CHAIRPERSON JAMES: Mr. Horn.

MR. HORN: Thank you very much for the opportunity to address you today. I'm a Communications Director of the National Coalition Against Legalized Gambling, a grassroots group of citizens and groups, and you may recall hearing from our members before, but despite your familiarity, I'd like to emphasize that our group is not an organization of moralists. We're not trying to stop Americans from gambling. We're not trying to close down Las Vegas. We do not oppose the sport of horse racing, but we see gambling as a public policy issue where you have to weigh the costs and benefits, and in our view the costs of expanded gambling far exceed the benefits. The reason why I'm the spokesperson from this organization on this particular issue is that since 1995 I have been the head of a group in Maryland which has battled against slots at the tracks year after year and have obtained quite a bit of information about it; kind of immersed in the subject.

I'd like to focus my testimony on the issue of gambling machines at racetracks, and generally I'll make four points.

One, that slots at the track are a new and relatively untested public policy.

Two, that slots at the tracks was the hottest gambling in state legislatures in 1997, and is likely to be the hottest issue next year. Therefore, it's a very important issue which this Commission should study and make recommendations about.
Three, while other -- while all forms of gambling have both costs and benefits, slots at the track in particular exaggerate the costs and minimize the benefits; and

Four, if slots proliferate at racetracks they will destroy the sport of horse racing.

Before I address those, let me define my terms; what is "slots at the tracks"? Slots is a shorthand way of saying gambling machines, because although many people think of the reel slots, the slots with the reels going around, and maybe a small number of them being the idea of slots at the tracks, rather the legislation that's being proposed refers to electronic gaming devices, which means any type of video game as well as the real games. That may include exotic games which mimic table games. For example, an electronic version of craps. The fact is that where these proposals are made the idea is to create a casino at the track, or to make the track into a casino. It's not some small proposal. In fact, many of these proposals are to create huge casinos with 2,000 or 3,000 machines at each facility.

And what is "tracks" when we say slots at the tracks? Well, in many states that includes what they refer to as Off-track Betting parlors, but in fact are casinos newly built in new locations that have Off-track Betting facilities inside them. So that slots at the tracks can be a euphemism, and in many states is a euphemism for casino gambling where the casino doesn't have live card dealers, but offers or could offer the very same games.

My first point, slots at the tracks are a new and relatively untested public policy. If you look at the second page of my testimony there's a chart, and this chart kind of
tells it all. You have five states, and it's something that just
started in the 1990's. It's very new, and with respect to Vegas-
style slots, very, very new since 1995. There's not enough time
for there to be any kind of comprehensive studies of the effects
of these machines. There are only two tracks that combine both
the full-scale Vegas-style machines and Thoroughbred racing;
that's Delaware Park and Prairie Meadows which were pretty much
broke before getting slots. So there isn't a model for what
would happen if you put slots at a racetrack like Del Mar.
There's no model. This is too new. This is too untested.

My second point is slots have become the hottest
gambling issue in state legislatures. I hope that this
Commission is intending to tell things to policymakers on the
state level. This is the issue that they are most focusing on.
I have a chart on page 3 that lists states -- state legislatures
that have been debating slots at the tracks, and, as you see,
it's a tremendous number. And this does not even mention New
Jersey where a commission very much considered the proposal, and
Florida where there are very heavy-handed efforts by the industry
to try to get slot machines. In 1997 where there were 18
different states with major battles in the state legislatures,
and obviously that's where I am involved, 15 of those 18 states
had major proposals for slots at the tracks. Last year it was
the issue, much more so than putting Las Vegas-style casinos in
states.

The third point is, while all forms of gambling bring
both costs and benefits, slots at the tracks exaggerate costs
while minimizing benefits. You know quite a bit about gambling
addiction at this point. You've already received testimony that slot machines tend to be more addictive. They are in many ways the worst form of gambling in terms of addiction. They exaggerate the costs. Dr. Shaffer gave you some explanation in January as to why that's true. There was also a study in South Dakota that found that gambling machines were uniquely sending individuals for gambling addiction treatment. There's not enough time to study Delaware, and Iowa is kind of a mixed bag. It's hard to separate the slots there from the river boats. But in Delaware there -- we know that the calls to gambling crisis centers in Delaware and New Jersey rose dramatically after the installation of slots, and that the number of Gamblers Anonymous meetings in Delaware have increased exponentially. And at the same time, since the slots do not employ the same number of people that Las Vegas-style casinos do, they do not provide all that much of an economic benefit. So it exaggerates the costs and minimizes the benefits.

Finally, if slots proliferate it will destroy horse racing. You know, there's mixed reaction here from the industry, but what happens is the tracks that get the slots turn into casinos for all intents and purposes. That's where their revenues come from. That's where their advertising goes. That's where their customers are. Take a look at -- there's a picture on page 7 of a billboard that's near my house in Maryland, a good hour-and-a-half away from this facility. I'm not even going to call it a racetrack; this facility. They advertise slots. They promote slots. They care about slots. They do not care about the track. They do not care about the racing. To answer your
question, only 10 percent of the money goes to the purses. About 15 percent goes to the state. The rest goes to the track owner, which he puts in his pocket. In Maryland that's the proposal. Ten percent for the purses, the rest -- there's not even anything in the legislation that would require the track to spend the money on horse racing.

CHAIRPERSON JAMES: Mr. Horn, I'm going to ask you to hold the rest of your comments for the discussion period.

MR. HORN: Thank you very much.

CHAIRPERSON JAMES: And you will have the opportunity during that time to finish up.