

Like it or not, Seneca is killing the town

**BY FRANK
PARLATO
JR.**

*Managing Member,
One Niagara, LLC*



In this space, this week, permit me to ask a couple of rather germane questions: First, why, instead of an American, do we have a Native-American casino and tax-free zone in the middle of Niagara Falls?

Second, why does a "Sovereign Nation" make billions from gambling and tax-free businesses while we struggle to keep libraries open, roads paved and our children from leaving Western New York?

"Albany" is the answer.

Albany created a monster known as "Niagara Falls, Seneca" (officially, the Seneca Gaming Corp.) a 50-acre "country," with a tax-free hotel, tax-free souvenir, gift and clothing stores, tax-free restaurants, taverns, conference center, and a monopoly casino.

It was created not on historic Indian reservation, but, uniquely, on U.S. land smack down in the middle of Niagara Falls, given away to a foreign nation to compete tax-free against tax-paying Americans. It would be treason anywhere else.

Still the pro-Seneca/Albany advocates argue that it's a boon since Seneca pays a percentage to Albany on slot machine revenue and a pittance trickles down to Niagara Falls to pacify locally elected officials — who get to spend it. But Seneca pays nothing on any other business or gaming enterprise.

Even their new Video Lottery Terminals (VLT), which look a lot like slots, are tax-free. (No wonder clever Seneca is substituting VLTs over slots.)

Yes, Seneca is quite clever: Unlike Las Vegas, where competition forces casinos' payouts on slots to be more than 90 percent, a recent, surreptitious examination of the annual tape on a slot machine [abetted inadvertently by a Seneca employee] in the Seneca casino, by one of our sources, revealed that the payout was 60 percent on that machine. That particular machine, according to our source, took in more than \$5 million during a 12-month period and paid out slightly more than \$3 million. With thousands of slots, one can extrapolate what their mammoth income from slots alone might be.

So why does a "Sovereign Nation" get to rake in billions in our town while we grow destitute?

Good government secures the rights and preserves the prosperity of people they are elected to serve. But Albany, governing otherwise, ruled that for Americans in New York "gambling is illegal." Since 1821, it has been banned by state constitution.

Consider then the monumentally moronic, decrepit governance whereby Albany gave U.S. land in Niagara Falls, N.Y., to the Seneca Nation of Indians, so that Americans could go on foreign soil — which used to be American soil — and gamble, constitutional or not. A trick of truth? There is no real foreign country here; it's a gaming corporation. It's a business



It was outrageously stupid to create a tax-free nation in the midst of highly-taxed, over-regulated, struggling businesses in a declining community. But that's what Albany did.



ALBANY'S IDEA OF FAIR PLAY

The giant tax-free Seneca Niagara Hotel looms large over Niagara Falls, casting a dark and permanent shadow on competing tax-paying hotels. Already four long-time, well-established, tax-paying American hotels have closed since Seneca came to town.



Do the math: The long-established and excellent Como Restaurant pays an estimated \$300,000 in combined property and sales taxes annually, while the new Seneca-Italian restaurant pays zero. How many bowls of spaghetti does the Como have to sell before achieving the same profit, or to say it bluntly, get equality with Seneca?

whereby only Seneca and Albany could profit.

Sure, as "host community," Niagara Falls gets 25 percent of what Albany gets. But it's not profit. It's a pittance compared to what the casino makes. And realize please that Niagara Falls pays for the privilege of "hosting." Land ceded to a foreign nation is property tax-free; items that used to generate sales tax are purchased sales tax-free. Niagara Falls pays for roads/infrastructure that lead in and out of Seneca, and pays for increased criminal justice and social welfare costs associated with casino-fueled gambling addiction.

But that's not all: Seneca businesses compete tax-free against tax-paying businesses in (according to *CNNMoney.com*) the second highest-taxed place in the USA.

Today, Seneca is gleaming while dozens of American businesses collapse. Four hotels closed. The ice skating rink closed. The Convention Center lost. Restaurants and taverns closing. The area adjacent to Seneca plunged into desolation.

It gets worse: The Seneca/Albany compact provides for Seneca acquiring additional, adjacent land — to remove from the USA — for more tax-free businesses.

Seneca has opened a buffet, a pub, a "high-end" steakhouse, an Italian restaurant, an Asian restaurant, a glamour spa, a conference center, a bistro, a coffee shop, a nightclub, numerous souvenir and gift shops, and a 26-story, 604-room hotel.

The new Seneca-Niagara Hotel, the

largest in the area, with deluxe rooms and pillow-top beds, ought to impact this season: Local hotels would have pillow-top beds, too, if they paid no property, sales, income or bed tax.

Two more hotels, behemoths, by the way, are planned with a combined 1,250 rooms. Even the feeble-minded here ought to comprehend that when you open brand new, glistening hotels and pay no taxes, you have a distinct advantage over long-time, faithful, existing but aging American hotels that are struggling under the weight of New York's killingly high taxes.

With all those new rooms, it won't be long before Seneca will be competing for the non-gaming tourist. Still, Albany wants us to believe Seneca is having positive impact.

Slot revenue generates millions for Albany (to aid New York City) and \$72 million was paid to locals in payroll. Yet the latter was paid mainly in hourly divisions near minimum wage. And clever Seneca is converting most American jobs from full time to part time to avoid paying benefits to American workers. The average American's job at Seneca pays around \$17,000. Like McDonald's and convenience stores, jobs at Seneca are notoriously low wage.

Meanwhile, nationwide studies suggest that for every job created by a casino, at least one regional (better-paying) job is lost. There aren't more jobs, just more of us working under Seneca.

To pay for these jobs, however, an estimated \$900 million in gambling losses came out of locals' pockets. Lost locally, also, along with discretionary income, our local share of sales tax and property taxes, was our important convention business.

As readers know, Albany gave Seneca our convention center, which generated millions for local hoteliers and restaurateurs. Now that the lure of a convention in famed Niagara is gone, they are not choosing Buffalo as runner-up city.

And contrary to what was originally projected, it is not tourists, but, overwhelmingly, locals who bet and lost at Seneca. Here's the formula: Win from a large number of petty gamblers, \$50 to 100 at a clip; it's called in the gaming industry, "the grind." More lucrative and easier than attracting big-time gamblers — as are believed to be flocking to Las Vegas — "the grind" attracts the tinsel puff version four million times a year — they come and go — suckers/small-time gamblers — on average \$85 poorer.

Ironic: The Convention Center made money for locals from out-of-town people; the Seneca Casino that displaced it makes money for out-of-town people (Seneca and Albany) from mainly locals. And even if there are tourists at Seneca, they can stay at the glistening Seneca hotel, eat at the tax-free elegant restaurants, buy souvenirs at the shimmering tax-free Seneca stores and, perchance, take a hasty walk two blocks over to the state park and come hurriedly back without spending a dime in the failing, aging unglamorous city.

If you add hundreds of millions in sales tax lost plus property tax lost on (former U.S.) now Seneca land; lost convention business; businesses failures because of unfair Seneca advantages; the substitution of local entertainment money into gambling; and the cost of gambling addiction — all told, regional losses add up to billions.

In the end, I suggest we skip the tricks of truth and legal fictions that inept and corrupt government (e.g. Albany) foists upon their people. Instead, let us ask one final pertinent question: Why didn't the opportunity that Seneca got go to New Yorkers in Niagara Falls first?

Frank Parlato Jr. can be reached at frank@frankreport.com.