

An Exploratory Framework to Evaluate Casino Gaming Legislation: A Preliminary Assessment

By

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Abstract

The purpose of this applied research project has three parts. The first purpose is to create a framework to explore gaming legislation. The second purpose of the research is to assess the validity of the framework. Lastly, the third purpose is to provide recommendations to improve future gaming legislation.

When states legalize casino gaming, there are several implications that should be addressed in order to ensure that casinos do not harm the economic and social well-being of a community. Legislative mandates and provisions establish regulatory policies that influence the way casinos interact with a community. The presence and quality of current legislative mandates provide a basis to begin an exploratory study.

The exploratory framework created in this study is based on four legislative criteria: economic development, social capital, statutory authority, and agency design and evaluation. Each legislative standard was derived from a literature review and is comprised of three to four components, all of which will be used to evaluate the legislation and the quality of its mandates. Each legislative standard was assessed using document and archival record analysis. Texas House Bill 1724 (81R) and its associated documents were used to test the soundness of the framework.

The exploration found that many of the legislative standards in Texas House Bill 1724 (81R) were addressed to some degree. Of the four legislative standards, economic development was the least supported. Economic development is essential to the drafting of gaming legislation as it is one of the main justifications for introducing casino into a host community.

Formal Statement of Research Purpose: The purpose of this research is to develop a framework to explore casino gaming legislation. This framework is a model used to assess gaming legislation based on four standards (economic development, social capital, statutory authority, and administrative design and evaluation). Second, Texas House Bill 1724 (81R), which concerns casino legalization, is used to illustrate the soundness of the framework. Third, recommendations to refine gaming legislation and the framework are developed.

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Chapter One: Introduction

Chapter Purpose

The purpose of this chapter is to introduce the research topic. The chapter begins by establishing the importance of regulating legalized gambling. Next, the chapter illustrates the reasoning for regulating gambling through legislation. Finally, the research purpose is discussed followed by a summary of the following chapters.

The Importance of Regulating Gambling

The number of states with legalized gambling increased after 1989 (Calcagno et al. 2010, 69). Two factors contributed to this expansion: increased public acceptance and government's need for additional non-tax revenue. Public acceptance and perception of gambling has changed. At one time, the public associated gambling with organized crime and immorality (Mirkovich and Cowgill 1997, 1; Binde 2005, 446). Now, gambling is a multibillion-dollar entertainment industry and the fastest growing form of tourism in the United States (Mirkovich and Cowgill 1997, 1; McMullan and Miller 2009, 276-277). According to Calcagno et al. (2010, 72), there are four economic rationales for legalizing casino gambling. The revenue rationale is based on using casinos to increase tax revenue through alternative means. Second, the political rationale is based on preferring a gambling tax to other types of taxes (e.g., income, sales, property) or decreased government spending. Next, the competitive rationale compels states to legalize casinos to compete with nearby states for tax revenues. The fourth rationale is economic development for community growth and revitalization (Calcagno et al. 2010, 72).

State governments have the right to legalize and regulate gambling. The Indian Gaming Regulatory Act of 1998 created the only exception to this. This act allows all sovereign, Native American tribes to engage in casino operations under state regulation (Calcagno et al. 2010, 70). The legalization and regulation of gambling includes a wide range of legislative and administrative issues (Pavalko 2004, 333). These points of contention include how state governments legalize gambling and what forms of gambling to legalize (Pavalko 2004, 333). The biggest issue faced by state governments is setting legislative mandates for local jurisdictions to regulate varying forms of gambling and casino operations (Pavalko 2004, 333). There are four generalized forms of gambling: lotteries, pari-mutual racing, commercial casino gambling, and Native American operated casino gambling. Table 1.1 provides a list of all states with one or more forms of legalized gambling.

There are several negative effects of gambling that should be considered before legalization occurs (Mirkovich and Cowgill 1997, 17-18). A comprehensive list of those concerns consists of:

- “concerns about ethics and morality of gambling activities and particularly their support and endorsement by governments”
- “concerns about the increased crime rates and prostitution in areas which approve casinos”
- “concerns about the increased rates of...drug abuse in areas which approve casinos”
- “concerns about dramatically growing rates of [pathological] gambling due to increases in opportunities and the negative effects this addiction has on individuals, their families, their employers, and communities”
- “concerns about the equity or regressive nature of casino gambling taxes...”
- “concerns about the increased crowding, traffic congestion, and noise and air pollutions casino development causes and the possible long term environmental effects on specific locations”
- “concerns about increases in public assistance because casino locations may attract people who either cannot find work or do not remain consistently employed due to the vagaries and seasonal nature of much casino tourism” (Mirkovich and Cowgill 1997, 18);

- “concerns about radical changes in community identities which force residents to leave”
- “concerns about the destruction of small, local businesses either displaced by casinos or unable to compete with services such as restaurants, which they provide”
- “concerns about emphasizing seemingly effortless financial gains in a society founded on the work ethic”

The above concerns provide rationales for creating regulatory parameters. The parties directly involved with the implementation and regulatory priorities of legalized gambling often dictate the concerns regarding the effects of gambling on society and host communities.

As government continues to seek financial gain and economic advantage from casinos in their state, varying stakeholder points of view result in conflict (Mirkovich and Cowgill 1997, 6). The viewpoints encompass the regulatory priorities of government, the social concerns from the public and anti-gambling interest groups, and the casino owner or developer who looks to expand its market and profit gain. The government approves any form of legalized gambling. Therefore, government has the most influence in determining the success of a gambling implementation (Mirkovich and Cowgill 1997, 9). The regulatory processes and programs that governments create try to mitigate the negative social and economic effects of gambling as well as maintain a supplemental source of revenue (Pavalko 2004, 336). Government regulation and citizen acceptance of gambling in one area legitimizes government support for pursuing casino legalization in another (Mirkovich and Cowgill 1997, 6). Together, hypothetical concerns and political influence play a part in the construction of gaming legislation.

TABLE 1.1- States with one or more forms of Legalized Gambling

States with Legalized Gambling				
State	# of Commercial Casinos	# of Tribal Casinos	State Lottery	# of Pari-Mutual Racing Facilities
Alabama		3	No	4
Alaska		3	No	
Arizona		25	Yes	14
Arkansas			No	2
California		68	Yes	13
Colorado	40	2	Yes	3
Connecticut		2	Yes	1
Delaware	3		Yes	3
Florida	4	8	Yes	20
Georgia			Yes	
Hawaii			No	
Idaho		7	Yes	8
Illinois	9		Yes	8
Indiana	13		Yes	2
Iowa	17	1	Yes	3
Kansas	1	6	Yes	2
Kentucky			Yes	7
Louisiana	18	3	Yes	4
Maine	1		Yes	12
Maryland			Yes	5
Massachusetts			Yes	2
Michigan	3	20	Yes	5
Minnesota		38	Yes	2
Mississippi	30	2	No	
Missouri	12	2	Yes	
Montana		16	Yes	4
Nebraska		6	Yes	6
Nevada	260	3	No	2
New Hampshire			Yes	4
New Jersey	11		Yes	4
New Mexico	5	22	Yes	5
New York	8	8	Yes	11
North Carolina		2	No	

State	Commercial Casino	Tribal Casino	State Lottery	Pari-Mutual Racing
North Dakota		12	Yes	
Oklahoma	2	106	No	4
Oregon		9	Yes	6
Pennsylvania	3		Yes	6
Rhode Island	2		Yes	1
South Carolina			Yes	
South Dakota	35	11	Yes	2
Tennessee			Yes	
Texas		1	Yes	7
Utah			No	
Vermont			Yes	
Virginia			Yes	1
Washington		33	Yes	5
West Virginia	4		Yes	4
Wisconsin		33	Yes	
Wyoming		4	No	1
TOTAL	481	456	50	193
No. Of States	21	29	41	38
SOURCE: American Gaming Association, 2010; US Casino City, 2011; US-Lotteries, 2010; Fraud Aid, 2010				

According to Mirkovich and Cowgill (1997, 14), “casino gaming is one of the most heavily regulated industries in the United States.” All regulatory practices are of special interest to public administrators who can study the effects of legalized gambling on the public. Their goal is to find whether the ends justify the means.

Legislation: The “Blueprint” of Legalization

Legislation sets the groundwork for legalizing casino gaming. The drafting of legislation plays a large role in “determining the administrative, economic, and social effects of casino

gaming on states and, in particular, on local communities” (Harrah’s Entertainment, Inc. 1999, 1). Enabling legislation should be derived in such a way as to influence how all parties involved perceive the positive and negative effects of gambling (Harrah’s Entertainment, Inc. 1999, 1).

Currently, there is no set methodology or formula to determine the “correct” way to legalize casino gaming (Harrah’s Entertainment, Inc. 1999, 4; Pavalko 2004, 333-334). Legislators find it difficult to design legislation that will create regulated, appropriately sized, and economically beneficial casino legalization (Harrah’s Entertainment, Inc. 1999, 4; Richard 2010, 298). However, it is possible to create a meaningful framework to compare legislation with factors derived from scholarly literature in order to maximize positive results and preempt negative externalities.

One of the main functions of government is to “manage risks to citizens and foster stability in uncertain circumstances” (Leuenberger and Bartle 2009, 32). It is always uncertain how casino developments will affect local jurisdictions (Mirkovich and Cowgill 1997, 17-18). Through legislation, government can provide ways to maintain order and reduce uncertainty. The legislation can outline regulatory functions, organization, the coordination of services, rule-making, and oversight (Leuenberger and Bartle 2009, 32). Rule making is especially important to the legislation because it requires that all functions of the regulating body follow legislative intent (Leuenberger and Bartle 2009, 36-37). In chapter two, an in-depth discussion takes place on how legislation creates administrative processes and the need for evaluating government action.

Research Purpose

This applied research project¹ establishes a framework to evaluate casino gaming legislation. As discussed, there is no strong regulatory framework to help guide legislators in formulating well-versed gaming legislation. A literature review will develop criteria and legislative requirements that will help explore and evaluate gaming legislation based on four legislative standards: economic development, social capital, statutory authority, and agency design and evaluation.

In 2009, House Bill 1724 (81R) was introduced to the Texas Legislature that would legalize casino gambling. Although it never made it to a formal vote for enactment, this bill is a contemporary form of casino legalization and is used to illustrate the usefulness of the framework. Once the exploration and evaluation have taken place, recommendations will be offered to refine the legislation and the framework. Recommendations made will help legislators and public administrators improve legislative intents and administrative processes.

In essence, this study relies on casino gambling and related academic literature to develop criteria for policymakers to use when they formulate/devise/design legislation in favor of legalizing casino gambling. This research also depends on secondary literature to develop a detailed set of criteria based on the experiences of other jurisdictions. Then, it organizes these

¹ For more information on the Applied Research Project process at Texas State University see:

Shields, P. and H. Tajalli 2006. Intermediate theory: The missing link in successful student scholarship" *Journal of Public Affairs Education* 12 (3): 313-334.

<http://ecommons.txstate.edu/polsfacp/39/>

-and-

To access and download Applied Research Projects visit:

<http://ecommons.txstate.edu/arp/>

criteria into a conceptual framework. Careful analysis of recently proposed Texas legislation helps to evaluate whether the framework would be useful in devising legislation that secures/obtains the benefits of casino gambling while avoiding negative social and economic consequences.

Formal Statement of Research Purpose: The purpose of this research is to develop a framework to explore casino gaming legislation. This framework is a model used to assess gaming legislation based on four standards (economic development, social capital, statutory authority, and administrative design and evaluation). Second, Texas House Bill 1724 (81R), which concerns casino legalization, is used to illustrate the soundness of the framework. Third, recommendations to refine gaming legislation and the framework are developed.

Summary of Chapters

Chapter two introduces the reader to the administrative process and the theoretical background needed to conduct the exploration. Chapter three provides a history of gaming legalization in the United States and in Texas. Chapter four presents a literature review that derives four legislative standards and develops a framework to evaluate the legislation, using working hypotheses. Chapter five discusses the methodology and the operationalization of the working hypotheses. Chapter six provides and explains the results from the evaluation. Finally, chapter seven discusses the results, provides recommendations to refine the legislation, examines the framework, and recommends areas for future research. The project's bibliography and appendix are provided at the end.

Chapter Two: Evaluating Legislation— The Forefront of Public Administration

Chapter Purpose

The purpose of this chapter is to introduce the reader to the public administration aspect of this project. Casino legalization can lead to unique and fascinating governmental action. These actions occur during the initial drafting of the legislation and continue through regulatory agencies that put the law into action. This chapter begins with an overview of legislation and the administrative process. Second, public administration's role in implementing legislation is explored. Finally, a discussion of evaluating of legislation will provide a basis to begin exploring gaming legislation in the following chapters.

Legislation: The Link to Public Administration

One of the most interesting facets of public administration is the study of the administrative process. The founding of American public administrations occurred during waves of extensive policy movements (e.g., industrialization, labor movements, the Great Depression) (Shields 2008, 207). The U.S. Constitution provides little to no grounds for implementing or carrying out an administrative service (Shields 2008, 208). Thus, prior to the 1880s, legislative intent and primitive government institutions served as grounds for administering government services (Shields 2008, 208). Progressive reforms during the late 1800s and early 1900s were forerunners to the modern administrative state. Progressive reforms included child labor law, health and safety regulation, and municipal level services

(Shields 2008, 208). President Roosevelt's² New Deal reforms (1933-1936) began a long strand of administrative practices that are still in effect today (Rainey 1983, 211).

There are many schools of thought on how to study and improve administrative processes. The emergence of pragmatism³, as a way to empirically investigate and solve problems in administrative processes, is a growing attribute to public administration research methodology. Pragmatism is a process of inquiry that utilizes doubt and uncertainty to solve a problematic solution (Shields 2008, 206). For research purposes, "doubt and the problematic solution are recognized through the process of inquiry, which involves critical reasoning, empirical investigation, and action that are assessed in the light of practical consequences (experimental or scientific logic)" (Shields 2008, 206).

Pragmatism and its practitioners (John Dewey, Jane Addams, and Charles Sanders Peirce, etc.) have all contributed innovative insights to policy formulation and the administrative process (Shields 2008, 205). One individual stands out amongst the rest when studying the role of legislation, and/or law, in determining how administrative processes will work. Oliver Wendell Holmes, Jr. (1841-1935) served as a Supreme Court Justice from 1903 to

² President Franklin D. Roosevelt, 32nd U.S. President, 1933-1945

³ For more information on pragmatism, see:

Shields, Patricia M. 2008. Rediscovering the taproot: Is classical pragmatism the route to renew public administration? *Public Administration Review* 68 (2): 205-221.

-And-

Shields, Patricia M. "Pragmatism as a Philosophy of Science." *Research in Public Administration* 1998: 195-225. <http://ecommons.txstate.edu/polsfacp/33/>

1933 and used pragmatism to understand “how experience and uncertainty shape legal decisions and create a law that evolves” (Shields 2008, 206).

Holmes’ school of thought, in a sense, provides a logical justification for evaluating legislation and improving the administrative process. Holmes believed that, when assessing the intent of a law, a distinction must be made between what the law is and what the law should be (Shields 2008, 210). Public administration exists within that void as administrators interpret and practice discretion in implementing those laws (Shields 2008, 210). According to Shields (2008, 210), “public administration translates legislative mandates and interprets the rules...public administrators influence policy through administrative discretion.” Therefore, public administration is the link between legislation and putting it into action. Holmes did not evaluate legislation in terms of how it was created or enacted; he did, however, provide a rationale in which the law could be interpreted and understood. This project utilizes logic akin to Holmes’ pragmatic view in that evaluating legislation based on practicing law and real-world experience can provide a basis for what law should be. Using this pragmatic approach, legislators can break away from today’s all too apparent *ad hoc* policy-making process.

Legislation can be drafted to implement an efficient administrative process. If the intent of legislation is to regulate a new establishment or public activity, then the legislation must address the effects that activity can have on the public. According to Christensen and Laegreid (2007, 503), government “regulation can be understood as a specific type of public activity with its normative foundations in law and legislative procedures.” Administrative bodies and civil servants implement government regulations and have authority over all those who are subject to government policies (Christensen and Laegreid 2007, 503). When designing regulatory

policies, legislative intent must provide uniform mandates that can be useful in deterring inefficiencies that could occur during a regulatory or administrative process (Scholz and Wei 1986, 1262). Legislative intent must be clear in establishing policy demands and specific regulatory task conditions (Scholz and Wei 1986, 1265).

The administrative process occurs within a regulatory agency. Legislation can create an agency or program to oversee its regulatory purpose. Regulatory policy, which provides a strong supervisory body and more autonomy, can clarify the regulatory role of the agency and improve legislative and agency coordination (Christensen and Laegreid 2007, 499). Legislative intent influences the characteristics and administrative practices of a public agency (Rainey 1983, 208). According to Rainey (1983, 208), “legislative bodies, other units in the executive branch, and courts impose standards and procedures on public organizations, and require that they report compliance and justify many of their actions.” The next section of this chapter explores regulatory agencies and how legislation is implemented.

Implementing Legislation through Public Administration

All legislation that involves casino gaming provides regulations. It is common practice for government to regulate casino operations and the effects of gambling on the public. As discussed in chapter one, there is no established framework to evaluate gaming legislation. Without a framework to evaluate the legislation, there is no way of addressing the implications that new gambling activity or establishment/s can have on the public. Regulatory commissions then struggle, within the boundaries of law, to mitigate any detrimental effects the new establishment/s or activity can have. The regulatory agency or commission created by legislation is crucial to the success of the new law.

Regulatory agencies are public organizations whose status is defined by law. They are operated and funded by the government, whereas private sector agencies operate in the market and seek profits. A more detailed comparison of public and private sector agencies can be found in Table 2.1. Regulatory agencies have two purposes: securing values and assets that are sociably desirable and protecting law-abiding people from dishonest conduct by others (Christensen and Laegreid 2007, 503). Any new agencies created by the legislation join the ranks of the many other public sector organizations. From the purpose of the organization to the funding, public sector organizations are quite different from private corporations. Regulatory agencies are unique to public administration because they interact closely with institutions that are accountable to the legislation's intent. These interactions can cause inefficiencies within both the private and public sectors (Martimort 1999, 931). First, regulatory agencies can have a large economic effect. According to Christensen and Haveman (1981, 320), "public regulations are interventions in the market process." Many public regulatory agencies have been known to reduce productivity for private corporations and cause poor economic performance (Christensen and Haveman 1981, 320). Strict government regulations, especially in the sense of controlling the effects of casino gambling, are often implemented in the belief that they can contribute to the economic welfare of an area; however, there has been little proof that it contributes to positive economic growth (Christensen and Haveman 1981, 325).

One way to insure positive regulatory involvement in the economic arena is through legislation. Legislation can provide the blueprint for regulatory policies to be economically friendly and still protect those who can be negatively affected by casino influence.

TABLE 2.1- The Roles of Public and Private Sector Organizations

Roles of Public and Private Sector Organizations		
Role	Public Agency	Private Corporation/Business
<u>Mission/Purpose</u>	To carryout legislative action; Influenced by political leadership and interest groups.	Driven by profit and consumer demand.
<u>Recipients of Service</u>	Recipients determined by legislative intent and/or law.	Those who are able to pay for product or service.
<u>Leadership</u>	Appointed management; bureaucrats.	Board of Directors; owner or chief executive officer (CEO).
<u>Influence of Politics</u>	The policy and practices of government agencies are heavily influenced by political leadership and interest groups.	Private corporations and businesses are subject to government regulation, licensing, taxation, privatization of public services, and procurement.
<u>Funding</u>	Taxation, fees, licensing, borrowing.	Consumer spending, stocks, government contracts.
Source: Leuenberger and Bartle (2009, 42-43); Rainey (1983, 210-211); Christensen and Laegreid (2007, 500-501); Martimort (1999, 931)		

Second, the creation of policies within regulatory agency can be very political (Christensen and Laegreid 2007, 500). This can lead to administrative problems if agency personnel are motivated by political gain (Christensen and Laegreid 2007, 500). As observed in

table 2.1, the management of a public sector organization is left to appointed government officials and/or bureaucrats. A bureaucracy is a body of non-elected government officials that participate in administrative policy making (Scholz and Wei 1986, 1249). Bureaucrats are given authority to implement administrative processes because of their technical expertise (Scholz and Wei 1986, 1249-1250). According to Rainey (1983, 208) interest groups can influence public agencies and these are widely acknowledged. Interest groups are more persistent and adept at dealing with bureaucratic politics than elected officials (Fernandez and Rainey 2006, 168). If interest groups want to influence implementation, they must act within the bureaucratic policy-making process. According to Scholz and Wei (1986, 1250), “the lack of electoral incentives and the staying power of bureaucratic participants give administrative agencies considerable resources to thwart demands from [legislators].”

Public agencies are also subject to administrative law. These laws govern administrative procedures of all organizations in their respective jurisdictions. Federal and state governments create administrative law to provide guidance to the bureaucracy. The influence of interest groups on the bureaucracy is ongoing and, thus, administrative law is stimulated by failing bureaucratic action. Some examples of administrative law include civil service system regulations on agency personnel procedures and the Federal Administrative Procedures Act of 1946 (Rainey 1983, 211). States also have their own means of governing agency activity. For the purposes of this project, the Texas’ Administrative Procedures Act provides minimum standards of uniform practice and procedure for all Texas state agencies. Legislative intent implies minimum standards of administrative procedures, but there are conditions not addressed when regulating certain public activity—especially casino gaming.

Minimum standards do not always account for administrative dilemmas that come with a regulatory parameter (Rainey 1983, 211-212; Fernandez and Rainey 2006, 170). Because casino gaming can influence a community's economy and the bureaucracy, it is necessary to establish policies beyond minimal administrative procedures to ensure that enabling legislation is well equipped to sustain its intent. This logic coincides with Holmes' pragmatic view of how the prescribed law interacts with the law that is to be implemented and/or enforced. Furthermore, evaluating legislation can bring to light the intent of legislation (what law is) and if it contains what is necessary for an effective implementation (what it ought to be). The next section of this chapter discusses evaluating legislation according to the interaction between a law's intent and how it ought to be implemented.

Evaluating Legislation: The Essential and Important Conditions⁴

This project's purpose is to create a framework to evaluate gaming legislation. There is a strong demand for creating a new and inventive way to examine legislation, how it is formulated, and how it will be implemented. Christensen and Laegreid (2007, 500-501) claim

⁴ For more insight to essential and important conditions see:

Duhon, Amy D., "Are Community Colleges Going the Distance? A Descriptive Analysis of Student Support Services for Alabama, Arkansas, Mississippi, and Tennessee Community Colleges" (2010). *Applied Research Projects, Texas State University-San Marcos*. Paper 343.
<http://ecommons.txstate.edu/arp/343>

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Alston, Allyson A., "Are Community Colleges Going the Distance? : An Assessment of Student Support Services for Texas Community and Technical Colleges" (2006). *Applied Research Projects, Texas State University-San Marcos*. Paper 103.
<http://ecommons.txstate.edu/arp/103>

that “there is a need for more detailed empirical scrutiny of how [regulatory policies] are formulated, how they are implemented, and what effects and implications they have.” Legislation that is not derived according to empirical foundations is subject to digression, fragmentation, and devolution within the administrative process (Christensen and Laegreid 2007, 501). Since casino gaming can have varying effects on a community, it is ideal for evaluating the parameters of legalization. Inspired by Holmes’ logic, a framework can be devised to guide the evaluation and illustrate the intent of legislation and its mandates.

The concepts of the necessary and sufficient conditions are widely accepted logic and provide a basis for formulating evaluative criteria (Swartz 1997, 1). The definition of a necessary condition is anything that is required for a condition to be met (Swartz 1997, 1). Therefore, the necessary condition is essential. For example, oxygen is necessary for human life; therefore, oxygen is essential to human life. This project will use the legislative mandates as essential conditions for evaluating legislative intent.

A sufficient condition is anything adequate enough for a particular requirement to be met; thus, an important condition must be met to fulfill a particular requirement (Swartz 1997, 1). For example, community, spirituality, family, and art are sufficient conditions for conceptualizing human life (Swartz 1997, 3-4). Therefore, human life must first be sustainable (and have oxygen to breathe) in order to have community, spirituality, family, and art. The important condition is quite different but important to ensuring that the legislation provides grounds for carrying out its regulatory goals. The important condition will be used to evaluate

the quality of the legislation’s regulatory parameters based on established criteria⁵. See Table 2.2 for an overview of the essential and important conditions.

Chapter five will provide a detailed explanation of how the created essential and important conditions will be operationalized. Due to the exploratory nature of this project, the evaluation is preliminary and subject to improvements. The unpredictable nature of casino gaming cannot provide actual specifics for legislative action. Nevertheless, a framework to evaluate gaming legislation can assist in determining what the law actually is and what it appears to be.

TABLE 2.2- Overview of the Essential and Important Conditions

The Essential and Important Conditions			
Condition	Definition	Formula	Example
Essential	Anything that is essential for a condition to be met.	Condition A is essential to meet condition B.	Oxygen is essential to human life.
Important	Anything important that allows for a particular condition to be adequately met.	Condition B is important to adequately meet Condition A.	Community, family, art, and spirituality are important to conceptualizing human life.
Sources: Swartz (1997); The Hong Kong University (2004)			

⁵ Chapter four establishes those criteria in the form of working hypotheses.

Chapter Summary

This chapter describes the processes in which legislation is linked to public administration and how evaluating legislation can improve regulatory practices. Public administration plays a vital role in evaluating legislation, implementing legislative action, and carrying out regulatory responsibility. Every legislative action is unique. There is no way to predict the exact outcome of legislative intent. However, history and scholarly research from prior legislative actions can provide standards for refining future governmental action. Chapter three provides a history of gambling regulation and legalization in the United States and Texas.

Chapter Three: A Historical Perspective of Legalized Gambling in the United States and Texas

Chapter Purpose

This chapter explores the terminology and historical context surrounding casino legalization. The chapter begins with an overview of casino gaming and its current presence in the United States. Then, a history of casino regulation on a federal, regional, and local level is presented. This study focuses on the Southern region of the United States and, at the local level, Texas.

Introduction

This section provides a historical perspective of casino legalization. Over time, the issues concerning casino gaming implementation have left constituents with mixed feelings towards legalization. Historically, casino legalization has a pattern of expansion and contraction. According to Welte et al. (2002, 314), the United States is well within what scholars believe to be the third era of gambling expansion⁶. Subsequent calls for moral reform have influenced casino gaming restriction and elimination.

Thompson and Gazel (1995, 376) attribute the more recent drive to increase casino gaming to economic downturns, which cause budgetary problems for state and local governments. During times of economic distress, governments face the grim need to increase taxes and governmental services. Many politicians see casino gaming legalization as a revenue

⁶ Earlier expansive eras of casino gaming legalization occurred in the Colonial and Reconstruction periods.

generating mechanism with the potential to mitigate the effects of budget cuts (Thompson and Gazel 1995, 376). According to Sauer (2001, 14), the momentum behind the implementation of casino gaming is the increasing involvement of government in the economy. As government expenditures increase, a search for alternative sources of income becomes prevalent (Sauer 2001, 14).

Since the 1980s, legalized casino gambling in the U.S. has grown progressively. Much of its growth is credited to sequences of state legislation, which sought to counteract budget constraints (Sauer 2001, 5). Vallen (1993, 52) states that the influx of legalized casino gaming is not only a result of the Indian Gaming Regulatory Act (IGRA) of 1988 but also of a need to generate governmental revenue. There have been a number of factors that have contributed to the legalization of casino gaming and its spread across the United States (Eadington 1999, 176). Government taxation of casino revenues and wider cultural acceptance contribute to the spread of casino gaming (Eadington 1999, 176; Sauer 2001, 14). However, states had created barriers to gaming. Currently, there are twenty-nine states with legalized casinos and forty-one with state lotteries⁷ (Welte et.al. 2002, 314; Richard 2010, 289-290).

The approach to legalizing casino gaming policy has changed with public attitude. There once was a large apprehension towards legalizing casino gaming; however, since the mid-1990s, the public is more likely to view casino gaming as a form of recreational activity and/or a tourist destination (Eadington 1999, 176). The next section discusses the evolution of gaming as it pertains to public perception and government regulation.

⁷ Some States allow lottery participation, but do not facilitate a state lottery.

The Evolution of Casino Gaming

The evolution of gaming coincides with the changing terminology of the casino industry. Scholars suggest that the act of gambling is now a form of recreation. With the change of consumer perception, the term “gaming” has replaced “gambling” (Eadington 1998, 57; Korn et al. 2003, 44). The use of “casino gaming” as opposed to “gambling” frees this particular pastime from the many negative connotations of being an immoral, harmful, and criminal activity.

Gambling has been a part of human behavior since ancient times. Early versions of gambling activities are depicted in hieroglyphics from ancient Egypt in 2500 B.C. Excavations at other archeological sites have uncovered the remains of a dice game from 2000 B.C. Other ancient societies, including Chinese, Japanese, Roman, and Greek civilizations, have left evidence of gambling as well (Preston et al. 1998, 187).

The “Wild West” perspective of gambling, in the United States, illustrates outlaws and gunslingers playing card games in local saloons (Sauer 2001, 8). During this time, gambling posed as a form of entertainment which appealed to criminals and wealthy members of society. This form of “criminal” entertainment continued into the 1900s. From 1950 to 1970, the government passed federal regulations to decrease organized crime involvement in gambling establishments. It wasn’t until Nevada’s Corporate Gaming Act of 1969 that organized crime control of casinos was discontinued and the hotel/resort industry was introduced.

Nevada’s innovative policy created a new form of casino entertainment that has swept the nation. Casinos are now hot spots for attracting tourists from all demographics (e.g., age, race, income, gender, etc.) (Collins and Lapsley 2003, 128-129). Casinos are built in various

forms and are marketed as a form of entertainment (Blaszczynski et al. 2004, 302-303). Casinos can be developed as resort destinations, containing hotel rooms, retail shops, recreational activities (e.g., leisure services, pools, tours), and restaurants.

Resort destination casinos are both capital and labor intensive (Harrah's Entertainment, Inc. 1999, 2). Casino investments can start around \$100 million dollars and have no limit. Building and maintaining casinos requires a large labor pool including contractors, plumbers, electricians, woodworkers, and craftsman. Operating casinos requires management personnel, accountants, lawyers, dealers, cashiers, and other personnel to operate casino amenities (Harrah's Entertainment, Inc. 1999, 2). In general, casinos operate with large staffs that create jobs in their host communities. For every casino job created, one or more employment opportunities are created in surrounding areas (Harrah's Entertainment, Inc. 1999, 2).

Casinos are also built to just provide gambling activities and nothing else (Harrah's Entertainment, Inc. 1999, 2-3). Casino activities are also provided at locations that do not identify themselves as actual casinos. Convenience stores and bars can host video slot machines for patrons who want to gamble but do not want to visit an aforementioned casino establishment. Such locales, however, are seen as poorly regulated facilitators of gaming activities due to easy accessibility (Eadington 2003, 206). Growing public acceptance drives the rise of the gaming industry.

According to Garret (2003, 6), there is an estimated fifty-three million people in the United States that participate in casino gaming. This equals to twenty-seven percent of the population age twenty-one years or older (Garret 2003, 6). Findings from a study conducted by Netemeyer et al. (1998, 148) show that "most gamblers play for entertainment purposes as

well as for a chance to win and that fifty-five percent of the participants surveyed believed that gambling was perfectly acceptable for everyone.” Numerous other studies reiterate these findings demonstrating a wide cultural acceptability of casino gaming as a form of recreational activity.

The casino gaming industry is often caught between two strong yet conflicting issues: social welfare and local economic vitality (Eadington 1984, 24; Rephann et al. 1997, 2). Casinos generate large amounts of revenue. This causes many societal and economic effects on host communities⁸ and those who participate in casino gaming (Eadington 1984, 24). Casino gaming, to some, is seen as a positive force that creates jobs, generates revenue, and brings economic benefits to their host communities (Korn et al. 2003, 244). To others, casino gaming is a benign form of entertainment, a money transaction between two entities with no positive or negative effects on the community (Sauer 2001, 5). The opposition to casino gaming sees the industry as a non-productive and inherently harmful activity because it can bring financial ruin to participants and damage the economics of surrounding communities (Sauer 2001, 5). According to Preston et al. (1998, 187), the development of gambling regulation is apparent and necessary because problems associated with gambling have always been a part of human behavior.

Previous policy shortfalls have become ailing standards that are often used as rationale for legalizing casino gaming (Christiansen 1998, 37). As the casino gaming industry continues to grow, state regulatory involvement will have to increase. As discussed in chapter two, legislative intent and the administrative process have an active role in the legalization and regulation of casino development. When casino gaming enters a new state, it does so because

⁸ Communities in which casinos are developed are referred to as “host communities.”

government legislation has moved it to a legal status. The legislation also sets up a regulatory framework and procedures that should mitigate potential problems. According to Christiansen (1998, 37), a lack of regulation will lead to a rise in potential problematic activity of casino gaming and cause mixed results.

All casino gaming legislation and regulation occur at the state level (Pavalko 2004, 334). States have a very powerful influence over the casino gaming industry because of this right. Scholars agree that governments can have a positive involvement in the casino gaming industry if casino gaming legislation promotes fairness and stability. Rose (1998, 29) believes that “the impacts of casino gambling are not a passive phenomenon and can be significantly modified by government.” Legalized casinos can also gain from government involvement. Because legislation provides regulations to help maintain the financial stability of casinos and their host communities, Rose (1998, 26) also contends that, together, governments and casinos can provide economic benefits to surrounding communities if its enabling legislation is formulated and derived on an impartial basis to address both economic and societal needs.

Throughout the history of casino gaming in the United States, government regulation has increased in various forms. As public acceptance of casino gaming has changed, the terminology and rhetorical contexts of legalized gambling has influenced government implementation. In this third era of gaming expansion, the potential downside of casino legalization is recognized. Governments, as a way to mitigate the downsides, are called to regulate and protect communities from these pitfalls. Just as the casino gaming industry has changed, all government involvement, federal, regional, and local, has changed to

accommodate the growing trends. The next section discusses the history of casino gaming legalization in the United States, the South, and Texas.

History of Legalized Gambling in the United States

Throughout history, the United States federal government has not played a major role in the legalization of casino gaming (Frey 1998, 139). It did, however, play a role in gaming regulation. The legalization of gambling in various forms (lotteries, pari-mutuel, and casinos) has always been left up to the states except where constitutional mandates are involved⁹ (Frey 1998, 139). Federal government regulation of casino gaming increases with time, from the Colonial Era to the modernization of casino gaming. Through judicial authority, policy oversight, and commission studies, the influences of the federal government on the states' ability to legalize casino gaming can be observed. States use regulatory policies to address casino impacts on economic development, society, criminal activity, and administrative processes.

Evidence of government regulated gambling is found in early United States history. During the Revolutionary War, local governments and the Continental Congress organized lotteries to fund public services and pay for military expenses (Sauer 2001, 6). From 1850-1855, both state and local governments with licensed gambling establishments, collected quarterly fees and excise taxes from gambling activities (Sauer 2001, 8). In the 1860s, government sponsored lotteries were again used by the southern states during the American Civil War (Sauer 2001, 7). By the end of Reconstruction, southern states repealed lotteries (as their economies strengthened) and only the Louisiana Lottery remained (Sauer 2001, 7).

⁹ An example of a constitutional mandate would be the Indian Gaming Regulatory Act of 1988.

The mid-1900s showcase an increase in federal regulation of gambling. Early efforts by the federal government to regulate and control the spread of gambling in the 1940s include the Federal Stamp Tax passed in 1941. This act placed a tax on all coin-operated devices used for amusement and gambling purposes (Frey 1998, 142). In 1950, principal anti-gambling legislation arose from the Kefauver Committee investigations. The Senate commissioned the Kefauver Committee to investigate organized crime in interstate commerce. The committee found that various forms of organized crime originated from illegal gambling practices (Blakey 1984, 13-14). Soon thereafter, the Gaming Devices Act of 1951 was passed placing regulations on transporting and possession of gambling devices (Blakey 1984, 14).

Attorney General Robert F. Kennedy continued the regulation of casino gambling into the 1960s. In 1962, Kennedy's efforts resulted in three regulatory provisions and an amendment to the Gaming Devices Act of 1951. The amendment redefined the term "gambling devices," modified device registration and filing requirements, and prohibited the manufacturing and possession of gambling devices in Washington D.C. and other federal jurisdictions (Blakey 1984, 15). The most significant regulation in Kennedy's provisions was in Title 18 § 1953 of the United States Code, which prohibits the interstate transportation of gambling paraphernalia and makes all persons transporting materials relating to pari-mutuel and sports betting pools punishable by law (Blakey 1984, 15). In 1969, the State of Nevada passed the Corporate Gaming Act which allowed publically traded corporations to apply for and receive gambling licenses. Within a few years an influx of hotel corporations with well-established reputations entered the casino industry (Eadington 1999, 175). As a result of

Nevada's policy innovation, more federal regulation was introduced to counteract negative socio-economic effects of casino development.

Expanded casino gaming regulation continued through the 1970s. When the Organized Crime Control Act of 1970 was passed, it was partly devoted to the issue of expanding casino markets. In addition to barring gambling businesses from having a certain amount of money on hand for payouts, it also prohibited businesses from obstructing of state law enforcement agencies on the prevention of any illegal gambling activity (Blakey 1984, 15). The legalization of gambling continued, and in 1976 the federal government created a commission to review national gambling policy. The U.S. Commission on the Review of the National Policy toward Gambling cautioned states and constituents of the negative socio-economic impacts and the increasing administrative costs that accompany casino legalization (Kindt 1994, 540). In 1978, the commission repealed the Federal Stamp Tax of 1941 was repealed.

In the 1980s, taxpayer rebellions caused many problems with federal and state budgets which triggered shortfalls in governmental revenue that paid for mandated expenditures such as national debt, social security, and defense programs (Blevins and Jensen 1998, 110). The dismantling of the welfare state at the federal level created a financial strain for state governments. The federal government also reduced funding for social programs in all fifty states (Blevins and Jensen 1998, 110). Affected by the tax cuts, state governments demanded that local governments become fiscally responsible and cut social services. During this time, states began to use revenue supplements, such as the taxation of gambling (Blevins and Jensen 1998, 110). Most states now find revenue from a form of legalized gambling (e.g., lotteries) essential to maintain year to year operating budgets (Blevins and Jensen 1998).

The Indian Gaming Regulatory Act (IGRA) of 1988 was passed due to a Supreme Court decision in *California v. Cabazon Band of Mission Indians* which allowed all Native American tribes, as sovereign nations, to engage in casino enterprises (Vallen 1993, 52). Since then, Native American tribes across the United States have had a substantial influence over the proliferation of casino gaming (Frey 1998, 147). The States, however, maintained regulatory rights over Indian gaming. This required state governments to create regulatory policies to implement the federal mandate.

The expansion of legalized gambling and federal regulation continued into the 1990s. In 1994, President Clinton proposed a four percent tax increase on all gross gaming revenues to finance welfare programs (Frey 1998, 143). Casino gambling continued to expand despite the increased tax implications¹⁰. The U. S. Congress responded to the quick proliferation of legalized gambling after the Indian Gaming Regulatory Act, and in 1996 created the National Gambling Impact Study Commission (NGISC) (Barron et.al. 2002, 444). The commission was charged with studying the negative effects of gambling on host communities and surrounding municipalities (Barron et.al. 2002, 444). To complete the study, the National Opinion Research Center (NORC) at the University of Chicago was tasked with quantifying the effects of casino gaming by using bankruptcy rates from a random sample of one hundred counties across the United States (Barron et.al. 2002, 444). The NORC found no significant change in per capita bankruptcy rates in communities where casinos were introduced; however, the bankruptcies caused by gaming activities are conducive to high social costs inflicted on the public (Barron et al. 2002, 444).

¹⁰ Indian casinos, charitable gaming, and state-sponsored lotteries were exempted from President Clinton's tax proposal in 1994 (Frey 1998, 143).

By 2000, thirty-eight states have a government sanctioned lottery and thirty-two states had legalized casino operations (Sauer 2001, Welte et al. 2002). In 2010, the American Gaming Association's survey of casino entertainment, "The State of the States," reported that commercialized casino activity in the U.S. employed 328,377 people, paid \$13.1 billion in wages and \$5.59 billion in gaming taxes, and earned \$30.74 billion in gross revenue (State of the States 2010, 4). There are currently forty-one states with gaming activity; thirteen States have legalized land-based or riverboat casinos; and twenty-nine states have tribal casinos (State of the States 2010, 4). For a timeline of casino regulation and legalization in the United States see Table 3.1. Gaming legalization will continue to spread despite its negative effects on social and economic norms. One thing is obvious, casino gaming has established itself here in the United States.

State legalization of gambling has been a major factor in the spread of casinos across the nation. Through mandates, the federal government has influenced the state's ability to formulate comprehensive gaming legislation, yet states fail to enact regulations that counteract the negative effects of gambling (Frey 1998, 151; Blakey 1984, 22). Nevertheless, states still have the final say, and it is their responsibility to craft legislation that ensures the influences of casinos are beneficial, safe, and regulated. The next section of this chapter examines the legalization of gambling in the South.

TABLE 3.1- Timeline of Gaming Regulation in the United States

Timeline of Gaming Regulation in the United States by Era		
<u>Era</u>¹¹	<u>Year</u>	<u>Event</u>
First Era (1760-1850)	1775-1782	Revolutionary War: Local governments and the Continental Congress used lotteries to fund public services and the war effort
	1850s	State and local governments began collecting fees and excise taxes from gambling activities
Second Era (1860-1890s)	1860s	American Civil War: Southern States used lotteries to fund the war effort
	1870s-1880s	Reconstruction Era: Lotteries were repealed as southern state governments and economies strengthened
Third Era (1930-1990s)	1941	Federal Stamp Tax enacted
	1950	Kefauver Committee Investigations
	1951	Gaming Devices Act
	1962	Amendment to the 1951 Gaming Devices Act
	1969	State of Nevada passed the Corporate Gaming Act
	1970	Organized Crime Control Act passed
	1976	U.S. Commission on the Review of the National Policy on Gambling created
	1978	Federal Stamp Tax repealed
	1988	Indian Gaming Regulatory Act passed
	1994	President Clinton's 4% Gambling Tax enacted
Contemporary Era (2000-Present)	1996	National Gambling Impact Study Commission created
	2000	38 States with legalized gambling activity
	2011	41 States with legalized gambling activity

¹¹ Richard (2010, 287-288)

Legalized Gambling in the South

The history of gaming legalization in the South is quite unique. The South's history of strong conservative values and Christian overtone made the region less welcoming to gambling as compared to other parts of the U.S. According to Nelson and Mason (2004, 645), a remarkable state policy innovation occurred during the final third of the twentieth century which caused the rapid spread of legalized gambling throughout much of the U.S.; however, southern states were slow to embrace this trend. The lack of enthusiasm to legalize gambling was embedded in the southern legal system, yet gambling still existed and was enjoyed by the leisured elite (Tate 1997, 103).

During the Civil War, many southern states embraced gambling to help fund governmental services. Most of these Southern forms of legalized gambling ended in scandal and calls for moral reform (Welte et al. 2002, 314). By the mid-1880s, only the Louisiana state lottery remained. Southern states also chose not to renew legalized gambling because their economies had recovered. In addition, prohibiting gambling was a concrete way to address Reconstruction Era government corruption (Sauer 2001, 7).

In many southern states, the legalization of government sponsored lotteries provided segues into casino gaming legalization. The laws and mandates that surround legalized gambling in the South were influenced by two political phenomena—diffusion theory and judicial interpretation. Diffusion theory explains how state policy is influenced by an enactment of a similar policy in a neighboring state (Nelson and Mason 2004, 667-668). The Mississippi Gaming Control Act of 1990 legalized casino gambling for the state (Nelson and Mason 2004,

669). Mississippi's gambling legalization¹² was influenced by Iowa and Illinois' legislation to legalize riverboat casinos.

Diffusion theory would also play a large role in the legalization of gambling in Georgia¹³. The idea of a state lottery in Georgia was backed by promises that the lottery would help fund new educational programs as well as recover money that flowed into Florida's lottery (Nelson and Mason 2004, 667). Georgia's lottery system was influenced by Florida and other states with lotteries that were popular and financially successful (Nelson and Mason 2004, 667-668).

Legalized gambling in other southern states was influenced by judicial interpretation. The legalization and regulation of gambling in Virginia and Alabama was based on judicial interpretations of laws that prohibited gambling. Judiciary decisions in these states were concerned with keeping a balance between punishing public gambling and upholding private gambling (Tate 1997, 102-103). It wasn't until 1988 that Virginia approved a state lottery. In Alabama, judicial oversight led to laws which prohibited gambling and fines those who knowingly participated (Tate 1997, 103). The legalized gaming in Alabama followed after the Indian Gaming Regulatory Act of 1988. Subsequently, Alabama became home to three tribal casinos, however, there is no state lottery (State of the States 2010, 4).

According to Welte et al. (2002, 334), the southern region is least likely to legalize any form of gambling. Gambling participation rates in the South are the lowest in the country, and

¹² Mississippi's implementation of casino gaming was partially influenced by legislative politics. State legislators would meet and develop gambling legislation and worked to gain support from other members especially those whose respective districts would see the most benefit (Nelson and Mason 2004, 669).

¹³ In Georgia, the legislative process and a pro-lottery politician running for governor was used to draft and approve a bill legalizing a State lottery (Nelson and Mason 2004, 667).

the amount of times people in the South gamble is about average¹⁴ (Welte et al. 2002, 334).

Texas has a unique history of governmental involvement with gambling. Much of it is similar to the history of gaming policy in the South. However, in Texas, the legislative process was highly influential in the formulation of gambling policy.

History of Legalized Gambling in Texas¹⁵

Early history of gambling regulation in Texas parallels what Lawrence Friedman describes as the “Victorian Compromise.” The “Victorian Compromise” was a label given to the nineteenth-century criminal code, which used morality to restrict behavior in the public sphere and ignored private activities (Tate 1997, 98-99). These moral prohibitions included activities such as public prostitution and flagrant fornication; it also included gambling. Most of these activities were punishable by law if carried out in the public, but if they were out of sight and remained “underground,” there was little the criminal justice system could do (Tate 1997, 98-99).

Like most southern states, the history of gambling in Texas includes a series of legislation outlawing certain types of gambling. The history begins when the Republic of Texas legislature enacted a prohibition of various forms of gambling and gambling devices in 1837. Local enactments of these laws were swift. For example, several grand jury indictments in

¹⁴ Compared to the national average (Welte et al. 2002, 334)

¹⁵ For more insight on Casino Gaming in Texas see:

Bresnen, Amy, "A Preliminary Assessment of Lobbying Techniques: A Case Study in the Texas Expanded Gaming Lobby" (2010). *Applied Research Projects, Texas State University-San Marcos*. Paper 339. <http://ecommons.txstate.edu/arp/339>

Nacogdoches County found individuals guilty of publicly hosting or participating in gambling (Tate 1997, 100). Prohibition continued and in 1851, only a few years after Texas was admitted into the Union, the Texas Supreme Court ruled in *Crow v. State* that licensed games such as ten-pins” and billiards were not included in the prohibition of “gambling devices” (Tate 1997, 97).

Four years later, in the three cases of *Wheelock v. State*, the Texas Supreme Court was asked to decide whether particular places were considered “public” as defined within the gambling statutes. The Texas Supreme Court derived two factors which determined the definition of “public”; one was the extent to which the gambling took place outside of a private dwelling, and two was the extent to which the location was involved in frequent gambling activity (Tate 1997, 104). After *Wheelock v. State III*, the Texas Supreme Court expressed a desire for the legislature to ban gambling in its entirety (Tate 1997, 105). Between 1855 and the 1980s, statutory authority prohibited all gambling activity.

Texas passed its first form of legalized gambling in 1986. The Texas Racing Act established the Texas Racing Commission that currently regulates seven horse racetracks and three dog racetracks, both of which engage in pari-mutuel betting (Texas Racing Commission 2010). With budget restraints still an issue, Texas began to consider legalizing other forms of gaming (e.g., a state lottery).

In August of 1991, the Texas Legislature passed Texas House Bill 54, later called the Lottery Act of 1991, to enact a state lottery. On November 5, 1991, by a two to one margin, Texas constituents voted on and passed the Lottery Act of 1991 (Texas Lottery Commission 2010). In May of 1993, the Texas Legislature passed House Bill 1587 creating the Texas

Lottery¹⁶. This new state agency was charged with the regulation, oversight, and licensing of all lottery ticket activity (Texas Lottery Commission 2010). In June of 1999, Governor George W. Bush signed into law House Bill 844, which removed the payout cap on prize percentages. This new law allowed winners to receive all of their winnings at the time of win verification (Texas Lottery Commission 2010). Currently, there are three forms of legalized gambling in Texas: pari-mutual racing, a state lottery, and one tribal casino authorized by the IGRA.

In 2008, Hurricane Ike made landfall near the seacoast town of Galveston and caused severe damage to the city (Back and Bowen 2009, 395). This incident rekindled discussion of legalizing casino gambling to revitalize the damaged areas of the Texas coast. According to Back and Bowen (2009, 395), "...although the Texas Legislature has opposed previous game initiatives, it is now discussing allowing casino gaming in Galveston as way to bring back the once popular resort." In 2009, House Bill 1724 was introduced into committee as a way to legalize casino gaming in Texas. That bill remained in committee for the duration of that legislative session and is considered void. It is unknown if a new bill will be introduced in the 2011 session¹⁷. A timeline of casino regulation and legalization in Texas can be found in Table 3.2.

¹⁶ For more insight on the Texas Lottery see:

Stone, Harold W., "An Analysis of Selected Determinants of Texas Lottery Revenue" (2000). *Applied Research Projects, Texas State University-San Marcos*. Paper 81.
<http://ecommons.txstate.edu/arp/81>

¹⁷ Nelson and Mason (2004, 669) contend that the key factor behind state innovations in gambling legislation is legislator influence.

TABLE 3.2- Timeline of Gaming Regulation in Texas

Timeline of Gaming Regulation in Texas by Era		
<u>Era</u> ¹⁸	<u>Year</u>	<u>Event</u>
First Era (1760-1850s)	1837	Republic of Texas Legislature enacts a prohibition of various forms of gambling and gambling devices
	1851	<i>Crow v. State</i>
	1855	<i>Wheelock v. State</i> (3 Cases)
Second Era (1860-1890s)	The Victorian Compromise	
Third Era (1930-1990s)	1986	Texas Racing Act passed
	1988	Indian Gaming Regulatory Act passed
	1991	Texas Lottery Act passed
	1993	Texas Lottery Commission created
	1999	House Bill 844 was signed into law
Contemporary Era (2000-Present)	2008	Hurricane Ike hits Texas Coast
	2009	House Bill 1724 (81R) drafted
	2011	Three forms of legalized gambling in Texas: Lottery, Racing, and a tribal casino

¹⁸ Richard (2010, 287-288)

Conclusion

This chapter discusses the evolution of casino gaming through historical contexts. A federal, regional, and local overview of gambling regulation explains the evolution of gaming and gaming policy approaches from the American founding to contemporary trends in gaming legalization.

Throughout history, both federal and state governments have increased regulations as gaming has been legalized to meet budgetary needs. From this historical review, government involvement through the implementation of rules and regulations and scholarly literature has provided a foundation for designing a framework to evaluate gaming legislation. The next chapter begins the journey of conceptualizing that framework. Both scholarly literature and past governmental implications are examined and used to construct legislative standards and formulate working hypotheses.

Chapter Four: Legislative Standards and Conceptual Framework

Chapter Purpose

This chapter illustrates the four standards that are used to assess gaming legislation. The chapter begins with an introduction to the literature and continues to discuss the connection between the legislative standards and the framework that will be used to evaluate the legislation later in the chapter. For every legislative standard, a working hypothesis is derived and organized through a conceptual framework.

Introduction

Throughout the history of gaming legalization, governments/local governments designed many regulations, commission studies, and statutes to minimize the negative impacts of casino developments. Economic development, social capital, statutory authority, and legislative design are the four common themes that follow all governmental action in regulating gambling. The literature illustrates these dimensions as standards that legislators, policy evaluators, and constituents should address when drafting, evaluating, and implementing gaming legislation.

One of the most fundamental public policy questions asked in gambling studies is: “what is the appropriate presence of permitted gambling in modern society?” (Eadington 1998, 54). Eadington (1998, 55) states that “as a condition for legalization, gambling must overcome negative perceptions associated with its immorality, its linkages to crime and corruption, and the severity of problem gaming.” Frey (1998, 140), argues that “effectively organized

oppositional groups are raising serious doubts about the accuracy of [positive] economic impact and are revisiting long-standing questions about the impact of gambling on the moral fiber of the country...given these conditions, there is some question about the ability of the states to properly regulate gaming in America.” It is imperative that the legalization of gambling address certain issues that arrive as a result of gambling implementation.

To derive such legislation, a balance must be maintained between protecting the rights of an individual and providing for the common good (McGowen 1997, 280). In other terms, the fundamental question in drafting casino gaming legislation and policy is: what provides for a more harmonious society? McGowen (1997, 281) believes that the ethic of maintaining a “harmonious society,” the balance between upholding individual right and doing what’s best for society, should be the priority of policy makers and maintained at any cost.

Casino gaming legislation, when constructed properly, can yield benefits to a harmonious society. Eadington (2003, 186) suggests that “if [government] acts in a certain manner, its citizens would expect it to attempt to establish policies that are consistent with their general preferences and values...[W]elfare can be enhanced through greater aggregate wealth, through broader choices and freedoms for individual societal members, or through the achievement of, or movement toward, commonly held values.” The scholarly literature on casino gaming suggest what the values are and how they can be categorized as legislative standards. If these standards are adequately addressed through legislation, the goal of a “harmonious society” should be fostered.

A casino gaming approach that maintains the economic and social quality and civil obedience would be well above the norm. An innovative framework that incorporates

economic, social, and administrative aspects of gaming legislation would be useful to future casino legalizations. According to Eadington (1984, 35), "...an [innovative] approach would prevent a casino industry from becoming a major economic, social, and political force...and thus, avoid many of the negative side effects that have been associated with casinos elsewhere over the years." It is inevitable that many jurisdictions will consider legalized casinos; therefore, sound legislation that restricts the negative impacts associated with casino development should be considered (Eadington 1984, 35).

Legislative Standards and Working Hypotheses

The first purpose of this research is to develop a framework to explore gaming legislation. This framework provides a model that can be used to assess gaming legislation on the basis of four legislative standards:

- Economic Development
- Social Capital
- Statutory Authority
- Agency Design and Evaluation

Each legislative standard is formulated into a working hypothesis on the basis of scholarly research. In chapter six, Texas House Bill 1724 (81R) is used to illustrate the usefulness of the framework.

Economic Development (WH1)

Economic development is the first standard that gaming legislation must address. According to Engerman and Sokoloff (2008, 120), there are economic phenomena (such as economic growth and distribution of income) that occur when new government policies are

introduced into a community. Before implementing legislative mandates, legislators should estimate the positive and negative effects of the new economic development (Gazel 1998, 69). Therefore, it is critical that legislation, which introduces any type of economic development, address those effects.

There are both short-term and long-term economic justifications for legalizing casino gaming. Short-term justifications are the stimulation of local economies, job creation, increase in local property values, rise in rural area wages, and reduction of public service costs (Rephann et al. 1997, 4). Long-term justifications include upgrading the state's tourism industry, stimulation of job training and managerial experience in the workforce, and the introduction of development capital for rural areas (Rephann et al. 1997, 4). All of which have been observed as a result of casino development.

Legalized gambling can change the economics of any host community (Gross 1998, 203-204). These changes can have positive and negative effects. According to Gross (1998, 204-205), there are three encompassing negative effects:

- “Cannibalization” of local economy: Casinos can take away money from other local businesses (Gross 1998, 205).
- Boom-and-bust developments: Casino failures can cause loss of jobs and revenues and require municipalities to retain debt from infrastructure improvements (Gross 1998, 205).
- Economic displacement: Casinos can cause irregularities in property values that can displace business and local residences (Gross 1998, 205).

All of these negative effects can be reduced or prevented if legislation addresses certain economic development implications such as:

- job creation
- community redevelopment initiatives

- sustainable tourism criteria
- taxation

The lack of substance given to past legislative “blueprints” has resulted in a broader range of legislative practices that undermine conditions necessary for positive economic growth (Pavalko 2004, 336-337).

For a successful implementation, legislative mandates that address economic development are essential to providing positive outcomes for host communities. Engerman and Sokoloff (2008, 120) believe that designing legislative policy for future economic growth, which takes into account the downfalls of pre-established mandates, can thwart negative economic phenomena. Thus, this study expects that:

Working Hypothesis One (WH1): House Bill 1724 (81R) adequately addresses economic development.

Job Creation (WH1a)

Casinos are businesses, and, like any commercial business, they have economic influences over their host communities. There are many economic implications that can occur from casino gaming used as a method of job creation (Back and Bowen 2009, 393; Bjelde et.al. 2008, 428). According to d’Hauteserre (1998, 118) and Christiansen (1998, 42), casino gambling is a catalyst for positive, direct, and indirect economic implications—such as job creation and commercial zone revitalization¹⁹. Casino developments also welcome capital formation and increases in wages, both of which have positive economic spillover effects (Bjelde et al. 2008, 428). Kindt (1994, 555) also argues that casino gaming can have positive effects on the labor markets that can improve the economics and commerce in a host community.

¹⁹ Commercial zoning revitalization also creates jobs (d’Hauteserre 1998 and Eadington 1998, 55).

If casinos are regulated properly, accelerated economic growth and increased wealth will improve the local economy (Li et al 2010, 276). The economic benefits of job creation may not be realized if casinos are left with the responsibility of creating job incentives for the host community (Morgan 2010, 390). Legislative planning and regulation will need to propose a job creation mandate to stimulate economic benefit and entice job creation (Morgan 2010, 390-391).

Legislation can mandate the type of casinos that can be built; this can influence the number of jobs that are created (Christiansen 1998, 42-43). Legislation can also require casinos to have certain facilities and/or resort amenities that create jobs. Destination or resort casinos are the best type of casino development because they create jobs and are good at mitigating negative economic effects (Eadington 1998, 56). Thompson and Gazel (1995, 377) argue that high unemployment rates and the need to increase jobs influence casino legalization, and, if implemented properly, casinos can provide more job opportunities in a host community. Job creation as a justification for casino legalization must be addressed through legislation; thus, this study expects that:

Working Hypothesis 1a (WH1a): House Bill 1724 (81R) adequately addresses job creation through casino development.

Community Redevelopment (WH1b)

Casino gaming is also used as a tool for community redevelopment (Rephann et al. 1997, d’Hauteserre 1998, 118-119). Usually, casinos can provide positive redevelopment outcomes for communities in need of economic assistance; however, casinos can have negative side effects. The location and its economic atmosphere are important when choosing cities in

need of redevelopment. According to Eadington (1998, 60), gambling is more acceptable in a location where “discretionary income is high rather than low,” and “gambling losses are no more than an inconvenience.” Rubenstein (1984, 71) argues for governments to develop a comprehensive redevelopment strategy that will counteract negative impacts of casino development. These negative impacts include issues with land speculation, selective reassessment, and unplanned rezoning (Rubenstein 1984, 71). According to Garret (2003, 23) and Li et al. (2010, 280-281), casino gaming developments in one area may impede the success and growth of casino developments in others.

If redevelopment initiatives and strategies are used, legislative mandates should be in place to address the effects and regulate the growth of casino developments (Long 1996, 341). According to Richard (2010, 291), “most researchers that look at the relationship between casino gambling and economic development assert that the gambling industry must export some of their services to create economic development. That is patrons must visit from outside the jurisdiction and bring in new money to the area to spur job growth and increased income in the host jurisdiction.” The legislation should assist in the determination of casino locales and provide regulatory mandates to limit the development of casinos in areas not in need of community redevelopment. Therefore, the study expects that:

Working Hypothesis 1b (WH1b): House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.

Sustainable Tourism (WH1c)

According to Lansing and Vries (2006, 78), “sustainable tourism” is the use of sustainability principles in tourism development. When tourist destinations are developed, a

balance between the environmental, economic, and socio-cultural characteristics of the location should be maintained (Lansing and Vries 2006, 78, Long 1996). This provides sustainability for the environmental integrity of the area. Tourism is becoming one of the fastest growing economic sectors in the world. As casino gaming becomes more recreational, it becomes a tourist destination (Lansing and Vries 2006, 77, Rephann et al. 1997). There are many negative effects of tourism development. Lansing and Vries (2006, 77) state that “tourism is associated with numerous negative effects, such as the destruction of ecological systems and loss of cultural heritage.”

Long (1996, 352-353) presents a list of questions that should be addressed before a location is chosen for a major tourist development (i.e.: large resort casino). Two of Long’s questions inquire about the location’s ability to sustain a large tourism development:

- What is the environmental and ecological capacity of the geographic location?
- What type of tourism development is suitable for the area?

An increase in casino tourist destinations can have a detrimental impact on the surrounding environment; legislative mandates should exist to mitigate those effects. Griswold and Nichols (2006, 392) suggest that governments should be very careful when deciding the location of a casino because of the negative impact it can have on the surrounding environment. Legislation that addresses sustainable tourism practices, such as regulating the locations to which casino destinations can be built, can improve effects of casino developments on the environment. Certain areas are unfit for tourism developments because of environmental constraint. Therefore, this study expects that:

Working Hypothesis 1c (WH1c): House Bill 1724 (81R) adequately addresses sustainable tourism practices.

Taxation (WH1d)

Governments use additional tax revenues as a justification for casino legalization (Sauer 2001, 14; Eadington 1998, 62-63). Taxation can affect both casino establishments and their host communities (Blevins and Jensen 1998). According to Borg et al. (1991, 331), “taxes on gambling are easy to levy and popular with voters who don’t really view them as taxes; however, we should not lose sight of the fact that they are extremely regressive means of financing government activity.” The basis of taxation on both the host community and the casinos must be fairly derived, and if so, according to Rose (1998, 27), the “... direct and indirect impacts of ... [taxing] casinos are significantly positive.”

Casinos make up for lost revenues from tax payments by increasing the costs of goods and services sold at their establishments. High taxation can cause inflation of goods and services sold within the host community resulting in consumers paying more for something than they would in an area without casino development (Borg et al. 1991, 331). In order to prevent problems such as this, enabling legislation must establish a basis for the taxation, how it will tax casino revenues, and what the taxes will pay for (Rubenstein 1984, 64-68; Thalheimer and Ali 2003 908-909). The taxation of casinos can produce many problems for both the casino and its host community. Legislation should be able to prevent negative impacts caused by taxation. Therefore, this study expects that:

Working Hypothesis 1d (WH1d): House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.

The next section of this chapter establishes the legislative standard for social capital.

Social Capital (WH2)

Casinos can encourage activities that influence the amount of social capital in a host community. The social capital of a community involves the institutions, relationships, attitudes, and values that govern interactions among people and their contribution to social and economic development (The World Bank 2011; Montgomery 2000, 229). One measure of social capital is civic responsibility (The World Bank 2011). Civic responsibility can include the fiscal responsibility of one's own means. If it is determined that social capital is high within a community, then the community is better suited to gain economic benefit. Communities with high levels of social capital are safer, cleaner, wealthier, and better governed than those with lower levels (Woolcock 155, 1998). Social capital covers a broad range of implications that can affect other socio-economic phenomena within a host community. There is an intangible nature to social capital that makes evaluating legislation difficult. The approach given to the hypotheses herein requires legislation to address the effects of casino gaming on those areas subject to casino development.

Coleman (100, 1988) describes social capital as a variety of entities that facilitate relationships among societal actors. In the realm of legalized gambling, relationships can be formed between casinos and consumers. Casinos, through these relationships, may facilitate problematic behaviors among local citizens. This can erode social capital, thus reducing economic strengths of the social structure (Coleman 101, 1988). Nagler (6, 2007) argues that social capital is critical to sustainable social and economic development because it requires shared values, trust, and value of cooperation between societal actors. Social capital is also a major source of community improvement and is used to measure the positive involvement of

people and their contributions to society. Inkeles (2000, 265) urges legislators and policymakers to take careful consideration of social capital in the shaping or drafting of legislation and public policy.

Casino development can have a negative impact on public health and community well being; both affect the levels of social capital. According to Pierce et al. (2002, 395), “social capital is critical...to the quality of life in our communities and their governments and therefore ought to be stimulated and encouraged by public sector managers.”

There are many ways in which social capital can be affected by casino legalization (Griswold and Nichols 2006, 392). Casino activities (i.e.: gambling, wagering, slot machine gaming) can be used in excess. If members of a host community engage in excessive betting and over-consumption, then social capital is lowered, deterring economic growth. The two are reliant on one another to ensure that the economic justifications²⁰ of implementing the casino are met. Impediments to social capital from excessive gambling and lack of civic responsibility are:

- Pathological gambling
- High bankruptcy rates
- Lower standards of living

All of which will lower the level of social capital in a host community. Social capital can be addressed through legislation. If not addressed, all can be counterproductive in sustaining a host community’s social capital; therefore, this study expects that:

Working Hypothesis Two (WH2): House Bill 1724 (81R) adequately addresses issues concerning social capital.

²⁰ See working hypothesis 1 (WH1).

Pathological Gambling (WH2a)

Pathological gambling is one of the most detrimental effects of casino gaming.

According to Korn et al. (2003, 240), there is a significant relationship between access to casinos and pathological gambling. The introduction of gambling opportunities in areas has provided evidence of increases in problem and pathological gambling (Korn et. al. 2003, 240). There are ways in which regulation can slow the increases of pathological gambling (Christiansen 1998, 42). Lakey et al. (2006, 295) suggests that “successful cognitive-behavioral therapies for pathological gambling aim to mitigate the cognitive biases that serve to exacerbate gambling problems.”

The social costs of pathological gambling can be staggering. According to Gross (1998, 210), “the public and private costs of pathological gambling can be considerable...pathological gamblers tend to engage in forgery, theft, embezzlement, drug dealing, and property crimes to pay off gambling debts.” Walker and Barnett (1999, 182) also argue that pathological gamblers inflict high costs on society and raise questions over the validity of governmental regulation on pathological gambling in host communities. Legislation must address the prevention and treatment of pathological gambling by mandating grants and allocating funds to pathological gambling prevention programs such as advertisements, support groups, and commission studies (Pavalko 2004, 334; Netemeyer et. al. 1998, 158). Therefore, this study expects that:

Working Hypothesis 2a (WH2a): House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.

Bankruptcy (WH2b)

High bankruptcy rates have a negative impact on host communities. Casinos are known for causing increases in bankruptcy rates (Volberg 1986, 122). Barron et al. (2002, 443) states that the rise in the number of casino developments during the 1990s correlates with the rise in the national bankruptcy rates. In 1997, a credit industry research firm declared casino gambling as the “single fastest-growing driver of bankruptcy” (Barron et.al. 2002, 443).

The introduction of casino gambling in any location alters the spending habits of the individuals in the area (Nichols et al. 2000, 251, Kusyszyn 1984, 134). Casinos keep large, readily available amount of cash at all times and this can provoke gamblers to spend more than they had originally intended (Yaffee and Brodsky 1997, 314). Nichols et al. (2000, 260) argue that governments who plan on adopting casino gambling should enact regulations to minimize gambling’s impact on bankruptcy rates. Government mandates can limit money transactions between casinos and consumers. If money transactions occur less often, there is a decreased likelihood for consumers becoming bankrupt. Mandates can limit the amount of money a casino can have at any given time, betting amounts, ATM withdrawals, as well as restrict casinos from cashing personal checks at casino cashier stations (Yaffee and Brodsky 1997, 309-315; Netemeyer et. al. 1998, 158). Given these criteria, this study expects that:

Working Hypothesis 2b (WH2b): House Bill 1724 (81R) adequately addresses increases in bankruptcy rates after a casino implementation.

Standard of Living (WH2c)

The “gambling culture” that arises from a host community can change the spending priorities of the citizenry. Preston (2007, 484) states that national income is the most important

indicator of living standards in a country. The income of families and households can decrease if heads of households increase their spending on gambling activities (Welte et. al 2002, 334). This new “gambling culture” can cause detrimental changes in the lifestyle and quality of life to individuals residing in host communities (Nichols et.al. 2000, 250). The standard of living in casino communities can be addressed through enabling legislation.

Maintaining acceptable standards of living in areas can be difficult when casinos are present. There is extensive debate about the government’s ability to maintain acceptable standards of living while respecting the rights of individuals (Engerman and Sokoloff 2008). Griswold and Nichols (2006, 372) believe that legislative mandates that address the standard of living issues with casino developments can maintain an acceptable quality of life. Standard of living can affect the overall well-being of a community and should be monitored when casinos are present.

The government does offer forms of monetary aid to those with less financial stability (e.g., food stamps, welfare checks, and student financial aid) (Ashby and Sobel 2008, 334-349, Preston 2007, 484). These are ways in which government can influence the standard of living in a community. Legislation can mandate that certain social services, such as welfare checks and financial aid, are not used for gambling activities. Regulations that mitigate abuses of government aid should maintain or improve standards of living in host communities. Therefore, this study expects that:

Working Hypothesis 2c (WH2c): House Bill 1724 (81R) adequately addresses issues concerning the standard of living in host communities.

Public Acceptance (WH2d)

Scholars in gambling studies contend that government should be aware of the effect casinos can have over host communities. Long (1996, 352) presents a list of questions that should be used before casino establishments are determined. These questions include:

- “How do residents feel generally about gambling? Do they support gambling in their community?”
- “How will the town change if it has gambling? Will gambling alter the attractiveness of the community of residents and others?”
- “How will gambling affect residents’ attitudes towards living in their community?”
- “How will gambling affect residents’ influence on local political decisions?”
- “How will residents’ personal behaviors or attitudes change if gambling is approved?”

Since relationships are formed between the casino and the consumer, it is imperative to gain a level of acceptance among the constituency. Unfavorable feelings and attitudes towards casino developments can hinder the economic abilities of both actors.

Certain areas are more conducive to casino development than others. Public acceptance of casinos can have a tremendous effect on the success of casino developments (Eadington 1984, 34-35). In areas where casino gaming is being considered, legislation should address the feelings and attitudes of those who will be affected by casino development. County and municipal elections can provide a means of public acceptability. According to McGurkin and Abt (1992, 326), government should have “... an interest in proliferating commercial gambling as a potential source of new revenues; and...in promoting the argument that the basic reversal of its earlier legal and moral opposition to gambling is a reflection of the public’s will in promoting the public good.”

Public acceptability is evident if municipal and county elections grant the approval of casino implementation (Eadington 1998, 57-59)²¹. This would give the change legitimacy and ensure the public's acceptance of casino legalization and implementation into their community (Griswold and Nichols 2006, 374). If casinos are legalized by popular vote, then the questions asked by Long should surface during the campaign (Long 1996). Legislation that addresses the acceptability and public opinion of an area before a casino location is developed is essential maintaining social capital; thus, this study expects that:

Working Hypothesis 2d (WH2d): House Bill 1724 (81R) adequately addresses public acceptance of casinos.

The next section of this chapter establishes the legislative standard for statutory authority.

Statutory Authority (WH3)

Statutory authority is very important when considering legalized casino gaming. Starting in the 1950s through the early 1970s, the United States government began to regulate and enforce laws concerning organized crime and its association with gambling activity (Blakey 1984, 13-14). Studies have shown that casino gambling increases criminal activity in its host community (Miller and Schwartz 1998, 131). In order to regulate associated crime, statutory authority is necessary in all gaming legislation.

There are negative economic and social effects that result in increased crimes associated with casino gambling (Walker and Barnett 1999, 200). Miller and Schwartz (1998, 126) argue that it is a bad practice for government to become dependent on tax revenue from gambling when casinos increase crime rates and cause social disorder. With an increase in

²¹ Also see Preston (2007) and Gross (1998)

crime, there will be a need to increase public services such as police officers, civil court proceedings, and jail space—all of which amount to an increase in costs for government and the tax payer (Miller and Schwartz 1998, 131).

Legislation should increase statutory authority to address the crimes associated with casino development (Wertheimer 1977, 303). Kraft and Furlong (2007, 80) argue for strong governing contexts to be applied to all legislative mandates regulating crime. A governing context requires all mandates to implement and enforce regulations through judicial authority (Kraft and Furlong 2007, 10-15). Government can legitimize its mandates by implementing legal actions to enforce regulatory policies and oversight (Kraft and Furlong 2007, 80).

Blakey (1984, 22) promotes the use of “multifaceted and comprehensive [gaming] legislation” that clearly defines and increases statutory authority to prevent associated crime. Types of crime that are associated with casino developments are (Blakey 1984, 22, Siu 2007, 134):

- Illegal gambling practices
- Theft
- Prostitution
- Drug use
- Political corruption

Forms of statutory regulation and authority can include (Blakey 1984, 22, Siu 2007, 134):

- Establishing a regulatory commission
- Increased funding for law enforcement entities
- Oversight of regulatory commission officers and members

Enabling legislation must establish mandates in order to help prevent increases in crime associated with casinos; therefore, this study expects that:

Working Hypothesis Three (WH3): House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.

Illegal Gambling Practices (WH3a)

Illegal gaming practices by casinos are the first forms of crime that legislation should address (Kindt 1994, 540-541). The Organized Crime Control Act of 1970 devoted one of its sections entirely to the issue of illegal gambling businesses and prohibited state law enforcement agencies to facilitate and/or ignore illegal gambling activities by casinos (Blakey 1984, 15). According to Miller and Schwartz (1998, 132), one of the potential costs of legalized casino gaming is crime concerning fraud, tax evasion, and hustling—all of which can be committed by casino establishments.

Casinos can falsify payouts, odds of winning, and information regarding the safety of those who gamble. According to Collins and Lapsley (2003, 127), there are three requirements that must be met to insure that a gambler is justly introduced to gaming inside a casino. Casinos must make sure that: a gambler is fully informed of any losses that may occur; the gambler is rational and not under any pressure to participate; and the gambler is able to bear the total cost of their gambling experience. Casinos should not offer private loans or contracts for the acquisition of personal wealth to pay off a gambling debt (Collins and Lapsley 2003, 127).

Yaffee and Brodsky (1997, 314) contend that mandates be created to prohibit the use of misleading gambling advertisements that promote gambling as a sure way to win money. Mandates should also require casinos to post a visible warning of the odds of losing. In addition, mandates should require casino operators to provide factual information to their customers and refrain from illegal gambling practices. Legislation can require all casino accounting

information be available for review by a regulatory commission. Legislation can also require all casinos to be subject to “at will” regulatory oversight (Rose 1998, 25-27; Frey 1998, 140-143). Forms of “at will” oversight include random visits by commission officers, audits, and stationed commission officers in casino establishments (Rose 1998, 25-26; Pavalko 2004, 333-334). Therefore this study expects that:

Working Hypothesis 3a (WH3a): House Bill 1724 adequately addresses statutory authority to regulate illegal gambling practices by casinos.

Theft, Drug Use, and Prostitution (WH3b)

Casino development is known for increasing the amount of crime in a host community. Among these crimes are theft, drug use, and prostitution. There is a substantial amount of research that indicates these crimes are positively associated with increases in casino development (Blakey 1984, 21-22). There is also a high demand for regulatory programs and laws to prevent the increase of crimes associated with casino gambling (Kindt 1994, 540-542). According to Gross (1998, 210), the public and private costs of increased crime is staggering and crimes that usually follow casino development result in tremendous administrative costs.

Siu (2007, 134-135) argues that if casino development output is not regulated by a proper regulatory system, there will be many undesirable activities such as crime increases in the surrounding areas. Legislation can expand statutory control by increasing funding for law enforcement institutions. Crimes, such as drug use and prostitution, often increase without expanded regulation (Siu 2007, 134-135). The legislation can increase and allocate funding for law enforcement personnel and agencies in host communities to counteract an increased crime rate (Rose 1998, 25; Kraft and Furlong 2007, 82). Therefore, this study expects that:

Working Hypothesis 3b (WH3b): House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.

Regulatory Corruption (WH3c)

Casinos can welcome and facilitate regulatory corruption (Siu 2007, 134-135). According to Eadington (1998, 55), casino gambling is linked to government corruption and legislation must find a way to overcome it before gambling is legalized. McGurrin and Abt (1992, 326) argue that “public policy may not be formulated and implemented in an impartial manner [because] government itself may become one of the interest groups attempting to influence public policy...this condition is especially characteristic of public policy regarding commercial gambling.” Therefore, rules and requirements must exist within pre-established judicial statutes and penal codes to prevent and punish government corruption.

Casino developments create conditions favorable for political corruption (Miller and Schwartz 1998, 125-126). This corruption can occur when regulatory officials work with the gambling industry to attain an economic benefit for both parties (Gross 1998, 205). Casinos are also known for taking advantage of the unethical behavior of regulatory officers (Gross 1998, 204). Casino gaming legislation should provide mandates and/or penalties to deter regulatory personnel from engaging in illegal activities, such as fraud and embezzlement, and include rules and requirements for all commission personnel to properly conduct administrative and regulatory duties (Siu 2007, 130, Walker and Barnett 1999, 208). Addressing regulatory corruption through legislative mandates can promote justice and a successful implementation; therefore, this study expects that:

Working Hypothesis 3c (WH3c): House Bill 1724 (81R) adequately addresses statutory authority is needed to mitigate regulatory corruption.

The next section of this chapter establishes the legislative standard for agency design and evaluation.

Agency Design and Evaluation (WH4)

Agency design and evaluation is the fourth standard gaming legislation must address. There are certain ways in which agencies should be designed to help promote a successful implementation. Program evaluation is a socially constructed and politically articulated practice and is also a legitimizing device for contemporary government practices (Taylor 2005, 601). According to Macey (1992, 100), “the most powerful device available to politicians and interest groups who wish to endow a particular legislative enactment with durability against both legislative and bureaucratic drift²² [is] the ability to structure the initial design of an agency.”

The demand for efficient agency performance and how to measure it is deeply embedded in public administration research (Taylor 2005, 602; Forbes and Lynn 1995, 560). There are three generalized ways in which legislation can influence and promote regulatory agency success (Brown et al. 2006, 254; Shingler et al. 2008, 1101-1103):

- Agency design
- Administrative structure
- Program evaluation

Effective agency implementation is also very important. The implementation of a regulatory agency can fail if the legislation does not provide a blueprint for carrying out

²² Legislative and bureaucratic drift is a term given to the interceding of political interest groups in the drafting of legislation and the implementation of an administrative process (Macey 1992, 97-98). This correlates with the discussion of interest groups and bureaucracy in chapter two.

administrative processes (Macey 1992, 95). Hayden (2006, 176) describes implementation as the “act of transferring decisions into practice and making policy into a reality.” In many instances flawed legislation has let the public down in terms of agency implementation (Hayden 2006, 166; Macey 1992, 93-94). It is required that legislation provide administrative guidelines that will make its regulatory commission successful; therefore, this study expects that:

Working Hypothesis Four (WH4): House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.

Agency Design (WH4a)

Agency design is at the core of legislative enactment (Kindt 1994, 544-545). Taylor (2005, 605) states that the construction of legislation is a “strongly self-regulating strategy of governments...[and] it helps move the discussion of evaluation beyond purely methodological considerations and towards the restructuring of public services....” Within legislation are the ways in which a regulatory agency is created and what personnel will need to comprise the governing body (Moynihan 2006, 77).

Agencies are the facilitators of public policy. According to McGurkin and Abt (1992, 325), “public policy functions as an administrative pillar in supporting culture and social order.” Agencies (and the personnel involved) have a direct influence on the regulatory goals of legislation; thus, as regulatory extensions of government, they can also have positive and negative effects on casino development (Sauer 2001, 14-15). Legislation, therefore, should provide agencies with the discretion to combat outside influences by empowering management personnel with rulemaking ability (Macey 1992, 102).

Efficiency and effectiveness in public agencies are achieved by creating a well-defined management position that carries out all mandates expressed in the legislation (Moynihan 2006, 77-78). Thus, agency design begins with agency management (Moynihan 2006, 77). Legislation can define and set qualifications for management personnel and provide a description of what the position(s) will entail (Brown et al. 2006, 324). Regulatory agency member(s) can have different types of duties such as rulemaking authority, private contracting, and hiring personnel. Creating a well-informed managerial position to carry out regulatory and administrative duties is part of a successful organization and has a place in any enabling legislation (Brown et al. 2006 324-325). Gaming legislation is no exception to the rule (Schneider and Ingram 1997, 2). Therefore, this study expects that:

Working Hypothesis 4a (WH4a): House Bill 1724 (81R) adequately addresses regulatory agency design.

Regulatory Priorities (WH4b)

The regulatory priorities set by legislation are important to the success of any agency implementation (Moynihan 2006, 78-79). Administrative processes are created by legislation to oversee the fair and legal administration and regulation of new mandates. Schneider and Ingram (1997, 105) state “all types of [government] institutions are susceptible to degenerative politics including those of formal government (legislative, executive, and judicial) and beyond government in the workplace, professional associations, and the family.” Wholey (2004, 34) argues for all legislation to have an evaluability assessment or a “process for clarifying program designs, exploring program reality, and helping design programs or policy” to ensure the agency

meets the goals of the legislation. The evaluability assessment can be formulated based on the amount of funding allocated to an agency.

Agencies play a major role in how their operations receive funding. Lu (2007, 3) states that public agencies are asked to develop performance indicators based on program goals and priorities. Performance indicators are then used to justify funding for agencies and to make sure the agency is meeting government accountability requirements (Lu 2007, 3). Clearly defining administrative priorities in the legislation is also essential to the sustainability of an agency (Kraft and Furlong 2007, 82). These priorities can be in the form of how and what the agency can regulate and what to look for when enforcing regulatory action. Legislation should also include a statement of purpose for the administration of its new mandates.

Gaming legislation should establish priorities for the regulatory agency created. There are four elements to uphold when establishing administrative priorities: program goals and priority information needs are well defined, program goals are plausible, relevant performance data can be obtained at reasonable costs, and the intended users of the evaluation results have agreed on how they will use the information (Wholey 34, 2004). Therefore, this study expects that:

Working Hypothesis 4b (WH4b): House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.

Program Evaluation (WH4c)

Programs and administrative processes should be evaluated and changed over time to maintain their integrity (Schneider and Ingram 1997, 105-106). In many instances, federal and state governments have developed processes and procedures to monitor the extent to which

public agencies adhere to the terms for which they were created (Carman 2009, 376). These processes and procedures relate to program evaluation and focus on agency operation (Carman 2009, 377). Gerston (2008, 160) states that there are several issues relating to the governance of public programs and how to correct them if ineffective. Federal and state governments have low expectations when it comes to the evaluation and performance measurement of public programs (Carman 2009, 387; Reingold and Lenkowsky 2010, S117). According to Carman (2009, 375), legislation enables program evaluation by providing grounds for reporting agency outcomes, performance, and effectiveness. According to Bourdeaux and Chikoto (2008, 253), “democratic institutions attempt to achieve multiple and often competing objectives, including representation, responsiveness, leadership, constraint of power, preservation of rights, and general freedom, as well as the efficient and effective provision of public services.” Legislative organization, authority, professionalism, and capacity for requiring program evaluation can affect public agency performance; therefore, legislation has an important influence on the implementation of program evaluation (Bourdeaux and Chikoto 2008, 256-261).

One way legislation can ensure agencies are evaluating their operations is to provide mandates requiring a report on performance measures demonstrating the agency’s ability to provide positive program outcomes (Carman 2009, 377). According to Carman (2009, 377), state governments can require agencies to specify logistical models for their proposed program operation. Carman (2009, 377) states, “[l]ogic models articulate theory behind the program and tell the story about ‘how the program will work,’ specifying the key elements of the program, including the ‘resources [or inputs], activities, outputs, short-, and intermediate- and longer-term outcomes.”

Measuring constituent confidence in government is another way to evaluate public programs. Since public agencies are an extension of government, high citizen constituent satisfaction is a big indicator of program success (Shingler et al. 2008, 1101-1102; Lu 2007, 4). Administrative programs can also be evaluated using social indicators (Gerston 2008, 178; Hayden 2006, 61). Social indicators “are a collection of values and assessment tools that are used to evaluate the success of a public policy after implementation” (Gerston 2008, 178; Hayden 2006, 63). Social indicators can be provided by facilitating a way to listen and respond to constituent concerns and suggestions (Shingler et al. 2008, 1103; Moynihan 2006, 78). One way legislation can address this is by mandating public hearings to be conducted to gain feedback from all parties involved. For casino developments, the parties involved can be casino owners, operators, and employees, host community members, legislators, and scholars. Program evaluations also account for the economic and social impact of the regulating policies (Brock et al. 2003, 236). A presence of program evaluation should be mandated in the legislation; therefore, this study expects that:

Working Hypothesis 4c (WH4c): House Bill 1724 (81R) adequately addresses program evaluation.

Conceptual Framework

Working hypotheses²³ are the framework used to evaluate gaming legislation. Each legislative standard is conceptualized into a working hypothesis with three to four sub-working hypotheses. These sub-hypotheses are used to specify the evidence needed to support the working hypotheses. The results of the evaluation are used to make recommendations to refine the legislation. All working hypotheses are summarized in Tables 4.1 through 4.4.

Conceptual Framework Tables (Pages 74-77)

Research Purpose:

The purpose of this research is to develop a framework to explore casino gaming legislation. This framework is a model used to assess gaming legislation based on four standards (economic development, social capital, statutory authority, and administrative design and evaluation). Second, Texas House Bill 1724 (81R), which concerns casino legalization, is used to illustrate the soundness of the framework. Third, recommendations to refine gaming legislation and the framework are developed.

²³ For more ARPs that use working hypotheses see:

Swift, James T., "Exploring Capital Metro's Sexual Harassment Training Using Dr. Bengt-Ake Lundvall's Taxonomy of Knowledge Principles" (2010). *Applied Research Projects, Texas State University-San Marcos*. Paper 326.

<http://ecommons.txstate.edu/arp/326>

-And-

Ruiz, Victor H., "A Knowledge Taxonomy for Army Intelligence Training: An Assessment of the Military Intelligence Basic Officer Leaders Course Using Lundvall's Knowledge Taxonomy" (2010). *Applied Research Projects, Texas State University-San Marcos*. Paper 331.

<http://ecommons.txstate.edu/arp/331>

TABLE 4.1- Conceptual Framework of Working Hypothesis 1 (WH1) - Economic Development

	Working Hypothesis	Scholarly Support
WH1	House Bill 1724 (81R) adequately addresses economic development.	
WH1a	House Bill 1724 (81R) adequately addresses job creation through casino development.	Back and Bowen (2009), d'Hautesserre (1998), Kindt (1994), Li et al.(2010), Thompson and Gazel (1995), Bjelde et al. (2008), Christiansen (1998), Morgan (2010)
WH1b	House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.	Eadington (1998), Rubenstein (1984), d'Hautesserre (1998), Garret (2003), Li et al.(2010), Long (1996), Rephann et al.(1997), Richard (2010)
WH1c	House Bill 1724 (81R) adequately addresses sustainable tourism practices.	Back and Bowen (2009), Li et al. (2010), Eadington (1984), Griswold and Nichols (2006), Lansing and Vries (2006), Long (1996)
WH1d	House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.	Blevins and Jensen (1998), Borg et al. (1991), Rubenstein (1984), Sauer (2001), Eadington (1998), Rose (1998), Thalheimer and Ali (2003)

TABLE 4.2- Conceptual Framework of Working Hypothesis 2 (WH2) - Social Capital

	Working Hypothesis	Scholarly Support
WH2	House Bill 1724 (81R) adequately addresses issues concerning social capital.	
WH2a	House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.	Netemeyer et al. (1998), Christiansen (1998), Gross (1998), Korn et.al. (2003), Lakey et al. (2006), Walker and Barnett (1999), Pavalko (2004)
WH2b	House Bill 1724 (81R) adequately addresses increases of bankruptcy rates after a casino implementation.	Barron (2002), Nichols et al. (2000), Yaffee and Brodsky (1997), Kusyszyn (1984), Netemeyer et al. (1998), Volberg (1996),
WH2c	House Bill 1724 (81R) adequately addresses issues concerning standard of living in host communities.	Engerman and Sokoloff (2008), Griswold and Nichols (2006), Nichols et al. (2000), Preston (2007), Welte et al. (2002), Ashby and Sobel (2008)
WH2d	House Bill 1724 (81R) adequately addresses public acceptance of casinos.	Eadington (1984), Griswold and Nichols (2006), Preston (2007), Eadington (1998), Gross (1998) , Long (1996), McGurrian and Abt (1992)

TABLE 4.3- Conceptual Framework of Working Hypothesis 3 (WH3) - Statutory Authority

	Working Hypothesis	Scholarly Support
WH3	House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.	
WH3a	House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.	Blakey (1984), Frey (1998), Pavalko (2004), Kindt (1994), Rose (1998), Yaffee and Brodsky (1997), Miller and Schwartz (1998), Collins and Lapsley (2003)
WH3b	House Bill 1724 (81R) adequately addresses additional funding needed regulate and control increases in theft, drug use, and prostitution.	Blakey (1984), Gross (1998), Kindt (1994), Kraft and Furlong (2007), Miller and Schwartz (1998), Rose (1998), Siu (2007)
WH3c	House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption.	Eadington (1998), Gross (1998), Miller and Schwartz (1998), McGurkin and Abt (1992), Siu (2007), Walker and Barnett (1999)

TABLE 4.4- Conceptual Framework of Working Hypothesis 4 (WH4) – Agency Design and Evaluation

	Working Hypothesis	Scholarly Support
WH4	House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.	
WH4a	House Bill 1724 (81R) adequately addresses regulatory agency design.	Taylor (2005), Kindt (1994), McGurkin and Abt (1992), Sauer (2001), Schneider and Ingram (1992), Brown et al. (2006), Moynihan (2006), Macey (1992)
WH4b	House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.	Moynihan (2006), Schneider and Ingram (1997), Wholey (2004), Kraft and Furlong (2007), Gerston (2008), Lu (2007)
WH4c	House Bill 1724 (81R) adequately addresses program evaluation.	Schneider and Ingram (1997), Brock et.al. (2003), Hayden (2006), Gerston (2008), Moynihan (2006), Shingler et al. (2008), Lu (2007), Carman (2009), Reingold and Lenkowsky (2010), Bourdeaux and Chikoto (2008)

Chapter Summary

This chapter discusses the four dimensions of formulating gaming legislation. Using these dimensions to evaluate gaming legislation is an innovative approach which should mitigate the negative effects casinos have on host communities. According to Eadington (1998, 55), “justifications for [legalized] gambling are not found in the joys of consumptions but, rather in the economic spinoffs that occur when gambling is authorized, especially in markets where it was previously prohibited.” It is certain that as states consider gaming, deriving the legislation will be at the forefront. This literature review illustrates the economic justification and legislative standards needed to enact adequate gaming legalization.

Using the four legislative standards as a basis for evaluation, future gaming legislation can be restructured to accommodate economic benefit and foster social and administrative practices which can contribute to a harmonious society. House Bill 1724 (81R) is an example of contemporary gaming legislation introduced to Texas Legislative Committees in 2009. Chapter five introduces the methodology that is used to evaluate House Bill 1724 (81R).

Chapter Five: Methodology

Chapter Purpose

This chapter explains the methodology used to test each working hypothesis. The chapter is divided into several sections. First, an overview of the research methodology is introduced and tables that operationalize the working hypotheses are presented. Second, the necessary and sufficient conditions (as introduced in chapter two) are used to establish evidence by which the legislation will be evaluated. Third, legislative criteria (derived from the literature review) are presented. The fourth part of this chapter reviews the research technique: document and archival record analysis. The chapter then ends with a summary of the methodology as a prelude to chapter six.

Overview of Research Methodology

The methodology used in this study includes the many facets of exploratory research²⁴. The working hypotheses (derived in chapter four) serve as legislative standards. The legislative standards are the basis for exploring the gaming legislation. Working hypotheses are widely applicable and can be used as a method to organize investigative research (Shields and Tajalli 2006, 320). The working hypotheses in this study are tested using document and archival

²⁴ For another example of a exploratory ARP that uses working hypotheses see:

McCutcheon, James, "Historical Analysis and Contemporary Assessment of Foster Care in Texas: Perceptions of Social Workers in a Private, Non-Profit Foster Care Agency" (2010). *Applied Research Projects, Texas State University-San Marcos*. Paper 332.
<http://ecommons.txstate.edu/arp/332>

record evidence. Texas House Bill 1724 (81R)²⁵ is used to illustrate the usefulness of the framework. Other archival documents used to interpret the mandates presented in House Bill 1724 (81R) are:

- Texas Senate Bill 1084 (81R)²⁶
- Texas Senate Bill 1084 (81R) Bill Analysis
- Texas House Bill 1724 (81R) Fiscal Note
- Texas Senate Bill 1084 (81R) Fiscal Note
- Texas Vernon's Civil Statutes Article 179e

Operationalization tables 5.1 through 5.4 explain how evidence from the document and archival record analysis and the working hypotheses will be connected.

Legislative criteria will provide a basis for finding evidence that supports or fails to support the working hypotheses. The working hypotheses structure the exploration and “establish a connection between the research question and the types of evidence used to test the hypothesis” (Shields and Tajalli 2006, 320). The evidence needed to assess legislation has been derived from the literature review in chapter four. Document and archival analysis will be the methods used for data collection.

HB 1724 (81R) contains many legislative mandates and statutes. Both the mandates and statutes will address a way in which casino legalization should be implemented and regulated. Each mandates and/or statutes is analyzed to determine if it meets the legislative criteria presented in the working hypotheses.

²⁵ In 2009, House Bill 1724 (81R) was introduced into committee and sought to legalize casino gaming in the State of Texas. That bill remained in committee for the duration of that legislative session and is considered void. It is unknown if a new bill will be introduced in the 2011 session.

²⁶ Senate Bill 1084 (81R) is identical to House Bill 1724 (81R). It will be referred to as SB 1084 (81R) for reference purposes.

TABLE 5.1 Operationalization of WH1 (Economic Development)

Working Hypothesis One (WH1): House Bill 1724 (81R) adequately addresses economic development.

	Working Hypothesis	Research Method	Question/Evidence
WH1a	House Bill 1724 (81R) adequately addresses job creation through casino development.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address job creation through casino development? What is the quality of the mandates addressing job creation through casino development?
WH1b	House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address community redevelopment needs? What is the quality of the mandates addressing community redevelopment?
WH1c	House Bill 1724 (81R) adequately addresses sustainable tourism practices.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address the use of sustainable tourism? What is the quality of the mandates addressing the use of sustainable tourism?
WH1d	House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address issues related to the taxation of casino revenues? What is the quality of the mandates addressing the taxation of casino revenues?

TABLE 5.2 Operationalization of WH2 (Social Capital)

Working Hypothesis Two (WH2): House Bill 1724 (81R) adequately addresses issues concerning social capital.

	Working Hypothesis	Method	Question
WH2a	House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address the social costs of pathological gambling? What is the quality of the mandates addressing the issue of pathological gambling?
WH2b	House Bill 1724 (81R) adequately addresses increases of bankruptcy rates after a casino implementation.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address issues of increasing bankruptcy rates? What is the quality of the mandates addressing bankruptcy?
WH2c	House Bill 1724 (81R) adequately addresses issues concerning standard of living in host communities.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address maintaining standards of living in host communities? What is the quality of the mandates addressing standards of living after casino development?
WH2d	House Bill 1724 (81R) adequately addresses public acceptance of casinos.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address the acceptability and public attitudes of casino implementation? What is the quality of the mandates addressing the acceptability and public attitudes of casino implementation?

Table 5.3 Operationalization of WH3 (Statutory Authority)

Working Hypothesis Three (WH3): House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.

	Working Hypothesis	Method	Question
WH3a	House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately provide statutory authority to regulate illegal gambling practices? What is the quality of the mandates addressing statutory authority over illegal gambling practices?
WH3b	House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately provide statutory authority to regulate increases in theft, drug use, and prostitution? What is the quality of the mandates addressing increases in theft, drug use, and prostitution?
WH3c	House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address statutory authority needed to mitigate regulatory corruption? What is the quality of the mandates addressing statutory authority needed to mitigate regulatory corruption?

Table 5.4 Operationalization of WH4 (Agency Design and Evaluation)

Working Hypothesis Four (WH4): House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.

	Working Hypothesis	Method	Question
WH4a	House Bill 1724 (81R) adequately addresses regulatory agency design.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address regulatory agency design? What is the quality of the mandates addressing regulatory agency design?
WH4b	House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address the regulatory priorities of the agency? What is the quality of the regulatory priorities of the agency?
WH4c	House Bill 1724 (81R) adequately addresses program evaluation.	Document/Archival Analysis: 1) HB 1724 (81R) 2) SB 1084 (81R) 3) SB 1084 (81R) Bill Analysis 3) HB 1724 (81R) Fiscal Note 4) SB 1084 (81R) Fiscal Note 5) Texas Vernon's Civil Statutes Article 179e	Do these documents adequately address program evaluation? What is the quality of program evaluation?

Operationalization of the Essential and Important Conditions

The explanation of the essential and important conditions in chapter two will be the basis for evaluating HB 1724 (81R) and its companions. Using the essential and important conditions, this study will seek to determine what the legislation is versus what it should be.

In order to test each working hypothesis, a presence of each legislative standard must be accounted for. To do this, the “essential condition” will be utilized. An essential condition is anything that is essential for a condition to be adequately met (condition A is necessary for condition B). This logic will be operationalized to measure the presence of a legislative standard (working hypothesis) in each document. Since HB 1724 (81R) contains mandates that address different aspects of casino legalization, the necessary condition will be operationalized as follows:

*“Mandates that **mention** specific aspects of proposed legislation are **essential** for addressing legislative standards therein.”*

If an aspect or aspects of a working hypothesis are mentioned in the document(s), then presence is granted to address that legislative standard. If the documents do not mention an aspect of a working hypothesis, however, then there is no presence granted and the legislative standard is not addressed. The following example of working hypothesis 1a will provide the basis for testing the presence of each working hypothesis:

*“HB 1724 (81R) **does mention** job creation in the development of casino establishments. Therefore, HB 1724 (81R) addresses the legislative standard for job creation.”*

The important condition will be used to assess the quality of the mandates. An important condition is anything that is important enough for a particular condition to be met (as illustrated in chapter two, Table 2.2). This logic will be operationalized to assess the quality

of the mandates based on the legislative criteria. Since HB 1724 (81R) contains mandates for regulating casino gaming, the important condition will be operationalized as follows:

*“The legislation **provides** mandates that regulate or address criteria or criterion **important** to adequately address a legislative standard.”*

If the documents establish, and/or provide, regulatory parameters that address certain legislative criteria, then a level of quality, dependent on the number of criteria addressed, is given. If the documents provide no regulatory parameters for addressing legislative criteria, then it has no quality and doesn’t adequately address the legislative standard. If less than half of the legislative criteria are addressed, then the mandates are of low quality, addressing the legislative standard but not adequately. Due to the hypothetical nature of implementing casino gaming into a local jurisdiction, it is difficult to provide “perfect” regulatory parameters to thwart all the negative effects of casino gambling. Therefore, if more than half of the legislative criteria are addressed, then the mandates are of high quality, adequately addressing the legislative standard. The following example will provide the basis for measuring the quality of the mandates:

*“HB1724 (81R) **provides** regulatory parameters that address job creation, contain specifications for the types of casino establishments to be built, and require casino establishments to contain certain facilities and/or resort amenities. All of which are **important** to adequately address the legislative standard for job creation (WH1a).”*

Table 5.5 below summarizes the operationalization of the essential and important conditions.

TABLE 5.5- Operationalization of the Essential and Important Conditions

The Essential and Important Conditions			
Condition	Definition	Formula	Example
Essential	Anything that is essential for a condition to be met.	Condition A is essential to met condition B.	Mandates that <u>mention</u> specific aspects of legislation are <u>essential</u> to addressing all legislative standards.
Important	Anything important that allows for a particular condition to be adequately met.	Condition B is important to adequately meet Condition A.	Provided mandates are <u>important</u> to adequately address a legislative standard.
Sources: Swartz (1997); The Hong Kong University (2004)			

Operationalization of Working Hypotheses-Legislative Criteria

Below is a list of each working hypothesis with legislative criteria. Each working hypothesis contains legislative criteria established in chapter four. These criteria will guide the exploration of the legislation and its associated documents. Each criterion is formulated into a question to assist in gathering evidence to support the working hypotheses. The next section discusses the operationalization of the working hypotheses through legislative criteria.

Economic Development (WH1)

Economic development is one of first justifications for legalizing casino gaming in local jurisdictions. The implementation of a casino development in a community can bring both positive and negative economic effects. There are four areas of economic development: job creation, community development, sustainable tourism, and taxation. These four specific areas of economic development should be addressed through enabling legislation and its regulatory parameters.

Working Hypothesis One (WH1): House Bill 1724 (81R) adequately addresses economic development.

Job Creation (WH1a)

Working Hypothesis 1a (WH1a): House Bill 1724 (81R) adequately addresses job creation through casino development.

Criteria:

1. Do these documents and/or legislation **mention** job creation as a justification for legalizing casino gaming? (Necessary)
2. Do these documents and/or legislation **provide mandates** that address job creation? (Sufficient)
3. Do these documents and/or legislation **provide mandates** that contain specifications for the type of casino establishments to be built? (Sufficient)
4. Do these documents and/or legislation **provide mandates** that require casino establishments to contain certain facilities or resort amenities? (Sufficient)

If the answer to all of these questions is yes, then job creation (WH1a) is strongly supported.

Community Redevelopment (WH1b)

Working Hypothesis 1b (WH1b): House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.

Criteria

1. Do these documents and/or legislation **mention** community redevelopment as an incentive for legalizing casino gaming? (Necessary)
2. Do these documents and/or legislation **provide mandates** for selective reassessment in determining casino locations? (Sufficient)
3. Do these documents and/or legislation **provide mandates** recognizing unplanned rezoning in locating casino developments? (Sufficient)
4. Do these documents and/or legislation **provide mandates** that place limits on the growth of casinos in certain jurisdictions? (Sufficient)
5. Do these documents and/or legislation **provide mandates** that assist in determining casino locales and limit the development of casinos in areas not in need of community redevelopment? (Sufficient)

If the answer to all of these questions is yes, then community redevelopment (WH1b) is strongly supported.

Sustainable Tourism (WH1c)

Working Hypothesis 1c (WH1c): House Bill 1724 (81R) adequately addresses sustainable tourism practices.

Criteria

1. Do these documents and/or legislation **mention** environmental sustainability or sustainable tourism practices in its intent to legalize casino gaming? (Necessary)
2. Do these documents and/or legislation **provide mandates** that provide criteria for pre-determining casino locales with respect to its environmental capability? (Sufficient)
3. Do these documents and/or legislation **provide mandates** that regulate the locations that casino be built because of environmental constraint? (Sufficient)

If the answer to all of these questions is yes, sustainable tourism (WH1c) is strongly supported.

Taxation (WH1d)

Working Hypothesis 1d (WH1d): House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.

Criteria

1. Do these documents and/or legislation **mention** the basis for taxation on casino establishments? (Necessary)
2. Do these documents and/or legislation **provide mandates** on how taxes will be applied to casino revenues? (Sufficient)

3. Do these documents and/or legislation **provide mandates** on how taxes rates will be derived? (Sufficient)
4. Do these documents and/or legislation **provide mandates** on how tax revenue will be used by the government? (Sufficient)

If the answer to all of these questions is yes, then taxation (WH1d) is strongly supported.

Social Capital (WH2)

When a casino is introduced into a community, there can be several negative impacts on the social well being of its citizens. Casino gaming can cause increases in pathological gambling and bankruptcy rates and effect the standard of living in a community. Casinos should also be legalized based on public acceptance. These four legislative standards (pathological gambling, bankruptcy, standard of living, and public acceptance) should be addressed by the legislation and its mandates.

Working Hypothesis Two (WH2): House Bill 1724 (81R) adequately addresses issues concerning social capital.

Pathological Gambling (WH2a)

Working Hypothesis 2a (WH2a): House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.

Criteria

1. Do these documents and/or legislation **mention** the issue of pathological gambling as result of gaming legalization? (Necessary)
2. Do these documents and/or legislation **provide mandates** that award grants or allocate funding to pathological gambling prevention? (Sufficient)
3. Do these documents and/or legislation **provide mandates** that determine what pathological gambling prevention technique(s) (advertisements, support groups, or commission studies) will be used? (Sufficient)

If the answer to all of these questions is yes, then pathological gambling (WH2a) is strongly supported.

Bankruptcy (WH2b)

Working Hypothesis 2b (WH2b): House Bill 1724 (81R) adequately addresses increases of bankruptcy rates after a casino implementation.

Criteria

1. Do these documents and/or legislation **mention** the increase in bankruptcy rates as a result of gaming legalization? (Necessary)
2. Do these documents and/or legislation **provide mandates** that regulate the amount of money a casino can have at any given time? (Sufficient)
3. Do these documents and/or legislation **provide mandates** that regulate betting limits? (Sufficient)
4. Do these documents and/or legislation **provide mandates** that regulate ATM withdrawals? (Sufficient)
5. Do these documents and/or legislation **provide mandates** that restrict casinos from cashing personal checks at cashier stations? (Sufficient)

If the answer to all of these questions is yes, then bankruptcy (WH2b) is strongly supported.

Standard of Living (WH2c)

Working Hypothesis 2c (WH2c): House Bill 1724 (81R) adequately addresses issues concerning standard of living in host communities.

Criteria

1. Do these documents and/or legislation **mention** issues concerning standard of living in host communities? (Necessary)
2. Do these documents and/or legislation **provide mandates** that restrict social services such as welfare checks and financial aid to be used for gambling activities? (Sufficient)

If the answer to all of these questions is yes, then standard of living (WH2c) is strongly supported.

Public Acceptance (WH2d)

Working Hypothesis 2d (WH2d): House Bill 1724 (81R) adequately addresses public acceptance of casinos.

Criteria

1. Do these documents and/or legislation **mention** public acceptability or public attitude as a precondition for a casino implementation? (Necessary)

2. Do these documents and/or legislation **provide mandates** that require county and/or municipal elections to occur to approve casino legalization and/or the building of a casino establishment? (Sufficient)

If the answer to all of these questions is yes, then public acceptance (WH2d) is strongly supported.

Statutory Authority (WH3)

When casinos are introduced into an area, there are increases in crime that must be addressed by enabling legislation. The three major areas in need of expanded statutory authority are illegal gambling practices by casinos, increased funding for preventing increases in theft, drug use, and prostitution, and regulatory agency corruption. The legislation can provide mandates and/or provisions to mitigate the negative effects that casino gaming can have on controlling crime.

Working Hypothesis Three (WH3): House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.

Illegal Gambling Practices (WH3a)

Working Hypothesis 3a (WH3a): House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.

Criteria

1. Do these documents and/or legislation **mention** the regulation of illegal gambling practices by casinos? (Necessary)
2. Do these documents and/or legislation **provide mandates** that prohibit casinos from falsifying pay-outs, odds of winning, and information regarding the safety of those who gamble? (Sufficient)
3. Do these documents and/or legislation **provide mandates** that regulate gambling advertisements so they are not misleading by promoting that gambling is a sure way to win money? (Sufficient)
4. Do these documents and/or legislation **provide mandates** that require casino establishments post visible warnings of the odds of losing? (Sufficient)
5. Do these documents and/or legislation **provide mandates** that require all casino accounting information be available for regulatory commission review? (Sufficient)

6. Do these documents and/or legislation **provide mandates** that require casinos to be subject to “at will” regulatory oversight? (Sufficient)

If the answer to all of these questions is yes, then statutory authority to regulate illegal gambling practices (WH3a) is strongly supported.

Theft, Drug Use, and Prostitution (WH3b)

Working Hypothesis 3b (WH3b): House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.

Criteria

1. Do these documents and/or legislation **mention** statutory authority to mitigate increases in theft, drug use, and prostitution in areas with casino development? (Necessary)
2. Do these documents and/or legislation **provide mandates** that increase and allocate funding for law enforcement personnel and agencies to counteract increased crime rates? (Sufficient)

If the answer to all of these questions is yes, then additional funding to regulate illegal gambling practices (WH3b) is strongly supported.

Regulatory Corruption (WH3c)

Working Hypothesis 3c (WH3c): House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption.

Criteria

1. Do these documents and/or legislation **mention** statutory authority mitigate regulatory corruption? (Necessary)
2. Do these documents and/or legislation **provide mandates** that include rules and requirements of all commission personnel to properly conduct administrative and regulatory duties? (Sufficient)
3. Do these documents and/or legislation **provide mandates** that prohibit regulatory personnel from engaging in illegal activities and provide pre-established statutes and penal codes that prosecute government corruption? (Sufficient)

If the answer to all of these questions is yes, then statutory authority needed to mitigate regulatory corruption (WH3c) is strongly supported.

Agency Design and Evaluation (WH4)

Legislation can provide mandates and provisions that address the way in which a new program or regulatory agency is implemented. These mandates and provisions can include regulatory agency design, regulatory priorities, and program evaluation requirements. If the legislation addresses all three, then the legislative enactment has a better chance for regulatory success.

Working Hypothesis Four (WH4): House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.

Agency Design (WH4a)

Working Hypothesis 4a (WH4a): HB 1724 (81R) adequately addresses regulatory agency design.

Criteria

1. Do these documents and/or legislation **mention** the creation and design of a regulatory agency to oversee legislative intent? (Necessary)
2. Do these documents and/or legislation **provide mandates** that grant rulemaking authority to the commission and/or its personnel? (Sufficient)
3. Do these documents and/or legislation **provide mandates** that set qualifications for management personnel and provide description of that the management position(s) will entail? (Sufficient)

If the answer to all of these questions is yes, then agency design (WH4a) is strongly supported.

Regulatory Priorities (WH4b)

Working Hypothesis 4b (WH4b): House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.

Criteria

1. Do these documents and/or legislation **mention** regulatory priorities to help agencies create performance indicators? (Necessary)
2. Do these documents and/or legislation **provide** a statement of purpose for the administration its new mandate(s)? (Sufficient)
3. Do these documents and/or legislation **provide** regulatory goals? (Sufficient)

4. Do these documents and/or legislation **provide mandates** that guide agency operation? (Sufficient)

If the answer to all of these questions is yes, then regulatory priorities (WH4b) is strongly supported.

Program Evaluation (WH4c)

Working Hypothesis 4c (WH4c): House Bill 1724 (81R) adequately addresses program evaluation.

Criteria

1. Do these documents and/or legislation **mention** program evaluation as a way to refine administrative processes? (Necessary)
2. Do these documents and/or legislation **provide mandates** requiring the agency to provide reports on its ability to produce positive performance outcomes? (Sufficient)
3. Do these documents and/or legislation **provide mandates** requiring agencies to use logic models to illustrate the program operation? (Sufficient)
4. Do these documents and/or legislation **provide mandates** requiring public hearings to be conducted for feedback on regulatory practices and agency operations? (Sufficient)

If the answer to all of these questions is yes, then program evaluation (WH4c) is strongly supported.

Once the legislative criterion has been reviewed for each document, the findings will be indexed in a document/archival analysis matrix (see Appendix A). Conclusions and recommendations to refine the legislation will be provided after the results have been reviewed in chapter six. The next section will discuss the research techniques used to complete this study.

Research Techniques

This study uses document and archival record analysis to test the working hypotheses. According to Yin (2009, 101), documentation and archival records are two of six sources of evidence. These sources of evidence are important to research studies that utilize case studies.

A unique aspect of this study is that the literature review was derived from dozens of journal articles and research projects that use case studies, documentation, and archival records. Therefore, the method of data collection in this study is reinforced by the literature.

There are several strengths and weaknesses of document and archival record analysis. The first strength of using both documentation and archival records is their stability. Both can be reviewed repeatedly without change (Yin 2009, 102). The second strength is unobtrusiveness, which means it does not disturb any ongoing processes (Yin 2009, 10). Thirdly, information is often precise. For example, documents and records contain exact dates, names, references, and details of the matter at hand (Yin 2009, 102). Fourth these techniques are broad and can often cover a large span of time and contain accounts of events and settings (Yin 2009, 102).

However, there are also weaknesses. According to Yin (2009, 102), there are five weaknesses in using document and archival record analysis. These weaknesses are irretrievability, biased selectivity, reporting bias, withheld information, and accessibility. Since all of the documents and archival records used are government sponsored and available online to the public, irretrievability and accessibility are easily overcome.

Documents to be analyzed are HB 1724 (81R) and SB 1084 (81R). SB 1084 (81R) is identical to HB 1724 (81R). The analysis of this document will reflect the findings and results from the mandates and statutes provided in HB 1724 (81R). Archival record analysis is conducted on the following records: Texas HB 1724 (81R) Fiscal Note, Texas SB 1084 (81R) Fiscal Note, and SB 1084 (81R) Bill Analysis. The bill analysis is a generalized interpretation of the mandates and statutes within the bill. SB 1084 (81R) Bill Analysis is organized in accordance with HB 1724 (81R) and SB 1084 (81R). The mandate coding and section numbers are identical

to both the House and Senate bills. The analysis of this document will reflect the findings and results of all mandates and/or statutes in HB 1724 (81R) and SB 1084 (81R).

Vernon's Texas Civil Statutes, Article 179e establishes the Texas Racing Act of 1986. This document is important because it provides mandates and statutes that are referenced for implementing the mandates in HB 1724 (81R) and SB 1084 (81R). All archival records will be used as a control to the document analysis conducted on the actual House and Senate bills. The fiscal notes will provide quantitative evidence needed to analyze the economic impacts of the legislation.

The bill analyses and fiscal notes are distributed by the Texas Legislative Council, which is a non-partisan legislative agency that provides congressional information to the public²⁷. Since the Texas Legislative Council distributes these documents and archival records, biased selectivity, reporting bias, and withheld information should not be a factor in the method of data collection.

The first document and archival record analysis took place on February 8, 2011. This analysis served as a preliminary data collection to reinforce the methodological procedures outlined in this chapter. Another comprehensive analysis occurred on March 18, 2011 and on March 20, 2011. These analyses were used to index all of the findings in the document and archival record matrix (see appendix A) and clarify the results from the first analysis. Screen captures of HB 1724 (81R) are available in Appendix B, which provide an example of two mandates that did and did not satisfy legislative criteria outlined in this chapter.

²⁷ See Texas Legislative Council web-site: <http://www.tlc.state.tx.us/>

Human Subjects Protection

Human subjects will not be used in this study; therefore, an IRB authorization is not required. All documents used in this study are provided online and available to the public.

Summary of Methodology

The methodology presented in this chapter begins with an operationalization of the working hypotheses. Each working hypotheses will be tested using document and archival analysis. Research questions accompany each working hypothesis to provide a foundation for conducting exploratory research. The investigation is conducted according to legislative criteria established in chapter four. Once the legislative criteria are utilized to explore each document, then the necessary and sufficient conditions are used to evaluate the legislation and its mandates. The next chapter will provide the results from the exploration of HB 1724 (81R) and its associated documents.

Chapter Six: Results

Chapter Purpose

This chapter discusses the results from the document and archival record analysis.

Document and archival record analysis was used to evaluate casino gaming legislation on the basis of four legislative standards—economic development, social capital, statutory authority, and agency design and evaluation. The results are summarized and organized by each working hypothesis.

Legislative Standards

This applied research project used a literature review to derive four legislative standards to evaluate casino gaming legislation. Within each legislative standard, criteria were established to assist in the exploration of the legislation and its associated documents. In order to collect data and present results, the legislative standards in this study are developed in a conceptual framework as four working hypotheses and fourteen sub-working hypotheses. The four working hypotheses are:

WH1: House Bill 1724 (81R) adequately addresses economic development.

WH2: House Bill 1724 (81R) adequately addresses issues concerning social capital.

WH3: House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.

WH4: House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.

All findings are indexed by mandate, statute, and/or section in a document and archival record matrix in appendix A. The remainder of this chapter reviews the findings.

Economic Development (WH1)

WH1: House Bill 1724 (81R) adequately addresses economic development.

Job Creation (WH1a)

WH1a: House Bill 1724 (81R) adequately addresses job creation through casino development.

Economic development is one of the leading justifications for legalizing casino gaming in a local jurisdiction. Job creation is one of the primary ways economic development occurs. When casino establishments are introduced into an area, job creation is evident and can be observed. Thus, legislation should address and regulate job creation in the development of casino establishments.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis mention job creation as justification for legalizing casino gaming. The legislation provides a general mandate that requires casinos to introduce new jobs to host communities. Section 2022.001 (a) (1) in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis states:

“The development of regulated limited casino gaming in the state will benefit the general welfare of the people of this state by enhancing investment, development, and tourism in this state, resulting in new jobs, and additional revenues to the state...”

Mandates within the legislation allow the creation of nine casinos to be built as destination tourist attractions. However, there are no mandates present requiring casino developments to contain certain facilities and/or resort amenities, which are more apt to provide job opportunities than just the casino itself.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note mention the purpose of legalizing casino gaming in Texas is to increase positive economic development. This can be

found in the fiscal analysis section of both documents. The fiscal notes did not provide any mandates or provisions in regards to job creation.

Texas Vernon's Civil Statutes, Article 179e is not referred to by any mandate or provision that pertains to job creation. Table 6.1 lists the findings of the document and archival record analysis as they pertain to WH1a.

Level of Presence and Quality

The document and archival record analysis provided that job creation was mentioned, therefore providing a presence of that legislative standard. The mandates, however, addressed three of the four legislative criteria outlined in chapter five; thus the mandates have a high quality and adequately address job creation through casino developments. Table 6.5 summarizes the level of presence and quality of WH1a (House Bill 1724 (81R) adequately addresses job creation through casino development).

Table 6.1- Document and Archival Record Analysis Results for WH1a (Job Creation)

WH1a: House Bill 1724 (81R) adequately addresses job creation through casino development.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention job creation as a justification for legalizing casino gaming? (Necessary)	Mentions job creation
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates that address job creation? (Sufficient)	Provides a general provision mandating that casinos will introduce new jobs to the host community
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates that contain specifications for the type of casino establishments to be built? (Sufficient)	Allows nine casinos to be built as destination tourist attractions
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e	4. Do these documents and/or legislation provide mandates that require casino establishments to contain certain facilities or resort amenities? (Sufficient)	No mandates are provided to require casinos to contain certain facilities and/or resort amenities
Does the evidence support WH1a?		The evidence provides support for WH1a and adequately addresses job creation.

Community Redevelopment (WH1b)

WH1b: House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.

The legalization of casino gaming is often justified in order to economically revitalize an area in need of commercial redevelopment. Legislation can address and provide regulatory parameters to ensure community redevelopment implications are addressed and justly implemented.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis did mention community redevelopment as an incentive for legalizing casino gaming. Section 2022.056 (a) (3) in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis states:

“...proposed casinos and any proposed associated hotel and nongaming businesses could be reasonably expected to encourage interstate tourism to the state.”

However, the legislation does not provide mandates that recognize selective reassessment in determining casino locations or unplanned re-zoning in locating casino developments. The legislation mandates that casinos are to be developed according to first class gaming industry standards, however, standards are not provided. The legislation does provide mandates that determine casino locales, but does not address locales in need of community redevelopment.

The Fiscal Analysis section of HB 1724 and SB 1084 Fiscal Note states:

“The commission could issue six additional casino owners licenses, with three in areas where a casino would have a significant economic impact.”

However, there is still no mention or discussion of any community development initiative. This can be found in the fiscal analysis section of both documents.

Texas Vernon's Civil Statutes, Article 179e is not referred to by any mandate or provision that pertains to community redevelopment. Table 6.2 lists the findings of the document and archival record analysis as they pertain to WH1b.

Level of Presence and Quality

The document and archival record analysis mention community redevelopment, therefore providing presence. The mandates, however, only address one of the five legislative criteria outlined in chapter five; thus, the mandates have a low quality and do not adequately address community redevelopment. Table 6.5 summarizes the level of presence and quality of WH1b (House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations).

**Table 6.2- Document and Archival Record Analysis Results for WH1b
(Community Redevelopment)**

Working Hypothesis 1b (WH1b): House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention community redevelopment as an incentive for legalizing casino gaming? (Necessary)	Mentions community redevelopment
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates for selective reassessment in determining casino locations? (Sufficient)	No mandates are provided addressing selective reassessment
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates recognizing unplanned re-zoning in locating casino developments? (Sufficient)	No mandates are provided addressing unplanned re-zoning
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e	4. Do these documents and/or legislation provide mandates that place limits on the growth of casinos in certain jurisdictions? (Sufficient)	Does require casinos to be built according to the standards of a first-class gaming industry; does not provide standards
	5. Do these documents and/or legislation provide mandates that assist in determining casino locales and limit the development of casinos in areas not in need of community redevelopment? (Sufficient)	Determines casino locales; does not recognize areas in need community redevelopment
Does the evidence support WH1b?	The evidence provides minimal support for WH1b and does not adequately address community redevelopment.	

Sustainable Tourism (WH1c)

WH1c: House Bill 1724 (81R) adequately addresses sustainable tourism practices.

Casino establishments can have a negative impact on the environment. Resort or tourist destination casinos can be large structures and require a large quantity of environmental resources to maintain. Legislation can address the environmental impact that casinos have and can mandate sustainable tourism practices to be used. These practices recognize the environmental impact of a casino establishment and provide stipulations for casinos in accordance with environmental capability and constraint.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis do not mention environmental sustainability or sustainable tourism practices in building casino establishments. No mandates are provided to determine casino locations based on environmental capacity. No regulations are provided to restrict certain locales from casino development due to environmental constraint. Similarly, HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note do not mention providing any information in regards to sustainability or sustainable tourism practices.

Texas Vernon's Civil Statutes, Article 179e was not referred to by any mandate or provision that pertained to sustainable tourism. Table 6.3 lists the findings of the document and archival record analysis as they pertain to WH1c.

Level of Presence and Quality

The document and archival record analysis failed to mention sustainable tourism, therefore providing no presence of that specific legislative standard. None of the legislative

criteria outlined in chapter five were met; thus, the mandates have no quality and do not adequately address sustainable tourism. Table 6.5 summarizes the level of presence and quality of WH1c (House Bill 1724 (81R) adequately addresses sustainable tourism practices).

Table 6.3- Document and Archival Record Analysis Results for WH1c (Sustainable Tourism)

Working Hypothesis 1c (WH1c): House Bill 1724 (81R) adequately addresses sustainable tourism practices.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention environmental sustainability or sustainable tourism practices in its intent to legalize casino gaming? (Necessary)	Does not mention sustainable tourism
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates that provide criteria for pre-determining casino locales with respect to its environmental capability? (Sufficient)	No mandates are provided to determine environmental capability
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note SB 1084 (81R) Fiscal Note Texas Vernon's Civil Statutes Article 179e	3. Do these documents and/or legislation provide mandates that regulate the locations that casino be built because of environmental constraint? (Sufficient)	No Mandates are provided to recognize environmental constraint
Does the evidence support WH1c?	The evidence provides no support for WH1c and does not adequately address sustainable tourism.	

Taxation (WH1d)

WH1d: House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.

Governments justify casino legalization because of its ability to produce tax revenue.

Taxation can impact the economic well-being of a casino and its host community. Taxation on a casino must be addressed in legislation to ensure the basis of taxation does not affect the casinos ability to provide a positive economic benefit for the state and its host community.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis does mention the rationale for taxation on casino establishments. The legislation provides mandates that require a gaming tax to be paid on a monthly basis. Section 2022.302 (a) in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis states:

“There is imposed on each holder of a casino owner’s license a gaming tax in an amount equal to 15 percent...”

In addition, the legislation also provides mandates that require a slot machine tax to be paid monthly. Section 2022.302 (b) in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis states:

“There is imposed on each holders of a slot establishment owner’s license a slot gaming tax in an amount equal to 35 percent...”

The mandates, however, do not provide a basis for deriving those tax rates. The legislation does provide mandates on how tax revenue will be allocated. Tax revenues will be used to operate the Texas Gaming Commission via the Texas General Revenue Fund and to provide revenue for the Texas Higher Education Trust Fund with four exceptions. Two-thirteenths of the revenue from the gaming tax will go to the host community and county or

one-fifteenth to the county if a casino is not located in a municipality. One-thousandth of the revenue from both taxes go to the Problem (pathological) Gaming and Addiction Grant, and \$200,000 can be appropriated to the Texas Department of Public Safety for assisting in regulatory functions.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) fiscal note mentions the taxation of casino revenues in the fiscal analysis and methodology sections. Both documents explain the basis of taxation and how tax funds are to be allocated. However, both documents fail to discuss how the tax rates are derived. The results are similar to the document and archival record analysis of the aforementioned legislation and bill analysis.

Texas Vernon's Civil Statutes, Article 179e is not referred to by any mandate or provision that pertains to taxation. Table 6.4 lists the findings of the document and archival record analysis as they pertain to WH1d.

Level of Presence and Quality

The document and archival record analysis provides that taxation is mentioned; therefore, that legislative standard is present. The mandates address three of the four legislative criteria outlined in chapter five; thus, the mandates are of high quality and adequately address the taxation of casino revenues. Table 6.5 summarizes the level of presence and quality of WH1d (House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues).

Table 6.4- Document and Archival Record Analysis Results for WH1d (Taxation)

Working Hypothesis 1d (WH1d): House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention the basis for taxation on casino establishments? (Necessary)	Does mention a basis of taxation
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates on how taxes will be applied to casino revenues? (Sufficient)	Does provide mandates on how taxes will be applied to casino revenues; 15% gaming tax and 35% slot gaming tax
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates on how taxes rates will be derived? (Sufficient)	Does not provide a basis for how the tax rates were derived
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e	4. Do these documents and/or legislation provide mandates on how tax revenue will be used by the government? (Sufficient)	Allocates tax revenues to the general revenue fund and Higher Education Trust Fund with four exceptions
Does the evidence support WH1d?		The evidence provides support for WH1d and adequately addresses taxation of casino revenues.

Level of Support for WH1

Of the four sub-working hypotheses, two (job creation and taxation) are adequately addressed through the legislation. Community redevelopment is present within the documents but does not meet enough of the legislative criteria to be adequately addressed. Sustainable tourism is not addressed through any mandate. Since economic development is a justification

for casino legalization, the presence of all four legislative standards is necessary. Provided that only two legislative standards were met out of the possible four, the overall support for HB 1724 (81R) adequately addressing economic development is minimal. Table 6.5 summarizes the results for WH1.

Table 6.5- Summary of Results for WH1 (Economic Development)

WH1: House Bill 1724 (81R) adequately addresses economic development.			
Sub-Hypotheses	Presence	Legislative Criteria	Quality of the Mandates
WH1a: House Bill 1724 (81R) adequately addresses job creation through casino development.	Presence	3 of 4 criteria met	High Quality
WH1b: House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.	Presence	1 of 5 criteria met	Low Quality
WH1c: House Bill 1724 (81R) adequately addresses sustainable tourism practices.	No Presence	0 of 3 criteria met	No Quality
WH1d: House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.	Presence	3 of 4 criteria met	High Quality
Overall Support for WH1:	Minimal Support		

Social Capital (WH2)

WH2: House Bill 1724 (81R) adequately addresses issues concerning social capital.

Pathological Gambling (WH2a)

Pathological gambling is one of the most detrimental effects casino gaming can have on society. The introduction of gambling activities into a host community can enable individuals to become addicted to gambling and, in turn, have a negative impact on the amount of social capital in an area. Legislation can address pathological gambling to help mitigate pathological gambling's negative implications.

WH2a: House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis address the issue of pathological gambling. Mandates providing help to deter the negative effects of problem gambling are included in the legislation. The provisions in the legislation establish a Problem Gambling and Addiction Grant funded by gaming tax revenues. Section 2022.552 (a) in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis state:

“The commission shall administer a grant program to provide assistance for the direct treatment of persons diagnosed as suffering from pathological gambling and other addictive behaviors...”

Mandates also include provisions for administering direct treatment programs to individuals suffering from gambling addiction. Another mandate calls for a commission study to determine the effectiveness of problem gambling treatment and addiction prevention efforts. Both of these prevention techniques would be funded by the previously mentioned grant.

HB 1724 (81R), Fiscal Note, and SB 1084 (81R) Fiscal Note mentions pathological gambling in the fiscal analysis section. Each document states “one-thirteenth of both casino revenue taxes would be used to fund the Problem Gambling and Addiction Grant.” There is no mention of pathological gambling treatment techniques in either document.

Texas Vernon’s Civil Statutes, Article 179e is not referred to by any mandate or provision that pertains to pathological gambling. Table 6.6 lists the findings of the document and archival record analysis as they pertain to WH2a (House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.

Level of Presence and Quality

The document and archival analysis demonstrated that pathological gambling is mentioned. The mandates address all three of the legislative criteria outlined in chapter five; thus, the mandates have a high quality and adequately address pathological gambling. Table 6.10 summarizes the level of presence and quality of WH2a.

Table 6.6- Document and Archival Record Analysis Results for WH2a (Pathological Gambling)

Working Hypothesis 2a (WH2a): House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention the issue of pathological gambling as result of gaming legalization? (Necessary)	Does mention pathological gambling
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates that award grants or allocate funding to pathological gambling prevention? (Sufficient)	Provides mandates that creates The Problem Gaming and Addiction Grant
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates that determine what pathological gambling prevention technique(s) (advertisements, support groups, or commission studies) will be used? (Sufficient)	Provides mandates that require a direct treatment program and a commission study
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e		
Does the evidence support WH2a?	The evidence provides strong support for WH2a and adequately addresses pathological gambling.	

Bankruptcy (WH2b)

WH2b: House Bill 1724 (81R) adequately addresses increases of bankruptcy rates after a casino implementation.

The presence of casinos can alter an individual's spending habits making them prone to overconsumption and overspending. Thus, the introduction of casinos into a community can increase bankruptcy rates. A rise in bankruptcy rates can have a negative effect on the amount

of social capital in a host community. The issue of increased bankruptcy rates in a host community can be addressed through legislation.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis mentions the economic welfare of the public, but does not explicitly mention bankruptcy rates as a result of casino legalization. The legislation and bill analysis provide no mandates to regulate the amount of money a casino could have at any given time to limit patron gambling, betting amounts, ATM withdrawals, or to restrict casinos from cashing personal checks at cashier stations.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note do not mention increases in bankruptcy rates as a result of casino legalization. No mandates or provisions are addressed in either document.

Texas Vernon's Civil Statutes, Article 179e is not referred to by any mandate or provision that pertains to bankruptcy rates as a result of casino legalization. Table 6.7 lists the findings of the document and archival record analysis as they pertain to WH2b (House Bill 1724 (81R) adequately addresses increases of bankruptcy after a casino implementation).

Level of Presence and Quality

The document and archival record analysis provides that the issue of increased bankruptcy rates is not mentioned; therefore, that legislative standard is not present. None of the legislative standards outlined in chapter five are addressed; thus, the mandates have no quality and do not adequately address increases in bankruptcy rates as a result of casino development. Table 6.10 summarizes the level of presence and quality of WH2b.

Table 6.7- Document and Archival Record Analysis Results for WH2b (Bankruptcy)

Working Hypothesis 2b (WH2b): House Bill 1724 (81R) adequately addresses increases of bankruptcy rates after a casino implementation.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention the increase in bankruptcy rates as a result of gaming legalization? (Necessary)	Does not mention bankruptcy or the increase in bankruptcy rates
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates that regulate the amount of money a casino can have at any given time? (Sufficient)	No mandates are provided to regulate the amount of money casino can have to limit consumer spending
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates that regulate betting limits? (Sufficient)	No mandates are provided to regulate betting limits
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e	4. Do these documents and/or legislation provide mandates that regulate ATM withdrawals? (Sufficient)	No mandates are provided to regulate ATM withdrawals
	5. Do these documents and/or legislation provide mandates that restrict casinos from cashing personal checks at cashier stations? (Sufficient)	No mandates are provided to restrict casinos from cashing personal checks
Does the evidence support WH2b?	The evidence provides no support for WH2b and does not adequately address bankruptcy.	

Standard of Living (WH2c)

WH1c: House Bill 1724 (81R) adequately addresses issues concerning standard of living in host communities.

Casinos can negatively affect the standard of living in a host community. Government aid to those in financial need is used to maintain an acceptable standard of living. If not addressed by enabling legislation, people living in host communities can alter their spending and lose excessive amounts of income from participating in casino activities. Mandates can be used to prohibit the use of government welfare on gambling activities.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis do address standard of living in host communities. Mandates are provided that prohibit individuals from using financial aid received from the “Aid to Families with Dependent Children” program and/or food stamp monies to participate in casino activities. Section 2022.464 (a) (1-2) in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis states:

“A person commits an offense if the person intentionally or knowingly plays a gambling game with: the proceeds of a check issued as a payment under the Aid to Families with Dependent Children program administered under Chapter 31, Human Resources Code; or a food stamp coupon issued under the food stamp program administered under Chapter 33, Human Resources Code.”

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note does not mention issues concerning standard of living in host communities after casino legalization. No mandates or provisions are addressed in either document.

Texas Vernon’s Civil Statutes, Article 179e is not referred to by any mandate or provision that pertained to standard of living in host communities. Table 6.8 lists the findings of the

document and archival record analysis as they pertain to WH2c (House Bill 1724 (81R)

adequately addresses issues concerning standard of living in host communities.

Table 6.8- Document and Archival Record Analysis Results for WH2c (Standard of Living)

Working Hypothesis 2c (WH2c): House Bill 1724 (81R) adequately addresses issues concerning standard of living in host communities.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis		
HB 1724 (81R) SB 1084 (81R) SB 1084 (81R) Bill Analysis	1. Do these documents and/or legislation mention issues concerning standard of living in host communities? (Necessary)	Does mention standard of living
HB 1724 (81R) Fiscal Note SB 1084 (81R) Fiscal Note Texas Vernon's Civil Statutes Article 179e	2. Do these documents and/or legislation provide mandates that restrict social services such as welfare checks and financial aid to be used for gambling activities? (Sufficient)	Does provide mandates to prohibit the use of "Aid to Families with Dependent Children" proceeds and food stamp coupons to play casino games
Does the evidence support WH2c?	The evidence provides strong support for WH2c and adequately addresses standard of living.	

Level of Presence and Quality

The document and archival analysis provides that standard of living was mentioned, therefore providing presence of that legislative standard. The mandates addressed both legislative criteria outlined in chapter five; thus, the mandates have a high quality and

adequately address standard of living in host communities. Table 6.10 summarizes the level of presence and quality of WH2c.

Public Acceptance (WH2d)

WH2d: House Bill 1724 (81R) adequately addresses public acceptance of casinos.

Public acceptance of casino legalization is very important to the success of a casino implementation. Legislation can utilize elections as a way to approve casino legalization and gauge the level of acceptance in a host community. Public acceptance of a casino establishment can provide grounds for maintaining social capital and provide outlets for positive economic impacts.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis do address public acceptance of casino legalization through an election process. The legislation provides mandates and provisions that require elections, with guidelines and requirements, to take place in every city and county subject to casino development. Section 2022.501 in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis states:

“The commissioners court of a county may at anytime order an election to legalize gaming under this chapter in that county.”

Mandates also establish election procedures such as petitioning, ballot and result verification, ballot proposition, and how to conduct the election.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note both address public acceptance by discussing an election for approving gambling activities in areas subject to casino

development. The Local Government Impact section of HB 1724 (81R) and SB 1084 (81R) Fiscal note state:

“The bill would require political subdivisions to hold local option elections to legalize or prohibit the operation of casinos and slot gaming.”

Although both fiscal notes mention public acceptance, neither document provides mandates regarding public acceptance or elections.

Texas Vernon’s Civil Statutes, Article 179e is not referred to by any mandate or provision pertaining to public acceptance. Table 6.9 lists the findings of the document and archival record analysis as they pertain to WH2d (House Bill 1724 (81R) adequately addresses public acceptance of casinos).

Level of Presence and Quality

The document and archival record analysis provides that public acceptance is mentioned and, therefore, provides a presence of that specific legislative standard. The mandates address both legislative criteria outlined in chapter five; thus, the mandates have a high quality and adequately address public acceptance. Table 6.10 summarizes the level of presence and quality of WH2d.

Table 6.9- Document and Archival Record Analysis Results for WH2d (Public Acceptance)

Working Hypothesis 2d (WH2d): House Bill 1724 (81R) adequately addresses public acceptance of casinos.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention public acceptability or public attitude as a precondition for a casino implementation? (Necessary)	Does mention public acceptance through elections
HB 1724 (81R) SB 1084 (81R) SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note SB 1084 (81R) Fiscal Note Texas Vernon's Civil Statutes Article 179e	2. Do these documents and/or legislation provide mandates that require county and/or municipal elections to occur to approve casino legalization and/or the building of a casino establishment? (Sufficient)	Provides mandates that require municipal and county elections to approve casino legalization; provides election guidelines and procedures
Does the evidence support WH2d?	The evidence provides strong support for WH2d and adequately addresses public acceptance.	

Level of Support for WH2

Three of the four sub-working hypotheses were adequately addressed. However, support for working hypothesis two is minimal because none of the legislative criteria for addressing increases in bankruptcy rates are present. The legislative standard for addressing increases in bankruptcy rates provides several regulatory parameters crucial to maintaining social capital and the economic well being of a host community; none are present. Because a rise in bankruptcy rates can have such devastating effects on host communities (and with a lack

of sufficient mandates to adequately address bankruptcy), support for WH2 is found to be minimal. Table 6.10 summarizes the results for WH2.

Table 6.10- Summary of Results for WH2 (Social Capital)

WH2: House Bill 1724 (81R) adequately addresses issues concerning social capital.			
Sub-Hypotheses	Presence	Legislative Criteria	Quality of the Mandates
WH2a: House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.	Presence	3 of 3 criteria met	High Quality
WH2b: House Bill 1724 (81R) adequately addresses increases of bankruptcy rates after a casino implementation.	No Presence	0 of 5 criteria met	No Quality
WH2c: House Bill 1724 (81R) adequately addresses issues concerning standard of living in host communities.	Presence	2 of 2 criteria met	High Quality
WH2d: House Bill 1724 (81R) adequately addresses public acceptance of casinos.	Presence	2 of 2 criteria met	High Quality
Overall Support for WH2:	Minimal Support		

Statutory Authority (WH3)

WH3: House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.

Illegal Gambling Practices (WH3a)

WH3a: House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.

Throughout history, casinos have been known to engage in illegal gambling practices. Legislative mandates can expand statutory authority to regulate and help prevent casinos from manipulating casino game play or falsify information that entice consumers into participating in gaming activities. Providing regulatory parameters for restricting illegal gambling practices improves the success of casino implementation.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis mentions illegal gambling practices by casinos. Mandates are provided that allow the regulatory commission to create rules, policies, instructions, and winnings claims procedures to regulate casino game play, but do not provide any basis for deriving any of those requirements or procedures. A mandate is provided that prohibits the regulatory commission from regulating casino advertisements unless the casino owner engages in illegal activity such as falsifying information. Section 2021.108 (a) in HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis state:

“The commission may not adopt rules restricting advertising or competitive bidding by a person regulated by the commission except to prohibit false, misleading, or deceptive practices by that person.”

Although a mandate does require a sign to be displayed acknowledging regulatory policies and procedures, no mandates are provided that require casinos to post visible warning signs of the odds of losing. The legislation does mandate all casinos to adopt accounting

controls in accordance with regulatory commission review. Mandates are also provided that allow “at will” regulatory oversight of all casino accounting and administrative practices.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note do not provide any information in regard to statutory authority over illegal gambling practices. No mandates or provisions are addressed in either document.

Texas Vernon’s Civil Statutes, Article 179e is referenced in regards to illegal gambling practices by casinos. The statutes provide grounds for ensuring all casino license holders to be subject to criminal background checks and to be of good moral character. Section 6.06 (a) of Texas Vernon’s Civil Statutes Article 179e states:

“To preserve and protect the public health, welfare, and safety, the commission shall adopt rules relating to the licensing applications, and financial responsibility, moral character, and ability of all applicants.”

Statutes are also provided that discuss how regulatory agencies are to deal with suspicion of illegal gambling practices by gaming establishments. Table 6.11 lists the findings of the document and archival record analysis as they pertain to WH3a.

Level of Presence and Quality

The document and archival record analysis provide that illegal gambling practices are mentioned, therefore providing presence of that legislative standard. The mandates address five of the six legislative standards outlined in chapter five; thus, the mandates are of high quality and adequately address illegal gambling practices by casinos. Table 6.14 summarizes the level of presence and quality of WH3a (House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos).

Table 6.11- Document and Archival Record Analysis Results for WH3a (Illegal Gambling Practices)

Working Hypothesis 3a (WH3a): House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention the regulation of illegal gambling practices by casinos? (Necessary)	Does mention illegal gambling practices and activities
HB 1724 (81R)	2. Do these documents and/or legislation provide mandates that prohibit casinos from falsifying pay-outs, odds of winning, and information regarding the safety of those who gamble? (Sufficient)	Provides mandates that allow the regulatory commission to create rules policies, instructions, and claims procedures to regulate game play
SB 1084 (81R) Bill Analysis	3. Do these documents and/or legislation provide mandates that regulate gambling advertisements so they are not misleading by promoting that gambling is a sure way to win money? (Sufficient)	Provides mandates that prohibit casinos advertisements from displaying misleading information
HB 1724 (81R) Fiscal Note	4. Do these documents and/or legislation provide mandates that require casino establishments post visible warnings of the odds of losing? (Sufficient)	Does not provide mandates that require casinos to pose visible warning signs of the odds of losing
SB 1084 (81R) Fiscal Note	5. Do these documents and/or legislation provide mandates that require all casino accounting information be available for regulatory commission review? (Sufficient)	Does provide mandates that require casinos to implement accounting controls
Texas Vernon's Civil Statutes Article 179e	6. Do these documents and/or legislation provide mandates that require casinos to be subject to "at will" regulatory oversight? (Sufficient)	The mandates allow "at-will" regulatory oversight
Does the evidence support WH3a?	The evidence provides support for WH3a and adequately addresses illegal gambling practices by casinos.	

Theft, Drug Use, and Prostitution (WH3b)

WH3b: House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.

Casino developments can attract and increase criminal activity in a host community. Of those crimes, majors ones include theft, drug use, and prostitution. Legislation cannot prevent crime from occurring, but can address increases in crime rates by allocating more funding to law enforcement agencies in host communities. Increased funding to local law enforcement agencies can help control increases in crime, namely theft, drug use, and prostitution.

Document/ Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis does mention funding as a way to expand statutory authority to regulate and control increases in theft and drug use. Prostitution, however, is not mentioned. The legislation allocates two-thirteenths of all gaming tax revenues to go to a host community or county which can be used for regulatory expenses. If a casino is located in a county, but not a municipality, one-fifteenth of gaming tax revenue would then go to the county for regulatory expenses. It is also mandated that \$200,000 of gaming tax revenues be appropriated to the Texas Department of Public Safety for assisting in regulatory operations.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note address the increases in funding to host communities and counties for regulatory expenses. The allocation and appropriation of gaming tax revenues are the same as the aforementioned analysis of HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis.

Texas Vernon's Civil Statutes, Article 179e is not referred to by any mandate or provision pertaining to the increase in theft, drug use, and prostitution. Table 6.12 lists the findings of the document and archival record analysis as they pertain to WH3b (House Bill 1734 (81R) adequately addresses additional funding needed to regulate and control increase in theft, drug use, and prostitution).

Table 6.12- Document and Archival Record Analysis Results for WH3b (Theft, Drug Use, and Prostitution)

Working Hypothesis 3b (WH3b): House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis		
HB 1724 (81R) SB 1084 (81R) SB 1084 (81R) Bill Analysis	1. Do these documents and/or legislation mention statutory authority to mitigate increases in theft, drug use, and prostitution in areas with casino development? (Necessary)	Does mention increases in crime including theft and drug use; does not mention prostitution
HB 1724 (81R) Fiscal Note SB 1084 (81R) Fiscal Note Texas Vernon's Civil Statutes Article 179e	2. Do these documents and/or legislation provide mandates that increase and allocate funding for law enforcement personnel and agencies to counteract increased crime rates? (Sufficient)	The mandates allocate 2/13 of gaming tax revenues to those communities and counties or 1/15 to just a host county; \$200,000 can be appropriated to the Texas Department of Public Safety
Does the evidence support WH3b?	The evidence provides support for WH3a and adequately addresses theft and drug use; does not address prostitution.	

Level of Presence and Quality

The document and archival record analysis provides that increases in crime, especially theft and drug use, is mentioned and, therefore, provides presence of that legislative standard. Both legislative standards outline in chapter five are addressed; thus, the mandates are of high quality and adequately address increases in theft and drug use. Table 6.14 summarizes the level of presence and quality of WH3b.

Regulatory Corruption (WH3c)

WH3c: House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption.

Casinos can foster regulatory corruption. If government officials have a vested personal or economic interest in the regulation (or lack thereof) over a casino, then the implementation and oversight of a casino can be inherently flawed. This can have negative effects on the well being of a host community and the legislation credibility. Legislation can address regulatory corruption before it becomes part of casino legalization and regulatory oversight.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis does address statutory authority needed to mitigate regulatory corruption. Mandates are provided that require strict casino licensing approval methods and the reporting of all administrative practices to commission management. Section 2021.059 of HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis state:

“The executive director’s designee shall provide to members of the commission, as often as necessary, information regarding their responsibilities under applicable laws relating to standards of conduct for state officers.”

The proposed statutes also mandate Texas law enforcement agencies and the Attorney General to conduct criminal investigations and prosecute the commission and any employees who engage in illegal regulatory activities.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note do not provide any information in regards to regulatory corruption. No mandates or provisions are addressed in either document.

Texas Vernon's Civil Statutes, Article 179e is referenced in regards to mitigating regulatory corruption. Statutes are provided that addressed personnel practices and conduct while employed by the regulatory commission. The statutes also require employees to adhere to strict standards of conduct, which are based on laws outlined in the Texas Government Code of Standards and Conduct for State Officers and Employees. Table 6.13 lists the findings of the document and archival record analysis as they pertain to WH3c.

Level of Presence and Quality

The document and archival record analysis provides that statutory authority needed to mitigate regulatory corruption is addressed, therefore providing presence of that legislative standard. All three of the criteria outlined in chapter five are addressed; thus, the mandates are of high quality and adequately address regulatory corruption. Table 6.14 summarizes the level of presence and quality of WH3c (House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption).

**Table 6.13- Document and Archival Record Analysis Results for WH3c
(Regulatory Corruption)**

Working Hypothesis 3c (WH3c): House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention statutory authority mitigate regulatory corruption? (Necessary)	Does mention statutory authority needed to mitigate regulatory corruption
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates that include rules and requirements of all commission personnel to properly conduct administrative and regulatory duties? (Sufficient)	Provides mandates that require strict licensing approval methods and requires the reporting of all the commissions administrative activities
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates that prohibit regulatory personnel from engaging in illegal activities and will be subject to pre-established statutes and penal codes that prosecute government corruption? (Sufficient)	Mandates are provided that allow the commission and its employees to be investigates and prosecuted for illegal activity
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e		
Does the evidence support WH3c?	The evidence provides strong support for WH3c and adequately addresses regulatory corruption.	

Level of Support for WH3

The legislation and its associated documents adequately address all of the legislative standards supporting working hypothesis three. There is strong support for working hypothesis three. Table 6.14 summarizes the results for WH3.

Table 6.14- Summary of Results for WH3 (Statutory Authority)

WH3: House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.			
Sub-Hypotheses	Presence	Legislative Criteria	Quality of the Mandates
WH3a: House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.	Presence	5 of 6 criteria met	High Quality
WH3b: House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.	Presence	2 of 2 criteria met	High Quality
WH3c: House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption.	Presence	3 of 3 criteria met	High Quality
Overall Support for WH3:	Strong Support		

Agency Design and Evaluation (WH4)

WH4: House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.

Agency Design (WH4a)

WH4a: House Bill 1724 (81R) is adequately addresses regulatory agency design.

How a regulatory agency is designed is important to ensuring the satisfaction of legislative intent. Legislation can provide grounds for how a regulatory agency is to be founded, how its personnel will implement administrative processes, and how it will interact with entities

subject to oversight. The initial design of a regulatory agency that regulates gaming can be critical to the success of a casino development.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis discuss regulatory agency design. Mandates are provided to create the Texas Gaming Commission. This commission will oversee the implementation of casino gaming in the state and enforce regulatory policies. The mandates allow the Texas Gaming Commission to adopt any rules necessary for carrying out regulatory mandates and provisions established in the legislation. The legislation also creates an executive director position and provided qualifications. Section 2010.064 (a) of HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis state:

“The commission shall appoint an executive director, who serves at the pleasure of the commission.”

The qualifications call for the executive director to not be an elected official or a political party office holder, to have five or more years of management experience in public and/or business administration, to not be employed at another organization, and to not have affiliation or interest in a potential casino license applicant. The executive director position would manage the commission and perform top managerial duties necessary for carrying out commission responsibilities and regulatory operations.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note both address the creation of the Texas Gaming Commission, which would oversee the authorization, regulation, and taxation of casino gambling. The documents, however, do not mention management personnel, qualifications, or administrative duties of a management position.

Texas Vernon's Civil Statutes, Article 179e is referenced. The Texas Gaming Commission is to assume all of the duties and responsibilities of the Texas Racing Commission²⁸. The mandates in this legislation include the duties and regulatory responsibilities of the Texas Racing Commission, which would be transferred to the newly created gaming commission. Those mandates pertain to the design of the Texas Gaming Commission and its regulatory responsibilities. Table 6.15 lists the findings of the document and archival record analysis as they pertain to WH4a.

Level of Presence and Quality

The document and archival record analysis provides that regulatory agency design is mentioned providing presence of that specific legislative standard. All three of the legislative criteria outlined in chapter five are addressed. Thus, the mandates have a high quality and adequately address regulatory agency design. Table 6.18 summarizes the level of presence and quality of WH4a (House Bill 1724 (81R) adequately addresses regulatory agency design).

²⁸ The Texas Racing Commission currently serves as a regulatory agency overseeing horse and greyhound racing in the State of Texas. The commission was created through Texas Vernon's Civil Statutes, Article 179e- The Texas Racing Act.

Table 6.15- Document and Archival Record Analysis Results for WH4a (Agency Design)

Working Hypothesis 4a (WH4a): HB 1724 (81R) is adequately addresses regulatory agency design.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention the creation and design of a regulatory agency to oversee legislative intent? (Necessary)	Does mention the creation of the Texas Gaming Commission
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates that grant rulemaking authority to the commission and/or its personnel? (Sufficient)	Provides mandates that allow the Texas Gaming Commission to adopt rules necessary for carrying out regulatory policies outlined in the legislation
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates that set qualifications for management personnel and provide description of that the management position(s) will entail? (Sufficient)	Mandates are provided that create an executive management position; does provide qualifications
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e		
Does the evidence support WH4a?	The evidence provides strong support for WH4a and adequately addresses agency design.	

Regulatory Priorities (WH4b)

WH4b: House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.

In order for regulatory agencies to be operated efficiently, legislation must provide regulatory priorities. Regulatory priorities guide agency operations and responsibilities and provide grounds for formulating performance indicators. Performance indicators are very

important because they serve as a basis for funding the agency. Overall, regulatory agency priorities are important to establishing an efficient and effective public organization.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R), and SB 1084 (81R) Bill Analysis do provide regulatory priorities for the Texas Gaming Commission. Section 2021.101 (b) of HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis provides the following statement of purpose:

“The commission shall ensure that all casino games, slot machine gaming, and other gaming activities subject to oversight or regulatory authority of the commission are conducted fairly and in compliance with the law.”

The legislation also discusses regulatory objectives which would provide a basis for creating performance indicators. The goal includes providing regulatory oversight to make sure the general welfare of the state benefits from casino gaming by enhancing investments, development, and tourism. Mandates are also provided to giving the Texas Gaming Commission the authority to implement gaming, create rules for casino owner license qualifications, and employee training procedures (to include a standard of conduct).

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note addressed the regulatory priorities of the Texas Gaming Commission. The Fiscal Analysis section of HB 1724 and SB 1084 Fiscal Note states:

“The bill would create the Texas Gaming Commission and authorize, regulate, and tax casino gaming.... ”

No specific regulatory priorities are provided and no specific mandates or provisions are addressed.

Texas Vernon’s Civil Statutes, Article 179e is referenced in regards to establishing regulatory agency priorities. The document provides a “Division of Responsibility” mandate that

requires the commission to establish clear policymaking responsibilities. All of the regulatory priorities of the Texas Racing commission are to be assumed in the Texas Gaming Commission if the legislation is to be enacted into law. Table 6.16 lists the findings of the document and archival record analysis as they pertain to WH4b.

Level of Presence and Quality

The document and archival record analysis demonstrated that the regulatory priorities of the agency are cited providing presence of that legislative standard. All four legislative criteria outlined in chapter five are addressed; the mandates have a high quality and adequately address the regulatory priorities of the commission. Table 6.18 summarizes the level of presence and quality of WH4b (House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency).

Table 6.16- Document and Archival Record Analysis Results for WH4b (Regulatory Priorities)

Working Hypothesis 4b (WH4b): House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention regulatory priorities to help agencies create performance indicators? (Necessary)	Does mention the regulatory priorities of the commission
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide a statement of purpose for the administration its new mandate(s)? (Sufficient)	A mandate provides a statement of purpose
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note	3. Do these documents and/or legislation provide regulatory goals? (Sufficient)	Mandates are provided that provide regulatory goals
SB 1084 (81R) Fiscal Note		
Texas Vernon's Civil Statutes Article 179e	4. Do these documents and/or legislation provide mandates that guide agency operation? (Sufficient)	The legislation establishes guidelines for regulatory authority; and oversight of all administrative practices
Does the evidence support WH4b?	The evidence provides strong support for WH4b and adequately addresses regulatory priorities.	

Program Evaluation (WH4c)

WH4c: House Bill 1724 (81R) adequately addresses program evaluation.

Program evaluation is crucial for maintaining an effective public agency. All regulatory policies and procedures will need to be innovated to keep up with changes over time.

Legislation can address program evaluation by requiring public hearings to be conducted to review regulatory policies and oversight procedures.

Document/Archival Record Analysis

HB 1724 (81R), SB 1084 (81R) and SB 1084 (81R) Bill Analysis provide grounds for utilizing program evaluation. Section 2021.115 (c) (2) of HB 1724 (81R), SB 1084 (81R), and SB 1084 Bill Analysis states:

“A division director, shall at the request of the executive commissioner, assist in the development of rules and policies for the operation and provision of a division of the commission. The division director reports to the executive director regarding the delegated function and any manner affecting commission programs and operations.”

Therefore, the legislation does provide mandates requiring the agency to provide reports on agency operations; however, it does not mention performance outcomes. The legislation also fails to mention logic models as a method of conducting program evaluation.

Mandates are, however, present that require public hearings to be conducted to gain feedback on the commission’s policies and procedures. The regulatory commission, the gaming industry, casino license holders, and the public are able to participate in and contribute to the public hearing process. The legislation also creates a complaint procedure as a way to evaluate regulatory policies. By allowing the gaming industry and the public to file complaints, the basis for program evaluation includes the social indicators discussed in chapter four.

HB 1724 (81R) Fiscal Note and SB 1084 (81R) Fiscal Note do not provide any information in regards to program evaluation. No mandates or provisions are addressed in either document.

Texas Vernon’s Civil Statutes, Article 179e is referenced in regards to the complaint procedures used by the Texas Racing Commission. The complaint procedures in Article 179e,

the Texas Racing Act, would be integrated into the Texas Gaming Commission. The complaint procedures include an “Information to the Public” section that requires the commission to make known to all how to file a complaint and how the complaint process operates. Table 6.17 lists the findings of the document and archival record analysis as they pertain to WH4c (House Bill 1724 (81R) adequately addresses program evaluation).

Level of Presence and Quality

The document and archival record analysis provides that program evaluation is mentioned, providing presence of that legislative standard. All legislative criteria outlined in chapter five are addressed; thus, the mandates have a high quality and adequately address program evaluation. Table 6.18 summarizes the level of quality and presence of WH4c.

Table 6.17- Document and Archival Record Analysis Results for WH4c (Program Evaluation)

Working Hypothesis 4c (WH4c): House Bill 1724 (81R) adequately addresses program evaluation.		
Method	Legislative Criteria	Evidence/Findings
Document and Archival Record Analysis	1. Do these documents and/or legislation mention program evaluation as way to refine administrative processes? (Necessary)	Does mention program evaluation
HB 1724 (81R)		
SB 1084 (81R)	2. Do these documents and/or legislation provide mandates requiring the agency to provide reports on its ability to produce positive performance outcomes? (Sufficient)	Does provide mandates requiring the agency to provide reports on agency operations; does not mention performance outcomes
SB 1084 (81R) Bill Analysis		
HB 1724 (81R) Fiscal Note SB 1084 (81R) Fiscal Note	3. Do these documents and/or legislation provide mandates requiring agencies to use logic models to illustrate the program operation? (Sufficient)	Does not provide mandate that require the use of logic models
Texas Vernon's Civil Statutes Article 179e	4. Do these documents and/or legislation provide mandates requiring public hearings to be conducted for feedback on regulatory practices and agency operations? (Sufficient)	Does provide mandates that require public hearings to be conducted
Does the evidence support WH4c?	The evidence provides support for WH4c and adequately addresses program evaluation; does not mention performance outcomes	

Level of Support for WH4

The legislation and its associated documents adequately address all of the legislative standards pertaining to working hypothesis four. Therefore, the support for working hypothesis four is strong. Table 6.18 summarizes the results for WH4.

Table 6.18- Summary of Results for WH4 (Agency Design and Evaluation)

WH4: House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.			
Sub-Hypotheses	Presence	Legislative Criteria	Quality of the Mandates
WH4a: House Bill 1724 (81R) adequately addresses regulatory agency design.	Presence	3 of 3 criteria met	High Quality
WH4b: House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.	Presence	4 of 4 criteria met	High Quality
WH4c: House Bill 1724 (81R) adequately addresses program evaluation.	Presence	3 of 4 criteria met	High Quality
Overall Support for WH4:	Strong Support		

Chapter Summary

This chapter has discussed the results found from document and archival record analysis. Given the results, HB 1724 (81R) adequately addresses most of the legislative standards developed in the project. The legislation did fall short in adequately addressing economic development, and in a few areas of social capital, and statutory authority.

The purpose of this research is to explore gaming legislation and evaluate it based on four legislative standards (economic development, social capital, statutory authority, and agency design and evaluation) derived from a literature review. Chapter seven will synthesize the results, discuss the soundness of the framework, and provide recommendations to improve HB 1724 (81R) and future legislation that pertains to casino gaming legalization.

Chapter Seven: Conclusion

Chapter Purpose

This chapter is to discuss the results found in chapter six, the soundness of the framework, and provides recommendations to improve future gaming legislation. The first purpose of this applied research project is to develop a framework to explore casino gaming legislation. Chapter three and four provide a policy history of gaming regulation in the United States and Texas and a literature review to develop legislative standards and criteria. The next purpose it to assess the usefulness of the framework. The third purpose is to provide recommendations to improve gaming legislation in the future. The next section of this chapter discusses the results found in chapter six and provides recommendations to improve the legislation.

Overview of Results and Recommendations

This study uses the basic concepts of legal pragmatism to determine what law is and how it could. Essential and important conditions are then operationalized to guide the exploration of HB 1724 (81R) on the basis of four legislative standards (economic development, social capital, statutory authority, and agency design and evaluation). The exploratory nature of this project provides a preliminary basis for all of the results found in this assessment. Casino gaming in itself is legalized on a preliminary basis. It is never fully known how a community will react, economically or socially, to a casino implementation. It is, however, certain that the legislative standards derived in this project help bring to light the legislation for what it is and provide a basis for what it ought to be.

The results presented in chapter six offer insights for how contemporary gaming legislation can be improved. Each state that considers casino gaming will have its own administrative prerogatives and policies that can shift the importance and/or focus of one or more of the legislative standards derived in this study. It is important to note that agencies obtain rule-making authority through legislation that could address some of the standards the initial legislation did not. This observation was made in the testing of WH4a (Agency Design). The results from the exploration are generalized, but did provide a broad outlook on how casino legislation, before it becomes enacted, can improve the chances for a safe and economically rewarding legalization.

Working Hypothesis One (WH1) - Economic Development

Of the four main legislative standards, economic development is the least addressed. There is adequate support for job creation and the taxation of casino revenues; however, the legislative standards for addressing community redevelopment and sustainable tourism are not supported at all. There are several improvements to be made in order for the legislation to adequately address economic development.

First, job creation can be better addressed if the legislation were to provide mandates to require casino developments to contain facilities and resort amenities that create more job opportunities. Second, community redevelopment needs to be addressed. The legislation can provide mandates to regulate redevelopment issues—such as selective reassessment and unplanned re-zoning. The legislation should also provide provisions that list the first-class gaming industry standards with which casino developments are expected to comply. Requiring

the first-class gaming industry standards would provide solid grounds for productive economic growth. Improvements are also needed to recognize areas in need of redevelopment. To do this, the legislation should provide provisions for determining casino locales according to community redevelopment needs.

Thirdly, sustainable tourism needs to be introduced into the legislation. The legislation can provide mandates that require casino developments to utilize sustainable tourism practices to determine the environmental capacity and constraint of an area. Finally, the taxation of casino revenues can be better addressed if the legislation would explain how the tax percentage rates are derived. This would promote the effectiveness of the taxation and the economic productivity of the casino development.

All of the legislative mandates and provisions present in the legislation and the suggested recommendations can improve future gaming legislation with respect to economic development. Table 7.1 summarizes the evidence found to support working hypothesis one and recommendations.

Table 7.1- Summary of Research Evidence and Recommendations for WH1

WH1: House Bill 1724 (81R) adequately addresses economic development.		
Working Hypotheses	Evidence	Recommendations
WH1a: House Bill 1724 (81R) adequately addresses job creation through casino development.	Adequate Support	Continue addressing job creation with the provided mandates and provisions. Add mandates to require casino to contain more facilities and resort amenities.
WH1b: House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.	No Support	Add mandates that address issues with selective reassessment and unplanned re-zoning. Add mandates that list first class gaming industry standards. Provide provisions that recognize community redevelopment needs.
WH1c: House Bill 1724 (81R) adequately addresses sustainable tourism practices.	No Support	Add mandates that require casinos to utilize sustainable tourism practices. Add mandates that recognize the environmental capability and constraint of areas subject to casino development.
WH1d: House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.	Adequate Support	Continue to address taxation of casino revenues with the provided mandates and provisions. Add a provision that provides a basis for how the tax rate percentage was derived.

Working Hypothesis Two (WH2) - Social Capital

There is strong support that HB 1724 (81R) adequately addresses social capital in all but one area. The legislation provides no mandates or provisions for addressing bankruptcy rates in areas with casino development. To improve the legislation, providing mandates that limit casino cash amounts, betting amounts, ATM withdrawals, and restricting personal check

cashing at casinos is recommended. These limits and restrictions can help prevent increases in bankruptcy rates that often occur after a casino is introduced into a community. It is also recommended to continue addressing pathological gambling, standard of living, and public acceptance with the legislation's already established mandates and provisions. Continued use of the established mandates and provisions along with the suggested recommendations can improve future gaming legislation with respect to social capital. Table 7.2 summarizes the evidence found to support working hypothesis two and the recommendations to improve the legislation.

Table 7.2- Summary of Research Evidence and Recommendations for WH2

WH2: House Bill 1724 (81R) adequately addresses issues concerning social capital.		
Working Hypotheses	Evidence	Recommendations
WH2a: House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.	Strong Support	Continue addressing pathological gambling with the provided mandates and provisions.
WH2b: House Bill 1724 (81R) adequately addresses increases of bankruptcy rates after a casino implementation.	No Support	Add mandates that address increases in bankruptcy rates after a casino implementation. In recommended mandates, provide provisions that limit casino cash amounts, betting amounts, ATM withdrawals, and restrict personal check cashing at casinos.
WH2c: House Bill 1724 (81R) adequately addresses issues concerning standard of living in host communities.	Strong Support	Continue addressing standard of living with the provided mandates and provisions.
WH2d: House Bill 1724 (81R) adequately addresses public acceptance of casinos.	Strong Support	Continue addressing public acceptance with the provided mandates and provisions.

Working Hypothesis Three (WH3) - Statutory Authority

The legislative standard for statutory authority is strongly supported in every area—illegal gambling practices, increased funding, and regulatory corruption. However, the legislative standard for providing statutory authority to prevent illegal gambling practices does not meet one of the legislative criteria outlined in chapter five. In order to satisfy all of the criteria, it is recommended that a mandate be provided to require casinos to post visible warning signs of the odds of losing. This mandate would promote stability and fairness between casino operations and consumer participation. It is also recommended for the legislation to continue to use the already established statutory authority, mandates, and provisions to adequately address theft, drug use, and regulatory corruption.

In addition to the recommendations, it is important to note that prostitution is not addressed throughout the legislation. Even if prostitution is outlawed by a state, it is recommended for the legislation to address prostitution in its efforts to regulate and control increases in crime that often accompany a casino implementation.

All of the established statutory authority, mandates, and provisions in the legislation along with the suggested recommendations can improve future gaming legislation with respect to statutory authority. Table 7.3 summarizes the evidence found to support working hypothesis three and the recommendations to improve the legislation.

Table 7.3- Summary of Research Evidence and Recommendations for WH3

WH3: House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.		
Working Hypotheses	Evidence	Recommendations
WH3a: House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.	Adequate Support	Continue addressing illegal gambling practices with the statutory authority provided in the mandates and provisions. Add mandates that require casinos to post visible warning signs of the odds of losing.
WH3b: House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.	Strong Support	Continue with the provided mandates and provisions that provide funding to law enforcement agencies. Provide a mandate or provision that would address the regulation of prostitution.
WH3c: House Bill 1724 (81R) adequately addresses statutory authority needed to mitigate regulatory corruption.	Strong Support	Continue addressing regulatory corruption with the statutory authority provided in the mandates and provisions.

Working Hypothesis Four (WH4) - Agency Design and Evaluation

Of the main legislative standards, regulatory agency design and evaluation is supported the most. Each legislative criterion for agency design and evaluation are adequately addressed.

It is recommended that HB 1724 (81R) continue to use the mandates and provisions that adequately address agency design, regulatory priorities, and program evaluation.

Future gaming legislation can be improved by using the mandates and provisions outlined in HB 1724 (81R) that pertain to regulatory agency design and evaluation. Table 7.4

summarizes the evidence found to support working hypotheses four and recommendations to improve the legislation.

Table 7.4- Summary of Research Evidence and Recommendations for WH4

WH4: House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.		
Working Hypotheses	Evidence	Recommendations
WH4a: House Bill 1724 (81R) adequately addresses regulatory agency design.	Strong Support	Continue addressing agency design with the provided mandates and provisions.
WH4b: House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.	Strong Support	Continue addressing regulatory priorities with the provided mandates and provisions.
WH4c: House Bill 1724 (81R) adequately addresses program evaluation.	Strong Support	<p>Add mandates that acknowledge performance outcomes</p> <p>Emphasize the use of logic models in mandating program evaluation</p> <p>Continue addressing program evaluation with the provided mandates and provisions.</p>

In conclusion, the research conducted in this study has provided a basis for improving how casino gaming is legalized. It is important to understand that casinos, if not regulated, can have a detrimental effect on the social and economical well-being of a host community. States that look to legalize casino gaming must recognize the major impact casino gambling will have on local jurisdictions and not just the economic benefits the state stands to gain. Using this

framework, gaming legislation can be improved and better regulatory parameters can be created to ensure that the government, casino industry, and public are able to gain from a safe and economically rewarding casino gaming experience.

The Soundness of the Framework

The framework used in this study was created in order to explore gaming legislation on the basis of four legislative standards. Given the results from the document and archival record analysis, the framework is considered functional, as only three of the fourteen sub-working hypotheses are not addressed at all. It is important to note that the results are generalized. The broad nature of the working hypotheses could have allowed for discovering a wide range of presence for each standard. To improve the framework, it may be necessary to take one of the legislative standards and just focus on it and its associated criteria. This would narrow the scope of the framework to further specify actual legislative intent.

The generalized nature of the legislative standards does not address the regulatory commission's power and influence over the public. Another framework could be derived to evaluate the legislation on the basis of regulatory power over the public. This can add to the process of logic used in study which sought to identify what the law is and what it ought to be.

The framework does provide a basis for evaluating legislation on a macro level. Each of the sub-working hypotheses need to be fleshed out to provide more guidance in regards to how a statute should address an issue and not just that an issue is mentioned and addressed from a theoretical standpoint. Legislative committee responses to a "nitty-gritty" bill analysis would likely change rhetorical aspects of the mandates and, thus, change the essential and important nature of original legislative intent.

Overall, the framework provides a foundation for creating new ways to evaluate legislation. Casino gaming is unique and provides many implications that require regulatory oversight. The process of evaluating legislation in this project can be used to build frameworks to evaluate other legislation. The only condition would be that the literature review would have to provide a substantial amount of research to formulate legislative standards that would provide a basis for properly evaluating the legislation's intent. To conclude, this project was able to together a meaningful framework to compare legislation with factors derived from secondary literature to maximize positive results and minimize negative externalities.

Suggestions for Future Research

The methods used in this study and the results provide insights for conducting future research. The unique aspect of this applied research project (ARP) and others completed in the Public Administration Program at Texas State University-San Marcos is the ability to formulate a conceptual framework from a literature review, operationalize the research methods according to the framework, and provide results that can improve public administration and its many facets.

Suggestions for Future Research:

- Explore the 21 states with legalized commercial casinos for any preliminary studies and/or empirical data relevant to the economic and social issues outlined in this project.
- Explain income distribution impacts of regressive casino taxation.
- Explore the negative impacts of casino gaming in regards to victimless crime, especially the issue of pathological gambling and its effect on local bankruptcy rates.

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Links to Analyzed Documents and Archival Records

HB 1724 (81R) –

<http://www.capitol.state.tx.us/BillLookup/Text.aspx?LegSess=81R&Bill=HB1724>

SB 1084 (81R) –

<http://www.capitol.state.tx.us/BillLookup/Text.aspx?LegSess=81R&Bill=SB1084>

SB 1084 (81R) Bill Analysis –

<http://www.capitol.state.tx.us/BillLookup/Text.aspx?LegSess=81R&Bill=SB1084>

HB 1724 (81R) Fiscal Note –

<http://www.capitol.state.tx.us/BillLookup/Text.aspx?LegSess=81R&Bill=HB1724>

SB 1084 (81R) Fiscal Note –

<http://www.capitol.state.tx.us/BillLookup/Text.aspx?LegSess=81R&Bill=SB1084>

Texas Vernon's Civil Statutes, Article 179e –

<http://www.statutes.legis.state.tx.us/Docs/CV/htm/CV.6.0.htm#179e>

APPENDIX A:

Document and Archival Record Analysis Matrix

			Document and Archival Record Analysis Matrix			
Working Hypothesis	HB 1724 (81R)	SB 1084 (81R)	SB 1084 Analysis	HB 1724 Fiscal Note	SB 1084 Fiscal Note	V.C.S. Article 179e
WH1: House Bill 1724 (81R) adequately addresses economic development.	Section(s) 2022.001,2022.204,2022.206,2022.052,2022.056,2022.301,2022.308; Subchapter G	Section(s) 2022.001,2022.204,2022.206,2022.052,2022.056,2022.301,2022.308; Subchapter G	Section(s) 2022.001,2022.204,2022.206,2022.052,2022.056,2022.301,2022.308; Subchapter G	Fiscal Analysis Section	Fiscal Analysis Section	n/a
WH1a: House Bill 1724 (81R) adequately addresses job creation through casino development.	Section(s) 2022.001,2022.052*,2022.204,2022.206,2022.056	Section(s) 2022.001,2022.052*,2022.204,2022.206,2022.056	Section(s) 2022.001,2022.052*,2022.204,2022.206,2022.056	Fiscal Analysis Section	Fiscal Analysis Section	n/a
WH1b: House Bill 1724 (81R) adequately addresses community redevelopment implications for casino locations.	Section(s) 2022.206,2022.052,2022.056	Section(s) 2022.206,2022.052,2022.056	Section(s) 2022.206,2022.052,2022.056	Fiscal Analysis Section	Fiscal Analysis Section	n/a
WH1c: House Bill 1724 (81R) adequately addresses sustainable tourism practices.	n/a	n/a	n/a	n/a	n/a	n/a
WH1d: House Bill 1724 (81R) adequately addresses the issues related to the taxation of casino revenues.	Section(s) 2022.301,2022.302,2022.303,2022.304,2022.305,2022.307,2022.308	Section(s) 2022.301,2022.302,2022.303,2022.304,2022.305,2022.307,2022.308	Section(s) 2022.301,2022.302,2022.303,2022.304,2022.305,2022.307,2022.308	Fiscal Analysis Section; Methodology Section	Fiscal Analysis Section; Methodology Section	n/a

			Document and Archival Record Analysis Matrix			
Working Hypothesis	HB 1724 (81R)	SB 1084 (81R)	SB 1084 Analysis	HB 1724 Fiscal Note	SB 1084 Fiscal Note	V.C.S. Article 179e
WH2: House Bill 1724 (81R) adequately addresses issues concerning social capital.	Section(s) 2022.351,2022.356,2022.365,2022.404,2021.120,2022.055	Section(s) 2022.351,2022.356,2022.365,2022.404,2021.120,2022.055	Section(s) 2022.351,2022.356,2022.365,2022.404,2021.120,2022.055	Fiscal Analysis Section	Fiscal Analysis Section	n/a
WH2a: House Bill 1724 (81R) adequately addresses the social costs of pathological gambling.	Section(s) 2022.551,2022.552,2022.553,2021.119; Subchapter L	Section(s) 2022.551,2022.552,2022.553,2021.119; Subchapter L	Section(s) 2022.551,2022.552,2022.553,2021.119; Subchapter L	Fiscal Analysis Section	Fiscal Analysis Section	n/a
WH2b: House Bill 1724 (81R) adequately addresses increases in bankruptcy rates after a casino implementation.	Section(s) 2022.358,2022.462	Section(s) 2022.358,2022.462	Section(s) 2022.358,2022.462	n/a	n/a	n/a
WH2c: House Bill 1724 (81R) adequately addresses issues concerning the standard of living in host communities.	Section(s) 2022.351,2022.356,2022.365,2022.464	Section(s) 2022.351,2022.356,2022.365,2022.464	Section(s) 2022.351,2022.356,2022.365,2022.464	n/a	n/a	n/a
WH2d: House Bill 1724 (81R) adequately addresses public acceptance of casinos.	Section(s): 2022.404,2022.501,2022.502,2022.503,2022.504,2022.505,2022.506; Subchapter K	Section(s): 2022.404,2022.501,2022.502,2022.503,2022.504,2022.505,2022.506; Subchapter K	Section(s): 2022.404,2022.501,2022.502,2022.503,2022.504,2022.505,2022.506; Subchapter K	Local Government Interest Section	Local Government Interest Section	n/a

	Document and Archival Record Analysis Matrix					
Working Hypothesis	HB 1724 (81R)	SB 1084 (81R)	SB 1084 Analysis	HB 1724 Fiscal Note	SB 1084 Fiscal Note	V.C.S. Article 179e
WH3: House Bill 1724 (81R) adequately addresses statutory authority expansion to regulate crime associated with casino development.	Section(s) 2021.124,2022.351,2022.352,2022.353,2021.053; Subchapter A; Subchapter H	Section(s) 2021.124,2022.351,2022.352,2022.353,2021.053; Subchapter A; Subchapter H	Section(s) 2021.124,2022.351,2022.352,2022.353,2021.053; Subchapter A; Subchapter H	Fiscal Analysis Section	Fiscal Analysis Section	Article 2; Section(s) 3.021,3.14,3.16
WH3a: House Bill 1724 (81R) adequately addresses statutory authority to regulate illegal gambling practices by casinos.	Section(s) 2021.124,2022.007,2022.054,2022.055,2022.060,2022.353,2022.355,2022.453,2022.462,2022.463,2022.465,2022.351,2021.108*, 2022.011,2022.013	Section(s) 2021.124,2022.007,2022.054,2022.055,2022.060,2022.353,2022.355,2022.453,2022.462,2022.463,2022.465,2022.351,2021.108*, 2022.011,2022.013	Section(s) 2021.124,2022.007,2022.054,2022.055,2022.060,2022.353,2022.355,2022.453,2022.462,2022.463,2022.465,2022.351,2021.108*, 2022.011,2022.013	n/a	n/a	Section(s) 6.06,6.063
WH3b: House Bill 1724 (81R) adequately addresses additional funding needed to regulate and control increases in theft, drug use, and prostitution.	Section(s) 2023.006,2023.004,2022.551	Section(s) 2023.006,2023.004,2022.551	Section(s) 2023.006,2023.004,2022.551	Fiscal Analysis Section	Fiscal Analysis Section	n/a
WH3c: House Bill 1724 (81R) adequately addresses statutory authority is needed to mitigate regulatory corruption.	Section(s) 2022.055,2021.053,2021.057,2021.059,2021.061,2021.116; Subchapter A	Section(s) 2022.055,2021.053,2021.057,2021.059,2021.061,2021.116; Subchapter A	Section(s) 2022.055,2021.053,2021.057,2021.059,2021.061,2021.116; Subchapter A	n/a	n/a	Article 2; Section(s) 2.19,2.20

			Document and Archival Record Analysis Matrix			
Working Hypothesis	HB 1724 (81R)	SB 1084 (81R)	SB 1084 Analysis	HB 1724 Fiscal Note	SB 1084 Fiscal Note	V.C.S. Article 179e
WH4: House Bill 1724 (81R) adequately addresses regulatory agency design and evaluation.	Section(s) 2021.051,2021.052,2021.064,2021.066; Subchapter B	Section(s) 2021.051,2021.052,2021.064,2021.066; Subchapter B	Section(s) 2021.051,2021.052,2021.064,2021.066; Subchapter B	Fiscal Analysis Section; Methodology Section	Fiscal Analysis Section; Methodology Section	Article 2; Section(s) 2.01,2.02
WH4a: House Bill 1724 (81R) adequately addresses regulatory agency design.	Section(s) 2021.064,2021.065,2021.103,2021.103,2021.102,2021.116,2021.115,2022.013,2022.014	Section(s) 2021.064,2021.065,2021.103,2021.103,2021.102,2021.116,2021.115,2022.013,2022.014	Section(s) 2021.064,2021.065,2021.103,2021.103,2021.102,2021.116,2021.115,2022.013,2022.014	Fiscal Analysis Section; Methodology Section	Fiscal Analysis Section; Methodology Section	Section(s)2.03,2.04,2.05,2.09,2.13,2.17
WH4b: House Bill 1724 (81R) adequately addresses the regulatory priorities of the agency.	Section(s) 2021.101,2021.113,2021.111,2022.004,2022.001,2022.009,2022.010,2022.052; Subchapter B; Subchapter C	Section(s) 2021.101,2021.113,2021.111,2022.004,2022.001,2022.009,2022.010,2022.052; Subchapter B; Subchapter C	Section(s) 2021.101,2021.113,2021.111,2022.004,2022.001,2022.009,2022.010,2022.052; Subchapter B; Subchapter C	Fiscal Analysis Section; Methodology Section	Fiscal Analysis Section; Methodology Section	Article 3; Section(s) 2.21,3.02,3.021
WH4c: House Bill 1724 (81R) adequately addresses program evaluation.	Section(s) 2021.152,2021.153,2021.156,2022.003; Subchapter D	Section(s) 2021.152,2021.153,2021.156,2022.003; Subchapter D	Section(s) 2021.152,2021.153,2021.156,2022.003; Subchapter D	n/a	n/a	Section(s) 2.23,2.24

APPENDIX B:

**Screen Captures of
HB 1724 (81R) Document Analysis**

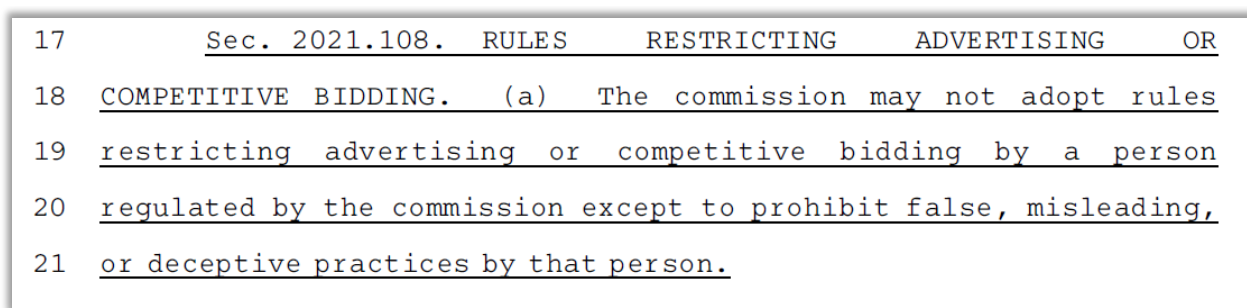
Screen Captures of Actual Mandates and Provisions from HB 1724 (81R):

The following screen capture illustrates how the document and archival record analysis was performed on the legislation. Below is Section 2021.108 from HB 1724 (81R). This mandate provides grounds for satisfying one of the legislative criteria and standards outlined in chapters four and five. The legislative criteria satisfied pertains to WH3a: Illegal Gambling Practices.

Legislative criteria three for WH3a, provided in chapter five states: Do these documents and/or legislation provide mandates that regulate gambling advertisements so they are not misleading by promoting that gambling is a sure way to win money?

Section 2021.108 prohibits the regulatory commission from restricting advertising by casinos but does maintain the right to regulate advertisements that exhibit false, misleading, or deceptive practices. Please observe figure 1.

Figure 1: Section 2021. 108 of HB 1724 (81R)



17	<u>Sec. 2021.108. RULES RESTRICTING ADVERTISING OR</u>
18	<u>COMPETITIVE BIDDING. (a) The commission may not adopt rules</u>
19	<u>restricting advertising or competitive bidding by a person</u>
20	<u>regulated by the commission except to prohibit false, misleading,</u>
21	<u>or deceptive practices by that person.</u>

Source: HB 1724 (81R)

This mandate provided in the legislation satisfies legislative criteria three for WH3a. This finding is discussed in chapter six and indexed in the document and archival record matrix. The next screen capture represents an example of a legislative criterion that was not satisfied.

The next screen capture of HB 1724 (81R) provides an example of a legislative criteria that was not satisfied. This mandate pertains to WH1a: Job Creation. Legislative criteria four for WH1a, provided in chapter five states: Do these documents and/or legislation provide mandates that require casino establishments to contain certain facilities or resort amenities? Please observe figure 2.

Figure 2: Section 2022.052 of HB 1724 (81R)

13 Sec. 2022.052. ALLOCATION AND ISSUANCE OF CASINO OWNER'S
14 LICENSES; TEMPORARY LICENSE. (a) The commission shall award nine
15 casino owner's licenses to applicants for casino-anchored
16 destination attraction development projects as follows:
17 (1) seven casino owner's licenses in urban areas,
18 allocated by population; and
19 (2) two casino owner's licenses on islands in the Gulf
20 of Mexico that are tourist destinations with at least 1,000 guest
21 rooms available for visitors in hotels, motels, or condominiums
22 existing on January 1, 2009.

Source: HB 1724 (81R)

Section 2022.052 provides evidence that the legislation is to allow nine casinos to be developed and two of those to be built as tourist destinations. It provides no provision or requirements for the casinos to contain certain facilities or resort amenities. It only requires that the tourist destination casinos be built in areas with 1,000 guest rooms available. This mandate does not provide a basis for satisfying the legislative criteria for WH1a.