

The Risk of Certainty: Miami-Dade County and Destination Resorts

by Rep. Carlos Trujillo

Ten years ago, few could have predicted that Midtown would be home to some of the finest restaurants in the United States, that the Design District would become an international cultural and design hub, or that Downtown Miami and Biscayne Corridor would see the rise of new, inspired, and immediately iconic architectural gems. Gifted chefs and restaurateurs such as Michael Schwartz and Michelle Bernstein, art gallery owners such as the Rubell Family and Martin Margulies, developers such as Craig Robbins and the Related Company with a pioneers' spirit, took risks, with no certainty of success, to force a needed evolution and renaissance in our still burgeoning world class city. Yet today casino proponents have arrived in South Florida with absolutes and guarantees of the 100,000 jobs that will be created, that existing businesses will thrive and that casino expansion will generate additional revenue. These are the same casinos that have time and again peddled false promises of economic prosperity and the same casinos that our community has rejected by referendum in the past.

Mega casinos thrive as they cannibalize existing local businesses. Casinos are purposefully designed to be self-contained and include dining, entertainment and gambling under one roof so that patrons do not leave the casino premises. The proposed casino is no different – 5,000 rooms and over 50 restaurants, bars and night clubs. Our local hospitality, entertainment and retail industries will suffer similar consequences to those in Atlantic City where only 10 percent of the businesses nearest to casino locations are still open today, and the number of retail businesses declined by one-third within the first year of casinos opening. In Iowa, taxable retail sales in cities without casinos grew more than five times faster than sales in cities with casinos. Lastly, an independent gaming commission in New Hampshire found that bringing one casino would eliminate seven local existing jobs for every 10 casino jobs created. Do we truly believe that competing local businesses surrounding a mega casino will survive? How will that affect the natural process of economic and cultural improvement already occurring in these areas? Local venues are likely to see reductions in revenue because neither local nor tourist dollars are being spent in Midtown, Design District, Miami Beach or Brickell. If these bleak numbers are not enough to convince you, take it from one of the biggest proponents of gaming in the world, Steve Wynn of Wynn Resorts, who told a local businesses owner in Bridgeport, Connecticut which considered casino expansion in 1990: "there is no reason on earth for any of you to expect for more than a second that just because there are people here, they're going to run into your restaurants and stores just because we build this building here."

Casino proponents claim that 100,000 jobs will be created and that expanded gaming will generate additional revenue. This figure is widely misleading for several reasons. The figure includes a substantial amount of temporary and part-time jobs, of which most will be low paying. Moreover, the skills required to perform casino jobs are not easily transferred to other industries thereby limiting upward mobility and inhibiting

the marketability of a displaced worker during difficult economic times. It is not a coincidence that the highest unemployment rate, the highest foreclosure rate and the highest personal bankruptcy rate in the U.S. are in casino dependent Nevada. While expanding gambling produces additional revenue, it also increases social costs. In 2010 the same New Hampshire study showed one casino would raise \$219 million in state revenue but the total social cost would be \$287.7 million – a net loss of \$68.7 million. Much of the social cost will burden Miami-Dade County who will be forced to allocate limited funds to improve its transportation infrastructure, regulatory expenses, and increase public safety.

Numerous studies detail that crime rates are low shortly after a casino opens, but crime rates increase with the passage of time. Studies show that there are increases in the amount of prostitution and statistical data taken from FBI Index I crimes shows that new casinos have a direct correlation with increases in crime, including: rape, robbery, aggravated assault, burglary, larceny and automobile theft. Counties that neighbored casinos did not have corresponding reductions in crime, indicating that crime was not shifted from county to another, but rather, that casinos created new crime. It is estimated that 8.6 percent of property crime and 12.6 percent of violent crime is due to the presence of casinos in the counties observed.

Contrary to the argument posited by proponents of HB 487, it is undeniable that this is an attempt at expanding gambling. To say otherwise is wrong, preposterous, and unfortunately, an attempt to mislead a community in desperate need of economic relief. I am not opposed to competition – quite the contrary, my voting record in the House of Representatives exemplifies my credentials as a proponent of the free market. I am opposed to HB 487 on empirical data that shows Miami-Dade County as the next community that will fall victim to the expansion of gambling. We must be skeptical of the casino industry's promises because when one over promises, often times one under delivers. Let us not forget that the only certainty with casinos is that "the house" always wins.