



# Community Leaders' Perceptions of Gaming Industry's Effects

Peter D. Hart Research Associates, Inc.

## Overview and Methodology

When commercial casinos first began to expand outside Nevada nearly 30 years ago, gaming opponents predicted that casinos would destroy communities by attracting organized and petty crime, corrupting government officials, cannibalizing local businesses, and preying on poor or addicted gamblers. Yet today, a starkly different picture emerges in communities that have adopted casino gambling. To help explore the impact that casino gaming has had on communities around the country, Peter D. Hart Research Associates conducted a telephone survey among 201 local community leaders in jurisdictions with commercial casino gaming, including racetrack casinos. The sample included 108 elected officials, such as mayors, city and county council members, and state legislators, plus 93 non-elected civic leaders, such as chiefs of police, chamber of commerce leaders, and economic development officials.<sup>1</sup> Most of these opinion leaders lived and worked in their communities before the introduction of casinos, giving them a first-hand and well-informed viewpoint on the benefits and costs associated with casino gaming.

In the broadest sense, elected officials and civic leaders are strikingly positive about the impact that casinos have had on their communities. They welcome the additional tax revenue, jobs, secondary economic development, and contributions to community and charitable organizations. At the same time, the negative effects predicted by casino opponents have largely failed to materialize. Taking everything into consideration, these public officials strongly endorse the decision to allow gaming in their communities—with the benefit of hindsight, fully 75 percent say they would vote to allow casinos if they could go back and do it all over again.

---

**“With the revenue received, we’ve been able to funnel the money to needy areas. There have been spin-offs like restaurants and economic benefits. We’re now on the map and a destination place. People can abuse gambling as an addiction, but overall it has been very positive for the community”**

– Midwest city council member

---

## Casinos Meet High Expectations

“They raised the quality of life, created a new image for South Mississippi. We now have low unemployment and wages are up.”

– Southern board of supervisors member

In most communities, casinos arrived to high expectations. Nearly six in ten (58 percent) opinion leaders say they had a positive initial reaction when casinos were first proposed in their community. Just 24 percent remember having a negative reaction, and another 10 percent say they had mixed feelings. Elected officials were especially favorable toward casinos, with 62 percent reporting a positive reaction (including 31 percent who felt very positive toward the idea), compared to 55 percent of civic leaders (17 percent very positive).

Opinion leaders’ highest expectations were for casinos’ potential contributions to the tax base, and area jobs and economic development. Fifty-eight percent thought that their community’s tax base and government revenue would benefit a lot by introducing casinos, and another 30 percent expected their communities to benefit at least some. Similarly, 54 percent believed that casinos would help their region a lot by expanding economic activity and jobs, and 50 percent expected a significant expansion in tourism.

Did you expect your community to benefit a lot, benefit some, or benefit little in this area by introducing casinos?	A Lot    Some    Little/None		
	Increasing the tax base and government revenues	58%	30%
Expanding economic activity and jobs	54%	36%	9%
Expanding tourism in the area	50%	36%	13%
Making contributions to community and charitable organizations	42%	33%	23%
Providing entertainment	40%	40%	18%

Expectations were somewhat more modest in other areas. Four in ten community leaders expected substantial benefits from casinos’ contributions to community and charitable organizations (42 percent), and providing entertainment (40 percent). Most community leaders, however, expected at least some benefits in these areas.

Do you think that the actual benefits brought by casinos exceeded your expectations, lived up to your expectations, or fell short of your expectations?	Exceeded    Lived Up    Fell Short		
	Increasing the tax base and government revenues	36%	49%
Expanding economic activity and jobs	22%	57%	16%
Providing entertainment	26%	50%	20%
Making contributions to community and charitable organizations	26%	45%	21%
Expanding tourism in the area	27%	43%	25%

Community leaders today believe that the benefits provided by casinos met or exceeded their initially high expectations. This is particularly true when it comes to increasing the tax base and government revenues. More than eight in ten (85%) found that casinos generated even more tax revenue than they had anticipated or lived up to their expectations, which was already the area in which community leaders expected to see the greatest impact. Indeed, large majorities of community leaders believe that casinos lived up to or

exceeded their expectations for each of the five potential benefits tested in the survey, and in each case, opinion leaders were more likely to say casinos exceeded their expectations than to say they fell short.

After taking everything into account, 58 percent of opinion leaders say that the introduction of casinos turned out better than they expected.

Only 9 percent believe that the addition of casinos turned out worse than they expected, while another 31 percent say things turned out just like they expected.

## Casino Taxes

Local opinion leaders highly value the additional tax revenue that casinos have generated for their communities. When asked in an open-ended question to describe the ways in which casinos have been good for their community, 46 percent of respondents cite the additional revenue for their community (the top response), and 20 percent suggest that the casino tax revenue allowed them to fund key priorities without having to raise other taxes. In a separate question, fully 73 percent of community leaders say that tax revenue and development agreements with casinos have allowed their community to undertake projects that otherwise would not have been possible.

Gaming opponents sometimes contend that casinos do not generate net increases in tax revenue and economic activity, but instead merely redistribute money that would have been spent in other ways. Community leaders roundly reject this claim. Two-thirds of the community leaders surveyed believe that casinos have, in fact, generated a net increase in tax revenue for their states and local communities, while just one in five believe that casinos simply redirect revenue that would have come in from other sources.

### Which of the following statements comes closer to your point of view based on your own experiences?

Casinos generate a net increase in tax revenue for state and local communities because it is money that comes from outside the area or would not have been spent otherwise.	67%
Casinos do NOT generate a net increase in tax revenue for state and local communities because casinos simply siphon off money that people would have spent on other goods and services.	20%

When it comes to casino taxation, public policy is often out of step with community leaders' personal attitudes. Policymakers in gaming states often treat casino taxes as a pain-free way to reduce budget deficits or generate additional revenue. This reaction was clearly on display during the economic doldrums of the past few years, when virtually every state's budget was in the red. Many gaming states increased casino taxes to help balance their budgets, while other businesses and individuals were asked to share less, if any, of the burden. This may seem like an easy fix, using as cover the widely held but misleading image of casinos as ultra-profitable cash cows.

---

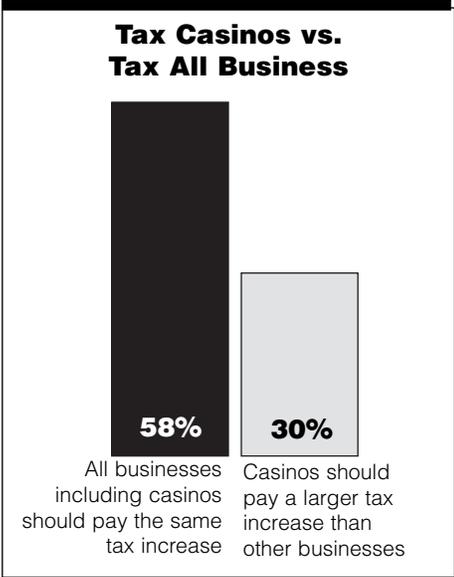
**"I think they have worked well. They brought in new tax revenue. The offspring has helped the run down part of the city that is being rebuilt."**

– Southern city council member

**"It is a tremendous source of revenue for the city: 20 percent of our corrections budget comes from casinos."**

– Eastern fire chief

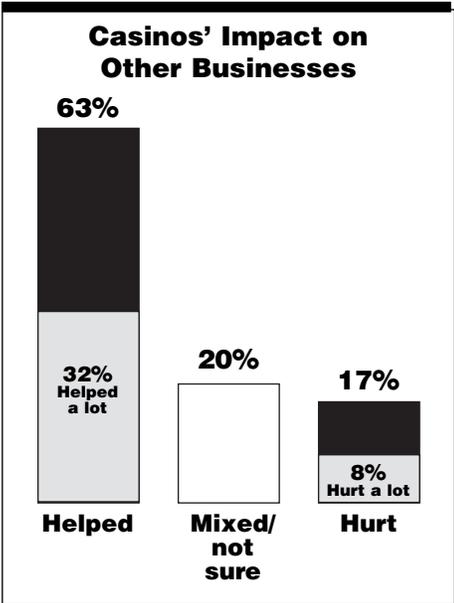
---



Yet while policymakers often turn to casinos as a fiscal solution of first resort, a majority of community leaders in our survey (58 percent) say that if their community needed to raise additional revenue to meet its needs, all businesses, including casinos, should pay the same tax increase, compared to 30 percent who believe that casinos should pay a larger tax increase than other businesses. These community leaders who sit at the intersection of gaming issues and public policy may recognize that, in most jurisdictions, casinos already pay a higher tax rate than other businesses and that they cannot continually be treated as a bottomless source of revenue. These officials recognize the potential repercussions of over-taxing a single industry, and therefore they prefer to distribute the tax burden more broadly.

### Casinos' Impact on Jobs and Economic Development

A question about casinos' impact that is often debated when states or local communities consider introducing gaming is whether casinos help or hurt other businesses in the community. Supporters argue that casinos generate secondary economic benefits, while opponents claim that casinos "cannibalize" other businesses. Officials who have watched the development of casinos in their communities have little question that, on balance, casinos have been a positive force for other area companies. Survey respondents were asked to react to the following statement: "Some people say that casinos help other businesses in the area by attracting visitors, providing jobs, and buying goods and services from other vendors, and stimulating economic development. Other people say that casinos hurt other businesses in the area by monopolizing all the revenue spent on entertainment." By 63 percent to 17 percent (more than three to one), community leaders are more likely to say that casinos have done more to help rather than hurt other businesses in their communities, including 32 percent who feel that casinos have helped other businesses a lot. Another 16 percent say that casinos' impact on other businesses has been mixed.



Opinion leaders are also very complimentary about the number and quality of the jobs generated by casinos. Among community leaders who have a good idea of how many people are employed by casinos in their area (which represents 53 percent of community leaders), the vast majority say that employers of that size have rarely (43 percent) or almost never (24 percent) come to their area. A quarter (24 percent) report that their community occasionally gets major employers such as the casinos, while just 8 percent say this happens frequently.

Comparing jobs at the casino to equivalent jobs in their community that would require a similar level of education, a plurality (47 percent) of

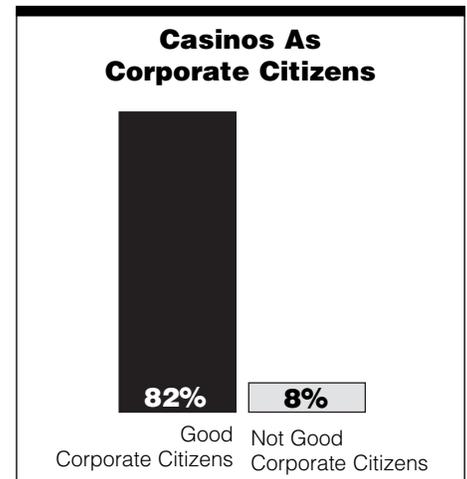
community leaders believe that casinos offer their employees better pay and benefits than do other businesses in the area. Only 8 percent assert that casinos offer workers worse pay and benefits than other businesses, while 28 percent say workers at casinos get the same level of pay and benefits that they would get elsewhere (17 percent are not sure how casino jobs compare to other jobs).

## Casinos as Community Citizens

One area in which community leaders deliver somewhat mixed reviews is in their evaluation of casinos as community citizens. As we highlighted earlier, a majority of community leaders say that casinos lived up to (45 percent) or exceeded (26 percent) their expectations when it comes to contributing to community and charitable organizations. Many local opinion leaders, however, do not recognize that casinos' commitment to the community goes much beyond writing checks. Although nearly two-thirds rate casinos as doing an excellent (27 percent) or good (37 percent) job of donating money to community and charitable organizations, most opinion leaders have seen less evidence of casino involvement when it comes to other methods of community involvement, such as providing facilities for charitable events (34 percent fair/poor job, 19 percent not sure), having executives sit on boards of local organizations (33 percent, 23 percent), and encouraging employees to volunteer in the community (34 percent, 27 percent). These are not necessarily negative ratings, but clearly the gaming industry can do more to reach out to local communities, and do a better job of telling the story of the activities it already supports.

Yet when asked to evaluate casinos as corporate citizens overall, including their treatment of customers, community leaders give the gaming industry an overwhelmingly favorable evaluation. Fully 82 percent of community leaders say that "casinos act responsibly, are good corporate citizens, and look out for the interests of their customers," compared to just 8 percent who believe that "casinos do not act responsibly, are not good corporate citizens, and take advantage of their customers."

	<b>Excellent/ Good</b>	<b>Just Fair/ Poor</b>	<b>Not Sure</b>
Donating money to community and charitable organizations	64%	24%	12%
Offering their facilities for community or charitable events	47%	34%	19%
Having executives sit on boards of local community or charitable organizations	44%	33%	23%
Encouraging their employees to volunteer in the community	39%	34%	27%



## Casinos' Negative Effects

Opinion leaders' generally favorable evaluation of the decision to allow casino gaming in their communities is also partially attributable to the fact that they believe casinos' negative effects have been relatively minor. In an

---

**“The positive outweighs the negative. They have increased the tax base. They brought people into the area. People are more aware of the area and other attractions.”**

– Midwest county supervisor

**“The good things are jobs, revenue – for example, police equipment and computer software. Homicides have been reduced [by] 17.6 percent, the lowest rate since 1980.”**

– Midwest police chief

---

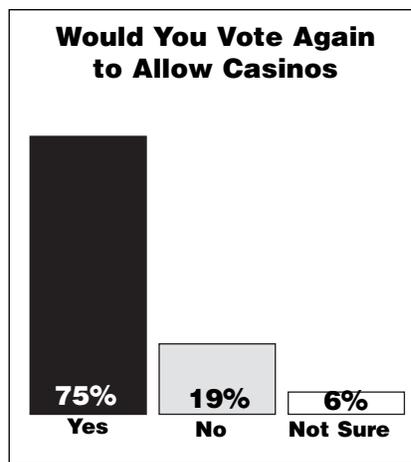
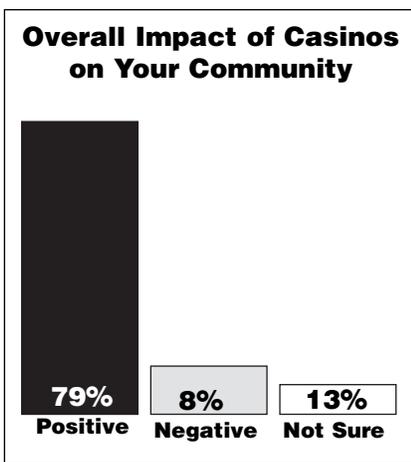
open-ended question about the benefits and drawbacks of casinos, community leaders are twice as likely to volunteer a positive outcome (93 percent) as a negative one (43 percent). The area of concern that stands out the most is that casinos have led to an increase in gambling addiction, which 19 percent volunteer as a problem. Community leaders express little concern about other potential problems that gaming opponents sometimes link to casinos. Few officials volunteer problems with increases in poverty or bankruptcies (9 percent), crime (6 percent), congestion and traffic (5 percent), or other social or family problems (4 percent).

## All Things Considered

When community leaders weigh all the positive and negative aspects associated with casinos, a large majority conclude that the preponderance of evidence confirms their state and community’s decision to permit casino gaming. Taking everything into consideration, community leaders are six times more likely to say that casinos’ net impact on their community has been positive (79 percent) rather than negative (13 percent). Perhaps most pointedly, given the chance to go back in time with the benefit of hindsight, three-quarters say they would vote to allow casinos in their community if the decision were up to them.

This is an instance in which community leaders’ attitudes diverge somewhat from broader public opinion. Only a slight majority of all adults nationwide (51 percent) agree that they would favor the introduction of casino gaming in their local community because of its benefits to the local economy<sup>2</sup>.

It is a compelling endorsement of gaming that such a large percentage of community leaders — those who are closest to the issue and best understand the benefits and costs associated with casino gaming — remain so strongly favorable toward the decision to bring casinos to their communities.



## Appendix: Sample Details

### RESPONDENT CHARACTERISTICS

	All Respondents	Elected Officials	Civic Leaders
<b>Sex</b>			
Male	70%	68%	73%
Female	30%	32%	27%
<b>Length of Residence in Community</b>			
More than 20 years	79%	89%	67%
5 to 20 years	18%	9%	29%
Less than 5 years	3%	1%	4%
<b>Length of Time in Current Position</b>			
More than 15 years	17%	19%	15%
11 to 15 years	12%	14%	10%
5 to 10 years	29%	28%	30%
Less than 5 years	42%	39%	45%

Examples of Respondent Positions: city/county council member, alderman, auditor general, assessor, city/district/county attorney, chief of staff, chief administrative officer, financial officer, economist, police chief, sheriff, county commissioner, county executive, city/county manager, chamber of commerce president, fire chief, economic development officer, mayor, state senator/legislator, school superintendent.

### COMMUNITY CHARACTERISTICS

Type of Casino	%
Riverboats	65
Land-based	35
Racinos	17
<b>Casino Scale</b>	
Destination style	22
Cater primarily to local residents	9
Mix of both	69
<b>Years Since Casinos Began Operating</b>	
More than 15 years	4
11 to 15 years	27
5 to 10 years	59
Less than 5 years	5

States: Colorado, Delaware, Iowa, Illinois, Indiana, Louisiana, Maine, Michigan, Missouri, Mississippi, New Jersey, New Mexico, Rhode Island, West Virginia

## Endnotes

<sup>1</sup> A detailed description of the sample can be found in the appendix. Officials from Nevada were not included because of its unique and heavy reliance on casino gaming.

<sup>2</sup> Source: February 2004 “State of the States” survey, conducted by Peter D. Hart Research Associates and Luntz Research on behalf of the AGA, among a sample of 1,200 adults nationwide.

### About Hart Research

Peter D. Hart Research Associates is one of the leading survey research firms in the United States. Now in its 34th year of operation, the firm has conducted well over 5,000 public opinion surveys and has administered and analyzed interviews among more than three million individuals. Hart Research also has undertaken more than 4,000 focus group sessions.

Hart Research’s client list reflects virtually all major facets of society: business and organized labor, education and health care organizations, media and the journalistic community, public interest groups, as well as politics and government. The firm has done work on every continent except Antarctica.

Peter D. Hart, the firm’s CEO, has studied public opinion toward gaming issues for the past 28 years, and has partnered with Republican pollster Frank Luntz to conduct the American Gaming Association’s annual “State of the States” survey since 1999. In addition, since 1989, Mr. Hart, in conjunction with a Republican partner, has been conducting the public opinion surveys for NBC News and The Wall Street Journal.

The data and comments presented in this white paper are solely those of the author and do not represent the positions of the American Gaming Association. The AGA assumes no responsibility for errors or omissions in these materials.



## **AMERICAN GAMING ASSOCIATION**

**Columbia Square  
555 Thirteenth Street, NW  
Suite 1010 East  
Washington, DC 20004-1109  
tel: 202-637-6500 fax: 202-637-6507  
[www.americangaming.org](http://www.americangaming.org)**