

1 CHAIRPERSON JAMES: Mr. Horn.

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

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

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

23 Two, that slots at the tracks was the hottest  
24 gambling in state legislatures in 1997, and is likely to be the  
25 hottest issue next year. Therefore, it's a very important issue  
26 which this Commission should study and make recommendations  
27 about.

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1 Three, while other -- while all forms of gambling  
2 have both costs and benefits, slots at the track in particular  
3 exaggerate the costs and minimize the benefits; and

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

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

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

26 My first point, slots at the tracks are a new and  
27 relatively untested public policy. If you look at the second  
28 page of my testimony there's a chart, and this chart kind of

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1 tells it all. You have five states, and it's something that just  
2 started in the 1990's. It's very new, and with respect to Vegas-  
3 style slots, very, very new since 1995. There's not enough time  
4 for there to be any kind of comprehensive studies of the effects  
5 of these machines. There are only two tracks that combine both  
6 the full-scale Vegas-style machines and Thoroughbred racing;  
7 that's Delaware Park and Prairie Meadows which were pretty much  
8 broke before getting slots. So there isn't a model for what  
9 would happen if you put slots at a racetrack like Del Mar.  
10 There's no model. This is too new. This is too untested.

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

26 The third point is, while all forms of gambling bring  
27 both costs and benefits, slots at the tracks exaggerate costs  
28 while minimizing benefits. You know quite a bit about gambling

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

18 Finally, if slots proliferate it will destroy horse  
19 racing. You know, there's mixed reaction here from the industry,  
20 but what happens is the tracks that get the slots turn into  
21 casinos for all intents and purposes. That's where their  
22 revenues come from. That's where their advertising goes. That's  
23 where their customers are. Take a look at -- there's a picture  
24 on page 7 of a billboard that's near my house in Maryland, a good  
25 hour-and-a-half away from this facility. I'm not even going to  
26 call it a racetrack; this facility. They advertise slots. They  
27 promote slots. They care about slots. They do not care about  
28 the track. They do not care about the racing. To answer your

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1 question, only 10 percent of the money goes to the purses. About  
2 15 percent goes to the state. The rest goes to the track owner,  
3 which he puts in his pocket. In Maryland that's the proposal.  
4 Ten percent for the purses, the rest -- there's not even anything  
5 in the legislation that would require the track to spend the  
6 money on horse racing.

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

9 MR. HORN: Thank you very much.

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

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