

Since gamblers first stepped up to the shiny new slot machines at Rivers Casino, Illinois' most profitable gambling palace has pumped hundreds of millions of dollars into state and local coffers.

But the Des Plaines casino, opened in July 2011 by Chicago-based Midwest Gaming and Entertainment, is gambling with some of its early good will as it attempts to shave millions off its property tax bills through repeated assessment appeals.

"When they pitched the casino to the city, they promised that they would be a good neighbor and good to the community," said Walter Underwood, 58, a Des Plaines resident and officer in the area's service industry union. "How is that being good to Des Plaines by appealing taxes and paying less to us and to the county?"

The appeals, which trimmed nearly \$2.9 million from the casino's 2012 tax bill, have raised a few eyebrows in the city recently and prompted one school district to seek a review of the casino's assessment, a possible first step toward a formal challenge.

But other local government officials are less interested in challenging the casino, noting every business has a right to try to lower its tax bill, and gambling is already taxed more than most. Others say a casino has a greater civic responsibility than most.

The case also underscores the complexity of putting a value on unique properties like casinos.

Rivers spokesman Dennis Culloton said the casino owners "simply want to be treated fairly with regards to property taxes, just as thousands of homeowners and hundreds of businesses do every year. It's especially important because the tax rates are so high in other categories where there is no opportunity to analyze and get a second opinion."

Casino tax appeal: Rivers Casino tax appeal less than appealing for some

Written by Administrator

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Des Plaines Ald. Dick Sayad said he had appealed his own property tax assessment twice. "I have the right," he said. "I don't understand what the problem is."

The problem, Underwood and others argue, is that the casino's successful appeals shift the tax burden to the other local property owners who don't rake in tens of millions of dollars a month.

"If they save another million under questionable reasons, and we take no actions, everybody in Des Plaines will pay," resident Brian Burkross told aldermen in September.

Big take, big expense

Rivers quickly became Illinois' top-grossing casino after opening, earning more than \$415 million in adjusted gross receipts in 2012, according to state Gaming Board figures. Elgin's Grand Victoria Casino — Rivers' closest competitor, financially and geographically — earned about \$212 million last year.

This year through September, Rivers took in about \$315 million — about \$58 million more than Harrah's Joliet Casino and Hotel and Hollywood Casino Joliet combined. During that time, Rivers paid almost \$51 million more in state admissions and wagering taxes than those two casinos, Gaming Board figures show.

Even with its reduced assessment, Rivers paid almost \$5.6 million in property taxes last year, millions more than the total bills of Harrah's Joliet Casino and Hotel, Grand Victoria and Hollywood Casino in Aurora, according to county records. Among the reasons for the disparity is that other casinos lease some of their property or have economic development deals that effectively lower their property taxes.

Of Rivers' three closest financial competitors, only Hollywood in Aurora sought a property tax reduction in 2012, according to Kane and Will county assessors. Hollywood was granted a reduction of about \$740,000, saving the casino about \$84,000 on its 2012 tax bill, said Mark Armstrong, Kane County supervisor of assessments.

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Rivers successfully lobbied for a 36 percent reduction in its 2011 assessment, Cook County records show. The following year, the casino mounted another round of appeals and received a 34 percent reduction, records show.

'Not trigonometry'

In setting a market value for Rivers, the county assessor's office evaluated construction, land costs, income, license fees, valuations of other Illinois casinos and national case law, said Thomas Jaconetty, Cook County deputy assessor.

"This is not trigonometry with one answer," he said. "Reasonable people can have a big divergence of opinion, particularly when it comes to big or unique properties."

And even among Illinois casinos, Rivers has a unique feature: Under its gaming floor sits a 47,000-square-foot water basin that serves no function but to satisfy a state law that casinos be located on water. The Des Plaines casino is across the street from, not on the banks of, the Des Plaines River.

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