

Sen. Wirch, Wanggaard: New report says risk to state from approving Kenosha casino is significantly reduced

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Wisconsin's potential liability to the Forest County Potawatomi Community (FCPC) if a Kenosha casino project is opened would be significantly reduced because of a gaming compact amendment approved by then Gov. Scott Walker in 2018, according to a new analysis prepared by the Legislative Reference Bureau (LRB) and released today by a bipartisan pair of State Senators.

The new LRB study, which was released by State Senator Van Wanggaard (R-Racine) and State Senator Bob Wirch (D-Somers), said that "the financial risk to the state is not as great as during the 2013-15 deliberations. Since Governor Walker rejected the Kenosha casino, the state agreed to a 2018 compact amendment with the Potawatomi that significantly reduces the state's liability if a casino opens between 30 and 50 miles from the tribe's Milwaukee casino."

The LRB analysis stated that the most significant part of the 2018 amendment provides mitigation for possible revenue losses only on a going forward basis through a potential reduction in future payments and that the state would not be required to refund any of the tribe's past or future payments.

The Forest County Potawatomi Community had claimed in a 2015 federal lawsuit that the state would need to refund to them an estimated \$243 million if the Kenosha project was approved.

"Most significantly, the 2018 amendment provides mitigation for revenue losses

only on a going-forward basis,” the LRB analysis said. “In other words, unlike in the 2014 arbitrated amendment, the state would not have to refund the tribe for any of the tribe’s past payments to the state.”

The LRB analysis of the 2018 compact amendment also noted that the Potawatomi cannot legally withhold annual state payments until it proves actual losses as a result of a casino within 30 to 50 miles of the Milwaukee casino. However, the Potawatomi could place disputed payments into an escrow account pending a final, legal determination, according to the 2018 compact amendment.

The LRB analysis also referenced the dire needs of the Menominee people and stated that the tribe’s home county “regularly reports the highest rate of poverty and unemployment as well as the lowest ratings of health outcomes.”

“One of the stated reasons mentioned in rejecting the Menominee’s Kenosha casino project was putting the state at risk for repaying millions of dollars,” said State Senator Van Wanggaard (R-Racine) and State Senator Bob Wirch (D-Somers) in releasing the new LRB analysis. “With this new examination of the amendment approved between former Gov. Walker and the Potawatomi, there is significantly less financial risk to the state in approving a Kenosha casino. Now, there are even more reasons to support the Menominee’s effort to team up with Hard Rock International to develop and build a destination entertainment center and casino in Kenosha.”

“Basically, the new analysis puts this issue to bed once and for all,” they said. “The new amendment eliminates the main claim that was the basis for rejecting the earlier plan.”

Wirch and Wanggaard noted that up to four other casinos will soon open or have opened in an area near the Kenosha casino, but beyond the 50 mile mark, including current and future projects in Waukegan, Beloit, Chicago, Rockford, and an already open casino in Hammond, IN.

“The new casinos in Illinois and Indiana and the one planned for Beloit will change the competitive landscape of the entire gaming market in Wisconsin and make it nearly impossible to prove which, if any, casino impacted the Potawatomi’s Milwaukee traffic,” they added. “This provides even more protection for state taxpayers and is another reason to approve the Kenosha project.”

“The 2018 amendment with the Potawatomi protects the state and further bolsters the case for approving the Menominee-Hard Rock Kenosha project,” the two state senators said. “We both supported the previous effort to approve this exciting project. We are pleased to see it moving forward again and believe this new analysis provides further evidence that this is a worthwhile private sector project. It will draw more visitors to the area, create new jobs and bring a multi-million dollar private sector investment that needs no public dollars.”

“The time has come to move the Kenosha casino project forward and approve it,” Wirch and Wanggaard said. “It’s good for Kenosha; it’s good for Wisconsin; and it’s good for the Menominee Tribe. This is an exciting economic development opportunity, and this new analysis provides more support for putting a shovel in the ground.”