

## **Rep. Jeff Spiegelman raises concerns with giving the racinos \$8 million in one-time state money without having a long-term solution in place**

June 28, 2013

Dear Editor,

The Bond Bill is one of the ways the state provides much needed funds to much needed places. It gives capital money to education, police, fire companies, and a variety of other worthy causes. It is crafted by a bi-partisan committee with the very difficult job over the last few years of trying to give as much money as they can to places where it will do the most good. This year is no exception and I applaud my colleagues on the Bond Bill Committee, Republican and Democrat, for their hard work in what is never an easy job. The Bond Bill is an up or down vote. You either vote for everything in it, or you vote against everything in it.

That is the good news. Here is the bad - \$8 million will be included in what many are calling "bailout" money to the overtaxed racinos.

I believe that the state has pushed the racinos too far and has been since the state's budget shortfall in 2009 when the amount the racinos pay to the state increased by about 5.5%. However, we have not reset the clock back to where it was before.

Now it is to the point where the racinos are pondering layoffs. The reason is a preposterous 43.5% tax rate. For every \$100 the racinos receive in proceeds, the state takes \$43.5 right off the top. Only then can the remaining be used to pay for expenses, overhead, and vendor fees (see below). What is left, if there is any, is decreasing profit. There is no other business in the state of Delaware that has a tax burden even approaching that. In fact, any thought of taxing another business in the state like that would be stonewalled by me and, I imagine, the vast majority of other elected officials. Because of this astounding tax rate and out-of-state competition, the racinos are now in trouble. That is where the Bond Bill and the \$8 million come in.

Under the plan proposed by the Markell administration, the \$8 million will be used to offset an expected increase in the racinos' vendor costs. In order to cover this increase, the Bond Bill has a provision for \$8 million to go to the Department of Finance in order to pay the higher vendor fees. In other words, the racinos are going to have an \$8-10 million increase in expenses. The response from the state is going to be \$8 million of taxpayer dollars for a one-time cover.

I think this is a bad idea. I don't like sending money from every person and business in the state to offset expenses forced on three businesses that we already overtax. How about, instead of giving them one-time assistance, we use the \$8 million to help this overtaxed business and reduce their rate? This would also help the racino industry with securing long-term financing, which they reportedly have had trouble with because of lower projected earnings. They have been asking for tax relief for years and a committee will be formed to make recommendations by next January which could include tax relief.

In the meantime, because it is in the Bond Bill, a vote against the \$8 million is also a vote against education, law enforcement and the fire service. I wish it weren't the case. However, my priority will remain the safety and prosperity of the people of the 11th district.

Sincerely,



Jeff Spiegelman  
State Representative - 11<sup>th</sup> District