



Capitol Contact by State Representative Steve Simon

2005, Volume IV

COMPETING GAMBLING PROPOSALS

Dear Friend:

Should the State of Minnesota use money from gambling to balance our state budget? That's the key question that my House colleagues and I will try to answer in the next few weeks. There are several competing proposals that would channel revenue from gambling into state coffers.

Regardless of the specific proposal, the fundamental issue is whether our state should rely on gambling proceeds. We already have a state lottery, a horse-racing track, and eighteen tribal casinos. Is that enough, or should we consider adding more? I'm trying to keep an open mind. As always, let me know your thoughts.

To contact Representative Steve Simon

313 State Office Building,
100 Martin Luther King Blvd.
St. Paul, MN 55155
(651) 296-9889
Home: (952) 920-1611
rep.steve.simon@house.mn
www.house.mn/44A

Steve SIMON

STATE REPRESENTATIVE

New Tribal Casino

The governor has proposed the addition of a new casino located in the Twin Cities (perhaps at the Mall of America), which would be operated by three northern tribes in conjunction with the Minnesota State Lottery. None of the three tribes currently operate immensely profitable casinos, as do other smaller tribes located closer to population centers. These tribes' members are among the poorest residents in our state. Sixty-four percent of the net proceeds would go to the tribes, with the rest going into the state's treasury. The three tribes would be responsible for financing construction of the casino as well as a \$200 million licensing fee. The governor's current budget depends for balance upon the licensing fee for this new casino.

"Racino"

This proposal calls for placing slot machines at Canterbury Park racetrack in Shakopee, which already has a "card room." The track owners would be required to pay \$100 million immediately and then split the profits from the machines with the state and local governments. A new harness racing track to be built in the northern part of the metro area could eventually qualify for a similar arrangement.

Slots in Bars

Bar owners seek legislation allowing up to five slot machines in each bar currently licensed to sell pull-tabs. The state would inspect and regulate the use of these electronic gambling machines, and would be entitled to a large share of the proceeds. Proponents claim that the state would receive hundred of millions of dollars.

MY VIEW

I'm skeptical about whether it's prudent for Minnesota to pursue any of these schemes, but I am trying to keep an open mind.

Here's why I'm skeptical:

- * I hate to see Minnesota rely on the volatility of gambling revenue for budget balancing purposes.
- * A gambling fix seems like avoidance of tough budgetary choices.
- * The social costs of gambling are already high, and could climb even higher in Minnesota with more gambling.
- * The finances of the proposals are suspect. I'm not convinced by either the backers of the Racino or those favoring the tribal proposal that their operators will be able to pay back both principal and interest on the debt they will have to issue to build these facilities

Here's the main reason why I'm keeping an open mind:

- * We need the money.