



Legislative Report

By Taylor Anderson

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DISTANCE TYPICALLY ALLOWS for greater perspective, and as 2020 nears its end, we are beginning to see how the COVID-19 pandemic affected this year and years to come in Illinois. Although it will take more time before a complete assessment will be available, the data currently accessible provides some insight on the effects of the pandemic.

For instance, one of Governor Pritzker's and the legislature's crowning achievements was the passage of a capital infrastructure package. It had been 10 years since Illinois had passed such a massive capital improvement bill and, as most of you already know, it was sorely needed. A key component of funding the transportation side of the capital bill relied on changes to various taxes, including a motor fuel tax (MFT) increase. On the other hand, an important funding piece for the vertical portion of the capital bill was bond sales from the expansion of gaming. Data for both of these provide some understanding about how the pandemic has changed Illinois' landscape.

Information in a recently released report stated that tax revenues from Illinois casinos were down by as much as 30%. Overall gaming revenues were down 13.4% in FY21.

According to a recent report from the Commission on Government Forecasting and Accountability, the COVID-19 pandemic shut down many legalized gaming venues which likely contributed to the revenue losses. Most facilities were closed on March 16th and did not reopen until June 30th.

The report also noted that casinos saw severe impacts on their revenues as a result of the other gambling methods that are now available. According to the report, gross receipts from all 10 of the state's casinos have seen decreases since 2012, when video gaming first became legal.

Sports gambling, which some anticipated would create a boon to casinos, has largely seen revenue numbers that are much less than expected. These shortages have been partly attributed to the delays and cancellations of many national sporting events. Additionally, the

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COVID-19 pandemic slowed sports gambling's implementation at many venues throughout Illinois. It is important to bear in mind that once fully implemented the expansion of gaming was projected to generate around \$350 million annually for the state. A large percentage of which would come from casinos and hundreds of millions more from the licensing process.

Although things are beginning to open back up, the gaming board still must review and approve some of the expanding land base casino licenses. There are questions about how the above-mentioned numbers will impact the timeline, the interest in bidding for the licenses and concern about the pace of bond issuance, all of which could potentially impact funding and delays for scheduled projects.

During the height of the stay at home order it is estimated that passenger vehicle travel declined by approximately 46% and truck travel by around 23%. The increase in MFT was projected to generate approximately \$590 million in FY 20 alone. With the pandemic occurring at the tail end of the fiscal year, we can safely assume that the generated revenue will likely fall below the projection. The ongoing disruption of travel patterns, while not as severe as earlier in the year, is likely to continue for at least the remainder of 2020, if not longer. Travel disruptions coupled with the fact that the peak drop in travel happened during the summer

months when travel is typically at its highest point, it is no surprise that some studies have predicted that tax loss could be close to \$300 million. This of course will impact the MFT distributions to townships and other local governments.

IDOT, as part of the capitol plan, released a five-year proposed highway improvement plan. It is unclear how the current state of things will impact this plan but if revenue losses are as high as predicted it will no doubt force IDOT to reevaluate, like many local governments are already being forced to do.

It is clear that the pandemic has forced a reexamination and evaluation into our daily lives, our society, and our priorities. It has been an incredibly destructive force both from a loss of life standpoint as well as an economical one. It is clear that as more time passes the more we are able to assess the level of disruption COVID-19 has caused; and, by this time next year we will have an even clearer picture of the long-term impact of this pandemic. There is little doubt that we will need to be prepared to find creative solutions to address the widespread impacts of COVID-19. The above is just a small snapshot of the funding issues, for just two programs, in Illinois. There is undoubtedly more. TOI stands ready to work with all of you to find, assess and address these issues as they are discovered.



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