
Public Hearing

before

SENATE LABOR COMMITTEE

The following Concurrent Resolution will be considered:

Senate Concurrent Resolution 185 (SCS)

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

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: December 21, 2015
11:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Fred H. Madden, Chair
Senator Joseph F. Vitale, Vice Chair
Senator Sandra B. Cunningham
Senator Dawn Marie Addiego
Senator Anthony R. Bucco



ALSO PRESENT:

Gregory L. Williams
Office of Legislative Services
Committee Aide

Elizabeth Mahn
Senate Majority
Committee Aide

Bill Murray
Senate Republican
Committee Aide

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



FRED H. MADDEN, JR.
Chairman

JOSEPH F. VITALE
Vice-Chair

SANDRA B. CUNNINGHAM
DAWN MARIE ADDIEGO
ANTHONY R. BUCCO

GREGORY L. WILLIAMS
Office of Legislative Services
Committee Aide
(609) 847-3845
(609) 777-2998 fax

New Jersey State Legislature

SENATE LABOR COMMITTEE

STATE HOUSE ANNEX

PO BOX 068

TRENTON NJ 08625-0068

PUBLIC HEARING NOTICE

The Senate Labor Committee will hold a public hearing following the 10:00 AM Committee Meeting on Monday, December 21, 2015 in Committee Room 6, First Floor, State House Annex, Trenton, New Jersey.

The public may address comments and questions to Gregory L. Williams, Committee Aide, or make bill status and scheduling inquiries to Cynthia D. Petty, Secretary, at (609)847-3845, fax (609)777-2998, or e-mail: OLSAideSLA@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The public hearing will be held in accordance with Rule 24:3 of the New Jersey Senate on the following Senate Concurrent Resolution

SCR-185 (SCS)
Sarlo/Sweeney

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

Persons wishing to testify should submit 15 copies of written testimony to the committee on the day of the hearing

Issued 12/18/15

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

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

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION No. 185

STATE OF NEW JERSEY

DATED: DECEMBER 17, 2015

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Concurrent Resolution No. 185.

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

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

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

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

In the second State fiscal year in which State revenues from the new casinos are derived and thereafter, the State revenues derived from the new casinos and from the Atlantic City casinos would be

credited to a special New Jersey Investment Fund. Two percent of the amount so credited in each State fiscal year first would be dedicated as State aid, with each half of the two percent allocated to the locality in which each of the two gambling establishments are located and operating. Locality would mean the host municipality, county, or both.

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

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

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

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

FISCAL IMPACT:

This concurrent resolution is not certified as requiring a fiscal note.

**SENATE COMMITTEE SUBSTITUTE FOR
SENATE CONCURRENT
RESOLUTION No. 185**

**STATE OF NEW JERSEY
216th LEGISLATURE**

ADOPTED DECEMBER 17, 2015

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen and Passaic)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Co-Sponsored by:

Senators Weinberg and Gordon

SYNOPSIS

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

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.

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

3

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

6

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

9

10

PROPOSED AMENDMENT

11

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

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

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

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

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

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

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

42 Then, remaining revenues credited to the investment fund in each
43 State fiscal year up to an additional \$150,000,000 shall be dedicated
44 40 percent for the purposes of the recovery, stabilization, or
45 improvement of the city of Atlantic City, and 60 percent for the
46 following purposes: 60 percent for the purposes specified under part
47 (1) of subparagraph D. of this paragraph to be used for those
48 purposes, and 40 percent for State aid to each county and

1 municipality in the State for programs and property tax relief for
2 senior citizens and disabled residents and for such other purposes as
3 the Legislature shall by law provide.

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

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

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

38 Notwithstanding the dedications above, the total amount
39 dedicated in each State fiscal year for the purposes of the recovery,
40 stabilization, or improvement of the city of Atlantic City shall not
41 exceed one third of the total revenues credited to the investment
42 fund in each State fiscal year.

43 Notwithstanding the dedications above, no State revenues
44 credited to the investment fund in each State fiscal year shall be
45 applied to any other purpose unless the amount applied for the
46 purposes specified under part (i) of subparagraph D. of this
47 paragraph shall equal the amount of State revenues derived under

1 and for the purposes specified in part (1) of subparagraph D. of this
2 paragraph in State fiscal year 2015.

3 Of the percentage of revenues from the investment fund
4 dedicated for State aid to each county and municipality in the State
5 for programs and property tax relief for senior citizens and disabled
6 residents and for such other purposes as the Legislature shall by law
7 provide, not less than two percentage points in each State fiscal year
8 shall be dedicated for the purposes of programs designed to aid the
9 thoroughbred and standardbred horsemen in this State.

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

31 (d) The location and type of such casinos or gambling houses,
32 and of the gambling games which may be conducted in any such
33 establishment, shall be determined by or pursuant to the terms of
34 the law authorizing the establishment and operation thereof.

35 E. It shall be lawful for the Legislature to authorize, by law, (1)
36 the simultaneous transmission by picture of running and harness
37 horse races conducted at racetracks located within or outside of this
38 State, or both, to gambling houses or casinos in the city of Atlantic
39 City and (2) the specific kind, restrictions and control of wagering
40 at those gambling establishments on the results of those races. The
41 State's share of revenues derived therefrom shall be applied for
42 services to benefit eligible senior citizens as shall be provided by
43 law; and

44 F. It shall be lawful for the Legislature to authorize, by law, the
45 specific kind, restrictions and control of wagering on the results of
46 live or simulcast running and harness horse races conducted within
47 or outside of this State. The State's share of revenues derived

1 therefrom shall be used for such purposes as shall be provided by
2 law.

3 It shall also be lawful for the Legislature to authorize by law
4 wagering at current or former running and harness horse racetracks
5 in this State on the results of any professional, college, or amateur
6 sport or athletic event, except that wagering shall not be permitted
7 on a college sport or athletic event that takes place in New Jersey or
8 on a sport or athletic event in which any New Jersey college team
9 participates regardless of where the event takes place.

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

11

12 2. When this proposed amendment to the Constitution is finally
13 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it
14 shall be submitted to the people at the next general election
15 occurring more than three months after the final agreement and
16 shall be published at least once in at least one newspaper of each
17 county designated by the President of the Senate, the Speaker of the
18 General Assembly and the Secretary of State, not less than three
19 months prior to the general election.

20

21 3. This proposed amendment to the Constitution shall be
22 submitted to the people at that election in the following manner and
23 form:

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

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

28 If you favor the proposition printed below make a cross (X), plus
29 (+), or check (✓) in the square opposite the word "Yes." If you are
30 opposed thereto make a cross (X), plus (+) or check (✓) in the
31 square opposite the word "No."

32 b. In every municipality the following question:

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

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Op-Ed
Star-Ledger
submitted by
Sheila Reynertson
Senior Policy Analyst
New Jersey Policy Perspective

pnf: 1-19

5x

SENATOR FRED H. MADDEN (Chair): Good morning, ladies and gentlemen.

Welcome to today's hearing on the potential constitutional amendment for casinos; specifically, SCR-185, Senators Sarlo and Sweeney. It proposes a constitutional amendment to authorize the Legislature to permit, by law, the establishment and operation of casinos in certain counties.

Today's hearing is an open hearing for the public to come and testify and put their comments on record, officially.

This is an extension -- I have a number of Senators here representing the Labor Committee.

May I have a roll call please?

MR. WILLIAMS (Committee Aide): Yes, Mr. Chairman.

Senator Bucco.

SENATOR BUCCO: Here.

MR. WILLIAMS: Senator Addiego.

SENATOR ADDIEGO: Here.

MR. WILLIAMS: Senator Cunningham.

SENATOR CUNNINGHAM: Here.

MR. WILLIAMS: Vice Chairman Vitale.

SENATOR JOSEPH F. VITALE (Vice Chair): Here.

MR. WILLIAMS: And Chairman Madden.

SENATOR MADDEN: Here.

The first individual here to testify, from the New Jersey Building and Construction Trades Council, will be AJ Sabath. We actually are missing a couple of microphones, for some reason. Somebody took--

AJ SABATH: I just need one.

SENATOR MADDEN: I'll ask everyone to formally introduce themselves to the Committee when they approach the mike -- who they represent -- and then commence their testimony.

Thank you.

MR. SABATH: Thank you, Mr. Chairman. My name is AJ Sabath, and I'm here today on behalf of Bill Mullen, who is the President of the New Jersey Building and Construction Trades Council. We represent 15 building and construction trades' members; and we represent the County Councils, and approximately 150,000 working men and women in the construction trades throughout the State of New Jersey.

We appreciate the opportunity to be here before you. We are very parochial people, and all we do is build things. And any time that there is an opportunity for us to be able to get involved in a legislative process, and encourage and promote opportunities to build, we will take advantage of that.

The economy's been extremely tough; the amount of public funds that are being invested in public works projects has declined over the past 10 years. And we feel that the construction of casinos up in North Jersey is a much-needed shot of adrenalin into the state's construction economy. We commend the sponsors for this; we commend the Legislature, and we look forward to working with you to make sure this comes to fruition.

Thank you, sir.

SENATOR MADDEN: Thank you, Mr. Sabath.

Next up to testify, Assemblyman Chris Brown.

Okay, Assemblyman, when you're ready, just formally put your name on the record.

ASSEMBLYMAN CHRIS A. BROWN: Sure. Good morning, Mr. Chair; good morning, members of the Committee. My name is Chris Brown; I am the Assemblyman from the 2nd District, and I'm here today representing 15,000 families who look to potentially lose their jobs if this referendum were to go through.

I'm here today on behalf of the 10,000 families that have already lost their jobs; and the thousands of families whose livelihoods depends upon the gaming industry and it exclusively remaining, at this point in time, within Atlantic City, within Atlantic County.

You know, one of the things I just want to point out initially, and ask this Committee to consider-- While, technically, the hearing today did meet the constitutional standards -- it was noticed at about 4:35 on Friday afternoon, for this morning at 10 o'clock -- it seems to me that if we are doing something of this magnitude, something that is going to amend our Constitution and change the way that we do business as it pertains to gaming within the State of New Jersey, we ought to do our best to get as much of the public input as possible; to be as transparent and open as we can be; and make sure that we do everything we can to get it right.

And so I would formally request the Committee consider having a hearing in Atlantic County or down in South Jersey at some point in time so that everyone's voice can be heard. It's difficult for a lot of the families and others, obviously, to be here on a Monday morning in Trenton when they are working. And I appreciate your consideration of that.

You know, one of the things we had the privilege-- This was considered through the Assembly in the Judiciary Committee; and someone who I consider a friend and a good legislator, Ralph Caputo -- but somebody who we clearly disagree with on this issue-- And one of the questions that we posed to Mr. Caputo was, "Well, what does your study indicate? What due diligence has been done to make sure that, before we start competing with ourselves, we know that this is the right business decision; that, ultimately, the State will make more money at the end of the day -- because, obviously, that must be the goal -- than it does presently; and that it won't do more harm to an industry that we spent so much money trying to make sure that it can succeed? What have you relied upon?"

And candidly, Mr. Caputo acknowledged, "There is no study that has been done. There is no expert evaluation that has been performed that would give us the guidance to tell us that gambling outside of Atlantic City is in the best interest of the State."

And so, I get it; when somebody shows up and testifies before the Committee, one of the things you have to look at is, what's that person's bias? What's their credibility? And if it's parochial -- the person is coming here from Atlantic County -- we're going to weigh his testimony accordingly.

So I say to you this morning, "Don't take my word for it." I come here today to share with you expert reports and analysis that's already been done dating back to 2007 when the Christian (*sic*) Capital Advisors did a study on behalf of the Mainlands casino supporters. And what they concluded at that time was the primary market -- and this was just video

lottery terminals -- was Atlantic City; and that if you were to just build one casino in the Meadowlands, it would siphon off 45 percent of gaming revenue from Atlantic City, resulting in -- and this, I think, is important -- the entire gaming industry losing approximately 4,000 jobs and \$190 million in lost wages. And it also indicated that \$45 million would be diverted from services for the State's seniors and disabled programs.

In 2014, the independent studies performed by Stockton University, our own State institution, realized that -- something we all know, but they put it into -- they codified it -- that 41.8 percent of the total gaming customers who gamble in Atlantic City come from North Jersey; and therefore, if you were to build that North Jersey casino, all that it would do is cannibalize the New Jersey residents who are already traveling to Atlantic City. And that if you put two, you're going to close two Atlantic City casinos, reducing gaming revenue by \$350 million to \$500 million, and put another, potentially, 10,000 families out of work.

In 2015, Deutsche Bank reported a Meadowlands casino will draw from a 40-mile radius; cutting deep into Monmouth County, which is critical to Atlantic City's market, thus further verifying the cannibalization of the market that Stockton pointed out, as well as the Christian study.

In 2015, the Greater Atlantic City Chamber did an independent study, and what they found is expansion of gaming beyond Atlantic City will, once again, close -- confirming -- two to four more casinos; a loss of up to 15,000 jobs, both direct and indirect; and resulting in a loss of approximately \$230 million in wages -- which, of course, in Atlantic City, would lead to the doubling of the unemployment rate, which would put us around 16 percent.

So I would say that it's ill-advised; and now I would say that it's ill-conceived. Because one of the things that you're looking at, you're saying, "Okay, well, how does this affect the rest of the state?" And if you're from Bergen County, or Hudson, or one of those counties, you're saying, "Well, we have unemployment, and we have things to gain from a casino; and it shouldn't just be left to Atlantic City. You've had your opportunity." And when you look at it from a global standpoint; when you look at it from just a state perspective, right now the unemployment rate in Bergen is 4.6; Hudson is 5.4. Atlantic County is already double that; Cape May County is at 8.8; Cumberland is at 7.4. And so when you look at the fact that you're about to take the jobs -- what we rely upon in South Jersey; we don't have a lot of the other corporate investment, the corporate businesses that the North does to provide those jobs -- it has a disproportionate effect on us here in Atlantic County. And of course, ultimately, it will wind up siphoning enough off of Atlantic County that-- If you look at Deutsche Bank, where they say that you're going to wind up losing \$250 million to \$500 million, and the projection for the new casinos is \$250 million to \$500 million, by the time that you're done with Atlantic City you're not truly, based upon these experts, gaining additional revenue for the State.

And, again, I say don't take my word for it. Here are the facts that we know right now: With the situation that Atlantic City is in -- with its unemployment, with its national level of foreclosure rate, with more than 23,000 households receiving food stamps in January -- we are at a critical time in Atlantic County. And I would say that the policy that you have been pursuing, thus far, needs to be maintained, because Atlantic City

is leveling off. And the restructuring of our casinos right now, and the fact that we have absorbed the competitive gaming from the neighboring states and elsewhere -- we've hit a new level. The only people left to take from Atlantic City are those in New Jersey. All the casinos on our border, and as you spread outward, are just cannibalizing each other now. They've already done the damage to us. And any amount of customers that you pull back into New Jersey -- that you say, "Well, we're losing people. They're going across the border" -- well, that's your \$350 million to \$500 million revenue stream, as predicted by Deutsche Bank -- not by me -- and they're a proponent of expanding gaming.

So when we look at, for example, the Pennsylvania legislature budget and finance committee -- they went and confirmed that when each new casino opens, it only serves locals as a greater share of its patronage; which simply means it's cannibalizing whatever casino may be nearby. There's not, all of a sudden, thousands of people who say, "I've never tried gambling before; let me start it." It's not a *growth* market; what it basically is, is a *taking-from-other-people's-share* market.

And you don't have to, again, take my word for it; here's what some of the experts said. The Democrat State Senator, and the author of the Casino Control Act, and the Casino Control Commission Chairman, Steve Perskie, "Expanding gaming in North Jersey is going to do nothing other than contribute even more to the political necessity of New York building." And I know that one of the concerns that everybody has is, "Well, New York may build a casino, so we want to beat them to it." Well, right now, I would submit to you that the experts tell us there's a form of *détente* going on right now. But if we do go ahead and build it, you will

only expedite their timetable and lose this very market that you're hoping to cannibalize from, one, Atlantic City -- those who go there, out of that market -- and two, those who go to other gaming facilities throughout.

Sheldon Adelson, the owner of the Las Vegas Sands, which is America's largest casino company, said, "New York will look at a Meadowlands casino and say, 'We gotta open in New York, and keep the money in New York.'" Thus, if you listen to the very experts who have spoken on the issue, I would submit to you that they made it clear that opening a casino, at this point in time, in North Jersey is not going to ultimately cause more revenue for the State; it's actually going to wind up leaving us with less revenue.

And when you're trying to figure out, "Well, okay, what are you saying, Mr. Brown? That we never do it?" -- that is not my position at all. And I would say to you, take a thoughtful, timed approach. And if we look at a place like Las Vegas, where they realized that convenience gaming was coming, and they knew that it was something that was going to eat into their market share -- and at that point in time, over 10 years ago, they received approximately 65 to 70 percent of their profits from gaming revenue, 30 percent from non-gaming -- it took them over 10 years, but during that time period they were able to now change it so that 65 percent of their revenue is non-gaming. And therefore, you could put casinos wherever you want because their destination resort in Las Vegas, as an attraction, has been able to overcome it.

Well, I would submit to you that the numbers are rough right now; but Atlantic City is moving in the right direction -- that we have opened the Bass Pro Outlet, through the work of Senator Sweeney and

others. And we have opened Margaritaville, and that there is a conference center. And that despite the conversation of North Jersey gaming, and despite the reality that it will siphon off up to 45 percent of the people who presently go there, there is investment coming. And when we get to the point where our non-gaming revenue is such that it can sustain itself and contribute to the State, that would be the time.

I think one of the mistakes made earlier was when they put a five-year timetable on Atlantic City. Because if you're an investor, and you're somebody who wants to put millions of dollars into a geographic location, but you know that in five years there's a good chance that 45 percent of those who go there now are not going to go there any longer, you're going to hang on to your investment. But if we were to say that when the non-gaming revenue gets to 40 percent -- the non-gaming revenue -- if I had my way, if we could say when it gets to 60 percent -- then you would see the investment, because they would know that they can withstand the casino up North.

So what I'm hoping is that this testimony helps all of you to thoughtfully think through-- Keep in mind the disproportionate effect that it will have within our state, meaning the effect that it will have on South Jersey. Keep in mind the unemployment rates, as they stand right now; the tough times that Atlantic City has already been through.

And I thank you very much for the opportunity to speak with you this morning.

Thank you.

SENATOR MADDEN: Thank you, Assemblyman.

ASSEMBLYMAN BROWN: Yes, sir.

SENATOR MADDEN: Senator Vitale has a question.

SENATOR VITALE: Thank you, Assemblyman, for your testimony this morning.

ASSEMBLYMAN BROWN: Sure; good morning, Senator.

SENATOR VITALE: Can you just tell me a little bit more about the studies that you've read that have been conducted about the potential for job loss? I think that, in part, the suggestion that casinos be built in northern New Jersey would, in many ways, keep the migration -- the gaming migration from leaving northern New Jersey and going to Pennsylvania, going to Connecticut, going to New York, wherever else, for those gaming opportunities. So, I mean, that makes logical sense, right? If people are already leaving, migrating out to -- not so much-- No longer going to Atlantic City, but are going to those northern locations out-of-state, it suggests that this would keep -- do a much better job of keeping them local so they don't have to travel miles and miles, and hours on end to get to a casino.

How would you respond to that?

ASSEMBLYMAN BROWN: Well, the problem is that the only prime market left for that casino would be the 45 percent that already travel to Atlantic City, with a percentage -- and you are very correct, and I get it; I wish there was a way that you could entice those convenience gamblers, who do leave our state to go to some of the other casinos, to patronize New Jersey.

But the argument would be that there are not enough of them to generate enough additional revenue to overcome the devastation that you will do to the Atlantic City casinos and the market for the State of New

Jersey; and that, ultimately, by siphoning off up to 45 percent, with an additional percentage, Deutsche Bank says that that the new revenue will be anywhere from \$250 million to \$500 million. They also point out that by doing that you will lose two casinos in Atlantic City, and lose revenue up to \$500 million. But at the same time, all the investment, and all the time, and all the energy that all of you have so thoughtfully put into making sure Atlantic City does well--

I mean, look, I know that all of you care very much for every resident in the State of New Jersey; I know that. And I know that all of you want to make sure that you get it right. And sometimes in our zeal we get in our mind a certain proposition, and we're unable to see beyond it. And if we really analyze this now -- in my opinion, and based upon what I've read -- the amount of people who you will pull back is not enough to overcome the devastation you'll do. And I personally -- I live with these families, and I see them on a regular basis; and they're hurting. And this is going to go a long way to make it a lot worse for all of them. But that's a parochial level.

And I would say to you, on the State level, it's going to go a long way to hurt our gaming industry, particularly if we're planning on drawing anybody else from outside of our state to enhance that 45 percent. Because we're only cannibalizing ourselves at this point. Well, if you listen to what the experts say, New York will build more quickly, and we won't be drawing them in.

And right now, we have a casino that is -- one of several; but this one, in particular, is very well run -- the Borgata -- and they do an excellent job in customer service. And it is my understanding that a large part of their market is New York. And that if we were to hasten them to

build one, you would not only be losing from whatever you build in North Jersey, but you would also have an effect on Atlantic City.

SENATOR VITALE: One more question, through the Chair.

SENATOR MADDEN: Sure.

SENATOR VITALE: Thank you, Chairman.

Do you know which casinos are interested in building in northern New Jersey? Are any of them based in Atlantic City, currently?

ASSEMBLYMAN BROWN: My experience is, when it comes to casinos, you have good people, okay? They're good people; they're businessmen, businesswomen. But all they care about is making a buck. And we have a casino in Atlantic City that closed a profitable casino while stating it wanted to build an \$880 million casino in New York. And they go around to people, such as yourselves, and they promise you things like-- We were told in Atlantic City -- and this has nothing to do with the present casinos -- but we were told in Atlantic City, when gaming first passed, "If you let casinos come, you won't pay any taxes." Our taxes last year -- over the last two years -- and I have a property in Atlantic City -- went up 50 percent over two years. They're hollow promises; all that glitters isn't gold.

And the only one that I know of-- I apologize, I've been in Trenton too long; I can't answer questions, I just talk. No, I don't know of which casinos might be interested in building.

SENATOR VITALE: Thank you.

ASSEMBLYMAN BROWN: Thank you.

SENATOR MADDEN: Thank you, Assemblyman.

ASSEMBLYMAN BROWN: Yes, sir.

SENATOR MADDEN: Greater Atlantic City Chamber of Commerce -- next up to testify, Mr. Bob Marshall.

B O B M A R S H A L L: Red means go, right? (referring to PA microphone)

SENATOR MADDEN: That's it.

MR. MARSHALL: Thank you.

SENATOR MADDEN: Name; who you represent.

MR. MARSHALL: I'm Bob Marshall, and I'm here on behalf of the Greater Atlantic City Chamber of Commerce. If you would allow me, Mr. Chairman and Committee members, to read some points into the record on behalf of the Chamber and its 700 members.

We'd like to state our opposition to SCR-185. Expanding gambling within New Jersey would further undermine an already uncertain investment climate in our region and would fail to create a net economic benefit for the State of New Jersey.

It is ironic that this Committee is hearing a Resolution which will cause increased unemployment in southern New Jersey. Let me make a couple of points, real quickly.

Number one: The gaming market is saturated -- and you've heard that, but let me reiterate. National studies have indicated that more casinos do not equal more gaming revenue. Data indicates, over the last five years, the number of gaming facilities has increased 38 percent, while growth in the number of gamblers has remained constant. Adding to an already overly saturated gaming market will hurt the recovery efforts already going on in our marketplace and eventually will hurt the entire State of New Jersey.

Number two: Expanding gaming to North Jersey will hurt the South Jersey marketplace. As you know, since January 2014, four Atlantic City casinos have already closed their doors due to the oversupply of casino gaming. Those closures resulted in the loss of 12,000 jobs.

According to a recent study, expanding gaming within the state would likely result in the closure of an additional two to four casino hotels in Atlantic City, and result in the loss of an additional 14,000 jobs, and would increase Atlantic County's unemployment rate to over 18 percent from its current level of 7.7 percent. Lost direct wages from these additional casino closings would amount to over \$230 million annually, obviously resulting in reduced revenues to the State. And as you already know, and I'm sure have been told on many occasions, Atlantic County already leads the nation in home foreclosures.

It would be irresponsible, in our opinion, to craft a piece of legislation that requires a constitutional amendment without fully considering the impact on all the citizens of the State of New Jersey.

In closing, the Chamber believes that the expansion of gaming outside Atlantic City will not significantly grow gaming revenues and associated taxes; but instead, decimate the South Jersey economy to benefit North Jersey. North Jersey has many opportunities to attract investment without casinos.

On behalf of the members of the Greater Atlantic City Chamber, their families, and the over 60,000 employees of those member-businesses, we urge you to vote against SCR-185.

Thank you.

SENATOR MADDEN: Thank you, Mr. Marshall.

From the New Jersey Carpenters Union, Tricia Mueller.

TRICIA MUELLER: Good afternoon.

My name is Tricia Mueller.

SENATOR MADDEN: Is it red? (referring to PA microphone)

MS. MUELLER: Is it on?

SENATOR MADDEN: When you press it, you'll have a red light come on.

MS. MUELLER: There we go.

SENATOR MADDEN: There, you're on.

MS. MUELLER: Good afternoon; excuse me.

My name is Tricia Mueller; I'm the Political Director for the Northeast Regional Council of Carpenters. We represent about 30,000 union carpenter families across New Jersey and New York, and we are highly supportive of this initiative.

We represent carpenters throughout the state. And what we see is the market bleeding into New York and into Pennsylvania. I'm from Camden County, and so I know there is a big debate, north-south; but in terms of carpenters across the state, we build things, we maintain buildings. Currently you see casinos opening in southern Philadelphia, in New York; licenses are being issued left and right. And we see us in a really great danger to lose opportunity.

So we commend the Senate President, we commend all of you for taking this issue up. We support it, and we encourage leaders to move forward to keep the conversation going so we can expand gaming outside of Atlantic City.

SENATOR MADDEN: Okay; that's it. Thank you.

MS. MUELLER: Thank you.

SENATOR MADDEN: From the Chamber of Commerce Southern New Jersey, Christina Renna.

You're red? (referring to PA microphone)

C H R I S T I N A M. R E N N A: Yes.

SENATOR MADDEN: Name and your agency.

MS. RENNA: Good morning. My name is Christina Renna; I'm Vice President with the Chamber of Commerce Southern New Jersey.

I am here today representing the largest business organization in South Jersey. We have approximately 1,000 members, from Burlington County all the way down to Atlantic and Cape May counties. And it's from that regional perspective that I'm speaking to you today.

Obviously, this measure is something that we are very much opposed to. And we do look at it from a regional perspective.

I can sit and talk about a lot of things the Assemblyman and Bob Marshall from the Atlantic City Chamber already mentioned. But what I did and what our organization did, in our assessment of the data points that we know that are out there, is sort of look at the data per county -- from Burlington County, south -- to truly look at the regional impact expansion of gaming outside of Atlantic City would do.

I think it's been stated before -- and there are people out there, and experts, and studies that have said -- that it is inevitable that if we expand gaming outside of Atlantic City more casinos will close. What that will mean for the region is higher employment, less vendor business, and just, generically, jobs lost overall, region-wide.

In front of you is a chart that we put together that assesses two things: one is a timeline of the casinos in Atlantic City starting in 2006 -- and that's significant, because that is when the Sands closed in Atlantic City -- to today, 2015. And what we did was look at the data collectively -- so these are some new numbers, because it is data-specific to the seven counties averaged out.

As everyone knows, in 2006, gaming revenue was at its peak; it was \$5.2 billion. Today, that number is somewhere between \$2.5 billion and \$2.8 billion. But what's important to look at is the number of casino employees living in the seven southernmost counties of New Jersey. In 2006, we had almost 42,000 employees working in the seven most southern counties; and today we're at almost 24,000. That is a significant, significant drop.

And I do say *regionally* because, if you look at the most recent numbers in Camden County alone-- Camden County is quite a distance, as we know, from Atlantic City. There are almost 700 casino employees living in Camden County today. Now, that number used to be enormously more significant than that. But it just highlights the fact that this is a regional issue. With more casino closures, all these jobs are going to be lost throughout the region.

It's also important to look at the piece of this chart that I have below which, as I said, is a little bit of a timeline. And one piece of the conversation that we haven't been having is that of -- or we've had minimally, I should say -- is the expansion of gaming in Pennsylvania. And one notable addition that I don't think I've heard anyone mention -- excuse me, if they have -- is that there is a major casino going online in South

Philly in 2016, looking at a 2017 opening. And that is right near the Linc -- Lincoln Financial Field, where the Eagles play; and Citizens Bank Park, where the Phillies play. That is 60 miles from the Atlantic City border, and that is looking to go online sometime next year, into 2017. That alone, if we did not expand gaming outside of Atlantic City -- that is going to be a significant hit already anticipated and expected to the Atlantic City markets because it is so close to Atlantic City.

And that's not to take away from all the casinos in yellow that have opened over the past -- since 2006, including the expansion of Dover Downs in Delaware, which is a mere 130 miles from Atlantic City.

So I bring all these points up to you, again, to look at a more regional picture. This is absolutely an Atlantic City issue; this is absolutely an Atlantic County issue. I'm not taking away from that at all. But the monies derived in this bill that are going to Atlantic City -- that is something that is important, and I commend the Senator President for adding that kind of language into this. However, that just helps Atlantic City; that doesn't help the rest of the regional community that will be impacted if casinos close.

So with that, I will close by thanking you all for letting me make these comments, and I appreciate the opportunity.

Thank you.

SENATOR MADDEN: Comments? (no response)

Thank you, Christina.

MS. RENNA: Thank you.

SENATOR MADDEN: From the Freehold racecourse, Barbara DeMarco.

UNIDENTIFIED MEMBER OF AUDIENCE: (off mike)
We're just going to get her, Chair.

SENATOR MADDEN: Members, just for the record -- signed up in opposition, with no need to testify -- Sheila Reynertson from the New Jersey Policy Perspective.

SENATOR VITALE: I think the other person had left; Barbara DeMarco left.

SENATOR MADDEN: She left?

I'll make the call again.

From the Freehold racecourse, Barbara DeMarco. (no response)
Ms. DeMarco is not in the room.

Sergeant, is she standing out in the hallway? No? Okay.

Ladies and gentlemen, that concludes today's public hearing, in accordance with the Senate Rule 24:3. This concludes today's public hearing on SCR-185.

Be safe in your passage.

(HEARING CONCLUDED)