

20

MINUTES OF MEETING
SENATE JUDICIARY COMMITTEE
January 27, 1977

The meeting of this committee was called to order by Senator Turnage, Chairman, at 9:40 a.m. on the above date in Room 415 of the State Capitol Building.

ROLL CALL:

All members were present for this meeting.

WITNESSES PRESENT TO TESTIFY:

Senator Bob Brown - District 10
Dorothy A. Armstrong - Kalispell
Elaine Palpin - Kalispell
Tim Berry - Montana Conference of Seventh-Day Adventists
Tom Hocutt - Montana Southern Baptist Fellowship
Gail Royer - Kalispell
Jane Lopp - Kalispell
Neil Lynch - Butte
Kevin B. Maguire - Post 1087, V.F.W., Great Falls
Edward Buller - Moose Lodge, Great Falls
John Wolf - Eagles Lodge #14, Great Falls
Randall Cole - American Legion, Great Falls
Roy Caldwell - Whitehall
John Houseman - Montana Trap Shooting Assn.
Vern Randall - Great Falls
Terry Harris - Elks Lodge, Helena
Robert Parlovich - Silver Bow Tavern Association
Dance' Severson - Spoon's Saloon
Paul Badorincic - Ponderosa Club
Carl Heishman - Great Falls
John P. Posten - Treasure State Games

CONSIDERATION OF SENATE BILL 97:

Senator Bob Brown, District 10, explained the bill to those present, stating that the present law on bingo had the word "manually" left out by amendment and that this bill simply would put that word in the law. He also said that this bill is to clarify that bingo should not be electronical gambling.

A proponent of Senate Bill 97, Dorothy A. Armstrong of Kalispell, presented the committee with a letter from David W. Downey, D.D.S., Kalispell, Montana, (See attachment #1) and a copy of a pamphlet by David Weinstein and Lillian Deitch re: The Impact of Legalized Gambling excerpts. (See attachment #2) She stated that she had talked to Mr. James A. Richey last night and asked him if the National Gambling Commission had ever considered bingo to be keno and Mr. Richey told her "Absolutely no; there is no way bingo could be considered keno." She said Mr. Richey also told her that the Commission does recommend casinos or betting to raise money.

The next proponent of S.B. 97 appearing was Elaine Pelton of Kalispell who presented the committee with a written statement. (See attachment #3)

Mr. Tim Berry, representing the Montana Conference of Seventh-Day Adventists, said that they also feel that there is a distinction between bingo and keno. He said that, in talking to police officers, he had found that they feel that there is a bad moral effect found on people living in cities that allow gambling.

Tom Hocutt, a local Baptist pastor, said that he believes that gambling is a moral issue and that it is time for the legislature to take an interest in this area.

Gail Royer of Kalispell also said this bill should be passed.

Jane Lopp of Kalispell read the committee a prepared statement. (See attachment #4)

There being no more proponents of S.B. 97 who wished to testify, the Chairman called for the opponents to begin their testimony. Neil Lynch, a Butte attorney and former senator from Silver Bow County, was the first opponent to testify. He said that keno is not casino gambling and that the Montana Supreme Court had declared it legal. He further told the committee that if it was made illegal by S.B. 97 it would hurt the economy of the state because there were 100 establishments operating keno games in the state and those employed by these businesses or related businesses would be put out of work and, also, the business would lose money. He said that it was on MTN News 2 weeks ago that the FBI said that there was no evidence of organized crime coming into Montana. In that regard, he also said that Great Falls authorities do not feel that there is more crime in their area because of gambling. He suggested to the committee that what this state needs is a good gambling control law because people actually voted for gambling in Montana, and that keno is bringing more revenue to the state by direct tax than liquor. He further said that, if the worry is about keno and gambling, the stock markets and stock yards should also be shut down because they are really a form of gambling. Mr. Lynch then read some statements from the Gambling Committee Study.

The next opponent was Kevin Maguire, representing the V.F.W. of Great Falls, ^{who} spoke as a retired policeman, saying that he would rather see gambling in the open than hidden.

Ed Buller, secretary and manager of the Moose Lodge, and John Wolf, representing the Eagles, both said that the blower-type bingo was better than the manually operated type because you cannot cheat with the blower type. Randy Cole of the Great Falls American Legion said that they use bingo to raise funds for their various clubs.

Roy Caldwell of Whitehall, who owns a hotel and bar there, said that he had worked in Reno as a "21" dealer and that there was no cheating there.

The next opponent was John Houseman of the Montana Trap Shooting Association who said that they feel the operation of bingo games is good.

At this time, a laborer from Great Falls, Verne Randall, spoke against keno games. He said that he had lost a lot of money on keno. He also said that he realized that it was partially his fault -- that nobody made him play -- but that there are some people who are weaker than others and they are going to give things a big try, that he tried keno and lost very heavily over a period of time and was down and out because of it as late as December, 1976. He said some people can afford it, but that hard working people cannot really afford it as a rule. He further said that he thinks keno is worse than bingo and that it is too much of a house game.

The next opponent of the bill was Terry Harris, trustee of the Elks Lodge in Helena, who said they would like to have a keno game as they already have bingo there. He feels that it is a form of entertainment and that, if they don't have some kind of gambling, a lot of their lodges will have to close in the state.

Bob Parlovich, representing the Silver Bow Tavern Association, testified that many people like to play both keno and bingo.

Dance' Severson, a Great Falls keno writer for 20 months, testified that she did not believe people who could not afford it would play more than they would spend to go to a show.

Mr. Paul Badorincic of the Ponderosa Club, said that, if this bill is passed, that he will have to layoff 7 people. Also, Carl Heishman of Great Falls testified that he would have to lay-off 76 people with payroll contributions of \$13,000 if this bill passes. He said he did not believe it is a vicious game.

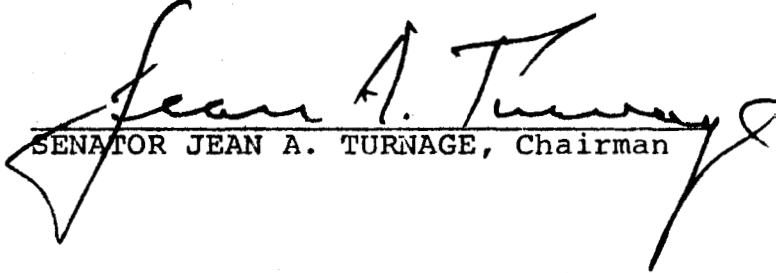
The last opponent appearing was John P. Poston, representing the Treasure State Games, who said that the people voted for the new Constitution in 1972 with a side issue for gambling of 139,000 for and 88,000 against. After that vote, the Montana Crime Commission spent a considerable amount of money having the Gallup organization take a poll on gambling. (See attachment #5) He further said that the 1973 legislature went along with that, and the bill today, S.B. 97, involves the definition of bingo to make it not electronically operated. He noted that the Supreme Court had decided it was legal. In that case, the Asst. Attorney General stipulated that electronically operated bingo was the best way because it did not allow cheating.

At this time, Chairman Turnage allowed Senator Bob Brown to rebut the foregoing testimony of opponents. He said he does not believe it was ever the intent of the legislature to legalize keno. He told the committee that those wanting keno and other gambling should have introduced their own bill and left Senate Bill 97 as is.

At this point in the hearing, Senator Roberts asked that it be recorded that he had given the committee many cards and telegrams which he had received on S.B. 97.

Senator Turnage, Chairman, then allowed the committee members to ask questions of the witnesses present.

There being no further business this day, the committee adjourned at 11:00 a.m. to reconvene at 9:30 a.m. in Room 405 on Friday, January 28, 1977.


SENATOR JEAN A. TURNAGE, Chairman

COMMITTEE

Date _____

11/27/77

[illegible]

Attachment #1

D. W. DOWNEY. D. D. S.
795 SUNSET BLVD.
KALISPELL, MONTANA 59901

TELEPHONE 406-756-6945
September 30, 1976

Copy of Letter to The Editor of The Daily Inter Lake.

Dear Sir:

For those who feel that large scale gambling in Montana would be a good thing I would like to present some facts comparing the crime rates of Montana and Nevada. These states are roughly comparable in size and population. They are both in the West, have large land areas and are sparsely populated.

There is one big difference in the two states and that is that Nevada has large scale gambling and we do not. With that difference in mind lets look at the comparisons in the amount of crime in the two states as stated in the Crime Report issued by the director of the FBI on November 17, 1975. This is a very thorough report and in great detail.

For the purpose of this letter the comparisons of crime in the two states is roughly stated. For those who wish to study it in more detail you are referred to the above publication.

Would you like to live in a state where your wife and daughter had a four times greater risk of being forcibly raped, in a state where there was an eight times greater risk of being robbed, a more than three times greater risk of murder. Well, these are the differences in the rates of these crimes in Montana and Nevada - Nevada being the greater.

There are other comparisons that can be made, but I think these illustrate the point. Unless large scale gambling is kept out of Montana, the quality of life will be lowered.

Our representatives in the legislature are the ones who will determine to what extent we will have gambling in the state. The way our law is written, large scale gambling could be initiated at any legislative session. I feel that should be changed, so the law will specifically state what amount of gambling will be allowed, from church bingo on up. Our legislators should be well aware of how we the Montana people feel about gambling, and we should be well aware of how our legislative candidates feel about gambling. If they are in favor of the large scale gambling then we should think seriously about replacing them with legislators who are opposed to that sort of thing.

Sincerely,

David W. Downey
David W. Downey, D.D.S.

DWD:lr

David Weinstein
Lillian Beitch

The Impact of
Legalized Gambling
The Socioeconomic
Consequences of Lotteries
and Off-Track Betting

Published in the U.S.A. (1974)

ished in cooperation with the Futures Group under
direction of Harold S. Becker and Research Applied
itional Needs (FRANN), National Science Foundation.

The Praeger Special Studies program—
utilizing the most modern and efficient book
production techniques and a selective
worldwide distribution network—makes

Prager Publishers - New York - Washington -

Similarly, future social and economic events will affect the growth of legalized gambling. The sudden emergence of the energy crisis illustrates that continuation of past trends cannot always be assumed. The shortage of energy may have impacts on government finances and on life style, including travel and leisure time activities, which will in turn be reflected in future changes in gambling laws. In addition, individual states should be aware that changing trends may affect their own areas differently from others. Lotteries and OTB are now operated mostly in one sector of the country—the Northeast and its surrounding states. The same formats may not necessarily be appropriate for other sections of the country with differing social mores, population density, climate, and economic conditions.

In order for any state to assess properly the options available to it and the desirability of legalizing certain forms of gambling, it needs to project economic, social, and technological conditions which can be expected to prevail in the future. The resulting consequences of legalization could then be forecasted more realistically than under current approaches.

Such broad forecasting was beyond the scope of this study. The study does, however, provide the framework for such an extension. Projections must be built upon an understanding of current and past experiences with legalized and illicit gambling. This book is directed at improving insights into these experiences in order to permit knowledgeable speculation as to their implications for future decisions.

THE ORIGINS OF THE LOTTE

Whether gambling is a basic human instinct or and often loudly, without a positive resolution. Cultural gambling has been pervasive in human society with other human endeavors which offer the promise of gambling, particularly in the form of lotteries, has governments to generate revenues.

Lotteries have existed for centuries in unchanging of the world. The basic design, composed of a prize, appears to satisfy some widespread human desires also peculiarly suited to government control because increased by monopoly power and wide coverage.

The lottery, with its origins rooted in ancient Greece, gradually in western society. It began as an entertainment was used as a medieval festival diversion, and was a and renaissance merchants as a profit-making mechanism by European governments (both on the Continent during the sixteenth century). Lotteries in that period the people for pleasure or charitable purposes, and dispose of merchandise. Realizing the revenue possible to require royal licensing for lotteries, and in some cases a monopoly.

In England, the third public license was issued in 1612 for a lottery to support its settlement at Jamestown.

*The primary source for lottery history is John Samuel (Cambridge, Mass.: Harvard University Press, 1960).

Elaine Pelton
Kilispell

Excerpt from pgs. 41-43 of book "WHAT YOU SHOULD KNOW ABOUT GAMBLING"
Author - William J. Petersen

Dr. William C. Cramblatt, a Las Vegas psychologist, admits, "Family life in Nevada is a disaster. There is a great deal of instability. As a result, Nevada has the highest homicide rates and in the United States and one of the highest suicide rates in the United States, just about double the national average. Of course, we have a very high divorce rate. We have all the classic signs of a sick society: high alcoholism, drug abuse, prejudice against Chinese, and juvenile delinquency. This is not a healthy community. I am convinced that what happens to people who grow up in a community whose orientation is purely materialistic."

Dr. Cramblatt, in his book TO GAMBLE OR NOT TO GAMBLE, lists some

examples of Nevada, such as, there are more houses of prostitution in the state

than there are police officers and more prostitutes than policemen. And that is saying something

about the state's failure to hire more than their share of policemen.

Excerpt from pgs. 47-48 of book "WHAT YOU SHOULD KNOW ABOUT GAMBLING"
Author - William J. Petersen

Of course, certainly hasn't brought utopia to Nevada; and it is valid to question whether it has really been helpful to the state's economy.

Idaho Falls, Idaho, is another example. Influenced by the publicity of legalized gambling in the neighboring state of Nevada, Idaho legalized slot machines in 1947. For James, a lawyer with a specialty in the area of law enforcement, told it like this: "They legalized them on a local option basis. Twin Falls, Idaho, licensed them with a 50 percent gross receipts tax after a small deduction for expenses. The first thing that happened was that the underworld took control of it. Shortly thereafter a police scandal involving payoffs to police officers in order to leave machines operating was uncovered. The relief rally in Twin Falls grew quickly because the people of little income poured their money into the slots and became destitute. Armed robbery and burglary multiplied at a fantastic rate. In January of 1949, less than two years later, Twin Falls cancelled all licenses; and the Idaho Municipal League, because of other cities shaking their heads in disapproval, publicly denounced the law making gambling legal. In the following session of the legislature, it was repealed."

Attachment #4
JANE LOFF
Kalispell

According to the Review and Herald, published by the Seventh-day Adventist Church, "In areas where gambling has been legalized, it is estimated that for every dollar of revenue received through taxation of gambling operations, five dollars are needed to increase the size of police forces, meet court costs, enlarge prison facilities and handle swollen welfare rolls."

A United Press International report in 1973 stated, "The state's (Nevada's) crime rate, according to FBI figures, has been among the top five in the nation for the last decade. The guy out to make a quick buck sees Nevada as a paradise. If he fails to make it gambling, he often turns to robbery, car theft or confidence games."

In his book GAMBLING AND ORGANIZED CRIME, Rufus King, a Washington lawyer and former congressional investigator, charged that Nevada is "almost completely enslaved to gambling-gangster forces and has provided a base of operations for organized crime."

Former Chicago Crime Commission chairman once wrote, "Where gambling flourishes

the racketeers gather like flies around syrup. Estes Kefauver, Chairman of the United States Senate Crime Investigating Committee wrote over 25 years ago, "In states where gambling is illegal, the alliance of gamblers, gangsters and government yields to the spotlight of publicity and pressure of public opinion, but where gambling receives the cloak of respectability through legislation, there is no weapon which can be used to sweep the gamblers and their money out of politics."

ATTITUDES TOWARD TYPES OF GAMBLING

Montana residents were asked whether they approved or disapproved of various types of gambling. Among those who expressed an opinion, nine out of ten approved of bingo and almost as many expressed approval for raffles. In addition, the majority of those expressing an opinion approved of punch boards, pinball machines and a state lottery. Opinion was about evenly divided with regard to dog racing and poker clubs, with slightly fewer approving than disapproving. With regard to other forms of gambling, a majority disapproved of them. Disapproval was greatest among those expressing an opinion about off-track betting, casino gambling and jai lai.

Type of Gambling . . .	All Who . . .			Number of *	
	<u>Approve</u> %	<u>Disapprove</u> %	<u>Total</u> %	<u>Interviews</u>	<u>Don't know</u>
Bingo	91	9	100	(1088)	1
Raffles	85	15	100	(1042)	5
Punch boards	60	40	100	(1032)	6
Pin Ball machines	57	43	100	(1058)	4
State lottery	57	43	100	(980)	11
Dog racing	49	51	100	(1003)	9
Poker clubs	48	52	100	(972)	12
Betting on sports events	44	56	100	(1056)	4
Slot machines	44	56	100	(1071)	3
Dice games	38	62	100	(1052)	5
Casino gambling	34	66	100	(1048)	5
Off-track betting	34	66	100	(966)	12
Jai lai	32	68	100	(537)	52

* Don't know excluded from percentage base.

SENATE

COMMITTEE

VISITORS' REGISTER

BILL 97

DATE 1-27-77

Please note bill no.

NAME

REPRESENTING

BILL #

(check one)

SUPPORT

OPPOSE

Ralph A. Hahn	Self	97		X
Paul Badura	Ponderosa	97		X
Sharon Gines	'	97		X
Walter A. Pickett	Self	97		X
Jim Pickley	Self	97		X
Robert Parovich	SILVER BAY TOW. ASSN	97		X
Jack Thompson	Self	97		X
Guy Harris	Self	97		X
Carol Guse	Self	97		X
Lynn Miller	Lyons & Blackburn H&C	97		X
Richard Stewart	Self	97		X
Rich E. Miller	Self	97		X
Patricia Langley	Self	97		X
Dee Roe	Self	97		X
Daniel R. McHenry	Self	97		X
James L. Beatty	Self	97		X
Nella Haley	Self	97		X
Bruce Livingston	Self	97		X
Howard	Self	97		X
Rick Wagoner	Self	97		X
Phyllis Caldwell	Self	97		X
Ray Caldwell	Self	97		X
Steve Beebe	Self	97		X
Jack Stearns	Self	97		X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

Sen

SENATE

JUDICIARY

COMMITTEE

BILL

97

VISITORS' REGISTER

DATE

1-27-77

Please note bill no.

(check one)

NAME	REPRESENTING	BILL #	SUPPORT	OPPOSE
	American League	97		X
	Boys Lodge #4 St Falls, Mo.	97		X
Edward Bulley	Moore St Falls	97		X
Kevin B. Maguire	Post 1087 VFW St Falls	97		X
Robert A. Boudry	SELF	97	X	
Elaine Pelton	me	97	X	
Cornie Laurentz	Self	97	X	
Paul Rogers	Myself	97	X	
CARL D. HEISLMAN	LOBBY BAR GT. FALLS	97		X
JOHN T. BUCHANAN	LOBBY BAR GT FALLS	97		X
JACK JENNELLE	FLAMINGO GT. FALLS	97		X
Tim Berry	MT. Conference SDA	"	X	
John P. Porter	Treasure State Bank Mount. Coin Operators Assn	97		X
Tom Hogg	# Mt. Southern Bap. Fellowship	97	X	
Dean Long	COIN OP SALES	97		X
M. MANION	JACABO'S Helena	97		X
Steve Danks	Schuberts Helena	97		X
Dean S. Manion	Windsor Hotel Boulder	97		X
William S. Wilson	City Bar	97		X
John J. Hurman	meat trap sharing org.			X
Mary Jane Herscher	St. Jo Bar	97		X
Spencer Spence	Spencer Spence	97		X
Neil Lynch	T.R.A.	97		X
Stanley Wolfe	T.R.A.	97		X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY

SENATE

Judiciary COMMITTEE

BILL

97

VISITORS' REGISTER

DATE

1-27-77

Please note bill no.

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOSE
Cliff Wozniak	Self	97	✓	X
J.C. Anderson	Self	97		
Robert G. Gynn	Self	97		X
Gester H. Dallow	T.R.A.			X
Lester B. Dallow	Self			X
Birgin M. Marcus	Self	97		X
J. Kerner	Self	97		X
Phil Baker	Self	97		X
Jan Anderson	Thompson's Keno	97		X
Wesley B. Dallow	Self	97		X
Wesley L. Dallow	Ucoma Keno	97		X
Jim Brown	Mt. Zion of Churches	97	support written of bill	
Wm. Randall	Self	97	X	

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY