

APPENDIX



P.O. Box 74
Cape May Court House, NJ 08210
(609) 465-7181
Fax: (609) 465-5017
www.capemaycountychamber.com
email: info@cmcchamber.com

March 7, 2016
Vicki Clark, President
Cape May County Chamber of Commerce

RE: Opposition to ACR1

Good morning and thank you for this opportunity to address this committee meeting on the expansion of casino gaming in New Jersey outside Atlantic City. The Cape May County Chamber of Commerce representing over 800 businesses, opposes this proposal and asks that this measure be withdrawn.

Allowing casino development in North Jersey will be detrimental to the economy of Southern New Jersey and in particular the greater Atlantic City region which includes Cape May County whose economies are dependent on the tourism industry. While casino expansion might be beneficial to Northern New Jersey, that benefit will be at the loss of jobs, tax revenues, and economic drivers in the Greater Atlantic City region. Cape May and Atlantic Counties do not have the diversified economy that the rest of our state enjoys. We depend on our tourism economy to provide jobs and generate revenues to sustain our communities, schools, charitable organizations, hospitals, and quality of life. If this expansion is allowed, it will be at the sacrifice of the residents and businesses in South Jersey.

With the growth of gaming in neighboring states and online portals, data indicates that although gaming venues have grown 38%, the number of gamers has remained stagnant. Increasing the number of gaming opportunities in New Jersey will not grow the marketplace; rather it will dilute it.

I respectfully ask that this committee consider the fragility of the southern New Jersey economy and veto this bill in committee today.



**Statement of
Debra P. DiLorenzo, President & CEO, Chamber of Commerce Southern New Jersey
Before the Assembly Judiciary Committee – Public Hearing
On ACR-1
Monday, March 7, 2016**

Good morning, Mr. Chairman and members of the Committee. I am Debra P. DiLorenzo, President & CEO, Chamber of Commerce Southern New Jersey and a lifelong resident of Southern New Jersey. I am here today to express our organization's strong opposition to ACR-1. Thank you for the opportunity to present our position.

Over the past several months, I have testified before this Committee on the undeniable impact that the expansion of gaming to North Jersey would have on Atlantic City. Although the effect on Atlantic City cannot and should not be understated, today I would like to speak to the regional impact that the expansion of gaming outside of Atlantic City will undoubtedly have on Southern New Jersey.

Please see the chart attached to my testimony. This chart highlights two critical things. First, the chart shows the timeline of events from 2006 – when the first casino (Sands Casino) closed its doors in Atlantic City – to today. Second, the chart shows some key statistics and indicators, such as revenue numbers and unemployment rates, among others, as evaluated from a *regional perspective*. All data on this chart was assessed by analyzing the *seven most southern counties of New Jersey* – not just the data as it relates to Atlantic City or the Atlantic County area – by using public data from the New Jersey Casino Control Commission Annual Reports.

When looking at the timeline of events, those items highlighted in red are casino openings/closings in Atlantic City. Those highlighted in yellow are changes in the gaming landscape, including casino openings in Delaware and Pennsylvania, including:

- The opening of Harrah's Chester (now Harrah's Philadelphia), which is 72 miles from Atlantic City;
- The opening of Parx Casino – 78 miles from AC;
- The opening of SugarHouse Casino – 62 miles away;
- And on the horizon, the planned opening of Live! Hotel & Casino in South Philly -- a mere 60 miles from AC near the sports stadiums.

It is worth pointing out that in 2007, the same year three casinos opened 72, 130 and 175 miles respectively from Atlantic City, Atlantic City casino revenue dipped nearly \$400 million from \$5.2 billion to \$4.8 billion. All three of the casinos built in 2007 are at least the same distance as the casinos called for in ACR-1 – 72 miles from Atlantic City – and the impact was truly undeniable.

Next, I would ask you to look at the trends our chart shows. Specifically:

- The number of casino employees living in the seven most southern counties – down approximately 18,000 employees since 2006, from 41,943 to 23,734 today;
- The amount of money spent with businesses located in the seven most southern counties – down almost a billion dollars, from \$1.6 billion in 2006 to \$628 million in 2014;
- The overall unemployment rate for the region, which includes the three counties with the highest unemployment rate in the State – Cape May, Cumberland and Atlantic counties.

Additionally, as Senator Van Drew has previously so poignantly indicated, the economy of our region is drastically different than that of our North Jersey brethren. According to the NJ Department of Labor's May 2015 report on seven industry clusters – Leisure Hospitality and Retail; Bio-Pharmaceutical Life Sciences; Transportation, Logistics & Distribution; Financial Services; Manufacturing; Construction; and Technology – South Jersey employment lags well behind that of Northern New Jersey, which dominates these industry clusters.

After reviewing this data, it is indisputable that expanding gaming within New Jersey will only result in more of what our region has already lived through – more casino closures, more jobs lost, less vendor money being spent in the region and higher unemployment.

To move forward with this proposal absent a thorough analysis of the saturation of the gaming market in the entire mid-Atlantic region is risky at best, as market saturation will surely impact the long term viability of casinos in our state – be it in Atlantic City, Jersey City or the Meadowlands. Moving gamblers from Atlantic City to North Jersey benefits only North Jersey and at great expense to South Jersey.

Although the monies designated to Atlantic City and Atlantic County in this bill are well-intended, they will do absolutely nothing to combat the regional impact.

Thank you for allowing me to express our opposition to ACR-1.

ADDENDUM TO TESTIMONY OF
DEBRA P. DILORENZO, PRESIDENT/CEO, CHAMBER OF COMMERCE SOUTHERN NEW JERSEY

Number of Casinos in Atlantic City	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015/2016
Changes In The Region's Gaming Market 2006 - 2014	11	11	11	11	11	11	12	12	8	Philadelphia Approves Live! Hotel & Casino. Planned opening late 2016/early 2017 - 60 miles from AC
	The Sands Casino Hotel Closes in AC	January 2007: Harrah's Chester Opens - 72 miles from AC October 2007: Mount Airy Casino Resort Opens - 175 miles from AC Dover Downs in Delaware Expands Operations - 130 miles from AC		May 2009: Sands Casino Resort Opens - 120 miles from AC December 2009: Parx Casino and Racing Opens - 78 miles from AC	September 2010: SugarHouse Casino Opens - 62 miles from AC		Revel Opens in AC		Revel, Trump Plaza, Showboat and Atlantic Club Close in AC	

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Annual Casino Revenue (in billions)	\$5.20	\$4.82	\$4.48	\$3.89	\$3.60	\$3.30	\$3.00	\$2.86	\$2.80	\$2.56
# of Casino Employees Living in Southern New Jersey*	41,943	38,842	36,801	34,697	32,562	31,304	33,073	30,917	23,734	N/A
Casino Monies Spent with South Jersey Vendors*	\$1.6B	\$2.03B	\$1.8B	N/A	\$879M	\$1.7B	\$930M	\$772M	\$628M	N/A
Average Unemployment Rate in Southern New Jersey*	5.60%	5.27%	6.40%	10.50%	11.60%	11.60%	11.70%	10.45%	8.82%	N/A
* Southern New Jersey defined as Cape May, Atlantic, Salem, Cumberland, Gloucester, Camden and Burlington Counties.										

CHAMBER OF COMMERCE SOUTHERN NEW JERSEY



Testimony before the Assembly Judiciary Committee on ACR1
Monday, March 7, 2016

As the leading business voice in the region, The Greater Atlantic City Chamber has a unique role to play in ensuring business retention/development, new employment opportunities are being cultivated and the business community and the public sector are working together to create long term economic stability/growth for Atlantic County.

That being said, there are a number of policies being advanced here in the state that concern our Chamber including increasing the minimum wage to \$15, mandatory paid sick leave, and constitutionally dedicated pension payments for Public Employees.

But from our perspective, far worse is the proposal to add more gambling within the state, essentially decimating South Jersey to benefit a few in the northern part of the state. While it's true that Atlantic City has suffered significantly from the growth of gambling in the northeastern U.S., adding more casinos would make the impact on one part of the state disproportionately adverse.

AC has and does contribute to the entire state.

Since 1978, Atlantic City Casinos and Atlantic City have provided the State of New Jersey with significant revenue through taxes on Gross Gaming Revenues, Investment Alternative Taxes Paid to CRDA, as well as corporate income taxes, property taxes, payroll and luxury taxes, and sales and related taxes.

While the industry has contracted in recent years due to gaming competition in neighboring states, the industry still employs almost 25,000 people directly and several thousand more in its vendor businesses. Total salaries and wages amounted to \$684 million in 2014. In addition the industry has invested significant capital dollars, employing thousands in the construction trades.

Beneficiaries of Atlantic City Casinos touch all corners of our state, from senior citizens and the disabled to those employed by the industry and their vendors to labor unions across the state's geography from Atlantic City across South Jersey to North Jersey and beyond.

However, with the oversupply of gambling throughout the northeast, Atlantic City has suffered tremendously. Since January 2014, four Atlantic City casinos have closed their doors. The impact of the closure of the Revel, Atlantic Club, Trump Plaza and Showboat facilities have resulted in the loss of 7,700 direct jobs, \$240 million in lost wages and over \$30 million in tax revenue.

And as you know, Atlantic County leads the nation in property foreclosures, and Atlantic City's ratable base has declined from \$20 billion to just over \$6 billion.

That brings us to today and ACR1, which is proposing to amend the state constitution to allow the legislature to pass laws to permit the establishment of two casinos in two separate counties in North Jersey. This action creates a sharp divide between the two areas of the state.

Recent studies indicate that the proposed gaming expansion will:

- cause the closing of several more casinos,
- increase the County unemployment rate significantly,
- exacerbate the property foreclosure rate beyond what is currently the highest in the nation and
- create severe economic hardship for our region.

The expansion of gaming beyond Atlantic City could cause the loss of up to 14,550 direct and indirect jobs from the potential closure of an additional two to four casino hotels. Lost direct wages from those closings would amount to \$230.9 million, resulting in reduced revenues to the state for wage-related taxes, lost fee-related revenue, potential impairment of publicly traded municipal and state authority debt, and the near doubling of Atlantic County's unemployment rate, which is already twice the state average.

In addition, many national studies indicate that more casinos do not equal more gambling revenue. They pointed to data indicating that growth in gamblers has remained constant over the last 5 years, while growth in gambling facilities has increased 38%. More than half the population in the Northeast now lives within 25

miles of a casino featuring video lotteries, table games or slot machines, up from about 10 percent a decade ago. In 1978, only Las Vegas and Atlantic City had casino gaming. Today 24 states have such facilities, with several other states expected to follow. In fact of the nine eastern states with casino gambling, only New York and Maryland were able to show improvement in 2013 over 2012.

The key issues for the Chamber and the business community from this legislative proposal are substantially more lost jobs, sustaining an already uncertain local investment climate, and a real lack of reliable data and information on what actual benefits would be derived from expanding gaming in North Jersey.

Honest and realistic data (a study) on how much revenue will be generated from casinos in other parts of the state needs to be completed and shared. What resources will flow to Atlantic City, how will it be used, who will receive it; all questions that need to be answered before considering ACR1. What we do know is jobs will be lost and we believe that the revenue from two casinos in North Jersey to Atlantic City will not offset the losses.

Let me read to you from a recent report titled ***South Jersey Economic Review*** by Stockton University William J. Hughes Center for Public Policy (Feb 2016).

Relating to JOBS, Stockton said "Reflecting the precarious state of the local economy, Atlantic City's labor force is in virtual free fall. Between November 2012 and November 2015, the metropolitan area's labor force plunged by 12,780—a startling 9% decline. Only Pine Bluff, AR, whose labor force contracted 12.3% over the same period, saw a greater percentage decline. Remarkably, the absolute decline in Atlantic City's labor force was the fifth largest among all metropolitan areas in the U.S. during this period."

And on HOUSING, Stockton Hughes Center said "The dire state of the local economy and the apparent out-migration now occurring continue to be reflected in the local housing market. Foreclosure data from RealtyTrac indicate that 1 in every 261 residential properties in Atlantic County was in some stage (pre-foreclosure, auction or bank owned) of active foreclosure in December. This compares to 1 in every 553 properties statewide, and 1 in every 1,278 nationally."

In closing, the Chamber has long been opposed to the expansion of gaming outside Atlantic City as should be our members, all South Jersey residents and all businesses.

Responsible elected officials must oppose this legislation and protect the region's economic future. Policy makers need to make sound policy decisions.

Joe Kelly, President
Greater Atlantic City Chamber
12 South Virginia Avenue
Atlantic City, NJ
609-345-4524



**TESTIMONY OF GORDON MacINNES, PRESIDENT, NEW JERSEY POLICY
PERSPECTIVE, ON ACR-1
BEFORE THE ASSEMBLY JUDICIARY COMMITTEE, MARCH 7, 2016**

Chairman McKeon and members of the Committee, I appreciate this second opportunity to offer perspective on your swift consideration of the North Jersey casino amendment.

Proposals to expand gambling in New Jersey have all too frequently been the subject of extravagant, usually exaggerated, promises of delivering enhanced revenues, expanded job opportunities and accompanying economic growth. Just recently, internet gambling was inaugurated with the promise that it would bring \$160 million in the first year to the state's revenue-starved budget. It raised \$10 million. Sunday horse racing and simulcasting were promoted as essential measures to preserve racing at the Garden State and Atlantic City race tracks as well as those still operating. And privatizing the Lottery has produced disappointing, declining revenues for the state.

But surely, the 25-year monopoly on casino gambling east of Nevada was the perfect chance for New Jersey to raise painless and abundant revenues for the state and bring Atlantic City back to the glory days of Boardwalk Empire. Yes, jobs were created and in the few blocks dominated by a dozen casinos, economic activity picked up. Successive administrations in Trenton and Atlantic City blew the huge opportunity New Jersey enjoyed for so long.

A new effort announced in 2010 to make Atlantic City a vibrant non-casino destination fizzled with little to show for its five-year plan. Now, the administration has delayed and delayed in considering bipartisan legislation to prevent Atlantic City from declaring bankruptcy. The limits on Atlantic City's share of proposed North Jersey casino revenues suggests rather nakedly that earlier assertions that expansion was the ticket to the city's stability and a better future have been abandoned. Carl Icahn has warned that he'll walk away from his proposed \$100 million investment in the Trump Taj Mahal if casino expansion goes forward. Moody's and Deutsche Bank suggest that North Jersey casinos will accelerate the closing of two or three of Atlantic City's remaining eight casinos.

What's missing from your consideration of ACR-1 before today's vote? First, and in cash-starved New Jersey, perhaps most importantly, there is no certainty about the tax rates to be charged and the revenues to be generated by two new casinos. One potential applicant suggests a rate of 55 percent would not deter his appetite for investing in a new casino. The Senate President suggests that something in the 20 to 30 percent range might be better, but for whom? After missing the chance of the century with the Atlantic City monopoly, in part by allowing casino developers to pay very low tax rates, why would New Jersey not at least match the higher tax rates of neighboring states in the hope that Atlantic City would benefit directly and quickly? Legislation contingent on approval of ACR-1 should be adopted simultaneously so that the mystery is cleared.

Second, there has been no recognition that North Jersey casinos will require major new investments in roads and transit, but none are in the NJDOT's plans through 2021. And, of course, there is currently no stable, secure source of funding for the Transportation Trust Fund and no hints from Gov. Christie that he's ready to sign the significant increase in funding required. With the American Dream still scheduled to open next year, how will Routes 3 and 17 manage the huge increase in traffic? Since the TTF must be re-funded in the next 100 days or so, why not hold ACR-1 until its capacity to handle major new projects in Bergen and Hudson counties is known? Then you and the public can decide if casino expansion should proceed even without essential transportation improvements.

Third, even if the North Jersey casinos turn out to be as successful as proponents promise – and that's an enormous if – how long could that success realistically last? Why does anyone expect that New York's leadership would stand by while billions of its residents and tourists dollars fly across the Hudson? Casino gambling is no longer a growth industry, particularly in the Northeast where eight new casinos are slated to open in the next three years. Make that ten new casinos if ACR-1 is approved. Pennsylvania and Delaware did not hesitate to blunt Atlantic City's regional monopoly (thereby closing four casinos in 2014); should we all just bet that New York will ignore all those ferries heading to Jersey City's waterfront should ACR-1 be approved?

Testimony on ACR1

***Delivered to:
Assembly Judiciary Committee
March 7, 2016***

The Tie between Farmland and Open Space Protection and Horse Racing

According to the United States Census Bureau, "New Jersey is the most densely populated state in the United States." This is based on population and land mass.

"New Jersey lost a greater share of its agricultural land to development than any state – more than 25 percent in the 25 years between 1982 and 2007(25 years)." American Farmland Trust of the National Resources Inventory conducted by the U.S. Department of Agriculture's Natural Resources Conservation Service. Over the last 50 years, that number is well over 50%.

In August 2012, the United States Department of Agriculture's National Agricultural Statistics Service estimated New Jersey's farmland real estate to have the highest value per acre.

NJ: \$12,200.00
Rhode Island: \$12,000.00
Connecticut: \$11,100.00
Pennsylvania: \$5,200.00
New York: \$2,650.00

As it relates to horse racing, breeding and facilities, Pennsylvania diverts over \$50 million of gaming revenue to horse racing purses, breeding, horsemen benefits and facilities. New York diverts over \$100 million of gaming revenue to horseracing purses, breeding, horsemen benefits and facilities.

According to Rutgers University, horse racing and breeding in New Jersey including its related farmland value is a \$1 billion industry.

New Jersey Racing Commission's 2016 Calendar:

Harness Racing Days: Freehold - 109, Meadowlands – 84, for a total of 193
Thoroughbred Racing Days: Monmouth Park - 71
(The entire industry raced double the number of days prior to New York and Pennsylvania legalizing casino gaming at their racetracks.)

Given these facts:

Will New Jersey's racetracks, horse racing and horse breeding industries as well as the numerous farm commodities (hay, feed suppliers) that support this industry survive the additional competition for the gaming dollar with only 2% of the net revenue guaranteed to go to support the industry?

I'm not an economist but I would venture to say that the answer is "no" without the industry being given its own tools (not a diversion from another industry) to keep it going. This referendum should have been expanded to include either casinos or slots/VLT's at racetracks.

A racetrack is no different than a grocery store where a blueberry or peach or apple farmer sells his product. It is a marketplace where farmers bring their horses to race to earn purse money and if the horse is bred in New Jersey, breeding awards. It is the place the hay and feed farmer supply with these commodities to stable and feed the horses. If "live" racing days continue to diminish or racetracks close, there is no reason to keep your farm, your breeding operation, your horses in New Jersey or the racetrack open. This is especially true if you can sell your farm for over \$12,000 an acre and move to the neighboring states of Pennsylvania or New York where land values are less than half and purses and breeders awards are rich.

So what's the impact on each New Jersey resident if this 2% is not enough to keep this \$1 billion industry going?

1. The loss of a \$1 billion industry.
2. The closure of racetracks, the marketplace for horse farms and related commodities.
3. The loss of additional farmland to commercial and residential development.

And for ALL New Jersey residents, the loss of quality of life as more and more open space and farmland is lost.

Respectfully submitted on behalf of Freehold Raceway,

Barbara DeMarco and Sal Anderton




Commerce and Industry Association of New Jersey

South 61 Paramus Road, Mack-Cali Centre IV, Paramus, New Jersey 07652
201-368-2100 Fax 201-368-3438 www.cianj.org

Memorandum

To: Members of the Assembly Judiciary Committee

From:  Anthony Russo, EVP - Government Affairs & Communications
Commerce and Industry Association of New Jersey

Date: March 7, 2016

Subject: **ACR #1 (Expansion of Gaming in New Jersey)**

Good morning Chairman McKeon and members of the committee. My name is Anthony Russo. I am the Executive Vice President of Government Affairs and Communications for the Commerce and Industry Association of New Jersey (CIANJ). The CIANJ is a statewide business advocacy group, with offices in Paramus and Trenton, representing the interests of more than 900 members from virtually every business sector (manufacturing, hospitality, financial, insurance, academia, healthcare, etc.).

CIANJ supports ACR #1 because we believe our economy and quality of life are strengthened when new investment comes into our State. This resolution will benefit New Jersey as a whole by expanding gaming in northern New Jersey. It will attract new investment, create thousands of private sector jobs in the construction of a resort and casino and, when completed, hundreds of high paying-permanent jobs.

For example, a world class resort and casino in Jersey City, which has been discussed as a possible location, will provide additional choice for consumers and will be a beacon that attracts guests from the metropolitan area and around the world to New Jersey while enhancing our image as an outstanding destination for recreation and tourism. The revenues derived from gaming in northern New Jersey, coupled with the private sector job creation, will fuel sustained growth in the state's economy.

It is also important to note that the window of opportunity for New Jersey will not likely remain open for very long as New York City and other metropolitan locations are considering expansion of gaming operations in their jurisdictions. Investment will go where it is welcomed and we should welcome it with open arms. New Jersey can strengthen its competitive advantage over New York and Pennsylvania by attracting private sector investment and gaming revenues here in our State.

We commend the sponsors of the resolution for their leadership and vision and we urge you to vote **yes** on ACR #1. I can be reached at arusso@cianj.org or 908-415-4597 with any questions. Thank you for the opportunity to comment.

Michele N. Siekerka
President

TO: Members of the Assembly Judiciary Committee

FR: Michele N. Siekerka, Esq., President and CEO

DATE: March 7, 2016

RE: *ACR-1 (Caputo, Prieto) Proposes a Constitutional Amendment to expand casino gambling beyond Atlantic City*

On behalf of its 20,000 members, who employ 1.2 million people, the New Jersey Business & Industry Association (NJ BIA), would like to express our **SUPPORT for ACR-1**, and the efforts to expand the footprint of casino gambling beyond Atlantic City's borders, in order to revitalize an important state industry, create new jobs and stimulate the state's economy.

New Jersey's casino gaming industry is being negatively impacted by casinos in surrounding states, siphoning gambling revenue away from Atlantic City, a reality that has led to the recent closure of four casinos here that have put 8,000 people out of work.

By allowing a limited number of casinos in other parts of our state, we can better compete for the casino dollars already being spent elsewhere in Pennsylvania, Delaware and New York while at the same time providing significant redevelopment funding for Atlantic City.

If we don't act now our neighboring states will continue to pose a competitive threat. If casino gambling ever comes to the Manhattan area, which is actively being contemplated, the game will be over. We need to make New Jersey competitive with our neighboring states.

The landscape has changed since the first casino opened nearly 40 years ago in Atlantic City, which unfortunately is no longer the only game in town. The New Jersey casino industry – a vital part of the state's economy – needs room to grow in order to provide the new jobs and economic boost that New Jersey and Atlantic City needs.

Thank you for your consideration of our comments.

Written Testimony

Assemblyman Chris Brown
Testimony on ACR-1
Public Hearing
Assembly Judiciary Committee
March 7, 2016

Mr. Chairman and Members of the Committee:

The Legislature is proposing to ask the voters of this State to amend our constitution in a manner that will have a significant fiscal and economic impact on our residents.

Yet, ACR-1 was not certified for a fiscal note so we can ascertain the scope of the fiscal and economic impact. The concurrent resolution dictates the appropriation of these funds to the state and to local governments.

Shouldn't we get a handle on what and if this revenue will be there?

I have asked at our earlier hearings if any independent studies have been conducted to show a net positive economic or fiscal impact of expanding gaming outside of Atlantic City.

According to the testimony at previous hearings in both the Senate and the Assembly, the answer is "No."

I have shared a number of studies clearly showing a negative net impact to the state if we expand gaming outside of Atlantic City, yet here is a proposal asking the voters of this state to amend the constitution to permit a policy, that based on existing data, is bad for the state. (Please see the attached Exhibit A: Summary of Previous Studies and Analyses.)

Putting aside the lack of independent studies showing a positive net impact to the state, we have a concurrent resolution making a number of promises that sound terrific to our seniors, our local governments, the horsemen, and to Atlantic City, but we have no verification that any of those promises can be kept.

If we are going to change our constitution with promises to all of these groups, shouldn't we know what the tax rate on these two new casinos will be?

ACR-1 outlines a complicated formula for the appropriation of tax revenue generated by two North Jersey casinos, but does not say what the tax rate will be. Will it be 8% like we currently apply to casinos in Atlantic City? Will it be 50%? At one time members of this chamber said the tax rate could be as high as 66%.

When I recently raised this question about the tax rate at the Assembly Judiciary Committee earlier this month, the Senate President indicated the tax rate would be between 25% and 30%, half of what North Jersey casino supporters have been promising all along.

How can the Legislature honestly tell the voters that New Jersey will have \$450 million to spend on the programs outlined in ACR-1 when we don't even know what the tax rate is? Without that vital bit of information on the ballot, voters can't make an informed decision.

Saying the State will have all this tax revenue without specifying a tax rate reminds me of a boardwalk carnival barker who makes grand promises just to get you inside the tent, and what's inside the tent falls way short of expectations.

We have to recognize the competition and oversaturation of the gaming market will dampen the gross gaming revenue of two North Jersey casinos, particularly with the recent approval by New York of three upstate casinos, expected to open in 2017. The approval of two North Jersey casinos just over the New York border will only force New York to approve more casinos on their side of the border.

Don't take my word for it, this is what experts have said:

- * Peter Trombetta, an analyst at Moody's Investors Service recently said after New York approved its new casinos, "A lot of the new casinos are going to take market share from existing casinos. That's what's happening elsewhere."

Mr. Trombetta is a co-author of a recent report, "Northeast Casinos Face Rising Tide of Competition," that deACRibes cannibalization underway in a region where there are now 41 casinos and racinos — racetracks with electronic slot machines and electronic table games — and more on the way.

Mr. Trombetta said the recently approved Lago Casino in the Finger Lakes region would face especially tough competition, since it is a short distance from two existing racetrack casinos and the Oneida Indian Nation's Turning Stone casino.

The Lago casino expects to receive more than half of its revenues from customers currently patronizing other New York operations.

- * Steve Perskie, former Democrat state senator, author of the Casino Control Act, and Casino Control Commission Chairman said, "Expanding gaming in North Jersey is going to do nothing other than contribute even more to the political necessity of New York...New York will not sit back and do nothing if a major casino facility opens in the Meadowlands...[A North Jersey casino] isn't going to keep any significant number of dollars in New Jersey that otherwise would have gone across the border; it just won't."

- * Sheldon Adelson, the owner of Las Vegas Sands, America's largest casino company, said New York will look at a Meadowlands casino and say "We gotta open in New York and keep the money in New York."

Now if the gaming market is only going to get even more competitive, and if there are those who insist on opening casinos in North Jersey, how can they get a competitive edge? Or how can we

attract investors to open casinos in the Meadowlands or Jersey City, particularly if the minimum investment is now a billion dollars?

A lower tax rate.

Afterall, New Jersey already has the precedent of the lowest casino tax rate in the region. Leaving the tax rate unspecified until a later date leaves this Legislature under pressure to keep the tax rate low in order to attract casinos. As I mentioned earlier, North Jersey casino advocates have already said the tax rate will be lower than originally promised. How low will it ultimately go?

Now, let's look at gaming revenue.

Deutsche Bank estimated two North Jersey casinos would generate \$500 in gross gaming revenue.

Stockton University estimated Atlantic City will lose \$500 million in gaming revenue if there are two North Jersey casinos.

So, we know North Jersey casinos will only cannibalize gaming revenue.

We are looking at zero net revenue taxed at a lower rate. It will be hard for the state to keep the promises in this concurrent resolution.

The second issue I have is ACR-1 creates another policy that will dig the hole deeper for Atlantic City (and the State), by going after our convention and trade show business, which is critical for year-round employment for our local families.

A billion dollar facility is going to offer more than slot machines. ACR-1 is creating two destination resorts that will directly compete with Atlantic City for conventions and trade shows and, I am willing to bet, family entertainment, too. There will not be enough to help the families of Atlantic County to offset the destruction of the only industry we have caused by two North Jersey casinos.

My friend, Assemblyman Ralph Caputo made a point during an earlier public hearing on this issue, if casinos open in North Jersey, many Atlantic City casino employees will simply re-locate to North Jersey to work in the Meadowlands or Jersey City or the American Dream or Edison.

Perhaps there would be some casino workers willing to uproot their families; remove their children from their schools and their friends, try to sell their homes without taking a loss on the mortgage, but what about the corner dry cleaner? What about the local pizza shop owner? What about the gas station attendant? What about the local building trades men and women? This issue has an impact on the entire local economy.

ACR-1 has no foundation of economic or fiscal data to justify NJ's amending gaming policy. It will only cannibalize revenue and jobs and hurt the entire State.

I urge my colleagues not to support ACR-1 or its companion ACR-1. If it comes to it, I will urge the public not to support the ballot question. Thank you.

Exhibit A: Summary of Previous Studies and Analyses

There is a long list of independent studies and analyses dating back to 2007 which have concluded North Jersey casinos will devastate Atlantic County and cannibalize gaming revenue for the State, actually resulting in less revenue for the state.

* In 2007, Christian Capital Advisors study, on behalf of Meadowlands casino supporters, found the primary market area for Meadowlands video lottery terminals falls within the primary market area for Atlantic City casinos, thus concluding a single casino in the Meadowlands would cannibalize Atlantic city's market.

* In 2010, the Casino Association of New Jersey concluded a single casino in the Meadowlands casino would:

1. Siphon off 45 percent of gaming revenue from Atlantic City,
2. Resulting in the entire New Jersey casino industry having a net loss to the state of 3,800 jobs and \$190 million in lost wages, and
3. Diverting \$45 million from services for this State's seniors and disabled citizens.

* In 2014, the independent studies performed by Stockton University revealed:

1. The population in northern New Jersey accounts for 41.8 percent of the total gaming customers from New Jersey who gamble in Atlantic City, thus, a casino in northern New Jersey would put at least 41.8 percent of Atlantic City's New Jersey gaming customers at risk.
2. Two North Jersey casinos will close an additional two Atlantic City casinos; reduce gaming revenue by \$350 million to \$500 million,
3. And put another 10,000 families out of work.

* In 2014, an analysis for the Pennsylvania Legislative Budget and Finance Committee confirms that as each new casino opens, it only serves locals as a greater share of its patronage, which confirms North Jersey casinos will be pulling customers from Atlantic City as well, not just from New York and Pennsylvania.

* In 2015, Deutsche Bank reported a Meadowlands casino will draw from a 40 miles radius, cutting deep into Monmouth County which is critical to Atlantic City's market, thus further verifying the cannibalization of the market.

* In 2015, a study by the Greater Atlantic City Chamber found:

1. Expansion of gaming beyond Atlantic City will lead to the closure of an additional two to four casino hotels
2. Resulting in the loss of up to 14,550 direct and indirect jobs
3. Also resulting in the loss of of \$230.0 million in wages.
4. And double Atlantic County's unemployment rate to 23%.

In 2016, Moody's confirmed earlier reports that North Jersey casinos will cause the closure of

additional Atlantic City casinos. Even worse, Moody's explained high-end casinos in North Jersey could pose a threat to Borgata which has fared better than other Atlantic City casinos in recent years. Moody's added this proposed expansion comes at a time when there are eight new casinos expected to open in the Northeast U.S. by the end of 2018 - including in Philadelphia, a major feeder market for Atlantic City,



**Testimony before the Assembly Judiciary Committee
On ACR-1 10:00 a.m.
Committee Room 12, 4th Floor,
State House Annex, Trenton, NJ
Chair: Assemblyman John McKeon**

March 7, 2016

By

Marlene Z. Asselta, President

Good Afternoon, Mr. Chairman, Members of the Committee, my name is Marlene Asselta, I am President of the Southern New Jersey Development Council ("SNJDC"). By way of background, the SNJDC was founded in 1951 in Atlantic City. Its mission is to attract new business and investment, to retain existing industry throughout the region and to influence government laws and regulations affecting economic development in the southern 8 counties of NJ.

I am here today in opposition of the proposed constitutional amendment (ACR-1) which would allow the Legislature to pass laws to permit casinos in North Jersey. I refer specifically to the plan to establish two new casinos in the north. The argument that expanding gaming to North Jersey is the best way to revitalize an important industry to the state's economy and therefore revive Atlantic City fails to address the impact on the surrounding region, including the counties of Ocean, Cape May, Cumberland and western

Atlantic. This region has already been negatively impacted by a loss of 4 casinos and over 8,000 jobs and with expansion of gaming into North Jersey could lose even more.

We find it interesting that now when casino executives, gaming professionals, government leaders and the business community are looking at diversifying the Atlantic City economy and succeeding with initiatives and proposals to return Atlantic City to its roots of non-gaming activities, some in state government seek to place a constitutional amendment on the 2016 ballot to *expand* gaming.

We are seeing private investment in Atlantic City, including non-gaming tourism entertainment opportunities, higher education expansion and large industry choosing to locate their headquarters on the island. All are ingredients of a recipe to revitalize Atlantic City.

Our concerns can be summed up in 3 points: 1) Is this the best time to abandon the restriction of gaming only in Atlantic City, which is the premise that led to the passage of the 1976 constitutional amendment permitting gaming; 2) the theory that funding from the new casino properties would be filtered back into Atlantic City is convoluted and raises more questions than it answers, and 3) there is a certain likelihood that the two new casinos will quickly face the same competitive issues that Atlantic City faces when gaming industry executives look to Manhattan for its next venue.

With respect, this initiative is not good for Atlantic City and the southern New Jersey region and we ask that you reconsider your position to place this amendment on the 2016 ballot.