



February 27, 2014

The Honorable Garrett Richter
Chairman, Senate Gaming Committee
The Capitol
Tallahassee, Florida 32301

Dear Chairman Richter:

We sincerely appreciate your efforts and those of the Senate Gaming Committee and staff. However, we are not alone in wondering how the good work of your committee, or any of the other events that have transpired over the past year, would be cause for filing legislation that would result in one of the biggest expansions of gambling in Florida history.

Briefly, since the beginning of 2013:

- Spectrum Gaming Group, a firm that works for the casino gambling industry and which has worked for casino interests involved in this issue in Florida, was hired to study gambling policy and expansion alternatives to serve as a basis for the legislative deliberations on the issue. A national Associated Press article published last Friday calls into question the impartiality of Spectrum and similar firms who consult for both the casino industry and state governments and regulatory agencies:
<http://www.usnews.com/news/business/articles/2014/02/21/states-ousource-casino-policing-to-private-firms>
- Though this company is known for optimistic analyses of casino revenues and economic impact, Spectrum managing director Michael Pollock is quoted in the Miami Herald saying: *"But if legislators allow expanded gambling, Floridians would continue to make up 93 percent of the casino industry's revenues. An estimated 5 percent of the revenues come from out-of-state visitors, with nearly 3 percent from Florida's snowbird population."*
- The Spectrum analysis made no attempt to quantify costs of expansion that would have to be borne by local governments and was dismissive of the proven detrimental effects of cannibalization. These costs would include everything from infrastructure, to law enforcement, to social services. However, state economist Amy Baker cautioned that costs and benefits should both be calculated. Here are her quotes from media sources:
 - *"When they make the decision what they're going to do tonight or over the weekend, they're making a choice to go out to dinner or to go to a casino and gamble."*
 - *"So that means, overall, you're just shifting activity from one place to another."*
 - *"On net, the state doesn't really bring in money from that."*

- The committee held field hearings throughout Florida over several months. Despite media-documented accounts of Las Vegas casino interests bussing gamblers to the hearings to testify in favor of Las Vegas style casinos, there was no preponderance of testimony for expansion. The committee did hear warnings from local law enforcement leaders and the treatment community that more gambling would cause more addiction and crime.
- We released an analysis from well-respected former legislative analyst Richard Herring debunking the industry's claim that Florida is the 4th largest gambling state. We are in fact the 23rd largest gambling state, reflecting both the fact that Florida is not known for being a gambling destination and why the industry is so eager to expand here. Our report is here: <http://nocasinos.org/wp-content/uploads/2014/02/Florida-23rd-largest-gambling-state.pdf>

It is difficult to reconcile the findings of your committee's work or any other fact that has emerged over the past year with the idea of legislating a vast expansion of gambling. There is simply no basis in your committee's findings for moving forward with the legalization of Las Vegas or Atlantic City-style casinos.

I'd like to use this letter as an opportunity to articulate what No Casinos opposes, and what we support, as a part of any gambling-related legislation. Some of our positions are responsive to provisions of the bills before your committee, others are regarding issues that are likely to be discussed in the amendatory process.

1. We oppose the legalization of Las Vegas or Atlantic City-style casinos. It is curious that while the industry claims public support for the idea, they refuse to use the word "casino," preferring instead "destination resort" or "integrated resort" (much like they prefer the word "gaming" to "gambling"). Their legendary attempts to semantically hide the ball are proof of the fact that the public bristles at the idea of legalizing mega-casinos. This is for good reason. They are a threat to our economy, our public safety, our quality of life, the character of our communities, and our world-renowned family-friendly tourism brand.
2. We oppose "decoupling" for several reasons. For too long pari-mutuel permits have been regarded by those who hold them as a birthright to whatever forms of gambling become fashionable. They are not, and should not be treated as such. The constitutional grandfathering and local referenda that allow each pari-mutuel permit authorize only one thing – the live performance of horse racing, dog racing, or jai alai. That is the legal, constitutional and political basis of their permits, and pari-mutuels should not exist without these live events.

As Senator Tom Lee pointed out at a recent committee meeting, shifts in the economy and market demand for products over time has meant the end of many time-honored industries and businesses. Pari-mutuels should not be propped up with an expansion of gambling when the marketplace has decided their time is up. There is nothing free-market about that. Preserving live pari-mutuel events was the stated reason behind the legislature's approval of card rooms, full card simulcast betting, and big pari-mutuel tax cuts in 1996, and the legislative sweeteners that have followed ever since.

Allowing pari-mutuels to eliminate live events while continuing the forms of gambling that were intended by the legislature to save the live events, would be more than just ironic – it would make their promise to legislators yet another big lie from the gambling industry.

But our most important practical concern is that decoupling would lead to permit portability, and give rise to countless Genting/Gulfstream type arrangements in the future. If your intent is to eliminate loopholes, know that allowing decoupling would create one of the biggest gambling loopholes ever.

However, if de-coupling is permitted, then existing pari-mutuel permits should be put out to a public proposal and bid process, and be valid only after amending the provision of the constitution that grandfathers pari-mutuel pools in existence prior to 1968.

3. We oppose the creation of a gaming commission. The appropriate response to Florida having loopholes in its gambling laws is to fix the laws, not to create vast new and costly bureaucracies. The reason the industry wants a larger regulatory bureaucracy is twofold: they want the regulatory capacity to accommodate a much larger industry, and they know that these “independent” commissions become cozy with the gambling industry over time, gradually seizing regulatory control away from elected officials. Just look at the grand jury reports from Pennsylvania detailing gaming commission related misconduct, which is documented in this article:
http://www.pennlive.com/midstate/index.ssf/2011/06/grand_jury_report_describes_cu.html

We have been critical of a number of the decisions made by the Division of Pari-mutuel Wagering, but those problems can be solved by amending specific provisions of existing law. We would be happy to work with your staff to identify legislative fixes to the statutes that would eliminate abuses and unintended gambling creep.

4. We oppose online gambling, which, as the national Coalition to Stop Internet Gambling has accurately pointed out: *“Targeting the young, the poor and the elderly where they live, Internet gambling takes gambling too far. Internet Gambling crosses the line of responsible gaming by bringing gambling into our living rooms and onto our smartphones, tablets and home computers 24 hours a day without necessary protections.”* I should add that this is a position with which even Las Vegas Sands officials agree.
5. We support a constitutional amendment that would require that any expansion of gambling would have to be approved by a statewide constitutional referendum. We believe that this is what the authors of the 1968 constitution intended in the first place. It is the ultimate “bright line” for determining which forms of gambling are, and are not, legal. No form of gambling should be legal under Florida law unless it is specifically authorized in the constitution. No strings should be attached to this proposal; quite simply, the people of Florida should have the final say on expanded gambling in Florida.

But contrary to what is contained in SPB 7050, the enactment of any expansion of gambling this session should be contingent on voter passage of such an amendment. If it's a good idea, the people of Florida shouldn't have to wait until the horses, greyhounds, slot machines and mega-casinos leave the barn before they have their say about whether to open the door. Just as problematic is the fact that SPB 7050 would enshrine in our constitution special status for casino interests. It would result in citizen initiatives requiring approval by 60% of voters on election day, while proposals to expand gambling – no doubt supported by wealthy, out of state casino bosses – only needing to obtain a bare majority at the ballot box. It would also be an embarrassment for our state to provide any special interest – especially gambling interests – privileged status in our constitution.


6. We support specific revisions to Florida law that would:
 - a. Prohibit license holders or prospective license holders from making political contributions to candidates for Governor, the Cabinet, or the legislature. Senator Gwen Margolis has already done great work on this issue in SB 848 and we urge your committee to add it to your next meeting agenda and give it a full hearing.
 - b. More specifically define greyhound racing, horse racing and jai alai exhibitions to avoid Gretna-type abuses.
 - c. Prohibit any new pari-mutuel permits from being established.
 - d. Clarify that slot machines must be limited to existing Miami-Dade and Broward tracks and frontons.
 - e. Specifically define slot machines to be consistent with their traditional meaning – the meaning intended by Florida voters – in order to eliminate video craps, video roulette and other electronic facsimiles of casino games that are otherwise not legal from being authorized as slot machines.
 - f. Strengthen existing laws to eliminate abuses of sweepstakes and/or bingo laws by Internet cafés and similar gambling enterprises.
 - g. Otherwise eliminate loopholes that have been or could be manipulated as a way to offer forms of wagering that are not specifically authorized.

7. We oppose the legalization of Las Vegas and Atlantic City-style casinos, (aka “destination resorts” or “integrated resorts”), but should a bill be passed out of your committee with that provision, it should also:
 - a. Make it illegal to advertise casino gambling to Florida residents. That would mean the word “casino” or anything that promotes Class III gambling could not be advertised in a media outlet or source primarily consumed by Floridians. If this is really about bringing tourists here, then advertising to Floridians should be unnecessary. A similar law in Puerto Rico has been found by the US Supreme Court to be constitutional. We believe this provision should not be hard to comply with since the industry doesn't use the word “casino” or even “gambling” anymore in their efforts to expand here in Florida. Likewise, the use of taxpayer dollars to promote casino gambling should be strictly prohibited.

- b. Include a condition that no person or company shall be granted a gambling license by the state if, within the past 20 years, that individual or company has been found in violation of any state or federal law involving fraud, corrupt practices (domestic or foreign), narcotics or money laundering, or has paid a civil or criminal fine or settlement in order to avoid prosecution in any case under these laws.
- c. Prohibit free alcohol, food and hotel rooms at casinos.
- d. Disallow strip clubs or other forms of adult entertainment within one mile of gambling establishments.
- e. Prohibit gambling establishments within a mile of schools, churches, or residential neighborhoods.
- f. Limit slot machines to 10% of the total gambling positions. If “integrated destination mega resorts” are about attracting high rollers, then slot machines should be unnecessary.
- g. Establish a tax rate commensurate with what Genting pays the state of New York – which is approximately 60%.

Once again, we appreciate your hard work, and that of your entire committee and staff. We stand ready to assist you in drafting the provisions we are suggesting as proposed amendments to SPB 7050 and SPB 7052, and hope that they will be given serious consideration.

Sincerely,



John G. Sowinski
President

CC Committee Members
 The Honorable Don Gaetz
 The Honorable Will Weatherford
 The Honorable Rick Scott