

PUBLIC HEARING

before

SENATE JUDICIARY COMMITTEE

on

SENATE CONCURRENT RESOLUTION NO. 74 proposing
to amend the Constitution of the State of
New Jersey to permit the Legislature to
authorize by law the operation of gambling
games in Atlantic City.

Held:
April 7, 1971
Assembly Chamber
State House
Trenton, New Jersey

New Jersey State Library

MEMBERS OF COMMITTEE PRESENT:

Senator Harry L. Sears [Chairman]

Senator Frank X. McDermott

Senator John A. Lynch

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I N D E X

	<u>Page</u>
Joseph Stevens, Vice President AFL-CIO	1
William Leighton, Secretary-Treasurer N.J. State Council of Bartenders, Culinary, and Service Workers	7
William Green, Coordinator City of Asbury Park	16
Louis Duva Teachers Local 286 Public Employees, State of New Jersey	22
Charles M. Masciarella Mayor, Wildwood, New Jersey	23
James Jeffries State Treasurer New Jersey JC's	33
Dr. Samuel A. Jeanes General Secretary Lord's Day Alliance of New Jersey	34
Gary P. Malamut New Jersey Hotel-Motel Association	35
Arthur Bragger, President Newark Firemen's Union Teamsters Local 286	46
Donald Silvey, President Elizabeth Firemen's Mutual Benefit Association - Local 9	48
Glen Bruen, Manager Lafayette Motor Inn Atlantic City	52
Harry L. Shaw, Secretary R.E.A.C.T. (Reach an Early Abatement of Crime & Taxes)	55
Thomas Watson, President R.E.A.C.T.	61

SENATOR FRANK X. McDERMOTT: (Acting Chairman):
May I have your attention, please. This public hearing will now be called to order. In the absence of the Judiciary Committee's Chairman, Senator Harry Sears of Morris County, I will preside until he arrives. My name is Senator Frank X. McDermott, President Pro Tem of the New Jersey Senate and the principal sponsor of Senate Concurrent Resolution No. 74 on which there will be a public hearing today.

I would like to announce before we conduct this hearing that there are several other public hearings being conducted at this time. There is one going on over in the Senate Chamber by the Management Committee Group. Is there anyone here for that hearing? All right, fine.

We will proceed. The first witness is Mr. Joseph Stevens of the New Jersey State Afl-Cio. Mr. Stevens.

For the record and for the benefit of everyone in attendance, I would like to introduce to you Senator John Lynch of Middlesex County who is a member of the Judiciary Committee.

J O S E P H S T E V E N S: Senator McDermott and Senator Lynch, I would like to read a statement. My name is Joseph Stevens, Executive Vice President of the AFL-CIO. I am appearing to confirm the endorsement of casino gambling voiced by Mr. Charles Marciante, President of the New Jersey State AFL-CIO back in November,

Our support is based on the recognition that casino gambling can provide two major benefits to New Jersey.

First, casino gambling could provide a whole new source of revenue for use in funding municipal programs of vital concern to every citizen in the State. These are programs for Senior Citizen housing, public safety and business and industrial development in high unemployment areas.

The second benefit is the contribution that casino gambling will make to the revitalization and growth of tourism in New Jersey. This increase in tourism and convention business is bound to create new and improved job

opportunities in every business activity involving serving our resort industry.

Other proponents of casino gambling have pointed out that it offers a practical alternative to an increasing and already heavy tax burden carried by the taxpayers. Certainly any measure designed to increase state revenue without adding to this burden deserves support which I believe this proposal will receive from the public if the casino gambling referendum appears on the November ballot. However, the economic implications of gambling, casino gambling, for New Jersey appear to offer equally important advantages on a longterm basis.

I am particularly impressed by the attractive possibility of operating legal gambling casinos under State regulations in these qualified communities who want this activity. This broadening of the casino gambling proposal serves to enhance the beneficial effects of this activity on the State's tourist industry. That these benefits will occur, is no matter of conjecture. The positive influence of the increased tourism of economic growth can be seen in the experience of the two American areas where casino gambling is now permitted, that is the State of Nevada and Porto Rico.

Casino gambling has been in operation in Porto Rico and Nevada for approximately the same length of time. I believe that Nevada authorized this form of gambling three years before Porto Rico. In each case the decision to do so was made to encourage the growth of tourism as an industry.

According to the figures compiled by Nevada, spending by visitors is the largest factor in that State's economics. The annual number of visitors is now about 22 million in Nevada. The visitors spend an estimated \$730 million on an annual basis. In reviewing Nevada's growth in population, I was interested to discover that the present-day population of Las Vegas is about 14,000 more than the entire population of Nevada was thirty years ago. In 1940 the census reported a resident population of 110,000 in Nevada; in 1950,

three years after casino gambling was legalized, Nevada's population had increased to 160,000; ten years later, the number of Nevada residents had risen 75% and reached 285,000 people. The 1970 census shows a further increase of about 70% or a total of 491,000 in population. They are people who live and work in the State and most of them make their living and their homes in Las Vegas. Reno or Sparks County are the counties that approve of this gambling.

I am also interested in noting the increase in per capita income of Nevada, as reported by the Office of Business and Economics of the United States, Department of Commerce. In 1965, Nevada's per capita income was \$3,312 as compared with \$3,256 in New Jersey. For both states the figures have increased annually since then. The most recent figures for the per capita income that I could readily find were 1969. In that year New Jersey's per capita personal income was \$4,241. The comparable figure for Nevada was \$4,458.

In Porto Rico, the development of tourism has made an equally substantial contribution to the local economy. Of course, Porto Rico's economic progress has been made from a much lower base. Porto Rico has succeeded in twenty-odd years in becoming a major resort center for well-to-do visitors from the mainland on a year long basis. During this period of continuing growth there has been no movement in Porto Rico, or Nevada either, for that matter, to remove casino gambling from the establishment package offered to the visitors.

New Jersey is fortunate in possessing mountain and seashore resorts which make a notable if now seasonal contribution to the State's economy. The addition of legal gambling casinos to the entertainment offered at these resorts, if they are qualified under whatever form that may be developed to govern the operation and the location of casinos, will certainly prove a great and continued benefit to the entire State economy.

For this reason, the job opportunities, business

growth, that I believe will occur, legalized gambling appears to offer substantial appeal, in addition to the State revenues which will be guaranteed.

Because of these potential benefits, the voters of New Jersey should be permitted to vote on the merit of this proposal.

I respectfully request that the Legislature authorize the referendum on next November's ballot.

SENATOR SEARS: Mr. Stevens, if you would stay in your seat for just a moment, there may be some questions.

Before any questions, I have been asked to announce that the Governor's Management Commission hearings, originally scheduled for this Chamber, have been moved to the Senate Chamber. So if there is anyone here interested in that, that is down the hall.

Gentlemen, do either of you have any questions?

SENATOR LYNCH: I would like to ask a question, Senator.

You have just stated that a whole lot of money would be realized by the State of New Jersey. What kind of money are you talking about?

MR. STEVENS: Tourism money.

SENATOR LYNCH: You mean revenues derived from gambling or revenues derived from tourism?

MR. STEVENS: Both. I think that if this proposal were put on the ballot in November and would pass, I think that the people who would come to the State of New Jersey would also generate a much needed shot to the economy, plus the fact that the money that would be generated by gambling, legalized gambling in this State, would help us out with our tax problems.

SENATOR LYNCH: You testified that a whole new source of revenue would be derived by the State of New Jersey. How much do you estimate would be derived?

MR. STEVENS: Oh, sir, I don't know how much. I only know what I read in the paper. I can't tell you how

much would be derived. I have no idea.

SENATOR LYNCH: Did you read in the newspapers about the testimony of Attorney General George Kugler, and the testimony of Superintendent of State Police Dave Kelly?

MR. STEVENS: Yes, I did.

SENATOR LYNCH: Did you read that David B. Kelly, Superintendent of State Police, said that he could not control more than one casino in New Jersey?

MR. STEVENS: I read that in the paper, yes.

SENATOR LYNCH: Do you agree with him?

MR. STEVENS: No, sir, I don't. I think the State Legal Enforcement Officers would be able to handle it.

SENATOR SEARS: Does the statement alluded to, of Mr. Kelly, cause you any concern, Mr. Stevens?

MR. STEVENS: Concern?

SENATOR SEARS: Yes. I mean the fact that the head of our State Police and our Attorney General, the fact that they have appeared here and have both substantially stated the same thing in regard to their fears and qualms on the law enforcement side. Does that give you, as a citizen of New Jersey, any qualms yourself with regard to the over-all impact of this type of gambling?

MR. STEVENS: No. First of all, I think our law enforcement people could handle it if it happened. Secondly, let me emphasize a point. I think that the people in New Jersey should be able to make their own decision in this case and I think that it should be on the ballot. I also - understand my position - I think there would be many jobs created by instituting this type of legislation which, in my opinion, would stimulate jobs in Atlantic County, for one. That's the first one to start with. I know that the legislation doesn't hold it to Atlantic County, but we have many, many people in Atlantic City, in particular, who need the jobs. They're going someplace else. Our conventions in Atlantic City are dwindling. We have many people in the culinary trades, the hotels, all of these people. This would stimulate

the jobs. It would stimulate construction jobs. It would stimulate new business, as far as I'm concerned. And I'm speaking for the AFL-CIO which represents better than a half million people in the State. We really want to get new jobs.

SENATOR SEARS: Are you, yourself, a resident of Atlantic County?

MR. STEVENS: No, sir. I'm a resident of Middlesex County.

SENATOR SEARS: And you represent - I'm sorry I was late but the advent of spring kept me in North Jersey a little later than I expected to be this morning. But I gather you are here representing the AFL-CIO of the State of New Jersey, as a statewide organization?

MR. STEVENS: Yes, I am.

SENATOR SEARS: Has there been any vote of the membership with regard to this question?

MR. STEVENS: Vote of the membership?

SENATOR SEARS: The total membership. Has there been any vote or expression of opinion? In other words, what I'm asking you is, have you afforded the membership of your organization an opportunity to vote on whether they agree with you on this question?

MR. STEVENS: Not as such. But let me say this to you, that we have executive board members and other than conventions, we meet once a month, and my executive board has directed me and Charles Marciante, almost a year ago, to absolutely say that we want this job. Now that is what we represent.

SENATOR SEARS: I understand that, sir. Now, how many members are there on the executive board?

MR. STEVENS: There are 39.

SENATOR SEARS: And how many members are there in the total organization?

MR. STEVENS: Over 500,000.

SENATOR SEARS: 500,000?

MR. STEVENS: Yes, sir.

MR. STEVENS: Yes, sir.

SENATOR SEARS: Well, I'm not sure how that ratio of representation applies as compared to the Legislature of the State of New Jersey, but you've indicated that the people ought to have a right to vote, isn't that right?

MR. STEVENS: Certainly, yes.

SENATOR SEARS: Why weren't your people given the right to vote?

MR. STEVENS: Well, they elect their representatives and those representatives are given the right to vote.

SENATOR SEARS: So your representatives are speaking for the people. Isn't that correct?

MR. STEVENS: Yes.

SENATOR SEARS: Wouldn't you think that the representatives of the people in the Legislature ought to do the same thing?

MR. STEVENS: O.K. You've got me.

SENATOR SEARS: I have no further questions.

MR. STEVENS: I don't blame you. That was a winner.

SENATOR McDERMOTT: I simply want to thank Mr. Stevens for coming here as a representative of the AFL-CIO who has testified as to what his executive board says is the representation of their individual locals. Thank you, Mr. Stevens.

SENATOR SEARS: He thanks you, Mr. McDermott.

SENATOR McDERMOTT: This is a democratic process.

SENATOR SEARS: Mr. William Leighton. You are here representing whom, sir?

W I L L I A M L E I G H T O N: My name is William Leighton and I am Secretary-Treasurer of the New Jersey State Council of Bartenders, Culinary and Service Workers, which is composed of Statewide representatives of the AFL-CIO Bartenders, Hotel and Restaurant Employees Union. Our membership in the State of New Jersey exceeds 40,000 people.

I appreciate this opportunity to appear before the State Senate Judiciary Committee this morning. Our Union definitely supports the intent of SCR-74 to hold a referendum on casino gaming next November. We endorse this proposal in the belief that the introduction of casino gaming will not only contribute to the State revenue but will also prove to be an important economic stimulant for the growth of New Jersey's tourist industry.

I am aware that there has been substantial discussion as to the amount of revenue which New Jersey will receive if casino gaming is permitted to be operated in selected resort communities. The revenue gains to the State are certainly important to every taxpayer and the dedication of these funds will provide increased municipal aid for three vital projects.

However, to my mind the increases in new job opportunities which will result from casino gaming are at least as important as the gain in State revenue. These job opportunities will occur in all occupations related to the tourist industry.

At present the majority of workers employed at New Jersey's resort centers have only seasonal jobs. To find work in the winter, for example, many must leave the state. Of those who remain in New Jersey, many are forced onto welfare or unemployment compensation rolls. Year long casino gaming in these resorts will enable these people to obtain regular and continuing employment. This will be good for them and it will also be good for the welfare budget and unemployment compensation funds.

In addition, the growth of the tourist industry will certainly create new jobs in all areas of employment and in all businesses which directly or indirectly serve the tourist and convention trade. These opportunities will be

available to many of our people who are now underemployed and unemployed. I think it is important to bear in mind that every new job created in this State contributes to New Jersey's total tax revenue.

The potential of casino gaming in the field of unemployment may be seen in the perspective of New Jersey's horseracing operations. Those who provide culinary services at New Jersey's tracks are, by the very nature of the racing season, compelled to move from one location to another. Generally, no more than one-third of those employed in providing food services at a particular racing location will be residents of the county in which the track is located. The others will come from elsewhere in New Jersey and in a great number of cases from outside of the State. Many of these people, at the conclusion of the racing season, will move to another out-of-state location -- Florida for example -- in pursuit of employment.

In contrast, a gaming casino, operated in a fixed location, would provide opportunities for continuing employment in one location. In purely social terms, there is certainly an advantage to an individual becoming a resident of and identifying his interests with one particular community. As a permanent resident of that community, he will also contribute to its economic life on a continuing basis, purchase goods and services all year long and pay appropriate taxes such as sales, tobacco and gasoline taxes on a continuing basis. His regular employment must obviously contribute to the overall economic activity of his community more effectively than any part-time or seasonal employment in that community.

I appreciate that the details of supervision and regulation of casino gaming will have to be developed by the New Jersey Legislature, assuming that the public approves the referendum. This will provide the Legislature with the

opportunity to decide how and where casino gaming is to be permitted, subject, of course, to the approval of the Governor. With this procedure I think there is no doubt that we can develop an effective and efficient means of operating gaming casinos in New Jersey.

Because the Legislature has the power to determine the actual operation of this new activity, I would like to urge that the referendum be authorized for inclusion on the ballot next November so that the State of New Jersey and its people can obtain the benefits which this new activity will bring as promptly as possible.

I would like to thank you gentlemen for this opportunity to state this endorsement of the casino gaming referendum proposal.

SENATOR SEARS: Mr. Leighton, are you an officer of the union that you represent?

MR. LEIGHTON: Yes, sir.

SENATOR SEARS: What position do you hold?

MR. LEIGHTON: Secretary-Treasurer. Of my particular local?

SENATOR SEARS: Yes.

MR. LEIGHTON: President.

SENATOR SEARS: But you are here representing the statewide union?

MR. LEIGHTON: Yes, sir.

SENATOR SEARS: Your interest, and understandably so, sir, is in additional jobs and I would assume additional jobs in your own particular trade. We are here today, so far as this hearing is concerned, on an amended bill. Originally the legislation proposed by Senator McDermott and the other sponsors was limited to Atlantic City. It now potentially covers the entire State.

MR. LEIGHTON: Which we represent.

SENATOR SEARS: Yes. And within the framework of your interest, does your organization, or do you individually, have any opinion as to how widespread casino gambling should

be in New Jersey?

MR. LEIGHTON: Well, I consider that casino gambling to induce tourist trade, convention trade which, I happen to be in a position to know, New Jersey is losing constantly to other areas such as Nevada, such as Porto Rico. As far as Freeport in the Bahamas, which we are losing particularly because - as far as London, incidentally, where we are losing conventions, tourism, because people go there because they have the freedom, the opportunity to gamble legally, which is one of the particular reasons why they go to this particular area. People are inducing, their different trades are inducing tourism or inducing conventions, in which they urge the conventioners, the delegates to bring their wives and their families which more and more, as anybody in the convention industry can tell you, is happening today where they bring their wives and families to these particular areas because they are resort areas. And if these people are willing to bring their wives and families to these particular areas, I cannot see anything morally wrong with this particular bill.

SENATOR SEARS: Well, that's a little bit astray of the point that I was trying to get at. What I am really asking you - well, let me preface it by maybe a couple of other questions. You would agree with me, would you note, that Porto Rico, Nevada, Freeport are all places where tourism is the number one industry?

MR. LEIGHTON: Well, let me say it this way. I would say that the number one industry in, not the State of New Jersey but I would say the number one industry in Cape May County, Atlantic County, and a tremendous portion of Ocean County is definitely tourism.

SENATOR SEARS: Well, perhaps you're helping me get at it in a little different way.

MR. LEIGHTON: Plus the fact that the State of New Jersey now anticipates - which is in progress - winter resorts in the northern part of our State which will gain

tourism business, which will draw tourism business. And if these people can come in here and gamble, and a lot of them don't even gamble, they just like to see the excitement of what goes on in gambling. They enjoy it.

SENATOR SEARS: Would you like to see tourism spread throughout the entire State or limited to the areas where it presently is a prime factor in the economy?

MR. LEIGHTON: If tourism could be spread out throughout the entire State of New Jersey, I would say yes, I would like it.

SENATOR SEARS: So what you're really telling me is that you at least, individually, if not the organization that you represent, would like to see casino gambling spread throughout the entire State.

MR. LEIGHTON: If it's helpful to the economy, why not?

SENATOR SEARS: In other words, what you are also telling me, sir, is it not, that really the only important thing in your consideration of this question is the help it would give to the economy?

MR. LEIGHTON: That's very important.

SENATOR SEARS: But, in your view, is that really the prime factor?

MR. LEIGHTON: Well, personally, I don't deal in economics, I deal with people, placing people in jobs, putting people to work, creating jobs for people. That's the function of the union, to see that they get the conditions to work under, but also it definitely has a great social stint to it.

SENATOR SEARS: A social what?

MR. LEIGHTON: A stint to it.

SENATOR SEARS: You mean casino gambling?

MR. LEIGHTON: No, no, no.

SENATOR SEARS: What?

MR. LEIGHTON: No. I say the function of a union.

SENATOR SEARS: Oh, I'm sorry. Right.

MR. LEIGHTON: The function of a union. They must be concerned socially where people must be put to work, where they're taken off the welfare rolls, where they're taken off unemployment rolls, which is constant in resort areas.

SENATOR SEARS: Gentlemen, do you have any questions?

MR. LEIGHTON: I don't think an industrial city needs casino gambling, definitely not, because there is enough industry there to provide jobs for people. But in a resort area it's definitely needed to attract people there and to put people to work. This is the most important factor.

SENATOR LYNCH: Mr. Leighton, tourism in the winter months in New Jersey is practically extinct, is it not? We don't have?

MR. LEIGHTON: Practically.

SENATOR LYNCH: Don't you think that people go to the Caribbean Sea and Islands, such as Porto Rico, Curacao and Aruba, where they have legalized gambling, primarily for the climate?

MR. LEIGHTON: Yes, definitely. There's no question about that. But let me point out to you, Senator, that I remember the time when race tracks only functioned in warm weather and now they're functioning in wintertime.

SENATOR LYNCH: That's true.

MR. LEIGHTON: But, you see the amount of people that go to Yonkers from the State of New Jersey and go to out-of-state tracks, go to Brandywine in Delaware, and also go to Liberty Bell in Pennsylvania, - you're taking money out of the State of New Jersey, and this is in the wintertime,

SENATOR LYNCH: But suppose you enjoy the beach, where can you go in New Jersey in the wintertime?

MR. LEIGHTON: If you enjoy the beach?

SENATOR LYNCH: Yes.

MR. LEIGHTON: Well, now you're talking about a

segment of people. I know places where they have winter resorts and people enjoy the pool. They have indoor pools.

SENATOR LYNCH: But don't you think that people are attracted to Porto Rico not by gambling but by the general climate?

MR. LEIGHTON: Not necessarily. Because at one time Florida was strictly a winter resort. Today you have a tremendous amount of people going to Florida and Porto Rico and the Bahamas in the summertime, definitely. It has built up and it's an all-round all-year business. Take our mountain areas in the State of New Jersey, which they never had before, are competing with Vermont and Maine with winter resorts. You have up in Sussex County right now a tremendous resort that's being built by the Playboy people, corporation, and this in itself is going to put about - just in this one particular place - forget the surrounding areas in which business eventually will grow - but you are going to put 2,000 people to work where you didn't have 10 people working.

SENATOR LYNCH: Let me ask you a silly question. Assuming someone were to offer you a winter vacation in February of any given year, would you go to Atlantic City or one of the Islands?

MR. LEIGHTON: Let me put it to you this way. I've been in Atlantic City in the wintertime and I've been in Vermont in the wintertime. So when you go on a vacation it doesn't necessarily mean sun and beach. If you enjoy yourself and get away from frustrations of everyday living, this is a vacation.

SENATOR LYNCH: But where would you go if you had that opportunity?

MR. LEIGHTON: If I had the opportunity?

SENATOR LYNCH: For free.

MR. LEIGHTON: Free? Well, I've had the opportunity to go to Las Vegas free and I went there several times.

SENATOR LYNCH: Well, I'm asking you about Atlantic City or the Islands, where would you go?

MR. LEIGHTON: Atlantic City or the Islands, if I had a free - now you're putting me on the spot because I've got a lot of friends in Atlantic City and I don't want them to hear me say I'd rather go to the Islands.

SENATOR LYNCH: I told you it was a silly question, Mr. Leighton.

MR. LEIGHTON: I don't want my friends to hear me say that.

SENATOR McDERMOTT: Maybe you would go to both places if they were offered free, right?

SENATOR LYNCH: Thank you.

SENATOR SEARS: That trip to Las Vegas had nothing to do with this hearing, did it?

MR. LEIGHTON: No.

SENATOR SEARS: You are aware of the fact that that hotel that Playboy is building up in what we have fondly come to call now "The Land of Milk and Bunnies" up in Sussex County, was conceived, designed and the investment was committed of some \$20 million - that's a matter of record here - before there was any idea of any casino gambling being introduced into the State, are you not?

MR. LEIGHTON: Absolutely.

SENATOR SEARS: Does that tell you that there is something here for tourism in New Jersey, in terms of even wintertime activity because, obviously, the ski resorts are an attraction up there - does that tell you that we can build tourism in New Jersey without casinos?

MR. LEIGHTON: Senator, I will answer that with a question. Why haven't they done it in the past? Why wait until a referendum or a bill is proposed and then start saying what they can do in the State of New Jersey on tourism? They haven't done it. They haven't done it in all these years in Atlantic County or Cape May County or Ocean County. They haven't done it. And now, when a bill is

proposed to induce tourism in this area, to build it, to give people the incentive to go down there and invest money in businesses, which they know will be remunerated by the business that they draw, and now someone comes up and says, do you believe? Of course, we believe, if you have a tourism committee. But why wasn't it done? It should have been done years ago before these areas became blighted. And anyone from Atlantic City who has spent any time there, or Atlantic County, Cape May, Ocean County, that has spent any time there in the past, 30 years ago, will tell you what fine cities they were, what fine business they did, but they've let them become blighted, there's no work for the people there.

SENATOR SEARS: Who do you blame for that?

MR. LEIGHTON: Well, I definitely have to blame the people who now say, can we propose tourism in the State of New Jersey without gambling.

SENATOR SEARS: Are there any other questions, gentlemen?

Thank you very much, Mr. Leighton.

Mr. William Green, Coordinator of the City of Asbury Park.

W I L L I A M G R E E N: My name is William Green. I am Coordinator for the City of Asbury Park.

Mr. Chairman, Senator Sears, Senator John Lynch, and Senator Frank McDermott: Mr. Chairman, I know you are familiar with the remarks and thinking of Asbury Park's Mayor and Council in regard to casino gambling for Asbury Park and other communities.

If you recall the specific points I made at the previous hearing, they were:

1. That no longer is there a moral question involved because of the State's involvement in horse racing, bingo and raffles, and the New Jersey State Lottery.

2. That the urban cities in New Jersey, in fact, are in a state of decay with slum areas, lack of ratables and the increased cost of municipal government.

In Asbury Park we had an increase of \$1.69 in the tax rate with 100% assessment, which in dollars amounts to \$1,400,000, an increase in our tax rate over 1970. If you recall the last time I appeared and testified before this Committee I said any substantial increase in our tax rate would tax the homeowners of Asbury Park right out of their homes. Today I submit evidence of my predictions.

Senators, I would like to leave this with you.
(Newspaper clipping given to Committee.)

Also, I would like to advise the Committee that 29% of our total population is now on welfare. Of 16,533 people in the City, according to the 1970 census, 4,795 people are receiving aid from the Monmouth County Welfare Board.

In view of the tax crisis that exists in this City and other cities in New Jersey, how can any Legislator, in good conscience, turn their back on a bill that would create income to these cities without further taxation to the people? This legislation is not designed to help special groups, I hope, but the people who are on fixed income, the poor taxpayer, the underprivileged, the people that live in slum areas and also to maintain local services by the municipal governments, such as police, fire, public works, education, recreation, health and other services.

Many cities in New Jersey have been hit with disturbances and riots in the last few years and Asbury Park is one of them. To consider any other form of acquiring funds, statewide, to alleviate our financial crisis and to assist the municipalities would mean further taxation. I humbly appeal to all our Legislators to tackle this problem with an open mind, to have compassion for their constituency and realize that the people of New Jersey cannot go on any longer with their tax rates rising at an unprecedented level.

Our lawmakers cannot, in good conscience, sweep these problems under the rug any longer, they must stand up to the fact that the casino type gambling bill will generate

enough serious monies to help the crumbling and deteriorating urban problems throughout our State.

To those Legislators who oppose this bill, may I ask this simple question:

What bill do you propose to raise serious monies needed to immediately help our cities, without further burdens on our taxpayers?

What bill or bills do you propose that will stimulate a tremendous amount of construction, gainful employment to thousands of people, also relief of taxes, recreation and health aid for our people, better protection in law enforcement, fire protection and garbage collection?

Until such legislation is proposed, I suggest that our Assembly and State Senate vote affirmative on the casino type bill and that the State control in a rigid manner the operation of casino gambling and that the cities have local option on the referendum.

Now, Senators, I would like to leave you with a few hardnosed facts. In two subsequent meetings of our Mayor and Council, that is the last two meetings, we had senior citizens come in there and plead with the Mayor and Council for some relief as far as our taxes are concerned. Our Mayor and Council and myself appeared before the Governor of this State to see if we couldn't get some additional aid through the Urban Aid package, which was impossible, the Governor couldn't do it for us. So our tax rate now, - and this \$227,000 we're getting is going to be credited to the present tax structure so we can reduce our taxes by 26¢. But just remember this, Senators, that I made a statement here that our tax burden was up \$1.69 which puts us in a category as bad as Newark, Jersey City, Hoboken, or any of the urban areas that are hard hit.

Now, I don't know what we're going to do for these taxpayers, these aged people that come in there, because if they have to raise a mortgage in order to pay their taxes, how are they going to pay that mortgage off. If they lose their homes - and let me say this, Senators, if even one

loses his home, that's one too many. But I think you'll sit there and in good conscience know that hundreds and maybe thousands of people in the next year or two years may lose their homes because of the tax rate rising at the unprecedented level that it is.

Now we're in a high unemployment area also with a 6.8 unemployment average in there. Now we only have three months to establish our economy. If we have a bad summer, we're out of business. Those people that are in business in our town, our taxpayers, the people that work in our town are just frustrated. There's nothing else they can do. We don't have the entire year to pick up our losses, it's just three months.

I heard some testimony here a little while ago regarding the questions posed about our Attorney General and our Superintendent of State Police, whom I regard very highly. But I think that the Police Chiefs Association, the PBA and the Fire Fighters are all on record for this particular casino bill to go on a referendum. I have asked the Chief in my Town if there would be any insurmountable problems if the bill was passed, and he said there would not be.

Now, I don't know why our law enforcement agencies cannot cope with this situation. I'm sure that if we pass this bill here in New Jersey our Attorney General, our State Police and our law enforcement agencies could definitely cope with the situation and weed out any of the undesirable element.

Now, Senators, our American system, our entire system of legislating is government by the people and for the people. And I predict that if this bill is passed by both our Senate and our Assembly that it will pass on a referendum by at least three to one in our State. And this is the voice of the people; this is your job to legislate for the people.

And I also feel too, Senators, that I'm voicing the opinions of all of the people in these urban cities

that are decaying very rapidly.

Now I can recall that Senator Dumont and other Senators recommended broad based taxes, and that's been over a period of years and nothing has happened since. And now I think it's too late. I think that our taxes have risen so high that if we were to go into any broad based tax today or additional taxes today, I fear for the people of this State. And that goes for everyone, Senator.

Thank you.

SENATOR SEARS: Do either of you gentlemen have any questions?

As Coordinator, I gather you are the Business Administrator of the City of Asbury Park?

MR. GREEN: I'm talking for the Mayor and Council, yes, sir.

SENATOR SEARS: And you speak for the Mayor and Council?

MR. GREEN: Right.

SENATOR SEARS: Specifically, - and I know Asbury Park over the years having been there and taken my family there, I know the kind of community it is - what would casinos do, in your opinion, Mr. Green, to change the face of Asbury Park? What would be the most obvious results in your opinion?

MR. GREEN: Well, let's just take a physical look at the City of Asbury Park. Senator, you said you've been there quite often. I would say, in the last ten years we've lost better than 50% of our conventions. You can see the entire beachfront deteriorating, although we have rebuilt it because we had fires there, but you can see the hotels that surround the boardwalk deteriorating because these people are not doing enough business to rehabilitate their places and they're suffering. Economically, it's a sad situation. The conventions go to other areas where there is gambling or some kind of fun that these people can have - let's call it fun because they'll go down to the Islands or go out to Las Vegas. And, Senator Lynch, you asked a question before

about would you rather go down to the Islands or go to Atlantic City.

SENATOR LYNCH: I did.

MR. GREEN: Well, suppose you pose the same question and ask me about Asbury Park, and I would say this to you, that there are people who like to go skiing, love winter sports and they go up to Maine and Vermont, and people that primarily go to the Islands - well, if they go to Las Vegas, let's take Las Vegas, it's hotter than ten hells down there in the summertime, and also in the winter-time; yet people go there specifically for one reason, casino gambling and the entertainment that they get free of charge. And I think this, if we had gambling in Asbury Park I don't think I'd leave the City to go on a vacation, I'd have my vacation right there.

SENATOR LYNCH: Gambling?

MR. GREEN: Yes, sir.

SENATOR LYNCH: How long will you last?

MR. GREEN: Well, I haven't made a \$2.00 bet in five years but I say this here, I haven't gone to the race track to make a bet but I think that probably if we had casino gambling in there I might bet \$2.00 or something.

SENATOR SEARS: I wish you luck.

MR. GREEN: Thank you.

SENATOR LYNCH: Well, do the people who go to Vermont go there for gambling?

MR. GREEN: No. But you asked the question about a vacation, you didn't say anything about gambling.

SENATOR LYNCH: You talk about going to Vermont, if you had your choice.

MR. GREEN: Well, somebody who would like winter sports would go to Vermont.

SENATOR LYNCH: There's no gambling up there.

MR. GREEN: Well, not visible gambling.

SENATOR SEARS: Thank you, Mr. Green.

Mr. Louis Duva. Would you tell us, Mr. Duva, who you represent, please?

L O U I S D U V A: I represent Teachers Local 286,
Public Employees, State of New Jersey.

Senators, on behalf of more than 4,000 public employees who comprise the membership of Teachers Local 286, I am writing to urge that the Senate Judiciary Committee release SCR 74, as amended, for a floor vote, as soon as possible after public hearing to be held April 7th.

The membership of Local 286 includes Board of Education employees, Public Health personnel, Firemen and employees of Public Works, Parking Authorities and Water Commissions throughout New Jersey.

In view of the operation of gambling casinos in qualified municipalities under State control, this represents a practical and productive means of generating substantial State revenue, it will also stimulate job opportunities for public employees throughout the State.

Any measure designed to provide State revenue for use in urgently needed social programs, as well as jobs, as in the case of SCR 74, merits the most sympathetic attention, in my opinion, especially when the proposal will also contribute to public employee growth in this State.

For these reasons I believe that it is absolutely essential that the public be allowed to exercise its constitutional right to vote for or against this proposal by means of a referendum next November. I am aware that the public approval of SCR 74 will be only the first step in the introduction of casino gaming as a revenue vehicle. Given this approval in principle, the Legislature thereafter should be able to develop effective regulations for casino gaming as has been done so successfully on the Jersey Lottery.

I am reluctant to believe that New Jersey Legislators will refuse to permit their constituents the right to decide on direct public vote the merits of casino gambling. For this reason, there can be no valid or useful purpose served in delaying legislative approval for a referendum next November.

Thank you.

SENATOR SEARS: Thank you.

Any questions, gentlemen? (No questions)

Thank you very much.

SENATOR McDERMOTT: Thank you, Mr. Duva.

SENATOR SEARS: Mayor Masciarella. I have been asked to announce that your colleague, Mayor Hentges of West Wildwood, has been in touch with us by phone and due to some emergency down there he cannot be here. He had intended to be here to testify. He probably will send in some kind of a statement.

C H A R L E S M. M A S C I A R E L L A: Mr. Chairman, my name is Mayor Masciarella of Wildwood and I am here representing Wildwood.

Mr. Chairman and members of the Senate Judiciary Committee, the people of Greater Wildwood appreciate the opportunity you have afforded us today to present our views on legalized casino-type gambling, as outlined in Senate Concurrent Resolution No. 74, as amended, and adopted on March 11, 1971.

First, let me say that we are extremely pleased and gratified that this Committee has seen fit to amend the original measure, SCR 74, perhaps as a result of the testimony of resort communities, such as Wildwood. It is most encouraging that our pleas were not only heard but apparently listened to by the Committee and by Senator McDermott, in particular. We congratulate him on his fairness.

We are here today, therefore, to give you what additional information we have on the general attitudes of our people on legalized casino gambling so that you may consider it and hopefully give it some weight in your thinking on this important matter.

The issue, gentlemen, is not whether legalized gambling will be permitted in the State of New Jersey, for it already exists on a broad scale and on a very profitable basis to the State. The issue is whether a new dimension

of legalized gambling will be allowed, that is the casino type.

The issue is not whether this is a moral issue and one filled with sinister influences, but does one form of legal and entrenched gambling have the right to deny to the people the increase in State funds that would definitely come from another and supplementary form of gambling, the casino type.

And the issue is, quite clearly, whether the people will be given an opportunity to decide for themselves in a free, democratic, voting referendum, or have a few self-appointed censors of social values tell the people what is good for them.

Let me develop those three points for just a minute.

Legalized gambling does exist in the State of New Jersey, and performs a very useful service.

The race tracks are very entertaining to the people, are maintained on a high level, and produce important revenue to the State. We of the Wildwoods are not against gambling and support the tracks in droves from among our summer visitors.

The lottery has been a great success. It again provides interest to the people, is completely above board, and will produce more money than the State expected to receive. We are not against this gambling and our people enjoy it very much. It is the envy of our sister states, Pennsylvania and New York, and very shortly may be imitated.

Bingo has been one of the finest forms of entertainment for many good people for many years. And it has given funds for the great services provided by our churches and our civic-minded organizations.

We are not against this gambling.

And now that casino-type gambling is proposed as a means of increasing state revenues, rather than increased property taxes or a State income tax, we are not against it. We compliment Senator McDermott and the members of this Committee for seeking new State funds from basically out of

State source to bolster our State Treasury. We are not against this casino approach to gambling either.

Quite frankly, casino type gambling is the only form that would add to our resort area business. Our resort areas have steadily deteriorated as new places have grown up and air travel has become so safe and inexpensive. A short season of three months is all we can expect, with Atlantic City doing a bit more in the off-season due to their well directed Convention Hall efforts. Casino type gambling would bring a whole new era to our resorts. Rebuilding and land restoration would be fantastic and, once again, the Jersey Shore would be the capital of resorts.

The second point is this apparent hypocrisy of the approach to gambling. Some opponents condemn casino type and at the same time there is a proposal to put a new race track and sports stadium in the Secaucus Meadows of North Jersey. Make no mistake about it, gentlemen, the key is the race track. It has been the dream of certain people for a good many years. Gentlemen, we are not against this expansion of gambling in New Jersey. The sports end of it is long overdue.

But let us strike a balance. Race tracks benefit the State and, to a limited extent, the area immediately surrounding it. Casinos would hypo the entire New Jersey resort area in lodging, restaurants, variety stores, conventions and employment.

The point which is somehow being overlooked in this discussion is the intense desire on the part of a few to stop the casino proposal before it reaches the people. Let the people have the right to vote on it. They do know what's good for themselves. Gentlemen, I too have represented some of the people of New Jersey for over eleven years and I can tell you they are capable of determining what is best for them. Our main purpose as an elected official of the people is to represent their views. For this reason, I would like to present to you the results of a survey conducted in

the Greater Wildwoods about ten weeks ago on this very subject. It was conducted by the Junior Chamber of Commerce of the Greater Wildwoods, and we are happy that these younger members of our community have involved themselves in this important subject. The response was taken from a good cross-section of the population, such sites as supermarkets, banks and homes.

I would like, for the record, to present a copy of the issue of this survey to the Committee (February 4th, 1971, issue of The Wildwood Leader presented to Committee)

The results were tabulated from 445 responses taken from residents of the four local municipalities of Wildwood, North Wildwood, and Wildwood Crest, and the interviews were made by personal and direct canvass.

In all, there were six questions on the survey:

1. ARE YOU FOR OR AGAINST LEGALIZED GAMBLING IN THE STATE OF N.J.?

YES	289	65%
NO	124	28%
UNDECIDED	<u>32</u>	<u>7%</u>
	445	100%

2. ARE YOU IN FAVOR OR OPPOSED TO LEGALIZED GAMBLING ONLY IN ATLANTIC CITY?

IN FAVOR	56	13%
OPPOSED	347	78% (Which was corrected by the amendment, by the way)
UNDECIDED	42	9%

3. DO YOU FEEL THAT LEGALIZED GAMBLING ONLY IN ATLANTIC CITY WOULD BE DETRIMENTAL TO OTHER RESORT AREAS' ECONOMY?

DETRIMENTAL	333	75%
NOT	70	16%
UNDECIDED	42	9%

4. WOULD YOU BE INFAVOR OR OPPOSED TO LEGALIZED GAMBLING IN ALL
RESORT AREAS OF N. J.?

IN FAVOR	249	56%
OPPOSED	152	34%
UNDECIDED	44	10%

5. WOULD YOU BE IN FAVOR OR OPPOSED TO LEGALIZED GAMBLIN IN THE
WILDWOODS?

IN FAVOR	269	60%
OPPOSED	142	32%
UNDECIDED	35	8%

6. IF LEGALIZED GAMBLIN WERE ADOPTED, WOULD YOU PREFER A STATE-
CONTROLLED AND OWNED OPERATION, OR A PRIVATELY OWNED OPERATION?

STATE CONTROLLED	309	69%
PRIVATE	59	13%
UNDECIDED	77	18%

THESE RESULTS SHOW THAT THE RESIDENTS OF THESE FOUR
MUNICIPALITIES FAVOR LEGALIZED GAMBLING ON A STATE CONTROLLED BASIS BY
A WIDE MARGIN. THE INDICATIONS ARE THAT THERE IS A MUCH BROADER INTEREST
AND ATTITUDE ON THE PART OF OUR PEOPLE THAN ONE MIGHT EXPECT. I AM,
THEREFORE, REFLECTING THIS ATTITUDE TO YOU, AND HOPE THAT YOU TOO WILL SEEK THE
WILL OF THE PEOPLE. THIS IS NOT AN ABDICATION OF OUR RESPONSIBILITIES, BUT
THE FULFILLMENT OF THEM. LET THE PEOPLE SPEAK!

IF YOU ARE UNCERTAIN OF THE ATTITUDE OF THE PEOPLE, THERE IS A
REMEDY TO THAT POINT. A FIRM SUCH AS GALLOP, COULD BE ENGAGED TO SEEK A
REPRESENTATIVE INDICATION OF THE PEOPLE'S ATTITUDE.

THE CITIZENS OF THE GREATER WILDWOODS AREA AND CAPE MAY COUNTY HAVE CERTAIN OTHER CONCERNS THAT I WOULD LIKE TO MAKE KNOWN TO THIS COMMITTEE.

WE WOULD HOPE THAT IF THIS MEASURE BECOMES A REALITY, THAT THERE WILL BE NO TECHNICAL PROVISIONS WRITTEN WITH THE OPERATIONAL LAW, THAT WOULD IN FACT EXCLUDE MOST RESORT AREAS FROM PARTICIPATING. WE ARE MOST SERIOUSLY CONCERNED ABOUT THE APPLICATION OF STATE AID TO RESORT AREAS IN THE PAST, WHICH SHOWS COMPLETE MISUNDERSTANDING, OR WORSE YET, DISREGARD, OF THE UNIQUE AND SPECIAL PROBLEMS OF RESORT AREAS.

RESORT AREAS, OUR GREAT VACATION FACILITIES, ADD TREMENDOUSLY TO THE WELL BEING OF THE STATE. WE BRING IN MILLIONS OF OUT OF STATE VISITORS TO NEW JERSEY WHO SPEND THEIR MONEY THROUGHOUT THE STATE.

THE RESORTS RECEIVE A THREE MONTHS BUSINESS ECONOMY, AND A NINE MONTHS EXPENSE ECONOMY. 150,000 PEOPLE DAILY USE THE FACILITIES WE PROVIDE AND THE BEACHES. OUR FACILITIES ARE GEARED TO THIS NUMBER OF PEOPLE IN THE SUMMER. ROADS, SEWAGE, PUBLIC SAFETY, BEACH CLEANING, AND MAINTENANCE MUST BE KEPT UP DURING THE WINTER BY THE 4100 PEOPLE REMAINING HERE YEAR ROUND.

GENTLEMEN, CERTAINLY WE ARE NOT A CITY OF 150,000 PEOPLE, BUT JUST AS CERTAINLY, WE ARE NOT A CITY OF 4100 PEOPLE. THE TRUTH LIES SOMEWHERE IN BETWEEN.

STATE AID IS BASED ON A CENSUS FIGURE OF THE POPULATION TAKEN HERE IN THE DEAD OF WINTER - OR THE 4100 FIGURE. TO QUALIFY FOR STATE AID YOU MUST BE A COMMUNITY OF 15,000 OR MORE.

HERE IS WHAT OUR POPULATION RANGE IS:

IN JUNE, JULY, AND AUGUST	150,000 PEOPLE
IN APRIL, MAY, SEPT AND OCTOBER	45,000 "
IN NOV., DECEMBER, JAN., FEB., MARCH	4,000 "

THE MEAN AVERAGE IS ABOUT 50,000 PEOPLE. THIS IS A FAR CRY FROM THE 4100 POPULATION THE STATE USES IN ITS AID FORMULA. WE ARE EFFECTIVELY PASSED BY IN EVERY STATE AID PROGRAM IN THIS WAY. THE MOST RECENT CASE IS THE STATE REVENUE SHARING PROGRAM OF THIS MARCH. THERE WAS \$25 MILLION DISTRIBUTED, AND CAPE MAY COUNTY RECEIVED NOT ONE DOLLAR

MY REASON FOR MAKING THIS POINT HERE, ASIDE FROM THE OBVIOUS INJUSTICE OF IT TO ALL THE PEOPLE LIVING IN RESORT AREAS, IS TO IMPRESS UPON THIS COMMITTEE THE NEED FOR PROVIDING SOME STATE FUNDS FOR OUR AREA. CAPE MAY COUNTY DESPERATELY NEEDS A FAIR SHAKE FROM THE STATE. OUR UNEMPLOYMENT OF 17.9% IS THE HIGHEST IN THE UNITED STATES. NO AMOUNT OF JUSTIFICATION CAN SOFTEN THIS BLOW TO OUR PEOPLE, SUCH AS THE TERSE REMARK OF THE N. J. STATE DEPT. OF LABOR AND INDUSTRY, WHICH NOTED "DUE TO SEASONAL FACTORS" THIS DOES NOT EASE THE BURDENS OF SUCH A SEVERLY DEPRESSED PEOPLE. WE NEED MEANINGFUL HELP.

SHOULD CASINO GAMBLING BECOME A REALITY, WHY NOT PROVIDE SOME FUNDS TO THE AREAS THAT HELP RAISE IT, AND NEED IT MOST. A REASONABLE PERCENTAGE, SAY 5% OF THE NET RECEIPTS MIGHT BE DEDICATED TO OUR AID-STARVED, AND DEBT RIDDEN RESORTS. THIS INVESTMENT WOULD BE WELL JUSTIFIED, AS IT WOULD RETURN TO THE STATE MANY TIMES OVER. IT WOULD NOT HURT THE BADLY

NEEDED PROGRAMS FOR THE LARGE CITIES, AND WOULD BE A GREAT ECONOMIC LIFT TO US. NEW JERSEY COULD ONCE AGAIN BE THE LEADING VACATION LAND IN THE NATION.

WE DO TAKE NOTE OF THE PRESS RELEASE OF LAST SUNDAY, OUTLINING HOW THE RECEIPTS OF CASINO GAMBLING WOULD BE DISTRIBUTED TO THE COUNTIES. UNDER THIS ARRANGEMENT, THE ENTIRE COUNTY OF CAPE MAY WOULD RECEIVE \$1.6 MILLION, WHICH IS AT LEAST SOME CONSIDERATION. FURTHER, THE BILL PROVIDES THAT REVENUE BE DEDICATED TO "BUSINESS AND INDUSTRIAL DEVELOPMENT INCENTIVES IN HIGH UNEMPLOYMENT AREAS". WE HOPE THIS MEANS CAPE MAY COUNTY.

WE CONGRATULATE SENATOR MC DERMOTT FOR THIS APPROACH. WE BELIEVE, HOWEVER, THAT IN ORDER TO SANCTION OURSELVES AND REBUILD FOR THE FUTURE, SERIOUS THOUGHT SHOULD BE GIVEN TO DEDICATING 5% OF THE NET RECEIPTS TO THE RESORT AREAS TO COMBAT OUR DRASTIC UNEMPLOYMENT.

IN CLOSING, I WOULD EMPHASIZE THAT LEGALIZED CASINO GAMBLING IS A VERY IMPORTANT ISSUE, AND ONE THAT THE PEOPLE HAVE A RIGHT TO ACT ON IN A PUBLIC REFERENDUM. AS AN ELECTED OFFICIAL, I DO NOT REJECT AN EXPRESSION OF THE PEOPLE'S WILL, I WELCOME IT. I SUGGEST THAT THIS COURSE OF ACTION WILL BE HELPFUL TO ALL OF US. THANK YOU"

SENATOR SEARS: Thank you, Mayor, for your very thoughtful and obviously well prepared presentation. We certainly will take your views into consideration. I think I have a couple of questions.

You know your town, I am sure, Mayor, because you are Mayor of it and I assume you've lived there for a long time. Some of the figures in your polls interest me and I would just like to have some thoughts from you as to how you may interpret them because, while we're at this point at least not taking a sounding of public opinion, I think it necessarily and probably inevitably has to be injected in this issue.

Your number four question is, "Would you be in favor or opposed to legalized gambling in all resort areas of New Jersey?" and you have 56% voting in favor and 34% opposed in your poll, which was obviously a good cross-section of your community.

Now it seems to me that in a town where there has to be a certain amount of self-interest in this question that that doesn't represent a very resounding mandate for legalized gambling all over the State. Would you care to comment on that?

MAYOR MASCIARELLA: I am not talking in terms of a State poll. This is a poll of the Wildwoods, the four municipalities I think I mentioned in my text. This was a poll taken by the Junior Chamber of Commerce and these were the figures given to them and relayed to me and taken from the news media.

I think at the time this was taken, let me say, Senator Sears, this was more in its infancy. I don't think the people were educated to the extent of what casino gambling would mean to them economically. I feel that perhaps if the poll were taken today, instead of being 56% in favor it could be 78% in favor. It could be that, since an educational program has been on and many statements in the paper toward this particular bill. We're talking about

maybe ten weeks ago, or so, and since that time a lot of ground has been covered by this Committee and the public and the statements. And I would say that perhaps if the poll were taken again today the percentage in favor would be much more since our tax bills and our tax ratables and our tax budgets have been passed since that time.

SENATOR SEARS: Well, would you care to - and I don't want to use the word "speculate" because we want to stay out of the area of speculation if we can, but if I were to suggest that perhaps apart from whatever educational program has been carried on since then to, as you put it, educate the people as to the benefits of this kind of proposal, would you agree with me that there appears to be reflected here in this vote, where I would think, as I said before, among a good many people there would be some self-interest because of being from a resort area, - would you agree or disagree with me if I were to suggest that there would appear to be kind of an inborn caution or perhaps maybe even opposition on the part of people to this particular kind of gambling operation?

MAYOR MASCIARELLA: I don't quite understand your question, Senator. Self-interest, I really don't understand. What any one individual would have a self-interest, I really don't know and I can't think of anyone. I don't understand that question.

SENATOR SEARS: Doesn't a resort area that says it needs this kind of thing have some kind of self-interest in the question?

MAYOR MASCIARELLA: Are you talking about a resort area as a whole?

SENATOR SEARS: Yes.

MAYOR MASCIARELLA: I would think at this point, Senator, that since the tax rate is getting astronomical and getting way out of hand, and most of the taxpayers actually cannot cope with this - in our area, where we have many senior citizens, Cape May County I can speak of, as a

whole, generally, has many senior citizens that are living on a fixed income and I think they're at the point now, Senator, where they will go along with almost any bill that will relieve their tax burden. I really honestly feel this way. I'm with the people. I live in a small community. I am in touch with them. It's not a point that they can't get to me, my door is open and I see the people daily and I know their feelings and I know their wants and I know what their reliefs require, and at this point, with the tax going way out of hand, on fixed incomes elderly people - it might be surprising to hear this but I think that even some of this type of people would be for this bill if they knew that it could relieve their tax burden.

SENATOR SEARS: Well then, of course, they are written into the bill to some extent because there is a senior citizen provision in the measure as it is presently drawn.

All right, sir. Thank you.

Are there any other questions, gentlemen? (No questions)

Thank you very much.

Mr. Jeffries of the JC's.

J A M E S J E F F R I E S: Mr. Chairman, Senator Lynch and Senator McDermott, my name is Jim Jeffries. I am the State Treasurer of the New Jersey JC's. I am speaking for the organization.

On February 20th of this year, in Asbury Park, the New Jersey JC's met in a general assembly to debate a resolution that was brought forth by the Jersey City JC's, and the essence of this resolution was that the gambling issue was so important that it should be brought before the voters of our State.

We did not debate the merits or demerits of casino gambling in our State, although some JC's from Atlantic City and Wildwood got their points in.

After much debate, our delegates voted by a

three to one majority in favor of putting this issue before our voters.

I might add that a few moments ago, Senator, you made small fun of the gentlemen from the AFL-CIO regarding whether or not his membership had a part in deciding their position. Our membership did and it was debated in our 200 local chapters before it came to our general assembly. And I want to take the position that the Government of this State, the Legislature, should take the same stand in letting the voters decide on this particular issue. Undoubtedly, there is a large concern for all the things that were said here this morning and we feel, as an organization, that the voters can decide this issue in a very intelligent way and we feel that it should get out of Committee, get out of Trenton and on the ballot in November.

Thank you.

SENATOR SEARS: Thank you very much, Mr. Jeffries.

Any questions, gentlemen? (No questions)

Thank you very much.

SENATOR McDERMOTT: I want to compliment the JC's on their very democratic process of sampling opinion.

SENATOR SEARS: Dr. Jeanes.

D R. S A M U E L A. J E A N E S: Mr. Chairman and members of the Senate Judiciary Committee, I am Samuel A. Jeanes of Merchantville, General Secretary of the Lord's Day Alliance of New Jersey and Legislative Secretary of the New Jersey Christian Conference on Legislation.

I have a very, very brief statement, in fact it's almost a monument in brevity for a Minister.

Let me say that the amendments to SCR 74 remind me of a popular cartoon of a mischievous little boy who was always creating problems in his neighborhood. Finally the neighbors took up a collection and they bought this little fellow a bicycle so that he could spread his mischief over a larger area. I think that's what this Resolution and these amendments would do.

Our opposition has already been recorded with your Committee and we return today to state that the amendments to SCR 74 intensify our objections. If our New Jersey experts in law enforcement can envision serious problems with casino gambling established in one location, the possibilities of such gambling springing up all over the State would multiply the problems.

As responsible Legislators you will not want to hazard the risks that this wide open Las Vegas atmosphere could encounter with its accompanying threats to business integrity, its encouragement of a friendly climate for criminal activity and its corrosive inroads upon good government.

For our State government to pursue further the dubious course of financing projects, however worthy, out of the weakness of the people is not only abhorrent to right-minded citizens but serves to justify the charges of those who say we are an undisciplined people and spiritually depraved as a nation. We respectfully urge you to defeat this resolution.

SENATOR SEARS: Thank you, Dr. Jeanes.

Any questions, gentlemen? (No questions)

Thank you very much.

Gary Malamut.

G A R Y P. M A L A M U T: Esteemed Senators, I am Gary Malamut representing the New Jersey Hotel-Motel Association.

I wish to open my remarks by stating that as we now hold the fourth public hearing on the referendum to be included on the 1971 ballot, the off-track betting parlor system in New York State will be implemented in the very near future. It is also my understanding that the State of Rhode Island has introduced legislation to legalize gaming casinos in the City of Newport, Rhode Island. And years ago, Prince George County, Maryland, had slot machines which were ruled illegal, but I understand that they are now back in

operation, due to the soaring tax rates of that County. Last week two councilmen in the City of New York displayed two slot machines that involved the game of skill and it is their intention to try for legalization of these machines within the City of New York.

I am utterly amazed at the opposition on the real question of the referendum, which is to allow the people of the State of New Jersey to vote on the issue of legalization of casino gaming. I can understand the moral issue objection as advanced by certain church groups and the stand taken by certain appointed officials, however, the church objections are usually against all forms of gambling, but they cannot present a solution to the incipient problem of illegal gambling. I respect their views but they are rather idealistic and resemble the ostrich with his head in the sand solution. Pay no attention to the problem and it will go away. Certain church groups sponsor Bingo and Raffles. How can they condone one form of gambling and condemn another. That is real hypocrisy.

When public officials decide that the citizenry should not be permitted to vote on important issues; that constitutes dictatorship and not democracy. I don't think that New Jersey wants that type of leadership.

Who else does not want the public to vote on this issue: numbers writers, bookies, pushers, and the leaders of organized crime. Need I say more on that aspect than the recent incident in West New York, New Jersey.

Even law enforcement officials differ on their attitude of the referendum. The New Jersey Chiefs of Police are among many organizations endorsing that the referendum be placed on the ballot next November. Other endorsing organizations are the New Jersey AFL-CIO, the New Jersey Jaycees, the New Jersey PBA, the New Jersey FMBA, and numerous senior citizens groups throughout the entire State of New Jersey.

At the current time New Jersey is the most densely populated state in the union with an additional 1 million people added within the last ten years. The current state budget reflects a razor thin surplus of 11 million dollars which included 62 million dollars from lottery and horse racing. Anyone naive enough to believe that the next step would not be a personal income tax in New Jersey is indeed a Babe in the Woods. An income tax will not attract industry or the people to New Jersey. It is a last resort and should only be viewed as such. However, the citizens of the State of New Jersey will not be given the opportunity to decide on a personal income tax because that bit of legislation will be passed in both houses of the legislature without the people having a say on that issue.

Legalized gaming casinos would stimulate tourism, which is currently New Jersey's second leading industry. It will cope with the problem regarding the seasonal nature of resort employment and would be a base for continued expansion of tourism and conventions. It will provide new jobs for under-employed and

unemployed and will remove people from welfare and unemployment roles. Considering the multiplier effect upon the economy, the creation of 10,000 jobs in this new industry with clean air and clean water would provide 100 million dollars in new payrolls. Perhaps these are dollars that are currently being spent on welfare and unemployment compensation.

The lottery, so far, has been successful to the extent that the anticipated revenues to the state will be in the vicinity of 25 million dollars. I recall that the original estimates on the revenue to the state were in the range of 6 million dollars. I would say that the calculations were somewhat understated to put it mildly. I have not seen any detrimental effects on the morals of the people since the implementation of the lottery but the benefits accruing to education and institutions in New Jersey will certainly be better with the new funds dedicated from the lottery proceeds. Maybe the lottery is cutting into the daily handle of the numbers writers. The New Jersey lottery is successful because it was patterned on a program that would appeal to the people. The moral of the lottery is that New Jersey is New Jersey, New York is New York, New Hampshire is New Hampshire. New Jersey capitalized on the mistakes that were made by the states that had the lottery prior to New Jersey and New Jersey can also learn of the successful implementation of legalized casinos from Puerto Rico, Great Britain, Europe, the Bahamas and even Nevada. Let's focus on Nevada since most

objectors use Nevada as a glaring example of why New Jersey should not have legalized casinos. Last year, the State of Nevada realized 48.4 million dollars from the tax on gaming which was based on a sliding tax scale of from 3 to 5.5 percent. This is equivalent to 1/3 of the state budget of the entire state of Nevada. And, as a comparison, New Jersey raises 62 million dollars from horse racing and lottery alone, which is 14 million dollars more than the entire state of Nevada raises from all of their forms of legalized gaming. Which again brings forth the comparison that New Jersey is New Jersey and Nevada is Nevada. Nevada is isolated whereas New Jersey is surrounded by one hundred million people within a 500 mile radius.

The issue of organized crime was not raised until the third public hearing and it is my contention that with strict state supervision and control that organized crime will not be able to put their finger in this pie. Organized crime had its day in New Jersey but it is coming to a close. The past few years have shown the public how strong organized crime was in New Jersey. I think that our law enforcement officials have done a good job, but enforcement of gambling laws are difficult, if not impossible. Crimes of a violent nature certainly require the priority of our law enforcement officials at all levels of government.

I would like to read an editorial that appeared in the March 15 edition of Forbes Magazine on their editorial page which is

called "Fact and Comment", the title of the article is: "Why the Big Deal"?

What in heavens name is per se criminal about gambling?

What's the crime against person or State if man wants to wager on a race of any sort, on the chance a number may turn up, on the outcome of a game or on where the bouncing ball finally stops?

Making criminal this thing is unmeasurably costly. It provides the greatest source of corruption of law enforcers and lawmakers. And it does more to cause people to lose respect for law itself than most anything else.

Imagine if the police and law enforcement officials of cities, counties, states and the Federal Government didn't have to spend vast amounts of time and money trying to enforce un-enforceable laws against wagering, and could devote that time and that money to waging war against actual crime and criminals.

It's criminal, this present situation.

Now that every company and every level of government is struggling to reorder priorities in the face of more demands than there is money, it's the right time to reorder the priorities of police and law enforcers. Let 'em focus on truly criminal areas - such as the trafficking of hard drugs.

End of Article.

New Jersey is a State full of discontent. It is the leading state in racial riots in the entire Union. Asbury Park, after their problems last summer, had a disastrous summer and its effect on the economy was immeasurably bad.

I have heard the comments of the Attorney General and the Chief of Police of New Jersey. I have also heard the comments of the Attorney General and the Chief of Police of Pennsylvania, and they are directly opposite to those of the officials of New Jersey.

I would like to ask the Committee where the recent State Conference of Legislative Leaders was held, and the New Jersey Bar Convention in November of 1970?

The contention that casino gaming attracts the little people that can least afford to pay is erroneous. These people play the numbers game, buy lottery tickets and go to the race tracks. Observation of the clientele of casinos shows a rich affluent market. In January one of the winners of the New York State Lottery was a welfare recipient who lived in Connecticut. If the poor can play the lottery, why should we deny the affluent a casino? Why deny the people the right to vote on the question. I say, let the people vote.

Thank you.

SENATOR SEARS: Thank you, Mr. Malamut.

In your opening remarks you, I would say, maybe conceded isn't the right word but you indicated that you certainly feel that groups and individuals have a right to their own views and that you respect them, and I respect you for that.

You then, of course, raise the question about public officials, elected officials, putting this, almost automatically, I gather, - you and others have suggested - on the ballot because the people ought to have the right to vote on anything.

Now I would just like to ask you a hypothetical

question, and it's mostly premised on your original statement that everybody's entitled to their opinion, in effect.

If you believe, as many sincere people do, that there is a difference between casino gambling and other forms of gambling, such as a lottery, which many believe to be an innocuous outlet for people who want to take a chance on a number and hope to win, - between casino gambling and bingo, which most of us generally, I guess, at least I do, relate to busloads of ladies headed for the Holy Name Hall or the church or whatever the case might be, - between parimutuel betting at a track, which has come to be an accepted form of gambling outlet without any apparent satellite difficulties or evils, - if you believe, as many people, including some Legislators, that there are evils attendant to casino gambling, both apparent and potential, based upon the testimony and opinions of responsible people whom all of us certainly respect even though we may disagree with them, - evils, such as the real and not illusory danger of infiltration by organized crime in some form, attraction of undesirable elements, the generation of an atmosphere right on the site around casinos, which is the all-night, gaudy kind of atmosphere with the neon lights and the things that people associate with Las Vegas and other places like that, - if you believed yourself sincerely that this particular proposition, if implemented, would be bad for the State of New Jersey and perhaps have a tendency to reverse a very desirable trend, namely getting us away from being the number one known haven for organized crime and corruption, a reputation we certainly have enjoyed in the years immediately past but which we have really begun to reverse, as many of us sincerely believe because of the combined efforts of Federal, County, State and Local Law Enforcement Officials - many believe that we've taken a 180 degree turn in course and that we're headed really in the opposite direction, -- if you believe that the State of New Jersey would not be the kind of place that you envision and would want it to be, would you,

if you were an elected official, just put it on the ballot because everybody ought to have a right to vote, or would you feel that you had some public trust, by virtue of your position, which would compel you to exercise some degree of judgment about the future of your State?

MR. MALAMUT: Well, looking at the direction that the State is heading in, I can only see the implementation of a personal income tax which would be a burden on every taxpayer in the State, on which they will not be given the opportunity to vote, which I happen to feel is a very important issue. I think that the implementation of the system, when it would be overwhelmingly approved next November by the citizenry of the State, could be well controlled by our public officials and elected representatives in Trenton. And I am only sorry that you will not be here to be part of that implementation.

SENATOR SEARS: I'm not so sure that that's a unanimous view.

MR. MALAMUT: But I don't think it would be detrimental for New Jersey. I think that the legalization of gambling laws and the supposed crackdown on gambling laws has been a near impossible task for law enforcement officials. I think we have a bigger problem with crime on the streets and narcotics and they should devote their time and energies to that. I think that the implementation can be done properly in preventing the infiltration of organized crime.

SENATOR SEARS: Well, what you say points up the difference in your opinion and the opinion of others who have expressed themselves in a contrary way. I am going to suggest that that doesn't really answer my question. because my question is - it really goes to this position that has been taken by proponents of this casino gambling that there is something evil about a legislator not automatically wanting to put it on the ballot and vote to put it on the ballot because of some constitutional right

that they allege people have to vote on any question.

Now what I say to you is, there is no such constitutional right. That position begs the question of what representative government is really all about. And if that were so, we'd have a statewide town meeting to decide all questions and we wouldn't vote on any taxes or any basic issues at all here, we'd simply say, well, we don't have to decide that because the people have a constitutional right to decide it.

And what I'm really asking you, sir, is are you really correct and are you really serious when you say that a question like this should automatically go on the ballot?

MR. MALAMUT: Well, I don't think it automatically would go on the ballot, sir. We've now held four public hearings. I think there has been more testimony presented on this issue than any issue that has ever come before the entire State. I think there is adequate testimony that reflects a mandate of the people so that the elected representatives of those people should allow, by their vote, the question to be brought on the floor of both Houses and, if it passes, to be placed on the ballot next November.

SENATOR SEARS: Well, who are all those people that have expressed themselves?

MR. MALAMUT: Well, I heard the AFL-CIO, which represents 500,000 people; I heard another union representing 40,000 people. I represent an industry that employs perhaps 25,000 to 30,000 people; firemen and policemen groups; senior citizen groups, who are all being taxed into oblivion now with the real estate tax load that we have in New Jersey.

SENATOR SEARS: Every single one of the groups that you mention have a stake in this legislation. They are interest groups either because they are written into the bill as getting something from it, or because their particular business will be bettered or improved by reason of the passage of this legislation. How, pray tell, does that represent a cross-section of the people of the State of New

Jersey when the record is clear that only the interest groups have been here?

MR. MALAMUT: Oh, I would say that any group that has an interest in the employment of people, in job security, in taking them off the welfare rolls and the unemployment rolls and providing them a decent standard of living and some pride in their life would be something that should be decided by the people. The economic impact of this, the taxation benefits to the State of New Jersey, should be placed before the people rather than an increase in the current state sales tax, further increases in real estate taxes, or the implementation of a personal income tax, which one year from today, I am certain, would be effective in the State of New Jersey.

SENATOR SEARS: Well, that's an interesting comment but not necessarily so. Would you suggest that if an income tax is to be implemented, or any other new tax is to be implemented, that it should be put on the ballot before it's passed?

MR. MALAMUT: If it was, it would never be approved.

SENATOR SEARS: That gets right down to the nub of it, doesn't it really, because if you were to give the people the right to pass upon, through referendum, every question that came before a Legislature, then you couldn't govern the people, could you?

MR. MALAMUT: No, sir. But I remember a very famous phrase by some erudite spokesman, many years ago, that made mention of taxation without representation.

SENATOR SEARS: I want you to know that, despite the fact that we may differ, I have enjoyed every one of your four appearances here.

MR. MALAMUT: Thank you, sir.

SENATOR SEARS: Now we have Mr. Bragger, Arthur Bragger of the Newark Firemen's Union.

A R T H U R B R A G G E R: Mr. Chairman, Senator Lynch and Senator McDermott, my name is Arthur Bragger. I am President of the Newark Firemen's Union, Teamsters Local 286, and I represent over 1,000 Newark Firemen. I am, as the Chairman would aptly put it, probably one of those self-interest groups.

I do not have a lengthy statement. However, that should not detract from the fervor with which our people support SCR-74.

It is on behalf of the members of the Newark Firemen's Union that I am here to urge that SCR-74 be put on referendum in November to allow the people of the State of New Jersey to vote upon it.

We understand that the revenue derived from casino gambling will be dedicated to municipal programs for senior citizen housing, public safety programs, business development incentives. These revenues will enable municipalities to improve police and fire fighting programs, both by increasing benefits and/or purchasing much needed new equipment. The Newark Firemen support SCR-74 because of the potential it provides for improving fire protection services.

I would like to say that the State FMBA; the State PBA, which has already gone on record supporting this; the Newark PBA is also in support.

We are self-interested individuals because we feel that for a long time we have been treated as second-class citizens. We serve our community, we feel, in an unselfish manner, we risk our lives every day and we are not treated on an equal basis with the citizens of this State.

We have just recently negotiated a contract with the City of Newark. In that contract we have not been afforded a salary adjustment for very good reason, the City of Newark is in a financial crisis. There are many ways, we feel, that the City of Newark can bail itself out, but these programs must be enacted both by the State Government and the Federal Government.

We feel that SCR-74 is probably a beginning and we are here today to urge that at least this be put to the people and allow them their voice on the question.

Thank you.

SENATOR SEARS: Thank you, and thank you for your candor in prefacing your remarks by saying you are interested in the legislation from the standpoint of your organization.

The only question I would have, Mr. Bragger, would be: What precise benefit, in what form do you think this legislation will help firemen?

MR. BRAGGER: Well, sir, presently in the City of Newark, and I can only speak for the City of Newark as their representative, we have no spare apparatus in the City of Newark although we have six new pieces of equipment on order. Now the City actually is going into a deficit by purchasing this equipment. Six pieces of new equipment in no way will solve our problem as far as apparatus is concerned. I'll be candid with you and say that at a minimum we should have at least half of our fire companies provided with new apparatus. We are operating with apparatus that other cities throughout this State and throughout other states would turn down, they wouldn't use. And the maintenance for this equipment, as it gets older, naturally is more expensive.

SENATOR SEARS: So you could upgrade your equipment and your ability then to perform your function.

MR. BRAGGER: Yes, sir. But speaking selfishly, I would also say we should upgrade our benefit programs.

SENATOR SEARS: Pension?

MR. BRAGGER: Pension is so far behind the times in firefighting, it's ridiculous. New York City is purported to have negotiated a forty year retirement program at full pay. Now we don't even come close to that.

SENATOR SEARS: And you mean other type fringe benefits too, I suppose, pay and --

MR. BRAGGER: Absolutely.

SENATOR SEARS: If there were another way to get the equipment and to improve your pension system and your pay scale, would you consider casino gambling to be a desirable way of achieving your end?

MR. BRAGGER: I would have to yield to the people of the State of New Jersey, as far as being desirable. Personally speaking, I find it very desirable and I don't want to indicate to you that I'm a gambler of any sort, far be it from me, - just the opposite, \$2.00 scares me. However, I've been to Las Vegas. I find it attractive. My wife is strictly opposed to any sort of gambling and if she had her choice she would actually vote against this referendum. However, while we were in Las Vegas, my wife wasn't tempted, nor I, to the extent of going overboard so that we couldn't find our way home.

SENATOR SEARS: Or pay your way home.

MR. BRAGGER: We paid our way home. I haven't been offered that free vacation from Senator Lynch.

SENATOR SEARS: This record is full of non-gamblers who have all been to Las Vegas. That's a curious thing.

MR. BRAGGER: Oh, Senator, don't get me wrong. I didn't say I didn't gamble.

SENATOR SEARS: Thank you very much, Mr. Bragger. We appreciate your coming and giving us your views.

Mr. Donald Silvey. You are President of the Elizabeth Firemen's Union, is that correct.

D O N A L D S I L V E Y: That's correct. Thanks for giving me an opportunity to speak, Senator and members of the Judiciary Committee.

I am President of the Elizabeth Firemen's Mutual Benevolent Association, Local 9, affiliated with the Teamsters. We represent approximately the third largest city in the State. And I am also a Trustee for the State FMBA which represents over 5,000 to 6,000 firemen in this State.

We have fully supported and will go on record that

we support this bill, SCR-74, to put this question on referendum in November. I think that it should be up to the public to decide such an important issue as this.

Being a little selfish in my motives as a fireman, I can possibly see more than \$3 million coming back to the City of Elizabeth. In Senator McDermott's remarks, this can come back in revenues to the City of Elizabeth.

Each and every year that we iron out a contract with our City, we're told that there are no more monies here and I can understand that, realizing that Governor Cahill cannot continue to give us Urban Aid monies each and every year as in the past. We have to seek another avenue for getting more money for these cities. The money is coming in to the cities and the Mayors are using the money as they see fit. If the monies did come back to these cities and it was earmarked for firemen, policemen, welfare, and such as that, it would take it out of the hands of the political elected officials in our cities and it would give it to the avenues where it would be best dispensed. We have received an awful lot of money in our City of Elizabeth but we are still the lowest paid fire department of the six largest cities in the State and we are the lowest of the 21 municipalities in Union County.

I speak as President of the Elizabeth Firemen and for their families. Incidentally, as a fireman, I have never been to a race track in my life. I don't say I wouldn't buy a lottery ticket. But neither as a family man with four children nor as a fireman with a low salary did I have the money to gamble. I've always kept my money for my family. But I see this bill as a help to the firemen throughout the entire State and to the policemen. I cannot speak for the PBA but I can say that the FMBA unanimously endorses this bill because we can, as firemen, see and realize that we need the monies in these cities but we have to have some control over the way the money comes back to these cities. Right now the Governor gives Urban Aid money to Elizabeth. They

might give us \$890,000. But that's handing a lot of money to the City of Elizabeth, and a Republican administration giving it to a Democratic Mayor. It doesn't seem right that they should be given this amount of money and not told just how to use this money. Because when we go in, we cannot strike as public employees, even with the PERC rules or the PERC regulations set up today, and the laws of 1968, collective bargaining laws. The firemen in my City don't seek to strike for funds. But if the money that came back in Urban Aid or that we could derive from this SCR 74 was earmarked for our fire department and police department personnel, we wouldn't have to threaten strikes, we wouldn't have to threaten sickouts. We're making \$9650 in Elizabeth. That's our base pay. New York is going up to \$14,000. If you burn your hand in New York, the same fire exists in Elizabeth, New Jersey. We lose firemen, we lose officers, we lose personnel every year. We have in the last five years lost a man each year.

I'm not asking for a lot of money but somewhere along the line we should be up to or close to \$11,000 or \$10,500 with the rest of the municipalities surrounding us. They have mutual aid in these cities where our fire department has to go into another city to protect them during a serious fire. We're one of the best departments in the State and one of the lowest paid.

This, in my eyes, is one of the ways that casino gambling could help our City. I, myself, am not a gambler. I haven't had the funds to put in gambling. Like I said, I was never to a race track, and this will not change my mind in any way. But I do like to say, in finishing up, gentlemen, that I would like to thank Senator McDermott for trying to realize that our cities need these monies and for trying to legalize gambling in our State which could possibly make it one of the biggest tourist attractions in the United States.

In our city alone, I know of 15 to 20 tours going to gambling casinos in Las Vegas, Nevada. They are taking

money away from our cities. Nobody has ever told me I have to gamble, nobody has ever told a man that gambles that he has to gamble. It's up to the individual. Therefore, I think you should put it on referendum and leave it up to the citizens.

Thank you very much.

SENATOR SEARS: Thank you, sir.

Any questions, gentlemen? (No questions)

SENATOR McDERMOTT: Thank you very much.

SENATOR SEARS: Thank you.

We have a telegram to read into the record from Mayor Dunn of Elizabeth, addressed to me:



Telegram

1043A EST APR 7 71 PB029

P ELA083 CP RX PD ELIZABETH NJER 7 1035A EST
HONORABLE HARRY L SEARS, CHAIRMAN, GAMBLING STUDY COMMISSION,
DLY 75 DLR IMMY, DONT PHONE

CARE ASSEMBLY CHAMBERS STATE HOUSE TRENTON NJER
AS MAYOR OF NEW JERSEY'S FOURTH LARGEST CITY AND LARGEST CITY
IN UNION COUNTY, WISH TO GO ON PUBLIC RECORD IN OPPOSITION
TO TOTAL LEGALIZATION OF GAMBLING THROUGHOUT THE STATE OF NEW
JERSEY AS PRESENTLY BEING PROPOSED. RESPONSIBLE LEGISLATORS
SHOULD NOT GIVE SERIOUS CONSIDERATION TO CASINO GAMBLING PROPOSITION
AT LEAST UNTIL MORE EQUITABLE REVISIONS IN STATE TAX STRUCTURE
ARE PROPOSED BY TAX STUDY COMMISSION. LEGALIZATION OF GAMBLING
THROUGHOUT STATE IS WARPED APPROACH TO SOLVING FISCAL PROBLEMS
OF NEW JERSEY. CITIZENS HAVE A RIGHT TO EXPECT MORE INTELLIGENT
AND MORALLY ACCEPTABLE APPROACH TO SOLVING FINANCIAL NEEDS
FROM ITS LEGISLATORS. COMMON SENSE AND HONEST APPRAISAL SHOULD

8F-1201 (R5-88)

LEAD TO OBVIOUS ENVISONMENT OF ORGANIZED AND OTHER CRIMINAL ACTIVITIES BEING ATTRACTED TO STATE TO GREATER DEGREE THAN EVER BEFORE SHOULD GAMBLING BE LEGALIZED AT A TIME WHEN EXEMPLARY LAW ENFORCEMENT BY STATE, FEDERAL AND LOCAL POLICE AGENCIES IS AT AN ALL TIME HIGH. LEGALIZATION OF GAMBLING THROUGHOUT STATE COULD LEAD TO CREATION OF GIANT LOCAL AND STATE BUREAUCRACIES NECESSARY TO ADMINISTRATE AND ENFORCE GAMBLING PROGRAM. CITY AND STATE POLICE ENFORCEMENT AGENCIES WOULD HAVE TO INCREASE PERSONNEL SO GREATLY TO SUCCESSFULLY ENFORCE LAW THAT ANY REVENUE ACCRUING FROM GAMBLING WOULD BE WASHED OUT TO PAY FOR SAME. CONFIDENT RESPONSIBLE LEADERSHIP FOR SOLVING STATE PROBLEMS WILL PREVAIL IN OUR LEGISLATURE
MAYOR THOMAS G DUNN ELIZABETH

(1041).

97-1291 (RS-89)

SENATOR SEARS: Now our next witness is Mr. Glen Bruen, Manager of the Lafayette Motor Inn.

G L E N B R U E N: Thank you, Senator. I shall be very brief.

My name is Glen Bruen. I manage the Lafayette Motor Inn in Atlantic City. I have attended all of the public hearings to date in this Chamber. I represent no organized groups. I am speaking strictly as a private citizen and lifetime resident of the State of New Jersey and one who derives his livelihood from the City of Atlantic City.

I am simply going to comment about a couple of items that were brought before this Committee.

One, my good friend, Dave Kelly, when he commented at the last hearing regarding the tremendous increase that they would expect in organized crime, and he mentioned prostitution. Now, we are constantly being compared with Las Vegas, although only to some degree do we intend to operate on the same status as Las Vegas. In other words, the comparison is constantly made although this, from what

I understand, is exactly what we don't want, a complete Las Vegas type operation.

Colonel Kelly made the observation that prostitution has become quite an item in the State of Nevada. What he did not mention - and I found this in talking to grass-roots type people on two visits to Las Vegas and Reno, and I'm referring largely to the State of Nevada and not the one area of Las Vegas -- what was not mentioned, and I got this from bartenders, waiters, security people, the deputy sheriff, the reason that prostitution in the State of Nevada is on such a high level, much higher than any other state, I believe, in the Union, is not because of gambling per se but because of their liberal divorce laws. They require a six weeks' residency and many, many young women come there with a budget all worked out as to how they are going to stay the six weeks, and I would assume that to some degree they get the slot machine habit and this budget does not carry them through the six weeks. Temporary prostitution is the answer in order to remain the six weeks and finally receive the divorce and unload friend husband. This is proven by the fact that most of them out there refer to these ladies as semi-pros because of the low rates that are charged. And the thing is, when they receive the divorce they obviously leave and are, of course, replaced by others who are there for the same purpose.

Of course, as far as any increase in prostitution is concerned, as being immediately allied to gambling, I cannot get it through my thick head, I guess is the expression, of the analogy except that you would probably find an increase in prostitution in any area that would become economically better off. Prostitution, as such, can occur anywhere in any city, even, I would assume, here in the State Capitol.

I'm reminded of a little thing I read in the Princeton Tiger while attending a football game a few years ago which said, "Students who for sex are bent on should hitchhike to the Town of Trenton." But this can occur in

any place and I thought it should be brought out for the record that that is large reason for the increase in prostitution in the State of Nevada.

As far as the moral issue is concerned, I see no credence to this because the precedent has been set for a good many years that the State of New Jersey is already in the gambling business in that we have legalized track gambling, lottery, bingo, and I fail to see that this makes any moral difference. I certainly respect the opinions of members of the Clergy and people representing religious groups that have been here.

Your question to some of the other people, were they speaking for themselves - I'm referring now to those who were representing groups that were here - or were their people actually polled. I am also wondering whether the question should be asked of some of the members of the Cloth as to whether their congregations have been polled or whether they are speaking individually or also for their congregations.

I have voted for a number of years because I am not a boy anymore and I don't ever recall voting in the State of New Jersey that some kind of a public question was not on the ballot, such as the lottery and other items. It's my feeling that with anything that has been as controversial as Senator McDermott's bill to date, and this is, I believe, the fourth public hearing, I think it has come to a point where, in my opinion, it is qualified enough that it should be on the ballot and the people of New Jersey should have a hand in the decision as to whether we will or will not have casino gambling.

They are my comments. Thank you very much, gentlemen.

SENATOR SEARS: Thank you very much.

Any questions, gentlemen? (No questions)

Mr. Watson or Mr. Shaw, you may go in the order you wish. You both represent R.E.A.C.T. an organization known as Reach An Early Abatement of Crime and Taxes.

H A R R Y L. S H A W: My name is Harry Shaw, Secretary of R.E.A.C.T. I reside in Belmar Borough in Camden County. On my left is Thomas Watson who resides in the City of Camden, Camden County.

First off, we would like to thank you folks for permitting us the opportunity to speak before you. We would like to formally voice our outright opposition to bill No. 74 in its present form. We would like to offer a counterproposal in that we would like to offer state gambling run by the State, all profits inuring to the counties for the purpose of reducing the real property tax, and staffed by State employees.

Our organization numbers some 1200 people at the present time and it has been growing since it has been formed, a short time ago. As you already mentioned, Senator, the name of our organization is R.E.A.C.T. which means Reach An Early Abatement of Crime and Taxes.

Our feeling is that through this organization we hope to eliminate the stranglehold that organized crime and taxes have on the citizenry of the State of New Jersey.

Our procedure or our method, if you will, to attain these desired results is to push for the legalization of numbers, off-track betting, betting on sporting events, once again fully operated by the State as opposed to private casinos as Senator McDermott is proposing in his bill.

Our proposal will be State run and regulated to avoid the possibility, as we feel very strongly, of an organized crime takeover. All monies derived from this are to be used for the express purpose of lowering real property taxes. We feel that a constitutional amendment would be the method of doing this, the only method, as a matter of fact, as dictated by law.

We estimate, and I don't have all the facts and figures before me as to where are estimates are from, just the conclusion this would bring approximately anywhere from \$700 million to \$1 billion into the State coffer as a result

of this.

Our present means of supporting our local governments by property taxes, we feel, are outmoded. I think you've had ample testimony before you as to the many problems that are facing local property owners.

But through our conversations with numerous people, members of our organization, the telephone polls that we've conducted, which I would like to comment on afterward because they in part concur with some of the poll results that have heretofore been before you, - we've come to two conclusions. Number one, the people in this State want tax relief and they want it now, and the way that they want it is through legalized gambling. And based on our conversations and pollings it's through gambling run by the State exclusively. And under the present system, people living on fixed incomes are forced to sell their homes or to go into apartment complexes to raise money to pay for their taxes which are increasing. A bill, such as the one that our President, Mr. Watson, will present to you today we feel would give the citizens of this State the necessary relief from the staggering tax rate. It also would deprive, we feel, organized crime of one of their largest sources of income. We feel, as you've already referred to in your discussion previously, that whether we like it or not we're looked upon as the home of organized crime or the resort for it anyway.

We have seen what happens when an organization this huge, meaning crime, and as vicious is left unchecked. Our whole State has shown signs of corruption because of our present laws against gambling. These laws, like past prohibition laws, are not supported by most of the citizens. The end result is that organized crime has flourished and, unfortunately, with the help of the citizens. We of R.E.A.C.T. feel that since the electorate has shown in the past by, I think, a four to one majority they want to gamble, that the State should make it possible to gamble without filling the coffers of organized crime. And I believe that Prosecutor

Lordi, from Essex County, used the projected figures for arrests made and monies confiscated - he estimated that alone organized crime received over \$50 million last year in his county alone.

We of R.E.A.C.T. have also pledged our opposition and we believe and we hope for the eventual defeat of the McDermott bill for legalizing casino gambling. We feel that once private enterprise is allowed to operate this type of gambling they are susceptible to an organized crime takeover or, if you will, various forms of it that we have heard so much about, skimming and the like, meaning taking profits off the top before they even get to the State by way of taxes.

We feel that a powerful example of what we're referring to has happened already out in Las Vegas and that a man as powerful and with his money, as Howard Hughes, recently remarked - this was before his recent disappearance, that he was just about breaking even with his casinos. We feel - he didn't in so many words say this but we feel that there's pressure there from organized crime on him.

We feel that the passage of Senator McDermott's bill would mean the salvation of organized crime in our State. We earnestly feel that this would provide a legal means for organized crime to come into organized gambling. And we feel that an organization like crime that knows no respect for any law, whether it be God made or man made, will end up controlling or at least being able to put their tentacles into legalized gambling run by private interests.

We are not against raising money by gambling, in fact we're for it. But we want it run exclusively by the State staffed by government employees. And we feel the way it's currently constituted, this bill, the profits would inure to private individuals. We would like to see it spread out amongst all the property owners of this State.

Taking all of these facts, as we construe them, we also fail to see that there is any moral issue involved

here, as well. We feel that the only morality issue here is the fact that it might continue organized crime to have a bonanza source of funds.

We feel that our opposition here is well based and I would like to make a few comments about what we've been able to do in the short time we've been in existence.

First of all, we conducted a telephone poll, headed by our representatives of each one of the counties in the State, and they made fifty telephone calls at random throughout the telephone book, in their county. We feel this gave us a little more of a non-biased interest that was perhaps, and I say "perhaps", present in the poll that was taken, I believe, in previous testimony. And the results we received were even higher in favor of gambling, period, six to one. And then we posed the second question. We asked them whether or not they would prefer to see gambling controlled and run by the State or by private individuals - by that I mean who would be running these casinos. And once again it came out a resounding six to one.

SENATOR SEARS: Which way?

MR. SHAW: In favor of public or governmental control.

And then we asked the third question - Where would you like to see this money go that came from these operations if and when it ever came to be? And at that time the only thing we could get any definite answer on was to reduce the taxes. Most people didn't have too much of a knowledge as far as the intricacies of where all these monies would go. They just said to reduce taxes.

Now, one thing that has been very prevalent - and I would like to add this - from our telephone poll and likewise from our canvass that we made at our supermarkets, and the like, where we would have a massive bunch of people where we could meet them on a mass basis, was the question kept cropping up time after time from either source of our information, that is these people were of the opinion, and I stress "opinion", that they would like to see the members of the State Legislature,

the Senate and the House, both reveal their holdings in business and real estate, because they had an innate suspicion, if you will, that the privately sponsored legislation would perhaps have some connection with our Legislature. And I only offer that in the way of something that we were able to garner in our poll. It's not my personal opinion even though the members of our body have voted unanimously to ask Attorney General Kugler to investigate same. But I want to stress that it's not, I would say, practically unanimous.

I might add too that there were quite a few unions up here today and I would like to stress that our organization would insist, contrary to what was originally proposed in, I believe, the City of New York, that union people be utilized in all these positions.

We also would like to offer that the price for gambling, wherever it might be, - that the possible tax that might have to be paid on any winnings be pre-computed into the price because most people get into trouble, if they're gambling at all, because of this tax problem, when it comes to paying it or not declaring it, or what-have-you. We feel that if it were to come out in advance, with all the statistics and all the learned minds available to our State government, that this could be easily accomplished.

I might add that I would also like to mention that I have had personal experience working in the gaming industry in the State of Nevada. I am now a member of a different group. I am an Attorney. At that time, in the State of Nevada, I spent ten months there and worked as a Keno writer in the Nevada Club in downtown Reno. I might add that I never saw, in my ten months there, any bad effect coming from gambling. However, I feel that once again I would like to reiterate our basic position that gambling, as we would like to see it, be run exclusively by the State and staffed by government employees.

Now, some other comments were made earlier here today and one was as to an interest group, And I feel that one of

the reasons why you have interest groups here today is because you're having a hearing in the middle of the week, from the AM going into the PM when most people can't afford to be here.

And I would like to say, exclusive of this hearing, that I think it touches upon everything in the legislative process. I think if these hearings could be held outside these august chambers, down in Camden County or Cape May County, you would sure in heck get a real good cross-section of public opinion. And, likewise, if you are going to hold them during the daytime, you're going to automatically exclude the normal working man. He sure as heck would like to give you a piece of his opinion but he can't afford to come here.

And I might add, I have a very broadminded boss who is permitting me the day off.

Likewise, there is much to-do about the question of permitting the people to vote on the question in the first place and I would like to see in the forthcoming campaign - and I challenge any man in this body, in the Senate or the Assembly, to go out and campaign and tell the people that he would like to withhold this question from their ability to vote upon it. And I dare say they will not have to retire from this chamber of their own accord, they will not be re-elected. I would just like to see them say that to the people. And, believe me, I feel sincerely about that. I feel that there is a basic right to vote on anything and I just can't even comprehend the argument.

Now one other remark here. I was a member of another group that came up here to testify in Trenton before your Clean Air Council and we made the same speel here as I'm mentioning now as to having your hearings throughout the State. The Clean Air Council now holds their hearings in different counties and believe me they're getting an ear beating, and I think this is the democratic process.

And in conclusion I would just like to say, by way

of summary that I feel that, first of all, we are opposed to this. Our group is unanimous because that's our group but I might add that we've contacted other people through this telephone poll and it was six to one.

I would like to see this bill defeated and that the question put on a referendum, completely public owned and run gambling be put before this State.

Thank you.

SENATOR SEARS: Thank you, Mr. Shaw.

Now, Mr. Watson.

If you will both stay there for questions after Mr. Watson gives his presentation.

T H O M A S W A T S O N: My name is Thomas Watson. I reside in Camden, New Jersey,

As Founder and President of R.E.A.C.T. I would like at this time to present copies of our bill to members of this Committee.

Our main request is that you read our bill with an open mind, compare it in any and all ways to Senator McDermott's bill, and if you do not find this bill superior in all ways, we ask you to attack this bill in the public press. Should you be unable to honestly attack our bill, then we hope you have the strength and convictions and openly support it.

We are a nonpartisan organization and, therefore, solicit support from both representative political parties. Our only aim is to have a part in stamping out organized crime and to give the citizens of New Jersey relief from a confiscatory tax structure.

If any members of this Committee shares our concern, then we ask him to step forth and sponsor our bill so that New Jersey may take the first step in breaking the back of organized crime while giving relief to our overburdened taxpayers.

Understand, we are not against gambling to obtain revenue. Our only objection is allowing private enterprise to operate the gambling.

The amendment to Senator McDermott's bill compounds our objection to this bill for now we will be allowing a possible organized crime takeover of our whole state instead of just the Atlantic City area.

I might add that the Fraternal Order of Eagles at a district meeting in Camden voted unanimously to endorse our bill and send it to the State convention to be held in May. This was comprised of Millville, Vineland, Camden, Bridgeton, the whole South Jersey District.

And I thank you for this opportunity to present these copies. (Presented to Committee) (See p. 63)

SENATOR SEARS: Thank you.

Do either of you gentlemen have any questions?

(No questions)

Gentlemen, I assure you, we will consider the proposed bill and we thank you for presenting not only arguments but also an alternative. It's always nice to have people here who speak for or against and also say this is better and give us something in hand that we can consider. The Committee will consider the bill.

If there are no other witnesses who have come in to register, I will now declare this public hearing closed.

Thank you very much for coming.

(Hearing concluded)

A CONCURRENT RESOLUTION proposing to amend Article IV, Section VII, paragraph 2, of the Constitution of the State of New Jersey and providing a schedule.

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

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

PROPOSED AMENDMENT

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

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

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

B. It shall be lawful for the Legislature to authorize, by law, bona fide veterans, charitable, educational, religious or fraternal organizations, civic and service clubs, volunteer fire companies and first-aid or rescue squads to conduct games of chance of, and restricted to, the selling of rights to participate, and the awarding of prizes, in the specific kinds of games of chance sometimes known as raffles, conducted by the drawing for prizes or by the allotment of prizes by chance, when the entire net proceeds of such games of chance are to be devoted to educational, charitable, patriotic, religious or public-spirited uses, in any municipality, in which such law shall be adopted by a majority of the qualified voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by law and for the Legislature, from time to time, to restrict and control, by law, the conduct of such games of chance, and

C. It shall be lawful for the Legislature to authorize the conduct of State lotteries restricted to the selling of rights to participate therein and the awarding of prizes by drawings when the entire net proceeds of any such lottery shall be for State institutions, State aid for education.

D. It shall be lawful for the Legislature to authorize by law the conduct and operation under State control of gambling games and betting parlors in municipalities, and to license and tax such operations and equipment used in connection therewith for the benefit of each county with the entire net proceeds inuring to the Counties to reduce real property taxes. For the purposes of this subparagraph "gambling

games" means and includes any banking or percentage game played with cards, dice or any mechanical device or machine for money, property, checks, credit or any representative of value, including, without limiting the generality of the foregoing, faro, monte, roulette, keno, fan-tan, twenty-one, blackjack, seven-and-a-half, big injun, klondike, craps, stud poker, draw poker or slot machine, but shall not include bingo or lotto, raffles, or a lottery otherwise authorized under subparagraph A., B. or C. of this paragraph. For the purposes of this subparagraph "betting parlors" mean and include businesses operated for the receipt, transmission and withdrawal of moneys, to be wagered on athletic games, sports and public events or to be wagered in the pari-mutuel machines of the running and harness race tracks within and outside of the State, at such locations outside such race tracks as may be licensed by the State and within each municipality in which such law shall be adopted by the majority of the voters, voting thereon, at a general or special election as the submission thereof shall be prescribed by law and for the Legislature, from time to time, to restrict and control, by law, the conduct of such receipt, transmission and withdrawal of moneys.

Schedule

This proposed amendment to the Constitution shall become a part of the Constitution on the thirtieth day after the election at which the same shall be approved by a majority of the voters of the State voting thereon, and shall be inapplicable to any city in which the same shall not also be approved by a majority of the qualified voters of the city voting thereon at said election.

2. When this proposed amendment to the Constitution is finally agreed to, pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than 3 months after such final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate and the Speaker of the General Assembly and the Secretary of State, not less than 3 months prior to said general election.

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

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

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

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

2. In every municipality the following question:

	Yes.	<p>State Control of Gambling Games and Betting Parlors in Municipalities</p> <p>Shall the proposed amendment to Article IV, Section VII, paragraph 2 of the Constitution, to permit the Legislature to authorize by law the conduct and operation under State control of gambling games and betting parlors in municipalities and to license and tax such operations and equipment used in connection therewith for the benefit of the State, and those municipalities wherein such law shall be adopted by a majority of the voters, voting thereon in such municipalities, at a general or special election, be adopted?</p>
	No.	