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Prepared Statement
Before the Georgia State Senate
Preservation of the HOPE Scholarship Program Study Committee
State Capitol Complex, Atlanta, Ga.
September 14-15, 2015
Savannah, Ga., November 2, 2015

“EXPANDED LEGALIZED GAMBLING IN GEORGIA WILL DESTROY FUTURE
GEORGIA BUDGETS AND JEOPARDIZE STUDENTS, TEACHERS AND PUBLIC
EMPLOYEES”

Honorable Members of the Georgia Legislature, my bio submitted with my most recent Congressional testimony is attached hereto, but I would respectfully note that two of my four earned graduate degrees are from the University of Georgia.

With over 30 years as an elected University of Illinois Faculty Senator, I have dealt with many state-wide education issues, including serving for several years as Chair of the University of Illinois Faculty and Staff Benefits Committee. *Hearing Before the Subcomm. on Crime, Terrorism, Homeland Security, and Investigations, House Comm. on the Judiciary, 114th Cong., 1st Sess. 10-12 (2015) (testimony of lead witness Prof. John W. Kindt) [hereinafter Cong. Hearing 2015 on Gambling], at www.judiciary.house.gov.*

In recent years, the Illinois Legislature has repeatedly tried to reduce and/or eliminate contracted benefits and pensions to teachers and public employees, while giving away billions of taxpayer dollars to gambling insiders. Via legal political contributions and other mechanisms, gambling lobbyists now dominate the economic policies of over 20 states, siphoning taxpayer dollars to gambling supporters and away from students, teachers, and public employees

Illinois currently has no budget and is faced with \$115 billion in unfunded liabilities. Illinois is over 9 months behind in paying many of its bills—including partially reimbursing medical bills for teachers and public employees. In this context, my 3-25-15 Congressional testimony noted that as “[o]ne of the first states to embrace the lottery, riverboat casinos, and neighborhood electronic gambling, Illinois has given away at least \$35-\$100 billion to gambling’s insiders since 1990.” *Cong. Hearing 2015 on Gambling, supra*, at 19. When casinos first migrated to the states from Nevada and New Jersey, academics calculated the enormous future state budget problems. *See, e.g.,* John W. Kindt, *Legalized Gambling Activities As Subsidized By Taxpayers*, 48 Ark. L. Rev. 889-931 (1995) (lead article) [hereinafter *Taxpayers Subsidize Gambling*].

Accordingly, a plethora of Georgia relatives, friends, and academic colleagues have urged me to share with this committee the decades of University of Illinois research on gambling.

Historically, it should be noted that 80% of the U.S. Congress, including the Georgia Congressional Delegation, supported establishing the bipartisan U.S. NATIONAL GAMBLING IMPACT STUDY COMMISSION, FINAL REPORT (1999) (U.S. Gambling Commission)—which called for a moratorium on the expansion of any type of gambling anywhere in the United States. *Id.* at Chair’s Intro. Letter. The U.S. Gambling Commission also called for the re-criminalization of electronic gambling machines at convenience stores (Rec. 3-6) (such as those just authorized by the Georgia Lottery), no electronic gambling machines at racetracks (Rec.3-12), and extensive restrictions on lotteries (*e.g.* Rec. 3-8 *et seq.*). These Congressional recommendations and others have been largely ignored by the Georgia Lottery.

Some of the relevant articles in law reviews and economics journals follow:

1. Per a definitive decade-long study published by Harvard and MIT, **crime increases** approximately 10% per year every year around new gambling facilities with electronic gambling machines—as gamblers lose their resources and resort to crime. Earl. L. Grinols & David B. Mustard, *Casinos, Crime and Community Costs*, 88 REV. ECON. & STATISTICS 28-45 (© Harvard & Mass. Inst. Tech. 2006). For numerous instances of corruption and crime involving casinos and gambling facilities, *see, e.g.*, John W. Kindt, *The Failure to Regulate the Gambling Industry Effectively: Incentives for Perpetual Non-Compliance*, 27 S. ILL. U.L.J. 221-262 (2002) (lead article); John W. Kindt, *Follow the Money: Gambling, Ethics, and Subpoenas*, 556 ANNALS OF THE AM. ACADEMY OF POLITICAL & SOC. SCI. 85-97 (1998) (invited article).
2. As documented by an Emory University Law School article, personal, professional, and business **bankruptcies increase** 18%-42% due to new gambling facilities—as gamblers lose their resources. *See, e.g.*, John W. Kindt & John K. Palchak, *Legalized Gambling’s Destabilization of U.S. Financial Institutions and the Banking Industry*, 9 EMORY U. BANKRUPTCY DEV. J. 21-69 (2002) (lead article). For current examples of bankrupted businesses and families caused by addicted gamblers, see Stop Predatory Gambling, *We, The Losers* (June 2015), available at www.stoppredatorygambling.org.
3. The numbers of new **addicted gamblers** (similar to drug addicts) and problem gamblers doubles within the “feeder markets” of new gambling facilities (increasing to 4%-6% of the adult public--and with **teens and young adults increasing to 8%-12%** of their demographic). For an investigative news summary, see “Slot Machines: The Big Gamble,” **60 Minutes**, Jan. 9, 2011 (Reporter Lesley Stahl) (available on Google or YouTube). *See, e.g.*, NAT’L GAMBLING IMPACT STUDY COMM’N, FINAL REPORT 4-4 (1999). *See also*, NATASHA DOW SCHULL, *ADDICTION BY DESIGN: MACHINE GAMBLING IN LAS VEGAS* (Princeton Univ. Press 2013) (15-year study by MIT Prof. N.D. Schull) [hereinafter *ADDICTION BY DESIGN*].

4. Per the 3-25-15 Congressional hearing, “[i]t should be noted that as confirmed by the *Atlanta Journal Constitution* beginning in 1996, the Georgia Lottery has continued to create some of the nation’s highest rates of gambling addiction—including among young people. Charles Walston, Staff Writer, *Teens Laying Their Futures on the Line*, ATLANTA J.-CONST., Feb. 25, 1996, at C4.” *Cong. Hearing 2015 on Gambling, supra*, at 129.
5. Each slot machine or electronic gambling machine costs one job per year every year out of the consumer economy due to lost consumer spending of \$300,000 per machine as people lose money into the machines, instead of buying cars, refrigerators, computers, healthcare, education, etc. in the consumer economy. *See generally*, EMORY L.J., *supra*. Australian economists calculate that electronic gambling machines (known as “pokies”) are costing the consumer economy \$10 billion in lost sales and 303,000 consumer jobs per year. Press Release of Australian Retailers Association, *Retailers Could Cut Unemployment in Half Without Pokies [Slot Machines] Scourge*, Jan. 18, 2010. By comparison, Georgia could lose 131,500 consumer jobs per year as gambling facilities proliferate.
6. Non-gambling businesses shun areas with gambling facilities—just like consumer businesses, employees, and patrons shun high-crime areas. *See, e.g.*, TIMOTHY P. RYAN, ET AL., THE IMPACT OF CASINO GAMBLING IN NEW ORLEANS (Div. Bus. & Econ. Research, Univ. New Orleans 1990) (several vols., including bus. location studies). *See generally*, vols. 1-6, RESEARCH EDS. DR. DIR., UNITED STATES INTERNATIONAL GAMING® REPORT (Wm. S. Hein Publishers, 2009-2013).
7. Necessities of life are redirected into electronic gambling machines. For example in one study people around gambling facilities were spending 10% less on food and 25% less on clothing, while 37% had raided their banking accounts to gamble. The socio-economic costs of legalized gambling to the taxpayers are well-established at well-over \$3 in costs for every \$1 in new revenue to the government. EARL L. GRINOLS, GAMBLING IN AMERICA: COSTS AND BENEFITS (Cambridge Univ. Press 2004); *see Taxpayers Subsidize Gambling, supra*.
8. According to Jesse Jackson’s Chicago speech on Martin Luther King Day, legalized gambling constitutes the new economic chains of involuntary servitude. Bryan Smith, “New Chains” Shackle King’s Dream, CHI. SUN TIMES, Jan. 19, 1999, at 10. Gambling makes poor people poorer.
9. Over 220 social-justice and religious leaders/organizations have petitioned the U.S. Congress “calling on the Nation’s leaders to oppose the further spread of gambling.” *Religious Leaders Oppose the Spread of Gambling*, 148 CONG. REC. H2208-H2211 (daily ed. May 8, 2002).

Non-gambling and less-gambling states have better economies and more future tax revenues than gambling states. *See*, Robert Dorr, *40 Economists Side Against More Gambling*, OMAHA WORLD-HERALD, Sept. 22, 1996, at B1. Formed to combat Al Capone, the Chicago Crime Commission has successfully kept a major downtown casino out of Chicago. Likewise the 85-

member Greater Washington Board of Trade, with some of the top business icons in the country and also representing Northern Virginia and Maryland voted unanimously to reject the Washington D.C. Mayor's proposal for casinos. Liz Spayd & Yolanda Woodlee, *Trade Board Rejects D.C. Casino Plan*, WASH. POST, Sept. 25, 1993, at A1.

As indicated in a *Mercer Law Review* article, the "gambling public" should also insist on legislative hearings under oath to determine how the electronic games are programmed and whether the astronomical odds and "near misses" are "fair" to gamblers. Consumer protection laws need to be utilized to examine electronic gambling machines. *See*, John W. Kindt, "The Insiders" for Gambling Lawsuits: Are the Games "Fair" and Will Casinos and Gambling Facilities be Easy Targets for Blueprints for RICO and Other Causes of Action?, 55 *MERCER L. REV.* 529-593 (2004) (lead article). *See also*, ADDICTION BY DESIGN, *supra*.

Surprisingly, the Georgia Lottery's new "electronic games" attracted unflattering attention during the Congressional Hearing 2015 on Gambling. In May 2015, similar games were de facto re-criminalized and scheduled for elimination by the Minnesota legislature which delimited them as the "crack cocaine" of gambling addiction and eschewed the \$139 million the games generated (over the objections of Minnesota Governor Mark Dayton). *See*, Abby Simons, *Lottery Restrictions Become Law, But Games Won't Go Dark Just Yet*, STAR-TRIBUNE (Minneapolis, Minn.), May 19, 2015.

Hopefully, Georgia will learn from the mistakes of Illinois, New Jersey and other gambling states. Governments and their citizens cannot gamble themselves to prosperity.

Thank you for your kind attention and courtesy.