

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

LS 6386
BILL NUMBER: HB 1038

NOTE PREPARED: Mar 3, 2026
BILL AMENDED: Feb 27, 2026

SUBJECT: Gaming Matters.

FIRST AUTHOR: Rep. Snow
FIRST SPONSOR: Sen. Busch

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill provides that the Horse Racing Commission may issue three satellite facility licenses (instead of four per permit holder under current law).

It requires Allen County, DeKalb County, and Steuben County to place a public question on the 2026 general election ballot that seeks approval from the voters to permit inland casino gambling. It authorizes the Indiana Gaming Commission (commission) to award a new riverboat license for an inland casino in Allen County, DeKalb County, or Steuben 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 prohibits the commission from awarding an owner's license to operate a casino in Allen County, DeKalb County, or Steuben County if the voters of the county do not approve casino gaming in the county.

It requires an approved applicant to pay \$150 M to the commission to be deposited by the commission as follows:

- (1) \$100 M to the state General Fund; and
- (2) \$50 M to the Shuttered Riverboat Fund to be used for local units that are affected by a shuttered riverboat or inland casino closure.

It provides that if a licensed owner ceases operations or goes out of business, the license issued under this section is terminated effective on that date.

Effective Date: Upon passage.

Explanation of State Expenditures: *Number of Satellite Facility Licenses:* The provision in the bill limiting the number licenses for off track betting (OTB) facilities will not have any immediate fiscal impact. Although current law allows for additional licenses, there are three operational OTBs in Indiana. Limiting the number of licenses would only have an impact to the extent that in the future a race track permit holder would be unable to expand the number of OTBs in Indiana.

Indiana Gaming Commission (IGC): The IGC would be required to review applications and determine if any applicant will receive the owner's license in Allen County, DeKalb County, or Steuben County. The bill 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, or Steuben County.

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 allowing a casino to operate in Allen County, DeKalb County, or Steuben County could impact the state General Fund. 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 \$30 M to \$40 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 \$30 M annually for five years totaling \$150 M in license fee by the licensee of the new casino. The license fee will be deposited as follows: (1) \$100 M in the state General Fund; (2) \$50 M in the Shuttered Riverboat Fund.

Shuttered Riverboat Fund: The bill establishes the Shuttered Riverboat Fund, which will be administered by the IGC. Money in the fund will be appropriated by the General Assembly to be used for local units that are affected by a shuttered riverboat. If an applicant for a new casino is approved and pays the \$150 M license fee, then the fund will receive five installments of \$10 M totaling \$50 M over five years starting the year the application is approved.

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, or Steuben 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 Northeast Indiana RDA; (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 \$170 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. It is estimated that the new casino will result in AGR loss at the racino in Anderson, resulting in a loss of racino wagering tax, county slot machine wagering fees, and AGR distributions to the horse racing industry. These AGR impacts at in-state competition will result in a decrease in 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.

Other Requirements: 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: *Public Referendum:* The bill provides that the county of potential locations of the new casino allowed in the bill shall 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 not issue a license to allow an inland casino unless the voters of the county approve an inland casino in the county.

Explanation of Local Revenues: Depending on the location of the new casino, the statewide impact on the local units is estimated to be a net increase of \$16 M to \$20 M.

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 Northeast Indiana RDA; (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 will also result in a loss of county slot machine wagering tax received by Madison 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.

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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