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TESTIMONY OF MAYOR SCOTT L. KING, GARY, INDIANA
BEFORE THE NATIONAL GAMBLING IMPACT STUDY COMMISSION
MAY 20, 1998

Thank you for the invitation and opportunity to share with this Commission a local perspective on the overall impact of gaming in the City of Gary. Gary's genesis was as the mid-west production facility for United States Steel in 1906. From then until now, U.S. Steel remains the largest single employer and property tax payer in the City. However, for the past thirty years "largest" has proven to be a relative term. While 25,000 people once worked at the mill and lived in Gary, currently 7,500 are employed, only 2,500 of whom live in the City. Given the State's taxing protocol, non-resident employees do not contribute a penny to the cost of local government. The combined effect of this trend with an out-migration of residents and businesses to suburbia was to deflate assessed property values and, consequently, inflate property tax rates to a point of doubling City rates compared with the surrounding suburbs which fueled even more people and companies leaving the City. With a tax structure that historically placed 75% of the local government revenues on the backs of property owners, Gary's economy continued to decline. Layered over this scenario, not an uncommon one for many of the so-called rust belt communities, was the fact that

Gary's population is more than 85% African-American in a metropolitan area that a University of Michigan study described as the most segregated in the nation. It is against this back-drop that casino gaming entered the economic picture in Gary.

One of the first impacts this industry had in Gary was environmental. By building the gaming facilities on abandoned industrial land on our lakeshore, new access to the natural beauty of Lake Michigan was accomplished. In fact, the result of this construction project prompted my administration to embark upon planning for additional waterfront development on some 400 acres of industrial land to provide commercial, recreational and housing opportunities for a city sorely in need of them. This effort, which continues to move ahead, has garnered partners from the public and private sector and offers an opportunity to diversify and build our economic base while revitalizing brownfields and reshaping the image and reality of Gary.

Revenues to the City from the casinos have increased our income by one-third and these monies are being appropriated for rebuilding the long-neglected infrastructure of the City. From sidewalk and street reconstruction to expanding the size and capacity of our police department without adding to an already over-burdened property taxpayer's costs, new housing starts and business opportunities are up and crime rates are moving down. In addition, an average of 10,000 people travel to the venue each day, the majority of them from outside the city. Having that influx from outside into our community has helped in our efforts to change negative public perception about Gary. In addition, the Trump and

Barden enterprises have proven to be responsible corporate citizens by participating in and with a host of organizations and activities in Gary.

But my most compelling positive experience with this new industry has been to see the opportunity it has created for decent jobs with benefits for a community that has historically suffered double the unemployment rate of the metropolitan area. This, more than anything else, has been an important positive in our city: The sense that by working hard and getting an education, there is a chance to compete for personal opportunity.

What is the downside? We know that the vagaries of human nature are such that there are those who can engage in addictive behavior in gaming to their and others detriment. We must be vigilant and cognizant of those signs and be prepared to offer help. While we have not discerned any trends along these lines in Gary, it would be foolhardy to think it cannot happen. We must also learn from other communities' experiences and avoid the "money-magnet" syndrome wherein disposable income moves from other businesses, to their detriment, to casinos. Initially, I received reports from small businessmen that their business was down, but recently I have not. To avoid this, we must continue to diversify our economy by investing and encouraging investment in a wide-range of varietal economic development apart and away from casinos. To do otherwise would be to move from a mill town to a casino town. Given the lessons learned by Gary of the negative implications of being a one-industry community, I am confident that we can avoid that mistake.

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In conclusion, for Gary the experience to date has been overwhelmingly positive. It is our challenge to build upon this new economic benefit in as diverse and comprehensive a manner as possible to effect lasting and positive economic development in our city. While I am equipped with a variety of numbers and other facts, I appreciate the opportunity to give one Mayor's overall perspective of the impact of this industry in our city. Thank you.