Testimony Before the Illinois House Executive Committee
Capitol Building
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“EXPANSION OF ILLINOIS GAMBLING WILL GIVE AWAY $BILLIONS TO GAMBLING’S INSIDERS, CANNIBALIZE THE CONSUMER ECONOMY, AND DECREASE NET TAX REVENUES TO ILLINOIS TREASURY”

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The original 1990 legislation authorizing 10 casinos in Illinois granted casino licenses worth a Wall Street value of $5 billion ($11 billion in current dollars) to political insiders for only $25,000 per license, including a political insider who subsequently went to prison for Illinois corruption. See, 1990 Riverboat Gambling Act, Pub. Act 86-1029, Ill. Rev. Stat., ch. 120, paras. 2401, 2407, et seq. (1990) (enacting S.B. 572); codified at 230 ILCS 10/7 (2014) (price of each of 10 casino owners’ licenses equals $25,000 per license) (supported by Speaker Madigan who voted in favor, and supported by Representative Cullerton who voted in favor).

Despite multiple caveats in academic journals about these giveaways to gambling’s insiders, the two gambling expansion bills vetoed by Illinois Governor Patrick Quinn raised these license fees to only $100,000 each—when their Wall Street values were and are hundreds of millions of dollars. See 2011 Gaming Expansion Bill, S.B. 744 (price of each of 11 casino owners’ licenses equals $100,000 per license). S.B. 744 was supported by Speaker Madigan and voted for by Senate President Cullerton, but vetoed on March 4, 2013 by Governor Quinn, who cited regulatory concerns. Allegedly due to press criticisms, Speaker Madigan’s actual vote was “present,” but “Legislation has little chance without his approval.” David Kidwell, et al., The Madigan Rules, CHI. TRIB., Jan. 21, 2010, sec. 1, at 1; see also, John Chase & David Kidwell, Madigan’s Kind of Town, CHI. TRIB., Jan. 24, 2010, sec. 1, at 1 [hereinafter CHI. TRIB. Allegations re Speaker Madigan’s Office].

The 2012 Gaming Expansion Bill, S.B. 1849 maintained the price of each of 11 casino owners’ licenses at $100,000 per license. S.B. 1849 was supported by Speaker Madigan and voted for by Senate President Cullerton, but vetoed on August 28, 2012 by Governor Quinn, who repeated his regulatory concerns. Allegedly due to press criticisms, Speaker Madigan’s actual vote was “present.” See, e.g., CHI. TRIB. Allegations re Speaker Madigan’s Office, supra.

The 2013 Gaming Expansion Bill, S.B. 1739, again pegged the price of each of 13 to 14 casino-gambling licenses at $100,000 per license.

The 2014 Gaming Expansion Bill kept the price of each of 13 to 14 casino-gambling licenses at $100,000 per license.
As just one historical example of the Illinois legislature being briefed on the value of Illinois casino licenses, in 2003 financial expert Jeffrey Hooke of the Maryland Tax Foundation highlighted:

a. a 2002 offer of $615 million by MGM-Mirage Corp. for the Rosemont license,
b. an offer of $750 million by the Illinois Argosy group for a suburban Cincinnati riverboat license, and
c. a $660-$663 million offer for a Detroit casino license.


Continuing and current proposed giveaways of $7-$14 billion in Illinois casino license fees undermines allegations that Illinois has a bona fide overall budgetary or economic problem.

Furthermore, in the Canadian Model, the government keeps virtually all of the income and only pays management fees to the casino companies. Those U.S. states not emulating the Canadian Model are giving away $billions to casino companies.

The 2009 Video Gaming Act, H.B. 255, also highlights the millions of tax dollars being given away to gambling interests. As of 2015 Illinois had more electronic gambling devices (EGDs) than Nevada, but Illinois has one of the lowest (if not the lowest) tax rates on EGDs. Under the 2009 Video Gaming Act, the owner/operators divide 70% of the revenues, while the State Treasury receives only 25% and local governments only 5%.


As Governor Quinn often reminded the public: “You cannot gamble your way to prosperity.” These basic economic principles are meticulously documented in the multi-volume *United States International Gaming® Report,* produced at the University of Illinois and in concert with other research universities. This report updates and augments the U.S. *National Gambling Impact Study Commission Final Report* sponsored by U.S. Senator Paul Simon (D-IL) and U.S. Representative Henry Hyde (R-IL) and supported by virtually all of the Illinois Congressional Delegation who enacted this U.S. Commission with an 80% bipartisan vote by Congress.
After hearing the 2005 testimony of academics from the University of Illinois, the Illinois House Executive Committee voted (with only one dissenting vote) to eliminate the 10 original Illinois casinos because these casinos were economically detrimental to the public and the State Treasury. As quoted during a 2006 U.S. Congressional hearing:

On October 27, 2005, the Illinois House of Representatives voted 67 to 42 (with 7 voting “present”) for the Senator Paul Simon memorial bill (as it is popularly referenced) to re-criminalize the Illinois casinos via H.B. 1920 sponsored by Representative John Bradley.


   Illinois needs to become business friendly, expand its consumer base, and grow its economy.

   Via the tax system, Illinois should immediately reclaim the $billions ethically owed to the state by gambling interests, and the State’s future policy should be to “tax gambling, not people.”

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