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**Robert W. Stocker II**, Gaming Law 517.487.4715 • rstocker@dickinsonwright.com

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### DICKINSON WRIGHT'S

# GAMING **LEGAL**NEWS

### HAVE THE ODDS OF CASINO GAMING IN TENNESSEE JUST BEEN RAISED?

Tennessee has long been known for its strong tourist attraction. With Beale Street and Graceland in Memphis, the music industry and dynamic attractions of Nashville, the Aquarium in Chattanooga and beautiful Smoky Mountains in East Tennessee, the state continues to draw numerous tourists from all over the country, and beyond.

Gaming is not legalized in Tennessee. Tennesseans do, however, have easy access to gaming outside the state. Tennessee has eight contiguous states (Kentucky, Virginia, North Carolina, Georgia, Alabama, Mississippi, Arkansas and Missouri). Three of those states have legalized gaming (North Carolina, Mississippi and Missouri).

The statistics show that Tennesseans have been streaming across its borders to its sister states to take advantage of the gaming these states offer. This fact, along with the millions of dollars following Tennessee residents gaming in other states, has not gone unnoticed by the Tennessee legislature.

Perhaps mindful of this, State Representative Jason Powell submitted a bill to the Tennessee legislature last month. The bill proposes that Tennessee allow casino gaming.

There has long been opposition in the legislature to gaming in Tennessee. But for the first time in decades, a bill proposing gaming in Tennessee received a second in the subcommittee where it was introduced, and a discussion of the issues relative to gaming took place on the Tennessee Capitol Hill.

Dickinson Wright partner Stuart Scott was asked by Representative Powell to address the legislature. Mr. Scott did so and was able to highlight for the legislature facts and statistics concerning gaming, Tennesseans and revenue.

For example, Tunica, Mississippi, has gaming. It is located in the northwest quadrant of the state. Between 2007 and the third quarter of 2012, Tennesseans made up over 30% of the gaming patrons there. During this same period of time, the data demonstrates that Tennessee residents outpaced residents of the host state by more than 50% at these Mississippi gaming sites. In fact, Tennesseans outpaced patrons from every other state during this time.

Tennesseans are consistently willing to cross state borders to find casino gaming – and take their tax dollars with them. Tennesseans are gaming; they are simply doing so in other states, and taking millions of dollars with them which could be used to benefit the state of Tennessee.



## **GAMINGLEGAL**NEWS

Ohio provides a prime example of the enormous financial benefits Tennesseans stand to gain from legalized gaming. Ohio opened four casinos between 2012 and 2013. In 2014 alone, Ohio brought in \$268,000,000 in gaming revenue for its state.

In order to permit casino gaming, Mr. Scott explained to the legislative committee, there must be an amendment to the Tennessee constitution. While the process is lengthy, it permits time for input by all involved and likewise allows for a carefully crafted amendment that permits limited, intelligent gaming in precisely the areas desired.

Some members of the legislative committee considering the bill were also unaware of the control the State may exercise over gaming. There has been some concern that permitting casino gaming in Tennessee would have the same effect as authorizing the lottery did. Of course, once the lottery was authorized within the state, lottery ticket purchases were permitted ubiquitously.

Unlike the lottery, casino gaming can be controlled both in terms of location and concerning the number of casinos allowed. Mr. Scott explained that Ohio, for example, only permitted four casinos. These four casinos, one in each of Ohio's largest cities, brought in just under \$64,000,000 in gaming tax revenue in the fourth quarter of 2014 alone. Ohio has already received in excess of one billion dollars in gaming revenue since the fourth casino was completed in 2013.

Several of the legislators were unaware of the fact that the State retains total control over how gaming revenue is spent. In its current form, Representative Powell's bill will divide gaming revenue between K–12 education and gaming addiction programs. The state entities benefiting from gaming revenue, however, may be supplemented. For example, city and county funds, property tax abatement, infrastructure work and law enforcement support may be considered, among a host of other positive ways to distribute casino gaming proceeds among state agencies, which will benefit all Tennesseans.

Following Mr. Scott's presentation, the committee broke with what has become a long-standing tradition. Instead of killing the bill promptly, the bill was sent for a fiscal study, which is to take place in the summer of 2015. This is the first time in decades a bill of this nature regarding casino gaming has been allowed to proceed out of a subcommittee, Representative Powell confirms. A discussion of issues relative to casino gaming in Tennessee may begin later this year during the next legislative session.

