

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

July 14, 2022

Memorandum

To: Members, Committee on Financial Services
From: FSC Majority Staff
Subject: July 19, 2022, Subcommittee on Oversight and Investigations Hearing entitled, “Thoughts and Prayers Are Not Enough: How Mass Shootings Harm Communities, Local Economies, and Economic Growth”

The Subcommittee on Oversight and Investigations will hold a hearing entitled, “Thoughts and Prayers Are Not Enough: How Mass Shootings Harm Communities, Local Economies, and Economic Growth” on Tuesday, July 19, 2022, at 2:00PM E.T. in room 2128 of the Rayburn House Office Building and on Cisco Webex. There will be one panel with the following witnesses:

- **Abel Brodeur**, Associate Professor, University of Ottawa
- **Byron Brown**, Mayor, City of Buffalo, New York
- **Sarah Burd-Sharps**, Senior Director of Research, Everytown for Gun Safety
- **Ruchi Singh**, Assistant Professor, Terry College of Business at University of Georgia
- **Brian Ingram**, Founder & CEO, Purpose Restaurants

Overview

Mass shootings have become a traumatic reality of American life; they are horrifying not only for the senseless brutality of the violence but for the frequency at which they occur.¹ From 2009 to the present, a total of 279 mass shootings occurred in the U.S., with 1,576 people killed and 1,046 people shot and wounded.² The devastation these incidents bring – in lives lost, survivors wounded, trauma experienced – ripples throughout families, neighborhoods, and communities for weeks, years, and generations.

From emergency medical care, hospital stays, and physical treatment to mental health support, the cost of gun violence to survivors and their families can be staggering.³ According to one study, the annual cost of gun violence nationally is \$280 billion.⁴ Moreover, the necessity of first responders, law enforcement, and criminal justice services to respond to mass shootings results in enormous costs to taxpayers. Research estimates that the Las Vegas, Nevada, mass shooting in 2017 resulted in \$600 million in taxpayer costs.⁵

While most mass shootings occur in private homes, the mass shootings that often have a wider impact on the overall community happen at schools, businesses, places of worship, and public events. Recent mass shootings include:

¹ Mass shootings are defined as incidents during which four or more individuals are killed with a firearm, excluding the perpetrator. Everytown Research & Policy, [Twelve Years of Mass Shootings in the United States](#) (Jun. 04, 2021).

² Everytown Research & Policy, [Mass Shootings in America](#) (last accessed Jul. 11, 2022)

³ Mark Follman et al., [The True Cost of Gun Violence in America](#), Mother Jones (Apr. 15, 2015). One survivor calculated that the total cost of being struck during a random shooting, which included hospitalizations, therapy, medical expenditures, and loss of income, to be approximately \$5 million.

⁴ Everytown Research & Policy, [The Economic Cost of Gun Violence](#) (Feb. 17, 2021).

⁵ John Haltiwanger, [Las Vegas Shooting Recovery Will Cost at Least \\$600 Million](#), Newsweek (Oct. 02, 2017).

- On May 14, 2022, 10 people were killed and 3 injured at a Tops Friendly Markets store in Buffalo, New York;
- On May 24, 2022, 19 children and 2 adults were killed at Robb Elementary School in Uvalde, Texas; and
- On July 4, 2022, 8 people were killed and 68 injured at a 4th of July parade and celebration in Highland Park, Illinois.

The impacts of mass shootings on the affected communities linger long after widespread media, and public attention has faded. This hearing will examine mass shootings from an angle that is less often understood but nevertheless affects the ability of communities to recover: the economic and financial consequences of mass shootings, including on local businesses, employment, and property values, specifically housing prices.

Impacts on Businesses

The sight of a business, school, or neighborhood cordoned off by police in the aftermath of a mass shooting has become all too familiar. However, these incidents also have other short- and long-term effects on the economics of the communities in which they occur. These include store closures after an incident and a change in consumer traffic. For instance, the Borderline Bar and Grill in Thousand Oaks, California, closed for years after 12 people were killed there in November 2018 and never reopened.⁶ A Walmart store in El Paso, Texas, remained closed for 3 months after 22 people were killed there in August 2019.⁷ Months after the fatal shooting in Buffalo, New York on May 14, 2022, the Tops Friendly Markets store that was targeted has remained closed and is scheduled to reopen on July 15, 2022.⁸

In the aftermath of the Buffalo shooting, community members described their fears of completing errands at different stores, not only Tops, and preferred to limit their time inside to purchase only specific items.⁹ These accounts demonstrate how even surrounding businesses, particularly those that rely on customer foot traffic, such as businesses in the retail and service industries, can also suffer from a drop in revenue.¹⁰ Research shows that mass shootings depress consumer sentiment in the affected area, despite the unlikelihood that the same area would experience another mass shooting within a short time period.¹¹ Consumers in affected areas are 4.9% more likely to state that local business conditions are worse than before the shooting.¹² They are also 5.2% more likely to state that their individual finances are worse than before the shooting.¹³ Deteriorating consumer sentiment leads to lower spending within these areas, which then decreases the revenue of these businesses and increases their risks of closing permanently.¹⁴

Many communities do not fully recover because of subsequent disinvestment, or the withdrawal or reduction of investment. Research shows that in counties affected by a mass shooting, the number of business establishments decreases by 1.3%, which persists for multiple years.¹⁵ Surges in gun homicides have also been shown to reduce the growth of new retail or service businesses by 4% in the cities of

⁶ Lila Seidman, [Borderline Bar and Grill in Thousand Oaks to be demolished 2 years after mass shooting](#), Los Angeles Times (Jan. 22, 2021).

⁷ Samuel Gilbert, [‘This touched everyone’: Walmart store reopens months after mass shooting](#), The Guardian (Nov. 14, 2019); Vic Kolenc and Aaron Montes, [‘These people need to go on’: Walmart reopens three months after mass shooting](#), El Paso Times (Nov. 14, 2019).

⁸ Clyde McGrady, [After the shock fades, fear rises in the aftermath of Buffalo shooting](#), The Washington Post (May 20, 2022); Jonathan Franklin, [Buffalo’s Tops grocery will reopen Friday following the mass shooting in May](#), NPR (Jul. 14, 2022).

⁹ *Id.*

¹⁰ Yasemin Irvin-Erickson et al., [A Neighborhood-Level Analysis of the Economic Impact of Gun Violence](#), Urban Institute, at 3 (Jun. 2017).

¹¹ Abdel Brodeur and Hasin Yousaf, [The Economics of Mass Shootings](#), IZA Institute of Labor Economics, at 25 (Oct. 2019).

¹² *Id.* at 4.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.* at 3 (Oct. 2019).

Minneapolis, Oakland, San Francisco, and Washington, D.C.¹⁶ This could be attributed both to the possibility that new businesses decide to not open a location in an affected area or existing businesses choose to close rather than suffer the costs of lost revenue, relocation, and additional expenditures.¹⁷ Business expenditures can include added security personnel and “active shooter insurance” coverage.¹⁸

Impacts on Employment

Every year, gun violence is calculated to cost \$49 billion nationwide in lost wages and productivity.¹⁹ Research shows that employment per capita decreases by 1.8% and persists for multiple years after a mass shooting.²⁰ This may be correlated with area residents reporting that they feel less able to engage in their usual activities after a mass shooting, including returning to work. Mass shootings may result in absenteeism and lack of productivity due to mental health impacts, which could further result in employee resignations or layoffs.²¹ Moreover, mass shootings have been shown to result in a lowering of earnings per job of up to 1.1% and reduce employment in the leisure and hospitality industries, likely because of decreased tourism or business travel.²² In some metropolitan cities, gun homicides in a year have also been shown to be associated with fewer jobs in the next year, one less new business opening, and one more business closing.²³

Certain mass shootings specifically target the current or former place of employment of the perpetrator, including:

- The mass shooting targeting the Department of Public Health of San Bernardino, California on December 02, 2015, was by a health department employee and his spouse. 14 people were killed.²⁴
- The mass shooting at the Henry Pratt Co. in Aurora, Illinois on February 15, 2019, was by an employee. He killed 5 people.²⁵
- The mass shooting at a FedEx facility in Indianapolis, Indiana on April 15, 2021, was by a former employee. The shooter killed 8 people and himself.²⁶

These shootings harm the work environment and organizations are then forced to rebuild and regroup, often following a prolonged closure, as noted above, resulting in decreased employment.

Impacts on Housing

In the years following a mass shooting, housing in affected areas decreases in value by approximately 3%.²⁷ This suggests that the above-described impacts on business environment and employment spread to the value of homes in the area. Research by the Urban Institute shows that surges in gun violence may also draw sufficient negative attention to a neighborhood or surrounding area such that families and individuals are reluctant to move to that area.²⁸ The Urban Institute further found that

¹⁶ Yasemin Irvin-Erickson et al., [A Neighborhood-Level Analysis of the Economic Impact of Gun Violence](#), Urban Institute, at 3 (Jun. 2017).

¹⁷ *Id.*

¹⁸ Noor Zainab Hussain, [Mass Shooting Insurance Rates Jump as Incidents Rise](#), Insurance Journal (Jun. 29, 2022); Cedar Attanasio, [Walmart where man killed 22 reopens amid increased security](#), Associated Press (Nov. 14, 2019).

¹⁹ Jacah Lee and Julia Lurie, [16 Charts That Show the Shocking Cost of Gun Violence in America](#), Mother Jones (Apr. 15, 2015).

²⁰ Abdel Brodeur and Hasin Yousaf, [The Economics of Mass Shootings](#), IZA Institute of Labor Economics, at 3 (Oct. 2019).

²¹ *Id.* at 4.

²² *Id.* at 5, and 28.

²³ Yasemin Irvin-Erickson et al., [A Neighborhood-Level Analysis of the Economic Impact of Gun Violence](#), Urban Institute, at 6-7 (Jun. 2017).

²⁴ Adam Nagourney et al., [San Bernardino Shooting Kills at Least 14; Two Suspects Are Dead](#), The New York Times (Dec. 02, 2015).

²⁵ Mark Johnson, [‘I didn’t really believe it at first’: How the Molson Coors shooting in Milwaukee unfolded](#), USA Today (Mar. 02, 2020).

²⁶ Jaelyn Diaz et. al., [Police ID Suspect And Victims In Shooting Deaths At FedEx Facility In Indianapolis](#), NPR (Apr. 16, 2021).

²⁷ Abdel Brodeur and Hasin Yousaf, [The Economics of Mass Shootings](#), IZA Institute of Labor Economics, at 4 (Oct. 2019).

²⁸ Yasemin Irvin-Erickson et al., [A Neighborhood-Level Analysis of the Economic Impact of Gun Violence](#), Urban Institute, at V (Jun. 2017).

residents of areas impacted by gun violence stated that these incidents diminished housing prices, caused residents to relocate, and discouraged new relocation to the area.²⁹

Mass shootings that occur at schools have an even more dramatic effect on surrounding home prices.³⁰ Research has shown that home prices within the boundary of a school district can decrease by an average of up to 7.8% in the three years following a mass shooting at a school,³¹ and the number of transactions for homes can decrease by up to 13.9% in three years.³² The loss in value is most significant in homes with multiple bedrooms.³³ This indicates that families with children either moved away from the affected school district, avoided moving to that school district, or both, despite the fact that school shootings are unlikely to be repeated at the same school.³⁴ The 7.8% average decline in home values is equal to a \$15,051 decrease on average.³⁵ Additionally, homes within a half a mile from the school district boundary have been shown to fall by 13.6%, or \$20,337.³⁶ This further indicates that families took into consideration whether a mass shooting had occurred in an area when deciding whether their child[ren] would attend the school in that specific neighborhood.

Impacts on Schools and Students

Eleven percent of the mass shootings in the U.S. occur at educational institutions.³⁷ To protect students from potential mass shootings, schools invest billions of dollars in security technology annually.³⁸ In 2021, educational institutions in the United States spent approximately \$3.1 billion on security products, a \$400 million increase from their recorded spending in 2017.³⁹ Since the 1999 Columbine High School shooting, at least \$811 million have been spent by the federal government to help school districts hire security guards.⁴⁰

These incidents also have long-term economic ramifications on the survivors' future lives and livelihoods. Research has demonstrated that shootings in schools result in increased absenteeism and grade repetition by student survivors.⁴¹ Survivors are less likely to graduate from high school, enroll in college, or complete their undergraduate degree.⁴² Their employment and earnings prospects also are reduced.⁴³ This trend tracks across individual student characteristics, such as age, gender, race, ethnicity, and means.⁴⁴ For example, a sophomore or junior in high school exposed to a shooting in school is 3.7% less likely to graduate, 17.2% less likely to enroll in a four-year college, and 15.3% less likely to earn a bachelor's degree by age 26.⁴⁵ They are also 6.3% less likely to be employed, earn 7.5% less annually if they are employed, and accrue \$115,550 less in lifetime earnings.⁴⁶

Role of Financial Services Industry

²⁹ *Id.*

³⁰ Brett Arends, [Home prices fall after a school shooting](#), Marketwatch (Sept. 30, 2018).

³¹ Juan Sebastian Munoz and Ruchi Singh, [Unraveling Place-Based Preferences: Do School Shootings erode Property Values?](#), University of Illinois, at 2 (Jul. 21, 2018).

³² *Id.* at 13.

³³ *Id.* at 1.

³⁴ *Id.* at 2.

³⁵ *Id.*

³⁶ *Id.* at 3 and 14.

³⁷ Everytown Research & Policy, [Twelve Years of Mass Shootings in the United States](#) (Jun. 04, 2021).

³⁸ Natasha Singer, [Schools are Spending Billions on High-Tech Defense for Mass Shootings](#), The New York Times (Jun. 26, 2022).

³⁹ *Id.*

⁴⁰ Everytown Research & Policy, [Mass Shootings in America](#) (last accessed Jul. 11, 2022).

⁴¹ Marika Cabral et. al., [Students' Human Capital and Economic Outcomes](#), National Bureau of Economic Research, at Abstract, 1, and 3 (Revised May 2022).

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.* at Abstract and 4.

⁴⁵ *Id.* at 4.

⁴⁶ *Id.*

Congress recently passed the Bipartisan Safer Communities Act, the first significant legislative step towards combatting mass shootings in almost 30 years.⁴⁷ While Congress is considering further reforms, including universal background checks and limiting access to assault weapons, the financial services industry can also play a role in limiting mass shootings and curbing gun violence more broadly.

One such example is firearm financing. Financial technology companies have offered loan installment plans to prospective firearm purchasers, enabling the influx of guns into our communities.⁴⁸ Fintech companies, such as Montana-based Credova, offer “buy now, pay later” financing plans which lower the barriers to purchasing firearms.⁴⁹ Credova collaborates with the National Rifle Association and a wide variety of gun merchants, including the manufacturer of the gun used by the Uvalde, Texas school shooter.⁵⁰ The proliferation of what some fintech companies have called “shoot now, pay later” financing provides a direct example of how the financial industry provide quick and easy access to weapons.⁵¹

As new types of firearm financing have emerged, so too have new types of firearms. Law enforcement officials nationwide have requested the assistance of payment card network processors in the fight against one such firearm, the so-called “ghost gun.”⁵² Ghost guns are disassembled kits which can be made into an unserialized, privately-made, untraceable firearm.⁵³ Law enforcement officials and gun control advocates have called on Visa, Mastercard, and American Express to alter their terms of service to clarify that they will not process any attempted online purchase of ghost gun kits.⁵⁴

The financial services industry has a role in tracking illegal or suspicious firearms sales. One way financial institutions track suspicious activity is through merchant category codes (MCCs), which are used by the Internal Revenue Service for tax purposes and by financial institutions to determine whether a merchant is a high-risk business.⁵⁵ Card networks, such as Visa, assign MCCs to every business, but while approximately 500 MCCs exist for various types of businesses, the merchants in the firearm industry do not have a unique MCC.⁵⁶ For example, the shooter who killed 49 people in the Orlando, FL Pulse Nightclub attack put more than \$26,000 on credit cards prior to the incident.⁵⁷ Had a unique code existed, these purchases may have been flagged and later reviewed by local law enforcement.⁵⁸ Additionally, payment service provider processors, such as Paypal,⁵⁹ and financial institutions, such as Citigroup⁶⁰ and Bank of America,⁶¹ have taken measures to track and prevent illegal weapons sales by either banning or limiting the firearms sales they help process.

⁴⁷ [P.L. 117-159 \(“Bipartisan Safer Communities Act”\).](#)

⁴⁸ Matthew Goldstein, [‘Buy Now, Pay Later’ Becomes a New Way to Pay for Guns](#), The New York Times (Jun. 24, 2022).

⁴⁹ *Id.*

⁵⁰ *Id.*; Troy Monterey, [What Companies Have Partnerships With The Nra?](#), International Centre for Trade and Development (Mar. 06, 2022).

⁵¹ Matthew Goldstein, [‘Buy Now, Pay Later’ Becomes a New Way to Pay for Guns](#), The New York Times (Jun. 24, 2022).

⁵² LA County District Attorney’s Office, [February 8, 2022: District Attorney George Gascón Asks Credit Card Companies to Halt Online Payments for Ghost Guns](#) (Feb. 08, 2022).

⁵³ Brady United, [What Are Ghost Guns?](#) (accessed Jul. 14, 2022).

⁵⁴ LA County District Attorney’s Office, [February 8, 2022: District Attorney George Gascón Asks Credit Card Companies to Halt Online Payments for Ghost Guns](#) (Feb. 08, 2022).

⁵⁵ IRS, [Internal Revenue Bulletin: 2004-31](#) (accessed on Jul. 14, 2022); Chris Alarie, [Everything You Ever Wanted to Know About High Risk Merchant Category Codes* \(*But Were Afraid to Ask\)](#), MidMetrics (Sep. 22, 2021).

⁵⁶ Leah Collins, [Amalgamated Bank CEO on why we can and should track gun purchases on cards](#), CNBC (Jul. 13, 2022).

⁵⁷ Jim Axelrod et. al, [This bank wants to track suspect credit card sales of guns and ammo. Why can't it?](#), CBS News (Jun. 20, 2022).

⁵⁸ *Id.*

⁵⁹ Jasmine Kim, [Visa CEO: Unlike PayPal and Square, we won't block gun purchases unless it becomes illegal](#), CNBC (Aug. 7, 2019).

⁶⁰ Tiffany Hsu, [Citigroup Sets Restrictions on Gun Sales by Business Partners](#), The New York Times (Mar. 22, 2018).

⁶¹ Danielle Moran and Amanda Albright, [Bank of America, Citi Risk Hit to Their Texas Businesses Over Gun Policies](#), Bloomberg (Apr. 28, 2021).