

Citizen groups challenge alliance of political establishment and gambling industry

A year ago, Philadelphians were told that two 3,000-machine slot parlors were a “done deal.” But a grassroots movement opposed to casinos in Philadelphia is shaking up the alliance between the Pennsylvania political establishment and the gambling industry. The tide is turning.

Casino-Free Philadelphia – a group of neighborhood associations, small businesses, religious groups, and unions – is fighting the plans for two slots parlors in Philadelphia in order to save the city’s neighborhoods and its history-rich character. They find themselves facing off against Governor Ed Rendell, the recently indicted state Senator Vince Fumo, a list of powerful allies and two casino operators with their massive staffs and financial resources. The political establishment and the gambling industry are closely intertwined. For example, the chairman of the state-appointed regulatory Pennsylvania Gaming Control Board (PGCB), Tad Decker, was a lawyer for the law firm representing Sugarhouse casino.

Foxwoods and Sugarhouse have received gambling licenses for slots parlors on the Delaware River from the PGCB, which was set up by Act 71, the original gaming act passed as a last-minute rider during a mid-night, July 4, 2004-weekend session of the state legislature. Five lawsuits have been launched from Philadelphia community groups and one rejected casino applicant (Riverwalk) to oppose the decisions of the PGCB. They are still pending.

In the latest chapter, Casino-Free Philadelphia collected 27,000 signatures in the first citizen-initiated referendum in 30 years in Philadelphia. Sugarhouse, backed up by one of the city’s most powerful law firms, whose principals also are investors in Sugarhouse, challenged the petitions and succeeded in getting them invalidated in a court proceeding widely considered a sham. But the City Council upheld the citizen-initiated referendum by voting unanimously (17-0) to place the referendum on the May 15 primary ballot. Thus the voters may be the first in Pennsylvania to get a chance to vote on whether casinos should be placed within 1,500 feet of residential neighborhoods, schools and houses of worship.

Opponents consider the two sites very egregious. The International Longshoremen Association challenged the notion that slots would bring “jobs and revenue” to the city, pointing out that the sites block port expansion to the north, which would prevent the creation of 130,000 new jobs from needed and timely port expansion. In contrast, each casino would only bring in around 1,000 new permanent, and relatively low-paying jobs.

Opponents of the two slots parlors charge that the two riverfront projects would freeze already clogged roadways and increase crime and gambling addiction in the city. Residents who live as close as 100 feet to the slots parlors worry about the impact of free, 24/7, unlimited drinks -- a special perk added to the mix during a late-night lame-duck legislative session. Further they challenge the original argument for casinos – tax cuts – as exaggerated; studies show that social costs can exceed expected revenue from gambling.¹

To escalate the campaign, 15 civic associations along the riverfront have refused to engage in negotiations with the casino operators. Bowing to public outrage, the legislature rescinded a section of Act 71 that permitted legislators to own up to one percent of a slots parlor. The state Supreme Court threw out another section that outlawed Philadelphia’s power to exercise zoning control over the slots.

The stakes are high – billions of dollars and the future of the nation’s fifth largest city. The powerful casino industry claims it’s a done deal that the state has decided. But a survey conducted for Casino-Free Philadelphia revealed that more than 75% of city residents oppose casinos near their homes. The Pennsylvania Gaming Control Board has promised to challenge the legality of the referendum. But the new state legislature has just passed legislative reform, outlawing the practices that resulted in Act 71. The ground is shifting.

¹ For example, Prof. Earl Grinols, of Baylor University, an expert in the area, says for every \$1 in revenue, social costs for things like crime, suicide, family services and bankruptcy, can cost \$2.53.