

STATE OF THE STATES

The AGA Survey of the Casino Industry

PRESIDENT'S MESSAGE



The American Gaming Association (AGA) is pleased to present the 2017 edition of *State of the States: The AGA Survey of the Casino Industry*. First released in 1999, we are proud to once again offer a publication to those interested in casino gaming, whether they are students or academics, elected officials, regulators or industry executives.

2016 was a banner year for both the casino gaming industry and for AGA. For one, the industry has continued its upward growth trajectory, once again setting a new record for gross gaming revenue. In addition, our industry took major strides into becoming ever more mainstream. A presidential debate was held in Las Vegas, a former casino owner was elected president of the United States, and both the NFL and NHL approved franchises to be located in Las Vegas.

For AGA, 2016 was an important year as well. Reflecting our mission to represent the entire gaming industry, we further expanded our membership, which now encompasses 90 percent of the commercial gaming sector, 95 percent of the gaming supplier sector and nearly one-third of the tribal gaming community. And we scored important policy wins for the industry by defeating misguided proposals at both the national and state levels related to resort fees, taxes, reporting of slot machine winnings and player tracking.

With detailed information on the U.S. gaming market and financial performance data in each of the 24 commercial gaming states, *State of the States* provides the key metrics for telling the U.S. casino gaming story. You can also find much of the data that is included herein on our Get To Know Gaming website (g2kg.org), which is updated on a regular basis.

As our industry continues to grow and evolve, I am confident this new version of our association's signature research report has followed suit. I hope you will turn to it frequently.

A handwritten signature in black ink that reads "G. Freeman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Geoff Freeman
President & CEO
American Gaming Association

TABLE OF CONTENTS

4	Notes
5	Executive Summary
8	National Economic Impact of Casino Industry
13	State-by-State Economic Impact
14	Colorado
14	Delaware
15	Florida
15	Illinois
16	Indiana
16	Iowa
17	Kansas
17	Louisiana
18	Maine
18	Maryland
19	Massachusetts
19	Michigan
20	Mississippi
20	Missouri
21	Nevada
21	New Jersey
22	New Mexico
22	New York
23	Ohio
23	Oklahoma
24	Pennsylvania
24	Rhode Island
25	South Dakota
25	West Virginia
26	Spotlights:
26	Tribal Gaming
27	Sports Betting
28	Retail / Convenience Gaming
29	Internet Gaming
30	Gaming Equipment Manufacturers
31	Commercial Casino Opening Dates by State
32	Acknowledgements

This report aims to provide a detailed picture of the commercial casino industry and the significant economic impacts it has in states across the country.

In particular, the report offers a snapshot of casino gaming in each of the 24 states that have commercial casinos, including the number and type of casinos, consumer spending on gaming activities and gaming tax revenues received by state and local governments.

For the purpose of this report, the AGA defines “commercial casinos” as those land-based, riverboat, dockside or racetrack casinos (“racinos”) operated by private companies under licenses issued by state governments.

Gaming and tax revenues for each of the 24 states with commercial casinos do not include additional contributions made by Native American casinos that are owned and operated by sovereign tribal governments. Also excluded from state gaming revenue totals are contributions from charitable gaming operations. Finally, the totals do not reflect privately or state-run gaming machine operations in bars and other non-casino venues in states such as Illinois, Oregon and Montana.

The terms “gaming revenue” and “gross gaming revenue”—sometimes referred to as “casino win” or “adjusted gross receipts” by state regulatory agencies—refer to the amount earned by casinos after winning bets have been paid out to patrons. Importantly, gross gaming revenues should in no way be interpreted as casino profits. These are revenues earned before paying for various operating expenses, marketing and employee salaries, among other items.

Similarly, gaming tax revenue figures listed in this report reflect only specific gaming taxes paid by casinos out of moneys won from gamblers. It does not include additional corporate, payroll or various other taxes that apply to casinos just as they do to most other businesses.

It should be noted that, in many cases, effective tax rates are higher at racino facilities where gaming machines are operated by the state lottery, as opposed to the more traditional regulatory structure in which gaming licensees are the owners and operators of the machines. In the case of the former, the gaming machines are called video lottery terminals (VLTs), and the lottery commission takes in all revenues before making distributions to stakeholders such as racino operators, horse breeders and others.

The states that operate in this manner are Delaware, Maryland, New York, Ohio, Rhode Island and West Virginia. Because of this important difference in the regulatory structure in these states, the survey details the percentage of revenue retained by operators as opposed to the percentage paid by operators (or the state gaming tax rate).

Finally, it should be noted that AGA altered its methodology slightly with respect to the collection of industry employment and wage data for this year’s report. In our 2016 State of the States report, AGA relied on data from an economic impact study done for the association by Oxford Economics to conservatively fill in employment and wage data that either was not publicly available or was unobtainable from casino properties directly. However, because this Oxford Economics data is now more dated, the AGA decided to not rely on it for the purposes of this report. AGA endeavored in every commercial state to obtain actual employment and wage data, not modeled data, but where this was not possible, it has been noted in those states’ economic impact charts in the pages that follow.

EXECUTIVE SUMMARY

America's commercial casino industry enjoyed a record-setting year in 2016, with nationwide consumer spending on casino gaming increasing by 1.1 percent to reach a total of \$38.96 billion.

The industry's performance was partly reflective of macroeconomic factors, including sustained national jobs growth, rising consumer confidence and lower oil and gas prices.

Still, growth was not spread evenly across the country, as commercial casinos in certain markets felt the impact of increasingly stiff competition between states for gaming patrons.

Overall, 17 of the 24 states with commercial casinos saw growth in gross gaming revenues relative to 2015.

Leading the way in percentage growth terms was Massachusetts, with 2016 marking the state's first full year as a commercial gaming jurisdiction. Record revenues were also recorded in Florida, Maine, Maryland, New York, Ohio, Pennsylvania and Rhode Island.

Meanwhile, the casino markets of Indiana and New Jersey were able to return to growth after suffering multiple years of declining revenues amid expanding competition from neighboring states.

On the other hand, out-of-state competition meant there was no end to the long-term trend of declining gaming revenues in West Virginia.

Sharp declines in gaming revenue were also reported in New Mexico and Louisiana, in part due to the impact of lower energy prices on their local economies.

ECONOMIC IMPACT

Industry-wide growth in gross gaming revenues in 2016 also translated into record gaming tax collections for state and local governments.

In total, commercial casinos paid \$8.95 billion in direct gaming taxes applied by state, county and municipal governments. The nearly \$9 billion helped state and local governments across the country balance their budgets and fund education programs, make investments in infrastructure and keep essential services running.

Meanwhile, the record tax receipts also meant record sums were returned to a variety of designated beneficiaries of gaming revenue, including state and local tourism initiatives, elderly care services and horse breeding programs.

It is important to note that the direct gaming tax payments are just one facet of the casino industry's overall economic impact.

For example, the gaming tax total does not include income, sales or various other corporate taxes that apply to casino companies as well as the hundreds of specialist suppliers that service the gaming industry. Nor does it reflect payroll taxes paid by employers for the more than 335,000 staff employed in the commercial casino industry.

Based on data collected from state gaming commissions as well as from companies directly, industry employees earned more than \$14 billion in wages, benefits and tips in 2016.

Aside from their tax contributions, casinos continued to be involved in thousands of charitable and philanthropic initiatives in 2016.

The good causes supported by casinos' philanthropic efforts ranged from the support of meals services for senior citizens in Mississippi and Missouri, to collecting festive gifts for disadvantaged children in Maryland, and funding programs to help homeless youths in Nevada, among many others.

REGULATORY REFORMS

The final month of 2016 and early weeks of 2017 saw several notable casino openings, including a sixth Maryland casino, at National Harbor near Washington, D.C., and the first three of four upstate New York casino resorts.

With their impact set to be felt throughout 2017, those and other casino openings further underscore the increasing competition for gaming patrons between states and the need for policymakers to ensure that their regulatory environments are conducive to long-term, sustainable growth.

Several states took important steps forward on this front in 2016.

Lawmakers in Louisiana, for example, formed a special task force to perform a deep-dive review into the state's riverboat casino regulations and draw up reforms to help casinos compete with rival venues in nearby jurisdictions.

Iowa policymakers voted to allow casinos to deduct a certain

amount of the free-play credits they extend to patrons from their taxable revenues, bringing the state's gaming industry in line with a majority of other casino jurisdictions.

In another key initiative, regulators in Nevada and New Jersey adopted new rules to accommodate a new breed of slot machine that blends traditional games of chance with arcade-style games of skill. Nevada also agreed to permit wagering on competitive video gaming events—or “e-sports”—for the first time, a move that complements the growing interest by casinos in hosting live e-sports tournaments in their arena and convention facilities.

Still, there is much more work to be done when it comes to modernizing the regulatory constraints that apply to the commercial gaming industry.

Oppressive tax rates and arcane restrictions that prevent the deployment of new technologies leave casinos more vulnerable whenever a newer competitor opens or consumer preferences shift.

In the future, states that see enduring growth in gaming tax revenues will be those that adopt a progressive mindset when it comes to regulation and encourage operators to continually reinvest in their offerings.

To this end, the AGA continues to represent the industry in its partnership with regulators, elected officials and other stakeholders to identify common-sense reforms that encourage innovation and allow casinos to remain competitive but without in any way compromising the integrity of commercial gaming operations.

INDIAN GAMING

Notably, 2016's \$38.96 billion revenue total represents only moneys won by commercial casino operations across the United States.

Native American casinos generated a record total of \$31.2 billion in gross gaming revenues in 2016, according to the National Indian Gaming Commission.

At the end of 2016, there were 500 Native American casinos operating across 28 states, with further tribal casino projects under development in states including California, Massachusetts and Washington accounting for billions of dollars in capital investment and thousands of additional jobs.

The AGA first welcomed Native American casino operators to its membership in early 2015 and is proud to now represent the interests of tribes in Alabama, California, Connecticut, Florida, Michigan and Oklahoma that share the association's commitment to responsible gaming, integrity and economic development. Combined, the tribal and

commercial casino industries in 2016 generated total annual gross gaming revenues in excess of \$70 billion for the first time.

CONVENIENCE GAMING

While a majority of jurisdictions continue to limit slots strictly to commercial or tribal casinos, by the end of 2016, at least eight states also permitted machines in convenience venues such as bars, taverns and truck stops.

These machines, sometimes referred to as video gaming terminals (VGTs) or video lottery terminals (VLTs), are typically subject to stricter limits on maximum bets and payouts than casinos' slot machines. However, they account for an increasing proportion of the overall gaming market.

In Illinois, revenue from VGTs surpassed \$1 billion for the first time in 2016. When combined with revenue from other states with similar operations, the VGT/VLT market nationwide reached at least \$3.5 billion in revenue last year. For perspective, that was more than casinos made last year in Pennsylvania—the nation's largest commercial casino jurisdiction by gaming tax revenue and the second largest, after Nevada, in revenue terms.

ILLEGAL GAMING

Another area excluded from 2016's \$38.96 billion gaming revenue total is the vast amount lost to illegal gambling operations throughout the country.

Unlike licensed casinos, illegal operators—whether located on street corners, in underground gambling dens or online—are not subject to any regulatory controls that ensure the fairness of games for consumers. Nor do their owners undergo formal checks to ensure they are not connected to organized crime.

Furthermore, illegal operations deprive states of important revenue streams by drawing patrons away from legitimate gambling activities that are subject to taxes and licensing fees.

In 2015, AGA formed the Illegal Gambling Advisory Board chaired by former Boston Police Commissioner Ed Davis and has since continued to deepen its partnership with law enforcement to develop national, state and local opportunities for action and engagement.

SPORTS BETTING

Arguably, nowhere do better conditions currently exist for illegal gambling operations to thrive than in the area of sports betting.

Passed by Congress in 1992, the Professional and Amateur

Sports Protection Act (PASPA) effectively restricts lawful sports wagering to Nevada, with limited forms also permitted in a handful of other states.

Yet demand for sports wagering today is higher than ever—and in 46 of 50 states, that demand is being served only by unscrupulous underground bookies and shady offshore websites that willingly flout federal law.

When PASPA was adopted by Congress 25 years ago, casinos had been approved in just a handful of states beyond Nevada and tribal gaming remained in its infancy. In the quarter-century since then, the casino industry has established a proven track record of regulatory compliance, operational integrity and delivering tremendous fiscal and economic benefits to state governments.

Momentum for sports betting legalization reached an all-time high when the US Supreme Court agreed to hear the State of New Jersey's appeal in its efforts to bring sports betting to its state. The High Court's decision was made against the backdrop of over a dozen other states introducing sports betting-related legislation in 2017, three of which passed and enacted said bills. The AGA is honored to harness this momentum and lead the advocacy efforts of the newly formed American Sports Betting Coalition (ASBC), a diverse alliance of law enforcement groups, elected officials and policy organizations that believe in the need to overturn America's sports betting ban.

NATIONAL ECONOMIC IMPACT OF CASINO INDUSTRY

CASINO LOCATIONS BY STATE

State		 1	 2	 3	 4	 5
Alabama				3*		
Alaska				2*		
Arizona				25		
California				70	77	
Colorado	35 ⁺			2		
Connecticut				2		
Delaware			3 [^]			
Florida			8	7	24	
Idaho				9		
Illinois		10				5,726
Indiana	10	1	2			
Iowa	15	2	2	3		
Kansas	3			4		
Louisiana	1	15	4	4		1,788
Maine	1		1			
Maryland	5 [^]		1 [^]			
Massachusetts			1			
Michigan	3			25		
Minnesota				40	2	
Mississippi	12	16		3		
Missouri		13				
Montana				15	164	1,436
Nebraska				4*		
Nevada	273			5		1,953 ⁶
New Jersey	7					
New Mexico			5	28		
New York	1		8 [^]	15		
North Carolina				3		
North Dakota				10		
Ohio	4		7 [^]			
Oklahoma			2	132		
Oregon				9		2,233 [^]
Pennsylvania	6		6			
Rhode Island	2					
South Dakota	25 ⁺			14		1,331 [^]
Texas				2*		
Washington				33	60 ⁷	
West Virginia	1		4			1,647 [^]
Wisconsin				27		
Wyoming				4		
Total	404	57	54	500	327	16,089

-  Land-based Casinos
-  Tribal Casinos
-  Riverboat Casinos
-  Card Rooms
-  Racetrack Casinos
-  Electronic Gaming Devices

*Class II games only

+Limited-stakes gaming

[^]Video lottery terminals

1 Casinos that are on or connected to a waterway, including in a moat, and do not cruise

2 Racetrack casinos that operate Class III gaming machines

3 Native American-owned casinos with both Class II and Class III games, except where noted

4 Card rooms in states that do not have commercial casinos with poker facilities

5 Non-casino or retail locations with authorized and legal electronic gaming devices

6 Number of venues with 15 or fewer machines

7 Card rooms in Washington state operate blackjack and other house or player-banked games in addition to poker.

Sources: American Gaming Association, National Indian Gaming Commission, State Gaming Regulatory Agencies

STATE-BY-STATE CONSUMER SPENDING ON COMMERCIAL GAMING

2015 vs. 2016

In 2016, 17 of the 24 states with commercial casinos reported increases in total annual gross gaming revenues. The largest increase came in Massachusetts, reflecting the first full year of operations for the state's first casino venue since its opening in June 2015. The steepest decline came in New Mexico, where racinos suffered from the impact of a struggling local economy. Alongside Massachusetts, seven additional states—Florida, Maine, Maryland, New York, Ohio, Pennsylvania and Rhode Island—recorded their highest ever gaming revenue totals.

State	2015 (millions)	2016 (millions)	% Change
Colorado	\$790.08	\$810.79	2.62%
Delaware	\$410.49	\$403.49	-1.71%
Florida	\$530.66	\$545.95	2.88%
Illinois	\$1,438.03	\$1,413.48	-1.71%
Indiana	\$2,215.59	\$2,216.00	0.02%
Iowa	\$1,424.35	\$1,446.16	1.53%
Kansas	\$367.78	\$364.33	-0.94%
Louisiana	\$2,648.54	\$2,537.61	-4.19%
Maine	\$129.81	\$133.12	2.55%
Maryland	\$1,098.43	\$1,203.29	9.55%
Massachusetts	\$88.23	\$155.04	75.72%*
Michigan	\$1,376.41	\$1,385.60	0.67%
Mississippi	\$2,097.07	\$2,122.25	1.20%
Missouri	\$1,701.89	\$1,714.97	0.77%
Nevada	\$11,114.08	\$11,257.15	1.29%
New Jersey	\$2,563.12	\$2,602.72	1.55%
New Mexico	\$256.02	\$232.37	-9.24%
New York	\$1,950.96	\$2,017.69	3.42%
Ohio	\$1,643.68	\$1,691.44	2.91%
Oklahoma	\$113.14	\$113.31	0.15%
Pennsylvania	\$3,173.79	\$3,213.42	1.25%
Rhode Island	\$615.82	\$619.11	0.53%
South Dakota	\$108.36	\$104.66	-3.42%
West Virginia	\$686.56	\$654.83	-4.62%
Total	\$38.543 billion	\$38.959 billion	1.08%

*2016 gaming revenue in Massachusetts reflects first full year of gaming operations at state's lone casino.

Source: State Gaming Regulatory Agencies

U.S. CONSUMER SPENDING ON COMMERCIAL CASINO GAMING

2003–2016

Overall consumer spending at commercial casinos reached a total of \$38.96 billion in 2016, marking a 1.1 percent increase over the prior year. The modest but steady growth reflected macroeconomic factors including increased consumer confidence, lower gas prices and sustained national job growth, offset by competitive challenges for casinos in certain jurisdictions. The 2016 total means the commercial gaming industry has now grown in every year but one since the U.S. economy came out of recession in 2009.



COMMERCIAL CASINO TAX REVENUE BY STATE

2015 vs. 2016

During 2016, commercial casinos contributed a total of \$8.95 billion in direct taxes to state and local governments across the country. In general, state tax totals reflected underlying trends in gross gaming revenues. However, in some cases, growth in tax revenue lagged behind that of gaming revenue due to the stronger performance of table games relative to higher-taxed slot machines. In New Jersey, meanwhile, tax receipts outpaced gaming revenue growth due to collections from Internet gaming. Another factor influencing tax receipts is trends in casino visitation, as a handful of states impose a fee on riverboat casino admissions in addition to taxing gaming revenue.

State	2015 (millions)	2016 (millions)	% Change
Colorado	\$113.80	\$117.48	3.23%
Delaware	\$160.96	\$156.78	-2.59%
Florida	\$185.73	\$191.08	2.88%
Illinois	\$488.04	\$477.99	-2.06%
Indiana	\$608.06	\$597.36	-1.76%
Iowa	\$329.35	\$332.34	0.91%
Kansas	\$92.01	\$91.08	-1.01%
Louisiana	\$632.24	\$604.83	-4.34%
Maine	\$52.21	\$53.39	2.25%
Maryland	\$452.92	\$477.43	5.41%
Massachusetts	\$43.23	\$75.97	75.72%*
Michigan	\$336.69	\$338.34	0.49%
Mississippi	\$252.41	\$253.91	0.59%
Missouri	\$443.89	\$443.56	-0.08%
Nevada	\$889.13	\$900.57	1.29%
New Jersey	\$230.93	\$240.22	4.02%
New Mexico	\$67.15	\$61.00	-9.17%
New York	\$888.37	\$919.73	3.53%
Ohio	\$545.38	\$564.66	3.54%
Oklahoma	\$20.76	\$20.83	0.36%
Pennsylvania	\$1,379.23	\$1,387.83	0.62%
Rhode Island	\$328.84	\$320.93	-2.41%
South Dakota	\$15.67	\$15.75	0.52%
West Virginia	\$316.45	\$304.66	-3.73%
Total	\$8.873 billion	\$8.948 billion	0.84%

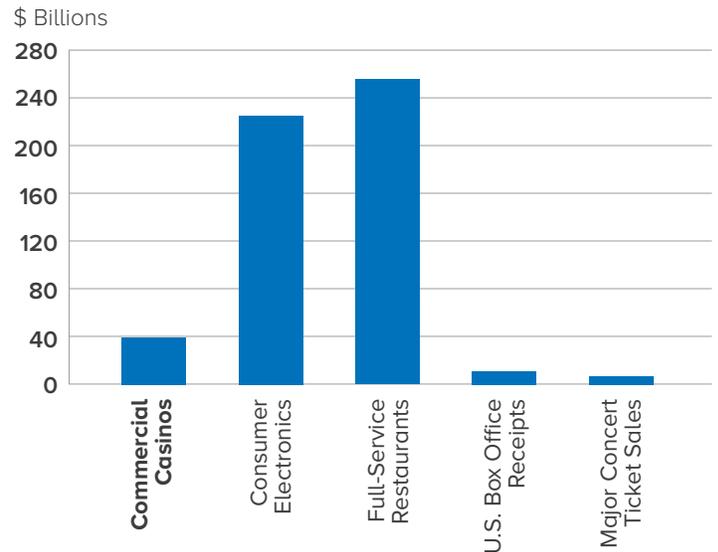
*2016 tax revenue in Massachusetts reflects first full year of gaming operations at state's lone casino

Source: State Gaming Regulatory Agencies

COMMERCIAL CASINO SPENDING VS. OTHER SPENDING CHOICES

2016

During 2016, consumers spent more at commercial casinos than they did on movie tickets or major concerts. However, consumer spending on casino gaming was significantly less than spending at full-service restaurants or on consumer electronics.



Sources: American Gaming Association; Consumer Technology Association; National Restaurant Association; Outdoor Industry Association; comScore, Inc.; PollstarPro

COMMERCIAL CASINO JOBS AND WAGES BY STATE

2016

In 2016, more than 335,000 people were directly employed by commercial casinos nationwide and earned approximately \$14 billion in wages, benefits and tips. This figure does not include thousands of additional casino employees in states where employment figures were not available. With close to 300 casinos in the state, Nevada continues to account for about half of the commercial casino workforce, but as gaming has expanded to all regions of the country, the number of people working in the gaming industry has continued to rise nationwide.

It's important to note that the figures below only include direct employees working at casinos. It's estimated that the gaming industry supports a total of more than 1.7 million jobs and nearly \$74 billion in income¹, either directly or indirectly, through businesses such as gaming equipment manufacturers and a variety of small businesses that provide goods and services to casinos.

State	Jobs	Wages/Benefits (millions)
Colorado	8,987	\$221.42
Delaware	4,000	\$186.41
Florida	3,397*	\$113.20*
Illinois	6,976	\$312.39
Indiana	13,427*	\$478.15*
Iowa	9,500	\$347.16
Kansas	1,610*	\$57.92*
Louisiana	18,116	\$621.64
Maine	N/A	N/A
Maryland	5,055*	\$175.40*
Massachusetts	488	\$20.29
Michigan	7,288	\$446.37
Mississippi	20,942	\$774.09
Missouri	9,371	\$321.10
Nevada	166,631	\$8,090.80
New Jersey	22,005	\$753.56
New Mexico	1,355*	\$45.81*
New York	4,983	\$232.57
Ohio	10,103	\$113.48*
Oklahoma	N/A	N/A
Pennsylvania	16,260*	\$643.07*
Rhode Island	N/A	N/A
South Dakota	1,593	\$42.05
West Virginia	3,429*	\$119.55*
TOTAL	335,516	\$14,074.38

¹ Oxford Economics - 2014 Economic Impact Study

*Partial data due to some properties declining to share employment and/or wage information

Sources: State Gaming Regulatory Agencies, State Gaming Associations, individual properties

TOP 20 U.S. COMMERCIAL CASINO AND RACINO MARKETS

2016

In 2016, the Las Vegas Strip strengthened its long-held status as by far America's largest commercial gaming market. While total annual gaming revenue on the Strip grew, casino revenues in the second and third largest markets—Atlantic City and the Chicago metro area—both continued to shrink as a result of regional and in-state competitive challenges, respectively.

Elsewhere, the Baltimore-Washington, D.C. area leapfrogged Detroit in 2016 to become America's fifth largest casino market by total gaming revenue. The region is also likely to threaten New York City's hold on fourth spot in 2017, following the opening of the \$1.4 billion MGM National Harbor resort in Maryland in December 2016.

	Market	State(s)	2016 Revenue	Last Ranking*
1	Las Vegas Strip	Nevada	\$6,376,042,000	1 —
2	Atlantic City	New Jersey	\$2,406,012,101	2 —
3	Chicagoland	Illinois/Indiana	\$1,964,038,974	3 —
4	New York City	New York	\$1,446,277,433	4 —
5	Baltimore/Washington D.C.	Maryland/West Virginia	\$1,392,210,551	6 ▲
6	Detroit	Michigan	\$1,385,601,766	5 ▼
7	Philadelphia	Pennsylvania	\$1,236,347,857	7 —
8	Gulf Coast	Mississippi	\$1,177,617,968	8 —
9	St. Louis	Missouri/Illinois	\$1,013,572,244	9 —
10	The Poconos	Pennsylvania	\$981,414,001	10 —
11	Lake Charles	Louisiana	\$886,814,467	11 —
12	Boulder Strip	Nevada	\$788,077,000	12 —
13	Kansas City	Missouri/Kansas	\$783,575,314	13 —
14	Reno/Sparks	Nevada	\$723,731,000	15 ▲
15	Shreveport/Bossier City	Louisiana	\$688,651,487	14 ▼
16	Black Hawk/Central City	Colorado	\$684,926,233	16 —
17	Tunica/Lula	Mississippi	\$611,671,536	18 ▲
18	Cincinnati Area	Ohio/Indiana	\$603,280,351	20 ▲
19	Pittsburgh/Meadowlands	Pennsylvania	\$587,179,803	19 —
20	New Orleans	Louisiana	\$582,968,970	17 ▼

Source: GamblingCompliance

*2016 State of the States

STATE-BY-STATE ECONOMIC IMPACT

Overall consumer spending on gaming at America's commercial casinos reached \$38.96 billion in 2016, marking the industry's highest-ever total.

The record sum represented an increase of 1.1 percent over 2015's \$38.54 billion and means industry-wide gaming revenue has now grown in six of the past seven years since the American economy came out of recession.

Commercial casino operators were not the only beneficiaries of industry growth, however, with the gaming revenue total also translating into record gaming tax revenues for state and local governments.

Last year, states received \$8.95 billion from taxes applied to casino gaming revenues, up almost one percent relative to 2015. Notably, the nearly \$9 billion reflects only the direct gaming taxes paid by casinos out of moneys won from patrons.

On top of that, casino operators and the many specialist suppliers that service the industry also paid many hundreds of millions of dollars in corporate income, payroll and other taxes that apply to gaming companies just as they do to other American businesses.

Overall, 17 of the 24 states with commercial casinos reported an increase in annual gross gaming revenue for 2016 as gaming operations in many markets benefited from the combination of lower gas prices, strengthening consumer confidence and consistent job growth.

The biggest change came in Massachusetts (+75.7%), which saw its first casino open in mid-2015 and was able to report its first full year of revenue in 2016.

Elsewhere, Maryland (+9.6%) continued its emergence as a major casino gaming jurisdiction as revenue grew and the state welcomed the opening of its sixth casino resort, at National Harbor, near Washington, D.C., in December.

On the other hand, several states reported a decline in revenue for 2016, suffering from weakened local economies,

job losses particularly in the energy sector and decreased discretionary income.

As in previous years, another major influencing factor on the gaming industry's fortunes in 2016 was the impact of new competition.

For example, the expansion of casino gaming into Massachusetts caused a decline in gaming tax revenue in neighboring Rhode Island, even though overall gaming revenue continued to grow (+0.5 percent). Commercial casinos in Illinois (-1.7 percent), meanwhile, continued to lose ground amid the ongoing expansion of slot machines into retail locations, such as bars, truck stops and other non-casino venues.

Still, more positive trends were reported in two of the commercial gaming jurisdictions that have suffered the most from competitive pressures in recent years.

Prior to 2016, gaming revenue in Indiana (+0.02%) had fallen sharply every year since the rollout of 11 casino venues in neighboring Ohio began in 2012. Last year, however, revenue was stable.

Meanwhile, casinos in New Jersey (+1.6%) were able to report an increase in gaming revenue for the first time in 10 years, in part due to the growth of Internet gaming.

The return to growth came two years after the nadir of 2014, which saw four Atlantic City casinos close after failing to survive an onslaught of new competition in Pennsylvania (+1.3%), New York (+3.4%) and other neighboring jurisdictions.

Note: Except where indicated, the figures for gaming revenue, tax revenue, employees/wages and admissions that are listed in the state charts that follow were calculated based on calendar year 2016. The number of casinos and tax rates reflect the status quo as of December 31, 2016.

COLORADO

In 2016, Colorado's casino industry saw an increase in both gaming revenue (+2.6 percent) and direct gaming tax receipts (+3.2 percent). The gaming revenue total came in just shy of the state's revenue record of \$816.12 million, which was achieved in 2007, just before the U.S. recession. Meanwhile, growth in 2016 revenues was spread relatively evenly across the state's three reporting regions: Black Hawk (+2.3 percent), Cripple Creek (+2.6 percent) and Central City (+5.1 percent). Notably, the percentage of revenue attributable to table games reached an all-time high of 12.4 percent in 2016.

Number of Operating Commercial Casinos	35
Casino Format	Land based casinos
Gross Casino Gaming Revenue	\$810.79 million
Gaming Tax Revenue	\$117.48 million
State Gaming Tax Rate	Graduated tax rate with a maximum tax of 20% on gaming revenues
How Taxes Spent	General Fund, tourism promotion, creative and bioscience industries, restoration and preservation of historic sites
Casino Employees (FY16)	8,987
Casino Employee Wages (FY16)	\$221.42 million
Year Legalized / First Casino Opening	1990 / 1991
Mode of Legalization	Statewide vote, legislative action

Source: Colorado Division of Gaming

DELAWARE

In 2016, both gaming revenue (-1.7 percent) and direct gaming tax receipts (-2.5 percent) fell as Delaware's casino industry continued to feel the impact of increased competition from casinos in neighboring states. There was little sign of that competition abating in 2016, after a sixth casino opened in bordering Maryland. The modest revenue decline in Delaware was attributable to ongoing stagnation in the video lottery terminal segment (-1.6%) and a slight dip in table games revenue (-0.3%), partially offset by revenue gains in the state's small Internet gaming market.

Number of Operating Commercial Casinos	3
Casino Format	Racetrack casinos with publicly-run video lottery terminals and table games
Gross Casino Gaming Revenue	\$403.49 million
Gaming Tax Revenue	\$156.78 million
Revenue Retained by Operator	38.9%
How Taxes Spent	General Fund
Casino Employees	4,000
Casino Employee Wages	\$186.41 million
Year Legalized / First Casino Opening	1994 / 1995
Mode of Legalization	Legislative action

Sources: Delaware Lottery, Individual properties

FLORIDA

In 2016, Florida's casino industry saw an increase in both gaming revenue (+2.9 percent) and direct gaming tax receipts (+2.9 percent). The gaming revenue total marked an all-time high for a market that, since 2009, has enjoyed uninterrupted year-on-year growth. In 2016, only Ohio (+2.9%), New York (+3.4%) and Maryland (+9.5%) outpaced Florida in terms of year-on-year growth in gaming revenue. The 2016 revenue increase was driven partially by the Dania Jai Alai casino, which, after closing for renovations between November 2014 and December 2015, reopened in January 2016.

Number of Operating Commercial Casinos	8
Casino Format	Racetrack casinos and jai alai frontons with slot machines
Gross Casino Gaming Revenue	\$545.95 million
Gaming Tax Revenue	\$191.08 million
State Gaming Tax Rate	35%
How Taxes Spent	Statewide education
Casino Employees	3,397*
Casino Employee Wages	\$113.20 million*
Year Legalized / First Casino Opening	2006
Mode of Legalization	Statewide Referendum, local option vote, legislative action

Sources: Florida Department of Business and Professional Regulation, individual properties.

*Florida employment and wage data includes five of the eight commercial casino properties in the state, as the other three declined to participate.

ILLINOIS

In 2016, both gaming revenue (-1.7 percent) and direct gaming tax receipts (-2.1 percent) declined as Illinois' casino industry continued to feel the impact of increased competition from slot route operators or video gaming terminals (VGTs) in retail locations throughout the state. Notably, while 2016 casino slot revenue declined (-3.6%), casino table game revenue fared much better (+6.1%) in year-on-year growth. Still, VGT revenue rose at a far more impressive clip (+21.3%) as the total number of gaming terminals at bars and truck stops throughout Illinois continued to increase. At the end of 2016, there were 24,841 VGTs installed in retail locations across Illinois, up 12.2 percent versus the prior year.

Number of Operating Commercial Casinos	10
Casino Format	Riverboat casinos
Admissions	12.34 million
Gross Casino Gaming Revenue	\$1.413 billion
Gaming Tax Revenue	\$477.99 million
State Gaming Tax Rate	Graduated tax rate from 15% to 50% of gaming revenue + \$2-3 per patron admission tax
How Taxes Spent	Education assistance, local government
Casino Employees	6,976
Casino Employee Wages	\$312.39 million
Year Legalized / First Casino Opening	1990 / 1991
Mode of Legalization	Legislative action

Sources: Illinois Casino Gaming Association, Illinois Gaming Board

INDIANA

Indiana's casino industry reported modest growth in gaming revenues (+0.02 percent) in 2016, ending a seven-year streak of revenue declines. Direct gaming tax receipts continued to fall (-1.8 percent), however, partly due to reduced casino visitation resulting in diminished patron admission fees. Gaming and tax revenues in Indiana fell sharply between 2012 and 2014, a period that saw a total of 11 casino venues opened in neighboring Ohio. Historically, casino patrons in Cincinnati had been served by a trio of cross-border riverboat casinos in Indiana. The improved performance of 2016 suggests the market is more stable now that the casino expansion process in Ohio is complete.

Number of Operating Commercial Casinos	13
Casino Format	Land based, riverboat and racetrack casinos
Admissions (FY16)	57.69 million
Gross Casino Gaming Revenue	\$2.216 billion
Gaming Tax Revenue	\$597.37 million
State Gaming Tax Rate	Riverboat & land based casinos: graduated tax rate from 15% to 40% of gaming revenue + \$3 per patron admission tax Racinos: graduated slot tax from 25% to 35% of revenue
How Taxes Spent	Economic development, local government
Casino Employees	13,427*
Casino Employee Wages	\$478.15 million*
Year Legalized / First Casino Opening	1993 / 1995
Mode of Legalization	Local option vote, legislative action

Sources: Casino Association of Indiana, Indiana Gaming Commission.

*Indiana employment and wage data includes 11 of the 13 commercial casino properties in the state, as two declined to participate.

IOWA

In 2016, Iowa's casino industry saw an increase in both gaming revenue (+1.5 percent) and direct gaming tax receipts (+0.9 percent). The increase in total gaming revenue was driven by gains across the state's larger slot machine segment (+1.3 percent) and its smaller table games segment (+3.4 percent). Product segment growth was accompanied by an uptick in total casino admissions and revenue per admission. The opening of the state's 19th casino, Wild Rose Casino & Resort, in July 2015 also contributed to the year-on-year increase in overall gaming revenue.

Number of Operating Commercial Casinos	19
Casino Format	Land based, riverboat and racetrack casinos with slots and table games
Admissions (FY16)	21.64 million
Gross Casino Gaming Revenue	\$1.446 billion
Gaming Tax Revenue	\$332.34 million
State Gaming Tax Rate	Riverboats & land based: graduated tax rate from 5% to 22% on gaming revenue; Racetracks: Up to 24% of revenue exceeding \$100 million
How Taxes Spent	Infrastructure, higher education, environment, tourism projects, cultural initiatives, technology upgrades, skilled worker training, general fund
Casino Employees	9,500
Casino Employee Wages	\$347.16 million
Year Legalized / First Casino Opening	1989 / 1991
Mode of Legalization	Local option vote, legislative action

Sources: Iowa Gaming Association, Iowa Racing and Gaming Commission

KANSAS

In 2016, both gaming revenue (–0.6 percent) and direct gaming tax receipts (–1.0 percent) fell as Kansas’s casino industry continued to settle after a high-growth period that immediately followed the market’s opening in 2009. The incremental decline in total gaming revenue in 2016 was attributable to revenue decreases at the state’s two largest casinos: Kansas Star Casino (–1.8 percent), near Wichita, and Hollywood Casino (–0.4%), near Kansas City. In contrast, the state’s smallest casino, Boot Hill Casino, in Dodge City, posted a slight increase (+1.0 percent).

Number of Operating Commercial Casinos	3
Casino Format	Land based casinos
Gross Casino Gaming Revenue	\$364.33 million
Gaming Tax Revenue	\$91.08 million
State Gaming Tax Rate	22% state tax, 3% local government tax, 2% tax for problem gambling programs
How Taxes Spent	State debt reduction. Infrastructure improvements, property tax relief, problem gambling treatment
Casino Employees	1,610*
Casino Employee Wages	\$57.92 million*
Year Legalized / First Casino Opening	2007 / 2009
Mode of Legalization	Legislative action, local option vote

Source: Kansas Lottery

*Kansas employment and wage data includes two of the three commercial casino properties in the state, as one declined to participate.

LOUISIANA

In 2016, both gaming revenue (–4.2 percent) and direct gaming tax receipts (–4.3 percent) fell as Louisiana’s economy continued to feel the impact of slumping global energy prices, which resulted in energy sector job losses among typical casino patrons from parts of nearby Texas. Declines in 2016 gaming revenue were distributed somewhat evenly across three of the state’s four reporting regions: Shreveport/Bossier (–6.0 percent), Lake Charles (–2.3 percent) and New Orleans (–6.9 percent). Gaming revenue in the Baton Rouge region, by contrast, edged up slightly (+0.7 percent).

Number of Operating Commercial Casinos	20
Casino Format	Riverboats and land based casinos; racetrack casinos with slot machines
Admissions	Riverboats – 23.27 million; Land based – 4.52 million; Racinos – 3.75 million
Gross Casino Gaming Revenue	\$2.538 billion
Gaming Tax Revenue	\$604.83 million
State Gaming Tax Rate	Riverboat casinos: 21.5% of gaming revenue Land based casino: \$60 million annual tax or 21.5% of gaming revenue (whichever is greater) Racinos: 18.5% of net revenue in state taxes and 4% to local parish
How Taxes Spent	Public school teacher salaries, public retirement systems, state capital improvements, general fund, City of New Orleans
Casino Employees	18,116
Casino Employee Wages	\$621.64 million
Year Legalized / First Casino Opening	1991 / 1993
Mode of Legalization	Local option vote, legislative action

Sources: Louisiana Casino Association, Louisiana Gaming Control Board, individual properties

MAINE

In 2016, Maine's casino industry saw an increase in both gaming revenue (+2.6 percent) and direct gaming tax receipts (+2.3 percent). The gaming revenue total marked an all-time high for a relatively new market that, since 2012, has enjoyed uninterrupted year-on-year growth. Still, the 2016 revenue increase was not shared evenly between the state's two casinos. Oxford Casino, located near Maine's famed ski country, had an up year (+5.1 percent), while the smaller Hollywood Casino, in the state's southeastern region, posted a slight year-on-year decline (-1.2 percent).

Number of Operating Commercial Casinos	2
Casino Format	Land based and racetrack casinos with slot machines and table games
Gross Casino Gaming Revenue	\$133.12 million
Gaming Tax Revenue	\$53.39 million
State Gaming Tax Rate	Racetrack Casino: 39% tax on slot net revenue; 16% on table net revenue Land based Casino: 46% tax on slot net revenue; 16% tax on table net revenue
How Taxes Spent	Education, health care, agriculture, gambling control board administration, City of Bangor
Casino Employees	N/A
Casino Employee Wages	N/A
Year Legalized / First Casino Opening	2004 / 2005
Mode of Legalization	Legislative action, local option vote

Source: Maine Gaming Control Board

MARYLAND

In 2016, Maryland's casino industry saw a significant increase in both gaming revenue (+9.5 percent) and direct gaming tax receipts (+5.4 percent). The increase in total gaming revenue was partially attributable to growth at four of the state's five existing casinos and by a strong performance of table games in particular. The year-on-year increase was also fueled by the December 2016 opening of Maryland's sixth casino, MGM National Harbor, which is located near Washington, D.C.

Number of Operating Commercial Casinos	6
Casino Format	Land based and racetrack casinos with slots and table games
Gross Casino Gaming Revenue	\$1.203 billion
Gaming Tax Revenue	\$477.43 million
State Gaming Tax Rate	VLT tax 50-61% depending on casino property; Table Tax 20%
How Taxes Spent	Education trust fund, local impact grants, small, minority and women-owned businesses
Casino Employees	5,055*
Casino Employee Wages	\$175.40 million*
Year Legalized / First Casino Opening	2008 / 2010
Mode of Legalization	Constitutional referendum

Sources: Maryland Lottery & Gaming Control Agency, individual properties

*Maryland employment and wage data includes four of the six commercial casino properties in the state, as two declined to participate.

MASSACHUSETTS

In 2016, Massachusetts' fledgling casino industry posted its first full year of gaming revenue (\$155.04 million) and direct gaming tax receipts (\$75.97 million) from its lone casino, Plainridge Park Casino, near the Rhode Island border in southeastern Massachusetts. Plainridge Park, whose product offering is limited by law to gaming machines, will be joined in 2018 by MGM Springfield and in 2019 by Wynn Boston Harbor. MGM Springfield and Wynn Boston Harbor, which are under development, will be destination-resort casinos with a full complement of slot machines and table games.

Number of Operating Commercial Casinos	1
Casino Format	Racetrack casino with slot machines
Gross Casino Gaming Revenue	\$155.04 million
Gaming Tax Revenue	\$75.97 million
State Gaming Tax Rate	40% tax on gaming revenue
How Taxes Spent	Local aid, health care payment reform initiatives, education and community colleges, transportation infrastructure, manufacturing initiatives, debt reduction and tourism
Casino Employees	488
Casino Employee Wages	\$20.29 million
Year Legalized / First Casino Opening	2011 / 2015
Mode of Legalization	Legislative action

Sources: Massachusetts Gaming Commission, individual property

MICHIGAN

In 2016, Michigan's casino industry saw an increase in both gaming revenue (+0.7 percent) and direct gaming tax receipts (+0.5 percent). However, growth was not distributed evenly between each of the state's three casinos, which are all located in Detroit. While the city's two largest casinos by market share, MGM Grand Detroit and MotorCity Casino, had up years (+5.5 percent and +5.1 percent, respectively), its smallest, Greektown Casino, posted a slight decline in revenue (-0.3 percent).

Number of Operating Commercial Casinos	3
Casino Format	Land based casinos
Gross Casino Gaming Revenue	\$1.386 billion
Gaming Tax Revenue	\$338.34 million
State Gaming Tax Rate	19% tax on gaming revenue (10.9 to the city of Detroit and 8.1% to the state of Michigan); state and municipal service fees are also levied annually
How Taxes Spent	Public safety, capital improvements, youth programs, tax relief, neighborhood development and improvement, infrastructure repair and improvement
Casino Employees	7,288
Casino Employee Wages	\$446.37 million
Year Legalized / First Casino Opening	1996 / 1999
Mode of Legalization	Statewide voter referendum, Local advisory vote, legislative action

Sources: Michigan Gaming Control Board, individual properties

MISSISSIPPI

In 2016, Mississippi's casino industry saw an increase in both gaming revenue (+1.2 percent) and direct gaming tax receipts (+0.6 percent). However, growth was not spread evenly across the state's gaming market. Helped by the late 2015 opening of a new casino in D'Iberville, casinos in the Gulf Coast region reported revenue growth of 4.0 percent in 2016. In contrast, casinos on the Mississippi River saw declines of 2.1 percent. In recent years, Mississippi riverboat casinos have faced a notable increase in competition from gaming operations in northeastern Arkansas in particular.

Number of Operating Commercial Casinos	28
Casino Format	Riverboats and land based casinos
Admissions	22.95 million
Gross Casino Gaming Revenue	\$2.122 billion
Gaming Tax Revenue	\$253.91 million
State Gaming Tax Rate	8% tax on gaming revenue to state + 3.2% to local governments with casinos
How Taxes Spent	Housing, education, transportation, health care services, youth counseling programs, local public safety programs
Casino Employees	20,942
Casino Employee Wages	\$774.09 million
Year Legalized / First Casino Opening	1990 / 1992
Mode of Legalization	Local option vote, legislative action

Source: Mississippi Gaming Commission

MISSOURI

Missouri's casino industry reported modest growth in gaming revenues (+0.8 percent) in 2016. However, direct gaming tax receipts fell slightly (-0.1 percent) compared with 2015, in part due to reduced casino visitation and lower tax revenues from patron admission fees. The overall revenue growth was driven by a strong performance of table games. While table game revenues increased by 6.4 percent against 2015, revenue from slot machines was essentially flat. Notably, 2016 marked the second consecutive year of impressive table game growth since Missouri casinos were granted the legal authority to offer credit to wealthier patrons as a result of legislation passed in 2014.

Number of Operating Commercial Casinos	13
Casino Format	Riverboats
Admissions	41.71 million
Gross Casino Gaming Revenue	\$1.715 billion
Gaming Tax Revenue	\$443.56 million
State Gaming Tax Rate	21% tax of gaming revenue + \$2 per patron admission fee
How Taxes Spent	Veterans' programs, National Guard, higher education, compulsive gambling treatment
Casino Employees (FY16)	9,371
Casino Employee Wages (FY16)	\$321.10 million
Year Legalized / First Casino Opening	1993 / 1994
Mode of Legalization	Statewide voter referendum, local option vote, legislative action

Sources: Missouri Gaming Association, Missouri Gaming Commission

NEVADA

In 2016, Nevada's casino industry saw an increase in both gaming revenues (+1.3 percent) and direct gaming tax receipts (+1.3 percent), with growth spread evenly between the Las Vegas area (Clark County) and northern Nevada. Growth would have been even higher if not for a 5.3 percent decline in revenue from baccarat, traditionally favored by Asian and VIP customers. Meanwhile, 2016 also saw a 5.4 percent decline in sports betting revenue, as a series of unfavorable sporting event results for Nevada sportsbooks meant their revenues dropped even though patrons bet more on sports events during 2016 than any prior year.

Number of Operating Commercial Casinos	273
Casino Format	Land based casinos
Admissions	55.8 million
Gross Casino Gaming Revenue	\$11.257 billion
Gaming Tax Revenue	\$900.57 million
State Gaming Tax Rate	Graduated tax rate with a maximum tax of 6.75% on gaming revenue + potential state and local fees of approximately 1%
How Taxes Spent	Education, local governments, general fund, problem gambling programs
Casino Employees (FY16)	166,631
Casino Employee Wages (FY16)	\$8.091 billion
Year Legalized / First Casino Opening	1931
Mode of Legalization	Legislative action

Sources: Nevada Gaming Control Board, Nevada Commission on Tourism

NEW JERSEY

New Jersey's gaming market grew for the first time in a decade in 2016, with increases in both gaming revenue (+1.6 percent) and direct gaming tax receipts (+4.0 percent) ending a slump that began in 2006 when the first of 14 Pennsylvania casinos commenced operations. The overall growth was largely attributable to strong gains in Internet gaming revenue (+32.1 percent), which served to offset a modest decline in revenue from traditional slot machine and table games in Atlantic City casinos. Gaming tax receipts saw a greater increase than revenue due to the higher effective tax rate applied to Internet gaming (17.5 percent) relative to traditional casino games (9.25 percent).

Number of Operating Commercial Casinos	7
Casino Format	Land based casinos
Admissions	22.21 million
Gross Casino Gaming Revenue	\$2.603 billion
Gaming Tax Revenue	\$240.22 million
State Gaming Tax Rate	8% tax on gaming revenue + either a 1.25% community & economic development investment tax or a 2.5% state tax; 17.5% tax on iGaming
How Taxes Spent	Senior citizens, disabled, economic revitalization programs
Casino Employees	22,005
Casino Employee Wages	\$753.56 million
Year Legalized / First Casino Opening	1976 / 1978
Mode of Legalization	Statewide voter referendum, legislative action

Source: Office of the Attorney General (Division of Gaming Enforcement)

NEW MEXICO

In 2016, both gaming revenue (–9.2 percent) and direct gaming tax receipts (–9.2 percent) fell sharply as New Mexico’s economy continued to feel the impact of energy sector job losses as a result of slumping global energy prices. Certain racinos in New Mexico traditionally draw customers from parts of western Texas that were similarly affected by the drop in the price of crude oil. The state’s commercial casinos were not alone in feeling the impact, either. Revenue from slot machines at New Mexico’s 25 Indian casinos also dropped by 3.1 percent, according to New Mexico Gaming Control Board data.

Number of Operating Commercial Casinos	5
Casino Format	Racetrack casinos with slot machines
Gross Casino Gaming Revenue	\$232.37 million
Gaming Tax Revenue	\$61.00 million
State Gaming Tax Rate	26% tax on gaming revenue + 0.25% for problem gambling programs
How Taxes Spent	General fund, problem gambling treatment
Casino Employees	1,355*
Casino Employee Wages	\$45.81 million*
Year Legalized / First Casino Opening	1997 / 1999
Mode of Legalization	Legislative action

Sources: New Mexico Gaming Control Board, Individual Properties

*New Mexico employment and wage data includes four of the five commercial casino properties in the state, as one declined to participate.

NEW YORK

New York’s casino industry saw an increase in both gaming revenues (+3.4 percent) and direct gaming tax receipts (+3.3 percent) in 2016, led by growth at the state’s two largest gaming venues in the New York City metro area. Overall, eight of New York’s nine racetrack casinos reported revenue increases for the year. However, a number of those venues are set to face significant extra competition in the coming year following the opening of three of four commercial casino-resorts in upstate New York in late 2016 and early 2017. Unlike racinos, the casino-resorts will be permitted to offer live-dealer table games in addition to slot machines.

Number of Operating Commercial Casinos	9
Casino Format	Land based casino; racetrack casinos with publicly-run video lottery terminals
Gross Casino Gaming Revenue	\$2.018 billion
Gaming Tax Revenue	\$919.73 million
Revenues retained by operator	31-41% depending on casino property
How Taxes Spent	Education
Casino Employees	4,983
Casino Employee Wages	\$232.57 million
Year Legalized / First Casino Opening	2001 / 2004
Mode of Legalization	Legislative action

Sources: New York Gaming Commission and New York Gaming Association

OHIO

Ohio's casino industry reported further growth in gaming revenues (+2.9 percent) and direct gaming tax receipts (+3.5 percent) in 2016. The gains were less pronounced than in previous years, however, with the rapid expansion of the state's seven racetrack casinos and four casinos having ended in late 2014 when Ohio's final racino began operations. Overall market growth in 2016 was driven mainly by the suburban racinos, and Hard Rock Rocksino near Cleveland in particular, with Ohio's four downtown casino locations reporting a decline in revenue as certain properties were forced to close temporarily due to renovations and adverse weather conditions.

Number of Operating Commercial Casinos	11
Casino Format	Land based casinos; racetrack casinos with publicly-run video lottery terminals
Gross Casino Gaming Revenue	\$1.691 billion
Gaming Tax Revenue	\$564.67 million
State Gaming Tax Rate (Casinos)	33%
Revenues retained by operator (Racinos)	66.5%
How Taxes Spent	Local governments, education, casino control commission, racing commission, law enforcement training, problem gambling and addictions
Casino Employees	10,103
Casino Employee Wages	\$113.48 million*
Year Legalized / First Casino Opening	2009 / 2012
Mode of Legalization	Statewide voter referendum, local option vote

Sources: Ohio Casino Control Commission; Ohio Lottery

*Ohio wage data includes seven of the eleven commercial casino properties in the state, as the four land based properties do not report wage data.

OKLAHOMA

In 2016, Oklahoma's two commercial racetrack casinos reported modest growth in both gaming revenues (+0.2 percent) and direct gaming tax receipts (+0.4 percent). Oklahoma's commercial gaming market can be categorized as small but stable. Last year marked the fifth straight year that revenues fell within the range of \$111 million to \$113 million, with neither significant increases nor declines.

Number of Operating Commercial Casinos	2
Casino Format	Racetrack casinos with slot machines
Gross Casino Gaming Revenue	\$113.31 million
Gaming Tax Revenue	\$20.83 million
State Gaming Tax Rate	Graduated state tax from 10-30% on gross gaming revenue; 9% tax to state racing commission
How Taxes Spent	Education
Casino Employees	N/A
Casino Employee Wages	N/A
Year Legalized / First Casino Opening	2004 / 2005
Mode of Legalization	Statewide voter referendum

Sources: Oklahoma Horse Racing Commission, State of Oklahoma—Office of the State Auditor and Inspector

PENNSYLVANIA

In 2016, Pennsylvania's casino industry reported growth in both gaming revenues (+1.3 percent) and direct gaming tax receipts (+0.6 percent). The slower growth of tax receipts compared to gaming revenue was due to the outperformance of table games (+5.6 percent) relative to slot machines (-0.2 percent). Like several states, Pennsylvania applies a significantly higher tax rate to slot machine revenue due to the greater costs incurred by casinos in hosting live-dealer table games. Notably, however, Pennsylvania lawmakers voted in August 2016 to temporarily increase the state's table game tax rate from 14 percent to 16 percent. Comparatively, slot machine revenues are taxed at 54 percent—the highest rate in the country—and generate tax revenues that outpace every other state, including Nevada.

Number of Operating Commercial Casinos	12
Casino Format	Land based and racetrack casinos with slots and table games
Gross Casino Gaming Revenue	\$3.213 billion
Gaming Tax Revenue	\$1.388 billion
State Gaming Tax Rate	Slot Machines: 55% tax-34% to state gaming fund, 12% to horse racing industry, 5% to economic development, 4% to local and county governments; table games: 16% tax, 14% to general fund, 2% to local county municipalities
How Taxes Spent	Property tax relief, economic development, tourism, horse racing industry, host local government
Casino Employees	16,260*
Casino Employee Wages	\$643.07 million*
Year Legalized / First Casino Opening	2004 / 2007
Mode of Legalization	Legislative action

Sources: Pennsylvania Gaming Control Board, individual properties

*Pennsylvania employment and wage data includes ten of the twelve commercial casino properties in the state, as two declined to participate.

RHODE ISLAND

Continued growth in table game revenue at Twin River Casino in Providence, helped Rhode Island's casino industry report a modest increase in overall gaming revenues (+0.5 percent) in 2016. However, the decline in revenue from higher-taxed slot machine games amid a notable increase regional competition meant Rhode Island's direct gaming tax receipts were down (-2.4 percent) relative to 2015. The overall market growth came despite a first full year of competition from Plainridge Park Casino in Massachusetts. The venue, which opened in mid-2016, is located roughly 18 miles from Twin River but is limited to the operation of slot machines and therefore does not compete with its Rhode Island rival for table-game patrons.

Number of Operating Commercial Casinos	2
Casino Format	Land based casinos
Gross Casino Gaming Revenue	\$619.11 million
Gaming Tax Revenue	\$320.93 million
Revenues retained by operator (FY16)	38.75%
How Taxes Spent	General Fund
Casino Employees	N/A
Casino Employee Wages	N/A
Year Legalized / First Casino Opening	1992
Mode of Legalization	Legislative action

Source: Rhode Island Lottery

SOUTH DAKOTA

South Dakota's casino industry reported a decline in gaming revenues (–3.4 percent), but a slight increase in gaming tax receipts (0.5 percent) in 2016. While revenues were negatively impacted by lower energy prices and other regional factors, tax receipts remained mostly stable due to the application of a flat annual tax levied against all casino slot machines. The tax, which does not fluctuate based on revenue trends, helped control for the significant drop in slot machine revenues. Although it includes more than two dozen casino properties, South Dakota's commercial gaming sector remains one of the smallest in the U.S. as casinos are permitted exclusively in the sparsely populated historic town of Deadwood, located on the edge of the Black Hills National Forest.

Number of Operating Commercial Casinos	25
Casino Format	Land based casinos (limited stakes; \$100 maximum bet)
Gross Casino Gaming Revenue	\$104.66 million
Gaming Tax Revenue	\$15.75 million
State Gaming Tax Rate	9% tax on gross gaming revenue; gaming device tax (\$2,000 per machine per year)
How Taxes Spent	50% commission fund; 40% Department of Tourism; 10% Lawrence County
Casino Employees	1,593
Casino Employee Wages	\$42.05 million
Year Legalized / First Casino Opening	1989
Mode of Legalization	Statewide voter referendum, local option vote, legislative action

Sources: South Dakota Gaming Commission; Labor Market Information Center, South Dakota Department of Labor

WEST VIRGINIA

Continued competitive pressures, a struggling local economy and the impact of smoking restrictions in one West Virginia county meant the state's casino industry suffered further declines in both gaming revenues (–4.6 percent) and direct gaming tax receipts (–4.4 percent) in 2016. The opening of new casinos in neighboring jurisdictions, most notably Maryland and Ohio, has caused West Virginia gaming revenues to fall in each of the past five years. Looking ahead, meanwhile, further declines are expected in 2017 following the opening of the MGM National Harbor resort in Maryland in December 2016. The MGM casino is expected to compete with Hollywood Casinos at Charles Town Races, West Virginia's largest gaming venue, for patrons from the Washington, D.C. and Northern Virginia metro areas.

Number of Operating Commercial Casinos	5
Casino Format	Land based casino; racetrack casinos with publicly run video lottery terminals and table games
Gross Casino Gaming Revenue	\$654.83 million
Gaming Tax Revenue	\$302.67 million
Revenues retained by operator	46.52%
How Taxes Spent	Education, senior citizens, tourism
Casino Employees	3,429*
Casino Employee Wages	\$119.55 million*
Year Legalized / First Casino Opening	1994
Mode of Legalization	Local option vote

Sources: West Virginia Lottery, Individual properties

*West Virginia employment and wage data includes four of the five commercial casino properties in the state, as one declined to participate.

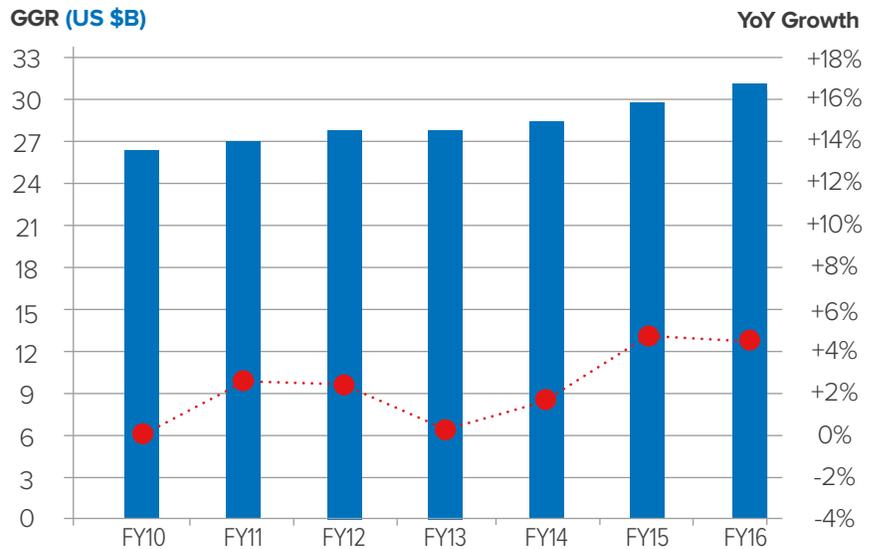
TRIBAL GAMING

At the end of 2016, tribal gaming facilities were operational in a total of 28 states—four more than the commercial casino industry. Tribal gaming facilities are operated pursuant to a 1988 federal law, the Indian Gaming Regulatory Act (IGRA), that permits federally recognized tribes to offer gaming on their sovereign reservation lands. The specific types of gaming that tribes have the right to offer depends on whether the state where their land is located permits commercial casinos, with tribal gaming facilities in some states offering only bingo and not slot machines or card games.

TRIBAL GAMING GROWTH

The tribal gaming sector surpassed \$30 billion in annual gross gaming revenues for the first time in 2016, reaching a record total of \$31.2 billion. The California/Northern Nevada region – at more than \$8.3 billion – was home to America’s largest tribal gaming market by revenue in 2016, according to figures collected by the National Indian Gaming Commission (NIGC). But Oklahoma is the largest tribal gaming market by number of facilities at 127. Combined, California/Northern Nevada and Oklahoma are estimated to account for more than one-quarter of all tribal gaming revenues across the country.

TRIBAL GAMING REVENUE

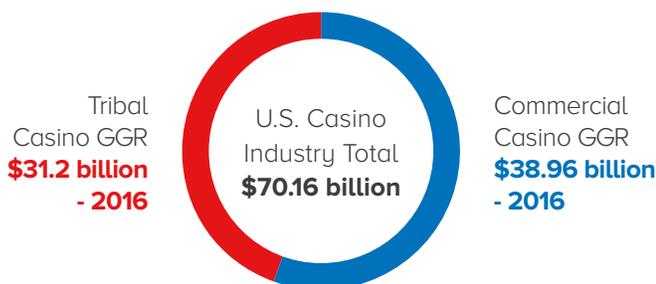
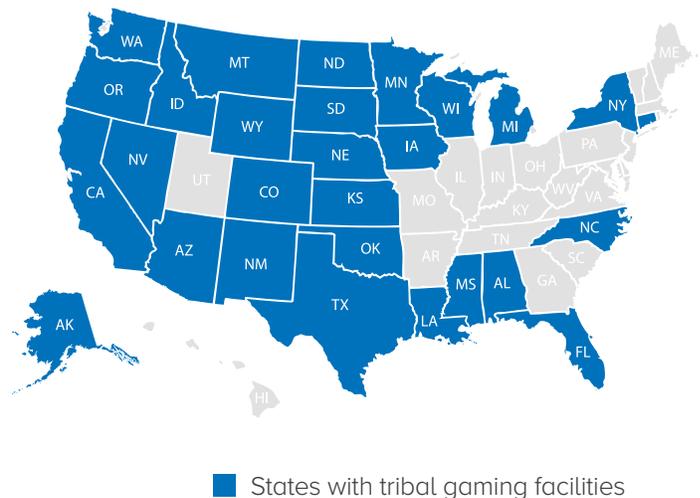


Sources: National Indian Gaming Commission, Indian Gaming Industry Report.

MUTUAL INTEREST

While subject to fundamentally different legal structures, the commercial and tribal gaming industries share common goals in areas such as economic development, compliance and responsible gaming. In recent years, several tribal gaming operators have also obtained licenses to run commercial casinos in states including New Jersey, Ohio, Oklahoma and Pennsylvania. Federal law, meanwhile, allows commercial casino companies to enter into contracts with tribes to assist them in developing and operating casinos and receive a limited portion of the casinos’ revenues as a management fee.

STATES WITH TRIBAL GAMING FACILITIES



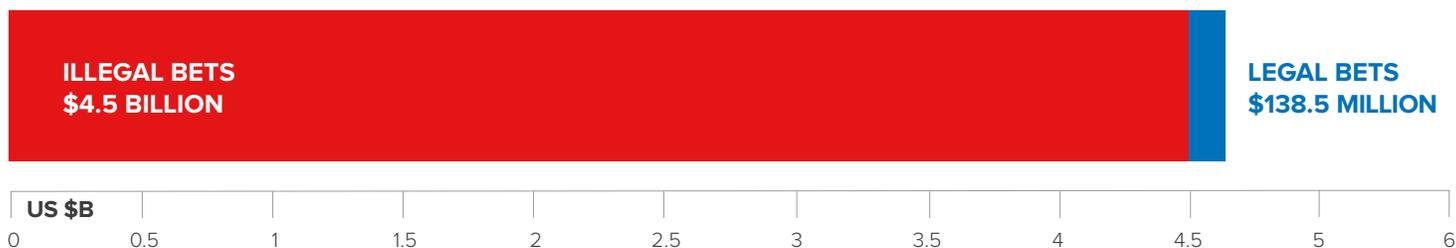
SPORTS BETTING

Legal sports betting in America is limited to just four states under a 1992 federal law, the Professional and Amateur Sports Protection Act (PASPA). Only Nevada, however, may offer traditional, single-game betting on a wide range of sports. The effect of the near nationwide prohibition has been the development of a massive underground sports betting market across America, where consumer demand is mostly being met by unregulated neighborhood bookies and shady offshore websites.

ILLEGAL MARKET THRIVING

Recent AGA polling results underscore how PASPA has failed to meet its intended purpose of restricting the availability of sports betting, with more than one-quarter of Americans having placed a bet on a sport event within the past year. The prevalence of illegal sports betting—a market estimated to have an annual handle of \$150 billion or more—is further highlighted by looking at the nation’s largest single sporting event, the Super Bowl. In 2017, a total \$4.7 billion was bet on Super Bowl 51, according to AGA estimates. Fully 97 percent—or \$4.5 billion—was bet illegally.

WAGERING ON SUPER BOWL LI



Sources: Nevada Gaming Control Board; American Gaming Association

AMERICAN ATTITUDES TOWARD SPORTS BETTING

A clear majority (55%) of Americans are in favor of changing federal law to allow individual states to decide whether to permit sports betting (versus 35% opposed). Among avid sports fans, support is as high as 72%.

Only 38% of Americans are aware that sports betting is illegal in their own state, and nearly one-quarter think it is legal.

More than a quarter (28%) of Americans and 50% of regular NFL viewers have bet on sports at some point in the past year, despite the PASPA prohibition.

Among existing sports bettors, 92% say they are more likely to watch a game when they have bet on it.

BETTING IN NEVADA

Total sports wagering handle in Nevada has grown every year since 2010, indicating increasing popularity for betting on sports among Americans. In 2016, Nevada wagering handle hit a record \$4.51 billion.

But by prohibiting single-game sports betting everywhere outside of Nevada, the U.S. and Canada are very much outliers on an international scale. Sports betting is extensively regulated throughout Europe as well as in dozens of other countries from Australia and China to Mexico and South Africa. Among other benefits, regulatory models in Nevada and foreign jurisdictions have been shown to assist sports leagues in minimizing integrity risks by providing a transparent record of all betting transactions that can be monitored in real time by leagues, gaming regulators and other specialist bodies.

RETAIL/CONVENIENCE GAMING

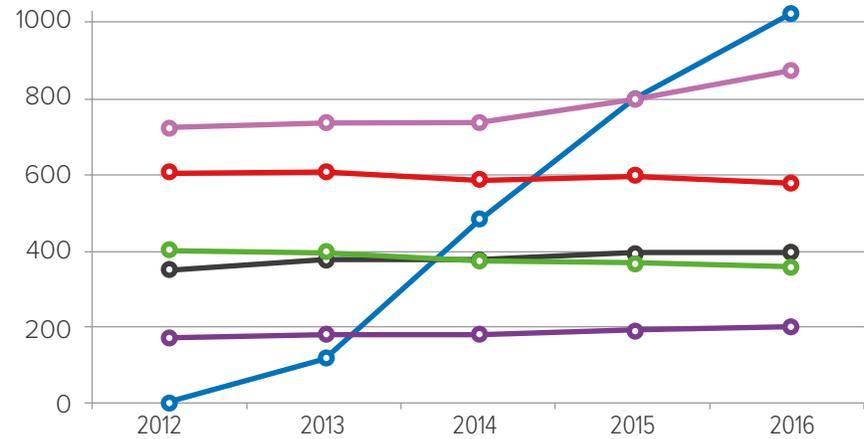
While the vast majority of states restrict lawful slot machines exclusively to commercial or tribal casinos, at the end of 2016, eight states also allowed slots in retail or convenience locations such as bars, truck stops, restaurants and members' clubs. Gaming machines in such venues are sometimes referred to as video lottery terminals (VLTs) or video gaming terminals (VGTs) and are typically operated either by a state's lottery or by private companies that are licensed to run networks of machines across various locations.

ILLINOIS DRIVING GROWTH

Convenience gaming has comprised an increasingly large part of the U.S. gaming landscape in recent years, driven by growth of the VGT market in Illinois. Total annual gross gaming revenues from the more than 25,000 VGTs installed in more than 5,000 locations across Illinois surpassed \$1 billion for the first time in 2016, with Illinois comfortably moving past Oregon as America's largest convenience gaming market.

Revenue (US \$M)

ANNUAL VGT REVENUE - 2012-2016



● Illinois ● Oregon ● Louisiana ● Montana ● West Virginia ● South Dakota

*Revenue figures for Nevada's retail gaming market are unavailable, however it is currently estimated to be in the \$550-\$600 million range.

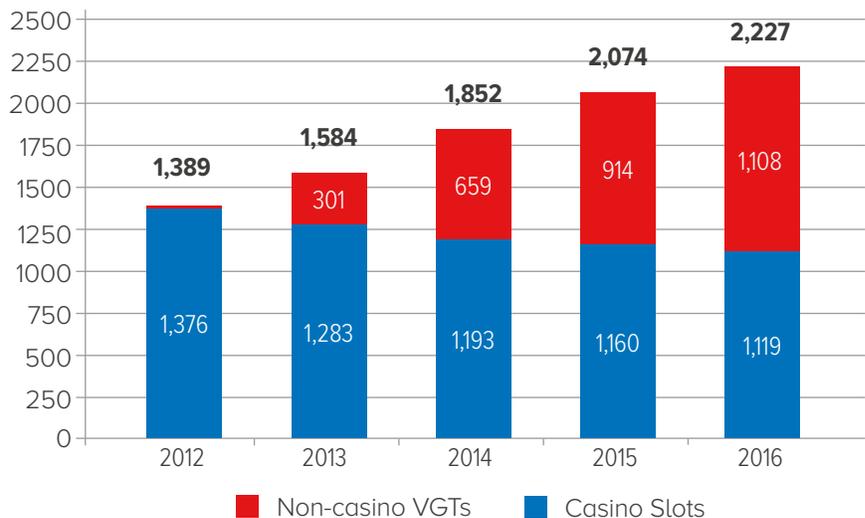
Sources: IG, OR Lottery, LGCB, MT DoJ, WV Lottery, NMGCB

REGULATORY RESTRICTIONS

Unlike the hundreds of slot machines that can be offered in commercial or tribal casinos, convenience gaming locations typically are restricted to no more than five to 15 machines each. VGTs and VLTs are also typically subject to specific limits on maximum bets (\$2 in Illinois, for example) and jackpots that can be awarded to gamblers.

ANNUAL REVENUE IN ILLINOIS, 2012-2016 - SLOTS VS. VGT'S

GGR (US \$M)



Source: Illinois Gaming Board

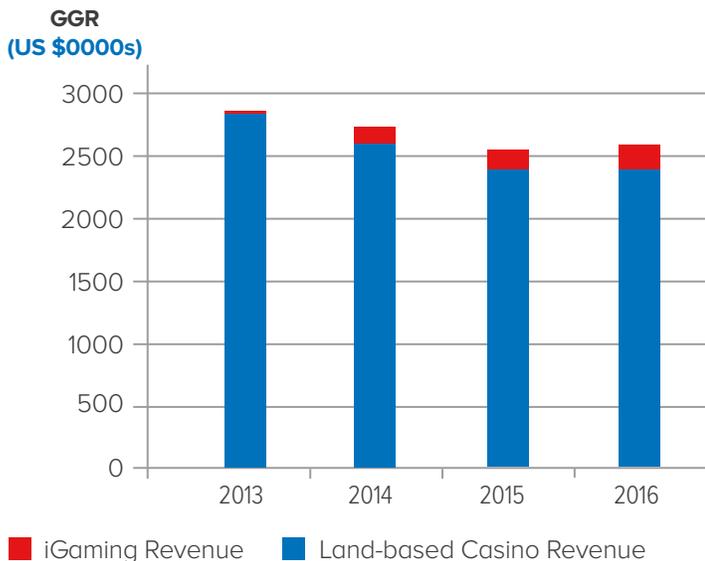
INTERNET GAMING

Internet gaming—or iGaming—allows gamblers to play virtual casino and poker games using their own mobile devices or home computers via accounts they have established with operators of iGaming websites. Many iGaming sites accessible by Americans are operating illegally from offshore jurisdictions. However, iGaming operations are authorized and regulated in a handful of U.S. jurisdictions.

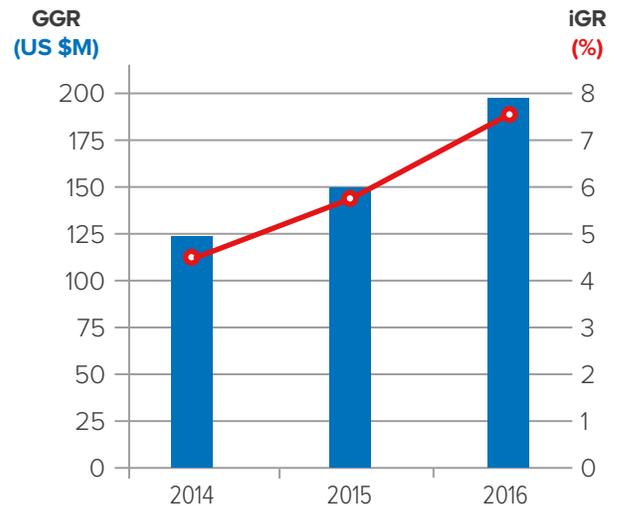
STATE OF PLAY

At the end of 2016, iGaming was legal in Delaware, New Jersey and Nevada. New Jersey and Delaware allow for a full range of casino and poker games to be offered online, while Nevada’s iGaming market is limited to poker games only. Separately, additional states permit Internet betting on horse races. A handful of others have authorized the sale of lottery games online. New Jersey was by far America’s largest iGaming market in 2016, although revenues from online gaming were still smaller than those from Atlantic City’s land-based casinos.

REVENUE IN NEW JERSEY



iGAMING GROWTH IN NEW JERSEY



FEDERAL LAW

States were cleared to legalize and regulate iGaming in 2011, when the U.S. Department of Justice advised that a 1960s federal law applies only to sports betting, and not interactive casino, poker or lottery games. California, New York and Pennsylvania were among states that considered legislation during 2016 to legalize iGaming. Also of note, however, legislation to establish a federal ban on all iGaming was considered in Congress.

ILLEGAL OPERATORS

Although federal law has been interpreted as allowing states to regulate iGaming within their borders, offshore sites operating without state licenses risk violations of various federal and state laws targeting illegal gambling businesses and financial transactions connected with unlawful betting.

GAMING EQUIPMENT MANUFACTURERS

In 2016, the global gaming supplier industry enjoyed another year of meaningful growth by almost all key measures of economic activity. In a study conducted by Applied Analysis on behalf of the Association of Gaming Equipment Manufacturers (AGEM), findings demonstrate that this sector of the broader gaming industry is strong and has momentum.

In terms of direct economic output or revenue, the global gaming supplier industry grew to nearly \$18 billion in 2016, up more than 6 percent from the previous year. When combined with indirect and induced impacts, the industry generated more than \$47 billion in total economic activity last year.

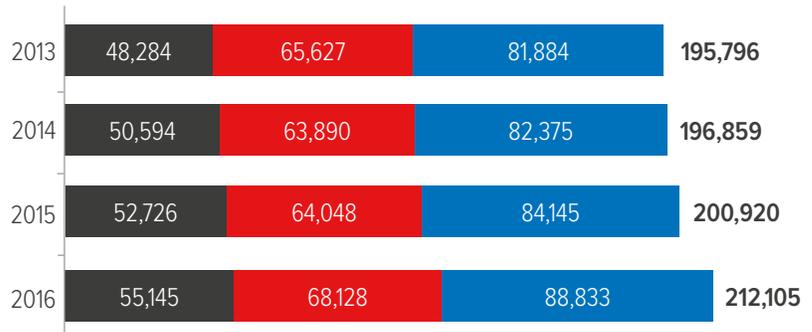
Gaming suppliers continue to be a significant employer worldwide, with more than 55,000 direct employees, a 4.6 percent increase over 2015. Taken altogether, this sector of gaming supports more than 200,000 jobs around the globe. Employees in the gaming supplier market are very well compensated. They earned \$4.9 billion in wages and salaries last year, averaging more than \$89,000 in annual wages per employee.

In all, the global gaming supplier industry continues to evolve and adapt to the latest consumer preferences and technological advancements emerging around the world. These ongoing developments have in turn led to the introduction of increasingly innovative products throughout the sector and expanding investments in research and development as well as human capital.

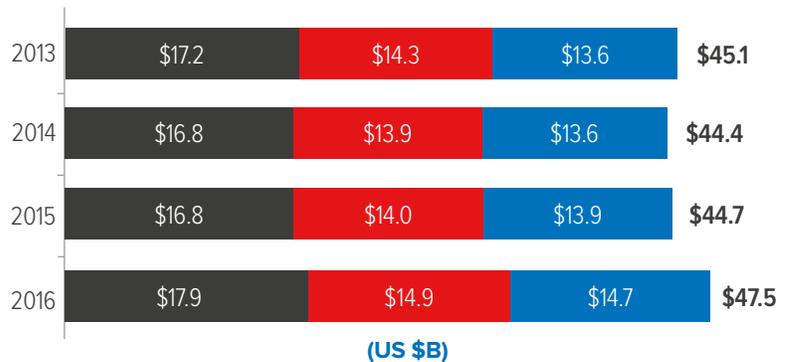
Notes: All currency values contained in this analysis are stated on a 2017 constant dollar basis to account for the impacts of inflation. Values are also stated in US dollars, so foreign currency translation may also impact reported results. For a copy of the full AGEM report, please visit AGEM.org/Impact.

■ Direct ■ Indirect ■ Induced

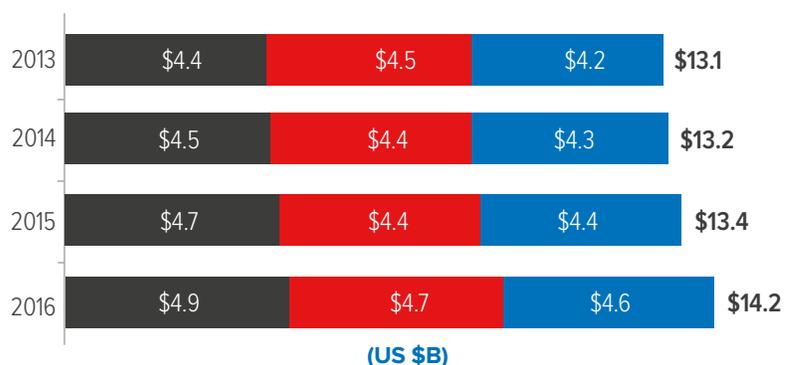
GLOBAL GAMING SUPPLIER EMPLOYMENT, 2013–2016



GLOBAL GAMING SUPPLIER ECONOMIC OUTPUT, 2013–2016

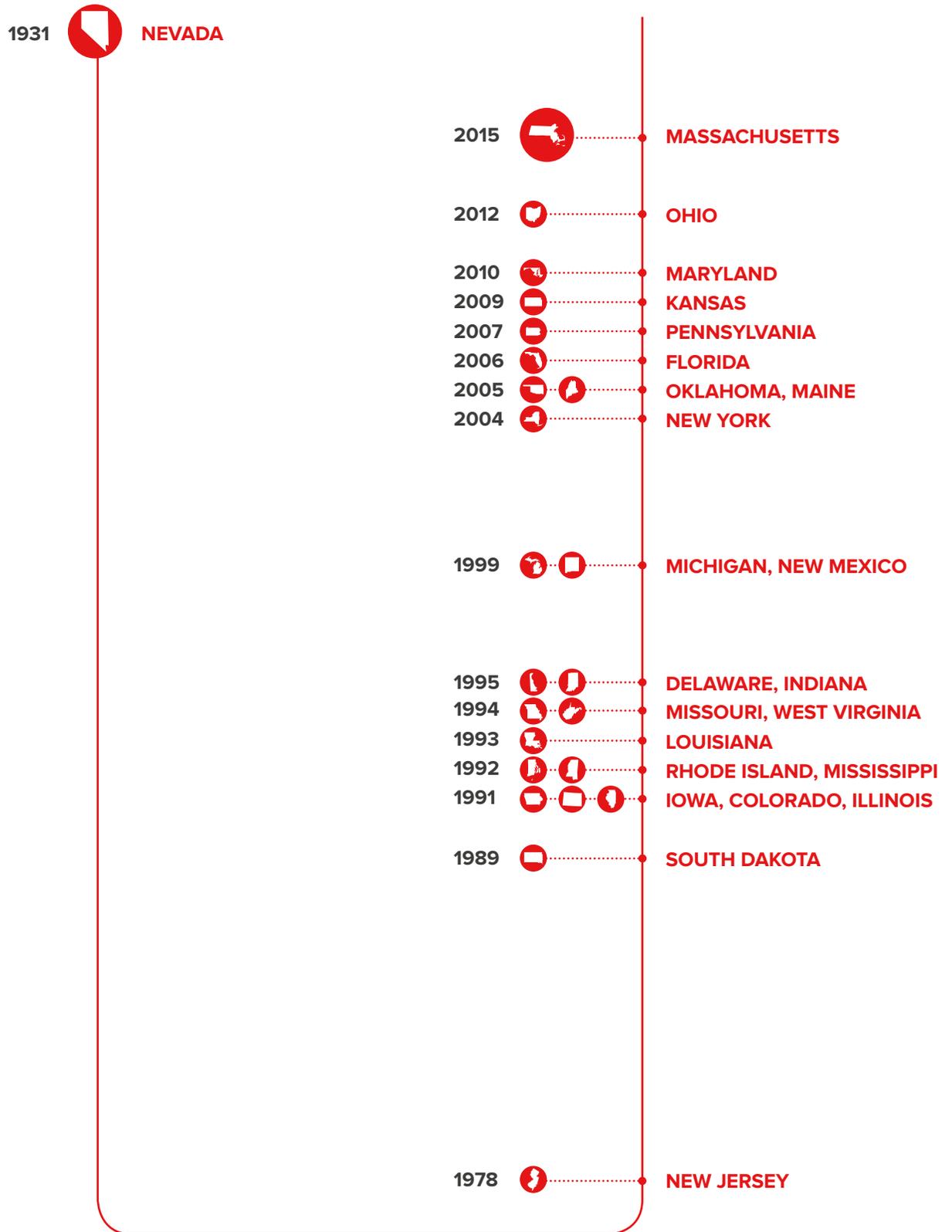


GLOBAL GAMING SUPPLIER SALARIES AND WAGES, 2013–2016



Source: Association of Gaming Equipment Manufacturers (AGEM)

COMMERCIAL CASINO OPENING DATES BY STATE



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