

COVID-19 coronavirus hurts Illinois casino industry

Written by Administrator
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The uncertainty has likely upended plans for new casinos, too, says a Springfield insider who has worked on gaming issues for nearly a decade but is not authorized to speak publicly.

"Any new project just trying to get off the ground, especially if it relies on existing gaming revenues from other locations, is likely looking at a delayed timeline, if it can move forward at all this year," he says.

Four cities and two counties—Rockford, Waukegan, Danville, Chicago, Williamson County and south suburban Cook County—await the Illinois Gaming Board's final decision, due by late October, on new casino applications submitted as part of last year's massive gaming expansion.

The IGB says it's business as (sort of) usual. "Notwithstanding the disruptions caused by the COVID-19 pandemic, the Illinois Gaming Board remains at work on new casino applications and all of its regulatory responsibilities," board Administrator Marcus Fruchter says in an email.

Combined, the state's 10 casinos averaged about \$100 million in monthly adjusted gross receipts in both January and February this year, according to IGB records. If this year were like last, the state was on track to bring in \$125 million in March.

Instead, the governor's Office of Management & Budget cut its state revenue estimates for casino taxes by \$57 million—from \$261 million to \$204 million—for the budget year that ends in June. It's banking on \$251 million in fiscal 2021, even less than it received in 2019.

Though lawmakers have yet to return to Springfield, Mayor Lori Lightfoot is still hoping they'll approve her proposed changes to the gaming law so a Chicago casino—the largest of any of the new potential locations—can be financially feasible. [Chicago is counting on casino revenues](#) to help bail out its beleaguered pension funds; the state for its 10-year, \$45 billion infrastructure plan.

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But cities with casinos had watched revenues decline before COVID. Joliet expected to make \$16 million off of its two casinos, Hollywood and Harrah's, in the 2020 fiscal year. That's about 8 percent of its budget, and the third-largest tax it collects. But that's down from the \$36 million the city got in 2007.

Interim City Manager Steve Jones estimates Joliet is losing \$1.4 million a month as casino closures continue, on top of retail losses from its mall and other businesses being closed.

"We're burning through about \$8 million in expenses over revenues" per month, Jones says, with added uncertainty because of a lag in remittances.

STILL EAGER TO BUILD

Despite what's happened to cities like Joliet, there's a sense of urgency for new casinos to break ground in the municipalities awaiting licenses.

McNamara in Rockford says Hard Rock, chosen for its strong financials, brand, and debt and equity plans, "has given us assurances that when it gets approval from IGB, it will have the funds to build."

A spokeswoman for Hard Rock says the company stands "ready to start construction and put more than 1,000 people to work building the casino as soon as it is safe to do so."

But even well-established players are facing headwinds. National fixture Churchill Downs, the majority owner in Rivers Casino in Des Plaines and an applicant for the Waukegan slot, reported a 12 percent drop in net gaming revenue compared to this time in 2019 in its latest Securities & Exchange Commission filing. It cited "significant negative impacts in the United States and in relation to our business," including closures of more than a dozen racetracks and casinos it is involved with across the U.S. It has furloughed employees, cut executive salaries and tapped into a credit line to free up roughly \$700 million. It predicts it has adequate cash for the next 12 months. A local spokesperson declines to comment.

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The Gaming Board was similarly tight-lipped about whether applicants would be required to resubmit portions of their bids to prove they are still viable as the crisis wears on. IGB's Fruchter says it is "processing, vetting and investigating" existing submissions, and "applicants may provide supplementary information to an existing application."

Rob Miller, a managing member of South Suburban Development, which is partnering with the Choctaw Nation of Oklahoma to apply for a license in Matteson, is optimistic. He says the board hasn't asked for updated financials and that he hopes their project's "strong financial banking" and location give them a competitive advantage.

Cynde Bunch, founder and CEO of another casino hopeful, Walker's Bluff in downstate Williamson County, says she'd not yet been contacted by the Gaming Board either, and recognizes "the significant job before them. We and Williamson County look forward to working with the IGB to make this dream a reality and get people back to work."

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