



MINUTES

Studies Committee of the Legislative Council

November 10, 2005

MEMBERS PRESENT:

Senator Nancy Boettger
Senator Jeff Lamberti

Representative Sandra Greiner,
Chairperson

MEETING IN BRIEF

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- I. Procedural Business.**
- II. Presentation on the Final Report of the Study of the Socioeconomic Impact of Gambling on Iowans.**
- III. Discussion.**
- IV. Materials Filed With the Legislative Services Agency.**



Studies Committee of the Legislative Council

I. Procedural Business.

Call to Order. Members of the Studies Committee of the Legislative Council met on Thursday, November 10, 2005, in Room 116, State Capitol, Des Moines, Iowa, from 1:44 p.m. to 2:46 p.m. Lacking a quorum, the Committee took no formal action but members in attendance heard and discussed a presentation summarizing the final report of the Study of the Socioeconomic Impact of Gambling on Iowans by Dr. Deepak Chhabra, University of Northern Iowa.

II. Presentation on the Final Report of the Study of the Socioeconomic Impact of Gambling on Iowans.

Dr. Deepak Chhabra, University of Northern Iowa, distributed a handout titled "Study of the Socioeconomic Impact of Gambling on Iowans Final Presentation: November 10, 2005" and summarized the final report she delivered pursuant to a contract with the Legislative Council.

Dr. Chhabra stated that the objectives of the study were to determine:

- Economic impact of gambling at existing Iowa casinos on the local community.
- Socioeconomic characteristics of gamblers.
- Perceptions of social impact of gambling on the local community.
- Impact of problem gambling.

Dr. Chhabra indicated that the study showed that gambling has had both negative and positive impacts in the state. She stated that the study was limited by the unavailability of some historical data, including admission data for some nongambling attractions and the necessity to estimate expenditures made by gamblers in conjunction with gambling visits. She also stated that in calculating gambling expenditures, the study accounted for the fact that approximately 30 percent of spending in casinos is displaced or diverted from other uses.

Positive Impacts. Dr. Chhabra stated that positive impacts from gambling are generated in terms of economic output, value added, and employment, and contributions to the state, city, and county.

Negative Impacts. Dr. Chhabra identified the following negative impacts of gambling:

- Employment rates in counties with casinos and in control counties are similar.
- Approximately 31.5 percent of the induced effects of gambling are lost to adjoining states.
- There are indicators of a positive association between bankruptcies and gambling.
- Additional promotional funds are needed for gambling treatment programs.
- Residents and social service providers express concern that senior citizens are squandering their money away on gambling.
- Iowans want to see governments make better use of gambling tax revenues.

III. Discussion.

Senator Boettger asked Dr. Chhabra what her response is to the two peer reviews conducted of the study she prepared. Dr. Chhabra indicated that she has filed a written response to the peer



reviews with the Legislative Services Agency. Dr. Chhabra stated that one peer review was positive about the methodology that she used to conduct the study and one was not. She said that although there are different approaches that can be used, she chose to use the same methodology and model used in a past study prepared on behalf of the Iowa Association of Business and Industry.

Dr. Chhabra said that the perception approach that she used has been peer reviewed and used in other states to look at the magnitude of gambling impact by discovering residents' perceptions of the impact. She said that she also used historical data, such as bankruptcy data, that supported the perception data.

Senator Lamberti asked about the study's findings indicating that crime is higher in casino counties than in control counties. Dr. Chhabra indicated that while this is true, the data showed that higher crime rates in casino counties predated the advent of gambling there. She also said that there is some evidence that crime in casino counties increased at a faster rate than in control counties, but she did not have evidence to attribute that fact to the presence of a casino.

Senator Lamberti stated that the study appears to show that bankruptcy rates are higher in casino counties and that these rates also predated the presence of casinos in those counties. He noted that one of the peer reviews indicated that the rate of increase of bankruptcies is higher in control counties and asked whether Dr. Chhabra agreed with this assessment. Dr. Chhabra indicated that in her opinion, the evidence pointed to an association between gambling and bankruptcy.

Chairperson Greiner asked whether the perception of residents that people borrow money to gamble is supported by data. Dr. Chhabra stated that she does not have any data to prove or disprove this perception.

Chairperson Greiner thanked Dr. Chhabra and opined that the charge of the Studies Committee to study gambling has been fulfilled.

IV. Materials Filed With the Legislative Services Agency.

The following materials were distributed at the meeting and are filed with the Legislative Services Agency. The materials may be accessed from the "additional information" link on the Internet page established for this study.

<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=62>

Socioeconomic Impact of Gambling on Iowans Final Presentation: November 10, 2005, by Dr. Deepak Chhabra and Dr. Gene Lutz.

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