

Yinger: Casinos mean more jobs? No dice

October 31, 2013 by JOHN YINGER



The proposed constitutional amendment to allow new casinos in New York isn't really about financing education. It's not about job growth or property tax relief, either. But the wording of the proposition that will appear on Tuesday's ballot appears designed to make you think otherwise.

The amendment would "allow the Legislature to authorize up to seven casinos in New York State," but the ballot asks voters to approve it "for the legislated purposes of promoting job growth, increasing aid to schools, and permitting local governments to lower property taxes through revenues generated." Job growth, more aid to schools, lower property taxes! Who could vote no?

Actually, I could, because none of these claims is true.

Job growth? Not likely. Money spent in casinos is money not spent somewhere else. Job gains in casinos and their supporting businesses would be offset by unidentified but real job losses elsewhere in the economy. It's a fundamental principle of economics: The arrival of a casino does not give people more money to spend.

Proponents claim that casinos would attract gambling tourists to New York, and that might add a few jobs in the short run. But casinos generally do not attract gamblers from far away, and nothing would prevent surrounding states from introducing new or improved casinos themselves to bring these tourists back. Moreover, studies have found that casinos lead to increased gambling addiction, leading to social costs that may offset any short-run employment gains.

But surely, the proponents say, property tax revenue would increase, and property tax rates for homeowners would decrease, because casino property would be taxable. This remains to be seen, however; the authorizing legislation sets up a competition for casino licenses, and local governments may contribute property tax breaks to lure casinos within their borders. Even without tax-break competition, the costs casinos impose on local police, fire and highway departments would eat heavily into any new property tax revenue.

Finally, the claim of increased aid to schools simply isn't credible. The authorizing legislation assigns some of the state taxes collected at casinos to school aid or property tax relief. But this type of revenue is inherently unpredictable.

Moreover, dedicating casino revenue to schools doesn't mean total state education aid would increase. Why, state elected officials would ask, should we devote so much income and sales tax revenue to public schools if we have new revenue from casinos?

The casino revenue dedicated to schools could easily be like earmarked lottery revenue, which has induced many states to reallocate other funds away from education aid. Elected officials in New York have already backed away from the commitment they made in 2007 to phase in adequate funding for public schools. They do not need any encouragement.

State sponsorship of casinos also undermines a central message of public education, namely, that working hard and getting a good education are the best foundation for a successful, productive life. The New York lottery has already contradicted this message with its declaration that "all you need is a dollar and a dream." Private casinos would surely also use aggressive advertising. "Visit a casino and walk away a winner"? This might be a winning strategy for them, but it's a loser for our young people.

If this ballot amendment is approved, the people who own casinos will get rich, the politicians who support casinos will get campaign contributions, and some people will enjoy a new form of entertainment. But will New York experience job growth, lower property taxes, and more state aid to schools?

Don't bet on it.

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