

Bad gamble on casinos - Asbury Park Press

Written by Administrator
Thursday, 03 February 2011 16:46 -

Gov. Chris Christie signed two bills into law this week aimed at revitalizing Atlantic City, and his administration approved a new \$261.4 million tax break bailout that will help restart construction on the stalled Revel casino.

Bad ideas have now become bad law and bad policy.

The much-touted "casino and tourism district" created by one of the bills a special district

inside of the city that is responsible for marketing, security and maintenance calls into sharp focus the problems that have plagued those parts of Atlantic City beyond the beachfront. Such a district pulls much-needed resources away from the parts of the city most in need of them.

And it is more than a little hypocritical for a flat-broke state headed by a "personal responsibility, pull-yourself-up-by-your-bootstraps" governor to be handing out tax breaks like party favors to a huge casino. Plus, the subsidies promised to the horse racing industry to help win support for the bills from reticent lawmakers are by no means a sure thing.

It is worth noting that Atlantic City Mayor Lorenzo Langford said he skipped the governor's press conference at the Revel hotel and casino because he didn't want "to be a prop at a dog-and-pony show."

Particularly galling is the district's creation of a special police force to patrol the boardwalk. "Creating a tourism district at the expense of the indigenous people (is) reminiscent of South Africa's apartheid," Langford said. Senate President Stephen Sweeney called the mayor's comments an example of race-baiting, and Christie scolded Langford for his remarks. Langford's rhetoric may have been overheated, but he had a point.

"The crime in the city isn't at the boardwalk where the tourism district police force will be," Langford said. "It's in the neighborhoods. Why aren't we sending extra police into the neighborhoods?" Why indeed?

The state has ignored Atlantic City's neighborhoods for decades, and the casinos have never

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properly invested in sections of the city that host them. The casinos should not be rewarded for their blindness to the city's plight. But that is precisely what has happened.

The tax reimbursement for Revel is corporate welfare of the worst kind. It will allow the developers to complete \$1.3 billion in financing to finish the project. If construction is finished in 2012 as planned, it will bring forth a monstrous new competitor for Atlantic City's remaining 11 casinos.

Under the deal, the state will reimburse \$261.4 million in business, sales and hotel taxes to Revel over the next 20 years. This is a lose-lose proposition for New Jersey. If Revel succeeds, it may well become the Wal-Mart of Atlantic City, putting smaller, struggling casinos out of business and hundreds of workers out of jobs. And if the casino falls victim to growing gaming competition in nearby cities and states, the state will have dropped millions chasing a phantom jackpot.

That's far from a remote possibility. The Standard and Poors rating house last week expressed doubt that the company could generate enough cash flow to pay off its bonds. Must the state continue to pony up for such an uncertain future?

Even the sop this legislation gives to the horseracing industry seems long on speculation and short on guarantees. It proposes giving up to \$30 million over three years in purse subsidies for races at the Meadowlands and Monmouth Park, paid for by Internet gaming proceeds and/or savings realized from casino deregulation.

Nobody knows yet the formula for calculating that subsidy. And Christie, who has veto power over the New Jersey Racing Commission, won't say whether that subsidy would ever make it into racing purses. That's one more uncertainty for the Meadowlands and Monmouth Park to contend with.

What is dead certain is that the casinos have not been good corporate citizens. These latest actions by the Christie administration merely reward them for their not-so-benign neglect of Atlantic City's residents. Once again those residents lose and quite possibly everyone else in the state as well.

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