

Testimony on Raised S.B. No. 957 and Raised Bill No. 7239
Public Safety and Security Committee of the Connecticut Legislature
Submitted by Robert H. Steele, Essex, CT
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Chairmen and Members of the Committee, thank you for the opportunity to testify on S.B. 957, which would allow the Mashantucket Pequot and Mohegan Tribes to establish a commercial casino in Northcentral Connecticut, and Bill 7239, which would create a competitive process that could lead to the opening of one or more casinos in Fairfield County or elsewhere in the state.

My name is Robert Steele. I am a former Congressman from eastern Connecticut and have written extensively on casinos and their impact.

Let me comment first on the proposed East Windsor convenience casino.

The tribes project that the casino would generate \$308 million a year in Gross Gaming Revenue, of which they would pay the state \$77 million, in addition to paying East Windsor \$8.5 million.

Unfortunately, however, the tribes have avoided discussing the economic and social costs of the casino, which would heavily outweigh its benefits. Here is a brief look at those costs.

First, while the casino would keep some current Connecticut gamblers from traveling to Springfield, it would also expand casino gambling in Connecticut by making it more readily available to hundreds of thousands of Connecticut residents, increasing gambling addiction, debt, bankruptcies, broken families and crime.

Second, a convenience casino would do little or nothing to attract out-of-staters and out-of-state money. As a result, the jobs and tax revenue the casino produced would be paid for almost entirely by the gambling losses of Connecticut residents, leaving them with less money to spend on other goods and services and merely redistributing existing money within the state without creating economic growth.

Third, for the proposed East Windsor casino to generate \$77 million a year in state taxes, Connecticut residents would have to lose roughly \$300 million a year at the casino, with the vast majority of that money coming from residents living within 19 miles of the casino. The result would be to drain money out of Northcentral Connecticut rather than to pump it in.

Fourth, business at the East Windsor casino would inevitably decline as competition continues to mount.

Factoring in all the economic and social costs, economist Earl Grinols, the leading independent expert on the subject, has calculated that the long-term costs of casinos typically outweigh their economic benefits by more than 3-1.

Turning to Bill 3279, there is no reason to believe that expanding casino gambling to Fairfield County would help Connecticut's economy any more than expanding it to Hartford County.

While a Fairfield County casino would presumably take in more money than a Hartford County casino, it would be subject to the same dynamics. It would increase gambling addiction and social costs. New York would respond by expanding or adding to their casinos to keep New Yorkers from going to Connecticut, guaranteeing that the new Connecticut casino would be funded overwhelmingly by the gambling losses of Connecticut people. As a result, the new casino could cost Fairfield County residents over a half billion dollars a year in gambling losses alone.

To make matters worse for Connecticut, allowing the tribes to open an off-reservation casino could affect the state-tribal compact and jeopardize some or all of the money Foxwoods and Mohegan Sun currently pay the state, while allowing anyone other than the tribes to build a new casino would automatically end the tribes' revenue sharing agreement with the state.

Clearly, Connecticut needs economic growth. But neither a Hartford nor Fairfield County casino would provide it.