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FOR IMMEDIATE RELEASE: June 4, 2015

Atlantic County Business Leaders Voice Opposition to Expanding Gaming in New Jersey

Atlantic County business leaders today reiterated their longstanding opposition to the expansion of gaming outside Atlantic City today, noting that it is bad public policy to attempt to reallocate gaming dollars from one part of the state to another in an already saturated regional gaming market.

“While the casino industry in Atlantic City has come under significant pressure from a nation-wide economic slump and increased competition from neighboring states, it is still a source of tremendous economic impact to this region, and to the entire state,” said Joseph D Kelly, President of the Greater Atlantic City Chamber.

The Chamber has been advocating to lower the cost of government in Atlantic City, supporting a stable business environment, seeking new investment and working to create jobs. Now we must work with others to address efforts to create more casinos in New Jersey.

The latest legislative proposal, if approved by three-fifths of state legislators by August 3rd, would place the question on the November ballot for voters to decide on the expansion of casino gaming beyond Atlantic City.

According to Kelly, the key issues impacting the local business community from this legislative proposal would include substantially more lost jobs, undermining an already uncertain regional investment climate, and an absence of reliable data on what actual benefits would be derived from expanding gaming in North Jersey.

“It is impossible for our business members and their employees to see benefits to Atlantic County—from more gaming competition within the state, when it is clear that more jobs will be lost and there is no clearly defined commitment or agreement on what will be done for our area of the state,” said Kelly. We need to be part of the discussion now.

Since January 2014, four Atlantic City casinos have closed their doors due to the oversupply of casino gambling venues. The closure of Revel, Atlantic Club, Trump Plaza and Showboat properties have resulted in the loss of 7,700 direct jobs, \$240 million in lost wages and over \$30 million in tax revenue.

The expansion of gaming beyond Atlantic City could further lead to 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 to 23% from its current level of 12%, which is already twice the state average.

"There can be no doubt as to the contribution to the state's economic well-being from Atlantic City casinos," said Mitchell Zitomer, Chair of the Greater Atlantic City Chamber. "The Atlantic City gaming industry revenues support a variety of state programs, debt service on state authority bonds and the bulk of the Atlantic County economy.

The Chamber noted that national studies indicate that more casinos do not equal more gaming revenue. They pointed to data indicating that growth in gamblers has remained constant over the last five years, while growth in gaming facilities has increased 38%. More than half the population in the Mid-Atlantic and 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.

Atlantic City is still in the early stages of a profoundly important transition from a gaming centric destination to a diversified tourist destination featuring world class dining, entertainment, retail and recreational offerings. It is crucial that our elected officials support that continued evolution and not undermine it by establishing in-state competition for gaming dollars. For more than 35 years, Atlantic City has been an enormously powerful economic engine for New Jersey. Now is the time to support our city and our region, not inflict irreparable harm.

Key Highlights of The Chamber Study on Casino Expansion

This analysis assumes that adding gaming in the Meadowlands, or elsewhere in New Jersey, will cause the closure of additional Atlantic City casino properties, based on information provided by those with insight and knowledge of the industry. The resulting Atlantic City market would support four casinos and approximately \$1.75 billion to \$2 billion in annual gaming revenue. Given that scenario, the adverse impacts to the local and regional economy would be significant.

Information supporting these conclusions was derived from publicly available sources, including the Division of Gaming Enforcement, the Casino Control Commission and Casino Reinvestment Development Authority.

1 Lost Jobs-The proliferation of gaming in neighboring states has caused the decline of New Jersey's gaming revenue, and adding more gaming capacity in the northern part of the state will only shift the remaining jobs and benefits from the county with the highest current unemployment rate (11.3%) to an area that has one of the lowest unemployment rates (4.6%) in the state. The indirect impact of such job loss must also be considered. Every casino job creates .5 additional jobs^[1]. The projected closure of four casinos will displace 9,700 direct workers and a total of 14,500 workers, thereby raising the county unemployment rate to 23%.

2 Reduced Revenue-The expansion of gaming beyond Atlantic City, as noted above, could result in the closure of four of the remaining eight casino hotels. Those closures will cause the gross revenue derived from Atlantic City casinos to be reduced to \$1.75 to \$2 billion.

3 Lost Gross Revenue Taxes-State statutes provide for an 8% tax on gross gaming revenues. At the current rate, the gross gaming revenue tax will decline from its current \$203 million to \$111.5 million.

4 Lost Room Taxes-Room Taxes fund publicly issued debt utilized for Atlantic City casino expansion projects, advances to the New Jersey Sports and Exhibition Authority for horse racing purse enhancements, and development projects in South Jersey and North Jersey. Based on these assumptions, room tax revenue will decline from its 2013 levels of \$10.4 million annually to a projected \$5.1 million annually.

5 Lost Parking Taxes-Parking Fees collected from casino garages fund debt issued to pay for projects in the Corridor region and on the Boardwalk in Atlantic City, as well as Atlantic City casino expansion projects. Parking fee revenue is projected to decline to less than \$2 million from its current level of \$4.6 million.

6 Lost Luxury Taxes-The City of Atlantic City has, by Ordinance No. 18 of 1982, imposed a 3% tax on the sale of alcoholic beverages by the drink in restaurants, bars, hotels, and other similar establishments and a 9% tax on cover charges or other similar

charges made to any patron of such an establishment, the hiring of hotel rooms and the sale of tickets for admission to theaters, exhibitions and other places of amusement. The decline in visitors to Atlantic City caused by expansion of gaming outside the city will greatly reduce these funds, the extent of which is dependent on Tourism Zone development and repositioning of non-gaming hospitality and tourism resources.

7 Increased Unemployment-The expansion of gaming outside Atlantic City will double the county unemployment rate, creating additional burdens on unemployment funds in the near term and chronic reliance on public assistance longer term.

8 Lost Wages-Lost annual wages from gaming expansion beyond Atlantic City alone will total \$300 million.
