
HOUSE BILL No. 1074

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-31-11-11; IC 4-33; IC 4-35.

Synopsis: Taxation of racetrack casinos. Specifies that \$0.65 of each riverboat admissions tax collection is paid to the state general fund. Reduces the percentage of the horse racing set aside that must be used to support horse racing (after making certain statutorily required payments) from 97% to 39.5%. Caps the amounts distributed to support horse racing at \$27,000,000. Provides that amounts exceeding \$27,000,000 must be deposited in the state general fund. Provides that 57.5% of the set aside must be deposited in the state general fund. Provides for the daily payment of amounts that must be deposited in the state general fund. Makes conforming changes. Repeals an unused definition. Repeals a statute governing the transition from using riverboat admissions taxes to support horse racing to using slot machine revenues from racetrack casinos. Defines taxable receipts as adjusted gross receipts minus amounts paid to support the horse racing industry. Changes the tax base of the slot machine wagering tax from adjusted gross receipts to taxable receipts beginning January 1, 2012.

Effective: January 1, 2012 (retroactive); July 1, 2012.

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January 9, 2012, read first time and referred to Committee on Ways and Means.

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Second Regular Session 117th General Assembly (2012)

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 2011 Regular Session of the General Assembly.

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HOUSE BILL No. 1074

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 4-31-11-11 IS AMENDED TO READ AS
- 2 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. Each development
- 3 fund consists of:
- 4 (1) breakage and outs paid into the fund under IC 4-31-9-10;
- 5 (2) appropriations by the general assembly;
- 6 (3) gifts;
- 7 (4) stakes payments;
- 8 (5) entry fees; and
- 9 (6) money paid into the fund under ~~IC 4-33-12-6~~; **IC 4-35-7-12**.
- 10 SECTION 2. IC 4-33-2-17.5 IS REPEALED [EFFECTIVE JULY
- 11 1, 2012]. ~~Sec. 17.5: "Slot machine taxes" means the taxes imposed~~
- 12 ~~under IC 4-35-8-1 on the adjusted gross receipts of gambling games~~
- 13 ~~conducted under IC 4-35.~~
- 14 SECTION 3. IC 4-33-12-6, AS AMENDED BY P.L.96-2010,
- 15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 16 JULY 1, 2012]: Sec. 6. (a) The department shall place in the state
- 17 general fund the tax revenue collected under this chapter.



1 (b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7,
2 the treasurer of state shall quarterly pay the following amounts:

3 (1) Except as provided in subsection (k), one dollar (\$1) of the
4 admissions tax collected by the licensed owner for each person
5 embarking on a gambling excursion during the quarter or
6 admitted to a riverboat that has implemented flexible scheduling
7 under IC 4-33-6-21 during the quarter shall be paid to:

8 (A) the city in which the riverboat is docked, if the city:

9 (i) is located in a county having a population of more than
10 one hundred ~~ten~~ **eleven** thousand (~~110,000~~) (**111,000**) but
11 less than one hundred fifteen thousand (115,000); or

12 (ii) is contiguous to the Ohio River and is the largest city in
13 the county; and

14 (B) the county in which the riverboat is docked, if the
15 riverboat is not docked in a city described in clause (A).

16 (2) Except as provided in subsection (k), one dollar (\$1) of the
17 admissions tax collected by the licensed owner for each person:

18 (A) embarking on a gambling excursion during the quarter; or

19 (B) admitted to a riverboat during the quarter that has
20 implemented flexible scheduling under IC 4-33-6-21;

21 shall be paid to the county in which the riverboat is docked. In the
22 case of a county described in subdivision (1)(B), this one dollar
23 (\$1) is in addition to the one dollar (\$1) received under
24 subdivision (1)(B).

25 (3) Except as provided in subsection (k), ten cents (\$0.10) of the
26 admissions tax collected by the licensed owner for each person:

27 (A) embarking on a gambling excursion during the quarter; or

28 (B) admitted to a riverboat during the quarter that has
29 implemented flexible scheduling under IC 4-33-6-21;

30 shall be paid to the county convention and visitors bureau or
31 promotion fund for the county in which the riverboat is docked.

32 (4) Except as provided in subsection (k), fifteen cents (\$0.15) of
33 the admissions tax collected by the licensed owner for each
34 person:

35 (A) embarking on a gambling excursion during the quarter; or

36 (B) admitted to a riverboat during a quarter that has
37 implemented flexible scheduling under IC 4-33-6-21;

38 shall be paid to the state fair commission, for use in any activity
39 that the commission is authorized to carry out under IC 15-13-3.

40 (5) Except as provided in subsection (k), ten cents (\$0.10) of the
41 admissions tax collected by the licensed owner for each person:

42 (A) embarking on a gambling excursion during the quarter; or

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1 (B) admitted to a riverboat during the quarter that has
 2 implemented flexible scheduling under IC 4-33-6-21;
 3 shall be paid to the division of mental health and addiction. The
 4 division shall allocate at least twenty-five percent (25%) of the
 5 funds derived from the admissions tax to the prevention and
 6 treatment of compulsive gambling.

7 (6) ~~Except as provided in subsection (k) and section 7 of this~~
 8 ~~chapter, Sixty-five cents (\$0.65) of the admissions tax collected~~
 9 ~~by the licensed owner for each person embarking on a gambling~~
 10 ~~excursion during the quarter or admitted to a riverboat during the~~
 11 ~~quarter that has implemented flexible scheduling under~~
 12 ~~IC 4-33-6-21 shall be paid to the Indiana horse racing commission~~
 13 ~~to be distributed as follows; in amounts determined by the Indiana~~
 14 ~~horse racing commission; for the promotion and operation of~~
 15 ~~horse racing in Indiana:~~

16 (A) ~~To one (1) or more breed development funds established~~
 17 ~~by the Indiana horse racing commission under IC 4-31-11-10:~~

18 (B) ~~To a racetrack that was approved by the Indiana horse~~
 19 ~~racing commission under IC 4-31. The commission may make~~
 20 ~~a grant under this clause only for purses, promotions, and~~
 21 ~~routine operations of the racetrack. No grants shall be made~~
 22 ~~for long term capital investment or construction, and no grants~~
 23 ~~shall be made before the racetrack becomes operational and is~~
 24 ~~offering a racing schedule. state general fund.~~

25 (c) With respect to tax revenue collected from a riverboat located in
 26 a historic hotel district, the treasurer of state shall quarterly pay the
 27 following:

28 (1) With respect to admissions taxes collected for a person
 29 admitted to the riverboat before July 1, 2010, the following
 30 amounts:

31 (A) Twenty-two percent (22%) of the admissions tax collected
 32 during the quarter shall be paid to the county treasurer of the
 33 county in which the riverboat is located. The county treasurer
 34 shall distribute the money received under this clause as
 35 follows:

36 (i) Twenty-two and seventy-five hundredths percent
 37 (22.75%) shall be quarterly distributed to the county
 38 treasurer of a county having a population of more than
 39 ~~thirty-nine thousand six hundred (39,600) forty thousand~~
 40 ~~(40,000) but less than forty forty-two thousand (40,000)~~
 41 ~~(42,000) for appropriation by the county fiscal body after~~
 42 ~~receiving a recommendation from the county executive. The~~

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1 county fiscal body for the receiving county shall provide for
 2 the distribution of the money received under this item to one
 3 (1) or more taxing units (as defined in IC 6-1.1-1-21) in the
 4 county under a formula established by the county fiscal body
 5 after receiving a recommendation from the county executive.

6 (ii) Twenty-two and seventy-five hundredths percent
 7 (22.75%) shall be quarterly distributed to the county
 8 treasurer of a county having a population of more than ten
 9 thousand seven hundred (10,700) but less than twelve
 10 thousand (12,000) for appropriation by the county fiscal
 11 body. The county fiscal body for the receiving county shall
 12 provide for the distribution of the money received under this
 13 item to one (1) or more taxing units (as defined in
 14 IC 6-1.1-1-21) in the county under a formula established by
 15 the county fiscal body after receiving a recommendation
 16 from the county executive.

17 (iii) Fifty-four and five-tenths percent (54.5%) shall be
 18 retained by the county where the riverboat is located for
 19 appropriation by the county fiscal body after receiving a
 20 recommendation from the county executive.

21 (B) Five percent (5%) of the admissions tax collected during
 22 the quarter shall be paid to a town having a population of more
 23 than two thousand ~~two hundred (2,200)~~ **(2,000)** but less than
 24 three thousand five hundred (3,500) located in a county having
 25 a population of more than nineteen thousand ~~three five~~
 26 hundred ~~(19,300)~~ **(19,500)** but less than twenty thousand
 27 (20,000). At least twenty percent (20%) of the taxes received
 28 by a town under this clause must be transferred to the school
 29 corporation in which the town is located.

30 (C) Five percent (5%) of the admissions tax collected during
 31 the quarter shall be paid to a town having a population of more
 32 than three thousand five hundred (3,500) located in a county
 33 having a population of more than nineteen thousand ~~three five~~
 34 hundred ~~(19,300)~~ **(19,500)** but less than twenty thousand
 35 (20,000). At least twenty percent (20%) of the taxes received
 36 by a town under this clause must be transferred to the school
 37 corporation in which the town is located.

38 (D) Twenty percent (20%) of the admissions tax collected
 39 during the quarter shall be paid in equal amounts to each town
 40 that:

41 (i) is located in the county in which the riverboat is located;
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(ii) contains a historic hotel.
At least twenty percent (20%) of the taxes received by a town under this clause must be transferred to the school corporation in which the town is located.

(E) Ten percent (10%) of the admissions tax collected during the quarter shall be paid to the Orange County development commission established under IC 36-7-11.5. At least one-third (1/3) of the taxes paid to the Orange County development commission under this clause must be transferred to the Orange County convention and visitors bureau.

(F) Thirteen percent (13%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(G) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

- (i) Job creation and retention.
- (ii) Infrastructure, including water, wastewater, and storm water infrastructure needs.
- (iii) Housing.
- (iv) Workforce training.
- (v) Health care.
- (vi) Local planning.
- (vii) Land use.
- (viii) Assistance to regional economic development groups.
- (ix) Other regional development issues as determined by the Indiana economic development corporation.

(2) With respect to admissions taxes collected for a person admitted to the riverboat after June 30, 2010, the following amounts:

(A) Twenty-nine and thirty-three hundredths percent (29.33%) to the county treasurer of Orange County. The county treasurer shall distribute the money received under this clause as follows:

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- 1 (i) Twenty-two and seventy-five hundredths percent
 2 (22.75%) to the county treasurer of Dubois County for
 3 distribution in the manner described in subdivision
 4 (1)(A)(i).
- 5 (ii) Twenty-two and seventy-five hundredths percent
 6 (22.75%) to the county treasurer of Crawford County for
 7 distribution in the manner described in subdivision
 8 (1)(A)(ii).
- 9 (iii) Fifty-four and five-tenths percent (54.5%) to be retained
 10 by the county treasurer of Orange County for appropriation
 11 by the county fiscal body after receiving a recommendation
 12 from the county executive.
- 13 (B) Six and sixty-seven hundredths percent (6.67%) to the
 14 fiscal officer of the town of Orleans. At least twenty percent
 15 (20%) of the taxes received by the town under this clause must
 16 be transferred to Orleans Community Schools.
- 17 (C) Six and sixty-seven hundredths percent (6.67%) to the
 18 fiscal officer of the town of Paoli. At least twenty percent
 19 (20%) of the taxes received by the town under this clause must
 20 be transferred to the Paoli Community School Corporation.
- 21 (D) Twenty-six and sixty-seven hundredths percent (26.67%)
 22 to be paid in equal amounts to the fiscal officers of the towns
 23 of French Lick and West Baden Springs. At least twenty
 24 percent (20%) of the taxes received by a town under this
 25 clause must be transferred to the Springs Valley Community
 26 School Corporation.
- 27 (E) Thirty and sixty-six hundredths percent (30.66%) to the
 28 Indiana economic development corporation to be used in the
 29 manner described in subdivision (1)(G).
- 30 (d) With respect to tax revenue collected from a riverboat that
 31 operates from a county having a population of more than four hundred
 32 thousand (400,000) but less than seven hundred thousand (700,000),
 33 the treasurer of state shall quarterly pay the following amounts:
- 34 (1) Except as provided in subsection (k), one dollar (\$1) of the
 35 admissions tax collected by the licensed owner for each person:
- 36 (A) embarking on a gambling excursion during the quarter; or
 37 (B) admitted to a riverboat during the quarter that has
 38 implemented flexible scheduling under IC 4-33-6-21;
 39 shall be paid to the city in which the riverboat is docked.
- 40 (2) Except as provided in subsection (k), one dollar (\$1) of the
 41 admissions tax collected by the licensed owner for each person:
- 42 (A) embarking on a gambling excursion during the quarter; or

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- 1 (B) admitted to a riverboat during the quarter that has
 2 implemented flexible scheduling under IC 4-33-6-21;
 3 shall be paid to the county in which the riverboat is docked.
 4 (3) Except as provided in subsection (k), nine cents (\$0.09) of the
 5 admissions tax collected by the licensed owner for each person:
 6 (A) embarking on a gambling excursion during the quarter; or
 7 (B) admitted to a riverboat during the quarter that has
 8 implemented flexible scheduling under IC 4-33-6-21;
 9 shall be paid to the county convention and visitors bureau or
 10 promotion fund for the county in which the riverboat is docked.
 11 (4) Except as provided in subsection (k), one cent (\$0.01) of the
 12 admissions tax collected by the licensed owner for each person:
 13 (A) embarking on a gambling excursion during the quarter; or
 14 (B) admitted to a riverboat during the quarter that has
 15 implemented flexible scheduling under IC 4-33-6-21;
 16 shall be paid to the northwest Indiana law enforcement training
 17 center.
 18 (5) Except as provided in subsection (k), fifteen cents (\$0.15) of
 19 the admissions tax collected by the licensed owner for each
 20 person:
 21 (A) embarking on a gambling excursion during the quarter; or
 22 (B) admitted to a riverboat during a quarter that has
 23 implemented flexible scheduling under IC 4-33-6-21;
 24 shall be paid to the state fair commission for use in any activity
 25 that the commission is authorized to carry out under IC 15-13-3.
 26 (6) Except as provided in subsection (k), ten cents (\$0.10) of the
 27 admissions tax collected by the licensed owner for each person:
 28 (A) embarking on a gambling excursion during the quarter; or
 29 (B) admitted to a riverboat during the quarter that has
 30 implemented flexible scheduling under IC 4-33-6-21;
 31 shall be paid to the division of mental health and addiction. The
 32 division shall allocate at least twenty-five percent (25%) of the
 33 funds derived from the admissions tax to the prevention and
 34 treatment of compulsive gambling.
 35 (7) ~~Except as provided in subsection (k) and section 7 of this~~
 36 ~~chapter~~, Sixty-five cents (\$0.65) of the admissions tax collected
 37 by the licensed owner for each person embarking on a gambling
 38 excursion during the quarter or admitted to a riverboat during the
 39 quarter that has implemented flexible scheduling under
 40 IC 4-33-6-21 shall be paid to the ~~Indiana horse racing commission~~
 41 ~~to be distributed as follows, in amounts determined by the Indiana~~
 42 ~~horse racing commission, for the promotion and operation of~~

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- 1 horse racing in Indiana:
- 2 (A) To one (1) or more breed development funds established
- 3 by the Indiana horse racing commission under IC 4-31-11-10.
- 4 (B) To a racetrack that was approved by the Indiana horse
- 5 racing commission under IC 4-31. The commission may make
- 6 a grant under this clause only for purses, promotions, and
- 7 routine operations of the racetrack. No grants shall be made
- 8 for long term capital investment or construction, and no grants
- 9 shall be made before the racetrack becomes operational and is
- 10 offering a racing schedule. **state general fund.**
- 11 (e) Money paid to a unit of local government under subsection (b),
- 12 (c), or (d):
- 13 (1) must be paid to the fiscal officer of the unit and may be
- 14 deposited in the unit's general fund or riverboat fund established
- 15 under IC 36-1-8-9, or both;
- 16 (2) may not be used to reduce the unit's maximum levy under
- 17 IC 6-1.1-18.5 but may be used at the discretion of the unit to
- 18 reduce the property tax levy of the unit for a particular year;
- 19 (3) may be used for any legal or corporate purpose of the unit,
- 20 including the pledge of money to bonds, leases, or other
- 21 obligations under IC 5-1-14-4; and
- 22 (4) is considered miscellaneous revenue.
- 23 (f) Money paid by the treasurer of state under subsection (b)(3) or
- 24 (d)(3) shall be:
- 25 (1) deposited in:
- 26 (A) the county convention and visitor promotion fund; or
- 27 (B) the county's general fund if the county does not have a
- 28 convention and visitor promotion fund; and
- 29 (2) used only for the tourism promotion, advertising, and
- 30 economic development activities of the county and community.
- 31 (g) Money received by the division of mental health and addiction
- 32 under subsections (b)(5) and (d)(6):
- 33 (1) is annually appropriated to the division of mental health and
- 34 addiction;
- 35 (2) shall be distributed to the division of mental health and
- 36 addiction at times during each state fiscal year determined by the
- 37 budget agency; and
- 38 (3) shall be used by the division of mental health and addiction
- 39 for programs and facilities for the prevention and treatment of
- 40 addictions to drugs, alcohol, and compulsive gambling, including
- 41 the creation and maintenance of a toll free telephone line to
- 42 provide the public with information about these addictions. The

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- 1 division shall allocate at least twenty-five percent (25%) of the
 2 money received to the prevention and treatment of compulsive
 3 gambling.
- 4 (h) This subsection applies to the following:
- 5 (1) Each entity receiving money under subsection ~~(b)~~: **(b)(1)**
 6 **through (b)(5)**.
- 7 (2) Each entity receiving money under subsection (d)(1) through
 8 (d)(2).
- 9 (3) Each entity receiving money under subsection (d)(5) through
 10 ~~(d)(7)~~: **(d)(6)**.
- 11 The treasurer of state shall determine the total amount of money paid
 12 by the treasurer of state to an entity subject to this subsection during
 13 the state fiscal year 2002. The amount determined under this subsection
 14 is the base year revenue for each entity subject to this subsection. The
 15 treasurer of state shall certify the base year revenue determined under
 16 this subsection to each entity subject to this subsection.
- 17 (i) This subsection applies to an entity receiving money under
 18 subsection (d)(3) or (d)(4). The treasurer of state shall determine the
 19 total amount of money paid by the treasurer of state to the entity
 20 described in subsection (d)(3) during state fiscal year 2002. The
 21 amount determined under this subsection multiplied by nine-tenths
 22 (0.9) is the base year revenue for the entity described in subsection
 23 (d)(3). The amount determined under this subsection multiplied by
 24 one-tenth (0.1) is the base year revenue for the entity described in
 25 subsection (d)(4). The treasurer of state shall certify the base year
 26 revenue determined under this subsection to each entity subject to this
 27 subsection.
- 28 (j) This subsection does not apply to an entity receiving money
 29 under subsection (c). For state fiscal years beginning after June 30,
 30 2002, the total amount of money distributed to an entity under this
 31 section during a state fiscal year may not exceed the entity's base year
 32 revenue as determined under subsection (h) or (i). If the treasurer of
 33 state determines that the total amount of money distributed to an entity
 34 under this section during a state fiscal year is less than the entity's base
 35 year revenue, the treasurer of state shall make a supplemental
 36 distribution to the entity under IC 4-33-13-5(g).
- 37 (k) This subsection does not apply to an entity receiving money
 38 under subsection (c). For state fiscal years beginning after June 30,
 39 2002, the treasurer of state shall pay that part of the riverboat
 40 admissions taxes that:
- 41 (1) exceeds a particular entity's base year revenue; and
 42 (2) would otherwise be due to the entity under this section;

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1 to the state general fund instead of to the entity.
2 SECTION 4. IC 4-33-12-7 IS REPEALED [EFFECTIVE JULY 1,
3 2012]. Sec. 7. (a) The maximum amount paid to the Indiana horse
4 racing commission under this article in a state fiscal year may not
5 exceed the remainder of:

- 6 (1) the Indiana horse racing commission's base year revenue as
7 determined under section 6(h) of this chapter; minus
- 8 (2) the amount of money, if any, distributed by licensees under
9 IC 4-35-7-12 to horsemen's associations and for horse racing
10 purses and breed development in the state fiscal year:

11 (b) For each state fiscal year, the treasurer of state shall pay an
12 amount equal to the lesser of:

- 13 (1) the amount of admissions taxes specified in:
 - 14 (A) section 6(b)(6) of this chapter; and
 - 15 (B) section 6(d)(7) of this chapter; or
- 16 (2) the amount of money distributed under IC 4-35-7-12 that is
17 subtracted from the Indiana horse racing commission's base year
18 revenue under subsection (a);

19 to the state general fund instead of to the Indiana horse racing
20 commission.

21 SECTION 5. IC 4-33-13-5, AS AMENDED BY P.L.96-2010,
22 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JULY 1, 2012]: Sec. 5. (a) This subsection does not apply to tax
24 revenue remitted by an operating agent operating a riverboat in a
25 historic hotel district. After funds are appropriated under section 4 of
26 this chapter, each month the treasurer of state shall distribute the tax
27 revenue deposited in the state gaming fund under this chapter to the
28 following:

- 29 (1) The first thirty-three million dollars (\$33,000,000) of tax
30 revenues collected under this chapter shall be set aside for
31 revenue sharing under subsection (e).
- 32 (2) Subject to subsection (c), twenty-five percent (25%) of the
33 remaining tax revenue remitted by each licensed owner shall be
34 paid:
 - 35 (A) to the city that is designated as the home dock of the
36 riverboat from which the tax revenue was collected, in the case
37 of:
 - 38 (i) a city described in IC 4-33-12-6(b)(1)(A); or
 - 39 (ii) a city located in a county having a population of more
40 than four hundred thousand (400,000) but less than seven
41 hundred thousand (700,000); or
 - 42 (B) to the county that is designated as the home dock of the

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1 riverboat from which the tax revenue was collected, in the case
 2 of a riverboat whose home dock is not in a city described in
 3 clause (A).

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

13 (b) This subsection applies only to tax revenue remitted by an
 14 operating agent operating a riverboat in a historic hotel district. After
 15 funds are appropriated under section 4 of this chapter, each month the
 16 treasurer of state shall distribute the tax revenue remitted by the
 17 operating agent under this chapter as follows:

18 (1) Thirty-seven and one-half percent (37.5%) shall be paid to the
 19 state general fund.

20 (2) Nineteen percent (19%) shall be paid to the West Baden
 21 Springs historic hotel preservation and maintenance fund
 22 established by IC 36-7-11.5-11(b). However, at any time the
 23 balance in that fund exceeds twenty million dollars
 24 (\$20,000,000), the amount described in this subdivision shall be
 25 paid to the state general fund.

26 (3) Eight percent (8%) shall be paid to the Orange County
 27 development commission established under IC 36-7-11.5.

28 (4) Sixteen percent (16%) shall be paid in equal amounts to each
 29 town that is located in the county in which the riverboat is located
 30 and contains a historic hotel. The following apply to taxes
 31 received by a town under this subdivision:

32 (A) At least twenty-five percent (25%) of the taxes must be
 33 transferred to the school corporation in which the town is
 34 located.

35 (B) At least twelve and five-tenths percent (12.5%) of the
 36 taxes imposed on adjusted gross receipts received after June
 37 30, 2010, must be transferred to the Orange County
 38 development commission established by IC 36-7-11.5-3.5.

39 (5) Nine percent (9%) shall be paid to the county treasurer of the
 40 county in which the riverboat is located. The county treasurer
 41 shall distribute the money received under this subdivision as
 42 follows:

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1 (A) Twenty-two and twenty-five hundredths percent (22.25%)
 2 shall be quarterly distributed to the county treasurer of a
 3 county having a population of more than ~~thirty-nine~~ **forty**
 4 ~~thousand six hundred~~ ~~(39,600)~~ **(40,000)** but less than ~~forty~~
 5 **forty-two** thousand ~~(40,000)~~ **(42,000)** for appropriation by the
 6 county fiscal body after receiving a recommendation from the
 7 county executive. The county fiscal body for the receiving
 8 county shall provide for the distribution of the money received
 9 under this clause to one (1) or more taxing units (as defined in
 10 IC 6-1.1-1-21) in the county under a formula established by
 11 the county fiscal body after receiving a recommendation from
 12 the county executive.

13 (B) Twenty-two and twenty-five hundredths percent (22.25%)
 14 shall be quarterly distributed to the county treasurer of a
 15 county having a population of more than ten thousand seven
 16 hundred (10,700) but less than twelve thousand (12,000) for
 17 appropriation by the county fiscal body after receiving a
 18 recommendation from the county executive. The county fiscal
 19 body for the receiving county shall provide for the distribution
 20 of the money received under this clause to one (1) or more
 21 taxing units (as defined in IC 6-1.1-1-21) in the county under
 22 a formula established by the county fiscal body after receiving
 23 a recommendation from the county executive.

24 (C) Fifty-five and five-tenths percent (55.5%) shall be retained
 25 by the county in which the riverboat is located for
 26 appropriation by the county fiscal body after receiving a
 27 recommendation from the county executive.

28 (6) Five percent (5%) shall be paid to a town having a population
 29 of more than two thousand ~~two hundred~~ ~~(2,200)~~ **(2,000)** but less
 30 than three thousand five hundred (3,500) located in a county
 31 having a population of more than nineteen thousand ~~three~~ **five**
 32 ~~hundred~~ ~~(19,300)~~ **(19,500)** but less than twenty thousand
 33 (20,000). At least forty percent (40%) of the taxes received by a
 34 town under this subdivision must be transferred to the school
 35 corporation in which the town is located.

36 (7) Five percent (5%) shall be paid to a town having a population
 37 of more than three thousand five hundred (3,500) located in a
 38 county having a population of more than nineteen thousand ~~three~~
 39 **five** hundred ~~(19,300)~~ **(19,500)** but less than twenty thousand
 40 (20,000). At least forty percent (40%) of the taxes received by a
 41 town under this subdivision must be transferred to the school
 42 corporation in which the town is located.

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1 (8) Five-tenths percent (0.5%) of the taxes imposed on adjusted
2 gross receipts received after June 30, 2010, shall be paid to the
3 Indiana economic development corporation established by
4 IC 5-28-3-1.

5 (c) For each city and county receiving money under subsection
6 (a)(2), the treasurer of state shall determine the total amount of money
7 paid by the treasurer of state to the city or county during the state fiscal
8 year 2002. The amount determined is the base year revenue for the city
9 or county. The treasurer of state shall certify the base year revenue
10 determined under this subsection to the city or county. The total
11 amount of money distributed to a city or county under this section
12 during a state fiscal year may not exceed the entity's base year revenue.
13 For each state fiscal year, the treasurer of state shall pay that part of the
14 riverboat wagering taxes that:

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

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

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

- 23 (1) Surplus lottery revenues under IC 4-30-17-3.
- 24 (2) Surplus revenue from the charity gaming enforcement fund
25 under IC 4-32.2-7-7.
- 26 (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

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

34 (e) Before August 15 of each year, the treasurer of state shall
35 distribute the wagering taxes set aside for revenue sharing under
36 subsection (a)(1) to the county treasurer of each county that does not
37 have a riverboat according to the ratio that the county's population
38 bears to the total population of the counties that do not have a
39 riverboat. Except as provided in subsection (h), the county auditor shall
40 distribute the money received by the county under this subsection as
41 follows:

- 42 (1) To each city located in the county according to the ratio the

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1 city's population bears to the total population of the county.
2 (2) To each town located in the county according to the ratio the
3 town's population bears to the total population of the county.
4 (3) After the distributions required in subdivisions (1) and (2) are
5 made, the remainder shall be retained by the county.
6 (f) Money received by a city, town, or county under subsection (e)
7 or (h) may be used for any of the following purposes:
8 (1) To reduce the property tax levy of the city, town, or county for
9 a particular year (a property tax reduction under this subdivision
10 does not reduce the maximum levy of the city, town, or county
11 under IC 6-1.1-18.5).
12 (2) For deposit in a special fund or allocation fund created under
13 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and
14 IC 36-7-30 to provide funding for debt repayment.
15 (3) To fund sewer and water projects, including storm water
16 management projects.
17 (4) For police and fire pensions.
18 (5) To carry out any governmental purpose for which the money
19 is appropriated by the fiscal body of the city, town, or county.
20 Money used under this subdivision does not reduce the property
21 tax levy of the city, town, or county for a particular year or reduce
22 the maximum levy of the city, town, or county under
23 IC 6-1.1-18.5.
24 (g) This subsection does not apply to an entity receiving money
25 under IC 4-33-12-6(c). Before September 15 of each year, the treasurer
26 of state shall determine the total amount of money distributed to an
27 entity under IC 4-33-12-6 during the preceding state fiscal year. If the
28 treasurer of state determines that the total amount of money distributed
29 to an entity under IC 4-33-12-6 during the preceding state fiscal year
30 was less than the entity's base year revenue (as determined under
31 IC 4-33-12-6), the treasurer of state shall make a supplemental
32 distribution to the entity from taxes collected under this chapter and
33 deposited into the state general fund. ~~Except as provided in subsection~~
34 ~~(f);~~ The amount of an entity's supplemental distribution is equal to:
35 (1) the entity's base year revenue (as determined under
36 IC 4-33-12-6); minus
37 (2) the sum of:
38 (A) the total amount of money distributed to the entity during
39 the preceding state fiscal year under IC 4-33-12-6; plus
40 (B) any amounts deducted under IC 6-3.1-20-7.
41 (h) This subsection applies only to a county containing a
42 consolidated city. The county auditor shall distribute the money

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- 1 received by the county under subsection (e) as follows:
- 2 (1) To each city, other than a consolidated city, located in the
- 3 county according to the ratio that the city's population bears to the
- 4 total population of the county.
- 5 (2) To each town located in the county according to the ratio that
- 6 the town's population bears to the total population of the county.
- 7 (3) After the distributions required in subdivisions (1) and (2) are
- 8 made, the remainder shall be paid in equal amounts to the
- 9 consolidated city and the county.
- 10 (i) ~~This subsection applies only to the Indiana horse racing~~
- 11 ~~commission. For each state fiscal year the amount of the Indiana horse~~
- 12 ~~racing commission's supplemental distribution under subsection (g)~~
- 13 ~~must be reduced by the amount required to comply with~~
- 14 ~~IC 4-33-12-7(a).~~

15 SECTION 6. IC 4-35-2-10.5 IS ADDED TO THE INDIANA CODE
 16 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 17 JANUARY 1, 2012 (RETROACTIVE)]: **Sec. 10.5. "Taxable**
 18 **receipts" means:**

- 19 (1) **the total of a licensee's adjusted gross receipts; minus**
- 20 (2) **the total of the amount of money paid by the licensee**
- 21 **under IC 4-35-7-12.**

22 SECTION 7. IC 4-35-7-12, AS AMENDED BY P.L.229-2011,
 23 SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 24 JULY 1, 2012]: Sec. 12. (a) The Indiana horse racing commission shall
 25 enforce the requirements of this section.

26 (b) ~~Except as provided in subsection (j);~~ A licensee shall ~~before the~~
 27 ~~fifteenth day of each month distribute pay~~ an amount equal to fifteen
 28 percent (15%) of the adjusted gross receipts of the slot machine
 29 wagering ~~from the previous month~~ at the licensee's racetrack as
 30 provided in this subsection. The Indiana horse racing commission may
 31 not use any of ~~this~~ **the money it receives** for any administrative
 32 purpose or other purpose of the Indiana horse racing commission, and
 33 the entire amount of the money shall be distributed as provided in this
 34 section. A licensee shall pay the first one million five hundred thousand
 35 dollars (\$1,500,000) distributed under this section in a state fiscal year
 36 to the treasurer of state for deposit in the Indiana tobacco master
 37 settlement agreement fund for the purposes of the tobacco use
 38 prevention and cessation program. A licensee shall pay the next two
 39 hundred fifty thousand dollars (\$250,000) distributed under this section
 40 in a state fiscal year to the Indiana horse racing commission for deposit
 41 in the gaming integrity fund established by IC 4-35-8.7-3. After this
 42 money has been ~~distributed~~ **paid** to the treasurer of state and the

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1 Indiana horse racing commission, a licensee shall ~~distribute~~ **pay** the
 2 remaining money ~~devoted to horse racing purses and to horsemen's~~
 3 ~~associations under this subsection~~ as follows:

4 (1) Five-tenths percent (0.5%) shall be transferred to horsemen's
 5 associations for equine promotion or welfare according to the
 6 ratios specified in subsection (e).

7 (2) Two and five-tenths percent (2.5%) shall be transferred to
 8 horsemen's associations for backside benevolence according to
 9 the ratios specified in subsection (e).

10 (3) ~~Ninety-seven~~ **Thirty-nine and five-tenths** percent ~~(97%)~~
 11 **(39.5%)** shall be distributed to promote horses and horse racing
 12 as provided in subsection (d). **However, the total amount of**
 13 **money distributed under this subdivision in a particular state**
 14 **fiscal year may not exceed twenty-seven million dollars**
 15 **(\$27,000,000). Any amounts otherwise distributable under this**
 16 **subdivision that exceed twenty-seven million dollars**
 17 **(\$27,000,000) must be paid to the department for deposit in**
 18 **the state general fund.**

19 (4) **Fifty-seven and five-tenths percent (57.5%) shall be paid**
 20 **to the department for deposit in the state general fund.**

21 **Except as provided in subsection (j), the transfers and distributions**
 22 **required by subdivisions (1), (2), and (3) must be made before the**
 23 **fifteenth day of the month following the month in which the slot**
 24 **machine wagers are made at the licensee's racetrack.**

25 (c) A horsemen's association shall expend the amounts distributed
 26 to the horsemen's association under subsection (b)(1) through (b)(2) for
 27 a purpose promoting the equine industry or equine welfare or for a
 28 benevolent purpose that the horsemen's association determines is in the
 29 best interests of horse racing in Indiana for the breed represented by the
 30 horsemen's association. Expenditures under this subsection are subject
 31 to the regulatory requirements of subsection (f).

32 (d) A licensee shall distribute the amounts described in subsection
 33 (b)(3) as follows:

34 (1) Forty-six percent (46%) for thoroughbred purposes as follows:

35 (A) Sixty percent (60%) for the following purposes:

36 (i) Ninety-seven percent (97%) for thoroughbred purses.

37 (ii) Two and four-tenths percent (2.4%) to the horsemen's
 38 association representing thoroughbred owners and trainers.

39 (iii) Six-tenths percent (0.6%) to the horsemen's association
 40 representing thoroughbred owners and breeders.

41 (B) Forty percent (40%) to the breed development fund
 42 established for thoroughbreds under IC 4-31-11-10.

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1 (2) Forty-six percent (46%) for standardbred purposes as follows:

2 (A) Three hundred seventy-five thousand dollars (\$375,000)
3 to the state fair commission to be used by the state fair
4 commission to support standardbred racing and facilities at the
5 state fairgrounds.

6 (B) One hundred twenty-five thousand dollars (\$125,000) to
7 the state fair commission to be used by the state fair
8 commission to make grants to county fairs to support
9 standardbred racing and facilities at county fair tracks. The
10 state fair commission shall establish a review committee to
11 include the standardbred association board, the Indiana horse
12 racing commission, and the Indiana county fair association to
13 make recommendations to the state fair commission on grants
14 under this clause.

15 (C) Fifty percent (50%) of the amount remaining after the
16 distributions under clauses (A) and (B) for the following
17 purposes:

18 (i) Ninety-six and five-tenths percent (96.5%) for
19 standardbred purses.

20 (ii) Three and five-tenths percent (3.5%) to the horsemen's
21 association representing standardbred owners and trainers.

22 (D) Fifty percent (50%) of the amount remaining after the
23 distributions under clauses (A) and (B) to the breed
24 development fund established for standardbreds under
25 IC 4-31-11-10.

26 (3) Eight percent (8%) for quarter horse purposes as follows:

27 (A) Seventy percent (70%) for the following purposes:

28 (i) Ninety-five percent (95%) for quarter horse purses.

29 (ii) Five percent (5%) to the horsemen's association
30 representing quarter horse owners and trainers.

31 (B) Thirty percent (30%) to the breed development fund
32 established for quarter horses under IC 4-31-11-10.

33 Expenditures under this subsection are subject to the regulatory
34 requirements of subsection (f).

35 (e) Money distributed under subsection (b)(1) and (b)(2) shall be
36 allocated as follows:

37 (1) Forty-six percent (46%) to the horsemen's association
38 representing thoroughbred owners and trainers.

39 (2) Forty-six percent (46%) to the horsemen's association
40 representing standardbred owners and trainers.

41 (3) Eight percent (8%) to the horsemen's association representing
42 quarter horse owners and trainers.

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1 (f) **Except as otherwise provided by this section**, money
 2 distributed under subsection (b)(1), (b)(2), or (b)(3) may not be
 3 expended unless the expenditure is for a purpose authorized in this
 4 section and is either for a purpose promoting the equine industry or
 5 equine welfare or is for a benevolent purpose that is in the best interests
 6 of horse racing in Indiana or the necessary expenditures for the
 7 operations of the horsemen's association required to implement and
 8 fulfill the purposes of this section. **Except as otherwise provided by**
 9 **this subsection**, the Indiana horse racing commission may review any
 10 expenditure of money distributed under subsection (b)(1), (b)(2), or
 11 (b)(3) to ensure that the requirements of this section are satisfied. The
 12 Indiana horse racing commission shall adopt rules concerning the
 13 review and oversight of money distributed under subsection (b)(1),
 14 (b)(2), or (b)(3) and shall adopt rules concerning the enforcement of
 15 this section. The following apply to a ~~horsemen's association receiving~~
 16 a distribution of money under subsection (b)(1), (b)(2), or (b)(3):

17 (1) ~~The A~~ **A horsemen's association receiving a distribution** must
 18 annually file a report with the Indiana horse racing commission
 19 concerning the use of the money by the horsemen's association.
 20 The report must include information as required by the
 21 commission.

22 (2) ~~The A~~ **A horsemen's association receiving a distribution** must
 23 register with the Indiana horse racing commission.

24 **(3) The expenditure of any amount otherwise distributable**
 25 **under subsection (b)(3) that exceeds twenty-seven million**
 26 **dollars (\$27,000,000) is not subject to the review or oversight**
 27 **of the Indiana horse racing commission.**

28 (g) The commission shall provide the Indiana horse racing
 29 commission with the information necessary to enforce this section.

30 (h) The Indiana horse racing commission shall investigate any
 31 complaint that a licensee has failed to comply with the horse racing
 32 purse requirements set forth in this section. If, after notice and a
 33 hearing, the Indiana horse racing commission finds that a licensee has
 34 failed to comply with the purse requirements set forth in this section,
 35 the Indiana horse racing commission may:

36 (1) issue a warning to the licensee;

37 (2) impose a civil penalty that may not exceed one million dollars
 38 (\$1,000,000); or

39 (3) suspend a meeting permit issued under IC 4-31-5 to conduct
 40 a pari-mutuel wagering horse racing meeting in Indiana.

41 (i) A civil penalty collected under this section must be deposited in
 42 the state general fund.

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1 (j) For a state fiscal year beginning after June 30, 2011, the sum of
 2 the amount of money dedicated to the distribution to the Indiana horse
 3 racing commission for deposit in the gaming integrity fund and the
 4 amount of money dedicated to the purposes described in subsection
 5 (b)(1); (b)(2); and (b)(3) for a particular state fiscal year is equal to the
 6 lesser of:

7 (1) the result of:

8 (A) fifteen percent (15%) of the licensee's adjusted gross
 9 receipts for the state fiscal year; minus

10 (B) one million five hundred thousand dollars (\$1,500,000); or

11 (2) the result of:

12 (A) in the state fiscal year beginning July 1, 2011, and ending
 13 June 30, 2012:

14 (i) the sum of the amount dedicated to the distribution to the
 15 Indiana horse racing commission for deposit in the gaming
 16 integrity fund and the amount dedicated to the purposes
 17 described in subsection (b)(1); (b)(2); and (b)(3) in the
 18 previous state fiscal year; minus

19 (ii) one million five hundred thousand dollars (\$1,500,000);
 20 and

21 (B) in a state fiscal year beginning after June 30, 2012, the
 22 sum of the amount dedicated to the distribution to the Indiana
 23 horse racing commission for deposit in the gaming integrity
 24 fund and the amount dedicated to the purposes described in
 25 subsection (b)(1); (b)(2); and (b)(3) in the previous state fiscal
 26 year;

27 increased by a percentage that does not exceed the percent of
 28 increase in the United States Department of Labor Consumer
 29 Price Index during the year preceding the year in which an
 30 increase is established.

31 If the amount specified in subdivision (1) for the state fiscal year
 32 exceeds the amount specified in subdivision (2); the licensee shall
 33 transfer the amount of the excess to the commission for deposit in the
 34 state general fund. The licensee shall adjust the transfers required
 35 under this section in the final month of the state fiscal year to comply
 36 with the requirements of this subsection.

37 (j) The following apply to payments, transfers, and distributions
 38 required by this section:

39 (1) Notwithstanding subsections (b) through (d), an amount
 40 collected from the adjusted gross receipts from slot machine
 41 wagers made in June 2012, at a licensee's racetrack must be
 42 distributed on the schedule and in the manner specified in this

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1 section as it was in effect on June 30, 2012.

2 (2) An amount otherwise distributable under subsection (b)(3)
3 that is in excess of twenty-seven million dollars (\$27,000,000)
4 must be paid to the department before the close of the
5 business day following the day the wagers are made.

6 (3) An amount described in subsection (b)(4) must be paid to
7 the department before the close of the business day following
8 the day the wagers are made.

9 The department may require that the daily payments required by
10 subdivisions (2) and (3) be made by electronic funds transfer (as
11 defined in IC 4-8.1-2-7(f)). If the department requires payment by
12 electronic funds transfer, the department may allow the licensee to
13 file a monthly report to reconcile the amounts paid to the
14 department.

15 SECTION 8. IC 4-35-8-0.5 IS ADDED TO THE INDIANA CODE
16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
17 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 0.5. (a) Beginning
18 January 1, 2012, the applicable tax base for purposes of calculating
19 a licensee's slot machine wagering tax liability under section 1 of
20 this chapter is the amount of taxable receipts received by the
21 licensee.

22 (b) This subsection applies only to the state fiscal year beginning
23 July 1, 2011. For purposes of determining the applicable tax rate
24 under section 1 of this chapter after December 31, 2011, the
25 amount of adjusted gross receipts received by the licensee after
26 June 30, 2011, and before January 1, 2012, is considered a part of
27 the licensee's taxable receipts for the state fiscal year.

28 SECTION 9. IC 4-35-8-1, AS AMENDED BY P.L.172-2011,
29 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
30 JANUARY 1, 2012 (RETROACTIVE)]: Sec. 1. (a) A graduated slot
31 machine wagering tax is imposed as follows on ~~one hundred percent~~
32 ~~(100%)~~ of the adjusted gross receipts received before July 1, 2012, and
33 ~~on ninety-nine percent (99%)~~ of the adjusted gross receipts received
34 ~~after June 30, 2012,~~ from wagering on gambling games authorized by
35 this article:

36 (1) Twenty-five percent (25%) of the first one hundred million
37 dollars (\$100,000,000) of ~~adjusted gross~~ **taxable** receipts received
38 during the period beginning July 1 of each year and ending June
39 30 of the following year.

40 (2) Thirty percent (30%) of the ~~adjusted gross~~ **taxable** receipts in
41 excess of one hundred million dollars (\$100,000,000) but not
42 exceeding two hundred million dollars (\$200,000,000) received

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1 during the period beginning July 1 of each year and ending June
 2 30 of the following year.
 3 (3) Thirty-five percent (35%) of the ~~adjusted gross taxable~~
 4 receipts in excess of two hundred million dollars (\$200,000,000)
 5 received during the period beginning July 1 of each year and
 6 ending June 30 of the following year.
 7 (b) A licensee shall remit the tax imposed by this section to the
 8 department before the close of the business day following the day the
 9 wagers are made. **The licensee shall calculate the amount of taxable**
 10 **receipts received for a particular day by determining the product**
 11 **of:**
 12 **(1) the adjusted gross receipts received during the day;**
 13 **multiplied by**
 14 **(2) eighty-five hundredths (0.85).**
 15 (c) The department may require payment under this section to be
 16 made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).
 17 (d) If the department requires taxes to be remitted under this chapter
 18 through electronic funds transfer, the department may allow the
 19 licensee to file a monthly report to reconcile the amounts remitted to
 20 the department.
 21 (e) The payment of the tax under this section must be on a form
 22 prescribed by the department.
 23 **SECTION 10. An emergency is declared for this act.**

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