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An Examination of Class III Gaming in Massachusetts

by
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The views contained in this paper are those of the author(s) and not the John W. McCormack Institute of Public Affairs.

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Introduction.

Over the past 25 years the United States has experienced tremendous expansion in the area of legalized forms of gambling (Exhibit 1). All but 3 states (Utah, Tennessee and Hawaii) have some form of legal wagering.¹ To this date, 28 states have authorized casino style gaming, 37 states have lotteries and over 43 states have pari-mutuel betting.² While there has been an overall increase in gambling, it has been the proliferation of casino gaming (i.e. casinos, slot machines, video lottery terminals, etc.) over the past ten years that has been the most dramatic.

Nevada and New Jersey were the only states operating commercially licensed casinos until South Dakota and Iowa authorized casinos in 1989.³ Mississippi and Illinois then followed them in 1990, and Louisiana and Colorado in 1992. This expansion has continued through 21 other states in the form of either commercial venues or Indian casinos. **In 1997, over \$28.3 billion was spent at casinos, which is more than the total amount spent on spectator sports, movie tickets, and recorded music combined.**⁴

This continual build-out of casinos since 1989 has led to points of saturation through out many regions of the country. The Midwest has witnessed exponential growth of riverboats in Iowa, Illinois, Indiana and Missouri. The State of South Carolina now has over 34,000 stand alone electronic gaming devices (EGD), located in

¹ The National Gambling Impact Study Commission, *Commission Report*, 18 June 1999.

² *Ibid.*

³ Cabot, Anthony. *Casino Gaming: Policy, Economics and Regulation*. UNLV International Gaming Institute. Trace Publications, Las Vegas, NV, 1994.

⁴ The National Gambling Impact Study Commission, *Commission Report*, 18 June 1999.

convenience stores, taverns and supermarkets. Mississippi is home to 28 riverboat casinos, which have received state approval continually since 1992.

Robert Goodman, economist and author of the Luck Business, sees this copycat pattern evolving as legislators in adjoining states adhere to an, “if-we-don’t-our-neighbors-will” mentality.⁵ As a result, he contends, lawmakers in their rush to one up their sister states, are not looking deeply enough at the long-range ramifications of legalizing gaming. They simply see a rival state benefiting initially from a new casino and are so fearful of losing revenue they leap without looking. Governor George Ryan of Illinois puts it quite bluntly by saying, “As a result of Indiana, Iowa and Missouri, we’re losing millions and millions of dollars and we need to recoup some of that.”⁶

Indian Gaming Regulatory Act (IGRA)

While contiguous states are engaged in “border wars” to capture potential gaming revenues there is also tension between States and sovereign Indian Nations. In 1987, a U.S. Supreme Court decision (*California v. Cabazon Band of Mission Indians*) held that the state of California had no right to apply its regulatory statutes to gambling activities conducted on Indian reservations.⁷ This court action became a lightning rod for Congress as States expressed serious concerns that there was no regulatory framework for Indian gambling. In response, Congress passed the Indian Gaming

⁵ Goodman, Robert. The Luck Business. The Free Press, NY, 1995.

⁶ Cohan, Paul. *FirstLine: Gambling Begins to Lose Favor in Midwest*. The Midwestern Office of the Council of State Governments, Vol. 6, Number 2. February 1999.

⁷ *California v. Cabazon Band of Mission Indians*, 480 U.S. 202 (1987).

Regulatory Act (IGRA) in 1988; in an effort to create some form of federal oversight, while supporting Indian efforts to address social ills prevalent on their reservation.⁸

As Chief Justice John Marshall once said the federal government has historically seen their role with respect to tribal nations, “to that of a ward to his guardian.”

Senator John McCain (R-Arizona), a key proponent of this Act, has advocated on behalf of gaming to address the issues of tremendous poverty within sovereign Indian borders. Over one half of the children less than six years of age on reservations are living in poverty.⁹ As a result, IGRA requires that revenues from gambling be focused on assisting tribal nations in promoting the economic development and welfare of their people.

The Act authorizes three forms of Indian gaming:¹⁰

- **Class I Gaming** - traditional tribal games with nominal values under exclusive regulatory supervision of the tribes;
- **Class II Gaming** – consists of bingo and card games not prohibited by state law and would be regulated under tribal jurisdiction; and
- **Class III Gaming** – includes all forms of casino gaming like Black Jack, roulette, slot machines and may only be conducted in a state that permits this form of gaming, and may only be authorized through a Tribal-State compact between the Indian tribe and the State.¹¹

The *Cabazon* Case and subsequent passage of IGRA have opened the door to casino gaming for tribal nations. In 1998, 146 Class III gaming facilities were operating on Indian reservation across the country. Overall gaming revenues have

⁸ The National Gambling Impact Study Commission, *Commission Report*, 18 June 1999.

⁹ *Ibid.*

¹⁰ The Indian Gaming Regulatory Act. Public law 100-497, 25 U.S.C. s.2701-2721, 1988.

¹¹ *Ibid.*

skyrocketed amongst the tribes from \$212 million in 1987 to over \$6 billion annually.¹²

While there has been phenomenal growth, states and tribes have struggled amidst the IGRA framework. Tribes seeking exclusivity with respect to Class III gaming in a particular state have often conceded to competition from commercial facilities in order to sign a

compact and begin their operation. Moreover, tribes have offered “voluntary payments” to states that have agreed to compacts.¹³

It is clear that consumers have embraced gaming both commercially and on tribal lands, but why have some gaming markets become so saturated? Is there an unending source of disposable income in these regions? These questions are pertinent to the Northeast as gaming branches out from its original confine in Atlantic City. The conflict between commercial and tribal interests starts to rear itself as well when states that have federally recognized tribes or tribes soon applying for recognition begin exploring legalized gambling options.

New England States

The New England states are presently grappling with this phenomenon as other states have watched the incredible success of Foxwoods and Mohegan Sun in Ledyard and Uncasville, Connecticut respectively. The issue has risen to level of public debate in Massachusetts as a result of external pressures from Border States, which have either legalized Class III gaming activities or are also in the midst of deliberation. The

¹² The National Gambling Impact Study Commission Report, page 6-1, 18 June 1999.

¹³ *Ibid.*, page 6-20.

tremendous success of the Foxwoods Casino and Resort in Ledyard, Connecticut and the subsequent opening of a second casino (Mohegan Sun), in the “Nutmeg” state have given proponents of legalized gaming an opportunity to push for similar action in the Bay State.

The following table looks at gambling options in the New England Region in 1999:¹⁴

TABLE 1							
State	Casino	Jai aLai	Keno	Lottery	OTB	Parimutuel	Video
Poker							
CT	X	X	-	X	X		X
*							
ME	*	-	-	X	-	X	*
MA	*	-	X	X	-		X
*							
NH	*	-	-	X	-		X
*							
RI	*	X	X	X	-		X
X							
VT	-	-	-	X	-		X
-							
X = already being played, - = not being played, and * = proposed							

Table 1 shows that currently Connecticut is the only state in New England with casino gaming. While not being subject to border state competition has certainly

¹⁴ McGowan, Richard. State Lotteries and legalized Gambling: Painless Revenue Or Painful Mirage. Westport, CT, 1994 (Options updated for 1998.)

worked in Connecticut's favor, the real debate for lawmakers in these neighboring states is just how much revenue is being lost to Connecticut and is it really worth trying to recapture these dollars?

Governor Shaheen has proposed slot machines in New Hampshire to pay for education. Apparently she feels this is politically safer than proposing to draw revenues from any other taxes besides the property levy. Rhode Island is also looking at an Indian casino. The Narragansett tribe has petitioned the Legislature and has announced their new partnership with Boyd International Gaming to build a \$775 million resort in West Warwick, Rhode Island.¹⁵ They already have video poker at Lincoln Downs, a greyhound racing facility close to the Massachusetts border. Vermont and Maine have remained rather quiet and currently there is no indication that they will alter that stance. The external pressures have facilitated the discussion for proponents in Massachusetts.

Proponents of casino development have focused on parts of Massachusetts that have suffered difficult economic times and are in relative proximity to bordering states. Proponents argue that casinos would provide substantial economic development for these regions. In addition, there has been tremendous pressure internally from the Wampanoag tribe of Gay Head (Aquinnah) on Martha's Vineyard, which is seeking authority to exert their tribal rights under IGRA to conduct Class III casino gaming in the Commonwealth. Moreover, the four racetracks in the Commonwealth are advocating that slot machines be extended to these venues as well.

¹⁵ Gregg, Katherine. "Casino backers woo lawmakers with money talk." *Providence Journal*. 7 April 2000.

While the various casino proposals may bring immediate salvation to the affected communities, there are myriad statewide policy implications relative to the legalization of Class III gaming in Massachusetts. These implications include, but are not limited to: social costs (i.e. crime and compulsive gambling), impacts on our existing revenue streams (i.e. The State Lottery, local merchants and retailers), and infrastructure costs (i.e. access roads and water/sewer connections) associated with the siting of casinos. This case study examines these issues in an effort to provide greater insight into state gaming policy.

II. Massachusetts.

In April of 1997, State Representative Daniel E. Bosley (D-North Adams), House Chairman of the Joint Committee on Government Regulations, issued a report to House Speaker Thomas Finneran (D-Mattapan). The report elucidated the Chairman's thoughts on the pursuit of what he described as "fool's gold."¹⁶ Chairman Bosley felt the introduction of casino gaming would have a deleterious effect on the economy and that in the end, the Commonwealth, as a whole would see no real economic gains. Subsequently, the House voted to reject casino gaming, thus effectively removing the issue for the remainder of the 1997-1998 legislative session. However, casino proponents were undeterred and were back before the General Court for the 1999-2000 session. As a result, the Commonwealth is presently deliberating on numerous petitions, which seek to authorize the legalization of Class III gaming in Massachusetts.

Native American Tribal Activity

There have been various efforts to bring casinos to the Bay State since the late 1980's when the state headed into a major recession, but it was really the efforts of a small Indian tribe located in Martha's Vineyard that really began to intensify the debate. In 1995, The Weld-Cellucci Administration, after extensive negotiations with the Wampanoag Indian tribe of Gay Head (Aquinnah) on Martha's Vineyard, signed a compact, which was filed as a legislative petition.

¹⁶ Bosley, Daniel, House Chairman of the Joint Committee on Government Regulations. "Report to the Speaker on Casino Gaming Proposals." 28 April 1997.

Although the Wampanoags signed a compact with the Governor, the tribe has two obstacles that it must overcome in order to undertake gaming. The first hurdle is that, pursuant to Massachusetts' statute, games of chance, other than those conducted by the Massachusetts State Lottery Commission (MSLC) or the state's licensed pari-mutuel facilities, are prohibited. Secondly, the use of slot machines is expressly prohibited and punishable by a fine of not more than \$500 per machine.¹⁷ The tribe cannot pursue gaming until such time as the Legislature legalizes the use of slot machines. While able to establish a Class II facility to conduct bingo, the Wampanoags have been hesitant to embrace this form of gaming because it is far less lucrative than slot machines.

More importantly, the Gay Head Reservation has been deemed insufficient for a gaming facility by the tribe. Therefore, under the provisions of IGRA, the tribe is seeking to acquire land to be put into federal trust. This adds further involvement from the state, especially if they seek use of municipal land, which is subject to a two-thirds vote of the legislature. Negotiations become more cumbersome for tribes in this situation and may force concessions, which they otherwise would not have made.

The Compact would allow for the establishment of a Class III casino operated by the Wampanoag tribe in the city of New Bedford, 700 slot machines at each of the state's four commercial racetracks and a casino in Hampden County.¹⁸ The tribe would then pay out approximately \$90M annually to the Commonwealth with a targeted

¹⁷ Massachusetts General Laws, Chapter 271, Section 5A.

¹⁸ House Bills 1257, 1258. "Wampanoag Tribal Compact." Legislation before the Joint Committee on Government Regulations. Boston, MA. 18 March 1997.

percentage being distributed to Bristol County Municipalities.¹⁹ There was also another fascinating dynamic in the tribal compact that was often overlooked by many, but looked at closely by officials in Fall River. Tucked neatly into the Compact was a section that gave the tribe, the sole and exclusive right to operate all Class III gaming within twenty miles of the New Bedford site.²⁰

Fall River, although publicly supporting the casino as an economic boon for the Southeast region, was not particularly pleased with their sister city's good fortune. Prior to the compact, Fall River had begun in the early 1990s to push for a water-based gaming facility to spur development of its waterfront. With previous attempts being disregarded by the Administration, and the thought of only benefiting from the residual effects of the tribal compact, Fall River decided to weigh in on the casino issue. Led by Senate Majority Leader Thomas Norton (D-Fall River), legislation was filed to allow for the Wampanoags to move forward with their efforts in New Bedford, but also called for a commercial water-based gaming facility in Fall River.²¹ This was the first, of what proved to be an interesting set of circumstances in the veritable tug of war between the two cities to host a gaming facility. What has become clear is that neither city is content with being the abutting community nor receiving ancillary benefits; rather each want the direct economic impact that they feel a Class III gaming facility would yield.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Senate Bill 407. "The Massachusetts Gaming and Economic Development Act." Legislation before the Joint Committee on Government Regulations. Boston, MA. 18 March 1997.

While these two cities on the South Coast are positioning themselves to host the Wampanoags, there are other tribes in the Commonwealth who are beginning to stir. The Nipmuc Indian tribe in Central Massachusetts has applied for federal recognition and has informed state officials that its intent is to participate in gaming activities that become available in Massachusetts.²² The Mashpee Wampanoags of Cape Cod have pursued federal recognition for over 25 years and appear closer to reaching that goal by the end of this year. Russell Peters, who has advocated on behalf of the tribe as President of the tribal council recently said, "If the tribe ever does open a casino, I doubt it will ever be in Mashpee."²³ This is important to note because this aligns them with a similar problem the Gay Head Wampanoags have encountered with respect to suitable tribal land.

In 1976, the Mashpee tribe was embroiled in a federal lawsuit to reclaim their formal tribal land.²⁴ They lost that effort and are left with little land and subsequently, the town of Mashpee has become very developed. This puts them in a position of having to negotiate either private or public land, which would have to be placed into federal trust by the Department of the Interior. A public land transfer would subject the tribe to Article 87 of the Massachusetts Constitution and legislative approval as well. Although the process of recognition and the complexities of potential land acquisitions can be daunting, Peters is undeterred. He says that endurance is a

²² Bosley, Daniel, House Chairman of the Joint Committee on Government Regulations. "Report to the Speaker on Casino Gaming Proposals." 28 April 1997.

²³ Davis, William. "Spirit of the Wampanoag." *The Boston Globe*. Boston, MA. 21 March 2000.

²⁴ *Ibid.*

hallmark of the tribe and that, “when recognition comes, we’ll still be here—and we’ll be together as a tribe.”²⁵

Commercial Gaming Venues.

Established gaming venues are also posturing for position in the effort to bring Class III gaming to the Commonwealth. As alluded to earlier in discussing the Wampanoag Compact, there are four pari-mutuel racing facilities located in the Massachusetts. There are two greyhound-racing facilities: The Raynham/Taunton Greyhound racing facility located in the town of Raynham in Bristol County; and Wonderland Greyhound Park located in the City of Revere in Suffolk County. Suffolk Downs, a thoroughbred racetrack, operates less than ½ mile down the road from Wonderland. Finally, there is a standard-bred (harness horse) racing facility located in Plainville in Norfolk County. These four tracks have advocated for slot machines to boost their revenues and combat a decline in attendance and wagering.

The Wonderland Track owners have been the most direct of the pari-mutuel facilities. In a meeting with Daniel E. Bosley, House Chair of the Joint Committee on Government Regulations, they have stated that slot machines or video lottery terminals (VLTs) won’t suffice and that they should be authorized to conduct a full commercial casino on their grounds.²⁶ The other tracks are hesitant to embrace this position, but will say they wish to be treated equally amongst one another. They are acutely aware of the potential impacts of additional wagering competition in the state. For years, the

²⁵ Ibid.

²⁶ Interview with Daniel E. Bosley, March 16, 2000.

tracks have been in conflict with one another, but in the instance of remaining viable amidst new gaming opportunities they are relatively united.

Rounding out the Massachusetts gaming landscape is the commercial gaming venues looking to develop in the Bay State. The City of Holyoke has entertained an offer from the Hyatt Corporation to build a casino on Mount Tom and another facility was pitched for the downtown area with proceeds dedicated to persons with disabilities.²⁷ Additionally, in 1997, the town of Palmer voted to support a casino in a non-binding referendum. Hollywood Casinos Inc. has become the suitor for that town and feels its close proximity to Connecticut and easy access from the Massachusetts Turnpike make Palmer a perfect location for a gaming facility.²⁸

Proponents advocate that all of these proposals indicate that the Commonwealth is ready for Class III gaming. Opponents say these plans speak to the desperation or lack of courage many lawmakers exhibit in seeking out new revenue streams. Either way, the debate on the economic impacts of casino developments is a contentious one to say the least. A closer examination of these impacts offer clues as to why there is such interest in Massachusetts and why there is also great uncertainty with respect to their outcomes.

²⁷ Testimony before the Joint Committee on Government Regulations. Boston, MA.
16 March 2000.

²⁸ *Ibid.*

III. Economic Impacts.

There is an adage that seems to reverberate throughout the industry with regards to casino gaming. It has been said that any community with a “high unemployment rate and a vacant lot,” is a perfect place to build a casino.²⁹ “Local governments, Indian tribes and States—all desperate for revenue—increasingly are turning to what appears to be a quick and easy solution: legalized gambling.”³⁰ These statements merit consideration when looking at proposed sites in Massachusetts.

Community leaders desperate for job creation are the perfect audience. While the State has approached a record low in its unemployment rate, there are some communities that have not experienced the same success. New Bedford is a prime example of a city that is turning around, but still suffers from one of the highest unemployment rates in the Commonwealth at 8.1% in 1998, compared to the state average of 3.3%.³¹ The lure of jobs involving the construction of the facility and the subsequent staffing to run the casino is very compelling to a community that has struggled since the collapse of their textile industry.

The reality is that casinos do offer job creation, but the question remains; is it sustainable and marketable? Obviously, there are varying interpretations regarding this matter. In 1996, Andersen Consulting conducted a study on behalf of the American Gaming Association and found that casinos directly employed more than 300,000

²⁹ Interview with Daniel E. Bosley. 16 March 2000.

³⁰ Simon, Senator Paul. “The Explosive Growth of Gambling in the United States.” From the Congressional Record for the 104th Congress, 31, July 1995.

³¹ Department of Employment and Training. Laborforce, *Employment and Unemployment in New Bedford*. Available electronically at [http:// www.detma.org/local/html](http://www.detma.org/local/html).

people and employed indirectly over 400,000 persons.³² The National Opinion Research Council (NORC) collected data in 100 communities with gaming and without gaming and concluded that gaming municipalities saw unemployment reduced as well as governmental assistance.³³ On average, large resort casinos paid their employees \$26,000, smaller commercial casinos paid on average \$20,250 and tribal casinos were the lowest at \$18,000 annually.³⁴ These numbers are impressive, but there are concerns that these jobs may be taking away employees from local retail businesses and that this shift is not healthy for the economic diversity of the community.

Goodman states that, “by diverting consumer dollars into gambling, legalized gaming has also been responsible for the decline of jobs and revenues in other businesses.”³⁵ Small business owners from Atlantic City support this assertion based on their testimony before the National Gambling Impact Study Commission. As one witness testified, “In 1978, there were 311 taverns and restaurants in Atlantic City; 19 years later only 66 remain, despite the promise that gaming would be good for the city’s own.”³⁶ Furthermore, in Cripple Creek, Colorado, the number of retail shops shrunk from 60 to 10 since the advent of gaming in that community.³⁷

³² Arthur Andersen Consulting Group. “Economic Impacts of Casinos in the United States. December 1996.

³³ The National Gambling Impact Study Commission, *Commission Report*, page 7-7.18 June 1999.

³⁴ The National Gambling Impact Study Commission, *Commission Report*, page 7-7.18 June 1999.

³⁵ National Coalition Against Legalized Gambling. Excerpts from: *Legalized Gambling as a Strategy for economic Development*. Available electronically at <http://www.nacl.org/html>.

³⁶ The National Gambling Impact Study Commission, *Commission Report*, p. 7-7.18 June 1999.

³⁷ National Coalition Against Legalized Gambling. *Gambling Information II*. Available electronically at <http://www.nacl.org/html>.

Also, it is estimated that 35% of revenues for casinos is derived from non-gaming sources.³⁸ In other words, opponents argue that casino owners depend on such attractions as, movie theaters, aquariums, shopping malls and restaurants offered at their resorts. Anthony Cabot, a Professor at the UNLV International Gaming Institute describes this effort as ways that casinos stimulate demand. Critics conversely describe it as “cannibalization” of the local retail market. The following Table 2 illustrates methods a casino enlists to promote their business and draw interest from consumers.³⁹

Casino operators see these amenities as simply meeting the demands of the consumer, who wants all these luxuries offered by a casino resort. Opponents look to the italicized offerings in Table 2 and are troubled by what they feel is a deliberate attempt to entice players to stay on the casino property.⁴⁰ It has been estimated that by 1991, Atlantic City casinos were dedicating over \$234 million for promotional food and drinks.⁴¹ While these are valid concerns, economists point out that gaming has grown along side other industries due to the increase in recreational discretionary income.⁴² Therefore, it is argued that with increased income the consumer no longer has to spend a major portion of his or her earnings on necessities (food, shelter, clothing, etc.) and gaming offers an additional option for disposable income.

³⁸ Arthur Andersen Consulting Group. “Economic Impacts of Casinos in the United States. December 1996.

³⁹ Cabot, Anthony. Casino Gaming: Policy, Economics and Regulation. UNLV International Gaming Institute. Trace Publications, Las Vegas, NV 1994.

⁴⁰ National Coalition Against Legalized Gambling. Excerpts from: *Legalized Gambling as a Strategy for economic Development*. Available electronically at <http://www.nacl.org/html>.

⁴¹ Ibid.

TABLE 2

Television Advertisements	Radio Advertisements
Recreation (golf, tennis, swimming, skeel)	TV coverage of events at casinos
Movies and TV filmed at casino	Packages (rooms, entertainment, food)
Print Advertisements	Night Clubs
Lounge Shows	Headline Entertainment
Circus Acts	Billboards
Spas	Video Arcades
Movie Theaters	Theme Parks
Observation Towers	Aquariums
Exotic Animals	Simulation Riders
Shopping	Dining
Free Parking	Tournaments
Free Transportation	Private Transportation
Prize Giveaways	Large Jackpots
Street hawkers and Hand Bills	Shills
Gifts	Tour Operations
Bus programs	Direct Mail
Junkets	Parties
Ethnic Events	Sporting Events
Golf Tournaments for Guests	Celebrity Hosts
Point of Purchase Ads	Outside promotions (Super Bowl)
Credit	Free Plays and Coin Giveaways
Free Telephone Calls	Slot Clubs
Slot Design and Graphics	Collectible Chips
Bonus Prizes (cars, trips, etc.)	Service
Laser Shows	Collateral Ads (place mats, in-room)
Outdoor Shows (volcanoes)	Monorails and people movers
Interior and Exterior Design	Casino Location (easy access)
Museums and Displays	Telemarketing
Community Programs	Discount coupons
Logo Sportswear	

⁴² Arthur Andersen Consulting Group. "Economic Impacts of Casinos in the United States. December 1996.

The Mississippi Miracle

“The State of Mississippi is now a national leader in economic recovery, and there can be no doubt it is attributed in part to the gaming industry.”⁴³ Many political leaders echo Governor Kirk Fordice’s statement concerning the impact of casinos on the Mississippi economy and statistics seem to substantiate these claims. In 1998, state-licensed casinos employed approximately 35,500 people and 84% of these employees were Mississippi residents.⁴⁴ In addition, state regulated casinos paid a total of \$142 million to the state general fund based on an 8% tax on the gross revenues from the casinos.⁴⁵

As previously noted in this paper, Mississippi is now home to 28 riverboat casinos (Exhibit 2) and as the figures indicate they have provided a boost to the state’s economy. Mississippi offers an interesting corollary with Massachusetts in regard to the proliferation of the casinos in their state. When Mississippi legislators legalized gaming they chose to take a “free market approach” that enabled any applicant who met the criteria for licensure to operate a casino.⁴⁶ Massachusetts legislators are faced with a similar situation of how many facilities should be allowed to operate in the Commonwealth were the state to legalize Class III gaming.

⁴³ Fordice, Kirk, Governor of Mississippi. *The Mississippi Miracle*. Harrison County Development Corporation, September 1998.

⁴⁴ Mississippi Gaming Association. *Mississippi Gaming facts*. Available electronically at <http://www.mississippi-gaming.org/msgamingfacts.html>

⁴⁵ Ibid.

⁴⁶ Wilkie, Curtis. “Long Odds in the South.” *Boston Globe Magazine*. 21 November 1999.

The discussion of the number of facilities is a pivotal aspect of the debate in Massachusetts with respect to saturation of the gaming market in the Bay State and in the New England Region. In Mississippi, officials felt it was safer politically to not set arbitrary limits on the number of facilities. In Massachusetts, all the proposals cite specific counties and limit the number of allowable facilities in the state. Leaders in Mississippi feels their “open door” policy has worked based on the number of gamblers coming from out of state.

According to the Mississippi Gaming Association, 56 million visits were made to their casinos in 1998. Their statistics indicate that of those numbers of visitors, only 30.7% were from Mississippi.⁴⁷ Therefore, saturation was not an issue for the state because close to 70% of visitors were coming from out of state. In fact, leaders are working to promote growth of the industry in their state by marketing outside their borders. Mississippi is focusing tourism efforts outward in a 500-mile radius of the state to grow their burgeoning casino industry.⁴⁸ As Massachusetts officials contemplate legalization of Class III gaming, they are acutely aware of similar marketing tactics employed by the Connecticut casinos to bring Massachusetts gamblers and their dollars to the Nutmeg State.

Massachusetts Residents Gambling With Their Feet

In 1992, The Mashantucket Pequot Indians opened Foxwoods Casino in Ledyard Connecticut. Since its inception, advocates for casino gaming in Massachusetts point to

⁴⁷ Mississippi Gaming Association. *Mississippi Gaming facts*. Available electronically at <http://www.mississippi-gaming.org/msgamingfacts.html>

⁴⁸ *Ibid.*

the resort as a magnet for Bay State Gamblers. The dynamic success of Foxwoods and subsequently, the Mohegan Sun Casino in Uncasville, Connecticut, has groups in the Commonwealth clamoring to keep the gambling revenues in the State. In 1998, Foxwoods grossed over \$1.3 billion and Mohegan Sun grossed \$663 million.⁴⁹ Class III gaming proponents point out the daily media barrage on the radio and in the newspapers soliciting gamblers to patronize their casinos. The *Boston Herald* recently printed an 8-page advertising pullout section on gaming venues in New England. It was loaded with headlines such as **“Take a spin at Foxwoods,”** **“Hitch a Ride and Save,”** and **“Stars Glow at Foxwoods.”**⁵⁰

These advertisements clearly indicate that the Massachusetts market is crucial to the success of the Connecticut. But exactly how many gamblers are frequenting these Casinos and could the Commonwealth recapture these revenues with Class III gaming venues of their own? First, with regard to the number of patrons from Massachusetts, two patron origin analyses have been conducted since 1995 to examine this issue. Clyde Barrow, Ph.D., Director of the Center for Policy Analysis at the University of Massachusetts at Dartmouth, undertook both studies. A breakdown of his findings concluded the following:⁵¹

⁴⁹ Barrow, Clyde, Ph.D. *Patron Origin Analysis: Foxwoods Resort Casino and Mohegan Sun Casino*. Center For Policy Analysis, University of Massachusetts Dartmouth. Feb. 1999.

⁵⁰ 8-page Advertising Pullout Section. *“On A Roll.”* The *Boston Herald*. 13 April 2000.

⁵¹ Barrow, Clyde, Ph.D. *Patron Origin Analysis: Foxwoods Resort Casino and Mohegan Sun Casino*. Center For Policy Analysis, University of Massachusetts Dartmouth. February 1999.

<u>Patron Origins at Foxwoods: 1995 and 1999</u>			
	Foxwoods: October 1995	February 1999	Mohegan: February 1999
Massachusetts	33.04%	35.96%	22.8%
Connecticut	29.04%	28.32%	46.0%
Rhode Island	14.30%	13.34%	
7.8%			
New York	10.76%	11.96%	
15.6%			
Other	<u>12.85%</u>	<u>10.41%</u>	
7.7%			
	99.99	99.99	99.99
**These figures are based on a sampling of private automobiles and tour buses at Foxwoods. The surveys were both conducted over a five-day period.			

These figures do indicate a significant presence at these casinos from Massachusetts. Moreover, Barrow estimates that the result of this patronage equates to approximately \$620 million wagered at the two casinos by Massachusetts residents.⁵² These factors seem rather compelling, but there is evidence that suggests that the citizenry in Massachusetts is not ready to embrace casino gaming in their state.

A 1994 *Boston Globe* survey asked people what they thought of having a casino within 30 miles of their residence. 56% of the respondents said they would oppose plans to site a casino near where they lived. In addition, the Massachusetts Lottery Commission (MLC) enlisted the Gaming Strategy Group in 1996, to survey Massachusetts residents on where they were likely to go if gaming were legalized in New Bedford and Western Massachusetts.⁵³ The data seems to indicate that people are

⁵² Ibid.

⁵³ The Gaming Strategy Group. *Mass Residents Survey to Address Casino Gaming*. Hartford

not pushing for casinos. In fact, 62% out of 980 respondents said they would not go to either of the casinos. Also, only 9% said they would go to both casinos.⁵⁴

It is important to note that that this survey does not include the proposals for Salisbury, Palmer, the Indian tribes or the four racetracks. The survey suggests those residents are not that eager about two facilities let alone the prospect of up to ten possible Class III gaming venues. Opponents of casino gaming argue that this survey is indicative of the “Not In My Backyard” (NIMBY) mentality that many individuals develop when it comes to having a casino in close proximity. While an overwhelming majority of Americans have gambled on an occasion, there does seem to be some hesitance when it comes to bringing a casino to a community.

This argument then calls into question whether Massachusetts would be able to recapture these dollars going to Foxwoods and Mohegan Sun. Do these so-called “destination resorts” have the ability to draw residents from the Commonwealth because they are trips away from home? The National Gaming Impact Study Commission states:⁵⁵

The key to large-scale tourism development is inducing gamblers to stay at least one night, and preferably more, which requires attracting individuals from beyond the radius of an easy roundtrip by car.

The Commission felt these resorts do have the ability to draw consumers from outside their radius. As a result, opponents of Class III Gaming are looking for clarity with

CT, 27 June 1996.

⁵⁴ Ibid.

⁵⁵ The National Gambling Impact Study Commission, *Commission Report*, p. 2-9.18 June 1999

respect to the intention of those advocates lobbying for legalization efforts in the Commonwealth.

The claims that Massachusetts must act quickly to halt the exodus of gamblers to Connecticut; to opponents, seem counterintuitive. While millions of dollars are being wagered out of state by Massachusetts residents, how would the Commonwealth bring them back by establishing multiple resorts in close proximity to one another and their prospective gamblers? Opponents and proponents agree that a community that is sufficiently separated from other gaming areas may prosper if left alone.⁵⁶

Additionally, several of the proposals before the Massachusetts General Court seek to site casinos in urban areas, which had been the norm as officials move to clean up urban blight with so-called, “convenient” casinos.⁵⁷ These casinos, which derive the majority of revenues from day-trippers, tend to draw gamblers from a much tighter radius than the “destination resort” casinos. The Massachusetts State Lottery is a perfect example of “convenience” gambling and the financial impact it has had on the 351 cities and towns in the Commonwealth has officials looking closely at the potential impact any new gaming ventures would have on this revenue stream. At present there is approximately one lottery agent for every 803 persons in the state.⁵⁸ What type of effect would a “convenient” or “destination resort” casino have on lottery sales?

IV. Lottery Impact.

⁵⁶ Rose, Nelson. *Gambling and the Law: Endless Fields of Dreams*. Casino Development Symposium. Federal Reserve Bank of Boston. 1 June 1995.

⁵⁷ Goodman, Robert. *The Luck Business*. The Free Press, NY, 1995.

⁵⁸ Interview with John David Chesloff, Legislative Liaison for State Treasurer Shannon P. O'Brien. 28 March 2000.

In 1971, the Lottery was created by the legislature to address a shortfall in education funding. The concept began as a 50-cents per ticket, once-a-week drawing and has evolved over the past thirty years into a seven-day operation with over 7,000 licensed lottery agents operating in the Commonwealth.⁵⁹ Last year the Lottery grossed roughly \$3.4 billion in lottery sales.⁶⁰ That translates to over \$505 per capita in spending, which more than doubles that of second place Georgia's lottery per capita sales of \$265. As a result, the 351 cities and towns in Massachusetts realized over \$700 million in unrestricted Local Aid to use at their discretion.⁶¹

These staggering numbers are not lost on the State Treasurer Shannon P. O'Brien. Jon David Chesloff, Legislative Liaison to the Treasurer, said O'Brien sees her role as an executive charged with growing her business:⁶²

The Treasurer understands the reliance cities and towns have on lottery revenues. Last year, we sent back close to three-quarters of a billion dollars to cities and towns, so they can utilize these funds for such things as infrastructure improvements, additional public safety personnel or a new elementary school. Therefore, she is acutely aware of the pressure to expand gaming beyond the Lottery or racetracks.

The Lottery is a tremendous revenue generator for the State. The Treasurer is concerned that a possible expansion of casino style gambling would have a negative impact on sales. As it stands now, outside of Keno and the instant ticket "scratch" games, the Lottery has experienced stagnation from the weekly drawings such as Megabucks, MassMillions, MassCash and the Daily game. There is no compelling evidence to suggest that casinos would enhance our sales, so our focus remains on growing an efficient business to the benefit of cities and towns.

⁵⁹ Cohen, Michael. "Wagering Booms Without Casinos." *Worcester Telegram and Gazette*. 27 February 2000.

⁶⁰ Interview with JD Chesloff.

⁶¹ Cohen, Michael. "Wagering Booms Without Casinos." *Worcester Telegram and Gazette*. 27 February 2000.

⁶² Interview with JD Chesloff.

The debate surrounding the impact new gaming venues would have on lottery receipts is particularly poignant for Massachusetts. As the most developed lottery in the country, proponents and opponents of legalizing gaming seek out this state sponsored gaming operation as a harbinger for discussion. Proponents know that they must confront the argument that casinos will benefit at the expense of the lottery. Also, casino developers have to combat the claim that they will never be able to match the revenues that the state provides communities each year through local aid.

The Center for Policy Analysis at the University of Massachusetts at Dartmouth was hired by the Visions Group, who are advocating for a casino in Salisbury, to conduct a fiscal impact analysis with respect to casino gaming and state lotteries. Led by Professor Clyde Barrow, the study concluded that, “Massachusetts State revenue collection and Massachusetts state lottery revenues should continue to increase after the establishment of casino and entertainment resorts in Salisbury, Bristol and Hampden counties.”⁶³ The report indicates that the advent of three new casinos would lead to an additional \$137 million in lottery sales. The analysis indicates that states such as Colorado, Connecticut and Louisiana saw their lotteries grow after the introduction of casino gaming.

Opponents take issue with these indices at a couple different points. First, other states conduct their lotteries differently and are at different stages of evolution. The second reason opponents focus on is the argument that there is not an infinite supply of disposable income for various gaming venues to co-exist without one drawing bettors

⁶³ Barrow, Clyde. “Casino Gaming and State Lotteries; A Fiscal Impact Analysis.” University of

from the other. Bosley discussed in his report on gaming that he doesn't see how the state can expand gaming much more when the Lottery already averages over \$60 million in sales each week.⁶⁴

Bosley still feels strongly that even with the fiscal impact analysis showing lottery gains in casino states that Massachusetts would experience a different result:⁶⁵

The Mass Lottery Commission had their own analysis done in 1996 to look at the impact casinos would have on lottery revenues. They estimated the lottery could face a 15-17% reduction in sales. Those percentages would result in a loss of \$100 million in local aid. I also think those numbers may be underestimated given the current status of our Lottery for a couple of reasons. First off we have the most successful Lottery in the country and have been around a lot longer than these other states mentioned. In addition, our sales dwarf these other states and I'm not sure we have not stretched our gambling dollar far enough already.

Finally, the scenario laid out in Barrow's analysis is predicated on only three casinos. If the state were to legalize Class III gaming, the racetracks would want to be considered for slots, not to mention the potential of three tribes with federal recognition. When do we get to a saturation point with respect to gaming dollars? The Lottery is experiencing a decline in their rate of growth now; I don't see how casinos do anything, but exacerbate that situation.

The study Bosley alludes to does indicate that there is great variation among the states, but does see a trend toward declining revenues once states initiate casino gaming.⁶⁶ While proponents of Class III gaming dismiss this report based on the premise that it was paid for by the Massachusetts Lottery Commission, a recent analysis conducted for the Narragansett tribe attempts to reaffirm this downward trend. Christiansen Capital Advisors, consultants to Boyd Gaming, who is seeking to build a

Massachusetts Dartmouth Center for Policy Analysis. April 1999

⁶⁴ Bosley, Daniel, House Chairman of the Joint Committee on Government Regulations. "Report to the Speaker on Casino Gaming Proposals." 28 April 1997.

⁶⁵ Interview with Daniel E. Bosley, March 16, 2000.

⁶⁶ The Gaming Strategy Group. "Impact of casinos and gaming devices on the Massachusetts State Lottery." 28 June 1996.

casino/resort in West Warwick, estimates that there will be a 33% drop in revenues from the slots at Lincoln Downs and a 5% loss in lottery revenues.⁶⁷ Undaunted, the consultants were also quick to point out that those revenues would be quickly made up by the new revenues from the casino.

Whether it is the economic impacts from a state lottery or a Class III gaming facility, gambling may have far more indirect economic impact on a state. The question, which has been very hard to quantify, is; do revenues from gaming outweigh the costs from a potential increases in such things as: crime, divorce, domestic violence and bankruptcy due to problem gambling? Although, much of the discussion is anecdotal it is imperative to explore this aspect for based on the evidence; it has received little attention over the past thirty years.

⁶⁷ Gregg, Katherine. "Casino backers woo lawmakers with money talk." *Providence Journal*. 7 April 2000.

V. Social Impacts.

In 1992, Foxwoods Resort hired Mickey Brown as their President and Chief Executive Officer. Prior to this job, Brown had served as an assistant attorney general in New Jersey and also as the director for the Division of Gaming Enforcement, which is responsible for overseeing the Atlantic City casinos.⁶⁸ In commenting on public safety concerns, Brown compared the increase in crimes in communities with casinos to the opening of Disney World.⁶⁹ His intention here was to emphasize that anytime you introduce a significant increase in population to an area, crime will increase proportionally as well.

Proponents of Class III gaming use this comparison to demonstrate that gaming is no different than any other tourist or entertainment attraction. Yet, opponents of gaming counter with the **Casino Factor Theory**. The theory holds the following:⁷⁰

The mere presence of casino gaming in any jurisdiction causes an annual increase of 132 crimes per 1,000 residents, and that each million dollars of increased visitor spending results in the annual commission of an additional .005805 crimes per 1,000 residents.

Proponents take immediate issue with this notion and argue that actual crime rates actually demonstrate an inverse relationship between casino revenues and crime rates.⁷¹ Both groups do agree that crime does increase, but remain starkly opposed as to the causal effect as to why this occurs.

⁶⁸ Brown, G. Michael. *About The Speakers*. Casino Development Symposium. Federal Reserve Bank of Boston. 1 June 1995.

⁶⁹ Brown, G. Michael. *Social Costs Of The Casino Industry*. Casino Development Symposium. Federal Reserve Bank of Boston. 1 June 1995.

⁷⁰ Margolis, Jeremy. *Casinos and Crime: Analysis of the Evidence*. Altheimer & Gray, For: American Gaming Association, December 1997.

Impacts on Massachusetts

Former Attorney General Scott Harshbarger estimated the state's costs for gaming related law enforcement procedures to be around \$42M were the state too allow slots at the racetracks and two fully operational casinos.⁷² His numbers have some validity when one considers the state police activity in Ledyard and Foxwoods from 1991–1994:⁷³

Table 3

State Police Activity	1991	1992	1993	1994	Percent
<u>Change</u>					
Arrests + 192%	229	399	558	669	
Accidents and Investigations + 65%	293	338	430	484	
Motor Vehicle Enforcement	773	1005	839	1116	+ 44%
Misc. Service Reports + 127%	2118	4026	4197	4807	
Totals	3413	5768	6024	7076	+ 107%

These numbers show a marked increase in crime, but they don't tell the whole story of the surrounding region. Other nearby communities such as North Stonington and

⁷¹ Ibid.

⁷² Attorney General Scott Harshbarger, Commonwealth of Massachusetts. Testimony before the Joint Committee on Government Regulations. Boston, MA 18 March 1997.

⁷³ Attorney General Joseph Curran Jr. *The House Never Loses And Maryland Cannot Win: A Report on the Impact of Casino Gaming on Crime*. 16 October 1995.

Preston also experienced a disparate spike in crime as a result of the casinos.⁷⁴ These figures represent police activity for one host community. The proposals before the Massachusetts Legislature would site facilities in several communities.

Opponents believe that the financial resources necessary to address the public safety concerns associated with a gaming facility dwarf the revenue streams earmarked for law enforcement costs in the various casino proposals before the General Court. As a result, opponents contend that municipalities will be forced to use whatever remunerations they are receiving from the gaming facility to counteract the impacts on increased crime in their community. Why then, casino foes declare would a community embrace a Class III gaming facility only to face a spike in crime and minimal economic growth?

In 1999, Thomas Reilly succeeded Scott Harshbarger as the Commonwealth's Attorney General. As the chief law enforcement officer in Massachusetts, Reilly was immediately thrown into the debate on Class III gaming. Harshbarger, the son of a minister, was passionate that casino gaming was morally bankrupt. Jay Queenin, the Director of Intergovernmental Relations for the Attorney General, said Reilly looked at his role from a strictly law enforcement perspective:⁷⁵

⁷⁴ Attorney General Jeffrey Pine, Rhode Island. Symposium on Casino Development. Federal Reserve Bank of Boston. 1 June 1995.

⁷⁵ Interview with Jay Queenin, Director of Intergovernmental Affairs, Attorney General Tom Reilly. 5 May 2000.

Attorney General Reilly is not opposed to casino gaming on moral grounds, but does have major concerns with respect to the impacts on public safety. He does not believe that the increase in crime and corruption is worth the potential positive economic impacts a casino may bring to the host community.

The Attorney General really sees this as a quality of life issue. The very real possibility of cannibalizing our local businesses to the benefit of casino operators does not make for sound public policy. He does not see Class III gaming as a cure for depressed areas, but worries about further increases in crime in communities that may already have an above average crime rate.

Mr. Queenin also expressed Attorney General Reilly's concerns regarding public corruption. While nationally, the number of incidences are relatively low considering the number of states that have legalized Class III gaming, it does warrant close attention and scrutiny. The case of former Louisiana Governor Edwin Edwards serves notice that the potential exists for political corruption.

In February of this year, Governor Edwards began his trial in U.S. District Court after being indicted on 34 counts of racketeering.⁷⁶ Prosecutors are using hundreds of FBI recorded phone conversations among Edwards, his codefendants and some casino developers who were coerced for more than \$3 million in payoffs.⁷⁷ Critics argue that legislators in New Orleans, who restricted the number of licenses to sixteen in an effort to contain expansion, may have unwittingly created an atmosphere conducive to favoritism and bribery as the licensed were granted.⁷⁸ The proposals in Massachusetts also seek to limit the number of licenses and that has opponents pointing to the problems encountered in Louisiana as a cautionary tale.

⁷⁶ Duggan, Paul, "Louisiana Legacy: Corruption Trial For Ex-Governor." *The Washington Post*. 24 February 2000.

⁷⁷ *Ibid.*

⁷⁸ Wilkie, Curtis. "Long Odds in the South." *Boston Globe Magazine*. 21 November 1999.

Additionally, opponents of Class III gaming argue that legal contributions are growing at an unprecedented rate. In 1998, over \$13 million was made in campaign contributions across the Nation.⁷⁹ Business Week reported that in June 1996, U.S. House Speaker Newt Gingrich was the guest of honor at a Mirage Casino fundraiser.⁸⁰ The article also reports that the day after the Gingrich event, the Speaker said he would work to strip the subpoena authority from the bill to create the National Gambling Impact Study Commission. The law establishing the Commission, which was signed by President Clinton, granted the right to obtain documents, but not the testimony of witnesses—the subpoena process as originally proposed had been watered down.⁸¹

Proponents of Class III gaming in Massachusetts feel they are no different than any other industry that is actively engaged in the political process. Their attendance at campaign functions is part of navigating through that process. Opponents fear that because casino operators have very deep pockets they have more frequent opportunities to promote their issue to a larger, if not more attentive legislative audience. This is a debate that bears watching both on the national and state level. So much so, that even the Nation Gambling Impact Study Commission, which has members from the casino industry, recommends limiting campaign contributions.⁸²

Problem Gambling

If there is one thing that proponents and opponents agree on in the Class III gaming debate - **problem gambling is a serious consequence of gaming.** The

⁷⁹ Editorial. "Hooking the U.S. on Gambling." *The Washington Post*. 23 June 1999.

⁸⁰ Woellert, Lorraine. "Big Casinos' Big Score." *Business Week*. 21 June 1999.

⁸¹ Ibid.

difficulty for both sides on this issue is that it is hard to quantify the number of individuals suffering from this disorder. As the National Gambling Impact Study Commission Report states, “virtually every study varies in their estimation of the prevalence of problem gambling.”⁸³

The reason for this may lie in the ability for compulsive gambling to go undetected. In an interview with the Worcester Telegram and Gazette, Lori Charron, a compulsive gambling and substance abuse counselor offered this compelling insight:⁸⁴

Drug or alcohol addictions have physical limits. A person can only drink so much at a time, and a substance abuse addiction produces tangible cues that can tip off friends or relatives. Gamblers don't slur their speech or smell of alcohol. There are no physical limits to someone's ability to gamble. By the time they seek help, they're usually in a very bad way.

As a result, not enough is known about compulsive gambling and its impacts on such things as divorce, domestic violence and suicide.

Some studies indicate that more than 15 million Americans will become problem gamblers. This number accounts for more than 5% of the population, which would be more than twice the rate of cocaine addiction.⁸⁵ The National Gambling Impact Study Commission sponsored two principal studies, which found that between 1.8 million and 2.5 million had pathological gambling disorders.⁸⁶ What effect then, would Class III gaming have on Massachusetts if it was introduced to the population?

⁸² The National Gambling Impact Study Commission, *Commission Report*, 18 June 1999

⁸³ *Ibid*, page 7-19.

⁸⁴ Cohen, Michael. “Jail Time Was Payoff For Fitchburg Woman.” *Worcester Telegram and Gazette*. 29 February 2000.

⁸⁵ Overholser, Geneva. “When Government Lures Gamblers.” *The Washington Post*. 25 June 1999.

⁸⁶ The National Gambling Impact Study Commission, *Commission Report*, page 7-19. 18 June 1999.

The Massachusetts Council on Compulsive Gambling is a non-profit health agency that was founded in 1983, by a small group of people recovering from a gambling problem.⁸⁷ The Council received approximately \$500,000 in state funds last year to combat problem gambling in the Commonwealth. This organization commits its resources to “promoting a continuum of prevention and intervention strategies including information and education, advocacy and referral services for problem gamblers and their families.”⁸⁸

In an interview with Kathy Scanlon, the executive director for the Council, she acknowledged that there has been a significant increase in help line calls since the opening of the Connecticut Casinos.⁸⁹

As Foxwoods opened and grew we saw an increase in calls. We went from a small percent of callers who had traveled to Atlantic City or Las Vegas to almost 30% of all help line calls now related to casino problems. My fear is that if Massachusetts moves to Class III gaming more and more people will be affected.

The Council realizes that gambling is harmless for most and we are not seeking to eliminate all forms of gambling. What we do want to ensure is that appropriate systems are in place to assist those suffering from gambling disorders. We are also extremely concerned about the increase in calls we have received from teens and young adults who are experiencing gambling problems.

Ms. Scanlon also acknowledged that quantifying the number of problem gamblers has been a difficult task:⁹⁰

At present, Council resources are dedicated to treatment referrals, the help line, and education and information concerning the deleterious effects of problem gambling. We believe more resources need to be devoted to research on both the national and state

⁸⁷ Mission Statement. Massachusetts Council on Compulsive Gambling. Available electronically at <http://www.masscompulsivegambling.org/>.

⁸⁸ Scanlon, Kathleen. Executive Director, Mass Council on Compulsive Gambling. Testimony before the Joint Committee on Government Regulations. Boston, MA. 16 March 2000.

⁸⁹ Interview with Kathy Scanlon, Executive Director of the Mass Council on Compulsive Gambling. 5 May 2000.

⁹⁰ Ibid.

level. The Impact Study Commission recognized this void as well. Therefore, we have actually proposed to the Legislature that \$400,000 in new funding be committed to Council, so we can implement a research initiative to investigate gambling and its public health consequences here in Massachusetts.

A better handle on the number of problem gamblers out there is imperative. We need to know if this problem is worse than any of us ever anticipated and if it is, the statistics will assist state policy makers in their deliberations on gaming issues.

VI. Salisbury: A Community in Transition.

In 1994, residents of the town of Salisbury voted at town meeting (411-239) to petition the General Court to authorize a gaming facility at the Salisbury Beach commercial district.⁹¹ Since that time, supporters of the casino behind the advocacy of Senator James P. Jajuga (D-Methuen) have lobbied the legislature on behalf of its plan to bring gaming to the Salisbury waterfront. A group of local businessmen and property owners have formed the Visions Group and selected Harvey's Casino Resorts of Lake Tahoe, Nevada as their development partner. The facility they have proposed is a \$335 million entertainment and resort complex (Exhibits 3 and 4).

Plans for this dynamic project would include the following:⁹²

- A first-class resort hotel with a potential of 1,000 rooms and full service health club and swimming pool;
- Retail shops along the boardwalk;
- A conference/convention center and cabaret lounge;
- A 1500-seat theater and a family entertainment complex with a full enclosed amusement park; and
- A full-service casino.

Roger Shaheen, head of the Visions Group, envisions the casino as a return to yesteryear when Salisbury drew summertime vacationers from Hampton Beach in New Hampshire by the thousands.⁹³ "Historically, Salisbury Beach has been one of the Commonwealth's foremost destination areas capable of drawing tourist from New England and beyond, including the Canadian Provinces."⁹⁴ Proponents of this project

⁹¹ Jajuga, James. State Senator. Testimony before the Joint Committee on Government Regulations. Boston, MA. 16 March 2000.

⁹² The Visions Group. Harvey's Proposal for Salisbury Beach. August 1999.

⁹³ Interview with William Malloy, Contract lobbyist for the Visions Group, April 7, 2000.

⁹⁴ The Visions Group. Harvey's Proposal for Salisbury Beach. August 1999.

see this as the main catalyst for this effort to move forward. According to Senator Jajuga's testimony, area wide use of Salisbury Beach recreation facilities shows promising numbers. From July of 1998 to March of 1999 approximately 1.5 million people passed through the recreation areas for camping and day use. The problem, Jajuga contends is that the overwhelming majority are non-paying visitors.⁹⁵ The Senator feels a gaming facility would quickly turn that around with the revenues the town would receive as host community to a casino bringing in paying customers.

Salisbury Gaming Legislation.

The "Jajuga Gaming Strategy" known as S-352, *An Act Establishing the Massachusetts Casino Control Act*, was filed in consecutive legislative sessions in 1997 and 1999. The legislation would create a 5-member State Casino Control Commission to oversee casino gaming activities in the Commonwealth. The bill would also establish a Casino Enforcement Bureau.⁹⁶ While these tenets are important, the thrust of the bill focuses on the locations and the revenue structure devised to compensate the host community, the abutting communities and rest of the Commonwealth through the Local Aid Fund.

First, the act would allow for three commercial casinos to operate in Massachusetts to be located in Hampden County, the town of Salisbury in Essex County, and one in Bristol County. The bill would mandate that the Gay Head Wampanoags have the exclusive right to the franchise in Bristol County, whether or not

⁹⁵ Jajuga, James State Senator. Testimony before the Joint Committee on Government Regulations. Boston, MA. 16 March 2000.

⁹⁶ Senate 352. "The Massachusetts Casino Control Act." Legislation before the Joint Committee

it decides to site in New Bedford or Fall River. Unlike the Wampanoag Compact, it does not seek to accommodate the racetracks by authorizing slot machines at those gaming venues.

Second, S.352 offers an aggressive financing scheme to distribute gaming revenues. The bill uses a formula based on **Adjusted Net Gaming Revenues (ANGR)**, which is the gross revenue that is wagered less the amount paid in prizes.⁹⁷ In other words, revenue agreements are based on amounts after everything is paid out and not on the actual gross the patrons may wager. This scheme is significant with respect to deliberations by legislators searching for the most accurate information when assessing the fiscal impacts of a gaming venue.

The ANGR of this gaming initiative would be distributed as follows:⁹⁸

- 6% of the ANGR of each licensed gaming facility would be deposited into the Local Aid Fund of the Commonwealth for cities and towns who are neither a host or abutting municipality of a gaming facility;
- 1.5% of the ANGR of each licensed gaming facility would be appropriated by the Commission to the host community;
- 1.5% of the ANGR of each licensed gaming facility would be appropriated by the Commission to cities and towns that are immediately contiguous to the host community;
- 1.5% of the ANGR of each licensed gaming facility would be used to supplement purses at the racetracks and support breeding programs for greyhounds and thoroughbred horses (slot machines would not be permitted to operate at any of the four racetracks);
- 0.35% of the ANGR of each licensed gaming facility would be used for law enforcement purposes and allocated to the fiscal budgets of the Attorney General, District Attorneys and the State Court system; and
- 0.15% of the ANGR of each licensed gaming facility would be used for the education, prevention and treatment of compulsive gambling.

on Government Regulations, Boston, MA. 16 March 1999.

⁹⁷ Ibid.

⁹⁸ Ibid.

Economic Research Associates (ERA), a research firm hired by the Visions Group, estimates that the annual ANGR for the Salisbury project would be approximately \$379 million.⁹⁹ Therefore, this would provide Salisbury with additional revenue of \$5.7M and \$2.85M for the contiguous communities of Amesbury and Newburyport. The State would receive \$22.7M in Local Aid to be distributed among the remaining 351 cities and towns and the four racetracks would share \$5.7M to be used to raise purses and foster the respective breeding programs. Furthermore, state law enforcement officials would receive \$1.3M to address criminal action resulting from legalized gaming and the Department of Public Health (DPH) would have an extra \$600,000 to address the anticipated increase in problem gambling.

Proponents argue that while these numbers are impressive, it is the ancillary services that will provide the real economic incentive to bring Harvey's Resort to Salisbury. Harvey's construction of the facility is estimated to involve over 1300 construction-related jobs and 1750 construction-induced jobs with an expected \$98M in direct construction wages.¹⁰⁰ Adjuvant to those numbers are figures indicating that over \$225M will be spent on direct construction expenses such as materials, supplies, furniture fixtures and equipment.

Senator Jajuga points to the unemployment figures of Lower Merrimack Valley and, in particular, Salisbury to highlight the need for a big employer in the area. In 1998, Salisbury's unemployment rate stood at 4.4%, while the statewide average was at

⁹⁹ The Visions Group. *Economic Impacts*. Harvey's Proposal for Salisbury Beach. August 1999.

¹⁰⁰ *Ibid.*

3.3% and falling.¹⁰¹ Their unemployment rate has lowered at a slower pace than the statewide average and it is the sense of advocates that the casino can alleviate unemployment. Harvey's estimates that at a minimum there will be 2,700 year round jobs at the resort/complex. The average annual salary of these employees would be \$26,000 on top of \$6K in employee benefit packages.¹⁰²

Finally, the value of the resort will realize an additional \$3.1M in real and personal property taxes for the town, and the new lodging space combined with increased use of existing lodging will mean \$1.3M in new lodging taxes. The troika of direct aid from the ANGR, new property taxes and lodging results in approximately \$10.1M in additional tax revenues for Salisbury. In 1998, their total annual tax revenue was \$8.2M.¹⁰³ These numbers seem to indicate a phenomenal cash infusion for the town. Also, a hotel/casino resort represents the opportunity to rehabilitate a dilapidated commercial beachfront and return it to the prominence it had enjoyed for decades. Yet, with all the glowing numbers and political backing in the community, there is opposition. What separates this group is the unusual alliance that has formed in Merrimack Valley to face down the proponents and relate what they feel is the other side of the story.

“Stand Up For Merrimack Valley is a broad-based coalition of citizens, business people, environmentalists, clergy, government officials and educators from

¹⁰¹ Department of Employment and Training. Laborforce, *Employment and Unemployment in Salisbury*. Available electronically at [http:// www.detma.org/local/salisbur/html](http://www.detma.org/local/salisbur/html).

¹⁰² The Visions Group. *Economic Impacts*. Harvey's Proposal for Salisbury Beach. August 1999.

¹⁰³ Jajuga, James State Senator. Testimony before the Joint Committee on Government Regulations. Boston, MA. 16 March 2000.

throughout the Valley that have come together to oppose the siting of casino gambling in this region.”¹⁰⁴ This excerpt culled from the group’s mission statement speaks to the heart of their efforts. The group’s diversity has also won them notoriety in the region and given their stance more credibility than the casino proponents had thought possible. While they have concerns about the potential social impacts a casino may bring, this anti-gaming group has also focused on issues that bring greater awareness to the myriad issues that come with a new gaming facility.

Preston Reed, the owner of Alden Merrell Fine Desserts in Newburyport and Chairman of “Stand Up,” sees this group as a chance to counter the tremendous publicity of the positive effects of this project. “We want to give everybody an opportunity to be heard on why they think there shouldn’t be gambling in the area and we want to be as fair and as factual as we can.”¹⁰⁵ The Coalition hopes to bring awareness to such issues as the need for a new access road into Salisbury to handle the increased traffic flow or sewerage upgrades to handle increased waste from the new plant.

Proponents fire back that this group is largely made up of members who live outside Salisbury and therefore should let the locals decide their fate, which a majority of voting town meeting members did in 1994. Chuck Takesian, a member of the Visions Group, says quite simply, “the people of Salisbury will be impacted, and

¹⁰⁴ Stand Up For Merrimack Valley. *Mission Statement*, June 1999.

¹⁰⁵ Rattigan, David. “Tough Luck.” *Merrimack Valley Sunday*, 4 July 1999.

they're the only ones who should have a voice on this vote.”¹⁰⁶ Reed and others disagree and feel this is very much a regional issue. The group cites concerns such as declines in property values, increased crime rates, environmental damage to the salt marshes, and serious impacts to the region's infrastructure. For **Stand Up Merrimack Valley** this is not, “a Salisbury issue only” and they hope heightened awareness will force officials into other plans for economic development.¹⁰⁷

In fact, their efforts have led to the creation of an opposition group in Salisbury. In response to critics claims that outsiders were trying to drive the debate, the Salisbury Taxpayers Association was formed to oppose Harvey's proposal. Jerry Klima, a retired lawyer, feels that residents are changing their minds and that has proponents anxious.¹⁰⁸ So much so that another referendum will be before Salisbury voters on May 9th of 2000. Senator Jajuga has also asked to withdraw his casino bill for the remainder of this legislative session pending the outcome of the referendum. “I still think it is a good idea, but maybe the complexion has changed,” Jajuga told the *Lawrence Eagle Tribune*.

Klima argues that the real reason for change is the booming economy and the realization that the casino is putting a stranglehold on redevelopment in the business district. “The prospect of casino gambling has been hanging over Salisbury for years. We want Harvey's to decide Salisbury is not a good prospect and go away and let the

¹⁰⁶ Rattigan, David. “Tough Luck.” *Merrimack Valley Sunday*, 4 July 1999.

¹⁰⁷ Stand Up For Merrimack Valley. Letter to Governor Argeo Paul Cellucci. 14 September 1999.

¹⁰⁸ Quimby, Beth. “Jajuga withdraws casino bill.” *Lawrence Eagle Tribune*. 27 January 2000.

town develop naturally without casino gambling.”¹⁰⁹ The information seems to now be out there on both sides and as voters head to the ballot box they may not be thinking of the town, but the region as a whole.

¹⁰⁹ Ibid.

VII. Conclusions.

The National Gambling Impact Study Commission concluded in its report that “destination resort” casinos, “create more and better quality jobs than casinos catering to a local clientele.”¹¹⁰ Based on my analysis, I would agree with the Commission and feel that a resort casino, such as the Salisbury Beach Plan would stand the best chance of success were the Commonwealth to legalize Class III gaming. Its location on the New Hampshire border and its magnificent waterfront views would certainly draw visitors as a tourist destination. In addition, there is no doubt a casino in Salisbury would create a tremendous number of jobs for that particular community from both the construction and operation of the facility. But the question lingers; does that make sound public policy for the entire state of Massachusetts?

I would argue that while there are definite benefits for the host community, it does not make sense as a statewide policy. To further illustrate this point one only has to look at the various proposals before the Legislature. Legislators seeking a casino facility in their district have sponsored all of the petitions before the General Court. Casino operators do not seek state approval first, but build support within a community by finding an official or a respected businessman who will push their agenda.

They may enlist a selectman or a member of the Chamber of Commerce to pitch the ideas to others in the community. A well-coached individual will focus only on how dynamic the project will be for the community and worry about details later. This is also known as the “veto model” in which operators work their way up in the hopes

¹¹⁰ The National Gambling Impact Study Commission, *Commission Report*, 18 June 1999.

of gaining support from Attorneys General, Governors and the economic elite in their bid for gaming development.¹¹¹ Senator Jajuga as we have seen in the case of Salisbury, has been a passionate spokesman on behalf of Harvey's Casino and Resort.

Class III gaming advocates are in search of as the National Gambling Impact Study Commission report states, "a dependent partner in the business of gambling."¹¹² Proponents argue that if the community and its leaders are willing to entertain these venues then why shouldn't the state support these efforts? Stakeholders in favor of legalization have framed the debate as an issue of "home rule," but it is very clear that the impacts reach far beyond the boundaries of the host community. Once advocates are forced to expand their focus outside the confines of the affected community, the debate becomes very hard to contain and I would contend, collapses under its own weight. I offer the following analyses to better support this conclusion.

Saturation

As discussed earlier in the case study, Massachusetts has three Indian tribes that have expressed their interest to pursue a Class III gaming facility. In addition, there are four pari-mutuel racetracks also advocating for slot machines. Finally, there are at least three commercial entities seeking to site a facility in the Commonwealth. The potential therefore exists that the legalization of Class III gaming could lead to at least ten gaming facilities. Yet, there is no single plan that encompasses all of these participants. Instead, proposals such as the "Jajuga Plan" are carefully balanced to

¹¹¹ Cabot, Anthony. Casino Gaming: Policy, Economics and Regulation. UNLV International Gaming Institute. Trace Publications, Las Vegas NV, 1994.

work only under certain conditions. Even proponents are aware that the gambling dollar can only be stretched so far in the Commonwealth. Unfortunately, political reality dictates that in order to gain majority support to legalize Class III gaming, opportunities to site a facility could not be confined to certain parts of the state. The end result could be an overly developed market in which host community's revenue estimates are not as promising when forced to compete with additional entrants to the marketplace.

Impact on lottery Sales

While competing Class III gaming interests are competing for market share, it seems inevitable that they would do so at the detriment of the Massachusetts State Lottery. The numbers cannot be understated; cities and town were paid over **\$750 million** in the form of local aid last year. Unlike the Class III gaming proposals that offer only a small percentage of their adjusted net gaming revenues to the state, the Lottery sends every dollar back to the 351 cities and towns in the Commonwealth. Class III gaming facilities will **never** be able to match this effort. A casino operator's first priority is to turn a profit for the corporation. The Mass Lottery's top priority is to maximize revenues for cities and towns.

The fiscal impact analysis that was done for the Visions Group estimates that the authorization of three casinos, located in Salisbury, Hampden County and Bristol County would generate approximately \$123 million in state aid to municipalities.¹¹³

¹¹² The National Gambling Impact Study Commission, *Commission Report*, page 7-18.18 June 1999.

¹¹³ Barrow, Clyde. "Casino Gaming and State Lotteries; A Fiscal Impact Analysis." University of

Yet, the Gaming Strategy Group estimates a potential 15% decrease in lottery sales with the advent of casinos, which could result in loss of \$100 million in local aid. If the Commonwealth is potentially facing a break-even proposition, why move forward at the expense of the Massachusetts State Lottery? The Lottery as alluded to earlier in the paper, has experienced some stagnation with respect to their games. Introducing new forms of gaming will only further harm sales.

Endless Expansion

Lottery sales have flourished in the Commonwealth because the games have been expanded and developed continually over the past 28 years. Once a gaming venue has a stronghold in a community the quest for additional revenue drives expansion. The Mohegan Sun recently announced an \$800 million expansion, which includes a 34-story, 1,200-room hotel; 100,000 square feet of meeting and function space; 175,000 square feet of upscale retail space; a 10,000-seat arena; and 115,000 square feet of additional gaming space.¹¹⁴ Casino developers are constantly seeking additional ways to attract spending customers. Similar to the Lottery, games do become stale, so the gaming facility is also searching constantly for new revenues sources. Massachusetts would never be host to one Class III gaming venue and once a foothold is gained in the state, expansion is unavoidable.

Massachusetts Dartmouth Center for Policy Analysis. April 1999.

¹¹⁴ Cohen, Michael. "Casino Resort Developments." *Worcester Telegram and Gazette*. 29 February 2000.

Problem Gambling

Not only do casino operators push to expand their physical plants, they are also expanding their audience. Most regrettably, gaming venues are focusing on younger target audiences. A 1998 national survey conducted by the GTECH Corporation, a manufacturer of gaming machines, found that young adults are most likely to favor alternative gaming venues.¹¹⁵ Class III gaming proponents are well aware of this notion.

The Nevada Gaming Commission earlier this year had to adopt regulations to ban so-called “Kiddie” slot machines from operation in the state.¹¹⁶ Slot machines with themes such as the “South Park” cartoon and “The Munsters” have been developed to attract younger audiences. While most casinos do not allow gamblers under twenty-one years of age to enter the casino, these games with child-like themes draw the attention of children and seek to normalize gaming behavior at a young age. The Massachusetts State Lottery currently sells its products in venues such as convenience stores and supermarkets that are not age-controlled. Any expansion in legalized gaming will only exacerbate exposure to gambling for our youth.

Crime

While the numbers regarding the effects of Class III gaming on crime may vary dramatically, there is no doubt a facility will result in more crime. Mickey Brown is correct in stating that when Disney World opened its doors, the community saw an

¹¹⁵ GTECH. *The Vital Signs of Legalized Gaming in America*. 6th Annual National Survey, 1998.

¹¹⁶ Wagner, Angie. “‘Kiddie’ Slot Machines Prohibited in Nevada.” *The Patriot Ledger*. 28 January 2000.

increase in crime. Yet, there is a clear distinction between casinos and other entertainment venues. Cabot states that, “the player is by design likely to suffer financially.”¹¹⁷ Moreover Goodman argues that for the poor, gaming is seen as an investment and for the wealthy, gaming is considered entertainment.¹¹⁸ These factors can lead to desperation on the part of many gamblers and may result in a desperate act. If only a portion of the **Casino Factor Theory** is true then the costs associated with dealing with increases in crime outweigh the revenue potentials.

Casino Gaming Interests

Class III gaming proponents will never stop pursuing the legalization effort in the Commonwealth. The potential profits are too great to walk away from and the investments that have been made in cultivating support pale in comparison to the revenues a casino can generate. Proponents will continue to work the issue until they succeed. Recently, efforts have been very quiet and there are a few reasons to explain the silence.

First, the state is experiencing tremendous economic success. Tax receipts are booming and unemployment is at a record low (2.9%).¹¹⁹ Second, Daniel E. Bosley (D-North Adams) has remained the House Chairman of the Joint Committee on Government Regulations. His 1997 report was backed by an overwhelming majority vote in the House of Representatives (123-31), who supported his contention that casino

¹¹⁷ Cabot, Anthony. *Casino Gaming: Policy, Economics and Regulation*. UNLV International Gaming Institute. Trace Publications, Las Vegas, NV 1994.

¹¹⁸ Goodman, Robert. *The Luck Business*. The Free Press, NY, 1995.

¹¹⁹ Department of Employment and Training. Laborforce, *Employment and Unemployment Rates*. Available electronically at [http:// www.detma.org/l](http://www.detma.org/l).

gaming was indeed “fool’s gold.”¹²⁰ He has always expressed a willingness to look at the issue through a new lens each session, but to this date Bosley contends that there is no new compelling evidence to support legalization.¹²¹

Ultimately, what may drive the debate will be action from New Hampshire to legalize slot machines. This will turn up the pressure for Massachusetts to respond, especially if the state economy suffers a recession. If that happens and pro-casino legislators are in key leadership posts to drive the debate, Class III gaming will become a reality in the Commonwealth.

VIII. Policy Recommendations

Economic Development

The Commonwealth of Massachusetts can and must work to bring economic development to communities who are still struggling even among this unprecedented economic growth. It is paramount that officials from these regions entertain all options and not sit idle in the hopes that Class III gaming is the only economic panacea. Residents of New Bedford and Fall River have witnessed their political leaders at both the state and local level move beyond this rhetoric and refocus their energy on revitalization projects that can foster lasting economic development in the Southeast region.

¹²⁰ Journal of the House. *Yea and Nay No.54*, 5 May 1997.

¹²¹ Bosley Interview.

The move to introduce a publicly sanctioned electronic fish auction to assist the struggling fishing industry on the South Coast is a perfect example of one of these projects. The over fishing of these coastal waters has led to strict regulation by the New England Fishery Management council.¹²² These restrictions should lead to a major rebound in fish stocks over the next ten years. If projections were accurate, than these two port cities would need infrastructure to support expansion.¹²³ Publicly sanctioned auctions would be a means to ensure a level playing field and consistency in pricing among buyers and sellers of seafood. A re-emergence of the fishing industry would help restore a fabric to two communities who have a long and storied history with the sea.

Another integral component for the New Bedford/ Fall River area is improvement to the region's transportation infrastructure. The Massachusetts Ferry project was undertaken to enhance water transportation in an effort to provide alternatives to existing transportation networks in the Commonwealth.¹²⁴ Ferry service began for the first time this spring.

The New Bedford/Fall River commuter rail link is a massive economic development project for the region. Supporters point to Plymouth and Barnstable County's growths as a result of the Old Colony railroad. These counties have seen considerable spikes in population and development as people use the rail to ease their commute to Boston and avoid a two hour plus commute in their cars to get back to their

¹²² Department of Fisheries and Wildlife. "Feasibility Study for Electronic Fish Auctions." 1997.

¹²³ *Ibid.*

seaside residences. The potential growth for Fall River and New Bedford cannot be understated. They have experienced an increase in population of only 3.6% from 1960-1990, while the rest of the southeast region saw a growth of 80.9 %.¹²⁵ The cost of living is considerably lower on the South Coast than in the Greater Boston area and would be more attractive to commuters if the commute were shorter.

Finally, contrary to assertions made by some members of the South Coast delegation, the Legislature has taken a pro-active role to assist their region. The Electric Utility Restructuring Act of 1997 has a provision, which allows New Bedford to lease prime real estate on the waterfront from a utility company for little or no cost.¹²⁶ This land is going to be the site of the New Bedford Aquarium, the major building block from which the rest of the waterfront is being developed. The aquarium has exceeded its private fundraising target and stands to provide significant cultural and educational development to the community.¹²⁷

Regions of the state facing hard economic times should look to communities such as New Bedford and Fall River as well as, Lowell and North Adams for inspiration. Leaders in these municipalities mobilized their constituencies around effective dialogues to create solutions that will bring long- term sustainability to their communities. They also enlisted the most important stakeholders in the debate: the residents of their communities.

¹²⁴ Executive Office of Transportation and Construction. "The Massachusetts Ferry Project." 1997

¹²⁵ Barrow, Clyde. "Southeast Region; growth Without development." *Massachusetts Benchmark*. Summer 1998.

¹²⁶ Chapter 164 of the Acts of 1997, section 341.

¹²⁷ Davis, Thomas. Executive Director, Greater New Bedford Industrial Foundation. "Letter to the

Moratorium

The Commonwealth should continue to proceed with caution regarding Class III Gaming. Political leaders would be wise to heed the recommendation of the National Gambling Impact Study Commission Report that is, **“Time For A Pause.”**¹²⁸ The discipline that the General Court has demonstrated to this point is admirable and prudent. The awesome responsibility that comes with the legalization of Class III gaming cannot be understated. It is amazing that this industry has grown so fast, but the research out there indicates very little is known about it.

To that end, it is imperative that more extensive research be undertaken to look at the long-term impacts of Class III gaming. This research should include efforts to provide more accurate information for the general public. There seems to be a policy paradox at work when looking at American’s views on gaming. A 1999 Gallup Poll revealed the following:¹²⁹

Nearly two-thirds (63%) of American adults approve of legalized gambling. Yet, 56% of adults also believe casinos have a negative impact on family and community life in the cities in which they operate, even though a majority (67%) says that gambling helps the local economy.

Research should seek to address this anomaly in order to better inform the citizenry. A more complete research endeavor will assist residents in reconciling these feelings regarding the economic and social impacts of a Class III gaming facility.

“Mass Appeal”

Editor.” *The Boston Globe*. 20 March 2000.

¹²⁸ The National Gambling Impact Study Commission, *Commission Report*, page 1-7.18 June 1999.

¹²⁹ The Gallup Organization. *Social Audit: Gambling in America*. Available electronically at

Massachusetts should continue to do what it does best: celebrate and promote its storied history. The Commonwealth already is a preeminent tourist destination in the United States. More than 28 million people visit the Bay State and spend more than \$11.3 billion per year.¹³⁰ Tourists come to Massachusetts for the Freedom Trail, the U.S.S. Constitution, Faneuil Hall, the Berkshires and our National seashores.

When New Orleans opted to legalize Class III gaming, leaders envisioned thousand of tourists heading straight for the casinos. As Curtis Wilkie wrote in a *Sunday Globe* article, “it became apparent that visitors flock to New Orleans, to eat, drink, listen to jazz, and inhale the funky atmosphere of the old city, but not to gamble.”¹³¹ I envision the same scenario would result in Massachusetts. State leaders should stay the course and preserve the integrity and glorious history of this great Commonwealth.

<http://www.gallup.com/poll/socialaudits/>.

¹³⁰ Travel Industry Association of America. 1998 Economic Impact of Travel on Massachusetts Communities.

¹³¹ Wilkie, Curtis. “Long Odds in the South.” *The Boston Globe Magazine*. 21 November 1999.

Addendum.

Since the completion of this project, three recent events have occurred to further highlight the conclusions made in this case study. They are as follows:

- On May 8, 2000, the *Providence Journal* reported that 15 of the 17 members of the Finance Committee in the Rhode Island Legislature, which is deliberating on a Class III gaming facility in West Warwick do not support the statewide referendum the Narragansett tribe is seeking on the proposed casino. Rep. Robert Jacquard (D-Cranston) was quoted as saying, “At best I think it is a break-even proposition, so it is not in the best interest of taxpayers at this time.”¹³²
- On May 9, 2000, former governor Edwin Edwards was convicted on 17 counts of racketeering and extortion in connection with a scheme to procure funds from investors in Louisiana Casinos.¹³³ Mr. Edwards could face a potential sentence of 200 years in prison and millions of dollars in fines.
- On May 9, 2000, residents in Salisbury voted against the proposal to site a “destination resort” casino at Salisbury Beach. In the non-binding referendum, 1,804 residents voted against the casino and 1,440 voted in favor of the facility.¹³⁴ Senator Jajuga, the most ardent proponent said, “It’s all over. There’s no more discussion as far as I’m, concerned. The voters have spoken.”

While proponents of Class III gaming will qualify these events as isolated occurrences, they do serve notice that legislators, citizen groups and voters are paying closer attention to this issue. They are beginning to looking beyond the glossy proposals and are asking important questions in regards to the impacts of gaming. When these efforts are put forth, informed decisions can be made and that makes for sound public policy, whether one supports or disapproves of Class III gaming.

¹³² Gregg, Katherine. “Casino vote May Not Clear Panel.” *The Providence Journal*. 9 May 2000.

¹³³ Wilkie, Curtis. “Former Governor Convicted in La. Extortion Deal.” *The Boston Globe*. 10 May 2000.

¹³⁴ Laidler, John. “Salisbury Vote to End Casino Bid.” *The Boston Globe*. 10 May 2000.

