

# LOBBY WATCH



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The Inside Track:

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## Pro-Slots Lobby Takes Early Lead In Governor's Dog and Pony Show

- Scarcely Out of the Gates, Up to \$3.1 Million Already Has Been Bet.

Just out of the gates in the Governor's Cup race to bring educational slot-machines to Texas, the pro-slots lobby commands an early lead—outspending opponents 3 to 1. Nonetheless, the governor seeded the pro-slots lobby on the inside track and lobbyists need not disclose contracts signed in April until May 10<sup>th</sup>.

With much likely to change between here and the finish line, the only certainty is that the \$3.1 million jackpot already spent on the slots lobby will keep growing as long as the issue is in play. At this early stage, pro-slots interests have reported 47 Texas lobby contracts worth up to \$2.3 million compared with anti-slots expenditures of \$825,000 on 15 lobby contracts.

### Pro-Slots Lobby Takes Early Lead

Slots-Related Contracts	No. of Contracts	Max. Value of Contracts	Min. Value of Contracts
Pro-Slots	47	\$2,325,000	\$1,225,000
Anti-Slots	15	\$825,000	\$380,000
	62	\$3,150,000	\$1,605,000

Shows Texas contracts registered by April 23, 2004.

### Perry's pro-slots lobby

Texas' top racing group is the Texas Racing Agri-Industry Council (TRAC). It represents racetracks, as well as racehorse groups such as the Texas Horsemen's Partnership, with which it shares office space. The first lobbyist to land a TRAC contract was ex-Secretary of State Elton Bomer, who reported a huge contract of more than \$200,000 in 2002.

In September 2002, Rep. Beverly Woolley and fundraiser Susan Lilly went to Houston to raise money for Texans for a Republican Majority (TRM) PAC.

Their itinerary, obtained by the *Houston Chronicle* and *Texas Observer*, lists their last solicitation as Charles Hurwitz of Maxxam Corp.—Texas' top racetrack owner.<sup>1</sup> Notes that the fundraisers jotted next to Hurwitz's name say, "Horsereading, #1" and "Retained Elton Bomer—Talked to [Mike] Toomey." Maxxam then contributed \$5,000 to TRM PAC, which helped the GOP takeover the Texas House in November. After the election, Governor Perry named lobbyist Mike Toomey as his chief of staff.

With Toomey's appointment, the pro-slots lobby quickly moved to the inside track. Talks of massive budget shortfalls just before the 2003 legislative session prompted calls to install video-lottery-terminal (VLT) slot machines at race tracks. TRAC renewed Bomer's hefty contract in 2003 and paid up to \$50,000 more to former Perry Press Secretary Ray Sullivan. The Texas racing industry then had a February 2004 reception for Governor Perry, who regaled his hosts with talk of a probable special school-finance session in April. The Texas Horsemen's Partnership (THP) reported that the governor said a possible funding route was a constitutional amendment to introduce VLTs to Texas racetracks. THP added that Perry's "encouraging remarks were well received."

The THP board voted in March 2003 to renew Bomer's TRAC contract for up to \$250,000. Minutes of the meeting say track owners would put up 60 percent of this amount, with 40 percent coming from racehorse groups such as the THP. When the governor convened a special session in April, he proposed granting a state VLT slot-machine monopoly to Indian tribes and racetracks.

## Known Gambling Interests With April 23, 2004 Texas Lobby Contracts

Gambling Interests In Texas' Lobby, 4/23/04	Max. Value of Contracts	Min. Value of Contracts	No. of Contracts	Location	Presumed Position
Ysleta Del Sur Pueblo Tribal Council	\$550,000	\$350,000	4	El Paso, TX	For
Multimedia Games Inc.	\$500,000	\$250,000	5	Austin, TX	For
Boyd Gaming Corp.	\$300,000	\$150,000	3	Las Vegas, NV	Against
Texas Racing Agri-Industry Council	† \$250,000	\$200,000	1	Austin, TX	For
Kickapoo Traditional Tribe of TX	\$200,000	\$100,000	2	Eagle Pass, TX	Against
*Oberthur Gaming Technologies, Inc.	\$200,000	\$100,000	3	San Antonio, TX	Neutral
TX Thoroughbred Assn.	\$170,000	\$50,000	8	Austin, TX	For
GTECH Corp.	\$150,000	\$100,000	1	Greenwich, CT	For
Sierra Design Group	\$150,000	\$100,000	1	Reno, NV	For
†Trend Gaming Systems	\$150,000	\$100,000	1	Austin, TX	Neutral
Sam Houston Race Park, Ltd	\$120,000	\$50,000	3	Houston, TX	For
Alabama-Coushatta Tribe of TX	\$105,000	\$10,000	9	Livingston, TX	For
Gulf Greyhound Partners, Inc	\$100,000	\$50,000	2	LA Marque, TX	For
‡MTD Radio	\$100,000	\$50,000	1	Ruidoso, NM	Against
TX Catholic Conference	\$100,000	\$50,000	1	Austin, TX	Against
†GameTech International, Inc.	\$75,000	\$35,000	2	Reno, NV	Neutral
†Satellite Bingo Network, Inc.	\$75,000	\$35,000	2	Kent, WA	Neutral
TX Greyhound Association	\$60,000	\$0	6	Lorena, TX	For
†Bingo Interest Group	\$50,000	\$25,000	1	Fort Worth, TX	Neutral
Harrah's Entertainment, Inc	\$50,000	\$20,000	2	Las Vegas, NV	Against
Retama Entertainment Group, Inc	\$50,000	\$20,000	2	San Antonio, TX	For
Saddle Brook Park	\$50,000	\$25,000	1	Amarillo, TX	For
TX Baptist Christian Life Com.	\$40,000	\$0	4	Dallas, TX	Against
*Scientific Games International, Inc.	\$25,000	\$10,000	1	Alpharetta, GA	Neutral
Spielo Manufacturing (now GTECH)	\$25,000	\$10,000	1	Canada	For
TX Impact	\$25,000	\$10,000	1	Austin, TX	Against
TX Quarter Horse Assn.	\$25,000	\$10,000	1	Austin, TX	For
Corpus Christi Dog Track	\$10,000	\$0	1	Corpus, TX	For
Texans Against Gambling	\$10,000	\$0	1	Dallas, TX	Against
TX Horsemen's Partnership	\$10,000	\$0	1	Austin, TX	For
<b>TOTALS:</b>	<b>\$3,725,000</b>	<b>\$1,910,000</b>	<b>72</b>		

\* Lottery company not known to have an interest in slots.

† Bingo company not known to have an interest in slots.

‡ Uses same P.O. Box as New Mexico's Ruidoso Downs Racetrack.

† This contract was reported as "greater than \$200,000;" this article explains source of \$250,000 maximum.

Three Texas-based tribes already have reported 15 lobby contracts worth up to \$855,000, led by the Tigua's Ysleta Del Sur Pueblo. But the Kickapoo, with two contracts worth up to \$200,000, oppose slots because installing them at the Retama track would siphon business from their casino.

Texas currently has three operating dog tracks, five operating horse tracks and has licensed two more

horse tracks to open in the future. Apart from the TRAC trade group, three operative horse tracks (Sam Houston, Retama and Saddle Brook) and two operative dog tracks (Gulf Greyhound and Corpus Christi Dog Track) have reported nine lobby contracts worth up to \$330,000. Four groups of owners and breeders of equine or canine race animals reported another 16 lobby contracts worth up to \$265,000.

### Top Known Lobbyists For Pro-Slots Clients

Lobbyist	Max. Value	Min. Value	Pro-Slots Contracts
Elton Bomer	\$250,000	\$200,000	1
Debbie Fickessen	\$250,000	\$150,000	2
Ron E. Lewis	\$250,000	\$150,000	2
Nora Del Bosque	\$200,000	\$100,000	2
J.E. Buster Brown	\$150,000	\$100,000	1
Joe A. Garcia	\$150,000	\$100,000	1
John C. Johnson	\$150,000	\$100,000	1
Mario A. Martinez	\$110,000	\$50,000	2
William G. Phenix	\$100,000	\$50,000	1
Dan Shelley	\$100,000	\$50,000	1
Robert D. Spellings	\$100,000	\$50,000	1
Gordon R. Johnson	\$75,000	\$35,000	2
Robert E. Johnson	\$75,000	\$35,000	2
Wade Long	\$50,000	\$25,000	1
Russell T. Kelley	\$25,000	\$10,000	1
Gibson D. Lewis	\$25,000	\$10,000	1
Arthur C. Reyna, Jr.	\$25,000	\$10,000	1
Eugene Palmer	\$20,000	\$0	2

Finally, four slots manufacturers—Multimedia Games, Sierra Design, GTECH and Spielo—have reported eight contracts worth up to \$825,000.<sup>2</sup> Texas Lottery contractor GTECH also owns 8 percent of San Antonio’s Retama Park track.

### The Anti-Slots Lobby

Two distinct interests fuel the anti-slots lobby. The Kickapoo and gambling interests in neighboring states oppose competition from Texas slots, while quite different interests oppose gambling in Texas on religious or moral grounds.

Three out-of-state gambling interests have reported six lobby contracts worth up to \$450,000. These include two Las Vegas-based gambling companies: Boyd Gaming Corp. and Harrah’s Entertainment. The third out-of-state gambling contract may use more stealth. The *Dallas Morning News* recently reported that Texas lobbyist Neal “Buddy” Jones is hustling for New Mexico racetrack and casino owner R.D. Hubbard. Yet Jones has not reported contracts for Hubbard or Hubbard’s Zia Park Partners. Instead, Jones reported a

contract for up to \$100,000 with MTD Radio, which uses the address of Hubbard’s Ruidoso racetrack.<sup>3</sup>

Hubbard is the kind of gambling tycoon that a careful lobbyist might not want to advertise to the religious community that also opposes Texas slots. Two years after he became an elite Bush fundraiser, Hubbard’s Pinnacle Entertainment chartered a 2002 jet that brought in out-of-state hookers to entertain guests at its Indiana casino. That state’s gambling regulators fined Pinnacle \$2.3 million and fined Hubbard another \$750,000 for the incident.

Resigning from Pinnacle, Hubbard returned to New Mexico, where he long owned Ruidoso Downs. In 2002 the New Mexico Gaming Control Board overruled its own staff, which urged the board not to renew Hubbard’s casino license for illegally failing to disclose his troubles in Indiana. In 2003, the New Mexico Racing Commission picked Hubbard over three competitors to open a new racetrack and casino in Hobbs, New Mexico—just over the Texas border.

Seven lobbyists have reported contracts worth up to \$175,000 for interests opposing Texas slots on moral or religious grounds. They are the Catholic Conference, the Baptist Christian Life Commission, Texas Impact and Texans Against Gambling.

### All Known Lobbyists For Anti-Slots Clients

Lobbyist	Max. Value	Min. Value	Anti-Slots Contracts
Richard Patrick Daly	\$100,000	\$50,000	1
Robert A. Floyd	\$100,000	\$50,000	1
Kent R. Hance	\$100,000	\$50,000	1
Neal ‘Buddy’ Jones	\$100,000	\$50,000	1
Andrea McWilliams	\$100,000	\$50,000	1
Dean McWilliams	\$100,000	\$50,000	1
Jay B. Stewart	\$100,000	\$50,000	1
Weston W. Ware	\$30,000	\$0	3
Bee Moorhead	\$25,000	\$10,000	1
Randy Schlueter	\$25,000	\$10,000	1
Stan Schlueter	\$25,000	\$10,000	1
Phil Strickland	\$20,000	\$0	2

<sup>1</sup> Maxxam owns two race tracks (Sam Houston and Valley Race Park) and has applied to open a third.

<sup>2</sup> GTECH reached an agreement to acquire VLT maker Spielo Manufacturing in late 2003.

<sup>3</sup> Jones also lobbies for the Dallas and Arlington school districts; such schools are the rationale for Texas slots.