

**J. Bradley Burzynski
State Senator
Illinois State Senate**

**Testimony
Before the Committee on Resources
United States House of Representatives**

**Hearing on “Tribal proposals to acquire land-in-trust for gaming
across state lines; and how such proposals are affected
by the off-reservation discussion draft bill.”**

April 27, 2005

The Honorable Chairman Pombo and members of the House Resources Committee:

My name is Brad Burzynski, and I am Senator of the 35th District in the State of Illinois. Thank you for allowing me the opportunity to present testimony today on the topic of off-reservation gaming, and in particular, the potential impact to the State of Illinois. Additionally, I want to take a few moments to make you aware of legislation passed during the last session of the Illinois General Assembly regarding tribal gaming.

While I am not necessarily an expert on the topic of tribal gaming, I have some understanding of certain aspects of Indian gaming. My district has been targeted by the Prairie Band of the Potawatomi as a site for gaming operations. As a member of the Senate Appropriations Committee I also have some knowledge relative to the income our state receives from existing non-tribal gaming operations.

Illinois is a state that legalized gaming many years ago, beginning with a state-run lottery passed with the promise that all proceeds be utilized to fund education. Illinois then passed legislation to issue 10 licenses for riverboat gambling on waterways in depressed communities throughout the state. Since the advent of the riverboats, lottery proceeds have not only grown stagnant, but have decreased the past few years to \$570 million per year.

Because of the huge success of the riverboat casinos and the inability of the Legislature to slow spending, a new tax structure was placed on the boats, with the most successful paying as much as a 70 percent tax on adjusted gross revenues. Increased revenue drives the riverboat casinos into higher tax brackets. This has had an impact on the growth of the existing boats because in order to make up their tax share, they have implemented entrance fees, reduced hours and cut staff. Illinois patrons have responded by traveling across state borders to Missouri, Iowa, Wisconsin and Indiana to avoid paying entrance fees and to access greater gaming opportunities.

Obviously, if off-reservation gaming were allowed in Illinois, it would have a tremendous impact not only on the existing licensees, but also on state revenue, in a state which has not even begun a strong economic recovery.

Additionally, many not-for-profits have begun to have a strong reliance on charitable games to help fund their services. Further growth of casino gaming could be devastating to their operations.

Currently, there are those who would like to expand gambling in Illinois believing that this would enable the state to dig itself out of a multi-billion dollar deficit. But at the same time, legislation to abolish gambling in the state has passed out of committee and is pending in the Illinois House of Representatives.

In recent years, Illinois has been the target of various tribal entities either trying to claim properties as reservations or trying to establish off-reservation gaming. At this time, there

are no reservations in Illinois, and to the best of my knowledge, no concentration of tribal members in any location in Illinois.

In 2000, the Miami Tribe of Oklahoma filed suit in Illinois against landowners in 15 central Illinois counties in an effort to gain control of 2.6 million acres of land. The case was eventually dismissed, but only after it was revealed that the suit was being funded by a New York developer who said he was in hopes of gaining the contract to build and operate a casino and resort for the Miami Tribe. Additionally, the state was allowed to intervene in the suit in order to protect the interests of all Illinois citizens.

As you are well aware, the Ho-Chunk Nation has been negotiating for status in Illinois to establish a casino complex near Chicago, in the south suburban community of Lynwood. While many in the community seem to be receptive to the idea, it is my understanding that there have been no community forums or public hearings to date on the proposal. And as a state legislator, I can tell you for certain that we have not had the opportunity to discuss this proposal or the role the state would play in such a development.

Finally, the Prairie Band of the Potawatomi Tribe has been trying to claim properties in my district in northern Illinois. Some land owners have been convinced by tribal representatives, including former state officials hired by the Tribe, that they had a valid claim to the property. They have been willing to sell options on their property to the tribe. When asked “why,” they comment that they felt no other recourse existed. The Potawatomi Tribe and its representatives have presented this as if there is no doubt to their claim and that it’s a “done deal.” At this time, there is no federal ruling recognizing this or any other claim on the property. In addition to private properties, the Tribe laid claim to property owned by the state consisting of a several-hundred-acre man-made lake, camping facilities and a small forest preserve. Many unanswered questions remain as to whether they have any legal claim to the property.

Preliminary plans by the Potawatomi Tribe call for an approximate 1,200-acre development including a casino, two hotels, a 75,000-square-foot convention center, a bingo hall, a “Las Vegas-style” theater and several restaurants. Consequently, as with other proposals, these amenities beg the question as to who pays for the necessary infrastructure improvements to accommodate them, such as roads, sewer & water, and police.

Constituents in my largely-rural district have been adamantly opposed to this proposal, but have found little opportunity for their concerns to be heard. They feel a casino development would significantly impact and negatively change their quality of life, including hurting property values and causing uncontrolled population influx and development. I would suspect residents in the Lynwood area in suburban Chicago have many of the same concerns, feeling they have little recourse due to the political nature of this issue.

In response to the Potawatomi's proposal in my district, I introduced Senate Bill 2460 last year. I recognize that the Federal Government at some time may provide either land title or authority for tribal gaming in Illinois and that statute requires the Governor of the state to enter into a gaming compact in such cases. But I feel that such a compact should be negotiated in good faith and in public view in order for local and state interests to be protected.

Senate Bill 2460 (now Public Act 93-1051) created the Native American Gaming Compact Act in Illinois. Very simply, before the Governor can enter into a compact, a request for authority to enter the compact along with a copy of the proposed compact must be submitted to the General Assembly. The General Assembly would hold hearings to gather public input from those impacted by the proposal and would make recommendations to ensure that all concerns are addressed. The bill passed both chambers, the Governor vetoed the bill, and his veto was overridden in the Senate by a vote of 52-4, and a House vote of 106-8-2, therefore becoming law.

In conclusion, I realize that tribal gaming is a very volatile topic at this time. I am encouraged that this committee and Chairman Pombo are seeking to resolve this issue in the best interests of all. It appears to me that outside interests have begun to play a larger role, sometimes outweighing the intent of the Indian Gaming Regulatory Act. In Illinois, we have taken steps to best protect all of the citizens of our state. We hope that this committee and Congress will also take action to protect all of the citizens of the United States.

Thank you again for the opportunity to present input on this discussion draft.

ATTACHMENTS: 2002-2004 Gaming Comparison Chart; Illinois Riverboat Gaming Adjusted Gross Revenue Graph; Illinois Riverboat Gaming Admissions History Graph; Synopsis and Full Text of Senate Bill 2460

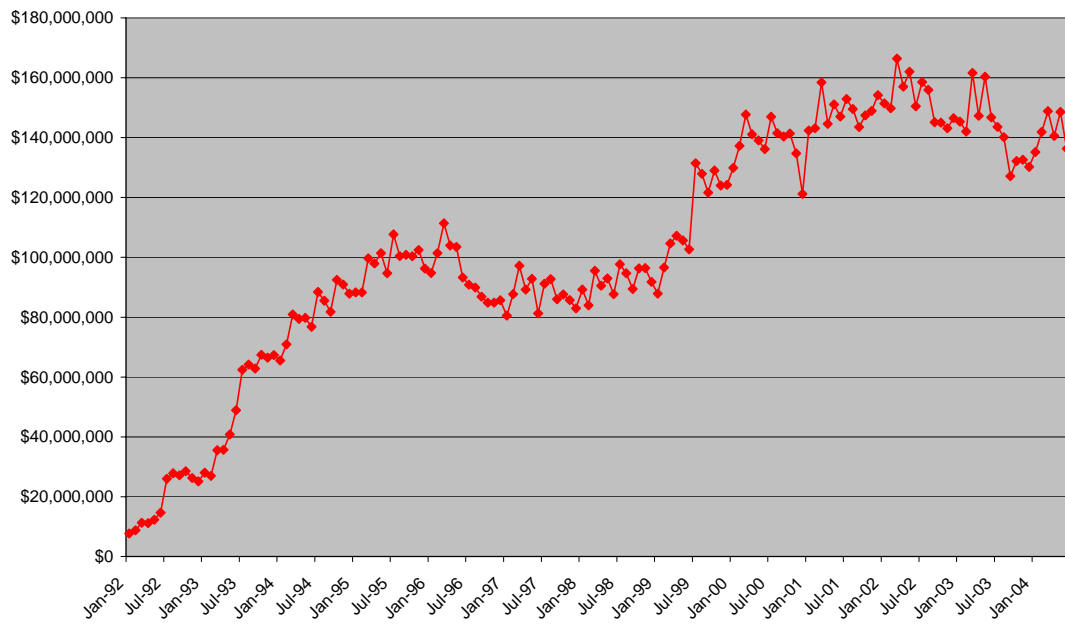
CALENDAR YEAR 2002 – 2004 GAMING COMPARISON

Current Tax Structure	
\$0 - \$25 Million	15.0%
\$25 - \$37.5 Million	27.5%
\$37.5 - \$50 Million	32.5%
\$50 - \$75 Million	37.5%
\$75 - \$100 Million	45.0%
\$100 - \$250 Million	50.0%
Over \$250 Million	70.0%

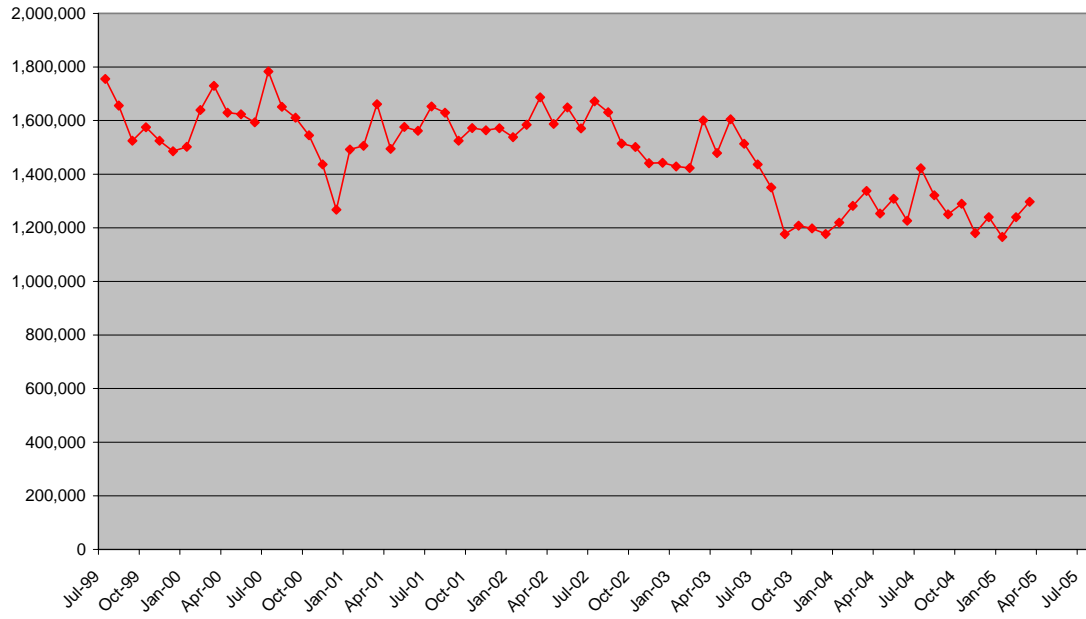
Boat Location	Calendar Year 2002 Tax Rate	Calendar Year 2003 Tax Rate	Calendar Year 2004 Tax Rate	CY 02 - CY 04 % Difference	CY 03 - CY 04 % Difference
Alton	29.2%	35.5%	38.4%	9.2%	2.8%
East Peoria	31.0%	38.4%	41.2%	10.3%	2.8%
Rock Island	23.1%	25.8%	25.4%	2.2%	-0.4%
Joliet-Empress	36.7%	40.5%	45.2%	8.5%	4.6%
Metropolis	29.9%	37.6%	41.1%	11.1%	3.4%
East St. Louis	31.9%	39.8%	48.5%	16.6%	8.7%
Joliet-Harrah's	40.1%	42.9%	44.6%	4.5%	1.7%
Aurora	38.8%	40.5%	44.3%	5.5%	3.8%
Elgin	<u>40.9%</u>	<u>51.0%</u>	<u>56.6%</u>	<u>15.6%</u>	<u>5.6%</u>
GRAND TOTAL	36.4%	42.1%	46.7%	10.3%	4.6%

Boat Location	Admissions 2002	Admissions 2003	Admissions 2004	CY02 - CY04 % Difference	CY03 - CY04 % Difference
Alton	1,656,892	1,461,515	1,410,579	(14.9)%	(3.5)%
East Peoria	1,915,602	1,802,608	1,622,185	(15.3)%	(10.0)%
Rock Island	854,047	780,044	753,945	(11.7)%	(3.3)%
Joliet-Empress	2,111,367	1,990,689	1,777,950	(15.8)%	(10.7)%
Metropolis	1,516,767	1,426,190	1,346,477	(11.2)%	(5.6)%
East St. Louis	2,038,942	2,032,566	1,954,282	(4.2)%	(3.9)%
Joliet-Harrah's	3,102,623	2,386,938	1,448,717	(53.3)%	(39.3)%
Aurora	2,638,509	1,917,314	2,166,506	(17.9)%	13.0%
Elgin	<u>2,986,833</u>	<u>2,799,688</u>	<u>2,850,379</u>	<u>(4.6)%</u>	<u>1.8%</u>
GRAND TOTAL	18,821,582	16,597,552	15,331,020	(18.5)%	(7.6)%

Illinois Riverboat Gaming AGR



Illinois Riverboat Gaming Admissions History



**93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
SB2460**

Introduced 2/3/2004, by J. Bradley Burzynski

SYNOPSIS AS INTRODUCED:

New Act

Creates the Native American Gaming Act. Provides that before the Governor may enter into a compact with a Native American tribe authorizing the Native American tribe to conduct gambling in Illinois, the Governor must submit a request for authority to enter into the compact to the General Assembly and receive legislative approval to enter into the compact.

LRB093 20498 LRD 46289 b

FISCAL NOTE ACT MAY APPLY

A BILL FOR

SB2460

LRB093 20498 LRD 46289 b

1 AN ACT concerning gaming

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Native
5 American Gaming Compact Act.

6 Section 5. General Assembly approval of Native American
7 gaming compacts.

8 (a) Before the Governor may enter into a compact with a
9 Native American tribe authorizing the Native American tribe to
10 conduct gambling in Illinois, the Governor must submit a
11 request for authority to enter into the compact to the General

12 Assembly. The Governor must include with that submission a copy
13 of the proposed compact.

14 (b) If the General Assembly enacts legislation authorizing
15 the Governor to enter into the compact within 30 session days
16 after the submission of the request by the Governor to the
17 General Assembly under subsection (a), the Governor may enter
18 into the compact. If the General Assembly does not enact
19 legislation authorizing the Governor to enter into the compact
20 within 30 session days after the submission of the request by
21 the Governor to the General Assembly under subsection (a), the
22 Governor may not enter into the compact.