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MEMORANDUM

Date: June 5, 2018

To: Honorable Chairman John Daley, Cook County Board of Commissioners
Honorable Cook County Board of Commissioners

CC: John Keller, Chief of Staff
Lanetta Haynes Turner, Deputy Chief of Staff
Erik Varela, Legislative and Governmental Affairs
Zahra Ali, Revenue Director

From: Ammar M. Rizki, Chief Financial Officer, Bureau of Finance

Subject: **18-3799 PROPOSED ORDINANCE AUTHORIZING VIDEO GAMING IN UNINCORPORATED COOK COUNTY – FISCAL NOTE**

In accordance with Sec. 2-77 of the Cook County Code of Ordinances, this note is prepared to convey the fiscal impact of item **#18-3799 Proposed Ordinance Authorizing Video gaming in Unincorporated Cook County**. As a result of this proposed ordinance amendment, please find below estimated revenue from Video Gaming, assuming authorization on June 6, 2018:

	FY2018*	FY2019	FY2020	FY2021	FY2022
Application Fees	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
License Fees	\$160,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Regulation Fee Revenue	\$180,000	\$225,000	\$225,000	\$225,000	\$225,000
Total Income from Opt In - Net Terminal Income from State IL Gaming Commission (NTI)	\$80,000	\$518,400	\$534,000	\$545,000	\$556,000
Total Revenue	\$260,000	\$743,400	\$759,000	\$770,000	\$781,000

*Applications available on August 1, 2018; first revenues received in mid-September 2018

Revenue projections are based on the following assumptions:

- **Application fee of \$500 per establishment (per proposed ordinance)**
 - 40 establishments submitting applications in 2018; 50 in following years
 - Estimate based on number of liquor license holders in unincorporated Cook County
 - Assumes processing and approval of all applicants by the Illinois Gaming Board
- **License fee of \$1,000 per gaming position/terminal (per proposed ordinance)**
 - 160 video gaming terminals licensed in 2018; 200 in following years
 - Estimated based on average number of machines per establishment in Illinois
 - Assumes limited growth beyond 2019 as market becomes saturated
- **Net Terminal Income of \$216 per terminal, per month (per IL Gaming Board data)**
 - Estimate based on Statewide averages for video gaming terminals
 - Estimate assumes annual growth based on recent State trends

Additionally, as a result of the Video Gaming Ordinance a positive fiscal impact is projected for the Cook County Gaming Machine Tax revenues - ranging from \$32,000 - \$40,000 annually.

The County estimates annual operating costs between \$190,000 to \$230,000 which will increase with inflation and will be covered by the anticipated Regulation Fee Revenue. The operating costs are calculated proportional to the amount of staff time the Sheriff's Office and the Department of Revenue expects to spend on administration and enforcement activities, along with system support costs. In addition to the operating costs, in year one, the County will also incur a one-time E-Licensing System which is approximately \$120,000.