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February 20, 2003

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Jacobs, Davis Introduce Legislation to Increase Economic Impact of Illinois Riverboat Casinos

Legislation would help Illinois regain lost market share, boost tax revenue

SPRINGFIELD, IL – Casino gaming legislation was introduced this week (SB1515, HB2314) that would generate more tax revenue and economic activity for Illinois in the face of growing competition from casinos in neighboring states.

The proposal to amend the Illinois Riverboat Gambling Act, also known as *A Better Deal for Illinois*, was introduced by Sen. Dennis Jacobs (D-Rock Island) and Rep. Steve Davis (D-Bethalto).

The legislation would remove the two major competitive disadvantages that have hurt the state's ability to maximize its tax revenues from existing casinos. The legislation would lift the current limit on gaming positions – slot machines and table games – and rollback the current high gaming taxes for the existing 10 Illinois casino licenses, once the 10th license becomes operational, to free up capital for the needed investment.

“The high tax rates imposed on casinos in the previous legislative session and the arbitrary limit on positions have proven counter-productive,” said Jacobs. “This isn't about helping a particular industry, it is about helping Illinois adopt smart fiscal policies.”

In the 2002 legislative session, the General Assembly raised tax rates on Illinois casinos, which were already the highest in the country. The top level tax rate was increased to 50 percent and the admissions tax was raised from \$2 to \$3 per person. These new tax rates went into effect in July 2002.

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The current limit on gaming positions in the Illinois Riverboat Gambling Act is 1,200 positions per property. Illinois is the only state that places such statutory limits on its casinos.

In the St. Louis area, the two riverboats in Illinois have a combined 2,400 positions, while the three riverboats in Missouri, which do not have limits on positions, have a combined 10,000 gaming positions. The same is true in the Chicagoland region. The four riverboats in Illinois have a combined 4,800 gaming positions, while the five riverboats in Indiana have 10,000 positions.

A Better Deal for Illinois would rollback gaming taxes to the 2001 rate, which was already the highest in the country. Indiana's top tax rate is 35 percent, Missouri's top rate and Iowa's top rates are both 20 percent.

In the four months following the imposition of the 50 percent top tax rate on Illinois casinos, Illinois lost 4.5 percent in market share to Indiana. Similar trends are occurring in the St. Louis and Quad Cities markets as well.

"Lifting these limits would help generate more tax revenue for the state by allowing casinos to invest in their properties, thus increasing business" said Davis. "These limits and prohibitive taxes have put Illinois casinos at a competitive disadvantage with bordering states and should be removed."

Other provisions in the bills include increasing the owners' license renewal fee from \$5,000 per year to \$50,000, with the additional revenue from these renewal fees appropriated to the Department of Human Services for compulsive gambling programs. Another component of the proposal is a requirement that the 10th license attain a level of at least 20 percent minority and female ownership within a year of becoming operational.

"These amendments are a win-win for the state and for Illinois businesses," said Tom Swoik, Executive Director of the Illinois Casino Gaming Association. "The current laws have resulted in loss of market share– and tax dollars– for Illinois. Already, the state is falling short of projected revenues under the new tax rates."

A recent University of Illinois economic study commissioned by the Illinois Chamber of Commerce showed the merits of the provisions in these amendments. The study found that *A Better Deal for Illinois* would create an additional \$2.2 billion in new annual economic activity, \$365 million in new tax revenues, and 26,000 permanent jobs statewide. That is in addition to \$4.9 billion in current economic impact and 66,000 current permanent jobs sustained by casinos, 55,000 of which are outside the industry itself.

"This proposal shows that the economic benefits derived from the industry extend well beyond the casinos themselves to every corner of our state and every sector of our economy," said Todd Maisch, Vice President of the Illinois Chamber of Commerce.

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Page 3/Casino gaming legislation

"The proposed amendments to the Illinois Riverboat Gambling Act make good business sense and good public policy."

The *Better Deal for Illinois* proposal has received significant statewide support. In addition to the Illinois Chamber of Commerce, the Chicagoland Chamber of Commerce, and the Chicago and Cook County Building and Construction Trades Council's endorsements of the proposal, nearly 9,000 Illinois organizations and residents have given their formal support to *A Better Deal for Illinois*.

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