Gaming in Illinois: Rolling the Dice on Tax Revenues

Peter B. Matuszak
Senior Policy Analyst, The Civic Federation
April 2, 2015
About the Civic Federation

• Non-profit government research organization founded in 1894
• The mission of the Civic Federation is to provide objective research, analysis and recommendations that:
  – Champion efficient delivery of high-quality government services;
  – Promote sustainable tax policies and responsible long-term financial planning;
  – Improve government transparency and accountability; and
  – Educate and serve as a resource for policymakers, opinion leaders and the broader public.

www.civicfed.org for more information
Gaming in Illinois

• Current Tax Revenue Trends
• Video Gaming
• Gaming Expansion Proposals
# State Gaming Tax Revenues

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lottery</td>
<td>$622</td>
<td>$657</td>
<td>$625</td>
<td>$625</td>
<td>$632</td>
<td>$640</td>
<td>$656</td>
<td>$668</td>
<td>$682</td>
</tr>
<tr>
<td>Gaming</td>
<td>$685</td>
<td>$564</td>
<td>$430</td>
<td>$431</td>
<td>$324</td>
<td>$413</td>
<td>$360</td>
<td>$331</td>
<td>$300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,307</strong></td>
<td><strong>$1,221</strong></td>
<td><strong>$1,055</strong></td>
<td><strong>$1,056</strong></td>
<td><strong>$956</strong></td>
<td><strong>$1,053</strong></td>
<td><strong>$1,016</strong></td>
<td><strong>$999</strong></td>
<td><strong>$982</strong></td>
</tr>
<tr>
<td>State-Source %</td>
<td>5.5%</td>
<td>4.9%</td>
<td>4.7%</td>
<td>5.0%</td>
<td>3.8%</td>
<td>3.5%</td>
<td>3.2%</td>
<td>3.0%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

State of Illinois General Funds Gaming and Lottery Revenue FY2007-FY2016 (in $ millions)


Video Gaming

- Authorized in 2009 and taxed at 30% as largest funding source for *Illinois Jobs Now!* capital program
- Originally estimated to generate between $288 million and $534 million in annual revenues
- 1/6 of tax revenues passed on to local governments
### Capital Projects Fund: Revenues by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Original Projections</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015 (est)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video Poker Tax*</td>
<td>$288 - $534</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 58.0</td>
<td>$ 114.4</td>
<td>$ 167.6</td>
</tr>
<tr>
<td>Lottery Fund</td>
<td>$ 150</td>
<td>$ 32.9</td>
<td>$ 54.1</td>
<td>$ 65.2</td>
<td>$ 135.0</td>
<td>$ 145.0</td>
<td>$ 115.0</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$ 65</td>
<td>$ 39.0</td>
<td>$ 52.0</td>
<td>$ 52.7</td>
<td>$ 54.0</td>
<td>$ 55.0</td>
<td>$ 54.0</td>
</tr>
<tr>
<td>Liquor Tax</td>
<td>$ 108</td>
<td>$ 77.6</td>
<td>$ 105.2</td>
<td>$ 114.8</td>
<td>$ 115.1</td>
<td>$ 115.0</td>
<td>$ 119.0</td>
</tr>
<tr>
<td>Vehicle Related</td>
<td>$ 332</td>
<td>$ 117.7</td>
<td>$ 294.6</td>
<td>$ 299.7</td>
<td>$ 264.9</td>
<td>$ 304.1</td>
<td>$ 310.0</td>
</tr>
<tr>
<td>Other</td>
<td>$ -</td>
<td>$ 0.3</td>
<td>$ -</td>
<td>$ 0.1</td>
<td>$ 0.4</td>
<td>$ 0.4</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$943 - $1,189</strong></td>
<td><strong>$ 267.5</strong></td>
<td><strong>$ 505.9</strong></td>
<td><strong>$ 532.5</strong></td>
<td><strong>$ 627.3</strong></td>
<td><strong>$ 734.0</strong></td>
<td><strong>$ 765.6</strong></td>
</tr>
</tbody>
</table>

*FY2013 includes one-time video poker operator fees totaling $33.5 million.

Video Gaming

• Delayed implementation until 2012 and lowered projected revenues due to opt-out provisions
• In FY2014 local governments earned a total of $24.3 million in tax revenue from video gaming
• In February 2015 a total of 19,069 machines are installed in 4,619 establishments statewide
Gaming Expansion Proposals

- City of Chicago
- Additional Locations
- Racinos
- Revenue Impact
Questions?

Peter Matuszak
pmatuszak@civicfed.org
(312) 201-9068