

**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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Ross Hooten, Attorney for the Committee  
Michael Landwer, Attorney for the Committee

Authority: P.L. 182-2009(ss)

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

**Meeting Date:** October 19, 2009  
**Meeting Time:** 10:00 A.M.  
**Meeting Place:** State House, 200 W. Washington St., 431  
**Meeting City:** Indianapolis, Indiana  
**Meeting Number:** 3

**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; Jerrold B. Carrington.

**Members Absent:** William Sheldrake.

Co-chairperson Luke Kenley called the meeting to order shortly after 10:00 a.m. The Committee considered the following topics:

- (1) Interstate competition.
- (2) Maritime issues.
- (3) Local development agreements.
- (4) French Lick.
- (5) Horse racing purses and breed development.

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be obtained electronically by requesting copies at [licrequests@iga.in.gov](mailto:licrequests@iga.in.gov). Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard 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.

(6) Gaming in northeastern Indiana.

**(1) Interstate competition**

Mr. Jim Landers reported the Legislative Services Agency (LSA) estimates of the fiscal impacts from out-of-state casinos and relocating Indiana casino licenses. The LSA report (Exhibit A) addressed the following scenarios:

- (1) Casinos at Kentucky horse racing tracks.
- (2) Casinos at Ohio horse racing tracks.
- (3) Casinos in Cincinnati, Columbus, and Toledo.
- (4) The continued growth of tribal gaming in southern Michigan.
- (5) The relocation of a Gary riverboat inland to a location near the intersection of I-80/94 and I-65.
- (6) The relocation of a Gary riverboat license to Fort Wayne.

Mr. Michael Smith, President of the Casino Association of Indiana, introduced Michael Pollock and Bill La Penta from the Spectrum Gaming Group. Mr. Pollock and Mr. La Penta presented Spectrum's analysis of the potential impact of out-of-state competition on the Indiana gaming industry (Exhibit B). Mr. Pollock recommended developing casino properties into regional tourist destinations with amenities beyond the gaming floor as a strategy to combat out-of-state competition. Mr. Pollock urged Indiana to avoid creating an environment of "disinvestment" in which a lack of confidence in the future of the industry would lead to declining investments in Indiana gaming properties. Mr. Pollock cited the following tax and regulatory issues of concern to the industry:

- (1) The riverboat admissions tax.
- (2) The maritime requirements imposed on the Lake Michigan and Ohio River riverboats.
- (3) The inability to deduct promotional free play from adjusted gross receipts for purposes of the wagering taxes.

Mr. Steve Jimenez, Mr. Randy Roberts, and Ms. Elaine Guidroz submitted a report concerning the prospect of Rising Sun's Grand Victoria Casino and Resort competing with up to seven out-of-state casinos (Exhibit C). The group submitted legislative options to improve the resort's ability to compete: (1) statewide authority to operate a land based casino; or (2) eliminating the propulsion and other maritime requirements found in current law.

Mr. Kevin Kaufman, Mr. Carlos Ruisanchez, and Mr. Mike Jones followed with a report containing the perspective of Switzerland County's Belterra Resort on competition within the Indiana gaming industry (Exhibit D). Belterra also requested two legislative changes: (1) the ability to deduct promotional free play from adjusted gross receipts for purposes of the wagering taxes; and (2) the elimination of the adjusted gross income tax "add back" of wagering taxes that are deductible for federal income tax purposes.

Mr. Ryan Soultz and Mr. Ted Bogich described the competition between Michigan City's Blue Chip casino and the Indian casinos located in Michigan. They described Blue Chip's efforts to position itself as a regional destination in spite of the tax and regulatory advantages that the tribal casinos possess (Exhibit E). Addressing the possibility of a casino relocating within Indiana, Mr. Bogich testified that Fort Wayne is a strong market for Blue Chip. Mr. Bogich recommended legislation to deduct promotional free play from adjusted gross receipts for purposes of the wagering taxes.

## **(2) Maritime issues**

The testimony described above included a request to permit land based casinos or, in the alternative, to eliminate the propulsion and other maritime requirements for operating a riverboat casino.

Mr. Earnest Yelton, Executive Director of the Indiana Gaming Commission (IGC), informed the Committee that the two newest riverboats in Hammond and Lawrenceburg are not subject to Coast Guard inspection. Mr. Yelton expects the Coast Guard to terminate its riverboat inspection program entirely within 1-2 years. Mr. Yelton suggested that the marine structural and life safety standards adopted by the IGC may have to change to reflect a greater emphasis upon homeland security as the Coast Guard eliminates its inspections.

## **(3) Local development agreements**

Attorney General Greg Zoeller and Deputy Attorney General David Miller requested legislation to require organizations that receive money under the local development agreements between riverboats and their host communities to annually report aggregate payments of more than \$5,000 to a particular entity (Exhibit F). Mr. Zoeller testified that the goal of the proposal is to achieve greater transparency. The Committee discussed with Mr. Zoeller and Mr. Miller whether the office of the Attorney General or the IGC was better suited for applying additional scrutiny to the recipients. Mr. Yelton stated that the IGC shared the Attorney General's wish for greater transparency and agreed that a reporting requirement was the way to achieve it.

## **(4) French Lick**

Rep. Sandy Blanton introduced the following individuals appearing on behalf of the French Lick Resort: Chris Leininger, Chief Operating Officer; Bill Kimmel, Vice President of the Board of Aviation Commissioners for the French Lick Municipal Airport; Don Renner, French Lick Town Council; and Steve Ferguson, Chairman of the Board, Cook Group, Inc.

Mr. Leininger submitted the Resort's report (Exhibit G). Mr. Leininger reported that the resort is operating at a break even point but has nothing left for further development and additional improvements. Mr. Leininger requested legislation to do the following:

- (1) Suspend payments to the West Baden historic hotel maintenance fund that are payable from the resort's wagering tax remissions for a period of five years.
- (2) Reduce the admissions tax applicable to the resort from \$4 to \$3.
- (3) Provide an additional subsidy from the racinos if table games are permitted at the racinos.

Sen. Lindel Hume described his participation in the development of the enabling legislation for the French Lick casino. Sen. Hume explained that he is confident in the Cook Group's ownership of the of the restored West Baden Springs Hotel and the future of the landmark. Sen. Hume said that he is not concerned about the state administered maintenance fund.

Mr. Landers submitted a report on the gaming taxes paid by the resort (Exhibit H).

## **(5) Horse racing purses and breed development**

Mr. Joe Gorajec, Executive Director of the Indiana Horse Racing Commission, presented a

report detailing the revenue sources that fund purses and breed development (Exhibit I). Mr. Gorajec also reported on the impact of slot machine revenues on purses and breed development.

Mr. Ross Hooten, Legislative Services Agency, submitted information concerning the policies of other states that permit slot machines or video lottery terminals at horse racing tracks (Exhibit J). Mr. Hooten reported that every state that permits slot machines or video lottery terminals at its horse racing tracks requires the tracks to dedicate some of the revenue to the support of the horse racing industry.

### **(6) Gaming in Northeast Indiana**

Mayor Tom Henry, Mr. Tim Haffner, the city attorney, and former State Representative Matt Whetstone appeared on behalf of the city of Fort Wayne. Mayor Henry requested legislation permitting the voters of the city to participate in a referendum on casino gaming in Fort Wayne. Mayor Henry pledged to support an appropriate casino development if casino gaming is approved by the voters (Exhibit K).

Rep. Trent Van Haaften asked whether it was appropriate to consider having a referendum when there are no available licenses. Mr. Haffner responded that the city wanted to hear from the voters before investigating a potential license any further.

When Rep. Matt Bell asked why the state should consider relocating a casino license to Fort Wayne, Mayor Henry replied that as the largest metropolitan area in northeast Indiana the city has the most to offer casino patrons.

Mr. John Popp, representing Citizens for a Better Fort Wayne, cited the following reasons for the group's opposition to relocating a casino to the city or predicating a relocation upon the passage of a referendum only open to city voters:

- (1) Indications that the Indiana gaming market may be saturated and the revenue displacement likely to occur after a casino relocation.
- (2) That it is unreasonable to vote on the concept of gaming without any knowledge of the development that could follow.
- (3) Opposition to casino gaming among county residents who live outside the city.
- (4) Social concerns.
- (5) That opponents will be unable to compete financially with the proponents of casino gaming.

Ms. Beth Garber-Lock, Governmental Affairs Liaison of the Allen County Board of Commissioners, described the impacts that casino gaming could have on county government. Ms. Garber-Lock informed the Committee that the county commissioners oppose the idea of a referendum being held within the city only.

Mr. Jim Brown, General Manager of Gaming at Hoosier Park, submitted an estimate of the impact that a Fort Wayne casino would have on Hoosier Park's operations (Exhibit L). Hoosier Park fears losing as much as 30% of its business to a Fort Wayne casino.

Former State Senator Robert Meeks led a delegation from Steuben County that urged the General Assembly to permit Steuben County to hold a referendum on casino gaming in the county. The delegation consisted of: Mr. Gary Nielander, Executive Director of the Steuben County Economic Development Corporation; Mr. Richard Hickman, Mayor of Angola; Mr. Paul Sparks, Steuben County Council; Ms. Loretta Smart, Fremont Town

Council; Gene Garman, Orland Town Council; and Wilford Nuttle, Hamilton Town Council. The group touted the boon that a casino would be to the county's tourism industry and the support for a casino that is found throughout the community.

Members of Unite Here Local 1, a casino workers' union representing employees of the Gary, East Chicago, and Michigan City riverboats, attended the meeting to oppose relocating a Gary casino to northeast Indiana. Ms. Jeri Elliott, an employee of Gary's Majestic Star II riverboat, expressed the group's fear that a relocation would result in reduced casino employment in Gary. Ms. Elliott told the Committee that taking a casino away from Gary would be a betrayal of the promises of the 1993 riverboat law (Exhibit M). Ms. Christina Davis and Mr. Nicolas Mijares also testified in opposition to relocating a Gary riverboat.

Mr. Eric Miller, Advance America, stated his organization's continued opposition to the expansion of gambling and expressed his agreement with the remarks made by Mr. Popp.

Co-chairperson, William Crawford adjourned the meeting at 4:55 p.m.