

State of the States 2019

THE AGA SURVEY OF THE COMMERCIAL CASINO INDUSTRY



AMERICAN
GAMING
ASSOCIATION



Gambling Compliance



Dear Gaming Industry Colleague:

I am pleased to present ***State of the States 2019: The AGA Survey of the Commercial Casino Industry***, the American Gaming Association's (AGA) signature research report and the definitive economic analysis of U.S. commercial gaming in 2018.

2018 was a transformative year for the U.S. commercial gaming sector and for the AGA. In May, the U.S. Supreme Court issued a landmark ruling finding the *Professional and Amateur Sports Protection Act of 1992* (PASPA) unconstitutional, freeing states to decide for themselves whether to legalize sports betting. By the end of the year, residents in eight states were able to place a legal sports wager with more expected to join them in 2019. With expanding legalization came new business opportunities, and the gaming industry's previously strained relationship with professional sports leagues began to thaw: more than two dozen business partnerships were signed in 2018 between professional sports teams and leagues and gaming operators and suppliers.

Helped in part by the expansion of sports betting, the commercial casino gaming sector logged its fourth consecutive year of gaming revenue growth in 2018—surging nearly 3.5 percent to \$41.7 billion, a new historic high. New commercial casino properties opened in Colorado, Massachusetts, New Jersey and New York, and voters in Arkansas approved a constitutional amendment, making it the 25th state to legalize commercial casino gaming (and the 41st state overall with legal casino gaming, including tribal casino operations).

For AGA, 2018 was an important year as well. In the wake of the Supreme Court decision we engaged congressional lawmakers to avert new federal regulations on sports wagering, educating policymakers about the robust state and tribal regulatory structures already in place across the country. AGA also helped inform state legislatures considering sports betting legislation, emphasizing that the right policies are critical to the success of a legal marketplace. As a result, states unanimously

rejected harmful policies such as league royalties and official data mandates. Further, AGA advocacy efforts helped spark regulatory reforms in Louisiana and Ohio that simplify and streamline shipping of gaming equipment, resulting in greater efficiencies for manufacturers, operators and regulators.

Finally, the AGA launched its revamped website, offering members and the public better access to industry news, AGA research and advocacy initiatives. I encourage you to visit us at www.americangaming.org and take full advantage of the AGA's resources.

On a personal note, in December I was honored to be named the new President and Chief Executive Officer of AGA. As just the third CEO of the AGA in its history, I am eager to build on the successes of my predecessors who helped to enable this remarkable time for gaming: the industry is growing, acceptance of gaming as a mainstream form of entertainment is at an all-time high and the opportunities to continue to advance the industry's agenda are abundant. I look forward to working with you over the coming years to pursue our common interests.

With detailed information on the U.S. gaming market and financial performance data in all of the commercial gaming states, *State of the States 2019* provides the most comprehensive economic guide to the commercial casino industry, and we'd like to thank our partners at GamblingCompliance for their invaluable assistance in its creation.

I hope you will find this a useful reference and, as always, we value your continued feedback.

Sincerely,



William C. Miller, Jr.
President and CEO
American Gaming Association

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About This Report

This report is designed to provide a comprehensive overview of the commercial casino industry in each of the 24 states with legal commercial casino gaming.

For each of the 24 jurisdictions, the report analyzes gaming revenue and gaming taxes generated by commercial casino locations for the calendar year 2018. In addition, the report provides an overview of the primary competition faced by casinos in each state and summarizes the year's major gaming policy discussions.

A table at the beginning of this report provides a comparative summary of the main licensing, taxation and responsible gaming requirements applied to casino operators and suppliers of electronic gaming devices and table game equipment.

This report defines commercial casino locations as licensed land-based casinos, riverboat casinos, racetrack casinos (racinos) and jai alai frontons. It also includes casino locations in states such as Delaware, New York, Ohio and Rhode Island that offer electronic gaming devices classified as video lottery terminals and are operated by commercial casinos under the authority of those states' lotteries.

For the purposes of identifying commercial casino location numbers, we do not include other forms of commercial gaming locations, such as bars, taverns or truck stops with electronic gaming devices, animal racetracks without gaming machines such as horse and dog tracks, slot-route operation locations, instant racing terminal locations or off-track betting operations, lottery/retail locations, tribal gaming locations as defined by the National Indian Gaming Commission, card rooms or other locations at which gaming is incidental to the primary business.

State gaming and tax revenue totals do not include revenue and taxes from these non-commercial casino locations—with the exception of Nevada, due to its unique nature, in which revenue and tax data from some locations which offer gaming as incidental to their primary business is included.

Also excluded from state gaming revenue and tax totals are monies derived from convenience locations with electronic gaming devices, such as video lottery terminals or videogaming terminals, in Illinois, Louisiana, Montana, Nevada, Oregon, South Dakota and West Virginia. The competitive impact of each of the above operations, however, is noted where warranted.

This report uses the term “electronic gaming device” (EGD) to refer to the various types of EGDs installed in casinos, commonly known as “slot machines.” Although the general public may not differentiate between the various types of EGDs, there are often important regulatory and technological distinctions between them and specific legal definitions are applied to different categories of EGDs in different states. State-specific terminology for EGDs includes video lottery terminals (VLTs), video gaming terminals (VGTs), video poker and electronic gaming machines, among others.

All references to “gaming revenue” are used as a substitute for more specific financial terms—including “casino win,” “adjusted gross receipts,” “gross gaming revenue” and others—as reported by state regulatory agencies. Gaming regulatory agencies in each state report monthly and annual revenue differently and readers should consult those agencies' websites for further information.

In general, gaming revenue refers to the amount earned by commercial casinos after winnings have been paid out to patrons. Importantly, gaming revenue does not equate to profits earned by commercial casinos from their operations. Such revenue is earned before properties pay for various operating expenses, marketing and employee salaries, as well as various taxes and fees, among other things. Due to reporting restrictions, commercial casino gaming revenue does not include revenue derived from pari-mutuel betting at commercial casino race- and sportsbooks, except for such revenue derived at Nevada commercial casinos.

Similarly, gaming tax revenue figures listed in the report reflect only specific gaming taxes paid by casinos out of monies won from patrons. They do not include various other taxes that apply

to casinos as they do to most other businesses. They also do not include the federal excise tax of 0.25 percent generally applied to sports betting handle across most states. For the purposes of calculating state gaming tax revenue totals, reported tax figures include monies directed to state and local governments and the specific casino revenue funds established by those entities. They also include further mandatory allocations of gaming revenue from commercial casinos to non-government entities, such as problem gambling services, race purses, breeding programs and other funds used to support local racing industries.

In certain states, gaming is operated under the authority of the state government, and a portion of casino revenue is then redistributed to private operators. Where this is the case, this report considers the effective tax rate applied to gaming operators to be the portion of gaming revenue retained by the state or its designated beneficiaries.

Information on supplier licensing in the table in this report is limited to those supplier entities that either manufacture EGDs or table games, or distribute or otherwise sell them to casinos. In many states, additional licensing requirements are applicable to the suppliers of various other goods and services to casinos. Readers are advised to consult the websites of state gaming regulatory agencies for more specific information.

About the American Gaming Association

The American Gaming Association is the premier national trade group representing the \$261 billion U.S. casino industry, which supports 1.8 million jobs nationwide. AGA members include commercial and tribal casino operators, as well as suppliers and other entities affiliated with the gaming industry. It is the mission of the AGA to achieve sound policies and regulations consistent with casino gaming's modern appeal and vast economic contributions.

www.americangaming.org

About GamblingCompliance

GamblingCompliance is the leading provider of independent legal, regulatory and business intelligence to the global gaming industry, based in London, Washington D.C. and Taipei. Through our subscription services and customized research solutions, we offer market participants, regulators, governments and investors easily accessible and up-to-date information on market realities and a reliable and independent service to monitor legislative and regulatory developments.

www.gamblingcompliance.com

EXECUTIVE SUMMARY

State of the Industry



America's commercial casino industry enjoyed another record-setting year in 2018, with nationwide consumer spending on casino gaming reaching a highest-ever annual total of \$41.68 billion.

The figure represented an increase of 3.5 percent over 2017 and marked the industry's fourth straight year of gains in gaming revenue. The commercial casino industry has also grown every year but one—2014—since the U.S. economy came out of recession in 2009.

Twelve of the 24 states with commercial casinos reported record annual gaming revenue in 2018, reflective of strong local economies in many parts of the country and the addition of new casino properties in certain markets.

Overall, just two states with commercial casino gaming—Illinois and West Virginia—reported lower revenue in 2018 versus the prior year, the latter seeing a decline of just one-tenth of one percent.

ECONOMIC IMPACT

The nation's 465 commercial casinos were not the only beneficiaries of revenue growth in 2018, as the industry generated a total of \$9.71 billion in direct gaming tax revenue for state and local governments and designated causes.

Notably, the \$9.71 billion figure—a record haul and an increase of 3.1 percent over 2017—reflects only specific state and local taxes that are applied directly to gaming activities. It does not include the billions more paid by the industry in the form of income, sales and various other corporate taxes, nor does the total reflect payroll taxes paid by gaming operators and suppliers.

According to the most recent statistics from Oxford Economics, the U.S. commercial casino industry directly employed more than 361,000 people in 2017 and those employees earned more than \$17 billion in wages, benefits and tips that year.

The tax and other economic benefits derived from commercial gaming operations drive strong support for the casino industry among the American public.

AGA research shows that the vast majority—nearly 90 percent—of Americans view gaming as acceptable form of entertainment, and just over one-third of Americans—35 percent—say they visited a casino the past year. Beyond the entertainment value, Americans have embraced the positive local economic impact of the industry: 60 percent say that casinos help their local economies.

SPORTS BETTING

While 2018 set a record for commercial gaming revenue, the year will be better remembered for the landmark U.S. Supreme Court ruling that paved the way for the expansion of legal sports betting.

In May, following a years-long legal challenge brought by the state of New Jersey, the Supreme Court overturned the Professional and Amateur Sports Protection Act (PASPA), the 1992 federal law that had essentially restricted lawful sports betting to Nevada.

Following the decision, legal sports wagering quickly spread to seven additional states before the end of the year: Delaware, Mississippi, New Jersey, New Mexico, Pennsylvania, Rhode Island and West Virginia.

The expansion helped propel total industry-wide revenue from sports betting to approximately \$430.2 million, up from \$261.3 million in 2017, with the market set to grow exponentially in future years as additional states pass laws to regulate sports wagering.

Still, legal and regulated sports betting barely scratched the surface of an entrenched black market—comprised of offshore sportsbooks and street bookies—previously estimated to be worth as much as \$150 billion in annual wagering handle.

With PASPA's demise, AGA encouraged state and tribal governments to adopt regulatory structures that will allow licensed operators to compete with the illegal market by recognizing the appeal of mobile betting and setting tax rates that are reflective of the low-margin nature of sports wagering.

AGA also led the industry in pushing back against any possible pre-emption by the federal government that would constrain the ability of state and tribal governments—with their proven track records in regulating casino gaming—from making their own policy choices on sports betting.

TRIBAL GAMING

2018 also marked the 30th anniversary of the Indian Gaming Regulatory Act (IGRA), the federal law passed by Congress in 1988 to establish parameters to govern tribal gaming on the lands of sovereign tribal nations.

Since IGRA took effect, the tribal gaming market has grown immensely to become an integral component of the overall gaming industry as well as an undeniable economic driver for tribal, state and local governments alike.

Revenue figures for 2018 had not yet been released at the time of writing. However, figures for 2017 showed tribal casinos reaching a record total of \$32.40 billion in annual gaming revenue.

In 2018, Indiana became the 29th state with tribal gaming when the state's first tribal casino commenced operations on land just south of the Michigan border. New tribal casinos also opened during the year in California, Iowa, New Mexico, New York, Oklahoma and Oregon.

NEW MARKETS & COMPETITIVE CHALLENGES

In November, Arkansas voters approved a referendum authorizing up to four commercial casinos that will establish Arkansas as the 25th state to host commercial casino gaming when the new locations open in 2019.

As gaming expands, state policymakers have become increasingly aware of the need to take steps to ensure the sustained health of their gaming markets and to allow operators and suppliers of gaming equipment to benefit from innovative technologies.

In 2018, various states including Louisiana, Maryland and Ohio adopted regulatory reforms that were designed to make their industries more competitive with those of neighboring jurisdictions and ease unnecessary compliance burdens on licensed gaming companies.

RESPONSIBLE GAMING

In 2018, the gaming industry reiterated its commitment to responsible gaming as industry groups and academic researchers came together to form the Responsible Gaming Collaborative.

The Collaborative, the first-of-its-kind for the industry, was created to challenge existing regulatory paradigms in the field of responsible gaming and encourage evidence-based policies that are proven to be effective.

Polling conducted by the AGA suggests nine in ten regular casino patrons are aware of the responsible gaming resources available to them, with the same proportion saying they set a budget for gaming prior to their visits.

Still, while these statistics are encouraging, the gaming industry remains steadfast in its commitment to supporting responsible play by all casino patrons and to providing appropriate resources and support for the small minority who do develop gambling problems.

STATE BY STATE REGULATIONS, TAXES & FEES

	COLORADO	DELAWARE	FLORIDA	ILLINOIS	INDIANA	IOWA
Statutory Funding for Responsible Gaming	2% casino gaming revenue	\$1 million or 1% of casino gaming revenue, whichever greater. \$250,000 or 1% of interactive gaming revenue, whichever greater.	\$250,000 per casino	Subject to annual appropriation	Riverboats: 3.33% of supplemental wagering tax Racinos: \$500K per licensee	Up to \$6 million annually
Statewide Self-Exclusion	No	Yes	Yes	Yes	Yes	Yes
Gambling Age	21	21	21	21	21	21
Smoke-Free (Y/N/Partial)	Yes	Yes	Yes	Yes	No	No
Complimentary Alcohol	Yes	No	No	No	No	Yes
Credit	No	Yes	No	Yes	Yes	No
Restrictions on Operating Hours	No	No	No	No	No	No
Number of Licenses Allowed	Unlimited	3	8*	10	13*	Unlimited
Number of Commercial Casinos	33	3	8	10	13	19
Tax Rate	Graduated rate ranging from 0.25% on gaming revenue up to \$2 million to 20% on gaming revenue of more than \$13 million	57-58% effective rate on gaming machine revenue; 20% effective rate on table games revenue	35% on gaming machine revenue	Graduated rate ranging from 15% on gaming revenue up to \$25 million to 50% on gaming revenue of more than \$200 million	Land-Based/Riverboats: Graduated rate ranging from 15% on gaming revenue of up to \$25 million to 40% on gaming revenue of more than \$600 million. Casinos, with one exception, also pay a supplemental wagering tax of 3.5-4%. Racinos: Graduated rate ranging from 25% of revenue up to \$100 million to 35% on revenue exceeding \$200 million.	Land-Based/Riverboats: Graduated rate ranging from 5% on gaming revenue up to \$1 million to 22% on gaming revenue of more than \$3 million. Racino: 22% or 24% on gaming revenue, depending on various conditions.
Casino License Renewal Term and Fee	Every two years \$3,700-\$7,400	\$3 million annually	\$2 million annually	License renewal every 4 years with \$5,000 annual fee.	Riverboats: \$5,000 annually; Racinos: \$100 per gaming machine annually	Land-Based: \$5 per person per facility capacity (min. \$1,250) Racinos: \$1,000 annually
Supplier License Renewal Term and Fee	Manufacturer/Distributor: Every two years \$3,700-\$7,400	Gaming vendor: Every three years \$4,000	Gaming machine business entity license: \$1,000 for a one-year license, \$2,000 for a three-year license.	Supplier license: Every 4 years with \$5,000 annual fee.	Supplier license \$7,500 annually	Distributor: \$1000 annually; Manufacturer: \$250 annually
Minimum Investment	No	No	No	No	No	No
Admissions Fee	No	No	No	Yes	No	No
Taxation of Promotional Credits (Y/N/Partial)	Yes	Partial	No	Yes	Partial	Partial
Withholdings on Winnings	Yes	No	No	Yes	Yes	Yes

Number of licenses allowed * = Assuming no additional race tracks open in the state.

	KANSAS	LOUISIANA	MAINE	MARYLAND	MASSACHUSETTS	MICHIGAN	MISSISSIPPI
2% casino gaming revenue		1% casino gaming revenue; max. \$500K per facility.	Land-Based: 3% on gaming machine revenue. Racino: \$100,000 from gaming machine revenue and 9% table game revenue	\$425 per gaming machine and \$500 per table game	At least \$5M annually	\$2 million annually	Subject to annual appropriation
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
21	21	21	21	21	21	21	21
No	Partial	Partial	Yes	Yes	Partial	No	No
No	Yes	No	No	Yes	Yes	Yes	Yes
No	Yes	No	Yes	Yes	Yes	Yes	Yes
No	No	No	No	No	No	No	No
4*	20*	2	6	4	3	Unlimited	Unlimited
4	20	2	6	2	3	28	28
27% on gaming revenue (minimum)	Riverboats: 21.5% on gaming revenue, with additional taxes and fees applied by local governments. Racinos: effective rate of around 36% of gaming revenue. Land-Based: either 21.5% on gaming revenue or an annual fee of \$60 million, whichever is greater, plus rent and various other payments to local authorities.	Racinos: 39% on gaming machine revenue and 1% on handle; 16% on table game revenue Land-Based: 46% on gaming machine revenue; 16% on table game revenue	40–61% on gaming machine revenue; 20% on table game revenue	Casino Resort: 25% on gaming revenue; Slot Parlor: 49% on gaming revenue	19% on gaming revenue	Graduated rate ranging from 4% on gaming revenue up to \$50,000 per month to 8% on gaming revenue of more than \$134,000 per month, plus additional host municipality license fee at an average rate of 3–4% on gaming revenue annually	
Maximum initial term of 15 years	Riverboats: \$100,000 annually Land-Based: Fees est. by contract with 20-year initial term and 10-year renewal option.	\$80,000 annually	\$3 million for every 500 gaming machines; 15-year initial license term	\$600 per gaming machine annually	\$25,000 annually	Additional host municipality license fee at an average rate of 3–4% on gaming revenue annually	
Gaming Supplier Certification is valid for two years. No licensing fees.	Manufacturer: \$15,000 annually; Supplier: \$3,000 annually	Gaming machine distributor: \$75,000 annually; Table games distributor: \$1,000 annually; Gambling service vendor: \$2,000 annually	Manufacturer: \$5,000 annually; Distributor: \$1,000 annually	Gaming vendor: \$15,000 every three years	Supplier: \$5,000 annually	Manufacturer: \$1,000 annually; Distributor: \$500 annually	
Yes	No	No	Yes	Yes	No	Yes	
No	Yes	No	No	No	No	No	
No	Yes	Yes	Partial	No	Yes	Partial	
Yes	Yes	Yes	Yes	Yes	Yes	Yes	

STATE BY STATE REGULATIONS, TAXES & FEES *(continued)*

	MISSOURI	NEVADA	NEW JERSEY	NEW MEXICO	NEW YORK
Statutory Funding for Responsible Gaming	\$0.01 of admission fee	\$2 per gaming machine	\$600,000 annually plus \$250,000 per Internet Gaming licensee	0.25% on gaming revenue	N/A
Statewide Self-Exclusion	Yes	No	Yes	Yes	Yes
Gambling Age	21	21	21	21	Land-Based: 21 Racinos: 18
Smoke-Free (Y/N/Partial)	Partial	No	No	No	Yes
Complimentary Alcohol	No	Yes	Yes	No	Yes
Credit	Yes	Yes	Yes	No	No
Restrictions on Operating Hours	No	No	No	Yes	Land-Based: No Racinos: Yes (May operate no more than 20 hours a day)
Number of Licenses Allowed	Unlimited	Unlimited	Unlimited	5*	13*
Number of Commercial Casinos	13	217	9	5	13
Tax Rate	21% on gaming revenue	6.75% on gaming revenue	9.25% effective rate on gaming revenue; 17.5% effective rate on Internet gaming	46.25% effective rate on gaming machine revenue	Land-Based: 37%–45% on gaming machine revenue; 10% on table game revenue. Racinos: 65% on gaming machine revenue
Casino License Renewal Term and Fee	\$25,000 annually	\$250 per gaming machine as excise tax, plus additional \$80 per gaming machine annually. Table game fees are dependent on the number of games in operation.	License renewal every 5 years; fee of \$500 per gaming machine annually.	\$4,000 and \$25 per gaming machine annually.	Land-Based: \$500 per gaming machine and table game (annually). Racinos: N/A
Supplier License Renewal Term and Fee	Supplier: \$5,000 annually	Manufacturer: \$1,000 annually; Distributor: \$500 annually; Interactive gaming systems: \$25,000 annually.	Gaming related casino service industry enterprise: \$5,000 every 5 years	Manufacturer: \$2,000 annually; Distributor: \$400 annually	Investigation fees
Minimum Investment	No	No	Yes	No	Yes
Admissions Fee	Yes	No	No	No	No
Taxation of Promotional Credits (Y/N/Partial)	Yes	No	Partial	Yes	Yes
Withholdings on Winnings	Yes	No	Yes	Yes	Yes

Number of licenses allowed * = Assuming no additional race tracks open in the state.

OHIO	OKLAHOMA	PENNSYLVANIA	RHODE ISLAND	SOUTH DAKOTA	WEST VIRGINIA
Land-Based: 2% on gaming revenue; Racinos: 0.5% on gaming revenue	N/A	\$2 million or 0.2% casino gaming revenue, whichever greater, plus additional \$3 million	\$100,000 per casino	Up to \$30,000 transferred annually from state Gaming Fund	Subject to annual appropriation
Yes	No	Yes	Yes	No	Yes
21	18	21	18	21	21
Yes	No	Partial	Partial	Yes	No
No	No	Yes	Yes	Yes	Yes
Yes	No	Yes	Partial	No	Yes
No	No	No	No	No	No
11*	2*	13	2	Unlimited	5*
11	2	12	2	25	5
Land-Based: 33% on gaming revenue Racinos: 33.5% on gaming machine revenue	Graduated rate ranging from 35% on gaming revenue up to \$10 million to 50% on gaming revenue of more than \$70 million	54% on gaming machine revenue; 35% on electronic table game revenue; 16% on table game revenue	Gaming operators retain between 26–28.5% on gaming machine revenue; 17%–19% on table game revenue	9% on gaming revenue	53.5% on gaming machine revenue; 35% on table game revenue
Land-Based: \$1.5 million license fee every three years; Racinos: \$10,000 every three years.	\$50,000 annually	Land-Based/ Racinos: \$1.5 million every five years; Resort casinos: \$150,000 every five years.	N/A	\$200 and \$2,000 per device annually	\$500,000–\$2.5 million annually
Gaming-related vendor: \$15,000 every three years	Manufacturer: \$10,000 annually; Distributor: \$5,000 annually	Initial fees for Manufacturers: \$170,000; Suppliers: \$85,000. Renewal fees every 5 years Manufacturers: \$150,000; Suppliers: \$75,000	Gaming vendor: \$750 annually	Manufacturer or Distributor: \$1,000 first year, \$250 annual renewal	Manufacturer: \$10,000 annually; Supplier: \$100 annually
Yes	No	No	No	No	No
No	No	No	No	No	No
No	Yes	No	Partial	Yes	Partial
Yes	Yes	Yes	Yes	No	Yes

LEGAL STATUS OF GAMBLING TYPES IN THE U.S.

STATE	Commercial Casinos / Racinos	Tribal Casinos	Card Rooms	Electronic Gaming Devices *	iGaming	Single Game Sports Betting	Lottery	iLottery **	NOTES
Alabama	■ ¹	■							Class II games only
Alaska		■							Class II games only
Arizona		■				■			
Arkansas	■		■		■	■			Casino gaming and sports betting legal, but not active; instant racing terminals, electronic games of skill and live table games available at racetracks
California		■	■			■			
Colorado	■	■				■			Only limited-stakes gaming at commercial casinos
Connecticut		■				■			
Delaware	■			■	■	■			Only video lottery terminals & table games at racetracks; iGaming includes casino games and poker; online sports betting legal but not active
D.C.					■	■			Sports betting legal, but not active
Florida	■	■	■			■			Card rooms restricted to tribal casinos or racetracks
Georgia						■	■		
Hawaii									
Idaho		■				■			
Illinois	■		■			■	■		Instant racing games approved but not yet operational
Indiana	■	■				■			Class II games only
Iowa	■	■				■			
Kansas	■	■				■			
Kentucky			■			■	■		Instant racing terminals at racetracks
Louisiana	■	■	■			■			
Maine	■					■	■		iLottery includes only subscription services
Maryland	■					■			Only VLTs and table games at casinos & racetracks
Massachusetts	■					■			
Michigan	■	■				■	■		
Minnesota		■	■			■			
Mississippi	■	■			■	■			Mobile sports betting only available at a casino property; state lottery authorized but not active
Missouri	■					■			
Montana		■	■	■		■			Sports pools and sports tab games legal, but not commercially operational
Nebraska		■				■			Class II games only

LEGAL STATUS OF GAMBLING TYPES IN THE U.S. (continued)

STATE	Commercial Casinos / Racinos	Tribal Casinos	Card Rooms	Electronic Gaming Devices *	iGaming	Single Game Sports Betting	Lottery	iLottery **	NOTES
Nevada	■	■		■	■	■			iGaming includes only poker
New Hampshire							■	■	
New Jersey	■				■	■	■		iGaming includes online casino and poker
New Mexico	■	■			■	■			Electronic gaming devices legal, but currently limited to charitable gaming venues; Tribal sports betting is active but does not include online betting
New York	■	■			■	■	■		Sports betting not active; iLottery includes only subscription services
North Carolina		■				■	■		iLottery includes only subscription services
North Dakota		■				■	■		iLottery includes only subscription services
Ohio	■					■			Racetracks only permitted to have VLTs
Oklahoma	■	■				■			
Oregon		■	■		■	■			Limited EGDs and instant racing terminals at racetracks; Lottery believes it could offer single game sports betting, but not currently active
Pennsylvania	■		■	■	■	■	■	■	iGaming legal but not operational, includes online casinos and poker; online sports betting legal but not active
Rhode Island	■				■	■			No online sports betting
South Carolina						■			
South Dakota	■	■	■			■			Only limited-stakes gaming at commercial casinos
Tennessee						■			
Texas		■				■			Class II games only
Utah									
Vermont						■			
Virginia			■			■	■		Instant racing terminals are legal but not operational; iLottery includes only subscription services
Washington		■	■			■			
West Virginia	■		■		■	■			
Wisconsin		■				■			
Wyoming		■	■			■			Instant racing terminals at racetracks

Note: There are several different forms of gaming that are permitted in various states under charitable gambling laws. The chart above does not attempt to detail the legal status of these operations in the U.S.

* Refers to electronic gaming devices, such as VGTs, VLTs, instant racing or video poker machines, in non-casino locations

** iLottery comprises online computer sales and/or mobile device sales as well as online subscription services.

¹ As of Nov. 2016, certain racetracks are permitted under county law to operate electronic bingo devices. For years, the legal status of these machines has been the subject of protracted dispute among state and local officials. For the purpose of this report, we do not consider Alabama to have commercial gaming.

STATE BY STATE SPORTS BETTING REGULATIONS, TAXES & FEES

At the close of 2018, legal sports betting was offered in eight states, including six states that had joined Nevada in authorizing sports betting at commercial casinos and New Mexico where one tribal casino opened a sportsbook in October.

	Authorized Locations	Tax Rate	Mobile/Online	Amateur Restrictions	Initial License Fee	License Renewal Fee	League Fee
Delaware	Commercial casinos and retail lottery outlets	50% on sports betting revenue	Statewide, but not active	In-state collegiate teams	None	None	None
Mississippi	Commercial casinos, Tribal casinos	11-12% effective rate on sports betting revenue	On property	None	None	None	None
Nevada	Commercial casinos	6.75% on sports betting revenue	Statewide	None	\$500	None	None
New Jersey	Commercial casinos, Racetracks	Land-Based: 9.75% effective rate on sports betting revenue Mobile/Online: 14.25% effective rate on sports betting revenue	Statewide	In-state collegiate teams	\$100,000	Undetermined	None
New Mexico	Tribal casinos	None	No	None	None	None	None
Pennsylvania	Commercial casinos	36% on sports betting revenue	Statewide, but not active	None	\$10 million	\$250,000 every 5 years	None
Rhode Island	Commercial Casinos	51% on sports betting revenue	No	In-state collegiate teams	None	None	None
West Virginia	Commercial casinos	10% on sports betting revenue	Statewide	None	\$100,000	\$100,000 after 1 year	None

U.S. GAMING LOCATIONS BY STATE (as of Dec. 31, 2018)

State	COMMERCIAL CASINOS			Tribal Casinos ⁱⁱ	Card Rooms ⁱⁱⁱ	Electronic Gaming Device Locations ^{iv}
	Land-Based Casinos	Riverboat Casinos ⁱ	Racinos			
Alabama				3		
Alaska				2		
Arizona				25		
California				76	73	
Colorado	33			2		
Connecticut				2		
Delaware			3			
Florida	4 ^v		4	7	16	
Idaho				10		
Illinois		10				6,773
Indiana	2	9	2	1		
Iowa	16	1	2	4		
Kansas	4			5		
Louisiana	1	15	4	5		1,674
Maine	1		1			
Maryland	5		1			
Massachusetts	1		1			
Michigan	3			24		
Minnesota				40	2	
Mississippi	13	15		3		
Missouri		13				
Montana				13	150	1,418
Nebraska				5		
Nevada	217			4		1,982 ^{vi}
New Jersey	9					
New Mexico			5	27		
New York	4		9 ^{vii}	16		
North Carolina				3		
North Dakota				9		
Ohio	4		7			
Oklahoma			2	139		
Oregon				10		2,200
Pennsylvania	6		6			
Rhode Island	2					
South Dakota	25			12		1,336
Texas				2		
Washington				34	45 ^{viii}	
West Virginia	1		4			1,245
Wisconsin				27		
Wyoming				4		
TOTAL	351	63	51	514	286	16,628

- ⁱ Casinos that are on or connected to a waterway, including in a moat
- ⁱⁱ Tribal casinos with either Class II and/or Class III games, as listed by the National Indian Gaming Commission as of Dec. 31, 2018
- ⁱⁱⁱ Card rooms in states that do not have commercial casinos with poker facilities
- ^{iv} Non-casino or card room locations with legally authorized electronic gaming devices, including but not limited to video lottery terminals and video gaming terminals
- ^v Includes three jai alai frontons
- ^{vi} Properties have 15 or fewer machines
- ^{vii} Includes one land-based casino that offers only VLT machines, as opposed to full casino gaming
- ^{viii} Properties operate blackjack and other house and player-banked games in addition to poker

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

**COMMERCIAL CASINO GAMING
CONSUMER SPEND (GGR) BY STATE**

2017 vs. 2018

In 2018, 22 of the 24 commercial gaming states reported increases in annual gross gaming revenue (GGR). The largest increase came in Massachusetts, reflecting the August opening of the state’s first casino-resort in Springfield. The steepest decline came in Illinois, where commercial casinos continue to face stiff competition from electronic gaming devices in bars and truck stops. Twelve states—Colorado, Florida, Kansas, Maine, Maryland, Massachusetts, Michigan, New York, Ohio, Oklahoma, Pennsylvania and Rhode Island—recorded record gaming revenue.

State	2017	2018	% Change
Colorado	\$828,054,920	\$842,103,912	1.70%
Delaware*	\$428,802,187	\$432,512,143	0.87%
Florida	\$546,586,992	\$569,015,684	4.10%
Illinois	\$1,407,993,353	\$1,373,455,620	-2.45%
Indiana	\$2,239,892,939	\$2,240,835,178	0.04%
Iowa	\$1,462,923,851	\$1,467,332,138	0.30%
Kansas	\$389,660,760	\$408,573,550	4.85%
Louisiana	\$2,561,260,150	\$2,561,460,458	0.01%
Maine	\$136,708,968	\$143,733,223	5.14%
Maryland	\$1,614,336,584	\$1,746,364,081	8.18%
Massachusetts	\$164,786,230	\$273,072,584	65.71%
Michigan	\$1,400,536,681	\$1,444,099,784	3.11%
Mississippi	\$2,080,088,536	\$2,142,059,922	2.98%
Missouri	\$1,737,556,614	\$1,754,466,296	0.97%
Nevada	\$11,571,113,000	\$11,917,370,000	2.99%
New Jersey	\$2,659,013,594	\$2,903,477,507	9.19%
New Mexico	\$227,502,828	\$235,445,003	3.49%
New York	\$2,348,834,339	\$2,587,743,241	10.17%
Ohio	\$1,776,359,721	\$1,863,936,633	4.93%
Oklahoma	\$124,873,978	\$139,606,077	11.80%
Pennsylvania	\$3,226,917,156	\$3,251,196,919	0.75%
Rhode Island	\$624,851,061	\$656,548,911	5.07%
South Dakota	\$105,448,612	\$106,323,642	0.83%
West Virginia	\$624,639,622	\$623,764,685	-0.14%
TOTAL	\$40,288,742,676	\$41,684,497,193	3.46%

SOURCE: State Gaming Regulatory Agencies

* Delaware 2017 total adjusted from *State of the States 2018* to include revenue from sports lottery retailers

**COMMERCIAL CASINO DIRECT
GAMING TAX REVENUE BY STATE**

2017 vs. 2018

During 2018, commercial casinos paid a total of \$9.71 billion in direct gaming taxes to state and local governments across the country. In general, state tax totals reflected underlying trends in state gaming revenue. However, in certain cases, there was a divergence between gaming revenue and tax revenue due to the relative performance of lower-taxed table games versus higher-taxed electronic gaming devices. The \$9.71 billion total reflects only taxes applied to direct gaming revenue and does not include the billions more paid by the commercial casino industry as a result of income, sales, property and other corporate taxes.

State	2017	2018	% Change
Colorado	\$121,032,780	\$125,525,944	3.71%
Delaware*	\$209,269,506	\$207,812,131	-0.70%
Florida	\$191,305,445	\$199,155,488	4.10%
Illinois	\$475,454,057	\$462,169,020	-2.79%
Indiana	\$603,350,632	\$599,639,668	-0.62%
Iowa	\$336,045,285	\$339,248,754	0.95%
Kansas	\$105,208,411	\$110,333,019	4.87%
Louisiana	\$602,458,550	\$607,684,130	0.87%
Maine	\$54,570,835	\$57,970,062	6.23%
Maryland**	\$658,153,544	\$709,982,321	7.87%
Massachusetts	\$80,745,253	\$109,449,657	35.55%
Michigan	\$340,535,838	\$349,629,374	2.67%
Mississippi	\$252,093,737	\$257,622,472	2.19%
Missouri	\$445,721,865	\$446,511,944	0.18%
Nevada	\$867,187,745	\$850,617,016	-1.91%
New Jersey	\$247,961,857	\$276,542,672	11.53%
New Mexico**	\$105,220,058	\$108,893,314	3.49%
New York	\$1,022,542,311	\$1,101,631,865	7.73%
Ohio	\$593,980,120	\$622,621,927	4.82%
Oklahoma**	\$55,690,174	\$63,096,638	13.30%
Pennsylvania	\$1,432,858,471	\$1,478,160,340	3.16%
Rhode Island	\$314,090,141	\$322,090,358	2.55%
South Dakota	\$15,483,002	\$14,707,960	-5.01%
West Virginia	\$293,005,855	\$289,969,398	-1.04%
TOTAL	\$9,423,965,471	\$9,711,065,471	3.05%

SOURCE: State Gaming Regulatory Agencies

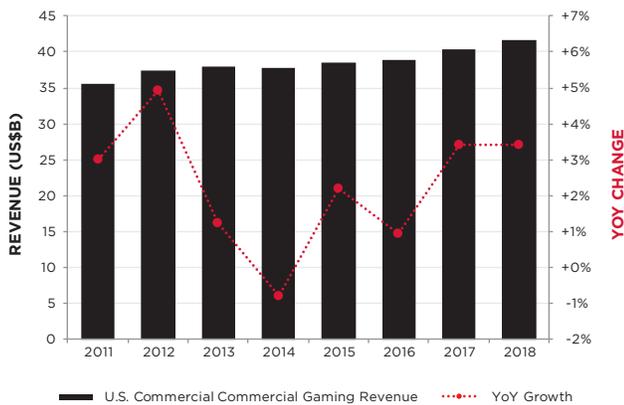
* Delaware 2017 total adjusted from *State of the States 2018* to include revenue from sports lottery retailers and tax payments to race purses

** Maryland, New Mexico, Oklahoma 2017 totals all adjusted from *State of the States 2018* to include tax payments to horse racing industry.

ANNUAL U.S. COMMERCIAL GAMING REVENUE (US\$B)

2011 to 2018

The U.S. commercial casino industry reported record annual gaming revenue of \$41.68 billion in 2018, maintaining a steady rate of growth.



SOURCE: GCRS estimates, State Gaming Commissions

COMMERCIAL CASINO DIRECT, INDIRECT AND INDUCED JOBS AND WAGES BY STATE

2017

According to the most recent research available, the U.S. commercial casino industry directly employed more than 361,000 workers in 2017 and those employees earned roughly \$17.42 billion in annual wages, benefits and tips.

While Nevada accounts for the lion’s share of jobs and wages supported by the industry, the number of people working for gaming companies, or at vendors that provide goods and services to casinos, has continued to rise as gaming has expanded to most of the country over the past two decades.

Overall, commercial casinos supported more than 737,000 direct, indirect or induced jobs in 2017 in the 24 commercial gaming states. Those employees earned approximately \$34.34 billion in wages, benefits and tips.

Notably, these figures do not include the hundreds of thousands of additional jobs created as a result of tribal gaming operations, nor does it include the jobs supported by the economic activity of the gaming industry in the 26 non-commercial casino states.

State	Jobs	Wages, Benefits and Tips
Colorado	9,638	\$508,458,209
Delaware	5,299	\$217,559,889
Florida	8,180	\$379,528,247
Illinois	15,396	\$863,915,973
Indiana	22,133	\$1,013,224,278
Iowa	15,662	\$617,961,418
Kansas	3,685	\$138,843,253
Louisiana	32,717	\$1,364,766,542
Maine	1,468	\$61,776,481
Maryland	15,364	\$712,690,169
Massachusetts	1,646	\$77,225,189
Michigan	16,371	\$899,761,970
Mississippi	32,884	\$1,395,598,200
Missouri	19,987	\$883,686,104
Nevada	409,444	\$18,655,292,402
New Jersey	39,007	\$2,136,729,631
New Mexico	2,299	\$88,410,558
New York	17,247	\$1,016,458,991
Ohio	19,953	\$804,173,751
Oklahoma	1,162	\$51,275,598
Pennsylvania	33,171	\$1,792,045,489
Rhode Island	5,215	\$257,536,155
South Dakota	1,175	\$46,898,771
West Virginia	8,347	\$360,625,270
TOTAL	737,450	\$34,344,442,538

SOURCE: Oxford Economics

Figures reflect the total direct, indirect and induced employment and labor income. Wages includes salaries, tips, benefits and other labor income.

TOP 20 U.S. COMMERCIAL CASINO MARKETS

2018

In 2018, all 20 of the largest commercial casino markets by total gaming revenue maintained their previous ranking. The Baltimore-Washington region, which surpassed New York City last year to become nation's fourth largest, was again among the fastest-growing among major casino markets, with revenue increasing by 6.4 percent from 2017. Meanwhile, the Poconos region in Northern Pennsylvania encountered the greatest decline as revenue dropped by 4.8 percent.

	Market	State(s)	2018 Revenue	Last Ranking
1	Las Vegas Strip	NV	\$6.59B	1 ▬
2	Atlantic City	NJ	\$2.51B	2 ▬
3	Chicagoland	IL/IN	\$1.95B	3 ▬
4	Baltimore-Washington D.C.	MD/WV	\$1.88B	4 ▬
5	New York City	NY	\$1.45B	5 ▬
6	Detroit	MI	\$1.44B	6 ▬
7	Philadelphia	PA	\$1.30B	7 ▬
8	Gulf Coast	MS	\$1.22B	8 ▬
9	St. Louis	MO/IL	\$1.04B	9 ▬
10	The Poconos	PA	\$943.0M	10 ▬
11	Lake Charles	LA	\$940.0M	11 ▬
12	Boulder Strip	NV	\$857.0M	12 ▬
13	Kansas City	MO/KS	\$796.0M	13 ▬
14	Reno/Sparks	NV	\$772.2M	14 ▬
15	Blackhawk/Central City	CO	\$702.2M	15 ▬
16	Shreveport/Bossier City	LA	\$677.1M	16 ▬
17	Downtown Las Vegas	NV	\$649.9M	17 ▬
18	Cincinnati Area	OH/IN	\$618.3M	18 ▬
19	New Orleans	LA	\$606.5M	19 ▬
20	Pittsburgh/Meadowlands	PA	\$604.3M	20 ▬

SOURCE: Gambling Compliance, State Gaming Regulatory Agencies



COMPENDIUM

State of the States

© Elijah Lovkoff / Alamy Stock Photo

America's commercial casino industry reported total gross gaming revenue of \$41.68 billion in 2018, an increase of 3.5 percent over 2017, according to data published by state regulatory agencies.

All but two of the 24 states with commercial casinos reported gains in revenue from 2017, indicative of strong macroeconomic trends and a more stable competitive environment in many gaming markets than in recent years.

The state with the largest year-over-year increase in commercial gaming revenue in 2018 was **Massachusetts** (+65.7%), reflecting the August opening of MGM Springfield, the state's first casino-resort with table games.

Elsewhere, the two commercial casinos in **Oklahoma** (+11.8%) benefited from strong local economic growth and a full year of extended operating hours as approved by a 2017 state law, while revenue in **New York** (+10.2%) was lifted by the opening of a fourth and final upstate casino-resort in February.

Following more than a decade of declining revenue since the mid-2000s, **New Jersey** (+9.2%) continued its recovery in 2018 as two commercial casinos reopened in Atlantic City and casinos' internet gaming operations reported another year of strong growth.

Nevada (+3.0%) remained by far the largest commercial gaming market in revenue terms, with 2018's performance bolstered by growth in revenue from electronic gaming devices (EGDs) and from baccarat, the historically volatile game-of-choice for international high-rollers.

Of the two states reporting lower revenue totals in 2018, **Illinois** (-2.5%) commercial casinos continued to suffer from the expanded competition presented by EGDs located in the state's bars, taverns and other non-casino venues.

Although revenue from commercial casinos in **West Virginia** (-0.1%) fell for a seventh straight year amid stiff competition from neighboring states, the decline was much less pronounced than in previous years.

Reversing a multi-year trend, revenue growth

from commercial casinos' EGDs outpaced that of table games in 2018. Across the 18 states that report separate revenue statistics for EGDs and table games, revenue from EGDs grew 3.4 percent year-over-year, while table game revenue increased 2.4 percent.

Unsurprisingly, sports betting revenue was also sharply higher in 2018 following the historic U.S. Supreme Court ruling that allowed states to join Nevada in regulating full-fledged sportsbook operations.

Overall, the seven states with commercial sports betting by year's end reported total revenue of \$430.2 million, compared with \$261.3 million from operations that were limited to Nevada and Delaware (parlay cards only) in 2017.

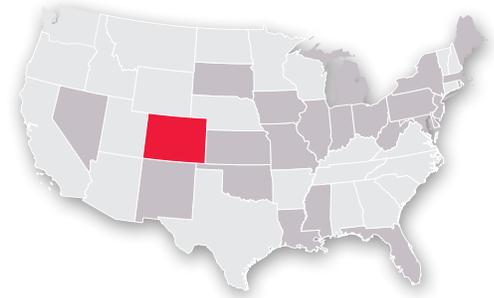
The record commercial gaming revenue total in 2018 resulted in record tax revenue for state and local governments. Overall, states received \$9.71 billion from taxes directly resulting from gaming revenues, an increase of 3.1 percent on the prior year.

Notably, growth in tax revenue does not completely align with that of gaming revenue, in part because a number of states apply lower tax rates to table games or sports betting than they do to EGDs.

Pennsylvania remained the largest commercial gaming state by gaming tax revenue in 2018, with commercial casinos generating nearly \$1.5 billion for state and local governments and associated programs. Gaming tax revenue also surpassed a billion dollars for the second straight year in New York, and double-digit increases in tax revenue were reported in Massachusetts, New Jersey and Oklahoma.

Colorado

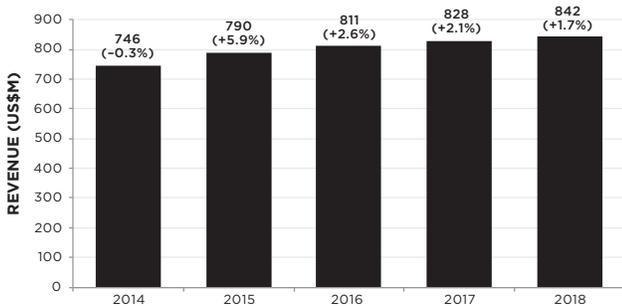
Number of Commercial Casinos	33
Casino Format	Land-Based Casinos
Regulatory Authority	Colorado Division of Gaming; Colorado Limited Gaming Control Commission
Gross Casino Gaming Revenue 2018	\$842.1M
Casino Tax Revenue 2018	\$125.5M



In 2018, total statewide commercial casino gaming revenue was \$842.1 million, representing a 1.7 percent increase from 2017 and a new record for the Centennial State’s commercial casino industry.

Colorado: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Colorado Department of Revenue

MARKET OVERVIEW

Colorado offers commercial casino gaming at 33 facilities in three historic towns—Black Hawk, Central City and Cripple Creek—which were approved for gaming by voters in a 1990 statewide ballot initiative. The first three casinos opened in 1991 with strict restrictions on betting amounts and operating hours. Each of the casinos operate both electronic gaming devices and table games.

Commercial casinos are regulated by the Colorado Division of Gaming, which is supported by the Colorado Limited Gaming Control Commission—a five-member regulatory body appointed by the governor. The Commission is responsible for communicating the rules and regulations governing limited gaming in Colorado, setting gaming tax rates and issuing all gaming licenses in the state.

Colorado continues to be one of just two states, along with South Dakota, that subjects its commercial casinos to limits on maximum wagers. A successful ballot measure in 2008, however, relaxed some of the state’s gaming restrictions by permitting additional table games, including craps and roulette, establishing a higher single-bet limit of \$100 and extending operating hours.

There is no statutory limit on the number of commercial casinos that may operate across the three towns eligible to host casino gaming in Colorado.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$842.1 million, up 1.7 percent against 2017.

Total statewide revenue from electronic gaming devices was \$732.0 million, up 1.3 percent relative to 2017, while table game revenue was \$110.1 million, up 4.2 percent.

Gaming revenue in Black Hawk was \$623.2 million, up 0.3 percent relative to 2017. Gaming revenue in Cripple Creek was \$139.9 million, up 3.8 percent, while in Central City, gaming revenue shot up to \$79.0 million, an increase of 9.9 percent over 2017.

Gaming revenue in Colorado has risen steadily each year since 2014 reflecting the state’s rapidly growing population, strong economy and stable regional competition.

Gaming Tax Distribution

Colorado Gaming Tax

CASINO GAMING REVENUE	TAX RATE APPLIED
\$0-\$2M	0.25%
\$2M-\$5M	2%
\$5M-\$8M	9%
\$8M-\$10M	11%
\$10M-\$13M	16%
\$13M+	20%

Colorado applies a graduated tax to commercial casino gaming revenue, ranging from 0.25 percent on revenue up to \$2 million, to 20 percent on gaming revenue of more than \$13 million.

Although Colorado’s gaming regulator is responsible for establishing gaming tax rates on an annual basis, the current schedule has

not changed since 2013. That is, in part, due to the passage of Amendment 50 in 2008, which required statewide voter approval for any increase in gaming tax rates beyond the levels in place at that time.

In 2018, Colorado commercial casinos generated \$125.5 million in gaming tax revenue, up 3.7 percent compared to the prior year. The increased tax payments reflected the increase in revenue statewide as well as a higher effective tax rate of 14.9 percent due to certain casinos reaching revenue totals that placed them in a higher tax bracket.

All gaming tax revenue, including license and application fees, are placed in the Limited Gaming Fund. After deducting a portion of the funds for gaming oversight and regulation, the remaining money—approximately \$111 million in 2018—is distributed according to the following formula:

- 50 percent to the “state share,” which funds grant programs that benefit higher education, tourism and select industries in Colorado
- 28 percent to a fund dedicated to historic preservation and restoration
- 12 percent to the two counties that host commercial casinos
- 10 percent to the three historic cities that host commercial casinos

Competitive Landscape

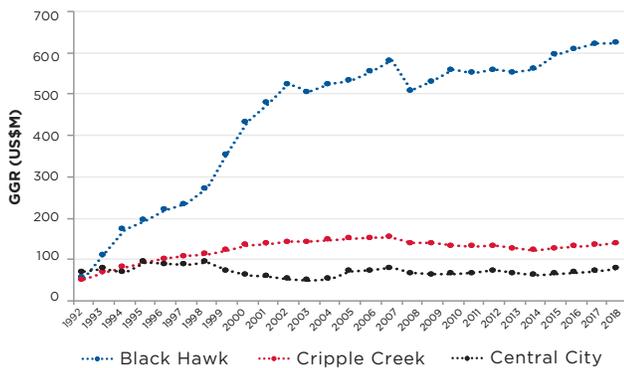
Commercial casinos face some competition from two tribal casinos in the southern part of Colorado, which are not regulated or taxed by the state. Still, with nearly 300 miles of sparsely populated land between the closest commercial and tribal casinos, the market overlap is minimal.

The competitive environment for Colorado’s commercial casinos is likely to remain stable in the near term. A 2014 ballot initiative to expand gaming at Colorado racetracks was easily defeated by voters and there have not been any additional proposals to explore the issue again since that referendum.

Colorado: Annual Gaming Revenue By Market (US\$M)

1992 to 2018

In 2018, casinos in Black Hawk continued to account for the lion’s share of Colorado’s gaming market, bringing in three-quarters of the state’s commercial casino gaming revenue.



SOURCE: Colorado Division of Gaming

regulatory controls. The report also clarified that a public ballot initiative would be required to establish new taxes for sports betting, if not to legalize the activity.

Illegal Gaming

A bill enacted in June tightened Colorado’s anti-gambling laws by establishing new definitions for illegal gaming machines, ensuring prohibitions can be applied to “simulated gambling devices,” which offer games of skill that mimic casino games.

The legislation was passed after a series of reported raids by Colorado authorities on businesses operating electronic gaming devices under the guise of skill-based arcades, and came three years after lawmakers enacted a law targeting so-called sweepstakes cafés.

POLICY AND REGULATORY REVIEW

Sports Betting

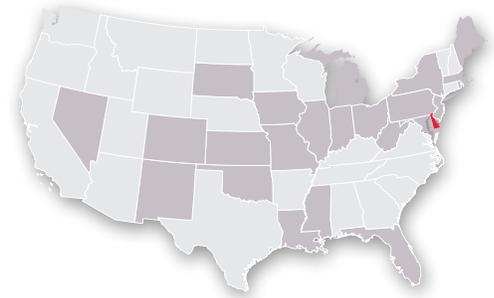
In August, Attorney General Cynthia Coffman established the parameters for future legislative debate on sports betting by publishing a formal legal opinion on relevant statutory and constitutional matters.

The opinion held that while state lawmakers would need to pass new legislation to authorize sports wagering, a statewide constitutional referendum would not be required. The opinion further concluded that sports betting is neither a lottery game nor a form of “limited gaming” exclusive to commercial casinos.

A few months later, Colorado’s Department of Revenue produced a white paper mapping out more specific policy options for state lawmakers to consider. Among other things, the department’s report recommended that lawmakers authorize sports betting at racetracks, commercial casinos and via mobile devices, subject to strict

Delaware

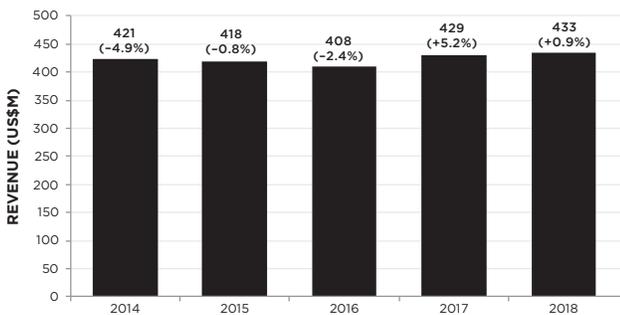
Number of Commercial Casinos	3
Casino Format	Racinos
Notable Forms of Gaming	Internet Gaming; Sports Betting
Regulatory Authority	Delaware Lottery; Delaware Division of Gaming Enforcement
Gross Casino Gaming Revenue 2018	\$432.5M
Gaming Tax Revenue 2018	\$207.8M



In 2018, total statewide commercial casino gaming revenue was \$432.5 million, up 0.9 percent. The year-over-year increase was partially driven by the first-to-market launch of sports betting at the state’s three racinos.

Delaware: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Delaware Lottery

MARKET OVERVIEW

Delaware offers commercial casino gaming at three racinos, each of which operates electronic gaming devices, table games, internet gaming and, as of June, single-game sports wagering.

The racinos, which opened in 1995 and 1996, are operated under the authority of the Delaware Lottery, with the Division of Gaming Enforcement responsible for performing licensing investigations and law enforcement matters related to casino gaming. Each racino is limited to a maximum of 2,500 electronic gaming devices, but can apply for approval to operate up to 1,500 additional machines.

In 1994, the Delaware legislature approved the Horse Racing Redevelopment Act, which authorized racetracks to install electronic gaming devices. Table games and limited sports betting (parlay wagers on professional football games) were approved by the legislature in 2009 and 2010 respectively. Internet gaming was approved in 2012.

Less than a month after the Supreme Court ruling in May that overturned PASPA—the federal ban on sports betting—Delaware opened the first legal sportsbooks in the nation outside of Nevada.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$432.5 million, up 0.9 percent against 2017.

The increase reflected growth in sports betting revenue that resulted from the mid-year opening of full sportsbook operations at the state's three racinos. In 2018, total statewide sports betting revenue—including about \$12 million from parlay cards sold at retail venues—was \$22.2 million, up 25.1 percent year-over-year.

Total statewide revenue from electronic gaming devices was \$352.4 million, down 0.5 percent against 2017, while table game revenue came in at \$55.3 million, essentially unchanged from the prior year. Internet gaming remained a relatively minor component of the state's gaming market, contributing \$2.6 million in total revenue in 2018, versus \$2.4 million in 2017.

Gaming Tax Distribution

Delaware's commercial casinos are subject to an effective tax rate of between 57–58 percent on their gross revenue from electronic gaming devices and, as of July, a 20 percent tax on their gross table game revenue, both inclusive of payments used to subsidize race purses. Notably, legislative provisions allowing racinos to offset a small portion of their tax payments from electronic gaming devices to pay for capital improvements are set to take effect in mid-2019.

The effective taxation structure applied to internet gaming offerings is roughly the same as the structure applied to the equivalent games in racinos. However, racinos are entitled to a share of internet gaming revenue only after the total amount generated in any year surpasses \$3.75 million.

Meanwhile, Delaware racinos and sports lottery retailers retain approximately 35 percent of revenue from sports betting. The state keeps 50 percent of revenue left over after payment of commissions to providers of the Delaware

Lottery's sports betting system and risk-management services.

In 2018, Delaware's racinos and sports lottery retailers generated total gaming tax revenue of approximately \$207.8 million, a slight decline of 0.7 percent from 2017. Of that amount, approximately \$167.8 million was returned to Delaware's General Fund. Monies in the fund are appropriated annually for various purposes, including public and higher education, health and social services and public safety. An additional \$40 million was allocated to Delaware's racing industry for the purpose of supplementing race purses.

Competitive Landscape

For more than a decade, Delaware racinos have battled a significant expansion of gaming competition in neighboring Maryland, New Jersey and Pennsylvania.

In 2017, Pennsylvania passed a massive expansion of gaming to allow, among other things, up to 10 new satellite casinos, internet gaming, land-based and online sports betting and electronic gaming devices (VLTs) at retail locations, such as truck stops.

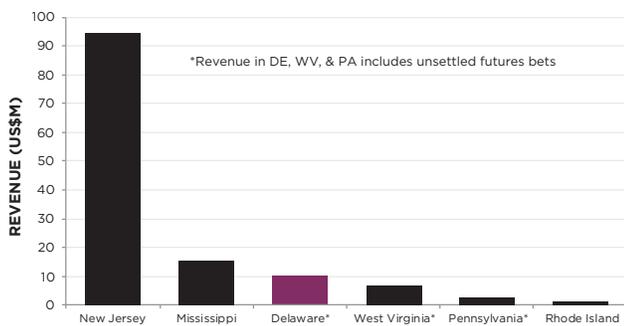
As of the end of 2018, the only new forms of wagering to have commenced in Pennsylvania were sports wagering and internet lottery sales, with satellite casinos, retail gaming and internet gaming all expected to launch in 2019.

Meanwhile, two Atlantic City casinos re-opened their doors in mid-2018, further intensifying competition in the region.

United States ex-Nevada: Post-PASPA Sportsbook Revenue (US\$M)

2018

The new sportsbooks installed at Delaware’s three racinos brought in \$10.2 million in revenue in just over six months of operation. The total was dwarfed by New Jersey, which generated \$94.2 million at nine brick and mortar facilities and eight online sportsbooks over the same time period.



SOURCE: State regulators

POLICY AND REGULATORY REVIEW

Sports Betting

In June, Delaware became the first U.S. state to capitalize on the Supreme Court ruling that overturned the federal ban on sports betting. As one of four states grandfathered in under the 1992 ban, Delaware was able to launch single-game betting without any new legislation.

In 2009, then-Gov. Jack Markell (D) pushed legislation to expand the Delaware Sports Lottery beyond parlay wagers on football into full-scale sports betting. The move was challenged by major sports leagues and, ultimately, the U.S. Third Circuit Court of Appeals blocked the state from moving forward with single-game wagering.

The 2009 legislation, however, provided the framework for regulated sports betting in the First State and, following the Supreme Court

decision, state officials determined that additional legislation was not necessary for the state to begin offering betting on professional and collegiate sports—with the exception of games involving Delaware-based teams.

While parlay bets on NFL and collegiate football games continue at licensed retailers, such as bars and convenience stores, single-game wagering across all major sports is offered exclusively at the state’s three racinos.

While online sports betting is legal in Delaware, it is not yet available.

Taxation

Following years of lobbying on the part of Delaware’s commercial casinos, a gaming tax relief bill was finally passed in 2018.

Delaware’s tax rate was 22.5 percent when electronic gaming devices were first introduced at racetracks in the mid-1990s. Over the next two decades, the gaming tax rate was increased on seven occasions. Legislation signed into law by Gov. Jay Carney (D) in June reduced the state’s take of electronic gaming device revenue from 43.5 to 42.5 percent and table game revenue from 29.4 to 15.5 percent.

It also suspended the combined \$13.2 million annual licensing fee that racinos are obliged to pay in order to host table games.

Florida

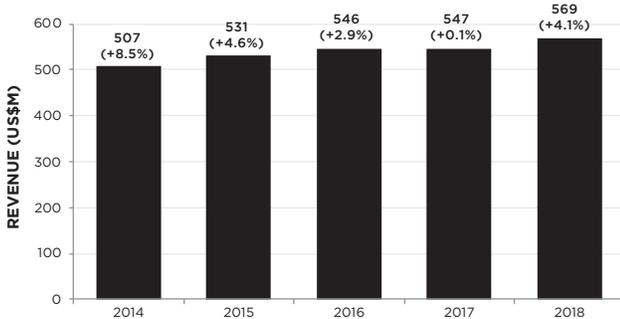
Number of Commercial Casinos	8
Casino Format	Land-Based Casinos; Racinos
Notable Forms of Gaming	Jai Alai Betting
Regulatory Authority	Florida Department of Business and Professional Regulation, Division of Pari-Mutuel Wagering
Gross Casino Gaming Revenue 2018	\$569.0M
Gaming Tax Revenue 2018	\$199.2M



In 2018, total statewide commercial casino gaming revenue was \$569.0 million, up 4.1 percent. It was the market’s ninth consecutive year of growth.

Florida: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Florida Division of Pari-Mutuel Wagering

MARKET OVERVIEW

Florida offers commercial casino gaming at eight properties, each of which is limited to the operation of electronic gaming devices. The four land-based casinos and four racinos are regulated by the Florida Department of Business and Professional Regulation.

In 2004, voters amended the Florida Constitution to allow electronic gaming devices at eligible pari-mutuel wagering facilities in Broward County and Miami-Dade County, subject to voter approval in those counties. Broward voters approved commercial casino operations in 2005 and Miami-Dade voters followed suit in 2008. The first Broward casino, Gulfstream Park, opened in 2006, and the first in Miami-Dade, Magic City Casino, opened in 2009.

To qualify for a casino license, a property must have been in existence in 2004, when the state constitutional amendment was enacted, and also have conducted live racing or jai alai games during calendar years 2002 and 2003.

Commercial casinos are limited to a maximum of 2,000 electronic gaming devices each and are required to pay an annual licensing fee of \$2 million plus a \$250,000 regulatory fee to help fund Florida’s compulsive gambling program.

MARKET PERFORMANCE

In 2018, total statewide commercial casino gaming revenue was \$569.0 million, up 4.1 percent against 2017. Notably, with the exception of 2009, statewide gaming revenue has risen every year since the inception of commercial casino gaming in Florida in 2006.

Part of the growth in 2018 was the result of South Florida's pari-mutuel facilities rebounding from 2017, when they were forced to shutter for several days due to Hurricane Irma.

Mardi Gras Casino in Hallandale Beach, in particular, sustained significant damage and was fully closed for more than two months. While the facility partially reopened in December 2017, its gaming floor did not return to operation until May 2018 when the casino, refurbished and under new ownership, reopened as the Big Easy Casino.

Gaming Tax Distribution

Florida's commercial casinos are taxed at a rate of 35 percent of electronic gaming device revenue.

In 2018, Florida commercial casinos generated total tax revenue of \$199.2 million, up 4.1 percent from 2017.

Under Florida law, all tax revenue from commercial casinos is deposited into Florida's Educational Enhancement Trust Fund (EETF). The fund was established in 1986 to allocate annual revenue from the then-newly created Florida Lottery to Florida school districts, public colleges and universities. Additional sums are also used to provide financial aid to Florida students. Each year, the Florida Legislature determines which programs are funded and at what level under the EETF.

Electronic gaming device revenue was originally taxed at a 50 percent rate, but the rate was lowered to 35 percent in 2010 when Florida agreed to a tribal gaming compact with the Seminole Tribe. In recent years, lawmakers have also discussed further lowering the rate as part of legislation to expand gaming outside of Miami-Dade and Broward counties.

Competitive Landscape

Florida's commercial casinos face significant competition from the state's seven tribal casinos. In accordance with federal court rulings and a 2010 gaming compact, only the Seminole Tribe's casinos may offer house-banked card games, specifically blackjack and baccarat, in addition to electronic gaming devices. Ball and dice games, such as live roulette and craps, are not permitted at either commercial or tribal casinos.

Card rooms at racetracks and jai alai frontons in other Florida counties also offer gaming, but are limited to the operation of non-banked card games, such as poker. Live table games, including roulette and craps, are available on some "cruise ships to nowhere" that depart from several points along Florida's coast. These games are not subject to state regulation as they are operated in international waters.

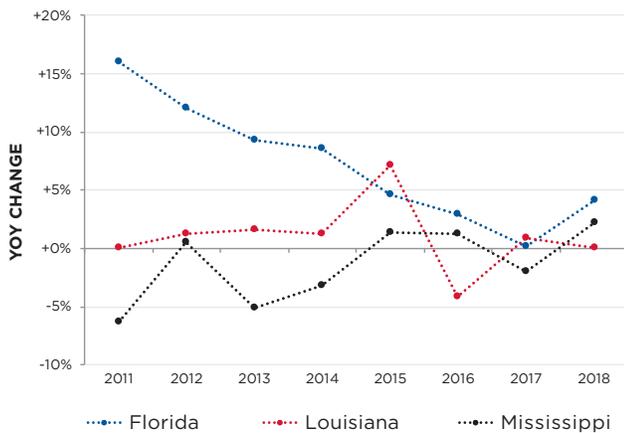
Florida's gaming landscape has remained largely stable for the past decade, despite ongoing debate about potential expansion among members of the state legislature. Lawmakers have intensely discussed a series of proposals in recent years to expand the range of games at Seminole Tribe casinos, permit electronic gaming devices at additional Florida racetracks and possibly authorize a handful of commercial casino-resorts, without being able to reach an agreement on a package of gambling reforms.

Following a voter referendum held in 2018, any such expansion of commercial gaming would now have to originate from a citizen-led initiative and be approved in a statewide ballot.

Southeast U.S.: Annual Commercial Casino Gaming Revenue Growth By State (US\$M)

2011 to 2018

After seven consecutive years of slowing growth in gaming revenue, Florida’s commercial casinos posted a 4.1 percent year-over-year gain in 2018, outpacing the two nearest commercial gaming states.



SOURCE: FL Division of Pari-Mutuel Wagering, LA Gaming Control Board, MS Gaming Commission

POLICY AND REGULATORY REVIEW

Expansion

Florida voters overwhelmingly approved a constitutional amendment in November that will set a much higher bar for any future expansion of commercial casino gaming in the Sunshine State.

The ballot measure, Amendment 3, was approved by more than 70 percent of voters and gives Florida residents the “exclusive right to decide whether to authorize casino gambling” in the state. Rather than a simple vote by the legislature, any new commercial gaming expansion, would require 60 percent of Florida voters to approve a new constitutional amendment.

Greyhound Racing

Florida voters also passed an additional ballot measure, Amendment 13, which effectively bans live greyhound racing in the state by the end of 2020.

The measure allows racetracks to keep other approved gaming operations, including card rooms and electronic gaming devices, as well as accept bets on greyhound races in other states.

Prior to the November vote, live greyhound racing was banned in 40 states, and only active in six. Of those, Florida has by far the largest footprint with 12 of the nation’s 17 active dog tracks. Wagering at Florida’s dog tracks topped \$200 million last fiscal year.

Illinois

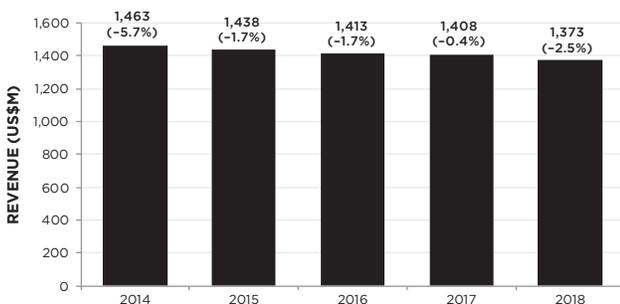
Number of Commercial Casinos	10
Casino Format	Riverboat Casinos
Regulatory Authority	Illinois Gaming Board
Gross Casino Gaming Revenue 2018	\$1.37B
Casino Tax Revenue 2018	\$462.2M



In 2018, total statewide commercial casino gaming revenue was \$1.37 billion, down 2.5 percent. It was the market’s sixth straight year of contracting revenue since electronic gaming devices were deployed in retail locations, such as bars and taverns, in 2012.

Illinois: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Illinois Gaming Board

MARKET OVERVIEW

Illinois offers commercial casino gaming at 10 riverboat casinos, which are regulated by the Illinois Gaming Board.

In 1990, the Illinois legislature approved the Riverboat Gambling Act, which authorized the Gaming Board to grant up to 10 casino licenses. Each casino may operate up to 1,200 gaming positions—covering both electronic gaming devices and table games—at a maximum of two riverboat vessels docked at a single specified site.

Illinois’ first casino, Argosy Casino Alton, opened in 1991. The state’s most recent casino, Rivers Casino in Des Plaines, opened in 2011. There have been multiple attempts over the last few years to authorize additional commercial casinos in Illinois and expand other forms of gaming, but so far, no proposal has been signed into law.

In 2009, the legislature approved the Video Gaming Act, which authorized retail establishments, such as restaurants, bars and truck stops, in participating municipalities to each operate up to five limited-stakes electronic gaming devices (referred to as video gaming terminals, or VGTs). The first VGTs became operational in 2012 and the market has since ballooned with annual VGT revenue surpassing that of Illinois commercial casinos for the first time in 2018.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$1.37 billion, down 2.5 percent against 2017. The drop in revenue, largely attributable to the continued expansion of VGTs in retail locations throughout the state, represented the sharpest decline of any state last year.

Consistent with the national trend, the performance of electronic gaming devices lagged that of table games at the state's commercial casinos. Electronic gaming device revenue was \$1.07 billion, down 2.9 percent relative to 2017. In contrast, statewide table game revenue was \$300.6 million, down just 0.9 percent.

Since 2012, the year VGTs were first deployed to Illinois bars and other convenience venues, total statewide commercial casino revenue has declined 16.2 percent. Over the same period, casino admissions have fallen from over 16 million customers in 2012 to just under 11 million in 2018—a drop of 32.5 percent.

Gaming Tax Distribution

Illinois Gaming Tax

CASINO GAMING REVENUE	TAX RATE APPLIED
\$0-\$25M	15%
\$25M-\$50M	22.5%
\$50M-\$75M	27.5%
\$75M-\$100M	32.5%
\$100M-\$150M	37.5%
\$150M-\$200M	45%
\$200M+	50%

Illinois applies a graduated tax to commercial casino gaming revenue, ranging from 15 percent on gaming revenue up to \$25 million, to 50 percent on gaming revenue of more than \$200 million. Illinois also imposes an admissions tax of \$2 per patron at Jumers Casino and \$3 at all other casinos.

In 2018, Illinois commercial casinos generated total gaming tax revenue of approximately \$462.2 million, down 2.8 percent against 2017.

Of that amount, roughly \$382.5 million was paid to the state government with the majority of state tax revenue then redistributed to Illinois' Education Assistance Fund that supports public education programs. Approximately \$79.7 million in taxes was generated for local governments that host casinos.

Competitive Landscape

Illinois' commercial casinos compete with rival properties in several neighboring states. For instance, casinos in the Chicago area face competition from a trio of properties in northwestern Indiana, while two casinos in southwestern Illinois compete with properties in Missouri for customers from the St. Louis market.

As a result of a 2015 gaming reform law in Indiana, some riverboat casino properties in the state have begun exploring the possibility of moving to larger venues located on dry land, further intensifying competition in the Greater Chicago market.

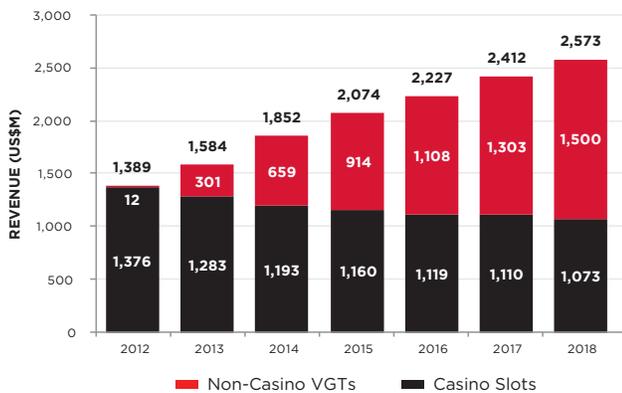
The proliferation of VGTs at retail establishments across Illinois continues to be the greatest competitive challenge for commercial casinos in the state. At the end of 2018, there were 30,694 VGTs installed at 6,773 convenience venues in Illinois, up from 28,271 VGTs and 6,359 venues at the close of 2017.

With all available licenses awarded, no additional casino openings are expected in Illinois in the near term. However, the installation of so-called historical racing devices at the state's three horse racetracks is in play after rules governing such devices were advanced by Illinois racing officials in 2018.

Illinois: Annual Gaming Machine Revenue By Gaming Type (US\$M)

2012 to 2018

Total statewide VGT revenue grew to \$1.5 billion in 2018, up 15.1 percent, while revenue from electronic gaming devices in commercial casinos declined for a seventh straight year. VGTs in bars and other convenience venues now account for 58 percent of all electronic gaming device revenue in Illinois.



SOURCE: Illinois Gaming Board

POLICY AND REGULATORY REVIEW

Expansion

Efforts to pass a comprehensive gaming expansion bill in Illinois, a regular point of discussion in the General Assembly in recent years, once again failed to garner enough momentum to move forward in 2018.

Among other things, proposed legislation would increase the number of commercial casinos in Illinois from 10 to 16, including a new casino-resort in downtown Chicago, authorize electronic gaming devices at racetracks, and allow for additional gaming positions at riverboat casinos.

After passing in the Illinois Senate in 2017, gaming expansion was ultimately not taken up for formal consideration in the Illinois House during the second year of the 2017-18 legislative session. The House did, however, hold two hearings on gaming expansion and sports betting.

Historical Racing

In July 2018, the Illinois Racing Board voted to allow for the deployment of historical racing devices at the state's three remaining horse racing tracks.

Historical horse racing devices, also known as instant racing terminals, allow wagers to be placed on the results of races that have already occurred without the gambler knowing in advance which race they are wagering on.

Regulators published draft rules in December, allowing for a comment period of at least 90 days before a committee of the Illinois General Assembly votes on whether to adopt the proposal. If the committee approves the rules, historical racing devices could be installed at racetracks as early as mid-2019.

The proposal faces fierce opposition, however, from Illinois' commercial casino industry, which argues the devices would further cannibalize a saturated Illinois gaming market. In addition, the Illinois Thoroughbred Horsemen's Association has raised concerns about some of the rules.



IN FOCUS

Sports Betting

The legal sports betting landscape in the United States was fundamentally redrawn in 2018 by the U.S. Supreme Court’s decision to overturn the federal ban on sports betting and open the door for states throughout the country to decide whether and how to legalize wagering on sporting events.

The May decision to invalidate 1992’s Professional and Amateur Sports Protection Act (PASPA) quickly saw single-event sports betting, previously confined to Nevada, expand to a total of eight states by year’s end.

Three states—New Jersey, West Virginia and Rhode Island—passed legislation to legalize sports betting during 2018, while four other states—Delaware, Mississippi, New Mexico and Pennsylvania—moved forward under the terms of existing state laws put in place before the Supreme Court ruling.

In addition, 15 other states plus the District of Columbia considered some form of legislation to regulate sports wagering within their borders, with those states and many more preparing to introduce bills in 2019.

Taking center stage in the first few months of the post-PASPA era was New Jersey, the state that successfully challenged the 1992 federal ban in court.

Commercial casinos and racetracks in the Garden State took their first sports bets in June, exactly one month after the Supreme Court decision.

A few weeks later, New Jersey established a new regulatory paradigm by launching online sports wagering operations and allowing players to register for betting accounts remotely, without having to visit a land-based casino, as is the policy for mobile betting in Nevada.

In their first six-and-a-half months of operation, New Jersey sportsbooks reported over \$1.2 billion in total betting handle, bringing in \$94 million in revenue. By the end of the year, bettors were increasingly migrating to the online market, with three quarters of bets being placed online or via a mobile device, rather than at a retail sportsbook.

“We really didn’t know what was going to happen in the United States, and New Jersey in particular, as it related to mobile wagering, but we knew we needed it,” said David Rebeck, Director of the New Jersey Division of Gaming Enforcement. “And the numbers have been extraordinary.”

As sports betting expanded, it became increasingly apparent that states are prepared to adopt divergent regulatory models.

Like New Jersey, Pennsylvania and West Virginia are allowing commercial casino operators to offer sports betting at their land-based facilities and via online platforms available anywhere within the states’ borders.

Mobile sports wagering in Mississippi, by contrast, is permitted strictly within the four walls of casino properties.

Sports betting has also been launched by tribes in Mississippi and New Mexico as a form of tribal gaming. In Delaware and Rhode Island, meanwhile, sports betting is hosted at commercial casinos but operated by state lotteries.

As 2018 drew to a close, the District of Columbia Council approved legislation authorizing land-based and online wagering through the D.C. Lottery, while allowing commercial gaming operators to partner with D.C. sports arenas to offer retail and mobile sportsbook operations on-site at those sports facilities. Additionally, voters in Arkansas approved a ballot measure authorizing sports betting at four future casino locations in the state.

One of the more notable trends following the Supreme Court decision was the shift in position of professional sports leagues, many of which had long opposed legalized sports betting. By the close of the year, the National Basketball Association, Major League Baseball and the

National Hockey League had inked a total of six official betting partnerships involving sportsbook operators MGM Resorts International, FanDuel and The Stars Group. Individual teams had also signed marketing and data agreements with William Hill, Caesars Entertainment and the Chickasaw Nation, among others.

“A year ago, we wouldn’t have been having this discussion,” said NHL Commissioner Gary Bettman when announcing his league’s partnership with MGM. “But the world changed, and we’re adapting to it.”

Still, sports leagues and the gaming industry continued to clash over how leagues should be treated under sports betting legislation.

Representatives of several major leagues actively lobbied state and federal lawmakers for requirements that operators purchase their official data to settle in-play bets, and for leagues to have input into the types of wagers that may be offered on their games.

The NBA, MLB and PGA Tour, meanwhile, urged states to grant leagues a royalty or “integrity fee” to be paid by operators out of the amounts bet on their events.

At year’s end, no state had enacted a law including either an integrity fee or official data mandate, although legislative discussions on both issues were expected to continue in 2019.

Meanwhile, the Supreme Court’s ruling also ignited debate in Congress over potential new federal legislation for sports wagering.

In December, Sens. Charles Schumer, the Democratic Senate Minority Leader from New York, and Orrin Hatch, a Utah Republican who has now retired, introduced legislation that would establish federal standards for sports betting and require states to have their regimes approved by the U.S. Attorney General.

The Senate bill received a frosty reception from industry stakeholders who argue that federal intervention is unwarranted based on the successful track record of state and tribal regulators.

Both regulators and the industry came together over the latter half of 2018 to ensure that regulations and integrity concerns could be addressed collectively. State regulators from Nevada, New Jersey, Pennsylvania, Louisiana, Michigan and Mississippi agreed in 2018 to establish a forum to discuss best practices and cooperate in various areas including sharing betting information.

In November, commercial gaming operators announced the formation of the Sports Wagering Integrity Monitoring Association in order to pool data related to any suspicious transactions and share it with regulators and other law enforcement bodies.

Speaking at a September 27 hearing of a subcommittee of the U.S. House of Representatives’ Judiciary Committee, Nevada’s chief gaming regulator warned that federal regulation of sports betting “would only add unnecessary cost and delay to the licensing process, increased taxation, and create additional complications.”

“Nevada takes the view that states are the best equipped to regulate sports betting within their own borders,” added Becky Harris, then-chair of the Nevada Gaming Control Board.

Indiana

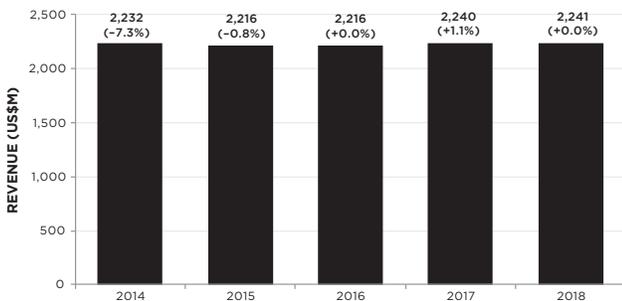
Number of Commercial Casinos	13
Casino Format	Land-Based Casinos; Riverboat Casinos; Racinos
Regulatory Authority	Indiana Gaming Commission
Gross Casino Gaming Revenue 2018	\$2.24B
Gaming Tax Revenue 2018	\$599.6M



In 2018, total statewide commercial casino gaming revenue was \$2.24 billion, virtually even with the prior year, despite admissions at Hoosier State riverboats declining for the fifth straight year.

Indiana: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Indiana Gaming Commission

MARKET OVERVIEW

Indiana offers commercial casino gaming at nine riverboat casinos and two land-based casinos, each of which operates electronic gaming devices and table games. In addition, there are two racinos which are currently limited to the operation of electronic gaming devices. All 13 commercial casinos are regulated by the Indiana Gaming Commission (IGC).

In 1993, the Indiana legislature approved the Riverboat Gambling Act, which authorized the IGC to grant up to 10 casino licenses. Indiana's first commercial casino, Tropicana Evansville, opened in 1995. Legislation authorizing an 11th commercial casino within a "historic hotel district" was approved in 2003, which paved the way for the opening of French Lick Resort Casino in 2006.

As part of a tax relief effort, the state legislature authorized the installation of up to 2,000 electronic gaming devices at each of Indiana's two racetracks in 2007. Racetracks will further benefit from a 2015 law that allows them to offer live-dealer table games beginning in 2021.

Some restrictions applied to commercial casinos have been relaxed in recent years. In 2011, legislation passed allowing for riverboat casinos to become permanently moored crafts. In 2015,

the Riverboat Gambling Act was amended again to allow riverboat casinos to move onto dry land adjacent to their home docks. Since then, one casino has moved its entire operation on land, another opened a high-limit gaming room next to its existing vessel and a third is currently constructing a new land-based facility expected to open at the end of 2019.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$2.24 billion, essentially unchanged from 2017. The revenue total included \$1.89 billion in revenue from electronic gaming devices, down 0.9 percent from 2017, and \$349.1 million from table games, up 5.4 percent.

While the Indiana market has stabilized following the opening of 11 casinos in neighboring Ohio between 2012 and 2014, a full year of operations at the state's first tribal casino, located in South Bend, dampened revenues at certain commercial casinos in northwestern Indiana.

Continuing the trend of the last several years, the number of admissions at Indiana riverboat casinos also fell in 2018 to 14.2 million, down 7.5 percent from 2017. The closure of some Ohio River casinos for several days in February due to flooding likely contributed to the decline in visitors and associated admissions taxes.

Gaming Tax Distribution

Indiana Land-Based and Riverboat Gaming Tax

CASINO GAMING REVENUE	TAX RATE APPLIED
\$0-\$25M	15%
\$25M-\$50M	20%
\$50M-\$75M	25%
\$75M-\$150M	30%
\$150M-\$600M	35%
\$600M+	40%

Indiana applies a graduated tax to land-based and riverboat casino gaming revenue, ranging from 15 percent on gaming revenue of up to \$25 million, to 40 percent on gaming revenue of more than \$600 million.

As of July 2018, land-based and riverboat casinos, with one exception, are also subject to a supplemental wagering tax of 3.5-4 percent on total gaming revenue. The supplemental tax was enacted by the legislature in 2017 to replace a fee that was formerly applied on casino admissions.

Racinos, meanwhile, are taxed at a rate of 25 percent of revenue up to \$100 million; 30 percent on revenue between \$100 million to \$200 million; and 35 percent on revenue exceeding \$200 million.

In 2018, commercial casinos paid a total of \$599.6 million in taxes, down 0.6 percent from 2017. The slight decrease reflected lower casino admissions during the first half of the year, when admissions fees were still charged to riverboat casino patrons.

Pursuant to state law, the majority of gaming tax revenue is held in Indiana's General Fund and used for general state budgetary purposes. Additional funds are used to cover gaming regulatory costs, support Indiana's horse racing industry and are distributed among Indiana's local city and county governments, among other things.

Competitive Landscape

In January, the Pokagon Tribe opened Indiana's first tribal gaming facility—Four Winds Casino—in South Bend, near the Michigan border. The tribal casino is restricted to the operation of certain electronic gaming devices, but competes with commercial casinos along Lake Michigan in northwestern Indiana.

Indiana's commercial casinos also compete with various facilities in neighboring states. For instance, riverboat casinos in southeastern Indiana compete with a trio of Ohio casinos and racinos serving the Cincinnati market. Meanwhile, riverboat casinos in northwestern Indiana compete with Illinois casinos located in the

Greater Chicago area.

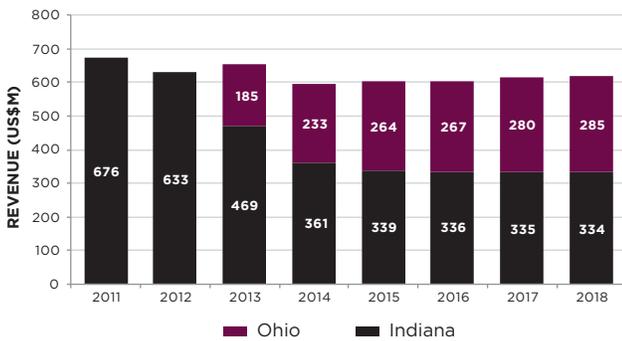
In 2018, Illinois lawmakers again considered a number of gaming expansion proposals that would have impacted Indiana casinos—including the authorization of a resort casino in downtown Chicago—but none were passed before the end of the legislative session.

Meanwhile, Indiana, along with all of its bordering states—Ohio, Illinois, Kentucky and Michigan—have explored the possibility of authorizing sports betting within their borders. Given that legislation has been drafted in all five of these states, Indiana lawmakers will likely face pressure to consider legislation in 2019.

Cincinnati Area: Annual Gaming Revenue By State (US\$M)

2011 to 2018

Annual revenue at Indiana’s three Cincinnati-area commercial casinos has fallen every year since two commercial casino venues on the Ohio side of the border opened in early 2013.



**Indiana casinos: Hollywood Lawrenceburg, Rising Star, Belterra.
Ohio casinos: JACK Cincinnati, Belterra Park

SOURCE: Indiana Gaming Commission

POLICY AND REGULATORY REVIEW

Sports Betting

Companion bills introduced in the House and Senate in January 2018 proposed legalized sports betting at the state’s riverboat casinos, racinos and off-track betting facilities, subject to a 9.25 percent tax rate. The main difference between the bills was that the House version contained a 1 percent “integrity fee” on wagering handle allocated to the sports leagues.

Although the 2018 Indiana legislative session closed without a vote on either bill, momentum picked up in October when lawmakers held a sports betting hearing to receive input from the gaming industry as well as sports leagues. Following the hearing, a legislative study committee charged with investigating the merits of legalized sports betting voted unanimously in favor of the 2019 General Assembly crafting a bill.

Fantasy Sports

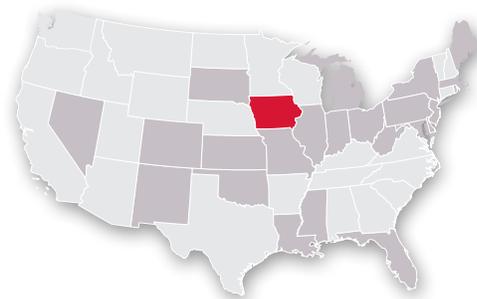
In a ruling that could have implications on the issue of data rights within future sports betting legislation, the Indiana Supreme Court ruled in October that online fantasy sports sites are not in violation of players’ “right of publicity” under Indiana law.

The ruling was in response to a suit brought by three college athletes against DraftKings and FanDuel for using their names, images and statistics in fantasy sports contests without obtaining their prior consent or providing compensation.

In their decision, state Supreme Court justices sided unanimously with the fantasy-sports operators because their use of player data falls within an exception to the right of publicity law that allows for commercial use of “material that has newsworthy value.”

Iowa

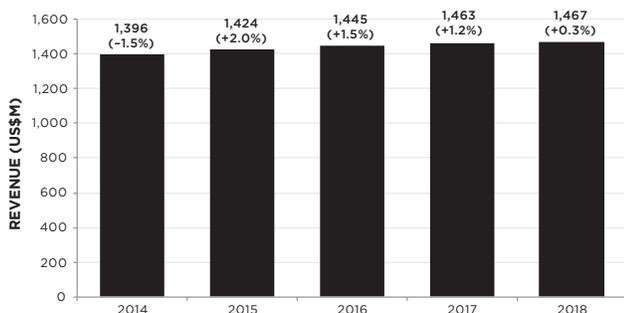
Number of Commercial Casinos	19
Casino Format	Land-Based Casinos; Riverboat Casinos; Racinos
Regulatory Authority	Iowa Racing and Gaming Commission
Gross Casino Gaming Revenue 2018	\$1.47B
Gaming Tax Revenue 2018	\$339.2M



In 2018, total statewide commercial casino gaming revenue was \$1.47 billion, up 0.3 percent. The modest year-over-year increase came despite a continued decline in the number of visitors to Hawkeye State casinos.

Iowa: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Iowa Racing and Gaming Commission

MARKET OVERVIEW

Iowa offers commercial casino gaming at 16 land-based casinos, one riverboat casino and two racinos. The 19 properties, all of which operate electronic gaming devices and table games, are regulated by the Iowa Racing and Gaming Commission (IRGC).

In 1989, Iowa became the first state to legalize riverboat casinos with the passage of the Excursion Gambling Boat Act. The first three of Iowa's riverboats—Casino Belle, The President and Diamond Lady—opened on April 1, 1991.

The installation of electronic gaming devices at racetracks was authorized in 1994, while table games were approved in 2005. Iowa's first racino, Bluffs Run Casino in Council Bluffs (now the Horseshoe Council Bluffs), opened in 1995.

For commercial casinos to operate in Iowa, a sponsoring charitable organization must partner with a gaming operator under an agreement that sees an average of 3 percent of casino gaming revenue distributed to the charitable organization. Racetracks, meanwhile, must be licensed to conduct pari-mutuel wagering in order to qualify for a license to offer casino games.

There are no statutory limits on the number of commercial casinos that may operate in Iowa. However, counties seeking to host a casino or racino must secure the approval of a majority of its residents via a county-wide referendum. A second voter referendum to re-approve the casino license is required eight years after initial approval.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$1.47 billion, up 0.3 percent against 2017. It was the market's third consecutive year of modest growth. Over the same period, admissions to Iowa casinos have fallen 6.6 percent to 20.3 million, which has been offset by increased revenue per admitted patron.

Electronic gaming devices, which accounted for 89.3 percent of total statewide gaming revenue in 2018, generated \$1.31 billion in revenue, essentially unchanged from 2017. Meanwhile, table game revenue was \$156.8 million, up 3.0 percent against 2017.

Gaming Tax Distribution

Iowa Land-Based and Riverboat Gaming Tax

GAMING REVENUE	TAX RATE APPLIED
\$0-\$1M	5%
\$1M-\$3M	10%
\$3M+	22 %

In Iowa, land-based and riverboat casinos are subject to a graduated tax rate on gaming revenue that ranges from 5 percent to 22 percent. Racino gaming revenue, meanwhile, is taxed at 22 percent or 24 percent, depending on various conditions, including prior-year revenue and whether the racino has a riverboat casino in its host county.

In 2018, Iowa's commercial casinos generated total gaming tax revenue and regulatory fees of \$339.2 million, up just under 1 percent from 2017.

Of that amount, approximately \$293 million was collected by the state General Fund and allocated to various beneficiaries, including the Rebuild Iowa Infrastructure Fund, the Iowa Skilled Worker & Job Creation Fund and the Environment First Fund. Additional monies were used to help service state debts incurred through various projects including flood rebuilding and mitigation, prison construction and bridge safety.

Per Iowa law, the majority of riverboat casino tax revenue is distributed to the state's General Fund, with 1.8 percent of overall gaming revenue being redirected to cities and counties that host casinos.

Competitive Landscape

Iowa was one of the first states to legalize commercial casinos outside Nevada and New Jersey. Since then, neighboring states Illinois, Missouri and South Dakota have begun operating commercial casinos. In addition, Minnesota, Nebraska and Wisconsin house nearly 75 tribal gaming facilities, making for a competitive Midwest gaming market.

Iowa's casinos also compete with four tribal casinos. The Meskwaki Bingo Casino, owned and operated by the Sac and Fox Tribe, is surrounded by four of the six largest cities in Iowa, including Des Moines and Cedar Rapids. Two other tribal casinos in Iowa, as well as three tribal casino properties located on the Nebraska side of the border, all compete with the Hard Rock Casino in Sioux City.

Meanwhile, in November, despite ongoing legal challenges from the states of Iowa and Nebraska, the Ponca Tribe opened the Prairie Flower Casino across the border from Omaha, Nebraska. The tribal casino, which is limited to electronic gaming devices, competes with commercial casinos in Council Bluffs.

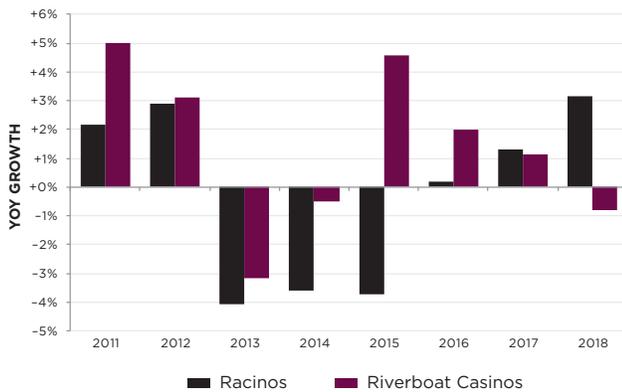
Notably, casinos in eastern Iowa continue to face growing competition from electronic gaming devices (VGTs) in Illinois retail venues. First authorized in 2009, the Illinois VGT market has

expanded rapidly in recent years with more than 30,000 VGTs in operation in the state at the end of 2018.

Iowa: Annual Commercial Casino Gaming Revenue Growth Rate By Property Type (US\$M)

2011 to 2018

Racinos continued their rebound in 2018, posting revenue gains of 3.2 percent after lagging in performance compared to Iowa's riverboat casinos for many years.



SOURCE: Iowa Racing and Gaming Commission

POLICY AND REGULATORY REVIEW

Responsible Gaming

Legislation passed in April 2018 mandated the Iowa Racing and Gaming Commission to develop a centralized electronic database where patrons may register for self-exclusion from the state's commercial casinos.

The legislation was designed to assist commercial casinos in preventing access to their gaming floors by self-excluded patrons. Established in 2004, Iowa's statewide self-exclusion scheme, in which patrons may bar themselves from gambling at all state-licensed commercial casinos through one single point of registration, was previously managed by commercial casino operators in collaboration with the Iowa Gaming Association. Now, the self-exclusion program is administered by the IRGC.

Sports Betting

Iowa was one of 18 states to consider legislation to authorize sports betting in 2018.

In February, a bill authorizing commercial casinos to offer sports betting at their properties and via mobile devices was recommended for passage by a committee in the Iowa House with jurisdiction over matters of state government.

However, despite later being approved by another committee, the bill was not brought up on the House floor for a vote before the state legislature adjourned in April 2018.

Meanwhile, the Iowa Lottery Board has explored the feasibility of Iowa retailers using lottery terminals for sports betting should the legislature pass an authorizing law.

Kansas

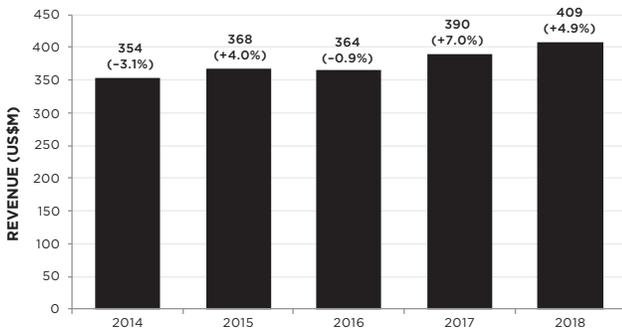
Number of Commercial Casinos	4
Casino Format	Land-Based Casinos
Regulatory Authority	Kansas Racing and Gaming Commission
Gross Casino Gaming Revenue 2018	\$408.6M
Gaming Tax Revenue 2018	\$110.3M



In 2018, total statewide commercial casino gaming revenue was \$408.6 million, up 4.9 percent. The year-over-year increase was mostly driven by the first full year of operations at the state’s fourth casino, which opened in the spring of 2017.

Kansas: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Kansas Racing and Gaming Commission

MARKET OVERVIEW

Kansas offers commercial casino gaming at four state-owned casinos, which are developed and managed by private companies. The casinos, each of which operate electronic gaming devices and table games, are regulated by the Kansas Racing and Gaming Commission (KRGCC).

In 2007, the legislature approved the Kansas Expanded Lottery Act, which authorized the creation of four “lottery gaming facilities”, one in each of the four designated gaming zones throughout the state. The state’s first commercial casino, Boot Hill Casino, opened in 2009, and its most recent, Kansas Crossing Casino, opened in 2017.

Private casino developers that were contracted to build the commercial casinos and manage their operations were subject to an upfront “privilege fee” of \$25 million for casinos in the state’s northeastern and south-central gaming zones and \$5.5 million for casinos in the southeastern and southwestern zones.

Kansas law also allows for the operation of electronic gaming devices at racetracks, although no tracks are currently in operation. The Kansas Lottery is responsible for considering and approving any proposed racino contracts, and the

county where any proposed racino is located must have approved gaming via a public vote.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$408.6 million, up 4.9 percent against 2017. It was the market’s biggest year, in revenue terms, since its inception in 2009.

Total statewide revenue from electronic gaming devices was \$357.7 million, up 6.0 percent from 2017, while table game revenue was \$50.8 million, down 2.3 percent.

The increased revenue, in part, reflected the first full year of operations at Kansas Crossing Casino, located near the Missouri border. In addition, the Kansas economy rebounded substantially in 2018 following a relatively stagnant economic period over 2016 and 2017.

Gaming Tax Distribution

Kansas commercial casinos are required by statute to pay a minimum tax rate of 27 percent on gaming revenue, which includes a 22 percent contribution to the state, 3 percent to local governments and 2 percent to fund problem gambling treatment. While all four casinos pay exactly 27 percent, the Kansas Lottery has the authority to negotiate a higher rate for any new casinos in the future.

In 2018, Kansas’ commercial casinos generated total gaming tax revenue of \$110.3 million, up 4.9 percent from 2017.

Per Kansas law, the state portion of gaming tax revenue is distributed to the Expanded Lottery Act Revenues Fund, which also receives initial licensing fees collected from casino operators. Appropriations from the fund are determined annually at the direction of the state legislature. In 2018, funds were allocated for state debt reduction, public employees retirement liabilities and an initiative to increase the number of engineering graduates at Kansas universities.

Competitive Landscape

With commercial casinos now built in all four authorized gaming zones, no additional casino openings are expected in Kansas in the near term.

Although the state’s last racetrack was shuttered in 2009, there have been consistent legislative efforts since then to revive the industry by allowing tracks to install electronic gaming devices and lowering the gaming tax rates that would be applied to racino operations. So far, however, all of those efforts have failed.

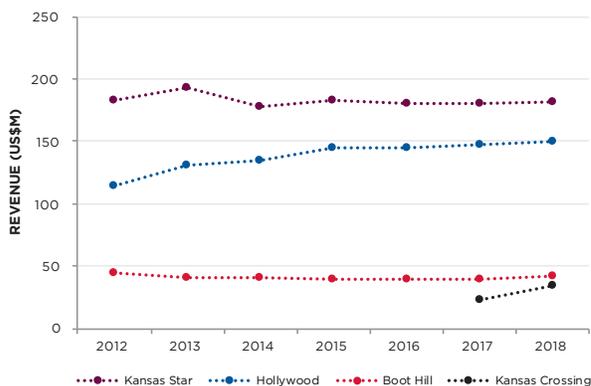
Kansas’ five tribal casinos, all located in the northeastern corner of the state, compete with Hollywood Casino at Kansas Speedway located just outside of Kansas City. Hollywood Casino also competes with four Kansas City-area casinos across the Kansas-Missouri border.

Meanwhile, Kansas Crossing Casino, which opened in 2017, competes with several tribal casinos in northeastern Oklahoma, including one casino owned by the Quapaw Tribe and located on the Oklahoma-Kansas state line.

Kansas: Annual Gaming Revenue By Property (US\$M)

2012 to 2018

The opening of Kansas Crossing Casino in 2017 continued to boost total statewide gaming revenue in 2018. While the Kansas Star, Hollywood and Boot Hill casinos posted gains between 1 and 5 percent, Kansas Crossing revenue was up 50 percent in its first full year of operations.



SOURCE: Kansas Racing and Gaming Commission

POLICY AND REGULATORY REVIEW

Expansion

During 2018, Kansas lawmakers once again rejected legislation that would have opened the door to install electronic gaming devices at a racetrack venue in Sedgwick County, home of the shuttered Wichita Greyhound Park.

The proposed legislation, which would have authorized a local referendum on expanded gaming at the former greyhound track, was approved by separate committees in the Kansas House and Senate in April. However, the Senate's version of the bill was later defeated by a vote on the floor, killing the measure.

Although electronic gaming devices at racetracks were authorized under Kansas' Expanded Lottery Act, a local referendum on the issue in Sedgwick County was defeated in 2007.

In addition to enabling a second vote in Sedgwick County, the 2018 bills would have reduced taxes for racetracks and protected the state government from monetary liabilities in the event an existing commercial casino operator were to successfully sue for compensation over the added competition.

Sports Betting

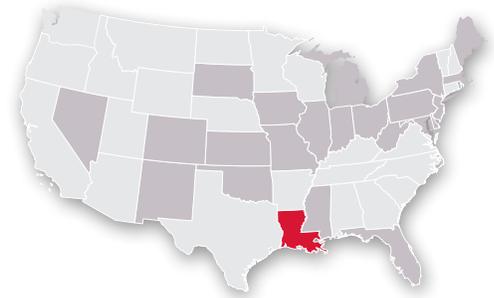
Kansas was one of 18 states to consider legislation to authorize sports betting in 2018.

Committees in the Kansas House and Senate held several hearings in March and April 2018 on the potential regulation of sports wagering as proposed by at least four separate bills in the legislature. Ultimately, however, neither the House nor the Senate voted on any of the bills before the legislature adjourned in early May 2018.

In December 2018, a joint panel of senators and representatives convened a further hearing to receive additional testimony from different stakeholders regarding Kansas' sports betting policy options. The panel declined to endorse any specific policy recommendations.

Louisiana

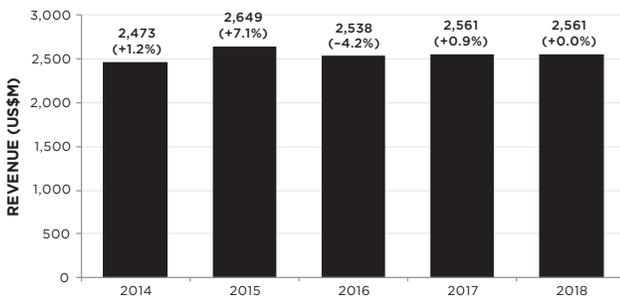
Number of Commercial Casinos	20
Casino format	Land-Based Casinos; Riverboat Casinos; Racinos
Regulatory Authority	Louisiana Gaming Control Board
Gross Casino Gaming Revenue 2018	\$2.56B
Casino Tax Revenue 2018	\$607.7M



In 2018, total statewide commercial casino gaming revenue was \$2.56 billion, virtually even with the prior year’s total as revenue at the state’s four racinos, up 2.3 percent, offset slight declines in riverboat and land-based casino performance.

Louisiana: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Louisiana Gaming Control Board

MARKET OVERVIEW

Louisiana offers commercial casino gaming at 15 riverboat casinos and one land-based casino, each of which operates electronic gaming devices and table games. Four racinos—limited to offering electronic gaming devices—are also operational. All 20 properties are regulated by the Louisiana Gaming Control Board.

Commercial casino gaming was first authorized in 1991, when the Louisiana legislature passed a law allowing a maximum 15 riverboat casinos, either sailing or permanently moored on specific waterways in different areas of the state. The following year, legislation passed authorizing a single land-based casino in downtown New Orleans. Harrah’s New Orleans Hotel and Casino opened in 1999 and operates under the terms of a contract originally awarded by a local development board. Racinos were approved by the legislature in 1997.

In 2018, the state legislature passed a law that will allow riverboat casinos to move to larger, land-based facilities within close proximity of their original vessels. Several properties have already expressed an interest in moving onshore after new regulations are finalized, likely in early 2019.

MARKET PERFORMANCE

In 2018, total statewide commercial casino gaming revenue was essentially flat at \$2.56 billion, with uneven market performance across different regions of Louisiana.

While riverboat casinos and racinos in the Lake Charles market reported combined total revenue of \$939.7 million, up 4.5 percent, commercial casinos in the Baton Rouge area saw revenue decline 17.4 percent to \$255.9 million, following implementation of a citywide smoking ban in May.

Elsewhere, revenue reported by the six riverboat casinos and one racino in the Shreveport/Bossier market of northwestern Louisiana was \$677.1 million, down 0.3 percent compared to 2017, while revenue reported by racinos and the land-based casino in the New Orleans area was \$606.5 million, up 1.0 percent.

Gaming Tax Distribution

Revenue from each type of commercial casino establishment in Louisiana—riverboat casinos, racinos and the New Orleans land-based casino—is subject to a different tax structure.

Riverboat casinos pay a maximum effective tax rate of 27.5 percent, comprised of a state gaming tax of 21.5 percent of revenue plus additional local taxes which vary according to location.

Racino revenue is taxed at an effective rate of about 36 percent. That rate comprises an 18 percent contribution to the Louisiana horse racing industry taken off the top, with the remaining revenue subject to a state tax of 18.5 percent and local taxes of 4 percent.

The New Orleans land-based casino pays the greater of either a 21.5 percent tax on gaming revenue or an annual fee of \$60 million. The land-based casino must also remit rent and various other payments to local authorities, as established under its operating contract.

In total, Louisiana's commercial gaming properties generated tax revenue of \$607.7 million in 2018, up 0.9 percent from the previous year. The bump in tax revenue, despite flat gaming revenue in 2018,

was attributable to stronger revenue performance at higher-taxed racinos than lower-taxed riverboat properties last year.

In accordance with state law, the majority of gaming tax revenue is remitted to Louisiana's General Fund. From there, monies are appropriated at the direction of the legislature and used to pay for public education, public retirement systems, highway construction and fire and police protection, among other things.

In addition, the state's horse racing industry received nearly \$64 million in 2018 from taxes on racinos' gaming revenue.

Competitive Landscape

With the opening of the Golden Nugget in Lake Charles in 2014, all available riverboat licenses have been awarded in Louisiana and no additional commercial casino licenses may be issued without voter approval through a statewide referendum.

Various Louisiana commercial casinos are reliant upon out-of-state visitation for a portion of their revenue. For instance, riverboat casinos in the Lake Charles area draw many players from the Houston area, while those in the Shreveport/Bossier region compete with tribal casinos located in southeastern Oklahoma for customers from the Dallas-Fort Worth area and from southwestern Arkansas.

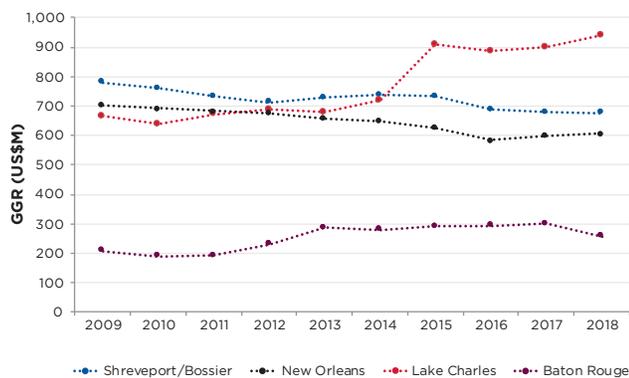
Riverboat casinos in the Shreveport/Bossier area may face more competition in the coming years after voters in neighboring Arkansas approved a constitutional amendment allowing for the development of four casino-resorts, including sportsbooks, in the state.

Meanwhile, Louisiana's commercial casinos compete with five tribal casinos scattered throughout the state. There are also nearly 13,000 electronic gaming devices offered in Louisiana at 1,674 non-casino locations, such as bars, restaurants, truck stops and off-track betting parlors. In 2018, total statewide revenue from gaming devices in such locations was \$595.7 million, up 3.4 percent from the year prior.

Louisiana: Annual Gaming Revenue By Market (US\$M)

2009 to 2018

In 2018, the Lake Charles region posted the largest year-over-year increase in gaming revenue, while Baton Rouge, the state's smallest gaming market, experienced the steepest decline. Revenue was mostly flat in the state's other two regions.



SOURCE: Louisiana Gaming Control Board

POLICY AND REGULATORY REVIEW

Riverboat Casinos

In May 2018, Gov. John Bel Edwards (D) signed legislation cementing the most significant overhaul of Louisiana's commercial gaming regulations in at least two decades.

The bill, reflecting the recommendations of the Riverboat Economic Development and Gaming Task Force, allows the state's 15 riverboat casinos to move to new land-based facilities up to 1,200 feet inland from their current location. The measure also eliminated the state's 30,000 square-foot limit on gaming floor space in favor of a cap on the maximum number of gaming positions—2,365—permitted within each riverboat casino.

The Task Force was established by a 2016 resolution of the state legislature with a mandate to draw up recommendations that would make Louisiana riverboat casinos more competitive with gaming properties in nearby jurisdictions.

Fantasy Sports

In November 2018, voters in 47 of Louisiana's 64 parishes approved a ballot initiative legalizing fantasy sports contests within their jurisdiction. The "Louisiana Fantasy Sports Contests Parish Measure," which required a simple majority for passage, was added to the ballot after Gov. Edwards signed a bill into law allowing voters to decide on a parish-by-parish basis if betting on fantasy sports should be permitted.

The bill authorizes the Louisiana Gaming Control Board to license and regulate fantasy sports operators. The state legislature and the Control Board will also be responsible for drafting rules and regulations for the operation of fantasy sports, including taxation rates and licensing procedures. One issue that will need to be addressed is how to utilize geolocation services to ensure that betting is only accessible in the parishes that have approved it.

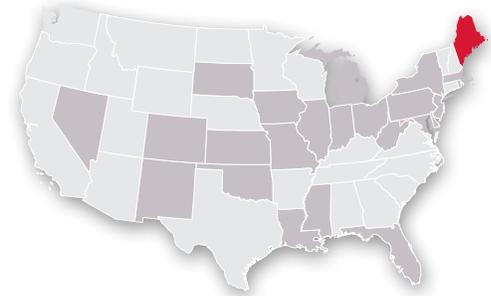
Regulatory Reform

The Louisiana Department of Public Safety & Corrections released a memo announcing two policy changes, effective May 1, 2018, relating to the requirements for transporting gaming equipment to Louisiana's commercial casinos.

The agency will no longer require gaming manufacturers to remove software from devices and ship the components separately to casinos. In addition, the notification period for incoming and outgoing shipments was reduced from ten to five business days. Notably, the policy change does not apply to certain electronic gaming devices destined for use at racetracks, retail establishments and truck stops.

Maine

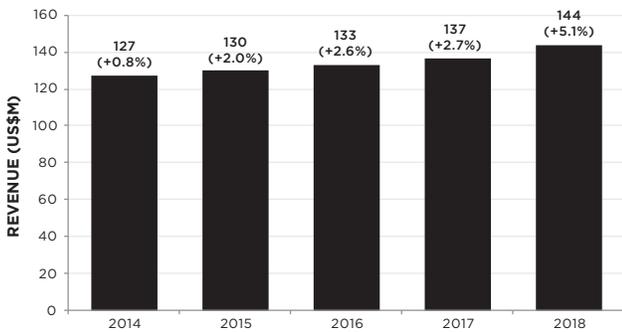
Number of Commercial Casinos	2
Casino Format	Land-Based Casinos; Racinos
Regulatory Authority	Maine Gambling Control Board
Gross Casino Gaming Revenue 2018	\$143.7M
Gaming Tax Revenue 2018	\$58.0M



In 2018, total statewide commercial casino gaming revenue was \$143.7 million, up 5.1 percent. The year-over-year increase was the largest since Oxford Casino opened in 2012.

Maine: Annual Commercial Casino Gaming Revenue (US\$M)

2013 to 2017



SOURCE: Maine Gambling Control Board

MARKET OVERVIEW

Maine offers commercial casino gaming at one land-based casino-resort and one racino. Both properties offer electronic gaming devices and table games and are subject to oversight by the Maine Gambling Control Board (MGCB).

Commercial casino gaming was first authorized in 2003 after voters approved a statewide referendum allowing the installation of electronic gaming devices at racetracks. The MGCB was established in 2004 and the state's first casino opened at Bangor Raceway—what is now Hollywood Casino Bangor—the following year.

In 2011, Hollywood Casino received legislative and voter approval to add table games to its gaming floor. Maine's second casino, located in Oxford County, was authorized via a separate voter referendum held in 2010 and operations began two years later in 2012.

Under Maine's regulatory framework, a maximum of two commercial casino gaming facilities may be operated after approval in a local referendum. There is also a statewide cap of 3,000 electronic gaming devices, with the allocation split evenly between the two properties.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$143.7 million, up 5.1 percent compared to 2017.

Despite being one of the smallest commercial gaming markets in the U.S. in terms of number of properties and annual revenue, Maine has seen positive growth every year but one since the opening of its first casino in 2005.

Electronic gaming devices were responsible for the continued market growth in 2018, generating a total of \$118.1 million in revenue, up 6.9 percent on the prior year. Meanwhile, table game revenue was \$25.7 million, down 1.7 percent.

Extending the trend of the last few years, Oxford Casino, located 35 miles north of Portland, continued to post year-over-year growth, while Hollywood Casino Bangor posted lower revenue in 2018. In total, Oxford Casino generated revenue of \$95.5 million in 2018, up 10.6 percent, while Hollywood Casino reported \$48.3 million in revenue, down 4.3 percent compared with the previous year.

Gaming Tax Distribution

Maine's two commercial casinos are subject to different tax rates. Hollywood Casino, as a racino property, pays 39 percent of electronic gaming device revenue and 1 percent of handle in taxes, while Oxford Casino, as a standalone casino, is subject to a tax rate of 46 percent of EGD revenue. Both casinos pay 16 percent of their table game revenue in taxes.

In 2018, Maine's commercial casinos generated total gaming tax revenue of \$58.0 million, up 6.2 percent from 2017. The slightly higher growth in tax revenue compared to gaming revenue reflected the contrasting performance in 2018 of the higher-taxed Oxford Casino versus the lower-taxed Hollywood Casino.

The biggest recipient of gaming tax dollars in Maine is higher education through the funding of scholarships to state and community colleges. Gaming tax revenue is also used to support health care, agriculture, the state's horse racing industry and the local governments that host commercial casinos. An additional beneficiary is a state fund established in 2000 to provide prevention-related services and other healthcare programs for Maine families.

Competitive Landscape

Maine's commercial casinos operate at the outer edge of a New England market that has been reshaped in recent years by Massachusetts' 2011 approval of up to four commercial casino properties.

In June 2015, Plainridge Park Casino—a slots parlor in Plainville—became the first Massachusetts casino to open. MGM Springfield opened in August 2018 and Encore Boston Harbor is slated to begin operations in mid-2019. The location of Massachusetts' fourth casino has not yet been determined.

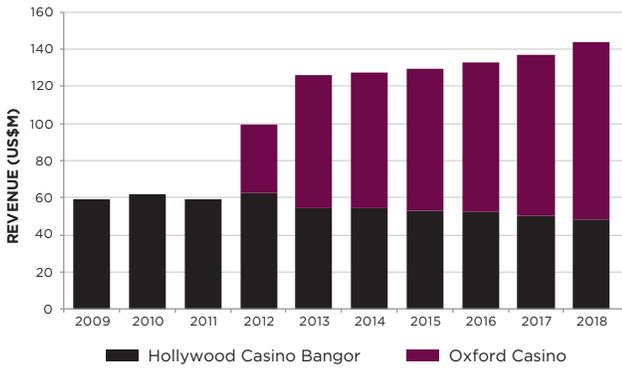
While there are currently no tribal casinos in Maine, several tribes have sought approval from state lawmakers and voters, via a referendum, to build casinos on reservation land. All of these efforts have so far been unsuccessful.

Maine's two commercial casinos also compete for gaming dollars with two harness racing tracks and four off-track betting locations where pari-mutuel wagering and advance deposit wagering are permitted.

Maine: Annual Gaming Revenue By Property (US\$M)

2009 to 2018

In 2018, Oxford Casino continued to capture an increasing share of the market in Maine, accounting for 66.4 percent of total statewide gaming revenue, up from 63.1 percent in 2017.



SOURCE: Maine Gambling Control Board

POLICY AND REGULATORY REVIEW

Tribal Gaming

In November, the Maine Supreme Court declined to wade into a longstanding legislative debate over the status of tribal gaming when justices decided not to take up a request for an opinion on whether federal law would allow the Houlton Band of Maliseet Indians to open a casino on its land without any additional action by state lawmakers.

The request was filed by Maine’s House of Representatives, where legislation to authorize tribal gaming has been consistently proposed in recent years. In declining to issue an opinion, the Maine Supreme Court said the matter did not meet the threshold of being “of serious and immediate nature.”

Fantasy Sports

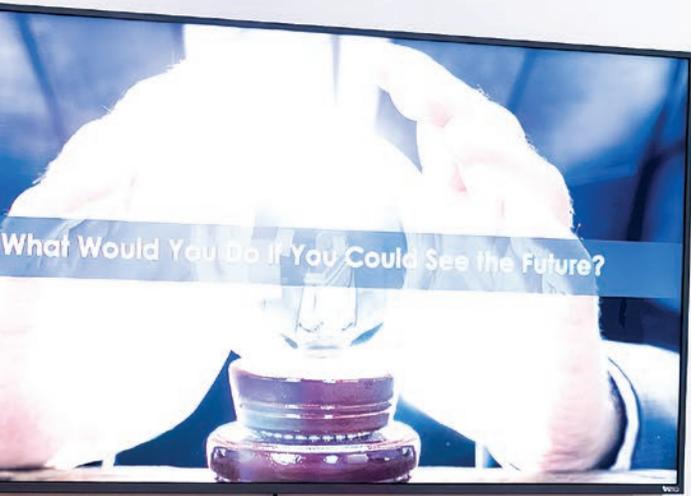
Maine continued to move forward in 2018 with efforts to regulate online fantasy sports contests when the MGCB’s Gambling Control Unit promulgated a formal set of rules that would apply to fantasy games.

The proposed regulations were subject to a public hearing in December and were expected to be finalized and adopted in early 2019. Maine is one of 19 states with laws on the books to affirmatively legalize and regulate fantasy sports.

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Innovation



One of the gaming industry's most significant challenges is introducing new and innovative products into one of the most tightly regulated consumer business environments in the country.

Despite this restrictive regulatory regime, casino patrons give the industry relatively high marks when it comes to bringing innovative products to market. According to a survey conducted for the American Gaming Association (AGA) in early 2019, the vast majority of Americans who had visited a casino in the past year think that, when it comes to “casino gambling and new technology,” the industry is either “staying ahead” (29%) or “keeping up” (57%) with overall societal trends. Conversely, only a fraction (14%) of casino customers say casinos are “falling behind” on the innovation spectrum.

The survey also found that customers envision technological change transforming the casino experience in the near future. In fact, when asked how similar or different the “technology involved in the games and experiences on the casino floor will be” a decade from now, nearly 8-in-10 customers say it will either be “somewhat different” (43%) or “completely different” (35%) than it is today.

Despite customers' optimism, there are some industry observers who contend that the products on casinos' gaming floors have not been able to evolve at the same speed as those offered in other entertainment industries. This has led to fears that casinos could struggle not only to maintain their existing customer base, but also to attract the next generation of consumers.

Others argue such fears, while not totally without merit, are overblown, and the gaming industry actually has a strong record of innovating within the unique regulatory constraints that are applied to operators and game developers.

In recent years, casinos have rolled out a new breed of electronic gaming devices based partly on player skill that blend traditional slot machines with arcade-style video games. While it is still too early to establish the long-term success of skill-based games, their introduction is a testament to the ongoing ingenuity in the sector.

Stadium-style gaming is another new feature in some casinos. The hybrid games combine the speed of electronic gaming devices with live table games by allowing players to sit at rows of terminals and place electronic bets on table games managed by a live-dealer.

Traditional gaming devices are also incorporating ever-more sophisticated graphics, sound and cabinets, plus 3-D and holographic displays. Meanwhile, casino-resorts in Las Vegas and Atlantic City are embracing competitive video gaming through eSports arenas and lounges.

Daniel Sahl, Associate Director of the Center for Gaming Innovation at the University of Nevada Las Vegas (UNLV), observed that a continued focus on innovation is especially important in light of how various other consumer industries have been disrupted in recent years.

Although new technologies and consumer preferences have not yet affected casinos as fundamentally as they have in the travel or lodging sectors, “it would be foolish to ignore the pace and significance of the changes that have occurred around us and assume that we are immune,” Sahl said.

Innovating for the gaming industry has historically been challenging for several reasons.

One challenge cited by industry executives is the fact that casino games are typically designed by independent gaming equipment providers who then sell or lease the games to casino operators to offer to their patrons.

While casino operators gather extensive data on which games perform well on their floors and why, game manufacturers are in part reliant upon operators to share that information so that they might more effectively reconfigure their products based on consumer feedback.

Then there is the strict regulatory environment in which the gaming industry operates.

Gaming manufacturers are generally required to be licensed in every jurisdiction where they sell their games, imposing significant compliance costs that simply do not apply to other sectors of the economy. For example, between commercial and tribal gaming locations in the U.S., a major game manufacturer might need to maintain licensure in more than 300 unique jurisdictions.

In addition, casino games typically must be tested and approved by regulators or private testing laboratories before they can be deployed to gaming floors, significantly slowing the rollout process and making it extremely difficult to perform consumer-testing on new games while they remain in the development phase. These standards themselves also differ state-to-state.

“Many of the great consumer tech and entertainment innovations of the last decade—Netflix, Airbnb, and Uber for example—had the benefit of surprising flexibility when developing and introducing their innovations. They, along with thousands of other innovative start-ups, offered and adjusted their products and technology with little oversight. These opportunities are more limited in our highly regulated market where a wide range of sanctions can be applied to any company that offers gaming without a license, and getting licensed is an intensive process.”

Daniel Sahl | Associate Director
 Center for Gaming Innovation,
 University of Nevada, Las Vegas

Recent years have seen notable progress on regulatory reforms designed to encourage greater innovation.

For example, a 2015 law passed by the Nevada legislature cleared the path for the development of skill-based casino games and the rollout of cashless wagering on gaming floors.

Since then, Nevada regulators have also launched a program, “New Innovation Beta” (NIB), that allows new games to be placed in casinos for live testing before completing the full state approval process.

Although yet to be fully implemented, additional legislation passed in 2017 allows independent game developers to bypass formal licensing in Nevada if an established gaming manufacturer assumes responsibility for their work.

During 2018, Louisiana, Michigan and Ohio were among the states that took steps to loosen the often-burdensome regulations associated with the shipment of new gaming devices to their casinos. Meanwhile, Rhode Island’s annual budget included provisions to encourage “gaming innovation pilot initiatives,” including stadium gaming, at the state’s two commercial casinos.

Future reforms, Sahl suggested, should include fostering closer collaboration between different regulatory agencies and addressing how the casino industry can best prepare itself for an increasingly cashless society. He proposed that the industry should consider how it can become more social media friendly, while still protecting the integrity of its games as well as customers’ privacy.

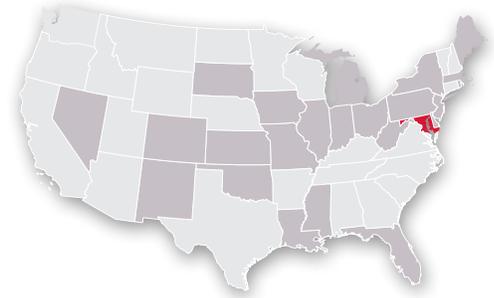
Although photography and live streaming have historically not been permitted in casinos, “it is important to ask whether zero tolerance for mobile devices and social media in gaming spaces is the only approach we can take when considering that sharing special and fun moments through social media has become such an integral part of the entertainment experience,” Sahl added.

Overall, he was optimistic about how the gaming industry and its regulators are embracing innovation.

“While a cautious approach to introducing new products can slow down the pace at which they are offered, a careless approach could lead to serious consequences and damage our integrity,” Sahl said. “I do think, however, that in addition to having a willingness to try new products in gaming, we also need to give these games time to find their footing with players.”

Maryland

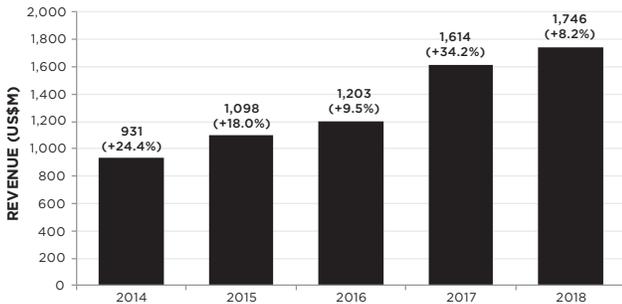
Number of Commercial Casinos	6
Casino Format	Land-Based Casinos; Racinos
Regulatory Authority	Maryland Lottery and Gaming Control Agency; Maryland Lottery and Gaming Control Commission
Gross Casino Gaming Revenue 2018	\$1.75B
Gaming Tax Revenue 2018	\$710.0M



In 2018, total statewide commercial casino gaming revenue was \$1.75 billion, up 8.2 percent. The sizeable increase in revenue was mostly driven by MGM National Harbor, which in just two years, has become one of the most profitable casinos in the country.

Maryland: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Maryland Lottery and Gaming Control Agency

MARKET OVERVIEW

Maryland offers commercial casino gaming at six properties, each of which operates electronic gaming devices and table games. The five land-based casinos and one racino are regulated by the Maryland Lottery and Gaming Control Agency (MLGCA), which relies on a seven-member advisory commission to determine the outcome of licensing investigations and oversee internal controls and law enforcement matters related to the facilities.

Commercial casino gaming was first approved in 2008 when Maryland voters passed a constitutional amendment allowing a total of five casinos limited to electronic gaming devices. The state's first casino—Hollywood Casino Perryville—opened in 2010.

The market expanded in 2012 when lawmakers and voters authorized table games at all casino properties as well as a license for a sixth commercial casino in Prince George's County, near Washington D.C. The sixth casino, MGM National Harbor, opened in December 2016.

In accordance with the 2012 expanded gaming law, Maryland's six commercial casinos can house no more than a combined 16,500 electronic gaming devices. There are also limits on the number of electronic gaming devices at individual casinos in different parts of the state.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$1.75 billion, up 8.2 percent compared to 2017.

Total revenue from electronic gaming devices was \$1.09 billion, up 9.3 percent versus 2017. Meanwhile, table game revenue was \$653.9 million, up 6.4 percent year-over-year.

The increase in statewide commercial gaming revenue, the fourth fastest rate in the country in 2018, reflected, in large part, the strong performance of MGM National Harbor in its second full year of operation. The property posted total gaming revenue of \$709.1 million in 2018, an increase of 16.6 percent, making it the third most profitable commercial casino in the U.S. outside of Nevada.

The Greater Baltimore-Washington D.C. commercial gaming market, anchored by MGM National Harbor, Live! Casino & Hotel, and Hollywood Casino in West Virginia, has risen to become the fourth largest in the country behind only the Las Vegas Strip, Atlantic City and Chicagoland. In just seven years, the market has grown from \$544 million in statewide gaming revenue to nearly \$1.8 billion.

Gaming Tax Distribution

Maryland's commercial casinos pay some of the highest tax rates on proceeds from electronic gaming devices—between 40 and 61 percent, depending on the specific casino—in the country.

Meanwhile, table games, which account for about 37 percent of total revenue in Maryland—

considerably higher than the national average—are taxed at 20 percent. In addition to taxes on revenue, casinos must pay an annual assessment of \$425 per electronic gaming device and \$500 per table game to help fund responsible gaming programs.

Overall in 2018, Maryland's commercial casinos generated total gaming tax revenue of \$710.0 million, up 7.9 percent from 2017.

Of that amount, almost \$500 million was distributed to Maryland's Education Trust Fund, which supports public education and construction of new schools, including public colleges, throughout the state. In addition, approximately \$88 million was distributed in the form of local impact grants and contributions to local jurisdictions.

The remaining tax revenue supported the state's horse racing industry, responsible gaming initiatives and the state's General Fund.

Competitive Landscape

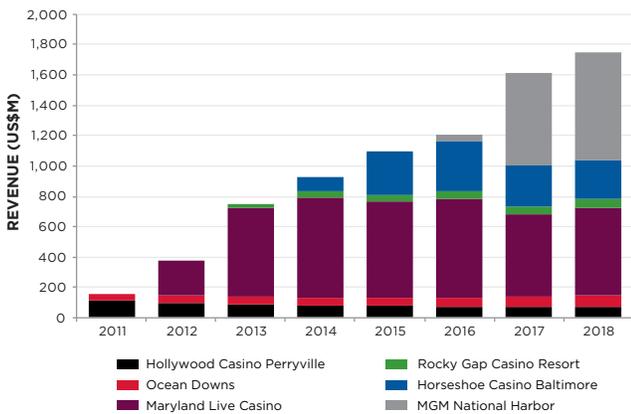
Maryland's six commercial casinos operate in an increasingly competitive Mid-Atlantic region that includes properties in Delaware, eastern Pennsylvania and New Jersey. The state's three largest casinos, MGM National Harbor, Live! Casino and Horseshoe Casino Baltimore, also compete with Hollywood Casino in Charles Town, West Virginia, for customers in the Baltimore-Washington D.C. metro area.

Meanwhile, expanded gaming is on the horizon in bordering Virginia. In 2018, Virginia lawmakers enacted legislation to allow the shuttered Colonial Downs racetrack, located just outside of Richmond, to operate historical racing devices on-site and at as many as ten affiliated off-track betting facilities in different parts of the state. Lawmakers also pitched several proposals to allow commercial casinos in Virginia, while the federally recognized Pamunkey Indian Tribe said it was looking to obtain land to develop a casino.

Maryland: Annual Gaming Revenue By Property (US\$M)

2011 to 2018

Gaming revenue was up at all of Maryland’s casinos, except for Baltimore’s Horseshoe Casino, in 2018. MGM National Harbor, in its second full year of operations, solidified its status as the most lucrative casino in the state, while Ocean Downs posted the largest year-over-year gain of 24 percent.



SOURCE: GCRS estimates, State Gaming Commissions

POLICY AND REGULATORY REVIEW

Sports Betting

Although no bill was enacted, sports betting legislation was fiercely debated in the Maryland General Assembly in 2018.

In the House of Delegates, a bill was passed, by a margin of 124-14, authorizing sports wagering at the state’s commercial casinos and horse racetracks subject to approval by voters in a statewide referendum.

Despite the wide margin by which the House bill passed, it was not taken up by the Senate prior to the Assembly adjourning in April, in part due to stakeholder disagreement as to whether racetracks should be eligible for sports betting licenses, in addition to casinos.

Taxation

Maryland voters approved, by a nearly 7-1 margin, a November ballot initiative that earmarks all state revenue from commercial casino taxes for Maryland’s Education Trust Fund. The initiative was placed on the ballot after Maryland legislators approved a measure—dubbed the “lockbox bill”—intended to stop lawmakers from using casino funds to help balance the state budget.

The Education Trust Fund was created in 2009, a year after voters approved the installation of electronic gaming devices at up to five casinos. At the time, lawmakers promised voters that the new revenue stream would go toward education, but without the legal requirement to do so, some gaming tax funds have been channeled into the state’s General Fund.

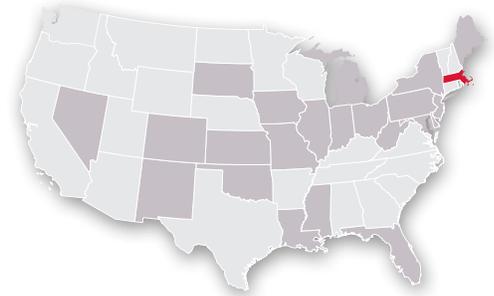
Regulatory Reform

In 2018, the Maryland Lottery and Gaming Control Agency held its annual open comment period allowing all casino gaming licensees to submit requests for regulatory changes. In May, the MLGCA agreed to accept 17 of 36 proposed amendments submitted by operators and suppliers.

Among other things, regulators agreed to shorten the minimum distance between ATM machines and table games from 10 feet to seven feet. They also raised the threshold for automatic processing of electronic gaming device jackpots from \$25,000 to \$50,000.

Massachusetts

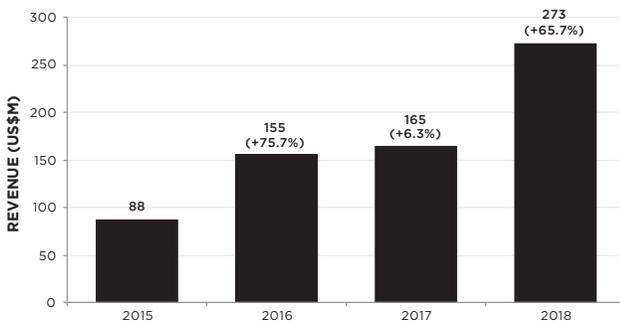
Number of Commercial Casinos	2
Casino Format	Land-Based Casinos; Racinos
Regulatory Authority	Massachusetts Gaming Commission
Gross Casino Gaming Revenue 2018	\$273.1M
Gaming Tax Revenue 2018	\$109.4M



In 2018, total statewide commercial casino gaming revenue was \$273.1 million, up 65.7 percent. The massive year-over-year increase was driven by MGM Springfield, which opened in late 2018.

Massachusetts: Annual Commercial Casino Gaming Revenue (US\$M)

2015 to 2018



SOURCE: Massachusetts Gaming Commission

MARKET OVERVIEW

Massachusetts offers commercial casino gaming at one casino-resort operating electronic gaming devices and table games and at one racino, which is restricted to electronic gaming devices.

In 2011, the legislature, after multiple failed attempts, passed a law authorizing commercial gaming at three casino-resorts in different regions of the state, plus an additional “Category 2” facility limited to electronic gaming devices. The law also established the Massachusetts Gaming Commission to issue licenses for the four properties and to regulate their operations.

The Category 2 license was awarded to Plainridge Park, a harness racing track in Plainville, which opened an adjoining casino in 2015. The first casino-resort license was awarded to MGM Resorts, which opened a two million-square-foot complex in Springfield in August 2018.

Wynn Resorts won the third license and chose Everett, just north of Boston, as the host city for a \$2.5 billion casino-resort. The casino, named Encore Boston Harbor, is scheduled to open in 2019.

The license for Massachusetts’ fourth and final casino was designated for the Mashpee Wampanoag Tribe, which has broken ground on a tribal casino in Taunton in the state’s southeastern

region. This project has stalled, however, due to legal challenges against the federal government’s decision to acquire land for the project.

Massachusetts’ commercial casino-resort operators are required to pay an upfront license fee of \$85 million and invest a minimum of \$500 million developing their facilities. Plainridge Park, which is limited to electronic gaming devices, was required to pay an initial license fee of \$25 million and invest \$125 million in new construction.

Market Performance

With the opening of MGM Springfield in August 2018, commercial casino gaming revenue in Massachusetts vaulted to \$273.1 million in 2018, a nearly 66 percent increase on the previous year.

Electronic gaming devices still accounted for the lion’s share of total statewide gaming revenue, generating \$239.3 million in 2018, a 45.2 percent increase over 2017. Meanwhile, table games, which made their debut in Massachusetts in August, produced \$33.7 million for MGM Springfield in their first five months in operation.

Gaming revenue is expected to continue its ascent in 2019 with a full year of operations at MGM Springfield and the scheduled opening of Encore Boston Harbor in June 2019.

Gaming Tax Distribution

When Massachusetts authorized commercial casino gaming in 2011, it established different tax rates for its Category 1 (casino-resort) and Category 2 (slots-parlor) licensees.

Plainridge Park, which holds a Category 2 license, is subject to a 49 percent tax on electronic gaming device revenue. MGM Springfield, and the forthcoming commercial casino-resorts in Massachusetts, are subject to a much lower rate of 25 percent of gaming revenue. In addition, all commercial casino facilities must pay a \$600 annual fee for each of their electronic gaming devices.

In 2018, Massachusetts’ two commercial

casinos generated total gaming tax revenue of \$109.4 million, up 35.6 percent from 2017. The lag in tax revenue as compared to gaming revenue reflected the lower tax rate paid by MGM Springfield, which in its first half-year, accounted for the vast majority of new revenue in Massachusetts in 2018.

More than 80 percent of tax revenue generated by Plainridge Park is distributed to Massachusetts’ Gaming Local Aid Fund, which was created under the 2011 gaming law to help support the budgetary needs of city and town governments across the state. The remaining tax revenue from Plainridge Park goes toward the state’s horse racing industry.

Tax revenue from casino-resorts is more broadly distributed. Beneficiaries include the Gaming Local Aid Fund, transportation and infrastructure projects, K-12 and higher education programs, a statewide economic development fund and the horse racing industry, among other state and local community needs.

Competitive Landscape

Plainridge Park and MGM Springfield will face in-state competition from the other two casino licensees in Massachusetts once they overcome legal and regulatory hurdles that have set back their opening dates. Additionally, the Aquinnah Wampanoag Tribe is moving closer to developing a tribal casino with electronic gaming devices on Martha’s Vineyard after rebuffing a court challenge in 2017.

To the south, Connecticut’s two tribal casinos and Rhode Island’s two commercial casinos compete with Massachusetts casino venues and have the advantage of customer databases that date back decades. In addition, both of Rhode Island’s casinos opened sportsbooks at the end of 2018. Rhode Island’s Twin River Casino, in particular, competes with Plainridge Park, located just 20 miles north, for customers from nearby Providence and Pawtucket.

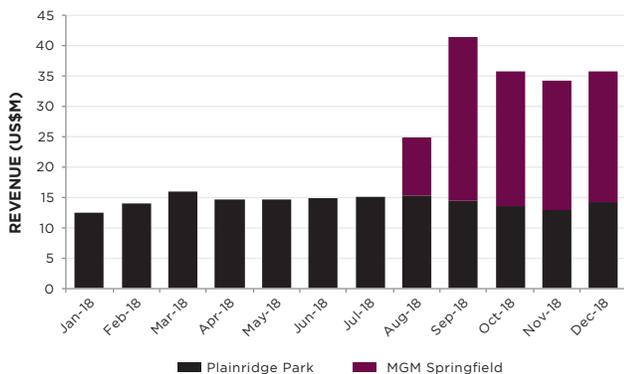
A specific competitive threat to MGM Springfield was diminished in September 2018 when a federal judge ruled against two Connecticut

tribes seeking to build a commercial casino that was approved by the Connecticut legislature in 2017. That casino has been proposed for East Windsor, near the Massachusetts border. The tribes and Connecticut officials have not given up, however, arguing in December that the next U.S. Department of Interior Secretary should approve compact changes that will allow the casino to open.

Massachusetts: Monthly Gaming Revenue By Property (US\$M)

2018

Revenue from electronic gaming devices at Plainridge Park remained relatively stable throughout 2018, generating between \$12 million and \$16 million each month. Meanwhile, MGM Springfield brought in more than \$100 million in its first five months of operation.



SOURCE: Massachusetts Gaming Commission

POLICY AND REGULATORY REVIEW

Responsible Gaming

In early 2018, Massachusetts gaming regulators declined to make a first-of-its-kind responsible gaming program a formal compliance requirement for the state’s commercial casinos when they agreed to allow operators to continue offering the PlayMyWay play management system on a voluntary basis.

After receiving feedback from casino licensees, the Massachusetts Gaming Commission agreed to allow each of the state’s two casinos to determine how they would roll out the play management tool at their properties. In 2018, PlayMyWay was expanded to MGM Springfield having been offered at Plainridge Park Casino for the previous two years.

The system, variants of which exist in certain international markets but nowhere else in the United States, allows enrolled patrons to set time and spending limits on their electronic gaming device play and receive notifications when they approach or surpass those limits.

Tribal Gaming

Plans for a tribal casino-resort in southeastern Massachusetts suffered a serious setback in 2018 when the federal government’s Department of Interior reversed an earlier determination and concluded that the Mashpee Wampanoag tribe was not eligible to receive land-in-trust to accommodate its \$1 billion project.

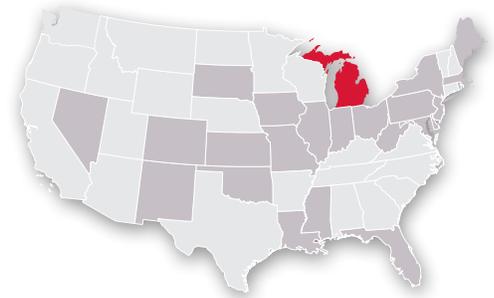
Aligning with rulings by federal courts, the Interior Department said the Mashpee tribe could not qualify for trust-land because it was not “under federal jurisdiction” at the time Congress passed a federal law related to tribal lands in the mid-1930s. The Mashpee gained formal recognition in 2007.

Although the reversal is being contested in federal courts, the ruling by the U.S. Interior Department raised the prospect of a commercial casino being built in the region of

southeastern Massachusetts that had been set aside for the Mashpee tribe under the state’s 2011 Expanded Gaming Act. In late 2018, the Massachusetts Gaming Commission began to consult on the future of so-called “Region C” and whether it should reassess matters in light of the ongoing Mashpee litigation.

Michigan

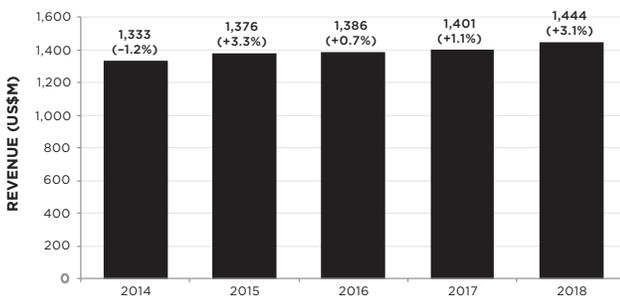
Number of Commercial Casinos	3
Casino Format	Land-Based Casinos
Regulatory Authority	Michigan Gaming Control Board
Gross Casino Gaming Revenue 2018	\$1.44B
Gaming Tax Revenue 2018	\$349.6M



In 2018, total statewide commercial casino gaming revenue was \$1.44 billion, up 3.1 percent. The revenue total, the highest ever recorded in Michigan, reflected the continued economic rebound in Detroit, where all three casinos are located.

Michigan: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Michigan Gaming Control Board

MARKET OVERVIEW

Michigan offers commercial casino gaming at three casinos, each of which operates electronic gaming devices and table games. The casinos are regulated by the Michigan Gaming Control Board, which is also responsible for issuing operator and supplier licenses.

Commercial casinos were first authorized in 1996, when Michigan voters approved an initiative permitting a maximum of three casinos in Detroit. A state law passed the following year established rules to further govern the three commercial casinos.

Each of the casino operators opened temporary gaming facilities in 1999 and 2000. Since then, all three Detroit facilities have expanded to house other resort amenities, including hotel and meeting space.

In 2004, a successful ballot initiative made gaming expansion in Michigan significantly more difficult. The constitutional amendment required that any new commercial gambling facility, or the addition of electronic gaming devices at existing venues, must first receive the approval of a majority of voters both statewide and in the locality where gaming will take place.

Despite the measure, racetrack operators in Michigan have tried multiple times to gain approval for installing electronic gaming devices at tracks. So far, however, all of these efforts have been unsuccessful.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$1.44 billion, up 3.1 percent compared to 2017. It was the market's fourth consecutive year of growth and the highest gaming revenue total ever recorded by Michigan's commercial casino industry, surpassing the previous record set in 2011.

The growth in the market reflected an improving economy, particularly in Detroit, which has been steadily rebounding since declaring bankruptcy in 2013. A labor strike at Caesars Windsor Hotel & Casino also benefited Detroit casinos as the Canadian casino, located on the opposite bank of the Detroit River, was forced to close for 60 days in April and May.

Electronic gaming devices, which traditionally account for a larger share of revenue in Michigan than in most other states, continued their dominance in 2018, posting total revenue of \$1.17 billion, up 2.6 percent year-over-year. Meanwhile, table game revenue rose to \$272 million, a 6.3 percent increase against 2017.

Growth was not spread evenly across each of Detroit's three commercial properties. The city's largest casino, MGM Grand Detroit, posted \$619.2 million in revenue, a 4.6 percent increase relative to the year prior. Meanwhile, the two smaller casinos, MotorCity and Greektown, posted slightly smaller gains of 2.3 and 1.7 percent respectively in 2018.

Gaming Tax Distribution

Michigan commercial casino gaming revenue is taxed at 19 percent, with 10.9 percent directed to the host city (Detroit) and 8.1 percent allocated for the state. In addition to revenue-based taxes, casinos are required to remit annual services fees to state and municipal governments. The annual municipal services fee must be at least \$4 million per casino.

In 2018, Michigan's three commercial casinos generated total gaming tax revenue of \$349.6 million, up 2.7 percent from 2017.

The City of Detroit uses the gaming taxes it receives to fund a variety of public needs, including law enforcement, public safety programs, economic development and job creation programs, anti-gang and youth development programs, tax relief and infrastructure improvements. Meanwhile, gaming tax revenue that the state receives is allocated to the Michigan School Aid Fund, which benefits K-12 public education.

Competitive Landscape

Due to the constitutional amendment passed in 2004, the number of commercial casinos in Michigan is not expected to change from the current total of three anytime in the near future.

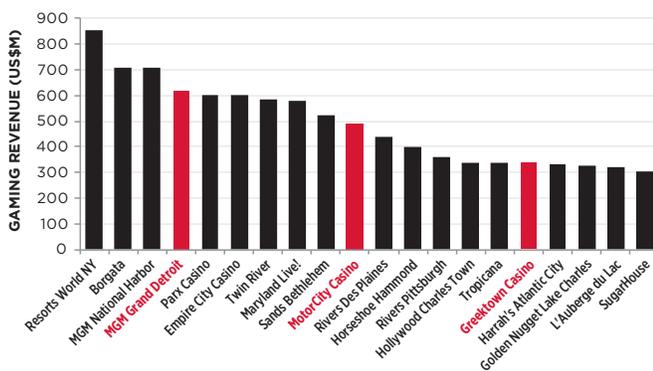
The three Detroit facilities do face competition from Michigan's 24 tribal casinos, although the closest property is more than 100 miles away. The much greater competitive challenge comes from the Caesars casino-resort in Windsor, Ontario located just minutes away from Detroit's casinos.

In addition, Hollywood Casino Toledo, located just 10 miles from the Ohio-Michigan border, draws some of its business from Michigan residents. Meanwhile, Michigan's Pokagon Band of Potawatomi Indians opened a new casino in January 2018 on land just across the state border in South Bend, Indiana.

Top 20 U.S. Commercial Casino Properties Outside Nevada, By Gaming Revenue (US\$M)

2018

MGM Grand Detroit recaptured its spot as the fourth highest revenue-generating commercial casino outside Nevada in 2018. All three Detroit casinos were in the top 20 nationwide.



SOURCE: GCRS estimates, State Gaming Commissions

Regulatory Reform

The internet gambling bill was just one of multiple pieces of gaming legislation that received approval by the legislature only to be vetoed by Gov. Snyder in the waning hours of the 2018 session.

The outgoing governor also vetoed a gambling reform measure that, among other things, would have streamlined the licensing process for gaming suppliers and increased the ownership percentage institutional investors may hold in gaming companies without being subject to licensing.

Snyder also vetoed bills to authorize and regulate fantasy sports contests, permit online betting on horse races and loosen regulations on charitable gaming. The five measures were essentially advanced in the legislature as a single package of gaming reforms, leaving Gov. Snyder to decide whether to sign all or none into law.

POLICY AND REGULATORY REVIEW

Internet Gaming

In 2018, Michigan was one stroke of a pen away from becoming the fifth state to authorize internet gaming.

A bill passed by the state House and Senate in late December would have permitted Michigan’s commercial and tribal casinos to apply for separate licenses to offer online casino games, poker and sports betting to players within Michigan’s borders.

However, Gov. Rick Snyder (R) vetoed the bill just days before leaving office at the end of the year. Snyder insisted the measure required further study due to the risk of lost tax revenue from Michigan’s internet lottery program.

IN FOCUS

Tribal Gaming



© Stan Tess / Alamy Stock Photo

Perhaps the biggest challenge facing tribal gaming is how to continue the phenomenal success of the last 30 years.

Revenue figures for 2018 will not be released until later this year, but tribal gaming operations produced \$32.4 billion in gaming revenue in 2017. It was the seventh consecutive year of increases and tribes are on a pace to surpass commercial casinos in annual gaming revenue before 2030.

The landmark moment for tribal gaming occurred three decades ago with the passage of the Indian Gaming Regulatory Act (IGRA) in 1988. Ironically, while IGRA was originally intended to restrict the growth of tribal casinos there are now more tribal than commercial casino properties across the country and more states with tribal gaming than commercial casino gaming.

In 2018, tribal gaming expanded to a 29th state after the Pokagon Tribe opened the first casino on sovereign tribal land in Indiana. Commercial casinos operate in 24 states.

Speaking at an event in Washington D.C. to commemorate the 30th anniversary of IGRA, Ernie Stevens, the Chairman of the National Indian Gaming Association (NIGA), described tribal gaming as “the most successful tool for economic development for many Indian tribes in over two centuries.”

“From our experience implementing it here at the NIGC, IGRA represents one of the most successful federal Indian laws to date,” added Jonodev Chaudhuri, Chairman of the National Indian Gaming Commission, the federal agency established under IGRA to oversee tribal gaming. “In the last 30 years, IGRA has brought Indian Country unprecedented economic development and growth.”

Recent developments, however, are raising questions about the future growth of tribal gaming and whether the sector can continue to grow at such a torrid pace.

An August 2018 ruling by the U.S. Court of Appeals for the Ninth Circuit in California underscored legal concerns over how tribal governments can participate in internet gaming

and online sports betting, given that IGRA’s scope is restricted to gaming activities that occur on tribal reservations.

Another major concern for tribes is the difficulty of obtaining new land.

During the Obama administration, the U.S. Department of the Interior placed more than 500,000 acres of land into trust for tribes. That led to the approval of several major tribal casino projects in California and Washington, among other states.

By contrast, under President Donald Trump, the process of taking land into trust for tribal gaming and other purposes has come to a grinding halt.

There may not be a better example of this tighter land policy than the Interior Department’s September 2018 reversal of an Obama administration decision to place 321 acres in trust for the Mashpee Wampanoag Tribe in Massachusetts.

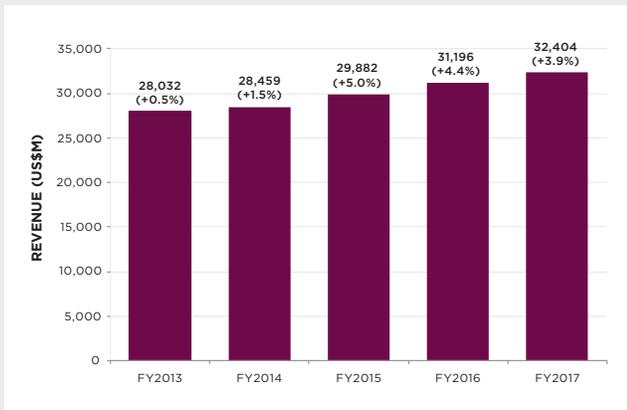
In the absence of trust land, IGRA allows for tribes to develop casinos on newly acquired land only under limited circumstances.

Those circumstances include when both federal and state governments agree an off-reservation casino would be in the tribe’s best interest and not detrimental to the surrounding community. The federal government can also take land into trust for gaming purposes in the case of newly-recognized tribes or those being restored to federal recognition, when the tribe in question does not already have an established reservation.

The process became more complicated in 2009, however, when the U.S. Supreme Court ruled that the Interior Department cannot take land into trust for tribes unless they were under the federal government’s jurisdiction before June 18, 1934 when Congress passed the Indian Reorganization Act. The Mashpee tribe was not formally recognized until 2007.

United States: Annual Tribal Casino Gaming Revenue (US\$M)

FY2013 to FY2017



SOURCE: National Indian Gaming Commission

“These lands are locked, and we cannot really tap into these lands because of so many bureaucratic processes,” said Patrice Kunesh, Director of the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis. “All of these (processes) take time, they take money and they discourage a lot of investors over time because time is money.”

While there certainly are challenges ahead, it would be a mistake to discount the prospects of tribal gaming.

Sovereign tribal nations continued to expand into the commercial gaming market in 2018, as tribes look to leverage the expertise they have developed in successfully operating tribal casinos under IGRA.

In June, the commercial gaming enterprise of the Seminole Tribe of Florida entered the Atlantic City market with the opening of the rebranded Hard Rock Hotel Casino located in the heart of the city’s boardwalk.

Tribes from Alabama, Oklahoma and Connecticut also moved forward with plans to operate commercial casinos in Pennsylvania, Arkansas and Ontario, Canada.

In addition, tribes joined commercial gaming enterprises in launching sportsbook operations in the wake of May’s historic U.S. Supreme Court ruling overturning the federal ban on sports betting.

The Mississippi Band of Choctaw Indians launched sports betting at its three tribal casinos in September, becoming the first tribe outside of Nevada to offer wagering on sporting events at a tribal casino. The Pueblo of Santa Ana followed suit one month later by opening a sportsbook at its Santa Ana Star Casino near Albuquerque, New Mexico.

Tribes in Mississippi and New Mexico are very much in the minority in that they did not need to amend the tribal-state gaming compacts that govern their casino operations or otherwise obtain additional state approvals in order to launch sports betting.

Compact negotiations and other legal issues are likely to complicate the rollout of sports wagering for tribes and for those states with prominent tribal gaming markets, according to Jason Giles, executive director of NIGA.

Still, Giles expressed optimism that tribes would eventually emerge as leaders in the sports betting marketplace.

He pointed to the example of now-ubiquitous ticket-in ticket-out (TITO) technologies for electronic gaming devices, which were pioneered by tribal casinos before later being adopted by the commercial gaming industry.

“I’m thinking there’s something we can do in Indian Country (for sports betting) that will take us down the same path,” Giles said.

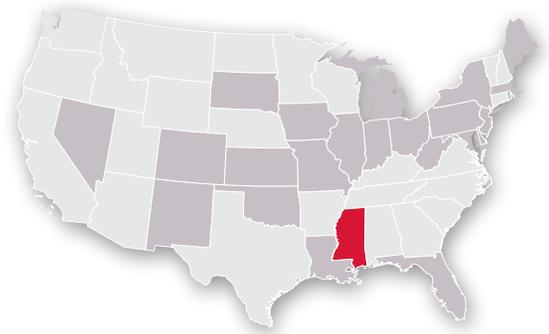
After a recent trip to Oklahoma, the new President and CEO of the American Gaming Association, Bill Miller, is bullish about tribal gaming’s future.

Tribal gaming, Miller noted, has joined oil and agriculture as an economic engine of Oklahoma.

The cyclical nature of oil and agriculture make Oklahoma a “boom or bust state,” Miller said, but tribal gaming “smooths out the economy” over the long run.

Mississippi

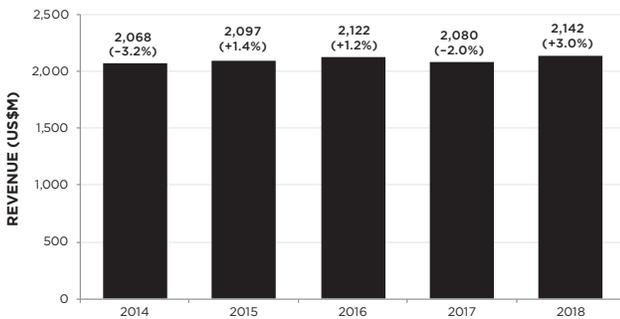
Number of Commercial Casinos	28
Casino Format	Land-Based Casinos; Riverboat Casinos
Notable Forms of Gaming	Sports Betting
Regulatory Authority	Mississippi Gaming Commission
Gross Casino Gaming Revenue 2018	\$2.14B
Casino Tax Revenue 2018	\$257.6M



In 2018, total statewide commercial casino gaming revenue was \$2.14 billion, up 3.0 percent, as growth at Mississippi’s Gulf Coast casinos offset declines in the Mississippi River gaming market.

Mississippi: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Mississippi Gaming Commission

MARKET OVERVIEW

Mississippi offers commercial casino gaming at 28 land-based and riverboat casinos located along the Mississippi River and the Gulf Coast. The casinos are regulated by the Mississippi Gaming Commission.

The Mississippi legislature first authorized casino gaming in 1990, strictly limiting it to facilities docked on waterways. After Hurricane Katrina in 2005, the legislature passed a new law authorizing commercial casinos on the state’s Gulf Coast to rebuild on dry land so long as those casinos remained within 800 feet of the water.

Mississippi’s first commercial casino, Isle of Capri Biloxi, opened in 1992 and its most recent, Scarlet Pearl Casino, opened in 2015.

While there is no statutory limit on the number of commercial casinos that can be established in Mississippi, casino projects must meet certain minimum criteria in order to receive a license. Under regulations enacted in 2013, any new casino must offer at least 300 hotel rooms, a minimum 40,000 square-foot gaming floor, a fine-dining restaurant and a further “amenity” unique to the Mississippi market that will encourage tourism.

Amid a sustained decline in gaming revenue at casinos along the Mississippi River, Caesars

Entertainment announced in November that it would be closing Tunica Roadhouse Casino by the end of January 2019.

Mississippi became the fourth state to offer single-game sports betting on August 1, 2018, exactly 26 years from the day the state's first commercial casino opened on the Gulf Coast. By the end of the year, 23 of 28 commercial casinos had opened sportsbooks.

Market Performance

In 2018, Mississippi's commercial casinos generated total gaming revenue of \$2.14 billion, up 3.0 percent relative to 2017.

Consistent with recent years, overall market growth was driven by the dozen commercial casinos situated on Mississippi's Gulf Coast. Those casinos reported combined revenue from electronic gaming devices and table games of \$1.24 billion in 2018, an increase of 3.4 percent compared to 2017. In contrast, riverboat casinos on the Mississippi River reported a slight decline in revenue.

Revenue from the newly authorized sports betting market in Mississippi also helped boost commercial casinos in 2018, adding a total of \$15.2 million in revenue across 23 properties in five months of operation.

Gaming Tax Distribution

Mississippi imposes a graduated tax based on monthly gaming revenue. Casinos pay a 4 percent tax on gross gaming revenue that falls below \$50,000 per month; 6 percent on revenue between \$50,000 and \$134,000 per month; and 8 percent on gaming revenue exceeding \$134,000.

In addition, each of the local Mississippi municipalities that host commercial casinos charge an additional annual license fee at an average rate of 3-4 percent of gaming revenue. Revenue from sports wagering is taxed at the same state and local rates as revenue from traditional casino games.

In 2018, Mississippi commercial casinos contributed a total of \$257.6 million in gaming taxes, up 2.2 percent from 2017. That included \$1.8 million in tax revenue from sportsbooks, which were in operation from August through December.

Roughly half of all gaming tax revenue in Mississippi is distributed to the state's General Fund, which is then appropriated to support various state budgetary needs, including education programs, transportation, local public safety programs and social welfare initiatives.

A further \$3 million is allocated each month for Mississippi's Special Bond Sinking Fund, which is used to pay for improvements to state roads and bridges.

Competitive Landscape

Mississippi's commercial casinos compete in a crowded statewide gaming market that also includes three tribal casinos owned by the Mississippi Band of Choctaw Indians. Unlike the 28 commercial properties along the Gulf Coast and the Mississippi River, the three tribal casinos are located in the center of the state. They do, however, compete with four casinos in Vicksburg for customers from Jackson—the state's largest city.

Commercial casino operators also face significant competition from properties in neighboring states. Along the southern border, Gulf Coast casinos draw some of their business from Louisiana residents and could be impacted in future years by a 2018 law allowing Louisiana riverboat casinos to move their facilities onshore and expand their gaming floors.

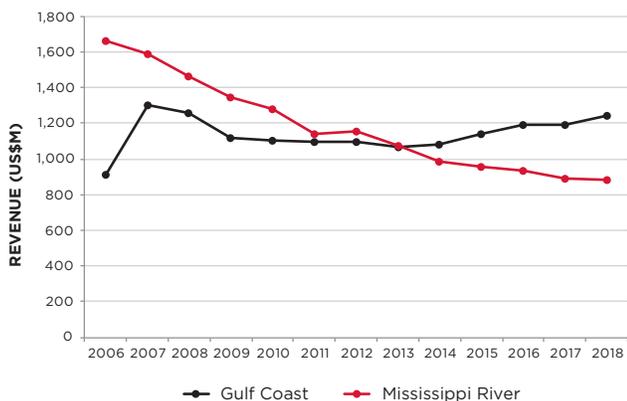
A more immediate threat to Mississippi casinos, specifically those in the Tunica/Lula area, is the expansion of gaming in Arkansas. In November 2018, Arkansas voters approved a statewide referendum authorizing four casinos, including one in nearby West Memphis. This follows the addition of electronic gaming devices at two Arkansas racetracks over the last five years, which had already reduced the number of customers from Arkansas and Tennessee at Tunica/Lula casinos.

As the only state in the South with sports betting, Mississippi casinos are poised to draw new customers from nearby states. The regional advantage may not last long, however, as Arkansas voters approved sports betting in November via the same ballot measure that authorized the state's first commercial casinos.

Mississippi: Annual Gaming Revenue By Region (US\$M)

2006 to 2018

Mississippi's tale of two gaming markets continued in 2018 with the state's Gulf Coast casinos posting higher revenue for the fifth consecutive year while revenue at riverboats moored on the Mississippi River declined again, as it has every year but one since 2006.



SOURCE: Mississippi Gaming Commission

POLICY AND REGULATORY REVIEW

Sports Betting

Having passed a fantasy sports bill in 2017 that also authorized wagering “on the outcome of any athletic event,” Mississippi was primed to move quickly following the Supreme Court ruling that struck down the federal ban on sports betting.

In June 2018, the Mississippi Gaming Commission (MGC) unanimously approved final regulations governing sports betting at the state's 28

commercial casinos. Just over a month later, on August 1, two casinos located in Biloxi and Tunica opened sportsbooks to the public. Since then, two dozen other sportsbooks have launched in the state, including three at tribal casinos owned by the Mississippi Band of Choctaw Indians—the first tribe to offer sports betting outside of Nevada.

The regulations allow any casino license holder to apply for permission from the MGC to offer sports betting. Notably, Mississippi does not require casinos to pay an initial licensing fee or any renewal fees in order to accept sports wagers.

Mississippi did not include online sports wagering in its authorizing law. However, regulations do allow for patrons to place bets via their mobile devices when they are physically located on-property at a casino.

State Lottery

Mississippi became the 45th U.S. state to establish a state lottery after Gov. Phil Bryant (R) signed legislation into law in August 2018.

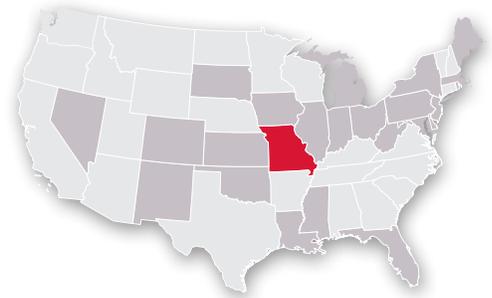
The lottery bill overcame vocal opposition from religious groups in the state, but importantly, avoided confrontation with the Mississippi casino industry, which remained neutral on the measure after bill sponsors included language to ensure that lottery-operated electronic gaming devices (or VLTs) could not be deployed at retail outlets.

The bill established the Mississippi Lottery Corporation, to be run by a five-member board of directors appointed by the Governor and confirmed by the Senate. The board will be responsible for filling leadership positions at the new agency and approving contracts and multistate lottery agreements, among other oversight responsibilities.

Once the lottery is up and running, likely sometime in mid-to-late 2019, it is estimated that it will raise approximately \$80 million to \$100 million annually in tax revenue.

Missouri

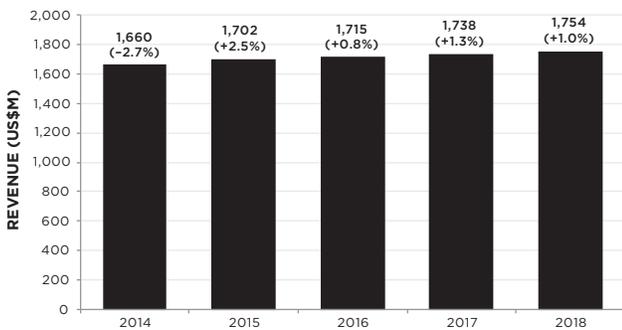
Number of Commercial Casinos	13
Casino Format	Riverboat Casinos
Regulatory Authority	Missouri Gaming Commission
Gross Casino Gaming Revenue 2018	\$1.75B
Gaming Tax Revenue 2018	\$446.5M



In 2018, total statewide commercial casino gaming revenue was \$1.75 billion, up 1.0 percent, as continued declines in admissions to riverboats in the Show Me State were offset by higher per-patron spending.

Missouri: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Missouri Gaming Commission

MARKET OVERVIEW

Missouri offers commercial casino gaming at 13 riverboat casinos, each of which operates electronic gaming devices and table games. The casinos are regulated by the Missouri Gaming Commission.

In 1992, Missouri voters approved a constitutional amendment to allow “gambling excursion boats” on the Missouri and Mississippi Rivers, subject to approval from voters in casinos’ host communities. The state’s first commercial casino, the President Riverboat Casino, opened the following year.

In 1998, voters approved a referendum allowing riverboat casinos to “float” on artificial moats rather than an actual river. As a result, several riverboats are today virtually indistinguishable from land-based casinos. The most recent casino, Isle Casino Cape Girardeau, opened in 2012.

In accordance with a 2008 state constitutional amendment, no additional commercial casinos can be added to the Missouri market without the approval of voters via a statewide constitutional referendum.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$1.75 billion, up 1.0 percent compared to 2017. It was the market's fourth consecutive year of growth, marking a turnaround from 2012–2014 during which statewide revenue contracted each year by an average of 2.8 percent.

Statewide table game revenue reached \$252.9 million in 2018, up 1.9 percent from the previous year. Meanwhile, revenue from electronic gaming devices increased by less than 1 percent to \$1.50 billion.

Continuing a trend of declining visitation to Missouri casinos, admissions in 2018 dropped to 39.8 million, 1.1 million fewer guests than 2017. Overall, Missouri riverboat admissions have declined by 23 percent since 2012 when the state, with one less property, welcomed 51.6 million guests. However, as admissions have decreased, average revenue per patron has climbed to \$44.13, which has more than offset the decline in visitation.

Gaming Tax Distribution

Missouri commercial casino gaming revenue is taxed at 21 percent. Additionally, there is a \$2 admission fee for every two hours that each patron is on board a riverboat.

In 2018, Missouri's commercial casinos generated total gaming tax revenue of \$446.5 million, including admissions fees, up 0.2 percent from 2017.

The majority of gaming tax revenue, approximately \$330 million in 2018, is reserved for Missouri's Gaming Proceeds for Education Fund. The fund was created by the Missouri legislature in 1993 and distributes funding annually to statewide education programs.

Also in 2018, approximately \$80 million in admissions fees were paid to special state funds and local governments that host Missouri's casinos. Some of the beneficiaries of those funds last year included a Missouri veterans program, the state's National Guard and a pair of financial assistance funds for college-bound students. Admission fees have also provided nearly \$5 million since 2001 to Missouri's Compulsive Gamblers Fund.

Competitive Landscape

With the final commercial casino license awarded in 2011, the state's competitive landscape for gaming is expected to remain stable for the foreseeable future.

Regionally, however, Missouri casinos contend with a robust and growing gaming market. Casinos in the greater Kansas City and St. Louis area face direct competition from rival properties in Kansas City, Kansas and in East St. Louis, Illinois, respectively. Along the short Missouri-Oklahoma border, four casinos operated by Oklahoma tribes attract customers from across the state line.

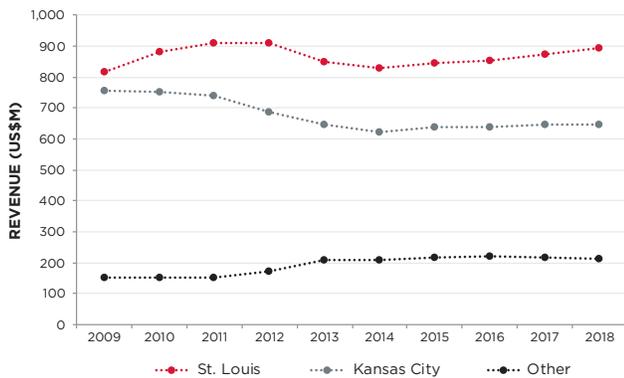
To the north, Iowa boasts more than 20 casinos, including two within 50 miles of the Missouri border. Meanwhile, to the south, Arkansas poses an emerging threat after voters there approved a statewide referendum in November 2018 authorizing the development of four commercial casinos and sports betting.

In recent years, Missouri casinos in the eastern part of the state have also faced increased competition from the rapid growth of electronic gaming devices (VGTs) at non-commercial casino locations, such as bars and truck stops, in Illinois.

Missouri: Annual Gaming Revenue By Area (US\$M)

2009 to 2018

Despite growing competition from gaming venues in Illinois, the St. Louis casino market grew by 2.2 percent in 2018. Meanwhile, revenue was flat at riverboat casinos in the Kansas City area and slightly down at casinos in other parts of the state.



SOURCE: Missouri Gaming Commission

POLICY AND REGULATORY REVIEW

Expansion

In February, a Missouri Senate committee with jurisdiction over veterans' affairs advanced a bill authorizing the Missouri Lottery Commission to operate electronic gaming devices at bars, truck-stops and veterans organizations.

Various aspects of the legislation were modeled on the VGT market of Illinois, Missouri's eastern neighbor and home to the United States' largest distributed gaming market.

In addition to lottery-operated electronic gaming devices, legislators included a provision that would have authorized the Missouri Gaming Commission to regulate sports betting in the event the federal prohibition was lifted. The bill, however, was never called up for a vote on the Senate floor before the legislature adjourned in May.

Regulatory Reform

During 2018, the Missouri Gaming Commission continued a process to remove or revise aspects of its regulations considered to be unnecessary, duplicative or obsolete.

The commission moved to revoke or amend dozens of regulations during the course of the year, in line with mandates from the state legislature and Gov. Eric Greitens (R) for state agencies to identify and eliminate any rules considered to be uncompetitive.

Among the changes adopted by the commission in 2018 was removing a requirement for commercial casinos to obtain a formal legal affidavit certifying the compliance of their promotional activities with state and federal regulations.

Nevada

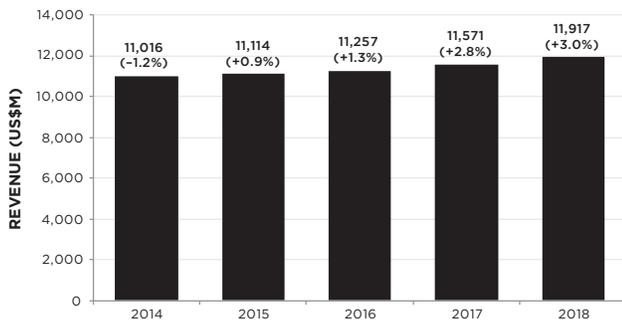
Number of Commercial Casinos	217
Casino Format	Land-Based Casinos
Notable Forms of Gaming	Internet Poker; Sports Betting
Regulatory Authority	Nevada Gaming Control Board; Nevada Gaming Commission
Gross Casino Gaming Revenue 2018	\$11.92B
Casino Tax Revenue 2018	\$850.6M



In 2018, total statewide commercial casino gaming revenue was \$11.92 billion, up 3.0 percent. With strong growth both on and off the Las Vegas Strip, the Silver State continued its dominance as the U.S. gaming leader despite losing its monopoly on sports betting.

Nevada: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Nevada Gaming Control Board

MARKET OVERVIEW

America's oldest commercial casino market by nearly 50 years, Nevada continues to be a premier international gaming destination, welcoming millions of visitors to its casino-resorts each year. Despite the proliferation of commercial casinos across 24 states since the early 1990s, Nevada still dwarfs all other gaming markets, home to nearly half of all commercial casinos in the U.S. and about 30 percent of nationwide commercial gaming revenue.

Following the Supreme Court ruling in May 2018 that reversed the federal prohibition on sports betting, Nevada lost its standing as the only U.S. state permitted under federal law to offer single-game wagering on professional and amateur sporting events. By the end of the year, eight states, including Nevada, had operational sportsbooks within one or more of their commercial or tribal casinos.

In 2011, Nevada became the first state to adopt regulations for legal internet gaming. Limited to online poker games, internet gaming sites commenced operations in 2013.

The state's commercial casinos are regulated by the Nevada Gaming Control Board (NGCB) and Nevada Gaming Commission (NGC). All casinos are required to obtain a "non-restricted" gaming license, issued by the NGC, in order to operate in the state. Retail establishments with gaming as an incidental part of their business, such as bars and convenience stores, generally require a "restricted" gaming license and can operate no more than 15 electronic gaming devices.

There is no cap on the number of restricted or non-restricted licenses available in Nevada or on the number of electronic gaming devices or table games that may be offered at each casino in the state. However, under state law, only holders of non-restricted gaming licenses are eligible to obtain licenses to operate sports betting or internet poker games.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$11.92 billion, up 3.0 percent compared to 2017. It was Nevada's fourth consecutive year of growth and the state's highest revenue total since 2007.

Total revenue from electronic gaming devices was \$7.71 billion, up 3.8 percent relative to 2017, while revenue from table games, sports betting and other games was \$4.20 billion, up 1.6 percent. Among table games, baccarat, historically the most volatile game due to its popularity with international high-roller players, generated the most revenue in 2018 (\$1.21 billion), up 4.7 percent against 2017, while revenue from blackjack fell by 5.0 percent—the steepest decline of any table game.

Notably, Nevada sportsbooks brought in a record revenue haul of approximately \$301.0 million in 2018, up 21 percent from 2017, despite Nevada losing its monopoly last year as the only state with legal, single-game sports wagering. The seven other states that offered sports betting in 2018 combined for \$129.6 million in revenue.

As in previous years, the Las Vegas Strip continued to account for over half of all gaming

revenue in Nevada. In 2018, total gaming revenue at commercial casinos on the Las Vegas Strip was \$6.59 billion, up 2.0 percent from 2017. Excluding the Strip, total statewide casino gaming revenue was \$5.33 billion, up 4.3 percent.

Gaming Tax Distribution

Nevada commercial casinos are subject to a state tax of 6.75 percent on all gross gaming revenue exceeding \$134,000 per month, with lower rates applying to revenue below that threshold.

Casino operators are also subject to a tax on live entertainment offerings hosted within their resorts. Quarterly and annual fees are also assessed according to the number of electronic gaming devices and table games installed on their floors.

Meanwhile, host counties and municipalities may impose additional fees.

In 2018, Nevada collected a total of \$850.6 million in state gaming and live entertainment tax revenue from commercial casinos, a decrease from \$867.2 million in 2017. Reported tax revenue does not align with 2018's increase in underlying gaming revenue due to the timing of state tax collections, which are generally assessed against the revenue reported by operators during the prior month.

Nevada commercial casinos generated state gaming tax revenue of \$750.2 million from levies and fees assessed against their gaming revenue or game offerings. A further \$100.5 million was collected from casino-resorts by state gaming regulators in the form of taxes on live entertainment.

In accordance with state law, the majority of tax revenue from gaming is directed to Nevada's General Fund and redistributed on a biennial basis at the direction of the legislature for purposes that include statewide education programs, transportation services and general budgetary needs. Additional monies are funneled to local school systems and county governments.

Competitive Landscape

As one of the world’s foremost destinations for entertainment and business conventions, Las Vegas faces a somewhat different competitive environment than most other U.S. gaming markets.

While Las Vegas’ commercial casinos compete for drive-in patrons to some extent with southern California tribal casinos, the city also competes with various national and international locations for discretionary tourist and business traveler dollars.

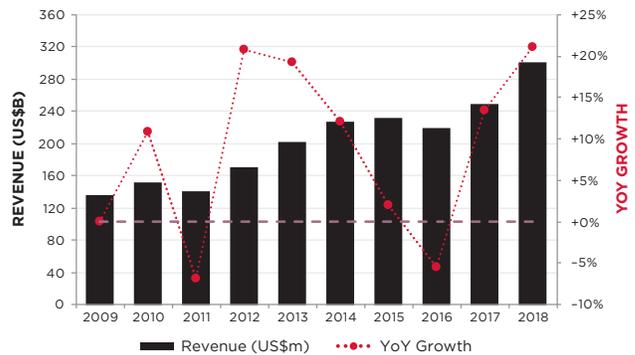
Although a range of major non-gaming entertainment amenities are being developed by Las Vegas casino-resorts, the competitive environment at least in terms of gaming supply is expected to remain largely stable until 2020 when the first of two major casino-resorts on the north end of the Strip—the \$4 billion Asian-themed Resorts World Las Vegas—is scheduled to be completed. The other major north Strip property, the long-stalled Fontainebleau project, is slated to open as The Drew Las Vegas in the early 2020s.

Outside of Las Vegas, commercial casinos in Reno and other parts of northern Nevada have historically been impacted by competition from the dozens of tribal casinos in northern California. That market is set to continue growing with three additional tribal gaming resorts in the Sacramento area currently under construction or in the planning phase.

Nevada: Annual Sports Betting Revenue & Year-Over-Year Growth (US\$m)

2009 to 2018

Nevada sportsbooks set a new record for sports betting revenue by generating approximately \$300 million in 2018, the same year the state lost its nationwide monopoly on single-game sports wagering.



SOURCE: Nevada Gaming Control Board

POLICY AND REGULATORY REVIEW

Corporate Social Responsibility

Nevada gaming regulators responded to heightened scrutiny of sexual harassment in the global entertainment and business worlds by crafting specific rules requiring all licensed gaming companies to implement comprehensive plans to prevent and address harassment in their workplaces.

Such plans should meet a set of minimum standards established by the NGCB and must include formal written policies related to the reporting and investigation of any claims of harassment.

Nevada gaming businesses would be required under the regulations to confirm, on an annual basis, their compliance with the state’s standards.

In addition, the regulatory amendments clarify that any licensees failing to comply with state, federal or local laws on sexual harassment risk disciplinary action, including possible revocation of their gaming license.

After receiving support from various industry stakeholders as well as outgoing Gov. Brian Sandoval (R), the proposed regulations were approved unanimously by the NGCB in November and forwarded to the NGC for final adoption, expected in 2019.

Sports Betting

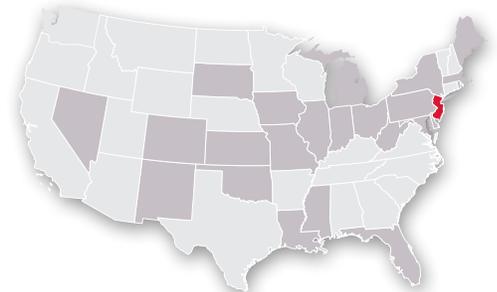
Following the Supreme Court's ruling on PASPA, Nevada took steps to prepare for the new era in the sports betting industry by updating various regulations applied to the state's established sportsbook operations.

A series of regulatory amendments approved by the NGCB near the close of 2018 would grant regulators broader authority to permit or prohibit wagering events based on the integrity frameworks of sports governing bodies. Among other things, the rules would also allow Nevada sportsbooks to accept interstate wagers in the event that federal law is changed to allow it.

The regulatory changes were crafted after the NGCB requested input from the industry on how Nevada can remain a leader on sports wagering in light of the Supreme Court ruling. The revisions are subject to final approval by the NGC before coming into effect.

New Jersey

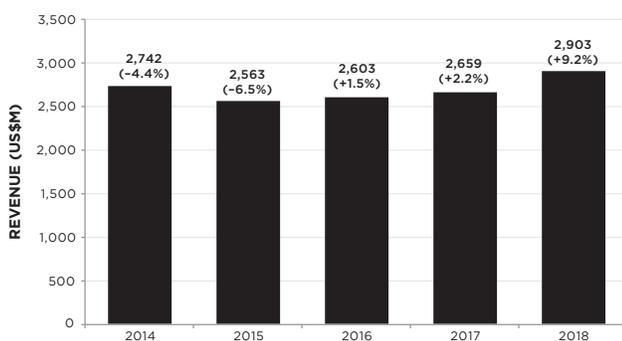
Number of Commercial Casinos	9
Casino Format	Land-Based Casinos
Notable Forms of Gaming	Internet Gaming; Sports Betting
Regulatory Authority	New Jersey Division of Gaming Enforcement; New Jersey Casino Control Commission
Gross Casino Gaming Revenue 2018	\$2.90B
Gaming Tax Revenue 2018	\$276.5M



In 2018, total statewide commercial casino gaming revenue was \$2.90 billion, up 9.2 percent. The strong growth, buoyed by the reopening of two Atlantic City casinos, helped the Garden State solidify its status as the nation’s third largest commercial gaming state.

New Jersey: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: New Jersey Division of Gaming Enforcement

MARKET OVERVIEW

In New Jersey, there are currently nine commercial casinos operating in Atlantic City. The casinos, which each operate electronic gaming devices and table games, are regulated by the New Jersey Division of Gaming Enforcement and the New Jersey Casino Control Commission.

New Jersey voters first approved casino gaming in 1976 via a constitutional amendment that restricted casinos to Atlantic City. The state’s first commercial casino opened in 1978. The New Jersey Constitution does not limit the number of casinos that can operate in Atlantic City, although state regulations do require casinos to meet certain minimum criteria regarding hotel-room offerings in order to qualify for a gaming license.

Atlantic City’s gaming market has contracted in recent years partially as a result of competition from new casinos across the Northeast and Mid-Atlantic regions. However, after the closing of five casinos between 2014 and 2016, Atlantic City welcomed the reopening of two of the shuttered casino properties in 2018.

Some of the optimism surrounding the resurgence of New Jersey's gaming market is due to the state's successful challenge of the federal prohibition on sports betting, which was overturned by the Supreme Court in May. Just weeks later, New Jersey became the third state in the nation, after Nevada and Delaware, to offer single-game wagering on sporting events. By the close of the year, sportsbooks were open at seven Atlantic City casinos and two racetracks.

In addition to brick and mortar commercial casinos in Atlantic City, New Jersey is one of four states to offer legal internet gaming, which was approved in 2013. Atlantic City casinos deployed internet gaming platforms the same year, allowing players who are verified to be inside state lines to wager on poker and other casino games online.

At the close of 2018, a total of 18 internet casinos and eight online sportsbooks were operational.

Market Performance

Total statewide gaming revenue reached \$2.90 billion in 2018, representing the highest revenue total since 2012 and an increase of 9.2 percent from the prior year.

Total statewide revenue from electronic gaming devices was \$1.80 billion, up 4.7 percent relative to 2017; table game revenue was \$709.9 million, up 2.3 percent. Meanwhile, online wagering continued to grow in popularity among New Jersey residents and visitors, with revenue reaching \$298.7 million in its sixth year of operation, an increase of 21.6 percent over 2017.

The much-anticipated launch of sports betting in New Jersey in June created a new revenue stream for the state's casinos and racetracks. In just over six months, sportsbook operators collected \$94.2 million in revenue on \$1.25 billion in handle. Notably, more than 60 percent of wagering handle was registered online, rather than in physical sportsbooks located in New Jersey casinos or racetracks.

Despite the growth in total gaming revenue for the year, the reopening of the former Trump Taj Mahal and Revel properties did appear to dampen revenue at other Atlantic City casinos confronted by the extra competition. Overall, only one of the seven other casinos reported an increase in revenue in 2018. The rebranded Hard Rock and Ocean Resort casinos reported gaming revenue of \$332.2 million and \$90.0 million, respectively, after reopening in late June.

Gaming Tax Distribution

New Jersey commercial gaming revenue is taxed at varying rates depending on the type of gaming offered and whether games are played at land-based facilities or via online platforms.

Land-based commercial casino gaming revenue is taxed at an effective rate of 9.25 percent. That rate comprises an 8 percent state gaming tax and a 1.25 percent obligation for investment in economic development projects in Atlantic City and throughout New Jersey.

Internet casino gaming revenue, meanwhile, is taxed at an effective rate of 17.5 percent, comprising a 15 percent state gaming tax and a 2.5 percent community investment obligation.

Revenue from land-based sports betting was taxed at an effective rate of 8.5 percent, while online sports betting wagering was taxed at 13 percent until December, when those rates increased to 9.75 and 14.25 percent, respectively.

In 2018, New Jersey commercial casinos and racetracks generated \$276.5 million in total tax revenue from gaming operations, up 11.5 percent from 2017.

Of that total, approximately \$231.9 million was deposited into the New Jersey Casino Revenue Fund, where monies are appropriated each fiscal year for the exclusive benefit of New Jersey's senior citizens and disabled residents. Specific beneficiaries of the revenue fund in 2018 included home assistance programs as well as home-meal and transportation services for seniors.

On top of the casino revenue fund amounts, approximately \$39.5 million was also distributed by operators into a separate fund that supports economic development and community projects in Atlantic City. Additional recipients of gaming tax revenue in 2018 included New Jersey’s General Fund and local municipal and county governments that host racetracks with sportsbook operations.

Competitive Landscape

Bucking a long-term decline stretching back more than a decade, New Jersey’s gaming market grew markedly in 2018 with the addition of sports betting, both in-person and online, and the reopening of two large casino-resorts.

The Trump Taj Mahal, which closed in 2016, reopened on June 28 after a \$300 million property investment by the Seminole Tribe of Florida and rebranded the Hard Rock Hotel & Casino. That same day, the former Revel casino, which was closed in 2014 and later acquired by a Colorado developer, reopened as Ocean Resort Casino.

Further signaling a comeback for the city, Harrah’s Atlantic City announced plans in November for a \$56 million renovation of one of its hotel towers.

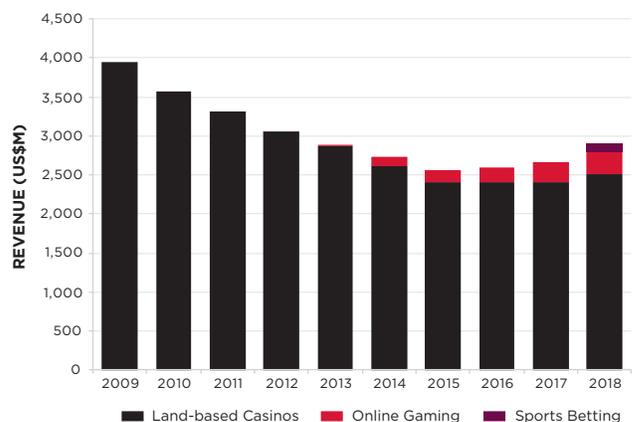
Continued expansion in the Northeast region, however, threatens to dampen Atlantic City’s recovery. In February, the \$1.2 billion Resorts World Catskills in New York opened just 30 miles from the New Jersey border. Meanwhile, in neighboring Pennsylvania, a fifth Philadelphia-area commercial casino is expected to open in 2020.

Pennsylvania lawmakers also voted in 2017 to authorize up to 10 satellite or mini-casinos, electronic gaming devices at non-casino locations and sports wagering both at casinos and online.

New Jersey: Annual Gaming Revenue Breakdown (US\$M)

2009 to 2018

In 2018, internet gaming continued to grow in popularity and sports betting provided a new stream of revenue for casino operators in New Jersey. Land-based commercial casinos, however, still accounted for more than 86 percent of all gaming revenue generated in the state.



SOURCE: Gambling Compliance

POLICY & REGULATORY REVIEW

Sports Betting

New Jersey wasted little time capitalizing on its successful challenge of the federal ban on single-game sports wagering.

Within four weeks of the Supreme Court's May ruling, the state legislature passed a bill to allow New Jersey's commercial casinos and racetracks to apply for licenses to offer both land-based and online sports betting. More detailed implementing regulations were then brought into effect by the state's Division of Gaming Enforcement, one day after Gov. Phil Murphy (D) signed the bill into law.

With these regulations, New Jersey became the first U.S. state to institute an online sports wagering market where players can establish betting accounts remotely without having to first register in-person at a casino or other gaming venue, as is required in Nevada. State law allows each New Jersey casino and racetrack to deploy a maximum of three "skins"—branded websites or mobile apps—under their sports betting licenses.

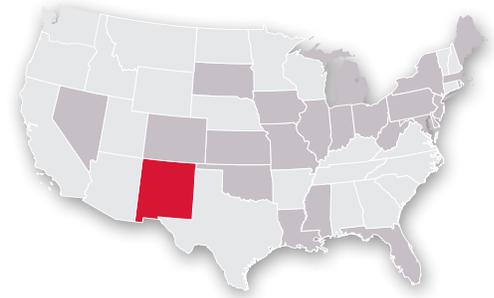
Internet Gaming

In April, New Jersey officially joined a joint collaboration between Nevada and Delaware on internet gaming when the three states began pooling online poker players via a single, interstate network.

The offering of joint poker games to players from all three states is designed to enable a wider range of poker tournaments offering a range of prize pools with higher jackpots. Nevada and Delaware first started pooling online poker players in 2015 and New Jersey signed on to the Multi-State Internet Gaming Agreement in 2017.

New Mexico

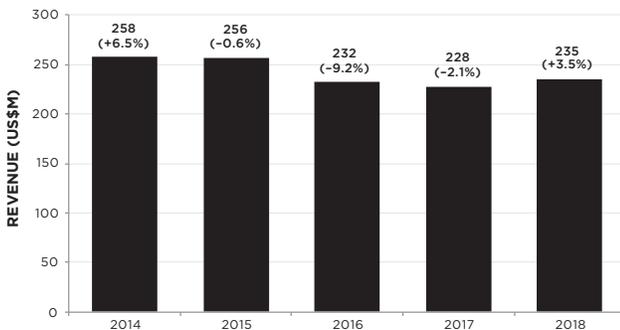
Number of Commercial Casinos	5
Casino Format	Racinos
Regulatory Authority	New Mexico Gaming Control Board
Gross Casino Gaming Revenue 2018	\$235.4M
Casino Tax Revenue 2018	\$108.9M



In 2018, total statewide commercial casino gaming revenue was \$235.4 million, up 3.5 percent. It marked the first year of growth for New Mexico commercial gaming since 2014.

New Mexico: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: New Mexico Gaming Control Board

MARKET OVERVIEW

New Mexico offers commercial casino gaming at five racinos. Electronic gaming devices at the properties are regulated by the New Mexico Gaming Control Board.

Commercial casino gaming at racetracks was first authorized in 1997 when the New Mexico legislature passed the Gaming Control Act. The state's four existing racetracks added electronic gaming devices to their properties in 1999. The state's fifth racino, Zia Park, opened in 2005 and multiple applications for a sixth racino were under evaluation as of the end of 2018.

Although there is no statutory limit on the number of racinos that may operate in New Mexico, under the state's existing compacts with its federally-recognized tribes, only six racinos are allowed in New Mexico. Additionally, New Mexico law authorizes only racetracks that host a minimum number of live races to operate electronic gaming devices.

Generally, racinos may operate a maximum of 600 electronic gaming devices. However, racinos are authorized to execute "allocation agreements," whereby one track may allocate up to 150 of its authorized number of electronic gaming devices to another racino. Table games are not permitted at any commercial gaming properties.

Notably, New Mexico is the only state that maintains restrictions on the operating hours at all of its commercial casino properties. Electronic gaming devices at racetracks may only be operated on days when live or simulcast horse races are being held, up to 18 hours per day, and may not exceed a total of 112 operating hours in a one-week period.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$235.4 million, up 3.5 percent compared to 2017.

It was New Mexico's first year of growth following three consecutive years of declining revenue. The increase reflected a market that seems to have stabilized following several years of intense competition from tribal casinos across the state. The gaming market was also boosted by some of the largest job and wage gains, per capita, in the country last year.

Gaming Tax Distribution

New Mexico commercial casino gaming revenue is taxed at an effective rate of 46.25 percent.

In 2018, New Mexico commercial casinos generated total state gaming tax revenue of \$108.9 million, an increase of 3.5 percent from 2017. Of that amount, roughly \$61.2 million was distributed to the state's General Fund. Monies in the fund are allocated each year for state budgetary expenditures by the New Mexico Department of Revenue, subject to approval by the state legislature.

Elsewhere, approximately \$47.1 million in racino gaming revenue was distributed to New Mexico's horse racing industry for the purpose of supplementing race purses. Approximately \$589,000 was allocated to the funding of problem gambling services.

Competitive Landscape

New Mexico commercial casinos face considerable competition from the state's 27 tribal casinos. Unlike the state's racinos, tribal casinos are permitted to offer table games. In addition, one New Mexico tribe opened a sportsbook at its casino in October.

Additional competition also looms in the form of a sixth racino license, which was put up for bidding by the New Mexico Racing Commission in 2018. At the end of the year, a decision on the license was on hold, pending the resolution of a legal challenge.

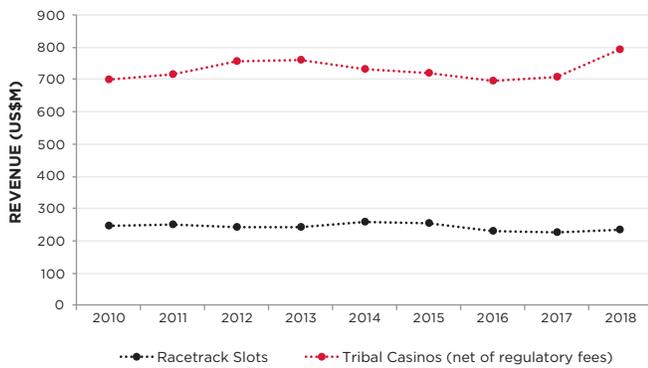
Regionally, the competitive landscape for New Mexico's racinos is expected to remain stable unless lawmakers in neighboring Texas and Arizona open their states to commercial casino gaming.

New Mexico racinos face limited competition from licensed non-profit organizations, such as veteran and fraternal groups, which are authorized to operate a maximum of 15 electronic gaming devices with restricted payouts.

New Mexico: Annual Gaming Revenue By Property Type (US\$M)

2010 to 2018

While New Mexico’s five commercial racinos rebounded in 2018 from three straight years of revenue declines, they are outnumbered by tribal casinos by more than five-to-one and account for less than one-quarter of all casino gaming revenue in the state.



SOURCE: New Mexico Gaming Control Board

POLICY AND REGULATORY REVIEW

Sports Betting

In October, New Mexico became the sixth state to offer legal sports wagering at one of its casinos—even though state lawmakers did not actually approve any legislation to authorize the activity.

Citing language in New Mexico’s tribal-state gaming compact, the Pueblo of Santa Ana opened a sportsbook at the Santa Ana Star Casino near Albuquerque. The compact expressly allows tribes to offer “any or all forms of Class III gaming,” as defined by the 1988 federal law that governs tribal gaming. The term “Class III gaming” encompasses sports betting in addition to casino-style games, according to federal regulations.

Separately, the New Mexico Lottery prepared to launch a limited form of sports wagering. Lottery commissioners adopted rules in October authorizing the creation of a sports lottery game in which players can wager on the outcome of at least three sporting events. Lottery attorneys claimed that existing laws granted the lottery authority to offer the parlay wagers without any legislative change. The game is expected to go on sale sometime in 2019.

Expansion

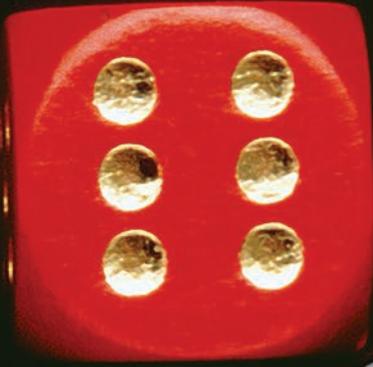
In 2018, the New Mexico Racing Commission opened up a bidding process for the state’s sixth and final racino license. The racing board received a total of five applications but refrained from awarding the license before the end of the year pending resolution of a legal challenge filed by one of the applicants.

The Racing Commission’s consideration of a sixth license also faced objections from the operators of the state’s five existing racinos, who argued an additional racino would cause them economic harm and create instability in New Mexico’s racing industry.

If a license is awarded by the commission, the winning bidder would be eligible to apply for a separate license from the gaming board to install up to 750 electronic gaming devices at its facility.

IN FOCUS

Responsible Gaming



As new forms of gaming are legalized in the U.S., the industry and its regulators are taking a more proactive role in researching gaming’s societal impact and developing effective best practices to promote responsible gaming.

In 2018, a group of industry associations, academic institutions and advocacy groups rolled out a first-of-its-kind initiative which aims to guide commitments in the complex field of responsible gaming.

The goal of the Responsible Gaming Collaborative, which includes participation by the American Gaming Association alongside Yale and Harvard medical schools and industry associations representing tribal gaming, thoroughbred racing, gaming equipment manufacturers and state lotteries, is to identify which responsible gaming measures are effective, and to align state policies and industry best practices with initiatives that are proven to work.

To that end, the Collaborative will conduct a comprehensive review of current gaming policies, identifying programs that succeed and those that fail to meet their objectives.

Researchers will also determine whether government resources are being properly targeted toward effective programs and prevention, as well as work with state regulators and other stakeholders to understand the best approaches to tackling problem gaming.

The gaming industry is estimated to spend \$300 million annually on responsible gaming measures. Yet the spending of many resources, including industry contributions to state governments across the country, remains inconsistent and no programs currently exist to ensure accountability.

Russell Sanna, Executive Director of the National Center for Responsible Gaming, noted that problem gambling in general remains an under-researched field, especially with the growth of legalized sports betting and other new forms of gaming on the horizon.

“A problem gambler is going to have problems whether it’s sports betting or lotteries,” Sanna said. “Where you need to peel back the onion is with adolescents, college students, the military and minority groups...who need access to treatment.”

In the U.S., only 15 percent of the estimated 2.5 million people categorized as problem gamblers seek treatment—a percentage that Sanna described as a major concern.

At the same time, policymakers have tended to focus on ensuring that the small number of patrons who do develop problems can stop gambling and obtain treatment, rather than exploring what can be done to prevent addiction and encourage all consumers to gamble responsibly in the first place.

Beyond the new Collaborative, Massachusetts has also taken a pioneering approach to responsible gaming research.

Part of the extensive research agenda mandated by the state’s 2011 gaming law was a multi-year cohort study to review the social, economic and clinical impacts of new casinos as they were introduced in Massachusetts over a period of several years.

Researchers say the comprehensive Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) research is unprecedented, potentially allowing the industry and academics to learn more than ever before about how gaming expansion affects society.

“They are spending millions on research to understand these issues,” Sanna said.

Early findings of the SEIGMA research published in 2018 suggest Massachusetts’ first commercial casino has not had a negative impact.

“Other than the very clear revenue, employment, and spending of (Plainridge Park Casino), there is little evidence of marked social or economic changes to date in Massachusetts that can be attributed to gambling.”

Social and Economic Impacts of Expanded Gambling in Massachusetts, September 2018

According to study findings presented to the Massachusetts Gaming Commission in September, several factors that would typically suggest increased problem gambling issues did not show any increases in the first few years after the 2015 opening of Plainridge Park Casino in Plainville, either at the state or local level.

Those factors include problem gambling treatment reported by the state’s Department of Public Health, personal bankruptcy filings, or social impacts that include divorces, restraining orders or child welfare involvement.

In addition, the SEIGMA study showed no increase in attendance at Gamblers Anonymous meetings near Plainridge Park in Southeastern Massachusetts.

Researchers note that the findings are preliminary and future SEIGMA research will include assessing the impacts of the much larger casino-resorts opening in Western Massachusetts and Greater Boston, as well as follow-up studies on the Plainridge Park effects.

Other responsible gaming initiatives pioneered in Massachusetts include the PlayMyWay play management system that incorporates technology into electronic gaming devices to enable players to set their own limits on the amount of money or time they want to spend playing, and then receive notifications as they approach or surpass those limits.

In 2018, the Massachusetts Gaming Commission agreed that PlayMyWay should continue to be offered on a voluntary basis by casino operators, without a formal set of regulations dictating exactly how the program should be implemented.

Elsewhere, Massachusetts casinos are also required to offer on-site advisors and information regarding responsible gaming through the GameSense program.

On a national level, a poll conducted in late 2018 of more than 2,000 casino visitors found a high level of awareness among casino patrons of responsible gaming resources.

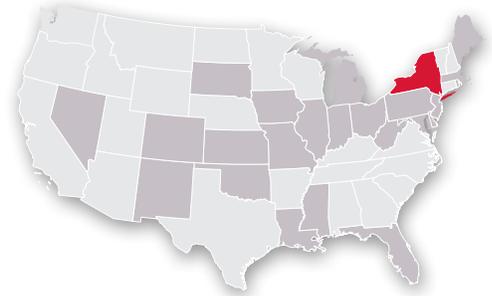
The research, commissioned by AGA, found that eight-in-ten casual casino visitors and nine in ten avid casino patrons are aware of responsible gaming resources.

Nine-in-ten patrons set a budget prior to visiting a casino and 90 percent of those consumers report success in tracking their spending, the AGA poll found.

As a medical issue, problem gambling is not going away, said Sanna of the National Center for Responsible Gaming. “It’s about giving people the information they need to understand the risk.”

New York

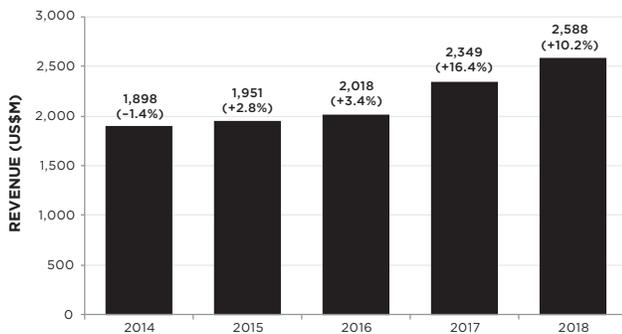
Number of Commercial Casinos	13
Casino Format	Land-Based Casinos; Racinos
Regulatory Authority	New York State Gaming Commission
Gross Casino Gaming Revenue 2018	\$2.59B
Casino Tax Revenue 2018	\$1.10B



In 2018, total statewide commercial casino gaming revenue was \$2.59 billion, up 10.2 percent. The revenue increase reflected the February opening of the fourth, and most expansive, casino-resort in upstate New York.

New York: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: New York Lottery

MARKET OVERVIEW

With the opening of Resorts World Catskills in February, New York expanded its burgeoning commercial gaming market and is now home to eight racinos with electronic gaming devices, four casino-resorts offering electronic gaming devices and table games and one large scale land-based property offering video lottery terminals.

Commercial casino gaming was first authorized by a 2001 law that allowed for the operation of electronic gaming devices at racetracks under the authority of the New York Lottery. In 2013, the New York Lottery and the New York State Racing Commission were merged into the New York State Gaming Commission, which now regulates all gaming facilities in the state.

Also in 2013, lawmakers passed the Upstate New York Gaming Economic Development Act, authorizing a maximum of four commercial casino-resorts in different regions of upstate New York. The first of these commercial casinos, Tioga Downs Casino & Resort, commenced operations in December 2016, while the newest of them, Resorts World Catskills, opened in February 2018.

The 2013 measure prohibited any commercial casino-resort from operating in designated tribal gaming exclusivity zones or in certain specified areas, including New York City, until at least seven years after the first commercial casino-resort license was awarded. New York’s Constitution allows for seven commercial casinos in total.

Notably, land-based casinos paid initial license fees ranging from \$20 million to \$50 million and must continue paying an annual fee of \$500 for each gaming device and table game they offer.

Racinos are not required to pay annual fees. Instead, licensing and regulatory costs are paid out of revenue generated from their electronic gaming devices. There is no cap on the number of gaming devices that can be placed at a single racino.

Market Performance

In 2018, total statewide gaming revenue was \$2.59 billion, up 10.2 percent compared to 2017, as the Empire State surpassed Louisiana as the fourth largest commercial gaming state after Nevada, Pennsylvania and New Jersey.

The sharp increase largely reflected the opening of the state’s fourth commercial casino-resort, Resorts World Catskills, in February. The Catskills casino reported total gaming revenue of \$140.6 million in its first 11 months of operation.

Revenue from electronic gaming devices at New York’s 13 commercial casinos and racinos totaled \$2.43 billion in 2018, an increase of 7.6 percent over 2017. Meanwhile, the addition of a fourth commercial casino venue with table games helped statewide table game revenue surge to \$159.2 million from \$92.3 million in 2017.

In spite of the expansion of commercial casino gaming in upstate New York, gaming venues located within the Greater New York City market continued to account for the lion’s share of total statewide gaming revenue in 2018.

Resorts World New York in Queens and Empire City Casino at Yonkers Raceway reported combined gaming revenue of \$1.45 billion, or roughly 56 percent of the total statewide commercial gaming market last year. The two properties’ share of the market is decreasing, however, as they accounted for 67 percent of the overall market in 2017 and 72 percent the year prior.

Gaming Tax Distribution

New York Effective Gaming Tax Rates

SECTOR	EFFECTIVE GAMING TAX RATE
Racino EGDs	~65%
Casino EGDs	37-45%
Casino Table Games	10%

New York commercial casinos and racinos are taxed at different rates based on the location of the property and the type of gaming the property offers.

Racinos, after paying out prizes and deducting marketing and administrative expenses, return approximately 65 percent of their revenue to the state.

Revenue from electronic gaming devices in New York’s four commercial casino-resorts is taxed between 37 percent and 45 percent, depending on the region in which the casino is located.

Table game revenue generated by commercial casino-resorts is taxed at 10 percent, regardless of the property’s location.

In 2018, New York’s commercial casino industry generated \$1.10 billion in total gaming tax revenue, up 7.7 percent compared to 2017. Racinos contributed approximately \$940.7 million of that amount, all of which was distributed to the state’s Education Fund. Monies in the Education Fund

are used to provide aid for local school districts across New York and are disbursed annually at the direction of the state legislature and Comptroller’s Office.

Education is also one of the primary beneficiaries of tax revenue from casino-resorts. Overall, \$127.2 million in tax revenue generated by commercial casino-resorts was used to fund statewide education programs and provide property tax relief to New York citizens. The remaining \$34.4 million was shared by local municipal and county governments that either host or are located near commercial casino-resorts.

Competitive Landscape

In February, New York’s 13th commercial casino, the \$1.2 billion Resorts World Catskills, opened its doors in Sullivan County, roughly 100 miles north of New York City.

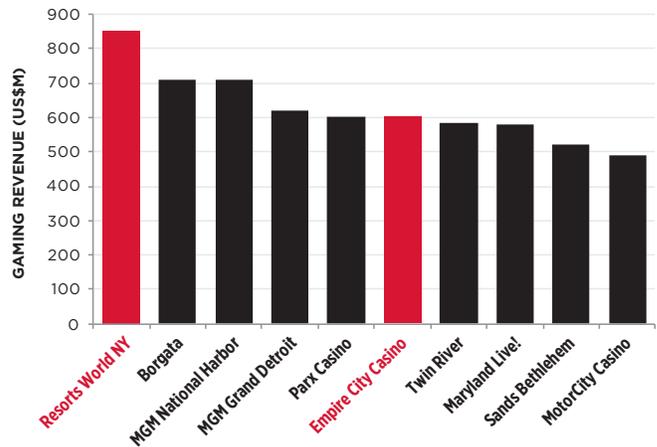
New York’s tribal gaming market also expanded in 2018 with the opening of Point Place Casino near Syracuse—the Oneida Indian Nation’s third full-scale, tribal casino in the state.

Elsewhere, New York’s commercial casinos face competition from out-of-state casinos in Connecticut, Pennsylvania and New Jersey, which historically have drawn customers from the New York City market in particular. With legal sports wagering in the latter two of those states, sports fans from the New York area are expected to cross state lines in even greater numbers in 2019 to bet on their favorite teams.

Top 10 U.S. Commercial Casino Properties Outside Nevada, By Gaming Revenue (US\$M)

2018

New York boasted two of the top ten grossing commercial casinos outside of Nevada in 2018. With \$852 million in total revenue, Resorts World New York held onto the top spot, while Empire City Casino fell two spots to sixth after posting a slightly lower revenue total than the prior year.



*Chart excludes casinos in Nevada and Mississippi due to lack of data

SOURCE: GCRS estimates, State Gaming Commissions

POLICY AND REGULATORY REVIEW

Sports Betting

Although New York passed legislation in 2013 to authorize sports betting at the four commercial casino-resorts in upstate New York, contingent upon a change in federal law, lawmakers were asked to consider additional legislation in 2018 that would allow the four casinos to also deploy online sports betting platforms and authorize electronic betting terminals at the state's nine racinos.

An expanded sports betting bill was passed by a state Senate committee but neither that measure, nor an identical bill in the New York Assembly, advanced any further before the legislature adjourned in late June 2018. The two bills were also notable for mandating that sports leagues receive a small percentage of the amounts bet on their games as a "royalty." Betting operators would also have been required to use leagues' official data for any in-play wagers offered.

In the absence of new legislation to authorize online sports wagering, the New York Gaming Commission said it was drafting regulations to implement sports betting limited to physical sportsbooks at casino-resorts in accordance with the state's 2013 casino law. However, officials said several issues, including official league data, required further study and no draft regulations were promulgated before the end of the year.

Taxation

In 2018, at least two of New York's four commercial casino-resorts lobbied for some form of tax relief as they struggled to meet initial revenue projections in a competitive gaming market.

Representatives of Del Lago Resort and Casino in Seneca County said the commercial casino needed support to overcome an increased investment in promotions by the Seneca Nation since the tribe ceased making revenue-sharing payments to the state in 2017 over a compact dispute. Meanwhile, the owners of Rivers Casino & Resort in Schenectady reportedly sought permission to reinvest a small portion of taxable gaming revenue in marketing its property—similar to an allowance afforded to New York's racinos.

Despite the efforts, the New York legislature did not include any tax relief for casino-resorts in the 2018 state budget. Lawmakers did, however, agree to extend for a further year an allowance for racinos to invest a portion of their gaming revenue in capital improvements.

Ohio

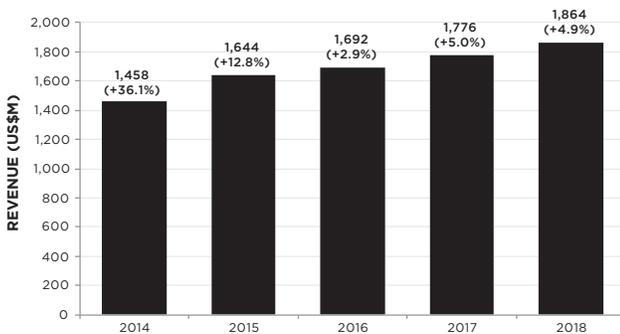
Number of Commercial Casinos	11
Casino Format	Land-Based Casinos; Racinos
Regulatory Authority	Ohio Casino Control Commission, Ohio Lottery Commission
Gross Casino Gaming Revenue 2018	\$1.86B
Gaming Tax Revenue 2018	\$622.6M



In 2018, total statewide commercial casino gaming revenue was \$1.86 billion, up almost 5 percent. The figure, a record total for Ohio, reflected the continued strong performance of the state's racinos.

Ohio: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Ohio Casino Control Commission, Ohio Lottery

MARKET OVERVIEW

Ohio offers commercial casino gaming at four casino-resorts, each of which operates electronic gaming devices and table games, and at seven racinos, which only offer electronic gaming devices. The land-based casinos are regulated by the Ohio Casino Control Commission while the racinos are regulated by the Ohio Lottery Commission.

In 2009, Ohio voters approved a ballot initiative authorizing commercial casinos in Cincinnati, Cleveland, Columbus and Toledo. Ohio's first casino, Hollywood Casino Toledo, opened in 2012, and the three other casinos were operational by March 2013.

Ohio's first racino also opened in 2012, roughly nine months after then-Gov. John Kasich (R) signed an executive order approving electronic gaming devices (specifically video lottery terminals, or VLTs) at racetracks. Ohio's seventh racino opened in September 2014. There is no limit on the number of racetrack permits available in the state.

Each land-based casino can offer any form of gaming that is also authorized in either Indiana, Michigan, Pennsylvania or West Virginia, with a maximum of 5,000 electronic gaming devices

per property. Land-based casino operators were required to pay a \$50 million initial license fee and invest a minimum of \$250 million developing their properties.

Racinos were also subject to a \$50 million initial license fee and required to spend a minimum of \$80 million improving their facilities within five years of adding electronic gaming devices. Each racino may operate up to 2,500 electronic gaming devices.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$1.86 billion, up 4.9 percent against 2017. The revenue total was a record haul for Ohio's commercial gaming industry, which has grown every year since its inception in 2012.

Revenue from electronic gaming devices was \$1.60 billion, up 6.0 percent, while table game revenue was \$268.0 million, down 1.2 percent.

Ohio's seven suburban racinos continued to drive the majority of gaming revenue growth in the state, posting total gaming revenue of \$1.03 billion in 2018, up 7.2 percent. The state's four land-based casinos saw more modest growth with total reported gaming revenue of \$837.5 million, an increase of 2.3 percent against 2017.

Overall, revenue was up at 10 of Ohio's 11 commercial gaming properties, with the largest reported gain at JACK Thistledown Racino, which collected \$127 million from electronic gaming devices, a 10.4 percent increase over 2017.

Gaming Tax Distribution

Ohio levies a 33 percent tax on casinos' gross gaming revenue, while racinos pay a slightly higher 33.5 percent effective tax rate on their revenue from electronic gaming devices.

In 2018, casinos and racinos generated total gaming tax revenue of \$622.6 million, up 4.8 percent from 2017. Casinos accounted for approximately \$275 million of the total, while

electronic gaming devices at racinos generated about \$347 million.

Roughly half of casino tax revenue is distributed to Ohio's 88 county governments to support local budgetary needs, including law enforcement, infrastructure improvements and other public services. Another 34 percent is earmarked for the Ohio Student Fund, which distributes dollars to all school districts, while 5 percent is returned to the host cities where casinos are located. The remaining funds are used to treat problem gambling and cover the costs of the agencies that regulate gaming in Ohio.

Under Ohio law, all racino gaming tax revenue must be used for the purpose of funding state education programs. Accordingly, racino tax revenue flows into the Lottery Profits Education Fund, which supports primary and secondary schools in Ohio.

Competitive Landscape

While Ohio is one of the most recent entrants to the commercial casino market, its 11 casinos and strong market performance have seen the Buckeye State quickly establish itself as a fiercely competitive gaming jurisdiction.

In addition to in-state competition from pari-mutuel wagering, including off-track betting and advance deposit wagering on horse races, certain Ohio casinos also compete for patrons with gaming venues located in neighboring states.

For instance, three West Virginia racinos located along or near the Ohio River draw customers from Youngstown, Canton and other Ohio towns located near the state line.

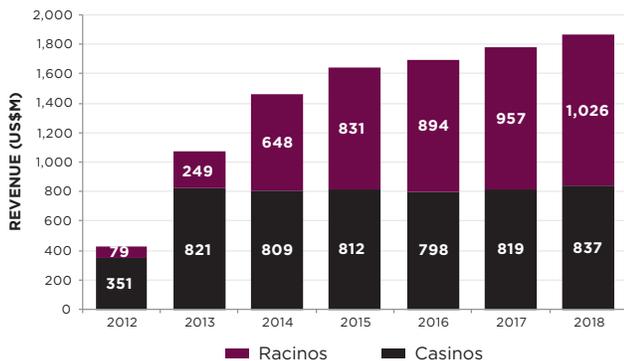
Casinos in the Cincinnati area compete with riverboat casinos stationed on the Indiana side of the Ohio River. The Cincinnati market's casinos would also be vulnerable to any approval of gaming in Kentucky, where lawmakers have repeatedly considered bills to authorize commercial gaming, although none have been enacted.

Meanwhile, in Pennsylvania, a wide-ranging gaming expansion bill passed in 2017 paved the way for the addition of up to 10 satellite casinos, internet gaming, sports wagering and electronic gaming devices at truck stops—all of which stand to exert competitive pressure on Ohio’s gaming industry.

Ohio: Annual Gaming Revenue By Property Type (US\$M)

2012 to 2018

Casinos and racinos both reported higher revenue totals in 2018, leading to a record statewide total. The breakdown of revenue retained by each segment remained about the same, with racinos accounting for approximately 55 percent of total statewide gaming revenue.



SOURCE: Ohio Casino Control Commission, Ohio Lottery

POLICY AND REGULATORY REVIEW

Illegal Gaming

In an effort to crack down on businesses offering illegal gaming devices, the Ohio Casino Control Commission (OCCC) adopted final rules in 2018 to regulate skill-based amusement machines.

The move follows passage of a 2015 state law that granted the OCCC regulatory authority over skill-based amusement gaming. The agency spent most of 2017 developing rules and license fees for the games.

The new rules, which went into effect in April, cover areas such as licensing, compliance and enforcement in the skill game industry. Mirroring casino regulations, operators and vendors of machines are required to be licensed and key employees are subject to background checks and licensure.

Regulators argue that the new rules will make it easier for law enforcement to determine whether a business is operating legally and crack down on electronic gaming devices operating unlawfully in Ohio.

Regulatory Reform

The Ohio Casino Control Commission also adopted a number of regulatory reforms in 2018.

A series of changes to shipping regulations for electronic gaming devices was submitted to the state’s “Common Sense Initiative” (CSI) office, which was created in 2011 to ease the regulatory burden on businesses in the Buckeye State.

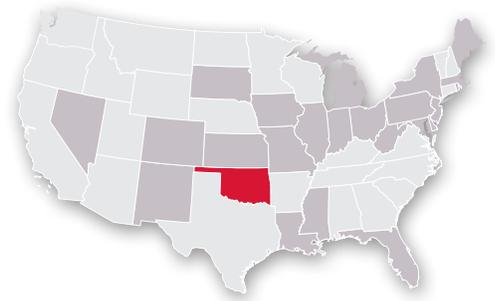
The revisions proposed to eliminate the requirement that all electronic gaming devices be transported to Ohio casinos in an inoperable state and reduce the advance notice period required for the shipping of gaming equipment. The amendments also mean an OCCC agent will no longer need to be present when electronic gaming devices are delivered to a casino.

Another OCCC resolution delegated authority to the agency’s Executive Director to approve minor changes to casinos’ internal controls as long as the changes have already been approved for another casino in the state.

Previously, any changes to minimum internal control standards required formal review by the full seven-member commission followed by votes on dozens of often immaterial changes.

Oklahoma

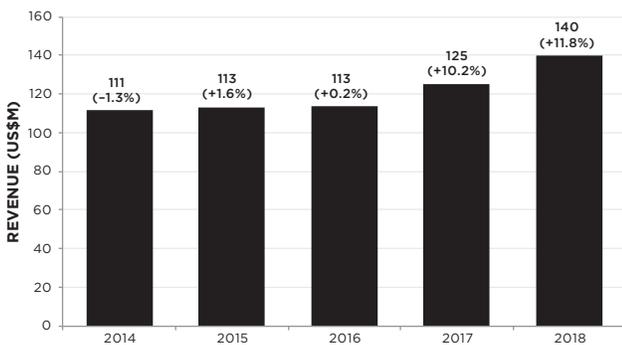
Number of Commercial casinos	2
Casino Format	Racinos
Regulatory Authority	Oklahoma Horse Racing Commission
Gross Casino Gaming Revenue 2018	\$139.6M
Gaming Tax Revenue 2018	\$63.1M



In 2018, total statewide commercial casino gaming revenue was \$139.6 million, up 11.8 percent. Dwarfed by tribal casinos, Oklahoma’s two racinos had their best year yet in 2018, partially due to a 2017 policy change allowing the facilities to remain open 24 hours a day.

Oklahoma: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Oklahoma State Auditor and Inspector

MARKET OVERVIEW

Oklahoma’s gaming market, while dominated by tribal casinos, includes commercial casino gaming at two racetrack casinos, which are regulated by the Oklahoma Horse Racing Commission. The racinos may only operate electronic gaming devices (EGDs), with a maximum of 750 EGDs permitted at Remington Park in Oklahoma City and 250 machines at Cherokee Casino Will Rogers Downs in Claremore.

The racinos were first authorized in 2004, when Oklahoma voters ratified the State-Tribal Gaming Act, which also established a regulatory framework for tribal gaming in the state. Three Oklahoma racetracks subsequently added gaming devices in 2005, but one, Blue Ribbon Downs, closed in 2009.

To convert from a racetrack to a racino, a racetrack operator must first be licensed to conduct live racing and accept pari-mutuel wagers. Then, racetracks may apply to the Racing Commission for a gaming license, which is subject to an annual \$50,000 fee.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$139.6 million, up 11.8 percent from 2017. The total represented a new record for Oklahoma's two commercial casinos, and the largest year-over-year percentage increase of any state with the exception of Massachusetts, which opened a new casino-resort in August.

The strong performance reflected, in part, the continued growth in Oklahoma's economy in 2018, particularly in the Oklahoma City metropolitan area. It was also the first full year during which commercial casinos were permitted to operate on a 24-hour basis, in accordance with legislation that took effect in mid-2017.

Remington Park, which is located in the heart of Oklahoma City, accounted for more than 85 percent of total statewide commercial gaming revenue in 2018. The racino, owned by a commercial subsidiary of the Chickasaw Nation of Oklahoma, also grew at a faster pace than its counterpart in the northeast corner of the state, posting total gaming revenue of \$119.1 million, up 12.6 percent relative to 2017.

Meanwhile, total revenue from electronic gaming devices at Will Rogers Downs, owned by the Cherokee Nation, was \$20.6 million in 2018, up 7.4 percent from the previous year.

Gaming Tax Distribution

Oklahoma taxes commercial casino revenue at different rates based on the amount of revenue generated. Rates range in a graduated scale from 35 percent on revenue up to \$10 million, to 50 percent on revenue of more than \$70 million.

In total, Oklahoma racinos paid \$63.1 million in total gaming taxes in 2018, an increase of 13.3 percent from the prior year.

Commercial gaming tax revenue is shared between the state government and Oklahoma's horse racing industry. Roughly \$29 million in tax payments were remitted to the state in 2018, with monies used to fund higher education programs and reform Oklahoma's education sector, as well as for general budgetary purposes.

In addition, racinos distributed \$34.1 million in 2018 to help subsidize horse racing purses, breeding programs and other horse racing industry expenses.

Competitive Landscape

Oklahoma's two racinos are overshadowed by the state's 130-plus tribal casinos. For perspective, Oklahoma tribal casinos reported almost \$2.3 billion in revenue from Class III electronic gaming devices and table games in Oklahoma's 2017-18 fiscal year that ended June 30. On top of that, tribal casinos earned additional revenue from popular Class II electronic bingo games.

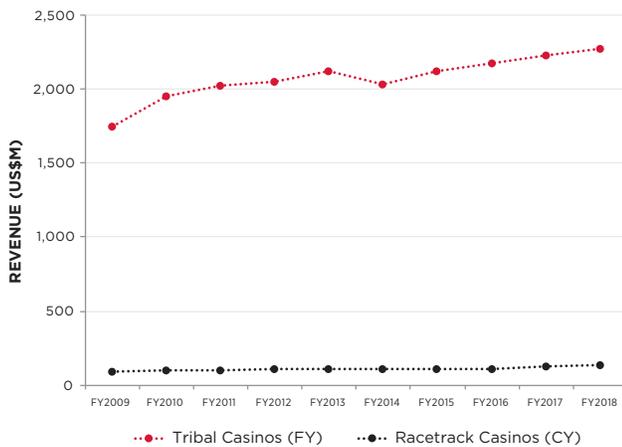
Oklahoma's tribal casinos received a further boost from the passage of a 2018 bill authorizing craps tables and roulette wheels at tribal casinos, strengthening tribes' exclusivity over table game offerings.

While Oklahoma casinos have benefited from relatively sparse regional competition, the approval of commercial gaming, including sports betting, in neighboring Arkansas via a statewide referendum in November is likely to diminish some of the gaming dollars spent by Arkansas residents at Oklahoma casinos in the coming years.

Oklahoma: Annual Gaming Revenue By Venue Type (US\$M)

2009 to 2018

In 2018, Oklahoma’s two racinos brought in nearly \$140 million, marking a record annual revenue haul. The racinos compete with more than 130 tribal casinos, scattered throughout the state, which generated more than \$2 billion in revenue.



SOURCE: Oklahoma State Auditor & Inspector, Oklahoma Gaming Compliance Unit

POLICY AND REGULATORY REVIEW

Tribal Gaming

In August, the Bureau of Indian Affairs (BIA) approved Oklahoma’s amended compact with 13 tribes to allow for additional types of table gaming so they can now offer “ball and dice” games at tribal casinos.

The compacts were amended after a bill was signed into law by Gov. Mary Fallin (R) in May 2018 authorizing craps and roulette at tribal casinos. Previously, Oklahoma’s tribal casinos could only operate card games, as well as electronic gaming devices.

Tribes that install craps and roulette tables will be required to pay the state 10 percent of their monthly net winnings from each new game, which is estimated to generate between \$20 and \$50 million annually for the state by the second year of operations.

Expansion

In June, the BIA approved a tribal gaming compact between Oklahoma and the Shawnee Tribe that authorized the tribe to begin offering certain Class III gaming activities and provided certain geographical exclusivity. The compact also reinforced limits on the number of electronic gaming devices at existing racetracks and the prohibition on certain games at non-tribal gaming venues.

The tribe broke ground in May 2018 on the Golden Mesa Casino in Guymon, which is located in the Oklahoma Panhandle. The facility, which is being developed in partnership with the Chickasaw Nation, is expected to open in the summer of 2019.

Pennsylvania

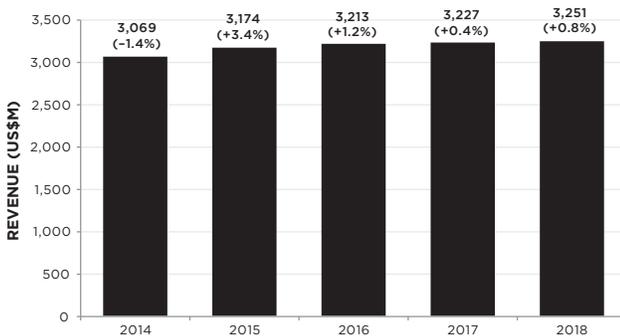
Number of Commercial Casinos	12
Casino Format	Land-Based Casinos; Racinos
Notable Forms of Gaming	Sports Betting; Internet Gaming (legalized but not yet operational)
Regulatory Authority	Pennsylvania Gaming Control Board
Gross Casino Gaming Revenue 2018	\$3.25B
Gaming Tax Revenue 2018	\$1.48B



In 2018, total statewide commercial casino gaming revenue was \$3.25 billion, up 0.8 percent. It was the state’s fourth consecutive year of growth, firmly cementing its status as the largest commercial gaming market outside of Nevada.

Pennsylvania: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Pennsylvania Gaming Control Board

MARKET OVERVIEW

Pennsylvania offers commercial casino gaming at six land-based casinos and six racinos, each of which operates electronic gaming devices and table games. The properties are regulated by the Pennsylvania Gaming Control Board (PGCB).

In 2004, the Pennsylvania legislature passed the Race Horse Development and Gaming Act, which authorized electronic gaming devices at racetracks, standalone casinos and three smaller casino-resorts. Table games, such as blackjack and roulette, were approved by the legislature in 2010.

Pennsylvania’s first commercial casino, Mohegan Sun Pocono, opened in 2006. In 2014, the PGCB issued a license for a 13th commercial casino, slated for South Philadelphia, but due to a number of regulatory setbacks and legal challenges, the project remains under development.

A wide-ranging gaming expansion bill, passed in 2017, authorized up to 10 additional “satellite” or mini-casinos, each limited to a maximum of 750 electronic gaming devices and 40 table games. Following auctions held by the PGCB in 2018, five of the satellite casino licenses were purchased for a total of \$127 million.

As part of the 2017 gaming expansion, Pennsylvania commercial casinos were permitted to apply for licenses to offer internet gaming. By the end of 2018, 10 of Pennsylvania's 13 casinos had submitted applications, with operations expected to launch sometime in 2019.

The 2017 gaming measure also included a provision authorizing sports wagering at commercial casinos and via online platforms in the event the federal ban was lifted. Following the Supreme Court's landmark ruling in May, the PGCB approved a set of sports betting regulations, and the state's first sportsbook opened in November. By the end of the year, three sportsbooks had opened within Pennsylvania casinos.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$3.25 billion, up 0.8 percent against 2017, as Pennsylvania retained its status as the second largest commercial casino state, after Nevada, in terms of annual gaming revenue.

The year saw a reversal of the previous trend that had seen table game revenue outperform that of electronic gaming devices. Total statewide revenue from electronic gaming devices in 2018 was \$2.37 billion, up 1.4 percent against 2017. By contrast, table game revenue was \$878.8 million, down 1.3 percent.

In the first month and a half of legal sports wagering following the mid-November launch, Pennsylvania casinos collected \$2.5 million in revenue from a total handle of \$17.6 million.

Gaming Tax Distribution

Pennsylvania commercial casinos pay a 54 percent tax rate on electronic gaming device revenue, a 16 percent tax rate on table game revenue and a 34 percent tax rate on revenue from electronic versions of table games. Sports betting revenue is subject to a 36 percent tax rate, which includes a two percent tax for local municipalities.

With one of the highest effective tax rates in the country, Pennsylvania again collected more direct gaming tax revenue than any other state, including Nevada, in 2018. In total, the state's commercial

casinos generated \$1.48 billion in gaming tax revenue, up 3.2 percent from 2017.

Gaming tax revenue in Pennsylvania is primarily used for the purpose of reducing school taxes paid by Pennsylvania property owners. In 2018, the state's Property Tax Relief Fund received a total of \$1.11 billion in gaming tax proceeds.

The remaining tax revenue is used to support economic development, tourism, the state horse racing industry and the municipalities that host casinos.

Competitive Landscape

Pennsylvania's casinos operate at the intersection of the fiercely competitive Northeast and Mid-Atlantic markets. Individual Pennsylvania casinos compete against rival properties in Delaware and northern Maryland to the south; New York City and New Jersey to the east; Ohio to the west; and West Virginia to the southwest.

While out-of-state competition increased during 2018 with the reopening of two commercial casino properties in Atlantic City, the most significant competitive forces over the coming years are expected to emanate from within Pennsylvania's borders.

The planned Live! Hotel & Casino Philadelphia is expected to move forward in 2019 following a consolidation of its ownership in 2018, adding another commercial casino to a Greater Philadelphia market that is already served by Harrah's Philadelphia Casino and Racetrack, SugarHouse Casino, Parx Casino and Valley Forge Casino Resort.

Meanwhile, the passage of a sweeping gaming expansion bill in 2017 is likely to dramatically shift the gaming landscape in Pennsylvania over the next few years.

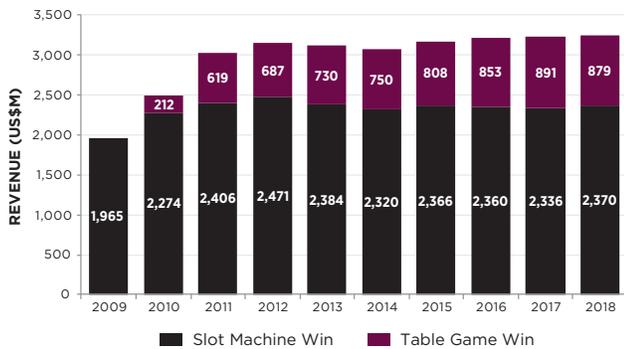
Auctions in 2018 for newly-authorized satellite casinos resulted in five licenses being awarded to commercial casino operators already active in Pennsylvania. The forthcoming satellite casinos may not be located within 25 miles of an existing Pennsylvania casino or racino, except if the location is within 25 miles of the auction-winner's own casino.

Following the lead of states like Illinois and neighboring West Virginia, Pennsylvania, via the 2017 expansion bill, also approved the deployment of electronic gaming devices (VGTs) in non-casino locations throughout the state. Counties that currently host commercial casinos can opt out of allowing VGTs in their jurisdictions. During 2018, the PGCB issued licenses to various VGT manufacturers and truck-stop locations, with the first machines expected to be operational sometime in 2019.

Pennsylvania: Annual Gaming Revenue By Segment (US\$M)

2009 to 2018

In 2018, an uptick in electronic gaming device revenue at Pennsylvania casinos offset a small decline in table game revenue. The totals defied a recent trend that had seen table games outperform EGDs the previous three years.



SOURCE: Pennsylvania Gaming Control Board

POLICY AND REGULATORY REVIEW

Sports Betting

Following the Supreme Court’s May ruling that overturned the federal ban on sports betting, Pennsylvania joined the vanguard of states offering wagers on sporting events.

Within a few weeks of the ruling, the PGCB adopted temporary regulations enabling the state’s commercial casinos to begin applying for sports wagering licenses in accordance with the

2017 gaming expansion law. Penn National Race Course opened Pennsylvania’s first sportsbook on November 17, 2018, with Rivers Casino in Pittsburgh and SugarHouse Casino in Philadelphia following suit one month later.

The state’s existing commercial casino licensees are eligible to obtain sports wagering certificates, subject to a one-time fee of \$10 million. Licensees may offer sportsbooks at their casinos, affiliated off-track betting facilities and online. Each casino is permitted to deploy a single online sports betting “skin,” or website, under their license.

Sports betting revenue is taxed at 36 percent, more than five times the rate levied on Nevada’s sportsbooks.

Internet Gaming

Under the 2017 gaming expansion bill, Pennsylvania’s casinos were given a 120-day exclusive window to apply for internet gaming licenses once implementing regulations had been established by the PGCB.

During the 120-day window, which closed in mid-August, ten of Pennsylvania’s commercial casino licensees filed applications for certificates to offer online casino games and poker.

In accordance with the 2017 law, applications were then opened to out-of-state gaming operators. Two such operators—MGM and Golden Nugget—stepped forward to seek internet gaming certificates during a later stage of the licensing process that ended in October.

Unlike sports wagering, Pennsylvania regulations do not restrict holders of internet gaming licenses to offering just one single branded website or “skin.” However, temporary regulations adopted by the PGCB in April will require the websites of internet casinos to clearly identify the land-based casinos with which they are affiliated.

IN FOCUS

Gaming Machines



Nationwide, there are nearly 900,000 electronic gaming machines in commercial and tribal casinos as well as at non-casino locations such as bars, taverns and truck stops. Nearly half (47%) of these games are located in commercial casinos, while slightly fewer (41%) are found in tribal casinos. Nevada has an installed base of more than 160,000 machines, far and away the largest number of any state. Oklahoma and California had the second and third largest number of operating machines in 2018, each with more than 74,000.

NUMBER OF GAMING MACHINES BY STATE

2018

State	Machines in Commercial Casinos	Machines in Tribal Casinos	Machines in Non-Casino Locations	Total
Alabama		6,441		6,441
Alaska		90		90
Arizona		16,762		16,762
California		74,100		74,100
Colorado	12,677	1,395		14,072
Connecticut		8,595		8,595
Delaware	6,240		456*	6,696
Florida	7,439	15,378		22,817
Idaho		3,604		3,604
Illinois	9,711		30,694	40,405
Indiana	18,229	1,800		20,029
Iowa	16,333	2,781		19,114
Kansas	5,029	3,463		8,492
Louisiana	22,900	5,704	12,880	41,484
Maine	1,665			1,665
Maryland	11,535			11,535
Massachusetts	3,731			3,731
Michigan	8,986	22,228		31,214
Minnesota		21,325		21,325
Mississippi	26,989	3,159		30,148
Missouri	16,625			16,625
Montana		1,810	15,755	17,565
Nebraska		674		674
Nevada	140,587	1,129	18,961	160,677
New Jersey	17,947			17,947
New Mexico	2,838	16,493	640**	19,971
New York	24,707	12,703		37,410
North Carolina		4,419		4,419
North Dakota		3,959		3,959
Ohio	18,686			18,686
Oklahoma	1,000	73,410		74,410
Oregon		7,650	11,619	19,269
Pennsylvania	25,443			25,443
Rhode Island	5,180			5,180
South Dakota	2,853	2,824	9,072	14,749
Texas		3,737		3,737
Washington		31,559		31,559
West Virginia	5,602		7,581	13,183
Wisconsin		18,061		18,061
Wyoming		1,675		1,675
TOTAL	412,932	366,928	107,658	887,518***

SOURCE: Eilers & Krejcik Gaming, LLC

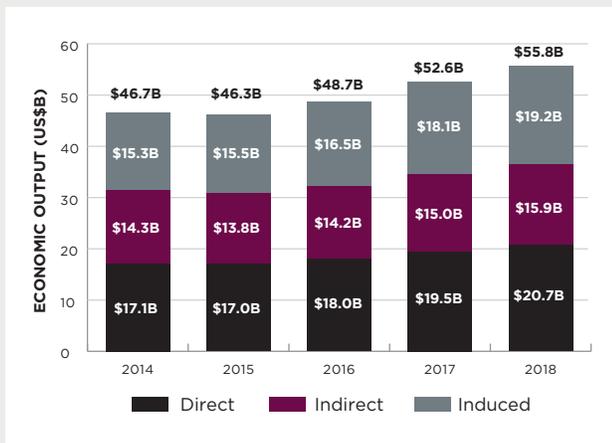
* Charitable VLTs

** Located at qualified veteran and fraternal organizations

*** Excludes facilities in Arkansas and Kentucky that offer Instant Racing machines

GLOBAL GAMING SUPPLIER INDUSTRY: ECONOMIC OUTPUT

According to research by the Association of Gaming Equipment Manufacturers (AGEM) and Applied Analysis, the gaming supplier industry generated a total of \$55.8 billion in economic output during 2018, reflecting an increase of 6.0 percent from 2017. Companies developing equipment, software and other goods and services for gaming operators directly employed 61,715 workers during 2018 and paid approximately \$5.6 billion in direct wages and salaries to their employees. Indirect and induced wages accounted for another \$8.5 billion in personal incomes.



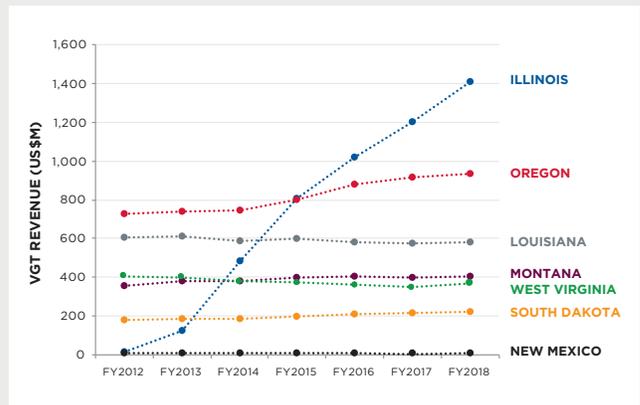
SOURCES: Association of Gaming Equipment Manufacturers (AGEM) and Applied Analysis.

DISTRIBUTED GAMING

In 2018, Illinois consolidated its position as by far the largest distributed gaming jurisdiction in the U.S. with some 30,700 ‘VGT’ machines installed in more than 6,770 establishments by year’s end. Distributed gaming refers to electronic gaming devices located in non-commercial casino venues such as bars, restaurants and truck stops. These route-operated gaming devices are legal in eight states, including Nevada, and are expected to launch in Pennsylvania in 2019.

Selected States: Annual VGT Revenue (US\$M)

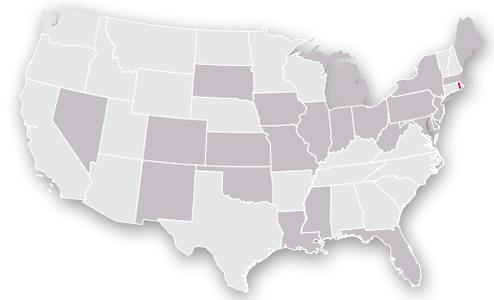
FY2012 to FY2018



SOURCE: IGB, OR Lottery, LGCB, MT DoJ, WV Lottery, SD Lottery, NMGCB

Rhode Island

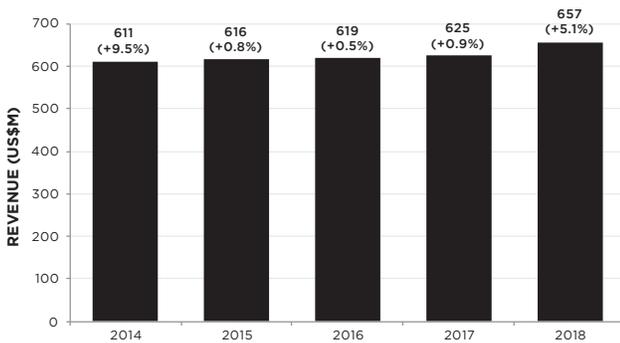
Number of Commercial Casinos	2
Casino Format	Land-Based Casinos
Notable Forms of Gaming	Sports Betting
Regulatory Authority	Rhode Island Lottery
Gross Casino Gaming Revenue 2018	\$656.5M
Casino Tax Revenue 2018	\$322.1M



In 2018, total statewide commercial casino gaming revenue was \$656.5 million, up 5.1 percent. The year-over-year growth was driven by strong performance in both the electronic gaming device and table game sectors. Nominal revenue was also generated from the state’s newly regulated sports betting market.

Rhode Island: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: Rhode Island Lottery

MARKET OVERVIEW

Rhode Island offers commercial casino gaming at two casinos operated under the authority of the Rhode Island Lottery.

In 1992, the Rhode Island legislature passed a bill permitting electronic gaming devices at the state’s two pari-mutuel wagering venues. In 2012, state voters approved the addition of table games at Twin River Casino in Lincoln.

In 2016, voters approved a ballot measure permitting the struggling Newport Grand Casino to relocate to the town of Tiverton on the Massachusetts border. The measure also authorized the relocated casino to offer table games. The new facility, Twin River Tiverton Casino Hotel, opened its doors on September 1, 2018.

In June, the legislature passed a bill authorizing the state lottery to offer and operate sports betting at both commercial casinos. Regulations were adopted later in the year, and in November Rhode Island became the eighth state, and the first in New England, to offer legal sports wagers.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$656.5 million, up 5.1 percent relative to 2017.

While electronic gaming devices continued to outperform table games in Rhode Island, revenue from electronic gaming devices finally rebounded in 2018, moving into positive territory for the first time since 2012. Total statewide revenue from electronic gaming devices in 2018 was \$504.6 million, up 4.9 percent, while table game revenue was \$150.9 million, up 6.2 percent against 2017.

Meanwhile, in their first five weeks of operation, Rhode Island's sportsbooks generated just over \$1 million in revenue from a total handle of \$13.8 million.

Gaming Tax Distribution

Rhode Island's two commercial casinos retain roughly 26 percent to 28.85 percent of their revenue from electronic gaming devices, depending on each facility's operating contract and state regulation. An additional annual allowance is made for certain marketing expenses. The state's overall take of electronic gaming device revenue, after administrative and technology expenses are deducted, is about 60 percent.

By contrast, table game revenue is taxed at a rate of either 17 or 19 percent depending on each casino's total net revenue in relation to the previous fiscal year. If a property's revenue is up from the prior year it pays an additional two percent.

The new sports betting revenue stream is taxed at 51 percent with the remaining amount split between the operating partner of the state lottery (32%) and the casino hosting the sportsbook operation (17%). In addition, the host communities of Lincoln and Tiverton each receive an annual payment of \$100,000.

In total, Rhode Island's commercial casinos generated \$322.1 million in 2018 in tax revenue

for the state's General Fund, up 2.6 percent from 2017. Gaming revenue in the General Fund is appropriated annually at the direction of the legislature and is used to pay for various state services, including education, public safety programs and healthcare.

A small fraction of gaming tax revenue is also remitted annually to the towns of Lincoln and Tiverton as well as to the Narragansett Indian Tribe.

Competitive Landscape

Rhode Island's two commercial casinos operate in an increasingly competitive New England market that is set to become even more crowded in the next few years as additional casinos open in Massachusetts and possibly Connecticut.

The most direct competitors to Rhode Island's casinos are Plainridge Park Casino in Massachusetts, which is just 20 miles from Providence, and the Foxwoods and Mohegan Sun tribal casinos in southeastern Connecticut. All three casinos draw customers from the Ocean State, although Rhode Island's casinos gained some competitive advantage in 2018 by becoming the only gaming facilities in the region authorized to offer sports wagering.

In Massachusetts, MGM Springfield opened in August 2018 and Encore Boston Harbor is scheduled to open in mid-2019. A tribal government began construction in 2016 on a casino in the Massachusetts city of Taunton, located roughly 20 miles from Providence. The project has been stalled, however, due to legal challenges over the federal land acquisition.

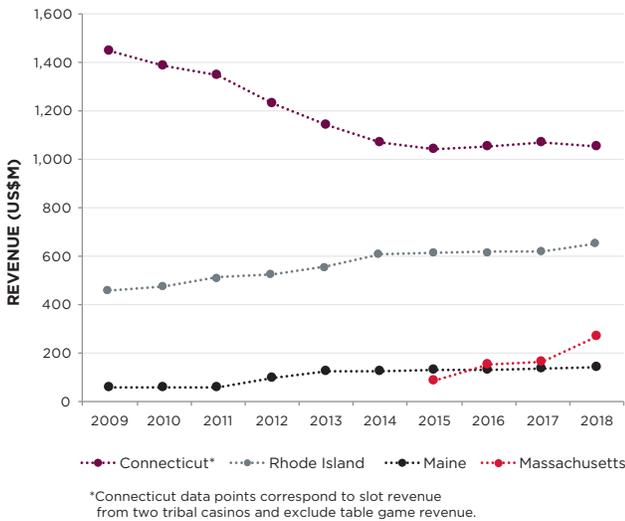
Meanwhile, in Connecticut, state lawmakers granted legislative approval in 2017 for the owners of the Mohegan Sun and Foxwoods casinos to co-develop a commercial casino in the town of East Windsor, north of Hartford. The project, however, is on hold due to litigation. In addition, further legislation was introduced in Connecticut's General Assembly to open a competitive bidding process on a separate commercial casino license.

Notably, Connecticut’s plans for the East Windsor casino replicate Rhode Island’s own strategy of positioning a casino in Tiverton, which is on the Massachusetts border, in order to mitigate the impact of new gaming competition across the state line.

New England: Annual Gaming Revenue By State (US\$M)

2009 to 2018

In 2018, Rhode Island’s two commercial casinos posted a 5.1 percent year-over-year increase in revenue and outperformed two other New England states even as Massachusetts’ first major casino-resort opened in August.



SOURCE: State gaming commissions

POLICY AND REGULATORY REVIEW

Sports Betting

Within weeks of the landmark Supreme Court ruling overturning the federal sports betting ban, Rhode Island legislators overwhelmingly adopted a measure to legalize sports betting and added it to the 2019 state budget, which Gov. Gina Raimondo (D) approved in June. The Rhode Island Lottery contracted with a technology partner for sports wagering in August and the first legal sports bets were placed at Twin River Casino on November 26.

The new law authorized sports wagering exclusively at the state’s two land-based casinos. Online sports betting was prohibited, except on casino premises via approved mobile betting applications.

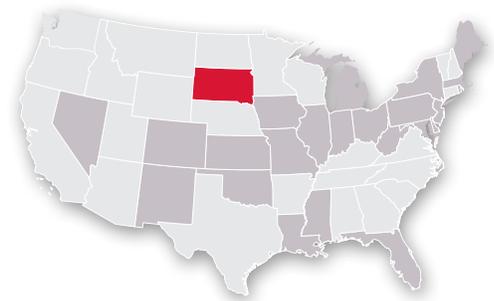
Gaming Technology

The 2019 state budget also authorized “gaming innovation pilot initiatives,” including stadium gaming. An emerging form of gaming largely targeted at millennials, stadium gaming allows players to bet on multiple live table games from one electronic gaming device while watching live dealers on large video screens.

The hybrid table game devices were installed at Tiverton Casino Hotel prior to its opening in September and then at Twin River Casino in November. The new games are estimated to generate approximately \$4 million in tax revenue for the state.

South Dakota

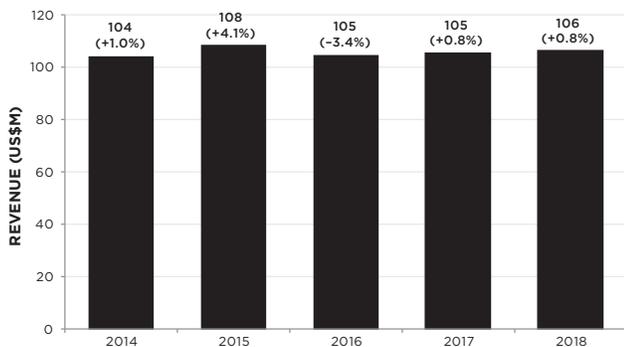
Number of Commercial Casinos	25
Casino Format	Land-Based Casinos
Regulatory Authority	South Dakota Commission on Gaming
Gross Casino Gaming Revenue 2018	\$106.3M
Gaming Tax Revenue 2018	\$14.7M



In 2018, total statewide commercial casino gaming revenue was \$106.3 million, up 0.8 percent. The modest overall growth was driven entirely by increased revenue from table games in the resort mountain town of Deadwood.

South Dakota: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: South Dakota Commission on Gaming

MARKET OVERVIEW

South Dakota offers commercial casino gaming at 25 locations exclusively within the city limits of historic Deadwood, located on the edge of the Black Hills National Forest near the Wyoming and Montana borders.

The casinos, which operate both electronic gaming devices and table games, are regulated by the South Dakota Commission on Gaming.

Commercial casino gaming was first approved by South Dakota voters in a 1988 statewide referendum. The state legislature passed a corresponding law the following year, confirming South Dakota as the third commercial gaming state along with Nevada and New Jersey.

While South Dakota's gaming law initially contained strict wagering limits and restrictions on the types of games and prize amounts that commercial casinos could offer, these restrictions have been loosened in recent years. Deadwood casinos can now accept wagers up to \$1,000 (up from \$100 prior to 2012) and can offer the most popular casino table games, including blackjack, poker, craps and roulette.

There are no limits on the number of commercial casinos that may operate within the city limits of Deadwood. Commercial casino operators may operate up to 30 table games or electronic gaming devices for each license they possess. There is no limit on the number of licenses any operator may hold.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$106.3 million, up 0.8 percent against 2017. Overall, annual gaming revenue at South Dakota's commercial casinos has been remarkably stable over the last decade, hovering just over the \$100 million mark every year since 2008.

The slight increase in 2018 was fully attributable to table game revenue, which totaled \$13.2 million, up 10.0 percent from 2017. In contrast, revenue from electronic gaming devices was down slightly at \$93.1 million, just \$322,000 lower than the total for 2017.

For the sixth year in a row, the number of electronic gaming devices and table game units offered in Deadwood casinos declined. At the end of fiscal year 2018, the city offered a combined total of 2,952 gaming devices and tables, down from a total of 3,176 the previous year.

Gaming Tax Distribution

South Dakota levies a 9 percent tax on commercial casino revenue. In addition, a gaming device tax is applied to both table games and electronic gaming devices, in the amount of \$2,000 per unit per year.

In 2018, commercial casinos in Deadwood generated total gaming tax revenue of \$14.7 million, down 5.0 percent from 2017—the second consecutive year gaming revenue has risen while tax revenue has declined. The lower tax revenue was attributable to a reduction in the number of gaming positions and associated device taxes at Deadwood casinos in 2018 as compared to the year prior.

Of the 9 percent of gaming revenue collected, 1 percent is distributed to South Dakota's General Fund, and the remaining 8 percent is divided between the state's Gaming Commission Fund, the South Dakota Department of Tourism and Lawrence County where Deadwood is located.

The Commission Fund provides up to \$6.8 million annually to the City of Deadwood and up to \$100,000 to the State Historical Preservation Grant and Loan Fund, with all remaining funds going to the state's General Fund, Lawrence County municipalities and schools, and Deadwood historic preservation. In addition, the Commission Fund is authorized to provide up to \$30,000 annually for state gambling addiction programs.

Competitive Landscape

With more than two dozen casinos in Deadwood and no major population center within hundreds of miles, South Dakota relies heavily on tourists to patronize the historic town's commercial casinos.

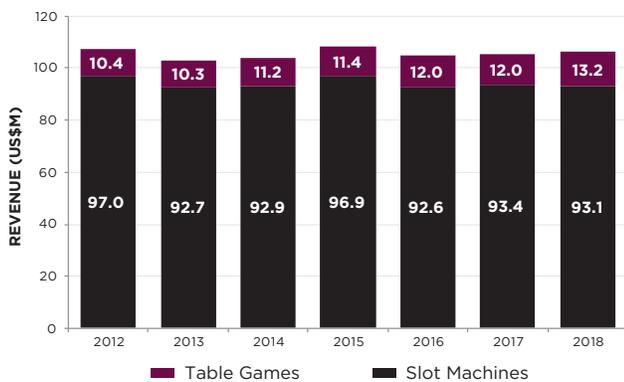
As Deadwood sits on the western edge of the state the town is unable to capture the majority of gaming dollars spent by South Dakota's residents, particularly those in Sioux Falls—the state's largest city, located in the southeastern corner of the state. Residents in that part of the state generally spend their gaming dollars at one of the state's 12 tribal casinos, at nearby tribal casinos in Minnesota, or at Iowa's Grand Falls Casino, which is just minutes from Sioux Falls.

South Dakota's casinos also compete with a network of more than 9,000 electronic gaming devices operated by the South Dakota Lottery at 1,335 convenience locations, such as bars and taverns, throughout the state.

South Dakota: Annual Gaming Revenue By Segment (US\$M)

2012 to 2018

Despite legalization of craps and roulette in 2015, electronic gaming devices continue to dominate South Dakota’s commercial casino market. In 2018, the gap was only slightly narrowed as table game revenue increased by 10 percent while EGD revenue was essentially flat.



SOURCE: South Dakota Commission on Gaming

Under the new regulations, providers of associated equipment are required to pay an initial licensing fee of \$500 and must renew their license each year at a cost of \$250.

Sports Betting

In 2018, Deadwood’s commercial casino operators started to lay the groundwork for the legalization of sports betting by filing a proposed constitutional amendment that would add wagering on sporting events to the list of games permitted in South Dakota’s commercial and tribal casinos.

The petition, initiated by the Deadwood Gaming Association, requires signatures from 10 percent of the total number of votes cast in the most recent gubernatorial election, or about 34,000 signatures, to qualify for the ballot.

Should the constitutional referendum make it onto the 2020 ballot and be approved by a majority of voters, the South Dakota State Legislature would then have to pass authorizing legislation that sets forth a regulatory framework and tax structure for sports wagering.

POLICY AND REGULATORY REVIEW

Regulatory Reform

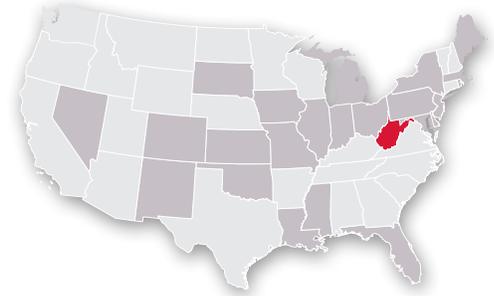
In March, Gov. Dennis Daugaard (R) signed into law a pair of bills that more closely aligned South Dakota’s regulatory regime with that of Nevada.

In particular, the legislation reformed the state’s gaming act to make cheating and other fraudulent activity at casinos a felony. The bills also created a new licensing category for providers of “associated equipment” to casinos.

Associated equipment refers to components or software used in connection with casino games—but not the technology that supports a game’s operation—such as dice, playing cards and computerized systems for monitoring electronic gaming devices.

West Virginia

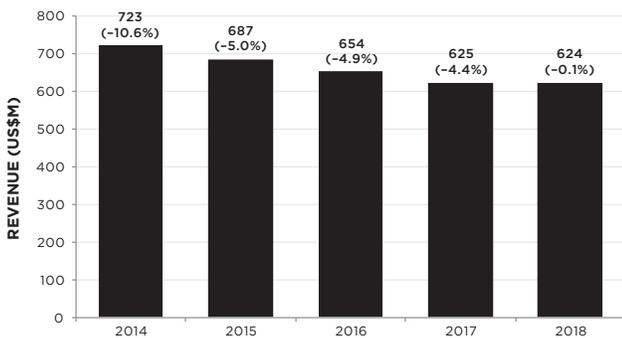
Number of Commercial Casinos	5
Casino Format	Land-Based Casinos; Racinos
Notable Forms of Gaming	Sports Betting
Regulatory Authority	West Virginia Lottery Commission
Gross Casino Gaming Revenue 2018	\$623.8M
Gaming Tax Revenue 2018	\$290.0M



In 2018, total statewide commercial casino gaming revenue was \$623.8 million, down 0.1 percent. The slight decline in revenue reflected weaker performance in the EGD sector mostly offset by revenue from table games and the newly regulated sports betting market.

West Virginia: Annual Commercial Casino Gaming Revenue (US\$M)

2014 to 2018



SOURCE: West Virginia Lottery

MARKET OVERVIEW

West Virginia offers commercial casino gaming at four racinos and one land-based casino. Each of the five venues operates electronic gaming devices and table games under the authority of the West Virginia Lottery Commission.

The state authorized commercial casino gaming in 1994 when the West Virginia legislature endorsed the operation of electronic gaming devices at racetracks, subject to local approval. Legislation allowing racinos to add table games was approved in 2007.

In 2008, voters approved casino gaming at The Greenbrier, a historic hotel, and legislators authorized table games at the property the following year.

Under West Virginia's regulatory framework, a racino must have a valid racetrack license in order to operate electronic gaming devices and table games. Racinos are statutorily permitted to have up to 400 machines, but may apply to the Lottery Commission for authorization to install more.

The state legislature, anticipating a favorable ruling by the Supreme Court, passed a bill in March 2018 legalizing sports betting. Following the repeal of PASPA in May, the West Virginia Lottery Commission adopted regulations allowing for both land-based and online sports wagering. Hollywood Casino at Charles Town opened the state's first sportsbook in September followed by the launch of an online betting platform in December.

Market Performance

In 2018, total statewide commercial casino gaming revenue was \$623.8 million, down less than \$1 million, or 0.1 percent, against 2017. It was the state's seventh consecutive year of declining revenue amid an increasingly saturated Mid-Atlantic gaming market.

Total revenue from electronic gaming devices in 2018 was \$509.7 million, down 1.5 percent from 2017, while total table game revenue was up slightly to \$107.7 million, an increase of 0.5 percent.

Despite the continued decline of West Virginia's gaming market due to growing regional competition, there are signs that revenue may be stabilizing. After three consecutive years of revenue declines in the range of 4–5 percent, West Virginia's casinos in 2018 narrowly missed breaking even with the prior year's total.

New revenue from West Virginia's sportsbooks helped close the revenue gap, generating about \$6.6 million in their first four months of operation.

Gaming Tax Distribution

Revenue from electronic gaming devices at West Virginia's five casino properties is taxed at 53.5 percent, while table games are taxed at 35 percent. The tax rate for sports betting is set at 10 percent.

In 2018, commercial casinos generated total gaming tax revenue of approximately

\$290.0 million, down about 1 percent from 2017. That included \$634,266 in sports wagering tax revenue.

The majority of gaming tax revenue is remitted to the state government, including to funds associated with the West Virginia Lottery. Lottery funds are allocated to the state's public schools, tourism promotion, state parks and services for senior citizens. County and municipal governments also receive a small percentage of gaming tax proceeds, as do West Virginia's horse and greyhound racing industries.

Taxes collected from sportsbook operations are placed in the newly-created West Virginia Lottery Sports Wagering Fund, which distributes the first \$15 million to the State Lottery Fund before remaining monies are used to help support health-insurance programs for public sector employees.

Competitive Landscape

West Virginia's commercial casinos have faced a dramatic increase in out-of-state competition over the past decade. Since 2006, the neighboring states of Maryland, Ohio and Pennsylvania have opened nearly 30 commercial casino properties.

Additional expansion is also on the horizon in Pennsylvania, West Virginia's northern neighbor. In line with a 2017 Pennsylvania law, satellite casino venues offering a limited number of electronic gaming devices and table games are now being sited in three counties located close to West Virginia's border. Pennsylvania's sweeping gaming expansion bill also authorized electronic gaming devices (VLTs) at truck stops, with those operations expected to commence sometime in 2019.

Meanwhile, in Virginia, lawmakers took a first step toward keeping its residents' gambling dollars in-state by enacting legislation to allow Colonial Downs Racetrack, located outside of Richmond, to operate historical racing devices on-site and at up to ten off-track betting facilities. The racetrack, shuttered since 2014, is scheduled to reopen in

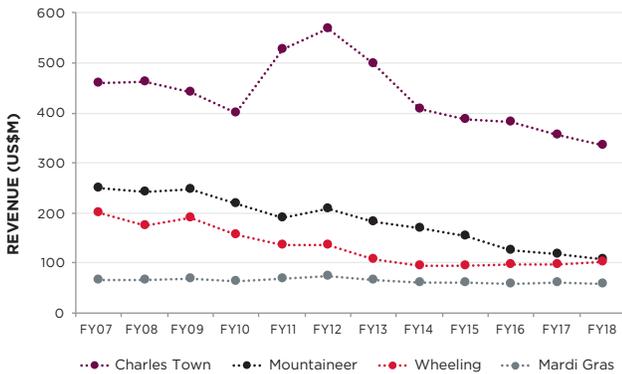
spring 2019, with the first wave of OTB facilities to follow. Virginia lawmakers also pitched several proposals in 2018 to authorize commercial casinos, while the federally recognized Pamunkey Indian Tribe said it was looking to obtain land to develop a tribal casino.

Within the state's borders, West Virginia casinos compete with a network of some 8,000 limited-stakes VLTs situated at retail establishments, such as bars and taverns.

West Virginia: Annual Commercial Casino Gaming Machine Revenue by Racino Property (US\$M)

FY2007 to FY2018

West Virginia's commercial gaming market, situated in the increasingly competitive Mid-Atlantic region, has experienced a significant downturn over the last 10 years. Over the last six years, in particular, the market has shrunk by 34 percent following the opening of several new casino venues in Maryland.



SOURCE: West Virginia Lottery

POLICY AND REGULATORY REVIEW

Sports Betting

Having passed a sports betting bill contingent on the repeal of PASPA in March 2018, West Virginia was able to move quickly once the Supreme Court overturned the federal ban on sports wagering two months later.

In June, the West Virginia Lottery Commission adopted emergency rules governing sports betting and they were enacted by the secretary of state shortly thereafter. Under the regulations, the state's land-based casino and four racinos became eligible to apply for sports betting licenses, valid for five years, at an upfront cost of \$100,000 each.

Hollywood Casino opened the first sportsbook in the Mountain State on September 1 and all four other casinos followed suit before the end of the year.

Online sports betting was also authorized by the state law, with regulations allowing each casino and racino to deploy up to three "skins," or individually branded websites, under their licenses.

STATE REGULATORY & INDUSTRY CONTACTS

For further information about the gaming industry or regulatory requirements in specific states please contact the state regulators or state gaming association listed below.

STATE	STATE REGULATORY AUTHORITY	STATE GAMING ASSOCIATION
Colorado	Colorado Division of Gaming colorado.gov/pacific/enforcement/gaming Colorado Limited Gaming Control Commission colorado.gov/pacific/enforcement/limited-gaming-control-commission	Colorado Gaming Association coloradogaming.com
Delaware	Delaware Lottery delottery.com Delaware Division of Gaming Enforcement dge.delaware.gov	
Florida	Florida Division of Pari-Mutuel Wagering myfloridalicense.com/DBPR/pari-mutuel-wagering	
Illinois	Illinois Gaming Board igb.illinois.gov	Illinois Casino Gaming Association illinoiscasinogaming.org
Indiana	Indiana Gaming Commission in.gov/igc	Casino Association of Indiana casinoassociation.org
Iowa	Iowa Gaming and Racing Commission irgc.iowa.gov	Iowa Gaming Association iowagaming.org
Kansas	Kansas Racing and Gaming Commission krgc.ks.gov Kansas Lottery kslottery.com	
Louisiana	Louisiana Gaming Control Board lgcb.dps.louisiana.gov	Louisiana Casino Association casinosofla.com
Maine	Maine Gambling Control Unit maine.gov/dps/gamb-control	
Maryland	Maryland Lottery and Gaming Control Commission; Maryland Lottery and Gaming Control Agency mdgaming.com	
Massachusetts	Massachusetts Gaming Commission massgaming.com	
Michigan	Michigan Gaming Control Board michigan.gov/mgcb	Michigan Gaming Association michigangaming.com

STATE REGULATORY & INDUSTRY CONTACTS *(continued)*

STATE	STATE REGULATORY AUTHORITY	STATE GAMING ASSOCIATION
Mississippi	Mississippi Gaming Commission msgamingcommission.com	Mississippi Gaming and Hospitality Association msgaming.org
Missouri	Missouri Gaming Commission mgc.dps.mo.gov	Missouri Gaming Association missouricasinos.org
Nevada	Nevada Gaming Control Board; Nevada Gaming Commission gaming.nv.gov	Nevada Resorts Association nevadaresorts.org
New Jersey	New Jersey Division of Gaming Enforcement nj.gov/oag/ge New Jersey Casino Control Commission nj.gov/casinos	Casino Association of New Jersey casinoassociationofnewjersey.org
New Mexico	New Mexico Gaming Control Board nmgcb.org	
New York	New York State Gaming Commission gaming.ny.gov	New York Gaming Association newyorkgaming.org
Ohio	Ohio Casino Control Commission casinocontrol.ohio.gov Ohio Lottery Commission ohiolottery.com	
Oklahoma	Oklahoma Horse Racing Commission ohrc.org	
Pennsylvania	Pennsylvania Gaming Control Board gamingcontrolboard.pa.gov	
Rhode Island	Rhode Island Lottery rilot.com	
South Dakota	South Dakota Commission on Gaming dor.sd.gov/Gaming	Deadwood Gaming Association deadwood.com
West Virginia	West Virginia Lottery Commission wvlottery.com	



