

GUEST COLUMN

## Detroit's experience makes casinos' case

By JACOB L. MIKLOJCIK

In November 1996, Detroit had a decision to make. Hundreds of millions of casino gaming dollars were leaving for venues in Canada, at Native American reservations or distant travel sites such as Las Vegas.

Detroit was losing by failing to compete. That year, voters passed a statewide referendum allowing three casinos downtown. The results have far surpassed the original claims of proponents and have not had the detrimental impact that opponents warned of.

At present, there are approximately 7,000 people with full-time jobs at Detroit casinos. The positions provide medical benefits and job security. By contractual agreements, at least one-half must be residents of Detroit.

Approximately 7,000 additional jobs are created in the metropolitan area by suppliers providing services to the casinos, off-site spending by casino visitors and through the ripple effects of employee spending.

A variety of requirements demand minority representation in the contracting process. Detroit casinos were responsible for generating well over \$200 million in public revenues for city, county and state governments during 2000. The facilities will represent well over \$1 billion in capital investment.

The overwhelming majority of the dollars wagered are from those living outside of the city. Approximately 30 percent of the "priority card holders" at the casinos are not residents of Michigan.

Opponents warned that the casinos would discourage other firms from locating in Detroit and would scare off big-time sports events. The opposite has occurred.

Downtown Detroit has been selected by both General Motors and Compuware as their world headquarters, both in walking distance of the casinos. New housing construction has increased. Detroit has been chosen for a Super Bowl and Major League Baseball All-Star Game, and will be the site this year of a college basketball game, Michigan State vs. Kentucky, at Ford Field in downtown Detroit, that has the goal of breaking the national attendance record.

Opponents sometimes claim that casinos bring social ills. From our analysis of counties with casinos in Michigan and Indiana, and those without, there simply is no evidence of this. In my career of working with both social programs and economic development, it is clear that there is only one genuine correlation with



Jacob L. Miklojczik is president of Michigan Consultants.

quality of life -- jobs. People who warn of the "ills" of casinos rarely have practical economic development alternatives.

Casinos do not ask for government loans, subsidies or any other special incentives, only a chance to compete. This is in contrast to other developments, regardless of how laudable, that typically require financial assistance or abatements.

The Detroit process has been far from perfect. From what we have learned in Michigan and other states, there are a few common threads that Atlanta area officials should consider if, as Fulton County Commissioner Robb Pitts has proposed, casinos are legalized:

- First, decide on the number of casinos. I tend to prefer more than one, simply to encourage the benefits of competition.
- Second, at least one (maybe all) should be located downtown. This is essential to maximizing overall benefits.
- Third, install a company selection process that is fair, and based on the economic strength and marketing ability of the companies, not idle promises. An auction system, with the franchises going to the qualified firms that bid the highest (cash), may be best. A minimum level of local ownership can also be required.
- Fourth, and most important, implement a fair gaming tax system. The rate must balance the desire to assure significant payments to government with the need to assure that casinos are competitive with other gaming options, thus ensuring incentive and optimizing the number of jobs.

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**Jacob L. Miklojcik** is president of Michigan Consultants. The firm has been involved with over 25 gaming sites in several states, with services provided to government, private casino operators, and Native American tribes.