

Remarks of Jimmy Heidel
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Mississippi Department of Economic and Community Development
before the
National Gambling Impact Study Commission
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Good morning, members of the Commission, and welcome to the Mississippi Coast. My name is Jimmy Heidel and I have served since 1992 as executive director of the Mississippi Department of Economic and Community Development. My department of Mississippi state government has aggressively sought to build our state's economy through recruitment of new businesses and expansion of ones already here.

First, I want to thank you for bringing these important hearings to one of the nation's newest gaming venues. The Mississippi Coast, the Mississippi Delta region at Tunica, and the gaming facilities in place along the Mississippi River are important contributors to a resurgent Mississippi economy.

The jobs, capital investments, economic stability, indeed, growth have been a welcome addition in a capital-poor state where, once upon a time, our workers lacked the skills necessary to compete in a global environment.

Once upon a time, gambling did exist in Mississippi, as it did pretty much under local option across America. The white sandy beaches of the Mississippi Coast and the gentle rolling waters of the mighty Mississippi were the world's playground as people came from all over to bask in the sunshine and be entertained with games of skill and chance.

Once upon a time, Tunica County - in the heart of the Mississippi Delta - was characterized as the "Ethiopia of America." Harsh criticism from none other than the Reverend Jesse Jackson, who likened the desolation and hopelessness of Tunica to a third-world country. Tunica had the lowest per capita income of any county in America. The word "jobs" hardly existed in the local vocabulary.

Once upon a time, too many Mississippi workers held low-pay, low-self esteem jobs based on an agricultural way of life that was changing as the demands of the modern world hit here too.

And, once upon a time, nearly 30 years ago, a hurricane named Camille came close to knocking the Mississippi Coast off the map. Today, if you look closely, you can see that Camille did succeed in cutting one of our offshore islands in half. The devastation to a fundamental industry - tourism - was incredible, as was the devastation to personal lives.

But, today, we are not as concerned about the past as we are with the future. You have come asking important questions which deserve our best answers and judgments. I come to you today as an economic development professional with more than 30 years experience who is charged with the mission of finding new jobs, new opportunity - and new hope - for Mississippi.

More than half of my own professional career was spent working in one of the most economically-depressed regions of the country - the Mississippi Delta. I can tell you from first hand experience that the difference between then and now is nothing short of profound. And, part

of the vastly improved economy is due to new opportunities created by the gaming industry.

After all, the role of government in economic development is to help create jobs and expand the tax base, lifting families higher on the economic scale.

And, as an economic development professional, I submit to you that gaming - as it has been regulated, licensed and taxed in Mississippi - is economic development in its purest form.

In fiscal year 1998, gaming produced state tax revenues of more than \$250.3 million, according to the State Tax Commission. That's up from about \$44 million in tax revenues for the first full year of legalized casinos in Mississippi, 1993.

Casino gaming has clearly contributed to rising wage rates in Mississippi. Since 1990, per capita income in gaming counties has risen by 48 percent, and - just as significantly - per capita income is up by at least 37 percent in every other Mississippi county.

Casino companies came to Mississippi, applied for licenses and had to gain approval by the Mississippi Gaming Commission before they could take a single bet.

They came and built, largely, with their own money. This is an important point - casinos, unlike most of our recruited businesses, asked for very little in the way of traditional state incentives.

Many of these casino companies are large, publicly-traded corporations which answer to shareholders and Wall Street, not to mention a host of regulatory agencies. Companies such as Hilton and Sheraton and Mirage had successful track records in other gaming jurisdictions.

They came with incentive packages of their own - for their employees.

Incentives required by the competitive nature of the business - such as health care, child care, stock options, retirement plans - all contribute toward the well-being of workers and the community's quality of life.

These generous fringe benefit packages, which some have estimated as high as 28 percent of wages, attract good people to good jobs - again, a classic definition of successful economic development.

Suffice it to say that people with good-paying jobs make more productive members of society.

A regular paycheck and a basic handle on the responsibilities of personal financial management give them better means of supporting their families. And all of that is to the good.

From an economic development perspective, legalized casinos in Mississippi have spawned a variety of secondary growth, all of which is helping diversify the Mississippi economy. Hotels, golf courses, restaurants and related food services are usually mentioned as some of them. I would add others: homebuilding and Realtor services; hardware stores; media advertising; printing companies; utility services; dry cleaners and laundries; and a variety of other recreation and entertainment options.

Casinos have also influenced the Mississippi employment picture in another way. As they hire and train workers for higher-skilled positions, more entry-level positions open up for fresh workers to enter the labor pool.

The land-based requirement implemented by the Gaming Commission helps ensure that development will continue over the long-term.

The question has been raised as to whether casinos benefit long-time residents or newcomers. My answer is both.

Economic development in depressed areas would seem to benefit long-time residents the most, through the collection of more tax money - which can be used to build and repair local roads and bridges, improve local education and take other steps to improve the quality of life. And, yet, newcomers also contribute significantly to a community's stability.

Mississippi's casinos have progressed well in six years, and the best position of governments at all levels might well be to let the market itself influence the future. The fact is that an evolution in the business is already underway as Mississippi moves closer to a true resort destination status. This will tend to separate national and local market casinos which, in turn, will exert new pressures and open new opportunities for each.

It is fair to say that, due to the way Mississippi legalized casinos, all of the 82 counties are sharing in the revenue even though just eight counties have casinos. Two prominent counties which have turned down casinos - Jackson and DeSoto - are prime examples of exploding real estate markets and ancillary business development because of their proximity to casinos.

In fact, all across Mississippi, non-casino counties are enjoying the benefits of tax revenues produced by casinos. With state help, they are building local facilities such as community parks and rodeo attractions. Better roads and new bridges are making transportation safer and more efficient.

I want to close these prepared remarks with a story of how, once upon a time, Mississippi lured a new business with state and local tax incentives and exemptions, elaborate training programs, a variety of upgrades to roads and bridges and water and electrical service.

The cost, in 1960s dollars, was about \$130 million dollars and, for that price, Mississippi

began to build a first-class, world-renown industry that today produces the finest, most modern ships in the U.S. Navy fleet. That business was Ingalls Shipbuilding in Pascagoula.

We believed that new jobs were essential to economic growth, that we needed to seize an opportunity. Yes, the jobs have been good. Thousands of skilled workers have earned a paycheck, paid their taxes, sent their children to college, bought groceries and gas, gave money to their churches, maybe even put away a little for retirement.

Through the fortunes of technology and the nature of conflict resolution, Ingalls today employs fewer people than it did at its height.

But my point is that we made an investment, we floated state-backed bonds and performed other tasks to create new jobs because we had confidence in the long-term viability of this traditional industrial manufacturer.

We have not faltered in our conviction that this was a wise investment, that it continues to pay huge dividends over and above initial expectations.

Should our confidence now be any less in the long-term future viability of a non-traditional business which was invited to Mississippi and came, asking a lot less of us as a state, upfront?

As a professional economic developer, I believe that the casino marketplace in Mississippi also represents an opportunity which must be seized.

The market will find its own best route to the future. Here in Mississippi, gaming is built up by private enterprise. It is neither propped up by artificial government supports nor strangled by overzealous government regulation.

Casino companies will rise or fall by the strength or weakness of their pull on entertainment dollars.

I believe that's as it should be.

Thank you for the opportunity to offer these comments, and I will be happy to answer any of your questions.

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