

SENATE BILL No. 429

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-33-13; IC 4-35-3-5.

Synopsis: Local gaming distributions. Modifies the date to after June 30, 2020, when the graduated wagering tax is lowered for riverboats that receive less than \$75,000,000 of adjusted gross receipts during the preceding state fiscal year. Provides that the auditor of state shall distribute certain tax revenue deposited in the state gaming fund to certain cities based on whether the riverboat in the city received less than \$75,000,000 in adjusted gross receipts in the preceding state fiscal year or received at least \$75,000,000 in adjusted gross receipts in the preceding state fiscal year. Extends the provision until June 30, 2022, that requires the amount of wagering taxes that would be distributed to South Bend to be deposited as being received from all riverboats whose supplemental wagering taxes are over 3.5% and distributed in the same manner as the supplemental wagering tax. Provides that LaPorte County is entitled to a supplemental distribution in each year that Michigan City receives a supplement distribution that is equal to 40% of the amount that Michigan City receives. Provides that the general assembly encourages racinos to provide hold harmless funds to units in which riverboats operate to compensate for their losses due to wagering on table games.

Effective: July 1, 2020.

Perfect

January 16, 2020, read first time and referred to Committee on Appropriations.



Second Regular Session of the 121st General Assembly (2020)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2019 Regular Session of the General Assembly.

SENATE BILL No. 429

A BILL FOR AN ACT to amend the Indiana Code concerning gaming.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-33-13-1.5, AS AMENDED BY P.L.293-2019,
2 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2020]: Sec. 1.5. (a) This subsection applies only to a riverboat
4 that received at least seventy-five million dollars (\$75,000,000) of
5 adjusted gross receipts during the preceding state fiscal year. A
6 graduated tax is imposed on the adjusted gross receipts received from
7 gambling games authorized under this article as follows:
8 (1) For state fiscal years ending before July 1, 2021, fifteen
9 percent (15%), and for state fiscal years beginning after June 30,
10 2021, ten percent (10%), of the first twenty-five million dollars
11 (\$25,000,000) of adjusted gross receipts received during the
12 period beginning July 1 of each year and ending June 30 of the
13 following year.
14 (2) Twenty percent (20%) of the adjusted gross receipts in excess
15 of twenty-five million dollars (\$25,000,000) but not exceeding
16 fifty million dollars (\$50,000,000) received during the period
17 beginning July 1 of each year and ending June 30 of the following



year.

(3) Twenty-five percent (25%) of the adjusted gross receipts in excess of fifty million dollars (\$50,000,000) but not exceeding seventy-five million dollars (\$75,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(4) Thirty percent (30%) of the adjusted gross receipts in excess of seventy-five million dollars (\$75,000,000) but not exceeding one hundred fifty million dollars (\$150,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(5) Thirty-five percent (35%) of all adjusted gross receipts in excess of one hundred fifty million dollars (\$150,000,000) but not exceeding six hundred million dollars (\$600,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(6) Forty percent (40%) of all adjusted gross receipts exceeding six hundred million dollars (\$600,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) This subsection applies only to a riverboat that received less than seventy-five million dollars (\$75,000,000) of adjusted gross receipts during the preceding state fiscal year. A graduated tax is imposed on the adjusted gross receipts received from gambling games authorized under this article as follows:

(1) For state fiscal years ending before July 1, ~~2021~~, **2020**, five percent (5%), and for state fiscal years beginning after June 30, ~~2021~~, **2020**, two and one-half percent (2.5%), of the first twenty-five million dollars (\$25,000,000) of adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year.

(2) For state fiscal years ending before July 1, ~~2021~~, **2020**, twenty percent (20%), and for state fiscal years beginning after June 30, ~~2021~~, **2020**, ten percent (10%), of the adjusted gross receipts in excess of twenty-five million dollars (\$25,000,000) but not exceeding fifty million dollars (\$50,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(3) For state fiscal years ending before July 1, ~~2021~~, **2020**, twenty-five percent (25%), and for state fiscal years beginning after June 30, ~~2021~~, **2020**, twenty percent (20%), of the adjusted gross receipts in excess of fifty million dollars (\$50,000,000) but



not exceeding seventy-five million dollars (\$75,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(4) Thirty percent (30%) of the adjusted gross receipts in excess of seventy-five million dollars (\$75,000,000) but not exceeding one hundred fifty million dollars (\$150,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(5) Thirty-five percent (35%) of all adjusted gross receipts in excess of one hundred fifty million dollars (\$150,000,000) but not exceeding six hundred million dollars (\$600,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(6) Forty percent (40%) of all adjusted gross receipts exceeding six hundred million dollars (\$600,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(c) The licensed owner or operating agent of a riverboat taxed under subsection (b) shall pay an additional tax of two million five hundred thousand dollars (\$2,500,000) in any state fiscal year in which the riverboat's adjusted gross receipts exceed seventy-five million dollars (\$75,000,000). The additional tax imposed under this subsection is due before July 1 of the following state fiscal year.

(d) The licensed owner or operating agent shall:

(1) remit the daily amount of tax imposed by this chapter to the department on the twenty-fourth calendar day of each month for the wagering taxes collected that month; and

(2) report gaming activity information to the commission daily on forms prescribed by the commission.

Any taxes collected during the month but after the day on which the taxes are required to be paid to the department shall be paid to the department at the same time the following month's taxes are due.

(e) The payment of the tax under this section must be in a manner prescribed by the department.

(f) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensed owner or operating agent to file a monthly report to reconcile the amounts remitted to the department.

(g) The department may allow taxes remitted under this section to be reported on the same form used for taxes paid under IC 4-33-12.

SECTION 2. IC 4-33-13-5, AS AMENDED BY P.L.238-2019, SECTION 2, AND AS AMENDED BY P.L.108-2019, SECTION 73,



1 AND AS AMENDED BY P.L.293-2019, SECTION 31, IS
 2 CORRECTED AND AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2020]: Sec. 5. (a) This subsection does not
 4 apply to tax revenue remitted by an operating agent operating a
 5 riverboat in a historic hotel district. After funds are appropriated under
 6 section 4 of this chapter, each month the ~~treasurer~~ auditor of state shall
 7 distribute the tax revenue deposited in the state gaming fund under this
 8 chapter to the following:

9 (1) An amount equal to the following shall be set aside for
 10 revenue sharing under subsection ~~(e)~~ (d):

11 (A) Before July 1, 2021, the first thirty-three million dollars
 12 (\$33,000,000) of tax revenues collected under this chapter
 13 shall be set aside for revenue sharing under subsection ~~(e)~~ (d).

14 (B) After June 30, 2021, if the total adjusted gross receipts
 15 received by licensees from gambling games authorized under
 16 this article during the preceding state fiscal year is equal to or
 17 greater than the total adjusted gross receipts received by
 18 licensees from gambling games authorized under this article
 19 during the state fiscal year ending June 30, 2020, the first
 20 thirty-three million dollars (\$33,000,000) of tax revenues
 21 collected under this chapter shall be set aside for revenue
 22 sharing under subsection ~~(e)~~ (d).

23 (C) After June 30, 2021, if the total adjusted gross receipts
 24 received by licensees from gambling games authorized under
 25 this article during the preceding state fiscal year is less than
 26 the total adjusted gross receipts received by licensees from
 27 gambling games authorized under this article during the state
 28 year ending June 30, 2020, an amount equal to the first
 29 thirty-three million dollars (\$33,000,000) of tax revenues
 30 collected under this chapter multiplied by the result of:

31 (i) the total adjusted gross receipts received by licensees
 32 from gambling games authorized under this article during
 33 the preceding state fiscal year; divided by

34 (ii) the total adjusted gross receipts received by licensees
 35 from gambling games authorized under this article during
 36 the state fiscal year ending June 30, 2020;

37 shall be set aside for revenue sharing under subsection ~~(e)~~ (d).

38 (2) Subject to subsection (c), twenty-five percent (25%) of the
 39 remaining tax revenue remitted by each licensed owner **under**
 40 **section 1.5(a) of this chapter** shall be paid:

41 (A) to the city *in which the riverboat is located* or that is
 42 designated as the home dock of the riverboat from which the



tax revenue was collected, in the case of:

- (i) a city described in IC 4-33-12-6(b)(1)(A); ~~or~~
- (ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); *or*
- (iii) *Terre Haute; or*

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat *that is not located in a city described in clause (A) or whose home dock is not in a city described in clause (A).*

This subdivision expires July 1, 2021.

(3) Subject to subsection (c), fifty percent (50%) of the remaining tax revenue remitted by each licensed owner under section 1.5(b) of this chapter shall be paid:

(A) to the city in which the riverboat is located or that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

- (i) a city described in IC 4-33-12-6(b)(1)(A);**
- (ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or**
- (iii) Terre Haute; or**

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat that is not located in a city described in clause (A) or whose home dock is not in a city described in clause (A).

This subdivision expires July 1, 2021.

(4) This subdivision applies after June 30, 2021. Subject to subsection (c), twenty-six percent (26%) of the remaining tax revenue remitted by each licensed owner under section 1.5(a) of this chapter and fifty percent (50%) of the remaining tax revenue remitted by each licensed owner under section 1.5(b) of this chapter shall be paid:

(A) to the city in which the riverboat is located or that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

- (i) a city described in IC 4-33-12-6(b)(1)(A);**
- (ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or**



(iii) Terre Haute; or
 (B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat that is not located in a city described in clause (A) or whose home dock is not in a city described in clause (A).

~~(3) Subject to subsection (d);~~ (5) The remainder of the tax revenue remitted by each licensed owner shall be paid to the state general fund. In each state fiscal year, the ~~treasurer~~ auditor of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the ~~treasurer~~ auditor of state may transfer the tax revenue to the state general fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district after June 30, ~~2015~~ 2019. After funds are appropriated under section 4 of this chapter, each month the ~~treasurer~~ auditor of state shall distribute the tax revenue remitted by the operating agent under this chapter as follows:

(1) For state fiscal years beginning after June 30, 2019, but ending before July 1, 2021, fifty-six and five-tenths percent (56.5%) shall be paid to the state general fund.

(2) For state fiscal years beginning after June 30, 2021, fifty-six and five-tenths percent (56.5%) shall be paid as follows:

(A) Sixty-six and four-tenths percent (66.4%) shall be paid to the state general fund.

(B) Thirty-three and six-tenths percent (33.6%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

However, if:

(i) at any time the balance in that fund exceeds twenty-five million dollars (\$25,000,000); or

(ii) in any part of a state fiscal year in which the operating agent has received at least one hundred million dollars (\$100,000,000) of adjusted gross receipts;

the amount described in this clause shall be paid to the state general fund for the remainder of the state fiscal year.

~~(2)~~ (3) Forty-three and five-tenths percent (43.5%) shall be paid as follows:



(A) Twenty-two and four-tenths percent (22.4%) shall be paid as follows:

(i) Fifty percent (50%) to the fiscal officer of the town of French Lick.

(ii) Fifty percent (50%) to the fiscal officer of the town of West Baden Springs.

(B) Fourteen and eight-tenths percent (14.8%) shall be paid to the county treasurer of Orange County for distribution among the school corporations in the county. The governing bodies for the school corporations in the county shall provide a formula for the distribution of the money received under this clause among the school corporations by joint resolution adopted by the governing body of each of the school corporations in the county. Money received by a school corporation under this clause must be used to improve the educational attainment of students enrolled in the school corporation receiving the money. Not later than the first regular meeting in the school year of a governing body of a school corporation receiving a distribution under this clause, the superintendent of the school corporation shall submit to the governing body a report describing the purposes for which the receipts under this clause were used and the improvements in educational attainment realized through the use of the money. The report is a public record.

(C) Thirteen and one-tenth percent (13.1%) shall be paid to the county treasurer of Orange County.

(D) Five and three-tenths percent (5.3%) shall be distributed quarterly to the county treasurer of Dubois County for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(E) Five and three-tenths percent (5.3%) shall be distributed quarterly to the county treasurer of Crawford County for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under



a formula established by the county fiscal body after receiving a recommendation from the county executive.

(F) Six and thirty-five hundredths percent (6.35%) shall be paid to the fiscal officer of the town of Paoli.

(G) Six and thirty-five hundredths percent (6.35%) shall be paid to the fiscal officer of the town of Orleans.

(H) Twenty-six and four-tenths percent (26.4%) shall be paid to the Indiana economic development corporation established by IC 5-28-3-1 for transfer as follows:

(i) Beginning after December 31, 2017, ten percent (10%) of the amount transferred under this clause in each calendar year shall be transferred to the South Central Indiana Regional Economic Development Corporation or a successor entity or partnership for economic development for the purpose of recruiting new business to Orange County as well as promoting the retention and expansion of existing businesses in Orange County.

(ii) The remainder of the amount transferred under this clause in each calendar year shall be transferred to Radius Indiana or a successor regional entity or partnership for the development and implementation of a regional economic development strategy to assist the residents of Orange County and the counties contiguous to Orange County in improving their quality of life and to help promote successful and sustainable communities.

To the extent possible, the Indiana economic development corporation shall provide for the transfer under item (i) to be made in four (4) equal installments. However, an amount sufficient to meet current obligations to retire or refinance indebtedness or leases for which tax revenues under this section were pledged before January 1, 2015, by the Orange County development commission shall be paid to the Orange County development commission before making distributions to the South Central Indiana Regional Economic Development Corporation and Radius Indiana or their successor entities or partnerships. The amount paid to the Orange County development commission shall proportionally reduce the amount payable to the South Central Indiana Regional Economic Development Corporation and Radius Indiana or their successor entities or partnerships.

(c) *This subsection does not apply to tax revenue remitted by an inland casino operating in Vigo County.* For each city and county



receiving money under subsection (a)(2) **or (a)(3)**, the *treasurer auditor* of state shall determine the total amount of money paid by the *treasurer auditor* of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The *treasurer auditor* of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the *treasurer auditor* of state shall pay that part of the riverboat wagering taxes that:

- (1) exceeds a particular city's or county's base year revenue; and
- (2) would otherwise be due to the city or county under this section;

to the state general fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the state general fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):

- (1) Surplus lottery revenues under IC 4-30-17-3.*
- (2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.3-7-5.*
- (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.*

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the state general fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the state general fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) (d) Except as provided in subsections ~~(f)~~ (k) and ~~(m)~~ (l), before August 15 of each year, the treasurer auditor of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection ~~(f)~~ (g), the county auditor shall distribute the money received by the county under this subsection as follows:

- (1) To each city located in the county according to the ratio the city's population bears to the total population of the county.*
- (2) To each town located in the county according to the ratio the town's population bears to the total population of the county.*



(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

~~(f)~~ (e) Money received by a city, town, or county under subsection ~~(e)~~ (d) or ~~(f)~~ (g) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

~~(g)~~ (f) *This subsection does not apply to an inland casino operating in Vigo County.* Before July 15 of each year, the ~~treasurer~~ auditor of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 or IC 4-33-12-8 during the preceding state fiscal year. If the ~~treasurer~~ auditor of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 or IC 4-33-12-8 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-9), the ~~treasurer~~ auditor of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the state general fund. Except as provided in subsection ~~(f)~~ (h), the amount of an entity's supplemental distribution is equal to:

(1) the entity's base year revenue (as determined under IC 4-33-12-9); minus

(2) the sum of:

(A) the total amount of money distributed to the entity and constructively received by the entity during the preceding state fiscal year under IC 4-33-12-6 or IC 4-33-12-8; plus

(B) the amount of any admissions taxes deducted under IC 6-3.1-20-7.

~~(h)~~ (g) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money



received by the county under subsection ~~(e)~~ (d) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

~~(f)~~ (h) *This subsection does not apply to an inland casino operating in Vigo County.* This subsection applies to a supplemental distribution made after June 30, 2017. The maximum amount of money that may be distributed under subsection ~~(g)~~ (f) in a state fiscal year is equal to the following:

(1) Before July 1, 2021, forty-eight million dollars (\$48,000,000).

(2) After June 30, 2021, if the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year is equal to or greater than the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020, the maximum amount is forty-eight million dollars (\$48,000,000).

(3) After June 30, 2021, if the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year is less than the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020, the maximum amount is equal to the result of:

(A) forty-eight million dollars (\$48,000,000); multiplied by

(B) the result of:

(i) the total adjusted gross receipts received by licensees from gambling games authorized under this article during the preceding state fiscal year; divided by

(ii) the total adjusted gross receipts received by licensees from gambling games authorized under this article during the state fiscal year ending June 30, 2020.

If the total amount determined under subsection ~~(g)~~ (f) exceeds the maximum amount determined under this subsection, the amount distributed to an entity under subsection ~~(g)~~ (f) must be reduced according to the ratio that the amount distributed to the entity under IC 4-33-12-6 or IC 4-33-12-8 bears to the total amount distributed



under IC 4-33-12-6 and IC 4-33-12-8 to all entities receiving a supplemental distribution.

~~(f)~~ (i) This subsection applies to a supplemental distribution, if any, payable to Lake County, Hammond, Gary, or East Chicago under subsections ~~(g)~~ (f) and ~~(h)~~. Beginning in July 2016, the *treasurer auditor* of state shall, after making any deductions from the supplemental distribution required by IC 6-3.1-20-7, deduct from the remainder of the supplemental distribution otherwise payable to the unit under this section the lesser of:

(1) the remaining amount of the supplemental distribution; or

(2) the difference, if any, between:

(A) three million five hundred thousand dollars (\$3,500,000); minus

(B) the amount of admissions taxes constructively received by the unit in the previous state fiscal year.

The *treasurer auditor* of state shall distribute the amounts deducted under this subsection to the northwest Indiana redevelopment authority established under IC 36-7.5-2-1 for deposit in the development authority revenue fund established under IC 36-7.5-4-1.

~~(k)~~ (j) Money distributed to a political subdivision under subsection (b):

(1) must be paid to the fiscal officer of the political subdivision and may be deposited in the political subdivision's general fund *(in the case of a school corporation, the school corporation may deposit the money into either the education fund (IC 20-40-2) or the operations fund (IC 20-40-18))* or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the maximum levy under IC 6-1.1-18.5 of a county, city, or town or the maximum tax rate of a school corporation, but, except as provided in subsection ~~(b)(2)(B)~~, (b)(3)(B), may be used at the discretion of the political subdivision to reduce the property tax levy of the county, city, or town for a particular year;

(3) except as provided in subsection ~~(b)(2)(B)~~, (b)(3)(B), may be used for any legal or corporate purpose of the political subdivision, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

Money distributed under subsection ~~(b)(2)(B)~~ (b)(3)(B) must be used for the purposes specified in subsection ~~(b)(2)(B)~~, (b)(3)(B).

~~(k)~~ (k) After June 30, 2020, the amount of wagering taxes that would otherwise be distributed to South Bend under subsection ~~(e)~~ (d) shall



be deposited as being received from all riverboats whose supplemental wagering tax, as calculated under IC 4-33-12-1.5(b), is over three and five-tenths percent (3.5%). The amount deposited under this subsection, in each riverboat's account, is proportionate to the supplemental wagering tax received from that riverboat under IC 4-33-12-1.5 in the month of July. The amount deposited under this subsection must be distributed in the same manner as the supplemental wagering tax collected under IC 4-33-12-1.5. This subsection expires June 30, ~~2021~~. **2022.**

~~(m)~~ (l) After June 30, ~~2021~~, **2022**, the amount of wagering taxes that would otherwise be distributed to South Bend under subsection ~~(e)~~ (d) shall be withheld and deposited in the state general fund.

SECTION 3. IC 4-33-13-5.3, AS ADDED BY P.L.293-2019, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: Sec. 5.3. (a) This section applies to each of the first four (4) full state fiscal years beginning after a licensed owner begins gaming operations under IC 4-33-6-4.5.

(b) As used in this section, "qualified city" refers to East Chicago, Hammond, or Michigan City.

(c) The auditor of state shall determine the total amount of money paid by the auditor of state under section 5(a)(2) of this chapter to Gary, East Chicago, Hammond, and Michigan City during the state fiscal year ending on June 30, 2019. The amount determined under this subsection for each city is the city's base year revenue. The auditor of state shall certify the base year revenue determined under this subsection to each city.

(d) Subject to subsection (g), a qualified city is entitled to a supplemental payment under this section if both of the following occur in a particular state fiscal year:

(1) The total amount payable to Gary under section 5(a)(2), **5(a)(3), and 5(a)(4)** of this chapter in the state fiscal year is greater than the base year revenue determined for Gary under subsection (c).

(2) The amount payable to the qualified city under section 5(a)(2), **5(a)(3), and 5(a)(4)** of this chapter in the state fiscal year is less than the base year revenue determined for the qualified city under subsection (c).

(e) Subject to subsection (g), the auditor of state shall deduct the lesser of the following from the amount otherwise payable to Gary to make a supplemental payment to a qualified city entitled to a payment under subsection (d):

(1) **For purposes of:**



1 **(A) Hammond and East Chicago**, the difference between the
 2 base year revenue determined for the qualified city under
 3 subsection (c) and the amount payable to the qualified city
 4 under section 5(a)(2), **5(a)(3), and 5(a)(4)** of this chapter; and
 5 **(B) Michigan City**, the difference between the base year
 6 revenue determined for the qualified city under subsection
 7 (c) and the amount payable to the qualified city under
 8 section 5(a)(2), 5(a)(3), and 5(a)(4) of this chapter
 9 multiplied by one hundred forty percent (140%).

10 (2) The difference between the amount payable to Gary under
 11 section 5(a)(2), **5(a)(3), and 5(a)(4)** of this chapter and the base
 12 year revenue determined for Gary under subsection (c).

13 (f) Subject to subsection (g), the auditor of state shall supplement
 14 the amount payable to the qualified city under section 5(a)(2), **5(a)(3),**
 15 **and 5(a)(4)** of this chapter with a payment equal to the amount
 16 deducted under subsection (e) for the qualified city.

17 (g) The auditor of state may not deduct from the amounts payable
 18 under section 5(a)(2), **5(a)(3), and 5(a)(4)** of this chapter to Gary in a
 19 particular state fiscal year an amount greater than the difference
 20 between the amount payable to Gary under section 5(a)(2), **5(a)(3),**
 21 **and 5(a)(4)** of this chapter and the base year revenue determined for
 22 Gary under subsection (c). If the total amount of the supplemental
 23 payments determined for qualified cities exceeds the amount that may
 24 be deducted under this section, the amount paid to each qualified city
 25 entitled to a supplemental payment must be determined under STEP
 26 FOUR the following formula:

27 STEP ONE: Determine the ~~difference between the amount for~~
 28 ~~the qualified city's base year revenue and the amount payable to~~
 29 ~~the qualified city under section 5(a)(2) of this chapter for the~~
 30 ~~particular state fiscal year: city under subsection (e)(1).~~

31 STEP TWO: Determine the sum of the STEP ONE results for all
 32 qualified cities entitled to a supplemental payment in the
 33 particular state fiscal year.

34 STEP THREE: Determine for each qualified city entitled to a
 35 supplemental payment in the particular state fiscal year the
 36 quotient of:

- 37 (A) the STEP ONE result for the qualified city; divided by
- 38 (B) the STEP TWO result.

39 STEP FOUR: Determine for each qualified city entitled to a
 40 supplemental payment in the particular state fiscal year the
 41 product of:

- 42 (A) the STEP THREE quotient; multiplied by



(B) the maximum amount that may be deducted from the amounts payable under section 5(a)(2), **5(a)(3), and 5(a)(4)** of this chapter for Gary.

(h) The auditor of state shall distribute to LaPorte County twenty-eight and six-tenths percent (28.6%) of the amount to be distributed to Michigan City as determined under subsection (f) or (g), as applicable. The auditor of state shall distribute to Michigan City the remaining seventy-one and four-tenths percent (71.4%) of the amount to be distributed to Michigan City as determined under subsection (f) or (g), as applicable.

SECTION 4. IC 4-35-3-5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2020]: **Sec. 5. The general assembly encourages racetracks to provide hold harmless funds to the units in which a riverboat operates to compensate the units for their lost revenue due to wagering on table games under IC 4-35-7-19.**

