



[HOME](#)
[NEWS](#)
[JOB BANK](#)
[NATIVE GIFTS](#)
[COMMUNITY](#)
[SUBSCRIPTIONS](#)
[ARCHIVES](#)
[CONTACT](#)

[HOME](#)
[NEWS](#)
[GAMING](#)
[CASINO INDUSTRY FACES CHANGES AFTER RECESSION](#)

CASINO INDUSTRY FACES CHANGES AFTER RECESSION

Written by ALAN SAYRE

BILOXI, Miss. (AP) – Even after the recession and credit lockdown that has plummeted the casino industry, a new approach that will feature more competition for wagering dollars and the likelihood that new projects are a thing of the past, industry leaders said Wednesday.

During the annual Southern Gaming Summit on the casino strip of the Mississippi Gulf Coast, state governments might be tempted to raise taxes – a move that will limit new investments but

“We’ve been growing our markets based on building and expansion and hiring new employees,” said president for Las Vegas-based Harrah’s Entertainment Inc. “We’re going to have to learn how to survive because the capital markets aren’t going to be there.”

New casino projects have come to a virtual halt since the economic meltdown last year, with prohibitive double digit interest rates – if it could be obtained at all. At the same time, gambling markets have shrunk from a year ago.

Industry officials said the credit situation has created a double-fold problem: companies cannot offer gambling amenities while those features are needed to attract more customers.

Chevis Swetman, chief executive of Mississippi-based Peoples Bank, said casino projects, especially in rural areas, will eventually be financed again – but with less money offered at higher interest rates.

In the meantime, there could be pressure to raise state gambling taxes. Pennsylvania, which has a 12 percent rate. Maryland, which recently approved slot machines, will get about half of the proceeds.

Although some operators will take those rates, the amount of investment put into a project in rural areas – will be limited, said Virginia McDowell, president and chief operating officer of St. Louis-based Harrah’s.

“When we look at a state, we’re going to invest where we can get the best return on our investment,”

“Gaming is a competitive business,” Swetman said. “A state that raises its gaming tax is going to lose out in attracting investment.”

Recently, Mississippi approved a law allowing tax breaks for building tourist-related attractions and casinos.

“The Legislature and the governor sent the signal that they want the gaming industry to grow again,” said gaming attorney Sam Begley.

But established casino states are likely to face more competition as other states either expand or start new casinos.

One of those established states is Louisiana, said Tim Wilmott, president and chief operating officer of National Gaming Inc. Texas is currently considering a wide-ranging gambling bill, but it has not passed.

“Eventually, something is going to happen in Texas,” Wilmott said. “Right now, you have too many people trying to do too much.”

Several officials also said additional expansion in Florida – especially by the Seminole Indian tribe to the Mississippi Gulf Coast. At the same time, Arkansas casino proposals pose a threat to the Tunica country near Memphis, Tenn.

Most agreed that Las Vegas would regain its luster – Wilmott said Penn National wants to add a gaming contingent – but the future of Atlantic City, which has been cut into by smoking bans, Penn State, New York, is questionable.

“That market is in a death spiral,” Wilmott said. “The next two to three years are going to be a struggle.” McDowell said there was a lesson from Atlantic City: By not developing non-gambling attractions, Jersey City turned itself into a “convenience gaming market” that has become exceedingly vulnerable.

USERS' COMMENTS

Average user rating

 (0 vote)

No comment posted

[Add your comment](#)

mXcomment 1.0.7 © 2007-2009 - visualclinic.fr
License Creative Commons - Some rights reserved



Copyright © 2009