

3

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

REVENUE BILL ANALYSIS

100TH GENERAL ASSEMBLY

BILL NO: SB 0007, as amended by House Amendment 3

May 28, 2018

SPONSOR (S): Link – Syverson, et al. (Rita – Mayfield, et al.)

TYPE: Gaming: New Casinos and Racinos

CHAPTER REF: Numerous

FISCAL IMPACT: SB 0007, as amended by House Amendment 3, would generate a significant amount of one-time revenues and recurring revenues to State and local governments by allowing new casinos in Illinois. The revenue increase by allowing casinos at Illinois race tracks and by adding a Chicago Casino and five additional casinos would be significant but would be somewhat offset by reductions in the graduated tax structure. In addition, the legislation would increase revenues by making several changes to the video gaming industry, including increasing the tax rate on video gaming. A breakdown of the revenue impact (under full implementation) is estimated to be as follows.

Fiscal Impact on Revenues under Full Implementation				
<i>\$ in millions</i>				
	Recurring Revenues			
	Adjusted Gross Receipts (AGR)	State Revenue	Local Revenue	Total Revenue
Current Law Casino Estimate (FY 2022):	\$1,382.1	\$385.6	\$80.4	\$466.0
Proposed Casino Estimate (FY 2022):	\$2,468.3	\$397.7	\$141.9	\$539.6
Difference (Net New Casino Revenue):	\$1,086.2	\$12.2	\$61.4	\$73.6
Revenue from Video Gaming Changes:	\$357.1	\$104.2	\$20.8	\$125.0
Total New Recurring Revenues:	\$1,443.3	\$116.3	\$82.2	\$198.6
<i>Note: Gaming tax revenues would be offset, to some extent, by the creation of tax credits for certain renovation costs and for reductions in "after-tax revenues" at existing casinos. The above estimate also does not include any revenues from a proposed new racino in Cook County.</i>				
One Time Revenues				
Chicago Casino Management Contract:				\$50.0
One-Time Licence Fees:				\$1.0
Initial Position Fees:				\$354.9
Application Fees:				\$1.5
Reconciliation Payments [Collected 3yrs after new gaming begins (or likely not until FY 2023)]:				\$638.2
Total One-Time Revenues*:				\$1,045.6
<small>* Does not include one-time revenues from the bidding of the new casinos. The amounts of these bids are not known.</small>				

Note: The recurring tax revenue totals shown above could be \$20 million to \$40 million higher if the Chicago Casino were to surpass the Commission's expectations. However, limiting the tax revenue potential from the Chicago Casino is the reduced tax structure under this legislation. These items are discussed in further detail, starting on page 12.

Since no substantive language regarding fantasy sports, Internet gaming, or sports wagering was included in the legislation, no tax revenues from these gaming formats are included in this analysis.

3

SUBJECT MATTER: SB 0007, as amended by House Amendment 3, makes numerous changes to the gaming industry. Highlights of the legislation are provided below:

Chicago Casino Development Authority. (p. 1) The legislation creates the Chicago Casino Development Authority Act. The Act states that the duty of the Authority is to promote and maintain a casino in the City of Chicago. Provisions regarding the establishment of a board, general rights and powers of the Authority, ethical conduct, and various other matters are included in this Act. The legislation specifies that “the Gaming Board alone shall regulate any Chicago casino, just as it now regulated every other casino in Illinois”.

Portion of Chicago Casino Bid to Gaming Facilities Fee Revenue Fund (p. 21). The Casino Board shall enter into a casino management contract with a casino operator subject to a background investigation and approval by the Gaming Board and payment by the proposed casino operator of a fee of \$50 million, which shall be deposited into the Gaming Facilities Fee Revenue Fund.

Gaming at Airports (p. 26). The Authority may conduct gaming operations at Chicago airports. The combined number of gaming positions operating in the City of Chicago at the airports and at the temporary and permanent casino facility does not exceed the maximum number of gaming positions authorized pursuant to the Illinois Gambling Act.

Creation of Fantasy Sports Contest Act (p. 47). The legislation creates the Fantasy Sports Contest Act, but no substantive language is included. *(This Act was not included in engrossed version).*

Creation of Internet Gaming Act (p. 47). The legislation creates the Internet Gaming Act, but no substantive language is included. *(This Act was not included in engrossed version).*

Creation of Sports Wagering Act Act (p. 47). The legislation creates the Sports Wagering Act, but no substantive language is included. *(This Act was not included in engrossed version).*

Creation of New Funds (p. 85). The legislation amends the State Finance Act to create new funds:

- **The Gaming Facilities Fee Revenue Fund (p. 89).** The revenues in the Fund shall be used, subject to appropriation, by the Comptroller for the purpose of providing appropriations to the Illinois Gaming Board for the administration and enforcement of the Illinois Gambling Act and the applicable provisions of the Chicago Casino Development Authority Act, with any remaining amounts being transferred in equal amounts to the State Construction Account Fund, the Pension Stabilization Fund, and the Common School Fund. *Note: In the engrossed version, the remaining amounts were to go to the General Revenue Fund.*
- **The Depressed Communities Economic Development Fund.** Moneys in the Fund will be used to make grants to public or private entities submitting proposals to the newly created Depressed Communities Economic Development Board to revitalize an Illinois depressed community *(Note: While the legislation creates this fund, no distribution of revenues to this fund is specified in this legislation).* (p. 57).
- **The Latino Community Economic Development Fund.** Moneys in the Fund would be used to make grants to public or private entities submitting proposals to the newly created Commission on the Future of Economic Development of the Latino Community to assist in the economic development of the Latino community. *(Note: While the legislation creates this fund, no distribution of revenues to this fund is specified in this legislation).* (p. 59).

Standardbred Racetrack in Cook County (p. 207) In addition to organization licensees issued by the Board on the effective dates of this amendatory Act of the 100th G.A., the Board shall issue an

organization license limited to Standardbred racing to a racetrack located in Cook County. The organization license shall be granted upon application, and the licensee shall have all of the current and future rights of existing Illinois racetracks, including, but not limited to, the ability to obtain an inter-track wagering license, the ability to obtain inter-track wagering location licenses, the ability to obtain an organization gaming license, and the ability to offer internet wagering on horse racing. *(Note: This provision was not included in the engrossed version of the legislation).*

Admission Tax Increase at Horse Tracks (p. 226). Beginning on the date when any organization licensee begins conducting electronic gaming, the admission charge shall be 40 cents (instead of 15 cents) for each person entering the grounds or enclosure of each organization licensee and inter-track wagering licensee upon a ticket of admission, and if such tickets are issued for more than one day, 40 cents shall be paid for each person using such ticket on each day that the same shall be used.

OTBs at Eligible Racetracks (p. 250). An eligible racetrack conducting Standardbred racing may have up to 16 inter-track wagering locations (OTBs). *Note: In the engrossed bill, this number was set at 9 OTBs).*

Pari-Mutuel Tax Increase (p. 276). When electronic gaming begins, the pari-mutuel tax would increase from the current rate of 1.5% to up to 3.5%, depending on how the pari-mutuel handle compares to totals from 2011.

Pari-Mutuel Tax Credit Modified (p. 312). For the 5-year period after racinos open, a racetrack shall make capital expenditures, in an amount equal to no less than 50% of the pari-mutuel tax credit to the improvement and maintenance of the backstretch. After this 5-year period, the racetrack conducting electronic gaming shall be ineligible to receive the pari-mutuel tax credit.

Horse Racing Distributions (p. 321). The adjusted gross receipts received by an organization gaming licensee from gaming remaining after the payment of taxes shall be distributed as follows:

- 1) Amounts shall be paid to the purse account at the track at which the organization licensee is conducting racing equal to the following:
 - 12.75% of annual AGR up to and including \$75 million.
 - 20.00% of annual AGR in excess of \$75 million but not exceeding \$100 million.
 - 26.50% of annual AGR in excess of \$100 million but not exceeding \$125 million.
 - 20.50% of annual AGR in excess of \$125 million.
- 2) The remainder shall be retained by the electronic gaming licensee.

Illinois Gambling Act (p. 324). The legislation changes the name of the Riverboat Gambling Act to the Illinois Gambling Act.

Six New Casinos/Riverboats (p. 371). The legislation amends the Illinois Gambling Act to authorize the issuance of six additional licenses to conduct casino operations in Illinois. These shall be located in the following locations:

- 1) In the City of **Chicago**
- 2) In the City of **Danville**.
- 3) In the City of **Waukegan** *(Note: In the engrossed bill, this was to be in Park City, North Chicago, or Waukegan).*
- 4) In the City of **Rockford**.
- 5) In one of the following townships in the **South Suburbs** of Cook County: Bloom, Bremen, Calumet, Rich, Thornton, or Worth Township.
- 6) In the unincorporated area of **Williamson County** adjacent to the Big Muddy River.

Each application for a license shall be submitted to the Gaming Board no later than 120 days after the effective date of this amendatory Act of the 100th General Assembly (p.372).

License Fees (p. 375). The following fees would be imposed on the new gaming facilities and deposited into the **Gaming Facilities Fee Revenue Fund**:

- 1) For the Cook County locations (Chicago Casino and the South Suburbs license), the fee for the issuance or renewal of a license shall be **\$100,000**. Additionally, the licensees shall pay an initial fee of **\$30,000** per gaming position (p. 375).
- 2) For the Waukegan, Danville, Rockford, and Williamson County riverboats, the fee for the issuance or renewal of a license shall be **\$100,000**. Additionally, the licensee shall pay an initial fee of **\$17,500** per gaming position (p. 375).
- 3) An application for an organization gaming license has fee of **\$100,000**. An applicant must also pay a non-refundable fee of **\$50,000** to defray background investigation costs (p. 387).

Gaming Positions (p. 377). An owner's licensee of the Chicago casino can have up to **4,000** gaming positions. All other owners licensees shall limit the number of gaming positions to **1,600** (except for Williamson County, which would be limited to 1,200 gaming positions). Unused gaming positions can be purchased and used by other casinos (a riverboat can have no more than **2,000** positions). The fee for obtaining unused positions shall be a minimum of \$17,500 for licenses not located in Cook County and a minimum of \$30,000 for licensees located in Cook County. These fees shall be deposited into the **Gaming Facilities Fee Revenue Fund**.

Gaming at Racetracks (p. 385). The legislation would allow both table games and electronic gaming (slots) to be offered at Illinois horse tracks. *(Note: Under the engrossed bill, only electronic gaming (slots) was to be allowed at racinos).*

Among the requirements for a track to host electronic gaming is that the track must pay an initial fee of **\$30,000** per gaming position in Cook County and **\$17,500** for licensees outside of Cook County. The fee for the issuance or renewal of an electronic gaming license shall be **\$100,000**. An application fee of **\$100,000** shall be collected plus an additional **\$50,000** fee used to defray investigation background costs. **All payments by track licensees shall be deposited into the Gaming Facilities Fee Revenue Fund.**

Gaming Positions Allocated to Racetracks (p. 392). The authority to operate electronic gaming positions shall be allocated as follows: up to **1,200** gaming positions for any electronic gaming licensee in Cook County; up to **900** gaming positions for any electronic gaming licensee outside of Cook County; and up to **350** positions for any electronic gaming licensee that did not conduct live racing in CY 2010 (Quad City Downs).

Temporary Facilities (p. 395). An organization gaming licensee may conduct gaming at a temporary facility pending the construction of a permanent facility or the remodeling or relocation of an existing facility to accommodate gaming participants for up to 24 months after the temporary facility begins to conduct gaming. This timeframe may be extended up to 12 months upon approval of the Board.

Bidding for New Licenses (p. 405). Except for the owner's license issued to the Chicago Casino Development Authority, owners licenses newly authorized may be issued by the Board to a qualified applicant pursuant to an open and competitive bidding process. The Board may grant the owners license to an applicant that has not submitted the highest license bid, but if it does not select the highest bidder, the Board shall issue a written decision explaining why another applicant was selected.

Reconciliation Payments. The legislation provides for several types of reconciliation payments. These payments shall be deposited into the Gaming Facilities Fee Revenue Fund

- 1) **New Casinos.** Each of the new casinos shall make a reconciliation payment 3 years after the date the licensee begins operating in an amount equal to 75% of the AGR for the most lucrative 12-month period of operations, minus an amount equal to the initial payment per gaming position paid by the specific licensee. This payment may be made in installments over a period of no more than 2 years (p. 376).
- 2) **Current Casino Owners.** Current casinos shall make a reconciliation payment 3 years after any additional gaming positions have been obtained equal to 75% of the owners licensee’s average gross receipts for the most lucrative 12-month period of operations minus an amount equal to the initial fee that the owners licensee paid per additional gaming position. Average Gross Receipts means (i) the increase in AGR or the most lucrative 12-month period of operations over the AGR for 2017, multiplied by (ii) the percentage derived by dividing the number of additional gaming positions that an owner’s licensee had obtained by the total number of gaming positions operated by the owner’s licensee (p. 379).
- 3) **Racinos.** Each organization gaming licensee who obtains electronic gaming positions must make a reconciliation payment 3 years after the date the electronic gaming licensee begins operating the positions in an amount equal to 75% of the difference between its AGR from electronic gaming and amounts paid to its purse accounts for the 12-month period for which such difference was the largest, minus an amount equal to the initial per position fee paid by the organization gaming licensee. This reconciliation payment may be made in installments over a period of no more than 2 years. (p. 396).

Admission Tax for Racinos (p. 421). The legislation provides that the admission tax for racinos shall be at the rate of \$3 per person. Of this amount, \$1 would go to various local governments that host the gaming licensee. The remaining \$2 of the racetrack casinos shall be transferred in equal amounts to the State Construction Account Fund, the Pension Stabilization Fund, and the Common School Fund. *(Note: Under the engrossed bill, the remaining \$2 of the riverboats/casino would go to the Education Assistance Fund).*

Wagering Tax Structure (p. 429). The wagering tax structure, which would be imposed on the current riverboats, the new riverboats, the Chicago Casino, and the horsetracks, shall be modified from its current rate structure. Under the legislation:

- 1) Beginning on January 1 following the opening of the Chicago Casino (at a permanent and not temporary facility), the privilege tax structure on riverboats, the Chicago casino, and racinos would be modified to look as follows:

Adjusted Gross Receipts	Current Law	Gaming Proposal	Gaming Proposal
		Tax on Table Games	Tax on Electronic Gaming Devices
Up to \$25M	15.0%	10.0%	10.0%
\$25M to \$50M	22.5%	17.5%	17.5%
\$50M to \$70M	27.5%	22.5%	22.5%
\$70M to \$75M	27.5%	16.0%	22.5%
\$75M to \$100M	32.5%	16.0%	27.5%
\$100M to \$150M	37.5%	16.0%	32.5%
\$150M to \$200M	45.0%	16.0%	35.0%
\$200M to \$300M	50.0%	16.0%	40.0%
\$300M to \$350M	50.0%	16.0%	30.0%
\$350M to \$800M	50.0%	16.0%	20.0%
Over \$800M	50.0%	16.0%	50.0%

Transitional Tax Structure (p. 428): Beginning on the first day of the calendar month immediately following 24 months after the effective date of this amendatory Act and ending on the date gambling operations commence at a permanent facility for the Chicago Casino, a privilege tax is imposed on riverboats, the Chicago Casino, and racinos equal to the average of the privilege tax, in terms of dollar amounts calculated pursuant to subsection (a-4) (current law tax structure) and subsection (a-5).

Renovation Credit (p. 430). From the effective date of this amendatory Act until June 30, 2022, an owner's licensee shall receive a dollar-for-dollar credit by the Gaming Board for any renovation or construction costs paid by the owners licensee, but in no event shall the credit exceed \$2 million. In addition, the Alton Casino can move its casino to a better location (within 3 miles of its current location) and receive a credit up to 8% of the construction costs associated with the new facility. In determining whether or not to approve a relocation, the Board must consider the extent to which the relocation will diminish the gaming revenues received by other Illinois gaming facilities.

Hold-Harmless Provision (p. 430): Beginning in the "initial adjustment year", *[which is defined as the year commencing on January 1 of the calendar year immediately following the earlier of the following: the opening of the Chicago Casino (either in a temporary or permanent facility); or 36 months after the effective date of this amendatory Act of the 100th GA, provided that it is not earlier than 24 months after the effective date of this amendatory Act of the 100th GA]* and through the final adjustment year *[the 4th calendar year after the initial adjustment year, not including the initial adjustment year, and as may be extended further]*, if the total obligation imposed under the new tax structure will result in an owners licensee receiving less after-tax adjusted gross receipts than it received in CY 2017, then the total amount of privilege taxes that the owners licensee is required to pay for that calendar year shall be reduced to the extent necessary so that the after-tax AGR in that calendar year equals the after-tax AGR in CY 2017, but the privilege tax reduction shall not exceed the annual adjustment cap *(which is defined to mean 3% of AGR in a particular calendar year)*.

If their tax is reduced, then the owners licensee shall not receive a refund from the State at the end of the subject calendar year but instead shall be able to apply that amount as a credit against any payments it owes to the State in the following calendar year.

If an existing casino has expansion costs (after the effective date of this legislation), then for each \$15 million spent, the final adjustment year shall be extended by one year and the annual adjustment cap shall increase by 0.2% of AGR during each calendar year until and including the final adjustment year.

No further modifications to the final adjustment year or annual adjustment cap shall be made after \$75 million is incurred in construction or other costs related to expansion so that the final adjustment year shall not extend beyond the 9th calendar year after the initial adjustment year, not including the initial adjustment year, and the annual adjustment caps shall not exceed 4% of AGR in a particular calendar year.

The term "after-tax AGR" means:

for CY 2017: the AGR less privilege taxes paid to the State

for subsequent calendar years: the AGR less privilege taxes paid to the State, then divided by the owners licensee's average number of gaming positions operating in that calendar year and then multiplied by the owners licensee's average number of gaming positions operating in CY 2017.

Vouchers Not In Calculation (p. 434). Beginning January 1, 2019, the calculation of AGR shall not include the dollar amount of non-cashable vouchers, coupons, and electronic promotions

redeemed by wagerers upon the casino up to and including an amount not to exceed 30% of a casino's AGR.

Privilege Tax Distributions (p. 434). The legislation would make the following changes to the distribution of privilege tax (wagering tax) revenues:

- Of the 5% of AGR of the Waukegan Area Casino that is intended for local governments, the revenues shall be divided and remitted as follows: 75% to Waukegan, 10% to Park City, 15% to North Chicago.
- Of the 5% of AGR of the Rockford Casino that is intended for local governments, the revenues shall be divided and remitted as follows: 70% to the City of Rockford, 5% to the City of Loves Park, 5% to the Village of Machesney, and 20% to Winnebago County.
- Of the 5% of AGR of the Fairmount Racetrack Casino that is intended for local governments, the 5% portion shall be paid as follows: 45% to the City of Alton, 45% to the City of East St. Louis, and 10% to the City of Collinsville.
- Of the 5% of AGR of the Hawthorne Racetrack Casino that is intended for local governments, the 3% portion shall be paid as follows: 25% to the Village of Stickney, 5% to the City of Berwyn, 50% to the Town of Cicero, and 20% to the Stickney Public Health District.
- Of the 5% of AGR of all other racetrack casinos that is intended for local governments, the 3% portion shall be paid to the municipality or county of that racino.
- Of the 5% of AGR of all racetrack casinos (except for Fairmount) that is intended for local governments 2% of AGR of all racinos shall be paid to the county for which the organization gaming facility (racino) is located for the purposes of its criminal justice system or health care system.
- The legislation provides that after all obligated distributions have been satisfied, all remaining amounts from organization gaming licensees (racinos) shall be transferred in equal amounts to the State Construction Account Fund, the Pension Stabilization Fund, and the Common School Fund. *(Note: Under the engrossed bill, all remaining amounts from electronic gaming were to be deposited into the Education Assistance Fund).*

Wide Area Progressive System (p. 456, 485). The bill authorizes the operation of a wide area progressive system and provides that the Administrator of the Illinois Gaming Board shall have regulatory oversight of wide area progressive systems. The legislation provides how jackpots are to be calculated and how payment is to be made. In addition, the legislation amends the Video Gaming Act to provide that licensed establishments, licensed truck stop establishments, licensed veterans establishments, and licensed fraternal establishments may operate one or more wide area progressive systems per establishment.

Video Gaming Betting Limit Increase (p. 468). The legislation increases the maximum bet from \$2 to \$4 and the maximum cash award for a maximum wager from \$500 to \$1,199, except for wide area progressive systems, which shall have no limits on cash awards.

Video Gaming Terminal Limit Increase (p. 470). The legislation increases the terminal limit per location from 5 terminals to 6 terminals. *(Note: This provision was not in the engrossed version of the bill).*

Video Gaming Tax Increase (p. 483). The tax on video gaming is increased from 30% to 35%. *(Note: This provision was not in the engrossed version of the bill).*

Video Gaming Local Tax Revenue Distribution (p. 483). Of the amount deposited into the Local Government Video Gaming Distributive Fund, half of the deposits may be used by each municipality for contributions under Sections 4-118 and 5-168 of the Illinois Pension Code. *(Note: This provision was not in the engrossed version of the bill).*

Sweepstakes Kiosks (p. 544). Defined in the legislation to mean any electronic video machine that, upon the insertion of payment, is used to purchase a bona fide product from a sponsor and offers or awards a prize as a means to promote that sponsor. *(Note: This provision was not in the engrossed version of the bill).*

Other Changes. The legislation makes numerous other changes, including amending the Illinois Income Tax Act by creating a surcharge on the sale or exchange of assets, properties, and intangibles of electronic gaming licensees (p. 96); and further amending the Horse Racing Act and the Illinois Casino Act to make conforming changes.

SB 0007, as amended by House Amendment 3, would be effective upon becoming law.

METHODOLOGY: In the estimate, several assumptions had to be made. They are as follows:

- Under current law, the 10 existing riverboat licenses could have a total of 12,000 gaming positions in Illinois. **Under the legislation, the potential exists for an additional 19,250 gaming positions for a potential total of 31,250 gaming positions, which is an increase of 160%.** *Note: This figure could be even higher if the proposed racetrack (p. 207) for Cook County comes to fruition and subsequently becomes a racetrack casino. However, any gaming revenues from this potential racino are not included in this analysis.*
- The legislation provides that all of the riverboat casinos can go up to 1,600 positions, including existing casinos. It is assumed that not all of the casinos would choose to purchase the additional positions because, currently, only 3 of the 10 Illinois casinos utilize the maximum limit of 1,200 gaming positions. While it is difficult to estimate how many positions that each casino would purchase, it is assumed that only those three casinos that are currently at 1,200 positions would go up to 1,600 positions (Joliet Harrah's, Elgin, and Des Plaines).
- For the purposes of this estimate, it is assumed that the South Suburb casino and the Waukegan Area casino would operate 1,600 gaming positions; Rockford would have 1,200 positions; and Danville and the Williamson County casinos would have 1,000 positions. These projections are based on the location and position levels of casinos currently in Illinois. It is also assumed that Chicago would purchase its allotment of 4,000 gaming positions.
- The legislation does allow for unused positions to be purchased by other casinos (up to 2,000 gaming positions at one casino). While this is a possibility, especially at the newer Chicago area casinos, no such purchases are assumed in this estimate.
- Assuming that all new facilities would purchase the number of positions mentioned above, the amount of one-time revenue from the purchasing of new/additional positions would be **\$354.9 million**. This money would also be deposited into the newly created Gaming Facilities Fee Revenue Fund.
- Under this legislation, the initial fee for all new gaming facilities is \$100,000. Therefore, the total initial fees from all of the 10 new facilities would be a one-time revenue amount of **\$1.0 million**. An additional **\$1.5 million** (minimum) would be collected from application fees and fees for background investigation costs (This amount would likely be higher and would depend

on the number of applications). A one-time amount of **\$50 million** would be collected from the Chicago Casino management contract. This money would be deposited into the newly created Gaming Facilities Fee Revenue Fund.

- The Commission estimates that approximately **\$638.2 million** in reconciliation payments from the new casinos and racinos would be collected over a two year period, three years after operations begin. This money would be deposited into the Gaming Facilities Fee Revenue Fund.
- The Commission estimates that there would be very little if any reconciliation payments collected from the current riverboats.
- Revenue estimates for the Rockford, Waukegan, and South Suburb riverboats were based upon the AGR/Gaming Position for other riverboats in the Chicago area. The Danville and Williamson County revenue estimates were based on the average AGR/Gaming Position for downstate riverboats.
- The Chicago casino's figures were based on Des Plaines' recent AGR/position figures. In addition, a dilution was applied to the new location to factor in the large number of gaming positions at one facility (4,000 compared to 1,200 under current law). The estimated AGR/position/day figures used for Chicago in this estimate resemble the AGR/position/day figures found at other casinos throughout the nation with around 4,000 positions.
- **The casino climate has dramatically changed over the last several years.** Whether it is from increased competition from other states, the economy, or the rapid emergence of video gaming across Illinois, adjusted gross receipts for Illinois riverboats have fallen sharply over the last several years. The figures in this estimate attempt to factor in the recent downward trend.
- The graduated tax structure is reduced under the legislation as compared to current law. **The reduction of the tax rates would negatively affect State revenues. This is a major factor why despite the increase in positions and significant increases in the adjusted gross receipts, State revenues show modest gains under full implementation.**
- Also affecting the amount of revenues collected from the privilege tax (wagering tax) is the proposed change whereby table game AGR are taxed separate from electronic gaming AGR. With two separate graduated tax structures, it will take longer for receipts to hit higher tax rates. Because of this, revenues would be lower than under current law. The Commission assumed a split of 78.4% slot AGR, 21.6% table game AGR for each of the riverboats/casino (based on CY 2017 average Statewide AGR split according to the Illinois Gaming Board's Monthly Reports).
- Dilution factors are utilized in this estimate due to the competition that would result from the opening of new casinos and the introduction of slot machines at racetracks. The more gaming facilities, the greater the impact (dilution) that these facilities would have on other riverboats/casinos. This could negatively affect overall State revenue increases because anytime money is gambled at a smaller gaming facility (horsetrack), it would be taxed at a lower rate than if it were gambled at a larger revenue-producing riverboat/casino under Illinois' graduated tax structure.
- Tax revenues would be reduced due to the creation of the tax credit given to existing casinos that is calculated based on how after-tax revenues compare to levels in CY 2017. The

Commission estimates that these credits could reduce casino tax revenues by **approximately \$30 million to \$33 million per year**, beginning in FY 2021. Additional tax credits could come from renovation and construction costs at existing facilities. The extent that these credits would reduce gaming tax revenues is unknown.

FISCAL IMPACT: SB 0007, as amended by House Amendment 3, would generate revenues from a variety of different ways:

Casino Gambling. Revenues from casino gambling would be collected in two different formats, one-time revenues and recurring revenues.

The Commission estimates that **\$1.0 million** in one-time revenues would come from initial license fees from the new gaming facilities; **\$354.9 million** in one-time revenues would come from the initial position fees and the fees from the purchasing of additional positions; at least **\$1.5 million** in one-time revenues would come from application fees and background check fees; **\$50 million** from the Chicago Casino Management Contract, and approximately **\$638.2 million** in one-time revenues would come from the various reconciliation payments. **These reconciliation revenues would be calculated and collected three years after the additional gaming positions become operational (or likely not until at least FY 2023) and could be paid over two years.** These revenues would be deposited into the Gaming Facilities Fee Revenue Fund.

An additional unknown amount of one-time revenues would come from the bidding of the new casinos. These amounts would also be deposited into the Gaming Facilities Fee Revenue Fund. The value of these bids are difficult to project. In 2004, the 10th license originally received a bid of \$518 million. But after complications, the 10th license was rebid. In 2008, Midwest Gaming LLC won the rights to place a casino in Des Plaines with an up-front bid of \$125 million plus an additional \$10 million per year for 30 years (total bid of \$425 million). It is expected that a casino's bid value today has likely decreased due to the emergence of video gaming in Illinois and the current downward trend of gaming revenues. In addition, because these bids would occur amid another round of gaming expansion, the value could drop further to account for this additional competition. As shown with the Des Plaines Casino bid, the timing of when these revenues would be received would depend on the final agreement, which could result in some up-front payments, as well as, several years of annual payments.

For recurring revenues, it will take several years before reaching full-implementation due to the time it takes to start-up new gaming facilities. Therefore, using the previously mentioned assumptions, under full implementation, **the Commission estimates an increase in overall gaming revenues of approximately \$73.6 million (compared to current law estimates).** The revenue increase includes a **\$61.4 million increase in gaming revenues to local governments and a \$12.2 million increase in available "State Funds"**. Again, a portion of this increase could be offset by tax credits established in the legislation. The extent of this offset is not known.

The "State" revenue portion from the racinos will be split between the State Construction Account Fund, the Pension Stabilization Fund, and the Common School Fund. The majority of "State" revenues from the existing and new casinos will be transferred to the Education Assistance Fund, as is under current law.

Note: In current and proposed distribution language, amounts appropriated to the Illinois Gaming Board for administering and enforcing the Riverboat Gambling and the Video Gaming Act are taken from the State Gaming Fund before distributions take place. With this potential significant increase in gaming, it is likely that the amount of administrative expenses will also increase significantly. Therefore, the amounts shown to be available for the Education Assistance Fund could be notably less if no additional funds for administration expenses are provided to the Gaming Board, aside from the one-time revenues deposited into the Gaming Facilities Fee Revenue Fund.

Under this gaming expansion legislation, the Commission estimates that adjusted gross receipts will increase \$1.1 billion, or 78.6% under full implementation compared to current law. However, overall tax revenues from gaming are expected to rise only 16%. The primary reason for this is because the proposal reduces the tax structure, taxes table and slot machines separately, and will likely cannibalize existing casinos. These factors will prevent the gaming revenues to accumulate to the point that they would be taxed at the higher rates under the graduated tax structure.

Other Horse Racing Related Revenues. Aside from the revenues from electronic gaming at horsetracks, a portion of the remaining adjusted gross receipts must be paid to horse racing purse accounts. Based on the estimated AGR of the racinos, the Commission estimates this total to be approximately \$35 million per year under full implementation. In addition to these revenues, nominal increases would likely come from admission tax increases at the horsetracks, an increase in the pari-mutuel tax, and the eventual elimination of the pari-mutuel tax credit.

Video Gaming Tax Revenue Increase. The Commission estimates that approximately \$125 million in additional video gaming tax revenues could annually be generated, upon full implementation, by increasing the terminal limit from 5 to 6 terminals, increasing betting limits, introducing area-wide progressive jackpots, and by increasing the tax rate from 30% to 35%. This figure assumes that roughly 50% to 75% of the establishments currently (April 2018) with 5 terminals would add an additional video gaming terminal. The rate increase makes up roughly \$80 million of this \$125 million estimate. While, the combination of an area-wide progressive jackpot and increased betting limits has the potential to increase these estimates even higher, the massive gaming expansion (competition) that would be implemented along with these video gaming changes demands a more conservative estimate.

REVENUE POTENTIAL OF THE CHICAGO CASINO: To understand the revenue potential of the Chicago Casino, it is helpful to see how similar large casinos across the Great Lakes Region have performed. Below is a list of the highest generating casinos in the Great Lakes Region in terms of adjusted gross receipts. As shown, the MGM Grand in Detroit is the top revenue generating casino in this area of our country with a CY 2017 AGR of \$592.2 million. Only two other casinos had AGR levels over \$500 million in CY 2017: Parx in Bensalem, PA (suburb of Philadelphia) and Sands in Bethlehem, PA (about a 90 minute drive from both New York City and Philadelphia, PA).

Statistical Summary of the Top 25 Revenue Generating Casinos in the Great Lakes Region (Including the States of Illinois, Indiana, Iowa, Michigan, Missouri, Ohio, and Pennsylvania)													
\$ in millions													
	State	Region	CY 2013 AGR	CY 2014 AGR	CY 2015 AGR	CY 2016 AGR	CY 2017 AGR	Dec 2017 Positions	2017 AGR/ Pos/Day	1-Yr % Ch.	2-Yr % Ch.	3-Yr % Ch.	4-Yr % Ch.
MGM GRAND - Detroit	Michigan	Detroit	\$566.8	\$561.1	\$582.0	\$592.1	\$592.2	3,901	\$416	0.0%	1.7%	5.5%	4.5%
PARX - Bensalem	Pennsylvania	Philadelphia	\$487.7	\$490.6	\$523.5	\$551.7	\$566.5	4,006	\$387	2.7%	8.2%	15.5%	16.2%
SANDS - Bethlehem	Pennsylvania	Eastern PA	\$465.0	\$470.0	\$513.9	\$535.2	\$545.7	3,958	\$378	2.0%	6.2%	16.1%	17.4%
MOTORCITY CASINO - Detroit	Michigan	Detroit	\$454.3	\$445.0	\$464.5	\$467.9	\$478.6	2,740	\$479	2.3%	3.0%	7.6%	5.3%
RIVERS CASINO - Des Plaines	Illinois	Chicago	\$418.9	\$425.5	\$425.0	\$428.4	\$433.0	1,199	\$989	1.1%	1.9%	1.8%	3.4%
HORSESHOE - Hammond	Indiana	Chicago	\$480.4	\$430.5	\$421.3	\$399.5	\$403.7	2,920	\$379	1.0%	-4.2%	-6.2%	-16.0%
THE RIVERS - Pittsburgh	Pennsylvania	Pittsburgh	\$352.0	\$346.3	\$348.3	\$334.2	\$335.5	3,241	\$284	0.4%	-3.7%	-3.1%	-4.7%
GREETTOWN CASINO - Detroit	Michigan	Detroit	\$328.3	\$326.7	\$329.9	\$325.6	\$329.7	3,344	\$270	1.3%	0.0%	0.9%	0.4%
SUGARHOUSE - Philadelphia	Pennsylvania	Philadelphia	\$265.6	\$265.1	\$269.0	\$297.7	\$297.7	2,364	\$345	0.0%	10.7%	12.3%	12.1%
HARRAH'S - Chester	Pennsylvania	Philadelphia	\$311.2	\$286.8	\$286.6	\$272.1	\$263.5	2,825	\$256	-3.2%	-8.1%	-8.1%	-15.3%
INDIANA GRAND - Shelbyville	Indiana	Central IN	\$217.9	\$236.5	\$241.0	\$250.1	\$263.4	1,910	\$378	5.3%	9.3%	11.4%	20.9%
AMERISTAR - St. Charles	Missouri	St. Louis	\$258.4	\$259.8	\$265.1	\$261.1	\$263.3	2,567	\$281	0.8%	-0.7%	1.3%	1.9%
THE MEADOWS - Washington	Pennsylvania	Pittsburgh	\$264.3	\$245.4	\$251.5	\$253.0	\$250.9	3,177	\$216	-0.8%	-0.2%	2.2%	-5.1%
HORSESHOE - Harrison County	Indiana	S. Indiana	\$260.9	\$253.7	\$244.4	\$238.9	\$247.5	1,972	\$344	3.6%	1.3%	-2.4%	-5.1%
MOHEGAN SUN - Wilkes-Barre	Pennsylvania	Eastern PA	\$263.4	\$262.8	\$265.3	\$261.7	\$246.9	2,577	\$263	-5.7%	-6.9%	-6.1%	-6.3%
PENN NATIONAL - Grantville	Pennsylvania	Central PA	\$266.8	\$247.4	\$250.3	\$244.2	\$244.8	2,479	\$271	0.2%	-2.2%	-1.0%	-8.2%
HOLLYWOOD - Maryland Hts	Missouri	St. Louis	\$232.3	\$218.3	\$226.0	\$233.8	\$237.8	2,240	\$291	1.7%	5.2%	8.9%	2.3%
RIVER CITY - St. Louis	Missouri	St. Louis	\$207.4	\$209.1	\$220.9	\$224.1	\$225.7	2,009	\$308	0.7%	2.2%	8.0%	8.9%
HOLLYWOOD - Columbus	Ohio	Columbus	\$210.8	\$207.8	\$210.3	\$213.5	\$220.9	2,528	\$239	3.5%	5.0%	6.3%	4.8%
HOOSIER PARK - Anderson	Indiana	Central IN	\$191.6	\$197.4	\$205.6	\$205.2	\$208.4	1,669	\$342	1.6%	1.3%	5.6%	8.8%
AMERISTAR - East Chicago	Indiana	Chicago	\$212.5	\$216.3	\$221.7	\$215.4	\$201.7	1,933	\$286	-6.3%	-9.0%	-6.7%	-5.1%
JACK - Cleveland	Ohio	Cleveland	\$242.6	\$220.4	\$212.7	\$203.6	\$201.5	1,834	\$301	-1.0%	-5.3%	-8.6%	-17.0%
HOLLYWOOD - Toledo	Ohio	Toledo	\$183.4	\$183.3	\$192.8	\$191.6	\$198.7	2,207	\$247	3.7%	3.1%	8.4%	8.3%
JACK - Cincinnati	Ohio	Cincinnati	\$184.5	\$197.8	\$196.5	\$189.3	\$197.9	2,359	\$230	4.6%	0.7%	0.1%	7.3%
MOUNT AIRY - Mt. Pocono	Pennsylvania	Eastern PA	\$183.4	\$183.7	\$186.3	\$184.5	\$197.9	2,098	\$258	7.2%	6.2%	7.7%	7.9%

The Commission’s AGR estimate for a Chicago Casino under HB 5146 is approximately \$500 million. Of the 75 casinos (non-Native American casinos) in operation throughout the Great Lakes Region (including the states of Illinois, Indiana, Iowa, Michigan, Missouri, Ohio, and Pennsylvania), the Commission’s estimate for the proposed Chicago Casino would place them as the 4th highest generating casino in this region.

Some believe that a 4,000 position casino in downtown Chicago, with its large untapped population, would be the highest revenue generating casino in this region. If this were to occur, the AGR estimate would need to be increased by around \$100 million to \$600 million. Under this scenario, tax revenues from the Chicago Casino would increase by roughly \$20 million. This may appear low considering it would increase adjusted gross receipts by \$100 million. But under this proposed tax structure, gaming revenues between \$350 million and \$800 million are only taxed at 20% for slot machines and 16% for table games. Using this same methodology, even increasing the AGR estimate by \$200 million would only increase tax revenue by approximately \$40 million.

[Note: If “after tax revenues” is the perspective, the “after tax revenue” amount would increase by roughly \$80 million (from \$350 million to \$430 million) by increasing the Chicago Casino’s AGR to \$600 million and would increase by an additional \$80 million (to roughly \$510 million) if the AGR levels were to increase to \$700 million.]

The Commission acknowledges that its Chicago Casino AGR estimate of \$500 million could be viewed by some as conservative. But there are reasons for this.

In terms of gaming revenues by metropolitan area, the Las Vegas metropolitan area is, of course, the largest generator of gaming revenues in the country (\$9.979 billion in CY 2017 in Clark County, NV). For years, Atlantic City was easily second. But a falloff in gaming revenues in this area due to the closing of several Atlantic City casinos (in large part due to increased competition in nearby locations such as Philadelphia), has dropped their AGR totals from \$5.1 billion in CY 2006 to \$2.4 billion in CY 2017.

The five Illinois casinos in the Chicago metropolitan area plus the five Indiana casinos in this area generated \$1.9 billion in CY 2017. Combine this total with the \$574 million in net terminal income generated by video gaming machines in this metropolitan area, this region's total gaming dollars in CY 2017 amounted to \$2.5 billion, which now surpasses Atlantic City. And this is without the proposed Chicago Casino, additional positions at the existing casinos, the two proposed casinos in the suburbs, and the two new racinos.

The City of Detroit has three large casinos in their downtown area, including the largest casino: MGM Grand. But these three mega casinos combined for an AGR total of only \$1.4 billion in CY 2017, well short of the Chicago Metro Area's casino total of \$2.5 billion. Similarly, four casinos in the Philadelphia area generated \$1.2 billion in CY 2017. (If the Sands Casino in Bethlehem, PA is included, which is 90 minutes away, the total would grow to \$1.8 billion, but still well short of the Chicago Metro total). The St. Louis region, which includes two Illinois casinos, generated \$1.025 billion in CY 2017. These figures are shown below.

Adjusted Gross Receipts from Commercial Gaming in 2017 per Metropolitan Area			
Metropolitan Area	AGR in 2017 (\$ in billions)	Population (2016 est.)	AGR per Capita
Las Vegas Area (Clark County, NV)	\$9.979	2,155,664	\$4,629
Chicagoland, IL/IN*	\$2.514	9,512,999	\$264
Atlantic City	\$2.413	270,991	\$8,906
Detroit	\$1.401	4,297,617	\$326
Philadelphia	\$1.245	6,070,500	\$205
St. Louis, MO/IL	\$1.005	2,807,002	\$358

* Includes \$574 million in Video Gaming net terminal income from the Chicago Metropolitan Area

Population Source: <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>
 Spending Source: Each state's gaming control board

The question becomes whether Chicago's large population can support the large increase in gaming as proposed by HB 5146. The table above shows the Census Bureau's population estimates for the gaming areas previously mentioned. Obviously, it is difficult to compare most regions with Las Vegas and Atlantic City because they are considered gambling destinations. Because of this, their AGR per capita is well above other metro areas.

However, it seems reasonable to compare Chicago's metro area figures with that of Detroit and Philadelphia. As shown, Chicago's metro population of 9.5 million is well above both Detroit (4.3 million) and Philadelphia (6.1 million). As such, it would be expected that the Chicago area should be able to generate a proportionally higher amount of gaming dollars than these locations. In CY 2017, of these three metro areas, Detroit had the highest AGR per capita at \$326. The Chicago metro area's AGR per-capita figure was \$264. If the Chicago metro area were to equal Detroit's AGR per capital figure of \$326, the Chicago's region would have to grow to \$3.1 billion.

The Commission’s estimate for HB 5146 would increase AGR in the Chicago Metro area to over \$3.2 billion and would increase the AGR per capita figure to around \$345. Therefore, even the Commission’s perceived “conservative” estimate would cause its AGR-per-capita figures to surpass Detroit and significantly surpass Philadelphia in this metric. However, if the Chicago Metro area were to reach the St. Louis metro area’s AGR per capita level of \$358, its AGR totals would have to increase by an additional \$118 million.

So, is a Chicago Casino with an AGR surpassing \$600 million or even \$700 million possible? It seems that this is plausible, especially since this casino would be the only “game in town” for tourists who likely would seldom go to the existing casinos in the suburban areas of Illinois and Indiana. And it is also plausible because gaming opportunities from video gaming has so far eluded the City of Chicago.

But estimating a \$700 million casino would mean projecting a casino with AGR levels significantly higher than every other casino in the Great Lakes Region. And this would have to be done in a time when the AGR of casinos nationally have been stagnant at best (as shown on the following page, a tabulation of prominent gaming states throughout the country shows that the average rate of growth in casino revenues over the past five years is 0.6%).

With these statistics in mind, the Commission feels justified utilizing its current forecast, while acknowledging an alternate scenario of potentially higher AGR exists, albeit at a reduced levels of probability. In the event the higher scenario were to be achieved, a Chicago Casino with an AGR of \$700 million would result in approximately \$40 million in additional tax revenues, or in the case of Chicago, the City retaining (through “after-tax” revenues) an additional \$160 million above the Commission’s current “after-tax” revenue estimate of \$350 million. The scenarios previously discussed are displayed below.

Alternate Revenue Scenarios of a Chicago Casino Under HB 5146			
\$ in millions			
Scenario	Adjusted Gross Receipts	Tax Revenue	After-Tax Revenue (Retained by City of Chicago)
Commission’s Estimate	\$500	\$150	\$350
Alternate Est. Scenario 1	\$600	\$170	\$430
Alternate Est. Scenario 2	\$700	\$190	\$510

AGR from Commercial Casino Gaming						
<i>(Midwest States)</i>						
\$ in billions						
CY	Illinois*	Indiana	Iowa	Michigan	Missouri	Ohio
2010	\$1.374	\$2.794	\$1.368	\$1.378	\$1.788	\$0.000
2011	\$1.477	\$2.721	\$1.424	\$1.424	\$1.805	\$0.000
2012	\$1.651	\$2.636	\$1.467	\$1.417	\$1.769	\$0.351
2013	\$1.853	\$2.332	\$1.420	\$1.350	\$1.707	\$0.821
2014	\$2.125	\$2.157	\$1.391	\$1.333	\$1.660	\$0.809
2015	\$2.352	\$2.142	\$1.424	\$1.376	\$1.702	\$0.812
2016	\$2.523	\$2.125	\$1.446	\$1.386	\$1.714	\$0.798
2017	\$2.711	\$2.153	\$1.463	\$1.401	\$1.738	\$0.819
<i>Annual % Change</i>						
CY	Illinois*	Indiana	Iowa	Michigan	Missouri	Ohio
2010	-3.8%	-0.2%	-0.9%	2.9%	3.3%	N/A
2011	7.5%	-2.6%	4.1%	3.4%	1.0%	N/A
2012	11.8%	-3.1%	3.0%	-0.5%	-2.0%	N/A
2013	12.2%	-11.5%	-3.2%	-4.7%	-3.5%	134.3%
2014	14.7%	-7.5%	-2.0%	-1.2%	-2.7%	-1.5%
2015	10.7%	-0.7%	2.4%	3.3%	2.5%	0.4%
2016	7.2%	-0.8%	1.5%	0.7%	0.7%	-1.8%
2017	7.5%	1.4%	1.1%	1.1%	1.4%	2.6%
* Includes Video Gaming Revenues						

AGR from Commercial Casino Gaming						
<i>(Other Prominent Gaming States)</i>						
\$ in billions						
CY	Nevada	Louisiana*	Pennsylvania	New Jersey	Mississippi	Total**
2010	\$10.405	\$2.984	\$2.486	\$3.261	\$2.389	\$30.228
2011	\$10.701	\$2.981	\$3.025	\$2.951	\$2.239	\$30.747
2012	\$10.861	\$3.014	\$3.158	\$2.707	\$2.251	\$30.931
2013	\$11.143	\$3.042	\$3.114	\$2.860	\$2.137	\$30.956
2014	\$11.019	\$3.064	\$3.069	\$2.616	\$2.068	\$30.502
2015	\$11.114	\$3.242	\$3.174	\$2.414	\$2.097	\$31.038
2016	\$11.257	\$3.115	\$3.213	\$2.280	\$2.122	\$31.181
2017	\$11.571	\$3.136	\$3.227	\$2.413	\$2.080	\$31.893
<i>Annual % Change</i>						
CY	Nevada	Louisiana*	Pennsylvania	New Jersey	Mississippi	Total**
2010	0.1%	-3.4%	26.6%	-17.3%	-3.1%	-1.0%
2011	2.8%	-0.1%	21.7%	-9.5%	-6.3%	1.7%
2012	1.5%	1.1%	4.4%	-8.2%	0.5%	0.6%
2013	2.6%	0.9%	-1.4%	5.6%	-5.1%	0.1%
2014	-1.1%	0.7%	-1.4%	-8.5%	-3.2%	-1.5%
2015	0.9%	5.8%	3.4%	-7.7%	1.4%	1.8%
2016	1.3%	-3.9%	1.2%	-5.6%	1.2%	0.5%
2017	2.8%	0.7%	0.4%	5.9%	-2.0%	2.3%
Average Overall Growth in Last Five Years:						0.6%
* Includes Video Gaming Revenues						
**Total includes these "Prominent Gaming States" and the "Midwest States"						

A detailed look of the casino related revenue estimate for SB 0007, as amended by House Amendment 3, as compared to current law, is shown below.

ADDITIONAL CASINO REVENUE GENERATED FROM GAMING PROPOSAL (Difference between Proposal and Current Law Estimate) (amounts in millions)												
		AGR	ADMISSIONS	STATE REVENUE	Statutory Distribution of Des Plaines Tax Revenues			REMAINING STATE FUNDS (the majority of which go to Ed. Assist. Fund)	LOCAL REVENUES (5% of AGR and \$1/adm)	TOTAL RECURRING REVENUES	ONE TIME REVENUE DISTRIBUTIONS*	TOTAL REVENUE
					School Infrastructure Fund	Cook County Criminal Justice System	Chicago State University					
FY 2020	Current Riverboat Revenues	-\$5.5	-0.2	\$4.8	\$0.0	\$0.2	\$0.0	\$4.6	-\$0.4	\$4.4		\$4.4
	New Riverboat Revenues	\$0.0	0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0
	Chicago Casino Revenues	\$0.0	0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0		\$0.0
	Horsetrack Casino Revenues	\$303.9	2.6	\$39.2	\$0.0	\$0.0	\$0.0	\$39.2	\$15.8	\$55.0		\$55.0
	One-Time Revenues*										\$407.4	\$407.4
	TOTAL	\$298.4	2.4	\$44.1	\$0.0	\$0.2	\$0.0	\$43.8	\$15.4	\$59.4	-\$407.4	\$466.8
FY 2021	Current Riverboat Revenues	-\$245.8	-2.0	-\$85.7	\$0.0	-\$1.9	\$0.0	-\$83.8	-\$14.3	-\$99.9		-\$99.9
	New Riverboat Revenues	\$573.1	4.8	\$98.5	\$0.0	\$0.0	\$0.0	\$98.5	\$33.5	\$132.0		\$132.0
	Chicago Casino Revenues	\$498.2	3.8	\$163.1	\$0.0	\$0.0	\$0.0	\$163.1	\$28.7	\$191.8		\$191.8
	Horsetrack Casino Revenues	\$260.6	2.2	\$41.9	\$0.0	\$0.0	\$0.0	\$41.9	\$13.4	\$55.2		\$55.2
	One-Time Revenues*										\$0.0	\$0.0
	TOTAL	\$1,086.0	8.9	\$217.7	\$0.0	-\$1.9	\$0.0	\$219.6	\$61.3	\$279.1	\$0.0	\$279.1
FY 2022	Current Riverboat Revenues	-\$245.7	-2.0	-\$201.9	\$0.0	-\$1.9	\$0.0	-\$200.0	-\$14.3	-\$216.1		-\$216.1
	New Riverboat Revenues	\$573.1	4.8	\$85.7	\$0.0	\$0.0	\$0.0	\$85.7	\$33.5	\$119.2		\$119.2
	Chicago Casino Revenues	\$498.2	3.8	\$104.1	\$0.0	\$0.0	\$0.0	\$104.1	\$28.7	\$132.8		\$132.8
	Horsetrack Casino Revenues	\$260.6	2.2	\$24.2	\$0.0	\$0.0	\$0.0	\$24.2	\$13.5	\$37.7		\$37.7
	One-Time Revenues*										\$0.0	\$0.0
	TOTAL	\$1,086.2	8.9	\$12.2	\$0.0	-\$1.9	\$0.0	\$14.0	\$61.4	\$73.6	\$0.0	\$73.6
FY 2023	Current Riverboat Revenues	-\$245.6	-2.0	-\$205.8	\$0.0	-\$1.9	\$0.0	-\$204.0	-\$14.2	-\$220.1		-\$220.1
	New Riverboat Revenues	\$573.1	4.8	\$82.0	\$0.0	\$0.0	\$0.0	\$82.0	\$33.5	\$115.5		\$115.5
	Chicago Casino Revenues	\$498.2	3.8	\$116.4	\$0.0	\$0.0	\$0.0	\$116.4	\$28.7	\$145.1		\$145.1
	Horsetrack Casino Revenues	\$260.6	2.2	\$22.8	\$0.0	\$0.0	\$0.0	\$22.8	\$13.5	\$36.3		\$36.3
	One-Time Revenues*										\$43.4	\$43.4
	TOTAL	\$1,086.3	8.9	\$15.4	\$0.0	-\$1.9	\$0.0	\$17.2	\$61.4	\$76.8	\$43.4	\$120.2
FY 2024	Current Riverboat Revenues	-\$245.4	-2.0	-\$205.6	\$0.0	-\$1.9	\$0.0	-\$203.8	-\$14.2	-\$219.9		-\$219.9
	New Riverboat Revenues	\$573.1	4.8	\$82.0	\$0.0	\$0.0	\$0.0	\$82.0	\$33.5	\$115.5		\$115.5
	Chicago Casino Revenues	\$498.2	3.8	\$116.4	\$0.0	\$0.0	\$0.0	\$116.4	\$28.7	\$145.1		\$145.1
	Horsetrack Casino Revenues	\$260.6	2.2	\$22.8	\$0.0	\$0.0	\$0.0	\$22.8	\$13.5	\$36.3		\$36.3
	One-Time Revenues*										\$319.1	\$319.1
	TOTAL	\$1,086.5	8.9	\$15.5	\$0.0	-\$1.9	\$0.0	\$17.4	\$61.4	\$77.0	\$319.1	\$396.1
FY 2025	Current Riverboat Revenues	-\$245.3	-2.0	-\$205.5	\$0.0	-\$1.9	\$0.0	-\$203.6	-\$14.2	-\$219.7		-\$219.7
	New Riverboat Revenues	\$573.1	4.8	\$82.0	\$0.0	\$0.0	\$0.0	\$82.0	\$33.5	\$115.5		\$115.5
	Chicago Casino Revenues	\$498.2	3.8	\$116.4	\$0.0	\$0.0	\$0.0	\$116.4	\$28.7	\$145.1		\$145.1
	Horsetrack Casino Revenues	\$260.6	2.2	\$22.8	\$0.0	\$0.0	\$0.0	\$22.8	\$13.5	\$36.3		\$36.3
	One-Time Revenues*										\$275.7	\$275.7
	TOTAL	\$1,086.6	8.9	\$15.7	\$0.0	-\$1.9	\$0.0	\$17.5	\$61.4	\$77.1	\$275.7	\$352.8

Note: The legislation provides that the tax rates are not reduced, as proposed, until the beginning of the calendar year following the opening of the Chicago Casino at a permanent location. The Commission estimates that this reduction in tax rates will take place in FY 2022 and is why revenues are shown to be much lower in FY 2022+ compared to FY 2021. While revenues at racinos are shown to begin in FY 2020 (due to structure already in place and the ability to use temporary facilities) and other casinos to begin operations in FY 2021, any delay in enactment or implementation of this legislation would likely delay these revenues to future fiscal years. Note: Gaming tax revenues would be offset, to some extent, by the creation of tax credits for certain renovation costs and for reductions in "after-tax revenues" at existing casinos.

* The one-time revenues shown in FY 2020 would come from the \$50M Chicago Casino management contract, license fees, position fees, and application fees. While it is possible that a portion of this one-time revenue could conceivably arrive in FY 2019, history has shown that delays in implementation are likely, which would cause some/much of this one-time revenue to fall into future fiscal years. The one-time revenues shown in FY 2023 - FY 2025 would come from reconciliation payments. These payments are collected three years after a new licensee begins operating. These payments may be made in installments over a period of no more than 2 years. The above estimate attempts to place these payments by the projected fiscal year of each casino's estimated payment. The Commission estimates this total value of reconciliation payments to be \$638.2 million. The One-Time Revenues would be deposited into the Gaming Facilities Fee Revenue Fund and shall be used, subject to appropriation, by the Comptroller for the purpose of providing appropriations to the Illinois Gaming Board for the administration and enforcement of the Illinois Gambling Act and the applicable provisions of the Chicago Casino Development Authority Act, with any remaining amounts being split between the State Construction Account Fund, the Pension Stabilization Fund, and the Common School Fund.

On top of these one-time revenues, additional one-time revenues would come from the bidding of the new casinos. The value of these bids are difficult to project. In 2004, the 10th license originally received a bid of \$518 million. But after complications, the 10th license was rebid. In 2008, Midwest Gaming LLC won the rights to place a casino in Des Plaines with an up-front bid of \$125 million plus an additional \$10 million per year for 30 years (total bid of \$425 million). It is expected that a casino's bid value today has likely decreased due to the emergence of video gaming in Illinois and the current downward trend of gaming revenues. In addition, because these bids would occur amid another round of gaming expansion, the value could drop further to account for this additional competition. As shown with the Des Plaines Casino bid, the timing of when these revenues would be received would depend on the final agreement, which could result in some up-front payments, as well as, several years of annual payments.

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