

City should fold on second casino

Written by Administrator
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The Inquirer

State officials have been debating Philadelphia's second casino since the Carter administration. OK, since 2006. It just feels like forever.

This month, the Gaming Control Board will hold three days of hearings for the five remaining bidders. The entertainment level will surely be diminished, since Steve Wynn bolted, again, after setting a record for dropping University of Pennsylvania references, the assumption being that attending college here guarantees a casino license.

But here's a thought: What if the board considered the long game, and said no to a second city casino? The East Coast is saturated with gambling and drowning in slots. Pennsylvania already has a dozen casinos. The advent of New Jersey's online gambling means casinos have lost consumers they're never wooing back. And Atlantic City is sinking, more than 1,600 jobs eliminated this week with the shuttering of the Atlantic Club.

"This is a bad idea," said Roger Gros, publisher of Global Gaming Business magazine. "I really think a second casino is going to impact Philadelphia pretty substantially. They should have waited to see how the market develops."

But states foolishly believe that, like the House, the government always wins - especially Pennsylvania, with its 55 percent tax. (By comparison, Nevada's maximum is 7.7 percent.) The state has raked in billions, more funds for property-tax relief and intended wage-tax reduction in Philadelphia, but proceeds have dropped with the growth of casinos in neighboring states.

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The second city enterprise is front-loaded with promise, a \$50 million license, and new construction and casino jobs. But the project will cannibalize existing casinos only a few miles away. You're robbing SugarHouse and Harrah's Philadelphia Casino & Racetrack (in Chester) for a new casino's payday.

And you have to wonder: Who are the true beneficiaries of these projects? New Jersey's online gambling has proven to be a \$50.3 million bonanza - for casinos, but also lawyers, lobbyists, and consultants.

To the gambler, casinos are rarely about rhinestones and steak. It's about convenience, like parking. "Downtown casinos, city casinos, they don't work. They never have," said Alan Woinski, president of Gaming USA Corp., publisher of daily industry reports. "They create more problems than they generate. Harrah's New Orleans went bankrupt twice."

I'm not a gambler - you might as well flush the cash down the toilet - though I'm not opposed to gambling. People have the right to waste money however they wish. I've always preferred shoes.

What I'm against is another massive struggling construction project - like the Convention Center, home of the gaming hearings. Experts say developers are wrong to believe a casino will boost conventions: "You put a casino near a successful convention center to help the casino," Woinski said, not the other way around.

Philadelphia officials prefer the downtown proposals, which are selling more sizzle: Bart Blatstein's Provence (in the old Inquirer Building with the promise of 75 shops, bars, and restaurants) and Ken Goldenberg's Market8 with a hotel, "world-class restaurants and night clubs." (Lewis Katz, a managing partner of the company that owns The Inquirer, is among the investors who own the land for that proposed project.)

"But amenities aren't going to drive a casino to prosperity," said gaming consultant Michael Meczka, who argues that the number of gamblers who visit a casino once a year has remained consistent - a quarter of the population - while the number of casinos keeps multiplying. In Philadelphia, we already have "world-class restaurants" and nightclubs.

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"The spa and luxury hotel, with the exception of Las Vegas, don't increase patronage," Meczka said. "What enhances loyalty is good gambling value, location, smaller prizes with greater frequency, and a strong players' club loyalty program." For all the bells and whistles, casinos don't want nongamblers like me: "You're going to wear out more carpet than you're worth."

A second casino, Woinski said, "is narrow-minded thinking," a gamble in itself, cash now for potential pain and failure later. "The smart thing would be to say no."

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