ECONOMIC IMPACT ANALYSIS

Economic Realities, Legal Barriers, and Socioeconomic Implications of Allen County Casino

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December 24, 2025

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Executive Summary

The proposal to introduce a commercial casino into the Fort Wayne market—championed by Mayor Sharon Tucker and supported by the 2025 Spectrum Gaming Group study—would represent a fundamental and potentially irreversible shift in the economic and social fabric of Northeast Indiana. This report is an independent, local counter-analysis prepared for Allen County residents. Its purpose is to present a fact-based assessment that equips the public to evaluate the proposal's likely net effects and to inform any future, full-scale economic impact study conducted by an experienced third-party firm.

Proponents frame the initiative as economic development, job creation, and the recapture of "gaming leakage." A rigorous review suggests the opposite risk profile: projected benefits depend on optimistic revenue assumptions that undercount expenditure substitution (the diversion of discretionary spending away from existing local businesses) and minimize downstream public costs tied to problem gambling, public safety demand, and financial distress.

However, the most immediate red flag is not modeling—it is governance. The current legislative path would allow a small set of officials to approve a major change to the community's character without guaranteeing Fort Wayne or Allen County residents a binding referendum, despite the fact that local residents would bear the primary social and public-service costs. This creates a democratic deficit: if a casino is truly a net benefit, it should survive an informed public vote.

The analysis further finds that the "urgency" used to justify commercial expansion—specifically the threat of an unregulated tribal casino opening on the Fritz Road parcel—appears legally overstated. A close examination of 25 U.S.C. § 2719 (Section 20 of IGRA) indicates substantial federal barriers to gaming on recently acquired trust land absent narrow exceptions and explicit approval from the Indiana Governor.

In short, this proposal should not advance on the basis of glossy economic promises and non-binding letters of support. It should rise or fall on transparent assumptions, a realistic accounting of social externalities, and—critically—the informed consent of the community through a binding vote. Given the increasingly hostile pollical environment surrounding contentious public issues and to keep the focus on the substance of the analysis, the author has chosen to publish this analysis anonymously. Furthermore, this analysis is provided as an open-source resource for the community. In the interest of fostering transparent public dialogue, users are permitted to modify, share, and expand upon this text as they see fit. The only requirement for its continued use is that proper attribution be given to this original analysis by Save Fort Wayne (SAVEFW).

I. Economic Analysis: Myth of Net Growth in Non-Destination Markets

The primary economic argument advanced by proponents of the Fort Wayne casino is that it will generate "new" money for the region. This argument is predicated on the assumption that the casino will function as a tourist destination, drawing significant capital from outside the immediate economic catchment area. However, economic theory and empirical data from similar mid-sized Midwestern markets suggest that this assumption is flawed. In markets that lack high-density tourist attractions (such as beaches, national parks, or historic districts comparable to Las Vegas or New Orleans), casinos typically operate as "convenience gambling" venues. In this model, the vast majority of revenue is derived from local residents, leading to a phenomenon known as the substitution effect.

A. Mechanics of the Substitution Effect

The substitution effect occurs when consumers shift their discretionary spending from one sector of the local economy to another. For a casino to generate *net* economic growth, it must function as an "export" industry—bringing in dollars from outside the region that would not otherwise have been spent there. If, however, the casino functions as an "import" substitution or merely recirculates local capital, the net economic impact can be neutral or negative.

In the case of the proposed Northeast Proxy Point (I-69 and SR 8), the Spectrum Gaming Group report estimates that a casino would generate approximately $204.3 million in Adjusted Gross Receipts (AGR).[1] However, the report's classification of "tourists" obscures the true source of this revenue. Spectrum classifies any visitor from outside DeKalb County as a "tourist," a definition that technically includes residents of Allen County, Fort Wayne, and surrounding commuter suburbs.

Multiplier Analysis and the "243" Coefficient

Research conducted by the Federal Reserve Bank of St. Louis has highlighted this dynamic, noting that in rural and mid-sized urban areas, the introduction of a casino is often correlated with a stagnation or decrease in local retail sales.[2] The casino acts as a gravitational well for leisure spending, absorbing liquidity that formerly supported a diverse ecosystem of small businesses.

A pivotal study commissioned by the Community Research Institute (CRI) specifically analyzed this effect in the Midwest context. The data provided a stark quantification of displacement: for every $1,000 increase in casino revenue, businesses located within a

10 to 30-mile radius of the facility experienced a loss of approximately $243 in sales.[3] This "Displacement Coefficient" of 24.3% allows us to model the potential negative impact on the Fort Wayne small business community with a high degree of specificity.

Table 1: Estimated Annual Revenue Displacement in Allen County

Metric	Value	Description
Projected Casino AGR	$204,300,000	Total annual revenue projected by Spectrum Gaming Group [1]
Displacement Coefficient	24.3%	Percentage of revenue cannibalized from local businesses [3]
Projected Local Loss	($49,644,900)	Annual sales lost by existing non-gaming businesses
Remaining "New" Revenue	**$154,655,100**	Theoretical revenue from external sources/new spend

This calculation suggests a potential annual loss of nearly $50 million to existing non-gaming businesses in the Fort Wayne, New Haven, and Auburn corridor. This is not merely a "reshuffling" of entertainment dollars; it is a transfer of wealth from a decentralized network of local entrepreneurs to a centralized, often out-of-state corporate entity.

Recessionary Vulnerability: The "Double-Dip" Risk

The substitution effect is not static; it is exacerbated during economic downturns. A longitudinal study spanning 15 years of data found that during the Great Recession (2007–2012), retail sales in economies hosting casinos shrank at a rate two to three times greater than in non-casino economies.[4]

While non-casino micropolitan areas saw a mean retail sales growth rate of 8.2% during this period, casino-hosting areas saw growth of only 2.4%—a statistically significant difference.[4] This suggests that reliance on casino revenue makes a local economy *more* fragile, not less. In hard times, households cut discretionary gambling spend sharply, and if the local retail base has already been eroded by the casino's presence, the community is left with fewer economic "shock absorbers."

Table 2: Retail Sales Growth Comparison (2007-2012 Recession Era)

Area Category	Non-Casino Mean Growth	Casino Mean Growth	Difference	Significance
Micropolitan Areas	8.2%	2.4%	+5.8% (Non-Casino)	p =.048
Metropolitan Areas	9.3%	4.6%	+4.7% (Non-Casino)	p =.041
Combined	8.6%	3.8%	+4.8% (Non-Casino)	p =.012

Source: Krutz Dissertation, Boise State University.[23]

This data indicates that non-casino areas recovered faster and maintained stronger retail ecosystems during economic stress. Introducing a casino to Allen County could, therefore, introduce a structural weakness that only becomes apparent during the next recession.

B. "Factory vs. Restaurant" Paradigm: Why Casinos Fail as Exports

Economists often distinguish between businesses that expand the economic pie and those that merely slice it differently. This is best understood through the "Factory vs. Restaurant" paradigm.[4] A factory that exports goods (e.g., General Motors in Fort Wayne) brings new money into the region. A restaurant (or a local casino) competes for the existing pool of local entertainment dollars.

Unless the Fort Wayne casino can demonstrate that a significant portion of its revenue comes from genuine tourists (those staying overnight in hotels and visiting other local attractions), it remains an extractive industry relative to the local economy.[5] Given the proximity of established competitors—Four Winds South Bend, FireKeepers in Battle Creek, and Hollywood Casino Toledo—the "untapped potential" for tourism is likely overstated. The market is saturated with convenience gaming options, meaning a new facility in Fort Wayne would primarily capture local convenience play rather than destination tourism.

C. Market Saturation and the Law of Diminishing Returns

The proposal to introduce a new license or relocate the Rising Star license ignores the broader context of market saturation in the Midwest. Indiana is already home to 13 commercial casinos and one tribal casino (Four Winds South Bend). The gaming market is not infinite; it is constrained by the population's disposable income and the presence of competing venues.

The Spectrum Report itself provides evidence of this saturation. It projects that a new casino in the Northeast would cannibalize approximately $15 million in theoretical win from existing Indiana casinos.[1] This represents a direct transfer of tax revenue from one part of the state to another, rather than the creation of a new tax base.

Historical trends in states like Illinois and Missouri show that as market density increases, the marginal return on each new position (slot machine or table seat) declines, leading to a "race to the bottom" in terms of profitability and tax generation efficiency.[2]

D. Rising Star Paradox: Relocating Failure

The legislative push, embodied in proposals to move the Rising Star license, is an admission of market failure, not market opportunity. Rising Star is currently the lowest-grossing casino in the state, generating 11 times less revenue than the market leader in Gary.[6] Its failure is due to competition from Cincinnati and Kentucky.

Moving this license to Fort Wayne is an attempt to bail out a corporate operator (Full House Resorts) by granting them access to a fresh population base. However, this does not solve the underlying structural issue of saturation; it merely shifts the venue of the competition. By placing a casino in Fort Wayne, the state risks destabilizing the revenue streams of the Blue Chip Casino, Hollywood Casino Toledo, and the state’s own racinos, engaging in a zero-sum game where the only guaranteed winner is the license holder.[7]

E. Monoculture Trap: Structural Dependency and Fiscal Capture

Beyond the immediate displacement of local revenue, the introduction of a casino into a mid-sized market like Fort Wayne creates a perilous long-term structural vulnerability known as Economic Monoculture.

In healthy economies, resilience is achieved through diversification—where assets are spread across manufacturing, retail, service, and technology sectors. This ensures that a downturn in one sector is buffered by stability in others. However, a casino functions as an economic invasive species: it does not merely compete with existing businesses; it aggressively displaces them, effectively forcing the local economy to put "all its apples in one bucket."

Mechanics of Erosion

Once operational, the casino acts as a gravitational center that reorganizes the local service economy around itself. Small businesses in close proximity—family-owned restaurants, bowling alleys, cinemas, and live music venues—cannot compete with a subsidized entity that can offer loss-leader pricing on food and entertainment to capture gaming revenue.

As these diverse independent businesses fail (see *Displacement Coefficient* in Section A), the community loses its economic biodiversity. The casino becomes one of the few remaining providers of leisure and one of the largest employers. This centralization creates a single point of failure: if the casino’s revenue declines due to market saturation or demographic shifts, the entire local service sector faces collapse because the alternative businesses that once existed have been extinguished.

Fiscal Handcuffs

Perhaps the most dangerous aspect of this dependency is "Fiscal Capture." Proponents often sell casinos to municipalities by earmarking tax revenues for essential public services such as police, fire, or infrastructure. While this appears beneficial initially, it creates a permanent political dependency.

Once the city’s operating budget expands to rely on casino revenue, the casino effectively holds the municipal government hostage. If the social costs of the casino (crime, addiction, bankruptcy) eventually outweigh the benefits, the local government finds itself paralyzed. Removing the casino or restricting its operations would create an immediate, catastrophic budget deficit.

To fill that hole without the casino, the municipality would be forced to enact massive property tax hikes or income tax increases on the remaining citizenry—often a political impossibility. Thus, the community becomes locked into a "zombie" relationship with the venue: it cannot afford to keep it due to social costs, but it cannot afford to lose it due to fiscal dependence. The casino ceases to be a business and becomes an unremovable tax authority, dictating the economic health of the region.

II. Legal Analysis: Improbability of Tribal Gaming on Fritz Road

A potent political narrative driving the support for a commercial casino is the fear of the "Tribal Option." The argument posits that if the state does not authorize a commercial casino, the Miami Tribe of Oklahoma will inevitably open a tax-free Class II or Class III gaming facility on their recently acquired land on Fritz Road. This narrative relies on a fundamental misunderstanding of federal Indian law. A textualist analysis of the Indian Gaming Regulatory Act (IGRA) and relevant federal regulations demonstrates that the path to gaming on the Fritz Road parcel is blocked by formidable statutory hurdles.

A. General Prohibition of Section 20

Enacted on October 17, 1988, the Indian Gaming Regulatory Act (IGRA) established a general prohibition against gaming on lands acquired in trust by the Secretary of the Interior for the benefit of an Indian tribe after the date of the act's enactment. This is codified in 25 U.S.C. § 2719(a).

The timeline for the Fritz Road parcel is unambiguous. The Miami Tribe of Oklahoma announced that the 45-acre parcel was accepted into federal trust status on June 7, 2024.[8] Because this acquisition occurred nearly 36 years after the statutory cutoff date of October 17, 1988, the land is presumptively ineligible for gaming. To conduct any form of IGRA-regulated gaming (Class II bingo or Class III casino gaming), the Tribe must qualify for one of the narrow exceptions enumerated in Section 20 of IGRA.

B. "Restored Lands" Exception Analysis

The "Restored Lands" exception (25 U.S.C. § 2719(b)(1)(B)(iii)) should next be the subject of analysis when determining if an exception applies. This exception allows gaming on after-acquired lands if the lands are taken into trust as part of "the restoration of lands for an Indian tribe that is restored to Federal recognition."

To qualify for this exception, a tribe must successfully navigate a complex regulatory test outlined in 25 C.F.R. § 292.12. This regulation requires the tribe to demonstrate three specific connections to the land in question:

- **Modern Connection:** The tribe must show a modern connection to the land. This can be established if the land is within a reasonable commuting distance of the tribe's existing reservation, or if the tribe has no reservation, near where a significant number of tribal members reside. While the Miami Tribe has established a Cultural Resources Extension Office (CREO) on the site and has a population base in Indiana, this prong is merely the first hurdle.[9]

- **Significant Historical Connection:** The tribe must demonstrate a significant historical connection to the land. Given that Fort Wayne (Kiihkahyonki) is the historic capital of the Miami people and the site of significant treaty negotiations, the Tribe would likely satisfy this requirement without difficulty.[10]
- **Temporal Connection:** This is the decisive legal barrier. The regulation at 25 C.F.R. § 292.12(c) requires a temporal connection between the date of the acquisition of the land and the date of the tribe's restoration to federal recognition. To demonstrate this connection, the tribe must typically show that:
  - The land is included in the tribe's *first request* for newly acquired lands since the tribe was restored to federal recognition; or
  - The tribe submitted the application to take the land into trust within 25 years after the tribe was restored to federal recognition.[9]

Application to the Miami Tribe of Oklahoma: The Miami Tribe of Oklahoma was administratively terminated in the late 19th century but was reorganized and recognized under the Oklahoma Indian Welfare Act of 1936, with a constitution ratified in 1938.[11] Even if one accepts a generous interpretation of "restoration" occurring later in the 20th century, the acquisition of the Fritz Road parcel in 2024 falls far outside the 25-year window typically required to establish a temporal nexus. The courts, in cases such as *Grand Traverse Band of Ottawa and Chippewa Indians v. Office of the U.S. Attorney*, have emphasized that the restored lands exception is not an open-ended license for tribes to acquire gaming-eligible land in perpetuity. It is intended to allow a restored tribe to re-establish a land base within a reasonable timeframe following their restoration. A gap of decades between restoration (or reorganization) and the land acquisition severs the necessary temporal link.[9]

Therefore, it is highly improbable that the Department of the Interior would issue a favorable Indian Lands Opinion granting "Restored Lands" status to the Fritz Road parcel. Without this exception, the general prohibition remains in force.

C. "Two-Part Determination" and the Governor’s Veto

If the Restored Lands exception is inapplicable, the only remaining pathway for the Miami Tribe to game on the Fritz Road land is the "Secretarial Determination" or "Two-Part Determination" under 25 U.S.C. § 2719(b)(1)(A).

This process requires two distinct approvals:

1. **Secretarial Determination:** The Secretary of the Interior must determine that a gaming establishment on the trust lands would be in the best interest of the Indian tribe and its members, and would not be detrimental to the surrounding community.
2. **Governor's Concurrence:** Crucially, gaming can only proceed if the Governor of

> the State in which the gaming activity is to be conducted concurs with the Secretary's determination.[13]

This provision grants the Governor of Indiana absolute veto power over the project. Unlike the negotiation of a Tribal-State Compact (which must be conducted in good faith), the Governor's decision to concur or non-concur with a Two-Part Determination is entirely discretionary and political.

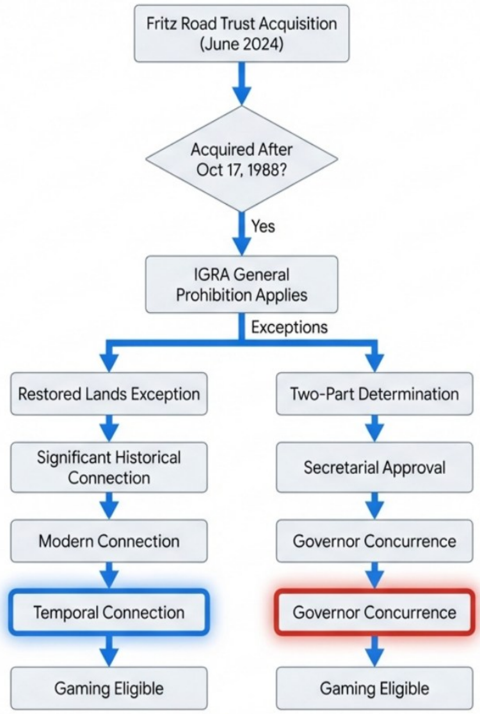
Historical Precedent: Since the enactment of IGRA in 1988, Governor concurrence has been rare nationwide. In Indiana, Governor Eric Holcomb and his predecessors have maintained a protective stance over the state's commercial gaming tax revenue. The state currently taxes commercial casinos at a graduated rate up to 40% (plus supplemental taxes), whereas a tribal casino operating under a compact (like the Pokagon Band in South Bend) typically pays a lower effective rate (e.g., 8% of slots win) or, in the case of Class II gaming, no tax to the state at all.[14]

It is politically and fiscally inconceivable that an Indiana Governor would concur with a determination that allows a tribal casino to open in Fort Wayne—directly cannibalizing the market for a potential state-licensed casino—while paying significantly lower taxes. The "Two-Part Determination" path is effectively a dead end for the Miami Tribe as long as the state government views commercial gaming as a priority.

D. Conclusion on the Tribal "Threat"

Based on this analysis, the Miami Tribe's acquisition of the Fritz Road land does not constitute an imminent threat of a casino. The Tribe has stated that the land is intended for a Cultural Resources Extension Office (CREO), and the legal infrastructure of IGRA ensures that this usage cannot be easily converted to gaming.[8] The invocation of a potential tribal casino by local officials appears to be a rhetorical strategy designed to create a sense of urgency, rather than a reflection of genuine legal probability.

Pathways to Gaming Eligibility Under IGRA Section 20



This schematic illustrates the statutory requirements under 25 U.S.C. § 2719 that the Miami Tribe of Oklahoma would need to satisfy to conduct Class III gaming on the Fritz Road trust land. Note the distinct divergence between the 'Restored Lands' exception, which is a federal regulatory determination, and the 'Secretarial Determination' path, which grants veto power to the Governor of Indiana.

III. Critique of the Spectrum Gaming Group Study

The Spectrum Gaming Group report serves as the primary evidentiary basis for Mayor Tucker's endorsement of the casino initiative. However, a critical review of the document reveals several methodological choices that skew the findings in favor of expansion, primarily by ignoring the "Net" in "Net Economic Impact."

A. Adjusted Gross Receipts (AGR) vs. Community Benefit

The report focuses overwhelmingly on Adjusted Gross Receipts (AGR), projecting that a casino at the Northeast Proxy Point could generate $204.3 million annually.[1] It is vital to understand that AGR is a measure of the casino's revenue—the amount of money players lose. It is not a measure of community wealth. By focusing on AGR and tax receipts ($61.1 million), the report highlights the benefits to the state treasury and the operator while failing to subtract the lost revenue from local businesses (substitution effect) and the social costs of gambling (addiction, crime, bankruptcy). A true economic impact study would present a *Net* figure, subtracting displaced spending and social costs from the gross revenue. The absence of this calculation is a significant omission.

B. "Proxy Point" Abstraction and Infrastructure Reality

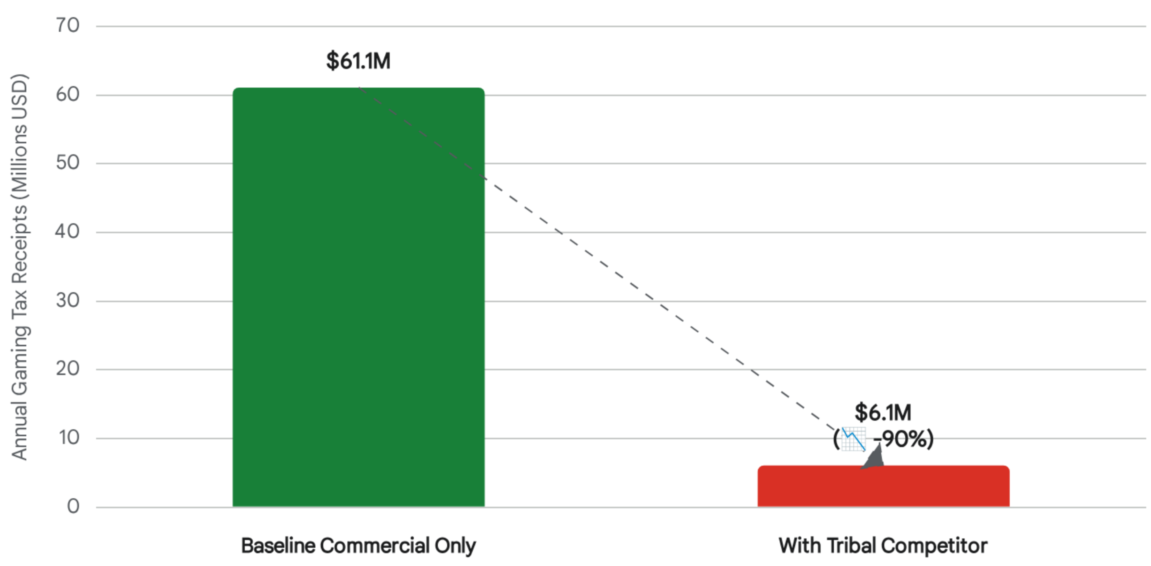
The study models a theoretical "Northeast Proxy Point" at I-69 and SR 8. This abstraction allows the report to project revenues without accounting for the granular realities of site-specific development. It does not account for the infrastructure costs associated with upgrading interchanges, expanding utilities, or mitigating traffic congestion in the specific locales of New Haven or northern Fort Wayne. By analyzing a proxy rather than a concrete site plan, the report glosses over the tangible negative externalities—noise, light pollution, traffic—that local residents would face.

C. Tribal Revenue Diversion Model

The Spectrum report devotes significant attention to modeling the impact of a potential Miami Nation casino, estimating that such a facility could divert over $50 million from a commercial operator in the 16-30 minute drive-time zone.[1] This modeling reinforces the "race against the tribe" narrative. However, as established in Section II, the likelihood of a Miami Nation casino is legally remote. By modeling this scenario as a viable alternative, the report lends credibility to a low-probability event, effectively pressuring policymakers to act preemptively against a phantom threat.

Tax Revenue Volatility: Best Case vs. Tribal Competition Scenario

SCENARIOS ● Projected Benefit (Baseline) ● Risk-Adjusted Outcome (With Tribal)



This chart compares the Spectrum Gaming Group's baseline projection for State Gaming Tax Receipts from a Northeast Casino (left) against the projected receipts if a Miami Nation tribal casino were to open in the same market (right). The emergence of a tribal competitor would erode nearly 90% of the projected commercial tax revenue.

Data sources: Spectrum Gaming Group

IV. Crime and Public Safety

While the fiscal benefits of a casino are often immediate and visible (tax checks, construction jobs), the social costs are diffused, delayed, and often borne by the most vulnerable segments of the population. An adequate analysis must weigh these "hidden" costs against the projected revenues.

A. Crime Wave "Lag Effect"

The relationship between casinos and crime is a subject of extensive criminological research. Criminological research (Grinols & Mustard, 2006) indicates that casino-related crime does not spike immediately; it follows a 3-4 year "lag curve" as problem gambling behaviors set in.

Table 1: Lag Effect of Casino-Related Crime

Year of Operation	Projected Crime Trend	Primary Drivers
Year 1	Stable / Slight Dip	High security presence; novelty phase.
Year 2-3	+4% to +6%	Savings depletion; rise in domestic disputes & DUI.
Year 4+	+8% to +10%	Pathological Stage: Rise in embezzlement, fraud, auto theft.

Cost Estimate: The study estimates that roughly 8% of property crime in casino counties is attributable to the casino, costing the average adult approximately $115 per year (inflation-adjusted) in direct theft losses and security costs.

B. South Bend, IN: A Cautionary Tale

The opening of the Four Winds Casino in South Bend in 2018 provides a relevant case study for Fort Wayne. The *Kenosha County Casino Impact Report* (2023), which analyzed the South Bend market, noted a significant increase in violent crime in the first two years following the casino's opening.[7] While property crime rates showed mixed trends, the introduction of a large-scale gaming venue correlated with an increased strain on police resources and a complex shift in local criminal activity.

C. Property Crime "Spillover"

While casinos themselves are often highly secure environments, their presence can generate a "spillover" effect in the surrounding community. Academic studies consistently show a correlation between the presence of a casino and increases in property crimes such as larceny, fraud, and auto theft in the host community. A seminal study by Grinols and Mustard (2006) found that 8.6% of property crime and 12.6% of violent crime in casino counties can be attributed to the presence of a casino.[26] This "spillover" includes:

1. **Auto Theft:** Large parking structures and transient populations create opportunities for vehicle theft.
2. **Human Trafficking:** The Pokagon Band of Potawatomi Indians (owners of Four Winds) recently partnered with law enforcement to combat human trafficking, explicitly acknowledging the disproportionate impact of this crime in casino-adjacent communities.[27]

D. White-Collar Crime Wave: Embezzlement and Gambling Addiction

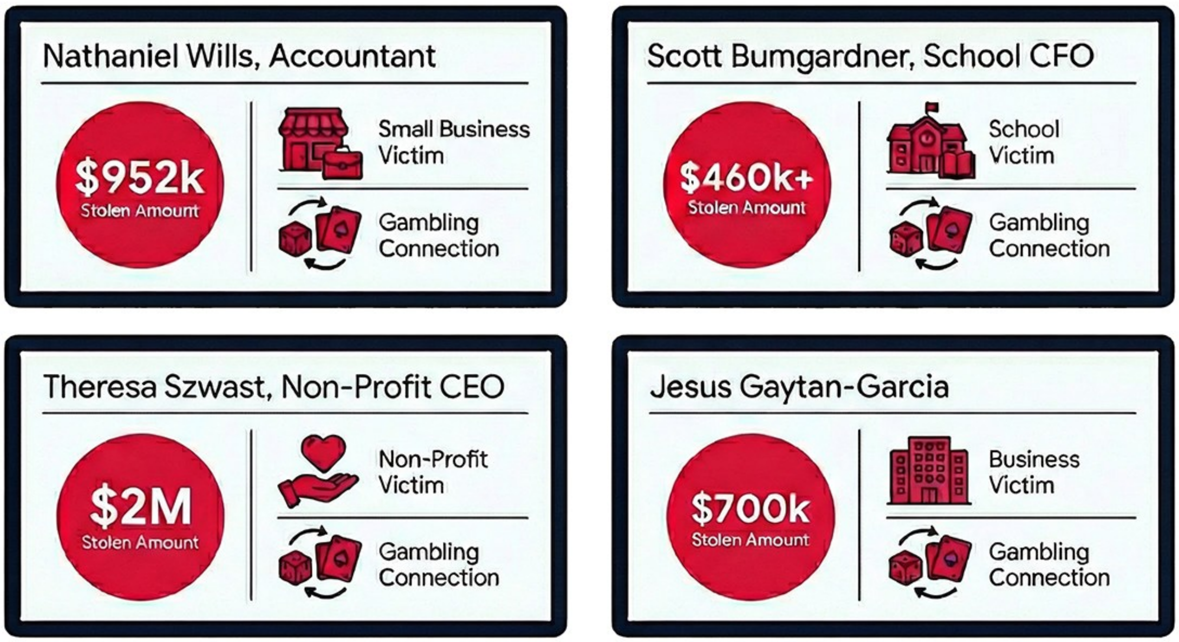
Perhaps the most damaging, yet least discussed, impact on the local business community is the rise in white-collar crime driven by gambling addiction. Unlike street crime, this directly drains the working capital of local small businesses and non-profits.

Case Studies in Indiana (2023-2025):
Recent court records from Indiana reveal a disturbing trend of high-value embezzlement cases where gambling addiction was a primary driver or significant factor.

1. **$1 Million Accountant (Anderson, IN):** In October 2024, Nathaniel Wills was sentenced to over three years in federal prison for embezzling $952,237 from his employer. Court documents explicitly state that the stolen funds were used for "personal use, including online gambling".[28]
2. **School CFO (Marion, IN):** Scott Bumgardner, former CFO for Marion Community Schools, was charged in 2024 with theft and corrupt business influence. Investigators allege he misappropriated over $460,000 to support "gambling and alcohol addictions," directly impacting public education funds.[29]
3. **Non-Profit CEO (Fishers, IN):** Theresa Szwast, a former non-profit CEO, was sentenced in 2025 for a $2 million embezzlement scheme. While the specific link to gambling varies by case, the pattern of trusted fiduciaries liquidating company assets to service debts is a hallmark of pathological gambling.[30]
4. **Casino Heist (South Bend, IN):** In a stark example of internal vulnerability, Jesus Gaytan-Garcia was charged in 2024 with stealing $700,000 from the Four Winds Casino itself in a sophisticated "phone scam," highlighting that even the casinos themselves are not immune to the culture of fraud that can permeate the industry.[31]

These are not victimless crimes. They represent millions of dollars stolen from Indiana employers—money that would have paid wages, funded expansion, or supported community services. A new casino in Fort Wayne increases the accessibility and normalization of high-stakes gambling, thereby increasing the risk surface for every local employer who entrusts staff with financial access.

Recent Indiana Embezzlement Cases Linked to Gambling



Recent federal and state cases in Indiana reveal a disturbing trend of white-collar crime where gambling addiction was a primary driver or significant factor. These losses represent direct financial damage to local employers and non-profits.

V. Bankruptcy and Financial Fragility

An analysis of bankruptcy and delinquency trends reveals a distinct split in the data: older studies (1990s–2000s) provide the most direct evidence for physical casinos causing local bankruptcy spikes, while new studies (2023–2025) focus almost exclusively on the "new casino" equivalent of our era—mobile sports betting and online gambling—where the financial damage appears even more acute.

The following breakdown prioritizes new findings while grounding them in the historical context of physical casino expansions.

A. New Data: Online Gambling & Sports Betting (2023–2025)

Because few "virgin" territories for physical casinos remain in the US, recent research has shifted to the entry of *digital* casinos and sportsbooks into new states. This is currently the closest economic proxy for a "new market entry."

1. **"28% Jump" Study (UCLA, 2024):** A major working paper titled *"The Financial Consequences of Legalized Sports Gambling"* found that for every $1 spent on betting, household savings dropped by $2.[34]
    - **Bankruptcy Rate:** In states that legalized online sports betting, bankruptcy filing rates jumped by 28% roughly 3–4 years after legalization.[34]
    - **Delinquency:** There was an 8% increase in debt collections and a significant rise in auto loan delinquencies, specifically among young men in low-income counties.[34]
    - **Credit Scores:** Average credit scores in these states dropped by roughly 1%, a statistically significant decline across a population level.[34]

B. "Bridge" Data: Recent Physical Casinos (2015–2023)

The most comprehensive recent data on physical casinos comes from the **Massachusetts Gaming Commission (SEIGMA)**, which tracked the economic impact of opening *MGM Springfield* (2018) and *Encore Boston Harbor* (2019).[35]

1. **Financial Harm vs. Bankruptcy:** Unlike the older studies, these reports did *not* find an immediate, statistically significant explosion in general bankruptcy rates in the host cities (Springfield and Everett).
    - Researchers attribute this to better pre-launch regulations and a "saturation" effect (most patrons were already gambling in Connecticut or Rhode Island).
2. **The "90% Revenue" Problem:** While general bankruptcy rates remained stable,

the financial health of *gamblers* deteriorated.

- A 2024 SEIGMA report revealed that 90% of casino revenue in Massachusetts now comes from at-risk or problem gamblers (up from 74% in 2013), suggesting that while the *city* didn't go bankrupt, the specific subset of customers is facing deepening financial distress.[35]

C. Old Data: Physical Casino "Boom" (1995–2005)

This period offers the best data for what happens when a casino enters a "virgin" market (a city with no prior easy access to gambling). These studies are considered the benchmark for physical casino impacts.

1. **SMR Research (1997):** One of the most cited studies from the casino boom era.[26]
    - **Finding:** Counties with at least one casino had bankruptcy rates 18% higher than counties without gambling.
    - **Density Effect:** In counties with *five or more* gambling facilities, the bankruptcy rate was 35% higher than the national average.
2. **Barron, Staten, and Wilshusen (2002):**
    - **Finding:** The "proximity effect" is real. Counties surrounding a casino experienced significantly higher bankruptcy rates.[33]
    - **Prediction:** Their model predicted that if casinos were eliminated, local bankruptcy filings in those specific counties would drop by 5.4%.
3. **Federal Reserve of St. Louis (Various):** Historical reviews often cite that for every $1,000 in casino tax revenue contributed to the state, there is an associated cost in social services and criminal justice overhead, though this is often debated.[2]

Table 2: Bankruptcy Overview

Metric	Physical Casinos (Old Data)	Online/Mobile Betting (New Data)
Bankruptcy Increase	+18% to +35% in host counties	+28% in legal states
Lag Time	Spikes typically appeared 3–5 years after opening	Spikes appear 3–4 years after legalization
Primary Debt Vehicle	Credit Cards, Home Equity (Mortgage)	Auto Loans, Unsecured Personal Loans
Impact Radius	Highly localized (50-mile radius)	Statewide (accessible anywhere)

If a physical casino is entering a city today, the "Old Data" (18–35% increase) is likely the better predictor *if* the population does not currently have easy access to gambling. However, if the population already has access to mobile sports betting, the "New Data" suggests financial damage may have already occurred, as the "convenience gambling" of a phone app drives bankruptcy faster and more aggressively than a physical location.

VI. Financial Net Economic Impact: A Balance Sheet Approach

To understand the *true* impact on Allen County, we must treat the community as a single financial entity. We compare the New Tax Revenue against the Social & Economic Costs.

A. Net Fiscal Impact

Table 3: Estimated Annual Net Fiscal Impact on Allen County

Revenue (Assets)	Amount	Costs (Liabilities)	Amount
Local Tax Share (Wagering Tax)	+$18.3 M	Displaced Local Retail Sales	-$49.7 M
Supplemental Tax/Rev Share	+$6.1 M	Direct Crime Costs	-$33.8 M
New Payroll (Net of displacement)	+$25.0 M	Social Service Costs (Addiction)	-$43.9 M
Construction (Amortized)	+$2.0 M	Infrastructure/Road Wear	-$5.0 M
TOTAL BENEFITS	**+$51.4 M**	**TOTAL SOCIAL COSTS**	**-$132.4 M**
NET ECONOMIC IMPACT	**-$81.0 MILLION / Year**		

Methodology and Analysis:

- **Crime Costs:** Based on Grinols & Mustard coefficient ($115/adult/year inflation-adjusted).
- **Social Service Costs:** Based on 1.5% problem gambling prevalence rate and $10,000 annual social cost per problem gambler.
- **Displacement:** Based on 24.3% cannibalization of local entertainment spend (Table 1).
- **Analysis:** Even if the crime and social cost estimates are reduced by 50%, the project still operates at a Net Negative. The casino effectively privatizes the profits (to the operator) while socializing the costs (to the taxpayers and local businesses).

VII. Hoosier Sentiment: Public Opinion and the Resistance to Expansion

While industry lobbyists often present gaming expansion as inevitable or universally desired, recent data suggests deep-seated public skepticism. A 2025 statewide poll conducted by Pantheon Insight on behalf of the National Association Against iGaming (NAAiG) provides a critical window into the mood of the Indiana electorate.

A. Analysis of the NAAIG iGaming Study

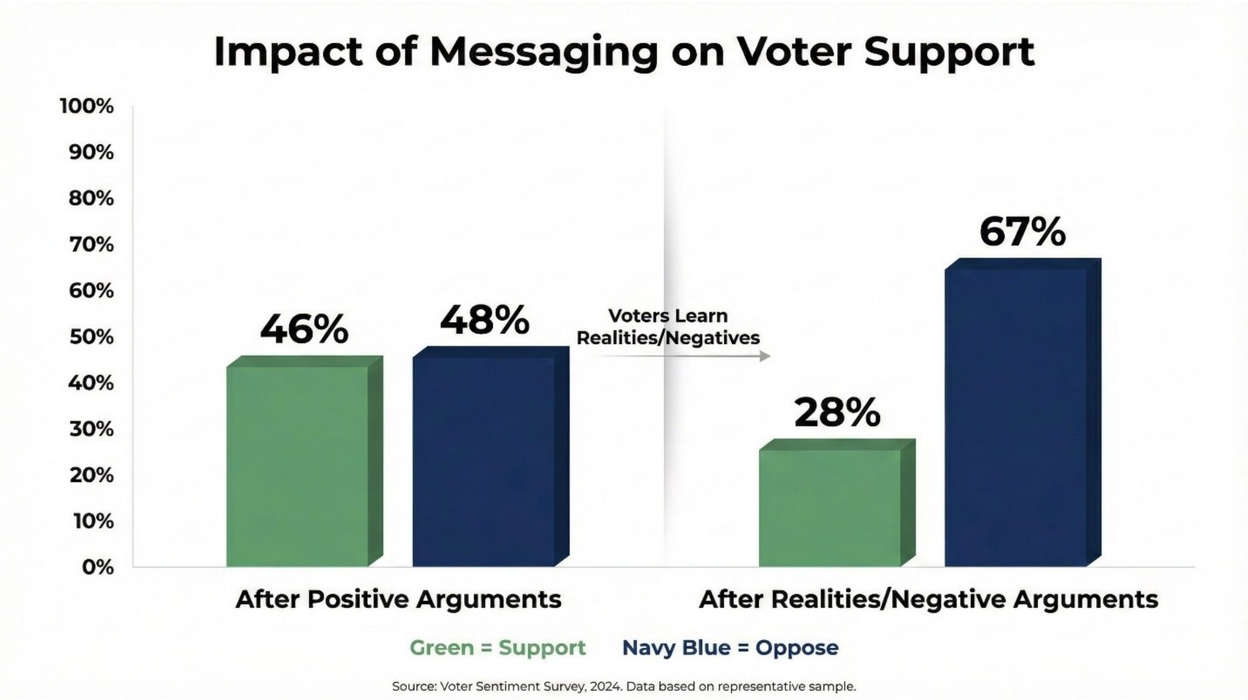
The study found that 67% of Indiana voters oppose legalizing iGaming (online casinos) after learning about the potential economic and mental health impacts.[24] While this specific study focused on online gaming, the underlying concerns—addiction, economic loss, and social harm—are directly transferable to the debate over a physical casino in Allen County. The data reveals that resistance is not just a fringe position but a majority consensus.

B. "Education Gap" in Polling

Crucially, the study highlighted an "Education Gap."

1. **Initial Support:** When first asked without context, opposition was lower (19%).
2. **24-Hour Access:** When voters were told this would allow 24-hour gambling access to slot machines and casino table games from wherever you are on your phone or mobile device, opposition increased to 58%, while 35% supported legalization.
3. **Informed Real Impacts:** After hearing arguments about the "real impacts" (economic cannibalization, addiction risks), opposition hardened to 67%, with nearly half (49%) "strongly opposing".[24]

This suggests that the more the public learns about the *actual* mechanics of the casino business model (wealth extraction vs. creation), the less they support it. The "support" often cited by casino proponents typically relies on superficial polling that emphasizes "jobs" while omitting "substitution effects." The same superficial arguments can be seen on FW First's website (archived).[32]



C. Demographic Breakdown of Opposition

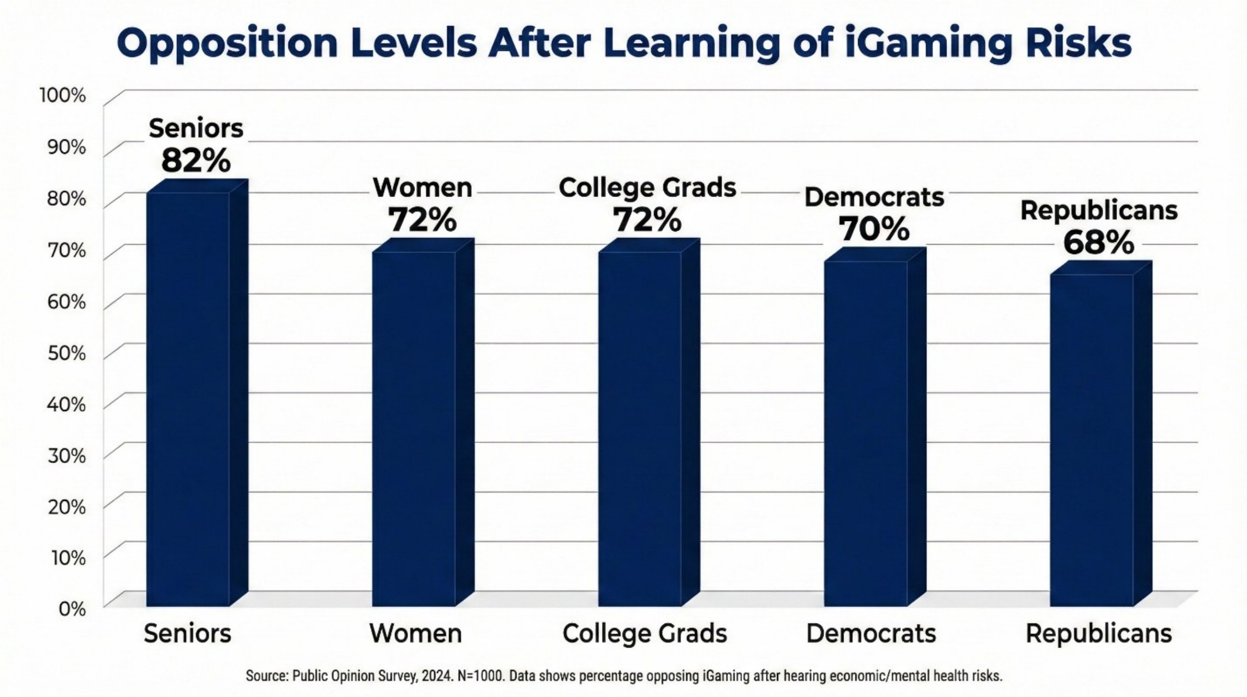
The opposition is broad-based and cuts across traditional political lines, debunking the myth that this is a partisan issue or restricted to religious groups.

Table 4: Opposition to Gaming Expansion by Demographic

Demographic Group	Percentage Opposed	Context
Seniors (65+)	**82%**	Highest resistance group; often targeted by daytime casino marketing.[24]
Women	**72%**	Significant majority opposition; concerns often center on family stability.
College Graduates	**72%**	High resistance among educated voters familiar with economic impacts.
Republicans	**68%**	Consistent with values of fiscal responsibility and social conservatism.
Democrats	**70%**	Consistent with concerns over predatory practices targeting the poor.

Source: Pantheon Insight / NAAiG Poll (2025).[24]

This data indicates that a casino in Fort Wayne faces a silent majority of opposition that is likely to mobilize if a binding referendum were allowed. Local groups such as the Coalition for a Better Allen County have already begun organizing, citing concerns that a casino would "alter the community's character" and lead to a rise in addiction and crime.[25]



VIII. Legislative Analysis: The Mechanics of Approval and Local Control

The current legislative vehicle for this expansion involves House Bill 1038, which would create a new license, and Senate Bill 70, which would authorize the relocation of the Rising Star license.[6] The language and structure of these bills reveal significant concerns regarding local democratic control.

A. Absence of a Binding Referendum

A critical omission in the discussion surrounding these bills is the requirement for a binding local referendum. While Mayor Tucker and the Allen County Commissioners have issued letters of support, they have stopped short of guaranteeing that the citizens of Fort Wayne will have the right to vote on the measure.[6]

- **Democratic Deficit:** Allowing a fundamental change to the community's character based solely on the approval of a few elected (or in Mayor Tucker's case, caucus-selected) officials disenfranchises the residents who will bear the social costs.
- **Legislative Precedent:** Historically, gaming expansion in many states has required local voter approval to ensure community buy-in. Bypassing this step suggests a fear that the community—if fully informed of the substitution effects and social costs—would reject the proposal.

B. Revenue Sharing as Remediation

The proposal includes a revenue-sharing agreement where 40% of local tax revenue would be allocated to mental health, homelessness, and addiction services.[21] While proponents frame this as a community benefit, it is more accurately described as social remediation. It explicitly acknowledges that the casino will exacerbate issues like addiction and financial ruin, and effectively sets up a system where the casino funds the treatment for the very problems it helps to create. This is not economic development; it is a closed loop of social damage and partial repair.

IX. Conclusion

The push for a casino in Fort Wayne is built on a foundation of optimistic revenue projections that ignore the economic reality of expenditure substitution and market saturation. It is driven by a false urgency regarding a tribal threat that faces immense legal barriers under federal law.

Far from being a guaranteed economic boom, a Northeast Indiana casino risks becoming a parasitic entity that cannibalizes existing local businesses, redistributes wealth from local residents to out-of-state corporate operators, and generates social costs that will burden the community for decades. The Spectrum Report, while technically accurate in its narrow modeling of gross revenue, fails to capture this broader, negative net impact.

The citizens of Fort Wayne should demand a rigorous, independent analysis of net economic impact—one that accounts for lost local business revenue and social externalities—and insist on their right to a binding referendum before any license is issued. The legal status of the Fritz Road land is a shield, not a sword; it should not be used to manipulate the community into accepting a commercial development that may ultimately do more harm than good.

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