Eight-Year License Renewal: Grand Victoria Casino & Resort, LP
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Executive Summary

Economic and Fiscal Activity

Grand Victoria has had a powerful positive fiscal impact on Ohio County and Rising Sun. Added riverboat tax revenue is much more than added costs. The changes brought about by tax restructuring—flexible boarding, lower admissions counts, graduated wagering tax rates, limits and floors on riverboat tax revenue—have not changed this positive fiscal impact.

Property tax reassessment increased assessed values and reduced tax rates. Like most commercial businesses, Grand Victoria’s overall assessed value increased by less than the increases experienced by homeowners, landlords, and farmers. The tax payments by Grand Victoria to all local jurisdictions decreased in 2003. These jurisdictions did not have to make do with less property tax revenue. Other taxpayers saw offsetting tax increases.

The total eight-year economic impact of the spending of local gaming-related tax and incentives payment from the Grand Victoria’s opening through 2003 exceeds $98 million. Specifically, the expenditures of local gaming-related taxes and incentive payments made by the city of Rising Sun, the Rising Sun Regional Foundation, and the communities participating in the revenue sharing plan have generated an estimated $98,967,915 in economic impact, $29,562,961 in employee compensation, and 1,778 new jobs (full-time equivalents). While the short-term economic contributions of the spending of gaming-related taxes and incentives are important, the long-term contributions to the quality of life from investments in capital equipment, new construction, landscaping, and infrastructure improvements, as well as programs and scholarships, should benefit residents and increase the economic competitiveness of local businesses.

Community Impacts

Grand Victoria spent over $20 million locally and has impacted the area through over half a million dollars in sponsorships and contributions to local area organizations.

Center staff conducted three focus groups in Rising Sun with community leaders including representatives of law enforcement, local business leaders, and social services providers. While there were some differences among the groups, overall the results were positive. Gaming revenue has funded infrastructure improvements such as roads, bridges, sidewalks, and also funded new construction or improvements to public facilities, including a medical center that helps those with no insurance (no doctor in town previously). Education has benefited through a public school endowment, foundations helping to decrease school debt, and scholarships for high school students and continuing education. Rising Sun has been a model in revenue sharing with other counties.

There are increased employment opportunities from the casino as well as other opportunities and Rising Sun is no longer a “bedroom community” because more and better jobs are available. This growth has led to traffic and housing shortages that keep more people from moving into the community. The school corporation is experiencing the lowest school enrollment in 10 years partly because of the housing shortage. There is also a perception that the city/county have plenty of revenue. The focus groups raised concern about taxing the boats out of business and also about the state keeping more of the riverboat revenue from the local governments. The focus groups also expressed concern that Grand Victoria hasn’t
made any expansions and it has actually ended some activities (e.g., shows) and it doesn’t do enough to promote itself or the community.

**Employment**

Grand Victoria has provided new employment opportunities for local residents, but employment has decreased significantly since 1997, when it had 2,326 employees. Grand Victoria had 1,254 employees as of July 31, 2004, and has paid $288 million in wages since opening. In August the Center surveyed Grand Victoria employees and found that for many employees the employment opportunity at the riverboat provided an increased sense of economic security. For example, 34 percent of the survey respondents were unemployed prior to beginning work at Grand Victoria; and 40 percent of those that were employed reported receiving a raise upon beginning work at Grand Victoria. The average length of employment was 4 years and 11 months, and 36 employees felt secure enough to move from rental housing to homeownership. While more than two-thirds of the employees reported job-related training, fewer employees reported tuition reimbursement opportunities or paying for their own training.

**Business Climate Impacts**

Unemployment in Ohio County has dropped after the establishment of the riverboat. Overall the number of jobs, number of establishments, and average wage per job in Ohio county grew more rapidly than the aggregate of non-riverboat counties, following the commencement of gaming in the community. It is clear that the infusion of over 1,000 riverboat jobs into the relatively small economy of Ohio County was the reason for the large increase in jobs. The number of establishments and average wage also increased more rapidly in years following riverboat gaming in the community.

**Current Financial Position and Future Plans**

Since the initiation of dockside gaming in 2001, Grand Victoria has produced a level amount of cash flows for the state of Indiana and plans to grow revenues slowly. The operation produced a generous rate of return on investment for the parent company and owner, H. Group Holdings and plans to continue to do so. As a subsidiary of such a large and diversified organization, Grand Victoria benefits from the professional hotel and gaming management skills of the Hyatt organization and its financial stability and market power. The financial analysis provided in this report supports the conclusion that the license for the Grand Victoria Casino and Resort should be renewed.
Introduction

On June 30, 1995, the Commission issued a Certificate of Suitability for a Riverboat Owner’s License for a riverboat to be docked in Rising Sun, Indiana. Grand Victoria Casino & Resort, LP (Grand Victoria), formerly Rising Sun Riverboat Casino & Resort, LLC, commenced full-time gaming operations on October 4, 1996. The Riverboat Gambling Act, effective July 1, 1993, specifies that a licensed owner, after their license is renewed at year five, shall undergo a complete investigation every three years to determine that the licensed owner remains in compliance.

The Commission asked the Center for Urban Policy and the Environment (Center) of Indiana University’s School of Public and Environmental Affairs to assist the Commission in performing economic impact, fiscal impact, financial, management, and other analyses to assist the Commission in renewing the riverboat casino licenses. The Center prepared annual evaluation reports for Grand Victoria’s first four years of operation as well as a report that analyzed Grand Victoria’s first five-years of operation. These reports are available on the Indiana Gaming Commission’s website (www.in.gov/gaming/reports/).

This report contains an analysis of Grand Victoria’s first eight years of operation. Because this analysis must be completed before the completion of Grand Victoria’s eighth year of operations, for year eight, data are shown through July 31, 2004.
Economic and Fiscal Activity

The following sections examine the changes brought about by tax restructuring—flexible boarding, lower admissions counts, graduated wagering tax rates, and limits and floors on riverboat tax revenue. They also provide detail regarding the compliance of Grand Victoria’s voluntary and mandatory contributions and provide a preliminary analysis to identify and quantify the immediate economic benefits enjoyed by Rising Sun and Ohio County as a result of the investment of the voluntary and tax contribution of Grand Victoria.

Tax Restructuring and Riverboat Tax Payments to Ohio County and Rising Sun

The Indiana General Assembly passed tax restructuring in its June 2002 special session. Restructuring made a number of dramatic changes in state and local taxation.1

This section of the report will look at the effect of these changes on the tax revenues collected from the Grand Victoria riverboat by Ohio County, the City of Rising Sun, and the Rising Sun-Ohio Community School Corporation.

Admissions Tax

Tax restructuring left admissions tax rates unchanged for Ohio County and Rising Sun. Before and after restructuring, the county and the city received one dollar for each riverboat admission.

However, restructuring allowed the riverboats to adopt flexible boarding. Prior to this, riverboats were required to cruise, or operate as if they cruised. The casino’s doors were closed to entrants for the length of the cruise, whether or not the boat left the dock. With flexible boarding, the riverboat is allowed to remain dockside with its doors open. Patrons may enter at any time they wish. This increased convenience was expected to increase attendance and wagering, and it appears to have done so.

By the first week of August, 2002, all of Indiana’s riverboats had applied for and been granted permission to use flexible boarding. Grand Victoria began flexible boarding on August 1, 2002.

Prior to flexible boarding, all the patrons of each cruise were counted as new admissions, even if the patron simply remained on the boat for more than one cruise. Flexible boarding ended this practice. This meant that the number of admissions, as counted, declined with the advent of flexible boarding, even as

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1 It increased the sales tax and the cigarette tax; it reformed the corporate income taxes; it revised the local property tax controls; it delivered hundreds of millions of dollars in additional property tax relief; and it raised hundreds of millions of dollars to help fill in Indiana’s state budget gap.

In addition, tax restructuring made several changes that affected the taxation of riverboat admissions, wagering receipts, and property. It allowed riverboats to adopt flexible boarding, also known as dockside gaming, rather than requiring two-hour excursions throughout the day; it adopted new, higher graduated tax rates for the wagering tax; it capped the revenue that host cities and towns could receive from the wagering tax at the amount received during the state’s fiscal year 2001-02; it put a floor on the revenue that host cities, towns, and counties could receive from the admissions tax, at the amount received during the state’s fiscal year 2001-02; it designated the first $33 million in wagering taxes collected in each state fiscal year for distribution to non-riverboat counties, cities, and towns; and, it effectively committed Indiana to market value property tax assessment, which affected the tax rates applied to the assessed value of riverboat property.
the number of patrons increased. Figure 1 shows monthly admissions for the Grand Victoria riverboat, July 1998 through August 2004.

Figure 1: Turnstile and Multiple Excursion Admissions, July 1998-August 2004

Turnstile admissions show the actual number of patrons entering the riverboat. Multiple excursions are the added count of these patrons as extra admissions because they took more than one cruise. In August 2002 multiple excursion admissions disappear. The number of turnstile admissions increased, from a monthly average of 116,067 from July 1998 through July 2002, to a monthly average of 134,219 through July 2004, a 16 percent increase. But the total number of counted admissions (including multiple excursions) dropped from a monthly average of 254,442, a 47 percent decline.

Flexible boarding, which appears to have increased admissions, as expected, would have cost Ohio County and the city of Rising Sun 47 percent of their admissions tax revenue, had the old tax structure remained unchanged. Perhaps in response to this, the General Assembly fixed the amount of admissions tax revenue
to be distributed to riverboat cities and counties at the (state) fiscal year 2001-02 amount. The State Treasurer certified base year revenue for Ohio County and Rising Sun at $2,638,036, the amount collected during the state fiscal year 2002 (July 2001 to June 2002). This amount was distributed to the county and city in fiscal 2003 and 2004. In fiscal 2003, collections fell short of the base year amount, so the state added about $1.5 million from the property tax replacement fund.

Wagering Tax
Tax restructuring allowed riverboats to adopt flexible boarding, which was expected to increase wagering revenue. However, riverboats that adopted flexible boarding (as they all did) would pay wagering taxes under a new set of graduated tax rates.

Prior to restructuring the wagering tax rate was a flat 20 percent of adjusted gross receipts (AGR). After restructuring, the rates were set for flexible boarding riverboats as shown in Table 1. The initial rate is 15%, less than the old flat rate, but this applies only to the first $25 million. A 20 percent rate applies to AGR from $25 to $50 million. Above $50 million, rates higher than the pre-restructuring 20 percent flat rate apply. In fiscal 2003-04 Grand Victoria began paying the 25 percent rate November 3, 2003, less than half-way through the state fiscal year. Clearly, the new graduated tax rates represent an increase in wagering taxes for Indiana’s riverboats.

<table>
<thead>
<tr>
<th>From AGR Amount</th>
<th>To AGR Amount</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$25 million</td>
<td>15%</td>
</tr>
<tr>
<td>$25 million</td>
<td>$50 million</td>
<td>20%</td>
</tr>
<tr>
<td>$50 million</td>
<td>$75 million</td>
<td>25%</td>
</tr>
<tr>
<td>$75 million</td>
<td>$150 million</td>
<td>30%</td>
</tr>
<tr>
<td>$150 million</td>
<td>And above</td>
<td>35%</td>
</tr>
</tbody>
</table>

2 Indiana Code 4-33-12-6 reads (in part):

(h) . . . The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue. . . . The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (b) . . . . If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

And IC 4-33-13-5(g) reads (in part):

Before September 15 of 2003 and each year thereafter, the treasurer of state shall determine the total amount of money distributed to an entity . . . during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity . . . during the preceding state fiscal year was less than the entity's base year revenue. . . . the treasurer of state shall make a supplemental distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. The amount of the supplemental distribution is equal to the difference between the entity's base year revenue. . . . and the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6.
Flexible boarding was expected to increase adjusted gross receipts, and it appears to have done so for the Grand Victoria riverboat. Figure 2 shows the estimated monthly AGR for the period July 1998 through August 2004. In the year and a half before flexible boarding, monthly AGR varied between $10 and $13 million in most months. After flexible boarding AGR has varied between $8 and $14 million. The average AGR for the 18 months prior to the advent of flexible boarding was $11.1 million. With flexible boarding, the average has been $11.8 million, an increase of 6 percent.

Figure 2: Estimated Adjusted Gross Receipts, July 1998-August 2004

Rising Sun receives a share of wagering tax revenue. Counties do not receive such revenue. Prior to restructuring, Rising Sun received one-quarter of the wagering taxes collected under the flat 20 percent rate. This share was unchanged by tax restructuring.

However, two features were added to the distribution of wagering taxes to local governments which reduce the amount of revenue that Rising Sun realizes from the wagering tax.
One, the legislature designated the first $33 million from statewide wagering taxes to be distributed to non-riverboat counties, cities, and towns. The collection of the $33 million starts with the beginning of the state fiscal year in July. Indiana Code 4-33-13-5 (a) reads (in part)

(1) The first thirty-three million dollars ($33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected.

Subsection (c) referred to in part (1) describes how the revenue is to be divided up among non-riverboat counties, cities and towns.

Two, the legislature fixed a maximum amount that a city can receive from wagering taxes at the amount received during the state fiscal year 2001-02. The State Treasurer certified base year revenue for Rising Sun at $6,595,316. Rising Sun’s wagering tax collections reached this amount by the end of April 2003. The revenue that would have gone to Rising Sun in May and June without this limit was instead deposited in the state’s property tax replacement fund, an amount equal to approximately $1.8 million.

Fiscal Impacts

Fiscal impact analysis attempts to determine how a change in policy has affected the revenues and expenditures of a government. How has tax restructuring affected the budgets of Ohio County and Rising Sun?

We compare three scenarios. First, suppose the policies in effect in 2002 had continued. Suppose there was no flexible boarding, no graduated wagering tax, and no limits or floors on admissions and wagering tax revenue. Riverboats would continue to cruise, with taxable admissions equal to turnstile plus multiple excursion admissions. The wagering tax would remain at a flat 20 percent of adjusted gross receipts. Call this the “Old” scenario.

Second, suppose that flexible boarding and the graduated wagering tax had been adopted without the limits or floors on admissions and wagering tax revenues. Call this the “No-Limits” scenario.

Third, consider what was actually adopted, flexible boarding, turnstile admissions, a graduated wagering tax, a floor on admissions tax revenue, and a limit on wagering tax revenue. Call this the “Actual” scenario.

4 Subsection (c) referred to in (2) above reads (in part)

... The treasurer of state shall determine the total amount of money paid by the treasurer 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 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.
The key to the pre-structuring scenario are the assumptions about what would have happened to admissions and adjusted gross receipts. Flexible boarding apparently increased both, but would either of these tax bases have increased had flexible boarding not been adopted?

Grand Victoria adjusted gross receipts dropped dramatically in November 2000, after the Belterra Riverboat opened in neighboring Switzerland County. Receipts averaged $12.9 million per month in the year prior to the new riverboat; they averaged $11.0 million in the year after. Total admissions also fell noticeably. Admissions varied from 239,000 to 303,000 in the year before Belterra, but only from 185,000 to 246,000 in the year after.

From November 2000 until the advent of flexible boarding in August 2002, however, Grand Victoria receipts showed a slight upward trend. During these 21 months receipts appear to have increased about $26,600 per month, about a quarter of a percent per month. The monthly average for the first six months of this period was $11.2 million. The monthly average for the last six months was $11.7 million. Total admissions, on the other hand, show little upward trend, varying between 200,000 and 250,000 throughout the period.

Tables 2, 3, and 4 show the revenue estimates for the three scenarios for Ohio County and Rising Sun.

**Table 2: Admissions Tax**

<table>
<thead>
<tr>
<th></th>
<th>Old</th>
<th>No Limits</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ohio County</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxable Admissions</td>
<td>2,638,036</td>
<td>1,469,117</td>
<td>1,469,117</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>$2,638,036</td>
<td>$1,469,117</td>
<td>$1,469,117</td>
</tr>
<tr>
<td>Supplemental</td>
<td>-</td>
<td>-</td>
<td>$1,168,919</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$2,638,036</td>
<td>$1,469,117</td>
<td>$2,638,036</td>
</tr>
<tr>
<td><strong>Rising Sun</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>$2,638,036</td>
<td>$1,469,117</td>
<td>$1,469,117</td>
</tr>
<tr>
<td>Supplemental</td>
<td>-</td>
<td>-</td>
<td>$1,168,919</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$2,638,036</td>
<td>$1,469,117</td>
<td>$2,638,036</td>
</tr>
</tbody>
</table>

**Table 3: Wagering Tax**

<table>
<thead>
<tr>
<th></th>
<th>Old</th>
<th>No Limits</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rising Sun</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGR</td>
<td>$134,965,480</td>
<td>$143,522,352</td>
<td>$143,522,352</td>
</tr>
<tr>
<td>Tax Revenue</td>
<td>$6,748,274</td>
<td>$8,487,343</td>
<td>$8,487,343</td>
</tr>
<tr>
<td>Less: Amount Over Limit</td>
<td>0</td>
<td>0</td>
<td>$1,892,027</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$6,748,274</td>
<td>$8,487,343</td>
<td>$6,595,316</td>
</tr>
</tbody>
</table>

**Table 4: Admissions and Wagering Tax Combined**

<table>
<thead>
<tr>
<th></th>
<th>Old</th>
<th>No Limits</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ohio County</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$2,638,036</td>
<td>$1,469,117</td>
<td>$2,638,036</td>
</tr>
<tr>
<td><strong>Rising Sun</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$9,386,310</td>
<td>$9,956,460</td>
<td>$9,233,352</td>
</tr>
</tbody>
</table>
Table 4 shows the total riverboat tax revenues received by each unit under each scenario. Ohio County does as well under the Actual scenario as under the Old scenario. This result depends entirely on the assumption that total admissions was not trending upward before flexible boarding. If total admissions had been increasing without flexible boarding, then the county would have realized increases in admissions tax revenue, rather than the fixed distribution of the Actual scenario. The Actual scenario has the advantage of greater certainty—with any variations in admissions taxes offset by the state’s supplemental distribution—which probably makes it preferred over the Old scenario without increasing admissions.

Flexible boarding is a fact, and without the multiple excursion admissions, Ohio County would have suffered an enormous loss of revenue. If turnstile admissions trend upward under flexible boarding (as they appear to be in Figure 1), the size of the state’s supplemental distribution will fall. Turnstile admissions under flexible boarding are unlikely to grow enough to match total admissions with multiple excursions in the near future, however.

Rising Sun receives the most revenue under the No Limits scenario, and the Actual scenario delivers the smallest revenue of the three. Rising Sun receives the same admissions tax revenue as Ohio County, so the county analysis also applies to the city. The Old scenario delivers the same revenue as the Actual scenario to Rising Sun because of the assumed stability in total admissions. Wagering tax receipts under the Old scenario are slightly greater than under the Actual scenario. This is because of the slight upward trend in adjusted gross receipts that existed prior to flexible boarding. Tax receipts would have grown in the two years since 2002, had they not been fixed at their base year 2002 level.

Actual revenue is significantly less than the revenue that would be received under the No Limits scenario. Like Ohio, Rising Sun would suffer large losses in admissions tax revenue if flexible boarding were adopted without the state’s revenue floor. The benefit of flexible boarding, however, is in the added AGR, and the state’s limit on wagering tax receipts costs Rising Sun almost two million dollars a year. This would more than offset the loss of admissions tax revenue.

A formal analysis of costs was not conducted but increased attendance might add to city and county costs, through added traffic control requirements, for example. On the other hand, the end of cruises may spread traffic more evenly throughout the day, replacing big increases in traffic every two hours. The effect of flexible boarding on costs is unclear, but is likely to be small.

Previous analyses have shown that Indiana’s riverboat taxes are quite generous for the counties and cities hosting riverboats, a fact that tax restructuring has not changed. Riverboats have a positive fiscal impact for host counties and cities. The move to flexible boarding had the potential to make riverboats much less generous for counties, and much more generous for cities. The state avoided both possibilities by fixing future revenues at their 2002 levels. Tax restructuring effectively reserved the revenue benefits of added wagering taxes for the state, and for non-riverboat counties, cities, and towns.

Property Tax

In December 1998, the Indiana Supreme Court found Indiana’s real property tax assessment system to be unconstitutional. Indiana had been assessing real property—land and buildings—for tax purposes using a unique system based on construction costs and depreciation by age. The court found that this system lacked a sufficient relationship to property wealth and was not based on objectively verifiable data.
While the court did not decide explicitly that Indiana must use a market value system, assessment rule changes made by the June 2002 tax restructuring effectively made Indiana a market value state. To lessen the resulting tax shift to homeowners, the legislature increased homeowner deductions, and increased the amount of state funds devoted to property tax relief. The funds were derived from the increases in the sales tax, cigarette tax, and the higher graduated riverboat wagering tax. Most of the added tax relief was delivered through a higher property tax replacement credit (PTRC) rate.

In Ohio County gross assessed values increased 97 percent, and taxable assessed values (after deductions) rose 71 percent. Tax rates dropped an average of 36 percent from 2002 to 2003. The total revenue realized from the property tax increased 11 percent, though a higher share came from state PTRC payments, paid out of state funds and replacing property taxes dollar for dollar.

How a particular taxpayer fares under reassessment depends on how much the taxpayer’s property’s assessed value increases, how much the tax rate falls, and for how much property tax relief the taxpayer’s property is eligible. It appears that reassessment increased the taxable assessed values of older homes, rental property, and farm land more, while the assessed values of newer homes, and commercial, industrial, and utility property increased less. In general, property taxes shifted from businesses to homeowners and farmers.

### Table 5: Estimated Grand Victoria Property Tax Payments by Unit, 2002 and 2003

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohio County</td>
<td>0.0033</td>
<td>0.0033</td>
<td>0.1%</td>
<td>0.2%</td>
<td>1,076</td>
<td>1,291</td>
</tr>
<tr>
<td>Randolph Township</td>
<td>0.6159</td>
<td>0.3912</td>
<td>25.7%</td>
<td>25.1%</td>
<td>200,886</td>
<td>153,081</td>
</tr>
<tr>
<td>Rising Sun City</td>
<td>0.0483</td>
<td>0.0273</td>
<td>2.0%</td>
<td>1.8%</td>
<td>15,754</td>
<td>10,683</td>
</tr>
<tr>
<td>Rising Sun Ohio Schools</td>
<td>0.3109</td>
<td>0.2232</td>
<td>13.0%</td>
<td>14.3%</td>
<td>101,405</td>
<td>87,341</td>
</tr>
<tr>
<td>Ohio County Library</td>
<td>1.3524</td>
<td>0.8707</td>
<td>56.5%</td>
<td>56.0%</td>
<td>441,108</td>
<td>340,714</td>
</tr>
<tr>
<td>S.E. Indiana Solid Waste</td>
<td>0.0496</td>
<td>0.0311</td>
<td>2.1%</td>
<td>2.0%</td>
<td>16,178</td>
<td>12,170</td>
</tr>
<tr>
<td>Total</td>
<td>2.3938</td>
<td>1.5562</td>
<td>100.0%</td>
<td>100.0%</td>
<td>780,778</td>
<td>608,958</td>
</tr>
</tbody>
</table>

Grand Victoria’s property tax payments to all Ohio County jurisdictions fell from $780,778 in 2002 to $608,958 in 2003, a 22 percent decline. This implies that Grand Victoria’s assessed values rose by a smaller amount than the county average of 97 percent. Riverboats are classified as commercial businesses, so this reduction is consistent with the general effect of reassessment across the state.

Table 5 shows the estimated property tax payments by Grand Victoria to the jurisdictions in which most of its property is located. In each year more than 95 percent of property tax payments go to Ohio County, Rising Sun City, or the Rising Sun–Ohio School Corporation. The shares received by each jurisdiction in 2002 and 2003 hardly changed, which means that all jurisdictions received less from Grand Victoria in 2003 than in 2002.

The results in this table should not be misinterpreted. The total revenues received by all these jurisdictions increased. Reassessment caused a shift in tax burdens, but did not affect the total revenues collected by jurisdictions. Grand Victoria is paying a smaller share of those revenues, which means that other taxpayers are paying more.
Incentive Payments

The largest impact of Grand Victoria in the Rising Sun area (outside of taxes) has been through incentive payments. These payments are the result of agreements that were made with Lawrenceburg as part of the application process. In its Certificate of Suitability, Grand Victoria agreed to provide incentive payments, as detailed below. In the original agreement, Grand Victoria donated one dollar per admission to the Rising Sun Regional Foundation. With the adoption of dockside gaming, the City of Rising Sun and Grand Victoria casino agreed that the Regional Foundation’s payment, effective August 1, 2002, will be based on a percentage of Grand Victoria’s adjusted gross receipts.

Incentive Payment Certificate Compliance

As Table 6 illustrates, Grand Victoria has provided $29.9 million in incentive payments since inception, with the majority falling in the first five years of operation. The economic impact of these contributions to the Ohio County economy is discussed in the section below.

Table 6: Schedule and Description of Incentive Payments

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Promised Amount</th>
<th>Recipient</th>
<th>Amt. Paid Through 7/31/04</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rising Sun Redevelopment Commission</td>
<td>$3,500,000</td>
<td>City of Rising Sun</td>
<td>$3,500,000</td>
<td>Complete year 3</td>
</tr>
<tr>
<td>Community Park</td>
<td>$500,000</td>
<td>City of Rising Sun</td>
<td>$500,000</td>
<td>Complete year 3</td>
</tr>
<tr>
<td>Rising Sun/Ohio County Convention, Tourism, &amp; Visitors Bureau</td>
<td>$300,000</td>
<td>City of Rising Sun</td>
<td>$300,000</td>
<td>Complete year 1</td>
</tr>
<tr>
<td>Contribution to Rising Sun Regional Foundation</td>
<td>$1 per admission, thru 7/31/02 1.85% AGR 8/1/02 thru 12/31/02 1.75% AGR 1/1/03 thru 12/31/03 1.65% AGR 1/1/04 thru 12/31/04 1.6% AGR 1/1/05 thru 12/31/05 1/1/06 thru subsequent years 1.55% if AGR &lt;$150M or 1.6% if AGR &gt;$150M</td>
<td>City of Rising Sun</td>
<td>$22,276,279</td>
<td>Current</td>
</tr>
<tr>
<td>Road improvement advance (loan to Rising Sun)</td>
<td>Up to $4,000,000</td>
<td>City of Rising Sun</td>
<td>$689,372</td>
<td>City has paid back loan through a reduction in admission tax</td>
</tr>
<tr>
<td>Road improvements</td>
<td>Up to $2,500,000</td>
<td>Indiana Department of Transportation</td>
<td>$2,500,000</td>
<td>Complete year 1</td>
</tr>
<tr>
<td>Reimbursement for legal, financial, consulting fees</td>
<td>Up to $112,500</td>
<td>City of Rising Sun</td>
<td>$112,500</td>
<td>Complete year 1</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>$29,878,151</td>
</tr>
</tbody>
</table>
Tax Revenue Collected

As Table 7 illustrates, Grand Victoria has paid almost $181 million in direct taxes to the state of Indiana since it opened.

Table 7: State Direct Taxes

<table>
<thead>
<tr>
<th>Category</th>
<th>FY1996-03</th>
<th>FY 2004</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming Tax (State Share)*</td>
<td>$152,881,548</td>
<td>$2,163,627</td>
<td>$155,045,175</td>
</tr>
<tr>
<td>Admission Tax (State Share)*</td>
<td>$19,911,939</td>
<td>($270,086)</td>
<td>$19,641,853</td>
</tr>
<tr>
<td>Sales and Use Tax</td>
<td>$5,400,687</td>
<td>$856,300</td>
<td>$6,256,987</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$178,194,174</strong></td>
<td><strong>$27,498,841</strong></td>
<td><strong>$180,944,015</strong></td>
</tr>
</tbody>
</table>

*Total tax collected minus city and county share. State share of admission taxes appear negative because the state returns more of the admission tax than it collects to maintain Rising Sun and Ohio County at the 2002 level of admission tax.

In addition, as Table 8 shows, Grand Victoria as paid over $102 million in direct taxes (gaming, admission, and property taxes) to the local area (city and county) since it opened.

Table 8: Local Direct Taxes

<table>
<thead>
<tr>
<th>Category</th>
<th>FY1996-03</th>
<th>FY 2004</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaming Tax (City Share)</td>
<td>$47,460,142</td>
<td>$6,595,315</td>
<td>$54,055,457</td>
</tr>
<tr>
<td>Admission Tax (County Share)</td>
<td>$19,097,060</td>
<td>$2,638,036</td>
<td>$21,735,096</td>
</tr>
<tr>
<td>Admission Tax (City Share)</td>
<td>$19,097,060</td>
<td>$2,638,036</td>
<td>$21,735,096</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$3,753,486</td>
<td>$921,792</td>
<td>$4,674,878</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$89,407,748</strong></td>
<td><strong>$12,792,779</strong></td>
<td><strong>$102,200,527</strong></td>
</tr>
</tbody>
</table>

Economic Impact of the Spending of Gaming-Related Local Taxes and Incentive Payments

As part of the five-year evaluation, the Center estimated the economic impact of local gaming-related taxes and incentive revenue spent by local governments and community foundations. As part of the eight-year evaluation, we continue to analyze the economic impact of the expenditure of gaming-related taxes and negotiated incentives by local governments and foundations. While we present the total eight-year economic impact of expenditures of gaming-related tax and incentive payments, the primary focus of the analysis is to describe the new economic impact resulting from the spending of local tax and incentive payments that has occurred since the five-year report. This analysis is based on expenditures of $22,003,233 made by the city of Rising Sun, the Rising Sun Regional Foundation, and by the cities, towns, and counties that participate in the revenue sharing plan.

The analysis is based on expenditures made during 2002 and 2003 as reported by Rising Sun and the Rising Sun Regional Foundation. The expenditure figure used in this analysis for the revenue sharing entities is an estimate. The estimate is derived by applying the percent expended by type of expenditure made between 1997 and 2003, to the total amount of revenue shared in 2002 and 2003. Stated differently, while the total amount of revenue shared in 2002 and 2003 is as reported, revenue expended by category is an estimate based on expenditure patterns between 1997 and 2003.
The total eight-year economic impact of the spending of local gaming-related tax and incentives payment from the Grand Victoria's opening on October 4, 1996, through 2003 exceed $98 million. Specifically, the expenditures of local gaming-related taxes and incentive payments made by the city of Rising Sun, the Rising Sun Regional Foundation, and the communities participating in the revenue sharing plan have generated an estimated:

- $98,967,915 in economic impact,
- $29,562,961 in employee compensation, and
- 1,778 new jobs (full time equivalents).

The estimated economic impact of expenditures of local gaming-related taxes and incentive payments since the five-year report (covering the years 2002 and 2003) is:

- $30,011,098 in economic impact,
- $9,560,198 in employee compensation, and
- 516 new jobs (full-time equivalents).

**Economic Impact of the Expenditure of Gaming-Related Local Taxes and Incentive Payments 2002-2003**

The expenditure by local governments and foundations of the gaming-related taxes and incentive payments make two important contributions to the local economy. The first contribution is the immediate economic impact of the expenditures as they work their way through the local economy. These benefits can be estimated through the use of an input/output model, and are important for the short term stimulus they add to the local economy. The second or long-term contribution of these investments is in the contribution they make to the fundamental competitiveness of the local economy. These longer term contributions can begin to be understood by looking at job creation and wage trends in the local economy.

**Direct Economic Impact 2002 – 2003**

Direct economic impact represents economic activity (as well as employment and wages) occurring at firms that directly contract to provide services funded by gaming-related revenue as well as firms (likely not-for-profits) that receive grants directly funded by gaming-related revenue. Specifically this analysis is based on $22,003,233 of gaming-related tax and incentive revenue spent by the city of Rising Sun, the Rising Sun Regional Foundation, and the communities participating in the revenue sharing program primarily on construction, infrastructure, equipment, and programs that provide local services. The spending of the slightly over $22 million in gaming-related tax and incentive revenue generated:

- $7,244,646 in employee compensation
- 404 new jobs (full-time equivalents).

**Indirect and Induced Economic Impact 2002 – 2003**

As the spending of the slightly over $22 million in tax and incentive payments works its way through the local economy (Dearborn, Ohio, Ripley, and Switzerland counties), it generates additional economic benefits for the community. For example, one of the new jobs may be an employee of a firm providing some of the infrastructure improvement attributable to gaming-related tax and incentive revenue paid by
the Grand Victoria and spent by the city of Rising Sun. As the worker and his or her family eat at local restaurants, shop in local stores, purchase a new automobile, and make home improvements, those expenditures and all other local expenditures generate additional economic activity. Similarly, the firm providing the infrastructure improvements needs to purchase materials, supplies, and perhaps equipment from other businesses. As with the employee, when purchased locally, the firm’s expenditures produce additional economic benefits. These benefits are known as the indirect benefits. Then as the firms and workers who indirectly benefit from the expenditure of tax and incentive spending by the city of Rising Sun or the Rising Sun Regional Foundation spend their money, it generates additional economic activity. This round of economic activity is known as the induced benefits.

The indirect and induced economic impact of the spending of gaming-related local tax and incentive payments made by the Grand Victoria is estimated to have generated an additional:

- $8,007,865 in indirect economic activity
- $2,315,552 in indirect employee compensation
- 112 indirect new jobs (full-time equivalents).
An Expenditure Category Analysis of Economic Impact

This section of the report will describe the total spending in each investment category and compare return on investment category by share of indirect benefit, wages generated by public investment, and jobs relative to direct expenditures. The two largest categories of investment were construction ($8.7 million) and programs ($5.4 million). Together these categories accounted for more than 64 percent of all expenditures made by Rising Sun, the Rising Sun Regional Foundation, and the communities participating in the revenue sharing program. Other expenditure categories include capital equipment, infrastructure, landscaping, the rehabilitation or modification of existing structures, and the purchase of land. Figure 3 displays the total investment and investment share for each type of gaming-related expenditure.

Figure 3: Estimated Expenditure by Type of Public Investment
Figure 4 displays the direct and total economic activity estimated to be generated by each category of public expenditure as it works its way through the local economy.

**Figure 4: Direct and Total Economic Activity by Type of Public Investment**

- **Real Estate**
  - Direct: $592,702
  - Total: $469,959

- **Landscaping**
  - Direct: $235,016
  - Total: $165,609

- **Equipment**
  - Direct: $3,538,932
  - Total: $2,663,019

- **Infrastructure**
  - Direct: $3,928,427
  - Total: $5,287,990

- **Building Rehab**
  - Direct: $883,536
  - Total: $641,098

- **Programs**
  - Direct: $5,413,155
  - Total: $7,584,639

- **Construction**
  - Direct: $8,721,966
  - Total: $11,888,283

**Economic Impact**
- [ ] Direct
- [ ] Total
Indirect Impact as a Share of Total Impact

As in the stock market, different investments made by the city of Rising Sun, the Rising Sun Regional Foundation, and the communities participating in the revenue sharing program will have different rates of return (as measured by share of indirect impact) within the four-county study area. Figure 5 displays indirect and induced impact as a share of total impact in each category. The share of indirect impact will vary because different types of expenditures engender different local spending behaviors.

While the indirect share of total economic impact within the four-county area is lower than for many of the other Indiana casinos, this should not be interpreted as evidence of poor performance or poor investment patterns on the part of the city of Rising Sun, the Rising Sun Regional Foundation, or the revenue sharing communities rather it is a function of the relatively small amount of local economic capacity within the four county study area that is available to capture the indirect and induced economic activity. Furthermore, while the immediate rate of return is highest for Landscaping (30 cents of indirect impact per $1 of public investment) and Program Operations (29 cents of indirect impact per $1 of public investment) many studies indicated that the long-term benefits of public investments in infrastructure, facility construction, and capital equipment investment include higher wages, more jobs, and increased property value.

Figure 5: Indirect and Induced Impact as a Share of Total Impact (Direct, Indirect, and Induced) by Category
Direct Expenditures and New Wages

Figure 6 displays the amount of direct expenditures required to produce $1 of new direct and indirect local wages. This amount varies because wages vary by type of industry and as a result of industry sectors having differing wage versus material and capital equipment expenditure rates. In the four-county study area, program expenditures are the most efficient in generating new wages, with only $1.56 of direct investment required to generate $1 of direct and indirect wages. Infrastructure, construction, and landscaping investments, which typically have a higher share of material and equipment expenditures, each require nearly $3 in direct expenditures to generate $1 of new wages. The costs of real estate transactions are typically capped at approximately seven percent of the total transaction cost. Thus real estate transactions require a much higher direct expenditure to generate a dollar of new wage.

Figure 6: Direct Expenditures per $1 of New Employee Compensation
Direct Expenditures and New Jobs

Figure 7 displays the amount of direct expenditures by investment type required to produce a new (either direct or indirect) job in the four-county local economy. Much of the variance is attributable to the varying degree of labor intensity by economic sector. It is important to understand that while it only requires $24,831 of direct expenditures to create a new job associated with programmatic investment as compared to over $71,000 to create a job associated with construction investment and nearly $94,000 to create a real estate related job, the average wage for a landscaping job, directly attributed to programmatic investment, is $15,394 while the average wage for a construction job directly related to construction investment is $25,953.

Figure 7: Direct Expenditures per New Job Created
Community Impacts

Local Spending and Contributions
Grand Victoria has spent money locally for both capital and operating expenses as well as through sponsorships and contributions. As Table 9 illustrates, since opening, Grand Victoria has spent over $20.2 million locally (in Ohio, Ripley, Dearborn, and Switzerland counties). Additionally, Grand Victoria has impacted the Rising Sun area through $513,738 in sponsorships and contributions to local area organizations, primarily in the form of donated golf or hotel packages. This figure excludes any contributions that were part of the local development agreement, which are discussed under Incentive Payments.

Table 9: Local Spending, Sponsorships, and Contributions

<table>
<thead>
<tr>
<th></th>
<th>1996-00</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>Thru 7/31/04</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Spending</td>
<td>$14,676,762</td>
<td>$1,763,017</td>
<td>$1,412,007</td>
<td>$1,635,008</td>
<td>$729,946</td>
<td>$20,216,740</td>
</tr>
<tr>
<td>Sponsorships/Contributions</td>
<td>$104,017</td>
<td>$30,463</td>
<td>$112,285</td>
<td>$197,387</td>
<td>$69,586</td>
<td>$513,738</td>
</tr>
</tbody>
</table>

Community Input
Another way to determine impact in the local community is to listen to the views of members of the local community. Center staff conducted three focus groups in Rising Sun with:

- Community leaders including representatives of law enforcement,
- Local business leaders (retail, restaurant, hotel, convention from Rising Sun and Lawrenceburg), and
- Social services providers (from or serving Rising Sun and/or Lawrenceburg).

The questions asked were broad to allow the participants to raise issues of importance to them and covered positive and negative impacts, strengths and weaknesses, and opportunities and threats. While there were some differences among the groups, which are described below, overall the following themes resonate with all three groups:

- Gaming revenue has funded infrastructure improvements such as roads, bridges, sidewalks
- Gaming funded new construction or improvements to public facilities:  
  - City administration building, courthouse addition, firehouse  
  - Medical center that helps those with no insurance (no doctor in town previously)  
  - Community park and pool  
  - Historical Society improvements  
  - New or improved parks, trails, sporting facilities, fitness trails, and riverfront development
- Education has benefited:  
  - Public school endowment  
  - Foundations helped decrease school debt  
  - Scholarships for high school students and continuing education
- Rising Sun has been a model in revenue sharing with other counties
• County and city offices have improved technology including improved equipment for police and highway departments
• Economic Development has improved:
  - Arts and cultural community and offshoot businesses wouldn’t have been possible without casinos (because of revenue and city name recognition). Artists are moving into the community and fixing up properties.
  - More local businesses—restaurants, entertainment
  - Tourism—golf course
  - Increased support for cultural and civic activities
• Increased employment opportunities from the casino as well as other opportunities and no longer a “bedroom community” because more and better jobs are available
• Poverty has decreased in relation to total population
• Increased awareness of social problems and the available resources to deal with them
• Endowments/Rainy Day Fund help prepare the city for the future
• Increased long-term planning by the government and community

While in general most comments were positive and all agreed that the positives outweighed the negatives, there were some negatives mentioned:

• The most noticeable increase in crime has been in alcohol-related offenses. However, these decreased once the hotel was in use.
• Traffic and housing shortages keep more people from moving into the community
  - Lowest school enrollment in 10 years. Less students=less revenue.
• Perception is that there is a lot of money in the city/county.
  - The most difficult thing for public officials is to set priorities—there are lots of legitimate wants and needs
  - Local agencies are sometimes not given grants because they have riverboat revenue (i.e., penalized for having gaming revenue)
• Legislation—it is possible to tax the boats right out of the state. Also, there is a concern about the state taking any more riverboat revenue from the local governments
• Grand Victoria hasn’t made any expansions—they have actually ended some things (e.g., shows), and it doesn’t do enough to promote itself or the community
• It would hurt the Rising Sun community if Argosy expanded even more (currently no cap). They would benefit if all casinos received an equal cap.
• City and county are reliant on riverboat revenue

Other Issues
According to Grand Victoria, 79 lawsuits have been filed against them since 1996; 31 patrons (primarily slip and fall), 43 by employees, and 5 commercial. According to the chief of police of Rising Sun, the main increase in crime in the area that can be attributed to the riverboat is alcohol-related crimes, (driving under the influence, public intoxication, etc.) which peaked after the first few years and has since leveled off.
Grand Victoria has made efforts to minimize negative impacts. Grand Victoria has mandatory employee training on compulsive gambling. This includes distribution of materials to employees to enhance their awareness of problem gambling. Grand Victoria provides an employee assistance program for compulsive gambling and their medical insurance covers compulsive gambling. Grand Victoria is a member of the Indiana and Kentucky Council on Problem Gambling and has established a responsible gaming committee that reviews training, discusses new programs, and plans participation in responsible gaming awareness activities.

Grand Victoria has a voluntary self-eviction program for individuals who wish to be banned from the facility. Upon request, they are removed from all mailings and promotions, their credit limit, if any, is reduced to zero, and their check cashing privileges are revoked. If they are identified on the boat, they are subject to arrest for trespassing. Individuals are barred for a minimum of 180 days. Since July 1, 2001, 191 individuals have used this program.

Grand Victoria’s program also includes the provision that an individual can be involuntarily excluded for a minimum of 30 days when requested in writing by a family member. The involuntarily excluded individual then meets with senior casino management to review the written request, explain the self-exclusion and then make a determination if the involuntary exclusion should remain in effect beyond 30 days. Since the program’s inception, one family member has utilized the process and the individual was involuntarily barred for approximately 120 days.

As Table 10 indicates, in an effort to prevent underage gambling, Grand Victoria has verified 295,685 identifications and turned away 2,728 patrons since it opened.

**Table 10: Grand Victoria’s Efforts to Prevent Underage Gambling**

<table>
<thead>
<tr>
<th></th>
<th>1996-00</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004 through 7/31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of I.D.s verified</td>
<td>54,591</td>
<td>78,245</td>
<td>66,110</td>
<td>58,179</td>
<td>38,560</td>
<td>295,685</td>
</tr>
<tr>
<td>Number of patrons turned away (under 21 or no ID)</td>
<td>657</td>
<td>916</td>
<td>547</td>
<td>375</td>
<td>233</td>
<td>2,728</td>
</tr>
</tbody>
</table>
Employment

Grand Victoria did not identify specific hiring goals for minorities, or local residents in its application. As of July 31, 2004, 3 percent of Grand Victoria employees were minorities, and 29 percent were from Ohio County with an additional 55 percent from surrounding counties (Ripley, Dearborn, Switzerland, and Jefferson).

As Table 11 indicates, as of July 31, 2004, Grand Victoria had employment of 1,254 persons in both the casino and hotel, below their eight-year average of 1,504 and significantly down from their highest employment level of 2,326 in 1997. For 2003, salaries and wages were $32.2 million, including tips to dealers (but not to bar and wait staff), and since opening, Grand Victoria has paid $288 million in wages, tips, and benefits.

Table 11: Employment and Wages

<table>
<thead>
<tr>
<th>Category</th>
<th>1996-2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>As of 7/31/04</th>
<th>Average/Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Employment</td>
<td>2,018</td>
<td>1,471</td>
<td>1,362</td>
<td>1,416</td>
<td>1,254</td>
<td>1,504</td>
</tr>
<tr>
<td>Wages and tips</td>
<td>$171,434,033</td>
<td>$32,043,200</td>
<td>$31,783,079</td>
<td>$32,158,275</td>
<td>$20,393,895</td>
<td>$287,812,482</td>
</tr>
<tr>
<td>Average wages and tips per employee</td>
<td>$21,249</td>
<td>$21,783</td>
<td>$23,336</td>
<td>$22,711</td>
<td>$24,192</td>
<td></td>
</tr>
</tbody>
</table>

Grand Victoria Workforce: A Survey of Employees

To assist in the eight-year license evaluation of the Grand Victoria casino the Center conducted a survey of current Grand Victoria employees in August 2004. Previously, in fall 2001, the Center conducted a survey of Grand Victoria employees for the five-year licensure hearing. The survey and accompanying analysis are intended to help the Gaming Commission determine the impact of the Grand Victoria on the local workforce. Responses to the current survey will be compared to those from the previous survey, where applicable. The analysis is divided into four topic areas:

1. A brief description of the respondents and their history
2. The respondents’ employment history prior to beginning work at Grand Victoria
3. The initial experience of the respondents’ upon beginning work at Grand Victoria
4. The respondents’ current situation

An Overview of the Respondents

There were 218 survey respondents, but none of the individual survey questions had 218 responses. For example, 213 individuals responded to the question concerning gender. Of those who responded, 80 or 38 percent were male and 133 or 63 percent were female. The average age of the respondents was 43 years and 3 months, the oldest respondent age reported was 80 and the youngest was 20.
The most common number of individuals in a household was two (38 percent). An additional 33 percent of the respondents indicated that they belonged to either a three or four person household which likely indicates the presence of children. Sixteen percent of the households were single person. Figure 8 displays the total number households according to size.

Figure 8: Total Number of Individuals in Household
Nearly 80 percent of the respondents reported having a high school diploma, some college, or an Associate degree as their highest level of education. An additional 17 percent reported receiving a college degree or an advanced degree. Slightly less than four percent had not completed high school. Figure 9 summarizes the educational achievement of all respondents.

**Figure 9: Highest Level of Education**

![Bar chart showing the distribution of educational levels among respondents.]

- Advanced Degree: 8
- College Degree: 29
- Associate Degree: 24
- Some College: 53
- High School: 94
- Primary School: 8

**Employment History Prior to Beginning Work at Grand Victoria**

Based on responses to the current survey, the majority of respondents were employed in full-time jobs prior to beginning work at Grand Victoria. Slightly over one-third of the respondents were unemployed prior to beginning work at Grand Victoria (Table 12).

**Table 12: Employment Status Prior to Beginning Work at Grand Victoria**

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed full-time prior to beginning work at Grand Victoria</td>
<td>56 percent</td>
</tr>
<tr>
<td>Employed part-time prior to beginning work at Grand Victoria</td>
<td>10 percent</td>
</tr>
<tr>
<td>Unemployed prior to beginning work at Grand Victoria</td>
<td>34 percent</td>
</tr>
</tbody>
</table>
Figure 10 compares the responses from the current survey to responses from the five-year licensure evaluation survey. Responses to the current survey are separated into employees who began work since the 5-year survey and evaluation (those who began work in the last three years) and those who were working at the time of the last survey and evaluation (began work at least four years ago). The responses suggest that in the last three years there has been a marked increase in the share of previously unemployed persons beginning work at the Grand Victoria. The share of previously unemployed for those who began work in the last three years was 42 percent compared to 31 percent of those who began work at least four years ago and 28 percent of those who responded to the five-year survey.

Figure 10: Employment Prior to Beginning Work at Grand Victoria
Based on all responses to the current (eight-year) survey, the majority of the respondents who identified a specific type of previous work were employed in either the service sector (23 percent of all responses), retail sector (20 percent), or at a different casino (21 percent) prior to beginning work at Grand Victoria. Previous employment at a different casino is a new employment category added to the Grand Victoria and Argosy surveys (and all future eight-year surveys) as a result of an increasingly large share of other responses linked to previous casino employment in prior eight-year surveys.

Figure 11 shows that working at a different casino was the most common previous employment for those who have been working at the Grand Victoria for at least four years (22 percent).3 Other common employment for these employees who were manufacturing, retail, and service. For employees beginning work at Grand Victoria in the last three years, the service sector was the primary type of previous employment for those that responded to the survey (26 percent). While the retail and service sectors have remained as significant previous employment sectors for newer employees, manufacturing has declined from 20 percent to less than 6 percent.

**Figure 11: Sector of Employment Prior to Beginning Work at Grand Victoria**

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5 As a result of the new category comparisons to the previous five-year survey are no longer possible, however by breaking the current eight-year survey responses into the categories began work in last three years and four or more years the analysis can identify differences in those who were working at Grand Victoria prior to the five-year survey and those that began work after the five-year survey.
Beginning Work at Grand Victoria

As shown in Figure 12, of the specified reasons for beginning work at Grand Victoria, more money has consistently been the leading response. This was true for those who began work in the last three years as well as for those that have worked at Grand Victoria for four or more years and those who responded to the five-year survey. The share of respondents citing more money as the primary reason for beginning work is smaller than for the other two groups, but for those that have begun work in the last three years the share of respondents suggesting that the reason advancement opportunities is higher. The most commonly cited other reasons were the desire to change jobs and flexibility in hours and days worked.

Figure 12: Reason for Beginning Work at Grand Victoria
Figure 13 displays the starting wage for the 179 respondents that work full time and reported a starting annual income. Ninety-nine or 55 percent reported a beginning annual income at Grand Victoria of less than $20,000 and an additional 32 percent reported a beginning annual income of between $20,000 and $39,999. The average annual income upon beginning work at Grand Victoria was $25,240 and the median was $19,000.

Figure 13: Beginning Wage at Grand Victoria

<table>
<thead>
<tr>
<th>Beginning Salary Range</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than $60,000</td>
<td>8</td>
</tr>
<tr>
<td>$40,000 - $59,999</td>
<td>15</td>
</tr>
<tr>
<td>$20,000 - $39,999</td>
<td>57</td>
</tr>
<tr>
<td>Less than $20,000</td>
<td>99</td>
</tr>
</tbody>
</table>
Only 40 percent of the 112 respondents reporting a prior annual wage and a beginning wage at Grand Victoria received a raise upon beginning their new job. Fifteen respondents received a raise of $5,000 or less and 30 received a raise of more than $5,000. Fifty-six employees reported experiencing a decline in annual pay upon beginning work at Grand Victoria. Even though less than half of those reporting both salaries received a raise the average increase for all employees reporting both previous and starting wages was $1,737 while the median change in wages was a negative $250 (Figure 14).

Figure 14: Change in Annual Wage on from Previous Job to Start Grand Victoria
Current Experience
The average annual income of the 185 Grand Victoria employees responding to this question was $34,080 and the median was $28,000. As shown in Figure 15, 47 or 25 percent of those responding earn less than $20,000 per year. Sixty-six percent of those responding earn between $20,000 and $59,999. In 2002, the Bureau of Economic Analysis reported that the per capita income in the four-county study area\(^6\) ranged from a high of $28,436 in Dearborn County to a low of $20,435 in Switzerland County.

Figure 15: Current Annual Wages of Grand Victoria Employees

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\(^6\) The four county study area consist of Dearborn, Ohio, Ripley and Switzerland counties.
The average length of employment at Grand Victoria for the 215 employees responding to this question was 4 years and 11 months and the median was 6 years. Figure 16 displays the number of employees and years worked. Slightly over 44 percent of those responding have worked at Grand Victoria for 7 or more years and slightly less than 29 percent have worked at Grand Victoria for less than two years.

Figure 16: Years Worked at Grand Victoria
As shown in Figure 17, only 26 respondents or 12 percent report working less than 35 hours per week. Eighty-eight percent report working 35 or more hours.

Figure 17: Number of Hours Worked per Week at Grand Victoria
Training and re-training are important components of building an economically competitive workforce. As shown in Figure 18, many more Grand Victoria employees are receiving job-related training than receive either tuition reimbursement or choose to pay for additional skill-building opportunities on their own. When comparing non-job-related training and educational opportunities, five more Grand Victoria employees reported paying for their educational opportunity than reported receiving tuition reimbursement from Grand Victoria.

Figure 18: Training and Education Opportunities for Grand Victoria Employees

As might be expected the likelihood of receiving job-related training from Grand Victoria increased as the number of years worked increased. For example, the percent of those reporting in-house job-related training increased from 52 percent of those that have worked at Grand Victoria for less than one year to 86 percent of those who have worked for Grand Victoria for eight or more years.

The annual share of survey respondents who reported receiving tuition reimbursements from the Grand Victoria varied widely. For example, eight percent of those who reported working at the Grand Victoria for less than a year reported receiving tuition reimbursement but no one who reported working at the Grand Victoria between one year and less than three years reported receiving the tuition reimbursement benefit. Tuition reimbursements peaked for respondents who worked at Grand Victoria for four years (27 percent) and for respondents who worked 8 or more years (25 percent).
The share of Grand Victoria employees who reported paying for their own education and training opportunities generally increased with the number of years worked. For example, only eight percent of those working less than one year reported paying for their own education, but 31 percent of those working seven years at the Grand Victoria reported paying for their own educational opportunity. Exceptions to this rule are respondents with one year and six years of experience, each of which report no one paying for additional educational opportunities.

Of the 111 respondents reporting a change in place of residence since beginning work at the Grand Victoria, 36 or 33 percent reported moving from rental status to home ownership (Figure 19). Forty-two respondents reported moving from one home to another. One hundred thirty-eight respondents reporting purchasing a car, van, or truck, and 64 reported completing a home remodeling effort.

Figure 19: Changes in Housing Status since Beginning Work at Grand Victoria
Business Climate Impacts

Advocates of legalizing Indiana riverboats argued that riverboats would contribute to local economies of stressed areas through newly created job opportunities and promises for increased wages. Advocates also contend that private local business establishments would benefit through increased consumption of goods and services from the influx of casino patrons and employees. Others argued that riverboats would have detrimental effects through cannibalization of existing business establishments. That is, opponents argued that riverboats with attached hotels and restaurants would provide a substitute for local consumption within local riverboat communities. As riverboats provide relatively higher paying jobs, some existing local establishments may not be able to compete for labor.

A study released by the Indiana Gambling Impact Study Commission in 1999 found that all Indiana riverboat communities were suffering from lower than normal economic conditions prior to riverboats beginning operations. Following the introduction of riverboats in these counties, the overall employment, wages and number of firms generally were higher or comparable to statewide trends. This analysis expands upon the 1999 Indiana Gambling Impact Study Commission report, focusing on county-level employment, wage, and number of establishments using a special aggregation of ES202 data provided by the Indiana Business Research Center.\(^7\)

This section complements the economic impact study in this evaluation. The economic benefits measured in that section show direct and total investment of dollars from tax revenues and incentive payments. This section is different in this report than in the other eight-year riverboat evaluations. It does not include the identification of industries that have experienced observable changes after the commencement of gaming in Ohio County. The economy of Ohio County is too small to perform this analysis lower than the county level because of data suppression issues.\(^8\)

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\(^7\) The ES-202 program produces a comprehensive tabulation of employment and wage information for workers covered by state unemployment insurance laws. Publicly available files include data on the number of establishments, monthly employment, and quarterly wages, by industry, at the three-digit level North American Industry Classification System, by county, by ownership sector, for the entire United States.

\(^8\) ES202 data are suppressed if industries have less than three firms or if one firm accounts for over 80 percent of industry employment. Data are suppressed to protect the privacy of individual firms.
Changes in Unemployment

As Figure 20 illustrates, the unemployment rate in Ohio County was higher than the aggregated rate of all non-riverboat Indiana counties each year prior to 2001. Before the riverboat, unemployment was over one percent higher almost every year. After the riverboat (1996), the unemployment rate dropped nearer to the aggregate of non-riverboat counties. By 2001, unemployment in Ohio County was lower than the non-riverboat county unemployment.

Figure 20: Unemployment Rates for Ohio County and Indiana, 1993-2003

Changes in Total Jobs, Establishments, and Wages

Figures 21, 22, and 23 compare trends in total number of jobs, total number of establishments, and average wage per employee between Ohio County and the aggregate of non-riverboat counties for the 13-year period beginning in 1991 and ending in 2003. These data reflect third quarter figures. The trend lines take 1991 as the base year and compare each of the following years to those levels. Thus, 1991 as the base year is set to 100, and the subsequent years can be read as annual percentage change from the base year, much like the consumer price index. The focus on the analysis is on whether or not there are observable changes that occurred after gaming commenced in Ohio County and whether or not those changes are divergent from trends during the same time period in the aggregate of non-riverboat counties.
As shown in Figure 21, growth in total number of jobs in Ohio County lagged the growth in non-riverboat counties. After the commencement of gaming job growth grew rapidly and remained at this higher level through the third quarter 2003. The peak in growth of jobs after 1991 was in 1997 when it was over 350 percent higher than the previous six years. That growth was much higher than the 14 percent growth during the same time period in the aggregate of non-riverboat counties. The accentuated growth reflects the addition of over one thousand riverboat jobs to a county economy that had just over 500 total jobs before riverboat was opened.

Figure 21: Comparison of Trends in Total Jobs
Figure 22 shows that the total number of establishments in Ohio County was 25 percent greater in 2003 than in 1991. That number is over two times greater than the 12 percent increase in the number of establishments reported in the aggregate of non-riverboat counties over the same time period. The growth in establishments began in the same year riverboat gaming began in 1996.

Figure 22: Comparison of Trends in Total Number of Establishments
Figure 23 indicates that wages in Ohio County grew consistently with wages in the aggregate of non-riverboat counties prior to 1996. However, after riverboat gaming began in 1996 in Ohio County, average wages began to grow at a faster rate than the aggregate of non-riverboat counties. By 2003, average wages had grown by 94 percent in Ohio County compared to 49 percent growth in the non-riverboat counties.

Figure 23: Comparison of Trends in Average Wage
Current Financial Position and Future Plans

Grand Victoria Casino and Resort, LP, (Grand Victoria) has applied for a renewal of its gaming license in Indiana. The purpose of this report is to provide the Indiana Gaming Commission with assessments of the financial viability of the operation for the next three years and the financial strength of the parent organization, H. Group Holding, Inc. Grand Victoria is 80 percent owned by Indiana RBG LP, a subsidiary of H. Group Holding, Inc., and 20 percent owned by RSR, LLC. Grand Victoria is the only asset of Indiana RBG. The property is managed by Hyatt Gaming Management, Inc., an affiliate of RBG.

H. Group Holding, Inc., is a private holding company owned indirectly by trusts for the benefit of the Pritzker family. The primary businesses of H. Group Holding, Inc., are the operation and ownership of Hyatt Hotels in North America, the management of retirement facilities, the leasing of equipment including personal computers, computer workstations, temporary storage tanks, and related products. In fiscal year 2003, H. Group Holding, Inc., had total assets of $5.3 billion, which produced sales of $2.78 billion. Grand Victoria represented about two percent of total assets of the holding company and is the only gaming operation owned and managed by the parent company.

Description of Operations

Grand Victoria Casino and Resort, LLC, commenced gaming operations on October 4, 1996, in Rising Sun, Indiana. Grand Victoria Casino and Resort, LP, (Grand Victoria) a Delaware limited partnership, was formed in January 1999 as a successor to Grand Victoria Casino and Resort, LLC.

In 2003, Grand Victoria had total assets of $107.5 million and produced total net revenues of $135.5 million. About 88 percent of total gross revenue was generated in the casino. Cash flow generated from the operation in 2003 (EBITDA or Earnings before interest, taxes, depreciation and amortization and management fee) was $30.2 million or about 22.3 percent of net revenue.

Grand Victoria's balance sheet is lightly levered with total long-term debt at the end of 2003 of $59 million. The obligation is a reducing revolving credit facility that matures in 2005 but may be extended at that date. The credit facility has a floating interest rate that is based on the company's leverage ratio. Using interest rate swaps, the company has locked in an interest rate of 6.59 percent on the debt until 2005.
Grand Victoria Relative to the Parent

Basic data presented in Table 13 provide a snapshot of the financial position and operating performance measures for H. Group Holding and Grand Victoria for 2003.

| Table 13: H. Group Holding and Grand Victoria Basic Data, 2003 ($ millions) |
|--------------------------------------------------|------------------|------------------|
| Total Assets                                    | $5,256           | $107.5           |
| Net Revenue                                     | 2,781            | 135.5            |
| EBITDA                                          | 485              | 30.2             |
| Long-Term Debt                                  | 1,581            | 59               |
| Ratios                                          |                  |                  |
| Revenue/Total Assets                            | 0.53             | 1.26             |
| EBITDA/Revenues %                               | 17.4             | 22.3             |
| LTD/EBITDA                                      | 3.26             | 2.4              |

The H. Group Holding is a very large business with a high level of fixed assets (hotels and manufacturing facilities). At year-end 2003, the company held cash plus marketable securities of $595 million and generated cash flow in 2003 of $485 million on sales of $2.78 billion. The company is highly liquid and is also conservatively levered with long-term debt at 3.26 times operating cash flow. Between 2000 and 2003, total revenue for the holding company increased by about 20 percent and total assets increased by 22 percent. But annual cash flow declined by 31 percent during the period.

In the last three years, net revenue achieved by Grand Victoria has been constant at about $136 million annually. Operations in 2003 were strong, producing a cash flow return on total revenues of 22.3 percent. The long-term debt obligation for the Rising Sun operation relative to dollars of cash flow generated (Long-term Debt/EBITDA) in the most recent year was a very conservative 2.4 times.

The productivity and profitability of the Grand Victoria declined in terms of its importance to the parent holding company between 2000 and 2003 (Table 14). In 2000, the net revenues of the Grand Victoria Casino represented almost seven percent of total revenues for the holding company. In 2003, that percentage had declined to five percent. Operating cash flow for the subsidiary grew faster than that for the parent. In 2000, the operating cash flow generated by Grand Victoria Casino was almost five percent of that for the holding company. That percentage increased to 6.2 percent in 2003.

| Table 14: Grand Victoria Casino as Percent of Total Consolidated Accounts for H. Group Holding |
|--------------------------------------------------|------------------|------------------|
| Revenues                  | 9.81% | 7%   | 5%   |
| Operating Income          | 13.45 | 5.03 | 8.49 |
| EBITDA                    | 11.52 | 5.1  | 6.2  |


During the three-year period, 2001-2003, Grand Victoria generated cumulative cash flow (Net Income (before tax) plus Depreciation) of $74.7 million. The company reinvested $17.6 million in equipment and
upgrades and distributed $56.5 million to the owners. At the beginning of 2001, the owners' investment had a book value of $47.1 million. At the end of 2003, the equity balance was $33.1 million. The owners earned an average annual rate of return on average investment during the three-year period of about 47 percent.

**Grand Victoria’s Projected Performance 2004 – 2006**

In the 2004-2006 period, the company expects (analysis based on forecasts provided by Grand Victoria) the operating performance of the Rising Sun operation to improve slightly. The financial projections reflect the assumption that annual revenue will increase by about 2.5 percent annually after 2003, with operating cash flow (EBITDA) before management fees increasing to 23.6 percent of revenue. With planned reinvestment in fixed assets that is less than depreciation expense, the total book value of assets declines to $89.9 million by 2006 from $107.5 million in 2003. In the forecasted period, the average annual depreciation expense is $9.7 million while the planned annual capital expenditures is $4.5 million. Long-term debt is paid down such that by 2006, the ratio of long-term debt relative to EBITDA is expected to approach 1.04. The ratio of long-term debt relative to equity declines to 0.88.
In the forecasted period (2004–2006), operations are expected to produce positive cumulative cash flows of $73 million (Table 15). The plan will reinvest a total of $13.5 million in equipment and upgrades and distribute almost $38 million to shareholders while retiring $23 million in debt. Even with these payouts, there is still ample free cash flow that could be used to expand the Rising Sun facility if it were necessary. However, the plan does not indicate such expansion plans (Table 16). The operating plan for the next three year period reflects a strategy for taking capital out of the operation while maintaining a relatively steady-state level of revenue. The plan for Grand Victoria does provide the state of Indiana with prospects for only slightly higher tax revenues in the next three years.

### Table 15: Grand Victoria Projections (S millions), 2004-2006

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2004</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$107.5</td>
<td>$100.9</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>135.5</td>
<td>139.2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>30.2</td>
<td>32.8</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>59</td>
<td>52</td>
</tr>
<tr>
<td><strong>Ratios</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue/Total Assets</td>
<td>1.26</td>
<td>1.38</td>
</tr>
<tr>
<td>EBITDA/Revenue</td>
<td>22.3%</td>
<td>23.6%</td>
</tr>
<tr>
<td>LTD/EBITDA</td>
<td>2.4</td>
<td>1.59</td>
</tr>
</tbody>
</table>

### Table 16: Cash Flow Actual (A) and Projected (E) for Grand Victoria (S millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>$135,925</td>
<td>$135,462</td>
<td>$139,161</td>
<td>$142,640</td>
<td>$146,206</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>103,204</td>
<td>110,833</td>
<td>106,365</td>
<td>109,024</td>
<td>111,749</td>
</tr>
<tr>
<td>EBITDA</td>
<td>32,721</td>
<td>24,629</td>
<td>32,796</td>
<td>33,616</td>
<td>34,456</td>
</tr>
<tr>
<td>Management Fees</td>
<td>5,837</td>
<td>6,074</td>
<td>5,909</td>
<td>6,056</td>
<td>6,208</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>6,306</td>
<td>6,622</td>
<td>4,500</td>
<td>4,500</td>
<td>4,500</td>
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<tr>
<td>Distribution to Owners</td>
<td>25,050</td>
<td>11,500</td>
<td>12,000</td>
<td>13,000</td>
<td>13,000</td>
</tr>
<tr>
<td>Debt Retirement</td>
<td>0</td>
<td>6,000</td>
<td>7,000</td>
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<td>8,000</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>-4,473</td>
<td>431</td>
<td>10,387</td>
<td>10,059</td>
<td>10,748</td>
</tr>
</tbody>
</table>

### Grand Victoria Relative to Other Ohio River Riverboat Operations

The historical performance of Grand Victoria is compared with that of two other riverboat operations in Indiana: Argosy–Lawrenceburg and Aztar Evansville (Table 17). Grand Victoria competes with the Argosy boat located near the Cincinnati market, a much more populous market area relative to that served by Aztar. Argosy is a larger physical facility relative to the other two boats with a larger original asset base (original capital investment of $200 million).
In the comparison of Grand Victoria operations with those of Argosy and Aztar gaming facilities, one sees immediately that Grand Victoria has been stagnant in terms of annual revenue growth for the last three years. This may be attributable to the initiation of operations by the Belterra facility and continued fierce competition from Argosy. The level of profitability for the Rising Sun operation is well below that of the other two facilities when measured in terms of cash flow relative to revenues, especially in 2003. The amount of long-term debt used by the Grand Victoria is high relative to the other two riverboats, holding constant operating cash flows (EBITDA). However, all three of these facilities are very conservatively financed.

<table>
<thead>
<tr>
<th>Table 17: Grand Victoria Performance Relative to Ohio River Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casino</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Aztar Evansville</td>
</tr>
<tr>
<td>Revenue millions $</td>
</tr>
<tr>
<td>Revenue/Total Assets</td>
</tr>
<tr>
<td>EBITDA/Revenue %</td>
</tr>
<tr>
<td>LTD/EBITDA</td>
</tr>
<tr>
<td>Argosy Lawrenceburg</td>
</tr>
<tr>
<td>Revenue millions $</td>
</tr>
<tr>
<td>Revenue/Total Assets</td>
</tr>
<tr>
<td>EBITDA/Revenue %</td>
</tr>
<tr>
<td>LTD/EBITDA</td>
</tr>
<tr>
<td>Grand Victoria</td>
</tr>
<tr>
<td>Revenue Millions $</td>
</tr>
<tr>
<td>Revenue/Total Assets</td>
</tr>
<tr>
<td>EBITDA/Revenue %</td>
</tr>
<tr>
<td>LTD/EBITDA</td>
</tr>
</tbody>
</table>

H. Group Holding, Inc.

H. Group Holding, Inc. is a privately-owned company that holds a range of assets involved in a range of businesses including gaming, hotel management, hotel ownership, equipment leasing, and aircraft manufacturing. In 2000, it had total assets of $5.3 billion and generated total revenue of $2.8 billion. About $600 million of the assets were cash and marketable securities. In 2003, it had total long-term debt obligations with face value of $1.58 billion and equity of $1.94 billion. As a diversified holding company, H. Group Holdings operates more like a financial institution managing a portfolio of financial assets than a company operating and managing real assets in a specific industry.

H. Group Holdings does not directly manage Grand Victoria Casino. Grand Victoria has a management agreement with Hyatt Gaming Management, a subsidiary of Indiana RBG LP, to operate the casino and related facilities through year-end 2026. The management agreement specifies that the manager will be paid three percent of net revenues and five percent of casino EBITDA.

Summary of Financial Position

Since the initiation of dockside gaming in 2001, Grand Victoria has produced a level amount of cash flows for the state of Indiana and plans to grow revenues slowly. The operation produced a generous rate of return on investment for the parent company and owner, H. Group Holdings and plans to continue to do
so. As a subsidiary of such a large and diversified organization, Grand Victoria benefits from the professional hotel and gaming management skills of the Hyatt organization and its financial stability and market power. The financial analysis provided in this report supports the conclusion that the license for the Grand Victoria Casino and Resort should be renewed.