

Diane Jeffery, President, League of Women Voters of Massachusetts
Testimony to the Committee on Economic Development and Emerging Technologies
March 18, 2008

The League of Women Voters of Massachusetts strongly opposes any plan to change current gambling laws to allow Class III gambling.

In 1982, following a year-long study in which members weighed the evidence for and against allowing casinos; the LWVMA adopted its position against Class III gambling. For the past several months, we have reviewed the arguments for our position and examined more than 30 independent studies and articles written by specialists in economics, sociology, law, taxation, and psychology, as well as concerned citizens.

These studies and reports all conclude that casino gambling will not solve the fiscal problems that Massachusetts faces and will negatively alter the culture and environment of the state forever.

But first I want to address the argument that casinos are inevitable as a reason to approve the Governor's casino proposal. To state that tribal casinos cannot be stopped as the reason the state must open the building of casinos to commercial developers is fundamentally wrong and misleading to the citizens of the Commonwealth.

Even if we allow that a recognized Indian tribe is able to complete the long and difficult process to establish reservation lands in Massachusetts (placing land into trust), which in itself is not guaranteed, the establishment of Class III gambling by the tribes has additional hurdles to overcome.

States always maintain their ability to negotiate with Indian tribes regardless of the class of gambling proposed. However, it is the states ability to refuse to negotiate that is important. When the legal level for gambling is Class II, as it is in Massachusetts, states may negotiate compacts with tribes but are not required to. Should the state refuse to negotiate a compact, the tribe is left with the option of building a Class II casino, with bingo, keno and lottery as the only available, not very profitable, offerings. When the legal level for gambling is raised to Class III, a state is required to negotiate, "in good faith," a compact, and allow the tribes to build a Class III casino with slots and table games. If a state has only legalized Class II gambling and refuses to negotiate a compact, the Federal court will not override the state's right.

What is inevitable? If we don't protect Massachusetts Class II gambling law by rejecting the Governor's Casino Proposal, we will have 3 commercial casinos, and federally recognized Indian tribes will be able to force the State to negotiate a compact, whether we like it or not, and then build their Class III casinos. With two Massachusetts tribes already recognized and six Massachusetts tribes in the pipeline to be recognized, if we do not reject the Governor's proposal

and maintain the limit of all gambling to Class II, we will not be able to stop future tribal casinos and the relentless pressure of commercial casino interests to expand development.

The main fiscal issues associated with the Governor's proposal that greatly concern us are as follows:

- **Gambling is a business that drains the economy, it does not bolster it.** Money put into slot machines, estimated at \$50,000 per machine, will come from current discretionary spending at restaurants, movies, and local vacation sites, as well as more necessary purchases such as cars, clothing, and food. The Governor's plan proposes at least 15,000 machines. That's a minimum of \$750 million dollars lost to local businesses and cultural institutions yearly.
- **The projected revenue from the three sites is felt to be overstated.** They will be in competition with at least 843 casinos located across the country in more familiar resort destinations, such as California, Nevada, and Florida, as well as many resort casinos in Canada, the Caribbean, and Europe. Connecticut, New Hampshire and Rhode Island are planning expansions to compete with the proposed casinos. And there is the potential of tribal casinos being built once Class III gambling is approved.
- **Gambling revenues fail to solve state fiscal problems:** Not one state in this country has ever solved its budget problems with gambling revenues. Last year, New Jersey, with its 17 casinos, had to shut down its state government due to a budget crisis. Cities like Atlantic City and Detroit and states such as Louisiana and Mississippi continue to languish despite their heavy concentration of casinos. If casinos provide good economic development, as their proponents say, then *The Boston Business Journal* would not be strongly editorializing against them. Casinos lower a region's standard of living by attracting many low-wage casino jobs and merely act as a jobs transfer, not a jobs creator. "Gambling numbers don't add up." *The Boston Business Journal*, September 21, 2007. Pg 63.
- **Construction jobs have been overstated.** Figures for casino employees have not been verified. Experience with existing casinos show that loss of local small businesses unable to withstand competition will create an increase in unemployment that will certainly offset much of the proposed gain. There is also the potential for an influx of out-of-state workers to fulfill specialized needs, whose costs are not addressed.
- **The social and economic impact created by casinos in the selected areas are only addressed in the contiguous communities,** although transportation, loss of businesses and jobs, decreased property values, gambling addictions, crime and other social ills will affect other communities in the state. Independent research has shown that for every \$1 earned in revenue from casinos, \$3 is spent in the costs associated with them. "Gambling in America: Costs and Benefits". Gringols, Earl PH.D. 2005.
- **Social problems are minimized.** While 5% of all gamblers (an estimated +/- 250,000 residents) will become problem gamblers, this figure does not include family members, employers, and friends also negatively affected.

Finally, in a recent poll of adults from across the state completed by the Western New England College Polling Institute it was found that, while residents in favor of and opposed to the Governor's plan are roughly equal, an overwhelming majority did not want one in their neighborhood.

The Governor's proposal for 3 mega casinos placed strategically across the State will make us the fourth largest casino state in the nation, with every community being within the 50-mile negative fiscal effect. That means they will be in everyone's neighborhood.

Thank you for your consideration.