

>> Chicago's Casino Opportunity: Senate Bill 1849

By Cory Aronovitz and Keenan Ballo



The City of Chicago is a place many tourists visit to see world famous sports teams such as the Bears, Cubs, or Sox, but many of these tourists also want to be able to experience the entertainment of a casino. However, as any resident knows, the nearest casino to Chicago is the Horseshoe Casino, located in Hammond, Indiana, roughly seventeen miles away. While tourists are just as puzzled as Chicago residents that Indiana has the closest casino for gambling entertainment, lawmakers and state officials have been working diligently to bring gaming to Chicago.

The solution to this issue is Illinois Senate Bill 1849, which if passed will bring a casino to Chicago and will expand gaming drastically throughout the Chicagoland area. SB 1849 calls for the construction of five casinos in the following areas: City of Chicago, Rockford, Danville, Park City, and South Suburbs of Chicago. The bill also allows for slot machines at racetracks. Specifically, racetracks in Chicago would get 1,200 gambling po-

sitions, which is the exact number of positions allowed at existing casinos. Furthermore, the amount of gambling positions at existing and new casinos would increase to 1,600 positions, while the Chicago-based casino would receive 4,000 gaming positions.

Senate Bill (SB) 1849 is a revised version of Senate Bill 744, which was approved by the Illinois General Assembly in early 2011. Most of the changes from SB 744 came from Governor Pat Quinn's detailed suggestions when rewriting the bill. Although the House Executive Committee passed SB 1849 on November 8, 2011, they shortly after began experiencing some heavy scrutiny and criticism. The portion of the bill that is of most concern is the placement of slot machines at racetracks or "racinos". Those who contend with this portion of the bill believe slot machines at Illinois' Arlington Racetrack would have a devastating financial impact on Elgin's Grand Victoria Casino, a main source of revenue for the City of Elgin. While intra-state competition might lead to concerns about gaming rev-

enue for specific cities in Illinois, the alarming issue that must be considered is that gaming in neighboring states continues to grow. The expansion of new casinos bordering Illinois continues, and the already established casinos continue to take an enormous amount of revenue from Illinois. Some of these casinos include: River City & Lumiere Casinos in St. Louis and Horseshoe & Majestic Star Casinos in Indiana. Additionally, nearby Ohio plans to open four casinos by the end of 2013.

Accordingly, *Wagering in Illinois 2011: A report from the Commission on Government Forecasting and Accountability* reports Illinois as the lowest revenue producing State in the Midwest, in terms of adjusted gross receipts. As shown Illinois' FY 2011 AGR total of \$1.351 billion is now lower than Indiana (\$2.772 billion), Missouri (\$1.806 billion), and for the first time, Iowa (\$1.375 billion). Just four years ago in FY 2007, Illinois' adjusted gross receipts total was \$638 million higher than Iowa and \$358 million higher than Missouri. Now, in FY 2011, Illi-

nois trails Iowa by \$24 million and Missouri by \$455 million. In this same time period, the gap between Illinois and Indiana in AGR has grown from \$684 million to \$1.421 billion. Indiana's AGR totals in FY 2011 more than doubled that of Illinois." Ironically, the *American Gaming Association (AGA)* rates the Chicagoland area as the third largest casino market in the country, "with an estimated \$2.057 billion market," trailing only Las Vegas and Atlantic City. Nevertheless, the problem

with the Chicagoland figure is it also includes bordering Indiana casinos. However, a Chicago-based casino does not exist, so how is Chicagoland the third largest casino market? The fact is that it is not. Chicago is clearly losing revenue dollars from its own tax-paying citizens to bordering states.

Illinois Governor Pat Quinn has recently shown some optimism that the Chicago gaming expansion may reach an agreement in the spring of 2012, but as of now the status of the bill remains uncertain. The uncertainty is due to the fact that in November 2011, when SB 1849 was called before the Illinois House of Representatives, it received 58 "yes" votes, 53 "no" votes, and 3 "present" votes. The 58 "yes" votes was short of bill sponsor, Representative Lou Lang's, stated goal of finding seventy-one "yes" votes, which would be enough support to override a guaranteed veto from Governor Quinn. As a result of not being passed, Representative Lou Lang placed the bill on postponed consideration in order to maintain its ability to be called again in spring 2012.

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Lang stated that he has "been trying to pass a gaming expansion bill for 20 years." And that for him the issue "has never been about GAMING, but more importantly, about jobs and economic development." Lang added that the legislature "passed a gaming bill this year that was not supported by Governor Quinn. He opposes the provision that would allow slot machines at race tracks." He said that in his judgment, "this is an error by him as there is already gaming

going on at race tracks, and we have over 30,000 people working in the horse racing industry, and we leak jobs out of Illinois every day."

The main reason SB 1849 did not pass in November 2011 is Governor Quinn's rigid stance against slot machines at horse racing tracks. Many proponents of this bill are not an agreement with Quinn on this issue, and they might have a plausible argument.

In October, 2011, Governor Quinn issued a "Framework for Gaming in Illinois" in response to SB 1849. The Governor provided three general areas for the legislature to address: Preserve integrity and prevent corruption; Provide for a smaller and targeted expansion; and Guarantee fair revenue sharing. Some specific objections related to issuing temporary or provisional licenses for video gaming locations and a ban on contributions from the gaming industry. Some of these concerns were taken into account when Lang revised the legislation, including removing temporary/provisional licenses for video gaming.

In 2010, the *2011 AGA Survey of Casino Entertainment* reported "Indi-

anapolis, Indiana, as third in the list of Top 10 U.S. Racetrack Casinos, with \$445.67 million in revenue." With the gaming industry as a significant source of jobs, which according to *AGA*, "employed 340,564 people who earned \$13.3 billion in wages, benefits and tips during 2010," Illinois needs to be taking advantage of this opportunity. Many involved with Illinois' horseracing industry also agree and are eager for Illinois to take action. These video gaming terminals in horse tracks will undoubtedly bring revenue and revive a stagnant industry in Illinois, which in 2010 produced the lowest handle amount in the last thirty years in Illinois horseracing. Once the attendance at these racetracks decreases, racing purses will follow suit. Therefore, other neighboring states, which offer higher purses and quality racing, will take a significant amount of revenue away from Illinois.

In order for Illinois to maintain its growth in casino and horseracing revenue, change needs to be implemented. Although SB 1849 may have been hurried during the final days of the 2011 Veto Session, it seems Legislators now have the chance to analyze and identify the positive aspects of this bill. Gambling legislation is a very intricate and convoluted issue, and patience is of the essence. ♣

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