CHAIRMAN JAMES: We'll hear from Gary, Indiana Mayor Scott King.

MAYOR KING: Good morning. I thank you for the invitation and the opportunity to share with the Commission our local perspective on the overall impact of gaming in the city of Gary.

Gary's genesis was as the Midwest production facility for United States Steel in 1906. From then until now, United States Steel has remained the largest single employer and property taxpayer in the city of Gary. However, for the past 30 years the term largest has proven to be relative.

While 25,000 people once worked at the mill and lived in the city of 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. Consequently, property tax rates were inflated to a point of doubling city tax rates, compared to the surrounding suburbs and the metropolitan area, which of course served to fuel even more people and companies leaving the city.

With a tax structure that historically placed 75 percent of 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 was more than 85
percent African-American in a metropolitan area that a University of Michigan study described as the most segregated in the nation.

It's against this backdrop that casino gaming entered the economic picture in the city of 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 of 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 public and private sectors and offers an opportunity to diversify and build our economic base while revitalizing brown fields and reshaping the image and reality of the city of Gary. Revenues to the city from the casinos have increased our municipal income by one-third. These monies are being appropriated for rebuilding the long neglected infrastructure of the city. From sidewalk and street construction to expanding the size and capacity of our police department, without adding to an already overburdened property taxpayer's cost, 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.

CHAIRMAN JAMES: Mayor King, can I ask you to summarize at this point and submit the rest in written form for the benefit of the Commission?
MAYOR KING: I have submitted it in written form.
The most impressive impact has been job creation, particularly in our community and the impact that that has had. The casinos have now emerged as the largest single employer, surpassing U.S. Steel for city residents.

I pointed out our awareness and cognizance and watchfulness of issues that might potentially prove to be negative, but overall the experience has been overwhelmingly positive and continues to be so today. Thank you.

CHAIRMAN JAMES: Thank you.