

How New Jersey Will Double Down On Gambling If Casinos Come To New York City

Written by Administrator
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Bad Luck: With New York City allowing licenses for up to three casinos, Atlantic City's monopoly on them in New Jersey could end.

Getty

If Manhattan builds a casino, the Garden State would lose millions in tax revenue. Now local real estate developers and racetrack entrepreneurs are reviving a years-old push to bring gambling to North Jersey.

If the handful of billionaires, real estate developers and gambling companies get their way and bring a [Las Vegas-style casino resort to New York City](#), then New Jersey can expect to lose big. With Atlantic City more than two hours from Manhattan, millions in potential tax revenue will end up going to the Empire State and not the Garden State.

"A lot of money is at stake," says Jeff Gural, the real estate and casino entrepreneur who has a 25% stake in the Meadowlands Racetrack in East Rutherford, New Jersey, just outside of Manhattan. "It doesn't make any sense to have all this revenue going to New York."

Gural, who also owns upstate New York casino Tioga Downs and a racino—a horse racetrack with video slots—in Vernon, was a big player in the push to bring a casino to his Meadowlands facility six years ago. Since 1977, New Jersey law only allows casinos in Atlantic City, but in 2016 a ballot measure put to voters that would have ended AC's monopoly was overwhelmingly rejected by a margin of 77% to 23%.

Gural and his supporters spent \$10 million during the effort, while the opposition spent around \$30 million. Now, he says, as New York prepares to license up to [three casinos in the New York City area](#) there will be enough economic incentive to get a ballot measure in front of voters again.

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"I'm waiting and biding my time to see New York get up and running and what the reaction is from the people from northern New Jersey," he says. "I'd be very surprised if there isn't a casino

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in the Meadowlands in a couple of years.”

New Jersey has a lot to lose. Despite Atlantic City’s ongoing troubles, the casinos are still relative goldmines for the state. The resort town generates nearly 20% of its tourism dollars, according to the Casino Association of New Jersey. Every year, casinos pay \$500 million in wages to employees, and last year, New Jersey’s casinos, sportsbooks, internet gaming apps and racetracks paid \$486 million in taxes, a 44% increase over 2020.

To get a sense of how a Manhattan casino might siphon gambling revenue away from the Garden State, look no further than mobile sports betting. In February, a month after [New York launched mobile wagering on sports](#), New Jersey’s sports betting revenue was an anemic \$31 million, a 33% drop compared to February 2021. Through August, year-to-date sports betting revenues in New Jersey have seen double-digit declines.

There’s a “spot-on chance” that New Jersey will allow at least one casino upstate to protect its tax revenue, says gaming lobbyist Bill Pascrell—or else “Atlantic City’s gonna sink.”

Bill Pascrell III, a partner at Princeton Public Affairs Group, a New Jersey-based lobbying firm focused on gaming, says there’s a “spot-on chance” that New Jersey will allow at least one casino upstate to protect its tax revenue. He thinks when New York opens its downstate casinos, there will be enough economic “leverage” to convince voters and stakeholders that a casino in North Jersey is necessary, or else “Atlantic City’s gonna sink.”

Pascrell believes there’s enough political and voter support to get a new ballot measure passed. He claims that New Jersey Gov. Phil Murphy supports the idea, but the Governor’s office would not comment when asked if he supports a ballot measure to allow for casinos outside of Atlantic City.

Dennis Drazin, the chairman and CEO of Monmouth Park racetrack in Oceanport, New Jersey—about an hour south of New York City—says that nothing would make him happier than opening a casino on his grounds. Caesars already operates a sportsbook on the first floor of the Monmouth Grandstand, Drazin notes, so it would be a natural extension to add slots and table

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games. He also believes that New Jersey has no other choice. “It represents a significant risk to Jersey if New York opens,” he says, “and we don’t do something to respond to make sure the business stays here.”

Meanwhile, the casinos in Atlantic City say they aren’t scared of New York. Mark Giannantonio, the president and CEO of Resorts Casino Hotel on The Boardwalk, doesn’t think adding more casinos in North Jersey is the answer.

“While New York downstate casinos will add more competition,” says Giannantonio, who is also the president of the Casino Association of New Jersey, “it is essential for all New Jersey stakeholders to focus our efforts on the ongoing revitalization of Atlantic City into a top destination resort in the country.”

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New Jersey State Sen. Vincent Polistina, a Republican who represents Atlantic City, believes there is no reason to consider allowing casinos outside of his district. “The state should not even hold discussions regarding North Jersey casinos right now,” Polistina says. “We have challenges in Atlantic City that we must address with a renewed commitment to reinvestment and redevelopment over the next few years in order to deal with increased competition from New York.”

Yet, newcomers to Atlantic City see a future outside the seaside city’s borders. Soo Kim, the founder of New York-based hedge fund Standard General, which owns a 22% stake in Bally’s, says a big part of his firm’s bet when it [bought the Bally’s casino hotel in Atlantic City for \\$25 million](#) in 2020 has nothing to do with the South Jersey casino town.

“This is a play beyond just Atlantic City,” Kim told *Forbes*. “AC is going to have challenges. It’s already a challenging market with the additional casino that opened in Philly and with New York opening, it’s going to be hurting even further.”

Kim thinks “the natural solution” is for New Jersey to allow for a casino in the Meadowlands, which he affectionately refers to as “the swamp.”

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Implosion

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Even though Hard Rock International is applying for a casino license in New York City, chairman Jim Allen told the Associated Press that it is still eyeing New Jersey. Back in 2013, Hard Rock bought a stake in Gural's Meadowlands racetrack and in 2015 the company proposed a plan to bring a casino to the thoroughbred site just across the Hudson River from Manhattan.

"I'm not saying we would drop a Meadowlands option," Allen [told the AP in February](#). "There's certainly the ability to have more than one product in a geographic area, as we've done many times in our industry."

Even though a casino in North Jersey could be a great defense against New York, Colin Mansfield, an analyst at Fitch Ratings, says the ballot measure loss in 2016 will make a revived effort to pass a new measure a long, bitter fight.

"At the end of the day, that casino will still cannibalize Atlantic City," says Mansfield. "It depends on who owns that casino and how much ultimately is siphoned away from Atlantic City. It's very, very complex question."

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