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To: Americans For Nonsmokers' Rights

From: Dr. Chris A. Pritsos, Professor and Chair
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Subject: Wachovia Capital Markets LLC report on Colorado Gaming.

Wachovia Capital Markets, LLC High Yield Research recently released (March 19, 2007) a publication entitled Gaming Industry Colorado: Black Hawk and Central City, Rocky Mountain Market Needs Legislative Relief. As part of their analysis of the Colorado Gaming Industry the authors of this publication make a curious remark in the Executive Summary which is not addressed anywhere else in the report. They state that "Moreover, a potential smoking ban on the casino floor could affect future demand by 10-15% if passed. Notably HB1269 a measure that would eliminate casino's exemption from the statewide smoking ban..." While the study takes a very thorough look at a number of factors dealing with the Colorado Blackhawk gaming market, the study presents no documentation or discussion as to how the economic impact of a smoking ban was determined. The statement that a smoking ban in these casinos would affect future demand by 10-15% without documentation can not be accepted as presented in this report.

Studies from the University of Nevada have shown that the percentage of gamblers who smoke at Nevada casinos in Las Vegas (21.5%), Reno/Sparks (22.6) and Lake Tahoe (17%) closely parallel the percentage of smokers in the U.S. 20.9%. One of the conclusions of this report was that the percentage of gamblers who smoke is not any greater than the percentage of smokers in the general population. The Wachovia report suggests that the Black Hawk, Colorado gaming market is a regional market with 95% of their patrons residing in Colorado. Colorado has a current adult smoking rate of 19.9%. Thus it would be fair to assume that 19.9% of the patrons of these casinos also smoke. Any economic impact statement would thus need to begin with these smoking rates for patrons and not the previously inflated rates (>50%) used in past economic impact assessments.

Thus, it is my conclusion that the impact of a smoking ban on the Black Hawk, Colorado gaming market can not be assessed from this report.