

Iowa Smoking Ban Economic Impact

Prepared for Submission to the Iowa Administrative Rules
Review Committee (ARRC) for its December 9, 2008 Meeting
Concerning the Iowa Department of Public Health Smokefree
Air Act (House File 2212) Enforcement Rules

Submitted by Iowans for Equal Rights

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Background

During its 82nd General Assembly the Iowa legislature passed on April 8, 2008 a statewide smoking ban, the Smokefree Air Act (House File 2212). Governor Culver reportedly signed the Act into law on April 15, 2008. The Act prohibits smoking in all public places and places of employment. The Act exempts private residences, hotel and motel designated smoking rooms, retail tobacco stores, private rooms in long term care facilities, private clubs under specific conditions, some outdoor areas, most privately owned vehicles, smoking cessation facilities and farm equipment. The Act also exempts gaming floors, but not restaurants or bars, at Iowa casinos.

This report presents an analysis of current and prospective smoking ban economic impact in the hospitality trade and gaming industry through comparative analysis for six states. The data presented includes that from state departments of revenue and/or gaming commission archives for three states that have previously passed smoking bans which include hospitality trade and gaming facilities (Washington, Colorado and Illinois) and three that to date have not passed comprehensive bans that include casino facilities (Iowa, Indiana and Michigan).

Report Context

Iowa's Senate Majority Leader and state tobacco control advocates have publicly declared their intention to eliminate the exemption for casino gaming floors during the forthcoming legislative session, which begins in early January 2009. The economic and fiscal impact of the Smoke Free Air Act must therefore be considered in light of its full projected affect which necessarily includes the now-predictable impact on gaming revenues and the consequential losses to state tax receipts.

In its February 27, 2008 Fiscal Note concerning House File 2212 the Iowa Legislative Services Agency estimated a \$140.5 million (10%) reduction in Iowa gambling facilities Adjusted Gross Revenue and state gaming tax revenue losses of \$31.7 million and consequential state tax losses of \$82.4 million to \$87.0 million. Those casino business revenue losses and reductions in state tax revenues are in addition to the now-emerging impact on other small businesses in Iowa, particularly in some sectors of the hospitality trade.

As is discussed in this report, there is a clear impact of smoking bans on hospitality trade revenues. That impact is often masked or hidden by the method of analysis selected to support pre-determined conclusion of no economic impact that supports smoking ban initiatives. Moreover, The Iowa health department's current enforcement rules include several uniquely unclear and punitive provisions that will predictably amplify that impact with respect to bars and taverns. That clear and unmistakable adverse impact is also addressed in this report, specifically with reference to past impact of smoking bans on the hospitality trade observed in Washington and Colorado.

Enforcement Rules Publication

The Iowa Department of Public Health (IDPH) published enforcement rules for the Smokefree Air Act on June 27, 2008. The health department's enforcement rules have been and continue to be highly controversial. Numerous inquiries about and objections to the department's enforcement rules have been submitted in writing by interested parties during the public comment period. Consideration of the current rules as part of the agenda for the September 9, 2008 Administrative Rules Review Committee (ARRC) was postponed until October 14, 2008, reportedly to allow the health department time to complete its regulatory analysis. During the October 14, 2008 ARRC meeting one objection to the rules was raised by a committee member and the committee did not vote to approve the health department's enforcement rules for House File 2212. The enforcement rules are on the agenda to be reviewed, and presumably voted on by committee members, during the regularly scheduled December 9, 2008 ARRC meeting.

Regulatory and Fiscal Analyses

A regulatory analysis of the health department's enforcement rules was requested by the Iowa Restaurant Association on July 2, 2008. Economic impact is an important and mandatory part of the health department's regulatory analysis. In addition, House File 636 (Legislative Services Agency Consolidation Act), passed during the FY 2003 legislative session, requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Several Fiscal Notes concerning House File 2212 were published by LSA during the 82nd General Assembly, when that bill was passed (see, for example, the February 27, 2008 Fiscal Note cited above.) The Iowa Department of Public Health's regulatory analysis was published September 10, 2008 in the Iowa Administrative Bulletin. It is therefore evident that the content of that regulatory analysis was necessarily complete and available for review by ARRC members and interested parties on or before the previous ARRC meeting scheduled for September 9, 2008.

Health Department Conclusions and Reliance on Meta-Analysis

The Iowa Department of Public Health has opined to the effect that the Smokefree Air Act does not impose adverse economic impact on Iowa small businesses. The department cites its meta-analysis of economic impact from smoking bans in other states as the basis for that conclusion. Meta-analysis necessarily relies on subjective opinions of persons not responsible for promulgating policy in the state where the meta-analysis is crafted rather than actual source data, encumbers the analysis with inconsistencies due to various and often manipulative reporting protocols contained in the source studies incorporated, and most often does not allow for directly relevant comparison because of the variety of analysis techniques employed. Meta-analysis is therefore not a particularly reliable method of analysis nor does it lend itself to policy decisions that are based on actual results of regulation. Reference to relevant source data from historical archives and application of a consistent reporting format greatly clarifies the numerous deficiencies inherent in meta-analysis. Accordingly, the data tables and graphics in this report rely on actual historical data from government archives for the states referenced and a consistent method of presentation is employed to assure that source data relied upon is properly authenticated. This assures that the method of analysis and its application is at once consistent and clear. As will become evident, materially different results present themselves when an analysis is based on data from historical archives.

In light of the health department's apparent reliance on data from other states in forming its conclusion about economic impact in Iowa analysis of current data for six states (including Iowa) is presented in this report. Materially different results and conclusions become evident when an analysis is based on data from historical archives rather than subjective meta-analysis.

The Iowa Department of Public Health holds the position that the statewide smoking ban and associated enforcement rules do not and will not have substantial impact on small business. Excerpts from the health department's regulatory analysis concerning economic impact include the following (page numbers refer to those in the administrative bulletin publication):

Page 645: "While the Department does not believe that the administrative rules will have a substantial impact on small business for the reasons cited below, the Department has completed the requested regulatory analysis in the interest of furthering the public discussion on this important topic."

Page 649: "Evidence from all the peer-reviewed studies . . . shows that smoke-free laws do not have an adverse impact on business revenues, including revenues in the hospitality industry."

Page 651: "Anecdotal reports from business owners about the impact of the first month of Iowa's statewide law also suggest that businesses have not been negatively impacted."

The Iowa Department of Public Health's conclusion that smoking bans have no substantial economic impact is contradicted by Fiscal Notes prepared by the Iowa Legislative Services Agency (LSA) during the 82nd General Assembly. The Fiscal Notes include statements of impact on revenues for businesses and related tax reductions. In addition, the department's conclusion is forcefully contradicted by comparison of bar and restaurant sales in other states as well as casino revenue records from gaming commissions and departments of revenue in several other states. The importance of economic and fiscal impact goes to the heart of the Iowa Department of Public Health fulfilling its statutory duties under the Iowa Administrative Procedure Act, particularly sections 17A.1 Citation and Statement of Purpose, 17A.4 Procedure for Adoption of Rules and 17A.4A Regulatory Analysis.

Background Conclusion

Since casino operations are a significant source of tax revenue for Iowa the initial focus of this report is on casino revenues in several states. This report includes data from three states that have not yet had a smoking ban apply to casino gaming floors (Iowa, Indiana and Michigan) and three states that have previously passed smoking bans that include casinos (Illinois, Colorado and Washington). Eight exhibits related to those states revenue data are included at the end of text for this report. The revenue differences are presented and comparison graphics are included. This is the type of analysis and data that would be expected for a competent economic impact analysis under current workplace health and safety regulations. That form of analysis is also consistent with customary calculations made by states for tax revenues and/or projections and is in conformance with judicial rulings concerning calculation of economic damages.

Needless to say, the issue of smoking ban economic impact is also of vital importance to interested parties and persons affected, Iowa small business owners and taxpayers who will ultimately pay the costs of the Iowa smoking ban. As will be demonstrated below, contrary to the health department's conclusions those costs are substantive and, at this point in time, now predictable. Economic impact data from other states – which the health department cites as the basis for its conclusion – make it abundantly clear that many small business owners and all Iowa taxpayers will endure substantive and sustaining costs imposed by the Iowa smoking ban.

The economic and fiscal information discussed above brings the conclusions concerning economic impact of enforcement rules for the Smokefree Air Act by the Iowa Department of Public Health to the forefront as a substantive and material issue concerning approval of the current rules. Under the current economic conditions fiscal responsibility mandates that legislators at the least first do no harm, as the adage says. Fiscal caution errs on the side of deferring an ARRC vote to approve current enforcement rules. Such deferral will provide an environment where legislators have an opportunity to review and amend House File 2212. Appropriately amended enforcement rules can then be drafted by the health department under non-emergency conditions that facilitate meaningful consideration of comments from taxpayers, business owners and other interested parties.

Accordingly, an intended purpose of this report is to provide additional fiscal and economic impact information for the Iowa Administrative Rules Review Committee. This report is also completed to provide additional layperson interested party comments to the Iowa Department of Public Health. Finally, this report is intended to provide insight as to how these important yet contentious issues can be approached in states other than Iowa.

Data Recorded and Related Analysis Procedures

Information in this report includes data tables and graphics for six states. Three states that have previously enacted smoking prohibitions for casinos and on gaming floors, Washington, Colorado and Illinois, are included. Similar information for three states that have not yet enacted smoking bans that affect the total premises, Iowa, Illinois and Indiana are also presented. Beyond the immediate importance to addressing prospective economic impact of a smoking ban that also applies to casino gaming floors in Iowa, Iowa and Indiana are selected because they are states adjacent to Illinois, which passed a statewide smoking ban that became effective January 1, 2008. The opportunity to carefully examine economic impact of a casino smoking ban in a state that is immediately adjacent to Iowa is therefore presented. Iowa's Smokefree Air Act clearly applies to casino restaurants and bars. Including casinos in this report is therefore appropriate for this analysis beyond the obvious concerns about gaming revenue and state tax proceeds. Considering the January 2008 effective date for the Illinois smoking ban, this analysis can be conducted under contemporaneous economic conditions. By comparison of data for Adjusted Gross Revenue (AGR) and other indices for Illinois and Iowa credible projections of economic and state fiscal impact can be derived.

To facilitate this approach, available records for casino financial activity in six states for 2005 to 2008 were retrieved from state gaming commission or department of revenue online data files. This provided a baseline for calculating year-to-year changes, at least one year preceding 2008 and current data for 2008. All states examined provide records of Adjusted Gross Revenue and some states also provide Admissions and other data, such as square feet for each casino, and so on. Iowa Gaming Commission records were particularly well organized and provide comprehensive information compared to most states for which data were reviewed, to the credit of commission staff. Iowa source data therefore provides a robust and informative base line from which future economic impact studies for 2009 onward can be produced. That baseline can be employed to document future impacts of a smoking ban on Iowa casino gaming floors compared to the zero impact presently projected by the Iowa health department, should the legislature extend regulation of tobacco use to casino gaming floors during the forthcoming General Assembly. Under those conditions the comprehensive baseline data compiled for Iowa casinos can be applied to an economic damages model.

Monthly Adjusted Gross Receipts plus Admissions data (where available) for each state examined were encoded and audited. The audit process employed was to first confirm the entries by sight comparison of encoded items versus the source document data. Annual check sums were then created for each item encoded, by calendar or fiscal year depending on how source report data were presented. Calculated annual checksums were then compared to annual totals in the source documents and variances displayed in the worksheet. Most checksums present zero variance, however for some states there is a modest difference that is apparently due to rounding off of monthly items in the state data file. That was confirmed by once again sight comparing each monthly entry with source documents for years where a variance was observed. All of the final variances observed were very small compared to source record data. None of the variances between checksums and source document annual amounts observed were material in light of the size of the entries. In this manner, significant effort was focused on assuring that all data items relied on for calculations were in conformance with source records to the extent possible and based on data reported by the states.

Three data variables were selected for comparisons: 1. Adjusted Gross Revenues; 2. Admissions; and 3., Adjusted Gross Revenue per Admission. Where admissions were not available in source records Adjusted Gross Revenues became the data point for comparison. Monthly calculations for each of the three variables for amount change from previous year and percent change from previous year were made in the work sheet. For the Iowa-Illinois comparison Adjusted Gross Revenues and Admissions data were available. The above described three variables are displayed graphically at the bottom of the first page for Iowa and Illinois exhibits. Similar graphics have been prepared for all states. Comparisons of changes in the variables is presented on a second exhibit. For Iowa, an additional exhibit presents the data on which estimated changes in gross receipts and state gaming taxes mentioned in the above background section are based.

Given the above background and data descriptions we can proceed to analyzing the data results.

Analysis Results and Comparisons

Iowa and Illinois Casino Revenues

1.0 Iowa (see Exhibits 1A and 1B): The comparative data for Iowa and Illinois is compelling as to the effects of a smoking ban on Adjusted Gross Revenue (AGR) and Admissions (ADM). Impact on gross revenues and admissions directly affects Iowa state tax revenues because the formula for wagering tax and casino fee payments is currently based on a percentage of AGR.

Page 1 of Exhibit 1A presents table and graphic historical data for AGR and ADM, as encoded from Iowa Racing and Gaming Commission archive tables. AGR per ADM is calculated from that source data. Amount and percent change from previous year are calculated from encoded items and presented in the six thumbnail graphics at bottom of page 1. Graphics on page 2 of Exhibit include a comparison of Iowa's percent change from previous year for Adjusted Gross Revenues, Admissions and Adjusted Gross Revenue per Admission compared to the same data for Illinois. Similar spread sheets have been prepared for the six states referenced in this report referred to above, however for brevity full source data spread sheets are not included.

1.1 A few important observations can be made from the Iowa data (see page 1 of Exhibit 1A):

a.) Iowa casino dollar amount change in AGR and percent change from previous year (2007) is consistently positive from January 2008 onward with the modest exception of September 2008, which was -2.0% (see first line of three graphics at bottom of page 1 in Exhibit 1A).

b.) Admissions, the equivalent of retail foot traffic (customers in the door), remained positive compared to previous year January through May 2008, then went 6% to 9% negative for June to October (see second graphic on page 2 of Exhibit 1A). This suggests the point in time when the current economic downturn sharply expressed itself for Iowa casinos in terms of folks walking in the door, which is June of this year.

c.) AGR per customer Admission (see second line of three graphics at bottom of page 1) is positive and generally increasing January to October 2008, with the exception of March 2008, which is a modest -0.3%. So while fewer persons have been admitted to casinos since May they appear to be spending more gaming money while on casino premises, which creates the increases in AGR per ADM.

In general, it could be said that until later the months of 2008 Iowa casinos have enjoyed positive revenue trends since mid 2005, which presents a positive aspect for wagering tax and casino fee proceeds to the state under current legislation that exempts casino gaming floors from the statewide smoking ban. However, that growth in revenues has been accompanied by increases in Riverboat Casino locations (from 10 to 14) and expansion of both Track and Riverboat facility square feet (Track facilities from 91,271 to 195,051 square feet and Riverboats from 230,732 to 330,411) since 2004. Accordingly, it is also apparent that significant capital cost commitments have been made by Iowa gaming operators related to new construction, expansion and renovation. Given those recent capital cost commitments stability of revenues becomes important to both Iowa gaming operators and the state. Adverse economic impact of imposing tobacco control public policy on gaming facilities could be strongly amplified should a substantive reduction in Admissions and Adjusted Gross Revenue occur immediately after significant capital cost commitments have been undertaken by operators.

1.2 The Iowa data become highly relevant as to tobacco control public policy, however, when comparing the same items to Illinois, where the smoking ban, including casinos, has been effective since January 2008 (see page 2 of Exhibit 1A). In the page 2 graphics for Exhibit 1A the solid line is Iowa and the dotted line is Illinois. Source data for Illinois is presented in Exhibit 2.

a.) Iowa-Illinois AGR Comparative: In January 2008, when the Illinois smoking ban became effective, Illinois percent change from previous year AGR goes increasingly negative from December's -5.8% to a January value of -17.5% (a month-to-month change of -11.7 percentage points). It appears that the smoking ban imposed about a 12% immediate decline in Illinois AGR. In stark contrast, Iowa's AGR increased from -7.1% in December 2007 to positive 5.3% (a month to month change of 12.4 percentage points). Please note that after January the spread between the solid line (Iowa) and the dotted line (Illinois) remains quite constant. This indicates the sustaining and ongoing economic impact of an Illinois one-time smoking ban policy variable injected into the marketplace in January of 2008. The 12.4 percentage point positive swing in AGR for Iowa that occurs from December 2007 to January 2008 and the contrasting -11.7 percentage point negative spike are coincident in time with the effective date for Illinois' smoking ban and indicate a strong adverse impact due to a smoking ban of twenty percent or more. That fact of that impact is strongly supported by similar revenue patterns for both Iowa and Illinois February to October of 2008, which establishes sustaining adverse impact.

b.) Iowa-Illinois Admissions Comparative: In January 2008 Iowa Admissions sharply increased from -8.0% to +0.5%, while Illinois Admissions show a continuing -5.9% decline. In February 2008 Iowa Admissions again sharply increased from 0.5% to 10.5% compared to previous year and Illinois admissions barely managed to get above zero compared to February 2007 (0.5%). March to May 2008 Iowa Admissions were consistently in the positive range compared to corresponding months in 2007, while Illinois was consistently negative. Again, we see a similar patterns where Illinois Admissions data remains below Iowa through October.

c.) Iowa-Illinois AGR Per Admission Comparative: This data provides the most compelling illustration of the true economic impact imposed by a casino floor smoking prohibition. Please set page 1 of Exhibit 1A and Exhibit 2 side-by-side, with Illinois to the right. Now look at the bottom right thumbnail graphic. Which data do politicians want for percent of AGR taxes and fees when looking forward to fiscal responsible policy during a recession? Please see page 2 pf Exhibit 2 for comparative percentages of change from preceding year. *The pattern for Illinois AGR per ADM confirms an immediate and sustaining negative impact of the Illinois smoking ban where the financial rubber hits the road, Adjusted Gross Receipts per customer walking in the door.* As with the previous two graphics, the spread between Iowa's positive results and Illinois negative results is constant, which again confirms the sustaining adverse impact of the one-time policy smoking ban variable imposed into the Illinois marketplace.

Based on review of the above data and graphics is becomes strikingly apparent that the Illinois smoking ban that included casino gaming floors *imposed a readily discernible, acute and sustaining adverse economic impact on casino operators*. It is axiomatic that such adverse impact translates to reductions in state gaming-related tax and fee revenues. Based on this information, as well as that below for additional states, it becomes clear that a vote to support expanding Iowa's current prohibition on smoking in public places to include gaming floors is *a conscious choice by elected representatives to impose significant and sustaining adverse economic impact on casino operators and the predictably associated reductions in state gaming taxes and fees on taxpayers*.

2.0 Estimated Iowa Casino Smoking Ban Economic Impact (See Exhibit 1B). This two page exhibit is the source for the estimated reduction in Iowa casino Adjusted Gross Revenues in the range of \$358.6 to \$378.3 million and consequential state tax losses of \$82.4 million to \$87.0 million mentioned in the Background section of this report. The calculations use the actual percentage point changes for Iowa and Illinois as encoded from state records for each state to develop a percentage point spread for the sustaining negative economic impact of the Illinois ban compared to Iowa's positive trends.

2.1 The information contained in this exhibit is described as follows:

- a.) The table at top of page 1 in Exhibit 1B restates relevant data from Iowa and Illinois spread sheets.
- b.) Graphics to the right on page 1 in Exhibit 1B illustrate the continuing impact trends of the Illinois smoking ban on casinos in that state.
- c.) The calculation columns to the left on Page 1 of Exhibit 1B show how the estimated impact on Adjusted Gross Revenues and state taxes/fees is calculated for two different time periods.
- d.) The table on page 2 of Exhibit 1B is created from the Iowa Racing and Gaming Commission FY 2008 Revenue Reports for Track and Riverboat facilities.
- e.) The two time periods were selected to distinguish the period where effects of the current recession on casino Adjusted Gross Revenue were not yet readily apparent (January to May of 2008) and for the time period from when the month Illinois' smoking ban became effective in January 2008 to the end of currently available casino revenue public records, October 2008.

2.2 Observations concerning the data in this exhibit are as follows:

- a.) The comparative percent change in AGR from previous year graphic in Exhibit 1B is striking. Illinois is consistently negative, showing month-to-month percent reductions from the previous year that approach 20% to 30%. With the exception of September 2008 Iowa AGR percent change from 2007 is consistently positive, considerably more so in the January to May period before the current recession strongly expressed itself in Iowa casino revenues.
- b.) Notably, the pattern of rises and falls in revenues compared to preceding year are quite similar, which indicates that the spread between Illinois and Iowa is caused by a different policy variable not related to current economic conditions. This revenue change pattern clearly contradicts – some would say strongly discredits -- the assertion by some tobacco control advocates that the economic impact of smoking bans is positive and that any negative swings are due to adverse economic conditions.
- c.) The mathematic spread between Iowa and changes in revenues is quantified in the two right hand columns of that table at top of Exhibit 1B. Iowa annual calculations for reductions in Adjusted Gross Revenue and state tax and fee proceeds for the two time periods are presented in the left hand column of the page. The estimates are reduction in AGR of \$378.2 million and tax proceeds decline by \$86.9 million for January to May period. The corresponding figures for the overall period of January to October are - \$358.6 million for AGR and -\$82.5 million for state receipts.

Based on the foregoing comparative information it becomes clear that any representation to the effect that expanding the Iowa statewide smoking ban to casino gaming floors will have a positive affect on Adjusted Gross Revenues and Admissions is predictably and patently false. The sharp changes in Adjusted Gross Revenues experienced by Illinois casinos coincident in time with the effective date of that state's smoking ban strongly attribute casino revenue declines to the state's smoking ban in January 2008. Moreover, the consistent patterns of revenue changes from preceding year, with Illinois approximately 25% below Iowa, strongly confirm a sustaining negative revenue impact of the Illinois smoking ban on casino revenues and a consequential reduction in related state gaming revenue receipts. Since Illinois and Iowa are adjacent states both states presumably confront similar current economic conditions, which emphasizes the importance of the dramatically different gaming revenues coincident in time with the Illinois smoking ban. The preceding information once again makes it clear that, contrary to the

representations by those who politically support tobacco control smoking ban public policy, a vote to expand Iowa's current prohibition on smoking in public places to include casino gaming floors is a *conscious choice by elected representatives to impose significant and sustaining adverse economic impact of about -\$378 million on Iowa casino operators and to dump the costs of the predictably associated -\$87 million reductions in state gaming taxes and fees on Iowa taxpayers.*

Indiana, Michigan and Colorado Casino Revenues

Please see Exhibit 3. Spread sheet data tables and graphics similar to those for Iowa and Illinois were prepared for Indiana, Michigan and Colorado casino revenues. In the interests of brevity for this report, however, comparative graphics only from each spread sheet are employed to illustrate comparative revenue changes from previous year and patterns of change.

Indiana: See Exhibit 3A. Indiana does not currently have a smoking prohibition for casinos. A strong contrast between Adjusted Gross Revenues for Indiana and Illinois is observed. The sharp downturn in Illinois AGR percent change from previous year for December 2007 to January 2008 is once again emphasized by modestly increasing revenues for Indiana during that same period. The gap or spread between Indiana increases as Illinois AGR continues its negative trend and Indiana AGR enjoys an upturn to positive changes from previous year. The 2008 annual report for Indiana casinos discusses particularly difficult economic conditions, including the entry of competition from tribal casinos during FY 2008. While Indiana's AGR shows considerable improvement through October of 2008, we observe a similar pattern of changes in AGR for Indiana as was presented above for Iowa. The contrasting negative Illinois data make it clear that a smoking ban for Indiana casinos would severely undermine the current recovery of gaming revenues in that state.

Michigan: See exhibit 3B. This state does not currently have a prohibition on smoking for casinos. This state has a comparatively small non-tribal gaming presence, with three casinos in the Detroit area. Michigan's casino AGR changes positive December 2007 to January 2008 compared to the same months for 2007 and 2008. Once again, that positive change in January 2008 is in strong contrast with Illinois' sharp decline. As with Iowa, the pattern of Michigan's AGR increases for previous year is quite similar to the pattern for Illinois after January 2008 and a consistent spread between the two appears to be the case. Michigan compared to Illinois again confirms the fact, and indicates the magnitude of, smoking ban economic impact on casino revenues. Legislation to impose a smoking ban on Michigan casinos therefore becomes a decision to impose significant additional state revenue losses on Michigan taxpayers.

Colorado: See Exhibit 3C. During its 2006 legislative session Colorado passed a statewide smoking ban that exempted casinos. In the 2007 legislative session the exemption for Colorado casinos was removed, to be effective January 1, 2008. Effective dates for the Colorado and Illinois smoking bans are therefore identical. Exhibit 3C for Colorado provides a compelling confirmation for the now-well-established adverse economic impact of smoking bans on casino revenues. What is striking about the Colorado graphic is that *Colorado's AGR change from previous year is virtually identical to that for Illinois.* We therefore observe two states that had smoking bans become effective on the same day – January 1, 2008 – showing the same trends for impact on casino AGR, and those strikingly similar trends are completely different than those for states that do not currently have a prohibition on smoking at casinos.

Data from the first five states examined shows non-smoking-ban states to have positive casino revenue changes from previous year, while smoking ban states have negative changes from previous year. The point at which the revenue cross-over occurs is the month – January 2008 – when the smoking ban in each state became effective. The patterns, magnitude and direction of changes are unmistakably clear.

Washington Casino Revenues

Please see Exhibit 4. Washington's statewide smoking ban, which included non-tribal casinos, was enacted by Initiative 901 in November 2005. The effective date for Washington's smoking ban was January 1, 2006. Two full years of data are therefore available for comparison. Data for this state were taken from a special study conducted by the Washington Department of Revenue. Data tables included in that study show quarterly revenues and Washington Gambling Commission records do not provide month-by-month revenues for casinos in the state. Gambling Commission records do, however, provide annual figures for tribal casinos, which is an extremely important part of smoking ban economic impact analysis. Accordingly, a somewhat different format is presented for the Washington exhibit. Though the format is different clearly similar results are evident.

During the period of 2002 to 2007 Washington non-tribal casino revenues increased 26.8%, from \$111 million to \$140 million. The corresponding growth in Washington tribal casinos was 160.1 percent, from \$514 million to \$1.3 billion. Total gaming AGR in Washington similar to that for Iowa private casinos (\$1.4 billion), however two thirds of that state's gaming revenues is derived in sovereign-state markets that are smoking-ban-exempt and tax-exempt. Washington tribal compacts do not require casino revenue sharing base do a percentage of AGR due to federal Indian gaming laws.

The explosive growth of tribal casinos indicates that there was strong market demand for gambling operations in Washington, since tribal casino revenues increased by about \$800 million 2002 to 2007. The gaming capacity that filled this market demand was tax-exempt, however. At Iowa's average gaming tax and fee load based on ADP of 23.0%, this level of tax-exempt gaming expansion would represent a loss of state revenue increases that approaches \$200 million per year.

Many of Washington's tribal casinos, such as the Puyallup Tribe's Emerald Queen, are located in or near major metropolitan areas. Nearly all tribal casinos are within draw areas for state population centers. This information becomes important for Iowa due to the recent consulting contracts awarded by the Iowa Racing and Gaming Commission to determine the extent of demand for expansion of gaming. Recent expansion of tribal gaming facilities in Tama, Iowa, as well as Attorney General Miller's recent lawsuit to halt casino development at reclaimed tribal lands on the Nebraska side of the state, are also relevant. Consideration of tribal gaming operations in Iowa is also important in light of the fact that the current tribal compacts include provisions that require tribal gaming growth for the fifteen year compact term to remain. Absent achieving tribal gaming growth, the compacts could become an eight year agreement, considerably shorter than the current period. The extent to which Iowa tobacco control public policy would influence the competitive position of current non-tribal Track and Riverboat casinos compared to tribal gaming is therefore Highly relevant to conclusions about the economic impact of extending Iowa's Smokefree Air Act to include casino gaming floors.

Washington is a predictive forerunner of what can – and predictably will – occur with tax revenues for states relative to the total scope of increases in gaming revenue with a non-tribal casino smoking ban. In Washington the annualized rate of growth in tribal gaming is more than five times that of non-tribal gaming. As is evident from the Washington Casino Gambling Comparative graphic in Exhibit 4., non-tribal gambling is virtually capped compared to consistent double-digit tribal gaming growth.

As to the predictable impact of smoking bans on casino revenues, Washington is part of the early comparative baseline data. Again we observe a clear and discernible adverse economic impact. The comparison this time is between smoking ban compliant non-tribal and exempt tribal gaming facilities. Please note that the observed impact occurs during a period of *increasing market demand for gambling activity* that is filled by smoking-ban-exempt tribal casinos.

At end of 4th quarter 2005, immediately before Washington's smoking ban became effective non-tribal casino revenues for the year were \$142,068,327. In 2006, the first year of Washington's ban, non-tribal casino revenues declined to \$132,178,397, a 7.0% decrease. However, in 2006 tribal casino revenues increased from \$1.023 billion to \$1.192 billion, a 16.5% increase. At the end of the second year for Washington's smoking ban non-tribal casino revenues had not yet returned to their previous 2005 levels, modestly increasing to \$140,791,422, yet tribal casino revenues increased another 12.2%. The primary variable between tribal and non-tribal casinos in Washington is that non-tribal casinos must comply with the statewide smoking ban and tribal gaming establishments are exempt from compliance.

It cannot be credibly asserted that the strongly disparate results between tribal and non-tribal casino revenues was due to the overall economy in Washington from 2005 to 2007. The 30.7% expansion of tribal gaming revenues during that period speaks loudly to strong market demand for gaming, *demand in which tax-paying non-tribal casinos did not participate* – to the detriment of Washington business owners and taxpayers alike.

The conclusion drawn from Washington's gaming data is that smoking bans effectively cap non-tribal gaming revenues, tilt the casino playing field strongly in favor of tax-exempt and smoking-ban-exempt tribal casinos, and thereby limit future gaming revenue tax and fee proceeds to states. In Iowa, a smoking ban therefore not only limits gaming tax participation by the state but it also severely limits growth in contributions to the Gamblers Treatment Fund. That is an explosive combination from social cost and public policy standpoints: dramatic increases in tribal gaming also represent increases in the number of problem gamblers, however the state has increasingly less funding as a proportion of total gambling activity to contend with the social costs imposed.

Washington and Colorado Hospitality Revenues

See Exhibit 5. As previously mentioned above, Washington's smoking ban became effective January 1, 2006 and Colorado's smoking ban for non-casino establishments was effective July 1, 2006. This analysis therefore includes comparative one-year post ban revenues results for two time periods that differ by six months. It is striking that the same revenue patterns for restaurants verses bars is observed, but the observation is made over two different time periods.

The graphics in this exhibit include data from both states' Department of Revenue. Spread sheets for Colorado monthly revenue were encoded and quarterly data derived from those items. The original Colorado database was created with information requested from the state Department of Revenue. Washington data were taken from quarterly revenues included in that state's Department of Revenue special study conducted in 2007.

Colorado: An immediate decline in percent increases for revenues compared to previous year is observed. That change in revenue is a reversal of a trend for increases in bar revenue during the preceding six quarters. At the same time, restaurant revenues modestly reverse a previously-declining revenue trend and the increases accelerate. During the second quarter after Colorado's smoking ban became effective the two lines cross (the declining bar revenue solid line intersects with dashed increasing restaurant line).

Washington: The results in Colorado were predictable, based on preceding results observed for this state. The description is virtually identical. An immediate decline in bar percent increases for revenues compared to previous year is observed. That change in revenue is a reversal of a trend for increases in revenue during the preceding six quarters. At the same time, restaurant revenues strongly reverse a previously-declining revenue trend and the increases accelerate. During the first quarter after Washington's smoking ban became effective the two lines cross (the declining bar revenue solid line intersects with dashed increasing restaurant line).

Restaurant and bar revenues show the same pattern for smoking ban states, much like casino revenues show consistent patterns as described above. This again confirms the fact of observable smoking ban economic impact on restaurant and bar revenues, though the beneficiaries of that impact include members of the same hospitality trade: revenues for restaurants increase and revenues for bars decrease compared to previous years. Analysis of data for Colorado liquor stores show similar increasing revenue trends as that for restaurants. The subject of economic impact of smoking bans on hospitality trade revenues will be revisited as Iowa Department of Revenue data for restaurants and drinking places become available.

The absence of currently available data for restaurants and drinking places from the state department of revenue does not, however, justify in any manner a conclusion by the Iowa Department of Public Health to the effect that the economic impact of the Iowa Smokefree Air Act may indeed be positive. Like casino data, the adverse economic impact of smoking bans on bar and tavern revenues is clearly acute when reviewing data from other states, the precise meta-analysis reference that the health department cited for its conclusions about the impact of Iowa's Smokefree Air Act.

Conclusion

Women may well be from Venus. Men apparently are from Mars, according to contemporary author. However, it appears from the foregoing analysis that, regardless of gender, Iowa Department of Public Health staff may be applying data from Pluto to reach their smoking ban economic impact conclusions about Iowa, which is on planet Earth.

Some may opine that such circumstances are “Far Out . . . !” so long as it accomplishes a mission to stamp out tobacco use. Caught in the middle, however are small business owners, consumers and taxpayers who will predictably foot the bill for tobacco control’s Plutoian economics. Those business owners and taxpayers will find that bill to be increasingly burdensome and onerous as they struggle to make ends meet in family and business budgets under the current economic conditions.

For Iowa, the now-predictable costs of smoking ban public policy are measured in sums that approach \$100 million per year for casinos, when casino bar, restaurant and hotel revenues are included and the prospective impact of tribal gaming growth is considered. In addition, many locally owned, neighborhood hospitality trade restaurant and bar small business owners in Iowa face a tilted smoking ban policy deck that shifts the playing field competitive advantage to large chain franchise operations that were predominately smokefree before the Iowa smoking ban was passed and privately owned non-tribal casinos would be placed at a clear competitive disadvantage compared to tribal establishments.

The data in this report speaks for itself to each reader. No additional commentary is required at this point about what the actual numbers from six states say concerning smoking ban economic impact.

A simple question is raised in conclusion: at what point do fiscally responsible elected officials who are genuinely concerned about the legitimate interests of all their constituents gather the fortitude to say “Enough is enough!” to out-of-state private foundation special-interest public policy?

We the people suspect that the answer to that question will become strikingly evident during the forthcoming legislative General Assembly. Iowa small business owners and taxpayers await the outcome.

Iowa Smoking Ban Economic Impact
Submitted to Iowa ARRC December 9, 2008 By Iowans for Equal Rights

Exhibit List

Exhibit 1A	Iowa Statewide Casino Analysis
Exhibit 1B	Estimated Casino Revenue Impact Iowa Smoking Ban
Exhibit 2	Illinois Statewide Casino Analysis
Exhibit 3A	Indiana Casino Changes in Adjusted Gross Revenue
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Exhibit 3C	Colorado Casino Changes in Adjusted Gross Revenue
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Exhibit 5	Washington and Colorado Restaurant and Bar Revenue Changes

Exhibit 1A

Iowa Non-Tribal Riverboat & Track Casino Analysis

Statewide Comparative

Source: Iowa Racing and Gaming Commission, Illinois Gaming Board Archive Data
(Excludes Food & Beverage and Hotel Revenues)

Month and Year	Adjusted Gross Revenue (\$1000)	Amt. Chg From Prev. Year (\$1000)	Pct. Chg. From Prev. Year	Iowa			AGR Per Admiss.	Amt. Chg From Prev. Year	Pct. Chg. From Prev. Year	(See Illinois Statewide Data)		
				Amt. Chg From Admission	Pct. Chg. From Prev. Year	Pct. Chg. From Prev. Year				Illinois Pct. Chg. AGR	Illinois Pct. Chg. AGR/Adm	Illinois Pct. Chg. Admiss.
Jul 05	\$ 100,869	N/A	N/A	1,908,182	N/A	N/A	\$ 52.86	N/A	N/A	N/A	N/A	N/A
Aug 05	\$ 91,908	N/A	N/A	1,739,647	N/A	N/A	\$ 52.83	N/A	N/A	N/A	N/A	N/A
Sep 05	\$ 90,036	N/A	N/A	1,623,193	N/A	N/A	\$ 55.47	N/A	N/A	N/A	N/A	N/A
Oct 05	\$ 92,240	N/A	N/A	1,649,541	N/A	N/A	\$ 55.92	N/A	N/A	N/A	N/A	N/A
Nov 05	\$ 86,606	N/A	N/A	1,519,199	N/A	N/A	\$ 57.01	N/A	N/A	N/A	N/A	N/A
Dec 05	\$ 89,920	N/A	N/A	1,500,309	N/A	N/A	\$ 59.93	N/A	N/A	N/A	N/A	N/A
Jan 06	\$ 93,872	N/A	N/A	1,603,873	N/A	N/A	\$ 58.53	N/A	N/A	N/A	N/A	N/A
Feb 06	\$ 92,241	N/A	N/A	1,549,847	N/A	N/A	\$ 59.52	N/A	N/A	N/A	N/A	N/A
Mar 06	\$ 103,164	N/A	N/A	1,741,267	N/A	N/A	\$ 59.25	N/A	N/A	N/A	N/A	N/A
Apr 06	\$ 102,577	N/A	N/A	1,778,203	N/A	N/A	\$ 57.69	N/A	N/A	N/A	N/A	N/A
May 06	\$ 103,506	N/A	N/A	1,846,165	N/A	N/A	\$ 56.07	N/A	N/A	N/A	N/A	N/A
Jun 06	\$ 102,120	N/A	N/A	1,856,428	N/A	N/A	\$ 55.01	N/A	N/A	N/A	N/A	N/A
Jul 06	\$ 111,851	\$ 10,982	10.9%	2,037,897	\$ 129,715	6.8%	\$ 54.89	\$ 2.02	3.8%	6.1%	4.5%	1.6%
Aug 06	\$ 105,721	\$ 13,813	15.0%	1,955,199	\$ 215,552	12.4%	\$ 54.07	\$ 1.24	2.3%	5.3%	-0.4%	5.7%
Sep 06	\$ 112,684	\$ 22,648	25.2%	2,007,852	\$ 384,659	23.7%	\$ 56.12	\$ 0.65	1.2%	8.7%	-0.6%	9.4%
Oct 06	\$ 106,605	\$ 14,366	15.6%	1,894,049	\$ 244,508	14.8%	\$ 56.28	\$ 0.37	0.7%	4.5%	2.3%	2.2%
Nov 06	\$ 105,644	\$ 19,038	22.0%	1,761,808	\$ 242,609	16.0%	\$ 59.96	\$ 2.96	5.2%	2.7%	1.4%	1.2%
Dec 06	\$ 113,723	\$ 23,803	26.5%	1,827,335	\$ 327,026	21.8%	\$ 62.23	\$ 2.30	3.8%	8.0%	-0.6%	8.6%
Jan 07	\$ 103,000	\$ 9,128	9.7%	1,738,437	\$ 134,564	8.4%	\$ 59.25	\$ 0.72	1.2%	-1.3%	1.3%	-2.6%
Feb 07	\$ 101,524	\$ 9,283	10.1%	1,602,576	\$ 52,729	3.4%	\$ 63.35	\$ 3.83	6.4%	-2.5%	5.2%	-7.3%
Mar 07	\$ 122,020	\$ 18,856	18.3%	1,920,982	\$ 179,715	10.3%	\$ 63.52	\$ 4.27	7.2%	9.8%	2.3%	7.3%
Apr 07	\$ 110,695	\$ 8,118	7.9%	1,852,605	\$ 74,402	4.2%	\$ 59.75	\$ 2.07	3.6%	4.3%	2.5%	1.8%
May 07	\$ 113,249	\$ 9,743	9.4%	1,907,695	\$ 61,530	3.3%	\$ 59.36	\$ 3.30	5.9%	2.8%	2.7%	0.0%
Jun 07	\$ 113,246	\$ 11,126	10.9%	2,006,865	\$ 150,437	8.1%	\$ 56.43	\$ 1.42	2.6%	8.3%	1.9%	6.2%
Jul 07	\$ 124,872	\$ 13,020	11.6%	2,351,638	\$ 313,741	15.4%	\$ 53.10	\$ (1.79)	-3.3%	1.3%	1.6%	-0.3%
Aug 07	\$ 122,708	\$ 16,986	16.1%	2,247,801	\$ 292,602	15.0%	\$ 54.59	\$ 0.52	1.0%	7.1%	-0.7%	7.8%
Sep 07	\$ 117,449	\$ 4,765	4.2%	2,109,014	\$ 101,162	5.0%	\$ 55.69	\$ (0.43)	-0.8%	4.5%	0.2%	4.4%
Oct 07	\$ 116,908	\$ 10,302	9.7%	2,085,276	\$ 191,227	10.1%	\$ 56.06	\$ (0.22)	-0.4%	5.3%	-2.1%	7.5%
Nov 07	\$ 111,746	\$ 6,101	5.8%	1,849,351	\$ 87,543	5.0%	\$ 60.42	\$ 0.46	0.8%	4.2%	-2.2%	6.6%
Dec 07	\$ 105,639	\$ (8,085)	-7.1%	1,680,649	\$ (146,686)	-8.0%	\$ 62.86	\$ 0.62	1.0%	-5.8%	0.1%	-5.9%
Jan 08	\$ 108,440	\$ 5,440	5.3%	1,747,827	\$ 9,390	0.5%	\$ 62.04	\$ 2.79	4.7%	-17.5%	-12.3%	-5.9%
Feb 08	\$ 115,063	\$ 13,540	13.3%	1,770,873	\$ 168,297	10.5%	\$ 64.98	\$ 1.63	2.6%	-12.9%	-13.3%	0.5%
Mar 08	\$ 130,080	\$ 8,061	6.6%	2,055,044	\$ 134,062	7.0%	\$ 63.30	\$ (0.22)	-0.3%	-19.9%	-11.9%	-9.1%
Apr 08	\$ 120,489	\$ 9,793	8.8%	1,925,113	\$ 72,508	3.9%	\$ 62.59	\$ 2.84	4.7%	-19.3%	-11.1%	-9.2%
May 08	\$ 128,166	\$ 14,916	13.2%	2,040,655	\$ 132,960	7.0%	\$ 62.81	\$ 3.44	5.8%	-14.1%	-11.4%	-3.0%
Jun 08	\$ 113,820	\$ 573	0.5%	1,871,935	\$ (134,930)	-6.7%	\$ 60.80	\$ 4.37	7.8%	-20.7%	-8.6%	-13.2%
Jul 08	\$ 126,711	\$ 1,840	1.5%	2,147,965	\$ (203,673)	-8.7%	\$ 58.99	\$ 5.89	11.1%	-20.2%	-10.8%	-10.5%
Aug 08	\$ 129,336	\$ 6,628	5.4%	2,139,532	\$ (108,269)	-4.8%	\$ 60.45	\$ 5.86	10.7%	-21.6%	-8.3%	-14.5%
Sep 08	\$ 115,114	\$ (2,335)	-2.0%	1,909,476	\$ (199,538)	-9.5%	\$ 60.29	\$ 4.60	8.3%	-26.6%	-8.6%	-19.7%
Oct 08	\$ 119,405	\$ 2,497	2.1%	1,927,528	\$ (157,748)	-7.6%	\$ 61.95	\$ 5.88	10.5%	-25.6%	-8.8%	-18.4%

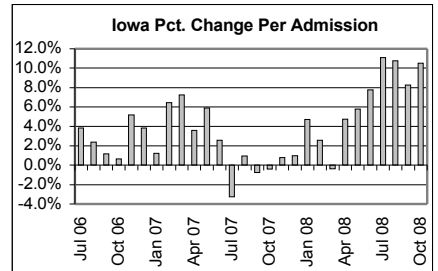
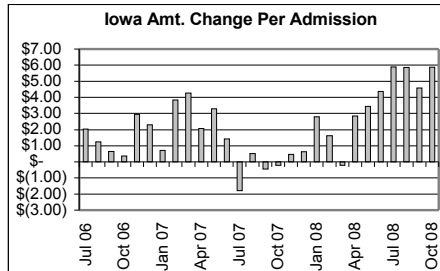
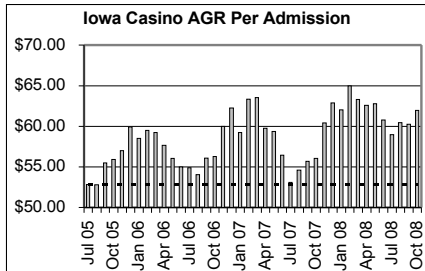
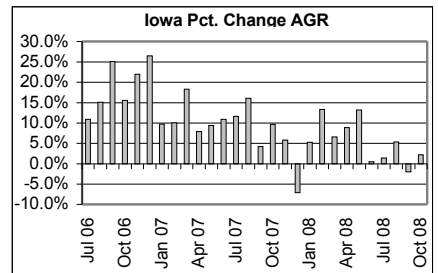
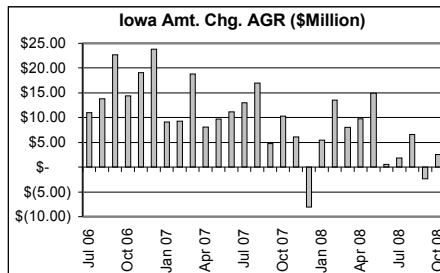
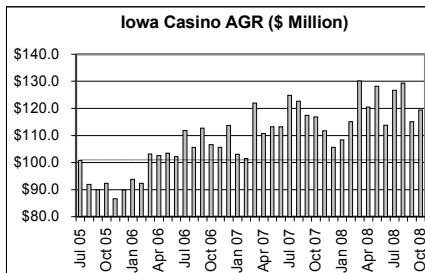
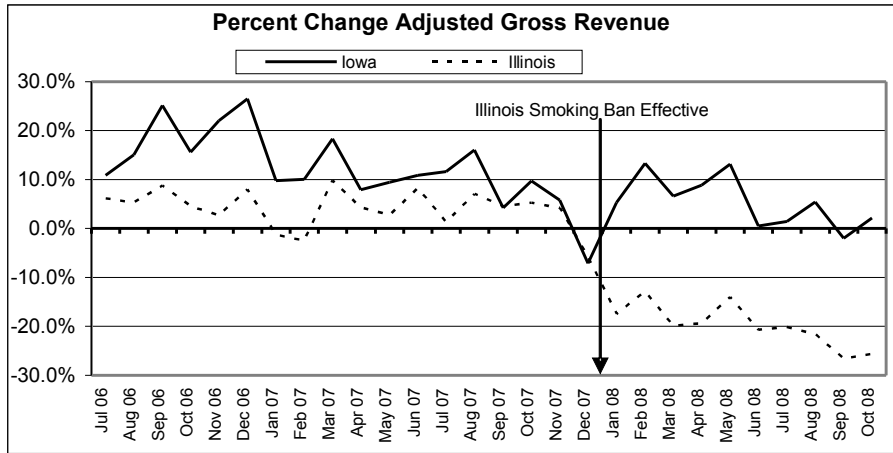
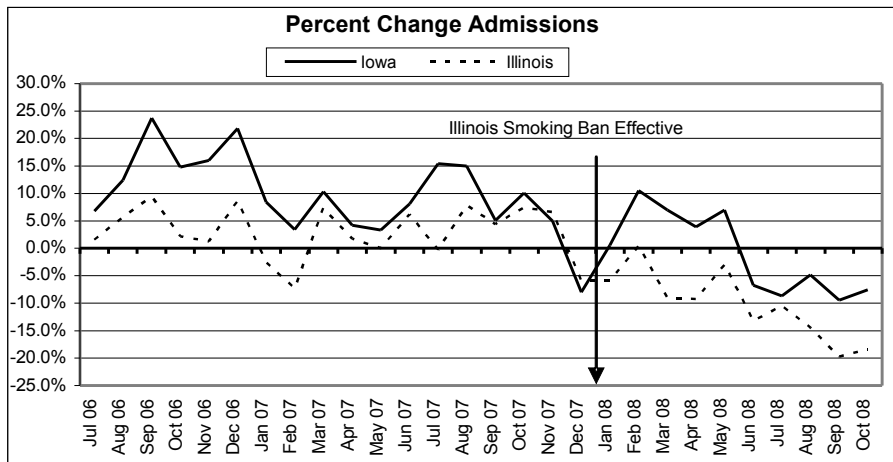


Exhibit 1A Page 2
Iowa Non-Tribal Riverboat & Track Casino Analysis
 Statewide Analysis & Comparative

Iowa-Illinois AGR Comparative



Iowa-Illinois Admissions Comparative



Iowa-Illinois AGR Per Admission Comparative

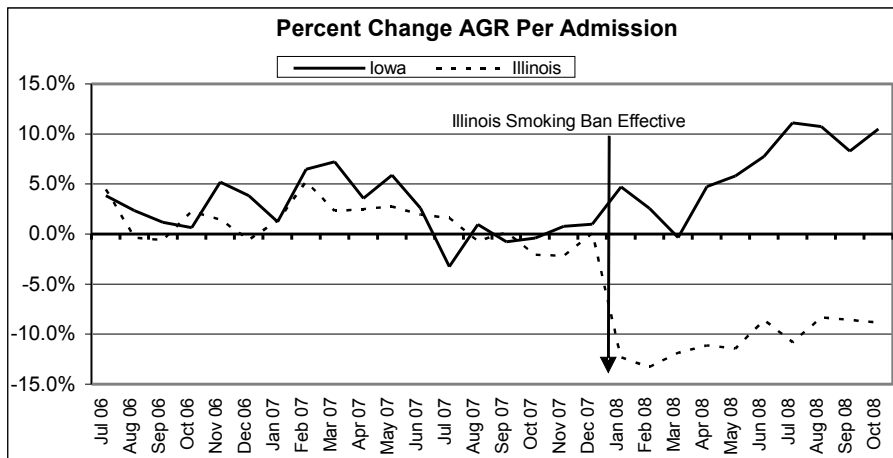


Exhibit 1B Iowa Estimated Casino Smoking Ban Impact

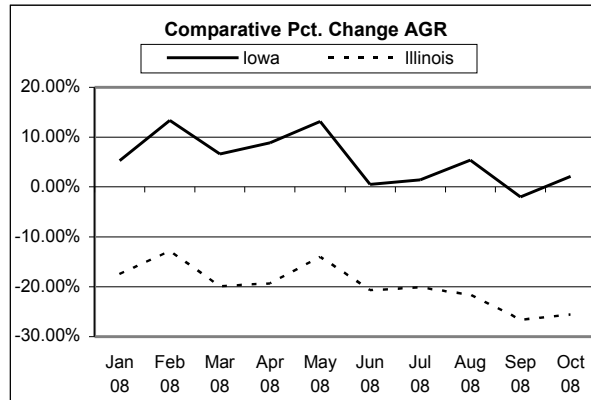
Month And Year	Iowa AGR and Admissions Data				Illinois AGR and Admissions Data				Calculated Results	
	Monthly AGR (\$1,000)	AGR Pct. Change	Monthly Admissions	Admission Pct. Chg	Monthly AGR (\$1,000)	AGR Pct. Change	Monthly Admissions	Admission Pct. Chg	Total Spread Pct. AGR	Total Spread Pct. ADM
Jan 08	\$ 108,440	5.28%	1,747,827	1.12%	\$ 131,465	-17.46%	1,238,289	-5.86%	22.74	6.98
Feb 08	\$ 115,063	13.34%	1,770,873	10.50%	\$ 130,758	-12.88%	1,197,403	0.47%	26.21	10.03
Mar 08	\$ 130,080	6.61%	2,055,044	6.98%	\$ 147,700	-19.87%	1,349,151	-9.08%	26.47	16.06
Apr 08	\$ 120,489	8.85%	1,925,113	3.91%	\$ 135,140	-19.34%	1,222,244	-9.24%	28.19	13.15
May 08	\$ 128,166	13.17%	2,040,655	6.97%	\$ 142,729	-14.05%	1,314,544	-2.96%	27.23	9.92
Jun 08	\$ 113,820	0.51%	1,871,935	-6.72%	\$ 130,826	-20.69%	1,206,528	-13.22%	21.20	6.50
Jul 08	\$ 126,711	1.47%	2,147,965	-8.66%	\$ 138,465	-20.15%	1,302,176	-10.47%	21.63	1.81
Aug 08	\$ 129,336	5.40%	2,139,532	-4.82%	\$ 135,418	-21.59%	1,297,912	-14.46%	17.71	9.64
Sep 08	\$ 115,114	-1.99%	1,909,476	-9.46%	\$ 122,792	-26.59%	1,152,143	-19.70%	28.58	10.24
Oct 08	\$ 119,405	2.14%	1,927,528	-7.56%	\$ 122,026	-25.58%	1,155,120	-18.36%	27.71	10.80
Jan - May:	\$ 120,448		1,907,902		\$ 137,558		1,264,326		26.17	11.23
Jan - Oct:	\$ 120,662		1,953,595		\$ 133,732		1,243,551		24.77	9.51

Annual Calculations Based on Jan - May Data

AGR	
Average Monthly AGR:	\$ 120,448
Annualized AGR:	\$ 1,445,372
Average Total Percent Spread:	(0.2617)
Reduction AGR:	(378,254)
Reduction AGR Tax:	(86,998) (1)

Admissions	
Avg. Monthly Admissions:	1,264,326
Annualized Admissions:	15,171,914
Average Total Percent Spread:	(0.1123)
Reduction Admissions:	(1,703,806)
Reduction Admissions Tax:	- (2)

Total Estimated Tax Loss: (86,998) (3)

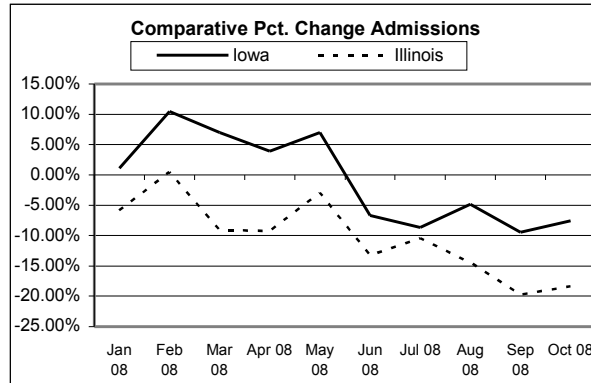


Annual Calculations Based on Jan - Oct Data

AGR	
Avg. Monthly AGR:	\$ 120,662
Annualized AGR:	\$ 1,447,948
Average Total Percent Spread:	(0.2477)
Reduction AGR:	(358,657)
Reduction AGR Tax:	(82,491) (1)

Admissions	
Avg. Monthly Admissions:	1,243,551
Annualized Admissions:	14,922,612
Average Total Percent Spread:	(0.1142)
Reduction Admissions:	(1,704,162)
Reduction Admissions Tax:	- (2)

Total Estimated Tax Loss: (82,491) (3)



Footnotes:

Based on 23.0% overall averages tax rate on AGR, as calculated from FY 2008 IGRC Track and Riverboat Revenue Reports (see Page 2 below).

Iowa's Admission Fee Tax was eliminated from revenue report data in 2005.

This tax loss is an understatement because it is based on AGR and Wagering Tax amounts only. When considering alcoholic beverage taxes, sales taxes, and hotel taxes the figure increases. The estimate also does not consider Prospective fiscal impact imposed by migration of patrons from smoking ban compliant Non-Tribal casinos to smoking ban exempt and tax exempt Tribal casinos.

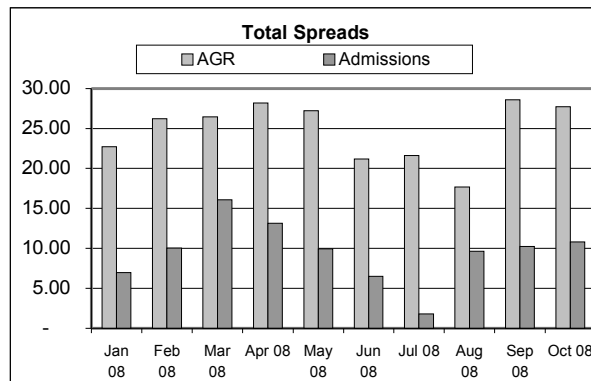


Exhibit 1B Page 2

Iowa Estimated Smoking Ban Impact

Source: Iowa Racing and Gaming Commission FY 2008 Revenue Reports

Iowa Wagering Tax and Casino Fee Percent Estimate

	Track Gaming Revenue Report FY2008	Riverboat Revenue Report FY2008	Total FY2008
Adjusted Gross Revenue:	\$ 462,973,626	\$ 952,404,225	\$ 1,415,377,851
City Tax	\$ 2,314,868	\$ 4,762,023	\$ 7,076,891
County Tax	\$ 2,314,868	\$ 4,762,023	\$ 7,076,891
Gamblers Treatment	\$ 2,314,868	\$ 4,762,023	\$ 7,076,891
Endowment Fund	\$ 3,703,789	\$ 7,619,234	\$ 11,323,023
State Misc. Fund	\$ 925,948	\$ 1,904,808	\$ 2,830,756
State Tax	\$ 96,756,921	\$ 179,978,826	\$ 276,735,747
Regulatory Fee	\$ 3,359,244	\$ 10,444,687	\$ 13,803,931
Admission Fee Tax	\$ -	\$ -	\$ -
Daily License Fee	\$ 198,400	\$ -	\$ 198,400
Taxes and Fees Total:	\$ 111,888,906	\$ 214,233,624	\$ 326,122,530
Taxes and Fees as Percent of Adjusted Gross Revenue:			23.0%

Exhibit 2 Illinois Non-Tribal Riverboat Casino Analysis Statewide Comparative

Source: Illinois Gaming Board, Iowa Racing and Gambling Commission Archive Data
(Excludes Food & Beverage and Hotel Revenues)

Year And Month	Amt . Chg			Amt . Chg			(See Iowa Statewide Data)					
	Illinois AGR (\$1000)	From Prev. Year \$1000	Pct. Chg. From Prev. Year	Illinois Admission	From Prev. Year	Pct. Chg. From Prev. Year	AGR Per Admiss.	Amt . Chg From Prev. Year	Pct. Chg. From Prev. Year	lowa Pct. Chg. AGR	lowa Pct. Chg. Admiss.	lowa Pct. Chg. AGR/Adm.
Jul 05	\$ 161,256	N/A	N/A	1,435,268	N/A	N/A	\$ 112.4	N/A	N/A	N/A	N/A	N/A
Aug 05	\$ 153,224	N/A	N/A	1,331,916	N/A	N/A	\$ 115.0	N/A	N/A	N/A	N/A	N/A
Sep 05	\$ 147,224	N/A	N/A	1,257,047	N/A	N/A	\$ 117.1	N/A	N/A	N/A	N/A	N/A
Oct 05	\$ 149,013	N/A	N/A	1,288,198	N/A	N/A	\$ 115.7	N/A	N/A	N/A	N/A	N/A
Nov 05	\$ 148,997	N/A	N/A	1,251,381	N/A	N/A	\$ 119.1	N/A	N/A	N/A	N/A	N/A
Dec 05	\$ 152,443	N/A	N/A	1,244,182	N/A	N/A	\$ 122.5	N/A	N/A	N/A	N/A	N/A
Jan 06	\$ 161,381	N/A	N/A	1,350,159	N/A	N/A	\$ 119.5	N/A	N/A	N/A	N/A	N/A
Feb 06	\$ 153,871	N/A	N/A	1,285,732	N/A	N/A	\$ 119.7	N/A	N/A	N/A	N/A	N/A
Mar 06	\$ 167,858	N/A	N/A	1,382,377	N/A	N/A	\$ 121.4	N/A	N/A	N/A	N/A	N/A
Apr 06	\$ 160,646	N/A	N/A	1,323,459	N/A	N/A	\$ 121.4	N/A	N/A	N/A	N/A	N/A
May 06	\$ 161,603	N/A	N/A	1,354,341	N/A	N/A	\$ 119.3	N/A	N/A	N/A	N/A	N/A
Jun 06	\$ 152,375	N/A	N/A	1,309,247	N/A	N/A	\$ 116.4	N/A	N/A	N/A	N/A	N/A
Jul 06	\$ 171,152	\$ 9,896	6.1%	1,458,249	\$ 22,981	1.6%	\$ 117.4	\$ 5.02	4.5%	10.9%	6.8%	3.8%
Aug 06	\$ 161,312	\$ 8,088	5.3%	1,407,345	\$ 75,429	5.7%	\$ 114.6	\$ (0.42)	-0.4%	15.0%	12.4%	2.3%
Sep 06	\$ 160,049	\$ 12,825	8.7%	1,375,048	\$ 118,001	9.4%	\$ 116.4	\$ (0.72)	-0.6%	25.2%	23.7%	1.2%
Oct 06	\$ 155,744	\$ 6,731	4.5%	1,316,411	\$ 28,213	2.2%	\$ 118.3	\$ 2.63	2.3%	15.6%	14.8%	0.7%
Nov 06	\$ 153,000	\$ 4,003	2.7%	1,266,856	\$ 15,475	1.2%	\$ 120.8	\$ 1.71	1.4%	22.0%	16.0%	5.2%
Dec 06	\$ 164,572	\$ 12,129	8.0%	1,351,136	\$ 106,954	8.6%	\$ 121.8	\$ (0.72)	-0.6%	26.5%	21.8%	3.8%
Jan 07	\$ 159,268	\$ (2,113)	-1.3%	1,315,333	\$ (34,826)	-2.6%	\$ 121.1	\$ 1.56	1.3%	9.7%	7.8%	1.8%
Feb 07	\$ 150,086	\$ (3,785)	-2.5%	1,191,768	\$ (93,964)	-7.3%	\$ 125.9	\$ 6.26	5.2%	10.1%	3.4%	6.4%
Mar 07	\$ 184,314	\$ 16,456	9.8%	1,483,896	\$ 101,519	7.3%	\$ 124.2	\$ -2.78	2.3%	18.3%	10.3%	7.2%
Apr 07	\$ 167,547	\$ 6,901	4.3%	1,346,645	\$ 23,186	1.8%	\$ 124.4	\$ 3.03	2.5%	7.9%	4.2%	3.6%
May 07	\$ 166,069	\$ 4,466	2.8%	1,354,572	\$ 231	0.0%	\$ 122.6	\$ 3.28	2.7%	9.4%	3.3%	5.9%
Jun 07	\$ 164,958	\$ 12,583	8.3%	1,390,381	\$ 81,134	6.2%	\$ 118.6	\$ 2.26	1.9%	10.9%	8.1%	2.6%
Jul 07	\$ 173,415	\$ 2,263	1.3%	1,454,494	\$ (3,755)	-0.3%	\$ 119.2	\$ 1.86	1.6%	11.6%	15.4%	-3.3%
Aug 07	\$ 172,694	\$ 11,382	7.1%	1,517,363	\$ 110,018	7.8%	\$ 113.8	\$ (0.81)	-0.7%	16.1%	15.0%	1.0%
Sep 07	\$ 167,279	\$ 7,230	4.5%	1,434,880	\$ 59,832	4.4%	\$ 116.6	\$ 0.19	0.2%	4.2%	5.0%	-0.8%
Oct 07	\$ 163,963	\$ 8,219	5.3%	1,414,910	\$ 98,499	7.5%	\$ 115.9	\$ (2.43)	-2.1%	9.7%	10.1%	-0.4%
Nov 07	\$ 159,488	\$ 6,488	4.2%	1,350,151	\$ 83,295	6.6%	\$ 118.1	\$ (2.65)	-2.2%	5.8%	5.0%	0.8%
Dec 07	\$ 154,955	\$ (9,617)	-5.8%	1,271,044	\$ (80,092)	-5.9%	\$ 121.9	\$ 0.11	0.1%	-7.1%	-8.0%	1.0%
Jan 08	\$ 131,465	\$ (27,803)	-17.5%	1,238,289	\$ (77,044)	-5.9%	\$ 106.2	\$ (14.92)	-12.3%	5.3%	1.1%	4.1%
Feb 08	\$ 130,758	\$ (19,328)	-12.9%	1,197,403	\$ 5,635	0.5%	\$ 109.2	\$ (16.73)	-13.3%	13.3%	10.5%	2.6%
Mar 08	\$ 147,700	\$ (36,614)	-19.9%	1,349,151	\$ (134,745)	-9.1%	\$ 109.5	\$ (14.73)	-11.9%	6.6%	7.0%	-0.3%
Apr 08	\$ 135,140	\$ (32,407)	-19.3%	1,222,244	\$ (124,401)	-9.2%	\$ 110.6	\$ (13.85)	-11.1%	8.8%	3.9%	4.7%
May 08	\$ 142,729	\$ (23,340)	-14.1%	1,314,544	\$ (40,028)	-3.0%	\$ 108.6	\$ (14.02)	-11.4%	13.2%	7.0%	5.8%
Jun 08	\$ 130,826	\$ (34,132)	-20.7%	1,206,528	\$ (183,853)	-13.2%	\$ 108.4	\$ (10.21)	-8.6%	0.5%	-6.7%	7.8%
Jul 08	\$ 138,465	\$ (34,950)	-20.2%	1,302,176	\$ (152,318)	-10.5%	\$ 106.3	\$ (12.89)	-10.8%	1.5%	-8.7%	11.1%
Aug 08	\$ 135,418	\$ (37,276)	-21.6%	1,297,912	\$ (219,451)	-14.5%	\$ 104.3	\$ (9.48)	-8.3%	5.4%	-4.8%	10.7%
Sep 08	\$ 122,792	\$ (44,487)	-26.6%	1,152,143	\$ (282,737)	-19.7%	\$ 106.6	\$ (10.00)	-8.6%	-2.0%	-9.5%	8.3%
Oct 08	\$ 122,026	\$ (41,937)	-25.6%	1,155,120	\$ (259,790)	-18.4%	\$ 105.6	\$ (10.24)	-8.8%	2.1%	-7.6%	10.5%

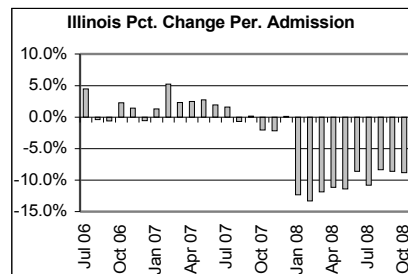
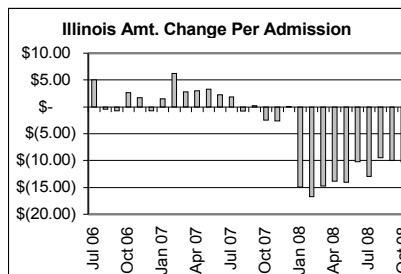
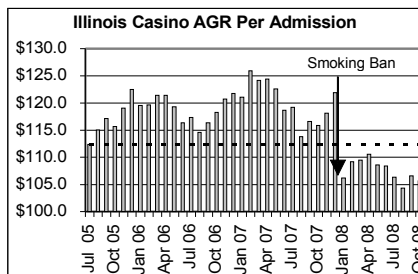
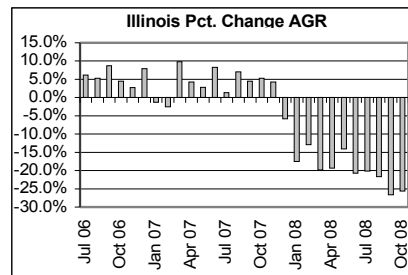
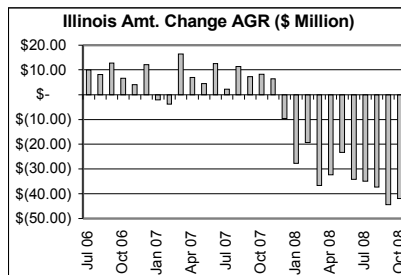
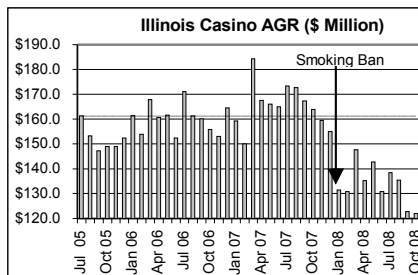
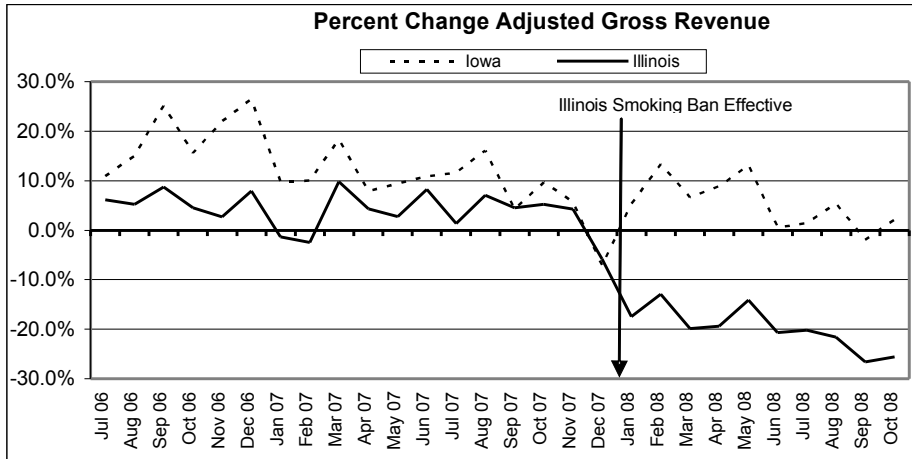
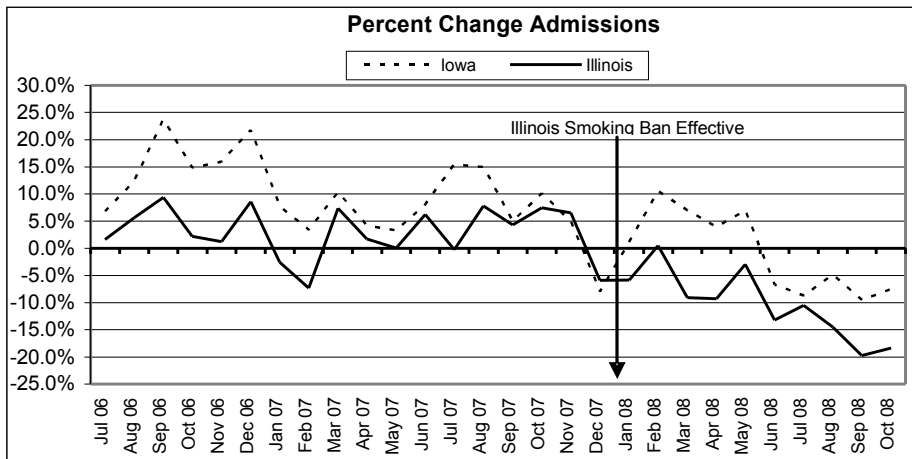


Exhibit 2 Page 2
Illinois Non-Tribal Riverboat & Track Casino Analysis
 Statewide Analysis & Comparative

Illinois-Iowa AGR Comparative



Illinois-Iowa Admissions Comparative



Illinois-Iowa AGR Per Admission Comparative

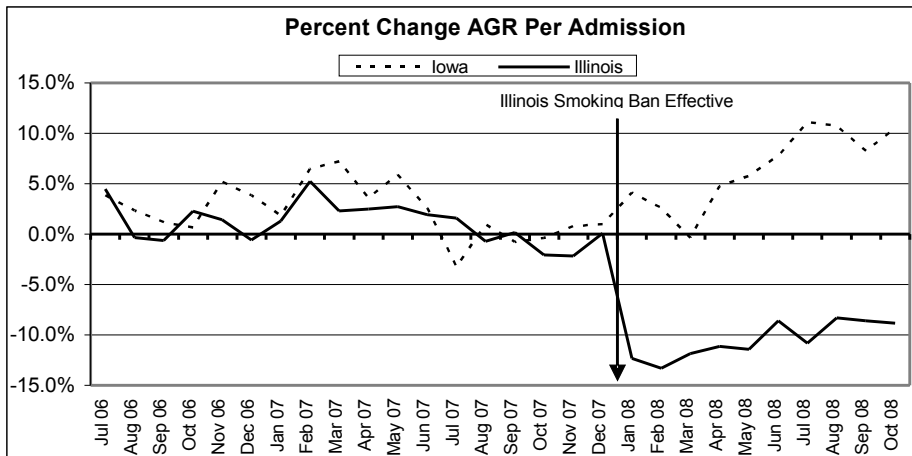


Exhibit 3

Exhibit 3A Indiana

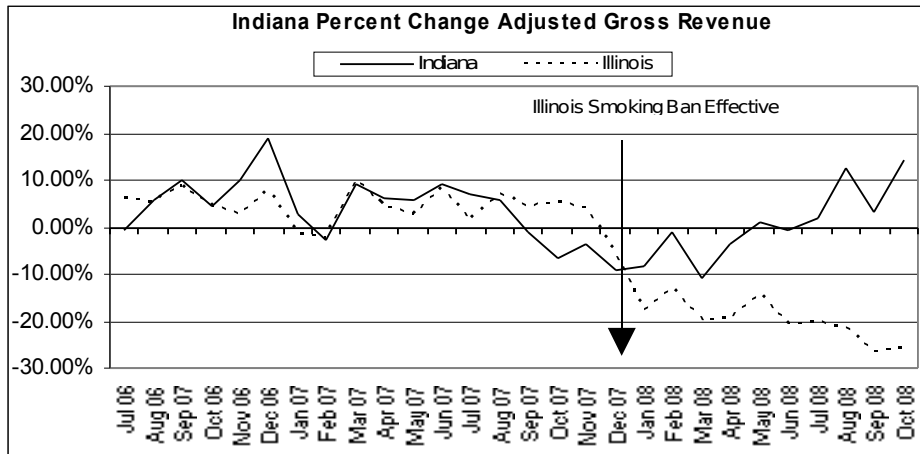


Exhibit 3B Michigan

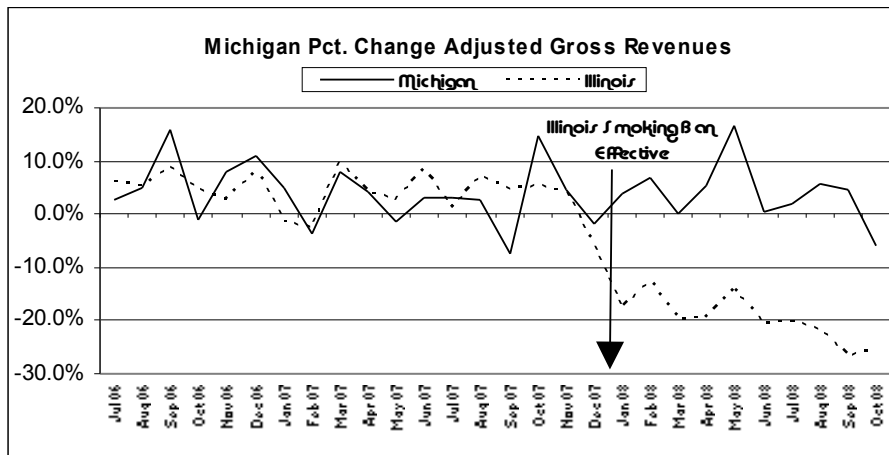


Exhibit 3C Colorado

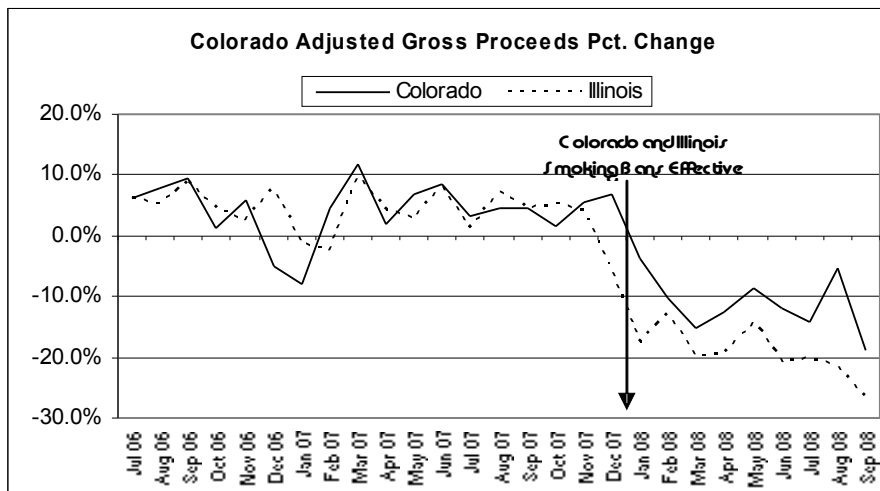
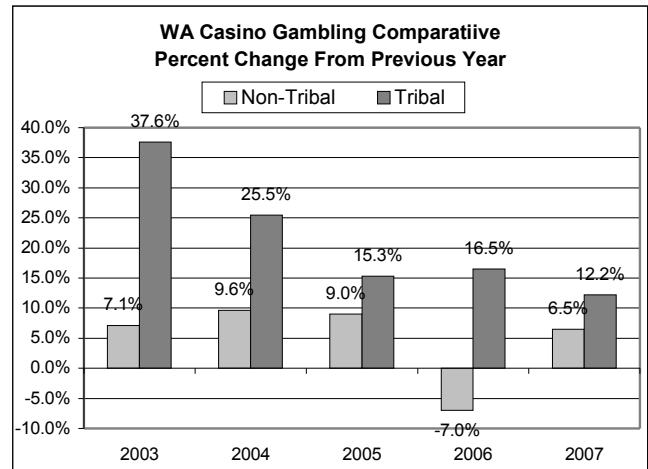
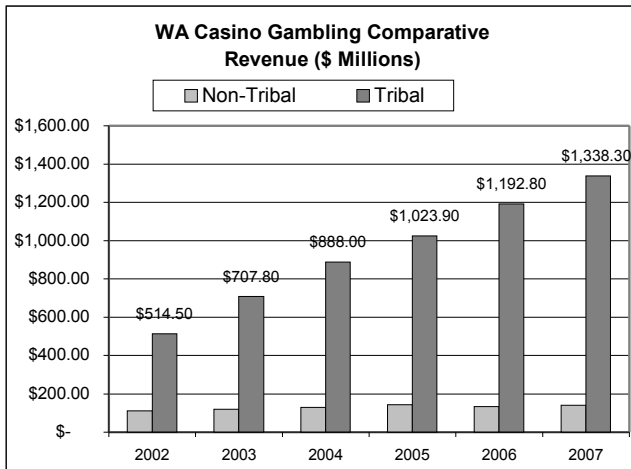


Exhibit 4

Washington Statewide Casino Gaming Comparative

Sources: Washington Department of Revenue (WADOR) and Washington State Gambling Commission (WAGC)

NAICS:	71321	Column	Column		Column	Column	Column	Column
Source:	WA DOR	Added	Added	WA GC	Added	Added	Added	Added
Data Type	Gross Business Income	Amount Change From Previous Year	Percent Change From Previous Year	Net Gambling Receipts	Amount Change From Previous Year	Percent Change From Previous Year	Amount Difference Tribal vs. NonTribal	Percent Difference Tribal vs. NonTribal
Period	Non-Indian Casinos	Indian Casinos						
2002	\$ 111,062,696	N/A	N/A	\$ 514,500,000	N/A	N/A	N/A	N/A
2003	\$ 118,926,677	\$ 7,863,981	7.1%	\$ 707,800,000	\$ 193,300,000	37.6%	\$ 185,436,019	30.5%
2004	\$ 130,340,564	\$ 11,413,887	9.6%	\$ 888,000,000	\$ 180,200,000	25.5%	\$ 168,786,113	15.9%
2005	\$ 142,068,327	\$ 11,727,763	9.0%	\$ 1,023,900,000	\$ 135,900,000	15.3%	\$ 124,172,237	6.3%
2006	\$ 132,178,397	\$ (9,889,930)	-7.0%	\$ 1,192,800,000	\$ 168,900,000	16.5%	\$ 178,789,930	23.5%
2007	\$ 140,791,422	\$ 8,613,025	6.5%	\$ 1,338,300,000	\$ 145,500,000	12.2%	\$ 136,886,975	5.7%
Washington I-901 Smoking Ban Effective January 1, 2006								
Change 2002-2007:		\$ 29,728,726	26.8%		\$ 823,800,000	160.1%		
Change 2002-2005:		\$ 31,005,631	27.9%		\$ 509,400,000	99.0%		
Change 2006-2007:		\$ (1,276,905)	-0.9%		\$ 314,400,000	30.7%		



1. Material Differences Between Washington Tribal and Nontribal Casinos Include:

- a.) Betting limits and games/equipment allowed (overall more restrictive on non-tribal casinos).
- b.) Pursuant to negotiated compact tribal gaming revenue is not shared with the state.
- c.) Tribal establishments do not pay sales tax like business entities that are not exempt from smoking bans.
- d.) If Washington had a state corporate income tax tribal casinos would be exempt.
- e.) Tribal establishments do not pay property tax on facilities.
- f.) Tribal establishments do not contribute to state unemployment funds.
- g.) Tribal establishments do not contribute to state workman's compensation funds.

2. Conclusions:

- a.) Contrary to tobacco control assertions, Washington's I-901 imposed a discernible and severe comparative adverse impact.
- b.) Adverse economic impact of Washington's I-901 occurred during economic expansion, will be more severe in down market.
- c.) Smoking bans are an integral part of transferring revenues from tax-paying to tax-exempt business entities.
- d.) Adverse economic impact of Washington's smoking ban falls most severely on small business owners and taxpayers.
- e.) Non tribal casinos had not yet recovered from smoking ban impact as of end 2007, revenues still down from 2005.
- f.) Those who support a vast expansion of tribal gaming in their state should also support a statewide smoking ban.

Exhibit 5
 Exhibit 5A.
 Colorado

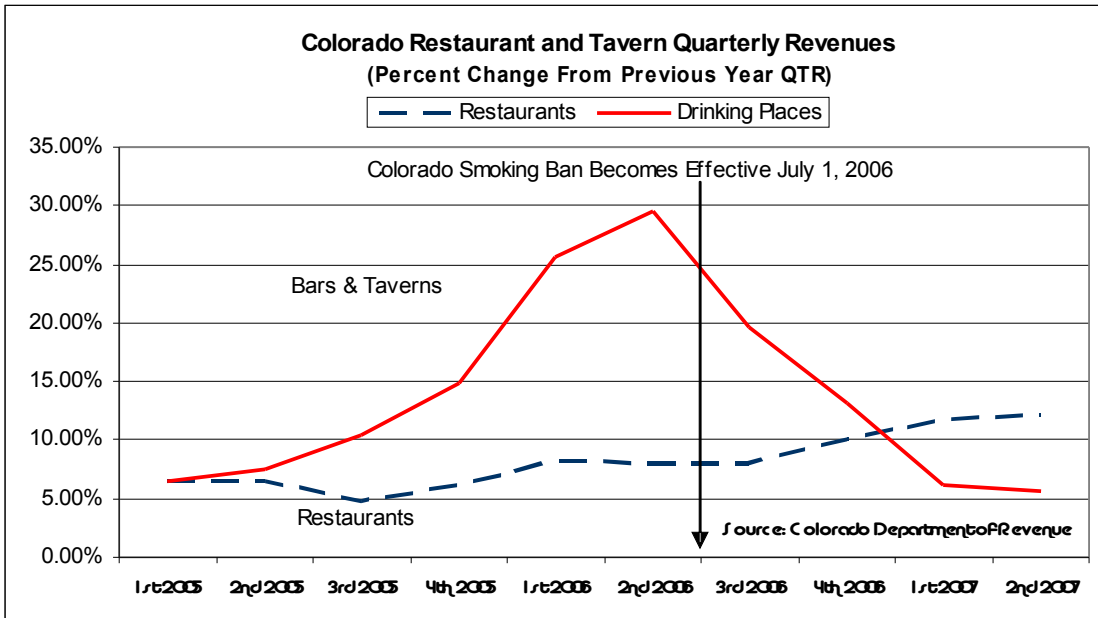


Exhibit 5B.
 Washington

