

Feb. 7, 2018

Re: **SB 586 relative to casinos**

To: Senate Ways and Means Committee

From: Sally Davis, past president, League of Women Voters NH
and Liz Tentarelli, president, League of Women Voters NH

For 98 years, the League of Women Voters New Hampshire has been advocating for government laws and policies that benefit the citizens of our state. LWVNH supports legislation only if it fits within stringent guidelines established after intensive study, research and then agreement by our members.

The League opposes SB 586 because it violates basic principles of sound revenue policy. The first and foremost criterion for any revenue is that it is a reliable source. On this point, casino revenue has failed the test in every state that has tried it.

Gambling markets in New England are reaching saturation.

Just like a gambling addict who can't stop chasing losses, or a drug addict who needs a stronger dose to reach the same high, states with budget dependency upon declining casino revenues see little choice but to deepen their dependency and add more locations to gamble. In Connecticut, famous for Foxwoods and Mohegan Sun casinos for nearly 25 years, plans for a third casino are moving forward. *[see appendix 1]*

The expansion to three major casinos in CT is partly due to the fact that State revenues from casinos in CT are declining. *[see appendix 1]*

Some reports are that people are spending less on gambling. For example, "Massachusetts residents are spending about \$400 million less at Foxwoods Resort Casino and Mohegan Sun than they did a decade ago" *[source: Hartford Courant, Mar 4, 2015:]* even before their own new casinos open.

Casinos are in a competition for disposable income.

Gaming consultant Clyde Barrow predicts that the MGM casino in Springfield MA, which is nearing completion and expected to open in September 2018, would cause the loss of 9,300 jobs and \$702 million in revenue to Connecticut's casinos in the first three years. *[source: The CT Mirror February 23, 2017, Keith M. Phaneuf]*

NH's ability to compete for gamblers with the MA casinos coming on line in the next 18 months, in addition to the CT casinos and the Oxford ME casino, is an important point to consider. *[See appendix 2 for descriptions of the competition in MA, ME, and CT]*

League supports revenue policy based on ability to pay, which is levied on a broad

segment of the population, and where appropriate, is a direct payment for a service or benefit (“user’s tax”). Most people do not gamble regularly, but frequently those who do are in a financial bind, hope they will get lucky, and are being misled by sophisticated computer software that is programmed to make them think they “just missed.” Computerized gaming programs are specifically designed to affect the brain in the same way other addictive behavior does.

We should not forget the social costs of gambling.

1. Jobs are relatively low paying, with many positions paying less than \$10-\$12/hour; also many are tip-based and part-time.

[source: Casino.org July 2017 updated “...casino dealers. When you first start out, you may very well make minimum wage; in other casinos, the starting salary might begin at \$7 or \$8 an hour, rising to \$10 or more as you gain experience. According to the Bureau of Labor Statistics, the average base pay for a casino dealer is a paltry \$14,700 a year.” The sources acknowledges that tips are common in the industry, but... “how much a dealer could make on average when including tips (and any benefits the casino provides for its workers) vary tremendously, but many peg it at somewhere between \$30,000 and \$60,000 a year.” The figures in this source for other workers at casinos are much lower, and the article points out the jobs are also seasonal to some extent.]

2. Casino gambling will cannibalize other businesses in our state, and, unlike our local restaurants, motels, theaters and other businesses depending on our money, the profits from casino gambling will go to out of state and out of country owners if the casinos are privately built and run. *[see Appendix 2, italics, re anger in MA about the Wynn Corporation and its billionaire founder, Steve Wynn, recently charged with sexual misconduct.]*

3. SB 586 recognizes the problem of gambling addiction, as it includes the proviso that “casinos would also pay \$600 per year per slot machine to help treat problem gambling.” *[source: Live Free or Die Alliance]* We celebrate family-friendly recreational opportunities in the state and do not want to add gambling addiction to the chemical and alcohol addictions already identified in our state.

Appended to this testimony is the letter from former Senator and Governor Judd Gregg (R) and former Governor John Lynch (D) in opposition to last year’s casino bill. Their **bi-partisan opposition reflects the views of many in the Granite State.** *[see appendix 3]*

Finally, let’s not forget the lesson from last year: On May 4, 2017, **the New Hampshire House of Representatives rejected the last casino gambling legalization bill [SB242] by a vote of 275-82.** Why would the Senate want to move forward with this bill in light of the failure last year?

The League of Women Voters NH urges you to vote **SB 586 Inexpedient to Legislate.**

Thank you for this opportunity to explain our position re SB 586.

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Appendix 1: shrinking revenues, expanding competition

Connecticut must either expand gaming or accept that its slots revenues from Foxwoods Resort and Mohegan Sun will continue to slide. **From a high of \$430 million in 2007, they fell to \$265 million last year and are projected to keep shrinking.**

In September, MGM unveiled plans for a casino on the Bridgeport waterfront at a press conference attended by legislators, Mayors Joseph P. Ganim of Bridgeport and Toni Harp of New Haven, union members and a local partner who owns the site, Robert W. Christoph.

The tribes won a major victory over MGM three months earlier, winning legislation allowing them to jointly develop a casino off I-91 in the Hartford suburb of East Windsor. It is to blunt the loss of business to the MGM resort scheduled to open next year over the state line in nearby Springfield. *[source: Dec. 5, 2017 The CT Mirror]*

Appendix 2: The competition

[source: <https://www.worldcasinodirectory.com/massachusetts> plus additions from various news sources online]

In Massachusetts: MGM Springfield Review

MGM Springfield is an 850,000 square foot resort casino complex that was originally scheduled to open in early summer 2017 - but the developer has requested a delay due to local road construction. [MGM Springfield remains on schedule to open its \$960 million casino in Springfield in September of 2018,] The resort will include dining, entertainment, residential and retail space. Covering more than 14 acres, the property will include 125,000 sq ft of gaming space, a 250 room hotel with 25 floors, a 7,000 sq ft pool and spa, 35,000 sq. ft. garden and roof deck, 45,000 sq ft of meeting and banquet space, residential apartments, retail, restaurants and bars, and a 3,600 space covered parking area.

Resort amenities will include an outdoor stage with free live entertainment, a state-of-the-art 20,000 sq ft bowling alley, a 50,000 sq ft movie cinema with 12 screens, casual as well as formal dining, and a wide variety of retailers offering everything from gourmet gifts to designer clothing.

The casino is expected to be open 24 hours a day.

(on the casino's website) MGM Springfield has promised the city and state that it will create 3,000 permanent jobs, of which at least 2,200 will be on a full-time equivalent basis with benefits. Included in the total hires are at least 1,000 workers on the casino floor including dealers, pit managers and slot machine technicians.

(Note that this casino is rehabbing historic buildings as well as building a big adjacent facility.)

In Massachusetts: Wynn Boston Harbor Resort Review

Wynn Boston Harbor Resorteve is to be located at 1 Horizon Way in Everett, MA, on the Mystic River waterfront just across from Boston. The five-star luxury resort will offer about 600 luxury guestrooms and suites in classic Wynn style. The property is to open in one grand event, fully functional, rather than in increments over the years.

[The number has kept growing since the Massachusetts Gaming Commission awarded the license in September 2014, but the cost of Wynn Boston Harbor is currently set to hit \$2.4 billion. Part of it is using a rehabbed building on a 33 acres site]

[Wynn officials say they expect thousands of people – 20,000 vehicles on a daily basis -- to be coming in and out of the gambling facility on a daily basis.]

The 150,000 square foot casino floor is designed to comfortably house 3,242 slot machines and 168 table games. At a build-out cost of about **\$2.4 billion** (up from the earlier figure of \$1.6 billion) it is the largest private development ever in the state and will include 77,250 square feet of retail space, over 64,000 square feet of dining and entertainment venues, 32,942 square feet of convention, meeting, and private function space, and a nightclub with more than 30,000 square feet of floor space.

The 2014 congestion of Sullivan Square (the main entry point to the casino from Boston) should not be a problem as Wynn Resorts will spend up to \$76 million to help with the completion of the Sullivan Square/Rutherford Avenue reconstruction project. Shuttle service will be provided for guests and employees from public transportation points, and a water transportation system will link the casino resort to multiple locations in Boston Harbor, Boston's North End, Seaport District and Logan Airport.

[note Feb. 1, 2018: this is a project Wynn Industries, headed by Steve Wynn, charged with sexual misconduct just recently. It was revealed that Wynn Industries paid out \$7.5 million in a settlement to one woman who accused Mr. Wynn. That amount, however, is a small sum to this giant corporation, but it has one Democrat candidate for Governor calling for a revocation of Wynn Corporation's license to operate a casino because the settlement was not disclosed during the licensing procedure.

The Massachusetts Gaming Commission should revoke Wynn Boston Harbor's license to operate a casino after a \$7.5 million settlement was concealed from the regulatory agency, a Democratic candidate for governor said Thursday (Feb. 1, 2018).

Jay Gonzalez, one of three Democrats hoping to challenge Republican Gov. Charlie Baker in the race for governor later this year, said that sexual misconduct allegations against CEO Steve Wynn aside, his company covered up a \$7.5 million settlement with a Wynn Las Vegas manicurist who alleged he pressured her into sex.

"It is now clear that while applying for the one license to operate a casino in the Boston area, the Wynn corporation deliberately withheld information relevant to its suitability, including the existence of a \$7.5 million payoff to silence a sexual assault victim," Gonzalez said in a statement.

"Even without Steve Wynn involved, the Wynn corporation's conduct is disqualifying and its license should be revoked," he added.]

In Massachusetts: Plainridge Park Casino

Massachusetts has its own slots parlor with the opening of Plainridge Park Casino at the [Plainridge Race Course](#) in Plainville. The casino opened on June 24, 2015. The license was approved in February 2014 and ground was broken March 14th.

The 106,000 square foot addition and renovation of the existing facility features 1,250 slots and other electronic gaming machines, a Doug Flutie's "#22" Sports Pub, intimate entertainment venue, upscale dining, and a four-venue food court.

Live harness racing started on April 15, 2015 at the Penn National Gaming race track. The raceway is ramping up to an expected 125 day race season in the coming years. Money from the slots operation will help feed the purses for live racing and assure the track stays open for a long time with top horses, riders, and events.

In Maine: Oxford Casino

Oxford Casino, which joined the Churchill Downs Incorporated family in July 2013, opened in June, 2012 and underwent two expansions, one in October 2012 and another in December 2013. The hilltop Casino is located on 100 acres, 40 minutes northwest of Portland, in Maine's lakes and mountains region.

The property includes a 30,281 square foot, single level, gaming floor with more than 850 Class III slot machines and 26 table games. It also hosts Oxford Grill, a 140 seat casual restaurant, Oxford Express, a grab-and-go restaurant, and a 12 seat, video poker bar.

(ad on its website says it now has a hotel as well)

In Connecticut: Mohegan Sun and Foxwoods Resort Casino

[source: April 17, 2017, <https://www.gamingtoday.com/>]

Mohegan Sun and Foxwoods Resort Casino saw their combined gaming revenue slide 7.5 percent between 2013 and 2015, but Connecticut still had the sixth largest tribal casino industry in the U.S., according to a report released Tuesday.

Combined Connecticut gaming revenue totaled \$1.6 billion in 2015, down from \$1.62 billion in 2014 and down still further from \$1.73 billion in 2013, according to data compiled by Alan Meister, an economist with Nathan Associates Inc. for Casino City's 2017 Indian Gaming Industry Report.

In addition, non-gaming revenue rose to \$259.6 million in 2015 at the two casinos, compared with \$253 million in 2014 and \$250.5 million in 2013.

Those totals were a fraction of the \$30.5 billion national tribal gaming industry in 2015, supplemented by another \$3.9 billion in non-gaming revenue during that year.

Overall, 19 of 28 states with casinos saw either a higher revenue growth or slower declines in 2015; Connecticut's gaming revenue declined at a slower rate in 2015, by 1.2 percent, compared with a decline of 6.4 percent in 2014, the report said. Despite the year-over-year improvement, Meister noted that Connecticut casinos have now seen nine consecutive years of revenue declines.

...While all of the U.S. Indian casinos report varying amounts of public information, Meister said he also used confidential private data whenever it was available, and estimates using economic input-output analysis models that measure direct, indirect and induced impacts.

He attributed the declines to challenges in the state's economy and continuing gaming facility expansion in the Northeast, primarily at the MGM Springfield in Massachusetts and facilities in New York State.

The Connecticut tribes are currently pursuing legislation from the [CT] Legislature to build a third casino in East Windsor, but there is also a bill to open up the development process.

Appendix 3: Bi-partisan opposition – Sen. Judd Gregg and Gov. John Lynch

Posted Apr. 27, 2017 in Seacoast Online.com

For more than 40 years New Hampshire Legislatures have debated the merits of legalizing casino gambling, and for 40 years they have rejected it. On May 4, when it next convenes, the New Hampshire House will debate and vote on it once again.

Casino gambling would be wrong for New Hampshire. We urge representatives of both parties to reject it once more. Here's why.

First, and most importantly, casino revenue is not the state budget windfall that many people think it is. Most states that open the door do not stop at one or two casinos.

Across the country, state governments have become addicted to gambling dollars to fund new or expanded state programs. Experience shows that in any economic downturn these states then turn to gambling tax revenue to try to balance their budgets.

When existing gambling revenue isn't enough they have to add more games and more locations to keep state programs going. This becomes a perpetual problem that only builds on itself. Every state that has opened the door to gaming has experienced this cycle.

Second, it won't take long for the gaming industry to gain undue political influence. All you need is for the owner of a casino, which delivers millions of dollars to the state, to take a position on a bill and say, "If you don't pass this bill, or veto this bill, I'm going to have to lay off hundreds of people," and legislators will be pressured to go along. Just ask state officials in Delaware, which bailed out its casino industry a few years ago to the tune of \$8 million.

Third, the potential total revenue from the two casinos the current bill proposes is about \$650 million. Where is this money going to come from? It is not like there is the potential of incremental discretionary spending. It's a zero sum game.

The money spent in casinos will come from spending that will be shifted away from local restaurants, shops, theaters or other small businesses into the coffers of large corporations. \$650 million diverted from local businesses to corporate casinos represents the loss of hundreds of jobs and potentially empty storefronts on nearby main streets.

Fourth, as casinos advertise, which they most certainly will, the New Hampshire brand image will change dramatically. The state does not have the dollars to match casino advertising.

Our brand will change from a family-friendly state to one that specializes in gambling. To put it in perspective, over the course of a year Foxwoods and Mohegan Sun in Connecticut spend roughly \$25 million in advertising. The state of New Hampshire spends approximately \$6 million.

We are not opposed to gambling for moral reasons. We are opposed to it because we believe that it will have an overall negative impact on the state of New Hampshire. Our state is rated as one of the most livable, one of the safest, and the best state in the country in which to raise children. Why would we ever go forward with a structural change that could negatively impact those metrics?

The collective wisdom of the New Hampshire House of Representatives has served us well on this issue for the last 40 years. In an historic vote last week, the House's own Ways and Means Committee resoundingly gave the latest bill its thumbs down by a vote of 19 to one.

Casino gambling is the wrong choice for New Hampshire. We urge House members to reaffirm that on May 4. Let's not put at risk a successful strategy that is clearly working.

Judd Gregg, a Republican, served NH as a member of the U.S. House of Representatives 1981-1989, as governor 1989-1983 and as U.S. senator 1992-2011. John Lynch, a Democrat, served as governor 2005-2013.