

When my grandmother found out I was playing the horses, she called me up to try to teach me a lesson.

I can still hear her bellowing into the phone: "You can't win gambling!"

I didn't listen to that advice, and Mayor Lori Lightfoot isn't listening, either. The mayor really, really seems to believe a casino is the answer to the city's fiscal problems. Lightfoot is so convinced that gambling will bail out Chicago's beleaguered budget that she's threatening to raise property taxes if she doesn't get one.

"[W]e are pursuing a Chicago casino that creates a dedicated revenue stream to pay for our pension costs," Lightfoot said in her [State of the City](#) address last month. "If we get the tax structure right, this will ... create thousands of jobs ... help fund the State's capital plan ... and stop the flow of over \$200 million in gaming revenue to Indiana.

"If we don't secure this casino and the revenue it creates," she continued, "we will be forced to make painful choices on finding other revenue sources."

There's only one city whose fortunes have been transformed by casino gambling, and that city is Las Vegas — once a desert water stop and now an international tourist trap. When you put a casino in an established city, it ends up sucking money out of the locals' pockets, while generating just enough revenue to pay for its own maintenance.

"Casinos can be big revenue generators, but putting them in the middle of a city creates a lot of problems," says Saqib Bhatti, co-director of the Action Center on Race and the Economy, who has studied the gaming industry. "They are a huge drain on public services. For example, the number of 911 calls to casinos is astronomical."

Building a Horseshoe Casino in Baltimore was supposed to be the answer to that city's budget problems, but its revenues have been declining due to statewide competition, [according to the](#)

Written by Administrator
Monday, 16 September 2019 08:01 -

Baltimore Brew

:

When Horseshoe opened in August 2014, [Mayor] Stephanie Rawlings-Blake promised that revenues from the casino would reduce the city's property tax rate, fund school construction, pay for recreation centers and bankroll local community projects.

Since then, the small fees that Horseshoe pays to lease city land have had no impact on the city's property tax rate or on public construction.

The only sizable cash flow has gone to the Baltimore Casino Local Development Council (BLDC), with the lion's share of those funds paying for city services that chiefly benefit the casino.

BLDC's 2018 spending budget of \$7.4 million, for example, includes more than \$1.6 million for police protection around the casino, \$358,000 for medic services, \$435,000 for supplemental garbage collection, \$540,000 to staff a mayoral employment center, and \$2 million for infrastructure improvements around the casino.

When Marylanders voted to approve casino gambling, they were promised its revenue would fund schools. In fact, the money just replaced other revenue streams until [voters approved a constitutional amendment](#) requiring casino money to supplement existing education funds.

In the '90s, Detroit built casinos to compete with those across the river in Windsor, Canada. Their revenue ended up [accounting for](#) 11 percent of the city's budget, but it wasn't enough to prevent the largest municipal bankruptcy in American history, in 2013.

Adds Michael Belsky, executive director of the Center for Municipal Finance at the University of Chicago: Casino revenues "can be volatile if you have competition, if you have lotteries or video poker."

Also, a casino is not a progressive way to balance the city's budget. Lightfoot boasts of eliminating fines and fees that hurt "low-income and working class families, like the one I grew up in." But low-income and working class families are one of [regional casinos' target markets](#) .

"Often casinos pull from the local population, and it actually ends up being a regressive form of taxation, the same way that lotteries are," says Bhatti. "You're much more likely to draw from poor folks."

It's true that Midwestern casinos aren't exactly James Bond movies, or even Martin Scorsese movies. They're more like an episode of *Roseanne* spinoff *The Conners*: endless banks of glowing slot machines fed by busloads of AARP members. Even if Chicago builds a downtown casino, it's not going to become an after-hours destination for young Google employees. I wasted a good portion of my late youth at the racetrack, and as a college-educated thirtysomething, I was solidly in the minority.

A Chicago casino is not going to become a tourist attraction, either. Midwesterners who visit Chicago for theater, shopping, or sporting events can play the slots back home in Milwaukee or Michigan City or Battle Creek or Moline.

There's a famous saying in gambling: "Scared money never wins." It means that if you need the money, you shouldn't be gambling — and it could be applied to Lightfoot's vision of a casino funding Chicago's pensions. The financials of the plan are even scaring off potential operators. The city wants a 33-1/3 percent tax on Adjusted Gross Receipts (the total earned from wagers after prize money is doled out) to pay for police and fire pensions. A [study](#) by the Illinois Gaming Board found that such a tax would only allow a casino to turn a 1 or 2 percent profit, "which is not an acceptable rate of return for a casino operator."

There's nothing wrong with putting a casino in Chicago. Everyone else in the Midwest has one. Why shouldn't we? It'll bring in a little money, it'll spare Chicagoans a drive to Indiana, and it'll give Richard Marx a place to perform when he comes back to town. But counting on it, as Lightfoot put it in last month's speech, as "a structural solution to address long-term problems"? That's as short-sighted as playing the slots to pay your bills.

Share

Why a Casino Can't Fund Chicago's Pensions | Chicago magazine

Written by Administrator

Monday, 16 September 2019 08:01 -

[Edit Module](#)

[Other Politics stories](#)

[Edit Module](#)

Read more <http://www.chicagomag.com/city-life/September-2019/Why-a-Casino-Cant-Fund-Chicagos-Pensions/>