



Bluegrass Beacon BY JIM WATERS

‘Coincidences’ adding up to a costly mistake

By Jim Waters

During the 2007 gubernatorial campaign, candidate Steve Beshear chided then-Gov. Ernie Fletcher for opposing expanded casino gambling, including a constitutional amendment that, as Beshear said, would “let the people decide.”

But during the 2008 and 2009 regular legislative sessions, Beshear couldn’t even secure support in the Legislature to get the votes required to allow voters to ratify or reject a constitutional amendment.

During the 2009 special session, not even attorney-general-turned-House-Speaker Rep. Greg Stumbo, D-Prestonsburg – while greasing political palms to allow borrowing against future gambling dollars to repair crumbling schools – could overcome rural legislators’ concerns about how a pro-gambling vote would play at election time.

I’m sure it’s a coincidence that Stumbo and the governor seem much more energized about expanding gambling than about sound economic decisions, including eliminating the state’s [prevailing-wage mandate](#). This policy sets artificially high wages on public construction projects, including those crumbling schools Stumbo used to seem so concerned about.

Even though prevailing wage wastes more than a quarter-billion taxpayer dollars during each budget cycle, this easy fix gets ignored. Why? The suggestion angers labor unions, a key contributor to Beshear & Buddies.

Another coincidence? Since the governor failed on previous attempts, he now says a constitutional amendment isn’t necessary.

It didn’t help his credibility that Beshear “discovered” past attorneys general rulings allowing a bypass of the constitutional amendment process, including one by then-Attorney General Stumbo.

On the first day of this year’s special session, current Attorney General Jack Conway [“confirmed”](#) Stumbo’s ruling that the 1988 constitutional amendment creating the lottery would cover “racinos,” casinos at racetracks. Now, only a simple majority in the Legislature could expand gambling in Kentucky.

Chalk it up as a coincidence that Stumbo endorsed Conway for U.S. Senate and that Beshear has become beholden to the interests of a small group of shady gambling bosses rather than making sound decisions for *all* Kentuckians.

I’m sure it’s also just a coincidence that the governor is pushing hard for slot machines at tracks during a time when investing in new, free-standing casinos has dropped off the radar of gambling investors. Right

now, those who usually back such ventures have all they can do to keep their existing operations in Las Vegas and Atlantic City from going under during the recession.

It's certainly coincidental that Kentucky's thoroughbred industry is pushing hard to secure "racinos" – a gambling monopoly – before outside investors again clamor to build freestanding casinos in the commonwealth.

Of course, on one day, Beshear & Buddies opine: "We must expand gambling to save Kentucky's hurting 'signature' industry." The next day, we hear that the state must expand gambling to keep the commonwealth from going bankrupt.

Which is it? Neither.

Churchill Downs saw large increases in profits each of the past two years. Horse tracks came up with more than \$290,000 in lobbying efforts alone in 2009, making hollow their claims of financial duress.

Beshear points with concern to the impact Ohio's recent ruling to allow casinos would have on Kentucky's economy. Actually, it's the negative impact on Ohio that the governor should consider and lawmakers should know about.

William Thompson, a University of Nevada-Las Vegas professor and casino expert, said [the odds of gambling revenues filling state budget holes are not great](#). For Ohio's plan to work, Thompson found that half the gamblers must come from out of state. Even then, he estimated that added social costs to that state caused by gambling – including the creation of 80,000 additional compulsive gamblers – could reach more than \$800 million.

Research also shows that several states with major gambling operations have steep budget deficits.

I'm sure that's all just a coincidence, too.

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