

Minutes
Gaming Study Commission
Meeting: Tuesday, January 19, 2010

Commissioners present: Joe Foster, Vice Chair; Jim Craig, Mark MacKenzie, Bob Odell, Dave Babson, Lew Feldstein, Maggie Pritchard, Michelline Dufort, Ned Densmore; via teleconference: Andy Lietz, Chair; Tom Ferrini, Bonnie Newman, Karen Pollard

Commissioners Absent/Excused: David Bailey, Mary Heath

Staff Present: Gail Wolek

Commission Vice Chair Joe Foster called the meeting to order at 1:05 p.m.

Vice Chairman Foster asked Gail Wolek to conduct the roll call. A quorum being present, Vice Chairman Foster then asked for a motion to approve the minutes of the December 15, 2009 meeting. Commissioner MacKenzie motioned for the minutes to be approved, seconded by Commissioner Craig. With a note to correct the "Next Meeting Date" to January 19, 2010, Vice Chairman Foster called for a vote to approve the minutes. The minutes were unanimously approved.

Dennis Delay and Steve Norton presented the NH Center for Public Policy Studies: "Gaming Commission Update: Gambling and Economic Development 1-19-10" (see separate PowerPoint presentation). Mr. Delay described the different types and costs of economic models (RIMS, REMI, etc.) available for studying various types of proposed gambling scenarios in New Hampshire. Mr. Delay noted that the number of people per square foot is greatest in a facility with table games, resulting in a larger economic impact, and declines in facilities with slots and VLTs. Mr. Norton reminded the commissioners that the lower the capital investment in the facility, the lower the number of jobs that will be created and less economic impact will be realized.

Questions from commissioners for further consideration include:

- How will variable population densities in a market area impact, or be impacted by, economic development resulting from a new gaming venue?
- With regard to simulating table games, the Center should estimate the 'economic size' of the existing charitable organization table games that operate currently in New Hampshire, and consider what would happen if these were replaced by table games run by casinos.
- Consideration should be given to phasing in the operations of a casino, and the resultant economic impact.
- Displacement in all areas, particularly in the North Country, should be considered carefully.
- How will models account for all types of gambling that currently exist in New Hampshire?
- Will models include expenses for security staffing at potential new gambling facilities?
- The model simulations should give some consideration to occupations in gaming that include tips, and those that may include health insurance, as part of the economic impact of expanded gaming.
- Models must provide impact of workforce housing needs.
- Assumptions used to create models must be clearly stated and illustrated.

The Center will develop a series of scenarios to simulate to include the North Country, Eastern, Central, and Western parts of the state; the simulation of VLT only and table games in each area; and a simulation of at least two different estimates of capital investment as part of preliminary modeling results to be presented at the Commission's February 16th meeting.

Charlie Yeaton, President/Creative Director and Jessica Kellogg, Account Executive for Rumbletree Marketing Agency, joined by Sally Stitt, President and Stephanie Caruso, Executive Vice President for Star Media, provided a Branding Overview presentation to the Commission (see separate PowerPoint presentation). Mr. Yeaton and Ms. Kellogg spoke about brand development generally while Ms. Stitt spoke about the NH brand as it has been developed for the NH Division of Travel and Tourism Development. Concerns raised by the commissioners for further consideration include:

- What is the difference between the state's tourism brand and its business brand?

- DRED is conducting a tourism survey in the next couple of months; Commission should request of Commissioner George Bald that questions concerning expanded gaming be included to test perceptions of potential brand impact.
- Can data be found that quantifies marketing expenditures of gambling interests to compare to state's marketing budget for existing branding/tourism efforts?
- Expanded gambling and the associated marketing expenditure could materially impact the state's brand; however, it was the opinion of the professionals providing information to the Commission that the commissioners cannot make an assessment of the impact (either negative or positive) without more information on how it will impact that brand. These kinds of studies generally take years to produce results on how a new attraction with deep pockets might impact the state's brand marketing.
- Can the Commission find out how many lottery tickets are sold to out-of-state buyers?

Following a break, the commissioners' roundtable discussion brought up the following points:

- Difference between gaming and gambling. Ms. Stitt offered that gaming is an activity of chance requiring skill and endurance (broad definition); while gambling is an activity where one plays for stakes (money) and is regulated by the state.
- What would be the brand intrusion result be if a major casino were to come to New Hampshire?
- DRED survey will begin field study end of February and delivery survey results by first of May.
- Has Connecticut conducted any research on the impact of the casinos on the state's tourism/business brands?
- Clear impression that the aggregate spending of the gaming industry could dwarf the state's budget for tourism.
- Is there data on how much corporate entities or the gambling industry as a whole commit to media and advertising?
- Ms. Stitt said that there was an article in the NY Times in 2004 citing that Mohegan Sun and Foxwoods each spent \$30,000,000 on their media/advertising budgets (\$60,000,000 total).
- If located in Rockingham or Seabrook, there is an assumption of stronger cannibalization from a new a gambling facility where heading west across the state to less populated areas, the cannibalization problem would probably be not as significant.
- How can the regulatory process/environment play a role in producing desired impacts and mitigating or reducing undesired impacts? The legislature should get regulations in place now to oversee whatever types of gambling could potentially come to New Hampshire and not wait to play catch-up after facilities are approved and/or built.
- Economic modeling should probably include facility licensing costs.
- Gambling as an economic stimulus seems to be really overstated. Key is location, size and audience.

For the February 16th meeting, Steve Norton said the Center will prepare a set of models based on a series of assumptions around location, timing, capital investment, and size of facilities. There will need to be additional guidance on how to manage the displacement problem. They will model a 1,000 slot as well as a 4,000 slot facility in the same location in order to provide a sense of the different types of impacts that would result. The models will consider a group of opportunities, geographically dispersed, with a sensitivity analysis to determine the impact of phased development.

At 4:05 p.m. a motion was made, seconded and approved to adjourn the meeting.

NEXT MEETING: Tuesday, February 2, 2010, 1:00-4:00 p.m.: Legislative Hearing, State House Room 100. Commissioners will receive testimony from legislators, collect written comments from legislators, and answer questions from legislators relative to the Commission's Interim Progress Report.

Respectfully submitted: Gail A. Wolek, Executive Director