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## An Analysis of the socio-economic impact of casino gaming in Mesquite, Nevada, and its implications for public policy

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**AN ANALYSIS OF THE SOCIO-ECONOMIC IMPACT OF CASINO GAMING  
IN MESQUITE, NEVADA, AND ITS IMPLICATIONS FOR PUBLIC POLICY**

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A professional paper submitted in partial fulfillment  
of the requirements for the degree of

Master  
In  
Public Administration

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## **ABSTRACT**

This study is a preliminary analysis of the socio-economic impact of casino gaming in Mesquite, Nevada. Mesquite is being studied from this perspective in order to provide policymakers with information that will aid in the determination of public policy relevant to and in conjunction with casino gaming activity.

A combination of site visits to the area and interviews with casino executive personnel and relevant law enforcement was conducted for the purposes of gathering information for this study.

Three police departments (Mesquite, Nevada, Cedar City, Utah and St. George, Utah) were interviewed to determine the crime rate in jurisdiction. Relevant data has been provided by each department, which indicates the rate of Part I and Part II for their respective communities.

Additionally, visitor volume and demographics of the gambling population in Mesquite have been provided by the Las Vegas Convention and Visitors Authority (see Exhibits A and B, respectively).

Information relevant to the revenue produced in the Mesquite, Nevada area because of the gambling activity has been provided by the Nevada State Gaming Control Board (Exhibit C).

A combination of a literature review and demographics provided by the Las Vegas Convention and Visitor's Authority, was used to provide information relevant to the social issue of compulsive gaming.

Issues relevant to the quality-of-life of local resident's as a result of the implementation of, and increase in, casino gaming in Mesquite, Nevada, have been

provided in this study through the use of a comparative model. A study conducted in Cripple Creek, Colorado was used for this purpose due to that community's introduction of casino gaming into a "small, rural, community," similar to Mesquite, Nevada.

This study is the first of its kind for the area. It is not comprehensive in nature. The study's findings, as discussed in the SUMMARY, and the recommendations, discussed in the CONCLUSION, are based upon this and prior studies on the subject of casino gaming. It is recommended that additional studies on crime and compulsive gaming be conducted to determine what, if any changes, are occurring in these areas as the activity of casino gaming continues or increases in Mesquite, Nevada.

Relevant findings (SUMMARY, Chapter 4) confirm the social and economic benefit of the casino gaming activity in Mesquite, Nevada.

## INTRODUCTION

Mesquite, Nevada, which was a part of Clark County, Nevada until 1984 (when it incorporated), is located approximately 79 miles Northeast of Las Vegas, Nevada (see Map, Exhibit D). Its city limits encompass no more than 12.135 square miles.

This small town has moved from a predominately agrarian community with a population of 2,500 (1990) to becoming a casino gaming resort destination that now supports 15,000 local residents (1999) and five casino properties.

Mesquite's first casino property began in a small trailer in 1960. It became a building known as the Western Village, which expanded to the Pepper Mill Restaurant and Lounge in the 1970s. In the early 1990s, the Pepper Mill Restaurant and Lounge transformed into a major hotel and casino. It is now the Oasis, which employs approximately 3,000 people.

The Virgin River and the Casablanca followed the Oasis in the early 1990s. They each employ several thousand employees.

The Holiday Inn, which was built in 1996, has recently been purchased and renamed the Eureka. Unlike the other three previously discussed properties, its rooms are separate from its casino/restaurant.

The smallest and most recent property, the Mesquite Star, built approximately 18 months ago, is no longer operational (see: discussion regarding this property under Chapter 1, Economics).

In the course of its transition, this desert community has changed its topography. What was once grazing pasture lands and small dairy farms has transformed into planned communities, modern shopping centers, golf courses, more schools, a modern Police

Department, an assisted living facility, and other city-life amenities. These amenities include a world-class spa (part of the Casablanca), a cinema that houses multiple theatres (part of the Virgin River Hotel and Casino), and a bowling alley

The intent of this study, which will focus on the socio-economic impact of the increase in casino gaming in this area, is to examine this development to determine its relevance to public policy.

The tripartite analysis in this study takes social and economic costs and benefits into account, and discusses the increase and/or decrease in crime in Mesquite, as well as two cities nearby which do not offer gaming of any kind. It does not address the social cost of compulsive gaming beyond a brief literature review.

The economic and social issues of casino gaming are in Chapters 1 and 2. The findings, and their relevance to public policy, are in Chapters 4 and 5.

A summary of the findings, and the recommendations based upon them, indicates that there are more benefits than costs attributable to the increase in casino gaming activity in Mesquite, Nevada. Nevertheless, as indicated in the Abstract, this study is preliminary and non-comprehensive. A study on "opportunity model crimes," currently not occurring in this area, and compulsive gaming, which was not analyzed here beyond a literature review, should be conducted at regular intervals.

## ECONOMICS

The gambling industry is one of the strongest growth in America today. The rise of gambling enterprises as a legitimate national industry has been dramatic. In just over three decades, the United States has gone from one casino state (until 1978 only Nevada had casino gaming) to legalizing gaming in one form or another in 48 of 50 states (Thompson, Gazel, Rickman, 1995).

Legal gambling generates wins approaching \$40 billion annually. Gambling continues to spread and politicians are looking to this activity when they are seeking funding for public projects.

Economic issues in the form of questions, such as “Are the financial losses of casino patrons offset by societal gain?” and “Are the losses producing public good?” are some of the issues policy makers in Mesquite should consider when encouraging the proliferation of this activity. Additionally, in order to make policy that is beneficial and deliberate, as opposed to harmful and accidental, these policy makers need to know where the gamblers/customers of the casinos reside. They also need to know if they are local residents, from a community nearby, or a substantial distance from the casino.

This study addresses these issues and others that are relevant to the formulation of responsible public policy. Information relevant to the economic portion of this study was formulated from two sources – a personal interview with a credible casino executive, referred to hereafter as respondent, and data gathered by the Las Vegas Convention and Visitors Authority.



The respondent, a casino gaming executive in Mesquite, Nevada, during a personal interview conducted on February 4, 1999, has provided the following responses regarding casino gaming:

Casino Gaming Executive's interview responses.

The information obtained during the interview includes two major casino properties located in Mesquite Nevada. When the question refers to number of employees, casino, taxes, wages, the answer is plural and incorporates both properties.

The term "wealthy" in this context is defined as a customer who spends a minimum of \$400.00 in the casino, per day, for a period of ten (10) days.

With regard to the residence of the casino patrons, most come from Southern California, Southern Nevada, Salt Lake City, Utah, Montana, Illinois, Wyoming, British Columbia, Saskatchewan, and Alberta, Canada. The majority comes just to gamble, however, one of the major properties has customers who come because of the low golf course green fees. Because of the golf packages offered, people from Las Vegas get out of the city to golf. Gambling is not the overriding draw. Canadians come to get out of the cold and arrive during October, through December. Some stay on into the New Year from January, through March or April.

Most of the visitors stay in the hotels. Occupancy is at 82 ½% (up from 76.4% last year). They visit the local restaurants and shops while they are in Mesquite.

For the most part, none of the patrons are wealthy. They are casino workers and individuals whose income bracket is low middle, middle, to upper middle class. Approximately 6.7% of the gamblers fall within the wealthy category.

Other activities they spend their money on include the movie theatres, bowling, golf courses and spa.

The games they play are as follows: 50% play video poker and traditional reel machines. Race and sports, keno, and tables comprise the other 50%. They play come to play between 3 to 6 times per year.

There are approximately 1560 slot machines and 60 tables in the two hotels. They employ between 2,000 to 3,000 employees, each. The average salary is \$8.00, per hour. Those who work directly with casino gaming, such as dealers, keno runners, and cocktail waitresses in the pit, earn between \$12.00 to \$15.00, per hour.

Approximately 60% to 70% of the casino win stays in Nevada. The casino owners do not invest the funds outside of the state of Nevada.

Casino gaming has had a substantial impact on the economics of the community as evidences by the dramatic increase in housing development, which has led to shopping centers and planned communities. There is an assisted care facility and a new Smith's Drug Store. Additionally, Primex Plastic is in Mesquite and employees 150 people.

Following these interview responses is information gathered by the Las Vegas Visitors and Convention authority in their demographic study of the Mesquite casino gambler.

#### Las Vegas Visitors and Convention Authority Study.

The following is information gathered by the Las Vegas Convention and Visitors Authority (LVCVA) through their Mesquite Visitor Profile Study for 1999, (Exhibit B). The LVCVA's study provides an ongoing assessment of the Mesquite visitor and trends in visitor behavior over time. Its aim is to provide a profile of Mesquite visitors in terms

of their socio-demographic and behavioral characteristics. It also provides detailed information on the vacation and gaming habits of different visitors groups, particularly gaming and nongaming expenditures.

The information was gathered by conducting in-person interviews with 1,200 randomly selected visitors. One hundred interviews were conducted each month for twelve months beginning in July, 1998, through June, 1999. Qualified survey respondents were visitors to Mesquite (non-residents) who were at least 21 years of age. Only visitors who were leaving Mesquite within 24 hours were asked to complete the survey.

Visitors were intercepted near Mesquite gaming casinos and hotels. To assure random selection, different locations were utilized on each interviewing day. Verification procedures were conducted throughout the project to assure accurate and valid interviewing of the visitors who responded. Upon completion of the interview, they were given souvenirs as tokens of appreciation for their participation in this survey.

Highlights of the findings included various categories such as “Reasons for Visiting,” “Travel Planning,” “Trip Characteristics and Expenditures,” “Gambling Behavior and Budgets,” “Attitudinal Information,” and “Visitor Demographics.” For the purposes of this study, findings in the category of “Gambling Behavior and Budgets,” and “Visitor Demographics” are reviewed hereunder as follows:

#### Gambling Behavior and Budgets

- Nine in ten Mesquite visitors (90%) said they gambled while visiting Mesquite.
- Among gamblers, 4.2 hours was the average (mean) number of hours spent gambling.

- Gamblers were more likely to play machines (78%) – compared to 16% who played table games most often and 6% who mentioned other games. Among the machine games, reel slots were most popular (56%), followed by video poker (20%), and other video games (2%). Blackjack (12%) was the most popular table game, followed by craps (2%).
- The average (mean) trip gambling budget was \$240.45, with the gambling budget of \$98.60.
- More than seven in ten Mesquite visitors (71%) said they have gambled outside Mesquite during the past twelve months.

### Visitor Demographics

- Of the 1,200 surveyed, one-half (50%) of those interviewed were female and one-half (50%) were male.
- Just over one-half of Mesquite visitors (50%) were employed, while 40% were retired, and the remaining 7% were not employed for pay.
- Among the employed visitors, one-quarter (24%) were sales or clerical workers, 24% were service workers, 23% were professional or technical workers, 15% were managers or proprietors, 11% were craft people, 1% were agricultural workers, and 1% were laborers.
- In terms of education, 42% of Mesquite visitors had a high school diploma (or less), 32% had some college education, 25% were college graduates, and 2% attended trade school.
- Almost eight in ten Mesquite visitors (78%) were married, 13% were single, 5% were separated or divorced, and 4% were widowed.
- More than nine in ten visitors (93%) were from the USA. Among the 7% from outside the USA, 6% were from Canada. Among the visitors from the USA, 36% were from Utah, 13% from Nevada, 11% from Colorado, 10% from California, 4% from Arizona, 2% from Idaho, 2% from Wyoming, 5% from other Western states, and 10% from outside the West. One percent (1%) was unclassifiable because they did not give a zip code.
- The average (mean) age of Mesquite visitors was 53.4. More than one-quarter of Mesquite visitors (27%) were 65 years old or older. Only two in ten visitors (21%) were under the age of 40.
- One-half of Mesquite visitors (50%) have household incomes between \$30,000 and \$59,999. Only 13% have incomes below \$30,000. More than one-quarter (27%) have incomes of \$60,000 or more. (Ten percent of visitors refused to answer the income question.)

The demographics found in the Mesquite Visitor Profile Study, together with the gambling behavior and budget information, correspond to the information provided by the respondent during the personal interview.

Mesquite Gaming Revenues

Nevada Gaming Revenues for the Calendar Year 1999, dated February 10, 2000, provided by the Gaming Control Board of the State of Nevada, reflects the following breakdown for the Mesquite area:

Mesquite Total Win, Slot Win and Game & Table Win

Total Win		Slot Win		Game and Table Win	
1999	\$92,908,019	1999	\$76,194,845	1999	\$16,713,176
1998	\$82,831,508	1998	\$67,486,310	1998	\$15,345,200

The increase between 1998 and 1999 in total win was 12.2%, slot win increased 12.9%, and game and table win increased 8.9%.

It is important to note that during the course of this study, a minor casino property, the Mesquite Star, filed a Chapter 11 Bankruptcy Petition, which was rejected by the court in February of this year. The fiscal problems encountered by the owners that culminated in the filing of this Bankruptcy Petition, were a result of poor management practices, as opposed to a lack of patronage of the facility.

This property was owned by in-state principals and operated for less than two years before it closed. There are approximately 200 displaced employees that the Mesquite community is attempting to relocate to new positions. According to a news

source at the “Las Vegas Review Journal,” the amount of debt listed in the Bankruptcy Petition totaled \$23,000,000 against \$22,000,000 in assets.

The Mesquite Star’s estimated take comprised less than 2% of the total gaming revenues generated in the Mesquite community. Therefore until such time as this, or another property, resumes operations in this community, it can be estimated that the negative result of this closure to the community amounts to approximately \$18,518,603 in terms of lost revenue, and \$6,500,061 in lost wages.

## CRIME

The alleged link between gambling and criminal activity has been one of the principal single issues raised when the social or economic consequences of gambling have been under discussion. The common criticism that gambling leads to crime tends to conceal the fact that its implication in criminal activity occurs in relation to a number of distinct phenomena, some of which have less to do with gambling *per se* and more to do with its organization and setting. Just because gambling provides its own peculiar opportunities for fraud and exploitation, does not make it unique (Cornish, 1977, p.66).

Gambling is mistakenly given special status as a cause of crime. This is a problem because the bulk of criminal acts are committed in order to obtain money, either directly, through the theft of cash, embezzlement of funds or deception, or less directly, through the sale of personal property or its retention for personal use. Gambling is *one* out of a virtually *endless* list of potential uses to which stolen money can be put and, therefore, it is not immediately clear why gambling, rather than other items of inessential consumer expenditure, should be singled out for special attention as a cause of crime.

Two reasons are commonly given for regarding gambling with particular concern. The first being that gambling is likely to expose its participants to dangers of incurring substantial debts. This implies that gambling is a cause of crime not so much because it encourages participants to squander money (perhaps earmarked for more important uses) on a single occasion, as because of the longer-term commitment which it generates in some players. The second reason concerns itself with the harmful effects of excessive (or compulsive) gambling. Those who have based their arguments for regulating gambling

on the existence of excessive gamblers have failed to make a case strong enough to justify further measures of control (Cornish, 1977, p.67).

Crimes associated with casinos include, but are not limited to, activity involving casino owners, business associates and employees, crimes tied to playing the games, and crimes involving patrons. This view of criminology employs the *Opportunity Model* discussed in the Policy Research Institute Report of November, 1996, entitled: Casinos and Crime in Wisconsin – What’s the Connection? 9(9):2, which was prepared by William N. Thompson, Ph.D., Ricardo Gazel, Ph.D., and Dan Rickman, Ph.D.

This study of Mesquite views the relationship of crime and the presence of the gambling operations in that community from the *opportunity model* perspective. The focus is on activities of casino patrons who present criminals with opportunities, such as:

1. Players who win money or carry money to casinos may be easy marks for robberies – forceful as well as pickpockets;
2. Hotel rooms in casino properties are potential targets;
3. Players are targets for prostitutes and other persons selling illicit goods such as drugs;
4. Desperate players are drawn to crimes in order to secure money for play or to pay gambling debts. Their crimes involve: robberies, larcenies, as well as white-collar crime activity, such as embezzlement and forgery.

The crimes attendant to casino gaming activity, as outlined above, do not surface in any predominant theme according to the MPD respondent.

Additional studies specifically in the area that focuses on crimes in connection with this model need to be conducted to determine the extent to which they may be surfacing in the Mesquite area.



In the examination of crime, offenses such as homicide, forcible rape, robbery, assault, burglary, larceny, motor vehicle theft and arson are reported under the Uniform Crime Reporting standards. The F.B.I. provides guidelines for Uniform Crime Reporting (UCR) of crimes for all law enforcement agencies. This allows for the standardization of crime reports.

Offenses are reported by UCR definitions and classified into Part I or Part II standard offenses. Part I crimes include the most violent offenses such as homicide, aggravated rape, robbery, aggravated assault, spouse abuse, burglary and arson.

Part II crimes are less violent and include crimes most likely to be connected with casino gaming, such as forgery, fraud, embezzlement, DUI, and narcotic laws. Crimes reviewed in this study encompass those classified into these respective categories.

For the purposes of this study, an interview with a Mesquite Police Department representative was conducted to determine if the department had witnessed a positive relationship between the incident of crime and gambling over the last ten-year period. Particular emphasis was placed on crime and its increase or decrease since the expansion of casino gaming.

The most remarkable increase in crime occurs in assaults and larceny. When asked about Part II category crimes (lesser crimes) which include prostitution, the respondent indicated that there were no arrests for prostitution in the City of Mesquite. The respondent further indicated that there has been an average case clearance rate of 65-69 percent, per year, for the past several years, resulting in keeping the city safe while continuing to manage the explosive growth it has encountered.

The Mesquite Police Department (MPD) makes every effort to keep the crime rate from growing at a rate comparable to the growth of the city and it has been successful in doing so again in 1999.

When asked if the crime rate had changed after casinos increased in the area, the respondent indicated that the calls for service to casino properties comprised 20% of the total calls received by the department

Calls for service have actually decreased over a ten-year period (59% in 1990 with a population of 2,500 to 23% in 1999 with a population of 15,000, with the highest increase being from 1990 to 1991 when it went from 59% to 108%.

This respondent could not determine whether any increase in calls was due to the actual increase in casino properties, or directly linked to the activity of casino gaming, as opposed to an increase in the population. The majority of the casino calls do not fall within the categories enumerated in the opportunity model, items 1 through 4, above. They predominately relate to minors in the casino, according to the MDP respondent. The minor-related incidents minors that are attempting to either gamble or drink.

Currently, the casino presence and criminal activity outlined in the *opportunity model* appears to be negligible according the MPD. However, another essential issue to the question of crime and its link to casino gaming includes an increase in surrounding areas close to the casino gaming community that do not offer legalized gaming.

To review this aspect of the study, Cedar City and St. George, Utah were selected due to their proximity to Mesquite, Nevada. The review included researching criminal statistics available from these localities, which are located within the immediate vicinity of the casino gaming activity, and in a state where, in this instance, gaming is illegal.

This was done for the purpose of determining whether or not the casino gaming activity has a positive effect on the crime rate in the surrounding area. Should such a link be present, it would be viewed as a negative social cost of this activity.

#### Cedar City, Utah

Cedar City, Utah, which is approximately 140 miles Northeast of Mesquite, has experienced a substantial increase in its population over the last eight years, where it has grown from approximately 15,000 to 30,000.

A representative of the department advised that there have been no indications whatsoever that the increase in casino gaming in Mesquite, Nevada has had any impact on the criminal activity in Cedar City, either in a positive or negative manner. The respondent, when asked, "To your knowledge, does a substantial portion of the Cedar City population frequent the casinos located in Mesquite, Nevada?" replied, "I do not know anyone who does not, or has not, visited one of those casinos."

The crimes with the highest number of service calls are simple assault, criminal mischief (juvenile offenses), family fights, theft of property from motor vehicles (predominately juvenile offenders) and theft of property, other than a motor vehicle (also predominately juvenile offenders).

The Police Chief was asked about his awareness of criminal activity in his community and its connection with the casino gaming in Mesquite, Nevada. The Chief of Police indicated that the only tie to the activity that he may be able to establish related to the possibility of a resident from Cedar City, who visits a casino in Mesquite and leaves drunk. This same visitor is, upon entering Cedar City, subsequently arrested for a DWI. Another possible scenario involves a correlation between casino patronage and

domestic violence wherein a Cedar City resident, upon returning home (after having lost a lot of money and/or drunk), is arrested for involvement in a domestic quarrel with his/her family. There is currently no way for the department to make that distinction at this time.

The Chief further indicated that should such events be occurring, the incident rate is negligible when tied to the existing statistics. According to the statistical reports, as indicated above, most of Cedar City's high percentages of crime are juvenile oriented and include auto thefts, criminal mischief, theft of property other than a motor vehicle, and simple assault. The Cedar City Police Department does not believe, nor have statistics shown them, that any correlation between crime in Cedar City and casino gaming in Mesquite, Nevada exists as of this writing.

#### St. George, Utah

St. George, Utah (located 40 miles Northeast of Mesquite), has, not unlike Cedar City, Utah, or Mesquite, Nevada, experienced a substantial increase in its population over the last ten years. A representative of the St. George Police Department, who has been with the department for 27 years, indicated that he started there when the population was 3,000. It is now approximately 45,000 to 50,000. The population has increased more in the last ten years than it has in the last fifteen.

This officer could not answer the question regarding the number of residents who frequented the casino gaming establishments in Mesquite. From his perspective, "It is very few." He said that the most substantial increases in crime have been the onslaught of graffiti (a juvenile crime) and an increase in Methadone Labs, neither of which were prevalent ten years ago.

This department has prepared a Crime Index Report which compares Part I and Part II crimes for the years 1996, 1997, 1998, 1999 and the first quarter of 2000. The respondent did not have any indication or any reason to believe that there was any correlation whatsoever between crime in St. George, Utah and casino gaming in Mesquite, Nevada.

Findings in similar studies do not correlate with this study's findings

Similar studies conducted in areas where casino gaming has been introduced indicate that there is a direct correlation between incidents of burglary and stolen property, which are associated with the casino gaming activity. Should it be determined at some future date that the casino gaming activity in Mesquite, Nevada is creating an attendant increase in crime within the surrounding communities, policy can serve to mitigate the expenses involved in any crime increase. Policy should appropriate casino funds to aid local police and sheriffs for patrols of specific areas in which incidents of crime have increased (Thompson, et al., 1995).

## COLORADO

Colorado began its first casino operations on October 1, 1991. Gaming was seen as a means of enhancing the economics of certain small town communities in proximity to the Denver and Colorado Springs areas. These communities had their roots in the mining industry and also functioned as modest tourist attractions during the summer months. They were, for the most part, in a state of economic decline. There was an interest in revitalizing the downtown areas as well as insuring the historic preservation of the existing structures associated with each town's heritage (Caro, 1992).

A research study conducted by the Nevada State Gaming Control Board in 1991, entitled Legalized Gambling in the State of Colorado, indicates that Colorado's Limited Gaming Act gained voter approval for a statewide constitutional amendment in November, 1991, which legalized limited casino gaming. The amendment sets forth many of the limitations and parameters within which casino gaming may be conducted and it stipulates, among other things, that:

- “1. ‘Limited Gaming’ is confined to the operation of slot machines, blackjack, and poker with each game having a maximum single bet of \$5;
2. Limited gaming may only be conducted within existing commercial districts of Central City, Cripple Creek, and Black Hawk;
3. Limited gaming may only be conducted in structures which conform to the architectural styles and designs common to the areas prior to World War I;
4. No more than 35% of the square footage of any one building and no more than 50% of any one floor of a building may be used for limited gaming;
5. Limited gaming operations are prohibited between 2:00 am and 8 am each day . . .”

The casino communities open and close their doors within the proscribed casino operating hours. With the exception of a few residents who remain year around, casino patrons and employees flow into and out of these communities from outlying areas on a daily basis.

As noted above, the legislation permitting casino gaming in Colorado is extremely restrictive when compared to Nevada. Slots, black jack and poker are the only games available. Local governments can, and do, impose a variety of assessments. These include device fees, sewer and water charges and parking fees. The amounts imposed are negotiated between the communities and the casinos and are significant. For example, Central City imposes a fee of more than \$1,150 per gaming device per year (Larsen, 1994).

The Colorado Division of Gaming oversees a licensure process that focuses on keeping the state's gaming industry free of the criminal element. The smaller size of these gaming establishments has attracted both experienced and inexperienced operators into the market (Larsen, 1994).

By the end of 1993, some 43 casinos had closed since the inception of gaming. This was predominately due to mismanagement and insufficient resources to sustain operations in a seasonal market under which it operates. The winter sees fewer patrons. Cash flow in the Colorado casino business is irregular (Larsen, 1994).

Revitalization of deteriorating downtown areas, while maintaining the historical structures, constituted the underlying rationale for implementing casino gaming in Colorado. Economic development has not been a primary function of the State Gaming Division in its role as regulator of the state's gaming facilities (Larsen, 1994).

The primary markets for Colorado casinos are Denver, Colorado Springs and Pueblo. In-state patrons account for the significant majority of casino visitors with the remainder coming from various states throughout the country. Many out-of-state tourists experience gaming as an adjunct to their main vacation plans, unlike the majority of those visiting Mesquite, Nevada.

Colorado is reasonably well positioned in terms of competition. Only Arizona and Nebraska offer some form of legal gaming. However, Nevada's geographic position and mature industry corners the market in the West Coast population centers. This accounts for Colorado's significant dependence on in-state patrons (Larsen, 1994).

In terms of policymaking, it is important to note that introducing a new industry into a community can have immediate and dramatic effects on the lives of its permanent residents. Introducing limited stakes casino gambling in a small rural community, such as Cripple Creek, Colorado, or full scale casino gaming, as in Mesquite, Nevada, especially if it is large-scale and high volume, creates significant economic and social changes that can have a profound impact on the community.

“Communities seeking to develop gambling as a tourism attraction and primary industry need to be aware of, and understand, these impacts and thoroughly plan for them” (Caro, 1992).

The Colorado gaming industry is viewed as “moving forward at this time” (Larsen, 1994). However, it is interesting to note the main objections, which are viewed as “social costs,” encountered by the residents of these small towns. Peter Caro's study conducted in June, 1992, entitled, Assessing the Social Impacts of Gambling, as Perceived by Local Government and Agency Officials, on Permanent Residents of



Cripple Creek, Colorado, gives us such insight. In his study, he took steps to conduct an exploratory analysis on the social impacts of gambling.

His focus was to view this impact as perceived by local government and agency officials on permanent residents of Cripple Creek. His goal was to gain insight on how gambling affects the social fabric of the community, specifically how it is impacting the population make-up, the daily routines and social patterns of residents, teenage youth, and the local tourism industry.

To accomplish his purpose, fourteen interviews were conducted with local government and agency officials on April 5-6, 1992. In addition to responding to the oral interview questions, participants were asked to complete a written questionnaire containing fourteen closed-ended statements and two additional questions seeking information on the advantages and disadvantages of gambling in the community. Study participants were selected because they were responsible for services and/or decisions that impact the lives of the community's residents.

In reviewing the information provided in his report, it is important to note the limitations he recognized in connection with the gathered data. These limitations include the fact that legalized gaming had only been in effect for a period of seven months. Additionally, the data gathered was a reflection of the perceptions of a limited number of representatives from the community. The time available to conduct the research was limited and, due to differences in interpretation, the respondents' answers might not have been fully accurate in every case (Caro, 1992).

Nevertheless, the outcome is relevant in connection with permanent residents' view of the social costs of this activity. It is from Caro's efforts that the following

information has been obtained with respect to the social impact on a small rural community when it introduces casino gaming.

Disadvantages included:

1. Casino gaming activity has resulted in increased traffic congestion;
2. Loss of the community's small town atmosphere;
3. Decline in basic services and the loss of local meeting places;
4. Overcrowding of recreation areas and facilities;
5. A visible loss of local traditions;
6. Higher property taxes;
7. Increased harm to the environment;
8. There has been an increase in the cost of real estate;
9. There appears to be more crime in the community.

Of the disadvantages listed in the survey, increased traffic congestion and loss of the small town atmosphere appeared to be the two disadvantages identified most frequently by the respondents. Other disadvantages mentioned with some frequency included the loss of local traditions, an increase in the cost of real estate, and more crime in the community (Caro, 1992).

Advantages included:

1. An increase in employment opportunities for local permanent residents;
2. Enhanced quality of life in this community;
3. A revitalized local economy;
4. An increase in the value of real estate;
5. Overall enhancement of the appearance of the community;

6. Better parks and recreational facilities;
7. Social and cultural interaction with people from outside the community;
8. A four-season tourism industry;
9. An increase in local community pride.

Of the advantages listed, employment opportunities for local residents was rated as the biggest advantage. Second was a revitalized economy. Other advantages included an increase in the value of real estate, which appears to have an inverse relationship here, as it was also listed as a disadvantage, and a four-season tourism industry. Also included was an overall enhancement of the appearance of the community (Caro, 1992).

Caro found that some Colorado residents left the community “due to moral disagreement with gambling,” and what they now consider “an inappropriate atmosphere for raising children” (Caro, 1992).

Teenagers felt the effects of gambling in both positive and negative ways. Activities for youth were limited prior to the initiation of gambling, however, most respondents agreed that facilities and activities for youth would become more available in the future. Teens felt a benefit in that they would now have better prospects for work than they did before gambling (Caro, 1992).

Major perceived changes in the local tourism industry focused on the uncertain future or discontinuation of several community “special events.” Pre-existing tourist attractions closed down and the conversion of specialty shops into casinos changed the overall profile of the visitor. A year-round tourism industry was seen as positive, although concern was expressed regarding the constant influx of large numbers of tourists to the town (Caro, 1992).

The “Colorado model” differs in terms of the regulations which restrict the activity, the number of visitors who frequent it, and the facilities in which the casino gaming is housed, from the same which apply to Mesquite, Nevada. The insight gained from Caro’s study, nevertheless, serves as a viable comparative in terms of social impact on a small rural community, which is exactly what Mesquite was, prior to the implementation of and increase in casino gaming.

The recommendations that Caro developed regarding communities currently involved in, or considering gambling, are discussed in the CONCLUSION of this study and should serve as a guidepost to policymakers in Mesquite, Nevada.

## SUMMARY

This tripartite summary begins with a discussion of the social costs of casino gaming, followed by an analysis of the information on crime and economics. The conclusion, which follows this summary, integrates this information in terms of its applicability to policymaking. It also incorporates the information relevant to public policymaking gained from the Colorado study. Recommendations based upon the data and information gathered in this study will be centered around an economic model developed by William N. Thompson, Ph.D.

Compulsive gambling and crime are discussed in this Summary under social costs, following by economics.

### Social Costs

#### Compulsive Gambling

Because compulsive gambling is counted as one of the major social costs of casino gaming today, in direct contrast to the 1977 findings of D. B. Cornish (referenced earlier in this study on p. 9), its discussion here is relevant.

In terms of policy, this issue needs to be addressed because it has been determined that those who are afflicted would not have turned to gambling had it not been available. Studies have also shown that as many as 5% of the population is victimized by a pathological gambling disease. Others claim that one out of every 10 gamblers will become compulsive (Thompson, Gazel, and Rickman, 1996).

As indicated in the INTRODUCTION, questions utilizing a random survey should be administered to residents and members of Gamblers Anonymous in the Mesquite community. Information regarding this social cost has been obtained through

literature review for incorporation in this study. Following is the discussion from that review, which explains, among other things, how compulsive gambling begins and what segment of the population is most likely to be affected by this disorder. It begins with a definition of the term, “addiction,” as it applies to this study.

#### Definition of the term “addiction” in connection with compulsive gambling

The term “addiction,” as used in the proceeding discussion on compulsive gamblers, is not defined as a moral weakness, a lack of willpower, an inability to face the world, or a spiritual illness. Addiction, on its most basic level, is an attempt to control and fulfill the innate desire that all human beings possess for happiness (Nakken, 1996).

Studies on at-risk groups indicate that addictive relationships are formed usually after suffering a great loss. Pain follows. Those particularly vulnerable, though not the exclusive representatives of the disorder, include divorced or widowed women and the elderly.

It is important to note that compulsive gamblers are not chasing the “win.” They are chasing the action—the excitement—the moment, and eventually, they chase the losing, for this allows them a reason to chase again (Nakken, 1996).

Four categories of descriptive symptoms exhibited by the compulsive gambler show the disorder to be progressive in nature. They include an inability to accept the gaming losses, preoccupation with the gaming activity, and a complete disregard for the consequences of gambling. As previously indicated, the primary enabling factor is the presence of the gambling activity—the availability (more or less immediately or conveniently present) of an opportunity to gamble (Thompson, 1997).

Compulsive gambling has a six-stage cycle which is outlined on page 170 of the 2<sup>nd</sup> ed. of William N. Thompson's book, entitled: Legalized Gambling. These stages are the winning phase, the losing phase, desperation phase, critical phase, and the rebuilding phase and growth phases.

Most of the treatment programs set up for problem gamblers have accepted the medical definition outlined in the American Psychiatric Association's medical model of pathological gambling symptoms and define the problem as a "disorder of impulse control" (Thompson, 1997).

The medical definition suggests that pathological gambling is often a permanent, irreversible condition. The best cure is total abstinence. A return to the activity on any level is likely to bring on the full problem. Just as the alcoholic must control himself by never again taking another drink, the gambler must never again place another bet.

Compulsive gambling is a "silent disease" whose symptoms are difficult to distinguish from the general public. Even when the compulsive gambler is involved in the activity, the actions appear normal to most observers. As a result, the problem gamblers themselves may not recognize the seriousness of their situation (Thompson, Ricardo, and Rickman, 1996).

Because availability plays such a key role, and gambling is becoming more widely available, we are seeing a rise in the number of addictive gamblers (Nakken, 1996). This is relevant to casino gaming in Mesquite from the following perspective:

Mesquite's casino gaming population's "at-risk" percentage

The Mesquite Visitor Profile Study, 1999, (see Exhibit B) which was prepared for the Las Vegas Convention and Visitors Authority, indicated that 53.4 was the mean age

of those participating in casino gaming. The age groups of the total number of participants broke down as follows: seventy-eight percent (78%) were between 40 and 65 years of age, with twenty-seven percent (27%) at age 65, or older. From this group, thirteen percent (13%) were single, five percent (5%) were separated, and four percent (4%) were widowed.

Because this population's age and marital status places at least twenty-two percent (22%) in the "at-risk" category, the implications of these Mesquite demographics and their relationship to public policy are relevant to policymakers with regard to this social cost. Ramifications regarding this issue, together with recommendations in connection with policy, are discussed in the CONCLUSION.

Following is the summary on crime, which is also viewed as a social cost of casino gaming activity.

### Crime

Crime, another social cost of gambling, has been linked to compulsive gambling due to the fact that a large majority of compulsive gamblers finance their addiction by committing crimes.

Crimes that can be directly connected to social gambling include the Part II, or lesser crimes, and such causal criminal activity is generally indicated through larceny, forgery, fraud, and embezzlement. These crimes are not listed in the information provided by the Mesquite Police Department (MPD).

Service calls to casinos, which comprise 20% of the total calls received by the department, are due largely to the presence of minors in the casino who are attempting to drink or gamble (according to an MPD respondent).



As indicated under the section in this study entitled CRIME, the MPD respondent could not make a determination or distinction between any increase in service calls to casinos and a direct relationship to increases in the casino properties in the area, as opposed to an increase in the population.

Crimes tied to the Opportunity Model.

Also to be explored are crimes that are committed, in terms of the *opportunity model*, discussed on page 9 of this study, which focuses on the activities of casino patrons as being the causal link to crime in the immediate area. Such crimes encompass robberies of patrons or their hotel rooms, forceful pickpockets, prostitution, drug sales, and the white-collar crimes mentioned above, such as embezzlement and forgery. None of these crimes surface in terms of arrests made by the MPD.

Because the MPD can make no connection between the crimes outlined in the opportunity model and the casino activity, a study needs to be undertaken in the Mesquite community to determine what, if any, crimes of this nature, are taking place in the Mesquite area. This same study needs to be connected with studies undertaken in the two community areas surrounding this activity, e.g., St. George, Utah and Cedar City, Utah, which are both close in proximity to Mesquite and located in a non-gaming state.

The two cities under review for any increase in crime due to their proximity to the casino gaming activity in Mesquite, Nevada, were Cedar City, Utah and St. George, Utah.

Following is a summary of the reports and information gathered in these two areas that relate to the increase in crime issue of this study.

Crime in two communities located near the casino gaming activity.

In order to determine the true costs of crime in connection with casino gaming, it is necessary to take a look at non-gaming communities in close proximity to the casino gaming activity.

The relevant question here is, “Does the presence of a casino in one county, or in close-by counties, generate higher numbers of crimes in local communities of these counties than in those lacking casinos or counties which are not located near casino locations?” This issue is linked to the question, “Did crime rates change after casinos were introduced into various parts of the state?”

In order to conduct this aspect of the study, Cedar City, Utah and St. George, Utah were selected due to their proximity to Mesquite, Nevada. The Cedar City Police Department and the St. George Police Department both provided data regarding their respective crime statistics. Following are the findings within these communities.

Cedar City, Utah

Cedar City, which is approximately 140 miles Northeast of Mesquite, has its highest number of service calls for crimes such as simple assault, and criminal mischief (juvenile offenses). Also, there are family fights, theft of property from motor vehicles (predominately juvenile offenders) and theft of property, other than a motor vehicle (also predominately juvenile offenders). Statistical comparatives provided by the Cedar City Police Department indicated that the highest percentage of crime in the area is juvenile oriented in nature.

In addition to those reports, the Police Chief was asked if he was aware of any criminal activity in his community that may be connected with the casino gaming activity

in Mesquite, Nevada. As discussed on page 12 of this study, the Chief indicated that the only tie he might establish entailed a scenario in which a resident from Cedar City visits a casino in Mesquite and leaves drunk. This same visitor, upon entering Cedar City, is subsequently arrested for a DWI.

Another possible scenario involves a correlation between casino patronage and domestic violence in which a Cedar City resident, upon returning home from a Mesquite Casino (after having lost a lot of money and/or drunk), is arrested for involvement in a domestic quarrel with his/her family. The Chief stated that there is currently no way for the department to make such a distinction with regard to either possibility at this time.

#### St. George, Utah

St. George, Utah, which is 40 miles Northeast of Mesquite, provided a Crime Index for the years 1996, 1997, 1998, 1999, and the first two months of 2000. This index indicates a 24.49% reduction in Part I Crimes from 1996 to 1997. There is a 23.06% increase from 1997 to 1998, and a 32.68% reduction from 1998 to 1999. Currently, there is an 8.74% increase for the year 2000. For Part II Crimes, which include certain crimes, which may be casino gaming related, such as forgery, fraud and embezzlement, the incidents show minimal increases when tied to the increase in population. Overall, there was a 7.54% increase in Part II crimes from 1996 to 1997, a 45.79% increase from 1997 to 1998, a 1.4% increase from 1998 to 1999, and a decrease of 5% for the year 2000.

The officer who responded to the questions regarding crime in this area and its correlation to casino gaming in Mesquite indicated that the most substantial increases in crime have been the onslaught of graffiti (a juvenile crime) and an increase in Methadone Labs.

This respondent is a St. George Police Lieutenant, who has been with this department for 27 years. When asked if there appeared to be any link between the St. George, Utah statistics and casino gaming in Mesquite, Nevada stated that he had no reason whatsoever to believe that the crime statistics in from St. George, Utah had any correlation to casino gaming in Mesquite, Nevada.

Crime study findings in similarly situated communities

Similar studies conducted in areas where casino gaming has been introduced, to determine a direct bearing on increase in crime within the surrounding non-gaming communities, have indicated a direct correlation between incidents of burglary and stolen property, which are associated with casino gaming activity (Thompson, et. al, 1996).

Policy implications.

An actual determination of this correlation for purposes of reviewing this issue as it relates to casino gaming in Mesquite, Nevada has not been found in this study. Just because it was not found here, does not imply that none exists. Additional studies, specifically tailored to determine any causal link between the two variables described here, need to be conducted.

In terms of the relevance to policy, should an increase in crime to the surrounding communities as a result of the casino gaming be established, costs to police that crime can be born through casino funds. Such funding should aid local police and sheriffs for patrols of specific areas in which incidents have increased (Thompson, et al., 1995).

Following is a summary of the economic aspects of this study, including its impact upon the community and its relevance in connection with public policy.

## Economic Issues

Key questions regarding economics, and the relevant issues to be addressed in connection with continuation or discontinuation of the casino gaming activity, have to do with proceeds from the casino gaming activity resulting in social benefits; and equally important to economic aspects of the activity are casino population demographics.

Questions such as “Are the financial losses of casino patrons offset by societal gain?” Also important to this issue is the question, “Are the losses producing public good?” Both of these questions relate to social benefits. Another aspect of the economics attached to casino gaming is “Where do the visitors of the casino gaming facilities reside?”

Following is a discussion relevant to both issues, beginning with the issue of “public good.”

### Casino gaming revenues – use in terms of public good

In the context of this study, the term “public good” is defined as providing community services that are beneficial to the residents of the community, including adequate police and fire protection, and special programs that benefit the youth in general and the community at large. Public good also takes into account job opportunities, economic stability, and activities that encourage community cohesiveness.

Job opportunity is part of the “public good” criteria. In terms of job opportunity provided by the casino gaming activity in Mesquite, Nevada, among its other administrative functions, the MDP has issued close to 4,000 work cards in the last twelve months. These work cards are full-time employees of the casinos whose job duties place

them in direct contact with the gaming activity, such as dealers, keno runners, pit bosses and supervisors.

The hotels employ another 6,000 employees whose job functions are not directly related to the casino gaming, such as food services, room service, and housekeeping. A majority of these employees commute daily from Cedar City, St. George, and Enterprise, Utah, because they can make more, per hour, than they can in the community in which they are commuting from.

Economic stability, also a factor in establishing “public good,” can be measured by residential and commercial development that surrounds the casino activity. Part of the population growth can be directly attributed to the casino gaming activity, which brings amenities to the Mesquite community that previously have been nonexistent.

Mesquite’s economic development (gain) as a result of the casino gaming activity, is exemplified in the peripheral development of modern shopping centers, golf courses, additional schools, a modern Police Department, an assisted living facility, a world-class spa, vacation condominiums, a cinema that houses multiple movie theatres, and a bowling alley. Housing development is also on the rise, as is witnessed by the increase in the population over the last several years since casino gaming has been expanded in this area. Additionally, under consideration in terms of social benefit are any activities that are offered within the community that serve to deter criminal activity. In this regard, the MPD has done a remarkable job in providing certain services to the city.

In addition to providing effective, courteous, professional assistance to its residents and visitors to the community, MPD is a huge participant in crime prevention.

The Mesquite community has benefit of the following services and/or programs. These programs are just half of the services offered by the MPD.

MDP's contribution to or participation in crime prevention programs

The Department is a strong supporter of numerous "special programs" created as a part of their proactive response to crime prevention. These programs include:

1. Recipient of a Crime Scene Grant used to purchase equipment to investigate crime scenes and for training purposes.
2. D.A.R.E. – a 17-week course taught by a police officer to junior high students to teach them out to resist the temptations of drugs.
3. G.R.E.A.T. – (Gang Reduction Education and Training) which was created by Alcohol, Tobacco and Firearms (ATF) and presented to the seventh and eighth grades. Its purpose is to educate children in how to keep away, and stay safe from, gang peer pressure.
4. Cops and Jocks: an officer mentoring program that involves athletic students and the MPD police officers.
5. We Card: retail outlets that sell tobacco and alcohol products are trained to keep these products out of the hands of the Mesquite community's youth. Store clerks are instructed on how to spot fake identification cards. This program was developed by the R. J. Reynolds Corporation and is of no cost to the community.
6. Business Alert: a program that stems from the Neighborhood Watch concept. It helps businesses keep each other safe. It also includes training business employees on how to spot crime and defend against it.
7. Cop on Campus: through a contract with the Clark County School District (CCSD) an officer is assigned to the schools on a full time basis. Her time is divided between grade school and high school, as needed. She is easy to recognized because she drives a high-profile vehicle that has D.A.R.E. and the Department logos painted on it.
8. Security Chiefs Advisory Board: a group of security professionals with the MPD that meet monthly to share training needs and crime prevention and enforcement efforts.
9. Jurisdictional Agreements: allow the MPD to do a better job. These agreements include the Nevada Division of Investigations, the Las Vegas

Metropolitan Police Department, Mohave County, Arizona, and Lincoln County. There has been a contracted negotiated between Mohave County and the Bureau of Indian Affairs to house inmates at the rate of \$40.00 per day.

10. Cops-to-lunch: a simple, yet effective, program designed to allow every school-aged person (over 800 this year) to meet with the uniformed officers of the department during the school year by having the officer, along with the D.A.R.E. Officer, go to lunch at the school and share time with students in a non-enforcement setting.
11. Recipient of a Domestic Violence Grant: enabled the department to continue its efforts to establish a victim's advocate response team to address the needs of individuals who have been the victims of domestic violence. This grant allowed for additional police training in this area of law enforcement.
12. Block Party: Citizens were given the opportunity to meet with officers and enjoy good food, music and games. Department employees will be hosting at least two similar events each year in various neighborhoods.
13. Citizen Academy: allows members of the public to see what is involved in police academy training. The 12-week program is open to adults, held twice each year, and has a limited capacity. Police volunteers who assist in many ways such as traffic control, special events, and clerical, are recruited from the Citizen Academy.
14. Neighborhood Watch: a concept which calls for neighbors watching out for each other's wellbeing.
15. Vacant house: allows members of the community to contact the MPD for a special residence check on their home in their absence, such as when they are on vacation and going to be gone from the home for one week or more.

The MPD sponsors, initiates, or is directly involved in, an additional 13 programs within the Mesquite community.

Following is a discussion on the second key issue of this economic aspect and its relevance to casino gaming.



### Where do the casino patrons reside?

With regard to the issue of economics and its relevance to the question of where the casino gaming patrons reside – this study has determined that the majority of the casino gaming patrons reside “outside” the community of Mesquite (see p. 20). This has a direct bearing on continuation of the activity in terms of public policy.

Mesquite’s demographics are directly applied to their relationship to the economic model developed by William N. Thompson, Ph.D., and discussed below. The economic model looks at where the money comes from and where it goes in terms of casino gaming proceeds.

### Gambling Economics Model

A gambling economic model, developed by Dr. William N. Thompson, is the model used in this study as an indicator of what is "good" or "bad" in gaming economics. The factors that are the foundation for these models (whose applicability, in terms of their relevance to policy, may be transferred to the Mesquite community) are as follows:

- “1. Tourists Players. Are players persons from outside the economic region—and are they persons who would not otherwise be spending money in the region if gambling activities were absent? A tourist’s spending brings dollars into the community, unless they otherwise would have spent the money in the region?
2. Local Players. Are the players from the local regional economic area? If so, does the presence of the gambling activities in the region preclude their travel outside the region in order to participate in gambling activities elsewhere? If they are locals who would not otherwise be spending money outside the region, their money cannot be considered money added to the community.
3. Profits. Are the profits from the operations staying within the economic region, or are they going to the owners who live outside the region, or are they invested by the owners in projects that are outside the region?

4. Reinvestments. Are profits reinvested within the economic region? Are gambling facilities expanded with the use of profit moneys? Are facilities allowed to be expanded?
5. Jobs. Are the employees of the gambling operations persons who live within the economic region? Are the casino executives of the companies who operate (or own) the facilities?
6. Supplies. Does the gambling facility purchase its non-labor supplies from within the economic region—gambling equipment (machines, dice, lottery and bingo paper), furniture, food, hotel supplies?
7. Taxes. Does the facility pay taxes? Are profits excessive leading to excessive federal income taxes? Are gambling taxes moderate or severe? Do the gambling taxes leave the economic region? Does the government return a portion of the gambling taxes to the region? How expensive are infrastructure and regulatory efforts which are required because of the presence of gambling that would not otherwise be required? Do the gambling taxes represent a transfer of funds between different economic strata of society?
8. Problem/Pathological (Compulsive gambling). How much compulsive gambling is generated because of the presence of the gambling facility in the economic region? What prevalence of local residents have become problem/pathological gamblers? What does this cost the society—in lost work, in social services, in criminal justice costs?
9. Crime. In addition to costs caused by problem/pathological gamblers, how much other crime is generated by gamblers because of the presence of a gambling facility? How much of this crime occurs within the economic region, and what is the cost of this crime for the people who live in the economic region?”

These issues and their relevance to the Mesquite casino gaming community are discussed in the CONCLUSION, which follows this SUMMARY.

## CONCLUSION

Central to this study, and the focus of the CONCLUSION, are the questions that have been asked throughout this study; the most relevant of which are itemized below. Each of the answers to these questions has a direct bearing on policy regarding casino gaming activity in Mesquite, Nevada, and, when taken collectively, answer the question: “Does Casino Gaming Benefit Mesquite, Nevada?”

1. Does casino gaming in Mesquite, Nevada bring in more money and jobs than leave the state? - Response: Yes. The MPD has issued 4,000 work permits in the last 12 months. The majority of the revenue from casino gaming remains in the state.
2. How relevant is compulsive gambling with regard to the Mesquite, Nevada casino patrons? – Response: Unknown at this time, however, because the majority of the casino patrons are out-of-state, this issue is mitigated in terms of economic impact to the Mesquite community. Regardless, “awareness programs and treatment programs for problem gamblers should be mandatory where gambling is legalized” (Thompson, 1999). (Refer to number 7, below, with regard to this issue).
3. What, if any, increases in crime have occurred since the increase in casino gaming to this area? Response: None that have a direct bearing on casino gaming activity, such as the Part II crimes described in this study. Further studies on this issue need to be conducted.
4. Has the presence of casino gaming caused an increase in crimes in local communities nearby who do not offer legalized gaming of any kind? Response: Not that can be determined at this time. Further studies need to be conducted on this issue that are more specific than the information and data gained from this study have provided. It should be noted that there is a predominate “juvenile offenses” theme in connection with criminal activity in all three jurisdictions, specifically Mesquite, Nevada, Cedar City, Utah, and St. George, Utah, which need to be addressed by policymakers and school superintendents. With regard to policy, “children should be banned from gambling places” (Thompson, 1999). Movie theatres tied to casino gaming should not admit anyone under 18, regardless of the rating on the movies being shown there. Concentration of activities for children in the community needs to take place in both the neighborhoods and schools where these children reside. Problems in regard to juvenile crime may stem more from parental neglect than the presence of casinos, but both should be dealt with if changes are to occur. (See: Colorado – *Recommendation Nos. 4 and 5*, below).

5. Are the financial losses of casino patrons offset by societal gains? Response: Yes. This is evidenced by the increase in development and the programs provided by the MPD, which encourage neighborhood cohesiveness and crime prevention.
6. Are the losses producing a public good? Response: Yes. (See numbers 1 and 5, above).
7. Should policymakers in Mesquite endorse casino gaming or should steps be taken to curb or even end this activity? Response: Yes, policymakers can endorse this activity, however, because approximately 22% of the casino population are in the “at-risk” category for compulsive gaming, in terms of policy, “warning signs indicating dangers of problem gaming should be posted in gambling places” (Thompson, 1999). Further, “ATM and Credit Card machines should be banned from gambling places” (Thompson, 1999).
8. What is the impact of casino gaming on the permanent residents’ quality of life? (See the Colorado Analysis, below).

Overall, this study’s findings indicate that casino gaming in Mesquite, Nevada benefits the community, both socially and economically. The majority of the patrons are out-of-state, which means that the effects of the compulsive gambler are not felt in the Mesquite, Nevada region.

With regard to policy in connection with local gamblers, it should be noted that in most instances (using Las Vegas as the model), locals would not be going to other locations to gamble or vacation with their gambling money (Thompson, 1999). Their favorite venues are “locals” casinos, bars, 7-11’s and grocery stores. Local gamblers may not be affluent. They may gamble excessively—often in binges that may last 10-20 or even 30 hours. They may not gamble rationally.

All of the factors itemized above have a bearing on policy. It is recommended that the casinos in Mesquite not be allowed to extend to residential areas, as they have in Las Vegas and, further, that slot machines and video poker machines not be allowed in convenience stores such as 7-11’s, grocery stores, or any other off-site locations.

As the model determines, proceeds from slot machines and video poker machines outside the casinos do not benefit the community in any manner whatsoever, and only serve to contribute to the problem of compulsive gambling. This is because profits from grocery stores leave the state—most machine profits in grocery stores leave the state as grocery storeowners live out of state. Grocery store prices are not lower because of the gambling profits.

With regard to number 3, above, prior studies on this issue have determined that crime increases because the presence of gambling provides opportunities for crime (see “Opportunity Model” described on p. 9). (Refer also to Nakken, 1996). This has costs for society, which need to be explored in a study designed to specifically address the prevalence of these crimes in the Mesquite area.

It has been determined that the state of residence of the casino patrons have a direct bearing on the economic gain to the community in terms of the casino gaming activity. There is a greater benefit to the community from this activity when patronage is “outside” the area, which is the case in Mesquite, Nevada.

Mesquite can gain insight in terms of policymaking with regard to the impact of “local patrons and gaming activity,” by looking at of the Las Vegas casino gaming as it relates to social/economic costs when it is the local patron, not the tourist, doing the gambling (Thompson, 1999). It is because of the direct correlation between local residents gambling and compulsive gambling problems, that the study on this issue needs to be conducted.

Lastly, with regard to policymaking and local residents, following are recommendations from Peter Caro’s study in Colorado, which are offered here as a model

for Mesquite policymakers. Caro's findings are based on his interactions with the Cripple Creek, Colorado local community officials, his knowledge gained from the classroom, and his personal experience.

The ideas he presents are intended to spur thought and further discussion among local leaders of communities who must address concerns and attempt to grasp the potential opportunities that may arise as a result of gambling.

For the purposes of this Mesquite study, it is hoped that these findings may be of assistance to policymakers in the Mesquite community with regard to the permanent residents living there and the casino gaming activity's impact on their quality of life.

## Colorado

### Recommendations

*Recommendation #1.* Community officials and residents must research and understand the full extent of the proposed gambling development and the associated economic, social, and environmental impacts. In addition, residents should be given the opportunity for active involvement in all phases of the planning and decision making and efforts should be made to facilitate dialogue between existing community residents and newcomers.

*Recommendation #2.* When planning a "service" district, thought should be given to the needs and wants of the local residents as they relate to design, types of services, access, and location, in order to create a commercial zone that will be attractive and inviting to both locals and visitors.

*Recommendation #3.* A department or division within local government or a separately governed district, which would oversee a community-wide program for parks, recreation, and tourism services, that caters to all ages and abilities, should be established. Efforts should be made to seek alternative public and private funding sources for these programs and services.

*Recommendation #4.* When planning recreation facilities, some type of community building, with a special meeting place for teens, should be designated or developed outside of the gaming district.

*Recommendation #5.* Consideration should be given to the potential negative influence working in casinos and around gambling could have on youth; and

programs to educate youth, on the positive and negative aspects of this industry, offered. Whenever possible, teen-age youth should be involved in discussing the impact gambling is having on them, and be allowed to contribute ideas as to how problems can be solved and the opportunities capitalized upon.

*Recommendation #6.* Efforts should be made to ensure that local programs address the needs of residents dealing with social issues related to abuse of drugs and alcohol, gambling addiction, and single parents issues are adequately funded and staffed.

*Recommendation #7.* Efforts should be made to diversify the attractions and services available and avoid dependency on gambling (which is an attraction being sought by many communities and states across the country and which has a historic “boom” and “bust” trend) as the city’s sole industry” (Caro, 1992).

The recent bankruptcy of the Mesquite Star, with its attendant impact upon the community, not the least of which being the displacement of 200 employees, should serve as a referent for the recommendation offered in number 7, above.

The overall picture of casino gaming in Mesquite, Nevada is a bright one, due in no small measure to the extensive efforts of the MPD to maintain community cohesiveness and prevent crime.

It appears that with proper policy implementation and attention to the environmental impacts of this expanding activity, casino gaming should continue to develop and expand the economy and benefit the residents of this community in a positive manner.

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## **EXHIBITS**