tax revenue penalize companies for placing capital at risk. Furthermore, high graduated tax rates discourage reinvestment of profits in such things as new technology, the construction of non-gaming amenities and marketing dollars used to grow the business. Finally, such tax policy inevitably results in layoffs and fewer job offerings.[6] In summary, this type of tax policy encourages poorly maintained, understaffed facilities that cater primarily to local customers.

Illinois Tax Increase Summary

Tax Bracket (AGR)	Previous Rate	2002 Increase
Less than $25 million	15.0%	15.0%
$25 - $50 million	20.0%	22.5%
$50 - $75 million	25.0%	27.5%
$75 - $100 million	30.0%	32.5%
$100 - $150 million	35.0%	37.5%
$150 - $200 million	35.0%	45.0%
Greater than $200 million	35.0%	50.0%

Tax Bracket (AGR)	2003 Increase
Less than $25 million	15.0%
$25 - $37.5 million	27.5%
$37.5 - $50 million	32.5%
$50 - $75 million	37.5%
$75 - $100 million	45.0%
$100 - $250 million	50.0%
Greater than $250 million	70.0%

Illinois is currently reconsidering its tax policy. The tax hike in 2003 that produced a top rate of 70% of gross gaming revenues resulted in the loss of 3,000 jobs, a $50 million reduction in wages and benefits for casino workers and nearly a moratorium on casino improvements other than necessary maintenance.[7] While state revenue collections from casinos did increase, the state's take was less than half of what had been projected.

Meanwhile, Missouri's stable tax environment continues to attract substantial investment dollars despite Missouri's strict regulatory stance in other areas. Since the licensing of the first casinos in 1994, approximately 60% of the operating cash flow generated by casino companies has been reinvested back into Missouri, much of it in non-gaming amenities such as hotel rooms, better infrastructure, meeting space, restaurants, movie theatres and venues for live performances. In simpler terms, for every $100 million the Missouri casinos have generated in profit, they have invested $60 million of it back into Missouri.

During the past legislative session, the Illinois legislature passed a bill lowering the top tax rate to 50%. At the time of this writing, the bill awaits consideration from Illinois Governor Rod Blagojevich. While this will still put Illinois towards the top of the gaming tax rate list, it will likely result in an increase in capital investment in Illinois as well as more aggressive marketing by Illinois casinos. We can expect this activity to cut into gains made over the past few years by Missouri casinos on the eastern side of the state.

In 2002, Indiana increased its effective tax rate by 5% by adopting a graduated tax rate and eliminating its boarding fee on customers staying over for more than one "excursion". While the Commission argues against the graduated tax rate, the policy has not had a negative impact on Indiana gaming revenues because the legislature coupled regulatory reforms with the tax increase. Before

WHEREAS, the Joint Committee on Gaming and Wagering finds that relieving the Missouri Gaming Commission from the requirement of reporting to the General Assembly on the effect of loss limits will benefit the Commission by allowing it to focus entirely on its mission of administering laws and regulations maintaining the integrity of commercial and charitable gaming in Missouri;

NOW, THEREFORE, BE IT RESOLVED, that the Joint Committee on Gaming and Wagering recommends that the provision of Section 313.837, RSMo, requiring the Missouri Gaming Commission to report annually to the General Assembly the effects of loss limits on the competitiveness of the gaming industry in Missouri be repealed.

[3] Adjusted gross receipts are defined by Section 313.800, RSMo, as "the gross receipts from licensed gambling games and devices less the winnings paid to wagerers." In other words, the amount the casino "wins" from patrons. It is often referred to as "casino win". The tax on AGR is set forth in Section 313.822, RSMo.

[4] Section 313.822, RSMo.

[5] Section 313.820, RSMo.

[6] "Casinos blast Illinois tax increase", Chicago Sun Times, September 3, 2003, quoting Illinois Casino Gaming Association executive director Tom Swoik, "As a direct result of this tax policy, we have laid off nearly 700 employees and are not filling close to 600 additional vacancies. Additionally, we anticipate there may be further layoffs in the months to come."