MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

3006

2001 HOUSE JUDICIARY

HCR 3006

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 3006

House Judiciary Committee

☐ Conference Committee

Hearing Date 01-17-01

Tape Number	Side A	Side B	Meter #
Tape I	x		01 to 6269
		x	01 to 202
Committee Clerk Signature			

Minutes: Chr DeKrey opened the hearing on HCR 3006.

Rep Maragos: District 3 of Minot. Introduced the resolution as a sponsor. Relating to participation by the state of North Dakota in a multistate lottery. As we gather information to make important decisions regarding our state, it is our duty to react and make those changes. We have a duty to let people of North Dakota express their wishes. The economic stakes are high and we need to let the people speak.

Rep L Thoreson: District 13 of West Fargo - I encourage a vote in favor on this resolution. Lots of people treck over to Moorhead to buy lottery tickets. This has an economic impact on the state as they purchase other things while they are there. I believe that this is a missed opportunity for the state.

Chr DeKrey: Anyone else wishing to speak in support of this resolution.

Ed Schultz: a resident of Fargo, North Dakota and a resident of the state of North Dakota for 25 years.I represent myself, I am a talk show host on radio. I reach over a quarter of a million people

every week. I hear from a lot of people on many issues. The job of the Legislature is to find new sources of revenue without creating new problems. The question is, why aren't we in on the lottery? We talk about the people who leave the state and buy lottery tickets and other goods. Those states are all reaping the benefit of the lottery. They are addressing the problem of social ill and the problem of gambling, better than North Dakota. Here is how I see that it has to play - we have to pass the lottery because of the money - well that won't fly. What has to happen in the long run, is the legislature has to have a plan. Minnestoa - 10th year of the lottery - four hundred million dollars in gross sales and over 20 million dollars back to the state to do what they want to do with it. South Dakota -100 million back to the state this past fiscal year. We have an opportunity to raise between 5 and 8 million dollars annually. Opportunity to bring the state together, as we have common problems all over the state.Economic development is on the lips of everyone across the state. Our needs are great, this is a progressive move to vote yes on this.

Chr DeKrey: Anyone else who wishes to testify in favor of HCR 3006, if there is no one else, those who wish to testify in opposition.

Her J Wilson: retired physician and a active on the board of compulsive gambling. The council exists to help people who get into trouble with gambling. He urged a no vote on HCR 3006.

Governor Link: Chairman of the North Dakota Council on Gambling Problems (see attached testimony)

Warren DeKrey: retired businessman and appearing in opposition of HCR 3006 (see attached testimony)

Bruce Brooks: resident of Minot. Testified in opposition of HCR 3006. The citizens have repeatedly rejected a lottery for the state. This is an attempt to bring about an issue to the voters

in the easiest possible way. If the question needs to be asked again, it should be done through the initiative process.

Dick Elefson: resident of Bismarck, spoke in opposition of HCR 3009. He brought figures from the national gambling impact commission. He cited the lack of resources to treat compulsive gamblers. Until the state can address the needs of the compulsive gambling, there is no justification to expand.

Christopher Dodson: Executive Director of the North Dakota Catholic Conference. (see attached testimony). (also attached testimony of the North Dakota Conference of Churches)

Stephen Wisthoff: Pastor of the First Baptist Church of Bismarck: (see testimony attached) (also attached the STATEMENT ON GAMBLING - North Dakota Conference of Churches)

Warren Wenzel: Pastor of Methodist Church of Fairmont, North Dakota. I would oppose this resolution, gambling has grown, every year the legislature has been asked to expand the gambling issue. Business people who attended a gambling seminar stated that gambling has cost business and banks also state their cost of business has risen. Bad credit ratings effect car dealers and grocery stores. Gambling take money out of the businesses. Money Magazine had a study on the money for education that is supposed to be raised by gambling and the states come out losers.

Chr DeKrey: Any further testimony in opposition to HCR 3006? If not then we are going to start taking questions I have a question of Mr Schultz, the legislature is here to safe guard the people how do you answer the charge that the lottery is an unfair tax to the poor..

Edward Schultz:The money is already being spent, we are quoting figures from 1992, how much has business and attitudes changed in the last eight years in the country? Most of the people who buy lottery tickets, they don't spend thousand of dollars, they spend one to two dollars for

entertainment.That is well over 95% of the people do it. To label this a tax on the poor, is not correct.

Rep Mahoney:People are doing this already, you are aware that people can do a lot of things out side of the state we can't do here. That we have a limited amount of gambling revenue, is there some maximum that people are going to spend.

Edward Schultz: This is not a question about putting it in concrete and never revisiting it, gambling is being revisited and they are putting money in rehabilitation. This state is doing nothing, the habit of the people is already there. Opportunity for North Dakota to get more funds.

Rep Klemin: Power ball, the odds are one in eight million, about 1/3 of the population of the United States, so the odds aren't all that great. How does the winning in Moorhead compare with the nation wide wining of the lottery?

Edward Schultz: I believe those people are crossing the border for cheap entertainment. Newscast carry the outcome of the lottery in their newscast because people are interested.

Rep Klemin: We know they are selling a lot of tickets there, but how many are winning?

Edward Schultz: I can't tell you who is winning. When you have 6 of the top 10 places that are selling lottery tickets are in the Red River Valley. There is a demand for this in the state.

Rep Klemin: what is the cost of the state to be involved in a multistate lottery?

Edward Schultz: You mean administrative costs?

Rep Klemin: I don't think that a state can just jump into a power ball lottery, don't they have to be allowed to participate?

Edward Schultz: There are administrative costs that is true.

Rep Eckre: People can win two dollars to $100,000 not just the big prize. This is not a one shot at one prize issue.There are lots of prizes available.

Rep Mahoney: Who are the people buying the tickets?

Edward Schultz: Are we willing to buy into an opportunity. The state of Minnesota has statistics of how the people of North Dakota effect their lottery.

Rep L Thoreson: From personal experience, I have seen people from all walks of life, it covers the whole spectrum of the population. It is not fair to focus in on one group.

Rep Disrud:I have a question of Dick Elefson, I would like a copy of that 1997 study, can we get a copy of that?

Dick Elefson: No I have a copy of that study, the study I have not seen is the repeat study that was conducted in the state of North Dakota.

Rep Disrud: I would be interested in seeing both studies.

Dick Elefson: I could make a copy of the 39 points but not the whole study as it is 4 to 5 inches thick.

Rep Kretschmar: In your work as a counselor, have you come across any one in our state who needs counseling as a result of buying lottery tickets?

Dick Elefson: No I have not.

Rep Mahoney: There is really one group missing and that is the charitable gaming organization. Are they on board with this?

Rep Maragos: I did not solicit anyone's support, only the interest of the people of North Dakota, deciding if they want this.

Todd Crands: lobbyist for the charitable gaming association of North Dakota. We do not take a formal position on this resolution.

Rep Mahoney: Isn't this designed to bring tax to the state.

Rep Maragos: I have never thought getting past the point of allowing people to answer the question with their vote, whether we have been right or wrong on the issue of purchasing the tickets.I have not even contemplated its passage, we have to take one step at a time.

TAPE I SIDE B

Rep Maragos continues testifying.

Chr DeKrey: A question for either Keith or Chuck, do you know what it would cost the state to set up this lottery.

Keith Lauer: Office of the Attorney General.Two years we contacted the multistate lottery association, they did give us some statistics, but they said we would have to put in a computer system in order to select the numbers. We really don't know at this time what is would cost for the state to go into this at this time.

Chr DeKrey: Do the state purchase the computer system or does the business that sell tickets.

Keith Lauer: The state would buy the computer system.

Chr DeKrey: So it could get quite costly if we have to buy computers for every little place that wants to sell tickets.

Keith Lauer: There would be a central computer system with phone dial up system. It would work through the phone lines.

Chr DeKrey: Are there any other questions from either side. If not we are going to close the hearing on HCR 3006.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3006a

House Judiciary Committee

☐ Conference Committee

Hearing Date 02-06-01

Tape Number	Side A	Side B	Meter #
TAPE I	x		01 to 829
Committee Clerk Signature			

Minutes:Chairman DeKrey called the committee to order.

COMMITTEE ACTION

Vice Chr Kretschmar moved a DO PASS on HCR 3006, seconded by Rep Delmore.

DISCUSSION

The clerk will call the roll on a DO PASS on HCR 3006. The motion failed with a vote of 7 YES, 8 NO and 0 ABSENT

REP Klemin moved a DO NOT PASS, seconded by Rep Grande. This motin passes with a vote of 8 YES and 7 No 0 ABSENT

Carrier of the bill Chairman DeKrey.

FISCAL NOTE

Requested by Legislative Council
01/17/2001

Bill/Resolution No.: HCR3006

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	$0	$0	$0	$0		
Expenditures	$0	$0	$0	$0	$0	$0
Appropriations	$0	$0	$0	$0	$0	$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
$0	$0	$0	$0	$0	$0			

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The concurrent resolution is a proposed amendment to the Constitution of North Dakota. The proposed amendment would be voted on in the 2002 primary election. If the voters approve the amendment, the 2003 Legislative Assembly may pass legislation to have the state of North Dakota participate in a multistate lottery.

The resolution is a proposed amendment to the Constitution of North Dakota that, if passed by the 57th Legislative Assembly and approved by the voters, would allow the legislative assembly to pass a law for the state to participate in a multi-state lottery.

There are two multi-state national lottery associations that North Dakota may join. The Multi-State Lottery Association has twenty states and the District of Columbia as members. This association features Powerball, an on-line national lotto game, as its main product and offers three independent secondary multi-state products. The other association is Multi-State Big Game that has seven states as members and features one multi-state lotto product.

Based on an analysis of the United States lottery industry and Multi-State Big Game, and consultation with the Multi-State Lottery Association and several lottery states, there is no generally accepted model for forecasting lottery revenue, prizes, administrative and operating expenses, and net income with precision. States have unique laws on the structure, management, and control of their lottery operations and have

different geographic and demographic characteristics. State laws are the basis for forecasting lottery activity. Generally, based on historical experiences of many other states, net income may be about thirty percent of lottery gross sales.

There is no proposed North Dakota law on the structure, management, and control of a multi-state lottery. And, should the voters approve the proposed amendment to the Constitution of North Dakota, it is unknown what provisions of law the 2003 Legislative Assembly may pass for a lottery. Issues that need to be addressed by law include organizational structure (new agency or division of an existing agency), staffing level (vendor-operated or state-operated management and control), level of contract outsourcing for advertising and central computer system and terminals, start-up date, multi-state lottery products (primary and secondary products, if any), license, retailer, and vendor fees, prize reserve, and interrelationship, if any, with the charitable gaming industry. If a lottery were vendor-operated, staffing and start up costs would be minimal, as the vendor would operate the lottery on a sliding scale percentage to gross sales.

The fiscal effect must also account for the multiplier effect of North Dakota sales and income tax revenue lost to the General Fund by the diversion of sales and income tax related consumption expenditure dollars to lottery sales.

Unless there is a proposed North Dakota law on a multi-state lottery, the fiscal effect of the resolution to the General Fund, other funds, or counties, cities, and school districts cannot be determined.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
   A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

See Narrative section.

   B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

See Narrative section.

   C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

See Narrative section.

Name:	Charles Keller/Kathy Roll	**Agency:**	Office of Attorney General
Phone Number:	328-4482	**Date Prepared:**	01/24/2001

Date: 02-06-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3002

House JUDICIARY Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Vice Chr Kretschmar Seconded By Rep Delmore

Representatives	Yes	No	Representatives	Yes	No
CHR - Duane DeKrey		✓			
VICE CHR --Wm E Kretschmar	✓				
Rep Curtis E Brekke	✓				
Rep Lois Delmore	✓				
Rep Rachael Disrud		✓			
Rep Bruce Eckre	✓				
Rep April Fairfield		✓			
Rep Bette Grande		✓			
Rep G. Jane Gunter		✓			
Rep Joyce Kingsbury		✓			
Rep Lawrence R. Klemin		✓			
Rep John Mahoney	✓				
Rep Andrew G Maragos	✓				
Rep Kenton Onstad	✓				
Rep Dwight Wrangham		✓			

Total (Yes) 7 No 8

Absent 0

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Failed

Date: 02-06-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3004

House JUDICIARY Committee

☐ Subcommittee on _____

or

☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT Pass

Motion Made By Rep Klemin Seconded By Rep Grande

Representatives	Yes	No	Representatives	Yes	No
CHR - Duane DeKrey	✓				
VICE CHR --Wm E Kretschmar		✓			
Rep Curtis E Brekke		✓			
Rep Lois Delmore		✓			
Rep Rachael Disrud	✓				
Rep Bruce Eckre		✓			
Rep April Fairfield	✓				
Rep Bette Grande	✓				
Rep G. Jane Gunter	✓				
Rep Joyce Kingsbury	✓				
Rep Lawrence R. Klemin	✓				
Rep John Mahoney		✓			
Rep Andrew G Maragos		✓			
Rep Kenton Onstad		✓			
Rep Dwight Wrangham	✓				

Total (Yes) 8 No 7

Absent 0

Floor Assignment Chr Dekrey

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 6, 2001 11:31 a.m.

Module No: HR-21-2464
Carrier: DeKrey
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3006: Judiciary Committee (Rep. DeKrey, Chairman) recommends **DO NOT PASS** (8 YEAS, 7 NAYS, 0 ABSENT AND NOT VOTING). HCR 3006 was placed on the Eleventh order on the calendar.

2001 TESTIMONY

HCR 3006

North Dakota Council on Gambling Problems

Arthur A. Link
Chairman

January 17, 2001

Re:HCR 3006
Relating to participation by
the State of North Dakota in
a multi-state lottery.

Chairman DeKrey and Members of the House Judiciary Committee,

My name is Arthur A. Link, Chairman of the North Dakota Council on Gambling Problems.

The North Dakota Council on Gambling Problems is opposed to further expansion of gambling in North Dakota. HCR 3006 calls for a vote of the people to amend the State Constitution which would permit the Legislature to provide for participation by the state of North Dakota in a multi-state lottery.This would create an expansion of gambling and we are opposed to that.

Amending the constitution is serious business and should be done only when it no longer serves the best interest of the people.

At the second legislative session of statehood, 110 years ago, a corrupt Louisiana Lottery attempted to establish itself in North Dakota. A vigilant Governor persuaded the Legislature to outlaw their nefarious efforts by placing the prohibition of a lottery in the Constitution.

We should jealously guard this protection because it not only protects the general public from unscrupulous gamblers but also protects the people from the state getting into the gambling business at the expense of those who buy lottery tickets and lose. It is not the function of government to encourage its citizens to buy lottery tickets where they lose more than they gain, in order to provide state revenue.

To those who lament the purchase of out of state lottery tickets, let them turn their attention to the much greater loss to our state of catalogue and internet sales that come in tax free.

In the ten year period from 1986 to 1996 the people have voted on seven measures to expand gambling, including three on a state lottery, and have defeated every one of them, most by a margin of 2 to 1 against.

We respectfully request that you do not pass HCR 3006.

Thank you,

Arthur A. Link

Arthur A. Link
Chairman

Measures voted on by the people of North Dakota

From the records of the Legislative Council.

	FOR	AGAINST
1986 -- Initiative - Establish a state lottery	127,136	156,777
1988 -- Const.Amend(Petition)allow legislature to establish a state lottery	43,951	61,331
1989 -- Referendum - Provide for the use of electronic video gaming devices	89,073	152,563
1990 -- Const. Amend(Petition)Provides that the Legislature shall allow games of chance in Roland Township in Bottineau County.	73,649	155,534
1990 -- Const. Amend (Petition) Authorizes electronic video gaming by private citizens, for profit entities, and non-profit organizations	76,700	152,918
1990 - Initiative - Regulates private games of chance conducted by use of video gaming devices	82,019	145,973
1996 - Const.Amend.(Petition) Authorize lotteries by alcoholic beverage sellers and allows Legislature to establish a state lottery	36,374	80,122

Chairman DeKrey and members of the House Judiciary Committee
My name is Warren DeKrey, a retired business man and I appear in opposition to HCR 3006.

A state sponsored lottery is a government induced disease which is hazardous to ones health and will figuratively or literally destroys 3 to 5% of those participating. These people become pathological gamblers and the disease literally destroys their life.

Jan. 10,2001 Editorial in the Bismarck Tribune says:
"Gambling is addictive, and the public should not sponsor an addiction"
It also states that a lottery is a regressive tax.

Money: We are told that money is going out of the state for Lotteries. With a state lottery even more money will be going out of state. We will just lose more.

Economy: A lottery is a re-allocation of funds – moving money around.
A lottery is also a redistribution of jobs. Money not spent in the sporting, recreation & main street means fewer jobs there which will have to move to gambling.

Gambling creates nothing new. Example: Sugar beet plants, Pasta Plants, Corn syrup plants create new wealth.

Return: Average return to a state on a lottery is 34 cents/$ spent,
A very inefficient way to collect taxes.

Justification: Only reason for a lottery is to obtain money.

Gambling is addictive!
3 to 5% of those gambling become addicted.
They usually lose nearly everything, job,
posessions, family, even health.

Regressive taxation: Lotteries target the lower income people
Studies show that 5% of the people buy 50% of tickets.

July 28,1998 AP story of New Jersey Lottery Commission found 36% of people earning $10,000 or less spent 20% of their income on lottery tickets

Los Angeles June 1999 article in Readers Digest: placed number of Compulsive gamblers at 4.4 million in the USA which is equal to hard core cocaine & heroin users.

N.D. 1992 study on compulsive gambling reported 10,000 adult problem gamblers

Pawn shops: Bismarck-Mandan has 5

Cost: Amer. Insurance Institute estimates 40% of white collar crime has its roots in gambling, cost is 1.3 billion in fraud.

Harvard 1996 "U" Center for Addictions estimates the cost society for each compulsive gambler at $13 to 35,000.

Addictions: Many people have addictions of their own choice as overeating, drinking too much etc.
A state should never encourage something that is addictive.

Is it right for the state to impose a lottery which effects the lower income people the most and which will cause 3 to 5% of those who participate to literally lose everything?

South Dakota experience:

1986 Approved a standard lottery

1989 Expanded lottery to video games of chance. Little casinos sprang up all over.

Citizens have twice attempted to defeat the lottery but failed both times.

We have to conclude that SD is addicted to gambling.

North Dakota experience:

1977 – punchboards, pull-tabs, raffles, bingo

1979 _ Sports pools

1981 _ twenty-one

1983 _ increased allowable expenses for gaming operators

1987 _ poker, horse racing

1989 _ slot machines at casinos, off-track betting, calcuttas further increase in allowable expenses.

1992 _ Indian gaming compacts signed by Governor

ND – has voted 5 different times on a lottery proposal or other electronic gaming device and has 5 times defeated the measure on a statewide basis.

ND – take from gambling $20 million every biennium
Included in state budget – we are also addicted!

National Gambling Impact Study report June 1999, 2year $5 million dollar study recommendation:

"We recommend a pause in the expansion of gambling in order to allow time for an assessment of the costs and benefits already visible, as well as those which remain to be identified"

The HCR 3006 is just one more attempt to increase gambling in North Dakota.

I submit that a state-wide lottery is not in the best interest of all of the people of ND. I request a do not pass on HCR 3006

Bismarck Tribune

4A

TUESDAY, JANUARY 10, 2001

"Seeking to find and publish the truth, that the people of a great state might have a light by which to guide their destiny."

— Stella Mann, Tribune publisher, 1939

Kevin Mowbray
Publisher
Tim Fought
Editor

How many ways can we say no to a state lottery?

Here's a word of advice for North Dakota legislators wondering whether to support a state lottery:

Don't.

There are two reasons:

■ As a means of raising public money, lotteries are regressive. It's mind-boggling that the insistent proponent of a state lottery in North Dakota is a Democrat, who ought to be in favor of progressive taxation, the idea that those who can afford to pay more should pay more. But lotteries inevitably draw a large share of their proceeds from people below median incomes.

It doesn't help that, when the poor play the lotteries, they are thereby impoverished voluntarily. The result is the same.

If the state of North Dakota needs more public money, and the evidence is that the people don't think that it does, then the money should be raised through the income tax. That's the only feasible, progressive way of raising state income.

■ Gambling is addictive, and the public shouldn't sponsor an addictive activity.

This is not an argument that gambling should be supressed. For most people, gambling is a pleasurable pastime, and not one that the authorities can stop through prohibition in any case. So, gambling is one of those private pastimes that should be tolerated publicly, and regulated in the interest of public order, protecting minors and mitigating the damage that gambling addiction causes.

But just because gambling should be tolerated doesn't mean that the state of North Dakota ought to sponsor it.

It's hard to imagine that the North Dakota Legislature would be so stuck for money to raise teachers salaries that it would resort to bleeding the poor and sponsoring addiction. Gov. John Hoeven should have exercised leadership in opposing the idea, rather than shrugging it off with an "If the people say it's OK, it's OK with me."

The voters have twice confronted the question, and might reasonably ask the state's leaders which part of "no" do they not understand — the "n" or the "o?" The likelihood is that, if the resolution to amend the state's constitution is introduced, it will be shot down early in the session, which would be fine. This is another instance in which North Dakota doesn't have to be like its neighbors. It ought to be better.

— Tim Fought for the Tribune

Ten years of devastation

For ten years, South Dakota has had the "crack cocaine" of gambling.

On October 16, 1989, the state of South Dakota "turned on" video lottery. With the touch of a computer keyboard at the state government's lottery headquarters in Pierre, a devastating saga began for tens of thousands of South Dakotans.

The roots of South Dakota video lottery go back to 1986, when voters approved a standard lottery (scratch tickets, etc.) Then, in 1989, the legislature voted to expand the lottery to include "video games of chance." Almost overnight, the streets of Sioux Falls, Rapid City and many towns throughout the state began filling up with little "casinos." What legislators thought would be limited to establishments with an onsale liquor license spread to include convenience stores, bowling alleys, laundromats – any place that could get a malt beverage or wine license.

By 1992, the addictive and destructive effects of video lottery were already being felt by many citizens and their families, and a grassroots effort to get rid of video lottery sprang up. More than 15,000 signatures were gathered to put an initiated repeal measure on the fall ballot, but that measure was defeated easily at the polls, 63 to 37 percent.

In 1994, the state Supreme Court ruled that the state's video lottery system was unconstitutional because it did not meet the requirements of a lottery as approved by voters in 1986. That summer, the machines were turned off, and the Legislature placed a Constitutional amendment on the fall ballot to reinstate video lottery. With the video lottery industry outspending opponents nine-to-one, voters narrowly approved video lottery, 52.8 to 47.2 percent.

In 1995, the Legislature increased the state's share of video lottery losses (revenue) to 50 percent. In 1998 and again in 1999, legislative efforts to repeal video lottery made surprisingly strong headway – passing out of committee and garnering the support of several legislators who had previously backed video lottery – before being defeated on the House floor.

In 1999, a major coalition of business, political, church and community leaders came together to gather signatures to put a repeal on the 2000 ballot. More than 30,000 signatures were collected, and in November, 2000, South Dakotans will vote on Amendment D, a constitutional amendment to end video lottery in South Dakota.

YES ON D! STOP VIDEO LOTTERY!
2100 Slaten Ct. • Sioux Falls, SD 57103 • (605) 338-9431 • www.videogamblinginfo.com

NORTH DAKOTA

CITIZEN

AUGUST 1997

INSIDE :

State News

Roll the dice, cut the cards...you lose!

Since 1977 gaming in North Dakota has continually expanded. With the advent of reservation gambling it has become a widely-practiced recreational pastime for both young and old. Along with it, however, have come a host of staggering social costs.

North Dakota gaming history
Gaming advocates have tenaciously lobbied to increase legal gaming activities. And these activities have paid off. Over the past wenty years North Dakota has legalized the following:
1977 - punchboards, pull-tabs, raffles, bingo
1979 - sports pools
1981 - twenty-one
1983, 1985 - increased allowable expenses for gaming operators
1987 - poker, horse racing
1989 - slot machines at casinos, off-track betting, calcuttas and further increase in allowable expenses
1992 - Indian gaming compacts signed by then-Gov. George Sinner.

Personal tragedies
Even in sparsely-populated North Dakota there are many stories of the devastation resulting from our dance with gambling mania. A retired farmer enters a nursing home and the family discovers those little jaunts to the casino have cost big bucks; a likable credit union manager is found to have stolen funds to support his gambling habit; a widely-respected judge loses his job and his license to practice law after he is found to have stolen clients' funds; a broken marriage results because of the husband's failure to deal with his rapidly-worsening addiction; and a surgeon is accused of defrauding patients of millions of dollars, his license is suspended and he is ordered to attend Gamblers Anonymous. These are true stories from the heartland, and they are only the tip of the iceberg.

> Money for gambling is usually diverted from people's discretionary expenditures. Not only are dollars diverted from other products and services, but governments often also lose sales taxes which would have been spent on those products and services.
>
> Frank Kelly
> Address before the International Conference on Gambling, 1994.

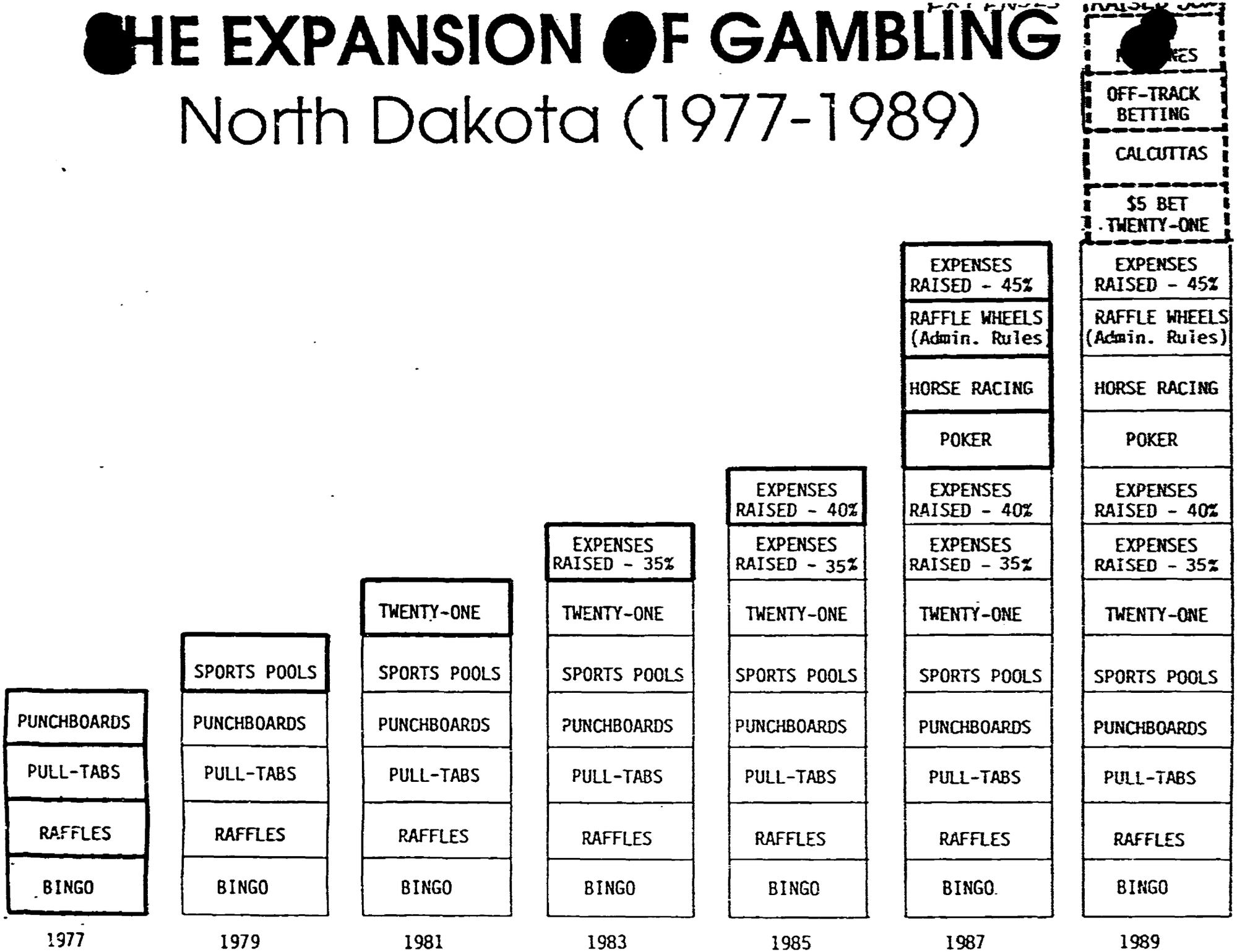
Reservation gambling
North Dakota currently has casinos on the Turtle Mountain

(cont. on page 2)

NDFA
North Dakota *Family* Alliance
Faith Freedom Integrity
4007 N. State St.
BISMARCK, ND 58501
PHONE: 701-223-3575
FAX: 701-258-5844

THE EXPANSION OF GAMBLING

North Dakota (1977-1989)



A

Gambling Commission Report Summary

By the Associated Press

Facts, observations and conclusions from the report of the National Gambling Impact Study Commission:

-Far from monolithic, the "gambling industry" includes commercial casinos on land and rivers, tribal casinos, state-run lotteries, pari-mutuel wagering on dog and horse racing and jai-alai, sports betting, charitable gambling, Internet gambling and stand-alone electronic gambling devices such as video poker and keno.

-Gambling has grown tenfold since 1975. Today 37 states and the District of Columbia offer lotteries, 28 states have commercial and/or Indian casinos, and 43 states have pari-mutuel betting.

-Between 1976 and 1997, revenues from legal wagering grew nearly 1,600 percent.

-Gambling expenditures as a percentage of personal income more than doubled between 1974 and 1997, from 0.3 percent to 0.74 percent.

-In 1997, Americans spent more than $47 billion of their leisure activity money on gambling, compared to $81 billion on video, audio and computer equipment, $52 billion on publications and $6 billion on movie tickets.

-From 1988, when Congress passed the Indian Gaming Regulatory Act, to 1997, gambling revenues to American Indian tribes increased from $212 million to $6.7 billion.

-Sports betting, illegal in all states except Nevada and Oregon, is widespread. Many Americans are not aware it is illegal because they see Las Vegas point spreads in numerous publications.

-Lottery advertising often is misleading and exploits themes that conflict with the state's role as protector of the public good. For example, many advertisements emphasize luck over hard work, instant gratification over prudent investment, and entertainment over savings.

-There is a dearth of impartial, objective research on the impact of legal gambling. Gambling questions can be added to existing federal research on substance abuse and mental health.

-The Internet represents a new frontier in the spread of gambling, with the number of on-line bettors growing each year. One estimate predicts that Internet gambling will exceed $2 billion by 2001.

Source: National Gambling Impact Study Commission final report

NORTH DAKOTA CONFERENCE OF CHURCHES

411 - N. 4th St. - Suite 8 • Bismarck, North Dakota 58501- 4078 • (701) 255-0604

To: Members of the House Judiciary Committee

From: The North Dakota Conference of Churches

Subject: HCR 3006 (Multi-State Lottery)

Date: January 17, 2000

Attached is the North Dakota Conference of Churches' Statement on Gambling. The following denominations of the North Dakota Conference of Churches continue **to oppose** gambling and the further legalization of gambling in the state for the reasons listed in attached the document.

- American Baptist Churches of the Dakotas
- Church of Brethren, Mon-Dak Area
- Church of God (Anderson)
- Episcopal Diocese of ND
- Evangelical Lutheran Church in America, Eastern ND Synod
- Evangelical Lutheran Church in America, Western ND Synod
- Moravian Church in America, Northern Province
- Presbyterian Church, U.S.A. Presbytery of the Northern Plains
- Roman Catholic Church, Bismarck Diocese
- Roman Catholic Church, Fargo Diocese
- United Church of Christ, Northern Plains Conference
- United Methodist Church, Dakotas Conference

NORTH DAKOTA CONFERENCE OF CHURCHES

227 West Broadway, #1 • Bismarck, North Dakota 58501 • (701) 255-0604

STATEMENT ON GAMBLING

The North Dakota Conference of Churches opposes gambling and further legalization of gambling in the state for the following reasons:

- Gambling undermines the work ethic on which our state is founded. The work ethic suggests that all should contribute to the welfare of society to the degree they are able, and be rewarded in accordance with their gifts or needs.

- Gambling has no long term economic benefit and creates no new wealth for our state and communities. Money spent on gambling is money that could be spent in other ways (and therefore taxed through normal channels,) or invested in other segments of the economy to create more value.

- Gambling promotes the untruth that an individual can "get something for nothing," and do so at the expense of a neighbor. Therefore, gambling has a corrupting effect on personal character and community spirit as it raises false hopes in the face of real needs.

- State sponsored gambling for the purpose of raising revenue for governmental operations is a regressive tax. It has been proven to be a larger tax on the poor than on those most able to pay the tax. It is a tax based on the weaknesses of the people. The state itself becomes a victim. The state becomes dependent on gambling and must begin promoting gambling among its citizens.

- Family problems, broken lives, financial crises and other human tragedies are a by-product of the abuse of gambling.

- Having considered all of the evidence listed above, it is our considered judgment that the gambling industry is not in the best interest of the State of North Dakota.

Unanimously voted on January 25, 1999

Statistics and Data on The Expansion of Gaming via Lottery from the Alabama Family Alliance**

Dr. Robert Goodman, director of the United States Gambling Research Institute, says the average cost to society of a compulsive gambler is $13,200 per year.

The Georgia Department of Human Resources found that, in 1995, there were a minimum of 17,000 compulsive gamblers in the state. The cost to Georgia: $224 million.

Some addicts spend so much money on gambling that they wind up on the street. In a random survey of more than 1,110 people in 26 rescue mission shelters in 1998, 18% cited gambling as the reason for their homelessness. Of the people surveyed, 86% said they used to gamble or still do.

Who Really Pays?

- Studies have revealed that between 47% and 52% of problem gamblers also have a problem with drugs and alcohol.
- In one study of Gamblers Anonymous attendees, 47% said they had considered suicide, and 13% said they had actually attempted it. Similar studies of compulsive gamblers in New Jersey, Wisconsin and Illinois report that 18% of the gamblers in those states have attempted suicide.

Effects on Youth

- The Massachusetts Department of Public Health has indicated that gambling activity among that state's students is second only to alcohol in prevalence among illegal youth activity. Almost 70% of seventh graders have bought lottery tickets, according to the study.
- In a Louisiana State University -- Shreveport study, 86% of sixth through 12th graders have gambled, making gambling even more common than drug use.
- In Indiana, 90% of minors have gambled, with 65% of those youth playing scratch-off lottery games.

Effects of Senior Citizens

- In Maryland, the advertising industry has targeted senior citizens as potential gamblers. That state has gone so far as to introduce a "Lottery on Wheels" campaign where gambling machines are actually taken to the seniors so they can play. The campaign was pulled when the AARP asked Maryland's Attorney General to investigate.
- According to Pat Fowler, executive director for the Florida Council on Compulsive Gambling, seniors are particularly vulnerable to the lure of gambling for several reasons, two of which are: Their retirement income is stead and they have a lot of free time.
- Of the senior-citizen problem gamblers in Florida in 1995, 72% said the source of their problem was the lottery.

**Check it out yourself at: www.alabamafamily.org/gambling/lt6.htm

NORTH DAKOTA CATHOLIC CONFERENCE

Representing the Dioceses of Fargo and the Diocese of Bismarck

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To: Member of the House Judiciary Committee
From: Christopher T. Dodson, Executive Director
Subject: HCR 3006 (Multistate Lottery)
Date: January 17, 2001

Mr. Chairman, members of the committee, my name is Christopher Dodson and I am the executive director of the North Dakota Catholic Conference. The North Dakota Catholic Conference opposes the expansion of gambling in North Dakota, recognizing that widespread availability of gambling threatens the common good.

Legalizing participation in multistate lotteries expands gambling in North Dakota at a time when we are already struggling to deal with the social effects of gambling in our state. Lotteries constitute a regressive tax, the most unjust form of raising revenue. This injustice is compounded by the fact that lower income persons spend disproportionately more on lotteries. Lotteries amount to a cheap and deceptive way of getting more money into the public coffers while placing the burden of the tax on those who can least afford it. The experience of states with lotteries demonstrates that they do not provide the benefits often promised. Lotteries are proposed as a way to relieve tax burdens, but states with lotteries have seen a higher growth in tax rates than states without lotteries.

For these reasons, every major religious denomination in the state opposes a lottery in North Dakota. Judging from the public response to recent gambling proposals, including lottery proposals, the vast majority of North Dakotans also do not want a lottery.

Some argue that, whatever this body's opinion on a lottery, the issue should be placed on the ballot. This argument ignores the purpose of the process before you. If a significant number of North Dakotans want a lottery, they can pursue it through the direct initiative process. The process of the Legislative Assembly placing an issue on the ballot, however, is designed to ensure that unwise or clearly unpopular proposals are not placed on the ballot. The legislature should not act as a mere "pass-thru" to the ballot for proposed constitutional amendments.

We urge a Do Not Pass recommendation on this resolution.

Testimony in Opposition to North Dakota Participating in the Multi-state Lottery

Mr. Chairman and members of the committee, my name is Rev. Stephen Wisthoff, Pastor of First Baptist Church of Bismarck. I thank you for hearing my testimony today concerning House Concurrent Resolution 3006. In the evening, as I walk out the door of my office just north-west of the capital building and look up at this building luminated by spotlights, I like to believe that the those who serve in the legislative bodies as well as those who occupy the agency offices throughout this building live by sort of a "governmental Hippocratic oath." That is, "Do no harm."

As I have seen the legalization of gaming expand in our state over the past couple decades, I believe harm has been done to households and the result has been the expansion of compulsive gambling services -- seemingly proportionate to the expansion of gambling. I understand that the legislature hopes to expand these services again this year to meet the rising demand. It's ironic that considering the devastation the lottery would cause, 3006 is an appropriate name for this resolution.

I am here today asking that you once again, as has been done in the past, say "no" to the legalization of the lottery within the borders of our state. Let the surrounding states have their lottery without North Dakota's participation. The social effects of the lottery in the neighboring states is no small matter. I would rather see our citizens continue to support our state's gasoline tax by driving to one of our surrounding states to purchase their golden ticket. But keep it out of our state.

Many believe that clergy oppose gambling out of some self-righteous, religiously moral, higher purpose. That we are the party poopers who want to deprive good, fun-loving people of having a good time. Let me clarify why we oppose this practice. We are the ones, along with other helping agencies in town, who are there in our offices when the despondent man or woman comes into our office wondering how they will pay rent and buy groceries after their paycheck has been lost at the tables of the casino. The expansion of gambling to include the lotteries will bring this trade to every city and small town across the state, promising people millions of dollars if they just buy the right ticket.

The lottery has been correctly referred to as "The tax on the poor". In Virginia, a 1996 study found that 13% of those who purchased tickets said playing the lottery reduced the money they spent on household expenses. Child abuse and spousal abuse increases due to domestic disputes over gambling. There are absolutely no

socially redeeming qualities about the lottery, except the few pockets of venders who dispense the tickets and hope to gain revenue in alcohol sales and tourism dollars.

I have distributed copies of statistics from other states -- states who use the lottery. Included with that information is the Statement on Gambling approved by the North Dakota Conference of Churches in January of 1999.

I would like to close with a a story, a personal experience that happened to me about seven or eight years ago. I was pastoring a church in southeastern North Dakota and had occasion to visit a parishioner in a nursing home just over the state line in Britton, S.D. As I was leaving town after my visit, I pulled into a service station and filled my car with fuel. As I was standing by the pump, a young woman came from a mobile home park across the street with a baby in her arms. It was July and she was dressed in shorts and a tank top and the baby in her arms had nothing on but a diaper. Both were unkempt and in need of a bath. I watched her as she entered the station, walked to the video lottery corner and emptied her pocket of quarters. One by one, the quarters were put in the machine until they were gone. In a few minutes, she picked up her baby in arms and headed back across the street to her home. A few days later, I shared this story with one of my parishioners and they told me that there was a local winner that week, a prominent businessman who won a few hundred dollars..

I may have misread the situation and I hope I was not stereotyping the poor. But I'm afraid that national statistics show that the lottery tends to be a stick with a carrot, dangling in front of the poor. It is "a way out", a golden opportunity. Yet statistically, the chance of winning should cause anyone to turn and run. Yet there is that vain hope. It preys on the elderly and the poor.

I ask you, please reject this resolution which hopes to add lines 21 and 22 to the current statute on gambling. Thank you for your time and attention.