
From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 06, 2011 10:15 PM
To: ERBtestimony
Cc: dfkay@hawaii.rr.com
Subject: Testimony for HB1533 on 2/8/2011 8:00:00 AM
Attachments: 1-Gambling-Summary-Grinols-2FEB11.pdf

Testimony for ERB 2/8/2011 8:00:00 AM HB1533

Conference room: 312
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Professor Earl L. Grinols
Organization: Hawaii Coalition Against Legalized Gambling
Address: 1124 Fort Street Mall, Suite 209 Honolulu, HI 96813
Phone: 808-524-7766
E-mail: dfkay@hawaii.rr.com
Submitted on: 2/6/2011

Comments:

Gambling Economics: Summary Facts **
Professor Earl L. Grinols, 2 February 2011

- **Independent research. Not funded by gambling or anti-gambling organizations.**

Gambling is a public concern because it creates economic costs for society and taxpayers, including non-users. Most costs derive from problem & pathological gamblers (two groups).	Per Path. Gambler in 2010 \$	Totals/ Adult Capita
➤ <u>Crime</u> : E.g. Aggr. asslt, rape, rob., larceny., burglary, auto theft, embezzlement, fraud.	\$4334	\$64
➤ <u>Business and Employment Costs</u> : Lost productivity, lost work time, unemployment-related employer costs.	\$3060	\$72
➤ <u>Bankruptcy</u>	\$337	\$4
➤ <u>Suicide</u>		
➤ <u>Illness</u> : E.g. Stress-related, cardiovascular, anxiety, depression, cognitive.	\$916	\$10
➤ <u>Social Service Costs</u> : Treatment, unemployment & other social services.	\$530	\$20
➤ <u>Direct Regulatory Costs</u>		\$16
➤ <u>Family Costs</u> : Divorce, separation, child abuse & neglect, domestic violence.	\$83	\$1
➤ <u>Abused dollars</u>	\$3806	\$76
➤ <u>Social connection costs</u> : reduction in social capital (employer, family, friends)		
➤ <u>Political</u> : concentration of power, disproportionate political influence (NH, May 10)		
➤ TOTALS (Right column includes problem gambler costs.)	\$13,067	\$242

- **Gambling fails a cost-benefit test: Conservatively estimated, costs to benefits exceed \$3:\$1.**
 - Costs of introducing gambling depends on starting base, but typically > \$166 per adult. Benefits < \$54.
 - Large costs are privately borne, but 64 percent are publicly borne and 39 percent are tax-supported public costs.
- **Gambling attracts clientele unequally**
 - 30% don't gamble at all; most gamble rarely, minority 10% account for 2/3rd—4/5ths of wagers.
 - 30-50 % of revenues derive from problem and pathological gamblers (e.g. 48.2% of gaming machine revenue, Aus. Inst. for Gambling Research, 2001; 37 % Montana keno machines; 58% machine revenue, Ontario Problem Gambling Research Center, 2004, 60% U. Lethbridge, 2004, other studies similar.)
 - Convenience gambling draws from nearby (Example: IL, over 70% from less than 35 miles).
 - Creates social costs nearby that must be taken account of.
- **Slot Machines, Electronic Gaming Devices (EGDs), Video Lottery Terminals (VLTs)**
 - Most damaging and quickly addicting form of gambling. (E.g. Breen and Zimmerman (2002)ⁱ: shorter times to addiction for those who 'got hooked' on video gambling. 1 year vs 3.5 for other forms.)
 - 80 percent of casino revenues, sometimes more, are from slot machines.
 - Causation: Bridwell and Quinn (2002)ⁱⁱ. Remove slot machines from SC. 6 months later Horry C. (Myrtle Beach) hotline calls fall from 200 to 0 per monthⁱⁱⁱ. Number of Gambler Anonymous groups smaller by 2/3.
 - Confirming evidence of causation is available in National Gambling Impact Study Commission research.
- **Economic Development; Failure of Impact Studies**
 - **IMPACT STUDIES ARE NOT COST-BENEFIT STUDIES.** More people working next door to you may not improve the well being of citizens in your area. Well being may actually decline.
 - An additional job has been estimated to be worth as little as zero to the community, or between \$0-\$1,500.^{iv} In a county of 100,000 adults the introduction of class III gambling would create additional social costs of \$16.6 m annually and social benefits of \$5.4 m. Using \$750 as mid-range value of a job to the rest of the county means that gambling would have to increase the total number of jobs in the county of this size by more than 14,933 to improve well being of residents, an unlikely outcome.

- **Factory, Tollhouse, or Restaurant Type Enterprises: Hawaii Gambling will Lessen Local Economy**
 - **Factory**—sells to outsiders. Hawaii has tourist base already; these are insiders from economic perspective. Factory form not apply to Hawaii.
 - **Tollhouse**—uses its location to take out as much as it brings in. Hawaii has tourist base already. Not HI’s case.
 - **Restaurant**—takes from existing revenue stream, not enlarging it as much as it takes from it. HI’s case. Shrinks HI business at same time as adds social costs.

- **Crime: Review of Economics and Statistics Study^v**
 - Approximately 9% of total crime (FBI Index I) due to gambling in counties with Class III gambling.
 - 8.6% of property crime; 12.6% of violent crime.
 - E.g. For an average county with 100,000 population this implies 615 more larcenies, 325 more burglaries, 272 more auto thefts, 10 more rapes, 65 more robberies, and 100 more aggravated assaults.
 - Other studies. Example: Wheeler, et al. (2010)^{vi}: “Our results indicate a positive and significant relationship between gaming and crime rates...” “...if gaming expenditure were zero in 2006, income-generating crime would fall by about 10%.” Example: Walker (2009) “Virtually all studies of casino communities find that the raw number of reported crimes and arrests increase following the introduction of casinos.” But, Example: Grinols-Mustard (2011)^{vii} “...national park visitors have no effect on either property or violent crime.” Visitor type matters.

- **How can we conclude that gambling increase crime?**
 - Gambling largely expanded since 1991, a period when crime has decreased substantially.
 - Crime rates drop much more in non-gambling-counties than gambling-counties.
 - In many areas, casino-county crime rates as a fraction of non-gambling-county rates have increased from 2-25% less before casinos entered to much higher after.
 - Indian reservations: Counties that obtained compacts had higher crime rates than noncompact-counties, but the difference was stable until the early 1990s, when the crime rates in compact-counties increased by even more. By 1996 compact-counties have significantly higher crime rates than non-compact counties.

- **Gambling Taxes are Worse than a Conventional Tax Collecting Identical Revenue**
 - A conventional tax implies social costs per extra dollar collected of \$1.17-\$1.59.
 - Taxes on gambling revenues conservatively cost \$2.28 per dollar of tax collected if the tax rate is 30%.

- **When gambling merely transfers dollars from one pocket to another without creating a tangible product we are made poorer.**
 - Some gamble for recreation (such gamblers are presumably provided recreation value for their lost dollars), but many gamble to acquire money. Instead of creating a product or offering a service to earn money, this second group of gamblers doesn’t accomplish anything and yet expects to acquire money.
 - The more people there are who gamble to acquire money, the poorer society is.
 - If everyone gambled to acquire his money, we would all starve.

ⁱ Breen, Robert B. and Mark Zimmerman, 2002, Rapid Onset of Pathological Gambling in Machine Gamblers, *Journal of Gambling Studies*, 18, 1, Spring, 31-43; Breen, Robert B. and Mark Zimmerman, 2004, Rapid Onset of Pathological Gambling in Machine Gamblers: A Replication, *International Journal of Mental Health and Addiction*, 2, 1, 44-49.

ⁱⁱ Bridwell, R. Randall and Frank L. Quinn, 2002, From Mad Joy to Misfortune: The Merger of Law and Politics in the World of Gambling, *Mississippi Law Journal*, 72, 2, 565-729.

ⁱⁱⁱ Grinols, Earl L. 2004, Gambling in America: Costs and Benefits. New York: Cambridge University Press, pp. 186-187

^{iv} Rappaport, Jordan and Chad Wilkerson, 2001, What are the Benefits of Hosting a Major League Sports Franchise?, *Economic Review*, Federal Reserve Bank of Kansas City, 86, 1, 55-86.

^v Earl L. Grinols and David B. Mustard, “Casinos, Crime, and Community Costs,” *The Review of Economics and Statistics*, 88, 1, February 2006, 28-45.

^{vi} Wheeler, Sarah A, David K. Round, John K. Wilson, 2010, The Relationship Between Crime and Electronic Gaming Expenditure: Evidence from Victoria, Australia, *Journal of Quantitative Criminology*, Springer Verlag, October.

^{vii} Grinols, Earl L. and David B. Mustard, 2011, How Do Visitors Affect Crime? *Journal of Quantitative Criminology* (forthcoming).

hawaii family forum

Email to: ERBTestimony@Capitol.hawaii.gov
Hearing on: Tuesday, February 8, 2011 @ 8:00 a.m.
Conference Room #312

DATE: February 5, 2011

TO: House Committee on Economic Revitalization and Business
Representative Angus McKelvey, Chair
Representative Isaac Choy, Vice Chair

FROM: Allen Cardines, Jr., Executive Director

RE: Strong Opposition to: HB 1533 RELATING TO A NON-BINDING REFERENDUM ON GAMBLING.
Strong Opposition to: HB 1651 RELATING TO SHIPBOARD GAMING.

Honorable Chairs and members of the House Committee on Economic Revitalization and Business, I am Allen Cardines, **representing the Hawaii Family Forum**. Hawaii Family Forum is a non-profit, pro-family education organization committed to preserving and strengthening families in Hawaii, representing a network of various Christian Churches and denominations. We strongly oppose these bills that would propose a non-binding referendum to permit gambling in the State and authorize shipboard gaming on vessels in our island waters.

Hawaii is among only two States (Utah and Hawaii) in the nation where all forms of gambling remain illegal. Proponents of legalized gambling in Hawaii boast of its promise of economic revitalization and prosperity. There may well be an element of truth to their claims; however, greater scrutiny reveals a far different story. While it may be true that legalized gambling could potentially yield new jobs, the potential greater negative economic impact must also be considered. Not unlike the social costs associated with other addictive behaviors, compulsive gambling wreaks havoc on individuals, families, and communities.

The widespread proliferation of gambling on the mainland has produced very troubling consequences for the people and communities most closely associated with it. Those consequences include: increased violent crime, property crime, and drug-related crime; an increased influence of organized crime; increased addiction and family deterioration; a disproportionately adverse impact on youth and the poor; and, a net negative economic impact.

Gambling is often associated with crime. The relationship is easy to understand. Many types of gambling have been, indeed still are, illegal. Hence, by definition, criminals are the only operators of games. When gambling restrictions are relaxed, criminals are the first to open up legal gambling establishments.

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We should also point out the obvious. Lots of people in Hawaii travel to Las Vegas for fun and recreation. Those visits are 100% irrelevant to the simple issue at hand - should Hawaii become more like Las Vegas by legalizing gambling? To answer that question, we really should examine the data about what it is like to live in a place like Vegas.

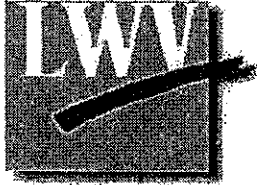
This data should serve as a clarion call for all of us - a reminder of the compelling reasons the people of Hawaii and our elected representatives have consistently and steadfastly resisted the siren song of the big money gambling interests. It reminds us why "the Las Vegas effect" upon our islands would wreak havoc on our ohana based community and our aloha spirit.

How does Nevada rate in the nation? Nevada is number three in bankruptcies and abortions. Number four in rape, out of wedlock births and alcohol related death. Number five in crime, number six in prisoners locked up and number 50 in voter participation. This and other well-documented information is available through the Hawaii Coalition Against Legalized Gambling.

In response to this data, the Coalition's response seems appropriate: "Not in my Backyard." Shouldn't that be our collective community response?

It seems to me Hawaii is rather akamai for its continued rejection of legalized gambling. As we all know, Hawaii is special. This issue is no different - we are one of only three states in the nation that can boast of no legalized gambling. Let's work hard to keep it that way!

Mahalo for the opportunity to testify.



THE LEAGUE OF WOMEN VOTERS OF HAWAII

TESTIMONY ON H.B. 1533 RELATING TO NON-BINDING REFERENDUM ON GAMBLING

Committee on Economic Revitalization & Business
Rep. Angus L.K. McKelvey, Chair
Rep. Isaac W. Choy, Vice Chair

Hearing Date: Tuesday, February 08, 2011
Time: 8:00 A.M.
Place: Conference Room 312

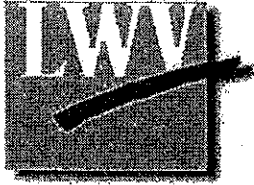
Testifier: Jean Aoki, LWV Legislative Committee

Chair McKelvey, Vice Chair Choy, members of ERB Committee,

The League of Women Voters of Hawaii opposes the use of the non-binding referendum on gambling.

For one, there is no provision in our state constitution for advisory referendums or optional referendums, except for compulsory referendums for the ratification of proposed amendments to the constitution or on the question of whether to have a constitutional convention or not. Initiative and the related referendum and recall were introduced in all three of the constitutional conventions held in Hawaii according to Ann Feder Lee in her book, The Hawaii State Constitution, A Reference Guide. However, none made it to the ballot, and except for the referendum required for the ratification of proposed amendments to the Constitution, there is no provision for the use of any referenda.

In some states, according to a 1977 report by League's Committee on Initiative & Referendum, the legislature may refer legislation to the people for judgement. The voluntary use of the referendum by the legislature is quite controversial. Some state constitutions specifically give their legislature this option. However, it has been used in New York and Illinois whose constitutions did not provide for it, and this use has been successfully challenged in the courts. Based on these decisions, the Attorney General of Hawaii has given the opinion that our state legislature may not use the optional referendum."



THE LEAGUE OF WOMEN VOTERS OF HAWAII

What is referred to as non-binding referendum in this bill can be referred to as an advisory referendum. It is only meant to measure public opinion on any issue, so it may be a bit different from the optional referendum which might be binding. However, the fact remains that it is not a process expressly allowed in our constitution.

For any kind of attempt to measure public opinion, it is incumbent on the legislature to provide the means for broad public education on the issue. There will be the usual misinformation, and sound bites constantly coming over our electronic media to confuse the public. There will be money coming from gambling interests which organizations like ours cannot afford to combat. Will the legislature be able to afford the kind of public information campaign to insure that our voters go to the polls well-informed?

As long as Initiative and Referendum are not allowed in our constitution giving certain powers to the public, it is up to the Legislature to use the processes provided to make the decisions on the issue of legalizing gambling in our fair state and all other issues. The public has access to legislators, and the committee hearings to voice its opinion on issues. We elect our leaders to make the decisions, no matter how difficult.

We urge you to hold HB 1533 in committee.

Thank you for this opportunity to testify against HB 1533.



HAWAII CATHOLIC CONFERENCE

6301 Pali Highway
Kaneohe, HI 96744-5224

Email to: ERBTestimony@Capitol.hawaii.gov
Hearing on: Tuesday, February 8, 2011 @ 8:00 a.m.
Conference Room #312

DATE: February 5, 2011

TO: House Committee on Economic Revitalization & Business
Representative Angus McKelvey, Chair
Representative Isaac Choy, Vice Chair

FROM: Walter Yoshimitsu, Executive Director

RE: Strong Opposition to: HB 1533 RELATING TO A NON-BINDING REFERENDUM ON GAMBLING
Strong Opposition to: HB 1651 RELATING TO SHIPBOARD GAMING

Honorable Chairs and members of the House Committee on Economic Revitalization & Business, I am Walter Yoshimitsu, representing the Hawaii Catholic Conference. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii, which under the leadership of Bishop Larry Silva, represents over 200,000 Catholics in Hawaii.

We strongly **oppose gambling in any form**. The Catholic Church holds that gambling becomes morally problematic when it interferes with an individual's other duties or responsibilities. Observing that "the passion for gambling risks becoming an enslavement," the Catechism of the Catholic Church highlights the need for moderation to avoid addictions and unhealthy behaviors.

In sharing the Catholic theological perspective on gambling, we are also aware of and very concerned about other important and related aspects of the issue that would serve to make specific pieces of gambling legislation morally unacceptable. We believe that the promotion of the common good of society and the protection of individual rights is always to be the primary goal of public policy. Accordingly, the potential negative consequences of an expanded "culture of gambling" needs to be carefully evaluated.

Please **OPPOSE** any legislation that would bring any form of gambling to Hawaii.

Mahalo for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 04, 2011 10:06 AM
To: ERBtestimony
Cc: Framodda@yahoo.com
Subject: Testimony for HB1533 on 2/8/2011 8:00:00 AM

Testimony for ERB 2/8/2011 8:00:00 AM HB1533

Conference room: 312
Testifier position: support
Testifier will be present: No
Submitted by: Ramoda Anand
Organization: Individual
Address:
Phone:
E-mail: Framodda@yahoo.com
Submitted on: 2/4/2011

Comments:
I support this bill

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 06, 2011 10:17 PM
To: ERBtestimony
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Testimony for ERB 2/8/2011 8:00:00 AM HB1533

Conference room: 312
Testifier position: oppose
Testifier will be present: Yes
Submitted by: Professor Earl L. Grinols
Organization: Hawaii Coalition Against Legalized Gambling
Address: 1124 Fort Street Mall, Suite 209 Honolulu, HI 96813
Phone: 808-524-7766
E-mail: dfkay@hawaii.rr.com
Submitted on: 2/6/2011

Comments: