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TESTIMONY  
BEFORE THE COMMITTEE ON RESOURCES  
UNITED STATES HOUSE OF REPRESENTATIVES

HEARING ON A DISCUSSION DRAFT BILL REGARDING THE EFFECTS OF INDIAN GAMBLING CASINOS IN  
NORTHERN CALIFORNIA

JUNE 6TH, 2005

Good morning Chairman Pombo. My name is Loni Hancock, I represent the 14th Assembly District in the California State Legislature. The district includes most of the East San Francisco Bay Area including the cities of Oakland, Richmond and San Pablo.

Thank you for your leadership in the House on this controversial issue. It is also encouraging to see leadership in the Senate by Senator John McCain and Senator Dianne Feinstein who has introduced legislation directly related to the Lytton Band of Pomo Indians and Casino San Pablo.

Today's hearing on "off reservation" casinos and your draft legislation is continuing the discussion on the increasing controversy surrounding tribal gambling casinos and the role of the federal, state, tribal and local governments. The expansion of tribal gambling casinos into urban areas-especially Casino San Pablo-has become one of the most controversial issues in my district and in the state.

Let us look a briefly at the single most important event to the authorization and ultimately the expansion of Indian gambling casinos into urban areas.

In 2000, the voters of California passed a statewide initiative-- Proposition 1A. Proposition 1A amended the State Constitution to provide economic development for tribes by authorizing gambling casinos on traditional ancestral tribal lands. These lands were traditionally in remote rural areas. So as a matter of public policy the California voters made a limited and narrow exception to the state constitution's prohibition of "Las Vegas" style gambling. This was the intent of Proposition 1A.

Since Proposition 1A's passage we have seen a handful of tribes, with ambiguous ancestral ties to land, making claims to that land for the sole purpose of opening a casino. In the San Francisco Bay Area alone we face the proposed development of up 4 casinos within a 15 mile radius by tribes who have scant, if any, ancestral connection to those lands. In the case of the Lytton Band of Pomo Indians at Casino San Pablo, the casino's location is 50 miles from Sonoma County - the traditional ancestral territory of their tribe. In another case, the Lower Lake Rancheria Koi Nation tribe is proposing to build a casino adjacent to the Oakland International Airport. This casino proposal located in Oakland is nearly 150 miles from the tribe's traditional lands in Lake County. Clearly, these casino proposals into the states largest urban areas are in violation of the will of the voters and the intent of Prop 1A.

Your legislation, Congressman Pombo, emphasizes the importance of local community support for proposed gambling casinos and I would like to talk briefly about the local community response to the expansion of Casino San Pablo from a cardroom to a full fledged Class 3 gambling casino.

I personally sent out a survey to every household with a registered voter in my Assembly District, which contains 156,000 voters. The returned surveys showed overwhelming opposition to the proposed casino. The survey results indicated that 91% of my district opposes the development of a casino at Casino San Pablo. Even within the City of San Pablo-where the casino would be located- and where the city has been promised jobs and money, 64% of the returned surveys opposed the casino. Also, polls conducted by KPIX our local TV station that showed that 57% of the respondents oppose the casino.

In addition, the Contra Costa County Board of Supervisors has passed a bipartisan resolution against Casino San Pablo and opposing all urban gambling and urban casinos. The Alameda County Board of Supervisors unanimously passed a resolution against Koi Nation urban casino proposal.

Cities in the communities surrounding gambling casinos which will experience the negative impacts of increased traffic, crime, blight and gambling addiction have taken positions against proposed urban casinos. I have also received thousands of letters, emails and surveys that say that Casino San Pablo is a bad economic development strategy for our community and

for our State.

Recently the proponents of Casino San Pablo have said that they no longer intend to build a “Las Vegas” style casino, and that the casino now will not feature slot machines. The proponents have stated that they will operate only Class II gambling with electronic bingo machines.

Electronic bingo machines are still slot machines. Push a button or pull the handle, watch the reels spin, and see what you won. There are flashing lights and sounds to stimulate the senses. Each pull costs money. Each pull is a gamble. For the player it is a slot machine experience with the same detrimental social and economic impacts as Class 3 slot machine gambling.

These negative and detrimental impacts will include the same increases in traffic, crime, blight, unemployment, gambling addiction and adverse impacts on small business.

The issue is not Class II gambling or Class III gambling, or electronic bingo machines or slot machines... the issue is location. The location of urban casinos has substantial negative impacts on the local economy.

Economics of urban gambling can be made clear with the distinction between “destination gambling” and “convenience gambling”? If a casino is a singular and major source of tourism and patrons travel to that casino to gamble and leave their money behind, that is destination gambling. Las Vegas is good example. People travel, stay, shop, go to entertainment venues at casinos in Las Vegas and go home, leaving their money in Las Vegas.

Casino San Pablo is quite a different story. Casino San Pablo due to its location in a already built out urban area will be an example of “convenience gambling” this kind of casino will not bring in revenue from outside of the Bay Area. The money spent at the casino will largely be from the people who live in work near the casino. In fact a recent study conducted by William Thompson at the University of Las Vegas Nevada concluded exactly that 85% of the money made by the Casino San Pablo would be from people in the Bay Area.

If that is the case, the discretionary money that would have otherwise been spent at local retail stores, local restaurants, small merchants and local businesses will instead be spent at the casino. This gives the appearance of “economic development” but negatively impacts the local economy as experienced by local families and businesses. In fact the previously mentioned study shows that the direct economic losses experienced by the Bay Area from a class 3 gambling casino in San Pablo will be \$138 million a year. Simply put Casino San Pablo and the other casinos proposed in urban areas are a bad bet.

To conclude, California is experiencing a proliferation of proposals for Indian gambling casinos that have little to do with self sufficiency on tribal lands. These “off reservation” casinos are, in reality, being aggressively supported and financed by out-of state casino developers and their lobbyists who clearly hope to build casinos in every urban area of the State. These Las Vegas style casinos were never intended by the voters of the State of California. The entrance of tribal casinos on non-ancestral land in densely built urban areas, such as San Pablo, would set a precedent for authorizing off reservation gambling casinos throughout California and every state where tribal gambling is permitted.

Thank you again, Mr. Chairman, for holding this hearing. I look forward to seeing legislation to prevent the entrance of gambling casinos into California’s urban areas.