

Stacking the deck

**The
flow
of
money
from
gambling
interests
into Illinois
politics**



Report presented by



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The flow of money from gambling interests into Illinois politics

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Part 1

Big Money , Big Contributions

In 1997 wagers on Illinois-sanctioned gambling topped \$3.856 billion. Clearly, riverboat casinos, horse racing and the state lottery are big business in this state. While the Illinois State Lottery is a public operation (run by the Illinois Department of Lottery), horse racing and riverboat casinos are not. They are private operations licensed, regulated and taxed by the state. State-sanctioned gambling is also an important source of state and local revenue. Riverboat casinos, horse racing and the state lottery generated more than \$893 million in revenue for state and local governments in 1997.

The rise of the gambling industry

In 1990 there were no riverboat casinos in Illinois. Gambling on the state lottery and horse racing totaled \$2.777 billion that year. With the growth of both casino gambling and off-track betting, total gambling activity in the state increased sharply between 1990 and 1995. Total gambling rose to slightly more than \$4 billion in both 1995 and 1996 before declining to

TABLE 1
Gambling Revenue in Illinois, 1990 - 1997

Illinois Horse Racing			Riverboat Casinos		
	Total handle ¹	Tax Revenue		Gross Receipts ²	Tax Revenue
1990	\$1,252,000,000	\$ 46,000,000	1990	\$-0-	\$-0-
1991	\$1,248,000,000	\$ 46,000,000	1991	\$ 15,000,000	\$ 4,000,000
1992	\$1,291,000,000	\$ 44,000,000	1992	\$ 226,000,000	\$ 53,000,000
1993	\$1,282,000,000	\$ 48,000,000	1993	\$ 606,000,000	\$142,000,000
1994	\$1,239,000,000	\$ 47,000,000	1994	\$ 980,000,000	\$237,000,000
1995	\$1,202,000,000	\$ 45,000,000	1995	\$1,178,000,000	\$285,000,000
1996	\$1,233,000,000	\$ 46,000,000	1996	\$1,131,000,000	\$277,000,000
1997	\$1,180,000,000	\$ 45,000,000	1997	\$1,054,000,000	\$261,000,000

Illinois State Lottery			Total Gambling Activity		
	Gross Revenue ³	Net Revenue to State		Gross Revenue ⁴	Net Revenue to State
1990	\$1,525,000,000	\$594,000,000	1990	\$2,777,000,000	\$640,000,000
1991	\$1,566,000,000	\$580,000,000	1991	\$2,729,000,000	\$630,000,000
1992	\$1,635,000,000	\$610,000,000	1992	\$3,192,000,000	\$707,000,000
1993	\$1,575,000,000	\$587,000,000	1993	\$3,463,000,000	\$777,000,000
1994	\$1,494,000,000	\$552,000,000	1994	\$3,713,000,000	\$836,000,000
1995	\$1,629,000,000	\$558,000,000	1995	\$4,009,000,000	\$888,000,000
1996	\$1,637,000,000	\$594,000,000	1996	\$4,001,000,000	\$917,000,000
1997	\$1,622,000,000	\$587,000,000	1997	\$3,856,000,000	\$893,000,000

¹Source: Illinois Racing Board, 1997 Annual Report.

²Source: Illinois Gaming Board, 1997 Annual Report.

³Source: Legislative Research Unit, 1998 Illinois Tax Handbook.

⁴Sources: Legislative Research Unit, 1998 Illinois Tax Handbook; Illinois Racing Board, 1997 Annual Report; and Illinois Gaming Board, 1997 Annual Report.

\$3.856 billion in 1997 (see Table 1). Looking at the lottery and horse racing over the past ten years and casino gambling over the past four years, it is clear that gambling activity is basically flat in current dollars. Adjusted for inflation, the trend line is slightly negative.

Competition among gambling interests within the state has increased dramatically over the last decade. The Illinois horse racing industry has had to contend with off-track betting and casino gambling in addition to the state lottery. Since 1990, wagering at off-track betting operations has steadily increased, while wagering on-site at Illinois race tracks has steadily decreased. Riverboat casinos were first licensed in the state in 1991. Casino wagering rose to \$1 billion in 1995 and then leveled off. Like the horse racing industry, the holders of riverboat casino licenses have felt pressure from other forms of gambling. They also face the prospect of more competition if the Illinois General Assembly expands the number of casino licenses it awards in the state. The legislature may feel pressure to increase the number of licenses because proponents can point out that most casinos have had financial success and that Cook County and the waters of Lake Michigan were excluded as eligible sites for riverboat casinos in the original 1991 riverboat casino legislation. All forms of state-sanctioned gambling in Illinois have faced increased competition from state-sanctioned gambling operations in Missouri, Iowa and Indiana during the last ten years. Finally, public attention to the negative social impact of gambling has increased sharply over the past four years, with resulting calls for restrictions and increased regulation and taxation.

Given this atmosphere, it is not surprising that gambling policy has become an increasingly visible and contentious issue in the Illinois General Assembly. The stakes are very high. And with those high stakes has come an explosion of campaign contributions from gambling interests: \$1.8 million in 1997/98 and over \$4.8 million in the past six years. What follows is a detailed examination of the flow of campaign contributions from gambling interests into Illinois politics and a discussion of the potential impact of those contributions.

What and who are gambling interests?

In most cases, identifying a campaign contribution from a gambling interest is straightforward. Corporate entities engaged in horse racing (e.g. Arlington International Race Track) or operating riverboat casinos (e.g., Empress Casino-Joliet) are clearly gambling interests. The same is true of associations representing those who participate in horse racing operations or representing those who own or operate riverboat casinos (e.g., Illinois Harness Horse Racing Association). There isn't much question about contributions from individuals who are primarily associated with horse racing or riverboat casino gambling (e.g., Richard Duchossois, the owner of Arlington International Race Track).

But how to treat contributions from non-gambling businesses that are associated with gambling interests is more troublesome (e.g., Duchossois Industries). Are these contributions essentially gambling related? The same is true of contributions from the relatives of individuals who are primarily associated with gambling or contributions from individuals who have only a secondary involvement or interest in gambling (e.g., Rosemont Mayor and Republican Township Committeeman Donald Stephens). There are no firm guidelines, and these three situations are handled on a case-by-case basis in this report. While a case could be made for including contributions from contract lobbying firms or law firms (e.g., Freeborn & Peters) that represent gambling interests along with a variety of other clients, the data on contributions from gambling interests presented in this report do not include these types of contributions.

Data sources for this report

All of the campaign finance data used for this report came from a database built and maintained at the Illinois Legislative Studies Center at the University of Illinois at Springfield by the Sunshine Project, which is funded by a grant from The Joyce Foundation. At the time of this analysis, data for the last six months of 1998 were still incomplete. Campaign finance reports from that time period had not yet been converted to an electronic database by the Illinois State Board of Elections. Aggregate figures in this report for the 1997/98 time period include comprehensive data for the period of January 1, 1997, to June 30, 1998. The data for July 1 to December 31, 1998, were drawn from the individual reports filed by the legislative leaders, legislative chamber committees, constitutional officer candidates and approximately 40 incumbent legislators who were significant recipients of contributions from gambling interests from 1993 to 1997. The database necessary for a complete analysis of all incumbent legislators and legislative candidates for 1997/98 should be available from the State Board of Elections in late 1999.

Part 2

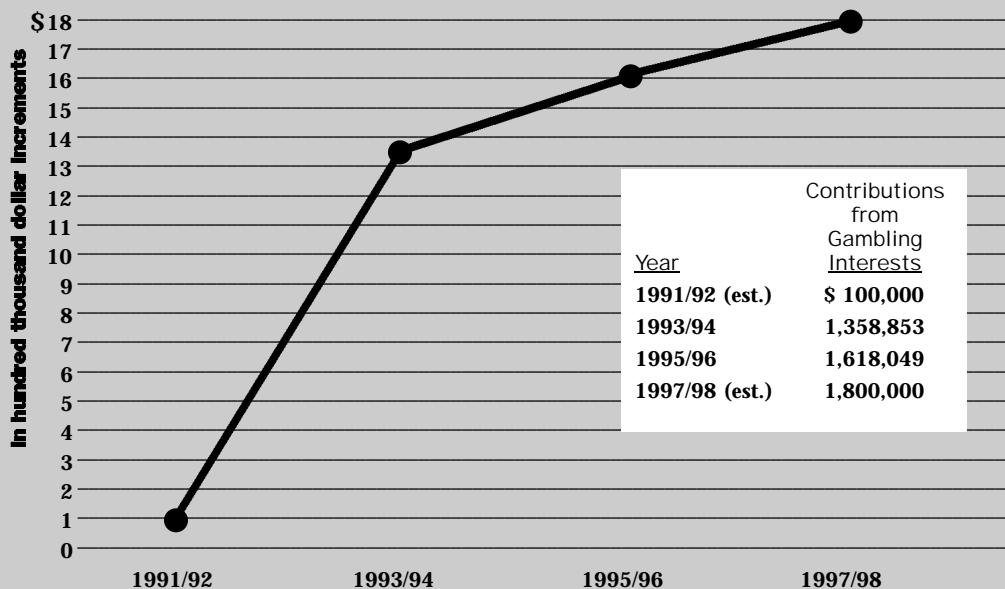
The Flow of Gambling Money

Illinois is a state with few restrictions and no limits on campaign contributions. If individuals, groups and corporations who seek to influence public policy in the state have financial resources, they can contribute as much as they want to the political committees of elected public officials and candidates for public office. Since 1993, the various interests contending over state gambling policy have battled in the legislature and have sought to influence the governor or gubernatorial candidates. It is not surprising that campaign contributions from gambling interests have increased dramatically during the last three election cycles.

Anteing up

In 1991/92, the first riverboat casinos in Illinois were just becoming operational. Gambling activity from horse racing was at a plateau. During these two years, contributions from gambling interests to legislative candidates and constitutional officers totaled less than \$100,000. In 1993/94, contributions from horse racing interests, riverboat casino license holders and those seeking to expand riverboat casino gambling exploded to \$1.359 million. In 1995/96, the total grew to \$1.618 million. In the just completed election cycle, contributions from gambling interests again increased significantly. While all of the data from 1997/98 are not yet available for analysis, the total will certainly exceed \$1.8 million (see Figure 1).

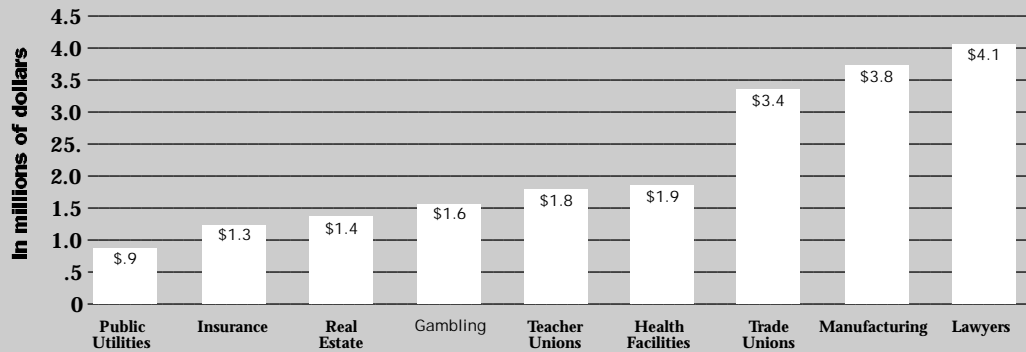
FIGURE 1
The Growth in Total Contributions from Gambling Interests to Officeholders and Candidates for the Legislature and Constitutional Offices, 1991-1998



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The flow of money from gambling interests into Illinois politics

The more than \$1.6 million in campaign contributions from gambling interest in 1995/96 placed gambling ahead of real estate, insurance and public utilities and only slightly below teacher unions and health facilities in total contributions to legislators, legislative candidates, constitutional officers and the two state political parties. The total contributions from gambling interests were still significantly below the top sectors. Lawyers contributed \$4.1 million, manufacturing interests \$3.8 million, and trade unions \$3.4 million (see Figure 2). Still, in a very short time, gambling interests have become a significant contributor to state-level public officials and candidates in Illinois.

FIGURE 2
Contributions by Selected Private-Sector Interests, 1995/96



Money flows to power

Given both the wide open nature of Illinois' campaign finance system and the extreme centralization of legislative power in the hands of the four legislative leaders and the governor, it is not surprising that campaign contributions from gambling interests flow to the centers of power within the system. Over the past six years the recipients of the largest share of campaign contributions from gambling interests have gone to the legislative leaders, to the legislative chamber political committees that those leaders control and to Governor Edgar and gubernatorial candidate George Ryan.

An examination of Table 2 shows that between 1993 and 1998 House Republican Leader Lee Daniels and the House Republican campaign committee received almost \$1 million in campaign contributions from gambling interests. Senate President James "Pate" Philip and the Senate Republican campaign committee received over \$758,000 for the same period. Contributions from gambling interests to the Democratic leaders in the legislature were significantly less. House Speaker Michael Madigan and the House Democratic campaign committee received almost \$347,000, while Senate Democratic leader Emil Jones and the Senate Democratic campaign committee received over \$215,000. Both of these figures are less than the \$380,326 that gubernatorial candidate George Ryan received from gambling interests for just 1997/98.

A comparison of contributions from gambling interests over the past six years to Governor Jim Edgar and Secretary of State (now Governor) George Ryan in Figure 3 also illustrates the point that, in Illinois, money flows to power. In 1993/94, when Governor Jim Edgar was winning reelection, he received \$176,219 in contributions from gambling interests. In 1995/96 the total dropped to \$83,061. In 1997 Governor Edgar announced he would not run for reelection. His 1997/98 contributions from gambling interests plummeted to \$34,000. In 1993/94 George Ryan was winning reelection as secretary of state. He received \$57,250 in contributions from gambling interests. In 1995/96 the amount declined to \$48,011. After becoming a candidate for governor in 1997 and being the presumptive favorite to win in 1998, contributions from gambling interests to Ryan skyrocketed. His 1997/98 total was \$380,326 with a majority of those contributions received during the last six months of 1998. Ryan's 1997/98 total was more than seven times his total from the previous two years and more than twice what Governor Edgar received in 1993/94 from the same sources. Part of the dramatic increase can be attributed to Ryan's reputation as a dealmaker and to his some-

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TABLE 2

Money Flows to Power:
 Campaign Contributions from Gambling Interests to Governors,
 Legislative Leaders and State Political Parties, 1993-1998

Governor/Gubernatorial Candidates

	1993/94	1995/96	1997/98	Total
Jim Edgar	\$176,219	\$82,061	\$ 34,100	\$292,380
George Ryan	\$ 57,520	\$48,011	\$380,326	\$485,857

Legislative Leaders and Chamber Committees

	1993/94	1995/96	1997/98	Total
Daniels/House Republicans	\$304,400	\$361,566	\$311,735	\$977,701
Philip/Senate Republicans	\$208,480	\$296,564	\$253,025	\$758,069
Madigan/House Democrats	\$108,875	\$117,300	\$120,800	\$346,975
Jones/Senate Democrats	\$ 73,350	\$ 84,600	\$ 57,400	\$215,250

State Parties

	1993/94	1995/96	1997/98	Total
State Republican Party	\$ 39,000	\$ 62,250	\$111,000	\$212,250
State Democratic Party	\$ 6,300	\$ 52,250	\$ 59,000	\$117,550

what ambiguous position on the expansion of riverboat gambling. But the primary lessons are that money flows to power and that interests with significant financial resources can bring them quickly to bear on the centers of power in Illinois politics.

In contrast to contributions to legislative leaders and the governor, the six-year totals for contributions from gambling interests to individual legislators found in Table 3 are relatively modest. Only one legislator or legislative candidate received more than \$50,000 from gambling interests for the six-year period from 1993 to 1998 and only eight received more than \$20,000. Compare those figures with contributions from other interests for the four-year period of 1993 to 1996. During that period, trade unions gave more than \$20,000 to 46 legislators or legislative candidates; manufacturing interests gave more than \$20,000 to 40 legislators and legislative candidates; the number was 38 for

FIGURE 3

Money Flows to Power:
 Campaign Contributions from Gambling Interests to the
 Governor/Governor-Elect, 1993-1998

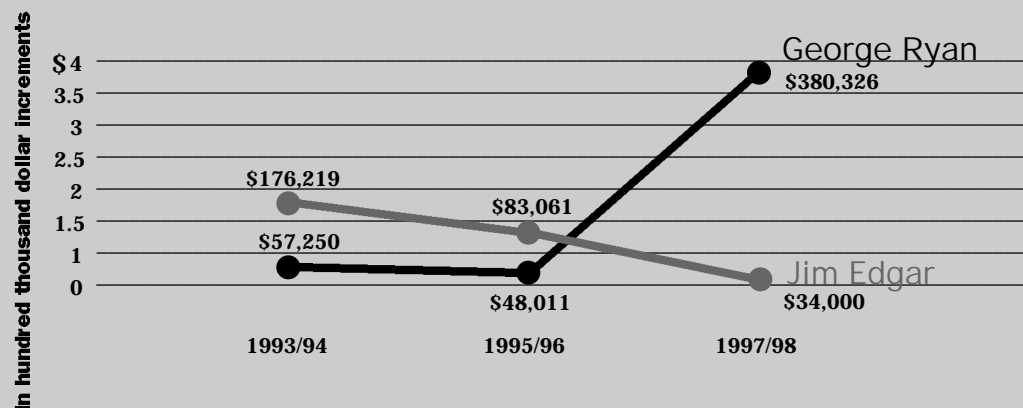


TABLE 3
The Top 20:
Gambling Interests' Contributions
to Rank-and-File Legislators or Candidates, 1993-1998

	Total	Name	Chamber	District	Party
1	\$.69,829	Jacobs	Senate	36	Democrat
2	\$.39,450	Churchill ¹	House	62	Republican
3	\$.35,354	DeAngelis ²	Senate	40	Republican
4	\$.28,050	Rauschenberger	Senate	33	Republican
5	\$.24,291	Madigan, R	Senate	45	Republican
6	\$.24,100	Ryder	House	97	Republican
7	\$.21,550	Dillard	Senate	41	Republican
8	\$.20,600	Parker	Senate	29	Republican
9	\$.19,350	Granberg	House	109	Democrat
10	\$.17,450	Hassert	House	83	Republican
11	\$.16,150	DeLeo	Senate	10	Democrat
12	\$.15,401	Cronin	Senate	39	Republican
13	\$.15,250	Saviano	House	77	Republican
14	\$.14,700	Wojcik	House	45	Republican
15	\$.14,330	Cross	House	84	Republican
16	\$.14,150	Dudycz	Senate	7	Republican
17	\$.13,500	Walsh, T.	Senate	22	Republican
18	\$.12,800	Novak	House	85	Democrat
19	\$.12,500	Rutherford	House	87	Republican
20	\$.11,350	Turner	House	9	Democrat

Note: The list does not include contributions from Rosemont Mayor Donald Stephens, who was trying to promote gambling in his area.

¹Lost the 1998 primary race for Secretary of State.

²Lost in the 1996 general election.

teacher unions, 28 for lawyers and 25 for physicians.

Overall, the pattern is quite clear, as illustrated in Table 4. In 1993/94, 51 percent of the contributions from gambling interests went to the four legislative leaders, and 24 percent went to constitutional officers (overwhelmingly to the incumbent governor). Only 22 percent went to incumbent legislators or legislative candidates. A small percentage went to the state political parties. In 1995/96 the percentages that went to legislative leaders and state political parties increased slightly. The share for legislative incumbents and candidates rose to 30 percent, while the percentage to constitutional officers fell to 10 percent. An analysis of contributions from gambling interests for 1997/98 strongly suggests a continuation of the pattern of concentration on legislative leaders and constitutional officers. Approximately 43 percent of the contributions from gambling interests went to the legislative leaders and 23 percent went to candidates for constitutional officer positions (overwhelmingly for gubernatorial candidate George Ryan). Legislators or legislative candidates received 25 percent of the contributions, with 9 percent going to the two state political parties. A likely explanation for the variation in the contributions to constitutional officers is the fact that constitutional offices were up for election in 1994 and 1998. From all of this it is clear that money from gambling interests in Illinois is directed primarily at the centers of political power: the four legislative leaders and the governor.

Regional and strategic factors favor the Republicans

While gambling money flows to power, there is also a partisan slant to that flow. Over the past six years gambling money has gone to Republican officeholders and candidates over Democratic officeholders and candidates by a large margin. As shown in Table 5, in 1993/94 the advantage for Republicans was 74 percent to 26 percent. In 1995/96, the advantage was 72

TABLE 4

The Flow of Money:
The Distribution of Contributions from Gambling Interests
to Leaders, Members, Constitutional Officers, State Parties

	1993/94	1995/96	1997/98
Leaders	51%	53%	43%
Members or candidates	22%	30%	25%
Constitutional officers or candidates	24%	10%	23%
State parties	<u>3%</u>	<u>7%</u>	<u>9%</u>
Total	100%	100%	100%
*estimated			

percent to 28 percent. Incomplete data from 1997/98 show the same pattern. However, these aggregate figures mask two distinctly different patterns. Contributions from gambling interests to non-leader legislators and legislative candidates are split almost evenly between Republicans and Democrats. It is in contributions to the legislative leaders, constitutional officers and state political parties that the slant is overwhelmingly toward the Republicans. Part of the explanation is clearly money flowing to power. The office of the governor was held by a Republican — Jim Edgar — during the 1993 to 1998 reporting period. George Ryan, the heavily favored candidate who was elected governor in 1998, is also a Republican. Gambling contributions to the governor are made primarily for reasons of power, not partisanship.

TABLE 5

The Flow of Money:
The Distribution of Contributions from Gambling Interests
to Democrats vs. Republicans, 1993-1998

	1993/94	1995/96	1997/98
Democrats	26%	28%	*
Republicans	<u>74%</u>	<u>72%</u>	<u>*</u>
Total	100%	100%	*

*Complete data not yet available.

The Republican dominance of the governor's office since 1979 does not explain the huge margin by which gambling interests favored the Republican legislative leaders over the Democratic legislative leaders. Here the factors are both regional and strategic. Horse racing activity is primarily located in Republican-controlled suburban legislative districts outside of Chicago. There are no horse racing tracks in Chicago. While riverboat gambling is widely distributed along the state's watery borders, there is a significant presence in Republican-controlled suburban legislative districts. In addition, both Republican legislative leaders come from suburban districts in DuPage County, and the strength of the Republican legislative caucuses is in the suburban counties around Chicago. From this perspective, horse racing interests and riverboat interests are interests of local concern to Republican legislators and Republican legislative leaders.

The more important factor is strategic. It is widely assumed that the mayor of Chicago favors the expansion of riverboat casinos to Chicago and has little interest in horse racing. Given that position, it is assumed that the support of the Democratic legislative leaders and significant Democratic votes will be available for the right piece of gambling legislation. If this is the case, then the Republican legislative leaders become the key to passing or defeating any

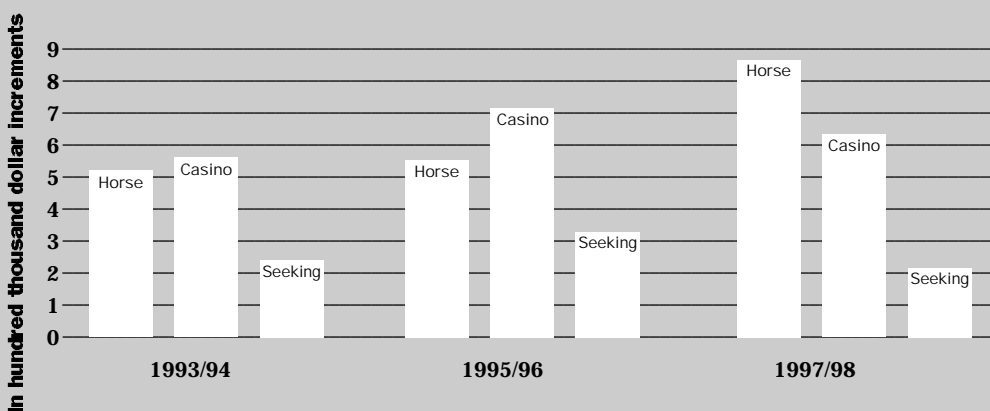
gambling legislation. Because Democratic leader Michael Madigan is speaker of the House, when it comes to attracting gambling money, he fares much better than the Democratic leader in the Senate, Emil Jones, who has the disadvantage of being both a Democrat and in the minority. The largest shares of the contributions from horse racing interests, existing riverboat casinos and those seeking expansion of riverboat casinos do flow to the Republican legislative leaders. While gambling contributions have a strong Republican slant, the underlying factors are primarily local interests and strategic opportunities, not partisan ideology.

Finally, it is misleading to characterize everyone involved with gambling in Illinois as a single, monolithic group. Gambling interests divide into three primary groups: horse racing, existing riverboat casinos and those seeking expansion of casino gambling. The interests of these three groups are generally in conflict. As a result, campaign contributions from gambling interests are not all pushing in the same direction in terms of public policy.

Horse racing interests want assistance from the state in the form of reduced taxes and direct subsidies to support what is now a stagnating industry. Pressure from riverboat casinos and off-track betting has hurt the horse racing industry in Illinois. The state's major horse racing venue, Arlington International Race Track, has suspended operations for the 1999 season due to concerns over its economic viability. In addition to state assistance, horse racing interests are opposed to the expansion of casino gambling unless they are allowed to participate with gambling operations at their race tracks. The riverboat casino interests are primarily concerned with resisting efforts to expand the number of casino gambling licensees and resisting efforts to raise state or local taxes on their operations. In opposition to the interest of existing riverboat casino operations and horse racing operations are those who want to increase the number of riverboat casino licensees.

The great majority of campaign contributions from gambling interests come from those who are currently involved in gambling, not from those who want to expand gambling. As shown in Figure 4, campaign contributions from horse racing interests have increased in each of the last three election cycles and accounted for 50 percent of the contributions from gambling interests in 1997/98. Contributions from riverboat casino gambling interests declined somewhat in 1997/98, but still accounted for 37 percent of the total gambling contributions during those two years. Contributions from those seeking to increase the number of casino gambling licensees decreased to 13 percent of the total in 1997/98.

FIGURE 4
Competition Among Gambling Interests:
Horses vs. Casinos vs. Interests Seeking Casinos, 1993-1998



Gambling Interest	1993/94		1995/96		1997/98	
Horse racing	\$526,417	39%	\$566,275	35%	\$880,706	50%
Casinos	\$579,092	42%	\$719,869	45%	\$650,283	37%
Interests seeking casinos	\$253,344	19%	\$331,905	20%	\$225,350	13%

Part 3

The Players and the Beneficiaries

Who are the primary individual contributors among gambling interests? Who are the biggest beneficiaries of those contributions? The answers to these questions generally support the themes developed earlier in this report: Gambling money flows to power, but there are significant differences between horse racing interests and casino gambling interests. Those differences are both strategic and partisan.

Riverboat casinos

There are currently five riverboat casino operations that are major contributors to state-level officeholders and candidates (see Table 6) The Empress River Casino Corporation in Joliet is the largest contributor, both in 1997/98 and in the six-year period of 1993 to 1998. The \$284,400 contributed by the Empress in 1997/98 is almost three times the \$103,250 contributed by the nearest competitor, Harrah's Casino Cruises in Joliet. Along with the Empress and Harrah's, more than \$50,000 was contributed in 1997/98 by the Hollywood Casino in Aurora, the Elgin Riverboat Resort and the Casino Queen in East Saint Louis.

TABLE 6

The Players:
Contributions from Riverboat Casinos,
1993-1998

Empress River Casino Corporation Empress (Joliet)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$284,400	\$707,980	
Harrah's Casino Cruises Joliet Northern and Southern Star (Joliet)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$103,250	\$243,750	
Hollywood Casino—Aurora, Inc. City of Lights I & II (Aurora)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$84,140	\$159,200	
Elgin Riverboat Resort Grand Victoria (Elgin)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$77,700	\$130,000	
Casino Queen, Inc. Casino Queen (East St. Louis)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$57,000	\$175,000	
Par-A-Dice Gaming Corporation Par-A-Dice (East Peoria)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$24,300	\$67,856	
Alton Gaming Company Alton Bell (Alton)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$7,500	\$126,000	
Southern Illinois Riverboat Casino Cruises Players (Metropolis)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$9,000	\$43,000	
H.P., Inc. Silver Eagle (East Dubuque)*		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$500	\$36,000	
Rock Island Boatworks, Inc. Casino Rock Island (Rock Island)		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$529	\$20,903	
Illinois Riverboat PAC**		
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>	
\$-0-	\$170,000	

*Note: The Silver Eagle's license renewal was denied in July 1997.

**Note: Illinois Riverboat PAC is currently an inactive political committee.

TABLE 7
Who Benefits from Contributions from Riverboat Casinos?

Largest Beneficiaries from 1997/98 Contributions from the Empress Casino - Joliet

George Ryan	\$59,100
Michael Madigan	\$48,500
James "Pate" Philip/Senate Rep Chamber Committee	\$37,625
Emil Jones/Senate Dem Chamber Committee	\$23,000
Lee Daniels/House Rep Chamber Committee	\$ 4,100

Largest Beneficiaries from 1997/98 Contributions from Harrah's - Joliet

James "Pate" Philip/Senate Rep Chamber Committee	\$18,000
Lee Daniels/House Rep Chamber Committee	\$14,500
Emil Jones/Senate Dem Chamber Committee	\$14,500
Michael Madigan	\$14,000
George Ryan	\$ 7,500

Largest Beneficiaries from 1997/98 Contributions from Hollywood Casino - Aurora

Lee Daniels/House Rep Chamber Committee	\$24,400
James "Pate" Philip/Senate Rep Chamber Committee	\$12,500
George Ryan	\$11,500
Michael Madigan	\$ 6,500
Emil Jones/Senate Dem Chamber Committee	\$ 2,500

Largest Beneficiaries from 1997/98 Contributions from Elgin Riverboat - Elgin

Lee Daniels/House Rep Chamber Committee	\$16,000
James "Pate" Philip/Senate Rep Chamber Committee	\$12,500
Michael Madigan	\$ 5,000

Largest Beneficiaries from 1997/98 Contributions from Casino Queen - East St. Louis

James "Pate" Philip/Senate Rep Chamber Committee	\$20,000
Lee Daniels/House Rep Chamber Committee	\$10,000
Michael Madigan	\$10,000
State Democratic Party	\$10,000
George Ryan	\$ 5,000

While the level of contributions from riverboat casino interest remains high, the data in Table 6 also show that some riverboat casino interests have reduced the level of their contributions. Part of this reflects the level of success of their operations. H.P. Inc. in East Dubuque and Rock Island Boatworks in Rock Island have not been successful. The East Dubuque operation was denied a license renewal in 1997. On the other hand, Alton Gaming Company's Alton Bell has been relatively successful financially. Yet this operation significantly reduced its campaign contributions in 1997/98 in comparison to previous years. Riverboat casino interests formed a political action committee in 1994, the Illinois Riverboat PAC. It made significant contributions in 1994 and 1995, but became inactive in 1996. The data in Figure 4 (page 12) suggest that the overall level of contributions from riverboat casino interests may have stabilized or even declined with the current stalemate over changes in state gambling policy. However, the key players continue to increase their contributions to legislative leaders and the governor, and there is a tremendous amount of financial resources within the riverboat casino industry that could be poured into the process at a moment's notice.

The individuals who benefited most from 1997/98 campaign contributions from riverboat interests are Governor George Ryan, Senate President James "Pate" Philip, House Speaker Michael Madigan, House Minority Leader Lee Daniels and Senate Minority Leader Emil Jones (see Table 7). These contribution patterns again demonstrate that money flows to power with the

largest contributions going to the governor, the Senate president, the speaker of the House and the House minority leader.

Horse racing

Campaign contributions from horse racing interests are dominated by the companies and family members associated with the Duchossois name (see Table 8). Over 70 percent of the horse racing contributions in 1997/98 came from Duchossois family members or companies owned or operated by Duchossois family members. The total of \$632,818 makes the Duchossois family the biggest single contributor among all the gambling interests. The other key players among horse racing interests are the National Jockey Club (associated with Sportsman's Park and owner Charles Bidwill), the Illinois Harness

TABLE 8
The Players:
Horse Racing

Duchossois Companies and Family	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$632,818	\$1,315,533
National Jockey Club (Sportsman's Park) (Charles Bidwill)	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$133,178	\$338,003
Illinois Racing Association (Balmoral Park)	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$47,400	\$61,000
Illinois Harness Horse Racing Association (IHHA)	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$23,455	\$118,755
Illinois Thoroughbred Horse Association	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$6,225	\$22,850
Chicago Horsemen's Benevolent and Protective Association	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$0-	\$33,400

Horse Racing Association and the Illinois Racing Association (associated with Balmoral Park).

The magnitude and complexity of the campaign contributions from interests associated with the Duchossois family can be seen in Figure 5. Richard Duchossois is both the owner of Arlington International Race Track and Hill N' Dale Farms. His son is president of Duchossois Industries, located at 845 Larch Ave. in Elmhurst, Illinois. Chamberlain Manufacturing and Thrall Car Manufacturing are both subsidiaries of Duchossois Industries. In addition, the DD-66 Corporation and three Duchossois family members who made campaign contributions list their address as 845 Larch Ave. in Elmhurst — the Duchossois Industries' address.

Assuming that these contributions share a common interest, the Duchossois companies and family members are the largest non-association or non-group contributor to Illinois state-level political campaigns. Complete data from the last election cycle are not yet available, but their combined total from 1997/98 would have ranked fourth in 1995/96 among all corporations and associations, trailing only the Illinois State Medical Society, the Illinois Education Association, and the Illinois Manufacturer's Association.

The primary beneficiaries of the Duchossois contributions in 1997/98 were House Minority Leader Lee Daniels, Senate President James "Pate" Philip and Governor George Ryan, the three most powerful Republican politicians in the state, and the state Republican Party (see Table 9). The partisan dimension of this pattern suggests regional interests in addition to strategic considerations. In contrast, the largest contributions from the National Jockey Club in 1997/98 went to the governor, the two Republican legislative leaders, the speaker of the House and the State Democratic Party. This pattern suggests primarily strategic considerations with a focus on the centers of power within the political system.

FIGURE 5
 1997/98 Duchossois Companies and
 Family Campaign Contributions
 Total \$632,818

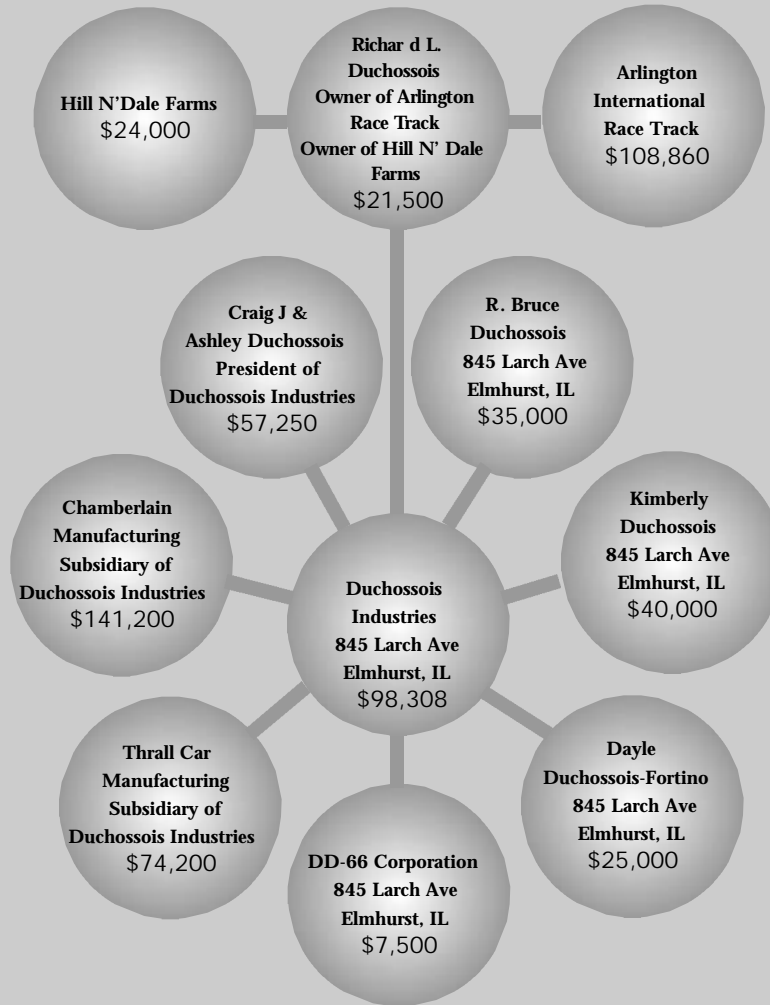


TABLE 9
 Who Benefits from Contributions from Horse Racing Interests?

Contributions from the Duchossois Companies and Family

	<u>1997/98 Contributions</u>
Lee Daniels/House Republican Chamber Committee	\$187,585
James "Pate" Philip/Senate Republican Chamber Committee	\$126,600
State Republican Party	\$110,000
George Ryan	\$106,400

Contributions from The National Jockey Club — Sportsman's Park

	<u>1997/98 Contributions</u>
George Ryan	\$ 47,157
Lee Daniels/House Republican Chamber Committee	\$ 18,250
James "Pate" Philip/Senate Republican Chamber Committee	\$ 15,800
Michael Madigan	\$ 15,000

16
 Stacking
 the deck
 The
 flow
 of
 money
 from
 gambling
 interests
 into
 Illinois
 politics

Interests seeking casino gambling

Only one individual and one group seeking casino gambling expansion are currently visible through their campaign contributions (see Table 10). Donald Stephens is the mayor of Rosemont and a township committeeman. He is a major political actor in the western suburbs of Cook County. He has actively supported Rosemont as a site for riverboat casino expansion. In 1997/98, he and his township committee fund made more than \$150,000 in campaign contributions to state-level officeholders and candidates. For the period of 1993 through 1998, the total is more than \$430,000.

Riverboat casino expansion is not Mayor Stephens' only — or even primary — political concern. Many specific contributions are unrelated to promoting the expansion of casino gambling. In fact, in 1997/98 the major beneficiaries of contributions from Rosemont Mayor Don Stephens, with the exception of the governor, are not the primary power holders in the legislative process (see Table 11). This fact supports the conclusion that the expansion of casino gambling is not Mayor Stephens' primary objective. However, it is still

true that his general political influence can be used to pursue a specific policy objective, such as obtaining a casino gambling license. The size of Mayor Stephens' campaign contributions is a major factor in his political presence, which, in turn, makes him a player in the conflict over expanding casino gambling.

The other visible group seeking the expansion of casino gambling is the Lake County Riverboat Project, which is promoting Lake County as a site for a riverboat casino. The picture of campaign contributions from the Lake County Riverboat Project for 1997/98 is quite similar to that for contributions from existing riverboat casinos (see Tables 10 and 11). The money is directed at the governor, the Republican legislative leaders and the speaker of the House.

TABLE 10
The Players:
Interests Seeking Casinos

Don Stephens	
Mayor of Rosemont — Township Committeeman	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$152,150	\$430,380
Lake County Riverboat Project	
<u>1997/98 Contributions</u>	<u>1993-1998 Contributions</u>
\$40,000	\$156,795

TABLE 11
Who Benefits from Contributions
from those Interests Seeking Casinos?

Contributions from Don Stephens — Rosemont Mayor, Township Committeeman

	<u>1997/98 Contributions</u>
George Ryan	\$ 43,335
Jim Ryan	\$ 35,000
Ralph Capparelli	\$ 30,250
Judy Baar Topinka	\$ 7,500

Contributions from the Lake County Riverboat Project

	<u>1997/98 Contributions</u>
George Ryan	\$ 19,800
Lee Daniels/House Rep Chamber Committee	\$ 9,600
James "Pate" Philip/Senate Rep Chamber Committee	\$ 3,250
Michael Madigan	\$ 3,000

Part 4

Gambling Contributions and Gambling Policy

Between 1993 and 1998 gambling interests contributed almost \$4.8 million to legislative and statewide officeholders and candidates and the two state political parties.

What have they gotten for their investment? The record is certainly mixed. What is the future impact of contributions from gambling interests on state gambling policy likely to be? The picture is less than clear.

No win, place or show tied to horse racing contributions

The troubled economics of horse racing continues to be a concern for the industry, particularly to the owners of race tracks. As noted earlier, horse racing-related gambling activity has been flat for a number of years, with the decline in on-track participation being offset by off-track activity. Horse racing interests have been unsuccessful in their legislative efforts to obtain increased state support or to lessen the tax burden on their industry. They have also been unsuccessful in their efforts to bring casino gambling to race tracks. The decision of the owner of Arlington International Race Track, Richard Duchossois, not to hold races for the 1999 season came after a concerted effort led by Governor Jim Edgar to obtain some type of relief for the industry from the legislature. The legislature denied this relief despite the fact that between 1993 and 1998 campaign contributions associated with the Duchossois name totaled more than \$1.3 million. By any standard, horse racing interests have made a significant investment in the political process over the past six years. Those contributions have provided access to the centers of power and kept horse racing on the legislative agenda, but success in the legislature has remained elusive.

Riverboat record is a crap shoot

The record for riverboat casinos in the legislature is more positive, but still mixed. While three casino operations have had financial problems, the overall health of the industry is excellent. The amount of gambling activity associated with casinos has exceeded even the most optimistic early projections for the industry. However, like horse racing and the lottery, participation in casino gambling has been flat for the last three years. In the legislative area, riverboat casino interests have been very successful in their protectionist strategy, opposing any expansion of casino gambling. The number of licensees has not increased since the initial authorization of 10 in 1992. Riverboat casino interests have also successfully lobbied for the elimination of wagering caps and the relaxation of the regulation that the boats actually be cruising before gambling can take place. However, the legislature did pass a major restructuring that increased the tax burden on riverboat casino gambling 1997, and the measure was signed into law. The success of riverboat casino interests in blocking legislative efforts to expand casino gambling means that those interests seeking to expand casino gambling through an increase in the number of licensees and a removal of the prohibition on riverboat casino gambling in Cook County and the waters of Lake Michigan have been completely unsuccessful.

Analyzing the gambling interests' track record and handicapping their prospects

Have gambling interests gotten \$4.8 million of benefits from their campaign contributions over the past six years? In spite of the increase in the state tax in 1997, riverboat casino interests have been very successful in pursuing their legislative agenda, which has been primarily defensive. They want to maintain the status quo by asking the legislature to stand pat or prohibit the expansion of gambling venues. In contrast, horse racing interests and those seeking to expand riverboat casino gambling both have active agendas. They want the legislature and the governor to do something. And that something has been successfully opposed by the riverboat casino interests.

If gambling interests as a whole have been less successful in the legislature than what might be expected, part of the reason is the policy conflicts that exist between horse racing, riverboat casinos and those seeking to expand riverboat casinos. The leveling off of total gambling activity in the state suggests that competition for gambling dollars is a zero sum game. An advantage gained by one group results in a loss by another.

Over the past two legislative sessions, anti-gambling groups and faith-based organizations concerned with the social costs of gambling have been successful in raising issues before the legislature. These groups are voluntary associations with few financial resources, but they have forced gambling interests to address problems such as compulsive gambling. These groups also provide additional support and arguments for the established riverboat casino interests, who oppose expansion on economic grounds.

The policy stalemate that currently exists over state gambling policy may continue for some time, particularly if the issues involved are addressed separately. But other outcomes are possible. If the Republicans gain control of the Illinois House of Representatives in the 2000 elections and retain control of the Senate, they would be in a position to pass legislation and send it to the Republican governor without needing any votes from Democrats. Such a situation could be advantageous to the horse racing interests. It's easy to imagine a bailout bill passing independently of any other gambling interest.

Even if the legislature remains split between the two parties, a comprehensive gambling policy agreement may still be possible. "Cutting a deal" has a long history in Illinois politics. A powerful coalition of supporters might be able to achieve an agreement that: (a) expands riverboat casino gambling to Chicago, suburban Cook County and the waters of Lake Michigan, (b) provides some kind of aid package or limited access to casino gambling for horse racing tracks, and (c) further deregulates riverboat casinos. A joining of forces of the political leadership of the state with the resources of the state's gambling interests would easily carry the day over those seeking to limit the expansion of gambling because of a concern over its social costs.



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The Sunshine Project

The goal of the Sunshine Project is to increase public awareness and knowledge of how political campaigns are funded in Illinois. The project will produce a series of brochures and reports on the funding of the, 1994, 1996 and 1998 elections in Illinois. The project is also working with the Illinois Campaign for Political Reform to make a database on the funding of the 1998 elections accessible to the public on a web site at www.ilcampaign.org. The Sunshine Project is funded by The Joyce Foundation.

Illinois Legislative Studies Center

The Illinois Legislative Studies Center is a public interest research center within the University of Illinois at Springfield's Institute for Public Affairs. The mission of the center is to promote public understanding and interest in the legislative processes of Illinois, other states and the federal government.