

Cities gamble on casinos for tax revenue

States and cities frustrated by gamblers spending their money elsewhere are putting casinos in or near major cities to maximize tax revenue.

„We’re sick of people from Wichita driving through our county on the way to casinos in Oklahoma,“ says Janis Hellard, economic development director in Sumner County, Kan., near Wichita. „We want some of the action.“ Her county is one of four places in Kansas recently authorized to have casinos, although none has been built yet.

Today, 40 states have casino gambling, and some holdouts may join soon.

Massachusetts is moving toward permitting casinos for the first time, a change that could lead to more casinos throughout New England. „What’s changed the equation is Massachusetts residents are fueling the growth of giant casinos in Connecticut,“ says Clyde Barrow, director of the Center for Policy Analysis at the University of Massachusetts-Dartmouth.

Also driving growth: States are loosening restrictions about where casinos can locate and how they can do business. The days of casinos being located outside of major cities – tourist destinations, often in economically distressed towns – are coming to an end.

The Illinois Legislature is considering authorizing a casino in Chicago. Pennsylvania has approved two casinos in downtown Philadelphia and one in downtown Pittsburgh, next to the Steelers’ football stadium. „Our customer base will be people who live there and who want gaming nearby,“ says Kirk Saylor of Majestic Star, the Pittsburgh casino’s developer.

Gambling continues to generate huge revenue growth, for the operators and for states. Pennsylvania legalized slot machines at race tracks last year and reaped \$ 300 million in tax revenues in the first seven months of this year. Six stand-alone casinos are on the way.

The gambling market isn't saturated yet, says gaming expert Alan Meister of Analysis Group in Los Angeles.

Critics say gambling's growth hurts the economy. „When money is spent in casinos, that's money not spent in the consumer economy,“ says John Kindt, a University of Chicago business professor.