

What are the Potential Benefits and Harms from Legalizing Casinos in New Hampshire?

By Clifton Below, for Casino Free NH, 4/7/15

For many legislators the policy choice of whether to vote in favor or against particular legislation to expand gambling in New Hampshire comes down to a judgment call as to whether the likely benefits outweigh the potential harms or downside risks of a given proposal. Unfortunately there have been no definitive studies that answer this question for New Hampshire, although there is plethora of studies and information that can help inform this judgment. Below, with hyperlinks to additional information or sources, is an overview of the issues. It is important to note that in the United States most research on gambling has been funded and directed by the gambling industry itself.¹

What are the potential benefits from 2 casinos in NH and what are the uncertainties around those potential benefits?

1. Increased Government Revenue:

Revenue to help fund the state budget, or specific programs or revenue sharing schemes, is usually the main reason cited for supporting casino gambling. A key appeal for many legislators is the claim that state licensing of casinos is a way to bring in new revenue without imposing or raising a tax or fee. However, the state share of casino revenue is structured as a tax on the gross gambling receipts of the casino operator along with an annual fee or tax for each slot machine. Obviously this tax revenue comes from a mix of citizen and out-of-state visitors to the casino.

The fiscal note for SB 113 (2015) using lottery commission estimates, projects the annual “Total Tax Revenue” from 3,500 slot machines and 160 table games at a casino, starting in the 4th fiscal year after legislative approval (FY 2019), to be \$135 million. After special distributions the net revenue to the Gaming Regulatory Fund is estimated at \$90.5 million (before deducting regulatory costs and lost lottery and other revenues). This projection explicitly assumes that there would be no casino within the metro region of Boston or south of Portland Maine. The projected number of slots machines to be in operation in FY 2019 is more than the minimum number required for both casinos in the bill (2,750) and more than are currently planned for either the MGM Springfield (MA) or The Wynn Resort in Everett. The projected Gross Gambling Revenue (GGR) per slot machine (\$250/day) and per table game (\$2,200/day) is more than what was actually experienced by Foxwoods in FY 2014 (at \$217/day for their slots and \$1,500/day per table game).² The analysis makes no attempt to estimate what the NH market might support; instead they just used the number of machines times a daily revenue estimate per machine.

Proponents of SB 366 (2014), a bill that was very similar to this year’s SB 113, in the minority report in the House Record estimated \$139 million in gross annual revenue, apparently based on a “black box” (no details) estimate by White Sands Gaming, the gaming industry consultant to the NH Gaming Regulatory Authority. There have been no provisions in legislation that a casino developer would need to guarantee any particular level of revenue to the state. There have been experiences in other states where actual revenues have been far less than initially estimated.³

To provide an alternative revenue estimate for SB 366, former State Senator and PUC Commissioner Clifton Below did a market analysis using the only publicly available data on actual adult spending on slot machines and table games by distance from casino for hypothetical casinos in Salem and Loudon, NH and assuming new casinos in Everett or Revere and Springfield, MA, along with the existing Oxford, Maine casino, adjusted for 2015 estimated population levels and for inflation (see appendix entitled “Proximity Matters!” with graph on “Casino Spending per Adult per Year by Distance”). The result was an estimate of total gross tax revenue of about \$84 million per year. After accounting for designated allocations of revenue (about \$12.5 million excluding revenue sharing proposed in the bill), nearly \$12 million in estimated annual regulatory costs (from the FN), and another \$6.5 to \$12 million in lost lottery revenue (from the FN), the net revenue estimate to the state is \$47 to 53 million, \$25 million of which would have been directed into revenue sharing

¹ See *Why Casinos Matter*, (www.americanvalues.org/search/item.php?id=1981) proposition #26, summary at: www.casinofreemass.org/why_casinos_matter.html.

² Computed from GGR table and number of slot machines for Foxwoods on p. 5 of the *Rhode Island Gaming and State Revenue Forecast*, 11/5/14 at : www.dor.ri.gov/documents/reports/New%20Rhode%20Island%20Report%202014%20Update.pdf

³ For example in Ohio where voters narrowly approved a referendum to allow 4 casinos in 2009, the plan was pitched with a projection of \$1.9 billion in new annual revenues. The first full year of operations for all 4 casinos brought in only \$839 million, over \$1 billion short of the projection. See bottom of page at <http://www.getgovernmentoutofgambling.org/2014/03/>.

by SB 366, leaving only about \$25 for other budget needs. However, even this does not account for potential lost revenue from charitable gaming and other business taxes, such as rooms and meals and the business profits tax that may result from shifting discretionary spending from other goods and services to casino gambling, nor most of the social costs from problem and pathological gambling, which could easily equal or exceed the net revenue.

1.1 A key question is who pays these taxes: where does this revenue come from?

Obviously the source is the casino patrons. Since most New Hampshire residents now infrequently, if ever, patronize casinos, the popular perception is that someone else who voluntarily chooses to gamble will provide most of the revenue and that a big chunk of it will come from revenue flowing to other states. See the attached “Proximity Matters! To understand where revenue will come from, it is important to understand where we start from.

1.2 So to what extent do NH residents gamble at casinos now?

Unfortunately there is little base line data on how much NH residents currently spend at casinos, or what the current rates of disordered gambling currently are, although the available evidence suggests that these rates are rather low compared with what we can expect by developing one or more casinos within our borders. The [4th Biennial New England Gaming Behavior Survey](#)⁴ by the Center for Policy Analysis at the University of Massachusetts at Dartmouth provides some base line data for New Hampshire. In that survey they found that propensity to gamble at a casino is highest in southern New England (27% in CT, 26% in RI, 22% in MA), while in New Hampshire only 16% of those surveyed had gambled at a casino in the past year.

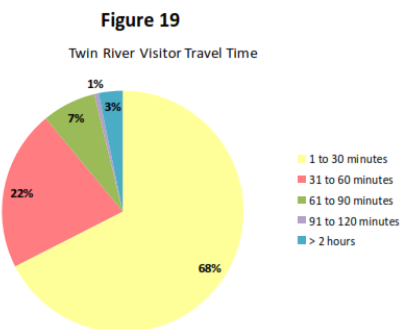
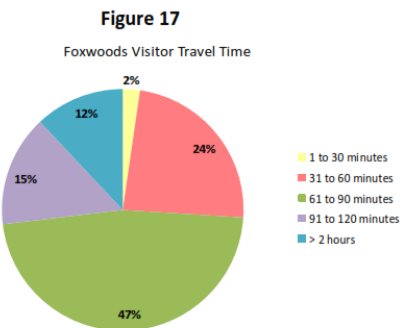
Furthermore, the frequency of casino visits by those who do participate from New Hampshire appears quite low compared to populations who are closer to casinos. The average number of visits to Foxwoods and Mohegan Sun for NH residents in 2012 was 1.8 (to each), compared with more than double that for CT, RI, and MA residents. Only 3% of NH residents made more than 3 visits to Foxwoods or Mohegan Sun in 2012 compared with more than 30% of CT residents and about 20% of MA residents. Like the rest of New England, about 4% of NH residents visited casinos in Las Vegas, 2% in Atlantic City, and 2% in other areas outside of New England in the past year. The Northeastern Casino Gaming Update, 2015 estimates that in 2014 NH residents contributed about \$8.1 million to Connecticut, Rhode Island and Maine state revenue from casino spending.⁵ Some of this, though not likely all of it, may return to NH if there were casinos within our borders. The same study estimates that per capita (age 21+) spending by NH residents at all New England casinos in 2012 was \$60, less than 15% that of CT residents who were at \$411, a third that of MA residents who were at \$177, and just over 10% of the per capita rate of RI residents who were at \$578.

1.3 So where would the revenue come from with casinos in NH?

While proponents of casino gambling have touted one or two casinos as “destination” resorts that would attract most of the revenue from out-of-state visitors, the development of casinos in Maine and Massachusetts and across the northeast make the idea of a true destination casino in New Hampshire implausible. Even Atlantic City and Foxwoods are rapidly losing their status as casino destinations as consumer move their play to hometown casinos. Some in the industry say that Las Vegas is now the only true casino destination in the U.S.

Most new casinos are seen as serving primarily regional and local markets. An 11/5/14 report to the RI Dept. of Revenue by Christensen Capital Advisors LLC noted that: “[i]n recent hearings before the New York Gaming Facility Location Board, several experienced casinos executives stated that, ‘Most casinos derive 90% of their revenue from within a 60 minute drive time of the facility.’”⁶

Twin River Casino in RI, along with a couple of regional convenience casinos in PA, was cited as the most comparable existing casino to what might be developed in NH by White Sands Gaming in their 11/15/13 report to the NH Gaming Regulatory Oversight Authority. Compare the visitor travel time at right for Twin River (Fig. 19) with that of Foxwoods (Fig. 17), which once was the largest casino in the world and



⁴ www.umassd.edu/media/umassdartmouth/seppce/centerforpolicyanalysis/Bring_it_home.pdf
⁵ www.nathaninc.com/sites/default/files/Pub%20PDFs/2015_Northeastern_Casino_Gaming_Update.pdf, by Pyramid Associates, LLC, pp. 24-26.
⁶ www.dor.ri.gov/documents/reports/New%20Rhode%20Island%20Report%202014%20Update.pdf, p. 2.

the only casino north of Atlantic City, and as such was truly a destination for all of New England and beyond.⁷

With Wynn Resorts in the process of developing a \$1.6 billion five-star integrated casino resort in Everett, Massachusetts, and MGM planning an \$800 million facility in Springfield, MA it is unlikely that even a \$450 million facility in Salem will be much of a regional draw. However even assuming that a Salem casino has equal attraction as new Massachusetts casinos such that the portion of the Massachusetts population between Salem and Boston are evenly split in their spending between such casinos (i.e. on average people go to the closest casino) then the market analysis of two NH casinos using comparable “Casino Spending per Adult per Year by Distance” indicates that about half of the revenue will come from NH residents and half from out-of-state, with 85% of the revenue for a Salem location coming from within 25 miles, including Nashua and Manchester, while for a Loudon location 73% would come from within 25 miles. More information about who would supply these revenues is found under “Harms to Individuals.” See also: [Regional casino markets are saturated. New Hampshire’s market is too small to support a destination resort casino.](#)⁸

1.4 Will revenue from casinos help reduce other taxes?

Available evidence suggests increased revenue from casinos will have little, if any, impact on other tax levels. A professor of economics and a professor of business law⁹ wrote the book *Governing Fortune: Casino Gambling in America* and devoted a chapter to “Tax Revenue from Casinos.” At the outset they point out that “it is unclear whether the addition of casino gambling actually reduces the tax burden of citizens and is a net benefit to the community.” (p.32) After describing a series of analyses of changes in tax burden comparing non-casino and casino states and counties over time they conclude that “Taxpayers in casino states did not experience benefits in terms of taxes as measured against personal income. Moreover, data indicate that casinos have no perceptible impact on property taxes.” (p. 51) They also caution that “expanding gambling also presents a concern that local citizens (including those who do not participate in gambling at all) may also be bearing some hidden social costs.” (p. 44)

2. Jobs and Economic Development

Jobs and economic development are usually cited as the 2nd major reason to support casino gambling. Organized labor has been particularly vocal on this issue. It is important to point out that the opponents of expanded gambling, like proponents, include people from across the political spectrum, including some folks who strongly support and some folks who strongly oppose unions on other issues. Certainly legislated minimum capital investment requirements for casino licensing will force substantial construction spending, perhaps more than is really necessary to house the needed gambling machines, table games, and ancillary services. Because casino owners are most profitable when they have favored oligarchic economic positions (limited competition such as monopolies or franchised territories), protected by state regulation, in many cases they have developed symbiotic relationships with unions, where unions provide political support for casino development in exchange (implicit or explicit) for labor peace or project labor agreements where the developers agree to use all union labor for construction and often do not resist unionization of operational employees. Most casinos in Las Vegas and Atlantic City have unionized work forces. Even before winning the Boston area casino franchise, Wynn Resorts last July stated upon signing a labor agreement with construction trade unions that: “Wynn Everett will be the largest private development in the history of Massachusetts and we never waived in our commitment to build it with full union tradespeople.”¹⁰ Ironically at least one major casino owner, billionaire Sheldon Adelson (Las Vegas Sands and Venetian) is a strong supporter and funder of “right-to-work” union busting efforts.¹¹

Many of the operational jobs at casinos are relatively low paying service jobs, with many, if not most, positions paying less than \$10-\$12/hour¹², and many tip based and part-time jobs. The 2014 Bureau of Labor Statistics report for “Gambling Industries” indicates a nationwide median hourly wage of \$11.09 and an average hourly wage of \$14.06 for all occupations, including managers and executives. For Personal Care and Service Occupations, which includes gaming floor supervisors and workers, the median hourly wage in 2014 was only \$9.48 and the mean hourly wage was \$12.72,

⁷ Pie charts from: [Bring It On Home, An Overview of Gaming Behavior in New England](#), March, 2013, Center for Policy Analysis, University of Massachusetts at Dartmouth, p. 28.

⁸ <http://casinofreenh.org/1-markets-are-saturated-2/>

⁹ Edward A. Morse is Professor of Law and holder of the McGrath North Mullin & Kratz Endowed Chair in Business Law at Creighton University School of Law. Ernest P. Goss is Professor of Economics and MacAllister Chair at Creighton University and was a 2004 scholar-in-residence with the Congressional Budget Office. See more at: www.press.umich.edu/221871/governing_fortune#sthash.s3PIUwSW.dpuf.

¹⁰ July 10, 2014, www.masslive.com/news/boston/index.ssf/2014/07/wynn_resorts_strikes_labor_dea.html

¹¹ <http://labortribune.com/billionaire-casino-owner-out-to-bust-unions/>

¹² See New Hampshire Gaming Study Commission, Final Report of Findings, May 18, 2010 p. 19, available at www.nh.gov/gsc/.

annualized at \$26,450.¹³ In other words, most jobs are low-paying jobs. The U.S. Department of Health & Human Services 2014 poverty level for a family of four is \$29,800.

Due to the expected location of a casino in Salem, many, if not most employees, both in the construction and operational phases, can be expected to be Massachusetts residents. To the extent that casinos in NH draw their revenue from spending that would otherwise go to other sectors of the local and regional economy (which appears to be the vast majority of the expected revenue) then job gains at a casino may well be at the expense of job losses distributed throughout the area surrounding the casino from which most spending will be drawn.

Professors Morse and Goss, in their chapter on “Casinos as Economic Development Tools” in *Governing Fortune* describe their regression analysis to sort out the impact of casinos on economic development as measured by changes in employment and per capita income following the opening of casinos. They found that “casinos tend to have a positive influence on job growth and unemployment rates but have a negative impact on per capita income growth.”¹⁴ (p. 66)

Another study found “there is no Granger-causal relationship between real casino revenues and real per capita income at the state level.”¹⁵

In *Why Casinos Matter*¹⁶ numbers 13 and 14 of the 31 “evidence-based propositions from the health and social sciences” address casino workers. They are: “Working in a casino appears to increase worker’s chance of having gambling problems.” And “Working in a casino appears to increase worker’s chances of having a health problem.” The organization Stop Predatory Gambling¹⁷ points out that “The appalling truth is casinos make far more gambling addicts than jobs.” For example, in Illinois there are more people on the casino self-exclusion list than there are casino employees. A good summary of why casino development is bad economic development policy was recently made by David Frum, senior editor at *The Atlantic* in his article: [“A Good Way to Wreck a Local Economy: Build Casinos.”](#)¹⁸

3. Entertainment and Convenience:

Some proponents of bringing casinos to New Hampshire argue that it increases recreation and entertainment options and would be more convenient for our residents who now travel out-of-state to visit casinos. It should be noted that New Hampshire already has non-gambling arcade game venues like Funspot in Laconia, as well as bingo and charitable gaming venues that include low-stakes poker rooms where casino like table games can be played but without the risk of substantial losses. As discussed below, after the novelty wears off, much if not most of the casino revenue and profits will come from a relatively small number of people who become habitual regulars, those who visit multiple times each month or week. Many of those people will be on the disordered (harmful) gambling spectrum – which brings us to an examination of the potential harm that bringing casinos to New Hampshire will do.

What are the potential harms from allowing 2 casinos into NH and the uncertainties around those potential harms?

The harm that casinos do is often characterized as “social costs.” Ideally, we might add up these “social costs” to weigh them against the benefits and make a policy choice. However, while the benefits of developing casinos are relatively quick to be realized and easy to measure, the harms and social costs are longer-term and much harder to quantify and measure. For some clearly discernable harms that arise from gambling addiction there have been no meaningful attempts to quantify them in dollar terms, but that doesn’t mean aren’t real and shouldn’t be considered in this important public policy choice for New Hampshire.¹⁹ And just to complicate matters, “[s]ocial problems often have multiple causes, and teasing out the extent of contribution by gambling alone has proven to be a daunting task. . . . Nevertheless, the available research supports the proposition that gamblers externalize costs to others. It also supports the likelihood that these costs

¹³ www.bls.gov/oes/current/naics4_713200.htm#41-0000

¹⁴ Edward A. Morse and Ernest P. Goss, *Governing Fortune: Casino Gambling in America*, University of Michigan Press, 2007, p. 66.

¹⁵ Walker, Douglas M. and Jackson, John D., Do Casinos Cause Economic Growth?. *American Journal of Economics and Sociology*, Vol. 66, No. 3, pp. 593-607, July 2007. Available at SSRN: <http://ssrn.com/abstract=1061810> or <http://dx.doi.org/10.1111/j.1536-7150.2007.00528.x>

¹⁶ Full report available at www.americanvalues.org/search/item.php?id=1981. Highlights available at: www.casinofreemass.org/why_casinos_matter.html.

¹⁷ <http://stoppredatorygambling.org/facts-research/predatory-gambling-lies/>

¹⁸ <http://www.theatlantic.com/business/archive/2014/08/a-good-way-to-wreck-a-local-economy-build-casinos/375691/>

¹⁹ Some of the challenges and limitations of cost-benefit analyses with regard to gambling expansion are discussed in chapters 5-7 of economists Earl Grinols 2004 book *Gambling in America: Costs and Benefits*.

are substantial.”²⁰ See also the discussion under *Why Casinos Matter* proposition #15: [“The benefits of casinos are short-term and easy to measure while many of their costs are longer-term and harder to measure.”](#)²¹

1. Harms to individuals:

Most of the people who visit casinos or play slot machines do so only occasionally, as a recreational diversion. Many have a budget and when that budget is spent, they quit gambling. However when slot machines work as designed and intended they entice players to lose track of time and money and engage in continuous play entering into what is commonly called the “zone” that, together with sophisticated customer tracking and marketing systems, seeks to keep players coming back with regular and increasing frequency. This form of “escape” gambling can be highly addictive for a significant number of people, across all socio-economic strata, but particularly for certain vulnerable populations and individuals. The thrill of “action” gambling that comes from high stakes poker and other casino table games has its own addictive appeal that often attracts a different set of players many of whom become habitual gamblers and start to move across the spectrum of disordered gambling.

Disordered Gambling is the new official term for “pathological gambling” (PG) in the American Psychiatric Association’s Diagnostic and Statistical Manual, DSM-5. PG was first added to DSM-III in 1980 as a recognized mental disorder. It has been reclassified from being an “Impulse Control Disorder” in DSM-IV to being a “Substance-Related and Addictive Disorder” in the new DSM-5. The American Psychiatric Association summarizes the basis for the change: “This new term and its location in the new manual reflect research findings that gambling disorder is similar to substance-related disorders in clinical expression, brain origin, comorbidity, physiology, and treatment.”²² PG is also often called “compulsive gambling” or simply gambling addiction.

For 23 years, until the DSM-5 was released in 2013, the clinical diagnosis of pathological gambling was made when gamblers were experiencing 5 or more of the 10 criteria listed in the box to the right. People with just 3-4 symptoms were often classified as “problem gamblers,” while those indicating 1 or 2 symptoms were often classified as “at risk.” With the adoption DSM-5, the symptom of “illegal acts” was dropped and the number of criteria for a diagnosis of gambling addiction or full blown disordered gambling was changed to 4 or more of the 9 criteria. This may be because many people are reluctant to voluntarily disclose that they are committing illegal acts. There has been a growing realization that disordered gambling is a spectrum and that many casino gamblers progress in severity of symptoms or problems over time. Some have pointed out the experiencing just 1 or 2 of these symptoms can mean serious problems for gamblers and their families.

Who is an increased risk of Disordered Gambling?

- **People who live close to casinos**, i.e. those who have convenient access to EGMs (electronic gaming machines), and high stakes table games, such that they can “play” frequently and for extended periods of time. **“Those who live within 10 miles of a casino have twice the rate of pathological or problem gambling as those who do not.”** The most straightforward explanation for this relationship is

Criteria or Symptoms for Clinical Diagnosis of Gambling Disorder

1. **Preoccupation:** Preoccupied with reliving past gambling experiences. Planning the next venture, or thinking of ways to get money with which to gamble.
2. **Tolerance:** Needs to gamble with increasing amounts of money in order to achieve the desired excitement.
3. **Withdrawal:** Restless or irritable when attempting to stop gambling.
4. **Loss of Control:** Has repeatedly been unsuccessful in efforts to stop gambling.
5. **Escape:** Gambles as a way of escaping from problems or relieving feelings of helplessness, guilt, anxiety or depression.
6. **Chasing:** After losing money gambling, often returns another day to get even.
7. **Lying:** Lies to family members, therapist or others to conceal the extent of gambling.
8. **Risked Relationship:** Has jeopardized or lost a significant relationship, job or career opportunity because of gambling.
9. **Bailout:** Relies on others to provide money to relieve a desperate financial situation caused by gambling.
10. The criteria deleted in DSM-5: **Illegal Acts:** Committed illegal acts, such as forgery, fraud, theft or embezzlement, to finance gambling.

²⁰ Morse and Goss, *Governing Fortune*, pp. 68-69.

²¹ http://www.casinofreemass.org/why_casinos_matter.html

²² <http://www.dsm5.org/Documents/Substance%20Use%20Disorder%20Fact%20Sheet.pdf>

that the availability of an attractive gambling opportunity can lead to gambling pathology in some people who would not otherwise develop it.”²³

- **People who are socio-economically disadvantaged.** A large national survey found “that respondents who live in the 10% most disadvantaged neighborhoods have 12 times the rates of pathological or problem gambling (10.0%) as those who live in the 10% least disadvantaged neighborhoods (0.8%).”²⁴
- **People who were maltreated (abused or neglected) as children and children of people with gambling disorders.**²⁵
- **People who use tobacco or are addicted to or abuse alcohol and/or drugs.**²⁶
- **People with certain mental health indicators such as depression, anxiety and obsessive-compulsive disorders.**²⁷
- **Elders** who are one of the fastest growing gambling demographics²⁸ and who often have time and retirement savings to spend, are particularly vulnerable to gambling addiction for a variety of physical and social reasons, including declining cognition, early dementia, loneliness, and depression.²⁹
- **People who gamble at casinos or on EGMs (slot machines or video lottery terminals—VLTs).** Numerous studies have shown casinos and gaming machines to be the most addictive forms of gambling.³⁰ Two natural experiments where video slot machines were introduced to a population (South Dakota and Norway) and then banned and removed for a period of time showed a near complete drop off in inquiries and services for problem gambling treatment that rebounded when the machines were turned back on in the case of SD.³¹ In Norway “The analysis shows that gambling participation, gambling frequencies and gambling problems were reduced after EGMs disappeared from the market. There was no indication of the development of an illegal EGM market, or of substitution of EGMs with other types of gambling.”³²

MIT professor Natasha Schull, in her book *Addiction by Design*, includes this introductory information:

“In 2002 the first in a line of studies found that individuals who regularly played video gambling devices became addicted three to four times more rapidly than other gamblers (in one year, versus three and a half years), even if they had regularly engaged in other forms of gambling in the past without problems.⁶³ Rather than indicating pathology in the gambler, ‘impaired control and subsequent problem development are an understandable, and ‘natural’ consequence of regular, high intensity [machine] play,’ hypothesized the authors of another study.⁶⁴ Endorsing this hypothesis, an independent federal commission in Australia concluded in 2010 that ‘the problems experienced by gamblers—many just ordinary consumers—are as much a consequence of the technology of the games, their accessibility and the nature and conduct of venues, as they are a consequence of the traits of the consumers themselves.’⁶⁵” [endnotes omitted]³³

²³ Welte, J. W., Wiczorek, W. F., Barnes, G. M., Tidwell, M. C., & Hoffman, J. H. (2004). “The relationship of ecological and geographic factors to gambling behavior and pathology.” *Journal of Gambling Studies*, 20(4), 405-423, p. 421.

²⁴ Ibid. p.418.

²⁵ Hodgins, D. C., et al. "Disordered gambling among higher-frequency gamblers: who is at risk?." *Psychological medicine* 42.11 (2012): 2433-2444.

²⁶ Ibid.

²⁷ El-Guebaly, Nady, et al. "Epidemiological associations between gambling behavior, substance use & mood and anxiety disorders." *Journal of Gambling Studies* 22.3 (2006): 275-287.

²⁸ http://www.ncpgambling.org/files/public/Seniors_FINAL.pdf

²⁹ <http://www.alternet.org/economy/gambling-and-seniors>, and “More older Americans are problem gamblers, but are they betting against their health, too?” by Peter Jaret and Bill Hogan, AARP Bulletin, January/February 2014; and see <http://americanvalues.org/catalog/pdfs/seniors-in-casino-land.pdf>.

³⁰ Hodgins, D.C., et al, 2012. See also: See also: Binde, Per. "What are the most harmful forms of gambling? Analyzing problem gambling prevalence surveys." (2011), CEFOS Working Paper 12, www.cefos.gu.se.

³¹ Carr, R. D., et al. "" Video lottery" and treatment for pathological gambling. A natural experiment in South Dakota." *South Dakota Journal of Medicine* 49.1 (1996): 30-32. Available at <http://stoppredatorygambling.org/blog/video-lottery-and-treatment-for-pathological-gambling-a-natural-experiment-in-south-dakota/>.

³² Lund, Ingeborg. "Gambling behaviour and the prevalence of gambling problems in adult EGM gamblers when EGMs are banned. A natural experiment." *Journal of Gambling Studies* 25.2 (2009): 215-225. Available at: <http://www.osbrneni.cz/wp-content/uploads/2012/09/10.pdf>.

³³ Schüll, Natasha Dow. *Addiction by design: Machine gambling in Las Vegas*. Princeton University Press, 2012, pp. 16-17.

As a side note it is important to note that much, if not most, of the revenue that NH might derive from casinos will come from problem and pathological gamblers, people on the disordered gambling spectrum, who are typically a casino's most "loyal" and "productive" customers.

Harrah's, one of America's largest gambling operator (now Caesars), after implementing their player tracking system found that **90% of its gambling profits came from the financial losses of just 10% of its visitors**, according to *Wall Street Journal* columnist Christina Binkley's book, *Winner Takes All*.³⁴

Why Casinos Matter cites 11 independent scholarly studies that found 35% to 60% of casino revenues derive from problem and pathological gamblers (pp. 37-40).

Schüll notes that a "1998 Nova Scotia study found that only 4 percent of net gambling machine (or video lottery) revenue came from 'casual' players (although they comprised 75 percent of players), while **a full 96 percent of the revenue came from under 6 percent of the population who classified as 'regular gamblers'**" (Schellinck and Schrans 1998, 7).

Approximately 16 percent of these regular gamblers were 'problem gamblers,' generating 53 percent of machine revenues although they constituted a mere 1 percent of the total population (ibid., 14)."³⁵

Specific Harms to Individuals on the disordered gambling spectrum include:

- **Financial losses that can extend to exhaustion of savings and running up of unaffordable debt.** See the attached excerpts from *The Impacts of Gambling in Connecticut*, p. 58.
- **Bankruptcies.** A 2009 study use of a "regression analysis indicates the existence of a casino in a county increases the bankruptcy rate by more than 9% in the first year of operation."³⁶ Unfortunately federal courts do not track or record data that would indicate when bankruptcies are gambling related. See also the attached excerpts from *The Impacts of Gambling in Connecticut*, pp. 59, 63-65.
- **Health impacts.** See the attached excerpts from *The Impacts of Gambling in Connecticut*, p. 67.
- **Impact on Relationships.** See the attached excerpts from *The Impacts of Gambling in Connecticut*, pp. 71-72.
- **Increased risk of suicide. Slot casinos are linked to increased rates of suicide and suicide attempts.**³⁷ Las Vegas has long been recognized as the suicide (and gambling) capital of the U.S. The metropolitan area has more than double the national suicide rate and "leads the nation in suicide risk by a very large margin."³⁸ A peer reviewed study that controlled for various factors and used logistic regressions found that "the odds of suicide among Las Vegas residents was at least 50% greater than among residents elsewhere in each of the three decades observed. . . . Leaving Las Vegas was associated with a greater than 20% reduction in risk for suicide. Traveling to Las Vegas is associated with a twofold increase in risk compared to traveling elsewhere."³⁹ **The harm from increased rates of suicide and suicide attempts by problem and pathological gamblers has not been quantified and included in estimates of "social costs" used in NH.**

2. Harms to families:

The nature of harms to families from habitual or compulsive gambling derives from the loss of income that expands beyond a discretionary entertainment budget into the use of income that normally meets other needs, which can further progress into depletion of savings and assets. Once savings are exhausted – increased debt and/or criminal activity may follow to obtain funds to feed the gambling habit (and state revenue). The adjoining sidebar from *Why Casinos Matter* explains in general terms how families can be impacted by members who are on the spectrum of problem gambling. A brief elaboration on some of the harms to families follows. **Except for divorce and bankruptcy, the harms to families from casino problem gamblers has not been quantified and included in estimates of "social costs."**

³⁴ Binkley, Christina. *Winner Takes All: Steve Wynn, Kirk Kerkorian, Gary Loveman, and the Race to Own Las Vegas*. Tantor Media, Incorporated, 2008.

³⁵ Schüll, 2012, p. 320.

³⁶ Goss, Ernest and Morse, Edward A. and Deskins, John A., Have Casinos Contributed to Rising Bankruptcy Rates? (August 12, 2009). International Advances in Economic Research, Vol. 15, p. 456, 2009. Available at SSRN: <http://ssrn.com/abstract=1534914>

³⁷ <http://casinofreenh.org/26-slot-casinos-linked-to-increased-suicide/> See also: www.alternet.org/how-gambling-can-kill-you-faster-drug-abuse-or-alcoholism

³⁸ Wray, Matt, et al. "Leaving Las Vegas: exposure to Las Vegas and risk of suicide." *Social Science & Medicine* 67.11 (2008): 1882-1888.

³⁹ Ibid.

- **Domestic Violence**, also sometimes called intimate partner violence (IPV), is often the result of rising tension and conflicts within a relationship arising from gambling problems. One study found that women seeking treatment in an emergency room “who reported having a partner with a gambling problem were 10.5 times more likely to have experienced IPV than those who did not have a partner with a gambling problem.”⁴⁰ For those reporting a partner with both gambling and drinking problems the risk of IPV was 50 times greater than for partners with neither. By comparison for reports of partners with only a drinking problem the risk of IPV was 6.1 times greater than for women who didn’t have a problem drinking partner. Another recent study found that pathological gambling is associated with increased odds of 20:1 for severe marital violence.⁴¹ Other studies support these finding.⁴²
- **Child Abuse and Neglect:** The children of gambling addicts are additional victims of state sponsored casino gambling, both during their childhood and as adults. One national study found that pathological gamblers are at 13:1 greater odds of committing severe child abuse.⁴³ Children of problem gamblers are at greater risk of themselves becoming problem gamblers.⁴⁴ A twin cohort study found that having experienced child neglect increased the risk of becoming a pathological gambler by 453%.⁴⁵ See also the attached excerpts from *The Impacts of Gambling in Connecticut*, p. 74.
- **Bankruptcy:** A 2009 study use of a “regression analysis indicates the existence of a casino in a county increases the bankruptcy rate by more than 9% in the first year of operation.”⁴⁶ Unfortunately federal bankruptcy courts do not track gambling losses as a possible cause or contributor to bankruptcy. See also the attached excerpts from *The Impacts of Gambling in Connecticut*, pp. 59, 63-65.
- **Divorce:** Family dysfunction and marital discord are common byproducts of disordered gambling resulting in increased odds of divorce.⁴⁷

[Why Casinos Matter](#)

11. Problem gambling affects families and communities as well as individuals.

Clinical and other observational studies confirm what common sense tells us: problem gamblers hurt their families as well as themselves. The compulsion to gamble leads to financial hardships: burdensome debt, loan defaults, and fraud; excessive payday borrowing; bankruptcy; loss of a business or home; and sometimes total destitution. Gambling destroys bonds of trust. Problem gamblers hide and lie about their gambling debts. They borrow or steal from family members, including children. They spend their time at the casino rather than at home.

Spouses are harassed by bill collectors and suffer a wide range of stress related physical and mental problems; they attempt suicide at three times the rate of the general population. Women in such situations are at higher risk for domestic violence. A study of members of Gamblers Anonymous found that upwards of 26 percent have gambling-related divorces or separations.

The harms to children are persistent and wide-ranging. They include financial insecurity, parental neglect, and pervasive feelings of abandonment. Some children have spent hours alone in parked cars or unattended at home while their parents gamble in the casino. Others have lost money, homes, holidays, and the chance to go to college, due to parents' gambling problems.

It is especially worrisome that more women, typically the primary caregivers, are joining the ranks of slots gamblers.

From pp. 20-21, *Why Casinos Matter*¹

⁴⁰ Georgia State University, “Violence, Trauma, and Problem Gambling,” www2.gsu.edu/~psyjige/Fact/trauma_04_10.pdf. From: Muelleman, Robert L., et al. “Problem gambling in the partner of the emergency department patient as a risk factor for intimate partner violence.” *The Journal of emergency medicine* 23.3 (2002): 307-312.

⁴¹ Afifi, Tracie O., et al. “The relationship of gambling to intimate partner violence and child maltreatment in a nationally representative sample.” *Journal of psychiatric research* 44.5 (2010): 331-337.

⁴² Ibid. See also www.communityresearch.org.nz/wp-content/uploads/formidable/northey2.pdf. And: Korman, Lorne M., et al. “Problem gambling and intimate partner violence.” *Journal of Gambling Studies* 24.1 (2008): 13-23.

⁴³ Afifi, 2010, ibid.

⁴⁴ Darbyshire, Philip, Candice Tricia Oster, and Helen Carrig. “Children of parent (s) who have a gambling problem.” *Health and Social Care in the Community* 9(4), 185-193.

⁴⁵ Scherrer, Jeffrey F., et al. “Association between exposure to childhood and lifetime traumatic events and lifetime pathological gambling in a twin cohort.” *The Journal of nervous and mental disease* 195.1 (2007): 72-78.

⁴⁶ Goss, Ernest and Morse, Edward A. and Deskins, John A., Have Casinos Contributed to Rising Bankruptcy Rates? (August 12, 2009). International Advances in Economic Research, Vol. 15, p. 456, 2009. Available at SSRN: <http://ssrn.com/abstract=1534914>

⁴⁷ Black, Donald W., et al. “Marital status, childhood maltreatment, and family dysfunction: A controlled study of pathological gambling.” *The Journal of clinical psychiatry* 73.10 (2012): 1293. Available at: <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3514455/>

3. Harms to communities:

- **Increased crime is widely recognized to be a result of casino development.** [Serious crimes such as rape, robbery, and violent assault were found to increase by 10 percent in one study.](#)⁴⁸ Another study found that the presence of EGMs in a locale increased income-seeking crime by about 10% more than what it would otherwise be.⁴⁹ In Connecticut a panel of law enforcement officials who discussed their experiences with crime by pathological gamblers is reported on in an article entitled "[Police talk about problem gambling from their perspective.](#)"⁵⁰ Another study found "robust evidence that state-level casino gambling revenues (. . .) are positively associated with drug possession arrests" and "conservatively estimates that a drugs-using gambler loses almost three times more money than the average gambler (\$1,217 vs. \$443 annually)."⁵¹ A research study published in 2008 "found that the higher the expenditures on gaming machines in a particular local area per adult, the higher the income-generating crime rate in that area."⁵²

See also the attached "**Observations on CT Crime Rates in Pre-casino and Post-casino Eras**" and excerpts from *The Impacts of Gambling in Connecticut*, pp. 14, 141-195, including the striking increases in embezzlement and DUI arrests related to casino gambling in CT.

- **Unreported Crime.** An extensive study by the Gambling and Addictions Research Centre at the University of Auckland, NZ examining the links between problem gamblers (particularly machine gamblers) and crime found "that there is substantial unreported crime, a large proportion of which is likely to be related to gambling and that there are a large range of crimes committed in relation to gambling (particularly continuous forms of gambling), and not just financial crimes. This raises the possibility that **there may be significant economic and social costs associated with gambling (and problem gambling) due to unreported crime committed by gamblers that has not previously been factored into economic and social impact analyses of gambling.**"⁵³
- **"Casinos typically hurt property values in host communities."** From *Why Casinos Matter*, p. 25: "A recently released study by the National Association of Realtors says the impact of a prospective casino on the local housing market is "unambiguously negative." The research conducted for realtors in western Massachusetts, where a new regional casino is slated for construction, found that homeowners in the host community would experience from \$1,650 to \$3,300 in lost value. The study's economists estimate that there will also be 125 additional home foreclosures each year, representing \$5 million in lost home values." The report estimated "that assessed home values will most likely be negatively impacted by \$64 to \$128 million from the introduction of a casino into Springfield."⁵⁴ **Loss of real estate value and increased foreclosures are potential harms from casinos that have not been included in estimates of "social costs."**
- **Casinos degrade social capital and quality of life.** [A peer-reviewed empirical study](#)⁵⁵ found "that the presence of casino gambling significantly reduces social capital when a casino is located within 15 miles of a community." Social capital is a quality of life index measuring prevailing levels of trust, civic orientation, volunteerism, group participation, charitable giving, and meeting the needs of family and friends within a community. **This a casino harm that is not measured or quantified in estimates of "social costs."**

⁴⁸ See <http://casinofreenh.org/20-increase-in-violent-crime/>

⁴⁹ Wheeler, Sarah A., David K. Round, and John K. Wilson. "The relationship between crime and electronic gaming expenditure: evidence from Victoria, Australia." *Journal of Quantitative Criminology* 27.3 (2011): 315-338.

⁵⁰ <http://www.theday.com/article/20141030/NWS01/310309441>

⁵¹ Feyen, Erik, Estimating the Impact of Illicit Drugs Use on Gambling Behavior: Evidence from the U.S. Casino Industry and Drugs Arrests (January 24, 2007). Available at SSRN: <http://ssrn.com/abstract=951843> or <http://dx.doi.org/10.2139/ssrn.951843>

⁵² Wheeler, S. A., Round, D. K., Sarre, R., & O'Neil, M. (2008). The influence of gaming expenditure on crime rates in South Australia: A local area empirical investigation. *Journal of Gambling Studies*, 24(1), 1-12.

⁵³ <http://aut.researchgateway.ac.nz/bitstream/handle/10292/2011/Report%20Final%209%20February%202009.pdf?sequence=2> p. 8.

⁵⁴ National Association of Realtors Research, "Economic Impact of Casinos on Home Prices: Literature Survey and Issue Analysis," p. 2 at: <http://uss-mass.org/documents/NationlAssociationRealtors-Casino-Research.pdf>.

⁵⁵ Griswold, Mary Tabor, and Mark W. Nichols. "Social capital and casino gambling in US communities." *Social Indicators Research* 77.3 (2006): 369-394. <http://link.springer.com/article/10.1007%2Fs11205-004-6337-7>.

4. Harms to the NH economy:

As previously discussed much, if not most, of the revenue from two casinos in NH will be new spending that is diverted from other areas of the economy as NH citizens have relatively low propensity, frequency and duration of casino gambling currently. If NH spending levels on casino gambling rose from the estimated rate of \$60/adult/yr. to the CT level of \$411/adult/yr.⁵⁶ that would drain an additional \$340 million from other parts of the NH economy: e.g. dining out, other forms of entertainment, home repairs, new clothing, cars and appliances. There will be some increase in casino spending with new casinos in Massachusetts, but for the vast majority of NH residents those venues will be at least 45 minutes to an hour or more drive each way, far enough to limit frequent habitual visits of long duration for all but a few residents. In other words we can expect a lot more cannibalization of the NH economy by allowing two casinos into our state. For more on this see: <http://casinofreenh.org/2-casinos-cannibalize-existing-business/>

The attached excerpts of Spectrum Gaming's report on The Impacts of Gambling in Connecticut (p. 76) points out that both absenteeism and reduced productivity can be expected as a result of problem and pathological gambling. And of course some number of local businesses may be randomly hit by embezzlement or fraud.

There is no assurance that any meaningful level of treatment services will be established for problem gamblers. NH has a terrible record of investing in prevention and treatment of problems (alcohol and tobacco addiction) that it profits from. See also <http://casinofreenh.org/22-treatment-does-not-repair-the-damage/> that gambling addiction causes.

5. Harms to NH governance:

NH's Constitution states that government is "**instituted for the common benefit, protection, and security of the whole community**, and not for the private interest or emolument [enrichment] of any one man, family, or class of men" (Part 1, Article 10). Two franchised casinos will be a very special class of advantaged businesses: crony capitalism.

In every state to have legalized them, casinos and legislators have developed excessively close relationships, with gambling interests soon becoming a dominating influence. Unlike any enterprise now allowed in New Hampshire, tens of millions of dollars in tax money would be collected from just **two businesses**, making the legislature dangerously dependent on them for a highly visible portion of state revenue. Unlike any enterprise now existing in our state, casino profits would be almost wholly determined by government policy.

Why would we want to increase the state's dependence on profiting from the promotion of a very harmful addiction? That's the real corruption of expanded machine and casino gambling. It aligns the profit drive of a select few out-of-state casino owners with politicians' desire for an easy fix to revenue problems against the interest of thousands of NH families and their communities who will experience the sting and enduring pain and cost of new slot machine addictions.

NH might learn something from a state that has had experience with casinos for a while now and can't undo the damage. In their 2013 survey of adult lowans the University of Northern Iowa reported that following:⁵⁷

- **Approximately 16% of adult lowans were classified as "at-risk" gamblers in 2013** by having one or more symptoms of problem gambling as assessed with NODS or PGSI during the past 12 months. Thus, it is estimated that 369,000 adult lowans may have one or more symptoms as assessed with NODS or PGSI in the past 12 months.
- **Nearly one in three (29.8%) lowans reported that they know a person with gambling problems.** Approximately 1 in 5 adult lowans (17.7%) said they have been negatively affected by the gambling behavior of a family member, friend, or someone else they know.
- **More than half of adult lowans (55.7%) said that the harms of gambling for society outweigh the benefits** when asked about the impacts gambling has on society. About 1 in 3 adult lowans (29.9%) said that the benefits are equal to the harm. Adult lowans with more positive attitude toward gambling were more likely to be "at-risk" gamblers.

⁵⁶ See footnote 5 on p. 2 for source information.

⁵⁷ Lutz, G. M. & Park, K. (2014). *Gambling Attitudes and Behaviors: A 2013 Survey of Adult Lowans*. Cedar Falls, IA: Center for Social and Behavioral Research, University of Northern Iowa.