

***ATLANTIC CITY CASINOS
GO SMOKEFREE FOR ONE MONTH:
WHAT WENT RIGHT, WHAT WENT WRONG***



***American Public Health Association
November 10, 2009 Philadelphia, PA***

Presenter: Karen Blumenfeld, Esq.
Executive Director
Global Advisors on Smokefree Policy

Karen.Blumenfeld@verizon.net

(908) 377-3900

7 Cedar Street, Suite A, Summit, NJ 07901

For downloadable information on smokefree casinos, go to www.njgasp.org and click on *Smokefree Gaming*.

Important:

Please read Disclosures and Disclaimers that apply to this presentation (see end slides). This presentation is not to be construed as legal advice.

Background

- **Casinos play an important role in a state's economy** – generate massive revenues for business and government.
- **State taxes on casino revenues** range from:
 - 6.75% in Nevada
 - 8% + 1.25% in NJ
 - Up to 50+% in Pennsylvania, Delaware, Florida, Illinois, Maine and New York.

<http://www.americangaming.org/Industry/state/statistics.cfm>

Why Smokefree Gaming Venues?

- **Health: workplaces / public accommodation**
 - Need to protect workers/patrons from secondhand smoke, a known Class A carcinogen, per EPA and California EPA, NIOSH, Surgeon General, WHO reports.
- **Legal: safe workplace / public place free of hazardous conditions**, for workers/patrons:
 - Comply with federal/state state labor laws.
 - Comply with federal/state disability and discrimination laws.

Why Smokefree Gaming Venues?

- **Economics:**

- **Business needs met:** actual revenues not decreased (contrary to industry predictions).

- Atlantic City casinos' 20% downturn when PA slots opened; not due to local AC ordinance that still allows smoking on gaming floors.
 - Delaware and NY smokefree, with top revenues.

- **Patron needs met:**

- **80% of the U.S. adult population are nonsmokers**
 - 70% of 20% who smoke want to quit.

- **Government: reduce healthcare costs**

- \$1 spent on smokefree programs saves \$3 in health care costs; sensible public health promotion policy. 5

24 U.S. states mandate 100% smokefree gaming venues (nontribal):

Arizona

California

Colorado

Delaware

District of Columbia

Florida

Hawaii

Idaho

Illinois

Maine

Maryland

Massachusetts

Minnesota

Montana

Nebraska

New York

North Carolina

Ohio

Oregon

South Dakota (pending)

Utah

Vermont

Washington State

Wisconsin

- Types of gaming permitted by each state vary:
 - smokefree casinos
 - bingo
 - racetracks
 - racinos (racetracks with slots)
 - video slots/poker
 - keno
 - card clubs, etc.
- 18 International jurisdictions mandate 100% smokefree gaming venues. For complete list of smokefree gaming jurisdictions, go to www.njgasp.org (USA and global).

Voluntarily smokefree gaming venues:

- Most U.S. poker rooms 100% smokefree voluntarily.
- Tribal casinos:
 - 7 North American tribal casinos are 100% smokefree voluntarily: 4 in USA, 3 in Canada.
 - 2 U.S. nontribal casinos are voluntarily 100% smokefree:
 - Fernley Nugget, Fernley, NV(opened 11/08)
 - Bill's Casino, Lake Tahoe, NV (Harrah's)

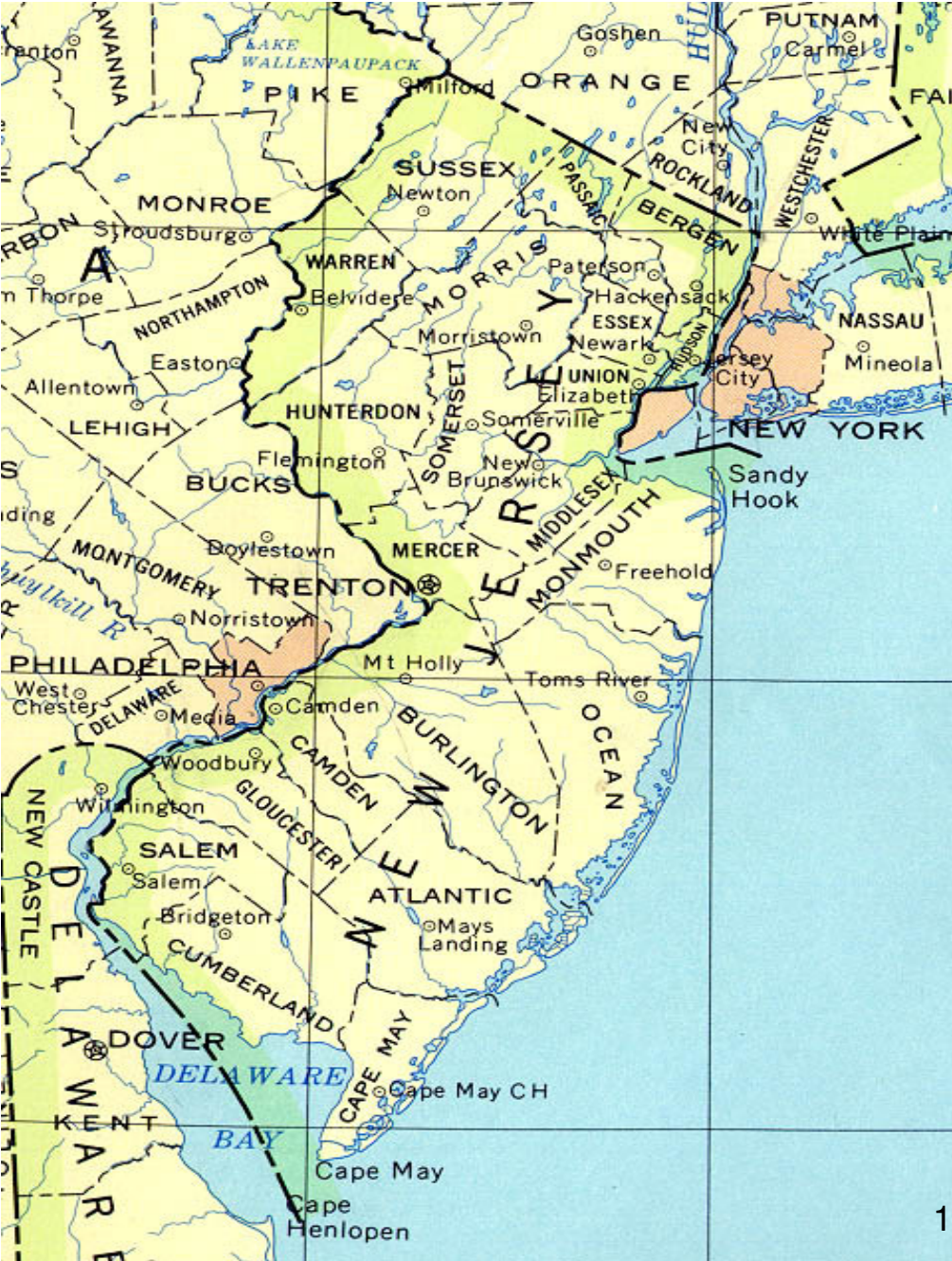
Bills requiring smokefree gaming venues introduced in seven states:

- Indiana
- Louisiana
- Michigan
- Missouri
- New Jersey
- Pennsylvania
- Texas

States with gaming exemptions in their smokefree air laws...

- Iowa (sf simulcast facilities, but smoking allowed on casino floors)
- Nevada (sf if location has less than 16 slot machines, but smoking allowed on casino floors, and certain trade conventions due to new amendment)
- New Jersey (sf bingo and OTB, but smoking allowed on up to 25% of gaming floors)
- North Dakota (exempts certain bars)
- Pennsylvania (sf bingo, but smoking allowed on up to 25% on gaming floors, and up to 50% with waiver)
- Rhode Island (% of gaming floors smoking permitted)
- Tennessee (smoking permitted if age 21 or older required)

Atlantic City, NJ



Casinos in Atlantic City since 1976.
Currently 11 Atlantic City casinos.



Atlantic City History

- Started as a seaside family destination on Atlantic Ocean.
- Incorporated in 1854.
- World's first oceanside amusement pier in 1882; Steel pier still in operation.
- World's longest boardwalk over 5 miles.
- Early 1900's seaside destination – historic hotels built.
- Miss America Pageant originated: 1920's – 2004.
- Boardwalk famous: Mr. Peanut, originated salt water taffy.
- Late 1960's/early 1970's- losing tourist popularity.
- NJ voter referendum legalized gambling in Atlantic City in 1976; now 11 casinos.
- 1 hour from Philadelphia, 2.5 hours from NYC.

1st Miss America – Margaret Gorman from DC



1960s Atlantic City



Diving Horse at Steel Pier



Atlantic City Today

- **3rd largest revenue generating gaming destination in world** (#1 Macau, #2 Las Vegas)
- Resort destination: beach, gambling, restaurants, nightlife, etc.
- **Class 3 gaming**: tables games with dealers, slots, simulcast, etc.
- **11 casinos in Atlantic City**, located on the boardwalk (8), and on marina (3):
 - **3 Harrah's properties**: Caesars, Bally's (Wild West, Claridge), Showboat, Harrah's Marina
 - **Boyd/MGM**: The Borgata
 - **Trump**: Taj Mahal, Trump Plaza, Trump Marina
 - **2 Colony Capital properties**: Hilton, Resorts
 - **Tropicana**

Atlantic City, NJ









The Pier at Caesars – Shopping/Dining



Atlantic City Boardwalk



Winter afternoon in Atlantic City



Atlantic City Paradox

- AC promotes healthful lifestyle and family destination: clean ocean air, beaches, bike-riding on boardwalk, volleyball.
- 100% smokefree restaurants, bars, entertainment and clubs are popular.
- Smokefree poker rooms for almost a decade are very successful.
- Survey data that nonsmokers spend more than smokers in AC, nonsmoking environment more important than gambling.
- **ANOMALY: casino gaming floors smoke-filled; cater to small percentage of gamblers**₂₅

Atlantic City's smokefree casinos story: A rollercoaster ride

2005: casino industry lobbied state legislature. Result: **state exempted gaming floors in 2006 NJ Smokefree Air Act**, yet Act requires bingo and OTB to be 100% smokefree.

Fall 2006: casino dealers and NJ tobacco control advocates lobby **Atlantic City Council** to pass local ordinance banning smoking on gaming floors. Result: Initial vote is 100% ban, but **watered down** in closed door meetings from casino influence plus Local 54 union (mostly represent workers off of the gaming floor in smokefree environments).

Winter 2007: **local ordinance** enacted that limits smoking on gaming floors on **up to 25%** of gaming floor space. **Lack of enforcement**, smoking witnessed on gaming floors, etc.

Spring 2007: casino dealers and advocates lobby statehouse to eliminate exemption. **Senate passes bill** – vote is unanimous 35-0; **dies in House**.

June 2007: City Council passes **resolution** urging NJ statehouse to eliminate exemption for gaming floors.

Winter 2008: casino workers, NJ tobacco control advocates and UAW (new union in AC, represents some casino dealers/slot techs) for 100% smokefree casinos; **lobby the City Council. State Senate bill re-introduced**.

April 2008: City Council **passes smokefree casino ordinance, but allows casinos to build separately enclosed and ventilated smoking lounges** on gaming floor (no gaming, cocktail service/food), **to take effect on October 15, 2008**. Casino industry not too vocal.

Summer/Fall 2008: Almost all casinos build separately enclosed/ventilated smoking lounges

October 8, 2008: **Casino industry complains** about impending ordinance; convince majority of City Council to amend ordinance, to bring back smoking to gaming floors; **1st reading the rollback passes.**

October 15, 2008: **Casinos go smokefree, except for smoking lounges.** Dealers report **no problems** with transition to 100% smokefree; report tokes/tips are high during smokefree month.

October 27, 2008: **City Council amends ordinance** to allowing smoking on up to 25% of gaming floors.

November 16, 2008: Rollback takes effect on November 16, 2008; smoking returns to up to 25% of gaming floors. Workers complain about SHS exposure, not being accommodated for health reasons, lack of enforcement, etc.

Late 2008: **Casinos monthly revenue are better for 1 month during smokefree**, compared with prior/subsequent months.

Winter 2009: **City Council passes resolution** encouraging State legislature to amend NJSFAA to eliminate smoking exemption on gaming floors, **citing January 2009 NCLGS resolution** that calls for 100% smokefree gaming venues.

March 2009: **Senate Health Committee holds hearing** on smokefree casinos; no vote taken.

October 27, 2009: **Atlantic City's City Council beings annual review**, to determine if keep 25% or revert to smokefree. Some new City Council members elected on November 3, who take office in January 2010.

Balance of 2009: **During lame duck legislative session**, need Senate Health Committee to post for a vote; same for Assembly Health Committee, and then full votes by Senate and Assembly, and Governor to sign.

January 2010: **Revisit with new City Council, and State.**

Current Status: AC casinos are unhealthy

- **Smoking permitted on up to 25%** of the gaming floor, exposing workers and patrons.
- **Limited enforcement by casinos:** smoking in nonsmoking gaming floors, nongaming areas.
- **Ashtrays** in nonsmoking areas.
- **Not enforcing rule that only permitted to smoke while playing.** If enforced by dealer, may face **retaliation** from management.
- **Dealers not permitted to wave smoke away** when smoker blows smoke at them; can be written up.

- **Ignored doctors' notes from workers** with medical conditions that require smokefree workplaces, routinely ignored; workers not placed at nonsmoking table.
 - *Includes pregnant workers, workers with COPD, heart and lung conditions.*
- **Affected workers on or near gaming floors:** dealers, floor supervisors slot techs, cage workers, cocktail servers, bartenders, bellhops.
- **Smoking and nonsmoking tables can be next to each other;** mixed within a pit. Secondhand smoke migrates to nonsmoking tables, slots, etc.

- **Alternate rows of slot machines designated smoking and nonsmoking, so mixed areas.**
- **Ventilation does not clear air of SHS.**
- **Smoke migrates through atriums/escalators into nonsmoking nongaming areas.**
- **Children/infants permitted on smoky gaming floors** with adult, to walk thru from boardwalk to front desks.
- **Casinos create hazard for patrons on oxygen tanks.**
- **City health department has limited resources to enforce the law in all 11 casinos.**

Challenges in Atlantic City

- Casino industry:
 - **Casino industry never promoted** the 10/15/08 smokefree casinos local ordinance, even though 93% of population that does not smoke or wants to quit. Still, revenues/tokes better during smokefree month.
 - **Backroom negotiations** with some City Council members, since December 2006, to keep smoking on gaming floors.
 - **Power of casino industry lobby** in Trenton (statehouse). Historically, support in Senate but not in Assembly.
 - **Deep ties** between casino and tobacco industries.

Challenges in Atlantic City

- **Industry ignores economics and demographics** – Profits better at Delaware's Dover Downs, NY's Empire Racino, than in AC or Las Vegas. Casinos building in smokefree-required states, but fight it here.
- **Casinos promote misperception** of economic disaster if go smokefree (lost revenues, jobs, etc), especially during hard economic times.
- **Global casino players in Atlantic City** also operate casinos in other jurisdictions. A smokefree air law in Atlantic City may lead to more smokefree laws in jurisdictions where they operate.
- **Mixed messages:** some casinos state in favor of being smokefree, and promote cessation, then switch to not supporting smokefree casinos

Challenges in Atlantic City

- Casino industry partners:
 - **Established casino employee union** (Local 54) sides with casino management. Many Local 54 employees do NOT work on gaming floor (restaurant workers, housekeeping, etc).
 - **Local 54 union tactics** at City Council meetings.
- Atlantic City legislator was a strong supporter in Assembly, but now catering to casinos as Senator.
- Smoking lounges were allowed, so cleaning crew still exposed to SHS.
- Close 5-4 vote by City Council to bring back smoking in 2008, but newly elected members start in January 2009.

Successes in Atlantic City

- **1 smokefree month + smooth transition** when ordinance took effect at midnight, 10/15/08:
 - **Compliance** announcements made on gaming floors.
 - **Signage, buttons** worn by casino floor supervisors, to help smokers find smoking lounges.
 - At casinos, **air quality** seemed much improved, within first day of smokefree ordinance.
 - Workers and patrons: immediately healthier environment.
- **Revenues / dealer tips higher** for smokefree month, than months pre and post, based on industry figures to Casino Control Commission.

Successes in Atlantic City

- **Brought in UAW labor** as a partner.
- **Support** of the two state Assembly representatives who cover Atlantic City.
- **Support** of several AC City Council members.
 - Had 1 month of successful smokefree gaming
 - City Council resolution to promote the National Council of Legislators from Gaming States' resolution for smokefree gaming (GASP drafted NCLGS resolution)
- **Improved press relations** with media outlets.

Successes in Atlantic City

- Opened dialogue with **Atlantic City Convention and Visitors Authority**
 - Shared list of organizations that only hold conventions and meetings in smokefree cities; increase convention business, if AC casinos 100% smokefree.
 - AACVA shared annual study showed nonsmokers spend more money in AC.
 - AACVA shared annual study found visitors preferred smokefree environments, moreso than gambling.

Successes in Atlantic City

- GASP helped bring onboard an Atlantic County test site, for **free lung cancer CAT scan screenings** for nonsmokers (part of a global grant project by FAMRI).
- **Spring 2009 NOISH study of Las Vegas casino workers shared with City Council**
 - Study shows hazards of secondhand smoke exposure in Las Vegas casinos
 - Study recommends 100% smokefree casinos.

Going forward

- **Legal options:**
 - **Workers compensation win** by AC dealer (\$150K)
 - **Award unemployment benefits** to AC dealer. Quit job due to medical condition, not accommodated with smokefree environment. Casino challenged unemployment benefits claiming she quit; board ruled in favor of worker, finding constructive discharge.
 - **Riverboat casinos settlements**
 - **Pending litigation** with AC casino employee
 - **Amended January 2009 ADAAA includes perceived disabilities, episodic impairments.**
 - Noncompliant with state / federal discrimination laws
 - Judicial Notice taken of SHS in courts, so don't have to prove dangerous effects of SHS.

Educational efforts in Atlantic City

- **Atlantic County Smokefree Coalition**
 - Formed several years ago. Includes tobacco control advocates, casino workers, patrons, etc.
 - Educate policymakers, media, public on need for smokefree casinos in Atlantic City, and economic benefits of smokefree gaming.
- **GASP provides economic, health, trend information on smokefree gaming**
 - Atlantic City's City Council, Mayor and Health Dept.
 - State and federal legislators (NCLGS)
 - Casinos, Casino Association of NJ, gaming analysts
 - Atlantic City Convention and Visitors Bureau, media

Educational Efforts

- **Outreach to UAW**

- In 2006, UAW arrived in AC. GASP educated UAW on concerns of casino dealers being exposed to SHS.
- UAW became partner to support smokefree gaming.
- UAW workers testified in Trenton and Atlantic City.

- **Media outreach for October 15, 2008**

smokefree casinos:

- Coalition posted a billboard on AC Expressway
- Press conferences on boardwalk and UAW hall
- Created congratulatory certificates that Mayor presented to coalition partners.

Going Forward

OVER-ARCHING THEME: Persistence to achieve long-term goal of 100% smokefree gaming venues:

- **Be prepared for last minute** casino industry influence.
- **Bring in new partners**, support smokefree casinos.
- **Maintain good repoire** with local health department, policymakers, coalition, etc.

Going Forward

- **Educate** coalition partners, policymakers, media, tourism boards, casino industry, patrons:
 - **News/updates** in medical, health, economic, public opinion research, casino industry.
 - **New smokefree air laws, resolution** that support smokefree gaming venues
 - **Casino trends to invest in smokefree casinos:**
 - Gaming licenses in smokefree Maryland, Ohio.
 - Marketing agreement with smokefree Canadian casino

SHARE STRATEGY:

Smoke-free gaming is inevitable, and it is easy for casinos to plan for the transition...

- Positive mindset
 - ✓ Acknowledge the future
 - ✓ Embrace change
 - ✓ Believe in success

- Be a leader
 - ✓ Reinforces being a trend-setter
 - ✓ Care about worker health/morale

Identify and adapt to the trend, acknowledge the benefits:

- ✓ Gambling is about winning, not smoking.
- ✓ As smoking rates decrease, demand increases for smoke-free gaming.
- ✓ Secondhand smoke is a worker health issue.
- ✓ Smoke-free lowers maintenance costs.
- ✓ Tie-in a “green” environmental trend.
- ✓ Smoke-free is inevitable; adapt early.

Brand going smoke-free as “Going Green”

- Trend for business: be environment-friendly.
- Green means clean and healthy, including air quality.
- Going smoke-free can be the 1st step in going green.
- Partner with local “green” businesses to promote your smoke-free casino.
- Market your casino to green-conscious customers.

Focus on the competitive advantage of offering smoke-free gaming:

Example: Hotel hospitality sector

- ✓ hotel chains voluntarily smoke-free:
 - Marriott
 - Starwood
 - Four Seasons
 - Ritz-Carlton
- ✓ Wide range of clientele
- ✓ Basic to luxury accommodations
- ✓ Not affected by proximity to smoking-permitted properties

Develop a cohesive, public relations campaign and marketing strategy

State and local tourism boards, and casinos:

Brand a smokefree casino campaign:

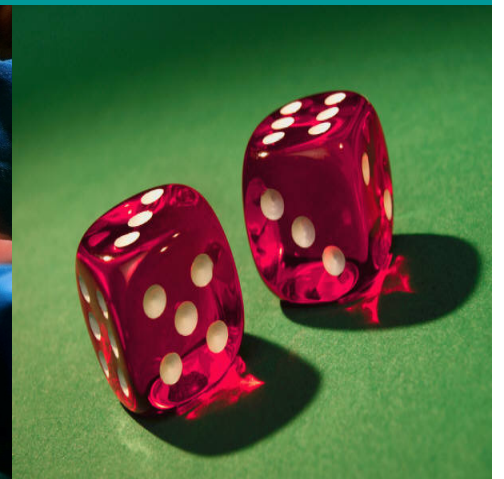
- ✓ Use a creative theme
- ✓ Develop a slogan that works for all promotional channels
 - Print
 - Tv
 - Radio
 - Website
 - In-house signage

Example: Themed smoke-free gaming symbol for marketing and promotional materials





**PLACE YOUR BETS ON
SMOKEFREE GAMING!**



Disclaimers and Disclosures

Copyright 2009 New Jersey GASP. All rights reserved.

This research report and presentation is prepared for the use of New Jersey GASP, and may not be redistributed, retransmitted or disclosed, in whole or in part, without the express written consent of New Jersey GASP. Any unauthorized use or disclosure of this research report and presentation is prohibited.

This research report and presentation has been prepared for a general audience, and provides general information only. The information contained herein was obtained from various sources and New Jersey GASP does not guarantee its accuracy. New Jersey GASP makes no representation and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, contained in this research report and presentation.

The information presented in this research report and presentation is not intended as, nor to be construed or used as legal advice. Such information is not a full and exhaustive explanation of the law in any area, and should not be used to replace the advice of your legal counsel for the specific circumstances of your matter. ⁵³