

Chicago casino 'more palatable' for developers after tax fix, consultant says

Written by Administrator

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Although Mayor Lori Lightfoot's opening roll for a Chicago casino came up snake-eyes, a new tax structure keeps her in the game.

But it's too early to tell whether she winds up making her point or sevens out.

That's according to the Las Vegas consulting firm that previously declared that the "exceptionally onerous" taxes originally written into state law last summer would mean no dice for the city as it tried to attract developers to the table for a shot at the long-sought megacasino.

Union Gaming Analytics now says the revised Chicago structure that passed the Legislature during a shortened spring legislative session in May is "significantly more palatable for potential developers," lowering the effective tax rate on gaming revenue from a whopping 72% to about 40%.

That should be "attractive enough" to draw proposals from gaming developers — and the city should start soliciting information from them, analyst Grant Govertsen wrote for Union Gaming in a report released this week.

In other words, it's time for the city to show its cards.

"While the Chicago casino fix is already 'old news,' having been signed into law in late June by Governor [J.B.] Pritzker, we believe it received scant attention on the part of casino developers," the updated report says. "The combination of COVID-19 casino shutdowns, emergency financings to bolster balance sheets, and putting development plans/teams on ice, has resulted in the Chicago casino opportunity largely flying under the radar."

The firm recommended the city issue non-binding requests for information from developers this year and request formal proposals early next year. That would put the casino on track for Illinois Gaming Board approval by the end of 2021 and an opening by 2025, according to Union Gaming.

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Jean Lachat/Chicago Sun-Times file

A spokeswoman for Lightfoot's office said the city is reviewing the firm's report but declined to comment on their claims or recommendations.

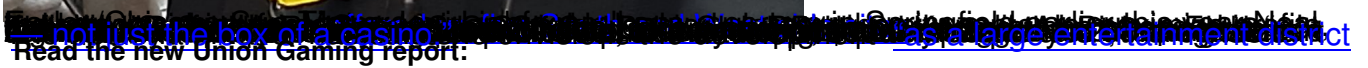
Lightfoot nabbed the casino that eluded a generation of Chicago mayors before her with the passage of a massive gambling expansion signed into law last summer by Pritzker. Revenue is earmarked for Chicago's desperately underfunded police and firefighter pensions, and to help bankroll Pritzker's \$45 billion capital improvement plan.

While Union Gaming determined a downtown gambling mecca could rake in upwards of \$1 billion annually, their initial state-mandated report claimed [the tax burden would prevent any developer from turning a profit](#).

Lightfoot jostled state lawmakers in May to tweak the state and city takes on the Chicago casino's slot and table game revenue, and to stretch out the time the developer has to pay back a hefty "reconciliation fee."

Now that the taxes and fees [have been hammered out](#), plenty of wrangling awaits to determine where the eventual developer will break ground in Chicago. Lightfoot's office has promised "a robust community engagement process," including a series of public meetings to gather residents' input.

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