

A publication of the Lloyd D. Levenson Institute of Gaming, Hospitality & Tourism at Stockton University
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Atlantic City Gaming Win & Non-Gaming Revenue

Source: NJ Division of Gaming Enforcement

Month of March (\$ In Thousands)	March 2017	Change from Prior Year	March 2016
Total Gaming Win (includes Internet)	\$ 221,858	% 9.3	\$ 202,971
Internet Gaming Win	\$ 21,745	% 40.2	\$ 15,507

Fourth Quarter Ended December 2016 & 2015 (\$ In Thousands)	Q4 - 2016	Change from Prior Year	Q4 - 2015
Total Revenue (Gaming & Non-Gaming)	\$ 801,847	% 5.9	\$ 757,437

For the twelve Months Ended December, 2016 & 2015 (\$ In Thousands)	December 31, 2016	Change from Prior Year	December 31, 2015
Casino Licensees:			
Casino	\$ 2,518,921	% 0.9	\$ 2,496,907
Rooms	\$ 405,418	% -0.2	\$ 406,218
Food & Beverage	\$ 430,930	% -2.2	\$ 440,826
Entertainment & Other	\$ 154,503	% 2.1	\$ 151,265
Casino Licensees Total Revenue	\$ 3,509,772	% 0.4	\$ 3,495,216
Third Party Business Sales	\$ 208,853	% 0.6	\$ 207,630
Combined Sales	\$ 3,718,625	% 0.4	\$ 3,702,846

Atlantic City Statistical Transportation Data

Source: South Jersey Transportation Authority

Travel Mode	Jan-Feb 2017	Change from Prior Year	Jan-Feb 2016
AC Expressway			
Total Toll Paying Traffic Pleasantville Toll Plaza	2,599,269	-5.0%	2,735,265
AC Airport			
Scheduled Service Passengers	167,351	-12.5%	191,355
Charter Passengers	14,018	48.2%	9,458
Total Air Passengers	181,369	-9.7%	200,813
Casino Buses			
Casino Buses to AC	8,405	-5.7%	8,915
Casino Bus Passengers	119,293	-8.2%	129,982
NJ Transit Rail Service to AC			
Rail Passengers	158,569	-8.0%	172,379

Legislative Update

N.J. officials and U.S. Solicitor General Meet to Discuss Sports Betting - According to **NorthJersey.com**, supporters of New Jersey Sports Betting met with the U.S. Solicitor General on April 10 to discuss the Federal Sports Betting Ban (PASPA). It is considered extremely likely the U.S. Supreme Court will follow the Solicitor General's recommendation on whether to hear the case, which will determine the future of sports betting.

State Governors appeal to Attorney General regarding Online Gambling - According to **Forbes**, the National Governors Association has sent a letter to newly appointed Attorney General (A.G.) Jeff Sessions. The letter reads in part: "While individual governors have different views about offering gaming—in a variety of forms—within their own states, we agree that decisions at the federal level that affect state regulatory authority should not be made unilaterally without state input." It asks that the A.G. refrain from taking action to ban online gambling at the federal level. While it is unlikely the A.G. will move to ban online gambling in the near future, his opposition to the Department of Justice's decision that the Wire Act of 1961 applied only to sports betting and not online gambling was well documented at his confirmation hearing.

Atlantic City Information

Atlantic City Gateway Project Breaks Ground - The event, hosted by the **Atlantic City Development Corporation (AC Devco)** on April 20, celebrated the hard work of community leaders, industry partners and legislators in making the Gateway Project, and the revitalization of Atlantic City, a reality. AC Devco Chairman Jon Hanson led the ceremony which included speeches by New Jersey Gov. Chris Christie, Senate President Stephen M. Sweeney, Stockton University President Harvey Kesselman and South Jersey Industries CEO Michael Renna.

Atlantic City International Airport sees increase in International Charter Flights - An analysis of recent data by the **South Jersey Transportation Authority** reported in **The Press of Atlantic City** reveals significant statistical increases in the number of international charter flights at the Atlantic City International Airport. Charter flights increased 48 percent in January and February 2017 over the same period in 2016. This increase has been attributed to casino charter flights such as those arranged by Caesars and Borgata to bring VIP gamblers into the city. Meanwhile, other transportation matrices, such as commercial passenger air service, continue to decline.

Caesars Hosts eSports Competition - As reported by **The Press of Atlantic City**, on March 31-April 2 Caesars hosted the city's first eSports event. The "Gears of War 4" Pro Circuit competition drew crowds of players and spectators from the coveted millennial demographic. Event organizers told **The Press** that they hope this and future events will aid local gaming properties as they expand their offerings and attract new audiences.

CRDA to fund 45 Class II officers - According to **The Press of Atlantic City**, the Casino Reinvestment Development Authority (CRDA) has approved funding to hire 45 Class II officers to patrol the Boardwalk and Pacific Avenue this summer. Last year, the CRDA funded 30 Class II officers for the tourism district.

Hard Rock Announces plans for redeveloping former Taj Mahal - At an April 5 press conference, broadcast via **The Press of Atlantic City**, Jim Allen, chairman of the Hard Rock International, discussed planned changes to the former Trump Taj Mahal and its rebranding as the "Hard Rock Hotel & Casino Atlantic City." Changes include moving the current Hard Rock Café to a new, more central, 400-seat venue and opening two separate 7,000-seat arenas to host a variety of events. The \$375M redevelopment project is expected to employ 1,000 construction workers and create 3,000 permanent jobs.

'Largest beach replenishment project in years' comes to Atlantic City- According to **The Press of Atlantic City**, dune construction in the Absecon Inlet has begun. The neighboring towns of Ventnor, Margate and Longport will also receive beach replenishment which may impact access to local beaches at the height of the summer tourist season. Hardest hit will be Longport, which will need to close portions of its beaches (in 1,000-foot sections), to accommodate construction expected to begin Memorial Day weekend and continue through early August. Longport Mayor Nick Russo told The Press he was disappointed that the construction schedule will impact the summer season, but that the work is "needed for the town's resiliency against rising sea levels."

Polercoaster to be completed in time for Summer 2019 - According to **The Press of Atlantic City**, the New Jersey Economic Development Authority has agreed to pay 27.8 percent (\$38.4M) of the \$138M cost to build the 350-foot-high coaster ride on the site of the former Sands Casino (imploded in 2007). The Polercoaster project is the first of several attractions planned for the site, including a zipline, extreme ninja course, an XD Theatre, a skydiving simulator, a bar and retail space. The balance of funds for the project will come from developer ACB Ownership LLC, as well as international investors.

Showboat to open 'Experiential Entertainment' Venue- According to an April 4 article from **The Press of Atlantic City**, the former casino hotel plans to open a 150,000-square-foot entertainment venue specializing in "Experiential Entertainment." The venue, which would host eSports competitions (like the event at Caesars above), board games, video games, cosplay and anime as well as educational seminars, is slated to open in time for Memorial Day Weekend 2017. The facility, to be known as 'Atlantic City Fan Expo,' will also feature an outdoor sandlot beer garden "with live music, movies and family entertainment." The former House of Blues theatre will find new life as a 3,000-seat eSports arena.

South Jersey Economic Review - A March 28 statement from **Stockton University** announced the release of the Spring 2017 Edition of the [South Jersey Economic Review](#). The biannual report, prepared in conjunction with the William J. Hughes Center for Public Policy at Stockton, predicts a new era of growth for Atlantic City following a "lost decade." In the report, Oliver Cooke, associate professor of Economics at Stockton, shares his expert analysis of the local economy, which has suffered in the wake of a housing crisis, a major recession and the closing of five of the city's 12 casinos. Despite the city's recent good news (such as the Hard Rock's purchase of the former Taj Mahal, and the settlement of the tax dispute between the City of Atlantic City and the Borgata), and accelerated redevelopment, Cooke cautions that it may be many years before Atlantic City makes a full recovery.

State continues negotiations with Atlantic City Police and Fire Unions - According to ongoing reports by **The Press of Atlantic City**, state officials and representatives of the local police and fire unions continue to discuss changes to the existing municipal contracts. Proposed changes would make significant cuts to pensions, salaries, benefits, shift schedules and reduce the size of both departments. State officials see these changes as vital to the fiscal health of the city. Representatives of both unions oppose the changes in the belief that "drastic reductions" will be harmful to public safety. A budget proposed on April 11 saw public safety spending reduced by about \$8 million.

Gaming News

National - In an April 5 press release, the **American Gaming Association (AGA)**, shared new polling data from NFL fans regarding legalized sports betting. According to the poll, conducted by Morning Consult, the majority (nearly three times as many) of NFL fans are in favor of lifting the federal ban (PASPA) and allowing states to decide the legality of sports betting within their borders. Only 17 percent of the fans polled were against legalizing sports

betting. In analysis of the polling data, **LegalSportsReport.com** noted that, in recent weeks, every major sports league has taken some action that could be viewed as favoring legalization and regulation of sports betting.

According to a new report released by the **American Gaming Association (AGA)**, the casino industry supports 350,000 jobs and \$51.7 billion in revenue for the nation's small businesses. The report, [Gaming Means \(Small\) Business: How Casinos Boost Local Economies](#), offers an overview of the casino industry's impact on small businesses as well as a series of case studies.

Delaware - According to **Casino.org**, Delaware's online gaming revenues dropped by 42 percent in March compared to 2016. March 2017's online gaming revenue total (\$151,811) is the state's lowest since July 2015 and \$108,000 less than March 2016. Revenue decreased across all online gaming forms, video lottery (-36 percent), table games (-48 percent), and poker (-53 percent). Delaware online poker had its worst month since launching in November 2013.

Florida - As reported by **Casino.org**, a recent poll conducted by Mason-Dixon Polling & Research suggests that 8 percent of Florida voters support expanded gambling there, while 84 percent would prefer gaming either left as is, or reduced. This is likely to become an issue as legislators seek to enact laws which would expand gaming and regulate pari-mutuel facilities and tribal casinos in the state. The Seminole Tribe, which operates five gaming facilities in Florida (and six more across the nation including the newly purchased Hard Rock: Atlantic City), has done so without a gaming compact since the previous one legally expired in 2015. Despite the expired compact, the tribe continues to make tax revenue payments to the state, and business has remained largely unchanged. The state and the tribe have been working on a new compact agreement, however the tribe's interest in maintaining its current monopoly on blackjack games and the state's interest in expanding offerings including blackjack at pari-mutuel facilities have been in conflict.

Michigan - According to **Crain's Detroit Business**, the Michigan Legislature is considering a bill which would legalize internet gambling, but restrict it to within casino walls. Michigan's constitutional amendment requires gambling expansion, with the exception of tribal or state licensed casinos, to go to a public vote. Restricting internet gambling to only state casino (Motor City Casino, MGM Grand Detroit, and Greektown Casino) and tribal casino properties would allow the bill to be passed without going to a vote. Supporters of the bill believe that the legalization of internet gambling will generate millions of dollars in new tax revenue from gambling websites which are currently unregulated and untaxed. Critics of the bill question the sense of offering internet gambling options to players who are already at casinos where they can gamble in person.

Nevada - As reported by the **Huffington Post**, Las Vegas, Nevada is to become the new home of the NFL Raiders and NHL Golden Knights sports franchises. This news comes after years of doubt that a professional sports team would be able to operate in the "gambling capital" without fear for the integrity of their games. Fear that sports betting could influence the outcome of professional sporting events led to the passage of the federal Professional and Amateur Sports Protection Act (PASPA) in 1992. Nevada is one of four states currently allowed to operate legal sports books under the law. The decision to locate the sports franchises in Las Vegas has been viewed by some as an acceptance of sports betting and a symbolic move toward replacing PASPA with legislation to legalize and regulate sports betting across the nation.

New Jersey - As reported by **Play NJ**, Play SugarHouse online casino has partnered with Konami Gaming to bring popular land-based slots to the online marketplace. Play SugarHouse will be among the few online casinos in New Jersey to offer online slots with the same "gameplay mechanics" as their land-based counterparts (the SugarHouse Casino is located in Philadelphia, PA.) Most online casinos feature slots which are only available via online platforms. The few land-based slots which have already been converted for online platforms are predominantly older titles, popular with demographics less likely to participate in online gaming. Leaders at Play SugarHouse and Konami hope that land-based players' familiarity with the games will increase their interest and trust in the online versions.

Pennsylvania - The **Pennsylvania Gaming Control Board** released the 10th Annual Report on PA Casino Gaming's Impact on PA's Horse Racing Industry on April 4. The report, which covers calendar year 2016, shows that PA casinos contributed \$245M in slot machine-generated tax revenue to support the Pennsylvania Race Horse Development Fund. Also included in the report are five-year historic figures for PA racetrack attendance, number of races, and number of participating horses. The relationship between horse-race betting and slot-machine gambling is examined through a comparison of slot machine revenue on race days vs. non-race days.

Hospitality News

AirBnB Expands Business in China under a new name - As reported by **Travel Weekly**, AirBnB is expanding its business in China. The expansion includes a rebranding of the company to "Aibiyang," a name which translates to "welcome each other with love" in Chinese. AirBnB, founded in 2008, entered the Chinese market in 2015. Current competitors in the Chinese market include a "home-based accommodations" service called Tujia which was founded in China in 2011. According to **Travel Weekly**, Expedia owns a 10 percent stake of Tujia via its acquisition of Home Away in 2015; Home Away acquired the 10 percent stake in 2012. The Chinese market represents 2.7 percent (80,000) of Airbnb's host listings globally.

Delaware River Tubing Receives Tourism Award - According to **NJ.com**, the New Jersey Travel Industry Association (NJTIA) has honored Delaware River Tubing with the President's Award. The tubing business, which opened in 2003, attracts tens of thousands of tourists each summer. The company's website was recognized for excellence in 2011 and the affiliated floating hot dog stand, "Famous River Hot Dog Man," received the N.J. Restaurant Association's Diamond Award in 2008.

The Mohegan Sun Expo Center - As reported by **Lodging** magazine, leaders from the Mohegan Sun group have officially announced the construction of a 275,000-square-foot Exposition and Convention Center in Uncasville, Conn. The Mohegan Sun Expo Center is expected to be complete in time for the 2018 summer season.

"The Value of Redemption" survey - As reported by **Lodging** Magazine, Collinson Latitude, part of Collinson Group, has conducted a survey of 1,000 airline and hotel loyalty program members across the United States. The survey, in its second year, revealed that loyalty program members expect an increasing amount of flexibility in how they spend their loyalty points. Traditional loyalty programs, where points are redeemed for core inventory (i.e., airline miles/hotel stays), were considered "old-fashioned" by 45 percent of survey respondents. Programs which allowed points to be redeemed for non-core inventory (electrical goods or day experiences) reaped several commercial benefits. Among members who had not purchased from the company in a period of three months, 58 percent of members re-engaged with the brand by redeeming points for non-core inventory. In comparison, 43 percent redeemed their points for core inventory. Redemption of non-core inventory rewards also led to brand purchases; 61 percent of airline and 56 percent of hotel loyalty program members went on to book a flight or hotel room after redeeming points on non-core inventory rewards.

Weak Canadian dollar could impact New Jersey tourism - According to the **Philadelphia Business Journal**, a weakening Canadian dollar could lead to lower visitation by Canadian travelers. Canadians, many from French-speaking Quebec, accounted for 11 percent of Cape May County's summer visitors in 2015. For comparison, the same county report found that 28 percent of visitors to Cape May County came from in-state, 27 percent from Pennsylvania and 19 percent from New York. The Quebecois have been loyal travelers to the Jersey shore, with thousands of families returning to the same places each year for typically a two-week stay.