

## North Jersey state senator pushing for Atlantic City to be online gaming

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New Jersey gamblers could start placing online bets through Atlantic City-based gaming websites within six months if state legislators succeed in pushing through a new law next week.

The rush to change New Jersey regulations follows a Dec. 23 ruling by the U.S. Department of Justice that removes obstructions to states pursuing online gaming. Also, the state is trying to catch up to Nevada, which established its own rules for online gaming Dec. 22.

If the measure clears the state Senate and General Assembly Government, Wagering, Tourism and Historic Preservation committees Thursday, it would go before both houses for floor votes Monday — the last day the current Legislature can vote before the session ends. Approval of the bill would pave the way for what supporters think will be a sorely needed economic boost for the state gaming industry that's lost more than 10,000 jobs and nearly half its annual revenue during the past six years.

“We could be the Silicon Valley of Internet gaming and it could mean billions of dollars in revenue for Atlantic City, and thousands of jobs,” said state Sen. Raymond Lesniak, D-Union, a sponsor of the bill. “If we have to reintroduce then in the new session, we'd lose a lot of the momentum we have now to get it done.”

The measure already passed the Legislature, but Republican Gov. Chris Christie vetoed it in March mainly because the law would have contradicted the state constitution and federal regulations.

Christie's spokesmen did not return emails or calls to their cellphones Monday, when state offices were closed.

But Lesniak believes changes to the bill and a recent opinion from the federal Department of Justice have resolved the governor's issues with the proposed regulations.

Christie's veto noted that online gaming would violate the state constitution components limiting gambling to Atlantic City, so New Jersey lawmakers changed the bill to require gambling websites to base their servers in Atlantic City, a provision that also would lock in thousands of jobs and other economic benefits locally, Lesniak said.

Lesniak also said the governor's concerns about conflicting federal law were addressed by the federal decision publicized Dec. 23 stating the Wire Act applies only to online sports betting. That interpretation of the law is less strict than what industry analysts and stakeholders previously understood, and one they predict will dramatically boost online gaming and the need for federal regulations.

And just one day prior, the Nevada Gaming Commission established its own framework for online gaming.

“I don't want to be left behind the state of Nevada like we were with sports betting. I don't want that to happen again, and I don't want Nevada to monopolize this market,” Lesniak said.

State Sen. Jim Whelan, D-Atlantic, who heads the state Senate's Government, Wagering, Tourism and Historic Preservation committee, said the new developments are creating momentum for the state to approve online gaming.

Still, Whelan said that for now, it appears that states will have to pursue legislation individually. He doesn't see a conservative Congress approving interstate online gaming during a presidential election.

That delay likely will last through the current year and possibly the next. In the meantime, the states that stand to benefit most are those that will act fastest establishing Internet gaming within their borders — provided investors feel enough urgency to act before federal regulations set in, said Israel Posner, executive director of the Levenson Institute on Gaming, Hospitality and Tourism at the Richard Stockton College .

“It’s a very fast-moving strategy that’s playing out all over. Every state that has a lottery is going to quickly try to establish a framework,” Posner said Monday. “I think the real interesting angle will be how the different states deal with this and how they work with the private sector.”

The Casino Association of New Jersey will meet 5 p.m. tonight to discuss the Department of Justice decision as it affects prospects for online gaming here, said association president Bob Griffin, who also is CEO of Trump Entertainment.

Potential gains, however, are unclear.

Lesniak commissioned a study from Philadelphia-based Econsult Corp. Results predicted online gaming would create as many as 1,900 jobs and \$55 million in state tax revenue right away. Long-term, the related work force could include 57,000 people and tax revenue of \$472 million, the 25-page document states.

Yet the state government’s fiscal analysis accompanying the bill comes up empty because too many variables remain, according the Office of Legislative Services.

Even if Econsult and other estimates are “overly optimistic,” an economic benefit is certain, said Whelan, a former mayor of Atlantic City.

“Internet companies are operating in New Jersey, people are playing internet poker in New Jersey,” Whelan said. “Those companies are unregulated, there are no controls, and no public revenues are being derived.”

Still, if Internet gambling keeps people away from casinos, that could harm employment prospects for cooks, dealers, bartenders, cocktail waitresses, housekeepers and others.

That concern is as realistic as the legalization of online gambling is inevitable, said Bob McDevitt, president of UNITE-HERE Local 54 .

“We believe that revenue will eventually help keep us stabilized in Atlantic City and elsewhere,” said McDevitt, whose union represents more than 13,000 hospitality workers in South Jersey. “There is risk involved, but I think it’s a risk worth taking. At the end of the day, gaming will end up on the Internet and if it runs through Atlantic City’s casinos, I think it’s a good thing.”

Nongaming expansion would minimize those negative effects on the current work force, Posner said.

“The reality is that new technologies are disruptive of existing business models — that’s true in banking and service industries all across,” Posner said. “What it will likely do is encourage bricks and mortar investments to provide a different kind of value than you get from simply casino gaming, (as with) a destination resort.”

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