

All 11 Atlantic City casinos post revenue drop

January's total win was off 10%, showing the impact of Pa. and N.Y slots and the partial smoking ban

Atlantic City – The 11 casinos here reported a 10 percent decrease in total revenue last month, with every gambling hall, even the formidable Borgata, showing a decline.

The casinos won USD 355 million at the slot machines and table games, compared with USD 394.5 million in January 2007. The revenue losses ranged from 21 percent at the Tropicana and the Trump Marina to 0.8 percent at Trump Plaza.

The figures, released yesterday by the New Jersey Casino Control Commission, underscore the continuing impact of Pennsylvania and New York slots parlors and last year's partial smoking ban on Atlantic City's casino floors.

The numbers also come on the eve of the debut of Pennsylvania's seventh casino – Hollywood Casino at Penn National Racecourse in Grantville, just outside of Harrisburg.

The USD 310 million casino opens today and will add 2,000 slot machines to the Pennsylvania gaming market. Its clientele will likely include former bus riders to Atlantic City from that part of the state.

The half-dozen other slots parlors in Pennsylvania grossed USD 107.5 million last month. The state does not allow dealer-staffed table games.

„A new factor that was introduced to the equation in January was a declining economy,“ Deutsche Bank gambling analyst Andrew Zarnett said, „so that, coupled with the competition from Pennsylvania and the limited smoking, and a little bit

worse weather than the prior year, has led to continuing decreases in gaming win."

Slot machines accounted for USD 234.2 million of the revenue and table games USD 120.8 million.

A critical factor was the continuing decline in slots revenue, which was off 13.9 percent – but still represented two-thirds of gambling revenue for the seaside resort. Table-game revenue decreased 1.5 percent.

The impact of Pennsylvania slots on Atlantic City has been dramatic. Last year's total revenue for the 11 casinos here was USD 4.9 billion, down from USD 5.2 billion the previous year.

The six Pennsylvania slots parlors raked in USD 1 billion in total gambling revenue for 2007. Pennsylvania takes a 55 percent tax on gross slots revenue. That equated to USD 59.1 million from last month's USD 107.5 million.

In New Jersey, the tax is 9.25 percent on gross gaming revenue – USD 32.8 million last month – which the state uses to benefit senior citizens and people with disabilities.

„Atlantic City," said Larry Klatzkin, managing director of Jefferies & Co., of New York, „is still trying to [overcome] the smoking ban and Pennsylvania opening up.

„But as far as Penn National's opening, I don't think it will have a big effect on Atlantic City. It's too far away."

Zarnett said the impact of the Pennsylvania slot parlors should ease in late spring.

„From there going forward, it will be easier for Atlantic City casinos, in terms of declining revenue, and that window remains open until Bethlehem opens in summer 2009," he said, referring to the USD 800 million BethWorks Casino, which Las Vegas Sands Corp. plans to open as the next major casino in

Pennsylvania.

The Borgata Hotel Casino & Spa remains Atlantic City's top-grossing casino. It took in USD 61.0 million last month, a 3.9 percent decrease from a year earlier. It was followed by Bally's at USD 45.2 million, down 7.5 percent, and Caesars at USD 40.3 million, down 9.1 percent. Both casinos are owned by Harrah's Entertainment Inc. of Las Vegas, which two private equity firms acquired last month.

Harrah's Entertainment Eastern Division president Carlos Tolosa said the two properties had been heavily affected by a large number of hotel rooms – 9,000 combined – unavailable due to renovations.

At the Tropicana, state-appointed trustee Gary Stein announced Thursday that bidding for the struggling Boardwalk casino will begin Monday.

The New Jersey Casino Control Commission stripped former Tropicana owner Columbia-Sussex Corp. of its operating license in mid-December for regulatory violations and massive layoffs that led to unsanitary conditions and a loss of business at the casino.