

Panel backs \$30 million in casino aid

Written by Administrator

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As revenue for casinos declines, Dover Downs and other casinos in the state are looking for some tax breaks from the state. (Photo: SUCHAT PEDERSON/THE NEWS JOURNAL)

The state should give casinos \$30 million over the next two years in an effort to save Delaware's ailing industry, a state commission recommended Tuesday.

The Lottery and Gaming Study Commission's recommendation includes the state helping cover vendor fees paid by casinos, at a cost of \$9.9 million a year starting next fiscal year.

The state also would give up \$7.2 million in fiscal year 2016 by decreasing its share of table gaming revenue from nearly 30 percent to 15 percent. And the state would lose another \$3 million by not charging casinos table gaming license fees, also starting in fiscal year 2016.

The commission would meet again next summer to explore how the recommendations were impacting the state and casino industry, and discuss potential fixes and additions.

The panel also recommended that the state pay for a follow up to a 2004 study that examined the impact of horse racing.

"In my view, we may not have solved the problem with this. I think this definitely helps, and we should look again at the issue in 2015," said Sen. Brian Bushweller, D-Dover, who introduced

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many of the recommendations including one that would see the commission meet again next summer.

Panel members voted 7-2 to send the recommendations to the General Assembly.

The recommendations are a "good starting point," but only a few members of the General Assembly have worked on this, said panel member and House Majority Leader Valerie Longhurst, D-Bear.

Two of Gov. Jack Markell's cabinet members expressed concern that the state could be overplaying its hand financially.

A \$20.1 million annual cut to the state during the current economic crisis is concerning, said Alan Levin, director of the Delaware Economic Development Office. Levin did not vote for the recommendations.

"It's tough to swallow, even though it's a two-year proposal," he said. "In the end, I think it is too rich for us, too rich for the state and at this questionable time in the state's budget."

[Poll: Should Delaware help out the state's casinos?](#)

Rep. Charles Potter, D-Wilmington, also voted against the recommendation.

State Finance Secretary Tom Cook, who chairs the commission, expressed similar concern, but voted for the recommendations, saying he wants to keep an eye on the recommendations' impacts to be sure the state can afford the proposal.

He added he'd like the commission to meet again in January 2015, before solidifying the

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recommendations for fiscal year 2016.

Denis McGlynn, president and CEO of Dover Downs Gaming and Entertainment and Dover Motorsports Inc., said the proposals were "the best possible outcome" casinos could expect under the current economic and political climate.

"I think the whole industry is aware of what the state's fiscal position is," he said. "We know this is an election year. We know our industry is a sort of a hot button issue with a lot of people because they don't understand the complexities of it."

Dover Downs, the state's largest casino, reported net earnings that dropped from \$4.8 million in 2012 to a \$13,000 last year. The casino also is carrying a large debt load, McGlynn said.

Cutting expenses has been the name of the game, and in 2009 the casino cut about 100 jobs and have since hired more part-time than full-time workers.

The new money coming from the state won't do anything to change that. It will allow the casino to keep the banks off their backs and maintain current employment, McGlynn said.

"As long as there is a light at the end of the tunnel, we're going to do everything we can to avoid laying people off. We've held on this long. The key is to keep the banks happy," he said.

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An earlier version of this story gave an incorrect amount for the proposed cuts.

Read more <http://news.google.com/news/url?sa=t&fd=R&usg=AFQjCNGDx-uCKTqy>

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