

NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES
COMMITTEE ON CASINOS
SCOTTSDALE, ARIZONA
FRIDAY, JANUARY 4, 2007
MINUTES

The Committee on Casinos of the National Council of Legislators from Gaming States (NCLGS) met at the Hotel Valley Ho in Scottsdale, Arizona, on Friday, January 4, 2008, at 3:00 p.m.

Senator Tom Harman from California, NCLGS Treasurer, presided in the absence of Representative Nancy Wagner from Delaware, Committee Chair.

Other members of the Committee present were:

Sen. Jim Battin, CA
Rep. Kevin Ryan, CT
Rep. Helene Keeley, DE
Rep. Bill Oberle, DE
Sen. Steven Geller, FL
Sen. Richard Lerblance, OK
Rep. Christopher Sainato, PA

Other legislators present were:

Rep. H. Mac Gipson, AL
Rep. Sue Schmitz, AL
Rep. James Buskey, AL
Rep. Kevin Jeffries, CA
Rep. Vince Lofink, DE
Rep. Pamela Thornburg, DE
Rep. Joe Gibbons, FL
Rep. Jim Waldman, FL
Sen. Pete Brungardt, KS
Rep. Arlen Siegfried, KS
Rep. Ruth Ann Palumbo, KY
Rep. Harry Kennedy, MO
Sen. John Sabini, NY
Rep. Harold James, PA

Others present were:

Susan Nolan, Nolan Associates, NCLGS Executive Director
Nicholas Brozean, Nolan Associates, NCLGS Assistant Legislative Coordinator

MINUTES

The Committee voted unanimously to accept, as submitted, the minutes of its June 8, 2007, meeting in Las Vegas, Nevada.

CLASSIFICATION OF CASINO GAMES, I.E., GAMES OF SKILL VS. CHANCE

Professor I. Nelson Rose of GamblingAndTheLaw.com said states generally have the ability to legislate and define casino games of skill. He said casino games of skill fall into three classifications, including (1) games of relatively no skill, (2) games comprising some skill, and (3) games incorporating mostly skill. He said successful player participation in any casino game requires some skill.

Prof. Rose said states must decide how to regulate different types of games. He said Missouri legislation defines lotteries as any game of prize, chance, and consideration that does not include skill games, such as bingo, slot machines, and roulette. He said an amendment was made to Missouri's legislation permitting riverboat gaming.

Prof. Rose said slot machines are beginning to incorporate skill using multiple level games that require luck to proceed to a final level dependent on ability. He said slot machines involving skill are difficult to implement because they must keep players' interest, be easy to learn and play, and function quickly without being mastered.

Prof. Rose said the Unlawful Internet Gambling Enforcement Act (UIGEA) deems fantasy sports leagues legal and gives states the opportunity to consider their existence. He said the U.S. is currently considering poker as a skill game, including the classification of poker tournaments and video poker machines.

Prof. Rose said historically state legislation authorizing skill games has common factors, such as skillful players win over unskillful players, experience or reading increases ability, player participation changes results, knowledge in mathematics or psychological background increases ability, or a common community opinion.

Prof. Rose said trial courts usually confirm that games are skill games after judges receive testimony and visual evidence. He said, however, these decisions are reversed at appellate courts, as these courts only receive testimony and not visual evidence.

Prof. Rose said legislatures that are unable to prohibit skill games due to constitutional amendments can put prize limits on games, exclude games that are won using cards, or ban certain games. He said legislatures can also regulate and control poker games using licensing requirements and restrictions.

In response to a question from Sen. Geller, Prof. Rose said redemption arcades or Chuck E. Cheese games are considered legal slot machines in certain states. He said legislation regarding Chucky E. Cheese laws should be written carefully to prevent abusive operations. He said California legislation considers pinball machines games of skill and classifies them under slot machines.

CONVERGENCE OF OLD AND NEW GAMING TECHNOLOGY

Kevin Mullally, general counsel & director of government affairs for Gaming Laboratories International (GLI), said that previously charitable gaming, pari-mutuels, lotteries, and casinos had separate regulatory commissions, products, and customers until technology began to merge.

He said within the next decade, gaming venues might become indistinguishable and classified as general entertainment.

Mr. Mullally said convergence of gaming begins with server-based gaming and involves two methods of gaming configuration, including (1) content processed through a terminal, and (2) content processed through a back-of-the-house server and delivered to a terminal.

Mr. Mullally said electronic table games are becoming increasingly popular and involve virtual players and opponents. He said that casinos will begin to incorporate more virtual games as network connections incur new technological advances.

Mr. Mullally said wireless technology will drive server-based gaming, as the casino industry tends to follow the consumer electronics industry, and people become more mobile and dependent on electronic mobility. He said virtual gaming increases the demand for wireless gaming. He said gaming applications or programs on a wireless device must connect to a server to access game content, outcome, and accounting.

Mr. Mullally said server and wireless gaming technology allows players to access and participate in multiple forms of wagering simultaneously against a computer and/or virtual players.

Mr. Mullally said GLI informs regulators about advancing technology so regulators can determine whether policy permits a new technology. He said businesses and operators can interpret legislation and regulation to include desired technology.

PROPOSED RESOLUTION SUPPORTING SMOKEFREE CASINOS

Karen Blumenfeld, director of tobacco control policy and legal resource center for a New Jersey Group against Smoking Pollution (NJ GASP), spoke to a proposed resolution encouraging NCLGS to support 100 percent smoke-free casinos in order to protect employees and advocate support to states considering smoke-free gaming.

Ms. Blumenfeld said over forty letters of support for the resolution from numerous health organizations, and casino patron and employees, including the American Lung Association, American Heart Association, American Cancer Society, Campaign for Tobacco Free Kids, American's Nonsmokers Rights Foundation, as well as several others.

Ms. Blumenfeld said secondhand smoke is a Class A carcinogen, is comparable to Benzene and Asbestos, and is a health hazard.

Ms. Blumenfeld said many states, such as New Jersey, are considering legislation to prohibit all smoking within gaming venues.

Jennifer Guillermain, a casino worker representing the Smoke-Free Atlantic City Coalition, said NCLGS should adopt the proposed NJ GASP resolution, which supports smoke-free gaming and protects casino workers. She said the U.S. Surgeon General acknowledges that there is no safe level of secondhand smoke.

Rep. Oberle said he had agreed to sponsor and present the resolution to the committee for discussion purposes, as it is a policy issue worth debate and consideration. He said it was not his intent to call the question today. He said there needs to be some due diligence between now and the June meeting and that before voting on the issue, the committee should word-smith the resolution more with NCLGS formatting and receive further testimony at the NCLGS Summer Meeting.

Sen. Geller recommended that the resolution should be revised to more resemble a legislative resolution.

Sen. Harman said the resolution would be amended and accepted for consideration at the summer meeting.

Rep. Oberle said smoke-free gaming legislation was controversial in Delaware. He said he had voted to exempt casinos from being smoke-free based on a possible economic downturn, but to his surprise, the legislation did not harm the casino industry economically.

ADJOURNMENT

There being no further business, the meeting adjourned at 4:00 p.m.

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