CHAIRMAN JAMES: Mr. Heidel?

MR. HEIDEL: Good morning, members of the commission and welcome to --

CHAIRMAN JAMES: I'm sorry. Please excuse me. We do have one more and it's L.M., and we're just using the initials here.

Thank you. Please go right ahead.

MR. HEIDEL: Yes, ma'am. Good morning, members of the commission, and welcome to the Mississippi Coast. My name is Jimmy Heidel. I've served since 1992 as the Executive Director of the Mississippi Department of Economic and Community Development.

My department of the Mississippi state government has aggressively sought to build our state's economy through recruitment of new business and expansion of ones that are already here. First, I want to thank you for bringing this important hearing to one of the nation's newest gaming venues.

The Mississippi Gulf Coast, the Mississippi Delta region, Tunica, and the gaming facilities in place along the Mississippi River are important contributors to a resurgent Mississippi's economy.

The jobs, capital investment, 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, gaming did exist in Mississippi, as it did pretty much under local options 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 capital income in any
county in America. The word jobs hardly exist in the local
vocabulary. Once upon a time, too many Mississippi workers held
low paying, 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 Gulf 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 and was a devastation -- as was the devastation to
personal lives. But today we're not concerned about the past.
We are about the future.

We have come asking important questions which deserve
our best -- you have come asking important questions which
deserve our best answers and judgements. I come to you today as
an economic development professional with more than 30 years
experience who has been charged with the mission of finding new
jobs, new opportunities and new hope for Mississippi.

More than half of my professional career was spent
working in one of the most economically depressed regions of the
country, the Mississippi Delta. I can tell you from firsthand experience that the difference between then and now is nothing short of profound and part of the vastly improving 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's being regulated, licensed, taxed in Mississippi, is economic development in the purest form.

In fiscal year 1998, gaming produced state tax revenues of more than $250 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 in 1993.

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

Casino companies came to Mississippi, applied for license and had to gain approval by the Mississippi Gaming Commission before they could take a single bet. They came and they built largely with their own money. This is an important point.

Casinos, unlike most of our recruited businesses, ask for little in the way of traditional state incentives. Many of these casino companies are large, publicly traded corporations which answer to shareholders in Wall Street, not to mention a host of regulatory agencies.
Companies such as Hilton, 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 towards 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 the society.

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

From an economic development perspective, legalized casinos in Mississippi have spawned a variety of secondary growth, all of which is helping to diversify the Mississippi economy: hotel, golf courses, restaurants, related food services.

And I also add home building, retail -- realtor services, hardware stores, retail stores, media advertising, printing companies, utilities services, dry cleaners and laundries and a variety of other recreational and entertainment options.

Casinos have also influenced the Mississippi employment picture in another way. As they hired trained workers for high skilled positions, more entry level positions opened up
for fresh workers to enter the labor pool. Let me just give you one example.

Mr. Baker is the human resource person for Grand Casino in Tunica. He started a program in this state of hiring welfare workers. He found, real quick, low self-esteem, so low that they could not look him in the eye when they were interviewing for jobs.

Today his program is a very successful program. Out of the 206 people that he's trained and started working at the casino, 183 of them are still there. Some of them have moved to higher management positions.

The land based requirement implemented by the Gaming Commission helped ensure the development which will continue over a long term. The question has been raised as to whether the casinos benefit long-term residents or newcomers.

My answer is both. Economic development in depressed areas would seem to benefit long-time Mississippians 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 be 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 up new opportunities for each.

We did a survey in 1993 on the perception of the State of Mississippi. We surveyed surrounding states, hundreds of average people on the street. The perception of Mississippi at that time was dark, gray, swamps, alligators, racist, barefoot coverall people. How do you change that perception?

90 percent of the people said they'd never been to Mississippi. Where did they get their information? They got it from the news media and from movies. So how do you change the perception?

We had spent prior to coming on board -- me coming on board in '92, $3 million to try to change the perception of Mississippi. I submit to you people coming to the state and seeing it firsthand, that's how you change the perception.

75 percent of the people visiting casinos in the State of Mississippi come from outside the state. They first came overnight. Now they're coming for two and three and four days at a time. They're playing golf, they're going fishing, they're looking at our museums, they're enjoying the coastal things of Mississippi and the perception has changed.

How much has it changed? It changed a great deal. It has spurred corporate America to take a real good look at the state. We have more industries and corporations looking at the State of Mississippi than we ever have in the history, and I'm not talking about small projects, I'm talking about projects exceeding $400 million in investment, some as high as 1.6 billion.
It's 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 County and DeSoto County, are prime examples of exploding real estate markets and auxiliary business development because of their proximity to the casinos.

In fact, all across Mississippi, non-casino counties are enjoying the benefits of tax revenues produced by the casinos. With state help, they are building local facilities such as community parks, new horse arenas, better roads and bridges, making transportation safe and more reliable.

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 services.

The cost in 1960 dollars was about 130 million, and for that price Mississippi began to build a first-class world renowned industry today -- that today produces the finest and 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 and maybe even put a little away from 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 the 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 is -- was a wise investment and it continues to pay huge dividends over and over above initial expectations. Should our confidence now be any less in the long term future viability of a non-traditional which was invited to the State of Mississippi and came, asking a lot less of us as a state up front?

As a professional economic developer, I believe that the casino marketplace in Mississippi also represents an opportunity which we must seize. The market will find its own best route to the future. Here in Mississippi, gaming is built up by private enterprise.

It's neither propped up by artificial government support nor strangled by overzealous government regulations. Casino companies will rise or fall by the strength or the weakness of their pull on the entertainment dollar. I believe that that's as it should be.

Thank you very much for the opportunity to offer these comments and I'll be happy to answer any questions.

CHAIRMAN JAMES: Thank you.