

CDI Opts Not to Apply for Arlington Casino License

Written by Administrator
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Just two months after winning a decades-long fight for the right to operate casino gaming, [Arlington International Racecourse](#) will not apply for a license to do so, its parent company announced Aug. 28.

By contrast, [Hawthorne Race Course](#) and [Fairmount Park](#) both applied for gaming licenses and plan to move ahead expeditiously.

Citing concerns including tax rates and other financial provisions of the new law, including the percentage of casino money that would be committed to horsemen's purses, Arlington's parent company Churchill Downs Inc. said in a release that the casino would be "financially untenable."

The Illinois Thoroughbred Horsemen's Association immediately denounced the decision.

"We are stunned and profoundly disappointed by the decision not to pursue supplemental gaming at Arlington Park," said ITHA executive director David McCaffrey. "For more than a decade, Arlington has lobbied Illinois governors and legislators for permission to conduct gaming to boost revenue and generate funds to significantly improve the quality of horsemen's purses.

"This year, Arlington elevated its push by insisting the law include table games. Yet now that it is finally poised to move forward, Arlington's parent company has astoundingly declined to apply for the license necessary to operate a racino.

"In contrast, Hawthorne and Fairmount Park applied and they are to be enthusiastically applauded," McCaffrey added.

Churchill Downs Inc. also holds a majority stake in Rivers Casino, the state's biggest and most successful casino, which is located less than 15 miles from Arlington. CDI management earlier announced it would expand that facility, as also authorized by the new gaming expansion legislation.

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The decision not to apply for a gaming license at Arlington, CDI said in a [news release issued Aug. 28](#), had to do with the tax structure of the legislation and the portion of gaming proceeds required to go to horsemen's purse accounts. It said those commitments would put a casino at Arlington at a competitive disadvantage.

"The Chicagoland market has seen a significant proliferation of video gaming terminals over the last several years and now faces the potential introduction of five new gaming facilities as well as increased gaming positions at existing casinos and video gaming outlets," said CDI CEO Bill Carstanjen in the release.

"Arlington would enter this market with an effective tax rate that would be approximately 17.5%, (which is) 20% higher than the existing Chicagoland casinos due to contributions to the Thoroughbred purse account.

"This disadvantage in a hyper-competitive gaming market, coupled with substantial licensing and reconciliation fees and new, unviable horse racing requirements in the Illinois Gaming Act, makes construction of a casino at Arlington financially untenable."

The release said Arlington will conduct racing in 2020 and 2021.

"Arlington should be reminded," McCaffrey said of its racing plans, "that decision is in the hands of the Illinois Racing Board."

In the release, CDI said it would be willing to further consider options in the market.

"CDI and the team at Arlington will continue to work with legislative and community stakeholders, as well as Arlington's customers, employees, and horsemen to find a solution that takes into account the many constituents across the state of Illinois who depend on horse racing for their livelihoods," the release said. "All options will be considered, including moving the racing license to another community in the Chicagoland area or elsewhere in the state."

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Applications by Hawthorne and Fairmount start a 120-day time-frame for the gaming board to grant licenses or deny the applications. With a license in hand, the tracks would be free to start construction and both hope to at least have temporary facilities operating in 2020.

CDI's decision not to move ahead at Arlington triggers another portion of the new law relating to the number of "gaming positions" allowed at each racino.

The law states: "Each applicant for an organization gaming license shall specify in its application for licensure the number of gaming positions it will operate, up to the applicable limitation ... Any unreserved gaming positions that are not specified shall be forfeited and retained by the board."

The board then is required to "allocate expeditiously the unreserved gaming positions to requesting organization gaming licensees in a manner that maximizes revenue to the State."

The Illinois racing industry has argued for years that its very survival depended on legislative authorization of casino gaming—an alternative revenue source enjoyed by tracks in surrounding, competing jurisdictions.

Separately, the gaming board is seeking public input as it drafts rules for sports wagering, another new provision of the gaming expansion law. Tracks also are authorized to apply sports wagering licenses and get a head start over other entities in running that business. None of the projected sports-betting revenue is allocated for purse accounts.

The IGB will open this 30-day public comment period Aug. 27, 2019 and close the comment period Sept. 27, 2019, the board said in a news release.

"This public comment period is an important step in a process to ethically and expeditiously establish a regulatory framework to allow sports wagering in Illinois," said IGB Administrator Marcus Fruchter.

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Comments may be filed at www.igb.sportsrulecomments@igb.illinois.gov

Read more <https://www.bloodhorse.com/horse-racing/articles/235461/cdi-opts-not-to-apply-for-arlington-casino-license>