that Atlantic City is virtually alone within Atlantic County in having lost 16% of its population -- both losing population plus having lost at least 10% of its housing units over a ten year period. Now, considering that five years of that ten year period were a massive growth due to the advent of casino gambling, we find it very ironic that the two most likely situations to increase -- both the city's population and the housing stock -- have decreased drastically.

Being situated, as we are, with offices on Massachusetts Avenue, which is right in the heart of the inlet, we have noticed that basically we are living in Dunkirk. Most of the large residential apartment buildings are vacant. There is a great deal of vacant land. And, our main point is that we feel part of the problem is not only speculation on land values, but just simply the fact that there is no incentive to build anything on that property. Those who can afford to buy the properties up there -- and I have heard, but I can't document, that directly and indirectly the casino industry controls approximately 60% of the inlet properties-- There is no incentive to build on that land because at this point if you are a smart investor, why build a brand new building in the middle of the ghetto when, if you wait another five years, you will have completely vacant land, and you can rebuild the inlet with high-income housing, or at least moderate income housing. So, there is a positive disincentive for the local financial community to invest in construction in the inlet section of Atlantic City. We feel a lot of that is the fault, if you will, of the Casino Control Act because by allowing reinvestment to be simply accomplished by buying property and not developing that property, the casinos are both driving up land prices as well as, at the same time, preventing the construction of badly needed low-income housing, and, in fact, even moderate

income housing.

As far as the unemployment situation is concerned, there is a big falsehood which is being promoted both within Atlantic City and Atlantic County -- and, I feel, within the State of New Jersey. If one looks at the unemployment rate over the last three years, it has declined. Some of the county publications, as well as the State -- the Department of Labor statistics -- use that as an indicator, showing that, in fact, the employment situation has greatly improved. Now, while there are more jobs in the Atlantic City area -- in fact, you had asked just a few moments ago what those figures were -- approximately 28,000 people were employed by the end of 1981 in the casino industry -- nevertheless, most of that has taken place as a result of the increase in Atlantic County population. There is still a hard-core unemployment level of approximately 6,000 to 8,000 people, and that unemployment -- that absolute number, that is, of unemployed people -- has not significantly changed over the ten year period.

What we feel to be the case is that the increase in population is bringing in more qualified people from other areas of either Atlantic County or other parts of the State of New Jersey -- into the region, the surrounding, suburban region of Atlantic County -- and has, in fact, increased housing as well as the median income level in those communities. But, Atlantic City specifically has not seen that increase. We still have a very poor population living primarily in -- as was described before -- a very segregated, decimated, destroyed section of Atlantic City. Their housing conditions are worse now -- I sincerely believe -- than they were just six years ago.

Before being a planner for Atlantic Human Resources, I was the Director of Social Services, and I personally had the opportunity to visit many of the properties and many of the tenants who lived on, for example, Mediterranean Avenue and the northern ends of town during the past seven or eight years, and from my own personal observation, I can say truthfully that housing conditions, in addition to being numerically less, are physically worse. There are more housing code violations. The properties are the same properties, many of them approximately -- I don't have the exact statistics, but I believe Atlantic City has the third oldest housing stock in the State of New Jersey. Those properties are still here, and if anything, they are ten years older; they are ten years more decrepit than they were. They are held together with sheet plastic, bubble gum, string, and anything people can find -- cardboard in many cases. We are starting to look like Guatemala and we really feel there is a solution that can be handled by the State of New Jersey due to the fact that because of the Casino Control Act, the regulations requiring a proportion of reinvestment in Atlantic City did not specifically designate how that reinvestment should take place, both in terms of constructing on that land and specifically targeting what is to be done with that reinvestment, as well as who controls the use of the funds that are generated by the casino industry. We don't believe it is in the interest of the State of New Jersey, and it is certainly not in the interest of the residents of Atlantic City, that the casino industry itself should have the decision of how to reinvest that mandated percentage which was supposed to be for the social good of Atlantic City.

Unfortunately, we do not necessarily believe that is a wise political decision-making process either. The City of Atlantic City, as well as the county, as well as the State, all have a vested interest in particular types of development. Unfortunately, for the low income resident, no three of those bodies have any agreement, coordination, or, I feel, the interest of the people themselves at heart. What

I would like to propose is that there be a separate entity established to control that 2% reinvestment revenue and to put that toward targeted social goals -- the primary two being employment -- job retraining, if you will -- for that hard-core unemployed population that still hangs on by its fingernails in Atlantic City, and the other half being housing. We have seen the word housing distorted from its original meaning of low-income housing. Someone very creatively put a hyphen between the words low and moderate; they used the word low-moderate income housing. But, we who work in the Poverty Program know that moderate income housing is far beyond the reach of most of the people we serve, who are approximately the 25% of the population of Atlantic City below the Federal poverty guidelines, which are much lower than many state program guidelines for social services.

What we would like to see is the State take an active part in changing the Casino Control Act to designate those revenues to be placed towards specific targeted goals for the benefit of the city population. That is all I can say.

ASSEMBLYMAN FORTUNATO: Are there any questions, gentlemen?

ASSEMBLYMAN LaCORTE: Is there any program that has been established either by the Casino Control Commission, by the City, or by the County to develop a training or education program for the service industry that is here?

MR. TAYLOR: Yes, there is one program. In fact, I am on the board of that program -- the Atlantic County Private Industry Council -- which has made an attempt to join both the casino industry as well as county government in providing job training. The problem with that is that it is extremely limited, both in funds and in requirements that specifically require people to meet eligibility requirements for specific training.

Basically, what we have done over the last two years is to provide training for between 1500 and 2000 people. But, most of that training was -- I hate to say -- dead-end jobs. They were not the complex career-type employment that many of these people will ultimately need. In other words, for example, our own agency had a furniture refinishing training program, based on the premise that it would be more cost-effective for casinos, after they had been open for a few years, to employ people to repair broken furniture in their hotel rooms or on the casino floor. We trained 24 people who successfully completed the course. In the meantime, we came to the end of that training program only to find out that the casino industry had no serious intent to employ these people at all. In fact, the training program was a disaster. Fortunately, we were able to get some of these people employed in ancillary industries, such as construction trades. But, we feel there was a lack of good faith there. The casino industry will use job training programs to their own benefit, but not to the benefit of the vast number of people who need training in some specific skill that they can actually market. Plus the fact that the casino industry has shown repeatedly to us that they are only interested in providing training for their own specific employees. They are not interested in a general job training that might help someone find employment on a permanent basis, perhaps outside the casino industry. So, there are programs, but they are very limited.

ASSEMBLYMAN RILEY: Basically, have you found any problem, particularly with the hard core unemployed in Atlantic City, with the applications and the things that would be required of them to apply for a job even in a service industry dealing with the casinos, which would make it almost impossible for them? I am sure you have seen the applications. You need a degree in English to even have a chance, and probably a degree in law. Do you find this to be stifling at all?

MR. TAYLOR: Yes, we have. In fact, our own agency has provided assistance where we can to help people fill out their applications, and, quite frankly, many of our staff people who have gone to college, or who are college graduates themselves, find it difficult to help people complete the application. More importantly, if a person is applying for a casino license they have a choice. They can fill out -- I forget exactly how many pages it is -- the short licensing application very quickly. But, that will only allow them entrance to certain positions, mostly the laboring positions -- the bottom of the barrel. To fill out the number two license application is a quantum leap for most of these people. And, the number four application is beyond most of the people who work in our agency. So, it is a difficult process.

ASSEMBLYMAN RILEY: In addition to the application being cumbersome itself, are the fees a problem?

MR. TAYLOR: The fee is a problem. Some of the requirements for getting background data -- we have quite a few people who do not know all of their relatives. They come from broken families and they may not have kept track of all their relatives. They may not meet some of the requirements as far as completing the forms. That is a great problem.

ASSEMBLYMAN RILEY: So, would it be fair to say that the regulations, as they currently exist, are counter-productive?

MR. TAYLOR: I think so because nine times out of ten if the person is qualified for the job, most of the questions do not have any specific purpose in being asked. A person is, ninety times out of a hundred, not going to be in a position where their actions or their past history is going to have any effect whatsoever on the performance of their job.

ASSEMBLYMAN BRYANT: Let me ask you, with regard to the 2% reinvestment, is it my understanding that you are saying the casino industry controls that 2%?

MR. TAYLOR: I am saying that if they use the profits from their casinos to buy property and otherwise expend to bring their profit down to a break-even level, they have, in fact, accumulated a lot of property, but they have not done any social benefit with it. They are actually using their money to tie up much of the available valuable land in Atlantic City.

ASSEMBLYMAN LaCORTE: Through you, Mr. Chairman, I am a little confused. Are you saying that there is no control? I wasn't quite sure when you made the statement -- is there a 2% right now that the Casino Commission demands they reinvest?

MR. TAYLOR: I believe that is what is in the Act, yes.

ASSEMBLYMAN LaCORTE: But, they don't control at all what they reinvest in?

MR. TAYLOR: Apparently not.

ASSEMBLYMAN SCHUBER: My question, through the Chair, is, what, in fact, have they been reinvesting in, if at all? I understood they might not have been at all. What have they been reinvesting it in?

MR. TAYLOR. Well, we believe, based on what we have found as far as the housing situation is concerned, that we as an agency have been trying to get a low-income housing development project off the ground ourselves -- as have some others, some of whom I will speak of today.

ASSEMBLYMAN SCHUBER: I understand that is your goal. What have the casinos been investing their 2% reinvestment fund in, to your knowledge?

MR. TAYLOR: To my knowledge, it would just simply eventually have the

speculation value of their property increase their capital without any investment in labor, without any borrowing -- it is almost like putting money in the bank. To buy a piece of property in Atlantic City is better than putting your money in anything, including money-market funds or treasury bills. The guaranteed return on the capital investment is enormous because there is only a limited amount of land in Atlantic City.

ASSEMBLYMAN SCHUBER: My thought would be -- this is sort of philosophically speaking -- it would appear to me that, as I was telling the Professor from Stockton College before, I thought originally casino gambling was really meant to benefit the State and Atlantic City.

MR. TAYLOR: True.

ASSEMBLYMAN SCHUBER: Both.

MR. TAYLOR: Sure.

ASSEMBLYMAN SCHUBER: Whether it has done that, again, is subject to question. That is one of the reasons we are here today. We were telling some of the people from the Meadowlands Commission who were up before this Committee in Trenton, that such an introduction of a big business, or something like that, implies a duty on their part to benefit the particular community they are in. I am not sure that is being done at the present time. I find some of your solutions quite reasonable. I am sure the Committee will give them thought. But, I am kind of interested in a little more information on what the casinos have been doing or what has happened to the 2% fund.

MR. TAYLOR: Well, I would like to present some of this in writing to you. Unfortunately, I don't have it prepared today, but I should have it tomorrow. I would like to submit that at a later time for your consideration.

ASSEMBLYMAN FORTUNATO: Mr. Taylor, if I may, I am sure you are aware of the fact that there are only two casinos of the nine who currently qualify for that 2% reinvestment credit. So, I think maybe your suggestion is well taken that since there seems to be only two -- obviously, there are only two -- it might be a good time to review the procedure for the 2% reinvestment credit.

MR. TAYLOR: Exactly, yes.

ASSEMBLYMAN FORTUNATO: Are there any other questions from the members of the Committee? (no response) Thank you.

Is there anyone else from your organization here?

MR. TAYLOR: Not today, no.

ASSEMBLYMAN FORTUNATO: Cora Boggs from the Atlantic City Congress of Community Organizations.

C O R A B O G G S: Good morning, gentlemen. I am Cora Boggs. I am the Housing Chairman of the Atlantic City Congress of Community Organizations. If I seem a little flustered, it is just because I just came from the Casino Control Commission and I was afraid I was going to be late for this meeting.

At last the Casino Control Commission has picked their consultants to try and resolve some of the problems in this City. I don't know if you are aware that the Atlantic City Congress of Community Organizations petitioned the Public Advocate last year to ask the Casino Control Commission to direct the 2% investment tax for housing and for development of Atlantic City.

Now, maybe I should go back a little bit and tell you why the Congress was formed in the first place. The Congress was formed because there was no one looking out for the interest of the people of Atlantic City. The people in Atlantic City have suffered unbearably. I would venture to say that on a scale of one

to ten, what the casinos have done for the people of Atlantic City -- I would have to give it a minus one. Now, they did great things for charity. They have done great things for themselves. But, it is just like we are living in two cities and things are worse here; they are not getting any better. We have been studied to death, and I hope you gentlemen will be better than the people we have talked to heretofore. Because all we have done is talk. All they have done, supposedly, is they have listened, and nothing has been done to resolve the situation here in Atlantic City. And, things are getting worse.

Statistics came out yesterday that we will have to look into to see if they are right, saying that the casinos have fulfilled their affirmative action quotas. Now, if that is true, then it means that the people from the outside have gotten the jobs for them to do that, because at any given hour you can walk down the street here and you see, wall to wall, Atlantic City people without jobs. And, unfortunately, there are a great many of them who are minorities. Although the other day -- on Saturday -- I saw something I never expected to see: A young white girl pulling a junk cart, carrying junk to the junkyard. So, things for Atlantic City people have not been good. Our sewerage bills, our electric bills, and everything else have gone up to accommodate the casinos, because whenever these utilities expand, the residents have to pay the freight, unfortunately -- which I think is grossly unfair.

Now, we have been shortchanged from just about everybody. We have gotten the short end of the stick, and quite frankly, people in Atlantic City are now fed up. The tone of the City is not what it was when we first approached the Casino Control Commission in July of last year. The tone of the City has changed considerably because now people feel absolutely hopeless.

We found ourselves, inadvertently, on the side of slum landlords last Friday, and we abhor slum landlords, regardless of what color they are. But, a State agency came down and said, "You people get out; you have to get out of your homes." There was no place for these people to go. They would temporarily be housed in motels out on the Boulevard, and places of that sort, and the State would pick up the tab, temporarily. But, after the maximum of a month these people will be thrown out in the street with absolutely nowhere to go. And, we have enough squatters in this City who are living in vacant homes and who have no heat or hot water. In other words, the place is a dump. Above the casino area, the City is a dump -- an absolute dump -- and things are not getting any better.

So, I am saying to you that everybody has fiddled with the people -- everybody. And, that means our City officials. When we tried to bring to them proposals and things that are going to better the people of this City, they wouldn't listen to us. They listened to the speculators. The speculators promised everybody was going to make a million dollars on a two by four plot of land, and people listened. Everybody was going to get rich. And, a few of us tried to tell them differently, but there was no one to turn to, so finally we had to go to the Public Advocate and ask them to help us, and they responded.

But, I am saying to you that when we started back there in July of '81, when we first went to the Public Advocate, we told him things were bad. Now we don't even know the terminology to use to tell him, because things are considerably worse than they were.

We had no one to go to. As I said before, everybody has fiddled. The City fiddled. The Legislators fiddled, because they did not give the casinos a firm direction as to the way they should go, and so the casinos came into town

and did what they know best: they made money. They didn't even take into consideration that they were coming into an established City. It was like, "Okay, nothing matters now; we are making a city and the heck with the rest of the area." And, that is the way it was.

Businesses thought that money was going to trickle down to them from the casinos. That did not happen. Finally, now, they are beginning to realize that they need people in order to survive themselves. So, now everybody is turning to the thought that there has to be people in this City. This is not a Las Vegas. They didn't build this up out of the desert. This was an established City that has gone down, down, down, and is continuing to do so.

So, to get back to what I originally said, I just came from the Casino Control Commission. They have finally picked the consultants to come in here and investigate the whole problem and, hopefully, do something about the problem. But that is going to take a long time for them.

I am saying to you, gentlemen, that something has to come now -- immediately -- for relief of this City, because I don't know what is going to happen. I am not the kind of a person who believes in saying things are going to explode, but, quite frankly, I don't know. You have fiddled too much -- and I don't mean you, but the people in authority -- with people, and I think unless something is done now, quickly, and concretely in this City, I don't know where this City is going to go because the people's moods have changed considerably.

ASSEMBLYMAN SCHUBER: Mrs. Boggs, if I might, if you were sitting on this side of the desk, what would be your priorities and how would you address them?

MRS. BOGGS: My priority would be housing in this City, because without people and without people living in housing that is suitable and adequate, there is nothing for this City. I mean, the casinos can bring in their buses; their buses go out every afternoon and come in every morning. But, that is not a city. What about the rest of us? We have been overlooked by everyone, and the mood has turned dirty. I will say, frankly, the mood has turned dirty in this City because we don't feel there is anyone listening to the people of this City.

ASSEMBLYMAN FORTUNATO: I have heard that before.

MRS. BOGGS: It is a positive truth. The only thing that concerns me now -- and I sound a little agitated only because I am, because the things I saw this past weekend have made even me apprehensive about what is going to happen.

I would say to you if there is any way that you can get the Legislators-- We were promised the first of the year that the reinvestment tax would be restructured so that the casinos would know what direction they had to go in: what they had to do to help the people of this City, in housing and what not. But, that has not happened.

ASSEMBLYMAN FORTUNATO: Excuse me. Who made that promise to you?

MRS. BOGGS: Senator Perskie said that the first of the year they were going to restructure the reinvestment tax so that the casinos would have some direction. You can't altogether blame the casinos because they were given no direction by anybody. And, as I said, our City officials were so dazzled by the money and so dazzled by the types of people that came in, they overlooked the people.

I, myself, have been abused in these very chambers by land speculators because we talked about homes for people. They called us communists and everything

else. Now, it is beginning to sink into people. What we were saying three years ago, and later, is beginning to sink in, that we were right. Now everybody is turning their attention to housing.

Now, you can hear some of the politicians that will perhaps speak before you and they will tell you what they did, but not one of them did anything. That is an absolute truth, because had they done anything then you wouldn't see what you are seeing now, and I wouldn't be speaking as I am speaking now.

ASSEMBLYMAN BRYANT: Through you, Mr. Chairman.

ASSEMBLYMAN FORTUNATO: Mr. Bryant.

ASSEMBLYMAN BRYANT: Is it my understanding that what you are basically saying is the 2% reinvestment tax, which is on gross receipts, should be channeled through some agency with specific goals as to how it should be placed? I get the distinct feeling that -- at least from the speakers so far -- the Casino Control Commission might not be the agency through which those funds should be channeled; that it might be better in an agency, such as the Department of Community Affairs, that has more sensitivity to the types of problems that might be happening to the masses of people in Atlantic City, and that those funds should not only be used for housing but also for some type of job placement because those problems go hand-in-hand.

MRS. BOGGS: That's exactly what we had hoped for when we were promised that it was going to be restructured. The possibility was there that it would be taken out of the Casino Control Commission's hands, but nothing was done. As I said, we have been given a lot of promises about a lot of things. But, the Congress of Community Organizations has awakened the City and has alerted the State people to the fact that the problems exist here and need to be solved immediately.

Our local officials didn't do that. We are made up of 30 organizations, citywide. If you go into the Hispanic neighborhood, they have been almost systematically pushed out. We have gone before the Public Advocate, as I said, and we have called on the State ourselves because no one else was doing anything.

You know, last year if you said anything about the State coming into this City, you said a dirty word; they were ready to string you up. But, we were forced to do that. I am hoping that you gentlemen can do something immediately, because, as I said, although the Casino Control Commission has now picked their consultants, to me that is going to be a global thing. They are going to take the entire City, and people will still not have any place to live. The thing is immediate. I can't even begin to tell you what the job situation is here. Everytime we say casinos haven't done anything for Atlantic City, everybody comes and says, "well, you have 27,000 jobs." Yes, we have 27,000 jobs for immediate New Jerseyites, for the most part, and for the Atlantic City people the employment line goes around the corner.

ASSEMBLYMAN RILEY: Through you, Mr. Chairman.

ASSEMBLYMAN FORTUNATO: Mr. Riley.

ASSEMBLYMAN RILEY: Is it your recommendation, Mrs. Boggs, that the reinvestment monies should be mandated for low and moderate income housing?

MRS. BOGGS: At this particular time I think it needs to be.

ASSEMBLYMAN RILEY: And not through the Casino Control Commission?

MRS. BOGGS: The Casino Control Commission, in my opinion, if they are going to do something -- and I have spoken to them, and the ones on board, I can truthfully say, have been listening better than some of the others -- it will be maybe five or ten years down the road. I don't know. But, we need something

to be done right now.

ASSEMBLYMAN RILEY: You are saying that they are too busy doing other things instead of getting down to rebuilding Atlantic City itself?

MRS. BOGGS: I believe that because the people here have been pushed out. I forget the lady's name, but one of the professors out at Stockton College, a couple of years ago, made a study and came up with the idea that many people -- many elderly people -- because of the traumatic effects of being pushed out of this City have died, and I believe her. You can't uproot people who have been here for years and years and say, "Get out; we no longer need you." That is essentially what has happened here in Atlantic City.

ASSEMBLYMAN RILEY: Again, through you, Mr. Chairman, who would you recommend? Where would you recommend we place this? If we mandate housing -- low and moderate income house -- from the investment tax credit, who do you recommend we put in charge of this to make sure it is done?

MRS. BOGGS: Well, we have the Atlantic City Housing Authority. We have the Atlantic County Improvement Authority. We have the Atlantic Human Resources. There are a number a places where it could be channeled. I dare say, even through the Congress itself we would get a little more expertise on board because what is needed is for people to actually look at what is happening to people in the City, and thus far this has not happened.

So, I am hoping that you gentlemen can do something almost immediately because there are people walking the street with no jobs. I can't begin to tell you the effect that is having on this City. If you ever make a tour of this City -- if you have, then you know what I am talking about and if you have not, then you have a treat in sight. But, don't eat lunch before you go.

ASSEMBLYMAN SCHUBER: Mrs. Boggs, I assume from your answers to the previous questions you are in agreement with the prior speaker's recommendations with regard to the use of the reinvestment fund?

MRS. BOGGS: Yes, I would be in favor of that. Unfortunately, I did not hear Mr. Taylor's full speech because I just came in. But, I would certainly be in agreement with that.

ASSEMBLYMAN SCHUBER: Your organization represents how many groups?

MRS. BOGGS: About 30 organizations. We represent 30 groups throughout the City.

ASSEMBLYMAN SCHUBER: You are a non-governmental agency?

MRS. BOGGS: Yes, we are non-governmental.

ASSEMBLYMAN SCHUBER: When you began your remarks, you made an interesting comment. I jotted it down. I was wondering if you might, to your knowledge, give us a little more detail on that. That was with regard to the impact on your utility costs, with the introduction of casinos into your area. Are you under Atlantic City Power and Light?

MRS. BOGGS: Pardon me?

ASSEMBLYMAN SCHUBER: Do you come under Atlantic City--?

MRS. BOGGS: Electric Company?

ASSEMBLYMAN SCHUBER: Electric?

MRS. BOGGS: Yes, Atlantic Electric.

ASSEMBLYMAN SCHUBER: How have you been affected by that?

MRS. BOGGS: The rates have gone up.

ASSEMBLYMAN SCHUBER: I recognize that. They have gone up everywhere. But, in essence, how has this affected your--?

MRS. BOGGS: Well, it appears that whenever any utility has to expand, the public has to pay for it. It is the same way with the sewerage. You have to pay for the larger pipes being put in the ground. It is not that the casinos are paying their share; it is just that we have to pay more. And, really, we can't afford to pay more.

ASSEMBLYMAN SCHUBER: Do you pay a separate sewerage charge?

MRS. BOGGS: Yes, we do. We pay the sewerage and we pay a separate water bill. Now the water is going up, and the electric and gas. I think this departs a little bit from what we are talking about, but I wish some of you legislators would look into the reason why all these utilities have to put everything on the consumer.

ASSEMBLYMAN SCHUBER: Well, I did not want to divert this to another topic, but we are all talking about the impact of casino gambling in Atlantic City, and certainly I think we can all agree that housing and jobs are really our number one priority. However, I was interested in some of the other aspects and statistics you might have with regard to how much the sewerage charge has gone up in the last several years.

MEMBER OF AUDIENCE: 300%

MRS. BOGGS: Yes, I was going to say about 250%. Say 300%. It has gone up astronomically, let me put it to you that way. You can look into those figures yourself. What has happened is really terrible.

As I said, the Atlantic City people are not reaping the benefits from the casinos. They are not reaping the benefits from the casinos, and as I told you I don't fully blame the casinos because they came here to make money; and that is what they are doing. Nobody is saying you have to look at this as an established city. We don't have a movie theater in Atlantic City. We don't have anything for the residents of Atlantic City -- nothing. Hardly a store is left on Atlantic Avenue. As I said, the business community awakened late because they thought the money was going to trickle down from the casinos and it didn't happen, so therefore they got washed away. So, the residents just have nowhere to go and nowhere to turn. There was nothing for the Congress to do but to turn to the State, and so far I would say, even as round about as it is, we have made the only impact in the State. Our governmental officials have not made any, because had they made any impact on the State those people would not have come down last week without notifying the City they were coming and just systematically put people out of their homes down here, which happened. We found ourselves in the unenviable position of having to defend a slum landlord because the people had nowhere else to go.

ASSEMBLYMAN FORTUNATO: Are there any other questions?

ASSEMBLYMAN LaCORTE: Just two. I don't know whether you can help me or not, but do you know approximately how many dollars have been accumulated through the 2% reinvestment tax?

MRS. BOGGS: No. Nothing has trickled down. Nothing has come out.

ASSEMBLYMAN LaCORTE: No. I mean, what would have been available if that money was mandated to a separate authority?

MRS. BOGGS: Well, you hear various figures now, from \$18 million to \$20 million. You hear that figure.

ASSEMBLYMAN LaCORTE: Is this in the last five years?

MRS. BOGGS: Since Resorts. I think Resorts and Bally are the only two casinos so far -- possibly three casinos, with Caesars -- who are in a position

to pay that tax. But, the restructuring of that tax would certainly have turned it around, and all of them would have to pay; but, there was no restructuring.

ASSEMBLYMAN LaCORTE: Why would you think that right now only two or three qualify for this?

MRS. BOGGS: I don't know, because that is the way the system is set up. You know, after they realize so much on their investment, then they have to pay the tax. But, I don't know. The system itself is so complicated that you would really have to study what the heck they are talking about, and the casinos themselves don't even understand what they are talking about. There is something like, "If you want to do it, you can do it" -- you should do it, but not to say you have to do anything, and they have not done anything.

ASSEMBLYMAN FORTUNATO: Mr. Schubert.

ASSEMBLYMAN SCHUBERT: Mrs. Boggs, what I am trying to do is to get a full feeling of the entire impact of casino gambling in the City of Atlantic City. I know you have touched on the housing -- the housing shortage and the people leaving the City, and the statistics previous speakers have given -- and you have touched on a new topic with regard to the impact of the actual utility cost to the average homeowner, who has probably been here for many, many years. Your organization, I assume from your testimony, represents a wide group of organizations, or people, throughout the City of Atlantic City. What about the impact of street crime as a result of casino gambling, in your opinion?

MRS. BOGGS: Well--

ASSEMBLYMAN SCHUBERT: I know that Mr. Clayton will be here later this afternoon. I understand that to be the case.

MRS. BOGGS: Right. Well, as I said before, for the first time -- and I am not a frightened woman -- I see so many unemployed people out there, walking three and four abreast, and I am getting frightened. Of course, the statistics that have been put out about the crime in Atlantic City have been based on 40,000 people, wherein we get anywhere from 190 thousand people in. There was a time when people were just coming in from the other cities -- from Philadelphia, for instance -- on a bus when senior citizens got their checks, and things like that. They were coming in just like they were going to work to rob the people who were most vulnerable. And, Commissioner Clayton has set up a new organization within his Department now and we just have to wait and see if that is going to have a visible impact on the crime here.

But, we have been charged with more crime actually than local people have been responsible for -- far more.

ASSEMBLYMAN FORTUNATO: Mrs. Boggs, thank you. Do you have another member of your organization here with you?

MRS. BOGGS: Yes, I do. Mr. Masland is here.

ASSEMBLYMAN FORTUNATO: Mr. Masland?

MRS. BOGGS: Right.

ASSEMBLYMAN FORTUNATO: Thank you.

MRS. BOGGS: Thank you very much.

J A M E S M A S L A N D: My name is James Masland. I serve as the Vice President of the Congress of Community Organizations. I think that Mrs. Boggs hit on most of the problems you are looking for in regard to this hearing. But, I think what you have to look at are the problems that have developed since 1976.

You have to go back and you have to look at Atlantic City prior to

the passage of casino gambling. In 1976, we had a population of about forty-four or forty-five thousand people. Today, almost six years after the passage of the referendum, we now have a population of about seven thousand people. So, you can see a dramatic drop within the population of the City. Unfortunately, the people who were first affected by this was the minority community -- the Hispanics and the blacks -- and now it has spread generally citywide, into the white community also.

We had a large senior citizen population. In fact, we had the second largest population of senior citizens, on a percentage basis, of any city in the United States, prior to the passage of casino gambling. When the gambling referendum was first brought up, we had many elected officials, both State and local, that sold us a bill of goods. They told the senior citizens of Atlantic City that once the gambling referendum was approved, they would have a better city, with better homes, safer streets, and lower taxes. And, the people went for this and they voted for it. But, unfortunately, the senior citizen population of Atlantic City was the first group to suffer the impact of casino gambling. We lost a number of large buildings that had been hotels and had been converted to senior citizen apartments. They were either torn down, or they were reconverted back into hotels.

Then came the wave of condominium conversions. Most of our senior citizens lived in these large old buildings that nobody wanted prior to gambling. Now, because of the gambling, they tell us our land is so valuable these buildings are being converted into condominiums and being sold at \$100 thousand for a one-bedroom unit, which obviously senior citizens cannot afford to pay. These are people living on a fixed income.

So, they were the first. Then the minorities came -- the Hispanics in the inlet, as Mrs. Boggs already touched upon. Then we stretched down into the black community. Now it is into the white Chelsea section, the section I reside in. This was once probably one of the strongest residential neighborhoods in the City of Atlantic City. What happened is, somewhere along the line the City went off track. They hired a planner, named Angelo DeMetrio, and paid him \$1 million to devise a Master Plan. DeMetrio envisioned rebuilding the Boardwalk hotels. That was the main point of the casino referendum, to rebuild the hotels so we could bring the conventions back to Atlantic City.

He envisioned the area from where Playboy now stands in front of the Convention Hall, up to Resorts International and the Urban renewal tract as the casino zone. But, what happened, as speculators and people came in looking for cheaper land, they extended the casino zone all the way down to Albany Avenue, which is right in the middle of the Chelsea section, and it went all the way up into the Marina section in Atlantic City. So, as they spread out, speculation grew, and as speculation grew, people came in and they bought residential land at \$8 and \$9 a square foot, petitioned the City to rezone this land for commercial or resort commercial, and now it was worth anywhere between \$50 and \$150 a square foot.

This is what happened to our residential properties. These properties were sold by speculators. They were allowed to deteriorate. No one was standing there to make sure they kept things within the code. Once the buildings were in the position where they could be condemned, they were torn down. If you ride around the City, you will see Atlantic City now probably has the largest per capita parking lot of any city in the United States. We just seem to grow parking lots.

And, there is a lot of parking lots growing is not necessarily where it was commercial or resort-commercial property; it was residential property because this was the cheapest property that the City could purchase -- or the people could purchase to develop as parking lots.

So, what we have as a result of gambling, our housing stock has deteriorated. I would estimate that somewhere between five and seven thousand units of housing since 1976. Approximately 7,000 people. And now, all of a sudden, we hear people talking about housing. As Mrs. Boggs stated, we were the last people who wanted to see New Jersey to come in. We didn't want State involvement. We thought we could do it ourselves. But, unfortunately, it appears that politics has entered the picture, and what has happened is the housing stock and the population has continued to decline.

If you talk about who should be involved in developing housing, I think it should be someone from the State. It should be someone that is not involved directly with the local politics. You have to have someone that is an independent person that can come in and look at a community, and say: "Look, we have to save this community. We need middle and low income housing to support our resident population."

If you look today, I can't think of any middle income housing that has been constructed in this City since 1976, when gambling passed. We have a large concentration of low income property, and the people who are living there do not qualify any longer because they have gotten jobs, or they worked themselves up into a position where they can afford to move into middle income housing. But, somewhere along the line we have gone off the track.

You look at the City today -- this City is dying. As your middle class and your working class people leave the community, the business community has declined. If you go up to Atlantic Avenue, or go down to Pacific Avenue, you will find on every block two or three stores either with going out of business sales or closed. And, this is not right. These people were here before gambling, as were the residents, and they deserve a chance. What we have to do is have a massive effort, and not two or three years down the road as everybody says. "We have to have a study" -- we have been studied, and studied, and studied. We are fed up with studies. We want housing now, because once we bring the housing back to Atlantic City, if we put it in areas where we have vacant land this will end the speculation because speculators are not going to buy up properties when they see new homes and new garden type apartments going up. They will know they will not be able to purchase them and tear them down, so this is what we are going to have to have -- middle income affordable housing, and low income housing for those people who can't get jobs. Once we get this, I think you will see the working class come back into the community -- those who were displaced -- and you will see the businesses start to reopen. We will see new businesses develop within the City. I feel this is what we have to do to get the City started.

Believe me, we can't wait. I don't think we can wait another two or three years.

ASSEMBLYMAN FORTUNATO: Mr. Riley.

ASSEMBLYMAN RILEY: Just briefly. Although I agree with your idea of urban removal rather than urban renewal, to really put things in perspective, in 1976 there was an awful lot of-- When you talk about walking down the street and seeing "going out of business" sales, and closed businesses--

MR. MASLAND: Yes.

ASSEMBLYMAN RILEY: (continuing) --that was very prevalent in 1976, wouldn't you agree?

MR. MASLAND: Oh, yes.

ASSEMBLYMAN RILEY: Even more prevalent than today. I am not saying that things are right but I would like to put things in perspective.

MR. MASLAND: I don't really know if I would agree with that analysis that you don't see as many closings today as you did in '76, because, remember, since '76 the business community continued to decline because there were not getting any benefit from casinos.

ASSEMBLYMAN RILEY: If we were sitting in this room in March of 1976, wouldn't you agree it would be fair to say those streets wouldn't be quite as crowded as they are today?

MR. MASLAND: The streets wouldn't, no.

ASSEMBLYMAN RILEY: I remember coming down to go to court and these streets were deserted.

MR. MASLAND: The streets were deserted, but what you are looking at today is, I think, a false front. These people are coming in buses. There are cars that are coming into the community. They are not coming here to shop; they are coming here to go to the casinos. So, I mean, they are not shopping.

If you bring people in from the business community, ask them what they were doing in 1976, grosswise, and compare it to what they are doing today. I think they are going to say they are doing worse today than they were in 1976, because we did have an additional 7,000 people residing within the community that shopped in the community.

ASSEMBLYMAN FORTUNATO: Are there any other questions?

ASSEMBLYMAN BRYANT: Through you, Mr. Chairman.

ASSEMBLYMAN FORTUNATO: Yes, Mr. Bryant.

ASSEMBLYMAN BRYANT: Up in our area in Camden the hotel industry tells us that in terms of racing, racing doesn't really affect people staying overnight. People spend their money at the race track, but they really don't support the business around. So, in essence, from your testimony what I understand is that the casinos are bringing in people but they are not supporting the local businesses around the casinos; they are only supporting what is happening within the four walls of the casinos.

What is interesting to me is your point that you feel the State would possibly have an agency to control the reinvestment funds, and should take it out of local control. It is further my understanding from your testimony that you believe that agency should be mandated to have a location within the City of Atlantic City in order to do that, is that correct?

MR. MASLAND: Yes. You know, you have to be here to see what is happening. And, you know, you are right with your analogy, comparing it to the race track industry in Cherry Hill. I assume that is what you are talking about. You know, these people come down for the day on a bus. They park on the casino parking lot. They take the shuttle bus to the casino. They lose their money. They get back on the shuttle bus, back into their car, and they leave town. They are not going out into the community.

ASSEMBLYMAN RILEY: Through you, Mr. Chairman, something just struck me. You were talking about going in and going out. Obviously, the State, within the last couple of years, has put out a general overview of almost paranoia about

Atlantic City, even to the extent of moving offices out to Trenton, and statutorily mandating that they couldn't be in Atlantic City. As an Atlantic City resident, do you think that maybe the State is going too far in this direction -- such as, "hands off Atlantic City" -- and maybe it should become more involved in Atlantic City since obviously the State has given the benefit to Atlantic City but maybe we are then saying: "Let everybody here just sort of fend for themselves; we just want the money." Am I just dreaming up that attitude, or is that really an attitude you see from your perspective?

MR. MASLAND: I think it is an attitude most people see, and I think the most obvious state body that is not here is the Casino Control Commission. We have had to travel to Lawrenceville on numerous occasions to testify on housing conditions in Atlantic City. Now, here is a commission that governs Atlantic City. It has nothing to do with any other area of the State, except for, geographically, Atlantic City. But, the casinos must travel up there to testify. The local people do not have access. We have asked the Casino Commission to maybe hold at least quarterly meetings -- one meeting every quarter -- in Atlantic City so that the residents of the community can come forward and give their assessment of what has to be done. The meetings are held in the daytime and it is a burden for someone to take off from work and drive 90 miles to Lawrenceville.

ASSEMBLYMAN RILEY: Through you, Mr. Chairman, would you suggest that we maybe undo what I consider to be sort of ridiculous legislation of a year and one-half ago, mandating that the Casino Control Commission go to Trenton? Would you like to see the Casino Control Commission back here in Atlantic City?

MR. MASLAND: Yes, I would. They would be here and they would be more aware of the problems than they are today, because they would be in contact with the local people. I think this would be a step in the right direction.

ASSEMBLYMAN RILEY: The Commission doesn't come in at all?

MR. MASLAND: They hold periodic meetings. They held a meeting here today. The last meeting was about two or three months ago. What we are saying is they should hold every other meeting here. They should just come here and listen to the people and look around.

ASSEMBLYMAN RILEY: Do you believe that maybe the Commission ought to be down here where the problems are, so they can really see what the day-to-day problems are?

MR. MASLAND: They have to. It is the most logical thing. If you are going to direct something, you don't build your offices 90 miles away and require everyone to go to you; you come to where the problem is, and this is where the problem is.

ASSEMBLYMAN RILEY: Again, through you, Mr. Chairman, 206 is a wonderful drive.

MR. MASLAND: Oh, it is a nice road, especially if you get behind three trucks. (laughter)

ASSEMBLYMAN FORTUNATO: Are there any other questions? (no response) Your point is well taken, concerning the appearance of the Casino Gaming Commission. I cannot speak on their behalf, but I can speak on behalf of this Committee, and I reiterate the point that I mentioned twice before, about participation by this Committee with the people of Atlantic City regarding your problems.

I would like to ask two questions, if I may, and I don't know if you are the person that can answer these questions. But, the question has been raised

a few times this morning concerning housing. How many units would you recommend would be needed to solve the problem?

MR. MASLAND: To solve the total problem, or just the immediate crisis situation we face today?

ASSEMBLYMAN FORTUNATO: All of the above.

MR. MASLAND: All of the above? Immediately, I would say we would need somewhere around 1500 units today, if we could have them. This would provide housing for approximately 4500 people, with an average of three persons per household. This would take some of the burden off. But, I think what we are looking for is a structured development of various communities, because the last thing we want is scattered develop throughout the community. We want to save the remaining residential neighborhoods. We have strong neighborhoods that have strong ties to this community. They have been here. I mean, there are families that are third and fourth generation that have lived here and want to stay. But, as the neighborhoods decline because of the development of the casino industry within those neighborhoods-- You know, a prime examle is, you can go into a residential zone right now, which is all single family homes and a few mult.-family homes, and right in the middle of it you will find a paved parking lot, with a cyclone fence, and lights all around it, that a casino uses today for valet parking. Now, would you want to live next to that? I wouldn't either. And, this is an example of block-busting. You put a parking lot in a residential zone. The people on either side don't want to live there, so obviously they are going to sell. The casino buys that and they tear down those houses. Now they expand the parking lot, and the entire block goes.

We have to put housing into the existing neighborhoods to keep these neighborhoods stable. So, again, I would have to say that is the number we need now, but I think it has to be a structured development in those residential neighborhoods.

ASSEMBLYMAN FORTUNATO: The point has been raised today concerning the State -- the request for the State to become involved. I find that a very unique request because there are many who would say the State is over-involved in other areas, whether it be transportation in the State or housing, or whatever. I don't want to get involved, and I would refrain from the Committee being involved, in the local political machine because I notice you are having elections. I am not referring to public elected officials, per se, but are you saying you are not getting any direction or any satisfication from your local officials concerning your local problems?

MR. MASLAND: I think that is obvious, and I think the answer to that is, last November there was a question on our ballot to change the government in Atlantic City, and it passed by an overwhelming majority -- 7500 to 2400. That represents a total commitment from the community. We have 40 voting precincts with the City of Atlantic City. In every single voting precinct it passed by at least a two to one majority. So, you can see it is widespeard. People are fed up. We have been before the zoning board. We have been before the planning board, as representatives of the Congress of Community Organizations, fighting these changes within the zoning plan. We have taken a pledge, more or less, to defend that master plan, because as long as that master plan exists as is, it recognizes the existing residential neighborhoods, and they should be residential neighborhoods. We are not getting anything out of City Hall. We are not getting the housing we have to get, and it is not just Atlantic, we feel the State has let us down.

Gambling has come in here and we have seen our property taxes go up. Our streets are caving in from the construction equipment and from constantly being torn up by the utilities putting in water lines and electric lines for the casinos. That is deteriorating.

As Mrs. Boggs said, our utility rates are constantly going up. Our population is dropping, and every day you see houses either being burned out or being torn down and businesses being closed. So, the picture is not a pretty picture, and we need help.

Believe me, we would not have gone to the Public Advocate last year to try and get them to come in and help us, but we had nowhere else to go.

ASSEMBLYMAN FORTUNATO: Are there any other questions?

ASSEMBLYMAN SCHUBER: Mr. Chairman, through you?

ASSEMBLYMAN FORTUNATO: Yes, Mr. Schubert.

ASSEMBLYMAN SCHUBER: I meant to ask this of Mrs. Boggs. You just reminded me of it when you mentioned it. I think the Public Advocate is the next speaker, but what did you go to the Public Advocate for, and what happened?

MR. MASLAND: We went to the Public Advocate to represent us against the City of Atlantic City in one specific instance -- to try to get them to force the City to change the zoning that they had already given. The inlet section of Atlantic City was once a residential zoned. It gradually deteriorated. That land was zoned, originally in the Master Plan, for garden type apartments, high-rise development, and single family homes. The City has systematically changed the zoning so that now it is basically being left for luxury high-rise development.

So, we went to the Public Advocate to try to get help in regard to this. We went to the Public Advocate to represent us before the Casino Control Commission, to try to get the Casino Control Commission to use the money from the reinvestment fund to bring housing into Atlantic City.

ASSEMBLYMAN SCHUBER: What happened?

MR. MASLAND: Well, it is still up in the air.

ASSEMBLYMAN SCHUBER: What do you mean by "still up in the air?"

MR. MASLAND: None of the cases have come up. Our representative from the Public Advocate's office has been representing the Congress before the Casino Commission, trying to get them to implement a housing study. We tried to get them to do it within two months. It went on and on and on, and it ended up about ten or eleven months after they gave us the commitment. As you heard from Mrs. Boggs today, they finally selected someone to come in and do a study to tell them what Atlantic City needs.

ASSEMBLYMAN SCHUBER: Is this matter in litigation now?

MR. MASLAND: I don't think it is in litigation. It was mainly to petition them to do something to help us with this housing situation.

ASSEMBLYMAN FORTUNATO: Mr. Masland, do you have any other members of your organization present?

MR. MASLAND: Mrs. Boggs and myself are the two representatives.

ASSEMBLYMAN FORTUNATO: Is there a Mr. Wittington?

MR. MASLAND: Bill DeJesus is another Vice President. He is the representative of the Spanish Community. I think he would be able to give you a little insight, particularly about the inlet section and the plight of the Hispanics in Atlantic City, those that are left.

ASSEMBLYMAN FORTUNATO: Is there a Mr. Wittington here? He had indicated

that he would like to testify.

MR. MASLAND: He is not here.

ASSEMBLYMAN FORTUNATO: Okay, thank you.

Mr. Shannon.

J O S E P H S H A N N O N: My name is Joseph Shannon. I am the Vice President of the Baccarat Housing Tenants' Association. I would like to speak on housing and jobs and other effects of gaming.

Now, I would like to elaborate on the things that were talked about before, but I would just like to touch on some of my thoughts and feelings first. I am from a housing project where there are 115 units. There is an overload there. Most of the homes that I go to throughout the community basically have housing overload. For instance, where there was one family before, if they turn 40 and their child becomes 21, has a child and tries to find a place to live, if he gets a place, the rent is too high. If he has an ordinary job in a casino, making about \$5 an hour, he finds that when he has a child, by his girlfriend or wife, he can't make ends meet and they wind up moving back home.

I had an incident like that with my son. He got married and went out and tried to make it. He had a room. He was living on South Warren Avenue, between Pacific and the Boardwalk. His family started growing, so he outgrew the room. So, he wound up going to his wife's mother's place in Venice Park. Other families also could not find a place, and they too moved in there. So, what happened was there were four families in this home. So, he wound up splitting up with his wife and he is now back home.

You have incidents where actually-- I know a dealer named Francis who works at the Claridge. I was trying to help him find a place just last Friday and Saturday. There are many incidents in this community where people are having horrible housing problems, and it is causing housing overload.

If a person really doesn't have a place and he knocks on your door, you are going to get a roll-away bed and let him in. These are the types of situations that exist throughout my community. I can't speak about what is happening in other people's communities because I don't live there.

You have leaders from different communities that speak and talk about their different problems. I agree one thousand percent. This is what I call housing overload.

As far as the jobs are concerned, and the reports they have on jobs in Atlantic City and in the State -- they are talking about State jobs -- they are talking about 27,000 to 30,000 jobs that were created, but how many people from this immediate area actually have jobs? You really can't get this report because there is a six month requirement in order to qualify to work in a casino. So, therefore, the State really doesn't have-- You can get the information to prove that these people actually lived here most of their lives. So, people come from New York and different places; they come right into the whole Atlantic County area and they fit into the guidelines or requirements for the employees the casinos hire, but you really don't know.

I am a dealer. I am on the floor, and I have been around a lot of people, some who have lived right here in Atlantic City, some who have lived in Atlantic County -- Mays Landing, and places like that. They said they came from D.C. They came here and moved in with their aunt and stayed a while and applied for a job, or whatever, and got it. You know -- because they had a little money when they

came in. So, really, how do we know how many people have actually been hired from Atlantic City, or the State for that matter? This is what I am saying, and this is what I know to be the truth, because I work around the people and I hear these types of conversations all the time.

So, when you look around, you also have a lot of problems with local people getting jobs. When you go to try and get a job and qualify for the job, the way it is set up you need dollars to learn how to do a job that pays some money. A year or so ago it cost four hundred and something dollars to learn blackjack. If you wanted to learn another game, you were talking about two hundred and something more dollars. So, if you want to be realistic, you are talking about one thousand dollars, plus what it takes in expenses for you to learn these things. So, there were a lot of people, minorities and other people, that had to drop out. They couldn't compete, so they lost out. They are on street corners. They are disgusted. They are in the Atlantic County Jail, and different things like that.

So, I just thought that I would elaborate on these things that just haven't been brought forward yet. These things are actually happening.

So, I notice the local residents are becoming very disgusted and very discouraged, and they just throw up their hands. So, what I am saying is, I would like to see some alternate jobs -- for the State to set up some type of training program, to do like it used to do. I am a lifelong resident of Atlantic City. I have always been confronted with mail: "Are you working, or aren't you working? Just fill in yes or no. Sign your name and send it back." This doesn't exist any more -- "If not, what would you like?" and they would chose four things for you and you could check off what you would like of the four things on this job card. This has been eliminated; I never see it any more. I am here because I would like to see some of these things brought back into this area, and all over for that matter -- but especially Atlantic City because it is a very depressed area. Gambling was brought in here as a tool to elevate this City. If so, we are going to have to look at the whole thing in order to arrive at a smoother situation than is going on right now.

Another thing I would like to see is for the existing housing to be rehabilitated. It looks like the present City Commissioners don't have the qualifications to deal with the magnitude of the problem. So, therefore, I would like the State to see what it can do to assist this town right now. I thought when they came into office they had the expertise to deal with this. If I was a Commissioner and I didn't feel I had the expertise to deal with the situation as it exists, I would get on a phone and get my secretary to contact someone from the State, to see what they could do to bring me up with what is going on.

ASSEMBLYMAN FORTUNATO: We can't speak on behalf of the Commission, but I guarantee that we are going to be asking the Commission quite a few questions when we get a chance to have them appear before us.

Are there any questions from the Committee?

ASSEMBLYMAN LaCORTE: Just one question. You said you worked for the casinos as a dealer?

MR. SHANNON: Yes.

ASSEMBLYMAN LaCORTE: Your fellow employees who have come in from other areas -- whether it be from other areas of the State or from other states -- where have they located?

MR. SHANNON: I have heard them say they have located in Mays Landing. Some of them have found places in Venice Park, Pleasantville, or whatever.

ASSEMBLYMAN LaCORTE: Is the housing less expensive there?

MR. SHANNON: They knew the situation here, so they would prefer to live there. Very few of them actually live here, although you do have quite a few of them that live in this area. Mainly they live in Mays Landing, Pleasantville, and areas away from here.

ASSEMBLYMAN LaCORTE: I am just curious. What was the reason they gave for not wanting to live here? Was it the lack of housing? Was it the cost?

MR. SHANNON: When they drove around and saw how Atlantic City actually was-- They work over in the casinos, and it looks beautiful over there, but once they get in their cars and drive through the area, they know it is not in adequate condition to live in. Common sense tells them that; they don't have to talk to anybody. All they have to do is look. So, they pursued housing in Somers Point, Linwood, Mays Landing, and Pleasantville, and those areas. If you want to do a report, if you look to find where they live, these are the areas that you will come up with. I am not talking about a lifetime residence; I am talking about the six month to a year residence -- no more than a year and one-half. And, many of them come from Pennsylvania, bragging how they came in and the people weren't thinking and how they knew what was going on and they came in and got this. You often hear them brag about this.

As I said, I just feel for the people here. Although I equipped myself to deal with it and went through all the financial changes until I got my dealers' license -- I now have my floor, and things like that -- I am not working now, but I plan on working in the future. But, other people got discouraged. They had financial problems and they dropped out. They tried to deal with it, but they couldn't. I don't know what can be done to fund casino schools. Once you send cards and find out that people are not working, I don't know what can be done to place them in these schools in order to get the locals working and get them rolling and change the attitude and feelings that are going on in this area.

ASSEMBLYMAN FORTUNATO: Are there any other questions? (no response)
Thank you, Mr. Shannon.

MR. SHANNON: Thank you, sir.

ASSEMBLYMAN FORTUNATO: If I may, I would like the Public Advocate, Mr. Joseph Rodriguez, to step forward. I would also like to indicate to the audience that we will be breaking for lunch at the conclusion of this testimony.

J O S E P H R O D R I G U E Z: Mr. Chairman, and members of the Committee, I will make a presentation that is substantially based upon a 72 page appendix that has most of the information that is in support of some of the observations that I will be making in my presentation.

I very much appreciate this opportunity to appear before you today to share my deep concerns about the impact of casino gambling on the people of Atlantic City. I commend you for undertaking this review of the many social problems associated with casino growth, problems which the Department of the Public Advocate has been concerned with and has sought to address for many years.

It is a sad truth that government in New Jersey has failed to respond fully and responsibly to the Atlantic City region's needy citizens and to protect them from many of the negative effects of casino development.

Let me begin by noting that the Public Advocate, under my predecessor,

Stanley Van Ness, has an established history of involvement on this very topic. He and his staff, notably attorneys in the Division of Public Interest Advocacy, have worked closely with community leaders and others concerned with the problems associated with the rapid rise of the gaming industry.

You have my assurance that I will continue this effort to assure that the promise of "renewal" is fulfilled for all.

Far too many in Atlantic City already have paid an intolerably high price, in homes demolished or threatened, in neighborhoods uprooted or reduced to charred rubble. This is the dark side of casino gambling. I commend this committee for its efforts to cast a light upon it and to lead the way to a better future for the people of Atlantic City.

On the positive side, casino gambling has been one of the economic success stories of the 1970's. In just five years, nine casino hotels have opened, representing a total investment of over 1.5 billion dollars. To put this figure in perspective, it is about five times the total assessed value of all the property in the City in 1976. Moreover, before the casino construction boom, there had not been a single hotel constructed or expanded since 1964. Casinos now employ over 30,000 people, with an annual payroll of over \$500 million.

Truly, these are impressive strides. That they have been accomplished in so short a time, shows how robust is the demand for the gaming and entertainment industry, and how important it has become to New Jersey's overall economy. In fact, even as the nation finds itself mired in one of the deepest recessions since World War II, Atlantic City casinos had gross revenues in February of over \$100 million -- the first time that "century" milestone has been achieved in the traditionally "slow" winter season. With a modern convention center on the way, which will attract many more new patrons, and better economic times, Atlantic City may look forward to becoming a year-'round resort, "the Playground of the World and the major hospitality center of the Eastern United States."

There have been other direct benefits from casino gambling. Casino hotels have generated millions for distribution to the elderly and disabled through the special "Casino Control Fund." In this way, many of the State's neediest have received at least a slight cushion against rising costs with funds derived from a sliding scale tax on the gross revenues of casinos. The fund has had as one of its purposes reductions in property taxes, rentals, telephone, gas, electric, and municipal utility charges for eligible senior citizens and the handicapped of the State.

These statistics have revealed some of the bright side of casino gambling. The other side, however, is a cause for deep concern and immediate action. On the whole, it may be said that the social benefits, for example, have been experienced statewide, while the social burdens have been felt locally.

There is a bitter irony to the Casino Control Fund. The gross revenue tax has spread some measure of housing and utility relief to the needy of the State, but the casinos have caused the same costs to soar for the poor and elderly of Atlantic City. With land values in some areas higher by 900%, rents have become prohibitively high. Increasingly, it appears that casino money is pushing permanent residents out, while it brings transients in; population has dropped in Atlantic City by 16% since 1970, by 20% among senior citizens. Without intending it, the effect may be described as a de facto rezoning of the City for the gaming and entertainment industry.

Tourists are welcomed, but residents have been forced out before they are burned out. Like so many under urban renewal programs, initiated with fanfare and promise, the results have betrayed the promise for those facing the eviction notice or the bulldozer. In the predominantly low income inlet area, for example, the results have been particularly tragic.

Residents there organized to propose a major residential development to revitalize the neighborhood. This neighborhood is now in the process of being systematically uprooted as a viable community. Population has dropped by over 50% since 1977, falling by 30% in the past two years alone.

All too frequently, homes are being torched to make way for more profitable development or speculation. In a single four month period, there were 177 building fires in a 20 block inlet area, 105 of them of suspicious origin. Senselessly, adding to the insult and injury, almost 1,500 residential units have been demolished with State and Federal funds.

Even utility costs force the area's poor to pay more in order to get the statewide benefits of casino gambling. Increasing demand for electricity brought on by casino operations has been translated into higher bills and neighborhood disruptions as streets get torn up to make way for higher capacity transmission lines. The casinos' electric power demands have jumped from zero in 1977 to 42 megawatts in 1981. They are expected to reach 72 megawatts this year. The utility is now seeking a record 33% rate increase, in part, we suspect, to continue financing increased power demands.

Now, to the credit of the BPU, they have indicated -- as I indicate in a footnote -- that there should be a class designated for the casino industry with respect to the rates. That action is now under attack, and if the casinos prevail, this is a matter that will have to be looked into, seriously.

The sad litany continues, for other problems confront the remaining residents. They include the following:

High Levels of Unemployment: In spite of casino-related job growth, unemployment has more than kept pace. In 1980, there were 8,700 unemployed in the county. A year later this figure has grown to 9,500, a jump of 10% in persons. At least a third of these are minorities.

Lax Affirmative Action Compliance: Even though the Casino Control Act demands special provisions for minority hiring, progress in this area has been erratic at best. The problem has affected all phases of casino development, from construction through operation. The severity of the problem may be masked by the way that statistics are reported. Aggregating data from all minorities by industry conceals the truth.

Poor Health Delivery Systems: Atlantic City has a poor record in meeting health goals. The Federal government, for example, has designated the City as a "medically underserved area" since it has less than one primary care physician for every 2,000 residents. On a seasonally adjusted basis, this figure becomes one for every 3,400 persons. Significantly, Atlantic City has the dubious distinction of coping with the highest mortality rates for pre-natal and newborn children in New Jersey. This is unacceptable and a disgrace.

Domination of the City's Economy: Let us not forget that part of the promise of casino gambling was that the City would remain primarily a family resort. While gambling revenues would serve as a unique tool of urban redevelopment, the Act stated that gambling should not become "the industry unto themselves

they have become in other jurisdictions."

Gaming was to be but one facet of a revived and varied resort economy. For this reason, the Act limits the hours of casino operation to twenty per day on weekends and eighteen on weekdays. This was intended to keep the City as a family resort. It could well be that this goal is simply inconsistent with the present casino-based economy that has emerged in Atlantic City. Before the other attractions of Atlantic City's environment are written off, however, the Commission should investigate whether there is some way to promote the rest of the City. One way might be that any study should consider the juggling of hours of casino operations so as to encourage more "walking around" traffic, to benefit, hopefully, the retail stores and other small businessmen. This approach has been tried in other jurisdictions, such as Puerto Rico. Whether it could work here, however, remains to be seen.

Now, as for remedies, the logical place to look for solutions to these problems is to the casino industry itself. A second step is the Casino Control Commission, which the Legislature established to regulate every facet of the casino-hotel industry. Tomorrow you are scheduled to hear from the casinos, and no doubt they will tell you that the casinos have been outstanding neighbors, more than fulfilling their civic role through such mechanisms as the Casino Control Fund, contributions to the United Way, and the "trickle down" effect of new investment.

There is some truth to these assertions, but it does not mean that casinos should escape responsibility for the problems we have outlined. New industries everywhere first are welcomed with open arms and then questioned closely over the "pollution" they generate. In the case of casino hotels, this pollution, labeled "social costs" by economists, cannot be found in plumes of smoke or toxic wastes. Rather, we find it in the extraordinary and uncompensated burdens imposed upon the citizens of Atlantic City, especially the poor.

The Casino Control Commission has largely ignored these social costs, even though the enabling legislation gives it power to address them. Section 84 (e) instructs the Commission that, as it reviews licenses for casino hotels, it must consider "an impact statement" to include, among other considerations, an analysis of the effect of the casinos on the overall environment, including, without limitation, economic, social, demographic, and competitive conditions, as well as the natural resources of Atlantic City and the State of New Jersey.

In our view, this section provides the Commissioners with all the authority they need to impose demands upon the industry, called "licensing conditions", which could go a long way to mitigate the harmful side-effects of casino development. To date, however, the Commission has not effectively done this, notwithstanding constant urging from this department. Apparently, while impact statements must be submitted before a license can be granted, no one at the Commission has attempted to apply the muscle that this delegation of authority creates.

Much of the problem lies with the Casino Control Act itself. While it give the Commission all the authority it needs, it offers little direction for its use, except in the area of law enforcement. There are two ways to correct this situation. Either the Commission must wake up to the pressing needs all around it and creatively use these powers, or else the Legislature should dictate specifically how, when, and by whom they should be put to use.

Among other deficiencies in the statute -- now apparent with hindsight

and experience -- is that the Act created no effective regional authority with the power to plan comprehensively for the redevelopment of the Atlantic City area. In short, the Legislature chose not to apply the mode of the Hackensack Meadowlands Development Commission to the area. Instead, existing agencies -- notably, the Department of Environmental Protection -- were left to cope with the growth-related strains of casinos as best they could.

We are left then with the Casino Control Commission. It has overseen an entirely new growth industry for the State and region. It is time now for it to turn its attention to a new, second phase in the saga of casino gambling, that is the protection of victims of casino growth from any further harm. It should stop worrying about such relative trivia as the exact placement of new slot machines, the color of gaming chips, and whether alleged card counters are ruining profits. The social impacts of casino gambling now deserve the undivided, wholehearted attention and commitment of the Commission.

If history is any guide, that attention and commitment are not likely to be forthcoming, at least not without substantial prodding from a new quarter: the Legislature itself, and perhaps this very Committee.

The Public Advocate has attempted, without success, to convince the commissioners to use Section 84 (e) to require each casino applicant to contribute funds for the construction of housing. The Atlantic County Improvement Authority and the Atlantic City Housing and Redevelopment Authority are appropriate agencies to receive this support.

The Commission, however, has never acted on our requests, even though individual commissioners and the staff repeatedly assured us that something would be done. In fact, even the casinos supported our general request, as they found it to be in their interest to have the Commission adopt specific standards to govern licensing. Nevertheless, eight months after the filing of our petition for a rulemaking and 15 months since we began negotiating with the Commission, the Commission remained undecided and unmoved.

In the area of affirmative action, casinos and construction contractors have regularly failed to meet required goals stated in the Commission's regulations. In the face of this non-compliance, the Commission has refused to use its own sanctioning process, despite evidence that sanctions quickly force compliance with desired minority goals. The Commission has consistently refused to aggressively work for appropriate minority representation in the larger construction trades -- carpenters, plumbers, and electricians.

Exacerbating the lack of specific revitalization for City residents is the total failure of the Act's 2% reinvestment tax credit. The New Jersey statute requires that the casinos invest 2% of their gross receipts in New Jersey. Fifty percent was to be invested in Atlantic City and 50% outside. But, only a few casinos need pay anything. If a casino's cumulative investment in its own property exceeds its gross receipts for the year, it need invest nothing in other useful areas. Moreover, a casino has five years to invest, and at the end of the five years it can still avoid this obligation by paying a 2% tax to the State. Tax lawyers for the casinos have testified that it would be cheaper and more profitable for the casinos to invest in money market funds, pay the 2% tax five years later, and get a Federal tax credit, than it would be to invest the money in Atlantic City.

Clearly, the tax credit provision is unworkable. It should be scrapped

and a new one instituted that provides greater assurance that some reasonable measure of the benefits of casino gambling will be recouped in the area hardest hit with social costs, Atlantic City and the nearby environs.

In summary, the overriding problem may best be described as the lack of governmental direction -- first by the Casino Control Act to the Casino Control Commission, then by the Commission to the casino industries. Absent that direction, we can expect to experience more of the same, with spectacular profits for the casinos while those directly victimized receive little or nothing in the way of benefits. It is time to put a stop to such a one-sided allocation of benefits and costs. To an economist, it is called a misallocation of resources, to the rest of us it is a crushing injustice.

Here are some ways to do it:

1. Rewrite Section 144 of the Act to require an across-the-board assessment of 2% of annual gross receipts to underwrite essential social services, notably housing and health. This fund should be dedicated primarily to the needy of Atlantic City. It could be jointly administered by representatives of community groups, business, labor, and local government.

2. Require the Commission to come forward with a detailed plan for conditioning future casino licenses and relicenses on the setting aside of contributions to local housing and redevelopment needs. In this way the Commission can rewrite Section 84 (e) administratively and perhaps faster than new legislation can be adopted. But, it can only happen if the Commission is directed to act immediately, not in a week or six months, but starting today. Within thirty days the Commission should present to the public a preliminary set of criteria and standards. After a round of hearings on the proposal, the Commission should move to adopt them as firm regulations. The entire matter could be resolved in 90 days. It can then begin enforcing them at licensing time.

3. The displacement of residents, particularly the poor, elderly, and infirm calls for aggressive public action. A special legislative investigation exclusively addressing this problem should be undertaken immediately. Recommendations derived from such an investigation should focus on stabilizing existing neighborhoods and reversing this displacement which has already occurred. We cannot tolerate the enrichment of an industry at the expense of its most needy citizens.

4. The Commission should require all casinos to come forward with detailed energy conservation plans at the time of licensing or licensing renewal. Section 84 (e) provides the means to promote efficient energy use to the ultimate environmental and economic benefit of all. Besides, given the many visitors to hotel casinos, it is important that they set a good example. It will also help to hold down utility rates for Atlantic City residents.

5. In the area of affirmative action, the Commission has refused to use its own sanctioning process, despite evidence that it brings compliance with desired minority goals. The Commission should work for appropriate minority representation in the larger construction trades, carpenters, plumbers, and electricians.

All in all, the final verdict has not yet come in on the success of casino gambling as a "unique tool" for redeveloping a dying city.

The important and critical point is that, just as the first phase of casino development required strict attention to the integrity of the casino operators, the second phase will require an equally strict scrutiny of ourselves. Will we take the steps necessary to protect and in some respects compensate the victims of casino development? Or will we be content to let nature take its course, regardless

of the human suffering and unjust sharing of costs?

In my view, it is in the long-term interests of the casino industry to adopt remedial measures such as those I have listed. Otherwise, the public confidence and trust in the credibility and integrity of the regulatory process, so aptly described in the Casino Control Act as integral to the success of casino gambling, would well be eroded to the point where casino gambling itself will not be tolerated.

Casino management should be mindful of the historical fact that public acceptance of so-called "vice" activities, gambling included, is never better than tenuous. And, one of the best ways for that acceptance to vanish is if the public perceives that there are too many victims for too little gain.

Accordingly, I call upon the casino industry to support these proposals, and to ignore the short-term loss of some small margin of profit in order to advance the greater public good.

Thank you for your attention, and I am now prepared to answer any questions you may have.

ASSEMBLYMAN FORTUNATO: Are there any questions, gentlemen? Mr. Bryant.

ASSEMBLYMAN BRYANT: Commissioner, first of all I would like thank you for your excellent report. Dealing with Section 84 (e) and recognizing the fact that the Casino Control Commission can pass on the cost of investigations of employees and casinos to the casinos, is it possible also under Section 84 (e) for them to pass on to the casinos the cost of investigating the effects of casino gambling on the community? Assuming the Commission is used to investigate the impact casinos have on the community, could they also pass that cost on to the casinos, like they do when they investigate employees or the background of the casinos?

COMMISSIONER RODRIGUEZ: It could very well be that that cost could be spread to the casinos for that investigation, similar to the way the rate council functions when the utilities make applications -- there is a certain contribution towards the exercise of reviewing the rate increase.

ASSEMBLYMAN BRYANT: That's all. Thank you.

ASSEMBLYMAN FORTUNATO: Mr. LaCorte.

ASSEMBLYMAN LaCORTE: Yes. I also want to compliment you, Commissioner, on the report. I just wonder when we are going through this, if we haven't just created something that that Casino Control Commission can't really handle? With the growth of the casino industry in the last five years and the constant applications -- one sees pictures in the papers with mountains of testimony -- and their concern with that growth, it is obvious from testimony received from citizens today and from your agency that they haven't truly addressed the needs of the City and the people of this area. I am wondering if we haven't really overextended that Commission. Maybe we are asking more from that Commission than they can really handle. Knowing that we do have a growth industry and that there are certain benefits it has given the State, the City, and the industry, it certainly hasn't addressed the needs of this area, and maybe it is time for the Legislature to find another area or avenue, so the economic needs and the urban revitalization can be addressed. I am curious to know if you have any feelings about this?

COMMISSIONER RODRIGUEZ: We do, and I think to put it in proper perspective, the point we tried to make in our presentation is to look at Atlantic City in two parts. I think we have all been rather impressed with the balance sheets of the casinos, and with respect to its growth as an economic entity. We call

that Phase I. We are now addressing Phase II. In Phase II there has been a direct failure by the Casino Control Commission to see that the very things the people were promised actually were taking place. Yet, there were mechanisms set forth in the statute - for instance, the 2% tax.

Because there has been a failure, perhaps it is time for a separate entity -- that is, with consumer representation, with resident representation -- to view Phase II with respect to what their home area, this area, should be, but providing within that mechanism the assurance that the 2% that is laid out in the statute will find its way into that entity so they can have the financial muscle to be sure that these things would work in some affirmative way. To that extent, we think there should be a separate entity. Just how that entity should be constituted, it should have the representation of the local people and the community, along with others. Just where it should be with respect to State Government, we have not made a final determination on that, although it will be interesting to make that analysis. But, clearly, there should be a separate entity.

ASSEMBLYMAN FORTUNATO: Mr. Schuber.

ASSEMBLYMAN SCHUBER: Yes, Mr. Rodriguez, I too would commend you on a fine presentation. I think can -- from reading along with you and listening to you -- agree with many of your recommendations. One of the questions I wanted to ask of you, first, is, what actions are presently pending now -- either in the courts or before the Casino Control Commission -- with regard to some of the things that are in your testimony today, if anything?

COMMISSIONER RODRIGUEZ: One of the main things is, I understand there may have been a determination made this morning, I believe. This was as a result of the Commission filing a petition, several months ago, with the Casino Control Commission, asking that they affirmatively address the area of Atlantic City with respect to the social problems by designating some type of a study -- not a long range study. I understand that was accomplished today. But, that has been 15 months under negotiation.

There was a law suit in the past where housing for residential use was rezoned for the industry, and that was attacked and the Appellate Division affirmed the position of the Public Advocate in that it was unlawful -- it wasn't the proper way to go about it.

Beyond that, there is no direct litigation itself that I am aware of, but you must remember that I have now been in this post for some four weeks.

ASSEMBLYMAN SCHUBER: I understand that. I read in your statement and I listened to you allude to the Hackensack Meadowlands. Are you calling for the establishment of such an authority down here for the redevelopment of the Atlantic City area?

COMMISSIONER RODRIGUEZ: No, what we are basically saying is that there are times-- And you have to understand what happens. I think what is at the basis of most of the concern is that when a high economic industry moves in with a very attractive balance sheet, speculation becomes the key. With speculation, of course land values go out of control. Now, you are talking about the social impact to the people in Atlantic City. There was no direct affirmative control of that speculation in Phase I, let's say. We are now seeing the confusion that has resulted because of lack of direction during Phase I.

Interestingly enough, you could debate the social impact and show statistics -- I read in the newspaper where they said they surpassed minority percentages --

but an appendix breaks that down to show what really has occurred. There are ways of quoting statistics. But, we think when you look at the health care statistics, which are a barometer of what is happening in society, there is no question that the impact of health care on the residents of this area is unacceptable.

So, what we are saying is, perhaps there should have been a direct overview to compensate in Phase II while Phase I was in progress. Unfortunately, I think we have lost that battle. We are now in the intensive care stage in Atlantic City. It requires emergency surgery. To that extent, we are talking about a separate entity that could address the problems in Phase II, actually beyond the original planning stage of the Hackensack Meadowlands.

ASSEMBLYMAN SCHUBER: I tend to agree with your thought on the 2% reinvestment fund; number one, as it is set up now, and, number two, as it is being administered -- or not being administered, as the case may be. I just don't feel that the Casino Control Commission has the wherewithal, nor should it be controlling how that should be used. Probably some separate entity, as you discussed, or some amalgam of what you have discussed - and maybe some of the other thoughts that we will get during the course of the next two days - is probably in order. I was kind of interested, because we have been looking into the Hackensack Meadowlands also, as to whether there is still some need for that type of organization here at the present time, even though we have gone through the stage of actual redevelopment of the casinos here, or the planning of the casinos here, which was not the case up in Hackensack -- up in the Meadowlands.

COMMISSIONER RODRIGUEZ: That's true. There were several questions with respect to the reinvestment 2%. Let us understand that no money has been generated in that 2% fund as yet. It is five years in collection, and I think the first attempt at collection could be in 1983 for Resorts International. But, yet, there are ways that they can show that they don't have to actually pay that 2%. There should be greater control there.

But, the important thing is that the other members of the industry can simply invest it in whatever speculative area they want, wait out the five years, and then pay the 2% at five year money, and never have accomplished the affirmative direction to the social ills they have created. So, that is the looseness of that investment, and that is why we say that should be written out of the legislation, and there should be a greater direction given to that 2%, with that entity in place. At least that will be a first step towards addressing the social ills that are actually the creation of the industry that has been imposed upon the residents of this area after all the promises have been made.

ASSEMBLYMAN SCHUBER: I tend to agree with that. I think that is probably one of the things that may come out of our deliberations here. Let me ask you another question. It may be beyond your expertise. I meant to ask it of some of the prior speakers. But, in your opinion, have we reached the saturation point with casinos in Atlantic City, or are there going to be more? I know there are more proposed, but have we reached as far as we can go with them?

COMMISSIONER RODRIGUEZ: I'm not actually prepared to make the statement as to whether we have reached the saturation point with respect to the potential 64 million people that have access to Atlantic City within four hours driving time. But, I think we have been saturated with casinos with respect to the social ills that have been created without aggressively addressing them. So, in that respect, I would say we have been saturated.

ASSEMBLYMAN SCHUBER: Would you be in favor of no more casinos until these goals have been met or addressed?

COMMISSIONER RODRIGUEZ: You are asking me as an individual?

ASSEMBLYMAN SCHUBER: Yes.

COMMISSIONER RODRIGUEZ: I would say absolutely, because I don't want to be one that puts human suffering in second place, while being blinded by the balance sheet of another casino.

ASSEMBLYMAN SCHUBER: That's very true I think. That's all, Mr. Chairman.

ASSEMBLYMAN FORTUNATO: Assemblyman Riley.

ASSEMBLYMAN RILEY: Just briefly in that regard, you don't think the casinos caused the social ills? Do you think maybe the legislation was not -- maybe all the loopholes were not plugged? Weren't the problems really there and this just compounded them?

COMMISSIONER RODRIGUEZ: Well, I think what happened is, the City was suffering from some problems, like most urban areas. The promise to the people of this area, and to the State, was that these problems would be alleviated by the presence of a high financial gain industry. The industry now comes in place. What it has done is, it has aggravated the social problems. Has it caused it? Perhaps not. Has it aggravated it, and by the extent of the aggravation caused greater suffering, yes it has.

ASSEMBLYMAN RILEY: With regard to the consultant that was picked this morning, is that just coincidental, do you think, to the start of these hearings, or was this really in the works? You seemed surprised that it was done this morning.

COMMISSIONER RODRIGUEZ: I am not one to attempt to impune the motives of the Casino Control Commission without specific facts, but I will say this: I would be very careful with respect to the selection of a consultant, and what the time frame of that product will be. Because as we talk about systematic displacement, that systematic displacement could take place not only with the presence of a casino; but, during the period of time of a study, by the time you get to your conclusion there will be nothing left in Atlantic City but vacant land for a shopping center. So, what it takes is legislative discretion to be sure that the objective we want to obtain, the slowing down of displacement and the slowing down of the social ills and injustice, isn't also being aggravated by a study. So, I think a study is necessary, but I think there are ways of looking at studies.

ASSEMBLYMAN RILEY: Commissioner, regarding the Casino Control Commission -- and I realize you have only been in your position for four weeks; I have been on this committee and its predecessor for over two years -- I found the basic situation with the Casino Control Commission is that they sort of shroud themselves in secrecy and to sort of avoid questions. Do you find that also in your position as Public Advocate? I realize you have only had a short tenure in that job.

COMMISSIONER RODRIGUEZ: I have not had occasion to find that directly now, during my four weeks as Public Advocate, although I did have experience with that during a term I served for five years in a prior position with the State.

ASSEMBLYMAN RILEY: With the SCI?

COMMISSIONER RODRIGUEZ: Yes.

ASSEMBLYMAN RILEY: And it is not just my imagination that they are hesitant, at best, to maybe answer questions?

COMMISSIONER RODRIGUEZ: Well, there hasn't been to answer questions, and I think the reason is that if you conclude there is suffering and they should

address the problem because they are here, and you look at the fact that in 1981 they made one billion, nine hundred and ninety-nine million in gross receipts, we are asking very little by saying, "don't let that be a cause of suffering." So, when you look at high figures and you try to put them into perspective, yes, many times it causes a lack of complete disclosure. So, the formulas and the breakdowns that you receive are perhaps in some sense masking the reality. I talk in terms of the statistics that were recently in the press with minority hiring. Our appendix refers to that very specifically. And, on the way down here today, I was reading the Newark Star Ledger which indicated that housing was labeled "sufficient" for the employees of casinos. You have to read into a paragraph down near the end of the article before it says: "But the report acknowledges the low income families did face an acute problem, with those in possession of housing paying as much as 30% of their income to keep it." So, the headline is a little deceiving because we know that report and we know the impact of that report.

Also, there seems to be tendency to think, when you talk about low and middle income housing, that somehow you are talking about a potential contaminant to an area. I suggest to you that that's the very thing this society should be dedicated to, and that is to take care of those who are the most unfortunate in our society, especially under the shadows of a high-volume industry. But, many of those so-called middle income people, I suggest to you, are our children, who, under inflation, are making \$15 thousand a year or less. So, I think the problem is acute, and we can't be blinded by labels that seem to suggest something; we have to look at the reality of it -- the people are here, they deserve our help.

Everyone campaigns and speaks and pledges to support the poor. All we are saying is, let's take the affirmative steps to have our actions keep up with our words. And, we are particularly asking that in Atlantic City because the pledges were incorporated into the legislation.

ASSEMBLYMAN RILEY: Again, through you Mr. Chairman, one final question. You probably would be uniquely qualified to answer this question. The members of the Committee may not know your background. I believe you were President of the New Jersey State Bar Association and Chairman of the SCI, and, obviously, you are now the Public Advocate. The Casino Control Commission seems to perpetuate itself. For instance, their investigation staff, in spite of no casinos going up, has not shrunk. Do you believe that maybe some of their autonomy should be removed by the Legislature -- particularly in the areas you are talking about -- and put into a separate area, for instance -- particularly in housing and health care? Should that be taken away from the CCC, by taking some of the autonomy away and putting it into something else? Because they have not done the job, obviously.

COMMISSIONER RODRIGUEZ: I think that is a matter that has to be explored. Not to suggest that the original composition of the Commission was improper at the beginning, but let's say it was put in place because it was going to have a great influx of many casinos. So, the initial work load was heavy. But, now that we have reached eight and nine, have we reached the saturation point? What are the requirements of relicensing applications as opposed to the new development work? There may be plenty of room to make that Commission act now with some of its force. In fact, we suggest that it should. If the Casino Commission doesn't do it, let a separate entity do it. But, there should be a specific direction that says: "Now, Phase II is your objective; you have accomplished Phase I." Taking

it from the Casino Commission itself and putting it into a separate entity -- I think that that is the exploration that is the legitimate investigation, to be sure that someone does it, but does it soon.

ASSEMBLYMAN FORTUNATO: Commissioner, one of the hazards of being Committee Chairman is, in encouraging the participation of the Committee members, by the time it gets around to the Committee Chairman to ask questions, he doesn't have too many left to ask. But, I do have a couple. I would like to note also that the Committee has addressed much of what you indicated in your report, and will be addressing it in the form of, hopefully, coming legislation.

In the housing area, I had expressed curiosity a little earlier as to how many units would alleviate the immediate problem. Does your staff have any idea about that?

COMMISSIONER RODRIGUEZ: Yes. Let us say that the Department of Community Affairs in a study, when it was projecting the housing needs with eight casinos in place, projected the need in 1980 of 76,000 units in Atlantic County.

ASSEMBLYMAN FORTUNATO: In Atlantic County?

COMMISSIONER RODRIGUEZ: In the County. If you look at the Pinelands Commission, which was a little more conservative, they even suggested that there was a need for 38,700 units, which would require a 250% increase in pace of construction. Now, what may very well be called for, and what appears to some to be the easy solution is to say, "Let us consider ourselves and always carve out an exception for ourselves, and not accept that this is the need here in Atlantic City; let's place it someplace else." There has to be a rational, total plan. That is the need.

Now, are there sufficient places for 76,000 units in Atlantic City itself? The presence of the casinos has created that type of projection. These come from studies other than our own, but in our reading of them, we have no reason to dispute the accuracy of those figures.

ASSEMBLYMAN FORTUNATO: Six, seven, eight years ago, and before, when the prospects of casino gambling coming to Atlantic City had been discussed, one might say it had been indicated that casino gambling would become a part of Atlantic City. Would it be safe to say that today Atlantic City has become a part of the gambling industry -- casino gaming?

COMMISSIONER RODRIGUEZ: I think that is fair to say. I think that the presence of the casinos has certainly overwhelmed and perhaps overshadowed many of those that should legitimately be functioning for the benefit of the people of Atlantic City. I think that is basically what you are hearing from those in attendance today.

ASSEMBLYMAN FORTUNATO: And, the tail is now, in fact, wagging the dog. What about a greater participation from the casinos on housing, on a Housing Authority Board? In other words, can we look to the future? I am sure we are going to be addressing this tomorrow when the industry appears. Should the industry participate, whether it be in housing or utilities or transportation, having representation of their industry through membership on a board? Would you advocate something like that?

COMMISSIONER RODRIGUEZ: If you are asking me that as a result-- All right, let's put it this way, if we go back to that 2% reinvestment tax, it is written into the legislation that the casinos can pretty much pick and choose investment in the local area to meet some of this fallout, which has not occurred. If, in fact, they are going to be taxed, should they have a representative on

some board that looks legitimately to zoning, planning, and municipal land use power -- perhaps, but not to the point where the intentions of the casinos overwhelm and specifically address the problems that are already in place. I am not prepared to say they should have no voice if they are paying a tax. I don't think they should control it. I don't think they should overwhelm it. I think they may participate, but the lead in that type of a situation should be from the people who are here, who have been the recipients of the promises and none of the action.

ASSEMBLYMAN FORTUNATO: I don't think I indicated lead.

COMMISSIONER RODRIGUEZ: You mean a voice?

ASSEMBLYMAN FORTUNATO: Yes, a voice. In other words, if the roads in Atlantic City are improved, the casinos are going to reap the benefit.

COMMISSIONER RODRIGUEZ: Sure.

ASSEMBLYMAN FORTUNATO: If the housing picture were improved in Atlantic City, the casinos are going to benefit. So, what I am saying is, the casinos should be participating. There should be greater communication. If in fact the tail is wagging the dog, we should have the tail begin to participate in the overall segment of Atlantic City and Atlantic County. That is what I am saying.

COMMISSIONER RODRIGUEZ: Yes, and I am suggesting that if you have a strong enough dog, I may not oppose that.

ASSEMBLYMAN FORTUNATO: But, we both indicated earlier that the dog is not too strong today.

COMMISSIONER RODRIGUEZ: Very definitely. But, I am not prepared to say they should have no voice. It would be interesting to look into that and report back to you more specifically. But, if we know what it is we are trying to address -- I am not now prepared to say they should have no participation, but I want to be sure we get that strong dog in place and then perhaps we can meet face to face.

ASSEMBLYMAN FORTUNATO: I agree. The purpose of my indicating participation on behalf of the casinos was because maybe the problems would begin to be effectively addressed and solved with their participation, either through membership or financial. That is the only thing I was alluding to.

COMMISSIONER RODRIGUEZ: Yes. Well, very definitely the finances, because that is what we proposed with that 2% -- to actually make it a tax that can be paid directly into an entity that addresses the social problem rather than leave it in a state of limbo, as it is today, where it has not been collected and it may not be collected. Yet, that is one of the inducements to try and address the social ills, to make sure that they participate financially. We should say "absolutely", and make a recommendation to that effect. Should they have a presence? That depends on the structure. I am not now prepared to comment specifically, as a Department, on that. I just think that a democratic process never hurts if we are sure it is a democratic process.

ASSEMBLYMAN FORTUNATO: Thank you.

ASSEMBLYMAN LaCORTE: On the basis of creation of another authority, with participation by the people here, or by different groups, is there a possibility that the authority exists right now, with the Atlantic County Improvement Authority or the Economic Development Authority? Is there something on board right now that can be utilized?

COMMISSIONER RODRIGUEZ: As I understand it, there has been some thought by the Department that if there were local authorities in place, perhaps they could participate, but if we view it as a regional problem, perhaps a local authority alone

may not be able to meet all the requirements of the ills that have surrounded Atlantic City.

ASSEMBLYMAN LaCORTE: Well, of course, there is the County Authority. They have been involved before in other areas. I am just wondering if that would be an area? That has been mentioned in testimony earlier this morning. That could be an area that could be utilized, whether it be the Economic Development Authority or the Atlantic County Improvement Authority. If the 2% reinvestment credit is restructured as to where to put that money, they could best put it to use in the community. I am just curious as to whether we have that on board already without having to create another authority, or create another group. Because we have concerns about the amount of authorities that are being created by the Legislature.

COMMISSIONER RODRIGUEZ: Personally -- and, again, I speak now from a short tenure of four weeks -- I am not prepared to make judgment on the agencies that perhaps are in place. But, we do strongly suggest that the mission has to be clearly stated by the New Jersey Legislature, so that we are sure it is working.

ASSEMBLYMAN FORTUNATO: Your point is well taken. Mr. Bryant.

ASSEMBLYMAN BRYANT: Through you, Mr. Chairman, I want to get back to a point. Generally, you are dealing with a social impact problem. There is always a problem with money when you are dealing with the poor and the disenchanted in society. The Casino Control Commission had the opportunity to have the casinos pay for all the expense relating to investigations for licensing, relicensing, or permanent licensing. I would like to know -- and maybe your department is not prepared to answer this -- if in fact we might need legislation to require that the social benefits, which evidently are not coming about, be required through our staff? Now, when I say "our staff", I mean the staff of the Casino Control Commission. It could then be billed back to the consumer, those who will benefit from the profits received by coming to Atlantic City. Therefore, from a State perspective it would not cost the taxpayer one dime in terms of the social impact of the investigations that are being done; it will be put on the industry that is going to receive the profit -- which, to me, is a just responsibility.

COMMISSIONER RODRIGUEZ: I think that can be done. I mean, it is "doable" to make that as one of the conditions of licensing, such as we find in other areas. There may be a problem with allowing the study to be done simply by the industry that wants to benefit from the granting of the license. Perhaps there should be a little more overview there as to the identification of the problems, so that we know we are addressing the real problems and not just waiving statistics.

But, as a mechanism, I think it should be explored.

ASSEMBLYMAN BRYANT: I think this committee has the power to recommend -- just as an example -- that another agency does the investigation, but their cost would be passed on to the Casino Control Commission, which in turn passes it on to the casinos. Let's say the Department of Community Affairs could do the investigations if we felt that was the agency who could best do them, but the cost would then be transmitted through the Casino Control Commission to the casinos.

COMMISSIONER RODRIGUEZ: I think that is an area that should be explored because it happens in other areas, where the investigation is done and is billed back -- to the utility, for instance, who wants a rate increase. So, in that way you are assured that the public interest is being protected while an application is actually under consideration. But, it should be an agency outside of the industry itself to produce the study. I can see where the cost-back should certainly be a legitimate cost to the casinos.

Incidentally, the social impact is defined, pretty much, in the legislation. It just hasn't worked. So, they can't say you are imposing a new condition upon them. They should look at this Phase II social impact. It was all pretty well covered by words. It is the action and the direction that is missing.

ASSEMBLYMAN FORTUNATO: Thank you. And, I thank the morning participants and look forward to seeing you in approximately one hour when we resume the hearing.

(Lunch Break)

ASSEMBLYMAN FORTUNATO: Ladies and gentlemen, I appreciate your patience and your attendance; your patience because the Committee had to eat, and we also ran a little bit longer than we had originally intended this morning. So, in order to get right along with this afternoon's session, why don't we ask Senator Perskie to step forward and address the Committee. Senator, how are you?

SENATOR STEVEN PERSKIE: Mr. Chairman, good afternoon. To you and the other members of the Committee, welcome-- in some cases, welcome back to Atlantic City. I am very happy about the fact that you are here. As I told you, Chairman Fortunato, and as I will tell the members of the Committee, I think that your role is certainly very critical and very important to what is going on here, and I hope that you will - as I know you will - continue to exercise a very deep interest and a very deep commitment to what is happening in Atlantic City.

The people of this community, and by this community I refer to the greater Atlantic City community, the county, are very mindful of the fact -- in fact in this context, one might even say excessively mindful -- that the State government has taken and will continue to take a major role in the development of what happens here. I think that is quite important, and I think it would serve your purposes -- in that some of you are new to this process or to this Committee -- if I took just a moment to give you a little background with respect to that because it sets the context for what I would like to suggest to you as to where we are going.

There have been some suggestions, consistently, and apparently as recently as this morning before you, that we erred substantially in 1976 and 1977 in the planning and enactment of the original Casino Control Act, in not vesting in a State power control over all the development in the greater Atlantic City area. An agency, modeled perhaps after the Hackensack Meadowlands Development Commission, or otherwise, could assert, at the State level, regional jurisdiction over development kinds of programs and problems that we have in this community. In support of that conclusion, which is admittedly made by those who make it in retrospect, fingers have been pointed at the development problems that this community is doing now, and has been dealing with for the past couple of years.

I think that the problem to which people point are real, and the statements that have been made about those problems are real. I think their conclusion that they could have been solved or addressed better at the outset through that vehicle are not as real.

We have been motivated throughout - those of us who had the responsibility to try to address some of these concerns - with the determination that whenever possible, the developmental problems that the community has faced should be addressed at the local level through existing agencies and through local resources. That has proven successful in some respects and not successful in others. As a result, over the last couple of years where we have had specific issues - housing and transportation and the convention center development being the most specific - we have come to the Legislature -- and at least two or three of you have participated in that process -- and we have achieved the assistance of the State in helping to create regional agencies that would address those problems. Specifically, I remind you that in 1979, we invested in the Atlantic County Improvement Authority, unprecedented powers for a local agency to be involved in the financing and development of low and moderate income housing. Originally, in 1979, and then again through legislation signed a few weeks ago, the State had devoted substantial resources in dollars to that effort. In that light, if you haven't already heard from officials of the Improvement Authority, you will, I am sure. They have taken the powers that the State has given and they have begun the process of developing a land bank and developing a bonding capacity for the

development of those kinds of projects. The first one issued has just been put together. So, while we are much later than we ought to be, and while we aren't anywhere near where we ought to be, the agency and the financing for that agency, to deal in an overview on a regional basis with that, is in place. It is a local agency, funded, to be sure, with the assistance of the State, but nevertheless under the jurisdiction of and subject to the priorities of the local community, and I believe that is the preferable solution.

Again, that same model has been used in the transportation area with the creation of the Atlantic County Transportation Authority as an intregally related agency, both at the Federal and State Department of Transportation level. Yesterday, your colleagues in the Senate joined with us, in a bill sponsored by Senator Rand from Camden, and sent to you, for your consideration, a proposal that would use the surplus revenues of the Atlantic City Expressway Authority - formerly known as the New Jersey Expressway Authority - for regional transportation programs in the South Jersey area. It is a formula to divide these revenues among the South Jersey counties. Atlantic County's share of that sum - which will approximate a couple of million dollars a year - would be used by the Atlantic County Transportation Authority for the development of regional transportation systems in the Atlantic City and Atlantic County area.

Again, from a structural point of view, we think that the foundations have been laid for a resolution of those problems as well. I say that by way of background so that you hear a voice -- and you probably will hear others as well -- suggesting to you that the solution to our problems does not come from suggestions to create additional levels of bureaucracy, or new agencies with regional zoning powers, or other supervisory jurisdiction at the local level.

At this stage we need several things. In the first place, we need-- Obviously, if this meeting today and tomorrow is any indication, we are getting the careful attention of the Legislature, and of course the new administration, to the fact - as the Public Advocate said this morning - that a great deal of the burden casino gambling has created, has been faced by the people of this community in particular, and the Atlantic County Community in general. Certainly, without any direct financial benefit from the program itself; Atlantic City is enjoying a substantial increase, by a multiple of several times unprecedented in the nation - if not the State - in its rateable base. That, in turn, has deprived us of all of the formula aid that Atlantic City used to receive -- through the aid to education formula, through the safe and clean streets formula, through the urban distribution formula -- so that as you will hear, I am sure, in some detail from the city officials, on a cash flow basis the city government is substantially behind rather than ahead.

Certainly, we have a great number of people who are employed, in the many thousands. Again, when I heard a lengthy discussion last week in the Senate Conference about the need for a particular piece of legislation -- that we create a specific incentive for the creation of 115 jobs -- and saw the immense amount of resources of legislative time that were going into that particular effort, I didn't say it out loud at the time, but it made me reflect on what has gone into a program that has directly been responsible for the creation of 30,000 jobs, and indirectly for that many again. But at the same time as that happened, as you have already seen documented, we have had major problems in getting our community structurally in shape to be able to deal with all of that. The most pressing problem, of course, that everyone keeps talking about, and with good reason, is housing. Housing is a national

problem. We cannot find the economic resources -- with the interest rates the way they are; with the construction costs the way they are; with the formation of investment capital in the condition that it is in -- anywhere in this country, to be able to get a decent housing program. In Atlantic City, the cost of land -- although it is now abating a bit -- has skyrocketed. It becomes manifestly impossible to do anything without some very substantial government program to intervene. As I have said, we have created a foundation for that, and you can get the specific factual data as to how much is now being invested in the Atlantic County Improvement Authority program, and how much we have already set aside over the next several years for that, to understand that in the long-term, the problem appears to be in hand, but in the short-term, it is by no means adequately being addressed.

What we hope that you will do as a legislative committee and as part of the Legislature as a whole is, first, to recognize that although what we have in Atlantic City is a source of great pride to us as well as to the people of the rest of this state, it comes to us with burdens, and the mere recognition that--and the mere acknowledgement by you as legislators--attempts to assist in what is going on in Atlantic City should be met by the Legislature and by the State Administration with more than, "well, everything is going great in Atlantic City, you don't need our help", that is a help right there. That acknowledgement -- and you are here today to acknowledge that -- is certainly a step in the right direction.

There will be efforts by us from time to time to you legislatively for specific kinds of programs. I mentioned one already: the redirection of the surplus revenues of the Expressway Authority. That will have a direct impact on our ability in this community to develop a regional and a local transportation system.

We have already asked you for, and probably will have to come back again for, some supplementary help, which doesn't involve money, for the development of the Atlantic City Convention Center, an asset to not only the tourist and convention industry in the casino hotels of Atlantic City, but very directly and financially an asset to all of the people of the State of New Jersey. The last legislature assisted us terrifically in that regard by providing for us a dedicated fund of state sales tax revenues to assist in the development of the center, funds that should be looked upon by you and your colleagues as investments in what we can turn it into for the direct financial benefit of the people of New Jersey. We will probably need additional legislation to help us in structuring a bond issue for the development of the convention center, which in turn will lead us to the kind of spinoff economic development for the assistance of small business that was an implicit and explicit part of the original referendum.

By way of a conclusion, what I would suggest to you -- as you sit today, tomorrow, and in the coming months, and evaluate the experience that has been Atlantic City, and your role in where we go -- is to continue to remember that we have to try to walk a very delicate line. That line is to give this new industry and its terrific economic power a broad enough base -- as far as government is concerned -- to set down roots here, to grow and to prosper, so that it has the capacity to do for us, in this community and the rest of the State, what we want it to do, and at the same time that we are doing that, to visit upon that industry, and its indirect support, the kinds of social obligations for which we, in government, have the responsibility.

The most immediate context in which we will be dealing with that will be legislation that we will have this spring, that will propose a restructuring of the original Casino Control Act section on Reinvestment Obligation. Our original philosophy in that was to protect against what we perceived might be windfall profits. What we tried to do there was to set up in advance a concept that would recapture

some of those windfall profits for reinvestment potential in New Jersey and in Atlantic City in particular. We made several mistakes, in hindsight, in that regard. One was that the structure of the obligation as we originally intended, didn't meet the economic experience of the industry as it developed. Another is that we didn't pin down, with enough specificity, exactly what kinds of uses that money should be put to, and where it should be put. We will be making recommendations to you and I hope your Committee will assist us in the formation of those recommendations to restructure those provisions to accomplish essentially two purposes:

One, to restructure the quantum, or the method that the obligation imposed, so that it is fairly apportioned among the casino industry, according to some earning capacity rather than according to some artificial formula about gross revenues. In other words, it should be a function of net earnings rather than any gross revenue, because some of the gross revenues do not translate to the bottom line in net earnings - if you hadn't heard that already, I am sure you will.

Secondly, that the Legislature provide, either directly or through some appropriate local agency, guidelines for the investment of those funds in terms of priorities. I have suggested, and a number of others have felt, that the appropriate vehicle to do that is a local, non-profit corporation that would reflect the priorities of our local community; but we have a great deal of flexibility on that. The county government has been looking at some appropriate methodology for doing that, and that is one of the issues that we would like your Committee very carefully to consider and to help us in formulating recommendations on it.

That essentially, in an overview, is what I would like you to know. I would also conclude by assuring you, for my own sake and on behalf of anybody in this community, that we are available to you here or in Trenton to assist, to provide information, to give whatever help we can in assuring that the relationship over the next couple of years between the State government and our local problems is as constructive as it can be, and that it is accomplished with as little resentment as is possible, understanding that there is always going to be some.

Do you have any questions?

ASSEMBLYMAN FORTUNATO: Senator, if I might exercise my Chairmanship with a little priority. This morning I let the members ask questions first; by the time we got around to me, Senator, there was hardly anything left.

SENATOR PERSKIE: I never did that when I was chairman.

ASSEMBLYMAN FORTUNATO: Well, I learned this morning, believe me.

If I might, the Committee is here- again, if I can give you an overview of my statement this morning - to learn. We know of some of the problems. We know that the State of New Jersey has benefited from the presence of the casinos in Atlantic City. What we want to find out is why the people of Atlantic City or Atlantic County have not benefited the way we feel they should have benefited and the way they feel they should have benefited -- maybe not to that same extent.

SENATOR PERSKIE: I understand.

ASSEMBLYMAN FORTUNATO: We are here on a fact-finding mission. We want to learn. We want to learn what direction we can take; what direction we can give; what legislative action we might be able to take. Your suggestion about the reinvestment credit is well taken. We heard that a few times this morning, about the reinvestment credit.

SENATOR PERSKIE: We have been talking about it for some time.

ASSEMBLYMAN FORTUNATO: We are going to definitely address that with your input.

SENATOR PERSKIE: If I can, I would just like to make sort of a - maybe almost a philosophical observation. I don't see, and I don't think that the people here see it so much, that we haven't benefited. I think in fairness, it has to be acknowledged on behalf of the people here that this community has, in very measurable ways, benefited. I think what we need to emphasize is that in our case - as opposed to the people in the rest of the State - in addition to some of the benefits, we have had all of the burdens. It is a case where the people of this community have shared in the benefits, but have not had to share in the obligations. We bore them all in terms of social cost. That is the emphasis, as far as I am concerned, that we would like you to keep in mind.

ASSEMBLYMAN FORTUNATO: Well, what I would like to address at this point is, you had indicated that the foundation, the roots, have been laid to address some of the social problems that have occurred. This morning, we heard that there are no foundations, there are no roots, and requests were made that the State, itself, get involved. It has always been my feeling that the local government is best to service and to address some of these problems.

SENATOR PERSKIE: This has been a theme that has been played out consistently over the last couple of years. Former Governor Byrne felt very strongly, in retrospect, that his major mistake in this whole area was in not insisting in 1976 and 1977 on some type of super agency as it came to be known. Again, as I said to you a few minutes ago, I disagree with that. I think that in the first place, as I have said, the best principle is to use local agencies where possible, and where not possible, rather than to create some overriding agency that has blanket jurisdiction, the best answer is to attack problems one at a time and to use local agencies where you can, or regional or county level entities where possible. What I meant when I said the foundations have been laid, was, for example, that we have now, by statute, pledged enough money in the long-term, with some assistance from a restructured reinvestment tax. We have now pledged or identified enough money in the long-term to be able to build all of the housing that we could physically put in Atlantic City. But the problem is, that doesn't create a place for people to live on March the 16th, 1982, or March the 17th or March the 18th, and we have an immediate problem today, tomorrow, the rest of this month, the rest of this year, the rest of next year, in terms of being able to account for the needs of the people who are here or who would like to move here tomorrow and be able to afford to. That is the key to it.

By the same token, we have found a long-term financing conclusion for how we are going to build a convention center, but we have some problems about how we are going to get from here to there. It is not accurate, I would suggest to you, that nothing has been done. It is accurate to say that we have major, immediate problems in housing and in a number of other areas that are not today being adequately addressed. That is absolutely true.

ASSEMBLYMAN FORTUNATO: What direction could you give the Committee? Housing is a given. We have heard about housing. What about transportation? What about the roads? What about sewers? What direction could you give the Committee, or what could you do to enlighten the Committee?

SENATOR PERSKIE: Well, for example, one of the philosophies that I have been working with, with a number of people, is to use what I just mentioned about the reinvestment tax as a kind of a program. On broad terms, it could assist in that. What I have in mind is this: that tax should be restructured in terms of its impact. In other words, we would get away from the concept of using gross revenues and start with some function of net earnings or some other variation of

that, and have a group -- as I said, I suggested a non-profit corporation on the model of New Brunswick, or what they have used in Baltimore or some other areas--that would be responsible for the assertion of local priorities. The monies that would flow to that program from the industry would be in the form of an investment equity posture, so that the obligation that we would impose on the industry would not be in the nature of a tax as much as it would be in the form of a required investment, so that there would be some equity return on that for the industry. Keeping in mind that at the same time we are trying to use the industry's economic resources to solve all of these problems, we have to be conscious of the fact that you cannot keep going back and beating these people over the head day-in and day-out lest you wind up in a situation where you are counterproductive from a dollar point of view.

The local entity that would act, with some jurisdiction from the State to be sure on the priorities would then have the responsibility and the authority to decide, on an annual or a semi-annual basis, the immediate pressing need. For example, how much more do we have to add to the Improvement Authorities revolving housing fund to be able to accomplish everything that they need to accomplish right now in terms of housing? Thereafter, do we want to take some money and give it to the Atlantic County Transportation Authority to take over the bus company first? Or do we want to use it to create a means of restructuring, because the feds won't give us the money to do so. The financing of the Atlantic City Sewer Company, which has jurisdiction over all of the lateral lines and the other lines that need to be replaced in the community that haven't already been done. Or is the first priority for those funds the development of some kind of land banking for some light commercial use in Atlantic City, a regional shopping area, or whatever, that isn't directly casino-related?

The point is that there shouldn't be, I suggest, in the legislation, any blanket proposal, that attempts to forever set what those priorities are. What we should be doing is looking toward a local structured voice that can work with city government, with the casino industry, with the State, in terms of assessing what those priorities should be at any given time.

ASSEMBLYMAN FORTUNATO: Mr. Bryant?

ASSEMBLYMAN BRYANT: Through you, Mr. Chairman. Senator Perskie, I thank you for testifying today. I have a couple observations and maybe questions that I could bring to you. I do believe that the casino industry has had a great impact upon not only Atlantic City, but the State of New Jersey.

The problem I have is that we have created a state agency to control an industry which has an economic impact on the State. Yet, when we come to deal with local problems, it is suggested that the State should not focus in also on those problems; they should be divided and given to other local areas who may not function well with the other forces of the State. I have a problem with why we must have another mechanism.

SENATOR PERSKIE: Okay. Let me suggest this to you, Assemblyman. I have never believed that the Casino Control Commission should have had, or was ever really intended to have, the specific responsibility of exercising on behalf of State government, the concern that State government rightfully has for the developmental situation in Atlantic City. My original philosophy was -- or I believe should have been -- that the Casino Control Commission exists to monitor, regulate, and otherwise keep a very close scrutiny on the industry itself. I agree that State government has an interest, a responsibility, and a concern for what is going on in this community. It is just that I don't agree with those who attack the Casino Control Commission for not having asserted that on behalf of the

State. I think that the right way for the State to assert that is to work with the local agencies where it is possible. In some cases, someone may reasonably conclude that it isn't possible. Someone may decide, for example, as we do in the case of Environmental Protection, or CAFRA, or MFA, or whatever, that certain elements of this program have to remain at the State level.

What we have tried to do, and what I feel is the proper balance, is to use the State in a creative partnership with the locals --in the case, for example, of the Improvement Authority, where we gave them all of the power to develop low and moderate income housing. At the same time, we made those regulations of the Improvement Authority and their program subject to the approval of the Division of Local Government Services. The rationale for that was that we were using some state money in that program, and the Division of Local Government Services ought to have supervisory control.

Similarly, when we created the Atlantic County Transportation Authority and vested it with unprecedented regional transportation development power, we did so subject to the approval of the Commissioner of the Department of Transportation because there is a substantial state commitment in that.

What I am saying is that the State can find a way to assert its responsibilities without creating some separate and solely state jurisdiction to do so. It can work with local agencies in a partnership.

ASSEMBLYMAN BRYANT: Secondly, I guess what was brought to our attention this morning was that we have seen unprecedented building in the City of Atlantic City, and from the casino's standpoint, it seems when we address the problems of people and housing stock, we talk about studies. Assuming we study the demand for another five or ten years, we might not need housing in Atlantic City. You are eliminating the problem by eliminating the people.

SENATOR PERSKIE: We can't do that.

ASSEMBLYMAN BRYANT: How do we immediately address housing in terms of having this created?

SENATOR PERSKIE: I am glad you asked that question, because there is an answer to that, and I would hope that you would invite here, if they are not otherwise scheduled, the officials of the County Improvement Authority to answer this question in some technical detail. I have been involved on their behalf in dealing with certain other State agencies; most notably, the Departments of Community Affairs, HFA, and MFA, in an attempt to get those agencies to be of more tactical assistance to the Improvement Authority here.

We have, for example, a situation where the Improvement Authority has put together a housing program for immediate approval, with developers and with specific projects ready to break ground tomorrow, assuming that the bonds of the Improvement Authority can be issued and can be turned around and the project is thereby financed. These are projects, incidentally, with all local approvals and all CAFRA approvals. All of that is done.

We have regulatory distress, I would call it, between the Improvement Authority on the one hand, and the HFA and the MFA on the other, and the Department of Community Affairs, in part because those agencies are charged with the responsibility of setting standards at a statewide level that cannot be met in Atlantic City. For example, by reason of the cost of ground in Atlantic City, much of our developable projects are highrise. But the regulations that HFA and MFA have - that are applicable under the legislation to the Improvement Authority's projects - are inconsistent with highrise development; and it is not as easy as it ought to be to cut through that, to have somebody at the State level say: "We need a separate

standard for Atlantic City by reason of a unique combination of economic circumstances that are going on there".

ASSEMBLYMAN BRYANT: Senator, one of the problems with creating an agency like the Casino Control Commission is it deals totally with licensing; so therefore, you don't have to have an interplay between other agencies. Maybe with something like the Department of Community Affairs you wouldn't have an interplay because they would be making their own approvals for the housing, and therefore they wouldn't have the interplay and then the excuses of "who is the person who is stopping the building?" - and people probing. Maybe we need to develop something like a Casino Control Commission, where you go to one agency that does the whole thing -- makes all approvals.

SENATOR PERSKIE: Wayne, I could live with a concept like that, as long as its philosophical underpinnings were that that agency had to be a creative partnership between State jurisdiction or local jurisdiction. The problem that we had with the suggestions that have been made as late as this morning, and as early as a couple of years ago, was that that should be a determination made exclusively by, and on behalf of the State. And while I concede, and have all along, that the State has a legitimate interest, that interest is no more legitimate than that of the local community.

ASSEMBLYMAN FORTUNATO: Assemblyman LaCorte?

ASSEMBLYMAN LA CORTE: One thing is, it seems the reaction of the people that we have gotten was that the State has done very well with casino gambling; the people of the State have done well; the City itself, through rateables, has done well; but, the people themselves, the people who live in Atlantic City and in the region, have not. They are at the point now where they want a piece of the action. It seems that they don't want to hear about convention centers at this time; they want to hear about jobs, and they want to hear about housing. I agree with you in your statement that the Casino Control Commission's job is with licensing and the building of new casinos. But at the same time, they have to be concerned about the impact that those casinos have on this community and the surrounding communities.

This was brought out not only by the people who testified from the community, but also by the Public Advocate - which is a branch of the State. I don't think that the Casino Control Commission can control the social impacts. They have demonstrated that because of the volume of work they have, for whatever reason, they are areas that have to be rewritten in that Casino Control Commission authority right now, and it seems to be immediate. The tightening up of that two percent reinvestment credit is an area where we can't wait, nor study, any longer.

SENATOR PERSKIE: I agree.

ASSEMBLYMAN LA CORTE: we should make sure that in the process of re-licensing or licensing there is a study made of the impact that new casinos will have on the community, whether it will be utilities--

SENATOR PERSKIE: Terry, on that one, the legislation, as it exists today, is adequate to the task in terms of requiring the applicant to show that. The problem is that I don't believe it should be the Casino Commission that determines whether that showing is satisfactory. I think that there has to be some other entity. I am trying deliberately to suggest that it shouldn't be a solely-state entity that exercises that responsibility and perhaps makes a report to the Casino Commission, which is the ultimate enforcement arm. I just don't think you can mix satisfactorily the two obligations that some people suggest the Casino Commission should have: One, to license and regulate the industry; and the other to define for that industry what its social obligation is. I think the Casino Commission is the entity to enforce what somebody defines the social obligation to be, but I don't think

it should be the Casino Commission that defines it.

ASSEMBLYMAN LA CORTE: As far as the social obligation, when it comes to licensing, that it is going to have an affect around the surrounding area, and they are the--

SENATOR PERSKIE: They have to enforce it.

ASSEMBLYMAN LA CORTE: They have to enforce it, and they have to make sure that they are protecting rights.

SENATOR PERSKIE: Sure.

ASSEMBLYMAN LA CORTE: Would you agree that the Atlantic County Improvement Authority, if we rewrite this two percent annual gross receipt tax, would be the proper place to put the dollars?

SENATOR PERSKIE: I think it is the closest thing, but I don't think it is the right thing. I'll tell you why. In the first place, it is a little more narrow than I would want it to be. In the second place, they already have tremendous statutory obligations. They are a bonding agency that has been involved in many projects, and they are now undertaking the development of the convention center.

I think that what we need here is a broader-based entity that reflects the concerns of the people that live in Atlantic City, first--the concerns of the people that live in the Atlantic City area -- of Atlantic County, second; and the respective governmental jurisdictions - city, county, and state, third. Exactly what that mix should be, and how it should be created, I am really, frankly, not 100 percent certain yet. But the philosophy that I have been using and trying out on people is, as I said, a model that is in use. It is a great success in New Brunswick and Baltimore and is essentially a community-based organization run on a non-profit corporation. We could define that with some flexibility in the statute.

It would be the obligation of such an entity, which would be a rather broad-based kind of concept, to measure the priorities for the reinvestment of those funds, and then to recommend to the Casino Commission whether an applicant for relicensure has or has not met the obligations that that entity would define.

ASSEMBLYMAN RILEY: This morning several people brought up areas that they would like to have all of you briefly address, if you can. One was in regard to the Casino Control Commission. People are complaining about having to drive to Trenton, very frankly, and driving down 206 last night about eight o'clock. I can readily understand what the problem is.

SENATOR PERSKIE: Matthews, Gormley, and I will write you a long brief on the glories of 206. The Lawrenceville situation, in my judgement, is intolerable. I can understand how the Commission would feel it is desirable that the formal corporate headquarters be in Lawrenceville, and I can live with that. But in terms of their regular routine meetings, and in terms of the licensure of individual applicants -- small businesses that are applying for service industry licenses, dealers, and key employees--I think it is absolutely intolerable that as a matter of routine, those applications shouldn't be heard right here in the Commission's facilities in Atlantic City.

ASSEMBLYMAN RILEY: Along the same line, there seems to be sort of an attitude that the legislation put them back in Lawrenceville.

SENATOR PERSKIE: It didn't.

ASSEMBLYMAN RILEY: It couldn't be in Atlantic City.

SENATOR PERSKIE: No, it didn't. See, that is the problem. They have done that by regulation. The Byrne original proposal would have mandated that all hearings be in Trenton, and we knocked that out of the bill on a bipartisan basis. So the legislation doesn't specify that at all. The Commission has chosen

by regulation to assert certain policies.

ASSEMBLYMAN RILEY: Is the Commission trying to satisfy the general attitude of "keep away from Atlantic City"? -- you know, "The boogie men are down there" type of thing. Nobody talks about it openly. But that attitude is there. I think we all know that, Steve. Are they helping that? That is the first part of the question. Second, and this was brought up this morning, we are obviously talking about an agency, about getting housing, and the two percent fund. Should the casinos -- presuming that there is a new agency created, or a new committee or commission, since their tax dollars would be involved; obviously they are not controlling it -- but allowed to be a participant in that? I think that was the way the question was raised this morning.

SENATOR PERSKIE: Well, it depends on exactly what responsibility you give to that entity. I am calling it an entity because I deliberately want to get away from assuming at the outset that it is some extra level of governmental bureaucracy. I really don't think it ought to be. I really think it can be done with a community organization concept that doesn't have the trappings and the bureaucracy and the budget of some new level of government. I think that would be a mistake. But if you assume that that entity has the responsibility of simply reflecting community priorities--that it is more important this month to invest in the bus company than in sewer lines -- yes, I think the industry is entitled to play a role. If, on the other hand, as I suspect, that entity will likewise have the responsibility of saying to the Casino Control Commission, "Applicant corporation X,Y,Z has or has not met its responsibility; or his application is or is not consistent with some standard that we want to have", then you have a real problem with the role of the industry in that. It depends on how you structure it. But certainly if you are talking about the overall concept of how the money should be spent, the casinos are a part of our community, they are corporate citizens of our community, they have all of the obligations, and therefore, by and large, except where there are important reasons not to do so, they should have all of the rights.

ASSEMBLYMAN FORTUNATO: Senator, I was the one who made that statement and asked that question about casino participation. I was referring to how the money would be spent -- the needs of the community.

SENATOR PERSKIE: I think they are entitled to play a role in that, sure. Again, I think it is a role, and I think that the role of the city governments, the role of the residential community, and the role of the non-casino business community -- all of those are entitled to be included in this determination.

ASSEMBLYMAN SCHUBER: Senator, if I might, just to carry on what Assemblyman La Corte was discussing, it seems, in listening to the testimony this morning from all the different community witnesses, that basically it almost becomes, as one of the people alluded to, a tale of two cities: that it was the best of times and the worst of times. We are living with a city that has a luxurious part, where the casinos have been built, yet there is a large amount of squalor that is going on along with it. What we are trying to wrestle with is how we are going to best meet that challenge. I personally feel, again, as has been testified to by the Public Advocate, and as you have just testified to, that there is going to have to be restructuring -- a great deal of restructuring -- of the two percent fund, and a guaranteed application of it to the needs of Atlantic City and the surrounding areas, such as housing and jobs. There is no question about it. The question I have to ask you, because it gets into the question of what the role of the Casino Control Commission is -- I asked this of the Public Advocate, and again you might not be the right person -- have we come to the point in Atlantic City at this time, where we are saturated with casinos

or shouldn't there be any more? If that is the case, then maybe some other aspect, or a similar department of the Casino Control Commission, could then be set aside for the purpose of pursuing the goals of housing and jobs in this particular area.

SENATOR PERSKIE: We were very careful--the Assemblymen in the original legislation--not to try to prepredict what the upside limit of the number of casinos the town could take would be, and there is nothing in the statute that says that. There is language in the statute that gives the Commission the responsibility to measure whether the next application, or the next one, or the next one, will over-saturate. We knew in advance that we wouldn't be able to tell in advance what that was.

I think that it is healthy, because community and economic circumstances - although we wouldn't have designed it this way - nationally and elsewhere in the State, have sort of created a bit of a lull at the moment. Because as a community collectively, we can perhaps - and as a state - take a breath a minute and go back and look at what needs to be redone, such as the reinvestment tax or whatever, before we get to whatever the next level, or next wave, or next phase of construction will be. That is the process we need to be doing right now. There are a couple of developers. One was licensed yesterday. There are a couple of others who own and control sites who are in various stages of preliminary approval or financing attempts that would suggest that perhaps construction could start even before this year is out - on at least one and maybe more.

But I think it is a good thing for the community. We won't have a new one open for a year or two or three, so that we can use that time to make the community more ready.

You mentioned the squalor, and you are absolutely right. It should be emphasized, though, and those of you who aren't as familiar with Atlantic City, should know that relatively little of the squalor has been created since 1976; it has, in fact, been made substantially worse in some respects. But Atlantic City, prior to that time, was undergoing that kind of syndrome.

ASSEMBLYMAN SCHUBER: We understand that to be the case. I think that was part of the testimony this morning too. But I think what we are getting to is, the question of whether it has been exacerbated - I think it has. My feeling has been, before even coming here, I think we have reached a saturation point at this time with regard to the number of casinos here, and that we would be better off turning our attention to meeting the problems that have been created or exacerbated by them before we move on to the next step.

SENATOR PERSKIE: I think that is true. I think the economy is sort of doing that for us.

ASSEMBLYMAN SCHUBER: Probably involuntarily.

SENATOR PERSKIE: So we don't have to do it artificially.

ASSEMBLYMAN SCHUBER: One of the other questions, if I might-- I have two more questions. Number one, this is a question that has not been asked of any other witness because they probably didn't think they would qualify to testify with regard to this. But we are seeking knowledge of the total impact on Atlantic City of casino gambling, and we have dealt with some of the social aspects. But one of the big concerns that people had in the beginning when casino gambling came in was, the introduction of organized crime into Atlantic City. Are you satisfied with the work of the Casino Control Commission with regard to the blunting of the intrusion of organized crime into Atlantic City? Or is there more that can be done?

SENATOR PERSKIE: Assemblyman, that is really two questions, and I answer it deliberately that way. Am I satisfied as to the job that they are doing?

The answer to that is an unqualified yes. Absolutely. But just as important, am I satisfied that the general public has confidence in that? I think that is critical. I personally am. I think that there is a reasonably broad-based consensus - certainly among law enforcement, and I think also among state officials, and the general community - that as organized crime, and criminal influence in general, is as daily, constant and permanent threat, one that will never disappear, ever, and one where our vigilance has to be permanent. I think that there is a general consensus that we have insulated not only the industry itself, but also their indirect relationship with the industry in terms of businesses that have to be licensed as suppliers or purveyors, or related businesses and the like. I think that has been one of our great successes.

There hasn't been, since the first casino opened its doors almost four years ago - and I specifically refer to Abscam - the first whisper of scandal of any criminal influence related to the operations of the casino industry in Atlantic City. I make that reference to Abscam because a lot of people associate, in their minds, Abscam scandal and casinos, when in fact there wasn't anything in that that involved any hint of wrong-doing by any of the casino people or any of the casino industry people in this community.

ASSEMBLYMAN SCHUBER: One last question. That is, the Public Advocate had made mention in his testimony this morning when talking about the development of Atlantic City sort of emphasis of the establishment, possibly in the beginning, of a super agency, such as we were talking about before -- something like the Meadowlands. You don't see that as a beneficial thing to be done at this point?

SENATOR PERSKIE: In total, I do not. I concede the motivation that leads reasonable people to recommend that. I think as far as they go in their analysis, from the prospective of the State, it is a reasonable suggestion. From the prospective of this community and its legitimate interest and the representation of our system of government in this State, I think a better answer is to institutionalize at the governmental level, city, county, and state participation, and then, in turn, the community as a whole. I think it would be a serious mistake if we simply created another level of government at the State level or anywhere else, that simply was another governmental agency to deal with the problem. This one, I think, has to be dealt with on a broad-based, unified effort between government on all levels, on the one hand, and the community at large on the other.

ASSEMBLYMAN SCHUBER: That is all I have, Mr. Chairman.

ASSEMBLYMAN FORTUNATO: Senator, thank you.

SENATOR PERSKIE: Thank you. Mr. Chairman, I would close simply with a request, which I assume is automatic, but I know that we are transcribing this, or I assume we are. What I would request specifically is that the transcripts of these hearings be circulated not only to your Committee and to the interested people here, but also, particularly, to every member of the Legislature and your colleagues on the Senate Committee on State Government, because I think that what you are likely to hear is critical if any legislation is to be presented that won't be met with: "This is simply something else to 'do something for Atlantic City,' and they don't need any help anyway". And you know well, as do I, that unfortunately, a number of our colleagues in the Legislature, start off with that frame of mind.

ASSEMBLYMAN FORTUNATO: Thank you.

SENATOR PERSKIE: Thank you.

ASSEMBLYMAN FORTUNATO: Next is Assemblyman Matthews.

A S S E M B L Y M A N M I C H A E L M A T T H E W S: Good afternoon. After hearing Senator Perskie, I think I will deviate from my script a little bit. I am unique in that I can see the realities of casino gambling every day because I am a member of the City Commission; and also I go to Trenton and deal with how everyone in Trenton perceives Atlantic City - and they are not the same.

You talk about housing. Let us talk about housing first-- the investment tax credit. There could be some evils in that investment tax credit, from the standpoint of solving the housing problem. That bothers me because the casinos own the land, in addition to what they already own. That may not be the vehicle to solve the housing problem.

The money we got for luxury tax that was passed and signed into law in January - and I will talk more about that legislation - goes a long way to solving the housing problem, which is a very frustrating problem. We now will have approximately 50 to 60 million dollars for housing in Atlantic City with this legislation. As a City Official, one thing the City has done is, we foreclosed on a lot of property. We took this property. On some of it we are going to put 14 modular housing right away, for low and moderate income people to live in. We introduced an ordinance last week, taking some city land as part of a package and making that available to the Improvement Authority so they, in turn, could provide for low and moderate income housing.

The trouble is, we cannot control all of the land. People are still holding on to that land because they fear that is their "pot of gold". We cannot force people. Eminent domain is a bad word in Atlantic City. People don't want to hear eminent domain. If you look at the north inlet, most of that land is owned - and I can show you maps upstairs - by individuals who are not about to sell their land. The trouble with the north inlet is, it must be built up to a level in some cases of ten feet to provide housing there. That is a large piece of land. How do you force developers to come in?

Then I heard the discussion about highrises and land - the expense of land. Developers do not want to build highrises because they are too expensive. With the interest rates today, to go up means more time before you can move people into those houses or apartments; so, therefore, they do not want to go high. They want to go low or medium. So there is a lot of conflict. I am not sure how legislation is going to solve these conflicts.

I know some areas where it can be solved, and this won't sit well with certain people, but we have 56 acres of urban renewal land that allegedly is being tied up because of riparian rights. The Housing Authority owns the land. They had a deposit of a quarter of a million dollars from Resorts International several years ago. The whole land package, I think, will cost five million dollars. Resorts does not have to take title to that land until they have clear title, which cannot be given because of the riparian rights question. If you look at the economy of the whole thing, that land is not being taxed by anyone. The State may hold out for a couple of million dollars. Atlantic City is losing a lot of rateables and a lot of potential housing because that land is not being developed.

I have written to the Attorney General, who is helping. I have written to Robert Hughey. Of course, these people are all new in the job and are getting acquainted with the problem. To me, that is one of the most serious problems, to provide land for housing. Also, part of our rateable problem is - I am going to go into taxing next - this land. Fifty-six acres of land, gentlemen, is just sitting there with no rateables whatsoever. In fact, I appealed because some of that land is being used by the private sector.

I am appealing to the tax court, saying that, based upon my contention, any public land that is used for private use is taxable. That is being fought right now -- not that much, but there is some.

There are two things that can happen: rateables for the City of Atlantic City - taxable rateables - and also 56 acres of housing, which is more of a controllable piece than trying to put parcels together. We are encouraging developers everyday to do this. I have two or three meetings a week with developers to discuss how we are going to do housing.

Wayne, I think you had a great idea. I wish it would all come under the Casino Control Commission. Part of the problem is CAFRA, DEP, the rest of it. When we do solve some of these problems, getting the financing together and the packaging together, then there are also ungodly waits. I remember for Bally, for example, I think it took them nine months to decide to blow up a dome that they had to blow up anyhow. There was nine months of inactivity of rateables because of -- and I am sure you are aware of the rug situation, and the colors of rugs, and all of these kinds of things. There are a lot of not too bright things that go into it.

City finances: With the budget proposals, if Governor Kean proposes treatment of the franchise and gross receipt taxes and its position on urban aid, this will cost the City of Atlantic City -- if this goes through -- about three million dollars. I am also the Director of Revenue and Finance in the City. The tax base of Atlantic City has been going up. We have lost a lot of State aid because of our rateable increase. Our percent of the county budget has just about doubled over the last couple of years, and this year, unless these cuts do not come up, I anticipate the tax rate dropping for the first time in many years. If these are allowed to go on, to take away from us one thing that we have had, that could add about twenty, twenty-five cents on the tax rate right there.

Also, with financing, there is about seven million dollars that certain casinos owe us in taxes. What this does to our uncollectible tax rate is, we are at about seven and a half to eight cents a million. Our uncollectible tax rate, of course, goes down. That makes an up-grade by taxation higher.

I am having legislation drafted right now, that I feel that the casinos must -- even if they are appealing or not, I don't care if they are appealing our taxes -- have their taxes current before they get another license. That is supposedly one of our salvations, the rateable base that we enjoy from the casinos. If they don't pay their taxes, then it just puts us in a bind. We don't want to get in the casinos business; we don't want to own a casino, we just want them to pay their taxes.

Talking about employment. Non-casino related employees that work on the casino floor should not have to go through this licensing procedure. I had hearings on this for many years. It is ridiculous. The customers are just as close to anything any cocktail waitress is, or any maintenance person is. A customer can walk on the floor, but a person who works for the casino without a license cannot work on the floor. This is costing -- I forget what the budget is now that the Division of Gaming Enforcement wants for licensing, but this could be cut. We don't need the miseries, especially those cocktail waitresses go through. It would be easier for people in Atlantic City to get jobs if they didn't have to go through this procedure, because they finally get disgusted. I think you ought to take a long, hard look at why there has to be that type of licensing for cocktail waitresses and non-casino related jobs.

Twenty-four hour gambling: I have been an advocate on twenty-four hour gambling for about three or four years, but things have changed since then. When I first went for twenty-four hour gambling, there were one or two casinos open. Then it would have been very acceptable to the casinos. Now, it is not that acceptable to the casinos, because we have nine. They feel that the base has been saturated. One thing that we did to expand the base was to have a convention hall legislation. With a new convention hall, we will certainly expand the base.

I am suggesting a couple of other things: Number one, if we have twenty-four hour gambling, it should be permissive; number two, - I will give you details on this in a couple of weeks, after I meet with the Casino Hotel Association - is that the junkets be expanded. And the whole junket regulation changed a little bit, after the fact and before the fact, so we can expand our base from maybe Washington and Boston, maybe out to California, and other countries if we can get people in. The next issue is security guards and other personnel. If the casino is anticipated to be 90 percent full, then you have security guards for 90 percent; if it is going to be 25 percent full, then you have security guards for 25 percent. There needs to be some common sense as to what we request the casinos to do. This will help out the employment. It will give more jobs, not three full shifts, because they are not going to do the business on the third shift, but it will provide another shift for some people. It will certainly give more money to the casino revenue fund. Hopefully, the government will stop taking this money.

I will make one last point. We passed some legislation on the convention hall. Two parts of that legislation were fine; the third part is the problem. The third part has to deal with the formula on how they are going to collect the deficit. The deficit should not be borne by Atlantic City taxpayers.

The formula that was put in the legislation was bad. It doesn't make good sense. Any formula that the casino hotels and motels are going to pay for is going to be bad. It has to be some sort of a statewide endeavor, because you cannot say that certain hotels benefit, or certain restaurants benefit, or certain municipalities benefit, or certain counties benefit. It is a statewide problem. This has to be implemented prior to July 1. I am working on this legislation; I am working on some facts and figures, and hopefully within the next couple of weeks I will have the facts and figures worked out, and I will present it to your Committee for consideration. Hopefully, the bill will be drafted after the appropriations break, and I would like to have it treated on a semi-emergency basis so your Committee can hear it and see if you feel it has merit so we can get it into law before July 1.

I think I have covered most of my points. I knew that I wouldn't take all day.

ASSEMBLYMAN FORTUNATO: Assemblyman, I appreciate your comments. Gentlemen, any questions? Assemblyman La Corte.

ASSEMBLYMAN LA CORTE: Yes. I was just curious. How long have you been the Finance Director?

ASSEMBLYMAN MATTHEWS: Since May 20, 1980.

ASSEMBLYMAN LA CORTE: Do you know what the rateable base was in Atlantic City prior to 1976?

ASSEMBLYMAN MATTHEWS: At the top of my head, no. Steve Norton is back there. We gave him the figure, but I don't know what it is. I know last year we had 330 million dollars worth of rateables, just in the last year alone.

I gave a presentation last year, which I will try to make available to you - I have it upstairs - where I did a presentation for Governor Byrne and he then consented to give us back two percent of the sales tax. It shows how

our rateables increased, and shows our tax base - the whole thing - to where we showed a net profit and ended up gaining nine tenths of a million dollars a year. When we took everything that the city had to give back to the State, versus the rateables we took in, versus the cost we had to put in -- additional policemen, additional firemen, road repair, all of the things we had to do -- the city netted nine tenths of a million dollars to cover all these other costs, which, in effect, made our tax rate jump up a dollar. This year we are finally starting to catch up to where I think we finally made the turn in 1982. We went from a million dollar deficit, when we took over in 1980, to a seven million dollar surplus this year. I think we have finally turned the corner. We are finally catching up on the expenses.

But the rateable base has increased - I don't have some of the figures on my fingertips, but I certainly will get you a sheet on what we have done, and the amount of rate of our local tax. I will just give you a total breakdown.

ASSEMBLYMAN LaCORTE: That is the point that I am having difficulty with because I have seen prior testimony stating that it has been about five times one of the biggest jumps in any city in the state or in any city in the country. I cannot understand the expenditures opposed to the income coming in. With the revenues coming in the way they have, in most communities, when they have a good balance of industry - and your industry is casinos - opposed to no balance of just residential, usually you are able to keep a tax rate down and be able to get the services needed. I just don't understand why the city couldn't respond to some of the needs and problems that are existing right now.

ASSEMBLYMAN MATTHEWS: I will tell you some of the reasons. Our tax assessing methods are very bad. We are doing a reevaluation right now. You take a look at Resorts International; they are assessed lower than the Sands - considerably lower than the Sands, yet they are a bigger operation. There are a lot of inequities. That is one problem. But last year our uncollectible tax rate -- we went up by four million dollars. We had to add that to the budget for uncollectible taxes last year. Finally, we foreclosed. Properties have not been foreclosed on since somewhere back in, I think, 1956. The properties should have been foreclosed upon. We had to get these off the tax roles because they were part of our uncollectible tax. That was four million dollars right there.

Last year just in salaries - once again, we have to be competitive with the casino market - we jumped up about another four million dollars. These two things, eight million dollars, added eighty cents onto the tax rate above and beyond other fixed costs like utilities. We are going to a program of better money management to where we got - this year - a million and a quarter; whereas, two years ago we only had a quarter of a million dollars. We are doing everything we can, and we can give you many reasons as to why the expenses have gone up. Right now we are probably close to paying forty percent of the county tax bill. That is a big chunk, when their amount of taxation may be fifty million dollars.

We have lost school aid from the State. This was part of the presentation that I gave to the Governor last year. We lost all of these things because we have an expanded rateable base and because we didn't have a good evaluation of the town. Sidney Glazier gave us a rating that knocked our socks off. We are going through a reevaluation right now, trying to get our finances in order. I agree with you, in the long run, managed properly, we will have one of the most advantageous tax rates in the entire state. That is what I am working towards.

At the beginning, casino gambling, to what we have now, was not assessed correctly, or not assessed because they may not have been operating. When the Bally project was going on for so long, we didn't collect many rateables on that because they were partially assessing. We are doing that now, but they weren't doing that. So they were just taxing something for the value of the land at an old rate. Then, the tax assessing was done in thirds. Each year a third of the town was done. There were a lot of problems in the past which are being corrected right now. That is why this year we are finally turning the corner. But we had problems before.

ASSEMBLYMAN FORTUNATO: Thank you, Assemblyman.

Assemblyman William Gormley.

A S S E M B L Y M A N W I L L I A M G O R M L E Y: Thank you, Mr. Chairman. It is a pleasure to be here today. I will try to touch on points that might be unique, and a little bit different from what has already been touched on, and to go over certain concepts with regard to current State legislation that you should be looking for and should be interested in as they relate to Atlantic City.

First of all, I would like to mention at the outset, one conceptual difference that the legislators, specifically myself, have with regard to the legislation as it relates to convention hall. We talk about the Atlantic County Improvement Authority. This is something that would have to be dealt with at length, but I want to put it on the record.

I would prefer that the prerogative with regard to luxury tax and with regard to convention hall be placed back within the City of Atlantic City. We have constantly come forth on that, and I believe Assemblyman Bryant was alluding to that. We have so many levels of everything. By the time you cross-reference everything, it is ten years later and there are too many hands in the pie. My feeling is that Atlantic City has gone forth, voted for a change of government, and voted, in effect, for a new era. I think we could look towards legislation that gives the prerogative to the city with regard to the disbursement of those luxury tax monies.

The concept throughout the State of New Jersey, and especially when we bring up a bill in the legislature is, "Well, this is going to Atlantic City. It is going to the people of Atlantic City". I think when we talk about-- Senator Perskie alluded to a new form of committee, or whatever. I think the best committee of all is the City Government of the City of Atlantic City. I think it is getting back to basics. That is something, when we get to legislation, we should be looking to. I would like to see changes in the legislation as they relate to the convention hall facility, particularly with regard to the luxury tax. The suggestion that I have made in recent weeks is that the luxury tax fund be made available to the City of Atlantic City. The disbursement of the money, obviously, would have to have the approval of the State Treasurer. But the City would determine the allocation between convention hall and between housing. I think that best be left with the local prerogative. They might make a mistake; but we can make a mistake very easily on the state level--in fact we manage that every ten minutes up in the Assembly sometimes. But those are the kinds of things that I think we should be looking to. And when I talk about restoring Atlantic City, I want to get to the point about the hearings being up in Lawrenceville.

There is a perception, a stigma, if you will, that is attached to Atlantic City - quite unfairly - a stigma that the hearings have to be in Lawrenceville. If the location of a hearing could affect the decision of the Commission, then I don't think any of those people should be sitting as Commissioners. And if the industry were in your county or in your district, and 99 percent of the individuals were

within a 30 or 40 mile radius working in that industry, it would seem only logical to be located in that area. But for some unknown reason - and this did emanate from the original legislation that eventually didn't go through - the perception that possibly the salt air or the salt water taffy could affect the Casino Control Commission is bazaar. That is something that I find offensive as a representative and as a person from this district.

I think the hard question--going back to Assemblyman Schuber's question earlier, I believe in addressing the question of the integrity of the industry. All too often we come up with meaningless regulations to try to enhance the perception that we are being tough on the industry, when in fact, it doesn't mean a thing. It makes great "PR": "Oh, we are being tough, we are moving up to Lawrenceville". So what. What did that accomplish? The hard decision that might very well come up is Section 93 of the Casino Control Act - relating to organized labor. This might be a tougher vote that might come up some day, and may even be tougher than the sales tax on gasoline. Because right now, being challenged in federal court is the prerogative of the Casino Control Commission to regulate unions that supply employees to casinos. If that challenge is successful by the unions, there are going to be some very hard questions.

Oftentimes, we have resolutions which come before us requesting that the Federal government takes certain action. The Governor-elect made a campaign promise in August, that he would seek Federal action to ensure the prerogative of the State of New Jersey to regulate unions in those particular cases. Because to be in a situation where they would be outside the control of the Casino Control Commission would be an untenable one. That is a hard decision that might have to be made by the Legislature, and in a very rapid manner if the case is lost before Judge Brotman at this time. It would probably go all the way to the Supreme Court. So that is a very tough question.

There are individual pieces of legislation that I think you have to pay attention to. The riparian rights question. It was alluded to earlier by Mike Matthews. There should not be an extension of the riparian rights amendment, which has been used as a method of extortion by the State of New Jersey.

You will find that Playboy and Trump settled certain claims made by the State, based upon old maps from 1840 and 1850, that there might be a riparian claim. Well lo and behold, pressured by the Constitutional Amendment, would you believe there wasn't a claim? But because they were casinos who happened to be ready to open, they were extorted. Now I know there isn't much sympathy for casinos, but the bottom line is, this was a concept that was used. It could be used against a homeowner or anyone - the fact that there might be a claim. That is why we have to have a deadline on this.

The State of New Jersey and Atlantic City have lost thousands of dollars in property tax rateables over the years because of the urban renewal tract and the riparian claim. If you look at it in terms of dollars and cents, the State is a loser. We very well might be coming to you in the next few months, or the next year, for additional aid for a situation which affects the water supply of the City of Atlantic City. It is estimated that up to eight million dollars might have to be taken out of the bond issue to protect the water supply of the City of Atlantic City and surrounding communities. This is a legitimate problem. It is rated as the number one landfill problem in the State of New Jersey by the Department of Environmental Protection.

Other legislation which might be very important relates to our need with regard to our Transportation Authority looking to long-range funding. We have

a situation that is very similar throughout the State. Transportation is a losing operation. I think we have to look to -- because we do have some advantages here, in Atlantic County -- a self-sustaining system, and the fact that we eventually might make use of our NAFAC facility, a federal facility with a multi-million dollar runway. We are fortunate to have it here. We might have people coming in from all over the country.

We might have to look to the money made by that facility to support the bus system as it affects the day-to-day commuter in Atlantic City. What I think you are looking for, through your hearings, is to take advantage of the money that might come in from one form of transportation and relate that to the commuter -- to the senior citizen, to the person, on a day-to-day basis, who has to make use of our bus system.

With regard to housing: the first mention of making use, for housing, of low cost, tax free money, was a public hearing two and a half years ago where a then very young legislator from Bergen County came down here and testified about one his pet bills. He is now the Counsel to the Governor. It was Cary Edwards who came here to the very first hearing seeking to make use of tax-free money through the Improvement Authority, or even the bond capacity - through a tax-free bond capacity - and we have done that; we are working on that. It is not an overnight success, but it is at least a local solution to the problem of housing.

We have a great opportunity here. We do have our problems. We haven't solved everything overnight. I guess what I would want to see is, no more layers of government, no super agency -- coincidentally, the Governor is opposed to the super agency. I think he and Mr. Rodriguez better cross wires on that. We don't need super agencies; we don't need other layers of government. I think we need to eliminate layers of government; we need to put Atlantic City directly in contact with the State of New Jersey so that the stigma or the perception that you have of the city is dissipated, and the levels of decision are eliminated. All we need is a couple. When you get to eleven or twelve, you wind up with three or four-year debates on a housing project, and you wind up with too many people having to voice an opinion. Once they have to voice an opinion, they have to become experts on that. Once that happens, you run into needless delays.

I appreciate the opportunity to appear today. If there are any questions, I would be more than happy to answer them.

ASSEMBLYMAN FORTUNATO: Mr. Riley.

ASSEMBLYMAN RILEY: Just very briefly. You sort of alluded to it, and you and I have spoken on occasion about a general atmosphere around the State, particularly in the Legislature, of "be leery of Atlantic City. Be leery of the casinos." There is a "hands off" type of an attitude. Do you think there is any way that we, not only as a Committee, but as the Legislature, could turn this around? I think it was already spoken of earlier. We have, probably, the most investigative personnel in the history of the world working for these casinos. The licensing procedure is, I think, incredible. We have, probably, the most substantial people in the world: we have former directors of the FBI, and people like that. These are the casino personnel. How do we relate to the Legislature, to the people in the State and to the nation, for that matter, that Atlantic City and the casinos are not Las Vegas. We have a different situation. How do we relate to people, to get rid of this atmosphere of mystique that there is some type of a "boogie man" in the background?"

ASSEMBLYMAN GORMLEY: I think what you have to do, quite honestly, is to look to legislators, when they are sitting around, bored, in their office saying: "I need a headline"; "Well, we will talk about Atlantic City and casinos

gaming". That happens too often. Your question was a good question, Pat. The proforma -- the proforma organized crime -- we have to be tougher on that. I always find it amazing. Oftentimes these people who are law and order fanatics, when it gets close to home, they don't really believe that much in law and order. That is why I mentioned Section 93. That is a tough issue to deal with -- a very hard issue to deal with. Those are the kinds of areas where we should be tough. But, what we have to do is, we, through regulation or through statute, further cause the stigma, if you will, because we cast a shadow over the industry that is unfair to the industry. I think these are people who want to be controlled and want to be protected from, shall we say, organized crime influence, as much as anyone; they are susceptible. They are wide open. They want us to protect them. They want needed regulation, if you will. They just don't want unwarranted regulation that causes unnecessary expense, which is done oftentimes just to give the public the appearance that we are doing a job when in fact we are not. But it looks good, as if we are being tough when we don't have to be tough.

They have a unique situation. Whatever the Casino Control Commission spends, it is just passed on to them. That is what I call an open-ended tax. It is needed, but I think we have to be careful not to abuse it. The Commission has to be careful not to abuse it, or to look to it as though it is an open-ended fund that can go on forever and ever and ever, or that we can investigate them as much as we do.

But you will find that if we were to take the forms that are used for key employees, and if we were to take the requirements that they are subject to, for example, "Let me see your checkbook" -- how many legislators had that been done to them? They can come in and just look at your checkbook: "You better let me see your checkbook. You better let them see all of your records." Are we, any less a key employee of the State of New Jersey? I don't think that ethics bill is going to pass, where we fill out that 125-page form.

If you talk about a scrutinized industry, this industry is more scrutinized than any other one. Why, when we get ethics legislation in the State of New Jersey, is Atlantic City singled out? I have voted against every piece of ethics legislation that has come up -- you have to. But I voted against that legislation. I will say this, "Put a lifetime ban on Bill Gormley. I don't want to represent a casino". That is not the question. But, if you single out the industry that happens to be the major employer in my area -- if you single out that industry and say, "Oh, you are a little bit different", you might do this. When you changed the constitution, you said it was legitimate. And if all these rule and regulations are so viable for the casino industry, I just want to apply them to banking. I want to apply them to insurance. I want to be moral all the way. I don't think there is any problem with that. "Wait, we will pass the bill tomorrow. All of us will fill out the 125-page disclosure form" -- that will not get out of committee. That won't see the light of day. I just want to spread the morality around; I want to be fair to everybody -- equal protection.

ASSEMBLYMAN RILEY: Through you, Mr. Chairman. Bill, would you say that the Casino Control Commission helps perpetuate this attitude, particularly considering that they shroud themselves in some type of secrecy and then seem to let the word out? You can't ask them a question, but they let things out, usually by anonymous sources. Do you see any way we can turn this around? Do you think maybe we have to go after the Commission and not let them have a free hand, which they have now?

ASSEMBLYMAN GORMLEY: Well, I will say this: I have met with Mrs. McGuinny and Don Thomas recently, and they have really expressed a sincere concern on housing. That has impressed me. I have had problems, specific problems with the Commission -- quite honestly, Commissioner Danzinger, to whom I sent a letter. When you have that much prerogative, you are a judge, you are a jury, with a lot of power, and you can say no to someone. But be courteous. On occasion that power has been used to go into tirades against people from the Division -- Guy Michael being an example, who has just left the Commission -- and certain people who are up for licensing. I do not question the prerogative of the Commission to say yes or no. But I question circumstances where people go beyond saying no and try to take a piece of flesh out of somebody. That is not the function of a member of the Casino Control Commission; that is not the function of an Assemblyman. That is not the function of anyone with a title. Our titles and our prerogatives vest in us a great amount of responsibility, to deal fairly with the issues, but at the same time, not to take a-- This is a vulnerable industry. Who, in the State of New Jersey, feels sorry for a casino executive? I mean, really? They are making a lot of money. They are rich. So, if he or she comes and stands before a commissioner, that person is open game.

I resented when John Degnan was on a television interview show taking telephone questions on an on-going hearing. I thought that was unprofessional conduct. It was right after Resorts, when they said it shouldn't have a license. That was their prerogative to say that. But the next night he was on Channel 12 or Channel 13, whatever it is where you are, saying: "Oh, yes, we don't think they are good enough to get a license." Well, isn't that fine. Don't run any gubernatorial campaigns at the expense of my district. I don't want to see anybody from my district do it to your district, and I would expect the same courtesy. That is why I very much appreciate your Committee being here today and listening to this type of input.

I, and I know we all, feel this way. I don't want to see special legislation all the time; and I am not going to get into the bill that was up the other day. But, what I try to do when I put a bill in is, I want to make it general legislation. We don't want to be singled out. Our goal, believe me, in Atlantic City, Atlantic County, and in South Jersey, is to eliminate this succession movement. We want it eliminated. We want to be a part of the whole. One thing that has gone a long way, as far as we're concerned is, the question of, "Has that person worked for a casino?" There is a new DEP Commissioner by the name of Bob Hughey. He happens to be from our county, and he happens to have at one time worked for casinos. I think you have to base a lot on the people from an area. He has been given a major cabinet appointment, which is unique for someone from South Jersey -- especially for our county. This is an opportunity that we have, and I ask you to look at the job that he does. You say: "Hey, he came from that casino county", and that was one of the objections. There are certain stereotypes that we would like to see overcome. Hearings like this give us the opportunity to present those points of view to you.

For example, convention hall: We might need a statewide bond issue on that. I welcome the opportunity to go to every district and explain why a convention hall is necessary. But I also want you to know why we think this industry can help you, or this district can help you. We are lucky to a great degree. Look at these rateables. That is a unique situation. One of these rateables represents an urban renewal program for Newark or Jersey City - one hundred and fifty million dollars. You fight for twenty years to get that in for new construction. If we can do anything to spread the base, I think we should. But the bottom line is this: there are hard economic times in the State of New Jersey. There can be a couple of more casinos

built down here, and more construction. We are fortunate to be able to do it, and we can offset, to a great degree, poor economic factors throughout the State and Atlantic City, by the State of New Jersey and Atlantic City working together.

The riparian claim alone has offset possibly a billion dollars worth of construction over the last four or five years, construction whose rateable base, income tax base, corporate tax base, and everything else, would far offset the riparian claim that could have been made. But instead of dealing with it, as the former Attorney General should have dealt with it by saying, "How much money is this going to put in the people's pockets of the State of New Jersey?", it was much easier to say, "Oh, we are going to fight the big casino". Actually, the big casino, I think, has made more money settling the case, because they tied it up for \$250,000 instead of paying property tax.

ASSEMBLYMAN FORTUNATO: Assemblyman, thank you.

ASSEMBLYMAN GORMLEY: Thank you.

ASSEMBLYMAN FORTUNATO: I would ask to refrain from any outbursts like that. I think if we were to allow those comments, there wouldn't be too much accomplished here today.

ASSEMBLYMAN LaCORTE: I just want to make one comment. Bill, the Commissioner didn't say that he called for a super agency. He was really responding to a question I had asked regarding the ability of the Casino Control Commission to handle the urban redevelopment of Atlantic City, which I really think is the thrust of what we are here for. We are not here regarding the ethics of licensing the casinos. What we are gathering today, I think, is really a filtered-down theory -- we have heard from one speaker -- of getting Atlantic City and the region involved in the economic development of what is going on on the boardwalk. I asked the question: "With the volume of work the Commission has" -- whether it is too much or not -- "can they really handle that phase?" -- which was called the second phase in other testimony. His statement was: "Maybe on an earlier basis, when we first planned it, it might have been advisable to start a regional authority -- something like the Hackensack Meadowlands development up in North Jersey." But that was hindsight, not for the future. I do believe, and that is why we are looking for this input, that from what I have gathered in the short period that I have been here, that I don't question whether the Commission can really handle the urban redevelopment of this area.

ASSEMBLYMAN GORMLEY: I guess if I could give you an overall concept, I would give it back to Atlantic City, working directly with the Treasurer, on all of these concepts. Because what we do is, we write great laws, and we take in every possible contingency that we can think of. But if you put six, forty-page laws together, you cause confusion. Let us go back to this form of municipal government and say, "Why don't we do a unique thing? Why don't we take a chance with the local form of government and vest that prerogative there, working hand in hand with the State, and cut out all of the middle men?"

ASSEMBLYMAN FORTUNATO: Thank you.

ASSEMBLYMAN GORMLEY: Thank you.

ASSEMBLYMAN FORTUNATO: Next is Mr. Charles Worthington, the County Executive of Atlantic County.

C H A R L E S W O R T H I N G T O N: Mr. Chairman and members of the Committee -- Wayne, how are you? -- I would like to welcome you, officially, to Atlantic County, and to Atlantic City, and certainly congratulate you on your endurance. I know what these hearings are like.

I would like to cut through some of my testimony, and perhaps touch on some matters that haven't been touched on. I think all of us have read the sometimes exaggerated headlines about casino problems, concluding that casino development must be drastically slowed in order to avoid our depletion of resources, environmental hazards, and real social and economic hardships. It must also be considered that casinos did not raise interest rates to astronomical levels, and consequently prevent local business from remodeling, expanding, or even starting new ventures. Nor were the casinos responsible for CAFRA, riparian laws, Pinelands Commission, and other regulatory agencies with conflicting philosophies and programs. It is not the casino industry that is responsible for such current ills as unemployment, the housing shortage, high interest rates, inadequate human services, etc. These are largely attributable to the drastic slowdown in the national economy, but are also linked, in part, to the fragmentation that now exists in many state agencies, each devoted to its own philosophy and pursuing its own objectives in attempting to force the region to conform to its expectations, and frankly, to a total lack of coordinated state development policy. There is no development policy in the State of New Jersey.

We had the DCA, for example, in a study done -- pre-casino gambling -- on Atlantic County, that indicated Atlantic County was going to be a low growth area. They continue that -- trying to enforce that kind of policy -- even after the enactment of the Casino Referendum, which indicated that there is a new state policy that says that Atlantic County and Atlantic City is going to be a high growth area, and an area of rapidly expanding economic development.

Then you have the Pinelands legislation, which is trying to implement a State policy that indicates much of the development should be pushed from the mainland and the pine areas into the coastal region.

Then you have CAFRA, which indicates just the opposite, that we ought to push development back from the coastal region, onto the mainland region where there is room to expand.

We do not have any consistent or any formal state development policy, as such. We have a variety of agencies, each going in a different direction, uncoordinated, with actually no relationship to one another.

Just as many want to blame the casino industry for most of our short-falls, so we are guilty of selective amnesia. We cannot remember that each casino, when it opens, is a larger employer than any company or institution in Atlantic County prior to the casino era. Each casino averages about 3,500 new jobs, and one county resident out of every five is casino employed. That is a tremendous and dramatic impact.

Each casino, when it opens, reduces our county welfare roles by approximately 300 cases, or about five percent each. Each casino generates a payroll in the tens of millions of dollars, and each casino indirectly supports the efforts of thousands of small and large business people in the area. Each casino increases the resources, directly and indirectly available to our community groups - our cultural organizations. For example: our United Way, this year, I think, reached a goal of over 700,000 in contributions.

Most significantly, each casino brings hope to thousands in this area for employment, for advancement, and for the first time in years, our young people are not driven to leave the area for lack of career opportunities and prospects.

Contrary to rumor, the casino industry does have a social conscience. If you are among those to whom this comes as a surprise, it can only be that you have forgotten the dismal uncertainty and economic hopelessness, which we faced here prior to 1976.

The casinos are keenly aware of the social and economic problems that confront Atlantic County, and have demonstrated a sincere willingness to work closely with other institutions in the private and in the public sector in addressing these problems. However, they cannot assume this entire burden unaided and by themselves.

Furthermore, in these times of recession and severe cuts in federal funding for the social programs, were it not for casinos, the social and economic climate of Atlantic County would be both inhumane and unbearable.

Because the casinos were here, Atlantic County started on the road of a new federalism long before the term became fashionable. In line with this is our development of a welfare diversion program, and we go by the acronym STEP, "Striving Toward Economic Power," which attempts to impact on the present welfare system by providing the potential welfare client with job seeking skills, necessary training, and education to move these clients into the job market. We are fortunate that the casino industry has generated ample job opportunities, both in skilled and unskilled areas. Otherwise, STEP would not be feasible.

Take another newly coined Washington phrase, "the private sector initiative." Private industry and county government have often cooperated in the past, especially in the areas of employment and affirmative action requirements. For example, our Local Private Industry Council of the Atlantic County Division of Manpower, has recruited and trained handicapped individuals and minorities to meet the job skill demands of the casino industry. Conversely, when as a result of deep federal budget cuts, county government was forced to terminate some 200 public service employees of the Division of Manpower. Local industry, largely the casinos, absorbed 90 percent of these experienced workers.

These past achievements are commendable and have provided the thrust to expand on an already effective public-private linkage, and broadened the scope in solving community problems. This linkage has recently been formalized with the creation of the Atlantic County Task Force on the private sector initiative, on which a number of key casino executives play an important role, along with local business leaders and labor leaders. This group has begun to discuss, explore, and recommend changes in government policies, regulations, social services, licensing requirements, tax policy, administrative procedures, and corporate practices, such as social impacts of investing decisions. Topical issues affecting the well being of county residents are also being addressed, such as housing, environmental regulation, convention hall, tourism, and employment.

I am also proud to report that not only do we have the support and the encouragement in working hand-in-hand with the Casino Control Commission in this effort, but Commissioner Carl Zeitz sits as a member of this group. I feel confident that the cooperative spirit which exemplifies this body, will succeed in diminishing the ramifications of a reduced state in federal budget, and provide those services deemed essential for the well being of our residents.

Perhaps you recall the Governor's Cabinet Committee on Atlantic City, created with such fervor by then Governor Byrne in 1979. It did nothing it set out to do. It made even less impact. And, if they ever bothered to issue a report, that report was the best kept secret in New Jersey. We feel confident that Governor Kean will recognize that far from imperiling development in our region, local input in the development, and coordination of policy is a basic necessity, without which we don't think there can be development policies articulated with much success.

To this end, and given the commitment exhibited by our private sector Initiative Task Force, I would like to see this group evolve as a broad-based community planning nucleus. This group would consist of representatives of private industry,

volunteer agencies, community organizations, and municipal county and state governments, and would have the ability to recommend the solutions to many very complex local needs. Moreover, we must bear in mind that in our county, we are facing, by July 1, a 300,000 to 400,000 dollar cut in Title XX monies, which is likely to result in severe or even total cuts in such areas as daycare centers, adult protective services, housing placement programs, welfare services, legal aid, child abuse and neglect programs, and practically all of the youth programs. We agree that there is a severe need for housing; we feel that it would be an error to place immutable restrictions on the use of these funds - that is the investment tax credit monies. Therefore, we feel that these monies, under certain circumstances -- like to preserve endangered vital programs, such as the Adriatic Daycare Center, which is being phased out, etc. -- we could use these broad-based health and human services resources from that investment tax credit.

I would just like to say one word about housing, and I guess every speaker has addressed it -- Steve, very articulately, in terms of some of the problems we are having with our local Improvement Authority in its very complex process of working with DCA in trying to determine where these low tax free bond monies are going to be utilized. We have had a proposal in that group, the Improvement Authority, to set up some land as a gift -- at a free price -- to have developers come in there and build housing. It's not only housing that we need desperately here in this community, it is probably, most importantly, rental housing. the factor of free land in Atlantic City, and given also the factor of tax free, low cost interest loans available to developers to develop, and given the factor that we can have these developments managed by a community group, like the Improvement Authority, in order to create rental housing -- for a one-bedroom rental house, it would cost anywhere from five to five hundred and fifty dollars a month. Two bedroom units would cost about six fifty. Three bedroom units would cost up to about seven hundred and fifty dollars per month. So, with free land and the lowest possible interest rates available, rental housing and low income housing, and even moderate income housing is extremely difficult to achieve. I think this is why there is so much interest in housing, and why so little has been done to date. It is an extremely complex problem. We are impacted upon by national concerns, high interest rates, etc., and also entering into consideration and discussion, I think are some ordinances that are disincentives to investment in rental housing, such as the kinds of programs that many municipalities have concerning rent control. Atlantic City also is a rent control district, so it is very difficult to attract investment capital into rental housing where it is subject to rent control. But, these are some of the things that impact upon finding quick and easy solutions to a variety of these problems.

Gentlemen, I thank you for the opportunity to come and make the presentation.

ASSEMBLYMAN FORTUNATO: Mr. Worthington, thank you.

MR. WORTHINGTON: My pleasure.

ASSEMBLYMAN FORTUNATO: Next is Mayor Joseph Lazarow.

Mayor, I thank you again for your hospitality.

MAYOR JOSEPH LAZAROW: Mr. Fortunato, we certainly want to thank you and the Committee. As Mayor, I think it is great that you came to Atlantic City to receive input from citizens concerning the impact of casino gambling in Atlantic City and the surrounding area.

If you have been to our neighboring state of New York recently, many billboards advertising hotels in the Catskill areas have large white discs attached to their billboards. There are three words on those discs: "Casinos mean Jobs".

So, it is clear for the people looking at Atlantic City from the point of view of another resort area, that they regard the creation of additional job opportunities as the primary motive in seeking gambling legislation. And so it was in 1976 when the Committee that rebuilt Atlantic City, of which I was Chairman, went to the people of New Jersey to ask them to grant us this special privilege through their vote for passage of the referendum. We were successful in communicating this idea to the people of this State at that time. By granting us this special privilege, they helped boost the economy, not only of this area, but of the entire State of New Jersey.

It is a curious thing, that within a month or two of the passage of the referendum, we were advised by bank officials and experts of the field of high finance, that there was no money available to finance casino hotel development in Atlantic City -- no money anywhere in the country, or any other country. So, the suggestion was made that an authority be created at that time, similar to the Meadowlands Authority, which authority would buy some of the larger hotels in Atlantic City, put out a bond issue to raise money to refurbish or rebuild these hotels into casino hotels, and then to lease them back to the former owners who would then, probably, bring in casino people to operate these casinos.

But, at that time, along came Resorts International, and they put together the necessary financing, and they renovated the old Haddon Hall and made, of course, a phenomenal success of it. When their income figures went out to the world, the developers flocked in and found the necessary financing, and of course, in four years, put up eight additional beautiful hotels.

Since the advent of casino gambling, 1,272 new units of housing, plus 955 rehabilitated units, have been created -- both for senior citizens and families. You can see some of these units to the north of this building where we have two high-rises for senior citizens, and one going up; we also have the Charles P. Jeffrey Towers a few blocks from here. At present, we also see under construction, at North Klein and Pacific Avenues, the Tannon Towers. I feel that this pioneer project will be successful, and that other developers will then follow their lead and start the construction of similar type projects that have long been on the drawing board. But because of the nationwide problem of high interest rates and escalating building costs, together with the additional local problem of extremely high land values, there has been no enthusiasm among the private developers to supply us with the middle income housing that we so badly need.

Various estimates have been given as to the number of housing units needed. I think the original master plan set forth that approximately 15,000 additional units would be needed by 1990, or 2,000 units a year for the next eight years. Now, that is where we will need your help, and the help of the people of New Jersey.

To pause for a minute, let's go back and ask, "Well, what have we proved through this unique urban renewal experiment?" Well, we have proved that casinos can succeed here, that they provide thousands of job opportunities, they provide rateables, and they are able to bring many more millions of visitors to our resort, annually. We can see the buildings, and we can see the throngs of people in the winter that we never saw before. But, for the people of New Jersey, as well as for you in the Legislature, the job is really on half done. The passage of the gambling referendum and the enabling legislation, which was supposed to have brought a better life to the residents of Atlantic City, has not done so to the extent that we had hoped for or desired. But we have proved that we have the potential for accomplishing this job.

Now we must find means of communicating again to the people of New Jersey, that new efforts are needed to bring the benefits of gambling to the people.

It is unfortunate -- and it has been expressed by your legislators, our legislators before -- that once having given gambling to Atlantic City, the people of New Jersey felt that they had done what Atlantic City had asked for, and that they could now forget about Atlantic City. And so, the State began to take away from Atlantic City. It took away the luxury tax, it took away aid to education, it took away access through the creation of the Atlantic County Transportation Authority, and now, of course, their budget plans to take away considerable city aid. We are asked to have our visitors pay ten percent in luxury and sales tax instead of five percent.

The two percent reinvestment tax, which was originally intended to help redevelop non-casino projects necessary for the well being of the city, it has been admitted, was poorly drafted and then altered so that it failed completely in its purpose. And the commitment for housing, which was supposed to have been imposed by the Casino Control Commission, was never put into effect.

The State wisely made provisions to recoup from the casinos, all of its expenditures in connection with the licensing and regulation of casinos. This amounts to many millions of dollars a year. But no provision was made for the City of Atlantic City to recoup its expenditures for additional fire, police and other services which it needed to provide by reason of the influx of casinos.

So, the State and the people of New Jersey must take another look at the picture in Atlantic City, and provide some portion of the taxes generated in Atlantic City, whether it is the two percent reinvestment tax, or three percent sales tax which the State intends to keep. This should be returned to Atlantic City to accomplish the goals originally set to help the people of Atlantic City. With these funds, and with the enforcement of the casino commitment to housing, we would be able to acquire land in Atlantic City, which when added to the scattered parcels of land we already owned, would provide suitable sites to encourage developers to build the kind of housing and the number of units we need. The land in the inlet area is floodland, and flood insurance cannot be obtained until the height of the land is increased by some nine or ten feet.

We have devoted the largest tract of city-owned land, the former sanitary landfill, to a giant housing project known as Marina Cove. After battling for three years in Washington, we finally succeeded in obtaining a 6,330,000 dollar UDAG grant to correct the soil conditions, and make way for a 50,000,000 dollar development of across-the-board housing, targeted particularly for the middle income family. Six hundred and three units will go up in the first phase, and eventually we hope to have over 3,000 units in that area. This is the most comprehensive across-the-board housing plan to date. But our needs are much greater.

There are several other facts to keep in mind. In the thirties, Atlantic City housed 66,000 people -- with very few high rises. Since casino gambling, Atlantic City has zoned more land for residential use than had ever been so zoned before. And we are not selling any city-owned land, unless there is an agreement to use it for housing. So, we need some portion of casino generated taxes to return to the city as a capital fund, out of which land can be acquired, the central business district improved, and the entire infrastructure be upgraded. This will result in homes for the residents, more business for the central business district, and a much more attractive city for future development of the casino and convention industries, as well as diversified non-casino business projects. The net result will be that more people will have better jobs, and the city will be much more attractive to development of all kinds, so that eventually, the State, the senior citizens, and all of the people of New Jersey, will be receiving the benefits of the prosperity of Atlantic City.

I hope that this meeting, and your hearings here will be the beginning of a new period of understanding and communication between the people of Atlantic City, the State, and the people of New Jersey.

ASSEMBLYMAN FORTUNATO: Mayor, thank you. Mr. Bryant?

ASSEMBLYMAN BRYANT: Thank you. Mayor, you have quite adequately pointed out that there are problems after having the casinos. I think all of the elected officials, between the Senate, the Assembly, and yourself, have stated that there have been a lot of good things that casino gambling has done. I think this Committee recognizes the same. My problem is twofold: I once read that the achievements of society will be judged by the least of us -- that means those who are living in the inlet; those that have no hope. It seems to me that what's happened in Atlantic City is, we built nine magnificent casinos -- nationally known. Yet, we are perplexed as to how we can have a human being live like a human being in a house. It seems to me with the kind of technology that we had to build pyramids, or to build casinos, could be directed toward making sure that the least of us can live in a decent way. I think what this Committee is here about is how do we focus our attention, now, on the least of us -- those who are the byproduct of what the casinos have caused? How do we protect those individuals?

MAYOR LAZAROW: Well, it has been stated here by other speakers that some mistakes have been made in the casino legislation. But primarily, it was a mistake of attitude and a mistake of being too anxious. We were in such dire straits in '74-'75, and we were so anxious to get something up, so anxious to get the doors to the casinos open -- No sooner had the referendum passed, when the people would ask, "Where are the casinos?" What they envisioned, or what they dreamed is that the jello mold would be overturned, and there you have a beautiful casino city with the housing and everybody would have a beautiful life to live. But of course it didn't work that way, and that is our dilemma, because we certainly intended that it should be for the benefit of the people of Atlantic City.

That is why I say we were too anxious; the legislators didn't provide certain funds to go immediately to the city for our infrastructure -- for the building of housing. All of the problems of housing have been stated, those that are peculiarly unique to Atlantic City. We can do it. Why talk about the past and the mistakes of the past? It was a tremendous new opportunity which we seized. What I try to point out is that we now know that it will work. It can work for the purposes that it was created. We have to put our shoulder to the wheel and build more unity between the people here, as we were unified when we went out to get casinos, a little more understanding on the part of the people of New Jersey as to the fact that the job is only half done, if that, and that we need additional help. It is not time to withdraw the assets. This is the time to start to put some money back into the business -- as a business, I mean the whole city. That is what I am trying to say. We need additional help by way of a return of some of the taxes generated here to do this housing that we need. Now, by getting 6,000,000 from UDAG, it was one of the largest housing grants, granted to any city in the last few years -- including giant cities such as Chicago, and so forth. We are using that to trigger a 500,000,000 dollar development, and 3,000 housing units. The type of units that we are putting up are affordable. They start at 37,000 dollars. They can be paid for by a person earning 20,000, 30,000, 35,000 dollars a year at low interest rates. Now you can take a look at one of these units at Stovers Mills, which is not far from Trenton -- near New Hope -- beautiful houses that are selling for 45,000 dollars. They are air conditioned, and so forth. So, I think we have the beginning of the answer to our needs. I think we are ready to go. All we need is a little assistance. We are getting some from Washington, we need some more from Trenton.

ASSEMBLYMAN FORTUNATO: Thank you, Mayor.

MAYOR LAZAROW: Thank you.

ASSEMBLYMAN FORTUNATO: Next is Mr. Clayton. Is he here? (No response)
I guess he is not here. Okay, Mr. Colanzi.

EDMUND COLANZI: Good afternoon, Assemblyman. I would like to congratulate all of you for your patience and understanding, first of all, for coming to Atlantic City. In my presentation, if I haven't answered Assemblyman Riley or Assemblyman Bryant's question, I would appreciate if you would ask me the question, because my answer would be somewhat the same, but possibly in a different way. I hope, possibly, in this presentation, and probably in some of the others, it is being spelled out, and I might try to clarify it.

In 1976, the people of Atlantic City joined hands for a common cause. Their city had died. To reincarnate the world's playground once more, the business, labor and residential community understood the effort given must be unanimous -- unified and dedicated. Under a flag called the CRAC Committee, the Committee to rebuild Atlantic City, we campaigned across the length and breadth of New Jersey. We asked the people of this State to vote yes for casino gambling in Atlantic City. We told the people of the State, because we believed it, that the only tool we believed would encourage private enterprise from around the world to reinvest in this city, was casino gambling. We believed it would revitalize our primary industry, that industry being the hotel industry.

Thanks to the people of this State, we were granted our requests. Unfortunately, that is when some of our new troubles and problems started to occur, thanks to State government. State officials, in their wisdom, sat down and decided how they would cut the pie, and also decided Atlantic City should be thankful that new rateables would bring in new taxes. Therefore, all other potential tax money should go to the State.

The year 1977 was a fiasco. It seemed that every other day, newspaper announcements indicated someone was going to build a casino in Atlantic City. However, by the end of the year, the only people that made money were lawyers, architects, engineers, and planners. The companies whose stock had coincidentally gone down prior down after the announcement, drastically went up after the announcement, and by the year's end, some individuals throughout the country might have made a killing on the stock market, but Atlantic City had only one real developer - Resorts International. Speculators were having a hay day. Property values were going up everywhere, from 500 to 1,500 percent. But, for the most part the people waited. During that same year, the State legislators cut up the pie on the State level and started the beginning of a three year chant, "We gave Atlantic City casino gambling, what else do they want?"

The year 1978 did improve in some areas. Resorts International opened their doors, the massive crowds of the Memorial Day weekend were observed by millions, and also by a handful of businessmen, who now believed casino gambling in Atlantic City was for real. Some of them sincerely started to get involved with land acquisitions, planning, and the construction of new casino hotels. The land values soared again. Thousands of workers in the construction field were taking home some very healthy salaries. Thousands of people were getting jobs in the new industry.

The record will show then and now, approximately 80 percent of those people, and at some periods even more, did not live in Atlantic City. Many of them did not live in Atlantic County. Some didn't even live in New Jersey. Historical flashbacks might compare it to the California gold rush or the black gold of Oklahoma. By this time, most of the boardwalk merchants had lost their businesses. Unfortunately,

through the ignorance of all local officials, this occurred because we didn't have the foresight to see or understand until it was over.

Hundreds of residents in high rises lost their residential dwellings because the properties were purchased and cleaned out. In those cases, the city lay helpless because there were no laws they could enforce to stop that type of activity.

Another thing started in 1978: A new trend began that started to hurt many homeowners, and especially property owners of Atlantic City. The sales, whether for real development or speculation, caused Atlantic City to have a new valuation. These new figures, established by the State, have cost Atlantic City tens of millions of dollars in school aid. It cost Atlantic City millions of dollars in social service grants, and it also cost Atlantic City's contribution to county government to go from 17 percent to what is now a 40 percent contribution to their budget. The money was leaving our coffers faster than the new money was coming in. Labor and utility costs were rising all around us. Additional services, because of the new industry, were also necessary. Added to three items mentioned -- you must understand that 23,00,000 dollars, above and beyond these items during a three year period, were added to the city's budget because of the loss of state aid or added contribution to county budget. Finally, in 1980, thanks to the help of then Assemblyman McManimon, now Senator, a bill was introduced that would have helped residential property owners that were unfortunately in casino zones or MCR zones, so they would have been assessed at residential use. It passed the Assembly, was watered down in the Senate, and never signed by a Governor, so they even got hurt.

Some people did make money. Those that couldn't afford the new taxes -- because in these row homes, the six or seven hundred dollar taxes, between row homes or heavily dense areas of homes, went somewhere between 3,500 and 5,000 dollars. Many of these people were on fixed incomes. A good portion had not been made part of the new job market. It must be admitted, there were some residential property owners who did sell at very high prices. However, their financial ability to remain in Atlantic City, even with the new monies, became financially unrealistic, and therefore they left the city. At least for that handful, they did have some money before leaving. Today the valuation is still there. But there are no buyers at half the price.

During the same period, there was a cry for new housing. State officials were condemning Atlantic City's government for not making housing available. The media ripped us apart, and the buck stopped at City Hall.

The fact that there were no developers who wanted to purchase land and build housing, because financially it couldn't be done, was not admitted by State officials or anyone else. The fact that tens of millions of dollars were needed from someplace, so the land could be purchased at fair market value to treat the present owners fairly, and then donated to the developer so they could build affordable housing, was never admitted.

The City, to the best of my knowledge, never turned down a legitimate developer who wanted to build housing without public assistance. The housing that was built -- and it is more than people would like to admit -- was built because the City either put up monies, or donated free land.

I must admit that bills that were introduced and finally signed in early 1982, had made monies available that can be used for housing. Some planning and development has already taken place by the Atlantic County Improvement Authority, and we can reasonably believe, now that the money is available, there will be even greater movement and development in 1983. However, one of my points is, this could have been accomplished several years sooner.

While all of this was going on, the State of New Jersey collected casino tax money earmarked for the elderly and the handicapped -- and in my opinion, misused some of those funds, and certainly misused the interest being derived from those funds. The State of New Jersey also collected well over 100,000,000 dollars in various forms of business and income tax, and Atlantic City's government never actually saw any of it. Besides collecting all of this money, they reduced by tens of millions of dollars, their contribution to Atlantic City. At this point, we must emphasize another thing that happened, not only to Atlantic City and New Jersey, but to the whole country, that hasn't helped any of us -- and that is called the prime rate. It has essentially stopped the growth of construction throughout the whole country.

In Atlantic City, the last four or five casinos that have been built, have the problem of paying back those mortgages at extremely high rates. In fact, one of the major reasons there has not been additional development, is the prime rate. Admittedly, this problem is beyond our control.

Besides a city government being charged with all of the blame, there has been another whipping post, and its called the casino industry. Every time there is a need for money, someone suggests they pick up the tab. Because of this, there might be a perspective casino developer that will not come in to Atlantic City until this problem is resolved.

Let us understand that before a business venture moves into town, you cannot force him to live by the rules. And if their accountant says the rules are too expensive, they will just invest their money somewhere else.

At this very moment, there is a frustration as to how to renovate and build a convention center in Atlantic City, so that it might help the business community. It might be the only catalyst that will encourage non-casino hotels to be built. At this very moment, there is shortfall of at least 6,000,000 dollars a year for five years in order to build what is considered to be absolutely necessary, to stay competitive with the major convention facilities around the country.

State government, thanks to the casino gambling, adds tens and tens of millions of dollars to their coffers each year, above and beyond the casino tax, because of our commercial rebirth. Why shouldn't the State at least loan the money to Atlantic City, necessary for the shortfall during the first five years? Not because the Governor is a nice guy; or not because Atlantic City deserves it; and not because of charity; but, because good, sound business says, if you make an investment, and especially one that will be paid back, which adds even more tens of millions to the State coffers because of taxes derived, then that is intelligent, healthy, and businesslike to do, only because it is financially beneficial to the State.

Atlantic City and its people deserve, and should have, the right to collect an income tax. When over 80 percent of all the people who work in this city do not live in this city, there should be some equitable way they help fund the expense of that city. It is wrong to leave the total burden on just the twenty percent who not only pay high taxes, but who are are deprived of privileges that those people have in their neighboring communities. It could be said, "If there was enough housing in Atlantic City, we would move in". Realistically, we all know that would never be the case. It would take care of a part of it, but never all of it.

This income tax should also have a vehicle where rebates could be given to the homeowners and renters of Atlantic City so they will directly receive an equitable return for the undo burden which has been placed upon them.

Assemblyman Fortunato, I can go on for hours. And you and your people could bring up points of things this City might have done in the last five years

within a framework of existing law. However, I am willing to bet -- since I live here, I guess that is the common word -- before the debate begins, if all the information acquired from the debate were put into a computer, it would conclude that a rape had taken place, and I think the victim was the resident and the small businessman of Atlantic City. The culprit was the non-informed, ill-informed, and sometimes non-interested officials in the State at that time.

One small case in point: in 1980, the Division of Human Services received a seven percent cut on Federal funds. They cut City government's recreational program by 100 percent, and cut all programs in Atlantic City by 75 percent. They even broke their own rules and procedures in doing so. The reason given was that we don't need the money anymore. At the same time, State statistics justified that 75 percent of our school children were eligible for free food because of the economic conditions of their families. I repeat, the least Atlantic City needs and deserves is an income tax so that we might take care of our convention needs, so that we might be able to install new sewerage lines and automatically reduce the sewer bills by 50 percent, so that we might be able to construct and maintain those social and neighborhood public buildings that are needed to educate children, and make facilities available for our residents.

Let me leave you with one other fact: my opinion shows the total lack of understanding on the State level. There is current legislation that allows Atlantic City to give tax rebates to commercial ventures, and new legislation that passed and was signed that would actually allow tax abatements, which should encourage developers to build almost anything in Atlantic City. It is healthy, it is intelligent, and it makes sense. However, based on information given to me by the State Division of Taxation a year ago, and a prominent county official, who was an expert in assessing during the same time, did you know that the evaluation placed on us by the State, and the City's contribution to county government will not exclude those abatements? To clarify this, I am saying, if Atlantic City, because of tax abatements, were to encourage an additional 500,000,000 dollars worth of construction in 1983, the State would raise our value. The county would ask us for their dollar portion of that construction, even though city government didn't collect a dime. That means simply one thing: the existing property tax of Atlantic City property owners would go up because of additional payments to the county, additional loss in school aid, at a time when they could least afford it. When this is going on, the other municipalities get a piece of the pie.

The business being developed add tens of millions of dollars more to State coffers. The very person who cried out in despair in 1976 for help, will have another nail placed in their casket; understanding that in several years, the burden will be relieved, and the casket lid will be reopened -- that is if they are here long enough and can live long enough to wait for it.

Gentlemen, as a citizen and taxpayer of Atlantic City, I thank you for the opportunity to express my views, and I will be glad to answer any questions you might have.

ASSEMBLYMAN FORTUNATO: I thank you. I appreciate your comments. Gentlemen, any questions?

MR. COLANZI: May I directly answer your one question? I haven't fell into anything in life, and I am starting to reach the age where I am getting a little old. You don't get anything without money, unless it is trouble. The answer is simple. In 1976, when this thing happened, and in 1977 when the rules came out and people started to look here, if a man had money in his pocket to build something, and it wasn't worth the amount of money he was going to put into it to make a profit, he didn't get involved. The housing that was necessary, and we knew that -- The things that were necessary in Atlantic City

that we all knew, needed money. The basic thing that I am trying to say that many people have tried to say to you today is, if we cried out that we died, we're broke, it's over, where were we supposed to get the money to do the things we knew had to be done, unless somehow that money was generated? The private sector, and not all of them, decided to build some casino hotels. The private sector decided, financially, it wasn't worthwhile to get involved with housing if they had to spend the money you would normally spend in the acquisition and planning, and construction of the building. The city didn't have the money to buy this land. It wasn't there and it wasn't available. If we had that money, we might, honestly, never have needed casino gambling in the first place. So, the bottom line to your question is one word -- it was "money." And that has been somewhat corrected by a recent bill that was passed this year because that Improvement Authority now is the financial catalyst if they use the money correctly, to then take the burden off of the developers that will make housing available so the people that have a job can afford to live there.

ASSEMBLYMAN BRYANT: Through you, Mr. Chairman. I will ask just one question. Maybe I have a misunderstanding. It was my understanding that the tax base of Atlantic City in the last five years probably quadrupled - with rateables. That does produce taxes, unless my understanding is wrong. I don't think the services in Atlantic City have quadrupled in nature as the tax rate has. What happens to the funding that had been put in by rateables?

MR. COLANZI: You put together a budget for the city, and the money that you need comes from the amount of rateables divided by that money, and you come up with a tax rate. If, in fact, whenever we made that assessment -- if in fact that value is given a figure on the State level, then based on that figure, whatever we collected, we collected. What happened to us -- and this was one of my hue and cries, and I had some people very upset with me about a year and a half ago -- we had collected in a three-year period, about 17,000,000 additional dollars. What happened during the same three-year period, and I tried to bring this out today, is that our loss of school aid, and our added contribution to the county by State law, cost 23,000,000 dollars. So, what actually happened, because we didn't have a chance to catch up yet, was without counting anything else, we were essentially 6,000,000 dollars in the hole. Now during that three-year period, just like in our homes or anything else, electric went up, fuel went up, costs went up, labor costs went up, so they were naturals. Atlantic City doesn't have a five percent cap problem. If it ever went to the top, the people would really have a problem. The problem was, the actual dollars, the new dollars coming in, weren't coming in at even the same level in 1977, 1978, and 1979, as the dollars -- well, actually it started in 1978 -- but in 1978, 1979, and 1980, what we lost was - our legal contribution to the county government or loss of aid from the State - was greater than the new monies that came in. If we had tripled the valuations, they would have lowered the tax rate. But the dollar contribution would have been the same. We didn't have the chance to catch up.

Now, you can also appreciate, and it is very healthy, and I am glad to see it, that the more people who come to Atlantic City, the more public services are provided to those people. I can be somewhat facetious or half comical, but if you have 18,000,000 people visit a city as opposed to what was a million, just the accommodations on the boardwalk are going to need more paper than they did in 1976. Maybe sometimes on the lighter side you prove a point, but that took money.

We had operations in this city-- We have a contract right now with one of your State agencies that I have brought to court. They acquired a private company. That company, by a 1965 lease, forced us to go into a twenty-four hour operation. It was only right that they did that, but we couldn't get any more money. But, if you

operating 24 hours a day as opposed to 15 hours a day, it costs you money for manpower, even if it is limited, and it costs you money for energy, because it has to be open - and that is our bus terminal. We have a lot more people on the boardwalk. It just calls for more services.

But, the point I am making, starting in 1978, 1979, and 1980, what we picked up wasn't as much as what we lost without counting one penny's worth of increase. Now how do you look to that group, as immature as we might have been, and say, "Why haven't you done anything?" I have made this statement many times, and it happens to be the only person that I am really afraid of. The last man I know that played the game with the loves and fishes isn't ever going to be an elected official in Atlantic City or New Jersey. And, if it was me, I would have one hell of an act going for me. It is not going to happen. It takes money. If we had misspent it, I would like to see where we misspent the millions. Again, if you triple the valuation, your budget is still so much, and we are talking about a lot of money that was necessary for development. I know a past Commissioner that had many reasons as well as being in office, to try to develop housing in this town. He dropped that assignment in 1978, and worked like hell and he couldn't really come up with it because the bottom line was, "Where is the money?" You cannot ask an outside developer to build buildings whether you like it or not. He has to show a profit.

I am sorry to keep you this long.

ASSEMBLYMAN FORTUNATO: No problem. Thank you. I appreciate your comments.

Next is Mr. Neil Goldfine.

PIERRE HOLLINGSWORTH: I am Pierre Hollingsworth. I am Chairman of the MUA. I am going to save you some time. I am scheduled next, so what we will do is we will have Mr. Goldfine actually testify because I will see you tomorrow wearing another hat, and you will hear from me. I am also that ex-Commissioner that had the money for housing, and I hope to tell you how housing can be built right now, if this city administration moves on certain things. I think that will be very important.

I will defer now to Mr. Goldfine. I am here in the capacity of the Chairman of the MUA. The MUA was formed in May of 1978, with a three-phase program: One was to acquire the Water Department, which we did, to the tune of 4.7 million dollars. The second phase was to acquire the Sewerage Company in the City of Atlantic City. And, the third phase, we wanted to be involved in solid waste and resource recovery and all of those programs which we haven't really gotten to yet. So, I will refer you to Mr. Goldfine, who is the Executor Director. I hope to see you tomorrow as the President of the NAACP. I will guarantee you that I have a lot to say.

NEIL GOLDFINE: Good afternoon. I am primarily here to provide you with information on what happens in a developing community to a small utility, and how the utility has problems responding. The problems in town have been particularly compounded for a small utility by the current economic climate, and the type of industry that has come into Atlantic City. This community and the water system in Atlantic City is typical of most urbanized areas in New Jersey. The system is 100 years old this year. And with any 100 year old system, and it is typical again of areas such as Newark and the Oranges that have older systems, it needs a lot of repair, it needs a lot of maintenance. In the past decade, a lot of these items have been put off because of financial problems in the communities; yet, these problems can no longer be put off in a community that depends upon certain resources on a daily basis for its clientel. Failures of a water supply system are generally unacceptable. In the

past year, I think that this type of failure has been evidenced in two communities in the State of New Jersey. The vandalism in Newark, the breakage of a line in, I believe, East Orange, caused those communities to be out of order for a day or two. In this community, the failure to be able to provide water to the casino industry means a loss of revenues. In order to combat this type of effect, this water system needs additional duplication. It needs preventive maintenance. It needs to change it from a 100 year old system, to an up-to-date, modern system, capable of supplying water to the community no matter what happens.

I would also like to point out, this past two years have been fraught with water problems throughout the State. The drought in 1980, that affected the northern part of the State -- the rumor was that a lot of people were coming down to Atlantic City because there were no problems with the water supply here. We were fortunate, because of the types of resources that we use, that we did not have a drought problem. Even though there was a slight drought in South Jersey, our system was capable of handling it. It is this type of capability that now needs to be built in the system.

I see that the Utility Authority has three major problems. One is the modernization; the second is being able to keep up with existing demand. To take a community that had been operating with reduced revenues and limited revenues for many years, an older system, and to suddenly ask it to adapt, in a very short period of time, to the construction of nine new major facilities, the casinos, and a number of other development projects in town, is very difficult. Mostly, when you have a utility, it derives its revenues from the rates. It is very difficult to spend money before you get money. I think that has been the key problem facing the Utility Authority.

I would like to point out when I say that we are a small authority, our revenues in 1981 were only 3.6 million dollars. That's not much compared to the general revenues in this town, and indeed even with one casino.

In addition, the Utility Authority must be prepared for the future. And the problem with the future is that it is very uncertain in this town. Two years ago, there were four casinos open and nine under construction. Today there are nine casinos open and none under construction. What happened to the other four? They didn't get completed. What would have happened if the utilities in town, and particularly a small one, had made the investment to provide water supply for those additional casinos? That cost would have to be borne by the existing users, and those existing users are the residents of Atlantic City, the commercial industries and users in town, the businesses in town, and the casinos. All of these people pay a water rate, and all of these people are impacted by any movement that the Water Utility must have.

In order to get a picture of the direction that the Water Utility was going in in 1980, it commissioned an engineering firm, Kupper Associates, to prepare a report to determine the direction that the Utility should take. Their report indicated that in order to modernize, and build in certain protections, the Authority would have to spend approximately 11,000,000 dollars. In order to keep up with the demand that was coming in the short term, it would have to add certain additional improvements to the tune of about 6,000,000 dollars. In order to handle the future growth, it must expand and spend approximately 11,000,000 dollars. That is approximately a 28,000,000 dollar package. Financing this type of package would in essence double the Utility Authority's rates -- probably more than double the rates, considering what has happened to interest rates in the past year.

In addition, spending this type of money may be a needless expenditure, because some of the casinos may not be built. When a report was prepared, there were approximately 30 active projects in the housing industry, and approximately

24 active projects in the casino industry -- and when I say active, I mean actively pursuing State permits, local permits, or under construction.

As you can see, most of these projects have not come to fruition. They are not even close. So, it faced many difficulties in how to finance these programs, how to protect the citizens of Atlantic City from having excessive rates for water, without really deriving any of the benefits.

We have, over the past few years, seen only a limited increase in billable amounts of water. And the reason for this is because of the demolition that is going on in town. A number of hotels have been taken down, and a number of hotels are being taken down today. Housing stock has been limited and eliminated. All of this reduces the amount of water that we can expect to build for and derive revenues from. With the nine new casinos, our billable rates in the amount of water we have been delivering is just approaching that quantity of water that the Utility Authority, or the Water Department -- which was then under the City of Atlantic City -- was billing for in 1976 and 1977. We have seen a dramatic drop, and we have seen it come back up. But it still indicates that even with the growth in town, we have not had the flexibility or the benefit of additional income in order to support this industry.

We have taken a number of different approaches, and we have tried to be very pragmatic, considering the problems. We have tried to make improvements where they are necessary in order to stabilize the system and reduce future costs. We have also looked for less expensive methods for increasing our capacity to handle future growth. We have run into considerable problems there, both because of usage of inexpensive modes of water, basically ground water in Atlantic City, by two of the casinos in their objection to the Utility Authority using that water, and conversely, the Utility Authority's objection to their using the water from the sources under the city. In addition, we have looked to raising funds from developers and to acquire a commitment from the developers who were going to come into town and require them to put some up-front costs into the Utility Authority in order for us to give them a commitment. We felt that by doing this, we would at least be somewhat protected. I might point out the level of commitment we looked at was less than half of the investment that the Utility Authority would have to make in order to provide for any such facilities. In my experience, I have found that most developers, housing developers and commercial developers, have been very happy with the system that we have set up, and I found that the casino developers have not been happy. As a matter of fact, on that program, the Utility Authority has been sued by three of the casinos. This gives us another problem, because a lot of our efforts are now being diverted to combat some of these problems and some of these suits, and to combat some of their regulatory problems that we have had.

I would like to point out that I don't think the Municipal Utilities Authority in town is untypical of a lot of the other utilities and agencies in town that are struggling to catch up and to get ahead of the game that is being played in town -- the development game. And we ask the patience of everyone, and we ask the support of everyone in town, operating in town, and of the Legislature, to allow us to progress and provide for a modern Atlantic City. Thank you.

ASSEMBLYMAN FORTUNATO: Thank you. Assemblyman La Corte.

ASSEMBLYMAN LA CORTE: I missed a date-- When did the MUA begin?

MR. GOLDFINE: The MUA was formed in late 1978.

MR. HOLLINGSWORTH: May of 1978.

MR. GOLDFINE: It actually purchased the Water Department on January 22, 1980. That is when it first became an operating agency.

ASSEMBLYMAN LA CORTE: Was that an outgrowth of the cap problems, or was that an outgrowth of the casino problems?

MR. GOLDFINE: I would hope to believe that it was an outgrowth of modernization of facilities in Atlantic City. I wasn't here at that time.

MR. HOLLINGSWORTH: I will answer that. The cap problem had a lot to do with it. The MUA was formed with the five City Commissioners to get it off the ground. The five City Commissioners also served as Commissioners for the MUA. Mainly, it was the cap problem.

ASSEMBLYMAN LA CORTE: The only reason I asked that was because the speaker prior to that, Mr. Colanzi, stated that rateables are not a cap problem; there isn't a cap problem in this community -- unless I misunderstood what he said.

MR. HOLLINGSWORTH: I think you have misunderstood him because that has been the cry of the City government for many years, about the cap.

ASSEMBLYMAN LA CORTE: He did say that?

ASSEMBLYMAN SCHUBER: I thought he did too.

ASSEMBLYMAN LA CORTE: I know the light is starting to get to me, but I thought he said that.

ASSEMBLYMAN FORTUNATO: Mr. Schuber

ASSEMBLYMAN FORTUNATO: I have no questions. Thank you.

ASSEMBLYMAN FORTUNATO: Mr. Hollingsworth, we look forward to hearing you tomorrow.

Next is Mr. Usry.

J A M E S U S R Y: Chairman Fortunato and members of the Assembly Committee on Independent Authorities and Commissions. My name is James L. Usry. I have been an educator here in Atlantic City all of my adult life. I am the Assistant Superintendent of Schools. I am currently a candidate for the Office of Mayor for the City of Atlantic City. I am speaking to you today in neither my professional nor my political capacity. I am speaking as a citizen, and specifically as the President of the Atlantic City Congress of Community Organizations.

This congress of organizations is the umbrella of 32 neighborhood clubs or groups, and our three objectives are: to preserve, protect, and perfect the neighborhoods of our community, to preserve representation to the citizens on issues regarding the general areas of housing, employment, safety, education, and city services, and three, and very importantly, to establish a working relationship with all levels of government and their agencies.

We are speaking as citizens of Atlantic City, who are born here, raised our families here, live here, and intend to remain. We have a stake in this community; a stake that we share with almost 40,000 of our fellow citizens. And we believe that this shared stake gives us each in Atlantic City, shared votes, shared dreams, and sometimes - and unfortunately - shared frustrations.

Before I speak directly to issue of casino gambling in Atlantic City, I particularly want to thank you Chairman Fortunato, for deciding to hold these hearings here rather than in Trenton. I think it will be helpful for you to see Atlantic City for yourselves. But even more important than that, the fact that you have taken the trouble to come to us not only makes it possible for ordinary citizens to attend and to participate in your hearings, but it makes us believe that you really do care about our conditions. Mr. Chairman, the overwhelming majority of people of Atlantic City supported casino gambling when it was a constitutional issue in 1974, and again in 1976. We supported it because we thought it would bring new prosperity, new opportunity, and new hope. We supported it because it promised jobs, and tax revenues, and urban redevelopment, and improve public transportation, and better housing. When I say we, I mean all of us: white, black, hispanic, republicans, and democrats, blue

collar laborers, white collar workers, senior citizens, and young family people -- all of us. Mr. Chairman, I think we were right in 1974; I think we were right again in 1976; and I sincerely believe that if we had to do it all over again, we would probably vote the same way. Because, Mr. Chairman, I don't think there is or was any other choice. But right as we were, there has been a lot wrong with the first four years of casino gaming in Atlantic City -- a lot wrong. And what we are hoping is that your hearings will help to make some of it better for all of us. What we have in this community today is tremendous frustration. Some of it is caused by hopes and dreams that were probably unrealistic from the beginning. You see, casinos couldn't employ everyone; the streets could never have been paved with gold; not every pot would have a chicken; and not every forty acres would come with a mule. But some of my frustration is caused by the failure of even realistic hopes and dreams being realized.

Now that you have come to Atlantic City for your hearings, you can see some of these failures for yourselves. You can see that more housing has been torn down than built up, you can see that Atlantic City streets are in terrible condition and if you stay a while, you will learn that Atlantic City's municipal services are inadequate, and they are getting worse. You can see unemployment lines outside of the labor Office on Bacharach Boulevard, just a block away from here, and walk down Atlantic or Pacific Avenues, and it will show you the extent of the decline of non-casino business in Atlantic City. Vacant lots, vacant houses, vacant store fronts, streetwalkers at night, crime at all ours, and not a single first class supermarket in the entire downtown area of Atlantic City. And when you and your Committee have seen all of that, Mr. Chairman, perhaps you will understand our frustrations.

It is very easy to blame the casinos for everything that has gone wrong with Atlantic City today. After all, they did knock down a lot of old buildings, they did close some streets, they have bought a lot of properties that they have not developed, and they have caused tremendous traffic jams, inflated land values, and employed a lot of people who came from outside of Atlantic City and even outside of Atlantic County. It is also true that while the casino executives are, on the whole, excellent businessmen, they are, on the whole, not very good public communicators. They have not done a good job of identifying their own best casino interest with the best interest of the citizens of Atlantic City. The casinos, however, contribute very generously to every conceivable charity in this community. But they have done very little to contribute to a public understanding of what they are, what they want, and what they need to succeed and to prosper.

I don't fault the casinos half as much as I fault the City and the State governments. I fault the City because it never once sought to enlist the casino industry as an ally in rebuilding Atlantic City. Instead of involving the industry in the search for solutions to the problems faced in Atlantic City, the City government has used that industry as a whipping boy, a convenient whipping boy for problems that the casinos didn't cause. With some leadership, and with some imagination in Atlantic City, the expertise of the casino management might have been enlisted in an effort to make Atlantic City a better place to live. But instead of leadership and imagination from City Hall, we got the self-interest of some politicians who ran it.

And the State government should be faulted, because it has never really cared about Atlantic City. Because it has treated the casino industry as a proverbial golden goose that would permanently lay golden eggs without any positive encouragement from Trenton.

I sincerely believe, however, Mr. Chairman, that we are on the verge of solving our City government problems ourselves. And I am certain that possibly Mr. Masland, and maybe some of the other candidates for Mayor, will agree with me that one of the major reasons for the adoption of Atlantic City's new municipal charter last November, was a recognition by an overwhelming majority of Atlantic City citizens that their municipal government had totally failed over the years to deal responsibly with the problems and with the potentials presented by casino gaming. So I am very confident about Atlantic City, Mr. Chairman. Your being here today is beginning to make me hopeful, if not yet confident, that there is a new day dawning in Trenton. What we need, what we must have, from Trenton is some tangible, positive recognition by the State that Atlantic City experiences all of the immediate, negative impacts of the casino gaming activity as well as some of the long-term positive benefits, and that Atlantic City needs help in dealing with those negative impacts, or it won't survive to fully experience the long-term benefits.

I am not here to tell you totally how that recognition should be made. I only want to emphasize that it must be made in some way. That it must be made in some way, soon, and that it should not result in new taxes on the casinos, but should permit us to retain a portion of existing casino revenues for our own use.

I would submit to you, Mr. Chairman, that possibly the institution of either -- as has been mentioned -- the non-profit corporation, or some task force working at all levels of government, with selected community representatives would work honestly and expeditiously to address our community needs. I would also submit that the restructure of the two percent reinvestment credit tax should be done in a way to guarantee and ensure affordable housing in Atlantic City, and that that be a priority. I would submit to you that you use, if you can, the impact of your office to ensure that that one million dollar set-aside for Resorts monies, would be used to purchase land in the inlet sector, which coupled with the City land contiguous to it, could be the catalyst to begin a parcel of development in that area.

Mr. Chairman, the finalization of the riparian land issue would be extremely helpful to us. Please use your office to move this quickly. I would leave it to you, sir, and to your expert aids to determine the means. At the moment, I am more concerned that you accept the right end. My personal point, Mr. Chairman, is that the State has a responsibility to protect Atlantic City. I deeply believe that this responsibility derives from the authority that the State has assumed to control everything the casinos do in this municipality.

I began my testimony by speaking of hopes, dreams, and frustrations. I would like to close on that same note. Many long-time Atlantic City residents find their hopes and their dreams being overwhelmed by their frustrations at the failure of casino gaming to fulfill its promise. As a resident of this City, I don't want to see that happen. I don't think you want to see that happen either, Mr. Chairman. And regardless of what you and I want, I don't think the State can afford to let Atlantic City slide any further. If this municipality does not become attractive and safe and accessible, then it will not matter how beautiful the casinos are, because no one will want to come here to a deserted ghost town, or an armed camp. And if no one comes here, Mr. Chairman, then it is extinct. The entire State will suffer, not just Atlantic City.

I want to thank you, Mr. Chairman, for the opportunity to speak and to address you, and I would welcome you to Atlantic City once again, and I hope that you will return many, many times. Thank you.

ASSEMBLYMAN FORTUNATO: Mr. Usry, thank you for your comments. I can say you echo my sentiments almost totally as to the contribution of the casinos and the coordination of efforts with the casinos in government, whether it be State or local. I can promise you, in your words, a new day is dawning on behalf of the State Legislature, in response to problems in Atlantic City. Thank you.

Assemblyman Riley?

ASSEMBLYMAN RILEY: I have just one comment. I also agree with Buddy with regard to his comments, and I think that is what Buddy has undertaken, and this Committee has undertaken. Hopefully, it is a good sign for you. I would ask you one thing. You made one comment, and I think other people have said it indirectly. You were the first one that said it today. You said the people that were being employed not only don't live in Atlantic City, but don't even live in Atlantic County. Of course. I am from Camden County. I live 30 miles away. Obviously, that was passed for the good of the State, and to employ people throughout the State. We are here, obviously, to help Atlantic City - and we want to. But please don't try to give the idea that it is only for Atlantic City, and to employ people from Atlantic City, and only to employ people from Atlantic County. I think it is the good of all of the people of the State of New Jersey, and in particular, South Jersey. I just think I ought to get that clear beforehand. Maybe I misunderstood what you said, but it is for all of us, not just strictly Atlantic City people.

MR. USRY: If may respond, and certainly I am not rebutting anything that you say, Assemblyman, yes, the casino industry, the results of the casino industry, and certainly those monies that have accrued to the State are well placed in the areas where they go. But we feel very, very strongly, and I say it as a point of reference when we talk in terms of who is involved, who is employed. I am not sure how the statistics which were presented to you earlier were arrived at, but we were talking about 27,000 to 30,000 people in the employment of the casinos. That is well and good, but most people, when they read that, attribute those 27,000 to 30,000 to Atlantic City, and they begin to wonder why we have so many problems. Actually, of that 27,000, less than 7,000, or maybe about 7,000 of those people, are people who live in this area. We still have problems when we talk in terms of employment. For example: with all that has come as a result of the gaming industry, the unemployment rate in Atlantic City is just about the same now as it was prior to casino gaming, and most people are not aware of that.

I would sincerely hope that we would all share, but I think I mentioned while we all share in the benefits, let us all share in the frustrations, let us all share in the negative aspects of it, and let us all share the responsibilities of making sure this works for all of us.

ASSEMBLYMAN FORTUNATO: Mr. Usry, thank you. I thank everyone who participated today in the hearings, and look forward to seeing you tomorrow.

(Hearing Concluded)

