UNIVERSAL STATES OF AMERICA

NATIONAL GAMBLING IMPACT STUDY COMMISSION

SUBCOMMITTEE ON RESEARCH

MEETING

WEDNESDAY

MARCH 17, 1999

The Subcommittee met in the Potomac I Room at the Windham Bristol Hotel, 2430 Pennsylvania Avenue, Washington, D.C., at 7:15 p.m., Leo McCarthy, Chairman of the Subcommittee, presiding.

PRESENT:

LEO MCCARTHY Chairman
JAMES DOBSON Commissioner
JOHN WILHELM Commissioner
MR. MCCARTHY: Good evening ladies and gentlemen.

This is a brief meeting of the Research Subcommittee and I just have a couple of things that I want to try out, mostly for informational purposes. And then I would ask my two colleagues here if they wanted to add anything for our mutual benefit.

The first item is to mention that the casino questionnaire response has been coming in since we mailed it out five weeks ago. And the response, the response from commercial casinos is pretty good, particularly from the largest revenue generators. The response from Tribal casinos is somewhat small so far, but we’re encouraging a greater response from that part of the industry.

And NORC is doing the correlation of the yes and no answers. In other words, the ones that can be quantified. And I’ve asked them to, to try, you know, they obviously have a lot on their plate this week.

But I’ve asked them to attempt to give us, early Friday afternoon, some summary of at least two sections so we get a taste of what’s in this. The one on taxes, which is Section 4, I think, of the casino questionnaire and the one on responsible gambling, which is Section 9.

So I hope that we’ll be able to hear that. But I think it was a worthwhile project and I’m very pleased at what looks like a good faith effort from a number of casinos that have answered so far. Second subject is, is that, I just handed Jim and John a summary done by the -- you know one of the responsibilities of Bill Bible’s Subcommittee is to look at state models, regulatory models and learn more about them and then we can determine, you know, what we’re going to mention in the final report and whether we recommend anything or not.
But he asked Michael Belletire, of the Illinois Gaming Board, who in turn organized a number of other states where there’s a lot of non-Tribal casino gambling going on. And they put together this paper and made a series of recommendations, pardon me, a summary of things that were essential to good state regulatory schemes of non-Tribal casinos. And the reason I gave it to Jim and John is that we have been trying for a long time, largely at John’s pushing, to try to figure out what’s going on in the convenience stop casino areas. And it’s so hard to get a handle on that area. And we know they are concentrated in just six or seven states and we know South Carolina has now 30,000 or more convenience stop casino outlets in truck stops and bars and restaurants and many different other kinds of small businesses.

And one of the recommendations in this, or one of the comments in this report I just gave you was that a lot of the things that are deemed essential for a good state regulatory scheme of casinos that are generating a fair amount of revenue, also are applicable to the smaller convenience stop operations. So I just want you, because I have another questionnaire in mind. The questionnaire would go to the Governors of the states involved that are significantly represented by this kind of small convenience stop questionnaire. And now we have, however, a much more definitive list of questions that we could ask and, you know, in the most courteous possible way to elected officials of such high rank. And then we’ll try to get them to give yes and no answers. So we have that knowledge that we may want to include in the final report too. Now, you know, what form the questionnaire will take, of course, the three of us would work on.
But basically, I just wanted to know if you thought the idea had any kind of merit, even at this late stage. I hate to keep introducing more work, we’ve got enough on our plate now, but this will make it easy, frankly, to formulate a questionnaire. And I didn’t know what you thought of the basic idea.

MR. DOBSON: I think it’s a good idea. I think it’s worth investigating.

MR. WILHELM: I would agree. I continue to be intrigued as well by this issue of machines that are not necessarily legal or partly legal or illegal or, you know, that we’ve talked about a little bit in Virginia Beach, which is a different subject from the one that you’re talking about. I was startled to read the other day that the conservative state of New Hampshire had four to six thousand illegal machines that everybody in the state, including the Governor, knows about.

The Governor was, the Governor of the state of New Hampshire was citing a distance of four to six thousand illegal slot machines in that state as one of the rationales for thinking about legalizing slot machines. Which I thought was really remarkable in a state like that. But yeah, I think what you’re saying makes a lot of sense.

MR. MCCARTHY: Okay. Well, I’ll start to prepare something. I think Doug Seay is looking down at the ground and he’s hoping I won’t ask him to help with this.

(Laughter.)

MR. SEAY: No, I was looking to see if the water was going to last.

MR. MCCARTHY: We’ll try to see what we can do in that area. Now third and finally, and this is more just for
public information as well as for our additional conversation here. The Research Subcommittee, these two gentlemen were kind enough to sign off on a, a skeletal framework that I submitted to the Final Report Subcommittee about what should be in that final report regarding problem and pathological gambling.

There’s nothing startling about the framework and as far as I’m concerned anybody who wants to look at it is certainly free to do that. I will try to add some flesh to the bones and submit that to the Final Report Subcommittee. In addition, there are a couple of other areas that we should consider to try to work on. If nothing more than to establish the kind of framework we think, the essential things that should be in the final report should be mentioned.

One was the possibility of state-run lotteries. And the other was the possibility of the impact on the job market of the establishment of essentially casinos in the United States. But it could touch into other legal gambling facilities as well. But that might be harder to do. Those are the only areas that come up.

Do either of you have anything else that you want to come as a recommendation for the Research Subcommittee to the Final Report Subcommittee? Jim.

MR. DOBSON: Leo, this is very difficult for me to communicate to my two colleagues here and to the entire Commission and our friends.

But I now have major concerns about the NORC Study, especially the telephone aspect of what has happened there. And we’ve gone through it in considerable detail and I think we, at least let me speak for myself, I feel we have a major problem with validity in that report.
And that is potentially embarrassing for us. It’s embarrassing for me, because I helped design that study. But looking at the findings and the, some of the conclusions that were drawn and the way it was done, I, I’m going to have to be very candid tomorrow about that. And we’ll just have to see where it shakes out.

But I have very, very strong views on it and believe that it will be fairly easy why those views are held.

MR. MCCARTHY: On the RDD Report?

MR. DOBSON: That’s right.

MR. MCCARTHY: Okay, any other comments on any subject that either of you may want to bring before the --

MR. WILHELM: Jim, I gather you prefer to wait --

MR. DOBSON: I’m sorry?

MR. WILHELM: I gather that you prefer to wait until tomorrow when that’s on the agenda to get into the specifics of what --

MR. DOBSON: Yeah, I think so. I’d like to have Dean here and others to respond.

MR. WILHELM: Fine.

MR. DOBSON: Otherwise I will have to just repeat myself.

MR. WILHELM: Sure, that’s fine.

MR. DOBSON: But I think there are, you know, there are some, there’s face validity problems there and then, I mean just outright methological problems that really concern me.

MR. MCCARTHY: Okay. Anything else to come before the Research Subcommittee today?

(No response.)
MR. MCCARTHY: If not, thank you very much. This meeting is closed.