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BREAKING NEWS STARTS HERE

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South Florida turning into a gambling strip

By CHARLES PASSY

It's a glitzy megalopolis that attracts gamblers throughout the United States, if not the entire world, a place where there's high- and low-stakes action aplenty, plus shopping, dining and entertainment opportunities galore.

Sound like Las Vegas?

Try South Florida in just a decade.

While the state's gambling industry may be locked in an ongoing battle with the legislature and struggling with the effects of a weakened economy, it could be poised for unprecedented growth. That could mean hundreds of millions of dollars in the construction of new or expanded casinos throughout Miami-Dade and Broward counties, plus perhaps Palm Beach County and other parts of Florida.

In light of the industry's challenges, it might seem a stretch, especially when factoring in a conservative-leaning state legislature that often views gambling as a moral scourge. Florida is a place for family fun of the Disney variety, not 'round-the-clock casino action, argue the naysayers.

But those in the know say otherwise.

"There are the makings here of a substantial gaming market," said Christopher Jones, an analyst who tracks the industry for Telsey Advisory Group, a New York firm.

In many ways, the battle in the legislature is setting the stage for growth. Given the state's desperate need for additional revenue, lawmakers are grappling with signing a compact with the Seminole Tribe of Florida, which is pushing for exclusive rights to such table games as blackjack and baccarat at their casinos in exchange for payments of at least \$150 million annually to the state. As a sovereign nation, the tribe, whose largest facilities include the Hard Rock complexes in Hollywood and Tampa, is largely exempt from taxation.

At the same time, lawmakers are also weighing whether to offer a better deal to parimutuel facilities — dog and horse tracks — in Miami-Dade and Broward that operate companion casinos. The parimutuels are pushing for greater parity with the Seminoles, saying they'd like to see their tax rates (50 percent of all revenue from slot machines) substantially decreased. They're also lobbying for the option to offer table games.

The legislature, which has recently pushed to shut down the Seminole operations until a deal can be worked out, will probably have to take sides. And whichever side gets the better deal is likely to use that advantage as an opportunity to expand, even if some legislators see the battle as an opportunity to "contain" gambling by limiting growth to one side or the other.

"What they fail to admit is the reality of things," said Steve Calabro, vice president for gambling at Gulfstream Casino and Racing, a parimutuel facility in Hallandale Beach.

Calabro points to the fact that the Seminoles have proposed a major expansion of their casino complexes throughout the state, provided the tribe can work out a deal with the legislature. It's a \$3 billion plan that could see the tribe adding thousands of hotel rooms, slot machines and table games.

"That's the definition of expansion," added Calabro.

Not that the parimutuels have been shy about discussing their potential plans, either — provided they get a deal they like from the legislature.

"Our investment would be north of \$300 million," said Dan Adkins, vice president of Mardi Gras Racetrack and Gaming, a parimutuel in Hollywood.

The expanded Mardi Gras would include a 300-room hotel, two-level restaurant and shopping complex, large meeting/convention space and four-level garage. "I can see it in my head," Adkins said.

But Mardi Gras is not alone. Almost all the existing parimutuels talk expansion, usually along the lines of a Vegas-style project like the Seminole Hard Rock casinos. Actually, Gulfstream is almost there, since the parimutuel has partnered with an outside developer on a \$245 million shopping/dining "village," set to open in February.

And what about the possibility that the legislature could come up with a compromise solution that benefits both sides and continues to fill the state coffers?

Former state Sen. Steve Geller, a Hallandale Beach Democrat who has followed the gambling industry closely, outlines one such possibility : Give the Seminoles an exclusive on table games outside Miami-Dade and Broward, but let the parimutuels in those counties have the games, too. If that happens, there could be expansion on all fronts.

To top it off, there's considerable pressure for gambling to grow beyond the boundaries of the Seminoles and the present-day Miami-Dade and Broward parimutuels.

The Palm Beach Kennel Club has lobbied to bring casino action to Palm Beach County at its facility. The Palm Beach Princess, which offers day cruises with gambling, has discussed the idea of introducing a land-based riverboat-style casino at the Port of Palm Beach, its home base. And other parimutuels in Miami-Dade and Broward, Miami Jai-Alai, Dania Jai-Alai and Hialeah Park, have the green light to offer slots. (Another parimutuel, Calder Park, is slated to open its casino in January.)

Plus, in Miami-Dade, there's been talk about placing slot machines at the airport and opening a casino at one of the big Miami Beach hotels.

The idea, say gambling advocates, is to take an already sizable industry to the next level. By one account, the South Florida/Tampa gambling market, which has been estimated at anywhere from \$1.8 billion to \$2.5 billion in annual revenue, is the third or fourth largest in the country, behind Las Vegas, Atlantic City and possibly the greater Chicago area. And given the state's fun-in-the-sun appeal to tourists and the rise of gambling as a mainstream pastime (more people visited casinos last year than attended football games), Florida gambling is primed to take off.

"The market potential could be as high as \$4 (billion) to \$6 billion," said Virginia McDowell, of Isle of Capri Casinos, which owns The Isle Casino and Racing at Pompano Park. Little wonder that some Las Vegas executives are starting to get nervous.

"It makes one sit back and say, 'I hope you guys keep thinking small,' " said Barry Shier, a managing principal of The Partner House, a Las Vegas-based gambling consultant.

It's possible that Shier will get his wish. For starters, the economy has not been kind to casinos in the state or nationwide, with most reporting a drop in revenue. Plus, with the growth in gambling nationwide, there are smaller pieces of the pie for individual markets. Consider that the once-solid Atlantic City market is now in a "death spiral," according to an industry executive quoted in a recent New York Times business story.

But the real obstacle to growing gambling in Florida may simply be this: there's still a sizable part of the population — and a sizable part of the legislature — that views casinos as devil's playpens. One such person is state Sen. J.D. Alexander, R-Lake Wales. He's in favor of a deal with the Seminoles only as a way to "slow the expansion of gaming" in the state, meaning keeping it as restricted as possible to the reservations. Otherwise, he has little use for what he calls "the culture" of casinos.

"I think limits on gaming create a better state. It's about working hard rather than winning a big jackpot," Alexander said.

In the short term, such thinking may mean the industry will be allowed to grow by only so much in the coming years. But in the long term, most industry observers say growth is inevitable.

After all, just a couple of decades ago, Floridians were highly opposed to allowing casinos in their back yards, voting down ballot initiatives. Now, they're lining up by the thousands to play slots and blackjack every day of the week.

Does that make us the next Las Vegas? Perhaps not, since there can be only one Las Vegas, as industry execs are fond of saying. But the reality suggests that Florida is ready to be taken seriously as a gambling market, even by its present-day standards.

"We believe it can be one of the top in the country," said Donn Mitchell, senior vice president of Isle of Capri Casinos. "And really, it's almost already there."