THE HONORABLE ANN HUTCHINSON, MAYOR, BETTENDORF, IA

Our first speaker is Mayor Hutchinson of Bettendorf, Iowa. Good morning and welcome.

MAYOR HUTCHINSON: I want to thank you for asking me here today to testify before the Commission.

The initiative for Iowa's legislation on riverboat gambling actually came out of the Quad Cities area of which Bettendorf is a part, in the late 1980's as a response to an economic downturn in the area at that point in time. The Quad Cities was noted as a farming and construction equipment manufacturing center and always considered itself recession-proof until it hit the recession of the mid-1980's. At that point in time we lost 25,000 jobs in the area.

Local leaders then were looking to an alternative to try to bring back some of the economic development in the area, and they looked toward tourism. And the Mississippi River, of course, is our greatest natural resource in that area for tourism, and gambling seemed to be a natural part because it is such a part of the history in the lower Mississippi River.

The initial legislation in the State of Iowa was very strong in trying to bring back economic development, as I said, and to create land based development in the area. So as a part of that, we were looking for development of hotels and that type of thing to create a property tax base in the area.

Bettendorf has the distinction of being the first city in the state to have a boat and the first city in the state to lose a boat. Our initial boat stayed in the area for one year. It did not bring much as far as revenue was concerned to
the city. However, when the gaming law in Iowa was changed in 1995 to make it much less restrictive than it had been, the original boat operator did come back to the city of Bettendorf in a joint venture with Lady Luck Casinos out of Las Vegas and the city structured a more lucrative deal with the Lady Luck Casino venture than we had previously.

Iowa's gaming law provides that revenue go to the state, the cities, to the counties and also to a not-for-profit. In Iowa, a not-for-profit agency holds the license and then contracts with the boat operator. That not-for-profit then redistributes its revenues back to the cities, to the school districts and to charitable entities throughout the county in the area that's being served by the boat.

In my testimony I had shown the amounts of money that had been redistributed back to the community. The city gets a per head gaming tax and we have collected about $4 million in the last three years. The not-for-profit has collected almost $8 million in the last three years. It's been redistributed back, roughly equally in one-third, to the schools, one-third to the city and one-third to charitable entities.

The city of Bettendorf uses these revenues solely for infrastructure repair. Because of our previous experience, we had decided that we would not put this money into the general fund. This year Lady Luck has begun construction on a 260 room hotel which again is the efforts of our land based hopes for gaming. It will add substantial revenue to the city, about $475,000 in property tax and about $275,000 annually in hotel/motel tax.
There has been concern in the community. I do get questions from people consistently about what is the socio-economic impact in Bettendorf; does the boat cause problems? Quite frankly, we have looked very strongly and tried to find problems. We do not find any problems with it.

Our police department does not report any incidents of crime specifically within the area. We have some EMS calls for emergency medical service. We have contacted the social agencies in Scott County. They do not see any impact. And I've contacted the schools. So from our standpoint, we are very pleased with the gaming operation that we have in the community. We think it has had a positive impact and we are very pleased to be here today to tell you that. Thank you.

CHAIRMAN JAMES: Thank you, Mayor Hutchinson.