

COMMITTEE ON GAMING

CITY OF PROVIDENCE

STATE OF RHODE ISLAND

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MAR 18 1965

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## **COMMITTEE ON GAMING**

### **CITY OF PROVIDENCE, RHODE ISLAND**

#### **INTRODUCTION and EXECUTIVE SUMMARY**

The City of Providence is experiencing obvious pressing economic needs concerning joblessness, municipal revenues, and other problems. To combat these problems, Providence has searched for avenues to revitalize the city. Last year, it was approached by Stephen Wynn of Mirage Resorts, Inc. to build a casino in Providence. Other cities in the New England area are also exploring the possibility of building a casino.

The Providence City Council created the Committee on Gaming on October 1, 1992, to study the feasibility of Casino Gambling in the City of Providence and to report its findings and recommendations to the City Council. This Committee consists of seven members: three council members, three private citizens, and the City's Public Safety Commissioner.

The Committee has focused its examination on the economic impact and social impact of Casino Gambling, specifically the jobs gained, the jobs lost, governmental revenues, gambling addiction, crime, effects on colleges, and effects on community. This study was administered by holding public hearings, conducting surveys, and reading available literature, newspaper articles, as well as other municipal studies on gambling.

The Committee's findings are as follows.

## DATA

### Economic Factors:

#### 1. Jobs Gained:

- a. Mirage Resorts, Inc. predicts that five thousand (5,000) direct jobs as well as five thousand (5,000) indirect jobs will be created with the average wage of \$28,000.  $(5,000 \times \$28,000 = \$140 \text{ million})$
- b. The CREN (Citizen's Research Education Network) study concerning Hartford, Connecticut was completed December 16, 1992. This study predicts three thousand (3,000) direct jobs per casino and two thousand (2,000) indirect jobs with an average wage of \$21,377.  $(3,000 \times 21,377 = \$64 \text{ million})$
- c. The City of New Orleans predicts between 7,097 and 16,819 direct jobs with total direct employee earnings between \$63 million and \$153 million. This study also predicts one-time construction jobs to be created would be between 2,754 and 8,877.
- d. The recent study by the State of Connecticut cites Michael Rose, the Chairman of the Board for Promus Companies, parent company of Harrah's. He estimated that if his company were to build a 1,000 room hotel with casino, four thousand (4,000) to five thousand (5,000) jobs would be created with the average income of \$20,000. He also reported that economists predict that for each direct job created, 1.3 to 2.0 indirect jobs would also be created.
- e. Actual results from the riverboat casino in Peoria, Illinois, indicate that seven hundred (700) are employed at a monthly cost of \$1.4 million (including salary and benefits), \$16.8 million annually.

#### 2. Jobs Lost:

- a. The Chicago Crime Commission study indicates that one job would be lost for every two jobs gained. This would imply that the indirect job gains could be offset by a similar number of jobs lost.
- b. The minority report by the State of Connecticut predicts the loss of jobs by those people who become

addicted to gambling. The report goes on to report the very rapid turnover of jobs in the staff. Edward F. Osswalt, former Chief of the Division of Special Revenue Program Revenue Unit, visited Atlantic City casinos and concluded that the high turnover rate is a result of "tough working hours, minimum wages offered by floor jobs, pooled tips, few benefits, and few support services (e.g. day care)."

- c. The CREN study, in examining Atlantic City, concludes that while the sector of the economy occupied by casinos grew, other sectors of the economy not relating to casinos declined.

3. Effect on Business Attitudes:

- a. A survey, commissioned by the State of Connecticut, interviewed "Decision Makers" (e.g. CEOs, owners), "Inside Influencers" (e.g. senior officers, key managers), and "Outside Influencers" (relocation consulting firms). For the majority (69%), casino gambling would have "no effect" on a relocation decision.
- b. One of the down city businesses surveyed proclaimed that if a casino were to be built in Providence, he would move his business out of the state.
- c. Newspaper comments by the Rhode Island Director of Economic Development and comments made at the public hearings indicate concern as to whether a casino in Providence would discourage other unrelated economic development.

4. Governmental Revenues:

- a. Casino developers claim that \$200 million annually in tax revenues would be generated if a \$350 million casino were built. Of this figure, \$10 million would be from property taxes, perhaps \$10 million in licensing fees and the balance from sales and income taxes.
- b. The CREN study does not dispute the above figures but argues that the social costs will offset these revenues.
- c. The New Orleans study sets the range between \$50.8 million and \$155 million.

- d. Illinois' experience for the five month period between July and November 1992 has the State receiving \$22.7 million and the municipalities receiving \$9.2 million.
- e. Peoria and East Peoria, Illinois, shared \$3.3 million from its riverboat casino for the ten months between November 1991 and September 1992.
- f. The Connecticut Report on Gambling was completed January 1993. The majority report predicts that the state's property taxes will increase by \$9 to \$10 million. The State would also receive \$48.9 million in other taxes.
- g. The minority report by the State of Connecticut does not deny the amount of tax revenue that would be generated by a casino, however, it predicts that the net amount would be marginal because of the increase in costs dealing with policing and regulation of the casino. Also, improvement in the infrastructure of the city would have to be taken into account. And finally, they predict that with the addition of a casino, other forms of gambling, such as the state lottery, would be replaced by it. Therefore, tax revenue collected by those forms of gambling would decline.

5. Survey Results:

Of the ten surveys sent to the Quad Cities Chamber of Commerce/Economic Development Directors, four were returned. The results are as follows:

Question 1: Which phrase best describes your community's overall experience with casino gambling?

Highly Favorable - 2  
Slightly Favorable - 2

Question 2: Which phrase best describes your community's experience with casino gambling concerning economic benefits?

Highly Favorable - 2  
Slightly Favorable - 2

Question 3: Which phrase best describes your community's experience with casino gambling concerning public safety?

No Noticeable Effect - 4

Question 4: Which phrase best describes your community's experience with casino gambling concerning social welfare?

Highly Favorable - 1

Slightly Favorable - 1

No Noticeable Effect - 2

Question 5: Which phrase best describes your community's experience with casino gambling concerning tourism?

Highly Favorable - 3

Slightly Favorable - 1

Question 6: Are surrounding businesses positively or negatively affected by the presence of casino gambling?

Positive - 2

Negative - 1

No Noticeable Impact - 1

### Social Factors:

#### 1. Gambling Addiction:

- a. Rachel A. Volberg, Ph.D., has done extensive research on the problems of gambling and concludes that 4.4% of adults in Massachusetts are problem gamblers. In her study of South Dakota, she concludes that "consideration must be given to educating...to providing treatment services...and to ensuring adequate and enduring funds for such efforts."
- b. Two representatives of Gamblers Anonymous addressed the Committee and stated that gambling addiction is similar to other addictions such as alcoholism and requires treatment. While they do not endorse a casino, they claim that problem gamblers will gamble no matter what; a casino nearby would have little impact on a problem gambler. What they support is more education so the public would have a better understanding of the severity of the addiction and

to have more counseling services available, similar to the counseling available for drug alcohol addiction.

- c. Representatives of Mirage Resorts, Inc., have stated that illegal gambling (bookies) and lotteries were larger segments of the gambling industry than casinos are.
- d. Steve Wynn of Mirage Resorts, Inc., stated, "Gaming...is an entertainment and recreation experience pure and simple, nothing more, nothing less."
- e. The minority report for the study by the State of Connecticut cites testimony from Dr. Marvin Steinberg, Clinical Psychologist and Consultant to the Connecticut Gambling Treatment Program. He expresses concern about teenage gambling and concludes that "gambling is not a safe recreational activity."
- f. The minority report by the State of Connecticut also quotes Christopher Armentano, M.S.W., Program Director of the Compulsive Gambling Treatment Program at the Dutcher Center. "The overwhelming majority of problem gamblers who commit gambling-related crimes have no prior history of criminal behavior. Most crimes are committed out of a desperate need to continue the addiction."

2. Crime, Homelessness, Domestic Violence:

- a. U.S. Attorney Lincoln Almond appeared before the Committee to express his opposition to casino gambling because he was concerned about the increased crime stemming from a casino. He also stated that he thought there was too much gambling in Rhode Island already and casino gambling would only increase the problem.
- b. The majority report in the study conducted by the State of Connecticut treats the ambient crime issue. In it, the concern about increased crime has been explained by Stan Hunterton, as not an effect of casinos themselves. Instead, he claims, "Any tourist attraction which brings in thousands of daily visitors can be the cause of increased crime unless proper planning is exercised."

- c. The minority report in the study conducted by the State of Connecticut also addresses the problem of crime. In it, it predicts an increase in the type of crimes related to casinos: prostitution, street crimes, embezzlement, pickpockets, counterfeiters, grand and petty larcenies, fraud, money-laundering, loan-sharking, and others.
- d. Thomas Moritz of the United Way in Illinois concludes, "Most jobs required some level of skill." Because of this, homelessness has not been alleviated by the addition of the casino and the creation of new jobs.

3. Survey Results:

Of the six surveys sent to the Quad Cities Social Welfare Directors, four were returned. The results are as follows:

Question 1: Which phrase best describes your community's experience with casino gambling concerning homeless people?

Slight Increase - 1  
No Noticeable Difference - 3

Question 2: Which phrase best describes your community's experience with casino gambling concerning an increase in personal bankruptcies?

No Noticeable Difference - 4

Question 3: Which phrase best describes your community's experience with casino gambling concerning shelters?

No Noticeable Difference - 3  
No Response - 1

Question 4: Which phrase best describes your community's experience with casino gambling concerning food banks?

Slight Increase - 1  
No Noticeable Difference - 2  
No Response - 1



Question 5: Which phrase best describes your community's experience with casino gambling concerning domestic abuse?

No Noticeable Difference - 4

**Effects on Colleges:**

1. Thomas Thomas, President of ICC, stated, "I would say the college has felt no negative vibes from anyone concerning the operations. We are also beginning to explore ways that we can be involved in the training."
2. Citizens who spoke during the public hearings expressed concern that with a casino near colleges, many parents would be wary of sending their children to the college.
3. Survey Results:

Of the eight surveys sent to the Quad Cities College Presidents, six were returned. The results are as follows:

Question 1: Which phrase best describes your community's overall experience with casino gambling?

Highly Favorable - 1  
Slightly Favorable - 5

Question 2: Which phrase best describes the college's experience with casino gambling concerning recruiting of students?

Slightly Favorable - 1  
No Noticeable Effect - 5

Question 3: Which phrase best describes the college's experience with casino gambling concerning recruiting of faculty?

No Noticeable Effect - 6

Question 4: Which phrase best describes the college's experience with casino gambling concerning alumni and parents?

Highly Favorable - 1  
Slightly Favorable - 2  
No Noticeable Effect - 3

**Moral Effect on the Community:**

1. Many people who spoke at the public hearings expressed their concern for the morals of the community. The fear that children would be negatively effected by the casino was also voiced.
2. Pete DeSilva of Quad City Interfaith concludes, "This casino gambling does damage to the morale of our community. People see it as a step downward."
3. Reverend Jerry Trecek of the Peoria Rescue Mission wrote, "The best thing that could happen is that it would leave town."
4. One of the businesses surveyed in the down city area of Providence wrote, "I am in fear of gambling bringing crime & delinquents to the city of Providence."
5. Survey Results:

Of the five surveys sent to the Quad Cities Religious leaders, four were returned. The results are as follows:

Question 1: Which phrase best describes your community's overall experience with casino gambling?

Highly Unfavorable - 2  
Slightly Unfavorable - 1  
No Response - 1

Question 2: Which phrase best describes your community's experience with casino gambling concerning economic benefits?

Highly Unfavorable - 1  
Slightly Unfavorable - 2  
No Response - 1

Question 3: Which phrase best describes your community's experience with casino gambling concerning public safety?

Highly Unfavorable - 1  
Slightly Unfavorable - 2  
No Response - 1

Question 4: Which phrase best describes your community's experience with casino gambling concerning social welfare?

Highly Unfavorable - 2  
Slightly Unfavorable - 1  
No Response - 1

Question 5: Which phrase best describes your community's experience with casino gambling concerning tourism?

Highly Unfavorable - 1  
Slightly Unfavorable - 1  
No Noticeable Effect - 1  
No Response - 1

Other Effects on Community:

1. Survey Results of Public Officials:

Of the fourteen surveys sent to the Quad Cities Municipal Officials, ten were returned. The results are as follows:

Question 1: Which phrase best describes your community's overall experience with casino gambling?

Highly Favorable - 6  
Slightly Favorable - 3  
No Response - 1

Question 2: Which phrase best describes your community's experience with casino gambling concerning tax revenues?

Highly Favorable - 5  
Slightly Favorable - 4  
No Response - 1

Question 3: Which phrase best describes your community's experience with casino gambling concerning public safety?

Slightly Unfavorable - 3  
No Noticeable Effect - 6  
No Response - 1

Question 4: Which phrase best describes your community's experience with casino gambling concerning social welfare?

Slightly Unfavorable - 2  
No Noticeable Effect - 7  
No Response - 1

Question 5: Has there been an increase in the awareness of gambling addiction or any additional funding of gambling addiction?

Yes - 5  
No - 3  
Both - 1  
No Response - 1

## 2. Survey Results of Public Safety Officials:

Of the four surveys sent to the Quad Cities Municipal Public Safety Officials, four were returned. The results are as follows:

Question 1: Which phrase best describes your community's experience with casino gambling concerning loan sharking?

No Noticeable Difference - 3  
No Response - 1

Question 2: Which phrase best describes your community's experience with casino gambling concerning the increase in street people?

Slight Increase - 1  
No Noticeable Difference - 2  
No Response - 1

Question 3: Which phrase best describes your community's experience with casino gambling concerning prostitution?

Slight Increase - 1  
No Noticeable Difference - 2  
No Response - 1

Question 4: Which phrase best describes your community's experience with casino gambling concerning domestic abuse?

Slight Increase - 3  
No Response - 1

Question 5: Has the demand for municipal services, especially public safety increased as a result of casino gambling?

Yes - 2  
No - 1  
No Response - 1

Question 6: Has gambling had an adverse effect on those in public safety?

No Evident Effect - 3  
No Response - 1

3. Some of the comments made in the above surveys are as follows:

- a. John J. Mauss, Chief of Police, Dubuque, Iowa: "The City of Dubuque has not had a noticeable increase in crime because of the presence of the riverboat, including the crimes specifically mentioned in your questionnaire."
- b. Steven Lynn, Chief of Police, Davenport, Iowa: "We were given two additional officers and we added a new beat patrol in the area of the gambling boat. This has since been done away with because we found no increase in need for calls in this area."
- c. Anthony Scott, Chief of Police, Rock Island, Illinois: "The steps and changes that were required as a result of Casino Gambling were:
  - 1) Reordering of parking zones and related ordinances.
  - 2) Updated reporting of crimes to indicate if crime was gambling related."

**Down City Survey Results:**

Approximately eighty (80) surveys were delivered to businesses in the downtown area. Thirty (30) of these surveys were returned. The response to the questions: "Do you favor a casino/entertainment center in or near the down city area of Providence?" were:

Yes	- 18
No	- 11
Not Sure	- 1

**Discussion re Restrictive Covenants in Licenses, etc.:**

The Committee discussed the following points which should be considered if a casino is approved within the City of Providence:

- Limiting the number of licenses.
- Restricting location via zoning restrictions.
- Parking and traffic issues.
- Restrictions on the hours of operation.
- Use of public share of gaming revenues to be specifically tied to funding the cost of regulation and gambling addiction counseling.

## SUMMARY OF PROS AND CONS OF CASINO GAMBLING IN PROVIDENCE

### PROS:

A casino will create jobs. At least 3,000 jobs will be created at an average wage in the low to mid \$20,000 range. Restrictions can assure that first priority is given to City residents.

A casino will create tax and license revenue for the City and the State. Annually, \$10 million will be generated in property taxes and perhaps up to \$10 million more annually in City licensing fees. The State would probably receive approximately \$50 million in other taxes and fees which should either lower Rhode Island personal taxes or increase State aid to municipalities.

A casino would retain the money currently spent by Rhode Islanders at Foxwood and could increase tourism.

### CONS:

Many people feel that a casino would project the wrong image for Providence and would impede or discourage other economic and social activities.

There is a concern that the social costs of casino gambling (such as the possibility of increased gambling addiction and the related financial and domestic problems, the public safety costs, and the costs of regulation) would offset the benefits received.

There may be an adverse effect on traffic congestion.

There is a concern that corruption and organized crime will follow casinos to Providence.

A casino may be only a short term success and, as there is a proliferation of casinos in the region, the profitability and financial impact on the community would be lessened.

### CONCLUSION

After an exhaustive study, the Committee on Gaming recommends to the entire City Council that this matter be placed on the ballot at the next general election in 1994. The Committee, however, neither supports nor opposes casino gambling but feels strongly that the voters, and the voters only of the City of Providence and the State of Rhode Island, have the right to make that decision.

Too many gambling options, such as simulcasting, keno, and video poker have become law without any input from the voters of this State. The State legislature opened the door for casino gambling when they included keno and video poker as part of the State's budget last year.

This committee examined other municipal studies on gambling and read volumes of material on the economic impact and social impact of casino gambling. We held public meetings, conducted a local survey of downtown businesses and sent out surveys to communities which currently have casino gambling. We all feel that the results of our work were inconclusive.

We, therefore, recommend that it be brought to the voters to let them decide whether or not Providence should build a casino in downtown Providence. We believe the voters were deliberately left out of the decisions to add simulcasting, keno, and video poker, and they have a right and a responsibility to decide this issue for themselves by way of the ballot. This is a moral and legal issue that must be decided by the individual voter. Should the City Council agree with this Committee and put this issue on the ballot, restrictive covenants should be added to properly safeguard this issue.

The Committee invites all Council members and citizens to review the minutes, articles, reports, and other materials which the Committee has studied. These materials are available for inspection at the Providence City Clerk's Office, Room 311, City Hall, during normal City Hall hours.



## COMMITTEE ON GAMING

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