

Destination Casinos in South Florida: Findings of Fact and Recommendations

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ABSTRACT

This presentation intends to share the relevant experience of other cities around the world in dealing with casinos. If destination casinos do come, what are the terms that would be best for the people of Miami-Dade County and the State of Florida?

Destination casinos attract visitors from outside of the locality where they are located. Only about 15% of the gamblers in casinos in Atlantic City and Las Vegas are local residents, but 83% of the gamblers on riverboats in Illinois are local.

South Florida already has casinos directed toward local people. The current debate is about destination casinos that would attract affluent tourists.

This document does not take any position regarding whether we should have destination casinos or not, but we want to show what the consequences might be for allowing the new forms of gambling.

May 25, 2013

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Acknowledgments

This report represents the deliberations of the members of the Social and Economic Development Council that transpired over a period of nearly 18 months, and after reviewing several hundred pages of published articles in newspapers and professional journals on the subject of casinos. Although all members of the Council participated in the drafting or review of preliminary drafts, Professor Peterson took the lead in the research and preparation of this whitepaper. Professor Pedro Pellet and Professor Eunju Suh also deserve special recognition for their work in editing the final draft. We also want to thank Dr. Robert Cruz, and his staff, particularly Mr. Robert Hesler, Ms. Aida Suárez and Ms. Mayda Rescendi for the generous support they provided to the Council on behalf of Miami-Dade County.

This whitepaper could not have been done without the leadership of the Council's founding chairman and distinguished scholar, Dr. Antonio Jorge who passed away in February of 2012. He is sorely missed by members of the Council and those who knew him as a teacher, mentor, university colleague, and friend.

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I. INTRODUCTION

The Social and Economic Development Council of Miami-Dade County, an official advisory board to the County Commission, would like to advance the community-wide discussion of the potential benefits and liabilities of large-scale casino gambling for our county and state.

This document does not take any positions regarding whether we should have destination casinos or not, but we want to show what the consequences might be for allowing the new forms of gambling.

Destination casinos attract visitors from outside of the locality where they are located. Only about 15% of the gamblers in casinos in Atlantic City and Las Vegas are local residents, but 83% of the gamblers on riverboats in Illinois are local. ¹ South Florida already has casinos directed toward local people. The debate is about destination casinos which would attract affluent tourists.

The present study intends to share the relevant experience of other cities around the world in dealing with casinos. If casinos do come, what are the terms which would be best for the people of Miami-Dade County and the State of Florida?

Here are the obvious benefits and drawbacks of destination casinos:

***A PRIORI* BENEFITS:**

1. Overall net increase in local employment with particular emphasis on training and hiring local people, particularly low-income Blacks and Hispanics.
2. Growth of tourism in both number of visitors and amount spent.
3. Large-scale construction spending with accompanying increase in employment.
4. Making Miami more of a “world city” with tourists from areas of the globe that we are not currently reaching, particularly China. This could possibly lead to new business connections with China and other parts of the world.
5. Possible new business connections to areas such as China which might send many new tourists to Miami.
6. Higher property values.
7. Bringing more money to the state which can be taxed and reinvested in ways which create more economic diversity and bring in more well-paid jobs.
8. Increased employment in many local businesses serving the casinos, such as vendors and suppliers.

A PRIORI DRAWBACKS:

1. Replacement of moral values focusing on hard work and savings with a get-rich-quick-through-luck mentality.
2. Encouragement of young people to drop out of high school to take jobs in tourist businesses.
3. Displacement of existing local businesses, tourist attractions, music venues and museums. We believe that there would be a net increase in tourist spending in South Florida with destination casinos, but it is obvious that some existing businesses could lose out.
4. Some jobs will go to outsiders, and companies owned by outsiders will dominate the market. Most of the destination casinos will be owned by outsiders, if destination casinos come, we would like some large, locally-owned hotel-resorts to become destination casinos.
5. Increases in problem gambling, crime, substance abuse, prostitution, personal bankruptcies, and suicides. We note that these problems increase with any sort of tourism, with population growth, and with high levels of mobility to and from a city.
6. Possible over-concentration of the local economy on tourism and gambling which can make our population poorer because of the relatively low wages in this economic sector. On the other hand, destination casinos and their wider economic impact would create many new jobs which are better than unemployment or part-time work.
7. The more dependent we are on tourism and gambling, the more we get hurt in business downturns.
8. Increased traffic congestion, particularly if destination casinos are located in Downtown Miami and on Miami Beach.
9. A danger of money laundering which could help to undermine the respect for the law in our community.

II. CURRENT GAMBLING IN MIAMI-DADE AND BROWARD COUNTIES

Racinos are non-Indian (Native American) casinos attached to pari-mutuels, including horse and dog tracks and jai-alai frontons, which are not owned by American Indians. Racinos in Florida have games including poker, blackjack, baccarat and slot machines, but not roulette or craps. (Video versions of roulette and craps are permitted.) Pari-mutuels are gambling establishments where the winners share the pot rather than bet against the house. Racinos as pari-mutuels have pots which are limited by the amount put in by players. The racinos in Dade and Broward paid \$125 million to the State of Florida in taxes on their slot machines operations in 2010-11.²

The State of Florida has an agreement with the Seminole Tribe that the Seminoles will pay the state a minimum of \$1 billion over the next five years if the state does not authorize other casinos to add certain games over which the Seminoles will have exclusive rights, including blackjack. The Seminoles are not allowed to offer roulette or craps under this agreement. All Seminole payments to the state would cease if the state authorizes casinos outside Miami-Dade and Broward. Seminole payments to the state would be reduced by half if the state allows additional games in non-Indian Dade and Broward casinos. Federal law says that Indian casinos are allowed to offer all gambling games which are legal in non-Indian casinos in a state.³

III. HISTORICAL BACKGROUND ON CASINOS IN LAS VEGAS, ATLANTIC CITY, MISSISSIPPI, MACAU AND SINGAPORE AND IMPLICATIONS FOR MIAMI

Many argue against destination casinos in Florida on the basis of the experience of other states and countries. Historical accuracy requires us to understand that the domination of Las Vegas casinos by organized crime that existed fifty years ago is no longer the case. Casinos in Atlantic City have also been free of mob control for the past thirty years, at least. Singapore has had casinos only briefly, but reports suggest that organized crime is not a factor in their casinos. Macao, on the other hand, does seem to have organized crime (triad gangsters) involvement and extensive money laundering for capital coming out of China. We believe that destination casinos in Florida could be closely regulated on the model of Las Vegas, Atlantic City and Singapore so that organized crime control and money laundering could be almost nonexistent.

LAS VEGAS

The city of Las Vegas was founded in 1905, and casinos were legalized there in 1931. Gambling was widespread in Los Angeles until 1938 when reformers banned it and

persistently raided gambling establishments. Many Los Angeles gambling companies moved to Las Vegas as a result.

The first major casino-resort on the Las Vegas Strip just outside the city limits was the Flamingo Hotel which opened in 1946 and was owned by Meyer Lansky and Bugsy Siegel. Some banks from Phoenix and Salt Lake City invested in the Flamingo Hotel and not all of the money came from organized crime. Lansky was never listed as the owner of any Las Vegas casino, but he had a secret share in many of them. The 1950 Kefauver hearings on organized crime pointed to the problem of gangster control of Las Vegas casinos.

From the 1940s to the 1960s, organized crime and the unions that they controlled provided the capital to build large casino-resorts in Las Vegas. Mainstream banks were reluctant to invest in what was considered a shady enterprise, although some funds did come from regular banks.

The state of Nevada began to take action to drive gangsters out of their control over casinos. The Gaming Control Board was established by the state of Nevada in 1955, and new rules were imposed on the casinos. No corporations could own casinos, and each operator must be licensed. In 1959, a Citizens' Commission was established by the state of Nevada to license participants in the gaming industry and to oversee the work of the Gaming Control Board.

Across the nation, a major increase of federal indictments of organized crime figures occurred in the early 1960s, from 49 indictments in 1960 to 615 in 1963. The nation's attitude toward the mob was changing. The previous pattern of looking the other way was ending. However, few of these indictments touched the core group of gangsters in Las Vegas and Miami.

During the early 1960s, many investments were made in Las Vegas casinos and property developments by a pension fund of the Teamsters Union, often in partnership with gangsters. Beginning in 1966, Howard Hughes began investing in Las Vegas casino-resorts, land and a television station, and he opened the way for many more mainstream business people without mob connections. Hughes bought out many casinos which had formerly been controlled by Meyer Lansky. Gangsters continued to operate the casinos owned by Hughes, and they illegally "skimmed" profits for gangsters from the daily take of these casinos. The mob also laundered money from drugs and other criminal activities through the casinos.

New investment money and tighter state control were successful in diminishing the power of gangsters in the industry. In 1967, Nevada required all of the stockholders in casino companies to pass background checks. This requirement was helpful in driving out organized crime control of the casinos and paving the way for mainstream companies to

invest. Arizona developer Del Webb bought casinos in Las Vegas in the 1960s, with some of the capital borrowed from Lehman Brothers, a Wall Street investment bank. In 1970, the Howard Hughes organization dramatically changed its style of business in Las Vegas and pushed out those who had been cooperating with gangsters on running the Hughes-owned casinos. That was the end of mob skimming from the Hughes-owned casinos.

In 1973, Steve Wynn bought the Gold Nugget casino from a gangster who was being blacklisted by Nevada gaming authorities. Wynn eventually became one of the biggest casino owners in Las Vegas. Wynn also owned a bingo hall in Maryland, and this was the first time that a person was allowed by Nevada to own a casino in Nevada and a gambling enterprise outside the state. In the 1980, Drexel Burnham Lambert, a Wall Street investment bank, came to dominate casino financing in Nevada through junk bonds, and they invested \$2.6 billion, among other places in Steve Wynn's Mirage resort.

Between 1980 and 1983, Joseph Yablonsky was the Special Agent in Charge for the FBI in Las Vegas, and he was much more aggressive in prosecuting mobsters in the casino industry than any previous FBI local leader in Las Vegas had been. He brought dozens of cases, and all but two resulted in convictions. Yablonsky was effective in pushing mob control out of many casinos in Las Vegas. William H. Webster, the national FBI director, protected Yablonsky against heavy political pressure to cease his investigations. The Reagan administration decided to back law and order for a time, whereas previous administrations had opposed cleaning up Las Vegas organized crime, but in 1983 the Reagan administration put in a new U.S. Attorney for Southern Nevada who pushed out Yablonsky. Nevertheless, mob control did not return. Yablonsky had been successful in turning the corner on gangster domination of the industry. Since 1980, however, there have been no big scandals involving Las Vegas casinos with regard to control by organized crime or extensive money laundering.

Just recently, suggestions have been made that some Chinese-related money laundering might be going on.⁴ Since destination resort casinos in Miami might attract many Chinese customers, this is a concern for us. We would like to see Las Vegas demonstrating that Chinese money laundering can be stopped in casinos on American soil.

From 1980 on, Las Vegas casinos were actively lobbying in many states to establish legalized casinos, and they set up branch casinos across the country. The end of mob control opened up many new possibilities for expansion.

During the 1990s, Las Vegas became the top tourist destination in the world and outstripped Mecca as the most visited place in the world in 1999. Fifty million people a year came to Las Vegas. Over half of the people of the United States have visited Las Vegas. Las Vegas now has more hotel/motel rooms than any other American city, and twice as many as New York City. No other city has so many music, comedy and magic shows. All

sorts of family-oriented entertainment, including theme parks, were added for children during the 1990s. A significant number of tourists in Las Vegas gamble very little, but enjoy seeing all of the sights and shows. Las Vegas now makes more money off of tourist expenditures other than gambling itself. This might be even more the case in Miami because we have so many more natural and cultural attractions than Las Vegas.

For decades, the Las Vegas casino industry, including gambling, hotels and restaurants, has been unionized, and good training programs have been created to help workers rise in skill and income. Casino workers there are now largely Hispanics. One union in Las Vegas, Culinary Local 226 has organized 90% of the casino-hotel-restaurant workers on the Strip. The resurgence of the union began in 1984 with a citywide strike for better health insurance. After a tough fight, the union won, but they lost six casinos to decertification and four more to illegal repudiations of the contract.

In 1989, the new union leader, John Wilhelm, made a deal with Steve Wynn which simplified job classifications in exchange for organizing rights at future casinos to be built by Wynn. The Culinary came back with a series of tough strikes in the 1990s, including a strike at the Frontier Casino which lasted from 1991 until 1998. (Circus Circus casino which was unionized was nice enough to feed the picketers at the Frontier.)

Maids in unionized hotels on the Las Vegas Strip make 50% higher incomes than do unorganized maids in Reno and in addition have full health insurance. Union and management in the Las Vegas casinos, hotels and restaurants have cooperated to create an elaborate training program. Unskilled hospitality workers can learn new skills and move up to higher-paid positions.

In 2003, Las Vegas was described as “the only city in the land where service-sector workers in supposedly dead-end jobs can afford to buy homes, retire securely and put their kids through college.”^{5&6} In spite of high unemployment most recently, those Las Vegas workers in unionized jobs still enjoy wages and benefits which are far superior to those of Miami workers in the service sector.

Sheldon Adelson’s casinos in Las Vegas are not unionized, and Adelson has been successful in keeping out unions there because he gives the same wages and benefits to his workers that unionized workers get at other casinos.⁷

The economy of Las Vegas has suffered more from the recession of 2007-08 than that of any other large city of the United States. Their unemployment rate grew from 4.7% in January, 2007 to 13.1% in January, 2012.⁸ Las Vegas and Nevada have also had among the highest foreclosure rates and the largest drops in home prices in the nation, although Florida and California have been close competitors. ⁹ Las Vegas is more dependent on tourism than any other large city in the nation. Tourism is a volatile industry because

recreational travel is a discretionary expense which can be set aside by families during hard time. It would not be good for Miami's economy to become overly dependent on one volatile industry.

ATLANTIC CITY

Atlantic City has been a tourist town since the 19th century. Blacks have always made up a high percentage of the manual workers in the tourist industry there – most notably the men who pushed rolling chairs down the Boardwalk. Blacks were not welcome in Atlantic City as tourists until the 1960s, and as soon as the blacks came, many white tourists left. Also, many whites moved out of the city during the 1960 s and thereafter. Today, many of the workers in the casinos are African-American, but most of the casino workers now live outside the city in suburban or rural areas or other seaside towns.

The casinos did not cause Atlantic City to become a low-income, mostly-black city. This was already the case when casinos arrived in 1970. However, the casinos have not caused Atlantic City to be redeveloped and to add lots of good-quality housing. In fact, Atlantic City lacks major grocery stores or department stores. People who live there have to go to suburban areas to shop.

A majority of the workers in Atlantic City casinos have not gone beyond high school, but unemployment remains persistently high in Atlantic City. High school graduation rates in Atlantic City are 15% lower than the state's average, and Las Vegas has about the highest high school dropout rates of any big city in the United States. High-school dropouts can easily get relatively good jobs in the tourist industry.

The casinos of Atlantic City have unionized hotel, restaurant and gambling workers who get better wages and higher tips than workers in other hotels, restaurants and gambling establishments across the state. Hotel-casinos on average have higher wages than hotels which are not casinos.

The Borgata Casino set up a training facility for local residents in 2003 and trained and placed in jobs 2,100 workers by 2007. Average wages in the hospitality industry in Atlantic County were \$28,840 per year in 2004, including tips, but this was lower than average wages in many other local industries, including manufacturing, education, construction and business services. The wages were higher than for hospitality jobs in the state as a whole.

Atlantic City requires casinos to pay 1.25% of revenues for local housing and infrastructure, and this produced \$435 million over the first twenty years. Casinos pay 70% of the local property taxes in Atlantic City, and they paid state and local government \$7 billion in taxes between 1978 and 1997. The population of Atlantic City is in decline. The peak was in 1930 at 66,000. In 1970, it was 48,000, but in 1990 only 38,000. More people

worked in the casinos in 1990 than lived in the city. Most casino workers commute from nearby rural, suburban and seaside communities.

Of the 16,000 residents of Atlantic City with jobs, over 10,000 work in the casinos. Atlantic City is getting smaller and poorer, while the nearby areas are getting larger and richer. Atlantic City casinos engage in affirmative action to hire minorities, and 25% of their employees in 1997 were minorities. They are also sensitive to hiring local residents. However, far fewer black men have jobs in Atlantic City casinos than women. People with police records or who fail drug tests cannot work in casinos, and this excludes many local people.

Casinos in Atlantic City hire far more African-Americans in decent jobs than was true for the hospitality industry there before casinos. More possibilities exist for upward mobility through job training than previously.¹⁰ This might also be the case in Miami. Big casinos in Miami are likely to offer blacks far more well-paid jobs and training programs than do existing hotels, restaurants and gambling establishments today. Big casinos have to be more careful of their national reputation than do small, local casinos. Big casinos are more vulnerable to boycott campaigns by civil rights organizations than are small casinos.

Like Las Vegas, Atlantic City was hit hard by the recession which began at the end of 2007. Today, the unemployment rate in Atlantic County, New Jersey is 12.8% -- the second highest of any county in the state.¹¹ Over-dependence on tourism and gambling makes cities vulnerable to economic downturns.

TUNICA COUNTY, MISSISSIPPI

This county is located on the Mississippi River in the northwest area of the state in what is called "the Mississippi Delta" flat, river-bottom land that is very fertile and mostly used to cultivate cotton. Gambling here is exclusively on river boats, but these are moored to shore and never move. The benefits of casinos to the low-income Black people who make up the majority of the Tunica County population have been significant. The percentage of the population on food stamps has declined from 54% in 1990 to 24% in 1997.

Some 14,000 people are employed by the nine local casinos, while the county's population is only 8,000. Unemployment rates dropped from 26% in January, 1992 to 5% by July, 1992 when the casinos had hired their first employees. Unemployment declined when the casinos came in, but rose again by 2009 with the recession - 14% in 1990, down to a low of 5% in 2000 and back up to 15% in 2009.

As of the year 2000, Tunica was the third largest gambling destination in the country, following Las Vegas and Atlantic City, and today they are still the fifth-largest. As many as 14 million visitors per year come to Tunica for gambling, and the county has gained \$40

million a year in tax revenues. Many new hotels, restaurants and condominiums have been built in the county in connection with the casinos. The casinos are not monopolizing all of the business. Home prices have gone up. Average incomes in the county rose from \$14,600 in 1991 to \$17,200 in 2002.

The percentage of young people graduating from high school has increased from 33% before casinos to 87% recently. The casinos provide scholarships for some local youths to attend college. This is very different from the experience of Las Vegas where school dropouts are the highest for any large city in the nation. However, Tunica casinos are not unionized.

The overall evidence from Tunica County indicates substantial benefits to the local, low-income, Black population from casinos, even though many of the best jobs went to outsiders.¹²

MACAU

Macau has the highest amount of money spent on gambling of any city in the world, with revenues greater than those of all of the casinos in Europe, Latin American, the Middle East and Africa combined. Revenues from gambling in Macau are twice as large as those from Las Vegas and Atlantic City combined. However, much of this Macau money is never gambled at all, but is actually money laundering for capital leaving China illegally. Today, however, it appears that the People's Republic of China and the casinos companies are cracking down on money laundering in Macao.¹³

Macau was a colony of Portugal until 1999. Under the Portuguese, Macau had many "fan tan houses" – a game like roulette. In 1937, the city created a casino monopoly. In 1962, another company established by Hong Kong and Macau business people was given a monopoly on all forms of gambling. After joining the People's Republic of China – but with a special legal status, like Hong Kong -- the government in 2002 allowed several different private casino companies to operate. These included the American companies, Wynn Resorts and Las Vegas Sands, which are interested in coming to Florida.

The casinos in Macau pay taxes of 35% of gross revenue. This allows taxes on individuals and other businesses to be very low. The total income of Macau casinos in 2009 was \$13.7 billion. About 90% of the gamblers in Macau are from China, and about 90% of their gambling is done on credit. Most of the gambling takes place in the VIP rooms of the casinos. To a considerable extent, the casinos are operating at arm's length from the actual money laundering because they are loaning money to the junkets (tour operators) and the junkets are loaning money to the gamblers.

Gambling is not legal in China, and gambling debts cannot be enforced under Chinese law. Consequently, the casino companies could not loan money to Chinese citizens with any degree of assurance that they would be repaid after their customers returned to China. When the Chinese customer returns to China, he repays the junket operator for what he borrowed. If he does not repay, he might meet with violence at the hands of Triad gangsters working for the junket operator. The junkets often get their capital by borrowing money from the casinos or from organized crime leaders and they pay interest of up to 3% a month -- 43% a year.

Wikileaks disclosed the fact that American officials in China are well aware of these practices. The United States government has asked Macau to strengthen its oversight of the junket operators and to crack down on money laundering.¹⁴

We could say that the benefits and drawbacks of casinos in Macau are mostly not specific to gambling, but would be true of the rapid expansion of any dominant industry in any city in the world. The quick growth of any industry provides new opportunities for people, but also brings about social dislocation. A consensus now exists in Miami that we do not want overly rapid expansion of destination casinos here. We might or might not want destination casinos, but we definitely do not want them to come in so rapidly that they swamp our economy and our way of life. This has been recognized by prospective casino companies, and they have modified their proposed plans accordingly.

SINGAPORE

Singapore is a city-state with a population that is mostly of Chinese ancestry. Singapore is a major port, a financial center, the second-largest gambling city in the world, and a major oil refiner. Transparency International rates Singapore as having less corruption than almost any other country in the world, and the Index of Economic Freedom says that it is the second-freest country in the world as far as free enterprise capitalism is concerned, after Hong Kong. Politically, Singapore is not so free. One political party, dominated by one family, father and son, has been in control since Singapore became independent in 1965.

In 2005, Singapore decided to legalize casinos, and the first casinos opened in 2010. Genting built a family-oriented casino, Resorts World Sentosa, with a Universal Studios theme park. Genting invested \$4.5 billion in this casino-development. Six hotels are part of this development. The other Singapore casino – the Marina Bay Sands -- belongs to Sheldon Adelson's Las Vegas Sands Corporation which is a big casino operator in Macau.

At first, Singapore did not allow the junket system because of its associations with money laundering and organized crime, but Singapore has now changed its attitude and will be allowing junkets with special rules which are much stricter than those in effect in Macau. Genting will be using junkets under Singapore rules, while Genting does not operate in

Macau. The junkets working with Genting in Singapore will try to attract high rollers to that casino and loan them money. However, the junkets who are working with Genting up to now are not very wealthy and may not be able to loan much money. Genting hopes that the junkets will vet customers in terms of creditworthiness and loan them money so that the casino itself is not stuck with so many bad debts.

Singapore is only licensing two junket companies, and Singapore has very tight regulations. This means that junkets will not be as important in Singapore as they are in Macau – at least for the time being. The two “International Marketing Agents” (IMAs, AKA junkets) authorized by the government of Singapore to work with Genting are Malaysians who currently recruit Southeast Asian customers for the Genting casino in Malaysia. Twelve applicants for IMA licenses were turned down by the government of Singapore. These IMAs are on a tight leash in Singapore. Their license is only for one year at the time. Singapore obviously does not want agents who are involved with the junkets and triads associated with Macau.

In their operations with Genting in Malaysia, these junkets transfer money to Thailand using the services of Indian moneychangers. They have no experience in handling money coming out of China. Singapore does not allow its IMAs to share commissions with unlicensed parties – such as Macau-based junkets. The tighter the rules on junkets in Singapore, the less the total revenues of the casinos – but also the less money laundering. Consequently, Singapore casino revenues are not likely to approximate those of Macau anytime soon. Macau really has a money laundering industry, not truly a gambling industry.

Sheldon Adelson’s Las Vegas Sands Corporation is not using junkets under the rules in force in Singapore, although they do operate in Macau and use junkets under the very different rules in force there. The Sands is currently ahead of Genting in Singapore in total revenues, so The Sands has a process which is working well up to now.¹⁵ If Florida had destination casinos, it would be desirable to attract customers from China. The experience of Singapore with junkets can tell us whether this is possible while avoiding money laundering.

IV. COMPARATIVE DEMOGRAPHICS: DADE, BROWARD, LAS VEGAS, ATLANTIC CITY

South Florida has important demographic differences from Las Vegas and Atlantic City. We are a much larger urban area, and we have far greater economic diversity. Broward had 1.7 million people in 2010, while Miami-Dade had 2.5 million, for a combined total of 4.2 million. Clark County, Nevada, which includes Las Vegas, had 1.7 million people, while Atlantic County, New Jersey, had only 252,000.¹⁶ Many people working in the gambling industry of Atlantic City live outside the county.

DEMOGRAPHY AND GAMBLING REVENUES FOR MIAMI AND TOP GAMBLING CITIES

	MIAMI-DADE	LAS VEGAS	ATLANTIC CITY	MACAU	SINGAPORE
POPULATION	2.5 million	1.7 million	252,000*	544,000	4.7 million
PER CAPITA INCOME	\$22,619	\$27,395	\$27,364	\$63,681**	\$59,000**
PERCENT POVERTY	17.7%	12.4%	20.9%	17.5%	Not published
GAMBLING REVENUES	\$300 million***	\$8.9 billion	\$3.6 billion	\$33.5 billion	\$5.1 billion

* Atlantic County, New Jersey.

** The Macau and Singapore income figures are expressed in terms of “purchasing power parity.”¹⁷

*** Miami gambling revenues are estimated at 20% of the state revenues for all types of gambling. The Florida Lottery represents \$1.2 billion out of \$1.5 billion total gambling revenues statewide.

The per capita income for Miami-Dade County in 2009 was \$22,619; for Broward, \$28,465; for Clark County, Nevada, \$27,395; and for Atlantic County, New Jersey, \$27,364. The median income for a household in Miami-Dade County was \$41,367; for Broward, \$48,772; for Clark County, Nevada, \$53,512; and for Atlantic County, New Jersey, \$51,585. Some 17.7% of the people in Miami-Dade County live below the poverty line; for Broward, 13%; for Clark County, 12.4%; and for Atlantic County, 20.9%.¹⁸ The poverty rate in Atlantic City Metropolitan Statistical Area was 13.0% in 1970 – before gambling – and 10.5% in 2000. In the city of Atlantic City, some 22% lived in poverty in 1970 and 24% in 2000. As of 2000, 64% of the Atlantic City Metropolitan Statistical Area population was white, 12% Hispanic and 17% black. The white population has declined since 1980, while the Hispanic and Asian population has increased.¹⁹

Average wages in the hospitality industry in Atlantic County were \$28,840 per year in 2004, including tips, but this was lower than average wages in many other local industries, including manufacturing, education, construction and business services. The wages were higher than for hospitality jobs in the state as a whole.²⁰ In Atlantic City proper, the poverty rate was 23% in 1970 – prior to the opening of the first casino in the city in 1978. In 2000, the poverty rate in the city was 24%. Obviously, casinos have not raised the local population out of poverty.²¹ In the leisure and hospitality industry, annual averages wages in Atlantic County were higher than the statewide average (\$28,840 vs. \$20,085) in 2004, but not in any other economic sector.²²

As of 2005, 8.7% of the total employment in Miami-Dade was in the Leisure and Hospitality sector, including tourism; for Broward, this is 11.2%; for Clark County, 22.0%; and for Atlantic County, 38.7%.²³ The percentage of the population of Las Vegas and Atlantic City which is employed in the gambling industry – or the leisure and hospitality industry – is much higher than that in Dade and Broward.

Given the fact that Dade and Broward counties already have such large populations, casinos here would have to grow enormously before the percentage of our local populations employed in casinos would be as high as in Las Vegas and Atlantic City where they are the overwhelmingly dominant local industry. However, tourism is already a very important industry in South Florida, and destination casinos will make this industry larger. Tourism is highly sensitive to economic ups and downs and has generally modest wages. Greater balance between economic sectors would be good for Miami.

V. COMPARATIVE GAMBLING REVENUES

In fiscal year 2009-2010, the state of Florida generated the following in revenues from gaming:

- Pari-mutuel wagering taxes and fees: \$16,800,000
- Slots: \$154,800,000
- Card rooms: \$11,400,000
- Seminole Tribe: \$150,000,000
- Lottery \$1,247,000,000
- Total \$1,580,000,000²⁴

Gambling revenues increased in southern Nevada between 1980 and 2010 from \$1.9 billion to \$8.9 billion. The gambling industry has been growing very substantially across the entire nation over the past thirty years.²⁵

In 2005, casinos in Atlantic City provided 46,000 jobs and attracted 35 million visitors.²⁶ Casino revenues in Atlantic City increased from \$134 million in 1978 to \$5.2 billion in 2006 and then receded during and after the recession to \$3.6 billion in 2010.

Casinos in both Las Vegas and Atlantic City have been highly vulnerable to recessions. Some 69% of the revenues of Atlantic City casinos come from slots and 31% from table games.²⁷ Taxes from Atlantic City casinos go to a special statewide fund which supports senior citizens and people with disabilities. In 2006, casino taxes contributed \$417 million to this fund.²⁸

VI. IMPACT OF DESTINATION CASINOS ON EMPLOYMENT, UNION JOBS AND WORKER COMPENSATION

Right now, we cannot know for certain the impact of developments with very large casinos on local employment. No doubt a considerable number of jobs in existing casinos, hotels, restaurants and shops will be lost.

Given that destination casinos are heavily automated, the number of jobs which they produce may be rather small in comparison to their total revenues. Some argue that the total number of jobs that will be lost may be greater than the number of jobs that are gained. However, considerable evidence exists that there will be a substantial net increase in the number of tourists coming to Miami. Consequently, we expect a net increase in the number of jobs as a result of the new developments – including casinos, hotels, restaurants and shops. It is an open question whether or not the new casino, hotel and restaurant jobs will be unionized.

Both Las Vegas and Atlantic City are mostly unionized, and this does seem to be associated with better pay and benefits. Sheldon Adelson's casinos are not unionized, but he pays salaries and benefits closely resembling those of unionized casinos. Pay and benefits went up sharply in Las Vegas after the union became energetic under new leadership beginning in 1989. The pay of hotel and restaurant workers in Atlantic City is greatly above that of comparable workers in other New Jersey cities that do not have casinos.

It is possible that destination casinos with their accompanying developments (hotels, restaurants, shops, condos) will substantially increase the local middle class because of the creation of unionized jobs. On the other hand, if they are not unionized or if they have corrupt and ineffective unions, their workers might not be much better paid than are current leisure and hospitality workers in Miami-Dade.

An important study on the economic impact of casinos on local regions was done by Thomas A. Garrett of the Federal Reserve Bank of St. Louis. He found that three of the four regions in the area served by that bank which added casinos had a net positive growth in employment. One region added few jobs and suffered an overall loss of employment, but this loss might have been greater if the casino had not located there.²⁹

Garrett correctly pointed out that the coming of casinos does depress local employment in some other companies or sectors – such as other forms of recreation – but this is only the case if the casinos do not attract large numbers of new tourists to the area. We have every expectation that the total employment in non-casino hotels, restaurants, shops and tourist attractions would greatly increase in Miami if destination casinos attracted large numbers of new, affluent tourists to our city.

VII. ESTIMATES OF THE SIZE OF THE ECONOMIC AND DEMOGRAPHIC IMPACT OF DESTINATION CASINOS ON DADE AND BROWARD

Figuring out how much total business the new casinos would do is difficult. If Las Vegas is doing \$9 billion a year in net gambling revenues, then South Florida could not expect to do more than \$3 billion a year even ten years from now. If the tax rate were 10%, that would bring in \$300 million per year to the state which would be offset by perhaps a loss of \$100 million from the Seminoles and Miccosukees and \$35 million from the racinos.

However, if the tax rate were 20%, the state might garner \$600 million per year. The state would also gain in tax money on the construction of the new casinos.³⁰

The Genting Company has recently revised the projected future size of its Miami hotels and casinos sharply downward. However, if things went well with their initial development, more floor space might be added to their casinos later.

VIII. COST-BENEFIT ANALYSIS OF CASINOS IN VARIOUS STATES

Contradictory findings exist concerning the cost-benefit analysis of the impact of casino gambling on different states. Our attitude is that South Florida is already experiencing the negative (and positive) effects of casino gambling on the existing local population because of the presence here of racinos and Indian-owned casinos. Adding destination casinos would increase these negative costs, but it might also bring very substantial benefits in the form of new, high-end tourism.

Earl L. Grinols III has written the most authoritative book on the overall impact of gambling in the United States, "Gambling in America: Costs and Benefits," Cambridge University Press, 2004. Grinols found that problem gambling is concentrated among a small group in the population – 2.4% of the people living within fifty miles of casinos.³¹ Some 1% of the gamblers make over 50% of the bets.³²

Gambling becomes the most important lobbying group in states with casinos.³³ We have already seen that big national casino companies with an interest in Florida have become a major lobbying power in our state – but not a strong enough lobbying power to have won yet.

In rural areas, business volume falls among restaurants within 30 miles of a casino.³⁴ In Miami, our already existing racinos probably do not cut restaurant business even within a one block radius. In fact, some new restaurants have been set up precisely to attract customers of local casinos.

Casinos which serve local markets have not overall long-term impact on the number of jobs. Casinos simply displace other forms of recreation.³⁵ However, he states that "two-

thirds or more of casino demand should be nonlocal if casinos are going to be engaged in more than redistribution and displacement of local demand. It would certainly be the intention of the state of Florida that over two-thirds of the customers of destination casinos should come from outside the state. Our casinos would be a gigantic failure if this were not true. Las Vegas believes that destination casinos in Miami would take away many of their current customers.

Grinols finds that casinos do not pay well enough to raise wages in the whole market.³⁶ However, he is not focused here on Las Vegas and Atlantic City which are the only cities that really compare with what Miami might look like with destination casinos. In both cities, the unionized casinos of the past twenty years pay very substantially more than other, comparable tourist and service industries.

In another study, Grinols and others found that new casinos increase the crime rate in states after a lag in time.³⁷

Deepak Chhabra published an article in the Journal of Travel Research in 2007 that attempted to calculate the cost-benefit ratio of casino gambling in Iowa. Under costs, he included social problems, bankruptcy, crime, regulation, treatment for gambling addicts and advertising about available treatments. The costs added up to \$449 million for the year of 2004. Under benefits, he included attracting non-local gamblers, taxes, net change in profits, and charitable contributions for a total of \$1,426 billion for 2004. The net benefits amounted to \$978 million for 2004. Benefits outweighed the costs by 3.2 to 1.³⁸

Iowa gambling is much more local than destination casinos would be in Miami. They are not getting the kind of big financial boost from destination casinos that Miami would get. On the other hand, Miami's crime rate is already much higher, and casinos will likely push the crime rate even higher. We might not get benefits three times as great as costs, but the total amount of our financial benefits over costs will be much greater than that in Iowa.

IX. THE IMPACT OF THE RECESSION OF 2007-2008 ON CASINO REVENUES IN LAS VEGAS AND ATLANTIC CITY

It is certainly true that destination casinos are an economically volatile industry – like other aspect of tourism.

PERCENT CHANGE FROM YEAR TO YEAR IN GAMBLING REVENUES IN LAS VEGAS

YEAR	1ST QRTR	2ND QRTR	3RD QRTR	4TH QRTR
2007	****	5.09	5.36	-0.69
2008	-3.04	-7.47	-9.29	-22.00
2009	-16.88	-12.29	-7.87	-1.11
2010	9.77	-4.93	-4.93	3.39 ³⁹

ATLANTIC CITY GAMBLING REVENUE: PERCENTAGE CHANGE FROM PREVIOUS YEAR

2007	\$4,920,786	-5.69%
2008	\$4,544,961	-7.64%
2009	\$3,943,171	-13.24%
2010	\$3,565,047	-9.59%
2011	\$3,317,720	-6.94% ⁴⁰

We do not believe that casino gambling will ever be as large a percentage of the Miami economy as it is in Las Vegas and Atlantic City. However, tourism is very important in the Miami economy, and tourism in general is as vulnerable to economic cycles as gambling is. Consequently, whether or not destination casinos come to Miami, we should do what we can to broaden our economic base and make it less vulnerable to cyclical variations.

X. EXPLOITATION OF THE POOR

Casino gamblers tend to be more affluent and better educated than the average American, particularly in upscale destination casinos which by definition require long trips and overnight stays. However, the gamblers at low-stakes racinos, Internet sweepstakes cafes and lotteries tend to be poorer and less well educated than the average American.

A study that looked at South Carolina found: "People with lower incomes spend more on the lottery, as well as spending a larger share of their income on the lottery. "A household making under \$12,400 spends five percent of its gross income playing the lottery, while a household earning ten times as much (\$124,000) spends just 0.33% of its income on the lottery." "Black individuals make up 19.7% of [South Carolina's] population, but are 23.2% of lottery players and 38.4% of frequent players." People living in low-income neighborhoods are more than ten times as likely to have gambling problems as people living in high-income neighborhoods.⁴¹ However, what we are discussing in Florida today are casinos aimed at high-income people from outside the state.

XI. HELPING LOCAL PEOPLE THROUGH CASINO REVENUES AND EMPLOYMENT

Bright Futures scholarships are funded by the Florida Lottery which is thus disproportionately taxing low-income individuals to give scholarships to young people who mostly come from high-income families. If Florida decides to allow destination casinos, then we should do what we can to ensure that these attract mostly high-income customers from out of state, and we should make sure that the destination casinos provide all of the assistance possible for low-income Floridians. We recommend a strong tilt toward low-income, local people in hiring. Individuals with one non-violent felony conviction should not be excluded from blue-collar casino jobs.

We would like the taxes from all forms of gambling in Florida to be used to build up industries that can provide well-paid jobs to ordinary workers. In particular, we would like to use taxes on destination casinos to help establish a stronger high-technology industry in the state.

XII GAMBLING ADDICTION

Pathological gambling is defined by mental health professionals as being out of control and unable to stop gambling. Serious problems can develop in relationships and finances as a result of pathological gambling.⁴² A meta-analysis study by Volberg at Harvard in 2001 discovered that 1.6% of adults are pathological gamblers at some point in their lives and 1.1% were pathological gamblers within the past year.⁴³ The National Opinion Research Center of the University of Chicago did a study for the federal government which came out as the report of the National Gambling Impact Study Commission in 2000. They found that 1.2% of the entire adult population are pathological gamblers and 1.5% are problem gamblers. The difference is based on how many items on a questionnaire a person marked as indicating difficulties with gambling. As far as we know, this is the most definitive study of gambling addiction to date. Pathological gambling can be tragic for afflicted individuals, but the percentage of the total adult population with this problem is not high.

More efforts are necessary to deal with problem gambling among special populations: low-income people; Blacks; and young people, particularly college students. Florida requires each Indian casino and racino to contribute \$250,000 per facility to organizations which counsel problem or addicted gamblers. Unfortunately, as a result of decisions of the governor, the state has not been spending this money on its intended purpose, and the Florida Legislature also cut funding for counseling gambling addicts in 2011.⁴⁴

A meta-analysis of research studies finds that treatment for pathological gambling addiction is generally successful in both the short term and the long term.⁴⁵ Cognitive Behavioral Therapy has been found to be generally effective in treating pathological gambling.⁴⁶

XIII. PERSONAL BANKRUPTCY AND CASINOS

The presence of a casino in a county tends to increase annual personal bankruptcy rates by 5%, and the bankruptcy rate continues to increase until at least the 13th year after casinos were introduced to a county.⁴⁷ A 78% increase in personal bankruptcies took place in several states which added gambling between 1990 and 1997, but even in the last year of the study, a mere 0.7% of adults went bankrupt. Gambling might be causing more bankruptcies, but very few people are going bankrupt.⁴⁸ The main cause of personal bankruptcy is not gambling, but the loss of a job or high medical expenses for a working-class family with heavy consumer debts.⁴⁹ Earl Grinols cites a study from Wisconsin which

found that bankruptcies caused primarily by gambling debts increased from 5% to 10% of all bankruptcies.⁵⁰

XIV. COMPARING RATES OF PROBLEM GAMBLING FROM ONE GAME TO ANOTHER

Based on calls to a help line for problem gamblers in the United Kingdom, the game causing the most difficulty was slot machines (45% of the calls), followed by off-course betting (37%), casino gambling (11%), scratchcards (2%), the lottery (1%) and other forms of gambling, including spread betting, bingo and cards (4%).⁵¹ In the United States and Canada, the most addictive form of gambling is widely considered to be video lottery terminals (VLTs).

Research indicates that young, unemployed males from the lower social class are the most likely group to have gambling problems associated with video lottery terminals.⁵² In one study in Canada, 9.3% of video lottery terminal players were found to be problem gamblers. They liked the “speed of play, excitement, ease of access, availability and convenience of play.” The noise and lights of the machines helped to create excitement.⁵³

If we wanted to diminish gambling problems in Florida, the place to start would be with the sweepstakes Internet cafes which have machines like electronic slot machines (video lottery terminals) and appeal to lower-income people. Machines like electronic slot machines in neighborhood locations cause more financial damage to low-income people than any other forms of gambling. We note, however, that companies that make software and hardware for sweepstakes cafes contribute half a million dollars per campaign season to Florida politicians.

Sweepstakes games are very different in how they make their payouts. The player is entering a sweepstakes and can find out immediately if she or he won without playing the game at all. However, that would be no fun. Video lottery terminals involve real games whose outcome is not known in advance. Sweepstakes games and video lottery terminals have many points in common. Both are played on computer screens. Both can be fast-paced. Both can have bright lights and noises. Both can have games that look like poker, keno or slot machines.⁵⁴

It might be politically impossible to eliminate Internet sweepstakes cafes, but it should be possible to tax this industry at a fairly high rate. The state has no interest in promoting sweepstakes cafes by keeping their taxes low, whereas the state would have a legitimate concern to keep taxes reasonable on destination casinos because they attract tourists to Florida and boost the overall economy.

XV. CRIME, PROSTITUTION, DRUGS AND CASINOS

Crime rates have gone up in many cities which have added casinos, but a lot of the increase is associated with population growth and large numbers of tourists, rather than with gambling per se. Ochrym argues that very little difference exists in crime rates in tourist cities with and without casinos. Tourists are targets for criminals, and destination casinos are part of tourism.⁵⁵ The same argument is put forward by Miller and Schwartz who say that the external costs of casino gambling are similar to those of major sporting events or fairs.⁵⁶ A study by Stitt, Nichols and Giacomassi of six new casino localities with six control localities which did not add casinos found that no consistent pattern of increased crime exists. In some new casino communities, the crime rate declined. The exact causes for increased or decreased crime are obscure.⁵⁷ The same unclear pattern was found in a review of the literature by Moufakkir for his study on crime rates in Detroit after casinos were introduced. No overall increase in crime occurred in Detroit in association with casinos.⁵⁸

Grinols and Mustard found that crime increased slowly in a community after a casino was opened. Some 8% of crime in casino communities is attributable to gambling, and this costs the average resident about \$75 per year. This is the largest and most authoritative study of the relationship between casinos and crime.⁵⁹

Police administrators in cities which have added casinos generally say that the increase in crime has been slight, and the increase in crime has mostly been of a nonviolent nature, such as embezzlement, bad checks, and prostitution. Police budgets have increased as a result of the taxation from the casinos, so local communities often feel that they are well able to control the increased crime which has occurred.

Many people who become addicted to casino gambling had already had other sorts of problems prior to the arrival of casinos, such as substance abuse or financial problems. Casinos are mostly not turning happy people into depraved gamblers. Likewise, many American cities that have added casinos were in poor economic conditions before they did so.

Neither Nevada nor New Jersey have had large-scale scandals in recent years with regard to the infiltration of their gambling industries by organized crime. Unlike the casinos of Macau, those in Las Vegas and Atlantic City do not seem to be heavily involved in laundering illegal money. Some small-scale money laundering has recently taken place in Las Vegas casinos.⁶⁰ However, organized crime in both cities is probably extensively involved in loansharking -- making illegal loans with very high interest rates to gamblers. Violence is often used in the collection of these debts.⁶¹

PROSTITUTION

Prostitution is rampant around casinos, including in Atlantic City and Las Vegas. Casinos apparently often provide free prostitutes to high rollers. A large number of under-age prostitutes, both male and female, work in Las Vegas, and some of these are even under 16 years old.⁶²

DRUGS

Drugs are also very common among patrons of casinos – just as among patrons of many Miami nightclubs today. Destination casinos would not improve the moral tone of the community. However, from the opening of the Royal Palm Hotel in Miami in 1897, illegal gambling, drinking and prostitution have been important aspects of our local tourist economy. Drugs have been heavily associated with Miami nightclubs for decades.

XVI. SUICIDES IN LAS VEGAS AND MIAMI

Some 2.6% of all deaths in Las Vegas are caused by suicide, as opposed to only 1.5% nationally. Among visitors to Las Vegas, suicide is the cause of 4.6% of deaths. Among people who die while away from home, people who die in Las Vegas while away from home are twice as likely to die from suicide as those visiting other places. One cause for this might be that some people consider that gambling in Las Vegas is their last chance for economic success. They were in a desperate situation before they arrived.

However, researchers have also found that Las Vegas has factors other than gambling that could help to account for their high suicide rates. Up until 2008, this is a new and growing city – a boom town -- with weak social ties and community support networks. As Emile Durkheim discovered over a century ago, anomie – the lack of strong social bonds – contributes to suicide.⁶³

Miami is another city that already has a very high rate of population turnover and low levels of social cohesion and rootedness. Miami has the highest population mobility into and out of the city of any large city in the United States. Miami's high population mobility is discussed in the new book by Jan Nijman of the University of Miami, "Miami: Mistress of the Americas." Our city has among the highest turnover rates in the nation – people moving in and out of the county. Fortunately, Miami has a lower suicide rate than either the state or nation. Blacks and Hispanics generally have a lower suicide rate than Anglos nationally – perhaps due to stronger family ties.

Very wide differences exist in suicide rates for different neighborhoods in Miami-Dade County, from a high of 21.6 per 100,000 in Zip Code 33012 in Hialeah to a low of 5.8 per 100,000 in Zip Code 33177 in South Miami Heights and Richmond West. Low suicide rates are found in neighborhoods with mostly single-family homes and young parents with children. Higher suicide rates are found in neighborhoods with older residents.⁶⁴

School-based suicide prevention programs have been very successful in Miami in reducing suicide rates among young people between 1989 and 2006.⁶⁵

XVII. WHAT IS THE BEST TAX RATE FOR DESTINATION CASINOS AND RACINOS?

Across the country, maximum tax rates on casinos range from 6.75% in Nevada to 55% in Pennsylvania.⁶⁶ States with high tax rates on casinos are generally not trying to attract out-of-state tourists to their casinos. The casino companies support a 10% tax rate for Florida, but some legislators would like to see a 20% rate. A general agreement exists that the tax rate should be high enough to bring good revenues to the state, but low enough so that they attract large numbers of affluent tourists to the state. The current tax rate for racinos in Florida is 35% of net revenues. The political reality seems to be that racinos will probably get the same tax rate as the destination casinos.

The SEDC suggests that a 20-30% tax rate on net revenues should exist for both racinos and destination casinos. This might give the most revenues to the state. The same 20-30% tax rate might also be politically defensible for Internet sweepstakes cafes, although we believe that their tax rate should be 50% because of their addictive nature.

XVIII. HOW TO SPEND THE TAX MONEY FROM GAMBLING

Some say that we could take the taxes from casinos and reinvest them in high-technology industry, but the experience with the Florida Lottery in 1988 indicates that the state cannot be relied upon to use gambling proceeds for designated social purposes. Very few Floridians would believe any promise that is made in advance about how casino tax dollars would be spent by the state.

Most people say that the Legislature would perhaps put gambling taxes into high-technology-related investments, such as university research, but then take out an equivalent or greater amount from another aspect of the budget. However, many legislators in Florida want to develop a stronger high-technology sector in our economy, and revenues from casino taxes could help with this, even though this is not a good point to make in arguing in favor of authorizing destination casinos. *Once burned, twice shy.* Still, it would be very good for the state to spend the tax money on creating a more balanced economy.

XIX. FUTURE COMPETITION IN GAMBLING

It is likely that destination casinos will be developed in areas of Florida outside of Dade and Broward in the future, even if only Dade and Broward are allowed to open destination casinos in the next few years. However, it is expected that Dade and Broward will have the most attractive casinos in the state for the foreseeable future. As a tourist business, gambling is subject to a certain degree of faddishness. A city can go out of fashion.

Most analysts expect that Florida would be able to attract considerable gambling business away from Las Vegas, especially from residents of the East Coast. We might become the fashionable gambling city for a time. International competition could also affect gambling in Miami. For instance, a news report says that a Chinese bank may finance a destination resort – including a large casino – in the Bahamas.⁶⁷

Furthermore, Cuba may become democratic in coming years and develop an important gambling industry of its own that could be heavily competitive with Miami. This could cause some decline in the number of tourists visiting Miami, but this would not be likely to destroy our gambling industry. Miami did very well in the 1950s with regard to tourism without legalized casinos at a time when Cuba also had extensive gambling. We would probably do even better with destination casinos.

Miami will always have many things going for it besides gambling, including warm winter weather, glorious beaches, fishing, boating, nightclubs and fine restaurants. Our cultural offerings are constantly proliferating, including Art Basel Miami Beach and several new venues for opera, ballet and classical music. We are about to add two new museum buildings downtown. So even if Havana became the gambling city of the day, Miami should be able to hold onto a good tourist business.

XX RECOMMENDATIONS

The SEDC is not recommending whether to allow destination casinos in Florida or not. This document intends to put forth objective facts and balanced opinions regarding destination casinos. Because the voters seem nearly equally divided on the issue and destination resort casinos may have a profound social and economic impact on our community, the SEDC recommends that a voter referendum on the issue be held.

RECOMMENDATIONS THAT APPLY WHETHER DESTINATION RESORT CASINOS COME TO MIAMI-DADE OR NOT:

1. Tourism in general is a highly volatile industry. Recreational travel is a discretionary expenditure which is often foregone by families during recessions. Most jobs in tourism have relatively low skill levels and low wages. Miami-Dade County and Florida should strive to supplement tourism with other, more stable industries –

particularly knowledge-based industries with high skills and high wages. We recommend more intensive county and state joint efforts to promote high-technology industry, particularly biomedical research and biomedical manufacturing.

2. Neighborhood video lottery terminals, including Internet sweepstakes machines, are the most addictive form of gambling and particularly directed at low-income people. Consideration should be given either to banning such gambling or taxing it at a high rate, such as 50% of net revenues.
3. State and federal authorities should be very vigilant in enforcing laws against money laundering in our local gambling establishments, whether these are Indian-owned, racinos or Internet sweepstakes cafes. We need a very strong Florida gaming commission with teeth to enforce the law in a vigorous manner. No one with a criminal background should be an owner of a Florida gambling establishment or an employee in an executive job or a job that is directly involved with gambling. No one with close personal relations with criminals should be allowed to be an owner or a responsible executive in a Florida gambling establishment. Both Nevada and New Jersey have done a good job of preventing money laundering in their casinos over the past twenty years, and we believe that Florida could do as well as they have.
4. We should not exclude individuals with minor convictions for non-violent crimes from working in blue-collar and service jobs in Florida casinos because exclusion could have a negative impact on the employment of low-income people. Such jobs could include janitors and waiters, but not dealers. We should give prospective workers a second chance.

RECOMMENDATIONS IF FLORIDA DECIDES TO ALLOW DESTINATION RESORT CASINOS:

5. If Florida decides in favor of destination resort casinos, their gambling operations should be taxed at the rate of 20-30% -- not 10% -- of net revenues. We believe that regardless of what they say now, the casino companies will build destination casinos in Miami even if they have to pay the 20-30% tax rate.
6. If destination casinos were allowed in Florida, they should be required to train and hire mostly local people as employees at all levels. They should be required to make special efforts to train and hire low-income people for entry-level jobs.

7. Destination casinos should be required to pay the full costs of infrastructure development (roads), extra police, counseling programs for problem gamblers and other social costs.
8. Destination casinos should be required to encourage their customers to patronize local businesses and cultural institutions (Adrienne Arsht Center, downtown museums) as much as possible.
9. Large, established hotels in South Florida which have already engaged in extensive renovations to be ready for casinos should be given first priority for licenses to operate destination casinos.

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