

July 5, 2001

The Honorable Alfred W. Speer
Clerk of the House of Representatives
State Capitol
Baton Rouge, LA 70804

Re: House Bill No. 762 by Representative Martiny
Gambling/Video Poker: Provides for the issuance of a conditional video draw poker license within 90 days of submission of a completed application or finding of unsuitability

Dear Mr. Speer:

Under present law and regulations a video draw poker device license is not issued until the regulatory process is complete. House Bill No. 762 would require issuance of conditional licenses to operators of such gaming devices in restaurants, bars, and hotel/motels, prior to the completion of a suitability investigation if 100 days has elapsed from applying for the license. I am advised that this approach does not adequately take into consideration that some applications involve multiple owners and complex organizational structures, or that the investigation to reject an unsuitable applicant may take longer to establish the facts relating to unsuitability. Thus, the bill would increase the possibility that unsuitable persons, including convicted felons, could be operating gaming establishments for some period of time.

More importantly, a late amendment to the bill would provide that an applicant who prevails in the appeal of an issue to a hearing officer or the Louisiana Gaming Control Board could not be required to pay the costs associated with or involving the hearing or appeal. While this amendment was added to a bill intended to amend the law on video draw poker device licenses, the amendment is drafted and placed in the general provisions of the Louisiana Gaming Control Law and thus would apply to other gaming areas within that law; e.g. the Louisiana Riverboat Economic Development and Gaming Control Act and the Louisiana Economic Development and Gaming Corporation Law. I am advised that the exposure to the state is great in the event a proceeding is initiated against a license held by a large gaming company capable of provoking a protracted licensing procedure. This could affect seriously the initiation of suitability proceedings even though under the law an applicant or licensee has the burden of establishing and maintaining suitability. The cost of obtaining a license by going through the entire regulatory process should be borne by the licensee. Indeed, there are no appropriated funds for the system to operate in any other way. Overall, the amendment could have a chilling effect on the gaming regulatory process.

For these reasons, I am vetoing House Bill No. 762 and returning it to the House of Representatives.

Sincerely,

M.J. "Mike" Foster, Jr.

jw