

2023 UPDATE WAGERING IN ILLINOIS



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FORECASTING AND ACCOUNTABILITY

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EXECUTIVE SUMMARY

This report is the Commission's 2023 edition of Wagering in Illinois. This report was originally established in 1992 in accordance with Senate Resolution 875 (87th General Assembly). That report examined the legally-sanctioned forms of wagering as a means of determining their economic impact as well as the potential for further expansion of the gaming industry.

The 2023 edition updates previous releases and provides further analysis of State gaming with the focus on casino gambling, video gaming, the Lottery, horse racing, and the newest gambling format: sports wagering. This edition includes updated information in regard to the implementation of the gaming expansion package included as part of P.A. 101-0031 and P.A. 101-0648. The highlights of the report are shown below.

- In FY 2023, the State's share of tax revenues from wagering in Illinois totaled \$1.992 billion, a 5.1% increase over FY 2022 levels. This surge is the result of moderate growth in all wagering categories except Horse Racing. Video Gaming and Lottery tax revenue experienced the most significant increases. Additionally, the implementation of several components of the gaming package enacted under P.A. 101-0031 and P.A. 101-0648 resulted in the creation of casino venues in new markets, further driving casino revenues. Other new projects are expected to begin operations in the future such as the development of four permanent casinos in Illinois, one of which is to be a 4,000 position Chicago Casino. Racinos at Illinois' horse tracks are also allowed under the expansion, but whether these racinos will open within the time allotted by the Illinois Gaming Board remains unknown.
- Statewide adjusted gross receipts (AGR) for Illinois casinos increased 9.3% in FY 2023. The AGR increase from \$1.308 billion to \$1.430 billion was due to growth from all of the eleven existing casinos, as well as the commencement of revenues at the new Waukegan and Danville casinos. With this growth, the FY 2023 AGR total has surpassed recent pre-pandemic levels and may indicate a reversal of the generally downward trend of casino revenues over the past decade.
- Changes to the graduated tax structure imposed on casinos have resulted in less State tax revenue than would have been collected under the previous rate structure. The average effective tax rate fell from 27.3% in FY 2020 to 20.1% in FY 2023. This has resulted in fewer revenues being transferred to the Education Assistance Fund (\$157 million in FY 2023) than in years past. Even with the expected increase in AGR over the next few years from the development of new casinos, the overall value of tax revenue growth from gaming expansion will likely

be modest at best when accounting for the cannibalization on existing gaming options and the adverse effect of the modified tax structure on revenues.

- The number of video gaming terminals in operation across Illinois has steadily increased to over 45,000 by the end of FY 2023. Video gaming machines generated over \$2.8 billion in net terminal income in FY 2023, a 7.2% increase over the FY 2022 total of \$2.6 billion. Approximately \$141 million in tax revenues to local governments were generated in FY 2023, as well as over \$818 million to the Capital Projects Fund. Despite Chicago not participating, Cook County still has by far the most video gaming terminals of any county with over 8,400 terminals. In regard to municipalities, Springfield had the most terminals (800) and the highest amount of net terminal income (\$49.0 million) in FY 2023.
- Since video gaming's inception, casino revenues have declined 12.9% from \$1.6 billion to \$1.4 billion (FY 2023). However, when combined with video gaming totals, revenues have increased 159.1% from \$1.6 billion to almost \$4.3 billion.
- The Illinois Lottery continues to be the State's largest source of gaming revenues. In FY 2023, the Illinois Lottery had \$3.610 billion in sales, surpassing the previously recorded high of \$3.450 billion in sales from FY 2021. The largest contributor of sales continues to come from Instant Games, making up 56.6% of the total. Lottery transfers to the Common School Fund fell slightly from the all-time high of \$820 million in FY 2022 to \$726 million in FY 2023. Transfers to special causes also fell slightly from \$9.4 million to \$8.5 million in FY 2023. A transfer of \$138 million to the Capital Projects Fund was also made in FY 2023.
- Illinois' horse racing handle slid from \$599 million to \$514 million in CY 2022, a decrease of 14.2%. This latest total is 23.6% below levels from 10 years ago and down 54.6% over the past two decades. The proliferation of advance deposit wagering (ADW) over the last decade has helped soften these declines. The racing industry is hopeful that potential "racinos" at their facilities will help rejuvenate an overall struggling industry.
- Illinois sports wagering generated approximately \$949 million in adjusted gross receipts in FY 2023. At the 15% tax rate, approximately \$142 million in tax revenues was collected. Only a small amount of additional revenues has been received as a result of license fees. Therefore, almost all State revenue attributable to sports wagering in FY 2023 has been collected from taxation on adjusted gross revenue. Revenues from this tax are transferred to the Capital Projects Fund.

OVERVIEW OF GAMING IN ILLINOIS

Over its history, tax revenues generated from gaming related sources in Illinois have seen its share of fluctuation. This is because the State's gaming industry has seen a multitude of changes, especially in recent years. For much of Illinois' history, wagering tax dollars came from three primary sources: riverboat casino gambling, the lottery, and horse racing. However, in 2012, a new gaming format was unveiled in the form of video gaming, which reorganized the landscape of gaming revenues.

Through the enactments of P.A. 101-0031 and P.A. 101-0648, even more gaming opportunities are materializing across the State. This includes an increase in position limits at casinos and video gaming establishments, as well as the implementation of sports wagering in Illinois. Gaming options are expanding even further through the authorization and development of new casinos and possible racetrack casinos in the months and years ahead.

After the significant post-pandemic resurgence in FY 2022, which saw explosive growth of 39.5%, revenues leveled off to a more modest increase in FY 2023. State designated tax revenues¹ grew 5.1% to \$1.992 billion. This growth has been largely driven by the steady expansion of video gaming, elevated lottery sales, and the continued construction of new casino projects across Illinois. As a result of this development, Illinois revenues reached a historical high for this category. A table displaying a history of State-related revenues from the gaming industry is shown on the following page. Chart 1, on page 3, displays the historical performance and composition of gaming-related "State" revenues in Illinois since 1975.

As illustrated, the majority of State designated tax revenue in FY 2023 came from the lottery, generating \$872 million. However, this top spot is being challenged by video gaming revenues, which brought in \$814 million in State designated tax revenues in FY 2023 – a \$51 million increase over FY 2022. Casino tax revenues transferred to the State's Education Assistance Fund provided \$157 million to the overall total. While this figure represents an improvement over recent years, it remains well below levels from the past. Taxes from sports wagering, in combination with an abundance of initial license fees, provided the Capital Projects Fund and Rebuild Illinois Projects Fund a total of \$143 million in sports wagering transfers. Horse Racing generated a mere \$6 million in FY 2023.

¹ This total includes amounts reported by the Comptroller specifically earmarked for "State" sources (such as general funds or amounts transferred into the Capital Projects Fund or Rebuild Illinois Projects Fund) for a particular fiscal year and do not include local government related tax revenues. The details behind these figures come from collection data provided by the State Gaming Board. Because there is often a lag between collections and receipts, the Comptroller's figures may not precisely match the collection data totals discussed throughout the remainder of this report.

TABLE 1: STATE DESIGNATED TAX REVENUE FROM GAMING RELATED SOURCES							
(\$ in Millions)							
FISCAL YEAR	LOTTERY⁽¹⁾	HORSE RACING⁽²⁾	CASINOS⁽³⁾⁽⁴⁾	VIDEO GAMING⁽⁵⁾	SPORTS WAGERING⁽⁶⁾	TOTAL	PRIOR YEAR % CHANGE
1975	\$55	\$63	\$0	\$0	\$0	\$118	N/A
1976	\$76	\$75	\$0	\$0	\$0	\$151	28.0%
1977	\$44	\$75	\$0	\$0	\$0	\$119	-21.2%
1978	\$34	\$74	\$0	\$0	\$0	\$108	-9.2%
1979	\$33	\$79	\$0	\$0	\$0	\$112	3.7%
1980	\$33	\$70	\$0	\$0	\$0	\$103	-8.0%
1981	\$90	\$73	\$0	\$0	\$0	\$163	58.3%
1982	\$139	\$68	\$0	\$0	\$0	\$207	27.0%
1983	\$216	\$66	\$0	\$0	\$0	\$282	36.2%
1984	\$365	\$65	\$0	\$0	\$0	\$430	52.5%
1985	\$503	\$61	\$0	\$0	\$0	\$564	31.2%
1986	\$552	\$51	\$0	\$0	\$0	\$603	6.9%
1987	\$553	\$57	\$0	\$0	\$0	\$610	1.2%
1988	\$524	\$46	\$0	\$0	\$0	\$570	-6.6%
1989	\$586	\$43	\$0	\$0	\$0	\$629	10.4%
1990	\$594	\$46	\$0	\$0	\$0	\$640	1.7%
1991	\$580	\$46	\$0	\$0	\$0	\$626	-2.2%
1992	\$611	\$45	\$8	\$0	\$0	\$664	6.1%
1993	\$588	\$48	\$54	\$0	\$0	\$690	3.9%
1994	\$552	\$47	\$118	\$0	\$0	\$717	3.9%
1995	\$588	\$45	\$171	\$0	\$0	\$804	12.1%
1996	\$594	\$46	\$205	\$0	\$0	\$845	5.1%
1997	\$590	\$45	\$185	\$0	\$0	\$820	-3.0%
1998	\$560	\$42	\$170	\$0	\$0	\$772	-5.9%
1999	\$540	\$42	\$240	\$0	\$0	\$822	6.5%
2000	\$515	\$13	\$330	\$0	\$0	\$858	4.4%
2001	\$501	\$13	\$460	\$0	\$0	\$974	13.5%
2002	\$555	\$13	\$470	\$0	\$0	\$1,038	6.6%
2003	\$540	\$13	\$554	\$0	\$0	\$1,107	6.6%
2004	\$570	\$13	\$661	\$0	\$0	\$1,244	12.4%
2005	\$614	\$12	\$699	\$0	\$0	\$1,325	6.5%
2006	\$674	\$11	\$689	\$0	\$0	\$1,374	3.7%
2007	\$627	\$9	\$685	\$0	\$0	\$1,321	-3.9%
2008	\$662	\$9	\$564	\$0	\$0	\$1,235	-6.5%
2009	\$630	\$7	\$430	\$0	\$0	\$1,067	-13.6%
2010	\$629	\$7	\$383	\$0	\$0	\$1,019	-4.5%
2011	\$723	\$7	\$324	\$0	\$0	\$1,054	3.4%
2012	\$708	\$8	\$340	\$0	\$0	\$1,056	0.2%
2013	\$794	\$7	\$345	\$24	\$0	\$1,170	10.8%
2014	\$815	\$7	\$321	\$114	\$0	\$1,258	7.5%
2015	\$690	\$7	\$292	\$196	\$0	\$1,184	-5.8%
2016	\$680	\$6	\$277	\$252	\$0	\$1,215	2.6%
2017	\$738	\$6	\$270	\$296	\$0	\$1,310	7.9%
2018	\$732	\$6	\$272	\$347	\$0	\$1,356	3.5%
2019	\$735	\$6	\$269	\$395	\$0	\$1,404	3.5%
2020	\$656	\$6	\$195	\$376	\$7	\$1,240	-11.7%
2021	\$786	\$7	\$0	\$499	\$66	\$1,358	9.5%
2022	\$833	\$7	\$150	\$762	\$142	\$1,895	39.5%
2023	\$872	\$6	\$157	\$814	\$143	\$1,992	5.1%

(1) Figures represent all Lottery Transfers with the vast majority going into the Common School Fund. Also included are revenues from "special causes" games and revenues transferred into the Capital Projects Fund.

(2) Figures equal State revenue generated, not allocated.

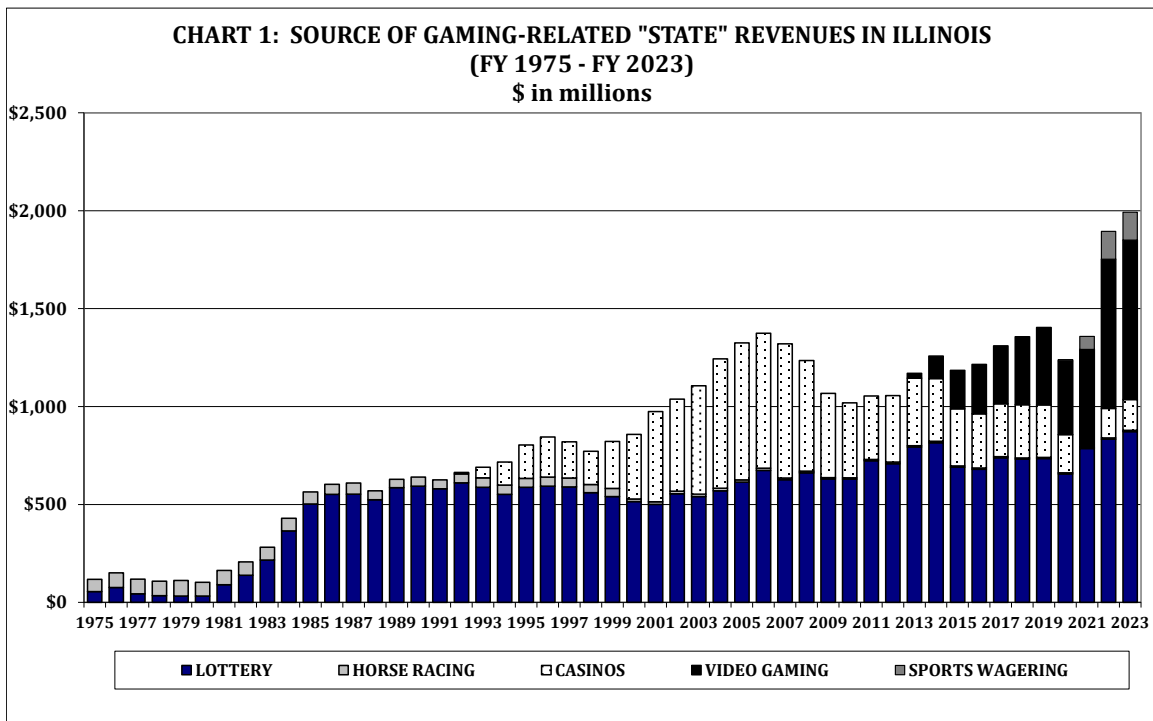
(3) Figures represent appropriations (FY 1992-FY 1995) and transfers (FY 1996-FY 2021) into the Education Assistance Fund and revenues deposited into the Common School Fund. It does not include revenues distributed to local governments or statutory distributions of revenues from the Des Plaines Casino. Due to pandemic related disruptions affecting casino tax revenues, a reduced tax structure, and the fulfillment of required tax revenues distributions in both FY 2020 and FY 2021, \$0 was transferred into the Education Assistance Fund in FY 2021.

(4) In August of FY 2022, Illinois casinos recorded the maximum possible transfer of \$22.5 million in a given month to the Education Assistance Fund. Therefore, in accordance with P.A. 102-0016, an excess of almost \$10 million was transferred to the Capital Projects Fund. This figure is included in the Casino column.

(5) Figures include revenues paid into the Capital Projects Fund. It does not include the portion paid to local governments. This figure does not match the Gaming Board's fiscal year totals due to an approximate one-month lag between reported activity and receipts.

(6) Figures include sports wagering taxes and fees transferred from the Sports Wagering Fund into the Capital Projects Fund and the Rebuild Illinois Projects Fund.

Sources: Comptroller's Office, Illinois Department of Revenue, Illinois Gaming Board, and Illinois Racing Board.



As the above chart shows, in the early years of legalized wagering, horse racing was the primary source of gambling in Illinois. But in the 1980s, the lottery emerged as the top revenue producer of wagering revenues. FY 2003 was the first of five consecutive years that casino revenues topped the lottery as the largest source of gaming-related revenues. However, eventual declines in riverboat casino transfers, coupled with modest lottery growth, again placed lottery as the largest contributor of gaming revenues in Illinois.

In FY 2023, lottery transfers remained the largest generator of gaming tax revenues, comprising 43.8% of the revenue total. However, this percentage has steadily declined from 67.8% just a decade ago. Video gaming revenue's composition has increased significantly over the last decade and now represents 40.8% of the revenue total. Casino transfers grew slightly to 7.9% in FY 2023, but remained well below historical levels. In just its third full year, sports wagering has quickly increased its composition to 7.2%. Horse racing revenues continued to comprise a relatively insignificant 0.3%.

Table 2, on the following page, displays the differences between the lottery, horse racing, casino gambling, video gaming, and sports wagering in terms of State revenue, gaming hold, and per capita spending. The gaming hold is equal to the difference between the total wagered and the amount paid to winners. For casinos and sports wagering, this is labeled as adjusted gross receipts (AGR). For video gaming, this is net terminal income (NTI). The gaming industry's FY 2023 estimated gaming hold total of approximately \$6.556 billion is 12.1% higher than the FY 2022 value. Due to the emergence of video gaming and sports wagering, the per-capita amount estimated to be spent on gaming in Illinois has increased from \$325 to \$521 over the last four fiscal years.

TABLE 2: THE STATUS OF ILLINOIS GAMING						
BASED ON STATE REVENUE, GAMING HOLD, AND PER CAPITA SPENDING						
<i>{Revenue Totals and Gaming Hold Values in millions}</i>						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022*	FY 2023*
LOTTERY						
Lottery Transfers	\$731.7	\$734.6	\$656.1	\$785.9	\$833.3	\$872.4
Gaming Hold or Sales less Payouts	\$1,017.4	\$1,070.2	\$1,002.1	\$1,120.6	\$1,183.4	\$1,243.5
% Change in Gaming Hold	-0.8%	5.2%	-6.4%	11.8%	5.6%	5.1%
**Per Capita Spending	\$80	\$84	\$79	\$88	\$93	\$99
% Change in Per Capita Spending	-0.3%	5.5%	-6.2%	10.8%	6.4%	5.9%
HORSE RACING						
State Revenue	\$5.7	\$5.7	\$5.5	\$6.9	\$6.9	\$6.3
Gaming Hold or Handle less Payouts	\$127.9	\$124.1	\$119.9	\$133.7	\$114.6	\$112.9
% Change in Gaming Hold	-2.2%	-2.9%	-3.4%	11.5%	-14.2%	-1.6%
**Per Capita Spending	\$10	\$10	\$9	\$10	\$9	\$9
% Change in Per Capita Spending	-1.8%	-2.6%	-3.2%	10.5%	-13.6%	-0.7%
CASINOS						
Amount to Ed. Assist. Fund	\$271.9	\$268.6	\$195.2	\$0.0	\$150.2	\$157.3
Gaming Hold or AGR	\$1,386.7	\$1,347.1	\$942.7	\$897.3	\$1,307.5	\$1,429.5
% Change in Gaming Hold	-1.3%	-2.9%	-30.0%	-4.8%	45.7%	9.3%
**Per Capita Spending	\$109	\$106	\$74	\$70	\$103	\$114
% Change in Per Capita Spending	-0.9%	-2.5%	-29.9%	-5.7%	46.9%	10.2%
VIDEO GAMING						
Amount to Cap. Projects Fund	\$347.2	\$394.7	\$376.2	\$499.1	\$762.4	\$813.7
Gaming Hold or NTI	\$1,406.5	\$1,592.5	\$1,222.6	\$1,934.0	\$2,632.4	\$2,821.1
% Change in Gaming Hold	17.0%	13.2%	-23.2%	58.2%	36.1%	7.2%
**Per Capita Spending	\$110	\$125	\$96	\$151	\$207	\$224
% Change in Per Capita Spending	17.6%	13.6%	-23.1%	56.8%	37.2%	8.1%
SPORTS WAGERING						
Amount to Cap. Projects Fund				\$66.2	\$142.0	\$142.6
Gaming Hold or AGR				\$380.1	\$611.3	\$948.6
% Change in Gaming Hold				N/A	60.8%	55.2%
**Per Capita Spending				\$30	\$48	\$75
% Change in Per Capita Spending				N/A	62.1%	56.5%
ALL WAGERING						
Total Revenue	\$1,356.4	\$1,403.7	\$1,233.0	\$1,358.0	\$1,894.7	\$1,992.3
Gaming Hold	\$3,938.5	\$4,133.9	\$3,287.3	\$4,465.7	\$5,849.3	\$6,555.5
% Change in Gaming Hold	4.6%	5.0%	-20.5%	35.8%	31.0%	12.1%
**Per Capita Spending	\$309	\$325	\$259	\$349	\$461	\$521
% Change in Per Capita Spending	5.1%	5.3%	-20.3%	34.6%	32.0%	13.0%
*The Gaming Hold figures for horse racing (FY 2022 and FY 2023) and lottery (FY 2023) are estimates.						
** Per capita spending equals gaming hold divided by population.						
Note: There are minor differences between the numbers shown above and numbers shown later in the report due to a timing lag between figures based on actual receipts {as shown in table above} and figures based on monthly reports {as shown later in report}.						
Sources: Illinois Racing Board, Illinois Department of Revenue, Illinois Gaming Board, Census Bureau						

The revenue totals and composition percentages discussed in the previous tables will continue to evolve over the next several years due to the enactment of P.A. 101-0031, which became effective in June 2019. This was followed up by P.A. 101-0648 in June 2020 to modify some of those initial changes. Among the changes set forth by these Acts are the authorization of six new casinos in Illinois, including a 4,000 position Chicago Casino; racinos at Illinois' horse tracks; increased positions at casinos; increased betting and terminal limits at video gaming establishments; and the authorization of sports wagering in Illinois. Some of these changes have already been implemented (increased positions, video gaming changes, sports wagering, and two new casinos have constructed permanent locations), while others remain in various stages of development (transitioning from temporary to permanent casino facilities, building a permanent casino location, and potentially constructing new racinos).

Proponents are hopeful that these gaming changes will help revitalize areas that have seen their share of struggles in recent years. Between FY 2013 and FY 2021, the combined AGR totals of the ten operating casinos decreased for nine consecutive fiscal years. This includes a 30.0% decline in FY 2020, followed by a 4.8% drop in FY

2021. The severity of these declines can be attributed to the pandemic-related suspension of gaming operations for portions of 2020 and 2021. Casino revenues did improve significantly in FY 2022 (up 45.7%), and continued to climb in FY 2023 (up 9.3%) but the totals are still below pre-pandemic levels.

The Rivers Casino in Des Plaines continues to be, by far, Illinois' most successful casino in terms of revenues generated. While the other Illinois casinos have experienced double digit rates of declines over the last decade, Rivers has seen significant growth. Its FY 2023 total of \$558 million is over three times higher than the next highest revenue producer, Elgin Grand Victoria (\$153 million AGR in FY 2023). Rivers was also the only casino to purchase additional gaming positions, which allows them to have more games to choose from to compete with the abundance of gaming options that exist and will be introduced in the Chicago metropolitan region.

The Casino section of this report includes a detailed look at the revenue performance of Illinois' casinos, as well as the revenue returns of other casinos throughout the Midwest, and discusses how these results compare. Included in this section is an update on the pending changes to the gaming industry (including the various statuses of casinos in Rockford, the south suburbs of Chicago, Waukegan, Danville, Williamson County, and Chicago), as well as a discussion of how these new options could impact gaming and tax revenues in the near future.

The opening of new casinos will provide an abundance of new gaming opportunities for gamblers in Illinois. However, there are concerns of oversaturation. This is because some would argue that gaming expansion has already occurred in Illinois due to the proliferation of video gaming across the state. By the end of FY 2023, the number of video gaming terminals in operation across Illinois has grown to over 45,000, the equivalent of nearly 38 "full-size" Illinois casinos (prior to P.A. 101-0031, Illinois casino were maxed out at 1,200 positions).

P.A. 101-0031's allowance of increased terminal limits has resulted in substantial growth. Over the last couple of years, video gaming net terminal income totals have rose considerably from \$1.934 billion in FY 2021 to \$2.632 billion in FY 2022. In FY 2023, net terminal income grew to \$2.821 billion. These elevated totals, in combination with the recent established higher tax rate of 34%, resulted in \$959 million in tax revenues for state and local governments in FY 2023. The details of these numbers and other pertinent information related to this revenue source are provided in the Video Gaming section of the report.

The largest amount of revenues from gaming-related sources continues to come from the State's lottery program. Lottery sales were down a little in FY 2022. Sales fell from a then high of \$3.450 billion in FY 2021 to \$3.395 billion. However, in FY 2023, sales surpassed \$3.608 billion, setting a new high mark for lottery sales. From FY 2013 through FY 2020, total sales ranged from \$2.8 billion to \$3.0 billion.

With this growth in sales, transfers out of the lottery have also grown. In FY 2023, total transfers grew from \$833 million in FY 2022 to \$872 million. However, transfers to the Common School Fund fell slightly from \$820 million to \$726 million. This reduction is the result of a \$138 million transfer made to the Capital Projects Fund as part of the reconciliation process, which was initiated due to overpayment to the Common School Fund in previous fiscal years. Transfers to special cause funds fell marginally from \$9.4 million FY 2022 to \$8.5 million in FY 2023.

As the popularity of some gaming sources has grown in recent years, the opposite has been the case for the horse racing industry. The amount wagered on Illinois horse racing (the handle) in CY 2022 was \$514 million, which is 23.6% below levels seen just a decade ago. The racing industry is hopeful that this recent momentum in racing revenues will be augmented by P.A. 101-0031's authorization of racinos and sports wagering at racing facilities. While the timing of when or if racinos will open at Hawthorne and Fairmount remains in question, sports wagering at these facilities has already begun and may expand to many of their off-track betting parlors. The racing industry is hoping that these ancillary wagering options will provide more attention and revenues to their struggling sport. The expansion of gaming options to racetracks, though, will not include Arlington Park, which ceased live racing at their facility in September 2021. Details regarding the impact of racinos at racetracks across the country, as well as other information related to Illinois racing industry are provided in the Horse Racing section.

The authorization of sports wagering in Illinois has created another revenue source for the State of Illinois. After generating an AGR of \$610 million in FY 2022, the AGR total climbed to \$949 million in FY 2023. Given the flat 15% tax on AGR total, the State collected \$142 million from AGR taxation. Additional revenues are received from license fees, but in FY 2023 license fees made up only \$1 million in tax revenue. The vast majority of these tax revenues and fees are earmarked for the Capital Projects Fund and the Rebuild Illinois Projects Fund. The sport of basketball generated the most wagering activity of non-parlay bets, followed by football and baseball. The industry is expected to continue to grow due to the development of additional sportsbooks at other casinos, sports arenas, horse racing facilities, and via online operators. Detailed tables and graphs summarizing Illinois' sports wagering statistics are provided in the Sports Wagering section.

After looking at each of Illinois' gaming sources individually, the report concludes with a brief look at miscellaneous gaming sources in Illinois including bingo, pull-tabs, and charitable games.

CASINO GAMBLING

CASINO GAMBLING

Illinois became the second state to legalize riverboat casinos in February 1990 with the passage of the Riverboat Gambling Act (Public Act 86-1029). The State receives revenue from licensed casinos through license fees, wagering taxes, and admission taxes. The wagering tax (or privilege tax) is based on the adjusted gross receipts (AGR) of a casino, while the admission tax is based on the number of patrons visiting the facility.

Because of this tax structure, adjusted gross receipts and admissions figures are the principal components that determine the amount of tax revenue collected by the State each year. While the State receives the majority of the revenue from casino taxes, a portion of the wagering tax and the admissions tax is distributed to the county and municipality where the casino is located.

The Riverboat Gambling Act set the original wagering tax at an amount equal to 20 percent of a licensee's annual adjusted gross receipts. At that time, it authorized ten riverboat casino licenses, and specified that each licensee may operate two riverboat casinos at a single-specified location. Since the State's first riverboat casino – the Alton Belle – was launched on September 11, 1991, Illinois has experienced several major changes to the casino industry. Past changes include: the closure of the Silver Eagle in 1997; the creation of the graduated tax structure in 1998; the approval of dockside gambling in 1999; the addition of the Rivers Casino in Des Plaines in 2011, and multiple changes to the wagering and admission tax rate structure.

The tax structure was once again altered in FY 2021 as part of recently enacted P.A. 101-0031 and P.A. 101-0648. Details of this structure modification, as well as a summary of the numerous other changes provided by these Acts are included in this section. This includes the authorization of several new casino licenses, some of which could commence gaming operations in Illinois in the near future.

Also included in this section is a synopsis of Illinois' FY 2023 casino statistics and how these numbers compare to past years and to other gaming states across the country. The section concludes with an updated discussion of the major components of P.A. 101-0031 and P.A. 101-0648 and how the expansion of gaming in Illinois could impact individual locations and overall tax revenues.

Recent Changes to the Casino Industry

In June 2019, P.A. 101-0031 was enacted, creating numerous changes to Illinois' gaming industry. In June 2020, P.A. 101-0648 was enacted, modifying some of those changes. The highlights of these Acts, as they relate to the casino industry, are laid out below, along with any changes to these Acts.

- **Six New Casinos.** P.A. 101-0031 authorizes the issuance of six additional licenses to conduct casino operations in Illinois. These shall be located in the following locations:
 - 1) In the City of Chicago
 - 2) In the City of Danville.
 - 3) In the City of Waukegan.
 - 4) In the City of Rockford.
 - 5) In the South Suburbs of Cook County.
 - 6) In an unincorporated area of Williamson County.

An owner's licensee of the Chicago casino can have up to 4,000 gaming positions. All other owners' licensees shall limit the number of gaming positions to 2,000 (except for Williamson County, which would be limited to 1,200 gaming positions).

- **New Racinos.** P.A. 101-0031 authorizes both electronic gaming and table games at Illinois racetracks (racinos). The gaming positions at the racinos shall be allocated as follows:
 - 1) up to 1,200 gaming positions for any electronic gaming licensee in Cook County (Arlington, Hawthorne);
 - 2) up to 900 gaming positions for any electronic gaming licensee outside of Cook County (Fairmount).
 - 3) In addition, the Board shall issue an organization license limited to Standardbred racing to a racetrack located in Cook County. If established, this location could have 1,200 gaming positions, and the ability to offer internet wagering on horse racing.
- **Existing Casino Position Increase.** Casinos already in operation shall also see their gaming position limit increased from 1,200 to 2,000 positions. The initial fee for each gaming position obtained on or after the effective date of this amendatory Act shall range from \$17,500 to \$30,000 per position (depending on location). These fees are to be deposited into the Rebuild Illinois Projects Fund.
- **Location Options.**
 - **Land-Based Option.** An owners licensee may conduct land-based gambling operations upon approval by the Board and payment of a fee of \$250,000, which shall be deposited into the State Gaming Fund.
 - **Gaming at Airports.** The Chicago casino may conduct gaming operations at O'Hare and/or Midway. The combined number of gaming positions operating in the City of Chicago at the airports and at the temporary and permanent casino facility may not exceed the maximum number of gaming positions authorized.
 - **Temporary Facilities.** New casinos and racinos may conduct gaming at a temporary facility pending the construction of a permanent facility or the remodeling or relocation of an existing facility to accommodate gaming participants for up to 24 months after the temporary facility begins to conduct

gaming. This timeframe may be extended up to 12 months upon approval of the Board.

- **Admission Tax for Racinos.** P.A. 101-0031 provides that the admission tax for racinos shall be at the rate of \$3 per person. Of this amount, \$1 would go to various local governments that host the gaming licensee. The remaining \$2 in tax shall be transferred into the Capital Projects Fund.
- **Revised Privilege Tax Structure.** P.A. 101-0031 modifies the privilege tax structure to be imposed on the casinos and the racinos. It is shown below. Under P.A. 101-0031, this revised tax structure begins on the first day that a new casino conducts gambling operations, either in a temporary facility or a permanent facility. However, P.A. 101-0648 modified the language to provide that this revised privilege tax rate structure imposed on all casinos other than the Chicago Casino.

Adjusted Gross Receipts	Rates Prior to P.A. 101-0031	Modified Gaming Tax on Table Games	Modified Gaming Tax on Electronic Gaming Devices
Up to \$25M	15.0%	15.0%	15.0%
\$25M to \$50M	22.5%	20.0%	22.5%
\$50M to \$75M	27.5%	20.0%	27.5%
\$75M to \$100M	32.5%	20.0%	32.5%
\$100M to \$150M	37.5%	20.0%	37.5%
\$150M to \$200M	45.0%	20.0%	45.0%
Over \$200M	50.0%	20.0%	50.0%

Potential tax revenues generated by the privilege tax may be offset or reduced by certain provisions in P.A. 101-0031, including a modified taxable base for the East St. Louis Casino, renovation tax credits, hold harmless provisions, the removal of certain vouchers in the AGR calculation, and the creation of multiple revenue distributions.

- **Chicago Casino Privilege Tax Structure.** P.A. 101-0648 eliminates the additional tax created by P.A. 101-0031 that was equal to 1/3 of the Chicago casino’s AGR and provides a new privilege tax rate structure to be imposed on the Chicago Casino. Similar to the revised tax structure imposed on all non-Chicago casinos, the enacted Chicago Casino privilege tax has a separate tax structure for table games and slot machines. However, the rates imposed will be different. The Chicago Casino tax rate structure is as follows:

CHICAGO CASINO PRIVILEGE TAX STRUCTURE (P.A. 101-0648)						
AGR Range	Electronic Gaming Device Tax			Table Game Tax		
	State Tax	Chicago Tax	Total Tax	State Tax	Chicago Tax	Total Tax
< \$25 million	12.0%	10.5%	22.5%	8.1%	6.9%	15.0%
\$25M to \$50M	16.0%	14.0%	30.0%	10.7%	9.3%	20.0%
\$50M to \$75M	20.1%	17.4%	37.5%	10.7%	9.3%	20.0%
\$75M to \$100M	21.4%	18.6%	40.0%	11.2%	9.8%	21.0%
\$100M to \$150M	22.7%	19.8%	42.5%	11.2%	9.8%	21.0%
\$150M to \$175M	24.1%	20.9%	45.0%	11.2%	9.8%	21.0%
\$175M to \$225M	24.1%	20.9%	45.0%	13.5%	11.5%	25.0%
\$225M to \$275M	26.8%	23.2%	50.0%	15.1%	12.9%	28.0%
\$275M to \$375M	26.8%	23.2%	50.0%	16.2%	13.8%	30.0%
\$375M to \$1.0B	26.8%	23.2%	50.0%	18.9%	16.1%	35.0%
AGR > \$1.0B	40.0%	34.7%	74.7%	18.9%	16.1%	35.0%

- **Distribution of Chicago Casino Tax Revenues.** Distribution language is created under P.A. 101-0648 to provide that of the tax revenue generated from the Chicago Casino's privilege tax that is to be paid to the City of Chicago, an amount equal to 0.5% of the annual AGR generated by the Chicago Casino, shall be distributed to Cook County for the purpose of enhancing the criminal justice system. The balance is to be distributed to the City of Chicago and shall be expended or obligated by the City for pension payments.
- **One-Time Revenue Sources.** The following one-time revenues were established to be collected under P.A. 101-0031 and deposited into the Rebuild Illinois Projects Fund.
 - **Bidding for New Licenses.** Owners licenses newly authorized may be issued by the Board to a qualified applicant pursuant to an open and competitive bidding process.
 - **License Fees.** Each new casino and racino must pay a fee for the issuance or renewal of a license in the amount of \$250,000. Each location must also pay an initial fee ranging from \$17,500 to \$30,000 per gaming position.
 - **Reconciliation Payments.** P.A. 101-0031 provides for several types of reconciliation payments that would be collected at various times of the implementation process. This includes a \$15 million payment at the time of issuance as well as future payments equal to 75% of the AGR for the most lucrative 12-month period of operations minus certain upfront fees paid.

Under P.A. 101-0031, these reconciliation payments were to be paid within two years after casinos were in operations. P.A. 101-0648 provides that the reconciliation payment installments can now be made over a period of no more than six years.

- **Licensing Process.** P.A. 101-0648 provides that if at any point after June 1, 2020 there are no pending applications for a gaming license and not all licenses authorized have been issued, then the Gaming Board shall reopen the license application process for those licenses that have not been issued. The Gaming Board shall follow the licensing process previously laid out with all time frames tied to the last date for issuing a license rather than the effective date of the amendatory Act.
- **Position Fee Payment Date Change.** P.A. 101-0648 provides that a casino that obtains additional gaming positions after June 28, 2019 shall pay a fee for these positions by July 1, 2021. Under P.A. 0031, the deadline for date of payment was to be July 1, 2020. [In effect, casinos may operate additional positions for two years before the additional fee is due].
- **State Gaming Fund Transfer Change.** P.A. 102-0016 provides that, beginning on July 1, 2021, the Gaming Board shall transfer \$22.5 million, along with any deficiencies in such amounts from prior months, from the State Gaming Fund to the Education Assistance Fund; then the Board shall transfer the remainder of the funds, if any, from the State Gaming Fund to the Capital Projects Fund. This means that the Gaming Fund Transfer to the State's General Funds would be maxed out at \$270 million per year if/when there are sufficient tax revenues to reach this limit.

Data Analysis

The tables below and on the following page provide a summary of the performance of each of the State's eleven active casino licenses during FY 2018 through FY 2023 based on adjusted gross receipts, admissions, and State, local, and total revenue generated. The information comes from the Illinois Gaming Board's *Monthly Riverboat Casino Report(s)*. The impact of the suspension of operations due to the COVID-19 virus is clearly seen in the FY 2020 and FY 2021 figures.

TABLE 3: ILLINOIS CASINO ADJUSTED GROSS RECEIPTS (FY 2018-2023)						
(\$ in millions)						
	FY 2018	FY 2019	FY 2020*	FY 2021**	FY 2022	FY 2023
Alton	\$47.4	\$40.0	\$30.1	\$23.9	\$32.6	\$33.0
Aurora	\$117.6	\$115.1	\$77.7	\$71.5	\$102.7	\$99.1
Danville	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4
Des Plaines	\$438.5	\$440.1	\$321.2	\$340.2	\$503.1	\$557.6
East Peoria	\$77.7	\$74.5	\$48.7	\$48.3	\$61.5	\$63.1
East St. Louis	\$99.1	\$94.3	\$67.2	\$54.9	\$78.7	\$80.3
Elgin	\$162.9	\$157.2	\$107.6	\$107.1	\$155.1	\$153.4
Joliet Harrah's	\$179.1	\$175.2	\$116.3	\$107.2	\$141.7	\$133.7
Joliet Hollywood	\$120.7	\$115.2	\$79.1	\$64.3	\$88.0	\$90.4
Metropolis	\$73.6	\$68.7	\$50.8	\$48.5	\$60.9	\$65.1
Rock Island	\$70.0	\$66.7	\$43.9	\$31.5	\$49.2	\$58.4
Rockford	\$0.0	\$0.0	\$0.0	\$0.0	\$34.0	\$62.8
Waukegan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$30.1
TOTAL	\$1,386.7	\$1,347.1	\$942.7	\$897.3	\$1,307.5	\$1,429.5
% CHANGE	-1.3%	-2.9%	-30.0%	-4.8%	45.7%	9.3%

TABLE 4: ILLINOIS CASINO ADMISSIONS (FY 2018-2023)						
	FY 2018	FY 2019	FY 2020*	FY 2021**	FY 2022	FY 2023
Alton	490,469	407,886	301,731	284,977	420,104	403,671
Aurora	945,109	924,555	636,257	511,462	842,612	853,451
Danville	-	-	-	-	-	36,591
Des Plaines	3,035,086	2,945,397	2,079,184	1,689,278	2,614,641	3,033,804
East Peoria	746,844	721,444	480,095	353,952	447,773	440,282
East St. Louis	1,000,640	928,944	697,294	510,937	768,673	824,807
Elgin	1,237,674	1,150,227	799,024	597,941	921,004	932,913
Joliet Harrah's	1,332,463	1,241,286	853,823	594,674	758,108	729,476
Joliet Hollywood	1,001,302	929,855	643,872	487,812	689,403	669,914
Metropolis	484,155	443,686	343,620	338,037	402,853	422,946
Rock Island	942,041	857,142	590,216	325,939	574,307	711,739
Rockford	-	-	-	-	281,794	562,244
Waukegan	-	-	-	-	-	280,428
TOTAL	11,215,783	10,550,422	7,425,116	5,695,009	8,721,272	9,902,266
% CHANGE	-6.4%	-5.9%	-29.6%	-23.3%	53.1%	13.5%

TABLE 5: TOTAL REVENUE GENERATED FROM ILLINOIS CASINOS (FY 2018-2023)						
(\$ in millions)						
	FY 2018	FY 2019	FY 2020*	FY 2021**	FY 2022	FY 2023
Alton	\$10.3	\$8.9	\$6.5	\$4.4	\$6.5	\$6.4
Aurora	\$34.1	\$33.0	\$23.5	\$14.2	\$23.8	\$23.0
Danville	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.5
Des Plaines	\$194.0	\$194.5	\$143.0	\$92.0	\$162.4	\$185.9
East Peoria	\$19.5	\$18.4	\$12.6	\$8.3	\$12.4	\$12.7
East St. Louis	\$27.3	\$25.5	\$19.7	\$10.4	\$17.2	\$18.0
Elgin	\$53.4	\$50.3	\$35.9	\$22.9	\$39.9	\$40.2
Joliet Harrah's	\$60.7	\$58.5	\$40.7	\$23.5	\$36.4	\$34.9
Joliet Hollywood	\$35.4	\$33.2	\$24.0	\$12.9	\$20.2	\$21.0
Metropolis	\$17.8	\$16.0	\$12.4	\$8.5	\$12.0	\$13.2
Rock Island	\$16.8	\$15.7	\$11.1	\$5.4	\$9.6	\$12.5
Rockford	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0	\$14.1
Waukegan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.4
TOTAL	\$469.4	\$454.0	\$329.2	\$202.4	\$346.2	\$387.8
% CHANGE	-1.2%	-3.3%	-27.5%	-38.5%	71.0%	12.0%

* Due to the COVID-19 pandemic, gaming operations were suspended from March 16, 2020 thru June 30, 2020.
** Due to the COVID-19 pandemic, gaming operations were suspended from November 19, 2020 thru January 14, 2021.
Source: Illinois Gaming Board

**TABLE 6: STATE REVENUE GENERATED FROM ILLINOIS CASINOS
(FY 2018-2023)**

(\$ in millions)

	FY 2018	FY 2019	FY 2020*	FY 2021**	FY 2022	FY 2023
Alton	\$7.4	\$6.5	\$4.7	\$3.0	\$4.4	\$4.4
Aurora	\$27.3	\$26.3	\$19.0	\$10.1	\$17.8	\$17.2
Danville	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3
Des Plaines	\$169.0	\$169.6	\$124.8	\$73.3	\$134.7	\$155.0
East Peoria	\$14.9	\$14.0	\$9.7	\$5.5	\$8.9	\$9.1
East St. Louis	\$21.4	\$19.8	\$15.6	\$7.1	\$12.4	\$13.2
Elgin	\$44.0	\$41.2	\$29.7	\$16.9	\$31.2	\$31.6
Joliet Harrah's	\$50.4	\$48.5	\$34.0	\$17.5	\$28.5	\$27.5
Joliet Hollywood	\$28.4	\$26.5	\$19.4	\$9.2	\$15.1	\$15.8
Metropolis	\$13.7	\$12.1	\$9.5	\$5.8	\$8.6	\$9.6
Rock Island	\$12.3	\$11.6	\$8.3	\$3.5	\$6.6	\$8.8
Rockford	\$0.0	\$0.0	\$0.0	\$0.0	\$4.0	\$10.4
Waukegan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.6
TOTAL	\$388.8	\$376.1	\$274.6	\$151.9	\$272.1	\$306.4
% CHANGE	-1.1%	-3.3%	-27.0%	-44.7%	79.2%	12.6%
Des Plaines Distributions***:	(\$77.0)	(\$77.0)	(\$57.8)	(\$92.8)	(\$79.4)	(\$80.5)
Total after Distributions:	\$311.8	\$299.0	\$216.8	\$59.1	\$192.7	\$225.9
% CHANGE	-1.4%	-4.1%	-27.5%	-72.7%	225.8%	17.2%

* Due to the COVID-19 pandemic, gaming operations were suspended from March 16, 2020 thru June 30, 2020.

** Due to the COVID-19 pandemic, gaming operations were suspended from November 19, 2020 thru January 14, 2021.

*** Under current law, Chicago St. U. is to receive \$3.0M and the School Infrastructure Fund [SIF] \$66.4M annually from the Des Plaines Casino tax revenue deposited into the State Gaming Fund. In addition, the Cook County Criminal Justice System is to receive 2% of Des Plaines' AGR. Due to COVID-19, only \$50.0M of the \$66.4M was sent to the SIF in FY 2020. This shortage was made up in FY 2021 resulting in the SIF receiving \$83.0M in FY 2021.

Note: State revenues remaining after the Des Plaines statutory distributions are first used to pay for administrative expenses of the Gaming Board. P.A. 102-0016 provided that, beginning in July 2021, each month the first \$22.5M of any remaining funds are to be transferred to the Education Assistance Fund [EAF], commonly referred to as the "State Gaming Fund Transfer". If any funds still remain after this monthly transfer, the remainder shall be transferred to the Capital Projects Fund. Due to the impacts of the pandemic, the State tax revenues collected in FY 2020 and FY 2021 were not sufficient to fully pay for the above required payments, thereby resulting in \$0 for the EAF in FY 2021.

Source: Illinois Gaming Board

**TABLE 7: LOCAL REVENUE GENERATED FROM ILLINOIS CASINOS
(FY 2018-2023)**

(\$ in millions)

	FY 2018	FY 2019	FY 2020*	FY 2021**	FY 2022	FY 2023
Alton	\$2.9	\$2.4	\$1.8	\$1.5	\$2.1	\$2.1
Aurora	\$6.8	\$6.7	\$4.5	\$4.1	\$6.0	\$5.8
Danville	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
Des Plaines	\$25.0	\$24.9	\$18.1	\$18.7	\$27.8	\$30.9
East Peoria	\$4.6	\$4.4	\$2.9	\$2.8	\$3.5	\$3.6
East St. Louis	\$6.0	\$5.6	\$4.1	\$3.3	\$4.7	\$4.8
Elgin	\$9.4	\$9.0	\$6.2	\$6.0	\$8.7	\$8.6
Joliet Harrah's	\$10.3	\$10.0	\$6.7	\$5.9	\$7.8	\$7.4
Joliet Hollywood	\$7.0	\$6.7	\$4.6	\$3.7	\$5.1	\$5.2
Metropolis	\$4.2	\$3.9	\$2.9	\$2.8	\$3.4	\$3.7
Rock Island	\$4.4	\$4.2	\$2.8	\$1.9	\$3.0	\$3.6
Rockford	\$0.0	\$0.0	\$0.0	\$0.0	\$2.0	\$3.7
Waukegan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1.8
TOTAL	\$80.5	\$77.9	\$54.6	\$50.5	\$74.1	\$81.4
% CHANGE	-2.1%	-3.3%	-30.0%	-7.4%	46.6%	9.8%

** Due to the COVID-19 pandemic, gaming operations were suspended from March 16, 2020 thru June 30, 2020.

*** Due to the COVID-19 pandemic, gaming operations were suspended from November 19, 2020 thru January 14, 2021.

Source: Illinois Gaming Board

Overview of Recent Performance of Illinois' Casinos

The adjusted gross receipts of Illinois casinos grew from \$1.31 billion in FY 2022 to \$1.43 billion in FY 2023 – an increase of 9.3%. This is the highest AGR figure since FY 2015, and indicates a resurgence within the casino industry following revenue declines resulting from expanded gaming options as well as setbacks associated with the COVID-19 pandemic.

A permanent casino facility in Danville launched operations and began incurring revenue in May 2023 while a temporary location in Waukegan opened a couple months earlier in February 2023.

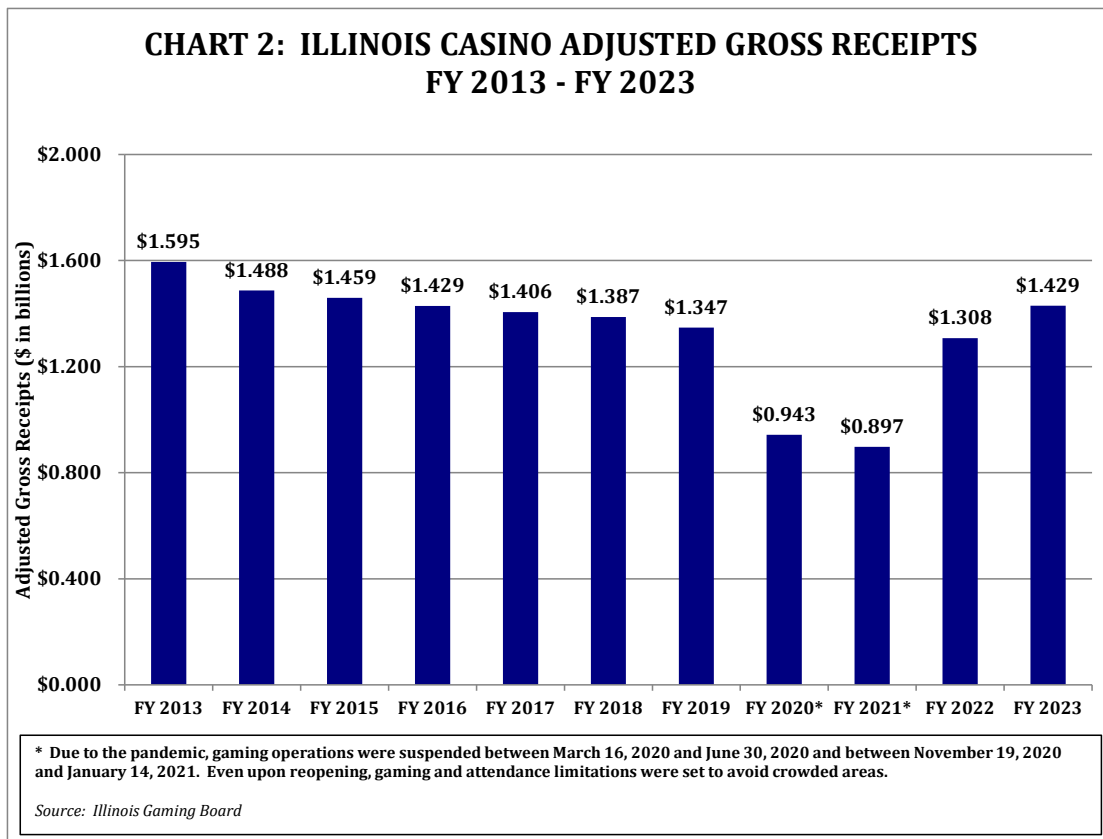
The overall AGR of Illinois casinos increased by 9.3% in FY 2023 – indicating a substantial level of growth from the previous year. Although, it should be noted that some of the elevated AGR numbers in FY 2023 can be attributed to both the opening of the Waukegan and Danville casinos as well as the temporary Rockford casino operating for the entire fiscal year. The highest generator of adjusted gross receipts in Illinois continues to be Des Plaines' Rivers Casino, with an FY 2023 AGR total of \$557.6 million. This casino's total is well above the second highest revenue generating casino, the Grand Victoria in Elgin, which had an AGR total of \$153.4 million. These totals, as well as historical AGR totals and growth rates for all of Illinois' operating casinos, are included in the following table.

TABLE 8: ADJUSTED GROSS RECEIPTS OF ILLINOIS CASINOS										
<i>\$ IN MILLIONS</i>	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	1-Yr.	10-Yr.	June '23	AGR/
	AGR	AGR	AGR	AGR	AGR	AGR	Change	Change	Positions	Pos/Day
ALTON ARGOSY - Alton	\$47.4	\$40.0	\$30.1	\$23.9	\$32.6	\$33.0	1.2%	-51.8%	519	\$174
HOLLYWOOD - Aurora	\$117.6	\$115.1	\$77.7	\$71.5	\$102.7	\$99.1	-3.5%	-33.6%	928	\$293
GOLDEN NUGGET - Danville	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4	N/A	N/A	504	\$13
RIVERS CASINO - Des Plaines	\$438.5	\$440.1	\$321.2	\$340.2	\$503.1	\$557.6	10.8%	36.0%	1,999	\$764
PAR-A-DICE - E. Peoria	\$77.7	\$74.5	\$48.7	\$48.3	\$61.5	\$63.1	2.6%	-43.7%	603	\$287
CASINO QUEEN - E. St. Louis	\$99.1	\$94.3	\$67.2	\$54.9	\$78.7	\$80.3	2.0%	-37.6%	1,021	\$215
GRAND VICTORIA - Elgin	\$162.9	\$157.2	\$107.6	\$107.1	\$155.1	\$153.4	-1.1%	-23.9%	924	\$455
HARRAH'S - Joliet	\$179.1	\$175.2	\$116.3	\$107.2	\$141.7	\$133.7	-5.6%	-35.2%	822	\$446
HOLLYWOOD - Joliet	\$120.7	\$115.2	\$79.1	\$64.3	\$88.0	\$90.4	2.8%	-35.9%	929	\$267
HARRAH'S - Metropolis	\$73.6	\$68.7	\$50.8	\$48.5	\$60.9	\$65.1	6.8%	-29.1%	649	\$275
BALLY'S - Rock Island	\$70.0	\$66.7	\$43.9	\$31.5	\$49.2	\$58.4	18.9%	-31.6%	788	\$203
HARD ROCK - Rockford	\$0.0	\$0.0	\$0.0	\$0.0	\$34.0	\$62.8	84.8%	N/A	560	\$307
AMERICAN PLACE - Waukegan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$30.1	N/A	N/A	1,117	\$74
TOTALS	\$1,386.7	\$1,347.1	\$942.7	\$897.3	\$1,307.5	\$1,429.5	9.3%	-10.4%	11,363	\$345
CHICAGO REGION TOTALS	\$1,018.8	\$1,002.8	\$701.9	\$690.3	\$990.6	\$1,064.3	7.4%	-4.0%	6,719	\$434
ST. LOUIS REGION TOTALS	\$146.6	\$134.4	\$97.3	\$78.8	\$111.4	\$113.3	1.7%	-42.6%	1,540	\$202

Source: Illinois Gaming Board

New casinos in Waukegan and Danville only operated for a combined 7 months out of the year, suggesting further growth in AGR totals during FY 2024. Furthermore, the construction of permanent casinos in Carterville and Rockford, as well as the opening of a temporary casino in downtown Chicago, will likely result in additional revenue growth in the upcoming fiscal year.

Over the majority of the last decade, Illinois has seen a steady decline in the amount of AGR generated by the casino industry. Between FY 2013 and FY 2021, Illinois' AGR totals decreased from those recorded during the previous year. This trend is illustrated in Chart 2 below. However, during the last two years AGR totals have recovered to reach the highest figure recorded since FY 2016. As shown, in FY 2013, Illinois had a combined AGR total of \$1.595 billion. Even with the resurgence in the previous two years, the FY 2023 total of \$1.429 billion still represents a 10.4% decrease in gaming receipts over the last ten years.



The falloff in gaming revenues over the last decade is despite the success of the Rivers Casino in Des Plaines, which is one of the highest generating casinos in the Midwest. This casino has grown 36.0% over the last ten years. However, the competition that the Rivers Casino has created, along with competition from the emergence of a myriad of other gaming options has led to ten-year declines of over 29% from each of the other Illinois casinos. Alternative gaming options are discussed throughout this report and include: nearby casinos from other states (see page 20); an abundance of local video gaming options throughout Illinois (see page 37); and, more recently, an increase in sports wagering opportunities (see page 81).

Tax Revenue Analysis

The amount of tax revenues collected from Illinois casinos is directly related to its adjusted gross receipts and admission totals. The tax revenues generated from the casinos that are directed towards State coffers is shown below, along with each casino's annual rates of growth.

TABLE 9: ANNUAL PERCENT CHANGE OF CASINO STATE REVENUES								
Comparison of FY 2020 - FY 2023								
\$ in millions								
	FY 2020		FY 2021		FY 2022		FY 2023	
	STATE	Annual	STATE	Annual	STATE	Annual	STATE	Annual
	REVENUE	% change	REVENUE	% change	REVENUE	% change	REVENUE	% change
Alton	\$4.7	-27.7%	\$3.0	-36.5%	\$4.4	49.0%	\$4.4	-0.5%
Aurora	\$19.0	-27.8%	\$10.1	-46.9%	\$17.8	76.1%	\$17.2	-3.2%
Danville	\$0.0	N/A	\$0.0	N/A	\$0.0	N/A	\$0.3	N/A
Des Plaines	\$124.8	-26.4%	\$73.3	-41.3%	\$134.7	83.6%	\$155.0	15.1%
East Peoria	\$9.7	-30.8%	\$5.5	-42.8%	\$8.9	60.1%	\$9.1	3.1%
East St. Louis	\$15.6	-21.3%	\$7.1	-54.5%	\$12.4	75.2%	\$13.2	5.7%
Elgin	\$29.7	-28.0%	\$16.9	-42.9%	\$31.2	84.1%	\$31.6	1.3%
Joliet Harrah's	\$34.0	-30.0%	\$17.5	-48.4%	\$28.5	62.7%	\$27.5	-3.7%
Joliet Hollywood	\$19.4	-26.8%	\$9.2	-52.7%	\$15.1	65.1%	\$15.8	4.3%
Metropolis	\$9.5	-21.7%	\$5.8	-39.1%	\$8.6	48.8%	\$9.6	11.2%
Rock Island	\$8.3	-28.5%	\$3.5	-58.0%	\$6.6	88.7%	\$8.8	35.1%
Rockford	\$0.0	N/A	\$0.0	N/A	\$4.0	N/A	\$10.4	159.6%
Waukegan	\$0.0	N/A	\$0.0	N/A	\$0.0	N/A	\$3.6	N/A
TOTAL	\$274.6	-27.0%	\$151.9	-44.7%	\$272.1	79.2%	\$306.4	12.6%

Source: Illinois Gaming Board

Changes to the graduated tax structure have resulted in less State tax revenue than would have been collected under the previous rate structure. Under prior law, casinos were taxed on a graduated basis with tax rates ranging from 15% to as high as 50% for AGR over \$200 million. Under the new tax structure, table games and electronic gaming devices [EGDs] have separate tax structures. The tax rates for the EGDs have the same graduated tax structure as prior law (with seven different brackets), but the tax structure on table games is lower and much simpler – taxing AGR less than \$25 million at 15% and everything over \$25 million at 20%.

The result of this modified tax structure is significantly lower effective tax rates. As shown in the table below, the average effective tax rate fell from 27.3% in FY 2020 to 20.1% in FY 2023. The Rivers Casino in Des Plaines has benefitted the most from this change with their effective tax rate falling from 42.6% in FY 2020 to 31.7% in FY 2023.

TABLE 10: OPERATING TAX RATES FOR ILLINOIS CASINOS						
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Alton	18.6%	19.1%	18.5%	15.0%	16.0%	15.9%
Aurora	26.6%	26.3%	27.8%	17.7%	20.7%	20.7%
Danville	N/A	N/A	N/A	N/A	N/A	15.0%
Des Plaines	42.2%	42.2%	42.6%	25.6%	30.7%	31.7%
East Peoria	22.2%	21.8%	22.9%	15.0%	17.9%	18.1%
East St. Louis	24.6%	24.1%	26.2%	16.1%	18.9%	19.3%
Elgin	30.5%	29.8%	31.1%	19.7%	23.9%	24.4%
Joliet Harrah's	31.7%	31.3%	32.8%	20.3%	24.1%	24.5%
Joliet Hollywood	26.8%	26.4%	27.9%	17.7%	20.6%	21.0%
Metropolis	22.3%	21.3%	22.3%	15.5%	17.8%	18.4%
Rock Island	19.9%	19.8%	21.1%	14.0%	16.0%	17.7%
Rockford	N/A	N/A	N/A	N/A	15.1%	19.8%
Waukegan	N/A	N/A	N/A	N/A	N/A	15.0%
Average Tax Rate	26.5%	26.2%	27.3%	17.6%	20.1%	20.1%

TABLE 11: FY 2023 AGR Statistics					
<i>\$ in millions</i>					
Casino	Adjusted Gross Receipts			AGR Composition	
	Table Games	EGDs	Total	% Table	% EGD
ALTON ARGOSY - Alton	\$3.1	\$29.9	\$33.0	9.5%	90.5%
HOLLYWOOD - Aurora	\$21.3	\$77.8	\$99.1	21.5%	78.5%
GOLDEN NUGGET - Danville	\$0.1	\$2.3	\$2.4	4.6%	95.4%
RIVERS CASINO - Des Plaines	\$218.7	\$338.9	\$557.6	39.2%	60.8%
PAR-A-DICE - E. Peoria	\$11.8	\$51.3	\$63.1	18.7%	81.3%
CASINO QUEEN - E. St. Louis	\$16.9	\$63.4	\$80.3	21.1%	78.9%
GRAND VICTORIA - Elgin	\$33.3	\$120.1	\$153.4	21.7%	78.3%
HARRAH'S - Joliet	\$18.6	\$115.1	\$133.7	13.9%	86.1%
HOLLYWOOD - Joliet	\$11.3	\$79.1	\$90.4	12.5%	87.5%
HARRAH'S - Metropolis	\$11.7	\$53.4	\$65.1	17.9%	82.1%
BALLY'S - Rock Island	\$3.3	\$55.1	\$58.4	5.7%	94.3%
HARD ROCK - Rockford	\$1.1	\$61.7	\$62.8	1.8%	98.2%
AMERICAN PLACE - Waukegan	\$5.2	\$24.9	\$30.1	17.4%	82.6%
TOTAL	\$356.4	\$1,073.0	\$1,429.5	24.9%	75.1%

Source: Illinois Gaming Board

The data shows that the casinos that benefit the most from the structure change are the higher revenue-generating casinos – especially the ones with large amounts of adjusted gross receipts from table games. Under the previous tax structure, once the AGR from table games, when included with the AGR of EGDs, totaled over \$200 million, the revenue was taxed at 50%. Under the new tax structure, however, these particular revenues are instead taxed at a rate of no more than 20%.

As shown in the above table, not only did the Rivers Casino generate the most adjusted gross receipts of any casino, but it also had by far the highest composition from table games at 39.2%. Under the previous tax structure, the \$218.7 million in table game AGR would have effectively been taxed at 50%, as the casino’s AGR from EGDs was well above the \$200 million threshold to trigger the higher tax rate. However, under the new tax structure, the \$218.7 million in table game AGR was instead taxed at a rate of no more than 20%. This is a main reason why the Rivers Casino’s effective tax rate dropped from 42% to just over 30%.

The tax revenue impact of this structure change can be significant. Using the Rivers Casino again as an example and removing the pandemic impacted years from the equation, between FY 2019 and FY 2022, the AGR of Rivers increased 27.2% from \$438 million to \$557 million. However, its State tax revenue portion actually fell 8.3% from \$170 million to \$155 million. In other words, its taxable base grew \$119 million, yet its State taxes went down over \$14 million during this time period. This shows how the new structure can hurt tax totals but be a benefit to casino operators.

The Distribution of Casino Tax Revenues

Under current law, before revenues are transferred to the State's General Funds via the EAF (also known as the State Gaming Fund Transfer), distributions related to the 10th license (Rivers Casino) must first be made. This includes \$3.0 million to Chicago State University; \$66.4 million annually to the School Infrastructure Fund (SIF); and the equivalent of 2% of the 10th license's AGR to the Cook County Criminal Justice System. Due to revenue shortages related to COVID-19, however, only \$50.0 million of the \$66.4 million was sent to the SIF in FY 2020. To make up for this loss, the SIF shortage was backfilled, thus the fund received \$83 million in FY 2021. In total, \$92.8 million in combined Des Plaines related subtractions from the State Gaming Fund were made in FY 2021 leaving only \$59 million for other distributions. But, before any State tax revenues are transferred to the EAF, State law provides that remaining funds should be first used to pay for administrative expenses of the State Gaming Board. These expenses were high enough that no casino revenues remained to be transferred to the State's general funds in FY 2021.

In FY 2022, with an increase in State directed tax revenues due to strong growth in adjusted gross receipts, funds were again sufficient to provide monthly transfers to the Education Assistance Fund. In total, \$140 million was transferred to the EAF in FY 2022.

In FY 2023, State directed tax revenues continued to surge, and the total transfer to the Education Assistance Fund was completed in the amount of \$157 million. Again, this is in addition to the approximate \$80 million in Rivers Casino related distributions in this fiscal year (as shown in Table 6).

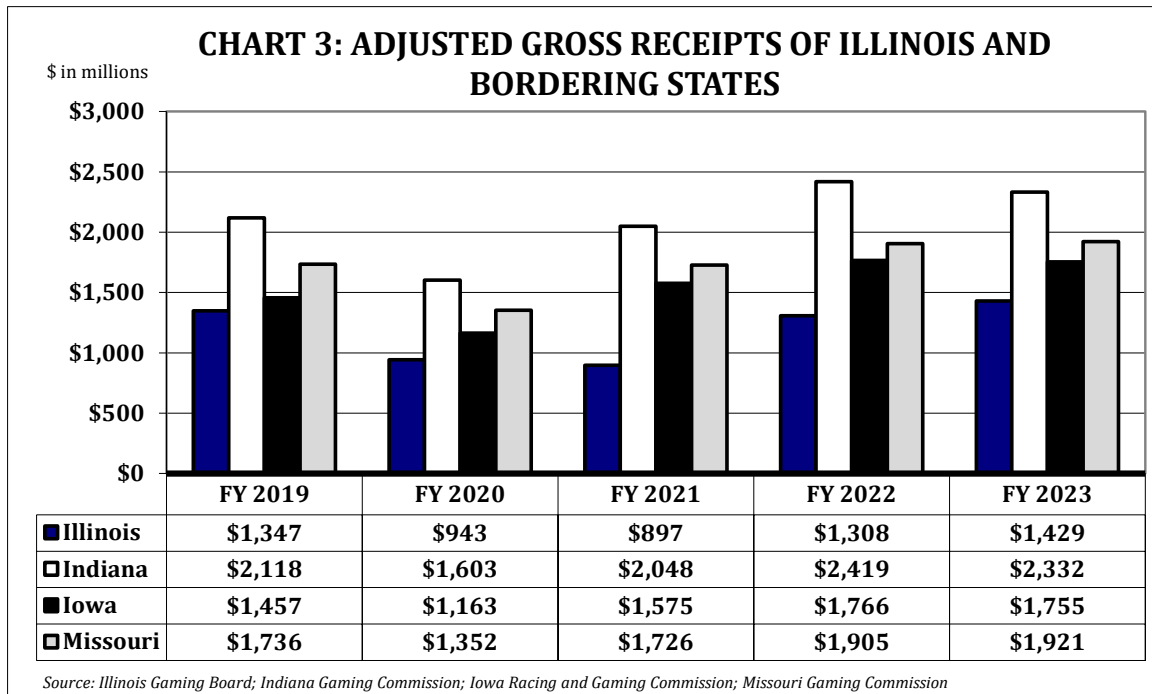
Furthermore, P.A. 102-0016 provided that, beginning on July 1, 2021, the first \$22.5 million of any remaining funds in a month are to be transferred to the EAF. Then, if any funds still remain after this monthly transfer, the remainder shall be transferred to the Capital Projects Fund (CPF). While \$10 million was transferred to the CPF in FY 2022, \$0 in revenues were transferred to the CPF in FY 2023, as revenues were not high enough to trigger this distribution.

The distribution of tax revenues will become even more complicated if racinos begin generating revenues. State law provides that after all obligated distributions have been satisfied, remaining tax dollars from racinos shall be transferred into the Capital Projects Fund (and not first to the EAF like other casinos). The statutory distribution of tax revenues intended for local governments¹ is even more complex, with a wide range of destinations, depending on the casino in question.

¹*From the taxes imposed on casinos, \$1 of each admission and 5% of AGR totals are paid to local governments. The remainder is considered the "State share".*

Competition for the Midwest Gaming Dollar

Table 12, on the following page, provides a statistical summary with its direct competitors: Indiana, Missouri, and Iowa. The chart below displays the AGR of these Midwestern states over the past five years. After being a leader for years in this region, Illinois' casino revenues have fallen in recent years to the point that Illinois now has the lowest amount of gaming revenue of the casino-operating states in the Midwest. In FY 2023, Illinois' AGR total of \$1.429 billion was notably below Indiana (\$2.332 B), Missouri (\$1.921 B), and Iowa (\$1.755 B).



As shown, due to the pandemic, all of these states saw significant reductions in their AGR totals in FY 2020. However, Illinois' decline of 30% was more severe than that of Indiana (-24.3%), Iowa (-20.2%) and Missouri (-22.1%). One of the main reasons for this is that the neighboring states reopened earlier than Illinois. Iowa and Missouri reopened in June 2020, while Illinois did not reopen until July 2020. During FY 2021, Illinois again suspended gaming operations between parts of November 2020 thru January 2021. While the neighboring states instituted capacity limits during this time, they continued to operate. As a result, the surrounding states had strong bounce-back years in their AGR totals (each with growth over 25%) while Illinois fell another 4.8%, as illustrated in above. In FY 2022, strong growth in total AGR was experienced by each of the Midwestern states.

In FY 2023, Illinois showed moderate growth in AGR totals, while other states appeared to plateau. Illinois grew 9.3%, followed by Missouri (0.8%), Iowa (-0.7%), and Indiana (-3.6%).

TABLE 12: STATISTICAL SUMMARY OF BORDERING STATES WITH CASINOS

\$ in millions

INDIANA CASINOS										
<i>\$ IN MILLIONS</i>	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	1-Yr.	10-Yr.	June '23	AGR/
	AGR	AGR	AGR	AGR	AGR	AGR	Change	Change	Positions	Pos/Day
AMERISTAR - East Chicago	\$208.5	\$211.5	\$157.3	\$242.6	\$220.3	\$188.1	-14.6%	-18.8%	1,276	\$473
HOLLYWOOD - Lawrenceburg	\$167.7	\$163.2	\$125.9	\$152.5	\$166.0	\$150.9	-9.1%	-55.5%	1,525	\$298
BELTERRA - Switzerland County	\$109.2	\$108.6	\$72.3	\$84.2	\$87.8	\$83.7	-4.6%	-40.4%	926	\$260
BLUE CHIP - Michigan City	\$146.4	\$146.5	\$109.0	\$113.4	\$130.7	\$119.4	-8.6%	-28.2%	1,384	\$259
BALLY'S - Evansville	\$142.3	\$142.0	\$105.9	\$122.4	\$158.5	\$167.5	5.7%	45.9%	1,008	\$431
FRENCH LICK - French Lick	\$86.3	\$90.1	\$62.7	\$64.0	\$74.0	\$75.9	2.6%	-8.0%	817	\$248
RISING STAR - Rising Sun	\$44.9	\$42.6	\$30.9	\$44.1	\$43.7	\$42.7	-2.1%	-45.2%	654	\$183
HOOSIER PARK - Anderson	\$208.8	\$212.0	\$168.8	\$208.8	\$243.9	\$216.2	-11.4%	14.4%	1,261	\$530
HORSESHOE - Hammond	\$401.4	\$380.2	\$303.2	\$377.1	\$356.4	\$307.3	-13.8%	-37.2%	1,967	\$496
CAESARS - Harrison County	\$238.0	\$216.5	\$161.8	\$204.1	\$234.0	\$245.0	4.7%	-9.2%	1,389	\$462
HORSESHOE INDY - Shelbyville	\$261.1	\$268.5	\$211.4	\$298.9	\$326.3	\$323.8	-0.8%	55.1%	1,862	\$480
MAJESTIC STAR - Gary**	\$84.3	\$81.3	\$57.0	\$60.0	\$0.0	\$0.0	N/A	N/A	-	N/A
MAJESTIC STAR II - Gary**	\$53.7	\$55.4	\$36.7	\$29.3	\$0.0	\$0.0	N/A	N/A	-	N/A
HARD ROCK - Gary**	\$0.0	\$0.0	\$0.0	\$47.0	\$377.6	\$411.4	8.9%	N/A	1,968	\$526
TOTALS	\$2,152.6	\$2,118.2	\$1,602.9	\$2,048.4	\$2,419.3	\$2,332.0	-3.6%	-6.6%	16,036	\$350
<i>**The Majestic Star and Majestic Star II closed in April 2021 and relocated to the new Hard Rock Casino in May 2021.</i>										
CHICAGO REGION AREA TOTALS	\$894.3	\$874.7	\$663.2	\$869.3	\$1,085.0	\$1,026.2	-5.4%	-4.4%	4,626	\$515
Composition of Chicago Region:	46.7%	46.6%	48.6%	55.7%	52.3%	49.1%				
TOTAL CASINOS	\$1,682.7	\$1,637.7	\$1,222.7	\$1,493.7	\$1,471.4	\$1,380.7	-6.2%	-34.2%	10,795	\$379
TOTAL RACINOS	\$470.0	\$480.5	\$380.3	\$507.7	\$570.2	\$539.9	-5.3%	35.8%	3,123	\$445

MISSOURI CASINOS										
<i>\$ IN MILLIONS</i>	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	1-Yr.	10-Yr.	June '23	AGR/
	AGR	AGR	AGR	AGR	AGR	AGR	Change	Change	Positions	Pos/Day
ARGOSY - Riverside	\$165.6	\$165.3	\$128.0	\$160.2	\$177.1	\$173.2	-2.2%	13.4%	1,173	\$414
ISLE OF CAPRI - Boonville	\$80.2	\$78.6	\$60.8	\$80.6	\$88.5	\$92.3	4.3%	12.4%	827	\$293
CENTURY - Caruthersville	\$37.3	\$37.4	\$31.2	\$46.8	\$48.3	\$44.2	-8.6%	32.9%	404	\$327
HOLLYWOOD - Maryland Hts	\$236.1	\$233.5	\$176.7	\$189.8	\$234.4	\$243.6	3.9%	0.2%	1,786	\$359
HARRAH'S - North Kansas City	\$174.2	\$177.7	\$140.4	\$182.5	\$176.8	\$170.7	-3.4%	-5.1%	1,136	\$427
BALLY'S KC - Kansas City	\$70.2	\$66.4	\$50.9	\$83.5	\$119.9	\$128.0	6.8%	60.3%	926	\$355
HORSESHOE - St. Louis	\$159.9	\$162.1	\$121.4	\$161.5	\$150.5	\$157.3	4.5%	-1.9%	1,061	\$389
AMERISTAR - Kansas City	\$191.5	\$195.1	\$149.2	\$187.2	\$198.7	\$200.6	1.0%	-5.9%	1,807	\$301
RIVER CITY - St. Louis	\$224.4	\$220.3	\$170.0	\$199.9	\$249.5	\$254.8	2.1%	23.8%	1,763	\$388
PRESIDENT - St. Louis	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	N/A	N/A	-	N/A
MARK TWAIN - LaGrange	\$33.6	\$31.0	\$27.3	\$38.7	\$38.5	\$36.8	-4.3%	-4.1%	392	\$269
AMERISTAR - St. Charles	\$264.6	\$268.7	\$212.8	\$283.4	\$302.5	\$303.0	0.2%	12.2%	1,879	\$441
FRONTIER - St. Joseph	\$43.0	\$37.7	\$32.8	\$41.5	\$48.1	\$47.6	-1.1%	18.0%	431	\$306
ISLE OF CAPRI - Cape Girardeau	\$65.0	\$61.8	\$50.8	\$70.7	\$72.1	\$68.3	-5.2%	49.3%	865	N/A
TOTALS	\$1,745.6	\$1,735.8	\$1,352.4	\$1,726.3	\$1,904.7	\$1,920.6	0.8%	10.1%	14,448	\$361
ST LOUIS REGION TOTALS	\$885.1	\$884.7	\$680.9	\$834.7	\$936.8	\$958.8	2.3%	9.1%	6,488	\$396
Composition of St. Louis Region:	85.8%	86.8%	87.5%	91.4%	89.4%	89.4%				

IOWA CASINOS										
<i>\$ IN MILLIONS</i>	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	1-Yr.	10-Yr.	June '23	AGR/
	AGR	AGR	AGR	AGR	AGR	AGR	Change	Change	Positions	Pos/Day
AMERISTAR - Council Bluffs	\$170.1	\$163.9	\$125.1	\$165.8	\$187.0	\$184.6	-1.3%	10.0%	1,316	\$389
CASINO QUEEN - Marquette	\$23.8	\$21.6	\$16.8	\$18.1	\$21.2	\$21.4	1.2%	-28.1%	463	\$125
CATFISH BEND - Burlington	\$39.3	\$39.6	\$32.1	\$43.3	\$45.5	\$44.9	-1.5%	15.8%	744	\$168
DIAMOND JO - Dubuque	\$69.1	\$69.1	\$56.3	\$68.1	\$76.4	\$74.7	-2.3%	12.3%	833	\$251
DIAMOND JO - Northwood	\$84.8	\$84.5	\$66.2	\$95.9	\$104.5	\$103.0	-1.5%	16.2%	879	\$326
GRAND FALLS - Larchwood	\$56.2	\$61.5	\$51.1	\$78.0	\$92.9	\$95.8	3.1%	64.6%	808	\$315
HARD ROCK CASINO - Sioux City	\$80.9	\$76.0	\$61.1	\$87.1	\$97.9	\$94.8	-3.2%	N/A	705	\$381
HARRAH'S - Council Bluffs	\$73.1	\$71.3	\$52.3	\$58.1	\$74.0	\$70.7	-4.4%	5.0%	557	\$364
HORSESHOE - Council Bluffs	\$176.9	\$168.5	\$141.1	\$180.3	\$212.2	\$204.7	-3.5%	2.2%	1,430	\$406
ISLE OF CAPRI - Bettendorf	\$69.8	\$66.0	\$51.2	\$68.5	\$72.4	\$97.8	35.1%	31.3%	868	\$229
ISLE CASINO - Waterloo	\$85.3	\$83.7	\$65.6	\$88.4	\$101.0	\$73.4	-27.3%	-14.7%	902	\$307
LAKESIDE - Osceola	\$46.1	\$47.2	\$40.1	\$47.6	\$53.1	\$50.8	-4.4%	-4.9%	631	\$231
PRAIRIE MEADOWS - Altoona	\$201.2	\$206.5	\$157.2	\$206.7	\$228.3	\$240.9	5.6%	23.6%	1,433	\$437
Q CASINO - Dubuque	\$47.8	\$50.5	\$39.7	\$50.3	\$52.2	\$50.5	-3.3%	-12.3%	709	\$202
RHYTHM CITY - Davenport	\$67.0	\$71.2	\$64.1	\$110.3	\$118.4	\$115.2	-2.7%	138.5%	872	\$372
RIVERSIDE CASINO - Riverside	\$85.8	\$90.1	\$76.7	\$116.3	\$128.4	\$130.0	1.3%	46.6%	1,003	\$351
WILD ROSE - Clinton	\$30.2	\$29.3	\$24.0	\$32.9	\$33.6	\$33.3	-1.0%	-11.4%	515	\$179
WILD ROSE - Emmetsburg	\$28.3	\$27.4	\$20.3	\$27.4	\$30.7	\$31.4	2.1%	-2.7%	472	\$178
WILD ROSE - Jefferson	\$28.2	\$29.1	\$22.5	\$32.3	\$36.4	\$36.5	0.3%	N/A	528	\$189
TOTALS	\$1,463.8	\$1,457.0	\$1,163.4	\$1,575.4	\$1,766.2	\$1,754.5	-0.7%	21.3%	16,130	\$300
QUAD CITY REGION TOTALS	\$136.7	\$137.2	\$115.3	\$178.8	\$190.8	\$213.0	11.7%	73.5%	1,835	\$285
OTHER CASINOS BORDERING ILLINOIS	\$186.5	\$188.5	\$152.1	\$194.6	\$207.8	\$203.4	-2.1%	1.4%	3,060	\$186
AGR Comp. of Casinos on IA/IL Border:	80.6%	81.4%	84.6%	88.6%	86.6%	86.8%				
TOTAL CASINOS	\$1,037.9	\$1,031.5	\$825.5	\$1,138.2	\$1,273.5	\$1,258.3	11.9%	26.6%	14,351	\$243
TOTAL RACINOS	\$426.0	\$425.5	\$338.0	\$437.3	\$492.7	\$496.2	12.7%	9.6%	3,572	\$378

Source: Indiana Gaming Commission; Iowa Racing and Gaming Commission; Missouri Gaming Commission

Below, and on the following page, is an overview of the casino industry involving Illinois' nearby gaming competitors

Indiana

- Despite having a population of about half the size of Illinois, Indiana's AGR totals of its casinos continue to be much higher than Illinois. In FY 2023, Indiana's total was \$2.332 billion compared to Illinois' total of \$1.429 billion. The FY 2023 total is an 3.6% decrease from the FY 2022 total of \$2.419 billion.
- The recent resurgence of revenues over the past couple of years is in large part due to the May 2021 opening of the Hard Rock Casino [Northern Indiana], which replaced the Majestic Star casinos located in Gary. The new casino lies adjacent to the Borman Expressway (I-94) at Burr Street and 29th Avenue, thereby making it easily accessible from the south suburbs of Chicago. This casino will be in direct competition with many of the Illinois casinos in that area, especially the new casino authorized in the south suburbs of Cook County.
- Indiana casinos make up almost half (49.1% in FY 2023) of the Chicago area casino AGR market. In addition to the Hard Rock Casino in Gary (AGR of \$411M in FY 2023), other casinos competing in this region include the Ameristar in East Chicago (\$188M); the Blue Chip in Michigan City (\$119M); and the Horseshoe in Hammond (\$307M). Due to increasing casino options in the Chicago area, the East Chicago and Hammond casinos saw their revenues decline in FY 2023, -14.6% and -13.8%, respectively.
- A new casino has been authorized to be located on the east side of Terre Haute. The Queen of Terre Haute Casino reportedly will feature 1,000 slot machines, 50 table games, as well as a hotel, sportsbook, and several restaurants. It is expected to open in early 2024. This casino will be minutes from Illinois' border and will bring competition for the new Illinois casino in Danville.

Missouri

- Adjusted Gross Receipts from Missouri casinos plateaued following the recovery experienced in FY 2022 with in overall AGR increase of 0.8% in FY 2023 to \$1.921 billion. The four St. Louis area casinos near the Illinois border generated \$959 million in adjusted gross receipts in FY 2023. Approximately 89% of the AGR revenues in this area are collected in Missouri.
- The growth in St. Louis' area AGR may have been more if it were not for the increased competition from video gaming terminals in Illinois. The four Illinois counties closest to St. Louis (Jersey, Madison, Monroe, and St. Clair) had approximately 3,490 video gaming terminals in operation in FY 2023 with net terminal income totaling nearly \$191 million. More competition could soon come to the area with the authorization of a racino at Fairmount Racetrack, which could

add as many as 900 new gaming positions to this metropolitan area on the Illinois side of the border.

Iowa

- Despite a much smaller population, the FY 2023 AGR totals were again higher in Iowa (\$1.755 billion) than Illinois (\$1.429 billion). Iowa's AGR levels decreased by -0.7% in FY 2023, which indicates a level of stagnation following the rapid growth of +12.1% in FY 2022. In FY 2023, on an individual basis, Illinois' Rock Island Casino (\$58M) was outperformed by Bettendorf's Isle of Capri (\$98M) and Davenport's Rhythm City (\$115M). With two casinos compared to one, Iowa brings in the vast majority of revenues in the Quad City area. An additional \$203 million in AGR was brought in by other Iowa casinos near the Illinois border.

Wisconsin

- While Wisconsin does not have public casinos, it does have a number of tribal gaming facilities throughout the state. The closest Wisconsin casinos to Illinois' border currently reside in Milwaukee and Madison.
- A tribal casino to be located in the city of Beloit (just north of Rockford) was approved by Wisconsin governor Tony Evers in March 2021 and gained approval from the Bureau of Indian Affairs in May 2022. The new casino will be located just across the Illinois border off of Interstate 39/90. Construction for this \$405 million casino project is slated to begin in 2023 and to be completed in one year. This casino would be in direct competition with Rockford's Hard Rock Casino.
- Another proposal for the city of Kenosha, a few miles north of Waukegan, was rejected by Wisconsin Governor Scott Walker in 2015. In July 2022, the Menominee Indian Tribe announced a partnership with Hard Rock International to pursue another attempt at a casino in Kenosha. While a timetable for this potential casino was not given, multiple obstacles would have to be overcome for this casino to become a reality.

Michigan

- While Michigan's large public casinos reside relatively far from Illinois in Detroit, the state does have a number of tribal casinos. One of those casinos, the Four Winds Casino, is located off of I-94 approximately 90 minutes from Chicago in New Buffalo, Michigan. While somewhat far from Chicago, the casino offers low-cost shuttles from several Illinois locations to entice gamblers to its venue.

The Future of the Casino Industry and the Impact of P.A. 101-0031 and P.A. 101-0648

While the amount of revenues generated from Illinois casinos improved in FY 2023, the totals remain below levels from the past. Illinois saw substantial growth this year, and will likely see more growth in the following years due to gaming expansion legislation passed in the form of P.A. 101-0031. This expansion involved different forms, which are summarized below.

- **Additional Gaming Position Purchasing Option**

For years, many in the industry argued that Illinois casinos were at a competitive disadvantage with other states because State law limited their gaming positions to 1,200 per casino, thereby preventing them to expand their offerings if the demand for more gaming options was there. In light of this, and as a way for existing casinos to respond to the upcoming competition, P.A. 101-0031 authorized casinos the opportunity to increase their available gaming positions from 1,200 positions to as many as 2,000 positions. To obtain these positions, casinos had to purchase these positions at a cost of \$17,500 per position for licenses not located in Cook County and \$30,000 per position for licenses located in Cook County.

Despite the opportunity to increase their gaming positions, most of the existing casinos have declined this opportunity. Gaming Board reports show that only the Rivers Casino in Des Plaines has taken the opportunity to operate at more than the 1,200 threshold. It appears that there was very little incentive for the other casinos to spend the money to operate additional gaming positions, especially in light of the looming competition being added throughout Illinois.

The latest figures show Des Plaines has ramped up the number of casino games that they are offering in recent months and has reached the new 2,000 position limit. Des Plaines' AGR per position per day figures have historically been much higher than other nearby casinos, which was an indication that there was demand for more gaming opportunities in this area and worth the cost of purchasing additional positions. However, it remains to be seen how Des Plaines' profitability will be impacted by the opening of Bally's Casino Chicago.

- ***New Casino Licenses***

Not only did this Act authorize revenues to be generated from the recently opened Hard Rock Casino in Rockford, but it also allowed for new casinos to be soon opened in Williamson County, the south suburbs of Chicago in East Hazel Crest, and the mega casino in the City of Chicago. Casinos in Waukegan and Danville were also authorized and have already begun operations. The timetable of when the other casinos will ultimately open and begin generating revenues varies and remains fluid. The following paragraphs provide a synopsis of the status of each casino authorized under P.A. 101-0031.

Rockford – Hard Rock Casino

This casino opened in November 2021 at a temporary facility at 610 N. Bell School Road in Rockford. This temporary location will be used until a permanent casino is constructed and opened at the corner of East State St. and I-90. The expectation is that the new 65,000 square foot casino will open in late August 2024 and will include a hotel, restaurants, retail stores, and a concert venue.

Source: www.hardrockcasinorockford.com

Waukegan – American Place

Near the Fountain Square shopping center in the northern suburb, this casino opened an interim tent-like facility on February 17, 2023. Developers say the resort is anticipating a 2025 opening, not including a four-star hotel that plans to be erected subsequently after. The 100,000 square foot project will include a boutique luxury suite called the “Mansion House”, four to five restaurants, and an entertainment facility.

Source: www.americanplace.com

Williamson County – Walker’s Bluff

Elite Casino Resorts, an Iowa based casino resort company, in conjunction with Walker’s Bluff Winery in Cartersville, opened on August 26, 2023. Located next to the winery, the casino features 650 slot machines and 14 table games, alongside amenities such as a show lounge and 116-room hotel with full-service salon and spa. Located between Marion and Carbondale, the casino is approximately 14 miles from Interstate 57.

Source: <https://www.walkersbluffcasinoresort.com/index.html>

Danville – Golden Nugget Danville Casino

The Danville casino opened on May 27, 2023. The casino features a 41,500 square foot gaming floor to potentially contain over 500 slot machines and 14 table games. A physical sportsbook is awaiting approval from the Illinois Gaming Board while the development of a digital sports betting platform remains a consideration for future expansion. The casino also includes a steak house, house bar, and café, and is the first casino to not include a resort plan with overnight rooms.

Source: <https://www.goldennugget.com/danville/>

South Suburbs – Wind Creek Chicago Southland

Located at the Interstate 80/Halsted St. interchange in East Hazel Crest and Homewood, the revenue from the “Wind Creek Chicago Southland” will be split between the two municipalities, despite the bulk of the proposal settled in East Hazel Crest. Work began on the Four Diamond casino in June 2022, and received its license in December 2021 from the Gaming Board. The casino is scheduled to open in January 2025. Wind Creek will include a 70,000 square foot casino, including over 1,300 slot machines and 56 table games. A 252-room luxury hotel is also in the construction plan, expected to be finished and operating in 2023.

Source: <https://windcreek.com/chicagosouthland>

Chicago – Bally’s Casino

On May 26, the Chicago City Council approved a \$1.74 billion contract for a Bally’s Corporation casino resort in the River West Neighborhood. Proposed to be off Halsted and Chicago Ave., the former *Chicago Tribune* publishing center will include a variety of amenities on top of 3,400 slots and 173 table games. A 3,000-seat theater, 500 room hotel with rooftop bar, a 1,000-capacity outdoor music venue, and a 20,000 square foot exhibition and museum venue are included in the plans. The casino resort plans on opening at the beginning of 2026.

A temporary casino site opened September 9, 2023 at the Medinah Temple on Wabash St. in River North. The three-story building has been retrofitted to include 750 slot machines and 50 table games as well as food and beverage offerings.

Source: <https://casinos.ballys.com/chicago/>

- **Casinos at Racetracks**

In addition to an increase in gaming positions and the authorization of new casinos, P.A. 101-0031 authorized both electronic gaming and table games at Illinois' racetracks under the following gaming position limits: Arlington: 1,200 positions; Hawthorne: 1,200 positions; and Fairmount: 900 positions. It also allows for an additional 1,200 position racetrack casino in Cook County in the future if it meets certain racing and licensing requirements.

While Hawthorne and Fairmount are in line to potentially open "racinos" in the near future, Arlington International Racecourse announced in August 2019 that they would not pursue a casino license and have since closed its racetrack. And while a new racetrack with a casino could be theoretically built in Cook County under this Act, there is no current indication that this will take place in the foreseeable future. This leaves Hawthorne and Fairmount as the only locations that could open racinos in the coming years. A synopsis of these future gaming facilities follows.

Cicero – Hawthorne Casino & Race Course

When the initial plans were announced, Hawthorne's website stated that the casino was planned to open in fall 2021. However, now four years since its approval, no casino has been opened. The racino reportedly seeks to open in 2024, but its investors are still searching for financing to complete the renovation. Hawthorne has developed an existing partnership with retail sportsbook company PointsBet, already established on the course grounds. Sports wagering began at the location in September 2020.

Source: <https://www.chicagotribune.com/news/breaking/ct-hawthorne-racino-limbo-20230317-b6pswllk65hvndcvzlxjffnxne-story.html>
<https://www.hawthorneracecourse.com/casino/>

Collinsville – FanDuel Sportsbook and Horse Racing

In 2021, Fairmount Park Racetrack partnered with Casino Queen Holding Inc. to pave the way for casino gaming at the races. DraftKings at Casino Queen, an already operating casino in East St. Louis, joined FanDuel in partnering with the track. In November 2020, Fairmount announced it will be rebranded as FanDuel Sportsbook and Horse Racing. FanDuel will provide online and retail sports book services, while Casino Queen will eventually provide traditional forms of casino gambling to the Collinsville track. Sports wagering has been conducted at Fairmount since March 2021. The racino construction is planned to follow two stages – initially creating 16,000 square feet of gaming space and allowing for 450-600 gaming positions, while the second stage would expand the space by an additional 17,000 square feet and increase the number of gaming positions to 900. There is no word on when the casino at this location will open.

Source: <https://draftkingsatcasinoqueen.com/wp-content/uploads/2021/03/Casino-Queen-Fairmount-press-release-3-8-2021-Final-1.pdf>
https://www.stltoday.com/business/local/say-goodbye-to-fairmount-park-racetrack-partners-with-fanduel-becomes-fanduel-sportsbook-and-horse-racing/article_8bd0a861-4bed-586f-9ecc-7f0bbd8541d9.html

How Much Revenue Could These New Casinos Generate?

The new casinos, especially the large 4,000 position (max) casino in Chicago, will no doubt generate millions of dollars to the State and local governments, but how much revenue could these new casinos realistically generate? The amount of revenue generated from the newly authorized downstate locations would probably be very similar to the other smaller “existing” casinos across the State. This would mean downstate casinos like Williamson County would likely see adjusted gross receipts (taxable base) of less than \$75 million per location and would see recurring tax revenues totaling less than \$15 million per location. The revenue generated from casinos in more highly populated locations, such as the Waukegan and the south suburban location are projected to see AGR totals per location between \$75 million and \$150 million upon full implementation (Waukegan generated \$30 million in its first five months of operations at its smaller temporary facility). Resulting recurring tax totals would thus total between roughly \$15 million and \$40 million.

A new 4,000 position casino strategically located near the untapped areas of downtown Chicago should exceed Illinois’ highest revenue generating casino, which was Des Plaines in FY 2023 (\$558M), and would rival other large casinos across the country. To put a Chicago casino’s revenue potential into perspective, the following table displays the top 20 casinos in the Great Lakes Region in terms of AGR over the last four fiscal years. As shown, the casino with the highest amount of AGR in this region in FY 2023 was the MGM Grand in Detroit with adjusted gross receipts totaling \$595 million. Besides the MGM Grand Casino, only three other casinos in this region had AGR levels surpassing \$500 million in FY 2023: Parx Casino in Bensalem, PA (\$592M); Des Plaines’ Rivers Casino (\$558M;) and Wind Creek in Bethlehem, PA (\$516M). While the Rivers Casino is now using the limit of 2,000 gaming positions, the other three casinos mentioned above have gaming position totals similar to the 4,000 positions the Chicago Casino is authorized to operate.

TABLE 13: SUMMARY OF THE TOP 20 REVENUE CASINOS IN THE GREAT LAKES REGION (Illinois, Indiana, Iowa, Michigan, Missouri, Ohio, and Pennsylvania)											
Rank	Location	\$ in millions						1-Yr. Change	10-Yr. Change	June '23 Positions	AGR/Pos/ Day
		FY 2018 AGR	FY 2019 AGR	FY 2020 AGR	FY 2021 AGR	FY 2022 AGR	FY 2023 AGR				
1	MGM GRAND - Detroit	\$603.2	\$625.3	\$434.9	\$377.9	\$612.7	\$595.3	62.1%	0.7%	3,901	\$430
2	PARX - Bensalem	\$586.7	\$607.4	\$438.3	\$547.9	\$621.7	\$592.1	13.5%	23.1%	3,646	\$467
3	RIVERS CASINO - Des Plaines	\$438.5	\$440.1	\$321.2	\$340.2	\$503.1	\$557.6	10.8%	36.0%	1,999	\$764
4	WIND CREEK - Bethlehem	\$537.8	\$523.7	\$348.7	\$355.2	\$514.4	\$515.6	44.8%	24.3%	3,215	\$438
5	HARD ROCK - Gary	\$0.0	\$0.0	\$0.0	\$47.0	\$377.6	\$411.4	8.9%	N/A	1,968	\$526
6	MOTORCITY CASINO - Detroit	\$484.2	\$489.7	\$345.7	\$341.8	\$419.2	\$390.0	22.6%	-10.6%	2,740	\$419
7	THE RIVERS - Pittsburgh	\$346.4	\$369.9	\$290.1	\$257.7	\$362.2	\$358.3	40.5%	2.5%	2,795	\$355
8	HORSESHOE INDY - Shelbyville	\$261.1	\$268.5	\$211.4	\$298.9	\$326.3	\$323.8	-0.8%	55.1%	1,862	\$480
9	HORSESHOE - Hammond	\$401.4	\$380.2	\$303.2	\$377.1	\$356.4	\$307.3	-13.8%	-37.2%	1,967	\$496
10	AMERISTAR - St. Charles	\$264.6	\$268.7	\$212.8	\$283.4	\$302.5	\$303.0	0.2%	12.2%	1,879	\$441
11	MGM - Northfield	\$246.5	\$256.0	\$189.9	\$243.2	\$281.0	\$296.8	15.6%	N/A	1,445	\$533
12	GREEKTOWN CASINO - Detroit	\$326.6	\$336.5	\$237.5	\$206.8	\$266.5	\$277.2	28.9%	-25.6%	3,344	\$218
13	RIVER CITY - St. Louis	\$224.4	\$220.3	\$170.0	\$199.9	\$249.5	\$254.8	2.1%	23.8%	1,763	\$388
14	CAESARS - Harrison County	\$238.0	\$216.5	\$161.8	\$204.1	\$234.0	\$245.0	4.7%	-9.2%	1,389	\$462
15	JACK - Cleveland	\$199.0	\$207.8	\$158.4	\$227.5	\$261.1	\$245.0	14.8%	512.6%	1,657	\$432
16	HOLLYWOOD - Maryland Hts	\$236.1	\$233.5	\$176.7	\$189.8	\$234.4	\$243.6	3.9%	0.2%	1,786	\$359
17	PRAIRIE MEADOWS - Altoona	\$201.2	\$206.5	\$157.2	\$206.7	\$228.3	\$240.9	5.6%	23.6%	1,433	\$437
18	MIAMI VALLEY - Lebanon	\$151.6	\$171.6	\$134.9	\$185.2	\$219.3	\$236.8	18.4%	N/A	2,019	\$298
19	LIVE! - Philadelphia	\$0.0	\$0.0	\$0.0	\$98.3	\$221.1	\$234.9	124.8%	N/A	2,612	\$232
20	SCIOTO DOWNS - Columbus	\$168.3	\$178.3	\$139.8	\$208.7	\$232.6	\$234.6	11.5%	2000.4%	1,833	\$348

Some believe that a Chicago casino, once open, will eventually be the top revenue producing casino in this region. However, it must be stressed that this would have to occur at a time that gaming options in the Chicago metropolitan area would be higher than they have ever been before. Not only will the Chicago Casino compete with the five Illinois casinos in the Chicago metro area, but also the four nearby Indiana casinos, two new suburban casinos (in Waukegan and the South Suburbs), two potential racinos in the metro area, as well as competing with over 18,000 video gaming terminals in the Chicago metropolitan area. The top casinos in the provided table have significantly less competition for the gaming dollar than a Chicago Casino will have, which makes Chicago generating revenues that exceed the amounts in this list much more challenging.

In terms of tax revenues, the tax imposed on the Chicago Casino will be different than the other Illinois casinos, as highlighted on page 11. This mega casino will have a modified State tax as well as its own City Tax. Similar to the tax structure of other Illinois casinos, the Chicago Casino graduated tax structure imposed on table game revenues will be calculated separately from the electronic gaming device revenues.

Below are examples of how much tax revenue would be generated from the Chicago Casino Tax Structure under three scenarios of total AGR (with an assumed 30% coming from table games):

- A \$600 million Chicago casino would generate approximately \$221 million in tax revenue, including \$118 million for the State and \$103 million for the City.
- An \$800 million Chicago casino would generate approximately \$306 million in tax revenue, including \$164 million for the State and \$142 million for the City.
- A \$1.0 billion Chicago casino would generate approximately \$394 million in tax revenue, including \$211 million for the State and \$183 million for the City.

How Much Revenue Could the New Racinos Generate?

How much revenue could Illinois realize from its racinos? The table below shows the amount of gross receipts generated by racetrack casinos in the Great Lakes Region over the last four fiscal years. As shown, the revenue discrepancy between each of the locations is wide, ranging from \$51 million to over \$592 million. The performance of these racinos is strongly influenced by factors that affect any casino: location of the facility, distance from competing venues, gaming positions utilized, tax structure imposed, etc.

While Illinois' racinos will reside in highly populated regions, they will also lie within short distances of either existing casinos or newly proposed locations. These venues will immediately have strong competition surrounding them, and that does not include the successful video gaming terminals that operate across the State. As a result, obtaining revenue totals that match the large revenue producing racinos shown below will be challenging, especially because the gaming positions at Illinois' racinos will be limited to 1,200 at Hawthorne and 900 at Fairmount.

TABLE 14: FY 2018 - FY 2023 AGR STATISTICS OF GREAT LAKES REGION RACETRACK CASINOS											
<i>\$ in millions</i>											
<i>Location</i>	FY 2018 AGR	FY 2019 AGR	FY 2020 AGR	FY 2021 AGR	FY 2022 AGR	FY 2023 AGR	1-Yr. Change	10-Yr. Change	June '23 Positions	AGR/Pos/ Day	
PARX - Bensalem	\$586.7	\$607.4	\$438.3	\$547.9	\$621.7	\$592.1	13.5%	23.1%	3,621	\$470	
HORSESHOE INDY - Shelbyville	\$261.1	\$268.5	\$211.4	\$298.9	\$326.3	\$323.8	9.2%	47.0%	1,893	\$472	
MGM - Northfield	\$246.5	\$256.0	\$189.9	\$243.2	\$281.0	\$296.8	15.6%	N/A	1,489	\$517	
PRAIRIE MEADOWS - Altoona	\$201.2	\$206.5	\$157.2	\$206.7	\$228.3	\$240.9	10.5%	17.2%	1,437	\$435	
MIAMI VALLEY - Lebanon	\$151.6	\$171.6	\$134.9	\$185.2	\$219.3	\$236.8	18.4%	N/A	1,962	\$306	
SCIOTO DOWNS - Columbus	\$168.3	\$178.3	\$139.8	\$208.7	\$232.6	\$234.6	11.5%	2000.4%	1,873	\$340	
HOOSIER PARK - Anderson	\$208.8	\$212.0	\$168.8	\$208.8	\$243.9	\$216.2	16.8%	21.4%	1,312	\$510	
MOHEGAN SUN - Wilkes-Barre	\$243.6	\$227.5	\$165.4	\$173.8	\$224.7	\$213.2	29.3%	-20.3%	1,878	\$328	
HORSESHOE - Council Bluffs	\$176.9	\$168.5	\$141.1	\$180.3	\$212.2	\$204.7	17.7%	3.9%	1,446	\$402	
THE MEADOWS - Washington	\$248.7	\$247.0	\$169.4	\$157.3	\$193.2	\$196.9	22.8%	-32.7%	2,295	\$231	
JACK THISTLETOWN - Cleveland	\$121.4	\$133.6	\$108.8	\$179.5	\$191.7	\$185.6	6.8%	N/A	1,404	\$374	
PENN NATIONAL - Grantville	\$242.8	\$242.1	\$175.4	\$190.1	\$196.0	\$176.9	3.1%	-32.3%	2,020	\$266	
HOLLYWOOD - Mahoning Valley	\$115.3	\$123.8	\$95.6	\$141.1	\$158.5	\$163.0	12.3%	N/A	1,027	\$423	
HARRAH'S - Chester	\$264.0	\$255.1	\$178.6	\$194.0	\$185.9	\$160.5	-4.2%	-46.0%	1,965	\$259	
HOLLYWOOD - Dayton	\$103.5	\$110.7	\$88.9	\$142.1	\$153.2	\$152.0	7.8%	N/A	877	\$479	
PRESQUE ISLE - Erie	\$128.3	\$129.6	\$91.8	\$93.4	\$114.7	\$107.1	22.9%	-38.4%	1,407	\$223	
BELTERRA PARK - Cincinnati	\$80.7	\$84.7	\$63.2	\$86.4	\$95.0	\$85.9	9.9%	N/A	1,059	\$246	
Q CASINO - Dubuque	\$47.8	\$50.5	\$39.7	\$50.3	\$52.2	\$50.5	4.0%	-11.3%	753	\$190	

The tax revenue potential of these Illinois racinos would of course depend on the amount of adjusted gross receipts these locations are able to generate and type of game creating this revenue (table games vs electronic gaming device). While the distribution of the tax revenues from the racinos is different than that of the casinos, the tax structure is the same as the non-Chicago casinos.

Factors that Could Limit Tax Revenue Growth

Despite the fact that authorized gaming positions will continue to expand as the provisions within P.A. 101-0031 and P.A. 101-0648 are fully implemented, the Commission projects only modest growth in gaming-related tax revenues. Reasons for this are discussed below.

- **An Effectively Reduced Tax Structure**

As discussed earlier, among the changes of P.A. 101-0031 and P.A. 101-0648 is a modification to the privilege tax structure imposed on casinos. The new law provides that table games and electronic gaming devices have separate tax structures, which in itself reduces the tax revenue potential under a graduating tax format. The revenue potential is further limited by the fact that the rates imposed on table games are much lower than under prior law. These changes create an effective tax rate that will be significantly lower than before, thereby making it more challenging to generate large amounts of “new” tax revenues for the State. This is despite the fact that the gaming industry’s taxable base will likely see significant growth from its new gaming options.

- **Cannibalization and Area Saturation**

Few would argue that the new casinos and racinos won’t generate revenues for the State. The question, however, is at what cost? In areas where gaming approaches saturation, a “cannibalization” effect often occurs where upon existing casinos see revenue losses as a result of the new local competition. There have been numerous gaming-related examples of this cannibalization effect in recent years. As discussed in the video gaming section, the most recent is the impact that video gaming has had on the Chicago Area casinos (AGR decline of -12.9% since video gaming’s inception).

It is expected that cannibalization at existing Illinois casinos is inevitable, especially those in the Chicago metropolitan area where the majority of the gaming expansion will take place. The extent that revenues from these current locations will suffer remains in question. Some would argue that many portions of this metro area are already near saturation, even without gaming expansion. Because of this, the overall value of tax revenue growth from gaming expansion will likely be modest after accounting for the cannibalization on existing gaming options and the factors above.

- **Tax Offsets**

As part of P.A. 101-0031, several provisions were included to assist existing casinos due to the increased competition that is created by this Act. This assistance comes in various forms, including: a hold-harmless provision that creates tax credits for the casinos if their revenue performance is adversely affected; renovation credits for certain casinos; a modified taxable base for the East St. Louis location; and a \$5 million annual distribution from the State Gaming Fund to the host municipality of the Des Plaines Casino (once the South Suburb casino begins operations). All of these items will have the effect of lowering the amount ultimately distributed to the State’s general funds.

VIDEO GAMING

VIDEO GAMING

Video Gaming was first legalized in July 2009 thru P.A. 96-0034. The following section provides an overview of the legislation legalizing video gaming in Illinois, graphs and tables depicting the growth of video gaming through FY 2023, a detailed discussion on the impact that video gaming is having on the casino industry, and a look at the impact that P.A. 101-0031 and P.A. 101-0648 has had on video gaming in Illinois.

Public Act 96-0034 – The Capital Bill and Video Gaming’s Original Arrangement

In July 2009, Governor Quinn signed into law Public Act 96-0034, which became the first comprehensive capital bill in many years. The revenue streams used to pay for the new capital projects were as follows: expansion of the Sales and Use Tax; privatization of the lottery/online lottery program; increasing the liquor tax; increasing motor vehicle fees; and the legalization of video gaming machines.

Legal issues and interruptions in the implementation of many of these sources caused significant delays in receiving these capital-earmarked revenues. For video gaming, the delays included limited staffing available to oversee the new program, time-consuming background checks on operation applicants, and a longer-than-expected process of selecting and implementing a Central Communications System. Video gaming finally began operations in Illinois in September 2012, a little over three years after P.A. 96-0034 was signed into law.

In the original arrangement, each qualified establishment was allowed to operate up to 5 video gaming terminals on its premises at any time. Revenues, after payouts, were taxed at a flat 30% tax rate with 5/6 of the revenues going to the Capital Project Fund and the remaining 1/6 distributed to all participating local governments. Of the after-tax profits from a video gaming terminal, 50% was paid to the terminal operator and 50% to the establishment conducting video gaming. As shown on the next page, these limits, rates, and distributions have been since modified.

A non-refundable application fee is paid at the time an application for a license is filed with the Gaming Board. The current level of application fees is as follows:

- | | |
|-------------------------------|--|
| 1) Manufacturing: \$5,000 | 5) Technician: \$100 |
| 2) Distributor: \$5,000 | 6) Terminal Handler: \$100 (up from \$50) |
| 3) Terminal Operator: \$5,000 | 7) Establishment: \$100 |
| 4) Supplier: \$2,500 | 8) Sales Agent/Broker: \$100 (P.A. 102-0689) |

In addition, the Gaming Board establishes an annual fee for each license as follows:

- | | |
|-------------------------------|--|
| 1) Manufacturer: \$10,000 | 6) Establishments: \$100 |
| 2) Distributor: \$10,000 | 7) Video Gaming Terminal: \$100 |
| 3) Terminal Operator: \$5,000 | 8) Terminal Handler: \$100 (up from \$50) |
| 4) Supplier: \$2,000 | 9) Sales Agent/Broker: \$100 (P.A. 102-0689) |
| 5) Technician: \$100 | |

Of these fees, 25% shall be paid for the treatment of compulsive gambling and 75% shall be used for the administration of the Video Gaming Act.

Changes to Video Gaming under P.A. 101-0031

P.A. 101-0031 made the following changes to the Video Gaming Act. A discussion of the impact of these changes is included at the end of this section.

- **Betting Limit Changes**

The maximum wager played per hand shall not exceed \$4 (\$2 under prior law).

- No cash award for the maximum wager on any individual hand shall exceed \$1,199 (\$500 under prior law).
- No cash award for the maximum wager on a jackpot, progressive or otherwise, shall exceed \$10,000.
- In-location bonus jackpot games are also authorized.

- **Regular Terminal Limit Increased from 5 to 6**

- The limit on video gaming terminals per establishment shall be increased from 5 to 6 terminals.

- **Truck Stop Terminal Limit Increased to 10**

- A licensed truck stop establishment (with at least 50,000 gallons or more sold) may operate up to 10 video gaming terminals on its premises at any time.

- **Tax Rate Change**

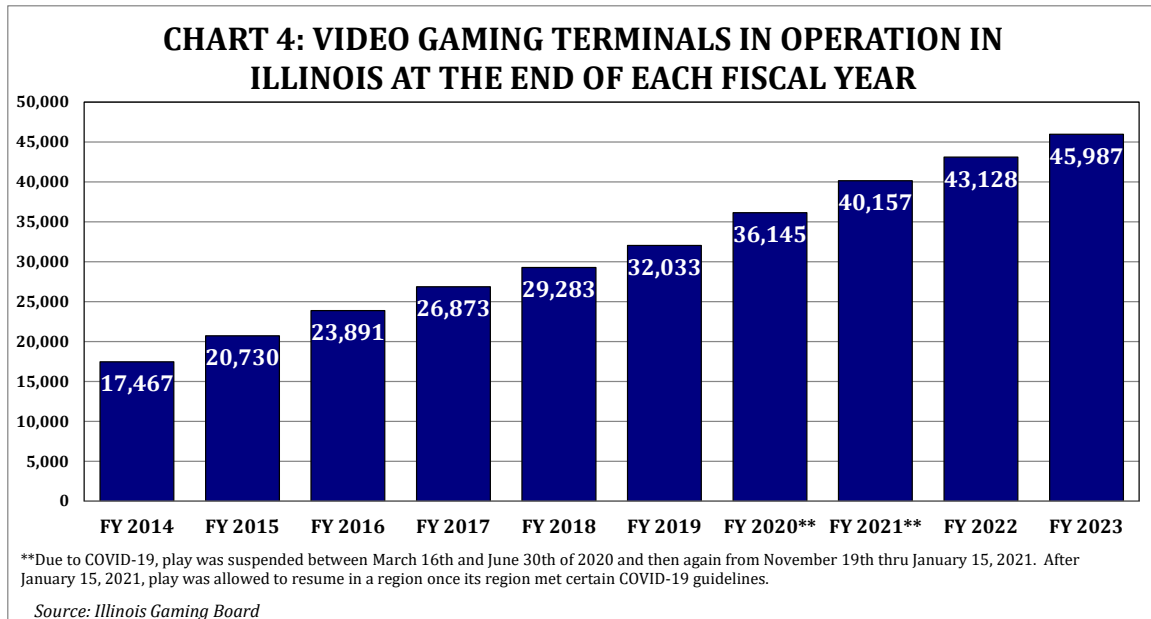
- Beginning on July 1, 2019, an additional tax of 3% is imposed on net terminal income and shall be collected by the Gaming Board (bringing the tax to 33%).
- Beginning on July 1, 2020, an additional tax of 1% is imposed on net terminal income and shall be collected by the Gaming Board (bringing the tax to 34%).
- The additional tax is deposited into the Capital Projects Fund.

- **State Fair Gaming Act**

- Up to 50 video gaming terminals during the scheduled dates of the Illinois State Fair; and
- Up to 30 video gaming terminals during the scheduled dates of the DuQuoin State Fair.
- A tax is imposed at the rate of 35% of net terminal income.
- The tax revenue shall be remitted to the Gaming Board and deposited into the newly created State Fairgrounds Capital Improvements and Harness Racing Fund.
- P.A. 101-0648 modified the original legislation to provide that the Gaming Board shall issue an establishment license to the Department of Agriculture to operate video gaming at these fairs (rather than issuing the license to a concessioner).

Video Gaming Statistics

In its opening month of September 2012, 61 video gaming terminals were in operation in Illinois. By the end of FY 2023 (June 2023), this number had risen to 45,987 terminals. The chart below displays the significant growth in video gaming terminals across the State over the previous 10 years.



Between September 2012 and June 2014, an average of 838 new video gaming terminals was activated per month across Illinois. This monthly average of “new” terminals has slowed in recent years, but the industry continues to add new terminals across the State. An average of 238 new terminals per month were added in FY 2023.

The FY 2023 data shows that 5,863 of 8,854 (66.2%) establishments operated six terminals at one point during the fiscal year. In addition, there were 93 locations (assumedly truck stops) with over six terminals including two with seven terminals; four with eight; three with nine; and 84 locations maxed out at ten terminals. A breakdown of the FY 2023 data by number of terminals per location is shown in the table below.

TABLE 15: VIDEO GAMING STATISTICS GROUPED BY NUMBER OF TERMINALS PER LOCATION											
FY 2023 Totals											
	Terminals										Total
	1	2	3	4	5	6	7	8	9	10	
# of Locations:	3	63	488	741	1,601	5,863	2	4	3	84	8,854
# of Terminals:	3	126	1,464	2,964	8,005	35,178	14	32	27	840	48,653
NTI Totals (\$ in mil):	\$0.09	\$2.4	\$26.5	\$67.0	\$278.9	\$2,337.9	\$1.4	\$2.8	\$2.4	\$102.0	\$2,821.1
NTI/Location:	\$28,536	\$37,455	\$54,362	\$90,476	\$174,213	\$398,754	\$703,463	\$687,780	\$803,752	\$1,214,509	\$318,624
NTI/Location/Day:	\$93	\$122	\$177	\$295	\$567	\$1,299	\$2,291	\$2,240	\$2,618	\$3,956	\$1,038
NTI/Terminals/Day:	\$93	\$61	\$59	\$74	\$113	\$216	\$327	\$280	\$291	\$396	\$189

While there is a limit on the number of casinos/racinos that can be in operation across the State, Illinois does not limit the number of establishments that can offer video gaming. Although, it should be noted, that some municipalities may have their own limitations for the number of video gaming terminals that can exist in their particular area. If municipality limits or bans on video gaming were to be lifted (such as in Chicago), the terminal total could grow significantly.

As the terminals have increased, so have the amounts of revenue and tax dollars generated by these machines. As shown in the table below, total net terminal income increased from \$485 million to nearly \$1.6 billion between FY 2014 and FY 2019. This resulted in tax revenue totals growing from \$146 million in FY 2014 to a high of \$478 million in FY 2019. This tax revenue total was expected to further increase in FY 2020 due to the tax rate hike from 30% to 33%. However, the outbreak of COVID-19, along with the suspension of video gaming operations between March 16th and June 30th of 2020 significantly impacted the amount of revenues collected in FY 2020. Still, \$404 million in total tax revenues were collected from the \$1.2 billion in net terminal income (taxable income) generated during the 2020 fiscal year.

In FY 2021, even with the COVID-19 virus lingering, revenues from video gaming experienced huge gains. Net terminal income totals reached \$1.934 billion for the fiscal year, despite the fact that play was suspended again between November 19th and January 15, 2021 of the fiscal year. The \$1.934 billion in net terminal income resulted in \$658 million in tax revenues.

In FY 2023, video gaming revenues grew moderately from the historic high recorded during the previous year. Net terminal income levels were documented as rising a total of 7.2%; resulting in tax revenues of \$959 million, of which \$818 million went to the Capital Projects Fund and \$141 million went to local governments. These values, along with other fiscal year totals of video gaming data, are shown in the table below.

TABLE 16: ILLINOIS VIDEO GAMING STATISTICS BY FISCAL YEAR

Fiscal Year	Terminals in Operation at end of FY	Net Terminal Income (\$ in mil)	NTI per Terminal per Day	Tax Revenue* (\$ in mil)	State Share of Total* (\$ in mil)	Local Share of Total* (\$ in mil)
FY 2014	17,467	\$485.4	\$76.14	\$145.6	\$121.4	\$24.3
FY 2015	20,730	\$804.8	\$106.36	\$241.4	\$201.2	\$40.2
FY 2016	23,891	\$1,020.8	\$117.06	\$306.2	\$255.2	\$51.0
FY 2017	26,873	\$1,202.0	\$122.55	\$360.6	\$300.5	\$60.1
FY 2018	29,283	\$1,406.5	\$131.59	\$421.9	\$351.6	\$70.3
FY 2019	32,033	\$1,592.5	\$136.21	\$477.8	\$398.1	\$79.6
FY 2020**	36,145	\$1,222.6	\$130.60	\$403.5	\$342.3	\$61.1
FY 2021**	40,157	\$1,934.0	\$156.88	\$657.6	\$560.9	\$96.7
FY 2022	43,128	\$2,632.4	\$167.23	\$895.0	\$763.4	\$131.6
FY 2023	45,987	\$2,821.1	\$168.07	\$959.2	\$818.1	\$141.1

* Prior to July 1, 2019, tax imposed on video gaming net terminal income was at 30% in which 5/6 of the tax revenues went to the Capital Projects Fund and the remaining 1/6 went to local governments. Beginning on July 1, 2019, an additional tax of 3% began, bringing the tax to 33%. On July 1, 2020, the tax increased to 34%. Revenues from the additional tax are to be deposited into the Capital Projects Fund.

**Due to COVID-19, play was suspended between March 16th and June 30th of 2020 and then again from November 19th thru January 15, 2021. After January 15, 2021, play was allowed to resume in a region once its region met certain COVID-19 guidelines.

The graphs below display the breakout of net terminal income (taxable base) and tax revenues collected from video gaming on a fiscal year basis. Again, through FY 2019, the tax on video gaming was equal to 30% of net terminal income. From this amount, 5/6 went to the Capital Projects Fund and the remaining 1/6 of the tax revenues went to the local governments. P.A. 101-0031 increased this tax rate to 33% in FY 2020. The tax then rose to 34% in FY 2021. These rate increases, along with the significant growth in net terminal income, is why the State share of tax revenues (to the Capital Projects Fund) is shown to grow significantly in Chart 6.

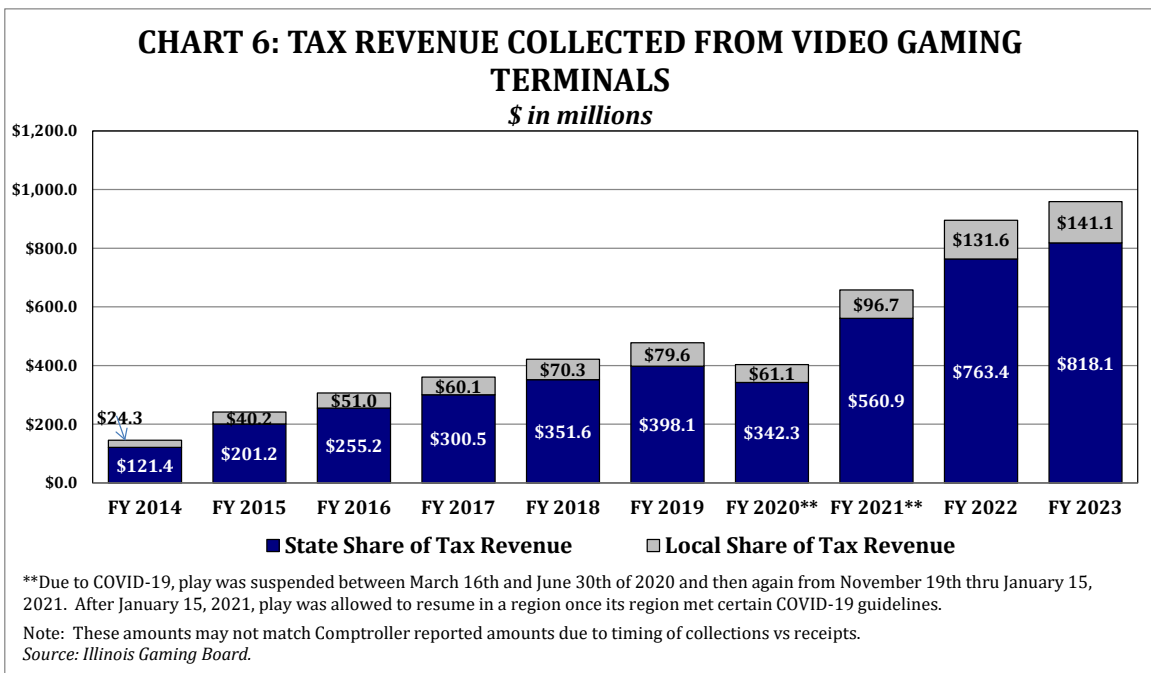
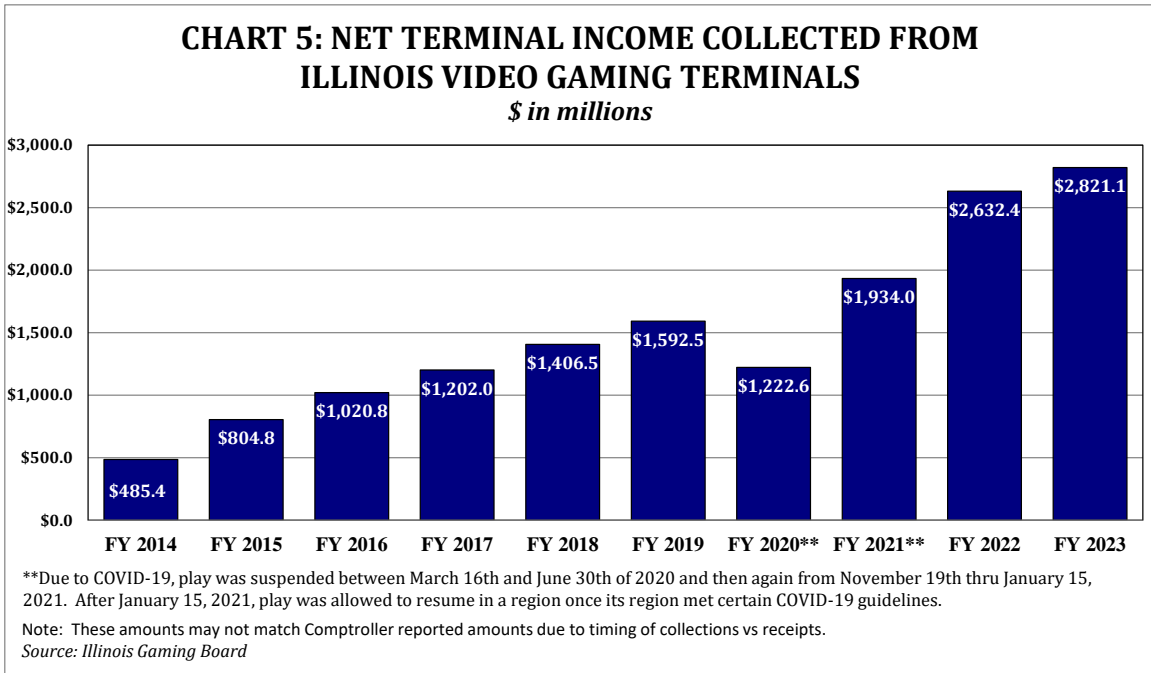


Table 17 below displays the FY 2023 figures on a county-by-county basis. Here, the terminal total for FY 2023 is listed as 48,653. This is higher than the value of 45,987 shown in Table 16 because this figure would include terminals that have since been removed from operation. In other words, the fiscal year ended with 45,987 terminals, but 48,653 terminals were used at some point during the fiscal year.

TABLE 17: VIDEO GAMING STATISTICS BY ILLINOIS COUNTY													
FY 2023 Totals													
\$ in millions													
County	Busin- esses	Term- inals	NTI	Tax Revenue	State Portion	Local Portion	County	Busin- esses	Term- inals	NTI	Tax Revenue	State Portion	Local Portion
Totals:	8,854	48,653	\$2,821.1	\$959.2	\$818.1	\$141.0	Totals:	8,854	48,653	\$2,821.1	\$959.2	\$818.1	\$141.0
Adams	131	571	\$25.6	\$8.7	\$7.4	\$1.3	Lee	60	322	\$15.9	\$5.4	\$4.6	\$0.8
Alexander	11	57	\$2.3	\$0.8	\$0.7	\$0.1	Livingston	57	300	\$12.5	\$4.2	\$3.6	\$0.6
Bond	23	128	\$5.2	\$1.8	\$1.5	\$0.3	Logan	51	286	\$13.0	\$4.4	\$3.8	\$0.6
Boone	63	354	\$15.5	\$5.3	\$4.5	\$0.8	Macon	129	747	\$56.9	\$19.3	\$16.5	\$2.8
Brown	6	29	\$1.1	\$0.4	\$0.3	\$0.1	Macoupin	84	452	\$17.1	\$5.8	\$4.9	\$0.9
Bureau	74	376	\$12.0	\$4.1	\$3.5	\$0.6	Madison	281	1,555	\$87.4	\$29.7	\$25.4	\$4.4
Calhoun	13	61	\$1.3	\$0.4	\$0.4	\$0.1	Marion	73	416	\$19.8	\$6.7	\$5.7	\$1.0
Carroll	35	184	\$5.1	\$1.7	\$1.5	\$0.3	Marshall	23	117	\$3.7	\$1.3	\$1.1	\$0.2
Cass	27	136	\$6.5	\$2.2	\$1.9	\$0.3	Mason	36	183	\$5.7	\$1.9	\$1.6	\$0.3
Champaign	144	778	\$53.5	\$18.2	\$15.5	\$2.7	Massac	15	80	\$5.9	\$2.0	\$1.7	\$0.3
Christian	84	466	\$18.7	\$6.4	\$5.4	\$0.9	McDonough	25	114	\$4.2	\$1.4	\$1.2	\$0.2
Clark	24	145	\$10.0	\$3.4	\$2.9	\$0.5	McHenry	276	1,475	\$88.6	\$30.1	\$25.7	\$4.4
Clay	22	122	\$5.2	\$1.8	\$1.5	\$0.3	McLean	131	668	\$45.9	\$15.6	\$13.3	\$2.3
Clinton	71	381	\$15.0	\$5.1	\$4.4	\$0.8	Menard	21	113	\$3.9	\$1.3	\$1.1	\$0.2
Coles	62	355	\$21.5	\$7.3	\$6.2	\$1.1	Mercer	17	78	\$2.3	\$0.8	\$0.7	\$0.1
Cook	1,475	8,407	\$626.6	\$213.1	\$181.7	\$31.3	Monroe	38	200	\$10.6	\$3.6	\$3.1	\$0.5
Crawford	21	115	\$4.1	\$1.4	\$1.2	\$0.2	Montgomery	59	324	\$13.3	\$4.5	\$3.8	\$0.7
Cumberland	14	83	\$3.4	\$1.2	\$1.0	\$0.2	Morgan	55	299	\$16.3	\$5.5	\$4.7	\$0.8
De Witt	27	156	\$7.6	\$2.6	\$2.2	\$0.4	Moultrie	19	101	\$3.9	\$1.3	\$1.1	\$0.2
Dekalb	79	425	\$20.4	\$6.9	\$5.9	\$1.0	Ogle	92	507	\$20.2	\$6.9	\$5.9	\$1.0
Douglas	33	185	\$7.5	\$2.5	\$2.2	\$0.4	Peoria	185	978	\$53.8	\$18.3	\$15.6	\$2.7
DuPage	289	1,618	\$133.5	\$45.4	\$38.7	\$6.7	Perry	29	169	\$8.1	\$2.8	\$2.3	\$0.4
Edgar	19	105	\$6.0	\$2.0	\$1.7	\$0.3	Piatt	21	115	\$5.0	\$1.7	\$1.4	\$0.2
Edwards	7	36	\$1.1	\$0.4	\$0.3	\$0.1	Pike	33	176	\$6.2	\$2.1	\$1.8	\$0.3
Effingham	71	388	\$21.1	\$7.2	\$6.1	\$1.1	Pope	5	21	\$0.5	\$0.2	\$0.1	\$0.0
Fayette	30	174	\$9.4	\$3.2	\$2.7	\$0.5	Pulaski	9	50	\$1.4	\$0.5	\$0.4	\$0.1
Ford	25	134	\$4.3	\$1.4	\$1.2	\$0.2	Putnam	14	66	\$1.1	\$0.4	\$0.3	\$0.1
Franklin	76	415	\$18.4	\$6.3	\$5.3	\$0.9	Randolph	65	362	\$14.9	\$5.1	\$4.3	\$0.7
Fulton	57	299	\$11.0	\$3.7	\$3.2	\$0.5	Richland	19	98	\$5.3	\$1.8	\$1.5	\$0.3
Gallatin	11	58	\$1.5	\$0.5	\$0.4	\$0.1	Rock Island	144	739	\$36.9	\$12.6	\$10.7	\$1.8
Greene	21	117	\$5.0	\$1.7	\$1.4	\$0.2	Saline	37	205	\$8.4	\$2.9	\$2.4	\$0.4
Grundy	73	395	\$20.4	\$6.9	\$5.9	\$1.0	Sangamon	310	1,734	\$100.3	\$34.1	\$29.1	\$5.0
Hamilton	7	41	\$1.6	\$0.6	\$0.5	\$0.1	Schuyler	7	36	\$1.9	\$0.6	\$0.6	\$0.1
Hancock	35	171	\$5.0	\$1.7	\$1.4	\$0.2	Scott	10	52	\$1.8	\$0.6	\$0.5	\$0.1
Hardin	5	29	\$0.4	\$0.1	\$0.1	\$0.0	Shelby	36	189	\$8.1	\$2.8	\$2.4	\$0.4
Henderson	13	62	\$2.1	\$0.7	\$0.6	\$0.1	St. Clair	281	1,555	\$87.1	\$29.6	\$25.3	\$4.4
Henry	66	358	\$15.3	\$5.2	\$4.4	\$0.8	Stark	9	44	\$1.4	\$0.5	\$0.4	\$0.1
Iroquois	62	333	\$11.2	\$3.8	\$3.2	\$0.6	Stephenson	67	369	\$17.9	\$6.1	\$5.2	\$0.9
Jackson	52	262	\$13.3	\$4.5	\$3.9	\$0.7	Tazewell	137	724	\$39.5	\$13.4	\$11.5	\$2.0
Jasper	17	87	\$3.0	\$1.0	\$0.9	\$0.1	Union	25	138	\$5.3	\$1.8	\$1.5	\$0.3
Jefferson	51	300	\$18.4	\$6.2	\$5.3	\$0.9	Vermilion	107	610	\$36.7	\$12.5	\$10.7	\$1.8
Jersey	37	180	\$6.0	\$2.0	\$1.7	\$0.3	Wabash	15	82	\$2.8	\$0.9	\$0.8	\$0.1
Jo Daviess	51	271	\$10.8	\$3.7	\$3.1	\$0.5	Warren	22	105	\$4.3	\$1.5	\$1.3	\$0.2
Johnson	11	62	\$1.7	\$0.6	\$0.5	\$0.1	Washington	34	190	\$7.1	\$2.4	\$2.1	\$0.4
Kane	258	1,431	\$89.7	\$30.5	\$26.0	\$4.5	Wayne	17	95	\$4.6	\$1.6	\$1.3	\$0.2
Kankakee	123	677	\$38.4	\$13.0	\$11.1	\$1.9	White	22	112	\$5.4	\$1.8	\$1.6	\$0.3
Kendall	74	411	\$25.6	\$8.7	\$7.4	\$1.3	Whiteside	100	567	\$26.0	\$8.8	\$7.5	\$1.3
Knox	62	336	\$19.2	\$6.5	\$5.6	\$1.0	Will	368	2,055	\$137.5	\$46.7	\$39.9	\$6.9
La Salle	272	1,463	\$57.0	\$19.4	\$16.5	\$2.9	Williamson	100	564	\$27.8	\$9.5	\$8.1	\$1.4
Lake	389	2,216	\$164.2	\$55.8	\$47.6	\$8.2	Winnebago	304	1,729	\$118.4	\$40.3	\$34.3	\$5.9
Lawrence	30	169	\$9.3	\$3.2	\$2.7	\$0.5	Woodford	35	175	\$6.3	\$2.1	\$1.8	\$0.3
							State Fairs	12	100	\$0.2	\$0.1	\$0.1	\$0.0
Chi Area*	3,281	18,433	\$1,306.5	\$444.2	\$378.9	\$65.3	% in Chi Area*	37.1%	37.9%	46.3%	46.3%	46.3%	46.3%

*The Chicago Metropolitan Statistical Area is defined by the Census Bureau to include the Illinois Counties of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, Will, and Lake.

Source: <http://www.igb.illinois.gov/VideoReports.aspx>. County compilations by CGFA.

Table 18, below, displays the video gaming statistics shown in Table 17 on a per-capita basis. Statewide, the average terminal-per-capita value was 0.38% or 3.8 per 1,000 people. The net terminal income-per-capita value was \$220.18. The rankings of the counties' values in these areas are also displayed in the below table. These figures are displayed by their rankings in each category on the following page.

TABLE 18: VIDEO GAMING STATISTICS PER COUNTY POPULATION											
FY 2023 Totals											
County	Terminals	Terminal per Capita	Terminal per Capita Rank	NTI per Capita	NTI per Capita Rank	County	Terminals	Terminal per Capita	Terminal per Capita Rank	NTI per Capita	NTI per Capita Rank
State Totals:	48,653	0.38%		\$220.18		State Totals:	48,653	0.38%		\$220.18	
Adams	571	0.87%	44	\$388.77	36	Lee	322	0.94%	34	\$466.82	19
Alexander	57	1.09%	19	\$433.64	24	Livingston	300	0.84%	47	\$347.73	49
Bond	128	0.77%	59	\$310.40	62	Logan	286	1.02%	23	\$464.07	21
Boone	354	0.66%	68	\$289.38	70	Macon	747	0.72%	64	\$547.20	5
Brown	29	0.46%	91	\$179.95	92	Macoupin	452	1.01%	26	\$379.49	42
Bureau	376	1.13%	14	\$362.21	45	Madison	1,555	0.58%	77	\$328.92	52
Calhoun	61	1.37%	3	\$294.64	69	Marion	416	1.10%	17	\$525.48	6
Carroll	184	1.17%	11	\$324.57	56	Marshall	117	1.00%	27	\$317.18	59
Cass	136	1.04%	21	\$500.00	10	Mason	183	1.40%	1	\$432.84	25
Champaign	778	0.38%	96	\$259.81	80	Massac	80	0.56%	80	\$418.58	26
Christian	466	1.37%	4	\$549.39	4	Mcdonough	114	0.42%	94	\$155.15	96
Clark	145	0.94%	35	\$648.04	1	McHenry	1,475	0.48%	89	\$285.70	71
Clay	122	0.92%	39	\$387.86	37	McLean	668	0.39%	95	\$268.50	77
Clinton	381	1.03%	22	\$407.64	32	Menard	113	0.92%	38	\$318.30	57
Coles	355	0.76%	60	\$459.24	22	Mercer	78	0.50%	87	\$143.45	97
Cook	8,407	0.16%	102	\$118.78	101	Monroe	200	0.57%	79	\$303.36	65
Crawford	115	0.62%	73	\$218.91	86	Montgomery	324	1.15%	13	\$469.19	18
Cumberland	83	0.79%	58	\$327.83	54	Morgan	299	0.91%	40	\$493.70	14
De Witt	156	1.01%	25	\$487.84	16	Moultrie	101	0.70%	65	\$268.42	78
Dekalb	425	0.42%	93	\$202.92	89	Ogle	507	0.98%	29	\$390.49	35
Douglas	185	0.94%	36	\$378.25	43	Peoria	978	0.54%	83	\$295.76	68
DuPage	1,618	0.17%	101	\$143.14	98	Perry	169	0.81%	55	\$386.37	40
Edgar	105	0.62%	71	\$354.12	47	Piatt	115	0.69%	66	\$298.72	67
Edwards	36	0.58%	78	\$174.39	93	Pike	176	1.19%	9	\$417.78	27
Effingham	388	1.12%	15	\$609.47	2	Pope	21	0.56%	81	\$130.18	99
Fayette	174	0.81%	52	\$438.00	23	Pulaski	50	0.96%	33	\$277.69	75
Ford	134	0.99%	28	\$315.02	60	Putnam	66	1.17%	12	\$203.03	88
Franklin	415	1.10%	18	\$486.81	17	Randolph	362	1.20%	8	\$495.19	12
Fulton	299	0.89%	42	\$326.56	55	Richland	98	0.62%	72	\$335.35	51
Gallatin	58	1.17%	10	\$306.88	63	Rock Island	739	0.51%	86	\$255.28	82
Greene	117	0.98%	30	\$416.02	28	Saline	205	0.86%	45	\$354.05	48
Grundy	395	0.75%	61	\$387.40	39	Sangamon	1,734	0.88%	43	\$510.83	9
Hamilton	41	0.51%	85	\$204.56	87	Schuyler	36	0.52%	84	\$274.78	76
Hancock	171	0.97%	32	\$281.62	73	Scott	52	1.05%	20	\$363.45	44
Hardin	29	0.79%	57	\$118.67	102	Shelby	189	0.90%	41	\$387.70	38
Henderson	62	0.97%	31	\$328.86	53	St. Clair	1,555	0.60%	75	\$338.54	50
Henry	358	0.73%	62	\$310.52	61	Stark	44	0.81%	51	\$262.33	79
Iroquois	333	1.23%	7	\$413.36	31	Stephenson	369	0.83%	49	\$401.79	33
Jackson	262	0.49%	88	\$251.61	83	Tazewell	724	0.55%	82	\$301.02	66
Jasper	87	0.94%	37	\$317.81	58	Union	138	0.80%	56	\$305.98	64
Jefferson	300	0.81%	53	\$494.45	13	Vermilion	610	0.82%	50	\$495.26	11
Jersey	180	0.84%	48	\$278.96	74	Wabash	82	0.72%	63	\$242.58	84
Jo Daviess	271	1.23%	6	\$488.98	15	Warren	105	0.62%	70	\$257.87	81
Johnson	62	0.47%	90	\$126.20	100	Washington	190	1.38%	2	\$514.99	8
Kane	1,431	0.28%	100	\$173.74	94	Wayne	95	0.59%	76	\$284.12	72
Kankakee	677	0.63%	69	\$356.78	46	White	112	0.81%	54	\$390.51	34
Kendall	411	0.31%	97	\$194.48	91	Whiteside	567	1.02%	24	\$466.74	20
Knox	336	0.67%	67	\$383.52	41	Will	2,055	0.30%	99	\$197.40	90
La Salle	1,463	1.33%	5	\$519.97	7	Williamson	564	0.84%	46	\$414.34	30
Lake	2,216	0.31%	98	\$229.81	85	Winnebago	1,729	0.61%	74	\$414.95	29
Lawrence	169	1.11%	16	\$606.46	3	Woodford	175	0.45%	92	\$163.71	95
State Fairs							100	N/A	N/A	N/A	N/A
Metro Area*	18,433	0.21%		\$149.65		% in Chi Area*:	37.9%				

*The Chicago Metropolitan Statistical Area is defined by the Census Bureau to include the Illinois Counties of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, Will, and Lake.

Source: <http://www.igb.illinois.gov/VideoReports.aspx>. County compilations by CGFA.

There are several interesting observations that can be taken from the county rankings shown below. One is in regard to Cook County. Despite the fact that the City of Chicago is not participating in video gaming (see page 43), Cook County still had by far the most video gaming terminals of any county in the State in FY 2023 with 8,407 terminals and the highest amount of net terminal income collected with a value of \$626.6 million. However, on a per capita basis, because of Chicago's absence, Cook County ranks at the bottom in terminal per capita (ranked 102 of 102) and near the bottom in net terminal income (NTI) per capita (ranked 101 of 102).

Mason County ranked first in terminals per 1,000 people with a rate of 14.0, followed by Washington County (13.8) and Calhoun County (13.7). Again, the lowest ranked county in this category was Cook County with a value of 1.6. In terms of NTI per capita, Clark County ranked first with a value of \$648, followed by Effingham County (\$609) and Lawrence County (\$606). Ranked last in this category was Hardin County, followed by Cook County and Johnson County with a per-capita value of \$119.

TABLE 19: VIDEO GAMING STATISTICS BY COUNTY RANKING											
FY 2023 Totals											
Rank	County	Terminals	Rank	County	Terminals per Capita	Rank	County	NTI (\$ in mil)	Rank	County	NTI per Capita
"TOP TWENTY COUNTIES"											
1	Cook	8,407	1	Mason	1.40%	1	Cook	\$626.6	1	Clark	\$648
2	Lake	2,216	2	Washington	1.38%	2	Lake	\$164.2	2	Effingham	\$609
3	Will	2,055	3	Calhoun	1.37%	3	Will	\$137.5	3	Lawrence	\$606
4	Sangamon	1,734	4	Christian	1.37%	4	DuPage	\$133.5	4	Christian	\$549
5	Winnebago	1,729	5	La Salle	1.33%	5	Winnebago	\$118.4	5	Macon	\$547
6	DuPage	1,618	6	Jo Daviess	1.23%	6	Sangamon	\$100.3	6	Marion	\$525
7	St. Clair	1,555	7	Iroquois	1.23%	7	Kane	\$89.7	7	La Salle	\$520
8	Madison	1,555	8	Randolph	1.20%	8	McHenry	\$88.6	8	Washington	\$515
9	McHenry	1,475	9	Pike	1.19%	9	Madison	\$87.4	9	Sangamon	\$511
10	La Salle	1,463	10	Gallatin	1.17%	10	St. Clair	\$87.1	10	Cass	\$500
11	Kane	1,431	11	Carroll	1.17%	11	La Salle	\$57.0	11	Vermilion	\$495
12	Peoria	978	12	Putnam	1.17%	12	Macon	\$56.9	12	Randolph	\$495
13	Champaign	778	13	Montgomery	1.15%	13	Peoria	\$53.8	13	Jefferson	\$494
14	Macon	747	14	Bureau	1.13%	14	Champaign	\$53.5	14	Morgan	\$494
15	Rock Island	739	15	Effingham	1.12%	15	Mclean	\$45.9	15	Jo Daviess	\$489
16	Tazewell	724	16	Lawrence	1.11%	16	Tazewell	\$39.5	16	De Witt	\$488
17	Kankakee	677	17	Marion	1.10%	17	Kankakee	\$38.4	17	Franklin	\$487
18	Mclean	668	18	Franklin	1.10%	18	Rock Island	\$36.9	18	Montgomery	\$469
19	Vermilion	610	19	Alexander	1.09%	19	Vermilion	\$36.7	19	Lee	\$467
20	Adams	571	20	Scott	1.05%	20	Williamson	\$27.8	20	Whiteside	\$467
"BOTTOM TWENTY COUNTIES"											
83	Jasper	87	83	Peoria	0.54%	83	Marshall	\$3.7	83	Jackson	\$252
84	Cumberland	83	84	Schuyler	0.52%	84	Cumberland	\$3.4	84	Wabash	\$243
85	Wabash	82	85	Hamilton	0.51%	85	Jasper	\$3.0	85	Lake	\$230
86	Massac	80	86	Rock Island	0.51%	86	Wabash	\$2.8	86	Crawford	\$219
87	Mercer	78	87	Mercer	0.50%	87	Alexander	\$2.3	87	Hamilton	\$205
88	Putnam	66	88	Jackson	0.49%	88	Mercer	\$2.3	88	Putnam	\$203
89	Johnson	62	89	McHenry	0.48%	89	Henderson	\$2.1	89	Dekalb	\$203
90	Henderson	62	90	Johnson	0.47%	90	Schuyler	\$1.9	90	Will	\$197
91	Calhoun	61	91	Brown	0.46%	91	Scott	\$1.8	91	Kendall	\$194
92	Gallatin	58	92	Woodford	0.45%	92	Johnson	\$1.7	92	Brown	\$180
93	Alexander	57	93	Dekalb	0.42%	93	Hamilton	\$1.6	93	Edwards	\$174
94	Scott	52	94	Mcdonough	0.42%	94	Gallatin	\$1.5	94	Kane	\$174
95	Pulaski	50	95	Mclean	0.39%	95	Pulaski	\$1.4	95	Woodford	\$164
96	Stark	44	96	Champaign	0.38%	96	Stark	\$1.4	96	Mcdonough	\$155
97	Hamilton	41	97	Kendall	0.31%	97	Calhoun	\$1.3	97	Mercer	\$143
98	Schuyler	36	98	Lake	0.31%	98	Putnam	\$1.1	98	DuPage	\$143
99	Edwards	36	99	Will	0.30%	99	Brown	\$1.1	99	Pope	\$130
100	Hardin	29	100	Kane	0.28%	100	Edwards	\$1.1	100	Johnson	\$126
101	Brown	29	101	DuPage	0.17%	101	Pope	\$0.5	101	Cook	\$119
102	Pope	21	102	Cook	0.16%	102	Hardin	\$0.4	102	Hardin	\$119

Source: <http://www.igb.illinois.gov/VideoReports.aspx>. County compilations by CGFA.

Behind Cook County, Lake County had the second highest number of both video gaming terminals and net terminal income in the State. Coming in third in the amount of net terminal income generated was Will County. A major reason for this is that several cities with substantial net terminal income (Joliet, Aurora, and Naperville) reside within Will County.

Springfield had the highest number of terminals in the State in FY 2023 at 800 terminals, as well as the highest amount of net terminal income with \$49.0 million collected. Decatur took the 2nd spot for net terminal income in FY 2023 generating \$47.4 million and the 2nd spot for terminals with 568.

Below is a list of the top 25 municipalities with video gaming in Illinois in FY 2023. Here, the municipalities are ranked according to terminals and according to net terminal income. Next to the net terminal income column is the amount of tax revenue generated in FY 2023 from these locations and distributed to the State (Capital Projects Fund) and to the local governments.

TABLE 20: TOP MUNICIPALITIES WITH VIDEO GAMING FY 2023 Totals								
Rank	Municipality*	Terminals	Net Terminal					
			Rank	Municipality*	Income (taxable base)	Tax Revenue	State Tax Share	Local Tax Share
1	Springfield	800	1	Springfield	\$49.0	\$14.7	\$12.3	\$2.5
2	Decatur	568	2	Decatur	\$47.4	\$14.2	\$11.9	\$2.4
3	Rockford	524	3	Rockford	\$40.4	\$12.1	\$10.1	\$2.0
4	Joliet	509	4	Cicero	\$35.0	\$10.5	\$8.7	\$1.7
5	Loves Park	451	5	Waukegan	\$32.6	\$9.8	\$8.1	\$1.6
6	Cicero	440	6	Joliet	\$31.3	\$9.4	\$7.8	\$1.6
7	Quincy	417	7	Loves Park	\$26.4	\$7.9	\$6.6	\$1.3
8	Lake County	367	8	Bloomington	\$25.2	\$7.6	\$6.3	\$1.3
9	Peoria	364	9	Champaign	\$24.5	\$7.4	\$6.1	\$1.2
10	Waukegan	354	10	Peoria	\$22.7	\$6.8	\$5.7	\$1.1
11	Berwyn	343	11	Lake County	\$22.4	\$6.7	\$5.6	\$1.1
12	Champaign	307	12	Cook County	\$22.0	\$6.6	\$5.5	\$1.1
13	Bloomington	288	13	Oak Lawn	\$21.5	\$6.5	\$5.4	\$1.1
14	Sangamon County	285	14	Tinley Park	\$20.7	\$6.2	\$5.2	\$1.0
15	Oak Lawn	282	15	Quincy	\$20.4	\$6.1	\$5.1	\$1.0
16	Pekin	261	16	Sangamon County	\$19.1	\$5.7	\$4.8	\$1.0
17	Taylorville	247	17	Niles	\$18.2	\$5.4	\$4.5	\$0.9
18	Kankakee	241	18	Berwyn	\$17.8	\$5.3	\$4.5	\$0.9
19	Ottawa	236	19	Aurora	\$15.8	\$4.8	\$4.0	\$0.8
20	Tinley Park	231	20	Alsip	\$15.5	\$4.6	\$3.9	\$0.8
21	Mount Vernon	230	21	Mount Vernon	\$15.1	\$4.5	\$3.8	\$0.8
22	Belvidere	230	22	Elmwood Park	\$15.0	\$4.5	\$3.7	\$0.7
23	Cook County	225	23	Crestwood	\$14.4	\$4.3	\$3.6	\$0.7
24	Marion	222	24	Melrose Park	\$14.3	\$4.3	\$3.6	\$0.7
25	Crestwood	222	25	McHenry	\$14.2	\$4.3	\$3.5	\$0.7

* When a "county" is listed above, it is referring to the unincorporated totals of that particular county.

Local Governments Banning Video Gaming

While the Video Gaming Act allows video gaming terminals to be located throughout Illinois, it does state that a municipality may pass an ordinance prohibiting video gaming within the corporate limits of the municipality. Similarly, a county board may, for the unincorporated area of the county, pass an ordinance prohibiting video gaming within the unincorporated area of the county.

During the years before video gaming came to fruition, the number of municipalities/counties that had laws banning video gaming grew. Some made the decision to ban video gaming in their communities following the enactment of video gaming, while some discovered that a ban on gambling in their jurisdiction was already “on the books”. In these cases, local governments would have to vote to “opt in” to allow video gambling, which can often be a political challenge.

The City of Chicago is one of those communities that already had on its books a provision that outlaws video gaming in its city. Because of this, the City of Chicago must “opt-in” to allow video gaming in their area. At the present time, there has been no public indication that the City plans on changing the law to allow Chicago establishments the opportunity to offer video gaming in their locations. Since Chicago makes up approximately 21.2% of the State’s population (2022 population estimate), this has a huge impact on potential video gaming revenues.

On its website, the Illinois Gaming Board has established a page which identifies the municipalities across Illinois and their status of whether or not they allow video gaming in their area. This site can be accessed at:

www.igb.illinois.gov/VideoProhibit.aspx.

In 2013, at the onset of video gaming in Illinois, the Commission calculated that the percentage of the State’s population that lived in an area banning video gaming was at 63.3%. The FY 2023 data shows that the percentage of Illinois communities without video gaming has fallen to approximately 31%, which indicates a marked decrease in communities prohibiting video gaming. As local governments search for additional revenues, more municipalities may turn to video gaming as a new revenue source. Again, those communities that offer video gaming are set to receive 5% (out of the current 34% tax) of total revenues collected. As the need for additional local revenues grows, so does the pressure to overturn the ban.

For example, several of the higher populated municipalities that have been in the aforementioned table over the past several years are no longer included because they now allow video gaming. These include Palatine, Downers Grove, Buffalo Grove, Crystal Lake, Lombard, Mount Prospect, Niles, Orland Park, Schaumburg, and St. Charles.

**TABLE 21: HIGHEST POPULATED MUNICIPALITIES w/o VIDEO GAMING
FY 2023 Totals**

Rank	Municipality	2022 Population Estimate	% of State Population
1	Chicago	2,665,039	21.2%
2	Naperville	149,936	1.2%
3	Evanston	75,544	0.6%
4	Arlington Heights	75,195	0.6%
5	Bolingbrook	74,031	0.6%
6	Skokie	65,497	0.5%
7	Des Plaines	58,594	0.5%
8	Wheaton	52,984	0.4%
9	Oak Park	52,553	0.4%
10	Glenview	47,258	0.4%
11	Park Ridge	38,278	0.3%
12	Northbrook	34,182	0.3%
13	Highland Park	30,163	0.2%
14	Glen Ellyn	28,364	0.2%
15	Wilmette	27,264	0.2%
16	Vernon Hills	26,759	0.2%
17	Geneva	21,228	0.2%
18	Grayslake	20,958	0.2%
19	South Holland	20,685	0.2%
20	Libertyville	20,402	0.2%
21	Lake Forest	19,252	0.2%
22	Deerfield	18,950	0.2%
23	East St. Louis	17,919	0.1%
24	Hinsdale	17,235	0.1%
25	LaGrange	15,821	0.1%

* Video Gaming is also prohibited within unincorporated areas of Will County.

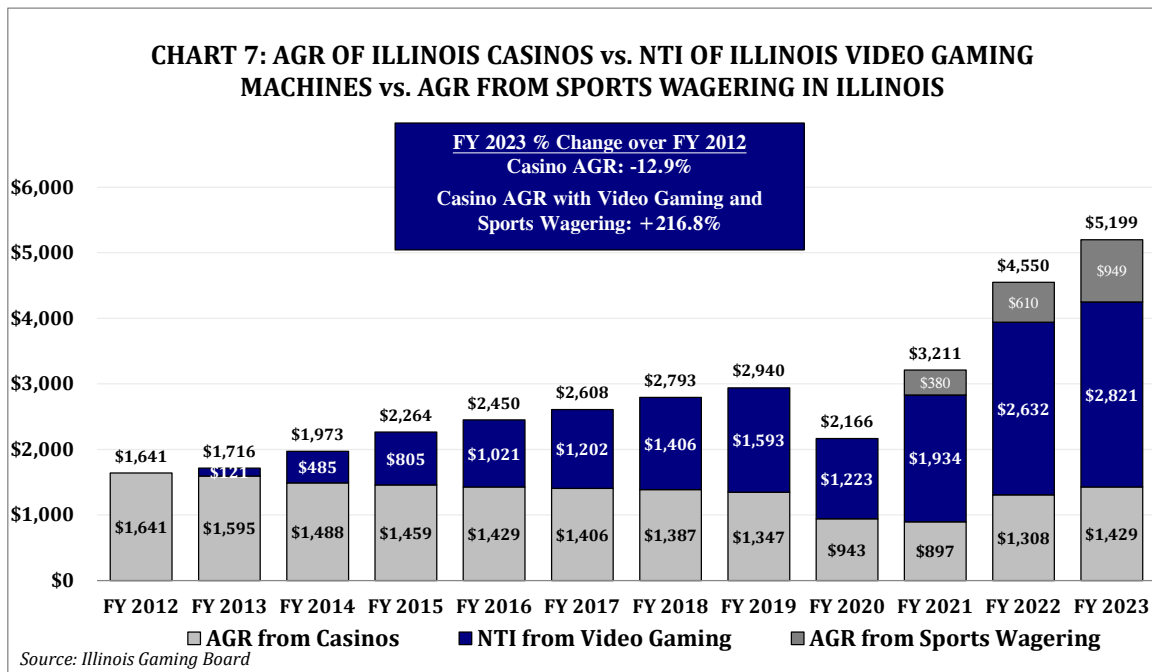
Source: Illinois Gaming Board, Population Estimates 2022

Video Gaming and Its Impact on Casinos

While video gaming has seen steady growth since its inception in 2012 [outside of the pandemic disruptions], the AGR of Illinois casinos has fallen \$211 million during this time period, even with the gains of FY 2023. The numbers suggest that a significant amount of these “lost” casino dollars have reemerged in the form of net terminal income, especially in recent months.

For example, After the COVID-19 related shutdowns, AGR levels of Illinois casinos were slow to return with a FY 2021 decline of 4.8%. On the other hand, video gaming net terminal income during this time period experienced a sharp increase of 30.8%. It appears that Illinois gamblers chose the convenience and smaller crowds of the video gaming parlors over the larger and more public casinos. Video gaming locations have been perceived as a “safer” option to gamble, which has aided in elevating these video gaming figures. This is just one example of the shift of gaming dollars from casinos to convenient video gaming establishments over the last decade.

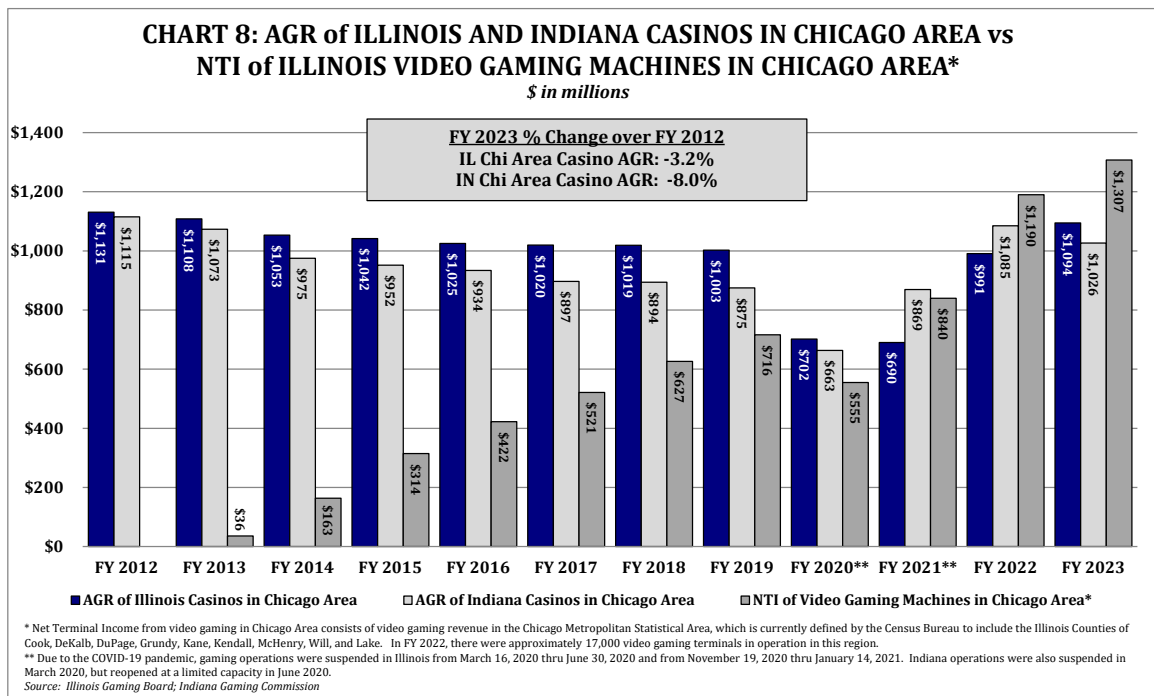
It should be stressed that despite the struggles of the casino industry over the last decade, when combined with video gaming totals, gambling as a whole has been on an upward trajectory for the State of Illinois. Between FY 2012 and FY 2023, adjusted gross receipts have fallen 12.9% from \$1.6 billion to \$1.4 billion. However, when including video gaming revenues, overall gaming revenues have increased from \$1.6 billion to \$4.3 billion, an increase of 159.1%. This total rises even higher to \$5.199 billion (+216.8%) when including the AGR from sports wagering (discussed on page 80). These results are illustrated in the graph below.



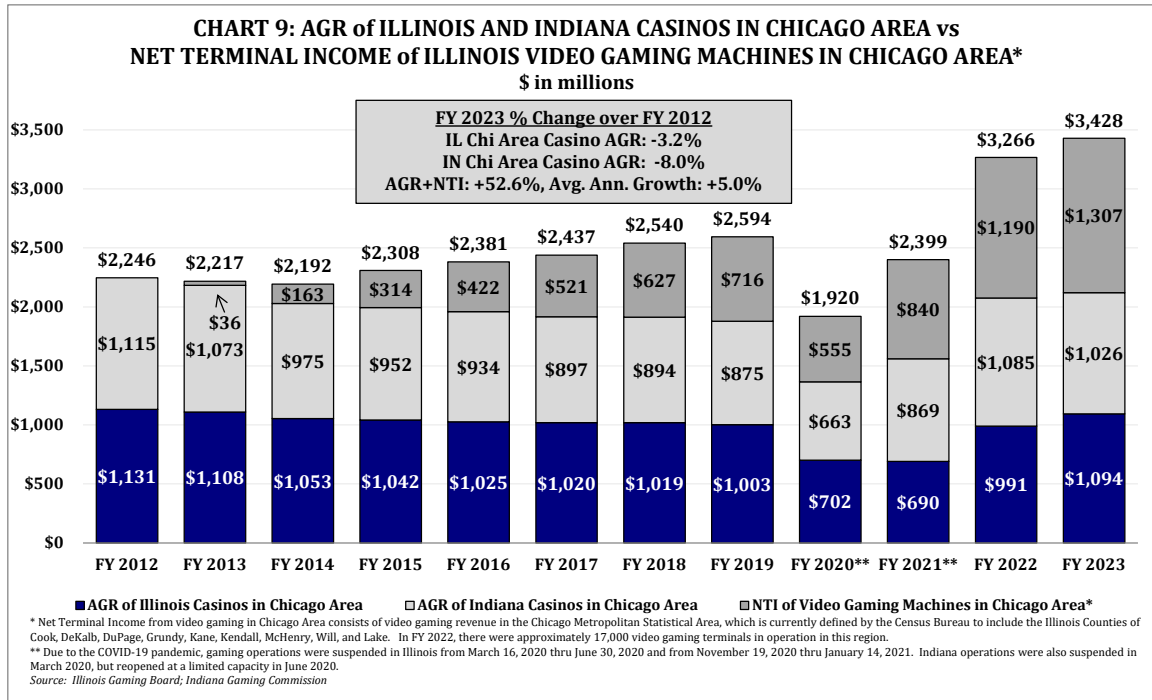
Video gaming’s impact on the casino industry has been especially noticeable in the Chicago region. As shown at the bottom of the county-by-county video gaming table on page 39, there are now over 3,200 businesses in the Chicago Metropolitan Statistical Area (which is defined by the Census Bureau to include the Illinois counties of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, Will, and Lake) that offer video gaming. These locations are the home to over 18,000 video gaming terminals. It is estimated that over \$1.3 billion in video gaming net terminal income came from communities in the Chicago Area in FY 2023.

Chicago-area casinos have seen their AGR totals decline by -6.0% since video gaming’s legalization in 2012. Video gaming is unquestionably a significant contributor to this falloff.

In addition, there are several Indiana casinos within a short drive of the Chicago Area in the communities of East Chicago, Gary, Hammond, and Michigan City. These Indiana casinos had seen their AGR totals fall from \$1.115 billion in FY 2012 to \$875 million in FY 2019, a seven-year decline of -21.5%. While, the Rivers Casino likely contributed to this downturn, competition from Illinois’ video gaming machines no doubt contributed to this falloff. Indiana responded to this competition in 2021 by opening the Hard Rock Casino near Illinois’ border. This casino has helped improve Indiana’s Chicago Area AGR levels to \$1.026 billion in FY 2023, yet this value is still 8.0% below FY 2012 levels. As shown in the chart below, the Indiana total, while improved, falls short of the video gaming revenues generated nearby in Illinois.



When combining the receipts of all of the casinos in the Chicago Metropolitan Area (Illinois and Indiana casinos), adjusted gross receipts totaled \$2.246 billion in FY 2012. As shown below, when the Chicago Area video gaming figures are added to the casino figures, overall gaming in the Chicago Area has shown some modest growth, primarily due to steady growth in video gaming and new casino offerings. Collectively, total gaming in this area rose from \$2.246 billion in FY 2012 to \$3.428 billion in FY 2023. This results in an eleven-year change in combined gaming revenues of 52.6%, an average increase of 5.0% per year.



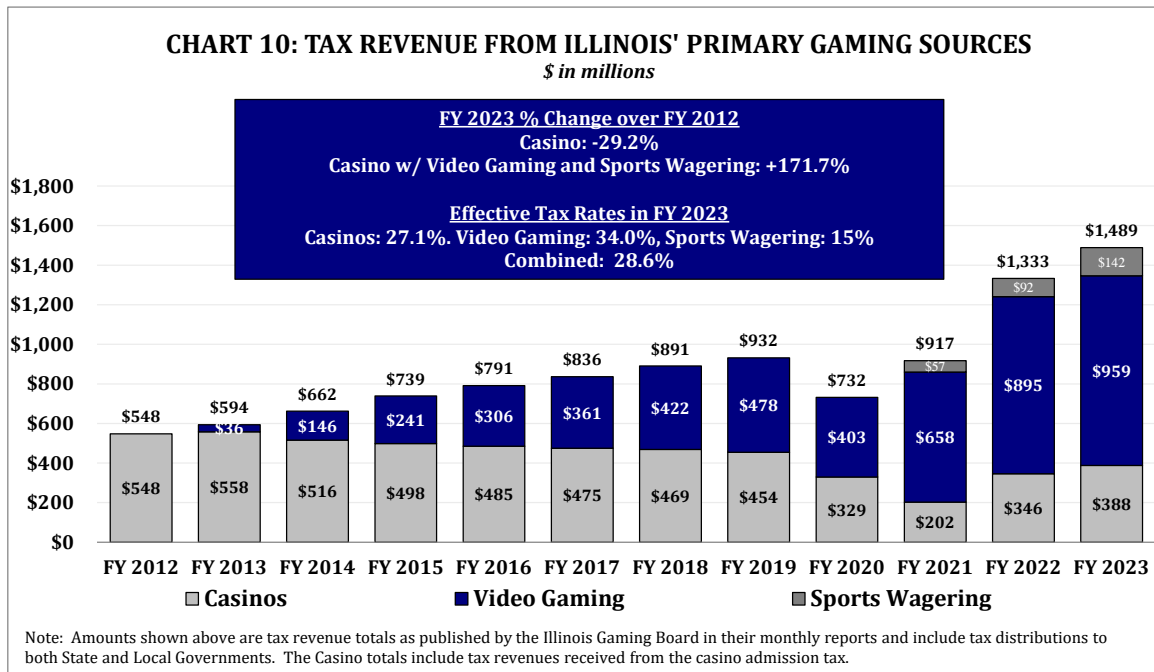
The numbers in the previous graph show that Indiana AGR experienced a moderate recovery in FY 2022, but has since plateaued. Prior to FY 2022, the area had seen very little growth in gaming dollars between FY 2012 and FY 2021. To some extent, it appears that video gaming simply “reshuffled the deck chairs” by having the effect of reducing casino revenue streams and redistributing casino gaming revenues to the numerous video gaming establishments that now reside in this region. The stabilization or slight decline in Indiana’s AGR is likely to continue as steady growth in video gaming terminals and the construction of new casinos further competition for the Illinois gaming dollar.

Oversaturation remains a primary concern in Illinois’ gaming outlook. The Chicago Area, which continues to see the development of new casino offerings, is currently home to over 11,300 casino positions and now has over 18,000 additional video gaming terminals in its region, with likely more to come. As more gambling opportunities arrive in the form of new casinos, the competition for the gaming dollar in this area will be larger than ever and “winners” and “losers” should be anticipated. How much gaming can this area handle? That remains to be seen.

What kind of impact has video gaming had on the tax revenues from all gaming sources? Since video gaming’s legalization in FY 2012, tax revenues have grown steadily. In FY 2012, the taxes imposed on the Illinois casinos (admission tax and the graduated tax on adjusted gross receipts) generated \$548 million. Due to declines in admissions and AGR totals, tax revenue collected from casinos fell to \$454 million in FY 2019, to \$329 million in FY 2020 (in large part due to the virus impacts), and then even further to \$202 million in FY 2021 (due to both the virus and the reduced tax structure). It rebounded back to \$346 million in FY 2022. In FY 2023, casino tax revenues have steadily increased to a total of \$388 million, although this is significantly below levels recorded in years prior to FY 2020. However, these reduced figures have been more than offset by the additional tax revenue generated from video gaming and sports wagering.

In FY 2013, \$36 million in tax revenues were generated from video gaming. As video gaming revved up, this total steadily increased to \$478 million by FY 2019. This total declined to \$403 million due to the pandemic, but then recovered to \$895 million in FY 2022. In FY 2023, this tally grew substantially to \$959 million. When combining these video gaming tax revenues with casino and sports wagering tax revenues, overall tax revenues grew from \$548 million in FY 2012 to \$1.489 billion in FY 2023, an increase of 171.7%. Video gaming comprised 64.4% of this total figure in FY 2023.

The bottom line is that the combined tax revenue total of \$1.489 billion in FY 2023 is significantly higher than what has been collected in previous years.



The Future of Video Gaming

Ever since its inception, video gaming in Illinois has been on an upward trend. In the initial years of implementation, insiders estimated that the State would plateau at around 20,000 video gaming terminals, but the popularity of video gaming has spurred so much interest that the State has sailed past this mark (FY 2023 ended with over 45,987 terminals).

The growth in video gaming figures will likely continue to grow at a moderate pace as more communities “opt-in” and allow businesses to operate video game terminals. However, it is possible that video gaming in Illinois is reaching a saturation point as most establishments have reached the maximum number of video game terminals that can be legally placed in a single location as per P.A. 101-0031. Approximately 74% of non-truck-stop locations have reached the terminal limit of 6, and approximately 92% of truck stops have placed the maximum 10 terminals. Additionally, almost 94% of municipalities now allow video gaming, which limits the possibility of terminals being opened in fresh markets within Illinois. However, Chicago remains a notable exception as the city still prohibits video gaming. Legalization of video gaming within Chicago would certainly have a substantial effect on video gaming revenues, but the extent to which such revenues would detract from casinos in the area is unknown.

One contributing factor to the growth of tax dollars for State and local governments has been the tax rate increase imposed on net terminal income, which was increased to 34% in July 2020.

The construction of new casinos may reduce video gaming revenues by providing alternative venues for wagering. While the impact that these new casinos will have on video gaming locations is not expected to mimic the impact that new video gaming machines had on existing casinos (due to the convenience of local establishments), some cannibalization in video gaming figures is possible.

Finally, another factor that should continue to be monitored is the competition from “sweepstakes” machines. These unregulated devices look and work similarly to video gaming terminals but are not subject to State and local taxation. Although the Illinois Gaming Board has suggested that the machines are illegal, enough ambiguity in the law exists that these machines remain in operation. These machines can be played for free, which reportedly provides a legal “loophole” that these are “not gambling devices”. If the popularity of these devices grows and more businesses choose these machines over video gaming terminals, the State’s video gaming numbers could be negatively affected.

LOTTERY

LOTTERY

The Illinois State Lottery was authorized in 1974 and began operation in 1975. The State's lottery system generates revenue via ticket sales, agent fees, and interest-earning accounts. Following the payment of prizes, agent commissions, and administrative costs, net lottery receipts are transferred into the Common School Fund, the Capital Projects Fund, or special cause funds. Beginning in FY 2023, net proceeds will no longer be allocated to the Capital Projects Fund. Instead, such monies will be transferred to the Common School Fund. Since its inception, lottery sales have totaled over \$83 billion and the Lottery has transferred over \$25 billion back to the State. Table 22 presents a brief history of the Illinois State Lottery highlighting sales by game, total sales, and the percentage change from the previous fiscal year.

Lottery Revenue Sources

Following a slight lull in FY 2022, lottery sales rebounded significantly in FY 2023. Total sales grew 6.3% from \$3.394 billion in FY 2022 to \$3.610 billion in FY 2023. Lottery sales grew dramatically during the pandemic, as many other gaming options ceased operations. After these other forms of gaming resumed, lottery sales dipped slightly, but the recent resurgence in FY 2023 may indicate lasting market expansion. In total, the \$3.610 billion sales tally is the highest sales figure in the history of the Illinois Lottery, and represents a \$213 million increase over the previous year.

Instant ticket sales had been becoming a larger and larger part of overall sales since the late 1980's compared to draw games. However, in the last year, the ratio of instant ticket sales to draw game sales has fallen slightly with instant ticket sales making up approximately 56.6% of total sales, while draw games comprise about 43.4% of total sales. Instant ticket sales fell \$112 million to \$2.043 billion in FY 2023. This represents a decline of 5.2%. However, draw games increased by almost \$328 million to \$1.567 billion; amounting to a growth of 26.4%.

Chart 12, also on page 54, highlights a breakdown of the games that made up the \$1.567 billion in draw game sales. This year, Fast Play (introduced in September 2020) became the largest contributor to draw game revenue. Fast Play grew by a tremendous 158.1% over its FY 2022 sales to \$335.4 million in FY 2023. Both Pick 3 and Pick 4 were down significantly in FY 2023. The Pick 3 game fell almost 10% from \$305 million to \$275 million, while the Pick 4 game was down just over 9%, collecting \$282 million. However, the Mega Millions multi-state game grew 104.5% to \$218 million. Powerball also grew 33% to \$220 million. These sharp increases are the result of jackpot rollovers, which are largely responsible for the increased activity. Additionally, the Lotto experienced a moderate growth of 12.3%. Sales from the Lucky Day Lotto game were basically flat. As mentioned previously, overall draw games grew substantially by \$328 million to a total of \$1.567 billion.

TABLE 22: LOTTERY SALES BY GAME
FY 2003 - FY 2023
(\$ Millions)

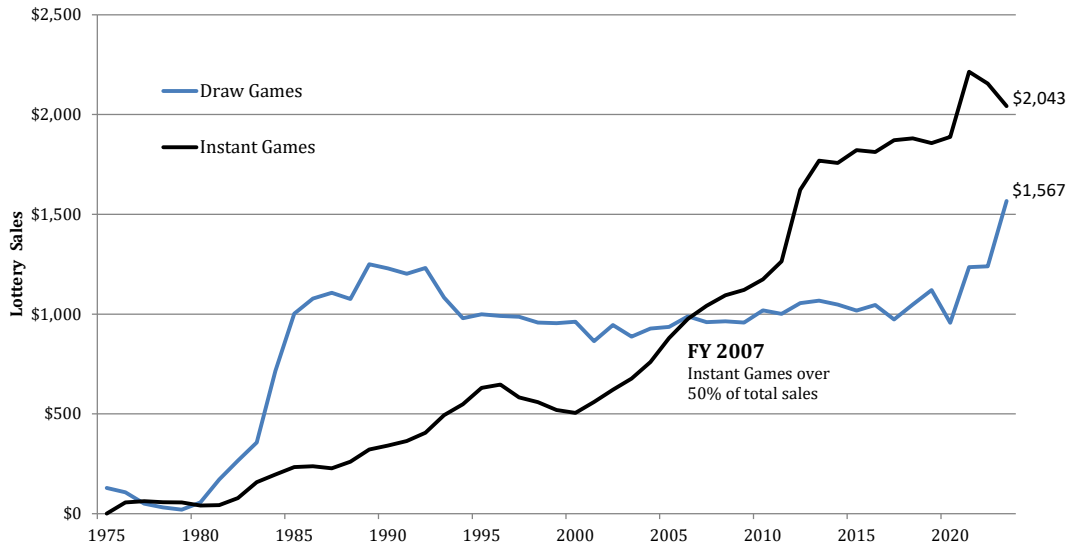
Fiscal Year	Instant Games		Pick 3		Pick 4		Mega Millions		Powerball		Lucky Day Lotto		Lotto		Fast Play		Raffles		Other Games		Total Sales	
	Sales	% Change	Sales	% Change	Sales	% Change	Sales	% Change	Sales	% Change	Sales	% Change	Sales	% Change	Sales	% Change	Sales	% Change	Sales	% Change	\$	% Change
2003	\$ 677.3	9.0%	\$ 311.3	-4.9%	\$ 164.8	4.4%	\$ 199.7	-9.7%	\$ -	-	\$ 78.1	-4.2%	\$ 120.9	-10.2%	\$ -	-	\$ -	-	\$ 12.9	-43.1%	\$ 1,565.0	-0.1%
2004	\$ 759.6	12.2%	\$ 308.9	-0.8%	\$ 166.7	1.2%	\$ 226.5	13.4%	\$ -	-	\$ 99.6	27.6%	\$ 117.2	-3.0%	\$ -	-	\$ -	-	\$ 9.0	-30.2%	\$ 1,687.6	7.8%
2005	\$ 879.5	15.8%	\$ 307.2	-0.5%	\$ 168.4	1.0%	\$ 192.6	-15.0%	\$ -	-	\$ 131.8	32.3%	\$ 131.5	12.2%	\$ -	-	\$ -	-	\$ 4.0	-55.5%	\$ 1,815.0	7.6%
2006	\$ 976.7	11.1%	\$ 309.2	0.6%	\$ 170.1	1.0%	\$ 243.8	26.6%	\$ -	-	\$ 126.6	-4.0%	\$ 125.3	-4.7%	\$ -	-	\$ -	-	\$ 13.4	234.7%	\$ 1,965.2	8.3%
2007	\$ 1,041.6	6.6%	\$ 308.7	-0.2%	\$ 170.2	0.1%	\$ 195.9	-19.7%	\$ -	-	\$ 127.9	1.0%	\$ 111.9	-10.7%	\$ -	-	\$ 14.1	-	\$ 30.8	129.8%	\$ 2,001.0	1.8%
2008	\$ 1,094.0	5.0%	\$ 299.0	-3.1%	\$ 167.8	-1.4%	\$ 221.1	12.9%	\$ -	-	\$ 128.4	0.5%	\$ 112.9	0.9%	\$ -	-	\$ 15.9	13.4%	\$ 18.4	-40.2%	\$ 2,057.7	2.8%
2009	\$ 1,121.1	2.5%	\$ 297.7	-0.4%	\$ 176.9	5.4%	\$ 204.6	-7.5%	\$ -	-	\$ 129.0	0.4%	\$ 122.7	8.6%	\$ -	-	\$ 18.9	18.8%	\$ 7.7	-58.3%	\$ 2,078.5	1.0%
2010	\$ 1,173.9	4.7%	\$ 301.4	1.3%	\$ 191.0	8.0%	\$ 222.6	8.8%	\$ 51.7	-	\$ 119.6	-7.3%	\$ 111.1	-9.4%	\$ -	-	\$ 20.0	5.6%	\$ 1.5	-79.8%	\$ 2,192.9	5.5%
2011	\$ 1,264.7	7.7%	\$ 290.6	-3.6%	\$ 191.0	0.0%	\$ 172.0	-22.7%	\$ 97.2	87.8%	\$ 119.9	0.2%	\$ 107.7	-3.1%	\$ -	-	\$ 22.7	13.4%	\$ -	-100.0%	\$ 2,265.7	3.3%
NORTHSTAR LOTTERY GROUP TAKES OVER MANAGEMENT OF LOTTERY OPERATIONS																						
2012	\$ 1,622.5	28.3%	\$ 278.6	-4.2%	\$ 194.1	1.7%	\$ 189.0	9.9%	\$ 147.0	51.3%	\$ 131.1	9.4%	\$ 105.4	-2.1%	\$ -	-	\$ 10.0	-55.9%	\$ -	-	\$ 2,677.8	18.2%
2013	\$ 1,768.3	9.0%	\$ 261.5	-6.1%	\$ 198.7	2.4%	\$ 108.3	-42.7%	\$ 236.2	60.7%	\$ 134.7	2.7%	\$ 96.6	-8.4%	\$ -	-	\$ 23.0	130.2%	\$ 8.1	-	\$ 2,835.5	5.9%
2014	\$ 1,757.4	-0.6%	\$ 250.6	-4.1%	\$ 202.3	1.8%	\$ 144.6	33.5%	\$ 162.6	-31.2%	\$ 134.7	0.0%	\$ 114.0	18.1%	\$ -	-	\$ 20.1	-12.9%	\$ 18.6	128.4%	\$ 2,804.8	-1.1%
2015	\$ 1,821.6	3.7%	\$ 263.1	5.0%	\$ 223.9	10.7%	\$ 120.3	-16.8%	\$ 133.5	-17.9%	\$ 151.0	12.2%	\$ 107.7	-5.6%	\$ -	-	\$ 13.2	-34.1%	\$ 5.5	-70.6%	\$ 2,839.8	1.2%
2016	\$ 1,811.8	-0.5%	\$ 269.3	2.4%	\$ 219.2	-2.1%	\$ 98.1	-18.4%	\$ 207.9	55.7%	\$ 136.5	-9.6%	\$ 109.1	1.3%	\$ -	-	\$ 5.4	-59.5%	\$ -	-100.0%	\$ 2,857.3	0.6%
2017	\$ 1,871.9	3.3%	\$ 262.3	-2.6%	\$ 229.1	4.5%	\$ 98.2	0.1%	\$ 151.6	-27.1%	\$ 137.3	0.5%	\$ 87.5	-19.8%	\$ -	-	\$ 7.8	45.5%	\$ -	-	\$ 2,845.6	-0.4%
CAMELOT ILLINOIS TAKES OVER MANAGEMENT OF LOTTERY OPERATIONS																						
2018	\$ 1,880.5	0.5%	\$ 278.0	6.0%	\$ 248.8	8.6%	\$ 124.8	27.0%	\$ 161.2	6.4%	\$ 134.5	-2.0%	\$ 94.0	7.5%	\$ -	-	\$ 6.5	-16.8%	\$ -	-	\$ 2,928.3	2.9%
2019	\$ 1,856.8	-1.3%	\$ 274.7	-1.2%	\$ 251.0	0.9%	\$ 213.4	71.0%	\$ 158.5	-1.7%	\$ 120.8	-10.2%	\$ 102.3	8.8%	\$ -	-	\$ -	-100.0%	\$ -	-	\$ 2,977.4	1.7%
2020	\$ 1,887.8	1.7%	\$ 278.0	1.2%	\$ 261.6	4.2%	\$ 110.4	-48.2%	\$ 94.6	-40.3%	\$ 120.2	-0.5%	\$ 91.7	-10.4%	\$ -	-	\$ -	-	\$ -	-	\$ 2,844.3	-4.5%
2021	\$ 2,214.4	17.3%	\$ 352.3	26.8%	\$ 342.7	31.0%	\$ 157.8	42.9%	\$ 127.2	34.6%	\$ 120.9	0.6%	\$ 99.0	8.0%	\$ 35.6	-	\$ -	-	\$ -	-	\$ 3,450.0	21.3%
2022	\$ 2,155.4	-2.7%	\$ 305.2	-13.4%	\$ 311.1	-9.2%	\$ 106.8	-32.3%	\$ 165.0	29.7%	\$ 122.5	1.3%	\$ 98.8	-0.2%	\$ 129.9	265.4%	\$ -	-	\$ -	-	\$ 3,394.8	-1.6%
2023*	\$ 2,042.5	-5.2%	\$ 275.1	-9.9%	\$ 281.8	-9.4%	\$ 218.3	104.5%	\$ 219.5	33.0%	\$ 126.0	2.9%	\$ 111.0	12.3%	\$ 335.4	158.1%	\$ -	-	\$ -	-	\$ 3,609.6	6.3%

Sales are net of promotions and allowances.

*Preliminary, unaudited data

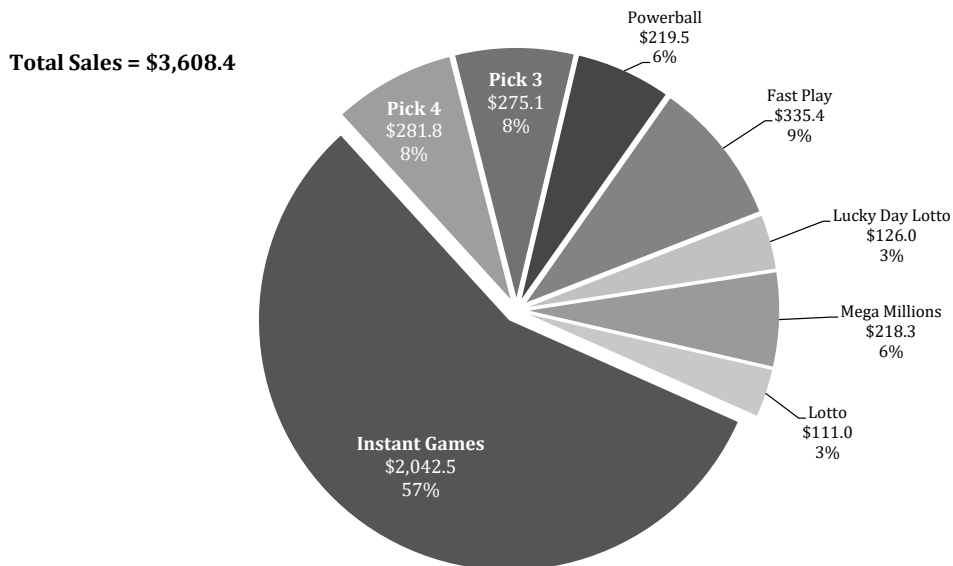
Source: Illinois Lottery

CHART 11: MAKEUP OF LOTTERY SALES
(\$ Millions)



Source: Illinois Lottery

CHART 12: FY 2023 LOTTERY SALES BY GAME
(\$ Millions)



Preliminary, unaudited figures
Source: Illinois Lottery

Lottery Operating Expenses

The lottery has three main operating expenses; 1) prizes awarded to winners, 2) commissions and bonuses paid to retailers, and 3) general and administrative expenses. In FY 2023, based on preliminary, unaudited data from the Lottery, these operating expenses totaled \$2.732 billion. The largest expense was prizes awarded to winners which was up \$154 million to \$2.365 billion. Commissions and bonuses were down \$1 million to \$174 million, while general and administrative costs were up by \$15 million to \$194 million. Expenses have risen with increases in the amount of sales.

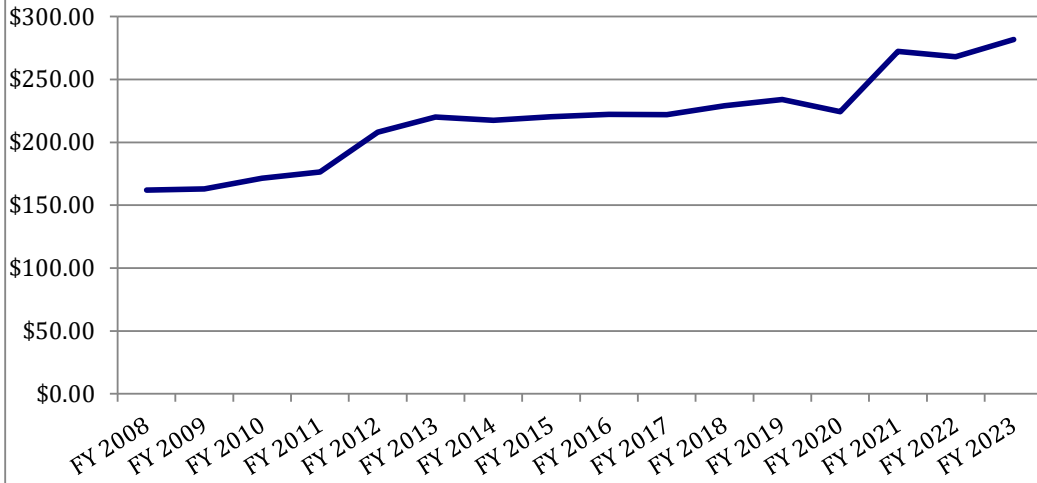
Table 23 below shows the main operating expenses back to FY 2003.

TABLE 23: LOTTERY OPERATING EXPENSES												
FY 2003 - FY 2023												
(\$ Millions)												
Fiscal Year	Prizes Awarded to Winners			Commissions and Bonuses			General and Administrative Expenses			Total		
	\$	\$ Change	% Change	\$	\$ Change	% Change	\$	\$ Change	% Change	\$	\$ Change	% Change
2003	\$ 883.5	\$ 17.4	2.0%	\$ 79.1	\$ (0.2)	-0.3%	\$ 89.2	\$ 2.4	2.8%	\$ 1,051.9	\$ 19.6	1.9%
2004	\$ 968.8	\$ 85.4	9.7%	\$ 85.4	\$ 6.3	7.9%	\$ 85.6	\$ (3.7)	-4.1%	\$ 1,139.8	\$ 87.9	8.4%
2005	\$ 1,042.9	\$ 74.0	7.6%	\$ 91.9	\$ 6.5	7.6%	\$ 99.5	\$ 13.9	16.3%	\$ 1,234.2	\$ 94.5	8.3%
2006	\$ 1,158.2	\$ 115.3	11.1%	\$ 99.3	\$ 7.4	8.0%	\$ 101.7	\$ 2.2	2.2%	\$ 1,359.2	\$ 124.9	10.1%
2007	\$ 1,177.2	\$ 18.9	1.6%	\$ 100.7	\$ 1.4	1.4%	\$ 109.9	\$ 8.3	8.1%	\$ 1,387.8	\$ 28.6	2.1%
2008	\$ 1,226.1	\$ 48.9	4.2%	\$ 103.9	\$ 3.3	3.2%	\$ 108.8	\$ (1.1)	-1.0%	\$ 1,438.8	\$ 51.0	3.7%
2009	\$ 1,225.9	\$ (0.2)	0.0%	\$ 104.6	\$ 0.7	0.6%	\$ 113.1	\$ 4.3	3.9%	\$ 1,443.5	\$ 4.7	0.3%
2010	\$ 1,313.2	\$ 87.4	7.1%	\$ 110.2	\$ 5.6	5.4%	\$ 120.6	\$ 7.5	6.6%	\$ 1,544.0	\$ 100.5	7.0%
2011	\$ 1,368.5	\$ 55.2	4.2%	\$ 111.9	\$ 1.7	1.5%	\$ 120.7	\$ 0.1	0.1%	\$ 1,601.1	\$ 57.1	3.7%
2012	\$ 1,620.4	\$ 251.9	18.4%	\$ 151.3	\$ 39.4	35.2%	\$ 152.2	\$ 31.5	26.1%	\$ 1,923.9	\$ 322.8	20.2%
2013	\$ 1,743.7	\$ 123.3	7.6%	\$ 164.0	\$ 12.7	8.4%	\$ 153.7	\$ 1.5	1.0%	\$ 2,061.4	\$ 137.5	7.1%
2014	\$ 1,749.2	\$ 5.5	0.3%	\$ 159.1	\$ (4.8)	-3.0%	\$ 156.5	\$ 2.8	1.8%	\$ 2,064.8	\$ 3.4	0.2%
2015	\$ 1,823.6	\$ 74.4	4.3%	\$ 161.6	\$ 2.5	1.6%	\$ 147.1	\$ (9.4)	-6.0%	\$ 2,132.3	\$ 67.5	3.3%
2016	\$ 1,837.4	\$ 13.8	0.8%	\$ 160.9	\$ (0.7)	-0.4%	\$ 139.7	\$ (7.3)	-5.0%	\$ 2,138.1	\$ 5.8	0.3%
2017	\$ 1,820.1	\$ (17.3)	-0.9%	\$ 160.0	\$ (0.9)	-0.6%	\$ 137.8	\$ (1.9)	-1.4%	\$ 2,118.0	\$ (20.1)	-0.9%
2018	\$ 1,910.9	\$ 90.8	5.0%	\$ 165.0	\$ 5.0	3.1%	\$ 163.9	\$ 26.0	18.9%	\$ 2,239.8	\$ 121.8	5.8%
2019	\$ 1,907.2	\$ (3.7)	-0.2%	\$ 165.3	\$ 0.3	0.2%	\$ 154.3	\$ (9.5)	-5.8%	\$ 2,226.8	\$ (13.0)	-0.6%
2020	\$ 1,842.2	\$ (65.0)	-3.4%	\$ 154.9	\$ (10.4)	-6.3%	\$ 153.6	\$ (0.7)	-0.5%	\$ 2,150.7	\$ (76.1)	-3.4%
2021	\$ 2,329.4	\$ 487.2	26.4%	\$ 186.2	\$ 31.3	20.2%	\$ 162.5	\$ 8.9	5.8%	\$ 2,678.1	\$ 527.4	24.5%
2022	\$ 2,211.4	\$ (118.0)	-5.1%	\$ 175.1	\$ (11.1)	-6.0%	\$ 178.9	\$ 16.4	10.1%	\$ 2,565.4	\$ (112.7)	-4.2%
2023*	\$ 2,364.9	\$ 153.5	6.9%	\$ 173.8	\$ (1.3)	-0.8%	\$ 193.7	\$ 14.8	8.3%	\$ 2,732.4	\$ 167.0	6.5%

* Preliminary and unaudited data

Source: Illinois Lottery

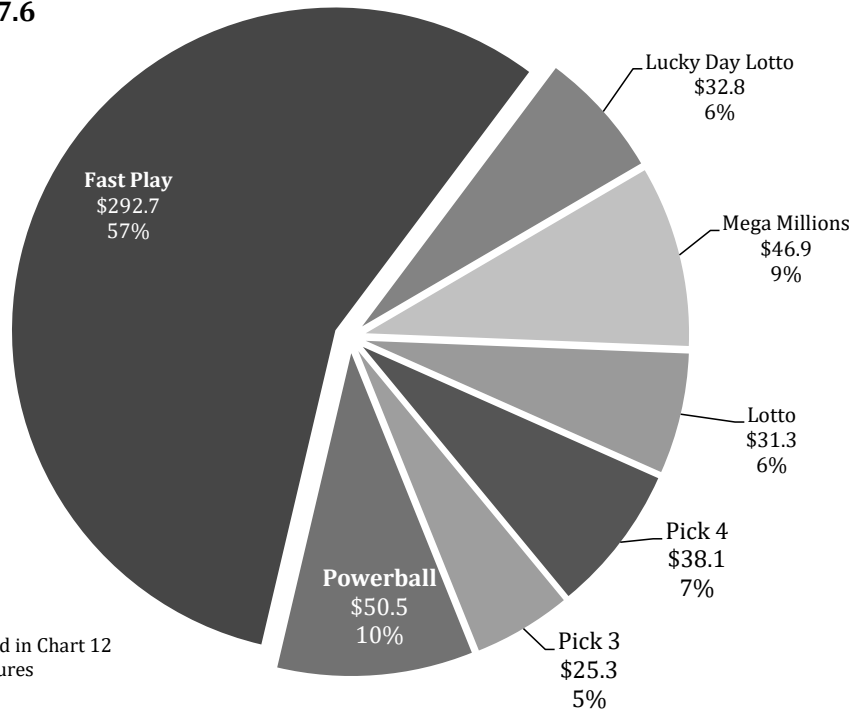
CHART 13: ILLINOIS LOTTERY SALES PER CAPITA



Source: Illinois Lottery, U.S. Census Bureau, CGFA

CHART 14: FY 2023 ONLINE LOTTERY SALES BY GAME (\$ Millions)

Total Sales = \$517.6



* These figures are included in Chart 12
 Preliminary, unaudited figures
 Source: Illinois Lottery

Lottery Transfers

When the Illinois Lottery began in FY 1975, proceeds from the Lottery originally went to the General Revenue Fund. In FY 1986, these transfers began to go to the Common School Fund to support education. A small amount of funds from new special cause games were sent to funds to support those individual causes in FY 2006. Due to Public Act 96-0034, beginning in FY 2010, transfers to the Common School Fund from the Lottery were capped at the rate of inflation as measured by the Consumer Price Index (CPI) based on the amount of money transferred to the fund in FY 2009. Any additional funds available after the transfers to the Common School Fund and the special cause funds were to be sent to the Capital Projects Fund.

Beginning in FY 2024, the Capital Projects Fund will no longer receive money from the Lottery. As part of the FY 2023 Budget Implementation Bill (P.A. 102-0699), all proceeds from the Lottery are to be directed to the Common School Fund except those from the special cause games. As part of this change, the Capital Projects Fund received transfers of approximately \$89 million in FY 2023 to correct errors in lottery distributions in previous fiscal years.

The table on the following page illustrates lottery transfers from FY 2003 through FY 2023. The transfers are presented in two formats. The first section of the table shows lottery transfers on an accrual accounting basis, while the second section presents the transfers on a cash accounting basis. The Lottery tracks its finances on an accrual basis which records revenue and expenses at the time they are made, while the Office of the Comptroller is on more of a cash basis and records the transfers when they arrive at the Comptroller's office. This leads to differences in annual totals due to timing and recognition of the transactions. When discussing lottery transfers of the State in this report and other reports, the Commission will refer to the cash basis results as recorded by the Office of the Comptroller.

The first fund that receives lottery proceeds is the Common School Fund. The Common School Fund provides the majority of funding for elementary and secondary education including payment for General State Aid, contributions to Teacher's Retirement Systems, and salaries of regional superintendents and assistants. Transfers to the Common School Fund fell slightly in FY 2023. After an increase of 5.6% in FY 2022, Common School Fund transfers slipped by 11.5% in FY 2023 which equaled a transfer of \$726 million.

TABLE 24: LOTTERY TRANSFERS

FY 2003 - FY 2023

(\$ Millions)

Fiscal Year	Accrual Accounting Basis (Illinois Lottery)							Cash Accounting Basis (Office of the Comptroller)						
	Total Sales	Common School Fund	Capital Projects Fund	Special Cause Funds	Total Transfers	Transfers as a % of Total Sales		Common School Fund	Capital Projects Fund	Special Cause Funds	Total Transfers	Transfers as a % of Total Sales		
2003	\$ 1,565.0	\$ 539.8	\$ -	\$ -	\$ 539.8	34.5%	\$ -	\$ 540.3	\$ -	\$ -	\$ 540.3	34.5%		
2004	\$ 1,687.6	\$ 576.1	\$ -	\$ -	\$ 576.1	34.1%	\$ -	\$ 570.1	\$ -	\$ -	\$ 570.1	33.8%		
2005	\$ 1,815.0	\$ 619.5	\$ -	\$ -	\$ 619.5	34.1%	\$ -	\$ 614.0	\$ -	\$ -	\$ 614.0	33.8%		
2006	\$ 1,965.2	\$ 641.7	\$ -	\$ 4.2	\$ 645.9	32.9%	\$ 4.2	\$ 670.5	\$ -	\$ 3.7	\$ 674.2	34.3%		
2007	\$ 2,001.0	\$ 627.6	\$ -	\$ 3.6	\$ 631.2	31.5%	\$ 3.6	\$ 622.4	\$ -	\$ 4.1	\$ 626.5	31.3%		
2008	\$ 2,057.7	\$ 643.5	\$ -	\$ 5.0	\$ 648.5	31.5%	\$ 5.0	\$ 657.0	\$ -	\$ 4.6	\$ 661.6	32.2%		
2009	\$ 2,078.5	\$ 629.5	\$ -	\$ 5.2	\$ 634.7	30.5%	\$ 5.2	\$ 625.0	\$ -	\$ 5.2	\$ 630.2	30.3%		
2010	\$ 2,192.9	\$ 614.9	\$ 32.9	\$ 4.3	\$ 652.1	29.7%	\$ 4.3	\$ 625.0	\$ -	\$ 4.2	\$ 629.2	28.7%		
2011	\$ 2,265.7	\$ 610.1	\$ 54.1	\$ 4.2	\$ 668.4	29.5%	\$ 4.2	\$ 631.9	\$ 87.0	\$ 4.1	\$ 723.0	31.9%		
2012	\$ 2,677.8	\$ 639.9	\$ 115.0	\$ 3.2	\$ 758.1	28.3%	\$ 3.2	\$ 639.9	\$ 65.2	\$ 3.2	\$ 708.3	26.5%		
2013	\$ 2,835.5	\$ 655.6	\$ 161.2	\$ 2.6	\$ 819.4	28.9%	\$ 2.6	\$ 655.9	\$ 135.0	\$ 2.9	\$ 793.8	28.0%		
2014	\$ 2,804.8	\$ 668.1	\$ 107.0	\$ 2.3	\$ 777.4	27.7%	\$ 2.3	\$ 668.1	\$ 145.0	\$ 2.3	\$ 815.4	29.1%		
2015	\$ 2,839.8	\$ 678.6	\$ 61.6	\$ 3.8	\$ 743.9	26.2%	\$ 3.8	\$ 678.6	\$ 8.0	\$ 3.6	\$ 690.1	24.3%		
2016	\$ 2,857.3	\$ 691.6	\$ 29.2	\$ 3.4	\$ 724.2	25.3%	\$ 3.4	\$ 677.0	\$ -	\$ 3.3	\$ 680.3	23.8%		
2017	\$ 2,845.6	\$ 705.6	\$ 24.3	\$ 2.6	\$ 732.6	25.7%	\$ 2.6	\$ 720.3	\$ 15.0	\$ 2.9	\$ 738.2	25.9%		
2018	\$ 2,928.3	\$ 718.8	\$ -	\$ 3.6	\$ 722.4	24.7%	\$ 3.6	\$ 718.8	\$ 9.3	\$ 3.6	\$ 731.7	25.0%		
2019	\$ 2,977.4	\$ 731.3	\$ 18.5	\$ 4.3	\$ 754.0	25.3%	\$ 4.3	\$ 731.3	\$ -	\$ 3.4	\$ 734.6	24.7%		
2020	\$ 2,844.3	\$ 689.5	\$ -	\$ 6.5	\$ 696.0	24.5%	\$ 6.5	\$ 630.4	\$ 18.5	\$ 7.2	\$ 656.1	23.1%		
2021	\$ 3,450.0	\$ 762.5	\$ 3.7	\$ 10.1	\$ 776.3	22.5%	\$ 10.1	\$ 776.5	\$ -	\$ 9.4	\$ 785.9	22.8%		
2022	\$ 3,394.8	\$ 775.0	\$ 48.7	\$ 9.8	\$ 784.8	23.1%	\$ 9.8	\$ 820.1	\$ 3.7	\$ 9.4	\$ 833.3	24.5%		
2023*	\$ 3,609.6	\$ 738.5	\$ 89.0	\$ 9.1	\$ 747.6	20.7%	\$ 9.1	\$ 726.0	\$ 137.8	\$ 8.5	\$ 872.3	24.2%		

* Preliminary, unaudited data

Source: Illinois Lottery, Office of the Comptroller

The second destination for Lottery profits are a set of eight special cause funds. Special cause games began in FY 2006 with the introduction of the “Ticket for the Cure” scratch off game which supported breast cancer research and the “Veteran’s Cash” game that supported veteran’s organizations. In FY 2008, Red Ribbon Cash was launched to improve the lives of those living with HIV-AIDS. An instant game supporting Multiple Sclerosis research began in FY 2009. These were the only special cause games until FY 2015 when the Money Bags instant ticket game was introduced to support the Special Olympics in Illinois. In FY 2020, a game was introduced to help build police memorials and another game was initiated to fight homelessness in Illinois. FY 2021 saw the unveiling of two new instant ticket games to fund STEAM (Science, Technology, Engineering, Art, and Math) programs and fight Alzheimer’s disease. In FY 2023, the special cause game supporting STEAM programs was not listed as an active fund. While the sales of specialty game tickets are up considerably since FY 2020, sales have leveled off since then. In FY 2022, sales remained at \$9.4 million. In FY 2023, sales fell by 9.5% to \$8.5 million.

As part of P.A. 94-0120, the “Ticket for the Cure” special instant scratch-off game was created. The proceeds from this game are sent to the Ticket for the Cure Fund which is for cancer research grants. Sales for this game fell to \$752,000 in FY 2023 following the exceptionally high total of \$878,000 in FY 2022.

A special instant scratch-off was created by P.A. 94-0585 to fund grants for veterans’ related issues. Sales of this game have ranged between \$1.1 million and \$1.4 million per year in recent fiscal years. In FY 2023, total revenue from this game equaled almost \$1.2 million. This game remains one of the better sellers of the specialty games.

Revenues from the “Twisted Treasure” instant ticket game are used to support HIV/AIDS prevention and education. This game was created as part of P.A. 95-0674. Sales for this game had been mostly between \$450,000 and \$700,000 over the last decade, but increased considerably in FY 2022 to \$1.3 million. In FY 2023, sales slowed to \$993,000.

A special cause game benefiting multiple sclerosis began sales in September of 2008. As part of P.A. 95-0673, the Multiple Sclerosis Research Fund was created that would benefit research pertaining to multiple sclerosis. Profits from the “Lucky Me” game amounted to just over \$1.0 million in FY 2023. This represents a decline in comparison to the \$1.4 million recorded in FY 2022.

P.A. 98-0649 created a special instant scratch-off game to benefit the Special Olympics in Illinois. The act created the Special Olympics Illinois and Special Children’s Charities Fund. Funds are to be used to support training, competitions, and programs for future Special Olympics athletes. The proceeds from this game are to be split 75% statewide, while 25% are to be used to support athletes within the City of Chicago. The current version of this instant ticket is named “Fat Wallet.” The game’s sales have steadily declined after reaching a \$2.1 million peak in FY 2020. In FY 2023, a tally of \$988,000 was recorded.

The first of the newest batch of special cause games in recent years was the Blue Police Memorial Ticket game. Introduced in May of 2019, the game will be used to raise funds to support police memorial projects. As part of P. A. 100-0647, revenues from the ticket will be equally divided among the Chicago Police Memorial Foundation Fund, the Police Memorial Committee Fund, and the Illinois State Police Memorial Park Fund. Profits from the Blue Police Memorial Ticket will be used to fund grants for building and maintaining memorials and parks; holding annual memorial commemorations; giving scholarships and financial assistance to children of officers killed or catastrophically injured in the line of duty, or those interested in pursuing a career in law enforcement; and providing financial assistance to officers for the purchase or replacement of bullet proof vests. After recording \$1.2 million in FY 2022, sales remained flat and fell to just below \$1.2 million in FY 2023.

The second newly introduced game was the “Easy as 1-2-3” game which became available in September of 2019. This game was created under P.A. 100-1068. Profits of the game will be deposited in the Homelessness Prevention Revenue Fund. These funds will be used by the Illinois Department of Human Services to support homelessness prevention and assistance program grants. In FY 2023, the latest version of this game, “Blackjack”, contributed \$1.4 million to total sales.

Two new specialty instant games were introduced through P.A. 101-0561 in FY 2021. The first game was “Booming Bucks”, which raised funds for science, technology, engineering, art, and math (STEAM) programs in Illinois public schools. All proceeds from the Booming Bucks instant ticket were sent to the School STEAM Grant Program Fund. This grant program supports STEAM programming for K-12 students in Illinois, specifically in lower income neighborhoods. This instant game was structured that sales would only occur in calendar year 2020 and be discontinued on January 1, 2021. Sales of the “Booming Bucks” game totaled just over \$1.1 million during its limited run at the end of 2020. A small amount of transfers to this fund occurred in FY 2023 - totaling just over \$98,000.

The other specialty game created under P.A. 101-0561 was the “The End of Alzheimer’s Begins with Me” scratch-off game. The net revenue from this game is deposited into the Alzheimer’s Awareness Fund. This money will promote Alzheimer’s care, support, education, and awareness programs in Illinois. This game is scheduled to be available through January 1, 2025. In FY 2023 just over \$973,000 was collected.

The last fund that receives lottery funds is the Capital Projects Fund which was created under P.A. 96-0034. Subject to appropriation, the Capital Projects Fund may be used only for capital projects and the payment of debt service on bonds issued for capital projects. As mentioned previously, due to P.A. 102-0699, the Capital Projects Fund is to no longer receive funds from Illinois Lottery sales beginning in FY 2023. A transfer to the Capital Projects Fund did occur in March of FY 2023 as part of the reconciliation process. This reconciliation is the result of excess transfers made to the Common School Fund in years prior to 2010 and in 2018. The amount of the transfer was \$89 million.

Multi-State Games

While most of the games issued by the Lottery are just for players purchasing a ticket in Illinois, the Mega Millions and Powerball games are multi-state games that offer jackpots starting at \$20 million. In May of 2002, Illinois, along with the other Big Game states (Georgia, Maryland, Massachusetts, Michigan, New Jersey, and Virginia), joined the States of New York and Ohio to create the Mega Millions game. Washington (September 2002), Texas (December 2003), California (June 2005), and Louisiana (November 2011) joined Mega Millions in the following years.

In October of 2009, an agreement was reached between states offering Mega Millions and states offering Powerball to allow for sales of both games within a state. The hope was, with more states joining the program, more and more people will be playing, allowing jackpots to roll to even higher levels at a faster rate. Illinois began offering Powerball on January 31, 2010. As of August 2023, forty-five states plus the District of Columbia and the U.S. Virgin Islands offer Mega Millions tickets. Powerball tickets are sold in the same locales plus Puerto Rico.

Mega Millions has drawings on Tuesdays and Fridays. Prior to August of 2021, Powerball conducted their drawings on Wednesdays and Saturdays. Starting that month, an additional Monday drawing was added each week. Mega Millions and Powerball each cost \$2 per ticket. Mega Millions had been \$1 per ticket but beginning in October 2017, the price rose to \$2 to match the Powerball. In addition to the change in price, the beginning jackpot for Mega Millions rose to \$40 million from \$15 million and the odds of winning the jackpot increased. However, due to a waning interest in both of the multi-state games during the COVID-19 pandemic, the beginning jackpot for both games was reduced in the spring of 2020 to ensure the long-term viability of the game. The beginning jackpots have been at \$20 million since then but the Mega Millions has indicated that future beginning jackpots will be determined by game sales and interest rates.

Collectively, the multi-state games grew by 61% in FY 2023. Combined, total sales fell to \$272 million in FY 2022, but jumped to almost \$438 million in FY 2023. The Mega Millions game increased by 104.5% to just over \$218 million. This represented a surge of almost \$112 million. Powerball sales also increased to \$220 million in FY 2023 from \$165 million in FY 2022, a growth of 33.0%.

Table 25 on the following page shows the sales and jackpot data for the multi-state games. Powerball saw a large increase in the number of drawings with the jackpot at high levels. In FY 2023, Powerball had 113 drawings with the jackpot over \$100 million, 69 over \$200 million, and 41 over \$300 million. Drawings over \$300 million remained flat between FY 2022 and FY 2023. Mega Millions, on the other hand, had jackpots at similar levels as FY 2022.

TABLE 25: MULTI STATE GAME RESULTS

(\$ Million)

MEGA MILLIONS

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Average Jackpot Drawing	\$68.7	\$42.9	\$98.0	\$93.8	\$101.7	\$77.7	\$146.6	\$220.4	\$136.9	\$166.9	\$147.4	\$277.3
Drawings over \$100 M	19	9	35	40	42	28	55	70	60	50	57	75
Drawings over \$200 M	6	0	13	12	12	3	30	46	23	31	30	58
Drawings over \$300 M	2	0	6	1	4	3	13	26	8	18	15	41
IL Mega Millions Sales	\$189.0	\$108.3	\$144.6	\$120.3	\$98.1	\$98.2	\$124.8	\$213.4	\$110.4	\$157.8	\$106.8	\$218.3
% Change	#DIV/0!	-42.7%	33.5%	-16.8%	-18.4%	0.1%	27.0%	71.0%	-48.2%	42.9%	-32.3%	104.5%

POWERBALL

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021*	FY 2022	FY 2023
Average Jackpot Drawing	\$85.2	\$120.0	\$117.3	\$105.2	\$159.6	\$165.7	\$175.7	\$199.6	\$108.6	\$144.8	\$219.1	\$240.3
Drawings over \$100 M	33	48	44	41	62	65	71	77	48	55	113	105
Drawings over \$200 M	8	16	15	9	25	34	34	42	10	26	69	63
Drawings over \$300 M	1	6	6	3	9	16	16	18	4	10	41	41
IL Powerball Sales	\$147.0	\$236.2	\$162.6	\$133.5	\$207.9	\$151.6	\$161.2	\$158.5	\$94.6	\$127.2	\$165.0	\$219.5
% Change	#DIV/0!	61.5%	-31.2%	-17.9%	55.7%	-27.1%	6.4%	-1.7%	-40.3%	34.6%	29.7%	33.0%

MEGA MILLIONS AND POWERBALL

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Average Jackpot Drawing	\$77.0	\$81.5	\$107.6	\$99.4	\$130.8	\$121.5	\$161.2	\$209.9	\$122.8	\$155.8	\$189.6	\$190.6
Drawings over \$100 M	52	57	79	81	104	93	126	147	108	105	170	180
Drawings over \$200 M	14	16	28	21	37	37	64	88	33	57	99	121
Drawings over \$300 M	3	6	12	4	13	19	29	44	12	28	56	82
Total IL Game Sales	\$335.3	\$344.6	\$307.2	\$253.7	\$306.0	\$249.8	\$286.0	\$371.8	\$205.0	\$285.0	\$271.8	\$437.8
% Change	#DIV/0!	2.8%	-10.9%	-17.4%	20.6%	-18.4%	14.5%	30.0%	-44.9%	39.0%	-4.6%	61.1%

*In August of 2021, the Powerball game went from two drawings per week to three drawings per week.

Source: www.lottoreport.com, Illinois Lottery

U.S. Lottery Results

Based on data from the North American Association of State and Provincial Lotteries, in FY 2022, Illinois had the 12th largest lottery in the U.S. based on total traditional lottery sales. This was the same spot as FY 2021. Traditional lottery sales include instant and draw games but exclude electric gaming machines and table games. While Illinois has electric gaming machines and table games, they are under the purview of the Illinois Gaming Board, and as such, will not be included in this analysis of the Lottery. Florida (\$9.3 billion) remained the largest lottery, with California (\$8.9 billion), and Texas (\$8.3 billion) following in 2nd and 3rd place.

On a sales per capita basis, Illinois ranked 22nd with sales per capita of \$265 in FY 2022. This was 2.5% lower than the previous fiscal year. The 22nd ranking was one spot lower out of the forty-seven lotteries studied compared to FY 2021. Massachusetts had the highest levels of lottery sales at \$841 per person. This was followed by Georgia at \$812 and Michigan at \$488. States with higher lottery sales per capita tend to allow Keno games, which Illinois does not offer. Based on preliminary data, Illinois' sales per capita grew to \$282 in FY 2023. This indicates slight growth compared to FY 2022. Chart 13 also indicates a linear growth pattern over the past fifteen years.

Similarly, analyzing last year's lottery sales on a percentage of per capita personal income basis placed Illinois near the middle of U.S. lotteries. Illinois residents spent approximately 0.39% of their personal income on lottery tickets. This was down from 0.41% in FY 2021. Overall, Illinois ranked 22nd in this category. The highest levels of spending on lottery sales based on personal income are seen in Massachusetts (0.99%), Georgia (0.90%), and Michigan (0.86%).

**TABLE 26: LOTTERY RANKINGS
(FY 2022)**

STATE	POPULATION (MILLIONS)	PER CAPITA PERSONAL INCOME	TRADITIONAL LOTTERY SALES (\$ MILLIONS)		SALES PER CAPITA		SALES PER CAPITA AS A % OF PER-CAPITA PERSONAL INCOME	
				Rank		Rank		Rank
ALABAMA	5.1	\$ 50,637	\$ -	47	\$ -	47	0.00%	47
ALASKA	0.7	\$ 68,919	\$ -	47	\$ -	47	0.00%	47
ARIZONA	7.4	\$ 56,667	\$ 1,368	21	\$ 185	29	0.33%	27
ARKANSAS	3.0	\$ 51,787	\$ 580	27	\$ 191	27	0.37%	25
CALIFORNIA	39.0	\$ 77,339	\$ 8,866	2	\$ 228	26	0.29%	30
COLORADO	5.9	\$ 74,167	\$ 827	24	\$ 141	32	0.19%	36
CONNECTICUT	3.6	\$ 84,972	\$ 1,452	20	\$ 402	8	0.47%	16
DELAWARE	1.0	\$ 61,387	\$ 231	38	\$ 228	25	0.37%	23
DISTRICT OF COLUMBIA	0.7	\$ 96,728	\$ 200	40	\$ 290	16	0.30%	29
FLORIDA	22.0	\$ 63,597	\$ 9,325	1	\$ 423	6	0.67%	5
GEORGIA	10.9	\$ 57,129	\$ 5,553	6	\$ 512	2	0.90%	2
HAWAII	1.4	\$ 61,175	\$ -	47	\$ -	47	0.00%	47
IDAHO	2.0	\$ 54,537	\$ 376	33	\$ 190	28	0.35%	26
ILLINOIS	12.8	\$ 68,822	\$ 3,396	12	\$ 265	22	0.39%	22
INDIANA	6.8	\$ 57,930	\$ 1,703	18	\$ 249	23	0.43%	20
IOWA	3.2	\$ 58,905	\$ 433	30	\$ 135	34	0.23%	34
KANSAS	2.9	\$ 60,152	\$ 313	35	\$ 107	38	0.18%	37
KENTUCKY	4.5	\$ 52,109	\$ 1,480	19	\$ 328	14	0.63%	8
LOUISIANA	4.6	\$ 54,622	\$ 583	26	\$ 127	36	0.23%	33
MAINE	1.4	\$ 59,463	\$ 386	32	\$ 279	19	0.47%	17
MARYLAND	6.2	\$ 70,730	\$ 2,663	13	\$ 432	4	0.61%	9
MASSACHUSETTS	7.0	\$ 84,945	\$ 5,854	5	\$ 841	1	0.99%	1
MICHIGAN	10.0	\$ 56,813	\$ 4,897	8	\$ 488	3	0.86%	3
MINNESOTA	5.7	\$ 68,010	\$ 740	25	\$ 130	35	0.19%	35
MISSISSIPPI	2.9	\$ 46,248	\$ 433	29	\$ 147	31	0.32%	28
MISSOURI	6.2	\$ 56,551	\$ 1,780	17	\$ 288	17	0.51%	12
MONTANA	1.1	\$ 57,719	\$ 71	44	\$ 63	44	0.11%	44
NEBRASKA	2.0	\$ 63,321	\$ 202	39	\$ 103	39	0.16%	38
NEVADA	3.2	\$ 61,282	\$ -	47	\$ -	47	0.00%	47
NEW HAMPSHIRE	1.4	\$ 74,663	\$ 505	28	\$ 359	13	0.48%	15
NEW JERSEY	9.2	\$ 78,700	\$ 3,634	11	\$ 393	10	0.50%	13
NEW MEXICO	2.1	\$ 51,500	\$ 137	42	\$ 65	43	0.13%	43
NEW YORK	19.4	\$ 78,089	\$ 8,178	4	\$ 421	7	0.54%	11
NORTH CAROLINA	10.7	\$ 57,416	\$ 3,887	10	\$ 364	12	0.63%	6
NORTH DAKOTA	0.8	\$ 66,184	\$ 29	45	\$ 38	46	0.06%	46
OHIO	11.8	\$ 57,880	\$ 4,298	9	\$ 364	11	0.63%	7
OKLAHOMA	4.0	\$ 54,998	\$ 350	34	\$ 87	41	0.16%	39
OREGON	4.3	\$ 62,767	\$ 397	31	\$ 93	40	0.15%	41
PENNSYLVANIA	12.9	\$ 65,167	\$ 5,121	7	\$ 397	9	0.61%	10
RHODE ISLAND	1.1	\$ 65,377	\$ 299	36	\$ 273	21	0.42%	21
SOUTH CAROLINA	5.3	\$ 53,320	\$ 2,254	15	\$ 428	5	0.80%	4
SOUTH DAKOTA	0.9	\$ 65,806	\$ 75	43	\$ 83	42	0.13%	42
TENNESSEE	7.1	\$ 58,279	\$ 2,027	16	\$ 287	18	0.49%	14
TEXAS	29.9	\$ 61,985	\$ 8,297	3	\$ 277	20	0.45%	18
UTAH	3.4	\$ 57,925	\$ -	47	\$ -	47	0.00%	47
VERMONT	0.6	\$ 63,206	\$ 151	41	\$ 234	24	0.37%	24
VIRGINIA	8.7	\$ 68,211	\$ 2,618	14	\$ 302	15	0.44%	19
WASHINGTON	7.8	\$ 75,698	\$ 908	22	\$ 117	37	0.15%	40
WEST VIRGINIA	1.8	\$ 49,169	\$ 243	37	\$ 137	33	0.28%	31
WISCONSIN	5.9	\$ 61,210	\$ 888	23	\$ 150	30	0.25%	32
WYOMING	0.6	\$ 71,342	\$ 27	46	\$ 47	45	0.07%	45
TOTALS	332.8	\$ 59,729	\$ 98,034		\$ 295		0.49%	

All figures are for traditional lottery games and do not include video gaming or table games.

All data should be considered preliminary and unaudited.

Sources: U.S. Census Bureau, North American Association of State and Provincial Lotteries, Bureau of Economic Analysis, CGFA

HORSE RACING

HORSE RACING

Horse racing is the oldest form of legalized gaming in Illinois. Each year, millions of dollars are wagered on horse racing at the State's on-track and off-track wagering facilities. In calendar year 2022, Illinois horse racing wagering generated \$11.5 million in total revenues with the State receiving \$8.4 million and local governments receiving \$3.1 million. Table 27 examines the sources and allocation of CY 2022 horse racing revenues while Table 28 details State and local racing revenues over the past ten years.

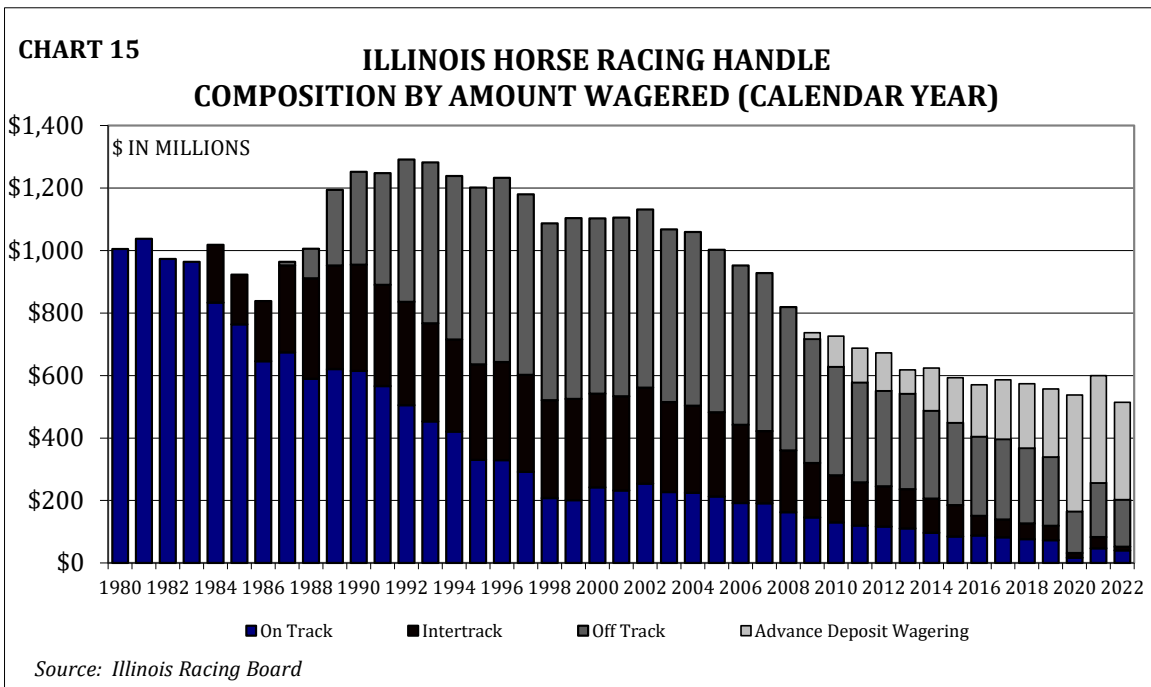
TABLE 27: SOURCES AND ALLOCATION OF HORSE RACING REVENUE FOR CALENDAR YEAR 2022	
SOURCE OF REVENUE:	
Application and License Fees of Racing Associations	\$51,990
Admission Taxes	\$50,205
Pari-mutuel Tax (Tracks and OTBs)	\$2,837,813
Pari-mutuel Tax Credit Used	(\$963,150)
Advanced Deposit Wagering (ADW) Pari-Mutuel Tax (1.75% of Handle)	\$5,445,760
.2% Surcharge for Racing Board (includes \$100,000 to Quarter Horse Purse Fund)	\$812,313
Licensing of Racing Personnel	\$95,350
Fingerprint Fees	\$15,442
Photo Fees	\$150
Horsemen's Fines	\$31,010
Miscellaneous Sources	\$17
TOTAL STATE REVENUES RECEIVED	\$8,376,900
2% of OTB Handle to City and County	\$3,017,436
OTB Admission Tax to City of Chicago	\$22,172
OTB Admission Tax to Cook County	\$47,925
On Track City Admission Tax	\$33,470
Intertrack Surcharge to County (20%)	\$26,843
TOTAL LOCAL REVENUES RECEIVED	\$3,147,846
TOTAL REVENUES RECEIVED	\$11,524,746
ALLOCATION OF REVENUE:	
Horse Racing Fund	\$7,468,484
Quarterhorse Breeders' Fund	\$15,008
Quarterhorse Purse Fund (from IRB .2% Surcharge)	\$100,000
Standardbred Purse Fund (.25% Tax of ADW Handle)	\$777,966
Fingerprinting (State Police and Vendor)	\$15,442
TOTAL STATE REVENUES ALLOCATED	\$8,376,900
To Cities	\$1,564,360
To Counties	\$1,583,486
TOTAL LOCAL	\$3,147,846
TOTAL REVENUES ALLOCATED	\$11,524,746
<i>Source: Illinois Racing Board - 2022 Annual Report</i>	

TABLE 28: HORSE RACING REVENUES AND ASSOCIATED ALLOCATIONS BY CALENDAR YEAR (IN MILLIONS)										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL STATE REVENUE	\$6.4	\$7.5	\$6.8	\$6.8	\$7.1	\$7.0	\$7.0	\$8.5	\$8.8	\$8.4
TOTAL LOCAL REVENUE	\$6.7	\$6.2	\$5.8	\$5.5	\$5.5	\$5.1	\$4.7	\$2.8	\$3.7	\$3.1
*TOTAL REVENUES RECEIVED	\$13.1	\$13.7	\$12.7	\$12.3	\$12.6	\$12.2	\$11.7	\$11.3	\$12.5	\$11.5
TOTAL STATE ALLOCATIONS	\$6.4	\$7.5	\$6.8	\$6.8	\$7.1	\$7.0	\$7.0	\$8.5	\$8.8	\$8.4
TOTAL LOCAL ALLOCATIONS	\$6.7	\$6.2	\$5.8	\$5.5	\$5.5	\$5.1	\$4.7	\$2.8	\$3.7	\$3.1
TO CITIES	\$3.2	\$2.9	\$2.8	\$2.7	\$2.7	\$2.5	\$2.3	\$1.4	\$1.8	\$1.6
TO COUNTIES	\$3.6	\$3.3	\$3.1	\$2.8	\$2.8	\$2.6	\$2.4	\$1.4	\$1.9	\$1.6
*TOTAL REVENUES ALLOCATED	\$13.1	\$13.7	\$12.7	\$12.3	\$12.6	\$12.2	\$11.7	\$11.3	\$12.5	\$11.5

* On January 29, 2014, advance deposit wagering was re-authorized for three years and included an additional 0.2% surcharge on winning wagers to help fund the Racing Board.

Source: Illinois Racing Board Annual Reports

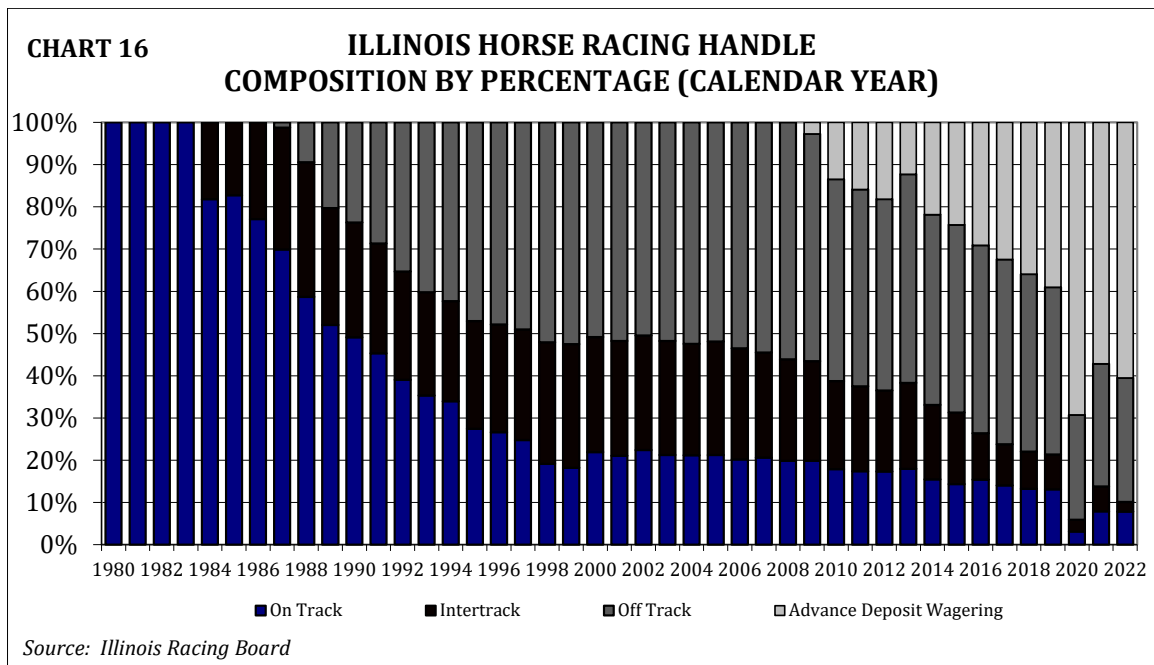
In its 2022 Annual Report, the Racing Board noted that 200 live race dates were conducted during CY 2022. This is notably less than the 239 live race dates conducted in CY 2021, and significantly lower than the 518 race programs that were conducted as recently as CY 2013. This falloff reinforces the declining trend of the horse racing industry over the past decade. In CY 2022, the total handle amounted to \$514.1 million, a figure 14.2% lower than the \$599.4 million handle collected in CY 2021. CY 2021 saw horse racing reach its highest handle since 2014. However, CY 2022's latest total follows the trend that horse racing remains well below levels of the past. Historical horse racing handle figures are displayed below.



In CY 2022, the horse racing handle declined by -14.2% from CY 2021—continuing a multi-decade pattern of declining handles. Advance deposit wagering (ADW) continued to make up a substantial part of overall handle composition. The online capabilities of ADW allowed for the wagering in horse racing to persist through the pandemic. The ADW handle declined between CY 2021 and CY 2022 likely reflecting the return of bettors to more established methods of horse wagering post-pandemic. The combined handle from on-track, intertrack, and off-track betting amounted to \$202.9 million in CY 2022, a \$53.9 million decline from CY 2021.

The make-up of Illinois’ overall handle has seen dramatic changes over the past 35 years. Prior to 1984, pari-mutuel wagering was only permitted at on-track racing facilities. This exclusivity was eliminated with the introduction of intertrack (1984) and simulcast (1985) wagering. [For the purpose of this report, the term inter-track wagering will refer to both of these forms of wagering]. This was followed in 1987 by the introduction of off-track betting. Advance Deposit Wagering began in 2009.

As these alternative means of wagering matured, they significantly altered the composition of the total racing handle. Between 1990 and 2022 the percentage of the total handle generated from on-track wagering has slowly fallen from 49% to 8%. The percentage of the total handle generated at off-track wagering facilities increased from 24% to as high as 56% (2008) before falling to 29% in 2022. Inter-track wagering for years remained relatively stable, generally comprising around 25% of the total handle. This rate has now fallen to just 2% as advance deposit wagering has quickly emerged as the trending source for new wagering. After rising to as high as 69%, in part due to the COVID-19 restrictions limiting wagering at the other formats, ADW comprised a 60.5% majority of horse racing handle in CY 2022. Chart 16 illustrates the historic shift in the composition of the racing handle.



2022 Racing Statistics

TABLE 29: Illinois Racing Statistics for 2022			
\$ in millions			
	2021 Handle	2022 Handle	% Change
Thoroughbred	\$205.1	\$161.5	-21.2%
Harness	\$51.8	\$41.4	-20.0%
ADW	\$342.5	\$311.2	-9.2%
Total Illinois Handle	\$599.4	\$514.1	-14.2%
Of the \$514.1 million total handle in 2022....			
Source	Amount	Composition	
On Track	\$40.2	7.8%	
Intertrack	\$11.8	2.3%	
OTBs	\$150.9	29.3%	
ADW	\$311.2	60.5%	
Total	\$514.1	100%	
Location of Race	Amount	Composition	
Wagered on Live Illinois Races	\$18.7	3.6%	
Wagered on Simulcasts	\$495.4	96.4%	
Total	\$514.1	100%	
The handle from live Illinois racing came from:			
Hawthorne	\$12.8		
Fairmount	\$5.4		
State/County Fairs	\$0.5		
Total	\$18.7		

Source: Illinois Racing Board Annual Report

Off-Track Betting (OTB) Licenses

The Illinois Horse Racing Act, effective June 28, 2019, states that Fairmount Park may establish up to 9 intertrack wagering locations (OTB's) and Hawthorne Race Course may establish up to 16 OTB's. Due to the closing of Arlington Racetrack in 2021, many OTB's formerly operated by Arlington began operating on behalf of Hawthorne. As of September 1, 2022, Hawthorne Race Course has 16 OTB's (many formerly operated by Arlington) and Fairmount Park has 3 OTB's. Throughout CY 2022, OTB parlors for Hawthorne in Chicago and Normal closed retail location operations.

A list of the current off-track betting parlors in Illinois is shown in the table below. Any updates to this list can be found on the Racing Board's website at the following location:

<https://www2.illinois.gov/sites/irb/sierra/parimutuel/Pages/OTB.aspx>

TABLE 30: ILLINOIS RACING TRACKS AND ASSOCIATED OTB'S		
TRACK	COUNTY	OTB LOCATIONS
FAIRMOUNT PARK	MADISON	ALTON SAUGET SPRINGFIELD
HAWTHORNE RACE COURSE	COOK	AURORA CRESTWOOD EVERGREEN PARK HOFFMAN ESTATES JOLIET LANSING MCHENRY MOKENA NORTH AURORA OAKBROOK TERRACE PROSPECT HEIGHTS ROCKFORD VILLA PARK
<p>NOTE: The Illinois Horse Racing Act, effective June 28, 2019 states that Fairmount Park may establish up to 9 intertrack wagering locations (OTB's), Hawthorne Race Course may establish up to 16 OTB's and Arlington Park may establish up to 18 OTB's. Due to the closing of Arlington Racetrack in 2021, there are no longer any OTBs under Arlington. As of March 3, 2022, Hawthorne Race Course has 16 OTB's (many formerly operated by Arlington) and Fairmount Park has 3 OTB's.</p> <p>Source: Illinois Racing Board</p>		

Advance Deposit Wagering

During the Spring 2009 legislative session, Public Act 96-0762 (SB 1298) was signed into law which allowed advance deposit wagering in Illinois. Advance Deposit Wagering (ADW) officially began in Illinois in October 2009. Under P.A. 96-0762, an individual is allowed to establish an account, deposit money into the account, and use the account balance to pay for pari-mutuel wagering. An advance deposit wager may be placed in person at a wagering facility or from any other location via a telephone-type device or any other electronic means.

In the earlier stages of ADW, this wagering format had to be extended through legislation. However, Public Act 101-0031 removed the sunset date provisions altogether, thereby allowing advance deposit wagering to continue in Illinois into the foreseeable future.

The State generates tax revenue from advance deposit wagering through a flat pari-mutuel tax at the rate of 1.5% of the daily pari-mutuel handle on advance deposit wagering from a location other than a wagering facility (to the Horse Racing Fund). In addition to this tax, a pari-mutuel tax at the rate of 0.25% is imposed on advance deposit wagering (to the Standardbred Purse Fund).

Since advance deposit wagering became operational in 2009, the tax revenues collected from this format and the taxable handle amount for that fiscal year is as follows:

Fiscal Year	ADW Handle (\$ in millions)	Tax Revenue (\$ in millions)
2011	\$96	\$1.7
2012	\$114	\$2.0
2013	\$73	\$1.3
2014	\$133	\$2.3
2015	\$137	\$2.4
2016	\$156	\$2.7
2017	\$175	\$3.1
2018	\$200	\$3.5
2019	\$209	\$3.7
2020	\$265	\$4.6
2021	\$384	\$6.7
2022	\$339	\$5.9
2023	\$301	\$5.3

As discussed in previous pages, the increases seen in FY 2020 and FY 2021 were likely in large part due to the availability of advance deposit wagering during the pandemic as compared to other wagering formats. As live racing and betting at on-track and off-track locations returned, ADW wagering revenues lessened in FY 2022. In FY 2023, ADW wagering revenues continued to slide, but still comprised a substantial amount of the overall racing handle.

The Future of Horse Racing and the Anticipated Impact of P.A. 101-0031

Since the turn of the century, the horse racing industry has been on a steady downward trend. Illinois' horse racing handle continued to fall in CY 2022, resulting in the lowest level in over 40 years (\$514 million). The 2022 handle totals are down a combined 23.6% from ten years ago and down 54.6% over the past two decades. In September 2021, Arlington Park joined Maywood Park and Balmoral Park in closing their facilities. This leaves only two operating racetracks in Illinois.

The horse racing community is hopeful that the racing related changes to P.A. 101-0031 will be the spark needed to turn things around. Although, the desired effects of this Act have yet to be fully delivered by the legislation. This Act authorized casinos at Illinois racetracks, thereby joining a growing number of states to offer this gaming format. The hoped-for outcome is that the addition of racinos will allow racetracks the financial ability to offer higher purses, leading to increased interest, both from horsemen and the fans of horse racing. Proponents have argued that having racinos would not only increase tax revenues for the State, but it would also increase the amount of money wagered on horse racing. However, this has not been the case for states across the country.

For example, over the past decade, Indiana has seen its "in-state" handle decrease from near \$180 million in 2007 to just over \$46 million in 2021 despite the opening of two racinos in 2008. On the other hand, the casinos at these two locations annually combine to generate adjusted gross receipts totaling near \$500 million per year (the pandemic year of FY 2020 notwithstanding). A portion of the tax revenues imposed on the AGR of these casinos is kept by the track, allowing these racinos to offer higher purses, thus, helping it to "survive". In cases like this, the revenue benefits from having "racinos" have come from the casinos themselves, not from developing new interest by way of pari-mutuel handle increases.

A similar outcome has occurred in the State of Ohio. The first racino opened in Ohio in June 2012. Since then, six additional racinos have opened throughout this state with the latest opening in September 2016. Casino revenues from these seven locations have improved each year (again, the pandemic year of FY 2020 notwithstanding), reaching an AGR total of almost \$1.4 billion in FY 2023. However, despite the impressive casino revenue totals, the racing handle from these Ohio racetracks have not improved. In fact, between 2011 (the last year without racinos) to 2022, the total handle has fallen 53% from \$234 million to \$109 million.

Even if pari-mutuel handles are not necessarily increasing in other states like Indiana and Ohio, their ability to offer higher purses with the help of another revenue source has had a direct detrimental impact on Illinois. With higher prize values in other states, many in the horse racing industry have left Illinois for "greener pastures". Without the ability to offer higher purses, a bad situation has become even worse for Illinois tracks – leading to the closure of several tracks in Illinois.

The timing of when casinos at these racetracks will ultimately open remains in question. According to the Gaming Board's website, Hawthorne's casino license status reached "preliminary suitable" in July 2020. Fairmount reached this same status in October 2020. However, as discussed on page 27, these race track casinos have not indicated in recent months when they will seek to open a racino at their locations, and it remains unclear whether such projects will be able to move forward.

As discussed in the following section, both Fairmount and Hawthorne have obtained a sports gaming license and have been generating revenues over the last three fiscal years. In FY 2023, Hawthorne generated \$57.5 million in adjusted gross receipts while Fairmount generated \$415.4 million. This represented an increase of 16.9% and 64.0% respectively over the previous fiscal year's AGR total. In fact, Fairmount's license through its partnership with FanDuel, was the highest generating sports wagering license in the state in FY 2023.

The industry is hopeful that the added revenue and exposure that sports wagering is bringing to these facilities will attract a new fan base for horse racing. However, the Racing Board is quick to note that current law does not allocate any of the sports wagering tax revenues, or after-tax revenues retained by the owners of the tracks, to purse accounts. Industry insiders believe that larger purse prizes are necessary to attract more racers to Illinois tracks. While there is a provision that allocates a portion of a racino's after-tax revenues to purses, the delays in opening these casinos at Illinois horse tracks has meant that no direct assistance has been given to these purse accounts so far.

The ability to operate racinos and offer sports betting gives the Illinois horse racing industry a potential "shot in the arm" to help revitalize a struggling industry. Unfortunately for Illinois, the concern is that these changes will merely help Illinois racetracks keep up with the competition rather than standing out from the crowd. Additionally, it remains unclear whether the construction of new racinos will reestablish a robust horse racing industry within Illinois. The revenue from the racinos and sportsbooks at Illinois' racetracks could possibly help the racetracks in the short-term, but the long-term viability of horse racing remains in question given the overall downward trend in horse racing and the increasing abundance of competing gaming options.

SPORTS WAGERING

SPORTS WAGERING

As part of P.A. 101-0031, the Sports Wagering Act was created. The Sports Wagering Act provides that the Illinois Gaming Board shall have the authority to regulate the conduct of sports wagering. The Board shall levy and collect all fees, surcharges, civil penalties, and monthly taxes on adjusted gross sports wagering receipts imposed by this Act and deposit all moneys into the Sports Wagering Fund, except as otherwise provided under this Act.

A summary of the framework of the Sport Wagering Act is provided below. A synopsis of sports wagering's tax revenue statistics since it began in March 2020 follows.

Sports Wagering Related Licenses:

- **Supplier License.** A license to supply a master sports wagering licensee with sports wagering equipment or services necessary for the operation of sports wagering, which shall require a license fee of \$150,000 and a renewal fee of \$150,000 every 4 years;
- **Occupational License.** A license to be employed by a master sports wagering licensee when the employee works in a designated gaming area that has sports wagering or performs duties in furtherance of or associated with the operation of sports wagering by the master sports wagering licensee, which shall require an annual license fee of \$250;
- **Management Services Provider License.** A license to provide management services under a contract to a master sports wagering licensee, which shall require a nonrefundable license and application fee of \$1,000,000 and a renewal fee of \$500,000 every 4 years;
- **Tier 2 Official League Data Provider License.** A sports governing body or a sports league, organization, or association or a vendor authorized by such sports governing body or sports league, organization, or association to distribute tier 2 official league data may apply to the Board for a tier 2 official league data provider license. The initial license fee (and renewal fee) would range from \$30,000 to \$500,000 based on data sales. The license is valid for 3 years. The term "tier 2 sports wager" refers to a sports wager that is not a sports wager that is determined solely by the final score or final outcome of the sports event and is placed before the sports event has begun.

Master Sports Wagering Licenses. These licenses are authorized at the following locations and have the following requirements:

- **Sports Wagering at Horse Tracks**
 - The initial license fee for a master sports wagering license for an organization licensee (horse track) is 5% of its handle from the preceding calendar year or the lowest amount that is required to be paid as an initial

license fee by an owners licensee, whichever is greater. No initial license fee shall exceed \$10 million.

- An organization licensee licensed on the effective date of this Act shall pay the initial master sports wagering license fee by July 1, 2021 (was July 1, 2020 in the original agreement).
- For an organization licensee licensed after the effective date of this Act, the master sports wagering license fee shall be \$5 million, but the amount shall be adjusted 12 months after the organization licensee begins racing operations based on 5% of its handle from the first 12 months of racing operations.
- The organization licensee may renew the master sports wagering license for a period of 4 years by paying a \$1 million renewal fee to the Board.
- An organization licensee issued a master sports wagering license may conduct sports wagering:
 - At its facility at which inter-track wagering is conducted.
 - At 3 inter-track wagering locations.
 - Over the Internet or through a mobile application.

• **Sports Wagering at Casinos**

- The initial license fee for a master sports wagering license for an owners licensee is 5% of its adjusted gross receipts from the preceding calendar year. No initial license fee shall exceed \$10 million.
- An owners licensee licensed on the effective date of this Act shall pay the initial master sports wagering license fee by July 1, 2021, valid for 4 years (was July 1, 2020 in the original agreement).
- For an owners licensee licensed after the effective date of this Act, the master sports wagering license fee shall be \$5 million, but the amount shall be adjusted 12 months after the owners licensee begins riverboat gambling operations based on 5% of its adjusted gross receipts from the first 12 months of riverboat gambling operations.
- The owners licensee may renew the master sports wagering license for a period of 4 years by paying a \$1 million renewal fee to the Board.
- An owners licensee issued a master sports wagering license may conduct sports wagering:
 - At its facility in this State.
 - Over the Internet or through a mobile application.

• **Sports Wagering at a Sports Facility**

- The Board may issue up to 7 master sports wagering licenses to sports facilities.
- The initial license fee is \$10 million.
- The license may be renewed for a period of 4 years by paying a \$1 million renewal fee to the Board.
- A sports facility may conduct sports wagering at or within a 5-block radius of the sports facility.
- A sports facility or its designee may conduct sports wagering over the Internet within the sports facility or within a 5-block radius of the sports facility.

- **Sports Wagering via Online Sports Wagering Operator**
 - The Board shall issue 3 master sports wagering licenses to online sports wagering operators for a nonrefundable license fee of \$20 million pursuant to an open and competitive selection process.
 - The license may be renewed for a period of 4 years by paying a \$1 million renewal fee to the Board.

- **Lottery Sports Wagering Pilot Program**
 - The Department of the Lottery shall issue one central system provider license pursuant to an open and competitive bidding process.
 - The winning bidder shall pay \$20 million to the Department upon being issued the license.
 - Sports lottery terminals may be placed in no more than 2,500 lottery retail locations in the State. Sports lottery terminals may be placed in an additional 2,500 Lottery retail locations during the second year after the effective date of this Act.
 - For the privilege of operating sports wagering, all proceeds minus net of proceeds returned to players shall be paid into the State Lottery Fund. After amounts owed to the central system provider and licensed agents, as determined by the Department of Lottery, are paid, the remainder shall be transferred on the 15th of each month to the Capital Projects Fund.
 - This Program is repealed on January 1, 2024.

Wagering Requirements and Prohibitions

- A person placing a wager shall be at least 21 years of age.
- A licensee may not accept a wager on a minor league sports event.
- No licensee may accept a wager for a sport involving an Illinois collegiate team online or on a mobile application (originally, the law provided that no wager of any time could be on an Illinois collegiate team).
- There shall be no wager related to a student athlete's individual performance.
- A licensee may only accept a wager from a person physically located in the State.
- Master sports wagering licensees may use any data source for determining the results of all tier 1 sports wagers.
- A sports governing body headquartered in the United States may notify the Board that it desires to supply official league data to master sports wagering licensees for determining the results of tier 2 sports wagers.

Sports Wagering Tax Revenues and Fees

- For the privilege of holding a license to operate sports wagering, this State shall impose and collect 15% of a master sports wagering licensee's adjusted gross sports wagering receipts from sports wagering.
- Revenues from this tax shall be deposited into the newly created Sports Wagering Fund and then transferred to the Capital Projects Fund.
- Beginning with July 2021, each month the Comptroller shall transfer the amount of license fees collected in the month for initial licenses, except for occupational licenses, from the Sports Wagering Fund to the Rebuild Illinois Projects Fund (P.A. 102-0016). Fees prior to this date, and respective renewal fees are transferred to the Capital Projects Fund. Occupational license fees go to the State Gaming Fund and are used for administration purposes.

Overview of Sports Wagering Statistics

When sports wagering became legal in Illinois, the initial expectation was that some form of betting on sports in the state would be ready in time for the Spring 2020 sports season. However, this goal became moot when most sporting events were postponed or canceled because of the COVID-19 pandemic, resulting in minimal amounts of revenues generated in FY 2020.

The return of professional sports in the latter half of 2020 propelled sports wagering revenues in Illinois. In FY 2021, just over \$380 million in adjusted gross receipts (AGR) were generated in its first full year of revenue. At the beginning of FY 2021, revenues were slow to emerge as the first three months generated only \$3.6, \$7.2, and \$6.8 million in AGR. This slow start was caused by the complications of sport returning from the pandemic, as well as implementational issues in registering new sports bettors. However, as conditions improved and sports returned to action, sports wagering activity and revenues quickly escalated. FY 2022 saw the AGR generated from sports wagering increase to a little over \$610 million. In FY 2023, sports wagering AGR surged to \$949 million, a 55.4% increase over FY 2022.

The table below provides a summary of sports wagering statistics in its first four fiscal years in Illinois. As shown, over 673 million wagers have been made during this time. More than \$24.0 billion in bets have been handled with almost \$22.1 billion in payouts. This results in nearly \$2 billion in adjusted gross receipts from sports wagering, thereby generating approximately \$291 million in tax revenues.

TABLE 31: ILLINOIS SPORTS WAGERING STATISTICS BY FISCAL YEAR					
<i>\$ in millions</i>					
Fiscal Year	Wagers	Handle	Payout	AGR	Tax Revenue
FY 2020	192,007	\$9	\$8	\$0	\$0
FY 2021	146,883,248	\$5,106	\$4,727	\$380	\$57
FY 2022	221,742,054	\$8,515	\$7,904	\$610	\$92
FY 2023	304,730,417	\$10,407	\$9,459	\$949	\$142
Total	673,547,726	\$24,037	\$22,098	\$1,939	\$291

Source: Illinois Gaming Board

The FY 2023 figures benefitted from rapid growth in the volume of online wagers. Additionally, the number of parlay wagers has increased in relation to the total distribution of wagers. These factors with the help of an uninterrupted sports year of sports have contributed to the historically high AGR figure in 2023.

Sports Wagering Details

The following section provides more detail to the FY 2023 totals shown on the previous page. The following tables and graphs display adjusted gross revenue and total tax revenue by license and by month. Seven casinos and two racetracks are featured, to which data combines in-person and online totals. Licenses are listed by the name of the licensee, seen through their casino name. Currently, twelve casinos are licensed for the capacity to have a sportsbook. However, only seven casinos received sports wagering revenue in FY 2023. Those casinos and the online sportsbooks they are partnered with are listed below:

- Casino Queen, Inc.: DraftKings Sportsbook
- Elgin Riverboat Resort: Caesars Illinois
- Fairmount Park, Inc.: FanDuel
- Hawthorne Race Course, Inc.: PointsBet
- HC Aurora, LLC: Barstool Sportsbook
- Midwest Gaming & Entertainment, LLC: BetRivers
- Par-A-Dice Gaming Corporation: FanDuel

Online figures, consisting of both mobile app and internet wagering through licensed sportsbooks listed above are accounted for in each casino’s AGR and total tax revenue contribution.

- **Adjusted Gross Receipts**

As shown in the table below, the highest generating Sports Wagering License of the nine participating entities in FY 2023 was Fairmount Park, Inc. with a total AGR of \$415.4 million. Rounding out the top three were Casino Queen, Inc. at \$259.3 million and Midwest Gaming & Entertainment, LLC (owner of BetRivers and the Rivers Casino in Des Plaines) at \$97.1 million.

TABLE 32: TOTAL AGR FROM SPORTS WAGERING IN FY 2023													
<i>By Sports Wagering License</i>													
<i>\$ in millions</i>													
License	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Alton Casino, LLC	\$0.2	\$0.5	\$0.4	\$0.9	\$0.3	\$0.3	\$0.2	\$0.0	\$0.3	\$0.2	\$0.3	\$0.2	\$3.8
Casino Queen, Inc.	\$11.3	\$12.1	\$20.5	\$25.6	\$26.9	\$22.4	\$25.4	\$18.6	\$27.8	\$25.3	\$26.0	\$17.3	\$259.3
Elgin Riverboat Resort	\$2.1	\$1.9	\$2.7	\$4.1	\$3.0	\$2.7	\$2.5	\$1.3	\$4.2	\$4.1	\$3.9	\$2.6	\$35.1
Fairmount Park, Inc.	\$18.5	\$18.7	\$35.9	\$43.6	\$43.5	\$37.5	\$46.8	\$33.7	\$40.2	\$38.9	\$36.4	\$21.6	\$415.4
Hawthorne Race Course, Inc.	\$4.4	\$4.0	\$2.8	\$6.7	\$6.3	\$3.6	\$4.9	\$4.4	\$6.4	\$5.5	\$6.1	\$2.5	\$57.5
HC Aurora, LLC	\$1.9	\$2.0	\$4.0	\$4.8	\$2.5	\$3.0	\$3.7	\$1.6	\$3.6	\$2.9	\$2.4	\$2.0	\$34.5
HC Joliet, LLC	\$0.1	\$0.1	\$0.2	\$0.2	\$0.2	\$0.1	\$0.1	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$1.6
Midwest Gaming & Entertainment, LLC	\$5.3	\$5.9	\$8.8	\$11.5	\$9.4	\$8.3	\$8.6	\$6.2	\$9.5	\$8.9	\$9.1	\$5.7	\$97.1
Par-A-Dice Gaming Corporation	\$2.3	\$2.5	\$3.1	\$4.8	\$4.9	\$4.5	\$4.0	\$2.5	\$4.8	\$3.5	\$4.6	\$2.7	\$44.3
TOTAL	\$46.1	\$47.8	\$78.4	#####	\$97.0	\$82.4	\$96.0	\$68.4	\$97.2	\$89.5	\$89.0	\$54.7	\$948.6

- **Tax Revenues**

Tax revenues that are received are deposited into the newly created Sports Wagering Fund and then transferred to the Capital Projects Fund. The tax rate on sports wagering is a flat 15%. The \$948.6 million in adjusted gross receipts resulted in a tax revenue total for FY 2023 of \$142.3 million. Table 33 below shows the breakout of the tax revenue generated from sports wagering in Illinois by license and by month, followed by Chart 17, which illustrates these monthly tax receipts.

TABLE 33: TOTAL TAX REVENUE GENERATED FROM SPORTS WAGERING IN FY 2023													
<i>by Sports Wagering License</i>													
<i>\$ in millions</i>													
License	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	TOTAL
Alton Casino, LLC	\$0.0	\$0.1	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.6
Casino Queen, Inc.	\$1.7	\$1.8	\$3.1	\$3.8	\$4.0	\$3.4	\$3.8	\$2.8	\$4.2	\$3.8	\$3.9	\$2.6	\$38.9
Elgin Riverboat Resort	\$0.3	\$0.3	\$0.4	\$0.6	\$0.5	\$0.4	\$0.4	\$0.2	\$0.6	\$0.6	\$0.6	\$0.4	\$5.3
Fairmount Park, Inc.	\$2.8	\$2.8	\$5.4	\$6.5	\$6.5	\$5.6	\$7.0	\$5.1	\$6.0	\$5.8	\$5.5	\$3.2	\$62.3
Hawthorne Race Course, Inc.	\$0.7	\$0.6	\$0.4	\$1.0	\$0.9	\$0.5	\$0.7	\$0.7	\$1.0	\$0.8	\$0.9	\$0.4	\$8.6
HC Aurora, LLC	\$0.3	\$0.3	\$0.6	\$0.7	\$0.4	\$0.5	\$0.6	\$0.2	\$0.5	\$0.4	\$0.4	\$0.3	\$5.2
HC Joliet, LLC	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2
Midwest Gaming & Entertainment, LLC	\$0.8	\$0.9	\$1.3	\$1.7	\$1.4	\$1.2	\$1.3	\$0.9	\$1.4	\$1.3	\$1.4	\$0.9	\$14.6
Par-A-Dice Gaming Corporation	\$0.3	\$0.4	\$0.5	\$0.7	\$0.7	\$0.7	\$0.6	\$0.4	\$0.7	\$0.5	\$0.7	\$0.4	\$6.6
TOTAL	\$6.9	\$7.2	\$11.8	\$15.3	\$14.5	\$12.4	\$14.4	\$10.3	\$14.6	\$13.4	\$13.4	\$8.2	\$142.3

The following tables display in greater detail the sports wagering revenues from FY 2023. The figures identify the sport level (Table 34) and type of sport (Table 35) that bets were placed on, as well as the handle (the amount of money wagered by bettors) and the payout that gamblers ultimately received. The AGR, shown throughout this section, is essentially the handle minus the payout. The tables also categorize the figures as to whether the wagers were done in-person or online.

Table 34, shows that the vast majority of the wagering was done on professional sports (92.7% of wagers, 86.0% of the handle, and 85.2% of the payouts). College sports made up most of the remaining bets with motor races and other events making up less than 1% of all wagering activity in FY 2023. As explored above, part of this divide can be attributed to recently amended laws that barred wagers on Illinois colleges and universities to permit in-person betting for colleges in Illinois.

TABLE 34: FY 2023 DETAILED SUMMARY OF SPORTS WAGERING IN ILLINOIS				
<i>by Sport Level and Wagering Format</i>				
<i>\$ in millions</i>				
	Wagers			
Sport Level	In-Person	Online	Total	% of Total
Professional	3,347,613	278,986,663	282,334,276	92.7%
College	379,665	21,304,861	21,684,526	7.1%
Motor Race	11,457	700,158	711,615	0.2%
Other Event	-	-	-	0.0%
TOTAL	3,738,735	300,991,682	304,730,417	100.0%
	Handle			
Sport Level	In-Person	Online	Total	% of Total
Professional	\$299.8	\$8,647.1	\$8,946.9	86.0%
College	\$65.1	\$1,383.6	\$1,448.7	13.9%
Motor Race	\$0.3	\$11.1	\$11.4	0.1%
Other Event	\$0.0	\$0.0	\$0.0	0.0%
TOTAL	\$365.2	\$10,041.8	\$10,407.0	100.0%
	Payout			
Sport Level	In-Person	Online	Total	% of Total
Professional	\$267.8	\$7,792.6	\$8,060.4	85.2%
College	\$62.4	\$1,324.9	\$1,387.3	14.7%
Motor Race	\$0.2	\$10.6	\$10.8	0.1%
Other Event	\$0.0	\$0.0	\$0.0	0.0%
TOTAL	\$330.4	\$9,128.1	\$9,458.5	100.0%

As shown in Table 35, in terms of the type of sport wagered on, the categories provided by the State Gaming Board’s database show that “parlays” had the highest percentage of wagers in FY 2023 for the third year in a row, accounting for 60.6% of wagers. A “parlay” is when a bettor makes multiple wagers and ties them together into the same bet. Parlays can involve multiple bets in the same sport or across multiple sports (which is why it has its own category, though, parlays are often made on just one type of sport). Basketball had the 2nd most wagers (11.3%), followed by football (9.0%) and baseball (5.8%).

Despite consisting of a majority of wagers, parlays did not comprise a plurality of payout, as basketball had the most activity at 24.9%, benefitting from both the NBA season and playoffs, as well as the popular NCAA tournament. The composition of the handle was led by the parlay category (25.8%) with basketball and football. As shown in both tables, the vast majority of wagering activity was done online in wagers, handles, and payout.

TABLE 35: FY 2023 DETAILED SUMMARY OF SPORTS WAGERING IN ILLINOIS
by Sporting Event and Wagering Format
\$ in millions

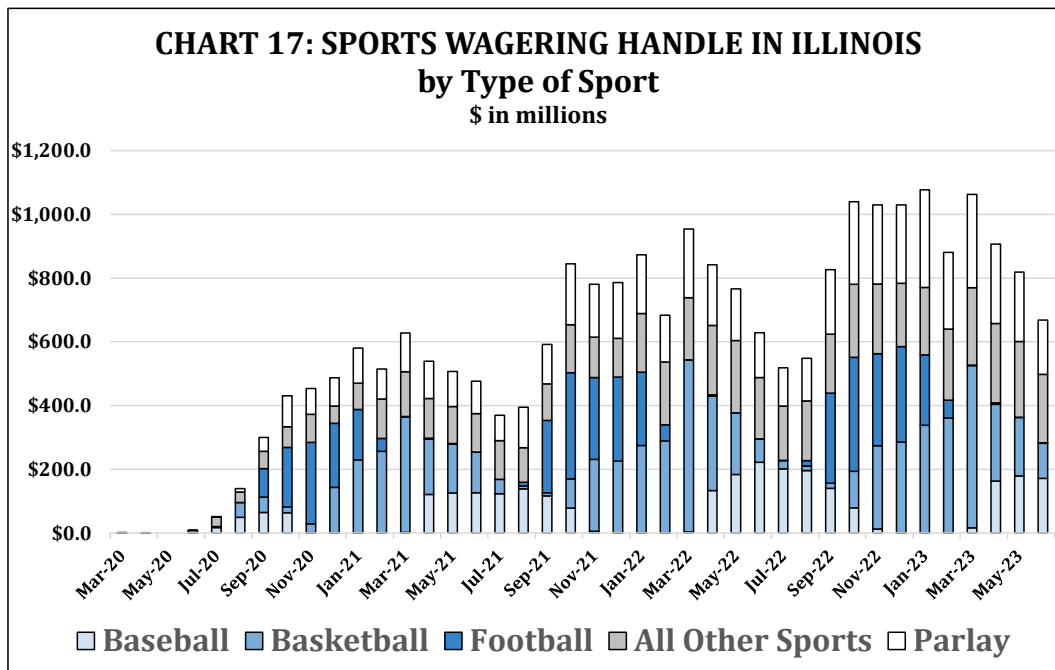
Wagers				
Sporting Event	In-Person	Online	Total	% of Total
Baseball	420,554	17,322,378	17,742,932	5.8%
Basketball	517,850	33,979,346	34,497,196	11.3%
Boxing/MMA	30,373	2,895,325	2,925,698	1.0%
Football	561,200	26,981,736	27,542,936	9.0%
Golf	50,729	4,284,676	4,335,405	1.4%
Hockey	85,932	4,519,812	4,605,744	1.5%
Soccer	160,947	9,315,874	9,476,821	3.1%
Tennis	52,768	8,717,188	8,769,956	2.9%
Parlay	1,841,623	182,675,607	184,517,230	60.6%
Other Sport	5,302	9,599,582	9,604,884	3.2%
Motor Race Event	11,457	700,158	711,615	0.2%
Other Event	-	-	-	0.0%
TOTAL	3,738,735	300,991,682	304,730,417	100.0%
Handle				
Sporting Event	In-Person	Online	Total	% of Total
Baseball	\$63.3	\$1,097.3	\$1,160.6	11.2%
Basketball	\$79.3	\$2,381.2	\$2,460.4	23.6%
Boxing/MMA	\$5.6	\$116.0	\$121.6	1.2%
Football	\$92.0	\$1,438.3	\$1,530.3	14.7%
Golf	\$2.9	\$125.2	\$128.1	1.2%
Hockey	\$11.9	\$254.2	\$266.1	2.6%
Soccer	\$15.5	\$520.7	\$536.2	5.2%
Tennis	\$7.3	\$901.4	\$908.7	8.7%
Parlay	\$86.5	\$2,600.2	\$2,686.7	25.8%
Other Sport	\$0.7	\$596.2	\$596.9	5.7%
Motor Race Event	\$0.3	\$11.1	\$11.4	0.1%
Other Event	\$0.0	\$0.0	\$0.0	0.0%
TOTAL	\$365.2	\$10,041.8	\$10,407.0	100.0%
Payout				
Sporting Event	In-Person	Online	Total	% of Total
Baseball	\$58.4	\$1,041.9	\$1,100.3	11.6%
Basketball	\$75.6	\$2,281.2	\$2,356.7	24.9%
Boxing/MMA	\$4.7	\$106.2	\$111.0	1.2%
Football	\$85.7	\$1,360.2	\$1,445.9	15.3%
Golf	\$2.5	\$114.6	\$117.1	1.2%
Hockey	\$11.0	\$242.4	\$253.4	2.7%
Soccer	\$14.5	\$485.6	\$500.1	5.3%
Tennis	\$6.7	\$841.4	\$848.1	9.0%
Parlay	\$70.5	\$2,075.9	\$2,146.4	22.7%
Other Sport	\$0.6	\$568.1	\$568.7	6.0%
Motor Race Event	\$0.2	\$10.6	\$10.8	0.1%
Other Event	\$0.0	\$0.0	\$0.0	0.0%
TOTAL	\$330.4	\$9,128.1	\$9,458.5	100.0%

- **License Fees from Sports Wagering**

In addition to the tax revenues generated from sports wagering, numerous license fees are collected as well. A synopsis of the various fees is provided at the start of this section. In FY 2020, \$ 7.1 million was generated from these fees. This amount skyrocketed to \$61.8 million in FY 2021 as a result of the proliferation of sports wagering across the State. After the initial surge of new licenses, the amount of fees collected slowed to \$14.3 million in FY 2022. Sports wagering license fees continued to slide to \$5.5 million in FY 2023. However, the issuance of additional licenses, as well as renewal fees [every 4 years] should result in a steady flow of revenues from fees in the years to come. Revenues from the fees (depending on the type) are earmarked for the State Gaming Fund, the Capital Projects Fund, or the Rebuild Illinois Projects Fund. These amounts are included in the revenue totals shown on page 2. However, due to the lag between when fees are reported and actually transferred, revenues collected at the end of a fiscal year may not be transferred until the following fiscal year. This is the reason for the discrepancy if comparing the taxes and fee totals from above with those in Table 1 of the report.

- **Sports Wagering Activity Since Inception**

Chart 17 displays sports wagering’s monthly handle composition by type of sport since its inception in March 2020. This graph displays how the ebbs and flow of sports wagering activity during the year depends on the type of sport that is in season. For example, during the summer months, without the popular sports of basketball and football in progress, there tends to be a slowdown in sports wagering activity. However, as football returns in the fall, wagering activity increases. Then, as football is joined by basketball in the late fall and winter months, monthly activity escalates. While monthly totals are expected to increase above these levels in the future as sports wagering expands, similar patterns of seasonal activity are expected throughout future sports seasons.



Sports Wagering in Other States

In the Midwest Region, Illinois is currently one of five states to offer sports wagering. Iowa began generating revenues from sports wagering in August 2019. Indiana began shortly after in September 2019. Michigan followed in January 2021, and Ohio opened sports books more recently in January 2023. Again, Illinois entered the industry in March 2020. The bordering state of Missouri has yet to approve sports betting. Wisconsin only has sports wagering at its tribal properties.

Comparatively speaking, Illinois’ recent growth in sports wagering revenues are slightly more pronounced than states who have enacted comparable legislation during a similar timespan. For example, while Illinois’ AGR total increased 55.2% in FY 2023 to \$949 million, Iowa experienced a 33.5% increase to \$186 million. Indiana grew a comparable 26.7% to reach a revenue total of \$417 million in FY 2023.

As would be expected, Illinois’ AGR totals are above the nearby states due to its higher population totals. However, the success of Illinois’ sports wagering revenue totals so far becomes more evident when compared to the similarly populated state of Pennsylvania, which had AGR totals of \$492 million in FY 2023 – well below Illinois’ total of \$949 million. This is despite Pennsylvania being a more established state in sports betting – entering into the industry in November 2018.

A table displaying the AGR history of Illinois, along with Indiana, Iowa, and Pennsylvania is shown below.

TABLE 36: SPORTS WAGERING AGR OF ILLINOIS AND OTHER SELECTED STATES				
<i>\$ in millions</i>				
	Illinois	Indiana	Iowa	Pennsylvania*
FY 2019	\$0	\$0	\$0	\$21.7
FY 2020	\$4	\$78.5	\$25.7	\$113.7
FY 2021	\$380.1	\$238.5	\$90.0	\$308.8
FY 2022	\$611.3	\$328.9	\$139.6	\$315.7
FY 2023	\$948.6	\$416.8	\$186.3	\$492.0
Totals	\$1940.4	\$1062.7	\$441.6	\$1252.0
FY23/FY22 Growth	55.2%	26.7%	33.5%	55.8%

* The Pennsylvania values are labeled in their data report as "taxable gross revenue", which is calculated as revenues less promotional credits

Source: Illinois Gaming Board; Indiana Gaming Commission; Iowa Racing and Gaming Commission; Pennsylvania Gaming Control Board

The Future of Sports Wagering in Illinois

Illinois was able to generate a 55.2% increase in adjusted gross receipts and tax revenues in FY 2023. Total sports wagering revenues reached a record high of \$949 million. Continued advancement in online wagering through reduced regulatory burdens for the average bettor has contributed to the growth of sports wagering in Illinois. Additionally, the sports wagering market has continued to grow in part due to large advertising exposure during sports events.

As expansion efforts for wagering in Illinois have increased over the past year, the future of sports wagering will face implications based upon other wagering forces. Recently opened casinos in Danville, Waukegan, and Williamson County offer additional physical sportsbooks, although physical sportsbooks make up a comparatively small percentage of sports wagering revenues. Pending stadium sportsbooks licenses at Wrigley Field (DraftKings) and United Center (FanDuel) promise to add to this tally. Online sportsbook bettor registration has dominated sports wagering totals and statistics, which should only continue given the extensive saturation.

In addition, the law provides that three master sports wagering licenses to online sports wagering operators may be issued. Once approved, these licenses would require a license fee of \$20 million. At the time of this report, this type of license had not been issued, though this may occur in the near future. These online operators would be separate from sportsbooks conducting online wagering via the casinos, as well as from the casinos themselves. The increased competition that would be created by these licenses would generate even more sports wagering revenues for Illinois in the years to come.

The future of sports wagering will likely follow overall market conditions as 98.8% of all wagers were made online in FY 2023. Wagering revenues can fluctuate depending on factors such as overall sports viewership, quantity of sportsbook advertising, and economic conditions affecting bettors. As such, future sports wagering revenues are likely to increase at a moderate pace in the coming years, but that scenario could vary considerably depending on the factors stated above.

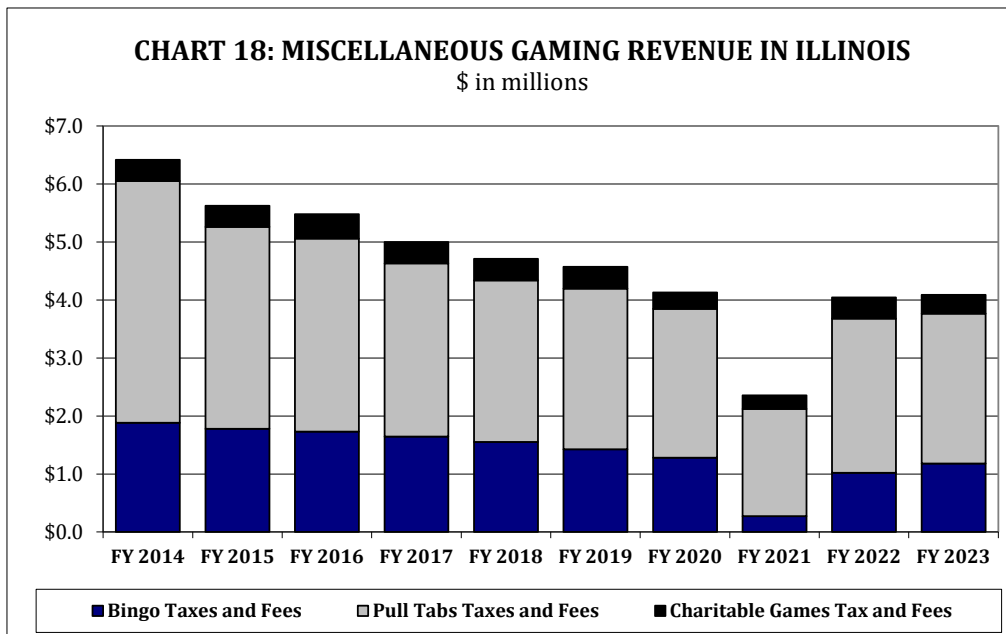
In summary, the continued surge in sports wagering revenues is likely to progress at a moderate rate in the coming years. Continued investment in advertising and new sportsbooks promise overall expansion of the sports wagering market. The combination of this larger market, in conjunction with various license fees, will lead to greater amounts of tax revenues for State coffers.

MISCELLANEOUS STATE GAMING

Although the Commission traditionally focuses its examinations of Illinois gaming on casino gambling, video gaming, lottery, horse racing, and sports wagering, the State receives additional gaming related tax and license revenue via bingo, charitable games, and pull-tabs and jar games.

- Illinois receives two forms of revenue from bingo games: license fees and the bingo game receipt tax. In FY 2023, the State generated \$99,050 in bingo license fees and \$1,082,403 in bingo taxes. Total bingo receipts were up 15.6% from FY 2022 levels, but 17.2% below pre-pandemic levels of FY 2019.
- Illinois receives two forms of revenue from charitable games: license fees and the charitable games receipts tax. In FY 2023, the State received \$70,050 in license fees and \$251,515 from the charitable games tax. Total charitable games receipts were 11.8% lower than FY 2022 levels, and 14.5% below pre-pandemic FY 2019 levels.
- Illinois receives two forms of revenue from pull-tabs and jar games: license fees and the pull-tab and jar games receipts tax. In FY 2023, the State received \$281,025 in license fees and \$2.3 million from the pull tabs and jar games tax. Total pull-tabs and jar games receipts were down 2.7% from FY 2022 levels, and 6.6% lower than FY 2019 levels.

In total, miscellaneous gaming revenue sources generated \$4.1 million in FY 2023. This figure is 1.1% higher than the FY 2022 total of \$4.0 million. Despite the increase, the latest total remains 10.6% below the pre-pandemic level of \$4.6 million in FY 2019. This comparative decline is not necessarily surprising as these revenues have collectively been on a downward trend over the last decade. The chart below illustrates a history of miscellaneous gaming revenue since FY 2014.



CONCLUSION

The enactment of P.A. 101-0031 and P.A. 101-0648 continues to expand wagering options for gamblers in Illinois. Since the Acts were signed into law in 2019, gaming opportunities have developed throughout Illinois in the form of additional gaming positions at existing casinos, five new operating casinos in various stages of permanency, thousands of new gaming video gaming terminals across the state, and from the implementation of sports wagering. As a result of the continued development of gaming options, State-designated revenues from gaming sources increased 5.1% in FY 2023 to a record high of \$1.992 billion. It is expected that this figure will elevate even higher in the years to come as the video gaming and sports wagering industries expand and as more casinos transition to larger permanent facilities.

Following the meteoric post-pandemic surge in FY 2022, State designated gaming revenues slowed to a more moderate growth pattern. In FY 2023, gaming revenue growth was primarily driven by three factors: increasing numbers of video gaming terminals, strong lottery sales, and to a lesser extent the opening of new casinos.

In FY 2022, Illinois saw a casino AGR total of \$1.308 billion. This figure grew by 9.3% in FY 2023 to \$1.430 billion. Most casinos maintained a reasonably flat AGR figure when compared to the previous year, but continued growth by the Rivers Casino in Des Plaines (+10.8%), combined with the recent opening of casinos in Rockford, Danville, and Waukegan has led to sustained AGR increases. Given this development, In FY 2023, \$157 million was transferred to the State's Education Assistance Fund. This represents a 12.2% increase over last year's State gaming transfer of \$140 million. Although, it should be noted this figure remains substantially below historical levels.

Video gaming's popularity continues to grow as the number of video gaming terminals in operation in Illinois has grown from near 35,000 prior to the pandemic to over 45,000 by the end of FY 2023. Video gaming machines generated over \$2.8 billion in net terminal income in FY 2023, a 7.2% increase over the FY 2022 total of \$2.6 billion. This generated \$959 million in total tax revenue in FY 2023 with \$818 million going to the State and \$141 million being distributed to local governments.

Although the proliferation of video gaming has received an abundance of attention in recent years, the largest contributor of State gaming revenues continues to come from the Illinois Lottery. In FY 2023, lottery sales recorded \$3.610 billion surpassing the previous all-time high in FY 2021. This represents a 6.3% increase from the slight dip of \$3.395 billion experienced in FY 2022. Transfers to the Common School Fund remained at the relatively high tally of \$726 million, but did not exceed the \$820 million high in FY 2022. The reduced Common School Fund transfer can be attributed to the \$138 million transfer to the Capital Projects Fund as part of the reconciliation process. The Office of the Auditor General found that the Lottery had overpaid the Common School Fund at the expense of the Capital Projects Fund in years prior to 2010 and in 2018. Therefore, a reconciliation was needed to "true-up" the outstanding balance. Special cause sales amounted to \$8.5 million, a marginal

decrease from FY 2022's tally of \$9.4 million. Going forward, the Lottery will continue to try and grow sales through greater opportunities to access the Lottery and new game innovations. It should be noted that legislative changes in the Spring of 2022 will preclude the Capital Projects Fund from receiving Lottery proceeds after FY 2023.

The horse racing industry in Illinois continues to slide. The amount wagered on horse racing fell by 14.2% in CY 2022, amounting to a decline of \$85 million. This is compounded by the fact that the most recent calendar year total is 54.6% below levels from two decades ago. In the most recent fiscal year, Illinois horse racing generated \$6 million in State designated revenues. The end of live racing at Arlington Park in September 2021 leaves only two racetracks in Illinois still offering live racing (Fairmount and Hawthorne). The racing industry has lobbied for years that offering other types of wagering at their tracks would help alleviate their financial difficulties. P.A. 101-0031 has allowed sportsbooks to be opened at these operating facilities and authorizes "racinos" to be opened at these sites in the future – though the timing of when/if this will occur remains unclear. However, even with these ancillary revenues, data from other states with racinos shows that improvement in horse racing revenue figures should not be expected.

In its third full fiscal year of operations, revenues generated from sports wagering in Illinois grew 55.4% from \$610 million to \$949 million. With a tax rate of 15%, this resulted in \$142 million in new tax revenues for FY 2023 that are ultimately transferred to the Capital Projects Fund. This does not include the numerous fees that are collected each year, which have totaled over \$83 million since sports wagering's inception. However, in FY 2023, a much smaller \$5.5 million was recorded. Due to the lag between when fees are reported and actually transferred, only \$143 million was listed as the total sports wagering transfer. The allowance of online registrations to go along with the popularity of online betting has been the impetus behind the recent growth in sports wagering revenues. The expected expansion of additional sportsbooks to sports arenas and brand-new casinos should provide ample opportunities for further growth in the near future.

Even with the abundance of new gaming opportunities across Illinois over the last couple of years, even more is on the horizon. In addition to further growth in the video gaming and sports wagering industries, permanent casino facilities are set to be opened in Waukegan, Rockford, the south suburbs of Chicago, and in the City of Chicago. Additionally, the recently opened temporary facilities in Rockford Waukegan, the city of Chicago and the new permanent casinos in Williamson County and Danville are expected to boost revenue in future fiscal years. The 4,000 position Chicago Casino, once developed, is anticipated to be the largest generator of gaming revenues yet for the State of Illinois.

With so many entities competing for the gaming dollar, the question continues to be whether Illinois can support this level of expansion. From a State revenue perspective, the ultimate question will be whether or not the tax revenue generated by the "winners" will be sufficient enough to offset the tax revenue lost by the "losers" in this competitive gaming market.

COMMISSION OVERVIEW

The Commission on Government Forecasting & Accountability is a bipartisan legislative support service agency responsible for advising the Illinois General Assembly on economic and fiscal policy issues and for providing objective policy research for legislators and legislative staff. The Commission's board is comprised of twelve legislators—split evenly between the House and Senate and between Democrats and Republicans.

The Commission has three internal units—Revenue, Pensions, and Research, each of which has a staff of analysts who analyze policy proposals, legislation, state revenues & expenditures, and benefit programs, and who provide research services to members and staff of the General Assembly. The Commission's staff fulfills the statutory obligations set forth in the Commission on Government Forecasting and Accountability Act (25 ILCS 155/), the State Debt Impact Note Act (25 ILCS 65/), the Illinois Pension Code (40 ILCS 5/), the Pension Impact Note Act (25 ILCS 55/), the State Facilities Closure Act (30 ILCS 608/), the State Employees Group Insurance Act of 1971 (5 ILCS 375/), the Public Safety Employee Benefits Act (820 ILCS 320/), the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/), and the Reports to the Commission on Government Forecasting and Accountability Act (25 ILCS 110/).

- The **Revenue Unit** issues an annual revenue estimate, reports monthly on the state's financial and economic condition, and prepares bill analyses and debt impact notes on proposed legislation having a financial impact on the State. The Unit publishes a number of statutorily mandated reports, as well as on-demand reports, including the *Monthly Briefing* newsletter and annually, the *Budget Summary*, *Capital Plan Analysis*, *Illinois Economic Forecast Report*, *Wagering in Illinois Update*, and *Liabilities of the State Employees' Group Insurance Program*, among others. The Unit's staff also fulfills the agency's obligations set forth in the State Facilities Closure Act.
- The **Pension Unit** prepares pension impact notes on proposed pension legislation and publishes several statutorily mandated reports including the *Financial Condition of the Illinois State Retirement Systems*, the *Financial Condition of Illinois Public Pension Systems* and the *Fiscal Analysis of the Downstate Police & Fire Pension Funds in Illinois*. The Unit's staff also fulfills the statutory responsibilities set forth in the Public Safety Employee Benefits Act.
- The **Research Unit** primarily performs research and provides information as may be requested by members of the General Assembly or legislative staffs. Additionally, the Unit maintains a research library and, per statute, collects information concerning state government and the general welfare of the state, examines the effects of constitutional provisions and previously enacted statutes, and considers public policy issues and questions of state-wide interest. Additionally, the Unit publishes a monthly Abstracts Report of annual reports or special studies from other state agencies, the *Illinois Tax Handbook for Legislators*, *Federal Funds to State Agencies*, *Preface to Lawmaking*, various reports detailing appointments to State Boards and Commissions, the *1970 Illinois Constitution Annotated for Legislators*, the *Roster of Illinois Legislators*, and numerous special topic publications.

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