

UNITEHERE!

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September 17, 2023

Dear Members of the Senate and House Democratic Caucuses,

UNITE HERE **opposes** the casino proposal made public yesterday after weeks of press reports of closed-door negotiations between Senate and House Republican leadership. We urge a no vote on any appropriations bill or other standalone bill containing this proposal.

The proposed language would create a selection process heavily biased towards Cordish.

1. **Sec. 143-437.02C (c)(5) “The business demonstrates at least 10 years of experience in developing and operating mixed-use, non-gaming real estate projects.”**

Among the major casino operators, only Cordish can meet this requirement. Cordish is unique in the industry because its portfolio is primarily non-gaming real estate projects, including office buildings and residential buildings.¹ In a 2022 interview, David Cordish described the history of his company by saying:

“What we were until the late ‘90s was a real-estate development company. And we developed from the ground up, over that time, about 85 million square feet having nothing to do with casinos. Our specialty was mixed-use development, some of the residential and hotels and office and everything else... Whether it’s a restaurant, or a bar, or a live musical venue, over the decades, we now have over 200 venues, and we call those ‘LIVE! Entertainment Districts.’”²

Cordish currently operates only three casinos, located in Maryland and Pennsylvania.

It is common for gaming companies to develop and operate casino properties with substantial non-gaming amenities. Those often include hotels, retail, restaurants, and performance venues. However, gaming companies do not typically develop or operate office space, residential space, or developments that could be described as “mixed-use” non-gaming real estate projects without casinos. For example, in 2022, MGM Resorts International operated 17 resort properties in the US, all of which included casino gaming.³ MGM’s CityCenter development on the Las Vegas Strip, which included office and residential space, also includes casino gaming at ARIA, making it unlikely to be considered a “mixed-use, non-gaming real estate project.” In 2022, Caesars Entertainment operated or managed 50 casino properties in the US.⁴ Its non-gaming offerings are typically within or adjacent to its casinos, such as its Las Vegas convention center. Caesars does not typically develop or operate “mixed-use” projects with office and residential space, with the exception of a joint venture with Cordish adjacent to a Caesars casino in Florida.⁵ In 2022, Bally’s Corporation operated 15 casinos and one horse racetrack and no office or residential real estate.⁶ Bally’s was recently selected by the City of Chicago to develop a major \$1.7 billion casino project with a projected 3,000 construction jobs and 3,000 permanent jobs after a competitive, open bidding process.⁷ Under this proposal, Bally’s and other leaders of the casino industry would be disqualified from even applying.

Most importantly, because the Rural Tourism Incentive Program is intended to support only the development of mixed-use projects that include gaming, requiring experience with mixed use, non-gaming projects serves no purpose and artificially reduces competition.

2. **Sec. 143-437.02C(e)(4) “The business’s control of real property comprising each proposed district.”**

We now know that Cordish has been in the process of buying land in North Carolina since at least May 2022, using legal entities that obscured the intended use of the land for casino development.⁸ Using this standard to prioritize applications would likely give Cordish an unfair advantage, particularly when combined with the extremely short timeline for proposals described below.

3. **Sec. 143-437.02C(f) sets a timeline to begin accepting proposals “no later than December 1, 2023” and to accept proposals for only 60 days.**

This is an unfairly quick timeline for other businesses to create a proposal to compete. There would be less than three months between the enactment of the legislation and the beginning of the submission period. This would create an obstacle to competition, when it would be in the State of North Carolina’s interest to promote fair competition among the broadest number of applicants possible.

4. **Sec. 143-437.02C(d) would allow a business to “propose multiple districts” and does not limit the number of the districts that a single business could be awarded.**

This proposal allows the possibility of a single company being awarded a monopoly over three potential casinos. A competitive marketplace would increase the economic impacts of investment and job creation. State law should limit any single company to operating one commercial casino.

5. **Sec. 14-292.4 would give the Lumbee Tribe a right to a Rural Tourism District if it requested one, and Sec. 143-437.02C(b)(6)(f) would prohibit any entity other than the Lumbee Tribe (or a gaming company in partnership with it) from developing a casino in eight counties.**

Together, these two provisions would further limit competition for casino projects, and would preclude projects in Bladen, Brunswick, Columbus, Hoke, New Hanover, Richmond, Robeson, and Scotland counties from competing. Section 14-292.4 would entitle a gaming company aligned with the Lumbee Tribe to a casino district, regardless of the merits of that company’s proposal. Section 14-292.4(b) says that for a Lumbee Tribe sponsored project “the eligible location, employment and investment requirements, and application and proposal submission fees . . . shall not apply.”

We believe that all gaming companies, including those associated with the Lumbee Tribe and with other North Carolina tribes, should compete on an even playing field under the Rural Tourism Incentive Program.

6. **Sec. 143B-437.02C(c)-(g) gives the Secretary of Administration essentially unfettered discretion to select casino projects.**

Under these provisions, the Secretary of Administration, alone, evaluates projects and makes a “binding recommendation” to the Secretary of Commerce to enter into an agreement with that gaming company. In making this “binding recommendation” the Secretary of Administration is guided by broad criteria (“which proposals . . . will maximize the reasonably anticipated benefits to the State”). A proposer’s only recourse if its project is rejected is an expedited appeal to the State Purchasing Officer, who may only overturn the Secretary of Administration’s decision if it is “arbitrary, capricious, or an abuse of discretion.”

We do not believe that the largely unreviewable authority to decide on so critical an issue should be vested solely with the Secretary of Administration.

7. The proposal does not require referendum votes.

When local residents have the right to vote in a referendum election to allow or disallow casino gaming, casino operators have a greater incentive offer proposals that will serve the needs of the community. That creates an incentive for proposing high levels of job creation and offering jobs with family supporting wages and benefits. State law should require local referendum votes, like Virginia requires at the municipal level and Louisiana requires at the Parish level.

We believe casino legislation should be created through the normal legislative process, with public hearings and opportunities for input from all stakeholders including organized labor. There should also be a commission to study the key policy issues including the locations and number of commercial casino licenses, employment requirements, investment requirements, wage requirements, tax rates, regulatory structure, and responsible mitigation of gambling addiction.

Sincerely,

William Voltz, Chapter President
UNITE HERE Local 23, Charlotte

Michael Hachey, Gaming Industry Research Director
UNITE HERE International Union

¹ Cordish Companies, “Portfolio,” <https://www.cordish.com/portfolio>

² Global Gaming Business Magazine, July 17, 2022, David Cordish Interview, <https://ggbmagazine.com/article/david-cordish/>

³ MGM Resorts International, 2022 Annual Report, <https://www.sec.gov/ix?doc=/Archives/edgar/data/789570/000078957023000008/mgm-20221231.htm>, see p. 28

⁴ Caesars Entertainment, 2022 Annual Report, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1590895/000159089523000070/czr-20221231.htm>, see pp. 28-9

⁵ Cordish Companies, May 4, 2023, “The Cordish Companies and Caesars Entertainment Unveil Details for Major Pompano Beach Mixed-Use Development – The Pomp” <https://www.prnewswire.com/news-releases/the-cordish-companies-and-caesars-entertainment-unveil-details-for-major-pompano-beach-mixed-use-development--the-pomp-301816490.html>

⁶ Bally’s Corporation, 2022 Annual Report, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1747079/000174707923000031/baly-20221231.htm>, see p. 5

⁷ City of Chicago Office of the Mayor, May 5, 2022, “Mayor Lori E. Lightfoot Announces Bally’s at Tribune Publishing Center as Selected Proposal for Chicago’s Sole Casino License,”

https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2022/may/BallysCasinoLicense.html

⁸ *The News & Observer*, September 13, 2023, “‘Our neighborhood deserves better’: Man regrets deal after learning land may host casino,” <https://www.newsobserver.com/news/politics-government/article279100409.html>