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November 16, 2017

Richard Bennett, Chairman  
House Lottery Working Group  
State Capitol  
Jackson, MS 39201

*Via Hand Delivery*

Re: Lottery

Dear Chairman Bennett:

On behalf of the Mississippi Gaming & Hospitality Association (MGHA), I am writing to share with the House Lottery Working Group our position on the lottery issue. As stated in a letter dated May 15, 2017 to Governor Bryant and the House Lottery Working Group, it is important that a thorough economic impact analysis be fully considered for its effects on casinos, charitable gaming, spending on other forms of entertainment and other retail activity in general. Without this analysis, it is reasonable to assume that discretionary spending in these areas will suffer.

However, MGHA members have serious concerns about establishing a lottery in Mississippi. Those concerns range from unconditional opposition to any form of lottery, to expansion into versions of slot machines known as video lottery terminals (VLTs) or any other forms of online or electronic games that play like traditional slot machines, online games, free-standing lottery ticket vending machines and keno in bars and convenience stores, which have occurred in other states.

Further, Mississippi's regulated commercial casino gaming industry, which has operated successfully for 25 years has been limited to adults at least 21 years old in counties along the Mississippi River and the Gulf Coast. A lottery would spread its form of gambling into every community of our state with a minimum age of 18. This would be a seismic shift in Mississippi's public policy on gambling.

By far the most serious concern of MGHA members centers on VLTs which closely resemble casino slot machines. The most striking example of this can be seen in Illinois which has allowed these types of machines since 2012. Since then, they now have over 27,000 terminals at 6,172 locations, which is equivalent to 22 new casinos. The negative impact on the Illinois casino industry is evident.

**VLT IMPACT ON ILLINOIS CASINOS AND GAMING JOBS:**

- Annual Gross Revenue **down by 13.7%** (revenue down \$224,217,000)
- Admissions **down 24%** (loss of 3.8 million annual admissions)
- Staffing at the ten casinos **down 10.8%** (equates to over 800 direct jobs lost)

Those seeking to legalize VLTs in Mississippi are offering a narrow and short-sighted view by highlighting a possible overall increase in revenue and more tax revenue to the state. This position ignores the impact that VLTs, if legalized, would have on Mississippi's travel and tourism industry, including the gaming industry. There is no reason to think Mississippi would not experience the same reductions experienced in Illinois. If we assume the same impact in Mississippi, on percentage basis, the negative impact is clear.

**VLT POTENTIAL IMPACT ON MISSISSIPPI CASINOS AND GAMING JOBS:**

- 13.7% reduction in gaming revenue = ***\$300 Million reduction in gaming revenue***
- 13.7% reduction in state gaming tax = ***\$24 Million less to state general fund / bond fund***
- 13.7% reduction in local gaming tax = ***\$12 Million less to local government***
- 10.8% reduction in jobs = ***4,000 fewer jobs*** (2,200 direct + 1,800 indirect)

Aside from the lost jobs, the reduction in gaming revenue would mean fewer dollars for capital investment, which would create even greater challenges attracting out-of-state visitors. A broader more realistic view reveals that a VLT industry in Mississippi would not provide more jobs, but would decrease the total number of jobs; it would not encourage capital investment, but would limit investment by casino operators; and, VLTs in Mississippi would not boost tourism to our state, but would limit it given the negative impact VLTs would have on the gaming industry. This means fewer visitors, fewer jobs and a Mississippi left struggling to compete with tourism and gaming markets surrounding its borders.

As you are aware, over the last 10 years, competition for visitation from neighboring states has increased and, during the same period, Mississippi experienced catastrophic events in the form of a massive hurricane, an oil spill, and floods. MGHA's members have stuck it out through it all. They have reinvested in Mississippi, and they have brought thousands of high-paying quality jobs to our residents. And we are proud to say Mississippi casino operators and their employees have been tremendous community partners donating millions of dollars and volunteering thousands of hours within Mississippi communities. VLTs will not bring any of these positives to Mississippi.

The statistics show the negative impact VLTs will have on commercial casinos, jobs and tourism. It would not be an overstatement to say that from MGHA's standpoint, the passage of legislation legalizing VLTs would be equivalent to the industry suffering another natural disaster. Obviously, such a threat is of great concern to our members, and MGHA is adamantly opposed to any legislation that would or could legalize VLTs. As you consider VLTs, we would encourage you to consider the history of gaming as well.

From the beginning, Mississippi has been one of the most attractive states in which to do business. It has offered tough regulations, a business-friendly regulatory body, and a reasonable tax structure, which has led to Mississippi becoming one of the nation's premier gaming and tourism destinations. From its inception, gaming supporters have encouraged resort-style casinos to bring more visitors to Mississippi and not just slots at bars and parlors across the state. In fact, since 1990, gaming has been

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permitted only in counties that have approved it by the passage of a local referendum. We believe that legalizing VLTs through a lottery bill would be tantamount to expanding gaming to all 82 counties in Mississippi. Also, it would not be the kind of change that would bring more visitors, jobs or other positives to Mississippi like the gaming industry has brought. MGHA is confident that this is not the image of gaming contemplated by state leaders when they passed dockside gaming in 1990.

Finally, we would encourage the committee to consider what VLTs would do in terms of undermining the efforts to combat compulsive gambling. Efforts to combat compulsive gambling in Mississippi are extensive within the casino industry, which includes training and strict adherence to policies and regulations that the Mississippi Gaming Commission has adopted to keep self-excluded patrons out of the casinos. To allow VLTs at truck stops, convenience stores, gas stations, and in other places would completely undermine these efforts. Further, it would be nearly impossible to keep compulsive gamblers away from these machines.

When you consider these points, it is clear that VLTs would be bad for Mississippi. It is anticipated that if a bill is passed authorizing a lottery, proponents of VLTs would seek to insert itself either through an amendment to the bill or even through litigation should the language in the bill be vague in any manner with respect to VLTs. For these reasons, MGHA strongly urges the committee to recommend and support language that would ***limit a lottery to paper tickets, specifically excluding Video Lottery Terminals and any electronic device that looks or plays like a slot machine, excluding online games that simulate scratch-off cards, excluding keno and excluding all other forms of lottery, which do not involve traditional paper tickets.***

Thank you for allowing MGHA to state its position on this topic. We ask for your support and the support of the House Lottery Working Group to keep Mississippi and its travel & tourism and gaming industry strong.

Sincerely,

Mississippi Gaming & Hospitality Association

Handwritten signature of Larry Gregory, consisting of three stylized, cursive characters.

Larry Gregory  
Executive Director

cc: MGHA's Casino Members (28)