

## APPENDIX

### **GAMBLING: NO CURE FOR STATE'S FISCAL ILLS**

*Based on the State Fiscal Policy position, the League of Women Voters of Illinois has prepared the following statement opposing gambling as a solution to Illinois' fiscal problems.*

The recent focus on the possibility of riverboats in Chicago and the suburbs distracts attention from the real fiscal problems that Illinois must address: a revenue system that is outmoded and structurally flawed, grows less than the economy and is therefore unable to provide stable funding for state programs and services from one year to the next, and unfairly burdens the poor.

The League opposes gambling as a solution to the state's fiscal problems for the following reasons:

- Gambling revenue is only a small slice of the state revenue pie. In FY1993, the total net revenue from gambling for Illinois state government comprised only 2.4 percent of the total state revenue of \$29 billion.
- Gambling revenue has low natural growth potential. It does not contribute to the ability of the state revenue system to capture and reflect long-term economic growth or to provide stable funding for state services and programs.
  - ✓ Revenues from horse racing and the lottery have been relatively stagnant since 1986, experiencing single digit growth rates (or declines). FY1993 saw the second decline in the past three years in lottery receipts. Introduction of new games and higher prices have been necessary to maintain public interest in the lottery.
  - ✓ Noting that Illinoisans wager a relatively high portion of their personal income in comparison to people in other states, the Illinois Economic and Fiscal Commission (IEFC) projects that Illinois may be nearing its gaming saturation point when the portion of income people are willing to gamble will have reached its limit.
  - ✓ The introduction of riverboats in Illinois has resulted in increased growth of overall gambling revenue, but continued growth is forecast only for the near future. According to the IEFC, "as the State nears its saturation point and as surrounding states also jump aboard the gambling bandwagon, revenue from gambling will likely begin to level off, resulting in increased competition between the various forms for the gaming dollar."
- Gambling is a regressive approach to raising revenue, disproportionately impacting those with lower incomes, and does not improve the overall progressivity of Illinois' revenue system.

Expansion of riverboats in Illinois would be one more stop-gap measure to shore up lagging revenue growth and one more excuse for lawmakers to avoid long-term solutions while Illinois' fiscal health continues to deteriorate.

*Sources: Illinois Economic and Fiscal Commission, Wagering in Illinois, January 1994; Iris J. Lav, Relentless Decline: Illinois' Structural Revenue Deficit, March 1993; Jim Nowlan, "Fool's gold of Illinois governments," Tax Facts, September 1993.*