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NEWS

Fri, May 8, 2009

Legislators and lobbyists lock horns

Expansion of gambling facing tough battle

By Kevin Spence

Late Thursday, May 7, the House passed new gaming legislation that increases the state's share of gambling revenues. In an 30-4 vote, the House passed a measure Gov. Jack Markell estimates could bring in an estimated \$52 million in new state revenues.

The compromise measure calls for increasing the state's share of casino revenues by 6.5 points, less than the 8 points Markell originally proposed.

The bill also authorizes sports betting and table games. The measure now goes to the Senate. The legislation passed after the Cape Gazette went to press.

Speaking before the session, Sussex Democrats said casino owners and lobbyists are hijacking the governor's attempt to increase state revenue by taking a larger share of casino revenue. They also say Delaware casinos have a monopoly like no other.

"It's the closest thing to a legal mafia you can get," says Sen. George Bunting, D-Bethany Beach. "The mere fact that we're giving all three casinos exclusivity that we give no one else, well, it's a no-brainer. They make tremendous amounts of money."

But Sussex Republicans say those who favor a measure to expand gambling are unfairly threatening state workers.

"I think it's unfortunate that supporters of this legislation hinge this on 'If you don't pass this, then we'll have to go through with the 8 percent pay cut.' That's absolutely false," said Rep. Joe Booth, R-Georgetown. "I do really take exception that my 'no' vote was hurting state workers."

Under Markell's plan, state employees will face 8 percent pay cuts along with increased medical insurance rates: a double whammy for the state's 30,000 state workers, say Republicans.

The governor's plan also calls for increasing the cigarette and alcohol tax, reducing spending and increasing corporate and gross receipt taxes.

About 1,000 state workers protested at Legislative Mall Wednesday, May 6, rallying against proposed pay cuts, while inside the statehouse House Majority Leader Rep. Pete Schwartzkopf, D-Rehoboth Beach, paced the halls looking for two more votes to pass House Substitute 1 for House Bill 100. The substitute measure would allow sports betting at the state's three existing casinos and also increase the state share of casino revenues – a major sticking point that some say has prevented the bill from passing.

On Tuesday, May 5, the measure failed, 23-15.

"We have to have every component of Jack's plan to hit \$750 million. We just lost \$55 million," Schwartzkopf said. "The standard joke is that lobbyists own Leg Hall. I can tell you they don't own me. I want to point out that 80 percent of my Democratic caucus voted for the state of Delaware, to do the right thing for the state," he said.

Booth said the substitute measure had four amendments that passed and three that didn't. He also said the original bill had five corrections, so that the measure that made it to the House floor left a lot to be desired. "It seemed like the administration was making up the facts as we went along on this particular legislation," Booth said.

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Rep. Gerald Hocker, R-Ocean View, who also voted against the measure, said, "I made it clear the bill did not have my support. I campaigned on the issue. I got far more calls about this bill than any other to defeat it." He said the state doesn't have a revenue problem, it has a spending problem. He said last year, lawmakers should have passed a budget that decreased spending instead of increasing it.

For Bunting, who was first elected in 1982, the casino industry now has a mind and power of its own.

"When they met with the governor a week ago, there were 12 lobbyists and five executives from the tracks. More money is being spent now on making this happen.

"There are more people in extremely powerful positions. It's literally embarrassing about what's being done," said Bunting. He said existing racinos owners are beyond greedy. "Sports betting is almost a side issue. This bill creates 8 more percentage points for the state. This is the essence of the whole argument: They don't want to give up 8 percent? To me what's being done now says, 'If you got enough money in Delaware, you can do anything you want with legislators,'" he said.

On Wednesday, May 6, Markell and casino owners were still negotiating. Lawmakers were expected to reconsider the measure Thursday, May 7, as the Cape Gazette went to press.

"I think now they will negotiate. They know they have to negotiate now.

"They keep blaming Republicans for not passing this, but they needed two more votes from their own party to pass this," said Hocker.

How they voted

House Substitute 1 for House Bill 100, was defeated Tuesday, May 5, on a 23-15 vote.

A three-fifths majority – or 25 votes – is needed to pass any measure that increases taxes or fees. Rep. Earl G. Jaques, D-Glasgow, Rep. Brad Bennett, D-Dover, and Rep. William Oberle, R-Newark, abstained from voting. Jacques abstained because of religious reasons, Bennett because racinos are located in his district and Oberle because he is a racehorse owner, said House Majority Leader Pete Schwartzkopf, D-Rehoboth Beach.

Votes were not cast along strict party lines. Democrats Rep. Bob Walls, D-Milford, and Rep. Bill Carson, D-Smyrna, voted against the measure. Republicans Rep. Deborah Hudson, R-Wilmington; Rep. Greg Lavelle, R-Newark; and Rep. Joe Miro, R-Newark, voted in favor of the bill. Seven amendments were voted on prior to the bill. One amendment that passed calls for studies of the feasibility of table games and of new gambling venues to be completed by Oct. 15, 2009.

How they divide shares

In Delaware, of all revenue taken in by racinos, the state receives 35 percentage points of proceeds, while racetracks receive 48 percentage points. Horsemen receive 11 percentage points and 6 percentage points go to lottery machines and agents. The state's share was increased from 33 to 35 in 2008.

In March, Gov. Jack Markell proposed the state increase its share to 43 percentage points, while racetracks would receive 41. Markell suggested reducing the horsemen's share to 10 points and leaving agents with 6 points.

The House Republican caucus has said the state and racetrack share should be even, both receiving 41.5 percentage points, while horsemen should receive 11 and agents receive 6. In both the governor's and the GOP plans, total revenues to the state would increase if the Legislature allows sports betting.

Recently, Markell and casino owners have been in talks about reducing the state-casino share – a major sticking point preventing the substitute measure from passing.

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