

HOW TO SAVE THE CAPITAL BILL

Racing Industry Recommendation to Create Stable, Sustainable Revenue Stream; Save Illinois Jobs

SITUATION

Video gaming at approved bars, restaurants and truck stops across the state is supposed to fund approximately 1/3 of the Illinois Capital Bill, creating thousands of new jobs and energizing the Illinois economy. However, dozens of communities have opted-out of video gaming creating a projected budget shortfall of approximately \$100 Million per year.

THE SOLUTION

Video gaming machines at race tracks is a national trend that has thus far been blocked by Illinois casinos, costing Illinois taxpayers \$1,000,000,000 and counting. *By complementing race wagering at tracks with video gaming we can save the capital bill.* Illinois race tracks have been centralized and highly regulated gaming destinations for over 100 years.

Experts estimate that over \$100,000,000 in stable, sustainable revenue can be generated for state and local taxes annually by the addition of video gaming at the five Illinois race tracks.

THE NATION'S 'RACINOS'

Over half of all states that have both casinos and race tracks derive additional gaming tax revenue from slots at tracks; and now over 12 states across the nation have turned their tracks into 'racinos.'

STATE	RACINOS	TAX REVENUE in 2008	JOBS Created
Pennsylvania	6	\$752 million	4,948
New York	8	\$446 million	3,413
West Virginia	4	\$430 million	5,270
Delaware	3	\$210 million	2,582
Rhode Island	2	\$302 million	1,310
Florida*	3	\$114 million	2,201
Iowa	3	\$108 million	2,668
Louisiana	4	\$72 million	2,268
New Mexico	5	\$67 million	1,605
Indiana	2	\$51 million	1,412
Maine	1	\$25 million	324
Oklahoma	3	\$13 million	1,050

* additional racinos have come online in 2009, more slated in 2010. Source: American Gaming Association's 2009 State of the States

ILLINOIS HORSE INDUSTRY

The \$2 Billion industry supports 35,000 agribusiness jobs throughout the state. Unlike other major forms of gaming, the strength of the horse racing industry ripples through the larger Illinois economy—particularly downstate. In 2006 and 2008 the General Assembly overwhelmingly passed legislation for racing to receive a 3% impact fee from the casinos. Though the Illinois Supreme Court twice ruled unanimously, and the US Supreme Court rejected their case, the horse racing industry has still not received any of this money due to an endless series of lawsuits filed by the casinos.

ESTIMATES FOR ILLINOIS TAX REVENUE

The Colorado-based Innovation Group studied the demographics and economics of the northeast Illinois/northwest Indiana gaming market to gauge whether the market could grow. They concluded that *even with more positions at the Illinois casinos*, slots at tracks would significantly increase gaming traffic on the Illinois side of the Chicago market. (2002, 2007 studies)

A win per unit/machine (WPU) of \$450 at Arlington, Hawthorne and Maywood is reasonably obtainable.

September 2009—The East Saint Louis riverboat: a \$299 WPU. East Peoria: \$235. Metropolis: \$237.

A \$250 WPU is readily attainable at Maywood Park and Fairmont.

5,800 machines at the state's racetracks would generate:

an Adjusted Gross Revenue of almost \$800 million; gaming tax of \$235 million; \$23 million in admission taxes

Senate Bill 744 passed last year, authorizing 5,000 machines at the state's tracks:

an AGR of \$620.5 million; gaming tax of almost \$175 million; admission tax of \$19 million

In 2008, House Bill 4194 was introduced by Representatives Lang and Molaro, authorizing 3,500 machines at the state's tracks:
an AGR of \$560 million; nearly \$153 million in gaming tax; \$17 million in admission taxes.

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