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Casino Firms May Sit Out Public Debate

By [ALEXANDRA BERZON](#) And [LAURA NAHMIAS](#)

Several major casino companies said they probably won't financially support an advocacy campaign for a public referendum on gambling in New York, a potential blow to Gov. [Andrew Cuomo](#)'s plan to expand casino gambling across the state.

National gambling firms were intensely interested in opening a casino in New York City, but Mr. Cuomo surprised them last week when he said the first new gambling establishments would be limited to three unnamed upstate locations. The locations would likely be in the Catskills, the area north of the Adirondacks and central New York.

Las Vegas and regional gambling executives said areas outside the city aren't as appealing as gambling locations. They said they would likely remain on the sidelines during the public debate over the referendum unless they knew their company would likely benefit.

"Our conclusion was that we couldn't influence the process," said Tim Wilmott, chief operating officer for [Penn National Gaming Inc.](#), a regional casino company that has heavily funded campaigns both for and against casinos in some other states. "It's one that's just too unpredictable."

Executives for [MGM Resorts International](#) and [Caesars Entertainment](#) Corp. also said that they expected big casino companies to sit out the political process as long as the potential beneficiaries remain vague. Executives for [Las Vegas Sands](#) Corp. have said that the company, which operates big resorts in Las Vegas and in Asia, was interested only in a casino in New York City.

Their decision comes as political support builds to send the question of allowing casino gambling to the public for a vote in November. The Legislature is expected this year to easily pass an amendment to the state constitution approving seven unnamed locations for table games and other casino-style gambling. The first phase would be limited to three, Mr. Cuomo said last week.

The ballot question is expected to be met by a well-financed opposition that includes Indian tribes who see new casinos as threats to their gambling halls. Without financial support for an advertising and political campaign in favor of the amendment, its chances of passing could be murkier. In other states such as Maryland and Ohio, casino interests were the primary financial backers of new laws allowing or expanding gambling. Those ballot questions were written in a way that would likely benefit certain companies. New York has left its amendment vaguer.

"It's risk capital," said Alan Feldman, who leads government relations for MGM. "If it were more specific, and we believed there were opportunities and we did the polling and the polling was strong, it could be a matter of putting in money."

Mr. Feldman said the company would be less interested in casinos outside of New York City but would likely still study the possibility of building a less expensive development in New York, depending on how the plan shapes up.

Another Las Vegas casino executive involved in the New York discussions said: "They are going to be looking to the gaming industry to fund the referendum...How are you going to put \$80 million against a referendum where you're really not sure where it's going to go?"

Although Mr. Cuomo didn't rule out a city casino in the future, he has begun framing casino gambling as a way to jump-start the flagging upstate economy.

"Nobody wants to be in the Catskills," the Las Vegas executive said. "I think what happened is the governor thought that this plan is what he could get through."

Matt Wing, a spokesman for Mr. Cuomo, a Democrat, said: "The governor is proposing a casino gaming plan that will help create jobs upstate where they are needed most and delivers new resources for education and savings for taxpayers...we are confident this is the right plan for the state's economy and for gaming."

Under Mr. Cuomo's plan, 90% of casino tax revenue would go to education and 10% to lowering property taxes.

Las Vegas casino executives have discussed gambling with Cuomo aides since the beginning of 2012. One Caesars official was in Albany the day of the governor's state of the state address last week, for example. They said they suspected that a city casino may be untenable.

It doesn't have support in the Legislature, where Assembly Speaker Sheldon Silver remains opposed. "I don't think that people should be able to go out for lunch and lose a month's pay," he said. Complicating matters are the state's other gambling interests. Indian tribes in western and central New York oppose competitors, while race tracks that run video terminals similar to slot machines also want the right to operate full casinos.

"I don't think I ever believed a Manhattan casino was going to be something that would happen," said Jan Jones, a senior Caesars executive in charge of government relations.

A senior Cuomo administration official said Nevada casino companies are talking to the governor's aides about locating casinos upstate anyway.

Racinos and Indian tribes wouldn't say whether they would fund advertising for or against the amendment. A spokesman for the Oneida Indian Nation, which owns and operates Turning Stone Casino in Central New York, said communities should "be given assurances that they will have a voice in this process and that the state will not impose a gaming framework that will burden community resources and conflict with existing economic development."

Even without backing from the casino industry, the public referendum could be approved, especially if Mr. Cuomo spends some political capital on advocating for it. His approval ratings are consistently above 70%.

Michael Tobman of New Yorkers for Local Approval of Casinos, a group funded in part by the Oneidas, called Mr. Cuomo's upstate casino plan "smart politics but very cynical."

He said it removes the most controversial part of the amendment for city voters, who could make up the bulk of the electorate in November because of the mayoral race. Casinos could still come to the city under the amendment expected to pass the Legislature.

Mr. Wing responded: "Every year special-interest groups speak out against parts of the governor's agenda that put the people's interest ahead of their own."

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