

Atlantic City casinos, gaming regulators support review of industry

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The continuing threat of increased competition and the finite amount of available gambling dollars means now is the time to review existing casino regulations with an eye toward limiting expansion if Atlantic City is going to remain a viable market in the future.

That was the argument made by casino operators, gaming regulators and the Murphy administration to a state Senate committee last week about the need for a comprehensive review of the industry rules.

Now that the casino market has stabilized after a brutal 10-year stretch, some officials believe a thorough review — and possible legislative action — may be the best hope to prevent another calamity.

Jim Johnson, special counsel to Gov. Phil Murphy for the Atlantic City transition, submitted testimony to the Senate State Government, Wagering, Tourism and Historic Preservation Committee that read, in part: “It is often the case in times of market failure that regulatory and oversight authorities conduct a review to see how the failure could have been avoided and propose reforms that take into account changes in the regulated industry. ... Since the period of crisis (has) passed, we recommended that policy makers undertake a similar review.”

There has been no legislation introduced to reform existing casino regulations and the testimony was intended to bring attention to the need for review. But some legislators are already pushing back on the idea that limiting the free market could have unintended consequences and should be carefully examined.

“Instead of limiting the number of casinos, we should be encouraging new investment through competition while the state focuses on enforcing the Casino Control Act to hold the existing casinos accountable to live up to their obligations to our working families by creating decent paying jobs, fostering economic re-development, and supporting programs for seniors and the disabled,” state Sen. Chris Brown, R-Atlantic, said. Brown is a member of the Senate committee that heard testimony last week.

Johnson, David Rebeck, director of the state Division of Gaming Enforcement, and James Plousis, chairman of the Casino Control Commission, all testified about the need to preserve and protect Atlantic City’s casino industry. The Casino Association of New Jersey, a trade group that represents all nine of the city’s casino properties, also submitted testimony in favor of regulatory review.

Johnson co-authored the Murphy administration’s transition report on Atlantic City and recommended exploring the notion of either capping the number of casinos or limiting the total market capacity.

“To protect the strength of the (casino) industry, we recommended that Trenton policymakers take steps to ensure that the regulatory approach adapts to current market conditions and learns the lessons that the past may teach us,” Johnson wrote.

The industry has gone through several rounds of regulatory reform following the legalization of casino gaming in nearby markets, which resulted in a handful of major changes to the structure of gaming regulation in New Jersey.

Rebuck, in his written testimony, said previous reforms were successful in stabilizing the casino industry and contributed to its growth over the last several years. But, there are “limited avenues left to explore within the current statutory constraints,” he noted.

“Additional changes and reform would need to emulate from legislative action,” Rebuck wrote. “Determining the most effective actions needed to prepare for these future challenges requires further assessment, analysis, study and input from all stakeholders.”

The Atlantic City casino industry has made a concerted effort in recent years to diversify its noncasino offerings to attract more visitors and increase revenue. The idea of expanding nongaming amenities to entice people to casino properties is employed in Las Vegas, where the city’s 104 gambling parlors generate more revenue from food and beverage, entertainment, retail and special events than slots and table games.

The association said that casino operators in Atlantic City have invested “hundreds of millions of dollars on the evolution of the resort into an East Coast regional destination,” to lure both gamblers and noncasino visitors.

But, increased competition in nearby gaming jurisdictions — and the potential for inter-city expansion — means the Atlantic City casino industry needs to be carefully monitored, the group said.

“Unfortunately, the reality is that there is still a limited and finite interest in the gaming product itself as an attraction, which limited interest was historically not sufficient to support (12) casino properties,” the group wrote. “In fact, based on the Division’s recent financial reports, that limited interest marginally supports the market now with nine casinos.”