

**Members**

Sen. Luke Kenley, Co-Chairperson  
Rep. William Crawford, Co-Chairperson  
Sen. Ron Alting  
Sen. John Broden  
Sen. Robert Deig  
Rep. Trent Van Haafte  
Rep. Jeff Espich  
Rep. Matt Bell  
Ernest Yelton  
William Sheldrake  
Jerrold B. Carrington



# GAMING STUDY COMMITTEE

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## MEETING MINUTES<sup>1</sup>

**Meeting Date:** August 24, 2009  
**Meeting Time:** 10:00 A.M.  
**Meeting Place:** State House, 200 W. Washington St., Room 431  
**Meeting City:** Indianapolis, Indiana  
**Meeting Number:** 1

**Members Present:** Sen. Luke Kenley, Co-Chairperson; Rep. William Crawford, Co-Chairperson; Sen. Ron Alting; Sen. John Broden; Sen. Robert Deig; Rep. Trent Van Haafte; Rep. Jeff Espich; Rep. Matt Bell; Ernest Yelton; William Sheldrake; Jerrold B. Carrington.

**Members Absent:** None.

Co-Chairperson Luke Kenley called the meeting to order at 10:10 a.m. Sen. Kenley made a few introductory remarks and introduced the members of the Committee.

Mr. Dan Novreske, Senior Fiscal Analyst for the Senate Republican Caucus, announced that the Committee's remaining meeting dates and main topics of study are as follows:

Monday September 14--Riverboat issues.

Monday October 19-----French Lick casino issues.

Mr. Novreske indicated that a fourth meeting could be scheduled for the consideration of a final report.

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Co-Chairperson Bill Crawford followed Mr. Novreske's announcement with a few introductory remarks.

The Committee considered the following topics at the meeting:

- (1) Gaming revenues.
- (2) Racino finances.
- (3) Non-smoking accommodation at the riverboats and racinos.
- (4) Opposition to the expansion of gambling.
- (5) Alcohol promotions.
- (6) Waivers for gaming tournaments at the riverboats.

### **(1) Gaming revenues**

Mr. Jim Landers, senior fiscal analyst for the Legislative Services Agency, presented a report (Exhibit A) on Indiana's gaming revenues.<sup>2</sup> The report details the history of gaming in Indiana while describing the collection and distribution of gaming revenue. The report also analyzes the future growth potential of gaming tax revenues and describes the developments in neighboring states that may influence future revenue collections in Indiana.

### **(2) Racino finances**

Indiana has two horse racing tracks that are authorized to conduct slot machine gaming:

- (1) Indiana Downs and Indiana Live Casino in Shelbyville.
- (2) Hoosier Park Racing and Casino in Anderson.

The following individuals testified on behalf of Indiana Downs and Indiana Live Casino: Ross Mangano (Chairman of the Board Indiana Downs/Indiana Live); Fred Burford (Indiana Live Chief Financial Officer); Jon Schuster (General Manager Indiana Downs); Doug Brown (attorney, Stewart & Irwin); Patrick Early (accountant, Somerset CPAs); and the Hon. Scott Ferguson (Mayor of the City of Shelbyville).

Indiana Downs testified that the two facilities combined to lose approximately \$50,000,000 in state fiscal year 2009 and described the various factors causing the company's financial difficulties. The company submitted a plan to improve the company's finances (Exhibit B) that contains the following legislative proposals:

- (1) Deductions from the calculation of adjusted gross receipts for money set aside for horse racing purposes and payments to Shelby County and the French Lick casino.
- (2) A deduction from the calculation of adjusted gross receipts for free play awarded to racino patrons.
- (3) An income tax credit for investments in the racino that exceed the statutory minimum amount of \$100,000,000.
- (4) Permission to offer live table games at the company's discretion.

The following individuals testified on behalf of Hoosier Park: Rod Radcliff (Chairman and CEO Centaur, Inc.); Jim Brown (General Manager-Gaming, Hoosier Park Racing and Casino); and Kurt Wilson (Chief Financial Officer).

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<sup>2</sup>The report is available on the Internet at the General Assembly homepage at the URL address described above. No fee is charged for viewing, downloading, or printing the report from the Internet.

Mr. Wilson testified that the racinos are subject to a revenue structure that leads to eventual failure. Hoosier Park requested legislation to replace the current structure with a structure that achieves parity with the riverboat casinos (Exhibit C). The company did not ask for any specific statutory changes.

The following horsemen also appeared to provide their perspectives on the impact of slot machines at the racetracks: Mr. Larry Smallwood (Chairman Indiana Horse Racing and Breeding Coalition); Mr. Tom Mosley (Quarter Racing Association of Indiana); Mr. Jack Kiener (Indiana Standardbred Association); Mr. Jack Holton (Indiana Standardbred Association); Mr. Steve Stults (Executive Director Indiana Horsemen's Benevolent and Protective Association) and Mr. Eddie Martin (Indiana Thoroughbred Breeders and Owners Association).

Mr. Smallwood and his colleagues highlighted the successes of the Indiana horse racing industry. Mr. Stults described the innovative work of the Indiana HBPA and stated that the country is watching as Indiana implements programs that have not been implemented elsewhere. Mr. Mosley described the national prominence that Indiana quarter horse racing is beginning to achieve.

The horsemen remain concerned about the future of horse racing in Indiana. Mr. Smallwood testified that the increased purses provided by slot machine revenue have been barely enough to begin drawing horsemen to Indiana. Mr. Smallwood was also concerned that tax burdens could be shifted to the horsemen if tax relief was granted to the racinos. Mr. Martin discussed the importance of purse money to breed development and testified that any reduction would reduce the likelihood of ultimate success in building a breeding industry in Indiana. Mr. Holton urged the General Assembly to authorize remote account betting and pari-mutuel wagering on races held at the state and county fairs to increase interest in horse racing.

### **(3) Non-smoking accommodations at the riverboats and racinos**

The Committee received from Mr. Landers a memorandum explaining the estimated fiscal impact of banning smoking in the riverboats and racinos (Exhibit D).

Ms. Meredith Edwards appeared on behalf of the Indiana Academy of Family Physicians. Ms. Edwards testified in favor of a smoking ban and presented the Committee with copies of the Executive Summary of a 2008 Indiana casino air monitoring study conducted by Purdue University and the Roswell Park Cancer Institute (Exhibit E).

Mr. Tim Filler supported a smoking ban on behalf of the Indiana Campaign for Smokefree Air.

### **(4) Opposition to the expansion of gaming**

City officials and residents of Fort Wayne have been discussing the possibility of a gaming operation locating in Fort Wayne. The ongoing discussion prompted a number of individuals to attend the meeting to oppose gaming in Fort Wayne. They were: Rev. Greg Enstrom (Fort Wayne United Methodist Churches; The Coalition for a Better Fort Wayne; and Say No to CasiNo); Mr. John Popp (CEO Aunt Millie's Bakery); Rev. Dan Gangler (Director of Communication Indiana Conference of the United Methodist Church); Rev. Loren Clemenz (Indiana Coalition Against Legalized Gambling); and Rev. Janet Jacobs (Director of Gambling Recovery Ministries--Indiana Conference of the United Methodist Church).

Rev. Enstrom urged the Committee to consider the research conducted by professors John Kindt (University of Illinois) and Earl Grinols (Baylor University) when considering the economic impact of legalized gambling. Rev. Enstrom discussed whether a referendum on gaming should be held in Fort Wayne.

Mr. Popp submitted to the Committee letters from individuals who oppose gaming in Fort Wayne (Exhibit F) to support his positions that gambling isn't compatible with the community and that gaming is opposed throughout the community.

Rev. Gangler submitted a copy of the summer 2009 edition of the newsletter of Indiana Coalition against Legalized Gambling (Exhibit G). Rev. Gangler warned of the risk of compulsive gambling increasing. Rev. Gangler urged the General Assembly to authorize a statewide referendum on the expansion of gambling.

Rev. Clemenz testified that he believes that studies tend to under count social costs associated with legalized gambling. He also supported a statewide referendum on the expansion of gaming on the grounds that communities other than the host communities of gambling establishments are also adversely affected.

Rev. Jacobs said that Indiana has no inpatient treatment center for compulsive gambling at this time which she believes is a necessity. She also urged the state to advertise the problem gambling helpline more effectively.

Mr. Mike Smith, President of the Indiana Casino Association, asserted that Indiana is moving to be a leader in the treatment of problem gambling. He noted that casino donations support the Indiana Council on Problem Gambling. He also expressed the association's support for removing barriers to treatment under the state programs including eliminating the requirement that recipients have household incomes below 200% of the federal poverty level.

#### **(5) Alcohol promotions**

Mr. Smith requested permission for the casinos to utilize alcohol in a variety of marketing endeavors. The association would like to:

- (1) accept promotional market placement offers from alcoholic beverage companies;
- (2) authorize private label wines; and
- (3) provide free alcoholic beverages in customer appreciation events.

#### **(6) Waivers for gaming tournaments at the riverboats**

Mr. Smith requested legislation to permit poker tournaments at locations other than on board a riverboat. A hotel ballroom, for example, could accommodate a larger tournament than the space allowed by a riverboat.

Sen. Kenley adjourned the meeting at about 3:45 p.m.