



Payout 2012

The Campaign Contributions & Lobbying Expenditures of The Gambling Industry in Illinois

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Introduction

Over a ten-year period in which it sought to dramatically expand legalized gambling and turn Illinois into the Las Vegas of the Midwest, the gambling industry gave \$9.7 million in campaign contributions to elected officials, political candidates, and political parties between the beginning of 2002 and June 30, 2012.

One recent check on the industry's influence in Illinois has been the establishment of campaign contribution limits in 2011. After giving an average of nearly \$1 million between 2002 and 2010, industry giving declined to \$475,000 in 2011, and it has given 286,000 in the first half of 2012. Yet after living with limits for just over a year—and with the notable exception that contributions to leadership committees still aren't limited—the Illinois General Assembly this spring passed a bill that will lift limits in any election in which more than \$100,00 has been spent on independent political expenditures.

In 2011, the industry pushed legislation that would have more than tripled the amount of legalized gambling in Illinois. A bill passed in May 2012, SB 1849, is also very ambitious, proposing the creation of five new casinos. Despite calls from Governor Pat Quinn, by Common Cause Illinois, and by other good government groups the bill did not include a ban on campaign contributions from gambling interests. Several states have such a ban in place, including the gambling meccas of New Jersey and Louisiana. If Illinois is to become one of the most gambling-dense states in the country, it should at least adopt some of the safeguards other states have used to guard against the appearance of corruption and undue influence that comes with legislators being asked to regulate an industry Sen. Paul Simon famously described as having “more of a history of corruption than any other industry.”¹

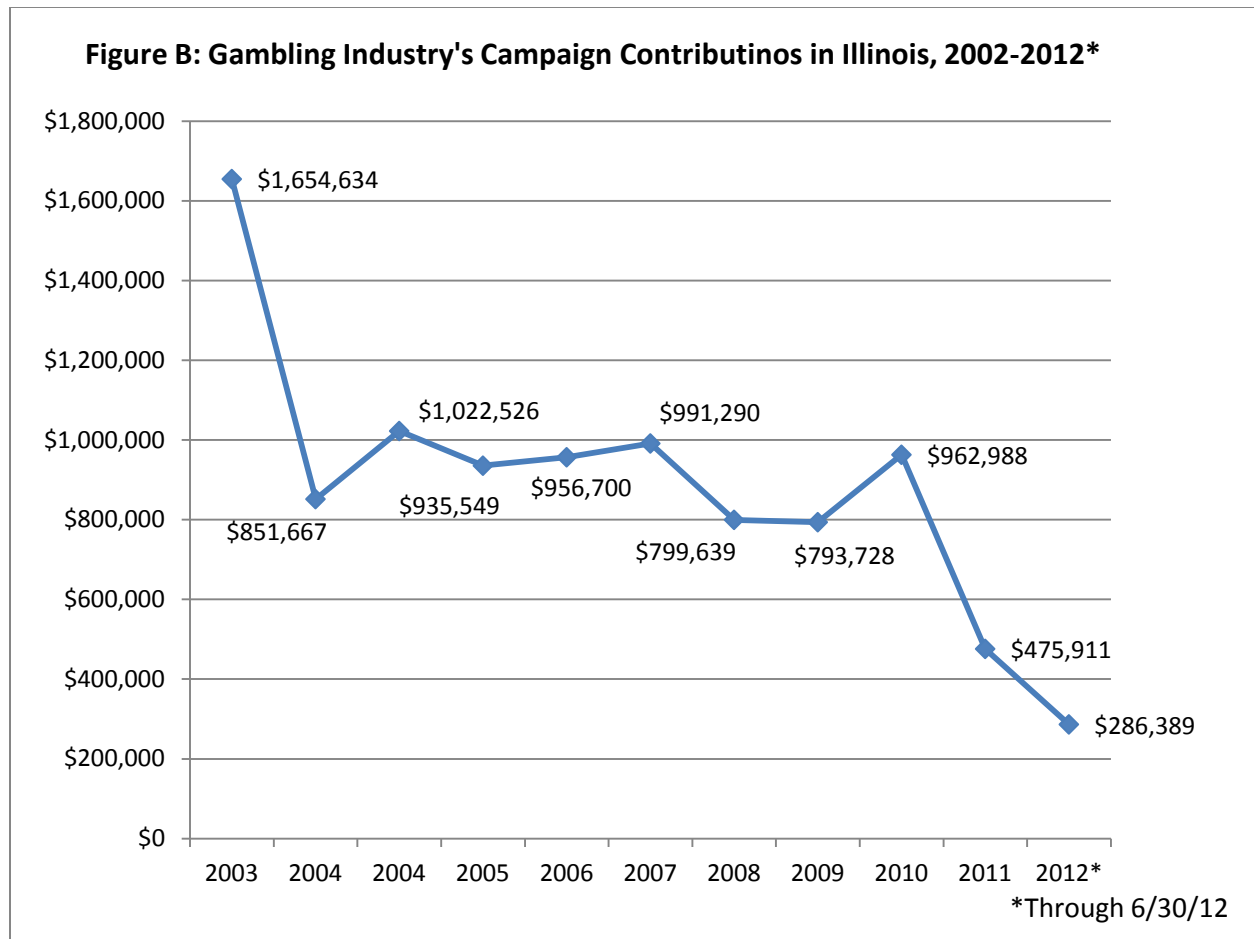
As shown in Figure A, many of the industry's champions are among the top recipients of gambling contributions. While leadership committees are not included on this chart, the mere fact that they can still receive unlimited contributions gives House Speaker Michael Madigan, House Minority Leader Tom Cross, and others the ability to funnel far more money to members of their caucuses than these members can hope to raise by themselves. This loophole empowers both big donors and party caucus leaders—at the expense of ordinary citizens who can't write big checks to political candidates, and at the expense of rank-and-file legislators who do not control their own leadership committees.

¹ In testimony before The National Gambling Impact Study Commission, 1997

Figure A: Top 25 Recipients of Contributions from The Gambling Industry

1/1/2002 through 6/30/2012

Rank	Office	Fname	Lname	Party	Contributions
1	Rep.	Tom	Cross	D	\$538,250
2	Sen .	Emil	Jones	D	\$367,250
3	Rep.	Michael	Madigan	D	\$366,150
4	Rep.	Lou	Lang	D	\$313,451
5	Sen .	James	Claybourne	D	\$147,889
6	Sen .	John	Cullerton	D	\$104,650
7	Sen .	Christine	Radogno	R	\$102,550
8	Rep.	Angelo	Saviano	R	\$91,550
9	Sen .	Kirk	Dillard	R	\$78,668
10	Sen .	A.J.	Wilhelmi	D	\$68,275
11	Rep.	Daniel	Burke	D	\$62,100
12	Sen .	Martin	Sandoval	D	\$61,200
13	Sen .	William	Haine	D	\$58,764
14	Sen .	Terry	Link	D	\$58,700
15	Rep.	Linda	Chapa LaVia	D	\$47,350
16	Sen .	Bill	Brady	R	\$42,200
17	Rep.	Thomas	Holbrook	D	\$41,920
18	Rep.	Eddie Lee	Jackson	D	\$39,222
19	Sen .	Don	Harmon	D	\$38,750
20	Rep.	Robert	Rita	D	\$37,558
21	Sen .	Mike	Jacobs	D	\$37,300
22	Rep.	Edward	Acevedo	D	\$34,650
23	Sen .	Antonio	Munoz	D	\$33,650
24	Sen .	Dan	Kotowski	D	\$33,150
25	Sen .	Donne	Trotter	D	\$32,051



Dealing In the Dark: How Illinois's Lobbying Law Fails To Capture Lobbyists' True Influence

A 2011 study by Common Cause Illinois estimated that the state's current lobbying captures less than 10% of spending by the state's lobbyists because it does not require them to disclose their salaries. As an example of the benefits of stronger reporting, the study found that all lobbyists in Illinois reported just over \$1 million in expenditures in 2009. In Pennsylvania, a state with a similar population but a much stronger lobbying law, all lobbyists reported spending \$400 million in 2009, or 400 times as much.

Disclosure Problems

A review of lobbying expenditure reports filed in 2010 and 2011 in Illinois also reveals several problems with the ways entities report expenditures under the state's current law. Anyone reading expenditure reports filed by "Penn National" would see that the company reported spending \$0 on lobbying in 2010-2011. Yet Penn National employed several lobbying firms during this period, and one of these, the firm of Alexander J. Hunt, reported that its lobbyist Jay A. Keller spent \$160 on a dinner for three state legislators on 3/20/11. Common Cause Illinois only looked at reports filed by gambling lobbyists for this period. But the ability of a particular

interest—whether it’s gambling, tobacco, or the natural gas industry—to make its case in Springfield cannot be fully understood if that interest is only required to report a fraction of its lobbying expenditures.

Figure C: Lobbying Expenditures Funded and Reported by Penn National, 2010-2011

Penn National		Illinois	Pennsylvania
2010	Q1	\$0	\$48,542
2010	Q2	\$0	\$31,225
2010	Q3	\$160	\$34,187
2010	Q4	\$0	\$32,923
2011	Q1	\$0	\$30,720
2011	Q2	\$0	\$30,000
2011	Q3	\$0	\$30,000
2011	Q4	\$0	\$30,125
Total		\$160	\$267,722

In both states, Penn National was active in reaching out to elected officials and working to win their support for legislation favorable to the company. Yet as shown by this chart, the numbers reported on the company’s expenditure forms suggest a robust, ongoing operation in Pennsylvania, but do not reflect the extent of its operations in Illinois. For Caesars Entertainment, which has also sought to expand its operations in both states, these figures were \$259,455 in reported expenditures in Pennsylvania for 2010-2011, but \$0 in Illinois for this same period.

A second issue raised by Common Cause Illinois’s review of gambling lobbyists’ expenditure reports is the ability of lobbyists to avoid disclosing exactly what issues and legislation are being discussed with elected officials. As with Penn National, the expense forms submitted by International Game Technology for 2010-2011 showed no expenditures. Yet the company employed several lobbying firms during this period and one of these, Taylor Uhe LCC, reported that its lobbyist Mark Taylor spent \$89.30 on a meal with Rep. Lou Lang at which the two of them discussed “Budget Issues.” Given Lang’s role as one of the industry’s champions in Springfield, and given the centrality of gambling revenue to the state’s budget debate, the public deserves more information about exactly which budget issues were discussed at this meeting and at similar meetings.

A comparison of reports filed by entities controlled by Neil G. Bluhm in Illinois and Pennsylvania demonstrates a third problem with reporting in Illinois. For all of 2010-2011, Bluhm’s Midwest Gaming reports a single expenditure of \$260,880 on 7/17/11 for the grand opening of the Rivers Casino in Des Plaines. This figure is highly misleading as just 13 of the reported 2,914 attendees at this event were elected officials. Given that reported expenditures by

all lobbyists can total little more than \$1 million a year in Illinois, this figure could comprise more than a quarter of all expenditures in Illinois by all lobbyists for 2011. Clearly, it would be more accurate to say that, based on a per person cost of approximately \$90, Midwest Gaming spent \$1,170 on lobbying through this event. Most importantly, this example demonstrates the degree to which the weakness of the Illinois's law, combined with questionable reporting about spending on events at which elected officials are present, makes it extremely difficult to determine just how much money the gambling industry is spending in Illinois.

Figure D: Lobbying Expenditures Reported by Companies Owned by Neil G. Bluhm in Pennsylvania vs. Illinois.

		Pennsylvania	Pennsylvania	Illinois
		Holdings Acquisition Co.	HSP	Midwest Gaming
2010	Q1	\$52,266	\$72,590	\$0
2010	Q2	\$49,955	\$72,496	\$0
2010	Q3	\$50,736	\$72,233	\$0
2010	Q4	\$61,782	\$72,514	\$0
2011	Q1	\$45,095	\$84,750	\$0
2011	Q2	\$51,953	\$85,206	\$0
2011	Q3	\$47,979	\$85,012	\$260,880*
2011	Q4	\$48,800	\$84,671	\$0
Total		\$408,566	\$629,472	\$260,880*

*Figure covers expenses for 2,914 people attending the grand opening of the Rivers Casino in Des Plaines, IL on 7/17/11. According to Midwest Gaming, only 13 of these people were elected officials.

Recommendations

- I. Strengthen Illinois's Lobbying Law to require disclosure of lobbyists' salaries and exact numbers of bills on which lobbyists are lobbying.
- II. Limit campaign contributions to leadership committees
- III. Keep campaign contribution limits in place regardless of the amount of independent expenditures made in an election.