

## Indiana Gaming Advocates Prepare For 2017 Legislative Session

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Casino and video gaming advocates in Indiana are hopeful that incoming Republican Governor-elect Eric Holcomb will be friendlier to the gaming industry than his predecessor, especially when it comes to taxes and the issue of whether the state should legalize video gaming terminals (VGTs).

Holcomb defeated Democrat John Gregg on November 8 to succeed Governor [Mike Pence](#), who exited the race to become Republican presidential candidate Donald Trump's running mate. Pence will be sworn in as vice president and Trump as President on January 20.

Pence's departure will give Holcomb an opportunity to shape gaming policy over the next four years in a state where annual casino revenue fell 22.7 percent between 2011 and 2015, according to figures from the Indiana Gaming Commission.

"I think that Governor-elect Holcomb will bring a pro-business attitude to the governor's office generally and I don't think that our industry will be an exception to that," said Matt Bell, president of the Casino Association of Indiana.

Last year, 13 casinos were successful in getting a [major regulatory reform bill](#) passed under a Pence administration that vehemently opposed any expansion of gaming, but the industry was unsuccessful in eliminating the state's admissions tax.

"Obviously, there are different considerations with casino gaming than there are with other industries, but I'm hopeful that he will view it as an integral part of Indiana's economy and make policy decisions that are in the best interest of supporting that revenue stream for local governments, supporting local jobs and economic development," Bell told GamblingCompliance.

Under the admissions tax, each of the ten riverboat casinos in Indiana is required to pay \$3 person, or \$2.5m per riverboat, if adjusted gross receipts are more than \$75m.

"The admissions tax is a revenue stream that is shared between local governments and the state so there are multiple constituencies to consider on what mechanism you would use to keep communities whole and how to guarantee that there is not a loss of revenue to the state," said Bell.

In the 2015 fiscal year, Indiana's riverboat casinos contributed \$50m in admissions taxes compared with \$554m from a graduated system for wagering taxes.

The Casino Association of Indiana is also supportive of looking at the efficacy of free-play credits, which were grandfathered in as a tax deduction last year and capped at \$7m annually.

"I think these things need to be on the table as the state considers how to respond to the presence of a new player in Indiana that will work under a different regulatory environment and certainly a different tax environment if anything at all," said Bell.

On Wednesday, the Pokagon Band of Potawatomi Indians announced construction plans for its first casino in Indiana — called Four Winds South Bend — after the federal government took [land into trust](#) for the tribe last month.

The first phase of the tribal casino, at 175,000 square feet, will have 1,800 Class II gaming devices, four restaurants and three bars.

Since the casino will only have Class II machines at the initial opening, it is not required to negotiate a compact with the state that could run into trouble with the state legislature.

The Pokagon tribe already operates three Class III casinos in Michigan in New Buffalo, Hartford and Dowagiac.

"Four Winds South Bend will offer the same high-level of service and amenities that our guests have come to expect including signature restaurants such as Copper Rock Steakhouse and The Buffet," said Frank Freedman, chief operating officer of Four Winds Casinos, in a statement.

Last week, Bell told GamblingCompliance that his association would not be opposed to a Pokagon casino in South Bend if it only operated with Class II gaming devices.

Meanwhile, another emerging threat to the casino industry in Indiana comes from local taverns, clubs and veterans groups that want to legalize VGTs across Indiana.

The Indiana Video Gaming Coalition recently held a [series of meetings](#) to gauge interest in the VGTs and they lined up Republican Representative Ed Clere to introduce a bill when the 2017 session begins on January 10.

"We think that the governor elect will not be adverse to social issues as well as gaming issues as Pence was so we think that it's a net plus for our cause," said Bill Smythe, governmental affairs advocate for the Indiana Amusement and Music Operators Association.

"We were pleasantly surprised that there wasn't a lot of turnover in the General Assembly, so that has impacted our strategy more than the new governor," Smythe told GamblingCompliance.

The coalition also hopes to set a meeting with Republican Representative Ben Smaltz, who will serve as the new chair of the House Public Policy Committee after its former chair, Republican Tom Dermody, declined to seek re-election.

Smythe said he expects a similar bill to last session's Senate Bill 179 to be introduced in January. SB 179 would have allowed bars, taverns and charitable organizations to install up to five VGTs and given truck stops the ability to install up to ten terminals.

The Indiana Video Gaming Coalition believes that it may have an edge with Indiana lawmakers in 2017 because the forthcoming Pokagon casino will not provide tax revenues to the state.

"Historically, the other Indian casinos are not obligated to pay the state and certainly not at the rate that the existing casinos are," said Smythe. "The legislature doesn't know what the impact will be, but we stand to offer a counter that will stabilize or increase state revenues."

The Casino Association of Indiana remains opposed to the deployment of VGTs, which have hurt the neighboring Illinois casino industry.

"When Indiana agreed to adopt gaming in the 1990s, the purposes of the article were very clear that Indiana was doing this to support local employment and economic development," said Bell. "We believe VGTs fall flat on both fronts and don't measure up to the standards by which we have accepted gaming in Indiana."

Indiana's casino advocates could also see an opportunity with Governor-elect Holcomb to discuss internet gambling, which is currently legal in New Jersey, Delaware and Nevada.

Vice President-elect Pence is a staunch opponent of internet gambling and was recently asked to back federal efforts to ban it.

"We have a lot of education to do with the legislature in Indiana on internet gaming," said Bell. "I don't think that the governor-elect will ever carry the flag for it, but I do think that there will be a candid opportunity to have a discussion with him."

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