

“INSIDE”

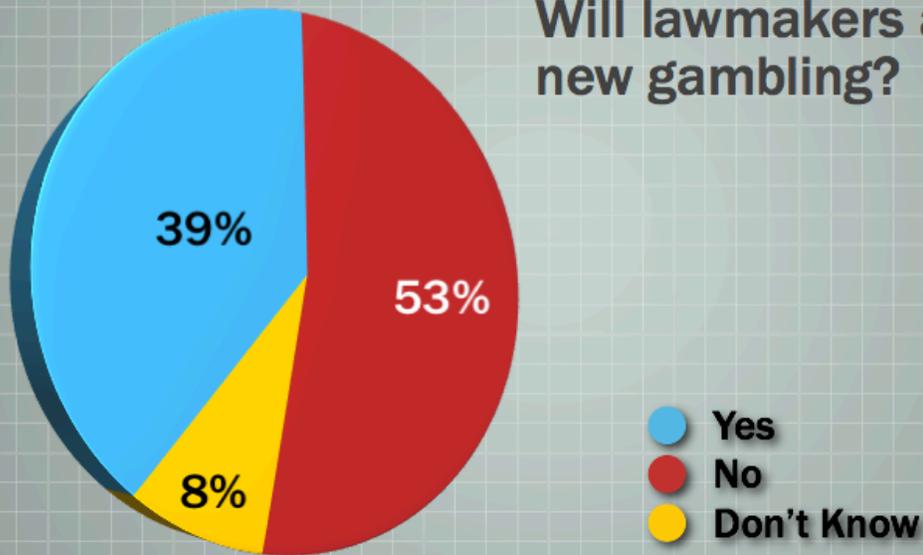
INTELLIGENCE

THE TEXAS TRIBUNE
TEXAS  WEEKLY

The insider's poll for the week of February 28.

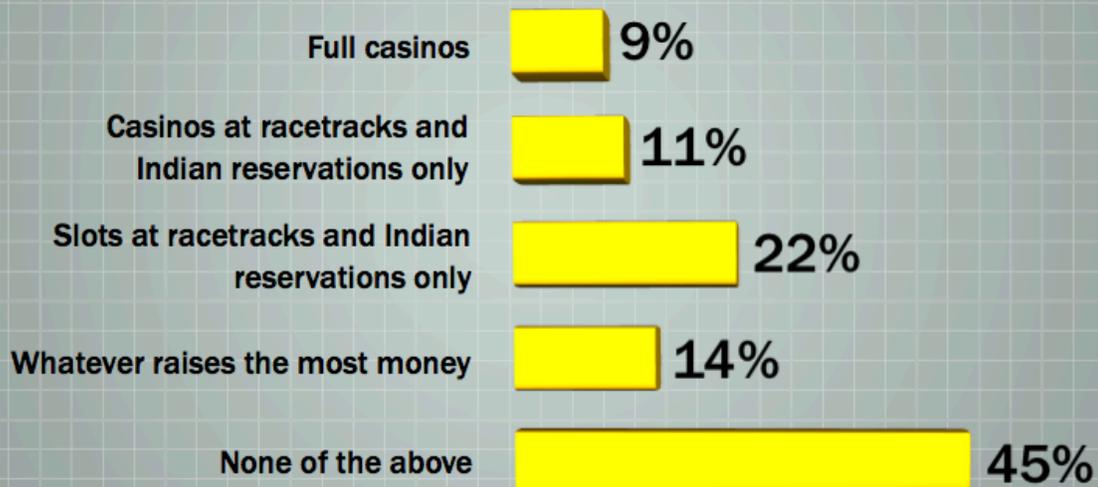
INSIDE INTELLIGENCE

Will lawmakers approve new gambling?



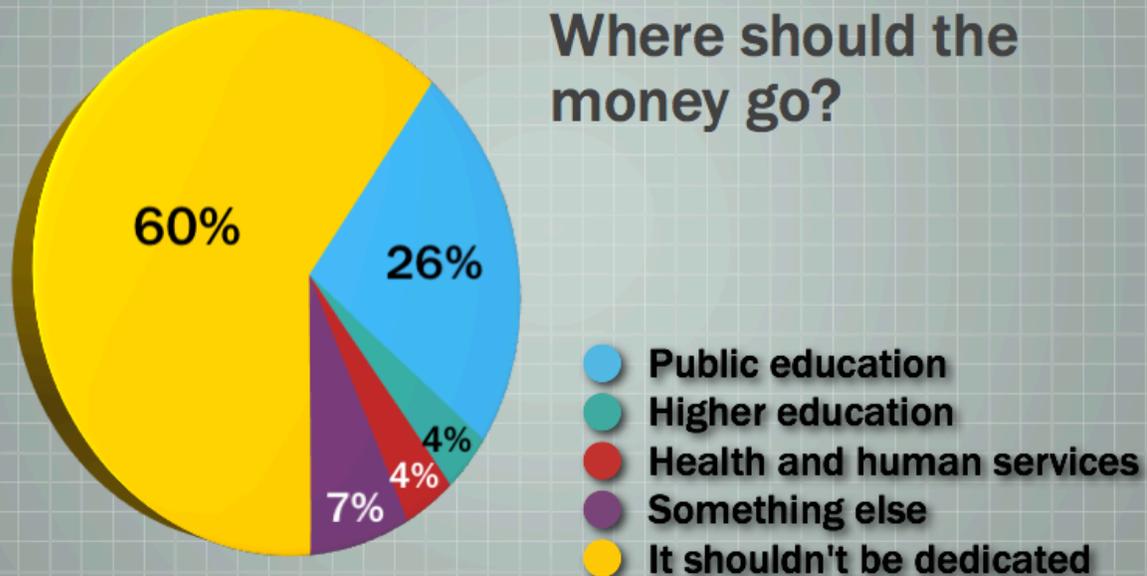
INSIDE INTELLIGENCE

If so, what will they approve?



INSIDE INTELLIGENCE

Where should the money go?



This week's open-ended prompt was: "Is it a good idea to allow more gambling in Texas and would it be a reliable source of funds for the state budget?" And here's how the insiders answered:

- "No. The amount of trash that comes along with gambling needs to stay in Las Vegas"
- "No, fixing a deficit with gambling funds is like feeding a child whip cream for dinner."
- "Yes"
- "Hell yes."
- "Absolutely. Should be fully expanded though to allow casino gambling as well as slots at race tracks."
- "No. Gambling is an unreliable source of income. Texas lottery is a good example. It was sold to the voters as helping fund education, but in fact, the dollars raised by the lottery go to general revenue."
- "Probably not. There are numerous studies that point to gambling being akin to a regressive tax. Additionally, we know that we will be exacerbating certain social problems like gambling addiction."
- "No and No"
- "Yes, it is a good idea. If properly structured (and we have plenty of examples as to how that can be done), it will be a reliable source of funds."
- "Of course not. Gambling is a proven money loser for the state."
- "Currently, Texans engage in gambling but in other states. Legalize gambling in Texas would retain those valuable dollars that are currently going into other state coffers."
- "It's crazy not to allow the people to vote on the issue..."
- "Yes, a good idea. Yes, it could be a reliable source of revenue."

- "Yes and yes, obviously being conservative about the revenue estimates."
- "Yes, it is a good idea to allow more gambling in Texas. Those with gambling addictions and the related problems are already losing their money in other states, and then bringing their burdens back to Texas with them. Yes, gambling would be a reliable source of funds, although the amount remains to be seen."
- "Yes"
- "Regional gambling in SE Texas to compete with LA casinos, but nowhere else. The social and misery aren't worth the tax revenue."
- "To a certain extent, the expenditure of Texas dollars on gaming is a present reality. It is a question of whether some of those dollars can be spent w/i Texas. For those states most dependent on gaming-related revenues, I think it is also a present reality that the revenue stream can be unreliable."
- "Yes"
- "Not really a good idea. Not a reliable source of funds. No guarantee that if approved the revenue raised would be dedicated to the ostensible purpose."
- "Yes. In this atmosphere that taxes are evil, it's the only way out."
- "I can't imagine a more morally bankrupt way to fund basic government services than to profit from regular folks losing money. Seems perfectly appropriate for this legislature then. It would be an even better idea to establish casinos on the border targeted at Mexican nationals. This would ensure a reliable stream of customers."
- "No and no."
- "Texans are already gambling. This revenue source is leaving the state."
- "No, on good idea. Probably yes on reliability- since Texas has always been conservative in forecasting revenue, right?"
- "No. Terrible idea. It's another regressive tax."
- "Yes"
- "Yes it is, no it won't."
- "Sure, why not? We have the stock market."
- "Yes."
- "Yes. Go to a casino in LA, OK or NM. Texas plates are ubiquitous. But there are obvious downsides as well."
- "No and no."
- "It is not a reliable source of revenue. Nevada, new Jersey and other states with expanded gambling have far worse economic outlooks than Texas and generally higher (even much higher) tax burdens."
- "It's a great idea, but wouldn't be a reliable source of funds."
- "Yes, it is a good idea, both to raise revenue as well as to limit the loss of Texas gambling dollars (and related expenditures) to neighboring states."
- "It certainly wouldn't hurt. Texans gamble now. Texans will always gamble. Getting more state revenue from it couldn't be bad. On the other hand, Nevada's current 48% budget shortfall isn't exactly a ringing endorsement for such a thing getting Texas out of the budget mess the Republicans have put us in."
- "It is a good idea if done correctly. It would not be a reliable source of income."
- "No reason not to given the close proximity of casinos to most of the state."
- "You'll certainly see much worse proposals given 'thoughtful' consideration this session."
- "It's one way to keep some of our money in Texas instead of exporting it to LA and NV. It may not be much money but it's money we're sending to other states."

- "Lottery revenues are a declining revenue stream and seems gaming seems to be sensitive to the economy in other states"
- "Only resort gambling. It is the only reliable long term way to count on gambling."
- "No and no."
- "Better than losing it to Oklahoma, like our football players"
- "Currently gambling in Texas is a monopoly owned by the State. The State should get out of the gambling business and let the private sector run it."
- "Yes and yes--we're letting too much money go out of the state."
- "With a shortfall that's astronomical, any money coming in is better than what we have now."
- "No and No."
- "It is a viable source of general revenue and you have added bonus of shoring up a lagging industry and ensuring Texas Tribes are self-sufficient."
- "Yes - reasonably reliable new source of revenue with limited downside"
- "Yes and yes"
- "It is clearly a way to create economic development and stem the flow of money out of state."
- "No, it's not a good idea. Yes, it would be a fairly reliable source of revenue for the state budget, but it will not contribute enough money to make a big dent in the revenue problem if it's limited to racetracks and Indian reservations."
- "Yes it is a good idea but no it will not be a reliable source of money."
- "Yes & yes"
- "No. Yes, for a while."
- "As good as Ogden and Pitts taking \$10 billion in state funds and putting it all on red"
- "No, it wouldn't"
- "Yes - it keeps money here that would be spent elsewhere, helps increase tourism and can help revitalize certain parts of the state, and, to quote Animal House - we need the dues."
- "It is a good idea...no revenue stream in Texas is a reliable source of revenue...people thought the sales tax was but look at what happened over the past couple of years!"
- "Nope, it will be a splash and then declining revenues and just more spending"
- "Yes keep the money in Texas"
- "It would not be a reliable source of funds."
- "No....and no."
- "Yes it is a good idea, but on a limited basis and done the right way with proper capital investment and regulation. No, the state should use it for property tax relief, not funding for programs."
- "No. It would not be a reliable source of funds, nor should it be used to balance our state budget."
- "Not a good idea. Those who oppose regressive taxes should oppose this because it impacts the poor and it would not be a reliable source of funding as we have seen with the lottery."
- "Yes, if done correctly. Texans already gambles spending money on the lottery, charitable bingo, pari-mutual wagering, illegal eight liners, the internet and sport wagering. At the same time, Texas loses much more revenue to casinos in other states, close to an estimated \$4 billion to Louisiana, Oklahoma and New Mexico. With destination resorts in the mix, Texas will capture more of what gamers already expend and bring in new out of state revenues."

- "It would not be a reliable source: see bingo and the lottery. However, why not keep the money in Texas."
- "I think if the people of Texas vote to approve the expansion of gambling, then the legislature should be careful in what it allows to be set up; casinos, slots at racetracks, poker rooms at Indian Reservations, etc. Gambling would not be a reliable source of funds for the state budget because it fluctuates with the economy; in good times more people gamble where in bad times people stay home."
- "No, not a good idea. Legalized gambling preys on those least able to lose their money."
- "Yes, it's a good idea. We are losing millions to other states every year."
- "No and no"
- "It is needed but should not be depended upon"
- "Why not?"
- "Yes. We already have eight liners, bingo and lottery -- what is the opposition to destination resorts with entertainment, shopping, art galleries and yes casinos."
- "It will give the illusion that some of the pain from budget cutting will be alleviated."
- "It is one of the only ideas the public finds acceptable which makes it appealing."
- "No, it is not a reliable source of revenue"
- "It's a bad idea and the state would never be able to depend on it as a reliable source of revenue."
- "We are losing money and jobs to adjoining states. Expanded gaming is a solid financial winner for Texas if it just stops the bleeding. As to state revenue, it won't be as large or as stable as most taxes, but any cash in the till is icing."
- "Yes; why let the money leave the state to bordering states??"
- "I think its a good idea, but don't rely on it for a stable funding stream."
- "Allowing gambling in Texas to prevent those dollars and jobs from flowing out of the state makes sense, however it should not be seen as a silver bullet to solve the state's budget crisis. Gambling revenue is what it is, and should be considered for what it is - additional revenue."
- "It's a good idea; we already have gambling (both in Texas via lottery and bingo and outside Texas, like Louisiana and Oklahoma), so the social costs already exist. The revenue would be solid, but would be subject to fluctuations in the market like other tourism ventures."
- "It's a terrible idea. Gambling flunks as a source of revenue - regressive, volatile, uncertain. To say nothing of the social costs, e.g. gambling addiction and bankruptcy. And then, of course, there is the moral angle."
- "No, it would be an unreliable source of revenue"
- "It won't raise the money legislators wish it would. Personally, I don't really care if Texas allows more gambling, but doing it under the banner of 'new revenue' is ridiculous. If you want to pander to the casino industry and create new addictions, just do it--but don't try to tell Texans you are doing it for their own good."
- "'Gaming' is fools' gold. Any gains to the state treasury are offset by increased societal costs that the state ends up paying for on the back end due to crime, public safety, entitlement funding, etc."
- "No and No."
- "The unemployment rates in New Jersey, Nevada, and Michigan, each of which has commercial casino gambling, are respectively 14.1 percent in Michigan (the highest rate in the nation), 13.4 percent in Nevada (the second highest rate in the nation), and 9.8 percent in New Jersey (as of last year) ... Nevada, which relies on gambling for more than half of its state revenue, has cut public health programs, K-12 and early education programs, higher education spending, and

state employees to meet its budget shortfall. ... Similarly, states bordering Texas that have legalized casino gambling are also making cuts: Louisiana and Oklahoma have cut public health programs, higher education, and state employees; while New Mexico has cut elderly and disabled assistance programs, as well as higher education spending, and reduced its state workforce. ... This is not to say that Texas will not have to reduce spending and cut programs, but merely to note that casino gambling does not immunize the state from having to cut programs and services."

- "Yes. Sure, but not as a dedicated revenue source for any one area of the budget."
- "No. It would be a capitulation to baser instincts. It would remove another unique feature of Texas life."
- "No. Lottery, Racing and BINGO have all failed to meet projections and did not create new economy."
- "Yes and yes."
- "Yes, it's a good idea. While gambling clearly won't be a panacea to solve the state's budgetary problems, it would help some. Currently, we are losing this potential revenue to neighboring states. We should capture it in Texas."
- "No to the first and definitely no to the second. I'm a New Jersey native and can tell you that allowing casinos in Atlantic City has never come close to delivering on the claims made by proponents. It has created a relatively small number of good jobs--and made a few already wealthy individuals far more so--but has neither revitalized Atlantic City--the slum was just moved a few blocks further west of the boardwalk--nor been a boon to state coffers. ... The only real benefit I'd expect to come from bringing casinos to Texas is an improvement in pizza quality."
- "No, it would be as reliable as the tracks have been."
- "Morally, who knows? Economically, yes."
- "Nope. It is not working in other states and will take too long before real money kicks in."

- "No"
- "It's not a bad idea. There will be some fluctuation in receipts, but a base level of revenue will be reliable."
- "I have always been conflicted on gambling. On the one hand, the successful cultivation of destination gambling could be a huge boon for the state, and I have no strong moral objections. However, I also know that gambling can be a de facto tax on lower income folks, not to mention exacerbate social problems and underlying addictions. I would not want to see our state go down the same path as some others, where gambling becomes merely a financial crutch to keep some things afloat at the expense of those who can least afford it."
- "Yes, it's a good idea. It will always provide a certain amount of revenue but is only one component in an overall system of revenue."
- "Yes and no."
- "Yes and yes"
- "It's an ok idea, not great, but ok. It would be cyclically reliable."
- "No, but it will happen at some point."
- "No"
- "Big money is being spent by Texans everyday in border state casinos. If the tax is structured right it should be stable revenue. The casinos need to ready to put up more money than has been floated so far. Other states get a lot more than what has been offered up so far. Bring your checkbook casinos."
- "No and no"
- "Good idea but as shown in this economy it's unreliable."
- "Yes and Yes!"
- "It's a good idea if it brings in tourists from other states. It's not a good idea if it fleeces Texas citizens and forces more onto the public dole. Gambling wouldn't be a reliable source

of funds for the state budget this biennium, because (1) we don't know what it will raise and (2) it takes a constitutional amendment. Can the Comptroller certify it to help pass the budget?"

- "No"
- "Yes"
- "Like the lottery, public expectations of the magnitude of revenue likely to be wildly inaccurate. Like most revenue sources, will level out at some point and will drop in recessions"
- "For me, casinos, though not a panacea, would certainly contribute a new source of badly-needed revenue."
- "If the lottery is any guide, gambling will not be a reliable source of income. However, we are bleeding resources to neighboring states that have gambling that could stay in Texas."
- "I think it'll happen, but it's a bad idea. It's an unreliable revenue stream, and basically just a hopes and dreams tax on poor people. It'll just make a bunch of rich guys with great political connections into richer guys."
- "Good idea- and would be a stable source of revenue- though the state should project the amt of revenue at a conservative level"
- "Yes, if it avoids tax increases or massive cuts in education and HHS. The Legislature could adopt mechanisms to mitigate any fluctuations in gambling state revenue."
- "Yes it's a good idea. If it goes to the rainy day fund it doesn't have to be stable. Just use it when/if it builds up."
- "Yes"
- "No and no. I remember when they said the same thing about betting on horse racing."

- "Yes and yes"
- "No"
- "Yes it is a good idea, no it is not reliable"
- "Yes. Gambling revenues have increased every year in every state for the past six decades with the only exception being the past couple of years. Other taxes also went down during the recent economic downturn such as sales taxes and property taxes. Gambling revenues have actually been more reliable than any other tax source of funds."
- "The State of Texas must seriously consider raising taxes to meet the growing needs of a diverse state, a majority ethnic diverse state. The state's needs are growing not diminishing. To expect revenue from gambling as the only option to save the budget short fall is myopic and shortsighted. ... Texas' new demographic numbers show growth from 20 to 25 million, where Latinos make up 38% of the state's population, or 2.8 million more Latinos helped Texas grow by 20.6% over the last decade. ... Texas is made up, according to the United States Census Bureau, and not acknowledging at this time a huge Latino and other ethnic communities' census undercount: Whites accounts for 45.3% while Latinos make up 38% of the Texas population. Blacks account for 11.8% of the population, and 3.8% of Texas population is Asian. ... Latinos, Blacks and other ethnic communities face an uphill battle in the attaining of a quality education, health care and our state's infrastructure needs planning for growth. ... The state must face up to the fact that the only way out of this budget crisis is to raise taxes. It is time."
- "It is not a good idea, but would be a reliable source of funds for the state budget."
- "No, and No!"

Our thanks to this week's participants: Victor Alcorta, James Aldrete, Clyde Alexander, George Allen, Jay Arnold, Kip Averitt, Charles Bailey, Tom Banning, Reggie Bashur, Dave Beckwith, Mark Bell, Tom Blanton, Hugh Brady, Steve Bresnen, Chris Britton, Andy Brown, Lydia

Camarillo, Kerry Cammack, Marc Campos, Snapper Carr, Janis Carter, Tris Castaneda, Corbin Casteel, William Chapman, Elizabeth Christian, James Clark, George Cofer, Rick Cofer, John Colyandro, Harold Cook, Hector Deleon, Scott Dunaway, Anne Dunkelberg, David Dunn, Jeff Eller, Jack Erskine, Alan Erwin, Ryan Erwin, John Esparza, Jon Fisher, Dominic Giarratani, Bruce Gibson, Machree Gibson, Scott Gilmore, Daniel Gonzalez, John Greytok, Michael Grimes, Wayne Hamilton, Bill Hammond, Sandy Haverlah, Albert Hawkins, Adam Haynes, Jim Henson, Ken Hodges, Steve Holzheuser, Kathy Hutto, Shanna Igo, Deborah Ingersoll, Richie Jackson, Mark Jones, Russ Keane, Robert Kepple, Richard Khouri, Tom Kleinworth, Ramey Ko, Tim Lambert, Pete Laney, Dick Lavine, Donald Lee, Luke Legate, Leslie Lemon, Ruben Longoria, Vilma Luna, Matt Mackowiak, Bryan Mayes, Richard McBride, Dan McClung, Scott McCown, Mike McKinney, Kurt Meacham, Robert Miller, Bee Moorhead, Steve Murdock, Craig Murphy, Keir Murray, Richard Murray, Sylvia Nugent, Todd Olsen, Gardner Pate, Jerry Philips, Tom Phillips, Wayne Pierce, John Pitts, Royce Poinsett, Kraege Polan, Ted Melina Raab, Bill Ratliff, Karen Reagan, Tim Reeves, Carl Richie, Jeff Rotkoff, Luis Saenz, Mark Sanders, Jim Sartwelle, Stan Schlueter, Steve Scurlock, Terri Seales, Christopher Shields, Patricia Shipton, Ed Small, Martha Smiley, Terral Smith, Todd Smith, Larry Soward, Dennis Speight, Tom Spilman, Jason Stanford, Bob Stein, Keith Strama, Bob Strauser, Leslie Sullivan, Michael Quinn Sullivan, Russ Tidwell, Bruce Todd, John Weaver, Ken Whalen, Darren Whitehurst, Ellen Williams, Michael Wilt, Alex Winslow, Peck Young, and Angelo Zottarelli.