

John J. Lynch AICP

14 Spring Street
Hastings-on-Hudson, New York 10706
917 / 478 0800 914 / 478 7287 (fax)

volleyurb@aol.com www.johnjlynchaicp.com

September 30, 2014

Gail P. Thorpe, Supervisor of Contract Administration
New York State Gaming Commission
Contracts Office
One Broadway Center
Schenectady, NY 12301-7500

VIA E-MAIL

Re: Town of Monroe (Orange County) Comments to NYS Gaming Commission
Casino Facility Siting Board

Please accept these comments which are forwarded on the behalf of the Town of Monroe Town Board. The comments are extracted directly from my comments to the Town Board.

“Thank you for inviting me to provide guidance and information to the Town Board regarding the potential local effects of three casino sites being considered in communities surrounding the Town of Monroe. I have fashioned my narrative to be both instructive and to be used to provide comments to the NYS Gaming Commission’s Facility Location Board as it considers licensing and site selection for the six (6) potential casino sites in Orange County communities. I understand that proposals have been put forth for a total of nine (9) casinos in the Hudson Valley / Catskills region (of the State’s Plan) which includes the six proposed in Orange County. Of the six in Orange County, one is proposed in Tuxedo south of Monroe, one in Woodbury just to the east, and another in South Blooming Grove to the north. My research has focused on information required as part of the Gaming Commission licensing process, information relative to casino impacts in other locales primarily Connecticut, on interviews and discussions with local interested citizens, and on publicly available information on the Orange County and NYS Gaming Commission web-sites. Please see the last page of the report for a list of attachments.

Specifically, after providing some background on the state of casino development, I will discuss and elaborate on the following:

1. The lack of publicly-available market data to inform and support the siting and casino sizing decision-making rationale of the Governor’s regional casino program and the NYS Gaming Commission’s specific site selection task;
2. The lack of objective site selection criteria to guide the NYS Gaming Commission;
3. The lack of sufficient site-specific SEQRA findings information to inform the NYS Gaming Commission and allow for a comparative vetting of potential casino sites on a region-by-region basis;
4. The lack of sufficient information required as part of an application to the Gaming Commission on local and regional social, environmental, traffic and infrastructure impacts and costs to host and nearby municipalities (and the State) and on mitigation; impacts to small business, cultural institutions and the local and regional economy; (Note 1)

5. The lack of a SEQRA analysis – specifically a programmatic EIS – to support the regional casino siting plan put forth by the Governor;
6. The breadth of potential adverse effects to occur on local municipalities, specifically in this instance, the Town of Monroe;
7. The lack of substantive involvement by Orange County in the site selection and environmental review processes, and in making a recommendation to the Gaming Commission on the relative benefits and disadvantages of the six sites, or on the County’s concerns about any or all of the sites or casino gaming in Orange County as a whole;
8. A recommendation that the appropriate role for Orange County would be to focus attention on inter-Town and Countywide issues, and to mediate the environmental review of the casino facility sitings between and among the County’s municipalities.

Introduction and Background

It is exciting that so much interest is focused on this potential economic development opportunity in the Hudson Valley / Catskills region. Casinos and other gaming development -- particularly projects having a mix of retail, hospitality and entertainment / recreation uses – can be a desirable ratable for a locality. If the potential for adverse effects can be avoided or minimized through appropriate site selection, site planning and design, and / or mitigation including additional revenue streams to localities affected by the proposal, an outcome which accommodates new development in select locations while assuring that impacts associated with the proposal are mitigated is possible. As discussed below, it appears however that the NYS Gaming Commission and the Facility Siting Board are not reviewing the merits of the site choices, but rather are focusing on the capabilities of the licensee casino operator, the elements included in the projects, and the community support for each proposal. What little information that is required relative to community impacts and costs is either not part of some casino applications or is strictly a projection of revenues and a hazy commitment to addressing certain community-related issues raised by municipal officials rather than an inclusive, comprehensive process like SEQRA. In the one case where a substantial commitment has been made to a Town that I know of (the Town of Tuxedo), the commitment came with strings attached – the community must perform several actions, including ultimately approval of the casino zoning and site plan, before it can receive the moneys.

The planning for the six Orange County casinos that has occurred to date is insufficient to provide the NYS Gaming Commission with a supportable, rational basis to make site selections, or to complete its required SEQRA findings for the casino facility sitings or program (Note 2). Localities such as the Town of Monroe should be concerned that sites selected should be appropriate for the use, and that sufficient information is vetted by the Gaming Commission to make a reasoned comparative evaluation of the nine (9) alternative sites and development programs. If localities are being asked to accept the State’s plan as a blueprint for NYS-sanctioned casino development to the exclusion of other casinos or other prospective development at each of the sites, the locality should have confidence that the proposed casino development program put forth by the State is viable.

Lack of Public Available Data / Rationale Supporting Sate’s Blueprint for Casino Development

The Gaming Commission’s vetting of the potential casino operators is long on demonstrating the financial viability of casino developers and operators, but short on hard data supporting the siting and size of casinos. For example, to draw directly from the site selection factors on the Gaming Commission’s web-site, prospective casino applicants must merely provide “a market analysis detailing the benefits of the site location of the gaming facility *and the estimated recapture rate of gaming-related spending by residents traveling to an out-of-state gaming facility*” (*italics added*). This language allows for an analysis that simply demonstrates that the aggregate income and spending patterns of a population

within a specified distance is sufficient to support the casino operation (and hence the investment in its construction). A two to three hour drive is typically assumed for such a study, and the analysis need not evaluate the other casinos existing or otherwise that would be competing for these dollars.

Moreover, the language specifically requires casino applicants to estimate how much gaming related spending that is currently leaving an area around a casino would be re-captured by the new casino from out-of-state casinos, which appears to be the State's only other interest in addition to the prospective casino operator's financial capabilities.

Further, the evaluation of local impact and siting factors comprises only 20 percent of the evaluation criteria for a given casino application; of the remaining 80 percent, 70 percent is economic activity and business development factors, and ten percent are workforce enhancement factors.

In light of the recent economic recession, additional casino development being constructed and planned now throughout the entire NYC metro area, and online gaming (which would appear to reduce the need for "bricks and mortar" casinos), the need for hard data supporting the casino development program put forth by the State is compelling. The program for casino siting and sizing should be substantiated with data that supports both the location and the size of casinos in each region.

As an example of the proliferation of casinos, the attached map (Attachment 8) – which was prepared for a recent review of six casino proposals in the Philadelphia area-- shows that as of October 2013, within one hour's drive of Philadelphia, there were five (5) casino properties that would be competing with Philadelphia's casinos. (Note 3) The graphic also notes that within a 100-mile radius (two to 2.5 hour's drive) of Philadelphia, there were 25 casinos within portions of the states of PA, NJ, Maryland and Delaware (though not highlighted, New York's Empire City casino is on the graphic within the 100-mile radius; I note also that Aqueeduct's Resorts World casino is not called out but is also within the 100-mile radius.) Of the 25, note also that four within Atlantic City recently closed. A second map (Attachment 9) shows existing casinos / racinos in New York State and was on the NYS Gaming Commission web-site. Note that there are currently 14 such facilities in New York State.

Finally, note that Orange County's potential two casinos and Connecticut casinos (Foxwoods and Mohegan Sun), among other New England casinos are not on the graphic at all.

Siting Board's Evaluation Criteria

The Gaming Commission's site evaluation criteria are heavily slanted to evaluating prospective facility developers and casino operators in terms of the States's requirements for experience, and the inclusion of project elements that address other gaming requirements like racing (outlined in the State's Casino Gaming legislation and regulations). Project elements like retail, hotels, conference centers, and cultural elements are considered, but it is unclear what role these play in the agency decision-making, other than as marketing information aimed to make the project look attractive. In any event, the potential effects of these elements on the site, neighborhood or locality are minimally considered. And no consideration at all is given to a comparative evaluation of the advantages or disadvantages of the six (or nine) sites.

Stated another way, if a prospective casino developer / operator submits an application to the Gaming Commission, and demonstrates:

- a) that it is financially viable and has experience with casinos,
- b) provides a projection of fiscal benefits including taxes, wages and jobs from the casino,
- c) estimates the amount of money leaving NYS currently that will be kept in New York with the casino,

- d) commits to utilizing certain sustainable building and construction practices,
- e) commits to addressing problem gambling in some fashion,
- f) commits to addressing local site-oriented impacts, and impacts on local businesses,
- g) identifies infrastructure costs and service costs to the host municipality
- h) includes standard measures to make the workplace inclusive,
- i) gets the backing of local officials, and
- j) pays licensing fees

the prospective casino developer / operator's site can be considered.

The above may seem like a lot of information, but it is not, and can be assembled fairly quickly with little local input or analysis. In any event, the few items that do require specific information on local effects or individual sites such as infrastructure costs and service costs and mitigation have not been provided for a number of the nine (9) casinos proposed in the Catskills / Hudson Valley region, including at least two of the three surrounding the Town of Monroe. Thus, even these minimal standards aren't adequately addressed at this time for most of the applications.

Lack of Objective Site Selection Criteria or SEQRA Compliance

The NYS Gaming Commission site selection factors comprise only 20 percent or less of the agency's evaluation criteria (See NYS Gaming web-site). Siting factors include no mention of any comparative analysis of sites within a region or County, and no objective criteria for ranking sites. Applicants for a casino license must highlight the benefits of their proposed site, which typically translates into a glossy presentation better suited for marketing the site to prospective buyers than evaluating it as a site for a potential casino facility. No SEQRA findings or environmental documentation are required to be part of applications to the Gaming Commission.

Accordingly, little information is available for review to ascertain and compare impacts to the Town of Monroe at this time. This could be completed for the Town if and when comments are solicited on applications by land use approval authorities in the adjacent municipalities at a later date.

At a minimum, the Gaming Commission decision-making should include reference to SEQRA findings for each of the sites, and a comparison of the relative advantages and disadvantages of each site and casino project. Better yet, the Commission should perform its own programmatic environmental review.

Typical areas reviewed for SEQRA as part of a site-specific environmental review could provide much of the basis for the Gaming Commission's site selection rationale. In no particular order, issues that would be important environmental impact and casino siting considerations in the case of the Town of Monroe include:

- traffic impact & roadway safety (i.e., one Monroe-area casino projects 10 million new visitors/year) (Note 5)
- demand on water supplies and exiting mains
- effect on existing water resources
- demand for wastewater treatment capacity; will new capacity or treatment facilities be needed to accommodate other growth if the majority of capacity is used for one or more casinos?
- demand on police services (to address traffic / accidents, increases in DWI, assaults, burglaries)
- demand on emergency response such as fire protection and ambulances

- impact upon property values, for both developed and undeveloped land; potential for displacement of existing uses (e.g., placement of a casino in a primarily residential area could increase pressure for commercial redevelopment or rezoning of surrounding lands)
- demand on housing for workers
- impacts on schools from induced population increase; fiscal effects, and school operations for schools near casinos, such as in Monroe (Note 4)
- impact on local, County and State parks and recreation lands and open space
- visual impact of new large commercial buildings and paved areas
- lighting / glare in night sky
- noise from outdoor entertainment venues
- impact on social services from induced population
- fiscal impacts (costs) to provide increased services vs. new anticipated revenues generated by casino(s)
- impacts on local businesses
- effect on job market, future job growth & wages
- impact of potential failure / closure of casino (particularly after a seven year moratorium is lifted in NYC)
- impact on quality of life and the character of the town
- growth inducing effects (e.g., extension of infrastructure to serve a new casino could lead to new districts and new taxes, and pressure for homeowners to connect to new infrastructure, with accompanying costs)
- impacts on agricultural lands (increases in land values tend to impact agricultural uses disproportionately)
- impacts on existing land use in the area surrounding the facility
- whether previous use of the site or a neighboring property makes it a logical location for growth (Woodbury Commons is near one of the sites)
- aspects of the site or neighboring properties such as brownfield designations or previous hazardous waste issues (Nepera is near one of the sites)
- conformance with zoning policy, specifically the zoning designation for each site and surrounding neighborhood; and plans including the Town's 2008 Master Plan, the County's 2010 Comprehensive Plan, the Mid-Hudson Sustainability Plan, and specific County plans addressing water, and agricultural lands, and whether changes must be made
- cumulative impacts of two operating casinos (either in each site-specific environmental review or in a programmatic environmental review completed by the Gaming Commission)
- alternatives analysis of the six sites (either in each site-specific environmental review or in a programmatic environmental review completed by the Gaming Commission)
- reliance on previous, potentially out-dated, environmental inventories and findings – e.g., the Town of Woodbury is allowing Caesars NY to supplement environmental reviews performed in the late 1980's for its site.

All of the above issues remain unconsidered by localities since SEQRA has not been completed; thus, findings are not available to the Gaming Commission Facility Siting Board. Nor has a programmatic environmental review been completed by the Gaming Commission that would compare alternative sites and development programs. Then on what rational basis is the Facility Siting Board making decisions to site casino facilities? And, how has the agency addressed its SEQRA obligations for the action at hand which is the selection of two casino facility sites in Orange County, and licensing for two casino projects / operators?

Casinos include a mix of uses and substantial amounts of floor area. The casino proposals surrounding the Town of Monroe include large numbers of hotel rooms, thousands of slot machines and other types of gambling, entertainment venues and conference facilities, retail stores and restaurants, and spa and similar-type uses. Development costs are projected at upwards of \$750 million.

Site-specific environmental (i.e., SEQRA) information is critical in evaluating the local impacts of such large development projects. This information should be available to the Gaming Commission before it makes siting decisions on two projects in Orange County.

The allocation of State economic development “initiatives” such as the state-wide casino development program is no different than any other State program which involves siting facilities, and like other similar programs, it too is subject to SEQRA.

Thus, to properly make a siting decision, a completed application to the NYS Gaming Commission for licensing and site selection should include SEQRA findings, including cumulative impact and alternatives analyses. Agency decision-making should not proceed until applications without SEQRA findings are found ineligible, or until SEQRA findings for each site can be integrated into site selection decision-making. In any event, the siting board is required to issue its own SEQRA findings for the site selections. A programmatic environmental review could also be completed which addresses the comparative advantages / disadvantages of the nine (9) Hudson valley sites, or the subset of six (6) sites in Orange County.

Orange County’s Role

I found it surprising that Orange County does not have a larger role in the vetting of the six sites within the County. Surely, from a County perspective one or two of the sites would be more desirable, or generate some concerns to or questions by the County. If not, the County does have the distinct role of mediating inter-Town planning issues as part of its responsibilities under the General Municipal Law and likely the County charter. The siting of large commercial / mixed use development projects like each of the six casinos would bring up inter-Town issues. The County would also serve as a conduit for revenue-sharing by the State of revenues collected from the casinos. It would be in the best position to allocate these revenues, and potential impact related fees offered as mitigation to host and non-host Towns. Further, most Towns and Villages in Orange County do not have the staffing capabilities to devote time to a comprehensive evaluation of one, some or all six proposed sites. The County should be present to address that situation. In any event, the County did set up a Task Force earlier in 2014 that purported to address these items related to casino development:

- Expediting stalled Route 17 construction work in Woodbury
- Reducing noise associated with additional infrastructure development
- Local hiring initiatives for Orange County residents
- Job-training for casino employees
- Impact on emergency first-responders

No additional information is provided on the Orange County web-site, although a study of the potential for impact to emergency service providers was published and is attached. Recommendations for a traffic study to address likely traffic and roadway safety issues, and improvements to cellular communications within casino developments are included in the report. The 8-page report ends noting that “once a location of a casino is known and a traffic impact study is complete, then a comprehensive study should be undertaken by an outside organization to study the true impact of a casino in the region and to make staffing, training and equipment procurement recommendations.” This information is not in place for most of the casinos proposed in the Hudson Valley Catskills region.

Except for a map of the casino sites and a few other brief press releases, no other County-generated information is available on the Orange County web-site.

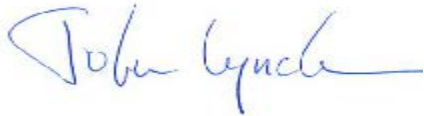
Final Thoughts

- 1) Once committed for a major commercial development like a casino / gaming use, a substantial chunk of land is devoted to that purpose. In cases involving virgin land, this means clearance of vegetation and other disturbances and installation of new infrastructure, all of which carries costs, including costs to the locality if the casinos are unsuccessful or underutilized, and ultimately vacated. No guarantees are required for localities, although mention is made of impacts to host and nearby municipalities. After an impact determination, mitigation could be required that includes moneys earmarked for the closure of a casino at a future date, should that arise. I am not aware of any funds like this being discussed for the casinos in the Hudson Valley / Catskills region. In any event, the Town of Monroe as a nearby / adjacent municipality should be seeking sufficient vetting of environmental effects and potential fiscal costs to it and all taxing districts to allow for quantitative comparisons and impact determinations, and specific mitigation computations if mitigation is to be in the form of funding. Potential new revenues could be directed to the operating and capital budget pursuant to the State’s formula or a local formula (based on impacts) if one is negotiated, and / or moneys can be earmarked as bonds and similar performance type instruments for guarantees.
- 2) Most if not all of the nine casinos in the Hudson Valley / Catskills region would be developed by non-local entities, and operated by other non-local entities; substantial amounts of money in the form of profits from casino development and operation would be drawn out of the region. The development financing, approval and permitting and construction processes are good at quickly implementing projects when projects are viewed as lucrative and provide quick returns on investment. When economic conditions or tastes change or the market starts to become over-built, and the brakes are put on, it will be the local Towns that will bear the greatest burden of unfinished sites or underutilized / unsuccessful developments, (including host and non-host communities alike).
- 3) I direct your attention to the following link on the NYS Gaming Commission’s web-site which is a 1996 Task Report to the Governor on Indian Gaming. Specifically, see Section III, pp. 172 – 183, which discuss community service, fiscal and land use concerns and the applicability of environmental regulations to Indian gaming sites. While this report is almost 20 years old and addresses only Indian casino development, it is instructive in that it both demonstrates the lax environmental review completed by the State for Indian casino gaming -- which appears to be the same approach the State has taken to private, commercial casino gaming in the Governor’s current program -- and demonstrates the very real environmental concerns that were nevertheless articulated by the Task Force in its report.

(See http://gaming.ny.gov/pdf/Task_Force/outline.htm.)

- 4) My final point is perhaps more subjective – the expeditious manner in which prospective casinos have been approved in localities such as Thompson, NY (near Monticello), and the overwhelming, uncritical support given to all of the casino proposals, troubles me and tells me that few are interested in considering the pros and cons of either the Governor’s casino development program, or of the individual casino projects and their sites. With the recent closure of multiple casinos in Atlantic City, the number of casinos on the drawing boards throughout and near the NYC metro area and technological changes such as online gaming that now allows for gaming to occur at home, this is the time to require that closer scrutiny is given to this matter by the approving authorities.

Thank you again for the opportunity to provide written comments on behalf of the Town of Monroe. Separate comments addressing traffic and roadway impacts may be submitted under separate cover.

A handwritten signature in blue ink that reads "John Lynch". The signature is fluid and cursive, with a large initial "J" and "L".

John J. Lynch AICP

c.: Harley E. Doles III, Town of Monroe Supervisor and Town Board (via e-mail)
Christine Tucker, Town of Monroe (via e-mail)

Notes

Note 1: To receive a license, Applicants to the NYS Gaming Commission must:

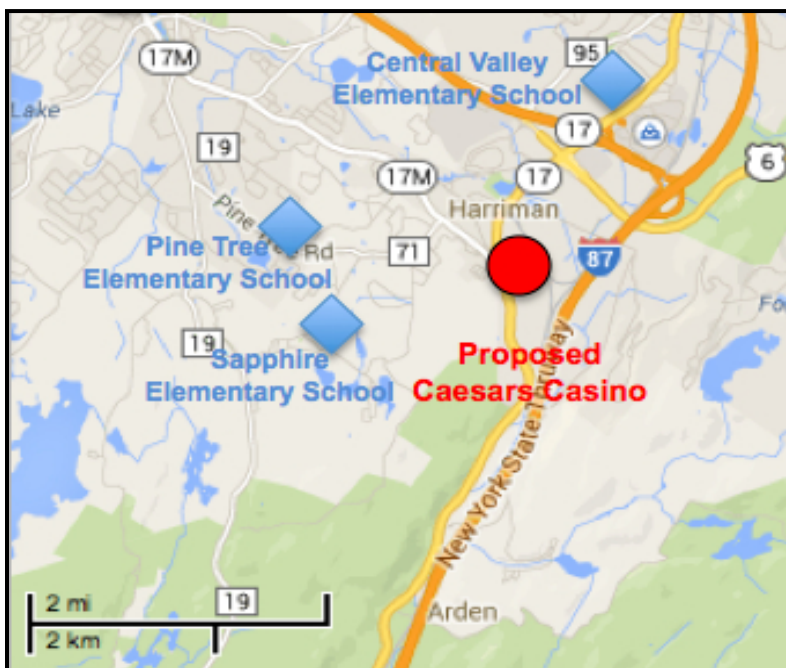
Demonstrate how proposes to address:

- *problem gambling concerns*
- *workforce development and community development*
- *host and nearby municipality impact and mitigation issues*
- *Identify infrastructure costs of the host municipality incurred in direct relation to the construction and operation of a gaming facility and commit to a community mitigation plan for the host municipality*
- *Identify service costs of the host municipality incurred for emergency services in direct relation to the operation of a gaming facility and commit to a community mitigation plan for the host municipality*

Note 2: Like all State agencies, the Gaming Commission Facility Siting Board is subject to NYS's SEQRA requirements. Pursuant to 6 NYCRR Part 617.3(a) "No agency involved in an action may undertake, fund or approve the action until it has complied with the provisions of SEQRA." The proposed action is a licensing of an operator, and selection of a project program and site, and is not exempt from SEQRA.

Note 3: The study was of six proposals in Philadelphia which would culminate in a recommendation for two of the casinos.

Note 4: Monroe has three elementary schools in the immediate vicinity of one of the proposed casino locations, as shown on the map below. Monroe-Woodbury High School is not shown on the map but is also in the immediate vicinity.



Note 5: A separate report will address the comparative effects of the three casinos surrounding Monroe on roadway / traffic conditions.

List of Attachments

- 1: Excerpts from PowerPoint presentation summarizing NYS Economic Development Act (which covers casino gaming), and site selection criteria
- 2: PDF version of map showing all six Orange County casino sites
- 3: Orange County Press Release re: new Casino Task Force. Note that no further information, including minutes was provided on the web-site, although press release mentions that minutes would be public. A study of the effects on local emergency services was completed and posted by the County, and is attached as Attachment 4.
- 4: Orange County Study of Impact of Casinos on Emergency Services w/ recommendations.
- 5: Excerpt from “Why Casinos Matter”, a report prepared by the Council of Casinos, part of the Institute of American Values
- 6: “Gambling in Connecticut: Analyzing the Economic and Social Impacts” prepared for the State of Connecticut in 2009 with attached Daily News interview from 2013 Note that most analyses on the internet of casino impacts focus exclusively on the tax revenue projections provided by casino proponents, or discuss alternative tax revenue projections; very few address cost / expense projections or quantify
- 7: Narrative provided by a concerned citizen to a concerned resident of Tuxedo also focusing on the Connecticut experience, but updated to June of 2014, and focusing on the proposal in Tuxedo. This is most cogent summary of research and findings on the social costs associated with casinos.
- 8: Map from AKRF study of six Philadelphia casinos, October 2013
- 9: Map from NYS Gaming Commission web-site showing 14 existing NYS casino / racinos.

Attachment 1

Upstate NY Gaming and Economic Development Act Basics

Passed by Legislature and signed by Governor in July

Four destination gaming resorts in Upstate New York.

At least one facility in each of three regions: Capital, Catskills/Hudson Valley, Eastern Southern Tier.

No more than two facilities in any region.

Tribal casinos retain their geographical exclusivity.

No downstate gaming resorts for at least 7 years after first gaming license is awarded.

Gaming facilities will either be entirely new resorts or conversion of existing New York racinos.

Upstate NY Gaming and Economic Development Act



Revenue Distribution

- 10% of State's tax revenues will be split between host municipality and host county.
- 10% of State's tax revenues will go to surrounding counties in the region where a facility is sited for education assistance and/or real property tax relief.
- 80% of State's tax revenues will be applied statewide for school aid and/or real property tax relief.



Upstate NY Gaming and Economic Development Act

Selection

Who Decides Where the Facilities Go?

- Decisions based on merit by separately appointed Resort Gaming Facility Location Board.
- Facility Location Board will be appointed by State Gaming Commission.
- Facility Location Board will decide on required licensing fee and required capital investments.

Upstate NY Gaming and Economic Development Act



Selection

Evaluation Criteria:

- Number of Jobs
- Amount of Capital Investment
- Amount of Revenue to State and Localities
- Local Support (Home Rule)
- Customer services and amenities
- Development and Integration with Regional Tourism

Upstate NY Gaming and Economic Development Act



Selection

Evaluation Criteria:

- Financing Availability
- Development Approach w/ Local Businesses
- Experience in Gaming Development
- Speed in Construction
- Ethics and Integrity Reviews
- Program to Counter Problem Gambling
- Environmental Sensitivity

Upstate NY Gaming and Economic Development Act



Protecting Communities & Public

Upstate NY Gaming and Economic Development Act



Protecting Host Communities

- Local support must be demonstrated before a gaming facility applicant may file for a license.
- 20 percent of the decision to select a facility licensee is determined by local impact factors.
- Gaming facility applicants must commit to a mitigation plan for host municipalities for costs that may result from hosting a facility.

Upstate NY Gaming and Economic Development Act



Protecting the Public

- There will be strict regulation of all gaming corporations, employees, vendors, gaming equipment and junket operators by the State Gaming Commission.
- State Gaming Inspector General at Gaming Commission will prevent corruption.
- New categories of gaming specific crimes have been added to Penal Law to protect casino patrons.

Upstate NY Gaming and Economic Development Act



Problem Gambling

Upstate NY Gaming and Economic Development Act



Problem Gambling

The Upstate NY Gaming Economic Development Act helps individuals with gambling addictions

Over \$4.7 million annually is anticipated to be collected. Funds will be used by Office of Alcoholism and Substance Abuse Services for problem gambling, treatment and education

Upstate NY Gaming and Economic Development Act



Addressing Problem Gambling

- Gaming facility applicants must demonstrate how they will address problem gambling concerns and have a Gaming Commission-approved plan in place.
- All casino employees must complete training in compulsive gambling awareness.
- \$500 annual fee placed on each slot machine and table game for problem gaming treatment and education, leading to millions of dollars in support of treatment programs.

Upstate NY Gaming and Economic Development Act



Regulation of Gaming

NYS Gaming Commission

- Newly formed agency oversees all gaming in state
- Administered by nonpartisan 7-member Board

Agency regulates:

- Video Lottery Gaming Facilities and Native American Gaming Facilities
- Charitable Gaming
- Horse Racing & Pari-Mutuel Wagering
- Lottery

Upstate NY Gaming and Economic Development Act



Attachment 2

Attachment 3



County of Orange
Office of County Executive Steven M. Neuhaus
NEWS RELEASE

For Immediate Release
April 14, 2014

Contact: Dain Pascoello
845.291.2700, 845.545.5225 c

Orange County Forms Casino Task Force

Twice the traffic, none of the jobs a concern for Orange County leaders

Goshen, NY – County Executive Steve Neuhaus was joined by Legislative Chairman Stephen Brescia today in announcing the formation of a Task Force on Gaming and Economic Development. The task force would study the potential impacts of casino development on Orange County, including effects on transportation-infrastructure capacity. New York State plans to award four casino licenses in three upstate regions, including two in the Hudson Valley and Catskills.

Orange County has received interest from several gaming entities and development firms since voters approved a constitutional amendment authorizing casinos on November 5, 2013. The county's network of interstate highways, talented and educated workforce, and business-friendly environment have made it an attractive destination. The Task Force on Gaming and Economic Development would be empowered to conduct an annual report on casino operations in Orange County and required to submit its findings to the Economic Development and Gaming Committee.

The task force will consist of the county executive, deputy county executive, members of the Legislature, including leaders of the three major parties, the county Department of Planning, and representatives from the Orange County Partnership. The Orange County Charter grants the county executive the authority to form a task force according to Article III, Section 3.02, which states the county executive shall "appoint, supervise and terminate, subject to the provision of Section 3.06 of the Administrative Code, and except as otherwise herein provided, all executive committees, commission and boards to assist him in the exercise of his executive functions and in the planning, formulation and administration of executive policies and programs."

The meeting minutes will be public and available on the Orange County website. Tentative topics for the task force's inaugural meeting include:

- Expediting stalled Route 17 construction work in Woodbury
- Reducing noise associated with additional infrastructure development

- Local hiring initiatives for Orange County residents
- Job-training for casino employees
- Impact on emergency first-responders

“Gaming interest in our county has been welcome, but, as I have continually said, sustained economic growth from casino development depends on host-community support. The legislative chairman and I have established a task force on gaming and economic development in order to assist local communities in understanding gaming development and what it means for our area. For example, two casinos in Ulster and Sullivan counties won’t mean less congestion for Orange. On the contrary, it will mean twice the traffic – with none of the jobs and tax revenue. The task force will offer a management plan for responsible development, so that we can put the phony scare tactics aside and let residents use common sense to decide for themselves,” said Neuhaus.

“The county executive has listened to residents and taken the right approach to casino development in the Hudson Valley. The task force will report to the legislature its public findings and take into account a spectrum of issues important to Orange County families,” said Brescia. “Most importantly, local voices will be heard and responsible steps will be taken to ensure long-term economic growth and our quality of life can continue to coexist.”

###

Attachment 4

Orange County Department of Emergency Services
Walter C. Koury, Commissioner

Impact of Casinos on the Emergency Services of Orange County, New York

April 2014



Steven M. Neuhaus
Orange County Executive

I. Introduction.

With the construction of large casinos resorts in Orange County becoming a distinct possibility, the Orange County Department of Emergency Services has undertaken this preliminary study to gauge the possible impact that these large facilities might have on the State, County and Local Emergency Services agencies that serve Orange County.



Due to a lack of funding and dedicated resources, the undertaking of a scientific study of issue is impossible at this time. This initial study is simply intended to frame the issue to determine if further study is necessary at a later junction.

II. Executive Overview.

As part of this study, the Orange County Department of Emergency Services contacted numerous emergency services agencies in New York and Connecticut in an attempt to determine the impact that casinos have had on their jurisdictions.

The overall findings from these telephonic interviews is that the casinos have had a minimal impact in terms of crime rates, medical calls, fire related incidents, and emergency management activities. The common theme from all the representatives interviewed for this study was that the impact of the casinos caused some initial issues but as the facilities matured, the impact was minimized.

The one exception to this trend was vehicular traffic. Each of the jurisdictions interviewed cited a significant increase in vehicular traffic leading to and from the casinos. As a result of this increase in traffic, the number of vehicle related emergency calls has significantly increased.

It is the recommendation of the Department of Emergency Services that a complete traffic impact study be completed should the selection of a casino site in Orange County become a reality. Additionally, special equipment should be installed in any large complex to enhance the communications capabilities of emergency responders working therein.

III. Outreach.

As part of this non-scientific study, members of the Orange County Department of Emergency Services have contacted several emergency services agencies in communities which have existing casinos in order to determine the impact that these facilities have made to their jurisdictions.

In an effort to further understand the issue, the following agencies have been contacted:

Agency	Location	Casino
American Ambulance (Commercial Service)	Norwich, CT	Foxwoods Resort Casino & Mohegan Sun
City of Oneida Police Department	Oneida, NY (Oneida County)	Turning Stone Resort & Casino
Niagara County Office of Emergency Services	Niagara County, NY	Seneca Niagara Casino
Oneida County Emergency Services Office	Oneida County, NY	Turning Stone Resort & Casino
Town of Montville Police Department	Montville, CT	Mohegan Sun
Town of Ledyard Police Department	Ledyard, CT	Foxwoods Resort Casino
Town of Ledyard Fire Marshal	Ledyard, CT	Foxwoods Resort Casino
Verona Fire Department (Fire & EMS)	Verona, NY	Turning Stone Resort & Casino

IV. Impact on Law Enforcement.

In terms of the impact a casino may have on community law enforcement, the discussion is broken into two categories, traffic and crime.

a. Traffic Management



Craig Cherry, Deputy Commissioner of the Division of Police Liaison Services, conducted telephone interviews with representatives from the City of Oneida NY Police Department, along with the Town of Montville and the Town of Ledyard Police Departments in Connecticut. Additionally, published traffic related data was researched.

All three of these police departments report that since the casinos have opened in their jurisdictions, they have experienced a significant increase in traffic leading to and from the casinos.

Impact of Casinos on the Emergency Services of Orange County, N.Y.

This increased traffic has resulted in a corresponding increase in the number of traffic related incidents requiring the involvement of law enforcement. According to a Lieutenant from the Ledyard Police Department, the increase in traffic and the resulting traffic related incidents are the most significant impact to his Police Department since the opening of Foxwoods Resort and Casino.

According to data from the 2004 New York State Thruway Annual Report, Exit 33 near Turning Stone Resort & Casino is one of the busiest highway exits in the region. However, data from the NYS Department of Motor Vehicles for the period of 1998 – 2012 indicated vehicular crashes in Oneida County have stayed relatively consistent.

Without an in-depth emergency services-focused traffic impact study of casinos in the Orange, Sullivan, Ulster County region, it is impossible to predict the true impact of casinos to the Emergency Services agencies in Orange County.

A reasonable assumption can be made, however, that the impact on the existing traffic infrastructure could be significant, as the placement of casinos in the New York State Route 17 corridor either in Orange, Sullivan or Ulster Counties could have significant impact on Route 17, particularly during the summer months.

b. Crime

During Deputy Commissioner Cherry's telephonic interviews with the City of Oneida Police Department, the Town of Montville Police Department, and the Town of Ledyard Police Department determined that these Police Departments have not experienced any substantial increase in criminal activity directly attributable to the presence of casinos in their jurisdictions.

Available published data supports that reportable crime in these jurisdictions actually decreased in direct proportion with the statewide and nationwide decrease in crime witnessed across most of the nation in recent decades.

Prior to the construction of these casinos it was feared that there would be a significant and measurable increase in alcohol related traffic incidents, disorderly conduct arrests, murder, rape, robbery, assault, burglary, and theft. These fears have been largely unfounded according to the police department members interviewed.



One aspect of crime statistics that ran counter to this trend were some of the surrounding towns with low income housing. These areas did not experience the decline in crime as other surrounded communities did. Crime in these low income areas largely remained static.

V. Impact on Fire Services.

As part of this report, Vini Tankasali, Deputy Commissioner of the Division of Fire Services, interviewed representatives from the Oneida County Emergency Services Office and Verona Fire Department in New York and the Town of Ledyard Fire Marshal in Connecticut. The impact of a casino resort on the fire service varied depending on whether the facility is located in a volunteer fire district or in the jurisdiction of a career fire department like the City of Newburgh.

a. Call Volume

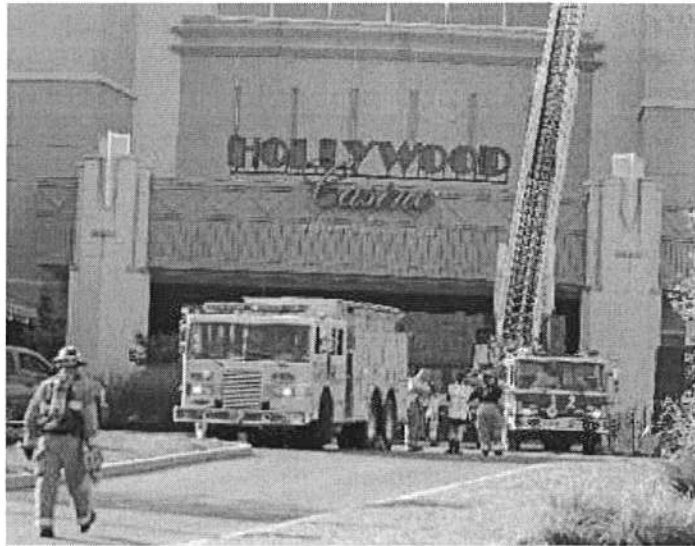
All of the fire service representatives interviewed by Deputy Commissioner Tankasali indicated that an initial increase in call volume was due to traffic as well as fire related alarms and incidents. The representatives also noted that the increase was greater initially but seemed to reduce as the facility matured. Of specific note to this discussion, due to the size of their respective casinos, the Mohegan Sun Casino and the Foxwoods Casino both maintain their own on-site paid fire departments. The Verona Fire Department (volunteer) remains the primary fire protection for the Turning Stone Casino. Any increase in call volume would need to be analyzed to understand the impact on staffing for career fire departments or capabilities to meet staffing needs by volunteer fire departments.

b. Training

The fire departments that would respond to incidents at casino resort complexes would require extensive training specifically designed for large scale commercial occupancy structures.

According to Deputy Commissioner Tankasali's interview with the Verona Fire Department, specialized training was needed to educate firefighters on high-rise type structures.

This training was contracted through another fire department and required funding to obtain this training.



These facilities may also have specialized fire suppression systems that may require initial and periodic training on part of the fire departments.

c. Equipment and Apparatus

The fire departments tasked with responding to incidents at a casino resort may need custom equipment and apparatus in order to properly mitigate any potential hazardous events.

For instance, a casino may be built in a fire district that currently does not own a ladder truck. In this case, the fire district may have to purchase a ladder truck to properly respond to a multi-story structure in the casino complex.

Depending on the size and functionality, new ladder truck can cost \$500,000 to \$1,500,000.

Another example brought up in Deputy Commissioner Tankasali's discussion with the interviewed Fire Services representatives was the need for special equipment to handle special circumstance fires. One such instance would be vehicle fires in parking areas with limited or no access to fire apparatus. Specialized equipment may be needed by the fire departments in order to handle these types of incidents not typical of existing properties in the local jurisdiction.

d. Staffing

According Deputy Commissioner Tankasali, if a casino resort were to be located in a jurisdiction with a career fire department, additional staffing may be required in order to meet the increased demands potentially placed on the fire department.



e. Facilities

Depending on where a new casino resort is located, the need may arise to place a new and separate fire department substation near the casino. The need for this may be dictated by traffic concerns or other variables such as the proximity needed to provide adequate fire protection.

VI. Impact of the Emergency Medical Services (EMS).

Frank Cassanite, Deputy Commissioner of the Division of Emergency Medical Services, contacted the Verona Fire Department which provides EMS coverage for Turning Stone Resort & Casino and American Ambulance which provides EMS coverage for both Mohegan Sun and Foxwoods Resort Casino.

Both of these EMS providers related that the impact of the casinos was minimal in their daily operations. American Ambulance stated that each casino added three to four calls per week to their normal activities.

VII. Impact on Emergency Communications (911).

Allen Wierzbicki, Deputy Commissioner of the Division of Emergency Communications, reported that the projected impact on the 911 Center is anticipated to be limited. Should there be a significant and continuous increase in casino related 911 calls then the level of staffing at the 911 may have to be increased.

Consideration should also be given by building authorities to require the installation of Bi-Directional Amplifiers in all casino buildings. Such equipment is designed to improve both radio and cellular communications for emergency responders working within such structures or complexes thereby enabling them to communicate with other responders located either on different floors of the same building or who are working elsewhere within the building complex.

Impact on Emergency Management.

Deputy Commissioner Seamus Leary of the Division of Emergency Management spoke with Director Jonathan Schultz from Niagara County Office of Emergency Services and Director Kevin Revere from Oneida County Emergency Services Office to determine the impact of casino resorts in counties similar in nature to Orange County.

Director Schultz related that the impact of the Seneca Niagara Casino was minimal to his department. Most of the impact of the casino was limited to the City of Niagara Falls and that casino was just one more entity in the county for his office to coordinate with.

Director Revere stated that the impact of the Turning Stone Resort and Casino was minimal to the county. Turning Stone Resort and Casino is located on the sovereign land of the Oneida Indian Nation. As such, many of the emergency management functions are undertaken by the Oneida Indian Nation and not Oneida County. Director Revere did state that his office had a good working relationship with the casino, and just like in Niagara County, the casino is just one more entity to coordinate with in the community.

VIII. Initial Conclusion.

Based on interviews from members of the Emergency Management, Fire Service, EMS, and Law Enforcement agencies that service existing casino resorts in New York and Connecticut, the overall impact on the emergency services in these communities is minimal.

The one exception is traffic related incidents. It seems that there is a significant increase in vehicular traffic on the roadways leading to the casinos. As a result, there is an increase in vehicular related emergency calls. Although not interviewed for this study, it could be logically assumed that the outlying jurisdictions surrounding casinos could also experience an increase in traffic and traffic related calls for emergency services.

Without knowing the exact placement of a casino in Orange, Sullivan or Ulster Counties it is difficult to determine the true impact on our specific emergency services agencies at this time. As part of the location selection for a potential casino in Orange County, the Department of Emergency Services recommends that a traffic impact study be commissioned with a particular emphasis placed on the impact of increased traffic to the emergency services.

Once the location of the casino is known and a traffic impact study is complete, then a comprehensive study should be undertaken by an outside organization to study the true impact of a casino in the region and to make staffing, training, and equipment procurement

Impact of Casinos on the Emergency Services of Orange County, N.Y.

recommendations that will ensure the continued safety of Orange County's emergency responders and the general public.

Finally, improvements to radio and cellular communications between emergency responders working within large complexes would be enhanced through the installation of Bi-Directional Amplifiers.

Attachment 5

A Report from the Council on Casinos

Why Casinos Matter

Thirty-One Evidence-Based
Propositions from the Health and
Social Sciences

Institute for American Values

About this Report

THIS REPORT COMES FROM THE COUNCIL ON CASINOS, an independent, nonpartisan group of scholars and leaders who come together to examine the role of casinos in American life and to foster informed citizen debate on gambling as a public policy.

Financial support for this initiative comes from the Bodman Foundation, the John Templeton Foundation, and other contributors to the Institute for American Values.

© 2013, Institute for American Values. No reproduction of the materials contained herein is permitted without the written permission of the Institute for American Values.

ISBN: 978-1-931764-44-45

Ebook ISBN: 978-1-931764-45-2

Institute for American Values

1841 Broadway, Suite 211

New York, NY 10023

Tel: (212) 246-3942

Fax: (212) 541-6665

Website: www.americanvalues.org

Email: info@americanvalues.org

The Casino's Economic Impact

15. The benefits of casinos are short-term and easy to measure while many of their costs are longer-term and harder to measure.

Impact studies measure short-term economic benefits of a prospective casino but they typically fail to measure longer-term social costs. Social costs tend to emerge over time and therefore are harder to quantify. As a consequence, policy makers may overlook or underestimate the social costs of gambling.

For example: Evidence suggests that the opening of a new regional casino may offer an economic stimulus to distressed communities, but the stimulus fades over time, as the presence of a casino drives out established local businesses and attracts other gambling-linked businesses, such as payday lenders, pawn shops, auto title lenders, and check cashing stores.

Witness Atlantic City as a case in point. Casinos in Atlantic City began as an economic renewal project, but after nearly four decades, the city is still in need of economic renewal. Despite repeated bailouts by the state and a recent \$30 million state-funded marketing campaign, Atlantic City remains an economically troubled place.

Atlantic City is not a unique case. A study that looked at the spread of casino gambling in 300 Metropolitan Statistical Areas found that the presence of a casino reduces voluntarism, civic participation, family stability, and other forms of social capital within 15 miles of a community where it is located.

Likewise, problem gambling is hard to spot in the short-term. It takes a long period of mounting financial and family troubles—estimated at four to seven years—before a gambler admits to a problem. It takes even longer for a problem gambler to feel desperate enough to seek help. And since most gamblers who seek help turn to Gamblers Anonymous, a fellowship organization that does not provide statistics on its members, it is nearly impossible to get a complete picture of the

total number of those who seek treatment. Finally, many problem gamblers show up in other statistics—bankruptcy, unemployment, divorce, embezzlement, overindebtedness—where the causal relationship between gambling problems and other problems is harder to establish.

That said, a 2004 study estimated the social costs of problem gambling associated with a new casino between \$2,486 and \$2,945 per problem gambler and \$5,143 to \$10,330 per additional pathological gambler (the most severe form of problem gambling). An earlier 1996 study of problem gambling among members of Gamblers Anonymous looked at employment-related social costs—working hours lost, unemployment compensation, and foregone income due to gambling—and found an annual cost of \$2,836 per casino gambler, or \$4,062 in 2013 dollars.

16. Casinos extract wealth from communities.

Regional casinos build their customer base by encouraging repeat visits from local residents with incentives like “free” play and player loyalty rewards. Repeat players spend dollars in a casino that would otherwise be spent somewhere else in the local economy. Investor profits are extracted from the local market area, contributing to the long-term flow out of the community. Thus, the fundamental economic dynamic of a regional casino is taking dollars out of the community, not bringing dollars into the community.

17. Casinos typically weaken nearby businesses.

Casinos attract customers with “perks” such as free transportation, parking, food, and alcohol, not to mention the come-on of hitting the jackpot and dreams come true. These realities make it harder for local businesses to compete with casinos. Some eventually go out of business.

Consider what has happened in Atlantic City: Before 1977 there were 242 eating and drinking establishments in Atlantic City. In 1981 (3 years after casinos began operating, the number had declined to 160, and by 1996 (19 years after casinos began operating) the number had declined

to 142. A 2007 Federal Reserve study found that even after 20 years of so-called economic development, there is still no large supermarket in the city.

Casinos enjoy another competitive advantage over local businesses. They are given a regional monopoly by the state and gain special legislative exemptions from regulations imposed on non-casino businesses. In the Commonwealth of Massachusetts, for example, the state legislature permits three newly authorized regional casinos to give free alcohol to customers but bans local bars from offering heavily discounted alcoholic beverages for “happy hour” promotions. Other states allow smoking in casinos but ban it in local restaurants and bars.

There appears to be at least one exception to the rule that casinos tend to weaken nearby businesses. Regional casinos do seem to promote the flourishing of nearby pawn shops, check-cashing operations, and high-interest lending establishments such as payday lenders. For example, a recent study of Mississippi Gulf Coast casinos reports: “All of the law enforcement officials also noted that the number of pawn shops and ‘check-cashing’ businesses on the Coast has exploded since the advent of gambling.”

18. Casinos typically hurt property values in host communities.

A recently released study by the National Association of Realtors says the impact of a prospective casino on the local housing market is “unambiguously negative.” The research conducted for realtors in western Massachusetts, where a new regional casino is slated for construction, found that homeowners in the host community would experience from \$1,650 to \$3,300 in lost value. The study’s economists estimate that there will also be 125 additional home foreclosures each year, representing \$5 million in lost home values.

The Casino's Political Impact

19. Casinos are the creation of state government and its public policies.

Casinos are often described as public-private partnerships between government and the gambling industry. (Kansas is an exception: its three casinos are owned solely by the state.)

However, the new casinos cannot be viewed as just another kind of public-private partnership. They are instituted by the states to create a source of revenue separate from direct taxation, the traditional way of financing government expenses for the common welfare. States typically legalize casino gambling by changing state constitutions. They create regional monopolies for the casinos. They regulate lightly and often in ways that discriminate against other legal businesses. They promote casino gambling through advertising and advocacy by public officials. They tell the public that casinos provide funds for necessary government services without raising taxes. They rescue casinos from bankruptcy. In short, without the legal, administrative, regulatory, and promotional advantages provided by state governments, casinos would not be spreading into mainstream American life as they are today and would likely still exist only on the fringes of the society.

20. State regulation of casinos creates a conflict of interest, in which the state is charged with protecting the public from the very business practices that generate revenue for the state and which the state is co-sponsoring.

State governments are caught in a classic conflict of interest between their desire for more revenues and their responsibility to prevent harms to the public from unfair or exploitative practices.

Many have resolved the conflict in favor of more revenues from casinos. This decision is a violation of the precautionary principle, which holds that government must engage in due diligence before introducing a policy that might harm its citizens, even when the evidence of harm is not

definitive. Yet in the case of casino gambling, there is clear evidence of harm, and that fact alone is sufficient reason to require a moratorium on state-sponsored gambling expansion. In fact, a moratorium was the main recommendation of the 1999 federally-funded report from the National Gambling Impact Study Commission. But since that time, states have raced ahead to locate commercial casinos in struggling communities and to extract revenues from citizens in those communities.

21. States are typically failing to protect their citizens from the harms of state-sponsored casino gambling.

Since the late 1990s, federal and state commissions have recommended policies to protect citizens from the harms of state-sponsored casino gambling. These “best practices” policies are designed to hold the producers of gambling—the states and their partners in the gambling industry—responsible for its serious harms. However, few if any states have actually adopted or implemented these “best practices.” They include:

- Prohibiting gambling advertising, as is the case with cigarette advertising.
- Modifying the machine design to reduce speed and duration of play.
- Removing ATMs and credit facilities from the casinos.
- Requiring breaks/cooling-off periods in machine play.
- Prohibiting free alcohol on the casino floor.
- Displaying onscreen clocks on the machines.
- Prohibiting casino lending on credit.
- Establishing an independently funded National Institute on Problem Gambling to conduct research and public education.

22. States are typically failing to provide adequate help for the treatment of problem and compulsive gambling.

Most state assistance is seriously underfunded (generally one-half to one percent of casino revenues) and mainly limited to directing people to self-help information: 1-800 numbers; contact information for Gamblers Anonymous; and website addresses for state councils on problem gambling. Except for Gam-Anon, a support group for families of compulsive gamblers, there are very few resources available for children, spouses, and other affected family members. State councils receive a significant share of their funding from state gambling revenues and therefore are constrained from serving as independent advocates for more aggressive efforts to fund and treat gambling addiction, or to prevent the further spread of casinos in the first place.

23. Some states are propping up failing casinos.

Like big banks, state-sponsored casinos are not allowed to fail. When casinos come up short, states usually provide new infusions of money, reduced taxes, reduced funding for gambling addiction measures, or other concessions such as lifting smoking bans, in order to sustain revenues and profitability. Rhode Island, Delaware, and New Jersey have all taken special steps to help casinos that might otherwise fail.

24. Over time, casino expansion within a state and in nearby states can create a downward economic spiral of market saturation, sluggish state revenues, and failing casinos, marked by an ever-growing competition in which each state tries to lure other states' citizens into its casinos.

New England and the mid-Atlantic states are already crowded with casinos. Nonetheless, they continue to wage casino border wars. Massachusetts has approved three new casinos and a slot parlor to compete against Connecticut's two Indian casinos. Rhode Island is adding table games to draw customers to Twin Rivers, a slot parlor just across the border from Massachusetts. New Hampshire's governor recently lost

her fight to build a casino just over the Massachusetts border, but she is expected to try again.

Meanwhile, New York, which straddles both New England and the mid-Atlantic states, is seeking to capture business across borders by legalizing new regional casinos in upstate New York. If approved, the new casinos will be added to the eight Indian casinos and nine racetrack casinos already established in the state.

It's a similar story in the mid-Atlantic states. Pennsylvania has twelve casinos; Maryland has four; New Jersey's Atlantic City has twelve; and tiny Delaware, struggling to compete with its three casinos, has just approved Internet gambling. The competition is likely to get even more brutal in the coming years. A new Baltimore-based casino is planned for 2014 and there are tentative plans for casinos in Philadelphia and Maryland's National Harbor area in 2016.

Casinos may begin by making lots of money for the state government, but the economic dynamics over time tend to become increasingly negative and zero-sum, as politicians try to solve the problem of sagging gambling revenues by sponsoring more gambling, and as every state tries harder and harder to poach gamblers from other states.

25. Regional casinos are a regressive source of revenue for the states.

Casino gambling was once a largely upper-class activity. As a classic 1977 study argued, revenues from casino gambling came disproportionately from well-off Americans who could travel long distances to a resort casino and gamble money they could afford to lose. At the same time, however, the study's author speculated that casino gambling would become more regressive as it became more widespread. That's exactly what has happened.

With the spread of regional casinos into economically struggling communities, more working and middle class people are drawn to casino gambling. In the past, such residents may have gambled on the lottery,

but few have had the time or money to travel to a far-away resort casino. With the arrival of a nearby casino, however, residents gain easy access to a gambling venue. Easy access increases local participation and drains dollars from local residents into the state's coffers.

As a consequence, women, low-wage workers, and retirees are contributing a disproportionate share of states' take of casino revenues. As states become ever more dependent on casino revenues as a substitute for more progressive sources of revenue, they are trapped into a regressive policy of taking from the less affluent and rewarding the more affluent.

Attachment 6



GAMBLING IN CONNECTICUT:

Analyzing the Economic and Social Impacts

Prepared for the State of Connecticut, Division of Special Revenue
M. Jodi Rell, Governor
Michael Fedele, Lieutenant Governor
June 22, 2009



1201 New Road, Suite 308
Linwood, NJ 08221 USA
609.926.5100
www.spectrumgaming.com

Executive Summary

The economic and social impacts of legalized gambling in Connecticut can fairly be described as happenstance. They are the result of a chance confluence of policies, plans, legal actions and economic trends that had little to do with each other – but yet have collectively served to create a variety of positive and negative effects.

Some of the policies that have shaped these impacts range from the active – such as the decision a half-century ago to minimize regional government – to the passive – such as the absence of a coordinated gaming and tourism policy.

While state officials in various areas are clearly taking the issue of developing and implementing gaming policy seriously, they are required to live with the results created by this half-century of disparate policies and plans.

Indian Gaming

Of the various forms of legalized gambling in Connecticut, Indian gaming has had the most pronounced impact. The two destination casino resorts, Foxwoods Resort Casino and Mohegan Sun, attracted 24 million visits between them in 2007. They draw revenue into Connecticut from out of state that, in turn, gets redistributed to create even more jobs and profits – all of which leads to the consumption of goods and services from other businesses and industries. Such a scenario is vital to the establishment of a strong and competitive economic base.

The two casinos are responsible directly and indirectly for \$1.2 billion worth of personal income in Connecticut. Since 1992, they have accounted for about 12 percent of the net new job growth in Connecticut.

The 25 percent contribution on gross slot win totaled \$30 million in Fiscal Year 1993, when the Mashantucket Pequot Tribal Nation first put “video facsimile devices” (slot machines) onto the floor of its Foxwoods casino. In FY 2008, the figure mushroomed to \$411.4 million, thanks to expansions at Foxwoods and the October 12, 1996, opening of Mohegan Sun.

To put the amount in context, the state’s corporate income tax – which collects revenue from every corporation in the state – generates \$750 million in revenue. The Mashantucket Pequot And Mohegan Fund, consisting of just two entities, generates about 60 percent of what the corporate income tax generates. Casino revenue was the fifth-highest source of revenue for Connecticut in FY 2007.

Through December 2008, Connecticut’s 169 municipalities and state government shared \$4.87 billion as a result of money generated through slot royalties; the state government received about \$3.3 billion and the state’s towns roughly \$1.6 billion.

About half of the patrons who visit the two casinos are from out of state, which means that much of the casino contribution to the state is paid for by non-Connecticut residents.

The two tribal casinos have boosted tourism in southeastern Connecticut. The Mashantucket Pequots, for example, built the \$193 million Mashantucket Pequot Museum and

Research Center. It is the world's largest and most comprehensive Native American museum, attracting nearly 300,000 visitors in the last three fiscal years ending September 30, 2008.

Both casinos have alliances with scores of hotels in the region, some of which were built in recent years to take advantage of the presence of the casino resorts.

Vendors in nearly 90 percent of the state's 169 communities benefit from casino purchases of goods and services. The two casinos in 2007 directly employed more than 21,000 people, generating an annual payroll of nearly \$700 million. The total number of direct, indirect and induced jobs created in Connecticut is about 30,000.

The Lottery

The Connecticut Lottery is one of the most successful lotteries in the country, with gross sales of \$957 million in 2007. Twenty-nine percent of that amount went to the state's General Fund.

In its first fiscal year of operation in 1972, the Connecticut Lottery's weekly game (which was discontinued in 1985) generated more than \$17.2 million in total sales. Instant games were added to the mix in 1976, daily games in 1977 and the Lotto in 1984.

The Lottery added Cash Lotto in 1992 and Powerball in 1996. Instant and daily games accounted for 83 percent of total Lottery gross sales in FY 2007. Through FY 2008, the Connecticut Lottery generated sales of \$18.4 billion. And notably, most of the sales were generated after Foxwoods and Mohegan Sun opened.

According to our survey of Connecticut gamblers, lottery games are the most frequent gambling activity played either monthly (29 percent) or weekly (8 percent).

The Connecticut Lottery Corporation ("CLC") has put forth a comprehensive Voluntary Code of Good Practice that crystallizes its views on such issues as underage and problem gambling. While we have not evaluated similar codes in other states, we note that Connecticut voluntarily eschews certain games that would be legal in other states because they might offer more of an underage appeal. For example, the CLC does not allow the use of cartoon characters in its games, even though such images may be used successfully in other states to promote lottery sales.

Connecticut devotes marketing resources toward broadcast advertising designed to minimize underage gambling. CLC President Anne M. Noble, in discussing the Lottery's ad campaigns, described the situation as a necessary "tension of opposites" in trying to grow the Lottery but with an eye toward responsible gaming. She said that they develop, out of their advertising budget, public-service announcements to run at a ratio of one for every two ads promoting the Lottery.

Our research has determined that there is no correlation between lottery sales and poverty in which anyone can reasonably conclude that poorer residents of Connecticut are more inclined to play the lottery.

Spectrum conducted a statewide survey of lottery retailers, who were asked various questions, including whether they hired additional staff to meet the demands of selling lottery tickets. About 20 percent of the respondents indicated that they had. If we extrapolate the results of that sub-set to Connecticut retailers at large, it would indicate that about 974 individuals,

working about 15 hours per week each, are employed to handle lottery sales. Their total annual payroll – based on an average hourly rate of \$9, according to the survey – is about \$130,000.

The CLC’s view that casinos are competition has likely resulted in lost opportunities for lottery sales to out-of-state residents, who – from a public-policy perspective – represent the ideal customers. Their lottery purchases are more likely to displace discretionary purchases in their own states, rather than in Connecticut.

Off-Track Betting

The state introduced pari-mutuel wagering on dog racing, jai alai and off-track betting (“OTB”) in 1976. The first greyhound racing facility, Plainfield Greyhound Park, opened that year as did jai alai frontons in Bridgeport and Hartford. Milford Jai Alai opened in 1977. In 1995, the Bridgeport Jai Alai closed and was converted to the Shoreline Star Greyhound Park. That same year, Hartford Jai Alai was converted into an OTB facility.

The state’s last jai alai fronton, in Milford, closed in 2001 and the two greyhound parks ceased live dog racing in 2005. Live horse racing is still authorized by statute, but no horse track has ever operated. The only pari-mutuel betting opportunity is at OTB facilities.

The state operated OTB from its inception in 1976 to 1993, when it sold the operation to Autotote Enterprise, Inc. (“AEI”), which merged with Scientific Games Corporation in 2000. AEI is a subsidiary of Scientific Games. AEI continues to operate the state’s Off-Track Betting system. Wagers can be placed at OTB facilities in the following municipalities: East Haven, Norwalk, Waterbury, Torrington, Bristol, New Britain, Hartford, Windsor Locks, New Haven, Milford and Bridgeport. The different venues can collectively accommodate up to 9,000 patrons at any given time. Both Foxwoods and Mohegan Sun offer off-track betting through their racebooks, but operate independently. The casino racebooks do not report revenues.

Off-track betting gross sales have declined. In 2007, the amount wagered fell to \$233 million, generating \$4.8 million for the state’s General Fund. The \$233 million wagered in 2007 is lowest since the \$224 million wagered in 1995. Payments to municipalities that host off-track betting facilities totaled \$3.8 million in FY 2007, the lowest it has been since 1997.

Charitable Gaming

Connecticut was one of the early adopters of charitable gaming regulations. The state legalized bingo in 1939. Bazaars and raffles were introduced in 1955, and sealed tickets in 1987. Qualified organizations must first obtain approval from the local municipality and the Division of Special Revenue before they can hold a fundraising event. Bingo is the state’s most popular form of charitable gaming, followed by raffles and bazaars and sealed tickets.

The presence of “Las Vegas nights” resulted in a federal court ruling that opened the door for Indian gaming. The General Assembly repealed the Las Vegas-nights law on January 6, 2003.

Charitable gaming, like OTB, has also seen significant declines in gross receipts for non-profit organizations. Nonetheless, the games generated more than \$16.1 million for the organizations in 2007, and \$1.3 million for the state’s General Fund.

The changing workforce at the casinos

Although Indian casinos have been an economic juggernaut, there is a serious need to diversify the workforce in southeastern Connecticut. In the early 1990s, the region faced an economic crisis with large defense-spending cutbacks and downsizing in related manufacturing. From 1988 to 1993, it lost approximately 10,000 jobs, including nearly 4,800 manufacturing jobs. During the 10-year period from 1993 to 2003, the region lost another 10,000 manufacturing jobs. At the same time, it added more than 20,000 service jobs, most created as a result of the construction of the two Indian casinos.

The average salary (1993-2003) for the service jobs was \$33,000, compared to \$67,000 for manufacturing jobs. From 2001 to 2006, southeastern Connecticut lost 2,357 jobs that paid \$65,000 or more.

As a result of the change in labor-market dynamics, the service-producing sector of the region's economy now employs about eight out of every 10 workers in southeastern Connecticut.

Policy makers need to address the need to diversify the workforce as the trend could challenge long-term economic growth prospects for the region.

Are taxpayers picking up part of the tab for casino regulatory costs?

The agreements negotiated with the Indian tribes require them to pay for all "reasonable and necessary" regulatory costs. That money is in addition to the 25 percent contribution on gross slot win. At issue is whether the state can recover its indirect costs.

State Attorney General Richard Blumenthal issued an opinion in 1998 that said the state could and should recover all of its indirect costs. Blumenthal concluded that "proper and accepted accounting practices" require that such costs be recovered.

Yet, despite the opinion, the state has – according to information provided to us in the course of this research – failed to collect all of those costs, putting Connecticut taxpayers in the position of paying for a portion of regulatory costs, something that was not supposed to occur based on the agreements negotiated with the tribes.

At our request, the state Office of Policy and Management provided us with budget data for the regulatory agencies from the 2004 to 2008 fiscal years. It shows that the state sustained deficits totaling nearly \$16 million during that period – \$8.6 million at Mohegan Sun and \$7.3 million at Foxwoods.

Are municipalities getting their fair share of the casino revenue?

The direct dollar amount from Indian gaming flowing into the state's General Fund increased from \$24 million in FY 1994 to \$340 million in 2007. By comparison, the amount allocated for distribution to municipalities has stayed relatively constant during the same period. In FY 2007, the state's 169 municipalities split \$86.3 million, \$2 million less than they received in 1994.

Looking at it another way, the General Assembly allocated 78 percent of the state's gaming revenue to municipalities in the 1994 fiscal year, the first full year of Indian gaming. In 2007, the figure fell to just 21 percent.

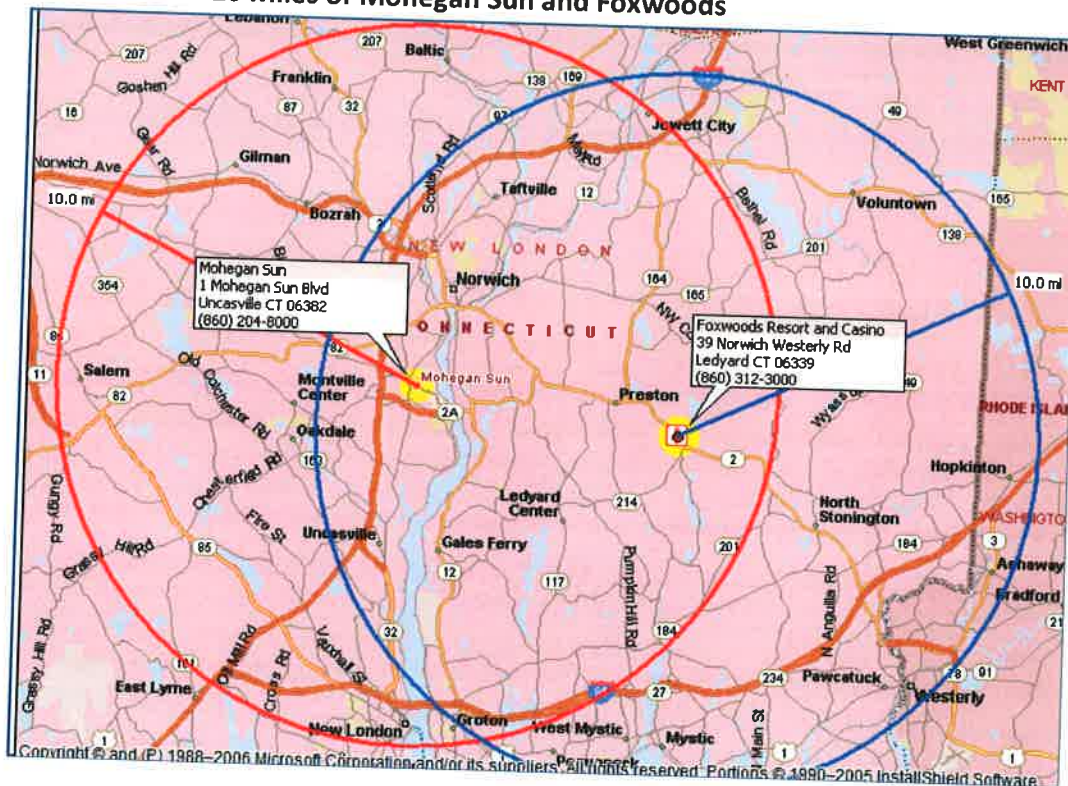
In interviews with Spectrum Gaming Group, municipal officials throughout Connecticut continually emphasized the need to restore the funding formula to a more balanced level to

enable municipal officials to reduce property taxes. The expectation was that the state's 169 municipalities would receive the lion's share of the slot contribution funds when then Governor Lowell Weicker entered into a Memorandum of Understanding ("MOU") with the Mashantucket Pequot Tribal Nation that permitted video facsimile machines or slot operations at Foxwoods.

Casino-related impacts on southeastern Connecticut

As part of this report, the state of Connecticut specifically asked Spectrum Gaming Group to analyze casino-related impacts among the municipalities within a 10-mile radius of the casinos. They included Bozrah, Franklin, Griswold, Groton, Ledyard, Lisbon, Montville, New London, North Stonington, Norwich, Preston, Salem, Sprague, Stonington, Voluntown and Waterford. Spectrum contacted each municipality to determine if Indian gaming had impacted them in either a positive or negative way. Details are presented in a separate section.

Figure 1: Area within 10 Miles of Mohegan Sun and Foxwoods



From the day slot-machine gaming began in 1993, towns close to the casinos bitterly complained that the formula to distribute the Mashantucket Pequot And Mohegan Fund failed to consider local gaming-related impacts.

The state distributes funds based, in part, on the amount of state-owned property in a town and whether a town has hospitals or private colleges. Such property is tax exempt. The state distributions are meant to offset the loss of the tax-exempt property. The formula also takes into account property values, per-capita income and population.

Some of the perimeter municipalities have documented impacts such as increased traffic accidents, DUI arrests and the need for special programs to help non-English speaking students learn the English language.

In recent years, the General Assembly increased the compensation to some of the perimeter municipalities, but local officials say it is not nearly enough, and the level of funding often depends on the state's fiscal health.

Norwich, the largest municipality in the region, is coping with a number of problems. It is located within eight miles of both casinos. DUI arrests have more than doubled since 1992. Montville and Ledyard have also experienced significant increases. Roughly 20 percent of the motorists in Montville, Ledyard and North Stonington arrested for DUI acknowledged to police that their last drink was at a casino. One such motorist was charged with manslaughter in March 2009 for allegedly causing a fatal accident by driving the wrong way on I-395.

Norwich Public School administrators identified on a yearly basis nearly \$2 million in casino-related costs. In order to handle the influx of immigrant workers attracted to casino jobs, the district had to create English for Speakers of Other Languages ("ESOL") program because students speak nearly 30 different languages. They come from Haiti, Peru, the Dominican Republic and Eastern Europe. In addition, thousands of Chinese-speaking workers were recruited from New York City in late 2001 to work at the casinos.

Norwich Public Schools reported the following to us:

- In 1999, it enrolled 40 ESOL students. Today, the figure stands at nearly 400.
- About half of the ESOL students are proficient in math; less than a third in reading.
- The district, as of the 2008-2009 school year, operates two bilingual programs – one in Spanish and another in Haitian Creole. It may soon have to offer a third program in Mandarin Chinese.
- Budgets cuts forced the district to eliminate a full-day kindergarten program, close an elementary school and use outdated textbooks.

The City of Norwich copes with significant impacts as well. City officials estimate casino-related costs to be anywhere from \$1 million to \$2.5 million a year. They include:

- A 27 percent increase in motor vehicle accidents from 1991 to 2004.
- An increase in police overtime from \$85,000 in 1991 to more than \$280,000 in 2008.
- A 76 percent increase in calls for service from people needing the assistance of the police from 1992 to 2004.

Other area municipalities and school districts have sustained similar impacts but not to the same extent as Norwich. They include:

- Norwich Free Academy (Norwich's public high school): Its current ESOL enrollment is nearly 200, seven times the 1993 figure.
- Ledyard Public Schools: Educates children who live on the Mashantucket Pequot reservation yet receives no property taxes from families who live on land within the reservation because the Tribe is a sovereign nation.
- Montville Public Schools: Expending more resources to educate Chinese-speaking students. The number was 54 in 1994; 183 in 2007.
- Automobile and pedestrian accidents: Three casino workers walking to Mohegan Sun have been killed in car accidents in the past 16 months, the last of which was a hit and

run that occurred on April 14, 2008. The motorist was charged in early 2009 with manslaughter. Mohegan Sun has spent \$2 million to erect sidewalks and install lighting along a portion of Route 32 to cut down on the accidents.

Substandard housing, illegal conversions – casino workers

With many casino workers unable to afford housing in southeastern Connecticut, some landlords have converted single-family homes into boarding facilities. The practice is not only illegal, it is unsafe as well.

As recently as December 9, 2008, the Town of Montville's building official came across a small ranch home in Uncasville, where a landlord was in the process of converting a garage into two floors to accommodate two bedrooms and a kitchen. There were no smoke or carbon-monoxide detectors or proper emergency exits. The home itself, roughly 1,200 square feet, had another eight bedrooms.

A day earlier, Norwich housing officials inspected two single-family homes on West Thames Street that were converted into illegal boarding facilities. The same landlord owned both homes. Inspectors found beds in basements. The property owner divided the upstairs in both homes into individual rooms. All of the renovation work, including electrical, was done without permits.

Norwich added a new position, Blight Officer, in 2007 to investigate complaints of substandard housing and hotbedding.

The state Housing Prosecutor argues that a law is needed to allow building inspectors to access homes they suspect have serious code violations. Current law allows access only when the building inspector has actual knowledge of a problem or responds to a complaint as inspectors did in Montville and Norwich in December 2008.

Embezzlements

State and federal law enforcement officials made 43 embezzlement arrests in 1992, the year the first Indian casino opened. In 2007, the most recent year that statistics are available, the number increased to 214. No other state that reported 40 or more embezzlements in 1992 has had a higher percentage increase than Connecticut. The percentage increase in Connecticut from 1992 to 2007 is nearly 400 percent; nationwide the increase was 38 percent.

The FBI and state crime reports do not indicate how many of the embezzlements were gambling-related, but our research shows that many of those who stole from their employer used either part or all of the money to gamble at the two Indian casinos.

Among our findings:

- During the 11-year period ending December 31, 2008, we found 31 newspaper articles involving separate incidents that reported embezzled money in Connecticut was used to gamble at Connecticut casinos. Some involved multiple arrests. Incidents in which the embezzled money was embezzled in other states, such as Massachusetts and Rhode Island, were not included in our review.
- The embezzled amount during that time period totaled nearly \$8 million.

- Judges often sentenced the embezzlers to prison, ruining their lives as well as the lives of their families.
- Some of the embezzlers stole from public agencies. Tax collectors in the municipalities of Ledyard and Sprague stole \$300,000 and \$105,000, respectively; a payroll clerk at the Vernon Board of Education embezzled \$105,000. While there have been no embezzlement incidents in The Town of North Stonington, it imposes special internal controls to protect taxpayers in response to the rash of embezzlements in southeastern Connecticut. Its auditor charges for the service.

Problem Gambling

The National Council on Problem Gambling defines problem gambling as behavior that causes disruptions in any major area of life: psychological, physical, social or vocational. The term “problem gambling” includes, but is not limited to, the condition known as “pathological” or “compulsive” gambling, a progressive addiction characterized by increasing preoccupation with gambling; a need to bet more money more frequently; restlessness or irritability when attempting to stop; “chasing” losses and loss of control manifested by continuation of the gambling behavior in spite of mounting, serious negative consequences.

To measure the extent of problem gambling (sometimes referred to as chronic gambling), Spectrum commissioned a research study involving 3,099 participants 18 years or older. Surveyors questioned 2,298 participants through a random dial digit (RDD) telephone survey, and an additional 801 people participated through a separate online-panel survey. The purpose of implementing an online survey was to test the substitutability of using an online panel in place of a telephone panel and to capture individuals without a land line. There is a dedicated section within the report that provides a summary of the panel survey findings.

Participants were classified based on answers to questions from two widely accepted gambling screens: the South Oaks Gambling Screen (“SOGS”) and the NORC (National Opinion Research Center) DSM-IV Screen for Gambling Problems (“NODS”). DSM stands for the Diagnostic and Statistical Manual of Mental Disorders, a 1,000-page manual published by the American Psychiatric Association. It provides diagnostic criteria for mental disorders. The manual has been revised four times.

We then developed estimates for prevalence rates using Connecticut’s adult population (18 years and older) of 2,666,750. Prevalence rates measure the extent to which individuals could be classified as problem gamblers or probable pathological gamblers. The word probable is used because only a trained clinician can diagnose a pathological gambler. All telephone survey responses are not diagnoses.

The majority of the results provided in this report are generated from the phone survey to allow direct comparison to the 1997 WEFA report titled: *A Study Concerning the Effects of Legalized Gambling on the Citizens of the State of Connecticut*.

It would not be prudent to combine the phone and online surveys in the Spectrum Study to come up with one prevalence rate as the surveys involved two different samples. The phone survey was random in that there were no limitations placed on participants. It is more accurate due to the use of RDD of general population versus the panel, where participants opt in based on

recruitment efforts by marketing companies. In addition, the telephone survey involved nearly three times as many participants, resulting in a lower sampling-error margin.

The results of the telephone survey yielded the following SOGS lifetime numbers for probable pathological gamblers: 1.5 percent, (40,001 people)

The results of the surveys yielded the following NODS lifetime rates for probable pathological gamblers: 1.2 percent, (32,001 people)

The margin of sampling error for the 2,298 phone interviews is ± 2.1 percentage points at the 95 percent confidence level. This means that there is less than a 1-in-20 chance that the findings will deviate more than ± 2.1 percentage points from the actual population parameters.

For at-risk gamblers, a category that is only detected through the NODS screen, the lifetime number is 192,006. At-risk gamblers are defined as gamblers who during their lifetime can be classified as at risk of becoming problem gamblers. These are people who scored at a level on the gambling screen that was below that of a problem gambler but fell into a category described as at risk of becoming a problem gambler.

The 1997 Connecticut study generated, for the most part, higher SOGS prevalence rates. Past-year probable pathological rates were 2.8 percent for the 1997 study compared to .7 percent for the current study. Past year rates for problem gamblers were 2.2 percent compared to 0.9 percent in the current Spectrum study.

Impacts

Our telephone survey compared the lifetime gambling habits for problem and probable pathological gamblers with the gambling habits of non-problem gamblers:

- 62 percent gambled until their last dollar was gone compared to 12 percent for non-problem gamblers
- 29 percent gambled to pay off debts compared to 4 percent for non-problem gamblers
- 13 percent sold possessions to finance gambling compared to 1 percent for non-gamblers
- 26 percent borrowed to finance gambling compared to 1 percent for non-gamblers

Pathological gamblers are also more likely to suffer from mental health conditions such as mood disorders, depression and anxiety disorders.

Treatment Programs

Connecticut's outpatient problem gambling treatment program, established in 1982 in Middletown, is the oldest, continuously operating program in the nation. It has expanded to include a network of 17 sites that are operated through "The Bettor Choice," which is overseen by Problem Gambling Services ("PGS"), an agency within the Department of Mental Health and Addiction Services ("DHMAS").

The 17 clinics provide services at little or no cost to the problem gambler, which is important because the problem gambler is often unable to pay for treatment. Bettor Choice employs 22 clinicians, all of whom have master's degrees or higher along with several years of experience in treating problem gambling. In our opinion, they are dedicated to helping problem gamblers combat their addiction.

In 1996, the state had just one clinic, which saw 100 clients. In FY 2008, the figure was 922 clients. Still, as the prevalence rates show, there are thousands of residents who are either problem or probable pathological gamblers, which means Bettor Choice sees only a small fraction of them.

While Connecticut on a per-capita basis compares favorably with most states in funding for problem-gambling programs, there are other states that do much more, and obtain higher success rates. Oregon is one. It operates a residential program; Connecticut does not. Oregon also spends \$1.2 million to promote its gambling treatment and prevention programs; PGS has no budget to promote its services.

An effective promotion budget would significantly increase the number of clients seeking treatment. Bettor Choice administrators acknowledge that an outreach effort is critically needed to promote the program in minority areas.

The most commonly mentioned support group or 12-step program mentioned in our interviews and focus groups was Gamblers Anonymous ("GA"). GA, like other support or 12-step programs, does not involve professional intervention. Instead it relies on peer support, and is often used as a "way of getting through day to day." GA offers free membership to anyone who is a problem gambler or a recovering problem gambler.

Treatment is also available from psychologists and psychiatrists throughout the state. There are a number of research and treatment centers that have assisted problem gamblers. They include:

- The Problem Gambling Clinic at the Connecticut Mental Health Center, a joint effort of the center and Yale's Department of Psychiatry. During the past 10 years, the clinic has seen approximately 300 patients. Treatment is free.
- The Gambling Treatment and Research Center, located at the University of Connecticut Health Center. Its main source of funding is through grants from the National Institutes of Health. The center has treated more than 1,000 individuals with gambling problems.
- The Alliance Behavioral Services in Groton. It provides outpatient treatment for gambling addictions among other mental health disorders. There are set fees for services.

About This Report

The state of Connecticut, Division of Special Revenue, retained Spectrum Gaming Group to conduct a comprehensive analysis of the social and economic impacts of all forms of legal gambling in Connecticut. State law requires that such a study be conducted to determine the types of gambling activity in which citizens are engaging, and the desirability of expanding, maintaining or reducing the amount of legalized gambling in the state. The last Connecticut gaming-impact study was completed in June 1997.

The General Assembly authorized the study through the budget that was adopted during the special session in June 2007. In executing this study, which was led by Spectrum Vice President for Research Michael Diamond, we listened to a wide variety of interests throughout the state, regardless of their stated or potential position on the issue of legalized gambling. Our role in all such meetings was to understand the concerns of others and be respectful of their views. We interviewed more than 150 people with an eye toward listening to their ideas and seeing gaming through their perspective.

The interviews were conducted by experienced Spectrum professionals and associates who have performed similar work in jurisdictions around the world. We were assisted in this Connecticut project by a variety of other professionals, with doctorates and other advanced degrees in certain sub-specialties, including experienced professionals working for Richard Stockton College of New Jersey and Ypartnership of Orlando, Florida.

We conducted four different focus groups to assist us in developing our study to address certain topics, such as the impact that gambling has had on the lives of problem gamblers and whether casino gambling has been beneficial for Connecticut. Questions were also asked of participants in an at-random telephone survey commissioned by Spectrum, which was based on responses from focus groups.

Thanks to our primary subcontractor, Hartford-based M.P. Guinan Associates, we enhanced our visits with her assistance during the course of this research. Under the leadership of Mary Phil Guinan, the firm provided essential guidance and support.

We note, with particular appreciation, that we had extraordinary access to management and staff at both Foxwoods and Mohegan Sun; both willingly and enthusiastically assisted us in our research. The executives and staff members who participated from the casinos are too numerous to mention here. We are grateful to all of them for their participation.

The following table lists the organizations that participated. It should be noted these groups were often contacted multiple times, and they provided access to a wide variety of officials and experts. We are grateful for their time and support.

Figure 2: List of Organizations Participating in This Study

Public Agencies (CT unless otherwise indicated)	Organizations, Private entities
Commission on Culture and Tourism	Chamber of Commerce Eastern Connecticut
Eastern Regional Tourism District	Connecticut Council on Problem Gambling
Uncas Health District	Connecticut Citizens Against Casinos
Southeastern Connecticut Council of Governments	Mohegan Sun Casino
Department of Consumer Protection, Liquor Control Division	Mohegan Tribal Gaming Authority
Division of Criminal Justice, New London State's Attorney	The Mohegan Tribe
Division of Criminal Justice, State Housing Prosecutor	Foxwoods Resort Casino
Division of Special Revenue	Mashantucket Pequot Tribal Nation
Office of Policy and Management	William W. Backus Hospital, Norwich
Department of Revenue Services	Chinese & American Cultural Assistance Association, New London County
Connecticut Lottery	Len Wolman, chairman and CEO of Waterford Group
Division of Problem Gambling Services, Lori Rugle, Executive Director	Mystic Coast and Country Travel Industry Association
Bettor Choice Program (For Problem Gamblers)	Greater Mystic Chamber of Commerce
Statewide Organized Crime Investigative Task Force	Metro Hartford Alliance
General Assembly's Office of Fiscal Analysis	Greater Hartford Convention and Visitors Bureau
New Jersey Division of Gaming Enforcement	Olde Mystic Village
Southeast Area Transit (SEAT)	AC Linen Supply
Eastern Connecticut Workforce Investment Board	Norwich Free Academy
US Naval Base	Autotote Enterprises

While we cannot list all the individuals who participated in the development of our research, we pay special note to the many public officials who willingly offered their time and advice. This list includes the following:

Figure 3: List of Public Officials Interviewed for this Study

Waterford First Selectman Daniel Steward	Norwich Mayor Benjamin Lathrop
Waterford Police Chief Murray Pendleton	Norwich City Manager Alan Bergren
North Stonington First Selectman Nicholas Mullane	Norwich Police Chief Louis Fusaro
Preston First Selectman Bob Congdon	Norwich Police Captain Timothy Menard
New London Mayor Kevin Cavanagh	Norwich Social Services Director Beverly Goulet
New London Police Captain William Dittman	Norwich Social Work Supervisor Lee-Ann Gomes
Rebecca Bombero, Management and Policy Analyst, New Haven	Norwich Public Utilities Division Manager Kerri Kemp
Kevin O'Connor, former US Attorney for the District of Connecticut	Norwich Regional Adult Education Director Mary Berry
Senator Donald Williams, D-29, President Pro Tempore	Norwich Superintendent of Schools Pamela Aubin
Representative Thomas Reynolds, D-42	Norwich School Board member Charles Jaskiewicz
Senator Andrea Stillman, D-20	Norwich Otis Library Director Bob Farwell
Groton Town Manager- Mark Oefinger	Montville Superintendent of Public Schools David Erwin
Senator Edith Prague, D-19	Montville Sergeant John Rich, Resident State Trooper
First Selectman Salem- Bob Ross	Montville Mayor Joseph Jaskiewicz
Representative Jack Malone, D-47	Montville Department of Senior & Social Services Director Kathleen Doherty Peck
Senator Andrew Maynard, D- 18	Montville Fire Marshal Raymond Occhialini
First Selectman East Lyme- Paul Formica	Montville Sergeant Michael Collins, Resident State Trooper
Connecticut Lottery Corporation President and CEO Anne Noble	Montville Building Official Vernon Vessey
Connecticut Lottery Corporation Vice President of Sales & Marketing Paul Sternburg	Montville Tax Assessor Lucy Beit
Connecticut Lottery Corporate Counsel & Director of Government Affairs James F. McCormack	Ledyard Superintendent of Public Schools Michael Graner
US Naval Base Chaplain Joe Cotch	Ledyard Mayor Fred Allyn Jr.
Ledyard Tax Assessor Paul Hopkins	Ledyard Public Works Director Steven Masalin

About Spectrum Gaming Group

Spectrum Gaming Group (“Spectrum,” “we” or “our”), founded in 1993, is an independent research and professional services firm serving public- and private-sector clients worldwide. Our principals have backgrounds in gaming operations, economic analysis, law enforcement, due diligence, gaming regulation, compliance and journalism.

Spectrum professionals have been studying the impacts of gaming for more than three decades and are among the pioneers in this particular discipline. Spectrum has studied the economic and social impacts of legalized gambling throughout the United States and elsewhere, from New Jersey, Illinois, Louisiana, Kansas and Pennsylvania to Guam and South Korea.

Spectrum does not advance any pro-gaming or anti-gaming viewpoint, which means that we do not downplay or ignore examples, arguments or evidence that might contain either positive or negative implications.

Spectrum holds no beneficial interest in any casino operating companies or gaming equipment manufacturers or suppliers. We employ only senior-level executives and associates who have earned reputations for honesty, integrity and the highest standards of professional conduct. The interest of past or potentially future clients never influences our work.

Each Spectrum project is customized to our client’s specific requirements and developed from the ground up. Our findings, conclusions and recommendations are based solely on our research, analysis and experience. Our mandate is not to tell clients what they want to hear; we tell them what they need to know. We will not accept, and have never accepted, engagements that seek a preferred result.

Among our most recent public-sector clients are the Commonwealth of Massachusetts, Broward County (FL), West Virginia Lottery Commission, the New Jersey Casino Reinvestment Development Authority, the Atlantic City Convention and Visitors Authority, the Singapore Ministry of Home Affairs, Rostov Oblast (Russia), and the Puerto Rico Tourism Company. Recent private-sector clients include the Casino Association of New Jersey, Harrah’s Entertainment, Morgan Stanley, the Pokagon Band of Potawatomi Indians, and the Seneca Nation of Indians.

We maintain a network of leading experts in all disciplines relating to the gaming industry, and we do this through our offices in Ascona, SUI; Atlantic City, Bangkok, Guangzhou, Harrisburg, Hong Kong, Las Vegas, Macau, Manila and Tokyo.

>

By Lindsay Corcoran/Daily News staff

Print Page

March 24, 2013 12:01AM

Lessons from Connecticut's casino experience

When Massachusetts first looked at allowing casino gambling, officials pointed to Connecticut as evidence of their success in generating revenue.

When Massachusetts first looked at allowing casino gambling, officials pointed to Connecticut as evidence of their success in generating revenue.

Now, with a casino proposed in Milford, opponents are pointing to the casino towns in Connecticut as examples of what could go wrong here.



PHOTO/ KHOI TON/NORWICHBULLETIN.COM

Mohegan Sun casino Wednesday, Feb. 9, 2011 in Uncasville, Conn. Khoi Ton/NorwichBulletin.com

Milford is being eyed by Foxwoods, in partnership with Colorado-developer David Nunes and Warner Gaming, for a possible \$1 billion casino development.

Foxwoods initially opened its resort-casino in Ledyard, Conn., in 1992 on Mashantucket Pequot Indian tribal land. They later expanded their operation and they now operate one of the largest casinos in the world. Mohegan Sun opened in Montville, Conn., in 1996.

The response from the two towns to the casinos varied considerably.

In Ledyard, where the town had no say in the casino, Mayor John Rodolico said the relationship between the casino and town is just starting to get on good terms.

Montville Mayor Ronald McDaniel said there have been very few negative effects from Mohegan Sun, which he noted "learned many lessons" from how Foxwoods opened.

Bob Steel, a former congressman who represented eastern Connecticut, said the entire region changed when casinos came to the area.

"They are an overwhelming presence in the area," Steel said. "From traffic to schools being concerned about a gambling culture, I think it runs the whole gamut."

Overall, these Connecticut towns had a much different experience than Milford will likely see because their casinos were built on tribal land.

Neither town gained much revenue from the developments since tribal land is tax-exempt and no host agreement was required. Also, the state divvies up the 25 percent of the slot machine revenue it receives from the casinos among all the cities and towns across the state, regardless of proximity to the casinos.

While officials in the host and surrounding towns acknowledged many negative effects to their communities, most also said there could be big benefits if Milford plays their cards right.

There are a variety of areas where, whether Connecticut officials had a positive or negative feeling about the casinos, everyone agreed there have been major impacts.

Traffic

Roads

"The most immediate effect was the increase of traffic on (Ledyard's) roads," Rodolico, the mayor, said. "They've had tens of thousands of people going there from the day they opened."

While the majority of the traffic runs through ramps created specifically for the casinos, Rodolico said they still see an impact on their local roads.

"For people coming from the west, the best way to get to the casino is to cut through local roads," he said. He noted this has caused serious deterioration on old farm roads not used to the commercial traffic.

While the town does not receive regular compensation from the casino to repair and maintain roads, Foxwoods did partner with them this year to complete a bridge rehabilitation project this past year.

Norwich City Manager Alan Bergren also noted a significant traffic increase in his city.

"Route 2 is a major thoroughfare through the city," Bergren said. "Late in the evening, traffic wouldn't be a problem at all. Now, traffic is 24/7, it's constant."

Norwich, located about 8 miles from the casinos, has seen many effects from them and, according to a 2009 casino impact study done by the state, has seen an estimated \$1 million to \$2.5 million a year in casino-related expenses.

Along with the increased traffic comes more pressure on the police and ambulance services in the area.

"Our police force has expanded by about 25 percent since the casinos opened, which is directly a result of increased traffic," said Rodolico.

He also noted that before the casinos opened, the city ambulance service was running about 300 responses a year and ambulances would last for 15 to 20 years. Now, the ambulance service responds to upwards of 1,000 calls a year and the life expectancy of ambulances has gone down by about a third.

Emergency Services

Crime

Police near the casinos are responding to much more than just traffic concerns.

The state police provide law enforcement coverage to both casinos.

"You can think of a casino as a small city," said Connecticut State Police spokesman Lt. Jay Paul Vance. "Everything you experience in a small city is what we experience at the casinos."

Vance said they see everything from minor thefts and assaults to money laundering and counterfeit bills.

"Interesting enough, it's not overwhelming," Vance said. "When you look at the thousands of people going in and out every day and see a handful of crimes."

Vance did note a spike in drunk driving arrests and crashes since the casinos opened.

According to the 2009 casino impact study, drunk driving arrests have doubled in Norwich since 1992 and roughly 20 percent of the drunk drivers arrested in Montville, Ledyard and North Stonington said their last drink was at a casino.

The Montville mayor said the crime in his town has increased slightly, but he hasn't seen any major crimes as a result of the casino.

"Gaming does attract people whose motives are not always good," said Bergren, noting Norwich has seen increased drug use and prostitution within the city. "Our police department has been struggling to keep up with those situations we never experienced before."

Housing

Along with the casinos came an influx of service workers from depressed areas in other states and from other countries.

Ledyard and Montville officials said these workers often found it difficult to afford housing in their towns with the low-paying casino jobs.

"(Norwich) ended up providing a lot of housing for their employees," Bergren said.

Bergren said the city population grew by 12 percent in the last decade. He said without the casinos, the population would have likely decreased as manufacturing jobs left the area.

"We've run into a lot of situations where single-family homes are turned into a boarding house and you see a lot of code violations," Bergren said.

In 2007, the city even had to create the position of "blight officer" to enforce housing codes, according to the 2009 state casino impact study.

While some housing issues have come with the influx of workers, Bergren said these workers did boost the area apartment market.

McDaniel also said Montville would have had a lot more empty housing if it weren't for the casino employees.

Schools

With the influx of service workers into these Connecticut communities, the schools have noticed an increase in non-English speaking students.

Norwich Public School administrators identified on a yearly basis nearly \$2 million in casino-related costs, according to the 2009 casino impact study. The district now teaches to students speaking more than 30 languages throughout the school system.

"There were never 30 languages before. ... That's clearly been because of the casinos," said Norwich Superintendent of Schools Abby Doliver. "It puts an additional burden in terms of how we meet the needs of all these students and their families."

Rodolico said the Ledyard school system has also seen an increase in the number of languages within the schools as a result of the service workers moving into the area.

Doliver also said there has been an increase in students who qualify for free or reduced lunch, which is as high as 80 percent.

"I'm not blaming the casinos, but it may be attributable to them. ... A lot of the jobs are service jobs and not high-paying," Doliver said.

Local Economy

The effect of the casinos on the local economy is a bit of a mixed bag, according to officials in the area.

The casinos opened in Connecticut when the region was facing an economic downturn from defense-spending cuts that led to the closure of factories that were major employers in the area.

"They have created some 20,000 jobs and everyone appreciates the jobs and recognizes that upside," Steel, the former Congressman, said of the region during the early '90s.

"It took some of the pressure off of unemployment," Rodolico said.

However, many officials note that while the jobs were helpful, they didn't replace the high-paying manufacturing jobs lost in the area.

The average salary in the region dropped from \$67,000 to \$33,000 from 1993 to 2003, as the region lost 10,000 manufacturing jobs and gained 20,000 casino service jobs, according to the 2009 state casino impact study.

"I think they picked up a lot of the slack," Bergren said. "It provided employment when people needed it, but obviously we're interested in getting our residents better-paying jobs."

Bergren and McDaniel credited these new workers with putting some money back into the local economy as they stop and buy coffee on their way to work or groceries on the way home.

The Ledyard mayor said, however, that the overall effect on local businesses was negative.

"The problem is that casinos are self-contained, they are built to provide all of the needs," Rodolico said. "If anything, it has been a struggle because of the competition provided by the casinos."

Bergren said Norwich has also seen some financial benefits since Mohegan agreed to partner with the city on an economic development fund. The tribe and the town both place anywhere from \$50,000 to \$100,000 in the fund that goes to fund festivals, job initiatives and more.

So, what advice did these officials have for Milford? Get a seat at the table.

Many of the casino-area officials said they would have been much more receptive to the idea of a casino if they were able to see benefits from it.

Montville's mayor noted his town receives \$600,000 every year from Mohegan Sun to perform capital projects.

McDaniel advised Milford to try to make the best deal for the town.

"Milford is lucky it can make sure it gets what it wants without sacrificing its rights. It can be a nice payday," McDaniel said.

Other officials acknowledged the tax benefits of a casino complex would be huge if the land weren't tax exempt.

"In any other normal situation, it would be a huge windfall for the town," said Rodolico.

Others said regardless of the benefits, they wouldn't advise Milford to accept a casino.

"I'd vote no," said Linda Davis of the Ledyard Town Council. "It'll change your town forever and not necessarily in a good way."

<http://www.metrowestdailynews.com/article/20130324/News/303249944>

Print Page

Attachment 7

Tuxedo, NY, June 26, 2014, Robert H. Steele

Thanks, Jim, and thanks for the invitation to come to Tuxedo to discuss casinos and the background to my book, *The Curse: Big-Time Gambling's Seduction of a Small New England Town*.

The book is a novel set against the explosion of casino gambling in CT during the 1990s. The story begins with the Pequot War in 1637, when CT's Puritan colonists – living in four small settlements along the CT River – joined with the Mohegans to defeat and almost destroy the Pequots, who were the largest and most war-like of the CT tribes.

The story then jumps 350 years, as these two tribes reemerge to build the world's two biggest casinos – Foxwoods and Mohegan Sun – and a CT family becomes embroiled in a struggle to stop a third casino that threatens the family's town and ancestral home.

The book in the end is a Faustian tale about a small, quintessential New England town that must choose between preserving its character and values or accepting an enormously lucrative and seductive offer that would change the town forever.

The Curse, in sum, is a novel BASED ON FACT – and this evening I'd like to focus on the factual background of what

occurred in CT. I should probably start, however, by giving you just a bit more of my own background.

I represent eastern CT in Congress in the 1970s. Then, after running unsuccessfully for governor, I left politics and my family and I moved to Ledyard, CT, where we had a front row seat for watching the arrival of Foxwoods years later and seeing its impact.

Indian casinos got their start in 1988, when Congress passed the Indian Gaming Regulatory Act, which was meant to help poor, federally recognized Indian tribes raise revenue for their tribal governments by opening casinos on their reservations.

It would be fair to say, however, that Congress had no idea of the Pandora's Box it was opening when it passed the Act.

As it turned out, the law not only opened the door to Indian casinos, but it spurred the legalization of non-Indian "commercial" casinos as well, as state after state rushed to invite in casinos in order to create a new source of revenue without having to overtly raise taxes.

Back IN 1988, only 2 states had casinos, Nevada and New Jersey. Today 39 states have casinos, and the country is now awash in them. We now have nearly 1000, almost evenly divided between Indian and commercial casinos.

As a result, casino gambling has literally become America's new national pastime, with higher attendance than professional baseball, football, and basketball COMBINED.

Nowhere in the past 25 years did casino gambling get off to a more spectacular start than in CT.

Foxwoods (funded by Genting) opened in 1992 in Ledyard and Mohegan Sun (funded by South African casino mogul Saul Kerzner) opened in 1996 8 miles away in the town of Montville. They were the first casinos in the northeast outside Atlantic City and – with no other competition—quickly grew into the two largest casinos on the planet, drawing over half their combined customers from out of state, creating 20,000 casino jobs, and sending hundreds of millions of dollars a year in slot machine revenue to the CT State Treasury.

NY officials repeatedly cited these spectacular numbers in making the case for legalizing casino gambling in the Empire State. But one wonders how closely NY's officials have looked at the downside of CT's casinos, and especially at what has been happening in CT lately.

The casinos' presence has created a pervasive gambling culture in southeastern CT; they've skewed the region's economy heavily toward low-paying service jobs; and they've been followed by a sharp spike in the number of CT residents seeking treatment for gambling addiction.

Traffic initially overwhelmed local roads, drunk driving arrests in nearby Norwich more than doubled, and the annual number of calls to the Ledyard police increased fourfold. The influx of low-skilled, low-wage, often non-English speaking workers hired by the casinos put pressure on local housing and social-assistance programs, while the Norwich school system had to create an ESOL – or “English for Speakers of Other Languages”-- program for some 400 children who collectively spoke 31 different languages.

One of the most remarkable findings from a 2009 state-sponsored study was that there had been a 400% increase in arrests for embezzlements in CT since the casinos opened, a rate of increase 10 times the national average.

One of the embezzlers, incidentally, was my tax collector in Ledyard, who stole \$302,000 of tax receipts to play the slots at Foxwoods. And, of course, she didn't win. The total number of embezzlement arrests was so high, in fact, that a columnist for the New London Day described southeastern CT as the embezzlement capital of America.

As far back as 1997, the President and Congress became so concerned about the spread of casino gambling, that they set up a National Commission to study the issue. Based on its findings, the Commission recommended that there be a

moratorium on opening new casinos until the government could get a better handle on their social and economic costs.

In addition, the Commission recommended banning credit card and ATM use at casinos, prohibiting aggressive casino advertising, and restricting political contributions by the gambling industry to help guard against political corruption.

But the recommendations were never implemented, and casinos have continued to multiply.

In the process, the casino industry has become a \$63 billion industry and one of the most powerful political groups in the country. The industry contends that casinos spur economic development, create jobs, and provide states and municipalities with much-needed revenue.

Opponents, however, have long argued that casinos do far more harm than good.

They begin with the facts that gambling is addictive for millions of people and that gambling addiction leads to debt, bankruptcies, broken families and crime.

Second, they reject the contention that casinos promote economic development. In CT's case, they point out that the casinos have done little to create spin-off business, but instead have cannibalized existing businesses and left people with less money to spend on other goods and services.

Third, opponents say there is little evidence that casinos ultimately strengthen a state's or municipality's finances. CT, they note, receives 25% of Foxwoods's and Mohegan Sun's slots profits, which has provided the state with more than \$6 ½ billion in revenue over the past 16-20 years. Yet CT today is in the worst financial shape in its history, with the highest debt and unfunded liabilities relative to GDP of any state in the nation.

And now, an independent, nonpartisan group of scholars and public policy experts assembled by the Institute for American Values in NY has published a study that looks at the impact the casino explosion has had on the nation as a whole. Here are its key findings:

1. Once an occasional and largely upper-class activity, casino gambling has moved from the margins to the mainstream of American life.
2. Today's regional casinos are different from traditional Vegas-style casinos that catered predominately to well-heeled players who came from long distances away and preferred table games. In contrast, the new casinos are primarily filled with a new generation of highly addictive slot machines and cater overwhelmingly to middle and low rollers who live within an hour away, return frequently, and play the slots.

3. Modern slot machines have transformed American gambling. They are no longer the “one-armed bandits” of old. Instead – as documented in a ground-breaking new book titled *Addiction By Design* by MIT Professor Natasha Schull -- today’s slots have become sophisticated computers, engineered by some of the best brains in America to create fast, continuous, and repeat betting designed to get players to gamble longer and lose more over time.

4. While casinos represent themselves as benign entertainment companies, they are in fact predatory businesses that depend on problem gamblers – that is people with some level of gambling addiction – for 40 to 50% of their profits.

5. Living within 10 miles of a casino doubles the chance of developing a gambling addiction.

6. Casinos constitute a regressive tax that hits low wage earners, minorities, and the elderly the hardest, thereby contributing to economic inequality in America.

7. State governments have in effect partnered with the casino industry by inviting casinos into their states and encouraging the public to gamble as a revenue source.

In sum, according to the study, the long-term costs of the new regional and local casinos exceed their benefits by 3-1. They drain wealth from communities, weaken nearby

businesses, hurt property values, and reduce voluntarism, civic participation, family stability, and other forms of social capital that are at the heart of a successful community.

Despite the costs, the conventional wisdom has been that CT's casinos have been a NET ECONOMIC PLUS for the state because of their success in attracting such a large number of out-of-state gamblers who leave their money in Connecticut .

But the regional monopoly that allowed CT's casinos to attract so many out-of-staters has largely disappeared as the Northeast has become increasingly saturated with casinos.

When Foxwoods opened in 1992 there were only 8 other casinos in the 12 states comprising the Northeast, and all of them were in Atlantic City—250 miles away. Today, there are 57 casinos in the Northeast and the number could easily go to 77 based on those under consideration.

As a result of the growing competition – particularly from RI's Twin River Casino and the slots casinos at Aqueduct and Yonkers Racetracks in NY -- CT's slot revenue is already down 34% from its peak, with the state government's share falling from \$430 million in 2007 to under \$300 million today.

CT's casinos are laying off employees and increasingly replacing full-time jobs with part-time jobs to reduce wage costs and eliminate benefits, while Foxwoods, which has

already defaulted on a half billion dollars of loans, continues to be deeply in debt.

The same downward trend is underway in several other Northeast states. Delaware, for example, is considering a multi-million dollar bailout for its 3 casinos in order to forestall layoffs, while New Jersey has spent many times that trying to prop up its casinos. Atlantic City's casino revenue is down 45%, one of its casinos, the Atlantic Club, just closed, and last year its grandest resort casino, the \$2.4 billion Revel, filed for bankruptcy protection after having been open for less than 12 months.

The Atlantic Club and Revel are just two more casualties for a community that bet its future on casino gambling. As a former Atlantic City resident now a New Hampshire legislator put it: "We were promised a glittering gem. What we got was a glitzy strip surrounded by a slum."

Back in CT -- Foxwoods and Mohegan Sun say they plan to fight all the new competition by upgrading their properties and expanding other attractions in order to continue to draw out-of-staters. But it's doubtful many out-of-staters who want to gamble will continue traveling all the way to E. CT when they have a growing choice of casinos close by.

Instead, CT's casinos will have little choice but to increasingly turn inward and depend on attracting more and more CT

people to gamble in order to keep their gambling halls full. And that, of course, means LESS out-of-state money and MORE in-state social and economic costs for CT.

Many in NY may shrug and say, well, TOO BAD FOR CT... look at all the money CT's casinos took in from out-of-staters in the past.

But it's difficult to believe that your experience in NY will ultimately be any different than ours in CT.

NY's new casinos may choose to call themselves "DESTINATION" casinos OR DESTINATION RESORTS for out-of-towners and out-of-staters, but the proliferation of casinos across America – and increasingly across the world -- is turning most U.S. casinos outside of Las Vegas into simply "CONVENIENCE" casinos for people in nearby communities and neighborhoods.

There's also another important lesson to be learned from CT's experience.

And that is: Once the initial success of New York's new casinos begins to fade and the gambling revenue begins to decline, you can expect your state to try to replace it by encouraging still more gambling.

In response to its declining casino fortunes, CT recently increased the casinos' FREE PLAY ALLOWANCE so they can beef

up promotions and attract more people to come in and play; the state attempted to introduce keno for convenience stores, bars and restaurants; and a legislative Task Force began promoting a proposal to build three major new slots casinos in CT with 2500 video slots each – a plan that would result in a massive further expansion of casino gambling in the state.

All of these initiatives pale, however, compared to what many of CT's leaders appear to have in store for us next.

Nevada, New Jersey and Delaware recently legalized IN-STATE online gambling for their casinos, and CT's governor has indicated he favors doing the same for ours in order to help them defend their customer base.

In other words, having brought physical casinos in the state, the pressure is now building to bolster them with Internet gambling.

Foxwoods and Mohegan Sun want Internet gambling in order to attract younger customers, who are technologically primed for online gambling, while addiction experts view it as especially addictive because of the FAST PACE of the games, their 24 hour availability, and the instant gratification aspect of the action.

As one observer put it, legalizing online gambling would be the equivalent of putting a casino in every house, office, and

dorm room in CT. And obviously legalizing it for your casinos would have exactly the same result in NY.

So with it becoming increasingly clear what a community can expect from a casino – what can an individual do if he or she decides to oppose the idea of a casino coming to town?

That, of course, depends heavily on each individual state's procedures for authorizing a casino.

CT's casinos, for example, were essentially imposed on the state by Congress and the courts, with neither the affected towns nor their residents having any meaningful say in the matter.

At the other end of the spectrum, MA's Supreme Court just this week decided to allow every voter in MA to vote on whether to permit or prohibit casinos in that state.

Your situation here in NY is more tricky. After ramming through a constitutional amendment allowing 7 commercial casinos in NY, your state government is initially looking to town boards and city councils to indicate whether their communities want a casino or not. At the same time, however, NY gaming officials have indicated they will also look at other, undefined, gauges of public support (or lack of public support) when approving gaming licenses.

Assuming they're serious, this would seem to open up the opportunity for opponents to mount a major education campaign about casinos and then deluge the gambling commission with everything from letters and emails to surveys and polls showing the depth of local opposition.

It would, in fact, not be that different than what casino opponents did in Palmer, MA last year when they used a well-organized education campaign to buck their local officials and defeat a proposed casino. The difference would be that Palmer residents got to vote in an official, binding referendum.

Palmer is a town of 12,000 people in central MA that seemed to be easy pickings for CT's Mohegan Sun, which proposed a \$1 billion casino for a site just off an exit of the MA Turnpike. An old mill and railroad town, Palmer had been looking for an economic shot in the arm and had already indicated its support for a casino on several occasions.

As the referendum approached, Mohegan Sun was outspending its opponents by more than 100-1, using Boston and Springfield television to tout all the great things it was going to do for Palmer, and looking forward to a lopsided victory. But something remarkable happened on the way to the victory party.

Four weeks before the vote, opponents managed to raise a little money and began a coordinated educational program

based on the theme: THE MORE YOU KNOW ABOUT CASINOS, THE LESS YOU'LL LIKE THEM. They went door-to-door, distributed flyers, wrote letters to the editor, and launched a series of inexpensive 30-second spots on their local radio station in which local people cited brief factoids about casinos designed to drive home THE MORE YOU KNOW message.

When the votes were counted on November 5th, the casino had been defeated by 92 votes out of roughly 5000. Mohegan Sun's executives were so stunned they demanded a recount, only to see the margin increase to 94 votes.

I tell you this story to emphasize the power of educating communities about what casinos are really all about. What we are finding, in short, is that once people learn what comes along with casinos, the greater the number of people who reject them.

Palmer's victory took place 8 months ago, and since then the case against casinos has only become stronger. The data about the social and public health costs of casinos continues to mount, while the economic arguments that have been used to justify those costs continue to crumble.

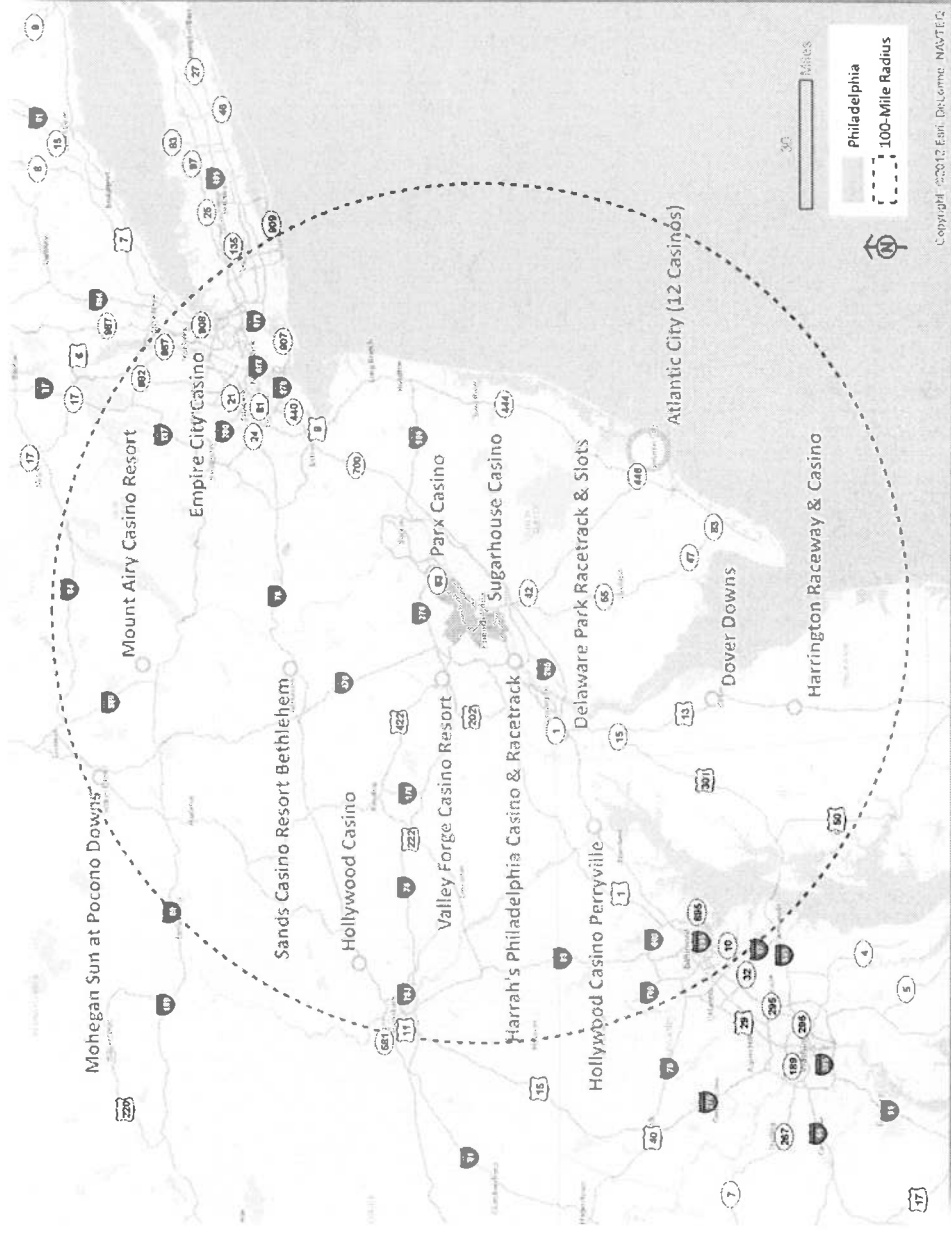
Why then, would any resident who KNOWS THE FACTS want to bring a casino into Tuxedo, New York?

Attachment 8

REGIONAL CONTEXT

Within a 100-mile radius there are currently 25 casinos across the states of Pennsylvania, New Jersey, Maryland, and Delaware

Figure 2: Casinos Within 100-Mile Radius



- In less than a 1-hour drive, Philadelphia's 2 casinos will be competing with:
- ▶ Parx Casino
 - ▶ Delaware Park Racetrack & Slots
 - ▶ Harrah's Philadelphia Casino and Racetrack
 - ▶ Valley Forge Casino Resort
 - ▶ Atlantic City's 12 casinos

Attachment 9
