

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Thursday, February 02, 2017

TIME: 8:30 A.M.

PLACE: Room EW40

MEMBERS: Chairman Loertscher, Vice Chairman Monks, Representatives Luker, Crane, Palmer, Barbieri, Holtzclaw, Harris, Armstrong, Giddings, Manwaring, Zito, Scott, Smith (Nye), Jordan

**ABSENT/
EXCUSED:** None

GUESTS: Lt. Charles Ketchum, Idaho State Police; Jeff Anderson, Idaho Lottery; Jonathan Krutz, Idaho Stop Predatory Gambling; Joe Champion, self; Stephen McPherson, NW Religions Liberty; Becky Schroeder, Idaho Lottery; Zeke Chemedrone, Intralot; Michael Read, Idaho Stop Predatory Gambling; Jeremy Pisca, Game Co.; Del Ririe, self; Norm Semanko, Moffatt Thomas.

Chairman Loertscher called the meeting to order at 8:30 a.m.

MOTION: **Rep. Armstrong** made a motion to approve the minutes of the January 25, 26, 30 and 31, 2017 meetings. **Motion carried by voice vote.**

RS 25109: **Rep. Kauffman** presented **RS 25109**, proposed legislation that allows for an exemption for exhibition-style live dog races or the training of dogs to compete in exhibition-style dog races, conducted at county fairs and upon which no pari-mutual betting occurs and the track length is limited.

MOTION: **Rep. Holtzclaw** made a motion to introduce **RS 25109**. **Motion carried by voice vote.**

H 28: **Rep. Harris** presented **H 28**, a bill that amends existing law to provide that the state lottery may only employ an electronic display for reporting a winning or losing lottery outcome when the displayed lottery outcome is associated with a printed lottery ticket presented by a player. He stated the electronic TouchTabs games resemble casino gambling devices because they are a form of rapid -betting.

Lt. Charles Ketchum spoke neither **in support** or **in opposition** to **H 28** and stated the Idaho State Police has not received complaints for lottery machines only 8-liner machines that are illegal in the State of Idaho.

Jeff Anderson, Director, Idaho State Lottery, spoke **in opposition** to **H 28**. He stated the Attorney General issued an opinion regarding TouchTabs, that they are different than slot machines. He stated the fiscal impact statement for the bill is incorrect, FY2016 net revenues from TouchTabs and PullTabs were approximately \$3 million and there are no costs associated with the machines because the vendor provides the machines and takes care of the maintenance.

In response to committee questions, **Mr. Anderson** stated approximately 72-79 1/2% of the prize money goes to the prize winner, 5% goes to the retailer, and the remaining 16-23% goes to the Lottery. He stated there are 140 locations throughout the state that have TouchTab machines, a total of 240 total machines. TouchTab machines came to Idaho in 2011 and are one of the Lottery's more popular games. He stated the machines are distributed pretty evenly throughout the state. He stated the average cash in was \$7 per hour, average plays 17 tickets per hour.

Jonathan Krutz, Idaho Stop Predatory Gambling, spoke **in support** of **H 28** and stated the TouchTab machines are illegal because they are rapid-bet and continuous play and are very addictive. He stated rapid-bet electronic gambling devices are banned in Idaho's Constitution. He stated the Lottery Commission has not been transparent with the Legislature when they asked for approval of the machines a few years ago. He stated the legislation prohibits the use of, and the development of, other rapid-bet electronic gambling machines.

Joe Champion, representing himself, spoke **in support** of **H 28** and stated rapid-bet gambling is a big money maker but it harms society. He stated TouchTab machines combined with alcohol is a bad combination. He stated an estimated 1% of gamblers become addicted. **Steven McPherson**, representing himself, spoke **in support** of **H 28** and stated machines like the TouchTab machines are designed to suck people in, there are small payouts which is an incentive to keep playing. He stated the machines attract the elderly and the government should protect the weak and vulnerable. **Michael Read**, representing himself, spoke **in support** of **H 28** and stated rapid-bet machines are significantly like slot machines and encourage the same kind of addictive behavior as slot machines do. **Del Ririe**, representing himself, spoke **in support** of **H 28** and stated he has known many people with gambling addictions and these machines will be desirable for retailers because of the high dividends, but will also cause problems in the long run.

Jeremy Pisca, Risch and Pisca, representing Game Co., spoke **in opposition** to **H 28** and stated in 2003 the Idaho Supreme Court defined what a slot machine is in *MDS v. State of Idaho*. The ruling declared that it was not only the outward appearance of the machines but the guts of the machine that would categorize them as slot machines, or not. He stated before the TouchTab machines were implemented by the Lottery, they asked the Attorney Generals' office for an opinion on using them. He stated in order for retailers to have these machines in their stores, they must pass a fiscal background check and a criminal background check. He stated that without the machines, there will be a significant decrease in revenue and the manufacturers of the machines take care of all the maintenance and upkeep of the machines, the Lottery Commission has no outward expenses.

MOTION: **Rep. Nye** made a motion to **HOLD H 28** in committee.

ROLL CALL VOTE: A roll call vote was requested. **Motion failed by a vote of 6 AYE and 9 NAY.** **Voting in favor** of the motion: **Reps. Barbieri, Holtzclaw, Giddings, Manwaring, Nye and Jordan.** **Voting in opposition** to the motion: **Chairman Loertscher, Reps. Monks, Luker, Crane, Palmer, Harris, Scott, Armstrong and Zito.**

MOTION: **Rep. Scott** made a motion to send **H 28** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. Manwaring** made a substitute motion to send **H 28** to the floor with no recommendation.

MOTION WITHDRAWN: **Rep. Scott** withdrew her motion to send **H 28** to the floor with a **DO PASS** recommendation.

VOTE ON SUBSTITUTE MOTION: **Chairman Loertscher** called for a vote on the substitute motion to send **H 28** to the floor with no recommendation.

ROLL CALL VOTE: A roll call vote was requested. **Motion carried by a vote of 10 AYE and 5 NAY.** **Voting in favor** of the motion: **Chairman Loertscher, Reps. Monks, Luker, Crane, Palmer, Harris, Scott, Armstrong, Manwaring and Zito.** **Voting in opposition** to the motion: **Reps. Barbieri, Holtzclaw, Giddings, Nye and Jordan.** **Rep. Harris** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:19 a.m.

Representative Loertscher
Chair

Kasey Winder
Secretary