

## Let's Review Those Casino Numbers By Glenn Grothman

The most significant story coming out of Madison this year was the State Supreme Court decision overturning the tribal gaming compacts negotiated by Governor Jim Doyle. As I meet people around my district, I find some feel this court decision may be a problem by creating a temporary shortfall in the State's budget. Let's look at the facts. The Doyle deals were unconstitutional for several reasons. Contrary to the constitutional amendment approved by Wisconsin voters, the new compacts included a variety of new games. But most important for this discussion is that the compacts were permanent and the state legislature would never be able to amend them. What sort of deal did the Governor intend to have the state live with forever?

The two most important tribes for state gaming are the Potawatomi, which operates the big Milwaukee casino and a smaller one up north, and the Ho-Chunk which operates three casinos, the largest one in Wisconsin Dells. The Oneida is the third largest, with its Green Bay casino. Governor Doyle's compacts called for varying amounts of revenue to the State in the first 8 years, but then settle in at permanent payments from the Potawatomi of 6.5% of the net win for the Milwaukee casino and 5% from the casino up north. The Ho-Chunk gives 6% of the net win. Is this fair?

Since the compacts were entered into, the Ho-Chunk tribe has tried to get a casino in Illinois, just south of Chicago. According to news reports earlier this month, Ho-Chunk tribal lawyer William Boulware has stated the Ho-Chunks are offering 25% of the net win as a starting point in the negotiations. So far, Illinois does not want this deal. The Oneida tribe of Wisconsin is owed \$250 million by the state of New York due to a claim that the state had taken some land illegally many years ago. The Wisconsin Oneida's have offered New York to waive the entire \$250 million if New York would allow them to operate a casino in upstate New York. The Oneidas would also give New York 25% of the net win; 4 times what the Doyle administration has been getting from the tribes. The rival New York Oneidas, who operate another casino, have denounced the Wisconsin Oneidas as "greedy outsiders".

How could the Doyle administration agree to get only one quarter of the amount the tribe's themselves offered New York and Illinois? This administration, and before them, the Thompson administration, did not realize just how profitable casinos are. Last year people lost over one billion dollars in Wisconsin machines alone – about \$200 for each one of Wisconsin's five million residents. Unlike other businesses, the cost of running the casino is relatively cheap and therefore, the profits easy to come by. It should also be pointed out that casinos do not pay Wisconsin's 7.9 corporate income tax rate and property taxes.

Tommy Thompson had entered agreements for even less amounts. However, Indian gaming was new then in the country and it was not apparent how much profit could be made. This is why permanent compacts were so foolish. It is now apparent from what is going on in Illinois and New York as well as compacts entered into in Connecticut, that we could be getting three or four hundred million dollars a year more than the approximately \$102 million a year Governor Doyle negotiated. This is a large amount of money even for the state budget.

People should not get confused by the relatively small amounts of money the casinos give to charity. It is a drop in the bucket compared to the money taken in. I should point out that expanding the casinos will have a further social cost. Not only are there many stories of people going through all of their winnings, but if the Potawatomi expands it will suck hundreds of millions of discretionary dollars from Milwaukee restaurants and leisure outlets.

Unlike other things that go on in Madison, these compacts would be permanent. That is why this story is so significant. It is also why people should not express concern over the short-term uncertainty caused by the suspension of payments compared to a long-term certain lost.

Please make sure you fill out the questionnaire in my newsletter, which is inserted into your Hometown Express newspaper. This is the only questionnaire I send out over a two-year period, and your answers are important to me.

Please let me know what you think on this issue. Contact me here in Madison---please call 1-888-534-0058.