CHAIR JAMES: Mr. Horn?

MR. HORN: On behalf of the National Coalition I would like to thank you for this opportunity to participate in this roundtable discussion, and Madam Chair, I would like you to make sure that everyone who participated, specially the volunteers, in making us feel at home here. They did a great job. Really, there were some really great hosts.

I would like to discuss proposed findings of fact and recommendations. And I’m going to start with findings of fact, because in a way those may be the most important things that this Commission can do.

We suggest that this Commission find, first, as a public policy, legalized gambling brings both costs and benefits. The benefits are reasonably easy to determine. The costs are extremely difficult to determine.

Two, the most significant social economic cost involved gambling addiction, that this addiction is recognized by medical authorities in the United States, and that it is of a different nature than such things as compulsive shopping. Rather, this is accepted and listed in the DSM IV.

Three, that as with other addictions, there are different levels of severity, as you know, problem and pathological gambling.

Four, that most of the individuals who are susceptible, susceptible to gambling addiction do not currently qualify as pathological or problem gamblers using any screen.

But the more such individuals gamble, the more symptoms of addiction appear. For this reason, governmental decisions which increase gambling also increase gambling addiction.
This is a key finding, and something that I think that is generally recognized among the professional community.

Five, some forms of gambling are more addictive than others. Fast paced games such as slot machines, video poker, keno, will cause symptoms of addiction sooner than slow-paced games like bingo or once a day lottery drawings.

Thus social and economic costs of certain types of gambling are different than the social and economic costs of other types of gambling.

And policy makers need to know this, because they are deciding what forms of gambling to offer.

Six, gambling industry practices such as marketing to addicts, free alcohol, paycheck cashing promotions, easy access to credit, influence the rate or severity of gambling addiction.

Seven, gambling addicts cause very real social and economic costs in the United States. And although a great deal of research has been commissioned, much more research is needed.

Eight, a very small number of gambling addicts seek help, an exceptionally small number seek help.

I believe NORC said it was three percent, an enormously tiny number seek help, and those who seek help usually do so only after their lives, and the lives of their families and their employers have been destroyed.

And, further, that even when addicts seek help, gambling addiction is difficult to treat, and we have seen research that at least some types of treatment have very, very low rates of success.

Number nine, gambling industry has been extremely remiss in addressing the issue of gambling addiction. There are
current short-lived efforts, but they remain, compared to the
problem, meager and extremely inadequate.

Ten, the gambling industry has a strong disincentive to
solve the addiction problem. Of industry customers, some large
percentage to be established, we hope, some large percentage in
the 10 to 15, or maybe 20 percent range, once the weighting is
done, are pathological problem gamblers.

And since those gambling addicts spend a much larger
percent -- spend a lot more on their gambling trips than the
non-addicts, they account for an even greater percentage of the
revenues of the gambling establishments.

So there is this very large percentage of the revenues
coming from people who have these symptoms of gambling addiction.
In your research agenda adopted 18 months ago, it is stated, at
least twice I remember reading, that you are going to establish
what is the percentage of a gambling establishment’s revenues
from gambling addicts.

I think there is still the opportunity to do that. I’m
told that the NORC study also, in addition to the information
they have given you in the patron study, they got information
about the spending of those same patrons.

So they should be able to estimate the spending of the
addicts versus the non-addicts, and give you that percentage.
They have the information if you ask for it.

And your research agenda called upon you to ask for it.

Eleven, social and economic costs of gambling include
such things as bankruptcy, suicide, crime, divorce, domestic
violence, child abuse, neglect, hopelessness, underage gambling,
cannibalization of businesses.
In each case there is a real cause and effect link, although in most cases it has not been quantified, or not been fully quantified, a great deal more needs to be done to establish the costs.

Twelve, all forms of gambling, specially lotteries, are a form of regressive taxation. And I think that NORC as much said so, that the amount of spending remained the same despite the income level of the gamblers. That is the definition of a regressive tax.

Thirteen, the governments and corporations which profit from gambling do not pay a fair share, and in most cases pay nothing, of the social and economic costs of gambling. That is both an unfair and unwise public policy.

Moving to recommendations for governments. Generally speaking, and you can take this just because this is the name of our organization, but we recommend that you recommend that because the social and economic costs far exceed the benefits that governments should not authorize any new gambling facilities, or the expansion of existing gambling facilities, simply on a cost benefit analysis.

Regarding addiction, number two, the federal and state governments should spend substantial sums in research, education, and treatment on gambling addiction, recognizing that in most cases they spend nothing. But even those that spend substantial sums should spend substantially more, because they are the cause, they are largely the cause.

Number 3, again, regarding addiction. Any government that offers gambling should operate, or financially support a hot line, a gambling addiction hot line.
Number four, a warning label, and including the gambling addiction hot line number, should be included on all advertisings for gambling.

Five, the federal government should reimpose its prior comprehensive ban on the broadcast advertising of gambling. As you probably know, the Supreme Court has accepted a case involving the broadcast advertising of casino gambling, and there is a pretty good chance that they will rule that any type of gambling can be advertised without restriction on broadcast television.

We are very likely to see, in a year, any kind of gambling broadcasts, advertising. And the effect on gambling addiction will be exceptional. Something that we wish we could avoid. And the federal government should avoid it.

Six, incidentally, it is not unconstitutional for a government to ban the advertising. The lower courts have ruled it is unconstitutional for them to discriminate among different forms of gambling, allowing some forms to advertise, and others not.

That doesn’t mean that Congress can’t ban all, the way they used to, which was, previously upheld by the Supreme Court.

Six, all types of loans, loans by gambling establishments, credit card machines, as well as ATM machines should be prohibited in the gambling establishments.

Seven, there should be loss limits. Eight, disregards youth gambling. Government should increase penalties and enforcement efforts to keep youth from gambling.

Nine, concerning -- these are three recommendations concerning lotteries. If state governments continue to sponsor
gambling, they should nevertheless stop the promotion of gambling. It is one thing for governments to make gambling available, or to allow people to gamble, but it is quite a different thing for governments to tell people to gamble, to entice them to gamble, to encourage them to gamble. It is not an appropriate role for government, they should cut it out.

Ten, if state governments must continue to sponsor gambling, they should stop offering the most highly addictive forms, the fast paced slot machines that Delaware has. There was some discussion of lottery yesterday where I wish I had been up here.

The question was, what states have these video lottery machines, and what do they like? Well, in Delaware, the Delaware lottery has slot machines that are identical to the ones that are in Las Vegas or Atlantic City, and they have a little sticker on the side that says, Delaware lottery. And that is the only difference, that little sticker.

Now, that is what lotteries can do, and that is totally inappropriate. Other lotteries, like West Virginia, for example, has a video lottery terminal which offers ten different games, different types of poker, and keno, and blackjack. And you put in cash into the machine, but if you have winnings, it comes out on a piece of paper that is printed, and you go and -- go to the cashier and you get paid that amount on that piece of paper.

But other than the fact that it prints out on paper, it is the same as the video gambling machines that are in casinos in Las Vegas or Atlantic City.

These kinds of fast-paced gambling games should not be sponsored and owned by states.
Eleven, if the states must continue to sponsor gambling, they should be required to spend a substantial portion of the proceeds on the treatment of gambling addicts.

With respect to tribal gambling, much of this obviously applies to tribal gambling, but specifically on tribal gambling the most disruptive issue, politically, out in the country, is the newly acquired land issue.

And I don’t know to what extent you all got into this over the course of the last year and a half, but the possibility that a tribe may buy land that is not currently theirs make it tribal land, make it trust land, and then place a casino on it, is the most disruptive aspect of the Indian Gaming Regulatory Act. It is very, very rarely accomplished, but it is very, very commonly suggested.

And there is an awful lot of bad feelings out there that are caused by this aspect of IGRA. And it is unnecessary, and we think it is inappropriate.

With respect to Internet gambling and other types of telecommunications, number 13, gambling on the Internet should be ended, existing laws are not being enforced, and should be enforced involving sports betting on the Internet, or through 800 telephone numbers, which are very, very, very common.

All you have to do is pick up a copy of casino player magazine, and you will see how common it is.

Number 14 about cruises to nowhere, a topic that has not really been before this Commission much. We believe this is a type of unregulated gambling which is similar, in many ways, to Internet gambling, and should simply be prohibited.
Number 15 begins five recommendations for continued research. Governments should continue to sponsor research in three critical areas. A, the prevalence of gambling addiction; B, the economic and social costs; and C, the percentage of profits from any form of gambling that is derived from gambling addiction.

These are really the things that policymakers want to know. In Pennsylvania right now, the legislature is trying to decide whether to approve riverboats, or slots at the tracks, or video machines in taverns, and restaurants all over the state. And that is the information they want to know, not some of the more esoteric facts about gambling and gambling addiction.

Sixteen, the federal government should conduct substantial ongoing gambling addiction research through the National Institute of Mental Health, and any other appropriate agency.

Seventeen, the federal government should immediately sponsor research into the areas that this Commission didn’t have the time and money to get into. For example, the relationship between gambling and suicide, and other gambling addiction caused deaths, targeting of elderly, and government corruption.

Number 18, the U.S. Justice Department should conduct a comprehensive study of the relationship between gambling and crime. This is something that they do all the time for other aspects of crime. And it would not be difficult or unusual for them to get into.

Nineteen, states should conduct or commission impact studies when they have proposals to expand gambling, and they should have impact studies on existing gambling.
And, finally, number 20, the government should sponsor comprehensive study of gambling, similar to the National Gambling Impact Study Commission every five years, it shouldn’t be something done every twenty years.

CHAIR JAMES: I hope we are term limited.

CHAIR JAMES: I believe in term limits.

MR. HORN: Thank you.

CHAIR JAMES: Thank you, Mr. Horn, and I want to thank each of our presenters this afternoon. You have given us a lot to think about and to discuss.

And not only for this afternoon, but as you have participated in our deliberations. I see, around the table right now, some faces that I have seen at every single meeting. And I want you to know that that is very much appreciated by this Commission, and your input is very valuable to us.