- **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.

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[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).