THE HONORABLE WILLIAM WITT, IOWA HOUSE OF REPRESENTATIVES

CHAIRMAN JAMES: With that, I will turn to the Honorable William Witt.

REP. WITT: I'm Bill Witt. I represent the 23rd District in Iowa. I want to thank you all for giving me the opportunity to speak here today. I also want to thank Senator Rogers. She has honored something that politicians usually honor more in the breech; that is, she's a politician before a microphone and she met her time deadline. I'm going to try and do the same thing and move quickly through my prepared text, or as quickly as I can.

I want to also note that I feel gratitude to my colleagues in the Iowa Legislature because they gave me one very clear message to share with you here today, and that is that Iowa has enough gambling.

After 20 years of shuffling and wandering around and maybe presenting the saga of the unsophisticated investor that we heard about earlier, Iowa came forward very clearly, by a vote of 98 to one in the House and better than 80 percent in the Senate, and said, we want no more. We voted a five year moratorium. The bill is now on the Governor's desk. We don't know if he's going to sign it or not, but the message has been very clear.

Our Racing and Gaming Commission has also gotten that message. And the Chairman of the Commission has indicated that regardless of the Governor's action, the Racing and Gaming Commission is going to move forward and adopt rules that will affect the intent of the legislation.
Now, as I said, Iowa is probably the great example of
the unsophisticated investor, either individually or
collectively. As we've heard from others here, Iowans are not
strangers to gambling. We've been going at this now in a legal
way going on 30 years. I'll say, too, that I'm personally
indifferent to an individual's wishes whether they want to
gamble, recreationally or socially, at least on an occasional
basis. My concerns come in when we get into the aspects of
pathological gambling. I'll be discussing some of that in a bit.

My introduction, as I think many other Iowans'
introduction to gambling, was almost a Gilbert and Sullivan
affair. It happened in 1970, in a little village up in Northeast
Iowa, the area where I grew up, where they had a very well kept
secret. This was the little town of North Buena Vista, about 200
people and every year on Labor Day weekend they threw the great
picnic and bingo bash which as it turned out, was really a very
large fund raiser for the Catholic Archdiocese of Dubuque.

It wasn't a very well kept secret, unfortunately for
them because Iowa's Attorney General, who was a rather flamboyant
figure, got wind of it and on Labor Day 1970, while he circled
over the town in his helicopter, he directed agents of the
Department of Criminal Investigation and State Troopers to move
in from all directions on this little community. The great bingo
bust resulted in the confiscation of tens of thousands of dollars
of illegal wagers, a roulette table, slot machines. They netted
an Archbishop, a Bishop, numerous other Catholic clergy,
Protestant clergy, the Sheriff of Clayton County, one of his
Deputies and the Sheriff of Dubuque County just escaped by the
skin of his teeth. But he was later questioned.
So Iowans had at that moment I guess a somewhat humorous introduction to organized gambling. The Iowa legislature took the only honorable practical course, faced with a bust of that magnitude, they shortly legalized charitable bingo for the state. That's how things stood, with annual adjustments to the bingo laws up until the recession of the late 1970's and early 1980's.

Then in communities like Waterloo, which neighbors my town of Cedar Falls, and Dubuque and other industrial towns, there arose a clamor to bring in new opportunities. As the folks did in Gary, they pressed for gambling. Iowans didn't go for casinos right off the bat. At that time they wanted a lottery and they wanted pari-mutuel betting. And in four of the hard hit communities, race tracks were finally authorized and appendix B of my testimony will give you a pretty extensive summary of all of the changes that were passed in the course of those years.

But the race tracks came in, in 1982. After two Governors' vetoes in 1983 and '84, the Governor finally agreed to sign a state lottery bill. And then in 1989 riverboat excursions with gambling additions were approved, and as Mr. Seay pointed out, those boats began operating in 1991.

Now, one thing I want you to note is that all of these changes weren't an easy fix. They were passed on very close votes. Typically it was 51 or 52 in House, and again, 26 or 27 of 50 Senators in the state were needed to accomplish it. But the gambling folks could also bet on three very reliable cards. They claimed that gambling was economic development.
community institutions, and they always sold it as family friendly entertainment.

As I said, the last time they drew and played that trio of trump cards was in 1989 when they moved to get excursion boat gambling authorized. As Mr. Seay pointed out, there were limits put on that. There was a five dollar wager cap and $200 daily loss limit. Iowa's boats were in operation for only about a year when they came back and said we can't compete with Illinois. We can't compete because they don't have loss limits. So the pressure was on, and this idyllic vision of Iowa, the Grant Wood vistas and the Field of Dreams and Marian the Librarian, now found itself in the position of looking at taking off all restrictions on casino style gambling and slot machines.

In fact, Iowa found itself as one of the states that offered more legalized forms of gambling than just about any other. It was a real interesting situation. In addition to competition across the rivers and north of the border and south of the border, changes in the law allowing casinos also brought in Indian casinos to Iowa. So when I arrived from my first term, my first session in 1993, I was surprised. I'd never paid much attention to gambling and I hadn't really thought that it was going to be much of an issue. Boy, was I wrong.

The gambling companies, the communities, all the gambling interests wanted those limits off. And the position I took was we understand that there are social costs involved with gambling of this magnitude. Show me that we're taxing you enough, and if those costs are being met, I'll consider voting for it. Nobody ever came up with those figures for me, at least not from that side of the issue. So I voted no. By the way, 1993
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was the first year that some form of gambling wasn't approved. The bill failed in the House by one vote and then I learned an awful lot about how the gambling business can organize and how they can lobby and how they can pressure people.

I've outlined some of the things that I got, some of the more gentle kinds of pressure that I received. I also received anonymous death threats. I had my house egged. My house had vegetables thrown at it, and a host of other things. And I had flat out promises that I was going to be defeated in the next election.

I'll just mention, too, that there's a one page appendix A in my remarks. It's a letter. It came from a woman whose family life has been devastated because her husband became a gambling addict. I share that with you because I'm pretty certain now that her anonymity can't be violated. She's moved out of state; her family has moved out of state. But she very simply and eloquently I think summed up the dilemmas and some of the real tragedies that families face when a member becomes an addicted gambler.

But in 1994 the gambling forces did get their act together and again, on a very close vote, they succeeded in passing the lifting of limits on the boats, no more having to move up and down the river. They didn't have to leave the dock. No more $200 daily loss limit, no more five dollar betting limit. It was wide open. The companies could go after their market with bare knuckles. And they've done a pretty effective job of it.

We now have about 14,000 slot machines licensed in Iowa. That's one slot machine for every 20 Iowans. And one in 200 Iowans, by an Iowa State University study reported this year,
is either a problem gambler or pathological gambler. I should mention that Iowa State University did a base line study in 1989 when the riverboats were first authorized. At that time, with all the other forms of gambling that were available in Iowa, the lottery and bingo and a variety of other things, they estimated that 30 to 40,000 Iowans might have or very likely were in pathological gambling situations.

So we've come to 1997. We have 14,000 slot machines spinning away in Iowa. The state is deriving about $125 million in tax revenues from those slot machines. It's getting another 34 and a half million dollars in revenues from the state lottery. And I suspect that Senator Rogers would say, hey, you folks are winning.

But I think I'd have to disagree. I'd like to point out, as I'm sure other speakers will later today, that there are quantifiable social costs and economic costs derived from problem gamblers. One of my sources of direct information into this problem and phenomenon and its magnitude has been the Consumer Credit Counseling agencies in Iowa. These are federally and state accredited not-for-profit agencies whose job it is to work with people who have serious credit problems. If you look you'll see that the report from the Northeast Iowa agency which I've summarized here points out some interesting situations.

They received almost 3,000 inquiries last year, and they served roughly 1,600 individuals. Now, again I can break this down further. But of 1,600 or so that they did serve, approximately 970 reported gambling related excessive use of credit problems. Now, one of the reasons that I trust this data is that these agencies have adopted a policy of requiring all
those they serve to disclose the sources of their debt problems. And that relates again to what the previous gentleman discussed, you know, how can we get at some of this information. I would direct you to the Consumer Credit Counseling agencies. They don't let people shift blame. They don't let people duck the issues. If you want to play with them, you've got to report how you got into that fix. So they are looking at something on the order of 60 percent of the people they're now serving, reporting admitting gambling problems.

I hope we'll get a chance to discuss Dubuque County. Dubuque County is one of those rust belt cities that per capita has more slot machines now than any other part of the state. Dubuque County has reported a doubling of its bankruptcy rate in the last year. And financial institutions, according to the director of the credit counseling agency, are begging them to come in and begin working with the people in Dubuque.

So although Senator Rogers and I might agree on the Chicago Bulls, I think we disagree about the overall aspect of gambling. I think that gambling persuades policy makers by shifting blame. And it profits by shifting its heavy social and economic costs to other businesses and to the taxpayers and it constantly denies responsibility for either one.

CHAIRMAN JAMES: Thank you very much.