

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6527

BILL NUMBER: HB 1837

NOTE PREPARED: Feb 20, 2007

BILL AMENDED: Feb 19, 2007

SUBJECT: Gaming.

FIRST AUTHOR: Rep. Pelath

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Riverboat Construction:* The bill provides that after June 30, 2007, a licensed owner must apply for and receive the Gaming Commission's approval before constructing a new riverboat that is certified under marine structural and life safety standards determined by the Gaming Commission. The bill also requires the construction to occur in the counties contiguous to Lake Michigan or the Ohio River, as applicable.

Local Development Agreements: The bill requires a riverboat that is a party to a certain development agreement to calculate payments under the agreement using 22.5% as its effective wagering tax rate.

Effective Date: July 1, 2007.

Explanation of State Expenditures: *Riverboat Construction:* The bill contains the following provisions regarding construction of new riverboat casinos.

(1) The bill requires, after June 30, 2007, a licensed riverboat casino owner to apply for and receive the approval of the Indiana Gaming Commission (IGC) before constructing a new riverboat certified by the IGC under the bill. The bill also requires the IGC to adopt rules governing the procedure a licensed riverboat casino owner must follow to obtain such an approval.

(2) The bill prohibits the IGC from approving an application under the bill to construct a new riverboat casino unless the construction project will be undertaken in either a county contiguous to Lake Michigan (for riverboats operating from a dock in such a county) or a county contiguous to the Ohio River (for a riverboat operating from a dock in such a county).

These provisions will result in additional administrative responsibilities for the IGC. The fiscal impact that might arise from these new responsibilities is indeterminable. However, any additional expenses would be paid from Riverboat Wagering Tax revenue annually appropriated to IGC for administrative purposes. (Note: Current statute provides that sufficient funds are annually appropriated to the IGC from Riverboat Wagering Tax revenue deposited in the State Gaming Fund to administer the riverboat gambling laws.) In FY 2006, this distribution totaled about \$2.4 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Local Development Agreements:* The bill contains a provision that could potentially affect payments made by a riverboat casino to certain counties under an existing local development agreement. The bill specifies that payments calculated under this local development agreement on the basis of the effective wagering tax rate paid by the riverboat casino must use an effective tax rate equal to 22.5% regardless of the riverboat casino's actual effective tax rate.

State Agencies Affected: Indiana Gaming Commission.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869.