CHAIRMAN JAMES: We'll begin with you, Mayor Holloway.

MAYOR HOLLOWAY: Madam Chairman, distinguished commissioners and guests. My name is A.J. Holloway, Mayor of Biloxi, and I am a part of the Mississippi miracle. Welcome to the State of Mississippi, the Mississippi Gulf Coast and to the City of Biloxi.

I thank you for accepting our invitation to hold these hearings in Biloxi and I thank you for the opportunity to address you today. I come before you today not as a promoter of casino gambling but as a mayor who is obligated to make sure that his city has vibrant economic, and just as importantly, an outstanding quality of life for the citizens of this community.

I am proud to tell you that here in Biloxi and along the Mississippi Gulf Coast and throughout this great state of ours we are seeing just what a vibrant economy can do for a community and our residents are enjoying an outstanding quality of life.

Six years ago, the City of Biloxi was nearly bankrupt. Our economy, just like the nation's economy, was dull. How many of you remember the phase, it's the economy, stupid?

Our decline began in the '80s when the bottom fell out of the oil industry in Louisiana and Texas. We lost a large section of the tourist trade from our area. We had hotels in bankruptcy. They couldn't pay their water bills. The golfers, who we depended on to visit us each winter, were finding better accommodations in other places. We were a tourist town with no tourists.
Nine years ago, I was a member of the city council and I could tell you firsthand this was a disaster for city government. The declining tax revenue meant we were six to nine months behind paying our bills. We were barely meeting the city payroll.

We were having to borrow money on next year's property taxes to pay this year's bills. Then we'd have to turn right back around and pay off the loan with the taxes we collected in January and February. City employees took 10 percent pay cuts and city services suffered as our roads and infrastructure began to crumble.

All of that changed in 1992 when a majority of the citizens of our community approved dockside gaming. Today we are home to eight casinos in Biloxi with the ninth on the way, but I submit to you that our story is not about casinos, it's about economic development.

It's about the 10,000 jobs in the casino industry here in Biloxi. It's about the 10,000 spinoff jobs that have been created locally in the construction industry, the restaurant industry, the health care industry, the retail industry and the countless other sectors of our community.

It's about a community that in six years has seen spending on education increase by 30 percent, helping lay the foundation for an even more promising future. On the Mississippi Gulf Coast, from 1992, the jobs increased 15 percent in transportation and utilities.

We had a 19 percent increase in wholesale and retail sales, a 47 percent increase in construction, and a 56 increase in service and maintenance. As alluded to earlier in this
hearings, the unemployment rate as of June -- July 1998, is Harrison County at 3.9 percent, Hancock County at 3.7 percent and Jackson County at 3.8 percent.

This dramatic economic development has come into our city with the many negatives you might think. We've seen our population in Biloxi increase by 15 percent in the past six years and our number of visitors increased by millions, but because we are proactive in the area of public safety we have seen crime decrease in several important categories.

Biloxi's location on the peninsula is ideally suited for the development of dockside casinos because we have water on three sides. We studied the land use and we limited development. We have about 18 miles of waterfront property and only six miles is zoned for gaming, and about one-third of that is a public man-made sand beach where casinos are prohibited.

Not only have we gotten a good volume of development but the size of that development has grown tremendously as the market has matured. For instance, at the outset, we saw investments in the tens of millions of dollars. Today, we are getting ready to see doors open on a 600-plus million dollar facility.

What we are seeing right now in Biloxi is consolidation, the larger companies buying or merging with smaller companies. You may end up with the same amount of total gaming square footage but you'll have fewer owners.

Grand Casino announced the other day that it had acquired its smaller neighbor, Lady Luck of Biloxi. Grand has 100,000 square feet of gaming with just over 1,000 hotel rooms
while Lady Luck Biloxi had only 22,000 square feet of gaming and no hotel.

Shortly after that, Hilton announced plans to merge with Grand Casinos. This brought yet another level of prestige and prominence to Biloxi and Mississippi. Frankly, I see all of this jockeying for position as a sign that these big companies see great things happening and even greater things coming to Biloxi.

These people are buying into a market in a community that has demonstrated success, but again, casino gambling is not the whole story. For me and for Mayor Jones of Las Vegas and Mayor Whalen of Atlantic City, who was on a panel last year in Las Vegas, and we had to discuss the dramatic growth that was taking place in our cities and how we were dealing with that growth.

We are in a Catch-22 in that situation. The new casinos and hotels, and really any business, are able to open their doors in 18 to 20 months. The government cannot move as fast as the private sector. Our biggest challenge is a never-ending job of infrastructure.

Giving our citizens better roads, more roads, adequate sewer lines, safer neighborhoods, and more and better recreation facilities, and the list goes on. And in a historic community like ours where we are seeing unprecedented development, we have a huge number of infrastructure improvements to make.

Right now, we have about $50 million worth of streets and drainage improvements in the works on our 13 square mile peninsula. In the past six years, we've repaired or rebuilt more
than half of the streets in our city and we're working on the other half.

We are in the early stages of a $35 million traffic improvement program to build new roads and widen and improving our existing roads. We're clearing land for a $10 million public safety center. In the next few months, we should be ready to begin construction on a $1.9 billion multi-purpose recreation center.

We just dedicated a $12.5 million waste water treatment facility plant that is the largest of its kind in the country to meet the needs of our growing community and to meet the needs of our future.

As mayor, I'm delighted to say our property taxes have not just stabilized, they've gone down. In fact, just last week the city council approved the largest tax decrease in the history of Biloxi. And this, I might add, is the fourth tax break in the last five years for Biloxi residents.

Having said all these things, you must remember this. Casinos are not huge cash cows that bring money into a city and everything else takes care of itself. I think we've been successful for a variety of reasons. People were already familiar with our area and what we had to offer. Our regulations are business friendly.

And there's one more thing. We know who we are. We don't want to be the Las Vegas of the south. We want to be, and we are, the playground of the south. Gaming is the industry that is driving our economy but we don't put all our eggs in this one basket.
We still have a strong and thriving seafood industry and federal installations, like Keesler Air Force Base, the Naval Seabee Center in Gulfport, VA Medical Centers in Biloxi and Gulfport, Stennis Space Center in Dewpoint in Hancock County, Ingalls Shipbuilding and Standard Oil Refinery in Jackson County.

Our retail industry continues to prosper. Edgewater Mall has doubled its size in recent years and we've see major shopping malls locate in nearby Gulfport. We see major restaurant chains open all over the Gulf Coast.

In Biloxi, we have a challenge of preserving and promoting our small town charm: our historic sites, the sand beach, the golf courses, the deep sea fishing and our great restaurants. You can't look to casinos to carry the entire community.

This balancing act is not an easy one and it is a continuing challenge for our community. Fortunately, people in Biloxi aren't afraid to speak their minds and our people dearly love Biloxi.

As mayor, I feel that we currently have enough planned zones for casinos in Biloxi, and on more than one occasion, I have publicly opposed expansion of casino land in Biloxi.

As far as the expansion of gaming on a national level, I think we all recognize that gambling is not for every community, either because the legislation is not there or the community may not approve morally.

Today I'm here to tell you what the facts show. Casino gaming is working here in Biloxi and in Mississippi. It's the engine driving our economy. I'm very proud of the job we are
doing here and what it has meant to all of our citizens. We are
part of the miracle in Mississippi.

CHAIRMAN JAMES: Thank you very much.

MAYOR HOLLOWAY: Mr. Chairman, I have a statement
from Congressman Gene Taylor, the Fifth Congressional District of
Mississippi, and a book that I would like to put in for the
record, please.

CHAIRMAN JAMES: Thank you. We would be happy to
receive that.

MAYOR HOLLOWAY: Thank you.

CHAIRMAN JAMES: I'll have a staff person pick it up.