

Written by Administrator  
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ATLANTIC CITY - New Jersey moved closer Thursday to allowing smaller casinos in Atlantic City as a way to jump-start the nation's second-largest gambling market.

The state Senate approved a bill that would allow for casinos with as few as 200 hotel rooms to be built on the city's Boardwalk. That's down from the current

500-room minimum, and is one-tenth of the 2,000-room inventory that Atlantic City's most successful casinos have.

Sen. Jim Whelan, a former Atlantic City mayor, proposed the change to lower the financial barrier to building here. Florida's Seminole Indians, through their Hard Rock chain, have already said they would build such a casino in Atlantic City if the law is changed.

"We're incredibly excited about this opportunity to invest in the Atlantic City market," said Jim Allen, Chairman of Hard Rock International. "We look forward to the legislative process moving forward."

Two smaller casinos would be permitted under the measure. There are currently 11 casinos in Atlantic City, although as many as three are considered to be in danger of closing due to plunging revenues, the continuing poor economy, and cutthroat competition from casinos in neighboring states.

"We've seen larger projects die on the vine because investment capital dried up, and no one is willing to take a chance during a difficult economic period," Whelan said. "Not only does this bill lower the investment threshold to get new casinos in to redevelop blighted areas in Atlantic City, but it creates a safety net so that development capital is available in good times and bad, and a guarantee that construction actually takes place. We want to see these projects brought to fruition."

Many of the existing casinos, which had to invest hundreds of millions of dollars into opening larger gambling halls and hotels, oppose lowering the bar. To get around their objections, the bill calls for the smaller casinos to invest 5 percent of their gross receipts into a state-managed fund in order to help them finance expansion projects.

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That's on top of the normal casino taxes and redevelopment obligations of about 9 percent.

But if the new casinos did not expand within five years, the extra 5 percent could be used by other casino businesses or by Atlantic City's government to pay for capital improvements on or near the boardwalk.

Don Marrandino, eastern division president of Harrah's Entertainment Inc., which owns four casinos here, said the bill could work.

"We would be behind a new facility if it had a feature or brand that would drive visitation to the market," he said.

The bill would allow one small-scale casino, with a minimum of 200 rooms, and one staged-facility casino that could start that small but gradually expand and add hotel rooms. For each 100 rooms it adds, the casino would be able to increase its casino space by 10,000 square feet, up to a maximum of 54,000 square feet.

The measure now goes to the state Assembly.

## **Senate lawmakers will vote this afternoon on 200-room casino bill - Press of Atlantic City**

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