

Florida Casino Bill Would Grow Gaming and Government

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Genting's Resorts World Sentosa Casino | Credit: disneyandmore.blogspot.comHide
Legislation setting up a Department of Gaming Control and a State Gaming Commission puts Florida on track to approve mega-casinos and become a top-flight gambling destination.

With one gaming company vowing to build the biggest casino in the world, and deep-pocketed lobbyists touting the economic benefits of gambling projects, two lawmakers introduced a casino bill on Wednesday.

State Rep. Erik Fresen, R-Miami, and Sen. Ellyn Bogdanoff, R-Fort Lauderdale, say their measure will strengthen the state's gaming laws while opening the door to world-class destination resorts that will attract high-rollers from across the globe.

The prospect of one or more glittering resorts in Miami-Dade and Broward counties comes as Florida stares down a \$1.5 billion budget shortfall and a chronic double-digit unemployment rate.

The Genting Group, one of the gaming companies seeking to crack the Florida market, says its

proposed casino-resort could generate \$400 million to \$600 million in gaming revenues annually, along with up to 100,000 jobs (including construction).

The Malaysian company wants to build a \$3.8 billion mega-resort, and has already bought the Miami Herald building on Biscayne Boulevard to anchor a planned gaming complex. (Under the \$236 million purchase agreement, the newspaper will continue to operate there for two years.)

The Las Vegas Sands also wants in.

“Now that the legislation has been filed, we look forward to working with legislators to provide information about the benefits of integrated resorts and the need for a strict regulatory structure to ensure that Florida attracts the top operators,” Ron Reese, LVS' vice president for public relations, said in an email statement Wednesday.

Florida, with its 19 million residents and brisk tourism economy, looks like a good bet for gamers. The Fresen-Bogdanoff bill sweetens the pot for them by setting a modest 10 percent tax rate -- the lowest of any state outside of Nevada's 6.7 percent and far less than the 35 percent paid by existing pari-mutuel casinos.

Pointing to modest licensing fees stipulated in the bill, skeptics say the state is already misplaying its hand.

"They're giving away the farm. In Illinois, gaming licenses go for \$500 million. Here, we're talking about \$50 million," says John Sowinski, head of the No Casinos Inc., of Orlando.

Bogdanoff defended her legislation, saying, “Florida is considered the fourth largest gambling state in the nation, but it has let the industry drive policy decisions and that has produced the worst kind of gaming.

“To me, no kind of gaming is good. But we, as policymakers, have to decide, do we want gaming with five-star hotels or Internet cafes in strip malls?”

Whether casino action is big or small, critics say gaming is a lose-lose proposition for the public.

"Look at Las Vegas, which has a higher unemployment rate and an even higher foreclosure rate than Florida," said Les Bernal, head of the Washington, D.C.-based group, Stop Predatory Gambling. "It makes no sense to move ahead with this failed model."

And in rebuttal to Bogdanoff's jab at small-time "Internet cafes" and "adult arcades" at strip malls, Sowinski said, "There's nothing stopping us from closing them right now."

In an ironic twist of timing, the Fresen-Bogdanoff bill was introduced just three days after it was reported that the Las Vegas Sands Corp. was under investigation by the U.S. Justice Department over allegations that the company violated the Foreign Corrupt Practices Act.

LVS denies the charge, but accusations of misdealing by casino operators are not uncommon. Thus, Fresen and Bogdanoff have produced a 142-page bill that contains hundreds of new licensing, regulatory and enforcement rules.

The establishment of a State Gaming Commission and a Department of Gaming Control would create a sprawling new bureaucracy to oversee what promoters hope to parlay into a multibillion-dollar industry.

Though the bill does not provide a cost estimate to taxpayers, or designate the number of new state employees required to staff it, Sowinski said the regulatory apparatus won't come cheap.

"There is an extraordinary cost of regulation, layers of government we don't have now," he says. "Just imagine this as a permanent presence." Indeed, the gaming legislation adds more than 100 pages to current gaming regulations, covering even such matters as support for "financially dependent children" of licensees.

It also provides a mechanism by which the state catalogs "problem gamblers" who "self-exclude" themselves from casinos. This is no minor deal: In Illinois, "self-excluded" individuals outnumber casino employees.

Bernal said the Fresen-Bogdanoff measure "has very little to do with gambling, and everything to do with expanding the size and scope of government. Casinos wouldn't exist if it weren't for government."

While many Central Florida lawmakers, led by House Speaker Dean Cannon, oppose any expansion of gaming, other key lawmakers appear more receptive.

Calling for an open debate, Senate President Mike Haridopolos has said that the state is "already a little pregnant" with its various pari-mutuel and Indian casinos.

But the pursuit of new gaming proceeds contradicts the Merritt Island Republican's oft-repeated declaration: "We don't have a revenue problem, we have a spending problem."

Skeptics predict that the Fresen-Bogdanoff bill will serve chiefly as a money magnet for lawmakers and would-be lawmakers.

"This [gaming regulation] will be funding politicians for years to come. Casino interests will become the biggest soft-money funders. Anyone who cares about honesty and integrity in government should be concerned about this," said Sowinski, who led a successful statewide ballot referendum against casinos in 1994.

Angling for the inside track in Tallahassee, Genting lobbyist Colin Au is plying the corridors of the Legislature, four months before the 2012 Legislature convenes.

In a lengthy interview with the Miami Herald -- which is residing rent-free on Genting's tab -- Au said he is prepared to lobby "24-7 for 100 days" during the session.

Among Genting's blueprints is an 800,000-square-foot casino, which would be the biggest in the world. Under the liberal parameters of Fresen-Bogdanoff, Genting's casino floor could go as large as 1 million square feet if it were to build, as advertised, a 10 million-square-foot resort complex.

At 800,000 square feet, Genting's casino floor would equal the combined gaming space of Las Vegas' Mirage, Wynn, Bellagio, Caesars, MGM Grand and Venetian casinos. The Venetian is owned by Las Vegas Sands.

Along with its plans for fine dining, retail, entertainment and convention facilities, Genting believes Florida can become home to a \$4 billion to \$6 billion casino-hotel market that caters to high-rollers worldwide, Au told the Herald.

Genting, LVS and other gaming companies figure to drive a wedge between social conservatives anxious to protect Florida's family-friendly tourism image and fiscally minded lawmakers hungry for new jobs and revenues -- even if the Fresen-Bogdanoff bill lopsidedly favors the gamers.

Business groups are divided on the gaming legislation.

The Florida Chamber of Commerce indicated its early opposition, joining the state's theme-park industry in expressing concern that casinos would simply cannibalize existing businesses.

"This legislation represents a radical expansion of gambling in the state and undercuts Florida's longstanding efforts to promote the state as a family-friendly destination," Chamber spokeswoman Edie Ousley said in a statement.

"Floridians shouldn't be fooled by the claims that these out-of-state and foreign-owned Las Vegas-style casino developers are making. They are making promises to limit casino developments to only three, but the hidden truth is the plan would build the largest casino on the planet right here in Florida."

Ousley added, "While they boast job creation and new tax revenues, the sobering truth is that the only guaranteed winners would be the out-of-state and foreign casino owners, who are sure to cash in massive profits while all of Florida suffers staggering losses."

Construction-trades groups, such as the Associated Builders and Contractors, counter by arguing that expanded casinos would yield a net increase in economic activity for the state.

Associated Industries of Florida told Sunshine State News it had no position on the measure as of Wednesday.

"We are still reviewing the bill and going through some internal hoops," said Jose Gonzalez, AIF's vice president for governmental affairs.

Bernal calls the casinos' public-relations blitz a "false narrative."

"Gaming is based on people losing money, and people who are addicted. [Convicted Ponzi king] Bernie Madoff is probably sitting in his North Carolina jail saying, 'I went into the wrong business,'" he said.