

2022 UPDATE WAGERING IN ILLINOIS



**COMMISSION ON GOVERNMENT
FORECASTING AND ACCOUNTABILITY**

*Commission on Government
Forecasting and Accountability*

COMMISSION CO-CHAIRS

Senator David Koehler
Representative C.D. Davidsmeyer

SENATE

Omar Aquino
Darren Bailey
Donald DeWitte
Elgie Sims
Dave Syverson

HOUSE

Amy Elik
Amy Grant
Sonya Harper
Elizabeth Hernandez
Anna Moeller

EXECUTIVE DIRECTOR

Clayton Klenke

DEPUTY DIRECTOR

Laurie Eby

REVENUE MANAGER

Eric Noggle

AUTHORS OF REPORT

Eric Noggle
Benjamin L. Varner
Austin Verthein

EXECUTIVE SECRETARY

Briana Stafford

TABLE OF CONTENTS

WAGERING IN ILLINOIS: 2022 UPDATE September 2022

| | <u>PAGE</u> |
|---|--------------------|
| EXECUTIVE SUMMARY | i |
| OVERVIEW OF GAMING IN ILLINOIS | 1 |
| <u>Overview Tables:</u> | |
| 1 State Gaming Revenue History by Source | 2 |
| 2 The Status of Illinois Gaming, Based on Revenue, Gaming Hold, & Per Capita Spending | 4 |
| <u>Overview Charts:</u> | |
| 1 Source of Gaming-Related “State” Revenues in Illinois | 3 |
| CASINO GAMBLING | 7 |
| <u>Casino Gambling Related Tables:</u> | |
| 3 Illinois Casino Adjusted Gross Receipts (FY 2017 – FY 2022) | 13 |
| 4 Illinois Casino Admissions (FY 2017 – FY 2022) | 13 |
| 5 Total Revenue Generated from Illinois Casinos (FY 2017 – FY 2022) | 13 |
| 6 State Revenue Generated from Illinois Casinos (FY 2017 – FY 2022) | 14 |
| 7 Local Revenue Generated from Illinois Casinos (FY 2017 – FY 2022) | 14 |
| 8 Adjusted Gross Receipts of Illinois Casinos | 15 |
| 9 Annual Percent Change of Casino State Revenues | 17 |
| 10 Operating Tax Rates for Illinois Casinos (FY 2017 – FY 2022) | 17 |
| 11 FY 2022 AGR Statistics | 18 |
| 12 Statistical Summary of Bordering States with Casinos | 21 |
| 13 Statistical Summary of the Top 20 Revenue Casinos in Great Lakes Region | 28 |
| 14 AGR Statistics of Great Lakes Region Racetrack Casinos | 30 |
| <u>Casino Gambling Related Charts:</u> | |
| 2 Illinois Casino Adjusted Gross Receipt | 16 |
| 3 Adjusted Gross Receipts of Casinos for Illinois and Bordering States | 20 |
| VIDEO GAMING | 33 |
| <u>Video Gaming Related Tables:</u> | |
| 15 Video Gaming Statistics Grouped by Number of Terminals per Location | 37 |
| 16 Illinois Video Gaming Statistics by Fiscal Year | 38 |
| 17 Video Gaming Statistics by Illinois County | 40 |
| 18 Video Gaming Statistics per County Population | 41 |
| 19 Video Gaming Statistics by County Ranking | 42 |
| 20 Top Municipalities with Video Gaming | 43 |
| 21 Highest Populated Cities without Video Gaming | 45 |
| <u>Video Gaming Related Charts:</u> | |
| 4 Video Gaming Terminals in Operation in Illinois | 37 |
| 5 Net Terminal Income Collected from Video Gaming Terminals | 39 |
| 6 Tax Revenue Collected from Video Gaming Terminals | 39 |

| | | |
|---|---|-----------|
| 7 | AGR of Illinois Casinos vs NTI of Illinois Video Gaming Machines | 46 |
| 8 | AGR of IL and IN Casinos vs NTI of Terminals in Chicago Area | 47 |
| 9 | AGR of IL and IN Casinos vs NTI of Terminals in Chicago Area (Stacked) | 48 |
| 10 | Tax Revenue from Casinos and Video Gaming in Illinois | 49 |
| LOTTERY | | 51 |
| <u>Lottery Related Tables:</u> | | |
| 22 | Lottery Sales by Game | 54 |
| 23 | Lottery Distributions | 56 |
| 24 | Lottery Transfers | 58 |
| 25 | Multi-State Game Results | 63 |
| 26 | Lottery Rankings (FY 2021) | 65 |
| <u>Lottery Related Charts:</u> | | |
| 11 | Makeup of Lottery Sales | 55 |
| 12 | FY 2022 Lottery Sales by Game | 55 |
| 13 | Illinois Lottery Sales per Capita | 66 |
| 14 | People per Lottery Retailer | 66 |
| HORSE RACING | | 69 |
| <u>Horse Racing Related Tables:</u> | | |
| 27 | Sources and Allocation of Horse Racing Revenue for CY 2021 | 71 |
| 28 | Horse Racing Revenues and Associated Allocations by Calendar Year | 72 |
| 29 | Illinois Racing Statistics for 2021 | 74 |
| 30 | Illinois Horse Racing Tracks and Associated OTBs | 75 |
| <u>Horse Racing Related Charts:</u> | | |
| 15 | Illinois Horse Racing Handle (Composition by Amount Wagered) | 72 |
| 16 | Illinois Horse Racing Handle (Composition by Percentage) | 73 |
| SPORTS WAGERING | | 79 |
| <u>Sports Wagering Related Tables:</u> | | |
| 31 | Illinois Sports Wagering Statistics by Fiscal Year | 84 |
| 32 | Total AGR from Sports Wagering by Sports Wagering License | 85 |
| 33 | Total Tax Revenue from Sports Wagering by Sports Wagering License | 86 |
| 34 | FY 2022 Detailed Summary of Sports Wagering in Illinois by Sports Level | 87 |
| 35 | FY 2022 Detailed Summary of Sports Wagering in Illinois by Sports Type | 88 |
| 36 | Sports Wagering AGR of Illinois and Other Selected States | 90 |
| <u>Sports Wagering Related Charts:</u> | | |
| 17 | Total Tax Revenues from Sports Wagering in FY 2022 | 86 |
| 18 | Sports Wagering Handle in Illinois Since Inception by Type of Sport | 89 |
| MISCELLANEOUS STATE GAMING | | 92 |
| <u>Miscellaneous Gaming Related Charts:</u> | | |
| 19 | Miscellaneous Gaming Revenue in Illinois | 92 |
| CONCLUSION | | 93 |

EXECUTIVE SUMMARY

This report is the Commission's 2022 edition of Wagering in Illinois. This edition marks the 30th anniversary of the Commission's first report, which was completed 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 2022 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. Also included are discussions on the extent that each gaming source has recovered from the pandemic's adverse effects on the gaming industry. The highlights of the report are shown below.

- In FY 2022, the State's share of tax revenues from wagering in Illinois totaled \$1.877 billion, a 38.2% increase over FY 2021 levels. This sizeable increase is due to both the recovery of gaming revenues severely impacted by the pandemic, as well as, the implementation of several new components of the gaming package enacted under P.A. 101-0031 and P.A. 101-0648. Once completed, this expansion is expected to include: the development of six new casinos in Illinois, including a 4,000 position Chicago Casino; racinos at Illinois' horse tracks; increased gaming positions at existing casinos; increased betting and terminal limits at video gaming establishments; and the implementation of sports wagering in Illinois.
- Statewide adjusted gross receipts (AGR) for Illinois casinos increased 45.7% in FY 2022. This follows the virus-induced declines of 4.8% in FY 2021 and 30.0% in FY 2020. The AGR increase from \$897 million to \$1.308 billion was due to growth from all of the ten existing casinos, as well as the commencement of revenues from the new Hard Rock Casino in Rockford. However, despite this growth, the FY 2022 AGR total remains below pre-pandemic levels and accents the overall downward trend of casino revenues over the past decade.
- Recent 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 2022. This has resulted in fewer revenues being transferred to the Education Assistance Fund (\$140 million in FY 2022) 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 43,000 by the end of FY 2022. Video gaming machines generated over \$2.6 billion in net terminal income in FY 2022, a 36.1% increase over the FY 2021 total of \$1.9 billion. Approximately \$130 million in tax revenues to local governments were generated in FY 2022, as well as over \$760 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 nearly 8,000 terminals. In regard to municipalities, Springfield had the most terminals (757) and the highest amount of net terminal income (\$47.9 million) in FY 2022.
- Reasons for the recent surge in revenues include increases in terminal and betting limits, pent-up demand, increases in discretionary income, and the accessibility and perceived “safer” environment of local gaming establishments versus the casinos. Since video gaming’s inception, casino revenues have declined 20.3% from \$1.6 billion to \$1.3 billion (FY 2022). However, when combined with video gaming totals, revenues have increased 140.2% from \$1.6 billion to \$3.9 billion.
- The Illinois Lottery continues to be the State’s largest source of gaming revenues. In FY 2022, the Illinois Lottery had \$3.396 billion in sales, slightly below the record high of \$3.450 billion in sales from FY 2021. The largest contributor of sales continues to come from Instant Games, making up 63.5% of the total. Lottery transfers to the Common School Fund surged to \$820 million in FY 2022, an all-time high. Transfers to special causes held steady at \$9.4 million. A transfer of \$3.7 million to the Capital Projects Fund was also made in FY 2022.
- Illinois’ horse racing handle amount rebounded from the pandemic slow-downs to rise from \$538 million to \$599 million in CY 2021, an increase of 11.5%. However, this latest total is still 12.6% below levels from 10 years ago and down 45.8% over the past two decades. The proliferation of advance deposit wagering (ADW) over the last decade has helped minimize these declines. The racing industry is hopeful that revenues generated from sports wagering and potentially “racinos” at their facilities will help rejuvenate an overall struggling industry.
- In its second full fiscal year of operations, sports wagering in Illinois generated approximately \$611 million in adjusted gross receipts. At the 15% tax rate, approximately \$92 million in tax revenues was collected. Additional revenues have been received from license fees. Revenues from the sports wagering tax are transferred to the Capital Projects Fund. 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.

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 helped revitalize gaming revenues which were struggling to offer reliable growth for State coffers.

Through the recent 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 racetrack casinos in the months and years ahead.

Despite the implementation of several new gaming options in Illinois, wagering-related revenue sources struggled during the peak months of the COVID-19 pandemic. State designated tax revenues¹ from overall gaming in Illinois fell 11.7% in FY 2020 to \$1.240 billion. Although, these tax revenues rebounded with a 9.5% increase to \$1.358 billion in FY 2021, this total was still short of the \$1.404 billion generated in FY 2019 before the pandemic. However, revenues improved significantly in FY 2022. With virus conditions improving and public activity returning closer to "normal", State designated tax revenues increased 38.8% to \$1.885 billion. This is the highest level ever reached for this category of revenues. 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 2022 came from the lottery, generating \$833 million. However, this top spot is being challenged by video gaming revenues, which brought in \$762 million in State designated revenues in FY 2022 – a \$263 million increase over FY 2021. Casino tax revenues transferred to the State's Education Assistance Fund provided \$140 million to the overall total. While this figure is notably higher than the \$0 transferred in FY 2021 (due to a combination of factors including the pandemic, a reduced tax structure, and obligatory fulfillment of statutory distributions), 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 \$142 million in sports wagering transfers. Horse Racing generated a mere \$7 million in FY 2022.

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 GAMING REVENUE (\$ in Millions)

| FISCAL YEAR | LOTTERY ⁽¹⁾ | HORSE RACING ⁽²⁾ | RIVERBOAT CASINOS ⁽³⁾ | VIDEO GAMING ⁽⁴⁾ | SPORTS WAGERING ⁽⁵⁾ | 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 | \$140 | \$762 | \$142 | \$1,885 | 38.8% |

(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.

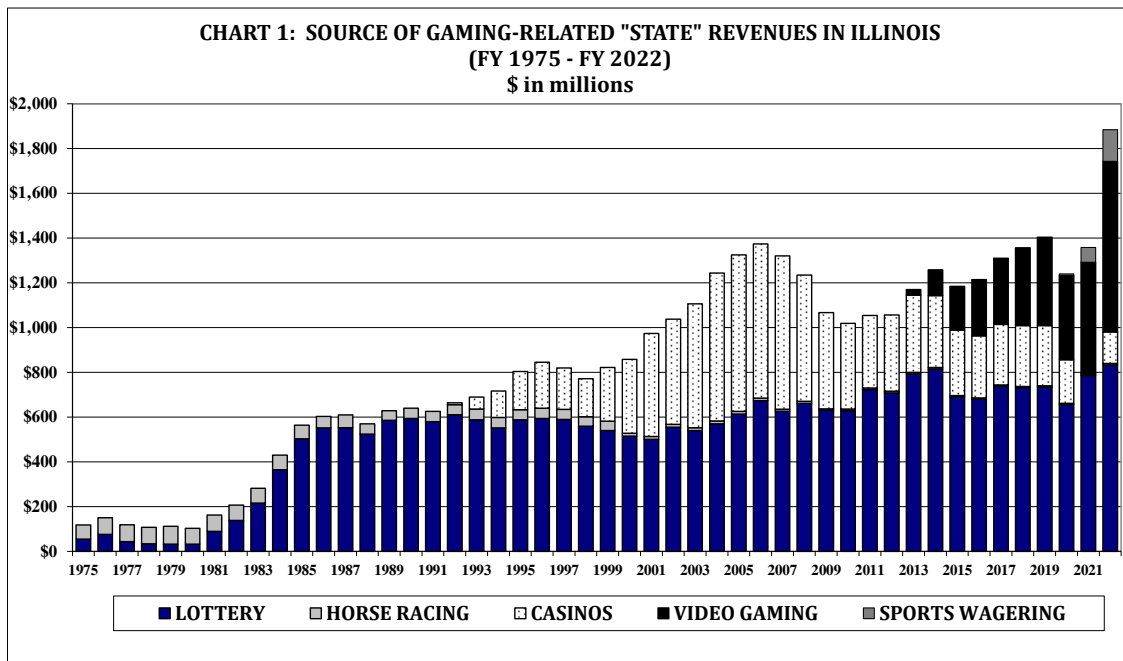
(2) Figures equal State revenue generated, not allocated.

(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) 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.

(5) 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. During the 1990s and into the 2000s, the proportion of casino gaming tax revenues increased dramatically. 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 2022, lottery transfers remained the largest generator of gaming tax revenues, comprising 44.2% of the revenue total. However, this percentage has steadily declined from a recent high-mark of 67.8% in FY 2013. Video gaming revenue's composition has increased significantly over the last decade and now represents 40.4% of the revenue total. Casino transfers, which comprised over 50% of gaming related revenues just a decade ago, have fallen to 7.4% in FY 2022. In just its second full year, sports wagering has quickly increased its composition to 7.5%. Horse racing revenues continued to comprise a relatively insignificant 0.4%.

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 2022 estimated gaming hold total of approximately \$5.9 billion is 31.4% higher than the FY 2021 value and 41.9% higher than the pre-pandemic FY 2019 value of \$4.1 billion. The table also shows that the per-capita amount estimated to be spent on gaming in Illinois increased from \$325 to \$463 over the last three fiscal years. The emergence and growth of video gaming and sports wagering is the impetus behind these increases.

| 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 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021* | FY 2022* |
| LOTTERY | | | | | | |
| Lottery Transfers | \$738.2 | \$731.7 | \$734.6 | \$656.1 | \$785.9 | \$833.3 |
| Gaming Hold or Sales less Payouts | \$1,025.5 | \$1,017.4 | \$1,070.2 | \$1,002.1 | \$1,120.6 | \$1,182.7 |
| % Change in Gaming Hold | 0.5% | -0.8% | 5.2% | -6.4% | 11.8% | 5.5% |
| **Per Capita Spending | \$80 | \$80 | \$84 | \$79 | \$88 | \$93 |
| % Change in Per Capita Spending | 0.8% | -0.3% | 5.5% | -6.2% | 10.8% | 6.5% |
| HORSE RACING | | | | | | |
| State Revenue | \$6.0 | \$5.7 | \$5.7 | \$5.5 | \$6.9 | \$6.9 |
| Gaming Hold or Handle less Payouts | \$130.8 | \$127.9 | \$124.1 | \$119.9 | \$133.7 | \$132.6 |
| % Change in Gaming Hold | 3.0% | -2.2% | -2.9% | -3.4% | 11.5% | -0.8% |
| **Per Capita Spending | \$10 | \$10 | \$10 | \$9 | \$10 | \$10 |
| % Change in Per Capita Spending | 3.2% | -1.8% | -2.6% | -3.2% | 10.5% | 0.1% |
| CASINOS | | | | | | |
| Amount to Ed. Assist. Fund | \$270.0 | \$271.9 | \$268.6 | \$195.2 | \$0.0 | \$140.2 |
| Gaming Hold or AGR | \$1,405.6 | \$1,386.7 | \$1,347.1 | \$942.7 | \$897.3 | \$1,307.5 |
| % Change in Gaming Hold | -1.6% | -1.3% | -2.9% | -30.0% | -4.8% | 45.7% |
| **Per Capita Spending | \$110 | \$109 | \$106 | \$74 | \$70 | \$103 |
| % Change in Per Capita Spending | -1.4% | -0.9% | -2.5% | -29.9% | -5.7% | 47.0% |
| VIDEO GAMING | | | | | | |
| Amount to Cap. Projects Fund | \$296.0 | \$347.2 | \$394.7 | \$376.2 | \$499.1 | \$762.4 |
| Gaming Hold or NTI | \$1,202.0 | \$1,406.5 | \$1,592.5 | \$1,222.6 | \$1,934.0 | \$2,632.4 |
| % Change in Gaming Hold | 17.8% | 17.0% | 13.2% | -23.2% | 58.2% | 36.1% |
| **Per Capita Spending | \$94 | \$110 | \$125 | \$96 | \$151 | \$208 |
| % Change in Per Capita Spending | 18.1% | 17.6% | 13.6% | -23.1% | 56.8% | 37.3% |
| SPORTS WAGERING | | | | | | |
| Amount to Cap. Projects Fund | | | | | \$66.2 | \$142.0 |
| Gaming Hold or AGR | | | | | \$380.1 | \$611.3 |
| % Change in Gaming Hold | | | | | N/A | 60.8% |
| **Per Capita Spending | | | | | \$30 | \$48 |
| % Change in Per Capita Spending | | | | | N/A | 62.3% |
| ALL WAGERING | | | | | | |
| Total Revenue | \$1,310.2 | \$1,356.4 | \$1,403.7 | \$1,233.0 | \$1,358.0 | \$1,884.7 |
| Gaming Hold | \$3,763.9 | \$3,938.5 | \$4,133.9 | \$3,287.3 | \$4,465.7 | \$5,866.6 |
| % Change in Gaming Hold | 4.7% | 4.6% | 5.0% | -20.5% | 35.8% | 31.4% |
| **Per Capita Spending | \$294 | \$309 | \$325 | \$259 | \$349 | \$463 |
| % Change in Per Capita Spending | 4.9% | 5.1% | 5.3% | -20.3% | 34.6% | 32.5% |
| *The Gaming Hold figures for horse racing (FY 2021 and FY 2022) and lottery (FY 2022) 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 DEPT. 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, new casino in Rockford), while others remain in the development stage (new casinos at other locations, 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 the recent 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%), 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 2022 total of \$503.1 million is over three times higher than the next highest revenue producer, Elgin Grand Victoria (\$155M AGR in FY 2022). Rivers is 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 potential opening of casinos in Waukegan, the south suburbs of Chicago, Danville, Williamson County, and Chicago) and 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 2022, the number of video gaming terminals in operation across Illinois has grown to over 43,000, the equivalent of nearly 36 "full-size" Illinois casinos (prior to P.A. 101-0031, Illinois casino were maxed out at 1,200 positions).

While the number of new terminals being introduced per month had begun to slow, 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 \$1.223 billion in FY 2020 to \$1.934 billion in FY 2021 to \$2.632 billion in FY 2022. These elevated totals, in combination with a new established higher tax rate of 34%, resulted in nearly \$900 million in tax revenues for state and local governments in FY 2022. 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. After large increases in FY 2021, lottery sales were down a little in FY 2022. Sales fell from an all-time high of \$3.450 billion to \$3.396 billion. This \$54 million decline in sales equaled growth of -1.6%. While sales were down in FY 2022, they remain well above where they were prior to the beginning of the COVID-19 pandemic. 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 2020, transfers to the Common School Fund faltered to \$630 million. This was a decline of almost 14% related to the outbreak of the coronavirus. In FY 2021, transfers bounced back to \$777 million as the Lottery performed well in an environment where other opportunities to wager were limited. In FY 2022, transfers to the Common School Fund continued to surge as transfers reached an all-time high of \$820 million. Transfers to special cause funds were flat in FY 2022 at \$9.4 million which is still an elevated level compared to past years. Transfers to the Capital Project Fund totaled only \$3.7 million but this was better than FY 2021, when no transfers were made.

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 2021 was at \$599 million, which is 12.9% below levels seen just a decade ago. With that being said, the handle total in 2021 was the highest level it has been since 2014. 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 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 \$57 million in tax revenues in FY 2021 from its \$380 million adjusted gross receipts total, sports wagering's tax total rose to approximately \$92 million in FY 2022 stemming from the 15% tax on its AGR total of a little over \$610 million. Additional revenues are received from license fees. 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 2022 casino statistics and how these numbers compare to past years and to other gaming states across the country. The effects of the COVID-19 virus and its recent rebound in revenues are clearly evident in these numbers. 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 was set to begin 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 shall begin July 1, 2020 (FY 2021) and shall be 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 2017 thru FY 2022 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 2017 - FY 2022) | | | | | | |
|---|------------------|------------------|------------------|----------------|----------------|------------------|
| (\$ in millions) | | | | | | |
| | FY 2017 | FY 2018 | FY 2019 | FY 2020* | FY 2021** | FY 2022 |
| Des Plaines | \$429.3 | \$438.5 | \$440.1 | \$321.2 | \$340.2 | \$503.1 |
| Elgin | \$166.4 | \$162.9 | \$157.2 | \$107.6 | \$107.1 | \$155.1 |
| Joliet Harrah's | \$182.6 | \$179.1 | \$175.2 | \$116.3 | \$107.2 | \$141.7 |
| Aurora | \$121.2 | \$117.6 | \$115.1 | \$77.7 | \$71.5 | \$102.7 |
| Joliet Hollywood | \$120.0 | \$120.7 | \$115.2 | \$79.1 | \$64.3 | \$88.0 |
| East St. Louis | \$107.0 | \$99.1 | \$94.3 | \$67.2 | \$54.9 | \$78.7 |
| East Peoria | \$78.9 | \$77.7 | \$74.5 | \$48.7 | \$48.3 | \$61.5 |
| Metropolis | \$79.7 | \$73.6 | \$68.7 | \$50.8 | \$48.5 | \$60.9 |
| Rock Island | \$72.1 | \$70.0 | \$66.7 | \$43.9 | \$31.5 | \$49.2 |
| Rockford | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$34.0 |
| Alton | \$48.3 | \$47.4 | \$40.0 | \$30.1 | \$23.9 | \$32.6 |
| TOTAL | \$1,405.6 | \$1,386.7 | \$1,347.1 | \$942.7 | \$897.3 | \$1,307.5 |
| % CHANGE | -1.6% | -1.3% | -2.9% | -30.0% | -4.8% | 45.7% |

| TABLE 4: ILLINOIS CASINO ADMISSIONS (FY 2017 - FY 2022) | | | | | | |
|--|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| | FY 2017 | FY 2018 | FY 2019 | FY 2020* | FY 2021** | FY 2022 |
| Des Plaines | 3,187,953 | 3,035,086 | 2,945,397 | 2,079,184 | 1,689,278 | 2,614,641 |
| Elgin | 1,320,807 | 1,237,674 | 1,150,227 | 799,024 | 597,941 | 921,004 |
| Joliet Harrah's | 1,429,434 | 1,332,463 | 1,241,286 | 853,823 | 594,674 | 758,108 |
| Aurora | 1,000,218 | 945,109 | 924,555 | 636,257 | 511,462 | 842,612 |
| Joliet Hollywood | 1,047,889 | 1,001,302 | 929,855 | 643,872 | 487,812 | 689,403 |
| East St. Louis | 1,142,751 | 1,000,640 | 928,944 | 697,294 | 510,937 | 768,673 |
| East Peoria | 808,396 | 746,844 | 721,444 | 480,095 | 353,952 | 447,773 |
| Metropolis | 563,224 | 484,155 | 443,686 | 343,620 | 338,037 | 402,853 |
| Rock Island | 973,516 | 942,041 | 857,142 | 590,216 | 325,939 | 574,307 |
| Rockford | - | - | - | - | - | 281,794 |
| Alton | 509,339 | 490,469 | 407,886 | 301,731 | 284,977 | 420,104 |
| TOTAL | 11,983,527 | 11,215,783 | 10,550,422 | 7,425,116 | 5,695,009 | 8,721,272 |
| % CHANGE | -5.8% | -6.4% | -5.9% | -29.6% | -23.3% | 53.1% |

| TABLE 5: TOTAL REVENUE GENERATED FROM ILLINOIS CASINOS (FY 2017 - FY 2022) | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| (\$ in millions) | | | | | | |
| | FY 2017 | FY 2018 | FY 2019 | FY 2020* | FY 2021** | FY 2022 |
| Des Plaines | \$189.9 | \$194.0 | \$194.5 | \$143.0 | \$92.0 | \$162.4 |
| Elgin | \$54.1 | \$53.4 | \$50.3 | \$35.9 | \$22.9 | \$39.9 |
| Joliet Harrah's | \$62.2 | \$60.7 | \$58.5 | \$40.7 | \$23.5 | \$36.4 |
| Aurora | \$35.3 | \$34.1 | \$33.0 | \$23.5 | \$14.2 | \$23.8 |
| Joliet Hollywood | \$35.1 | \$35.4 | \$33.2 | \$24.0 | \$12.9 | \$20.2 |
| East St. Louis | \$30.6 | \$27.3 | \$25.5 | \$19.7 | \$10.4 | \$17.2 |
| East Peoria | \$20.3 | \$19.5 | \$18.4 | \$12.6 | \$8.3 | \$12.4 |
| Metropolis | \$19.5 | \$17.8 | \$16.0 | \$12.4 | \$8.5 | \$12.0 |
| Rock Island | \$17.6 | \$16.8 | \$15.7 | \$11.1 | \$5.4 | \$9.6 |
| Rockford | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$4.0 |
| Alton | \$10.6 | \$10.3 | \$8.9 | \$6.5 | \$4.4 | \$6.5 |
| TOTAL | \$475.3 | \$469.4 | \$454.0 | \$329.2 | \$202.4 | \$344.3 |
| % CHANGE | -2.0% | -1.2% | -3.3% | -27.5% | -38.5% | 70.1% |

* 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 2017 - FY 2022)**

(\$ in millions)

| | FY 2017 | FY 2018 | FY 2019 | FY 2020* | FY 2021** | FY 2022 |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Des Plaines* | \$165.2 | \$169.0 | \$169.6 | \$124.8 | \$73.3 | \$134.7 |
| Elgin | \$44.5 | \$44.0 | \$41.2 | \$29.7 | \$16.9 | \$31.2 |
| Joliet Harrah's | \$51.7 | \$50.4 | \$48.5 | \$34.0 | \$17.5 | \$28.5 |
| Aurora | \$28.2 | \$27.3 | \$26.3 | \$19.0 | \$10.1 | \$17.8 |
| Joliet Hollywood | \$28.1 | \$28.4 | \$26.5 | \$19.4 | \$9.2 | \$15.1 |
| East St. Louis | \$24.2 | \$21.4 | \$19.8 | \$15.6 | \$7.1 | \$12.4 |
| East Peoria | \$15.6 | \$14.9 | \$14.0 | \$9.7 | \$5.5 | \$8.9 |
| Metropolis | \$15.0 | \$13.7 | \$12.1 | \$9.5 | \$5.8 | \$8.6 |
| Rock Island | \$13.0 | \$12.3 | \$11.6 | \$8.3 | \$3.5 | \$6.6 |
| Rockford | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$4.0 |
| Alton | \$7.7 | \$7.4 | \$6.5 | \$4.7 | \$3.0 | \$4.4 |
| TOTAL | \$393.0 | \$388.8 | \$376.1 | \$274.6 | \$151.9 | \$272.1 |
| % CHANGE | -1.9% | -1.1% | -3.3% | -27.0% | -44.7% | 79.2% |
| Des Plaines Distributions***: | (\$76.8) | (\$77.0) | (\$77.0) | (\$57.8) | (\$92.8) | (\$79.4) |
| Total after Distributions: | \$316.2 | \$311.8 | \$299.0 | \$216.8 | \$59.1 | \$192.7 |
| % CHANGE | -2.4% | -1.4% | -4.1% | -27.5% | -72.7% | 225.8% |

* 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.

*** 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 2017 - FY 2022)**

(\$ in millions)

| | FY 2017 | FY 2018 | FY 2019 | FY 2020* | FY 2021** | FY 2022 |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Des Plaines | \$24.7 | \$25.0 | \$24.9 | \$18.1 | \$18.7 | \$27.8 |
| Elgin | \$9.6 | \$9.4 | \$9.0 | \$6.2 | \$6.0 | \$8.7 |
| Joliet Harrah's | \$10.6 | \$10.3 | \$10.0 | \$6.7 | \$5.9 | \$7.8 |
| Aurora | \$7.1 | \$6.8 | \$6.7 | \$4.5 | \$4.1 | \$6.0 |
| Joliet Hollywood | \$7.0 | \$7.0 | \$6.7 | \$4.6 | \$3.7 | \$5.1 |
| East St. Louis | \$6.5 | \$6.0 | \$5.6 | \$4.1 | \$3.3 | \$4.7 |
| East Peoria | \$4.8 | \$4.6 | \$4.4 | \$2.9 | \$2.8 | \$3.5 |
| Metropolis | \$4.5 | \$4.2 | \$3.9 | \$2.9 | \$2.8 | \$3.4 |
| Rock Island | \$4.6 | \$4.4 | \$4.2 | \$2.8 | \$1.9 | \$3.0 |
| Rockford | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$2.0 |
| Alton | \$2.9 | \$2.9 | \$2.4 | \$1.8 | \$1.5 | \$2.1 |
| TOTAL | \$82.3 | \$80.5 | \$77.9 | \$54.6 | \$50.5 | \$74.1 |
| % CHANGE | -2.3% | -2.1% | -3.3% | -30.0% | -7.4% | 46.6% |

** 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 \$897 million in FY 2021 to \$1.3 billion in FY 2022 – an increase of 45.7%. This was welcome news to the gaming industry that has experienced significant declines over the last couple of years due to the impacts of the pandemic on revenue performance.

COVID-19 first took its toll on Illinois casinos in FY 2020 as gaming operations were suspended between March 16th and June 30th of 2020. As a result of these shut-downs, AGR levels fell 30.0% in FY 2020 to \$943 million. The impacts of the virus continued into FY 2021 as another series of shut-downs between November 2020 and January 2021, along with subsequent attendance restrictions upon reopening, caused another 4.8% decline in gaming revenues between FY 2020 and FY 2021.

The growth in casino numbers in FY 2022 came from all ten of the existing casinos with each seeing AGR annual increases of over 25%. The largest year-over-year growth came from Bally's Quad City Casino with growth of 56.2% to \$49.2 million in FY 2022. The highest generator of adjusted gross receipts in Illinois continues to come from Des Plaines' Rivers Casino with an FY 2022 AGR total of \$503.1 million. This casino's total is well above the second highest revenue generating casino, the Grand Victoria in Elgin, which had a AGR total of \$155.1 million. These totals, as well as historical AGR totals and growth rates for all of Illinois' operating casinos, are included in the following table.

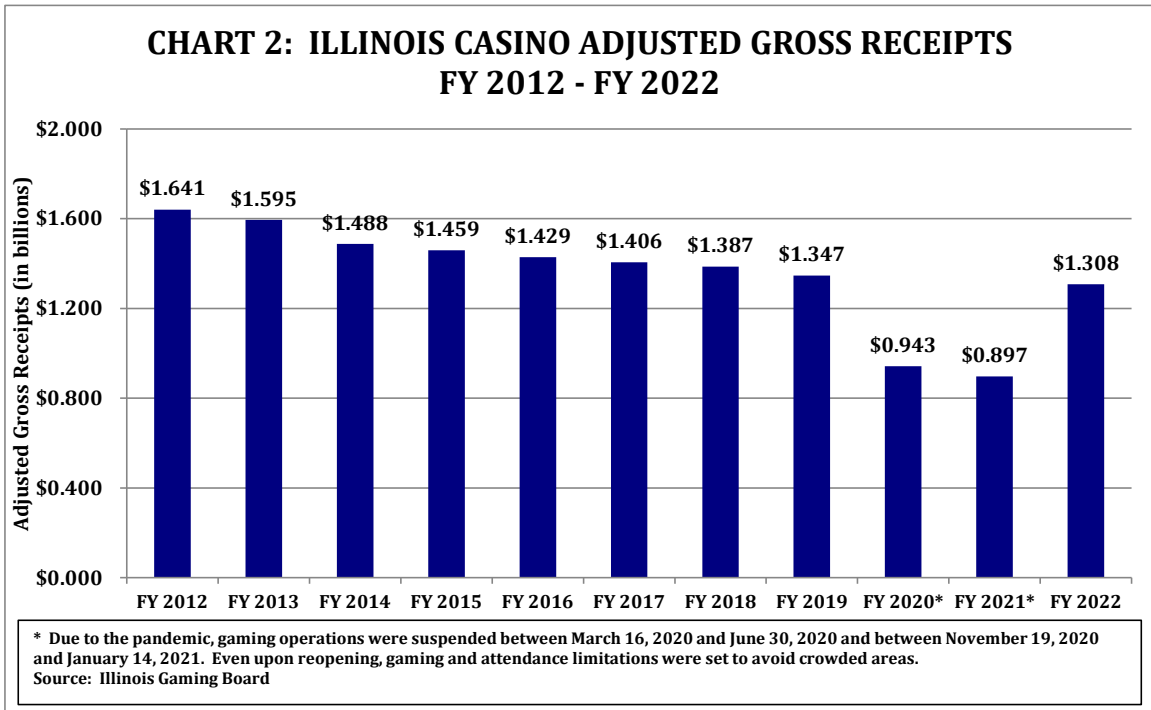
| TABLE 8: ADJUSTED GROSS RECEIPTS OF ILLINOIS CASINOS | | | | | | | |
|---|------------------|----------------|----------------|------------------|--------------|--------------|---------------|
| <i>\$ IN MILLIONS</i> | FY 2019 | FY 2020 | FY 2021 | FY 2022 | 1-Yr. | 3-Yr. | 10-Yr. |
| | AGR | AGR | AGR | AGR | Change | Change | Change |
| ALTON ARGOSY - Alton | \$40.0 | \$30.1 | \$23.9 | \$32.6 | 36.4% | -18.5% | -54.0% |
| PAR-A-DICE - E. Peoria | \$74.5 | \$48.7 | \$48.3 | \$61.5 | 27.5% | -17.4% | -47.0% |
| BALLY'S - Rock Island | \$66.7 | \$43.9 | \$31.5 | \$49.2 | 56.2% | -26.3% | -43.8% |
| HOLLYWOOD - Joliet | \$115.2 | \$79.1 | \$64.3 | \$88.0 | 36.9% | -23.7% | -35.2% |
| HARRAH'S - Metropolis | \$68.7 | \$50.8 | \$48.5 | \$60.9 | 25.6% | -11.4% | -40.7% |
| HARRAH'S - Joliet | \$175.2 | \$116.3 | \$107.2 | \$141.7 | 32.1% | -19.1% | -34.2% |
| HOLLYWOOD - Aurora | \$115.1 | \$77.7 | \$71.5 | \$102.7 | 43.5% | -10.8% | -35.8% |
| CASINO QUEEN - E. St. Louis | \$94.3 | \$67.2 | \$54.9 | \$78.7 | 43.4% | -16.5% | -40.4% |
| GRAND VICTORIA - Elgin | \$157.2 | \$107.6 | \$107.1 | \$155.1 | 44.9% | -1.3% | -31.6% |
| RIVERS CASINO - Des Plaines | \$440.1 | \$321.2 | \$340.2 | \$503.1 | 47.9% | 14.3% | 27.8% |
| HARD ROCK - Rockford | \$0.0 | \$0.0 | \$0.0 | \$34.0 | N/A | N/A | N/A |
| TOTALS | \$1,347.1 | \$942.7 | \$897.3 | \$1,307.5 | 45.7% | -2.9% | -20.3% |
| CHICAGO REGION TOTALS | \$1,002.8 | \$701.9 | \$690.3 | \$990.6 | 43.5% | -1.2% | -12.4% |
| ST. LOUIS REGION TOTALS | \$134.4 | \$97.3 | \$78.8 | \$111.4 | 41.3% | -17.1% | -45.2% |

Source: Illinois Gaming Board

Included in the FY 2022 totals is the new Hard Rock Casino in Rockford, which began generating revenues at a temporary facility in November 2021. In its first eight months of operations, the Rockford casino generated \$34.0 million in adjusted gross receipts. This annual total should rise significantly over the next couple of fiscal years as the casino transitions into a permanent location by early 2024, which will include table games that are currently not offered at the temporary location.

Despite the addition of the Hard Rock Casino in Rockford and the sizable annual rate of growth of total receipts in FY 2022, Illinois' AGR total of \$1.308 billion did not reach the heights of the \$1.347 billion that was generated in FY 2019 prior to the pandemic disruptions. However, this outcome is not necessarily surprising given pre-pandemic trends of Illinois' casino industry.

Over the last decade, Illinois has seen a steady decline in the amount generated from the casino industry. In each fiscal year between FY 2013 and FY 2021, Illinois' AGR totals were lower than the previous year. This trend is illustrated in the chart below. As shown, in FY 2012, Illinois had a combined AGR total of \$1.641 billion. By FY 2019, this total had decreased to \$1.347 billion, a decrease of nearly 18%. Even with the gains of FY 2022, gaming receipts are now down 20.3% over the last ten years.



As shown in the provided table, 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 27.8% 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 30% from each of the other Illinois casinos. These 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, most recently, an increase in sports wagering opportunities (see page 85).

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 2019 thru FY 2022 | | | | | | | | |
| \$ in millions | | | | | | | | |
| | FY 2019 STATE REVENUE | Annual % change | FY 2020 STATE REVENUE | Annual % change | FY 2021 STATE REVENUE | Annual % change | FY 2022 STATE REVENUE | Annual % change |
| Des Plaines | \$169.6 | 0.3% | \$124.8 | -26.4% | \$73.3 | -41.3% | \$134.7 | 83.6% |
| Elgin | \$41.2 | -6.2% | \$29.7 | -28.0% | \$16.9 | -42.9% | \$31.2 | 84.1% |
| Joliet Harrah's | \$48.5 | -3.7% | \$34.0 | -30.0% | \$17.5 | -48.4% | \$28.5 | 62.7% |
| Aurora | \$26.3 | -3.7% | \$19.0 | -27.8% | \$10.1 | -46.9% | \$17.8 | 76.1% |
| Joliet Hollywood | \$26.5 | -6.7% | \$19.4 | -26.8% | \$9.2 | -52.7% | \$15.1 | 65.1% |
| East St. Louis | \$19.8 | -7.3% | \$15.6 | -21.3% | \$7.1 | -54.5% | \$12.4 | 75.2% |
| East Peoria | \$14.0 | -6.0% | \$9.7 | -30.8% | \$5.5 | -42.8% | \$8.9 | 60.1% |
| Metropolis | \$12.1 | -11.3% | \$9.5 | -21.7% | \$5.8 | -39.1% | \$8.6 | 48.8% |
| Rock Island | \$11.6 | -6.3% | \$8.3 | -28.5% | \$3.5 | -58.0% | \$6.6 | 88.7% |
| Rockford | \$0.0 | N/A | \$0.0 | N/A | \$0.0 | N/A | \$4.0 | N/A |
| Alton | \$6.5 | -13.3% | \$4.7 | -27.7% | \$3.0 | -36.5% | \$4.4 | 49.0% |
| TOTAL | \$376.1 | -3.3% | \$274.6 | -27.0% | \$151.9 | -44.7% | \$272.1 | 79.2% |

Source: Illinois Gaming Board

Recent 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 2022. [The FY 2021 average rate was even lower at 17.6% due to both the modified tax structure and the virus-impacted lower taxable base]. 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 30.7% in FY 2022.

| TABLE 10: OPERATING TAX RATES FOR ILLINOIS CASINOS | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| Des Plaines | 42.0% | 42.2% | 42.2% | 42.6% | 25.6% | 30.7% |
| Elgin | 30.1% | 30.5% | 29.8% | 31.1% | 19.7% | 23.9% |
| Joliet Harrah's | 31.7% | 31.7% | 31.3% | 32.8% | 20.3% | 24.1% |
| Aurora | 26.7% | 26.8% | 26.4% | 27.9% | 17.7% | 20.6% |
| Joliet Hollywood | 26.6% | 26.6% | 26.3% | 27.8% | 17.7% | 20.7% |
| East St. Louis | 25.4% | 24.6% | 24.1% | 26.2% | 16.1% | 18.9% |
| East Peoria | 22.7% | 22.2% | 21.8% | 22.9% | 15.0% | 17.9% |
| Metropolis | 22.4% | 22.3% | 21.3% | 22.3% | 15.5% | 17.8% |
| Rock Island | 20.4% | 19.9% | 19.8% | 21.1% | 14.0% | 16.0% |
| Rockford | N/A | N/A | N/A | N/A | N/A | 15.1% |
| Alton | 18.8% | 18.6% | 19.1% | 18.5% | 15.0% | 16.0% |
| Average Tax Rate | 26.7% | 26.5% | 26.2% | 27.3% | 17.6% | 20.1% |

| TABLE 11: FY 2022 AGR STATISTICS | | | | | |
|---|-------------------------|----------------|------------------|-----------------|--------------|
| <i>\$ in millions</i> | | | | | |
| Casino | Adjusted Gross Receipts | | | AGR Composition | |
| | Table Games | EGDs | Total | % Table | % EGD |
| Argosy Casino Alton | \$2.6 | \$30.0 | \$32.6 | 8.0% | 92.0% |
| Bally's Quad Cities Casino & Hotel | \$2.9 | \$46.2 | \$49.2 | 6.0% | 94.0% |
| DraftKings at Casino Queen | \$17.5 | \$61.2 | \$78.7 | 22.2% | 77.8% |
| Grand Victoria Casino | \$33.1 | \$122.1 | \$155.1 | 21.3% | 78.7% |
| Hard Rock Casino Rockford | \$0.0 | \$34.0 | \$34.0 | 0.0% | 100.0% |
| Harrah's Joliet Casino & Hotel | \$24.8 | \$116.8 | \$141.7 | 17.5% | 82.5% |
| Harrah's Metropolis Casino | \$11.1 | \$49.8 | \$60.9 | 18.3% | 81.7% |
| Hollywood Casino Aurora | \$20.1 | \$82.6 | \$102.7 | 19.5% | 80.5% |
| Hollywood Casino Joliet | \$11.3 | \$76.6 | \$88.0 | 12.9% | 87.1% |
| Par-A-Dice Hotel Casino | \$12.4 | \$49.2 | \$61.5 | 20.1% | 79.9% |
| Rivers Casino | \$193.4 | \$309.7 | \$503.1 | 38.4% | 61.6% |
| TOTAL | \$329.3 | \$978.2 | \$1,307.5 | 25.2% | 74.8% |

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 38.4%. Under the previous tax structure, the \$193 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 \$193 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 near 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 14.3% from \$440 million to \$503 million. However, its State tax revenue portion actually fell 20.6% from \$170 million to \$135 million. In other words, its taxable base grew \$63 million, yet its State taxes went down nearly \$35 million during this time period. This shows how the new structure can hurt tax totals but be a benefit to casino operators.

The casino industry would contend that a lower effective tax means more available dollars for marketing and infrastructure improvements, which should materialize into larger attendance and ultimately more gaming tax revenues. While this may be the case for certain locations, the argument becomes convoluted as new casinos saturate the market. The new casinos will cause gaming dollars to be spread to more locations, making it harder for the State to reap the benefits of the higher tax rates under the graduated tax structure. The question becomes whether enough new revenues will come in to offset the loss of the tax revenue under these lower rates.

The Distribution of Casino Tax Revenues

The combination of the pandemic's impact on the casino industry, along with the effects of the reduced tax structure, resulted in a significant reduction in the State share of tax revenues from Illinois casinos in FY 2020 and FY 2021. The FY 2021 "State share"¹ of \$152 million was nearly 60% lower than the FY 2021 amount of \$376 million. As a consequence of this relatively low tax total, \$0 was transferred from the State Gaming Fund to the Education Assistance Fund (EAF) in FY 2021. The reason for this lack of transfer has to do with the statutory distribution of State tax revenues that must be undergone before the State Gaming transfer can be made.

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. Again, this is in addition to the approximate \$79 million in Rivers Casino related distributions in this fiscal year (as shown in Table 6).

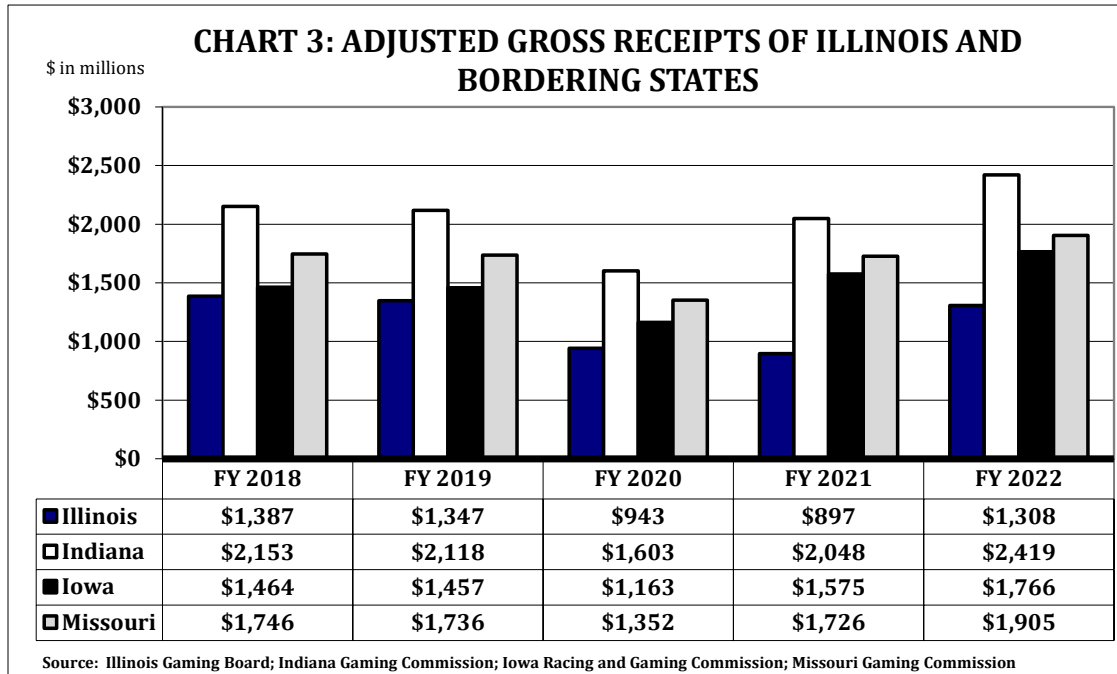
Furthermore, P.A. 102-0016 provided that, beginning on July 1, 2021, the first \$22.5 million of any remaining funds in a month are to be transferred to the EAF. Then, if any funds still remain after this monthly transfer, the remainder shall be transferred to the Capital Projects Fund. This was the case in one month of FY 2022, resulting in nearly \$10 million being transferred to the Capital Projects Fund in FY 2022.

The distribution of tax revenues will become even more complicated once 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

In order to better understand Illinois’ gaming landscape and the competition that exists with other states, 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 2022, Illinois’ AGR total of \$1.308 billion was notably below Indiana (\$2.419 B), Missouri (\$1.905 B), and Iowa (\$1.766 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. Illinois led the way with growth of 45.7%, followed by Indiana (+27.8%); Iowa (+12.1%); and Missouri (+10.3%). Despite Illinois’ higher rate of growth over the past year, as shown above, the AGR of Illinois’ casinos continues to be well below the AGR of other states. However, if the \$2.632 billion in Illinois’ video gaming net terminal income was included in this comparison, Illinois’ totals would surpass these other states in combined gaming revenues generated by a sizeable margin.

TABLE 12: STATISTICAL SUMMARY OF BORDERING STATES WITH CASINOS

\$ in millions

| INDIANA CASINOS | | | | | | | | | |
|---|-------|------------------|------------------|------------------|------------------|--------------|--------------|---------------|--------------|
| \$ IN MILLIONS | State | FY 2019 | FY 2020 | FY 2021 | FY 2022 | 1-Yr. | 3-Yr. | June '22 | AGR/ |
| | | AGR | AGR | AGR | AGR | Change | Change | Positions | Pos/Day |
| AMERISTAR - East Chicago | IN | \$211.5 | \$157.3 | \$242.6 | \$220.3 | -9.2% | 4.2% | 1,384 | \$436 |
| HOLLYWOOD - Lawrenceburg | IN | \$163.2 | \$125.9 | \$152.5 | \$166.0 | 8.9% | 1.7% | 1,627 | \$280 |
| BELTERRA - Switzerland County | IN | \$108.6 | \$72.3 | \$84.2 | \$87.8 | 4.2% | -19.2% | 972 | \$247 |
| BLUE CHIP - Michigan City | IN | \$146.5 | \$109.0 | \$113.4 | \$130.7 | 15.2% | -10.8% | 1,456 | \$246 |
| BALLY'S - Evansville | IN | \$142.0 | \$105.9 | \$122.4 | \$158.5 | 29.5% | 11.6% | 1,036 | \$419 |
| FRENCH LICK - French Lick | IN | \$90.1 | \$62.7 | \$64.0 | \$74.0 | 15.6% | -17.8% | 808 | \$251 |
| RISING STAR - Rising Sun | IN | \$42.6 | \$30.9 | \$44.1 | \$43.7 | -0.9% | 2.5% | 676 | \$177 |
| HOOSIER PARK - Anderson | IN | \$212.0 | \$168.8 | \$208.8 | \$243.9 | 16.8% | 15.1% | 1,312 | \$510 |
| HORSESHOE - Hammond | IN | \$380.2 | \$303.2 | \$377.1 | \$356.4 | -5.5% | -6.3% | 2,257 | \$433 |
| CAESARS - Harrison County | IN | \$216.5 | \$161.8 | \$204.1 | \$234.0 | 14.6% | 8.1% | 1,424 | \$450 |
| HORSESHOE INDY - Shelbyville | IN | \$268.5 | \$211.4 | \$298.9 | \$326.3 | 9.2% | 21.5% | 1,893 | \$472 |
| MAJESTIC STAR - Gary** | IN | \$81.3 | \$57.0 | \$60.0 | \$0.0 | N/A | N/A | - | N/A |
| MAJESTIC STAR II - Gary** | IN | \$55.4 | \$36.7 | \$29.3 | \$0.0 | N/A | N/A | - | N/A |
| HARD ROCK - Gary** | IN | \$0.0 | \$0.0 | \$47.0 | \$377.6 | 704.0% | N/A | 1,890 | \$547 |
| TOTALS | | \$2,118.2 | \$1,602.9 | \$2,048.4 | \$2,419.3 | 18.1% | 14.2% | 16,735 | \$335 |
| **The Majestic Star and Majestic Star II closed in April 2021 and relocated to the new Hard Rock Casino in May 2021. | | | | | | | | | |
| CHICAGO REGION AREA TOTALS | | \$874.7 | \$663.2 | \$869.3 | \$1,085.0 | 24.8% | 24.0% | 5,098 | \$467 |
| Composition of Chicago Region: | | 46.6% | 48.6% | 55.7% | 52.3% | | | | |
| TOTAL CASINOS | | \$1,637.7 | \$1,222.7 | \$1,493.7 | \$1,471.4 | -1.5% | -10.2% | 11,640 | \$352 |
| TOTAL RACINOS | | \$480.5 | \$380.3 | \$507.7 | \$570.2 | 12.3% | 18.7% | 3,204 | \$434 |
| MISSOURI CASINOS | | | | | | | | | |
| \$ IN MILLIONS | State | FY 2019 | FY 2020 | FY 2021 | FY 2022 | 1-Yr. | 3-Yr. | June '22 | AGR/ |
| | | AGR | AGR | AGR | AGR | Change | Change | Positions | Pos/Day |
| ARGOSY - Riverside | MO | \$165.3 | \$128.0 | \$160.2 | \$177.1 | 10.6% | 7.1% | 1,213 | \$400 |
| ISLE OF CAPRI - Boonville | MO | \$78.6 | \$60.8 | \$80.6 | \$88.5 | 9.9% | 12.5% | 832 | \$291 |
| CENTURY - Caruthersville | MO | \$37.4 | \$31.2 | \$46.8 | \$48.3 | 3.2% | 29.2% | 516 | \$256 |
| HOLLYWOOD - Maryland Hts | MO | \$233.5 | \$176.7 | \$189.8 | \$234.4 | 23.5% | 0.4% | 2,154 | \$298 |
| HARRAH'S - North Kansas City | MO | \$177.7 | \$140.4 | \$182.5 | \$176.8 | -3.1% | -0.5% | 1,186 | \$409 |
| BALLY'S KC - Kansas City | MO | \$66.4 | \$50.9 | \$83.5 | \$119.9 | 43.5% | 80.4% | 941 | \$349 |
| HORSESHOE - St. Louis | MO | \$162.1 | \$121.4 | \$161.5 | \$150.5 | -6.8% | -7.2% | 1,126 | \$366 |
| AMERISTAR - Kansas City | MO | \$195.1 | \$149.2 | \$187.2 | \$198.7 | 6.1% | 1.8% | 1,906 | \$286 |
| RIVER CITY - St. Louis | MO | \$220.3 | \$170.0 | \$199.9 | \$249.5 | 24.8% | 13.2% | 1,891 | \$361 |
| MARK TWAIN - LaGrange | MO | \$31.0 | \$27.3 | \$38.7 | \$38.5 | -0.5% | 24.4% | 385 | \$274 |
| AMERISTAR - St. Charles | MO | \$268.7 | \$212.8 | \$283.4 | \$302.5 | 6.7% | 12.6% | 2,138 | \$388 |
| FRONTIER - St. Joseph | MO | \$37.7 | \$32.8 | \$41.5 | \$48.1 | 16.1% | 27.6% | 436 | \$303 |
| ISLE OF CAPRI - Cape Girardeau | MO | \$61.8 | \$50.8 | \$70.7 | \$72.1 | 2.0% | 16.5% | (1) | N/A |
| TOTALS | | \$1,735.8 | \$1,352.4 | \$1,726.3 | \$1,904.7 | 10.3% | 9.7% | 15,605 | \$334 |
| ST LOUIS REGION TOTALS | | \$884.7 | \$680.9 | \$834.7 | \$936.8 | 12.2% | 5.9% | 7,309 | \$351 |
| Composition of St. Louis Region: | | 86.8% | 87.5% | 91.4% | 89.4% | | | | |
| IOWA CASINOS | | | | | | | | | |
| \$ IN MILLIONS | State | FY 2019 | FY 2020 | FY 2021 | FY 2022 | 1-Yr. | 3-Yr. | June '22 | AGR/ |
| | | AGR | AGR | AGR | AGR | Change | Change | Positions | Pos/Day |
| AMERISTAR - Council Bluffs | IA | \$163.9 | \$125.1 | \$165.8 | \$187.0 | 12.8% | 14.1% | 1,324 | \$387 |
| CASINO QUEEN - Marquette | IA | \$21.6 | \$16.8 | \$18.1 | \$21.2 | 16.8% | -2.2% | 430 | \$135 |
| CATFISH BEND - Burlington | IA | \$39.6 | \$32.1 | \$43.3 | \$45.5 | 5.1% | 14.9% | 744 | \$168 |
| DIAMOND JO - Dubuque | IA | \$69.1 | \$56.3 | \$68.1 | \$76.4 | 12.3% | 10.5% | 781 | \$268 |
| DIAMOND JO - Northwood | IA | \$84.5 | \$66.2 | \$95.9 | \$104.5 | 9.0% | 23.7% | 860 | \$333 |
| GRAND FALLS - Larchwood | IA | \$61.5 | \$51.1 | \$78.0 | \$92.9 | 19.1% | 51.1% | 803 | \$317 |
| HARD ROCK CASINO - Sioux City | IA | \$76.0 | \$61.1 | \$87.1 | \$97.9 | 12.5% | 28.9% | 692 | \$388 |
| HARRAH'S - Council Bluffs | IA | \$71.3 | \$52.3 | \$58.1 | \$74.0 | 27.3% | 3.8% | 520 | \$390 |
| HORSESHOE - Council Bluffs | IA | \$168.5 | \$141.1 | \$180.3 | \$212.2 | 17.7% | 25.9% | 1,446 | \$402 |
| ISLE OF CAPRI - Bettendorf | IA | \$66.0 | \$51.2 | \$68.5 | \$72.4 | 5.6% | 9.7% | 855 | \$232 |
| ISLE CASINO - Waterloo | IA | \$83.7 | \$65.6 | \$88.4 | \$101.0 | 14.3% | 20.7% | 905 | \$306 |
| LAKESIDE - Osceola | IA | \$47.2 | \$40.1 | \$47.6 | \$53.1 | 11.6% | 12.7% | 627 | \$232 |
| PRAIRIE MEADOWS - Altoona | IA | \$206.5 | \$157.2 | \$206.7 | \$228.3 | 10.5% | 10.5% | 1,437 | \$435 |
| Q CASINO - Dubuque | IA | \$50.5 | \$39.7 | \$50.3 | \$52.2 | 4.0% | 3.5% | 753 | \$190 |
| RHYTHM CITY - Davenport | IA | \$71.2 | \$64.1 | \$110.3 | \$118.4 | 7.4% | 66.3% | 864 | \$375 |
| RIVERSIDE CASINO - Riverside | IA | \$90.1 | \$76.7 | \$116.3 | \$128.4 | 10.4% | 42.6% | 1,000 | \$352 |
| WILD ROSE - Clinton | IA | \$29.3 | \$24.0 | \$32.9 | \$33.6 | 2.1% | 14.7% | 522 | \$177 |
| WILD ROSE - Emmetsburg | IA | \$27.4 | \$20.3 | \$27.4 | \$30.7 | 12.0% | 12.2% | 473 | \$178 |
| WILD ROSE - Jefferson | IA | \$29.1 | \$22.5 | \$32.3 | \$36.4 | 12.6% | 25.0% | 526 | \$190 |
| TOTALS | | \$1,457.0 | \$1,163.4 | \$1,575.4 | \$1,766.2 | 12.1% | 21.2% | 15,561 | \$311 |
| QUAD CITY REGION TOTALS | | \$137.2 | \$115.3 | \$178.8 | \$190.8 | 6.7% | 39.1% | 1,719 | \$304 |
| OTHER CASINOS BORDERING ILLINOIS | | \$188.5 | \$152.1 | \$194.6 | \$207.8 | 6.8% | 10.2% | 2,799 | \$203 |
| AGR Comp. of Casinos on IA/IL Border: | | 83.0% | 85.9% | 92.2% | 89.0% | | | | |
| TOTAL CASINOS | | \$1,031.5 | \$825.5 | \$1,138.2 | \$1,273.5 | 11.9% | 23.5% | 14,237 | \$245 |
| TOTAL RACINOS | | \$425.5 | \$338.0 | \$437.3 | \$492.7 | 12.7% | 15.8% | 3,637 | \$371 |

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

In addition to its own domestic competition, surrounding states continue to look for ways to capture the Midwest gaming dollar. 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 2022, Indiana's total was \$2.419 billion compared to Illinois' total of \$1.308 billion. The FY 2022 total is an 18.1% increase over the FY 2021 total of \$2.048 billion and the highest total since \$2.496 billion was generated in FY 2013.
- 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 over half (52.3% in FY 2022) of the Chicago area casino AGR market. In addition to the Hard Rock Casino in Gary (AGR of \$378M in FY 2022), other casinos competing in this region include the Ameristar in East Chicago (\$220M); the Blue Chip in Michigan City (\$131M); and the Horseshoe in Hammond (\$356M). Because of their proximity to the new Hard Rock Casino, the East Chicago and Hammond casinos saw their revenues decline in FY 2022, -9.2% and -5.5%, respectively, providing an example of the cannibalization that often occurs to other casinos when new gaming facilities are opened.
- 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 late 2023. This casino will be minutes from Illinois' border and will bring competition for the new Illinois casino approved for Danville.

Missouri

- Adjusted Gross Receipts from Missouri casinos continued to bounce back well from the pandemic-impacted falloffs of FY 2020 with in overall AGR increase of 10.3% in FY 2022 to \$1.905 billion. The four St. Louis area casinos near the Illinois border generated \$937 million in adjusted gross receipts in FY 2022. 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 3,150 video gaming terminals in operation in FY 2022 with net

terminal income totaling nearly \$175 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 2022 AGR totals were again higher in Iowa (\$1.766 billion) than Illinois (\$1.308 billion). Iowa's AGR levels grew +12.1% in FY 2022, which follows the 35.4% increase in FY 2021 that followed the virus-impacted decline of FY 2020. In FY 2022, on an individual basis, Illinois' Rock Island Casino (\$49M) was outperformed by Bettendorf's Isle of Capri (\$72M) and Davenport's Rhythm City (\$118M). With two casinos compared to one, Iowa brings in the vast majority of revenues in the Quad City area. An additional \$191 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 \$400 million casino project will begin in 2022 and possibly completed by late 2023. 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 Anticipated Impact of P.A. 101-0031 and P.A. 101-0648

While the amount of revenues generated from Illinois casinos improved in FY 2022, the totals remain below levels from the past. However, Illinois should see significant improvement in its casino revenue numbers very soon due to gaming expansion legislation passed in the form of P.A. 101-0031. This expansion involves 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 additional competition that will soon be 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 neared 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. Unfortunately for Des Plaines, the window of opportunity for Rivers to profit on these additional gaming positions before new competing casinos become operational is short lived. As discussed below, many of the new authorized casinos will soon be opening gaming facilities in the years ahead, which will create competition for the expanded Rivers Casino.

- ***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 Waukegan, Danville, Williamson County, the south suburbs of Chicago in East Hazel Crest, and the mega casino in the City of Chicago. The timetable of when each of these casinos will ultimately open and begin generating revenues varies and remains fluid. The following paragraphs provide a synopsis of the status of these potential casino venues at the time of this report.

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 sometime in late 2023 or 2024 and will include a hotel, restaurants, retail stores, and a concert venue.

Source: www.hardrockcasinorockford.com

Waukegan – American Place

Opening near the Fountain Square shopping center in the northern suburb, this casino plans toward opening an interim tent-like casino in the fall of 2022. 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, broke ground on the \$147 million casino resort in December 2021, with a grand opening planned for early 2023. Located next to the winery, the casino will feature 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 will be 14 miles from Interstate 57, the resort has already been granted its license by the Illinois Gaming Board.

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

Danville – Golden Nugget Danville Casino

Ground was broken on the project in April 2022, estimated to finish in Spring 2023. The casino will feature a 41,500 square foot gaming floor with over 500 slot machines and 14 table games. In addition to a physical sportsbook to be located in the casino, Golden Nugget also plans on offering a digital sports betting platform to members. The casino will additionally include 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. 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: windcreek.com/news/2022/05/wind-creek-celebrates-start-of-construction-on-south-suburban-casino-and-entertainment-destination

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 sometime in 2026.

A temporary casino site has been selected at the Medinah Temple on Wabash St. in River North, pending certification from the IGB. The three-story building will be retrofitted to include 800 gaming positions and food and beverage offerings.

Source: <https://casinos.ballys.com/chicago/tribune-project.htm>
<https://www.nbcchicago.com/news/local/chicago-casino-update-ballys-1-7b-casino-gets-green-light-to-move-forward-when-will-it-open/2842753/>

- **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. However, the number of positions that will ultimately be put into operation will likely be less than these allotted values.

While Hawthorne and Fairmount are in line to 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

Hawthorne is currently undergoing a renovation and rebrand, and will be known as 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 three years since its approval, no casino has been opened, and there has been no word on when it may open. 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-illinois-horse-racing-hawthorne-opens-20220402-dhlh6czbsbdzvfno5ycvnj4-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 in an effort to generate more revenue and revitalize the track. FanDuel will provide online and retail sports book services, while Casino Queen will eventually provide traditional forms of casino gambling to the Collinsville track. While sports wagering has been conducted at Fairmount since March 2021, 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 Danville and 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 Waukegan, Rockford, and the south suburban location, are projected to see AGR totals per location between \$75 million and \$150 million upon full implementation (Waukegan generated \$34 million in its first eight 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 2022 (\$503M), 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 2022 was the Parx Casino in Bensalem, PA near Philadelphia with adjusted gross receipts totaling \$622 million. Besides the Parx Casino, only three other casinos in this region had AGR levels surpassing \$500 million in FY 2022: MGM in Detroit (\$613M); Wind Creek in Bethlehem, PA (\$514M); and Des Plaines’ Rivers Casino (\$503M). While the Rivers Casino is now using near 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) | | | | | | | | | | |
|--|------------------------------|-------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------------|-----------------|
| <i>\$ in millions</i> | | | | | | | | | | |
| Rank | Location | State | FY 2019 AGR | FY 2020 AGR | FY 2021 AGR | FY 2022 AGR | 1-Yr. Change | 3-Yr. Change | June '22 Positions | AGR/Pos/ Day |
| 1 | PARX - Bensalem | PA | \$607.4 | \$438.3 | \$547.9 | \$621.7 | 13.5% | 2.3% | 3,621 | \$470 |
| 2 | MGM GRAND - Detroit | MI | \$625.3 | \$434.9 | \$377.9 | \$612.7 | 62.1% | -2.0% | 3,901 | \$430 |
| 3 | WIND CREEK - Bethlehem | PA | \$523.7 | \$348.7 | \$355.2 | \$514.4 | 44.8% | -1.8% | 3,806 | \$370 |
| 4 | RIVERS CASINO - Des Plaines | IL | \$440.1 | \$321.2 | \$340.2 | \$503.1 | 47.9% | 14.3% | 1,950 | \$707 |
| 5 | MOTORCITY CASINO - Detroit | MI | \$489.7 | \$345.7 | \$341.8 | \$419.2 | 22.6% | -14.4% | 2,740 | \$419 |
| 6 | HARD ROCK - Gary | IN | \$0.0 | \$0.0 | \$47.0 | \$377.6 | 704.0% | N/A | 1,890 | \$547 |
| 7 | THE RIVERS - Pittsburgh | PA | \$369.9 | \$290.1 | \$257.7 | \$362.2 | 40.5% | -2.1% | 2,899 | \$342 |
| 8 | HORSESHOE - Hammond | IN | \$380.2 | \$303.2 | \$377.1 | \$356.4 | -5.5% | -6.3% | 2,257 | \$433 |
| 9 | HORSESHOE INDY - Shelbyville | IN | \$268.5 | \$211.4 | \$298.9 | \$326.3 | 9.2% | 21.5% | 1,893 | \$472 |
| 10 | AMERISTAR - St. Charles | MO | \$268.7 | \$212.8 | \$283.4 | \$302.5 | 6.7% | 12.6% | 2,138 | \$388 |
| 11 | MGM - Northfield | OH | \$256.0 | \$189.9 | \$243.2 | \$281.0 | 15.6% | 9.8% | 1,489 | \$517 |
| 12 | GREEKTOWN CASINO - Detroit | MI | \$336.5 | \$237.5 | \$206.8 | \$266.5 | 28.9% | -20.8% | 3,344 | \$218 |
| 13 | JACK - Cleveland | OH | \$207.8 | \$158.4 | \$227.5 | \$261.1 | 14.8% | 25.7% | 1,575 | \$454 |
| 14 | HOLLYWOOD - Columbus | OH | \$227.6 | \$170.7 | \$239.1 | \$258.0 | 7.9% | 13.4% | 2,057 | \$344 |
| 15 | HARD ROCK - Cincinnati | OH | \$207.9 | \$155.4 | \$197.6 | \$249.7 | 26.4% | 20.1% | 2,022 | \$338 |
| 16 | RIVER CITY - St. Louis | MO | \$220.3 | \$170.0 | \$199.9 | \$249.5 | 24.8% | 13.2% | 1,891 | \$361 |
| 17 | HOOSIER PARK - Anderson | IN | \$212.0 | \$168.8 | \$208.8 | \$243.9 | 16.8% | 15.1% | 1,312 | \$510 |
| 18 | HOLLYWOOD - Maryland Hts | MO | \$233.5 | \$176.7 | \$189.8 | \$234.4 | 23.5% | 0.4% | 2,154 | \$298 |
| 19 | CAESARS - Harrison County | IN | \$216.5 | \$161.8 | \$204.1 | \$234.0 | 14.6% | 8.1% | 1,424 | \$450 |
| 20 | SCIOTO DOWNS - Columbus | OH | \$178.3 | \$139.8 | \$208.7 | \$232.6 | 11.5% | 30.5% | 1,873 | \$340 |

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 17,000 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 \$52 million to nearly \$622 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 2019 - FY 2022 AGR STATISTICS OF GREAT LAKES REGION RACETRACK CASINOS | | | | | | | | | |
|---|--------------|------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------------|-------------------------|
| <i>\$ in millions</i> | | | | | | | | | |
| <i>Location</i> | <i>State</i> | <i>FY 2019 AGR</i> | <i>FY 2020 AGR</i> | <i>FY 2021 AGR</i> | <i>FY 2022 AGR</i> | <i>1-Yr. Change</i> | <i>3-Yr. Change</i> | <i>June '22 Positions</i> | <i>AGR/Pos/ Day</i> |
| PARX - Bensalem | PA | \$607.4 | \$438.3 | \$547.9 | \$621.7 | 13.5% | 2.3% | 3,621 | \$470 |
| HORSESHOE INDY - Shelbyville | IN | \$268.5 | \$211.4 | \$298.9 | \$326.3 | 9.2% | 21.5% | 1,893 | \$472 |
| MGM - Northfield | OH | \$256.0 | \$189.9 | \$243.2 | \$281.0 | 15.6% | 9.8% | 1,489 | \$517 |
| HOOSIER PARK - Anderson | IN | \$212.0 | \$168.8 | \$208.8 | \$243.9 | 16.8% | 15.1% | 1,312 | \$510 |
| SCIOTO DOWNS - Columbus | OH | \$178.3 | \$139.8 | \$208.7 | \$232.6 | 11.5% | 30.5% | 1,873 | \$340 |
| PRAIRIE MEADOWS - Altoona | IA | \$206.5 | \$157.2 | \$206.7 | \$228.3 | 10.5% | 10.5% | 1,437 | \$435 |
| MOHEGAN SUN - Wilkes-Barre | PA | \$227.5 | \$165.4 | \$173.8 | \$224.7 | 29.3% | -1.2% | 1,878 | \$328 |
| MIAMI VALLEY - Lebanon | OH | \$171.6 | \$134.9 | \$185.2 | \$219.3 | 18.4% | 27.8% | 1,962 | \$306 |
| HORSESHOE - Council Bluffs | IA | \$168.5 | \$141.1 | \$180.3 | \$212.2 | 17.7% | 25.9% | 1,446 | \$402 |
| PENN NATIONAL - Grantville | PA | \$242.1 | \$175.4 | \$190.1 | \$196.0 | 3.1% | -19.0% | 2,020 | \$266 |
| THE MEADOWS - Washington | PA | \$247.0 | \$169.4 | \$157.3 | \$193.2 | 22.8% | -21.8% | 2,295 | \$231 |
| JACK THISTLETOWN - Cleveland | OH | \$133.6 | \$108.8 | \$179.5 | \$191.7 | 6.8% | 43.4% | 1,404 | \$374 |
| HARRAH'S - Chester | PA | \$255.1 | \$178.6 | \$194.0 | \$185.9 | -4.2% | -27.1% | 1,965 | \$259 |
| HOLLYWOOD - Mahoning Valley | OH | \$123.8 | \$95.6 | \$141.1 | \$158.5 | 12.3% | 28.0% | 1,027 | \$423 |
| HOLLYWOOD - Dayton | OH | \$110.7 | \$88.9 | \$142.1 | \$153.2 | 7.8% | 38.4% | 877 | \$479 |
| PRESQUE ISLE - Erie | PA | \$129.6 | \$91.8 | \$93.4 | \$114.7 | 22.9% | -11.4% | 1,407 | \$223 |
| BELTERRA PARK - Cincinnati | OH | \$84.7 | \$63.2 | \$86.4 | \$95.0 | 9.9% | 12.1% | 1,059 | \$246 |
| Q CASINO - Dubuque | IA | \$50.5 | \$39.7 | \$50.3 | \$52.2 | 4.0% | 3.5% | 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. Using the range of revenues shown above, a \$622 million casino in Illinois would generate \$235 million in tax revenue. In contrast, a \$52 million casino would generate around \$9 million in total tax revenue. A midrange casino with \$300 million in AGR would generate around \$95 million in tax revenue. The majority of State tax generated from racinos will go to the Capital Projects Fund, whereas remaining tax revenues from casinos (after certain statutory distributions) continues to go to the Education Assistance Fund.

Factors that Could Limit Tax Revenue Growth

Despite the fact that authorized gaming positions could more than triple under P.A. 101-0031 and P.A. 101-0648, 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 could see significant growth from its new gaming options.

- **Cannibalization and Area Saturation**

Few would argue that the new casinos and racinos will 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 -20.3% 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 at best once 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 thru FY 2021, 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 thus far.

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**

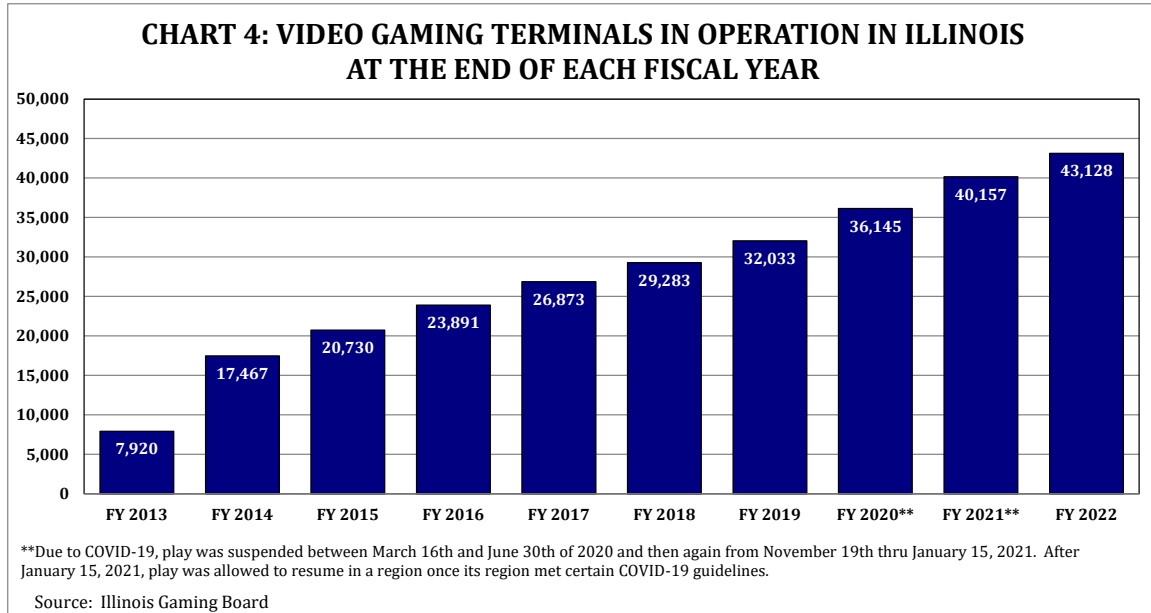
- Beginning on July 1, 2019, an additional tax of 3% is imposed on net terminal income and shall be collected by the Gaming Board (bringing the tax to 33%).
- Beginning on July 1, 2020, an additional tax of 1% is imposed on net terminal income and shall be collected by the Gaming Board (bringing the 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 2022 (June 2022), this number had risen to 43,128 terminals. The chart below displays the significant growth in video gaming terminals across the State since video gaming began in 2012.



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 248 new terminals per month were added in FY 2022.

The increase in operating terminals in recent years is in large part due to the July 1, 2019 terminal limit increase from 5 to 6 terminals at regular establishments and from 5 to 10 terminals at qualifying truck stops. The FY 2022 data show that 5,105 of 8,441 (60.5%) establishments operated six terminals at one point during the fiscal year. In addition, there were 80 locations (assumedly truck stops) with over six terminals including two with seven terminals; three with eight; two with nine; and 73 locations maxed out at ten terminals. A breakdown of the FY 2022 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 2022 Totals | | | | | | | | | | | |
| | Terminals | | | | | | | | | | Total |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| # of Locations: | 5 | 71 | 563 | 785 | 1,827 | 5,105 | 2 | 3 | 2 | 73 | 8,441 |
| # of Terminals: | 5 | 142 | 1,689 | 3,140 | 9,135 | 30,630 | 14 | 24 | 18 | 730 | 45,527 |
| NTI Totals (\$ in mil): | \$0.07 | \$2.9 | \$33.3 | \$73.7 | \$321.9 | \$2,118.0 | \$1.0 | \$0.1 | \$0.4 | \$81.3 | \$2,632.4 |
| NTI/Location: | \$13,868 | \$40,572 | \$59,174 | \$93,826 | \$176,188 | \$414,894 | \$519,065 | \$38,254 | \$193,535 | \$1,113,670 | \$311,862 |
| NTI/Location/Day: | \$45 | \$132 | \$193 | \$306 | \$574 | \$1,351 | \$1,691 | \$125 | \$630 | \$3,628 | \$1,016 |
| NTI/Terminals/Day: | \$45 | \$66 | \$64 | \$76 | \$115 | \$225 | \$242 | \$16 | \$70 | \$363 | \$188 |

Source: Illinois Gaming Board

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 \$121 million to nearly \$1.6 billion between FY 2013 and FY 2019. This resulted in tax revenue totals growing from \$36 million in FY 2013 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 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.

The rapid growth of video gaming revenues continued into FY 2022 as net terminal income levels rose another 36.1% to \$2.632 billion. This resulted in tax revenues of \$895 million, of which \$763 million went to the Capital Projects Fund and \$132 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 2013 | 7,920 | \$121.1 | \$41.88 | \$36.3 | \$30.3 | \$6.1 |
| 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 | \$221.15 | \$895.0 | \$763.4 | \$131.6 |

* 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.

Source: Illinois Gaming Board

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.

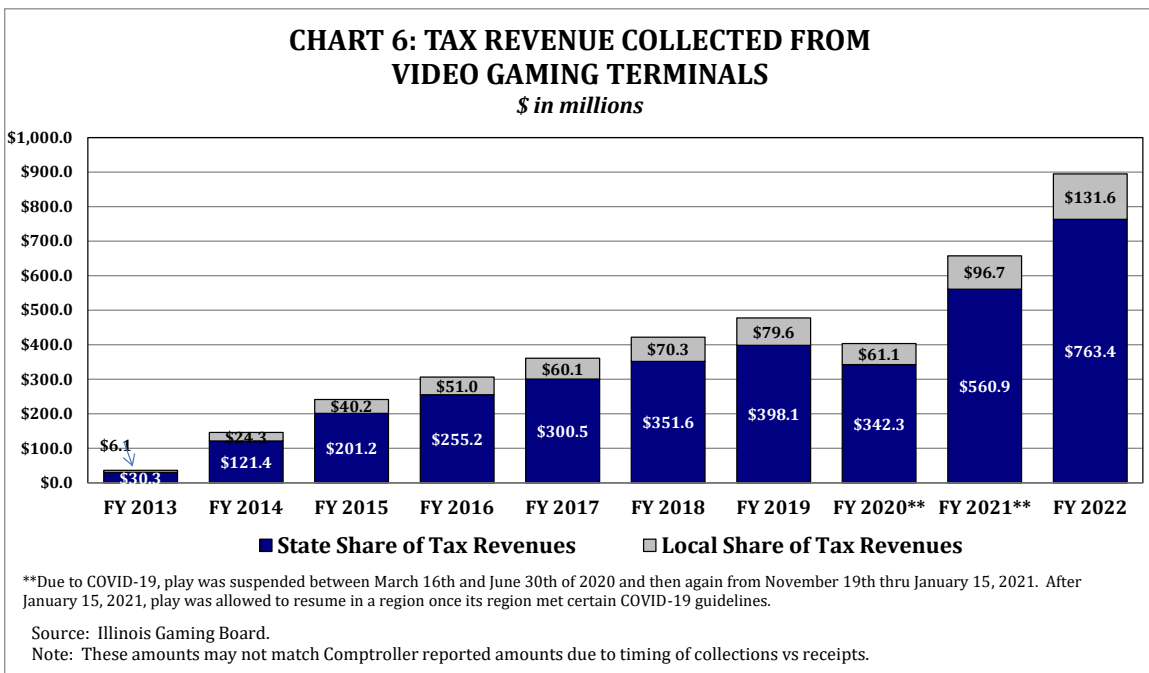
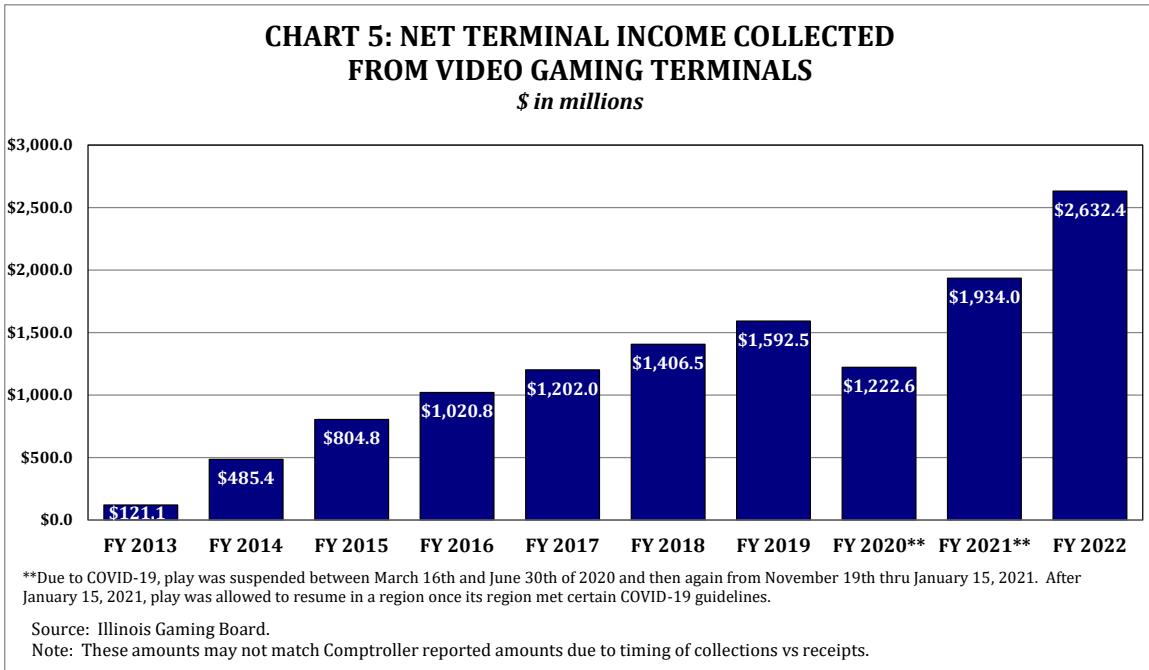


Table 17 below displays the FY 2022 figures on a county-by-county basis. Here, the terminal total for FY 2022 is listed as 45,527. This is higher than the value of 43,128 shown in Table 16 because this figure would include terminals that have since been removed from operation. In other words, the fiscal year ended with 43,128 terminals, but 45,527 terminals were used at some point during the fiscal year.

| TABLE 17: VIDEO GAMING STATISTICS BY ILLINOIS COUNTY | | | | | | | | | | | | | |
|--|-----------------|----------------|-----------|----------------|------------------|------------------|----------------|-----------------|----------------|-----------|----------------|------------------|------------------|
| FY 2022 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: | 8,441 | 45,527 | \$2,632.4 | \$895.0 | \$763.4 | \$131.6 | Totals: | 8,441 | 45,527 | \$2,632.4 | \$895.0 | \$763.4 | \$131.6 |
| Adams | 125 | 538 | \$24.7 | \$8.4 | \$7.2 | \$1.2 | Lee | 62 | 332 | \$14.9 | \$5.1 | \$4.3 | \$0.7 |
| Alexander | 9 | 46 | \$2.1 | \$0.7 | \$0.6 | \$0.1 | Livingston | 58 | 298 | \$12.0 | \$4.1 | \$3.5 | \$0.6 |
| Bond | 22 | 117 | \$5.3 | \$1.8 | \$1.5 | \$0.3 | Logan | 49 | 277 | \$12.3 | \$4.2 | \$3.6 | \$0.6 |
| Boone | 59 | 331 | \$15.0 | \$5.1 | \$4.3 | \$0.7 | Macon | 118 | 677 | \$55.8 | \$19.0 | \$16.2 | \$2.8 |
| Brown | 6 | 29 | \$1.1 | \$0.4 | \$0.3 | \$0.1 | Macoupin | 80 | 418 | \$15.9 | \$5.4 | \$4.6 | \$0.8 |
| Bureau | 71 | 347 | \$11.5 | \$3.9 | \$3.3 | \$0.6 | Madison | 263 | 1,427 | \$80.5 | \$27.4 | \$23.3 | \$4.0 |
| Calhoun | 12 | 54 | \$1.0 | \$0.4 | \$0.3 | \$0.1 | Marion | 74 | 420 | \$18.6 | \$6.3 | \$5.4 | \$0.9 |
| Carroll | 30 | 153 | \$4.7 | \$1.6 | \$1.4 | \$0.2 | Marshall | 24 | 119 | \$3.4 | \$1.1 | \$1.0 | \$0.2 |
| Cass | 27 | 139 | \$5.8 | \$2.0 | \$1.7 | \$0.3 | Mason | 35 | 169 | \$5.5 | \$1.9 | \$1.6 | \$0.3 |
| Champaign | 143 | 756 | \$52.9 | \$18.0 | \$15.3 | \$2.6 | Massac | 14 | 73 | \$5.3 | \$1.8 | \$1.5 | \$0.3 |
| Christian | 78 | 434 | \$17.9 | \$6.1 | \$5.2 | \$0.9 | McDonough | 27 | 119 | \$3.8 | \$1.3 | \$1.1 | \$0.2 |
| Clark | 20 | 121 | \$8.3 | \$2.8 | \$2.4 | \$0.4 | McHenry | 267 | 1,407 | \$79.6 | \$27.1 | \$23.1 | \$4.0 |
| Clay | 18 | 93 | \$4.6 | \$1.6 | \$1.3 | \$0.2 | McLean | 124 | 625 | \$43.0 | \$14.6 | \$12.5 | \$2.1 |
| Clinton | 72 | 371 | \$14.6 | \$5.0 | \$4.2 | \$0.7 | Menard | 19 | 103 | \$3.9 | \$1.3 | \$1.1 | \$0.2 |
| Coles | 59 | 331 | \$21.2 | \$7.2 | \$6.1 | \$1.1 | Mercer | 18 | 77 | \$2.2 | \$0.8 | \$0.6 | \$0.1 |
| Cook | 1,424 | 7,999 | \$577.7 | \$196.4 | \$167.5 | \$28.9 | Monroe | 37 | 189 | \$9.0 | \$3.1 | \$2.6 | \$0.5 |
| Crawford | 19 | 98 | \$3.8 | \$1.3 | \$1.1 | \$0.2 | Montgomery | 56 | 300 | \$13.0 | \$4.4 | \$3.8 | \$0.7 |
| Cumberland | 14 | 77 | \$3.3 | \$1.1 | \$1.0 | \$0.2 | Morgan | 53 | 283 | \$15.8 | \$5.4 | \$4.6 | \$0.8 |
| De Witt | 26 | 150 | \$7.4 | \$2.5 | \$2.1 | \$0.4 | Moultrie | 18 | 94 | \$3.9 | \$1.3 | \$1.1 | \$0.2 |
| DeKalb | 79 | 417 | \$19.2 | \$6.5 | \$5.6 | \$1.0 | Ogle | 83 | 449 | \$19.1 | \$6.5 | \$5.5 | \$1.0 |
| Douglas | 33 | 180 | \$6.9 | \$2.3 | \$2.0 | \$0.3 | Peoria | 184 | 944 | \$51.1 | \$17.4 | \$14.8 | \$2.6 |
| DuPage | 261 | 1,447 | \$114.4 | \$38.9 | \$33.2 | \$5.7 | Perry | 30 | 173 | \$8.0 | \$2.7 | \$2.3 | \$0.4 |
| Edgar | 17 | 94 | \$5.7 | \$1.9 | \$1.6 | \$0.3 | Piatt | 22 | 115 | \$4.8 | \$1.6 | \$1.4 | \$0.2 |
| Edwards | 6 | 30 | \$1.0 | \$0.3 | \$0.3 | \$0.0 | Pike | 32 | 167 | \$6.1 | \$2.1 | \$1.8 | \$0.3 |
| Effingham | 68 | 369 | \$20.4 | \$6.9 | \$5.9 | \$1.0 | Pope | 5 | 21 | \$0.5 | \$0.2 | \$0.1 | \$0.0 |
| Fayette | 32 | 182 | \$9.0 | \$3.1 | \$2.6 | \$0.4 | Pulaski | 9 | 47 | \$1.6 | \$0.5 | \$0.5 | \$0.1 |
| Ford | 24 | 128 | \$4.1 | \$1.4 | \$1.2 | \$0.2 | Putnam | 14 | 63 | \$1.3 | \$0.4 | \$0.4 | \$0.1 |
| Franklin | 71 | 376 | \$18.2 | \$6.2 | \$5.3 | \$0.9 | Randolph | 60 | 321 | \$13.8 | \$4.7 | \$4.0 | \$0.7 |
| Fulton | 58 | 293 | \$10.3 | \$3.5 | \$3.0 | \$0.5 | Richland | 15 | 76 | \$4.8 | \$1.6 | \$1.4 | \$0.2 |
| Gallatin | 9 | 45 | \$1.5 | \$0.5 | \$0.4 | \$0.1 | Rock Island | 139 | 706 | \$34.7 | \$11.8 | \$10.1 | \$1.7 |
| Greene | 22 | 117 | \$4.5 | \$1.5 | \$1.3 | \$0.2 | Saline | 34 | 187 | \$8.5 | \$2.9 | \$2.5 | \$0.4 |
| Grundy | 68 | 361 | \$18.8 | \$6.4 | \$5.5 | \$0.9 | Sangamon | 293 | 1,611 | \$95.8 | \$32.6 | \$27.8 | \$4.8 |
| Hamilton | 6 | 34 | \$1.7 | \$0.6 | \$0.5 | \$0.1 | Schuyler | 7 | 34 | \$1.8 | \$0.6 | \$0.5 | \$0.1 |
| Hancock | 27 | 124 | \$4.6 | \$1.6 | \$1.3 | \$0.2 | Scott | 10 | 49 | \$1.9 | \$0.6 | \$0.5 | \$0.1 |
| Hardin | 3 | 17 | \$0.5 | \$0.2 | \$0.2 | \$0.0 | Shelby | 33 | 166 | \$6.6 | \$2.2 | \$1.9 | \$0.3 |
| Henderson | 12 | 55 | \$2.0 | \$0.7 | \$0.6 | \$0.1 | St. Clair | 253 | 1,367 | \$79.8 | \$27.1 | \$23.1 | \$4.0 |
| Henry | 60 | 318 | \$13.7 | \$4.7 | \$4.0 | \$0.7 | Stark | 10 | 46 | \$1.3 | \$0.4 | \$0.4 | \$0.1 |
| Iroquois | 58 | 298 | \$9.9 | \$3.4 | \$2.9 | \$0.5 | Stephenson | 64 | 343 | \$17.1 | \$5.8 | \$4.9 | \$0.9 |
| Jackson | 52 | 252 | \$12.2 | \$4.1 | \$3.5 | \$0.6 | Tazewell | 136 | 709 | \$36.1 | \$12.3 | \$10.5 | \$1.8 |
| Jasper | 18 | 87 | \$2.8 | \$1.0 | \$0.8 | \$0.1 | Union | 22 | 117 | \$4.7 | \$1.6 | \$1.4 | \$0.2 |
| Jefferson | 41 | 239 | \$16.9 | \$5.8 | \$4.9 | \$0.8 | Vermilion | 101 | 567 | \$35.1 | \$11.9 | \$10.2 | \$1.8 |
| Jersey | 36 | 173 | \$5.6 | \$1.9 | \$1.6 | \$0.3 | Wabash | 13 | 69 | \$3.0 | \$1.0 | \$0.9 | \$0.1 |
| Jo Daviess | 54 | 281 | \$10.8 | \$3.7 | \$3.1 | \$0.5 | Warren | 23 | 109 | \$3.3 | \$1.1 | \$1.0 | \$0.2 |
| Johnson | 9 | 48 | \$1.8 | \$0.6 | \$0.5 | \$0.1 | Washington | 37 | 202 | \$7.3 | \$2.5 | \$2.1 | \$0.4 |
| Kane | 236 | 1,286 | \$80.0 | \$27.2 | \$23.2 | \$4.0 | Wayne | 16 | 91 | \$3.8 | \$1.3 | \$1.1 | \$0.2 |
| Kankakee | 124 | 667 | \$37.2 | \$12.6 | \$10.8 | \$1.9 | White | 22 | 109 | \$5.5 | \$1.9 | \$1.6 | \$0.3 |
| Kendall | 63 | 344 | \$22.5 | \$7.6 | \$6.5 | \$1.1 | Whiteside | 94 | 525 | \$24.2 | \$8.2 | \$7.0 | \$1.2 |
| Knox | 61 | 320 | \$17.9 | \$6.1 | \$5.2 | \$0.9 | Will | 356 | 1,957 | \$121.2 | \$41.2 | \$35.1 | \$6.1 |
| La Salle | 262 | 1,376 | \$54.8 | \$18.6 | \$15.9 | \$2.7 | Williamson | 99 | 546 | \$26.3 | \$8.9 | \$7.6 | \$1.3 |
| Lake | 368 | 2,080 | \$156.9 | \$53.3 | \$45.5 | \$7.8 | Winnebago | 287 | 1,614 | \$121.6 | \$41.3 | \$35.2 | \$6.1 |
| Lawrence | 30 | 166 | \$9.3 | \$3.2 | \$2.7 | \$0.5 | Woodford | 32 | 152 | \$5.7 | \$2.0 | \$1.7 | \$0.3 |
| | | | | | | | State Fairs | 8 | 80 | \$0.1 | \$0.0 | \$0.0 | \$0.0 |
| Chi Area* | 3,122 | 17,298 | \$1,190.3 | \$404.7 | \$345.2 | \$59.5 | % in Chi Area* | 37.0% | 38.0% | 45.2% | 45.2% | 45.2% | 45.2% |

*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: Illinois Gaming Board. 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 0.36% or 3.6 per 1,000 people. The net terminal income-per-capita value was \$205.46. 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 2022 Totals | | | | | | | | | | | |
| County | Terminals | Terminals | NTI | NTI per | County | Terminals | Terminals | NTI | NTI per | | |
| | per 1,000 | per 1,000 | per | Capita | | per 1,000 | per 1,000 | per | Capita | | |
| | people | Rank | Capita | Rank | | people | Rank | Capita | Rank | | |
| State Totals: | 45,527 | 3.6 | \$205.46 | | State Totals: | 45,527 | 3.6 | \$205.46 | | | |
| Adams | 538 | 8.2 | 44 | \$376.22 | 34 | Lee | 332 | 9.7 | 24 | \$435.89 | 21 |
| Alexander | 46 | 8.8 | 33 | \$409.67 | 27 | Livingston | 298 | 8.3 | 41 | \$335.84 | 48 |
| Bond | 117 | 7.0 | 57 | \$318.94 | 49 | Logan | 277 | 9.9 | 21 | \$439.13 | 20 |
| Boone | 331 | 6.2 | 68 | \$280.44 | 66 | Macon | 677 | 6.5 | 61 | \$536.53 | 3 |
| Brown | 29 | 4.6 | 88 | \$182.21 | 90 | Macoupin | 418 | 9.3 | 29 | \$353.76 | 42 |
| Bureau | 347 | 10.4 | 16 | \$345.43 | 45 | Madison | 1,427 | 5.4 | 76 | \$302.79 | 60 |
| Calhoun | 54 | 12.2 | 6 | \$235.46 | 81 | Marion | 420 | 11.1 | 9 | \$494.05 | 8 |
| Carroll | 153 | 9.7 | 23 | \$298.07 | 61 | Marshall | 119 | 10.1 | 17 | \$287.31 | 63 |
| Cass | 139 | 10.7 | 12 | \$446.32 | 19 | Mason | 169 | 12.9 | 2 | \$417.60 | 25 |
| Champaign | 756 | 3.7 | 94 | \$256.78 | 76 | Massac | 73 | 5.2 | 80 | \$375.38 | 35 |
| Christian | 434 | 12.8 | 3 | \$527.43 | 6 | Mcdonough | 119 | 4.4 | 90 | \$139.53 | 98 |
| Clark | 121 | 7.8 | 50 | \$534.30 | 4 | McHenry | 1,407 | 4.5 | 89 | \$256.49 | 77 |
| Clay | 93 | 7.0 | 56 | \$344.36 | 46 | Mclean | 625 | 3.7 | 95 | \$251.40 | 78 |
| Clinton | 371 | 10.1 | 18 | \$395.37 | 29 | Menard | 103 | 8.4 | 40 | \$315.47 | 51 |
| Coles | 331 | 7.1 | 54 | \$451.59 | 18 | Mercer | 77 | 4.9 | 82 | \$142.43 | 97 |
| Cook | 7,999 | 1.5 | 102 | \$109.51 | 102 | Monroe | 189 | 5.4 | 74 | \$257.55 | 75 |
| Crawford | 98 | 5.2 | 78 | \$201.89 | 87 | Montgomery | 300 | 10.6 | 15 | \$460.02 | 15 |
| Cumberland | 77 | 7.4 | 53 | \$314.00 | 53 | Morgan | 283 | 8.6 | 37 | \$479.67 | 12 |
| De Witt | 150 | 9.7 | 25 | \$475.90 | 13 | Moultrie | 94 | 6.5 | 63 | \$268.09 | 70 |
| Dekalb | 417 | 4.2 | 92 | \$190.90 | 89 | Ogle | 449 | 8.7 | 35 | \$368.16 | 37 |
| Douglas | 180 | 9.1 | 30 | \$349.06 | 43 | Peoria | 944 | 5.2 | 79 | \$280.99 | 65 |
| DuPage | 1,447 | 1.6 | 101 | \$122.60 | 101 | Perry | 173 | 8.3 | 42 | \$382.00 | 32 |
| Edgar | 94 | 5.6 | 73 | \$336.81 | 47 | Piatt | 115 | 6.9 | 58 | \$285.62 | 64 |
| Edwards | 30 | 4.8 | 85 | \$159.28 | 93 | Pike | 167 | 11.3 | 7 | \$412.29 | 26 |
| Effingham | 369 | 10.6 | 13 | \$587.96 | 2 | Pope | 21 | 5.6 | 72 | \$123.19 | 100 |
| Fayette | 182 | 8.5 | 39 | \$418.09 | 24 | Pulaski | 47 | 9.1 | 32 | \$307.47 | 55 |
| Ford | 128 | 9.5 | 26 | \$303.40 | 59 | Putnam | 63 | 11.2 | 8 | \$227.37 | 84 |
| Franklin | 376 | 9.9 | 19 | \$482.66 | 11 | Randolph | 321 | 10.6 | 14 | \$458.47 | 16 |
| Fulton | 293 | 8.7 | 34 | \$305.82 | 57 | Richland | 76 | 4.8 | 84 | \$306.58 | 56 |
| Gallatin | 45 | 9.1 | 31 | \$293.99 | 62 | Rock Island | 706 | 4.9 | 83 | \$240.09 | 79 |
| Greene | 117 | 9.8 | 22 | \$373.97 | 36 | Saline | 187 | 7.9 | 48 | \$359.31 | 39 |
| Grundy | 361 | 6.9 | 59 | \$358.51 | 40 | Sangamon | 1,611 | 8.2 | 43 | \$487.80 | 10 |
| Hamilton | 34 | 4.3 | 91 | \$215.25 | 86 | Schuyler | 34 | 4.9 | 81 | \$258.53 | 74 |
| Hancock | 124 | 7.0 | 55 | \$258.91 | 73 | Scott | 49 | 9.9 | 20 | \$376.52 | 33 |
| Hardin | 17 | 4.7 | 87 | \$143.05 | 96 | Shelby | 166 | 7.9 | 47 | \$314.67 | 52 |
| Henderson | 55 | 8.6 | 36 | \$316.54 | 50 | St. Clair | 1,367 | 5.3 | 77 | \$309.89 | 54 |
| Henry | 318 | 6.5 | 64 | \$277.91 | 67 | Stark | 46 | 8.5 | 38 | \$237.30 | 80 |
| Iroquois | 298 | 11.0 | 10 | \$365.18 | 38 | Stephenson | 343 | 7.7 | 51 | \$382.20 | 31 |
| Jackson | 252 | 4.8 | 86 | \$229.46 | 83 | Tazewell | 709 | 5.4 | 75 | \$274.96 | 68 |
| Jasper | 87 | 9.4 | 28 | \$304.53 | 58 | Union | 117 | 6.8 | 60 | \$271.52 | 69 |
| Jefferson | 239 | 6.4 | 65 | \$456.62 | 17 | Vermilion | 567 | 7.6 | 52 | \$473.12 | 14 |
| Jersey | 173 | 8.0 | 46 | \$261.72 | 71 | Wabash | 69 | 6.1 | 69 | \$261.39 | 72 |
| Jo Daviess | 281 | 12.8 | 4 | \$488.21 | 9 | Warren | 109 | 6.5 | 62 | \$195.55 | 88 |
| Johnson | 48 | 3.6 | 96 | \$136.65 | 99 | Washington | 202 | 14.7 | 1 | \$528.99 | 5 |
| Kane | 1,286 | 2.5 | 100 | \$154.93 | 94 | Wayne | 91 | 5.6 | 71 | \$233.67 | 82 |
| Kankakee | 667 | 6.2 | 67 | \$345.72 | 44 | White | 109 | 7.9 | 49 | \$399.22 | 28 |
| Kendall | 344 | 2.6 | 99 | \$170.55 | 92 | Whiteside | 525 | 9.4 | 27 | \$434.55 | 22 |
| Knox | 320 | 6.4 | 66 | \$357.25 | 41 | Will | 1,957 | 2.8 | 98 | \$174.02 | 91 |
| La Salle | 1,376 | 12.5 | 5 | \$499.32 | 7 | Williamson | 546 | 8.1 | 45 | \$391.18 | 30 |
| Lake | 2,080 | 2.9 | 97 | \$219.63 | 85 | Winnebago | 1,614 | 5.7 | 70 | \$425.97 | 23 |
| Lawrence | 166 | 10.9 | 11 | \$609.69 | 1 | Woodford | 152 | 4.0 | 93 | \$149.12 | 95 |
| | | | | | | State Fairs | 80 | N/A | N/A | N/A | N/A |
| Metro Area* | 17,298 | 0.20% | \$136.33 | | % in Chi Area*: | 38.0% | | | | | |

*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: Illinois Gaming Board. 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 44), Cook County still had by far the most video gaming terminals of any county in the State in FY 2022 with 7,999 terminals and the highest amount of net terminal income collected with a value of \$577.7 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 in net terminal income (NTI) per capita (ranked 102 of 102).

Washington County ranked first in terminals per 1,000 people with a rate of 14.7, followed by Mason County (12.9) and Christian County (12.8). Again, the lowest ranked county in this category was Cook County with a value of 1.5. In terms of NTI per capita, Lawrence County ranked first with a value of \$610, followed by Effingham County (\$588) and Macon County (\$537). Ranked last in this category was Cook County, followed by Pope County and DuPage County with a per-capita value of \$123.

| TABLE 19: VIDEO GAMING STATISTICS BY COUNTY RANKING | | | | | | | | | | | |
|--|-------------|-----------|------|-------------|---------------------|------|-------------|-----------------|------|------------|----------------|
| FY 2022 Totals | | | | | | | | | | | |
| Rank | County | Terminals | Rank | County | Terminals per 1,000 | Rank | County | NTI (\$ in mil) | Rank | County | NTI per Capita |
| "TOP TWENTY COUNTIES" | | | | | | | | | | | |
| 1 | Cook | 7,999 | 1 | Washington | 14.7 | 1 | Cook | \$577.7 | 1 | Lawrence | \$610 |
| 2 | Lake | 2,080 | 2 | Mason | 12.9 | 2 | Lake | \$156.9 | 2 | Effingham | \$588 |
| 3 | Will | 1,957 | 3 | Christian | 12.8 | 3 | Winnebago | \$121.6 | 3 | Macon | \$537 |
| 4 | Winnebago | 1,614 | 4 | Jo Daviess | 12.8 | 4 | Will | \$121.2 | 4 | Clark | \$534 |
| 5 | Sangamon | 1,611 | 5 | La Salle | 12.5 | 5 | DuPage | \$114.4 | 5 | Washington | \$529 |
| 6 | DuPage | 1,447 | 6 | Calhoun | 12.2 | 6 | Sangamon | \$95.8 | 6 | Christian | \$527 |
| 7 | Madison | 1,427 | 7 | Pike | 11.3 | 7 | Madison | \$80.5 | 7 | La Salle | \$499 |
| 8 | McHenry | 1,407 | 8 | Putnam | 11.2 | 8 | Kane | \$80.0 | 8 | Marion | \$494 |
| 9 | La Salle | 1,376 | 9 | Marion | 11.1 | 9 | St. Clair | \$79.8 | 9 | Jo Daviess | \$488 |
| 10 | St. Clair | 1,367 | 10 | Iroquois | 11.0 | 10 | McHenry | \$79.6 | 10 | Sangamon | \$488 |
| 11 | Kane | 1,286 | 11 | Lawrence | 10.9 | 11 | Macon | \$55.8 | 11 | Franklin | \$483 |
| 12 | Peoria | 944 | 12 | Cass | 10.7 | 12 | La Salle | \$54.8 | 12 | Morgan | \$480 |
| 13 | Champaign | 756 | 13 | Effingham | 10.6 | 13 | Champaign | \$52.9 | 13 | De Witt | \$476 |
| 14 | Tazewell | 709 | 14 | Randolph | 10.6 | 14 | Peoria | \$51.1 | 14 | Vermilion | \$473 |
| 15 | Rock Island | 706 | 15 | Montgomery | 10.6 | 15 | Mclean | \$43.0 | 15 | Montgomery | \$460 |
| 16 | Macon | 677 | 16 | Bureau | 10.4 | 16 | Kankakee | \$37.2 | 16 | Randolph | \$458 |
| 17 | Kankakee | 667 | 17 | Marshall | 10.1 | 17 | Tazewell | \$36.1 | 17 | Jefferson | \$457 |
| 18 | Mclean | 625 | 18 | Clinton | 10.1 | 18 | Vermilion | \$35.1 | 18 | Coles | \$452 |
| 19 | Vermilion | 567 | 19 | Franklin | 9.9 | 19 | Rock Island | \$34.7 | 19 | Cass | \$446 |
| 20 | Williamson | 546 | 20 | Scott | 9.9 | 20 | Williamson | \$26.3 | 20 | Logan | \$439 |
| "BOTTOM TWENTY COUNTIES" | | | | | | | | | | | |
| 83 | Mercer | 77 | 83 | Rock Island | 4.9 | 83 | Warren | \$3.3 | 83 | Jackson | \$229 |
| 84 | Cumberland | 77 | 84 | Richland | 4.8 | 84 | Cumberland | \$3.3 | 84 | Putnam | \$227 |
| 85 | Richland | 76 | 85 | Edwards | 4.8 | 85 | Wabash | \$3.0 | 85 | Lake | \$220 |
| 86 | Massac | 73 | 86 | Jackson | 4.8 | 86 | Jasper | \$2.8 | 86 | Hamilton | \$215 |
| 87 | Wabash | 69 | 87 | Hardin | 4.7 | 87 | Mercer | \$2.2 | 87 | Crawford | \$202 |
| 88 | Putnam | 63 | 88 | Brown | 4.6 | 88 | Alexander | \$2.1 | 88 | Warren | \$196 |
| 89 | Henderson | 55 | 89 | McHenry | 4.5 | 89 | Henderson | \$2.0 | 89 | Dekalb | \$191 |
| 90 | Calhoun | 54 | 90 | Mcdonough | 4.4 | 90 | Scott | \$1.9 | 90 | Brown | \$182 |
| 91 | Scott | 49 | 91 | Hamilton | 4.3 | 91 | Johnson | \$1.8 | 91 | Will | \$174 |
| 92 | Johnson | 48 | 92 | Dekalb | 4.2 | 92 | Schuyler | \$1.8 | 92 | Kendall | \$171 |
| 93 | Pulaski | 47 | 93 | Woodford | 4.0 | 93 | Hamilton | \$1.7 | 93 | Edwards | \$159 |
| 94 | Stark | 46 | 94 | Champaign | 3.7 | 94 | Pulaski | \$1.6 | 94 | Kane | \$155 |
| 95 | Alexander | 46 | 95 | Mclean | 3.7 | 95 | Gallatin | \$1.5 | 95 | Woodford | \$149 |
| 96 | Gallatin | 45 | 96 | Johnson | 3.6 | 96 | Putnam | \$1.3 | 96 | Hardin | \$143 |
| 97 | Schuyler | 34 | 97 | Lake | 2.9 | 97 | Stark | \$1.3 | 97 | Mercer | \$142 |
| 98 | Hamilton | 34 | 98 | Will | 2.8 | 98 | Brown | \$1.1 | 98 | Mcdonough | \$140 |
| 99 | Edwards | 30 | 99 | Kendall | 2.6 | 99 | Calhoun | \$1.0 | 99 | Johnson | \$137 |
| 100 | Brown | 29 | 100 | Kane | 2.5 | 100 | Edwards | \$1.0 | 100 | Pope | \$123 |
| 101 | Pope | 21 | 101 | DuPage | 1.6 | 101 | Hardin | \$0.5 | 101 | DuPage | \$123 |
| 102 | Hardin | 17 | 102 | Cook | 1.5 | 102 | Pope | \$0.5 | 102 | Cook | \$110 |

Source: Illinois Gaming Board. 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 Winnebago County. A major reason for this is that two of the top six Illinois cities for net terminal income reside in Winnebago County: Rockford (ranked 3rd with \$44.1 million) and Loves Park (ranked 6th with \$27.0 million).

Springfield had the highest number of terminals in the State in FY 2022 at 757 terminals, as well as the highest amount of net terminal income with \$47.9 million collected. Decatur took the 2nd spot for net terminal income in FY 2022 generating \$47.2 million and the 3rd spot for terminals with 522.

Below is a list of the top 25 municipalities with video gaming in Illinois in FY 2022. 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 2022 from these locations and distributed to the State (Capital Projects Fund) and to the local governments.

| TABLE 20: TOP MUNICIPALITIES WITH VIDEO GAMING | | | | | | | | |
|---|-----------------|-----------|--------------|-----------------|-----------------------|-------------|-----------------|-----------------|
| FY 2022 Totals | | | | | | | | |
| Rank | Municipality* | Terminals | Net Terminal | | | | State Tax Share | Local Tax Share |
| | | | Rank | Municipality* | Income (taxable base) | Tax Revenue | | |
| 1 | Springfield | 757 | 1 | Springfield | \$47.9 | \$14.4 | \$12.0 | \$2.4 |
| 2 | Rockford | 537 | 2 | Decatur | \$47.2 | \$14.1 | \$11.8 | \$2.4 |
| 3 | Decatur | 522 | 3 | Rockford | \$44.1 | \$13.2 | \$11.0 | \$2.2 |
| 4 | Joliet | 496 | 4 | Cicero | \$33.8 | \$10.1 | \$8.4 | \$1.7 |
| 5 | Cicero | 408 | 5 | Waukegan | \$33.0 | \$9.9 | \$8.3 | \$1.7 |
| 6 | Loves Park | 397 | 6 | Loves Park | \$27.0 | \$8.1 | \$6.8 | \$1.4 |
| 7 | Quincy | 388 | 7 | Joliet | \$26.4 | \$7.9 | \$6.6 | \$1.3 |
| 8 | Lake County | 367 | 8 | Bloomington | \$24.3 | \$7.3 | \$6.1 | \$1.2 |
| 9 | Waukegan | 353 | 9 | Champaign | \$24.1 | \$7.2 | \$6.0 | \$1.2 |
| 10 | Peoria | 349 | 10 | Peoria | \$21.9 | \$6.6 | \$5.5 | \$1.1 |
| 11 | Berwyn | 340 | 11 | Oak Lawn | \$20.9 | \$6.3 | \$5.2 | \$1.0 |
| 12 | Bloomington | 292 | 12 | Lake County | \$20.3 | \$6.1 | \$5.1 | \$1.0 |
| 13 | Champaign | 288 | 13 | Quincy | \$19.5 | \$5.9 | \$4.9 | \$1.0 |
| 14 | Sangamon County | 281 | 14 | Sangamon County | \$19.1 | \$5.7 | \$4.8 | \$1.0 |
| 15 | Oak Lawn | 274 | 15 | Berwyn | \$17.9 | \$5.4 | \$4.5 | \$0.9 |
| 16 | Pekin | 245 | 16 | Tinley Park | \$17.2 | \$5.2 | \$4.3 | \$0.9 |
| 17 | Tinley Park | 241 | 17 | Niles | \$16.9 | \$5.1 | \$4.2 | \$0.8 |
| 18 | Kankakee | 232 | 18 | Cook County | \$16.6 | \$5.0 | \$4.1 | \$0.8 |
| 19 | Crestwood | 230 | 19 | Crestwood | \$15.2 | \$4.6 | \$3.8 | \$0.8 |
| 20 | Ottawa | 226 | 20 | Elmwood Park | \$14.4 | \$4.3 | \$3.6 | \$0.7 |
| 21 | McHenry | 226 | 21 | Aurora | \$14.4 | \$4.3 | \$3.6 | \$0.7 |
| 22 | Marion | 223 | 22 | Kankakee | \$14.3 | \$4.3 | \$3.6 | \$0.7 |
| 23 | Taylorville | 222 | 23 | Mount Vernon | \$14.1 | \$4.2 | \$3.5 | \$0.7 |
| 24 | Belvidere | 219 | 24 | McHenry | \$13.6 | \$4.1 | \$3.4 | \$0.7 |
| 25 | Effingham | 214 | 25 | Effingham | \$13.4 | \$4.0 | \$3.4 | \$0.7 |

* When a "county" is listed above, it is referring to the unincorporated totals of that particular county.
Source: Illinois Gaming Board

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 21.4% of the State’s population (2020 census), 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.

A list of the highest populated cities in Illinois without video gaming is shown on the following page.

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 2022 data shows that the percentage of Illinois communities without video gaming has fallen to approximately 35% since that time, where it has hovered for the past several years. However, as local governments search for additional revenues, more governments may turn to video gaming as a new revenue source. Again, those communities that offer video gaming are set to receive 5% (1/6 of original 30% 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 Buffalo Grove, Crystal Lake, Lombard, Mount Prospect, Niles, Orland Park, Schaumburg, and St. Charles.

**TABLE 21: HIGHEST POPULATED CITIES w/o VIDEO GAMING
FY 2022 Totals**

| Rank | Municipality | 2020 Census Population | % of State Population |
|-------------|---------------------|-----------------------------------|----------------------------------|
| 1 | Chicago | 2,747,231 | 21.4% |
| 2 | Naperville | 149,427 | 1.2% |
| 3 | Evanston | 79,035 | 0.6% |
| 4 | Arlington Heights | 77,595 | 0.6% |
| 5 | Bolingbrook | 73,956 | 0.6% |
| 6 | Skokie | 67,775 | 0.5% |
| 7 | Palatine* | 67,771 | 0.5% |
| 8 | Des Plaines | 60,681 | 0.5% |
| 9 | Oak Park | 54,486 | 0.4% |
| 10 | Wheaton | 53,718 | 0.4% |
| 11 | Downers Grove | 50,230 | 0.4% |
| 12 | Glenview | 48,769 | 0.4% |
| 13 | Elmhurst | 45,713 | 0.4% |
| 14 | Plainfield | 44,733 | 0.3% |
| 15 | Park Ridge | 39,645 | 0.3% |
| 16 | Northbrook | 35,237 | 0.3% |
| 17 | Gurnee | 30,746 | 0.2% |
| 18 | Highland Park | 30,217 | 0.2% |
| 19 | Glen Ellyn | 28,872 | 0.2% |
| 20 | Wilmette | 28,119 | 0.2% |
| 21 | Vernon Hills | 26,894 | 0.2% |
| 22 | West Chicago* | 25,632 | 0.2% |
| 23 | Lisle | 24,181 | 0.2% |
| 24 | South Holland | 21,482 | 0.2% |
| 25 | Geneva | 21,378 | 0.2% |

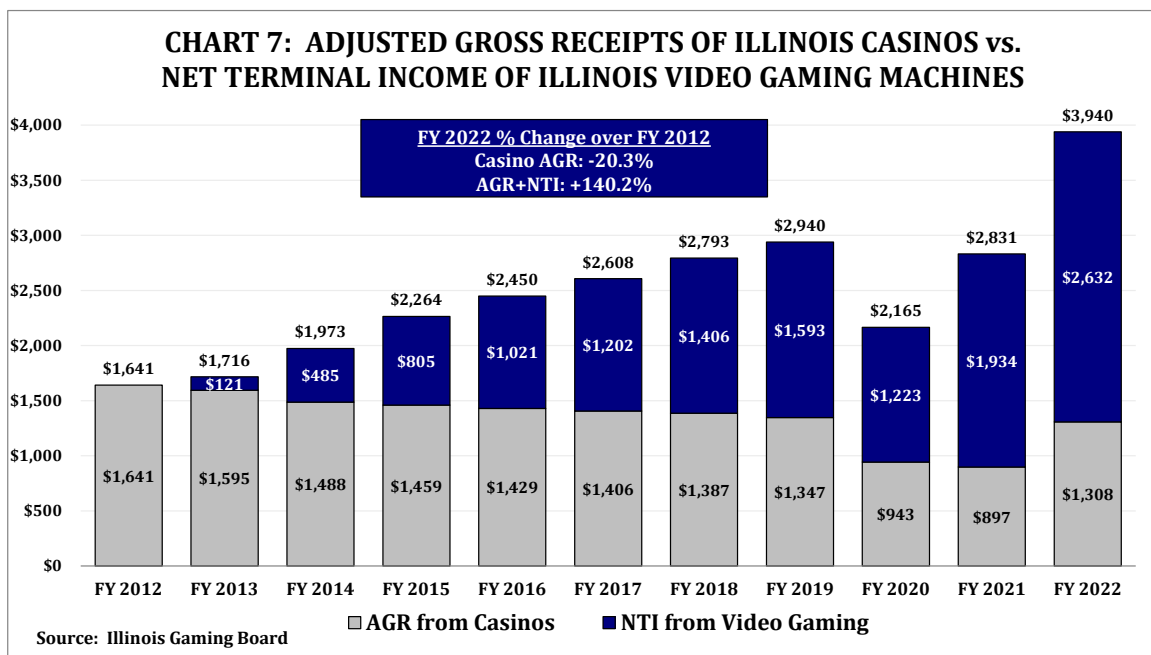
* Video Gaming was approved in West Chicago in November 2021 and in Palatine in April 2022. As of June 2022, no revenues have been reported from these locations.
Source: Illinois Gaming Board

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 have fallen \$333 million during this time period, even with the gains of FY 2022. 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 the more convenient video gaming industry over the last decade.

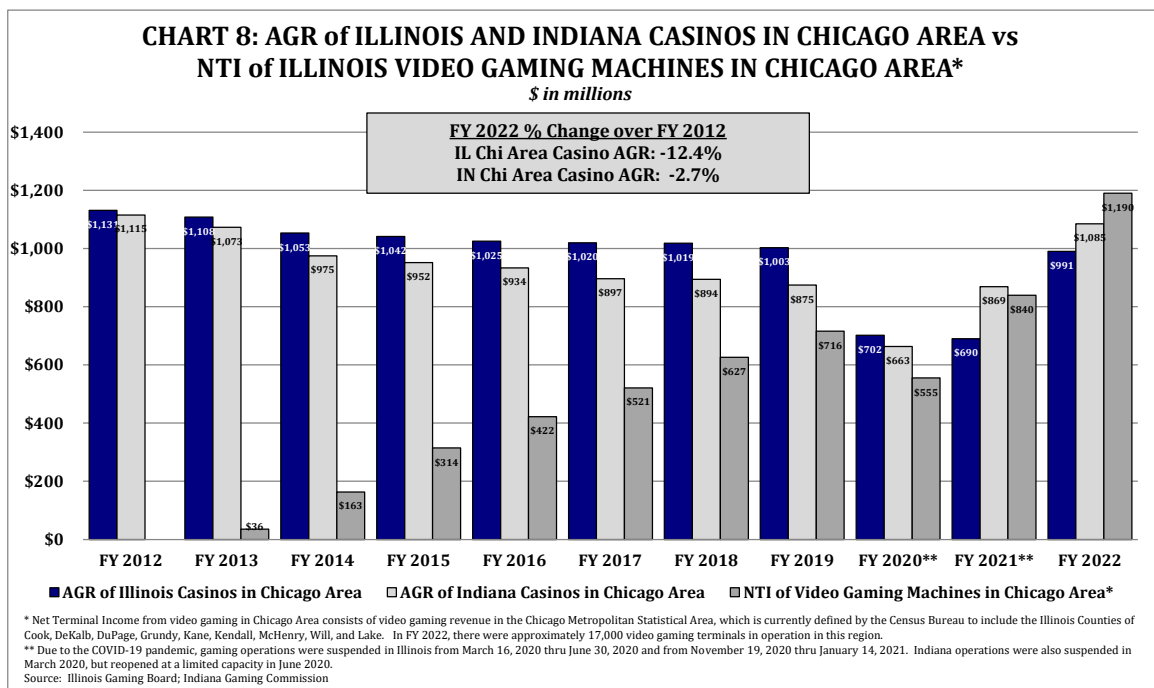
It should be stressed that despite the struggles of the casino industry over the last decade, when combined with video gaming totals, gambling as a whole has been on an upward trajectory for the State of Illinois. Between FY 2012 and FY 2022, adjusted gross receipts have fallen 20.3% from \$1.6 billion to \$1.3 billion. However, when including video gaming revenues, overall gaming revenues have increased from \$1.6 billion to \$3.9 billion, an increase of 140.2%. These results are illustrated in the graph below.



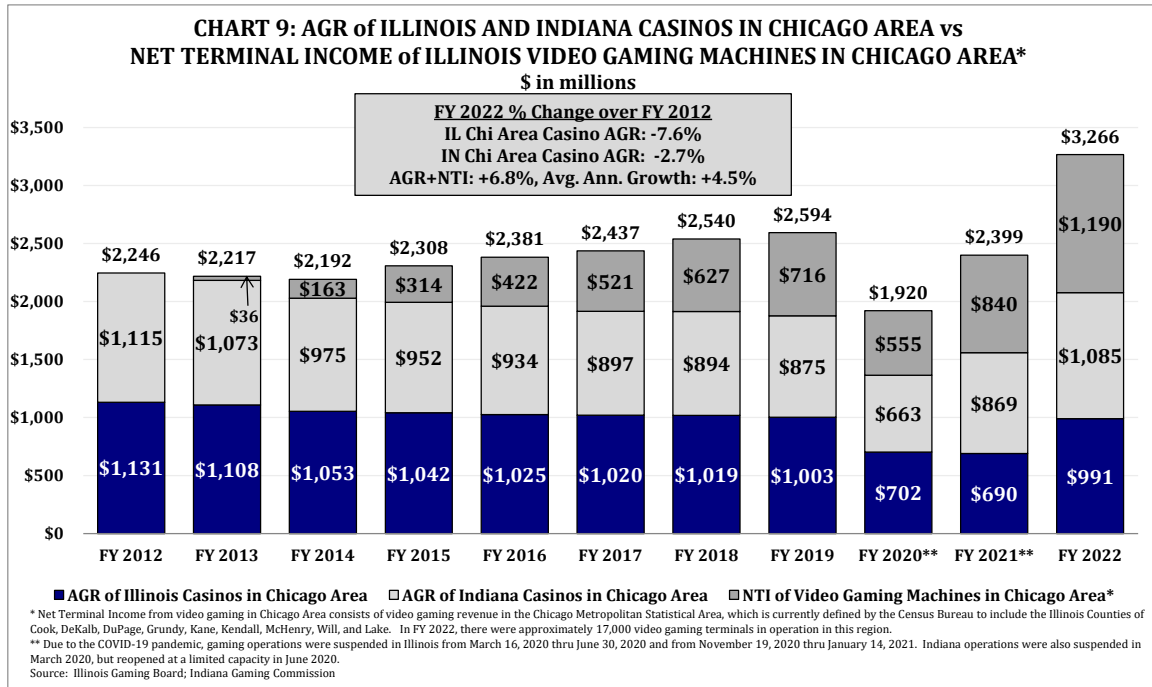
Video gaming’s impact on the casino industry has been especially noticeable in the Chicago region. As shown at the bottom of the county-by-county video gaming table on page 40, there are now over 3,000 businesses in the Chicago Metropolitan Statistical Area (which is defined by the Census Bureau to include 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 17,000 video gaming terminals. It is estimated that nearly \$1.2 billion in video gaming net terminal income came from communities in the Chicago Area in FY 2022.

These 17,000 terminals have been added to an area that already had in its region five casinos in four Illinois communities: Joliet, Aurora, Elgin, and Des Plaines. Even including the growth from FY 2022 and the success of the Des Plaines casino, combined, these five casinos have seen their AGR totals decline -12.4% since video gaming’s inception in 2012. This decline worsens to -33.9% when removing Des Plaines’ revenues from the equation. The popular Des Plaines casino is part of the reason for the declines at the other suburban casinos, but video gaming is unquestionably a significant contributor to this falloff as well.

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 \$1.1 billion in FY 2012 to \$869 million in FY 2021, a seven-year decline of -22.1%. While, the pandemic and the Rivers Casino have likely contributed to this falloff, competition from Illinois’ video gaming machines has no doubt exacerbated this decline. Indiana has responded to this competition with the brand-new Hard Rock Casino near Illinois’ border near Gary. This casino has helped elevate Indiana’s AGR levels in the Chicago Area to near \$1.1 billion – just below the FY 2012 levels. Still, as shown in the chart below, this total 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 the strong FY 2022 figures. Collectively, total gaming in this area went from \$2.246 billion in FY 2012 to \$3.266 billion in FY 2022. This results in a ten-year change in combined gaming revenues of 45.4%, an average increase of 4.5% per year.



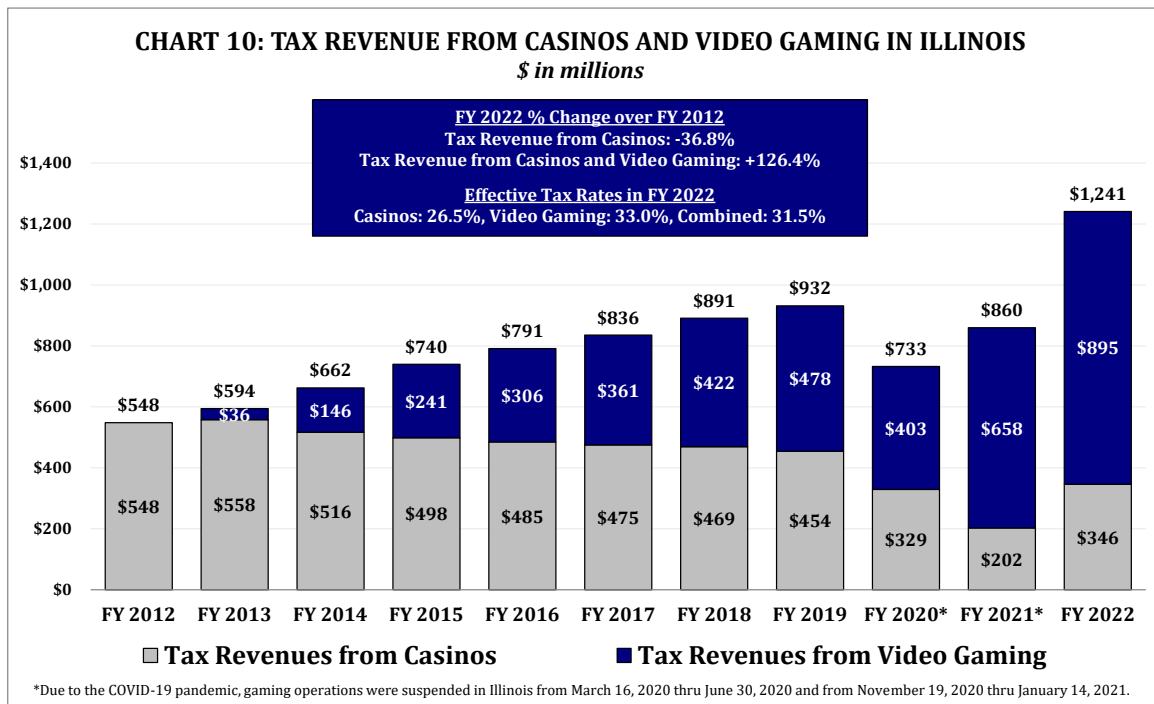
The numbers in the previous graph show that the recent surge in Indiana AGR has provided a boost to an area that has been relatively stagnant despite the growth in video gaming. Prior to FY 2022, the area had seen very little growth in gaming dollars between FY 2012 and FY 2021. It appeared that video 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. However, the early success of Indiana’s new casino may provide an indication that the area may be able to absorb more gaming. Illinois’ casino industry hopes this is the case as new casinos will soon be built in this area in the south suburbs, Waukegan, at Hawthorne Race Course, and in the City of Chicago.

Even with the recent rise in gaming revenues in this area, oversaturation has to be a concern. The Chicago Area, which already had its choice of 10 casinos, has been the home to over 15,000 casino positions and now has over 17,000 additional video gaming terminals in its region, with likely more to come. Once 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? 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 the recent declines in admissions and AGR totals, tax revenue 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 climbed back to \$346 million in FY 2022, but still well below levels from the past. However, these reduced figures have been more than offset by the additional tax revenue generated from video gaming.

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 has since shot up to \$895 million in FY 2022. When combining these video gaming tax revenues with casino tax revenues, overall tax revenues grew from \$548 million in FY 2012 to \$932 million in FY 2019, an increase of 69.9%. After falling slightly to \$733 million in FY 2020, the total grew to \$860 million in FY 2021 and even further to \$1.241 billion in FY 2022. This is despite the reduced casino tax figures. These figures are illustrated in the chart below.

The bottom line is the combined tax revenue total of \$1.241 billion in FY 2022 is significantly higher than the \$548 million that was collected in FY 2012 before the inclusion of video gaming. With the hoped for fading of the virus and the assumption of no more shut-downs in gaming operations, the growing popularity of video gaming should allow for tax revenue totals from gaming to continue to rise in the coming 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 2022 ended with over 43,000 terminals).

The growth in video gaming figures will continue to be enhanced by the video gaming related changes under P.A. 101-0031. Under this public act, the following changes to the video gaming industry have taken place: increased betting limits; the terminal limit per location increased from 5 to 6; terminal limit on large truck stops increased from 5 to 10; and the availability of video gaming at the Illinois State Fair and the DuQuoin State Fair.

The implementation of these changes was initially hampered by the pandemic, but the latest numbers show that a lot of progress, in terms of terminal growth, has been made. For example, over 5,000 locations now have more than 5 terminals. This means that over 5,000 more terminals are now available to generate revenues that would not have been available prior to P.A. 101-0031, which means higher tax revenues for State and local governments. Furthermore, the tax rate imposed on video gaming's net terminal income is now at 34% (effective July 2020) which has resulted in even more tax dollars for State and local coffers.

Although these video gaming related changes to P.A. 101-0031 should be revenue positive, it should be noted that the large amount of gaming expansion included in this public act could continue to have a negative revenue impact on certain video gaming locations, especially those near areas of new casinos. While the impact that 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. Since its inception, lottery sales have totaled almost \$80 billion and the Lottery has transferred over \$24 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

After a huge jump in FY 2021, lottery sales fell in FY 2022. In FY 2021 sales grew over 21% to \$3.450 billion due to a consumer environment that was ripe for growth. Sales were coming off pandemic-induced lows in FY 2020 and other forms of wagering were still less available due to mandated closures at casinos and occupancy restrictions at restaurants and bars. Total sales declined slightly to \$3.396 billion in FY 2022. This equaled a decline of \$54 million or -1.6%. While sales were down in FY 2022, they remain significantly above where sales were prior to the pandemic.

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 few years, the ratio of instant ticket sales to draw game sales have stabilized with instant ticket sales making up just less than 2/3rd's of total sales, while draw games contributing a little more than 1/3rd. Instant ticket sales fell \$58 million to \$2.157 billion in FY 2022. This was a decline of 2.6%. Draw games were flat as they barely grew less than \$4 million to \$1.239 billion. Chart 11, on page 55, shows the increase in instant ticket sales over the last thirty years, whilst draw game sales have been basically stagnant despite a small rise in recent years.

Chart 12, also on page 55, highlights a breakdown of the games that made up the \$1.2 billion in draw game sales. The Pick 3 and Pick 4 games continue to be the largest contributors to overall draw game revenue. Both of these games were down significantly in FY 2022. The Pick 3 game fell over 13% from \$352 million to \$305 million, while the Pick 4 game was down 9% collecting \$311 million. In addition to these declines, the Mega Millions multi-state game was down over 32% to \$107 million. Collectively, these three games were down almost \$130 million. These declines were made up by growth in the other multi-state game Powerball (up \$38 million to \$165 million) and the \$94 million growth in the Fast Play game that was introduced in September of 2020. Sales from the Lucky Day Lotto and the Lotto game were basically flat. As mentioned previously, overall draw games were flat with growth of just \$4 million on sales of \$1.2 billion.

TABLE 22: LOTTERY SALES BY GAME
FY 2003 - FY 2022
(\$ 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 | 8.0% | \$ 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

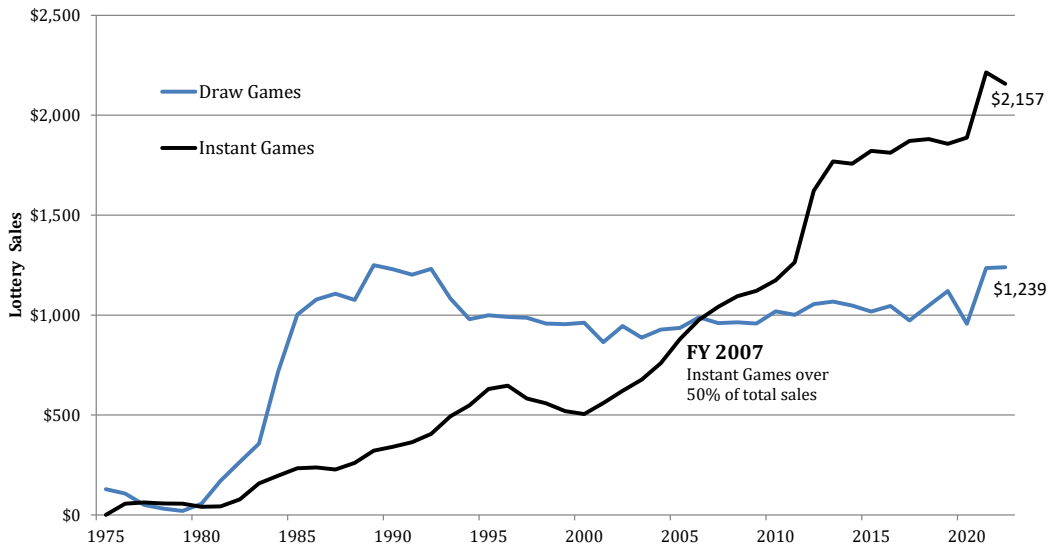
| | | | | | | | | | | | | | | | | | | | | | | |
|-------|------------|-------|----------|--------|----------|-------|----------|--------|----------|--------|----------|--------|----------|--------|----------|--------|--------|---------|------|---|------------|-------|
| 2018 | \$ 1,880.5 | 0.5% | \$ 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* | \$ 2,156.8 | -2.6% | \$ 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% | \$ - | - | \$ - | - | \$ 3,396.3 | -1.6% |

Sales are net of promotions and allowances.

*Preliminary, unaudited data

SOURCE: ILLINOIS LOTTERY

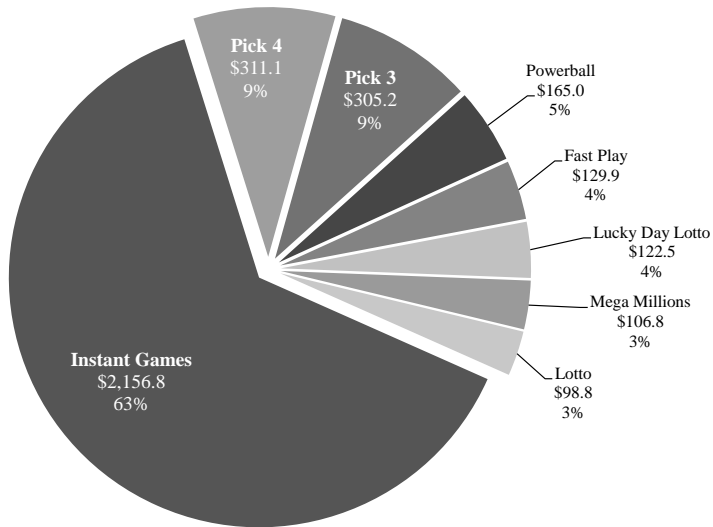
CHART 11: MAKEUP OF LOTTERY SALES
(\$ Millions)



Source: Illinois Lottery

CHART 12: FY 2022 LOTTERY SALES BY GAME
(\$ Millions)

Total Sales = \$3,396.3



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 2022, based on preliminary, unaudited data from the Lottery, these operating expenses totaled \$2.563 billion. The largest expense was prizes awarded to winners which was down \$116 million to \$2.214 billion. Commissions and bonuses were down \$11 million to \$176 million, while general and administrative costs were up by \$12 million to \$175 million. Expenses have risen with increases in the amount of sales. Similar to sales, a big jump in expenses was seen in FY 2021 followed by a decline in FY 2022.

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

| TABLE 23: LOTTERY OPERATING EXPENSES | | | | | | | | | | | | |
|---|----------------------------------|------------|----------|--------------------------------|-----------|----------|--|-----------|----------|--------------|------------|----------|
| FY 2003 - FY 2022 | | | | | | | | | | | | |
| (\$ 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* | \$ 2,213.6 | \$ (115.8) | -5.0% | \$ 175.5 | \$ (10.8) | -5.8% | \$ 174.0 | \$ 11.5 | 7.1% | \$ 2,563.1 | \$ (115.0) | -4.3% |

* Preliminary and unaudited data
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 is scheduled to receive 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 2022. 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 continued to grow in FY 2022. After an increase of over 23% in FY 2021, growth slowed to a still respectable 5.6% which equaled a transfer of \$820 million.

TABLE 24: LOTTERY TRANSFERS

FY 2003 - FY 2022

(\$ 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% | \$ 670.5 | \$ - | \$ 3.7 | \$ 674.2 | 34.3% | | | |
| 2007 | \$ 2,001.0 | \$ 627.6 | \$ - | \$ 3.6 | \$ 631.2 | 31.5% | \$ 622.4 | \$ - | \$ 4.1 | \$ 626.5 | 31.3% | | | |
| 2008 | \$ 2,057.7 | \$ 643.5 | \$ - | \$ 5.0 | \$ 648.5 | 31.5% | \$ 657.0 | \$ - | \$ 4.6 | \$ 661.6 | 32.2% | | | |
| 2009 | \$ 2,078.5 | \$ 629.5 | \$ - | \$ 5.2 | \$ 634.7 | 30.5% | \$ 625.0 | \$ - | \$ 5.2 | \$ 630.2 | 30.3% | | | |
| 2010 | \$ 2,192.9 | \$ 614.9 | \$ 32.9 | \$ 4.3 | \$ 652.1 | 29.7% | \$ 625.0 | \$ - | \$ 4.2 | \$ 629.2 | 28.7% | | | |
| 2011 | \$ 2,265.7 | \$ 610.1 | \$ 54.1 | \$ 4.2 | \$ 668.4 | 29.5% | \$ 631.9 | \$ 87.0 | \$ 4.1 | \$ 723.0 | 31.9% | | | |
| 2012 | \$ 2,677.8 | \$ 639.9 | \$ 115.0 | \$ 3.2 | \$ 758.1 | 28.3% | \$ 639.9 | \$ 65.2 | \$ 3.2 | \$ 708.3 | 26.5% | | | |
| 2013 | \$ 2,835.5 | \$ 655.6 | \$ 161.2 | \$ 2.6 | \$ 819.4 | 28.9% | \$ 655.9 | \$ 135.0 | \$ 2.9 | \$ 793.8 | 28.0% | | | |
| 2014 | \$ 2,804.8 | \$ 668.1 | \$ 107.0 | \$ 2.3 | \$ 777.4 | 27.7% | \$ 668.1 | \$ 145.0 | \$ 2.3 | \$ 815.4 | 29.1% | | | |
| 2015 | \$ 2,839.8 | \$ 678.6 | \$ 61.6 | \$ 3.8 | \$ 743.9 | 26.2% | \$ 678.6 | \$ 8.0 | \$ 3.6 | \$ 690.1 | 24.3% | | | |
| 2016 | \$ 2,857.3 | \$ 691.6 | \$ 29.2 | \$ 3.4 | \$ 724.2 | 25.3% | \$ 677.0 | \$ - | \$ 3.3 | \$ 680.3 | 23.8% | | | |
| 2017 | \$ 2,845.6 | \$ 705.6 | \$ 24.3 | \$ 2.6 | \$ 732.6 | 25.7% | \$ 720.3 | \$ 15.0 | \$ 2.9 | \$ 738.2 | 25.9% | | | |
| 2018 | \$ 2,928.3 | \$ 718.8 | \$ - | \$ 3.6 | \$ 722.4 | 24.7% | \$ 718.8 | \$ 9.3 | \$ 3.6 | \$ 731.7 | 25.0% | | | |
| 2019 | \$ 2,977.4 | \$ 731.3 | \$ 18.5 | \$ 4.3 | \$ 754.0 | 25.3% | \$ 731.3 | \$ - | \$ 3.4 | \$ 734.6 | 24.7% | | | |
| 2020 | \$ 2,844.3 | \$ 689.5 | \$ - | \$ 6.5 | \$ 696.0 | 24.5% | \$ 630.4 | \$ 18.5 | \$ 7.2 | \$ 656.1 | 23.1% | | | |
| 2021 | \$ 3,450.0 | \$ 762.5 | \$ 3.7 | \$ 10.1 | \$ 776.3 | 22.5% | \$ 776.5 | \$ - | \$ 9.4 | \$ 785.9 | 22.8% | | | |
| 2022* | \$ 3,396.3 | \$ 775.0 | n/a | \$ 9.8 | \$ 784.8 | 23.1% | \$ 820.1 | \$ 3.7 | \$ 9.4 | \$ 833.3 | 24.5% | | | |

* Preliminary, unaudited data

SOURCE: ILLINOIS LOTTERY, OFFICE OF THE COMPTROLLER

The second destination for Lottery profits are a set of nine special cause funds. Special cause games have grown in number in recent years. 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. Over the last three fiscal years, four additional special cause games have been introduced. 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. Sales of specialty game tickets have grown considerably in recent years. In FY 2019, sales of special cause games totaled only \$3.4 million. By FY 2021, these games had almost tripled to \$9.4 million. In FY 2022, sales were flat at \$9.4 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 were down almost 60% in FY 2020 to just under \$257,000. Revenues have rebounded significantly since then. In FY 2021, sales grew to over \$643,000 and continued to grow to \$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 \$1.2 million and \$1.4 million per year in recent fiscal years. In FY 2022, total revenue from this game equaled \$1.3 million. This was an increase of 1.4% compared to the previous year. While sales of this game have been stagnant over the last two fiscal years, this game remains one of the better sellers of the specialty games.

Revenues from the “Winner Winner Chicken Dinner” 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 including proceeds of approximately \$487,000 in FY 2021. FY 2022 saw a large increase in sales. Total revenue for this year was \$1.3 million, which was an increase of 166%.

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 were down 6.4% in FY 2022 but remain well above where they were a few years ago. Sales had deteriorated to just under \$348,000 in FY 2020. In FY 2021, revenue more than tripled to \$1.5 million. Although sales fell to \$1.4 million in FY 2022, it is still one of the best years in its history.

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 “Fast Doubler.” After surging to over \$2.1 million in FY 2020, income from this game fell to \$1.3 million in FY 2021. Revenue from this game fell again to \$1.0 million in FY 2022. This equaled a decline of over 25%.

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 to children of officers killed or catastrophically injured in the line of duty, or those interested in pursuing a career in law enforcement; providing financial assistance to police officers and their families when a police officer is killed or injured in the line of duty; and providing financial assistance to officers for the purchase or replacement of bullet proof vests to be used in the line of duty. After falling to \$1.1 million in FY 2021, this game grew almost 7% to \$1.2 million in FY 2022.

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 2022, the latest version of this game, “Double Match”, contributed \$1.1 million to total sales. This was an increase of 7.7% compared to FY 2021.

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 and were used to support the School STEAM Grant Program. 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 2022 as less than \$1,000 was transferred.

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 2021 just under \$917,000 was collected. This amount grew 31% to \$1.2 million in FY 2022.

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. After the Common School Fund transfer and the special cause transfers are completed, all remaining lottery proceeds go to the Capital Projects Fund. As mentioned previously, due to P.A. 102-0699, the Capital Projects Fund will no longer be receiving funds from the Lottery after FY 2023.

The transfers to the Capital Projects Fund had steadily climbed until falling off a cliff in FY 2015. Transfers totaled \$135 million in FY 2014 and \$145 million in FY 2014. Since then, transfers to the Common School Fund have ranged from \$0 to \$19 million. In FY 2019, no funds were transferred to the Capital Projects Fund. However, this was somewhat misleading, as due to changes made under P. A. 100-0587, the Lottery now has until September 30th of the following fiscal year after the fiscal years audited financial results are finalized to determine how much should be transferred to the Capital Projects Fund. In FY 2020, \$18.5 million was transferred to the Capital Projects Fund based on results from FY 2019. There was no payment into the Capital Projects Fund in FY 2021 based on the Lottery's results in FY 2020. In FY 2022, \$3.7 million was directed to the Capital Projects Fund. Approximately \$487 million has been transferred to Capital Projects Fund from the Lottery since its creation but the vast majority of those transfers happened between FY 2011 and FY 2014. In FY 2023, the Capital Projects Fund will receive approximately \$89 million from the Lottery to make up for past fiscal years when the fund did not receive its full share of Lottery profits. In addition to this amount, any money due as a result of FY 2022 sales will be transferred also.

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 2022, 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 were down just under 5% in FY 2022. Combined, total sales fell from \$285 million in FY 2021 to \$272 million in FY 2022. The Mega Millions game fell over 30% to just under \$107 million. This was a decline of \$51 million. This was somewhat offset by an increase of almost \$38 million in Powerball sales to \$165 million. Sales began quickly in FY 2023 as the Mega Millions jackpot grew to over \$1.2 billion in July and the winning ticket was sold in Illinois.

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 2021, Powerball had fifty-five drawings with the jackpot over \$100 million, twenty-six over \$200 million, and only ten over \$300 million. All of these levels at least doubled in FY 2022. Drawings over \$300 million increased from ten to forty-one. The large increase in big jackpots likely explains the growth in Powerball sales in FY 2022. Mega Millions, on the other hand, had jackpots at similar levels as FY 2021 but likely had more competition this fiscal year from the larger Powerball jackpots.

TABLE 25: MULTI STATE GAME RESULTS

(\$ Million)

MEGA MILLIONS

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

POWERBALL

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

MEGA MILLIONS AND POWERBALL

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Average Jackpot Drawing | \$81.5 | \$107.6 | \$99.4 | \$130.8 | \$121.5 | \$161.2 | \$209.9 | \$122.8 | \$155.8 | \$189.6 |
| Drawings over \$100 M | 57 | 79 | 81 | 104 | 93 | 126 | 147 | 108 | 105 | 170 |
| Drawings over \$200 M | 16 | 28 | 21 | 37 | 37 | 64 | 88 | 33 | 57 | 99 |
| Drawings over \$300 M | 6 | 12 | 4 | 13 | 19 | 29 | 44 | 12 | 28 | 56 |
| Total Multi State Game Sales | \$344.6 | \$307.2 | \$253.7 | \$306.0 | \$249.8 | \$286.0 | \$371.8 | \$205.0 | \$285.0 | \$271.8 |
| % Change | 2.8% | -10.9% | -17.4% | 20.6% | -18.4% | 14.5% | 30.0% | -44.9% | 39.0% | -4.6% |

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

SOURCE: www.lottoreport.com

U.S. Lottery Results

Based on data from the North American Association of State and Provincial Lotteries, in FY 2021, Illinois had the 12th largest lottery in the U.S. based on total traditional lottery sales. This was the same spot as FY 2020. 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 (\$9.1 billion) became the largest lottery overtaking New York (\$7.7 billion) which fell to fourth place. California was the second largest at \$8.4 billion and Texas was the third largest at \$8.1 billion.

On a sales per capita basis, Illinois ranked 21st with sales per capita of \$272 in FY 2021. This was 21% higher than the previous fiscal year. The 21st ranking was one spot higher out of the forty-six lotteries studied compared to FY 2020. Massachusetts had the highest levels of lottery sales at \$833 per person. This was followed by Georgia at \$544 and Michigan at \$502. 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 fell to approximately \$268 in FY 2022. This is basically flat compared to FY 2021. Chart 13 shows the slow growth of this metric 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 0.41% of their personal income on lottery tickets. This was up from 0.35% in FY 2020. Overall, Illinois ranked 24th in this category in both FY 2020 and FY 2021. The highest levels of spending on lottery sales based on personal income are seen in Massachusetts (1.01%), Georgia (0.98%), and Michigan (0.90%).

Another way to compare the various lotteries in the U.S. is by the number of people in the State compared to the number of lottery sales locations. Approximately 7,168 retail locations offer lottery products in Illinois in FY 2021. This was down from the 7,400 locations a few years earlier but an increase over last year. Chart 14, on page 66 illustrates where Illinois stands regarding this metric. Illinois had approximately 1,768 residents per lottery retailer. Looking at data from the most recent fiscal year available (FY 2021), this would rank 41st out of the 46 U.S. lotteries analyzed. Massachusetts continues to have the most lottery retailers per capita at one lottery retailer per 825 people. It was followed by Montana and Michigan at 974 and 982 respectively. Washington and Arizona had the fewest retailers per capita at 2,115 and 2,224. The U.S. average was approximately 1,435 people per lottery retailer which was down from 1,462 people in FY 2020. To equal the U.S. average, Illinois would have to grow approximately 23% to around 8,830 retailers, which would be an increase of a little less than 1,700 retailers.

**TABLE 26: LOTTERY RANKINGS
(FY 2021)**

| STATE | POPULATION (MILLIONS) | PER CAPITA PERSONAL INCOME | TRADITIONAL LOTTERY SALES | | SALES PER CAPITA | | SALES PER CAPITA AS A % OF PER-CAPITA PERSONAL INCOME | |
|----------------------|--------------------------|----------------------------------|------------------------------|-----------|---------------------|-----------|---|-----------|
| | | | (\$ MILLIONS) | Rank | Rank | Rank | | |
| ALABAMA | 5.0 | \$ 48,608 | \$ - | 47 | \$ - | 47 | 0.00% | 47 |
| ALASKA | 0.7 | \$ 67,138 | \$ - | 47 | \$ - | 47 | 0.00% | 47 |
| ARIZONA | 7.3 | \$ 54,301 | \$ 1,439 | 21 | \$ 198 | 28 | 0.36% | 28 |
| ARKANSAS | 3.0 | \$ 51,148 | \$ 632 | 26 | \$ 209 | 27 | 0.41% | 23 |
| CALIFORNIA | 39.2 | \$ 76,386 | \$ 8,418 | 2 | \$ 215 | 26 | 0.28% | 31 |
| COLORADO | 5.8 | \$ 69,016 | \$ 795 | 25 | \$ 137 | 35 | 0.20% | 36 |
| CONNECTICUT | 3.6 | \$ 82,082 | \$ 1,498 | 19 | \$ 415 | 8 | 0.51% | 14 |
| DELAWARE | 1.0 | \$ 59,002 | \$ 234 | 38 | \$ 233 | 25 | 0.39% | 25 |
| DISTRICT OF COLUMBIA | 0.7 | \$ 96,873 | \$ 217 | 39 | \$ 324 | 15 | 0.33% | 29 |
| FLORIDA | 21.8 | \$ 60,761 | \$ 9,076 | 1 | \$ 417 | 7 | 0.69% | 5 |
| GEORGIA | 10.8 | \$ 55,289 | \$ 5,877 | 5 | \$ 544 | 2 | 0.98% | 2 |
| HAWAII | 1.4 | \$ 60,389 | \$ - | 47 | \$ - | 47 | 0.00% | 47 |
| IDAHO | 1.9 | \$ 51,379 | \$ 372 | 33 | \$ 196 | 29 | 0.38% | 27 |
| ILLINOIS | 12.7 | \$ 67,095 | \$ 3,450 | 12 | \$ 272 | 21 | 0.41% | 24 |
| INDIANA | 6.8 | \$ 56,153 | \$ 1,738 | 18 | \$ 255 | 23 | 0.45% | 20 |
| IOWA | 3.2 | \$ 56,973 | \$ 453 | 30 | \$ 142 | 32 | 0.25% | 33 |
| KANSAS | 2.9 | \$ 59,324 | \$ 326 | 35 | \$ 111 | 38 | 0.19% | 37 |
| KENTUCKY | 4.5 | \$ 50,699 | \$ 1,486 | 20 | \$ 330 | 14 | 0.65% | 9 |
| LOUISIANA | 4.6 | \$ 54,435 | \$ 625 | 27 | \$ 135 | 36 | 0.25% | 34 |
| MAINE | 1.4 | \$ 57,159 | \$ 391 | 32 | \$ 285 | 19 | 0.50% | 16 |
| MARYLAND | 6.2 | \$ 69,266 | \$ 2,611 | 13 | \$ 424 | 5 | 0.61% | 10 |
| MASSACHUSETTS | 7.0 | \$ 82,475 | \$ 5,821 | 6 | \$ 833 | 1 | 1.01% | 1 |
| MICHIGAN | 10.1 | \$ 55,551 | \$ 5,046 | 8 | \$ 502 | 3 | 0.90% | 3 |
| MINNESOTA | 5.7 | \$ 65,486 | \$ 804 | 24 | \$ 141 | 33 | 0.22% | 35 |
| MISSISSIPPI | 2.9 | \$ 45,438 | \$ 511 | 28 | \$ 173 | 30 | 0.38% | 26 |
| MISSOURI | 6.2 | \$ 55,159 | \$ 1,811 | 17 | \$ 294 | 18 | 0.53% | 12 |
| MONTANA | 1.1 | \$ 56,672 | \$ 72 | 44 | \$ 65 | 44 | 0.12% | 44 |
| NEBRASKA | 2.0 | \$ 62,095 | \$ 205 | 40 | \$ 105 | 39 | 0.17% | 39 |
| NEVADA | 3.1 | \$ 58,233 | \$ - | 47 | \$ - | 47 | 0.00% | 47 |
| NEW HAMPSHIRE | 1.4 | \$ 72,003 | \$ 495 | 29 | \$ 356 | 13 | 0.50% | 17 |
| NEW JERSEY | 9.3 | \$ 74,805 | \$ 3,684 | 11 | \$ 397 | 9 | 0.53% | 13 |
| NEW MEXICO | 2.1 | \$ 49,320 | \$ 155 | 42 | \$ 73 | 43 | 0.15% | 42 |
| NEW YORK | 19.8 | \$ 76,415 | \$ 7,666 | 4 | \$ 386 | 10 | 0.51% | 15 |
| NORTH CAROLINA | 10.6 | \$ 55,043 | \$ 3,805 | 10 | \$ 361 | 12 | 0.66% | 6 |
| NORTH DAKOTA | 0.8 | \$ 65,544 | \$ 30 | 46 | \$ 39 | 46 | 0.06% | 46 |
| OHIO | 11.8 | \$ 56,483 | \$ 4,330 | 9 | \$ 368 | 11 | 0.65% | 8 |
| OKLAHOMA | 4.0 | \$ 53,156 | \$ 347 | 34 | \$ 87 | 41 | 0.16% | 40 |
| OREGON | 4.2 | \$ 60,676 | \$ 409 | 31 | \$ 96 | 40 | 0.16% | 41 |
| PENNSYLVANIA | 13.0 | \$ 64,054 | \$ 5,426 | 7 | \$ 419 | 6 | 0.65% | 7 |
| RHODE ISLAND | 1.1 | \$ 61,942 | \$ 291 | 36 | \$ 266 | 22 | 0.43% | 21 |
| SOUTH CAROLINA | 5.2 | \$ 52,074 | \$ 2,416 | 15 | \$ 465 | 4 | 0.89% | 4 |
| SOUTH DAKOTA | 0.9 | \$ 64,720 | \$ 74 | 43 | \$ 82 | 42 | 0.13% | 43 |
| TENNESSEE | 7.0 | \$ 54,873 | \$ 2,084 | 16 | \$ 299 | 17 | 0.54% | 11 |
| TEXAS | 29.5 | \$ 59,674 | \$ 8,107 | 3 | \$ 275 | 20 | 0.46% | 18 |
| UTAH | 3.3 | \$ 55,392 | \$ - | 47 | \$ - | 47 | 0.00% | 47 |
| VERMONT | 0.6 | \$ 59,704 | \$ 162 | 41 | \$ 250 | 24 | 0.42% | 22 |
| VIRGINIA | 8.6 | \$ 65,408 | \$ 2,592 | 14 | \$ 300 | 16 | 0.46% | 19 |
| WASHINGTON | 7.7 | \$ 71,889 | \$ 951 | 22 | \$ 123 | 37 | 0.17% | 38 |
| WEST VIRGINIA | 1.8 | \$ 47,817 | \$ 249 | 37 | \$ 140 | 34 | 0.29% | 30 |
| WISCONSIN | 5.9 | \$ 58,564 | \$ 895 | 23 | \$ 152 | 31 | 0.26% | 32 |
| WYOMING | 0.6 | \$ 65,627 | \$ 32 | 45 | \$ 55 | 45 | 0.08% | 45 |
| TOTALS | 331.9 | \$ 59,729 | \$ 98,106 | | \$ 296 | | 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

CHART 13: ILLINOIS LOTTERY SALES PER CAPITA

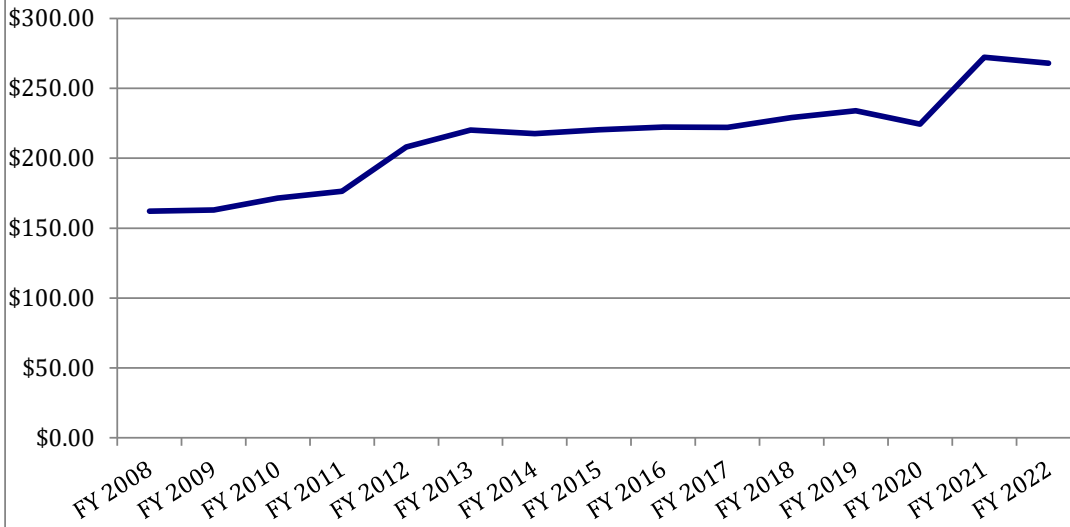
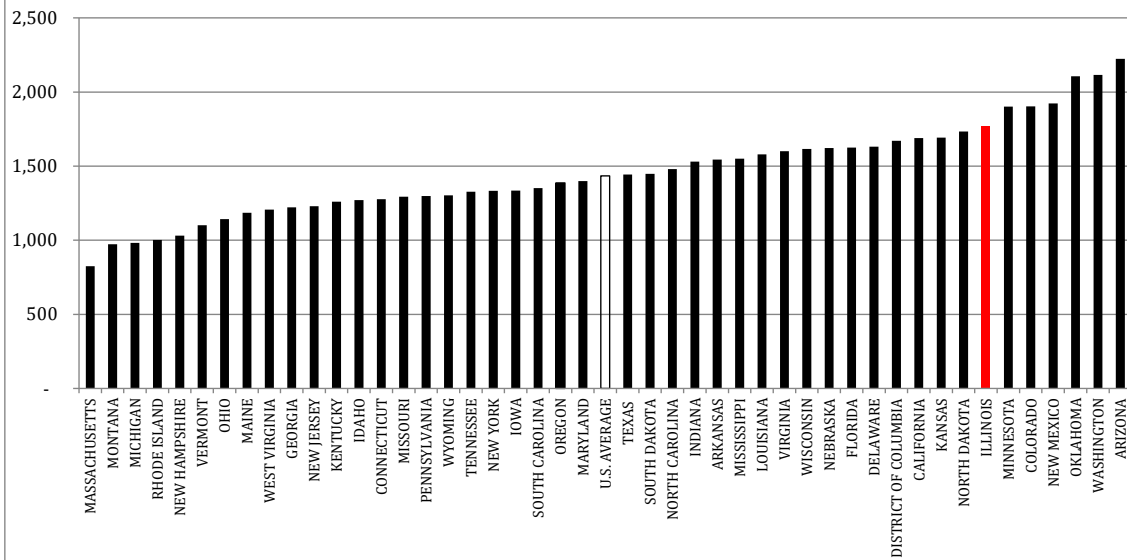


CHART 14: PEOPLE PER LOTTERY RETAILER

Illinois ranks 41st with approximately one lottery retailer per 1,768 people



SOURCES: North American Association of State And Provincial Lotteries, U.S. Census Bureau, CGFA

Accounting Issues

The Lottery has had accounting issues related to transfers to the Common School Fund and the Capital Projects Fund over the past decade. In numerous audits over the years, audit findings have shown an excess amount of money has been sent to the Common School Fund and the Capital Projects Fund has not received its full share.

Finding 2021-001 of the FY 2021 audit of the Lottery highlights these issues.

“The Department has been unable to resolve excess transfers to Fund 412 [Common School Fund] from Fund 711 [State Lottery Fund], totaling \$133.966 million. This amount consists of \$64.124 million in excess transfers which occurred in Fiscal Year 2018 and \$69.842 million in excess transfers which occurred in periods prior to Fiscal Year 2010.”

The quote above relates to the Lottery transferring just over \$73 million more to the State Lottery Fund than was appropriate in FY 2018. This occurred due to a mismatch in the actual amount of money available to send to the State Lottery Fund which is not known until after final, audited financials are conducted (which are not available until September of the following fiscal year) and the monthly transfers mandated into the Common School Fund from the State Lottery Fund, which are based on the monthly amount of transferred in FY 2009 adjusted for inflation. In the FY 2019 audit, this excess transfer had been reduced to \$64 million (Finding 2019-002) and remained at this level through the FY 2021 audit. In addition to the excess transfer in FY 2018, a similar situation occurred in the fiscal years prior to FY 2010 which equaled approximately \$69.8 million in total.

“The Department has been unable to transfer \$89.045 million from Fund 711 [State Lottery Fund] to Fund 694 [Capital Projects Fund]. This amount consists of \$69.842 million in excess transfers which occurred in periods prior to Fiscal Year 2010 as discussed above and \$19.203 million in unperformed prior period transfers not performed in periods prior to Fiscal Year 2019.”

The second quote from Finding 2021-001 indicated that the Lottery had not performed all the necessary transfers into the Capital Projects Fund. The Capital Projects Fund was owed approximately \$89 million as of June 30, 2018. The unperformed transfers were from periods prior to FY 2018. A large portion of this amount was from a mis-characterization of an excess transfer of approximately \$69 million from the State Lottery Fund into the Common School Fund in FY 2009. The Lottery booked this amount as an accounts receivable from the Common School Fund to the State Lottery Fund. However, during the FY 2012 audit, this accounts receivable was deemed as inappropriate, and therefore, this created a cash deficit in

the same amount that has not been made up. The remaining \$19 million in unperformed transfers was due to annual mismatches between what was estimated for transfer at the end of a fiscal year and what was determined after audited financials were available.

With the passage of P.A. 102-0699, the money owed to the Capital Projects Fund should be reconciled during FY 2023 and this should no longer be an issue going forward as the fund will no longer be receiving funds from the Lottery. For more information about these issues, please see the audit reports available at <https://www.auditor.illinois.gov/Audit-Reports/LOTTERY-DEPARTMENT.asp>.

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 2021, Illinois horse racing wagering generated \$12.5 million in total revenues with the State receiving \$8.8 million and local governments receiving \$3.7 million. Table 27 examines the sources and allocation of CY 2021 horse racing revenues while Table 28 details State and local racing revenues over the past ten years.

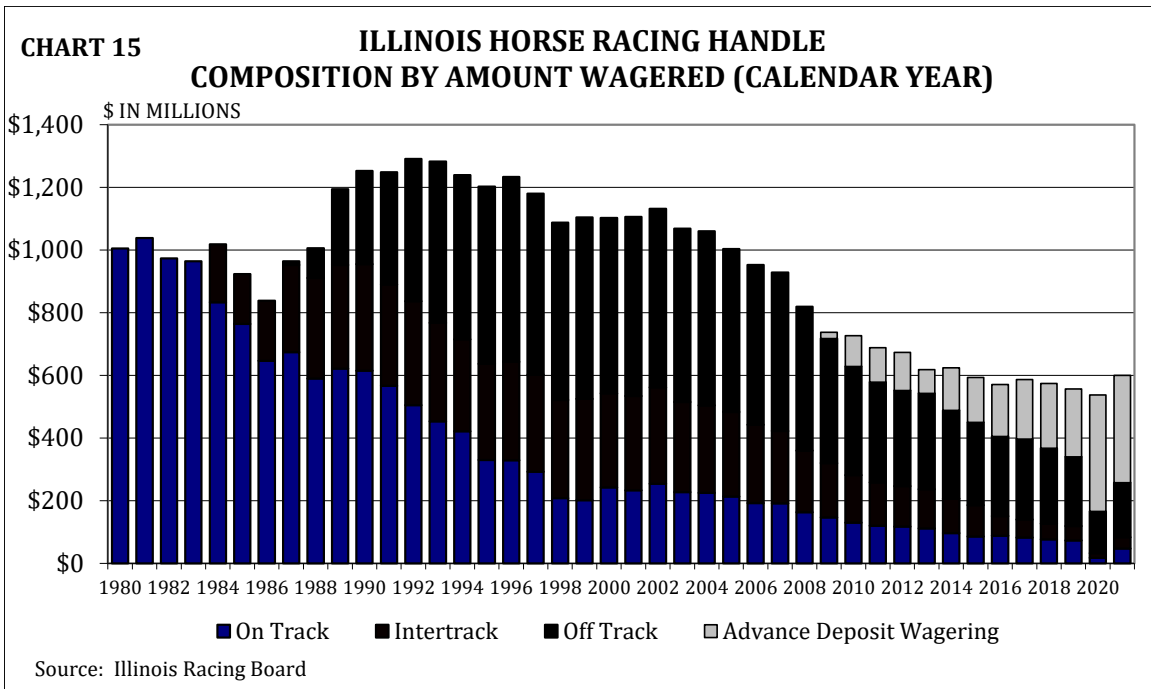
| TABLE 27: SOURCES AND ALLOCATION OF HORSE RACING REVENUE FOR CALENDAR YEAR 2021 | |
|--|---------------------|
| SOURCE OF REVENUE: | |
| Application and License Fees of Racing Associations | \$57,620 |
| Admission Taxes | \$52,429 |
| Pari-mutuel Tax (Tracks and OTBs) | \$3,669,221 |
| Pari-mutuel Tax Credit Used | (\$2,083,206) |
| Advanced Deposit Wagering (ADW) Pari-Mutuel Tax (1.75% of Handle) | \$5,994,593 |
| .2% Surcharge for Racing Board (includes \$100,000 to Quarter Horse Purse Fund) | \$965,324 |
| Licensing of Racing Personnel | \$117,675 |
| Fingerprint Fees | \$20,058 |
| Photo Fees | \$5 |
| Horsemen's Fines | \$22,064 |
| Miscellaneous Sources | \$8,220 |
| TOTAL STATE REVENUES RECEIVED | \$8,824,003 |
| 2% of OTB Handle to City and County | \$3,480,088 |
| OTB Admission Tax to City of Chicago | \$35,738 |
| OTB Admission Tax to Cook County | \$82,165 |
| On Track City Admission Tax | \$34,953 |
| Intertrack Surcharge to County (20%) | \$74,642 |
| TOTAL LOCAL REVENUES RECEIVED | \$3,707,585 |
| TOTAL REVENUES RECEIVED | \$12,531,588 |
| ALLOCATION OF REVENUE: | |
| Horse Racing Fund | \$7,825,245 |
| Quarterhorse Breeders' Fund | \$22,330 |
| Quarterhorse Purse Fund (from IRB .2% Surcharge) | \$100,000 |
| Standardbred Purse Fund (.25% Tax of ADW Handle) | \$856,370 |
| Fingerprinting (State Police and Vendor) | \$20,058 |
| TOTAL STATE REVENUES ALLOCATED | \$8,824,003 |
| To Cities | \$1,810,734 |
| To Counties | \$1,896,851 |
| TOTAL LOCAL | \$3,707,585 |
| TOTAL REVENUES ALLOCATED | \$12,531,588 |
| SOURCE: ILLINOIS RACING BOARD - 2021 ANNUAL REPORT | |

| TABLE 28: HORSE RACING REVENUES AND ASSOCIATED ALLOCATIONS BY CALENDAR YEAR (IN MILLIONS) | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| TOTAL STATE REVENUE | \$7.5 | \$6.4 | \$7.5 | \$6.8 | \$6.8 | \$7.1 | \$7.0 | \$7.0 | \$8.5 | \$8.8 |
| TOTAL LOCAL REVENUE | \$6.8 | \$6.7 | \$6.2 | \$5.8 | \$5.5 | \$5.5 | \$5.1 | \$4.7 | \$2.8 | \$3.7 |
| *TOTAL REVENUES RECEIVED | \$14.2 | \$13.1 | \$13.7 | \$12.7 | \$12.3 | \$12.6 | \$12.2 | \$11.7 | \$11.3 | \$12.5 |
| TOTAL STATE ALLOCATIONS | \$7.5 | \$6.4 | \$7.5 | \$6.8 | \$6.8 | \$7.1 | \$7.0 | \$7.0 | \$8.5 | \$8.8 |
| TOTAL LOCAL ALLOCATIONS | \$6.8 | \$6.7 | \$6.2 | \$5.8 | \$5.5 | \$5.5 | \$5.1 | \$4.7 | \$2.8 | \$3.7 |
| TO CITIES | \$3.2 | \$3.2 | \$2.9 | \$2.8 | \$2.7 | \$2.7 | \$2.5 | \$2.3 | \$1.4 | \$1.8 |
| TO COUNTIES | \$3.6 | \$3.6 | \$3.3 | \$3.1 | \$2.8 | \$2.8 | \$2.6 | \$2.4 | \$1.4 | \$1.9 |
| *TOTAL REVENUES ALLOCATED | \$14.2 | \$13.1 | \$13.7 | \$12.7 | \$12.3 | \$12.6 | \$12.2 | \$11.7 | \$11.3 | \$12.5 |

* 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

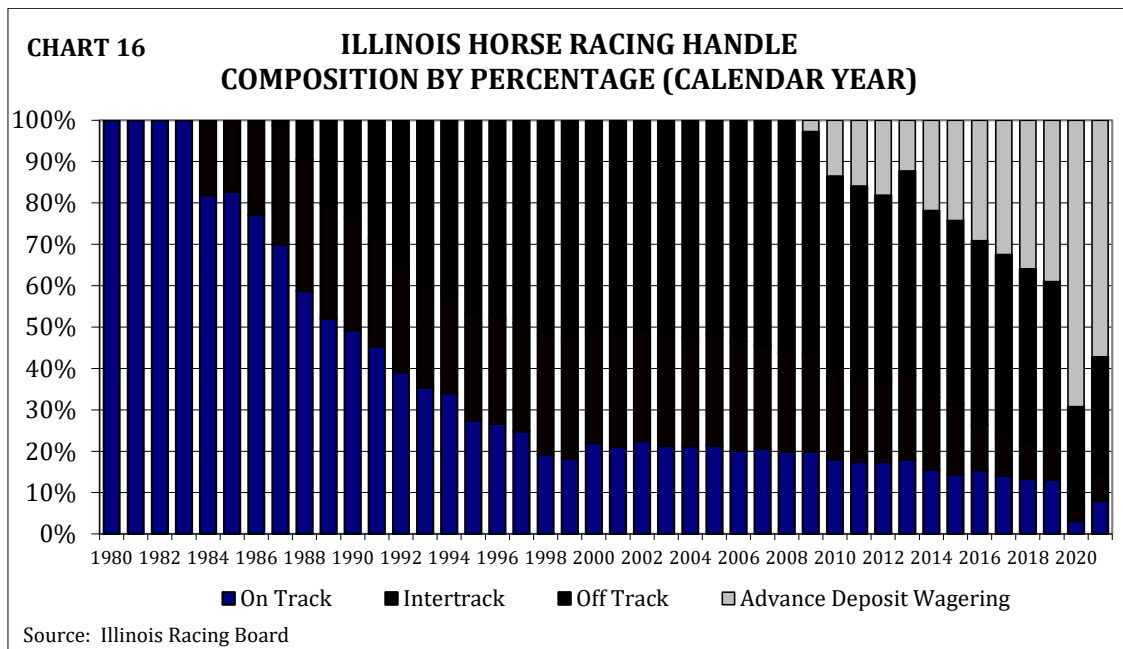
In its 2021 Annual Report, the Racing Board noted that 239 live race dates were conducted during CY 2021. This is slightly higher than the 232 live race dates conducted in CY 2020, but significantly lower than the 518 race programs that were conducted as recently as CY 2013. This falloff reflects the declining trend of the horse racing industry over the past several years. In CY 2021, a total handle amount of \$599 million resulted. While this total is 11.5% higher than pandemic-impacted levels of CY 2020 and a notable improvement over levels seen over the past six years, the latest total remains well below levels of the past. These historical horse racing handle figures are displayed below.



The overall 11.5% increase in the racing handle was in large part due to continued strong performance from advance deposit wagering (ADW), which is discussed on page 76. The online capabilities of ADW have provided revenues for the industry that would have otherwise been devastated by the sharp declines in attendance during the pandemic. Although the ADW handle did decline somewhat in CY 2021, this likely reflects the return of bettors to the more established methods of horse wagering, which took a hit in CY 2020 during the pandemic. The handle from on-track, intertrack, and off-track betting combined to fall \$174 million in CY 2020, but responded with combined growth of \$91 million in CY 2021. In contrast, the handle from ADW increased \$155 million in CY 2020, but declined \$30 million in 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 2021 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 2021. Inter-track wagering for years remained relatively stable, generally comprising around 25% of the total handle. This rate has now fallen to 6% 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, it currently sits near 57%. Chart 16 illustrates the historic shift in the composition of the racing handle.



2021 Racing Statistics

| TABLE 29: Illinois Racing Statistics for 2021 | | | |
|--|--------------------|--------------------|-----------------|
| \$ in millions | | | |
| | 2020 Handle | 2021 Handle | % Change |
| Thoroughbred | \$129.3 | \$205.1 | 58.7% |
| Harness | \$36.1 | \$51.8 | 43.4% |
| ADW | \$372.3 | \$342.5 | -8.0% |
| Total Illinois Handle | \$537.6 | \$599.4 | 11.5% |
| Of the \$599.4 million total handle in 2021.... | | | |
| Source | Amount | Composition | |
| On Track | \$47.3 | 7.9% | |
| Intertrack | \$35.6 | 5.9% | |
| OTBs | \$174.0 | 29.0% | |
| ADW | \$342.5 | 57.1% | |
| Total | \$599.4 | 100% | |
| Location of Race | | | |
| Location of Race | Amount | Composition | |
| Wagered on Live Illinois Races | \$44.8 | 7.5% | |
| Wagered on Simulcasts | \$554.6 | 92.5% | |
| Total | \$599.4 | 100% | |
| The handle from live Illinois racing came from: | | | |
| Arlington | \$26.7 | | |
| Hawthorne | \$13.4 | | |
| Fairmount | \$4.3 | | |
| State/County Fairs | \$0.4 | | |
| Total | \$44.8 | | |
| 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), 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.

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 CHICAGO (Corliss) CRESTWOOD EVERGREEN PARK HOFFMAN ESTATES JOLIET LANSING MCHENRY MOKENA NORMAL NORTH AURORA OAKBROOK TERRACE PEORIA PROSPECT HEIGHTS ROCKFORD VILLA PARK |

Source: Illinois Racing Board

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) |
|--------------------|--|---|
| 2010 | \$74 | \$1.3 |
| 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 |

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. Still, the FY 2022 total was the 2nd highest level on record in its relatively short history.

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. Although Illinois' horse racing handle did increase in 2021, its levels continue to be well short of levels from the past. The 2021 handle totals are down a combined 12.9% from ten years ago and down 45.8% 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. 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 less than \$70 million in 2019 despite the opening of two racinos in 2008. *(The handle fell to \$35 million in 2020 but this figure is artificially low due to the pandemic. The 2021 figures are not yet published at the time of this report).* 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 over \$1.3 billion in FY 2022. 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 2021, the total handle has fallen 45% from \$234 million to \$128 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.

Illinois' horse racing community is hopeful that P.A. 101-0031's authorization of casinos at their tracks will act as a life preserver to this industry. Although data suggests that the horse racing handle will not necessarily increase as a result of operating these racinos at tracks, having this other source of revenue will give Illinois horse tracks a secondary source of income needed to offer competitive purses.

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.

A possible reason for the lack of urgency to operate the authorized casinos at the racetracks is that the track owners have been able to take advantage of the financial benefits of sports betting at these facilities. As discussed in the following section, both Fairmount and Hawthorne have obtained a sports gaming license and have been generating revenues over the last two fiscal years. In FY 2021, Hawthorne generated \$31.2 million in adjusted gross receipts in 10 months of operation while Fairmount generated \$68.1 million in its first four months of activity. In FY 2022, these figures grew to \$49.2 million and \$253.3 million, respectively. In fact, Fairmount's license through its partnership with Fanduel, was the highest generating sports wagering license in the state in FY 2022.

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. 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 considering the 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 license 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. Several sporting seasons were curtailed as a result of the pandemic. College football and MLB seasons were dramatically shortened, and games from nearly all sports were postponed or cancelled as a result of COVID-19, leading to cluttered and disorganized schedules. 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, a 60.7% increase from FY 2021.

The table below provides a summary of sports wagering statistics in its first three fiscal years in Illinois. As shown, nearly 369 million wagers have been made during this time. Over \$13.6 billion in bets have been handled with \$12.6 billion in payouts. This results in nearly \$1 billion in adjusted gross receipts from sports wagering, thereby generating approximately \$92 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 |
| Total | 368,817,309 | \$13,630 | \$12,639 | \$991 | \$149 |

Source: Illinois Gaming Board

The FY 2022 figures benefitted from recent changes to the industry. Originally, State law required online sportsbook registrations for bettors to be completed in-person. After temporarily suspending, then reinstating in-person registration twice over the course of FY 2021, Governor Pritzker permanently waived the in-person requirement in March 2022 ahead of the NCAA men's basketball tournament. This has allowed new bettors to enter the sports wagering foray, mostly as mobile customers through sportsbook applications. In addition, P.A. 102-0689 modified the original law by allowing bettors to wager on a sports event involving an Illinois collegiate team, but only if it is done in-person at an Illinois sportsbook. This provision is set to expire on July 1, 2023.

Sports Wagering Details

The following section provides more detail to the FY 2022 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, seven casinos can accept on-site and online sports wagers. The casinos listed throughout this section are partners with the following online sportsbooks:

- 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 2022 was Fairmount Park, Inc. with a total AGR of \$253.3 million. Rounding out the top three were Casino Queen, Inc. at \$147.9 million and Midwest Gaming & Entertainment, LLC (owner of BetRivers and the Rivers Casino in Des Plaines) at \$98.5 million.

| TABLE 32: TOTAL AGR FROM SPORTS WAGERING IN FY 2022 | | | | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| <i>by Sports Wagering License</i> | | | | | | | | | | | | | |
| <i>\$ in millions</i> | | | | | | | | | | | | | |
| License | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | TOTAL |
| Fairmount Park, Inc. | \$15.7 | \$9.3 | \$16.7 | \$23.2 | \$30.3 | \$12.9 | \$25.6 | \$11.1 | \$25.1 | \$34.4 | \$32.0 | \$16.8 | \$253.3 |
| Casino Queen, Inc. | \$9.6 | \$7.5 | \$6.8 | \$13.4 | \$22.2 | \$6.4 | \$19.4 | \$11.5 | \$12.8 | \$14.9 | \$14.2 | \$9.2 | \$147.9 |
| Midwest Gaming & Entertain., LLC | \$6.6 | \$5.4 | \$8.3 | \$8.4 | \$13.8 | \$7.0 | \$11.7 | \$7.4 | \$9.1 | \$6.4 | \$8.9 | \$5.5 | \$98.5 |
| Hawthorne Race Course, Inc. | \$2.9 | \$2.1 | \$3.2 | \$3.2 | \$5.8 | \$4.0 | \$4.3 | \$3.2 | \$6.8 | \$6.3 | \$4.2 | \$3.1 | \$49.2 |
| HC Aurora, LLC | \$2.3 | \$2.1 | \$3.8 | \$3.2 | \$5.6 | \$2.4 | \$4.2 | \$2.1 | \$3.2 | \$3.9 | \$2.9 | \$2.7 | \$38.4 |
| Par-A-Dice Gaming Corporation | \$0.1 | \$0.0 | \$0.2 | \$0.1 | \$0.1 | \$0.1 | \$0.2 | \$0.0 | \$2.1 | \$2.5 | \$3.0 | \$1.8 | \$10.2 |
| Elgin Riverboat Resort | \$0.1 | \$0.2 | \$0.4 | \$0.6 | \$0.6 | \$0.7 | \$0.1 | \$0.1 | \$1.1 | \$1.4 | \$1.7 | \$1.5 | \$8.6 |
| Alton Casino, LLC | \$0.3 | \$0.1 | \$0.4 | \$0.3 | \$0.6 | \$0.2 | \$0.4 | \$0.1 | \$0.4 | \$0.4 | \$0.2 | \$0.2 | \$3.8 |
| HC Joliet, LLC | \$0.1 | \$0.1 | \$0.2 | \$0.1 | \$0.2 | \$0.1 | \$0.3 | \$0.0 | \$0.1 | \$0.1 | \$0.3 | \$0.0 | \$1.4 |
| TOTAL | \$37.6 | \$26.8 | \$40.0 | \$52.6 | \$79.3 | \$33.7 | \$66.2 | \$35.6 | \$60.6 | \$70.5 | \$67.5 | \$40.9 | \$611.3 |

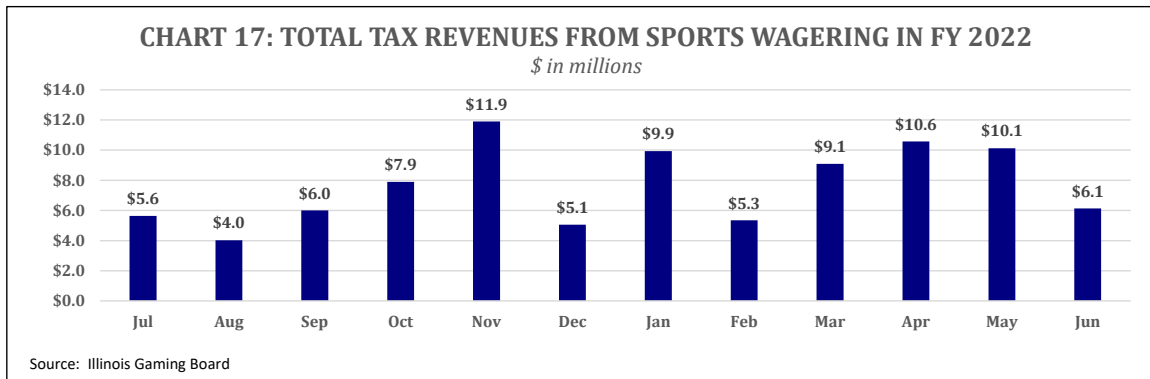
Source: Illinois Gaming Board

- **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 \$611.3 million in adjusted gross receipts resulted in a tax revenue total for FY 2022 of \$91.7 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 ILLINOIS | | | | | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|---------------|
| <i>by Sports Wagering License</i> | | | | | | | | | | | | | |
| <i>\$ in millions</i> | | | | | | | | | | | | | |
| License | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | TOTAL |
| Fairmount Park, Inc. | \$2.4 | \$1.4 | \$2.5 | \$3.5 | \$4.5 | \$1.9 | \$3.8 | \$1.7 | \$3.8 | \$5.2 | \$4.8 | \$2.5 | \$38.0 |
| Casino Queen, Inc. | \$1.4 | \$1.1 | \$1.0 | \$2.0 | \$3.3 | \$1.0 | \$2.9 | \$1.7 | \$1.9 | \$2.2 | \$2.1 | \$1.4 | \$22.2 |
| Midwest Gaming & Entertainment, LLC | \$1.0 | \$0.8 | \$1.3 | \$1.3 | \$2.1 | \$1.0 | \$1.8 | \$1.1 | \$1.4 | \$1.0 | \$1.3 | \$0.8 | \$14.8 |
| Hawthorne Race Course, Inc. | \$0.4 | \$0.3 | \$0.5 | \$0.5 | \$0.9 | \$0.6 | \$0.6 | \$0.6 | \$0.5 | \$1.0 | \$0.6 | \$0.5 | \$7.4 |
| HC Aurora, LLC | \$0.3 | \$0.3 | \$0.6 | \$0.5 | \$0.8 | \$0.4 | \$0.6 | \$0.3 | \$0.5 | \$0.6 | \$0.4 | \$0.4 | \$5.8 |
| Par-A-Dice Gaming Corporation | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.3 | \$0.4 | \$0.4 | \$0.3 | \$1.5 |
| Elgin Riverboat Resort | \$0.0 | \$0.0 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.0 | \$0.0 | \$0.2 | \$0.2 | \$0.3 | \$0.2 | \$1.3 |
| Alton Casino, LLC | \$0.0 | \$0.0 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.0 | \$0.1 | \$0.0 | \$0.1 | \$0.0 | \$0.0 | \$0.6 |
| 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 |
| TOTAL | \$5.6 | \$4.0 | \$6.0 | \$7.9 | \$11.9 | \$5.1 | \$9.9 | \$5.3 | \$9.1 | \$10.6 | \$10.1 | \$6.1 | \$91.7 |

Source: Illinois Gaming Board



The following tables display in greater detail the sports wagering revenues from FY 2022. 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 (92.4% of wagers, 85.0% of the handle, and 84.4% 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 2022. 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 2022 DETAILED SUMMARY OF WAGERING IN ILLINOIS
by Sport Level and Wagering Format
\$ in millions

| Wagers | | | | |
|-----------------------|------------------|--------------------|--------------------|-------------------|
| Sport Level | In-Person | Online | Total | % of Total |
| Professional | 2,904,302 | 202,073,984 | 204,978,286 | 92.4% |
| College | 360,947 | 15,724,632 | 16,085,579 | 7.3% |
| Motor Race | 8,997 | 563,355 | 572,352 | 0.3% |
| Other Event | 2,941 | 102,896 | 105,837 | 0.0% |
| TOTAL | 3,277,187 | 218,464,867 | 221,742,054 | 100.0% |
| Handle | | | | |
| Sporting Event | In-Person | Online | Total | % of Total |
| Professional | \$289.7 | \$6,948.6 | \$7,238.3 | 85.0% |
| College | \$62.9 | \$1,198.1 | \$1,261.0 | 14.8% |
| Motor Race | \$0.3 | \$8.6 | \$8.8 | 0.1% |
| Other Event | \$0.5 | \$6.0 | \$6.5 | 0.1% |
| TOTAL | \$353.4 | \$8,161.3 | \$8,514.7 | 100.0% |
| Payout | | | | |
| Sporting Event | In-Person | Online | Total | % of Total |
| Professional | \$264.9 | \$6,409.8 | \$6,674.7 | 84.4% |
| College | \$60.1 | \$1,156.2 | \$1,216.3 | 15.4% |
| Motor Race | \$0.2 | \$7.3 | \$7.5 | 0.1% |
| Other Event | \$0.4 | \$5.6 | \$5.9 | 0.1% |
| TOTAL | \$325.6 | \$7,578.8 | \$7,904.4 | 100.0% |

Source: Illinois Gaming Board

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 2022 for the second year in a row, accounting for 54.6% 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 (14.0%), followed by football (10.2%) and baseball (6.5%).

Despite consisting of a majority of wagers, parlays did not comprise even a plurality of handles and payouts, as basketball had the most activity at 26.7% and 27.6% respectively, benefitting from both the NBA season and playoffs, as well as the popular NCAA tournament. Parlays had the 2nd most wagers and payouts, followed by football and baseball. As shown in both tables, the vast majority of wagering activity was done online (98.5%), with only 1.5% done in person. This was an increase from the 96.0% done online in FY 2021. In terms of handles and payouts, approximately 96% of the activity was reported to be from online gambling.

TABLE 35: FY 2022 DETAILED SUMMARY OF WAGERING IN ILLINOIS
by Sporting Event and Wagering Format
\$ in millions

| Wagers | | | | |
|-----------------------|------------------|--------------------|--------------------|-------------------|
| Sporting Event | In-Person | Online | Total | % of Total |
| Baseball | 423,805 | 14,078,196 | 14,502,001 | 6.5% |
| Basketball | 603,454 | 30,451,526 | 31,054,980 | 14.0% |
| Boxing/MMA | 34,701 | 2,292,954 | 2,327,655 | 1.0% |
| Football | 592,925 | 22,047,365 | 22,640,290 | 10.2% |
| Golf | 50,248 | 4,034,741 | 4,084,989 | 1.8% |
| Hockey | 101,210 | 4,787,830 | 4,889,040 | 2.2% |
| Soccer | 161,856 | 6,335,168 | 6,497,024 | 2.9% |
| Tennis | 43,185 | 6,281,014 | 6,324,199 | 2.9% |
| Parlay | 1,248,998 | 119,928,080 | 121,177,078 | 54.6% |
| Other Sport | 4,867 | 7,561,742 | 7,566,609 | 3.4% |
| Motor Race Event | 8,997 | 563,355 | 572,352 | 0.3% |
| Other Event | 2,941 | 102,896 | 105,837 | 0.0% |
| TOTAL | 3,277,187 | 218,464,867 | 221,742,054 | 100.0% |
| Handle | | | | |
| Sporting Event | In-Person | Online | Total | % of Total |
| Baseball | \$60.8 | \$943.8 | \$1,004.6 | 11.8% |
| Basketball | \$100.4 | \$2,174.2 | \$2,274.5 | 26.7% |
| Boxing/MMA | \$5.5 | \$94.7 | \$100.3 | 1.2% |
| Football | \$86.9 | \$1,290.5 | \$1,377.5 | 16.2% |
| Golf | \$2.0 | \$111.1 | \$113.1 | 1.3% |
| Hockey | \$12.7 | \$272.1 | \$284.8 | 3.3% |
| Soccer | \$15.4 | \$379.7 | \$395.1 | 4.6% |
| Tennis | \$4.2 | \$657.8 | \$662.0 | 7.8% |
| Parlay | \$63.9 | \$1,835.7 | \$1,899.5 | 22.3% |
| Other Sport | \$0.8 | \$387.2 | \$388.0 | 4.6% |
| Motor Race Event | \$0.3 | \$8.6 | \$8.8 | 0.1% |
| Other Event | \$0.5 | \$6.0 | \$6.5 | 0.1% |
| TOTAL | \$353.4 | \$8,161.3 | \$8,514.7 | 100.0% |
| Payout | | | | |
| Sporting Event | In-Person | Online | Total | % of Total |
| Baseball | \$56.2 | \$905.7 | \$961.9 | 12.2% |
| Basketball | \$96.2 | \$2,088.4 | \$2,184.6 | 27.6% |
| Boxing/MMA | \$5.1 | \$87.4 | \$92.5 | 1.2% |
| Football | \$82.9 | \$1,240.5 | \$1,323.4 | 16.7% |
| Golf | \$1.9 | \$103.5 | \$105.4 | 1.3% |
| Hockey | \$12.0 | \$260.0 | \$272.0 | 3.4% |
| Soccer | \$13.6 | \$352.5 | \$366.1 | 4.6% |
| Tennis | \$3.9 | \$618.7 | \$622.6 | 7.9% |
| Parlay | \$52.6 | \$1,532.9 | \$1,585.5 | 20.1% |
| Other Sport | \$0.7 | \$376.4 | \$377.1 | 4.8% |
| Motor Race Event | \$0.2 | \$7.3 | \$7.5 | 0.1% |
| Other Event | \$0.4 | \$5.6 | \$5.9 | 0.1% |
| TOTAL | \$325.6 | \$7,578.8 | \$7,904.4 | 100.0% |

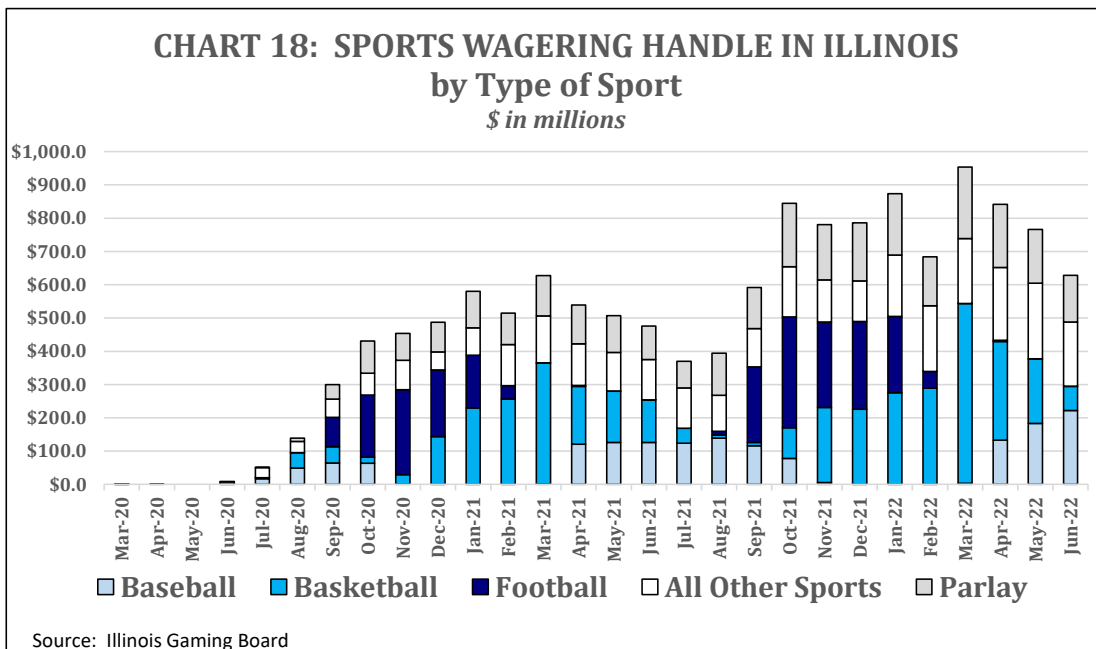
Source: Illinois Gaming Board

- **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. 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 18 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. The annual peaks have so far been in March when the NCAA basketball tournament comes into play. While monthly totals are expected to increase above these levels in the future as sports wagering expands, similar patterns of ebbs and flows of seasonal activity are expected throughout future sports seasons.



Sports Wagering in Other States

In the Midwest Region, Illinois is currently one of three states to offer sports wagering. Iowa began generating revenues from sports wagering in August 2019. Indiana began shortly after in September 2019. 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 mirrors states who enacted comparable legislation during a similar timespan. For example, while Illinois’ AGR total increased 60.7% in FY 2022 to \$610 million, Iowa experienced a 57.8% increase from \$90 million to \$140 million. Indiana’s growth was not as pronounced, but still managed a solid 37.9% increase to \$329 million in FY 2022.

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 \$316 million in FY 2022 (\$510 million when not accounting for promotional credits) – well below Illinois’ total of \$610 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 | \$0.0 | \$0.0 | \$21.7 |
| FY 2020 | \$0.4 | \$78.5 | \$25.7 | \$113.7 |
| FY 2021 | \$379.8 | \$238.5 | \$90.0 | \$308.8 |
| FY 2022 | \$610.3 | \$328.9 | \$139.6 | \$315.7 |
| TOTALS | \$990.5 | \$645.9 | \$255.3 | \$760.0 |
| FY22/FY21 Growth: | 60.7% | 37.9% | 55.1% | 2.2% |

* 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

Without pandemic-induced restrictions on casino and sports wagering activity, Illinois was able to generate a 60.7% increase in adjusted gross receipts and tax revenues in FY 2022. This considerable leap in tax revenues in its second full year to over \$90 million approaches maximum range estimates made by Oxford Economics prior to the authorization of sports wagering in Illinois. In that study, the group estimated Illinois could generate between \$58 million and \$102 million in tax revenues under the 15% tax rate. In other words, Illinois' recent performance appears to have met, and is trending towards, exceeding industry expectations. Continued advancement in online wagering through reduced regulatory burdens for the average bettor has contributed to the growth of sports wagering in Illinois, and with numerous other licenses pending for new casinos and operators, additional growth is likely.

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. Rockford's temporary casino has already opened, and casinos in Waukegan and the south suburbs of Chicago, could open operations in the next fiscal year. Additional casinos could be opened shortly after. Whether or not these new casino projects will yield new sports wagering licensees like other operating gaming facilities in Illinois remains to be determined. Online sportsbook bettor registration has dominated sports wagering totals and statistics, which should only continue given the alleviated in-person registration requirement.

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 growth in sports wagering could be seen in sports facilities sportsbooks. In December 2021, the Chicago City Council approved an ordinance lifting a ban on stadium sportsbooks, affecting the likes of Soldier Field, Wintrust Arena, Wrigley Field, and Guaranteed Rate to name a few. And in February 2022, FanDuel and the United Center announced an agreement to open and operate a retail sportsbook within the home of the Bulls and Blackhawks. While no license application has been submitted to the Illinois Gaming Board at the time of publication, the announcement signals a desire from sporting facilities and entities to capitalize upon already existing State legislation permitting sports wagering on a facility within a five-block radius of these arenas.

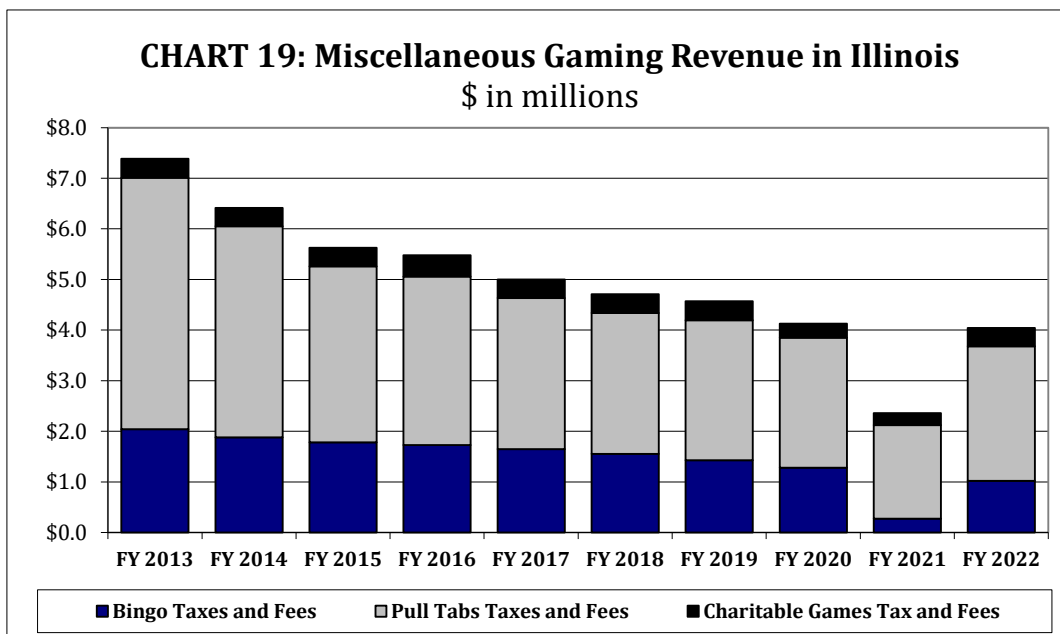
In summary, the recent surge in sports wagering revenues appears to be far from over. The combination of this new revenue, in conjunction with various license fees, will lead to welcomed amounts of tax revenues for State coffers.

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 2022, the State generated \$104,632 in bingo license fees and \$917,642 in bingo taxes. Total bingo receipts were up 276.1% from FY 2021 levels, but 28.4% 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 2022, the State received \$76,800 in license fees and \$287,636 from the charitable games tax. Total charitable games receipts were 55.3% higher than FY 2021 levels, but still 3.1% 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 2022, the State received \$292,725 in license fees and \$2.4 million from the pull tabs and jar games tax. Total pull-tabs and jar games receipts were up 43.5% from FY 2021 levels, but remain 4.0% lower than FY 2019 levels.

In total, miscellaneous gaming revenue sources generated \$4.0 million in FY 2022. This figure is 71.5% higher than the pandemic impacted FY 2021 total of \$2.4 million. Despite the increase, the latest total remains 11.6% 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 2013.



CONCLUSION

The enactment of P.A. 101-0031 and P.A. 101-0648 has created a plethora of new 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, a new operating casino in Rockford, thousands of new gaming video gaming terminals across the state, and from the implementation of sports wagering. Because of these new gaming options, State-designated revenues from gaming sources increased 38.2% in FY 2022 to a record high of near \$1.9 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 new casinos open.

While a surge in gaming revenues was anticipated, it was significantly hampered by the pandemic. State designated gaming revenues fell 11.7% in FY 2020 from \$1.4 billion to \$1.2 billion in large part due to the suspension of video gaming and casino operations between March 16th and June 30th. An additional virus-related suspension between November 19, 2020 and January 14, 2021 halted gaming revenues for a period of FY 2021. However, pent-up demand and increases in discretionary spending allowed these revenues to bounce back quite well as totals by the end of FY 2021 were 9.5% above prior year levels.

While wagering related revenues were up overall in FY 2021, the casino industry was not part of this initial resurgence of wagering revenues. Continued health concerns combined with the ease and accessibilities of other wagering options, such as video gaming, resulted in adjusted gross receipts from Illinois' casinos falling 4.8% in FY 2021, which followed the 30.0% decline in FY 2020. However, things improved significantly in FY 2022 as overall AGR levels increased 45.7% from \$900 million to \$1.3 billion. Every Illinois casino contributed to this jump in revenues, but the sizeable increase was primarily due to the expansion of the highly successful Rivers Casino in Des Plaines and the opening of the Hard Rock Casino in Rockford.

Despite the recent growth in the AGR of Illinois' casinos, the FY 2022 combined AGR total remains below pre-pandemic levels of FY 2019 and well below levels from a decade ago. Furthermore, the reduced tax structure put into place under P.A. 101-0031 and P.A. 101-0648 has resulted in tax revenues from casinos significantly lower than levels from the past. For example, casino revenues transferred from the State Gaming Fund to the Education Assistance Fund was only \$140 million in FY 2022 – notably lower than the \$269 million that was transferred in FY 2019. And while this amount should improve as more casinos are put into operation across the State, the combination of the reduced tax structure, the expected cannibalization of revenues from existing casinos, and the fulfillment of statutory tax offsets will make it difficult for State tax dollars from casinos to reach levels from the past – despite the considerable growth expected in casino wagering activity.

From an overall tax revenue perspective, any disappointment in recent casino tax collection totals has been more than offset by the growth in revenues from the video gaming industry. 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 43,000 by the end of FY 2022. Over \$2.6 billion in net terminal income was collected in FY 2022, generating nearly \$900 million in tax revenues. Few would argue that the emergence of video gaming has had an adverse effect on the casino industry. However, despite the overall downward trend in casino figures, when combining Illinois' casino and video gaming numbers, the total amount of dollars spent on these gaming formats has increased from \$1.641 billion in FY 2012 to its latest total of \$3.940 billion in FY 2022. Similarly, combined tax revenue totals have increased from \$548 million in FY 2012 to over \$1.2 billion in FY 2022.

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. Lottery sales fell slightly from all-time highs in FY 2022 but remain elevated compared to previous years. Total sales equaled \$3.4 billion, while transfers to the Common School Fund continued to grow to a record level of \$820 million. Special cause sales amounted to \$9.4 million in line with the previous year. Following FY 2021, when there was no money sent to the Capital Projects Fund, this fund received just under \$4 million in FY 2022. Going forward, the Lottery will continue to try and grow sales through greater opportunities to access the Lottery and new game innovations. However, legislative changes in the Spring of 2022 will preclude the Common School Fund from receiving Lottery proceeds after FY 2023.

The horse racing industry in Illinois continues to tread water. While the amount wagered on horse racing did increase 11.5% over the last calendar year, the recent annual total is still 45.8% below levels from two decades ago. 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. The State will soon see if this is true as 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 second full fiscal year of operations, revenues generated from sports wagering in Illinois grew 60.7% from \$380 million to \$610 million. With a tax rate of 15%, this resulted in \$92 million in new tax revenues for FY 2022 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. 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, new casinos are set to be opened in

Waukegan, Danville, Williamson County, the south suburbs of Chicago, and in the City of Chicago. 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. If so, State and local government coffers will greatly benefit from the additional tax revenue generated by these gaming sources. If not, more questions arise, such as which entities will be the winners and losers of this resulting oversaturation. 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. After years of this report speculating on these types of questions, the wagering data collected over the next several years should finally lead to an answer.

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. Effective December 10, 2018, pursuant to P.A. 100-1148 the former Legislative Research Unit was merged into the Commission.

The Commission has three internal units—Revenue, Pensions, and Research, each of which has a staff of analysts and researchers 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 *First Reading*, a quarterly newsletter which includes abstracts of annual reports or special studies from other state agencies, the *Illinois Tax Handbook for Legislators*, *Federal Funds to State Agencies*, 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.

Commission on Government Forecasting & Accountability

802 Stratton Office Building
Springfield, Illinois 62706
Phone: 217.782.5322
Fax: 217.782.3513
<http://cgfa.ilga.gov>