

- The study should include benefits derived or costs incurred not only in “host” communities or states in which gambling facilities are located, but also in so-called feeder communities or states in which a significant number of the gamblers live and work who patronize facilities in the host communities.
- 8-10 The Commission recommends that Congress direct NIJ or other appropriate agency to research what effect legal and illegal gambling have on property and/or violent crime rates. Such research should also examine whether gambling-related criminal activity is increased in neighboring jurisdictions where the arrest/gambler lives and/or works but does not gamble.
- 8-11 The Commission recommends that Congress direct NIJ, the Bureau of Justice Statistics (BJS), or other appropriate agencies to add gambling components to ongoing studies of federal prison inmates, parolees, and probationers who manifest disorders that frequently coexist with pathological gambling.
- 8-12 The Commission recommends that Congress direct NIJ or other appropriate agency to investigate and study the extent of adolescent participation in illegal gambling and all forms of legal gambling separately. Further, that NIJ focus on sports betting in the nation; work cooperatively with school authorities at high school and college levels; and recommend what effective steps should be taken by federal, state, and school authorities to avoid the corruption of collegiate and amateur sports and reverse steady increases in adolescent gambling.
- 8-13 The Commission recommends that Congress direct the Department of Labor or other appropriate agency to research job quality in the gambling industry as measured by income levels, health insurance coverage and affordability, pension benefits, job security, and other similar indicators. The research should include a comparison between gambling jobs in a variety of communities and regions of the country. It should also compare job quality and availability in the gambling industry versus other comparable industries within those labor markets. Finally, it should also compare job quality at casinos with distinguishing characteristics, such as those that derive a significant part of their revenues from non-gambling components—like hotels, food, and beverage service and shopping

and entertainment (often referred to as destination resorts)—versus those dependent almost wholly on gambling revenues.

- 8-14 The Commission recommends that if Congress acts to prohibit Internet gambling that it also require NIJ or other appropriate agency 12 months after the effective date of the enabling statute to measure its effectiveness for a period of 1 year. An estimate should be made of how much illegal Internet betting continues despite the statutory prohibition. The factors contributing to successful evasion of the prohibition should be described in detail. Recommendations to Congress as to methods of closing the channels used to evade the prohibition should be made.
- 8-15 The Commission recommends that Congress direct the appropriate institutes within NIH to invite, where appropriate, applications for supplemental funds to issue a revision of the special program announcement for research applications to commence a study of prevalence of problem and pathological gambling among gambling industry employees in all forms of legal gambling, including, without limitation, pari-mutuel, lottery, casino and, where feasible, convenience-stop employees.
- 8-16 The Commission recommends that the appropriate institutes conduct research to determine if an analysis of available gambling patron data derived from banks and other credit agencies can assist in the identification of problem and pathological gamblers.
- 8-17 The Commission respectfully recommends to state and tribal governments that they should authorize and fund every 2 years an objective study of the prevalence of problem and pathological gamblers among their state's residents by a nonpartisan research firm whose work meets peer review standards. Specific focus on major subpopulations including youth, women, elderly, and minority group gamblers should also be included. An estimate of prevalence among patrons at gambling facilities or outlets in each form of gambling should also be included.
- 8-18 The Commission recommends to state and tribal governments that they should authorize and fund research programs for those who are or are likely to become problem or pathological gamblers in their resident population.

8-19 The Commission recommends to state and tribal governments that they should require, as a condition of the granting of a license to operate a gambling facility or to sell goods or services in a gambling facility, full cooperation in any research undertaken by the state needed to fulfill the legislative intent of the federal and state statutory policy.

8-20 The Commission recommends that state and tribal governments consider authorizing research to collect and analyze data that would assess the following gambling-related effects on customers and their families resident in their jurisdictions:

- The extent to which gambling-related debt is a contributing factor to personal bankruptcies.
- The extent to which gambling problems contribute to divorce, domestic violence, and child abuse and neglect.
- The extent to which gambling problems contribute to incidents of suicide (or suicidal behaviors).
- The number, types, and average monetary values of gambling-related crimes perpetrated for the primary purpose of gaining funds to continue gambling or to pay gambling debts.
- The extent to which practices of some gambling facilities to provide free alcohol to customers while gambling, the placement of cash advance credit machines close to the gambling area, and the offer of similar inducements are likely to be significant factors in magnifying or exacerbating a gambling disorder.

THE SIGNIFICANCE OF THIS REPORT

In the preceding pages, the Commission has presented an overview of the current state of gambling in the United States. The Commission has offered findings and recommendations for federal policymakers, state and tribal officials, government regulators, research organizations, advocacy groups, treatment facilitators, operators of gambling establishments, and individual citizens. And since legalized gambling

is a complex, fluid, and fast-changing policy issue, the Commission has also suggested further areas of study to supplement available knowledge. Clearly, there is a need to know more about gambling, especially about its economic and social impacts. The Commission has found that the more they explore the terrain, the more work they determine remains to be done.

Given the size and range of the gambling industry, there is a need for an informal national debate about gambling. Some advocates for the gambling industry believe that gambling has reached a saturation point—that more gambling cannot be sustained in this country. Yet every such prediction to date has proven to be wrong. Regardless of the truth of either view, the wisdom of widespread gambling, much of it government owned and operated, needs to be examined.

The members of the Commission agree that there is a need for a “pause” in the growth of gambling. The purpose of the pause is not to wait for definitive answers to the subjects of dispute, because those may never come. Instead the purpose of this recommended pause is to encourage governments to do what, to date, few, if any, have done: to survey the results of their decisions and to determine if they have chosen wisely; to ask if their decisions are in accord with the public good, if harmful effects could be remedied, if benefits are being unnecessarily passed up. Because the search for answers takes time, some policymakers may wish to impose an explicit moratorium on gambling expansion while awaiting further research and assessment.

While some communities may ultimately decide to restrict or even ban existing gambling, there is little prospect of it being outlawed altogether. It is clear that the American people want legalized gambling, and it has already sunk deep economic roots in many communities. Its form and extent may change, but gambling is here to stay. However, the balance between gambling’s benefits and costs is not fixed. That lies within our power to determine. We live in a democracy, and in a democracy it is the people who are responsible for shaping the world they live in. As Thomas Jefferson wrote more than two hundred years ago, “I know of no safe repository of the ultimate power of society but the people themselves.” It is in this spirit that the Commission’s *Final Report* is offered.



ACKNOWLEDGMENTS

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Richard C. Leone

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Leo T. McCarthy
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The Commission recognizes and appreciates the efforts made in the last two years by those who have served the public and the Commission as staff. Through their support and hard work, Commissioners were able to achieve the mandate set forth by the United States Congress.

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APPENDIX:

COMMISSIONERS' STATEMENTS

Statement of William A. Bible

As a former Chairman of Nevada's Gaming Control Board and as a Member of the National Gambling Impact Study Commission, I have had the unique opportunity of being involved with, and becoming knowledgeable about, gambling in the United States. This Commission, like its predecessor Commission in 1976, observed that gambling has widespread public support and that most Americans, whether or not they agree or disagree with gambling as a form of recreation, feel strongly that government should not attempt to regulate their own individual conduct. While most Americans would agree that gambling must be closely regulated to exclude criminal elements and to provide fair games, collection of tax revenues, protection from adolescent involvement and location suitability, they would also agree that each individual, and not the government, is best able to decide for himself or herself about engaging in gambling for recreation and entertainment. I would endorse this viewpoint and would likewise agree with those who argue that decisions concerning the legalization of gambling are best implemented locally and that government's role in gambling should be limited to regulatory activities and the provision of assistance to those compulsive individuals who do not deal with gambling responsibly.

This Commission's recommendations wisely leave untouched the historic Federal-State relationship where the authorization, taxation and regulation of gambling is primarily a State, and not a Federal, matter. The two exceptions, which in my view are appropriate exceptions, are gambling operated by Native American governments and gambling over the Internet. Because of the unique nature of tribal sovereignty and the Federal government's trust obligations to Native Americans, there is a clear Federal responsibility in tribal gambling. And while Native American gambling has accomplished, for some tribes who possess well situated lands, the economic development goals articulated in the Indian Gaming Regulatory Act, the provisions of the Act need to be clarified to make it crystal clear that a tribe cannot engage in gambling activities that are not available to other citizens of the state and to provide an arbitration process in the event a State is unwilling to compact for the same types of games that are available to other citizens. Because of the nature of the Internet's technology, Federal

involvement is both appropriate and necessary to assist the states in enforcing their policy determinations on the types of gambling that are lawfully available within their borders.

This Commission less wisely recommended, by only a one vote majority, that the gambling industry be excluded from financial participation in state and local elections and that all legal wagering on intercollegiate athletic events be prohibited. The Commission's record simply does not support a recommendation to ban campaign contributions by the gambling industry. While I strongly support campaign finance reform, singling out one industry, in this manner, is fundamentally unfair. Also, there is no support in the Commission's record for further extending the Federal prohibition on intercollegiate sports wagering. Not one college sports scandal is the result of legal sports wagering. To the contrary, legal sports wagering in Nevada has assisted athletic leagues in their enforcement activities aimed at preventing game fixing and point shaving. Instead of further restricting legal sports wagering, the Commission would have been better served to recognize sports wagering's overwhelming participatory acceptance by the American people and to recommend, instead, further legalization and strict regulation.

It is my earnest hope that this Commission's legacy will be its recommendations calling for identification and treatment of, and research about, those individuals who do not deal with gambling responsibly and who, in many cases, manifest other forms of compulsive behavior such as drug and alcohol abuse. Even if only partially implemented, the Commission's far reaching research recommendations will lead to a much-needed expansion of the body of knowledge about problem and pathological gambling. The recommendations that deal with the identification and treatment of problem and pathological gamblers, who are a small percentage of the population but a large number of troubled people, address a societal problem that has gone unrecognized and neglected for far too long.



Summary Statement by Commissioner James C. Dobson, Ph.D.

The central mission of the NGISC was to study the various implications of gambling and to assess the scope of problem and pathological gambling and its effects on individuals and families. The Commission's findings, from any reasonable perspective, depict a depth of pain and devastation in this country that compels a change in the way betting activity is regarded.

Clearly, gambling is a destroyer that ruins lives and wrecks families. A mountain of evidence presented to our Commission demonstrates a direct link between problem and pathological gambling and divorce, child abuse, domestic violence, bankruptcy, crime and suicide. More than 15.4 million adults and adolescents meet the technical criteria of those disorders. That is an enormous number—greater than the largest city in this country. When other activities, such as smoking, have been shown to be harmful, the hue and cry for regulations to warn and protect the public has been loud and long. Today, the silence of most of our leaders about the risks of gambling is deafening. It is well past time for a Paul Revere to sound the alarm. Gambling is hazardous to your—to our—health!

There can be no doubt from the evidence that gambling—like many compulsive behaviors—is addictive and progressive in nature. It is especially dangerous to the young, who are enticed by exciting and risky behaviors. Eighty-five percent of our young people are already gambling on everything from card games to sports teams to casinos and lotteries. Worse, more than 15 percent have been shown to be problem or pathological gamblers. These statistics forewarn of even more serious gambling-related problems in the future.

Some of the most troubling evidence received by the Commission concerned the manner in which the gambling industry and its allies in government work together to cultivate betting habits in the next generation. In South Carolina, children have ready access to 30,000 video poker machines located in convenience stores, pizza parlors and bowling alleys. South Carolina law does not prevent children from playing; it only prohibits them from collecting any winnings. Casino complexes appeal to children with amusement rides and arcades that offer virtual copies of adult casino games. At the same time, states promote lottery tickets in virtually every corner store while inundating the airwaves with get-rich-quick fantasies. What kind of message are we sending to our children?

One of the most scandalous features of the gambling industry, engaged in by many of our state governments, is the vigorous promotion of gambling among the poor, less-educated and senior populations. Gambling is touted as the "ticket out of poverty," offering a last chance to riches. As such, it overtly preys on the desperation of the poor by peddling false hope.

The gambling industry pours vast sums into the campaign coffers of gambling-friendly politicians. It is time for the public to scrutinize those who are regularly jetted off to Las Vegas and other gambling centers to pick up these enormous contributions. We must ask, what service is being provided in return for this generosity? Republicans have been given \$6.1 million and Democrats \$7.6 million in recent years. During the last election in California, nearly \$100 million was spent by casino interests to influence the outcome of various races and measures.

In summary, the illusion of pain-free riches promoted by the gambling industry has been exposed. The very appeal of gambling belies the claims of the gambling industry, which is sown in greed and the exploitation of human weakness. It robs from the poor and exploits the most vulnerable. It undermines the ethic of work, sacrifice and personal responsibility that exemplify the best qualities of American society. And if you scratch beneath the veneer of gambling-induced prosperity, the pain, despair and hopelessness of problem and pathological gamblers is recognized as a stark tragedy.

The Commission has adopted numerous important—indeed—critical recommendations for further research into the effects of gambling and for corrective action to be adopted by state and tribal governments. Among the most important are a moratorium on further expansion, a ban on neighborhood gambling operations, restrictions on political contributions, curbs on lotteries targeting the poor and their deceptive advertising practices, and raising (and enforcing) the gambling age limit to 21 universally. It is imperative that our government leaders immediately embrace these recommendations.

This Commission's greatest legacy will be to change the way the American public thinks about the harms associated with gambling. We must reject the fantasy that wagering is innocuous entertainment and deal earnestly with the destruction and pain that it causes to individuals, families and society.

I would like to thank my colleagues on the Commission, including our gifted Chair, Mrs. Kay James, for having the courage to tackle this difficult social problem. My prayer is that our effort will not have been in vain.

**Personal Statement of
J. Terrence Lanni**

Most of my professional life has been spent in the casino industry, roughly paralleling the time frame between the last federal Commission to study legal gambling in 1976 and the National Gambling Impact Study Commission, on which I have recently had the honor to serve. During those 20-plus years, I have managed commercial casinos from Nevada to Atlantic City, and watched the industry's expansion into the river towns of the Midwest and the South. On behalf of MGM Grand, Inc., I am now involved in the newest jurisdiction to legalize commercial casinos - Detroit, Michigan. My participation on this Commission has given me the opportunity to reflect on that period of growth, and raised my awareness of the challenges this industry will face in the future. In my view, however, much of what this Commission learned about commercial casinos over the course of two years only confirms what I have come to know throughout my career.

With a budget of \$5 million, the Commission conducted extensive research, traveled to numerous gaming destinations throughout the U.S., and heard from scores of local officials and residents in jurisdictions where casinos are located in an effort to comprehensively study the social and economic impacts of gaming. Although the views of my fellow Commissioners included those of strong anti-gaming advocates as well as strong gaming advocates such as my own, the vast majority of the recommendations approved by the Commission received our unanimous support. Moreover, most of the Commission's recommendations were either suggested or supported by the commercial casino industry, or are already being implemented by that industry today.

The final report of that two-year effort reconfirms what the first federal gambling Commission said in 1976 and what the casino industry has been saying for some time. Specifically, decisions regarding the legalization and regulation of gaming are matters for the states to decide. Moreover, commercial casinos are credited by the Commission as being a well-regulated, responsible segment of the industry. Of the 19 recommendations regarding gaming regulation adopted by the Commission, 14 address perceived deficiencies in other aspects of gaming, such as the Internet and so-called convenience or neighborhood gambling. In my view, this confirms what we in the industry already know - the public has great confidence in the integrity of this form of entertainment - and that gaming is best left to the states to decide. (In that context, I recommended that future expansion of pari-mutuel account wagering be left to state determination. It is also why I voted against a Commission-adopted recommendation to prohibit casino-style gambling at racetracks.)

The Commission's examination also highlighted clearly discernible differences among the various forms of gaming in other ways. Although the gaming industry is often mistakenly viewed as a monolith, this Commission draws clear distinctions among its various segments. One of those important distinctions was the Commission's conclusion that, especially in historically impoverished, underdeveloped communities, casinos have had a net positive economic impact. This conclusion was reinforced firsthand by the hundreds of individuals who testified before the Commission about the good jobs casinos provide.

In addition, I strongly endorse and support the Commission's recommendations with regard to pathological gambling. The research clearly shows that the vast majority of Americans who gamble do so for entertainment and with no measurable negative side effects related to their gambling. Unfortunately, some individuals gamble in ways that harm themselves or their families. Congress charged the National Research Council (NRC) of the National Academy of Sciences to report to this Commission on the issue of pathological gambling. The findings of the NRC - which the commercial casino industry accepts - indicate that an estimated one percent of the population are pathological gamblers in any given year. This percentage is