

Betting On It

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If you are the betting sort, you might want to be placing your wagers soon on what is looking more and more as a sure thing--Pennsylvania is going to legalize gambling.

Exactly what gaming is going to be legalized and where the gaming will take place are uncertain at this point. A lot of political horse-trading is bound to occur before we see clearly the scope and nature of legal gambling in Pennsylvania. And there are a lot of gaming options that could end up in the final package--from slots at racetracks to riverboat gambling to full service casinos.

But these are the details. The large print itself is crystal clear--the legislature is going to act this year and the Governor is going to sign what they send him. Bet on it!

How we got to this point, however, remains an interesting story, especially so given the recent history of this issue. To put it mildly, gaming proponents have not had an easy time of it in the Keystone State.

It is not that gaming has not been around. Gaming in one form or another has been part of the public policy debate since colonial days.

And certainly there is nothing new for that matter about the use of gaming to help finance legitimate government purposes.

Indeed, the first English settlement at Jamestown, Virginia, was partially financed by the proceeds from a lottery sale. Later during the American Revolution the Continental Army was outfitted with revenues generated by lottery funds.

In the 19th century, Pennsylvania's basic infrastructure of roads, canals, and bridges was developed in the 1820-1840 period with the proceeds from lottery sales. More recently, the state runs a major lottery operation, and regulates wagering at the racetracks and off track betting sites.

But efforts in modern times to extend gaming in the state beyond the lottery have ended up as legislative road kills--victims of bitter opposition from opponents, and less than inspired political leadership from proponents.

Recent history is illustrative. Two serious attempts to widen gaming in the state have occurred within the past decade. The first occurred in 1993-1994, and focused on bringing riverboats to the state's waterways.

At first, prospects seemed propitious. Considerable enthusiasm existed among proponents, and leases for potential riverboat sites along Pittsburgh and Philadelphia waterways were secured. Public opinion polls showed voters in favor of the proposal, and Tom Ridge, the eventual winner in the 1994 governor's race supported the effort.

Once elected, however, Ridge demanded a series of voter referenda as a condition for his support of any legislation. This stipulation sapped the vitality out of the movement and momentum for the passage of legislation ended.

The second attempt to widen gaming occurred in 1999 when a gaming bill was approved by the State House. The proposal would have permitted a voter referendum to decide whether the state would have slot machines at the four racetracks, authorize riverboats, and allow video poker at taverns and bars.

The revenues generated from the proposed expansion of gaming would have been earmarked for economic development. But the State Senate did not schedule the state house referendum proposal for a vote--and so this effort suffered the same fate as the earlier riverboat gaming proposals.

But all of this history seems mooted by three major shifts in Pennsylvania's political climate--shifts that in the aggregate make expanded gaming all but inevitable.

The first was Rendell's election, and more particularly his position on gaming. Ed Rendell is a strong--not a tepid--supporter of slots at the tracks. Equally important, he won't actively oppose the addition of other types of gaming.

In fact, proposals to have keno, video poker and even riverboats are floating around the State Capitol in one form or another. Slots at the tracks have the most legislative adherents, but there is significant support as well for other forms of gaming.

The second major shift in political climate favoring gaming is rooted in the fiscal condition of the state. Previously, gaming measures were proposed during fiscal good times when the state had budget surpluses, and legislators were not faced with the fiscal implications of a sluggish state economy.

It was easier then to be against gaming and harder to be for it. That most painfully is not the case now with the state still facing a projected deficit as much as 700 million this fiscal year alone.

These large budgetary shortfalls--combined with Pennsylvania's split in party control, the Democrats holding the statehouse and Republicans the legislature--are almost textbook perfect conditions for policy compromises that expand gambling. The academic research in fact strongly suggests that new gambling revenues and not broad based taxes are the most likely first choice given existing political and economic conditions in Pennsylvania.

The third shift in Pennsylvania's political climate favoring gaming has been evolving public opinion. A decade of public opinion research now reveals a fairly consistent set of attitudes about legalized gambling.

Traditionally, a hard-core minority--around a quarter of Pennsylvanian's--are vehemently opposed to gaming on moral, religious, and social grounds. No public policy arguments will move these residents to support any extension of gaming for any reason.

But they are a dwindling minority. Half or more of the state's adults now generally support legalizing various forms of gaming. Support for slots runs particularly strong, winning approval across almost every demographic

group and region of the state. Expansion of the lottery and riverboats consistently find majority approval as well.

Public opinion to extend gaming is actually stronger than these figures suggest. Beyond the simple majority that supports many gaming proposals there is an additional 20% of Pennsylvanian's who neither support nor oppose gaming.

They could be called the "ambivalents"--they have no moral objections to gaming and they will support an extension of it, if gaming revenues are used to support popular public programs. When surveys, for example, link the proceeds from gaming to property tax relief, education reform or prescription drugs support rises sharply among the ambivalents.

None of this means that the road to legalized gaming in Pennsylvania will be either short or easy. Have no doubt about it: gaming is a tough politically abrasive issue that will be played by some in a rough take no prisoners style.

In some respects, gaming resembles Pennsylvania's notorious cultural issues like abortion and guns possessing in common with them the capacity to cut across traditional political cleavages, to inflame passions, and to galvanize both supporters and opponents.

The legislative battles to come over gaming are going to be hot and divisive. We are likely to see some of the fiercest political debate in a long while. It would only be surprising if the debate were a quiet one.

But in the end, the formidable constellation of political and economic forces now favoring an expansion of gaming are bound to prevail. We are almost certainly going to see an extension of legalized gaming in Pennsylvania. That's one bet that's no gamble.

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