

Why shouldn't casinos be a new revenue stream?

A. According to economist Paul Samuelson, gambling is a sterile transfer of wealth without creating any new money or goods. Gambling can actually be a drain on an economy.ⁱ

A. Casinos cannibalize discretionary dollars so other businesses are hurt. Hence, tax revenue from other forms of spending, whether gas, groceries or lottery tickets is also reduced.

A. "Casino gambling does not create a single new dollar. Every dollar dropped into a slot machine is a dollar not spent on something else. It's not like you've got an auto plant and you're building cars to be shipped and sold around the world." Alan Mallach, visiting scholar at the Federal Reserve Bank in Philadelphia.ⁱⁱ

Is casino gambling a sound economic idea?

A. If casinos are such a good idea, why don't businesses try to increase their bottom line by putting their operating capital on a roulette wheel? Or plug their seed money for a new startup into a slot machine?

A. If gambling is an economic winner, why aren't financial advisors telling their clients they should take some of their hard-earned retirement portfolio and lay it down on the craps table?

A. If gambling is an honorable activity why don't teachers tell their students that gambling is a great way to make a living? After all, there are professional gamblers.

If those proposals sound ridiculous, why is it any more prudent for state government to encourage gambling amongst the populace and depend on their losses as a new revenue source?

What about losing Kentucky \$\$ to other states?

Q. Surrounding states allow casino gambling and are siphoning Kentuckians' dollars so why shouldn't we keep Kentucky dollars here?

A. This is an admission that Kentuckians are losing. Bring casinos closer to home and Kentuckians who wouldn't cross the state line will try it, and lose.

A. Just because another state is doing something doesn't make it sound public policy. Nevada has legalized prostitution, but nobody is advocating that it be legalized here.

Won't expanded gambling bring in jobs?

A. Every slot machine destroys at least one job in the local economy **every year** because people gamble their money away instead of spending it at local businesses.ⁱⁱⁱ

Won't horse racing go out of business without casinos?

- A. Slots at racetracks actually hurt horse racing in the long run.^{iv}
- A. Slots revenue is not necessarily a stable revenue source for purses.^v
- A. Easy money from slots at racetracks affords itself to corruption and unaccountability.^{vi}

Consider that Churchill Downs is identified with casino gambling as much as it is with horses. In 2011, it reported \$28 million in earnings from casinos and \$35 million from racing.^{vii}

Casinos act like an economic black hole on the local economy.

Gambling creates no new wealth, provides no service and contributes no real value to the economy. Instead, cities across the nation are discovering casinos operate on an uneven playing field and act like an economic black hole.^{viii}

Isn't gambling just another form of entertainment?

Q. How many people leave a bowling alley, sporting event or concert that have maxed out their credit card, mortgaged their home, lost it all and feel like they want to end their lives?

A. Legitimate forms of entertainment in civil society don't suck the economic life out of participants, it leaves them refreshed, revived, and encouraged, not destitute and in debt.^{ix}

Gambling advocates often overpromise.

Casino expansion advocates often promise pie in the sky to various constituencies but mostly fail to deliver.^x Consider that casinos failed to "fix" Florida schools according to Mark Pudlow, spokesman for the Florida Education Association. "Everybody makes the argument for more gambling in their state by saying, 'It will help education!' But it just ends up replacing money that then gets shifted to other things — in our case, it was building prisons — and soon, we have less money than we started with."^{xi}

Oversaturation is causing the collapse of casinos in some areas.

When oversaturation occurs, casino revenue declines across the board.^{xii}

A casino developer in Maryland said that oversaturation could cause the market to "implode."^{xiii} Delaware had to bail out their casinos last year because of oversaturation.^{xiv}

ⁱ "There is a substantial economic case to be made against gambling...it involves simply the sterile transfers of money or goods between individuals, creating no new money or goods. Although it creates no output, gambling does nevertheless absorb time and resources. When pursued beyond the limits of recreation, where the main purpose after all is to "kill time," gambling subtracts from the national income." *Economics*, 6th edition, 1970.

ⁱⁱ <http://www.kentucky.com/2012/01/16/2030235/casinos-no-cure-all-for-state.html>

ⁱⁱⁱ [Source: J. Kindt, Senior Ed. (Ed.). 2009. *Gambling with Crime, Destabilized Economies, and Financial Systems*, 1-1,286. Buffalo, New York: William S. Hein and Company, Inc.]

^{iv} http://www.washingtonpost.com/sports/money-from-slots-has-done-nothing-to-improve-horse-racing/2012/03/16/gIQATJk2NS_story.html

^v <http://www.seacoastonline.com/apps/pbcs.dll/article?aid=/20130902/NEWS/130909986>

^{vi} http://www.thestar.com/news/investigations/2013/10/26/where_did_ontarios_slotsforhorses_money_go.html

^{vii} <http://www.kentucky.com/2012/01/16/2030235/casinos-no-cure-all-for-state.html>

^{viii} http://www.nytimes.com/2013/06/16/nyregion/in-queens-a-casino-bet-gone-bad.html?_r=1&

^{ix} http://www.twincities.com/ci_22918159/wisconsin-is-casino-revenue-decline-sign-oversaturation According to Wisconsin Council on Problem Gambling Executive Director Rose Gruber, they fielded 14,464 calls in 2012. Those who sought help had an average debt of \$38,500.

^x <http://www.bostonglobe.com/metro/2013/09/18/suffolk-casino-would-have-win-big-meet-estimates/OcabCEUnsLD8ITr20i6FhM/story.html>

^{xi} <http://www.kentucky.com/2012/01/16/2030235/casinos-no-cure-all-for-state.html>

^{xii} http://www.twincities.com/ci_22918159/wisconsin-is-casino-revenue-decline-sign-oversaturation

^{xiii} http://www.masslive.com/news/index.ssf/2012/05/developer_warns_politicians_of.html

^{xiv} <http://www.msnbc.com/all-in/delaware-grant-casino-industry-8-million>