

CASINO REVENUE FUND ADVISORY COMMISSION

REGULAR MEETING ON March 24, 2023

MINUTES OF MEETING

The regular meeting of the Casino Revenue Fund Advisory Commission was held on Friday, March 24, 2023 via ZOOM. Those in attendance were:

Members:

Maureen Bergeron, Chair, NJ4A
Dennis McGowan, DOAS
Jon Vitale, Sen Repub. Office
Joe Tyrell CANJ
ASMW. Diane Gove
David Scanlan, NJ CCC
Scott Elliott, Exec. Dir. Progressive Center
Lisa Tulley, NJTRANSIT

Support:

Jen Valentovic, Treasury OMB
Karen Storcella, Treasury Support

Maureen opened the meeting followed by the flag salute. Minutes of January 20, 2023 approved.

Joe Tyrell:

Internet gaming continues to increase revenue.
Brick & Mortar #'s down due to winter season & regional travel.
Total renovation projects for: Caesars, Tropicana, Harrah's.
Partial renovation for Borgata, Hard Rock, Ocean.
Governor's budget to include AC boardwalk (reconstruction), focus on crime, safety & cleaner environment.
Concerned with smoking ban in Casinos – may lose 25% revenue in Casinos.
Sports wagering/betting will be in every state.

Dennis McGowan & Maureen:

Completed draft of Annual Budget Report 2024 & sent out to members for additions/deletions or changes.

We will discuss the final report at our next meeting April 14th.

Need new members for the CRFAC committee.

Need fund disbursement map, showing where funds are routed and final destination (Scott Elliott).

Maureen requested from Scott E to set up representative from PASP to come & discuss needs from CRFAC committee.

Jen Valentovic:

Discussed following charts (attached):

CRF Revenue as of March 17th

Monthly Internet Revenues

Gross Casino Revenues by Year

LIGHT Snapshots – Stockton University

February 2023

In LIGHT of the data.

Despite falling \$4 million short of pre-pandemic February 2020, February 2023 outperformed all other Februarys going back to 2013. Year-to-date, a strong January kept the Atlantic City casino industry well ahead of pre-pandemic brick and mortar totals at \$426 million compared to year-to-date February 2020 at \$410 million.

When considering total gross gaming revenue for the month and year-to-date, internet gaming pushed February 2023 to new heights setting new near-term records for single month February and year-to-date February revenues. Internet gaming remains a significant portion of the Atlantic City gaming industry revenue mix accounting for nearly 40% of total gross gaming revenue share for the year-to-date.

Based on seasonal patterns seen in 2021 and 2022, internet gaming generates the highest percentage of GGR share in the first three months and last three months of the year — the inverse of in-person gaming, which peaks for revenue share in the higher traffic second and third quarters. This pattern may suggest that online casino operations, although not necessarily as lucrative for land-based operators, are successfully capturing player behavior in what is traditionally considered the “off” or “shoulder” season for Atlantic City.

The ability to engage players year-round and via multiple channels has likely contributed to industry revenue growth overall and may help Atlantic City’s casino operators stay competitive in an increasingly crowded regional and local market.

Locally, the addition of two new casino resorts to the established seven has disrupted market share. The local market “pie” has grown, but the way that pie is “cut” has changed, shifting in favor of the newest entrants to the market. Local competition for market share, and the threat of more regional competition, has been a catalyst for investment in all aspects of casino resort operations.

Multi-channel player engagement coupled with recent investment in the on-site resort experience will continue to make Atlantic City a distinctive destination for gambling and entertainment, both virtual and in-person.

Atlantic City Information

Atlantic City aviation entities received \$13.3 million in federal funding - As reported by [The Press of Atlantic City](#), Atlantic City International Airport (ACY), National Aeronautics Research and Technology Park (NARTP) and the 177th fighter wing of the New Jersey Air National Guard will receive a total of \$13.3 million in federally directed appropriations and earmarks. Funding includes approximately \$3 million to design and plan a cargo taxiway at ACY that would connect the planned air cargo terminal to existing infrastructure. The taxiway is expected to cost \$18 million once built. NARTP will receive about \$2 million to contract with companies to develop robotic tools called autonomous vehicles to clear debris from runways, mow grass at airports and more. The 177th fighter wing will receive more than \$8 million to upgrade its facilities, including a new high-security gate and maintenance hanger.

Atlantic City City Council introduced two ordinances requiring businesses to install more outdoor lighting, passes resolutions funding streetlight maintenance and demolitions - As reported by [The Press of Atlantic City](#), at a recent meeting, Atlantic City Council introduced two new ordinances aimed at reducing dark areas in the city. These areas "pose an ongoing threat to the health, safety and welfare of the community." The ordinances will have a public hearing and final vote at a future meeting. The Council also passed resolutions to accept \$595,649 from the CRDA for a grant for its streetlight maintenance program and a \$500,000 CRDA demolition grant.

Atlantic City Police Department (ACPD) partners with Chelsea Economic Development Corporation (EDC) on new safety initiative - According to a City of Atlantic City [news release](#), in an effort to better protect the city, the Chelsea EDC is using grant money to purchase and install security cameras throughout the neighborhood that will feed real-time video to the ACPD Surveillance Center in the Public Safety Building.

Back Bay residents express concerns over bulkhead project - As reported by The Press of Atlantic City, residents along the back bay in Lower Chelsea have expressed concerns that a \$6.5 million bulkhead replacement project may not succeed in addressing flooding issues due to gaps between public and private bulkheads.

CRDA approves cannabis dispensary and consumption lounge for The Claridge Hotel - As reported by [The Philadelphia Inquirer](#) and reprinted in [The Press of Atlantic City](#), with CRDA approval already secured, the "High Rollers Dispensary" may open as soon as this summer, pending finalization of state regulations on legalized cannabis consumption lounges. The 10,000-square-foot, two-story facility would be located at The Claridge Hotel at Park Place and Indiana Avenue separated from the Boardwalk by Brighton Park and the Korean War Memorial. High Rollers anticipates spending \$3.2 million in renovations to the space leased from the hotel and former casino, including building a new entrance on Pacific Avenue near Indiana. The renovation plans also include provisions for a nonalcoholic bar, possible outside food options, live music and pop-up entertainment.

New Jersey Gaming News

Casino smoking ban receives public hearing - As reported by, [NJ.com](#), [The Press of Atlantic City](#) and [Casino.org](#), a bipartisan bill that would close a loophole allowing casinos to have indoor smoking sections received its first public hearing on Feb. 13. Representatives from both sides of the issue were invited to offer testimony regarding [Senate Bill 264](#), which "eliminates smoking ban exemption for casinos and simulcasting facilities."

First of its kind Responsible Gaming Initiative launches in New Jersey - According to a Feb. 7 [news release](#) from the New Jersey Division of Gaming Enforcement (DGE), the DGE will work with online gaming operators to identify problem gamblers using data already collected on player habits. "Operators of gambling platforms will now be required to analyze electronically maintained player data to determine whether a patron is showing signs of problem gambling behavior." The program, in development since March 2022, launched on Jan. 1, 2023. Further reporting by [The Press of Atlantic City](#).

National Gaming News

Bally's pushes for online casino gaming in Rhode Island - As reported by [Play USA](#) and [The Providence Journal](#), the company announced its plans to have legislation introduced in the Rhode Island General Assembly to allow I-Gaming modeled on the profit-sharing arrangement for legalized sports betting at a legislative luncheon held on Feb. 15. According to a study commissioned by Bally's, Rhode Island could generate up to \$93.3 million in gross gaming revenue in the first year and an estimated \$210 million in tax revenue over a period of five years.

Commercial gaming industry breaks annual revenue record for second consecutive year - According to the [American Gaming Association](#) (AGA), U.S. commercial casinos generated \$60.4 billion in 2022, surpassing the previous record of \$53 billion set in 2021 and giving the industry its first over \$60 billion year. Retail gaming accounted for 80.5% of total revenue with online gaming making up the remaining 19.5% - a new high. Further coverage by [The Press of Atlantic City](#).

Georgia Senate Committee approves measure to create sports betting regulatory framework - As reported by [casino.org](#), the Georgia State Senate Committee on Economic Development and Tourism has approved [Senate Bill 57](#) - the 'Georgia Sports Betting Integrity Act.' The legislation, one of several bills presently being considered, would lay the ground work for legal sports betting in Georgia.

New York legislature to consider online casino gaming - As recorded by the New York State Assembly, a bill ([S4856](#)) authorizing "online interactive gaming" in the state of New York was introduced on Feb. 15 and referred to the racing, gaming and wagering committee. Another bill ([A1380](#)) "allowing certain interactive poker games" was introduced Jan. 17 and also referred to committee. Supporters of S4856 claim that New York loses "roughly \$4 billion" annually every year it doesn't legalize online casino/iGaming. Further reporting from [Casino.org](#) and [Legal Sports Report](#).

New York's Empire City Casino announces gaming floor expansion - As reported by [Play USA](#), Empire City Casino, operated by MGM Resorts, has announced plans to add more than 1,000 new state-of-the-art games to its gaming floor and replace nearly 5,000 slots and electronic table games.

PokerStars Michigan doubles traffic to poker app in first month of interstate play - As reported by [Play USA](#), in the first month of sharing the New Jersey player pool, traffic to the PokerStars Michigan app more than doubled from its peak of 900 users before interstate play.

Record number of American adults wager on Super Bowl LVII; Nevada sportsbooks experience outage - According to predictions from the [American Gaming Association](#) (AGA) a record 50.4 million American adults were expected to wager on Super Bowl LVII. This represents 20% of the American adult population and a 61% increase from 2022. A total of \$16 billion was expected to be wagered, more than double the projections for 2022. As reported by [Play USA](#) and [Legal Sports Report](#), geolocation company GeoComply recorded a record 100 million geolocation checks during Super Bowl LVII weekend - a 20% increase over 2022. New York was the most active state for geolocation checks with 13.9 million followed by Ohio (12.6 million), Pennsylvania (11.8 million), New Jersey (9.1 million) and Michigan (7.5 million). As reported by [Casino.org](#), [Legal Sports Report](#) and the [Las Vegas Review Journal](#), the William Hill and Caesars mobile sports betting apps in Nevada crashed before the start of the Super Bowl, likely contributing to a nearly 15% year-over-year decline in statewide sports betting handle for the game. The outage, which was restricted to Nevada, also impacted In-person sportsbooks using William Hill technology. In-person sportsbooks reopened on Feb. 14 and service to the mobile apps was restored by Feb. 15. Further coverage by [The Associated Press](#).

Hospitality & Tourism News

400,000 square-foot hotel proposed for Ocean City, N.J. - As reported by [The Press of Atlantic City](#), ICONA Resorts owner, Eustace Mita, presented a plan to the Ocean City Council for the construction of a 400,000 square-foot, 325-room hotel to be located on public land along the Boardwalk between Fifth and Sixth streets. The proposed project, a multistory property that would encompass an entire city block, has an estimated cost of \$175 million.

American Hotel & Lodging Association (AHLA) releases annual report, projects hotel-generated state and local tax revenue - According to a [news release](#) from AHLA, hotel-generated state and local tax revenues are projected to set records in 2023. Nationwide, hotels are expected to generate a total of \$46.71 billion in state and local tax in 2023 compared to \$41.12 billion in prepandemic 2019. At 63.8%, anticipated average U.S. hotel occupancy for 2023 is just shy of 2019 (65.9%). The AHLA projects New Jersey hotels will generate \$1.21 billion in state and local tax revenue in 2023 a 15% increase over 2019 (\$1.06 billion), and see an average occupancy rate of 63.3% in 2023, a 4.7% decrease from 2019 (66.4%). Additional information available from [AHLA 2023 State of the Hotel Industry Report](#).

Delaware River and Bay Authority (DRBA) earmarks \$200 million in 2023 capital spending for Cape May Airport and Cape May-Lewes Ferry - As reported by [The Press of Atlantic City](#), more than \$200 million in capital spending has been earmarked for the Cape May Airport and the Cape May-Lewes Ferry as part of a 2023 Capital Improvement Program and a five-year plan announced by the DRBA.

New Jersey legislators approve bill authorizing special occasion events at "certain commercial farms on preserved farmland, under certain conditions" - As recorded by the New Jersey state legislature Senate Bill [S757 \(A2772\)](#) was approved on Feb. 3. Under the bill a preserved farm that produces agricultural or horticultural products worth more than \$10,000 annually may hold up to a maximum of 26 special-occasion events per calendar year, of which six may have 250 guests or more in attendance. Further reporting by [ROI-NJ](#).

New tourism destination proposed for Dennis Township, New Jersey - As reported by [The Press of Atlantic City](#), the Dennis Township consolidated land use board heard a proposal for the development of 30 acres of open land along Route 9 as a tourism destination. The proposed resort 'Clermont Lodge' would feature 120 rooms, a tavern and event space. Developers envision the property as "a full-service, four-star resort"

Ventnor, New Jersey considers revision to short-term rental ordinance - tightening of rules - As reported by [The Press of Atlantic City](#), more than 100 people gathered for a hearing regarding the revision of Ventnor's short-term rental ordinance. Suggested revisions included eliminating one-night stays, limiting the number of short-term rentals operated by a single entity, mandating inspections, and installing noise monitoring devices. Based on community feedback, the city plans to release a new ordinance in March. [Longport's](#) Board of Commissioners is also considering revision to their short-term rental ordinance.

Wildwood Boardwalk amusement operator banned for 10 years over rigged games - As reported by [The Press of Atlantic City](#), a Boardwalk amusement games operator with operations in Wildwood and North Wildwood had their amusement games license revoked after inspectors from the Legalized Games of Chance Control Commission discovered violations including the 'rigging' of games and improper display of prizes available to win. Inspectors conduct yearly inspections of the games. In 2022, 7,000 inspections resulted in \$35,000 in penalties and violations.

Meeting adjourned 11:30am.

Next meeting will be April 14, 2023 via ZOOM
TO DISCUSS FINAL BUDGET REPORT

