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FISCAL IMPACT STATEMENT

LS 6606

BILL NUMBER: HB 1082

NOTE PREPARED: Dec 22, 2009

BILL AMENDED:

SUBJECT: Local Development Agreements.

FIRST AUTHOR: Rep. Van Haften

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that the Gaming Commission has continuous jurisdiction over development agreements, economic development payments, disbursements to third-party recipients, and expenditures of third-party recipients. It establishes reporting requirements for entities that receive economic development payments and third-party recipients and provides that reports are public records. It also grants subpoena power to the Gaming Commission in its exercise of jurisdiction over development agreements. The bill makes conforming changes to the use of new defined terms.

Effective Date: July 1, 2010.

Explanation of State Expenditures: *Summary:* The bill will result in additional administrative responsibilities for the Indiana Gaming Commission (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 2009, this distribution totaled about \$2.3 M. The 2009-2011 biennial budget bill appropriates \$3.5 M annually in FY 2010 and FY 2011 from the State Gaming Fund to the IGC for administrative purposes.

Background Information: *Current Reporting-* Current statute requires riverboat casino owners and the operating agent of the French Lick casino to report annually to the IGC the total dollar amounts and recipients of economic development payments made during the year by the casinos. The riverboat casinos also must report any other items related to the economic development payments that the IGC may require.

Economic development payments by the riverboat casinos totaled \$119.7 M in CY 2008, with the cumulative total from CY 2003 to CY 2008 equal to \$711.6 M.

IGC Oversight of Development Agreements- The bill states that the IGC has continuous jurisdiction over development agreements between a person or local unit and a riverboat casino owner or operating agent, or an affiliate of an owner or operating agent. The bill defines a development agreement as an agreement specifying the financial commitments of a riverboat casino owner or operating agent to support economic development in a local unit or geographic region.

The bill also authorizes the IGC to verify and ensure that (1) development agreements; (2) economic development payments by a riverboat casino owner, operating agent, or affiliate under a development agreement; (3) disbursements of economic development payment money to third-party recipients; and (4) expenditures by third-party recipients comport with the purposes of the riverboat gambling laws and don't adversely affect the integrity of the riverboat gambling industry in Indiana. The bill defines an economic development payment as a monetary amount paid by a riverboat casino owner, operating agent, or affiliate to a local unit or other entity under a development agreement. (The bill also eliminates the use of the term incentive payment.)

Annual Economic Development Payment Reports- The bill requires an entity that receives economic development payments (except for recipient entities that are required to file annual financial reports with the State Board of Accounts) to annually report to the IGC: (1) an accounting of the economic development payments received by entity; and (2) any disbursements of economic development payment money received by the entity. The bill also requires an entity receiving economic development payments to furnish sufficient documentation to prove the validity of an economic development payment transaction upon request of the IGC. The bill requires that the report include the legal name of the entity and the date, amount, and purpose of each disbursement of economic development payment money.

Annual Third-Party Recipient Reports- The bill also imposes requirements on third-party recipients. A third-party recipient is defined as an entity that receives a disbursement of money from another entity that originally received the money as an economic development payment. The bill requires an entity that is a third-party recipient to annually report to the IGC: (1) the aggregate amount of money received by the entity attributable to an economic development payment; and (2) all expenditures for the benefit for any person that are attributable to an economic development payment and exceed \$5,000 in the aggregate during the prior year. The bill requires that the report include an itemized listing including the legal name of the recipient of the expenditure and the date, amount, and purpose of each disbursement of economic development payment money.

Other- The bill authorizes the IGC to issue subpoenas for the production of records or for the appearance of a person to provide testimony under oath. The bill also authorizes the IGC to apply to a court with jurisdiction to enforce subpoenas and to refer any matter to the Attorney General, a local prosecuting attorney, or a law enforcement agency.

Explanation of State Revenues:

Explanation of Local Expenditures: The reporting requirements for entities receiving economic development payments from a riverboat casino owner or operating agent, or an affiliate of an owner or operating agent, will not affect local units because the bill excludes from the reporting requirement municipalities and local governmental units, entities, or instrumentalities that are required under current

statute to submit an annual financial report to the State Board of Accounts. However, if a local unit is a third-party recipient of economic development payment money, it would have to submit the annual report required under the bill for third-party recipients.

Explanation of Local Revenues:

State Agencies Affected: IGC.

Local Agencies Affected: Local units that are third-party recipients of economic development payment money from a riverboat owner or operating agent, or affiliate of an owner or operating agent.

Information Sources: Indiana Gaming Commission, *Summary of Local Development Agreement Payments*, February 18, 2009.

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