



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development & Tourism

before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS

Friday, March 22, 2013
10:30 a.m.
State Capitol, Conference Room 312

in consideration of
HCR 223/HR 177
**REQUESTING THE CONVENING OF A GAMBLINE TASK FORCE TO PERFORM A
SOCIAL AND FINANCIAL ANALYSIS OF LEGALIZED GAMBLING IN HAWAII.**

Chair Tsuji, Vice Chair Ward and Members of the Committee on Economic Development and Business:

This resolution requests the Department of Business, Economic Development & Tourism (DBEDT) to perform a comprehensive analysis of the costs and benefits to the State of legalized gambling.

DBEDT currently does not have the necessary resources to conduct such a study. It is estimated that \$850,000 would be required to do a comprehensive study as outlined in these resolutions.

Thank you for the opportunity to offer comments.

Hawai'i Coalition Against Legalized Gambling

1124 Fort Street Mall, Suite 209
Honolulu, HI 96813

Member Organizations

Advocates for Consumer Rights
Animal Rights Hawaii
Buddhist Peace Fellowship
Christian Voice of Hawaii
Church of Jesus Christ of Latter-day Saints
Church of Perfect Liberty
Common Cause Hawaii
Disciples of Christ
Hale Kipa
Hawaii Appleseed Center for Law & Economic Justice
Hawaii Assemblies of God
Hawaii Association of International Buddhists
Hawaii Christian Coalition
Hawaii Conference of Seventh-day Adventists
Hawaii Conference of the United Church of Christ (UCC)
Hawaii District United Methodist Church
Hawaii Family Forum
Hawaii Pacific Baptist Convention
Hawaii Rainbow Coalition
Hawaii Religions for Peace
Hawaii Youth Services Network
Honolulu Friends Meeting (Quakers)
Honolulu Police Department
Institute for Religion and Social Change
The Interfaith Alliance Hawaii
Kokua Council
League of Women Voters of Hawaii
Life of the Land (Hawaii)
Dr. Martin Luther King, Jr. Coalition Hawaii
Mestizo Association
Muslim Association & Islamic Center of Hawaii
Pacific Gateway Center
Presbytery of the Pacific
Saints Constantine & Helen Greek Orthodox Church
Smart Business Hawaii
Soto Zen Mission of Hawaii
Temple Emanu-El
Windward Coalition of Churches
The Woman's Board of Missions for the Pacific Islands (UCC)

Cooperating Organizations

Catholic Charities Hawaii
Catholic Diocese of Honolulu
Chamber of Commerce of Honolulu
Hawaii Bankers Association
Hawaii Business Roundtable
Hawaiian Humane Society
Hawaii State PTSA

COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

Rep. Clift Tsuji, Chair
Rep. Gene Ward, Vice Chair
Friday, March 22, 2013
10:30 a.m.
Conference Room 312

My name is Dianne Kay, President of the Hawaii Coalition Against Legalized Gambling (HICALG). Our Coalition is opposed to HCR 223 and HR 177. We believe that the establishment and funding of a gambling task force would be a waste of time and money and would have the potential of producing unwanted consequences for the state.

During this twenty-seventh session of the legislature, HICALG brought from the mainland two renowned authorities on the costs and benefits of gambling. John W. Kindt, Professor of Business and Legal Policy from the University of Illinois and Earl Grinols, Distinguished Professor of Economics from Baylor University both came to Hawaii without an honorarium and unequivocally stated that the premises set forth in these resolutions are blatantly false.

The first paragraph states that legalizing gambling poses the potential to generate additional revenue to maintain important social programs, expand economic growth, and help Hawaii compete in the increasingly competitive tourism market. Gambling doesn't maintain important social programs—it causes social problems. Gambling wouldn't expand economic growth. Academic studies have established that the socioeconomic costs are \$3 or more for every \$1 in benefits/revenues. The last thing our thriving tourism industry needs is gambling which has the potential to destroy our island paradise.

We sincerely hope that the Committee on Economic Development & Business will look beyond the financial enticements offered by the gambling industry and consider the future of Hawaii for our children and grandchildren and oppose HCR 223 and HR177.



David Derauf, M.D.
 Marc Fleischaker, Esq.
 Naomi C. Fujimoto, Esq.
 Patrick Gardner, Esq.
 Francis T. O'Brien, Esq.
 David J. Reber, Esq.

Victor Geminiani, Esq.

Date: March 21, 2013

To: Representative Clift Tsuji, House Committee on Economic Development & Business Chair

From: Gavin Thornton, Deputy Director
 Hawai'i Appleseed Center for Law and Economic Justice

Re: Testimony in opposition to HCR 223 and HR 177
 Scheduled for a hearing on March 22, 2013

Dear Chair Tsuji and committee members;

Thank you for this opportunity to testify in opposition to HCR 223 and HR 177, which would convene a task force to consider the possibility of introducing gambling to Hawai'i. The Hawai'i Appleseed Center for Law and Economic Justice advocates on behalf of low-income people in Hawai'i to help them gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security. We are opposed to the introduction of gambling to Hawai'i, primarily because of its disproportionate negative impact on low-income people, who lose higher percentages of their income to gambling than other segments of the population. However, we are also concerned about the broader harms gambling will bring to the state and our communities.

We already know everything we need to know to make an informed decision to keep gambling out of our state. There is no doubt that if the State of Hawaii introduces gambling here, it will hurt people. Residents that currently do not gamble will start. Some percentage of the population will become addicted to gambling. For example, studies have shown that individuals who live within 10 miles of a casino have more than twice the rate of pathological gambling as those who live further away. Excessive gambling is associated with a variety of social problems, including job loss, substance abuse, crime, divorce, child abuse and neglect, domestic violence, and homelessness. We should not sacrifice our people in the name of generating revenue.

Studies like the one proposed by HCR 223 and HR 177, are subject to influence by the gaming industry, which stands to gain tremendously by the introduction of gambling to Hawai'i. Such studies often manage to find incredible projected benefits from gambling, but the experiences of other states have shown time and time again that they are too good to be true. The following news article excerpts from around the nation provide examples:

- The opening of a new Atlantic City Casino called Revel was touted by the State of New Jersey "as a job creator, predicting it would bring in about 5,000 full-time jobs... But the latest job figures submitted to the Casino Control Commission show Revel has only 2,780 full-time jobs."¹

¹ Statehouse Bureau, *Down on its luck: Revel jobs, revenue falling below projections*, Aug. 16, 2012 (available at http://www.nj.com/news/index.ssf/2012/08/post_283.html).

- “When Florida’s pro-gambling groups launched a series of advertisements pushing voters to allow slot machines in 2004, they claimed gambling would rake in \$500 million for state schools annually. In reality, those slot machines have generated roughly \$600 million in total for the state over six years — only 20 percent of what was promised.”²
- “Campaign promises of \$643 million for schools and local government now appear to be overstated, the Cincinnati Enquirer reports. The actual amount of what could be billions of dollars of casino profits that will actually go to schools and local governments is likely to be 40 to 50 percent of what was promised during the 2009 campaign that allowed four casinos to open in Ohio.”³

There is already a wealth of studies, unbiased by the financial interests of the gaming industry, that show that any economic benefits produced by gambling are outweighed by the costs—conservative estimates peg the costs at more than \$3 for every \$1 of benefit. Relying on the substantial body of research about gambling that is already available, Hawai'i Appleseed has completed a report analyzing the likely impact of the introduction of gambling to Hawai'i.⁴ In addition to the problems mentioned above, the report explains how gambling establishments have been empirically shown to increase rates of serious crime like rape and robbery. The report also describes how the introduction of gambling cannibalizes existing, healthy businesses, funneling into slot machines money that would have otherwise been spent on goods and services that help to bolster our economy.

Even if the financial benefits of gambling outweighed the monetary costs, gambling cannot be reconciled with Hawai'i's values and Aloha Spirit, as recognized by the Hawai'i Tourism Authority⁵ and the State of Hawaii Tax Review Commission.⁶ Consideration of these values is omitted from the proposed task force, as are important stakeholder groups like law enforcement, making the structure of the task force ripe for bias and a decision on gambling that is bad for our state and its people. For these reasons, we are strongly opposed to HCR 223 and HR 177

Thank you again for this opportunity to testify.

Aloha,



Gavin Thornton

Deputy Director

² Capital Gazette, *Gambling revenue promises often fall short of reality*, Dec. 24, 2012 (available at http://www.capitalgazette.com/news/government/gambling-revenue-promises-often-fall-short-of-reality/article_34de3832-3197-5288-a94a-a7afe137d299.html).

³ State Impact: A reporting project of local public media and NPR, *Gambling Revenues for Schools Will Fall 50 Percent Short of Promises*, June 27, 2012 (available at <http://stateimpact.npr.org/ohio/jp/gambling-revenues-for-schools-will-fall-50-percent-short-of-promises/>).

⁴ The full report, *Gambling With Paradise*, which includes citations to the many studies supporting our conclusions, is available at <http://hiappleseed.org/sites/default/files/Gambling%20with%20Paradise%20%28FINAL%29.pdf>.

⁵ Hawai'i Tourism Authority, Board Resolution 13-01 (available at <http://www.hawaii.gov/tourism/boards/resolutions/13-01/>).

⁶ Study of the Hawai'i Tax System Final Report, State of Hawai'i Tax Review Commission, Sep. 21, 2012 at 132 (available at http://www6.hawaii.gov/tax/trc/docs2012/sup_120921/Hawaii_Report_9-21-12_final.pdf).



League of Women Voters of Hawaii

49 South Hotel Street, Room 314 | Honolulu, HI 96813

www.lwv-hawaii.com | 808.531.7488 | voters@lwvhawaii.com

DATE: March 21, 2013 – **REVISED TESTIMONY**

TO: HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS

Hearing on Friday, March 22, 2013, 10:30a.m., Conference Room 312

Representative Clift Tsuji, Chair Representative Gene Ward, Vice Chair

FROM: Susan Dursin, Legislative Committee Member

RE: Opposition to H.C.R.223, Requesting the Convening of a Gambling Task Force to Perform
a Social and Financial Analysis of Legalized Gambling in Hawaii

Chair Tsuji, Vice Chair Ward, and Members of the Committee:

Mahalo for considering this testimony. The League of Women Voters opposes H.C.R.223, which would establish a gambling task force to analyze the costs and benefits of various forms of gambling in Hawaii.

Establishing an information-gathering body is unnecessary. A vast quantity of information has already been presented to the Legislature, with significant amounts of that information coming from studies conducted over many months or years by independent entities using scientific methods.

The possibility of a thorough, balanced report done in five months by nine, unpaid volunteers (who presumably have a full life apart from this task force) is nil. While the Department of Business, Economic Development and Tourism is tasked with administration of the group and organizing its findings, the department already testified last session, on an almost-identical bill, that they lack both the resources and expertise to conduct an investigation that would stand up to the scrutiny of experts.

The selection of task force members is primarily at the discretion of the appointing parties: the President of the Senate and the Speaker of the House. While the resolution requests the DBEDT Director to invite representatives from four government departments and one non-profit economic development organization to serve, the majority of members will still be appointees.

Meanwhile, Act 208, Session Laws of Hawaii, 2012, exempts members of state task forces from certain provisions of the code of ethics. No review process exists to ensure wide representation or to identify conflicts of interest. Public input into the selection process is nonexistent.



League of Women Voters of Hawaii

49 South Hotel Street, Room 314 | Honolulu, HI 96813

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Any numbers arrived at by the task force reflect mere projections. Conditions on which projections are based may change dramatically. Consider, for example, the effect of internet gambling on any system put in place in Hawaii. The experience of other cities and states may have little relevance for Hawaii.

In the end, even if it were possible to generate firm, verifiable figures for revenue, it is impossible to arrive at total cost. What is the cost of an increased crime rate and its effect on tourism? What is the cost of discretionary expenditures diverted from local restaurants and theaters and sports? What is the cost of non-discretionary expenditures diverted from groceries and rent and medical bills? What is the cost of family tension and breakdown?

The League of Women Voters of Hawaii urges you to defeat this resolution.

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 20, 2013 7:15 PM
To: edbtestimony
Cc: susan.r002@gmail.com
Subject: *Submitted testimony for HCR223 on Mar 22, 2013 10:30AM*

HCR223

Submitted on: 3/20/2013

Testimony for EDB on Mar 22, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Susan & Robert Irvine	Individual	Oppose	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 20, 2013 8:45 PM
To: edbtestimony
Cc: CKing@hawaii.rr.com
Subject: Submitted testimony for HCR223 on Mar 22, 2013 10:30AM

HCR223

Submitted on: 3/20/2013

Testimony for EDB on Mar 22, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Cheryl King	Individual	Oppose	No

Comments: I oppose this bill. It is yet another attempt to keep open the option of bringing gambling to the state.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 20, 2013 11:26 PM
To: edbtestimony
Cc: donnaoba@gmail.com
Subject: *Submitted testimony for HCR223 on Mar 22, 2013 10:30AM*

HCR223

Submitted on: 3/20/2013

Testimony for EDB on Mar 22, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Donna Oba	Individual	Oppose	No

Comments:

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 21, 2013 7:54 AM
To: edbtestimony
Cc: tabraham08@gmail.com
Subject: Submitted testimony for HR177 on Mar 22, 2013 10:30AM

HR177

Submitted on: 3/21/2013

Testimony for EDB on Mar 22, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments: i support urgent passage of this bill legalizing gambling to help stimulate hawaii's economy.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 21, 2013 8:40 AM
To: edbtestimony
Cc: mdrake@netdoor.com
Subject: Submitted testimony for HCR223 on Mar 22, 2013 10:30AM

HCR223

Submitted on: 3/21/2013

Testimony for EDB on Mar 22, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Lois Margaret Drake	Individual	Oppose	No

Comments: Having lived in Mississippi where gambling is legal, I know it brings more grief than money to a state.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 21, 2013 9:32 AM
To: edbtestimony
Cc: pc70@cornell.edu
Subject: Submitted testimony for HCR223 on Mar 22, 2013 10:30AM

HCR223

Submitted on: 3/21/2013

Testimony for EDB on Mar 22, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Callahan	Individual	Oppose	No

Comments: Don't vote to legalize gambling! It's the poor who will suffer.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 21, 2013 9:34 AM
To: edbtestimony
Cc: pc70@cornell.edu
Subject: Submitted testimony for HCR223 on Mar 22, 2013 10:30AM

HCR223

Submitted on: 3/21/2013

Testimony for EDB on Mar 22, 2013 10:30AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Callahan	Individual	Oppose	No

Comments: Don't legalize gambling! It's the children who will suffer when parents waste their money.

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