

October 10, 2012

Jocelyn Evans  
Chair, Department of Economics and Finance  
College of Charleston  
66 George St.  
Charleston, SC 29424

Dear Dr. Evans:


This letter represents the cover letter portion of my application for sabbatical during the 2013-14 academic year. I would like to apply for a full year sabbatical term. My project title is **The Incidence of Casino Gambling Taxes**.

I propose to spend my sabbatical developing a theoretical model, collecting the necessary data, and testing the model, in order to provide evidence on the incidence of gambling taxes. The product of this research will be a significant contribution to the economics of gambling literature. It will also help to answer a very important public finance question related to a fast-growing industry in the U.S. and around the world. Finally, the project will expand my understanding and expertise in this research area.

The details of the project are provided in the attached sabbatical proposal, which includes a timeline indicating my estimates of how long each portion of the project will take. My research may be conducted partially in Charleston, but I am also looking at options for visiting short-term to work with gambling research colleagues. For example, I have been invited to be a visitor at the Division on Addictions at Harvard Medical School, which has an ongoing research program related to gambling. However, at this point, I do not have firm plans for where I will spend the sabbatical year.

Thank you for your consideration.

Sincerely,



Douglas M. Walker  
Professor of Economics



Sabbatical Proposal: **THE INCIDENCE OF CASINO GAMBLING TAXES**  
Douglas M. Walker, Professor of Economics  
October 10, 2012

Introduction

Legalized casino gambling has been an important policy issue over the past two decades. Almost all states have some form of legalized gambling, but commercial casinos operate in only 15 states.<sup>1</sup> Casino legalization at the state level continues to be controversial, but casinos have received renewed interest among policymakers eager to find new sources of tax revenues and jobs. This interest has grown since the recession that began in late 2007. One of the controversies surrounding the expansion of legalized casinos is the impact gambling taxes have on the poor. Many authors claim that the burden of casino taxes falls heavily on those with lower incomes, making these taxes “regressive” in the terminology of the existing literature. Although numerous studies have examined the tax revenue, labor market, and regional economic growth impacts of casinos, many of the economic impacts of casinos appear to depend on region-specific characteristics.

I have been studying the economic impacts of gambling since 1996. This was the subject of my dissertation, and since then I have published more than 30 journal articles and one book on the topic. (I am currently working on a second book.). As one of only a handful of economists who study gambling, I am an internationally known expert in this area of research. Because I have been working in this area since it began to develop in the mid-1990s, I am very familiar with the literature, what issues have been addressed, and the issues that still deserve attention from researchers. My proposed sabbatical project addresses one of the most important, previously unexamined, issues: the incidence of casino taxes. That is: On which income groups or segments of the population do these taxes have the greatest burden?

Background on Excise Tax Theory

An excise tax is a tax similar to sales taxes. However, while a sales tax typically applies to all goods purchased, for example, at a Target store, an excise tax applies only to one specific good. For example, there is an 18.3¢ federal excise tax on gasoline (per gallon) and a 16¢ state tax in South Carolina. So when one pays \$3.55 for a gallon of gas, that price includes a 34.3¢ excise tax which the gas seller must pay to federal and state governments.

Governments may impose excise taxes for several reasons: 1) to raise general revenues; 2) to pay for the cost of offering a specific good or service; or 3) to discourage the consumption of a certain good. The gas tax is used to finance the construction and maintenance of roads. State governments typically impose excise taxes on cigarettes and alcohol; these are called “sin taxes,” the aim of which may be to reduce consumption of the taxed goods. Taxes on gambling could be classified as sin taxes, but a major reason for legalizing gambling is to increase tax revenues.

One important tax issue that has received literally no attention in the gambling literature is the incidence of casino taxes. Tax incidence refers to the demographics of the individuals who bear the burden of a particular tax. Economists and policymakers judge the fairness of taxes, in part, on the extent to which the burden of the tax falls on relatively poor and relatively wealthy individuals. A “regressive” tax is one for which the relatively poor bear a disproportionate share of the tax burden relative to their income. As an example, suppose a \$1,000 tax is imposed on all people, regardless of their incomes. This tax is regressive because for a person with \$10,000 income it is a 10% tax. For an individual who has income of \$100,000, the tax represents only 1% of income. Most people would view such a tax scheme as unfairly burdening the poor. Social justice requires that the

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<sup>1</sup> This includes land-based and riverboat casinos, but not “racinos” (i.e., racetracks with slot machines).



wealthy pay a higher proportion of their income in taxes (“progressive” taxes). For example, if the person with \$10,000 income pays a \$1,000 tax (10% of income), and the person with \$100,000 income pays a \$15,000 tax (15% of income), this would be a progressive tax. The U.S. federal income tax is designed to be a progressive tax.

Tax incidence is an important public finance issue because it deals with tax fairness. One interesting and important fact about excise taxes is that the *actual* tax burden has nothing to do with the *legal* tax burden. Rather, what determines the actual tax burden is the relative elasticities of supply and demand (i.e., relative responsiveness to changes in price). In short, this means that whichever side of the market – supply or demand – is less responsive to changes in price will ultimately bear a larger share of the excise tax burden, regardless of the legal tax burden. For example, although the gas tax is imposed on companies, gas stations are able to partially shift the tax burden to consumers by raising gas prices.

### Gambling Taxes

State lotteries are designed so that for each \$1 lottery ticket sold, about 50¢ is returned to players in prizes, 20¢ pays for administration, and the remaining 30¢ is kept by government. This revenue is referred to as the “lottery tax.” The overwhelming evidence from the literature suggests that the lottery tax is highly regressive.<sup>2</sup> That is, lower income individuals spend a higher proportion of their incomes than higher income individuals on lottery products. This means that the lottery tax falls more heavily on lower income individuals. This fact is one of the most troubling aspects of state governments offering lotteries.<sup>3</sup> Since now more than 40 states have state lotteries, the regressivity question may seem moot. However, with only 15 states with legal commercial casinos, the incidence of casino taxes is still a very important policy issue.

Although policymakers raise the tax regressivity issue when considering the introduction of casinos, most commentators have simply assumed that “gambling is gambling” so that the casino tax will mimic the lottery tax vis-à-vis incidence. In most states a tax is levied on the “gross gambling revenue,” or the gambling revenue retained by the casino after paying winning customer bets.<sup>4</sup> Tax rates vary by state, from around 7% in Nevada, up to 55% in Pennsylvania.<sup>5</sup> Gambling taxes can represent up to 10% of a state’s tax revenues.<sup>6</sup>

There are good reasons to suspect that the incidence of casino taxes is different from that of the lottery tax. The purpose of this project is to study this issue and determine the incidence of casino taxes. The project should represent a significant contribution to the literature. I am not aware of any recent published study, or any researcher currently doing work, on the incidence of casino taxes.<sup>7</sup>

<sup>2</sup> See Clotfelter and Cook (1989) and Stranahan and Borg (1998) for some examples. Garrett (2012) shows that different lottery products have different levels of regressivity and that, generally, higher priced games (e.g., \$20 scratch-off tickets) are less regressive than lower priced games. Garrett finds that some lottery products are proportional (i.e., neither regressive nor progressive).

<sup>3</sup> In most states lotteries were passed in part because their revenues were earmarked for some good purpose. For example, we have the South Carolina Education Lottery which supports education in various ways. However, as Rubenstein and Scafidi (2002) have shown, such earmarks may increase the regressivity of the lottery because the benefits of subsidizing college tuition, for example, generally accrue to higher-income individuals. In effect, then, the lottery taxes poor people disproportionately and subsidizes rich people.

<sup>4</sup> The casino also pays federal and state income taxes, as applicable, but these taxes are not the focus of this project.

<sup>5</sup> For several years the rate was 70% in Illinois, but it is now 50%. In many states the casino taxes are graduated, so that casinos with lower revenues pay a lower tax rate than casinos with higher revenues.

<sup>6</sup> For a general discussion of casino taxes, see Anderson (2005).

<sup>7</sup> The one exception is the study of Nevada casinos by Suits (1977). Suits found that casino taxes were progressive. But this study was done when Nevada was the only state in which casinos operated. Most casino patrons flew in to Nevada from other parts of the country and stayed in hotels. These customers would have relatively high incomes, of course. When Suits isolated Nevada residents, however, he found the casino tax to be highly regressive.



### Technical Details & Timeline

In the case of casino taxes, whose statutory burden is placed on the supply side of the market, consumers may end up bearing a large share of the tax burden if demand is more inelastic than supply. If the tax is passed on to consumers, the casino tax would be regressive if lower income individuals represent a disproportionate share of casino patrons.

Determining the incidence of casino taxes will require a careful conceptual analysis, which will be much more complicated than analyzing the incidence of lottery taxes. This is because the lottery tax is collected by government directly from the consumer.<sup>8</sup> So any tax revenue raised is certainly borne by the lottery consumers. The price of a lottery ticket is also very obvious (say \$1 per ticket). In the casino case, although the casino bears the statutory tax burden (i.e., is required by law to pay the taxes to government), it is possible for the casinos to shift the tax burden to consumers by increasing the “price” of casino games. The extent to which casino prices rise as a result of the casino tax is a measure of the tax burden borne by casino customers. Demographics, then, would be used to determine the extent to which casino taxes are regressive.

The project will require several separate steps. [Estimated times are shown.]

(1)[1 month] Detailed literature review.

(2)[1 month] A theoretical model of the market for casino gambling must be developed, including how it is impacted by a tax. From this I will derive the equations which I will estimate using the data discussed in (3) and (4), below.

(3)[2 months] Data on state-level casino taxes must be collected. These are generally available at the states’ gaming commission websites.<sup>9</sup> The tax rate data may be somewhat complicated because, as mentioned previously, many states have graduated tax rates. It may be necessary to compare casinos in simple tax structure states, and omit more complicated taxing states.

(4)[2 months] The price of casino games must be determined. The measure used should be one that can be aggregated at the state-level. This issue is potentially much more complicated than it might first seem. While it is simple to think of the price of a lottery ticket as \$1, nothing tangible is being received from a casino bet. It seems inappropriate to think of the amount bet as the price, because if the consumer wins, they have more money than they started with. The expected value of the bet may be one way to conceive of the price. However, most casino gamblers do not just place one bet. They continue to bet their winnings.

Only one paper in the literature has seriously addressed the price issue (Siu 2011), and this paper helps to show how complicated the issue is. Siu (2011, p. 271) argues that the best conception of casino game price is product of the house advantage (negative expected value) and the minimum bet for the casino game. I have questions about this conception of price, and as a practical matter, it may be difficult to use for analyzing the incidence of casino taxes.

Another complicating factor regarding the price is that it is not immediately obvious what the casino “product” is. Should it be narrowly defined as the casino bet? Or should it include other amenities offered by the casinos, such as free drinks, meals, and other entertainment offered?<sup>10</sup> Once casino price is established, an index comparing casino prices across different tax jurisdictions must be developed.

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<sup>8</sup> There is, of course, the middle-man. But lottery ticket sellers are paid a commission by government, rather than setting ticket prices. Lottery revenue is effectively transferred directly from the customer to government, minus sellers’ commission.

<sup>9</sup> For a previous study I collected tax revenues, but not rates, from commission websites (Walker and Jackson 2011).

<sup>10</sup> For example, many casinos give patron alcoholic beverages as long as they are gambling. In a growing number of casinos, female dancers perform on a stage surrounded by casino games. This may be part of the casino “product.”



The development of a theory of casino price, which can be applied in empirical analyses will be a significant contribution of this project. I expect that the concept of price developed, and the data collected, could be used in a variety of studies on casino economics in the future.

(5)[2 months] Once data on casino tax rates, casino prices, and the demographics of casino patrons have been collected, the analysis of tax incidence can be started. A key to the analysis will be to determine the extent to which casino taxes fall on the patrons rather than the casinos themselves. This issue hinges on the extent to which casino games vary by tax jurisdiction (i.e., state). While the games themselves, such as blackjack and roulette, do not vary across states, if one includes other amenities in the casino product, then it becomes more complicated.

(6)[2 months] Write papers for journal publication.

### Hypothesis and Anticipated Outcomes

My hypothesis is that casino taxes are progressive, or at least proportional. This finding, if supported by empirical evidence, would represent a major contribution to the literature and would suggest that casino taxes are perhaps preferable to lotteries, with respect to tax incidence. A key determinant of the tax incidence is whether or not casinos are able to shift the excise tax to their customers. My initial hypothesis is that casinos are not able to shift taxes to their customers.

The data collection and analysis in this project should result in high quality research papers. I can imagine at least two papers, one on casino prices and one on tax incidence, that could be published in good economics journals. After drafting the papers I will present each at an academic conference to receive feedback from other researchers. After revision, the papers will be submitted to journals. There are several high quality economics journals that would be appropriate targets for this work: *Contemporary Economic Policy*, *Public Finance Review*, *National Tax Journal*, and *Journal of Public Economics*. (I have published in the first two of these journals.)

As an additional outcome from this project, my understanding and expertise on gambling taxes would be expanded. This would be valuable in my service to the College, both contributing to an improved "economics of gambling" course, and to my research scope. The data developed through this project could be used in a variety of other research applications in the future.

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# Douglas M. Walker

Curriculum Vitae – October 2012

## Contact Information

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## Academic Employment

College of Charleston Charleston, SC	Professor of Economics Associate Professor of Economics (Tenured 8/2010)	2012 - present 2007 - 2012
Georgia College Milledgeville, GA	Associate Professor of Economics Assistant Professor of Economics (Tenured 8/2003)	2003 - 2007 1998 - 2003
Louisiana State University Baton Rouge, LA	Instructor of Economics	1997 - 1998
Auburn University Auburn, AL	Graduate Research/Teaching Assistant Department of Economics	1993 - 1997

## Current Editorial & Professional Appointments

Asia-Pacific Assoc. for Gambling Studies Taipa, Macao, SAR, China	Vice President	2011-present
Nathan Associates Washington, DC	Academic Affiliate	2009-present
<i>International Gambling Studies</i>	Regional Assistant Editor	2012-present
<i>Gaming Law Review and Economics</i>	Economics Editor	2010-present
<i>UNLV Gaming Research and Review Journal</i>	Editorial Board Member	2010-present

## Education

Ph.D., Economics, Auburn University, Auburn, AL. March 1998. Fields: International and Public Economics. Dissertation: *Sin and Growth: The Effects of Legalized Gambling on State Economic Development*. Co-Advisors: John D. Jackson and Robert B. Ekelund

B.S., Business Administration (Accounting), Kansas State University, Manhattan, KS. May 1993.

## Teaching

Introductory-level: Survey of Economics, Honors Economics Survey, Microeconomics

Upper-level: Controversial Economic Issues, Economics of Gambling, International Economics, Intermediate Macroeconomics, Intermediate Microeconomics, Public Economics, Drugs and Society (Honors Seminar), Senior Seminar in Economics

Graduate-level: International Trade Theory, Managerial Economics

Principles classes from 18 to 120 students; upper-level classes from 7 to 40 students. Teaching evaluations and statement of teaching philosophy available on request.

## Teaching/Research Awards

"Distinguished Research Award," College of Charleston, School of Business and Economics (2008-09)

"Honor Professor," Phi Kappa Phi (2001)

"Economics Teacher of the Year," Georgia Association of Economics & Finance (1998)

## Research

### *Interests*

Economic/social impacts of legalized gambling; Public economics; Applied microeconomics

### *Books*

*Casinonomics – Social and Economic Impacts of Casino Gambling*. New York: Springer. (Forthcoming, 2013)

*The Economics of Casino Gambling* (2007). New York: Springer. Cloth (2007) ISBN 978-3-540-35102-3. E-book ISBN 978-3-540-35104-7. Paperback (2010) ISBN 978-3-642-07119-5/978-3-540-82537-1. Chinese translation ISBN 978-957-818-870-9 (2008, Yang-Chih Book Co. Ltd., Taiwan).

### ***Papers Under Review***

"Casinos and Political Corruption in the United States," with P. Calcagno

"Casino Revenue Sensitivity to Competing Casinos: A Spatial Analysis of Missouri," with T. Nesbit

### ***Research in Progress***

"How Do Casinos Make Money?" with S. Litvin

*Casinonomics – Social and Economic Impacts of Casino Gambling* (book manuscript under contract)

### ***Articles Published in Refereed Journals***

"The Relationship of ADHD Symptoms to Gambling Behavior: Results from the National Longitudinal Study of Adolescent Health," with C. Clark and L. Nower. International Gambling Studies (forthcoming).

"Problems Identified by Mäkelä Parallel Those in the 'Social Cost of Gambling' Studies" (2012). Nordic Studies on Alcohol and Drugs 29(4): 363-365.

"The Effect of Legalized Gambling on State Government Revenue" (2011) with J. Jackson. Contemporary Economic Policy 29(1): 101-114.

"Casino Revenues and Retail Property Values: The Detroit Case" (2011) with J. Wiley. Journal of Real Estate Finance and Economics 42(1): 99-114.

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"The Impact of Casinos on Fatal Alcohol-Related Traffic Accidents in the United States" (2010) with C. Cotti. Journal of Health Economics 29(6): 788-796.

"Determinants of the Probability and Timing of Commercial Casino Legalization in the United States" (2010) with P. Calcagno and J. Jackson. Public Choice 142(1-2): 69-90.

"The Relationship between Gambling Behavior and Binge Drinking, Hard Drug Use, and Paying for Sex" (2010) with C. Clark and J. Folk. UNLV Gaming Research & Review Journal 14(1): 15-26.

"Does Adolescent Attractiveness Matter? Academic Performance, College Attendance, and Criminal and Delinquent Behavior" (2009) with C. Clark. Southern Business & Economics Journal. 32(3&4): 57-78.

"Are Gamblers More Likely to Commit Crimes? Evidence from a Nationally Representative Survey of US Young Adults" (2009) with C. Clark. International Gambling Studies 9(2): 119-134.



"Katrina and the Gulf States Casino Industry" (2009) with J. Jackson. Journal of Business Valuation and Economic Loss Analysis 4(2): article 9.

"Evaluating Crime Attributable to Casinos in the U.S.: A Closer Look at Grinols and Mustard's 'Casinos, Crime, and Community Costs'" (2008). Journal of Gambling Business and Economics 2(3): 23-52.

"Are You 'Hot or Not'?" (2008), with M. Baxter. Atlantic Economic Journal 36(3): 367-368.

"Clarification of the Social Costs of Gambling" (2008). Journal of Public Budgeting, Accounting, and Financial Management 20(2): 141-152.

"Market-Based 'Disaster Relief': Katrina and the Casino Industry" (2008) with J. Jackson. International Journal of Social Economics 35(7): 521-530.

"The Diluted Economics of Casinos and Crime: A Rejoinder to Grinols and Mustard's Reply" (2008). Econ Journal Watch 5(2): 148-155. Online, [aier.org/ejw](http://aier.org/ejw)

"Do U.S. Gambling Industries Cannibalize Each Other?" (2008) with J. Jackson. Public Finance Review 36(3): 308-333.

"Do Casinos Really Cause Crime?" (2008). Econ Journal Watch 5(1): 4-20. Online, [aier.org/ejw](http://aier.org/ejw)

"Do Casinos Cause Economic Growth?" (2007) with J. Jackson. American Journal of Economics and Sociology 66(3): 593-607.

"Problems with Quantifying the Social Costs and Benefits of Gambling" (2007). American Journal of Economics and Sociology 66(3): 609-645.

"Additional Evidence on the Relationship between Class Size and Student Performance" (2004) with J. Arias. Journal of Economic Education 35(4): 311-329.

"Kindt's Paper Epitomizes the Problems in Gambling Research" (2004). Invited comment, Managerial and Decision Economics 25(4): 197-200.

"Methodological Issues in the Social Cost of Gambling Studies" (2003). Journal of Gambling Studies 19(2): 149-184.

"Is Professional Gambling a Directly Unproductive Profit-Seeking (DUP) Activity?" (2001). International Gambling Studies 1: 177-183.

"A Note on Multiple Choice Exams with respect to Students' Risk Preference and Confidence" (2001) with J. Thompson. Assessment & Evaluation in Higher Education 26(3): 261-267.

"The Social Costs of Gambling: An Economic Perspective" (1999) with A. Barnett. Journal of Gambling Studies 15(3): 181-212.

"Response to McGowan's Comment on 'The Social Costs of Gambling: An Economic Perspective'" (1999) with A. Barnett. Journal of Gambling Studies 15(3): 217-221.

"State Lotteries, Isolation, and Economic Growth in the U.S." (1999) with J. Jackson. Review of Urban & Regional Development Studies 11(3): 187-192.

"Legalized Casino Gambling and the Export Base Theory of Economic Growth" (1999). Gaming Law Review 3(2/3): 157-163.

"New Goods and Economic Growth: Evidence from Legalized Gambling" (1998), with J. Jackson. Review of Regional Studies 28(2): 47-69.

"Comment on 'Legal Gambling as a Strategy of Economic Development'" (1998). Economic Development Quarterly 12(3): 214-216.

"J.S. Mill on the Income Tax Exemption and Inheritance Taxes: The Evidence Reconsidered" (1996) with R. Ekelund. History of Political Economy 28(4): 559-581.

### *Book Chapters (Original)*

"The Lottery and Casino Gambles in Tennessee." In *Freedom and Prosperity in Tennessee*, J.R. Clark, ed. Forthcoming.

"Overview of the Economic and Social Impacts of Gambling in the U.S." In *Oxford Handbook on the Economics of Gambling*, L. Williams and D. Siegel, eds. Oxford University Press, forthcoming.

"Springfield's Casino Experience" with S. Kelly. In *The Simpsons and Economics*. J. Hall, ed. Forthcoming.

"Casinos and Crime in the U.S." In *Handbook on the Economics of Crime*, pp. 488-517. B. Benson and P. Zimmerman, eds. Edward Elgar, 2010.

"The Economics of Gambling." In *21<sup>st</sup> Century Economics: A Reference Handbook*, pp. 677-685. R. Free, J. Ankrom, R. Bartlett, K. Case, and W. Stock, eds. Sage, 2010.

"Gambling." In *Encyclopedia of the Life Course and Human Development*, pp. 155-158 (vol. 2). D. Carr, ed. Macmillan Reference, 2009.

"Ongoing Challenges in Research on the Social Costs of Gambling." In *Economic Aspects of Gambling Regulation: EU and US Perspectives*, pp. 13-29. T. Coryn, C. Fijnaut, and A. Littler, eds. Martinus Nijhoff, 2008.

### *Book Chapters (Reprinted from Journal Articles)*

"Do U.S. Gambling Industries Cannibalize Each Other?", with J. Jackson. In *The Economics of Gambling and National Lotteries*, ch. 29. L. Williams, ed. Edward Elgar, 2012. Reprinted from Public Finance Review (2008).

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#### **Articles in Other Publications**

"Hurdles in Gambling Research: Measuring the Social and Economic Costs of Gambling." Invited editorial, Canadian Gaming Business 2(6): 33. August 2008. Online, [candiagamingbusiness.com](http://candiagamingbusiness.com)

"Creating a Standardised Measure of Social and Economic Effects." Invited editorial, Casino & Gaming International, pp. 99-102. April 2008. Online, [casinoandgaming.net/cgi/](http://casinoandgaming.net/cgi/)

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#### **Book Reviews**

*Gambling in America: Costs and Benefits*, by E. Grinols. (2007). Southern Economic Journal 73(3): 830-832.

*Luxury Fever: Why Money Fails to Satisfy in an Era of Excess*, by R. Frank. (1999). Southern Economic Journal 66(1): 199-200.

*The Winner-Take-All Society*, by R. Frank and P. Cook. (1996). Southern Economic Journal 63(2): 550-551.

#### **Working Papers That Will Never Get Published**

"Final Comments on the Casinos and Crime *Econ Journal Watch* Exchange." (May 2008).

"A Comment on Hoppe's Note on Preferences and Indifference." (January 2007).

"Unemployment Insurance as a Stability Policy in a Common Market." (November 2002).

#### **Consulting and Funded Research**

##### **Academic/Government Projects**

College of Charleston, School of Business Research Grant. "Casino Revenue Sensitivity to Competing Casinos." (Summer 2012)

College of Charleston, School of Business Research Grant. "Casinos and Corruption." (Summer 2011)

College of Charleston, Initiative for Public Choice & Market Process Research Grant. "Casino Tax Rates and the Economic Impact of Casinos at the State Level." (Summer 2010)

French Embassy, Department of Economic Affairs, Washington, DC. Claire Meyer. Consulting on U.S. gambling industry. (November 2009, pro bono)

South Carolina Policy Council and the Initiative for Public Choice & Market Process Research Grant, "Regulatory Reform Principles for South Carolina." In *Unleashing Capitalism: How to Increase South Carolina's Economic Prosperity*, pp. 151-169. P. Calcagno, ed. (2009)

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Harrah Hospitality Research Center Grant. "Profitability and Return-on-Investment from Casino Amenities," with L. Bryant. (2009-10)

College of Charleston, Initiative for Public Choice & Market Process Research Grant. "R.I.P. Social Cost of Gambling Studies." (Summer 2009)

DeVoe Moore Symposium for the Handbook on the Economics of Crime, Florida State University. Research Grant. "Casinos and Crime." (Spring 2009)

College of Charleston, Faculty Research Grant. "Do Gambling Taxes Over-Burden the Poor?: The Case of Casino Taxes." (Summer 2008)

State of Missouri, Office of the Attorney General. Social cost of gambling literature. (June 2008)

College of Charleston, Carter Real Estate Center Research Grant. "Casino Revenues and Retail Property Values: The Detroit Case," with J. Wiley. (Summer 2008)

College of Charleston, SURF Grant. "An Experiment on Small Changes in Appearance, Academic Performance, and Attractiveness Ratings," with C. Blair and A. Colao. (Summer 2008)

Canadian Centre on Substance Abuse. "A Simple Model to Explain and Illustrate the Definition of 'Social Cost'" (May 2000)

### ***Industry Consulting Projects***

Clairvest Group, Inc. (through Spectrum Gaming). "Casinos and Crime: Analyzing the Relationship and the Record." (July 2012)

Spectrum Gaming. "Substitution Effect between Online Gambling and Lotteries." (April 2012)

Pauma Band of Mission Indians and Rosette & Associates, "Declaration in support of Pauma's motion for preliminary injunction to prevent enforcement of compact payment provisions." (March 2010)

Spectrum Gaming. "The Likely Effect of VLTs on the Pennsylvania Lottery," with Nathan Associates. (April 2009)

Canadian Gaming Association. "The Social and Economic Impacts of Gambling Report: Comments and Considerations." (August 2008)

State of Massachusetts Economic Impact Study for Casinos, with Spectrum Gaming. (May 2008)



American Gaming Association. "Challenges that Confront Researchers on Estimating the Social Costs of Gambling." 10<sup>th</sup> Anniversary White Paper Series. (September 2007)

Amazing Taiwan Co., Ltd. Paper: "Economic Implications of Casino Gambling in Taiwan" with W. Eadington. (September 2006)

Casino Association of Indiana. Paper: "Review of PolicyAnalytics' 'A Benefit-Cost Analysis of Indiana's Riverboat Casinos for FY 2005'." (March 2006)

Nevada Resort Association. Paper: "Review of Schwer, Thompson, and Nakamuro, 'Beyond the Limits of Recreation: Social Costs of Gambling in Las Vegas'." (March 2003)

#### *Invited or Externally Funded Presentations*

Massachusetts Gaming Commission. "Public Forum on the economic impacts of casinos in Massachusetts." Invited panelist. Worcester, MA. (June 2012)

Gambling Economics Research: New Directions. "Casino Revenue Sensitivity to Competing Casinos: A Spatial Analysis of Missouri." Edmonton, Canada. (June 2012)

Bastiat Society. "Is Legalized Casino Gambling Good for the Economy?" Charleston, SC. (January 2011)

Macao Polytechnic Institute, Global Gaming Management Seminar Series. "The Economic Effects of Casino Gambling: A Perspective from the U.S." Macao, SAR China. (October 2009)

DeVoe Moore Symposium on Critical Issues: The Economics of Crime. For the *Handbook on the Economics of Crime*. "Casinos and Crime." Florida State University, Tallahassee, FL. (March 2009)

Harvard Medical School, Cambridge Health Alliance, Division on Addictions. 9<sup>th</sup> Annual NCRG Conference on Gambling and Addiction. "Analyzing the Costs and Benefits of Gambling: Cultural, Historical, and Economic Perspectives." Las Vegas, NV. (November 2008)

Nathan Associates. "The Economics of Casino Gambling." Washington, D.C. (November 2008).

Center for the Study of Political Economy, Hampden-Sydney College. "Virtues of the U.S. Gambling Vice." Hampden-Sydney, VA. (October 2008)

Canadian Gaming Summit. "Hurdles in Gambling Research: Social & Economic Costs." Montréal, Canada. (May 2008)

NCRG, 21<sup>st</sup> Annual Conference on Prevention, Research and Treatment of Problem Gambling. "The Weak Link Between Gambling Research and Policy: Cost-Benefit Analysis." Kansas City, MO. (June 2007)

Special Issue Workshop for *Economica*. "The Effect of Legalized Gambling on State Tax Revenue," with J. Jackson. University of California, Riverside. Palm Desert, CA. (May 2007)

College of Charleston, Department of Economics & Finance. "The Economics of Casino Gambling." Charleston, SC. (February 2007)

University of Alberta, Department of Economics. "The Economics of Casino Gambling." Edmonton, Canada. (February 2007)

Dutch State Lottery. Colloquium on the European and National Perspectives of the Regulation of Gambling. "Ongoing Challenges in Cost-Benefit Analyses of Casino Gambling." Tilburg University, The Netherlands. (November 2006)

U.K. Casino Scoping Study, Economic Impact Module, Lancaster University, UK. Invited virtual workshop participant. Tilburg, The Netherlands. (November 2006)

Harvard Medical School, Cambridge Health Alliance, Division on Addictions. 7<sup>th</sup> NGRG Conference on Gambling and Addiction. "What Happens When We Ignore Science? Risks to Public Policy and Public Health." Las Vegas, NV. (November 2006)

Harvard Medical School, Cambridge Health Alliance, Division on Addictions. 7<sup>th</sup> NGRG Conference on Gambling and Addiction. "The Real Costs: How to Effectively Measure Social and Economic Impacts." Las Vegas, NV. (November 2006)

Alberta Gaming Research Institute. 5<sup>th</sup> Annual Conference: Social and Economic Costs and Benefits of Gambling. "Quantification of the Social Costs and Benefits of Gambling." Banff, Canada. (April 2006)

Maryland League of Women Voters. "Complicating Issues on the Social Costs of Gambling and Slot Machines in Maryland." Annapolis, MD. (December 2003)

Canadian Centre on Substance Abuse. 1<sup>st</sup> International Symposium on the Social Costs of Gambling. "A Simple Model to Illustrate the Definition of 'Social Cost'." Whistler, Canada. (September 2000)

#### ***Radio Presentation / Guest***

NPR, *OnPoint with Tom Ashbrook*. "Casino cannibalization." Radio show guest (Boston, April 17, 2012).

C-SPAN Radio. "The Real Costs: How to Effectively Measure Social and Economic Impacts." Presentation at 7<sup>th</sup> NGRG Conference on Gambling and Addiction (Las Vegas, November 2006). Aired Sunday, 10 December 2006, 10.00 a.m.

#### ***Research Presentations***

"Casinos and Economic Growth" with J. Jackson. Southern Economic Association Conference. New Orleans, LA. (November 2012)

"Missouri Casino Revenue Sensitivity to Competing Casinos" with T. Nesbit.  
37<sup>th</sup> Annual Conference, Association of Private Enterprise Education. Las Vegas, NV. (April 2012)  
51<sup>st</sup> Annual Meeting, Southern Regional Science Association. Charlotte, NC. (March 2012)



Discussant: "Economic Education." American Economic Association Conference. Chicago, IL. (January 2012)

"The Casino Industry and the Corruption of Public Officials" with P. Calcagno.

36<sup>th</sup> Annual Conference, Association of Private Enterprise Education. Nassau, Bahamas. (April 2011)

70<sup>th</sup> International Atlantic Economic Conference. Charleston, SC. (October 2010)

84<sup>th</sup> Annual Western Economic Association International Conference. Vancouver, Canada. (July 2009)

14<sup>th</sup> International Conference on Gambling and Risk-Taking. Lake Tahoe, NV. (May 2009)

"The Ill-Formed and Rotten Roots of the 'Social Cost of Gambling' Estimates in the Literature."

Association for Private Enterprise Education, 35<sup>th</sup> annual conference. Las Vegas, NV. (April 2010)

"Tax Reforms for Growth in South Carolina." Association for Private Enterprise Education, 35<sup>th</sup> annual conference. Las Vegas, NV. (April 2010)

"Casinos and Crime: What is the Evidence?"

14<sup>th</sup> International Conference on Gambling and Risk-Taking. Lake Tahoe, NV. (May 2009)

Southern Economic Association Conference. New Orleans, LA. (November 2007)

"What Are the Social Costs of Gambling?" 7<sup>th</sup> European Conference on Gambling Studies and Policy Issues. European Association for the Study of Gambling. Nova Gorica, Slovenia. (July 2008)

"The Regressivity of Gambling Taxes: The Case of Casinos."

74<sup>th</sup> International Atlantic Economic Conference. Montréal, Québec, Canada

7<sup>th</sup> European Association for the Study of Gambling conference. Nova Gorica, Slovenia. (July 2008)

"Are You 'Hot or Not'? (And if Not, What Can You Do About It?)" with C. Blair and A. Colao. College of Charleston Department of Economics & Finance Seminar Series. Charleston, SC. (April 2008)

"Katrina and the Gulf States Casino Industry" with J. Jackson. Southern Economic Association Conference. New Orleans, LA. (November 2007)

"Do Casinos Cause Economic Growth?" with J. Jackson.

Southern Economic Association Conference. Charleston, SC. (November 2006)

13<sup>th</sup> International Conference on Gambling and Risk-Taking. Lake Tahoe, NV. (May 2006)

"Different Perspectives on Estimating the Social Costs and Benefits of Gambling." 13<sup>th</sup> International Conference on Gambling and Risk-Taking. Lake Tahoe, NV. (May 2006)

"Do U.S. Gambling Industries Cannibalize Each Other?" with J. Jackson. Southern Economic Association Conference. New Orleans, LA. (November 2004)

"Gambling as a Rational Addiction." 12<sup>th</sup> International Conference on Gambling and Risk-Taking. Vancouver, BC, Canada. (May 2003)

"Maximizing Gambling Tax Revenues: The Optimal Mix of Gambling in a State." 12<sup>th</sup> International Conference on Gambling and Risk-Taking. Vancouver, BC, Canada. (May 2003)

- "The Relationships among Gambling Industries in the U.S." with J. Jackson.  
Southern Economic Association Conference. New Orleans, LA. (November 2002)  
11<sup>th</sup> International Conference on Gambling and Risk-Taking. Las Vegas, NV. (June 2000)
- "Unemployment Insurance as a Stability Policy in a Common Market." Southern Economic Association Conference. New Orleans, LA. (November 2002)
- "Is Gambling a DUP Activity?" 11<sup>th</sup> International Conference on Gambling and Risk-Taking. Las Vegas, NV. (June 2000)
- "The Social Costs of Gambling." GC&SU School of Business Faculty Development Spring Research Seminar. Milledgeville, GA. (April 2000)
- "Concerns about Politics, Research, and the Legalization of Casino Gambling." Association of Private Enterprise Education Conference. Las Vegas, NV. (April 2000)
- "State Lotteries, Isolation, and Economic Growth." Southern Economic Association Conference. New Orleans, LA. (November 1999)
- "Legalized Gambling and Economic Growth."  
Southern Economic Association Conference. Atlanta, GA. (November 1997)  
LSU Department of Economics Seminar Series. Baton Rouge, LA. (October 1997)  
10<sup>th</sup> International Conference on Gambling and Risk-Taking. Montréal, Québec, Canada. (May 1997)
- Discussant: "Casino Gambling as a Catalyst for Economic Development: Myth or Reality?" American Economic Association Conference. New Orleans, LA. (January 1997)

## Professional Service and Memberships

### *Editorial & Refereeing Activities*

Resource Editor	<i>Annals of Tourism Research</i> (2004-2012)	
Ad Hoc Referee:	<i>Administration &amp; Society</i> <i>American Journal of Economics and Sociology</i> <i>Annals of Tourism Research</i> <i>Atlantic Economic Journal</i> <i>Contemporary Economic Policy</i> <i>Econ Journal Watch</i> <i>Economic Inquiry</i> <i>Economics Letters</i> <i>Gaming Law Review &amp; Economics</i> <i>Growth &amp; Change</i>	<i>International Gambling Studies</i> <i>International Journal of Regional Science</i> <i>Journal of Business Research</i> <i>Journal of Gambling Studies</i> <i>Journal of Quantitative Criminology</i> <i>Journal of Social Economics</i> <i>Regional Studies</i> <i>Review of Regional Studies</i> <i>UNLV Gaming Research &amp; Review Journal</i> <i>Southern Economic Journal</i>
Reviewer:	<i>Addison Wesley   Cengage/Thomson</i> <i>McGraw-Hill/Irwin   Worth</i>	<i>Alberta Gaming Research Institute  </i> <i>Elsevier   Ontario Gambling Research</i> <i>Centre</i>

### *Professional Conference Activities*

Session organizer: Southern Economic Association conference, sessions on the economics of gambling (2006, 2007, 2012); Western Economic Association conference, session on the economics of gambling, co-organizer with B. Humphreys (2009); International Atlantic Economic Association (2 sessions, 2010)

Discussant and/or session chairman: Various conferences, 1997-present

Attendee: Various academic conferences on economics and gambling (1997-present)

### *Student Advising/Supervision*

College of Charleston Economics Club (founding faculty advisor, spring 2011)

Omicron Delta Epsilon, College of Charleston Chapter (faculty advisors, spring 2012-present)

Undergraduate/Funded Student Research Supervision at CofC:

Alex Colao (summer 2008 SURF project)

Patty Grant (spring 2009 Independent Study; May 2009 MAYS Grant; summer 2009 IPCMP Research Award)

Kenneth Chandler (summer 2009 IPCMP Research Fellowship)

Emily Clayton (spring 2010 Independent Study)

Whitney Whitson (spring 2010 Bachelor's Essay)

Shannon Kelly (fall 2010 IPCMP Research Fellowship)

Georgia College Student Organizations: Economics & Investment Club (2001-07); Omicron Delta Epsilon (2001-07); Student Judicial Board Faculty Advisor (2000-03)

### *Committee Work*

College of Charleston: Faculty Senate (2010-12); Honor Board (2010-11; 2012-13); Curriculum committee (2009-10); School of Business Faculty Development Committee (2009-2012; chair, 2011-12); School of Business Community Outreach Committee (chair, 2008)

Georgia College (1998-2007): Member of various university, school, and department committees.

### *Membership in Professional Organizations*

*Leadership Position* Asia Pacific Association for Gambling Studies (Vice President, 2011-present)

*Current Memberships* Association for Private Enterprise Education (2000-01; 2010-present)  
International Atlantic Economic Association (2007-2010; 2012-present)  
Southern Economic Association (1996-present)  
Western Economic Association (2008-2012)

*Previous Memberships* American Association of University Professors (1998-2004)  
American Economic Association (1996-2000; 2006-08)  
Society for the Advancement of Behavioral Economics (2003-04)  
Southern Regional Science Association (1998-2000)



### **Administrative Experience**

Interim Director, Initiative for Public Choice & Market Process, College of Charleston (spring 2010)

### **Selected Public Service Activities**

"Westie Award 2011," for public service in West Ashley Community

Lowcountry Senior Center lectures: Economic impacts of legal casinos (June 2009; August 2011)

### **Business Experience**

Walker Brothers Co., Olathe, KS. Co-owner, 1988-1993. The family business includes six car-washes in Kansas City and distributorships for Hydro-Spray equipment and Blue Coral Systems chemicals. The company has an annual gross income of over \$1 million.

### **International Travel**

Austria, Bahamas, Belgium, Canada, Cayman Islands, China (Hong Kong; Macao) France, Germany, Greece, India, Italy, Mexico, Netherlands, Slovenia, Switzerland, Turkey

### **Other Interests**

College football; fine dining; scuba diving; skiing (snow and water); Stoic philosophy; tennis; travel



Sabbatical Proposal: **THE INCIDENCE OF CASINO GAMBLING TAXES**  
Douglas M. Walker, Professor of Economics  
October 10, 2012

Evidence from most recent sabbatical:

- None. I have not taken a sabbatical before.

Disclosure of additional salary to be received as a result of sabbatical leave:

- None. No additional funding has been sought or secured at this point in time. Any changes will be reported, as required in Section 3.2 of the Sabbatical Leave Policy memo.



