

## Reynolds signs new casino moratorium, icing Cedar Rapids' plans

Written by Administrator  
Friday, 17 June 2022 20:10 -

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Iowa Gov. Kim Reynolds signed legislation Friday putting a two-year halt on consideration of new riverboat casino licenses in Iowa.

The move comes as Linn County was preparing for another try to get a license from the Iowa Racing and Gaming Commission ( [IRGC](#) ).

The Legislature amended a larger gambling regulation bill, [House File 2497](#) , in the final days of the 2022 session to include the moratorium. The amendment caps the total number of casino licenses at 19, and [according to](#) the Iowa Gaming Association, there are currently 19 commercial casinos in Iowa.

During the [May 27 edition](#) of "Iowa Press," Iowa Senate Majority Leader Jack Whitver said there is "a lot of gaming fatigue" in the Capitol.

Whitver said that the Legislature has historically allowed the governor-appointed commission to make licensing decisions. He said that "one thing that our people wanted to see is, they don't believe we need another casino right now."

"...And they wanted to take a little pause and see how Nebraska [bringing more casinos on board] shakes out, see how our new gaming laws, including sports betting, are really shaking out before we build another casino," Whitver said. "And so really it wasn't a tough thing to get passed."

The IRGC decides whether to issue licenses for new casinos. Commissioners are appointed by the governor and confirmed by the Senate, and no more than three can belong to the same political party.

"So the commission typically isn't involved in the legislative process, so it wasn't something that the commission was part of," commission administrator Brian Ohorilko said of the new law.

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The Legislature approved the bill with a vote of 35-11 in the Senate, and 60-23 in the House. The same day, lobbyists for the city of Cedar Rapids and Linn County Board of Supervisors registered in opposition to the bill.

### Cedar Rapids casino supports express frustration

Linn County Gaming Association President Anne Parmley said in a statement that the moratorium was “clearly targeting” the county. The association, Cedar Rapids Development Group and partners announced plans for a \$250 million casino in Cedar Rapids on May 29.

Ohorilko said the Linn County groups were the only parties that indicated they were going to submit an application, but it was possible for the commission to receive additional applications.

Cedar Rapids Mayor Tiffany O’Donnell had asked Reynolds to veto the bill, according to a [letter](#) published by KWWL. O’Donnell expressed frustration with a “lack of dialogue or consideration involved in the moratorium amendment.” Rep. Shannon Lundgren, R-Peosta, who managed the bill in the House, said this “didn’t happen overnight.”

“The best course for Iowa is to keep gaming decisions under the purview of the IRGC,” O’Donnell wrote. “They are best suited to determine the appropriate path forward for our gaming industry.”

O’Donnell raised the possibility that campaign contributions from the gaming industry affected lawmakers’ votes for the bill, [according to](#) KCRG television. Sen. Roby Smith, R-Davenport, who introduced the amendment, has received \$23,000 from Elite PAC in reported campaign contributions over the last six years.

The chairperson of Elite PAC is Dan Kehl, CEO of Elite Casino Resorts. [According to](#) the Gazette, the Elite Casino Resorts operates casinos in Riverside and Davenport and Kehl has spoken out against a Cedar Rapids casino. Smith and Kehl did not return calls seeking comment.

### The potential effect of a Linn County casino

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The commission denied applications for a license for a Linn County casino in 2014 and 2017, according to Ohorilko. Three commissioners who voted against granting a license in 2017 [discussed](#) how a new Linn County casino might affect existing casinos as a factor in their decision.

“With regard to the impact on existing operators, the thought with that particular rule would be: Does the new casino license generate new revenue, generate new jobs in a particular area, or would it just shift that revenue from one Iowa market to another?” Ohorilko said in an interview.

Before the 2017 decision to deny a Linn County license, two commissioners expressed concern that a new casino would harm rural Iowans by shifting revenues to the Cedar Rapids area. In Iowa, state-regulated casinos are required to give a portion of their revenue to local charities and community projects, [according to](#) the Iowa Gaming Association.

[Spectrum Gaming Group](#) and the [Innovation Group](#) prepared studies for the commission that included the potential effect of a Linn County casino. The Innovation Group study estimated that a Cedar Rapids casino would pull \$61 million in gross gaming revenue away from existing Iowa casinos. The study also estimated that the casino would increase overall statewide gaming revenue by \$51 million.

The Linn County Gaming Association, the Cedar Rapids Development Group and national gaming developer Peninsula Pacific Entertainment said in a statement they are committed to seeing the project through after the moratorium ends on June 30, 2024. The statement promised that 8% of the casino’s annual net gaming revenue will go to local nonprofits.

Parmley of the Linn County Gaming Association said the moratorium holds back the Iowa City-Cedar Rapids business corridor from “entertainment, nightlife, dining and gaming options that were set to breathe new life into Iowa’s second-largest city and give much-needed support and infrastructure improvements to the area.”

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