

# CORRUPT CASINO BILLS

Creates two unelected and unaccountable commissions

Legalizes 10 Vegas Style Casinos Statewide

Establishes a state sanctioned lottery statewide

Allows for unlimited sports betting licenses

Possible casino expansion to beach & other locations

Protects current illegal operators until 2027

Hand-picks winners & losers

Only designates .001% to combat problem gambling

Doesn't protect kids from ads or exposure

Leaves door open for digital casino games

Maximizes "profits" instead of protecting citizens

Licensing operates outside of judicial review

Dangerous and unaccountable police powers

Prioritizes pet projects over people



The long-awaited gambling bills were finally released to the House membership and general public on this. There is a Constitutional Amendment bill

<https://www.legislature.state.al.us/pdf/SearchableInstruments/2024RS/HB151-int.pdf> and Enabling Legislation

<https://www.legislature.state.al.us/pdf/SearchableInstruments/2024RS/HB152-int.pdf>. They are long, complex, and rife with problems.

## **CONSTITUTIONAL AMENDMENT**

The language proposed in the constitutional amendment (CA) is vague and intentionally positive. It is not a representation of the foils of this proposal and is meant to mislead the public into voting for something they might not support otherwise.

The CA outlines that the legislature may authorize any additional forms of gambling upon a favorable report from the gaming commission and legislative approval without an additional vote of the people.

The CA also outlines that the legislature may increase/decrease the rate of taxation upon a favorable report from the gaming commission and legislative approval without a vote of the people.

Additionally, the CA allows current illegal operations to remain in operation through January 1, 2027.

## **CASINOS**

The legislation proposes to legalize 10 casino locations in every corner of the state. Legislators have hand-picked Macon County, Greene County, Lowndes County, Mobile County, Houston County, City of Birmingham. In addition, the three current Poarch Band of Creek Indians (PCI) casinos would be authorized for Class III gambling. PCU would also be awarded with an

additional location of a fourth (and possible fifth) PCI location in an undisclosed city/county in the northeast part of the state and/or in the Birmingham Metro Area. 41-30-151

Going from zero casinos with Vegas-style betting to at least TEN statewide is a huge expansion of gambling.

Under the suitability requirements for a casino license, it specifically says that the commission "shall consider the past and present compliance of the applicant, including whether the applicant has a history of noncompliance with the gaming licensing requirements." Yet, the legislature is hand-picking specific counties where illegal operations have been violating the law for two decades. 41-30-155

Asking legislators (and possibly the general public) to vote for phantom locations is unreasonable and unconscionable. The hand-picked city and counties can have their city council/county commission affirm the desire for a casino in their area or hold a local ballot initiative. However, the legislation gives the local probate judge the option to reveal the location or keep the location secret - even during the voting process. 41-30-152

The proposed gaming commission that would be created by the legislation would be comprised of nine members – four appointed by the governor, two from the House Speaker (one of which comes from a list provided by the Minority Leader), two from the Senate President (one from a list provided by the Minority Leader), and one from the Lt. Governor. This unelected and unaccountable commission would hire an executive director. The executive director would not be subject to ethics laws. 41-30-51 & 41-30-57

The executive director would hire an enforcement officer who would oversee the law enforcement arm of the commission. There is no guidance as to how large that staff of officers would be, but they would have full police powers and serve outside the scope of the Attorney General and the Alabama Law Enforcement Agency. The powers of the enforcement division are alarming; they would have total police powers and can use “any means necessary” to enforce the law on behalf of the commission. 41-40-104 & 41-30-106

Casinos would be taxed at a 24% rate. NOTE: the unelected gambling commission could reduce those rates at any time with legislative approval. 41-30-450 & Section 65 (c)

Casino proceeds would go to the General Fund Budget Reserve Fund established in Section 29-13-3, until the total balance in the fund is \$300,000,000. 3% of the monthly revenue would be allocated among the hand-picked counties where casinos are located on a pro rata basis based on the share of net gaming revenue generated in each county. Fifteen percent of the amount received by each county commission would be distributed by the commission to undefined "nonprofit organizations". Two percent of the monthly revenue would be distributed to municipalities where gaming establishments are located on a pro rata basis based on the share of net gaming revenue generated in each municipality. 41-30-453

90% of tax revenues are deposited into the Gaming Trust Fund and 10% is allocated among each county commission for law enforcement purposes of the respective sheriff's departments. 41-30-453

Other proposed uses for the GTF are: the provision of mental health care, including the care and treatment of individuals with behavioral health needs and developmental disabilities and associated prevention, treatment, and recovery services and supports (NOTE: not specifically gambling related), the expansion rural health care services and telemedicine and virtual health care and the purchase of qualified health benefit plans for adults with income below 138 percent of the federal poverty level and parents or other caretaker relatives of dependent children with income between 14 and 138 percent of the federal poverty level (NOTE: an expansion of Medicaid without the label), the improvement, repair, and construction of roads, bridges, and other infrastructure in counties and municipalities, the development and improvement of state parks and historical sites, volunteer fire departments, bonuses to state and education employees and bonuses to retirees of the Employees' Retirement System and the Teachers' Retirement System, and the establishment and support of drug courts, veteran's courts, and other court-approved deferred prosecution programs. 41-30-453

When we say that it is immoral to fund pet projects and state budgets on the backs of the poor, the above laundry list should suffice as an explainer.

## **SPORTS BETTING**

The 2024 proposal legalizes the most addictive form of gambling of all: digital sports betting. With sports betting as a component of gambling legalization legislation, any attempted claim that the proposal will curtail or minimize gambling is demonstrably false since online gambling — on sports or anything else — would turn every computer, smartphone, and digital device in the state into a portable casino. Legalizing sports betting would put state-sponsored gambling in 1.5 million pockets and in every single living room in Alabama. That's not limiting access, it's at least a 1,459,900% increase in access. 41-30-251

There is no limit placed on the number of sports betting licenses and no specific fee delineated in the legislation. 41-30-251

Digital gambling has long been considered more addictive than conventional gambling and the rate of suicide skyrockets with the increase of problem gamblers. One in five problem gamblers attempt suicide. There are no limits to the number of sports betting licenses that the gambling commission can approve and the legislation also allows temporary sports betting permits to large scale sporting events (such as college football games, motor sports races, and tournaments). 41-30-260

The age verification process pays lip service to restricting minors from wagering, but the language says that platforms may satisfy the age verification requirement "by using any reasonable commercially available age-verification software or program." Checking a box to say you're 21 with no documentation required is not good enough. 41-30-255

Sports betting would have a 17% tax; NOTE: the unelected gambling commission could reduce those rates at any time with legislative approval. 41-30-451 & Section 65 (c)

## **LOTTERY**

A statewide lottery would be legalized and governed by an unelected and unaccountable commission of seven members appointed by the Governor. The lottery commission would be paid and they would be exempt from the state bidding laws. There is conflict of interest language for the members of the commission, but only if the conflict pertains to a contract over \$1million. The paid president of the commission is elected by the other commission members and may hire an undisclosed number of additional employees. None of the employees or commission members appear to be subject to ethics laws or have any accountability to any other entity. Contracts and agreements with other entities are not subject to the Alabama Public Records Law. 41-30-403

The legislation specifies that the lottery is a paper lottery only but leaves the door open for digital lottery instants and other games if there is a requirement to do so to participate in a multi-jurisdiction draw-based lottery. 41-30-429 & Section 65 (b) 1.

The lottery commission would be tasked with contracting with advertising agencies to promote the lottery and sale of lottery tickets. There are no restrictions in the bill on target audience, types of advertising, or levels of spending on advertising. Commercial advertising will also be for sale on the physical tickets. The corporation's goal is stated thusly, "shall endeavor to maximize the amount of revenues that may be generated for deposit into the Lottery for Education Fund". 41-30-410

Unclaimed prize money ( only up to \$200,000/year) would be allocated to the State Department of Mental Health for the treatment of gambling disorders. That constitutes .001% of the expected \$200 million from the lottery annually. 41-30-413

Illegal lottery devices and selling state sponsored lottery tickets to minors would carry a \$100 fine but selling counterfeit lottery tickets would be a Class C felony and the heft of lottery prize by deception or fraud would be a Class B felony. 41-30-423, 41-30-424 & 41-30-425

The Lottery for Education Fund would be legislatively appropriated for any non-recurring expenses related to education, including, but not limited to the establishment and support of problem gambling addiction treatment centers and programs, the establishment and provision of a scholarship program for public two-year community and technical colleges, to support of dual enrollment costs at any public two-year or four-year university in the state, formula based distribution to local boards of education for capital or other nonrecurring expenses, and funding for four-year colleges for research purposes. 41-30-431

Those seeking to vote for a lottery to fund college scholarships in the mold of Georgia's HOPE scholarship program will be disappointed to find out that scholarships for Alabama students at 4 year colleges aren't included, though a direct funding stream for 4 year colleges for research purposes is included. 41-30-431

### **THE WHOLE PACKAGE**

Gambling advocates expect the combination of lottery, casinos and sports wagering to bring around \$900 million annually. \$300-\$400 from casinos, \$200 million from the lottery, \$300 million from the compact with the PCI and \$10 million from sports betting. As a reminder, there is no product in gambling: the proceeds are a percentage of the losses of our fellow citizens.

The steady drumbeat of legislators asserting their intention to curtail illegal gambling rings especially hollow with the fact the the bill allows current illegal operators to continue operating through 2027. 41-30-150

The ability for the commission to transfer casino ownership and licenses without legislative approval opens the door to having a casino in any city or county in the state. In addition, there is language stating that if Houston or Lowndes County aren't awarded a license in the next five years, the commission and a resolution by a city council or county commission would allow the licensing of a new casino anywhere in the state as long as it is 50 miles away from an existing facility. 41-30-151

The transfer proposition unduly benefits PCI. Under the current proposal, they would have four casinos, but only one would come under the licensing process due to their federal status. However, since any licensee can hold up to two licenses, PCI could potentially hold ownership of 5, or half of the casinos in the state. 41-30-157

There are multiple places in the bill under both the casino and lottery section where it talks about maximizing profits, maximizing the amount of revenue, etc. Clearly that is the focus on the proponents of the bill. There is little/no acknowledgment of the negative repercussions of changing the culture of the state or of the societal consequences that follow increased access to gambling. 41-30-406

Charitable organizations would be required to apply and pay a \$25 fee to the gaming commission hold a raffle, play bingo, etc. and requires them to submit reports of expenses, prizes, etc. Additionally, there is a provision for social gambling that specifically says that socially gamble if "the game is not a casino-style game". 41-30-300 The proposal legalizes ten casinos, creates a statewide lottery, and unleashes unlimited sports betting, but a poker night in your home with friends would technically be illegal since that is a casino-style game. Violations are a Class C misdemeanor with up to three months in jail and a \$500 fine. 41-30-303

The legislation states that the award of a gaming establishment license by the Alabama Gaming Commission shall be deemed final and conclusive by the courts of this state as to any unsuccessful gaming establishment license applicant. No action, claim, counterclaim, defense, or other legal contention challenging the validity of such a license shall be brought or maintained in a court of this state by an unsuccessful gaming establishment license applicant, and the courts of this state shall be powerless and without jurisdiction to issue to an unsuccessful gaming establishment license applicant an injunction, writ, order, or any other form of relief that would have the effect of preventing the commission from issuing a license or invalidating a license previously awarded by the commission. Basically, the bill says that if you are denied a license or transfer, there is no recourse; a state court cannot hear an appeal for denial - there is no standing. This invites and allows additional levels of malfeasance and corruption in the licensing and possible transfer process. 41-30-161



These bills are on a fast track and will be considered next week in the AL House of Representatives. If passed, the Constitutional Amendment would be on the November general election ballot. API will continue to provide lawmakers and the general public our best information from research, statistics, and polling data regarding the negative impact this culture changing expansion of gambling would have on the state and the unfortunate societal consequences that would follow.