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Gambling in Delaware: Panel says no new casinos

Majority's position contradicts study

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DOVER -- No new casinos should be built in Delaware despite a study that found two new venues could boost overall revenues and add jobs, a majority of the state gambling commission said Tuesday.

The turnabout comes days after the Sports and Video Lottery Commission unveiled a market analysis conducted for it by New Orleans-based TMG Consulting. The General Assembly had mandated the study in June.

TMG concluded that adding two new venues would maximize the state's tax revenue and would not drive the three existing racetrack casinos out of business, although revenues at the venues would decline.

Several lawmakers insisted that any financial harm to the existing racetracks was unacceptable, even if job losses there were compensated for with new jobs at new venues.

"I think there are some things wrong with the study," said Rep. Clifford "Biff" Lee, R-Laurel, who is a member of the gambling commission.

Five of the six lawmakers who served on the gambling commission voted Tuesday morning to add a contradictory footnote before submitting the study to the Legislature on its first day; Lee, Senate Majority Leader Patricia Blevins, D-Elsmere, Sens. Nancy Cook, D-Kenton, Colin Bonini, R-Dover South, and Rep. Helene Keeley, D-Wilmington West.

The commission had released a draft of the TMG Consulting study earlier this month, but met Tuesday to vote on its final release.

The footnote the commission made to the study made clear that the report was released as required by the law passed by the Legislature last spring.

But the footnote said "the Commission further concludes that it opposes the de facto finding in the report that would recommend two additional video lottery facilities, due to the potential job losses, notwithstanding any net job gains, the potential damage to the horse racing industry and destabilization of the three current video lottery facilities."

The only lawmaker on the commission to vote in favor of releasing the study without an addition was House Majority Leader Pete Schwartzkopf, D-Rehoboth Beach, who is in favor of a proposal to build a casino in Millsboro.

Other commission members voting with Schwartzkopf were acting Finance Secretary Tom Cook, Alan Levin, director of the Delaware Economic Development Office, and Dennis Rochford, who chaired the commission.

General Assembly convenes

The commission's position surfaced just before the General Assembly reconvened for the second leg of its two-year session. One of the many issues left incomplete at the June 30 adjournment was how gambling should be expanded in the state to meet competition from Maryland and Pennsylvania.

The legislature approved the addition of table games, but did not agree on how table games would be run and regulated. The debate over adding more gambling venues will likely simmer while lawmakers first consider passing regulations for the addition of table games, said Brian Selander, spokesman for Gov. Jack Markell.

After taking office, Markell proposed adding up to three new venues, but backed down after strong opposition from the casinos. As a compromise, he agreed to the study. The gambling commission hired TMG Consulting to do the assessment.

"The Governor still believes additional venues may be viable but the specifics in terms of location, business relationship with the state, effect on existing venues and other issues would need to be resolved," Selander said in an e-mail.

Minds made up

Schwartzkopf said the gambling commission's vote makes it clear that the lawmakers on the commission had made their minds up long before the study was complete.

He pointed to the strong lobbying effort made by the state's three existing casinos -- Dover Downs, Delaware Park in Stanton and Harrington Raceway & Casino -- which have launched a public relations campaign to battle expansion proposals.

Schwartzkopf said the friendships that have formed between some of the lawmakers and the lobbyists for the casinos is making it difficult to gain support for his effort.

"Sometimes people need to hold our Legislature accountable to represent them and not protected interests and lobbyists," Schwartzkopf said.

As the time approached for the release of the TMG study, the casinos banded together to create an anti-expansion Web site and commissioned a poll in early December by Momentum Analysis. The phone survey asked 600 residents about adding casinos and tied responses to their political affiliation, their likelihood to vote in 2012 and preference for candidates in state House elections. The results, which found 52 percent of respondents said they think three casinos is the right number, were sent to lawmakers.

Schwartzkopf said the poll was slanted and included statements such as "gambling is a tax on the poor." He said the results should be tossed out when considering the expansion issue.

The TMG study predicts revenues at existing casinos would fall by 12.4 percent by 2013. Because of competition from other states, the study estimates that Delaware's direct collections would drop from \$257.8 million in calendar 2009 to \$215.7 million in 2013.

But if two new gambling venues were added, the study concluded, Delaware's take of gambling revenues would increase to \$340.7 million by 2013. TMG estimates that the two new casinos would account for about 5,000 direct and indirect jobs by 2013.

Rep. Dennis P. Williams, D-Wilmington North, who supports a casino in Wilmington, said the study provides strong support for his effort to get Wilmington a casino since the analysts recommended

adding a northeastern location.

Cook not convinced

Nancy Cook, co-chair of Joint Finance Committee, said the report's prediction that more casinos would increase revenue to the state doesn't convince her to support new venues.

"We would consider any issue that is brought before us that could raise revenue and would have a positive impact on existing business," Cook said.

Keeley said she doesn't believe new jobs at new venues would compensate for potential job losses at the existing venues.

Schwartzkopf said the study found there would be a net gain, especially over the longer term.

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