

**Testimony to the Committee on Economic Development and Emerging Technologies**

**By Louise S. Haldeman, LWVM specialist on casino gambling**

March 18, 2008

Proposals to introduce casino gambling onto Massachusetts are not new. Such proposals have been made at intervals, most often during periods of declining revenue. The League first became interested in this subject in the early 80's when there were proposals to build casinos in the western part of Massachusetts and in Hull. Interested as always in the economic well being of the Commonwealth, the League undertook an extensive study of the proposals to see if casinos would indeed be a benefit to the Massachusetts economy. What we learned, as we considered the pros and cons, convinced us that they would not.

In the years since, there have been more proposals for expanded class 3 gambling in Massachusetts and we have also seen the spread of casinos across the country. The League has continued to monitor the subject closely, we have built up a vast library of studies from a variety of sources and other states and what we have found has only served to strengthen our original conclusions. We are more certain than ever that Class 3 gambling in any form would provide small benefit to the Massachusetts economy and would in the long run prove a deterrent to the growth of a healthy business climate.

While casinos certainly do bring in some revenue, no state has solved its fiscal problems by the introduction of casinos. Gambling is a business that drains the economy, it does not bolster it: Independent research has shown that for every \$1 earned in revenue from casinos, \$3 is spent in the costs associated with them. Pennsylvania, Connecticut, and New Jersey, states closely resembling our own have much higher taxes than we do. The amount of revenue generated by the casinos has not proved equal to the expenses.

Casinos require a vast infrastructure to support them. There are demands on roads, water, waste disposal, and public safety. While the Governor's proposal has certainly tried to provide funding for these, it is unlikely that the funding would be sufficient. These expenses are borne not only by the community in which the casino is located, but by the surrounding towns as well.

There is no question that the state needs good jobs at good wages. Casinos certainly do produce jobs, although the number cited in the proposed legislation is undoubtedly exaggerated. However, unlike conventional businesses such as factories, research facilities, or financial institutions, casinos do not stimulate the growth of other enterprises - in fact they contribute to their failure.

Casinos are self contained, offering many services on the premises. The restaurants, gas stations, and small shops which would ordinarily flourish in the shadow of larger industries simply cannot compete successfully with those at the casino itself. As existing small businesses are forced to close, the owners and former employees may well take jobs at the casino instead, but this means that the casinos have become more of an agency for job transfer than a creator of jobs. In addition, the incidence of embezzlement and similar crimes by employees make other types of industry extremely reluctant to open new facilities in the vicinity of casinos. This helps answer why serious unemployment problems continue to exist in the states which have casinos

Casinos are a commercial enterprise. They are there to make money, a perfectly reasonable expectation for any business. However, there is a serious question as to how big the potential market is. The venture capitalists who are promoting casinos are sure that there is a large untapped market still out there. No doubt there are people who would go to a casino if it were closer, but the

potential market in the Governor's bill is highly overestimated. Recent figures have shown a decline in revenues at the existing casinos. At a time when an increasing number of people are having difficulty paying for their oil bills, fiscally prudent people will visit casinos less often.

For casinos to make money, a lot of people have to lose a great deal. The casinos are certainly attractive and well run. Most of the people who visit a casino do so responsibly. They know how much to risk and when to stop, but an estimated one in twenty players will develop problems with gambling. These are the people who can't stop and who often get into deep financial trouble. Unfortunately, these are the people who make the most money for the casinos.

People have lost homes, jobs, businesses, and families when the addiction goes so far as to take over their lives. The incidence of domestic and child abuse as direct consequence of addictive gambling is well documented as is a tragic rise in what is known as "white collar crime". While the legislation attempts to provide funds for mitigation to address these problems, any such mitigation will be in direct opposition to the financial interests of the casinos.

Massachusetts has an excellent record when it comes to the passage of laws and regulations which are designed to protect the health of its citizens. We promote good environmental standards and other measures designed to improve the public health and the welfare of our children. For the state to promote casino gambling knowing that many citizens will be adversely and tragically affected is contrary to the standards of public welfare which we have set for ourselves.

The country is in a recession and we may have a long and painful road ahead but casinos, attractive as they may be for a momentary "escape", are not a cure. Massachusetts urgently needs new business of the kind that will create actual goods or services, provide a wide variety of jobs, and attract and beget other business, large and small. Casinos and Class 3 gambling in general will not do this and their presence will actually be a disincentive to other business which is considering locating here.

The League of Women Voters of Massachusetts strongly urges the Legislature to reject all proposals for class 3 gambling and concentrate instead on developing an economy which utilizes fully the vast intellectual and entrepreneurial resources of the Commonwealth and its hard working citizens.