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**LEGISLATIVE TESTIMONY**

To: Members of the Joint Committee on Economic Development and Emerging Technologies

From: James F. Driscoll, Esq., Executive Director

Re: Predatory Gambling

House 130, "An Act Relative To The Issuance Of A Permit For The Temporary Operation Of A Casino In The Commonwealth,"

House 1037, "An Act Relative To Slot Machines At Racetracks,"

House 1039, "An Act Establishing Casinos In Massachusetts,"

House 1904, "An Act To Allow Gaming At Certain Organizations,"

House 1905, "An Act Establishing Expanded Gaming In The Commonwealth,"

House 3110, "An Act Relative To Gaming,"

House 3111, "An Act Establishing Expanded Gaming In The Commonwealth,"

Senate 150, "An Act Relative To An Independent Analysis Of Expanded Gaming In The Commonwealth,"

Senate 155, "An Act Relative To Expanded Gaming In The Commonwealth,"

Senate 168, "An Act Establishing And Regulating Resort-Style Entertainment In The Commonwealth,"

Senate 169, "An Act Establishing The Massachusetts Pari-Mutuel Enhancement Act,"

Senate 170, "An Act Relative To Gaming."

Date: May 4, 2011

The Massachusetts Catholic Conference ("Conference") respectfully submits this testimony in opposition to authorizing predatory gambling in Massachusetts. The Conference opposes House Bills 130, 1037, 1039, 1904, 3110 and 3111, and Senate Bills 155, 168, 169, and 170, all of which propose to expand gambling in the Commonwealth in ways contrary to the common good. The Conference supports Senate Bill 150 and its goal of producing an independent analysis of the consequences of expanded gambling, provided, however, that the bill is revised to ensure that the organization chosen to conduct such an analysis is acceptable not only to proponents but also to opponents of expanded gambling.

The following discussion summarizes the Church's position on expanded gambling, identifies the documented negative impact associated with legalizing casinos and slots, pinpoints the costs experienced by vulnerable populations, and touches on the economic realities hidden by the pro-expansion hype. The testimony finishes with a separate, brief discussion of Senate Bill 150.

Summary of the Church's Position on Gambling in Its Various Forms

The Roman Catholic Church is not opposed to gambling per se. Church teaching recognizes that gambling can be a legitimate form of recreation. However, such activity can be accompanied

also by a “passion [that] risks becoming an enslavement,” and thus the Church considers gambling “morally unacceptable” when it “deprive[s] someone of what is necessary to provide for his needs and those of others.”<sup>1</sup>

The Roman Catholic Bishops in Massachusetts have consistently opposed the expansion of gambling in the Commonwealth because, as explained in their most recent statement, “in gambling, especially in casinos and high stake lotteries, there are increased dangers and abuses that warrant vigilance and concern. There is no doubt that gambling can victimize the poor and often surpass ‘legitimate recreation.’ ...[C]asinos and the authorization for additional slot machines will raise gambling to a new level in our Commonwealth. In addition these can also encourage addictive gambling. The state should not depend on gambling for resources to pay for needed services.”<sup>2</sup>

### Documented Negative Impact on Communities

The United States International Gambling Report Series (2008), a collection of academic and government reports, includes national statistics showing that taxpayers spend three dollars in social welfare costs for each dollar that gambling generates.<sup>3</sup> The social welfare costs include, but are not limited to, increased bankruptcies, crime, gambling addictions, broken families and poverty. Areas with casinos see personal bankruptcies rise from 18 to 42 percent, crimes increase by 10 percent and the number of addicted gamblers double.<sup>4</sup> John W. Kindt, editor and contributing author of the reports and University of Illinois professor, stated that “[i]f you're dumping money into these slot machines, you're not spending money on cars, refrigerators, computers, education. In studies, it shows that around these slot machine areas we have people spending even 10 percent less on food.”<sup>5</sup>

In 1999, the National Gambling Impact Study Commission, created by Congress to investigate the gambling industry, and made up of gambling supporters and opponents, concluded that “there is a need for a ‘pause’ in the growth of gambling,”<sup>6</sup> after noting that gambling’s “rapid growth ...begs a host of questions” that have not been adequately considered.<sup>7</sup> The critical concerns identified by the Commission included whether “[gambling’s] benefits outweigh its costs,” whether it “will sap the very citizens it is intended to help,” whether it will “raise or lower crime rates,” and whether “more gambling [will] automatically mean more problem and pathological gambling.”<sup>8</sup> The Commission observed that “[n]o one has definitive answers to these and other questions about gambling, least of all our policymakers, who are now caught short and,

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<sup>1</sup> Catechism of the Catholic Church, no. 2413 (included within a discussion of the Seventh Commandment, “You shall not steal”).

<sup>2</sup> Catholic Bishops in Massachusetts, Statement on Gambling (Oct. 31, 2005).

<sup>3</sup> Dennis, J., “New Book Series Renews Call for Ban on Gambling,” Bio-Medicine, April 2, 2009.

<sup>4</sup> Dennis, J., “Gambling Ban Would Reverse Recession, New Book Says,” News Bureau, U. of Illinois, April 16, 2009.

<sup>5</sup> Carden, D., “Illinois Professor Says Economic Fix Starts with Gambling Ban” The Daily Herald, April 21, 2009.

<sup>6</sup> Final Report of the National Gambling Impact Study Commission (“NGISC Final Report”), Executive Summary at 53 (June 18, 1999) available at <http://govinfo.library.unt.edu/ngisc/>.

<sup>7</sup> NGISC Final Report, Executive Summary at 2.

<sup>8</sup> Id.

in some cases, may be flying blind as they attempt to formulate rational, informed gambling policies.”<sup>9</sup>

After completing comprehensive, unbiased research, the Commission concluded that gambling, whatever its benefits, came with “undeniable and significant costs.”<sup>10</sup> For example, the Commission found that economic benefits from casinos were generally limited to their immediate vicinity while the social costs tended to be diffused throughout a broader geographic region.<sup>11</sup> The Commission also “heard repeated testimony of desperate gamblers committing illegal acts to finance their problem and pathological gambling.”<sup>12</sup> The Commission’s own research “suggest[ed] that a relationship may exist between gambling activity and the commission of a crime,”<sup>13</sup> and determined that “people within communities that host legalized gambling believe crime rates are up,” which the Commission found “troubling and demand[ed] greater research,”<sup>14</sup> and “found wide-spread perception among community leaders that indebtedness tends to increase with legalized gambling, as does youth crime, forgery and credit card theft, domestic violence, child neglect, problem gambling, and alcohol and drug offenses.”<sup>15</sup>

Further, “the Commission likewise heard abundant testimony and evidence that compulsive gambling introduces a greatly heightened level of stress and tension into marriages and families, often culminating in divorces and other manifestations of familial disharmony.”<sup>16</sup> The Commission discovered that “[i]ndividuals with gambling problems seem to constitute a higher percentage of the homeless population”<sup>17</sup> and the “[c]hildren of compulsive gamblers are often prone to suffer abuse, as well as neglect, as a result of parental problem or pathological gambling.”<sup>18</sup> Of great interest to the Massachusetts debate, “It was brought to the Commission’s attention that cases of parents leaving their children in the Foxwoods casino parking lot became so commonplace that Foxwoods management posted signs warning that such incidents would be reported to the police.”<sup>19</sup>

#### Further Costs Affecting Vulnerable Populations

Two additional studies, both published in 2006 and updating and ratifying many of the findings of the National Gambling Impact Study Commission, also merit this Committee’s attention. First, in “the largest problem gambling survey conducted in the United States,”<sup>20</sup> submitted by the National Opinion Research Center at the University of Chicago to the State of California’s Office of Problem and Pathological Gambling, researchers reported that “[t]he lifetime prevalence of problem and pathological gambling in California is particularly high among men,

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<sup>9</sup> Id.

<sup>10</sup> NGISC Final Report, Chapter 7: Gambling’s Impacts on People and Places at 7-2.

<sup>11</sup> Id. at 7-11.

<sup>12</sup> Id. at 7-13.

<sup>13</sup> Id. at 7-14.

<sup>14</sup> Id.

<sup>15</sup> Id.

<sup>16</sup> Id. at 7-26.

<sup>17</sup> Id. at 7-27.

<sup>18</sup> Id. at 7-28.

<sup>19</sup> Id.

<sup>20</sup> Final Report: 2006 California Problem Gambling Prevalence Survey 20 (Aug. 2006) (“California Report”), available at [http://www.adp.ca.gov/OPG/pdf/CA\\_Problem\\_Gambling\\_Prevalence\\_Survey-Final\\_Report.pdf](http://www.adp.ca.gov/OPG/pdf/CA_Problem_Gambling_Prevalence_Survey-Final_Report.pdf).

African Americans and respondents who are disabled or unemployed,” and that “lifetime problem and pathological gamblers are significantly more likely than other gamblers and non-gamblers to smoke cigarettes daily and to have used tranquilizers, cocaine or other illicit drugs in the past year.”<sup>21</sup>

Second, in a review of United Kingdom and international gambling data that was commissioned by Scotland’s government, it was reported that “[r]esearch has found that proximity to casinos increases rates of problem gambling in the local population,” particularly within a fifty mile radius, where the rate doubles.<sup>22</sup> In addition, “[d]isadvantaged social groups who experience poverty, unemployment, dependence on welfare, and low levels of education and household income are most likely to suffer the adverse consequences of increased gambling.”<sup>23</sup> Moreover, while “[i]ndividuals on lower incomes and with lower levels of education are less likely to visit casinos than the general population, . . . when they do, they tend to experience more problems with their playing.”<sup>24</sup> Finally, the Scottish report noted emerging trends where increased percentages of women and “relatively affluent people” are developing problems with gambling.<sup>25</sup>

Governor Deval Patrick, an advocate for expanded gambling, has acknowledged the prospect of additional hardships for individuals and families, noting that “increases in drug and alcohol abuse, personal bankruptcy and even domestic violence have been documented” and that therefore “the impact on an affected individual or families can be devastating.”<sup>26</sup> The Conference respectfully submits that, based upon the Governor’s words alone, authorizing predatory gambling is wrong. Government should not take any action that causes harm to its citizens.

### Economic Realities vs. Pro-Expansion Hype

Our nation’s and region’s experience in the “Great Recession” demonstrates the economic vulnerabilities that confront state governments when they rely on revenue from casinos and other forms of predatory gambling during an economic downturn. The casino industry’s own trade organization, the American Gaming Association, reported in its most recent national survey of economic trends that due to the recent recession, “[t]he entire country was in the grip of a crippling recession . . . , and the gaming industry certainly was not immune to its effects on consumer spending.”<sup>27</sup> A majority of the states with casino gambling suffered significant declines in gambling-related revenue and employment levels.<sup>28</sup>

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<sup>21</sup> California Report at 94-95.

<sup>22</sup> Scottish Executive Social Research, Research on the Social Impacts of Gambling: Final Report, Executive Summary at 6 (2006) (“Scottish Report”), available at <http://www.scotland.gov.uk/Resource/Doc/143770/0036514.pdf>.

<sup>23</sup> Scottish Report, Executive Summary at 6.

<sup>24</sup> Id. At 7.

<sup>25</sup> Id. at 61, 62.

<sup>26</sup> Transcript: Governor Unveils Casino Gaming Plan (Sept. 17, 2007), available at [http://www.mass.gov/Agov3/video/2007-09-17\\_casino\\_announcement.rtf](http://www.mass.gov/Agov3/video/2007-09-17_casino_announcement.rtf).

<sup>27</sup> American Gaming Association, State of the States: The AGA Survey of Casino Entertainment (2010) (unpaginated President’s Message inside front cover), available at [http://www.americangaming.org/assets/files/State\\_of\\_the\\_States\\_2010\\_FINAL.pdf](http://www.americangaming.org/assets/files/State_of_the_States_2010_FINAL.pdf).

<sup>28</sup> State of the States at 2.

According to a report issued by the Rockefeller Institute of Government on September 21, 2009, due to the recession, for the first time in three decades, income that state and local governments received from authorized gambling operations declined by 2.6 percent from fiscal year 2008 to 2009.<sup>29</sup> As indicated in the study's announcement, researchers found that new gambling activities often provide a quick boost to state revenues, but generally do not keep pace with traditional tax revenues and government expenditures over time:

“The historical tendency for revenues from existing gambling operations to grow at a significantly slower pace than other state revenues may hold important lessons for states as policymakers consider further expansion of casinos, racinos, and other gambling activities,” Institute Deputy Director Robert B. Ward and Institute Senior Policy Analyst Lucy Dadayan wrote in the report. “Expenditures on education and other programs will generally grow more rapidly than gambling revenue over time. Thus, new gambling operations that are intended to pay for normal increases in general state spending may add to, rather than ease, long-term budget imbalances.”<sup>30</sup>

As a result of regional recessionary pressures, the Foxwoods casino in Connecticut experienced a 10.2 percent decline from September 2008 to September 2009. The other Connecticut casino, Mohegan Sun, and Pocono Downs in Pennsylvania declined by 6 to 10 percent in the quarter that ended on September 31, 2009. The table game revenue projected a drop of 23 percent to 26 percent.<sup>31</sup> Additionally, Foxwoods laid off 700 workers as the recession hit, which is about 6 percent of its workforce, and Mohegan Sun laid off 500.<sup>32</sup>

Moreover, predatory gambling will cannibalize other “entertainment” revenue streams. It is true that “the various gambling industries often point to the taxes they pay as a measure of the tax relief provided by the industry to the state’s (or local) citizens.”<sup>33</sup> Yet these advocates do not account for the occurrence of increased government spending related to creating new casinos. Nor do they acknowledge certain budgetary offsets. These are created by reductions in other types of taxable consumer expenditures that now are directed towards gambling.<sup>34</sup>

In what its authors believe to be the most comprehensive economic study of its type, comparing the cannibalizing impact of legalizing particular forms of gambling on other forms of gambling, it has been found that due to a “substitution effect,” “casinos and greyhound racing have a negative impact on state revenues.”<sup>35</sup> The authors were surprised at the results of their 2010

<sup>29</sup> Lucy Dadayan & Robert B. Ward, *For the First Time a Smaller Jackpot: Trends in State Revenues from Gambling 1, 1* (2009) (published by The Nelson A. Rockefeller Institute of Government), available online at [http://www.rockinst.org/pdf/government\\_finance/2009-09-21-No\\_More\\_Jackpot.pdf](http://www.rockinst.org/pdf/government_finance/2009-09-21-No_More_Jackpot.pdf).

<sup>30</sup> Mark Marchand, *The Nelson A. Rockefeller Institute of Government, Press Release, State/Local Gambling Revenues Drop by 2.6 Percent Across U.S.—Largest Decline in at Least Three Decades* (Sept. 21, 2009), available at [http://www.rockinst.org/newsroom/news\\_releases/2009/2009-09-21-gambling\\_revenue\\_drops.aspx](http://www.rockinst.org/newsroom/news_releases/2009/2009-09-21-gambling_revenue_drops.aspx).

<sup>31</sup> “Business in Brief: Revenues for Casino Slot Machines Drop Again”, *The Patriot Ledger*, October 17, 2009.

<sup>32</sup> “A Risky Gamble” *Cape Code Times*, September 28, 2009.

<sup>33</sup> Douglas M. Walker, *The Economic Effects of Casino Gambling: A Perspective from the U.S. 5* (2009), available at [http://walkerd.people.cofc.edu/pubs/Walker\\_Macao\\_ss.pdf](http://walkerd.people.cofc.edu/pubs/Walker_Macao_ss.pdf).

<sup>34</sup> *Id.*

<sup>35</sup> Douglas M. Walker & John D. Jackson, *The Effect of Legalized Gambling on State Revenue*, 29 *Contemporary Economic Policy* 101, 112 (2010), available at <http://onlinelibrary.wiley.com/doi/10.1111/j.1465-7287.2010.00198.x/pdf>.

research, given that “[p]olicymakers and voters seem quite certain that casino gambling is an effective type of ‘voluntary’ taxation.”<sup>36</sup> They warn that “[o]ur results here indicate that the benefits side of the casino question is less of a certainty than is suggested in much of the public debate and literature.”<sup>37</sup> They conclude that “[l]egalized gambling may not always be the ‘golden egg’ that it is sometimes promoted to be.”<sup>38</sup>

### Do-Not-Pass Recommendation on All Proposals to Expand Predatory Gambling

The bills before this Committee today proposing to authorize predatory gambling are not good government. By authorizing predatory gambling, the Commonwealth would be creating a new population of addicted gamblers. The harm will reach far beyond individual gamblers by affecting their spouses, children, dependents, employers, and the community in which they live. These demonstrated costs will be borne in furtherance of uncertain and perhaps unrealizable economic hopes.

Government should promote the common good with the best interests of all citizens in mind. It is not “good economic policy” to increase the Commonwealth’s income at a cost that involves the personal well-being of its citizens.

There are many known problems related to gambling and to the expansion of gambling to a predatory level. The scientific assessment of the social risks is disturbing. The continuing decline of revenue from established gaming operations in other states along with the large number of casino employees laid off in neighboring Connecticut paint a negative forecast for such operations in Massachusetts.

For these reasons, the Conference urges the Committee to give all the bills being heard today that expand gambling in Massachusetts an unfavorable report recommending that such bills ought not to pass.

### Senate Bill 150

Senate Bill 150, “An Act Relative to an Independent Analysis of Expanded Gaming in the Commonwealth,” directs the Governor to commission a “comprehensive, independent analysis of the costs and benefits of legalizing” casino gambling in Massachusetts and to include an analysis of the available sites for locating such casinos. Sections 1(a) & -(b). The bill describes the factors and issues that the cost/benefit analysis should address. Sections 1 (1) to -(6). The bill conditions any enactment of legislation legalizing, creating and locating casinos on the requirement that the Governor, Senate President, and Speaker of the House accept the analysis as clearly demonstrating that expanded gambling will produce a net benefit. If these officers do not agree that a net benefit is demonstrated, then the bill requires that any legislation to legalize expanded gambling must be approved by a supermajority of two thirds in both the Senate and the House.

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<sup>36</sup> Id. at 113.

<sup>37</sup> Id.

<sup>38</sup> Id.

The Conference supports this bill provided that Section 1(1) is amended to include the following underscored or similar language to the effect that “the organization conducting the analysis shall be drawn from a list of qualified research institutions which are acceptable: . . . (b) to the opponents as well as the proponents of expanded gambling, . . .” It is vitally important that the process by which the cost/benefit analysis is conducted accommodate the interests of all the parties with a stake in the outcome.

The Conference is the public policy office of the Roman Catholic Bishops in the Commonwealth, representing the Archdiocese of Boston and the Diocese of Fall River, Springfield, and Worcester.