



Commission on Government Forecasting and Accountability

802 Stratton Ofc. Bldg., Springfield, IL 62706

MONTHLY BRIEFING FOR THE MONTH ENDED: JANUARY 2020

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Summary of 2019 Gaming Statistics

Eric Noggle, Senior Revenue Analyst

The following section provides a statistical summary of Illinois' gaming related revenues in CY 2019 from its two primary gaming sources: casino gambling and video gaming. The location of these gaming dollars, recent trends, and the combined impact of these revenue sources are summarized in the tables and paragraphs below.

The gaming industry is in the midst of change following the June 2019 enactment of P.A. 101-0031. This Act created numerous changes to the gaming industry including the authorization of several new casinos, new racetrack casinos, additional gaming positions at existing casinos, additional video gaming terminals, the modification of tax structures, and the authorization of sports wagering throughout the State. While it will take several years before the full impact of these changes will be seen in the form of new tax revenues for the State, there were a few areas that did begin to see some impacts from the changes in P.A. 101-0031 and in the 2019 gaming figures described below.

- The gaming position limit on existing casinos in Illinois was increased from 1,200 to 2,000 positions. Casinos who wish to purchase additional gaming positions must pay for these positions by July 1, 2020. However, it

INSIDE THIS ISSUE

PAGE 1: Summary of 2019 Gaming Statistics

PAGE 7: Illinois Economic Indicators

PAGE 8: **REVENUE:** January Receipts Offer Slight Overall Gain Due To Stronger Federal Sources and Transfers

PAGE 9 - 10: Revenue Tables

- appears that casinos who have applied to the Gaming Board for these additional positions may begin to utilize these additional positions prior to the July 2020 payment deadline as Rivers Casino in Des Plaines has begun operating more than 1,200 positions according to the Board's latest monthly riverboat report (1,243 positions in November 2019). These additional positions are likely the impetus behind Rivers' significant increases in its adjusted gross receipt figures over the last two months (+17.6%).

- The tax on video gaming terminals was increased on July 1, 2019 from a flat tax of 30% to a flat tax of 33%. Video gaming saw notable increases (over 20%) in its tax revenues over the last half of 2019 due to this tax increase. Revenue from this additional 3% tax is distributed to the Capital Projects Fund. This tax is set to increase to 34% on July 1, 2020.
- The limit on video gaming terminals per establishment was increased from 5 to 6 terminals. While there has been some delays in the implementation of this limit increase, the latest monthly data released by the Gaming Board (Dec 2019) shows that 115 of the 7,180 locations operating video gaming machines have reached the limit of 6 machines. It is expected that this figure will

increase significantly in 2020, thereby adding additional revenues for the upcoming year. While the Act also allows certain truck stops to have as many as 10 video gaming terminals, no truck stop had yet reached those levels by the end of 2019.

It should be noted that while there were also a variety of application fees in 2019 received as part of the enacted changes (one-time revenues), the focus of this summary is in regard to recurring revenues.

Illinois Casino Statistics

The ten operating casinos in Illinois generated \$1.354 billion in adjusted gross receipts (AGR) in CY 2019. This total is 1.5% below the \$1.375 billion collected in CY 2018 and is 17.3% lower than the \$1.639 billion collected seven years ago in CY 2012 (the year video gaming terminals began operating in Illinois). The 2019 decline marks the seventh consecutive calendar year that AGR totals have fallen in Illinois compared to the prior year.

During this seven-year period, only one casino, the Rivers Casino in Des Plaines, has experienced growth in its AGR totals (7-year growth of 8.1%). In fact, all of the other nine Illinois casinos have seen double-digit declines during this time period, ranging from -18.3% at Joliet Hollywood to a decline of -45.1% at Alton's Argosy Casino. These statistics can be seen in the below table.

ILLINOIS CASINOS										
<i>\$ IN MILLIONS</i>	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	1-Yr.	Change
	AGR	AGR	AGR	AGR	AGR	AGR	AGR	AGR	Change	from 2012
ALTON ARGOSY - Alton	\$71.0	\$64.3	\$56.5	\$54.6	\$49.1	\$48.0	\$46.8	\$39.0	-16.8%	-45.1%
PAR-A-DICE - E. Peoria	\$116.3	\$107.3	\$94.0	\$90.0	\$82.5	\$78.9	\$76.2	\$72.8	-4.4%	-37.4%
JUMER'S - Rock Island	\$87.9	\$81.6	\$76.7	\$76.7	\$75.6	\$70.5	\$68.2	\$66.3	-2.7%	-24.5%
HOLLYWOOD CASINO - Joliet	\$141.5	\$131.3	\$122.6	\$125.3	\$121.3	\$123.3	\$118.1	\$115.6	-2.1%	-18.3%
HARRAH'S - Metropolis	\$97.7	\$85.5	\$81.8	\$83.4	\$80.4	\$79.5	\$71.5	\$68.4	-4.4%	-30.0%
HARRAH'S - Joliet	\$212.1	\$202.4	\$199.1	\$186.0	\$183.7	\$182.9	\$178.1	\$171.6	-3.6%	-19.1%
HOLLYWOOD CASINO - Aurora	\$151.9	\$141.9	\$126.9	\$121.2	\$120.5	\$121.0	\$116.9	\$114.6	-2.0%	-24.5%
CASINO QUEEN - E. St. Louis	\$131.2	\$124.6	\$110.5	\$105.0	\$109.2	\$102.1	\$96.4	\$99.5	3.2%	-24.2%
GRAND VICTORIA - Elgin	\$212.4	\$194.3	\$171.8	\$171.5	\$163.6	\$168.7	\$160.8	\$156.0	-2.9%	-26.5%
RIVERS CASINO - Des Plaines	\$416.7	\$418.9	\$425.5	\$425.0	\$428.4	\$433.0	\$441.8	\$450.5	2.0%	8.1%
TOTALS	\$1,638.6	\$1,552.0	\$1,465.4	\$1,438.8	\$1,414.4	\$1,407.9	\$1,374.9	\$1,354.4	-1.5%	-17.3%
CHICAGO REGION TOTALS	\$1,134.6	\$1,088.8	\$1,045.8	\$1,029.1	\$1,017.6	\$1,029.0	\$1,015.7	\$1,008.4	-0.7%	-11.1%
CHICAGO REGION W/O DES PLAINES	\$717.9	\$669.9	\$620.3	\$604.1	\$589.1	\$595.9	\$573.9	\$557.9	-2.8%	-22.3%
ST. LOUIS REGION TOTALS	\$202.2	\$188.8	\$167.1	\$159.6	\$158.4	\$150.1	\$143.3	\$138.5	-3.4%	-31.5%

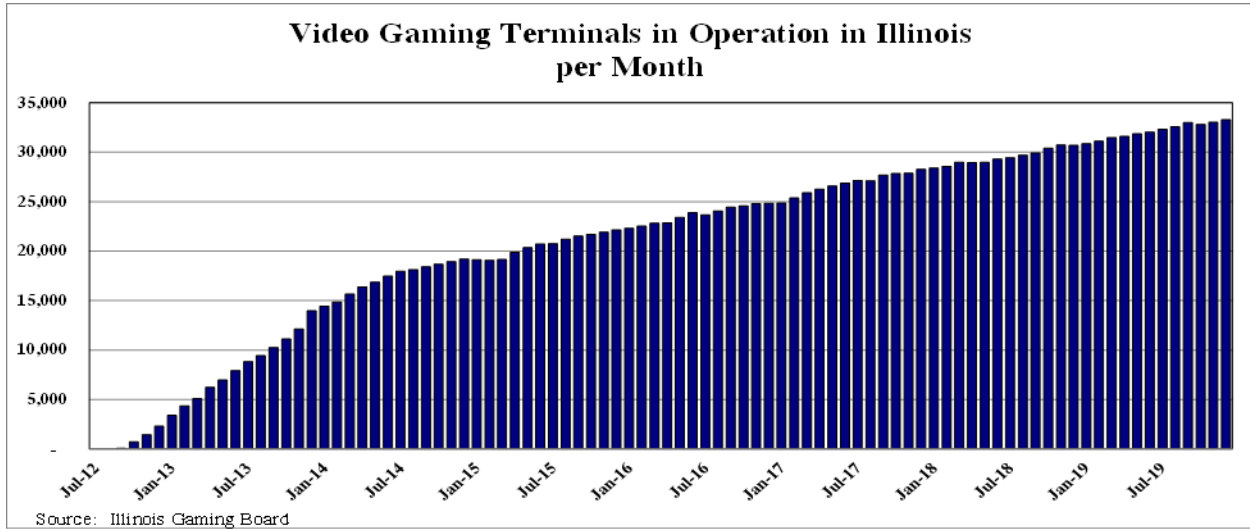
In terms of tax revenues generated from the admission tax and graduated tax structure on Illinois casinos, a total of \$455.2 million was collected in CY 2019 (with an effective tax rate of 33.6%). This figure is 1.5% below the \$462.2 collected in CY 2018 and is 20.7% below the \$574.3 million collected seven years ago in CY 2012. These revenues are paid into the State Gaming Fund and distributed to a number of various State and local funds. The majority of these tax revenues (\$269 million in FY 2019) is transferred to the Education Assistance Fund.

The amount of tax revenues generated from casinos in the coming years will be impacted by the modification of the tax structure as established by P.A. 101-0031. This new tax structure will go into effect the first day that a new casino conducts gambling operations, either in a temporary facility or a permanent facility. The new tax structure will result in an effectively lower tax rate due to the lowering of tax brackets and the taxation

of table games and electronic gaming devices separately. However, from a tax revenue perspective, the hope is that the revenue losses from the reduced tax structure will be more than offset by an increase in tax revenues from the new casinos, the new racinos, and gaming position limit increases. The timing of when this will occur remains to be seen.

Video Gaming Statistics

It has now been over seven years since the first video gaming machines became operational in Illinois. In its opening month in September 2012, 61 video gaming machines were in operation. As shown on the following page, this figure has steadily increased ever since, surpassing the 33,000 mark at the end of 2019. This increase is expected to continue into 2020 in large part due to the terminal limit increases provided under P.A. 101-0031.



As the terminals have increased, so has the amount of revenue (net terminal income) and tax dollars generated by these machines. In CY 2019, a total of \$1.677 billion in net terminal income (taxable base) generated \$503 million in State and local tax dollars. A table showing a history of video gaming figures (by calendar year) since its inception in September 2012 is shown below.

Illinois Video Gaming Statistics by Calendar Year						
Fiscal Year	Terminals in Operation at End of Year	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)
CY 2012	2,293	\$12.3	\$14.70	\$3.7	\$3.1	\$0.6
CY 2013	13,974	\$300.7	\$58.95	\$90.2	\$75.2	\$15.0
CY 2014	19,182	\$659.5	\$94.20	\$197.9	\$164.9	\$33.0
CY 2015	22,135	\$913.6	\$113.08	\$274.1	\$228.4	\$45.7
CY 2016	24,841	\$1,108.1	\$122.22	\$332.4	\$277.0	\$55.4
CY 2017	28,271	\$1,302.8	\$126.25	\$390.8	\$325.7	\$65.1
CY 2018	30,694	\$1,500.0	\$133.89	\$450.0	\$375.0	\$75.0
CY 2019	33,294	\$1,676.7	\$137.97	\$503.0	\$419.2	\$83.8

* 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 will increase to 34%. Revenues from the additional tax are to be deposited into the Capital Projects Fund.

The latest data from the Illinois Gaming Board shows that 7,676 different establishments were home to 35,179 video gaming terminals in CY 2019 for an average of 4.6 terminals per location. *(Note: The fiscal year terminal total is higher than the latest monthly figures because this calendar year total would include terminals that were once in operation, but have been since removed during the year).* The Gaming Board's data set includes the name of the municipality of the location operating each video gaming machine. This enables the Commission to categorize the data by municipality and by county.

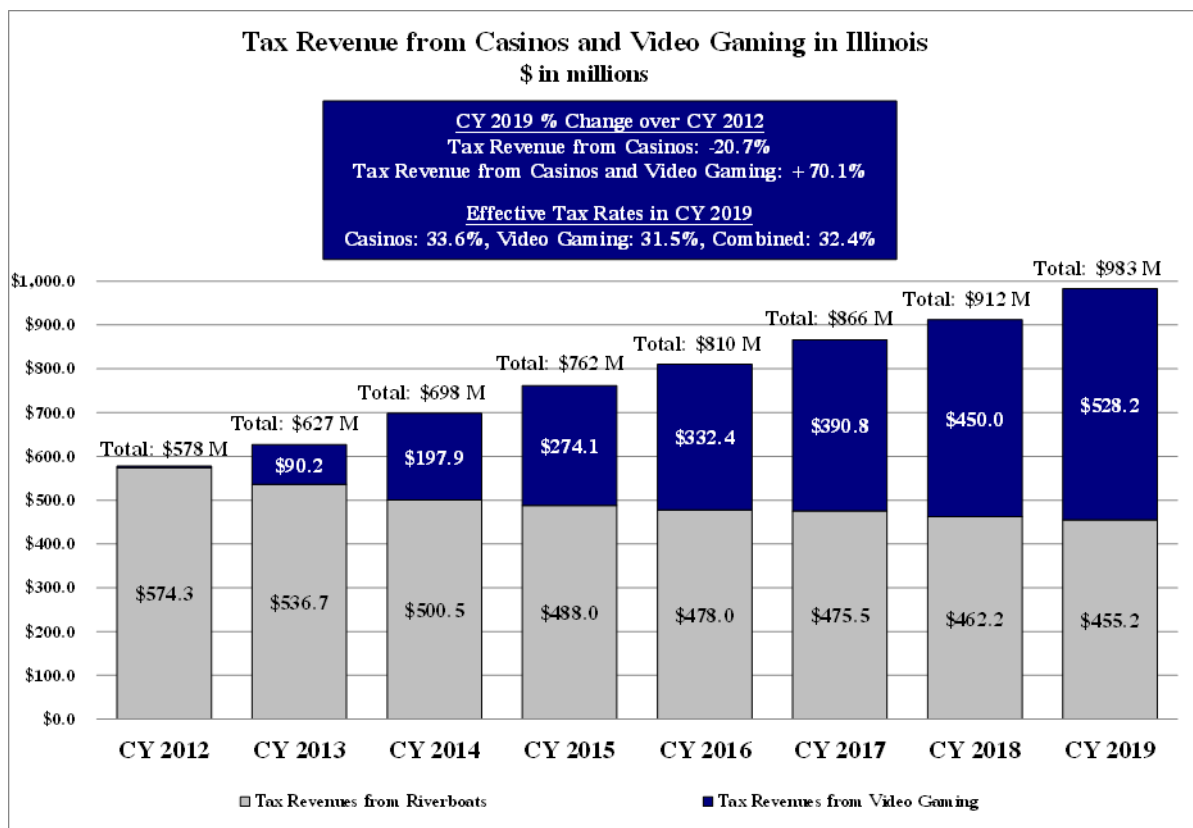
Below is a list of the top municipalities with video gaming terminals in CY 2019. Topping the list was Springfield with 652 terminals. Second on the list was Rockford with 492 video gaming machines, followed by Decatur (440), Joliet (385), and unincorporated areas of Lake County (292). In terms of tax revenues generated from video gaming machines, Rockford generated the most in CY 2019 at \$34.9 million, followed by Springfield (\$34.6 M), Decatur (\$31.8 M), Waukegan (\$23.4 M), and Loves Park (\$19.6M).

Top Municipalities with Video Gaming CY 2019							
Rank	Municipality	Terminals	Rank	Municipality	Net Terminal Income (taxable base)	State Tax Share	Local Tax Share
1	Springfield	652	1	Rockford	\$34,894,016	\$8,723,504	\$1,744,701
2	Rockford	492	2	Springfield	\$34,583,768	\$8,645,942	\$1,729,188
3	Decatur	440	3	Decatur	\$31,775,438	\$7,943,859	\$1,588,772
4	Joliet	385	4	Waukegan	\$23,409,189	\$5,852,297	\$1,170,459
5	Lake County	292	5	Loves Park	\$19,625,325	\$4,906,331	\$981,266
6	Champaign	290	6	Joliet	\$17,845,393	\$4,461,348	\$892,270
7	Loves Park	285	7	Champaign	\$17,585,084	\$4,396,271	\$879,254
8	Peoria	276	8	Cicero	\$17,501,616	\$4,375,404	\$875,081
9	Waukegan	272	9	Bloomington	\$16,608,476	\$4,152,119	\$830,424
10	Bloomington	271	10	Oak Lawn	\$14,950,708	\$3,737,677	\$747,535
11	Berwyn	270	11	Lake County	\$14,815,333	\$3,703,833	\$740,767
12	Quincy	243	12	Berwyn	\$14,122,567	\$3,530,642	\$706,128
13	Cicero	229	13	Peoria	\$12,822,998	\$3,205,750	\$641,150
14	Sangamon County	213	14	Sangamon County	\$12,284,924	\$3,071,231	\$614,246
15	Oak Lawn	203	15	Quincy	\$12,034,132	\$3,008,533	\$601,707
16	Kankakee	202	16	Tinley Park	\$9,981,592	\$2,495,398	\$499,080
17	Ottawa	201	17	Crestwood	\$9,981,518	\$2,495,380	\$499,076
18	Crestwood	185	18	McHenry	\$9,812,556	\$2,453,139	\$490,628
19	Pekin	184	19	Kankakee	\$9,659,682	\$2,414,921	\$482,984
20	McHenry	180	20	Aurora	\$9,612,888	\$2,403,222	\$480,644
21	Effingham	177	21	Elmwood Park	\$9,557,799	\$2,389,450	\$477,890
22	Taylorville	174	22	Effingham	\$9,272,363	\$2,318,091	\$463,618
23	Moline	167	23	Mount Vernon	\$8,965,737	\$2,241,434	\$448,287
24	Tinley Park	166	24	Ottawa	\$8,909,076	\$2,227,269	\$445,454
25	McHenry County	161	25	Niles	\$8,890,527	\$2,222,632	\$444,526

Note: The counties listed above represent the unincorporated video gaming activity in those particular counties.

A similar observation results when comparing the amount of tax revenues generated from these gaming sources. In CY 2012, the taxes imposed on the Illinois riverboats (admission tax and the graduated tax on adjusted gross receipts) generated \$574 million. Due to the recent declines in admissions and AGR totals, this tax amount fell to \$455 million in CY 2019, a seven-year decline of 20.7%. However, these declines have been more than offset by the additional tax revenue generated from video gaming.

In CY 2013, \$90 million in tax revenues were generated from video gaming. As video gaming revved up, the tax revenue total steadily increased, reaching \$528 million in CY 2019. Again, a portion of the increase in CY 2019 is due to the video gaming tax increase from 30% to 33% that went into effect on July 1, 2019. When combining these video gaming tax revenues with casino tax revenues, overall tax revenues grew from \$578 million in CY 2012 to \$983 million in CY 2019, an increase of 70.1%. These figures are displayed in the following chart.



The previous charts and tables could see dramatic changes in the near future due to the gaming related changes provided in P.A. 101-0031. New casinos and expected increases in video gaming machines should generate additional revenues in the years ahead. Also, the implementation of sports wagering across the State will eventually create an additional source of gaming related revenues. Still, many questions remain including: the timing in which each of these changes will occur; how many new

casinos/racinos will actually be opened (Chicago Casino?); how will these gaming formats impact each other's performance; and what level of revenue will these gaming formats actually generate in light of the tax rate changes and the multitude of gaming options that Illinois will soon offer? These topics will continue to be monitored and analyzed by the Commission in the months and years ahead.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY			
<u>INDICATORS*</u>	<u>LATEST MONTH</u>	<u>PRIOR MONTH</u>	<u>A YEAR AGO</u>
Unemployment Rate (Average) (Dec.)	3.7%	3.8%	4.3%
Inflation in Chicago (12-month percent change) (Dec.)	2.2%	2.2%	1.1%
	<u>LATEST MONTH</u>	<u>CHANGE OVER PRIOR MONTH</u>	<u>CHANGE OVER A YEAR AGO</u>
Civilian Labor Force (thousands) (Dec.)	6,480.0	-0.3%	0.1%
Employment (thousands) (Dec.)	6,239.9	-0.2%	0.7%
Nonfarm Payroll Employment (Dec.)	6,193,300	8,000	45,000
New Car & Truck Registration (Dec.)	50,509	17.7%	-1.4%
Single Family Housing Permits (Dec.)	551	-16.4%	11.3%
Total Exports (\$ mil) (Nov.)	4,795.2	-7.4%	-7.5%
Chicago Purchasing Managers Index (Jan.)	42.9	-12.3%	-24.3%
* Due to monthly fluctuations, trend best shown by % change from a year ago			

REVENUE: JANUARY RECEIPTS OFFER SLIGHT OVERALL GAIN DUE TO STRONGER FEDERAL SOURCES AND TRANSFERS

Jim Muschinske, Revenue Manager

Base January general funds revenues increased by \$60 million. While the larger economically related sources took a pause from year to date positive performance in January, stronger federal sources coupled with higher transfers resulted in the monthly increase. January had the same number of receipting days as last fiscal year.

Only a few revenue sources managed to post gains for the month. Corporate franchise taxes grew \$35 million, while gross sales taxes were up \$15 million or \$14 million on a net basis. Interest income managed to contribute a \$1 million increase.

The remaining tax sources were either flat or experienced declines to begin the new calendar year. Gross personal income taxes were down \$122 million, or \$100 million net. Other miscellaneous sources were off by \$27 million, while estate taxes were down \$20 million. Gross corporate income taxes declined \$19 million, or \$14 million on a net basis. Public utility taxes were \$14 million lower than last January. Insurance taxes were behind last year's levels by \$9 million and cigarette taxes were down \$7 million.

Overall transfers managed to post a stronger performance as revenues grew \$78 million. While riverboat transfers dipped \$4 million, lottery transfers rebounded by \$18 million and all other miscellaneous

transfers increased by \$64 million. As indicated, federal sources had a comparatively strong month and increased \$121 million.

Year to Date

Excluding proceeds from the Treasurer's Investment program as well as interfund borrowing, through January, base general funds receipts have posted gains of \$1.425 billion. Those gains have been driven by specific transfers [Refund Fund and Capital Projects], stronger federal sources, court settlement proceeds, tax amnesty program efforts, and decent underlying performance from the larger economically related sources.

Despite a weaker January, gross personal income taxes are ahead of last year by \$428 million, or \$387 million net, while gross corporate income taxes are up \$144 million, or \$131 million net. Gross sales taxes are up \$130 million, or \$177 million net. The performance of the remaining revenue sources have been mixed, but have experienced a combined \$47 million decline.

Aided by gains associated to Refund Fund and Capital Projects Fund transfers, overall transfers to the general funds are up \$525 million. Federal sources, despite wide monthly swings in performance, are up \$252 million through January.

JANUARY
FY 2020 vs. FY 2019
(\$ million)

Revenue Sources	Jan. FY 2020	Jan. FY 2019	\$ CHANGE	% CHANGE
State Taxes				
Personal Income Tax	\$2,240	\$2,362	(\$122)	-5.2%
Corporate Income Tax (regular)	85	104	(\$19)	-18.3%
Sales Taxes	786	771	\$15	1.9%
Public Utility Taxes (regular)	82	96	(\$14)	-14.6%
Cigarette Tax	19	26	(\$7)	-26.9%
Liquor Gallonage Taxes	19	19	\$0	0.0%
Vehicle Use Tax	2	2	\$0	0.0%
Inheritance Tax	19	39	(\$20)	-51.3%
Insurance Taxes and Fees	2	11	(\$9)	-81.8%
Corporate Franchise Tax & Fees	53	18	\$35	194.4%
Interest on State Funds & Investments	10	9	\$1	11.1%
Cook County IGT	0	0	\$0	N/A
Other Sources	29	56	(\$27)	-48.2%
Subtotal	\$3,346	\$3,513	(\$167)	-4.8%
Transfers				
Lottery	61	43	\$18	41.9%
Riverboat transfers & receipts	32	36	(\$4)	-11.1%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	0	0	\$0	N/A
Other	95	31	\$64	206.5%
Total State Sources	\$3,534	\$3,623	(\$89)	-2.5%
Federal Sources	\$353	\$232	\$121	52.2%
Total Federal & State Sources	\$3,887	\$3,855	\$32	0.8%
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$213)	(\$229)	\$16	-7.0%
Corporate Income Tax	(\$12)	(16)	\$4	-25.0%
LGDF--Direct from PIT	(\$117)	(123)	\$6	-4.9%
LGDF--Direct from CIT	(\$5)	(6)	\$1	-16.7%
Downstate Pub/Trans--Direct from Sales	(\$50)	(51)	\$1	-2.0%
Subtotal General Funds	\$3,490	\$3,430	\$60	1.7%
Treasurer's Investments	\$0	\$0	\$0	N/A
Interfund Borrowing	\$0	\$0	\$0	N/A
Total General Funds	\$3,490	\$3,430	\$60	1.7%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

3-Feb-20

GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2020 vs. FY 2019

(\$ million)

<u>Revenue Sources</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
State Taxes				
Personal Income Tax	\$12,072	\$11,644	\$428	3.7%
Corporate Income Tax (regular)	1,498	1,354	\$144	10.6%
Sales Taxes	5,448	5,318	\$130	2.4%
Public Utility Taxes (regular)	487	495	(\$8)	-1.6%
Cigarette Tax	153	207	(\$54)	-26.1%
Liquor Gallonage Taxes	112	109	\$3	2.8%
Vehicle Use Tax	18	18	\$0	0.0%
Inheritance Tax	156	236	(\$80)	-33.9%
Insurance Taxes and Fees	185	201	(\$16)	-8.0%
Corporate Franchise Tax & Fees	185	151	\$34	22.5%
Interest on State Funds & Investments	97	72	\$25	34.7%
Cook County IGT	56	56	\$0	0.0%
Other Sources	382	333	\$49	14.7%
Subtotal	<u>\$20,849</u>	<u>\$20,194</u>	<u>\$655</u>	<u>3.2%</u>
Transfers				
Lottery	340	386	(\$46)	-11.9%
Riverboat transfers & receipts	194	197	(\$3)	-1.5%
Proceeds from Sale of 10th license	0	0	\$0	N/A
Refund Fund transfer	617	327	\$290	88.7%
Other	678	394	\$284	72.1%
Total State Sources	<u>\$22,678</u>	<u>\$21,498</u>	<u>\$1,180</u>	<u>5.5%</u>
Federal Sources	<u>\$1,737</u>	<u>\$1,485</u>	<u>\$252</u>	<u>17.0%</u>
Total Federal & State Sources	<u>\$24,415</u>	<u>\$22,983</u>	<u>\$1,432</u>	<u>6.2%</u>
Nongeneral Funds Distributions/Direct Receipts:				
Refund Fund				
Personal Income Tax	(\$1,147)	(\$1,130)	(\$17)	1.5%
Corporate Income Tax	(\$214)	(210)	(\$4)	1.9%
LGDF--Direct from PIT	(\$629)	(605)	(\$24)	4.0%
LGDF--Direct from CIT	(\$84)	(75)	(\$9)	12.0%
Downstate Pub/Trans--Direct from Sales	(\$204)	(251)	\$47	-18.7%
Subtotal General Funds	<u>\$22,137</u>	<u>\$20,712</u>	<u>\$1,425</u>	<u>6.9%</u>
Treasurer's Investments	\$400	\$700	(\$300)	-42.9%
Interfund Borrowing	\$150	\$250	(\$100)	N/A
Total General Funds	<u>\$22,687</u>	<u>\$21,662</u>	<u>\$1,025</u>	<u>4.7%</u>

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

3-Feb-20