

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 6386

BILL NUMBER: HB 1038

NOTE PREPARED: Jan 29, 2026

BILL AMENDED: Jan 29, 2026

SUBJECT: Relocation of Gaming Operations.

FIRST AUTHOR: Rep. Snow

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill does the following:

It allows the legislative body of Allen County, DeKalb County, Steuben County, or Wayne County to initiate the placement of a public question on the 2026 general election ballot that seeks approval from the voters to permit inland casino gambling.

It specifies a process by which a current licensed owner or permit holder may apply to the Indiana Gaming Commission (IGC) to relocate the Ohio County riverboat license to an inland casino in Allen County, DeKalb County, Steuben County, or Wayne County.

It specifies application requirements, including local government support and the applicant's commitment and plan to invest at least \$500 M for the development of a casino and nongaming amenities.

It requires the IGC to: (1) make the filed applications and an informational summary available to the public not later than January 15, 2027; and (2) issue a final decision approving or denying each application not later than April 15, 2027.

It allows the IGC to consider whether a public question was on the ballot along with the results of the public question in deciding whether to approve or deny an application.

It requires an approved applicant to pay \$50 M to the IGC and \$30 M total to the city of Rising Sun and Ohio County.

It requires the IGC to contract with an independent third party consultant to determine the fair market value of the Ohio County license. It requires an approved applicant to pay the fair market value of the license determined by the independent third party to the owner of the Ohio County license, unless the approved applicant is the owner of the Ohio County license.

It specifies fees that apply to the sale or transfer of the licensed owner's or permit holder's interest in the

owner's license within 10 years.

It allows the owner of the Ohio County license to continue gambling operations on the riverboat in Ohio County until one day before the date the IGC has approved gambling operations to begin under the relocated owner's license.

Effective Date: Upon passage.

Explanation of State Expenditures: The IGC would be required to review applications and determine if any applicant will receive the owner's license in Allen County, DeKalb County, Steuben County, or Wayne County. The bill requires the IGC to start accepting license applications not later than October 1, 2026. It requires the applicant to submit the application by December 1, 2026. It requires the IGC to publish a summary of the application available to the public by January 15, 2027. The bill allows the applicants to submit a supplemental bid. It provides guidelines and criteria for the IGC to consider in evaluating the applications. It requires the IGC to issue a final decision approving or denying each application by April 15, 2027. The IGC may approve only one application for a new casino in a location in Allen County, DeKalb County, Steuben County, or Wayne County.

The bill also requires the IGC to contract with a third party consultant to determine the fair market value of the Ohio County license to be paid by the approved applicant to the owner of Ohio County casino, unless the approved applicant is the owner of Ohio County casino. The bill would increase the IGC's workload and expenses for contracting with a third party. Any additional expenses would be paid from Riverboat Wagering Tax revenue annually appropriated to the IGC for administrative purposes. 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. HEA 1001-2025 appropriated \$3.6 M for FY 2026 to the IGC for administrative purposes.

Explanation of State Revenues: Summary: The provisions in the bill related to relocating the Ohio County license and allowing a casino to operate in Allen County, DeKalb County, Steuben County, or Wayne County could impact the state General Fund and dedicated funds. Depending on the approval, financing, and building timeline and process, the casino could start operating sometime between FY 2028 and FY 2030. The bill could result in \$15 M to \$45 M annually in state General Fund revenues depending on the location and other factors related to the new casino. Additionally, the bill requires a payment of \$10 M annually for five years totaling \$50 M in license fee by the licensee of the new casino. The license fee will be deposited in the state General Fund. A minimal impact could occur on some dedicated fund due to changes in supplemental wagering tax revenues.

Supplemental Bid: The bill provides that a supplemental bid by an applicant may include proposed payments to the state or local units as specified in the bill. This could result in additional revenue for state funds.

Additional Information: The bill provides guidelines to allow an inland casino in Allen County, DeKalb County, Steuben County, or Wayne County. It provides that the number of gambling games offered by a licensed owner may not exceed 1,500. If approved, the casino operator will pay riverboat wagering tax and supplemental wagering tax currently imposed under riverboat tax laws. Under the riverboat wagering tax structure, a graduated rate of 10% to 40% of adjusted gross receipts (AGR) will apply to the casino. The wagering tax will be distributed similar to the wagering tax distributions from other riverboats in the state. The supplemental wagering tax would be equal to 3.5% of the AGR and distributed as follows: (1) 10% to the RDA of which the county with the new casino is a member; (2) 45% to the city in which the casino

conducts gaming operations; and (2) 45% to the county.

Adjusted Gross Receipts and Tax Impact: Depending on the location, it is estimated that the new casino could generate \$110 M to \$230 M in AGR annually. The actual AGR would likely be lower in the initial years and increase as the full investment is completed. The estimate is based on various factors including regional population, regional per capita income, accessibility to the potential location, available gaming options, and gaming market trends in Indiana, Michigan, and Ohio.

Other Indiana Casinos - Adjusted Gross Receipts and Tax Impact: A small portion of AGR at the new casino will be displaced from other Indiana riverboats and racinos. These AGR impacts at in-state competition will result in a decrease in riverboat wagering tax and supplemental wagering tax revenues and a loss of racino wagering tax and county slot machine wagering fees. The loss of AGR at the racino will also result in a loss to the horse racing industry and breed funds. Additionally, a northeast Indiana county casino will result in a loss of AGR at the South Bend tribal casino. Since the state has a revenue sharing agreement with the tribal casino, the state's share of revenue received from the tribal casino and deposited in the state General Fund will be lower. The overall impact on other Indiana casinos could be small or large depending on the proposed location, size, type of amenities, ownership, and marketing efforts of the new casino.

Ohio County Casino - Adjusted Gross Receipts and Tax Impact: The closure of the Ohio County casino will result in a net loss of AGR. Since the majority of the AGR from the Ohio County casino will be shifted to other Indiana riverboats with higher graduated riverboat wagering tax rates, it is estimated that the net impact on the riverboat wagering tax will be positive. The loss of supplemental wagering tax at the Ohio County casino will not be offset by the gains at other casinos, resulting in a net negative impact on supplemental wagering tax. There would also be a small impact on supplemental wagering tax revenues deposited in state funds or distributed to local units.

Other Requirements: If the IGC approves the application of any casino owner other than the owner of the Ohio County casino, then the new owner shall pay the fair market value as determined by a third party to the Ohio County casino owner. The bill also requires that if the approved applicant transfers the license within 10 years from the date of approval, then the licensee will pay \$50 M to the state in transfer fee.

Explanation of Local Expenditures: (Revised) *Public Referendum:* The bill provides that the county of potential locations of the new casino allowed in the bill may seek approval of the voters to permit inland casino gambling in the county. It provides guidelines and questions to be placed on the 2026 general election ballot. It provides that the IGC may consider the outcome of the public referendum in accepting or denying an application for the new casino.

Explanation of Local Revenues: The local units receiving gaming taxes and fees from the new casino and existing casino will be impacted by relocation of the license. Depending on the location of the new casino, the statewide impact on the local units is estimated to be a net increase of \$8 M to \$22 M. Additionally the bill requires the owner of the new casino to make a one time payment of \$30 M to be distributed between Ohio County and Rising Sun.

Riverboat Wagering Tax: The current law that provides 25% of wagering tax distributed to the local unit will result in significant revenue received by local units where the new casino is located.

Supplemental Wagering Tax: The bill sets the Supplemental Wagering Tax rate at the new casino at 3.5% of the casino's AGR. The tax will be distributed: (1) 10% to the RDA of which the county with the new

casino is a member; (2) 45% to the city in which the casino conducts gaming operations; and (3) 45% to the county.

Revenue Sharing With Non-Gaming Units: Since the new casino will contribute a large share to the revenue sharing amount, effectively reducing the contribution required by other riverboats, other units with riverboats will receive additional wagering tax revenues. Additionally, after having a casino, the local units of the county where the casino is located will stop receiving the distribution of revenue sharing. The additional distribution will occur to all other local units that do not have a riverboat. There will be no statewide net impact.

County Slot Machine Wagering Tax: The loss of AGR at the racino at Anderson or Shelbyville will also result in a loss of County Slot Machine Wagering Tax received by Madison County or Shelby County.

Local Development Agreement and Revenue Sharing: The bill requires the owner of the new casino to enter into a local development agreement. These agreements usually result in a financial commitment by the casino towards the local units. Any new casino in northeast Indiana could also negatively impact the South Bend tribal casino. To the extent that the city of South Bend has a revenue sharing agreement with the tribal casino, the city may experience a reduction in that revenue.

Supplemental Bid: The bill provides that a supplemental bid by an applicant may include proposed payments to the state or local units as specified in the bill. This could result in additional revenue for local units.

Ohio County - Wagering Tax: After the relocation, the Ohio County casino will not generate riverboat wagering tax or supplemental wagering tax. This will result in revenue loss for Rising Sun, Ohio County, and the Ohio County Convention and Visitors' Bureau. However, the bill does not remove the supplemental wagering tax hold-harmless distributions to Rising Sun, Ohio County, and the Ohio County Convention and Visitors' Bureau. This would result in an increase in hold harmless distributions to these entities and a decrease in distributions to other local units receiving the hold harmless distributions.

State Agencies Affected: Indiana Gaming Commission, Indiana Horse Racing Commission, Department of State Revenue.

Local Agencies Affected: Local units receiving riverboat taxes or racino taxes.

Information Sources: State Revenue Forecast, https://www.in.gov/sba/budget-information/revenue-data/#tab-844794-1-Revenue_Forecasts; Michigan Gaming Control Board, <https://www.michigan.gov/mgcb>; Casino Control Commission, Ohio, <https://casinocontrol.ohio.gov/>; Pennsylvania Gaming Control Board, <https://gamingcontrolboard.pa.gov/>; Illinois Gaming Board, <https://igb.illinois.gov/>; Missouri Gaming Commission, <https://www.mgc.dps.mo.gov/>; Indiana Gaming Commission, <https://www.in.gov/igc/>; State of the States (2024), American Gaming Association; <https://www.americangaming.org/resources/state-of-the-states-2024/>; OFMA, Casino Data. Northeast Indiana Strategic Development Commission, <https://neisdc.com/>.

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