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# Final Report of the Commission to Study the Impact of a Maine-based Casino on the Economy, Transportation, Infrastructure, State Revenue and Job Market

Maine State Legislature

Office of Policy and Legal Analysis

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**STATE OF MAINE  
120TH LEGISLATURE  
SECOND REGULAR SESSION**

**Final Report  
of the**

**TASK FORCE TO STUDY THE IMPACT OF  
A MAINE-BASED CASINO ON THE  
ECONOMY, TRANSPORTATION  
INFRASTRUCTURE, STATE REVENUE AND  
JOB MARKET**

**December 2002**

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## EXECUTIVE SUMMARY

The Task Force to Study the Impact of a Maine-based Casino on the Economy, Transportation Infrastructure, State Revenues and the Job Market conducted its study during the fall of 2002. Following is a summary of the findings of the Task Force based on the duties assigned to them and a list of policy questions that the Task Force recommends for consideration by those who will decide whether or not there will be a casino in Maine.

### **Duty Number 1: Determine the impact of increased vehicular traffic on the infrastructure of the state.**

***Finding:** Based on a casino proposal including 4500 jobs, 1.7 million square feet and drawing \$750 million in revenue and the information from SMRP and MDOT, there will be a significant impact on vehicular traffic and the transportation infrastructure, regardless of a casino's location. This could include road widening or reconstruction, reconfiguration or upgrading of intersections and changes to existing town centers through which current routes pass. If a casino were authorized, the developer would be obligated to pay for the mitigation of traffic impacts. Without knowing the location of a proposed casino, it is difficult to predict the specific impact on traffic and the transportation infrastructure of the State.*

### **Duty Number 2: Verify the estimated revenues produced by a casino, net costs of additional social services and the impact of those revenues and costs on the state.**

***Finding:** Although Task Force received several studies regarding the economic impacts of a casino, much of this information was contradictory. The Task Force was unable to collect accurate information on the additional social service, administrative, and regulatory costs specific to the State of Maine. Determining the actual economic impact of a Maine-based casino requires more information and analysis than the Task Force was able to collect during the course of its work. The Task Force received little or no information regarding the potential increases in funding required to deal with increased demands for local fire, police, emergency medical, court and jail costs.*

### **Duty 3: Estimate the number of new jobs created and lost due to the construction and operation of a Maine-based casino.**

***Finding:** A Maine-based casino will create a significant number of new jobs that will likely impact the labor market. The Task Force did not have enough information to estimate the impact of a casino on the labor pool for the existing hospitality industry and other businesses close to a casino.*

### **Duty 4: Estimate the need caused by a casino for any new or increased services.**

***Finding:** The Task Force began to compile a list of new or increased services resulting from the operation of a Maine-based casino. This list is not complete and would possibly be expanded based on further study.*

### **Duty 5: Identify appropriate locations for a casino if one is to be operated in the state.**

***Finding:** The Task Force discussed criteria that might be considered in identifying an appropriate location but did not identify any specific locations for a casino as appropriate or inappropriate.*

**Duty 6: Estimate the impact of a Maine-based casino on municipal services, social services, affordable housing, business activity and criminal activity within a 50-mile radius of a proposed casino and the impact on other forms of gambling that are legally conducted in the state.**

***Finding:** The need for municipal services will increase for those municipalities close to a casino. The tax benefit for the municipality that hosts a casino will likely be significant.*

***Finding:** The Task Force was unable to determine the impact that a casino would have on social services although they recognized that there would certainly be an impact. The State may not be able to accurately predict the impact on social services prior to the establishment of casino.*

***Finding:** If a casino is located in southern Maine, there will be insufficient affordable housing for any increase in population.*

***Finding:** The Task Force was unable to determine the impact a casino may have on business activity. Determining the impact of a casino on local business activity requires more information and analysis.*

***Finding:** Casinos are associated with increases in certain types of crimes. The Task Force did not have enough time or resources to conduct a comprehensive study of the impact a casino may have on criminal activity.*

***Finding:** A Maine-based casino would have a significant negative impact on harness racing in the state of Maine unless some of the revenues from a casino were dedicated to supporting the harness racing industry. A Maine-based casino would have some impact on lottery revenues. However, the revenue received from a casino would likely make up for that loss. There was no testimony or information presented to the Task Force regarding the potential impact on licensed, non-profit gaming (beano and games of chance).*

**Duty 7: Survey the various agencies, groups, organizations and individuals to determine which agencies, groups, organizations and individuals would provide education, assistance and counseling to individuals and families experiencing difficulties as the result of problem or pathological gambling and to determine the necessary funding those that have demonstrated their capacity to efficiently and effectively provide the necessary services.**

*Finding: The state does not have an adequate network to provide services designed to treat problem or pathological gamblers.*

## **RECOMMENDATIONS**

During the course of its work, the Task Force recognized that any decision to legalize casino gambling in Maine is a major policy decision requiring extensive research and analysis. However, it should be noted that in spite of attempts of the National Gambling Impact Study sponsored by the federal government (see bibliography in Appendix T), they were unable to make definitive conclusions. This issue may not be a topic for quantitative analysis but rather a political judgment. The four meetings of the Task Force were not sufficient to provide the 121<sup>st</sup> Legislature and the people of Maine with a comprehensive report on the issues implicated by the legalization of casino gambling. The Task Force meetings generated more questions than answers. The Task Force is recommending to the Legislature and the people of Maine a framework for policy questions that must be addressed before the decision to legalize casino gambling is made. This framework may facilitate a detailed discussion of the issues regarding casino gambling. This framework poses many levels of questions, from broad policy issues to the details of the operation of such a facility.

### **FRAMEWORK OF BROAD POLICY QUESTIONS:**

- Should the decision to authorize a casino be based solely on the potential revenue it may bring to the state? In other words, is it all about revenue?

If it is all about revenue, how does the state maximize the revenue potential?

Who or what entity should be licensed to operate a casino?

Would the state generate more revenue if it operated the casino itself?

Should the license to operate a casino be granted based on competitive bidding?

Should there be just one casino or more than one?

What is the impact of a competitive casino being sited in a neighboring state or province like New Hampshire, Massachusetts or New Brunswick?

- Should the decision to authorize a casino consider more than just the potential revenue it may bring to the state?

What are the social impacts of a casino?

How are those non-quantitative social impacts measured against the quantitative impact of increased revenue to the state?

How would a casino impact other businesses in the state, particularly in the hospitality industry?

What will be the impact on the labor pool in the area where a casino might be located?

How will the housing market be impacted where a casino might be located?

- Are the negative impacts of a casino acceptable as long as the resulting costs are covered by the revenue a casino generates?

If a casino is shown to increase bankruptcy, crime, domestic violence, problem gambling and divorce, are those impacts acceptable if the state has casino revenue to provide the social services to address them?

- What are the benefits to an Indian Tribe or Nation licensed to operate a casino?
- If a casino brings significant revenue to the state, will that revenue be applied to current costs or will it result in an increase in overall spending?
- What if the state receives significant revenues from a casino, considering casinos are a significant source of income for the state of Connecticut, and the casino fails?
- How is the host site for a casino determined? Should neighboring municipalities and residents have any role in determining that site? How is the size of the impact zone for housing, transportation, the labor market and law enforcement determined?
- If the state provides the regulatory/enforcement/administrative oversight of a casino, which would need to be in place prior to the operation of casino, how are those functions to be funded?

Does the state currently have adequate personnel and resources to address the increased responsibilities and functions that will come with a casino?

#### FRAMEWORK OF DETAILED POLICY QUESTIONS:

- What exactly is being legalized if the state authorizes casino gambling?

What types of gambling would be permitted at a casino? Would a casino operate 24 hours a day all year long? Would there be established bet and loss limits? Would there be any constraints on gambling, such as the prohibition of ATM machines on site, limits on use of credit cards and limits on food and beverage discounts?

- Will the state have a dual structure that allows gambling by non-profits for charitable purposes and casino gambling for profit? Should gambling for profit be reserved for the Indian tribe and nation proposing a casino?
- What would the regulatory structure for a casino look like?

Is a new state agency necessary to deal with casino gambling? Will the state require the same regulatory structure that is in place in Connecticut? (See Appendix M) Will the state play a role in overseeing the financing of the project?

- How will the administrative/enforcement/regulatory costs be funded for the state and municipalities?

Will state revenue from the casino be dedicated to cover costs or will it go to the general fund for every agency to make a claim?

- What changes to the Criminal Code will be required? What new laws will need to be enacted to address fraud, licensing violations, access to the casino, internet gambling and penalties?
- Will a change in the liquor or smoking laws be necessary so that the licensee may operate a casino in the traditional manner?
- What will the administrative licensing process be for those operating or employed by a casino?

When is the right to a hearing on the license implicated? Who conducts a hearing? Will each gambling machine in the casino require a separate license? What is the cost to apply for and renew casino, employment and equipment licenses? What are the terms of the license? How long is the license valid? Who has the authority to suspend or revoke a license and on what grounds?

- What laws, rules and regulations need to be developed before a casino is authorized? How long will that take?

## **I. BACKGROUND/INTRODUCTION**

The Task Force to Study the Impact of a Maine-based Casino on the Economy, Transportation Infrastructure, State Revenues and the Job Market was enacted by the Second Regular Session of the 120<sup>th</sup> Legislature as a Resolve (LD 2200) and became Resolve 2001, Chapter 124. The proposal for this study came about after representatives from the Penobscot Nation and the Passamaquoddy Tribe informally proposed establishing a large-scale Native American gambling casino in the Maine. Legislative Document 2200 was introduced and jointly referred to the Joint Standing Committees on Business and Economic Development and Legal and Veterans' Affairs.

Resolve 2001, Chapter 124 established an 18-member Task Force. Six members of the Task Force were legislators; three from the House of Representative and three from the Senate. The resolve gave preference for legislative appointments to members who served on the Joint Standing Committees on Business and Economic Development, Legal and Veterans' Affairs, and Transportation. Pursuant to Chapter 124, one member appointed from the House of Representatives was to be a tribal representative. The resolve called for representation of several state agencies on the Task Force; the Office of the Attorney General, the Maine State Police, and the Maine Harness Racing Commission. Other organizations represented on the Task Force pursuant to the resolve included the Maine Chamber of Commerce, the Maine Tourism Association, and the Maine Association of Interdependent Neighborhoods. Finally, the resolve called for four members of the public to be appointed to the Task Force: two in favor of a Maine-based casino and two opposed. The President of the Senate and the Speaker of the House were each to appoint one public member opposed and one public member in support of casinos. The Senate President's appointment of the public member opposed to casinos was to have experience in the area of pathological gambling, including causes, available treatments and services, and public education. The Speaker's appointment of the public member opposed was charged with "examining the religious, spiritual and moral impacts of casino gambling."

## **II. DUTIES**

Resolve 2001, Chapter 124 assigned the following duties to the Task Force:

1. Determine the impact of increased vehicular traffic on the infrastructure of the State;
2. Verify the amount of estimated revenues produced by a casino, net costs of additional social services and the impact of those revenues and costs on the State;
3. Estimate the number of new jobs created and lost due to the construction and operation of a Maine-based casino;
4. Estimate the need caused by a casino for any new or increased services;
5. Identify appropriate locations for a casino if one is to be operated in the State;
6. Estimate the impact of a Maine-based casino on municipal services, social services, affordable housing, business activity and criminal activity within a 50-mile radius of a proposed casino and the impact on other forms of gambling that are legally conducted in the State; and

7. Survey the various agencies, groups, organizations and individuals to determine which agencies, groups, organizations and individuals would provide education, assistance and counseling to individuals and families experiencing difficulties as the result of problem or pathological gambling and to determine the necessary funding for those that have demonstrated their capacity to efficiently and effectively provide the necessary services.

**The Task Force was authorized to hold 4 meetings, including one public hearing in the Augusta Area. The meetings of the Task Force are summarized in part V of this Report.**

### **III. MAINE'S CURRENT POLICY ON GAMBLING**

All gambling in Maine is illegal unless expressly permitted by statute, *Penobscot Nation v. Stilphen*, 461 A.2d 478, 482 (Me. 1983), and as a general rule, unlicensed gambling is not permitted. Title 17-A MRSA §§ 951-957 (Chapter 39) addresses unlawful gambling. "Unlawful" is defined as "not expressly authorized by statute," 17-A M.R.S.A. §952(11). Chapter 39 specifically exempts activities licensed by the State Police under Title 17, Chapters 13-A and 14. Licensed activities include beano, certain games of chance, and raffles. Some unlicensed raffles are also permitted, 17-A M.R.S.A. § 951. Examples of gambling expressly permitted in Maine include:

- The Maine State Lottery and Tri-state Megabucks pursuant to 8 MRSA Chapter 14-A;
- Games of chance conducted by a bona-fide non-profit or agricultural fair society licensed by the Chief of the State Police pursuant to 17 M.R.S. A. Chapter 14;
- Beano or bingo conducted by a bona-fide non-profit licensed by the Chief of the State Police pursuant to 17 M.R.S.A. Chapter 13-A;
- High stakes beano or bingo operated on Indian Territory by a federally recognized tribe, if licensed by the Chief of the State Police pursuant to 17 M.R.S.A. § 314-A (Supp. 2001); and
- Harness racing pursuant to 8 MRSA Chapter 11.

Profits from gaming conducted by non-profits and agricultural fair societies must be used to promote charitable purposes or the fair society.

If any entity, including an Indian tribe or nation, wishes to operate a casino in Maine, specific legislation authorizing that level of gambling would need to be enacted.

### **IV. THE INDIAN REGULATORY GAMING ACT AND THE MAINE LAND CLAIMS SETTLEMENT ACTS**

Although no specific proposal for a casino was presented to the Task Force, the Passamaquoddy Tribe and the Penobscot Nation have publicly stated an interest in developing such a proposal and are actively seeking a site. A tribally-owned and operated casino located on non-Indian territory would not be governed by the Indian Regulatory

Gaming Act. Nevertheless, the members of the Task Force wanted to have a general understanding of the Indian Regulatory Gaming Act (IGRA) (25 U.S.C. §§2701-2721), as well as Maine's Act to Implement the Maine Indian Claims Settlement (the Maine Implementing Act), 30 MRSA Chapter 601. The Maine Implementing Act does govern the relationship between the State of Maine and the Passamaquoddy Tribe and the Penobscot Nation in all areas.

The Indian Gaming Regulatory Act was enacted in 1988, and establishes a regulatory framework governing tribal/state issues related to Indian gambling on Indian lands. The principle of this Act is that a state's regulation of Indian gambling on a reservation is pre-empted by federal law and policy that supports Indian self-government. Under the IGRA, different regulations govern Indian gaming depending on the type of gambling conducted. Traditional tribal games conducted on Indian land, known as Class I gambling is governed exclusively by the tribes and is not subject to the regulatory structure of IGRA. Bingo and certain card games conducted on Indian lands, known as Class II gambling, may be regulated by the tribes if the state permits any person, organization or entity to conduct such gaming. The IGRA states that tribes may engage in Class III gambling on Indian land, including casino gambling, if, among other things, it is permitted by the state for any purpose by any person, organization or entity, and the gambling is conducted pursuant to a tribal/state compact.

The IGRA has been found not to apply in Maine, in particular with respect to Class III casino gambling based on the decision by the United States Court of Appeals for the 1<sup>st</sup> Circuit in *Passamaquoddy Tribe v. State of Maine*, 75 F.3d 784 (1996). The Court stated that "Congress did not make the Gaming Act specifically applicable within Maine, and...therefore, the Tribe is not entitled to an order compelling the State to negotiate a compact for Class III gaming." The Court's decision was based on the federal Maine Indian Land Claims Settlement Act of 1980, 25 U.S.C. §1721 et seq. That law provides, in relevant part:

The provision of any Federal law enacted after the date of enactment of this Act (October 10, 1980) for the benefit of Indians, Indian Nations, or tribes or bands of Indians, which would affect or preempt the application of the laws of the State of Maine, including application of the laws of the State to lands owned or held in trust for Indians, or Indian nations, tribes, or bands of Indians, as provided in this Act and the Maine Implementing Act, shall not apply within the State of Maine, unless such provisions of such subsequently enacted federal law is specifically made applicable with the State of Maine, 25 U.S.C. § 1735(b).

Since the IGRA was enacted after the Settlement Act, and, by its terms, IGRA was not specifically made applicable to Maine, the Court concluded that the IGRA does not apply in Maine.

The federal Maine Indian Land Claims Settlement Act of 1980 ratified the Maine Implementing Act, 30 MRSA Chapter 601. Under the Maine Implementing Act, the Passamaquoddy Tribe and the Penobscot Nation are generally subject to the state regulation, unlike most federally recognized tribes in other states. The Act does not provide for the operation of gambling by the tribes outside the jurisdiction

of state law. See *Penobscot Nation v. Stilphen*, 461 A.2d 478, 482 (Me. 1983) For a more detailed discussion of the Maine Implementing Act, see Appendix E.

## V. SUMMARY OF TASK FORCE MEETINGS

**The Task Force was authorized to hold a total of four meetings including one public hearing in the Augusta area. Those four meetings were held on September 3, 2002, September 30, 2002, October 25, 2002 and November 18, 2002. The meeting held in October was scheduled so that the Task Force could receive presentations during the first part of the meeting and then host a public hearing during the second part of the meeting.**

### **First Meeting – Tuesday, September 3, 2002**

The first meeting of the Task Force focused primarily on reviewing the duties and scope of work set forth in the legislation that created the Task Force. Members reviewed the seven duties listed in the legislation and offered ideas about how best to address them. Many members were concerned that the Task Force did not have a specific proposal or location to consider when studying issues of impact on traffic and infrastructure, verifying revenue, and estimating the impact on criminal activity within a 50-mile radius. Representative Loring, Co-Chair of the Task Force, informed the members that a market study had been done that might provide a framework for what the Tribes would likely propose as a casino. She suggested that the Task Force invite Tom Tureen, an attorney representing the tribes, to outline the findings of that market study. Mr. Tureen provided a general overview of the market study paid for by the Passamaquoddy Tribe and the Penobscot Nation. After this brief presentation, some members of the Task Force requested more information on the study and the methodology used to produce its findings. (This report was presented at the second meeting of the Task Force).

Task Force members also discussed the issue of whether or not add to its duties a finding on the spiritual and moral aspects of a casino. Pursuant to the resolve, one member of the Task Force was appointed specifically to address such issues. The Task Force decided not to address such issues as an additional duty or in a separate finding, but to include information on the spiritual and moral aspects of gambling as appropriate to the other issues being addressed.

At this meeting, the Task Force also drafted a survey to send to agencies or individuals that might provide services to treat problem or pathological gambling. This survey was developed to respond to duty number seven, which requires the Task Force to survey various agencies, groups, organizations and individuals to assess the current network of services available and the funding necessary to provide those service. The Task Force decided to send this survey to Clinical Social Workers and Clinical Professional Counselors licensed by the State of Maine Department of Professional and Financial Regulation. The Task Force also developed a plan to gather information regarding the impact of a casino on state and local services resulting from the establishment of a casino in response to duties number four and six. Task Force members directed staff to provide a sampling of the current research available on the impacts of casino gambling, with particular emphasis the social impacts. (See Appendix F). The Task Force also directed Task Force members representing the Chief of the Maine State Police and the Attorney General to collect information regarding the potential impact on criminal activity and the need for state services to regulate a casino, and to report back to the Task Force.

## **Second Meeting – Monday, September 30, 2002**

The second meeting of the Task Force consisted primarily of presentations to the Task Force regarding the impact of a Maine-based casino on various agencies, industries and the State in general. Presentations were made by Eben Marsh, Director of the Bureau of Alcoholic Beverages and Lottery Operations (BABLO); Kate Dufour, of the Maine Municipal Association; Dick Groton of the Maine Restaurant Association; Jim Klas, of KlasRobinson QED (hospitality industry consultant hired by potential investors in Maine-based tribal casino); Keith Whyte, of the National Association for Problem Gamblers, Henry Jackson, Executive Director of the Maine Harness Racing Commission; and David Siegel of the Maine Innkeepers Association.

Eben Marsh of BABLO reported his own research regarding the impact of a Maine-based casino on the Maine State Lottery. He indicated that the introduction of a casino in a lottery state decreased lottery revenue. He estimated the impact was not more than a 20% reduction. Often, lotteries rebounded after the establishment of a casino by adding additional games, such as Powerball, to their operation. In all cases, according to Mr. Marsh, incremental state revenues from a casino more than offset the losses in lottery sales. Information from Mr. Marsh's presentation is found in Appendix G.

Kate Dufour of the Maine Municipal Association made a brief presentation to the Task Force. She stated that the Association had not yet conducted a study of the impact of a casino on municipal services, primarily because a formal proposal for a casino had not been presented. Ms. Dufour did provide the Task Force with detailed information regarding the municipal revenues, expenditures and salary levels of municipalities in Maine.

Dick Groton of the Maine Restaurant Association reported to the Task Force that the Association did not have a specific position on the proposal for a Maine-based casino at this time. Mr. Groton outlined several comments and questions that he urged the Task Force to consider as it conducted its work studying the impact of a Maine-based casino. The text of Mr. Groton's presentation is found in Appendix H.

Jim Klas of KlasRobinson QED made a presentation to the Task Force outlining a market study conducted for the Tribes and an investor in the proposed Maine-based casino. He noted that his study focused on a casino that would be located in York County. His presentation emphasized the benefits of a Maine-based casino. He estimated that a casino such as that proposed by the Tribes would result in 4,740 direct jobs and \$112 million in revenue sharing annually to the state. He indicated that 88% of casino visitors and 90% of casino revenue would come from out of state. In general, Mr. Klas' presentation stated that the benefits of a casino would far outweigh the costs. In an effort to provide an independent assessment of Mr. Klas' presentation, the Tribes hired Charles Colgan, Professor of Economics at the Muskie School of Public Service and Jonathan Rubin, Professor of Resource Economics from the University of Maine Margaret Chase Smith Center for Public Policy to comment on the methodology used by Mr. Klas and the overall credibility of his market study. Professor's Rubin and Colgan explained that they accepted the initial estimates presented to them by Mr. Klas, and concluded that his projections based on those initial estimates were reasonable. Their work focused on the methodology behind the projections, not the initial estimates themselves. In addition to supporting Mr. Klas' findings based on his assumptions, both Professor Rubin and Professor Colgan provided some of their own analysis on the economic impact of a Maine-based casino. A copy of Mr. Klas' market study and Professors Colgan's and Rubin's comments may be found in Appendix I.

The next speaker, Keith Whyte of the National Association for Problem Gamblers, made his presentation via speaker-phone to the Task Force. He stated to the Task Force that his association does not take a position on gambling. Instead, their goal is to help people gamble safely and to provide consumer guidance and resources. He indicated that there is a significant amount of gambling occurring in Maine right now. Mr. Whyte stated that problem and pathological gambling is a mental health disorder that is tied to the amount of legalized gambling available. Most often, according to Mr. Whyte, problem gamblers have other problems, like substance abuse or mental health issues. Mr. Whyte's presentation stated that problem gamblers have the highest attempted and completed suicide rate of any disorder and the correlation between problem gamblers and domestic violence is high. A copy of Mr. Whyte's presentation is found in Appendix J.

The next presentation to the Task Force came from Henry Jackson of the Maine Harness Racing Commission. He told the Task Force that a casino in Maine would devastate the harness racing industry and the agricultural fairs. A copy of Mr. Jackson's presentation may be found in Appendix K.

The final speaker of the day was David Siegel of the Maine Innkeepers Association. He told the Task Force that an official poll of the Association's membership had not yet been conducted. However, he did provide an outline of perspectives that show the perceived positive and negative impacts on his industry. In particular, Mr. Siegel focused on unfair competition, labor issues, image of our state, social costs and long-term survivability of a casino. A copy of Mr. Siegel's presentation may be found in Appendix L.

The Task Force intended to receive a presentation via speaker-phone from Larry Gregory of the Mississippi Gaming Commission, but the length of other presentations and Mr. Gregory's availability resulted in this conference being cancelled.

### **Third Meeting – Friday, October 25, 2002**

At its third meeting, the Task Force received presentations from the Office of the Attorney General, the Maine State Police, the Maine Prosecutors Association, Southern Maine Regional Planning Commission and the Maine Department of Transportation. The afternoon portion of the third meeting was dedicated to receiving public testimony.

Maine State Police Major Craig Poulin presented information to the Task Force regarding a casino's potential impact on criminal activity and the need for increased services from his department. In conducting his research, Major Poulin conferred with law enforcement officials in Connecticut, home of Foxwoods and Mohegan Sun casinos. His information indicated that the state police in Connecticut have never been provided with enough personnel to address the issues related to the large influx of people to the area and the increased traffic due to the casinos. He indicated that there is abundant raw data on crime and casinos. Depending on how the data is manipulated, it can reflect an increase or a decrease in crime rates due to the casinos. Major Poulin indicated that it would take more time and resources than were available to him in order to make specific findings regarding the accuracy of the data he had received. Major Poulin made clear that he believes that crime would increase as a result of a casino, but that he could not predict to what extent. His presentation also stated that the Maine State Police will need several additional detectives and associated support and administrative staff to adequately regulate and enforce the laws associated with a casino. He indicated that a robust, adequate regulatory structure would be crucial to controlling specific types of criminal activity, particularly that associated with organized crime. A copy of Major Poulin's presentation is found in Appendix M.

Assistant Attorney General Laura Yustak Smith, representing Attorney General G. Steven Rowe, presented her research on the impact of a Maine-based casino to the Task Force. She used the state of a Connecticut as a resource for compiling information on the additional services that would be required from the Office of the Attorney General if a casino were to be located in Maine. She noted that Connecticut had a regulatory structure to address legal gambling in that state prior to the establishment of the tribal casinos. She stated that Maine is not equipped to handle the increase in administrative hearings that will result if a casino is licensed and operated in Maine. Ms. Smith noted that her office was unable to determine the number of additional personnel that would be required to address casino-related legal issues due to the lack of information regarding many factors, including the size of any facility; the number and types of licenses that would be required; the extent to which license applicants would be afforded a right to hearing; what agency would supply hearing officers and whether those hearing officers would require legal advice; whether the legal advice for any state agency handling casino-related matters would come from the Office of the Attorney General or from in-house agency counsel; whether prosecutions and forfeitures would be handled by District Attorneys or the Office of the Attorney General; whether there would be litigation over the meaning of any implementing legislation; the number of requests for official opinions regarding legal issues having to do with casino legislation; and whether personnel from the Attorney General's Office would be required to investigate allegations of wrongdoing. Ms. Smith's presentation also provided a detailed list of questions relating to the establishment of a casino that focused on law changes, regulatory and enforcement structure, administration, and fiscal issues. A copy of Assistant Attorney General Smith's presentation is found in Appendix N.

York County District Attorney and President of the Maine Prosecutor's Association Michael Cantara also made a brief presentation to the Task Force. He spoke in general of the crimes associated with the operation of casinos and the impact those crimes have on the court system. District Attorney Cantara informed the Task Force that the court system in Maine is already strained and under budget constraints and that the increased caseload resulting from a casino would be more than the court system could absorb. A letter from James T. Glessner, State Court Administrator, echoed District Attorney Cantara's testimony that the impact of a casino on the Maine courts would be more than Maine's already "understaffed and under funded" courts could accommodate without additional resources. A copy of Mr. Cantara's presentation may be found in Appendix O.

A team of presenters from the Southern Maine Regional Planning Commission provided the Task Force with a detailed look at the housing situation, labor pool, police services, transportation system and demographics of York County. They told the Task Force that York County is the most rapidly growing region in Maine, that medium-priced housing and rental units are scarce and that 13 towns in the county have enacted "growth caps" in response to growth stresses. As part of their presentation, they gave an overview of the entire transportation infrastructure in the county and highlighted the problem areas. They noted that if a casino were to be located in York County the most immediate and significant impact to be felt would be in the area of traffic and transportation. Bullets from their presentation may be found in Appendix P.

Stephen Landry from the Maine Department of Transportation was the last presenter to address the Task Force before the public hearing. He indicated that he could not provide the Task Force with specifics about the impact a casino would have on traffic and the transportation infrastructure in Maine because he had no formal proposal on which to base an analysis. He did inform the Task Force that developers of any project are responsible for mitigating and traffic

issues brought about by their development project and they must cover the costs for any improvements required in response to that project.

The afternoon portion of the Task Force's third meeting was a public hearing. The Task Force received testimony from people both in support of and opposed to a Maine-based casino. A significant proportion of the testimony came from members of the harness racing industry. Generally, they stated that a casino would have a significant negative impact on harness racing. They argued that harness racing plays a vital role in supporting agriculture, family farms, open space and protecting against urban sprawl. Others who testified against a casino cited concerns about the social impacts of casino gambling. Those who testified in support of a casino argued that the state needs a casino as an economic development strategy and that a casino is vital to the well being of the Passamaquoddy Tribe and the Penobscot Nation. Written testimony provided to the Task Force may be found in Appendix Q.

#### **Fourth Meeting – Monday, November 18, 2002**

The fourth and final meeting of the Task Force consisted of two presentations and Task Force discussion about findings and recommendations to be included in this report. Dr. Earl Grinols, Professor of Economics from the University of Illinois at Champaign-Urbana made a presentation to the Task Force based on his research regarding the costs and benefits of casino gambling. His presentation paid particular attention to the social and economic impacts of a casino. According to Professor Grinols, casino gambling fails the cost benefit test. He stated that the overall benefit of casino gambling per adult is \$35 annually while the social costs are estimated at \$190 per adult annually. Other figures presented by Professor Grinols indicated that 30-50% of casino revenues come from problem and pathological gamblers and that the estimated state cost per pathological gambler is \$13,600 annually. Professor Grinols provided excerpts from his presentation, which may be found in Appendix R.

Staff from the Office of Policy and Legal Analysis also provided the Task Force with the results of the survey administered to Clinical Social Workers and Clinical Professional Counselors and a summary of information gathered from current studies on the social impacts of casino gambling. The survey results and studies summary are found in Appendix S and Appendix F, respectively.

The balance of the final meeting consisted of discussion and debate regarding the findings and recommendations to be included in this report.

## **VI. FINDINGS**

**As noted in part V of this report, the Task Force members decided to address each duty set forth in the authorizing legislation by dividing those duties among the four meetings. The Task Force members intended to respond to each duty by providing comprehensive information and analysis. However, with only four meetings, limited resources, very complex issues, and no specific proposal before them, the members found that they were only able to scratch the surface of this important policy question facing the State of Maine. The findings of the Task Force follow:**

**Duty Number 1: Determine the impact of increased vehicular traffic on the infrastructure of the state.** At its October 25<sup>th</sup> meeting, the Task Force heard presentations from the Southern Maine Regional Planning Commission (SMRP) and the Maine Department of Transportation. SMRP provided the Task Force with a comprehensive look at the transportation network and current traffic situation in York County. They highlighted specific locations and road segments that are considered problem areas or deficient in handling current traffic volumes. The “deficient” locations are:

- the York toll plaza;
- the Hampton, NH toll plaza;
- US Route 202 in Rochester, NH;
- the Route 202/109 intersection in downtown Sanford, ME;
- the Route 202.111/4 intersection in Alfred and Sanford, ME;
- the Route 99/109 intersection in Sanford, ME;
- and Exits 3 and 4 of the Maine Turnpike.

**Road segments identified as problem areas in Maine include: Route 111 between Sanford and Biddeford; Route 236 between South Berwick and Kittery (Interstate 95); and Route 109 between Sanford and Wells (Maine Turnpike). SMRP also noted that there are limited connections to and from Wells and to and from Saco to the Amtrak Downeaster train station; that there is no bus connection between Sanford and the Biddeford/Saco area; and that there are concerns about the capacity of the Amtrak Downeaster train to handle significant passenger increases. Overall, SMRP stated that one of the most significant impacts on York County if a casino is located there will be the impact on traffic and the transportation infrastructure.**

Stephen Landry from Maine Dept. of Transportation (MDOT) stated that the developers for any project are responsible for mitigating the effects of increases in traffic, and for paying for any improvements needed for that purpose. He noted that the tribes’ proposal calls for a 1.7 million square foot facility, which is similar in size to the Maine Mall in South Portland and surrounding hotels and restaurants. Mr. Landry informed the Task Force that MDOT had never studied a proposal of this magnitude and that it was unlikely that they currently have the resources to do so. In response to a question posed by a Task Force member, Mr. Landry estimated a time frame of one to three years to study the traffic implications of a casino and to undertake the necessary planning. As was the case with SMRP, MDOT informed the Task Force that it would be difficult to provide specific data regarding the impact a casino would have on vehicular traffic and infrastructure without additional information regarding the specifics of the project

***Finding:*** *Based on a casino proposal including 4500 jobs, 1.7 million square feet and drawing \$750 million in revenue and the information from SMRP and MDOT, there will be a significant impact on vehicular traffic and the transportation infrastructure, regardless of a casino’s location. This could include road widening or reconstruction, reconfiguration or upgrading of intersections and changes to existing town centers through which current routes pass. If a casino were authorized, the developer would be obligated to pay for the mitigation of traffic impacts. Without knowing the location of a proposed casino, it is difficult to predict the specific impact on traffic and the transportation infrastructure of the State.*

**Duty Number 2: Verify the estimated revenues produced by a casino, net costs of additional social services and the impact of those revenues and costs on the state.** The Task Force received several presentations in order to gather information to respond to this duty. One of those presentations was made by, James Klas, a hospitality consultant working for a Las Vegas-based casino investor working with the Tribes to develop a Maine-based casino. His presentation focused mainly on the economic impact of a casino, including revenue to the state, the estimated impact on employment and construction, and projected purchases from Maine suppliers. In summary, Mr. Klas' analysis estimated that a casino would result in 4,740 direct jobs with an average salary package of \$31,400, \$112 million in revenue sharing annually to the state, \$17.7 million in other state tax revenue, \$98.3 million purchased from Maine vendors annually. He estimated that 88% of the visitors and 90% of the gaming revenue would come from out of state. Projected casino revenue for the first year of operation of a Maine-based casino would be almost \$600 million and reach \$727 million by year five according to this report. Mr. Klas' analysis indicated the costs of a casino that would need to be addressed including traffic and transportation infrastructure impacts, an increased need for emergency services and treatment for pathological gambling. His report estimates that the cost to mitigate problem gambling would range from \$500,000 to \$2 million annually and that the other impacts would cost anywhere from \$2 to \$4 million annually to address. The report did not include a list of specific additional services that might be required, or the individual costs of those services. The Klas report concluded that the benefits of a casino far outweigh the costs. A copy of Mr. Klas' presentation can be found in Appendix I.

The Tribes submitted the Klas analysis to Charles Colgan, former state economist and Professor of Economics and the Muskie School of Public Service, and Jonathan Rubin, Professor of Resource Economics from the University of Maine Margaret Chase Smith Center for Public Policy, for review. Both Professor Colgan and Professor Rubin addressed the Task Force. In general, they supported the Klas economic impact projections as reasonable, assuming that the size of the casino, the numbers of workers it would employ and the money it would generate, as those figures were provided by the Klas report, were correct. They did not provide the Task Force with an assessment of those assumptions. For more detailed information from Professor Rubin and Professor Colgan, see Appendix I.

At its last meeting, the Task Force received a presentation from Earl Grinols, Professor of Economics at the University of Illinois at Champaign-Urbana. Professor Grinols' presentation addressed the economic costs and benefits of casino gambling, paying particular attention to quantifying the social impacts of casino gambling. Professor Grinols' presentation criticized the use of multiplier analysis to estimate the increase in employment associated with a casino. He stated that such an approach represents the typical promotional study offered by casino proponents, and that this analysis fails to address the well-being of residents with regard to other impacts of casino gambling. He stated that a proper cost-benefit study is necessary to determine the effect of a casino on the residents of Maine. According to Professor Grinols, such an analysis would measure the benefits of revenue, taxes and access to recreation generated by casino against the costs of crime, suicide, problem gambling, social services, regulation, as well as costs to families and businesses (divorce, separation, domestic violence, child neglect, bankruptcy, increased employment costs) generated by a casino. Professor Grinols asserted that gambling fails such a cost-benefit test. He estimated that the overall benefit of casino gambling is \$35 per adult annually, while the social costs are \$190 per adult annually. The cost of increased crime amounts to \$63 of that \$190. Other estimates

provided in the presentation indicated that 30-50% of casino revenues come from problem and pathological gamblers. Professor Grinols cited a 1994 study that estimated the cost to a casino state per pathological gambler is \$13,600 annually. Finally, Professor Grinols stressed that a reliable study stating how Maine will benefit from a casino must recognize the impact of a competing casino sited in a neighboring state. He noted that a competing casino would draw patrons, and thus revenue from a Maine casino.

Other testimony received at the second meeting also touched upon issues relevant to this duty. There is likely to be an impact on existing hospitality businesses if a huge resort-style casino is located close to existing resorts. A casino or a casino resort is likely to affect the manner in which tourists in Maine spend their money. The questions posed was whether such tourists would spend additional money because of the casino, or whether they will simply divide their existing pool of money among the different attractions.

Another significant issue that the Task Force was only able to touch upon during its work was the cost to the state for regulating a casino and administering and enforcing the laws relative to a casino operation. This report addresses those issues in detail in section V.

As the Task Force collected information regarding the economic impacts of a Maine-based casino, its members recognized that further analysis is necessary to address this issue in a comprehensive way.

***Finding:** Although Task Force received several studies regarding the economic impacts of a casino, much of this information was contradictory. The Task Force was unable to collect accurate information on the additional social service, administrative, and regulatory costs specific to the State of Maine. Determining the actual economic impact of a Maine-based casino requires more information and analysis than the Task Force was able to collect during the course of its work. The Task Force received little or no information regarding the potential increases in funding required to deal with increased demands for local fire, police, emergency medical, court and jail costs.*

**Duty 3: Estimate the number of new jobs created and lost due to the construction and operation of a Maine-based casino.** As noted earlier in this report, James Klas estimated that the casino being proposed by the Tribes will generate 4740 casino jobs with an average salary package, including benefits, of approximately \$31,000 annually. The Task Force received testimony at its second meeting from members the Maine Restaurant Association and the Maine Innkeepers Association. Neither association had polled its members by the date of the meeting to determine their position on a casino. Both associations suggested that it is important that the Task Force give serious consideration to the issues related to a limited labor pool and unfair competition in the hospitality industry. According to both Associations, finding adequate labor in the hospitality industry, particularly in the southern part of the state, has proven to be challenging in recent years. According to the Association representatives, available affordable housing is also an issue for hospitality industry workers in southern Maine. The testimony of the Maine Restaurant Association and the Maine Innkeepers Association is found in Appendix H and Appendix L respectively. Without specific information about the location of a potential Maine-based casino it would be difficult to estimate the impact on available labor.

***Finding:** A Maine-based casino will create a significant number of new jobs that will likely impact the labor market. The Task Force did not have enough information to estimate the impact of a casino on the labor pool for the existing hospitality industry and other businesses close to a casino.*

**Duty 4: Estimate the need caused by a casino for any new or increased services.** Several presentations received by the Task Force touched upon the issue of the need for any new or increased services as a result of a Maine based casino. Such services include but are not limited to regulation, law enforcement, licensing, treatment or problem gamblers, fire protection, emergency medical services and judicial services. The Task Force addressed some of these services when gathering information regarding other duties listed in this report. However, with the time available and the information presented they were unable to put together a comprehensive list of the costs of such new or increased services resulting from the operation of a Maine-based casino. Section V of this report shows a list administrative, regulatory and enforcement responsibilities that would likely be necessary if a casino were to be operated in Maine.

***Finding:** The Task Force began to compile a list of new or increased services resulting from the operation of a Maine-based casino. This list is not complete and would possibly be expanded based on further study.*

**Duty 5: Identify appropriate locations for a casino if one is to be operated in the state.** The Task Force members could not determine an appropriate location for a casino without specific information about the potential social, economic and infrastructure impacts on each potential location. The Task Force did acknowledge that factors would include access to an adequate population base of potential customers and convenience to a suitable transportation route or to public transportation by plane, train or bus. The lack of time and resources to develop such information made this prevented the task force from adequately addressing this issue.

***Finding:** The Task Force discussed criteria that might be considered in identifying an appropriate location but did not identify any specific locations for a casino as appropriate or inappropriate.*

**Duty 6: Estimate the impact of a Maine-based casino on municipal services, social services, affordable housing, business activity and criminal activity within a 50-mile radius of a proposed casino and the impact on other forms of gambling that are legally conducted in the state.** The Task Force received several presentations that addressed this duty. However, since the specific location for a casino was unknown, the information was not based on the 50-mile radius provision of the charge. Presentations indicated that the impact of a casino would be felt beyond a single host community. The Task Force did not discuss the authority of a town to accept or reject a casino proposal if casino gambling is legalized in Maine.

- Municipal Services: The Task Force did not receive any presentations specific to the impact of a casino on municipal services. Generally, based on the overall information

received the Task Force seemed to agree that those municipalities close to a casino would see a need to increase law enforcement personnel to address the traffic issues and criminal activity associated with the influx of a large number of people to the area. It should be noted that the Task Force did not come to the conclusion that the casino would directly result in an increase in crime rate, because such rates are affected by numerous factors, including the types of offenses recorded, data collections methods, and geographic size of the area being surveyed, and whether the rates are based on daily or year round populations. A casino the size of the one envisioned by the tribes would likely contribute significant tax income to a municipality.

***Finding:*** *The need for municipal services will increase for those municipalities close to a casino. The tax benefit for the municipality that hosts a casino will likely be significant.*

- **Social Services:** The Task Force did not receive a presentation specific to a casino's impact on social services. The Task Force received information suggesting that suicide, bankruptcy, domestic violence, child neglect and problem gambling all significantly increase with the presence of a casino, including anecdotal information from local newspapers where other casinos are located. Information was also presented to the Task Force that stated that these problems were not significantly increase or did not increase at all with the presence of a casino. Further information gathering and analysis is necessary in order to determine the impact a casino would have on social services to determine whether those impacts would be borne by the state or the municipality.

***Finding:*** *The Task Force was unable to determine the impact that a casino would have on social services although they recognized that there would certainly be an impact. The State may not be able to accurately predict the impact on social services prior to the establishment of casino.*

- **Affordable Housing:** The Southern Maine Regional Planning Commission presented the Task Force with information regarding the current affordable housing situation in York County. They stated that York County is the most rapidly growing area in Maine. Median-priced housing (\$105,321) is not readily available for purchase according to SMRP. According to their information, in August 2002, only 55 units of housing were for sale that would be affordable to families making the median income. In April 2000, only 1,000 units were available for rental to newcomers in the entire county. The rental market is assumed to be even more stressed currently. Thirteen towns in York County have adopted "growth caps" in response to growth stresses. The Task Force recognized that the lack of affordable housing and rental units is a significant issue in southern Maine.

***Finding:*** *If a casino is located in southern Maine, there will be insufficient affordable housing for any increase in population.*

- **Business Activity:** As noted previously in this report, representatives of the Maine Restaurant Association and the Maine Innkeepers Association provided testimony to the Task Force that indicated their concerns about a casino's impact on restaurants, inns and hotels in the area of an all-inclusive resort-style casino complex. One issue in particular centers around the fact that this complex might be the only entertainment/hospitality business in the area licensed to engage in an activity that would be an illegal activity for all other businesses – gambling. Yet, the associations also stated that some of their membership believed that the fact the casino would draw more people to an area would likely mean an increase in customers for them. However, a resort complex that included restaurants, hotels and other entertainment might keep casino patrons within the confines of the resort complex, rather than creating additional customers for the local businesses. Task Force discussion also raised the issue of the impact of a casino on tourism. Some of the questions asked related to Maine's image as a state with clean air, clean water, low crime and many opportunities for outdoor recreation and the impact casino gambling could have on that image. There was also a concern that the pool of revenue from tourism is limited and would be shared with a casino, rather than increased to spend on a casino. As with many of the issues addressed by the Task Force, the result was more questions than answers.

***Finding:*** *The Task Force was unable to determine the impact a casino may have on business activity. Determining the impact of a casino on local business activity requires more information and analysis.*

- **Criminal Activity:** The Task Force received presentations from the State Police and the Office of the Attorney General regarding the impact a casino may have on criminal activity. Major Craig Poulin of the State Police stated that crime generally increases when a casino is established. However, he noted that the data is complex. Manipulation of the numbers results in different conclusions. He stated that baselines and variables for analyzing crime data would need to be established to reach fair and accurate conclusions. Unfortunately, the time frame of the Task Force's work and the resources available to Major Poulin were such that he was unable to provide the Task Force with comprehensive information. He also indicated that unreported crimes such as loan sharking, extortion and prostitution are difficult to track and predict. His presentation also indicated that while well-regulated gaming operations are, for the most part, free from the influence of organized crime internally, attempts will likely be made by criminal organizations to corrupt the gambling enterprises. As part of his preparation for his presentation, Major Poulin was in contact with law enforcement in Connecticut, home of the Foxwoods and Mohegan Sun casinos. Connecticut police indicated that they have inadequate resources to handle the increased criminal activity they have experienced and that information suggests that criminal elements have attempted to compromise the legal operation of the casinos and ancillary operations. As with other departments, he stated that the Department of Public Safety has neither the time nor the resources to fully explore the impacts of a casino proposal. Finally, Major Poulin stated that Maine has limited experience in dealing with gambling crimes. Most investigations that have been conducted to date by the State Police have

resulted from criminal activity related to nonprofit gaming and the distributors of gaming machines. Major Poulin's presentation, which includes data from Connecticut, may be found in Appendix M.

Assistant Attorney General Laura Yustak Smith made a presentation to the Task Force that primarily discussed the potential impact on the Office of the Attorney General, legal issues, legislation and rulemaking if a casino were to be operated in Maine. Part of that presentation included a description of a telephone conference she had with Connecticut's State Attorney for the District of New London. His experience as a prosecutor dates prior to the establishment of the casinos in Connecticut. He described increases in both direct and indirect crimes as a result of the casino. Examples of direct crimes would be thefts from the casino or casino patrons and cheating at the various casino games. Examples of indirect crimes would be embezzlement committed at businesses outside the casino, but as a result of gambling debts or addiction, and traffic offenses committed by persons traveling to or from the casino. A text version of Assistant Attorney General Smith's presentation may be found in Appendix N.

***Finding:*** *Casinos are associated with increases in certain types of crimes. The Task Force did not have enough time or resources to conduct a comprehensive study of the impact a casino may have on criminal activity.*

- **Other Forms of Legal Gambling:** The Task Force solicited information from the Bureau of Alcoholic Beverages and Lottery Operations (BABLO) and the Maine Harness Racing Commission regarding the impact of a casino on the Maine Lottery, Tri-state Megabucks and the state's harness racing industry. Eben Marsh, BABLO director, conducted his own research and found that in all cases where a casino was developed in a lottery state, there was some negative impact on lottery revenues. Mr. Marsh stated that the impact was not more than a 20 percent reduction in lottery sales. His presentation stated that, in all cases, incremental revenues from a casino more than offset the loss of revenue from lottery sales. In order to make up for lost revenue from lottery sales, according to Mr. Marsh, the state would likely need to add new games to the lottery. Mr. Marsh emphasized that policy-makers should be careful applying this information from other states to Maine, since specific circumstances here could influence a different outcome.

Henry Jackson, Executive Director of the Maine Harness Racing Commission, stated that a Maine-based casino would be devastating to the harness racing industry in the state. According to Mr. Jackson, half of all the money wagered on harness racing is bet at Scarborough Downs, a commercial harness racing track in southern Maine. Since Scarborough Downs is in southern Maine, not far from the likely location of a Maine-based casino, it would be negatively impacted by a casino and that impact would be severe. Based on Mr. Jackson's presentation, the only way the industry could withstand the competition from a casino would be if a portion of casino profits were designated to support Maine's harness racing industry.

Part of the third meeting of the Task Force was a public hearing. A significant proportion of the testimony received concerned the impact a casino would have on the harness racing industry. Many that testified spoke of the rich tradition of harness racing in the state of Maine and the support that the industry provides to family farms and agriculture in Maine. Some testimony argued that the demise of harness racing will contribute to problems associated with urban sprawl, because farmers use harness racing (horses, feed, training, etc...) to supplement their income in order to maintain their land as farmland in the face of skyrocketing property taxes and the temptation to sell farmland to gain profits from selling their land for development. Many persons who spoke asserted that harness racing serves vital purposes in Maine by maintaining the agricultural industry and preserving open space.

***Finding:** A Maine-based casino would have a significant negative impact on harness racing in the state of Maine unless some of the revenues from a casino were dedicated to supporting the harness racing industry. A Maine-based casino would have some impact on lottery revenues. However, the revenue received from a casino would likely make up for that loss. There was no testimony or information presented to the Task Force regarding the potential impact on licensed, non-profit gaming (beano and games of chance).*

**Duty 7: Survey the various agencies, groups, organizations and individuals to determine which agencies, groups, organizations and individuals would provide education, assistance and counseling to individuals and families experiencing difficulties as the result of problem or pathological gambling and to determine the necessary funding those that have demonstrated their capacity to efficiently and effectively provide the necessary services.** To begin to address this duty, the Task Force developed a survey to gain an understanding of the current network of services available to address problem and pathological gambling. The survey was distributed by mail to 500 Clinical Social Workers and Clinical Professional Counselors licensed in the state by the Department of Professional and Financial Regulation. The mailing resulted in a 31 percent response rate (156 surveys). In general, the responses demonstrated that there are few providers offering specific treatment to address problem or pathological gambling. Of the 156 respondents, only 19 stated that they offered that specific treatment, and most of those see fewer than 10 clients a year. The survey also questioned respondents about the type of services they provide, their cost, how they are paid for and what resources would enhance their ability to treat individuals with problem gambling. For a copy of the survey and responses, see Appendix S.

At its second meeting, when Eben Marsh, director of the Bureau of Alcoholic Beverages and Lottery Operations made a presentation, the Task Force learned that the state does not require that a portion of lottery proceeds be dedicated to supporting services to treat problem and pathological gambling. Currently, the state does not have a program dedicated specifically to this issue.

***Finding:** The state does not have an adequate network to provide services designed to treat problem or pathological gamblers.*

## VII. RECOMMENDATIONS

During the course of its work, the Task Force recognized that any decision to legalize casino gambling in Maine is a major policy decision requiring extensive research and analysis. However, it should be noted that in spite of attempts of the National Gambling Impact Study sponsored by the federal government (see bibliography in Appendix T), they were unable to make definitive conclusions. This issue may not be a topic for quantitative analysis but rather a political judgment. The four meetings of the Task Force were not sufficient to provide the 121<sup>st</sup> Legislature and the people of Maine with a comprehensive report on the issues implicated by the legalization of casino gambling. The Task Force meetings generated more questions than answers. The Task Force is recommending to the Legislature and the people of Maine a framework for policy questions that must be addressed before the decision to legalize casino gambling is made. This framework may facilitate a detailed discussion of the issues regarding casino gambling. This framework poses many levels of questions, from broad policy issues to the details of the operation of such a facility.

### FRAMEWORK OF BROAD POLICY QUESTIONS:

- Should the decision to authorize a casino be based solely on the potential revenue it may bring to the state? In other words, is it all about revenue?

If it is all about revenue, how does the state maximize the revenue potential?

Who or what entity should be licensed to operate a casino?

Would the state generate more revenue if it operated the casino itself?

Should the license to operate a casino be granted based on competitive bidding?

Should there be just one casino or more than one?

What is the impact of a competitive casino being sited in a neighboring state or province like New Hampshire, Massachusetts or New Brunswick?

- Should the decision to authorize a casino consider more than just the potential revenue it may bring to the state?

What are the social impacts of a casino?

How are those non-quantitative social impacts measured against the quantitative impact of increased revenue to the state?

How would a casino impact other businesses in the state, particularly in the hospitality industry?

What will be the impact on the labor pool in the area where a casino might be located?

How will the housing market be impacted where a casino might be located?

- Are the negative impacts of a casino acceptable as long as the resulting costs are covered by the revenue a casino generates?

If a casino is shown to increase bankruptcy, crime, domestic violence, problem gambling and divorce, are those impacts acceptable if the state has casino revenue to provide the social services to address them?

- What are the benefits to an Indian Tribe or Nation licensed to operate a casino?

- If a casino brings significant revenue to the state, will that revenue be applied to current costs or will it result in an increase in overall spending?
- What if the state receives significant revenues from a casino, considering casinos are a significant source of income for the state of Connecticut, and the casino fails?
- How is the host site for a casino determined? Should neighboring municipalities and residents have any role in determining that site? How is the size of the impact zone for housing, transportation, the labor market and law enforcement determined?
- If the state provides the regulatory/enforcement/administrative oversight of a casino, which would need to be in place prior to the operation of casino, how are those functions to be funded?

Does the state currently have adequate personnel and resources to address the increased responsibilities and functions that will come with a casino?

### **FRAMEWORK OF DETAILED POLICY QUESTIONS:**

- What exactly is being legalized if the state authorizes casino gambling?

What types of gambling would be permitted at a casino? Would a casino operate 24 hours a day all year long? Would there be established bet and loss limits? Would there be any constraints on gambling, such as the prohibition of ATM machines on site, limits on use of credit cards and limits on food and beverage discounts?

- Will the state have a dual structure that allows gambling by non-profits for charitable purposes and casino gambling for profit? Should gambling for profit be reserved for the Indian tribe and nation proposing a casino?
- What would the regulatory structure for a casino look like?

Is a new state agency necessary to deal with casino gambling? Will the state require the same regulatory structure that is in place in Connecticut? (See Appendix M) Will the state play a role in overseeing the financing of the project?

- How will the administrative/enforcement/regulatory costs be funded for the state and municipalities?

Will state revenue from the casino be dedicated to cover costs or will it go to the general fund for every agency to make a claim?

- What changes to the Criminal Code will be required? What new laws will need to be enacted to address fraud, licensing violations, access to the casino, internet gambling and penalties?
- Will a change in the liquor or smoking laws be necessary so that the licensee may operate a casino in the traditional manner?
- What will the administrative licensing process be for those operating or employed by a casino?

When is the right to a hearing on the license implicated? Who conducts a hearing? Will each gambling machine in the casino require a separate license? What is the cost to apply for and renew casino, employment and equipment licenses? What are the terms of the license? How long is the license valid? Who has the authority to suspend or revoke a license and on what grounds?

- What laws, rules and regulations need to be developed before a casino is authorized? How long will that take?

Additional questions regarding regulation, law enforcement and administrative oversight are listed in the written summary of Assistant Attorney General Smith's testimony at Appendix N.