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The impact of legalized casino gambling on regional economic development: The case of Atlantic City

Neil Evan Walkoff

University of Nevada, Las Vegas

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**The impact of legalized casino gambling on regional economic
development: The case of Atlantic City**

Walkoff, Neil Evan, M.S.

University of Nevada, Las Vegas, 1993

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**THE IMPACT OF LEGALIZED CASINO GAMBLING
ON REGIONAL ECONOMIC DEVELOPMENT:
THE CASE OF ATLANTIC CITY**

By

Neil E. Walkoff

**A thesis submitted in partial fulfillment
of the requirements for the degree of**

Master of Science

in

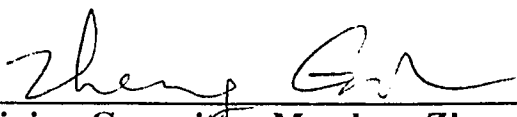
Hotel Administration

**Department of Hotel Administration
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May 1993**

The Thesis of Neil E. Walkoff for the degree of Master Of Science in Hotel Administration is approved.



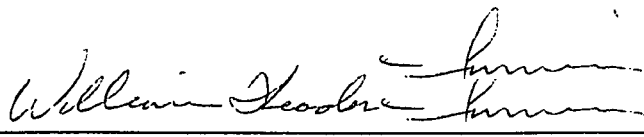
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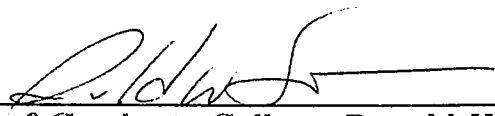
Examining Committee Member, Zheng Gu, Ph.D



Examining Committee Member, Vincent Eade, B.A. M.A.



Graduate Faculty Representative, William Theodore Cummings, D.B.A.



Dean of Graduate College, Ronald W. Smith, Ph.D

University of Nevada, Las Vegas
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ABSTRACT

**Walkoff, Neil The Impact of Legalized Casino Gambling
On Regional Economic Development; The
Case Of Atlantic City, May 1993**

The issue of legalized gambling as a means for regional development has recently been debated. Cities such as New Orleans and Miami have been considering whether the benefits from the implementation of this economic activity outweigh the costs.

In 1976, Atlantic City was facing a similar situation whereby, as the city was experiencing economic decline, casino gambling became an option that could help the city become revitalized. Even though many questions accompanied this option, Atlantic City did pass a referendum to legalize casino gambling.

This thesis illustrates both the benefits and costs that come from casino gambling. By using a hypothetical city as our model, we can explain the impact that casino gambling has on a city. After developing assumptions from our hypothetical model, we can compare these to the actual evidence of the results in Atlantic City.

Based on our hypothetical model and the Atlantic City experience, it can be shown that legalized casino gambling is a valid means of economic revitalization. However, there are some costs and other factors that might hinder a city's decision to legalize casino gambling. This thesis will evaluate these results and will

help determine the regional economic value of instituting legalized casino gambling.

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CHAPTER I

INTRODUCTION

In 1976, residents of New Jersey approved the legalization of casino gambling as a means for providing regional economic development. After several years of examining whether a revitalization did occur in Atlantic City and the surrounding region, many observers have held varying opinions. For example, in September 1988, Herb Jaffe wrote an article in a major New Jersey newspaper entitled "Ten Years Later- Atlantic City Still Struggling Despite Casinos." Jaffe asserts that even though there has been great financial benefit to the surrounding South Jersey areas, "Atlantic City itself continues to struggle." In January 1987, Don Russell wrote an article in Atlantic City Magazine entitled "Atlantic City's Bet On Gambling- Who Won What?" Russell argued that reality had gone beyond expectation. By 1978, 42,000 casino jobs were created, and another 10,000 new jobs in secondary industries were also developed. Lastly, Russell states that as of 1977, \$900 million was turned over to the state's senior citizens program. These articles are examples of the many contradictory arguments concerning the impact of casino gaming in Southern New Jersey.

Many issues were involved in the decision to legalize casino gambling. Officials of Atlantic City and the surrounding region felt

that casinos would positively affect such areas as employment, retail sales, and tax revenue. However, others thought that casinos would negatively influence the region in terms of crime, air pollution and property values.

The casino gaming industry in Atlantic City is 15 years old (first casino running in 1978). By examining economic and social impacts on the city and the surrounding area, we will be able to determine how this economic activity has affected Southern New Jersey.

The purpose of this study is to evaluate the economic impact of legalized casino gambling. A benefit-cost analysis will be used to determine the accuracy of predictions made by both proponents and opponents of legalized gambling concerning the economic and social consequences of Southern New Jersey. Atlantic City will be used as a model, due to the fact that this analysis will be based on an already existing city that has experienced an economic decline and has chosen to utilize casino gambling for revitalization. For this reason, Las Vegas has not been chosen as the model, for this city was built around existing casinos.

DELIMITATIONS

This study is limited by the selection of variables that will be examined. Only specific variables were selected that will illustrate the impact of casino gambling in Atlantic City and the surrounding areas. This study will examine variables that clearly show a definite effect from the legalization of gaming in Southern New Jersey. Those variables that will be discussed are the multiplier

effect, employment, tax revenue, and the overall effect on retail sales due to tourism. These variables should provide a clear indication on this economic activity's effect.

A variable that will not be examined involves the psychological effect on residents of Southern New Jersey. Even though this factor will be mentioned, it does not seem to directly answer how the legalization will effect the city. Many observers knew that legalized gambling would attract millions of visitors to the state. But the question to be answered is to what effect legalized gambling will impact a city that uses this economic activity as a means to revitalize itself.

LIMITATIONS

Even though this study should be very helpful in analyzing the impact of casino gambling as a tool for regional economic development, there may be some limitations as well. Now that other states are contemplating the legalization of casino gambling, they should not entirely base their estimates on the Atlantic City experience. Atlantic City should not be considered entirely representative of other states that wish to utilize this economic activity.

A limitation that must be taken into consideration is the transportation issue. Since Atlantic City has no major airport, a large portion of their visitors travel by either automobile or bus. Other areas, such as Miami and New Orleans, might benefit from having a major airport in the city. This issue deals with local vs. regional vs. national markets. Other limitations of this study may

involve other factors that may or may not take place in Atlantic City. For example, because Atlantic City has cold winters, there is usually a decrease in the number of tourists that come at this time. This factor would not be present in areas such as Phoenix or Miami. Another example may be the racetrack. Due to the fact that there is a racetrack close to Atlantic City, this may reduce the number of gamblers that go to the casinos. Other areas that may institute gambling may not have a racetrack in the vicinity.

As far as the methodology, up to date data may be difficult to acquire. Some statistics seem to be available only through 1988. However, efforts to retrieve more recent data were not lacking. Some sources that were researched were the Department of Economic Development for Atlantic City and The Casino Control Commission. This may be an important limitation, due to the fact that some observations may not be seen through my data.

OUTLINE OF STUDY

Chapter II will discuss the historical evolution of casino gambling in Atlantic City. This chapter describes the economic decline experienced by Atlantic City and the series of events that brought legalized casino gambling to the city. Also, we will discuss what research says about legalized gambling.

Chapter III will discuss economic impact analysis, in order to model the likely effect of an activity such as legalized casino gambling on regional economic development. This chapter will examine what should happen to a hypothetical city that utilizes legalized casino gambling as a means for revitalization. It will

discuss the direct and induced impacts (the multiplier effect) on employment, tax revenue, and retail sales, as well as on municipal expenditures, public works and regulatory costs.

Chapter IV will discuss the actual economic impact of casino gambling in Atlantic City. This chapter will include both the benefits and costs that resulted from this economic activity. This chapter will present evidence of the impact on retail sales, employment and tax revenue. The costs that resulted are also illustrated, such as mismanagement of funds, social impacts, changes in the crime rate, and problems within the city's infrastructure.

In Chapter V, the findings will be interpreted and will reveal why Atlantic City might not be representative of other areas that might employ legalized casino gambling as a means of producing economic revitalization.

CHAPTER II

HISTORICAL EVOLUTION OF CASINO GAMBLING IN ATLANTIC CITY

In this chapter, we will discuss the historical evolution of casino gambling in Atlantic City. The first segment of this chapter shows how Atlantic City had declined economically from 1950 to 1970. This segment also includes the state of the Atlantic City economy by 1970. The next segment discusses the 1974 referendum to legalize casino gambling in New Jersey. This segment demonstrates both the benefits and costs that were debated upon and the facts that lead to its defeat. The second part of this chapter discusses the 1976 referendum and the new provisions that lead to its approval.

STATE OF ATLANTIC CITY ECONOMY IN THE 1970'S

In the 1950's, Atlantic City had the reputation of being a glamorous seaside resort that entertained millions of visitors. Tourists would come to enjoy the luxurious hotels, such as the Ritz Carlton and the Ambassador, and the ocean view. Atlantic City blossomed into one of the nation's top tourist destinations and became known as the "World's Playground." But by the 1970's, this

once "bustling" town had been severely affected by depression. Atlantic City had devolved into a one-industry town, and due to the lack of economic diversity problems arose (1). Atlantic City could only rely on the tourism industry and nothing else.

By 1975, Atlantic City has suffered an economic downfall. The city's population has declined from 66,000 in 1930 to 42,000 in 1976. "Fifty percent of the population was made up of minorities and thirty percent were senior citizens (2)." The unemployment rate also increased during the 1970's. By 1975, the unemployment rate during the summer months had climbed to 20% and during the winter, nearly one quarter of the labor force was unemployed (3).

The hotels in Atlantic City had begun to be boarded up or torn down(4). These hotels were once the backbone of the city's convention and tourism industry. As a result, the stock of available hotel rooms had been reduced by forty percent (5). With many hotel rooms gone, the city's convention business slowly declined. "The number of convention delegates had dropped from 477,000 in 1970 to 360,000 in 1975 (6)."

With increased demolition of these hotel buildings, without replacement by a new commercial hotel stock, Atlantic City was experiencing financial problems. The city was now facing the consequences of a diminished ratable base, and as a result, fewer taxes were collected. By 1976, less than eighty percent of the local taxes were collected by the city (7). Along with the decrease in local taxes came decreasing luxury tax collections. "These collections are a major indicator of the vitality of the tourism and convention industry. These luxury tax collections, which had been .

\$3.38 million in 1970, declined to \$2.84 million in 1975 (8)." Many of the unskilled service workers involved in the hotel industry were forced to leave Atlantic City. As people left the city, a pattern began to evolve: "the ever shrinking number of remaining taxpaying homeowners had to pick up the ever-expanding tax bill in order to look after the increasing proportion of the city's residents who were elderly, indigent or both (9)".

Atlantic City was in a terrible economic situation whereby the combination of the decreased property value, increased real estate taxes, and the high unemployment rate, led to a decrease in the city's population. "It was a downhill cycle that needed a massive jolt, like casino gambling, to stem the tide. Nothing else would have worked (10)."

1974 REFERENDUM TO LEGALIZE GAMBLING IN NEW JERSEY

In 1973 Gubernatorial campaign, Brendon Byrne stated that he would support legalized casino gambling in New Jersey. His only concern was that he wanted casinos in Atlantic City only. He felt that if casinos were concentrated in only one area, regulation of this activity would be much easier. The referendum, however, called for casinos anywhere in New Jersey. The argument in 1973 was that New Jersey could gain the same benefits as Nevada, such as reduced taxes and a low unemployment rate. Also, New Jersey could take advantage of its market area, the northeast corridor, which could lead to increased tourism and retail sales. Byrne believed that, with

the new tax revenue, Atlantic City could be rebuilt. The city desperately needed this referendum to be passed (11).

The people of New Jersey, though, were concerned about casino gambling in their state. Their main concern was that organized crime would become involved. Secondly, many people did not want casinos to open in their own community. These factors, along with the fear of prostitution and loan sharking would accompany casino gambling, swayed the voters in the other direction. As a result, the referendum was rejected by sixty percent of the voters. "There were simply too many unanswered questions in the minds of the voters (12)."

1976 REFERENDUM

Atlantic City was not about to give up the hope of casino gambling with only one try. Many supporters of casinos felt that if the state modified some of the conditions of the referendum, the problems of the 1974 referendum could be resolved, and the people of New Jersey might change their decision.

As the state began to devise a new referendum for the 1976 campaign, three new provisions were added to address the questions raised in the 1974 referendum. The first provision was that casinos would be able to operate only in Atlantic City, so that the people of New Jersey would not have to worry about casinos in the other areas. Secondly, in order to minimize the possibility of mob involvement, the referendum provided that the casinos would be regulated by the state. Thirdly, revenue from the casinos would be

used to "alleviate the financial burden of the elderly and handicapped" and to provide programs for the senior citizens (13).

In addition to these new provisions, the Committee to Rebuild Atlantic City (CRAC) became involved in the effort to win voter support for the 1976 referendum. "The CRAC promised that at least 30,000 new jobs would be created in the coming decade. This would lower the unemployment rate and put more money into the local economy. The CRAC also stated that \$30 million would go towards programs and facilities for New Jersey Senior Citizens." This definitely helped to win elderly support of casino gambling and the 1976 referendum passed (14).

PREDICTIONS MADE CONCERNING LEGALIZED GAMBLING

After the 1976 referendum had passed, many observers began to predict the effect that casino gambling would have on Atlantic City and the surrounding area. While some critics made very optimistic predictions, others felt that this economic activity would bring negative social impacts as well. However, many predictions seemed biased due to the fact that some critics based their predictions upon their feelings on gambling before it became legalized. For example, the CRAC made very optimistic predictions in order to increase enthusiasm for legalized gambling. Others who opposed the legalization stated that Atlantic City would suffer a tremendous increase in crime, which would greatly increase municipal expenditures (police and fire protection). These examples illustrate how the predictions concerning legalized gambling in Atlantic City may not be entirely valid.

In terms of the proponents of casino gambling in New Jersey, Edward Cialella states that many observers felt that "legalized casinos would bring to a stop the declining economic condition of Atlantic City." Cialella states that an author referred to the opening of casinos in Atlantic City as a "means of halting economic decline and perhaps even reversing it." However, opponents of legalized gambling felt that the costs, especially to those residents of marginal incomes, would have many harmful effects. Cialella alludes to some observers who felt that this legalization would have adverse consequences on the poor in Atlantic City. Cialella shows that almost every type of legalization of gambling increases the volume of gambling among those living on marginal incomes (15).

WHAT RESEARCH SAYS ABOUT LEGALIZED GAMBLING

As far as the research of this topic, it seems that the authors of these articles are more interested in the perception of tourism by residents than the overall economic and social results of a city that utilizes this economic activity as a means for revitalization.

In the article "Residents And Transients: Community Reaction to Seasonal Visitors," Robert A. Rothman states that because residents associate tourism with an increase of crime and an overall deterioration of a community, they tend to avoid these areas visited by these tourists. Although Rothman's research does illustrate this point this does not provide any evidence of the overall social implications of tourism. In "Rural Resident Tourism Perceptions and Attitudes," Richard Perdue, Patrick Long, and Lawrence Allen reveal a better picture of the effects of tourism to a region. Not

only do they mention the residents perceptions, but also include some infrastructural problems that usually result. One of the main problems deals with real estate costs, which are usually unfairly increased in the area where tourism exists. We should take this factor into consideration when analyzing the social results in Southern New Jersey. "The Perceived Impacts of Casino Gambling on a Community", by Abraham Pizam and Julianne Pokela illustrates many economic benefits that will result when a community legalizes casino gambling as a means for revitalization. However, these researchers show that many residents question if casinos could produce sufficient revenues to offset the inherent social costs.

It seems that all these articles basically ignore the economic impacts of tourism to a region. This may be due to the fact that it is almost a given that an increase in economic revenue will occur. The main focus of this research deals with the social effects, which seem to be more severe than the benefits of this economic activity. This social aspect is what the observers of legalized gambling have failed to investigate. Officials of Southern New Jersey were so anxious to reap the economic benefits of tourism, they failed to take into consideration the social impacts.

These predictions definitely illustrate varying viewpoints concerning the legalization of gambling. While the proponents contend "that legalized gambling will help generate revenue and stimulate the tourist industry in the area, the opponents argued that the legalization would increase crime and poverty.

Has legalized casino gambling revitalized the economy of Atlantic City? In the next chapter, we will consider the economic impact of legalized gambling on a hypothetical city and try to examine both the benefits and costs that should arise due to this economic activity.

END NOTES FOR CHAPTER II

(1) Don Russell, Atlantic City's Bet on Gambling- Who Won What? (Atlantic City Mag., January 1987) p. 39.

(2) Michael Pollock, Hostage To Fortune: Atlantic City And Casino Gambling (Princeton, New Jersey: Center of Analysis of Public Issues, 1987) p. 24.

(3) Don Russell, Atlantic City's Bet On Gambling- Who Won What?, p. 40.

(4) Ibid.

(5) Economics Research Associates, Impact of Casino Gambling On the Redevelopment Potential Of The Uptown Urban Renewal Site And On The Economy Of Atlantic City (Atlantic City, New Jersey: Housing Authority And Urban Redevelopment Agency Of The City Of Atlantic City, June 1976) chapter II, p.1.

(6) Ibid.

(7) Michael Pollock, Hostage To Fortune: Atlantic City And Casino Gambling, p.25.

(8) Economic Research Associates, Impact Of Casino Gambling, chapter II, p. 1.

(9) Don Russell, Atlantic City's Bet On Gambling, p.40.

(10) Michael Pollock, Hostage To Fortune:, p.25.

(11) George Sternlieb And James W. Hughes, The Atlantic City Gamble (Cambridge, Mass.: Harvard University Press, 1983) p. 42-43.

(12) Ibid., p. 46-47.

(13) Ibid., p. 48-53.

(14) Don Russell, Atlantic City's Bet On Gambling, p. 40.

(15) Edward Cialella, Casino Gambling In New Jersey: A Study Of Predictions (Temple University, 1984) p. 65-83.

CHAPTER III

ECONOMIC IMPACT ANALYSIS

This chapter will discuss economic impact analysis, in order to model the likely effect of an activity such as legalized casino gambling on regional economic development. This chapter will examine what should happen to a hypothetical city that utilizes legalized casino gambling as a means for revitalization. We will discuss the direct and induced impacts (multiplier effect) that it should have on the city in terms of income, employment, and tax revenue. The latter part of this chapter will include some of the costs that may result from legalized gambling. These costs may come from increased municipal expenditures, public works, institutional costs, and regulatory costs.

MULTIPLIER EFFECT

The multiplier effect is an “economic parameter that measures the number of times an expenditure is respent in the local economy (16).” This effect could have two different outcomes. If the casinos have to go outside the area in order to get commodities for their industry, money will not be respent in the local economy

and will therefore not stimulate the economy. However, if the casinos buy their commodities within the area, this should not only increase production of these commodities, but will also increase employment and wages.

The multiplier effect will play a very important role in the revitalization of the city. This effect should encourage secondary or induced impacts that will lead to increased investment for the city. An economic impact should result where money spent by tourists will cause a need for more stores, restaurants, malls, and other services. As other services become necessary, there will be a need for more employment within the city, which will increase payroll, leading to even more money being spent. These factors are all contingent upon whether the casinos go outside the area to get their employees or hire within the area. Since casino employment is not highly skilled, labor is not likely to be brought in from the outside.

By examining the multiplier effect, we are able to see how this economic phenomenon should have an impact on the city. The multiplier does not act as a benefit, but rather as a catalyst whereby employment, retail sales, and tax revenue should all show significant increases. Not only should these factors benefit from the direct effect of tourist spending, but they will also benefit from the induced impacts by local residents.

Based on this hypothetical city, it is intended that the casino revenue for the city will increase at a greater rate than the social costs that will be incurred due to this economic activity. Even though that this may be a presumption, officials of Atlantic City were aiming for this outcome.

BENEFITS DUE TO LEGALIZED CASINO GAMBLING

INCOME AND EMPLOYMENT FROM CONSTRUCTION

The local area should immediately show an economic benefit from the construction phase when casinos are built. Even though this benefit will not sustain long term effects due to the fact that the construction phase will only occur until the casinos are completed, the construction industry will show an increase in income and employment during this period.

EMPLOYMENT

The increase in employment should not stop at the construction phase. Casino hotel employment should have an even bigger impact on lowering the unemployment rate in the city. The casino hotel industry is a very labor-intensive business. This type of hotel should cause a substantial increase in the number of new jobs and should also increase employment by providing a stable source yearly employment. This increase in employment should take place provided that the residents of the area have these skills to perform the tasks in the hotel casino.

Casino hotel employment may also have some negative effects that may hinder the city. Edward Cialella states that some observers felt that while legalized gambling should decrease unemployment and welfare rolls and provide year round employment,

there may be an increase in other areas not having casino gambling (17). Also, if the salaries of casino hotel employees are more substantial than other jobs, such as teaching, police work, and fire fighting, these professions might suffer due to the changing of careers. However, if teaching professions and policemen begin to receive higher wages as a result of competition with the casinos, these professions might not suffer the loss of too many employees to the casino industry. This competition among the work forces will depend on the salaries of casino employees compared to the salaries of other professions.

EXPENDITURES

Casino hotel employment will also improve the personal income of these employees. Also, much of this extra income should be spent within the local economy, provided that the hotel casino employees live in the city itself. Visitor expenditures should play an even bigger role in stimulating the local economy. The expenditure from tourists will come from many different phases of the casino industry. The first phase of spending will be through transportation. There should be a significant increase in bus services and air travel. Secondly, the casinos themselves will be the main beneficiary of visitor spending. The tourists will also purchase commodities which not only include hotel accommodations, but also food, beverages, and entertainment. This should account for a large portion of visitor spending.

As stated earlier, these types of expenditures should produce secondary or induced impacts such as increasing numbers of

restaurants, stores and malls. These expenditures will help to promote an upward economic pattern within the area.

RETAIL SALES

Legalized gambling in the city will mean that visitors should come year round. This continuous visitor spending should increase retail sales and services in the area. The city should be able to put itself into an economic situation where as more jobs are created, the population will increase, causing retail sales to rise even more. This impact will reflect how much the city has changed economically due to casino gambling (18).

TAX REVENUE

Tax revenue will play yet another important role in the revitalization of the city. Since there will be increased revenue from the fact that the casinos will be paying a significant portion of the taxes, the residents should pay less. The major question we must ask, however, is to what extent this increased tax revenue will help the city. The extra revenue should aid in providing better facilities for the residents of the area (housing, transportation, cleaner streets, etc.) and in providing programs for senior citizens, health services, the disabled, and housing the homeless. This increased tax revenue should come from two different sources. As more hotels and casinos will be built, this will lead to an increase in the ratable base. As a result, revenue will mainly be generated from property taxes and building permits (19).

A luxury tax will also increase tax revenue. The luxury tax is a tax levied on renters of hotel rooms, on sales for shows and other types of entertainment, and on the sale of alcoholic beverages (20). When this casino gaming program becomes fully operational, all three of these factors should generate significant dollars.

Sales tax will also benefit the city. As more goods and services are sold within the city, the local government will benefit from this extra tax revenue. The increasing number of tourists should initiate extra revenue from this sales tax.

COSTS

Even though these benefits will result in the revitalization of the city, there will also be liabilities from legalized gambling. For example, Edward Cialella states that historically, the legalization of gambling has been accompanied by social problems, such as corruption, and an increase in the number of compulsive gamblers. As a result, this usually causes regulatory costs to sky rocket (21). Here are some costs that should arise due to the legalization of casino gambling.

MUNICIPAL EXPENDITURES

The first cost will be the increased municipal expenditures for police and fire protection. The amount of money spent on police protection will depend upon the number of crimes that will take place, the increase in the number of tourists, and traffic control.

PUBLIC WORKS

Another increased cost will come from the Department of Public Works. There will be a need for the improvement, expansion, and servicing of streets, sewers, waste disposal and water supply. Expenditures for public works should be very substantial. The public works budget will increase as more hotels and casinos are built. This increase in the cost for public works should not actually be categorized as a cost. This is due to the fact that not only will these public works improve the infrastructure of the city, but they will also result in an increase in employment and income for more residents.

REGULATORY COSTS

The new gaming program will also produce a need for regulatory agencies. The purpose of these agencies is to administer the financial activity of all casinos. These agencies will audit financial statements of casino operations, monitor the tax situation of the casinos, and check gaming programs so that no illegal gambling will take place. These regulatory agencies will be paid for by the State and the cost could become significant (22).

All of these benefits and costs discussed in this chapter are projections on a hypothetical city that legalizes casino gambling for the purpose of regional development. In the next chapter, we will discuss the actual evidence from the Atlantic City experience.

END NOTES FOR CHAPTER III

(16) Economic Research Associates, Impact Of Casino Gambling, chapter VIII, p. 9.

(17) Edward Cialella, Casino Gambling In New Jersey, p. 70, 97-99.

(18) Economic Research Associates, Impact Of Casino Gambling, chapter VIII, p. 9.

(19) Ibid., chapter VIII p. 1.

(20) Ibid., chapter VIII p. 3.

(21) Edward Cialella, Casino Gambling In New Jersey, P. 89-90.

(22) Economic Research Associates, Impact Of Casino Gambling, chapter VIII, p.6.

CHAPTER IV

THE ECONOMIC IMPACT OF CASINO GAMBLING IN ATLANTIC CITY: THE EVIDENCE

In this chapter, evidence is presented regarding the actual economic impact of casino gambling in Atlantic City. The first piece of evidence discussed illustrates is how the induced impacts from the multiplier effect have had an impact on income and employment. This section will estimate the magnitude of this effect on Atlantic City. The second part of this chapter evaluates the benefits realized from increased retail sales, employment, and tax revenue. The latter part of this chapter will examine the costs arising from this new economic activity.

MULTIPLIER EFFECT

Because the casino industry is a service that people must come to in order to receive, it seems obvious that the tourists will produce the primary source of income for Atlantic City. As a result, the direct effect that the casinos have had on the city have been significant. This direct effect occurs not only from the fact that the tourists will spend their money in the casinos, but will also

spend their money on secondary services. The induced effect on the city has also been significant. These induced impacts have resulted in both an increase in employment and income for the local residents. As a result of these induced impacts on the city, extra dollars have been respent by the locals, because of their increase in income and the increase in employment.

Table IV.1 illustrates the magnitude of the multiplier effect within the city. As far as gross output, the direct effect in Atlantic City was \$1,187,142. The multiplier of output was 1.9652. This means that for every dollar that was spent on casino gambling, an extra ninety-six cents was generated into the local economy by some other economic service. As a result of the multiplier effect for output in Atlantic City, \$2,332,971 was generated. Also, this shows that an extra \$1,145,829 was poured into the local economy through secondary services other than casino gaming. Table IV.1 shows how the casino industry has not only directly produced income for the local economy, but has also aided in producing secondary services by which Atlantic City could gain even more economic growth.

Table IV.2 is an illustration of the economic impact of the casino industry by sector. This table provides us with evidence that the casinos have served as a catalyst for increased employment, wages, and output in other industries. The biggest example of how the multiplier effect has helped other sectors is by looking at the "services" in table IV.2. As a result of the casino industry, almost 50,000 new jobs were created and \$690,000 in wages were generated.

TABLE IV.1
ECONOMIC IMPACT OF THE CASINO INDUSTRY
(IN THOUSANDS)

	DIR. EFFECT (A)	MULT. (B)	MULT. EFFECT (A)x(B)	IND. AND INDUCED EFFECT (A)x(B)-(A)
GROSS OUTPUT	\$1,187,142	1.9652	\$2,332,971	\$1,145,829
WAGE INCOME	\$663,825	1.6367	\$1,086,482	\$422,657
EMPLOYMENT	41,387	1.5716	65,044	23,657

OUTPUT AND INCOME IN THOUSANDS OF 1981 DOLLARS

NOTE: SERVICE INDUSTRIES GENERALLY HAVE HIGHER MULTIPLIERS THAN MANUFACTURING INDUSTRIES AS MOST EMPLOYMENT AND OTHER INPUTS ARE GENERATED WITHIN THE STATE.

SOURCE: CASINO INDUSTRY'S ECONOMIC IMPACT ON NEW JERSEY, BY TUUCHE ROSS INTERNATIONAL. (SECTION 1, EXHIBIT 5)
- NEW JERSEY INPUT-OUTPUT MODEL DEVELOPED BY DR. JONG KEUN YOU OF THE OFFICE OF ECONOMIC POLICY AND PLANNING, NEW JERSEY DEPARTMENT OF COMMERCE. LAST UPDATE- AUGUST, 1986

TABLE IV.2
ECONOMIC IMPACT OF THE CASINO INDUSTRY BY SECTOR
(IN THOUSANDS)

SECTOR	EMPLOYMENT		WAGES		OUTPUT	
	MULT. EFF.	% OF TOT.	MULT. EFF.	% OF TOT.	MULT. EFF.	% OF TOT.
AGRICULTURE	163.9	.0025	2,824.9	.0026	3,499	.0015
AG. SERVICES FORESTRY AND FISCHER	429.9	.0066	5,215.1	.0048	11,898	.0051
MINING	7.2	.0001	217.3	.0002	233	.0001
CONSTRUCTION	1067.4	.0164	16,731.8	.0154	62,290	.0267
MANUFACTURING	1132.4	.0174	52,368.5	.0482	50,625	.0217
TRANS. AND PUB. UTILI.	1127.2	.0173	66,166.8	.0609	68,589	.0294
WHOLESALE TRADE	1080.4	.0166	27,053.4	.0249	62,756	.0269
RETAIL TR.	6174.0	.0949	74,098.1	.0682	168,440	.0722
FIN., INS. AND R.ESTATE	2283.0	.0351	105,171.5	.0968	97,518	.0418
SERVICES	49702.6	.7641	698,390.9	.6428	1,710301	.073
GOVERNMENT	163.3	.0025	6,518.9	.0060	9,311	.0040
ADM. AND AUX. OFFICE	<u>1711.3</u>	<u>.0263</u>	<u>31,725.3</u>	<u>.0292</u>	<u>87,486</u>	<u>.0375</u>
TOTAL	<u>65,042.5</u>	<u>1.0</u>	<u>1,086,482.4</u>	<u>1.0</u>	<u>2,332,971</u>	<u>1.0</u>
MULTIPLIER	1.5716		1.6367		1.9652	

OUTPUT AND INCOME IN THOUSANDS OF 1981 DOLLARS

NOTE: DISCREPANCIES IN TOTALS ARE DUE TO ROUNDING

SOURCE: CASINO INDUSTRY'S ECONOMIC IMPACT ON NEW JERSEY, BY
TOUCHE ROSS INTERNATIONAL.(SECTION 1 EXHIBIT 6)
-NEW JERSEY INPUT-OUTPUT MODEL DEVELOPED BY DR. JONG
KEUN YO. LAST UPDATE- AUGUST, 1986

The casino industry has had a big impact on providing jobs for residents of Atlantic City and the surrounding area. Table IV.3 shows how employment has increased due to the gaming industry. The total amount of employment created by the casino industry is 65,017 jobs. This increase in the amount of employment is impressive.

The multiplier effect has been significant in Atlantic City. As stated in chapter II, the direct impacts served as a catalyst that enabled an increase in both employment and income. Another factor that came from the multiplier effect was that the casino bought their goods and services from within the area, which resulted in economic growth for businesses.

In summary, "the casino industry had generated more than 65,000 jobs for New Jersey residents. This includes 41,387 jobs created directly by the casino industry and 23,657 jobs created in industries which service the casinos. This employment generated more than \$1 billion annually in wages for New Jersey residents. Further, in 1986 alone, the casino industry purchased goods and services worth in excess of \$1 billion from other businesses within the State (23)."

By examining table IV.3A, as of 1992, the casino industry has provided a large number of jobs as compared to other industries in Atlantic County. Casino employment has produced 44,402 jobs as of 1992. However, table IV.3B illustrates that most of these employees do not reside in Atlantic City. As of 1993, only 22.2% of the employees that work in the casinos reside in Atlantic City. This illustrates that the legalization of gambling may have helped the

TABLE IV.3
ECONOMIC IMPACT OF THE GAMING INDUSTRY BY OCCUPATION
(UPDATED TO 1986)

<u>OCCUPATION</u>	<u>EMPLOYMENT BY OCCUPATION</u>	<u>% OF TOTAL</u>
ENGINEERS	130.1	.002
COMPUTER SPECIALISTS	91.1	.001
HEALTH PROFESSIONALS	650.4	.010
ENG. AND SCIENCE TECHNICIANS	130.1	.002
TEACHERS (EXCEPT COLLEGE)	1,105.7	.017
WRITERS AND ARTISTS	3,902.6	.060
RELIGIOUS, SOCIAL, AND PROF.	1,756.2	.027
PROFESSIONAL; AND OTHER TECH.	975.7	.015
MANAGERS, AND ADMINISTRATIVE	9,106.1	.140
SALES WORKERS	2,536.7	.039
CLERICAL WORKERS	10,094.8	.155
CONSTRUCTION CRAFTSMEN	1,431.0	.022
CRAFTSMEN (EXC. CONST.)	2,927.0	.045
OPERATIVES (EXC. TRANSPORTATION)	1,561.1	.024
TRANS. EQUIP., AND OPERATIVES	975.7	.015
LABORERS	4,813.2	.074
PERSONAL SERVICE WORKERS	20,944.1	.322
GOVERNMENT AND ADM. AUXILIARY	1,886.3	.029
TOTAL	65,017.8	1.000

NOTE: DISCREPANCIES IN TOTAL ARE DUE TO ROUNDING
SOURCE: CASINO INDUSTRY'S ECONOMIC IMPACT ON NEW JERSEY, BY
TOUCHE ROSS INTERNATIONAL. (SECTION 1 EXHIBIT 7).
N.J.INPUT-OUTPUT MODEL BY JONG KEUN YOU

TABLE IV.3A

TOTAL EMPLOYMENT FOR ATLANTIC COUNTY

<u>SECTOR</u>	<u># OF EMPLOYEES</u>
CASINO EMPLOYMENT	44,402
A.C. MEDICAL CENTER	2,220
SHORE MEMORIAL HOSPITAL	1,500
ATLANTIC COUNTY GOV'T	1,800
ATLANTIC CITY GOV'T	1,900
FAA TECH CENTER	2,700

**NOTE: DATA AS OF 1992.

TABLE IV.3B

WHERE CASINO EMPLOYEES LIVE

<u>COUNTY</u>	<u># OF EMPLOYEES</u>	<u>PERCENTAGE</u>
ATLANTIC (EXCLUDING A.C.)	23,408	52.3%
ATLANTIC CITY	9,957	22.2%
BURLINGTON	521	1.2%
SALEM	92	.2%
CAMDEN	2,270	5.1%
CUMBERLAND	2,123	4.7%
GLOUCESTER	1,222	2.7%
MONMOUTH	90	.2%
OCEAN	2,253	5.0%
OTHER	560	1.3%

**NOTE: FIGURES AS OF 1993.

SOURCE: BOTH TABLES TAKEN FROM THE SOUTH JERSEY PRESS, SUNDAY, APRIL 18, 1993, BY DANIEL HENEGHAN.

surrounding South Jersey area more than Atlantic City and its residents. It seems that the casino industry has neglected to hire the residents of the city, for whom this employment was intended. One of the main purposes that this economic activity became legalized was to produce jobs for residents of Atlantic City. However, because it has been a perception that the residents are not skilled (nor educated), many hotel managers have sought employees from the surrounding region. This has been a major reason why Atlantic City still experiences many welfare rolls, poverty, and crime within the city. Atlantic City may be able to solve this problem by involving more people from the community in order to aid the residents of Atlantic City. This has been done in Las Vegas, where the Nevada Partners Association has been developed to help the community.

BENEFITS FROM THE DIRECT AND INDUCED IMPACTS

RETAIL SALES

Retail sales increase illustrates how the multiplier effect has affected Atlantic City. These increased retail sales come as a result of the increase in employment and income. The impacts of the direct and induced impacts can be shown not only through retail sales, but also through the increasing number of conventions and the increased per capita income in Atlantic County.

Because of the casino industry, Atlantic City experienced not only a population growth but also brought in tourists all year round. Atlantic City Magazine states that "many of the stores and

restaurants that would have normally closed in October before the casinos arrived, are now open all year round, and new businesses are opening every week (24)." Table IV.4 reflects how retail sales have more than doubled in the past decade. From Table IV.4, we can see that the casino industry increased not only retail sales but also employment as well as wages.

Conventions have also helped to provide for an increase in retail sales. With the increase in convention business, more people who attend these meetings have been spending their money in Atlantic City. Table IV.5 shows the increase in convention business since 1973.

Another reason for the increase in retail sales is the increase in per capita income of New Jersey residents. From this increase in wages, more money was spent in the areas in which these people reside. Table IV.6 shows the increase in personal income of New Jersey residents since 1969.

TAX REVENUE

As expected, there has been a substantial increase in the amount of taxes paid by the casinos. The casino industry has paid increasing amounts of property and luxury taxes as a result of the increase in the ratable base. Table IV.7 illustrates how both property tax collections and luxury tax collections have increased from 1978 to 1986. These tax collections have also far exceeded expectations.

Before the casinos came into existence, the CRAC promised \$57 million in tax revenue to Atlantic City and the State

TABLE IV.4

ATLANTIC COUNTY RETAIL SALES
(1975-1988)

<u>YEAR</u>	<u>AVERAGE RETAIL EMPLOYMENT</u>	<u>NUMBER OF RETAIL UNITS</u>	<u>TOTAL WAGES TO RETAIL EMPLOYEES (THOUSANDS)</u>	<u>TOTAL SALES (THOUSANDS)</u>
1975	12,750	1,425	\$87,147	N/A
1976	13,232	1,446	94,414	\$584,214
1977	13,040	1,501	99,230	625,366
1978	13,769	1,438	110,401	722,264
1979	14,989	1,403	127,601	915,253
1980	14,862	1,356	136,456	998,340
1981	15,277	1,327	147,174	1,099,053
1982	15,055	1,370	150,462	1,146,704
1983	15,507	1,508	169,345	1,318,025
1984	17,366	1,573	192,432	1,430,733
1985	N/A	N/A	N/A	1,531,554
1986	N/A	N/A	N/A	1,671,907
1987	N/A	N/A	N/A	1,747,851
1988	N/A	N/A	N/A	1,893,346

NOTE: N/A =NOT AVAILABLE

SOURCE: CASINO INDUSTRY'S ECONOMIC IMPACT ON NEW JERSEY
(SECTION 2 EXHIBIT 21), BY TOUCHE ROSS INTERNATIONAL
AND GROWTH TRENDS, ATLANTIC COUNTY N.J.(P.59)
 BY THE DIVISION OF ECONOMIC DEVELOPMENT.

TABLE IV.5
CONVENTIONS IN ATLANTIC CITY
(1973-1989)

<u>YEAR</u>	<u>#</u>	<u>ATTENDANCE</u>
1973	387	395,495
1974	367	382,933
1975	358	359,795
1976	319	371,083
1977	347	371,258
1978	399	317,460
1979	342	304,031
1980	372	230,887
1981	445	261,546
1982	548	397,297
1983	1,541	514,000
1984	1,874	484,894
1985	1,571	437,905
1986	2,608	516,295
1987	2,185	622,605
1988	3,855	666,449
1989	4,894	788,271

SOURCE: CASINO INDUSTRY'S ECONOMIC IMPACT ON NEW JERSEY
(SECTION 2 EXHIBIT 19), BY TOUCHE ROSS INTERNATIONAL
AND GROWTH TRENDS, ATLANTIC COUNTY, N.J. (P.100),
BY THE DIVISION OF ECONOMIC DEVELOPMENT.

TABLE IV.6
ATLANTIC COUNTY
PER CAPITA PERSONAL INCOME
1969-1989
(IN DOLLARS)

YEAR	ATLANTIC COUNTY	NEW JERSEY	UNITED STATES
1969	3,902	4,495	3,808
1970	4,349	4,805	4,051
1971	4,728	5,103	4,296
1972	5,075	5,492	4,665
1973	5,623	6,000	5,182
1974	6,055	6,531	5,648
1975	6,566	6,992	6,073
1976	7,277	7,634	6,651
1977	7,973	8,346	7,294
1978	8,889	9,247	8,134
1979	10,296	10,273	9,030
1980	11,803	11,573	9,919
1981	13,374	12,956	10,949
1982	14,268	13,971	11,482
1983	15,663	15,074	12,100
1984	17,010	16,455	13,116
1985	18,092	17,655	13,910
1986	19,299	18,879	14,639
1987	20,766	23,321	16,489
1988	22,370	21,944	16,489
1989	23,723	23,726	17,592

SOURCE: GROWTH TRENDS, ATLANTIC COUNTY, N.J. (p.61), BY
THE DIVISION OF ECONOMIC DEVELOPMENT.

UPDATED BY NEW JERSEY CASINO INDUSTRY IMPACT DATA (p.12), BY
CASINO ASSOCIATION OF NEW JERSEY, 1992.

TABLE IV.7

ATLANTIC CITY LUXURY TAX AND PROPERTY TAX COLLECTIONS

YEAR	LUXURY TAX	PROPERTY TAX	
		CASINO	RESIDENTIAL
1978	\$951	1.9	5.7
1979	1,924	2.9	4.0
1980	3,724	13.3	5.1
1981	6,601	28.4	7.5
1982	8,087	40.3	7.5
1983	8,537	41.1	7.6
1984	9,351	48.6	8.1
1985	9,887	63.5	8.4
1986	10,788	66.2	17.0
1987	15,795	69.2	N/A
1988	16,613	77.6	N/A
1989	17,304	81.1	N/A
1990	18,919	79.7	N/A
1991	17,546	83.5	N/A

NOTE: VALUES FOR LUXURY TAX COLLECTIONS AND PROPERTY TAX COLLECTIONS ARE IN MILLIONS OF DOLLARS.

SOURCE: CASINO INDUSTRY'S ECONOMIC IMPACT ON NEW JERSEY
(SECTION 3 EXHIBIT 25 AND SECTION 4 EXHIBIT 30) BY
 TOUCHE ROSS INTERNATIONAL AND GROWTH TRENDS,
ATLANTIC COUNTY, N.J. (p.75), BY THE DIVISION OF
 ECONOMIC DEVELOPMENT.

UPDATED BY NEW JERSEY CASINO IMPACT DATA (p.5), BY CASINO
 ASSOCIATION OF NEW JERSEY, 1992.

Government. However, by 1987 the casinos paid \$108 million in city and State taxes. Also, the CRAC had promised at least \$31 million annually in benefits for senior citizens and the disabled. These benefit programs are financed by an 8% tax on gross casino revenue.

In summary, the casinos of Atlantic City have paid over \$2.6 billion in taxes over the past ten years, with more than \$1.8 billion going directly to New Jersey. The casino industry is also investing millions of dollars to develop new and affordable housing for Atlantic City Residents. Table IV.8 illustrates how the Casino Revenue Fund has been utilized.

COSTS DUE TO THIS NEW ECONOMIC ACTIVITY

Although many of the financial benefits in Atlantic City have exceeded expectations, many costs have also been borne by the city. It seems that even though the Casino Revenue Fund has been able to find appropriate purposes for revenue, other areas that also need this funding have been either ignored or discarded from also gaining this revenue.

SLOW PROGRESS WITHIN THE INFRASTRUCTURE

The first problem in Atlantic City that has not been solved is the infrastructure. The city is always "jammed" with traffic and buses. Also, the boardwalk and beaches, which were once the main tourist attraction in Atlantic City, have not been restored. Construction of housing, which was a major argument for legalizing the gaming industry, has been very slow. "According to developers, the reason for this is that there has not been a market for middle

TABLE IV.8
EXPENDITURES FROM THE CASINO REVENUE FUND
(FISCAL YEAR 1989)

REVENUES:

TAXES	\$221,847,081
INVESTMENT EARNINGS	<u>18,914,354</u>
TOTAL REVENUES	\$240,761,435

EXPENDITURES:

BOARDING HOME REGULATION AND ASSISTANCE	\$ 4,000,000
PURCHASED RESIDENTIAL CARE	15,616,833
ADULT ACTIVITIES	7,118,048
PHARMACEUTICAL ASSISTANCE	67,849,924
GENERAL MEDICAL SERVICES	28,749,326
LIFELINE CREDIT	65,476,195
REIMBURSEMENT TO MUNICIPALITIES FOR PROPERTY TAX EXEMPTIONS	16,636,428
TRANSPORTATION ASSISTANCE	17,633,110
CONGREGATE HOUSING SUPPORT SERVICE	1,683,408
RESPIRE CARE FOR THE ELDERLY	1,825,850
EPIDEMIOLOGY AND DISEASE CONTROL	2,161,641
MISCELLANEOUS	<u>10,761,184</u>
TOTAL EXPENDITURES	\$239,511,947

SOURCE: CASINO CONTROL REPORT BROCHURE, BY THE CASINO
REVENUE FUND

income buyers, for people are unwilling to live in Atlantic City. One reason for this may be for the fact that it lacks many services, such as supermarkets and movie theaters (25)."

PROBLEMS WITH THE MUNICIPAL BUDGET

There has also been a problem with the city's spending of its municipal budget. Don Russell (Atlantic City Magazine) states that "from 1977 to 1978, spending has tripled and services haven't improved." In 1989, "an independent audit of city government operations states that mismanagement and excessive salaries have cost taxpayers \$9 million a year (26)." Time Magazine states that Officials of Atlantic City were so intent on keeping organized crime out of the city that they let eight years pass before finally establishing a proper system for which revenue from the casinos could be put into the revitalization of the city (27).

INCREASE IN THE CRIME RATE

Crime has also been a problem in Atlantic City. The city government has made many efforts to try to limit the amount of crime in the city, but these efforts have failed. "The Atlantic City Police Department Budget has nearly tripled to \$24 million, but the crime rate is now the highest in the State (28)." Table IV.9 illustrates this significant increase in the number of criminal violations from 1977 to 1985. This increase in crime over the years has been tremendous. Atlantic City Magazine states that there has been a 250% increase in the number of crimes and a 50% increase in the number of larcenies over the past ten years. A report on casino

TABLE IV.9
CRIMINAL VIOLATIONS

	<u>1977</u>	<u>1981</u>	<u>1985</u>
MAJOR CRIMES	4,391	12,594	15,428
MURDERS	10	15	8
ASSAULTS	157	421	400
LARCENY	2,027	9,046	12,007
CRIME RATE	100.6	313.3	420.4

SOURCE: ATLANTIC CITY MAGAZINE - JANUARY 1987, (P.46)
BY N.J. STATE POLICE AND A.C. EXPRESSWAY AUTHORITY

gaming in Atlantic City states that "there has been a disturbing increase of such crimes of violence against persons as rape and assault. Prostitution is also a visible problem, and has increased markedly since the casinos came to the city." Drugs are also a concern (29).

In 1990, the Coordinating Council for Atlantic City showed that for every 1,000 persons that come to Atlantic City, 432.2 crimes were committed, as compared to only 113.1 for Atlantic County and only 52.7 crimes committed for the State of New Jersey (30).

Some social impacts have also been causes for concern in Atlantic City. These problems may not have been anticipated before casinos arose, but have now become a reality. The first social impact deals with the lure of gambling. The Casino Control Commission states that gambling in Atlantic City has turned thousands of residents into compulsive gamblers. As a result, the State Government had to set up forty-seven new chapters of gamblers anonymous. Another social impact is the problem of under-aged people who gamble in the casinos. State law restricts people under the age of twenty-one years of age to gamble on the casino floor, but it estimated that at least 24,000 under-aged people have entered illegally (31).

END NOTES FOR CHAPTER IV

(23) Touche Ross International, Casino Industry's Economic Impact On New Jersey (Atlantic City, New Jersey: Atlantic City Casino Association, Oct 1987) p.2.

(24) Don Russell, Atlantic City's Bet On Gambling, p.43.

(25) Ibid., p.41.

(26) Ibid., p.47.

(27) Priscilla Painton, Boardwalk Of Broken Dreams (Time Mag.: Sept. 25, 1989) p.68.

(28) Ibid., p.66.

(29) State of New Jersey Casino Control Commission, A Report On Casino Gaming In Atlantic City (Casino Control Commission: May 1990) p.14.

(30) Coordinating Council is the revitalization of Atlantic City, Report On a Proposed Economic Policy And Plan For Atlantic City, August 1990, p. 5.

(31) State of New Jersey Casino Control Commission, A Report On Casino Gaming In Atlantic City, p.15.

CHAPTER V

CONCLUSION

INTERPRETATION OF FINDINGS

In 1976, Atlantic City, which was a city experiencing economic decline, took a gamble on legalized casino gambling. Even though the city needed to boost its economy, many questions had arisen that concerned the local residents. Now, after seventeen years, the city has gained the economic benefits that had been predicted, but at even higher rate than expected. Here are some examples of the economic resurgence that occurred in Atlantic City.

- The Casino Association of New Jersey promised 34,000 new jobs from casinos, hotels, transportation and construction. Today, as a result of casino gambling, over 65,000 jobs have been created.

- \$7 million had been predicted in investment in Atlantic City. As of 1989, over \$5 billion has been invested in the city.

- \$57 million in tax revenue had been predicted for the city, county and state governments. In 1988 alone, \$277 million was generated for the city, county, state and federal governments.

- The CRAC promised \$31 million annually for senior citizens and disabled. Today, over \$200 million has been generated in benefits for senior citizens and disabled.

(Facts acquired from Casino Association of New Jersey)

Evidence does show that as a result of legalized casino gambling, Atlantic City has received significant economic benefits. From the Atlantic City experience, it seems as though legalized casino gambling is a feasible way to enhance regional development. However, along with these benefits also came severe costs. Even though these points above illustrate how Atlantic City had become revitalized, many other issues have brought many concerns concerning this economic activity.

Firstly, because of the increase in property tax, real estates values "skyrocketed". As a result, this caused the movement of not only the poor, but also "homeowners who did not wish to sell their property. This has also driven other forms of commerce from the community (31)." This pattern has continued throughout, and has been a main reason why a majority of the city (away from the casinos) is still abandoned or condemned.

Secondly, "even though the casinos have generated thousands of jobs, the bulk of this job growth within the city has been in the hands of suburbanites (32). It seems that all of the outlying regions surrounding Atlantic City have benefited from the fact that many residents who work in the hotel casinos lived in these suburbs. As a result, these cities have been able to benefit more from the

increased employment than Atlantic City itself. This also illustrates why Atlantic City residents are still not able to benefit from this revitalization.

Lastly, even though casino revenue has brought in billions of dollars, growth and profits have begun to stagnate (33). This was due to the fact that the casino industry in Atlantic City was only able to attract visitors within a 150 mile radius (34). As a result, the average stay in the city has been approximately only 1.5 days (weekend trippers). If Atlantic City will be prosper in the future, it must expand its market beyond this radius by adding other forms of entertainment (other than gambling) in order to keep the guests in the city for a longer time period.

In conclusion, in 1976, I suggest that Atlantic City had few economic choices other than legalizing casino gambling as a means for revitalization. If this economic activity had not been instituted, Atlantic City would most likely become entirely depressed. Now that the casino industry in Atlantic City is seventeen years old, many benefits have taken place that have allowed the city to gain economic strength. But the costs that have resulted have become magnified and have overshadowed the economic benefits. However, these costs were more the result of a mismanagement of funds and lack of planning rather than the legalization of gambling in the city. Government Officials in Atlantic City may still be in a position to improve many of these problems that have occurred. Although it is almost a given that crime will exist were there is legalized gambling, other costs can be minimized by involving more residents

into the hotel casino employment structure and finding a way to extent visitors stays by adding sources of entertainment.

RECOMMENDATIONS FOR ATLANTIC CITY

In 1990, the Coordinating Council for the Re-development of Atlantic City issued a report on what Atlantic City must do to solve some of the problems that it has been experiencing. This committee aimed to develop three main aspects within the region

- 1) Promote further commercial and residential growth.
- 2) Build on the casino gambling industry and restore Atlantic City's prominence as a destination resort, tourist and convention center.
- 3) Diversify the economy of the region (36).

In order to accomplish this, the Atlantic City Government plans to expand the Atlantic City Airport into a major hub. They feel that this will add accessibility to the casino gambling industry (37). Also, Atlantic City plans to redevelop the central corridor of the city. This plan will consist of a new convention center, new housing for residents, shops, hotels, rides, and even a "man-made lagoon" (38).

This project should increase employment opportunities to residents, and improve housing. Also, this plan will allow alternative forms of entertainment to attract new visitors to Atlantic City. Lastly, Atlantic City also plans to build a theme park in order to diversify its market. All projects combined should expanded the tourism

industry and promote new markets to the South Jersey region. These projects should promote longer stays by visitors to Atlantic City. It could also be anticipated that additional industries that will invest in Atlantic City, increasing employment for residents of the city.

As other states examine the benefits and costs of legalized casino gambling, they will be able to determine whether or not this is a profitable economic activity. This thesis, concerning the events that took place in Atlantic City, can serve as an aid in determining both the benefits and costs that occur from the legalization of casino gambling.

END NOTES FOR CHAPTER V

(32) George Sternlieb And James W. Hughes, The Atlantic City Gamble, p. 155.

(33) Ibid., p. 156.

(34) Ibid.

(35) Don Russell, Atlantic city's Bet On Gambling, p.44.

(36) Coordinating Council, Report On A Proposed Economic Development Policy And Plan For Atlantic City, August 1991, p. 10.

(37) Ibid., p. 19.

(38) Gene Sloan, "Atlantic City Stakes Its Future On A Building Plan" (U.S.A. Today, April 19, 1993).

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