

Veto No. 1990-7

SB 1136

November 30, 1990

To the Honorable, the Senate
of the Commonwealth of Pennsylvania:

I return herewith, without my approval, Senate Bill 1136, Printer's No.2611, entitled "An act providing for control and licensing of video poker machines in this Commonwealth; creating the Video Poker Machine Control Commission and providing for its powers and duties; and providing for local option and for distribution of revenue."

Senate Bill 1136 would legalize so-called video poker machines for the first time in Pennsylvania. This bill creates a licensing scheme for manufacturers, distributors, machine owners and "licensed establishments" (including bars and other liquor licensees and racetracks). A Video Poker Machine Control Commission would be established to grant licenses, investigate violations of the act through its own enforcement agents, prescribe winning percentages and audit the receipts of machines. The bill provides for a local referendum by which voters in each municipality may decide whether to permit video poker machines. Net profits from machines would be divided according to a prescribed formula: 34% to the machine owner; 34% to the licensed establishment; 14% to the municipality; 11% to the school district; 5% to the State Lottery Fund and 2% to the Attorney General.

Players could wager up to \$2.00 on each "hand" with a potential payoff of up to \$500 per game. There would be no limit on the number of games played.

Senate Bill 1136 amounts to a major expansion of legalized gambling in Pennsylvania. If every municipality opted to allow video poker, the bill provides the means for over 20,000 bars, restaurants, clubs and other establishments to become mini-casinos simply by paying a fee of \$300 annually for each machine. Under this bill, tens of thousands of what have been called electronic slot machines could appear throughout the Commonwealth practically overnight.

While the bill creates a licensing body called a control commission, the bill itself contains very few controls against the Statewide proliferation of these gambling devices. Any neighborhood bar would qualify for up to three machines. All they really need is a liquor license. The bill does not even disqualify convicted criminals from obtaining licenses to manufacture, distribute or own video poker machines.

The high profit potential of this type of gambling device makes this industry extremely attractive to criminal elements. The historical link between illegal video poker machines and organized crime has been documented by a wide variety of law enforcement authorities, including the Pennsylvania State Police, the Pennsylvania Crime Commission and district attorneys across the Commonwealth. It would be completely unrealistic to suggest that criminals will lose interest in a highly profitable activity simply because the

State has decided to legalize it. Nor am I unmindful of the effects of this kind of gambling activity on Pennsylvania families, a concern which has been expressed by numerous social organizations and churches.

I understand that many legislators who voted in favor of this proposal were motivated by a desire to help a struggling tavern industry or to boost the revenues of local governments and schools without further increases in local property taxes. I am certainly not unsympathetic to the difficulty faced by Pennsylvania's tavern industry, as well as any other legitimate business, when economic conditions and changing societal attitudes challenge their ability to survive. I believe most Pennsylvanians would agree, however, that expansion of gambling is not the right cure.

Nor is this bill the answer to the financing of local government or our public school system. The percentages of profits dedicated to these purposes under the bill do not reflect a serious desire to relieve local tax burdens. They amount to an enticement to local officials and taxpayers merely to assure voter approval of video poker gambling in each locality.

There is surely money to be made under this bill. But the real profits would be won by the manufacturers and distributors of the machines and by the licensed establishments where they are placed.

This bill would significantly expand legalized gambling in Pennsylvania. It would take Pennsylvania one clear step closer to casino gambling and, for those reasons, the bill is not in the best interests of this Commonwealth.

ROBERT P. CASEY