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Indiana casinos

No longer a sure thing

Industry loses its recession-proof reputation

By Laura Olson

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The addition of two casinos in Central Indiana last month wasn't enough to lift the state's gambling centers out of the economic doldrums that have gripped the industry nationwide.

For the first time in more than 12 years of legalized casino gambling in Indiana, booming growth has halted and business has declined.

Long considered a recession-proof industry, the casinos' struggles show how rising gas prices and falling home values may be crimping consumer confidence across the state.

For the first six months of this year, money spent at Indiana casinos generated \$465.6 million in tax revenue, down from \$488.6 million for the same period a year ago.

"To have everyone competing, the pie's just not big enough," said Mark Bommarito, vice president of sales and marketing for the French Lick Resort Casino.

Last month business dropped at nine of the state's 11 previously existing casinos compared with a year ago, according to reports released Tuesday by the Indiana Gaming Commission.

The tax revenue generated by the French Lick Resort Casino fell to \$2.6 million for the month, down from \$2.9 million a year ago. It likely was hurt by the June flooding and competition from the new casinos in Shelbyville and Anderson, which rely heavily on Indianapolis patrons who also may frequent French Lick.

Overall, the state's casinos generated about \$78.7 million in tax revenue last month, down from \$81.6 million in June 2007. The dip came despite the \$6.5 million generated by the new casinos in Anderson and Shelbyville.

Much of the gambling tax revenue goes toward capital improvement projects throughout the state and is used to reduce the state automobile excise tax.

Ball State University economist Michael Hicks said an unusual combination of factors has led the typically recession-proof gambling industry to feel the pinch. High gas prices, the opening of the first casinos near Indianapolis and flooding in the southern part of Indiana probably all took their toll and kept players away.

But Indiana casinos could have an advantage over Las Vegas, Hicks said. Places like Las Vegas are more destination vacations, unlike the local casinos that can be reached for an afternoon getaway.

"If I were in Atlantic City, I'd be nervous, because so many of the visitors have many more options," Hicks said.

Shares of several major gambling companies have fallen in recent months. Las Vegas-based Boyd Gaming Corp. dipped to \$11 a share from a high of \$54 last summer. Shares of MGM Mirage are at

\$29, down from \$98 last year.

Ernie Yelton, executive director of the Gaming Commission, cautioned against reading too much into June's decline in Indiana.

"Historically, the industry has been resistant to the economy," Yelton said.

Not all of the casinos reported declines in June. Evansville's Casino Aztar brought in \$2.96 million in tax revenue, a slight increase from \$2.92 million last year. And Ameristar in East Chicago reported tax revenue of \$9.9 million, up from \$9.6 million.

But June's major impact was with the state's two new "racinos" -- the slot machines added to horse tracks at Hoosier Park Racing and Casino in Anderson and Indiana Live Casino at Indiana Downs in Shelbyville.

Hoosier Park's slots-only casino brought in more than \$3.9 million in taxes, surpassing the full-service French Lick Resort Casino's \$2,568,231. Indiana Live generated \$2,567,287 in taxes for the month.

Admission figures were unavailable for the new casinos, which are not required to pay the admission tax charged to the riverboat casinos in the outlying portions of the state. Attendance at the riverboats dropped to nearly 2.1 million in June from about 2.3 million last year.

Hoosier Park officials said they are pleased with the level of business for the first month.

"It met our expectations," said Jim Brown, general manager of gaming. "We have improved steadily throughout the month and had a wonderful Fourth of July weekend."

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