

**The 2008 Election:  
Rounding Up State Ballot Initiatives Effecting the Gaming Industry**

By Shaun Darby

The November, 2008 election has been hailed as one of the most momentous in U.S. history, with Barack Obama being elected the first African-American to take the office of President. But away from the national Presidential race and battle for control of the House and Senate, a number of important local issues were being decided throughout the country by voters in their respective states. The following is a round-up of state ballot initiatives affecting the gaming industry.

**Arkansas**

Voters in Arkansas approved a measure allowing for the creation of a state-run lottery by an overwhelming majority of 63 per cent. The State Lottery Initiative overturned an Arkansas constitutional prohibition against lotteries which had been in place since 1874. Arkansans voted against a similar measure in 2006, and an attempt by Lt. Governor Bill Halter to get a lottery proposal on the ballot during the 2007 legislative session failed. However, proponents submitted 138,615 signatures in June, 2008, which was well over the 77,468 required to qualify for the November ballot. Gov. Halter has estimated that the lottery will raise approximately \$100 million per year, which will be used to create scholarships for college students. Neighboring Missouri has estimated that the Arkansas lottery could cost the Show-Me state more than \$25 million in lost lottery ticket sales during its first year of operation. There now remain only seven states which do not have a state-run lottery.

## **Colorado**

Amendment 50, also known as Initiative 121 or the Limited Gaming Initiative, passed in Colorado by a decisive margin of 59 per cent to 41 per cent. The measure allows local voters in Central City, Black Hawk, and Cripple Creek to extend casino hours of operation to 24 hours per day, raise the maximum bet limit from \$5 to \$100, and introduce previously barred roulette and craps games. It is planned that 78 per cent of the increased gaming tax revenue will be spent on Colorado's community colleges, according to their respective student enrollments. The remaining 22 per cent will go towards helping to alleviate the impact of increased gaming in Gilpin and Teller Counties, and in the cities where casino gambling takes place.

## **Maine**

A proposal to allow a casino in Oxford County, Western Maine, was defeated by 54 per cent to 46 per cent. The measure would have permitted Evergreen Mountain Enterprises, LLC to build and operate a \$184 million casino and resort complex with up to 1,500 slot machines and a variety of table games. It was hoped that the resort and gaming facility would create over 800 jobs and generate \$69 million for the state to spend on education, alternative energy, health care, road building and other areas. However, the measure was criticized for lowering the gambling age in the state from 21 to 19, and also for not allowing any other casinos in Maine for at least 10 years, thus creating a monopoly in the industry.

## **Massachusetts**

The Greyhound Protection Act, which prohibits dog racing in Massachusetts, was approved by a margin of 56 per cent to 44 per cent. Supporters of the initiative claimed that thousands of greyhounds are kept in inhumane conditions and hundreds suffer injuries while racing. The two Massachusetts greyhound racetracks at Wonderland Park near Boston and

Raynham Park in the southeastern part of the state argued that the ban would cost jobs at a time of economic hardship. The ban comes into effect in 2010, with the aim of allowing employees at the racetracks time to find alternative employment elsewhere. Massachusetts is one of only three states which currently permit pari-mutuel betting on Thoroughbreds, Standardbreds, and greyhounds, with the other two being Florida and Iowa. A similar initiative made the ballot in 2000, but was narrowly defeated.

### **Missouri**

Missouri voters decided by a margin of 56 per cent to 44 per cent to repeal the state's \$500 loss limit imposed on customers to the state's riverboat casinos. The loss limit, which prevents casino patrons from purchasing more than \$500 in chips or tokens during a two-hour period, was introduced in 1992 with the aim of preventing compulsive gambling and money laundering. Proposition A, as the ballot measure was known, will remove the mandatory tracking card system used to monitor customers' expenditure at casinos and allow them to enter casinos in the state without identifying themselves, unless challenged to prove they are at least 21 years of age. Casinos have campaigned for years to remove the loss limit, which according to the Missouri Gaming Commission is the only such restriction in any legalized gambling jurisdiction in the world, arguing that it renders the state's casinos uncompetitive. The campaign took on a new urgency this year as neighboring Kansas recently passed legislation allowing for the operation of casinos without a loss limit, thus threatening Missouri's casino market in the Kansas City area. In return for the repeal of the loss limit, the casino gambling tax will rise one per cent to 21 per cent, with the expected extra revenue of between \$126 million and \$144 million per year going towards Missouri schools.

### **Maryland**

The electorate in Maryland voted overwhelmingly in favor of Question 2, which adds a constitutional amendment to the state constitution allowing for the introduction of 15,000

slot machines at five locations. The measure, which was approved by a margin of 59 per cent in favor to 41 per cent against, was strongly supported by the state's horse racing and breeding industry which has been hit hard in recent years by the location of racinos in neighboring states. It has been estimated that the slot machines could potentially produce \$600 million annually for the government, with education being a major beneficiary. Just under 10 per cent of revenue generated will be injected back into the horse racing industry through race purses, breeders funds and capital projects at racetracks. Maryland is the 38<sup>th</sup> state to allow slots or casino-style gambling.

### **Ohio**

Voters in Ohio rejected a proposed constitutional amendment authorizing the building of a \$600,000 casino resort in Clinton County, situated in the southwest of the state. Proponents of Issue 6 argued that the 97-acre complex would bring 5,000 much needed jobs to Ohio and provide \$240 million to be split among Ohio's 88 counties. However, the measure was overwhelmingly defeated by 63 per cent to 37 per cent. This is the fourth time Ohioans have voted against ballot initiatives seeking to introduce casinos into the state, with previous measures being rejected in 1990, 1996, and 2006. Opposition to the measure came from the "No on 6" campaign, the main sponsor of which was Penn National Gaming who operate a casino across the state border in Indiana. On October 24, supporters of Issue 6 filed a lawsuit in Franklin County, Ohio claiming that the advertising campaign run by the "No on 6" campaign included false and defamatory statements with regard to gaming taxes and the extraction of profits from the state.

*Shaun Darby graduated from the University of Missouri-Kansas City School of Law in May, 2008. He can be contacted via his website at [gaminglawresearch.com](http://gaminglawresearch.com).*