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## Gambling as a Community Development Quick Fix

By AUDIE BLEVINS and KATHERINE JENSEN

**ABSTRACT:** As small communities throughout the country felt the loss of federal programs and funding, four gold-mining towns in South Dakota and Colorado turned to the legalization of limited-stakes gambling as a means of economic revitalization. All four used the preservation of their historic Old West images to legitimate gaming, but differences in state legislation resulted in different patterns of development. In Deadwood, South Dakota, many small casinos were established, with most gaming tax revenues going toward the town's historic preservation. In Colorado, fewer but much larger casinos emerged, with the returns for historic preservation available to projects across the state, with the gambling communities of Cripple Creek, Central City, and Black Hawk benefiting little. Retail businesses were cannibalized as gambling became the dominant industry in all four towns. Resident populations and schools experienced little change; most of the change occurred in vehicular traffic, law enforcement, and the utilization of infrastructure.

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**B**EGINNING in the 1970s and accelerating in the 1980s, the dismantling of the welfare state found Washington reducing federal revenues that had reached all 50 states through a complex pipeline of federal programs. With defunding came the disassembling of the pipeline itself. Taxpayer rebellions against higher taxes and even demands for tax cuts expanded together with increased budget requirements for mandated expenditures such as debt payments, social security, and optional but essentially mandated funding for the military. Responding to a perceived political necessity for tax cuts, the federal government resorted to middle-class tax breaks coupled with a new program of federalism that shifted programs such as urban development, welfare, and health care to state governments.

State governments, confronting their own taxpayer rebellions and continued demand by citizens for quality services, rallied to the call for local control, coupled, of course, with local fiscal responsibility. Thus both local and state governments were confronted with the unenviable task of financing mandated federal programs, state and local services, and optional services requested by the citizenry in a time of taxpayer revolt. Calls for additional taxes fell on deaf ears. Creative financing seemed the logical answer.

In an unusual reversal of fortunes, states turned to a source of revenue billed as painless. Revenue enhancements disguised as recreation rather than taxation became the solution for the 48 states that began to rely on games of chance such as horse racing,

lotto, scratch tickets, casino gambling, or some other get-rich-quick scheme. Initially these revenues were intended as supplements, but eventually they would become essential to many states' finances.

THE THIRD WAVE:  
LEARNING FROM CYCLICAL  
HISTORIES OF VICE

Whenever governments have been short of revenue, gambling has been seen as a form of painless taxation. Likely a remnant of their English history, the American colonies, even before becoming a confederation of states, relied on games of chance to support government. The Continental Army used lotteries, although they were mismanaged and not nearly as lucrative as were the games of chance that helped to support the early founding and operation of Dartmouth, Harvard, and Princeton universities (Findlay 1986). But by the early 1830s, east of the Mississippi, what had once been viewed as recreation became perceived as vice, soon to be regulated and then made illegal (Findlay 1986).

The second wave of America's involvement with vice coincided with the westward expansion, particularly the settlement of California with the discovery of gold and silver in 1848 and the penetration of the railroads into and across the Rocky Mountains. During the second half of the nineteenth century, the Rocky Mountains and the territory west of them were dotted with hundreds of boomtowns that owed their existence to reported claims of gold. Thousands of adventurers risked their lives and their fortunes to find the elusive

mother lode while many more risked their fortunes, if not their lives, to provide the daily necessities of food, shelter, clothing, and recreation. Often these necessities included liquor, games of chance, and prostitution. The landscape now strewn with tens of dozens of abandoned mining sites or mining ghost towns attests to the magnitude of this risk taking. Towns such as Deadwood, Central City, Black Hawk, and Cripple Creek, whose mineral reserves were sufficient to establish viable towns surviving into the 1900s, are steeped in lively, colorful histories that have in many cases provided a source of livelihood today.

Early on in these mining towns, few if any prohibitions were placed on individual behavior. Providers of liquor, gambling, and even prostitution were often leading capitalists in the community. The gamble on the fast buck, whether it be prospecting for ore or betting at tables of chance, was seen as commonplace, and few restrictions were placed on either, with the results often being financial ruin. Even as communities became settled, excesses of moral turpitude were generally regulated rather than outlawed, with local communities gleaning substantial revenues from fees imposed on saloons, dance halls, and so-called boarding houses. By the beginning of the twentieth century, political movements by moral entrepreneurs began to define liquor, games of chance, and prostitution as vice rather than recreation, to be legally controlled and, if possible, eliminated.

Of course, all three continued to exist, but they were now not only

vices or moral improprieties but also illegal activities that were subject to periodic, discretionary control by local and state authorities. Even after 1900, some Rocky Mountain towns were famous for their toleration of "illegal" vice as noted by the notoriety given to Cripple Creek, Colorado's red-light district; Central City, Colorado's opera festival, which included gambling for Denver's elite; and Deadwood, South Dakota's prostitution and back-hall gambling, all of which endured well into the second half of the twentieth century.

But in the main, by the early 1900s, reformers in concert with captains of industry had begun to push for moral restraints, with states passing legislation restricting games of chance and in some cases alcohol, while local ordinances placed constraints on prostitution. Except for the maverick state of Nevada, these legal barriers remained intact until 1976, when New Jersey made possible large-scale casino gambling in Atlantic City under the guise of economic development. While other states climbed on the gambling bandwagon with lotteries and diverse scratch card games, access to casino-style gambling remained limited until 1988, when the state of South Dakota, via a state referendum, authorized Deadwood to begin limited-stakes casino gambling, thereby emphasizing the tone of the third and perhaps most expansive leap into gambling in the country's history.

With the third wave of gambling, a curious wedding of state and private efforts established gambling enterprises supported by private capital, regulated by one state agency,

and sponsored by another. These are strange bedfellows indeed. The configuration of this regulation and sponsorship, as they have been implemented in Deadwood, South Dakota, and in Central City, Black Hawk, and Cripple Creek, Colorado, provide ostensibly similar but effectively different approaches to community development via gambling. Additionally, these four towns used historic preservation as a means to legitimate gambling legislation, although the ends reflect some dramatic differences.

The first day of November 1989—opening day for the Deadwood casinos—signaled a return to casino gambling (“gaming” is the preferred euphemism), outlawed in South Dakota since 1883. Casino gambling in Deadwood was modest in scope, with five-dollar limits and action restricted to slot machines, poker, and blackjack, and only thirty gaming devices allowed per building. Gambling not only would help fill state coffers but would be used primarily for the morally upright purpose of physically restoring the declining mining and tourist town to its late-nineteenth-century heyday, with the intent of enhancing the “family tourist destination” in the National Historic District that Deadwood was, where gambling would presumably be an aside.

In 1990, Colorado voters, after two previous initiative failures and numerous defeats in the state legislature, passed Constitutional Amendment 4, which allowed local-option gambling in the three historic communities of Cripple Creek, Black Hawk, and Central City. Like Deadwood, all were National Historic Dis-

tricts, and, using Deadwood’s model, the measure emphasized the benefits to historic preservation and local community revitalization.

#### GAMBLING AS ECONOMIC DEVELOPMENT

In *The Rise of the Entrepreneurial State*, Peter K. Eisinger (1988) documents that, beginning in the 1960s and 1970s, many communities undergoing economic stress contemplated diverse economic development schemes. Yet, in contradiction to the accepted model of free capitalism, where individual entrepreneurs risked their capital with the expectation of substantial returns (or losses), these development schemes involved direct federal, state, and/or local government intervention. As laissez-faire principles were abandoned in the interest of national and even international competition, government intervention could be directed at generating supply incentives, including infrastructural enhancements such as industrial parks, tax incentives including abatements, or financial incentives in the form of outright grants to encourage companies to relocate in a given community. According to Eisinger, supply incentives resulted in cutthroat competition between local governments for scarce capital investments, resulting in a long-term forecast of financial disaster.

The alternative, the stimulation of demand, forced local communities to rely on some unique advantage such as environmental amenities (location, minerals, or scenic features), local historical events (festivals, rendezvous, and rodeos), or unusual

population characteristics (university towns, technical schools). The emphasis on uniqueness would presumably create an attraction for capital. Included in this category were natural tourist attractions. This model suggested possible success as demand markets in facilitating economic development for Deadwood, South Dakota, and Cripple Creek, Black Hawk and Central City, Colorado. All were steeped in the history of the late 1800s mining ethos, characterized by the fascination with prostitution, drugs, and gambling, and all were already designated as historic landmarks.

Efforts by the four communities to market such demand characteristics in the 1960s, 1970s, and 1980s had met with limited seasonal success, drawing many tourists in the summer and almost none in the winter. Legalizing gambling aimed to ameliorate that cycle by providing entertainment, couched in historical lore, on a year-round basis. Eisinger's model of the entrepreneurial state suggests that the most effective use of resources is to focus on local assets within a demand model that would be jump-started by federal revenues. Yet, unlike the Eisinger model, Deadwood, followed closely by the three Colorado communities, focused on demand but without an initial governmental infusion of funds. This was possible because the monopolies created by enabling legislation at the state levels resulted in dramatic opportunities for economic development, with variations in gambling investment patterns and revenue dispersal, yet similarities in terms of community transformations.

Analysis of these differences and similarities is informative for future community development. South Dakota and Colorado both restricted gaming to five-dollar bets within the limitations of slot machines, poker, and blackjack. Yet, while South Dakota restricted Deadwood casinos to thirty devices per "building," Colorado opted to restrict gambling to 35 percent of a building's space, with no more than 50 percent of any given floor. Furthermore, South Dakota established an 8 percent tax on casino revenues plus a \$2000 per machine annual fee, while Colorado opted for a three-tier tax of 4 percent, 8 percent, and 15 percent based on gaming revenue, assuming the tiered system would assist the small mom-and-pop operations. Fees set by local communities vary from \$750 to \$1200 per device. (In Colorado, both the tax levy and the device fee have shifted several times over the past five years, adding to an already volatile industry.) The end result of differential enabling legislation was the proliferation of gaming locations in Deadwood, while in Colorado the winnowing-out process in fact eliminated the small operations and created a few very large casinos. For example, the number of gaming locations in Deadwood for the first five years hovered around 80, together containing about 2000 gambling devices. With the process of "discovering" new buildings within the foundations of old ones, several casinos have been able to expand the number of devices they are allowed by law, so that the current number of gaming locations in Deadwood is 98, with a total of 2481 gaming devices (South Dakota Com-

mission on Gaming 1997). In the three Colorado communities, the total number of casinos varied in the first five years between 60 and 65 and peaked at 75. As of February 1997, however, there were only 55, and they contained 13,389 gaming devices (Colorado Department of Revenue 1997).

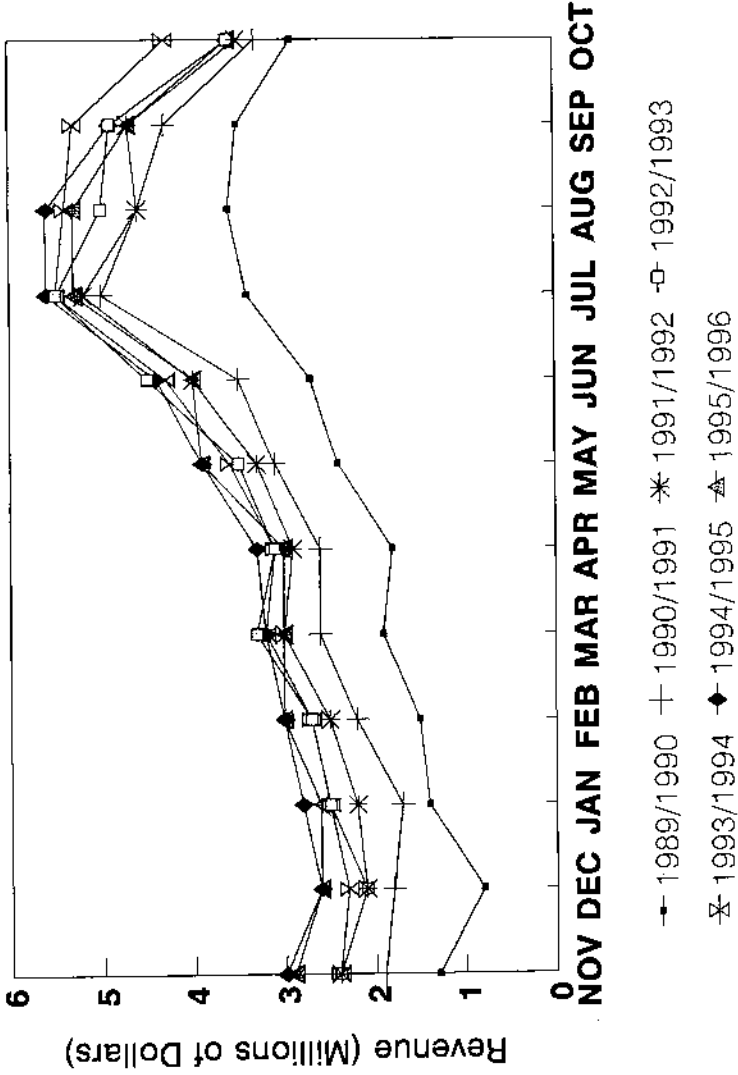
Gaming in all four communities was marketed as a form of economic development, promising increased employment in depressed mining and tourist communities. Gaming did create jobs, 1800 initially in Deadwood (population 1830) in Lawrence County (Madden 1991). South Dakota Gaming Commission officials (1996) reported in 1996 that casino employment remained constant at 1719. In July 1996, there were 5983 employees (down from 6450 on 1 July 1995) in the three tiny Colorado communities: Cripple Creek (population 456) in Teller County; Black Hawk (population 227) and adjacent Central City (population 335) in Gilpin County (Colorado Department of Revenue 1996). Since the populations of the communities have only minimally changed, most of the employees commute from surrounding Lawrence and Meade counties in South Dakota, and Teller, Gilpin, Denver, and Jefferson counties in Colorado. Many of the jobs were at or slightly above minimum wage; and many consist of graveyard or split shifts since casinos in Deadwood operate 24 hours a day during the summer and in Colorado casinos close at 2 a.m. and open at 8 a.m. Finally, since every year gaming experiences a major slump during the winter

months in these high mountainous towns, gaming employment fluctuates dramatically, peaking in July and August and ebbing in December (see Figures 1 and 2). In Colorado, some casinos close altogether while others rope off whole sections of slot machines in the winter months.

Gaming has fulfilled its promise of generating large sums of money relative to preexisting community budgets. In South Dakota, gaming taxes are distributed so that Lawrence County, where Deadwood is located, receives 10 percent, South Dakota tourism development receives 40 percent, and the South Dakota Gaming Commission receives 50 percent, of which the remainder after expenses is returned to the Deadwood Historic Preservation Commission. This latter sum, along with a \$2000 license fee per device, has constituted the largest proportion of South Dakota gaming revenues. Interestingly, the city of Deadwood receives no direct funds from gaming taxes but receives over \$36,000 monthly from city-controlled nickel slots scattered among different casinos. In Colorado, the gaming taxes are divided as follows: the Colorado general fund receives 50 percent (some of these monies are allocated to adjacent counties for impact mitigation); the two affected counties (Gilpin and Teller) split 12 percent, depending on the amount of revenue generated; the three gambling towns split 10 percent, depending on the amount of revenue generated; and the Colorado Historical Society receives 28 percent.

Between gaming taxes and fees levied, the Deadwood Historic Pres-

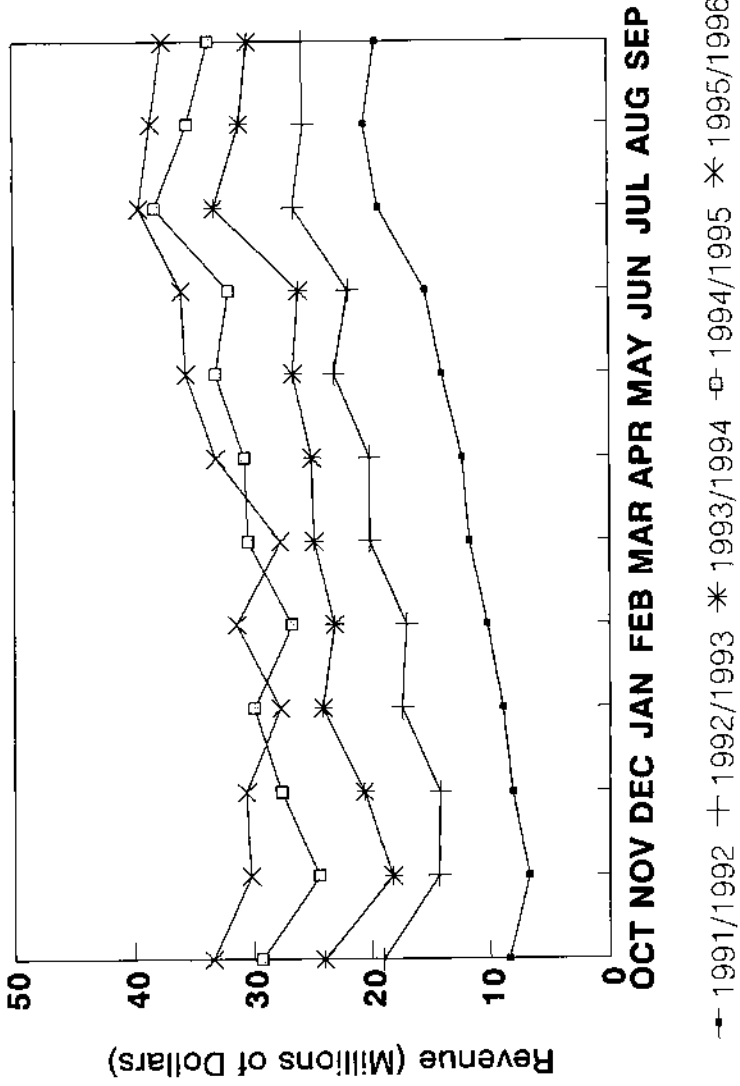
FIGURE 1  
DEADWOOD GAMING, 1989-96



SOURCE: South Dakota Commission on Gaming (1996).



FIGURE 2  
 COLORADO GAMING, 1991-96



SOURCE: Colorado Gaming Commission.

ervation Commission has received and spent about \$32 million over the past seven years, making it more affluent than the city government. First the state general and then the tourism fund have received about \$8.3 million, while Lawrence County has obtained about \$2.1 million for impact mitigation. In Colorado, by the end of year five of gaming, Black Hawk, Central City, and Cripple Creek had received about \$60.0 million from gaming device fees. Of the \$192.0 million collected in gaming taxes, about \$16.7 million went to the general fund of the three communities; Gilpin and Teller counties received \$15.7 million; the Colorado Historical Society, about \$46.8 million for projects across the state; and the state general fund received \$68.6 million (some of these revenues went to state tourism, contiguous county and city impact mitigation, and state department of transportation funds). Also the state received about \$5.0 million from the \$75 fee levied per gaming device per year (Colorado Department of Revenue 1996). Thus all four gaming communities received substantial infusion of capital from gaming taxes, as have their respective states; in Colorado, the State Historical Society has also been a major beneficiary.

#### COMMUNITY TRANSFORMATION

With the rapid infusion of capital, the four communities also underwent substantial community transformations. In both states, local retail and wholesale stores were cannibalized by gaming operations. By the end of the first year of gambling in Dead-

wood, 78 retail or wholesale businesses had been converted to casinos. With gaming and the potential for high profits, land speculation resulted in escalated land values and also escalated property tax liabilities. One property appraised at \$75,000 in the spring of 1989 sold for \$300,000 later that year, and many Main Street properties were soon appraised in the millions (Stubbles 1990). Many store owners sold to the highest bidders; other owners, seeing potential profit in gaming, quickly converted grocery stores, clothing stores, T-shirt shops, and even the local A&W Drive-In into gaming halls. In the words of the retiring sheriff, "I have to drive sixty miles to buy a pair of socks!" (Crotty 1992). Six years into gaming, one Deadwood employee remarked, "I get a big kick out of all these ads from the Chamber of Commerce that say, 'Shop at home; spend your money at home.' But there's no place to shop" (Franke 1995).

Similar transformations occurred in Colorado, whose towns had fewer retail businesses to begin with. At times, those towns had no grocery store, drug store, apparel outlet, gas station, or hotel. One Central City official told a survey interviewer, "You can't even buy an aspirin or a condom in this town anymore." Small-town residents resented gambling visitors who had no respect for their town: "The people I see coming up to gamble head right for the machines and don't care if they're in Central City or Vegas" (Study: Casinos Changed Lifestyle 1992; Bible Belt Loosens Up 1993).

Property valuations rose in all of the communities, allowing property tax rates to decline. Thus assessed valuations in Black Hawk in 1990 were \$2,095,610 (levy of 10.460 mills), increasing to \$50,811,110 in 1995 (levy of 0.118); Central City went from \$4,348,700 (levy of 11.475) in 1990 to \$74,939,710 in 1995 (levy of 0.631); and Cripple Creek was at \$5,646,980 in 1990 (levy of 16.481), climbing to \$47,609,670 in 1995 (levy of 1.610) (Colorado Department of Legal Affairs 1995). As Deadwood's assessed valuation in 1988 increased from \$12,929,380 to \$91,283,251 in 1995, its mill levy decreased from 24.400 to 8.190 (South Dakota Division of Revenue and Taxation 1996). Virtually all of the increased valuations came from gaming investments.

The four communities became boomtowns, with rapidly expanding economies, dramatic increases in visitors, commuting workers with few community attachments, and relatively stagnant residential populations. Over 4 million visitors per year, an immediate fourfold increase in tourism, came to the Colorado gambling towns. Yet, until recently, in Colorado the lack of motels and hotels (as most had been converted into gaming casinos) meant that most gamblers were day visitors. Even in 1995, all of Gilpin County had only 9 lodging facilities with a total of 184 rooms, and Teller County had 29 facilities with 402 rooms, while in Deadwood, with more than 600 rooms, many visitors were able to stay for a couple of days. Still, few of the more than 1 million visitors to Deadwood (also a fourfold increase in

tourism) made any commitment to the community. However, tourism in the surrounding towns in the Black Hills declined in 1995 and 1996 by more than 15 percent. Tourism, in addition to quadrupling within all four communities, changed in nature, shifting from families to adults, since gambling by law is an adult-centered activity. There was now little for teenagers or young children to do in the communities and not even many places for them to be.

Furthermore, in all four communities, gambling peaked in June, July, August, and September, requiring all these communities to develop infrastructures to accommodate populations at the peak tourist season. But the newly developed water and sewage facilities remained underused much of the year. In addition, even though a mobile home park was eliminated in Black Hawk and the top of the mountain was carved off in Central City to accommodate parking needs, parking and traffic remain one of the principal complaints of both residents and visitors. In Deadwood, after years of debate, \$2 million in historic preservation money was used for the design of a four-story concrete parking lot, though not its construction; subsequently another \$2 million was allocated for the construction of a retaining wall after excavation caused several residences on the steep hillside above it to be deemed structurally unsound and their residents evacuated. The change in tourism also affected service personnel requirements. Service personnel, such as police, needed to be available for peak demand. The four communities essentially became

dependent on the large volume of gambling revenue to pay off the long-term municipal bonds used to pay for the initial infrastructure expenses and to support the expanded personnel.

Some of the infrastructural improvements in Deadwood, including sewer and water mains, street brick-ing, lighting, a new fire station, and restored buildings for city hall and the visitors' center, absorbed much of the early revenues to the Historic Preservation Commission. Similar improvements in Colorado were accomplished through taxes on increased property assessed valuation, gaming tax returns, and long-term bonds. Deadwood has continued to invest in historic preservation, with the restoration of the Adams Museum, the Carnegie Library, Adams House (which may become a house museum), the Gillmore (rent-subsidized apartments in a historic house), and churches. Casinos have benefited from the multi-million-dollar revolving fund from which they have been able to secure grants and loans, and from tax moratoriums on the increased value of properties undergoing historic preservation. The Colorado gaming communities, ironically, have accomplished only limited historic preservation, in part because the funding formula returns most historic preservation moneys to the state rather than to the gaming communities. Moreover, the gains accruing to larger operations encourage the destruction of small, old Victorian buildings, and especially in Black Hawk, the construction of facsimiles of the large old warehouses and mills around which the town was established.

The most significant political changes have been the expanded clout of the Deadwood Historic Preservation Commission and the Deadwood Economic Development Corporation. These organizations comprise appointed officials with control over millions of dollars. In Colorado, the major effect of the gaming law that disallowed any elected official from having gaming interests resulted in the rapid turnover of mayors and city managers in Central City and Black Hawk. Disputes resulting in contentious recall elections of city officials arose both before and subsequent to the implementation of gaming in Cripple Creek.

Although there has been little growth in the permanent population of the four communities, all have reversed the steady economic decline they had experienced in the early part of the century, all have made major improvements in city infrastructure, and all have seen the renovation at least of the facades of some historic buildings. All have also experienced increased criminal and civil offenses, and all have residents that complain about a loss of the sense of community and their ability to participate in decisions about it (Long, Clark, and Liston 1994, 41-42).

The most immediate effect on the communities came from the dramatic increases in highway traffic. In the first autumn of gambling in Gilpin County, six people were killed in three separate accidents, compared to one fatality in a comparable period the year before. Traffic accidents in Colorado gambling counties doubled, with 46 on the routes to Central City and Black Hawk in the last three

months of 1991, compared to 26 in the last quarter the year before, and 98 in Teller County, compared to 41 in the same period the year before. Lawrence County, South Dakota, was able to improve highway access with a yearlong inconvenient shutdown of U.S. Highway 85 in 1993; the result was a four-lane access road to Deadwood from Interstate 90. In Colorado, the one-lane 400-foot Little Ike Tunnel on Highway 67 to Cripple Creek, in Teller County, was permanently closed in December of 1993, and a new highway was built around the mountain. But Gilpin County has continued to have some dramatic accidents. In one, a gambling bus was hit head-on and rolled into Clear Creek, killing three people and injuring 41. In another, a boulder that was dislodged in spring rains crashed down on a bus, injuring several passengers and requiring road closures in 1995.

In Colorado in 1990, before gaming, Cripple Creek had no index crimes (felony offenses); there was no police department in Black Hawk, so crime was included in county data; Central City reported 39 index offenses. There were a total of 88 offenses in Gilpin County, where Black Hawk and Central City are located, and 159 in Teller County. Arrests for all offenses in Teller County totaled 506, of which the single largest offense, driving under the influence, accounted for 144. Gilpin County had 200 arrests, 81 of which were for driving under the influence.

With the onset of gaming, Cripple Creek reported 164 index offenses in 1995, of which 116 were larcenies; Black Hawk had 134, including 96

larcenies; and Central City had 89 offenses, of which 80 were larcenies. The gambling towns showed significant police activity in 1995, with 256 arrests in Cripple Creek, 754 in Black Hawk, and 128 in Central City. Gilpin County had incomplete data for 1995, but Teller County sheriffs arrested 897 people in 1995. One of the effects of the increase in crime and arrests was a dramatic increase in the number of law enforcement personnel. Black Hawk went from zero personnel in 1990 to 29 (19 officers and 10 civilians) by 1995. The increase was from 2 to 16 personnel in Central City and from 3 to 26 in Cripple Creek. Growth in law enforcement personnel was also rapid in the two counties: Teller increased from 22 to 36, while Gilpin's sheriff personnel increased from 9 to 32. An outcome of this growth was that in Gilpin County in 1995 a new courthouse and jail, also accommodating the county nurse's office, and a new library were all built outside the historic cities, eight miles up the highway.

Deadwood's police department increased from 4 in 1986 to 9 employees in 1990 and 11 in 1995. Index crimes jumped from 6 in 1990 to 105 in 1991 and to 139 in 1995. Most of the increase between 1991 and 1995 is attributed to larceny. The number of employees in the Lawrence County Sheriff's Department increased from 17 in 1988 to 33 in 1995. Index crimes rose from 125 in 1989 to a peak of 207 in 1991, gradually declining to 166 in 1994. The largest single contributor was, again, larceny, at 115 reported offenses in 1994.

Increases in traffic accidents and crime activity reflect the increased flow of visitors through the communities; school figures changed little, reflecting the lack of growth in resident populations. The Lead-Deadwood Consolidated School population fluctuated but grew overall from 1465 in 1990 to 1588 in 1995. The Cripple Creek-Victor School District had the largest increase, from 353 in 1991 to 536 in 1995, while Gilpin County grew from 351 to 364 students between 1991 and 1995.

The shift to adult-centered entertainment took a toll on family-oriented cultural amenities, such as the Lost Gold Mine in Central City, the Molly Kathleen Mine and the narrow-gauge railroad in Cripple Creek, historical museums in both Central City and Cripple Creek, and the Central City Opera, all of which suffered significant declines in attendance in the first few years of gambling. The Carpenter Gothic Lace House Museum (an 1863 building) in Black Hawk was proposed for removal to a "historic park" to make room for another parking lot. The number of churches has changed little in any of the three counties, but parishioners complained vociferously about the difficulties of parking near them, now mitigated by residential parking permits. Local residents also lamented the loss of locally populated cafés and bars. They became additionally alienated from their communities by the professionalization of planning, preservation, law enforcement, and gaming commission offices.

When Lawrence County (South Dakota) State's Attorney Jeffrey Bloomberg testified before the U.S.

House Committee on Small Business in September 1994, he reported that even with the increase in jobs, the loss of retail business had not been offset by lowered taxes, because rising commercial property values had attracted increased assessments. Increases in gaming taxes to the county had been consumed by increased administrative, law enforcement, and infrastructure costs. On the bright side, there had not been the predicted increases in drunk driving, prostitution, or organized crime, and the town had been physically rehabilitated. But, ultimately, Bloomberg's greatest concern was that the economic development that had taken place may now have stalled because of the growth of gambling everywhere in the county; moreover, the local and state governments were now dependent on gambling dollars.

Probably most disturbing has been the growing dependence of local and state government on gambling dollars. Because government officials have been unwilling to make the politically difficult decisions to either raise taxes or cut services, they have turned to gambling as a supposedly "painless" revenue source. The gaming industry in South Dakota, armed with large amounts of cash, has gone from being non-existent seven years ago to being one of the most powerful lobbying forces in our state capital and virtually every decision at city hall is made based upon what is best for the gaming industry. Government is hooked on the money generated by gambling and I believe in the long term the ramifications of this governmental addiction will be just as dire as for the individual who becomes addicted to gambling. (Bloomberg 1994, 6-7)

LIMITED-STAKES GAMBLING  
IN THE LARGER CONTEXT

With 48 states involved in some type of gambling (Utah and Hawaii abstaining) and 25 involved in riverboat casinos, Las Vegas-style casinos, Indian gambling, or video gambling, the crest of the third gambling wave is yet to come. Americans wagered around \$400 billion in 1995, and the gambling industry garnered profits of about \$40 billion, almost quadruple the revenues of 1982. As gambling revenues continue to escalate, America's former moral qualms about gaming seem to fade. A 1993 survey by the Home Testing Institute found for the first time that more than half of American adults have gambled in casinos at some point in their lives and, of these, one in five had gambled in the past year (Yoshihashi 1993). The proliferation of riverboat gambling from 6 establishments in 1991 to more than 70 by 1995, most centered in the deep South, signaled the Bible Belt's acceptance of gambling and a redefinition of gambling from vice to entertainment, the latter definition bolstered by accompanying activities of dining and live shows.

Acceptance of gambling is reinforced by the constant barrage of the gambling industry's promotional materials touting jobs created and investments made and by the focus of government agencies on the millions of dollars generated for state projects via gambling revenues deriving from taxes and fees. An Associated Press article exemplifies this optimistic viewpoint by reporting data from

Sean McGuinness, the compliance director of Mississippi's Gaming Commission, showing \$285 million in casino revenues, with the state's take at around \$25 million, just for the first year of legalized gambling in Mississippi (Bible Belt Loosens Up 1993). Likewise, Indian reservations highlight job creation such as the 10,000 now employed by the expanded Foxwoods casino (Carmichael, Peppard, and Boudreau 1996), or the 257 employed in Montezuma County by the Ute Mountain Casino in Colorado; Indians also discuss the possibility that gaming revenues will provide an avenue for financial independence of the federal government. Ultimately, however, widespread development of Indian casino and riverboat gambling competes for the finite discretionary dollar.

Casino gambling for the four Rocky Mountain communities examined here has brought substantial economic revival of their economies along with dramatic changes in the social and structural fabric of their communities. But these casino projects are smaller in scale than riverboat gambling or Indian gambling, making them particularly vulnerable when a saturation point is reached in gambling interest or tolerance. If the American public comes to realize that gambling is an inefficient form of taxation that cannibalizes other businesses, particularly those dependent on discretionary spending, and if gambling is ubiquitous, will these small towns be better or worse off than before initiating their gambling ventures?

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