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**FISCAL IMPACT STATEMENT**

**LS 6546**  
**BILL NUMBER: SB 289**

**NOTE PREPARED: Dec 22, 2008**  
**BILL AMENDED:**

**SUBJECT:** Economic Development Incentive Payments.

**FIRST AUTHOR:** Sen. Steele  
**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill requires the recipients of incentive payments under a riverboat development agreement to report annually certain information regarding the incentive payments received. It provides that the Gaming Commission may order an operating agent or person holding an owner's license to withhold incentive payments under certain circumstances. It also requires the Gaming Commission to post the annual reports on an Internet web site.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** *Summary* - The bill requires annual reporting by incentive payment recipients to the Indiana Gaming Commission (IGC) and establishes new oversight responsibilities for the IGC relating to incentive payment recipients. The fiscal impact of these new responsibilities is indeterminable, but any additional administrative expenses would be paid from Riverboat Wagering Tax revenue annually appropriated to the IGC to defray administrative costs. (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 2008, this distribution totaled about \$3.8 M.

It is also important to note that current statute requires casino owners and the operating agent of the French Lick casino to annually report the total dollar amount and recipients of incentive payments. The IGC reports that incentive payments totaled about \$130.8 M in CY 2007.

**Background Information** - The bill specifies that the IGC has jurisdiction and supervision over riverboat casino "development agreements" between the casinos and local units, and over "incentive payments" made

to local units under these agreements. A "development agreement" is defined as an agreement between a riverboat casino owner or the operating agent of the French Lick casino and a person or local unit that specifies the owner's or operating agent's financial commitments to support economic development in a local unit or a geographic region. The bill defines an "incentive payment" as any payment that a riverboat casino owner or the operating agent of the French Lick casino must make under a development agreement.

*Annual Reporting Requirement:* The bill requires recipients of riverboat incentive payments to submit before February 1<sup>st</sup> each year an annual report to the IGC. The report must contain:

- (1) a verified accounting of all accounts associated with incentive payments received in the preceding calendar year; and
- (2) an itemized list of all disbursements of incentive payments made to any person exceeding \$5,000 in the aggregate during the preceding calendar year that includes the recipient's name, and the date, amount, and purpose of each disbursement.

The bill also requires the IGC to post the annual reports on an Internet web site in a location and format easily accessible to the public.

*Withholding of Incentive Payments:* The bill authorizes the IGC to order a casino owner or the operating agent of the French Lick casino to withhold incentive payments from a recipient if the IGC finds at a public hearing that:

- (1) the annual report submitted by the recipient is incomplete or inaccurate;
  - (2) the payments are not sufficiently benefitting the economic development of the geographic area intended;
- or
- (3) payment of the incentive payments adversely affects the credibility and integrity of the riverboat gambling industry in Indiana.

The withheld amounts must be paid to the IGC for deposit into an interest bearing account. The bill authorizes the IGC to release the withheld amounts and any interest to the recipient upon finding at a public hearing that the recipient's activities and use of the incentive payments will sufficiently benefit the economic development of the geographic area intended.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The new reporting requirements under the bill likely will have a minimal administrative impact on local units receiving incentive payments.

**Explanation of Local Revenues:**

**State Agencies Affected:** IGC.

**Local Agencies Affected:** Local units receiving riverboat incentive payments.

**Information Sources:**

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