

CHAPTER SIX

Doubling Down: The Bally's Casino Project

Katelyn Wang

Executive Summary

After 30 years in the making, Chicago is finally set to get its first legal casino.¹ Bally's Corporation's plan to develop and operate the Chicago casino in River West, at the current *Chicago Tribune* publishing facility site, promises economic and financial benefits for the city, including \$200 million worth of annual tax revenue.² Nonetheless, the casino development remains controversial, in part due to potential adverse effects such as increased traffic, higher crime rates, and greater risks for problem gambling. This chapter will assess the value that the casino brings to the community through an analysis of the legislation and its social and community ramifications, ultimately demonstrating the progress that needs to be made before the casino constitutes an asset rather than a liability. Additionally, I will compare the Chicago casino project to the introduction of legal casinos in other major United States cities, like Detroit and Philadelphia, to gain a better understanding of urban casino openings and their long-term effects.

Background

In June of 2019, Illinois legislators passed a gambling-expansion bill that approved the construction of up to six new casinos in the state, including what will become Chicago's first-ever legal casino. This policy, referred to as the Illinois Gambling Expansion Act, also allows for the 10 existing casinos in Illinois to increase their slot machines and table games by almost 70%.³ The legislation is noteworthy given its multifaceted efforts to expand casino gambling within the state of Illinois. Furthermore, the unprecedented authorization of a Chicago casino reflects a growing

¹ Shia Kapos, "Lightfoot, Daley celebrate casino vote," Politico, last modified May 26, 2022, accessed October 14, 2022, <https://www.politico.com/newsletters/illinois-playbook/2022/05/26/lightfoot-daley-celebrate-casino-vote-00035320>.

² Lori E. Lightfoot, *Casino Recommendation Report*, [Page #], May 5, 2022, accessed October 14, 2022, <https://www.chicago.gov/content/dam/city/sites/chicago-casino/pdfs/Casino-Recommendation-Report.pdf>.

³ Christopher Palmeri and Elizabeth Campbell, "Chicago Will Get a Casino as Part of Illinois Gambling Expansion," Bloomberg, last modified June 3, 2019, accessed October 6, 2022, <https://www.bloomberg.com/news/articles/2019-06-03/chicago-will-get-a-casino-as-part-of-illinois-gambling-expansion>.

nationwide trend to try to drive economic development through the establishment of urban casinos in large metropolitan cities.⁴

Following the adoption of the Illinois Gambling Expansion Act, five proposals by three firms were submitted to build Chicago's first casino; the winning bid was selected in May of 2022. The winner, Bally's \$1.74 billion proposal to build a casino at the site of the current *Chicago Tribune* printing plant and newsroom in River West, intends to open the new gambling facility by 2026.⁵ The casino is expected to have 3,400 slots and 173 table games, along with an accompanying resort along the Chicago River.⁶ In the meantime, Bally plans to open a temporary casino at the downtown River North site of the Medinah Temple, which could open as early as June of 2023.⁷

A General Evaluation of Costs and Benefits of Casinos

Community Benefits

The establishment of a casino in Chicago is expected to boost the city's economy and funnel approximately \$200 million of annual tax revenue into the underfunded police and fire pension funds.⁸ This dedicated revenue stream from what will be the largest casino in the state is meant to provide long-term support for Chicago's financial future and mitigate the need for increased property taxes.⁹ Given the COVID-19 pandemic's severe disruption of the city's economic landscape, the casino is seen as serving as a "catalyst for the City's recovery" that will ensure "investment and tourism to the city in its post pandemic future."¹⁰ The increased economic activity and jobs secured by Bally's commitment to hiring a 60% minority

⁴ Katie Pyzyk, "US cities look to casinos for economic development," Smart Cities Dive, last modified June 1, 2022, accessed October 14, 2022, <https://www.smartcitiesdive.com/news/us-cities-look-to-casinos-for-economic-development/624417/>.

⁵ Heather Cherone, "City Officials Detail Proposals for Chicago Casino-Resort, Vow Fast-Paced Process to Pick Winner," WTTW News, last modified November 19, 2021, <https://news.wttw.com/2021/11/19/city-officials-detail-proposals-chicago-casino-resort-vow-fast-paced-process-pick-winner>.

⁶ Heather Cherone, "Mayor Lori Lightfoot's Casino Pick Gets Cool Reception from Chicago City Council Members," WTTW News, last modified May 9, 2022, accessed October 6, 2022, <https://news.wttw.com/2022/05/09/mayor-lori-lightfoot-s-casino-pick-gets-cool-reception-chicago-city-council-members>.

⁷ Robert Channick, "Bally's expected to buy Freedom Center site 'this week' for planned Chicago casino," *Chicago Tribune* (Chicago, IL), October 10, 2022, <https://www.chicagotribune.com/business/ct-biz-ballys-casino-buy-freedom-center-chicago-20221010-kpy3i7schfhvzlvsumv672lhq-story.html>.

⁸ Cherone, "Mayor Lori," WTTW News.

⁹ "Illinois Casinos," Play Illinois, accessed October 14, 2022, <https://www.playillinois.com/casinos/>.

¹⁰ Lori E. Lightfoot, *Casino Recommendation Report*, [Page 5], May 5, 2022, accessed October 14, 2022, <https://www.chicago.gov/content/dam/city/sites/chicago-casino/pdfs/Casino-Recommendation-Report.pdf>.

workforce are hoped to create thousands of jobs for the people of Chicago. As part of their licensing agreement, Bally's also signed a labor peace accord with the unions that represent gaming and hospitality workers in the city, giving the workers a chance to earn relatively high union wages and benefits.¹¹ Furthermore, the location of the Bally's casino offers an opportunity to effectively make use of currently uninviting riverfront space. Some river preservationists have placed their hopes on the casino development for increased public access to the North branch of the waterway, further promoting ongoing efforts for riverfront beautification.¹²

Tax revenue from gambling in Illinois increased 39% in the 2022 fiscal year to a record total of \$1.9 billion. The revenue from casino receipts, however, has remained below pre-pandemic levels, maintaining a 20% drop-off since alternative forms of non-casino gaming – in particular, low-stakes video gaming machines – were legalized a decade ago for bars, restaurants, and gas stations across the state. The city of Chicago itself bans non-casino video gambling, so the new casino will not face direct and nearby competition from these types of electronic gaming machines.¹³

Community Costs

The proposed temporary and permanent casino sites in the city of Chicago each come with their own set of concerns. The ramifications of the casino sites for the greater Chicago community include traffic, neighborhood fit, crime, and problem gambling concerns.

I. Traffic

The current plan involves a temporary casino at the Medinah Temple in the River North neighborhood, leading to a significant debate surrounding increased traffic in an already densely populated area within the city center. While a recent traffic study performed by Bally's finds that the increased traffic in the area can be mitigated, critics have questioned the validity of the study and its assumptions

¹¹ Bob Reiter, "Chicago casino is right on time for first responders' pensions," *Chicago Tribune* (Chicago, IL), May 23, 2022, accessed October 12, 2022, <https://www.chicagotribune.com/opinion/commentary/ct-opinion-chicago-ballys-casino-pensions-first-responder-economy-20220523-j25zf2h3nndgpe35nwsvf476ri-story.html>.

¹² Steve Johnson, "The plan for a downtown Chicago casino now has a surprising ally: river lovers," WBEZ, last modified September 6, 2022, accessed October 14, 2022, <https://www.wbez.org/stories/ballys-chicago-casino-plan-wins-river-preservationists/122476e2-0885-45ca-b410-b8b3458d26d5>.

¹³ Robert McCoppin, "As Chicago antes up in casino business, new sites in suburbs and across Illinois aim to build their own markets: 'Convenience is a major factor,'" *Chicago Tribune* (Chicago, IL), October 31, 2022, <https://www.proquest.com/docview/2730251064/7E68E7363E3A41E4PQ/1?accountid=14657>.

involving mass transit.¹⁴ Specifically, the study heavily relies on customers' use of public transportation, instead of driving, for travel to and from the River North temporary casino location. Crime on Chicago Transit Authority properties, buses, and station, has increased in recent years; the 593 violent crimes reported in 2019 marks the highest number in any year in the past two decades.¹⁵ The dissuasion of CTA ridership that has followed, however, is not accounted for in the traffic study calculations.¹⁶ Critics of the Bally's traffic study argue that an independent review is necessary to ensure the feasibility of introducing the temporary casino to the downtown area, especially since there were no studies conducted prior to the selection of the Medinah Temple location.¹⁷ Downtown Alderman Brendan Reilly criticized the Bally's report as "seriously flawed, overly vague and clearly written for the sole purpose of concluding a casino will work at Medinah Temple."¹⁸ The traffic concern extends to the permanent casino site, since that, too, is already a congested area of the city, and one that lacks convenient access to train and highway connections.¹⁹

II. *Neighborhood Disruption*

In town halls regarding the establishment of the Bally's casino, local residents of the permanent River West development site voiced their concerns regarding the construction of a casino in a long-established neighborhood.²⁰ "I like to visit you in Las Vegas, not in my backyard," said one resident.²¹ With many local businesses already struggling to survive the economic fallout from the pandemic, the act of bringing a large, competing hospitality option into the city is a concern. Not only might existing Chicago restaurants and entertainment facilities lose customers to the

¹⁴ Tara Molina, "Alderman Wants Independent Review of Traffic Study That Gave Bally's Temporary Casino Plan a Green Light," CBS News, last modified October 3, 2022, accessed October 8, 2022, <https://www.cbsnews.com/chicago/news/alderman-wants-independent-review-of-traffic-study-that-gave-ballys-temporary-casino-plan-a-green-light/>.

¹⁵ Elliott Ramos, Sharda Gray, and Michele Youngerman, "Violent crime is spiking along the CTA train system: A look at the numbers," *CBS News Chicago* (Chicago, IL), October 15, 2022, accessed November 10, 2022, <https://www.cbsnews.com/chicago/news/heres-whats-going-on-with-crime-on-the-cta/>.

¹⁶ Molina, "Alderman Wants," CBS News.

¹⁷ Molina, "Alderman Wants," CBS News.

¹⁸ A.D. Quig, "Downtown alderman blasts traffic study on Medinah Temple casino as 'seriously flawed,'" *Chicago Tribune* (Chicago, IL), September 30, 2022, accessed October 14, 2022, <https://www.chicagotribune.com/politics/ct-medinah-temple-casino-traffic-study-20220930-tw15ydxirn7tirgfj7qtjwc4a-story.html>.

¹⁹ "Where we are as a murky casino process closes," *Crain's Chicago Business* (Chicago, IL), May 2, 2022, <https://www.proquest.com/docview/2659705521/1700C52D9B3544CAPQ/6?accountid=14657>.

²⁰ Jill R. Dorson, "'We Don't Want Your Casino,' Chicagoans Tell Bally's At Town Hall Meeting," USBets, last modified May 13, 2022, accessed October 12, 2022, <https://www.usbets.com/nimby-chicago-residents-ballys/>.

²¹ Dorson, "'We Don't,'" USBets.

casino, they also might have increased problems with hiring workers – and this is happening when short-staffing already is rampant. The “fit” of a casino with the “older, established community” of River West is also a key point of contention among locals.²² City Council’s recent approval of plans to bring in 2,200 apartments and a hotel within walking distance of the Bally’s casino is an example of the major development’s impact on the area.²³ A survey conducted by members of the River North Residents Association, a bordering neighborhood advocacy group, demonstrates this lack of community approval, with over 80% of the 2,300 respondents opposing the Bally’s casino.²⁴

The construction and successful operation of the casino will be less disruptive when there is a harmonious coexisting relationship with neighbors. In the case of the River West location, some of the neighbors are industrial businesses that have been in the district for decades. A casino-induced surge of new residents and visitors to the area, if not handled properly, can lead to protests and strikes.²⁵ John Bosca, a former head of the Neighbors of River West community group and a member of Chicago Mayor Lori Lightfoot’s advisory group expresses the community concern: “I’m not afraid of the casino as long as (Bally’s and city officials) realize we have to play in the sandbox together... If we can’t play nice in the sandbox, then nobody wins.”²⁶ Thus, part of the social costs of Chicago’s first casino, it seems, could be increasingly discontented neighbors. Mayor Lightfoot possesses the delicate task of managing community relations in River West and securing the wellbeing of all parties involved.

Bally’s recent \$200 million purchase of Freedom Center means the city’s printing presses might have to relocate²⁷ – and probably to a site more geographically

²² Dorson, “We Don’t,” USBets.

²³ Quinn Myers, “2,200 Apartments And Hotel Are Coming Near Bally’s Chicago Casino Site In River West,” Block Club Chicago, last modified October 27, 2022, accessed November 10, 2022, <https://blockclubchicago.org/2022/10/27/2200-apartments-and-hotel-are-coming-near-ballys-chicago-casino-site/>.

²⁴ Melody Mercado, “Disappointed But Not Surprised’: Outraged Alderman, Neighbors Pledge To Lobby Against Bally’s As Chicago’s 1st Casino,” Block Club Chicago, last modified May 6, 2022, <https://blockclubchicago.org/2022/05/06/disappointed-but-not-surprised-outraged-aldermen-neighbors-pledge-to-lobby-against-ballys-as-chicagos-1st-casino/>.

²⁵ Danny Ecker, “Grit vs. glitz: River West braces for a casino: Bally’s stands to turbocharge the transformation of the historically industrial neighborhood, raising questions about the future of manufacturing on the increasingly affluent North Side,” *Crain’s Chicago Business* (Chicago, IL), October 17, 2022, <https://www.proquest.com/docview/2726496990/1700C52D9B3544CAPQ/1?accountid=14657#>.

²⁶ Ecker, “Grit vs. Glitz.”

²⁷ Robert Channick, “Bally’s to close on Freedom Center site purchase for \$200 million,” *The Chicago Tribune*, last modified November 10, 2022, accessed December 2, 2022, <https://www.chicagotribune.com/business/ct-biz-ballys-nexstar-chicago-casino-site-purchase-sale-leaseback-20221110-hfommxsgx5genbc2vq254gq47m-story.html>.

removed from the city.²⁸ The 41-year-old production plant currently prints the *Tribune* and *Sun-Times*, as well as international papers like the *Wall Street Journal* and the *New York Times*, for local delivery. The site is currently headed towards demolition to make way for the casino development, leaving the future of Chicago's printing presses largely unknown.²⁹ The preservation of the Medinah Temple also presents a concern given its status as a designated Chicago landmark since 2001. Residents fear that the arrival of the temporary casino site in the River North space will require tampering with the building's architecture, which features copper domes, a third-floor ceiling, and stained-glass windows.³⁰

III. *Public Safety and Crime*

Additional public safety concerns for residents have the potential to present serious community costs connected to the new casino. Despite Bally's \$2 million annual safety plan that addresses public safety within the neighborhood, aldermen Reilly and Hopkins claim that the casino will lead to spiked crime levels in already dangerous areas.³¹ Chicago's history of organized crime renders it especially susceptible to the poorly-regulated vices that might accompany (and perhaps include) gaming, making it crucial that public officials ensure that everything remains aboveboard.³² The Illinois Gaming Board, a state agency that "has historically been understaffed and underfunded," will be taking the reins on regulating the Chicago casino. The Illinois Gambling Expansion Act, however, drastically increased the agency's responsibilities and led to a notable decrease in the Gaming Board staff.³³

For instance, casinos are at risk of becoming sites for money laundering, which is the act of taking illegally obtained money and "cleaning" it through transactions that

²⁸ Justin Kauffman, "Chicago May Lose Its Printing Press," *Axios Chicago*, last modified October 28, 2022, <https://www.axios.com/local/chicago/2022/10/28/chicago-may-lose-printing-press>.

²⁹ Channick, "Bally's to close," *The Chicago Tribune*.

³⁰ Mary Norkol, "Community meeting aims to ease fears about Medinah Temple's temporary future as casino," *Chicago Sun Times* (Chicago, IL), July 19, 2022, <https://chicago.suntimes.com/2022/7/19/23270833/details-take-shape-on-historic-medinah-temples-latest-incarnation-as-temporary-casino>.

³¹ TRD Staff, "Chicago casino opponents reject Bally's \$2M annual safety plan," *The Real Deal*, last modified May 20, 2022, accessed October 14, 2022, <https://therealdeal.com/chicago/2022/05/20/ballys-agrees-to-pay-2m-annually-for-public-safety-opponents-say-its-not-enough/>.

³² Dan Petrella, "Chicago has a sordid history of organized crime. So how will regulators make sure the city's new casino is on the up-and-up?," *Chicago Tribune* (Chicago, IL), May 15, 2022, <https://www.proquest.com/docview/2664486128/C9E14C66940D4FA4PQ/1?accountid=14657>.

³³ Petrella, "Chicago has a sordid."

make it look like it was earned legally.³⁴ At casinos, large amounts of dirty money can be converted into chips or deposited into a betting account, then cashed out after a short while in the form of a check. The regulatory limitations on the number of casino licenses also imply that by operating within a less-than-fully competitive industry, casino owners might be able to garner extraordinary profits. The potential for these excess profits has long been a lure for unsavory if not outright criminal businesspeople. In 2001, plans were well along for the siting of a casino in Rosemont, a Chicagoland suburb near O'Hare airport. The village of Rosemont itself had spent tens of millions of dollars to build a large parking garage next to the site of the intended casino. The Illinois Gaming Board scuttled the plans when it revoked the casino's license on the basis that the owners of the casino possessed and failed to disclose ties to organized crime. A two-decade long legal battle ensued, with Rosemont incurring millions of dollars in additional spending on legal fees.³⁵

Jeff Cramer, a former federal prosecutor who has participated in casino investigations addresses the potential for mob infiltration in the upcoming Chicago casino: "You want to make sure the city is not in business with some nefarious individuals... You don't want to find out after the fact."³⁶ While regulators are likely to focus their efforts on preventing known mobsters from getting involved, recent years show international criminals have been increasingly participating in casino-based money laundering schemes. The vetting process for Illinois casino owners includes a thorough examination of criminal and financial records, and a license can be withheld for anything that would "dishonor or harm the reputation of, or result in adverse publicity for, the state of Illinois and its gaming industry."³⁷ Despite the rigorous background check conducted on casino ownership applicants, Cramer suspects that the risks may be beyond the control of Illinois regulators. "The risks are far more dangerous now because you've got, again, international money launderers, not just some two-bit organized crime people trying to get involved in a casino," said Cramer.³⁸

³⁴ Brooke Keaton, "How Money Laundering Really Works & Why It's A Problem In The Gambling Industry," Casino.org, last modified November 25, 2021, <https://www.casino.org/blog/how-money-laundering-really-works/>.

³⁵ Philip Conneller, "Rosemont, Illinois Gets \$2.8 Million from Backers of Failed Emerald Casino," Casino.org, last modified December 5, 2020, <https://www.casino.org/news/rosemont-illinois-gets-2-8-million-from-backers-of-failed-emerald-casino/>.

³⁶ Petrella, "Chicago has a sordid."

³⁷ Petrella, "Chicago has a sordid."

³⁸ Petrella, "Chicago has a sordid."

IV. *Problem Gambling*

Opponents of gambling often say that increased gaming outlets foster dangerous behaviors such as problem gambling, also known as gambling addiction. A 2013 study identified statistically significant correlations between casino proximity and problem gambling in 5 out of 8 cross-sectional studies. The researchers also found that the opening of a new casino led to increased problem gambling among local residents within the first year.³⁹ A more recent study from 2021 conducted at California State University San Marcos examined the effect that physical proximity to casinos had on problem gambling, specifically in college students. Analyzing the consequences of having twelve casinos within sixty miles of campus, the study found that there was a significantly higher frequency of problematic gamblers in the area compared to the national average. The researchers conclude that the dense proximity of casinos promotes problem gambling.⁴⁰

A 2021 statewide study published by the Illinois Department of Human Services (IDHS) found that roughly 4% of adults (about 383,000 people) in the state are considered to have a gambling problem. An additional 761,000 adults, or 7.7%, are estimated to be at risk for developing a gambling problem.⁴¹ The report also found that in an average year, problem gamblers reported spending an average of about \$16,750 on gambling.⁴² From 2018 to 2020, the number of treatment-related services for disordered gambling more than doubled, pointing to a drastic rise in people receiving treatment for problem gambling in the state. Nonetheless, the study finds that only a little over 20% of treatment-seeking problem gamblers seek help from a mental health professional. Instead, they are most likely to rely on family members and friends.⁴³ These statistics suggest that barriers to accessing treatment for gambling addicts continue to exist in Illinois.

Across the United States as a whole, the IDHS study also found that people from Indigenous, Black, Hispanic, and Asian backgrounds were at higher risk of

³⁹ Henry H Y Tong and David Chim, "The relationship between casino proximity and problem gambling," *Asian Journal of Gambling Issues and Public Health* 3 (February 20, 2013), <https://ajgiph.springeropen.com/articles/10.1186/2195-3007-3-2>.

⁴⁰ D. Sciglimpaglia, EK Tarr, and GH Brodowsky, "Does Easy Access to Casinos Influence Addictive Gambling Behavior by College Students? The Potential Role of Tribal Gaming in America," *Journal of Addiction and Addictive Disorders*, August 17, 2021, <https://www.heraldopenaccess.us/openaccess/does-easy-access-to-casinos-influence-addictive-gambling-behavior-by-college-students-the-potential-role-of-tribal-gaming-in-america>.

⁴¹ Illinois Department of Human Services, *2021 Statewide Assessment of Gambling and Problem Gambling in Illinois*, [Page 3], accessed November 12, 2022, <https://weknowthefeeling.org/wp-content/uploads/2022/04/Illinois-Problem-Gambling-Assessment.pdf>.

⁴² Illinois Department of Human Services, *2021 Statewide*, [Page 17].

⁴³ Illinois Department of Human Services, *2021 Statewide*, [Page 13].

developing problem gambling.⁴⁴ The disproportionate effect that problem gambling has on marginalized communities illustrates the broader racial inequities at play. Acculturative stressors, racial discrimination, and gambling as a form of escape are a few of the factors that may explain this disparity.⁴⁵ Furthermore, problem gambling is more common “among individuals with lower income, education level, and school GPA,” making vulnerable persons particularly at risk with the establishment of the new Bally’s casino.⁴⁶ The expansion of gambling availability in Illinois magnifies the importance of understanding how problem gambling affects different groups, in order to provide adequate prevention and treatment.

Urban Casinos

In the past few decades, gambling has become an increasingly popular, widespread, and socially acceptable activity in the United States.⁴⁷ According to an annual report published by the American Gambling Association in September of 2022, 42 percent of American adults participated in some form of gambling in the past year -- not including the lottery, which is the most popular type of gambling in the US. Additionally, 34 percent of Americans visited casinos, a 6 percent increase from 2021.⁴⁸ Paulette J. O’Gilvie’s 2022 study analyzes the “influx of urban casinos in major metropolitan cities” in the northeastern United States since the early 2000’s, linking accessibility, availability, and acceptability to the proliferation of casinos in urban communities.⁴⁹ The continuous growth of the casino industry, however, may eventually lead to problems for existing establishments. New York City, one of the last major untapped gambling markets in the country, is now in the process of getting its first legal full-service casino. A *New York Times* article published in June 2022 points to the “overstated” tax revenue projections and economic benefits that tend to “fade over time,” pointing to casinos in other urban areas as evidence.⁵⁰ Furthermore,

⁴⁴ Illinois Department of Human Services, *2021 Statewide*, [Page 3].

⁴⁵ Illinois Department of Human Services, *2021 Statewide*, [Page 10].

⁴⁶ Illinois Department of Human Services, *2021 Statewide*, [Page 3].

⁴⁷ "Health Correlates of Recreational Gambling in Older Adults," *The American Journal of Psychiatry*, September 1, 2004, <https://ajp.psychiatryonline.org/doi/full/10.1176/appi.ajp.161.9.1672>.

⁴⁸ American Gaming Association, *American Attitudes on Casino Gaming 2022*, September 7, 2022, accessed November 8, 2022, <https://www.americangaming.org/resources/american-attitudes-on-casino-gaming-2022/>.

⁴⁹ Paulette J. O’Gilvie, "The Impact of Casino Proximity on Northeast Urban Communities: A Literature Review," *Humanities and Social Sciences Communications* 9 (February 1, 2022): accessed October 12, 2022, <https://www.nature.com/articles/s41599-022-01055-1>.

⁵⁰ Nicole Hong and Dana Rubinstein, "Where Could a Casino Be Built in New York City? What We Know," *The New York Times* (New York, NY), October 21, 2022, accessed November 8, 2022, <https://www.nytimes.com/article/nyc-casino-tracker.html>.

the dependence on gambling revenues leaves states in vulnerable positions when casinos are at risk for bankruptcy; in Delaware and Rhode Island, the states had to provide financial incentives for casinos to remain open.⁵¹

The high saturation of casinos and their growing presence in urban areas has led to “cannibalization,” a term used to describe the trend where newcomers to the casino scene take significant shares of gaming revenue from their nearby competitors.⁵² Whereas in 1978 the only states with commercial casinos were Nevada and New Jersey, in 2021 there were 44 states with physical commercial and/or tribal casino gambling venues.⁵³ In less than a decade, the arrival of casinos in Pennsylvania in 2006 contributed to casino revenues being cut in half in neighboring Atlantic City, New Jersey. Along with dropping revenues, an estimated 10,000 jobs were eliminated from what since 1978 has been a major go-to spot for casino gambling on the East Coast.⁵⁴ Pennsylvania’s success in diverting visitors from Atlantic City has brought in more than \$1.25 billion in net gaming receipts in the first quarter of 2022, making it the second-highest revenue earning state from gambling and sports betting.⁵⁵ A 2018 report by Moody’s Investors Services shows that the opening of three casinos in upstate New York within a year led to increased state gaming revenues, but also resulted in multiple venues failing to achieve their revenue projections.⁵⁶

The suburban casinos outside of Chicago, however, remain confident in their ability to thrive given their “state-of-the-art facilities” and convenient locations near busy expressways, despite the planned 2026 arrival of Bally’s glitzy casino.⁵⁷ In addition to the Chicago venue, up to 5 new casinos are in the works following the Illinois Gambling Expansion Act. Their locations in the north and south suburbs of the city, as well as Aurora, Elgin, and Joliet, put them at a considerable distance from the city and therefore should be able to attract their own local base of visitors.⁵⁸ Chris Grove, a partner at a gaming-focused research firm in California, is placing his bets on

⁵¹ John Wolfson, “America’s Casino-Saturation Problem,” *The New Yorker*, November 18, 2014, accessed November 8, 2022, <https://www.newyorker.com/business/currency/americas-casino-saturation-problem>.

⁵² Sara Foss, “Foss: Casino Cannibalization Continues,” *The Daily Gazette*, accessed November 6, 2022, <https://dailygazette.com/2019/01/23/foss-casino-cannibalization-continues/>.

⁵³ American Gaming Association, *State of Play*, December 31, 2021, accessed November 4, 2022, <https://www.americangaming.org/state-of-play/>.

⁵⁴ Henry Grabar, “Full House,” *Slate*, last modified May 26, 2022, accessed November 2, 2022, <https://slate.com/business/2022/05/casinos-new-york-city-chicago-philadelphia.html>.

⁵⁵ Grabar, “Full House,” *Slate*.

⁵⁶ Stephen Williams, “Moody’s Report Finds Casinos ‘Cannibalizing’ Revenues,” *The Daily Gazette*, January 25, 2018, accessed November 2, 2022, <https://dailygazette.com/2018/01/25/moody-s-report-finds-casinos-cannibalizing-revenues/>.

⁵⁷ McCoppin, “As Chicago.”

⁵⁸ McCoppin, “As Chicago.”

the success of the suburban Illinois casinos: “Each has a relatively distinct core audience it will market to.” Grove adds, “I also don’t think it’s the logic for Chicago to be drawing from the suburbs...Convenience is a major factor.”⁵⁹ Grove also recognizes the looming fear of oversaturation of the market but suggests that investors would not embark on these sizable capital expenditures without foreseeable growth.⁶⁰

While a goal of the Chicago casino is to drive revenue towards the city -- especially given the \$331 million that Chicago residents annually spend at Indiana casinos -- it is likely that the Chicago casino will displace some bettors from nearby casinos located in Illinois as well as in neighboring states.⁶¹ From a tax revenue standpoint, an ideal Chicago casino would attract new visitors from outside of the state, though Illinois’ gambling history shows that it mostly serves a local market. Perhaps a high-amenity Chicago casino will become a major visitor destination, but the more likely scenario, given the easy accessibility of casinos in Indiana, Wisconsin, Iowa, and Missouri, is for Chicagoland residents to constitute the bulk of the customer base.⁶²

The Chicago casino will compete not just with nearby casinos but also with local entertainment alternatives. For this reason, casinos in urban areas rarely lead to marked economic development. Economist Ernest P. Goss comments on the reality of casino competition and economic outcomes: “New casinos not only pull gamblers from other casinos, they pull non-casino revenues from other outlets...As a result, most casinos today do not represent economic development engines.”⁶³ Boise State University Professor Jonathan Krutz conducted a study of casinos in 39 states over the span of 15 years and found that local economies with casinos did not experience faster growth than those without casinos.⁶⁴ Krutz’ findings suggest that casinos are more of a substitute for existing businesses rather than a generator of economic growth.⁶⁵

⁵⁹ McCoppin, "As Chicago."

⁶⁰ McCoppin, "As Chicago."

⁶¹ Todd Shriber, "Bally's Strikes Labor Accord for Chicago Casino," Casino.org, last modified October 18, 2022, accessed November 4, 2022, <https://www.casino.org/news/ballys-announces-construction-labor-agreements-for-chicago-casino/>.

⁶² McCoppin, "As Chicago."

⁶³ Grabar, "Full House," Slate.

⁶⁴ Nicole Hong, "If New York City Gets Las Vegas-Style Casinos, What Else Will It Get?," *The New York Times* (New York, NY), June 4, 2022, accessed November 4, 2022, <https://www.nytimes.com/2022/06/04/nyregion/nyc-casinos-gambling.html>.

⁶⁵ Hong, "If New York."

Case Study: Detroit

Since the legalization of casino gambling in Detroit was approved in 1996, its impact on the city in the past 26 years can be examined as a possible blueprint for what a casino might mean for Chicago.⁶⁶ In addition to the geographical proximity that Detroit shares with Chicago as another metropolitan city in the Midwest, Detroit in 2011 was the largest city in the United States with casino gambling.⁶⁷ Consequently, Detroit presents an ideal opportunity to study the social effects of casino gambling.

Detroit is home to three casino establishments: MotorCity Casino Hotel, MGM Grand Detroit, and Greektown Casino. In 2021, the three casinos paid \$102.6 million in wagering taxes to the State of Michigan on revenue from slots and table games and \$160.8 million in taxes and development agreement payments to the City of Detroit.⁶⁸ The 2021 aggregated casino revenue itself came to \$1.294 billion, beating the 2020 results that were heavily impacted by the pandemic, but falling short of 2019's record total of \$1.454 billion.⁶⁹ (Detroit lost \$600 thousand in gambling tax revenue for each day that casinos were closed amid shutdown orders during the coronavirus pandemic).⁷⁰ The entirety of the state tax revenue collected from casinos in Michigan, 8.1% of the casinos' adjusted gross revenue, goes towards the School Aid Fund for statewide K-12 classroom education. The city of Detroit additionally collects 10.9% of the casinos' adjusted gross revenue. These funds support a variety of programs, such as those promoting public safety, anti-gang and youth development, and community

⁶⁶ "20 Years After Casinos Approved in Detroit, Expert Looks Toward City's Gambling Future," *CBS News Detroit*, May 4, 2016, accessed November 2, 2022, <https://www.cbsnews.com/detroit/news/20-year-after-casinos-approved-in-detroit-expert-looks-toward-citys-gambling-future/>.

⁶⁷ Fayette Martin, Peter A. Lichtenberg, and Thomas N. Templin, "A Longitudinal Study: Casino Gambling Attitudes, Motivations, and Gambling Patterns Among Urban Elders," *Journal of Gambling Studies* 27 (2011), accessed November 1, 2022, <https://link.springer.com/article/10.1007/s10899-010-9202-4>.

⁶⁸ "Detroit casinos produce \$1.29 billion in aggregate revenue during 2021," Michigan Gaming Control Board, last modified January 11, 2022, accessed November 4, 2022, <https://www.michigan.gov/mgcb/whatsnew/detroit-casinos-produce-1-29-billion-in-aggregate-revenue-during-2021#:~:text=During%202021%2C%20the%20three%20Detroit,slots%20and%20table%20games%20revenue.>

⁶⁹ Jordyn Grzelewski, "Detroit casinos report \$1.29 billion in revenue for 2021, up more than 100% from 2020," *The Detroit News* (Detroit, MI), January 11, 2022, accessed November 4, 2022, <https://www.detroitnews.com/story/business/2022/01/11/detroit-casinos-report-1-29-billion-revenue-2021/9173678002/>.

⁷⁰ Justine Lofton, "Detroit lost \$600K in tax revenue every day casinos were shuttered, industry leader says," *MLive*, last modified October 27, 2020, <https://www.mlive.com/news/2020/10/detroit-lost-600k-in-tax-revenue-every-day-casinos-were-shuttered-industry-leader-says.html>.

economic development.⁷¹ Like Chicago, the gambling tax revenue in Detroit is also meant to provide relief for taxpayers from certain fees imposed by the City.⁷²

An assessment of how casino gaming affected crime rates in Detroit provides a realistic prediction for what citizens of the city of Chicago can expect with the opening of Bally's. News headlines in local outlets point to the presence of violent crimes directly targeting casino visitors, such as the 2019 crime spree where perpetrators would carjack the victims after bumping into their cars upon their departure from the casino in order to rob them.⁷³ These incidents, however, do not provide information on broader crime trends in the city and do not establish that more casinos mean more crimes. While most people assume that crime increases within the host community and surrounding areas following the opening of a casino, a paper by Omar Moufakkir published in the *UNLV Gaming Research & Review Journal* finds that the total volume of crime in Detroit in fact did not increase.⁷⁴ Moufakkir's findings, based on Index Crimes tracked by the Uniform Crime Reporting Program, suggest that certain types of crime increased slightly, largely related to the increased number of tourists coming into the city during that period, while others decreased. Moufakkir ultimately concludes that "there is no alarming indication to suggest that the volume of crime has increased when the casinos opened in the city."⁷⁵

Another source of contention lies in the risk of stimulating problem gambling. After almost two decades of a voluntary lifetime ban policy (a self-exclusion agreement) in an attempt to prevent problem gambling, the state of Michigan signed a new law in 2020 that gives people the opportunity to remove their name from the "Disassociated Persons List" after five years. Richard S. Kalm, the executive director of the Michigan Gaming Control Board, cites this policy change as having the potential to attract more gambling addicts to self-enroll in the list.⁷⁶ The notion is that

⁷¹ "Revenues and Wagering Tax Information," Michigan Gaming Control Board, accessed November 2, 2022, <https://www.michigan.gov/mgcb/detroit-casinos/resources/revenues-and-wagering-tax-information#:~:text=The%20State%2FCity%20Wagering%20Tax,statewide%20K%2D12%20classroom%20education.>

⁷² "Revenues and Wagering," Michigan Gaming Control Board.

⁷³ Simon Shaykhet, "Crime ring targeted high rollers at Detroit casinos for carjackings, robberies," *WXYZ Detroit* (Detroit, MI), May 16, 2019, accessed November 2, 2022, [https://www.wxyz.com/news/crime-ring-targeted-high-rollers-at-detroit-casinos-for-carjackings-robberies.](https://www.wxyz.com/news/crime-ring-targeted-high-rollers-at-detroit-casinos-for-carjackings-robberies)

⁷⁴ Omar Moufakkir, "An Assessment of Crime Volume Following Casino Gaming Development in the City of Detroit," *UNLV Gaming Research & Review Journal* 9, no. 1 (2005), accessed November 4, 2022, [https://digitalscholarship.unlv.edu/cgi/viewcontent.cgi?article=1164&context=grrj.](https://digitalscholarship.unlv.edu/cgi/viewcontent.cgi?article=1164&context=grrj)

⁷⁵ Moufakkir, "An Assessment."

⁷⁶ Candice Williams, "Self-banned for life from Detroit casinos? Not anymore," *The Detroit News* (Detroit, MI), October 29, 2020, accessed November 3, 2022, [https://www.detroitnews.com/story/business/2020/10/29/self-ban-casinos-can-be-reversed-after-five-years/6060046002/.](https://www.detroitnews.com/story/business/2020/10/29/self-ban-casinos-can-be-reversed-after-five-years/6060046002/)

people suffering with gambling problems might be more willing to self-exclude if the exclusion did not have to be lifelong. The lifetime ban attracted only 4,825 concerned gamblers over its two decades of existence. (Kalm also acknowledges the potential risk of people with gambling problems requesting removal from the list and falling back into the same habits they sought to counter or prevent by self-excluding to begin with.⁷⁷) With 153 self-enrollments processed in 2022, a 4% increase since the previous year, there is hope that the reduced duration will make self-exclusion more attractive.⁷⁸

Case Study: Philadelphia

In 2021, Pennsylvania set a record for its gaming tax revenue: gambling provided more than \$1.93 billion for the state. Of Pennsylvania's five highest-earning casinos, three of them are located in the Philadelphia area.⁷⁹ The growing financial success of Philadelphia's casinos provides an optimistic precedent for Chicago's upcoming casino development. Gambling tax revenues in the state of Pennsylvania go towards a variety of purposes, including "property tax reduction, economic development, boosting the state's horse racing industry, and the state's general fund."⁸⁰

Alan Greenberger, the deputy mayor for economic development when Philadelphia's first casino opened in 2010, acknowledges the financial improvements made to the sewer system and the hundreds of local workers employed because of the casino project – but he also notes the cost. "A lot of people are working, which is good...But they're working for an operation that is probably taking revenue in from people who are least likely to afford it," says Greenberger.⁸¹ Further, the low wages of many casino employees limit the potential for their employment to spark long-term economic growth. The Bureau of Labor Statistics reported the median annual salary in

⁷⁷ Williams, "Self-banned for life."

⁷⁸ "Michigan Gaming Control Board Disassociated Persons List Statistics," chart, Michigan Gaming Control Board, accessed November 4, 2022, https://www.michigan.gov/mgcb/-/media/Project/Websites/mgcb/Responsible-Gaming-DPL-Reports/DPL_Totals_graph_07-01-2015_457976.pdf?rev=b9a6ae9bbc814dbeb0c53c048a2e2647&hash=6FA9A10594D06FFA08B87D0136CB7E14.

⁷⁹ Ryan Mulligan, "In a record-breaking 2021 for Pennsylvania gaming, these casinos brought in the most revenue," *Philadelphia Business Journal* (Philadelphia, PA), January 24, 2022, [Page #], accessed November 1, 2022, <https://www.bizjournals.com/philadelphia/news/2022/01/24/revenue-casinos-ranked-2021.html>.

⁸⁰ A Record Jackpot: PA Gambling Revenues Top \$5 Billion for the First Time," *Pittsburgh Post-Gazette* (Pittsburgh, PA), July 19, 2022, accessed November 2, 2022, <https://www.post-gazette.com/business/development/2022/07/19/gambling-pennsylvania-casinos-gaming-control-board-table-games-slot-machines-sports-betting-tax-revenue-online-fantasy-sports-contests/stories/202207190104#:~:text=Tax%20revenues%20fueled%20by%20gambling,and%20the%20state's%20general%20fund.>

⁸¹ Hong, "If New York."

2021 for an employee working in a gambling establishment to be \$29,120 across the United States.⁸² In regard to the social benefit, Greenberger also argues that the two casinos in the city had little impact on Philadelphia's "character of life," in part due to their locations being on the outskirts of the city.⁸³ Philadelphia has been able to avoid a conflation of its identity with casino availability.

An area of concern for casinos in Philadelphia is the record number of unattended children being left in cars. The high risk of danger when leaving children alone in the car includes the possibility of heatstroke in the summer and hypothermia in the winter. Nonetheless, 26 individuals have already been placed on the exclusion list for this type of child neglect during casino visits, and regulators are understandably concerned.⁸⁴ Casinos have been taking extra measures to prevent child abandonments including the provision of childcare centers and the installation of special infrared cameras to identify the existence of occupants in parked cars. The unfortunate need for these types of measures to protect the children of gamblers is a lesson that Chicago regulators should ponder and prepare for.

The Role of Chicago Politics

Chicago Mayor Lori Lightfoot has been an ongoing proponent of the Gambling Expansion Act, citing it as a chance to create job opportunities in the city and generate tax revenue for Chicago's depleted pension funds.⁸⁵ Furthermore, Lightfoot explicitly offered her endorsement of Bally's bid, as "the strongest financial offer to the city and the highest minimum capital investment."⁸⁶ The timeline for City Council approval of Bally's casino bid was also expedited by Lightfoot, despite opposition from Council members such as Alderman Brian Hopkins, who publicly expressed his discontent regarding the frenzied rush of casino-related documents flowing in.⁸⁷

⁸² Hong, "If New York."

⁸³ Hong, "If New York."

⁸⁴ Chris Imperiale, "PA Casinos Dealing with Record Number of Unattended Children Left in Cars," Play Pennsylvania, last modified October 27, 2022, accessed November 2, 2022, <https://www.playpennsylvania.com/unattended-children-in-cars-pa-casinos-record-high/>.

⁸⁵ Palmeri and Campbell, "Chicago Will," Bloomberg.

⁸⁶ Mitchell Armentrout and Fran Spielman, "Bally's River West casino proposal gets city nod," Chicago Sun Times, last modified May 5, 2022, accessed October 12, 2022, <https://chicago.suntimes.com/2022/5/5/23058317/chicago-casino-ballys-lightfoot-selection-river-west-tribune-site>.

⁸⁷ Fran Spielman and Mitchell Armentrout, "Lightfoot rushing to get City Council approval of Bally's casino bid next week," Chicago Sun Times, last modified May 20, 2022, accessed October 14, 2022, <https://chicago.suntimes.com/2022/5/20/23132781/chicago-casino-vote-ballys-city-council-committee>.

A special City Council Casino Committee, chaired by City Council Zoning Committee Chairman Tom Tunney, was established by Lightfoot in March of 2022, during the casino site selection process.⁸⁸ The purpose of this committee was to oversee all casino-related decisions, but by the time Bally's proposal was chosen, the City Council Casino Committee had only met once and failed to weigh in with their preferred site. Though Mayor Lightfoot had promised that "each and every single member" of the Committee would have "ample opportunity" to participate, the award to Bally's took place in an unusually rapid way. Speculation arose suggesting that Lightfoot's interest in hearing additional perspectives, whether from Council members or the community, was limited.⁸⁹ The Mayor was also criticized by some Council members for failing to provide transparency in what Lightfoot herself described to be "one of the most important decisions that this body is going to be involved with, maybe in a long time, if ever."⁹⁰ Alderman Ray Lopez described the special Committee as a "stacked deck and an affront of democracy," illustrating the perceived lack of inclusivity and transparency in the conversation surrounding the forthcoming casino.⁹¹

A few weeks after Bally's filed its casino license application with the Illinois Gaming Board in August 2022, Mayor Lightfoot formed a new Casino Community Advisory Council, made up of four neighborhood representatives and 15 issue experts. The remit of the committee was to foster community feedback as the approval process advanced, regarding both the permanent and temporary casino sites.⁹² Despite Lightfoot's efforts, skeptical responses from city representatives put into question the perceived legitimacy of the advisory group. Having served as a member of Lightfoot's previous casino committee, Hopkins described the new Advisory Council as "nothing but a façade of political cover."⁹³ Tunney, on the other

⁸⁸ Fran Spielman, "After narrowing potential sites to three, Chicago mayor accused of 'stacking the deck' on casino committee," CDC Gaming Reports, last modified March 23, 2022, accessed October 14, 2022, <https://cdcgaming.com/brief/after-narrowing-potential-sites-to-three-chicago-mayor-accused-of-%CB%9Cstacking-the-deck-on-casino-committee/>.

⁸⁹ Spielman, "After narrowing," CDC Gaming Reports.

⁹⁰ Spielman, "After narrowing," CDC Gaming Reports.

⁹¹ Fran Spielman, "Lightfoot accused of 'stacking the deck' on Chicago casino committee," Chicago Sun Times, last modified March 23, 2022, accessed October 14, 2022, <https://chicago.suntimes.com/city-hall/2022/3/23/22992706/chicago-casino-site-selection-three-locations-special-city-council-committee-named-tunney-lightfoot>.

⁹² Fran Spielman, "Lightfoot Creates Casino Advisory Council," Chicago Sun Times, last modified September 8, 2022, accessed October 7, 2022, <https://chicago.suntimes.com/city-hall/2022/9/8/23343328/chicago-ballys-casino-advisory-council-created-lightfoot-river-west#:~:text=Mayor%20Lori%20Lightfoot%20created%20a,billion%20casino%20in%20River%20West>.

⁹³ Spielman, "Lightfoot creates," Chicago Sun Times.

hand, offered a more optimistic outlook by describing the Council as a “gesture of good faith engagement with neighbors most impacted by the casino.”⁹⁴

Indeed, Lightfoot’s ongoing role in advancing Bally’s casino has been met with outrage from some River West residents and City Council members, who have accused the mayor of placing her own interests above the community’s. Given her intention to run for reelection in 2023, Lightfoot has high stakes resting upon the success of her backed casino policy.⁹⁵

Conclusion

The casino landscapes in Philadelphia and Detroit can serve to inform Chicago’s planning for the forthcoming Bally’s casino. For instance, Detroit’s experience with its original voluntary lifetime self-ban policy suggests the wisdom of exclusion programs with options for shorter durations. With problem gamblers comprising an estimated 4% of people in the state of Illinois, it is especially critical that Bally’s takes steps to prioritize the wellbeing of its customers;⁹⁶ the disproportionate number of people impacted by problem gambling in poor and marginalized communities intensifies the need to be proactive in limiting disordered gambling.⁹⁷ While Philadelphia’s financial success serves as a testament to the economic benefits provided by casinos, the restricted potential for economic growth given the low wages among casino employees indicates the need for assuring that benefits flow to minority and underprivileged workers.

As demonstrated by this look at the major potential costs and benefits of the Chicago casino, significant progress needs to be made before the casino will be ready to operate in a capacity that produces a net benefit to the city of Chicago. The disproportionate effect that gambling has on marginalized populations makes it imperative that the harmful effects of the casino are mitigated prior to the opening of the casino. Given the high stakes involved, the mayor, the City Council, and the members of the community should be active in pushing for policies that ensure that Chicago’s casino is beneficial for Chicago’s residents. The City must therefore slow

⁹⁴ Spielman, "Lightfoot creates," Chicago Sun Times.

⁹⁵ Melody Mercado, "'Disappointed But Not Surprised': Outraged Alderman, Neighbors Pledge To Lobby Against Bally's As Chicago's 1st Casino," Block Club Chicago, last modified May 6, 2022, <https://blockclubchicago.org/2022/05/06/disappointed-but-not-surprised-outraged-aldermen-neighbors-pledge-to-lobby-against-ballys-as-chicagos-1st-casino/>.

⁹⁶ Illinois Department of Human Services, *2021 Statewide*, [Page 3].

⁹⁷ Illinois Department of Human Services, *2021 Statewide*, [Page 3].

down its current approval processes surrounding the upcoming temporary and permanent casino sites to ensure that the decisions being made do not come at the expense of people's wellbeing.

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Editorial note: For a related op-ed in the *Chicago Policy Review*, please see <https://chicagopolicyreview.org/2023/01/23/the-early-bets-are-in/>.