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Gambling Alert - September 29, 2022



A Midtown casino? Don't press your luck

A proposal emerged this month to put a casino in Midtown Manhattan, at Hudson Yards. Expect the promoters and politicians they support to make economic and jobs claims that sound too good to be true, following a script of 30 years of self-interested casino campaigns across America.

My latest research finds little evidence that casinos boost their local economies over time and strong evidence that casino economies do much worse in recessionary times than non-casino economies, for several reasons.

The money casinos tout is not money from thin air. Dollars dropped into slot machines, which provide roughly 75% of casino revenues, are dollars not spent in local businesses. As a result, casinos reduce local retail sales and the taxes they generate. This substitution effect has been long recognized.

“As a resident of Florida, I’m very concerned about the effect casinos would have in the state,” then-casino-magnate Donald Trump said in the Miami Herald on March 27, 1994. “People will spend a tremendous amount of money in casinos, money that they would normally spend on buying a refrigerator or a new car. Local businesses will suffer because they’ll lose customer dollars

to the casinos.”

A **state-level analysis** taking into account a range of tax impacts of casinos found that, despite lofty claims of casino promoters, “casino gambling probably does not have a positive effect on state revenues,” concluded College of Charleston economist and gambling consultant Douglas Walker.

And do not expect money to flow in from gamblers who don’t live in the area. Few casinos outside of Las Vegas draw any significant revenue from tourists. Even if situated right in Times Square, any New York City casino will rely heavily on local gamblers for the bulk of its income. [READ](#)

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