



MINUTES

Studies Committee of the Legislative Council

March 28, 2005

MEMBERS PRESENT:

Senator Stewart Iverson, Jr.,
Co-vice Chairperson
Senator Amanda Ragan
Co-vice Chairperson
Senator Nancy Boettger
Senator John P. Kibbie
Senator Jeff Lamberti

Representative Sandra Greiner,
Chairperson
Representative Chuck Gipp
Representative Pat Murphy
Representative Christopher Rants
Representative Phil Wise

MEETING IN BRIEF

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Organizational staffing provided by:
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- I. Procedural Business.
- II. Presentation of the Final Draft Report of the Study of the Socioeconomic Impact of Gambling on Iowans and Discussion.
- III. Next Steps in Study.
- IV. Materials Filed With the Legislative Services Agency.



Studies Committee of the Legislative Council

I. Procedural Business.

Convening. The first meeting of the Studies Committee of the Legislative Council for 2005-2006 was called to order by Temporary Co-vice Chairperson Stewart Iverson at 10:10 a.m. on Monday, March 28, 2005, in Room 116 of the State Capitol in Des Moines, Iowa.

Officer Election. Senator Boettger nominated Representative Greiner to serve as chairperson of the Committee and Senator Iverson to serve as co-vice chairperson of the Committee. Senator Kibbie nominated Senator Ragan to serve as co-vice chairperson of the Committee. The nominees were elected on a voice vote.

Adjournment. The Committee was adjourned at 11:07 a.m.

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

A. Introduction of University of Northern Iowa Study Team.

Chairperson Greiner stated that the purpose of the meeting was to hear a presentation of the final draft report of the Study of the Socioeconomic Impact of Gambling on Iowans prepared by the University of Northern Iowa (UNI). Chairperson Greiner recognized Dr. Deepak Chhabra of UNI, who is the principal investigating officer on the study, for the presentation. Dr. Chhabra introduced Dr. Gene Lutz, who directed social impact data collection for the study, and Dr. Susan Hudson and Dr. Sarah Rich, who also assisted with the study. Dr. Chhabra indicated that she has also been assisted by a research team consisting of Jenny Hall, Marie Gerard, Renee Pieper, Matt Voss, Shriram Llavajhala, and Tomoe Kitajima, who are students in the School of Health, Physical Education, and Leisure Services at UNI. Dr. Chhabra illustrated her report with a power point presentation.

B. Objectives and Limitations of the Study.

Dr. Chhabra stated that the objectives of the study are to determine the economic impact of gambling at existing Iowa casinos on the local economy, the socioeconomic characteristics of gamblers, perceptions of the social impact of gambling on the local community, and the impact of problem gambling.

Dr. Chhabra indicated that the study focused on four areas of the state. She stated that the study was limited as to a determination of the economic impact of gambling by ambiguous admissions information provided by casinos concerning casino visitors and the possibility of overestimation or underestimation of spending. She stated that the study was also limited by the unavailability of certain historical data, such as health information, and visitor counts at local attractions that do not keep such records.

C. Findings.



1. Economic Impact.

Dr. Chhabra stated that her findings indicate that casino visitors generate substantial economic impacts. She stated that economic impacts are direct, indirect, and induced. She stated that her figures concerning the economic impact of the gambling sector differ from figures compiled by Iowa State University because she deducted 30 percent of the amount allocated for substitute spending on the basis of her findings that if the money had not been spent on gambling in Iowa, it would have been spent on another activity in Iowa. Chairperson Greiner asked whether the findings take into account the fact that the money might have been spent on gambling in another state if it had not been spent on gambling in Iowa. Dr. Chhabra responded that participants were asked if a casino was not available in their area whether they would have instead spent the money on other recreational activities and 30 percent indicated that they would have. Co-vice chairperson Iverson and Chairperson Greiner questioned whether people were asked if they would have gone to another state to gamble if a casino was not available in their area. Co-vice chairperson Iverson also queried whether this scenario of recreational dollars leaving the state would especially be true in counties along the state's borders.

2. Socioeconomic Characteristics of Gamblers.

Dr. Chhabra stated that the control counties, selected counties without a casino, in the study have demographics similar to the counties with casinos. She presented data concerning the demographics of club players and general visitors at casinos, with findings that the bulk of gamblers are more than 40 years old, are about evenly split as to gender, about 60 percent are married, and about 45 percent have an annual household income above \$50,000. Dr. Chhabra indicated that her survey shows that 30 percent of Iowans had gambled in a casino in the last 12 months. Chairperson Greiner asked if the 44 percent of people who indicated that they would participate in another form of gambling were asked what form that would be. Dr. Chhabra indicated that they were not. Senator Boettger and Co-vice Chairperson Iverson questioned the data presented concerning club player demographics since information for the Ameristar and the Isle of Capri Casinos, which are located on Iowa's borders, did not show any out-of-state visitors. Dr. Chhabra responded that the information was provided to her by the Iowa Gaming Commission, but that she would check into that particular issue.

3. Perceptions of the Social Impact of Gambling on the Local Community.

Dr. Chhabra stated that her findings are that counties with casinos and control counties exhibit similar visual trends with regard to unemployment rates. She further stated that a majority of residents in the areas studied agreed that casinos provide economic benefits, but a substantial percentage of residents disagreed that casinos provide increased employment opportunities and investment in their communities. She stated that the bulk of residents are positive about the impact of gambling on the community infrastructure and environment. She stated that when residents were asked about the benefits of having their communities receive gambling tax revenues and contributions to charities, people indicated that they wanted more funds spent on education. She stated that the top priority of people for spending gambling revenues is education. Senator Boettger asked how much of



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gambling revenue grants are given to projects in other states. Dr. Chhabra stated that that information is not included in this study.

Dr. Chhabra stated that her research indicates that there is a difference in perceptions about gambling based on the socioeconomic characteristics of the people being surveyed. She also indicated that she compared differences in perceptions about gambling between gamblers and nongamblers. Representative Murphy observed that the findings indicate that about 50 percent of people who gamble say they are morally against gambling. Dr. Chhabra indicated that her survey of key personnel such as social service providers, law enforcement officers, and economic development officers yielded a 60 to 70 percent response rate.

4. Problem Gambling and Crime.

Dr. Chhabra also discussed her findings concerning the possible impact of problem gambling. She stated that there is a perception by residents that people borrow money to gamble and that there is increased bankruptcy in counties where there is casino gambling. She stated that her findings confirm that there are increased chapter 13 personal bankruptcies in areas where there are casinos, but she did not have findings that explain why this is true.

Dr. Chhabra stated that the crime rate in counties with casinos is higher than in control counties and that this finding needs further investigation. She said she did not know the reason for the increased crime rate in those counties and her findings indicate that residents of such counties were not concerned about increased crime. Senator Kibbie asked what types of crimes are involved. Dr. Chhabra indicated that her report has breakdowns of the types of crimes involved. She stated that she also compared crime rates in areas before and after a casino was built. Dr. Chhabra stated that her research shows that as gambling revenues increased in an area, the rate of crime and domestic abuse also increased. She indicated that these findings need further investigation to determine why this is occurring.

Dr. Chhabra stated that her findings show that 58 percent of pathological gamblers reported gambling debts in excess of \$5,000, based on data collected by gambling treatment organizations. She stated that there is an association between the promotion budget for gambling helplines and the number of calls made to the helplines. She stated that the number of clients served by gambling treatment organizations dropped, beginning in 1996-97 when budgets for such organizations decreased.

III. Next Steps in Study.

Dr. Chhabra stated that she will submit the final draft report by April 17, 2005, and the final report by July 1, 2005, as required by the contract with the Legislative Council. Ed Cook, senior legal counsel for the Legislative Services Agency who is providing organizational staffing for the Studies Committee on this project, confirmed that July 1 is the latest date the final report can be submitted pursuant to the terms of the Legislative Council's contract with UNI, except as otherwise agreed to by the parties. Senator Boettger asked when the Racing and Gaming Commission is scheduled to meet to potentially select new sites for casinos. Mr. Cook indicated that the Commission is scheduled to make this decision on May 11, 2005.



IV. Materials Filed With the Legislative Services Agency.

A. Document entitled "Socioeconomic Impact of Gambling on Iowans - Final Draft Presentation: March 28, 2005."

B. Document entitled "Comparing Perceptions between Gamblers and Non-gamblers."

The foregoing materials were distributed at or in connection with the March 28, 2005, meeting and were filed with the Legislative Services Agency. The materials may be accessed from the "Additional Information" link on the Committee's Internet page: <http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=62>

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