

HOW TO SAVE THE CAPITAL BILL

Racing Industry Recommendation to Create Stable, Sustainable Revenue Stream; Save Illinois Jobs

SITUATION

Video gaming at approved bars, restaurants and truck stops across the state is supposed to fund approximately 1/3 of the Illinois Capital Bill, creating thousands of new jobs and energizing the Illinois economy. However, dozens of communities have opted-out of video gaming creating a projected budget shortfall of approximately \$100 Million per year.

THE SOLUTION

Video gaming machines at race tracks is a national trend that has thus far been blocked by Illinois casinos, costing Illinois taxpayers \$1,000,000,000 and counting. *By complementing race wagering at tracks with video gaming we can save the capital bill.* Illinois race tracks have been centralized and highly regulated gaming destinations for over 100 years.

Experts estimate that over \$100,000,000 in stable, sustainable revenue can be generated for state and local taxes annually by the addition of video gaming at the five Illinois race tracks.

THE NATION'S 'RACINOS'

Over half of all states that have both casinos and race tracks derive additional gaming tax revenue from slots at tracks; and now over 12 states across the nation have turned their tracks into 'racinos.'

STATE	RACINOS	TAX REVENUE in 2008	JOBS Created
Pennsylvania	6	\$752 million	4,948
New York	8	\$446 million	3,413
West Virginia	4	\$430 million	5,270
Delaware	3	\$210 million	2,582
Rhode Island	2	\$302 million	1,310
Florida*	3	\$114 million	2,201
Iowa	3	\$108 million	2,668
Louisiana	4	\$72 million	2,268
New Mexico	5	\$67 million	1,605
Indiana	2	\$51 million	1,412
Maine	1	\$25 million	324
Oklahoma	3	\$13 million	1,050

* additional racinos have come online in 2009, more slated in 2010. Source: American Gaming Association's 2009 State of the States

ILLINOIS HORSE INDUSTRY

The \$2 Billion industry supports 35,000 agribusiness jobs throughout the state. Unlike other major forms of gaming, the strength of the horse racing industry ripples through the larger Illinois economy—particularly downstate. In 2006 and 2008 the General Assembly overwhelmingly passed legislation for racing to receive a 3% impact fee from the casinos. Though the Illinois Supreme Court twice ruled unanimously, and the US Supreme Court rejected their case, the horse racing industry has still not received any of this money due to an endless series of lawsuits filed by the casinos.

ESTIMATES FOR ILLINOIS TAX REVENUE

The Colorado-based Innovation Group studied the demographics and economics of the northeast Illinois/northwest Indiana gaming market to gauge whether the market could grow. They concluded that *even with more positions at the Illinois casinos*, slots at tracks would significantly increase gaming traffic on the Illinois side of the Chicago market. (2002, 2007 studies)

A win per unit/machine (WPU) of \$450 at Arlington, Hawthorne and Maywood is reasonably obtainable.

September 2009—The East Saint Louis riverboat: a \$299 WPU. East Peoria: \$235. Metropolis: \$237.

A \$250 WPU is readily attainable at Maywood Park and Fairmont.

5,800 machines at the state's racetracks would generate:

an Adjusted Gross Revenue of almost \$800 million; gaming tax of \$235 million; \$23 million in admission taxes

Senate Bill 744 passed last year, authorizing 5,000 machines at the state's tracks:

an AGR of \$620.5 million; gaming tax of almost \$175 million; admission tax of \$19 million

In 2008, House Bill 4194 was introduced by Representatives Lang and Molaro, authorizing 3,500 machines at the state's tracks:
an AGR of \$560 million; nearly \$153 million in gaming tax; \$17 million in admission taxes.

Learn More at www.SaveTheCapitalBill.com

FOR IMMEDIATE RELEASE

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Video Gaming at Race Tracks Would Save Capital Bill as More Communities Opt-Out

Horse Racing Industry Proposes "Common Sense" Revenue Solution for Ailing Plan to Create Jobs and Upgrade Schools, Roads, Bridges

(Chicago, IL – Dec. 1, 2009) Revenue from the state's nascent video gaming program is on track to produce significantly less revenue than projected as more and more communities opt-out of video gaming for liquor-licensed establishments. The infrastructure improvements, job creation and economic growth promised by a new capital construction plan will be severely compromised unless lawmakers identify an alternative revenue source.

By permitting gaming machines at horse racing tracks—regulated, centralized gaming destinations for the last 100 years—lawmakers have an opportunity not only to bolster the capital plan with a substantial, stable source of revenue; they also would help ensure the competitiveness of Illinois horseracing on the national circuit, drawing more business to the state.

By allowing tracks to complement race wagering with gaming machines, lawmakers could conservatively raise between \$100 and \$200 million or more in recurring annual revenue for the state. Virtually, every other state in the country that has a horse racing industry allows video gaming. Those twelve states garner an average \$216,000,000 in annual state and local taxes. "This is no longer just a racing industry issue, said Greg Szymiski, Executive Director of the Illinois Thoroughbred Horsemen's Association. Our industry wants to help create jobs in Illinois and improve the state's infrastructure. "This is about jobs and businesses closing because the legislature won't act to make our state competitive. Allowing additional gaming through slots at the tracks will create the money needed for Illinois capital improvement projects."

Today, the Illinois Commission on Government Forecasting and Accountability will meet to examine possible alternative revenue sources to support the newly approved capital plan. Though lawmakers approved video gaming in taverns, restaurants and other small venues across the state as the primary means to support the capital plan, at least 23 municipalities and at least three counties have already banned video gaming, and dozens more are poised to do the same.

"Without a stable source of revenue, we simply will not realize the great promise of our new capital program – renewed public infrastructure, more jobs and statewide economic growth," said Roy Arnold, President and CEO of Arlington Park. "This plan would provide the revenue necessary to ensure that Illinois fully implements the capital plan, and that we get started on it right away."

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When the Commission convenes to begin assessment of the projected budget shortfall, a unified Illinois horse industry will submit that the addition of gaming machines at tracks is the most sensible way to generate the dollars necessary to fill the hole left by a severely diminished video gaming program.

“We are ready, willing and able,” said Tim Carey, 4th generation President and General Manager of Hawthorne Race Course. “There is a socially accepted national trend for video gaming at tracks and we can generate millions of dollars in tax revenue, while creating and saving tens of thousands of Illinois jobs. This is such a common sense solution, I challenge anyone to see the downside in this proposal.”

Unlike other major forms of gaming, the strength of the horse racing industry ripples throughout the larger Illinois economy. The \$2 billion horse industry, which supports some 35,000 agribusiness jobs across this state, relies on racing to stay vibrant.

“The IHHA has seen horsemen leaving Illinois to race and breed horses in more competitive states,” said Dave McCaffrey, President of the Illinois Harness Horsemen Association. “At the same time, we see communities opting-out of the video poker plan that is supposed to fund the state capital bill. We can solve both of our problems by working together to make Illinois racing competitive again while providing reliable revenue and secure jobs for the state.”

Both Indiana and Iowa now allow video gaming at tracks, respectively generating \$50 and \$100 million dollars in tax revenue, while creating a combined 4,000 jobs. The plan advanced by the Illinois horse industry would support good paying jobs that are stable and year-round. And gaming machines at tracks is a fully accepted practice virtually everywhere that makes sense:

- The state’s horse racing tracks are existing, established gaming venues that have managed pari-mutuel gaming for over a century.
- Gaming activity at tracks is centralized and highly regulated. Visiting and patronizing a track is a full-fledged recreational experience. Patrons plan for the time they spend there.
- 12 states across the nation now offer ‘racinos’
- Half of all states with both casino gaming and race tracks now offer electronic gaming at tracks.

“Illinois is losing customers to border states’ racinos. We need to keep the money in Illinois,” said Lanny Brooks, executive director of Illinois Horsemen’s Benevolent and Protective Association. “Whether you’re a horseplayer, or horse owner or have never been to the track, you should be concerned about keeping money and jobs in Illinois and this plan does just that.”

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