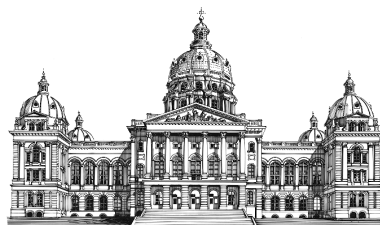


Iowa Legislative Fiscal Bureau

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State Capitol
Des Moines, IA 50319
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Riverboat Gambling

ISSUE

The General Assembly expanded the State's participation in the regulation and enforcement of Iowa's riverboat gambling industry. Additional funding was provided for FY 1993 which would allow the State to assign 5 DCI officers and 1 gaming official per boat. However, since these funds were appropriated, 2 riverboats (Diamond Lady and the Emerald Lady) have ceased operations in the State.

AFFECTED AGENCIES

Department of Public Safety, Division of Criminal Investigation (DCI)

Department of Inspections and Appeals, Racing and Gaming Commission

CODE AUTHORITY

Chapter 99F, Code of Iowa

BACKGROUND

1. In FY 1992, the DCI had 20 agents and 2 word processors assigned to riverboat gambling enforcement. This level of staffing provided 4 agents per boat which was not sufficient to cover all excursions and monitoring of the currency and token counting. The Racing and Gaming Commission added 3 gaming officials to assist with the monitoring of the currency and token counting.
2. To help resolve the staffing problems, the General Assembly added 15 DCI riverboat enforcement officers for FY 1993. These officers are a new classification of peace officers and would be hired at a starting salary of about \$27,000. The starting salary for a DCI agent is \$42,000. These new officers would be trained during the first 6 months of the fiscal year and would be aboard the boats sometime in January 1993. In addition, the Department will eliminate 10 DCI agent positions assigned to riverboats, which will result in a total of 25 DCI law enforcement personnel staffing the boats. It is expected that the 10 agents will be reassigned to other vacant positions in the Department as opposed to being laid off.
3. The General Assembly also added an additional 2 gaming officials, bringing the total number of stewards to 5 to assist with the currency and token counting.

4. It is uncertain at this time what effect the 5% reduction mandated in Senate File 2393 will have on the State's ability to oversee riverboat gambling activities in FY 1993. The DPS and DOM are reviewing alternatives and will provide them to the Fiscal Committee when they are finalized.

CURRENT SITUATION

This situation raises several questions/issues:

1. With 2 riverboats leaving, should the DPS and DIA hire all authorized staff in the event replacement boats become operational in FY 1993? It generally takes 6 months to fully train a new officer for riverboat enforcement.
2. Should the DPS and DIA reassign riverboat staff to other areas of their departments? In FY 1992, DPS had to transfer 5 DCI agents from general criminal investigations to adequately staff the 5 riverboats.
3. Would unlimited wagering stabilize the riverboat gambling industry or would

ALTERNATIVES

1. Deappropriate a portion of new funds provided for riverboat enforcement and regulation to increase the projected year-end General Fund balance.
2. Try to draw additional casino boats to Iowa and/or legalized unlimited wagering.

BUDGET IMPACT

See attachment for budget information.

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STATE RIVERBOAT REVENUES AND EXPENDITURES

	<u>Actual</u> <u>FY 1991</u>	<u>Actual</u> <u>FY 1992</u>	<u>Estimated</u> <u>FY 1993</u>
REVENUES			
General Fund Riverboat Revenues	\$ 1,713,758	\$ 15,498,002	\$ 11,500,000
Regulatory Fees (Gen. Fund) **	466,413	1,298,450	1,254,428
Licensing Fees & Fines (Gen. Fund)	59,269	82,175	56,115
Investigation Fees (To DCI)	204,836	117,385	0
Fingerprint Fees (To DCI)	79,281	43,125	29,233
TOTAL REVENUES	<u>\$ 2,523,557</u>	<u>\$ 17,039,137</u>	<u>\$ 12,839,776</u>
EXPENSE BUDGET			
Racing & Gaming - Administration			
General Fund	\$ 453,128	\$ 540,385	\$ 619,513 *
DCI Enforcement			
General Fund	\$ 816,359	\$ 1,123,596	\$ 1,328,553 *
Racing & Gaming Contract	264,605	0	0
Background Investigation Fees	284,117	140,510	0
Total DCI	<u>\$ 1,365,081</u>	<u>\$ 1,264,106</u>	<u>\$ 1,328,553</u>
TOTAL EXPENSES	<u>\$ 1,818,209</u>	<u>\$ 1,804,491</u>	<u>\$ 1,948,066</u>

Note: The DCI appropriation will be reduced by approximately \$298,000 in FY 1994 due to the annualization of the DCI agent reduction in FY 1993.

* Prior to the 5% across-the-board cut.

** Boat operators are assessed weekly for regulatory costs.