

Harrah's casino announces it will close in Tunica

Written by Administrator
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A hip lounge called Sphere occupies the center of the gaming floor at Harrah's Tunica, decked out in rich reds and leather. (Photo: Courtesy of Tunica Convention and Visitors Bureau)

JACKSON, Miss. — The long decline of what was once the nation's third-largest casino market was underlined Wednesday when the largest casino in Mississippi's Tunica County announced it would close.

Caesars Entertainment will shutter its Harrah's casino in Tunica on June 2, laying off as many as 1,300 workers. Las Vegas-based Caesars has two other casinos in Tunica that will remain open — Horseshoe Tunica and Tunica Roadhouse Hotel and Casino.

Spokesman Gary Thompson said Harrah's is losing money and the taxes on the property are "onerous." The company said employees will have preference for openings at those operations and at Caesar's properties under development in Las Vegas. But it seems unlikely that the other two local casinos, with 1,700 workers, can absorb the number of displaced workers.

"What we do have are a number of loyal players in the market, but not enough to support three properties," Thompson told The Associated Press.

The announcement lays clear the consequences of a relentless seven-year fall in gambling revenues among the county's nine casinos. They, along with other Mississippi gambling halls, have been cutting employees and paying less in gambling taxes for years, even as management kept the doors open.

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Tunica casinos won \$1.16 billion from gamblers in the 12 months ended in September 2006, but that amount fell 38 percent to \$723 million in the 12 months ended in September 2013, according to figures from the Tunica Convention & Visitors Bureau.

The decline in the number of people entering the nine Tunica casinos and one Lula, Miss., casino was even steeper, falling than two thirds since peaking in 2007, when going to Tunica was an activity that had appeal across a broad swath of the South and lower Midwest. In the past three months of 2007, those casinos had 4 million visitors, while in the last three months of 2013, they had 1.3 million, according to Mississippi Gaming Commission statistics.

Some people have been lured away to new competitors in Oklahoma, Missouri and elsewhere. Tunica has never fully recovered since the Mississippi River's 2011 flood broke the gambling habits of many patrons. Some switched to expanded gambling facilities at two Arkansas racetracks, including one in West Memphis, Ark., that is a shorter drive for many Tennessee patrons.

But it's clear the recession has taken a toll, too. The number of visits from Mississippi patrons is down almost as steeply in Tunica, and the amount of money that Southland Park Gaming and Racing is winning in West Memphis is smaller than the amount of money that has disappeared out of Tunica.

"The biggest problem is the proliferation of gaming in feeder markets for Tunica as well as the overall impact of the recession," Thompson said.

Harrah's opened in 1996 as the Grand Casino and was conceived on a grand scale. It has its own convention center, golf course, an entertainment center for kids and the most hotel rooms in the area — 1,356 in three buildings. Whereas many earlier casinos consisted of little more than a gambling barge, Tunica Convention & Visitors Bureau CEO Webster Franklin said the current Harrah's was conceived as a full-fledged resort.

"The overhead at Harrahs is much more than at other casinos, I would have to believe," he said.

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Caesars, weighed down by \$21 billion in debt, lost \$2.9 billion in 2013 and has been emphasizing cost-cutting as it tries to refinance. It has also spun some properties into other corporate entities in an attempt to improve its capital structure.

Franklin's strategy to break out of Tunica's slump has been to increase the number of attractions for Tunica visitors, opening a Mississippi River museum with boat rides and a welcome center that doubles as a blues museum. Harrah's exit will cut against that strategy, and leave Tunica County and the state with less tax money.

"They are closing the one that has the most tourism amenities," Franklin said.

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