
Public Hearing

before

SENATE ECONOMIC GROWTH COMMITTEE

SENATE CONCURRENT RESOLUTION No. 49

(Proposes constitutional amendment authorizing Legislature by law to allow in-person wagering and account wagering on sports events at Atlantic City casinos and at racetracks)

LOCATION: Atlantic City Convention Center
Atlantic City, New Jersey

DATE: April 5, 2010
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Raymond J. Lesniak, Chair
Senator Jim Whelan
Senator Joseph M. Kyrillos Jr.
Senator Steven V. Oroho
Senator Robert W. Singer



ALSO PRESENT:

Senator Jeff Van Drew

Kevin J. Donahue
Office of Legislative Services
Committee Aide

Sonia Das
Eugene Lepore
Senate Majority
Committee Aides

Laurine Purola
Senate Republican
Committee Aide

Hearing Recorded and Transcribed by
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SENATOR RAYMOND J. LESNIAK (Chair): Please, everyone, take your seats. Cell phones off.

I want to welcome Committee members: Senator Oroho, traveling all the way from Sussex County.

SENATOR OROHO: Thank you, Chairman.

SENATOR LESNIAK: Thank you.

Senator Whelan is temporarily appointed today for Senator Vitale.

Thank you, Senator.

Senator Singer, from Lakewood.

I was in your town next door this morning, Senator.

SENATOR SINGER: You should have called me, I would have bought you breakfast.

SENATOR LESNIAK: We could have come up together.

SENATOR SINGER: I would have bought you breakfast.

SENATOR LESNIAK: I presume I have some kind of mandatory thing to announce.

Do I? (affirmative response)

What this is, is a public hearing required by -- statute or the Constitution?

MR. DONAHUE (Committee Aide): Constitution.

SENATOR LESNIAK: Required by the Constitution prior to the body of origin voting on a proposed amendment to the Constitution, which I have sponsored along with Senator Van Drew and Senator Whelan, to authorize sports betting in the State of New Jersey.

Should I just call the first witness?

MR. DONAHUE: If you're ready.

SENATOR LESNIAK: Okay. The first witness is former Mayor and Senator now, Senator James Whelan.

SENATOR WHELAN: Thank you, Mr. Chairman.

First, let me welcome you and thank you and the other Committee members for this effort, and also for having this meeting located in Atlantic City today. Obviously there are a lot of casino people who work in the industry and some regulators -- our Casino Control Chairman is here. So we will have-- You made it very convenient for those who work in the industry already to be here and to hear the testimony, as well as to testify themselves.

More importantly, thank you for your efforts on this issue. I think we need to recognize that the reality is that the Federal government, back in the '90s, passed a bill that just strikes me as fundamentally unfair. They said four states could have casino gambling, 46 states -- or sports betting -- 46 states cannot. It would be the equivalent of doing prohibition if they said, "These states can't have alcohol and drinking, but these areas can." Now, Atlantic City was one of those areas, because prohibition was pretty much a rumor here. But notwithstanding that, it was still illegal.

So I'm certain that either by your efforts in the court or at some point the congressional delegations -- not just from New Jersey but from various states who now have casino-style gambling and want to have sports betting -- we're going to see sports betting become legal at the Federal level, and we need to be ready in New Jersey. The idea that we should wait for a Federal effort -- because that may or may not happen, or when it happens then New Jersey can tee it up. We need to be teed up so that

when that Federal effort passes, we can roll right into sports betting. If it were to pass either by court or by Federal law, Delaware would have full sports betting in a matter of weeks. It would take us two years to get there.

SENATOR LESNIAK: And Pennsylvania as well.

SENATOR WHELAN: Pennsylvania as well -- New York, Connecticut, you name it. The other jurisdictions across the country and surrounding us would have sports betting in a matter of a very short time. If we don't begin this process now, we're going to be behind the eight ball on this.

So again, Mr. Chairman, I thank you for having the meeting here, and I thank you for your efforts on this, both legislatively and in court, as you are pursuing the court case that hopefully will lead to New Jersey being allowed to have sports betting.

SENATOR LESNIAK: Thank you, Senator.

Senator Singer.

SENATOR SINGER: Thank you, Mr. Chairman.

There's a history here, and the history started out with Bill Gormley and myself. We introduced the legislation, him in the Senate and myself in the Assembly, to allow sports betting in the state. And let me tell you, it was a highly contested issue, as you can well imagine. I know Bill was successful in getting it through the Senate, and it came into the Assembly.

SENATOR LESNIAK: Twice.

SENATOR SINGER: Right. And as a sponsor of the Assembly bill, it amazed me. Number one, we had a lot of opposition from the clergy at the time. And we took out college betting because of that pressure,

which made no sense to us. Because, again, it's ludicrous -- as though we're going to taint the college athlete by the fact there would be betting on it.

But more important at that time -- and I credit Bill Gormley, certainly, for that -- there was a vision knowing that the future -- other states were going to go to gambling. And we needed this as a tool to attract. You don't make money on sports betting. That's a misnomer. This is not a money-maker.

SENATOR LESNIAK: I'm going to disagree with you on that, Senator, but go ahead.

SENATOR SINGER: Well, that was what the professionals told us. The main thrust of sports betting -- because, by the way, the reason why they don't make a lot of money on it is the amount of games in baseball and things like that -- because of the odds factor. But the big, important part of it -- it drew the big gamblers here, it drew the big crowds on Super Bowl, it drew the big crowds on other -- the Final Four and things like that, that created the importance for the area.

And because we realized, at the time, we were the lone state that had gambling. It was only a matter of time before Pennsylvania, Delaware, and New York got that and became competitive with us. We wanted that advantage. And I was involved at the time with Donald Trump, because he worked with us on that. And Chuck Haytaian was the Speaker at that time and had promised to do that, and then you know what happened. He decided to run for Federal Senate and then killed the bill, and we never got it through the Assembly.

I did play golf twice with Donald Trump, which was an experience I'll talk to you about sometime. (laughter)

SENATOR LESNIAK: I've had the same experience.

SENATOR SINGER: Right. But more important was, we made a major mistake, and we listened to some emotional issues on this that really weren't factual, and we didn't look at the business aspect that you're looking at here.

It is essential that we, as a State, make sure that Atlantic City, the casinos here, the gaming, is healthy and well, because it benefits the whole state. And you know there's talk about also benefiting the horse industry, which Senator Kyrillos and I are very tied to because we represent Monmouth County, which has two tracks in there, and it plays an important role for us.

But more important, it makes common sense. To turn away dollars here when you can go out to Las Vegas and gamble and do these things makes no sense. Other people are going to be able to do it. We should be competitive with that. Atlantic City needs our help, and we should be the first one there.

So I compliment you on doing this, I compliment you on the bill. And certainly you know you have my full support.

SENATOR LESNIAK: Thank you, Senator.

Any other introductory statements? (no response)

I actually have one. I forgot about it. I'll begin.

When Manchester United plays Chelsea at Wembley Stadium, London, in the Premier League, the second most successful sports league in the world, fans can place a bet on either team right at the Stadium. When the San Francisco 49ers take on the Denver Broncos at Wembley Stadium on Sunday, October 31 of this year, the fans will not be able to place a bet

at the Stadium because the National Football League, to protect the integrity of its sport, will not allow the betting windows to open. The fans will have to walk across the street to place their bets. The Broncos will, no doubt, be favored by a touchdown.

Insane? You bet it is. Just as insane as the Federal ban on sports betting, which forces the public to bet illegally with bookies or at offshore Internet sites out of the reach of our law enforcement agencies, or legally at the safe haven created by Congress in Nevada and Delaware.

Tonight is the NCAA basketball championship game. Try to get a room in Las Vegas this past weekend. Good luck. You better have made your reservation months ago. Here, in Atlantic City, you can have your pick of rooms at any casino -- except Revel, of course, which, thanks to opposition from those who don't care about the thousands of unemployed men and women in this area, may now never open.

Las Vegas Sports Consultants, a division of Cantor Gaming, estimates that New Jersey could see a \$10 billion market for sports betting. That would produce \$600 million of revenue for our casinos and our racetracks, and \$60 million in direct revenue to the State; and much more for our casinos, our racetracks, and our State from the added tourism as a result of legal sports betting.

Some say the discriminatory Federal ban on sports betting will never be lifted, but not NBA Commissioner David Stern, who has acknowledged that it will be at some time in the future; and not Senators Jim Whelan, Jeff Van Drew, who know that sports betting will create jobs and boost tourism. These two Senators -- Senator Singer along with them -- will use every means possible to fight for those jobs and for our economic

growth. And I know Senator Kyrillos has expressed support as well, and Senator Oroho.

Legislators from Missouri, Iowa, and Rhode Island have introduced resolutions or legislation supporting sports betting. And my lawsuit to overturn the ban will be heard this fall in the United States District Court. When either of these efforts are successful -- if Congress comes to its senses and stops the discrimination against New Jersey and other states, or if the Federal courts recognize that the discriminatory ban on sports betting violates the United States Constitution -- New Jersey has to be ready to get it going immediately.

Right now, we are not ready. We have to amend our Constitution to allow sports betting at an election in November. It would be a shame if when the inevitable occurs, our surrounding states would be able to siphon off tourists who want to enjoy the entertainment that goes with placing a bet on their favorite team, just as Las Vegas, and Delaware to a lesser extent, are now doing.

Today's public hearing will allow the State Senate and Assembly to place a question on November's ballot to permit sports betting. We need it, we deserve it, and someday we will have it. SCR-49 will ensure we will have it sooner rather than later.

Okay. We will start the testimony.

Rodger Gottlieb, and Ken Calemno, and Joe Kelly from the Greater Atlantic City Chamber.

R O D G E R G O T T L I E B: Good morning.

My name is Rodger Gottlieb. I serve as Director of Business Advocacy for the Greater Atlantic City Chamber.

On behalf of our Board of Directors and our more than 800 members, we welcome you and thank you, Senator Lesniak and other Committee members, for holding this hearing in Atlantic City.

We'd also like to acknowledge Senator Lesniak for your leadership and support of issues that are of vital importance to our great City and to our entire region, including the Tax Increment Financing as it relates to the Revel project, and your ongoing efforts to reform COAH regulations that have hindered the business community and stifled economic development.

The Greater Atlantic City Chamber supports the idea of sports betting in Atlantic City casinos. Our position is consistent with the feelings expressed by New Jersey residents in the 2009 public opinion poll by Farleigh Dickinson University, in which residents favored sports betting in Atlantic City by more than a two-to-one margin. However, we are not in favor of sports betting at horseracing tracks in New Jersey.

Now, more than ever, it's vitally important for the State of New Jersey to protect its investment in Atlantic City by not allowing gaming activities, whether it's video lottery terminals or sports betting, at the State's racetracks.

Our reasons are both clear and compelling. While the casino industry in Atlantic City has come under significant pressure from the nationwide economic slump and increased competition from neighboring states, it's still a source of tremendous economic impact to this region and to the entire state.

Consider some of the following facts and figures. I should emphasize that this information is not intended to denigrate the

horseracing industry. Rather, it is meant to shed light on the dramatically different roles that the New Jersey casino industry and horseracing industries play in our State's economy.

The New Jersey casino industry has invested more than \$17 billion of its own capital to build world-class casino facilities in Atlantic City, including more than \$6 billion on projects completed since 2003 alone. In the process, they've created thousands of construction jobs year after year for New Jersey's building trades.

This stands in stark contrast to the absence of any private investment by the New Jersey racing industry in the last few decades. Based on the New Jersey Sports and Exposition Authority's annual reports, slightly more than \$100 million in capital was expended since 2003 at all of its facilities, including racing facilities -- mostly all public funds. Even if all those funds were racing related -- which they are not -- it represents a small fraction of the casino investment. For racing, a significant portion of those funds was expended by Monmouth Park to host the Breeders Cup. And that wasn't private investment, it was taxpayers' money.

Consider employment data: In 2009, the New Jersey casino hotels directly employed approximately 38,000 individuals with good-paying wages and full benefits. This compares to less than 2,000 jobs at New Jersey racetracks, a total lower than the employment at the smallest Atlantic City casino. According to the American Horse Council, many jobs in their industry are part-time and seasonal, with the average job equating to .65 of a full-time job. Applying that ratio to New Jersey racetracks would mean New Jersey tracks support the equivalent of fewer than 1,300 full-time jobs, many without benefits.

Consider taxes: In 2009, New Jersey casinos directly paid close to \$1 billion in total State and local taxes, with \$295 million dedicated to seniors and people with disabilities. In its 31-year history, the casino industry has generated more than \$18 billion in taxes and fees for our state. The New Jersey horseracing industry, by comparison, is not subject to any revenue tax. Its pari-mutuel tax was repealed in 1994. New Jersey taxpayers get no benefit from wagers on horses.

Consider moneys spent on New Jersey businesses: In 2008, New Jersey casinos paid \$4.15 billion to its vendors.

SENATOR KYRILLOS: Mr. Chairman, excuse me. I've only half listened, but is this a hearing on horseracing and its contribution to the State, or sports betting in general?

SENATOR LESNIAK: Well, the Constitutional Amendment would authorize sports betting both at casinos and at the racetracks. However, I would point out -- and your question is well-made -- the specifics of it would have to be authorized by legislation. So this bill just allows the Legislature to act.

So if you would-- I mean, you make your point very loud and clear.

SENATOR KYRILLOS: I've heard the point. We can get into a lot of points. (laughter) We'll get the map out of all the casinos all around the northeast. So let's move on.

SENATOR LESNIAK: I'm sure the Monmouth County Chamber of Commerce would strongly disagree and maybe even point out how the casinos have contributed to their demise. I'm not taking sides. I believe there is--

SENATOR KYRILLOS: We're not taking -- I'm not taking sides either, Mr. Chairman. You're right. So let's focus on what we're here for.

SENATOR LESNIAK: Okay. Can you sum up, please? You made your point about that. And you can submit that entire testimony for the record. I don't want to get Senator Kyrillos' ire up any more. (laughter)

J O S E P H D. K E L L Y: With your permission then, we'll move on.

My name is Joe Kelly. I serve as the President of the Chamber. We wanted you to meet our leadership team today. You have our Advocacy Director, you have the Chairman of our Board.

My point today is, we're at 12 percent unemployment in the county, and I'm sure the Committee is aware of that. The last time we were at 12 percent unemployment was 1977, pre gaming. So if we come across a bit parochial, a bit desperate, we are.

And, Senator Lesniak, you get it. I mean, when we look at the pro-business legislation, the appropriate incentives that you're putting on the table, we applaud that. At the same time, we need, as a local chamber, to be a bit protective of our marketplace. I have got trade guys: "I want to work;" I have service people: "I want to work." It is all about jobs for us. We believe jobs heal a sick economy. And right now, we're struggling.

So I do apologize for a bit of a parochial stance. But it's honest.

SENATOR LESNIAK: By the way, if I may, there's no need to apologize. I feel the same way you do, as you know.

MR. KELLY: Thank you.

SENATOR LESNIAK: But I made some, maybe, intemperate remarks the other day in the *Atlantic City Press*, but it's because I feel the same way you do. We need jobs.

MR. KELLY: And I appreciate that.

I'll close my comments with -- that we're a business organization that's here to assist. Please don't hesitate to call us.

And, again, thank you to all the Committee members. We do understand that you're working hard to create a pro-business environment, not only in Atlantic City but throughout the state.

Thank you for your time.

SENATOR LESNIAK: Thank you.

K E N C A L E M M O: I have no comments. I don't want to hold up the Committee any longer.

SENATOR LESNIAK: Any questions from the Committee?
(no response)

Gentlemen, thank you very much.

Tom Luchento from the New Jersey Standardbred Owners Association, no need to testify. Are you sure? (laughter) He's in favor.

Tim McDonough, National Football League.

T I M O T H Y M c D O N O U G H: Thank you, Mr. Chairman.

I will be very brief. As you know, the NFL has been outspoken for quite a long time on this issue in the State of New Jersey. And the NFL has testified many times not only in front of your Committee but others as well.

It's the basic belief of the NFL that sports betting seeks to legalize gambling on the performance of players in athletic contests that

neither were created nor designed for gambling devices. This would be the only form of legalized gambling that depends entirely on purely human effort -- the performance of athletes who serve as role models to millions of young people in this nation. It would represent a quantum leap beyond the many gambling vehicles that are already available in New Jersey.

As you know and I know, mistakes are made in sports, whether it be a coach or whether it be some of the best athletes in the game. But when a mistake is made to a less rational person who is placing a bet, that becomes a fix and you begin -- betters begin to take an evil eye toward these mistakes when it comes to the performance of athletes.

The other issue is: When a state condones sports betting, it becomes part of states' policy. So in other words, the State of New Jersey is saying that it is all right to bet on athletic games and performances. And we believe that that's not a good message to be sending to the young people in this country and the state.

And last, but not least, there's a lot of talk about what legalizing sports betting will do to the bookies, to the off-shore betting. But the law enforcement services in this country tell us that it's going to be quite the opposite. Bookies will continue to survive because you can get a better deal with a bookie, you can pick up the phone and make a phone call, the odds are better, you can get credit easier. So if we think by legalizing gambling in the State of New Jersey it's going to do away with illegal betting or off-shore betting -- we believe that's not the truth.

And last, but not least, this is a huge leap, this is a huge effort, as you know and we know, that the Federal law that states that New Jersey cannot have sports betting-- To overturn that law is going to take a

tremendous amount of time, and tremendous amount of effort, and a tremendous amount of taxpayers' money.

SENATOR LESNIAK: Why is that? Why would it take a tremendous amount of taxpayers' money? Can you amplify that specifically? What cost does it involved? Do you know that the Delaware casinos have contributed to their legal effort? This isn't costing the state anything. We have a hearing.

Come on, be real. I mean, I understand all of your other testimony. This doesn't cost a miniscule amount of money.

MR. McDONOUGH: And your point is well-taken, Senator.

SENATOR LESNIAK: Thank you.

MR. McDONOUGH: Thank you very much.

SENATOR LESNIAK: Thank you.

Questions?

SENATOR SINGER: Just a statement, Mr. Chairman.

SENATOR LESNIAK: Sure.

SENATOR SINGER: I just have to tell you that sports, in general, have tainted themselves a little bit, whether it's with baseball with enhancement drugs; whether it's dealing with the recent scandal in golf. These are things-- The things that bother a lot of people are the cost of going to games, the cost of being able to afford it -- it's unaffordable. I don't think sports betting, in any form or way, taints anything. I don't think college athletes, per se, are-- It's almost like the minor leagues in basketball, it's the minor league for the majors.

I think when we see in the Olympics it's no longer just amateur sports -- it's now professional sports, everyone is professional. The skiers

are professional, the hockey players are professional, basketball players in the Olympics are all professional. We've changed the game plan from the so-called *amateur athlete* into everyone being professional and being part and parcel of that.

And I think (indiscernible)-- I disagree with one thing. I think a lot of people would rather gamble knowing it's done by the State, that it's regulated, that they know they're going to get paid off legitimately, that no one is coming to strong-arm them or anything else like that, that they go and collect, and therefore it's done on a fair basis.

But I also think, if you take a look at it and think about the thrust of what, for example, on a Super Bowl weekend that would mean to Atlantic City -- on tonight's game, what that would mean to Atlantic City -- literally tens of thousands of people coming to be able to watch and be part of it, and while they're here, enjoy eating dinner and having all the other things. I think the attributes far outweigh the bad points of that.

MR. McDONOUGH: Thank you.

SENATOR WHELAN: Tim.

SENATOR LESNIAK: Tim.

SENATOR WHELAN: I want to make a comment also. You and I have had this discussion privately. What, frankly, disturbs me with the NFL's position and some of the other leagues-- I watch pregame shows, I listen on the radio. What do they talk about? They don't talk about who is going to win the game, they talk about who is going to be the spread. That's a gambler's line. And we just went through the March Madness. And, again, it's like, "The underdogs beat the spread more." And I know that's college basketball. But just in terms of the NFL, the League has

contractual relationships with these broadcasting agencies, and yet they go on the air, whether it's TV or radio, and talk about the line, and make predictions based not on who is going to win the game -- "Well, the Eagles are going to cover the spread against the Giants," or vice versa. So how do you get to have it both ways?

MR. McDONOUGH: I think, in terms of the broadcasters, as you know, on a given week there are hundreds of broadcasters -- whether it be NFL or NBA -- that on a weekly basis are broadcasting games. And the NFL does try to, short of forcing an announcer to say something or not to say something -- I mean, there's a thin line there between free speech -- what they can say and what they can't say.

SENATOR WHELAN: No, with all due respect--

MR. McDONOUGH: But the NFL does have a policy that those types of references are not to be used on the air. And if they do it, they do it.

SENATOR WHELAN: Well, with all due respect to the free speech issue, which all of us are sensitive to, the NFL's contractual relationship -- some of these broadcasters work for the teams. The ESPN -- I happen to listen on Friday mornings, Mike and Mike. They compete against each other, who has the best record. And it's on the spread. Now, ESPN has a contractual relationship with the NFL. If they wanted to stop it, they could step in and say, "Don't do that any more or we're not going honor or we're not going to have the contract," but they don't.

So I mean, I just think there's a level of hypocrisy that the NFL and the other professional leagues bring. And, frankly, as Senator Singer alluded to, I think there are a lot of, frankly, more serious problems with

the NFL. We talk about role models. We have a lot of issues in the NFL. I teach school. You see these guys get locked up. What kind of role model is that? I mean, it happens across the League on a fairly regular basis. I think the League, first, would be better off addressing those than worrying about illegal sports book.

MR. McDONOUGH: Well, they're trying to.

SENATOR LESNIAK: Not to pile on, but the League is also, I believe, renting out its logos on lottery tickets in different states and making revenue off of that. So there you go.

MR. McDONOUGH: Well, that was just started this year; and it started here in New Jersey, by the way.

SENATOR LESNIAK: No, no, no. I'm just saying, gambling and the NFL, perfect together. (laughter)

Thanks.

Al Welenc, UAW-Atlantic City casino workers.

By the way, if anyone wants to testify, you have to fill out one of these forms. They're up here in the front and also in the back.

A L W E L E N C: Good morning.

SENATOR LESNIAK: Good morning.

MR. WELENC: I wasn't ready that fast, but I just had a few thoughts to relay to the Committee.

We as workers here in Atlantic City-- Just to reiterate, when the Casino Control Act was passed, it was to generate revenue for this area, which it has. It worked. And we feel -- the workers feel that we missed the boat in '93 by not getting sports betting.

SENATOR LESNIAK: I might add, I voted for it twice in the Senate. It passed the Senate twice.

MR. WELENC: I understand, and we thank you for that.

We feel that as workers, we're going to spread the word to get this legislation passed. We feel that we should be ready. And although it was mentioned that it doesn't create revenue or it doesn't make money -- it will create revenue. And even if you have a car full of people coming down here -- if they're not going to be sports betters, they're going to be playing a machine or playing the table games. So we feel that it's long overdue and much needed to get this passed and be ready for it when it does pass.

And also, when that legislation is struck, maybe we can have it written in there to have it exclusive to New Jersey, and Vegas, and the other states that were grandfathered in a couple of years ago.

SENATOR LESNIAK: That we won't be able to do; but, believe me, there's a huge market here in New Jersey for sports betting, as we all know.

MR. WELENC: Absolutely.

SENATOR LESNIAK: Thank you very much for your testimony and your hard work.

Any questions from the Committee? (no response)

Thank you, gentlemen.

MR. WELENC: Thank you.

SENATOR LESNIAK: Joe Brennan, from iMEGA.

J O E B R E N N A N J R.: Good morning, Senators.

My name is Joe Brennan. I'm the Chairman of iMEGA, the Interactive Media Entertainment and Gaming Association in Washington,

D.C. Our members are international Internet gambling operators, the individuals that my colleague from the NFL was referring to previously.

I had a rather long and eloquent statement written out, but I think we should just get to the heart of the matter. I think an anecdote provided by the news would be an interesting thing to start with. Last week, in Pennsylvania, in Montgomery County, officials sent a work crew to a nice, well-manicured home in the Philadelphia suburb of Abington, and they had the lawn dug up, and the shrubbery and gardening torn out. Why? Because the homeowner is an alleged sports bookmaker, and law enforcement believed he had stashed millions of dollars in profits from that enterprise on the property. Now, apparently, they were correct. And they found nearly \$1 million buried in the garden and in the house. And they seized that money. That money was apparently in addition to \$2.7 million that the county officials had seized from the homeowner four years prior, because this individual is, allegedly, the operator of a sports betting operation that handles close to \$50 million per year. That's not bad for a home business.

Another remarkable thing about this story is that you don't have to go on a treasure hunt in someone's backyard in order to find the money from sports betting. It's everywhere. It's in full view. Just open the sports section today in the *Philadelphia Inquirer*, look on ESPN or Comcast SportsNet. It's exactly as you pointed out before. The talk tonight about the tourneys: what's the spread? It's seven for Duke over Butler. You have the futures available for the Washington Redskins to make the Super Bowl next year in Las Vegas being adjusted overnight. Why? Because Donovan

McNabb was added to the team. Some of us may agree with that, some of us may not. Now that he's going to be a next door neighbor of mine--

SENATOR LESNIAK: I know Norcross does not, not a fan of McNabb.

MR. BRENNAN: Obviously, many people have spoken about this, and there has been much ink spilled about the kind of revenue that the State could realize and Atlantic City could realize in being able to run State-regulated sports wagering in the state. And that will be contained in my statement that I will submit.

But since the gentleman from the NFL had the misfortune of going before me, I think I want to address a couple of the points that he made, and it's this: The sports leagues have consistently made this anecdotal argument about the integrity of their games, and role models, and being concerned about children. But that's the only argument they can make. This is a club of 32 billionaires right now who are just trying to decide whether John Q. Public can place a \$10 wager on the outcome of their team who's playing in the publicly, tax-funded -- built -- stadium.

The money that we're talking about here is substantial. The National Gambling Impact Study estimated back in 1999 that this was a \$380 billion -- *billion* with a *b* -- dollar industry here in the United States. That's very substantial. That was back in the 1990s, the Clinton administration. You can only imagine with the explosion of the Internet, and fantasy sports, and the explosion in the amount of sports that are available through cable and satellite opportunities, that number is probably approaching half-a-trillion. I don't think it's unreasonable to suggest that. And New Jersey isn't seeing a dime of it.

Las Vegas is seeing a small portion of it. As a matter of fact, there's probably not a seat available on a plane out of Philadelphia, Newark Airport, or New York heading for Las Vegas tonight. Why? Because that city, probably more than Indianapolis -- who is actually hosting the NCAA tournament final tonight -- is getting the short-term economic stimulus because of that event. Every hotel is filled on the strip. Those gamblers are going there to place legal, state-regulated action -- and it's big action. But in addition to that, they're staying in rooms, they're eating in restaurants -- probably need a massage based on how uncomfortable they feel about the wager they just placed. But the halo effect is significant.

Yes, the direct dollars that are gleaned in comparison to the dollars that you see from slot machines or from table games isn't as profound. It's a much smaller segment of the Nevada gaming industry. But it's that halo effect. And that's people flying from our area, the Northeast Corridor, out to a desert some 2,000 miles away to place bets that they could be placing here.

Now, obviously, our Association comes at this from the online piece. We think that intrastate Internet wagering, State-regulated, can be an excellent complement -- not competitor, complement -- to the casino industry here in Atlantic City. As a matter of fact, it's foreseen that all legislation -- all of this would be done, whether it's online or off-line, with Atlantic City as its hub. And the off-line industry -- excuse me, the online industry sees New Jersey as the place that they want to set up shop and become the global hub for their industry. Why? Ironically it's because New Jersey has the toughest regulators. That kind of regulatory surety will make those companies more valuable, they'll have access to a better

infrastructure, and they'll be able to bring high-tech jobs and infrastructure investment -- very similar to what the financial service industry has brought to North Jersey in the wake of 9-11.

So as far as my colleague from the NFL -- his attesting to the fact that even if it's legalized, that somehow people are going to still go offshore -- that's just patently false. If that were the case, I wouldn't be here today. I'd be doing everything in my power to put the breaks on this thing. Our operators want to be here. They want licensing, regulation, because this is not a gaming expansion, this is a migration. You have a half-trillion-dollar sports betting economy. How much more can it expand? It has to be migrated from underground to above-ground, to State-regulated venues, whether they be online, in the casinos, or at the racetracks, whatever you may decide.

As far as getting a better deal with the online bookies, I would hope that my colleague would know from his own organization, which monitors very closely Las Vegas and the online industry -- and those industries, as a matter of fact, have a red line, a red phone to go to his League and the other leagues so that whenever they detect problem betting in the marketplace, they make them aware of that. That's something that the leagues and the NCAA never tell you in all this -- that they are already partners with this industry.

But everybody follows the same lines. It's like every financial marketplace that's out in the open. When people publish a line, people follow that line. It gets bet into. It's no different than buying stocks on Wall Street.

The market normalizes the price. You will get no better deal off-shore than you will on-shore in a regulated environment. Why? Las Vegas has not lost a single dollar in their sports books with the explosion of the Internet over the last 10 years. In fact, it's quite the opposite.

The argument that the NFL and the leagues will make to you is going to be, "We want to protect the integrity of the game. That's why we oppose you allowing your state regulators to monitor this \$10 billion marketplace in your state." That's illogical. Do we really think that the organized crime elements and the street-level entrepreneurs that are burying millions of their dollars in their backyard are better at overseeing this industry than the New Jersey regulators who are in this room right now?

If those leagues truly cared about protecting the integrity of their game, they would encourage you today to ram this legislation through, to be aggressive with your litigation so that they can bring professional regulators to this to ensure that there is no influence like the Tim Donaghys of the world. Because that didn't happen in a regulated industry. That happened with street-level organized crime.

So, Senator Lesniak, Senator Whelan, Senator Kyrillos, we've spoken. I applaud your support and your efforts. And I hope that we can work together to make this happen for the State of New Jersey.

Thank you.

SENATOR LESNIAK: Thank you.

Any questions from the Committee?

Senator Kyrillos.

SENATOR KYRILLOS: Thank you, Mr. Chairman.

Thank you for your testimony.

Perhaps you touched on this. I know we've talked privately. You touched on the potential job creation -- industry creation, if you will, that could ensue here in our state if sports betting or some form of online gaming beyond horseracing was possible. Did you touch on that in your remarks? If so--

MR. BRENNAN: No, I haven't. That's obviously part and parcel of--

SENATOR KYRILLOS: Is that a line of discussion we could get into a little bit?

MR. BRENNAN: I think so. I mean, particularly the gentlemen who preceded me from organized labor-- I think there's an opportunity here for-- I mean, obviously those men are working hard to provide for their families and provide educational opportunities for their families. And they probably want their kids to be able to get a good job some day. And the fact of the matter is, this is an industry -- the sports betting industry is part of both an off-line and online industry, in addition to Internet gambling that provides a wealth of high-tech jobs. We're talking software developers, risk managers, call center and network support, all the high-tech jobs that you would imagine would go into a financial institution. The comparison I often make is with E*TRADE. Everything that you would need to operate E*TRADE, an online brokerage, you would need to operate an online sports betting site or an online gambling site. And it would be similar also in the casinos. You need that kind of information technology support. And to support that, you're going to need to see a good investment in Atlantic City, Atlantic County, in infrastructure: whether it's the power grid to support it, whether it's the fiber optic cable

networks you're going to need to carry global demand that you will see in Internet traffic. And all these jobs -- significant service-sector jobs -- are things, right now, fragmented throughout the world. They're in everything from the UK, to Costa Rica, to the Caribbean, to Highlands in Europe that, if I named them right now, you couldn't point to them on a map. But there are thousands and thousands -- tens of thousands of jobs. I point to San Jose, Costa Rica, which if any of you ever had an opportunity to visit, it's a nice-enough town in the mountain jungle in Central America. Fifteen years ago the sports betting and online gambling industry decided we were going to make that one of the global hubs. There's now 45,000 people directly employed, by estimates of their trade association there, by these industries. And these are jobs that are software development, network engineering, data center hosting, call centers -- all significant, high-paying -- higher-than-average paying jobs with skilled labor. Those jobs can be located here in New Jersey, because New Jersey has the unique combination of regulatory surety; they have the constitutional structure in place that other states do not have; an educated workforce; and a lot of redundant information technology infrastructure. It's something that can happen if New Jersey has the will in order to be able to do it.

SENATOR KYRILLOS: So in essence, you're suggesting there could be a vision to aggregate the jobs that are now throughout Europe, South America, Central America in one U.S. location.

MR. BRENNAN: Yes, there's a natural gravitational pull for this. Because 50 percent, estimated, of the world's marketplace for sports betting and online gambling is in the United States. The off-shore operators are very interested in what's going on in states like New Jersey,

California, Florida, and New Hampshire now. Because they know, without a doubt, the ones who want to be true corporations, true corporate actors-- They know, without a doubt, that their companies will be, if anything, far more valuable if they're in the United States, in a regulated environment, than if they continue to exist off-shore; because they will have access to capital markets, they'll have (indiscernible) banking and credit card processing.

One thing my friend from the NFL said is that it's easier to get money in and out of those sports books and those online operations. It absolutely is not. It's very difficult. And yet they still continue to grow digit -- in double-digit growth, year over year, even in the face of a global online recession.

SENATOR KYRILLOS: Would you be willing to allow us to legislate levels of investment, infrastructure improvement in development as part of this overall effort?

MR. BRENNAN: Absolutely. I mean, the expectation is-- Let's be practical. Right now, one of the reasons why Atlantic City is in a tough position is it lacks the revenue to reinvest in itself. So being able to then say, "If we pass this law tomorrow, if we pass an Internet gambling law tomorrow, without those kinds of guarantees baked into it, what would the casino companies be able to do with it?" They don't have the money to invest in infrastructure or to hire head count. It would be assumed -- members of our Association assume that they're going to have to foot the bill for this, they're going to have to pay for the head count, they're going to have to pay for the bandwidth, they're going to have to pay for building the infrastructure here. Industry is going to have to foot the bill. But they will

do it -- the smart ones will do it -- because they realize that their value is going to go up exponentially over what they invest in.

SENATOR KYRILLOS: And just to be clear, there is online gaming that is not sports betting, per se -- other pursuits, other activity -- correct?

MR. BRENNAN: Oh, absolutely. I mean, right now, most of the poker room traffic that's probably being driven in this town right now is not by what you would have seen 10 years ago: middle-aged guys chomping cigars, hardcore veterans. What you're going to see if you go into the poker room at the Borgata, or the Taj, or someplace like that is a bunch of young guys who are probably 20-something, in hoodies, and sunglasses, and headphones. And they're there because they dropped out of college, a promising career in mathematics, to become a millionaire, online poker player.

SENATOR KYRILLOS: Mr. Chairman, what I asked was -- maybe you didn't hear -- is that there are significant, non-sports betting-related online gaming activities. And so the birth of an industry isn't necessarily dependent on sports betting, per se, although I recognize that that's a very large, potential component of the whole.

MR. BRENNAN: Senator Lesniak has sponsored two bills in the Senate. One is an Internet gambling bill, and then a separate sports betting measure. The Internet gambling one is one that Senator Lesniak has been driving. That's something that can be done, actually, this year if the Legislature decides to do it. Sports betting has a few dependencies, like Senator Lesniak's litigation -- having a referendum on the ballot. But the one will complement the other. And probably the bigger payoff, if we're

going to talk just about economics here -- the bigger payoff down the line is for New Jersey to become a global hub for Internet gambling so that it becomes a complement to the resort-casino industry that you have here in Atlantic City. The legislation has been written so that Atlantic City is still the hub, that the casinos are actually the licensees, and that operators who are out there right now could potentially enter into service agreements to provide service -- whether it's online poker, or casino games, sports, what have you.

But yes, for-- We've been talking -- and I know I've talked about this with you -- what we term "the next gaming industry." If you talk to most analysts in the leisure and entertainment sector on Wall Street, they will probably tell you that the biggest growth sector in leisure and entertainment is going to be online gaming over the course of the next 10 years. And New Jersey is in a unique position because of the mix that they have of an educated workforce, infrastructure, and also the regulatory environment, the constitutional structure to be able to take not just New Jersey or the United States, but globally.

SENATOR LESNIAK: Any other questions? (no response)

Senator Kyrillos, thank you for that line of questioning.

SENATOR KYRILLOS: Thank you, Mr. Chairman.

SENATOR LESNIAK: We need to move that legislation as well. We could get that started immediately, and we would start bringing revenues into Atlantic City immediately as soon as the legislation is passed. We don't have to wait for no court, we don't have to wait for no Congress -- I'm intentionally using bad grammar. (laughter)

Any other questions? (no response)

Thank you.

MR. BRENNAN: Senators, thank you.

SENATOR LESNIAK: Michael Musto, New Jersey Thoroughbred Horsemen's Association.

Michael, are you here?

MICHAEL MUSTO: Yes.

SENATOR LESNIAK: Step forward. There you are.

MR. MUSTO: Good afternoon, Chairman Lesniak and members of the Senate Economic Growth Committee.

My name is Michael Musto, and I'm the Executive Director of the New Jersey Thoroughbred Horsemen's Association.

I am here on behalf of the entire horseracing industry and breeding industry, along with the harness industry today, to support SCR-49, a measure allowing for sports wagering at New Jersey racetracks and casinos.

Currently, sports fans and non-sports fans all across the country are immersed in the excitement of college basketball's March Madness. In a month's time, these same sports fans and non-sports fans will be immersed in thoroughbred racing's Triple Crown with the running of the Kentucky Derby, the Preakness, and the Belmont.

Both events spur great excitement as one clear winner or favorite emerges. Both events also generate the greatest amount of Internet wagering, some illegal and some legal, as the betting of horseracing is legal on the Internet, telephone, and off-track; whereas betting on college basketball is not. In fact, the FBI estimates that more than \$2.5 billion is illegally wagered on March Madness alone. Most of the money wagered

goes off-shore to illegal operations. Comparatively, sports books estimate \$80 million to \$90 million -- less than 4 percent of the illegal take -- is wagered on the tournament legally through Nevada's 187 sports books.

There isn't an elected official -- whether it's President Obama or Governor Christie -- who wouldn't like to see an influx of all or part of \$2.5 billion into the nation's or State's economy. The question for them and for all of us is: Is it worth the social cost to society if the ban on this type of wagering is lifted?

When debating the pros and cons of this question, we must keep in mind that we are in a world where national economies are on a rollercoaster ride and people are searching for every available penny. Placing the social costs of sports wagering above the potential financial benefit that is currently being enjoyed in Nevada and off-shore seems, at best, misguided.

This is just one reason why, for months -- actually years -- the New Jersey horseracing industry has been urging the United States Congress to lift the ban on sports wagering in the United States. Since January 1, 1993, the Federal Professional and Amateur Sports Protection Act has prohibited state and local governments from authorizing sports wagering in all but four states, with Nevada being the only state that is currently operating legal sports book.

Thankfully, Senator Lesniak has gotten the ball rolling through the introduction of SCR-49 and the filing of a lawsuit challenging the ban. Billions of dollars are going off-shore to illegal operations running sports books every day in the United States. If offered at both New Jersey horse racetracks and Atlantic City's casinos, more patrons would travel to the

destination to go to a sports room. During their visit, these same patrons would most likely explore wagering on horse racing or another form of gaming, increasing the pool of the patrons and revenues for these two important industries.

I must emphasize that the only way the State's horseracing industry will support the constitutional referendum and will continue to be a party in the lawsuit is if the racetrack can offer sports wagering whenever they are open. We will not support a move that limits sports wagering at racetracks when we are live racing only.

The original ban on sports betting was prompted by professional sports to protect the integrity of the sports. According to Senator Lesniak, the argument of integrity in sports is out the window with scores of baseball players cheating with steroids, athletes and coaches arrested on assault and gun charges, drug use, DWIs.

New Jersey's horseracing industry is one of the State's most important agri-tourism industries, supporting 176,000 acres of open space, which is only 10 percent preserved, and over 13,000 jobs. The industry needs a whole new generation of patrons, according to Senator Lesniak. Just like the ski industry was dying until snowboarding was introduced by Generation X, New Jersey's horseracing industry needs its own catalyst, with sports wagering being the trigger to get this done.

Beyond Senator Lesniak's reasons, the arguments for legalizing sports betting expand daily. As the Internet becomes more and more the vehicle to do business, experts are seeing it as the new illegal mechanism for placing wagers on sporting events. According to Christiansen Capital Advisors, which tracks Internet gaming online, sports betting generated

\$4.29 billion in revenue in 2005. This is more than double the \$1.7 billion generated by online sports betting in 2001. More bets are placed on the Super Bowl than on any other sport, including March Madness. In 2007, the estimate for wagering on the Super Bowl, both legally and illegally, was around \$8 billion. In fact, wagering on professional football accounts for 45 percent of all revenue generated at sports books. Basketball is the second highest with 26 percent, with baseball accounting for 20 percent. Legally, the 2007 Super Bowl generated \$12.9 million in gross gaming revenue for Nevada's sports books, with \$93 million being wagered annually.

So how do we legalize sports wagering in New Jersey? The answer rests in two places: passing SCR-49 as a challenge to the Federal lawsuit and successfully litigating the lawsuit challenging the Federal law as a constitutional violation of states' rights.

Whatever the solution, our Federal and State legislators need to get their head into the game and stop ignoring the obvious. Sports wagering is happening. It is a money generator. If regulated correctly, it can be policed and taxed appropriately. And most importantly, it will keep billions upon billions of United States dollars in the United States that are currently benefiting individuals in countries around the world. In this challenging financial time, it is only one of many legitimate and obvious solutions.

Thank you.

SENATOR LESNIAK: I might add one other thing that I believe those statistics and surveys miss, especially for the State of New Jersey. When Brazil plays Venezuela in soccer -- a big soccer game -- there will be an enormous amount of money bet on that game and an enormous

amount of people here in Atlantic City, at your racetracks, to be there at the event and watch something like that. I know in my neighborhood, there are big signs when those Latino teams are playing at these bars. And I can't imagine that they're not taking some action, for sure. So that's another added benefit, particularly for the State of New Jersey.

Any questions from members?

SENATOR WHELAN: Mr. Chairman, if I may.

SENATOR LESNIAK: Senator Whelan.

SENATOR WHELAN: First of all, I take Brazil in that match, by the way.

MR. MUSTO: What's the line? (laughter)

SENATOR WHELAN: Mr. Musto, you alluded that your organization would not support a move that limits sports wagering at racetracks when we are live racing only -- *we* being the tracks.

MR. MUSTO: Yes.

SENATOR WHELAN: I want to say to you and to my friends from the local Chamber of Commerce -- you're probably aware -- I tried to put that amendment in, and I couldn't even get a second at the Committee hearing when it was before our Committee. So this effort now will have the tracks with the ability to have the sports betting whether you have a live meet or not.

MR. MUSTO: Thank you.

SENATOR LESNIAK: Thank you, Senator.

Any other questions? (no response)

Thank you.

Donald Weinbaum, from the Council on Compulsive Gambling of New Jersey.

How can you be neutral? (laughter) I'm waiting to get piled on here.

DONALD F. WEINBAUM: Well, let me start off--

Good afternoon -- good morning, Chairman Lesniak, Committee members.

Just to clarify that point, the Council is officially neither for nor against gaming and gaming legislation. That's been our position for many years. Our mission is to advocate for compulsive gamblers and those affected by them in New Jersey. Having such a position actually lets us enter into conversations with people on all sides. We don't get into the politics of gambling. We provide services, we provide help for people.

So thank you for the opportunity to talk today.

We are a nonprofit (501c3) corporation which was created in 1982 at the behest of the New Jersey Department of Health. The Council conducts education, prevention, outreach, and referral services for people affected by compulsive gambling, and has been actively involved in serving New Jersey's citizens for more than 27 years.

The Council owns and operates the 1-800-GAMBLER HelpLine, which is available 24 hours a day, seven days a week to gamblers, their families, and persons seeking information on treatment and other resources. The Council also created and maintains the www.800gambler.org Web site, which received close to a million hits last year. It's a portal to information, help, and resources.

We do have some concerns about this resolution as drafted, and I'd like to share them today. The first issue is that the proposed constitutional amendment ignores the problem gambling issues created by expansion of any form of gambling. The amendment would allow sports wagering to be offered at multiple locations throughout New Jersey, including casinos in Atlantic City and racetracks; through account wagering using telephone, Internet, or other means.

The voters are being asked to approve this, but they're also being asked to continue the current allocation of casino revenues, which does not mention and may actually prohibit any portion of those revenues, including new revenues, from being directed toward compulsive or problem gambling prevention, education, or treatment programs. This means that SCR-49, as currently written, proposes to legalize and substantially expand sports gambling in New Jersey without providing any funding to help those betters who will progress into pathological gambling or develop early stage addictions that might respond to intervention or education.

Pathological gambling is considered a significant mental health problem in this country. It's included in the American Psychiatric Association's *Diagnostic and Statistical Manual of Mental Disorders*. This so-called *DSM* is the bible of the mental health field. The pending revisions to the *DSM* make it clear that problem gambling is an addictive disorder that shares some characteristics with drug and alcohol addiction.

Currently, 9 percent of callers to our 1-800-GAMBLER HelpLine report that their primary problem is related to sports betting. Eleven percent report some level of involvement with sports betting. These

percentages appeared to be heading down some years ago but are now rising once more.

Research in the U.S. and elsewhere has demonstrated that expansion of legalized gambling is typically followed by significant increases in problem gambling. Proximity to the gambling establishment has been shown to be directly related to the incidents of compulsive gambling. In addition, legalization of previously illegal gambling activity serves to normalize those activities and to make it acceptable for more residents to engage in them and to participate more often.

Some of those persons -- possibly 2 to 5 percent -- will cross the line into problem or compulsive gambling. This means we can expect more calls to the 1-800-GAMBLER HelpLine and more gamblers presenting for treatment.

Continuing New Jersey's current approach to funding compulsive gambling services, which comes from casino fines up to \$600,000 annually and assessments on off-track wagering facilities, \$200,000 annually, diverges from the path taken by most states that have authorized or expanded gambling over the past 20 years.

New Jersey's approach assumes that licensed operators will not adhere to regulatory requirements and that the amount needed to support compulsive gambling prevention, education, and treatment services is predictable, limited, unlikely to grow as gambling is promoted by government and private industries. Tying funding for gambling-related health services to violations and fines is unfair to the industry and to the problem gambler alike.

SENATOR LESNIAK: Excuse me. We could -- and you would support, no doubt -- add to the constitutional amendment the authorization to utilize the State revenues for that purpose as well.

MR. WEINBAUM: That would be a major step forward. And allowing use for compulsive and problem gambling services would provide the enabling language for whatever allocation formulas the Legislature would see fit.

SENATOR LESNIAK: First of all, we would have to see if we can get a consensus on that. But we should also ask OLS if we could do that -- whether that would be a substantial amendment so that we would have to have another public hearing.

MR. DONAHUE: I believe we would have to start all over again.

SENATOR LESNIAK: Oh, that's the wrong answer. (laughter)
But we will consider that, without a doubt.

MR. WEINBAUM: As background, and to put the problem in context, there are 350,000 pathological or problem gamblers in New Jersey compared to 806,000 substance abusers. The State's current allocation of \$970,000 for compulsive gambling programs in New Jersey starkly contrasts with the more than \$140 million allocated for drug and alcohol prevention and treatment programs. It also does not compare favorably with the \$3 million allocated by Pennsylvania or the \$5 million provided by New York state.

And 2006 statistics from the National Council on Problem Gambling compares New Jersey per capita funding as well. In that year, per capita funding in New Jersey for problem gambling services totaled \$0.11,

while per capita funding for substance abuse services amounted to \$11.68. So you can see the contrast.

The proposed FY 2011 State budget has created additional urgency to the need to revisit our State's historical funding formula and to make it consistent with current responsible gaming practices. For 2011, the Department of Human Services' Division of Addiction Services Grants-in-Aid appropriation for Compulsive Gambling Services is proposed to be reduced by 16 percent, or \$120,000. The impact is likely to be significant. Most certainly, it will reduce the availability of gambling treatment services throughout the state, possibly denying services to up to 200 persons in need. It will also reduce the availability of prevention, intervention, outreach, and referral services for adolescents, seniors, young adults, and at-risk populations, including programs intended to reduce underage and illegal gambling. It also makes it painfully clear that unless the Legislature specifically provides for gambling revenues to be directed to prevention, education, intervention, and treatment services, funding for such services will be subject to the vagaries of the State budget process and will continue to be at risk.

We also would like to note that there is a key difference in the State's role with regard to gambling as opposed to drugs, alcohol, or other human services. The State of New Jersey is in the business of directly operating and/or promoting certain gambling activities, including the lottery, horseracing, off-track wagering, and casino development. None of these activities are inherently essential State government roles or services. The State generates a significant portion of its revenues from gaming receipts and thus has a responsibility to balance its efforts to promote

economic growth and revenue generation against its statutorily mandated role as the protector of public health.

Responsible gaming is a concept that is known and supported throughout the gaming industry. The World Lottery Association, the North American Association of State and Provincial Lotteries, and the American Gaming Association all have developed responsible gaming guidelines for operators.

Funding for problem gambling awareness, intervention, and/or treatment referral is virtually always a part of these responsible gaming programs. In many ways, funding problem gambling programs can be viewed as a cost of doing business for State and private gaming operators.

We also would like to note that much of the interest in expanding gambling in New Jersey -- to include Internet, account, in-person wagering on sports -- centers around enhancing New Jersey's competitive position vis-à-vis other neighboring states, reducing criminal bookmaking activities as well. None of that can be denied. But from the standpoint of the Council, it really doesn't matter whether New Jersey residents gamble in Delaware, Pennsylvania, New York, Maryland, or any other state. We're there to provide services. Regardless of where people gamble, if they have a gambling problem, they will present to us when they need help, as they do now.

Unfortunately, if they gamble outside New Jersey, the money they lose will go to help residents of some other state. Ironically, they themselves may end up being denied needed services due to New Jersey's inadequate funding. None of the dollars lost will come back to New Jersey since there are no interstate compacts or agreements on shared

responsibilities with respect to problem gambling. There also is no Federal funding for problem or compulsive gambling programs at present. There are several bills in Congress which propose to correct this situation and to establish compulsive gambling as a public health mandate, but as of the moment there is not one dollar dedicated to this purpose.

Fifthly, the limited network of compulsive gambling treatment services in New Jersey is heavily utilized at the moment, and demand continues to grow. There are 12 funded treatment providers in the state which share a fee-for-service pool of approximately \$300,000. Utilization in the first half of Fiscal Year 2010 has exceeded projections. Several providers have indicated they may not have sufficient funds remaining to keep their doors open through the end of the year. Many counties in New Jersey do not have even one treatment program within their borders at the moment. New Jersey cannot afford to lose even a single provider, whether temporarily or permanently. We also cannot afford to further reduce services to existing clients if demand from compulsive sports gamblers increases. Unfortunately, that's exactly what will happen if the Legislature does not provide for additional problem gambling service funding when it advocates for new forms of sports-related gambling.

Should legalized sports betting become a reality in New Jersey, there will be many people who are not presently frequenters of Atlantic City who will make the pilgrimage in order to bet on sports games, and the same is true for racetracks. Once they are there, they are likely to play casino games and the horses as well. This will certainly add to the number of compulsive gamblers in this state. I'd like you to keep in mind that the

research consistently shows there is a direct correlation between accessibility and availability of gambling and the number of compulsive gamblers.

In summary, the burden is on New Jersey to make responsible decisions about how to balance its public health and public policy responsibilities against its interest in developing new State revenue streams and maintaining economic growth in key sectors of the economy, which I know is a prime goal of many people in the state and of this Committee.

Compulsive gambling is already a significant public health issue in our state. Expansion of gambling will serve to increase the scope of this problem. Addressing it will be a challenge, but it is one that can be met with adequate resources and with the support of the Legislature. And I would like to thank the Legislature and the Senate for its ongoing support.

SENATOR LESNIAK: That's a point well-taken. And I'm certain there will be strong support from this Committee, if not throughout the entire Legislature, when we get this through, and the enabling legislation to ensure that you have more funding than you are presently getting.

Senator Oroho.

SENATOR OROHO: Thank you, Chairman.

I just have one question. From the legalized gambling of the casinos, the online -- something I hadn't thought about -- is there a responsibility-- Do they have to report when they believe that there is a compulsive gambler? Do they have to report it to some sort of treatment center or something?

MR. WEINBAUM: There's not a direct responsibility. They have awareness programs. The 1-800-GAMBLER number is posted. And the dealers generally know how to make a referral.

SENATOR OROHO: But they get more education than they get from their bookie through, right? (laughter)

MR. WEINBAUM: Absolutely.

SENATOR SINGER: Chair.

SENATOR LESNIAK: Senator Singer.

SENATOR SINGER: Just one thing: Can't we just, in the enabling statute, just put in that a percentage has to go there instead of changing it?

SENATOR LESNIAK: We can do it by statute, but there's a possibility that we would have to do it through a licensing fee rather than the revenues, because the revenues are specifically dedicated otherwise.

SENATOR SINGER: Okay.

SENATOR LESNIAK: But either way we could do it.

Thank you very much.

No further questions.

Senator Van Drew, did you have something to say, being a prime co-sponsor of this proposal?

SENATOR SINGER: Yes, tell him to wear a tie.

SENATOR LESNIAK: Senator Singer would like to request that you put a tie on. (laughter) We'll wave the rules.

SENATOR VAN DREW: Senator, you're down in deep South Jersey now. You get away with things like this down here.

SENATOR SINGER: The integrity of the Senate is involved.

(laughter)

SENATOR VAN DREW: Thank you, Chairman. It's good to be here.

I want to thank Chairman Lesniak for his leadership with this issue, as well as Senator Whelan for his leadership with it. It is something, as you know, Chairman, I've been involved with probably on the Assembly side for about eight years before I came over to the Senate, and have been in support of. And we've had numerous hearings on it.

This is -- and I know you've all heard this tonight, and I know, today, that many folks have spoken about it -- it is a unique time in Atlantic City's history, it is a challenging time, it is a time that we either move forward or we fall backward. And there are many mechanisms and many different ways that we can move forward. This is one of them. It is something I believed in for a long time. I think it's necessary for Atlantic City. As all the folks pretty much in this room know, in order to move forward, we need more dining, we need more entertainment, we need more retail, we need more shows, and I believe we need sports book. Sports book is something whose time is here.

Whether you are concerned about the problems that are so justifiably brought up by our previous speaker or not, the reality is that sports book is here already. The question is whether it's going to be legal or illegal. And I reference, and have numerous times before, the State Commission on Investigation a number of years ago, in this last decade, did a report. And they actually recommended to the State of New Jersey that they look at legalizing sports betting for a host of different reasons. You

only need to look at the headlines over the years to realize how many folks who are involved in professional sports, unfortunately, have been involved in illegal sports book; how much online sports betting already occurs; how many problems there are with the illegal sports book and that it is a major source of revenue for organized crime, which has lost some -- thank God -- has lost some of its other major sources of revenue. So that money laundering occurs that literally get -- I suggest those who haven't read it, read the State Commission on Investigation's report on it -- but that money from extortion, from loan sharking, from prostitution, from drug money, unfortunately, is mixed in with illegal sports book.

So the question isn't whether it's there or not, or whether people are engaged in it or not. We know that they are, we know that it is a multi-billion dollar industry. The question is: Can it be done in an ethical, open way to let the sunshine in? The question is: Can it be done in a way in which some of the revenues are going to be utilized for good in the State of New Jersey; to enhance revenues in the State, hopefully, to help some of the functions that people have mentioned here before that, traditionally, revenues from casino gaming have been used for? And, obviously, we should.

The time is here. In previous hearings we've had over the years on this -- again, on the Assembly side, before I was in the Senate -- we had Jay Moore come from the NFL and testify about the ethics of sport, and how important it was, and the integrity of sport. And we would keep questioning him as to the issues -- has legalized sports book, in the City of Las Vegas, diminished the ethics of sport or the integrity of sport? I would suggest there are some internal factors in the way sports are run these days

that certainly limit the ethics or the integrity of it much more than sports betting ever would.

It's increasing revenues for the State of New Jersey for good causes, it is going to allow it to be a legal activity and an appropriate activity, it is going to ensure -- and I think Chairman Lesniak is correct that there are ways of looking at this, probably through the statutes, that some of these dollars could be used for some of the problems that gambling does create. And very importantly, not only to South Jersey, not only to the City of Atlantic City, not only to the tens of thousands of people who directly rely upon this economic engine to survive, but for the State of New Jersey it is important that Atlantic City move forward. This is one of the ways that it can. So, obviously, I support it very much.

I'm proud to be a co-prime sponsor with you, Chairman. And I thank you for having this hearing today and the work that you're doing along these lines.

SENATOR LESNIAK: Thank you, Senator.

Joseph Tyrrell, Harrah's Operating Company.

J O S E P H T Y R R E L L: Thank you, Senator.

My name is Joseph Tyrrell. I'm the Regional Vice President for Government Relations, Harrah's Operating Company.

Here in Atlantic City, we have--

SENATOR LESNIAK: Thank you. Any questions? (laughter)

MR. TYRRELL: Thank you, Senator. I know.

Actually, I'm a resident of Caldwell, New Jersey, in Essex County.

In Harrah's, here in Atlantic City, we have four properties. We have Harrah's in the Marina, where we just expanded our 1,000-room tower, an Elizabeth Arden Red Door Spa, and an indoor pool. We also have Caesars on Center Boardwalk, with the pier and high-end shopping. We also have Bally's and Showboat, where we built the House of Blues.

And I want to thank Senator Van Drew for helping us with that legislation, and help bringing other venues and other forms of nongaming amenities to Atlantic City to grow the market so that we have some good success rates.

And I want to thank the Senator and this Committee for at least coming to Atlantic City and highlighting things that we do need to help promote and grow Atlantic City.

I come here wanting to respectfully -- and I do that so, Senator -- respectfully oppose the bill, only on the merits of -- this is a true Federal issue. As we know, 17 years ago, when we tried to do this, there was a window of opportunity for New Jersey to jump in that window along with Nevada, Oregon.

SENATOR LESNIAK: Maybe we can cut this short. Say the Federal government changes the law in December. New Jersey would have to wait until the following November to put a constitutional amendment on the ballot when Delaware and Pennsylvania would be up and going the next day. How do you answer that?

MR. TYRRELL: Well, to answer that, it's also very hard to have the voters of New Jersey vote for something that's currently illegal. If we ask voters to vote-- To answer your question--

SENATOR LESNIAK: They're not stupid. The voters of New Jersey are not stupid. They know--

MR. TYRRELL: I'm not saying the voters are. I didn't say that.

SENATOR LESNIAK: This constitutional amendment authorizes sports betting were it to be legal here in the state, whether by court decision or by act of Congress. And that will be--

MR. TYRRELL: And we agree with you on that.

SENATOR LESNIAK: And that will be in the interpretative statement.

MR. TYRRELL: And that's where we're in agreement. The Federal action should happen first prior to going to the ballot.

SENATOR LESNIAK: But Harrah's would be in favor of New Jersey having to wait an entire year while everyone else got up and operational? Is that your testimony?

MR. TYRRELL: That's not the testimony, Senator. We ask for Federal action first, prior to asking the voters to vote for something that would violate the Wire Act and (indiscernible).

SENATOR LESNIAK: It's just authorizing it. Are you suggesting that by voting -- that makes no sense whatsoever. Placing a bet violates that Act, not voting to authorize it were the Legislature to enact it and were it to be legal. What you're saying, I'm sorry, with all due respect--

MR. TYRRELL: I understand, Senator.

SENATOR LESNIAK: --isn't making a hell of a lot of sense.

MR. TYRRELL: Well, the sense of it is, even if we did pass this, and the Federal government does not act, nobody in Atlantic City is

going to open up an Internet wagering site because it's against Federal law. It's giving a sense of what previous Senators and the City -- Senator Gormley said it would give false hope to the employees in Atlantic City and people in New Jersey thinking that sports betting is coming, and it will never come unless Federal action happens first. That's the point of the--

SENATOR LESNIAK: So that's your concern. You don't want to give anyone false hope.

MR. TYRRELL: It's false hope because if we don't have Federal action first-- I'd be more than happy to work to get something passed on the ballot, but we don't have Federal legislation or the lawsuit. I wish we could join you in the lawsuit, but we're prohibited by law to join you in that suit.

SENATOR LESNIAK: That's okay. You don't have to. I can carry that load myself, and I am.

MR. TYRRELL: You are. But for those companies who have employees here -- and prior testimony saying that no one puts investment in Atlantic City, when our company has, one, tried to help the City grow, reinvent itself, create entertainment, create dining--

SENATOR LESNIAK: That's all well and good.

MR. TYRRELL: But for those organizations testifying today, Senator--

SENATOR LESNIAK: Your point--

MR. TYRRELL: --who operate outside of this country, who don't pay taxes--

SENATOR LESNIAK: I understand your point. Your point is, you don't want to give anybody false hope. That's why your against it.

MR. TYRRELL: Well, no, we want to make sure we have the Federal law amended first prior to passing something on a State level, because it's against Federal law right now.

SENATOR LESNIAK: And you're okay if we have to wait an entire year while everyone else gets going.

MR. TYRRELL: If the Federal government moves, and then the State should move thereafter-- That's the position of our company.

SENATOR LESNIAK: So that's okay with you.

Senator Singer.

SENATOR SINGER: Does your company own/operate anything in Pennsylvania?

MR. TYRRELL: Yes we do, Senator.

SENATOR SINGER: So in essence, your Pennsylvania operation, if this was passed, would be in operation before the New Jersey operation.

MR. TYRRELL: That's not necessarily true either, because the Pennsylvania law has to be-- The gaming acts in other states-- There also has been Federal action. First of all, we can't make judgements on other states saying Pennsylvania or other states will be up and running, because you still have to wait for Federal action. What they view--

SENATOR LESNIAK: No, no, no. Pennsylvania nor Delaware would not have to amend their constitution as we do.

MR. TYRRELL: Well, their constitution in Delaware only has a parlay bet on pro football.

SENATOR LESNIAK: Delaware and Pennsylvania would not have to amend their constitution as we do. That's the point of this.

Senator Van Drew.

SENATOR VAN DREW: I get your point, and we've spoken about this for years in the past. In fact, I was even more radical in my approach, and I've spoken to Senator Lesniak about it. I just said, "Let's establish it in the State of New Jersey and let the Feds sue us and see what happens."

SENATOR LESNIAK: It would be a lot cheaper for me.
(laughter)

SENATOR VAN DREW: I know it would.

And actually, at the time, there were certain folks, if you remember, who did support that notion, including casinos. There were certain casinos that said at the time, "We think sports book -- the time is here. Let's go." Because, I mean, the point is well-taken that the Chairman makes, that the other members of this Committee make. If we are on the cutting--

I mean, the question here is -- which is very important to you, I'm sure, but it's most important to us -- is New Jersey is either going to be a leader-- There is either going to be a gaming leader on the East Coast, which would be New Jersey, in Atlantic City; and one on the West Coast, which is going to be Las Vegas; or we're going to fall behind. To other folks who may be investors, they can have multiple locations throughout the United States and throughout the world. It's not as significant and it doesn't matter as much. And you're right about the House of Blues legislation. That's one of the reasons we did that -- to try again to be on the cutting edge. So we either have a shot-- And the Chairman is absolutely right. If he wins this thing -- and I believe he will -- and when he does --

let's be prospective here -- when he wins this thing, we want to be ready from jump start, we want to be ahead of the game, because we have more to offer. That's the point of what we're doing here. And the people in New Jersey do get it. They're smart, they understand, they know what they're voting for. They know they're voting for -- it spells it out in the constitutional amendment. They're voting for legalized sports book to take place in Atlantic City and at the tracks.

MR. TYRRELL: I understand that, Senator. Well-taken. We just view it as it can only be possible if the Federal law changes first, even if we do pass it.

SENATOR LESNIAK: It's just a little paternalistic to say that you're protecting the voters because -- and the workers, because you don't want to give them false hope. Oh, my God. God forbid you give them false hope.

MR. TYRRELL: Senator, we don't want to violate the Federal law.

SENATOR LESNIAK: How would this be--

MR. TYRRELL: Because the people would be--

SENATOR LESNIAK: Are you suggesting that this constitutional amendment proposed for the ballot violates the Federal law? Are you suggesting that Senator Van Drew and I, by sponsoring this, are violating the Federal law? I don't understand what you're saying.

MR. TYRRELL: The expectation would be if it was on the State ballot, and the voters approved it-- The expectation of why operators wouldn't be opening sports betting-- The answer would be that it would be against Federal law to do that. It would be violating the Federal Wire Act

on the Internet provisions. If it was intrastate, it would be a different conversation on this resolution.

SENATOR LESNIAK: I would suggest that there is a real possibility -- and I would love to do it, Senator Van Drew -- that we could have intrastate Internet betting on all types of games. And I'd love to try it also. I'd love to take on the Federal government.

How dare you allow Las Vegas and Delaware to get away with things that you don't allow New Jersey to do? How dare you, Federal government? Let's tell the Federal government, "No, you're wrong. You're wrong to discriminate against the State of New Jersey. You're wrong to discriminate against our workers." We'll take on the Federal government. Don't you tell us what we want to do in New Jersey. Our voters will decide that, not you down there in Washington.

MR. TYRRELL: That's the objective of your lawsuit, Senator.

SENATOR VAN DREW: I agree, by the way. I think he's right on.

SENATOR LESNIAK: Any other questions? (no response)

Thank you.

Anything else?

MR. TYRRELL: No, Senator. Thank you.

SENATOR LESNIAK: Thank you.

Jim Quigley, Off Shore Gaming Association.

Jim.

JIM QUIGLEY: Good afternoon.

I would like to thank the esteemed panel for the opportunity to express my views here today.

My name is Jim Quigley, and I'm the CEO of the Off Shore Gaming Association, commonly referred to in the gaming world as OSGA.

The OSGA was started with the consumer in mind. We offer services to players to help recover funds and settle disputes with online gaming companies. Think of the OSGA as a privately owned better business bureau, protecting the online gaming public where U.S. law and international law are currently unenforceable.

We're a member-based organization, and our thousands of worldwide members rely on us to provide accurate information and consumer protection in a largely unregulated industry.

I can attest personally to the fact that millions of Americans gamble on sports events and wager with online gaming companies every day, despite current prohibitions at the State and Federal level. With 12 years of business experience, I can also say the current prohibitions are not working. The country is losing millions of dollars of potential revenue without achieving any of the social purposes that the law intended.

The U.S. stands virtually alone in its stance against sports betting and Internet gambling, a position underscored by law such as the UIGEA, PASPA, and its actions at the WTO. The Unlawful Internet Gambling Enforcement Act, the UIGEA, passed in 2006, has actually harmed consumers, as many of the most reputable, publicly traded companies forcibly exited the U.S. market shortly after its passage.

The Professional and Amateur Sports Protection Act, PASPA, provides an unfair advantage to four states permitted to offer sports betting. But even those states are limited on what events and wagers can be offered.

Meanwhile, whether on the street corner or the Internet, sports betters can wager on virtually any event in an amazing array of wagering possibility.

The attempts to ban Internet gambling are misguided and unproductive and will do nothing to protect responsible adults. In fact, the evident hypocrisy is so strong that the U.S. Department of Justice has come out and said that all forms of Internet gambling are illegal. However, this could not be further from the truth, as betting online on horses, lotteries, and fantasy sports is certainly allowed in this country.

Far from being deterred by U.S. law, consumers are easily getting around any current bans. America's enthusiasm for online gambling and sports betting has not waned. The American Gaming Association has made an approximate calculation that in spite of the UIGEA, nearly \$6 billion was gambled by U.S. citizens in 2008.

Our phone lines continue to ring, our e-mail box continues to fill every day, despite current prohibitions. Regulation, not prohibition, is in the best interest of consumers. A ban does little except to steer individuals to fly-by-night operations.

Internet gambling in the United States should be controlled by a strict licensing and regulatory framework to protect underage and otherwise vulnerable individuals. In addition, regulation will ensure that the games are fair, as well as addressing money laundering and other felonious activities.

I've personally met with hundreds of online operators in my 12 years in the gaming industry and can safely say that many of these companies offer unparalleled service, and they do it in a completely

unregulated environment. Often, online gaming establishments are superior and more generous for the consumer than existing USA land-based casinos.

The OSGA was started back in '98, when the online gaming world was truly the Wild West, with many operators of dubious background and intentions. However, a multi-billion dollar pie has forced the industry to adopt a more balanced approach where operators know their customer, operate with fair business practices, and seek regulation.

To think that you are offering the people of New Jersey the opportunity to play in a truly regulated environment is a welcome change for players and operators alike.

The OSGA has spoken to thousands of sports betters over the last dozen years, and they're looking for one unanimous choice: a safe place to wager, deposit funds, and receive potential winnings. Proposing sports betting at existing New Jersey casinos, and racetracks, and over the Internet or phone line is a win for everybody involved. The State will generate millions in tax dollars to fill current budget holes; the players will get the safety and security they crave; and an already booming online industry will emerge here in New Jersey creating technology, management, and call center jobs.

Prior to the UIGEA, the second largest industry in Costa Rica was Internet gambling, quickly approaching overtaking farming -- when the U.S. government targeted the largest operator in that country, a company called BETonSPORTS. BETonSPORTS was located in the top two floors of a gorgeous mall building in downtown San Jose and employed over 1,000 people -- mostly young adults. And the mall was always bustling with

activity. Once BETonSPORTS ceased operations, the mall was only busy on weekend nights, and many vendors closed their doors.

This story has importance because the industry creates excellent incremental jobs often, and often overlooked is the ancillary spending that a vibrant, young, well-employed workforce will generate.

You will hear opponents of your legislative initiatives talk about the integrity of the game, and the fact that problem gambling will explode, and that the Internet is not safe, and that children will be allowed to gamble. These arguments could not be further from the truth. The best friend of the integrity of the game is wagering. Gambling companies constantly monitor betting activity and immediately can spot discrepancies in betting action. In the UK, industry giant Betfair has instantaneously shut down wagering on everything from snooker to soccer once an odd betting pattern is identified. And, of course, subsequent investigations show many of these matches were predetermined.

Current age verification techniques are used successfully by online operators in gaming and other sectors worldwide. Unfortunately, the current online gaming industry polices itself in regard to underage gamblers. Online operators don't want underage players nor do they cater to them. They also do their best to identify problem gamblers before they exhaust their resources and head down a dark path. But again, this is done at the behest of the gaming operator. There is no regulation in place to prevent problem gamblers from continuing to play unchecked.

In speaking with off-shore operators, they do not want either of these types of players. They're seeking a piece of responsible adults' recreational spending, similar to existing racetracks and casinos in New

Jersey. The big difference is the regulations that are in place here, which force State operators to be diligent in rooting out underage and problem players.

Opponents will also say that the technology does not exist to keep players outside of New Jersey from wagering. Has anyone looked at msnbc or Weather.com? They know where you are.

In all, opening up a regulated avenue for sports betting and Internet wagering can only benefit all parties involved. The State wins; the players win; and as with any gambling operation, the operators win. The bold stance being taken by New Jersey will go down in history as creating a successful template for sports and Internet wagering, addressing a need for legislation and regulation. We at the Off Shore Gaming Association applaud your efforts.

SENATOR LESNIAK: Thank you.

You know, I mentioned earlier about overlooking Venezuela vs. Brazil in soccer. How about this weekend? Amen Corner -- when Tiger tees the ball up -- how much action is going down on that one that we're missing out on right here in New Jersey?

Any questions from the Committee? (no response)

Thank you very much.

MR. QUIGLEY: Thank you.

SENATOR LESNIAK: Ken D'Angelo, Razor Sports.

UNIDENTIFIED SPEAKER FROM AUDIENCE: No Ken.

SENATOR LESNIAK: No Ken. Okay.

Steven L. Young, Atlantic City resident, taxpayer, property owner.

S T E V E N L. Y O U N G: My name is Steve Young, and I am an Atlantic City resident, also a property owner. I've been very active in issues that are going on around Atlantic City.

I first want to thank this Committee for being here in Atlantic City. We don't get much of the State to come down unless they're taking something away.

I just wanted to say I am here to oppose the sports betting. And the reason why is because you have it connected with racetracks. Too often we've had regulations that say that the money leaves Atlantic City and doesn't remain here. And dealing with the social and economic impact that casinos bring to Atlantic City, we must keep the dollars here to make sure that these problems don't exist.

Atlantic City is the most -- we have the highest property taxes -- the state does, in the country. Atlantic City recently had a tax reval. So property taxes in Atlantic City are very unique and very high. We do think that -- just like when casinos came here -- that sports betting will bring in more revenue to solve some of these problems. So it goes two ways. But we do feel that the regulations must benefit Atlantic City residents first, especially the property taxes.

We've been hearing, for years, every time a new facility or any type of economic development comes to Atlantic City, the taxes will go down. They've only been increased since casinos have been here. And the money goes throughout the north and not staying here in Atlantic City.

We do think that you, regulators, CRDA -- Casino Reinvestment Development Authority -- if that's the concept that you're

going to use toward redeveloping Atlantic City, I think that it needs to change immediately.

I have one major question.

SENATOR LESNIAK: Sure.

MR. YOUNG: We, as taxpayers here, have bailed out casinos with different tax breaks. We've bailed out different companies. And Revel is now asking for a bailout. And they do need it in order to have -- bring jobs and economics here. But at the same time, just like the racetracks and everything else, we don't need the money to continue to leave here. The infrastructure-- I mean, you all don't live here. So it's hard to say--

SENATOR LESNIAK: Let me correct one thing you said though. It's not a bailout, in terms of Revel, it's a tax rebate. After hundreds of millions of dollars of additional tax revenues are generated both locally and in the state, it is a rebate that would be given. But you know what? I don't think we have to worry about that anymore, because it looks like it's dead.

MR. YOUNG: It's interesting you mentioned that. And since you brought it up-- You mentioned the rights of New Jersey to have the right to have a referendum or something on the ballot. Well, the same thing goes for Atlantic City residents. We should have had that right, as Atlantic City residents, to have something on the referendum.

SENATOR LESNIAK: You don't have to worry about it. It's dead. Those jobs are gone, and they're not coming back. So you don't have to worry about that.

MR. YOUNG: I'm just saying, you feel that you should -- you're affected nationally.

SENATOR LESNIAK: You don't have to worry about it. The project is dead. It's dead in the water. Those jobs are gone. You win.

MR. YOUNG: It's not a win for anybody.

SENATOR LESNIAK: It's a big loser. You bet. It's a big loss.

MR. YOUNG: So if sports betting is going to bring about some different revenue -- we need to have it tomorrow. Anything that we can do -- some of us can do in Atlantic City -- we know that is going -- just like when casinos first came-- We don't want to have a dead city where the doors are closing down and sports betting all over the country. And I do think you're right. It does feel like it's discriminatory at this point. No one knows like we do in Atlantic City what discrimination is all about.

But I just wanted to say that the percentage of the revenue from any type of gambling needs to stay here in Atlantic City first. And I don't mean that you have a board of different people that the State selects to be governing our social and economic needs in Atlantic City. It needs to be the people in Atlantic City first at the table, from the beginning all the way to the end. And we're willing to help support -- and make sure that happens.

So I just wanted to be clear on that.

SENATOR LESNIAK: I appreciate that very much.

Any questions from the Committee? (no response)

Thank you very much for your testimony.

MR. YOUNG: Thank you.

SENATOR LESNIAK: George Stetser, Labor Local 322 Plumbers and Pipefitters.

Anyone else to testify? (no response)

George, make it good. You're the last one.

G E O R G E T. S T E T S E R: Okay. I wanted to be the last one.

Excuse my appearance. But on a beautiful morning like this, I get on my bike and I ride the Boardwalk from Ventnor to Atlantic City.

SENATOR VAN DREW: George, I got in trouble for not wearing a tie. You won't. (laughter) You're all right. You can get away with it. If I was a plumber or pipefitter I would too.

MR. STETSER: I will mention that I still have some fillings in my teeth from Dr. Van Drew from Pleasantville, and they're doing well.

SENATOR VAN DREW: Good.

MR. STETSER: I moved to Egg Harbor Township, so now I get a different dentist.

Anyway, I was sitting-- You know, what I do is start out from Ventnor, and I end up at the seawall at Gardner's Basin. And I read the newspaper. So this morning I looked and said, "They're having this meeting." So I said, "You know what? I have to go."

My name is George Stetser. I've been in the construction industry for 43 years as a member of Local 322 Plumbers and Pipefitters. Out of those 43 years, 35 of them were as a supervisor. So my experience has been vast. I was fortunate enough to work on many of the projects in South Jersey -- the larger ones -- basically 26 years with mechanical -- and we did a lot of the casinos. We did a lot of the schools and different things.

So I bring that experience to this meeting today. And I'm so glad you guys held this. I rise in favor of the sports gambling. And along with that is, if it does pass, if we do convince the Federal government to have--

SENATOR LESNIAK: Or the Federal court.

MR. STETSER: --or the Federal court, or whatever -- because I'm not political, but I do know -- and I read a lot -- so I kind of know what goes on. And with that will come some economic benefit. So are we prepared for that? And what is the situation right now?

I come from the point of concept. Every building I built started with a concept. From that concept it went to an architect, an engineer, a financier. That's where it started. Somebody had an idea: "Let's build it." It started there. You got the lawyers involved, you got -- you built -- you created the contract, you put it out for bid, you have a construction manager, you hire the contractors, you build it. We build it. And I heard earlier the labor guys and all-- We're coming from that angle. We build it. It's finished, it's completed. We look around. "I had something to do with that." Tell your grandkids, "I did this." That's how we are.

Now, in tying it in with the sports betting and economic benefit is: Are we prepared? There's not much private money out there to do anything right now -- not just Atlantic City. I'm talking South Jersey. My heart is in South Jersey.

SENATOR LESNIAK: You may be aware that -- and Senator Kyrillos-- I know Senator Whelan, Senator Van Drew supported, and Senator Kyrillos did -- the legislation I sponsored last year, Governor Corzine signed it into law, creating public-private partnerships for that very reason -- because there isn't enough private capital out there in this economy to get these jobs back. So we have it. We've put it in place. We just need to get it going.

MR. STETSER: Let me bring you -- from a labor perspective. I talk to a lot of them. My son is in the industry. He's a 16-year member -- he's the fifth generation in this Local. My great-grandfather started it in Atlantic City -- charter member in 1923. Now, he's the fifth generation, but he has not worked in a year-and-a-half. And he looks at me and says, "Dad, what did you guys do -- the baby boomers? What did you do?" So I have to answer to him.

So I'm coming from the point of -- we have concepts. And the concept is: What can we do, starting with South Jersey? It doesn't have to be parochial. If what we do works, it can be Central Jersey, North Jersey. I know a lot of this comes from criticism of the CRDA. "They're too parochial, this, or that." But if you start out -- and I'm talking about labor leading the way with a mentoring program where we take these young professionals -- we owe it to them. They're in college right now, they're in the engineering schools at Rowan, they're at the environmental program at Rutgers and Stockton, ACCC is an excellent institution. They're there. What are they looking at? No future. We need to grab them by the hand, we need to mentor them at no cost. I have so many people in labor that will volunteer right now who will help these people. And every point of government here has somebody in business, labor, finance. We can have a mentoring program start in South Jersey. We have the South Jersey Economic Development council or whatever you want to call it. I envision a filing cabinet full of concepts done pro bono. And I'm talking law firms right now that don't have any business, and I'm talking about construction companies that have no business, but they have brilliant minds sitting in them. They would be willing to mentor these young professionals in

college. They just need a little bit of help. And if it comes from government--

My one point -- and I will end with that -- is that, right now, there is very limited private money. But there is a huge stimulus package that's out there. How do you get any of that? You be prepared. You have the concept. You have a filing cabinet full of concepts done pro bono starting right now. And all you have to do is pick out of that filing cabinet, shovel ready -- "shovel ready" -- boom. "How did you guys do that?" "We took these young professionals by the hand, and we did it. They did the architectural, they did the engineering, they did it." And it can be community-based, minorities, women.

SENATOR LESNIAK: I understand. Contact your legislators. You have some good ones here who will work with you on it.

Thank you.

Anyone else? (no response)

Thank you very much, everyone.

Meeting concluded.

(HEARING CONCLUDED)