

County Looks to Build Economy on Tribe's Casino

By Patricia Kirk

A STRONG NEW YORK CITY economy is pumping up Indian gaming interests in Connecticut. Now Sullivan County, N. Y., is hoping for a piece of the action to bring tourism back to the Catskills.

The St. Regis Mohawks' application for a gaming facility there got a "thumbs up" from the Eastern regional office of the Bureau of Indian Affairs (BIA). However, the application was rejected by the central BIA Indian Gaming Office due to a number of errors and the process is currently on hold, according to Rex Hackler, that office's public affairs officer.

One issue is that the Mohawks want to build their casino on non-Indian land, which has only been allowed once before, notes Hackler.

The plan involves a partnership with Catskill Development, which owns the Monticello Raceway where the Mohawks plan to locate their \$500 million casino.

Another issue is whether or not New York's governor, George Pataki, will give the plan his blessing, even if the BIA approves of it.

Since New Yorkers spend about \$2 billion annually gambling in other states, Pataki has been supportive of the Mohawks' proposal because he would like to help Sullivan County's depressed economy. However, an anti-gambling coalition last year managed to block a bill authorizing gaming casinos in Buffalo, Niagara Falls and the Adirondak area as well as the Catskills.

The bill's opposition reportedly was endorsed by New York City Mayor Rudolph Giuliani — largely because it ignored his city — and Donald Trump, who hoped to protect his gambling interests in Atlantic City.

Despite the flack, Pataki expressed disappointment about the measure's failure. While the issue is likely to come up again in the state legislature, the measure's defeat has injected new life into American Indians' push for introducing a full-scale tribal gaming program to the state. Currently the state's only casino is the Oneida Nation's Turning Stone, which is located just outside of Syracuse.

According to a recent report in the "Casino Journal," tribes quickly met with Pataki aides following the vote to work out details of a compact that would be agreeable to the governor and tribes, while not offending legislators or voters. Pataki has indicated that he would entertain a discussion

of a deal with the Mohawks that would allocate a portion of casino revenues to the state.

The question still remains though as to whether or not New York City's gambling appetite can support yet another casino. Besides Atlantic City casinos, New Yorkers currently support Indian gaming facilities in Connecticut, the Mohegan Sun Resort in Uncasville, which is planning a \$750 million expansion project, and the Pequot's Foxwoods Resort Casino in Ledyard, the largest casino in the world. All three of these gambling opportunities lie a similar distance from the city as the proposed Catskills' casino.

Todd Gray, vice president and senior analyst at Moody's Investors Service says that a casino in the Catskills probably would not have much of an impact on Atlantic City.

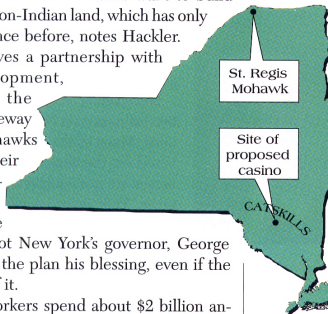
"The proof is in what happened when the casinos opened in Connecticut," he said, noting that by then, gambling revenues in Atlantic City had leveled off and since have remained steady.

"The market is obviously strong enough, level of income high enough [in New York City] to support both."

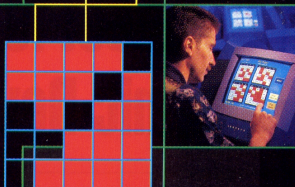
Helen Gregger, an assistant vice president on Moody's Public Finance side, agrees that gaming may, indeed, help the Catskills' tourist economy to rebound. However, she notes that in analyses for bond ratings, Moody's looks at overall economic strength, including what is taxable and employment trends, and casinos are sometimes "too little, too late."

"People place a lot of hopes and dreams in getting a casino," she said. "Counties tell us, everything will be fine, we're getting gaming." However, she said that Moody's looks at the effects of saturation potential, such as, would the Oneidas' be doing as well if a casino opens in Niagara Falls?

"Impact of revenue in a tourist economy is not as strong as in counties with industries," Gregger adds, noting that the effects of gaming on an economy are minimal in driving a county's ratings. "Employers that really drive ratings are the IBMs and Saturns," she said. □



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