

Public Safety and Security Committee JOINT FAVORABLE REPORT

Bill No.: HB-5305

AN ACT CONCERNING A REQUEST FOR PROPOSALS TO QUALIFY AN
Title: ENTITY TO DEVELOP A CASINO GAMING FACILITY IN THE STATE.

Vote Date: 3/16/2018

Vote Action: Joint Favorable Substitute

PH Date: 3/15/2018

File No.:

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SPONSORS OF BILL:

Rep. Christopher Rosario, 128th Dist.; Rep. Ezequiel Santiago, 130th Dist.; Rep. Michael A. DiMassa, 116th Dist.; Rep. Charlie L. Stallworth, 126th Dist.; Rep. Craig C. Fishbein, 90th Dist.; Rep. Ben McGorty, 122nd Dist.; Rep. Toni E. Walker, 93rd Dist.; Rep. Charles J. Ferraro, 117th Dist.; Sen. George S. Logan, 17th Dist.; Rep. Joseph P. Gresko, 121st Dist.; Rep. Philip L. Young, 120th Dist.

REASONS FOR BILL:

The intent of the original version of Raised Bill No. 5305 was to develop and implement an open and competitive Request for Proposal process for private or tribal entities to bid for a qualification to develop, manage and operate a casino gaming facility in the state; a provision was also included to repeal the authority of MMCT Venture, LLC – a joint venture by the Mashantucket Pequot and Mohegan Tribes – to operate a new casino in the state. That provision would have repealed Public Act No. 17-89, which created that authority and was passed by this body in the 2017 legislative session.

Joint Substitute Bill No. 5305 as amended, however, strikes Sections 2-10 of the original bill, maintaining the RFP provision and removing the provision that would repeal MMCT Venture's authority. This effectually preserves the right of the East Windsor casino to move forward.

RESPONSE FROM ADMINISTRATION/AGENCY:

Jepsen, George, Attorney General, State of Connecticut. The Attorney General emphasized the point that the bill does not authorize the operation of a new casino gaming facility, an in fact expressly provides that no entity selected by the Commissioners through the RFP process may operate any such facility until the General Assembly legislates such permission. Jepsen expressed his opinion that consideration of this bill is strictly a policy

matter, as it is his legal assertion that this legislation would not constitute a violation of the State's existing agreements with the Tribes because the pertinent provisions of the Compacts and associated Memoranda of Understanding speak only to laws that authorize operation of commercial casino games or video facsimiles of games of chance. In summary, Jepsen states that passage of this bill would not provide the Tribes with legal justification to cease making payments to the State and that if they were to do so, that in itself would constitute a breach of the MOUs on their part.

Smith, Catherine H., Commissioner, Connecticut Department of Economic and Community Development. The Commissioner submitted testimony pointing out that the gambling industry would not fall within the purview of DECD, and thereby requested that her agency be removed from the legislation.

NATURE AND SOURCES OF SUPPORT:

Ganim, Joseph P., Mayor, City of Bridgeport, CT. Ganim stated his support for an "open, transparent, fair" process for Connecticut to see how it can maximize casino gaming as a potential revenue earner. Ganim's opinion is that a casino in Bridgeport would create seven thousand new jobs and generate hundreds of millions in new revenue annually, and he emphasized MGM's statement that they are committed to hiring a diverse local workforce. Ganim testified that "there is no reason" that MGM and the Tribes can't work together or agree on revenue-sharing, and that Bridgeport would be a prime location for a new casino and deserves for the State to at least explore the possibility.

Harp, Toni N., Mayor, City of New Haven, CT. Harp says that supporting this bill means favoring competition and ensuring that Connecticut gets the best deal for its residents. She also put an emphasis on the need for more jobs in the New Haven and Bridgeport area, and states that the plan adopted two years ago has resulted in lawsuits and litigation instead of jobs and revenue. She also pointed out that MMCT would have the same opportunity as MGM to respond to the RFP, as would other tribes and developers. Harp said that the exclusivity agreements with the Tribes were likely a good deal in the early 1990's when they were conceived, but that times have changed, and that the plan proposed by MGM respects the synergy between Bridgeport and New Haven and the benefits it would bring residents of that part of the state.

Moore, Marilyn, State Senator, 22nd Senate District. Moore testified that an open, competitive bidding process should increase the demand in places like Bridgeport because her city has a lot to offer, and that any company interested in building a major gaming facility in Bridgeport should show their commitment by investing in Bridgeport now, not waiting for legislation to be approved. Moore also pointed out that the State should also want to protect the long-standing facilities that have generated billions for our economy over the years, and that "we don't want to trade casino jobs in Bridgeport for the 9,000 jobs that currently exist at Foxwoods and Mohegan Sun."

Ben McGorty, State Representative, 122nd Assembly District. McGorty urges support of a competitive bidding process to decide where Connecticut's first casino off tribal land should be. The people who live in the towns he represents are interested in the opportunities for jobs, small businesses and suppliers that a new casino in the area would provide. He asked how in good faith the State could turn its back on a potential investment of more than \$500

million with no taxpayer dollars required and annual payments of millions of dollars to local communities.

Candalaria, Juan, State Representative, 95th Assembly District. Candalaria said that if there's anything Connecticut needs more than its fiscal stability, it's jobs, citing the fact that Bridgeport has more unemployed people than any other city in Connecticut. He states that "last year we thought we had found the answer," but that MMCT is no closer to a construction schedule than before the legislation and that we are instead "knee-deep in litigation." He therefore urges a competitive RFP process.

Rosario, Christopher, State Representative, 128th Assembly District. As a legislator representing a city with an unemployment rate exceeding the national average and a tax base in desperate need of sustained growth, Rosario says that attracting new industries is essential; The possibility of a commercial casino that could help his city, region and the entire state merits careful consideration. The process we have now is full of missed opportunities and secrecy.

Uri Clinton, Senior Vice President and Legal Counsel, MGM Resorts International.

Clinton stated that it is best practice in this industry to facilitate a truly open, transparent and competitive process, and that this bill would open the playing field to every casino company including the Tribes. He said that this is not an "MGM bill," but a "Connecticut bill," and that it simply levels the playing field with no favorites, hand-outs, or preconceived notions. Secondly, Clinton said that this bill maintains compliance with the compacts and procedures with the Tribes, as it merely calls for best and final offers from bidders and does not entitle any bidders to a license to operate a casino. His third point was that this is a revenue bill for the State at a time when revenue is badly needed.

James, Phyllis, Executive Vice President, MGM Resorts International. James highlighted MGM's community investment and minority contractor outreach initiatives, using their MGM National Harbor property outside Washington, D.C. as an example.

DelVecchio, Karen M., Executive Director, Bridgeport Chamber of Commerce.

DelVecchia states that for the past 20 years, the State has had an agreement with the Mashantucket Pequot and Mohegan Tribes that provided slot revenue income, but now that a third casino is being planned, it's time to allow other entities to be considered.

Herbert, Micky, President and CEO, Bridgeport Regional Business Council. Herbert said that Connecticut's first commercial casino gaming license is a valuable commodity and should be treated as such by allowing MGM, the Tribes, and any other interested entities to show how much they're willing to help and how much they're willing to give. Herbert believes, after sitting down with MGM officials on several occasions, that MGM has earned the opportunity to have Connecticut consider their plan.

Washington, Diana, Vice President, Southern CT Black Chamber of Commerce.

Washington said that the State's current policy operates under a monopoly that provides the two tribes with exclusivity in return for 25 percent of slot revenue, but as times have changed so have our needs and Bridgeport "overwhelmingly supports" and understands the opportunities a casino would bring for them.

Torres, Liz, Chief Executive Director, Bridgeport Neighborhood Trust. On behalf of her organization, Torres expressed the hope that the RFP process would result in casino development in Bridgeport. In their view, this would poise the City to once again become a regional destination.

Ayala, Kevin, Economic Development Advisor, I LUV Bridgeport. Ayala asserts that no community is more poised for growth and economic development than Bridgeport, and that support for this bill would give Connecticut a unique opportunity to redefine gaming and entertainment industries and advance interest in the City of Bridgeport, which would be the likely beneficiary as MGM has proposed.

Velky, Richard, Chief, Schaghticoke Tribal Nation. Speaking on behalf of the more than 300 members of Schaghticoke Tribal Nation, Velky said his tribe has been battling for recognition, restitution and inclusion, and testified that the Schaghticoke Tribal Nation stands ready, willing and able to compete for the right to offer commercial casino gaming in southwestern Connecticut, an area which he believes would make more sense as there is five times the value there for gaming development than East Windsor.

Ryan, Aran, Director, Oxford Economics. Ryan noted that his firm was commissioned by MGM Resorts International to independently analyze potential economic impacts related to expanded commercial gaming in Connecticut. Relying on casino gaming revenue estimates prepared by Strategic Market Advisors, Ryan stated that Oxford concluded that a Bridgeport resort casino scenario would bring 27 percent more jobs and 25 percent more gaming tax revenue to Connecticut “even after the two existing casinos stop paying direct gaming tax revenue.

Landry, Matthew, Managing Director, Strategic Market Advisors. Landry testified that his firm conducted an analysis of revenue potential for a proposed casino resort in Bridgeport, Connecticut. He described his methodologies and detailed features of Bridgeport in the context of a proposed gaming location, concluding that “rather than playing defense in East Windsor, the state’s unique geography near a global center of commerce and finance should put it on offense to the benefit of all its residents.”

Jensen, Lawrence J., Former Associate Solicitor, U.S. Bureau of Indian Affairs. Jensen testified in support of the bill, making two main points; first, he claims that the State’s current no-bid statutory framework for authorizing a third casino in Connecticut is no longer viable and cannot be fixed except through legislative action, and second, that unlike that framework – which requires approval of the Department of the Interior before a third casino could operate – the competitive process laid out in this bill would not involve the Department of the Interior in any way and would create a merit-based process for operating the state’s first commercial casino, and would not jeopardize the revenue the State currently receives from the Foxwood and Mohegan Sun casinos.

Christoph, Robert Jr., Executive Vice President, RCI Group. As the developer of Steelpointe on the waterfront in Bridgeport, Christoph supports this bill, which would allow for the possibility of his company’s going ahead with their agreement with MGM to develop an entertainment destination at Steelpointe.

International Brotherhood of Electrical Workers Local Union 488. Eleven members of the IBEW Local 488 testified in strong support on the bill's competitive bidding process provision.

- Nathaniel Hall
- William Thursland
- Jose A. Collazo
- John Gwizd
- Jerome C. White
- Anthony Soter
- Stephen R. Barosci
- Chris Karpinski
- John Roman
- John Linnane
- Rory Donahue

Garrett, Mike, Chairman, Republican Party of Bridgeport. Garrett testified in his capacity as chairman of the Bridgeport Republican Party, expressing that his party stands in full support of a measure that would bring good jobs to Bridgeport. He stated that he is angry that government leaders in Connecticut are always trying to pick winners in business, leaving taxpayers on the losing end. He wonders why table game revenue has never been considered in the State's agreement with the tribes, and opines that that relationship is not a partnership, is not fair, and is not equitable.

Cooper, Jimmy Ray, Owner, Resource Services, LLC. Cooper stated that his main reason for supporting this bill is that he has seen too many times that local small minority businesses and veteran-owned microbusinesses are locked out by outsider big companies that control the big jobs. Specifically, Cooper supports the provision in this bill that addresses this by requiring that bidders "describe a process to maximize the use of local small minority business enterprises."

Hittle, Brad, Founder and CEO, Two Roads Brewing Company. Hittle commented that he sees his business as a tourist destination to Connecticut, and that the possibility of the one-million-square-foot high-end retail, casino, residential and mixed-development project proposed by MGM will become a regional attraction, and they'd love the opportunity to sell their product to MGM.

Roussas, Nick, Owner, Frankie's Diner Bridgeport. Roussas said that this legislation is a conduit to giving Bridgeport a chance to have a major resort casino, which will bring thousands of jobs to his city.

Mathis, Jordan, Apprentice, McBride Electric. McBride Electric supports the bill because they believe it will lead to jobs.

NATURE AND SOURCES OF OPPOSITION:

Osten, Cathy, State Senator, 19th Senate District;
Somers, Heather, State Senator, 18th Senate District;
Formica, Paul, State Senator, 20th Senate District;

Ryan, Kevin, State Representative, 139th Assembly District; and Riley, Emmett, State Representative, 46th Assembly District. While the legislators spoke in opposition to the bill, they were notably mostly opposed to the bill as originally drafted, which included a provision that repealed the authority of MMCT Venture, LLC – a joint venture of the Mohegan and Mashantucket Pequot Tribes – to operate a gaming facility in the state. They expressed their collective opinion that the agreement between the State and the Tribes in regard to the Tribes’ joint venture will benefit the entire state and should be maintained. The final language in Joint Substitute Bill No. 5305 does allow the joint Tribal venture to proceed.

Hwang, Tony, State Senator, 28th Senate District, and Steele, Robert, Member, Coalition Against Casino Expansion in Connecticut. Senator Hwang testified with former Member of Congress Robert Steele, who was representing the Coalition Against Casino Expansion in Connecticut. Steele questioned the revenue and job projections touted by the state’s casino tribes and MGM, citing rapidly increasing competition from out-of-state casinos and other forms of gambling. What’s more, according to Steele, the studies commissioned by the casinos largely ignore the heavy social and economic costs of gambling. Steele cites independent studies that conclude, respectively, that rates of gambling addiction more than double within 10 miles of a casino, that the number of violent crimes increased in towns surrounding Mohegan Sun and Foxwoods after the casinos opened, that 35-50 percent of casino gambling revenue comes from pathological/problem gamblers, and that casinos are poor economic multipliers. Also cited was a report from the Institute for American Values which asserts that today’s casinos drain community wealth, hurt nearby businesses, reduce property values and rates of volunteerism, and denigrate family stability.

Mushinsky, Mary, State Representative, 85th Assembly District. Mushinsky pointed out that she is one of only a few current legislators who were present during the original negotiations and approval of the Tribal Compacts in the early 1990’s, and that at the time, she was co-chair of the Environment Committee, which had oversight over the Tribes because they were included with deer, trout, and other members of the Connecticut forest environment. Before those agreements, the Tribes were living in poverty and “barely alive.” Yet she states that federal recognition and the casino agreements allowed them to reassemble their ancestral lands and prosper, noting that both sides have honored their agreement for the past 25 years. Mushinsky also notes that in the severe recession of the early 1990’s, 20,000 workers were laid off and the State had no idea how it would support those families, but the casinos opened and hired those 20,000 workers. According to Mushinsky, if Bridgeport or New Haven or any other town moves to open a new casino, it should be a tribal casino, as it is a matter of ethics.

Maynard, Bob, First Selectman, Town of East Windsor. Maynard expressed his excitement at partnering with the Tribes to bring their new casino to his town, and emphasized the fact that the people of Connecticut – and not outside entities – will be the ones we need to rely upon to rebuild the state.

Bunnel, Chuck, Chief of Staff, Mohegan Tribe. Bunnel focused his testimony on the specific wording of the MOU of the exclusivity agreement between Mohegan and the State, highlighting the section that states that “...so long as no change in State law is enacted to permit the operating of video facsimiles or other commercial casino games by any other person, the Tribe will contribute to the State a sum equal to twenty-five percent of gross

operating revenues of video facsimile games operated by the Tribe...” Per those agreements, Bunnel maintains, the Mashantucket Pequot and Mohegan Tribes hold the sole right to operate casino gaming facilities in Connecticut. He emphasized that these long-standing agreements have been held sacred during good times and bad by multiple legislatures, Governors, Attorneys General, and Tribal leaders, and should not be “simply thrown out so a Las Vegas casino operator” can protect their interests.

Potter, Lori, Director of Communications, Mashantucket Pequot Tribal Nation. Potter said that it is ironic that this bill is being debated on the 25th anniversary of the Tribes’ slot revenue agreement with Connecticut, which has brought in over \$7 billion in revenue and which the Tribes have never wavered on. She also stated that MGM’s primary interest in Connecticut is its own financial gain, and that by MGM’s own admission, their Springfield casino will attack Connecticut jobs and revenue. Potter noted that while she’s heard a lot of sentiments of doubt regarding whether the Tribes’ joint East Windsor venture will ever open, the same doubts were posed about Foxwoods. To the Tribes, Foxwoods and Mohegan Sun are more than businesses – they represent economic stability for the tribal members but also for 12,000 employees and small business vendors. Finally, Potter pointed out that if this bill were to pass, it would mean that state lawmakers are choosing to work with an international corporation driven by a sole interest in its bottom line rather than the two Tribes which have been in Connecticut for over 350 years and have maintained an historic 25-year partnership with the people of Connecticut.

Coalition Against Casino Expansion in Connecticut. Twenty-six members of CACE submitted testimony on behalf of their Coalition, which states that they are a group of fourteen faith-based communities and organizations representing over a million people in Connecticut spanning a broad range of conservative and progressive viewpoints and joining together to oppose the legalization of off-reservation casino gambling in a nonpartisan alliance. The group states a vehement opposition to the expansion of casino gambling in the state. The group submitted for the record a published report from the Council on Casinos in cooperation with the Institute for American Values titled *Why Casinos Matter: Thirty-One Evidence-Based Propositions from the Health and Social Sciences*, and another by Baylor University titled *The Hidden Social Costs of Gambling*. Individual testimony from Coalition members included:

- Michelle Mudrick, Legislative Advocate, CT Conference of United Church of Christ
- Rabbi James Prosnit, Senior Rabbi, Congregation B’nai Israel
- Frank J. Caggiano, Bishop, Diocese of Bridgeport
- Rev. Kent J. Siladi, Conference Minister, United Church of Christ
- Rev. Sara D. Smith, Esq., Chairperson, Council of Churches of Greater Bridgeport
- Rev. Kristen Provost Switzer, Pastor, Newtown Congregational Church
- Karen E. Ziel, Minister, Faith Formation and Leadership
- Christina Bennet, Communications Director, Family Institute of Connecticut
- Deborah Kirk, Director of Youth Ministries, United Church of Christ
- Pamela Arifian, Director, UCC Northeast Environmental Justice Center
- Karen Caffrey, Licensed Professional Counselor, Manchester, CT
- Rev. Jennifer Gingras, Monroe, CT
- Rev. Christopher P. Leighton, Bridgeport, CT
- Rev. Shannon Wall, Woodbury, CT
- Rev. Dr. Rochelle A. Stackhouse, Hamden, CT

- Rev. Susan Page Townsley, Norwalk, CT
- Margaret West, Easton, CT
- Lori Suzik, Broad Brook, CT
- Ellie Angerame, Bridgeport, CT
- Debra Mastroni-Kenyon, Bridgeport, CT
- John A. Dunn, Windsor, CT
- John M. Armstrong, Madison, CT
- Patrick Thibodeau, Enfield, CT

Employees of Foxwoods and Mohegan Sun. Four casino employees, including a member of the UAW Local 2121 Union and a member of the SMART Local 40 Union, contributed personal stories highlighting why the original version of the bill as drafted would be devastating to their jobs and personal circumstances. The provision they objected to, which was a repeal of the authority of Foxwoods and Mohegan Sun to operate a joint venture in East Windsor, was removed from the substitute version of the bill.

Toner, Joseph, President, Greater Hartford-New Britain Building & Construction Trades Council; Venne, Richard W., President & CEO, Viability; Terris, Ed, President, Copy Cats Printing & Copying. These local businesses asserted that the provision of the original bill that would prevent the East Windsor casino from opening would cost the building trade 2,300 good jobs. That provision, however, was removed from the final version of the bill.

Reported by: Joanna M. Heath, Assistant Clerk Date: 3/28/2018