

Gambling proposal offers too much

By Jim Nowlan

A good friend of mine committed suicide a few years ago as a result of a gambling addiction, so I have had an interest in the topic since. As a civil libertarian, I generally feel a person should be allowed to do what he wishes. Yet the proposed bill to expand Illinois gambling dramatically strikes me as an example of almost forcing temptation into harm's way for those who can't resist.

For decades, horse racing was the only legal form of wagering in Illinois, and a person then had to go to the track to place his bets. There has also long been legal gambling for bingo, charitable games, pull tabs and jar games.

In 1975, we were sold on the lottery as a panacea for education. But that was a bait and switch ploy, with lottery proceeds going into the education pot while a similar amount came out of the pot to fund other programs.

This past year the state also authorized online lottery sales, the first state to do so.

Riverboat gaming was okayed in 1990 and by 2012 the 10 riverboats and the lottery were generating \$1 billion in net revenue for the state, which is big money yet less than 2 percent of the state's \$60+ billion budget.

Nevertheless, the "boats," which often sit dead in a puddle of water, are big business. For example, lottery sales amount to more than \$200 a year for every man, woman and child in Illinois. The gaming "handle" on boats (the amount wagered) amounts to about \$1,000 for every person.

In 2010 the state authorized video gambling in bars and social clubs, which is just now, and slowly, getting underway.

And this year long-time proponents of gambling in Illinois are pushing Senate Bill 1739, which recently made it out of committee and onto that chamber's floor for a vote.

The bill is 550 pages long and would create a big casino in downtown Chicago, with additional slots at O'Hare; four additional casinos throughout the state; slots at six racetracks, and Internet gambling. There may be more in the bill, which I have not read in entirety, thank you.

Internet gambling is prohibited by the federal government, but Prof. David Schwartz at the Center for Gaming Research at UNLV told me Internet gambling "is probably the wave of the future."

Proponents claim the expanded gambling would generate hundreds of millions in new revenue for the state, yet there is uncertainty about how much more money Illinoisans have to spend on gambling.

For example, the opening of a new casino in suburban Des Plaines this past year caused gambling at other nearby Illinois-based operations to decline sharply.

Opponents of the expansion contend the state will be fleeced by gambling interests that will be able to buy the coveted licenses for a song. Retired University of Illinois finance professor John Kindt says the new licenses have a fair market value of \$500 million to \$1 billion, whereas the bill would charge about \$125 million upfront for the Chicago license.

And one can question how we spend our gaming revenue. This past year riverboat taxes subsidized horse racing, a dying industry because of ubiquitous gambling, to the tune of \$142 million, even though the ponies generated only \$7 million in revenue for the state.

[Illinois apparently does have one of the higher, progressive tax rates for riverboats among the states, but according to Prof. Schwartz, nobody seems to know how much to tax gambling operations. Prof. Kindt says in Canada the government takes all the revenue and pays only a management fee to the casino operators.]

[Illinois did reduce its top marginal rate of taxation on the boats from 70 percent to 50 percent, but that has not as yet increased net revenues to Illinois, as probably was touted by gambling interests.]

Longtime gambling opponent Anita Bedell of Illinois Church Action on Alcohol and Addiction Problems in Springfield can't say how many persons are addicted to gambling in Illinois.

She notes, however, that 9,700 persons have voluntarily, or through their families, put themselves on the self-exclusion list from the gaming boats. This means they will be arrested and any winnings confiscated if they are found on the boats.

Bedell thinks this number represents just the tip of the iceberg of addiction to gambling. She also cites a report by SMR Research that found 14 percent of bankruptcies nationwide are tied to gambling.

If a person wants to gamble, fine. But when is enough enough? I think we have reached a point in Illinois where any additional benefits to the state in terms of revenue are outweighed by the costs to human vulnerability.