

Sports betting bill passes

Late-night negotiations lead to House approving it 30-4

BY GINGER GIBSON • THE NEWS JOURNAL • MAY 8, 2009

DOVER — Sports betting was rejected in the House on Tuesday by two votes. But in the early hours of Friday morning, after hours of intense negotiations among Gov. Jack Markell's administration, party leaders and representatives of the state's three casinos; after several false starts; after reports that the bill had no chance ... it passed.

Sports betting will head to the Senate, after eight hours of deliberation resulted in a compromise that was approved by the House with a 30-4 vote after midnight Friday. The compromise bill includes the addition of table games as early as possible and increases the split for the state's share in slot revenues.

Representatives from the state's three casinos described the bill as just as bad as the initial proposal, but Gov. Jack Markell said the new bill addresses all the issues.

The newest proposal raises the state's share of gambling revenues by 6.5 points, a decrease from the governor's initial request to raise the share by 8 points. The legislation also includes a caveat that if Harrington Raceway and Casino's revenues fall below \$107.5 million, their share will only be raised by 5.5 points.

The new compromise also includes a fast-tracked table games timeline that would allow their implementation "as soon as possible."

Gov. Jack Markell said his office will be able to develop regulations and necessary controls under the same timeline that the casinos are able to get table games set up.

Markell estimates the new compromise will bring the state about \$52 million next year, but added that estimate could increase if table games are running in early 2010.

The final change in the compromise lowered the licensing fee for sports betting venues from \$4.5 million to \$4 million.

Denis McGlynn, an executive at Dover Downs, said the casinos were not pleased with compromise and that they had not been consulted during deliberations.

McGlynn said since the final compromise was so similar to the governor's previous proposal, it was proof Markell wasn't willing to compromise.

Meetings with the state's three casinos and lawmakers began early in the afternoon, but tensions rose and frustration grew through the night.

Markell proposed the authorization of sports betting along with a change in the state's share of gambling revenues. But because of intense lobbying by the three casinos that the changes would drive Harrington Raceway and Casino out of business, the bill hit a roadblock.

The House began ringing the bells signaling the start of the session at 4:30 p.m. and the Democratic caucus spokesman announced the sports betting bill would be heard first.

But the bells rang for more than two hours before being turned off as an admission that no compromise had been reached and the lawmakers didn't have the votes to win passage.

House Republicans stayed in caucus in the basement of the building, while representatives from the state's casinos aggressively worked on the first floor.

There were several meetings going on simultaneously around the building.

The night's negotiations culminated with a meeting in the governor's office among the leadership of each caucus.

Little word was given about the closed-door discussions, except at 7:30 p.m., when Markell's chief of staff, Tom McGonigle, left to grab a pizza and later when House Minority Leader Richard Cathcart, R-Middletown, came out to have pizza ordered for the rest of his caucus, signaling it was going to be much longer.

Several lawmakers left the building before a decision could be reached, including Rep. Greg Lavelle, R-Sharples.

Lavelle said he had already committed to attend a meeting with constituents in his district. He expressed frustration that no solution was going to be reached.

The governor met first with a pair of Republican lawmakers who had voted no on the bill -- Rep. Mike Ramone, R-Middle Run Valley, and Rep. Tom Kovach, R-Brandywine Hundred South.

After leaving the governor's office, Ramone went into a meeting with at least nine representatives from the state's three casinos.

Ramone said he was trying to explain his position -- a position that was likely to change if the House could reach an agreement on two new amendments that had been filed.

Those amendments addressed, in different manners, concerns the lawmakers had, Ramone said.

The first amendment would have lowered the amount of new revenue the state was asking from Harrington Raceway and immediately add table games, Ramone said.

The second amendment, which was about 12 pages long, addressed those issues and a slew of other questions, but was taking longer for lawyers to digest, he said.

During Tuesday's debate, Harrington Raceway CEO Patti Key told the chamber she had offered her financial records to the governor's office, but they had ignored her. Key said those records were proof that her business could not absorb the added costs.

On Wednesday, McGonigle said, they asked Key for the records she discussed on the floor of the House and she told them she would first have to consult with her attorney.

On Thursday, Key said she had turned over all of her financial records to the governor's office, but didn't want to comment on claims that she had insisted on consulting an attorney after claiming to have previously offered them.

"Are we going to keep this pissing match going?" Keys responded when asked about McGonigle's claim.

When asked if that's how Key would describe the negotiations, she demanded that her previous comment be revoked.

"I'll deny I said that," she said in front of a large group of people on the second floor of Legislative Hall.

IN THE BILL

The new proposal includes:

- Implementation of table games "as soon as possible."
- An increase of the state's share of slot revenue by 6.5 points, a drop from the 8 points originally proposed
- An exception for Harrington Raceway and Casino that would lower their tax if their revenues fall
- A \$4 million licensing fee for sports betting, down from the initial \$4.5 million proposal

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