

Granite State Coalition Against Expanded Gambling

PO Box 3931, Concord, NH 03302-3931 (603) 643-6059

November 17, 2009

Dear Commissioners,

Since 1993 – armed with the facts, the state's broadest coalition, and a shoestring budget – GSCAEG has fought against constantly increasing pressure by the gambling industry to legalize new forms of gambling, video slot machines, and casinos.

The pages following include all the reasons our coalition opposes slot machines by any name and casinos under any form of ownership. We take pride in carefully substantiating our case with documented evidence. You can use the digital form of this document to follow the links provided to explore this evidence and to draw your own conclusions from it.

You are charged by Governor Lynch with finding and weighing the evidence and reaching a sound set of recommendations on one of the most controversial issues facing our state. We thank you for your willingness to take on so heavy and so vital a task.

Our greatest hope for your work is that – at long last – the legislature will be able to use your final report to settle some of the claims and counterclaims that have swirled for so many years and to make policy choices that advance the public wellbeing.

Sincerely,



Jim Rubens
Chair, GSCAEG

GSCAEG Board

Tom Boucher
Chief David Dubois
Herb Hansen
David Lamarre-Vincent, Treasurer
Ed Naile
Jim Rubens, Chair
Peter Schmidt
Katrina Swett

GSCAEG Organizations

NH Lodging and Restaurant Assn
NH Chiefs of Police
Granite State Taxpayers
Coalition of NH Taxpayers
NH Advantage Coalition
NH Citizens for A Sound Economy
NH Council of Churches
United Church of Christ
NH Baptists Association
Unitarian Universalists Group
for Social Responsibility
Episcopal Diocese of NH
Cornerstone Policy Research
Children's Alliance of NH
NH Citizens' Alliance
League of Women Voters of NH
Stonyfield Farm, Inc

Organizations Opposing Casinos

National Education Assn – NH
NH Republican Party
NH Medical Society
Roman Catholic Diocese of Manchester

Advisory Board

Warren Rudman
Phil McLaughlin
Donna Sytek
Brad Cook
Gary Hirshberg
Meg Cadoux Hirshberg
Patty Humphrey
Neil Levesque

Legislative Anti-Gambling Caucus Leaders 2009

Sen Martha Fuller Clark (D)
Sen Bob Letourneau (R)
Rep Dan Itse (R)
Rep Peter Schmidt (D)

Newspapers Opposing Slots Casinos

Concord Monitor
Eagle Tribune
Fosters Daily Democrat
Keene Sentinel
Laconia Citizen
New Hampshire Union Leader
Portsmouth Herald
Valley News

Please visit our website
www.NoSlots.com

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1. The New England gambling market is nearly saturated; gambling is a declining revenue source

- The [Rockefeller Institute of Government](#) examined gambling revenues in each of the 50 states over the period 1998-2009, finding that even continuous expansion into new forms of gambling have not provided states with long-term budget stability because gambling revenues "... do not keep pace with traditional tax revenues and government expenditures over time ... [and] may add to, rather than ease, long-term budget imbalances."
- The NH Education Funding Commission ([compare scenarios 3 and 4](#)) found that if Massachusetts were to legalize slots, New Hampshire slots revenue would decline by 52 percent.

2. Gambling cannot be "limited." Gambling-dependent states are under constant pressure to expand into new forms of gambling in more locations.

- Revenue from [Illinois'](#) nine casinos has plummeted this year by almost 24 percent, forcing the state to permit over 45,000 additional slot machines in bars, restaurants, and social clubs throughout the state.
- The [Pennsylvania](#) legislature in October, 2009 legalized table games at its existing casinos and racinos, though backers of that state's 2004 authorizing legislation promised table games would never be needed.
- [Connecticut](#) Governor Rell, facing sharp revenue declines from her state's two tribal casinos, earlier this year proposed legalizing 1,000 keno slot machines in bars throughout the state.
- In [Maine](#), Bangor's Hollywood Slots management recently announced its desire to add table games, even though voters were promised that this would not be necessary when racinos were legalized in 2003.

3. The promised 49 percent tax rate will not hold

- [Average slot casino tax rates](#) in gambling states is 22 percent, less than half the 49 percent rate in recently proposed New Hampshire casino legislation. Connecticut casino tax rates are 25 percent. The most recent Massachusetts casino proposal sets taxes at 27 percent.
- [Here](#) is the text of Millennium principal Bill Paulos' 2008 testimony before the Pennsylvania legislature asking for a tax rate reduction to 20 percent on table gambling in order to compete with West Virginia.
- As in other states, if casinos are legalized here, the gambling industry will return to the legislature pleading that it's promised flashy casinos cannot be financed or operated profitably unless tax rates are reduced.

4. Slot casino taxes are taxes and a massive tax hike on consumer spending

- Millennium Gaming has blanketed our state with ads making the Orwellian claim that slot casinos are an alternative to taxes. At the proposed 49 percent rate on gross profits, the casino tax would be the highest rate on any activity in our state. Moreover, casino taxes would be imposed on consumer spending cannibalized from lower-taxed economic activity such as dining, retail, and entertainment ... in essence a massive, thinly concealed tax hike on the New Hampshire consumer and business economies.
- For this and other reasons, every New Hampshire anti-tax group opposes slots casino legalization.

5. Slot casino taxes are highly regressive

- Problem and pathological gambling prevalence is ten times higher in low as in high income communities ([Welte, page 418](#)).
- Gambling addiction is twice as high and effective casino tax rates are at least 2-4 times higher among lower income groups ([sources](#)).

6. Slot machines are predatory on the unfortunate; casino tax revenues are not voluntary

- Video slot machines are the source of 70-80 percent of the gross profits at most casinos.
- The [Ontario Problem Gambling Research Centre](#) (Table 17) found that about 60 percent of casino revenue and therefore tax revenue comes from problem and pathological gamblers for whom gambling is not voluntary.

7. Slots are the electronic version of loaded dice: a deceptive consumer product specifically designed to hasten problem gambling and addiction onset

- See Kevin Harrigan's presentation on machine design and addictive characteristics.
- Using "virtual reel mapping," "unbalanced reels," near misses, rapid play speed, play in isolation, hypnotic sound, and ergonomics, slot machines are purposefully designed to trick gamblers into consciously and subconsciously thinking that their odds of winning are several times greater than reality and to keep gamblers playing (in the words of the gambling industry) until "extinction," i.e., when they have lost all their money.
- Here is a [video](#) and [written](#) testimony of MIT's Dr. Natasha Schull before the Massachusetts legislature on the purposefully addictive features of video machine design.
- [Here](#) is a 2009 study published in the journal, *Neuron*, showing the brain science explaining how near-misses promote addiction. Our brains perceive a near miss as equally rewarding as a win.
- This [feature story](#) by Jonah Lehrer, author of *Proust Was a Neuroscientist*, explains the science behind why slot machines are so addictive.
- Dr. Robert Breen, director of the Rhode Island Gambling Treatment Program, explains the greater addictiveness of slot machines: "Frequently, patients reported that they developed [problem gambling] rapidly and severely after beginning involvement with machines. This was true despite that, in many cases, they had gambled regularly on other forms of gambling for many years without problems. However, the addictive qualities of video gambling transcend mere speed and continuity. The use of virtual reel mapping in the design of such devices creates an illusion of near misses and misrepresents the true odds of winning."
- The New Hampshire Medical Society opposes slots casinos for these and other reasons.

8. Slot machines are several times more harmful than any other form of gambling

- Gambling addiction onset is over 3 times more rapid with slot machines compared with table games ([Breen Table 1](#)).
- The [Australian Government Productivity Commission](#), in its 630-page draft analysis of gambling cost/benefit, found that slot machines are between 6 and 18 times more risky than lotteries (see page 4.31 of the report). Video slot machines, rather than other forms of gambling such as lottery or table games, "account for around 75-80 per cent of 'problem gamblers' and are found to pose significant problems for ordinary consumers." (page xxiii)
- 69 percent of problem gamblers seeking treatment at the Rhode Island Gambling Treatment Program cite video slot machines as their primary problem. Lottery problems constitute 8 percent.
- 80 percent of gamblers seeking treatment at the West Virginia Problem Gamblers Help Program report video slot machines as their primary problem. Lottery problems constitute 7 percent.
- 66 percent of gamblers seeking treatment at the Ontario Problem Gambling Helpline name slots at their primary gambling problem, card games 25 percent, lottery 5 percent.
- 70 percent of Delaware problem gamblers seeking treatment identify slot machines as their primary gambling problem. ([Breen and Zimmerman](#), page 5)

9. Slot machines sharply increase gambling problems and gambling addiction in surrounding communities; resort casinos are not protection

- The Connecticut Council on Problem Gambling ([summary data](#), [full report](#)) found that residents living within 15 to 20 miles of the Foxwoods and Mohegan Sun resort casinos have a 5 times greater risk of suffering gambling addiction or gambling problems compared with persons living more than 60 miles distant.
- The [National Gambling Impact Study Commission](#) (page 28) found that casinos double gambling addiction within a 50 mile radius.
- [Welte, et al](#) (data, page 419) found that problem and pathological gambling frequency more than doubled to over 7 percent of the population within 10 miles of a casino.
- The Australian Government Productivity Commission, found that, "[b]eyond the powerful example provided by the early liberalisation experiences of Australia, there is a broad range of evidence suggesting a link between accessibility [proximity] and harm." (page 10.3 of the [draft report](#))

10. Serious crimes would increase by about 10 percent within 5 years

- New Hampshire is ranked the [safest state in the nation](#), Nevada the least. Public safety is among the most desired goods provided by state and local government.

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- Dr. Grinols peer-reviewed [casino-crime study](#) is, by far, the most rigorous and widely-cited on the topic. This study shows the link between casinos and increases in aggravated assault, rape, robbery, larceny, burglary and auto theft in counties hosting casinos.
- [Extrapolating](#) from the Grinols study, if three race track and two North Country casinos were legalized, within five years' of opening, New Hampshire would suffer an additional annual 5,800 robberies and thefts, 480 aggravated assaults, and 50 rapes.
- [Florida Council on Compulsive Gambling](#) helpline data show that, among problem gamblers seeking help, 64 percent are subject of civil actions for failure to pay debts, 62 percent admit to committing fraud, writing bad checks, or forgery, 21 percent to embezzling money from their employers, 21 percent to larceny against friends, family, or strangers.
- For these reasons, the New Hampshire Association of Chiefs of Police and every New Hampshire Attorney General for the past thirty years strongly oppose legalized slot casinos.

11. Slot casinos would impose grievous and irreparable harm on New Hampshire residents

- Casinos in two southern New Hampshire and one North Country locations would roughly double baseline problem and pathologic gambling among New Hampshire residents, and would ...
- Create at least [10,000 additional](#) problem and pathological gamblers living in nearby communities ...
- Each of whom will impact the lives of [5-10](#) (Australian Government report, page xxii) additional family members, workplace associates, friends, and crime victims. The Ontario Problem Gambling Research Centre found that [1-in-8](#) Ontario adults are negatively affected from someone else's gambling problems, usually taking form as being manipulated into lending money or not having money repaid.
- Increased addiction-related social and economic costs include divorce, domestic violence, child abuse, child death by abuse, rape, assault, suicide, drug abuse, psychiatric and personality disorders, physical illness, bankruptcy, work absenteeism, lost workplace productivity, embezzlement, insurance fraud, arson, and increased police, civil justice, social services costs.
- The National Gambling Impact Study Commission found that [prevalence](#) of these problems among pathological (addicted) gamblers compared to non-gamblers increases by up to several times: past year unemployment benefits by 3.3x, past-year welfare by 2.4x, bankruptcy filing by 4.6x, arrests by 7.2x, divorce by 2.9x, long-term illness by 2.0x, depression by 4.2x.
- These are among the reasons that almost every New Hampshire faith organization opposes slot casinos.

12. Slot casinos increase suicide and attempted suicide

- The [Nova Scotia Gaming Foundation](#) (page 27) found in its literature review that attempted suicide ranges from 17-24 percent of pathological gamblers; that pathological gamblers have a suicide rate 5-10 times higher than the general population; and that their spouses have suicide attempt rates three times higher than the general population.

13. Predatory slot casinos would harm New Hampshire children

- There is no means to confine the impact of legalized slot casino gambling to adults.
- [Rutgers University](#) found that teens are twice as likely to be heavy gamblers if their parents gamble ([Table 2.14](#)). Teens are one-third more likely become level 3 (pathological) gamblers if their parents gamble (Table 3.5).
- The [University of Delaware](#) found that almost one-third of 8th and 11th graders in that casino state had gambled in the past year. Those Delaware teens gambling over the past month were two to three times more likely than non-gambling peers to smoke, binge drink, steal, or use illegal drugs. Student test scores drop. High school drop out rates increase. Slots are, literally, anti-education.
- The Australian Government found that 60 percent of Australian teens gamble on video slot machines by the time they complete their 18th year. Over 60 percent of Aussie teens have gambled in some form before they reached 18 years. ([page 6.23](#))
- Gambling addiction and, thereby, nearby casinos are linked to substantial increases in divorce ([NORC page 49](#)), family violence, child physical abuse, childhood attempted suicide, and childhood depression.

- At least 10 percent of the children of gambling addicts suffer physical abuse at the hands of the addict ([NRC page 159](#)).
- These are among the reasons that the Children's Alliance of New Hampshire and the National Education Association of New Hampshire oppose casinos.

14. Slot casinos degrade social capital and quality of life in host and surrounding communities

- This peer-reviewed [study](#) found that casinos degrade “social capital” in communities within 15 miles radius. Social capital is a quality of life index measuring prevailing levels of trust, civic orientation, volunteerism, group participation, charitable giving and service, and meeting the needs of family and friends within a community.

15. Slot casinos will cannibalize existing New Hampshire businesses and damage our healthy, family-friendly "brand" image

- See testimony of restaurateur and past NHLRA Chair Tom Boucher.
- Look at this Millennium casino [website](#) and ask yourself, is this the reputation we wish to cultivate for our state?
- Gambling interests are proposing convenience (local market) casinos, because the New Hampshire and Massachusetts border populations are too small to justify the \$1.5 billion plus investment required for a Foxwoods-type destination-resort casino. Convenience casinos would drain consumer spending away from existing New Hampshire businesses, such as restaurants, hospitality, entertainment and retailers.
- This [cannibalization effect](#) is why the New Hampshire Lodging and Restaurant Association is a founding organizational member of GSCAEG and reaffirmed its opposition to casinos earlier this year.
- Destination-resort casinos rarely promote economic benefits to local businesses. [Says Ledyard, Connecticut's Mayor](#), “There has been no economic development spin-off from the [Foxwoods] casino ... Gamblers have one thing in mind: get to the casino, win or lose their money, get in their cars, and go home.”

16. Casino economic costs exceed tax revenues

- Economic costs of casinos include reduced workplace productivity and increased rates of white collar and violent crime, bankruptcy, embezzlement, suicide, illness, and state and local civil justice, law enforcement, highway, school, and social welfare costs.
- Dr. Grinols estimates in his presentation that the casino cost/benefit ratio is about 3:1 and that the approximate cost of casino introduction per adult resident is \$166 per year above baseline.
- The [Australian Government](#) finds that gambling in all forms costs Australian society \$4.5 billion dollars per year, with over 75 percent of these costs deriving from video slot machines. These costs exceed benefits when abused dollars (or “excess” losses) by problem gamblers are included (page 3.22). Cost per year for slots allocated across all adults in the Aussie population is US\$225.
- A substantial hidden cost of the typical casino results from the fact that 30-50 percent of gambling industry workers receive near-minimum wages, (the 2008 [median wage](#) for all industry workers being under \$11 per hour), necessitating increased budgets for subsidized housing, public transportation, social services, and increased school budgets for services such as ESL, special education, subsidized meals.

17. North Country business leaders do not want casinos

- “We’re not in that business ... I don’t see any opportunity for it.” David Ritchie, director of sales and marketing, Omni Mount Washington Resort, NHBR, 9/9/2009
- “During our three years of studying across the four states in our Sustainable Economy Initiative plan there was never a mention of gaming ... It’s being pushed from another area. It’s not really high on the list up here.” Jim Tibbetts, president and chief executive, First Colebrook Bank, NHBR, 9/9/2009
- “Gambling is a solution to a short-term problem ... [we should not] underestimate the long-term consequences ... We’re a family-oriented resort and residential community. [Gambling] is not compatible.” Pat Corso, former GM, Mount Washington Resort, NHBR, 1/30/2009
- “[Gambling] is not even a consideration.” Chris Diego, general manager of the Mountain View Grand, asked if casinos fit into his resort’s plans, NHBR, 1/30/2009
- “It (gambling) is not even on the radar screen.” Peter Riviere, Executive Director, Coos Economic Development Corp., NHBR, 1/30/2009
- “A false panacea.” Peter Powell, Co-chair, Coos County Economic Development Council, NHBR, 1/30/2009

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18. Labor should not trust gambling industry promises

- Quoting from AFL-CIO's [3/16/09](#) and [7/7/08](#) blogs: "Two years ago, 80 percent of casino dealers at Caesars Atlantic City voted in favor of UAW representation. Full- and part-time dealers and slot techs at Tropicana Casino and Resort, Trump Plaza and Bally's also have voted to form their own unions, but casino operators have either refused to bargain or stalled the negotiating process. The same situation exists in Las Vegas, where casino dealers at Wynn and Caesars Palace voted for TWU by an overwhelming margin within the past two years after management tried to grab their tip money and cut their pensions and other benefits, but casino executives there also have failed to meet their responsibilities to bargain fairly with workers... [Connecticut casino] workers also have filed 35 unfair labor practice charges with the NLRB against the casino."

19. Gambling addiction treatment is not a substitute for prevention

- The [American Journal of Psychiatry](#) study (page 299) found that – even when such services are available – only 7 percent of lifetime pathological gamblers sought or received treatment.
- In a literature review, [Petry et al](#) found that "only 8 percent of [Gamblers Anonymous] attendees achieve a year of abstinence."
- An analysis of a [U.S. National Epidemiological Survey](#) found that only 9.1 percent of gambling addicts used either GA or other treatment programs.
- The [Australian Government](#) found that 8-15 percent of Australian problem gamblers seek treatment. "Internationally, around 6-15 per cent of people experiencing problems with gambling are reported to seek help from problem gambling services." (page 5.3) "People experiencing problems with their gambling often do not seek professional help until a 'crisis' occurs - financial ruin, relationship break down, court charges or attempted suicide - or when they hit 'rock bottom.'" (page 5.4)

20. Political influence and corruption

- [As in most other states](#), if casinos were legalized here, gambling interests would become New Hampshire's dominating political force and the largest source of state-level campaign money.
- The National Institute of Money in State Politics ([summary data](#), [full report](#)) found that in the eight states holding referenda on gambling expansion in 2008, the gambling industry outspent opponents of gambling expansion by 48-to-1. The gambling industry's political *modus operandi* is to overwhelm opponents with money.
- The [process](#) by which the casino amendment was added to the NH Senate budget this past summer is a foretaste of how the gambling industry would manipulate and dominate New Hampshire politics. The amendment was added by action of the Senate Finance Committee in the dead of night, with no public hearing, no substantive discussion among senators, no fiscal note, and no review by critical state agencies, including by the Attorney General's office.
- A state-sanctioned gambling monopoly would give hundreds of millions of dollars to one or to a handful private interests which would be dependent upon the legislature for its tax rates, allowed number and location of machines, types of allowed gambling, operating hours, smoking and drinking regulation, and potential competitors. Gambling industry profits would depend upon heavy influence over our legislature.
- New Hampshire has a history of weak gambling regulation. The New Hampshire state auditor found in 2005 that the Pari-Mutuel Commission was stained by a multi-year pattern of self-dealing, evasion of legislative budget authority and sloppy recordkeeping ([audit summary](#), [full report](#)).
- In 2005, the PMC failed to detect a \$200 million, multi-year Gambino crime family illegal gambling and money-laundering operation at the Belmont track. Last year, the PMC failed to prevent the bankrupt owners of the Hinsdale track from taking money from customer gambling accounts.
- Pennsylvania [Common Cause](#) found that the gambling industry spent over \$17 million in campaign contributions and lobbying over the 7 years ending 2008, 3 state Supreme Court judges being top money recipients, and most industry money not being reported. See the presentation of James Browning.
- Please read this [editorial](#) by Natalie Rogol, a research fellow with the Commonwealth Foundation, a Pennsylvania public policy research institute, recounting the exaggerated revenue promises and rampant corruption that mark the first five years of casinos in Pennsylvania.

21. Casinos of any type would open the tribal casino loophole

- Legalization of slots or casinos under ANY model (state-owned or licensed, racino, resort, neighborhood) triggers federal law requiring that the state permit any recognized tribe to conduct the same types of gambling on tribal and tribal trust lands. See Marty Honigberg, Esq's [memo](#) on the subject.
- While there are now no recognized tribes in New Hampshire, legalization in other states usually generates gambling industry solicitation, sponsorship, and funding for tribes that could be recognized.
- Tribal casinos are not subject to state or local environmental and land use regulation.
- A study of the Connecticut tribal casino experience is warranted.

22. New Hampshire gambling opinion polls do not reflect informed public opinion

- Since 1995, slot machine gambling and casinos have been widely available throughout Australia. Australians are now informed by 10 years' experience about both the harms and benefits of slots and casino gambling. The [Australian Government](#) reviewed all opinion polling, finding that about 80 percent of the public wants to see video slot machines removed or their numbers reduced (page 10.9).
- In response to its experience with widely accessible video slot machines, Switzerland banned slot machines outside of casinos in 2005. Norway banned all slots nationwide in 2007. Russia banished all gambling to four highly remote locations in 2009.
- In continuous 2003-2004 polling in Maine relative to a casino legalization – where millions were spent by BOTH pro- and anti-gambling organizations – public opinion turned from pro- to anti-casino. ([Chart](#))
- The UNH opinion poll contracted by the NH Gaming Study Commission was conducted while Millennium Gaming was running a blanket TV, radio, web, and print ad campaign. There was zero simultaneous advertising and little editorial coverage about gambling costs and harms. WMUR-TV9 has provided significantly favorable news coverage of casino legalization during all of 2009.

23. Monopoly casino licenses to selected private parties and unfunded spending mandates on localities may be unconstitutional

- NH Constitution, Part 1, Article 6: “Government being instituted for the common benefit, protection, and security, of the whole community, and not for the private interest or emolument of any one man, family, or class of men...”
- Part 2, Article 83: “... Free and fair competition in the trades and industries is an inherent and essential right of the people and should be protected against all monopolies and conspiracies which tend to hinder or destroy it ...”
- Part 1, Article 28-a. Failure to provide for local gambling legalization referenda in all surrounding and affected towns/cities may result in unconstitutional unfunded state spending mandates on those communities.
- Litigation will at least delay casino revenue flow.