

1 hospitality, and we look forward to our time here in
2 Atlantic City. It's been wonderful thus far, and I'm
3 sure it will continue to be so.

4 We'll move now to our first panel, and,
5 ladies and gentlemen, please join me in welcoming our
6 inviting panelist, Senator Robert Torricelli and
7 Senator Frank LoBiondo -- Congressman. I've just
8 given you a wonderful promotion. Congressman Frank
9 LoBiondo.

10 The Senior Senator from New Jersey,
11 Senator Frank Lautenberg, is unable to be with us
12 today, but has sent his remarks to the Commission on
13 videotape. We'll view that tape at the conclusion of
14 the remarks of the panel members who are here and
15 present today.

16 Our first speaker in the Honorable Robert
17 Torricelli, who represented the Ninth District of New
18 Jersey from 1983 until his election to the United
19 States Senate in 1996. Please join me in giving him
20 a very warm welcome.

21 (Applause.)

22 SENATOR TORRICELLI: Members of the

1 Commission, Ms. James, thank you very much for this
2 opportunity and welcome to Atlantic City. I hope you
3 enjoy your time here and, more than that, the
4 opportunity to see people of our city who work and
5 live here.

6 As you meet people in Atlantic City and
7 you tour this community, I'd like you to remember one
8 thing about New Jersey's judgment to institute casino
9 gaming 20 years ago. Atlantic City was not a dying
10 town 20 years ago. Atlantic City was dead.

11 The State of New Jersey engaged in a very
12 long and thorough and very serious debate about
13 whether to change our state constitution and bring
14 casino gaming into New Jersey. It wasn't an easy
15 decision, and there was real reason for trepidation.

16 What it would mean to bring gaming into a
17 poor community; traditional problems in our state of
18 organized crime; and so it was a judgment that was
19 close and difficult, but one for which now there is no
20 regret. This which you're about to experience is an
21 extraordinary success story.

22 Let me paint a picture for you if I could,

1 if only briefly, of the Atlantic City of these 20
2 years. Before gaming 20 years ago, 25 percent of all
3 the people of Atlantic City had made a judgment about
4 this community with their feet. They left town. In
5 the preceding 15 years, another 25 percent of the
6 people of Atlantic City had left. More people were
7 leaving Atlantic City than any other urban community
8 in New Jersey.

9 Unemployment, at 25 percent, was as high
10 or higher than any other urban center in the nation.
11 Average income in Atlantic City was the poorest of any
12 urban community in New Jersey.

13 It cannot be overstated and it cannot be
14 said enough. Casino gaming saved Atlantic City and
15 its people. Casino revenue now constitutes more than
16 two-thirds of the entire municipal budget of this
17 community.

18 In our state, where education is paid for
19 almost entirely by local real estate taxes, 79 percent
20 of Atlantic City's property taxes are paid for by
21 casinos. I hope every member of the Commission, in
22 spite of your schedules and all the testimony you're

1 going to receive, will take the time to join Mayor
2 Whelan on his own tour of the city. You will be
3 impressed by what you see, as well, as I might add,
4 the commitment of this mayor and the quality of local
5 officials the community has now produced.

6 Let me turn for a moment now and look at
7 the casinos themselves and how they've operated and
8 who works in them and what it's meant to their lives.

9 More than half of the labor force of
10 Atlantic City now works directly in the casino
11 industry. That may be the less important part of the
12 tale. We were discussing with Kay James before the
13 session began the most important part for the workers
14 here may be the difference in the incomes.

15 Before casino gaming, the average per
16 capita income in Atlantic City was 96 percent of the
17 national average. That might not sound too bad to you
18 unless you consider the cost of living in New Jersey
19 compared with the national average.

20 Today average wages in Atlantic City are
21 135 percent of the national average. Welfare rolls in
22 Atlantic City are now reduced by more than 50 percent.

1 Every aspect of life has been touched and changed.
2 Even, indeed, if you were to visit later today the
3 Atlantic City Rescue Mission, I ask you to consider
4 this. The Rescue Mission is not here because of
5 casino gaming. There was always a Rescue Mission in
6 Atlantic City. The difference is now it is funded and
7 adequately serves the community because of casino
8 funds.

9 I am in many ways an unusual advocate of
10 the gaming industry in New Jersey because for those of
11 you who do not know our geography, you cannot travel
12 further in the State of New Jersey without leaving our
13 bounds than you do when you reach my home. The
14 congressional district that I represented for many
15 years is as far as you can travel in our state, and
16 that bears some significance in the strength of
17 conviction New Jersey feels about our gaming industry
18 because the benefits of the industry have genuinely
19 reached every citizen and community in our state.

20 The primary vehicle for delivering these
21 benefits has been the casino reinvestment funds, the

1 New Jersey Casino Redevelopment Authority (CRDA). Through its mandate, \$800
2 million CRDA funds have been redistributed in the State of New Jersey.

3 The Catholic Community Facility in Newark,
4 a Vietnam veterans memorial in Monmouth County, a
5 waterfront park in Mercer County, and yesterday when
6 we were inaugurating Governor Whitman to her second
7 term, it was in a new Performing Arts Center in
8 Newark, compliments of money from the casino industry.

9 Indeed, in northern New Jersey in our
10 great urban centers, both Hudson County Executive Janiszewski
11 and Essex County Executive Treffinger have told me that
12 without CRDA funds reinvesting in social services,
13 they could never meet the needs of some of the new
14 construction and new services that are being delivered
15 in those urban centers.

16 New Jersey has insured that non-casino
17 housing has also matched job creation step for step.
18 Twenty years ago it wasn't only the loss of people.
19 It wasn't simply the fact that people who had been
20 employed were moving onto welfare rolls in record
21 numbers. The housing stock of Atlantic City was
22 deteriorating all around us.

1 In recent years, in an incredible
2 statistic, on a per capita basis Atlantic City has
3 built more new housing than any other city in the
4 nation. Casino redevelopment funds have been a part
5 of the story. Two hundred and fifty million dollars
6 in new housing.

7 The northeast inland redevelopment area,
8 which you may see in your tour, \$80 million created a
9 middle class community of 1,200 homes paid for 100
10 percent with casino funds.

11 In education it has been much the same
12 story. A high school which was not only inadequate,
13 but no longer in some respects even safe replaced with
14 an \$83 million new high school facility.

15 To put this in perspective, casinos may
16 not be in every way what Mr. Leone and others have
17 seen Nevada come to represent with Las Vegas. This is
18 a large state with a diversified economy. But even
19 so, it's instructive to note that with 50,000 workers
20 directly in casinos and 40,000 workers indirectly,
21 this is probably New Jersey's second largest industry.

22 Even in a state of this size with eight

1 million people, it is not simply an ancillary
2 industry, but a major engine of real estate growth and
3 employment opportunities.

4 For the nation and for our larger state
5 revenues, it surprises many to know that with 34
6 million visitors Atlantic City is the nation's most
7 popular destination for tourists. They're not staying
8 long enough, and they're not spending enough money,
9 but we're working on it. They are, however, coming in
10 record numbers, voting with their own tourist dollars,
11 an affirmative answer to Atlantic City's role as a
12 tourist attraction in the nation.

13 For the state, as well, with revenues
14 beyond what this has meant for individual communities
15 through redevelopment funds or property taxes for
16 Atlantic City, it's also an extraordinary story. The
17 State of New Jersey has received \$8 billion in casino
18 taxes and fees. This is the most heavily taxed
19 industry in New Jersey and probably the most heavily
20 taxed industry in America.

21 What does it mean for every taxpayer in
22 our state? Well, first, it means that nearly five

1 percent of all New Jersey taxes are paid by casino
2 revenues. That's five percent in taxes that are not
3 on our property taxes or not paid in income taxes.
4 These casinos are paying not only their way, but
5 they're replacing tax dollars many of the rest of us
6 would have to pay otherwise.

7 And the one benefit which I am the most
8 proud, as you visit not only our city, but our state,
9 perhaps our most progressive and important program for
10 senior citizens is our prescription drug program,
11 where for a modest fee any person who lives in this
12 state and is a senior citizen and qualifies under the
13 income caps of the program, can get a prescription
14 drug filled compliments of a fund paid for by casino
15 revenues.

16 That puts a burden on all of those who
17 criticize this industry, who rightfully see things
18 that we could do better, where the industry could do
19 more, to answer a question that we in New Jersey asked
20 20 years ago. If there were not a casino industry in
21 New Jersey that was profitable and growing, where
22 would that five percent of state revenues and taxes be

1 generated? Who would pay for the prescription drugs
2 or the senior citizen centers or the educational
3 facilities?

4 To some it's an academic question about
5 when they consider the relative virtues of casino
6 gaming. To New Jersey, it's something we have to
7 think about all the time. We are building our state
8 on many pillars. One of them is this industry.

9 And yet in a frank conversation, let us
10 return to another judgment of 20 years ago. I was
11 fortunate to work in the Governor's office at that
12 time as a young law student. Many of us did not
13 realize the full financial benefit that would come to
14 New Jersey. We had hopes, but we weren't sure.

15 We did, however, live with another fear,
16 and that is that casinos in Atlantic City and this
17 industry would attract some of the worst elements in
18 our society; that organized crime and petty thieves
19 and others would come to Atlantic City and enter our
20 state, ruin the industry, and victimize our people.

21 Let me be clear on this issue. Not only
22 is there no industry in America more regulated than

1 the casino industry. There are no casinos in the
2 world that are more tightly supervised and regulated
3 than casino gaming in the State of New Jersey.

4 New Jersey had reason to fear organized
5 crime entering this industry. Today New Jersey has
6 every reason to be proud. We won the fight.

7 The Casino Control Commission employs 700
8 regulators for 12 New Jersey casinos. By comparison,
9 the federal government employs approximately 30
10 regulators for some 200 casinos that it occasionally
11 visits and pretends to oversee. This is an
12 extraordinary story.

13 The investors in casinos in the State of
14 New Jersey include some of the most respected names in
15 corporate America: Hilton, ITT, Harrahs, names that
16 would make any community in any state proud to have
17 them a part of their business community.

18 And yet there are those who try. Five
19 thousand five hundred individuals applied for
20 employment with casinos and were told by the State of
21 New Jersey they did not meet the standard. Two
22 thousand businesses sought to do business with

1 Atlantic City's gaming industries and were told they
2 were not good enough.

3 We haven't just been careful. We have
4 been near certain that no one was going to ruin this
5 experience for our state. We were given all of the
6 benefits as possible with as few of the costs as were
7 necessary.

8 And, of course, this leaves us with the
9 people who live in this community who took the risk,
10 led the decision, and now have the most at stake.
11 This is where the real benefits have obviously been.

12 There's another story behind the rising
13 incomes and the new housing. Half of all the
14 employees in the casinos of Atlantic City are members
15 of minority communities. Near 40 percent are women.
16 It is not as though there were a variety of industries
17 hoping to come to Atlantic City from which many of
18 these employees could choose. This industry was
19 created through good leadership of Democratic and
20 Republican governors. It was created, and it worked.
21 It created a life for people who otherwise might not
22 have had it.

1 I know that casino gaming is not the right
2 answer for every community in America. The urban ills
3 of the United States will not all be answered by
4 casino gaming. It was the right formula for Atlantic
5 City. We made an important judgment. We wanted the
6 casino gaming, but we wanted it localized, controlled,
7 and not throughout the State of New Jersey. It was
8 the right formula. It was the right decision.

9 Other communities will have to answer for
10 themselves what will best serve opportunities where
11 there appear to be none, how you reverse the fortunes
12 of dying communities. It is a complex and a difficult
13 question of our time. In New Jersey for Atlantic
14 City, the answer was casino gaming.

15 We met our responsibilities. We've met
16 our objectives. We kept the mob out. We increased
17 jobs and wages. We reduced welfare. We created a
18 success. We have no regrets.

19 We're pleased you're here to look at our
20 city and our industry. We're open to yours or
21 anyone's suggestions and ideas, but we hope as you
22 leave Atlantic City you will take the message out

1 across the nation as well. Casinos have worked in New
2 Jersey. They've created an opportunity. This is an
3 industry that works.

4 Thank you very much.

5 CHAIRMAN JAMES: Thank you, Senator
6 Torricelli.

7 Now we'll hear from the Honorable Frank
8 LoBiondo.

9 COMMISSIONER DOBSON: Madame Chairman.

10 CHAIRMAN JAMES: Commissioner Dobson.

11 COMMISSIONER DOBSON: I know we're on a
12 tight schedule, but may I ask a question of the
13 Senator?

14 CHAIRMAN JAMES: certainly.

15 COMMISSIONER DOBSON: Senator, I
16 appreciate your welcoming the Commission to Atlantic
17 City. I note, however, in an interview with The New
18 York Times yesterday that you were highly critical of
19 this Commission, as you have been on a number of
20 occasions, questioning the objectivity of the
21 Commission and so on.

22 I'd like to give you an opportunity to

1 elaborate on that and explain the source of your
2 criticism.

3 SENATOR TORRICELLI: Well, it's a frank
4 question, so you'll get a frank answer. It would not
5 have been my judgment to have created this casino
6 Commission. It was not my judgment that the United
7 States government needed to consider the operation of
8 casinos, whether they should operate or their
9 legitimacy, any more than we needed a review of the
10 automobile or the pharmaceutical industries.

11 The industry is a reality. It is working.
12 It is a success.

13 It is also my judgment that this was a
14 decision made by the sovereign State of New Jersey and
15 the sovereign States of Nevada and other communities
16 that we would be free to do our own analysis.

17 Nevertheless, the Commission is a reality.
18 I respect many members of this Commission. Several of
19 you have been friends of mine through the years. You
20 have a mandate, and I want to see you accomplish it.

21 Nevertheless, I am concerned that in a
22 large and varied nation where different communities

1 have different standards and set different objectives
2 for themselves that anyone might pass judgment on the
3 legitimacy or the moral efficacy of an industry that
4 is so important to my state simply because they do not
5 see it to be advantageous to their own community.
6 This nation requires a degree of respect for those
7 differences.

8 Nevertheless, I am convinced from my
9 conversations with Ms. James and other members of the
10 Commission that I am hoping that there is a rising
11 objectivity. I do regret that this couldn't have been
12 set right at the outset. As you know, I sought, along
13 with Senator Bryan and Senator Reid, to appear at the
14 opening meeting of the Commission. I was, frankly,
15 surprised that the United States Senators representing
16 the two principal gaming states of the nation were not
17 invited to provide opening testimony. I am more than
18 a little comforted that we've compensated for that
19 today with a very gracious invitation.

20 Nevertheless, having had time for Mr.
21 Wolf, who had some decided views against our industry
22 and its operation, to have time to testify, for us not

1 to, I thought got us off on the wrong foot. You've
2 seen that more than reflected in my comments.

3 Nevertheless, for whatever mistakes were
4 made, they are corrected. We are on course, and I
5 think we can do some good.

6 COMMISSIONER DOBSON: One other question.
7 Considering the fact that you've raised the issue of
8 objectivity and considering the harshness of your
9 comments in Las Vegas recently, especially about
10 myself -- incidentally, my name is James Dobson, not
11 Pat Dobson, and I head up the Focus on the Family
12 organization, not the Family Research Council -- but
13 given your criticism of me and some other members of
14 this Commission, I wonder about your own objectivity
15 behind the comments that you made today, considering
16 the fact that Common Cause has listed you as ranking
17 sixth in the Congress in recipient -- as a recipient
18 of gambling contributions.

19 Does that in any way color the
20 presentation that you made today?

21 SENATOR TORRICELLI: Well, I think the
22 burden of objectivity falls on you. You are a member

1 of a Commission that has a mandate to take an
2 objective view at casino gaming in the United States.
3 I will not defend my objectivity because I have none.
4 I believe in this industry. I believe in Atlantic
5 City. I am here as an advocate, not as an objective
6 observer.

7 And so whatever standards of objectivity
8 might be appropriate are best applied to the
9 Commission and to yourself, not to me. I am an
10 advocate.

11 COMMISSIONER DOBSON: Then I will accept
12 your report as subjective.

13 SENATOR TORRICELLI: Mine and I assume
14 every other witness you receive. Few witnesses will
15 come before you because they seek to share the
16 relative merits of all points of view. That's part of
17 a hearing process.

18 (Laughter.)

19 CHAIRMAN JAMES: Thank you very much.

20 Any other questions?

21 (Applause.)

22 CHAIRMAN JAMES: I'd like to hear now and