

A sellout to big gambling

The soothing commercials for Proposition 94-97 suggest their passage would offer a pain-free, USD 9 billion elixir for California's budget woes.

These measures are neither pain-free nor an elixir.

Passage of these propositions would allow four of the state's wealthiest tribes – Agua Caliente, Morongo, Pechanga, Sycuan – to dramatically expand their Southern California gambling operations by adding up to 17,000 Nevada-style slot machines. Their casinos in Riverside and San Diego counties would become among the world's largest.

That USD 9 billion „windfall“ for state government – assuming the proponents' projections come to fruition – would not suddenly fall from the sky. It would come between now and 2030 and the additional state revenue from the new slots would amount to, at best, perhaps one-tenth of 1 percent of the state's budget. It is not even close to a panacea for the budget woes that are dominating today's headlines.

This „windfall“ would represent 15 percent of the net winnings of the first 3,000 slot machines each casino added. Also, the casinos that had more than 5,000 slot machines – which would dwarf the scale of some of the largest casinos in Las Vegas – would pay 25 percent of net win on those additional slot machines. Two of those tribes would be eligible to run up to 7,500 slots – more than triple their current limit.

These compacts, negotiated with Gov. Arnold Schwarzenegger while he was running for re-election in 2006 and ratified by legislators last year, fall well short of providing the state with what he once characterized as a „fair share“ of gambling revenue. Moreover, these compacts allow the tribes themselves (rather than an independent audit, as in previous Schwarzenegger-cut deals) to certify their slot-machine

revenue.

These are sweetheart deals in other disturbing ways. Labor unions and environmental groups have been highly critical of the absence of the types of regulations (required of less politically powerful tribes) to protect worker organizing and to mitigate off-reservation impacts. These compacts also severely limit the ability of state regulators to randomly inspect and test slot machines.

These compacts represent a huge leap from the concept of reasonably scaled and well controlled casino gambling that was sold to California voters when they approved Proposition 1A in 2000.

This election may be offer the last chance for California to contain the explosion of gambling. Let there be no doubt: If this passes, many of the tribes with more modest gambling operations will want and expect the same deal. Is this what we want in our state: Pockets of grand glitz that create wakes of despair?

Remember, the tempting state revenue you see on the TV ads comes from somewhere. It comes from gamblers' losses – perhaps USD 50 billion or more through 2030. For gamblers with the means and restraint, those losses might be the easily absorbable cost of a fun weekend. For others, especially those with meager incomes or gambling addictions, those losses could mean that essential bills don't get paid, that debt piles up, that family obligations get neglected.

Also, the USD 9 billion is not exactly „new money“ for government. Some, perhaps most, of those tens of billions that are frittered away on slot machines would have otherwise gone into investments or purchases that are subject to state and local taxes.

The deals set a terrible precedent. California voters should reject Propositions 94, 95, 96 and 97.