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State of Illinois
**COMMISSION ON GOVERNMENT
FORECASTING AND ACCOUNTABILITY**
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March 4, 2010

Representative Raymond Poe
CGFA Commission Member
Room E-1, Stratton Ofc. Bldg.

Dear Representative Poe:

I am writing in response to you March 2, 2010 letter concerning what the impact would be to video poker revenue estimates if the City of Chicago does not participate in the program.

As outlined in the attached analysis, the Commission originally projected revenues to the State from video poker would range from \$287.5 million to \$534.2 million depending on the number of machines placed in participating establishments and the net income per machine per day. Should the City of Chicago not opt in to the video gaming program estimated revenues to the State would fall to between \$191.9 million and \$356.5 million. This amounts to a reduction of \$95.6 million at the low end to \$177.7 million at the high end. Again, this depends on the number of machines and the net income per machine per day.

Please let me know if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to be "Dan R. Long", written over a circular stamp.

Dan R. Long
Executive Director

DRL:dkb
attachment

S203 Poe Video Poker

CGFA's Video Gaming Estimate

In its original estimate, the Commission estimated that video gaming in Illinois could bring in between \$345 million and \$641 million for the State. With 5/6 of this going to the Capital Projects Fund, the amount going towards capital projects was estimated at \$287.5 million to \$534.2 million.

This estimate was based on the following assumptions:

- The "maximum" number of video gaming machines in Illinois (based on 5 machines times the number of liquor establishments in Illinois) is 75,000.
- Eligible participation would range between 60% and 87%.
- The net income per machine per day values would range between \$70 and \$90.
- Flat tax rate of 30%.

Original CGFA Estimate

Tax Rate at:		Percent of Eligible Video Gaming Machines Participating					
		60%	67%	73%	80%	87%	"Max"
30%		45,000	50,000	55,000	60,000	65,000	75,000
Net Income per Machine per Day	\$70	\$344.9	\$383.3	\$421.6	\$459.9	\$498.2	\$574.9
	\$80	\$394.2	\$438.0	\$481.8	\$525.6	\$569.4	\$657.0
	\$90	\$443.5	\$492.8	\$542.0	\$591.3	\$640.6	\$739.1

Over the past several months, a number of communities and counties have decided to "opt out" of video gaming (approx. 11.1% of the State's population). In addition, it has been reported that the City of Chicago would have to repeal a previously set law to "opt-in" to have video gaming. The Mayor of Chicago, however, has been reported as saying that repealing the ban is "not on the radar". If the City of Chicago is included in this "opted-out" list, the percentage of the State's population in opted out areas rises to approximately 33.2%.

If the maximum number of potential machines is reduced by this banned percentage of 33.2%, then the "max" figure is reduced from 75,000 to 50,085 machines. If all previous assumptions remain the same, the Commission's revised estimate would be as follows:

Modified Estimate if Original Estimate is Reduced by % Opting Out of Video Gaming Including the City of Chicago which has yet to "Opt-In" (using Current Banned Communities % of Population: 33.2%)

Tax Rate at:		Percent of Eligible Video Gaming Machines Participating					
		60%	67%	73%	80%	87%	"Max"
30%		30,051	33,390	36,729	40,068	43,407	50,085
Net Income per Machine per Day	\$70	\$230.3	\$255.9	\$281.5	\$307.1	\$332.7	\$383.9
	\$80	\$263.2	\$292.5	\$321.7	\$351.0	\$380.2	\$438.7
	\$90	\$296.2	\$329.1	\$362.0	\$394.9	\$427.8	\$493.6

The Commission's new estimate for video gaming would fall to a range of \$230.3 million and \$427.8 million. The amount estimated to go to the Capital Projects Fund would fall to between \$191.9 million and \$356.5 million.

Communities/Counties That Have Banned Video Poker*		
Village/City	2008 Est. Population	Source
Addison:	36,917	Daily Herald, November 19, 2009
Arlington Heights:	73,399	Daily Herald, December 22, 2009
Batavia:	27,502	Daily Herald, November 17, 2009
Beach Park:	13,119	Waukegan News-Sun, September 9, 2009
Bloomington:	21,848	Daily Herald, November 19, 2009
Buffalo Grove:	42,972	House Republicans
Burbank:	27,567	Chicago Tribune, November 6, 2009
Burr Ridge:	11,398	Chicago Tribune, November 6, 2009
Campton Hills:	11,031	Beacon News, December 18, 2009
Carbondale:	26,231	House Republicans
Country Club Hills:	16,723	Unknown if reports of ban in Tribune and Daily Herald are accurate.
Darien:	22,370	Chicago Tribune, November 6, 2009
Downers Grove:	49,250	www.triblocal.com, December 14, 2009
East Dundee:	3,121	Daily Herald, November 6, 2009
Elburn:	5,276	House Republicans
Elmhurst:	46,013	Daily Herald, September 22, 2009
Evanston:	77,693	Chicago Tribune, September 14, 2009
Glen Ellyn:	27,142	Daily Herald, November 19, 2009
Glenview:	46,180	House Republicans
Hanover Park:	36,777	www.dailyheald.com, November 6, 2009
Hawthorn Woods:	8,067	Daily Herald, October 14, 2009
Highland Park:	31,449	Chicago Tribune, November 6, 2009
Hinsdale:	18,439	www.pioneerlocal.com, December 17, 2009
Itasca:	8,617	Daily Herald, November 4, 2009
Kildeer:	4,126	House Republicans
La Grange:	15,244	Chicago Tribune, November 6, 2009
Lake Forest:	20,990	Pioneer Press, September 10, 2009
Libertyville:	21,843	Daily Herald, October 14, 2009
Lincolnwood:	11,810	House Republicans
List:	23,135	Daily Herald, November 19, 2009
Mettawa:	514	Daily Herald, October 31, 2009
Monro:	16,039	pjstar.com, December 21, 2009
Mt. Prospect:	53,338	House Republicans
Naperville:	143,117	Chicago Tribune, October 7, 2009
Northbrook:	33,936	Pioneer Press, September 10, 2009
Oak Park:	49,557	Chicago Tribune, October 20, 2009
Oakbrook Terrace:	2,221	Chicago Tribune, November 6, 2009
Orland Park:	55,514	www.chicagobreakingnews.com
Palos Heights:	12,469	www.chicagobreakingnews.com
Park Ridge:	36,927	www.journal-topics.com, December 9, 2009
Rochester:	3,236	Springfield Journal Register, August 9, 2009
Roselle:	23,209	Daily Herald, December 18, 2009
Rosemont:	3,929	Numerous publications, August 6, 2009
Schiller Park:	11,573	Certification letter and ordinance sent to IGB from the Village Clerk
South Holland:	21,083	House Republicans
Villa Park:	22,198	Daily Herald, November 19, 2009
Warrenville:	13,033	www.warrenville.il.us
Wayne:	2,394	Chicago Tribune, November 6, 2009
West Chicago:	26,454	Daily Herald, November 19, 2009
Westmont:	24,979	www.mysuburbanlife.com
Wheaton:	54,463	House Republicans
Wilmette:	26,418	House Republicans
Winfield:	9,984	Daily Herald, November 19, 2009
Cook County (unincorporated):	N/A	Chicago Tribune, October 6, 2009 (Impacts approx. 53 establishments)
DuPage County (unincorporated):	N/A	Chicago Tribune, August 12, 2009 (Impacts approx. 35 establishments)
Kane County (unincorporated):	N/A	Chicago Tribune, December 9, 2009 (Impacts ???)
Lake County (unincorporated):	N/A	Chicago Tribune (Impacts approx. 85 establishments)
McHenry County (unincorporated):	N/A	Daily Herald, December 1, 2009 (Impacts ???)
Total as of 1/12/10:	1,432,836	(Total does not include the population of the unincorporated areas).
% of Illinois Population:	11.1%	

* List of areas banning and considering banning video gaming is compiled by the Illinois Gaming Board, the Commission, and other various sources. While the City of Chicago would have to "opt in" to have video gaming, it is not included in the "banned" list at this time. If included, the percentage of Illinois' population banning video gaming would increase to 33.2%.