

## Casino revenues fall, but video gambling bolsters state's wagering

Written by Administrator  
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Gamblers brought in more money for the state than ever before last year, even though casino revenues were down.

Those were among the findings in [a new wagering revenue analysis from the state legislature's Commission on Government Forecasting and Accountability](#) showing gambling revenue exceeded \$1.4 billion in fiscal year 2019, which ended June 30. That amounts to a 3.5% increase over last year's haul, and represents a \$48 million increase in revenue from fiscal year 2018.

State revenue from casinos tumbled for the first time in three years, sparking fears from industry insiders and government finance watchdog groups about the stability of the state's planned massive gambling expansion, which includes six new casinos. Money from the expansion is intended to cover construction and infrastructure costs for roads and colleges via the state's "Rebuild Illinois" capital improvements campaign.

"I don't think the new legislation is going to generate the kind of revenue they're thinking it would," said Tom Swoik, executive director of the Illinois Casino Gaming Association. "I think this report shows what we've seen before, which is the revenues of the existing guys are going to go down when the other ones open up. And that's if they open up at all. I don't know if there's as much interest as they anticipated."

Only Rivers Casino in Des Plaines made more money for the state last year than the previous year. The other nine casinos netted the state less revenue this year.

This year's gambling revenue increase is almost solely due to the expansion and growth of video gambling throughout the state during the past year. Video gambling revenues increased \$46 million last year, generating more than \$398 million, the report shows. That's because there were 32,033 video gambling terminals in operation at the end of the fiscal year compared to

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29,283 the previous year, a 9.4% increase in terminals. Throughout the 2019 fiscal year, 33,867 terminals operated throughout the state though, according to the report. That's the equivalent of 28 casinos since there's a limit of 1,200 gambling positions at each casino. And that's still without any video gambling machines operating in Chicago.

Cook and Lake counties have the highest and second-highest number of video gambling terminals in the state respectively, accounting for almost 23% of all the machines in the state. The video gambling terminals netted on average \$12,428 for the state last year, up more than \$400 per machine from fiscal year 2018, according to the report.

More suburban locations, including Buffalo Grove, Lombard, Rolling Meadows and Mount Prospect, have recently overturned bans on video gambling, which has also helped increase state revenues and projections.

Commission analysts believe video gambling revenue will continue to increase because of changes to state laws that allow locations to add a sixth machine, doubled the maximum bet from \$2 to \$4 and increased the maximum cash award on a max bet from \$500 to \$1,199. Additionally, the new law gives the state a bigger cut of the video gambling revenue, adding 3% more from each machine this year and another 1% in the next fiscal year. It already receives 25% of each terminal's profits.

The changes to the video gambling laws were part of a larger gambling expansion law that would allow sports wagering at casinos and some of the state's larger sporting venues, and add up to three new casinos in Chicago and the suburbs, and three others elsewhere in the state. The expansion is anticipated to increase gambling revenue by \$1 billion, although some experts believe that number is highly inflated. Some casino operators have suggested the fees and taxes are too high to make opening new casinos profitable.

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The state's revenue figure also included estimates from adding gambling at horse-racing venues such as Arlington International Racecourse, which owners Churchill Downs have so far balked at citing profitability concerns. The future of the racetrack is unknown. Its closure would significantly reduce the \$6 million in horse racing gambling revenue the state received in 2019.

"What is disappointing is there is no established rationale for all types of gambling that would be expanded at once with any type of detailed analysis," said Laurence Msall, head of the Civic Federation, a nonpartisan government research organization that specializes in Illinois tax and financial policy. "It flies in the face of basic economics as to where this new source of gambling attention and appetite is going to come from."

But state leaders remain optimistic about gambling revenue's future as a source for funding the state's capital improvement needs, noting they anticipated growing pains and incremental acceptance.

"The governor worked with the general assembly to pass a bipartisan gaming expansion that was years in the making to create jobs and spur economic development around the state while generating revenue to rebuild our universities, community colleges and hospitals," said Jordan Abudayyeh, a spokeswoman for Gov. J.B. Pritzker. "The administration understood the unpredictable nature of gaming revenue and took that into consideration when putting together the revenue projections for Rebuild Illinois."

Lottery sales make up the final component of gambling revenue for the state, the single largest portion. The money generated from the lottery helps fund education in the state. Last year, the state received \$735 million from lottery sales, up \$3 million from the prior year, according to the commission's report.

**Got a tip?**

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Contact Jake at [jgriffin@dailyherald.com](mailto:jgriffin@dailyherald.com) or (847) 427-4602. And go to [dailyherald.com/subscribe](https://dailyherald.com/subscribe) to access the entire Suburban Tax Watchdog archive.

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