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# *Public Hearing*

before

## ASSEMBLY JUDICIARY COMMITTEE

### Assembly Concurrent Resolution 1

*“Proposes constitutional amendment to authorize Legislature to permit by law establishment and operation of casinos in certain counties”*

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**LOCATION:** Committee Room 12  
State House Annex  
Trenton, New Jersey

**DATE:** March 7, 2016  
10:00 a.m.

**MEMBERS OF COMMITTEE PRESENT:**

Assemblyman John F. McKeon, Chair  
Assemblyman Gordon M. Johnson, Vice Chair  
Assemblyman Joseph A. Lagana  
Assemblywoman Elizabeth Maher Muoio  
Assemblyman Andrew Zwicker  
Assemblyman Chris A. Brown  
Assemblyman Michael Patrick Carroll



**ALSO PRESENT:**

Miriam Bavati  
Rafaela Garcia  
*Office of Legislative Services*  
*Committee Aides*

Kate McDonnell  
*Assembly Majority*  
*Committee Aide*

Kevin Logan  
*Assembly Republican*  
*Committee Aide*

***Hearing Recorded and Transcribed by***  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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JOHN F. McKEON  
*Chair*

GORDON M. JOHNSON  
*Vice-Chair*

JOSEPH A. LAGANA  
ELIZABETH MAHER MUOIO  
ANDREW ZWICKER  
MICHAEL PATRICK CARROLL  
ERIK PETERSON

RAFAELA GARCIA  
MIRIAM BAVATI  
*Office of Legislative Services*  
*Committee Aides*  
(609) 847-3865  
(609) 292-6510 fax

**New Jersey State Legislature**  
**ASSEMBLY JUDICIARY COMMITTEE**  
STATE HOUSE ANNEX  
PO BOX 068  
TRENTON NJ 08625-0068

**PUBLIC HEARING NOTICE**

**The Assembly Judiciary Committee will hold a public hearing on Monday, March 7, 2016 at 10:00 AM in Committee Room 12, 4th Floor, State House Annex, Trenton, New Jersey.**

*The public may address comments and questions to Rafaela Garcia, Miriam Bavati, Committee Aides, or make bill status and scheduling inquiries to Denise Darmody, Secretary, at (609)847-3865, fax (609)292-6510, or e-mail: OLSAide.AJU@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.*

**The public hearing will be held in accordance with Article IX, paragraph 1 of the New Jersey Constitution and Rule 19:3 of the New Jersey General Assembly on the following Assembly Concurrent Resolution:**

ACR-1 Caputo/Prieto/Schaer/ Vainieri Huttel/Mukherji/ Lagana/Eustace/Caride/ Jimenez/Johnson/ McKeon/Giblin/Oliver/ Spencer/Jasey/Tucker/ Pintor Marin/Dancer	Proposes constitutional amendment to authorize Legislature to permit by law establishment and operation of casinos in certain counties.
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Issued 2/26/16

For reasonable accommodation of a disability call the telephone number or fax number above, or TTY for persons with hearing loss 609-777-2744 (toll free in NJ) 800-257-7490. The provision of assistive listening devices requires 24 hours' notice. Real time reporter or sign language interpretation requires 5 days' notice.

For changes in schedule due to snow or other emergencies, call 800-792-8630 (toll-free in NJ) or 609-292-4840.

**ASSEMBLY CONCURRENT  
RESOLUTION No. 1**

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**STATE OF NEW JERSEY**

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**217th LEGISLATURE**

INTRODUCED JANUARY 27, 2016

**Sponsored by:**

**Assemblyman RALPH R. CAPUTO**  
District 28 (Essex)

**Assemblyman VINCENT PRIETO**  
District 32 (Bergen and Hudson)

**Assemblyman GARY S. SCHAER**  
District 36 (Bergen and Passaic)

**Assemblywoman VALERIE VAINIERI HUTTLE**  
District 37 (Bergen)

**Assemblyman RAJ MUKHERJI**  
District 33 (Hudson)

**Assemblyman JOSEPH A. LAGANA**  
District 38 (Bergen and Passaic)

**Assemblyman TIM EUSTACE**  
District 38 (Bergen and Passaic)

**Assemblywoman MARLENE CARIDE**  
District 36 (Bergen and Passaic)

**Assemblywoman ANGELICA M. JIMENEZ**  
District 32 (Bergen and Hudson)

**Assemblyman GORDON M. JOHNSON**  
District 37 (Bergen)

**Assemblyman JOHN F. MCKEON**  
District 27 (Essex and Morris)

**Assemblyman THOMAS P. GIBLIN**  
District 34 (Essex and Passaic)

**Assemblywoman SHEILA Y. OLIVER**  
District 34 (Essex and Passaic)

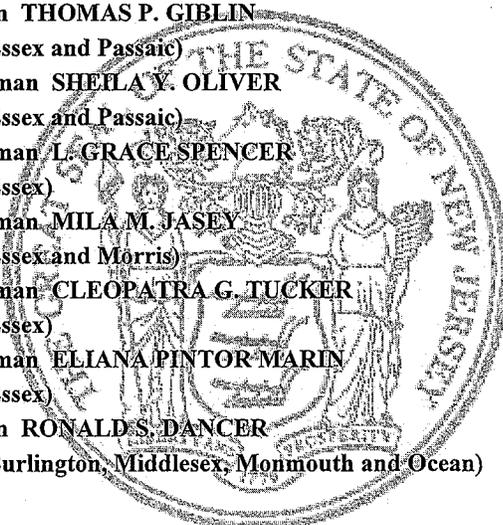
**Assemblywoman L. GRACE SPENCER**  
District 29 (Essex)

**Assemblywoman MILA M. JASEY**  
District 27 (Essex and Morris)

**Assemblywoman CLEOPATRA G. TUCKER**  
District 28 (Essex)

**Assemblywoman ELIANA PINTOR MARIN**  
District 29 (Essex)

**Assemblyman RONALD S. DANCER**  
District 12 (Burlington, Middlesex, Monmouth and Ocean)



**SYNOPSIS**

Proposes constitutional amendment to authorize Legislature to permit by law establishment and operation of casinos in certain counties.

**CURRENT VERSION OF TEXT**

As introduced.

ACR1 CAPUTO, PRIETO

2

1 A CONCURRENT RESOLUTION proposing to amend Article IV,  
2 Section VII, paragraph 2 of the New Jersey Constitution.

3

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

6

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

9

10

PROPOSED AMENDMENT

11

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

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

21 A. It shall be lawful for bona fide veterans, charitable,  
22 educational, religious or fraternal organizations, civic and service  
23 clubs, senior citizen associations or clubs, volunteer fire companies  
24 and first-aid or rescue squads to conduct, under such restrictions  
25 and control as shall from time to time be prescribed by the  
26 Legislature by law, games of chance of, and restricted to, the selling  
27 of rights to participate, the awarding of prizes, in the specific kind  
28 of game of chance sometimes known as bingo or lotto, played with  
29 cards bearing numbers or other designations, 5 or more in one line,  
30 the holder covering numbers as objects, similarly numbered, are  
31 drawn from a receptacle and the game being won by the person who  
32 first covers a previously designated arrangement of numbers on  
33 such a card, when the entire net proceeds of such games of chance  
34 are to be devoted to educational, charitable, patriotic, religious or  
35 public-spirited uses, and in the case of bona fide veterans'  
36 organizations and senior citizen associations or clubs to the support  
37 of such organizations, in any municipality, in which a majority of  
38 the qualified voters, voting thereon, at a general or special election  
39 as the submission thereof shall be prescribed by the Legislature by  
40 law, shall authorize the conduct of such games of chance therein;

41 B. It shall be lawful for the Legislature to authorize, by law,  
42 bona fide veterans, charitable, educational, religious or fraternal  
43 organizations, civic and service clubs, senior citizen associations or  
44 clubs, volunteer fire companies and first-aid or rescue squads to  
45 conduct games of chance of, and restricted to, the selling of rights

EXPLANATION - Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 to participate, and the awarding of prizes, in the specific kinds of  
2 games of chance sometimes known as raffles, conducted by the  
3 drawing for prizes or by the allotment of prizes by chance, when the  
4 entire net proceeds of such games of chance are to be devoted to  
5 educational, charitable, patriotic, religious or public-spirited uses,  
6 and in the case of bona fide veterans' organizations and senior  
7 citizen associations or clubs to the support of such organizations, in  
8 any municipality, in which such law shall be adopted by a majority  
9 of the qualified voters, voting thereon, at a general or special  
10 election as the submission thereof shall be prescribed by law and  
11 for the Legislature, from time to time, to restrict and control, by  
12 law, the conduct of such games of chance;

13 C. It shall be lawful for the Legislature to authorize the conduct  
14 of State lotteries restricted to the selling of rights to participate  
15 therein and the awarding of prizes by drawings when the entire net  
16 proceeds of any such lottery shall be for State institutions and State  
17 aid for education; provided, however, that it shall not be competent  
18 for the Legislature to borrow, appropriate or use, under any pretense  
19 whatsoever, lottery net proceeds for the confinement, housing,  
20 supervision or treatment of, or education programs for, adult  
21 criminal offenders or juveniles adjudged delinquent or for the  
22 construction, staffing, support, maintenance or operation of an adult  
23 or juvenile correctional facility or institution;

24 D. (1) It shall be lawful for the Legislature to authorize by law  
25 the establishment and operation, under regulation and control by the  
26 State, of gambling houses or casinos within the boundaries, as  
27 heretofore established, of the city of Atlantic City, county of  
28 Atlantic, and to license and tax such operations and equipment used  
29 in connection therewith. Any law authorizing the establishment and  
30 operation of such gambling establishments shall provide for the  
31 State revenues derived therefrom to be applied solely for the  
32 purpose of providing funding for reductions in property taxes,  
33 rental, telephone, gas, electric, and municipal utilities charges of  
34 eligible senior citizens and disabled residents of the State, and for  
35 additional or expanded health services or benefits or transportation  
36 services or benefits to eligible senior citizens and disabled  
37 residents, in accordance with such formulae as the Legislature shall  
38 by law provide. The type and number of such casinos or gambling  
39 houses and of the gambling games which may be conducted in any  
40 such establishment shall be determined by or pursuant to the terms  
41 of the law authorizing the establishment and operation thereof.

42 (2) It shall also be lawful for the Legislature to authorize by law  
43 wagering at casinos or gambling houses in Atlantic City on the  
44 results of any professional, college, or amateur sport or athletic  
45 event, except that wagering shall not be permitted on a college sport  
46 or athletic event that takes place in New Jersey or on a sport or  
47 athletic event in which any New Jersey college team participates  
48 regardless of where the event takes place.

49 (3) (a) It shall also be lawful for the Legislature to authorize by  
50 law the establishment and operation, under regulation and control

1 by the State, of no more than two gambling houses or casinos, each  
2 one to be located in different counties of this State, and to license  
3 and tax such operations and equipment used in connection  
4 therewith. The boundaries of each municipality in which each  
5 gambling house or casino is located shall be partially or completely  
6 outside a 72 mile radius calculated from the outermost boundary, as  
7 heretofore established, of the city of Atlantic City in the county of  
8 Atlantic.

9 (b) (i) Any law authorizing the establishment and operation of  
10 such gambling establishments shall provide that, in the first State  
11 fiscal year in which State revenues are derived under part (3) of  
12 subparagraph D. of this paragraph, those State revenues shall be  
13 credited to a special account and dedicated for the purposes  
14 specified under part (1) of subparagraph D. of this paragraph and  
15 shall be used for those purposes.

16 (ii) Any law authorizing the establishment and operation of such  
17 gambling establishments shall provide that, commencing in the  
18 second State fiscal year in which State revenues are derived under  
19 part (3) of subparagraph D. of this paragraph and thereafter, State  
20 revenues derived under part (1) and part (3) of subparagraph D. of  
21 this paragraph shall be credited to a special New Jersey Investment  
22 Fund. The revenues credited to the investment fund in each State  
23 fiscal year shall be applied solely as follows.

24 Two percent of the amount so credited in each State fiscal year  
25 first shall be dedicated as State aid with each half of the two percent  
26 allocated to the locality in which each of the two gambling  
27 establishments is located and operating. Locality shall mean the  
28 host municipality, county, or both.

29 Then, there shall be the following incremental allocations for  
30 each State fiscal year. The remaining revenues credited to the  
31 investment fund in each State fiscal year up to \$150,000,000 shall  
32 be dedicated 50 percent for the purposes of the recovery,  
33 stabilization, or improvement of the city of Atlantic City, and 50  
34 percent for the following purposes: 60 percent for the purposes  
35 specified under part (1) of subparagraph D. of this paragraph to be  
36 used for those purposes, and 40 percent for State aid to each county  
37 and municipality in the State for programs and property tax relief  
38 for senior citizens and disabled residents and for such other  
39 purposes as the Legislature shall by law provide.

40 Then, remaining revenues credited to the investment fund in each  
41 State fiscal year up to an additional \$150,000,000 shall be dedicated  
42 40 percent for the purposes of the recovery, stabilization, or  
43 improvement of the city of Atlantic City, and 60 percent for the  
44 following purposes: 60 percent for the purposes specified under part  
45 (1) of subparagraph D. of this paragraph to be used for those  
46 purposes, and 40 percent for State aid to each county and  
47 municipality in the State for programs and property tax relief for  
48 senior citizens and disabled residents and for such other purposes as  
49 the Legislature shall by law provide.

1 Then, remaining revenues credited to the investment fund in each  
2 State fiscal year up to an additional \$150,000,000 shall be dedicated  
3 30 percent for the purposes of the recovery, stabilization, or  
4 improvement of the city of Atlantic City, and 70 percent for the  
5 following purposes: 60 percent for the purposes specified under part  
6 (1) of subparagraph D. of this paragraph to be used for those  
7 purposes, and 40 percent for State aid to each county and  
8 municipality in the State for programs and property tax relief for  
9 senior citizens and disabled residents and for such other purposes as  
10 the Legislature shall by law provide.

11 Then, remaining additional revenues credited to the investment  
12 fund in each State fiscal year shall be dedicated 20 percent for the  
13 purposes of the recovery, stabilization, or improvement of the city  
14 of Atlantic City, and 80 percent for the following purposes: 60  
15 percent for the purposes specified under part (1) of subparagraph D.  
16 of this paragraph to be used for those purposes, and 40 percent for  
17 State aid to each county and municipality in the State for programs  
18 and property tax relief for senior citizens and disabled residents and  
19 for such other purposes as the Legislature shall by law provide.

20 Commencing in the 17th State fiscal year and for the next  
21 subsequent nine State fiscal years, the percentages dedicated above  
22 for the purposes of the recovery, stabilization, or improvement of  
23 the city of Atlantic City shall decrease by, and the percentage  
24 dedicated above for the purposes specified under part (1) of  
25 subparagraph D. of this paragraph, for State aid to each county and  
26 municipality in the State for programs and property tax relief for  
27 senior citizens and disabled residents, and for such other purposes  
28 as the Legislature shall by law provide shall increase by, the same  
29 number of percentage points from the prior State fiscal year  
30 percentage, to achieve a final dedication of 10 percent/90 percent, 8  
31 percent/92 percent, 6 percent/94 percent, and 4 percent/96 percent,  
32 respectively, for each of the four incremental allocations of the  
33 remaining revenues credited to the investment fund, and shall  
34 remain at those levels for each State fiscal year thereafter.

35 Of the percentage of revenues from the investment fund  
36 dedicated for State aid to each county and municipality in the State  
37 for programs and property tax relief for senior citizens and disabled  
38 residents and for such other purposes as the Legislature shall by law  
39 provide, not less than two percentage points in each State fiscal year  
40 shall be dedicated for the purposes of programs designed to aid the  
41 thoroughbred and standardbred horsemen in this State.

42 Notwithstanding the dedications above, the total amount  
43 dedicated in each State fiscal year for the purposes of the recovery,  
44 stabilization, or improvement of the city of Atlantic City shall not  
45 exceed one third of the total revenues credited to the investment  
46 fund in each State fiscal year. Any amounts allocated pursuant to  
47 the dedications in (b) (ii) in excess of this limitation shall be  
48 reallocated for the purposes specified under part (1) of  
49 subparagraph D. of this paragraph.

1     If in any State fiscal year the allocations of revenue pursuant to  
2 the dedications in (b) (ii) for the purposes specified under part (1)  
3 of subparagraph D. of this paragraph are less than the amount of  
4 State revenues derived under and for the purposes specified in part  
5 (1) of subparagraph D. of this paragraph in State fiscal year 2015,  
6 the amounts allocated to all other purposes shall be proportionately  
7 reduced by an amount not exceeding the difference between the  
8 amount of State revenues derived under and for the purposes  
9 specified in part (1) of subparagraph D. of this paragraph in State  
10 fiscal year 2015 and the amount allocated pursuant to the  
11 dedications in (b) (ii) for the purposes specified under part (1) of  
12 subparagraph D. of this paragraph.

13     (c) The eligibility for each initial license to establish a gambling  
14 house or casino under part (3) of subparagraph D. of this paragraph  
15 shall be limited to persons whose majority equity owners: a) are  
16 holders of a New Jersey casino license that were operating a casino  
17 which was conducting gambling as of the date of passage by the  
18 Legislature of the concurrent resolution that proposed the  
19 amendment that added part (3) of subparagraph D. of this paragraph  
20 to this Constitution; or b) were principal owners of a holder of a  
21 New Jersey casino license that was operating a casino which was  
22 conducting gambling as of the date of passage by the Legislature of  
23 the concurrent resolution that proposed the amendment that added  
24 part (3) of subparagraph D. of this paragraph to this Constitution, if  
25 that principal owner or subsidiary also holds a valid license to own  
26 and operate a casino in another jurisdiction with licensing standards  
27 similar to those in New Jersey. A principal owner shall mean any  
28 person who, directly or indirectly, owns 50 percent or more of a  
29 holder of a New Jersey casino license that was operating a casino  
30 which was conducting gambling as of the date of passage by the  
31 Legislature of the concurrent resolution that proposed the  
32 amendment that added part (3) of subparagraph D. of this paragraph  
33 to this Constitution.

34     (d) If a person described under (c) above does not apply for a  
35 license within 60 days following the date on which the licensing  
36 entity indicates that applications are being accepted, or does apply  
37 but fails to meet certain progress requirements that shall be  
38 prescribed by law, within the time periods that shall be prescribed  
39 by law, toward the establishment and operation of a gambling house  
40 or casino, any person may apply for that license in accordance with  
41 law.

42     (e) An application for a license to establish a gambling house or  
43 casino shall be approved only if the applicant commits to and makes  
44 an investment of at least \$1,000,000,000 in the acquisition,  
45 construction, and development of the facility, which amount shall  
46 be ascertained as provided by law, in which the gambling house or  
47 casino is located prior to the commencement of gambling  
48 operations in that facility.

49     (f) The location and type of such casinos or gambling houses,  
50 and of the gambling games which may be conducted in any such

1 establishment, shall be determined by or pursuant to the terms of  
2 the law authorizing the establishment and operation thereof.

3 E. It shall be lawful for the Legislature to authorize, by law, (1)  
4 the simultaneous transmission by picture of running and harness  
5 horse races conducted at racetracks located within or outside of this  
6 State, or both, to gambling houses or casinos in the city of Atlantic  
7 City and (2) the specific kind, restrictions and control of wagering  
8 at those gambling establishments on the results of those races. The  
9 State's share of revenues derived therefrom shall be applied for  
10 services to benefit eligible senior citizens as shall be provided by  
11 law; and

12 F. It shall be lawful for the Legislature to authorize, by law, the  
13 specific kind, restrictions and control of wagering on the results of  
14 live or simulcast running and harness horse races conducted within  
15 or outside of this State. The State's share of revenues derived  
16 therefrom shall be used for such purposes as shall be provided by  
17 law.

18 It shall also be lawful for the Legislature to authorize by law  
19 wagering at current or former running and harness horse racetracks  
20 in this State on the results of any professional, college, or amateur  
21 sport or athletic event, except that wagering shall not be permitted  
22 on a college sport or athletic event that takes place in New Jersey or  
23 on a sport or athletic event in which any New Jersey college team  
24 participates regardless of where the event takes place.

25 (cf: Art. IV, Sec. VII, par. 2; amended effective December 5, 2013)

26  
27 2. When this proposed amendment to the Constitution is finally  
28 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it  
29 shall be submitted to the people at the next general election  
30 occurring more than three months after the final agreement and  
31 shall be published at least once in at least one newspaper of each  
32 county designated by the President of the Senate, the Speaker of the  
33 General Assembly and the Secretary of State, not less than three  
34 months prior to the general election.

35  
36 3. This proposed amendment to the Constitution shall be  
37 submitted to the people at that election in the following manner and  
38 form:

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

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

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

47 b. In every municipality the following question:

1

	<p>YES</p>	<p>CONSTITUTIONAL AMENDMENT TO PERMIT CASINO GAMBLING IN TWO COUNTIES OTHER THAN ATLANTIC COUNTY</p> <p>Do you approve amending the Constitution to permit casino gambling in two additional counties in this State? At present, casino gambling is allowed only in Atlantic City in Atlantic County.</p> <p>Only one casino in each of the two counties would be permitted. Each casino is to be located in a town that is at least 72 miles from Atlantic City. The amendment would allow certain persons to apply first for a casino license.</p>
	<p>NO</p>	<p>INTERPRETIVE STATEMENT</p> <p>At present, casino gambling is allowed only in Atlantic City in Atlantic County. This amendment would allow the Legislature to pass laws to permit casino gambling to take place in two other counties in this State.</p> <p>Only one casino in each of the two counties would be permitted. Each casino is to be located in a town that is at least 72 miles from Atlantic City. The amendment would allow certain persons to apply first for a casino license.</p> <p>The laws passed by the Legislature would provide for the location and type of casinos and the licensing and taxing of the operation and equipment.</p> <p>The amendment provides that the State's share of revenue from the operation of the two casinos and of the casinos in Atlantic City would be used for programs and property tax relief for senior citizens and disabled residents. It would also be used for the recovery, stabilization, or improvement of Atlantic City and other purposes as provided by law. Lesser portions would be used to aid the thoroughbred and standardbred horsemen in this State and each town and county in which a casino is located.</p>

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STATEMENT

This concurrent resolution proposes an amendment to the State Constitution to allow the Legislature to pass laws to permit the establishment and operation, under regulation and control by the State, of casinos in two other counties of this State. No more than two casinos would be permitted and only one casino in each of the two counties would be permitted. Also, each casino is to be located in a municipality that is at least 72 miles from Atlantic City. Under current law, casino gambling is permitted only in Atlantic City in Atlantic County.

The eligibility for each initial license to establish a new casino would be limited to persons whose majority equity owners: a) are holders of a New Jersey casino license that were operating a casino which was conducting gambling as of the date of passage by the Legislature of this concurrent resolution; or b) were principal owners of a holder of a New Jersey casino license that was operating a casino which was conducting gambling as of the date of passage, if that principal owner or subsidiary also holds a valid license to own and operate a casino in another jurisdiction with licensing standards similar to those in New Jersey. A principal owner would mean any person who, directly or indirectly, owns 50 percent or more of a holder of a New Jersey casino license that was operating a casino which was conducting gambling as of the date of passage.

If a person described above does not apply for a license within 60 days following the date on which the licensing entity indicates that applications are being accepted, or applies but fails to meet certain progress requirements that will be prescribed by law toward the establishment and operation of a gambling house or casino, any person may apply for that license in accordance with law.

An applicant for a license to establish a casino would be approved only if the applicant commits to and makes an investment of at least \$1 billion in the acquisition, construction, and development of the facility in which the casino is located prior to the commencement of gambling operations.

The law would determine the location and type of such casinos and of the gambling games which may be conducted. The law would also determine the tax rate to be levied upon the gross gaming revenues derived from the gambling operations.

In the first State fiscal year in which State revenues are derived from the new casinos, those State revenues would be credited to a special account to be used for the same purposes as State revenues from Atlantic City casinos are currently applied.

In the second State fiscal year in which State revenues from the new casinos are derived and thereafter, the State revenues derived from the new casinos and from the Atlantic City casinos would be credited to a special New Jersey Investment Fund. Two percent of the amount so credited in each State fiscal year first would be dedicated as State aid, with each half of the two percent allocated to the locality in

1 which each of the two gambling establishments are located and  
2 operating. Locality would mean the host municipality, county, or  
3 both.

4 Then, the proposed amendment would dedicate for each State  
5 fiscal year the remaining revenues in the investment fund for the  
6 purposes of the recovery, stabilization, or improvement of the city of  
7 Atlantic City, for the same purposes as the State revenues from  
8 Atlantic City casinos are currently applied, for State aid to each county  
9 and municipality in the State for programs and property tax relief for  
10 senior citizens and disabled residents, and for such other purposes as  
11 the Legislature shall by law provide. The proposed amendment  
12 specifies the percentages dedicated for those purposes for the first 15  
13 State fiscal years.

14 Commencing in the 17<sup>th</sup> State fiscal year and for the next  
15 subsequent nine State fiscal years, the percentages dedicated for those  
16 purposes would change over the course of 10 State fiscal years, and  
17 then would remain at those levels for each State fiscal year thereafter.

18 Notwithstanding the dedications, the total amount dedicated in  
19 each state fiscal year for the purposes of the recovery, stabilization, or  
20 improvement of the city of Atlantic City would not exceed one third of  
21 the total credited to the investment fund in each State fiscal year.

22 Of the percentage of revenues dedicated from the investment fund  
23 for State aid to each county and municipality in the State for programs  
24 and property tax relief for senior citizens and disabled residents and  
25 for such other purposes as the Legislature shall by law provide, not  
26 less than two percentage points in each State fiscal year would be  
27 dedicated for programs designed to aid the thoroughbred and  
28 standardbred horsemen in this State.

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pnf:1-49	

**ASSEMBLYMAN JOHN F. McKEON (Chair):** Welcome to everyone.

We are going to defer on the regularly scheduled agenda to move forward on the public hearing on ACR-1. So we need to gavel in, so to speak, on that and take attendance; and then gavel out before we get to the regular part of the meeting.

MS. GARCIA (Committee Aide): Assemblyman Brown.

ASSEMBLYMAN BROWN: Here.

MS. GARCIA: Assemblyman Carroll.

ASSEMBLYMAN CARROLL: Here.

MS. GARCIA: Assemblyman Zwicker.

ASSEMBLYMAN ZWICKER: Here.

MS. GARCIA: Assemblywoman Muoio.

ASSEMBLYWOMAN MUOIO: Here.

MS. GARCIA: Assemblyman Lagana.

ASSEMBLYMAN LAGANA: Here.

MS. GARCIA: Assemblyman Johnson.

**ASSEMBLYMAN GORDON M. JOHNSON (Vice Chair):**  
Here.

MS. GARCIA: Assemblyman McKeon.

ASSEMBLYMAN McKEON: Present.

I'd like to, again, welcome Assemblyman Brown. I probably made the mistake of telling Michael Patrick Carroll that I missed him (laughter); so don't make me feel badly, as far as that statement to you, Michael, today. Be good to me.

I will take two minutes of time just to, in general, talk about ACR-1.

This is now the fifth hearing that this Committee, Judiciary, has had -- number five as it relates to ACR-1; and really, frankly, with only some very important, but relatively minor, straightforward changes. So I'd like everybody to keep in mind that this Committee has heard themselves, as well as any other witness that purports to be before us today. So try to do your best to be brief and succinct. I think we know everyone's stated position.

We know that, in 2006, the gross revenues from the casinos was \$5.2 billion; and that in 2015, I think, the number was somewhere around \$2.6 billion. Notwithstanding the dedication of the industry, and the men and women who make up those -- make that a part of our very important tourism economy, the proliferation of casinos really all over the place -- in Pennsylvania, New York, Delaware -- are such to have put a dent into that number. There was a five-year plan, that has about a little less than a year left, that has continued to show those revenues having been decreased; and it's a matter of us having to take action, and frankly, action that probably should have taken place probably five or ten years ago.

At the end game, although it's very important to preserve the economy of that section of the state, let's not lose mind or set of the fact that, at least, we're down -- to this point -- about \$200 million that comes back to the State for the sake of funding some very, very important programs that relate to property tax relief, that relate to senior programs -- everything from prescription aid, to transportation aid, to other essential

services -- and we can't continue to watch as that important revenue source goes away.

The bill, in general terms, requires as follows: If it's-- Again, with the voters having the final word, there will be two new licenses -- so long as those licensees get a full and complete application in within a 60-day timeframe so it's not sat on; that those operators will be current Atlantic City operators; that any of the casinos won't be any closer than 72 miles to Atlantic City. We have on record a full compilation of every town in the state, as well as a map, if anybody has any questions as to where that exact mark is delineated. That those current operators will have to spend no less than \$1 billion on acquisition, construction, and development of either of those two casinos to make certain that we just don't end up with videos in a box, so to speak; and that this is true investment, and will put a dent into what the other states have done; and that the way that the money will be split, if you will -- and, by the way, it has to be at least two separate counties; they can't both be in Hudson County, by way of example -- 2 percent of the fees will go to host benefit, meaning that either the county or the town that will be hosting the casinos will get that money as it relates to infrastructure and other things to support that; 2 percent of the funds off the top will go to our Thoroughbred industry and Standardbred industry as it relates to supporting that part of our very important tourism economy. And the rest of the money, through--

You know, I don't, certainly, want to bore you all and go through all those numbers. But in the first fiscal year it will go, after that 4 percent, just as it goes now -- to the current manner in which those revenues come through; and then from year 2 to 16, again, the first \$150

million -- 50 percent to Atlantic City, and 50 percent on the other side. The second \$150 million -- 40 percent to Atlantic City. The third \$150 million -- if we should be so lucky that there's that much -- 30 percent to Atlantic City; and all remaining -- 20 percent to Atlantic City.

I won't get into years 17 to 27 because we'll all be old by then -- or most of us -- but again, it's a diminishing number as it relates to the sums to Atlantic City.

But letting that all go aside, Atlantic City will never get more than one-third of the total amount. So if that number is \$1 billion, even though if that structure would lead to sums that are even greater than that, one-third will be their maximum.

The other good news -- again, if you care about all these important programs -- is that the funding for programs that get supported now by that \$200 million will never be less than Fiscal Year 2015. So we'll make sure -- at least today, we'll hold volley regarding the financial support for those very important programs.

So with that as an overview of what the legislation or what the constitutional amendment to be voted on will do, also keep in mind our current tax rate is 8 percent; other states are as high as 50 percent. We'll see what will happen with that as it gets into the enabling legislation. We'll see what happens as it relates to the specifics on that \$1 billion of investment. We know what the Constitution will say; the details will come through in enabling legislation that will go forward.

With us today is the primary sponsor -- who, beyond the five hearings that have been here thus far, has been diligent over the years as it relates to his opinions, and his advocacy, and leadership in expanding the

gaming industry in New Jersey to allow us to be competitive -- Ralph Caputo.

Ralph, I probably talked longer than I should have; but I gave it an overview.

Mr. Brown, again, I welcomed him here. He promises me that although he'll be given no restriction as it relates to offering his opinion prior to voting -- and I'm going to bet a nickel as to how that vote might go -- that we're going to limit the questions. This is a public hearing; so the time to let your opinions be known will be when you vote, as opposed to through long questions.

So any questions there are -- pointed questions, and I'm going to use the prerogative of the Chair to slow that down if need be.

ASSEMBLYMAN CARROLL: Mr. Chairman, we don't vote at a public hearing, do we?

ASSEMBLYMAN McKEON: I don't know; that's a good question.

Do we have to vote to-- So we don't even have to vote.

So thank you very much; I knew, Michael, I needed you here to remind me of what to do.

ASSEMBLYMAN CARROLL: If you want to change chairs, I'll be happy-- (laughter)

ASSEMBLYMAN McKEON: If I have my way, that will never happen; maybe in 2027. (laughter)

But what Chris or anybody else who would like to speak on the merits of the issue -- although there won't be a formal vote, I will give everyone the platform to express their opinions.

So thank you.

With that caveat -- sir.

**A S S E M B L Y M A N R A L P H R. C A P U T O:** Thank you, Mr. Chairman.

As you said, this has been -- this will be the fifth time that this Committee has reviewed this legislation, or similar legislation, regarding this issue.

It has become more complicated, due to the fact that the Administration is certainly using the Legislature to look to take over Atlantic City; or to work out some strategy in terms of dealing with the severe financial crisis that it faces.

This constitutional amendment could lead to be part of the strategy to deal with the stabilization -- not only of the casino industry, but also of the municipal government. These dollars -- that would eventually reach their way, in terms of putting the resources in non-gaming areas -- could come through this potential revenue.

Aside of all the issues that you mentioned. I could have saved a lot of reading last night, even though I should know it by heart. You went over it very, very professionally and very adequately. But let's just, for the record, go over some of this again, because I think it's important for the public to know. And that's the reason why we're here today -- why we have a public hearing.

When the casino industry was flourishing, there were no problems in terms of seeing any sores in the municipal government in terms of their management or whatever. There was enough revenue to go around. The amount of taxes that were received from these casinos was more than

sufficient to support the municipal and county government. What's happened with the advent of the Revel closing -- was ill-conceive, as far I was concerned, from the beginning, where the market was completely absorbed -- and the additional closings of other properties -- that brought the values down significantly, where the taxes that were anticipated could not be received. For example, the Revel -- which was built for \$2.5 billion, or \$3 billion, or whatever -- ended up selling for \$83 million; that's a tremendous loss in terms of revenue. The Castle -- the old Castle -- sold for under \$40 million; Resorts sold for under \$40 million; the Showboat sold for \$25 million; the old Golden Nugget, Bally Grand, sold for \$25 million. So when you see properties that were half-a-billion-dollars and up with that kind of reduced value -- that has a tremendous impact. And now the fingers are being pointed in every direction in terms of who's right and who's wrong. And it really doesn't matter at this point, because we can't go back and do the job that people should have done prior to our legislative review.

For example, in the old days, I don't believe the proper oversight was provided by government in terms of seeing the financial stability of these casinos. They were not reviewed properly. And municipal government also failed, and State government also failed. So I want to get away from the blame theory.

What we have to do, at this point-- Because of the reasons that were stated by the Chairman -- that we had to reduce the amount of revenue from \$5-point-something billion down to \$2.6 billion by the loss of the value of the real estate, and the surface of the real problems in terms of saving the town -- this legislation becomes even more important. One, to provide that we continue to operate in the gaming business,; not only in

Atlantic City, but this constitutional amendment will provide for two properties in the north, where we'll be able to regain our foothold in terms of gaming and get that taxable revenue back; and to be split up, as it was explained by the Chair.

Also, it will provide a strategy -- a piece of the strategy, hopefully, that will fit into the stabilization of Atlantic City.

What we have to do, at this point, is to provide that stability. And the State government does not have those resources. If the projections are correct and we are able to get the kind of revenue that we anticipate, we will be able to provide part of the solution to an industry that is suffering; is devastated, actually. And we've been through the reform legislation; we've been through the five-year moratorium. And you know, Assemblyman Brown -- who I respect dearly -- has a different position, but I don't think we have a real alternative at this point. I think this is the last time we're going to see this before this Committee.

This is our last opportunity before it reaches the floor; and when it reaches the floor, if we're successful, it will go before the voters. And I believe that the voters are the only people in the State of New Jersey who really have a right to make that decision.

So we could have our differences of opinion over where the money goes, and how it goes, and how much taxes it's going to be in terms of what the enabling legislation is going to set forth; but the fact is that the voters of New Jersey, as they did in 1976, will make that decision. This is an historic moment, not only for this Committee, but for the Legislature of both houses.

So at that point, if there are any questions, I'll be glad to-- Rather than be redundant and go over all the things that have already been covered, I'd be glad to answer any questions I can.

ASSEMBLYMAN McKEON: Thank you, Assemblyman.

Assemblyman Brown.

ASSEMBLYMAN BROWN: Yes, sir.

First of all, thank you very much, Chair McKeon, for affording me the opportunity to sit on this Committee and participate. I truly appreciate it.

ASSEMBLYMAN McKEON: It's a pleasure to have you here, Chris; and I'm sincere about that.

ASSEMBLYMAN BROWN: Thank you.

And also to my colleague, Chair Caputo, I appreciate and I respect your opinion. As you know, we clearly disagree on this; we couldn't disagree more. And one of the things that keeps occurring when people, like yourself, talk about the benefits of gaming in North Jersey, ultimately what you're saying is in this oversaturated market that is causing a decline in Atlantic City's revenue, the answer is to build a casino and add casinos to the market.

What I have been pointing out from the beginning is that when you look at any study that has been performed -- whether it's Deutsche Bank or Christianson group, Stockton University, the Chamber of Commerce -- they point out that building casinos in North Jersey will simply cannibalize Atlantic City to the point that whatever revenue you're able to generate does not make up for the harms and losses -- not just to Atlantic County in a parochial way, but to the State of New Jersey.

And one of the things that I have been asking and pushing for is, before we make such a dramatic decision, shouldn't we look to have a study that perhaps you could point to; one within which would show that all the studies we have are wrong? An example of that is when you were saying that Atlantic City has been given five years. We have to look at that truthfully. When we look at it, it took the State Legislature over two years to implement it with a master plan. The third year, yourself and others were--

ASSEMBLYMAN McKEON: Chris, if you have a question-- We made an agreement to allow you to ask questions. Ask a question.

ASSEMBLYMAN BROWN: Okay; we're getting there. It's a heck of a wind-up. (laughter)

But the point is this, because some of the statements that you made--

ASSEMBLYMAN CAPUTO: Right.

ASSEMBLYMAN BROWN: --I believe just factually are inaccurate. And when you say that it was given five years, and it took two-and-a-half years to implement it; and in the third year you already held hearings in the Meadowlands talking about North Jersey casinos -- you brought the instability to Atlantic City without giving it the opportunity to get that five-year plan and get a foothold.

ASSEMBLYMAN CAPUTO: May I answer?

ASSEMBLYMAN BROWN: And recently -- and here comes the question. (laughter) Recently, Carl Icahn has pointed out--

ASSEMBLYMAN CAPUTO: Right.

ASSEMBLYMAN BROWN: --that he is prepared to invest over \$100 million -- not just into the Taj Mahal, which would ultimately inure to the benefit of the State of New Jersey -- and that if you go forward with this proposal, he is not going to invest that money. Doesn't that just prove my point -- that the uncertainty in the market is exactly what has been holding back Atlantic City from moving forward? And when you look at the fact that between-- Revel right now is moving to push a license through because Glenn Straub sees an opportunity; but he's doing it slowly, based upon finding out what happens in North Jersey.

Simply by doing this, what you're doing is -- wouldn't you agree -- cannibalizing Atlantic City and, at the same time, you're talking about revenue that every study says is not going to materialize--

ASSEMBLYMAN CAPUTO: Not correct.

ASSEMBLYMAN BROWN: --and you have yet to put a tax rate on what that revenue would be, while promising the horsemen, Atlantic City, home rule all sorts of percentages of money that there's no factual basis to support.

ASSEMBLYMAN CAPUTO: Right.

ASSEMBLYMAN McKEON: All right, Ralph, please respond.

And you get one more question, Chris.

ASSEMBLYMAN CAPUTO: I'm going to try to respond to a number of issues. I don't know if -- I don't know what was a question, and what wasn't. But let me say this. I don't think this Committee should respond to threats. Carl Icahn is threatening that he will not put \$100 million in the casino because there's a potential of North Jersey casinos. You know, he's a big boy. When he assumed ownership of the Taj Mahal,

he has no agreement with the people of the State of New Jersey. They're going to make that decision whether they want gaming there or here. And for him to say something like that I think is totally inappropriate.

Two -- there are studies that indicate that -- Deutsche, in fact, issued a study indicating that casinos in North Jersey would earn over \$500 million. I could produce that study for you.

ASSEMBLYMAN BROWN: No, I'd like to talk to you about it. Because that's the maximum--

ASSEMBLYMAN CAPUTO: Well, let me finish; let me finish.

ASSEMBLYMAN McKEON: One at a time.

ASSEMBLYMAN CAPUTO: Hold on.

ASSEMBLYMAN BROWN: Go ahead. If we're going to have an intelligent conversation--

ASSEMBLYMAN CAPUTO: As far as the five-year moratorium -- we don't need a study. All you have to do, Assemblyman Brown, is look at the numbers; and the numbers are devastating. When you see a city in the trouble that they're in at this point because they're not getting the revenue, basically, from those casino properties; when you see properties that have closed and sold tremendously under value; when you see that business now going across our borders to Pennsylvania and New York, Connecticut, New England -- you don't need to have a study to indicate that you're not making the money that you should have been making. And the fact is, in the radius of the North Jersey-New York area, there are 15 to 20 million. And the competition has now strangled Atlantic City. We're not out to destroy Atlantic City; we want to see Atlantic City become a casino, non-gaming resort town. The fact is, there is business that

we are losing that is being siphoned off to other areas of our region, and we're losing that revenue. You can't deny the fact that we're losing that kind of revenue. I don't care what you say.

Now, I understand politically that you have a position, and I respect that position. But I think you're in denial, as I told you at the last hearing, over the realities of the collapse of the casino industry in New Jersey. And we have to come up with some alternative. This is not only my thinking; I started this war seven or eight years ago. But we have many people on both sides of the aisle, including the Administration and including many people from the business community and the labor unions, etc., that are supporting this referendum. So, you know, let's let the people make that decision. We don't have an argument. The argument is going to be placed before the ballot; and that campaign will take place, and the voters of New Jersey will make that decision like they did in 1976 when they confined it to Atlantic City. This is a sea change; this is a pivot. And you have to recognize that we're in a very deep hole, and we're trying to provide a sound alternative to a very devastating situation.

I worked in the town; I understand. I have many friends there who have lost their homes. I have seen tremendous unemployment; a foreclosure rate that's the highest in the country. I mean, how can we just sit by idly and not make an attempt -- a legislative attempt to provide some health and financial stability to the State of New Jersey?

ASSEMBLYMAN McKEON: Thank you, Ralph.

Chris, if you have a follow-up, please--

ASSEMBLYMAN BROWN: Yes.

ASSEMBLYMAN McKEON: --and then we have a whole load of people who want to testify, and lot of other matters to get to.

ASSEMBLYMAN BROWN: Well, there are a couple things I just want to point out. And I thank you for that, and I will end with a question. I appreciate that, Mr. Chairman. But in order to formulate the questions--

ASSEMBLYMAN McKEON: You know, again, I'm being very respectful.

Questions -- do you have any questions?

ASSEMBLYMAN BROWN: Yes.

ASSEMBLYMAN McKEON: Questions. I'll give you as much time as you need to lay your opinions out.

ASSEMBLYMAN BROWN: Okay.

ASSEMBLYMAN McKEON: But respect the rest of us.

ASSEMBLYMAN BROWN: Sure; I do.

When you're talking about helping Atlantic City, and you're talking about coming up with a plan, wouldn't you want to act like any other CEO of a major corporation and have a study that actually supports the competition you're bringing in? And we understand that there are a few rich people who intend on getting even more rich off of bringing these casinos up north. But it's really about the people who live in Atlantic City, the people who live in Atlantic County. When you have over 15,000 people looking to lose their job; when you have the highest unemployment in the state; when you have the highest foreclosure in the country; and you propose a plan that doesn't even have a factual basis-- When you talk about Deutsche Bank, you're correct. They did give a projection; they said

that the most that that casinos would generate is \$500 million. If we tax it at 50 percent, which you have yet to tell us what the tax rate is going to be -- which would tell me, and should tell every voter and citizen in the State of New Jersey, something is being pushed through without the proper facts being put before them -- but if it was at 50 percent, the most you're going to get is \$250 million. Deutsche Bank also says you're going to lose \$350 million out of Atlantic City -- which is a net loss to the State. And when we talk about these programs, and our seniors and the disabled -- if we truly care about them, we would make sure that we get it right. We wouldn't rush it through. We would know what the tax rate is going to be.

And so when these broad statements are made, I just think it's important to be pointed out that they're not accurate. And so I would ask you simply, if you have -- which Chairman McKeon was polite enough and courteous enough to point out -- a somewhat complicated formula that talks about 2 percent to the municipalities; it talks about a percentage to Atlantic City; it talks about a percentage to the seniors -- you cannot in good conscience tell anyone that those promises will come true, or what that amount will be, because your own projections, by your own experts, tell you that the State will lose money. And you haven't even set the tax rate yet, isn't that true?

ASSEMBLYMAN CAPUTO: I'm going to respond, and I hope very, very clearly.

Number one, the enabling legislation will set forth the tax rate. That, like everything else, is going to be negotiated. It will be higher than what exists in Atlantic City at this point.

I would say, as a guess, it would be 40 to 60 percent as opposed to what it is now. And you're right; if the tax rate stayed the same, we would not accomplish much.

But the fact is, you have no alternative. What you do, Chris-- And I say, Assemblyman, I respect your position. The fact is, I don't believe it. I respect -- I think you're being sincere. You don't have an alternative. You want to wait for more collision, for more deterioration because there is nothing in the horizon based on what's happened recently. Your argument might have meant something a year or two ago. But since those closings happened, and since you're looking at vacant buildings -- the Trump Plaza; the Showboat; the Atlantic Club, which was the Bally Golden Nugget; and now the Revel claims they're going to open -- and the terrible condition of some of the other properties -- tell me what your alternative is.

ASSEMBLYMAN BROWN: May I tell him?

ASSEMBLYMAN CAPUTO: I'd like to-- You know, I mean--

ASSEMBLYMAN BROWN: He's asking; may I tell him?

ASSEMBLYMAN McKEON: Well, I know what you're going to ask.

ASSEMBLYMAN BROWN: I do; I have an alternative.

ASSEMBLYMAN McKEON: You're going to talk about the Las Vegas plan. I've heard it all before.

ASSEMBLYMAN BROWN: Well, he's saying I don't have one--

ASSEMBLYMAN McKEON: You know, I mean--

ASSEMBLYMAN CAPUTO: But you're accusing--

ASSEMBLYMAN BROWN: --so apparently he forgot about it. So I'm trying -- I think it's only fair to remind him.

ASSEMBLYMAN CAPUTO: You're accusing me and others who support this legislation that we haven't thought it through and that we're not being responsible. I'm going to just say this, and you don't have to answer. You have no alternative.

ASSEMBLYMAN BROWN: I do.

ASSEMBLYMAN CAPUTO: You don't have an alternative, because you've spoken on this five times and you have never come up with an alternative.

ASSEMBLYMAN BROWN: I would love to give you the alternative.

ASSEMBLYMAN CAPUTO: You have never come up with one way of helping the casino industry, the people of Atlantic City. All you say is, "Don't make any changes."

ASSEMBLYMAN BROWN: No, no that's not accurate.

ASSEMBLYMAN CAPUTO: That's all you say.

ASSEMBLYMAN BROWN: Okay; well, Mr. Chairman--

ASSEMBLYMAN CAPUTO: You want to continue.

ASSEMBLYMAN BROWN: --I gave him the alternative.

ASSEMBLYMAN McKEON: Okay; okay. Now we're--  
Do you have any other questions for Ralph? Your alternative can come--

ASSEMBLYMAN BROWN: Will be part of a question.

-ASSEMBLYMAN McKEON: --will be part-- Not part of a question. (laughter)

ASSEMBLYMAN BROWN: I can turn that into a question.

ASSEMBLYMAN McKEON: Will be part of your statement, thank you.

Do you have a specific-- Last question, Chris. And please, don't--

ASSEMBLYMAN BROWN: I understand.

ASSEMBLYMAN McKEON: --upset me. (laughter)

ASSEMBLYMAN CARROLL: Too late.

ASSEMBLYMAN BROWN: Just like at home; that's what my wife says. (laughter)

ASSEMBLYMAN CAPUTO: I want to thank the Speaker for allowing you to substitute today. (laughter) I just want to make sure he understands that.

ASSEMBLYMAN BROWN: Yes.

No, I do want to make that point; I think it is important.

Clearly, the Chairman knows that I have an alternative position; and he could have just as easily said, "Mr. Brown, I'm sorry--"

ASSEMBLYMAN CAPUTO: You have no change.

ASSEMBLYMAN BROWN: And he has allowed this. And I think that's important to point out again. So I thank you. I'm delaying things. So let me get -- let me just talk, real quick, about the question on the alternative. And the Chairman is correct; this question includes some facts about Las Vegas.

ASSEMBLYMAN CAPUTO: Oh, no.

ASSEMBLYMAN BROWN: And you tell us that there is no alternative. But what I say to you is the plan that you have set forward, as

I've pointed out by the studies, is going to hurt the entire state. So an alternative that does more harm than good is certainly not an alternative at all. But let's look-- You say, "Brown, what is your plan?" And I will tell you that, right now, if you look into Atlantic City, Resorts just spent \$80 million for Margaritaville; Borgata just spent \$50 million for a pool complex-nightclub and dining facility; Tropicana just spent \$50 million to upgrade its South Tower fitness center; Golden Nugget just spent \$155 million for renovations. The Playground just spent \$50 million for non-gaming entertainment; Steel Pier just spent \$121 million for family entertainment; the Gateway Project, which includes an island campus for Stockton College, just spent \$204 million. That is a community that is moving in the right direction. You have Carl Icahn posed to invest \$100 million. You have Straub, with the Revel, looking to get that license.

And if we were smart we would do like Las Vegas, and here's your plan: The minute that you guys came up with a five-year plan, you set up a plan that was destined for failure. Because if anybody has money and they wanted to invest, they're going to hold onto it for that five years to see whether you're foolish enough to put gaming in North Jersey. Whereas, on the other hand, if the transition period would have been when the non-gaming revenue rose to 60 to 70 percent, then it would be bullet-proof; then Atlantic City would be at a point that you can build them wherever you want to build them, because it's dependent upon nothing.

But at this point in time, when they're talking about a city that has over 15,000 people looking to lose their jobs, and the highest foreclosure rate--

ASSEMBLYMAN McKEON: Chris, we've gone through these statistics 10 times. You both agree on the statistics -- that it's a disaster there. You have a different way of trying to fix it.

Do you have a last question for this witness?

ASSEMBLYMAN BROWN: I guess I'll let it go at that, Mr. Chairman.

The point is, there's a diametrical difference; mine is based in fact, his is based in speculation and his own personal opinions -- which certainly is no way to run a business.

ASSEMBLYMAN CAPUTO: May I just respond shortly?

ASSEMBLYMAN McKEON: All right; and you can respond, and then we're going to see if anybody else has any questions.

ASSEMBLYMAN CAPUTO: Okay.

Number one, Chris -- Assemblyman -- those investments are very valuable and very important. The fact is while you're having investments -- because there has been a shrinking of the casino industry, so those that remain are picking up the additional customers -- that business model will not last, okay? It is proven not to last, okay?

I'm very pleased that they're making those investments. But we're looking to put more money -- resources into non-gaming development so that all this can work together; and to make a better picture for the entire region of South Jersey, because Atlantic City affects that whole region. And those people need to have work, and they need to be able to pay their mortgages, and they need to be able to survive.

So to deny this additional revenue -- we're going to be testing this market as it goes, if it ever gets approved by the voters. So I'm not

debating that there's additional investment; but it's not enough. Because you wouldn't be in the trouble that you're in. If you had the answer, Atlantic City would be managed properly and they wouldn't need to be subsidized by the State of New Jersey or even any discussion about taking them over.

Now, I'm not taking a position one way or another. But it's there. Understand, you're not dealing with the reality of the situation. A decline in the casino industry which is horrible; half of the revenue and a decline in every other way, in terms of managing a city that cannot afford to run their government. And you have no alternative.

That's the end of my statement.

ASSEMBLYMAN McKEON: All right, Ralph; thank you very much.

Any other members have questions for the sponsor? (no response)

Seeing none, John Heinz, small business owner and private citizen, opposed.

Mr. Heinz, would you like to testify?

**J O H N H E I N Z:** Sure.

ASSEMBLYMAN McKEON: And is Vicki Clark from the Cape May County Chamber--

Thank you both; and both, welcome here.

Mr. Heinz.

MR. HEINZ: Yes, good morning, Mr. Chairman and the Committee.

My name is John Heinz, and I own a small company -- it's in the Atlantic City area, called Concert Quality Production Services. I kind of consider myself somewhat of the American success story, where I basically started this operation in my garage, built it up over the years, eventually began servicing the casino industry. And what I do is I provide audio-visual equipment for concerts, and festivals, and all kinds of events.

Having lived there since 1970, I've seen every bit -- from before gaming, through gaming, the good years, the bad years. And frankly, what a lot of people won't admit is that it started actually changing in the 1990s, because that's when the casinos started changing their programs. They realized that the revenue wasn't going to hold up. And this is long before Pennsylvania came on board.

The one common factor that's in this, though, is that the State has always had a level of control of the process. And I just heard it mentioned recently about the diminishing values of properties and for how little they sold. I think one of the catalysts for that change in the marketplace, though, was ultimately the takeover of the Tropicana and the way that that was handled. I think at that time, going into that period, the feeling was that property values were extremely high; we knew that Pennsylvania was across the border, but it wasn't considered a threat. We thought we could sell Bader Field for \$800 million; and all of a sudden, the reality of the marketplace kicked in. The investors weren't there; they didn't want to put the money into the situation.

And I think that caught the State off guard. I think that everybody believed that the bucket wasn't going to run out -- or that it was not going to run out as prematurely as it did.

So we fast-forward to this point now, where we've had four properties that have closed. What nobody will talk about is that investors are not interested in coming to Atlantic City because you can't buy a property to get a license at. Because now we have deed restrictions in place. Nobody wants to talk about how we fix that problem. In reality, it's a lot cheaper to come in and buy an existing property and put it back online, have it generating revenue, have it generating jobs, than it is to go and put a billion dollars into a property in North Jersey.

As a small business person, if someone comes to me with a claim that they're going to be able to guarantee money or revenue or whatever it is, the first thing that comes to my mind is, is there a possibility of saying, "How can I get a deposit on that?" If the claim is we're going to generate \$200 million in tax revenue, then are they willing to put \$100 million of that upfront before the shovel is actually in the ground? This way, this guarantees the State position for that money to actually materialize.

That's my concern. Over the years of dealing with casinos, they'll tell you one thing, but how the business model plays out is something totally different. And I think that we're setting ourselves up for a situation where we're going to leverage two markets, and the secondary market -- being North Jersey -- is not going to bear the fruit that everybody is thinking it's going to. And unless you have some more guarantees in place, frankly what you're doing is gambling. You're playing the card of, "Come on, just one more bet," or "just one more drink," or "Just one more hit. I promise, it's going to hit. We're going to make the money; it's going to come."

We can't gamble like that anymore. The State's been involved in a process for over 30 years; they're just as guilty as the local officials. I would suggest that you should not expand your position until you've managed to make sure that the position in Atlantic City is stabilized.

Thank you very much.

ASSEMBLYMAN McKEON: Thank you very much for your thoughtful testimony.

VICKI T. CLARK: Good morning. Vicki Clark; I'm the President of the Cape May County Chamber of Commerce.

Thank you for this opportunity to be here this morning. And I just have a brief statement I'd like to share with you.

ASSEMBLYMAN McKEON: Ms. Clark, as long as you promise me it's not real long, if you're just going to read it. If not, just summarize--

MS. CLARK: Sure.

ASSEMBLYMAN McKEON: But if it's manageable, then--

MS. CLARK: Absolutely.

Simply stated, we believe that the expansion of casino gaming outside the Greater Atlantic City area will be detrimental to all of South Jersey. It will cost jobs, it will create additional lack of tax revenues; it will hurt our communities, our schools, our hospitals, our nonprofit organizations that support so many in the community.

As casino gaming has expanded in neighboring states and in online portals, we have seen -- it has been discussed -- many, many new gaming opportunities are available, but the number of gamers has not grown. New Jersey is a small state; increasing gaming opportunities by

adding two new locations in northern New Jersey is not going to help the entire State of New Jersey.

And just as a final thought, I implore you to understand that the South Jersey economy is driven by the tourism industry. Gaming is a big part of the tourism industry. We do not have the diversified economy that the rest of our state enjoys, nor do we have the population that the rest of the state enjoys.

ASSEMBLYMAN McKEON: Lucky you.

MS. CLARK: Pardon me?

ASSEMBLYMAN McKEON: Lucky you.

MS. CLARK: Well, that may be true. But the Legislature should be looking out for the entire State of New Jersey. And so I would respectfully ask that the residents, the citizens, the businesses of southern New Jersey be considered -- for the harm that this expansion will do.

Thank you very much.

ASSEMBLYMAN McKEON: Thank you, Ms. Clark. I was happy to see that the ferry seems to be doing greater business than it ever has. (laughter)

MS. CLARK: Yes, it is.

And I have a copy of my statement, if you would like that.

ASSEMBLYMAN McKEON: Thank you; we appreciate that, and I appreciate you giving us that in summary form.

Debra DiLorenzo, of the Chamber of Commerce Southern Jersey; and Joe Kelly, of the Greater Atlantic City Chamber.

Welcome, both.

**JOSEPH D. KELLY:** Thank you.

**D E B R A P. D i L O R E N Z O:** Thank you, Mr. Chairman, and good morning to the members of the Committee.

My name is Debra DiLorenzo; I'm the President and CEO of the Chamber of Commerce Southern New Jersey, a lifelong resident of South Jersey, and a 32-year resident of Atlantic County.

I'm here again to express our organization's strong opposition to ACR-1. You do have my written testimony at your places; and Mr. Chairman, I will not read my entire statement, but I would like to point out some key indicators that are on this chart that is part of my statement here.

First, the chart shows the timeline of events from 2006 -- when the first casino closed its doors -- 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.

When looking at the timeline of events, those items highlighted in red are casino openings and closings in Atlantic City, as you can see. Those highlighted in yellow are changes in the gaming landscape -- including casino openings in Delaware and Pennsylvania near Atlantic City over the past nine year -- including -- and this is really the key to my testimony -- the opening of Harrah's Chester, 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 and Casino in South Philly, a mere 60 miles from AC, near the sports stadiums.

Now, most noteworthy, in 2007 -- as you can see, the same year that three casinos opened 72, 130, and 175 miles, respectively, from Atlantic City -- Atlantic City casino revenue dipped \$400 million. All three

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 has been truly undeniable.

Next -- and I'll get through this very quickly -- I'd like you to look at the trends, again, on the chart: the number of casino employees living in the seven southern-most counties since 2007 is down 18,000; 18,000 people have lost their positions. The amount of money spent with businesses located in the seven southern-most counties: down \$1 billion. Those are companies that are members of my Chamber, or Joe's Chamber, Vicki's Chamber, losing out on the casinos buying goods and services from them, to the point of a billion dollars.

The overall unemployment rate for the region, which includes the three counties with the highest unemployment rate in our state: Cape May, Cumberland, and Atlantic counties.

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 lost jobs, less vendor money being spent, 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 -- whether they are in Atlantic City, Jersey City, or the Meadowlands.

Frankly, moving gamblers from Atlantic City to North Jersey benefits only North Jersey, at a great expense to South Jersey.

Let me say, in closing, the monies designated to Atlantic City in this bill are well-intentioned, but will do absolutely nothing to combat the negative regional impact.

Thank you for the opportunity to present our testimony against ACR-1.

ASSEMBLYMAN McKEON: Ms. DiLorenzo, thank you for your thoughtful testimony.

Mr. Kelly.

MR. KELLY: Joe Kelly; I represent the Greater Atlantic City Chamber.

We have been here pretty much throughout the five hearings. And our position remains the same. We are opposed to ACR-1.

We represent 700 businesses; 60,000 employees.

It's been well-documented what the casinos in the past have been able to do. Think of another industry that, for 30 years, was better than the year before. That's how many years we were providing to the State.

It is also clear that the reason we're not able to do that these days is because of oversaturation. I don't believe you could find an economist who would say adding supply based on what the demand is a good idea.

So we just continue to oppose, based on the economics.

We also continue to oppose, based on what we don't know. It's been well said today -- we don't know how much potentially will be returned; we do not know who it will be returned to; we do not know when it will be returned; we do not know how it will be used.

In the business world, those questions get answered before taking action. And that's what we're respectfully suggesting -- that you need those answers before taking action.

I'm going to summarize and close there, because I know there are a lot of people who want to speak today. And you have all of our comments in our statement. But I would ask you one question before I close today: If you represented District 2, how would you vote? If you represented District 2, how would you vote? I know you're well-intended; but my guess is, is your votes would be different.

I heard a lot of *you* versus *we* in the earlier testimony. At some point, on behalf of business, we have to be talking about the greater good and not carving out niches of constituents. This will hurt us badly in a time that we're just now starting to turn the corner.

I appreciate very much the opportunity to speak today.

Thank you.

ASSEMBLYMAN McKEON: Thank you, sir. We appreciate both of your thoughtful testimonies; and particularly, the handout was a lot of hard work.

Gordon MacInnes, NJPP.

Gordon; nice to see you, Gordon. And Sal Anderton, Freehold Raceway.

**SAL M. ANDERTON, Esq.:** May I sit next to you, Gordon?

**GORDON MACINNES:** Nice to see you, Mr. Chairman, members of the Committee. Thank you for this chance to testify.

I checked *opposing* ACR-1, not because I'm certain that I oppose ACR-1, but because the Committee, the Legislature, the public does not

have the other information required to make a sensible judgment about ACR-1. You don't know, and you won't say, "What is the tax rate going to be, and where is the OLS estimate as to how much will be raised; and therefore -- second -- how will that assist in, what is being asserted continuously, helping to stabilize Atlantic City and South Jersey?"

Because if you don't have the money to do that, and you don't have the tax rate in mind, there's no way to estimate, therefore, how this bill will benefit Atlantic City, and Atlantic County, and South Jersey.

So why rush? You have 150 days, at least, before the constitutional requirement says you have to vote on this. During that time, it would be possible to answer three questions: first, the tax rate. You can include accompanying legislation that would have to originate in the Assembly with ACR-1. You could take action on a bill that says if there's a casino in North Jersey, contingent on approval by the people, here's the tax rate. We've heard 55 percent; we've heard, this morning, 60 percent. We've also heard from the Senate President -- maybe 20, maybe 30 percent. Big difference. Let everybody know -- including the members of the Legislature, but certainly the public -- exactly what will be the tax rate and how it will be distributed. That's a big question, it's a fair question, it's an essential question to answer before taking the final vote in the Assembly on ACR-1.

Second, I don't know if any of you have driven-- I'm sure Assemblyman Johnson has recently, possibly, driven Route 17 or Route 3, among the most congested roadways in America. And by the way, we have something called *American Dream* -- which is slated to open next year, according to its developers -- which is located at the Meadowlands. The

early word appears to be that the two casinos in North Jersey are most likely to be located, one, in East Rutherford at the Meadowlands--

ASSEMBLYMAN McKEON: Yes.

MR. MacINNES: --and number two, on the Jersey City waterfront. That may not be true, but it's the best information we have right now.

So if it is to be located next to American Dream, or at American Dream, depending on who gets the license, what is going to be done to accommodate what's certainly -- given the estimates for how much this casino will reap -- given those estimates, there's going to be an awful lot of traffic. There are going to be an awful lot of people wanting to get to East Rutherford, New Jersey, by way of Route 17, or the Parkway by way of Route 3. And, right now, those are close to parking lots during many of the hours of the day.

So what will be done to improve the infrastructure to accommodate these two \$1 billion-plus casinos? So far, nothing.

So again you have the chance, in the next five months, to determine two things about that: one, is there going to be a Transportation Trust Fund going down the road? If so, at what level will it be financed? Number two, will there be a revision to the current DOT projected plan for major projects? Because right now, there's nothing -- nothing in South Bergen. There's nothing that would take care of the traffic of American Dream plus a casino on Route 3. Isn't that a fair question -- to try and get at least a semblance of an answer?

ASSEMBLYMAN McKEON: Mr. MacInnes, I'm going to ask you to move on to your third point. I don't know if that part is a fair question relative to a theoretical--

MR. MacINNES: It's not fair--

ASSEMBLYMAN McKEON: --where theoretically the casino is going to be and what we're going to do with infrastructure.

MR. MacINNES: Oh, I know that; I know that.

ASSEMBLYMAN McKEON: So I mean, traffic on Route 3 is not relevant, I don't think, to this conversation.

MR. MacINNES: Mr. Chairman, I'm just using the information that's available. In New Jersey, it's not impractical to look at where there are already forces gathering to push for casinos in specific locations, and there seems to be real interest in East Rutherford. And there also seems to be real interest in the Jersey City waterfront, in a county which begs for the same sort of attention in terms of congestion, and movement of people, and goods, and services, and everything else.

So at least answer the question, before you take up this question, that the Trust Fund will be the object of stable and secure funding over the long term; and at least get the attention of the Capital Planning Commission and the DOT that attention will be given to what will be greatly increased traffic in North Jersey -- again, if all your estimates are correct about how much this is going to benefit everybody in terms of jobs, investments, the economy, and tax revenues.

Third -- and I will just confirm what everybody else has said, which is -- the market for casino gambling is badly oversaturated in the Northeast. Eight new casinos are going to open up in the next three years --

and we heard about some of them across the river in Pennsylvania, and we know that some will be in upstate New York. There is little disagreement on two points about that: Number one, the casino market is not growing. It's not back to where it was before the great recession. And now it's being carved up among many more casinos. So it would raise this question -- because the whole assertion here is that we want to help Atlantic City; and the way we're going to do that is to generate lots of gamblers coming to North Jersey, spending billions of dollars, over time. Let's ask the question: Well, how long do you think New York state is going to watch for the flight of billions of consumer-gambler dollars from Manhattan and the rest of the New York metropolitan region to northern New Jersey before it says, "Wait a minute. Those guys were right. There's a lot of traffic in North Jersey, there's a lot of gambling going on, and a lot of it is coming from our residents, our taxpayers, and our tourists." Because New York City is the magnet. And having a place available by ferry or by PATH to Manhattan would be great. Well, don't you think New York is going to say, "Gee, look at all these dollars that are fleeing our state. Let's allow some casinos -- or at last one -- in Manhattan"?

So all of the promises that have been made in the past should help inform this conversation as well. Don't forget, in 1976 -- that's only 40 years ago -- the committee that pushed for casino gambling in Atlantic City was called the *Committee to Rebuild Atlantic City*. It was not called the *Committee to Rebuild Approximately 12 Square Blocks of Atlantic City*. But that's where we are. And only eight of those square blocks are still in business.

So we've had other promises made -- simulcasting and Sunday racing. Oh, that will help Atlantic City Racetrack and Garden State Racetrack, as well as those that are still surviving.

ASSEMBLYMAN McKEON: I'm going to ask you to please wrap up.

MR. MacINNES: Just two years ago we had--

ASSEMBLYMAN McKEON: Thank you.

MR. MacINNES: I'm going to wrap up.

The Governor said, "Let's have Internet gambling. That will raise \$160 million for the State of New Jersey." It raised \$10 million. This projection is in the same category as all of those other exaggerated promises. The difference is, you have the time to answer the essential questions that any rational person would want answered before being asked to vote on it. And I hope you will take the time to at least address these questions which everybody seems to be citing.

ASSEMBLYMAN McKEON: Thank you, Mr. MacInnes. And thanks for all your thoughtful work -- not on this, but on many subjects throughout the state. We appreciate it.

MR. MacINNES: Thank you, Mr. Chairman.

ASSEMBLYMAN McKEON: Mr. Anderton.

MR. ANDERTON: Good morning, Mr. Chairman; and thank you, members of the Committee.

Hello, again. My name is Sal Anderton from Porzio Governmental Affairs. We're here today representing Freehold racetrack.

I have, like many of the speakers, been before this Committee before so I'd like to make a few observations generally; and then a few

observations that are new for the benefit of the Committee. So I'm now repeating myself vis-à-vis our prior four or five hearings.

Freehold, obviously, is in the heart of New Jersey's horse race country, in Monmouth County. My previous testimony here in opposition to ACR-1 was quick to point out that the other states in our region have adopted racing into the fold of expanding their gaming options in those states. These states include New York, Pennsylvania, Delaware, Maryland, Ohio, Massachusetts, West Virginia -- all of which include racinos in their expanded gaming options. The reason for that, we believe, is quite clear. That enables not only accomplishing the goals of expanding gaming, but adjusting to the new gaming market, which is really more about convenience than about destination. Perhaps Vegas would disagree; they've succeeded as a gaming destination. The rest of the country probably is looking more towards convenience gaming than destination gaming. And of course ACR-1 does just the opposite to that, which is the heart of our opposition.

Racinos -- by including racinos in expanded gaming here in New Jersey, you would have free tracks; you would have gaming at various locations across the state where gaming already occurs, where the infrastructure -- to steal a point from Mr. MacInnes -- the infrastructure, whether it's roads, or facilities already exist -- parking already exists.

And of course, where there was a need to expand gaming at these locations, you would have infrastructure investment, jobs created, hundreds of millions of dollars generated to expand the facilities to accommodate new gaming opportunities. That's what's done in other states, and that's what's happened in these other states. Therefore, I think

that works, because it doesn't seem to be a surprise to anyone in this room that the increased competition from other states has hurt our state. I'd like to suggest it is because our state is kind of in the wrong model -- an antiquated model of resort gaming, as opposed to convenience gaming.

So that's old; we already talked about that. What's new, and what I'd like to make observations onto (*sic*) the Committee today, is how this proposal would harm racing -- not just racing, but farms, agriculture, and open space in New Jersey, because of the impact on racing.

New Jersey's per-acre value of real estate is the highest in the area and the highest in the region: over \$12,000 per acre, on average. It's an observation. The number of racing days at New Jersey tracks -- three New Jersey tracks -- is about 250 live racing days. That's less than half of what it was prior to the competition that racing saw from New York and Pennsylvania. Which, by the way, is the same competition that Atlantic City saw from New York and Pennsylvania.

Monmouth County has lost 462 acres of farmland in the last three years. This is a statistic that was discussed at the Senate hearing last week.

Racing is a \$1 billion industry in New Jersey. This includes not just the activity at the tracks, but activities at the farms. This is the activities of the trainers and the training facilities, the hot walkers, the blacksmiths, the hay and feed providers and those farms -- all directly impacted by the racing that occurs at the tracks. The more racing that occurs at the tracks, the more opportunities folks have to sell their goods and services.

Racing, in a sense, is sort of like a supermarket. The supermarket provides an opportunity for the apple farm to sell their apples, the banana farm to sell their bananas, and so on and so forth. Well, the tracks and thriving live racing at the tracks provides an opportunity for all these other industries -- the agribusiness that support the racing industry -- to provide their goods and services.

By providing gaming at the tracks, basically, that would mean racing would have its own revenue to support itself and the agribusinesses that support the underpinnings of racing -- and, of course, the open space that it takes to preserve racing and to raise horses, and all the other products and produce that go along with the racing industry.

Pennsylvania is able to siphon \$50 million from its gaming industry, which includes casino gaming at racetracks. New York is able to siphon \$100 million of those dollars -- again, gaming dollars that occur at tracks. These figures support racing purses, breeding, track facility improvements, horsemen benefits -- these are all sectors of the economy that are going to be left out from the mere \$15 million that's anticipated to be -- in terms of what racing gets from this particular bill.

ASSEMBLYMAN McKEON: Mr. Anderton, I'm going to--

MR. ANDERTON: So I leave that as all new information for you, so that you see that by not including gaming at tracks, we're affecting not just the track operations, but the billion-dollar economy that supports racing and tracks here in New Jersey.

Thank you, Mr. Chairman.

ASSEMBLYMAN McKEON: Thank you very much for your thoughtful testimony.

MR. ANDERTON: You're welcome.

ASSEMBLYMAN McKEON: Thank you both.

Several others have signed up, with no need to testify: Ciro Scalera, of New Jersey Laborers Union, in favor; Michele Siekerka, from NJBIA -- where's Michele? -- in favor, no need to testify; Tony Russo, Commerce and Industry Association of New Jersey.

Tony, please come on up. In favor, with a need to testify.

**ANTHONY RUSSO:** Yes, and I will be brief, Mr. Chairman.

ASSEMBLYMAN McKEON: Thank you.

MR. RUSSO: Thank you.

Good morning, Mr. Chairman, members of the Committee. I am Tony Russo, and I represent the Commerce and Industry Association. We represent about 900 businesses from virtually every business sector. We have an office in Paramus and one here in Trenton.

And the reason why we support this measure -- because it cannot be understated -- is we can't, in good conscience, turn away potentially \$2 billion in private investment. I mean, every June, it seems like, when we work on the State budget there's always that hesitant speculation that we may not have the revenues coming in. That \$2 billion of investment means jobs. If you think about the restaurants, the trucks, the supplies -- it's more than just a game inside of it.

And I heard a lot of the cannibalization today -- that the market is saturated, and if we allow casinos up in North Jersey, that we're just going to saturate the market even further and lose a lot of revenue. Well, the truth is that Delaware, New York, and Pennsylvania have

cannibalized the market, and we're just trying to keep these dollars here in New Jersey.

And I'll end with a story. Like I said, we're based in Paramus, which is as far north as you can get. And I spoke to a work colleague the other week, and he told me that he and his wife we're going to go the Sands Bethlehem Casino for a night out because they wanted to do a little bit of gambling and have dinner. And I asked a question, "Why aren't you going to Atlantic City?" And the answer was pretty simple. It's one hour drive versus two-and-a-half hour drive. So what this means to me is it's choice. And right now, a lot of the consumers up in North Jersey have the choice to go to New York or Pennsylvania; and what this will do is keep those dollars here in New Jersey.

So we're running out of time, and we support the measure.

So thank you very much.

ASSEMBLYMAN McKEON: Thank you very much.

Anyone else who has not signed up care to testify at this public hearing? (no response)

With that announcement having been made, and seeing none, I'll allow any of my colleagues, as I said I would, who would like to comment in general now about the topic to please feel free to do so. And then we will gavel out of this public hearing and go into our regularly scheduled meeting for action matters.

Assemblyman.

ASSEMBLYMAN CARROLL: I waive.

ASSEMBLYMAN McKEON: Thank you, sir.

ASSEMBLYMAN CARROLL: I yield my time to my colleague.

(laughter)

ASSEMBLYMAN McKEON: You get an extra 30 seconds.

ASSEMBLYMAN BROWN: All right. (laughter)

No surprise if I take (indiscernible).

ASSEMBLYMAN McKEON: Take as much time as you want.

I told you, you can.

ASSEMBLYMAN BROWN: Well, thank you for (indiscernible) again. Thank you.

And I thank the Committee for having the patience and understanding of how important this is for families -- New Jersey families, particularly in Atlantic County -- who, as we speak right now, live in fear and concern over their future. They've seen convenience gaming already cannibalize the market in Atlantic City. And they're confused. They look at Trenton and they say, "This is the only place where logic gets suspended for fantasy." And the latest fantasy that's being proposed is, yes, we know that there are four studies, and all those studies indicate that the State of New Jersey will generate less revenue by building two new casinos. We're going to push forward anyway, and we're going to tell them some fantastical numbers. We're going to just make up that it's going to generate a billion dollars. And you say, "Well, what do you base that on?" And they say, "It doesn't matter. We have to do something, and we have to act quickly."

So you then say to them, "What's your theory?" And they say, "Well, in this market, where Delaware is stealing our business, and Pennsylvania is stealing our business, and convenience gaming is costing us,

the way we're going to solve the oversaturated market is we're going to build more."

And we say, "Well, the demand is down. And you're going to add to the supply. And all the studies show that the supply is made up of those people who go to Atlantic City within your own state." That's not me talking; this is me, basing it off of facts and studies that have been performed. Each one of them continually indicates-- And we'll talk about Deutsche Bank, which-- I very much respect Chair Caputo. He said, "We have a study; we have Deutsche Bank." He said, "They say that we will generate \$500 million." Okay; \$500 million. I heard a couple of people say they're going to generate \$1 billion. But if we take the expert that they're proponent of the bill is relying upon, that says \$500 million. If we even take a tax rate of 50 percent, you're looking at \$250 million in revenue. That does not meet the promises made to the two local municipalities that will be hosting them. As the gentleman testified from the horsemen industry, it does not even come close to meeting any promises made to the horse racing industry, agriculture. In fact, what he said is what you're going to do is hurt it.

And for Atlantic County and these families -- that are hard-working, out front, doing everything they can just trying to make ends meet -- we've had a greedy corporate mentality that has done everything they can to balance their books off the backs of these working families. And they've continued to work hard and move forward.

And instead of looking at it and saying, "What are we going to do to make sure that that industry is protected?" we're going off into a fantasy. When you look at -- and you look at the names, I mean, listen:

Mr. Gural, Mr. Fireman; you have a couple of people who want to run for Governor. And that should not be what drives State policy. State policy should be driven like any major corporation, and that should be where you do the analysis; you figure out what's in the best interest for your company -- in this instance, it's the State of New Jersey -- and you move forward from there.

Some of the questions that we're asking are fair questions, and they were brought up, and well pointed out -- I believe it was Mr. MacInnes. One of the things that I've been asking from the beginning is, let's take Deutsche Bank and let's say that it is \$500 million that the casinos will generate. And let's acknowledge that they also said Atlantic County -- and hence, the State of New Jersey -- will lose up to \$350 million. So if we use 50 percent, we're in the hole; but that came from Chair Caputo. We've heard from the Senate President, who has been as low as 20 and 25 percent.

So when you start using the different numbers, it becomes very clear that this is not a panacea; that building casinos in an oversaturated market doesn't make any sense. And shouldn't we let the voters know exactly what it is-- The families of the State of New Jersey deserve to know what the tax rate will be. I agree; they deserve to know. Who's going to pay for the infrastructure to the road system? Is it going to be the State? And if so, how much is that going to cost? They deserve to know, "Here's the amount of the money that we anticipate bringing in so that we can continue to fund for our seniors, for our disabled." Those aren't tough questions; those are the beginning of the process.

When we hear different testimony, I think it's important that the record is clear and that it's straight. You know, I believe it was Ben Franklin (*sic*) who said, "You're entitled to your own opinions, but you're not entitled to your own facts." And when somebody says that Atlantic County and those families have been given five years, that's an opinion. The fact is that from the time the legislation was passed, it took three years to implement it. By the fourth year, Chair Caputo and others were holding hearings in the Meadowlands for a North Jersey casino. And for those who don't think that that will have an effect and cause uncertainty in the market, I would remind everybody that, in July of 2012, when they held that hearing in the Meadowlands, Hard Rock was considering and publicly announced the opening of a boutique casino in Atlantic City. After that, and then in September 2012, they made an announcement that they were opening the Hard Rock in the Meadowlands. So if you're saying we've given Atlantic City five years, you take three years to implement it; and then within a year that it's begun, you take one of the casinos that was planning on opening there and bring it up to North Jersey to make an announcement -- that's simply not fair and misleading. And people have a right to know the truth.

I would also say to you that when you set it in a five-year plan it's doomed to failure from the beginning. Because business people and those who invest large amounts of money, they want certainty. And if they don't know that in five years you're going to continue this model, and if they're going to put \$50 million, \$40 million, \$100 million in investment in a non-gaming attraction, they want to know whether they're going to lose

45 percent of the gaming market and those who come to Atlantic City to gamble before they put the money in.

Now, Las Vegas had it right. Las Vegas understood that competitive gaming is going to hurt their economy; that they can no longer rely solely upon gaming revenue. And when they had that revelation, they were receiving approximately 70 percent of the revenue from gaming activities; 30 percent from non-gaming. So they set on a course to right the ship. And it took them about 11 years, but they were able to reverse that so that they're now at 65 to 70 percent nongaming revenue, and 30, 35 percent at gaming revenue. Therefore, they are still thriving and still able to move forward.

If you look at Atlantic City, and you look at what's happening right now, we are on the precipice of making this occur. And I mentioned before, but I will say that between \$126 million in a Harrah's Conference Center, \$80 million in Margaritaville, \$50 million in a pool complex at Borgata, \$50 million in the upgrade--

ASSEMBLYMAN McKEON: Assemblyman--

ASSEMBLYMAN BROWN: Yes, sir.

ASSEMBLYMAN McKEON: You're now repeating what you said five minutes ago. Please; you've taken my time--

ASSEMBLYMAN BROWN: Well, you know--

ASSEMBLYMAN McKEON: --and Assemblyman Carroll's time, and the rest of the panel's as well.

ASSEMBLYMAN BROWN: Well, that's what we're paid for.

ASSEMBLYMAN McKEON: Please wrap it up.

ASSEMBLYMAN BROWN: We're paid to come here--

ASSEMBLYMAN McKEON: We're not paid to repeat the same thing six different times.

ASSEMBLYMAN BROWN: --to make sure that we get the record clear, and that we present it. And I was very courteous; and when other people said things, and you asked me not to continue to ask questions, I stopped.

ASSEMBLYMAN McKEON: Go ahead; go through the same thing you went through 10 minutes ago. Tell us about the Playground, and tell us about all the different investments. And maybe I'll repeat what Ralph said as to why.

But go ahead.

ASSEMBLYMAN BROWN: That's your choice. If you want to repeat what Ralph said, you're certainly free to do so.

ASSEMBLYMAN McKEON: Go ahead; and I'm about to cut you off--

ASSEMBLYMAN BROWN: You're the Chairman--

ASSEMBLYMAN McKEON: --and I'm going to hit the gavel. So wrap up; enough.

ASSEMBLYMAN BROWN: You know, there are a lot of people from the district that I represent who are counting on me--

ASSEMBLYMAN McKEON: If you have a point to make, make the point.

ASSEMBLYMAN BROWN: I do, Mr. Chairman.

ASSEMBLYMAN McKEON: But something different that you didn't say not four times already before this Committee, but 15 minutes ago.

ASSEMBLYMAN BROWN: Everything that I'm saying I'm saying to make a point that is being said, based upon the testimony that they've heard here today.

ASSEMBLYMAN McKEON: Please wrap up. You have a minute.

ASSEMBLYMAN BROWN: There are a lot of people in the district where I represent who have the right to be heard; who have the right to have a voice here in Trenton. And that is my responsibility. It's my responsibility to speak on behalf of the families who are unemployed. You know, we hold up right now-- On Monday, there were over 16 pages of over 200 homes in foreclosure, right now, as we speak.

ASSEMBLYMAN McKEON: Well, this is the first we're hearing this. There's a high foreclosure rate in Atlantic City? I mean, please; have some respect for all the other people here who have other issues to bring before this Committee. We've heard this, Chris.

ASSEMBLYMAN BROWN: And so I will continue to point out and simply be an advocate for those families, during a working time, and who deserve to be able to be heard.

And I will continue to point out that if we look at what Atlantic City has done for the rest of this state -- it's generated nearly \$10 billion in tax revenue for the State of New Jersey over the last 40 years; \$10 billion. And when the casino referendum was passed, it was passed for a noble reason -- and that was for the urban redevelopment of Atlantic City; that was because the State of New Jersey looked and it saw that, in South Jersey, the unemployment was, per capita, much higher. It saw that the same thing that we're dealing with now was going on back then in the early 1970s.

And so what they did is they said “We’ll take this experiment; we’ll allow the vice to come into the State of New Jersey. But the money is not going to be used for our General Fund as a panacea; it’s supposed to be used to reinvest and redevelop Atlantic City” And 40 years later, Atlantic City -- that money has gone back to the State to the tune of over \$10 billion, with an extra \$375 million, through the CRDA -- which was a Casino Reinvestment Development Authority -- that was supposed to reinvest in Atlantic City for Atlantic County, which left the County and wound up going elsewhere throughout the state.

Right now, as we look at it, Atlantic City, through the casino industry, is generating \$800 million in State and local taxes. And I make this point to say this. The families who live in Atlantic County have a right to have these questions answered; they’ve earned that right. And anybody who says there’s Atlantic County fatigue doesn’t know what they’re talking about, because Atlantic County has been the goose that laid the golden egg. And that goose has been choked through mismanagement, as well as projects that have not stayed in Atlantic City and Atlantic County where it was intended to go in the first place.

In the absence of any independent study -- and I am wrapping up, Mr. Chair -- in the absence of any independent study, I will call on the press, the fourth estate, to investigate and ask the hard questions -- the questions that were put out here today during the public portion. What revenue will be generated, and what do you base that upon? What is the tax rate going to be on that revenue? Who is going to pay for the infrastructure in order for these casinos to be built? How is that money that you’re earmarking for Atlantic City actually going to help Atlantic

City? Is it going to pave the roads so the people who are unemployed have a way to get out of town? How is it going to make up for the 15,000 lost jobs? Those are fair questions, and they're not being answered. And they should be answered before it's given to the public on a referendum, because the whole point of the public discussion and the whole point of the referendum is so that our families can make an intelligent decision, and can understand exactly what it is that they're voting on, and why they're voting for it.

So I appreciate it, Mr. Chairman; if anyone feels that they've had to stay too long because I advocated on behalf of the families in Atlantic County--

ASSEMBLYMAN McKEON: All right; save us the sanctimony. Are you finished?

ASSEMBLYMAN BROWN: I appreciate it. That is all.

ASSEMBLYMAN McKEON: Thanks.

ASSEMBLYMAN BROWN: Thank you, Mr. Chairman.

ASSEMBLYMAN McKEON: Andrew? Any-- (laughter)

ASSEMBLYMAN ZWICKER: No comments.

ASSEMBLYMAN McKEON: Any--

ASSEMBLYWOMAN MUOIO: No, thank you.

ASSEMBLYMAN LAGANA: No comments.

ASSEMBLYMAN JOHNSON: Chairman, no. (laughter) I have nothing. No, no.

ASSEMBLYMAN McKEON: I just wanted to note that Marlene Asselta, the President of the Southern New Jersey Development

Council, has given us written testimony, is opposed, and has no need to testify.

Thank you, Marlene, very much.

Okay; I'm going to defer on any comment myself. It's in the hands of the voters. While there isn't a person in this state who doesn't have empathy for someone who can't pay the bill for the home that they worked hard for, or has lost their job -- it's a bigger picture than that, specifically, concerning what, frankly, has been a sinking ship for a long time. And we need to protect precious sources of revenue in this state, and not continue to fritter them away on a fantasy.

Okay; I will move out of the public hearing on this point; give everybody 10 seconds to clear the chamber who is not interested in the remaining business of the Committee.

**(HEARING CONCLUDED)**