



CITY OF BETTENDORF

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Comments Prepared for National Gambling Impact Study Commission
Wednesday, May 20, 1998
Ann Hutchinson, Mayor, Bettendorf, Iowa

The initiative for Iowa's legislation allowing riverboat gambling began in the Iowa Quad Cities in the late 1980's in response to an economic downturn in the area. The Quad Cities economy had been strongly linked to farm and construction equipment manufacturing. During the period of 1984 to 1987, the area lost 25,000 manufacturing jobs. At that time the Quad Cities began to see the potential of its greatest natural resource, the Mississippi River, as a tourist attraction. Riverboat gambling, a substantial part of the river's history and lore, seemed a natural piece of our tourism package. Iowa's gaming legislation was structured with the hope of not only increasing Iowa's tourism potential, but also as a tool to encourage land-based development and to assure a monetary return to the state, the counties and the cities hosting gaming boats. While Bettendorf's early experience with gaming would have to be considered unsuccessful, the relationship with the current gaming operator has proven to be an economic development success story within the state.

Bettendorf's first boat, the Diamond Lady, docked in Bettendorf from April, 1991 to July, 1992. During that period the city received minimal revenues and no land-based development occurred despite the owner's acquisition of a 100 acre site on the riverfront, formerly the site of a JI Case manufacturing plant which closed in 1988. In 1992, the boat's owners moved it to the newly opened Biloxi, Mississippi market. The experience proved to be a good educational one for the city. When the same operator returned to Bettendorf in 1995 in a joint venture with Lady Luck Casinos, the city structured a much different deal with the new boat and the economic impact has been substantial.

Iowa's gaming law provides revenue to the state government, the city and county in which the boat is located, and provides for the formation of a not-for-profit agency to hold the gaming license. The not-for-profit agency then enters into a contract with a boat operator, with the revenues from the contract being redistributed to schools, governments and charitable entities in the area served by the boat. In the three years ending in April, 1998, Lady Luck Bettendorf has distributed the following amounts based on adjusted gaming receipts of \$190,903,813:

State of Iowa	\$34,186,254
City of Bettendorf	\$ 3,936,268
Gambler's Assistance Fund	\$ 571,413
Scott County Regional Authority	\$ 7,732,617

The City of Bettendorf has used these revenues for repair of infrastructure in aging areas of our city. Without these revenues, several miles of inner city streets would have gone without renovation or would have required special assessment to the property owners served. Some revenues have been used to supplement construction of a new road system serving one of our high schools and our community college.

Last year, Lady Luck began construction on a 260 room hotel adjoining the boat. The hotel is connected to a 70,000 square foot retail center which will provide restaurant and entertainment facilities to our downtown area. This combined development adds approximately \$475,000 in property tax revenues to the city. In addition, room tax from the hotel is anticipated at \$275,000 annually. The city's only participation in this project has been to provide tax increment financing for parking for the area and a railroad overpass to the site. When financing is repaid, our schools and the county will also benefit from the increased tax base created by the project. The excitement generated by the hotel/retail center complex has resulted in increased interest in our downtown area. In June, the city will host a community planning session resulting around a downtown redevelopment plan.

As you can see, the Lady Luck project has been an economic development success. People often question, however, what the costs are, both economic and social, to a city hosting a gaming boat. In Bettendorf's case, I can honestly say the cost appears to be minimal. Our police department

reports no increase in crime in the immediate area. In fact, in the past three years there have been no reports of either burglary or violent crimes at the Lady Luck site. Statistics show that the overall crime rate in the city has declined in this period. Fire calls for emergency medical service are no greater than those experienced at our local senior housing centers and are primarily reported to be for older patrons on the boat. Our percentage of property tax collected remains at 99.7% and shows no change since the inception of gaming in the Quad Cities area. In addition, our delinquency rate for sewer fees has remained constant. Lady Luck has become the second largest employer in Bettendorf, employing 780 people. I believe Bettendorf's experience illustrates the positive aspects that development associated with gaming can have in a community.