

Should the number of casinos be limited in South Mississippi?

Written by Administrator
Sunday, 26 May 2019 06:00 -

It'll take something

'unique' for another casino to open on the Coast

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Biloxi

Coast casino operators continue to invest millions of dollars in new hotels, sportsbooks and other amenities, but they're always looking over their shoulders to see who else is coming to compete.

Ask any casino operator in South Mississippi if Biloxi and the Coast need more casinos and they will answer with a resounding "no."

Competition is the number one issue casino operators face in South Mississippi, said Duncan McKenzie, general manager of IP Casino Biloxi, during this month's [Southern Gaming Summit](#) in Biloxi. In addition to the 12 casinos on the Coast, Florida is looking to expand casinos and Alabama and Georgia are looming.

Likewise Sun Herald readers respond to reports of new casinos proposed with a mix of comments, welcoming the new jobs but saying the Coast has enough casinos.

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Sports betting has brought new life to Mississippi casinos since August, along with more investors wanting to get in the game.

[Three new casinos](#) were proposed already this year for the Coast: [Biloxi House Casino](#) at the former Margaritaville Casino, Long Beach Harbor Casino and another in D'Iberville, where Oyster Bay Casino was proposed. An application for a casino site at Lakeshore, east of Silver Slipper Casino, also was submitted this spring.

Come one, come all

Mississippi was one of the first states to allow casinos back in the early 1990s and its laws were modeled after Nevada and New Jersey. All three states operate under an open market system, which means all investors who can come up with the financing and meet the requirements can build in these states.

That doesn't mean Mississippi doesn't limit casinos. The site must be within 800 feet of the water line, the property owner must have control all the way to the water and the Gaming Commission must rule that it is a suitable site for a casino.

Then there are the minimum requirements adopted by the Gaming Commission in 2013. Margaritaville Casino Biloxi showed the regulations needed to be adjusted, said Allen Godfrey, executive director of the Gaming Commission. The commissioners had agreed to let the casino open without a hotel, which was supposed to be added later by the investors, including singer Jimmy Buffett.

"There's not a more recognizable name on the Southern Gulf Coast," he said, than Buffett's. "It just proved that you need more than that," he said. People want a hotel at the casino, he said. The casino closed in 2014.

Bring that thing

Now every casino built in South Mississippi must have a minimum of 300 hotel rooms, a 40,000-square-foot casino, a fine dining restaurant and that unique thing — an amenity that

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regulators agree will grow the market and not just split the revenue with existing casino.

Scarlet Pearl is the only casino in South Mississippi that has opened under the new regulations. Its unique thing was a miniature golf course with a volcano that “erupts” every so often.

While Coast casino revenue has increased since Scarlet Pearl opened in December 2015, it did so [at the expense](#) of the Biloxi market. Annual casino revenue for the 8 Biloxi casinos was \$859 million in September 2015 before the casino opened. It fell to \$831 million in 2016 and still hasn't fully recovered.

Even with one more casino, there are 250 fewer employees at South Mississippi casinos in April 2019 than there were in April 2016.

Local casino operators don't want to see more completion added while employment stays the same, said Chett Harrison, general manager of Golden Nugget Casino Biloxi.

Investors of the new casinos being proposed say they will have that something special, although they aren't divulging what it will be until they go to the Gaming Commission with their final plans.

“Our amenity will not only grow the local market. It will grow the state market,” said Tom Moore, who is working with RAM Group to build [Biloxi House Casino](#) at the former Margaritaville.

The mix of amenities already announced — an infinity pool on the waterfront, a marina, boating attraction, a spa and fitness center and indoor and outdoor entertainment venues — will appeal to families and tourists, too, he said.

The investors conducted a feasibility study to determine whether Biloxi could support another casino, and Moore said it shows, “The market can sustain not only this one but another one.”

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Who decides?

It's not up to public opinion or the Gaming Commission to impose a moratorium or to limit the number of casinos. That change can come only through the state Legislature, Godfrey said.

"We're going to regulate what they legislate. Until that time we're going to do what we normally do," he said.

Louisiana is one of the states that has limited licenses, but casino operators pay for that. The tax on casino revenue in Louisiana is 21.5% compared to 12% in Mississippi, with 8% going to the state and 4% shared by local counties, cities, schools, police and fire departments.

"As in any industry, competition drives innovation and, in turn, a more secure, reliable, and better product for the consumer," said Manuel Martinez, founder of USBettingReport.com.

A new casino in the market traditionally has brought increased revenues to South Mississippi, but sports betting has proven to be a strong revenue boost that benefits all Mississippi casinos.

A sports betting revenue chart by US Betting Report shows Mississippi is cashing in on being among the first states to approve sports betting.

Casino revenue is up 7.4 percent on the Coast and 6 percent in the state for the first four months of the year, something that hasn't happened in years.

South Mississippi is a small, regional market and year after year the Coast casino operators have invested heavily back into their properties, said Todd Raziano, general manager of Hard Rock Casino Biloxi. The owners at Hard Rock have spent \$10 million in the last two years on new restaurants and amenities.

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“I think we’re at a healthy balance right now,” he said of the number of casinos in South Mississippi. He said he doesn’t want to see any of the current casinos go under if too many are open.

“That sends a very bad signal to the financial markets and to the community when you have business fail,” he said.

Read more <https://www.sunherald.com/news/business/casino-gambling/article230704794.html>