

By CHRISTOPHER WILLS

SPRINGFIELD, Ill.

Cash-strapped Illinois is considering a massive casino expansion in Chicago and elsewhere that could leave nearby competitors playing for smaller stakes.

With most state governments facing serious budget problems amid plunging tax

revenues, expanding or even adding gambling can seem like an attractive solution. It brings with it not only the possibility of more money without raising taxes, but also new jobs. Proponents of Illinois' plan say it could raise up to \$1 billion in new tax revenue annually for a state that could face a deficit of up to \$15 billion next year.

But experts point out that while it could allow Illinois to take more money from its own residents rather than having them spend their money in Indiana or Wisconsin, it's unlikely it would drum up new gamblers or draw people from very far away. And with casinos already scrambling for every customer, it's possible Illinois will become so crowded with gambling opportunities that some casinos will fail, they warn.

"The pie is finite," said Bill Eadington, director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada, Reno. "Gaming is subject to the same laws of economics as every other industry, and I think legislators have a hard time understanding that."

Illinois already has nine riverboat casinos and a 10th on the drawing board. The proposed expansion would more than triple the state's gambling capacity, putting a land-based casino in Chicago, two more riverboats in the Chicago suburbs and two riverboats in more rural parts of the state. In addition, six horse-racing tracks would be allowed to add hundreds of slot machines and existing casinos would be allowed to expand by two-thirds.

At the Majestic Star in Gary, Ind., Evelyn Lebovitz, an 88-year-old retiree from Chicago, was enthusiastic about the prospect of a casino in her hometown.

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Written by Administrator

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"I'd love it. It's a lot closer. It takes us over an hour to get here by bus," she said. "I'd also rather have my money go to Illinois."

Twenty-one states authorize casinos or racetracks that offer slot machines, according to the American Gaming Association. Twenty-nine have casinos run by American Indian tribes.

In the Midwest, only Nebraska and Ohio do not have casinos of some sort, and Ohio voters approved casinos in the fall. Many other states have jockeyed for advantages, such as letting riverboat casinos stay docked so gambling can continue at all times or switching to land-based casinos. Illinois is considering exempting casinos from its ban on indoor smoking because of fears that gamblers are going to other states, where they can puff away while dropping coins in the slot machines.

But experts say it's the proximity to a gambler's home that really matters. An American Gaming Association survey earlier this year of people who live in a county with a casino found that of those who had gone to a casino within the past year, only one-third went to one outside their area.

Bill Thompson, a gambling expert at the University of Nevada, Las Vegas, cautioned against looking at casinos as a form of economic development. Because gamblers mostly come from nearby, he said, whatever the casino and the state take in was already in the community and probably would have been spent there anyway.

"It doesn't help your economy unless you bring visitors in from over 100 miles away," Thompson said. "You would need to attract overnight visitors who aren't already coming."

Larry Buck, general manager of the two Majestic Star casino boats in Gary, said he's not too concerned yet about an Illinois expansion but acknowledged that new, conveniently located casinos in the Chicago area could mean fewer gamblers drive to Indiana, which already saw its gambling revenues decline slightly over the past year.

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"In gaming it's not very much different from retail," Buck said. "For example, if you want to go shopping to buy socks or underwear you would probably go to a mall that is closest to your home. It's very similar in gaming."

Some states have already had to deal with the possibility of having too many gambling options in one area. In order to avoid saturating the St. Louis and Kansas City areas with casinos, the Missouri Gaming Commission recently awarded the state's 13th and final license for a casino in Cape Girardeau, a Mississippi River town 100 miles south of St. Louis.

"All of the applicants have submitted proposals for medium-sized facilities but only Isle of Capri is far enough from existing Missouri casinos to minimize cannibalization," the report found.

The proposed Illinois expansion, which has been approved by the state Senate, faces a tough road. Democratic Gov. Pat Quinn questions the proposal, and the Illinois House may disagree with parts of the plan. Similar efforts have failed in the past -- but that was before the state's deficit ballooned to the point that it could hit \$15 billion next year.

Existing Illinois casinos, which have seen their business fall off by nearly one-third over the past couple of years, are fighting the idea vigorously.

"This monumental expansion is like saying, 'Homes have lost 32 percent of their value and the number of people buying homes is at an historic low, so let's build more homes until we have three times the number we need,'" Tom Swoik, executive director of the Illinois Casino Gaming Association, said at a recent legislative hearing.

"It just does not make good business sense to expand in a shrinking market."

Associated Press writers Tom Coyne in Hammond, Ind., and Jim Salter in St. Louis contributed

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