

Drop in casino revenue, taxes underlines Lightfoot's challenge

Written by Administrator
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As Mayor Lori Lightfoot prepares to renew efforts in Springfield to secure a casino for Chicago, a report issued by the Legislature's fiscal unit strongly suggests that the city's ultimate tax take from the facility will be a lot less than many want.

[According to the Commission on Government Forecasting & Accountability](#) , the casino business in Illinois appears to be mature and then some, with revenue flat to down and gamblers flocking to alternate ways to put down a wager, such as video poker.

That could limit the hundreds of millions of dollars Chicago hopes to eventually reap to help pay old pension bills, even if the casino would serve a relatively untapped market: downtown tourists and conventioners.

Lightfoot's office had no immediate response to the report, but the mayor appears to recognize the danger. She wants the General Assembly this spring to lower tax rates on the casino from the current statutory rate of [as much as 72 percent of the gross wagers](#) g, a figure she fears is so high that big gambling firms will shy away from bidding for the Chicago operation.

Here are the numbers:

According to COGFA, both revenue and taxes on the state's 10 casinos now have dropped seven years in a row.

For instance, combined adjusted gross revenues have dropped from \$1.639 billion in 2012 to \$1.354 billion last year. That represents a one-year drop of 1.5 percent, with revenues off 17.3 percent since 2012. The only casino to grow in that period is Rivers Casino near O'Hare International Airport, but without it all other Chicago-area casinos suffered a combined 22.3 percent revenue decline over seven years.

Tax yield to the state and local governments is off even more. The total tax take last year from the 10 casinos was \$455 million, down from \$574 million in 2012.

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Why the big drop? COGFA says at least part of the reason is increased competition, especially from video poker machines, which are a lot easier for most folks to get to than driving out to a casino.

The number of those machines and the tax yield from them continues to explode, and total statewide video poker revenue of \$528 million now exceeds what the casinos take in, even though a lot of communities—notably including Chicago—still ban them.

As a result, total state gambling taxes hit a record high \$983 million last year. And that's before soon-to-begin sports wagering, which eventually may move online, too.

Which takes us back to Chicago.

The city will get a cut of sports betting, but pressure remains intense not to legalize video gambling in Chicago, given its impact on low-income neighborhoods. At the same time, casinos per se are sort of old hat, which means a Chicago facility likely would have to include all sorts of ancillary entertainment, shopping and other glitz to be a big moneymaker.

We'll see how City Hall does with the challenge.

UPDATE—Lightfoot's office has a statement: "Regardless of the recent trends, a viable Chicago casino will pave the way to new dedicated revenues that we previously didn't have, allowing us to direct much-needed resources toward the city's underfunded police and fire pensions and the state's vertical capital plan."

"We remain committed to working with the governor and the General Assembly to move forward on a workable tax structure that will finally make Chicago casino a reality," the mayor's office said.

Read more <https://www.chicagobusiness.com/greg-hinz-politics/drop-casino-revenue-taxes-un>

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