



## After Hurricane Katrina, Where does the gambling industry stand now?

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As the Gulf Coast region struggles to pick up the pieces, a month after Hurricane Katrina devastated the region, one of the many stories currently gathering attention is the issue surrounding the possible changes to the casino industry in the aftermath of this natural disaster.

The first controversial matter at hand is the Governor of Mississippi, Haley Barbour's proposal to allow casinos to move ashore. Under current Mississippi law, casinos are restricted to floating barges that physically separate them from the nearby communities along the state's southern coast or the Mississippi River. The Governor is now asking lawmakers to allow casinos to rebuild ashore, as much as 1,500 feet inland, due to the undeniable threat of future natural disasters

From casino executives' point of view, this is the only way the industry will be able to rebuild itself, and more importantly, guarantee that it will have enough investors and insurance companies that will commit themselves to the costly reconstruction and rebuilding phase.

Mississippi's relationship with gambling, however, has always been a contentious one, considering the state's deep religious roots. The anti-gambling lobbyists - religious and conservative family groups - are strongly against such changes. They see such changes as the beginning of a dangerous expansion of the gambling industry - an industry they view as 'morally wrong'. They also believe

that the industry is using the disaster as leverage in order to push forward their own agenda. In a time when so many people are in need, it is essential for money to be carefully directed to areas of highest priority

While business and political leaders are pushing to change the law in the industry's favour, religious leaders, on the other hand, see an opportunity to propose (through an amendment) a state-wide referendum to get rid of gambling all together.

The controversy does not stop there. Criticism is also mounting surrounding President Bush's rebuilding efforts, chiefly his "Gulf Opportunity Zone" plan that will provide significant tax breaks and incentives to all industries in the Gulf Coast.

In the past, the gambling industry has generally been excluded from any type of economic development incentive. Many are arguing, industry analysts alike, that this money would be a waste as the gambling industry simply does not require such rebuilding aid, considering that casinos will most likely return to the region and thrive again naturally, regardless of tax breaks or geographic restraints.

Despite the ongoing disputes, it cannot be denied that the gambling industry is very important for the state of Mississippi, which is one of the poorest states in the country. Every year, the industry pumps millions of dollars into the state and local economies, with 12 percent of gambling revenues going to the government - 8 percent to the state and 4 percent to the county where

the casino is located. It was estimated that the casinos would bring in \$189 million to state tax coffers in the coming fiscal year, a number that has been increasing year after year since gambling became legal in 1990.

At a time when the Gulf Coast is desperately trying to rebuild and revive its economy, what should be done with an industry that last year provided 17,000 jobs to the state of Mississippi alone? According to a survey conducted on September 29th by the Sun Herald, one of Southern Mississippi's newspapers, that polled people's view on the casino issue, 64% voted for land or offshore casinos. After all, what's the difference? The "just do it" response, seems to echo the desperate need for a strong tourism industry that can easily and relatively quickly provide employment and financial security to thousands who, right now, have nothing.

All indications do point to the likelihood that the Gulf Coast will re-establish itself into the gambling destination it has been known for. The possibility of land-based casinos brings with it a whole new possibility of creating a gambling mecca similar to that of Las Vegas, or Atlantic City. While nobody anticipated such consequences to result from a natural disaster as Katrina, it is inevitable that big changes lie on the horizon. We expect that if the decision to establish land-based casinos comes to fruition, that the government understand the consequences of increased accessibility and visibility, and act accordingly.