

Outline of speech given by Delegate Kelli Sobonya, Member of the
West Virginia House of Delegates, at the NCALG Conference,
Washington, DC. October 8, 2005

Good Afternoon: Thank you for having me as a guest panelist today

SERVING 2ND TERM WV Legislature in the House of Delegates.

I Was with you in Baltimore MD a few years ago and I am pleased to be back with you today to give you a brief update on the impact of the gambling industry on WV.

I Lobbied on the state level for WVCC & WVCAGE 10 for years prior to my election. I have witnessed the tactics and maneuvers of the industry from the outside as a lobbyist and now as a voting member of the Legislature "on the inside"; I have a clear understanding of how they operate and can anticipate their next move.

Some of you live in states that have a gambling and some of you are anticipating the industry to infiltrate into your state & communities. THAT IS WHY WE ARE ALL HERE TODAY. TO LEARN FROM EACH OTHER ON THIS ISSUE.

In West Virginia, with the exception of table games & riverboat casinos, we now have just about every form of gambling imaginable. Once the camel's nose peeps under the tent, and the door is cracked open, this scourge and plague is among you. When the gambling industry enters a state, they never go away....never....and once they are here, they are here to stay.

For proof of gambling expansion in the state of WV, please note this web address which will confirm the progression of this in my state. <http://www.conservatives.org/>.

After serving 2 years on the House Education committee, I am now honored to serve on the judiciary committee where most of the gambling bills are normally assigned and first debated. This committee assignment affords me the ability to have a great deal of input into discussions related to this industry.

During the regular session of 2005, the gamers were at it again with their version of table games.

In the 1980's when the voters of WV amended our state constitution to approve of the Lottery Act, they envisioned lottery tickets. Never did they imagine the lottery tickets they approved to help fund education and senior programs would lead to slots parlors on every street corner and now the possibility of Las Vegas style table gaming.

The WV Supreme Court ruled in a challenge to the slots bill that video lottery fell under the definition of the Lottery Act because it could be OWNED, regulated, and OPERATED by the state. The video lottery terminals are tied to a central computer at the Lottery Commission.

The gambling industry knows constitutionally, it would take a statewide vote of the people to authorize table games and not by legislative act. There is no way the State can OWN table games or operate this activity. How can it be monitored by the State 24/7 without the ability to tie it into a central computer system?

The WV senate passed table games legislation by a small margin. It was evident that the gambling industry authored the table games bill! It was their Christmas-wish list!

The bill the WV Senate passed this year was technically and legally flawed.

In the bill:

- 1) Racetracks decide when election is to be held, not county commission (could be Easter morning)
- 2) Racetracks gave themselves all kinds of tax exemptions
- 3) They can choose their hours of operation
- 4) They could choose days during which games may be played
- 5) They decide minimum and maximum number of wagers
- 6) they dictate their own advertising & promotional activities
- 7) limited restrictions on enticements or complimentaries
- 8) Compensation of gambling means not only money, but anything of value or financial benefit
- 9) Audits needed to be conducted by CPA. Definition too narrow: The CEO of MTR is a CPA!
- 10) Additional law enforcement could be contracted by Lottery Commissioner but paid for out of state money not the racetrack's share. (State pays for track's security guards!)
- 11) Original Bill had ZERO for treating problem gamblers for table games addictions (Senate amended it)

When the House Judiciary committee received the bill, it died a very slow death!

No one item in and of itself can be credited for the table games defeat in the WV House. It was a progression of a number of different events:

The reason I want to give you an inside look at the defeat of table games in WV this year is so that you can know that YOU can make a difference!

What Killed it in the House after passing Senate?

1) Presence of Anti-Gambling Groups - WVCAGE, WV Council of Churches, WV Family Foundation (state affiliate of the America Family Association), WV Christian Coalition, and others.

2) WV GOP for chairman sent email to all legislators in the House w/postcard attachment of a full color replica of what voters would receive in the next election cycle from their opponent. (INTRODUCE Delegate Stevens.....I bring you an example of an aggressive postcard campaign in WV. She is an anti-gambling newcomer legislator who defeated an incumbent who supported gambling. Identify the anti-gambling candidates in your states. In West Virginia, several groups send out anti-gambling pledges to candidates. By electing those who will vote against gambling is a great way to defeat gambling initiatives.

ANOTHER REASON FOR THE TABLE GAMES BILL TO NOT ADVANCE THROUGH THE WV HOUSE:

3) Fear of dozens and dozens of Amendments (many, many amendments!) I had 25+ amendments of my own. Other legislators had many as well. I CARRIED THEM AROUND with me 24/7. According to various colleagues, the gambling industry was fearful of what might be contained in those amendments that might restrict their business activities and affect their bottom line economically. My thinking was--OK, gambling industry, if you want to crack open our state code to expand your greed, let's do it, but we'll amend it and you won't like it.

4) An email was sent out by an anti-gambling group to legislators directing them and their constituents to a website which follows contributions from the gambling industry and other contributors. <http://www.followthemoney.org/>.

5. Public Hearing was held – questioning by legislators of the gambling industry revealed their double-speak and how they play both sides to the middle.

ARNEAULT: Gambling venues in both Erie and attempting to secure slots license in Pittsburgh

(35 miles from his own WV racetrack). (PA'S SLOTS BILL PASSAGE – AND NOW TABLE GAMES ALREADY BEING DISCUSSED—WHAT WILL HE POSE TO WV THEN? How can you complain about the competition when you are becoming your own competition? I HAVE TRANSCRIBED TAPES AVAILABLE I CAN EMAIL YOU OF THE PUBLIC HEARING ON TABLE GAMES IN WV.

I urge you to research archived articles – look for quotes by gambling industry officials and expose their contradictions. I DID RESEARCH (GOOGLE SEARCH) AND FOUND NUMEROUS ARTICLES WITH THEIR QUOTES. IT'S VERY INTERESTING HOW THEY SAY ONE THING TO THE WV LEGISLATORS AND THEN GO TO OTHER STATES AND SAY OTHER THINGS PLAYING BOTH SIDES TO THE MIDDLE, PITTING STATES AGAINST EACH OTHER.

Example of double speak: <http://www.casinoman.net/> on June 6, 2004: "WV is proposing to permit local referendums to expand gambling at tracks to include table gambling such as blackjack, poker, craps, and roulette. However, the WV table games proposal is not aimed at offsetting Pennsylvania's slots legislation, said Ted Arneault, chief exec of MTR Gaming which owns a resort in Chester, WV. "Table game customers right now, said Mr. Arneault, are probably going to Atlantic city or Vegas. I think what we would be doing is expanding the pie, not cutting it up thinner." Note: Ted Arneault told WV legislators that he needed table gaming approved TO OFFSET PA'S SLOTS LEGISLATION. Doublespeak?

6) Another change of heart for some legislators who originally had lent their support to the gambling industry, was that for the first time, two election cycles ago, there were Competitive races (challenged races & minority party gains) Powerful chairmen of committees were even defeated. Legislators now are realizing that no legislative seat is safe and there is more public scrutiny and accountability for their votes.

7) Finally, after a progression of all of these activities during the regular session, the Speaker of the House met with the Democrat members of the House Judiciary and realized he had lost some of his support for the table games bill. It was thus pulled from the agenda and it died. It died, but not forever. Remember, the gambling industry never goes away!

We just completed a special session in Sept. and under extreme pressure from the gambling industry there was speculation that the Governor was going to put table games on his call for his agenda. We organized a "Silent Majority Rally" at the capitol reminding the Governor if he put table games on HIS agenda, it would be HIS legacy. After months and weeks of not knowing the future of table games, the legislative leadership, the pro-gambling legislators, and the Governor met and the Governor decided against putting it on his special session agenda in Sept.

The gambling industry is already planning for the next session which begins in January and will be willing to pull every card out of their hat to meet their goal of table games.

They are crafty. In WV, the public is outraged over the huge problem with the proliferation of slots parlors on nearly every street corner because of the 2001 video lottery bill. The casinos helped with the passage of that bill but now view them as competition. So, What do they do? They are attempting to gain public support by tying the two issues together. They claimed THEY would help with the phasing out or elimination of the local slots parlors if the legislature would give them table games to help plug the economic hole that would be created. Reducing gambling by creating new forms of gambling? They really insult our intelligence! And, as legislators, we are elected by the people to do their will. We don't need the help of the gambling industry to address the issue of slots proliferation in WV.

You might be interested to know that the WV tracks are subsidized by the State of West Virginia. Each year, they receive many subsidies:

\$92 million to 4 racetracks for purses (race winnings)

\$7.8 million to the Racing Commission

\$3.9 million to racetrack employee pensions

\$4 million to the WV Thoroughbred Development Fund to raise horses for tracks

\$4 million to the WV Greyhound Development Fund (A Senate leader's mother receives \$½ million each year to raise racetrack dogs!)

\$4.5 million to racetracks out of our tourism grant fund

With gambling and its expansion comes the appearance of cronyism: For example, an individual who is a slots operator and heads the WV video lottery association was recently appointed by our Governor to serve on the Probable Cause Review Board of the WV Ethics Commission. This same individual is the divorce attorney for a racetrack CEO. The Governor also appointed his son to serve on the WV Tourism Commission (most of WV's tourism grant \$\$ goes to tracks)

A current WV House member who was not excused from voting, voted for the video lottery bill owns an amusement company. (He bought it from his family member who happens to be a WV senate leader. This house member's company owns 675 state-licensed slot machines which collected more than \$20 million in 2004 from Southern WV.

What does the future hold for West Virginia as it relates to gambling? I and other legislators have introduced legislation that would offer a moratorium on gambling expansion. We are looking at other ways to reduce our dependency on gambling and plan to look at applying gambling revenue to our pension debt instead of using it as discretionary spending which we continue to rely on. This will help us wean ourselves from relying on this unstable form of revenue to balance our state budget. It's a house of card's type of revenue which eventually will fall.

Gambling revenue may help fund education or senior citizen programs or help reduce property taxes. But at what cost? For gambling to win, someone has to lose. Over \$3 billion is spent on gambling in WV every year. That is nearly the size of our entire state budget. With all the forms of gambling, if it is so good for our state, why are we last in the nation in per capita income?

As I've said several times today....the gambling industry never goes away. But neither will we! We must remain vigilant, stay energized, get people mobilized.

As I close, I wish to leave you with a challenge. As a legislator, I spend as much time fighting the gambling industry as I do in encouraging my anti-gambling colleagues to stay in the fight. Many are tired of fighting this cancer year after year. As anti-gambling activists, please help bolster and give encouragement to your legislators who are up there fighting this issue. It is very draining. They need your support and your help.

May you never get discouraged and may you continue to take a stand. Thank you for the work that you do. Never give up, never give up, never give up! You make the difference!