

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

before

ASSEMBLY JUDICIARY, LAW, PUBLIC SAFETY & DEFENSE COMMITTEE

on

ASSEMBLY CONCURRENT RESOLUTION NO. 128

(A proposed amendment to Article IV, Section VII,
paragraph 2 of the Constitution of the State of
New Jersey - Casino Gambling)

Held:

April 26, 1974

Assembly Chamber

State House

Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Eldridge Hawkins (Chairman)

Assemblyman William J. Bate

Assemblywoman Gertrude Berman

Assemblyman Richard James Codey

Assemblyman John P. Doyle

Assemblyman John T. Gregorio

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ASSEMBLY CONCURRENT RESOLUTION No. 128

STATE OF NEW JERSEY

INTRODUCED APRIL 1, 1974

By Assemblymen PELLECCIA, PERSKIE, LITTELL, SHELTON,
WORTHINGTON and NEWMAN

(Without Reference)

A CONCURRENT RESOLUTION proposing an amendment to Article IV, Section VII, paragraph 2 of the Constitution of the State of New Jersey.

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

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

PROPOSED AMENDMENT

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

4 2. No gambling of any kind shall be authorized by the Legis-
5 lature unless the specific kind, restrictions and control thereof
6 have been heretofore submitted to, and authorized by a majority
7 of the votes cast by, the people at a special election or shall
8 hereafter be submitted to, and authorized by a majority of the
9 votes cast thereon by, the legally qualified voters of the State
10 voting at a general election, except that, without any such sub-
11 mission or authorization;

12 A. It shall be lawful for bona fide veterans, charitable, educa-
13 tional, religious or fraternal organizations, civic and service clubs,
14 senior citizen associations or clubs, volunteer fire companies and
15 first-aid or rescue squads to conduct, under such restrictions and
16 control as shall from time to time be prescribed by the Legislature
17 by law, games of chance of, and restricted to, the selling of rights
18 to participate, the awarding of prizes, in the specific kind of game
19 of chance sometimes known as bingo or lotto, played with cards
20 bearing numbers or other designations, five or more in one line,
21 the holder covering numbers as objects, similarly numbered, are
22 drawn from a receptacle and the game being won by the person
23 who first covers a previously designated arrangement of numbers

24 on such a card, when the entire net proceeds of such games of chance
 25 are to be devoted to educational, charitable, patriotic, religious or
 26 public-spirited uses, and in the case of senior citizen associations
 27 or clubs to the support of such organizations, in any municipality,
 28 in which a majority of the qualified voters, voting thereon, at a
 29 general or special election as the submission thereof shall be pre-
 30 scribed by the Legislature by law, shall authorize the conduct of
 31 such games of chance therein.

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

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

52 *D. It shall be lawful for the Legislature to enact general or*
 53 *special laws under which gambling houses or casinos may be estab-*
 54 *lished and owned by and operated under the authority and control*
 55 *of the State, and may be located in specified municipalities. The*
 56 *type and number of such casinos or gambling houses and of the*
 57 *gambling games which may be conducted in any such establishment*
 58 *shall be determined by or pursuant to law. The entire net proceeds*
 59 *of any gambling establishment operated by the State under au-*
 60 *thority of this subparagraph shall be paid into the State Treasury*
 61 *to be used for public purposes through appropriations. No gam-*
 62 *bling establishment authorized under this subparagraph shall be*
 63 *located within the territorial limits of any municipality unless the*
 64 *question of permitting the location therein of such establishments*
 65 *pursuant to the particular law authorizing the same shall have been*

66 submitted to the voters of the municipality in question and to the
 67 voters of the county wherein said municipality is located, in such
 68 manner and form as said law shall provide at any general or special
 69 election and shall have been approved by a majority of the voters
 70 of the county and of the said municipality voting thereon.

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

1 3. This proposed amendment to the Constitution shall be sub-
 2 mitted to the people at said election in the following manner and
 3 form:

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

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

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

12 2. In every municipality the following question:

CASINO GAMBLING		
	Yes.	Shall the amendment of the Constitu- tion, agreed to by the Legislature, (1) au- thorizing the Legislature to enact general or special laws permitting the establish- ment and operation under the authority and control of the State of gambling houses or casinos which may be located in specified municipalities, (2) providing that the entire net proceeds of any such establishments shall be paid into the State Treasury, and (3) prohibiting the location of any such gambling establish- ment within any municipality unless the voters of both the municipality and the county in which the municipality is located have approved such location by referendum, be approved?
	No.	

STATEMENT

This resolution proposes a constitutional amendment to authorize casino gambling. It replaces Assembly Concurrent Resolution No. 50 and incorporates changes in that resolution developed and approved by the Assembly Judiciary Committee.

ASSEMBLYMAN ELDRIDGE HAWKINS (Chairman): Ladies and Gentlemen, if we can have your attention and have a little order, we are going to begin this public hearing.

This public hearing on Assembly Concurrent Resolution 128, which proposes an amendment to the Constitution, is being held by the Assembly Judiciary, Law, Public Safety and Defense Committee by direction of the General Assembly and in accordance with the procedure for consideration of proposed amendments to the Constitution, directed by the Constitution and the Rules of the Senate.

Assembly Concurrent Resolution 128 would authorize the Legislature to enact general or special laws permitting the establishment and operation of gambling casinos which would be operated under the authority and control of the State and which could be located in specified municipalities.

Under this proposed constitutional amendment, no casino could be established in a municipality unless the voters of both the municipality and the county had approved it at a referendum.

Assembly Concurrent Resolution 128 is identical in content to Assembly Concurrent Resolution 50, as it was amended by the Assembly Judiciary, Law, Public Safety and Defense Committee and reported by the Committee on April 1, 1974.

I am going to follow, as closely as possible, the proposed agenda and I am going to exercise the prerogative of the Chair in limiting debates and in limiting the testimony, if I see that the testimony and the debate is getting repetitive.

I am going to be as considerate as I can, allowing everyone to give new ideas, but when I see that the ideas that are coming forth from a speaker

are ideas that we have heard before, as I have stated, I am going to limit you. So, don't feel slighted. You have been forewarned. We are here to gather facts - gather information - and we are not necessarily here to hear everybody state the same thing over again. Although, if you have something to say that has been said before, and you just wish to allow the Committee the privilege to hear your opinion, you may simply state, "I am giving testimony in line with that testimony given by speaker so-and-so", so that we do not necessarily have to hear the entire statement all over again.

The first speaker is going to be the prime sponsor of the bill, Assemblyman Vincent O. Pellecchia.
A S S E M B L Y M A N V I N C E N T P E L L E C C H I A:
Thank you, Mr. Chairman. I have a prepared statement and after the prepared statement I would like to make just a few remarks. I have circulated the prepared statement among the Committee.

My name is Vincent Ozzie Pellecchia and I am a New Jersey Assemblyman from District 35, Passaic County. I served as Vice Chairman of the New Jersey Gambling Study Commission in 1972. We conducted eight public hearings in various locations throughout the State and heard testimony from more than 60 witnesses. The Commission report, dated February 5, 1973, was submitted to the Governor and Legislature - pursuant to SCR-58 (OCR) of 1972. This report consisting of 72 pages should be entered as evidence for this public hearing.

At this time I wish to bring to your attention certain highlights of that report:

1. In an era of fiscal stringency, legalized gambling holds forth a promise of providing substantial revenues through as nearly a painless method as can be conceived.

2. In an era increasingly vexed by problems of crime and corruption, legalization of gambling is put forward as a means of undercutting organized crime by depriving it of the revenues which it now derives from illegal gambling, most of which it controls; freeing law enforcement manpower and resources for use against both the "organized crime" and the violent "street crime" which alarm the people and undermine social order; and eliminating opportunities and temptations for the corruption of various public officials whose protection is necessary to the survival of most illegal gambling operations.

3. In an era when assertion of personal liberty against State control has been ever more vociferously expressed, the legalization of gambling would remove restrictions on personal actions which many people resent as puritanical, hypocritical, repressive and archaic.

Thus, our findings were as follows:

1. Gambling, legal or illegal, is widespread, has been highly practiced at all times in living memory and historical record, and will in all probability continue to be widely practiced, regardless of legal status.

2. Public sentiment in New Jersey is generally favorable to extension of legalized gambling.

3. Scandal and abuses of gambling have consistently resulted not from legalization, but from inadequate controls over gambling.

4. The success of legalization in those areas where it has been applied, has been related both to the strictness of regulation and to the flexibility of the regulatory mechanism.

Look at the success of the New Jersey Lottery

with its flexibility and compared to the fact that Bingo for senior citizens had to be voted upon at a general election. Hopefully, the New Jersey lottery will soon offer a legalized numbers system to effectively compete with the illegal numbers racket. In February 1973, a discussion paper "Legalized Numbers", a plan to operate a legal numbers game was prepared by the staff of the New York City Off Track Betting Corporation. New York could implement that plan through their computer system almost overnight.

Vermont has recently approved jai alai; Connecticut is proceeding on off-track betting; and Massachusetts is proceeding on sports betting and off-track betting. New York will soon expand OTB to the entire State. On July 11, 1973, Robert L. Broday, Senior Vice President for New York City's OTB Corporation, made the following progress report before the National Conference on Public Gaming: OTB was formed with \$4.8 million of start-up loans from New York City which has since been repaid. In its first full year of operation, New York City OTB handled \$300 million of wagers and earned \$17.3 million of profit. In its second fiscal year the handle was near \$600 million and profits between \$43-44 million. There are 2,600 employees in the 110 offices in New York City which would rank New York City's OTB 230th on the Fortune Magazine 500 of United States Corporations. OTB has become the biggest retail business in New York City. These monies have been diverted from the illegal to the legal.

Possible revenue from legalized gambling is substantial, but has often been exaggerated and is not the most significant justification for legalization. However, the example of OTB should be a lesson for all of us.

Among officials involved in law enforcement there seems to be general agreement that a disproportionate amount of time, manpower, and other resources is devoted to enforcement of existing anti-gambling laws, both in relation to the actual benefits achieved and in relation to the amount of such resources thus diverted from more urgent needs of public order and safety.

There is general agreement that organized crime derives considerable revenue from illegal gambling operations and law enforcement officials agree that revenue from this source is used to finance many other criminal endeavors, including the takeover of legitimate businesses and the corruption of public officials.

In some forms, the establishment of a legal gambling "industry" can be expected to have locally beneficial economic impact.

Conclusions and Recommendations - 1. A referendum on casino gambling be submitted to the citizenry at a general election. 2. An adequate regulatory system be devised and given broad jurisdiction to encompass all the modes of gambling, present or future.

This has been a synopsis of the important highlights of the report. My fellow members devoted many hours and days to do the proper job to which we were assigned. I wish to publicly thank them on behalf of the people of this state for their time and effort to prepare the report.

That is the end of the written statement and I have a few more comments.

I would also like to publicly thank Senator Dumont, who was the Chairman of that Commission. He certainly ran a tight ship and did a yeoman's job.

I'd like to make clear, especially for my

constituents, the reason why I have proposed and introduced this bill. The prime reason is that I am concerned with the amount of unemployment now existing in the State. This, according to the Depodwin Report that was made during the Sears Commission, who investigated the same problem, contended that there was possibly 20 to 30 thousand jobs to be had at that time, which was 3 years ago.

They also quoted that there would be \$2 to \$3 hundred million in revenue; that is not counting roll-up of the additional jobs that may exist, such as extra laundries and bakeries and restaurants and hotels. Obviously, there is going to have to be rapid transit throughout the State if we have this. This would also create jobs.

I'd like to, at this time, just make a statement that I did contact the Attorney General's office yesterday, as a courtesy call, to tell him that I was about to make a statement in reference to what I feel is a very, very important problem that I consider should be taken care of at this time, so that there is no chance that the people of the State of New Jersey would not have a fair chance to vote their own opinion in the referendum. I refer, of course, to the fact that during the two or three years past, the Las Vegas Sun - a newspaper from Las Vegas, which I have with me - has taken credit for having prevented New Jersey from having casino gambling. They joke about it and they say, "part of my pride" because they had defeated the bill at that time.

So, you see, they have a monopoly and they intend to keep that monopoly, and they are going to spend millions of dollars to prevent money from coming into New Jersey and to prevent us from having legalized gambling in this State.

I also would imagine that the racketeers from New York and, yes, from New Jersey- and we have them - will be spending a lot of money to defeat this referendum.

That is the end of my statement. I will submit to questioning.

ASSEMBLYMAN HAWKINS: Thank you very much, Assemblyman Pellecchia.

Prior to allowing questions from the panel, I would like to introduce the panel. On my left is Assemblyman Doyle; Assemblyman Bate, Vice Chairman; Assemblyman Gregorio and Assemblyman Codey.

Does the committee have any questions?

ASSEMBLYMAN GREGORIO: Mr. Pellecchia, there is a very important possibility that you mentioned. I'd like to find out, do you have any reason-- or why do you think there is a possibility for monies from Las Vegas, or from organized crime, to come into New Jersey to prevent this referendum from passing?

ASSEMBLYMAN PELLECCCHIA: Assemblyman, that is a very good question.

The fact of the matter is, if they took credit for it then, three years ago, and if the racketeers that are now flourishing in the State of New Jersey and in New York, see their empires in jeopardy - and the monopoly that Nevada has - they are obviously going to be pouring money into this to defeat this referendum, and they will probably use well-meaning people who honestly believe that we shouldn't have gambling.

The only actual proof I have is their own words from Vegas.

ASSEMBLYMAN GREGORIO: Very interesting point. I just wonder, do you have any recommendations on how you think we can prevent this from happening?

ASSEMBLYMAN BELLECCHIA: Only through the Attorney General's office, to make sure that there is a vigil kept on this coming referendum.

ASSEMBLYMAN GREGORIO: Thank you.

ASSEMBLYMAN HAWKINS: Are there any further questions?

ASSEMBLYMAN DOYLE: Assemblyman, you mentioned 20 or 30 thousand jobs, were you quoting from some report that indicated that casino gambling would provide that number of jobs?

ASSEMBLYMAN PELLECCCHIA: Yes, I was, Assemblyman. It was quoted from the Depodwin Report that was sought out by the Sears Commission - or during that period of time. I have the report here - "The Feasibility of Casino Gambling for New Jersey"; Horace J. Depodwin Associates, Inc. They "guesstimate" it; there is no actual way of telling. They "guesstimate" it - that there will be 20 to 30 thousand jobs involved.

ASSEMBLYMAN DOYLE: How many sites did they think there would be for casino gambling to provide those jobs?

ASSEMBLYMAN PELLECCCHIA: They talk in terms of, I would imagine, at least three. I am not quite clear on that - three different sites.

ASSEMBLYMAN DOYLE: In the resolution, it is mentioned, "gambling houses or casinos"; did you mean those words interchangeably, or did you mean something different by gambling houses as opposed to casinos, particularly in light of the testimony on OTB?

ASSEMBLYMAN PELLECCCHIA: Assemblyman, I think that this would have to be decided by enabling legislation.

ASSEMBLYMAN DOYLE: Thank you.

ASSEMBLYMAN BATE: Mr. Chairman?

ASSEMBLYMAN HAWKINS: Assemblyman Bate?

ASSEMBLYMAN BATE: Assemblyman Pellecchia, in the course of your statement you have indicated the following: Scandal and abuses of gambling have consistently resulted, not from legalization, but from inadequate controls over gambling. Of course, I know that you envision certain controls, very adequate controls, over gambling and I'd like to know what, specifically, you believe is necessary, by way of controls, to make sure that this is an honestly run operation?

ASSEMBLYMAN PELLECCCHIA: Well, I honestly believe that it would have to be State controlled and State operated. In the course of that, I think we should use the same method that is used to protect ourselves with the race tracks, with the Commission that presently exists. Even though it is a privately owned corporation, we still have stringent controls over it.

On the Lottery, I think, all and all, it was a very successful Lottery.. I would like to add one thing on the Lottery. When it was first proposed, the amount of money that they "guesstimated" they would derive from the Lottery was \$10 million. In the first 18 months of operation of the Lottery, Commissioner Batch, who appeared before our Commission, said that they had derived \$210 million during that 18-month period as gross and \$180 million, net. That was the first 18 months. Since then we have been on a down-grade because other states have taken up the Lottery.

ASSEMBLYMAN BATE: To use your designation, you make mention of the fact that "racketeers" are interested, and have been interested, in defeating this referendum. Do you have any specific information that you could provide for the committee, either now or privately?

ASSEMBLYMAN PELLECCCHIA: No, I have no such evidence, other than a "gut reaction". I know if I had an empire and I wanted to hold on to that empire, I'd do everything possible to do that. Knowing some of the actions that have been taken within the State of Nevada, I can do nothing else but to guess that they are going to do the same thing again.

ASSEMBLYMAN BATE: I don't mean to be facetious but you made reference to the Las Vegas Sun. Do you have any idea what the circulation of the Las Vegas Sun is in the State of New Jersey?

ASSEMBLYMAN PELLECCCHIA: Well, I don't think that is pertinent. Maybe it ought to be circulated because of the fact that they are deciding the destiny of the State of New Jersey. Maybe we ought to start circulating it.

ASSEMBLYMAN HAWKINS: Mr. Pelleccchia, do you have any idea how much gross, or net, the private entrepreneurs in Las Vegas are making - or in the State of Nevada?

ASSEMBLYMAN PELLECCCHIA: I am sure there are other people who will testify to that. I don't have those figures but I know that there are people here who will have some of those figures and will give them to you.

ASSEMBLYMAN HAWKINS: Are there any other questions?

ASSEMBLYMAN DOYLE: One other question, Mr. Chairman.

Assemblyman Pelleccchia, do you think that the installation of casino gambling will change, by one iota, the amount of illegal gambling that goes on in this State?

ASSEMBLYMAN PELLECCCHIA: By all means. You take the gambling that goes on on any given Saturday, during

football season, or the gambling that goes on on any day with any sport that is being played, or the horse betting that is going on throughout the State-- Take that away from them. I think those people who are in the forefront of gambling would have to look elsewhere for the monies that they use in other projects. I honestly do think it will stop - or prevent - quite a bit of this gambling that is going on.

I am sure not all of it, because the credit amount is there.

ASSEMBLYMAN DOYEE: There is nothing in this bill that would allow people to gamble on football games or numbers, legally, is there?

ASSEMBLYMAN PELLECCCHIA: Absolutely not. However, let's make this clear: This bill merely deals with the right of the people of this State to have an election on whether they believe in casino-type gambling or not. And then the Legislature, through enabling legislation, will be the ones to determine what would be legal and what won't be legal. Other people will also have an input on that.

ASSEMBLYMAN DOYEE: Thank you, Assemblyman.

ASSEMBLYMAN HAWKINS: Assemblyman Pelleccchia, we thank you very much for your testimony.

ASSEMBLYMAN PELLECCCHIA: Thank you.

ASSEMBLYMAN HAWKINS: The next presentation will be given by Mr. Charles C. Carella, Executive Director of the State Lottery Commission. Mr. Carella, welcome.

C H A R L E S C. C A R E L L A: Mr. Chairman, my name is Charles C. Carella, Executive Director of the New Jersey State Lottery.

At the outset, sir, let me indicate to you that I must leave today in a very short period of time. I have another engagement somewhere else in the State and must accompany the Governor to that engagement

Should there be any additional questions that you may wish to ask of me, either privately or at another hearing, I will be very happy to accommodate any of the questions that the Committee may have.

ASSEMBLYMAN HAWKINS: Mr. Carella, what time do you have to leave?

MR. CARELLA: I have to leave at 11:00 o'clock, sir.

ASSEMBLYMAN HAWKINS: Approximately how long would you summarize it will take you to read this statement into the record?

MR. CARELLA: I think 10 minutes. I don't think it will take any longer.

ASSEMBLYMAN HAWKINS: Then you would have approximately 20 minutes for questions?

MR. CARELLA: Sure.

ASSEMBLYMAN HAWKINS: You may proceed.

MR. CARELLA: Thank you, Mr. Chairman.

Governor Byrne asked me to appear here today to present the views of his administration on Assembly Concurrent Resolution 128.

In the colonial days and thereafter, there were few statutory limitations on gambling and numerous games of chance were popular with our citizens. However, as with many other things, the lack of sufficient governmental supervision permitted unscrupulous people to take advantage of the participants for their own personal interest. The various gambling scandals of the late 1800's, such as the Louisiana State Lottery, resulted in an anti-gambling movement and the adoption of stringent legislation. In New Jersey, an anti-gambling provision was inserted into the State Constitution in 1897.

However, since that time public sentiment towards various types of gambling seems to have changed.

In 1939, the citizens of New Jersey approved parimutuel horse racing; in 1953 the citizens authorized certain defined groups to run bingos and raffles; in 1959 the citizens approved certain amusement games of chance on boardwalks; in 1969 the citizens authorized the institution of a State Lottery and extended the authority for amusement games of chance to agricultural fairs; and in 1972 the citizens permitted senior citizen groups to run bingos and raffles.

The change in public attitude, which lead to the adoption of these various exceptions to our anti-gambling constitutional provision, can be attributed to the popularity of these forms of gambling, and the fact that the public feels that they can be legally and honestly operated under the close supervision of the State. The continued participation by the public in these legalized gambling operations is based in part on the fact that there has been trust and confidence in the various operations.

Many people in this State are now convinced that the majority of the citizens of this State are in favor of casino gambling.

Obviously, the best way to determine this would be by placing the question on the ballot.

During the recent gubernatorial campaign, Governor Byrne indicated that he would not object to the submission of this question to the citizens of this State.

Governor Byrne also indicated that he would object to and campaign against any constitutional amendment on casino gambling unless the legislation contained certain provisions. First, that the casinos would be owned and operated by the State of New Jersey. Second, that if a majority of the citizens of this State approve of casino gambling, the Legislature would not permit the establishment of a casino in any particular location unless it was approved by the voters of both the county and municipality involved. Third, that casinos be permitted in

a defined and limited area, such as Atlantic City, as a pilot project
for a period of time.

Assembly Concurrent Resolution 128 complies with the first
two conditions. It does provide that the casinos will be owned and
operated by the State. It does require that the casino question be
submitted to the people of this State this November, and if approved,
thereafter to the citizens of the county and municipality of the
designated site or sites. It does not, however, limit casino gambling
to any one location nor in any way limit the number or locations of
such casinos.

Governor Byrne has publicly indicated that he will not
object to this measure, provided it is clearly understood that if the
referendum is approved in November, the first authorized location would

be Atlantic City, subject to local referenda. Further, he has requested that the Legislature not approve of any other locations for at least five years. This period of time is necessary for the establishment and evaluation of a casino gambling operation in Atlantic City. It gives the State an opportunity to develop and perfect a State program before facilities at other locations are authorized.

I have been asked by the Governor to state for the record why such a limitation is critical to the operation of casino gambling.

At the request of the Governor, I have personally gathered information regarding casino gambling presently authorized in the United States and other parts of the world. Casino gambling is legal in Nevada, Puerto Rico, and in approximately 21 foreign countries. In

Panama and to some degree in Monte Carlo, the gambling facilities are owned and operated by the government. In most other places the casinos are owned by private interests subject to some type of control and taxation by the respective governments. The types of games, hours, locations and governmental controls vary substantially among jurisdictions.

Some of you, I am sure, are familiar with the casino gambling facilities in Las Vegas, Nevada. Under the control of the Nevada Gambling Commission, gambling is permitted 24 hours a day in the casinos and slot machines are permissible in almost any public place. Gambling bets are as low as \$.10 and gambling machines and facilities are located so as to attract persons of all walks of life, both residents and non-residents. Competition between casino operations to

attract clients is permitted. The casino operation in Las Vegas is more flamboyant and less restricted than in most other areas. It should also be pointed out that this operation should not necessarily be considered as a revenue producer.

It appears that the Las Vegas type operation would also create the greatest number of law enforcement problems, as I assume will be pointed out by the testimony of others involved in law enforcement. Any attempt to create a similar setting in New Jersey would be intolerable and will meet with strong opposition by this Administration.

In contrast, Puerto Rico has authorized only 12 casinos and has enacted strict regulations. The casinos are confined to large tourist hotels, only a limited number of games are permitted, no alcoholic beverages are permitted on the casino premises, the minimum bet is \$2.00, and the hours and dress of clients are regulated.

Casino gambling as authorized in Puerto Rico is intended to attract tourists rather than to create a source of revenue, as clearly shown by the fact that the casino operations are governed by the Department of Tourism. It is my understanding that less than 10% of the players at the casinos in Puerto Rico are residents of the island. Similar casinos are operated in Great Britain and Panama.

This administration strongly recommends that if the

casino gambling question is approved by the citizens of this State, enabling legislation should be designed to provide a dignified and subdued atmosphere in the gambling casinos and contain limitations and restrictions similar to those existing in areas such as Puerto Rico, Great Britain and Panama - and I might add Monte Carlo. The legislative goal should not be to maximize the source of revenue; it should be to encourage tourism and to draw patronage away from illegal gambling operations, if at all possible.

The administration feels that the Legislature should prepare legislation regarding casino gambling which will meet these goals.

This is not to say that this will be easy or that the answers to the numerous questions you must have are readily available.

The law enforcement problems will be presented today by those persons more familiar with this area.

The organizational problems relating to the creation of casino gambling are numerous and unique. A study commission will have to be created to study and determine the design, operation, and implementation, if and when, the referendum is approved by the public. Such a commission will be able to use the statutes and evaluate the data from the government owned casinos in those areas of the world where similar laws are in effect, as well as the experiences of all other places having casino gambling. However, even with all this data, obviously, there will be a need for a test period and an opportunity

to make whatever adjustments are necessary to meet our State goals.

During this test period, casinos should be limited to one location,

thus giving the State the opportunity to carefully oversee its operation

and make whatever changes are necessary to assure an honest, attractive

and revenue producing operation. This, obviously, would be impossible

if casinos were authorized at the same time in a number of locations

immediately after the adoption of the constitutional ammendment.

If during the test period of five years it became evident

that the administrative problems were to be insurmountable, it would

be our intention to come ~~aga~~in before this committee and request you

to repeal the authorization provided for by Assembly Concurrent

Resolution 128. Such a request would not be economically feasible,

if numerous casinos were in operation at that time.

I am sure some of you have asked why Atlantic City is being recommended by this administration as the first site for casino gambling. Atlantic City for many years has been the tourist mecca of this State. It is the largest convention center in New Jersey. I have been told that over 400,000 people attended conventions and meetings in Atlantic City in 1973 and that a large majority of these people came from out-of-state. Presently, Atlantic City still enjoys a large tourist business, in addition to the conventions. No one doubts, however, that Atlantic City is also experiencing a decline and unless there is a revitalization, Atlantic City as a tourist attraction will cease to exist.

In view of the fact that we consider a goal of casino gambling to be the encouragement of tourism, Atlantic City is a logical choice for the first site.

Casino gambling should stimulate a rekindling of interest in Atlantic City by tourists and conventioners from out of state and probably will encourage investors to improve the current tourist facilities within this municipality.

As I have stressed, it is the position of this administration that the question of casino gambling should be decided by our citizens. The public is entitled to any information the Legislature can give it regarding casino gambling, however, no attempt should be made to "sell" casino gambling. The administration will not in any way participate in any promotional plan for the referendum.

If a majority of our citizens vote in favor of the question, then the administration will participate in the preparation of appropriate enabling legislation.

I thank you, Mr. Chairman. I will be glad to answer any questions you may have.

ASSEMBLYMAN HAWKINS: Thank you very much, Mr. Carella, for your testimony. I do have a few questions.

First of all, are you permitted to speak on behalf of the Governor here today?

MR. CARELLA: Yes, sir.

ASSEMBLYMAN HAWKINS: Is the Governor in favor of the proposed constitutional amendment as it is being placed on the ballot?

MR. CARELLA: Within the confines that I have indicated to you, sir, in this State. I indicate to you that the concurrent resolution in its present form complies with two of the items that the Governor indicates; and he has already publicly indicated that with reference to the test location - one location - he would veto any enabling legislation that did not contain that.

ASSEMBLYMAN HAWKINS: Is the Governor in support

of, or against, the referendum on the ballot?

MR. CARELLA: I will indicate to you again, sir, that, in its present form, the Governor has indicated that he wishes the people to decide the question. Should the enabling legislation not contain the third item that I have set forth in my memo, or my statement, he would veto it.

Obviously, he cannot veto a resolution.

ASSEMBLYMAN HAWKINS: Mr. Carella, then you are not suggesting that the Governor would want to use the Constitution for Atlantic City alone?

MR. CARELLA: That is correct. No, I am not suggesting that.

ASSEMBLYMAN HAWKINS: In other words, the Governor wouldn't want the Constitution to be used just for Atlantic City?

MR. CARELLA: I think the Governor has indicated that he is satisfied with the position that he has taken; that he would veto the enabling legislation.

ASSEMBLYMAN HAWKINS: Than I am to take it that this bill is somewhat satisfactory - or this referendum is somewhat satisfactory to the Governor, but that if any enabling legislation came out after this referendum is passed - if it is passed - the Governor would veto it if it did not pertain to Atlantic City alone, is that correct?

MR. CARELLA: If it did not pertain to Atlantic City; if it did not set up a pilot program; if it did not set up a time period--

I might add that this concurrent resolution has certain language in it concerning owned and operated, or under the authority - it is my understanding that the owned and operated would be the preferable language.

ASSEMBLYMAN HAWKINS: Yes, sir. Would you happen to know what revenue has been produced for the

private entrepreneurs of Nevada, say per year - for each year? How much money they are bringing in just for themselves?

MR. CARELLA: I have that for you. I believe for the year 1972, which would be the complete year that they had at the time that I looked into this, it was approximately \$740 million, gross receipts of revenues derived from gambling operations in the State of Nevada. That gave to the State somewhere around \$52 million.

ASSEMBLYMAN HAWKINS: Are you stating that the gambling operations only reported, for income tax purposes, 740 million dollars, gross receipts?

MR. CARELLA: Approximately. I don't have that before me but the total gambling take in Nevada was in that area, yes.

ASSEMBLYMAN HAWKINS: Do you believe that is the correct figure, Mr. Carella?

MR. CARELLA: I believe that that is the correct figure. I can get you the correct figure from the reports and submit it to you at a later date.

ASSEMBLYMAN HAWKINS: It will be appreciated.

With reference to page 6 of your statement, sir, you state that in Puerto Rico, I believe - no that is on page 7 - the minimum bet is \$2.00 and that the Governor wants something similar to that which is now in Puerto Rico.

MR. CARELLA: Well, you are pointing out one item which is in the statement. What I am referring to, specifically, when I say the Administration would want a restricted, limited, kind of casino operation -should the casino operation pass in all the referenda that is required- is, that would take into consideration a number of things- number one, a limited and restricted time period within which casinos would be open. For instance, in Puerto Rico it is from 8:00 P.M. to, I believe, 3:00 A.M. So, we are talking-- It may be 4:00, I am not sure

whether it is 3:00 or 4:00. In any event, it would not be a twenty-four hour operation, such as they have in Las Vegas.

Again, in Las Vegas there are minimum bets of 10¢ and coin type bets.

We would also request that that also be restricted and limited in terms of bets.

ASSEMBLYMAN HAWKINS: Mr. Carella, isn't it a fact that also in Puerto Rico the minimum bet is 10¢, but that the minimum amount you can bet at one time, very possibly, may be \$2.00, or something of that sort?

MR. CARELLA: I am not familiar with that. I don't know if that is so, unless you are referring to slot machines. I don't think they have slot machines yet. They are putting in a request for slot machines, I believe, for 1976 - and they are to be owned and operated by the government.

ASSEMBLYMAN HAWKINS: To sum up, Mr. Carella, as far as I am concerned the Governor does not object at the present time to the referendum going on the ballot, as it now reads, but if it passes he would object to enabling legislation anywhere other than in Atlantic City.

MR. CARELLA: That's correct.

ASSEMBLYMAN HAWKINS: Are there any other questions? Assemblyman Doyle?

ASSEMBLYMAN DOYLE: In those other jurisdictions wherein there is casino gambling, as you mentioned in your statement, is there also a lottery?

MR. CARELLA: I think in some there may be.

ASSEMBLYMAN DOYLE: The point of the question, Mr. Carella, is, what effect would casino gambling have on the already diminishing revenues produced by the State Lottery, in your opinion?

MR. CARELLA: In my opinion, I don't think it would have any substantial effect, sir.

ASSEMBLYMAN DOYLE: Do you think that the existence of the State Lottery has changed the amount of illegal gambling in this State at all?

MR. CARELLA: I have been asked that question a number of times. In reviewing many of the documents that I have reviewed at my office, in the Lottery Commission, I have seen that my predecessor indicated, and Governor Cahill indicated in a statement, that they had evidence that there was a 10% to 15% decline in the illegal operation since the oncoming of the Lottery.

I have seen no documentation to support that, so I cannot give you any factual answer.

ASSEMBLYMAN DOYLE: Do you think that the existence of casino gambling in the State would change the amount, nature, quantity, or quality of illegal gambling?

MR. CARELLA: It conceivably could. But, again, I would answer that in a general way. I think as you increase the legal form of public gaming, and as money is being spent there, I think that some of that is being taken away from the illegal operations.

I might add that, insofar as the Lottery is concerned, the Lottery, in its present form, does not afford a precise, competitive game with the illegal game. I think the three digit, pick your own number game, would, possibly, compete more directly with the illegal operation. Hopefully, and again I underscore "hopefully", it will deal it some kind of a blow; how much I can't tell you.

ASSEMBLYMAN DOYLE: In the questioning of the Chairman, and in your answers, I noted a difference in your mind between owned and operated, as opposed to some other form. Do I understand that the thought

about franchising, whereby the State would just contract with people to run casino gambling, would not be what the Governor would want contained in enabling legislation?

MR. CARELLA: I would answer that question this way, we are looking for an owned and operated operation and, obviously, that is going to have to be clearly looked into and defined.

ASSEMBLYMAN DOYLE: I know it is kind of difficult to answer this without having the exact language of such enabling legislation before you, but in a general way, if such legislation did not contain the various parameters insofar as the nature and type of gambling, mode of dress, the quality of the attraction, the amount of the minimum gambling bet, the place, the term of years, etc., would the Governor would veto such enabling legislation unless it contained those limits as outlined in your statement?

MR. CARELLA: I don't know about all of the ones you mentioned but, obviously, the ones I have set forth in the statement--

ASSEMBLYMAN DOYLE: Thank you.

ASSEMBLYMAN BATE: Director, Carella, it has been my experience with public questions that often the actual question asked on the ballot does not contain sufficient information. A person votes favorably and then finds out a year or two later that what he or she voted for is different from what he or she had anticipated. I wonder, since you are the spokesman for the Administration, would the Administration prefer that the question on the ballot, with respect to casino gambling, include the three provisions, or guidelines, including specific reference to the pilot project in Atlantic City and the fact that there would be no other place for casino gambling for at least 5 years?

MR. CARELLA: That question, of course - as I said before in answer to the Chairman's question - to some extent, has already been answered. I think the Governor has indicated that he would go along with the language that you presently have here and would veto enabling legislation that did not contain the parameters that we have already discussed.

Now, insofar as the question on the ballot is concerned, I think the same reasoning would be applicable.

ASSEMBLYMAN HAWKINS: Are there any other questions from the other members of the Committee? Mr. Codey?

ASSEMBLYMAN CODEY: Mr. Carella, in your statement you made reference to the gubernatorial campaign, saying that the Governor said that casinos must be owned and operated by the State and must be approved by the citizens of the State and then by both the municipality and the county, and that casinos be permitted in a defined and limited area.

As far as you remember, did the Governor, at any time during that campaign, in making statements about casino gambling, say that he would be for casino gambling in Atlantic City, and in Atlantic City only?

MR. CARELLA: I don't have the answer to that question. I could get it for you if you want it.

ASSEMBLYMAN CODEY: O.K.

On page 6, Mr. Carella, you make reference to the State of Nevada permitting gambling 24 hours a day. Would that mean to imply that New Jersey would be limited in hours of operation?

MR. CARELLA: If we had casino gambling, I would strongly recommend, suggest, and ask, that it be on a limited basis, yes, sir.

ASSEMBLYMAN CODEY: That's the feeling of the Governor?

MR. CARELLA: Yes, sir.

ASSEMBLYMAN CODEY: Then also on page 6 you go on to allude to competition in Nevada between casino gambling operations- "Competition . . to attract clients is permitted." Now does that mean that if casino gambling is in Atlantic City that different casino operations would not be permitted to try to attract clients to their particular operation, as opposed to another operation in Atlantic City?

MR. CARELLA: No, I think that what we are referring to is that it is owned and operated by the State of New Jersey, whereas in Las Vegas it is not.

ASSEMBLYMAN CODEY: It is owned and operated by the State of New Jersey but it would still be in different hotels, am I right, sir?

MR. CARELLA: But there would be no competition; it would be the same ownership.

ASSEMBLYMAN CODEY: Wouldn't one hotel want more than the other, just as a means of other business?

MR. CARELLA: Well, you are referring to this, in concept, as a hotel. I am saying that the operation of a casino, would be owned and operated by the State of New Jersey. You are saying a hotel. I don't know if that is so.

ASSEMBLYMAN CODEY: That's open to discussion.

MR. CARELLA: That's right. I am saying that if we had more than one location in Atlantic City, obviously, they would not be competing, one with the other. It would just be like two outlets. Just as if I, as the Director of the Lottery, had more than one terminal, I am not really competing one with the other in the sense that I am using competition as a word.

ASSEMBLYMAN CODEY: Well, do you envision any other type of operation, other than in a hotel?

MR. CARELLA: Well, I don't know the answer to that question. That needs some input. You are

suggesting now, "could you have a casino in a place other than a hotel", and the answer to that is, yes you can have a single-use building; you can have a casino in an area other than a hotel.

ASSEMBLYMAN CODEY: All right, sir.

MR. CARELLA: I'm not suggesting that. I am just saying that in answer to your question.

ASSEMBLYMAN CODEY: On page 8 of your testimony you say that the idea of casino gambling should be to encourage tourism and to draw patronage away from illegal gambling operations, if at all possible. Now do you think that having casino gambling in Atlantic City, solely, would affect illegal gambling operations throughout other parts of the State of New Jersey?

MR. CARELLA: Again, I have no statistics by which I can give you a factual answer. I would say, conceptually, - as in answer to one of the other members of the Committee - that, in fact, as dollars are being spent, that, hopefully, some of those dollars would be taken away from the illegal operation - again, hopefully - no matter where they are.

ASSEMBLYMAN CODEY: Thank you, Mr. Carella.

ASSEMBLYMAN HAWKINS: Mr. Carella, with reference to your statement that you prefer the language "owned and operated" rather than "under the authority and control of the State", would it be the Governor's suggestion that that language be deleted and that operations not be permitted under the authority and control of the State; namely, we would not be giving franchises to someone to work it for the State?

MR. CARELLA: I believe that is a fair rephrasing of it, yes.

ASSEMBLYMAN HAWKINS: Can you give the reason why the Governor may not want "under the authority and control of the State"?

MR. CARELLA: Again, as I said in answer to one of the members of the Committee, that question does need some input and refinement. The concept is, to make certain that we have an operation that is owned and operated by the State and not similar in kind to those where you just have it supervised by the State.

ASSEMBLYMAN HAWKINS: Mr. Carella, I can suggest this to you. I am very much interested in what the Governor has to say about that particular statement, or phraseology, and if you can present that to the Committee at your earliest convenience - preferably by Monday - this information would be appreciated. I have a strong feeling that the leadership of the Assembly may present the bill for a vote on Monday, quite possibly.

I do want to have all the information prior to making a recommendation on the floor of the Assembly and if there are good reasons why "under the authority and control" should be deleted, I wish to make that recommendation, if the Committee is in agreement.

MR. CARELLA: I will make an effort to get that to you.

ASSEMBLYMAN HAWKINS: Mr. Gregorio?

ASSEMBLYMAN GREGORIO: Mr. Director, because of the question of whether or not gambling would be allowed just in Atlantic City or, perhaps, in other cities, I think that is going to have a large reaction in the State of New Jersey on whether this referendum is passed or not. I have heard that in some cities they think that if it is limited just to Atlantic City, the referendum may not pass. That brings up my question of whether or not you think the Governor, after the five year trial period, if things were able to be controlled and there were no signs of organized crime or any other illegal activities, would o.k. other enabling legislation allowing it in some other locations?

MR. CARELLA: I think the question requires obvious input and I am sure that, just as with many other kinds of operations and businesses, should they be successful, should the security be intact, should there be minimal problems, should the administrative and operational problems be adequately worked out, and should there be a bottom line success written into that, I would assume that the Governor would not hold up other enabling legislation.

ASSEMBLYMAN GREGORIO: He is not closing the door and saying, "just Atlantic City only"?

MR. CARELLA: I would concur with that, along those lines and with those limitations.

ASSEMBLYMAN HAWKINS: I don't think the Governor, by this referendum, could close the door anyway. The referendum is providing for gambling in the State and any Governor and any Legislature hereafter, in accordance with the constitutional mandate - as this would be, once this referendum is passed - could legislate whatever; is that correct, sir?

MR. CARELLA: Well, that is obvious from the terminology.

ASSEMBLYMAN HAWKINS: Yes, sir.

MR. CARELLA: He doesn't have a veto power over this.

ASSEMBLYMAN HAWKINS: Mr. Codey?

ASSEMBLYMAN CODEY: Am I correct to say, with this enabling legislation, the Governor has said publicly that he will veto any other area, other than Atlantic City?

MR. CARELLA: That's correct.

ASSEMBLYMAN CODEY: Thank you.

ASSEMBLYMAN HAWKINS: We wish to thank you, sir, for your time and your energies and your statement.

MR. CARELLA: Thank you.

ASSEMBLYMAN HAWKINS: The next person to make a presentation is the Very Honorable Steven P. Perskie, Representative of Atlantic City, Atlantic County, co-sponsor of the bill.

Thank you for coming, Mr. Perskie.

A S S E M B L Y M A N S T E V E N P. P E R S K I E:
Mr. Chairman, it is my pleasure.

I want to express my gratitude to the Committee for its great consideration throughout the process of the determination of these matters. I am very grateful for the Committee's determinations.

I have no prepared statement. I will limit my remarks and be very brief because I am acutely aware of the nature of the repetitive testimony that may be presented today and I am very interested in having this hearing finished and concluded today. So in that regard, I will just make a couple of remarks and if you have any questions, I will be glad to answer them.

I would also, of course, observe that in the process of the determination of this bill in your Committee, we did have extensive testimony at that time.

Mr. Carella used the phrase, "trust and confidence in the operation". I think, frankly, that is the keynote that I would like to address in my brief remarks. I would like to focus not so much, perhaps, on some of the questions that you have already addressed, but rather on the nature of the restrictions that are present in the proposed resolution.

The type of casino gambling operation that is contemplated in ACR-128 is not like any operation that presently exists in the nation. Any comparison with either the City of Las Vegas or the State of Nevada is misleading by its very nature, as you have already

indicated, both from the point of view of the type of operation that is contemplated and from its scope, and from its operations. By that I mean, of course, that ACR-128 proposes to limit the authority to grant gambling houses or casinos and not have any type of wide-open operation, such as Las Vegas, Nevada, has.

Secondly, the type of operation in Nevada is a very wide-open operation in the sense that it is a street operation. What is contemplated by this referendum is a limited number of restricted casinos - restricted by location and number - with limited hours and certain restrictions, which Mr. Carella has already testified to.

Thirdly, and perhaps most important of all, is the restriction that is clearly established in the referendum; to provide State ownership and operation of all elements of the casino gambling enterprise. This, I think, is a critical factor and, I think, should be emphasized before the Committee.

With respect, also, to the specific language of the proposed referendum, it should be noted that, beginning on line 58, the entire net proceeds of any gambling establishment operated by the State shall be paid into the State Treasury to be used for public purposes through appropriations. I think that is a very important point to note and to stress; that regardless of the question of where any operation may be located, and regardless of the question of what City or County it may be placed - either now or at some period hereafter - all of the net revenues of the operation would accrue to the benefit of the citizens of the entire State. I don't have any realistic impact on revenues because we don't know at this

point how many locations or how many casinos are going to be authorized.

Mr. Carella indicated in his testimony that the gross revenues from private operations in the State of Nevada exceeded some \$700 millions of dollars. If that is so, then I think it is a fair comment that the proposed referendum will have a far greater economic impact for the citizens of the State then, perhaps, was even contemplated before.

What is important to note is, as I said, regardless of the question of the actual location in terms of city or county, citizens of the entire State will share in all of the revenues that will be generated.

With respect to the impact of the legalization of this form of gambling upon the nefarious and illegal gambling operations that presently exist, I would respectfully suggest to the Committee that any such prediction is in the nature of exactly that, a prediction rather than any hard fact. There is no way of determining, precisely, what kind of effect it would have, other than to make reference to the previous history; through, for example, the experience of the Lottery in closing up a great number of illegal numbers operations.

But I think that what can be safely said before this Committee, and before the State, is that, while we might not be able to assess the extent to which this type of operation would adversely affect illegal gambling, it is fair to say, merely by the obvious nature of it, that it would adversely affect illegal gambling operations to some extent. On that particular question, I would urge, before the Committee, that to whatever extent we can adversely affect the interest of organized crime - financially or otherwise - that would be a justification, if not the only justification, for this type of proposal.

In closing I would merely like to point out one other fact that was raised in a statement made by a public official in recent days, and which I think should be clearly and carefully addressed before this Committee and, again, before the people of the entire State, and that is as to the relationship - legislatively or otherwise - between this proposal and between the critical questions of tax reform and financing of education that are before this Legislature and before the people of the entire State. I want it clearly understood by this Committee, and, again, by the people of the State, that the prime sponsors - at least legislatively - of this proposal in the Legislature, and most of the people of the State who are in favor of this proposal, recognize and clearly understand and accept that there cannot be, and is not, any relationship between the two. The legalization of casino gambling must stand on its own merits, apart from the financial revenues that it will, obviously, generate for the State. We will not succeed by enactment of this proposal or any similar proposal, in obviating the need to address quite clearly and forthrightly the question of tax reform and the question of financing the educational burdens of the State of New Jersey. That is one reason, very frankly, that we are very anxious to have this measure passed through this hearing process and through the Legislative process and out of the Legislature altogether, and put before the people for their determination, prior to the time when we, in the Legislature, will be spending a great number of hours dealing with these critical questions. There cannot be permitted to be any relationship between the two and I think that can't be overemphasized before this Committee.

With that in mind, and conscious of the great number of people who want to be heard, I will be glad

to answer any questions you may have.

ASSEMBLYMAN HAWKINS: Are there any questions?

ASSEMBLYMAN DOYLE: Assemblyman, there was a discussion by Mr. Carella that the prime purpose for allowing casino gambling should be to help the tourist industry, particularly that municipality that is most suited to tourism and has been having its problems lately, namely Atlantic City. Would you agree with that?

ASSEMBLYMAN PERSKIE: Well, as a representative of the 2nd District, it poses some very interesting questions for me.

The concept which I have always followed in sponsoring and in pushing for this type of legislation has been that the tourist industry in the State of New Jersey, in general, and that in Atlantic City in particular, needed a shot in the arm and needed the kind of economic development impact that such a proposal would create.

I don't have any question in my mind but that Atlantic City would be, if not the only example, - certainly it is not - clearly it would be the best example of the kind of impact that this proposal would have. Atlantic City is in great need of help of this type in order to permit us to attract the kind of investment capital that will enable us to rebuild our physical plants and give us the quantity of first-class hotel rooms and night clubs and entertainment spots and shops that a tourist economy demands.

We have been unable, over the course of the last - I guess it is by now almost 7 or 8 years, to develop a downtown tract that was cleared by urban renewal, together with a number of other properties in the city that should be prime development properties, because of our inability to attract this kind of capital.

We feel very strongly that this kind of proposal will enable us - of course, considering all the restrictions - to attract that kind of capital. I don't necessarily agree with the argument that it has to be limited to Atlantic City; I think that is a policy decision. It has been made by the Administration, as you heard Mr. Carella say. We fought very hard - as the members of this Committee are aware - to maintain the present resolution in its present form. My personal feeling is that regardless of the policy question - Atlantic City or not - it was not proper to place that question in the body of the State's Constitution.

With regard to the policy question by the Administration, I would not have any strenuous comment one way or the other. I would hope that the citizens of the entire State would recognize the issue on its merits, for what it is rather than for where it would be located.

ASSEMBLYMAN DOYLE: If, in fact, casino gambling is placed in Atlantic City only, don't you think the effect on the tourist industry in those other parts of the State that depend upon tourism - I speak of the Northwestern tier as well as the other three south counties - would be either negligible or even negative?

ASSEMBLYMAN PERSKIE: The effect would be negligible?

ASSEMBLYMAN DOYLE: The effect of increasing tourism in those other areas by having casino gambling only in Atlantic City would be negligible to, say, Sussex, Monmouth, Ocean or Cape May Counties, or perhaps even negative?

ASSEMBLYMAN HAWKINS: In fact, it might even be negated.

ASSEMBLYMAN PERSKIE: It would be easy for me to answer that question, not representing any other area in question, other than Atlantic City and its immediate environs. A response by me to that particular question would be, in a sense, self-serving. But, I really feel - in response to the question that was asked of Mr. Carella and not of me, but I will answer it anyway, and I don't speak for the Administration, that should be made clear - that from what I understand to be the position of many people in the Administration - I am not specifically referring to the Governor - that there is a feeling that if it works in Atlantic City that it could, and should, be extended to other areas for the same purpose.

I really feel that if we bring tourists to New Jersey - to Atlantic City - we are not going to be hurting the economy of the other areas to any appreciable extent.

ASSEMBLYMAN DOYLE: If we do find that casino gambling helps Atlantic City and, therefore, using that example, spread it all over the State - or all over other tourist areas - won't the shot in the arm to Atlantic City that would be caused by putting in casino gambling be diminished because people can go elsewhere - Long Branch, Asbury Park, Seaside Heights, or Sussex County?

ASSEMBLYMAN PERSKIE: No. I think, as you will hear - in fact I invite you to question the representatives of both the political and civic organizations existing in Atlantic City who are going to testify before you today - you will find them in accord with me. Our position on the question is that we can make maximum use of this proposal, whether or not it exists elsewhere in the State. We are not concerned

about that. That is the reason that I, representing the Second District, fought very hard to keep this referendum in its present form. If we are given this tool to develop our community we will be able to develop it, regardless of who else may have it in the State of New Jersey.

The possibility is a very strong one that it may exist soon in other states - in neighboring areas.

Our feeling is that we need this proposal to enable us to attract the kind of investment capital to Atlantic City that will give us the tool to do the job. We feel that we will be able to attract that capital whether or not the proposal is extended to other cities, by reason of our basic resources that we already have - the beach, the boardwalk, the convention facilities, the proximity, by roadway, to the major cities. We are not concerned from a competitive point of view.

ASSEMBLYMAN DOYLE: Thank you.

ASSEMBLYMAN HAWKINS: Assemblyman Bate?

ASSEMBLYMAN BATE: Assemblyman Perskie, you have represented the Atlantic City area for three years now, with great distinction, and I believe you can be regarded as a spokesman - or at least you have knowledge of the views of the business community and the resort industry. I notice in the beginning of your statement you indicated that this casino gambling question - the whole issue - involved a dissimilarity with Las Vegas but isn't it a fact, and doesn't the business community there intend to involve itself with some sort of gimmickry to encourage people from other states to come to Atlantic City? Isn't an appeal going to be made for people from other states to come here and take advantage of Atlantic City?

ASSEMBLYMAN PERSKIE: Very much so. But the point I was trying to make was that if we were given this opportunity we would certainly make maximum use

of it with respect to drawing and attracting tourists; that's what we have in mind.

My point, in drawing the dissimilarity, was with regard to the nature of the gambling operation itself. We hope, very frankly, to be able to mimic Nevada and Las Vegas to the extent that they are successful on a year-round basis in attracting high level entertainment and a high level of tourists - or a great number of tourists - to come to a spot that is, basically, an island in a desert, merely to be entertained and enjoy themselves; we would hope to be able to copy that to that extent but not by means of the same type of gambling they have.

ASSEMBLYMAN BATE: Isn't it true that the fact that it is an island in the desert makes it dissimilar to our State of New Jersey and to Atlantic City? We have great population centers such as Newark, Paterson, Jersey City, Camden, and the like, a bus ride away from Atlantic City.

ASSEMBLYMAN PERSKIE: Again, I think this dissimilarity, which is quite true, operates as an argument in favor of the proposal. We are within a bus ride away, almost literally, from something in excess of, or in the neighborhood of, 100 million people - maybe a long bus ride for some of them but we are, of course, in the population center of the United States and this would, I think, when you get to the question of trying to measure revenues that might be generated from a casino gambling operation in New Jersey, make the Las Vegas example, for yet another reason, somewhat inapt. They have to rely on bringing people in by plane from almost anywhere and we would not.

ASSEMBLYMAN BATE: But in New Jersey there would be a massive appeal for the poor to get poorer, which you don't quite have in Las Vegas.

ASSEMBLYMAN PERSKIE: Well, that's an argument that is hard to meet. I would suggest that if the casinos were established pursuant to the concept that we envision, with a restriction in terms of the hours and the types of operations that are involved, with the careful selection of certain types of games that would be played, and with limiting it to a given type of operation, on the model that is followed, perhaps, in this instance, in Puerto Rico and the casino in Monte Carlo, I think that you would minimize the aspect of the poor getting poorer.

ASSEMBLYMAN HAWKINS: Are there any further questions?

(no questions)

Thank you very much, Assemblyman Perskie.

ASSEMBLYMAN PERSKIE: Thank you, Mr. Chairman.

ASSEMBLYMAN HAWKINS: The next speaker has been mentioned before in testimony, he is the Honorable Wayne Dumont. Is Senator Dumont present?

(not present)

He not being present, we will go on to the next speaker. We are very honored to have with us the Very Honorable William F. Hyland, Attorney General for the State of New Jersey. Welcome, Mr. Hyland.

H O N O R A B L E W I L L I A M F. H Y L A N D:
Thank you very much, Mr. Hawkins and Members of the Committee for the opportunity today to testify about this very important proposal.

On February 10, 1971, as a private citizen and former Chairman of the State Commission of Investigation, I testified before the Senate Judiciary Committee in opposition to SCR 74, a proposal in the 1971 session to amend the Constitution to permit gambling in Atlantic City. My point of view at that time was shared by Governor Cahill and his Attorney General, George F. Kugler, Jr.

I appear today, no longer as a private citizen, but as Attorney General of a new Governor, Brendan T. Byrne, who supported the concept of casino gambling during his campaign for Governor and who was elected by a plurality of more than 700,000 votes, the widest margin of victory in the history of the State. Notwithstanding the fact that I am now serving as Attorney General by appointment of Governor Byrne, my private viewpoint about casino gambling is the same today as it was in 1971. Governor Byrne has always been aware of our difference in opinion on this subject. It was re-emphasized in the press conference on December 19, 1973 at which he announced his intention to nominate me as Attorney General, and I indicated at that time, in response to a question from the press, that if the Governor, the Legislature and the people should decide that the legalization of casino gambling was an appropriate step for the State to take, it would be my responsibility to see that casino gambling be operated as honestly as possible and with a minimum effect on the enforcement of our criminal laws.

It is not correct to say, therefore, as I have read in some of the newspaper articles preceding this hearing, that Governor Byrne and I have split on the subject of casino gambling. Quite the contrary, we were never of one mind on the subject. He recognizes that it is my function today as Attorney General to address myself to the law enforcement questions that arise from the current proposal. I do so with only one minor excursion into the merits of the question.

When I testified in 1971, the State Lottery was relatively new. It had been promoted as an effort to "give the people what they want." The assumption was that the people would support it enthusiastically and indefinitely into the future. Another premise was that it would strike a blow at organized crime. Both of these assumptions in my judgment, were in error. We know, for example, that in order to maintain the initial revenue levels the State Lottery Commission has had to engage in a strenuous promotion campaign. Lottery drawings were given the prestige of the Governor's presence. The drawings were held in various parts of the State. Later the millionaire lottery was introduced. Celebrities were imported to add glamour to this enterprise. Still later, to bolster sagging sales, a brief "summer bonus" promotion was introduced. Billboards and newspaper advertisements were undertaken, etc.

What I can't understand is, if the State was only trying to give the people what they want, why has it been necessary to spend so many thousands of dollars in protecting the level of lottery revenues that originally were produced? Isn't the State, as a matter of calculated tax policy, promoting the spread of gambling, and is that wise? But what legitimate relationship does this inquiry have to what I conceive to be my limited role here today, as the chief law enforcement officer of the State?

If the State is to legalize casino gambling, my suggestion is that we do it on an experimental basis, and confined to a single municipality. One of the reasons for this

is drawn from the experience with the lottery. If we legalize casino gambling in multiple locations, and the initial revenue produced becomes an important part of the tax base of the State, and of the tax and economic base of the communities in which it is authorized, when the initial level of economic benefit begins to sag, and I think that would be inevitable as the novelty began to wear off, I am afraid we would find ourselves in the same position we are now with respect to the lottery -- having to create a new market by encouraging people to gamble who otherwise would not do so. Under those circumstances, I don't see how we could avoid becoming what all of us say we don't want to be: The Las Vegas of the East. If that day ever arrives, we will end up doing what the law enforcement authorities in Nevada have in effect done, thrown up their hands and tolerated prostitution, drug trafficking, and even illegal gambling.

In my 1971 testimony, I said that it is very difficult to turn back after gambling is legalized, and consequently we should be satisfied that the decisions that are made today "are not going to contribute to a story of tragedy that we will all look back upon with great sorrow ten and fifteen years from now." It is for this reason that, if this Legislature is to submit the question of casino gambling to referendum, I urge that it be done with the following constraints:

1. That the initial authorization be limited to a single location so that as Attorney General I can work with you,

and with the Division of State Police, in formulating the best possible program to keep the operation clean and honest and to protect the citizens of that community from the lawless side effects that might otherwise come about; and

2. That the limitation to be written into the Constitution itself, and for an experimental period of five years so that the question of permanent authorization would have to be resubmitted to the people at the end of that time. By then we will have sufficient experience to tell whether we can handle casino gambling indefinitely into the future. And the Legislature and Governor will, in the interim, be protected from the inevitable pressures to permit casino operations all throughout New Jersey.

I want to give you an illustration of that type of automatically terminating legislation. When the wiretap authorization - the so-called Electronic Surveillance Act - was passed by the Legislature about 5 years ago, because of the controversial nature of wiretapping and the lack of assurance by the Legislature at that time that wiretapping, in fact, could be conducted without violent injustice to the rights of people, the Legislature said that the authority given in that act would terminate automatically in 5 years; and so it does at the end of 1974. Now this means that all of us, you, my office and others who are involved in the Legislative process, will have to begin another review of electronic surveillance with the experience of the last 5 years so that we can make an informed judgment about whether that authorization should be extended on into the future. It is that kind of principle that I am suggesting here that we should apply to the authorization of casino gambling and for essentially the same reason.

This program that I have outlined is one that

I think the State and local law enforcement officials can handle. Some expansion in State enforcement personnel will be required even for this, I am sure. But if the experiment should prove that casino gambling on a permanent basis is not desirable, we will not have a massive bureaucracy to disassemble. Thank you very much.

ASSEMBLYMAN HAWKINS: Thank you very much, Mr. Attorney General.

I have a few questions to ask, personally. First of all, let me clarify your position on the proposed referendum. Am I to understand that as the referendum is presently worded that you are against the referendum?

MR. HYLAND: Yes. I am leaving aside my personal viewpoint about the subject matter itself. Dealing just with this proposal, I suggest that if this suggestion is to be submitted to the people, it be done by amending the Constitution. In a way, that will authorize casino gambling in one municipality on a 5 year experimental basis with an automatic termination of that authorization at the end of 5 years so that the people would have the opportunity - not just the Legislature, but the people because, obviously, they are an indispensable ingredient to the authorization since this has to go to referendum - to reflect on the 5 year experience and see whether they want to perpetuate this into the future.

ASSEMBLYMAN HAWKINS: Yes. Mr. Hyland, would you expect the Legislature to propose - or would you expect anyone to propose - in the Constitution, one city and the name of the city?

MR. HYLAND: I think, Assemblyman, that is a political question. There is no legal reason why it can't be done.

ASSEMBLYMAN HAWKINS: Mr. Hyland, is it not historical that the Constitution is for all the people of the State; for all of the municipalities of the State; for all the Legislatures, present and to come; for all of the Governors, present and to come? Would it not be in contradistinction of the historical significance of the Constitution to name one municipality in the Constitution to benefit, to the possible detriment of the other municipalities?

MR. HYLAND: I am not getting into the niceties of it or the history of it; I am only talking about the legality of it. There is no reason, in my judgment, why an amendment cannot be submitted to the people to amend the Constitution in precisely the fashion that I have suggested.

ASSEMBLYMAN HAWKINS: Then you are suggesting, sir, that the Legislature amend the referendum to possibly include and name a city?

MR. HYLAND: Well, you know, Assemblyman, we have been doing that for years. I sat in this hall for 8 years and saw so-called laws of general application passed, time after time, by reference to county classifications, or population ranges, or what have you. This is nothing new.

I say it can be done that way but I go beyond that and say that there is no reason why the people of this State cannot vote, legally, on a referendum that even names the city, if you want to go that far. I am not attempting to name the city. I said before that I didn't think this was the way for Atlantic City, or any other city, to bail itself out, but if that is the thing that some weight is being given to, the Legislature might very well name the city. I won't attempt to give you the name. I have no position on that.

ASSEMBLYMAN HAWKINS: Mr. Hyland, you stated in your 8 years of experience in this Assembly that they have done similar actions before. Was this by legislation or by Constitutional change?

MR. HYLAND: I don't think it makes any difference, Mr. Hawkins.

ASSEMBLYMAN HAWKINS: Well, historically, Mr. Hyland, isn't the Constitution used for everyone?

MR. HYLAND: Yes.

ASSEMBLYMAN HAWKINS: Yes. And isn't it a fact that some legislation can be used for individual persons and individual municipalities?

MR. HYLAND: Under the Constitution, except where the special law procedures are followed by the Legislature.

Every enactment of the Legislature is supposed to be for general purposes. I am saying that it is not done that way; it is done by couching the language in general terms, but in a way that it can only apply to a given municipality.

But I am not talking about a legislative enactment; I am saying you can put anything you want into the Constitution, so long as it doesn't violate the Federal Constitution and so long as the people adopt it.

This Legislature, in its wisdom, should decide, as I have suggested, that we do this experimentally on the basis that, I think, from a law enforcement standpoint, we could manage. There is no reason why this Legislature could not name a city in the referendum if it chooses to do so.

ASSEMBLYMAN HAWKINS: Mr. Hyland, on page 3 of your statement I notice that you state, "and I think that would be enevitable as the novelty began to wear off". May I ask you a question, sir? Has the novelty worn off in Las Vegas?

MR. HYLAND: I think casino gambling is just one part of Las Vegas. My wife, for example, loves Las Vegas and I have indicated before that I have no moral problem with gambling. She is not interested in casino gambling. She loves the slot machines. She plays the nickle machines by the hour and I see other "little old ladies in tennis shoes" doing that.

I think that if we can draw on the experience of the lottery to start it off on a certain premise, yes; the novelty of ventures of this kind do wear off and you have to begin to merchandise. They do merchandise in Las Vegas, they merchandise by having these very glamorous entertainment emporiums and by bringing great celebrities in and by offering inducements that you can get at almost any travel agency to get there.

I think it would be necessary for us to begin to promote casino gambling, to keep a level of revenue up after the initial novelty has worn off, yes.

ASSEMBLYMAN HAWKINS: You keep stating, "after the novelty has worn off", Mr. Attorney General. Has the novelty, to your knowledge, ever worn off anywhere where they have legalized casino gambling?

MR. HYLAND: The best illustration I can think of is the State Lottery here in New Jersey.

ASSEMBLYMAN HAWKINS: I am not referring to the State Lottery, sir. I am not making any analogy with the State Lottery. That is something else.

MR. HYLAND: Maybe you don't want to. I keep coming back to that premise, that maybe that's what we ought to be--

ASSEMBLYMAN HAWKINS: But we are dealing with legalized casino gambling, which is something else entirely. I am simply asking the question of you, Mr. Attorney General, is there anywhere in the world, to your knowledge, that the novelty has worn off with

respect to casino gambling?

MR. HYLAND: I have to confess that I am not an expert in that, Assemblyman. I really couldn't give you a meaningful answer.

ASSEMBLYMAN HAWKINS: With reference to the following sentence, "I am afraid we would find ourselves in the same position we are now in with respect to the lottery, having to create a new market by encouraging people to gamble who would otherwise not do so", do you have any facts or statistics, sir, to back up that statement, that people have been encouraged to gamble who would not otherwise do so?

MR. HYLAND: I guess for proof I'd have to look at the advertising the Lottery Commission uses in Pennsylvania. There is a billboard in Pennsylvania, for example, with their Lottery Logo - their symbol there - saying, "try it, you'll like it". That seems to me that they are talking about people who haven't previously tried it.

I am saying, here in New Jersey, that we must acknowledge to ourselves - with the amounts of money that are spent in promoting the New Jersey Lottery, in coming up with new gimmicks, in having summer bonus plans, in having a horseshoe or a shamrock on the tickets and on the billboards and all - that directly or in a subliminal fashion, yes, we are appealing to people to do something for the very reason that all people advertise; people advertise to try to persuade people to buy something that they might not otherwise buy. If there was no problem in persuading people to buy the lottery in New Jersey, we would not have to spend thousands of dollars to promote it the way we do. That is the best evidence I can think of, the fact that it is necessary to do that in order to maintain the level of revenues that initially were produced with the novelty of the lottery.

ASSEMBLYMAN HAWKINS: Mr. Hyland, with reference to the question that I asked of you, is there any proof, any facts, or any statistics, that would show that the people that are going to be gambling in the casinos, or who have gambled with the lottery, don't already have the habit of gambling with the illegal gambling operations?

MR. HYLAND: I can't offer any facts other than the general statements I have given.

ASSEMBLYMAN HAWKINS: Yes sir. Also, following that same statement, if that day ever arrives, we will end up doing what the law enforcement authorities in Nevada have, in effect, done: thrown up their hands and tolerated prostitution, drug trafficking and even illegal gambling. You are not suggesting that that's what you would do?

MR. HYLAND: No, I am saying that's what they have done. They tolerate these things.

Assemblyman, you may not realize it but in 1971, when we were considering the question previously, there happened to be, at that time, an ordinance introduced in the City of Las Vegas that would have legalized prostitution. One of the arguments for it was that it would raise \$100 thousand in revenue. I suggested that that's really what we are out to do. There are all kinds of things that we really haven't begun to consider.

We raise millions of dollars every year through the sale of alcoholic liquor. Should we advertise that? Should we encourage people to drink who might not otherwise drink, just so we can keep the tax revenues of the State high?

The facts of life are that in Las Vegas you have a honky-tonk atmosphere. You have great varieties of undesirable people floating around and tolerated because that's what they have to do in order to make it an attractive place for people to come to. I

think it would be reprehensible if we did the same thing. I am saying, in the nature of human conduct, it is quite possible that we would end up - not me, I wouldn't be around for that - doing what they have done out there and would throw up our hands and say that we have to tolerate some of this because they are an inevitable by-product of what we are doing.

ASSEMBLYMAN HAWKINS: Mr. Hyland, I want to say that, knowing your reputation, I am sure that you wouldn't tolerate any of that and I am sure the State will be in good hands if the referendum is passed, as far as the law enforcement aspect is concerned.

MR. HYLAND: It isn't just a question of toleration. Maybe that's the wrong term; maybe I shouldn't say they tolerate it in Las Vegas, although I suspect they must have to. But certain activities do attract elements that are difficult to deal with, from the standpoint of law enforcement people, and you reach the point where they are difficult to deal with. That is a possibility.

ASSEMBLYMAN HAWKINS: One further question, Mr. Attorney General. You stated something about electronic surveillance ending at the end of the five year period. Was that a constitutional amendment, or was that a legislative enactment?

MR. HYLAND: It was a legislative enactment, but I am only talking about that principle and saying that I think that has reasonable application in this kind of a situation.

ASSEMBLYMAN HAWKINS: But, sir, there is a difference; there is a distinction. One is a constitutional amendment, such as the one we are proposing, and electronic surveillance was a legislative enactment.

MR. HYLAND: It is a distinction without a difference.

ASSEMBLYMAN HAWKINS: Are there any questions from the Committee? Assemblywoman Berman?

ASSEMBLYWOMAN BERMAN: Mr. Hyland, on page 4 of your statement you say, ". . . in formulating the best possible programs to keep the operation clean and honest and to protect the citizens of that community from the lawless side effects. . . ." I wonder if you might expand a little bit on that statement and give us some idea of what you envision as this kind of operation?

MR. HYLAND: Well, how we approach it, I think, would have to depend upon the magnitude of the operation. For example, if we had casino gambling in all parts of the State, I am not certain that the existing law enforcement agencies could cope with it. It has been suggested that under those circumstances we might have to create a new breed of an agency that would concern itself just with the regulation and the curtailment of the activities of the gambling casinos.

I am saying that if we confine ourselves to a single location, particularly on an experimental basis, my recommendation would be that we provide additional men through the Division of State Police who would have special training, special duties - just as we have done with narcotics, highway safety, and other important problems in the State.- and try to keep it just as upright and honest as we can during the experimental period. If we then are looking at an extension indefinitely into the future, and on a broader scale, I might very well have a more permanent suggestion to make about what kind of a law enforcement agency ought to do the job.

ASSEMBLYMAN HAWKINS: Are there any further questions? Assemblyman Codey?

ASSEMBLYMAN CODEY: Mr. Hyland, on page 1 of your testimony you allude to the fact that Governor Byrne supported the concept of casino gambling during his campaign for Governor and was elected by a plurality of more than 700,000 votes. That, of course, does not mean to say that individuals voted for the Governor because he supported the concept of casino gambling, does it?

MR. HYLAND: No, but what I was suggesting was that those of us who had opposed it in the past were not running for office. The Governor supported it. He did run for office. He won overwhelmingly. The argument could be made that many people voted for him with the realization that this was a program he endorsed. So, I am not quarreling with the notion that there may be very widespread public support for casino gambling in New Jersey. But I leave that inquiry at that point by saying that, as he and I have said jointly at a press conference, my role becomes now one of the law enforcement aspects of whatever it is that he and the Legislature and the people agree upon.

ASSEMBLYMAN CODEY: But you don't mean to imply that a great number of the people of the State of New Jersey voted for the Governor because he was for the concept of casino gambling, do you?

MR. HYLAND: I have no way of measuring that.

ASSEMBLYMAN CODEY: Well, you brought it out in your testimony.

MR. HYLAND: I am confessing that philosophically I might be on the minority side of that question, in terms of the overall attitudes of the people of New Jersey.

ASSEMBLYMAN CODEY: In regard to what my colleague, Assemblyman Hawkins, has brought up about the novelty of the state lottery, as opposed to the novelty of casino gambling, wouldn't you acknowledge the fact that, with the lottery, a lot of persons, such as myself, bought a ticket the first week and haven't bought one since because it was something new, but that casino gambling is something entirely different from the lottery in that regard - people are attracted to someplace that has casino gambling, not only for gambling but for other purposes such as entertainment? Would you agree that there is not a real analogy to be made there?

MR. HYLAND: There is for me though. I did what you did. I bought a few lottery tickets at the outset until the novelty wore off. I have gone to Las Vegas a couple of times. The novelty has worn off. But I am a peculiar guy, I guess.

ASSEMBLYMAN CODEY: Mr. Hyland, what is your opinion, in the operation of casino gambling, in regard to privately-run operations in the State of New Jersey as opposed to State-run operations?

MR. HYLAND: I don't think I have an opinion on that. The position taken by the Governor at the outset, as I understood it during the campaign, is that it would be State owned and operated. Now, as we go into a more careful analysis of the implications of that, it is possible that some accommodation between that extreme position on the one hand and private ownership on the other hand might have to be made. It is possible that it would be government owned and leased to private operations.

I don't know. I don't have an opinion on that. I think those details, if they are to be nailed down in the Constitutional amendment, of course, should be

addressed very carefully. But I have not addressed myself to that.

ASSEMBLYMAN CODEY: As the top law enforcement official in the State of New Jersey, at this time, you have no position as to whether they would, from your viewpoint--

MR. HYLAND: Well, in the first instance I would lean toward the idea of government ownership and government operation. I have been told that there are some problems then of comparable salaries for doing that if you are a State employee, as opposed to doing something else. There may be enough in the way of complications that would change my attitude. This is a very uninformed opinion but my uninformed opinion would be I would like to see State ownership and State operation.

ASSEMBLYMAN CODEY: Mr. Hyland, is there any reason to believe that Atlantic City would be a "sacred cow" as far as having casino gambling in relationship to your job as the top law enforcement official, regarding controlling whatever illegal activities might come about as a result of casino gambling - as opposed to any other part of the State, or any other City?

MR. HYLAND: I don't know that Atlantic City would be a better or worse place to do it, from that standpoint. I think it would be a great mistake to do it in the middle of the City of Camden, or in the middle of the City of Trenton, or in the middle of the City of Newark, because I think we would have special problems that would be created by that in those locations.

ASSEMBLYMAN CODEY: Sir, would you prefer a site, such as the Playboy Club, which would be somewhat isolated, as opposed to Atlantic City?

MR. HYLAND: I have no preference on that, no preference at all.

ASSEMBLYMAN CODEY: Thank you, Mr. Hyland.

ASSEMBLYMAN HAWKINS: Assemblyman Bate?

ASSEMBLYMAN BATE: General Hyland, in the State-owned versus private ownership, you mentioned comparable salaries as a possible problem, but with private ownership isn't the potential infiltration of organized crime a bigger problem?

MR. HYLAND: Yes, I think so. That is why, in the first instance, I would like to see the government, alone, involved. I don't know that I wouldn't end up ignoring some of the problems that have been raised by the people who have analyzed it from the Civil Service viewpoint. I am just pointing out that there are some arguments to be made for a half-way position. Now I don't know where I would come out on that.

ASSEMBLYMAN BATE: But with State operation - State ownership - the State would then go into the business of training the professionals that are involved in casino gambling, is that correct?

MR. HYLAND: It would have to, surely.

ASSEMBLYMAN BATE: That's a large task, isn't it? Do you think the State is geared for that?

MR. HYLAND: I don't know. I suppose it depends upon how ambitious the undertaking is. We have had to do that with the Lottery Commission, in running the lottery. I think, except for some of the accounting control problems that have been revealed in the last several months in that operation, that a reasonably good job has been done in getting the necessary information around about how to do it, how to run it, etc.

ASSEMBLYMAN BATE: But it is more complex than the lottery?

MR. HYLAND: I think the problem of cash control is an element that gives it a different dimension.

I am told that one of the biggest problems in keeping any casino honest is to see that the accounting room is somehow kept under surveillance and doesn't get out of line. We would have that problem whether we put a uniform on a person or whether we had a private citizen there. People are tempted by large sums of money and it would be a job that would require very close attention to see that it stays honest.

ASSEMBLYMAN DOYLE: General, do I understand from your testimony that, as between the language that was originally contained in the resolution, "owned and operated" and the language that it now has, "owned and operated under the authority and control", you would prefer the former?

MR. HYLAND: No. I am saying that I don't have a final viewpoint on that. My first inclination was to say that it should be owned by the State and operated by the State, but I am willing, first, to look at the administrative problems that might be occasioned by that before coming to a final conclusion. I don't have a final viewpoint at the moment.

ASSEMBLYMAN DOYLE: It has been suggested earlier that the lottery, by soaking up some of the money that might have otherwise gone to illegal gambling has hurt illegal gambling and organized crime. Do you think that is a fact, based on your experience, General?

MR. HYLAND: Well, I have always had the hope that legalizing some of these operations would be helpful. I am not sure that we can measure it. I have said here that I am convinced that the lottery blow to organized crime has not been successful, if that is one of the arguments for it.

The lottery still does not, as it is run by the State, provide what many people, who want to purchase numbers tickets, or play the numbers every day, want, and that is credit. It has the disadvantage of being visible

so that you have to pay income tax on your earnings. All of these things, I think, will perpetuate, indefinitely, groups of people who will continue to gamble illegally, even if legal forms of gambling have been provided.

We don't have casino gambling in New Jersey at the present time. As far as I am concerned there isn't any significant casino gambling operation being run illegally even. So if we are talking about just legalizing casino gambling as a blow to organized crime, I don't think that there is anything to "blow" it against, in that sense.

ASSEMBLYMAN DOYLE: Was there illegal casino gambling in Nevada before they authorized it, do you know?

MR. HYLAND: I don't know that, no. I think they legalized casino gambling some time in the 1930's and I just don't know.

ASSEMBLYMAN DOYLE: To the degree that there has been organized crime in Nevada - revealed in various State and Federal investigations - do you think that can be directly attributed to the allowance of casino gambling, legally, in the State of Nevada?

MR. HYLAND: Well, if you didn't have it there you wouldn't have the problem. You have the problem in particular there because you have private ownership.

ASSEMBLYMAN DOYLE: You mentioned that there would be some expense insofar as policing the operation. Do you have any idea - and now it gets to a fiscal note - of what it would cost to properly provide law enforcement facilities if we had casino gambling legalized in the State, either in one location or in many locations?

MR. HYLAND: No. Maybe Colonel Kelly, who will be here today, will be able to answer that better than I can.

ASSEMBLYMAN DOYLE: Thank you.

ASSEMBLYMAN HAWKINS: If there are no further questions, I wish to thank you, Mr. Hyland. We will take your comments, you can be sure, into consideration.

MR. HYLAND: Fine. Thank you very much.

ASSEMBLYMAN HAWKINS: At this time I am going to exercise the prerogative of the chair and give the two very lovely women, that are exercising their very delicate fingers, a five minute breather and when we return, we will hear from Senator Wayne Dumont and Superintendent Kelly.

(After Recess)

ASSEMBLYMAN HAWKINS: We are going to begin this session and we will run until approximately one o'clock at which time we will break for lunch and return at 2:00. We are going to try to squeeze in as many people as possible prior to the lunch break.

The person getting ready to give testimony now is the Very Honorable Wayne Dumont. Thank you for coming, Senator.

S E N A T O R W A Y N E D U M O N T: Mr. Chairman, Members of the Assembly Judiciary Committee, I am grateful to you for this opportunity to testify today. I am sorry if I upset your schedule in any way earlier by not getting here, but with all the activity that is going on, particularly with regard to a "thorough and efficient" system of education in the free public schools, I find difficulty even making it to the places where I am supposed to be. I apologize for my lateness.

It is my understanding that Assemblyman Vincent O. Pellecchia, who was the Vice Chairman of our Gambling Study Commission, on which I had the privilege of serving as Chairman, has reviewed with you fully the

activities of that Commission, and I am not going to be repetitive about that.

He was a very capable and distinguished Vice Chairman, as he is an Assemblyman. I am sure that he covered the subject matter well, about the public hearings and the meetings held by a Commission that had no funds to operate with, but which conducted its work and made a report in February of 1973, recommending, in substance, that not only casino gambling but also the numbers game be legalized in New Jersey and that those questions be submitted to the people for their approval or rejection.

After a report was submitted by our Commission in February of 1973, he and I and a number of other legislators introduced, two years ago, resolutions to authorize the submission of questions to the voters in a general election, both in respect to casino gambling and to numbers. As a matter of fact, this was a completely bipartisan Commission, consisting of six Democrats and six Republicans. I am sure he covered that. So, it was not a partisan decision in any way; this didn't run along party lines, it crossed party lines. There were Democrats and Republicans who were in favor. There were Democrats - possibly not nearly as many as there were Republicans who were opposed, I suppose, out of the 12 members. But we had a clear-cut majority of both parties who favored the submission of these questions to the people.

Now why did we do so? Let me say that as recently as 9 or 10 years ago, I was just as much opposed to even a lottery in New Jersey, and particularly to the expansion of gambling, as some people still are. Over the course of the years, I changed my mind, as I listened to the arguments and also watched the operations throughout the State.

I was one of the original co-sponsors of all the bingo and raffle legislation we have in New Jersey today. I co-sponsored the question with two other members of the Senate, one Democrat and one Republican, in 1953, when we submitted the question of bingo and raffles to the electorate of this State for their approval or rejection. I might add that they were overwhelmingly approved for charitable, religious, educational, fraternal and civic groups.

Then, in 1954, in conjunction with the primary election but not as a part of the primary election, we went to municipal referendum on bingo and raffles. Out of the 567 municipalities in the State there were only about 30, at the most, that turned down either bingo or raffles, or both. Some of those are now resubmitting the question in those communities to authorize those particular games of chance.

I couldn't even describe to you how many volunteer fire houses - fire company fire houses - have been built and how much equipment has been bought, for the preservation of lives and property in municipalities throughout the State, as a result of the legalization of bingo and raffles.

I recall in those days that we had just as much difficulty obtaining the necessary three-fifths majority, possibly more difficulty, to get the question on the ballot in 1953 than we might have now to get casino gambling on the ballot this year.

There are people who don't believe in any form of gambling, who particularly do not want an expansion of gambling. I respect their opinions, but I don't agree with their opinions - and that includes the Attorney General, both present and past. It includes the Superintendent of the State Police, whom I happen to think is the best Superintendent the State Police

has ever had in New Jersey. But, at the same time, I don't necessarily have to agree with their opinions, and I don't. But I respect them for their opinions and for how they feel about it.

Over the years gambling questions have been submitted to the people of New Jersey - not one has ever been turned down. There must have been at least six since the late 1930's. The one that started it was, of course, parimutuel betting at the race tracks in the 1930's. It passed easily. Then, following that, in the 1950's, there were, as I mentioned, bingo and raffles for organizations that conduct them with their own members and who use the proceeds for worthwhile community purposes.

In those days, we didn't know exactly, when we got to the implementing legislation, what we considered a raffle in New Jersey. But we did know what was being conducted illegally in New Jersey. So, we decided to legalize those things that were being conducted illegally, such as 50-50's, under certain restrictions, and sale of raffle tickets for prizes. They are being conducted, as you know, all over the State. What you may not realize is that business amounts to \$80 to \$90 million every year. You haven't had any scandal connected with it because it has been run efficiently, economically and well by the legalized Games of Chance Control Commission, which was set up in the legislation in 1954, and which operates, incidentally, on a very limited budget. It didn't even get any money until we increased, or doubled, the license amounts from \$5 to \$10; now the State gets half that figure and municipal government gets the rest.

That was followed, in turn, by submission of the question on bingo and raffles for commercial operations,

for profit, in the lakeland and seashore resort areas. That passed overwhelmingly. Later on we had to put another question on the ballot in regard to conducting games of chance, such as wheels, at agricultural fairs. That passed overwhelmingly when submitted to the people - so did night racing in 1966. Only one county in the State, to wit Camden, out of the 21 counties, turned it down, possibly because the Garden State Track was located there - but it still passed 2 to 1.

Then in 1969 the lottery was passed easily by the people of the State. Finally, in 1972, when we had three questions on the ballot, the only one that passed - and one of them was the transportation bond issue, the other dealt with the terms of the Secretary of State and Attorney General - had to do with bingo and raffles for senior citizens' organizations. It passed 5 to 1 when submitted to the people, but the other two public questions failed to pass.

So, the history is clear in this State that the majority of the people do desire to conduct certain games of chance; at least they want the right to vote on those questions. That is what we are asking you to do - to pass a resolution that will submit to the people, as I hope the Senate will too, the question of casino gambling. They should have this right to vote. I think it is wrong for any Governor of either party, or for any Legislature of either party to say to the people, "we are not going to give you the right to vote on the question." You can have your own personal opinions about the games, whether you like them or you don't, but that doesn't mean that you should deny the people the right to vote on the question, or questions.

Now we even tried to draft a question, particularly in regard to casinos, to protect the people. We require that there be a statewide referendum first, as there

always must be to amend the State Constitution. We require, secondly, a countywide referendum and, thirdly, a municipal referendum. It is possible, I suppose, that the countywide referendum could be considered at the same time as the statewide referendum to eliminate, possibly, one step in the procedure which might take a considerable amount of time.

But, under no circumstances would I want the municipal referendum to be held at the same time as either the county or the State. Each person, in each municipality, should decide for himself or herself whether they desire, through a majority of the votes cast, any casino in that municipality. My guess is that most municipalities will turn them down; that they probably, in municipal referendum, will support them mostly in the seashore and lakeland resort areas and, possibly, in some of the large cities.

We might want to decide, in the implementing legislation, to limit the number of casinos because if you open up too much competition between them, then, obviously, we can get into diminishing returns and fail to accomplish one of the things that we are trying to do. We haven't worked out all the mechanics by any means. We don't know, exactly, what some of the mechanics will be because this has been the way every kind of gambling has been approached in the State; you submit the question, first of all, with some foreknowledge of what the mechanics, or details, may be, but you don't try to spell them all out because they may change in the course of passing the implementing legislation - in drafting it first. That's exactly what we did with bingo and raffles, as a matter of fact. We put the question on the ballot in 1953 and the next year we drafted the legislation to implement it.

We did the same thing with the lottery. The question went on first and then the legislation was drafted to spell out the mechanics.

So we believe that between the local referendum, as well as the referendum at other levels of government and also the requirement that the State own and operate the enterprise - and that is a very important factor with casinos-- As I went around the State talking about this last year, after our Commission filed its report, it seemed to me that many more people would favor State ownership and operation than licensing to private operation, the way it is conducted in Nevada and that, therefore, we should have State ownership through an instrumentality, or agency of the State, which could be an authority or a commission, the employees of which, therefore, would work for the State as public employees.

This last Assembly resolution, ACR-128, differs somewhat from ACR-50, which, personally, I would prefer, because of the fact, I think, there could be an interpretation, under ACR-128, which could permit the licensing to private interests - which, frankly, I oppose, and oppose strongly. But ACR-50 is just like the resolution I have in, which is SCR-10 in the Senate, which provides for State ownership and operation. We believe that with these safeguards the people would be protected and, on that basis, the question should be submitted to the people.

There are several collateral reasons for this. We cannot disregard the question of revenue. Sure, we have estimates that at the end of the fiscal year we will have over \$300 million in surplus on hand, but \$150 million of that we have already committed to increased state aid to the school districts alone for the next school year, beginning July 1st. The Governor's

budget message, as you well know, indicated a projected surplus on hand, as of June 30, 1975, of only \$18 million. I understand that has been substantially reduced by the fact that an Assembly bill, I believe it is, which would provide for educational benefits in county colleges for the veterans of Viet Nam, would further reduce that considerably.

So, you can't just disregard the question of revenues in the future. We know that hundreds of millions of dollars every year go into the pockets of organized crime in this State from gambling operations that are conducted illegally.

In Jersey City, when we went there to hold a public hearing - the Gambling Study Commission - the Director of Public Safety came before us and he said in their budget, each year in that city, they included one-half million dollars just to conduct raids on the numbers business. There is no indication that those raids are accomplishing anything in cutting down the numbers game, in Jersey City or anywhere else. I think it is about time that some of these hundreds of millions of dollars that go into the pockets of organized crime be used for worthwhile purposes, which we know the criminal elements will never use it for.

My guess is that if we had casinos and numbers, both, we could realize \$200 million a year, providing there is State ownership, which provides for a lot more revenue than State licensing, and providing they are well conducted.

In addition to that, there are certain areas of the State that are suffering economically, because the unemployment rate is high in New Jersey at the present time - much higher than it ought to be. This

type of operation could provide jobs for people who are trained and taught to handle the jobs. That is important.

Now I am not one who believes in a pilot program for Atlantic City. I think that is wrong. I don't think there ought to be a pilot program anywhere, in any one municipality. I think if we go along with anything like that we may very well kill the referendum entirely, for reasons that are unnecessary. Where the local referendum is adopted, within certain limitations that might come from the implementing legislation with regard to some limit on the number of casinos, that is a substantial enough safeguard without trying a pilot program in any one place and giving that place competitive advantage over anywhere else.

So, these are some of the reasons, plus one more-- I did not hear the Attorney General's testimony, but he may well have argued that if you have casinos in the State you open it up to undesirable elements and their infiltration. I think you can just as logically argue that if we had casino gambling we would help to dry up the principle source of revenue for organized crime, which everyone concedes is gambling, and thus help to get organized crime out of New Jersey, because who wants them here? Certainly you don't and I don't. This is a way by which we can provide, not only revenue for the State for worthwhile purposes, but also cut very heavily into the revenue of criminal elements that now exist in New Jersey, and whom none of us want here.

So, those are the reasons why I would advocate to you that you give the people a chance to vote. There is no pride of authorship here. I have said to Ozzie Pellecchia, who is a good friend of mine, many times, if you can pass your resolution in the Assembly, you can rest assured I will give it my full support in the

Senate, despite the fact that I have a similar resolution in there. That is beside the point.

I have a resolution in, which you don't have here, on numbers. There is some thinking that the numbers game is included under the lottery question, as adopted in 1969. After all, it differs from the lottery in only two respects. One is, you buy a number of your own choice.

ASSEMBLYMAN HAWKINS: Senator Dumont, if we can, we are--

SENATOR DUMONT: Confine it to the casinos?

ASSEMBLYMAN HAWKINS: Yes. We are really strapped for time. We have two or three other people who wish to give testimony.

SENATOR DUMONT: Well, I have really covered all my arguments, Mr. Chairman. I would be glad to answer any questions I can.

ASSEMBLYMAN HAWKINS: I have just one question. Am I to understand from your statement, sir, that you think gambling should be legalized, period?

SENATOR DUMONT: I think that the types of gambling we have suggested should be legalized. I am not for off-track betting in New Jersey.

ASSEMBLYMAN HAWKINS: What I am saying, sir, is should we decriminalize the statutes on gambling? In other words, should we not make a person a criminal who is running a gambling establishment not authorized by the State?

SENATOR DUMONT: Do you mean after the question was passed?

ASSEMBLYMAN HAWKINS: Now or after.

SENATOR DUMONT: You have to conduct gambling raids under the present law of the State. Take card games, for example; if you play cards for money in your own home, you are violating the present law of New Jersey.

ASSEMBLYMAN HAWKINS: Yes, sir, but what I am saying is, it may be unconstitutional to gamble but that does not necessarily mean it is criminal.

SENATOR DUMONT: No, that's true but at the same time the laws of the State make it a crime, as does the Constitution make it unconstitutional.

ASSEMBLYMAN HAWKINS: Senator Dumont, you being a Senator and we being Assemblymen, we have it within our authority to change the law.

SENATOR DUMONT: Right.

ASSEMBLYMAN HAWKINS: I am asking of you, sir, should we consider changing the law to decriminalize the statutes against gambling?

SENATOR DUMONT: Against certain kinds of gambling, yes. I am not saying we should open them up to everything, no.

ASSEMBLYMAN HAWKINS: Are there any questions from the Committee? Mr. Codey?

ASSEMBLYMAN CODEY: Senator Dumont, you mentioned organized crime and cutting into organized crime's revenues. Do you seriously think that the implementation of casino gambling would cut heavily into the revenues of organized crime when, it seems to me, the majority of their revenues are derived from operations of illegal casino-type gambling?

SENATOR DUMONT: Not from casino-type operations because there is no legality behind casinos, nor is there any such establishment, as far as I know, in New Jersey today. I am saying to you that they get a very substantial amount of revenue from the numbers game.

ASSEMBLYMAN CODEY: And bookmaking?

SENATOR DUMONT: Well, that's what it is.

ASSEMBLYMAN CODEY: Yes, but would the implementation of casino gambling affect that?

SENATOR DUMONT: I don't know. What I am saying

to you is, I hope it would. I hope you would authorize the submission of a question on numbers if there is any doubt about whether we can proceed with numbers, legally, under the lottery.

ASSEMBLYMAN CODEY: Yes, but we are talking about casino gambling.

SENATOR DUMONT: The casino gambling will help to siphon off other kinds of revenue, I am sure, that go into the pockets of organized crime. Furthermore, you are going to find -- New York State, either two or three years ago, passed in their Legislature a question to cancel out entirely their constitutional prohibition against any kind of gambling. Now it didn't pass a second year in a row - according to their Constitution, it must in order to submit the question - but it did pass once and that is an indication that probably New York will go in that direction again.

ASSEMBLYMAN CODEY: Senator, are you against the wording of the referendum?

SENATOR DUMONT: No, I am not opposed to it. I know what the intention was on the part of the sponsors because I have talked to Assemblyman Steve Perskie and also to Assemblyman Pellecchia about it. The idea was to broaden the language somewhat in ACR-128 over ACR-50, because they don't want the employees under Civil Service. Well, I think that probably is a good point. The only thing I am concerned about is I don't want to see any interpretation arise from the question that would permit licensing to private interests.

ASSEMBLYMAN CODEY: In other words, there wouldn't be Civil Service exams for cocktail waitresses?

SENATOR DUMONT: I beg your pardon?

ASSEMBLYMAN CODEY: You don't want Civil Service exams for cocktail waitresses?

SENATOR DUMONT: I am not saying Civil Service

is bad. I have always supported the Civil Service. But we don't have anybody, under the lottery system, under Civil Service. There are about 85 employees there and none of them operates under Civil Service.

ASSEMBLYMAN CODEY: Just one last question, Senator. Do you think that the word from the Governor's office about vetoing any legislation that would enable casino gambling in any other part of the State, other than Atlantic City, might make this a parochial issue as a referendum?

SENATOR DUMONT: I think that the Governor, first of all, cannot veto submission of the question. As you know, that's a constitutional amendment.

ASSEMBLYMAN CODEY: Well, the enabling legislation thereafter?

SENATOR DUMONT: That's true but once the people vote, if they support the issue, as I believe they will, statewide, the Governor may have second thoughts about vetoing implementing legislation, in the event that legislation says that any municipality - or most municipalities at least, if we decide to limit the number - could have it if a majority of the local voters approve. He may decide, at that point, that it is not wise to limit it to Atlantic City, or any pilot program.

ASSEMBLYMAN CODEY: Thank you, Senator.

ASSEMBLYMAN HAWKINS: Assemblywoman Berman?

ASSEMBLYWOMAN BERMAN: Senator Dumont, you have developed at some length the history of legislation related to gambling in this State. You have also stated, quite emphatically, that this has cut heavily into criminal elements. I wonder if either you are prepared to provide us with, or if there is available, some documentation of this fact?

SENATOR DUMONT: I don't see how I can any more than anybody else could, who would estimate, as I believe

Senator Musto does, that as much as one-half billion dollars could be obtained in the course of the year in revenue. I am taking what I believe to be a middle of the road figure in respect to it. I am saying that this is a figure that I think is reasonably conservative and accurate in regard to a combination of casinos and numbers.

The biggest source of revenue of all would be betting on organized athletic events. I am opposed to that. We heard testimony on that in the course of our public hearings. But I believe that this much money could be obtained through a combination of casinos and numbers. I can't substantiate that. In Nevada they raise \$40 or \$50 million a year, that is almost half of the whole state budget in that State because it is a small State and a small budget.

ASSEMBLYWOMAN BERMAN: Actually, my question didn't relate to the revenues, it related to how this would cut into the revenues that organized crime might be receiving.

SENATOR DUMONT: All I can say to you is that everybody that testified before us, whether they were for or against it, conceded that gambling is the principal source of revenue for organized crime. Now if we can get some of that revenue - a substantial portion of it - then we take it away from organized crime and, thus, help to dry up their principle source of revenue.

I can't tell you because I don't know what all the gambling operations are that go on in New Jersey but we know they go on, despite raids and despite attempts to stop them.

ASSEMBLYWOMAN BERMAN: Would it be correct to say, as a follow-up to what you are saying, that the monies that are coming into the lottery right now are being siphoned off from organized crime?

SENATOR DUMONT: Well, let me put it this way, they represent two and one-half times as much money as even the most enthusiastic supporters of the lottery, before it happened, ever said it would produce. Now whether those monies were being expended on numbers, I don't know. The Superintendent of the State Police will probably tell you no, they weren't. But, at the same time, they do represent a substantial amount of State revenue because since January of 1971, when the lottery began, until the end of June last year, we put into education and institutions somewhere between \$150 million and \$200 million that we would not otherwise have had.

ASSEMBLYWOMAN BERMAN: Would you concede that possibly some of this money might be fresh money?

SENATOR DUMONT: It might be. It probably is, and some of it probably is not.

ASSEMBLYWOMAN BERMAN: Thank you.

ASSEMBLYMAN GREGORIO: Senator, on the point where you disagree with the Attorney General and, in fact, the Governor, where you say you would not like to see it just in Atlantic City but would prefer to see it wherever it is approved throughout the State -- Am I correct to that point?

SENATOR DUMONT: Yes.

ASSEMBLYMAN GREGORIO: Do you see any problem with policing it if it is, all at one time, opened up throughout the State? Don't you see a problem for the State Police and the Attorney General's office in keeping the operations clean, as we would like to see it?

SENATOR DUMONT: We all want to see it kept clean. I am sure we would have more need for security police. That would be one of the expenses we would have to face with respect to it. But, at the same time

I think that can be handled. We have been able to handle all the other operations well enough with very little problem - in some instances, no problem - in regard to policing. I think we can do it with this one. I don't find that insurmountable.

ASSEMBLYMAN GREGORIO: Well, in my opinion, I think it would be much easier to start on a small scale and keep it clean in one city and then, perhaps, expand it later. I think you would have to admit it would be a little bit simpler that way.

SENATOR DUMONT: It would be simpler. You would also, I might add, get far less revenue from it. That's something you have to be concerned about and so do I.

ASSEMBLYMAN GREGORIO: Thank you.

ASSEMBLYMAN HAWKINS: Senator, I notice on page 2 of the bill, the resolution, it reads that the entire net proceeds of any gambling establishment operated by the State shall be paid into the State Treasury. Would that language, necessarily, or possibly, exclude the revenues obtained under the authority and control of the State from going into the State Treasury? Do you understand the question?

SENATOR DUMONT: No, it would not because all we have to do is go to the lottery, that is operated by a commission.

ASSEMBLYMAN HAWKINS: I am not talking about the lottery, sir. Under the language of the bill, as presented, ". . . the Legislature to enact general or special laws under which gambling houses or casinos may be established and owned by and operated under the authority and control of the State. . ." -- I think you did not like certain language, "under the authority and control of" because it would allow, possibly, for private entrepreneurs to be licensed?

SENATOR DUMONT: I am simply saying that it might permit the licensing to private interests and I am opposed to that.

ASSEMBLYMAN HAWKINS: Right. But following that line, sir, "The entire net proceeds of any gambling establishment operated by the State shall be paid into the State Treasury. . .", it doesn't even mention operated under the authority and control of the State. Would that not, possibly, deny the possibility of monies obtained under the authority and control of the State from going into the State Treasury?

SENATOR DUMONT: No, I wouldn't think so. I would think that that is a question on which you are going to have to pass first before we do. But I have faith in Assemblyman Pellecchia and Assemblyman Perskie and I don't think that they would try to word a question in any way that would siphon off money from the State Treasury.

ASSEMBLYMAN HAWKINS: No, sir. I am sure that anything that was done was not done intentionally to siphon off any monies from the State Treasury. I am just discussing possible flaws in the bill.

SENATOR DUMONT: Well, if you think there are flaws you certainly can amend it before it passes. The main thing is to get the question passed this Spring through both houses with a three-fifths majority so it can go on the ballot in November of 1974.

ASSEMBLYMAN HAWKINS: Yes, sir.

ASSEMBLYMAN BATE: Senator, you gave bingo as an example of a referendum that passed except in 30 local cases, but actually bingo is a different operation than this. People attracted to bingo are many senior citizens who live in a community, or live in an adjoining community - they are not transients. Whereas, casino gambling is going to attract people, I would assume,

from all over, isn't that a fact?

SENATOR DUMONT: Well, that's true but the lottery, when we started, before we had competition from Pennsylvania, and when we had very little competition from New York - because their lottery was operating so poorly until they copied New Jersey's - people were buying tickets over here too - thousands of them, as a matter of fact. I know, I live on the Delaware River. I know how many Pennsylvanians were buying tickets in New Jersey.

ASSEMBLYMAN BATE: But it is a different operation?

SENATOR DUMONT: It is a different type of operation, that's true.

ASSEMBLYMAN BATE:: You mentioned another thing, Senator, and that is, I believe you said you were opposed to off-track betting, is that correct?

SENATOR DUMONT: Yes, because I haven't seen any evidence from New York City's experience that it could benefit us in New Jersey.

ASSEMBLYMAN BATE: You also said that the Governor should not oppose, nor should the Legislature oppose, the opportunity for the people of the State to vote on this question. Now perhaps we disagree philosophically but is it your thinking that on any question, as far as gambling is concerned, there should be a referendum? For example, should there be a referendum on O.T.B., even though you might be opposed to it?

SENATOR DUMONT: Well, I wouldn't object to the people voting on the question but, personally, I would oppose O.T.B. if it got to the ballot because of the fact that I think it could hurt and diminish the revenues that we get from the race tracks today. Secondly, I don't see anything in New York City's experience that can justify that we would get substantial

revenue from it, in addition to what we are now receiving from the tracks. Those are my arguments against it. There are more practical ones, philosophically.

ASSEMBLYMAN BATE: You point out an almost consistent pattern, that if you put a gambling question on the ballot it passes. The advantage of this public hearing is to draw from the expertise that we have with respect to the good sense of any gambling question.

What I am really driving at is, don't we, as legislators, have to make a judgment sometimes not to put something on the ballot, even though the result might be that the people would vote affirmatively?

SENATOR DUMONT: Well, I think we should. As a matter of fact, I would probably oppose submitting the question of betting on organized athletic events because I agree with the very eloquent testimony of Commissioner Pete Roselle when he appeared before us, right in this chair. He said that it would hurt team sports badly - football, basketball, baseball, hockey - because the people would go out and bet on and root for the team that would provide their point spread, rather than the team of their choice. He did not say it would hurt individual athletics, like jai alai, for example, that have it.

ASSEMBLYMAN DOYLE: You mentioned that casino gambling would provide jobs. Did your Commission come to a conclusion as to how many jobs would be so provided?

SENATOR DUMONT: No, but my guess is it would run into, depending upon the number of casinos that were established, the hundreds and, possibly, even thousands. It is not to be disregarded in these days.

ASSEMBLYMAN DOYLE: Sir, you mentioned \$200 million from casino gambling as well as the numbers, could you break down how much of that would be from

casino gambling only?

SENATOR DUMONT: It is tough to do anything more than estimate. We had some testimony at one of the public hearings where a witness came in and said that probably New Jersey could realize between \$15 million and \$25 million from each gambling casino, each year. That may be high. I don't know exactly what we could realize from numbers, except there is a tremendous amount of money being expended on numbers that is going into the pockets of illegal people that want to conduct it illegally, and are doing so.

So, whatever we say is pretty much a guess. If somebody comes in and says \$50 million is all you can get no matter how many casinos you have, that probably is a guess. If they say it is \$500 million, that is a guess. It seems to me that you have to take a figure somewhere in between, based upon Nevada's results, where the revenue is much less because of the fact that they are licensed to private interests and those interests take out a large part and because of the fact they don't have nearly the concentration of population to draw on that we have in the Eastern part of the United States.

ASSEMBLYMAN HAWKINS: Senator, I wish to thank you very much.

SENATOR DUMONT: Thank you very much.

ASSEMBLYMAN HAWKINS: We are really strapped for time and I really appreciate your coming. We will take everything you have said into consideration.

SENATOR DUMONT: I appreciate your kindness and courtesy. I hope you act shortly on this.

ASSEMBLYMAN HAWKINS: Our next speaker is the Honorable Colonel Kelly, who is the Superintendent of the State Police for the State of New Jersey. Welcome Colonel Kelly.

C O L O N E L D A V I D B. K E L L Y: In my

previous appearances before similar committees I voiced opposition to the belief that the broadening of legalized gambling in the State of New Jersey would provide New Jersey with a recreational industry that would provide jobs, revitalize our cities, drive down our real estate taxes, destroy organized crime, and, in general, promote a new era of prosperity for the State of New Jersey.

In my testimony I attempted to enlighten the committees on the problems that would be faced by law enforcement and the impact that legalized gambling would have on the State of New Jersey.

My position in the past has been, and is now, one of being unilaterally opposed to the broadening of legalized gaming, and particularly casino gambling, either on a limited basis or on a statewide basis. I wonder what would happen if I said I came out for it today?

First, may I go into - and I know that this may be redundant and it may be a repeat to some of you but, for the record, I probably must say that I must rely on the experience and exposure and the intelligence of others that are in the business. So, when we are considering a major proposal, such as this one, we must look to those with experience for enlightenment as to what the problems are. In the area of legalized gambling, the only state in the Union with experience is Nevada. What has Nevada's experience been in the area of economics and law enforcement problems? How does Nevada differ from New Jersey? What will the sociological effect be?

In Nevada the major casino sites are located in Las Vegas and Reno. Access to each city is by two main roads and each city is surrounded by the desert. I am not going to go into the geographics, as you can understand. It is an isolated area and I am going to cut this short to make you realize that, being an

isolated area it is easier to control. The difference is, of course, that we are located in a megalopolis between Boston and Washington. The many roads that crisscross the State allow criminals to be beyond our jurisdiction in less than one hour.

New Jersey is a highly urbanized State with a high population density rate. This condition would be conducive to criminals hiding by affording them a background to blend into very quickly.

Economics - I am not an authority on economics but I must relate this, the State of New Jersey, last year, realized \$70.9 million from the pari-mutuel taxes, lottery operation and bingo raffle licenses. The State of Nevada, for the same year, received \$62.3 million in gambling revenue from casinos and bookmaking.

One of the things that I have to point out, and I am not for horse racing.- I go once a year only because my wife wants to go - is that gambling casinos have been considered detrimental to horse racing. It was pointed out that New Jersey has recently committed itself to the moral backing of a \$300 million sports complex in the Hackensack Meadowlands; one of the features is a horse track. What will be the effect on the financial success of the track if New Jersey is to have casino gambling?

Revenue from gambling will not solve the State fiscal problems. Nevada has had legalized gambling for forty years. They also have an income tax. They also have a sales tax.

No new revenue is produced from legalized gambling. In the same vein, there is only so much of a market for gambling. As with any commodity, increasing the availability of the item will not increase the overall sales.

New Jersey had this experience with the lottery. At first it was highly successful, taking in more money than had been anticipated, then, in competition with New York's revised lottery and Pennsylvania's new lottery, ticket sales dropped off considerably. I say, and I think someone else has said this also, that what we have done is created a new group of gamblers.

I am concerned about the law enforcement problems. The policing of communities where legalized gambling takes place suddenly becomes a problem of great magnitude. This is due to the fact that gambling attracts many undesirables who, when in need of money - for gambling or other purposes - will resort to any means: the gun, the fist, or the con job. It also attracts the pimps, the prostitutes and the two bit hoodlums.

Las Vegas, in the past several years, has taken on a new hoodlum-free image. Why? This is due to the purchase of casinos and hotels by big corporations and businessmen, such as Howard Hughes. The newcomers actually attracted more vice. Hoodlums, pimps and prostitutes began moving about freely under the noses of the new and inexperienced owners and operators. The "strip" as we knew it, was soon nicknamed "hooker alley". It was reported recently in the Los Angeles Times that the mayor was approached by a prostitute while he sat in his car at a traffic light. The county sheriff created a 21 man task force to deal with the street type of crime. During a two month period, they arrested more than 800 pimps, prostitutes, two bit hoodlums, shylocks and drug pushers. They recently applied for a \$450,000 Federal grant to beef up their department.

People in affected communities can expect a rise in crime problems - burglary, robbery, fraud, muggings, narcotics and prostitution. If gambling is on a 24-hour basis, police problems will be of a

greater magnitude on a 24-hour basis.

Are the municipalities of this State ready to allocate funds to beef up their police departments? The major cities of the State will at least have had a head start because they have an organized police department and they do have some kind of a start now. But what about the municipalities that have inadequate police departments? Are they all ready to create a large, full-time police department, overnight?

Mike Goodman, an investigative reporter for the Los Angeles Times recently completed a study into organized crime in Las Vegas. He and two other reporters, two from New Jersey - one from the Star Ledger and the other from the Home News - as laymen, convinced us that the information we have is valid and true because they came up with the same kind of information.

The history of gambling in Las Vegas shows that it was never a money maker until organized crime got into it. Once the organized crime people from the East became involved, they became the dominant force controlling the gambling and its peripheral activities. This was accomplished with a minimum of violence by mutual agreement of the major organized crime families in the United States.

Las Vegas was declared neutral ground by the underworld. Organized crime provided its own protection. Gambling casinos were ruled with an iron hand. Prostitution and shylocking were strictly controlled by organized crime. In the 1960's the Federal Government began an intensive investigation into possible organized crime involvement in the skimming of casino profits.

Casino owners, especially those with organized crime ties, began selling to big corporations and businessmen, such as Howard Hughes. Without the fear

of punishment by organized crime and the advice and protection of the veteran gamblers, the casinos became prime targets for loansharks, prostitutes, card cheats, slot cheaters and con men. It was not very long, according to Goodman, before the straight guys were begging the oldtimers to come back before the new "wise guys" stole the casinos blind.

The organized crime edict of no violence is no longer in effect in this area. There are reports - substantiated - that in the last 24 months Las Vegas has had more gangland style assassinations and violence than in the previous 24 years. Among the victims were a prominent lawyer; a former Nevada legislator, blown up in his car; a casino executive and his wife, gunned down in front of their apartment - he was to be the key witness in an upcoming organized crime-connected gambling trial; another casino boss, killed in his car in a parking lot; a hotel manager crippled for life as a "lesson".

With the advent of legalized casino gambling within New Jersey, certain concomitant activity by established organized crime groups can be readily anticipated. This anticipation is substantiated by available intelligence information, street sources and the recent experience of Nevada in this area. We can see several major areas of expansion into this financial plum by groups which have repeatedly shown they are in business strictly to make money. The means they must employ are unimportant, the yardstick simply being whether the means achieve the desired end.

Let me specifically address these major problem areas. Some of these criminal problems already exist here, but the influx of legalized casinos will generate an inordinate growth.

Loansharking and Extortion - As I have

indicated previously, many of those gambling can least afford to do so. They are poor credit risks by conventional standards. Consequently, in an effort to recoup losses or obtain money on which to live, they must turn to the loanshark. This same gambit can be applied to the businessman who finds himself over his head as a result of gambling losses. This practice is going on at present with those who gamble illegally. However, once the aura of respectability, fashion, and legality are attached to gambling, those who would not have gotten involved will become so. The loanshark is primarily interested in a usurious return on his money and strong arm and extortion are his standard collection tools. He will drive the otherwise honest citizens to crime through the threat of exposure, physical harm, or even death. Once the debt to a loanshark is incurred, the ability not to become involved in crime is extremely difficult. The poor who find themselves so situated will turn to anything from the petty property crimes of shoplifting, breaking and entering, and larceny, to the more serious armed robberies and thefts from persons. The businessman, or white collar worker, will turn to those criminal means more available to him, such as embezzlement, fraud, worthless checks, etc.

There is also more than a strong possibility, if past performance by organized crime groups is any indicator, that they will use loansharking as the first step in gaining control of individual companies, or monopolistic control of a particular sector of business.

One of the factors that we are primarily concerned with is the narcotic traffic. Present statistical and empirical data available shows that in some areas of New Jersey narcotic traffic is affected by the seasonal shift of people to resort areas. This is especially true of the New Jersey shore area, including Atlantic City. The same is also true of

the Northern resort areas but not in the same proportion.

Casino gambling would cause these locations to be year-round resorts with a markedly larger percentage of members of the criminal element present. There would be afforded a better and more receptive market for drugs resulting in larger drug operations centering in these areas. This centering would, in turn, draw more buyers and then sellers. This, in turn, would have a negative effect on our shore resorts as family vacation places.

The drug problem in New Jersey is, at its present level, a grave concern to us all. This Legislature presently has several bills establishing study commissions and other committees to find viable solutions. Increasing the problem, or creating an atmosphere where it can expand and prosper, appears to be grossly counter-productive.

We are concerned with the possibility of political corruption. Hand in hand with any increase in organized crime activity, is a simultaneous increase in the temptation afforded to public officials to ignore their sworn duty. When large sums of money are at stake otherwise strong characters unfortunately are sometimes weakened and succumb to baser ideals. Official protection enables organized crime to realize maximum profits in any of its ventures with minimal risks.

Furthermore, the enabling legislation mandates that prior to the establishment of any casino in any political subdivision it must pass the representative body of that subdivision and be approved by a majority of the voters in a public referendum. And although organized crime interests have apparently sold their Nevada enterprises, there is available intelligence that these interests are acquiring properties, both in

New Jersey and New York, in anticipation of the legalization of casino gambling. Their apparent motives being that this area represents a virgin, untapped and unexpected region which is overripe and ready to be picked clean.

No doubt once future competition diminishes, these interests will repeat their Nevada tactic and sell out. They will have gotten the wheat and left the chaff for others. However, initially, they must get local approval and they are not above buying votes on municipal councils and even intimidating voters if the profits to be made warrant it.

We have some sociological impacts that we must deal with because many times we have to deal with the sociological problems as they affect enforcement. Who are the gamblers? Who are the people who try hardest to strike it rich? Generally, it is those in need of public assistance, the unemployed, the welfare recipient whose economic status would be raised, even temporarily, by that big win. In doing so, these people will more often than not lose the money intended to feed their families. New Jersey's proximity to highly populated urban areas, where there is a large percentage of poor and economically hard pressed people, will make this a very serious problem.

Monies lost will have to be replaced. The alternatives are few. Most often the choice will be crime. History has shown that gambling has been a social and economic evil, with those in the lower income bracket suffering to the greatest extent.

Legalized gambling tends to bring about a more permissive society. Not only does it bring about problems related to family life, but it tends to force a laxity in the enforcement against peripheral type crimes, such as prostitution. This alone has a great

impact on the younger generation who are more than ever aware of double standards of behavior.

In conclusion, there are those who believe that due to availability, permissiveness and accessibility of drugs, we will eventually, if we continue in this pattern, create a drug culture that will be accepted in this country. If we provide availability, accessibility to bettors, will we create a gambling addicted culture? If so, are we prepared to cope with the crime, the permissiveness and corruption that goes with it?

These are my views and these are the matters that I have reported on before. There are many issues, probably, that you want to talk to me about - or ask me about. I have a summation that I will make a matter of record, that summarize some of the things that I have talked to you about and will reiterate my standing. I won't bore you with it but I will answer, I hope, some of the questions that you probably will ask me. There are many things that must be considered and I have only given you some peripheral information here.

ASSEMBLYMAN HAWKINS: I am going to ask of the Committee, if you have questions that you think will take more than five or ten minutes, possibly we can ask the Colonel to come back after lunch. We will ask the questions now, Colonel.

ASSEMBLYMAN DOYLE: Do you know how much money is spent in illegal gambling in this State now, Colonel - or do you have an approximation?

COLONEL KELLY: We have all kinds of estimates on that. We run from \$6 to \$7 million. It all depends on where you sit. To me, this is kind of extreme. I just don't know.

To give you an estimate, we surveyed a particular

industry one time. We had undercover people in a large factory - a large plant - and we estimated at that particular time that with the lottery operation alone there was something like \$18 thousand a day going out of that plant. You multiply that by the number of industries and the number of street operations and it would be quite difficult to estimate. I cannot give you an approximation on that in the State of New Jersey.

ASSEMBLYMAN DOYLE: Do you think any amount of money that it has been estimated would go into casino gambling, if it were legalized, would make any dent in the amount of monies raised to support organized crime by illegal gambling?

COLONEL KELLY: I don't think you are going to make any dent at all in organized crime with casino gambling because of the types and kinds of people involved.

If I can just take a second to explain to you the types of people that would be going to the casino gambling type of operation - in order to have the kind of money that you anticipate making, you have to have the high rollers. In order to get the high rollers you have to have established credit. If it is going to be a State operated thing, is the State willing to establish credit? If you are, who is going to look into the credibility and the credit of the individual? If it is going to be operated by someone else, who is going to collect? These are the kinds of things that have to be discussed and have to be considered when we are talking about casino gambling and the kinds of people you are going to get there.

ASSEMBLYMAN DOYLE: How much money do you think it would take for the State Police to beef up their forces to have sufficient investigatory men and facilities if casino gambling were legalized in the State?

Can you give us an estimated figure?

COLONEL KELLY: First, if you are going to localize it, it becomes a problem. I don't know if it is going to be State operated, State owned, State controlled, operated by lease or by contract, etc. I don't know those kinds of things. One problem that we have to begin with is, no matter what kind of people you hire, whether they be Civil Service, etc., they have to be screened. We have to process those people for their capabilities and their integrity because of raw money being handled as opposed to tickets. That kind of operation in itself would take numerous people if you are going to localize it to one particular area and you are going to say 5 tables, 10 tables, 20 tables, the number and kinds of people, etc. With that, not only the operation of the casino, but the peripheral type things - who is allowed, the ABC violations, and all the other things that go with it - it would make it impossible for me to give you an idea unless you could give me an idea of the kind and type of operation that you are anticipating.

ASSEMBLYMAN DOYLE: You mentioned intelligence reports saying that land has been acquired. Do you think that the problem could be somewhat reduced if the casino could not be run unless it was run on State owned land or in State owned buildings?

COLONEL KELLY: Naturally, it would be reduced, if we are talking about organized crime, if the State owned the land and the operation. If the operation is going to be State operated I'd have to relate the experience of other people. If the State is going to operate it, you are not going to get the proficiency of the outside operations because we just don't have that kind of expertise. I would say that the State would probably operate with a minimal return. I

don't think that you would get the effectiveness because, with due respect to the Governor, the bureaucracy in the government in trying to get something moved is probably, in those cases, intollerable.

ASSEMBLYMAN BATE: Colonel Kelly, the spokesman for the Governor indicated that if the referendum is passed, that the enabling legislation will have to confine the original gambling casino to Atlantic City as a pilot project. If that occurs - if that is the law which goes into effect - do you have serious reservations as far as your police work is concerned, even with that limited proposal?

COLONEL KELLY: I have serious reservations, yes, because as I stated-- Localization would help, there is no doubt about that. It would help. We understand that the smaller the project the easier it is to control. But if the State is going to operate it, who is going to operate it for the State? In order to get a good manager, or a manager of experience, I would assume you would have to pay this individual about \$100 thousand - which is probably twice the salary of the Governor. If you are willing to do that, fine. If you are going to pay people to operate the sticks and operate the roulette, you are going to have to pay them, if you want qualified people.

We find that if we are going to do this kind of operation and hire people from outside who have the expertise, probably what we are going to get are the left-overs from Las Vegas who were kicked out for one reason or another. That's probably what we will get, the second rate people. This, again, worries us, along with the confidential checks that we are going to have to make.

I don't want to create the impression that I am trying to deprive any city, any municipality, or this State. It is my obligation to inform the citizens of this State and you, of this Body, who are going to rule on and regulate this, what the pitfalls in enforcement are. I have been asked, why are you opposed to Atlantic City? I am opposed, not only to Atlantic City, I am opposed to all of the other cities.

It is being asked, what can we do for the shore areas, what can we do to revitalize them? I am not in social planning and I can't do anything. I would say, if I had my choice - if we are doing something for the State - why can't we do something in the cultural area, something in terms of recreation, turning our shores into a very viable, very acceptable recreational area, via something similar to Disneyland, where families could be taken care of. There would be many, many jobs within that particular area.

ASSEMBLYMAN HAWKINS: Colonel Kelly, on behalf of the Committee, thank you very much for your testimony. It will be taken into consideration.

COLONEL KELLY: Thank you very much.

ASSEMBLYMAN HAWKINS: I think we have one speaker that wishes to get on prior to lunch. He has to leave immediately. In fact, there were several but since we are Assemblymen we have to give courtesy to a fellow Assemblyman. Assemblyman Worthington?

I understand you will take 4 minutes, sir, because we are giving you special consideration.

A S S E M B L Y M A N C H A R L E S W O R T H I N G T O N:
Mr. Chairman, I certainly appreciate this imposition. I know this is your lunch hour.

Chairman Hawkins, Members of the Judiciary Committee, thank you for allowing me to make comment at this important hearing. I will keep my remarks brief, since

this is not the first time I have spoken publicly in behalf of this vital issue before us. Indeed, not only have I spoken out in favor of legislation enabling the people to decide on the question of legalization of State-controlled casino gambling, but I am a co-sponsor of this resolution which will be brought to the floor of the State Legislature this Monday.

I am not here today to debate the merits of enabling the legalization of State-controlled casino gambling. I am here to tell you, and those gathered here, that I believe those who elected me to represent them at the State Capitol made it clear to me, in no uncertain terms, that this is what they want, need, and should have. Simply put, it's an opportunity to make an important determination for themselves, by themselves.

This bill incorporates the most democratic principles of home rule, allowing local residents to decide for themselves whether or not they want State-controlled casino gambling in their own communities. All it does it allow the people to authorize the State Legislature to amend the Constitution and enact general laws that permit the State to operate casinos only in those areas where the local citizenry approves of this.

This enabling legislation would be good for the State of New Jersey. It is important to many localities throughout the State. It is vital for Atlantic County. It offers new opportunities, new growth, a new vitality, the beginning of a renaissance, especially for Atlantic City.

This legislation would not force anything on anyone; yet, it gives those who want the opportunity, a chance to improve the economy of their local areas, enhance their job opportunities, make this the start of a climb up to a new plateau - not for a select few, but

for individuals, citizens at every level of our economy, especially those in lower-income groups and the unemployed, or those who can now find only seasonal employment.

I support this resolution. I am proud to be a co-sponsor of it, and I urge its adoption. Thank you.

ASSEMBLYMAN HAWKINS: Thank you very much.

We are going to resume, promptly, at 2 o'clock. There are several people who wish to give testimony. I would like to hear everyone and I am sure the Committee would like to hear everyone that is here to give testimony. So, in order to do that in the limited amount of time that we, obviously, have available to us, I am going to, again, exercise a prerogative of the chair; I am going to limit the discussion to approximately 5 minutes on each piece of testimony. I think if we limit it to 5 minutes, we may be able to fit everyone in. If there is something important, we will give leeway to what you have to say. But if it is something that we have already heard, I will ask that you, yourself, control what you are saying. It would be appreciated.

We will reconvene promptly at 2 o'clock.

(lunch break)

(afternoon session)

ASSEMBLYMAN HAWKINS: Will the Committee members please take their seats.

Is Senator McGahn available?

(present)

We are going to begin with Senator McGahn as our first speaker of the afternoon. I am going to remind everybody that I am going to be exercising the chair's prerogative to limit testimony to 5 minutes. Unless it is extremely important and it is something that we haven't heard before, I am going to ask your indulgence to please do what you can to cooperate. We do wish to allow everyone to give testimony. If you have a written statement it is not necessary for you to read it if you have copies for all of us to read at a later time, or if you have a copy that you can leave with us to be read into the record by one of the young women taking testimony.

With that in mind, we will proceed. Dr. McGahn?

S E N A T O R J O S E P H M C G A H N: Thank you very much, Mr. Chairman.

Your Committee is sitting today to decide on the merits of permitting the people of this State to approve legalized casino gambling. In the past State Gambling Commission Hearings, the proponents of legalized casino gambling cited the benefits to the State and local municipalities of new revenue sources, a boon to tourist and convention business in New Jersey, enabling it to assume a competitive position with other states which are presently challenging these industries; the economic multiplier effect in the form of increased development, the construction of new, and the improvement of existing hotels, with a resultant increase in employment, higher sales tax revenues, etc.. On balance, these arguments are legitimate and would be hard to

refute. The question of the amount of revenue to be raised would be most difficult to predict, and it should be emphasized that I do not consider this factor as a solution to the fiscal needs of the State - but the real benefit to be derived would be the economic multiplier effect and the revitalization of the tourist and convention interests in this State.

The opponents of legalized gambling have taken the traditional positions of church and law enforcement agencies:

1. That it breaks down moral integrity; that it is a social evil; that it leads to further misery of the poor; and,

2. **The fears of law enforcement officials that revenues raised would not be substantial, organized crime would not diminish, but would, in fact, cause an increase in criminal elements in the State with the resultant inability to control the same.**

These are legitimate adversary positions, and the sincerity and integrity of those holding to these beliefs cannot be impugned, but, to conclude that these judgments apply universally in all circumstances is a common fault of logic.

It is to the latter arguments that I would like to address myself.

Since the failure of prohibition, it has been an axiom of American justice that you cannot enforce laws that are abhorrent to a significant proportion of the population. Prohibition seems to have shown that enforcing certain kinds of laws places police in improper roles. Today, laws that attempt to regulate an individual's behavior when it has no effect

others or when its effect on others is more or less incidental, tend to be unenforceable. Furthermore, since such laws fight against desires deeply ingrained in our culture and perhaps in human nature itself, enforcing them generally does more harm than it does good. Such laws appear to represent an illegitimate incursion of the State into areas that should be left to individual discretion.

Attempts to stop gambling have proved as ineffectual and as counter-productive as attempts to stop drinking. In the face of an enormous and seemingly ineradicable public appetite for gambling, anti-gambling laws have proven unenforceable, and this has led, of necessity, to selective enforcement. The corner dice game in a poverty area is broken up and its participants arrested, while the high-stakes poker game in the suburbs or country club goes on week after week without so much as a whisper from law enforcement officials. Police drive small independent gamblers out of business while protecting syndicated operations and allowing them to consolidate.

In addition to being unenforceable, gambling laws have contributed centrally to the continued vitality of organized crime, which has traditionally dealt in services demanded by the public which are deemed immoral and therefore made illegal. While gambling is only a part of the activities of criminal syndicates, it has long provided them with their most stable sources of income and with capital to take over legitimate business --- and, recently,

to operate higher levels of white collar crime. Since prohibition, gambling has provided most of organized crime's day-to-day operating revenues in the form of broad-based tax free income. Reliable figures estimate that between \$20 billion and \$50 billion are illegally bet each year, and of this amount, between \$3 billion and \$4.5 billion is used as "payoff money" to police and corrupt officials. Police cannot win with gambling laws as they are now written. If they attempt to enforce them, their credibility and their self-respect suffer.

If they do not attempt to enforce them, they are criminalized to a degree themselves, and they indirectly contribute to the whole cycle of crime to which gambling revenues contribute. Since prohibition, gambling has taken over as the number one corrupter of police. It is a short step from realizing that gambling laws are unenforceable to accepting money not to enforce them. Although the Knapp Commission in New York has made it clear that corrupting influences in police are myriad, once more gambling has emerged as the most pervasive and widespread corrupter of police. Whitman Knapp has stated, and I quote: "Prohibition on gambling has no place in the State Constitution."

The public, at present, is unwilling to support the enforcement of gambling laws. Under these conditions, the people should not condemn police to this impossible and degrading task. Those who cry that police

must be respected should press for the removal of laws that put police in positions in which they cannot act respectably. Only then will the police have the time and effectiveness to treat serious crimes. To this end, gambling should be legalized. The aforementioned Knapp Commission, on August 6th, 1972, recommended that gambling be legalized in New York City to help eliminate widespread corruption in the nation's largest police force. "The criminal laws against gambling should be repealed," the Commission said. "To the extent that the Legislature deems that some control over gambling is appropriate such regulation should be by civil rather than criminal process. The police should be removed from any responsibility for the enforcement of gambling laws or regulations."

A recent study in New York City financed by the Department of Justice showed that the numbers racket thrives on the nickels and dimes of the poor. This Federally sponsored study adds additional force to a massive, thoroughly documented appraisal of gambling by the Fund for the City of New York which concludes with a flat recommendation that "Numbers betting be legalized."

In still another report, the New York State Commission on Gambling warned that "illicit gambling comprises one of the largest business enterprises in the state." It said the time had come "to ensnare it, control it."

The thrust of the recommendations of these three prestigious Commissions is to the effect that the legalization of gambling might well strike

a blow to organized crime for which it could never recover. In order to make legislation effective in this respect, however, the State must provide the same gambling services that organized crime does: daily wagering, small bets, complete convenience and immediate payoffs. Unless it does, it will find that the mere fact that its enterprise is legal will not cause bettors to prefer it.

Our present ideas of individual rights, backed up to a great extent by the constitution, seem to uphold the notion that society should not attempt to legislate morality. In principle, it would seem then that consensual crimes should not be crimes at all. But from a theoretical point of view, it must be admitted that our laws exist to regulate or eliminate behavior that we consider "immoral." Laws against murder, for example, proceed from positive assumptions that human life is inherently valuable and must, except in extraordinary and specifically limited situations, be valued above all else. This is fundamentally a moral assumption. So in a sense, all laws legislate morality to one degree or another, and we are faced not with two distinct classes of behavior, but with a continuum.

In practical terms, this makes the question of consensual crime very difficult. Perhaps, however, distinguishing between a consensual crime in general and a victimless crime, a type of consensual crime, will help here.

A consensual crime can still be a crime with a victim --- as con

games that depend on the greed of the victims show. The question then becomes the meaning of victimization. Prohibition was not enacted by people who felt that they were legislating against a "victimless" crime. It was enacted by people who felt that purveyors of alcohol victimized those to whom it was sold, robbing them of their dignity, their self-control, and often of their lives, for the sake of financial profit, and that those who drank in turn victimized their families and associates by depriving them of meaningful companionship and sometimes of physical support, becoming in the end a burden on society.

Many likewise feel that gambling cannot be said to be victimless. There are compulsive gamblers, some 6 million in this country, just as there are alcoholics, and in these cases their "habits" can drive them and their families into desperate straits faster than alcoholism. Gamblers can be seen as corruptors, robbing families of their savings and degrading their "victims" as easily as can liquor dealers.

In sorting out these problems, however, we must remember that it is difficult to see what freedom means if it does not mean to some extent the freedom to err, and that to ask police to try to make people perfect may well be to ask for the formation of a police state. Compulsive gambling, like alcoholism, is a symptom of a personality defect - a major neurosis - which must be recognized and treated as a medical problem and not as a moral issue.

There is not an absolute difference between victimless crimes and

crimes with victims, but once more a dubtle continuum, calling for involved and delicate decisions.

It is readily apparent that gambling of all kinds is widely accepted and tolerated in American society. Walter Wagner in his book "To Gamble or Not to Gamble" estimates that between 50 million and 90 million people gamble. As an overall concept, gambling appears to have widespread approval in the United States since 28 states permit wagering at horse tracks. New York has Offtrack Betting and 6 states run lotteries. Illegal gambling is a multi-billion dollar a year business, and this alone testifies to its acceptance. The heavy patronage of legalized gambling supports this. In 1972 over \$6 billion was wagered at race tracks in the United States. In New Jersey there was over \$400 million bet at race tracks during 1972, while the New Jersey Lottery grossed revenues of nearly \$160 million for fiscal 1972-73. American society, through its legal structure, has declared gambling immoral, but as with prohibition, it appears that "public attitudes are much more permissive toward gambling than the statutes which are common in the United States." (John A. Gardiner, "Public Attitudes Towards Gambling and Corruption." Annals of the American Academy of Political and Social Science, No. 374, November, 1967, p. 134).

In addition, statutes against gambling are difficult to enforce and may contribute to a decline in respect of laws and law enforcement in general. Laws are, in theory at least, an expression of a society-wide consensus. Enforcement of laws rests upon the concept that the vast majority willingly

conform with them, and only the very few must be coerced, through legal penalties, to obey them. When laws are not in conformity with at least the majority's concept of right and wrong, they tend to be "honored in the breach." Prohibition is an example of such a law; not only did it fail to prevent people from drinking, it probably served to encourage it. In regards to gambling, Professor Lawrence J. Kaplan, of the John Jay College of Criminal Justice, states:

"Gambling thrives because a large proportion of people enjoy betting of all kinds. These people see no harm in gambling and do not regard it as immoral even though our society has declared it illegal. As long as this attitude prevails, and there is no reason to expect it to change, effective enforcement of anti-gambling laws is impossible." (Economic Implications of Organized Crime in Gambling. " Proceedings of the John Jay College Faculty Seminars, Vol. 1, 1969, p. 20).

The legality of some forms of gambling, such as on-track betting or charity-sponsored bingo, while other forms are illegal, contributes further to the problem. Robert S. Kenisson, a lawyer, feels a double standard is created:

"Ill will festers from a state of law where the citizen is violating the law by placing a bet with a bookie and yet when Saturday afternoon rolls along, he can venture out to the track and lose his money, all the while clothed

with eminent respectability." (Off-track betting: A legal inquiry into Quasi-Socialized Gambling," New Hampshire Bar Journal, October, 1968, Vol. 6, No. 1, p. 17).

The concept of legalized gambling is widely approved by the people of New Jersey. The survey research conducted in New Jersey on behalf of the O.T.B. Commission as released in its interim report, June 1, 1972, indicates that there is majority approval of all forms of legalized wagering. In New Jersey 88 percent of the residents approve of the New Jersey Lottery already in operation, while the OTB concept is approved by 88 percent. A majority - 55 percent - feel that all sports betting should be legalized. The poll further showed that of those opposed to gambling in New Jersey, only a small minority cited moral or social objections to it. Only 2.2% felt that it was immoral, while 1.3% felt that it would have an unfair impact on the poor.

A recently completed Eggleston Institute Poll showed 64% acceptance of casino gambling. There have been expressed fears that organized crime will move in and take over gambling interests in New Jersey, that "skimming operations" will be prevalent. To quote Michael O'Callahan, Governor of Nevada, "This is absolutely untrue . . . No one looks to find out how many of the indictments culminate in convictions. There have been precisely none." Regarding ACR 138, I have strong feelings that the time has come to legalize casino gambling - to be available on a statewide basis subject to municipal and county option.

Casinos are needed as a stimulus to the faltering economy of areas that are dependent upon the seasonal fluctuations of tourism and convention business, and this will be more pronounced when upon completion of the Hackensack Meadowland Complex, this area will be competitive with all other Jersey tourist and convention facilities. The right of the electorate to vote on this question would be an immediate stimulus and incentive to new investment and development in those areas even before the voter determination of the question. Presently New Jersey is in a race against time with New York and possibly Philadelphia as to which will be the first to legalize casino gambling.

I sincerely hope that this committee will make a considered judgment as to whether or not, in view of the widespread prevalence and acceptability of illegal gambling, continued prohibition against gambling is in the public interest, and if the evidence supports the contention that gambling laws are equitably unenforceable, that organized crime is the single largest benefactor of gambling revenues and this in turn is a prime source of official corruption - then must we not seek new alternatives to deal with this problem?

In this instance, basic institutional changes are needed to adjust the police role to meet society's needs. Police must be freed from the necessity of enforcing laws against the consensual crime of gambling.

In support of this concept, I strongly urge that this committee recommend the release of ACR 128 for a floor vote in the legislature.

Thank you very much.

ASSEMBLYMAN HAWKINS: Thank you very much, Senator. We appreciate your testimony.

With the permission of the Committee, we will hear the next speaker, Mr. Victor Lowndes, Playboy Enterprises. Mr. Lowndes, I understand, flew all the way over from London, England.

V I C T O R L A W N E S: I am Victor Lownes. I am Vice-President and Director of Playboy Enterprises, Incorporated. I am also Chairman and Managing Director of the Playboy Club of London, Ltd., and the Clermont Club, Ltd., and of the Manchester Casino Club, Ltd., and of the Portsmouth Casino Club, Ltd. All of these English companies operate casinos, the first two in London and the latter two, as their names indicate, in Manchester and Portsmouth.

In addition to my qualifications as Managing Director of what is probably the largest single casino in the United Kingdom - the London Playboy Club - I am also a Member of the Executive Council of the British Casino Association, to which the Gaming Board for Great Britain has, since its inception, looked for advice on every aspect of gaming control.

The growth of legalized gaming in Great Britain and the problems which this growth generated for statutory and administrative control provide a number of lessons which ought not to be disregarded by any state contemplating the legalization of gaming within its own jurisdiction. I can speak with some knowledge of the development of ideas with regard to gaming control as experienced in Great Britain because I took an active participation in the very earliest discussions with the Home Secretary and the Home Office officials long before the amending legislation of 1968 was drafted. I and a handful of other leading members of the gaming industry in Britain were

brought into discussions at all levels including meetings with the Minister himself to consider the objectives of the legislation. Then, during the passage of the Gaming bill throughout the House of Commons and the Parliamentary Standing Committees, we were constantly consulted and one will find repeated references to the Playboy Club in Parliamentary and Committee debates published in the official reports. In fact, we are the only foreign owned casino operation to be granted a license in the United Kingdom.

In my view, the system by which operating licenses are awarded in Great Britain incorporates a combination of elements which are manifestly desirable. The object is to eliminate uncontrolled illegal underground gaming by providing carefully supervised controlled legalized gaming where sufficient demand exists. In a country only seven times the size of New Jersey with regard to population and geographical area, an enlightened Gaming Control Authority considered it advisable to start off with 31 approved areas in which approximately 150 casinos were originally licensed. There was considerable demand for the Gaming Board to approve additional areas, and thirteen additional areas have been added. The Gaming Board has indicated that they will in due course introduce new regulations again increasing the number of gaming areas, for they operate on the theory that illegal and untaxed gaming cannot thrive where the demand for gaming is met by legitimate operators.

Under the British system there is no monopoly, the evils of which are self-evident. In Austria, where there is such a monopoly, there was a recent scandal involving fraud and corruption on so wide a scale that when

we ourselves were approached with a view to our taking over the concession we felt that our reputation would be irretrievably damaged by inheriting the aftermath of the scandal.

In the United Kingdom, before anyone can apply for a license he has to pass a very elaborate screening process. For this purpose the Gaming Board thoroughly investigates each applicant. The Gaming Board is appointed by the Home Secretary and comprises persons who have distinguished themselves in public life. The full-time Chairman has devoted his life to public service. The other members of the Board are persons who serve as part-time members and each receives a small honorarium. One of them is an accountant. Another is a solicitor who has throughout his life devoted himself on a voluntary basis to local affairs -- that is to say, local government and social services. A third has been a prominent Chief Constable, and yet another member is a gentleman from a notably aristocratic family -- coincidentally, the family of the Earl of Jersey.

I do not think that any law-making state contemplating the legalization of gaming can afford to ignore the example set by Great Britain. In my view, gaming in Britain has had no deleterious effect upon social life. There is no evidence that it has disrupted family life or that it has made any contribution towards crime. It has, however, made a great contribution to the treasury via special taxation and has been a considerable factor in the growth of tourism with all the attendant advantages.

When I spoke to a similar Committee two years ago, I expressed the belief that if gaming came to New Jersey and was limited to Atlantic City, or any other single municipality, it would fail to accomplish the purposes which it was then my understanding you wished to achieve. The concern that I expressed at that time remains valid. I still believe that legalized gaming in Atlantic City would seriously harm hotel and resort facilities in other parts of the State. And I can state very simply that we would never have built our 700-room Playboy Club Hotel in Sussex County at a cost of more than \$27 million - a project that provides 700 jobs year-round for residents of the area and which attracts hundreds of thousands of out-of-State visitors to New Jersey each year - had we known that there was even under consideration the idea of legalizing gaming in one municipality alone. A resort complex the size of ours depends on convention business and in the last two years we have played host to over 1,000 conventions - representing about 60% of our gross business. We know that where gambling exists the convention business goes. We would regard any proposal to legalize gaming in Atlantic City and only Atlantic City as highly discriminatory legislation.

To concentrate gaming in one area - Atlantic City for example, or even Sussex County - will not suffice. It will not accomplish the purpose of supplanting underground illegal gaming and replacing it with legally controlled and taxed gaming. People are not sufficiently mobile to go to one point in the State whenever they wish to participate in this form of entertainment, and the illegal operators may still find a ready market elsewhere in the State.

All of this I said when I was last before you, and my views on these matters are substantially unchanged. But since then I understand that several other ideas have cropped up which need to be considered, and I would like to give you my views on those.

The first is whether or not the State should operate its own casinos. In this respect there are actually five possible options that are open to any Government when deciding the basis on which casino gaming should, if it is legalized, be introduced:

- (a) ownership and direct operation by the State.
- (b) State ownership and operation through a public benefit corporation.
- (c) State ownership, but operation by private interests under charter.
- (d) Shared ownership between the State and private interests, with operation by the private partner.
- (e) ownership and operation by private interests licensed, regulated and taxed by the State.

While these options must be considered in the light of New Jersey's particular objectives in legalizing casino gambling, it is also clear that no statement on the subject at this time would be complete without some detailed reference to the Hudson Institute's studies incorporated in the Second Annual Report of the New York State Gambling Commission (February 1, 1973). The fact that New York State is already investigating the possibility of legalized casino gaming is, by the way, very significant, for whatever New Jersey decides to do will effect the decisions of other states that compete for tourism and convention business. And those states will try to give their resort centers a competitive edge.

Therefore it is important that the state allow itself the flexibility to adopt whatever options will result in the best possible system.

Despite their shortcomings, the Hudson Institute studies embrace much sound research. A wrong answer does not necessarily invalidate all the working, especially when, as there, three of the five options were closed to them before they began their study.

New York is a neighboring sister State not altogether dissimilar from New Jersey. Much in the studies they have made is applicable to your situation and can be judged accordingly. But always bear in mind the over-riding differences. These lie principally in your reasons for proposing the legalization of casino gambling, and in the way you are approaching it.

The Hudson Institute Study examined the first possible option, and they eliminated it at once, and I quote: "It is not practical for the State to operate casinos itself." This is a view with which virtually all authorities on the subject would agree. (Whether croupiers become civil servants and what their pay grades should be is only one of the problems.)

I also feel that State ownership and operation through a public benefit corporation, State ownership but operation by private interests under charter, shared ownership between the State and private interests with operation by the private partner, all represent less desirable options than the final one - ownership and operation by private interests licensed and regulated by the State.

Because temptations abound in casinos, there is the necessity for an iron-fisted kind of a rule, which becomes extremely problematical when one is dealing with civil servants or other State employees. One has to act very quickly when one suspects that there is something slightly amiss in the results from a particular section or even an individual table in one's casino. While thousands of dollars are floating away, it is no time to conduct civil service hearings and appeals about whether or not to discharge or transfer the relevant employees. Sometimes the casino manager may have to decide to tolerate a continuing fraud in order to capture the culprits at work. How can the State make such a decision as that?

I feel I should say here that if my constant stressing of the possibilities of danger in the gaming business make it sound as if legalized casino gaming is taking a tiger by the tail, you will know that it is precisely that. The important thing is that having caught the tail you then know how to handle the animal to get him into the cage. What I can tell you is that getting into the cage with him is not the way.

The State needs to remain at a distance - a whip's length if you like. Not because all casino operators are dangerous but because casino gambling is what it is: the tangible expression of a very intense and volatile feature of human nature. Moreover, casino gambling as a State project can be very different from the State's other gambling interests, which do not involve the State in actual gambling - para-mutual betting, lotteries, bingo incur no direct gambling risk to the proprietor. All payouts are from a pool of the stakes which have been put in, leaving a proportion for the operator's revenue.

Not so with casinos. They can, and do, go broke: rarely, if they are efficient; frequently if they are not. When I came before you two years ago there were approximately 150 casinos in the United Kingdom. Now, with the addition of ^{twelve} / extra areas in which gaming is permitted, there are only 123 casinos.

I know that you are all aware of this, but it bears repeating: when the State engages directly as a proprietor or operator in the casino business it is literally gambling with public monies. When the house loses, or has a long bad run, it will eventually be paying winners out of tax revenues. Such a unique kind of State involvement in gambling has long been wholly unacceptable to the Churches and major sections of the public at large. I hope it will be equally unacceptable to you, not only on moral grounds but for the very practical reasons I have outlined here.

But there is another reason why I should strongly advise rejection of the first four options, which is to say those requiring any form of direct State interest in casino gambling. It is more difficult to explain, but equally cogent. The real effective control of casinos by the State can exist only when there is an adversary situation, when the State is an independent watchdog without any form of or reason for alliances within the industry. I am not suggesting that this alone produces an effective and efficient control, but only that it generates a healthy tension without which all the other necessary ingredients for proper control lack temper. We all know situations where an apparent adversary control has little effect; but I am speaking here from many years of experience

in Britain, where an adversary set-up through a statutory control board gives a tensile strength to a carefully, not to say cleverly, designed system which is at once forceful, fair and above all almost completely effective in the control and containment of legalized commercial casino gambling in a country which has more widely distributed facilities than any other in the world.

In conclusion, I would like to urge you to keep your options open. The form of the referendum as it now stands gives the Legislature the flexibility to adopt, after thorough investigation, the kind of casino gaming which will most benefit the State Treasury, the State's resort and convention areas, and the State's overall economy. It would permit you to institute a system which will permit the maximum of control and the fewest possible problems. It even permits you to abandon the whole idea, if that seems the right decision.

ASSEMBLYMAN HAWKINS: Thank you, sir. Mr. Codey has a question for you.

ASSEMBLYMAN CODEY: Sir, in regard to the casino gambling, do you feel the Playboy Club in Sussex County has the facilities right now to handle that?

MR. LOWNDES: I feel the facilities are there, yes.

ASSEMBLYMAN CODEY: In other words, it could be implemented almost immediately?

MR. LOWNDES: It could be. There is a convention hall, which would make it possible.

ASSEMBLYMAN CODEY: Thank you, sir.

ASSEMBLYMAN HAWKINS: I have a question. Would you have to be a card-bearing person to get into the Playboy Club?

MR. LOWNDES: You are raising a question that goes into your legislative enabling act. In other words, we have a separate building on the premises there

that could be open to the public. You might find, as in the British system, that it is desirable to insist that all gaming establishments be operated as clubs. You may find that, after you examine the situation.

ASSEMBLYMAN BATE: You mentioned the Playboy Club in Sussex County. How many Playboy Clubs do you have in the United States?

MR. LOWNDES: We have 17 of them, plus 4 hotels.

ASSEMBLYMAN BATE: Do you have casino gambling in any one of them?

MR. LOWNDES: No, in none of them.

ASSEMBLYMAN BATE: You didn't mean to create the impression, did you, that there was any commitment made to Playboy to come to Sussex County?

MR. LOWNDES: No. Quite to the contrary. We did not know we would be faced with the possibility of unfair competition, by one other locality in a nearby area having gaming.

ASSEMBLYMAN BATE: Which is two and one-half to three hours away.

MR. LOWNDES: Yes, but it is close enough to other metropolitan centers from which we attract our business to detract from business.

ASSEMBLYMAN DOYLE: Would you be in favor of enabling legislation that said, "casino gambling in only two places, Vernon Township and Atlantic City?"

MR. LOWNDES: Would I personally be in favor of it? I don't think that would be a good arrangement because I think that the efforts to stamp out organized crime's invasion into that field would not be satisfactory unless you at least met the unstimulated demand for gaming that would exist throughout the State, which is the policy of the British Gaming Board.

ASSEMBLYMAN HAWKINS: Am I to understand that the Playboy Club is against the amendment allowing for gambling in the State of New Jersey?

MR. LOWNDES: No, the Playboy Club has said that it believes that the referendum, as you presently have it, is in a form which would allow you to choose your options very carefully before enacting enabling legislation. We are not opposed to gaming. I have said that before. We make a great deal of money out of gaming. Even indirectly we feel that-- See, my own belief about gaming is that you should control the hell out of it and tax the hell out of it; that it should be at arms length from the State to avoid civic corruption and to give you the kind of power that you need to run a casino, which I don't think you are going to have when you suspect that there is something going wrong at a particular table, or a particular section of your casino, and you find that you are going to have to hold Civil Service hearings in order to dismiss an employee.

ASSEMBLYMAN HAWKINS: I think we get your point.

MR. LOWNDES: Right.

ASSEMBLYMAN HAWKINS: Thank you very much for your testimony. It is well appreciated.

The next person to give testimony will be Mr. Clifford Goldman, Deputy State Treasurer. Is Mr. Goldman present?

(not present)

The next witness is Mayor Joseph F. Bradway, the Honorable Mayor of the great City of Atlantic City.
M A Y O R J O S E P H F. B R A D W A Y: Thank you. Much of what I have to say certainly has been covered. Part of what I would like to address myself to is, possibly, a reiteration of some points that we all may have forgotten - that is, tourist business

in the State of New Jersey which ranks either second or third as its largest revenue generating business. The figures range from \$ 3 billion to \$7 billion. I think, clearly, legalized casino gambling, anywhere in the State of New Jersey, would do much to increase that sector of our economy, which is extremely vital.

I think many people forget that Atlantic City, per se, as a municipality within the State of New Jersey, is the second largest convention city in the country. In that regard, monies are pumped into the State economy to the tune of \$60 to \$75 million. People coming to conventions in the State of New Jersey number somewhere between 500 to 750 thousand people on a convention business basis. This generates sales tax dollars. This generates money in the economic mainstream of the State of New Jersey.

When we talk in terms of employment, we are now talking in terms of employment, not only in the casinos, not only in the related restaurants and hotel operations, you are also talking about the peripheral businesses that now will supply those casino operations, restaurant operations, etc. In that regard, I saw one statistic that I will ask you to think about: In Las Vegas, their employment, per hotel room, is 3.2 people for every one hotel room occupied. In Atlantic City, and I will use that because of my familiarity with it, we are talking in terms of 1 person for every 8 hotel room occupancies.

Now I am not suggesting that our employment level would reach 3.2 for every hotel room, but I am suggesting that the disparity that exists now would be greatly reduced. I am suggesting that with legalized casino gambling anywhere in the State of New Jersey, that you are going to get increased building of transient rooms, of apartment houses and various

other accommodations for people. In that regard, that creates employment for people in the construction trade and trades that are involved in building.

Colonel Kelly indicates that organized crime and crime in general would be on the increase. My contention is that in a resort economy or, indeed, throughout the State of New Jersey, probably more important insofar as contribution to crime is concerned, is unemployment. He alluded specifically to loansharking; he alluded to drugs; he alluded to stealing, etc., and he associated that with the criminal elements that may now come in to frequent casinos. I contend that, in fact, unemployment and conditions whereby people are forced to steal or to go to a loan-shark, contributes more to the crime problem. In that regard, I ask that the citizens of the State of New Jersey be given the opportunity to voice their opinion.

I think, certainly, that the benefits of legalized casino gambling will inure to the State economically through peripheral things, such as employment, such as ratables, such as sales taxes, without even trying to address oneself to the handle that gambling may create in and of itself.

I see my time has run out and if there are any questions please feel free to ask them of me.

ASSEMBLYMAN DOYLE: How much does the Atlantic City Luxury Tax gross?

MAYOR BRADWAY: The Luxury Tax, as of last year, raised \$3,125,000.

ASSEMBLYMAN DOYLE: Do you have any estimate on how much that would increase if you had casino gambling in Atlantic City?

MAYOR BRADWAY: Quite frankly, I think it would be directly related to the number of casinos, their success, etc.

ASSEMBLYMAN DOYLE: Would it matter to you whether the casinos were on State-owned property?

MAYOR BRADWAY: From my viewpoint, no. If I may just elaborate on that, Atlantic City will benefit, primarily, because we are a seasonal economy - we operate within 100 days. Now, recognize that when you operate within a framework of 100 days, that severely limits the outside investments dollars that will come in - occupancy rates from transient rooms, etc. are now within the framework of 100 days. Would it expand our economy beyond 100 days? The answer, I think, is yes, clearly. How much beyond 100 days, we don't have to argue.

During our off season our unemployment ranges from 10 to 13 percent. Recognizing that a certain amount of that unemployment is hard-core unemployables and, in fact, whatever industry you brought in they would not be employed, would it now stabilize our employment? There again, I think the answer is yes. Atlantic City is the second largest convention city in the country. In order to maintain that posture, it must now address itself to newer transient rooms, hotels, motels, and more hotels and motels. If you now expand the season, and you now create more of a tourist input and impact, will those outside investment dollars come in to build these hotels and motels? Again, I think the answer is yes.

So, that is the benefit we are after. Needless to say, as more motels, hotels, and various other industries go up, the employment increases, the ratables and, hence, the monies to the city to operate the government increase, etc. That is what we are after.

ASSEMBLYMAN KARCHER: Mayor, you give a variable figure for your unemployment rate in Atlantic City. Could you give us some kind of-- I imagine it

will be seasonal as well but, from a high point and a low point of unemployment, do you ever get below 10% at any time?

MAYOR BRADWAY: Yes, during the season which is, let's say, from June 15th until September 4th, our unemployment is less than 10%.

ASSEMBLYMAN KARCHER: Does it drop below 8%?

MAYOR BRADWAY: It is about 7½% to 7.8%

ASSEMBLYMAN KARCHER: So, even at its best, it is fantastically high compared to--

MAYOR BRADWAY: Yes.

ASSEMBLYMAN KARCHER: Mayor, in the last 2 or 3 years it is my belief that you had a decline in your aggregate of true value in Atlantic City. How much of a decline have you had in your aggregate of true value?

MAYOR BRADWAY: As between the year 1972 and the year 1973 there was a \$7 million loss in ratables. Primarily this was brought about by virtue of tax foreclosures, etc., on the part of the City. The City presently owns some 2,000 properties, together with the urban renewal area which, some 7 years ago, was demolished - some 84 acres, plus. That has been the primary long-term decline in the ratable situation.

ASSEMBLYMAN KARCHER: The primary decline has been caused by foreclosures, where people have failed to pay their taxes?

MAYOR BRADWAY: Yes.

ASSEMBLYMAN KARCHER: Mayor, going back to the question of unemployment, we got a rock-bottom low figure; how high does it get?

MAYOR BRADWAY: It gets up to around 13% or 13½%. When I say that, recognize that when we have conventions come in, they come in sporadically. At a time when a very large convention comes in, it wouldn't be that high, maybe it would be 10% or 11%.

But when there are no conventions - and, in fact, between season months - then it can get as high as 13% or 13½%.

ASSEMBLYMAN KARCHER: Mayor, I am going to try to be very fast. I know the Chairman wants me to keep it short. Even the employment - the income of those who are employed - how does that rank with comparative employment throughout the rest of the State, is it higher or is it lower? I assume it is lower because of the types of jobs.

MAYOR BRADWAY: Yes, it is; it's lower.

ASSEMBLYMAN KARCHER: O.K. Now I promise, Mr. Chairman, this is the last question.

Just so I understand what you were saying before - your position is that the unemployment figures are staggering there and the frustration and the economic hardship attendant with those problems associated with unemployment are as much, in your opinion, a cause of crime -- people are victimized by loansharks because they are unemployed, or turn to drugs because they are frustrated by unemployment, is that the point you are trying to make?

MAYOR BRADWAY: I am saying that high unemployment factor certainly is a contributory factor insofar as crime and crime statistics are concerned. I am saying that legalization of gambling would, in fact, reduce the high unemployment and, hence, to some degree reduce the crime in that regard, as opposed to bringing in crime by virtue of gambling.

ASSEMBLYMAN KARCHER: Thank you.

ASSEMBLYMAN HAWKINS: With the permission of the Committee, I think that is all the questions we wish to ask of you, Mayor. We wish to thank you very much, Mayor, for coming and for giving us your views.

The next speaker on the list is Mr. Charles Marciante, President New Jersey State AFL-CIO.

C H A R L E S M A R C I A N T E: Mr. Chairman, members of the Committee, my name is Charles Marciante and I am here today representing the viewpoint of our organization, the New Jersey State AFL-CIO which consists of 750,000 members from over 1500 local unions.

I do not use the membership figure of our organization in any cavalier manner, but to inform you that at convention assembled, the representatives of these unions unanimously endorsed, by resolution, the principle of casino gambling and granting the citizens of our state the right to determine if we should have casinos by referendum ballot.

We support ACR.128 for the following reasons.

- 1 - The principal cities who will have casinos are those which have declining property values and no solutions have been offered to stem the downward trend. A new industry (Casinos) will revitalize the cities making them tax producers instead of tax consumers.
- 2 - Each city with casinos will generate 18,000 in-house jobs. Should but four cities decide they want casinos, 72,000 new positions for an entirely new industry will have been created. One-third of our states' unemployed could be removed from the U.C. rolls.

- 3 - The Casino referendum, if adopted, would provide a building program that will alleviate an industry (construction) suffering a 30% unemployment rate for the last six months. Men and women will be working again.
- 4 - Capital investment not only in construction but in commerce generally will enhance the areas where the casinos will be located. Instead of decay and slums, modern and alive new cities will rise.
- 5 - Rail, bus and air line services will be revitalized providing thousands more additional jobs and new taxpayers.
- 6 - Tourism our states' second largest industry will become a year-round business. Taxes to the state will rise dramatically and help carry the burden of a load weary taxpayer. Casinos are no panacea to our tax problem, but as a financial offset they cannot be denied their supportive place.
- 7 - New Jersey with casinos will again become the convention center of the nation. We once held the number one spot and reaped several millions of dollars in state tax revenues, but those dollars have gone to other states with the decline of our convention cities. The future for conventions and tax dollars look bright indeed with the advent of casinos.

- 8 - Under ACR-128 the Casinos are to be controlled and operated by the state. The aura of organized crime and its skimming devices thereby obliterated. Our organization has consistently called for state controlled and operated casinos. State control is the only approach.
- 9 - While it is difficult to project what revenues will be derived from casinos, the experience with the lottery may give us an indication. It was projected that \$30 million would be the annual revenue from the advent of the lottery. However, even with a slow lottery take the revenue to the state has consistently been in the \$150 million range - 5 times the anticipated amount projected by the "experts" back in the late '60's.

It is difficult to find disadvantages to the question of casinos. We know the condition of our present state revenue problems and casinos could help carry that burden. All factors point toward your committee's favorable consideration of recommending to the Legislature adoption of ACR-128.

On behalf of our organization, we thank you for giving us the opportunity to testify here today.

ASSEMBLYMAN HAWKINS: Thank you very much, Mr. Marciante.

ASSEMBLYMAN DOYLE: How did you arrive at the 18,000 in-house job figure that you mentioned in paragraph 2?

MR. MARCIANTE: The Hotel Restaurant Workers International Association - their union - has projected that figure, based on the Las Vegas experience.

Comparing the size of the municipality with Las Vegas, these are the figures they arrived at.

ASSEMBLYMAN HAWKINS: We have no further questions. Thank you, Mr. Marciante.

MR. MARCIANTE: Thank you, sir.

ASSEMBLYMAN HAWKINS: Is the Honorable Assemblyman Herbert M. Gladstone present?

(not present)

The next speaker is the Reverend John B. Crowell, President New Jersey Christian Conference on Legislation.

REVEREND JOHN B. CROWELL: Mr. Chairman, Members of the Judiciary Committee: The aim of ACR-128 is to bring new business to depressed communities which it is hoped will be revitalized by the casinos and through taxation to add considerably to the income of the State. We have heard a lot of that.

Undoubtedly the casinos would bring in some new business and there would be some income to the State, but not nearly the amount the proponents say there will be, and at what great cost in the way of increased crime, political corruption, character deterioration, family disruption, law perversion, and loss to legitimate business? Legitimate business is the kind that adds to our economic resources, which gambling does not.

Let me remind you of the action of the Legislature rather recently. In spite of the fact that the law said that the number of flat tracks in New Jersey was limited to three, and in spite of the fact that, as in the casino legislation now proposed, there should be a referendum by the community and the county where a track wished to locate, the Legislature overturned both those requirements and is setting up a fourth track in the proposed Sports Complex in the Hackensack Meadows without the possibility of the people in the area declaring whether or not they want this.

The constitutional amendment ACR-128 proposes gives the Legislature the broadest powers possible, "authorizing the Legislature to enact general and specific laws permitting the establishment and operation under the authority and control of the State of gambling houses or casinos which may be located in specified municipalities."

Our Governor would limit the casino gambling to Atlantic City. You know perfectly well that if it was started in Atlantic City, it would soon spread to other communities. The Legislature could get around the requirement of a local referendum, as it has on the Sports Complex matter, and the pressure to do so would be as great or greater than the pressure on you now for the passage of this resolution.

Again, if, as a result of propaganda on the part of the proponents of casino gambling, referendums were held and the casinos approved, then there would be no chance later, when the people found out what a detriment they really were, to get rid of them. There is no provision for future referendums if the people, disillusioned, wanted to vote them out of a community and county. The people in Cherry Hill have expressed great dissatisfaction with the race track in their backyard, but they are helpless and have no way of voting it out of their area. So, casinos, once established, would be able to continue, as long as the Legislature permitted.

Think of the opportunities for political corruption that situation offers. The late Robert Kennedy, when Attorney General, stated, "American people, through gambling. . . are putting up the money for the corruption of public officials". Don't let history repeat itself. Eighty years ago the gamblers controlled the State Legislature. Corruption was rampant. You would do well not only to consider the

lessons of history but the words of our present head of the State Police, Colonel Kelly, whom you heard one hour ago.

A local example of political corruption is Atlantic City. In the February, 1971 issue of Reader's Digest there is an article from which I quote, "Rackets controlled by Angelo Bruno and veteran mobster Herman (Stumpy) Orman, flourish. Policemen complain that they are not allowed to enforce the law against major gamblers and racketeers. . .the Public Safety Commissioner meets regularly with ex-convict, Paul (Skinny) D'Amato, whose 500 Club is described by Federal Agents as the local headquarters for Bruno's Cosa Nostra family."

The proponents of casino gambling would have us believe that if the casinos were owned and run by the State, this would prevent the underworld from control, as it largely does in Nevada - that is, the underworld controls in Nevada. If the Cosa Nostra can control Atlantic City's politicians, are the State Legislators of such a high moral character that they will be able to resist the money power of the crime syndicate to buy its way into control of the State?

Former U.S. Attorney, Frederick B. Lacey, has shown that the criminal elements have purchased police and judges, businessmen and union leaders, all over New Jersey, and declared, "We are in danger of being taken over". Our present Attorney General practically said the same thing this morning. Don't make that more likely by releasing this resolution. Keep it firmly locked up in your Judicial Committee. That remark is out of date. I thought you were going to get it back in your Judicial Committee, but make your recommendation accordingly.

Think too, what the increase in the unethical attitude which seeks something for nothing, which those

who respond to the allure of casino gambling will develop, and what that will do in the way of demoralizing character. The right concept of earning one's way is lost. Greed predominates over honesty. Indifference to causing others suffering grows. You know that no democracy can function well without a citizenry of good moral character. Government ought to encourage citizen activities that make for character development, rather than encourage activities such as casino gambling that weaken character. You see why we ask that you hold this resolution in your Committee.

But there is the tax angle. The State needs more money to meet all the demands for service upon it. This is a comparatively simple way of getting some millions of dollars in revenue. But, surely, you do not hold that any tax is justified, however demoralizing, however corrupting, however encouraging of crime, however harmful, in its general economic effects, the thing taxed may be. Citizens ought to be protected from their weaknesses, not the weaknesses exploited in the interest of more taxes. Much of the tax secured from casino gambling will be "blood money". It will mean rents are unpaid, children lack shoes, more quarreling in homes, more larceny. For the casinos will not only attract the affluent, but those who hope to become affluent by such gambling. Protect these people from themselves. Lock up this resolution in Committee.

Former Governor Cahill was not always right in his decisions, but surely he was right when he pointed out that the cost of providing security for gambling operations would be so exorbitant that it would largely negate the revenues derived from that gambling. We plead that you will not let the bait of hoped for, greatly increased, revenues lead you to approve this casino resolution.

I am confident that you members of the Assembly Judicial Committee, as we of the New Jersey Christian Conference on Legislation, want good government and good citizens. As casino gambling, whether run by the State or others, works contrary to this ideal, we plead with you to vote to hold ACR-128 in Committee. Thank you very much.

ASSEMBLYMAN HAWKINS: Thank you very much, on behalf of the Committee, for your presentation.

The next speaker will be Mr. Gary P. Malamut, Past President New Jersey Hotel-Motel Association.

G A R Y M A L A M U T: Mr. Chairman, Members of the Committee, I appear today representing more than 250 member properties employing more than 25,000 people with annual payrolls of between \$225 and \$250 million per year. Our association member properties represent capital investments of at least \$250 million in the State of New Jersey and pay at least \$10 million a year in real estate property taxes in their respective municipalities.

It has been my pleasure to testify at most of the public hearings conducted during the past five years throughout the State. I believe that now there is finally an acceptable piece of legislation, ACR 128, that can be placed before the citizens of the State of New Jersey next November for their decision at a general election. ACR 128 was conceived after many public hearings and an extensive report prepared by the New Jersey Gambling Study Commission in 1973.

ACR 128 provides the groundrules for further implementation with the proper safeguards and state control as deemed necessary by the Governor, the

Attorney General, State Treasurer and Lottery Commissioner.

I do not intend to bore you with repetitive remarks that I have made at previous public hearings but to expand upon certain issues that are relevant to the question.

Today you will hear many witnesses with suggestions and proposed amendments and outright objections. The time for the objections will be at the ballot or do the objectors not want the public to have the right to vote. The time for implementation of the rules and regulations will be after next November. I would like to offer one recommendation for the future. Perhaps certain state revenues from casino gambling could be placed into a reserve or sinking fund to be used to meet the moral pledge of the legislature on the interest and amortization of the Hackensack Development Sports Complex bond issue. It's a thought that should be investigated.

Certain witnesses will testify that gambling is immoral. But, what in our daily lives is not a gamble. Even the stock market is a gamble, and I feel certain that many eleemosynary institutions hold stocks and bonds within their portfolios.

On Wednesday, Senator Raymond Bateman thought the public would be confused about the question at hand and the problem facing the legislature on the education issue. The public will not confuse the issue because they know the problem is enormous and can't be solved by the revenues from casinos. He mentioned lottery, so here are a few facts about:

1. NEW JERSEY LOTTERY

In less than 3 1/2 years since its inception the New Jersey Lottery has:

- a. Sold 650,000,000 tickets
- b. Gross revenue of \$325,000,000.
- c. Net profit to the State of New Jersey for aid to institutions and education of \$158,000,000.
- d. More than \$150,000,000 awarded in prizes.
- e. More than 2,000,000 prize winners.
- f. The creation of 28 millionaires.
- g. \$17,000,000. will have been paid to the business community of New Jersey in the category of sales commissions and fees for their participation.

And these statistics represent the fiscal year ending June 30, 1973, which is ten months old. A strong misconception exists in the mind of the general public as to the typical lottery customer. Surveys conducted by the Lottery Commission show:

1. 53% male and 47% female.
2. 82% of buyers are 35 years or older.
3. 71% of buyers earn more than \$7,500. per year.
4. 68% of buyers have a high school education.

Consequently, the typical profile of the buyer is a male with a middle or upper income, 50 years of age and at least a high school graduate. These facts should be borne in mind when it is assumed that the typical buyer is a low income minority group person who is depriving his family of bread on the dinner table.

2. NEW YORK CITY OFF TRACK BETTING

I cannot think of any other business in the world that within a 3 year period, is handling over 700 million dollars per year and became one of the biggest corporations in the world. Again, bear in mind that this activity is taking place only in the 5 boroughs of New York plus one additional OTB parlor in Schenectady, New York. What will happen when it is expanded throughout New York State and into other states would be pure speculation. But, you can be certain that the numbers will be in the billions. Naturally, there were many problems in the creation and implementation of New York City Off Track Betting, but no one can say it has been a failure. On the contrary, is is a true Horatio Alger story or better yeat a Howard Samuels story.

3. MORAL OPPOSITION

The cry wolf approach of many in opposition is that government is sanctioning and endorsing the idea of creating degenerate gamblers who will lose their life savings at a casino. This argument is ridiculous due to the fact that the availability of doing so exists right now whether it is done legally by playing bingo, buying lottery tickets, or going to the race track; or doing illegal gambling by using a bookmaker, numbers writer or friendly poker game in your home.

My feeling is that the public does want gambling. The evidence is there in terms of illegal wagering. I believe that using a business approach is the way to compete with organized crime. I don't think government, therefore, is leading the public; I think government is allowing the public to make its own choice.

Next, at previous public hearings some law enforcement officials brought forth the theory that organized crime leaders were buying up property all over the State of New Jersey. My suggestion to these officials is that they conduct an investigation of that claim and my first recommendation would be to contact the J. M. Goodman Co., P. O. Box 316, Bala Cynwyd, Pennsylvania for copies of the Goodman Reports which lists property transfers in New Jersey by location, price, mortgage, buyer, seller, lot size and block and lot number. Their phone number is 215-473-1610.

4. CONTROL PROCEDURES

The current New Jersey Lottery Commission should study the format instituted in New York State relative to the creation of a gambling super agency. Our Lottery Commission could follow a similar program.

On May 18, 1973, the New York Legislature created the New York State Racing and Wagering Board. It absorbed the powers, functions and duties of the already existing State Racing Commission, the Harness Racing Commission, the Quarter Horse Racing Commission, the State Lottery Commission, and the Off-Track Betting Commission. Basically, the new Commission has general jurisdiction over all horse-racing activities and all pari-mutuel betting activities both on-track and off-track in the State; and over the corporations, commissions, associations and persons engaged therein and over the state lottery.

The chairman of the Racing and Wagering Board is designated by the governor as are the other two members (no more than two of whom shall belong to the same political party) with the advice and consent of the Senate. This shall be their only jobs and they shall have no direct or indirect or remote interest in racing or wagering. They have six year terms, can be removed for inefficiency, neglect of duty or misconduct (after charges and a hearing), can hire such employees as deemed necessary, conduct such investigations as required, can retain consultants to render technical or other assistance, shall make annual calendar year reports, and shall study the non-profit New York Racing Association as to improvements in its operation and as to whether a public benefit corporation should be formed for each track.

If ACR 128 is approved by the Assembly and Senate then the statement that I made before the New Jersey Senate Judiciary Committee (headed by the former Harry Sears) on December 8, 1970, holds truer than ever: "It is my belief that there has been much pressure and money in New Jersey trying to kill this legislation. It's coming from Nevada, Bahamas and the elements of organized crime. I hope our Legislators haven't fallen victim to the rumors and stories. Please stop protecting the crime lords and approve this resolution."

It is now 3 1/2 years later. Has there been any progress? I certainly hope so! One of the tactics used was to delay and 3 1/2 years is certainly a delay.

Now is the time to move. I have never seen such wide support for an issue to be placed before the people for their vote: labor, management, Republicans, Democrats, young and old, rich or poor.

There are 100 million people within 500 miles of New Jersey. Let's try to bring these people to New Jersey with fresh money. Let's create a brand new industry. Instead of them flying to distant areas, let them come to New Jersey. Let New Jersey lead in the war against organized crime. Let the people vote. I repeat, let the people vote.

ASSEMBLYMAN DOYLE: Where did those statistics on the average lottery buyer come from?

MR. MALAMUT: From the Lottery Commission, sir.

ASSEMBLYMAN DOYLE: Would all of the member hotels in your association feel the same as your testimony if they were to know that casinos would go to no other place, at least in the next few years, but Atlantic City?

MR. MALAMUT: The resolution, ACR-128, is not limiting to any specific locality.

ASSEMBLYMAN DOYLE: Notwithstanding that, could you respond to the question? There has been some question about what the Governor would do by way of enabling legislation. If there is no enabling legislation this resolution is--

MR. MALAMUT: I think a lot depends on neighboring states, sir. If New York or Pennsylvania were to pass the same type of resolution, then there could not be a restricted area in the State of New Jersey. I believe it would have to be expanded to effectively compete with these other states and municipalities - the Poconos, the Catskills, the Berkshires, etc.

ASSEMBLYMAN DOYLE: If those other states didn't pass such resolutions, you would want it throughout

the State, not just in one or two sites?

MR. MALAMUT: It is up to the county and local referendum, yes, sir.

ASSEMBLYMAN HAWKINS: Thank you very much, Mr. Malamut.

Our next speaker is Mr. Joseph W. Katz, representing the Atlantic City Racing Association, Monmouth Park Jockey Club and Garden State Racing Association.

J O S E P H W. K A T Z: Thank you, Mr. Chairman. My name is Joe Katz and I appear today representing New Jersey's three thoroughbred race tracks, Atlantic City and Garden State Racing Associations and the Monmouth Park Jockey Club.

Legalized casino gambling has profound competitive implications for these enterprises, for their almost 8,000 employees, for other thousands - horsemen, suppliers and the like - who have an economic stake in the well-being of racing in New Jersey and for the hundreds of thousands of New Jerseyans who are fans of thoroughbred racing; not only New Jerseyans, of course, but people from other states who travel here to come to our tracks.

But the State Government and the 7½ million people it represents also has a fundamental interest in the economic health of thoroughbred racing in our State. In 1972-73, our three tracks alone provided \$32 million of a total of \$40 million in pari-mutuel taxes for the State treasury. In the forthcoming year - the budget you are now considering - the State expects even more because it has added a 45 day special meeting.

In the total budget, which is something like \$2.7 billion, this might seem like insignificant figures. But when it is realized, I am sure you will realize that Governor Byrne has allowed a surplus of less than \$19 million in balancing his 1974-75 budget and the

importance of the anticipated \$42 million in racing revenues can be seen.

While the attractions of racing and casino gambling differ substantially, I think all can agree that there is strong competition between them for the wagering-recreational dollar. Nevada, for instance, where the existence of casino gambling has aborted every attempt - and there have been a number of them - to establish a viable racing program, offers a prime example of this incompatibility.

Therefore, simple self-interest might dictate that we oppose casino gambling, whether it is limited to Atlantic City or generally permitted in the State. Indeed, it might be advisable for the Governor and the Legislature to be skeptical of casino gambling from the standpoint of the State's financial interest - in other words, its impact on racing revenue. No one seriously predicts heavy State revenue from the casino program presently contemplated. Still, the threat of those casinos to pari-mutuel revenue is very real.

But we are not opposing legalized casino gambling in New Jersey. We think that is a decision that you, the legislators and the voters, of course, must make.

We do, however, - and I want to stress this - enter the most vigorous opposition to two other features of ACR-128 - unlimited casino hours and the possible use of slot machines.

The fact that this resolution establishes no limit on the hours in which casinos may be open to the public presents a perpetual threat to the future of thoroughbred racing in New Jersey.

We are vitally concerned that thoroughbred racing - and also the State's major harness operation, the Freehold Raceway, which all operate during daylight

hours - would be forced to go "head to head" with legalized casinos. We seriously fear that our tracks could not survive such competition when added to existing negative factors with which we are being forced to cope.

As you know, in recent years Pennsylvania has embarked on an expanding program of thoroughbred and harness racing. This has cut sharply into New Jersey's racing efforts. New York - with strong State assistance of all sorts, ranging from the State operation of tracks to lowered take-outs, helped out by State financial assistance - has accelerated its formidable competition. More recently, our State has given the go-ahead to a publicly underwritten North Jersey track which effectively will pay no taxes.

With one of our three taxpaying tracks, net profits already have vanished, that is Atlantic City. The other two facilities have seen sharp reductions on the bottom line. If the small margin between red and black ink is wiped out, then the whole enterprise is lost, not just the few dollars they lose; you lose millions in jobs and in pari-mutuel revenue.

Consequently, the thoroughbred industry requires not just the promise of a statutory safeguard, which could be changed from legislature to legislature and year to year and Governor to Governor, but constitutional protection limiting casino gambling to evening and night hours. Perhaps the enabling resolution could set such limits as 8 p.m. and 4 a.m. and allow municipalities to establish further restrictions within those boundaries.

With such a limitation, racing and casino gambling might serve as complementary tourist attractions in areas where both are permitted. Furthermore, New Jersey's many other attractions - In Atlantic City,

for example, the beaches and boardwalk - could also benefit.

The threat of a Las Vegas-style, 24-hour-a-day string of casinos in one or several cities would come not only as a nightmare to us, but to almost every other business undertaking in a community where casinos are a possibility.

Our other concern is with the possibility that casinos will be permitted to operate more than "table" games - cards, dice, roulette, and the like - but that they will be permitted to decorate their premises with the voracious slot machine, the "one-arm-bandit" and its many cousins.

Our opposition to these devices is, of course, more than aesthetic; it is based on economics. Generally, slot machines return to the public only a small fraction of the amount paid by the other forms of wagering. A high percentage of the money that is thrown into the slot machines effectively goes out of circulation. Not only will that hurt racetracks, but it will be extremely harmful to local business that otherwise might expect to benefit from the casinos.

From the standpoint of appearance, slot machines can be expected to do little to develop a new era of elegance which we understand such resorts as Atlantic City would like to achieve. They will accelerate the trend to the honky-tonk and gaudy; they will act as a deterrent to conventions and other important meetings.

In summary, we strongly urge this committee to amend ACR-128 to include a limitation of casino hours and a ban on slot machines. You will not be interfering with the flexibility future Legislatures must have in implementing this law, but you will be

building in safeguards that are vital to existing enterprise in New Jersey. Thank you very much.

ASSEMBLYMAN HAWKINS: Thank you. Since there are no questions, I wish to thank you on behalf of the Committee.

The next speaker is Dr. Samuel A. Jeanes, Co-Chairman, Coalition of the Christian Religious Bodies of New Jersey. Dr. Jeanes?

DR. JEANES: Mr. Chairman, the Coalition of Religious Bodies of the State has two co-chairmen, the other being Mr. Edward J. Leadem, who is the Executive Director of the New Jersey Catholic Conference. We are a team. I wonder if he could present his statement and then I will follow?

ASSEMBLYMAN HAWKINS: Yes. Mr. Leadem?

E D W A R D J. L E A D E M: Thank you for your courtesy, Mr. Chairman and Members of the Assembly Judiciary Committee.

I am Edward J. Leadem, Executive Director of the New Jersey Catholic Conference and Co-Chairman - as Dr. Jeanes has just indicated to you - of the Christian Religious Bodies of New Jersey, who oppose any extension of legalized gambling.

ACR-128 which is being considered by your Committee, in the statement annexed to it states: "This Resolution proposes a constitutional amendment to authorize casino gambling. It replaces ACR-50 and incorporates changes in that Resolution developed and approved by the Assembly Judiciary Committee."

The essential language of the proposed amendment is contained in the very first sentence of Article IV, Section VII,

paragraph 2D., where it is stated: "It shall be lawful for the Legislature to enact general or special laws under which gambling houses or casinos may be established and owned by and operated under the authority and control of the State, and may be located in specified municipalities."

Thus, in addition to state-owned casinos, the proposal would allow non-state owned casinos - operating under the authority and control of the State.

ASSEMBLYMAN HAWKINS: May I interrupt you, sir?

MR. LEADEM: Yes.

ASSEMBLYMAN HAWKINS: With reference to that point, how do you justify that statement, that it will allow for non-state owned casinos?

MR. LEADEM: I think by a reading of the very words, Mr. Chairman - ". . . established and owned by", and then the word is conjunctive, "and operated under the authority and control of the State. . .". I think that provides for two separate entities, or a "State licensed," if you will--

ASSEMBLYMAN HAWKINS: Now you just used the word "or", that is disjunctive--

MR. LEADEM: All right.

ASSEMBLYMAN HAWKINS: --but, yet, you said this is conjunctive. Is there a difference, sir?

MR. LEADEM: The way I read this sentence I do see a difference, yes, sir. I think this language, when read in the light of ACR-50, which it seems to modify, bolsters my position all the more.

ASSEMBLYMAN HAWKINS: Sir, with reference to what you stated is conjunctive - meaning "and" - does that not mean it also has to be owned by?

MR. LEADEM: I don't read it in that light.

ASSEMBLYMAN HAWKINS: It says, "owned by and operated under the authority. . ."

MR. LEADEM: I understand that, but as I stated, if you take the technical definition of the word "and", I would agree. It is the combination of the two. I think when you read this, ACR-128, as it seems to modify - and I submit that it does - ACR-50, you are really making the word "and" disjunctive.

I don't mean to quibble or be overly concerned with semantics but those words were added for a purpose that must be obvious to us all.

ASSEMBLYMAN HAWKINS: I think there may be a different purpose, from my understanding.

MR. LEADEM: I know that it has caused - after hearing all of the testimony this morning - this Committee grave concern.

ASSEMBLYMAN HAWKINS: Yes, sir. You may continue.

MR. LEADEM: Thank you.

Just one year and fifteen days ago - on April 11, 1973, - we spoke before a public hearing conducted by the Senate Judiciary Committee in opposition to a number of Resolutions, including SCR-2012 which would allow casino gambling.

At that time, we referred to the report of the Gambling Study Commission, which undoubtedly you have seen, and which had been filed on February 5, 1973. The contents of that report are well worth re-reading.

One example is the reference by the Commission - on page 40 - to a statement by Colonel David B. Kelly, Superintendent of our New Jersey State Police, who is quoted as follows: "I am saying that I will predict that if we provide accessibility, permissiveness, and availability to bettors, probably by 1985 we will have a totally gambling-addicted culture. Are we ready to cope with the crime, the permissiveness, and corruption that goes with it?" I submit to this Committee that these very words were reiterated this morning by the

good Colonel and I submit that those words went unchallenged by this Honorable Committee.

In conclusion, we respectfully request that this Committee ponder the words of Colonel Kelly and weigh the consequences he predicts, balancing that with the testimony of those who assert - for they cannot prove their assertions - that allowing casino gambling will "revitalize Atlantic City". I am confident that the scale will tip in favor of the Colonel's predictions and not the other way.

In conclusion, may I respectfully urge that this Honorable Committee vote against the proposal of ACR-128. Thank you.

ASSEMBLYMAN HAWKINS: Thank you very much, sir.

I would like to, for the record, make a statement. The Committee did consider the language to which you refer, very seriously and closely, and the Committee released the bill with the intention that the conjunctive "and" did mean just that - the casinos would have to be owned and operated by the State. This means to say that they could not be owned or operated under the authority of the State; they have to be owned and operated by the State.

MR. LEADEM: Mr. Chairman, would I be out of order if I asked them whether the Committee changed the words of, I think, the third sentence, with reference to where the entire net proceeds go? There was a question raised, I think, by you this morning - or one of the members of the Committee - which, all the more, in my opinion--

ASSEMBLYMAN HAWKINS: Yes, sir. I brought up this question because, obviously, it was a question to be brought up. In discussing the matter further with the Committee and with the sponsors of the bill, it appears that the net proceeds of any gambling establish-

ment operated by the State under the authority of this sub-paragraph, shall be paid into the State Treasury. As long as it is operated "by" it shall be paid into the State Treasury. However, should any general legislation be enacted, wherein some authority or commission would be operating "under the authority and control of the State", in that enabling legislation it would be provided where the monies would be going - mainly to the State Treasury.

MR. LEADEM: Just one more thing. I know we are not to debate this. You are telling us, then, that the language is going to be very clearly stated, one way or another, that there will not be any private operation of casinos?

ASSEMBLYMAN HAWKINS: Sir, it is already, as I have stated. The Committee, very carefully, considered the language and the word "and" - as you stated correctly, in my opinion - is conjunctive, not disjunctive, meaning to say that it is both to be owned by the State and operated under the authority of the State; it cannot be operated under the authority of the State and not be owned by the State. So, we are not going to give any private entrepreneurs the privilege of having this gambling.

MR. LEADEM: I appreciate that clarification. Thank you.

ASSEMBLYMAN HAWKINS: The next speaker is Dr. Jeanes, is that correct?

D R. S A M U E L A. J E A N E S: Mr. Chairman, Members of the Committee, I am Dr. Samuel A. Jeanes of Merchantville, New Jersey, the Co-Chairman of the Coalition of Christian Religious Bodies of New Jersey to Oppose any Extension of Legalized Gambling. This Coalition was formed on a call from the Rt. Rev. George E. Rath, the Bishop of the Episcopal Diocese of Newark.

Included in the Coalition are executive leaders and representatives of the New Jersey Catholic Conference, the New Jersey Council of Churches and the denominations that it represents, the Church Women United of New Jersey and the New Jersey Christian Conference on Legislation.

We would call your attention to the fact that the opposition to this persistent proposal to legalize casino gambling in New Jersey is continuing to increase. A united voice representative of the Christian bodies of this State oppose it. You may recall that there were three Public Hearings on this subject conducted in 1970 and 1971 when only one opponent appeared. Now the people across this state recognize the danger inherent in this proposed legislation. They know that the potential moral, sociological and economic perils that will be encountered far outweigh any profit that might be derived by the few who stand to gain.

Governor Brendon Byrne has called for a policy of "government under glass." We commend him for this and for the steps that are contemplated to bring this about. This legislative proposal needs to be put "under glass" so that the public can see who really wants to make New Jersey an Eastern Las Vegas. An examination of the various Public Hearings on this subject indicate that spokesmen for private interests that stand to profit from gambling houses have come from as far away as London, England.

We would urge this Assembly Judiciary Committee to immediately engage the services of the Attorney General and his staff to make a full investigation of the factors, interests and motivations behind this concerted effort.

Rumors have become a part of these Public Hearings that should be investigated...rumors of underworld criminal interests, and reports, not rumors, but

definite information from the State Police of organized crime people purchasing property and buildings in anticipation of the legalization of gambling houses. They should be investigated. And there have been charges made that churches and clergymen have been unwitting allies of organized crime when they oppose gambling casinos. One sponsor of this bill is quoted by the Trenton Bureau writer of the Philadelphia Bulletin as saying just a few days ago, "It is the beginning of the end of a monopoly enjoyed until now by Nevada. I foresee them putting millions into an effort to prevent the people of this state from getting casino gambling. I also see some unsavory people...professional gamblers and others...putting in millions of dollars in an effort to defeat the referendum and they may very well use some well meaning people in their attempt."

Well, if New Jersey is going to have government "under glass" let's put this gambling proposal under glass and see who really wants it. And no action should be taken on this Assembly Concurrent Resolution until a competent, dependable and trustworthy investigation is made.

Assembly No. 128 is laden with possibilities of corruption which New Jersey just does not need. We do not want the State to be in the business of urging its citizens to come to its own gambling casinos from which they may leave minus their life's savings, their home and even their job to spend the rest of their lives in the clutches of the loan sharks. Even the so-called "State Ownership" which is supposed to mean "honesty and integrity" is not clearly spelled out in this resolution. The expression, "operated under the authority and control of the State" could be a very elastic phrase. And the Legislature is empowered with the enactment of general and special laws under which the gambling houses operate. Imagine the political pressures and possible corruption that could be involved here! This will really put the gamblers in the political realm.

ACR No. 128 also leaves in the hands of the Legislature the type and number of gambling houses and the games that will be permitted. Can you envision possibilities for corruption in that?

There was a time when the citizens could take seriously any written guarantee that would offer protection to a community or county. New Jersey had such protection written into its Racing Law. That guarantee of protection was honored by three administrations. But the previous administration, by the creation of a Sports Complex Authority is compelling the people of Bergen County to have a race track whether they want one or not.

ACR No. 128 is an unworthy legislative answer to the legitimate needs of the State and any of its political subdivisions. Each form of gambling that we have legalized - the race tracks, night racing, the lottery, they all carried the assurance of their sponsors that now the financial crisis of the moment would be alleviated. Usually it was designed to undergird the cost of education and help our youth. We can still hear some of our college students asking why their tuitions were raised when we had a lottery to solve our educational problems.

But the promises had little substance. And here we are today with perhaps the worse kind of gambling before us that the State could promote. With or without State control unscrupulous men are going to serve their own interests. This is not an honest way to meet the cost of government.

And you cannot discharge your responsibility to the people by saying in a Pontius Pilate attitude, "Let the people decide." The elected representatives of the people are supposed to be able to make moral decisions. You are sworn to promote the welfare, not of the special interests, not of the commercialized gambling syndicates, but the welfare of all the people. The good of the citizens of this State, this generation and generations yet unborn will be jeopardized by the enactment of this resolution. What kind of State do you want to turn over to them? When all the leaders in the field of law enforcement say that casino gambling is bad and when the religious leaders say it is bad, and when the mayors of some of our big cities say they do not want it, who really does want it?

And if you persist in following the intent of the sponsors of this resolution

and place it on the ballot, who will pay to tell the story of its dangers and pitfalls.

Someone has said that the people need release from the subtle thralldom of referendum morality. Do not forget, wrong by consensus is still wrong.

We urge you to defeat this resolution for to defeat it will be to protect the people you are elected to serve - but to approve it can provide occasion to weaken and corrupt and perhaps destroy them.

ASSEMBLYMAN HAWKINS: I have one question, sir. Who is to determine when something is wrong?

DR. JEANES: I think we have some very basic standards. Am I my brother's keeper? That's a good one. The Golden Rule is another good one.

ASSEMBLYMAN HAWKINS: Well, who is to apply all these standards?

DR. JEANES: I think we are to apply them.

ASSEMBLYMAN HAWKINS: Namely the people.

DR. JEANES: I think you are to be guided. You were sworn in, Mr. Chairman, by taking an oath on the Bible. We respect this Book. This has been the source of our wisdom, the basis of our jurisprudence through the years. When we get away from that we are in trouble.

ASSEMBLYMAN DOYLE: Just to emphasize the Chairman's point because it came up with me, personally - this "let the people decide" - we weren't given any great gift of moral wisdom. I only got 51% of the vote. On questions such as this, don't you think these ought to be submitted to referendum?

DR. JEANES: I think, Mr. Doyle, that there are times where you must exercise moral discretion, regardless of whether people are for you or against you.

ASSEMBLYMAN DOYLE: I am not speaking for or against the question to be posed at the referendum.

DR. JEANES: For instance, if we were to operate the State on the basis of majority votes, we might just as well have computers here, instead of human beings.

ASSEMBLYMAN HAWKINS: Thank you very much.

DR. JEANES: You are welcome.

ASSEMBLYMAN HAWKINS: Our next speaker is Mayor Raymond Kramer from Asbury Park. Mr. Kramer?

MAYOR RAYMOND KRAMER: Chairman Hawkins and Members of the Committee, I'd like to thank you for giving Asbury Park the opportunity to present its views on gaming casinos.

Since Mayor Bradway, of Atlantic City, and I have the same problems, what I may say may coincide with what he has said but I guarantee that I won't use more than the five minute limit.

The original position of Asbury Park was that if Atlantic City obtained casino gambling, Asbury Park wanted casino gambling; if Atlantic City did not obtain casino gambling, Asbury Park did not want it. However, as a result of a survey made by Stockton College for the Resort and Travel Association, it cast a new light on the urgency of creating a stimulus for the economic growth of tourism in our State.

The Stockton College survey will show that tourism is a \$7 billion business in the State of New Jersey. As such, I think we must protect the number one industry in the State, and I maintain that gambling casinos are necessary to assist the resort industry in merchandising their product, stimulating economic growth investment, and reducing unemployment in areas such as ours, and also - but I don't think this is the most important - produce revenue for the State.

When the Arabs sell us oil they are exporting

a natural resource and importing our dollars. When the resort industry imports money in our State, we are not giving up a thing. Our beaches are still there and the sunshine is still there. But what we are doing wrong is, we are exporting people to the Bahamas, Las Vegas, Monte Carlo, to Freeport, to San Juan, to London, and all the islands that have casino gambling.

When Senator Dumont was Chairman of the Gambling Study Commission, the conclusion of the Commission was that the public confidence in the honesty of the Racing Commission, the Legalized Games of Chance Commission and the Lottery Commission was very high. I think that we can be just as successful in supervising a Gaming Casino Commission.

Just as a note, the State, last year, spent \$120 thousand on advertising the resort areas of our State. The Reno Chamber of Commerce spent \$532 thousand just advertising Reno. So, it is obvious that we are not taking advantage of the fact that 80 to 100 million people reside within a 500 mile radius of our area and we are failing to supply them with a form of vacation and entertainment they are looking for.

In addition to revenues from casinos, of course, it is obvious that there will be increased revenues from our gasoline tax, our sales tax, alcoholic beverage tax, parkway tolls and cigarette tax.

I am going to conclude now, although I am sure I still have a couple of minutes left. After listening to the testimony of some of the gentlemen today, some of the respected gentlemen, I have four or five asides that I would like to throw out.

The first one is that Asbury Park operates our beachfront, and we have a beachfront facility available for gaming.

The second one is that we object to Atlantic

City being the guinea pig because in research you find that you may need two or three guinea pigs to get a cross section of what the true picture is. Also, in using one city, I think it reduces revenue to the State, but, more important, it would reduce the real estate investment and the unemployment problems that we are trying to cure.

There was mention of additional police protection in resort cities. Our city has a population of 20 thousand; in the summer it is about 100 thousand. We are geared for 100 thousand people. We have 65 policemen. So, all our services are geared for a maximum amount of business. We would not have a police problem.

In mentioning supervision of casinos you find that years ago, in Las Vegas, most of the law officers had to take another job - and their jobs were working in the gaming casinos in supervision areas. Most of these gentlemen today are retired and they are managers of gaming casinos in the Islands.

I am going to close with one other item, and that is the misconception of gaming casinos. Everybody pictures it as a Las Vegas type of operation with a Texan in a sombrero, with a fist full of thousand dollar bills in one hand and a drink in the other saying, "shoot 100 thousand dollars". This couldn't be further from the truth. Most gambling casinos that I have seen in the Islands open at 8:00 at night; jackets are required; if you are a participant you are served as much alcoholic beverage as you would like - and I have **never** seen anyone ejected - and you can almost call it a dignified operation. I think if they can do it in the Islands they can do it in New Jersey.

Gentlemen, thank you very much for your time.

ASSEMBLYMAN HAWKINS: Thank you very much,
Mayor.

Our next speaker is Mrs. Eugene VanNess,
President of the New Jersey Horse Council.

M R S. E L I Z A B E T H Y E T T E R: I just
wanted to say I am not Mrs. Eugene VanNess, I am
Mrs. Lawrence Yetter, substituting for Mrs. VanNess,
who is ill.

I am an advisor to the New Jersey Horse
Council and I speak for the entire New Jersey horse
industry.

I am grateful for this opportunity to express the position
of the New Jersey horse industry on the issue of casino gambling.

When I speak of the horse industry, I speak not only of
racing and the racing breeds such as the standardbreds and thorough-
breds. I speak also of the many non-racing breeds such as quarter
horse, arabian, appaloosa, morgan horse, saddlebreds and others. I
speak of large farms as well as the owner with just one or two animals.
I speak of young people in 4-H and horse and pony clubs. I speak of
breeding programs and shows and sales - a wide range of horsemen's
activities. I speak of feed, fencing, trailers, clothing, equipment,
veterinary services - countless businesses that depend on us for their
very existence. Equally important, I speak of thousands of citizens
whose jobs depend on the horse industry.

A state-financed survey taken about three years ago showed
that the horse industry is growing - that the horse population is
increasing and that more and more individuals and families in almost
every part of our state are participating in horsemen's activities.
It showed that we are at least a quarter of a billion dollar industry,

that we contribute to the preservation of green acres, that we provide wholesome activity for increasing numbers of young people, that we mean jobs to New Jersey.

It is clear, then, that we are a major, well-established and growing industry. Our concern today is that this industry is seriously threatened by the prospects of casino gambling.

Recent statements by legislators and the Governor indicate that casino gambling could soon become a reality not only in Atlantic City but several other areas of our state. As a new and highly appealing attraction for the gambling dollar, these casinos would have to draw people from our race tracks.

What would this mean to our industry?

Reduced attendance at the tracks would mean less revenue, smaller purses, a poorer quality of race horse, still less attendance and still less revenue. This, in turn, would result not only in reduced revenues to the state treasury but a sharp curtailment in racing proceeds allocated for breeder award programs and many other Department of Agriculture activities which mean so much to the well-being of our industry. This almost certain chain reaction must be harmful to us and to the New Jersey economy.

As we see it, New Jersey itself is taking a dangerous gamble. It could be undermining a strong, thriving horse industry for a venture into casino gambling, something which we quite frankly believe the horse industry and the people of this state just don't need.

And so we ask that you consider our legitimate needs and the importance of the horse industry to this State before taking a course of action - casino gambling - which is not in the best interest of our industry or the people of New Jersey.

ASSEMBLYMAN HAWKINS: In other words, you coincide with Mr. Katz?

MRS. YETTER: Not entirely. We do not feel that any type of casino gambling should be encouraged at any time. We feel it would definitely hurt the horse industry and since it is a rather thriving industry at this point, and a great many people are employed through it, we do not feel that we could approve of anything that would harm it.

Thank you for the opportunity to be here.

ASSEMBLYMAN HAWKINS: Thank you very much for being here.

The next speaker is Reverend Philip Kunz, Director, Social Concerns, New Jersey Council of Churches.

R E V. P H I L I P K U N Z: Gentlemen, as Chairman Hawkins knows, we never read all of our testimony into the record. It is before you. I would like to just highlight it and I think we will be finished very quickly.

The New Jersey Council of Churches appreciates this opportunity to testify on pending measures which would authorize extension of legal gambling in the State. New Jersey Council of Churches is composed of the 12 major Protestant denominations in the State, or about 1 million members in 3000 congregations.

NJCC is totally opposed to any extension of legal gambling. This position is in accord with the formal policies of each of our member judicatories and our Legislative Principles.

More Important perhaps, NJCC is opposed to extension on the rational grounds that such legal gambling would not help the State and its people, but rather do us all great harm.

I want to call to you attention, members of the Committee, the figures that we have on page 1 that relate to the fact that none of the claims for gambling revenue, at any time in the United States, have ever been realized. The plain fact is that every prediction of substantial revenue through legal gambling has always fallen drastically short. I believe that the Committee can substantiate that assertion with other data, beyond the limits of this particular testimony.

I'd like to also point out to the members of the Committee present the statements in this testimony regarding revenue in Nevada, wherein we cite that the State of Nevada, in 1970, received \$804.3 million. We also notice there that the State of Nevada is very uneasy about whether that was the correct amount because they admit to the fact that they have been a victim of skimming throughout the years, even though they attempt to have a sanitized operation. The fact that Meyer Lansky is wanted by the FBI and deported from Israel on other charges relating to skimming \$60 million off the casino tables suggests part of the problem that New Jersey will face under any type of casino operation.

I also want to, again, add to this paragraph. The Committee can ascertain independently that an average Las Vegas casino has an annual income of around \$30 million. Now, that means that they have a before-tax profit of 12%, or, doing your own arithmetic, as you will, you will find that is \$3.6 million. What we are saying here is to emphasize

the next sentence. In short, the revenue from legal gambling is not a major factor in finance of public purposes in any state.

A little bit further on in the testimony, you will find us highlighting the fact that, in public, both Governor Byrne and Mr. Perskie have said - in March - that revenue is not a major concern. This is why we are asking this question in our testimony, why should we have more gambling? In short, since it has been conceded by primary people interested in casino gambling, and other forms, most of the argument for it has been put aside.

I also want to make note of the crime figures that we have incorporated here, which I am not, obviously, going to run through, with the time consideration. However, I am sure that you will see here that Clark County, which is the Las Vegas area, with a far smaller population, has a far higher crime problem than metropolitan Philadelphia, or Asbury Park - whom we have just heard from - or Atlantic City - from whom we will be repeatedly hearing.

Part of the problem here is just exactly the fact that they do have 15 million transients. When I hear the Mayor of Asbury Park, who is an honorable gentleman, say that he controls 100 thousand people with 65 policemen, I wonder, with that kind of ratio, if we want to have millions more transients here in order to milk them of their money in New Jersey. I think we are going to have to hear some more realistic figures in this hearing from the proponents of gambling about what the police costs are going to be. In fact, if anything, I am a little bit disappointed, once again, in the officials, in that we have never had, in all of the hearings through the years - and Mr. Hawkins, you have been in on some of them - the real

cost figures on what it is going to cost to extend the policing and prosecution factors. Every public official has said that is going to go up by an appreciable measure but they never come in with the figures. I don't think that's adequate. I think the advocates of gambling are the ones who have to make the case in this situation; they are the ones who are proposing to alter a State Constitution, not just a few statutes - a State Constitution - and they have offered no substantial scientific data on the costs of casino operation and on the cost of law enforcement.

I want to make further note of the odds that we have here on gambling which substantiate our claim that gambling - legal or otherwise, but especially legal - is no more than a government approved con game. Individual bettors do not win and the 3.1% income to the State on the State Lottery in the State of New Jersey isn't particularly winning either.

Now I finally want to nail down one argument here - underline it - and then we will quit, gladly. We've had many allegations on this particular issue through the years that we are going to have a bonanza of jobs. I hope that you will pay attention to our testimony on this where we say that Atlantic City and the other areas would be far better off doing hard work on the electronics industry, on the container port, on pollution control device manufacturing, and all the other kinds of indicators that economists will tell you are the needed industries over the next 30 years, and not put more into an industry, i.e. tourism at a certain level, that has already died about 20 years ago. Talk about beating a dead horse, this proposal certainly is that.

The entire case for the extension of legal gambling through casinos is the greatest illusion every offered here. When you go through the opposition

testimony - that is to say, the testimony making proposals about gambling - I doubt that you are going to find any substantial figures on how many jobs, who will get the jobs, who will get the training, etc. In short, what I am saying, very bluntly - but I believe very candidly - is that the unemployed people of Atlantic City, New Jersey, who in the main part happen to be poor black women, are not going to be the first in line for plum jobs if we put in casinos - as a guinea pig or otherwise.

I think we ought to rest with our written testimony here and see if you have any questions.

ASSEMBLYMAN KARCHER: I have just one question. Are those figures - the crime figures from Philadelphia - based on the FBI figures or are they based on the Bureau of Census figures which show that for every crime reported in Philadelphia, three went unreported?

REV. KUNZ: Mr. Karcher, right or wrong, the figures we had to go with were the FBI standard metropolitan figures.

ASSEMBLYMAN KARCHER: You are aware though that the Census Bureau said three out of every four crimes in Philadelphia went unreported?

REV. KUNZ: Right - and in New York and other places.

ASSEMBLYMAN KARCHER: It is two for one in New York. It is four to one in Philadelphia.

REV. KUNZ: Right. However, if I may, with your permission, I'd like to say that what they have uncovered there is a national phenomenon and I think we can make the same kind of extensions about Atlantic City and Asbury Park and maybe even Newton, New Jersey for that matter.

ASSEMBLYMAN DOYLE: The figure you have, Mr. Kunz, about \$23½ million for 22 thousand investigations,

is that in the current budget?

REV. KUNZ: Yes, sir. That is '75 proposal which you folks have before you.

ASSEMBLYMAN HAWKINS: Mr. Kunz - Reverend Kunz, I'm sorry - thank you for your very learned discussion and the facts that you have presented in your paper.

REV. KUNZ: Thank you, Mr. Hawkins.

(statement on page 200)

ASSEMBLYMAN HAWKINS: The next witness will be the Honorable Mayor Guy F. Muziani from Wildwood, New Jersey.

MAYOR GUY F. MUZIANI: Mr. Chairman, the prepared text is lengthy and for sake of time I am going to bypass and overlook a number of paragraphs in this presentation and present them to you orally.

ASSEMBLYMAN HAWKINS: It is appreciated, thank you very much.

MAYOR MUZIANI: Mr. Chairman and Members of the Assembly Judiciary, Law, Public Safety, and Defense Committee of the State of New Jersey. The citizens of the greater Wildwood area certainly appreciate the opportunity you have afforded us today to present our views on legalized casino gambling, as embodied in ACR-128.

We have carefully considered the issues in this resolution and had many thoughtful discussions with members of my administration, and social, civic and business leaders from the greater Wildwood area. There are several basic points we would like to convey to this Committee.

We recognize, all too well, that some of our great resorts, such as Atlantic City, Asbury Park, Wildwood, and others, have aged, deteriorated, and been subject to tremendous competition for the huge

tourist dollar. Even in an aged condition, it is clear that New Jersey ranks fourth in the U.S.A. in terms of the tourist industry, grossing over \$3 billion per year. What has been lacking in the past has been a reinvestment of State dollars through special aid programs to allow some important resorts to remain competitive. The State has a special financial interest in the continued success of tourism, since it derives over 300 million dollars in sales tax, gasoline, alcohol, tobacco taxes, and, of course, in road tolls.

We can, therefore, fully appreciate it when one, or several sister resort communities, recognizes that only a superior marketing attraction, such as casino gambling, can turn things around for them. We believe in, and support, their right to self-determination and to select legalized casino gambling as a remedy for their economic condition, pending State approval. This well applies also to some of the major cities in New Jersey, particularly those bordering the States of Pennsylvania and New York.

Wildwood has survived, due to the development of its sister communities to the North and South and they have grown because of us. We compliment each other well. We provide the activities, and they provide the accommodations and small homes and summer cottages. The balance of the three communities is what we believe makes the Wildwoods such a family attraction. That is our key - we are family oriented. Therefore, the Wildwoods do not need gambling to sustain us economically.

However, we are quite aware of the nearness of Atlantic City, it is only 35 miles up the coast. Should Atlantic City prosper as well from casino gambling as some people believe, then it could have an adverse economic impact, and penetration into our gross revenues. We trust Atlantic City and other communities who select

casino gambling are as successful as they hope to be. But we, in the Wildwoods, must have the municipal option, and the sole option in our area, excepting the jurisdiction of the State of New Jersey, to elect gambling if it means our economic survival. We do not know that other resorts with casino gambling will have that much effect on us, but we do know we must keep intact our sole option to respond if it does.

Now ACR-218 threatens us greatly in one very important respect. It superimposes upon Wildwood the will of the county - by virtue of a county referendum. It threatens every resort, such as ours, where the county voting registration outnumbers the resort by such a great margin. Cape May County's population outnumbers Wildwood, for example, by 14 to 1.

A comparison of key resort populations with their respective county population is very interesting. The four major seashore counties are Atlantic, Cape May, Monmouth and Ocean. We have used the full census figures of 1970 in making these comparisons.

For instance, the population of Atlantic City represents 27% of the county population. In Wildwood we have 7% of our county population. Asbury Park has 3.6%. Long Branch has 6.9%. Long Beach has 1.4%. We were not able to find one city with more than 5% of the population of the county.

This comparison highlights the fact that of all seashore resorts, Atlantic City is in the best position, by far, to influence the outcome of a county referendum, and, perhaps, the only one.

The two super cities of the State, Jersey City and Newark are in a position to look after themselves, as they represent nearly half the population and electorate in their respective counties.

However, all other cities, even major cities like Camden and Trenton would have more difficulty

in attaining referendum success than Atlantic City, and, certainly, other seashore resorts would have little opportunity at all.

We believe we have demonstrated, in our strong support for the self-determination principal for all resorts, our unselfish interest in the wellbeing of our sister communities. We do accept the marketing concept that stronger resort business up and down the New Jersey Coast will ultimately benefit all of us.

Another concept that we wish to emphasize here today concerns the State controlled, State operated casino gambling vs. State controlled, privately operated casino gambling. We strongly recommend that casino gambling, if proposed, be State controlled and State operated. We believe it would be in the best interests of the public at large, and all small and medium sized businessmen in areas affected if this policy be followed. The State operates the lottery exclusively and successfully, with the maximum proceeds devoted to the public welfare. The method of operation would be European type, with limited hours of play and with a limited number of locations. Since the State would control and operate the casinos, there would be no verticle interest in motels, restaurants, theatres or places of entertainment. This contrasts sharply with Las Vegas gambling which takes place in every form, at every place, including gas stations and washrooms, and at every hour of the day.

The greatest fear of casino gambling is that it might be privately owned and operated because then, in a short time, it would absorb the motels, restaurants, and entertainment business of the entire resort area. Nothing could then operate outside its influence, as nothing without the gambling money input could compete with it.

Many resorts will not choose casino gambling for various reasons of their own. Others, who may desire it, may be denied it for reasons unknown at the present. Provisions should be made to assist these other important and family resort areas to improve their facilities and image, so that the State and the communities may benefit from the established tourism other than that stimulated by gambling interests.

A percentage of the net State gambling proceeds would attend to this quite well, for example 10%. While the percentage is a matter for legislative consideration, it is important for the balance in State tourism and for areas affected by gambling to develop ways of coping with the changing condition and not leave it solely to the devices and resources of the resorts involved.

Members of this Assembly Committee we are grateful for your careful attention to the points we have raised. We, of the Greater Wildwood area, trust that you will give these grave concerns of our citizens your most serious consideration.

It is imperative that this Committee approach the subject of casino gambling with caution. For unless there are adequate safeguards in the form of State controlled and operated facilities, and the deletion of the county referendum which creates de facto exclusivity, serious economic dislocations in other resorts would take place.

In our case alone, the lifelong work of thousands of people are at stake, and also their property investments of over 300 million dollars. We are but one area. There are many other areas that could be equally damaged.

It would be truly ironic if legalized casino gambling, which is looked to by some as a cure-all for their tourist problems, would, instead, be the

means to destroy the economies of presently healthy and self-sustaining resorts. Thank you very much.

ASSEMBLYMAN HAWKINS: Thank you very much. We do have your full statement?

MAYOR MUZIANI: Yes, sir. I have here, with me, a statement by a former mayor of the City of Wildwood - he is presently Commissioner - who has attended all the previous hearings.

ASSEMBLYMAN HAWKINS: If you will leave that with us we would appreciate it.

MAYOR MUZIANI: O.K., fine.

(full statement on page 204)

ASSEMBLYMAN HAWKINS: The next speaker will be Mr. Joseph Rogers, Spokesperson, Anti-Monopoly Party.

(not present)

Hearing no reply from Mr. Rogers, I will go on to Mr. Kenneth Oleckna, Governmental Affairs Chairman, New Jersey Jaycees.

K E N N E T H O L E C K N A: Thank you, Mr. Chairman. The Governmental Affairs Committee of the New Jersey Jaycees has already mailed out to all our State Legislators a copy of our platform and our program in this particular area. Therefore, I'd like to talk to you, just briefly, about why we have done it and what we have done in the past.

This is not the first time the New Jersey Jaycees have taken a stand on the issue of legalized gambling. Two years ago, we came out in favor of legalized gambling for Atlantic City. In February of this year we modified our position to reaffirm our support for legalized gambling throughout the whole State, subject to local and county optional charter rules and a local referendum.

There are three particular reasons why we came out in favor of legalized gambling. Employment - we found that, particularly with reference to our

resort areas, there is a high rate of unemployment. I think Mayor Bradway, of Atlantic City, mentioned that. I think it is interesting to look at other problems which are arising in our resort areas. For Example, Atlantic County, I understand, is losing NAFEC - National Aeronautics Flight Experimental Center - which generates thousands of jobs, either directly or in related activities. Certainly we should be concerned about where these people will be working.

Revitalization of our resort communities - one of the earlier witnesses testified that this is a dead industry in New Jersey. The New Jersey Jaycees do not take that position. We are proud of our resorts. We want them to survive and we will do anything we can to enhance that survival rate.

Finally, revenue - we feel that any money which will come out of this particular program to stave off a state income tax would certainly be beneficial to the State of New Jersey.

This is the position of the New Jersey Jaycees. We intend to advocate this position and if it goes on the public ballot, we will work for its support. Thank you.

ASSEMBLYMAN HAWKINS: Thank you very much, Mr. Oleckna.

Our next speaker will be the Rev. Jack Johnson, Division Chairman of General Welfare Board of Church and Society, Southern New Jersey Conference of the United Methodist Church.

(not present)

The next person on the list is Mr. George Stockinger, Secretary-Treasurer, State Association IBEW. Welcome, Mr. Stockinger.

G E O R G E S T O C K I N G E R: Thank you, Mr. Chairman. I would like to deviate just for a second

before I go into my spiel and make a request of you that after this is passed on the ballot and the State gets their first check, they would get some softer seats upstairs in the balcony.

Now to get to the reason we are here, sir. I am the Secretary-Treasurer of the New Jersey State Electrical Workers Association, which has a membership of approximately 55,000 electrical workers in the utilities companies, the manufacturing branch and the construction division. We are all members of the International Brotherhood of Electrical Workers.

At our semi-annual meeting last Thursday in New Brunswick there were 149 delegates there representing the 49 locals and it was voted that we back the referendum to go onto the ballot. Most of the delegates that were there also were in favor of backing the casino referendum for Atlantic City at this time, as the pilot program, realizing that if it works and there are no problems there would be a very good chance for it to be expanded in a few years so that they could have it in any of the cities that they wanted it in.

Just to speak for a few moments more, I would like to comment from a personal viewpoint. I am also the Business Manager for Local 211 in Atlantic City. About five or six years ago - to give you a little update on the working conditions down there, or the unemployment - we had 100 electricians working in just a one square block area of Atlantic City on new motels and hotels. Today, we have approximately 12 electricians working in Atlantic City on maintenance and refurbishing of the motels and hotels. So, at this time, the only solution we see is the casino referendum to help us in our plight in Atlantic City and throughout the State.

I am also the Secretary-Treasurer of the

building trades of Atlantic and Cape May Counties and I would like to state that this past winter has been our worst year in 25 years for unemployment. We feel that it would not be a cure-all but if the referendum is put on the ballot and passed, it would certainly go a long way in helping the ills of Atlantic City and a lot of the surrounding towns and communities. Thank you, sir.

ASSEMBLYMAN HAWKINS: Thank you very much. It is very much appreciated.

The next two speakers appear to be together, Mr. Ralph Green and Mr. John Hickman, Coalition of Black Business Organizations. Welcome, gentlemen.

R A L P H G R E E N: Mr. Chairman, Members of the Committee, I am Ralph Green, President of Ralph Green, Associates, Housing, Land and Economic Development Consultants, based in Atlantic City.

I am privileged to be a representative of, and a designated spokesman for a coalition of minority business interests and organizations in Atlantic City, and the greater Atlantic City area, who have a vested interest in the ongoing economic growth of the State of New Jersey.

Here then, at the outset of our testimony, at this public hearing to consider ACR-128, let me state that our constituency has unanimously endorsed the concept that legalized casino gambling in the State of New Jersey will be a tremendous boon to the State's resort, travel and tourist industry, and, by the same token, a major step in the revitalization of Atlantic City, in particular.

As a representative of some more than 21,000 black and Puerto Rican citizens - in fact, almost half of the Atlantic City population of 47,000 - we felt obligated to personally appear at this rather important

moment in our State's history to physically and vocally lend the support of our coalition of organizations to the efforts of our elected representatives, to make legalized casino gambling a reality.

Since much has been made of the fact that subsequent enabling legislation could be a major provision for giving Atlantic City the needed tools for rebuilding a community in perilous decline and since members of our coalition of business interests and their families are those who suffer the most from our impoverished hand-to-mouth seasonal existence, it is natural, then, as we plan to restructure and rebuild, we plan together. And as we successfully, hopefull, turn Atlantic City around, as we move toward a full healthy year-round economy, full employment, unlimited new job and business opportunities, and new hope for many of our disenchanted young people, in fact, as we return Atlantic City to its former and unique position of queen of the resorts of our Garden State, let us team up to do it together and, thus, equitably share in the many bountiful benefits and spinoffs to be accrued.

Gentlemen, we implore your invaluable legislative assistance in helping us to rebuild our city.- people working with people the way the immortal Duke Ellington and Count Basie have long made such beautiful music, blending the black and white keys of the piano together. Thank you very much.

ASSEMBLYMAN HAWKINS: That was beautiful, sir.

MR. GREEN: At this time, may I present, for the second half of our presentation, a member of our coalition and the President of the Atlantic County Opportunities Industrialization Center, and a professional business development consultant in his own right, Mr. John Hickman.

J O H N H I C K M A N: Mr. Chairman, Members of the Committee, on behalf of the Atlantic City Coalition of Black Business Organizations I would like to present the particulars, as resolved in conference, that the Coalition proposes to the State Assembly Judiciary Committee. One, a referendum be placed on the ballot to be voted upon by the citizens of the State of New Jersey in the 1974 general election regarding casino gambling.

Two, that such casino gambling facilities, if located in Atlantic City, shall be available for private ownership and operation for joint State-corporation ownership and operation, with emphasis towards local business development and job opportunities.

Three, that a bill be adopted, by the State, providing that prior to the opening of any casino, a program for the training of local people to work at all levels of the casino business be established in Atlantic City, and funded by the State.

Four, that, should the State own and operate said casinos in Atlantic City, an accompanying bill provide for employment under the protection of the Civil Service Division of the State.

Five, that a supplemental bill be adopted and provide for a special fund to be established and maintained by the City of Atlantic City for the purpose of providing return transportation home to visitors who are found to be without the necessary finances to return to their homes.

Six, that legislation be passed which shall provide that all casinos be open to all people, without regard to race, sex, class, or manner of dress.

Seven, that legislation be passed which shall provide that casinos shall not be open to persons under 18 years of age.

Thank you, gentlemen.

ASSEMBLYMAN HAWKINS: Thank you, both, very much.

MR. HICKMAN: I have also been asked to supply you, Mr. Chairman and Members of the Committee, with a copy of the Pronouncement by the Session of the West Ministry United Presbyterian Church, in the United States, of Atlantic City, New Jersey

(Pronouncement on page 212)

ASSEMBLYMAN HAWKINS: Thank you.

I wish to state at this time that one of the proposed speakers has been kind enough - and I wish to praise, at this time, his kindness - to hand us a note: "Gentlemen, in the interest of the Committee's time, we submit our testimony in writing. We would appreciate your consideration of this material."

It is from the Greater Atlantic City Chamber of Commerce, specifically from Mr. Walter Murphy, Executive Director and Mr. Coleman Kindle, President.

Thank you very much, gentlemen. It will be considered and entered into the record.

(Statement on page 216)

The next speakers on the list are Mrs. Dorothy Phaler, Chairman and Mrs. J. Federline, Co-Chairman, Church and Society Committee, West Jersey Presbytery.

D O R O T H Y P H A L E R: Mr. Chairman, Members of the Judiciary Committee, my name is Dorothy Phaler, I am Chairperson of the Church and Society Committee of the Presbytery of West Jersey.

I have been commissioned to speak for the Presbytery at this hearing. The Presbytery of West Jersey consists of 70 Churches in the seven county area of South Jersey, representing 30,000 members.

At this time I have a concern I'd like to address to the Committee, if that is in order. May

I ask a question before I begin my testimony?

ASSEMBLYMAN HAWKINS: Yes, you may.

MRS. PHALER: There have been a lot of people here giving a lot of testimony and a lot of hours have gone into this. My question is, will the Committee be able to read and really study this before Monday, when it will become a matter for vote?

ASSEMBLYMAN HAWKINS: That's a very good question and I don't know whether we will have ample time to study everything before Monday, if it becomes - on Monday - a matter of a vote.

MRS. PHALER: I just wanted to bring that to the attention of the Committee.

ASSEMBLYMAN HAWKINS: However, I think you ought to be advised that the information from this Committee and the minutes will be readily available at a future time, if and when the Senate gets the legislation to be passed on, and also, if and when it is passed by the referendum vote. At that point there would be legalized gambling, constitutionally, and we would be studying, I am sure, all of the testimony to determine what is to become of the gambling situation thereafter - if it gets that far.

MRS. PHALER: Thank you.

New Jersey is the most urban state in the Union, and our many cities are in trouble. Inadequate education; unemployment and underemployment; poor housing; a shrinking tax base; ill-health; poverty and crime are only too visible. What will legalized gambling houses or casinos do to correct or improve such conditions? It will be too little and too late--- a temporary substitute for the fundamental change that is required. Our cities need state-wide tax reform; minority economic development; equal educational opportunity; and a return to participatory democracy. Expanding legalized gambling is a way to delay basic reform and plug proverbial "urban dike". We believe sensitive and responsible legislators know this and ACR 128 is a denial of government of the people and for the people.

The whole matter of a referendum is of concern to us. Why do the legislators wish to turn this to a referendum rather than deciding themselves as duly elected representatives of the people to either approve or disapprove legalized gaming? The legislators have access to the facts and figures of the State's economy, the resources to fully investigate the potential problems as well as the ability to bring to New Jersey anyone who could be helpful in making this decision. By turning this matter over to the people you are asking for a decision made by people without access to the necessary information to make a responsible decision.

The ACR 128 is at best ambiguous and we feel leaves the whole matter of enabling legislation wide open for the special interests groups to have a field day. It is misleading in the implication that municipalities have a determinative role in the kind of legalized gaming that may be established. The enticement of money returning to the public coffers without any specific commitment made for the use of these funds is another aspect of the ambiguous nature of this amendment.

The establishment of legal gaming casinos would provide an open door for organized crime to become involved in ownership of such casinos. This further allows organized crime to participate in the decisions about how and where the proceeds of casinos will be spent. Very legitimate fronts can be set up by organized crime to accomplish their ends. Organized crime can easily become a powerful voice in the priorities of the State as governmental institutions address state growth and human needs.

The avowed ethic of our country is to develop human dignity through pride in one's own labor, equal opportunity for employment of all, and the self-development of people. This ideal has not been realized for many citizens of the State of New Jersey, but, the proposed legislation would be destructive to this goal. It feeds the already unsatiated appetites of Americans to get something for nothing, characterized in the ever multiplying give-away shows, discount coupons, bingo, lotteries and chances. Casino gambling would attract persons of all economic levels. It would jeopardize the family through loss of family income, and the creation of gambling addicts. Children would be indoctrinated

early into the got-rich-quick philosophy, by open exposure to such attractions like the "Circus Circus" in Las Vegas. Slot machines and small stake games would be available readily in drug stores, supermarkets, bus terminals, airports and many other establishments. For these reasons, we urge you to defeat ACR-128. Thank you.

ASSEMBLYMAN HAWKINS: Thank you. I think you have asked another legitimate question that, possibly, needs to be answered - why does the legislature give the authority to the people? Are you saying that?

MRS. PHALER: Yes.

ASSEMBLYMAN HAWKINS: Gambling in the State of New Jersey is a Constitutional "no-no", as it is presently set up. The only way that you can change the Constitution is to present it to the people, and that's why we have to do it this way.

MRS. PAHLER: Thank you.

ASSEMBLYMAN HAWKINS: Thank you very much for your testimony.

Our next speaker will be Mr. Michael T. Doorley, President of Local #109, Waiters, Waitresses, Hotel, Motel Service Employees Union, located in Newark, New Jersey.

M I C H A E L T. D O O R L E Y: Mr. Chairman, I'd like to make a few comments before I go into my presentation. I have to commend everybody for their patience and the only thing I can say is that the earlier scenario that was put on by the Heads of State of New Jersey was amply screened by television and I notice their absence this afternoon. I particularly resent that. Not that I, maybe, have anything of such import as they did to say but, In my opinion, they were rather lame.

ASSEMBLYMAN HAWKINS: Your resentment is noted

on the record, sir.

MR. DOORLEY: Fine. I'd also like to say - I noticed the gentleman on the end made some very pertinent observations about unemployment - I come from the City of Newark, which has been ravaged by a riot - an institutional riot - called a "teachers' strike". When we look into the causes, the primary cause is unemployment, unemployment particularly of the young - both black and white.

ASSEMBLYMAN HAWKINS: Sir, does this pertain to legalized gambling?

MR. DOORLEY: Yes, it does. We are talking about jobs. I came here to talk about jobs, not about souls and not about the crime statistics, and self-interest in crime statistics; I am talking about unemployment. That is exactly what I came here to speak about. I just want to make that a matter of record, because what we all share in common here -- Everybody who spoke today has a job. I don't say that this is the total solution, but any attempt to provide jobs for people in New Jersey, I am for. O.K.?

ASSEMBLYMAN HAWKINS: Yes, sir.

MR. DOORLEY: My name is Michael T. Doorley and I am the President of Local #109, Waiters, Waitresses, Hotel, Motel Service Employees Union, located in New Jersey.

Our local represents 2,000 members that work in the majority of the hotels, motels and restaurants in the Greater Newark and Port Elizabeth area.

It has been an unfortunate experience to be located in the urban center of Newark and experience its loss of population and ratables and now its unbelievable real estate property tax load that will only continue to cause residents, businesses and property owners to continue to flee from Newark. This appears to be an

ever increasing cycle with little sign of relief. Our Mayor, Gibson, is trying, but how can you rebuild a city in a short period of time?

The most drastic effect on people employed in our industry has been a great loss of jobs due to the closings of so many restaurants and hotels.

The only shining hope on the horizon for our people is the potential of the Hackensack Meadowlands project. Even though it is only several years from completion, to someone that is out of a job it seems to be an eternity away and only a figment of their imagination. What are they supposed to do in the meantime - live on unemployment and welfare? There is hardly anything more demeaning than living on the dole of the Federal and State Government. Our people need and want work.

It would be curious to know how many people who were here today pay their rent by the week.

ACR-128 is their hope for the future. If it is approved by the people of this State it could be the start of the greatest piece of legislation for our industry.

I cannot think of any area in the world that legalized casino gambling has not been successful in.

Are you gentlemen of this Assembly Judiciary Committee aware of the fact that a powerful group of New York City men called the Broadway Association has put forward a proposal to legalize casinos in the Times Square area as a stimulant and incentive to rehabilitate and upgrade that area?

We, in New Jersey, have had this under consideration for over 5 years. The research, studies and reports are overwhelming. I have lost count of the number of public hearings. I have listened to the do-gooders that continue to want to suppress legalized gambling. They

think if we continue to ignore the concept that it will stop. It will not stop by Sunday morning sermons, nor by covert political maneuvers by persons opposed to legalization, such as organized crime leaders and legal gambling interests throughout the world that are concerned about competition from New Jersey.

Our citizens need and want jobs in New Jersey. They are strangled by the fantastic property taxes on their small homes. Business is fleeing from this State because the cost of operations is running rampant. People employed in our industry that are in legalized gambling areas of the world have the highest pay rates applicable to tourism and travel-related jobs. I wish our employees could have the income comparable to that. Most of our members don't even have steady 52 week jobs.

All segments of organized labor are in favor of this legislation. We can foresee jobs not only in the hospitality field but in construction and retail sale. As these areas improve, there will be more disposable income in their pockets so they can buy automobiles, TV sets, and many other hard goods that effect employment, jobs, and related industries.

New Jersey was the third state to legalize a lottery. We made it such a success that New York and New Hampshire copied our format. So did many other states that have since legalized lotteries, or are in the process of doing so. Let us be the leader for a change, be the first to legalize casinos.

Gentlemen, New York beat us on off-track betting and it has to expand to other states. It is too big and too lucrative to remain in New York City alone. I predict that numbers and sports betting will be legalized in the near future by some eastern state. Let us throw off the shackles of the previous puritan and hypocritical approach to legalized gambling and

channel it to create jobs, industry, and even hurt the organized crime syndicates. Let us vote for ACR-128. It is really our hope for the future. Thank you.

ASSEMBLYMAN HAWKINS: Thank you very, very much for giving your testimony, sir.

Is the Reverend Edward Cook, Executive Secretary of the Christain Social Relations, Episcopal Diocese of New Jersey available?

R E V. E D W A R D C O O K: Mr. Chairman, to save time and repitition, I wish to file the Episcopal position paper of the Diocese of New Jersey with the secretary.

ASSEMBLYMAN HAWKINS: It is very much appreciated, sir, thank you very much.

(Episcopal position paper on page 219)

Mr. Mark Jones, Thoroughbred Breeders Association?

(not present)

We will go on to the next witness listed, the Reverend Carl Edward Nelson, Secretary, Department of Christian Social Relations, Episcopal Diocese of Newark.

R E V. C A R L E D W A R D N E L S O N: I'm sorry, I can't cut my presentation down too much because I worked two days on it, doing, I hope, a lot of--

ASSEMBLYMAN HAWKINS: I can suggest that we will have it read into the record, if you want the entire matter read into the record, and then you can highlight it, verbally, without reading it all.

REV. NELSON: Well, right now the score is, tigers 17 and do-gooders 8. I am one of the do-gooders here.

I am the Reverend Carl Edward Nelson, Secretary of the Department of Christian Social Relations of the Episcopal Diocese of Newark, speaking on behalf of the Rt. Rev. George Rath, Bishop of the Episcopal Diocese of

Newark, and the Department of Christian Social Relations of the same Diocese. We wish to place on record our opposition to the proposed amendment to the New Jersey State Constitution on Casino Gambling (as contained in ACR-128) and our opposition to the referendum on this amendment.

Though we believe gambling (as narrowly defined*) to be morally wrong, the issue before us does not concern what consenting adults do with dice or cards in the privacy of their own homes or clubs or what-have-you. I think most of us agree that we are not in the business of legislating private morality. We are concerned with the use of the power of the State to promote a change in public behavior or ethos.

From one angle, the issue is whether the state of New Jersey shall abolish a certain sector of private enterprise by nationalizing the gambling industry. If the Lottery and race-tracks are the "marihuana" of the gambling industry, then the Casinos are its "heroin." We are now talking about hard-core gambling in high-gear; and the question is whether the state of New Jersey should be in the business of operating, advertising, promoting and pushing this way of life on its citizens.

Now ACR.128 is being proposed by certain Assemblymen, mainly from Northern New Jersey, to alleviate the plight of Atlantic City's poverty-stricken hotel-operators and land-speculators. Maybe some of their contemplated Bonanza will trickle down into the pockets of the truly poor; but the experience of Las Vegas' example leads us to suspect that, proportionately, the rich will benefit far more. It stands to reason that the experts who know how to run casinos (the gambling professionals and—yes—the crooks) will get the big share of the gambling-revenue Pie.

We met in this same room over a year ago to explain in detail our conviction that legalized gambling was not only morally repugnant, but also fiscally unstable, socially regressive in the way it milked the poor, and was a source of unnecessary additional headaches for law-enforcement personnel. Our opponents also came to that same hearing and told us in glowing terms how legalized casinos would provide substantial new revenue to the state's coffers, bring employment and prosperity to our decaying cities, and—oh yes—undercut the income of organized crime.

If any members of organized crime are really worried about loss of their revenue, I can assure you they haven't come to us church people for help. We have to operate our fight against this evil on a shoestring budget. The big money seems to be flowing on the other side.

Has any thorough, objective study been made of what are called the "trade-offs" from extended gambling? For every hundred families that get an employed bread-winner through new gambling industry, how many other families will be thrown on to the welfare rolls because of the compulsive and irresponsible gambling of their breadwinner? For every dollar pouring into the state coffers from the casinos, how much of it must be plowed back for additional police surveillance and crime prevention? Remember that the deliberate juxtaposition of flagrant wealth with dire poverty is not only a recipe for a high crime rate....it is also a recipe for violent Revolution.

Has any objective prognosis been made for the future of the N.J. Lottery if casinos are instituted in N.J.? There is a "rob-Peter-to-pay-Paul"

effect here which can already be observed in New York State's OTB. After all, if there are only "x number of dollars" available to be spent on gambling in this state, the success of any casinos would be to some extent at the expense of the lotteries, which are already wheezing with fiscal emphysema. And Guess Who will have to pick up the tab for our special schools and institutions on that day when the administrative expenses of the lotteries catch up with their revenues? On the other hand, if there are to be more than "x number of dollars" for gambling in N. J., the state is going to have to hustle for them. In short, the State must necessarily abuse its sovereign power to influence the thinking and behavior of its people.

This brings me to our opposition to the Referendum. It would seem "democratic," would it not, to "let the people decide" this matter for themselves? Perhaps if the people had been told the truth, this might be so; although we have elected you as our representatives to make several hard decisions for us (e.g., taxation). Not only do we who opposed legalized gambling not have the funds to campaign and educate the citizenry on this matter, since our priorities are elsewhere; but in addition the power and influence of the State, through its Lottery Commission, has been used to cultivate a climate of public opinion that would be receptive to the idea of state-run gambling. Massive amounts of money have been spent to advertise the N.J. Lottery over the last two years to condition people to accept the myth that gambling is a reasonably likely way of getting ahead financially. Indirectly, if not by design, they have paved the way to get people to accept the idea of Casinos in N.J. Bus ads say "Twice as many chances to Win"—leaving it up to you to discover that there are also twice as many chances to lose. Billboards describe N. J. as "Clover Country,"

implying that people stand a fair chance of being "in clover" if they play our Lottery. Unwittingly, the newsmedia have gone along and added their weight to this myth. For every Cinderella who gets invited to the Millionaire's Ball to be photographed with Prince Charming, there are thousands of others back home who receive no publicity, since their carriages are slowly turning into pumpkins. Nobody is interested in hearing about losers.

Some years back the tobacco industry was compelled to pay for corrective advertising to help undo some of the harm purportedly caused by cigarette smoking. But there is still no little rectangular box in the lower corner of your lottery ticket warning: "Gambling is dangerous to your financial health!" Just think what fun the S.E.C. would have had with the lottery ads if they had been a stock flotation. Why Ralph Nader hasn't caught up with Clover Country is a mystery to me.

Now what I am saying is simply this: Before we have any Referendum on Casino Gambling, if ever, the state of New Jersey should in all fairness undertake corrective advertising to de-condition the public from the idea, the myth, that gambling is a safe, healthy, likely or logical way to prosperity. The principles of fair campaign practice should be extended to the matter of state-run gambling before it is ever submitted to the people for Referendum.

A month or so ago our Governor corrected the more flagrant abuses of the Lottery ads, so that losers are no longer told they're going to be winners. Now they're philanthropists, helping to pay for schools and institutions. I suppose in a few years, if they get their way, they can turn the United Fund canvasser from the door with the reply, "I already gave at the Casino."

Well, that's not exactly what I mean by corrective advertising. I have here, however, a few modest samples: Item: \$10,000 invested in a popular mutual fund over 20 years will grow to \$92,000. But \$10,000 put into the New Jersey Lottery over any period of time will leave its average investor with - would you believe - only \$4,800.

Another item: Instead of a Clover, a large billboard with the picture of a dandelion puff welcomes visitors to the Garden State - "Welcome to Dandelion Country, where gambling helps the poor. . . to get poorer."

I am glad that someone used the term "hypocrisy" in disparaging the opposition to casino gambling. Because I was looking for a term to describe a situation in which marijuana pushers get jail sentences and criminal records, while the Lottery Commission could get away with the most flagrantly deceptive kind of advertising to promote the evil of gambling. The biggest pusher in New Jersey has been the State of New Jersey herself. And now they want us to give them a license to peddle the "hard core stuff".

ASSEMBLYMAN HAWKINS: That was very interesting, sir. Your remarks are well taken. Thank you very much.

ASSEMBLYMAN KARCHER: Reverend, I am interested, really, on a more philosophical basis, in the evil of gambling. In reference to your footnote--

REV. NELSON: Yes.

ASSEMBLYMAN KARCHER: The definition seems, in the parameters in which you have been discussing gambling, to be the same definition in Thomian terms as was used for usury.

REV. NELSON: For usury, yes.

ASSEMBLYMAN KARCHER: Gambling is a risking of something of value in a game involving chance in which no product is created. Now, wasn't that the same old Thomistic argument that was used--

REV. NELSON: I'm not a Thomist. I didn't study it.

ASSEMBLYMAN KARCHER: I'm not a Thomist either. But isn't that the old medieval Thomean philosophy?

REV. NELSON: Someone was right when they said gambling is unavoidable. Life is full of uncertainties.

ASSEMBLYMAN KARCHER: What I was thinking of was in terms of this: If you are going to say "in which no product is created", the entire commodity market - in fact, the entire stock market - creates no product; it is all paper. In fact, this economy of \$3 trillion is based upon paper.

REV. NELSON: I would think that industry is certainly-- There is a product there.

ASSEMBLYMAN KARCHER: Let's take usury; let's take just lending interest rates. There is no product created. That was Thomas's argument; that it was sinful; that it was spontaneous generation; it violated the concept of spontaneous generation; there was no underlying product and, therefore, it was evil, per se.

REV. NELSON: I would think here that when you put your money in the bank at 6% interest - it is 10% inflation, but 6% interest - you are still helping to create the buying of new homes, creating new construction jobs--

ASSEMBLYMAN KARCHER: The only product that is involved is paper. I only have this philosophical quarrel which is irrelevant.

REV. NELSON: People say why don't you sell your Con-Edison stock or whatever it is and make a killing with me in the Lottery. Of course, we all get killed one way or the other.

ASSEMBLYMAN HAWKINS: Reverend, thank you very much.

Our next speaker will be Mr. Leo Schaffer,

Independent Public Opinion Polls on Gambling. Welcome, Mr. Schaffer.

L E O S C H A F F E R: Thank you very much. My name is Leo Schaffer, I represent a group of Rutgers University Students who recently completed a statewide public opinion survey dealing with various questions concerning the gambling issue.

I'd like to briefly present some of our results to this hearing, but first I'd just like to make a comment on the accuracy of our poll. With a sample size, such as ours, selected at random, we can say, if we repeated our poll 100 times, our results would come out 95 out of those 100 times within 4 percentage points in either direction of the results that I am going to give you now.

In response to the question, "What is your opinion of the legalization of casino gambling in New Jersey", 67.6% were in favor, 20.6% voiced opposition, and 11.6% voiced no opinion.

In response to the question, "If gambling were legalized would you favor it being State operated and State owned, or State licensed to private operation?", 63.4% chose State control while 36.6% chose private control.

In response to the question, "If gambling were legalized do you feel it should be limited to resorts, such as Atlantic City and Asbury Park?", 46.8% thought it should be limited, while 40.4% thought it should be legalized throughout the State and 12.8% were undecided.

Finally, in response to the question dealing with the effect that legalized gambling in Atlantic City and Asbury Park would have on New Jersey residents visiting these resorts, 59% said that if gambling were legalized in Atlantic City and Asbury Park they would frequent it no more than they do now, while 35.2% said they would visit Atlantic City and Asbury Park

more often, and 5.8% less often. Thank you.

ASSEMBLYMAN HAWKINS: That was very informative. I am interested in watching the results of the referendum vote to see if you are within that 4%.

MR. SCHAFFER: o.k.

ASSEMBLYMAN HAWKINS: Thank you very much.

MR. SCHAFFER: Thank you.

ASSEMBLYMAN HAWKINS: Mr. Edward McBride, Vice President, Local #170, Waiters, Waitresses, Hotel-Motel Service Employees Union, Camden. Welcome, sir.

E D W A R D M C B R I D E: My name is Edward McBride, I am Vice President of Local #170, Hotel, Motel and Restaurant Employees Union, located in Camden, New Jersey.

Our local represents approximately 2,000 members that work in a five county area - Gloucester, Burlington, Salem, Cumberland and Camden.

Our union urges the strongest possible support for ACR 128. If the people of this state are given the opportunity to vote on this issue, then it will be overwhelmingly approved in November. Every issue regarding public gambling would be approved by the general population if given the chance to vote on it. The people of this state are intelligent and realize that it is about time we approve of legalized casinos now and eventually O. T. B. and sports betting. The general attitude of the public is to approve of it, provided it is properly controlled and the funds used for governmental purposes such as tax relief aid to our senior citizens, and better schools. It's time to wake up and live in the 20th century instead of pretending it is 1790, the start of the American Industrial Revolution.

ACR 128 will allow the implementation of casinos in any area of the State of New Jersey. Atlantic City would be the spot for the pilot project due to the major national conventions that meet there and attract out of state visitors to New Jersey. Future sites would be approved after the experiment has proven worthy of its impact on the tourist and convention economy and its tax revenue to the state.

Many people in Camden County do not like Garden State Race Track. What they object to are traffic congestion. But, the real value of that facility is the dollar effect on the local economy such as hotels, motels, restaurants, night clubs, retail sales and employment throughout Camden County. When the track is open there are approx. 850 employees involved in running the entire facility. Our members only wish there were more available racing days because that means more work for them. The important aspect of our track is that the majority of attendance comes from across the river. Pennsylvania residents are spending money in New Jersey.

If Atlantic City becomes the pilot project, hopefully some of our members will be employed there. Even though it may require commuting travel time, the job availabilities will be there. I am interested in my membership having a job and earning a decent living wage. If it means he must travel, then he will do the necessary commuting.

Speaking of jobs, I can envision that the airport being used by the FAA for experimental purposes in Pomona, New Jersey, could become a real International Jetport. Think of all of the jobs that

will be created that are related to an airport; maintenance mechanics, ticket clerks, reservation clerks, food service workers, car rental agencies, pilots and stewardesses, janitorial service, security services, warehousing and trucking, cargo handlers and even car jockeys. It is not inconceivable that thousands of people would be employed if the Pomona airport becomes a real center of transportation.

It could mean the extension of a high speed rapid rail transit system throughout Southern New Jersey. What about the jobs and workers needed for that and at the same time perhaps helping the long range energy crunch and pollution problem.

What about the jobs that will be created for members of our union; musicians, stage hands, food service personnel, hotel and motel workers? I really don't care in what geographic area they are working, just as long as they are working. The primary goal of a union leader or representative is to find gainful employment for his members and not to be a constant thorn in management's hair. I want my people to work in New Jersey. If it means starting at the shore, so be it, for I know it will eventually come to my area too. But, we must start somewhere and I think it only logical that it begin in the resort areas.

Please remember that most of the tourists and guests that will participate in travel in New Jersey will be from out - of - state. There are millions of people in the Northeast quadrant of the United States that would like to come to New Jersey for a short haul vacation. Now, they are flying to gambling resorts all over the world and hurting the United State balance of trade. Let's keep them and their disposable spendable income in the U. S. Let's bring them to New Jersey.

Thank you, gentlemen, for giving me this opportunity to be heard.

ASSEMBLYMAN HAWKINS: We thank you, sir, for coming.

Mr. Joseph Krynicky?

J O S E P H K R Y N I C K Y: My name is Joseph Krynicky. I live in Linden, New Jersey. I am not affiliated with any group; political, business or otherwise. I would like to speak in favor of a referendum which would allow individual cities, towns and communities to decide for themselves whether or not they want casino gambling.

I don't believe that it is necessary to review the importance of revitalizing the economy of many areas of New Jersey. Atlantic City, among other areas, must attract new investors to prevent complete deterioration of their prime areas. Many communities give tax breaks and guarantee labor peace, and go to other extremes to attract factories which pollute our streams and rivers and our air. Casino gambling could be the new industry that we need and the only pollution would be the cigarette smoke that emanates from the craps tables.

There is no way to accurately predict what effect legalized casinos would have in New Jersey. But by studying areas which now have casinos, we might be able to fashion a formula which would give us a reasonable chance for success.

Las Vegas, Nevada, is probably the most successful area in the gambling industry. In 1940 Las Vegas was little more than a whistle stop, boasting a population of 8,000. By 1960 the population of Las Vegas had skyrocketed to 64,000. It then almost doubled to

124,000 by 1970. Every year Las Vegas has millions of dollars of new construction, including at least one more new casino, the latest of which is the luxurious 100 million dollar plus Grand Hotel built by M.G.M. There are now more than 30 major casinos in the Las Vegas area. Most of the people who go to Las Vegas are tourists, not gamblers. They are attracted by the promotions, gimmicks, etc., and the best entertainment available any place in the United States. I think that if New Jersey casinos concentrate on the tourist trade, casino gambling can be successful.

I don't believe that the state should operate the casinos. Within a few years neighboring states will legalize gambling. This will create the possibility that some of the casinos will operate at a loss. With privately owned casinos, the state can't possibly lose money.

Opponents of legalized gambling claim that casinos will breed crime. Many people are easily influenced. Recently, residents of Greenwich Village demonstrated to prevent a McDonald's Restaurant from opening because they felt that it would be a hangout for criminals. They also claimed that prostitutes and dope peddlers frequented pizzeria parlors. It wouldn't be practical to close all the establishments that could harbor undesirables.

Probably one of the strongest objections to legalized gambling is the social impact. People will occasionally lose large sums of money, and we will have compulsive gamblers. But this is nothing new. People can legally gamble away all their money at the track. As

for compulsive gamblers, legal or not, they'll find a way to gamble. These are unfortunate situations, but there are disadvantages in everything.

I would like to see casino gambling become a success in New Jersey. I would like to suggest that an effort be made to hire John Scarne as a consultant. With his cooperation, I think New Jersey can come up with a good casino plan.

Thank you.

ASSEMBLYMAN HAWKINS: Thank you very much, sir. We appreciate your testimony.

Citizens Group from Hackettstown, 15th Legislative District? Your name, sir?

MR. MacGREGOR: My name is Bill MacGregor.

ASSEMBLYMAN HAWKINS: Bill MacGregor. Welcome, sir.

MR. MacGREGOR: I am not going to read the statement but I would like to give it to you and say just a couple of words about it.

ASSEMBLYMAN HAWKINS: Very good, sir.

W I L L I A M M A C G R E G O R: It seems to me, by listening to the debate all day long, that there are really two issues involved here. One that has been held up a great deal is the need in the State of New Jersey for jobs, more industry, more tourists and more money. I don't think anybody has contended that those needs are not real nor that they ought not be recognized.

The other issue is the means by which we will choose to meet those needs. As yet, in any study nor in any of the formal presentations that have been made no case has ever been made by either side that gambling does not bring with it the hazard of some very deteriorating side effects. Some people are saying, that is the risk we must run.

It seems a very strange kind of logic that if

our concern is for people and their needs and their livelihood, that we would risk fostering a kind of activity that has a proven record of destroying people's lives as a means of helping people in need. It would be different if that were the only possible way to meet the needs of the State of New Jersey.

It seems to me to be a false alternative to say that if we don't have casino gambling, or some kind of legalized gambling, that those needs cannot and will not be met.

I would like to suggest that I think the Legislature is perfectly capable of coming up with a more positive means of meeting the needs in this State. We have been meeting them, either fully or partially, and not quite adequately, and sometimes more adequately, over the history of the years without legalized gambling. It seems to me, with some effort, we could do a better job in the future than we have done in the past without running the risks.

The question, for me, really is, why do we need to run the risk for that kind of activity? One of the gentlemen said you hate to be in the position of making moral judgments. I don't think a moral judgment needs to be made. I think the history of gambling speaks for itself. I think before the Committee or the Legislature takes this kind of action, to even put it before the citizens, to even suggest changing the Constitution, a study would be in order to find someplace, somewhere in the world, where gambling has been a positive good across the board. There are places, and there are historic precedents for other kinds of activities and other ways of meeting people's needs that have been good across the board. I think that needs to be looked into.

We would commend to you very patient gentlemen, very faithful men, to read the document and some of the

quotations we have put in it. Thank you for your time.

ASSEMBLYMAN HAWKINS: We thank you for taking the time to present it to us. Thank you very much.

(full statement on page # 221)

The next speaker on the list is Mr. Thomas Watson, President, Reach Early Abatement in Crime and Taxes (REACT).

T H O M A S S. W A T S O N, J R.: My name is Thomas S. Watson, Jr., President of REACT. Simply defined, our purpose is to reach an early abatement in crime and taxes. The method by which this can be accomplished is by legalizing all forms of gambling in the State of New Jersey. Legalized gambling would realize \$1 billion a year in New Jersey.

REACT, which is a chartered statewide organization, would like to express our support for ACR-128. Although we support ACR-128, we feel that it is too limited in scope, but it is a step in the right direction.

Under Robert Meyner we saw bingo become legal. Under Governor Cahill we saw the Lottery come into being. And now we are attempting to legalize casinos. To me, this is piecemeal legislation; we are bringing gambling in the back door and it is unnecessary. The people want gambling. The seashore and major cities need gambling to survive. It is for this reason we ask that ACR-128 be amended by deleting the word "casino" and inserting "legalized gambling in the State of New Jersey". We would also like it placed on the ballot with the proviso that any monies would be returned to the 21 counties who approve it with the expressed purpose of lowering real estate property taxes.

If casino gambling is approved, I can only hope it will be statewide and not limited to any one area and that it does not become a political patronage operation. I hope we have learned from New York City, as they nearly destroyed their off track betting corporation

by not hiring union help.

In all areas of running casino gambling employees will be needed who have expertise in this field and the only logical place to acquire employees such as this is through the respective unions. Casino gambling must be run as a business.

Governor Byrne has stated he will veto any bill that did not limit gambling to Atlantic City. How quickly they forget their campaign speeches. Governor Byrne was given a mandate by the people on the stands he took during the course of his election. He now is reneging and attempting to impose his will, supposedly for the people's good.

Before he allows his advisors, like Mr. Kelly and Mr. Hyland, to persuade him, he should remember the mandate given President Nixon and remember those who advised and acted in the recent scandals did so, supposedly, for the people's good. There is a message here.

The REACT Organization has consistently come out in favor of State owned and operated gambling but feels the final decision should come from the people. We feel there should be three questions on the ballot.

ACR-128, amended - "Should gambling be legalized in the State of New Jersey?"

Number two - "Should it be State owned and operated with all monies to be used to lower real estate property taxes?"

Number three - "Should it be privately owned with strict licensing and control by the State, with all monies to be used to lower real estate property taxes?"

The voters in this State would like, once, to actually decide their own future. They no longer want someone to decide what is best for them. It is for this reason we of REACT favor a very clear-cut choice on the ballot in November. We favor a state owned and state operated

ACR-128, but realize we haven't the right to impose our will on the people of this State and that it should be decided by those it will affect the most. Thank you.

(full statement on page #226)

ASSEMBLYMAN HAWKINS: Thank you very much, Mr. Watson. We appreciate your presentation.

Our next speaker on the list is Mr. Grand Cantalupo, Co-Owner with Mr. Albert Reed of the Keansburg Amusement Park.

(not present)

They have absented themselves.

The next speaker on the list is Mr. Michael Mathews, Director, Board of Chosen Freeholders, Atlantic County.

(not present)

The next speaker on the list is Mr. Samuel Thorn, Casino Enterprises.

(not present)

The final speaker on the list is Mr. Morton Feldman. Mr. Feldman, welcome.

M O R T O N F E L D M A N: Gentlemen, I have something interesting to say, a little bit different from the rest of what you have been hearing. I know only two members of the Committee are here. If any more are in the wings I would appreciate them coming in because they will be a little shocked to hear what I have to say, and that is, we have all been wasting our time here today, except, of course, me.

We have been debating, perhaps, three years, not just one day, as to the legislative approval about gambling in New Jersey and no one seems to have taken too much heed to the fact that legislative approval is not needed - I will go over the law with you in a minute - to place a gambling casino in Atlantic City. We already have the legislation. I notice you have one of my papers in front of you. That paper, which is dated

January 24th is a republication of a memo which was dated 1970 and which was between Mr. Curcio, an Assemblyman and Mr. Batch, who was the Lottery Director at the time, and with whom we have had many discussions on subject. The basic message I get is that if we want to put a casino in Atlantic City it is a little late for today but for tomorrow all we need is to comply with New Jersey Statute 5:9-7, which states that the Director of the Lottery can make such rules and regulations as are necessary; he can define the type of lottery. I suggest, with a little bit of imagination you can probably realize that almost any gambling-type game - all the way down to the rolling of dice - can be put on the basis of a lottery. There are many lottery-type games that can be put into a casino to make it one of the most interesting in the world, and that option is within the legislation.

I have suggested, and I will suggest again, that we have had a lot of people more or less running around a mulberry bush on this gambling, and the thing that people have been gambling most on is when and where it is going to stop and whether it is going to stop at the place where a particular person is going to get some profit from it, which, of course, I don't criticize.

The profit to be made from gambling, we have to stress, is not so much-- We have been talking about money for this tax, money for that tax, money from extra tolls on the Parkway; all of this sort of misses the issue. We need gambling in Atlantic City because Atlantic City needs something, whether it is gambling or anything else. Atlantic City needs something to revitalize it.

Now, a lottery casino there, for instance - if you can picture it as it is in my memo - a large casino of the type that has night club entertainment and has stars there, and is operated by the New Jersey Lottery Commission in such a flamboyant manner as to be known

all over the world, this would give Atlantic City - if it didn't bring anyone in Atlantic City a cent - the notoriety that it needs.

Now in my memo - I'd like to note for people who may not read it - it also states a possible plan - one of the options you could have - of charging a large admission charge to get into the casino so as to attract blue chip bettors and get the largest lottery return percentage in the world - Las Vegas's is presently 93% and Monte Carlo's is 96%. But if you charge a large enough admission charge you would solve the problem of wondering whether small bettors are going to bet the family income away on it and we could go up to, perhaps, 99% or 100% and really attract something with worldwide notoriety.

During the one minute I have left, I think I'd like to tell of an argument I have heard before. I'd like to note, I didn't realize this but the late Dean Acheson used to say something about when you get to the point where the policemen look like little boys, that's the time to know you are getting on. But another argument is, everyone here has been talking for or against gambling. There have been a lot of people talking, very unwisely, thinking that it is an evil that will go away. I don't think it is particularly an evil but one great argument was that if it continues to be illegal it will proliferate. Much to the contrary.

There was this story - I remember seeing it in connection with another issue - about the blind tiger. If gambling is there and it is not legal and the person has to go out and look for the tiger to get clawed, there is less chance of him getting clawed.

ASSEMBLYMAN HAWKINS: You are not referring to the same tiger the Reverend referred to?

MR. FELDMAN: No, there is a difference. If gambling is going out and looking for the person with the advertising of the type the Reverend has been talking about, you will have much more of it.

In all this time where I have used an awful lot of words, my main and only message here is that the legislation you are talking about is wholly unnecessary and you can put a lottery casino in Atlantic City as early as tomorrow.

ASSEMBLYMAN HAWKINS: We thank you for your informative comments, sir. We will take everybody's comments into consideration - those that we have heard and those that we can wade through and read between now and Monday.

I want to thank the young ladies that have been taking dictation and thank everyone for attending, especially our aide, Patricia Donath.

(hearing concluded)

The New Jersey Council of Churches appreciates this opportunity to testify on pending measures which would authorize extension of legal gambling in the state. New Jersey Council of Churches is composed of the 12 major protestant denominations in the state, or about 1 million members in 3000 congregations.

NJCC is totally opposed to any extension of legal gambling. This position is in accord with the formal policies of each of our member judicatories and our Legislative Principles.

More important perhaps, N.J.C.C. is opposed to extension on the rational grounds that such legal gambling would not help the state and its people, but rather do us all great harm. To examine this view, let's look first at the revenue claims made by advocates of casino gambling.

Once again, vague revenue claims are circulated without basic evidence. But the best revenue claim offered in the former Assembly hearings during the 195th Legislature, indicated a tope forecast of \$72 million. Even that projection should be sharply reviewed in light of the fall-off of the existing State Lottery. The current expectation of \$50 million for the State Lottery indicates a poor revenue base for gambling. Further, the \$38 million income to our sister state, New York, from Off Track Betting, has been clearly shown to be offset by the loss of legal revenue at trackside by New York tracks. One may note the opposition by New Jersey Tracks to Casino operations on the grounds that they will lose their pari-mutual revenue.

The plain fact is that every prediction of substantial revenue through legal gambling has always fallen drastically short.

In New York, the initial hope for \$350 million from their Lottery was lost with first years proceeds of \$111 million. The New Hampshire Lottery was sold to the citizens with a prediction of \$4 million for the state's schools, but only \$2 million was realized setting off a political uproar.

The revenue in Nevada during 1973 to the general fund from Casino taxed gambling was \$53.3 million. This was on a state taxed net handle of \$804.3 million. A review of Mr. Sidney Glaser's testimony last year (April 11, 1973) will show a problem, however, Nevada is most uneasy about the actual amount that flows through the casinos. They are not certain they are able to tax the whole gross handle. The skimming of \$60 million by Meyer Lansky has not helped the picture.

In short, the revenue from legal gambling is not a major factor in finance of public purposes in any state.

The lack of major revenue support is compounded by the seldom reported operating expenses. The New Jersey Lottery will cost \$4.7 million in FY 75. But added to this should be the increased costs of criminal investigations by State police. The FY 75 budget calls for 22,000 investigations costing \$23.5 million. This is only the beginning police cost for all of New Jersey.

The studies done by the Legislature in 1973 indicated that the maximum projected revenue would have to be based on a 40% tax of up to 12 casinos. These projections failed to show the operating costs or the police costs which must offset the final revenue benefit. 22,000 investigations would not be adequate with casinos operating. Nor does this begin to show the costs to local and county law enforcement authorities.

In contrast, recent reports in The New York Times indicate that New York City Police believe there is a 61% increase in illegal gambling since the advent of the supposedly undercutting Off Track Betting. The objective of reducing the criminal problems of the illegal games has not been met in New York by the use of legal operations. In New Jersey, law officers say that illegal numbers is more efficient since the switch to using the State Lottery number for the payoff. The costs of law enforcement are not being reduced today by the experiment with legal gambling.

Actually, the Legislature must keep clearly in mind that both Governor Byrne, and leading gambling proponent Assemblyman Perskie (D, Atlantic) have conceded in public to the press that further legalized gambling in New Jersey would not be an important revenue producing measure.

Why then should we have more gambling? In many court suits, or in a collegiate debate, a concession on revenue as given by the Governor and Mr. Perskie would cost the decision. But, this issue is not an academic debate or a small civil action. The costs to the people will actually be greater if we pass extension of gambling.

Some important projection of crime factors can be seen. The August 8, 1973 FBI Standard Metropolitan Crime Index was:

<u>Area</u>	<u>Population</u>	<u>Crime Index per 100,000 of population</u>
Long Branch, Asbury park and Monmouth County	477,000	2,667.3
Atlantic City and Atlantic County	182,000	4,372.5
Jersey City and Hudson County	617,000	3,136.5
Newark, Essex, Morris and Union Counties	1,896,000	3,703.1
New Brunswick and Middlesex Counties	600,000	2,693.4
Paterson, Clifton, Passaic, Bergen and Passaic Counties	1,387,000	2,523.7
Philadelphia area including Camden, Gloucester and Burlington Counties	4,919,000	2,587.9
Trenton and Mercer County	314,000	3,854.9
Las Vegas and Clark County	295,000	4,732.4

You may notice that these crime figures show that although Las Vegas-Clark County is a far smaller place, the crime index is higher than New Jersey areas, or even metropolitan Philadelphia. Some have argued that this is unfair because Las Vegas attracts 15 million transients. It is not unfair to see that crime is a big problem in Clark County with its dual problems of "side action" generated by gambling operations and the difficulty in policing those 15 million transients.

In short, just running a tremendous number of "tourists" through the existing resort sectors of New Jersey will not bring benefit without a great expansion of policing. The very nature of the gambling transient as a crime risk, victim or perpetrator is severely problematic. We are not debating the addition of millions of settled, tax paying, employed, persons. We are facing the intentional invitation of a new horde. That horde is going to drastically raise our crime problem while New Jersey Taxes seek to pay for the arrests, prosecutions, and dispositions of those crimes.

This suggests another important fact skipped over by gambling advocates: What will be the type of operation of the proposed New Jersey casinos? No honest answer has been offered.

This Legislature will be woefully derelict if it does not immediately obtain a clear answer to the casino operations questions. Will we, for example, have free flight promotions to get the "high rollers" from other places? Will we have "lame entertainment" at \$75,000 a week to attract business? What is the whole operating budget of the casino operation? Since Nevada has difficulty preventing skimming, how do the gambling proponents envision New Jersey doing better?

The Legislature has never been given any scientifically based figures on crime enforcement, and casino operating costs by gambling proponents.

It should be remembered in light of the tragic history of legalized gambling, especially the notorious Louisiana Lottery of the 19th Century, that the burden of proof rests on the gambling advocates. But they have been mute on cost figures.

In addition to the greater cost to the public of installing more legal gambling, there is the onus of operating a public con game. The numbers game is around 540 to 1 against the bettor winning. The Legal State Lottery is over 500 to 1. Slot machines pay at 4000 to 1. Legal Bingo operations keep 34% off the top and legal track side betting has 15% to 22% off the top for the house. The hopeless swindle character of gambling is clearly established.

Indeed, Governor Byrne on March 26, 1973 conceded that he would change the misleading "big winner" style of State Lottery advertising.

The individual bettor does not win. The 3.1% of revenue return to New Jersey from the Lottery is hardly a win. The loss of crime investigation factors is not even reported.

One of the general arguments offered by gambling advocates is creation of jobs. Where, how many, and what quality jobs? Again, this Legislature has no useful projections on job creation. Jobs are but a fond wish. Casinos require only a small cadre of specially trained, and highly watched, employees. Even a dozen casinos could not scratch the deep unemployment factors of Atlantic City and other sites. Certainly, the poor and minority unemployed are not to be prime candidates for the few Casino jobs.

In fact, Atlantic City and our other chronic unemployment areas need basic renewal efforts such as in electronic assembly, container port, pollution control equipment manufacture. Development in New Jersey should not focus on the declining aspect of the resort economy, but on the sectors with strong growth demand indicators. The Atlantic City resort scene has been in decline for twenty years, and a few hundred casino jobs are not going to change it. When the Boston, Massachusetts area lost its basic manufacturing thirty years ago, it faced the problem and attracted other industry which was ultimately far superior. It is time for declining New Jersey areas to focus on the technologies needed over the next thirty years and offer incentives to have them located here. The attractive shore climate cannot be matched by competitors for such permanent development.

The reality is that the current proposals for more legal gambling cannot help the complex problems facing the State government and the people. The lack of revenue has been conceded. The swindle nature of advertised "big win" psychology has been conceded. The real cost factors of operation and crime reduction have been avoided by advocates of gambling. The promise of jobs has not been scientifically studied or substantiated.

The entire case for extension of legal gambling through casinos is perhaps the greatest illusion ever offered in this state. It has no substance.

The framers of our State Constitution took all the trouble to prevent gambling through constitutional language rather than just statute. Constitutions are not to be trifled with. There has never been a public legal gambling scheme in our nation's history which has finally helped societal problems. Not one. All have compounded the problems of government and persons. Let's leave a good State Constitution alone.

Let's admit that the pleas for gambling extension are only based on fantasies not supported by data and fact. The destructive impact of casino gambling on New Jersey will not bring thanks to those who install it.

MR. CHAIRMAN, AND MEMBERS OF THE ASSEMBLY JUDICIARY, LAW, PUBLIC SAFETY, AND DEFENSE COMMITTEE OF THE STATE OF NEW JERSEY. THE CITIZENS OF THE GREATER WILDWOOD AREA APPRECIATE THE OPPORTUNITY YOU HAVE AFFORDED US TODAY, TO PRESENT OUR VIEWS ON LEGALIZED CASINO GAMBLING, AS EMBODIED IN ACR_ 128.

WE HAVE CAREFULLY CONSIDERED THE ISSUES IN THIS RESOLUTION, AND HAD MANY THOUGHTFUL DISCUSSIONS WITH MEMBERS OF MY ADMINISTRATION, AND SOCIAL, CIVIC AND BUSINESS LEADERS FROM THE GREATER WILDWOOD AREA. THERE ARE SEVERAL BASIC POINTS WE WOULD LIKE TO CONVEY TO THIS COMMITTEE.

I SELF-DETERMINATION OF THE RESORT AREAS ON THE ISSUE OF CASINO GAMBLING.

AS YOU GENTLEMEN MAY BE AWARE, MANY RESORTS ON THE NEW JERSEY COAST HAVE JOINED TOGETHER UNDER THE ORGANIZATION KNOWN AS THE N. J. RESORT MAYORS COUNCIL, AS A DIVISION OF THE NEW JERSEY TRAVEL AND RESORT ASSOCIATION. THE REASON WAS THAT IT HAD BECOME APPARENT TO MANY OF US THAT WE HAD MORE IN COMMON WITH OUR SISTER RESORTS, THAN WE DID WITH MANY OF THE MAINLAND COMMUNITIES. THIS IS NOT TO SAY THAT WE DID NOT HAVE SOME RELATIONSHIP WITH OTHER COMMUNITIES IN OUR COUNTY, BUT THAT OUR PROBLEMS AND EVERYDAY SERVICE REQUIREMENTS WERE MUCH MORE SIMILAR TO SEASHORE RESORTS UP AND DOWN THE ENTIRE COAST. SPECIAL ITEMS SUCH AS BEACH PATROL AND MAINTENANCE, TRASH COLLECTION AND DISPOSAL, SEWERAGE TREATMENT, EXPANDED LAW ENFORCEMENT, PUBLIC RELATIONS, AND ADVERTISING ARE PARTICULARLY SIMILAR AND VEXING PROBLEMS TO RESORTS. IT HAS BEEN A USEFUL AND BENEFICIAL RELATIONSHIP.

WE RECOGNIZE ALL TOO WELL THAT SOME OF OUR GREAT RESORTS,

SUCH AS ATLANTIC CITY, ASBURY PARK, WILDWOOD, AND OTHERS HAVE AGED, DETERIORATED, AND BEEN SUBJECT TO TREMENDOUS COMPETITION FOR THE HUGE TOURIST DOLLAR. EVEN IN AN AGED CONDITION, IT IS CLEAR THAT NEW JERSEY RANKS FOURTH IN THE USA IN TERMS OF THE TOURIST INDUSTRY, GROSSING OVER 3 BILLION PER YEAR. WHAT HAS BEEN LACKING IN THE PAST HAS BEEN A REINVESTMENT OF STATE DOLLARS THROUGH SPECIAL AID PROGRAMS TO ALLOW SOME IMPORTANT RESORTS TO REMAIN COMPETITIVE. THE STATE HAS A SPECIAL FINANCIAL INTEREST IN THE CONTINUED SUCCESS OF TOURISM, SINCE IT DERIVES OVER 300 MILLION IN SALES TAX, GASOLINE, ALCOHOL-TOBACCO TAXES, AND IN ROAD TOLLS.

WE CAN THEREFORE, FULLY APPRECIATE IT WHEN ONE, OR SEVERAL SISTER RESORT RECOGNIZES, THAT ONLY A SUPERIOR MARKETING ATTRACTION SUCH AS CASINO GAMBLING CAN TURN THINGS AROUND FOR THEM. WE BELIEVE IN, AND SUPPORT, THEIR RIGHT TO SELF DETERMINATION, AND TO SELECT LEGALIZED CASINO GAMBLING AS A REMEDY FOR THEIR ECONOMIC CONDITION, PENDING STATE APPROVAL. THIS WELL APPLIES ALSO TO SOME OF THE MAJOR CITIES IN NEW JERSEY, PARTICULARLY THOSE BORDERING THE STATE OF PENNSYLVANIA AND NEW YORK.

WILDWOOD HAS SURVIVED, DUE TO THE DEVELOPMENT OF ITS SISTER COMMUNITIES TO THE NORTH AND SOUTH, AND THEY HAVE GROWN BECAUSE OF US. WE COMPLIMENT EACH OTHER WELL. WE PROVIDE THE ACTIVITIES, AND THEY PROVIDE THE ACCOMMODATIONS, AND SMALL HOMES AND SUMMER COTTAGES. THE BALANCE OF THE THREE COMMUNITIES IS WHAT WE BELIEVE MAKES THE WILDWOODS SUCH A FAMILY ATTRACTION. THAT IS OUR KEY - WE ARE FAMILY ORIENTED. THEREFORE, THE WILDWOODS DO NOT NEED GAMBLING TO SUSTAIN US ECONOMICALLY.

II GEOGRAPHIC PROXIMITY OF ATLANTIC CITY

HOWEVER, WE ARE QUITE AWARE OF THE NEARNESS OF ATLANTIC CITY,

ONLY 35 MILES UP THE COAST. SHOULD ATLANTIC CITY PROSPER AS WELL FROM CASINO GAMBLING AS SOME PEOPLE BELIEVE, THEN IT COULD HAVE AN ADVERSE ECONOMIC IMPACT, AND PENETRATION INTO OUR GROSS REVENUES. WE TRUST ATLANTIC CITY AND OTHER COMMUNITIES WHO SELECT CASINO GAMBLING ARE AS SUCCESSFUL AS THEY HOPE TO BE. BUT WE, IN THE WILDWOODS, MUST HAVE THE MUNICIPAL OPTION, AND THE SOLE OPTION IN OUR AREA, EXCEPTING THE JURISDICTION OF THE STATE OF NEW JERSEY, TO ELECT GAMBLING, IF IT MEANS OUR ECONOMIC SURVIVAL. WE DO NOT KNOW THAT OTHER RESORTS WITH CASINO GAMBLING WILL HAVE THAT ^{MUCH} EFFECT ON US BUT WE DO KNOW WE MUST KEEP INTACT OUR SOLE OPTION TO RESPOND IF IT DOES.

III SOLE MUNICIPAL REFERENDUM VS COUNTY REFERENDUM:

~~ASR~~ 128 THREATENS US GREATLY IN ONE VERY IMPORTANT RESPECT. IT SUPERIMPOSES UPON WILDWOOD THE WILL OF THE COUNTY - BY VIRTUE OF A COUNTY REFERENDUM. IT THREATENS EVERY RESORT SUCH AS OURS, WHERE THE COUNTY VOTING REGISTRATION OUTNUMBERS THE RESORT BY SUCH A GREAT MARGIN. CAPE MAY COUNTY'S POPULATION OUTNUMBERS WILDWOOD, FOR EXAMPLE, BY 14 TO 1.

A COMPARISON OF KEY RESORTS' POPULATIONS WITH THEIR RESPECTIVE COUNTY POPULATION IS VERY INTERESTING. THE FOUR MAJOR SEASHORE COUNTIES ARE ATLANTIC, CAPE MAY, MONMOUTH AND OCEAN. WE HAVE USED THE FULL CENSUS FIGURES OF 1970.

<u>COUNTY AND POPULATION</u>	<u>KEY RESORT AND POPULATION</u>	<u>KEY RESORTS %</u>
<u>ATLANTIC COUNTY</u>	<u>ATLANTIC CITY</u>	<u>ATLANTIC CITY</u>
175,043	47, 859	27.3 %
<u>CAPE MAY COUNTY</u>	<u>WILDWOOD</u>	<u>WILDWOOD</u>
59,554	4,110	6.9%

MONMOUTH COUNTY

459,379

ASBURY PARK

16,533

ASBURY PARK

3.6%

LONG BRANCHLONG BRANCH

31,774

6.9%

TOTAL

48,307

10.5%

OCEAN COUNTY

208,470

*LONG BEACH

2,910

1.4%

*NOTE: NO RESORT CITY WITH 5.0% OF COUNTY POPULATION

STATE SUPER CITIESESSEX COUNTY

932,299

NEWARK

385,200

NEWARK = 41.3%

HUDSON COUNTY

609,266

JERSEY CITY

261,050

JERSEY CITY = 42.8%

CAMDEN COUNTY

456,291

CAMDEN CITY

104,250

CAMDEN CITY = 22.9%

THIS COMPARISON HIGHLIGHTS THE FACT, THAT OF ALL SEASHORE RESORTS, ATLANTIC CITY IS IN THE BEST POSITION, BY FAR, TO INFLUENCE THE OUTCOME OF A COUNTY REFERENDUM, AND MOST LIKELY THE ONLY ONE.

ON A STRAIGHT PERCENTAGE BASIS OF THE TOTAL VOTE:

ATLANTIC CITY MUST SWING	22.7% OF ITS COUNTY VOTE FOR GAMBLING
WILDWOOD MUST SWING	43.1% OF ITS COUNTY VOTE FOR GAMBLING
ASBURY PARK MUST SWING	46.4% OF ITS COUNTY VOTE FOR GAMBLING
LONG BRANCH MUST SWING	43.1% OF ITS COUNTY VOTE FOR GAMBLING
LONG BEACH MUST SWING	48.6% OF ITS COUNTY VOTE FOR GAMBLING

FAR MORE DISTURBING IS THE INFLUENCE VOTE THAT EACH COMMUNITY MUST GET FROM THE COUNTY TO ACHIEVE REFERENDUM SUCCESS.

INFLUENCE VOTE IS THE PERCENTAGE OF COUNTY VOTE NEEDED TO ACHIEVE A 50% MAJORITY, DIVIDED BY THE RESORT % OF THE TOTAL COUNTY VOTE.

ATLANTIC CITY	$22.7\% \div 27.3\% =$	83 %
WILDWOOD	$43.1\% \div 6.9\% =$	6 25 %
ASBURY PARK	$46.4\% \div 3.6\% =$	12 89 %
LONG BRANCH	$43.1\% \div 6.9\% =$	6 25 %

THE TWO SUPER CITIES IN THE STATE, NEWARK AND JERSEY CITY ARE IN A POSITION TO LOOK AFTER THEMSELVES, AS THEY REPRESENT NEARLY HALF THE POPULATION AND ELECTORATE IN THEIR RESPECTIVE COUNTIES.

HOWEVER, ALL OTHER CITIES, EVEN MAJOR CITIES LIKE CAMDEN AND TRENTON WOULD HAVE MORE DIFFICULTY IN ATTAINING REFERENDUM SUCCESS THAN ATLANTIC CITY. AND CERTAINLY OTHER SEASHORE RESORTS WOULD HAVE LITTLE OPPORTUNITY AT ALL.

SUMMARY OF POINTS 1, 11, AND 111

WE BELIEVE WE HAVE DEMONSTRATED, IN OUR STRONG SUPPORT FOR THE SELF DETERMINATION PRINCIPAL FOR ALL RESORTS, OUR UNSELFISH INTEREST IN THE WELL BEING OF OUR SISTER COMMUNITIES. WE DO ACCEPT THE MARKETING CONCEPT THAT STRONGER RESORT BUSINESS UP AND DOWN THE NEW JERSEY COAST WILL ULTIMATELY BENEFIT US ALL. BUT THIS IS BASED UPON THE AXIOM OF EQUAL COMPETITIVE ADVANTAGE.

ACR - 128 HOWEVER HAS REINTRODUCED THE CONCEPT OF EXCLUSIVE CASINO GAMBLING THROUGH THE DEVICE OF THE COUNTY REFERENDUM

ARRANGEMENT. TO OUR THINKING, IT CLEARLY RESTRICTS POSSIBLE CASINO GAMBLING LOCATIONS, NOW AND IN THE FUTURE, TO A VERY FEW. WE ASK OUR RESORT FRIENDS AROUND THE STATE TO TAKE CAREFUL NOTE OF WHAT THE COUNTY REFERENDUM APPROACH COULD MEAN TO THEM. WHAT IS SO DISCOURAGING TO US, IS THAT WE HAVE BEEN IN FULL ACCORD WITH LEGALIZED GAMBLING BEING USED TO STIMULATE 'AGING RESORTS, ASKING ONLY THAT WE HAVE THE SAME PRIVILEGE, SHOULD A SUDDEN SPECTACULAR SUCCESS ON THEIR PART ENDANGER OUR ECONOMIC SURVIVAL.

WE RESPECTFULLY ¹INFORM THIS COMMITTEE OF OUR MOST SERIOUS CONCERN ABOUT THE COUNTY REFERENDUM ELEMENT IN ACR - 128, AND OUR SINCERE HOPE THAT THEY CONSIDER DELETING IT, AND AMENDING ACR - 128 IN THAT REGARD.

IV STATE CONTROLLED - STATE OPERATED CASINO GAMBLING

VS

STATE CONTROLLED - PRIVATE OPERATED CASINO GAMBLING

WE STRONGLY RECOMMEND THAT CASINO GAMBLING, IF PROPOSED, BE STATE CONTROLLED AND STATE OPERATED. WE BELIEVE IT WOULD BE IN THE BEST INTERESTS OF THE PUBLIC AT LARGE, AND ALL SMALL AND MEDIUM SIZED BUSINESSMEN IN AREAS AFFECTED IF THIS POLICY BE FOLLOWED. THE STATE OPERATES THE LOTTERY EXCLUSIVELY AND SUCCESSFULLY, WITH THE MAXIMUM PROCEEDS DEVOTED TO THE PUBLIC WELFARE. THE METHOD OF OPERATION WOULD BE EUROPEAN TYPE, WITH LIMITED HOURS OF PLAY, AND WITH A LIMITED NUMBER OF LOCATIONS. SINCE THE STATE WOULD CONTROL AND OPERATE THE CASINOS, THERE WOULD BE NO VERTICLE INTEREST IN MOTELS, RESTAURANTS, THEATRES OR PLACES OF ENTERTAINMENT.

THIS CONTRASTS SHARPLY WITH LAS VEGAS GAMBLING, WHICH TAKES PLACE IN EVERY FORM, AT EVERY PLACE INCLUDING GAS STATIONS AND WASH ROOMS, AND AT EVERY HOUR OF THE DAY.

THE GREATEST FEAR OF CASINO GAMBLING IS THAT IT MIGHT BE PRIVATELY OWNED AND OPERATED, BECAUSE THEN IN A SHORT TIME IT WOULD ABSORB THE MOTELS, RESTAURANTS, AND ENTERTAINMENT BUSINESS OF THE ENTIRE RESORT AREA. NOTHING COULD THEN OPERATE OUTSIDE ITS INFLUENCE, AS NOTHING WITHOUT THE GAMBLING MONEY INPUT COULD COMPETE WITH IT.

WHAT PLACES OF ENTERTAINMENT COULD COMPETE WITH A CASINO OFFERING SAMMY DAVIS, JR. AT VIRTUALLY FREE PRICES TO ITS CASINO CUSTOMERS?

WHAT MOTEL COULD COMPETE WITH THE SPECTACULAR MOTELS THAT WOULD SPRING UP, CASINO OWNED, WHICH WOULD OFFER LOW RATES. SUBSIDIZED BY GAMBLING?

AND WHAT RESTAURANT COULD REALLY COMPETE WITH THE GOURMET CHEFS A CASINO OWNED RESTAURANT COULD AFFORD TO EMPLOY?

IT IS ABSOLUTELY ESSENTIAL THAT CASINO GAMBLING BE STATE OWNED AND OPERATED, EG; AT LIMITED LOCATIONS, AND WITH NO OTHER BUSINESS INTERESTS PERMITTED. PRIVATELY OWNED OR OPERATED GAMBLING CASINOS SHOULD BE PROHIBITED BY THE ASSEMBLY CONCURRENT RESOLUTION 128.

PARTIAL SHARING OF REVENUES FOR RESORTS NOT HAVING CASINO GAMBLING

MANY RESORTS WILL NOT CHOOSE CASINO GAMBLING FOR VARIOUS REASONS OF THEIR OWN. OTHERS, WHO MAY DESIRE IT, MAY BE DENIED IT FOR REASONS UNKNOWN AT THE PRESENT. PROVISIONS SHOULD BE

MADE TO ASSIST THESE OTHER IMPORTANT AND FAMILY RESORT AREAS TO IMPROVE THEIR FACILITIES AND IMAGE, SO THAT THE STATE AND THE COMMUNITIES MAY BENEFIT FROM THE ESTABLISHED TOURISM OTHER THAN THAT STIMULATED BY GAMBLING INTERESTS.

A PERCENTAGE OF THE NET STATE GAMBLING PROCEEDS WOULD ATTEND TO THIS QUITE WELL, FOR EXAMPLE 10%. WHILE THE PERCENTAGE IS A MATTER FOR LEGISLATIVE CONSIDERATION, IT IS IMPORTANT FOR THE BALANCE IN STATE TOURISM, AND FOR AREAS AFFECTED BY GAMBLING TO DEVELOP WAYS OF COPING WITH THE CHANGING CONDITION, AND NOT LEAVE IT SOLELY TO THE DEVICES AND RESOURCES OF THE RESORTS INVOLVED.

MEMBERS OF THIS ASSEMBLY COMMITTEE, WE ARE GRATEFUL FOR YOUR CAREFUL ATTENTION TO THE POINTS WE HAVE RAISED. WE, OF THE GREATER WILDWOOD AREA, TRUST THAT YOU WILL GIVE THESE GRAVE CONCERNS OF OUR CITIZENS YOUR MOST SERIOUS CONSIDERATION.

IT IS IMPERATIVE THAT THIS COMMITTEE APPROACH THE SUBJECT OF CASINO GAMBLING WITH CAUTION. FOR UNLESS ADEQUATE SAFEGUARDS IN THE FORM OF STATE CONTROLLED AND OPERATED FACILITIES, AND THE DELETION OF THE COUNTY REFERENDUM WHICH CREATES DE FACTO EXCLUSIVITY, SERIOUS ECONOMIC DISLOCATIONS IN OTHER RESORTS WOULD TAKE PLACE. IN OUR CASE ALONE, THE LIFE LONG WORK OF THOUSANDS OF PEOPLE ARE AT STAKE, AND THEIR PROPERTY INVESTMENTS OF OVER ³⁰⁰200 MILLION DOLLARS. AND WE ARE BUT ONE AREA, THERE ARE MANY OTHER AREAS THAT COULD BE EQUALLY DAMAGED.

IT WOULD BE TRULY IRONIC IF LEGALIZED CASINO GAMBLING, WHICH IS LOOKED TO BY SOME AS A CURE-ALL FOR THEIR TOURIST PROBLEMS, WOULD INSTEAD BE THE MEANS TO DESTROY THE ECONOMIES OF PRESENTLY HEALTHY AND SELF-SUSTAINING RESORTS.

FOR
THE LEGALIZATION OF CASINO GAMING
IN
ATLANTIC CITY, NEW JERSEY,
WITH
RESERVATIONS

A Pronouncement
by
The Session
of
The Westminster United Presbyterian Church in the U.S.A.
of
Atlantic City, New Jersey

Easter
the Year of Our Lord
Nineteen Hundred and Seventy-Four

Christ is risen from the dead. Hallelujah!

"The life, death, resurrection, and promised coming of Jesus Christ has set the pattern for the church's mission. His life as a man involves the church in the common life of men. His service to men commits the church to work for every form of human well-being. His suffering makes the church sensitive to all the sufferings of mankind so that it sees the face of Christ in the faces of men in every kind of need. His crucifixion discloses to the church God's judgement on man's inhumanity to man and the awful consequences of its own complicity in injustice. In the power of the risen Christ and the hope of his coming the church sees the promise of God's renewal of man's life in society and God's victory over all wrong."(9.32)

"To speak and act in the world's affairs as may be appropriate to the needs of the time" is one of the reasons for which the church gathers."(9.36) And it is the duty of the session "to lead the congregation in the mission of the Church in the world."(41.06)

In the light of the pattern for mission set by Jesus Christ our Lord and with full knowledge of its duty to lead the congregation in the Church's mission in the world, the Session of the Westminster United Presbyterian Church in the U.S.A. of Atlantic City, New Jersey, on this Easter morning in the Year of Our Lord Nineteen Hundred and Seventy-four makes the following public pronouncement regarding the matter of the establishment of legalized casino gaming in Atlantic City, New Jersey:

1. That the legislature of the State of New Jersey present to the people of the State a referendum, which if favored by them will permit the establishment of state owned, operated and controlled gaming casinos in Atlantic City, New Jersey.

2. That His Excellency Brendan T. Byrne, Governor of the State of New Jersey, approve the said legislative action and use all of the facilities of his administration to effect a favorable vote by the People on the said referendum.

3. That the same legislature and the same governor sign a bill, which bill shall provide: that prior to the opening of any gaming casinos, a

school for the training of local people to work at all levels of the casino gaming business shall be established in Atlantic City and funded by the State of New Jersey.

4. That the same legislature pass and the same governor sign a bill, which bill shall provide for the inclusion of all casino gaming employees and applicants for employment under the protection of the Civil Service provisions of state law.

5. That the same legislature pass and the same governor sign a bill, which bill shall provide for a special fund to be established and maintained by the gaming casinos and to be controlled and operated by the City of Atlantic City for the purpose of providing return transportation home to visitors to Atlantic City who are found to be without the money necessary to return to their homes.

6. That the same legislature pass and the same governor sign a bill, which bill shall provide for a special fund to be established and maintained by the gaming casinos and controlled and operated by the City of Atlantic City for the purpose of establishing and operating in Atlantic City a clinic for the diagnosis and treatment of gambling addicts.

7. That the same legislature pass and the same governor sign a bill, which bill shall provide: that gaming casinos shall be open to all people without regard to race, sex, class or manner of dress.

8. That the same legislature pass and the same governor sign a bill, which bill shall provide: that gaming casinos shall not be open to persons under eighteen years of age, that persons under eighteen years of age who may be found inside of the said gaming casinos shall be arrested and, if judged to be guilty of illegal visitation of a gaming casino, their parent(s) shall be subject to a fine of not less than Fifty Dollars nor more than One Thousand Dollars.

9. That the same legislature pass and the same governor sign a bill, which bill shall provide for the employment of special state policemen by the gaming casinos, which policemen shall have full state police power on and within the properties of the casinos by which they are employed.

The Session, hereby, encourages the Members of the Westminster United Presbyterian Church of Atlantic City and all persons concerned about Christ's ministry and his Church's mission in Atlantic City to urge the governor and the members of the legislature to place on the ballot a referendum which

will permit casino gaming in Atlantic City, to urge them to pass and sign legislation such as that propounded herein by this Session, and to vote in favor of casino gaming in Atlantic City when the question of legalized casino gaming is put to the People of the State in a referendum.

The Session, hereby, requests its Moderator, the Reverend Leroy T. Griffith, and any members of this session who so choose to represent this session before all committees of the said legislature and before the governor for the purpose of presenting the contents of this pronouncement and any needed explanations of them to the said committees and the governor at such times and places as they may select to hold public or private hearings on the matter of legalized casino gaming.

The Session, hereby, appoints its Commissioner to the West Jersey Presbytery, Ruling Elder Deborah Pearsall, to present the contents of this pronouncement to the West Jersey Presbytery and its committees at such times and places as they may select to consider the matter of the legalization of casino gaming.

The Session, hereby, directs its Representative to the Atlantic City Metropolitan Ministry to urge the same ministry to plan for the provision of a special ministry under its direction for ministry to persons employed in the gaming industry in Atlantic City and to pledge to it the full support of this session in such a special ministry to the end that together we may "raise men's hopes for better conditions and provide them with opportunity for a decent living."(9.46)

The Session, hereby, orders that this pronouncement be read from the pulpit of the Westminster United Presbyterian Church to those gathered for worship this Easter morning and that it be mimeographed and released to the various news media within forty-eight hours.

Attest:

Marion Mason
Marion Mason, Clerk of Session
Leroy T. Griffith
Leroy T. Griffith, Moderator

GREATER
ATLANTIC
CITY



CHAMBER OF COMMERCE

10 CENTRAL PIER • ATLANTIC CITY, NEW JERSEY • 609/345-2251

We are appearing here today to ask your support of legislation that will set up a study of methods of operating legalized casino gambling in the State of New Jersey at County and Local option. Our testimony will deal with legalized casino gambling as it applies to Atlantic City.

Over the past 30 years, Atlantic City has experienced a decline in its resort and tourism business due to many factors, most of them beyond our control. Among these factors was the almost total abandonment of the railroads as a means of mass transportation by the vacationing and traveling public. A method of mass transportation that until the early 1940's served Atlantic City very well. The development of the jet transport plane also hurt our tourist industry, because by transporting vacationers to warmer climes, this new method of transportation - this new option caused a great decline in our Fall, Winter and Spring resort business, a factor that caused many of our large hotels to go out of business. Also the changeover from a war to peacetime economy caused a tremendous increase in the manufacture of private automobiles. The automobile helped in the demise of the railroad, delivered a great portion of the family vacation business to other developing resorts and caused harm to Atlantic City.

In addition to an almost total reduction of rail service to Atlantic City, Eastern and Allegheny Airlines have totally discontinued direct air service to Atlantic City. (The Allegheny Commuter, a 18 passenger plane offers service to Philadelphia and Newark Airports). This decline in our resort and tourism business has caused the demise of many large hotels as we mentioned before, and the drying up of fresh investment capital in Atlantic City. It is very difficult to solve our problems, which include urban blight,

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a high real estate tax rate, many areas that are unattractive to tourist without fresh investment capital.

Added to our problems is perhaps the highest unemployment rate in the State during our off-season. To illustrate this the State unemployment rate in January 1973 was 6.0%. The Atlantic City Area had 8,400 unemployed persons for an unemployment rate of 10.6%.

We firmly believe that the establishment of State controlled casino gambling in our resort will lure considerable amounts of new capital to Atlantic City. We have documented information that several large developers are interested in developing a new resort complex on our city's 80 acre urban redevelopment area, an area that has been devoid of development for 7 years.

This proposed resort complex would cost approximately \$50 Million Dollars plus to build and would be run by a national chain. We are aware of other entrepreneurs who are studying our city with an eye to develop, should State controlled casinos become a reality. In terms of the 80 acre development alone our City would gain 500 construction jobs and 850 permanent jobs in the resort and tourism area.

We feel confident that with the advent of legal casino gambling in our City - it would recapture some of its lost Fall, Winter and Spring resort business and we would experience an increase in our Convention business because of the new attractions and the addition of new and deluxe hotel rooms.

You should be aware that Atlantic City is the only resort in New Jersey geared to a 52 week operation. The dollars generated in the State by the Resort and Tourism Industry make this the second most important industry in the State. State controlled Legalized Gambling can aid this industry greatly

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CHAMBER OF COMMERCE

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on a State wide basis. Speaking for Atlantic City, Casino Gambling would be an effective tool to meet competition from out of state and out of the country resorts. The World has accepted gambling as an attraction that is compatible with the resort industry. We ask you today to allow State Controlled Casino Gambling to be operated in New Jersey at local and county option.

POSITION STATEMENT OF THE EPISCOPAL DIOCESE OF NEW JERSEY IN REGARD TO GAMBLING
IN NEW JERSEY

Presented at the Public Hearing at the State House, April 26, 1974

Bishop Van Duzer and the Department of Christian Social Relations of the Diocese of New Jersey wish to go on record as being unalterably opposed to the bills^{and AC R 128} being considered in both the Senate and Assembly which would legalize Casino and other forms of gambling in the State of New Jersey.

Our reasons for this position are as follows:

1. From the standpoint of law and order: physical acts of violence increase in proportion to the volume of gambling, thus creating higher policing costs for the community. And, as a corollary, the legalization of gambling provides a clear path for those who control gambling, - regardless of whether the state ostensibly does or not, - and tends to enhance the financial position of organized crime. This thinking is fully attested to by the Superintendent of the New Jersey State Police, David Kelly, and former State Attorney General George Kugler.
2. From the standpoint of society: The plain fact is that legalized gambling invites crime into a state already shot through with it. Casino gambling would mean the extension of the power and influence of the gambling interests over the politicians and the people of New Jersey. This we do not need in the present condition of our society, shocked as it is by the many moral crises being revealed at all levels of our government. In short, we think steps should be taken to change the character of New Jersey for the better and not for the worst.
3. From the standpoint of economics: At the present time about 2% of the annual budget of New Jersey is provided by the lotteries.

IN NEW JERSEY

(presented at the Public Hearing at the State House, April 26, 1974)

-2-

(point 3 contd)

The seashore resorts' own sponsored study (1971) forecast annual revenues of not more than \$72,000,000. after ten years, based on eight to twelve casinos operating in the State. This is hardly a substantial source of revenue for a state whose budget is already approaching three billion.

Further, whenever any portion of consumer income is funnelled into gambling, excise taxes and other revenue -producing levies suffer in almost direct proportion. Thus, gambling is an undesirable source for new capital.

Gambling creates no wealth, produces no tangible commodity and is a poor substitute for constructive industry which generates employment and raises the standard of living.

4. From the humanitarian standpoint: making it easy to gamble tends to breed new practioners, and legalized gambling is always accompanied by misleading advertising. This lures ever-widening circles of people into ever-increasing forms of gambling. For many of these people gambling becomes an emotional, compulsion addiction, like a drug, with the resulting ill effects upon themselves and their families.

Thus, it is our considered opinion that we cannot afford to permit the further extension of legalized gambling in our state, as it is a very poor method of raising new tax revenue, and that eventually it would wreak irreparable damage on the whole fabric of our society.

Respectfully submitted,

Edward R. Cook

THE REV. ~~CANON JOSEPH H. HALL, III, ThD.~~
~~Executive Secretary~~

HONORABLE ASSEMBLYMAN HAWKINS AND HONORED MEMBERS OF THE STATE
LEGISLATURE

We a group of concerned citizens from the 15th State Congressional District stand here unalterably opposed to the bill ACR 128, authorizing casino gambling, supported by our district legislators, Senator Wayne Dumont and Assemblyman Robert Shelton.

We appreciate the need for raising new revenues for financing State services in our increasing complex and inflation troubled society. However, we feel that the State Legislature must carefully assess the impact of all proposed revenue plans on the social and moral well-being of the state's citizens and the effect on the state's economy. We feel that the plan for casino gambling in ACR 128 would have far-reaching detrimental effects on the moral fiber of the people of New Jersey, would mean increased costs of social welfare programs, higher rates of crime, increased prison population and unforeseen effects on the youth of our state.

We would like to enlighten you with a series of statistics and quotations which we feel support our contention that casino gambling would be harmful to New Jersey and its citizens.

Effect on the Individual

Gambling, for most people, is a pleasant or exciting pastime. They can take it or leave it. At least, they think they can leave it. According to various unofficial estimates, however, from six to ten million Americans are hooked on gambling.

Whatever the correct figure, a great many Americans can be classified as compulsive gamblers, or gambling addicts. They regularly gamble more often and lose more money than they intend to, to the point of serious financial and personal consequences. Most of them borrow heavily to finance their habit, and some commit crimes to get money to cover their losses. No matter how much they lose, however, and no matter how many times they vow to stop, compulsive gamblers, like drug addicts or alcoholics, just cannot seem to quit. (Psychology Today, p. 51)

The United States has more hooked gamblers than there are hooked drug addicts or hooked alcoholics. This information comes from Gamblers Anonymous. "G.A. takes no official stand on the issue of legalized gambling which is creeping across the nation with the aim of easing property and income taxes. But individual G.A. members observe that the law of averages comes into play. If gambling is made easier to the public, more people will obviously bet - and of these, some will become compulsive gamblers." (Gamblers Anonymous publication)

Effect on the State

Every dollar raised from such source (gambling) means \$5.00 spent "in higher police costs, higher court costs, higher penitentiary costs, and higher relief costs." (Quoted from Gambling, Robert D. Herman)

Additional economic aspects of the legalized gambling picture are the high rate of embezzlement by persons seeking funds to bet or to

replace sums lost in that manner, the reluctance of industry to locate in areas where gambling is rampant and the invitation to corruption gambling offers to public officials.

"The New York City Police Department has researched and printed for internal use a "white paper" which makes more sense than the corresponding documents issued by governments. It blows sky-high the notion that when the states and cities go into the gambling racket civic purity will come into its own. The actual result of off-track betting has been a 62 per cent increase in illegal betting and the invasion of bookmaking by the mob, which always follows big money. (Underlined portions ours)

The psychology is simple. A top police official puts it into a single sentence: "A climate has been created to gamble." The off-track betting organization (OTB) operates 118 "parlors" in the five boroughs; its chief success has been to create new losers. The OTB gamblers are less sophisticated than their counterparts at the tracks, so they lose more, on the average. The New York Times, (January 10) carries a revealing photograph of housewives with babies in carriages, studying charts outside an OTB shop in Maspeth, Queens.

OTB has cut horse betting with bookies in half, but the bookies couldn't care less. Horse betting was never their major interest; in 1971 it accounted for only about 10 per cent of their income. The big money was in football, basketball and baseball, and of course the numbers. The bookies enjoy several advantages over legalized betting. OTB requires cash; the bookies can give credit. They are in every neighborhood. They will take "exotic" wagers-parlays and the like, while OTB is virtuously confined to the official odds for individual races. The bookies have lost many \$2 bettors to OTB, and are glad to be rid of them. But many of the big gamblers, the professionals and affluent amateurs, prefer the bookies.

In the January 18, 1965 Nation, Milton R. Wessel predicted exactly what would happen if off-track betting were legalized in an article entitled Legalized Gambling: the Dreams & the Realities. For two years Mr. Wessel headed a nation-wide federal investigation of organized crime and law enforcement; he was also the chief federal prosecutor of the 1959 Appalachian "Mafia" trial. Some of what he said bears repeating, although it will have no more impact now than it had then - too many suckers have become addicted and like it. Howard Samuels, who heads New York Cit's OTB, would like to see government in all forms of gambling, including numbers. Currently a plan is being promoted to make Atlantic City an East Coast Las Vegas, one of many signs that myths about legalized gambling are indestructible. Those who accept these myths should - but won't - listen to Wessel:

The modern wave of gambling in America rolled in during the mid-1930's when state after state, hard hit by the depression, legalized pari-mutuels at the race tracks. The arguments then were the ones being advanced today: Gambling is a human instinct; people should have the right to bet' if gambling were legalized at the tracks, the public could go there and satisfy its urge. The bookies would be eliminated, and the police whom they had been paying off would no longer be corrupted. The improvement in public morality would be sensational - and millions of dollars in extra revenue would be painlessly extracted from the bettors' pockets...

It has never turned out that way. Persons who wanted to bet on the horses did flock to the tracks and did bet huge sums... But it also developed that the worker who could go to the track only on Saturday had his gambling instinct whetted - and the first thing anyone knew, he was betting on the other five days of the week. The New York State Commission of Investigation demonstrated in 1959-60 how legal gambling stimulates illegal gambling... In every city and town the state raiders hit, the seized records of bookies showed that racing business invariably flourished during periods when a nearby track was operating, and fell off when this stimulus was removed...

It is safe to predict that if legalized off-track betting comes to New York City the effect will soon be a far larger play on baseball and football games - and the numbers. And the problem of law enforcement, instead of being made easier, will get even more difficult that it already is - to say nothing of the problem of keeping the legal shop clean." (The Nation, Jan. 26, 1974, Editorial: "The New Losers", pp. 100-101, Carey McWilliams, Ed.)

COL. DAVID B. KELLY, Superintendent of the New Jersey State Police said to the Senate Judiciary Committee, "Whatever we do, whatever impact we have on Casino gaming, if we legalize it in the State of New Jersey, I do not feel that organized crime will be hurt one bit because we are not striking in the areas that they're affluent in." Col. Kelly also said, "If we continue with the assumption that legalized casino gambling in Atlantic City would generate over \$200 million dollars per year, which is at least five times the Nevada revenue, we would have to have five times the amount of annual visitors to the State or 110 million people, 170,000 slot machines, 9,000 gaming tables and collect \$30 million a year in casino entertainment tax." Col. Kelly in his testimony to the Senate Committee raised some pertinent questions that have not been answered such as, "One of the things we're asking, if it's State ownership, is the State prepared to build casinos? Is the State prepared to take care of those people who are going to come in and possibly, after losing money, stay? What will our relief rolls be in these particular areas? Is the State going to compete for the high roller business? If they are, are we willing to provide free transportation, complimentary rooms and meals, and are they going to compete with Nevada where in numerous counties prostitution is legal? Are we going to make, or is the State going to make decisions on extension of credit? Is the State willing and capable to get the file credit and is the State going to collect money on the credit system? Is the State willing to accept employees with criminal records? We must acquire people with expertise to run this gambling operation." Col. Kelly visited the State Prison in Nevada and found that 55% of the inmates were out-of-staters.

The NEW YORK TIMES of December 27, 1973 says about Casino gambling in New Jersey: "Organized crime is already so deeply entrenched in New Jersey that it is visionary to hope it would keep its distance from so lurid a target as organized gambling. As for potential social victims, there are few clerks so poor that a tux - shared, rented or even paid for could not be sported in the burning hope of making enough money to keep a man in white tie and tails for the rest of his life. An Atlantic City civic leader wistfully proclaims his determination not to let the expected legal sanction make his town 'the Las Vegas of the East' because he wants to hold on to 'the family trade.' One need only observe whole families solemnly working the one-arm bandits of Las Vegas to see how compatible the two concepts might become - with no advantage to either Atlantic City or the American family."

JOHN P. THATCHER, an Attorney at Law in Reno, Nevada who has spent all but five years of his life in Nevada writes regarding the influence of legalized gambling there, "The most serious and invidious influence has been upon the overall moral atmosphere of the State. It has led to a standard of tolerance of acts and conduct which would be untenable in any other State. The idea of something for nothing pervades every community and has seriously affected even those who have no connection with gambling... Due to the fact that a great many mothers work in gambling establishments, either during the day or night, our rate of juvenile delinquency is exceptionally high. Las Vegas has the highest crime rate in the nation, and Reno is not far behind... As a result of the State's dependency upon the revenue from gambling and the dependency of its economy as a whole upon gambling, we have found that we have a bear by the tail, and even though we wanted to abolish gambling we could not do so. It is this which is the most horrible consequence of the adoption of legalized gambling by any State. There is likewise the danger in any State of the gamblers entering the field of politics. This, together with the general loose moral atmosphere which attends the something for nothing idea should deter any other State from doing what Nevada has done."

These very harsh quotations and statistics are very disturbing to us as I'm sure they are to you. Some time in the future these same statements could be made about New Jersey and its people after the introduction of casino gambling. To act to implement gambling legislation with so much evidence indicating its harmful effects is an unfeeling act.

We are also deeply concerned about the wording in the bill. Not enough information is included to allow the voter to make an intelligent decision about the implementation of casino gambling and how it will be administered and policed. We would like to raise two points.

First, can we as voters in the state be assured that "the entire net proceeds of any gambling establishment operated by the state under authority of this subparagraph shall be paid into the State Treasury to be used for public purposes through appropriations" will be accurately accounted for to insure that the gambling operation is running efficiently? We don't believe this wording is accurate enough to allow strict accounting of all gambling revenues. Why leave us in the dark? We are entitled to know how the money will be counted. Trust us so that we may trust you. In light of the lack of confidence many voters have today in our elected officials, you should expect us to be more concerned about the operation of our state. As was quoted in the New York Times on Dec. 27, -1973, "organized crime is already so deeply entrenched in New Jersey that it is visionary to hope it would keep its distance from so lurid a target as organized gambling."

Second, there is no mention at all in ACR 128 of how the gambling casinos will be initially set up and their operation implemented. Where will the casinos be housed? Will the state build them? Will the operation be open to private bidding? How long will the casinos be open? What are the wagering limits? Will there be liquor served? Will there be a limit on the number of casinos in the state? Will we have a trial period so that the voters could change their mind once the gambling operation is approved? If there is no trial period, how would the voters be able to stop the gambling operation? And how long would it take after the gambling operation is stopped to rid the state of the cancerous undergrowth of dependency and addiction that would infect many of our citizens?

Now, you may say that we are asking for too much detail at this stage of the gambling legislation. We don't think we are. But we are expecting more from you. This is the kind of legislation that requires careful, prudent planning and not hasty generalizations.

The voters of this state should act in an advisory capacity for all legislation considered by the Legislature. They should be heard at public meetings and remain in contact with their legislators. To be effective at this they must be provided with more detail on all legislation. We don't believe it would be in the best interests of the citizens of this state to leave the details to the Legislature to work out.

We've heard from our legislators that New Jersey needs money. And we've heard that money is being spent on gambling in New Jersey. That people will always gamble. So let's keep that money in New Jersey. Let's reap the benefit of all that gambled money. We just have to amend the state constitution.

But that would be a cold business-like decision made in a cold business-like environment. The same kind of an environment in which the charters of our large corporations were written. The objective of their charters are to only make money. This is not the environment in which our state constitution was written. The constitution of our state was drawn up in an atmosphere of concern for not only the fiscal well-being of the state, but the social and moral well-being of its citizens. The writers of our constitution knew that a state can not exist solely on the basis of money, but must also care for the social and moral character of its citizens. The survival of our state depends on more than just the financial well-being of its citizens.

We therefore plead with you to reconsider the adoption of ACR 128. Consider all the evidence available on the harmful effects of gambling. Consider again what your responsibilities are to the people of New Jersey. Those responsibilities go far beyond the simple act of making money for the state.

R.E.A.C.T.

Reach An Early
Abatement in
Crime and Taxes

President:
Thomas S. Watson, Jr.
Vice President:
Harry L. Shaw
Secretary-Treasurer:
Joseph W. Welsh
(609) 966-2184

Dear Sir:

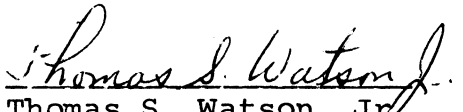
As President of R.E.A.C.T., an organization dedicated to Reach An Early Abatement in Crime and Taxes, I hope to give you pertinent facts, regarding gambling and our organization. At present, R.E.A.C.T. has approximately 10,000 members throughout the state. We feel that gambling is necessary for the continued growth of New Jersey. But unlike most, we are opposed to the idea of license and control by the state. Any gambling must be state owned and operated, this will negate the possibility of a complete organized crime takeover.

In Nevada, organized crime has bilked the state and Federal Governments out of billions of dollars by skimming monies before taxes. Howard Hughes, with all his monies just broke even with his gambling investments, due to the infiltration of organized crime. Prosecutor Lordi from Essex County has estimated one family of organized crime in his county alone, realized 50 million dollars a year from gambling. In North Jersey, a bookie was arrested who realized seven hundred thousand in thirteen days. The Kefauver Committee uncovered in Philadelphia, a single gambling ring was paying two million dollars for two years in bribes. Each year, the Philadelphia Grand Jury has proposed that gambling be legalized. Mayor Rizzo and the Pennsylvania Police Chiefs Association have favored this. It has been estimated in Philadelphia, two million dollars a day is bet on sporting events. In the past, the welfare commissioner of New York states that "citizens in the Ghettos of New York bet more money on numbers, than the state pays them in welfare". Taking these things into consideration, we ask you to weigh state owned against license and control.

The advantages of state owned and operated are many, one billion dollars a year could be realized giving relief to state and local budgets. A constitutional amendment could be passed to lower Real Estate Property Taxes. It would deprive organized crime from one of their largest sources of income. It would save Police Departments throughout the state twelve million dollars a year, and free law enforcement to combat crime in the streets. It could be utilized to lower welfare rolls by employing those unable to do heavy work; and last but not least, it would stop a major cause of corruption in state and local governments.

There is no doubt in my mind that legislators supporting license and control do so with honorable intentions, but I question to what degree they have thought out the end results. I personally feel these legislators are being used as unknowing tools of organized crime. Once you allow private enterprise to own and operate gambling, you are in effect giving organized crime a legitimate outlet for their illegal monies. Organized Crime wants license and control for it is their only salvation in this state. We, of R.E.A.C.T., implore you to stop any legislation that will give organized crime a larger stranglehold than it now enjoys.

Respectively


Thomas S. Watson, Jr.
President, R.E.A.C.T.

STATEMENT OF
NEW JERSEY RETAIL MERCHANTS ASSOCIATION
CONCERNING ACR-128

The 2200 members of the New Jersey Retail Merchants Association support a Constitutional Amendment that would authorize the Legislature to enact laws permitting the establishment and operation by the state of gambling houses or casinos.

While initially gambling would not be permitted statewide all residents of New Jersey will benefit from the revenues produced by the casinos, as well as the increases in sales and gasoline tax that would result.

Additional jobs would also result, helping to slow the pace of our increasing unemployment rate.

The increase in tourism would bring new capital investment into the state, especially in those areas such as Atlantic City where economic revitalization is needed most.

In conclusion we feel that the citizens of New Jersey should have the opportunity to express their desires regarding this matter as soon as possible, in the form of a Constitutional Referendum.

(609) 393-8006

ROLAND W. BERMUDEZ
MEMBER SERVICES DIRECTOR

NEW JERSEY RETAIL
MERCHANTS ASSOCIATION

926 WEST STATE STREET
P. O. BOX 22
TRENTON, NEW JERSEY 08601



KEANSBURG AMUSEMENT PARK CO.

75 BEACHWAY • KEANSBURG, NEW JERSEY 07734

May 1, 1974

Assemblyman Eldridge Hawkins,
Chairman
Assembly Chambers
Trenton, New Jersey

Dear Mr. Hawkins:

In as much as time would not allow for presentation of our testimony, 7/26/74, we are submitting our statement in written form.

As operators of Keansburg Amusement Park, we are the largest single owners of waterfront resort real estate in New Jersey. Our park operation includes the second largest games licensing area in the state. We feel our many years in the boardwalk resort and gaming industries uniquely qualifies us to give expert testimony and opinion regarding A C R - 128.

We take issue with two aspects of the proposed casino gambling referendum. These aspects are:

1. State ownership and operation.
 2. The governor's publicized plan to veto all enabling legislation except that pertaining to Atlantic City.
- I. We oppose state ownership and state operation of casinos for the following reasons:
- A. A considerable dollar investment will be necessary to initiate any casino type operation. Have the state planners thoroughly considered the size of the initial investment capital necessary to launch such an operation?

- B. Who is qualified to technically advise the state regarding gambling operations. It is doubtful if present operators in this county will lend their knowledge and know-how to develop competition to their presently thriving industry. Private entrepreneurs who may wish to be in the gaming industry in New Jersey would hardly come forward to assist the state. Consequently, as the Attorney General of New Jersey indicated in his comments, the only personnel available to assist the state would be those who couldn't make the grade in Las Vegas, or were otherwise banned from the industry. In short, there is very little professional assistance available to the state casino planners, and that which is available is of a questionable nature.
 - C. Does the state truly understand that casino gambling is just what it says - gambling? Well run and competently managed, casinos make profits. Inefficiently run and marginally operated, casinos can and do lose money. Is it correct morally or philosophically, or more important, does it make good business sense for the state to gamble with the taxpayers money? Large cash receipts can tempt anyone. Proper and honest supervision is difficult to obtain from hired employees. The security needs of this type of operation are best met by private enterprise with individual operators-- closely supervised by the state. Casino gambling is in no way as easy to operate as the present lottery. They are two distinctly separate entities and operation of the former is not nearly as easy as is the latter.
 - D. As a state operation, an eventual huge bureaucracy will be needed to operate future casinos. However, as a controlling and supervising agency, the states needs will be very much less in personnel and expenditures. In fact at present the state has the nucleus of a control agency. The Alcoholic Beverage Control Commission has for the last fourteen years been successfully supervising the gaming operations of all resort, beachfront, and lakefront gaming devices in New Jersey. The Alcoholic Beverage Control Commission's success and lack of scandal points the way to the possible successful control of casino gambling by the state.
- II. We are opposed to limitations of casino gambling for Atlantic City or any other geographical vicinity of New Jersey for the following reasons:
- A. The presence in Atlantic City of a gambling casino will give this city an unfair competitive advantage which can, within the five year proposed trial period seriously damage surrounding and competing communities which are similarly involved in the resort convention and vacation industries. It is true that Atlantic City's economy may be revived, however it is also equally true that to the extent of Atlantic City's rebirth, the eco-

nomie health of other cities and areas with similar industry, but without casino gambling, will suffer proportionately. On a statewide basis, there will be little net economic gain.

- B. Is Atlantic City truly a depressed area in need of economic help? It is true that many hotels and convention facilities are at present not fully being utilized. However, in recent years many new hotels and accommodations have been built. These are doing a satisfactory business at the expense of the older facilities. A state granted five year monopoly will be tantamount to subsidizing older, inefficient portions of the resort industry at the expense of other more aggressive and modern areas. Shall the successful entrepreneurs be penalized for their success?

With private ownership and operation, the state will be sure of a large tax income with very little expenditure. If casinos are not limited to Atlantic City, other areas presently without facilities may build suitable facilities to accommodate gambling and thus truly expand their economies, and the state tax revenue.

In summation, we believe in strict control, but private operation and ownerships of casino gambling with no limitation of geographical areas in New Jersey.

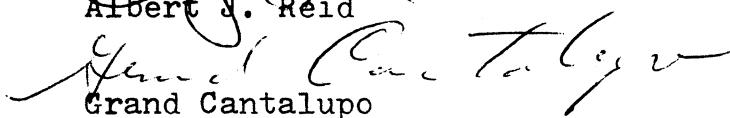
We urge you to modify A C R - 128 to comply with these concepts.

In the event this testimony arrives too late to influence committee decision, will you please see that it is however entered into the record.

Very truly yours,

KEANSBURG AMUSEMENT PARK


Albert J. Reid


Grand Cantalupo

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ELDRIDGE HAWKINS
CHAIRMAN JUDICIARY COMMITTEE STATE HOUSE
TRENTON NJ 08608

NO DICE... UNABLE TO ATTEND BECAUSE OF LATE SESSION LAST NIGHT
BUT WISH TO REGISTER STRONGEST OBJECTION TO GAMBLING BILL.
I BELIEVE THAT IT IS IMMORAL AND IMPRACTICAL FOR NJ TO CONTEMPLATE
INCREASE IN THE WORKING RANKS AND INCOME OF WHORE PIMPS DOPE
PEDDLERS AND ARM BREAKERS THEY DO NOT PAY TAXES QUESTION WHO
PAID FOR MR LOWNES TRIP HERE FROM ENGLAND TO REPEAT FAVORABLE
TESTIMONY QUESTION WHY SCHEDULE OPEN HEARING ON BILL ALREADY
SLATED FOR FLOOR VOTE ON MONDAY. REPEAT NO DICE.. GAMBLING
BILL IS EVIL CORRUPTING AND DEBASING.

HERBERT M GLADSTONE ASSEMBLYMAN 39TH DISTRICT

2337 EDT

MGMCMDD CMD

[illegible]

Cat. No. 23-221

