

Gambling's Effects on Local Businesses

by Ronald A. Reno

Much of the gambling industry's rapid expansion in recent years can be attributed to its effective courting of local business leaders, who have been tantalized by promises of increased tourism and economic development. In community after community, however, the promises of the industry have failed to come to fruition. Worse, local businesses suffer as discretionary dollars are drained from the economy, and as they and their communities experience the social fallout that typically accompanies legalized gambling.

- Iowa State University researchers surveyed business owners in Clinton, Iowa, to determine how they had been affected by the presence of a riverboat casino. Twelve percent indicated business had increased, while 29 percent reported a decrease. Sixty percent said they had witnessed no change. 1
- In a survey of 900 Minnesota restaurant owners, 38 percent said they had lost business due to gambling; only 10 percent reported an increase in business due to the existence of casinos. 2
- The number of independent restaurants in Atlantic City dropped from 48 the year casinos opened to 16 in 1997. 3 Within just four years of the casinos' arrival, one-third of the city's retail businesses had closed. 4
- The number of retail businesses in Gilpin County, Colorado, dropped from 31 before gambling to 11 within a couple of years after casinos arrived. Gilpin County is home to the majority of the state's casinos. 5
- More than 70 percent of businesses in Natchez, Mississippi, reported declining sales within a few months of the opening of that city's first riverboat. 6
- More than half of business owners in Illinois riverboat casino towns reported either a negative effect or no effect on their businesses from the presence of casinos. Only 3 percent of respondents said their businesses had been "helped a lot" by the casinos. 7
- A University of South Dakota study showed that retail and service businesses in South Dakota suffered a net loss of approximately \$60 million in anticipated sales in the year following the introduction of gambling. 8

Endnotes

- 1 Cathy H.C. Hsu, "The Impact of Gambling on Iowa Tourism and Rural Businesses," Gambling and the Family Conference, Iowa State University, October 31, 1996.
- 2 Arnold J. Hewes, "Minnesota's Restaurants, Hotels & Resorts Are 'Losers' In Gambling Explosion, Survey Results Reveal," News Release from the Minnesota Restaurant, Hotel and Resort Associations, January 13, 1993.
- 3 Evelyn Nieves, "Our Towns: Taste of Hope at Restaurants Casinos Hurt," *New York Times*, March 23, 1997, section 1, p. 39.
- 4 Robert Goodman, *The Luck Business: The Devastating Consequences and Broken Promises of America's Gambling Explosion* (New York: Free Press, 1995), p. 23.
- 5 Patricia A. Stokowski, *Riches and Regrets: Betting on Gambling in Two Colorado Mountain Towns* (Niwot, Colo.: University of Colorado Press, 1996), p. 159.
- 6 Goodman, *op. cit.*, p. 31.
- 7 J. Terrence Brunner, "Statement on Riverboat Gambling to the Metro Ethics Coalition Project," Better Government Association, October 1994.
- 8 Michael K. Madden, "Gaming in South Dakota: A Statistical Description and Analysis of Its Socioeconomic Impacts," University of South Dakota, November 1991, p. 36.

Copyright © 1998 Focus on the Family.

This paper may be photocopied without charge and in its entirety for non-commercial purposes without prior permission from Focus on the Family.