

From *The Sacramento Bee*

Editorials: Voters should reject Propositions 94, 95, 96, 97

Think gambling is good for California's future? You're making a very bad bet

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Published 12:00 am PST Monday, January 14, 2008

A staggering amount of money is being spent to persuade state voters to ratify four Indian gambling deals. If approved, Propositions 94, 95, 96 and 97 would authorize 17,000 more slot machines for four of the state's wealthiest gambling tribes. The deals would catapult California into the gambling big leagues, well beyond the modest increase voters were promised when they first authorized Nevada-style gambling for tribes in 1998.

This page has consistently opposed the expansion of gambling, beginning with the state lottery. We oppose the new gambling deals contained in these referendum initiatives, too. Gambling is the wrong way to grow the state's economy. It doesn't create new economic activity. It simply substitutes one form of entertainment spending for another. More money spent gambling means less money spent to go to the movies, eat out, play golf – all activities that don't create gambling addiction or prey on the poor.

The growing political clout of wealthy gambling tribes that are not accountable to the wider public is worrisome, too. In a few short years, gambling tribes have become the biggest political contributors in the state. Legislators and the governor, too, rush to do their bidding.

Voters should know that the principal opponents of the new compacts have suspect motives. They include rival gambling tribes that fear competition, as well as racetrack and cardroom operators who hope to end the tribes' casino monopoly in California so they can get in on the action.

Supporters of the new compacts, including most prominently Gov. Arnold Schwarzenegger, have suggested that the gambling deals will provide \$9 billion to help ease the state's fiscal crisis. A clearer picture comes from the nonpartisan legislative analyst, who says of their likely fiscal impact, "Even assuming that all the 2006 compacts are ratified and a few more similar compacts are ratified in the future, we expect that compact related sources will provide the general fund with less than 0.5 percent of its annual revenues for the foreseeable future."

There is a real question as to whether California has the ability to adequately police these deals. The California Gaming Control Commission, the state's principal gambling regulator, has been notoriously ineffective in the past.

The legislative analyst says regulators have complained that they have limited access to tribal financial reports and information related to internal controls over slot machines. They lack casino financial reports prepared by independent accountants. They are unable to conduct interim walk-through audits (as Nevada regulators do). They can't station audit personnel at each casino 24 hours a day (as in New Jersey) to test devices.

Finally, the ambiguous language of the compacts is troublesome. Payments to the state are based in part on "the average number of gaming devices operated" during a quarter. Opponents say that by roping off machines during slow periods and thus reducing the average number of slots "operated," the tribes can substantially reduce any payout to the state. Compact supporters claim no such manipulation is intended or allowed. Maybe not, but the ambiguity gives voters another reason to vote No on Propositions 94, 95, 96 and 97.

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