

STATEMENT ON RIVERBOAT GAMBLING TO THE
METRO ETHICS COALITION PROJECT

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In the 1989-90 debate on riverboat gambling, legislators fell all over themselves to assert the wonders of economic development that were attributable to riverboat gambling.

Representative Zeke Giorgi put it best, "now, this bill is a result of a lot of discussion and talk about economic development... The consensus of the task force is that this will indeed spur economic development, create jobs, boost tourism, bring new life to the rivers of Illinois, cause beautification along the riverbanks."

Following suit, Representative Van Duyne made the case for Joliet when he said, "The hotels in Joliet, we have two hotels and they're not faring very well at all, especially in the downtown area. Our motels are not that good. Our restaurants are dying, our taverns, our parking lots, the food vendors, the real estate values. All of those things, if you just want to chronologically list them are the real reasons for this bill. Joliet is looking forward to a great influx of money, of people, of action through this very medium, but that's the important part about the whole bill."

The depth of economic analysis which served as the basis for economic debate by our legislators was symbolized by Representative Giorgi's response to a question about projected revenue when he said, "I'll guess fifteen to twenty million dollars, but don't...I've just done my own mathematics without...The Economic Fiscal Commission tried to scientifically put something together. They weren't able to, is that right? And I just did my own arithmetic on the number of people I thought would be there on a sunny day and so on." This is the quality of analysis that supports the idea that riverboat casinos induce economic development.

Indeed, when the Bill finally passed, the legislative intent was simple and blunt, "This Act is intended to benefit the people of the State of Illinois by assisting economic development and promoting Illinois tourism."

These findings buttress the conclusions on economic development contained in the concurrent report by the Madigan task force: "No hard evidence was presented to sustain claims that casinos spur economic development, particularly in urban areas. Although tax revenues rise they are siphoned from local economies, thus dampening economic development outside the casino complex."

That conclusion was based on testimony by Illinois Economics Professor Earl Grinols and Timothy Ryan of the University of New Orleans, who stated that, "the creation of a casino in Chicago would create a tremendous transfer of wealth from existing businesses to the owners of the casino." Similarly, Grinols already concluded that there is no net job creation in riverboat towns. (Illinois Business Review, Spring 1994)

Students of the gambling question in Illinois have concluded that the revenue stream and taxes from boats will be greater than anticipated. However, social costs such as addiction to gambling, teenage gambling, and concurrent crime costs, will also be higher than projected by proponents.

This is the first hard data on economic development. It supports the conclusions of the University of Massachusetts' Professor Goodman, whose two-year study on the failed promise of economic development suggests, "Casinos that don't draw people from distant areas bring on cannibalization of the local economy. You bring in a gambling venture, and it sucks the dollars out of other areas of discretionary spending. There are less dollars spent on sports, movies, and restaurants."

Surprisingly, it supports the conclusions of Steve Wynn, CEO of Las Vegas' Mirage, who stated the blunt truth when he admitted that his proposed casino in Bridgeport, Connecticut would not help local businesses: "It's illogical to expect casino customers to leave the premises and spend money in nearby stores, restaurants, or bars." It also supports the findings of a Chicago Tribune survey of Aurora businesses (June 28, 1994) which found only 3 of 25 downtown business operators profiting from the gamblers.

Clearly, riverboat gambling has not met the criteria set forth by Illinois legislators when they sold this to the citizens of Illinois. The economic development we found was marginal at best. It has not spurred economic development. It has not created jobs. It has not boosted tourism, and it certainly has not brought new life to Illinois rivers or beautified their banks.