



# Fiscal Impact Overview Sports Betting Ordinance

O2021-3243

Office of Financial Analysis  
Chicago City Council

**Chicago Sports Betting Ordinance**  
O2021-3243

**Summary**

This ordinance (O2021-3243) would allow people to place bets at Wrigley Field, Guaranteed Rate Field, Soldier Field, the United Center, and Wintrust Arena. The venues could apply for a “primary license” for an initial \$50,000, and an additional \$25,000 per year. Third-party service providers could apply for “secondary licenses” to operate sportsbooks—a place where bets can be made on sporting events—at the venues for an initial \$10,000, and an additional \$5,000 per year. The ordinance now includes a 2.0% city tax onto gross revenues from sports betting, which matches Cook County’s tax on the industry.

**Fiscal Impact**

Once it is legalized, Chicago may see between \$20 and 25 million in annual revenues from stadium-based sports betting.<sup>1</sup> Based off of these projections and the proposed 2.0% tax, Chicago could realize between \$400,000 and \$500,000 in annual tax revenue, according to an analysis by the City. There would also be revenue from the initial and renewal licensing fees.

**Sports betting in other cities**

The City of Detroit has three casinos currently operating within city limits. The Detroit casinos were authorized to begin retail sports betting on March 11, 2020. However, COVID-19 forced the casinos to close their doors from April to July 2020. Additionally, many sports games were canceled or delayed as a result of the pandemic. In Pennsylvania, wagering on sports officially became legal in November 2018. Similar to many venues, gambling sites in Pennsylvania temporally closed during the pandemic. Below are two tables outlining the gross revenues and the local tax shares for the cities of Detroit (MI), Pittsburgh (PA), and Philadelphia (PA).

<b>Gross Revenues</b>				
<b>City</b>	<b>2020 Population</b>	<b>2020</b>	<b>2021 (YTD Oct)</b>	<b>Source</b>
Detroit, MI (3 casinos)	670,031	\$18,276,859	\$21,704,403	<a href="#">Michigan Gaming Control Board</a>
Pittsburgh, PA (Rivers)	300,286	\$4,615,408	\$5,892,023	<a href="#">Penn Gaming Control Board</a>
Philadelphia, PA (Rivers)	1,584,064	\$6,207,506	\$6,885,748	<a href="#">Penn Gaming Control Board</a>

<b>Local Tax Share</b>				
<b>City</b>	<b>Local Tax Rate (%)</b>	<b>2020</b>	<b>2021 (YTD Oct)</b>	<b>Source</b>

<sup>1</sup> <https://news.wttw.com/2021/12/07/measure-allow-sports-betting-chicago-pro-sports-arenas-remains-stalled-despite-mayor-s>

Detroit, MI (3 casinos)	4.62%	\$844,391	\$1,002,743	<a href="#">Michigan Gaming Control Board</a>
Pittsburgh, PA (Rivers)	2.00%	\$92,308	\$117,840	<a href="#">Penn Gaming Control Board</a>
Philadelphia, PA (Rivers)	2.00%	\$124,150	\$137,715	<a href="#">Penn Gaming Control Board</a>

### **The financial impact on casino proposals**

According to City Officials, the initial annual tax revenue for Chicago is estimated to be around \$200 million.<sup>2</sup> There is still debate over the magnitude of a financial impact to casino revenues by allowing sportsbooks at Chicago venues. An Official from one of the Chicago casino bidders believes a Chicago casino would potentially see revenue losses in the range of \$11 to \$12 million per year due to sports betting at the proposed venues.<sup>3</sup> However, City Officials recently stated that sportsbooks wouldn't cannibalize the casino's revenues. In studying states with casinos where sports betting was introduced, Chicago City Officials said they found no clear evidence that casino spending went down.<sup>4</sup>

It is also worth noting the difference between gambling and betting. Gambling is betting on the outcome of a game or an event that may have an uncertain result. Gambling is an activity that more so depends on luck and chance, as well as the player's choice of outlet. These activities may include video slots, progressive slots, online casino games, and table games. Betting is considered to be a form of gambling that is about predicting the outcome of a future event and placing a wager on that outcome. Gambling depends entirely on the theory of probability and therefore has more risk to players, while betting is not so risky and uncertain. Since casinos offer a wide variety of gambling options aside from betting—and specifically, sports betting—there is a marginal probability of sports betting cannibalizing the casino's revenues.<sup>5</sup>

<sup>2</sup> <https://blockclubchicago.org/2021/11/19/heres-what-chicagos-casino-could-look-like/>

<sup>3</sup> <https://chicago.suntimes.com/city-hall/2021/12/6/22820600/chicago-sportsbook-betting-city-stadium-sites-tax-casino-gambling>

<sup>4</sup> <https://www.chicagotribune.com/politics/ct-chicago-sports-betting-20211208-ebw3a4nsrzgobd652wy6fndgem-story.html>

<sup>5</sup> <https://thesportsdaily.com/the-difference-between-gambling-and-betting/>