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Referendum

Voters to decide the fate of slot machines in Nov. 2008

Lawmakers send question to November 2008 ballot

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Maryland lawmakers gave final approval last night to a referendum on slot machine gambling, sending to voters an issue that has bitterly divided politicians in Annapolis for years.

On a frenzied day of legislating three weeks into a tumultuous special session called by Gov. Martin O'Malley to close the state's projected \$1.7 billion budget gap, the Senate approved the referendum as it juggled measures related to taxes, health care and the environment.

Senate President Thomas V. Mike Miller said after the vote that the only way the General Assembly could move forward with slots is through a referendum - and he faulted Republicans for "not participating" in the legislation.

"If they had sat at the table and voted the way they did last year and the year before and the year before that, we would not need a referendum. But by them walking away, we had to go to a referendum," the southern Maryland Democrat said.

Because the bill called for a referendum that would amend the Maryland Constitution, it does not require approval from the governor - who supported the measure. In the same contest that will decide the country's next president in November 2008, voters will decide whether to allow 15,000 slot machines in five locations throughout the state: one each in Baltimore City and Allegany, Anne Arundel, Cecil and Worcester counties.

"We've got a lot of great allies, and we intend to run an extremely vigorous campaign," said Aaron Meisner, an investment adviser and coordinating chairman of StopSlots Maryland, who vowed to defeat the referendum. "The beauty of this is that there is no grass-roots slots lobby, and there never has been. We can have a meeting in every church basement in the state of Maryland."

The Senate also voted 25-19 last night to approve a bill that lays out the nuts and bolts of a slots program, such as the division of revenue and the procedure for granting slots licenses.

Although O'Malley once described legalized gambling as a "morally bankrupt" way to fund education, he campaigned last year on "limited slots" to help the state's struggling racetracks.

This fall, however, O'Malley announced his support for a much more expansive plan. The measure would allow slots at Laurel Park in Anne Arundel and Ocean Downs in Worcester, but not at Baltimore's Pimlico Race Course.

Administration officials said they'd included the Baltimore City site, an 11-acre warehouse district south of the city's sports stadiums, at the request of Mayor Sheila Dixon. She had opposed slots at Pimlico or the Inner Harbor, but said she backed the new site in light of the city's fiscal needs and her goal to reduce property taxes.

The final vote came after the Senate halted a filibuster attempt by E.J. Pipkin, an Eastern Shore Republican, who said the proposed location of slots sites should not be included in the state constitution.

"Ten years from now or 20 years, I want my constituents to know I did everything I possibly could. We know that this is not the best product. This is not even good. It's a poor product. I still believe the Maryland Constitution stands for something," Pipkin said.

Minutes before the referendum passed at 8:58 last night by a 31-13 vote - two more than the three-fifths needed - the chamber overwhelmingly rejected a series of amendments proposed by opponents of O'Malley's plan, longtime gambling foes and senators whose districts could be the homes of slots emporiums.

The measures included efforts to make bidding for slots licenses more competitive, giving local jurisdictions a chance to prohibit the machines going into their areas and trying to limit campaign contributions from slots licensees.

All failed with little debate, although the Senate followed the House in voting to allow local jurisdictions a stake in a slots parlor in their vicinity by granting them control through zoning and planning statutes. It remains unclear whether that provision would grant them the power to essentially override the state's constitution in the event of the referendum's passage.

Pro-gambling interests, including those with ties to all three racetracks, have contributed nearly \$1.25 million to state candidates and political parties since 2003, and spent \$2.6 million on State House lobbying during the past two years, according to a Sun analysis.

The governor said slot revenue could help close the budget shortfall, rescue the state's horse racing industry and preserve open space. He also said his plan could tap slots revenues from Marylanders who now travel to neighboring states to gamble. Critics argue that the state shouldn't count on slots revenues to address its fiscal problems and that expanding gambling would lead to addiction, crime and other problems.

O'Malley's predecessor, Republican Robert L. Ehrlich Jr., pushed for slots throughout his tenure but ran into strong opposition from House leaders, including Speaker Michael E. Busch. The issue has long pitted Busch, a slots opponent, and Senate President Miller, a longtime slots backer. But O'Malley persuaded both Democratic leaders to back his plan to let voters decide the issue.

The measure took the form of an amendment to the state constitution because there are only two types of referendums allowed under Maryland law: a constitutional amendment that needs a three-fifths' approval in both the House and Senate, and one that goes on the ballot through voter petition. But Maryland law does not allow petitions to initiate ballot initiatives on fiscal issues, so O'Malley and legislators turned to a constitutional amendment on legalizing slots.

Action by the Senate came about 19 hours after the House narrowly approved the slots implementation program.

The state Senate had been holding up consideration of all other legislation while the House debated the slots implementation measure. It took senators less than a week to approve O'Malley's two slots bills - the constitutional amendment on the referendum and an implementation program.

But House leaders had to fight for every vote for the slots package. After an intense lobbying campaign by O'Malley, Busch and others, the House passed the referendum bill Friday by one vote more than the 85-vote "supermajority" that was needed.

In the early hours of yesterday, the House approved the implementation bill by a 71-44 vote margin, the minimum vote necessary for passage.

The slots legislation allocates 48.5 percent of the revenue to an education trust fund and 33 percent to the slots operators, with

the rest used for increasing race purses, aid to local government and other expenditures. It also puts oversight of the industry in the hands of the State Lottery Commission, which would become a nine-member body; creates a commission to pick the slots licensees; and orders them to make annual financial disclosure statements.

Louis J. Raffetto, Jr., president of the Maryland Jockey Club, which operates Laurel Park and Pimlico, home to the Preakness Stakes, the second leg in racing's Triple Crown, said he will work with horse owners, breeders and unions that represent hundreds of racing-industry employees.

"It's the first time in a long time that I can truly say I'm optimistic about the future of Maryland racing and the Preakness," he said. "This gives us a fighting chance to maintain Maryland's racing heritage."

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