



# PRESIDENT'S MESSAGE



The American Gaming Association (AGA) is pleased to present the 2016 edition of State of the States: The AGA Survey of the Casino Industry. First released in 1999, we are proud to once again offer a publication to those interested in casino gaming, whether they are students or academics, elected officials, regulators or industry executives.

2015 was an important year in many ways for both our industry and for AGA. For one, commercial gaming revenues set an all-time high, eclipsing the previous record set in 2013. While annual growth rates continue to reflect an industry that has matured, it is clear that casino gaming is an increasingly important and valuable sector of our nation's economy, one that continues to deliver a wide range of benefits to hundreds of thousands of employees, millions of customers and the many communities around the country where casinos operate.

For AGA, 2015 was a hallmark year as well. Perhaps most significantly, we proudly welcomed our first ever tribal gaming members to the organization.

We did not produce State of the States the last two years as much of the data that is included herein now exists on our Get To Know Gaming website ([g2kg.org](http://g2kg.org)), which is updated on a regular basis. At the request of several of our members, however, we have brought back a new and improved version of the report. Compared to previous editions of State of the States, readers will likely notice the content on the pages that follow is reflective of AGA's increased commitment to representing the totality of our industry. The Spotlight on Tribal Gaming is just one example.

Another significant new addition to this report is the inclusion of a narrative for each state section related to how casino gaming has positively contributed to communities. Traditionally, State of the States has been the industry's leading resource for market statistics and financial performance data, but this only tells part of the casino gaming story. From corporate philanthropy and employee volunteering to tax revenues and local development agreements, there are human elements of our industry's impacts that need to be told and deserve to be heard.

We compile State of the States with the intention of providing interested parties with the single most comprehensive resource about the U.S. casino industry. As our industry has continued to grow and evolve, I am confident this new version of our Association's signature research report has followed suit. I hope you will turn to it frequently.

**Geoff Freeman**

President & CEO

*American Gaming Association*

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

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

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

Gaming and tax revenues for each of the 24 states with commercial casinos do not include additional contributions made by American Indian casinos that are owned and operated by sovereign tribal governments. However, gaming revenues earned by tribal casinos are addressed in a separate chapter of this report.

Also excluded from state gaming revenue totals are contributions from charitable gaming operations. Nor do the totals reflect privately or state-run gaming machine operations in bars and other non-casino venues in states such as Illinois, Louisiana, Montana, Nevada and West Virginia.

It should be noted that, in many cases, effective tax rates are higher at racetrack casino facilities where gaming machines are operated by the state lottery, as opposed to the more traditional regulatory structure in which gaming licensees are the owners and operators of the machines. In the case of the former, the gaming machines are called video lottery terminals (VLTs), and the lottery commission takes in all revenues before making distributions to stakeholders such as track owners, breeders and others. States that operate in this manner include Delaware, Maryland, New York, Ohio, Rhode Island and West Virginia. Because of this important difference in the regulatory structure in these states, the survey details the percentage of revenue retained by operators as opposed to state gaming tax rate. The percentage of revenues retained by operators should in no way be interpreted as profit margin.

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

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

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

Finally, AGA altered its methodology to some degree with respect to the collection of industry employment and wage data in the various states. Traditionally, AGA has compiled these data by contacting individual properties or working through state associations when statistics are unavailable from gaming commissions or other public sources. When a property or even an entire state declined to participate, the associated economic impact was treated as zero. This year, however, because of the availability of precise and robust industry employment and wage data from recent work done for AGA by Oxford Economics, we made the determination to make conservative estimates in some states rather than simply reporting “not available.” In the end, we believe this methodology will give readers a more precise and accurate snapshot of our industry’s true impact.

# EXECUTIVE SUMMARY

America's commercial casino industry enjoyed a record-setting year in 2015 with nationwide consumer spending on casino gaming reaching a total of \$38.54 billion and surpassing the industry's previous record annual haul of 2013.

Industry-wide gross gaming revenues were also up 2.2 percent from 2014, when the annual revenue total dipped for first time since the Recession that began in 2008.

The industry's growth reflected macroeconomic factors, including increased consumer confidence and lower gas prices, as well as the impact of new casino openings in certain states.

Overall, 17 of the 24 states with commercial casinos saw improvements in gross gaming revenues relative to 2014. Leading the way were Maryland (+18.0 percent), Ohio (+12.8 percent) and Louisiana (+7.1 percent), as all three states benefited from a full-year of revenues from new casinos that opened during the course of 2014.

Elsewhere, several major casino markets, including Nevada (+0.9 percent), New York (+2.8 percent) and Pennsylvania (+3.4 percent), saw their gaming industries return to growth in 2015 after witnessing declines in 2014. Meanwhile, states like Indiana (-0.8 percent) and Delaware (-0.3 percent) that have experienced a multi-year slump in gaming revenues reported notably smaller declines in revenue in 2015 than they did in previous years.

2015 market growth also included contributions from Massachusetts for the first time. In June, the first of four casinos authorized under a 2011 Massachusetts expanded gaming law commenced operations, adding some \$88.2 million to the national revenue total.

## TAX REVENUES

The record performance of 2015 also meant commercial casinos raised more gaming tax revenues than ever before.

In total, commercial casinos contributed \$8.85 billion in gaming taxes for the benefit of state and local governments, education, improved care for the elderly, and a host of other worthy recipients. The 2015 tax figure represented an increase of 2.9 percent from the previous year.

Reflective of the corresponding trends in gross gaming revenues, 16 of 24 states generated more gaming taxes in

2015 than they did in 2014. In a number of instances though, gaming tax growth was not as robust as gaming revenue growth, which may be the result of customers' play trending toward table games relative to slot machines (typically, more highly taxed).

## OTHER ECONOMIC BENEFITS

In 2015, as in any other year, there were a wide-ranging number of programs and initiatives around the country that directly benefited from the billions of dollars in taxes the industry generated. From state education funds and infrastructure improvements funds to programs promoting affordable prescription drugs for needy seniors, states and communities across the country put casinos' tax dollars to good use.

But the gaming tax contributions were not the totality of the casino industry's economic impact.

In 2015, commercial casinos accounted for a total of more than 350,000 good-paying jobs. Industry employees earned more than \$14.4 billion in wages, benefits and tips, with average annual compensation totaling more than \$41,000.

Importantly, the industry's \$8.85 billion in gaming tax contributions represent only the specific taxes paid by casinos out of their gross gaming revenues. The figure does not include the many billions of dollars more that the industry also paid in the form of corporate, payroll, sales and various other taxes.

Beyond their tax contributions, casinos were also proud to provide a variety of wider economic benefits to their host and local communities. Among other things, the cities and states where properties are located benefited from the spending casino visitors and tourists inevitably do at other local area businesses. It is also important to note that casino today are frequently designed and built as multi-faceted, capital intensive resorts bringing with them convention centers, restaurants, retail and other leisure attractions that in turn become community assets for residents across the region. Companies in gaming also continued to show their genuine commitment to being strong community partners in countless ways in areas all across America. In the individual state profiles on the pages that follow, readers will find "Community Impact" sections for each state. In them, they will get a glimpse into some of the many ways casino companies and their employees truly impact the people and places where

they are located. Whether it is through philanthropic giving, volunteering, supporting educational initiatives or making commitments to local infrastructure improvements, gaming positively impacts lives for the better in hundreds of cities and towns every day, and the hope is that these community snapshots highlight just a handful of them.

## COMPETITIVE CHALLENGES

Although the commercial casino industry grew as a whole in 2015, this growth was not shared equally across the country.

While some states benefited from the opening of new casinos, the adverse impact of new competition was frequently felt by neighboring jurisdictions.

For example, the shockwaves of casino gaming growth in Maryland and Ohio continued to be felt in 2015 in West Virginia (-4.9 percent). The launch of casino gaming in Massachusetts similarly made an impact in Rhode Island (+0.8 percent), causing revenue from competing operations to drop in the second half of the year.

Not for the first time, however, the biggest annual drop in casino gaming revenue came in New Jersey (-6.5 percent). The further decline of 2015 reflected the closure of four casino properties during the previous year, with Atlantic City unable to sustain as many as a dozen casinos amid intense competition from Pennsylvania, Maryland and New York. One positive note to the Atlantic City story is that remaining market participants' financial health have significantly improved with the reduced number of licensees.

The obvious influence of expanded competition on casino revenues offers a lesson for policymakers, who should ensure that their state's gaming regulatory and fiscal environment allows for ongoing investment in casino properties, while affording operators and gaming equipment suppliers the flexibility to respond quickly to changes in consumers' interests and preferences.

## REGULATORY REFORMS

2015 saw several positive steps with respect to gaming regulatory reforms, as progressive policy changes were either approved or seriously debated in states including Indiana, Pennsylvania and Delaware. Nevada also adopted groundbreaking rules that loosen traditional constraints applied to slot machines, for the first time allowing the outcome of games to be determined, in part, by player skill and encouraging the incorporation of video-game elements into traditional machine game design.

Still, there is more work to be done, and to be done successfully, it will require a true working partnership between all stakeholders – industry, the regulatory community, elected officials and others.

The more stringent gaming policy model that might have been appropriate twenty-five or more years ago when casinos were first spreading beyond Nevada needs to be looked at with a fresh set of 21st century eyes. To take just one example – certain technologies today can help give regulators the assurances they need about the integrity of gaming operations and those who work in the industry in ways that could never have been envisioned by those who wrote the rules in 1990's. These technologies may in fact lower costs or other burdens associated with industry oversight while at the same time give operators and game manufacturers greater flexibility and agility to do what they do best.

Likewise, states may be able to get away with higher gaming tax rates when they have a monopoly on casinos in their region. However, the most egregious tax rates also leave operators unable to make the necessary investments to ensure their properties will still be competitive whenever newer casinos open in bordering jurisdictions.

Finally, the often slow-moving regulatory approval process for the deployment of new games in casinos today stands in stark contrast to the world of instantly downloadable mobile games, which can be constantly updated to reflect and react to ever-changing consumer demands.

To this end, the AGA continues to work with stakeholders on identifying common sense gaming policy reforms that will allow casinos to remain competitive – with fellow casinos and with other entertainment choices – but without in any way compromising the integrity of gaming operations.

## SPORTS BETTING

Perhaps nowhere is there a clearer example of such restriction than in the area of sports betting. While sports betting is fully legal in Nevada and also available in limited form in Delaware, a federal law passed by Congress in 1992 – the Professional and Amateur Sports Protection Act, or PASPA – prevents nearly every other state from regulating sports wagering.

In Nevada, sportsbooks are a huge draw with customers and revenues are growing. Big events, like the Super Bowl or title bout in boxing, can bring thousands of fans into Las Vegas from all across America. At the same time, sportsbook operators, regulators and law enforcement agencies work together to monitor betting patterns and watch out for illegal activity such as match fixing or point shaving.

Unlawful schemes have been uncovered by the FBI as a result of tips from Nevada's legal sportsbooks operators.

Yet illegal sports betting continues to occur every day in every American town and city. The National Gambling Impact Study Commission, in its final report to Congress, estimated American's bet between \$80 and \$380 billion per year on sports, making it by far the largest form of illegal wagering, and that report was released in 1999. There is no question that with the growth of the Internet in the years since, these staggering figures are far larger today.

More than a half-dozen states have also now chosen to formally regulate fantasy sports contests, but under existing federal law, states cannot choose to extend the same consumer protections to sports betting activities that are at least as, and likely far more, popular with sports fans.

In 2015, the AGA began actively study the issue of sports betting in America and discuss with stakeholders – including industry, law enforcement, regulators leagues, and others – whether it was time to revisit what is clearly a failed federal prohibition on sports betting. AGA will continue to push for solutions that align the law with American attitudes, protect the integrity of sports and curb the massive illegal gambling market.

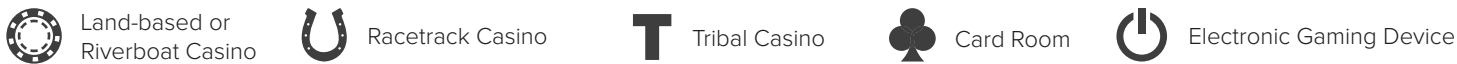
## **TRIBAL GAMING**

While revenues from Native American casinos are not included in the above totals, 2015 was also a record-setting year for Indian gaming. In 2015, tribal casinos operating in 28 states earned a total of \$29.9 billion in gross gaming revenues – the equivalent of more than three-quarters of the commercial industry total and further confirming tribal gaming as an inseparable part of the wider casino sector.

In early 2015, AGA welcomed owners of Indian casinos to its membership for the first time, reflecting the shared policy goals of the commercial and tribal gaming industries. Building on a track record of success since a landmark Indian gaming law was enacted in 1988, several tribal governments now own and operate commercial casino facilities under state-issued licenses. Meanwhile, a number of commercial casino companies continue to share their own expertise by managing Indian casinos on behalf of tribal governments.

Taken together, 2015 consumer spending at both commercial and tribal casinos totaled \$68.44 billion.

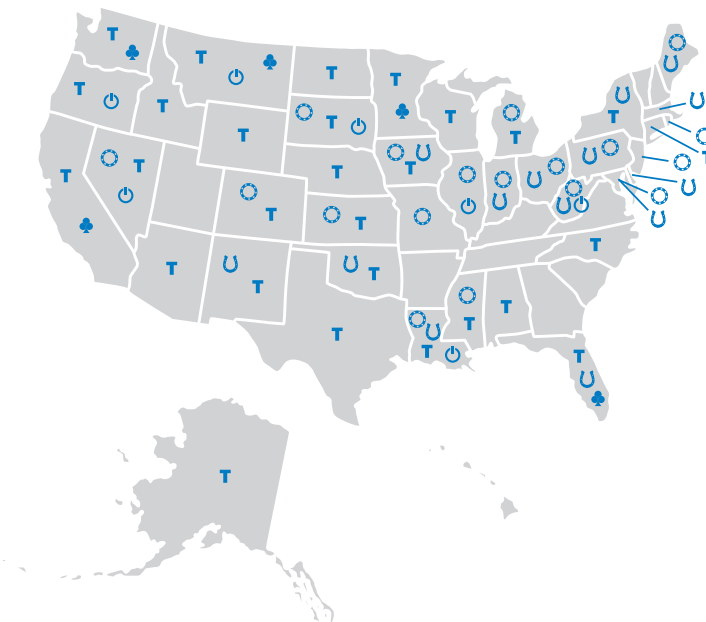
# NATIONAL ECONOMIC IMPACT OF CASINO INDUSTRY



## CASINO LOCATIONS BY STATE

| State          |            |           |            |            |                    |
|----------------|------------|-----------|------------|------------|--------------------|
| Alabama        |            |           | 3*         |            |                    |
| Alaska         |            |           | 2*         |            |                    |
| Arizona        |            |           | 24         | 89         |                    |
| California     |            |           | 71         |            |                    |
| Colorado       | 35±        |           | 3          |            |                    |
| Connecticut    |            |           | 2          |            |                    |
| Delaware       |            | 3^        |            |            |                    |
| Florida        |            | 8         | 8          | 23         |                    |
| Idaho          |            |           | 9          |            |                    |
| Illinois       | 10         |           |            |            | 5,222              |
| Indiana        | 11         | 2         |            |            |                    |
| Iowa           | 17         | 2         | 3          |            |                    |
| Kansas         | 3          |           | 4          |            |                    |
| Louisiana      | 16         | 4         | 4          |            | 1,843              |
| Maine          | 1          | 1         |            |            |                    |
| Maryland       | 4^         | 1^        |            |            |                    |
| Massachusetts  |            | 1         |            |            |                    |
| Michigan       | 3          |           | 23         |            |                    |
| Minnesota      |            |           | 40         | 2          |                    |
| Mississippi    | 28         |           | 3          |            |                    |
| Missouri       | 13         |           |            |            |                    |
| Montana        |            |           | 16         | 173        | 1,347              |
| Nebraska       |            |           | 4*         |            |                    |
| Nevada         | 271        |           | 4          |            | 1,994 <sup>6</sup> |
| New Jersey     | 8          |           |            |            |                    |
| New Mexico     |            | 5         | 26         |            |                    |
| New York       |            | 9^        | 10         |            |                    |
| North Carolina |            |           | 3          |            |                    |
| North Dakota   |            |           | 10         |            |                    |
| Ohio           | 4          | 7^        |            |            |                    |
| Oklahoma       |            | 2         | 127        |            |                    |
| Oregon         |            |           | 8          |            | 2,237^             |
| Pennsylvania   | 6          | 6         |            |            |                    |
| Rhode Island   | 2          |           |            |            |                    |
| South Dakota   | 27 ±       |           | 14         |            | 1,378^             |
| Texas          |            |           | 1*         |            |                    |
| Washington     |            |           | 33         | 63         |                    |
| West Virginia  | 1          | 4         |            |            | 1,402^             |
| Wisconsin      |            |           | 27         |            |                    |
| Wyoming        |            |           | 4          |            |                    |
| <b>Total</b>   | <b>460</b> | <b>55</b> | <b>486</b> | <b>350</b> | <b>15,423</b>      |

## CASINO LOCATIONS BY CATEGORY



\* Class II games only  
 ^ Video lottery terminals  
 ± Limited-stakes gaming

<sup>1</sup>The states with racetrack casinos operate Class III gaming machines.  
<sup>2</sup>Native American casinos noted here include both Class II and Class III facilities. States with Class II gaming are Alabama, Alaska, Nebraska and Texas.

<sup>3</sup>The states with card rooms indicated here do not include states that have commercial casinos with poker facilities.

<sup>4</sup>The card rooms in Washington operate blackjack and other house- or player-banked games in addition to poker.

<sup>5</sup>Refers to number of non-casino locations in states where electronic gaming devices are present. The electronic gaming devices operating in the states indicated on this map are recognized as legal operations. There are some states with similar facilities, but the machines may not be authorized.

<sup>6</sup>Locations have 15 or fewer machines.

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



## STATE-BY-STATE CONSUMER SPENDING ON COMMERCIAL GAMING

2014 vs. 2015

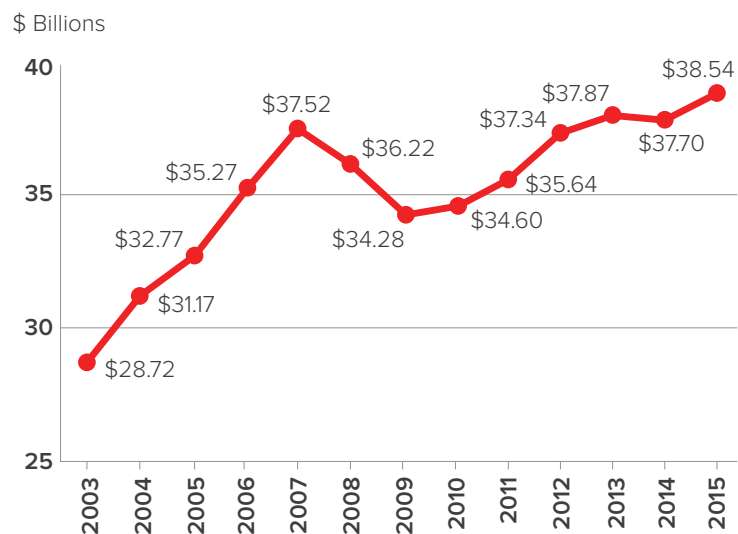
In 2015, 17 of the 24 states with commercial gaming reported increases in total annual gross gaming revenue. The largest increases - Maryland (+18 percent), Ohio (+12.8 percent) and Louisiana (+7.1 percent) - were driven by new casinos that had their first full year of operations in 2015. In contrast, those states seeing a drop in revenue, such as West Virginia (-4.9 percent), felt the adverse impact of new competition. The largest decline came in New Jersey (-6.5 percent), reflecting the closure of four Atlantic City casinos in 2014.

| State                               | 2014             | 2015             | % Change     |
|-------------------------------------|------------------|------------------|--------------|
| Colorado                            | \$746.35M        | \$790.08M        | 5.86%        |
| Delaware                            | \$411.71M        | \$410.49M        | -0.30%       |
| Florida                             | \$507.47M        | \$530.66M        | 4.57%        |
| Illinois                            | \$1.463B         | \$1.438B         | -1.73%       |
| Indiana                             | \$2.232B         | \$2.216B         | -0.76%       |
| Iowa                                | \$1.396B         | \$1.424B         | 2.03%        |
| Kansas                              | \$353.54M        | \$367.77M        | 4.03%        |
| Louisiana                           | \$2.472B         | \$2.649B         | 7.12%        |
| Maine                               | \$127.27M        | \$129.81M        | 1.99%        |
| Maryland                            | \$931.08M        | \$1.098B         | 17.97%       |
| Massachusetts<br>(opened June 2015) | -                | \$88.23M         | -            |
| Michigan                            | \$1.333B         | \$1.376B         | 3.27%        |
| Mississippi                         | \$2.070B         | \$2.097B         | 1.30%        |
| Missouri                            | \$1.660B         | \$1.702B         | 2.52%        |
| Nevada                              | \$11.019B        | \$11.114B        | 0.87%        |
| New Jersey                          | \$2.742B         | \$2.563B         | -6.53%       |
| New Mexico                          | \$257.66B        | \$256.02M        | -0.64%       |
| New York                            | \$1.898B         | \$1.951B         | 2.77%        |
| Ohio                                | \$1.458B         | \$1.644B         | 12.77%       |
| Oklahoma                            | \$111.37M        | \$113.14M        | 1.59%        |
| Pennsylvania                        | \$3.069B         | \$3.174B         | 3.41%        |
| Rhode Island                        | \$611.08M        | \$615.82M        | 0.78%        |
| South Dakota                        | \$104.06M        | \$108.36M        | 4.13%        |
| West Virginia                       | \$722.17M        | \$686.56M        | -4.93%       |
| <b>Total</b>                        | <b>\$37.696B</b> | <b>\$38.543B</b> | <b>2.25%</b> |

## U.S. CONSUMER SPENDING ON COMMERCIAL CASINO GAMING

2003-2015

Total consumer spending at commercial casinos increased nearly 2.5 percent in 2015 when compared with the prior year, reaching a record total of \$38.54 billion. The growth was due to several factors including lower gas prices and increased consumer confidence, particularly among high-end casino patrons. It also reflected the impact of new casino openings in Louisiana, Maryland, Massachusetts and Ohio.

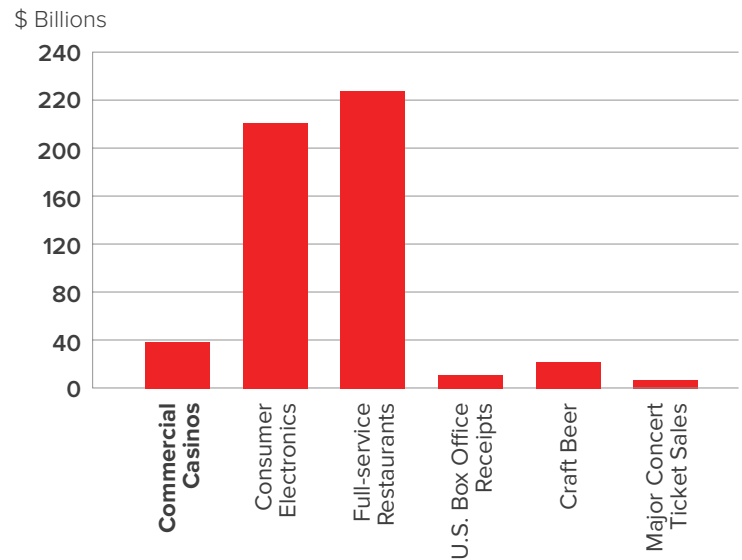


Source: State Gaming Regulatory Agencies

## COMMERCIAL CASINO SPENDING vs. OTHER SPENDING CHOICES 2015

During 2015, consumers spent considerably more at commercial casinos than they did on movie tickets, craft beer or tickets for major music concerts. However, consumer spending on casino gaming was significantly less than spending at restaurants or on consumer electronics.

Sources: American Gaming Association; Consumer Technology Association; National Restaurant Association; Rentrak Corporation; Brewers Association; PollstarPro



## COMMERCIAL CASINO TAX REVENUE BY STATE 2014 vs. 2015

During 2015, commercial casinos contributed almost \$9bn in direct taxes to state and local governments across the country - a 2.9 percent increase compared to the prior year. As with gaming revenues, those states with the largest tax revenue increases - Ohio (+12.5 percent) and Maryland (+8.9 percent) - benefited from the recent openings of new casinos. However, in some cases, growth in tax revenue lagged that of gaming revenue due to the stronger performance of table games relative to higher-taxed slot machines. Meanwhile, Massachusetts received tax revenues from gaming for the first time in 2015 after its first casino was opened in June.

Source: State Gaming Regulatory Agencies

| State                               | 2014            | 2015            | % Change     |
|-------------------------------------|-----------------|-----------------|--------------|
| Colorado                            | \$106.13M       | \$113.80M       | 7.23%        |
| Delaware                            | \$168.32M       | \$160.96M       | -4.38%       |
| Florida                             | \$177.61M       | \$185.73M       | 4.57%        |
| Illinois                            | \$500.6M        | \$488.04M       | -2.51%       |
| Indiana                             | \$622.14M       | \$608.06M       | -2.26%       |
| Iowa                                | \$316.37M       | \$329.35M       | 4.10%        |
| Kansas                              | \$88.38M        | \$92.01M        | 4.10%        |
| Louisiana                           | \$591.25M       | \$632.24M       | 6.93%        |
| Maine                               | \$51.35M        | \$52.21M        | 1.67%        |
| Maryland                            | \$415.91M       | \$452.92M       | 8.90%        |
| Massachusetts<br>(opened June 2015) | -               | \$43.23M        | -            |
| Michigan                            | \$302.95M       | \$311.24M       | 2.74%        |
| Mississippi                         | \$246.56M       | \$252.41M       | 2.37%        |
| Missouri                            | \$436.94M       | \$443.89M       | 1.59%        |
| Nevada                              | \$881.5M        | \$889.13M       | 0.87%        |
| New Jersey                          | \$253.65M       | \$237.09M       | -6.53%       |
| New Mexico                          | \$67.19M        | \$67.15M        | -0.06%       |
| New York                            | \$864.18M       | \$888.37M       | 2.80%        |
| Ohio                                | \$484.65M       | \$545.38M       | 12.53%       |
| Oklahoma                            | \$20.63M        | \$20.76M        | 0.60%        |
| Pennsylvania                        | \$1.348B        | \$1.379B        | 2.34%        |
| Rhode Island                        | \$333.52M       | \$328.84M       | -1.40%       |
| South Dakota                        | \$15.86M        | \$15.67M        | -1.20%       |
| West Virginia                       | \$314.75M       | \$316.45M       | 0.54%        |
| <b>Total</b>                        | <b>\$8.608B</b> | <b>\$8.854B</b> | <b>2.86%</b> |

## COMMERCIAL CASINO JOBS AND WAGES BY STATE

### 2015

In 2015, more than 350,000 people were directly employed by commercial casinos nationwide. While Nevada continues to account for a sizeable portion of this workforce, as casinos have been introduced in more states in recent years, jobs in gaming are becoming more regionally diverse. Anticipated casino openings in the near future in Maryland, Massachusetts and New York will likely grow gaming's already sizeable labor market.

Sources: State Gaming Regulatory Agencies, State Gaming Associations, individual properties, Oxford Economics - 2014 Economic Impact Study

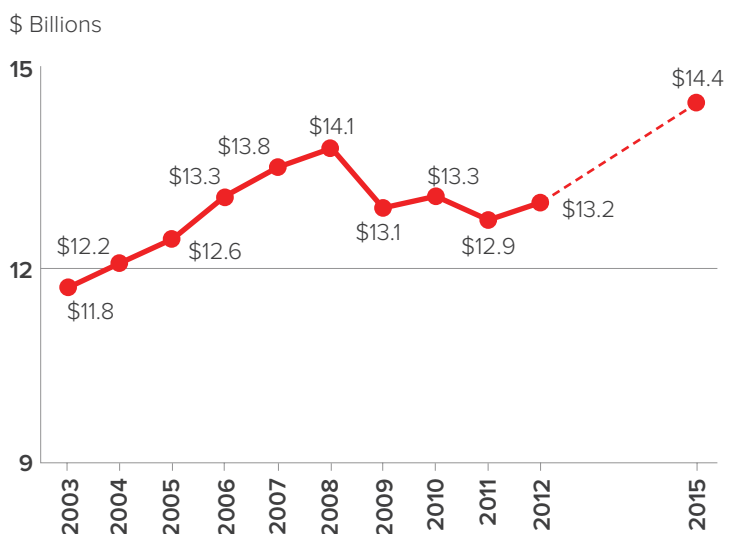
| State                               | Jobs           | Wages/Benefits   |
|-------------------------------------|----------------|------------------|
| Colorado                            | 10,775         | \$214.08M        |
| Delaware                            | 4,000          | \$182.74M        |
| Florida                             | 3,948          | \$133.78M        |
| Illinois                            | 6,933          | \$289.21M        |
| Indiana                             | 14,524         | \$476.88M        |
| Iowa                                | 9,230          | \$331.02M        |
| Kansas                              | 1,940          | \$67.80M         |
| Louisiana                           | 19,707         | \$647.42M        |
| Maine                               | 834            | \$26.44M         |
| Maryland                            | 5,514          | \$204.24M        |
| Massachusetts<br>(opened June 2015) | 503            | \$11.95M         |
| Michigan                            | 7,569          | \$431.91M        |
| Mississippi                         | 20,932         | \$719.49M        |
| Missouri                            | 9,623          | \$319.98M        |
| Nevada                              | 170,618        | \$8.101B         |
| New Jersey                          | 23,615         | \$653.47M        |
| New Mexico                          | 1,482          | \$49.99M         |
| New York                            | 4,764          | \$221.33M        |
| Ohio                                | 9,187          | \$350.64M        |
| Oklahoma                            | 585            | \$23.03M         |
| Pennsylvania                        | 17,617         | \$694.37M        |
| Rhode Island                        | 1,303          | \$95.03M         |
| South Dakota                        | 1,583          | \$39.66M         |
| West Virginia                       | 4,038          | \$139.02M        |
| <b>TOTAL</b>                        | <b>350,824</b> | <b>\$14.424B</b> |

## COMMERCIAL CASINO WAGES, U.S.

### 2003-2015

As gaming is welcomed in more states and communities around the country, the industry's employee base and their compensation have grown accordingly. The total amount of wages, benefits and tips that casino employees earned last year was \$14.4 billion. Due to the lapse in publication of this report, wage data from 2013 and 2014 is omitted in the chart below.

Sources: State Gaming Regulatory Agencies, State Gaming Associations, individual properties, Oxford Economics - 2014 Economic Impact Study



## TOP 20 U.S. COMMERCIAL CASINO AND RACETRACK MARKETS

The Las Vegas Strip remained comfortably America's largest commercial casino market in 2015, despite experiencing a small drop in overall gross gaming revenue for the year. Atlantic City has halved in size as a gaming market since 2006, but remains the second largest market overall.

Meanwhile, the recent opening of a new casino in downtown Baltimore saw Baltimore-Washington, D.C. continue its emergence as a major gaming market, even ahead of the opening of MGM National Harbor in late 2016. With the continued success of Resorts World Casino in Queens and Empire City Casino in Yonkers, New York City rose 11 spots to the fourth largest market in the U.S.

|    | Market                     | State(s) | 2015 Revenue Total | Last Ranking* |
|----|----------------------------|----------|--------------------|---------------|
| 1  | Las Vegas Strip            | NV       | \$6.348 billion    | 1             |
| 2  | Atlantic City              | NJ       | \$2.426 billion    | 2             |
| 3  | Chicagoland                | IL, IN   | \$2.002 billion    | 3             |
| 4  | New York City              | NY       | \$1.400 billion    | 15            |
| 5  | Detroit                    | MI       | \$1.376 billion    | 4             |
| 6  | Baltimore/Washington, D.C. | MD, WV   | \$1.306 billion    | N/A           |
| 7  | Philadelphia               | PA       | \$1.192 billion    | 6             |
| 8  | Gulf Coast                 | MS       | \$1.135 billion    | 8             |
| 9  | St. Louis                  | MO, IL   | \$1.007 billion    | 7             |
| 10 | The Poconos                | PA       | \$965.56 million   | 9             |
| 11 | Lake Charles               | LA       | \$907.51 million   | 14            |
| 12 | Boulder Strip              | NV       | \$784.35 million   | 12            |
| 13 | Kansas City                | MO, KS   | \$782.05 million   | 11            |
| 14 | Shreveport/Bossier City    | LA       | \$732.51 million   | 13            |
| 15 | Reno/Sparks                | NV       | \$694.19 million   | 16            |
| 16 | Black Hawk/Central City    | CO       | \$674.41 million   | 18            |
| 17 | New Orleans                | LA       | \$626.00 million   | 20            |
| 18 | Tunica/Lula                | MS       | \$625.73 million   | 10            |
| 19 | Pittsburgh/Meadowlands     | PA       | \$599.84 million   | 17            |
| 20 | Cincinnati                 | OH, IN   | \$597.76 million   | N/A           |

Source: GamblingCompliance

\*2013 State of the States

## STATE-BY-STATE ECONOMIC & COMMUNITY IMPACT

In 2015, overall consumer spending on gaming at America's commercial casinos reached \$38.54 billion. The figure represented a record annual yield for the casino gaming industry, surpassing 2013's gross gaming revenue total of \$37.87 billion. It also meant casinos saw a 2.2 percent revenue increase from 2014, when industry-wide gaming revenues suffered a slight decline and fell for the first time since 2009.

The record \$38.54 billion translated into record gaming tax revenue for state governments, too. Last year, states received \$8.85 billion from specific taxes applied to casino revenues, up 2.6 percent relative to 2014. It is important to note the figure reflects only gaming taxes paid by casinos out of moneys won from gamblers. It does not include additional corporate, payroll or other taxes that apply to casinos like most other businesses.

Taken as a whole, the record total reflects increased consumer confidence, particularly among mid-level and higher-spending casino patrons. Other factors driving growth were lower gas prices and generally milder winter weather relative to 2014, when severe storms restricted casino visits at certain times of the year.

Overall, 17 of the 24 states with commercial casinos reported an increase in annual gross gaming revenue for 2015.

Still, local revenue trends varied significantly and continued to be heavily influenced by the impact of new competition. Notably, 2015's annual total included a maiden contribution from Massachusetts, where the first of four upcoming casinos opened in June. Significant revenue gains were also observed in Maryland (+18.0 percent), Ohio (+12.8 percent) and Louisiana (+7.1 percent), all of which benefited from new casinos opening in their jurisdictions.

By contrast, annual gross gaming revenues continued to decline in West Virginia (-4.9 percent) and Indiana (-0.8 percent), as casinos there felt the impact of out-of-state competition. Revenue growth in Rhode Island (+0.8 percent) was tempered by the launch of casino gaming in Massachusetts. Meanwhile, casino revenues in Illinois also fell (-1.7 percent) as lawful electronic gaming machines continued to expand in the state's bars and taverns.

Not for the first time, however, the largest annual decline in gaming revenue was experienced in New Jersey (-6.5 percent). The Garden State had an East Coast gaming monopoly throughout the 1980s, but Atlantic City resorts now must compete with casinos in each of New Jersey's neighboring states. The fall in 2015 gaming revenue came after four of Atlantic City's dozen casinos ceased operations during the prior year.

Colorado's gaming market saw an increase in both gaming revenues (+5.9 percent) and direct gaming tax receipts (+7.2 percent) in 2015. The gaming revenue total was the state's highest for eight years. Growth in revenue also came despite the closure of one casino, in the historic mining City of Black Hawk, last July.

|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 35  |
| <b>Casino Format</b>                  | Land-based  |
| <b>Casino Employees</b>               | 10,775  |
| <b>Casino Employee Wages</b>          | \$214.08 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$790.08 million  |
| <b>Gaming Tax Revenue</b>             | \$113.80 million  |
| <b>How Taxes Spent</b>                | General fund, tourism promotion, creative and bioscience industries, restoration and preservation of historic sites |
| <b>Legalization Date</b>              | 1990  |
| <b>First Casino Opening Date</b>      | 1991  |
| <b>State Gaming Tax Rate</b>          | Graduated tax rate with a maximum tax of 20% on gaming revenue  |
| <b>Mode of Legalization</b>           | Statewide vote, legislative action  |
| <b>Admissions</b>                     | Data not available  |

Source: Colorado Division of Gaming

## COMMUNITY IMPACT

For over two decades, the people and communities of Colorado have enjoyed a wide array of benefits as a result of the casinos operating in the three historic mining towns of Black Hawk, Central City and Cripple Creek. A number of these benefits, such as the thousands of well-paying jobs and the millions of dollars of tax revenues the industry supports, are more widely understood. There are, however, some less well-known but incredibly important, positive impacts from gaming that go unnoticed by many.

Take, for example, gaming's contributions to historic preservation in communities across the state. Few people probably realize that the Colorado State Historical Fund is the richest state preservation fund in the country, and it has received more than \$300 million in contributions from the casino industry since 1992. These dollars, distributed through grants to worthwhile projects in communities across Colorado, significantly impact citizens' quality of life.

Most people are also probably unaware of the casino industry's important partnership with the state's network of community colleges. Millions of gaming tax dollars are dedicated each year to help these institutions provide valuable educational opportunities and training to thousands of Coloradans, and graduates end up matriculating into professional roles – such as first responders for emergency services and health care – that make a real difference in communities each and every day.

### DID YOU KNOW?

Colorado is one of only two states, along with South Dakota, that subjects its casinos to limits on maximum wagers. State law means casino patrons may bet no more than \$100 per hand. Before 2008, the limit was just \$5.

# DELAWARE



Delaware suffered a further decrease in casino gaming revenue (-0.3 percent) and direct gaming tax revenues (-4.4 percent) in 2015, as growth in table games revenue failed to offset declines from video lottery terminals, Internet gaming and sports betting. Over the past decade, Delaware's casinos have continued to battle a significant expansion of gaming competition in neighboring states. Still, 2015 saw the market's smallest decline since 2011, when table games were first approved.

|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 3   |
| <b>Casino Format</b>                  | Racetrack casinos with publicly-run video lottery terminals and table games with distributions to operators |
| <b>Casino Employees</b>               | 4,000   |
| <b>Casino Employee Wages</b>          | \$182.74 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$410.49 million  |
| <b>Gaming Tax Revenue</b>             | \$160.96 million  |
| <b>How Taxes Spent</b>                | General fund  |
| <b>Legalization Date</b>              | 1994  |
| <b>First Casino Opening Date</b>      | 1995  |
| <b>Revenue Retained by Operator</b>   | 41.53%  |
| <b>Mode of Legalization</b>           | Legislative action  |
| <b>Admissions</b>                     | Data not available  |

Sources: Delaware Lottery, Individual properties

## COMMUNITY IMPACT

For more than 20 years, Delaware's gaming industry has demonstrated an ongoing commitment to making a positive impact on communities all across the state. Despite the increasingly competitive market in the Mid-Atlantic region which has produced a more challenging business climate in recent years, casino operators continue to make important and lasting contributions in the First State in a host of different ways.

Dover Downs Hotel & Casino, the second largest private sector employe in Kent County, is an excellent case in point. The company has made more than \$3,250,000 in charitable contributions to state organizations between 1997 and 2015, supporting groups as varied as Big Brothers and Big Sisters of Delaware, food banks and Delaware Hospice. At the local level, the company contributes more than \$4 million annually to the City of Dover and Kent County, dollars which are used to fund essential municipal services and vocational programs for residents.

Delaware casinos' also play an important role in supporting the state's horseracing industry. All three casinos maintain tracks and stables and divert a portion of their gaming proceeds to increase the size of horse race purses. Totaling more than \$35 million in fiscal 2016, these funds are critical for sustaining the equine industry in the state, and trickle down to impact people living and working at stables, supply stores, veterinary clinics and small family farms.

### DID YOU KNOW?

Delaware's casinos are the only ones outside Nevada that are permitted to legally offer sports wagering. However, federal restrictions imposed by 1992's Professional and Amateur Sports Protection Act (PASPA) means bets can be offered only on the outcome of three or more NFL games.



Florida’s gaming market grew for the sixth straight year in 2015, as gaming revenue (+5.0 percent) and direct gaming tax receipts (+5.0 percent) both increased. Notably, growth in total state-wide gaming revenue continued despite the closure of one casino, Dania Jai Alai, for renovations.

|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 8   |
| <b>Casino Format</b>                  | Racetrack casinos and jai alai frontons with slot machines  |
| <b>Casino Employees</b>               | 3,948   |
| <b>Casino Employee Wages</b>          | \$133.78 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$530.66 million  |
| <b>Gaming Tax Revenue</b>             | \$185.73 million  |
| <b>How Taxes Spent</b>                | Statewide education   |
| <b>Legalization Date</b>              | 2006  |
| <b>First Casino Opening Date</b>      | 2006  |
| <b>State Gaming Tax Rate</b>          | 35.00%  |
| <b>Mode of Legalization</b>           | Statewide Referendum, local option vote, legislative action |
| <b>Admissions</b>                     | Data not available  |

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

## COMMUNITY IMPACT

Florida’s commercial casinos, which operate either in conjunction with horse tracks, dog tracks or jai alai frontons, make valuable contributions to the quality of life in the Sunshine State that go beyond the thousands of jobs they provide and tens of millions of dollars in wages and benefits they pay each year. The pari-mutuel industry has deep roots and a storied history in Florida, which hosted its first race on which patrons could place wagers more than 80 years ago. It was not until 2006, however, that certain tracks and frontons were permitted to offer casino-style slot machines. Since that time, state residents and the communities in which they reside have reaped significant benefits as a result of these casinos’ activities, particularly for education, that did not exist previously. In the most recent fiscal year, for example, Florida’s eight commercial casinos contributed nearly \$200 million into the Educational Enhancement Trust Fund, which in turn directs dollars to funding public education statewide and school construction projects.

Casino operators and their employees enjoy actively getting involved in the communities they call home. Recently employees from the Isle of Capri Casino in Pompano Beach volunteered for SOS Children’s Village, a safe haven for children who’ve been abused, abandoned, and neglected. The company also partnered with the city to sink a 324-foot ship, Lady Luck, to create a new reef and diving experience about 1.5 miles southeast of the Pompano Beach Pier. The Lady Luck is now one of the biggest contributors to Florida’s artificial reef system.

### DID YOU KNOW?

Currently, only commercial gaming facilities located in Miami-Dade and Broward counties can lawfully offer slot machines. But in 2015, the state Supreme Court was asked to consider whether racetracks in other Florida counties whose voters approve of expanded gaming should also be eligible to do so.



# ILLINOIS



Increased competition from lawful gaming machines (VGTs) installed in bars and restaurants continued to negatively impact Illinois' casino market in 2015, as both gaming revenues (-1.7 percent) and direct gaming tax receipts (-2.5 percent) declined, led by a fall in slot machine revenue. In contrast, total state-wide revenue from VGTs was up 38.5 percent compared with 2014.

|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 10  |
| <b>Casino Format</b>                  | Riverboat   |
| <b>Casino Employees</b>               | 6,933   |
| <b>Casino Employee Wages</b>          | \$289.21 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$1.438 billion   |
| <b>Gaming Tax Revenue</b>             | \$488.04 million  |
| <b>How Taxes Spent</b>                | Education assistance, local government  |
| <b>Legalization Date</b>              | 1990  |
| <b>First Casino Opening Date</b>      | 1991  |
| <b>State Gaming Tax Rate</b>          | Graduated tax rate from 15% to 50% of gross gaming revenue, \$2-3 admission tax |
| <b>Mode of Legalization</b>           | Legislative action  |
| <b>Admissions</b>                     | 12.93 million   |

Sources: Illinois Casino Gaming Association, Illinois Gaming Board

## COMMUNITY IMPACT

Since 1990, the casino industry in Illinois has generated nearly \$10 billion in tax revenues, dollars that have contributed not only to state-level programs and initiatives but also critically important projects in hundreds of communities. One recent example of this is in the town of Des Plaines, which for years had been badly in need of a number of infrastructure improvements. Just last year, with revenue made available from Rivers Casino, the city was able to earmark 12.3 million to pay for a new city water source, replace a large water main and make drainage improvements to ease chronic flooding issues.

Illinois casinos are also committed to being good corporate citizens, recently making nearly \$12 million in contributions to charities and civic projects in every county in Illinois. Consider the good work done by The Grand Victoria casino in Elgin, which since 1996 has voluntarily donated 20 percent of its annual net operating income to fund a foundation committed to turning local communities into

vibrant civic hubs. The foundation recently worked with leaders in one community to build a new childcare facility serving 210 children. The organization is active in cities and towns throughout Illinois, funding efforts to map childcare resources, improve early learning and support a host of other child-development programs.

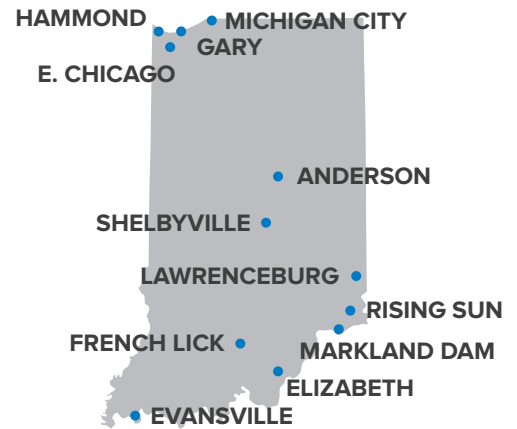
In these ways and many more, it is clear the gaming industry contributes to the growth and well-being of Illinois' citizens and communities.

### DID YOU KNOW?

Since 2012, almost 23,900 VGTs have been installed in more than 5,000 non-casino locations across Illinois. The total is more than double the number of gaming machines offered in riverboat casinos.

# INDIANA

Indiana's gaming market shrank for fourth straight year in 2015, as gaming revenue (-0.8 percent) and direct gaming tax receipts (-2.3 percent) both declined. Since 2012, Indiana has been hit particularly hard by the opening of 11 casinos and racinos in neighboring Ohio. Those in Northwestern Indiana, meanwhile, have faced additional competition from the legalization of gaming machines in bars and other non-casino venues in Illinois.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 13  |
| <b>Casino Format</b>                  | 10 riverboats, 1 land-based and 2 racetrack casinos   |
| <b>Casino Employees</b>               | 14,524  |
| <b>Casino Employee Wages</b>          | \$476.88 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$2.216 billion   |
| <b>Gaming Tax Revenue</b>             | \$608.06 million  |
| <b>How Taxes Spent</b>                | Economic development, local government  |
| <b>Legalization Date</b>              | 1993  |
| <b>First Casino Opening Date</b>      | 1995  |
| <b>State Gaming Tax Rate</b>          | Riverboat and Land-based casinos: graduated tax rate from 15% to 40% of gross gaming revenue; \$3 per patron admission tax; racinos: graduated slot tax from 25% to 35% of gross gaming revenue |
| <b>Mode of Legalization</b>           | Local option vote, legislative action   |
| <b>Admissions</b>                     | 17.25 million   |

Sources: Casino Association of Indiana, Indiana Gaming Commission.

Note: Because AGA, working in conjunction with the Casino Association of Indiana, was unable to obtain employment or wage data from a number of properties, estimates of direct employment and labor income provided by Oxford Economics for a 2014 study were used to compile total statewide figures above.

## COMMUNITY IMPACT

In Indiana, the gaming industry is a major source of revenue for education, economic development, charitable giving and scientific progress, and taken together, all of these things help strengthen communities in every corner of the state. In fact, since first opening in 1995, casino gaming has contributed more than \$13 billion in taxes to state, county and city governments.

While much of the more than \$600 million dollars in gaming tax revenue contributions the industry makes each year goes to support the State General Fund, other critical local programs and initiatives that receive support from gaming are important to recognize. Law enforcement training, state mental health and addiction services, the Build Indiana Fund (dedicated to improving the state's infrastructure), and the Indiana State Fair are just a few of the many areas that benefit from industry financial assistance and which, in turn, positively impact nearly every Hoosier State citizen.

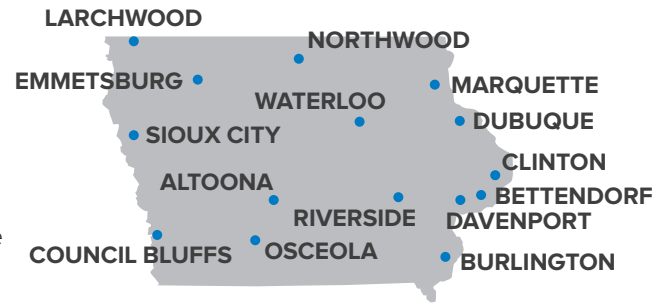
The gaming industry not only contributes to the betterment of Indiana's children but also its retirees. In the most recent fiscal year, for example, more than \$3 million dollars went from the gaming and lottery fund to support improved technology in classrooms, and another \$2.5 million was spent on installing much-needed Internet access at Indiana schools and libraries. Gaming dollars also are a critical contributor to retirement funds for state teachers, police and firefighter pensions.

### DID YOU KNOW?

In a bid to mitigate the impact of out-of-state competition, Indiana lawmakers passed a series of progressive gambling reforms in 2015. Among other things, the reforms will allow riverboat casinos to move to dry-land for the first time.

# IOWA

Milder winter weather, and a resulting increase in visits by casino patrons, helped Iowa's casino industry report increases in both gaming revenues (+2.0 percent) and direct gaming tax receipts (+4.1 percent) in 2015. The growth was also partially attributable to expansion. Wild Rose Casino & Resort, Iowa's 19th casino, opened in the City of Jefferson in Central Iowa in July.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 19  |
| <b>Casino Format</b>                  | Riverboat, land-based and racetrack casinos with slots and table games  |
| <b>Casino Employees</b>               | 9,230   |
| <b>Casino Employee Wages</b>          | \$331.02 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$1.424 billion   |
| <b>Gaming Tax Revenue</b>             | \$329.35 million  |
| <b>How Taxes Spent</b>                | Infrastructure, schools and universities, the environment, tourism projects, cultural initiatives, general fund   |
| <b>Legalization Date</b>              | 1989  |
| <b>First Casino Opening Date</b>      | 1991  |
| <b>State Gaming Tax Rate</b>          | Graduated tax rate with a maximum of up to 22% on gross gaming revenue at riverboats and up to 24% at racetracks with slots and table games with gaming revenue exceeding \$100 million |
| <b>Mode of Legalization</b>           | Local option vote, legislative action   |
| <b>Admissions</b>                     | 21.65 million   |

Sources: Iowa Gaming Association, Iowa Racing and Gaming Commission

## COMMUNITY IMPACT

The casino industry in Iowa has a unique connection to charitable and philanthropic organizations across the state. For one, each of Iowa's 19 casinos is required to share its license with a qualified, nonprofit organization. These organizations in turn receive a portion of their respective casino's revenue and reinvest these dollars in numerous local charitable and civic needs. In 2014 to 2015 alone, \$57.4 million was granted to community organizations across 1,158 projects.

The other program Iowa has had in place for more than a decade is the County Endowment Fund Program. This too is funded by the gaming industry, and the program is designed to provide grants to nonprofits and create strong community foundation infrastructures in the 84 counties in Iowa without licensed casinos. In all, since gaming came to Iowa more than 25 years ago, the industry has been a tremendous catalyst for philanthropic partnerships, with nearly 29,000 grants totaling more than \$1.4 billion having been awarded to charitable organizations for community betterment projects.

These funds have touched almost all areas of the community, including museums, schools, adult learning programs, environmental protection and beautification, human health, public safety and youth development, to name just a few.

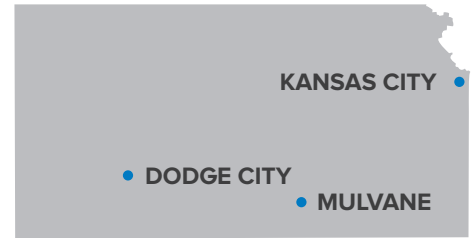
Finally, Iowa's casino industry has shown its commitment to the state and its people with its Buy Iowa First program. In 2015, industry spending hit nearly \$300 million on products and services from Iowa-based companies, which was close to 85 percent of total expenditures.

### DID YOU KNOW?

Before 2011, Iowa law required counties that host casinos to hold a public ballot every eight years to ask voters whether they wish to continue doing so. Without exception, residents in every county with an existing casino decisively voted to retain the jobs and other economic benefits derived from gaming.

# KANSAS

Kansas' gaming market saw an increase in both gaming revenue (+4.0 percent) and direct tax gaming receipts (+4.1 percent) in 2015. Revenue growth was primarily due to an increase in gaming machine revenue at the state's two largest casinos: Hollywood Casino, near Kansas City, and Kansas Star Casino, near Wichita.



|                                       |  |
|---------------------------------------|--|
| <b>Current # of Operating Casinos</b> | 3  |
| <b>Casino Format</b>                  | Land-based   |
| <b>Casino Employees</b>               | 1,940  |
| <b>Casino Employee Wages</b>          | \$67.80 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$367.77 million   |
| <b>Gaming Tax Revenue</b>             | \$92.01 million  |
| <b>How Taxes Spent</b>                | State debt reduction. Infrastructure improvements, property tax relief, problem gambling treatment |
| <b>Legalization Date</b>              | 2007   |
| <b>First Casino Opening Date</b>      | 2009   |
| <b>State Gaming Tax Rate</b>          | 22% state tax. 3% local government tax, 2% tax to fund problem gambling treatment                  |
| <b>Mode of Legalization</b>           | Local option vote, legislative action  |
| <b>Admissions</b>                     | Data not available   |

Sources: Kansas Lottery, individual properties

## COMMUNITY IMPACT

The three commercial casino properties in Kansas have a proud tradition of making a difference in the communities where they are located. Despite its relative infancy (the first casino opened in 2009), the industry has cumulatively generated more than \$50 million in taxes for county and city governments, and these dollars are meaningfully impacting residents' quality of life.

Take for example the City of Mulvane, home to the Kansas Star Casino. At a time when many cities are raising taxes and cutting services, elected officials there have instead been able to lower property taxes and electrical rates for its residents. Concurrently, revenue from gaming allowed the city to hire more police and EMT professionals in an effort to increase public safety and reduce citizens' response times in cases of emergency.

Local students in Mulvane are also reaping significant benefits from the "All-Star Scholar's Fund," a non-profit organization that receives 100 percent of its annual funding from the

Kansas Star Casino. The program allows any K-12 students enrolled in Sumner County or Mulvane school districts to receive a \$100 educational reward card to be used for school enrollment fees and/or at area businesses to buy school supplies, clothes or shoes.

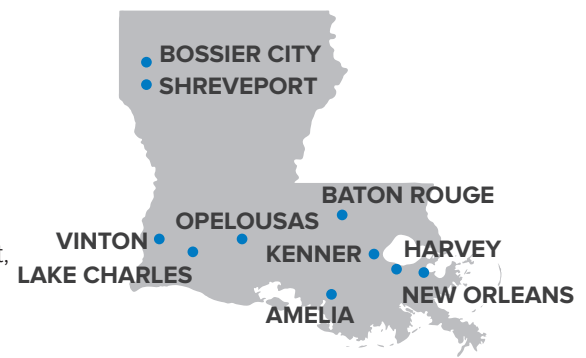
Casinos in Kansas have also proven to be significant drivers of tourism and convention business. In Dodge City, since Boot Hill Casino opened, the community has built a \$40 million arena for events and conferences, the United Wireless Arena. Three new hotels have also opened since the casino came to town.

### DID YOU KNOW?

Kansas is the only commercial gaming jurisdiction where casinos are actually owned and operated by the state. Games offered by casinos are ultimately owned by the Kansas Lottery, which contracts with private companies to develop and manage casinos on its behalf.

# LOUISIANA

The December 2014 opening of the Golden Nugget riverboat casino in Lake Charles helped Louisiana’s casino industry report increases in both gaming revenues (+7.1 percent) and direct tax gaming receipts (+6.9 percent). In contrast, casinos and racinos in the Greater New Orleans market saw revenues decline following the enactment of a city-wide public smoking ban in April 2015.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 20  |
| <b>Casino Format</b>                  | Riverboat, land-based and racetrack casinos with slots and table games  |
| <b>Casino Employees</b>               | 19,707  |
| <b>Casino Employee Wages</b>          | \$647.42 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$2.649 billion   |
| <b>Gaming Tax Revenue</b>             | \$632.24 million  |
| <b>How Taxes Spent</b>                | General fund, City of New Orleans, public retirement systems, state capital improvements, rainy day fund  |
| <b>Legalization Date</b>              | 1991  |
| <b>First Casino Opening Date</b>      | 1993  |
| <b>State Gaming Tax Rate</b>          | Riverboat casinos*: 21.5%; Land-based casino: \$60 million annual tax or 21.5% of gross gaming revenue, whichever is greater; racinos: 18% of gross gaming revenue paid to horsemen; 18.5% of net to state taxes and 4% to local parish |
| <b>Mode of Legalization</b>           | Local option vote, legislative action   |
| <b>Admissions</b>                     | 33.62 million   |

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

\* Riverboat casinos pay an additional 4 to 6 percent to local governing authorities under the terms of “local boarding fee” agreements.

## COMMUNITY IMPACT

For more than two decades, the casino industry has played an integral role not only in Louisiana’s economy but also in its civic institutions, public services and communities across the state. Certainly by directly employing nearly 20,000 state residents with well-paying jobs, the industry helps employees’ and their families in their quest to achieve financial security and independence, but it also does so much more.

Everyone wants to live in a community where they feel safe, and funds from the gaming industry have made critical contributions to fire and police protection in the Bayou State. In fact, in some years, over 40 percent of the entire Louisiana State Police annual budget comes from gaming taxes. The industry also helps fund other vital state services including highway construction, elementary and secondary schools, and teacher salaries. Revenue from gaming operations is the single largest contributor to the Support Education in Louisiana First Fund (SELF), which among other things, provides salary increases to public pre-kindergarten through twelfth grade classroom teachers.

Louisiana casinos have also been ongoing and generous contributors to local charities. Riverboat casinos alone have cumulatively contributed nearly \$50 million to philanthropic organizations and causes. Harrah’s land-based property in New Orleans has also been very active in helping to continue the revitalization of the city since Hurricane Katrina. Indeed, since 2007, Harrah’s has donated more than \$5 million to more than 40 local organizations, from the Audubon Nature Institute, to the Louisiana Cancer Center and a number of family service organizations. The company’s employees have also been generous with their time, dedicating some 35,000 volunteer hours to the efforts of local charitable organizations.

### DID YOU KNOW?

In 2016, Louisiana lawmakers called for a task force to study the state’s casino laws and recommend regulatory changes that would help make casinos more competitive with those of neighboring jurisdictions.

Maine’s gaming market saw a slight increase in both gaming revenues (+2.0 percent) and direct tax gaming receipts (+1.7 percent) in 2015. However, growth was not shared evenly between the state’s two casino venues. While total revenue at Oxford Casino, located near Maine’s famed ski country, increased 5.0 percent against 2014, revenue at Hollywood Casino in Eastern Maine was down 2.0 percent.



|                                       |  |
|---------------------------------------|--|
| <b>Current # of Operating Casinos</b> | 2  |
| <b>Casino Format</b>                  | Land-based and racetrack casinos with slot machines and table games  |
| <b>Casino Employees</b>               | 834  |
| <b>Casino Employee Wages</b>          | \$26.44 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$129.81 million   |
| <b>Gaming Tax Revenue</b>             | \$52.21 million  |
| <b>How Taxes Spent</b>                | Education, health care, agriculture, gambling control board administration, City of Bangor   |
| <b>Legalization Date</b>              | 2004   |
| <b>First Casino Opening Date</b>      | 2005   |
| <b>State Gaming Tax Rate</b>          | Effective Tax Rate - 40.22%. Racetrack Casino - 39% tax on slot net revenue; 16% on table net revenue. Land-based Casino - 46% tax on slot net revenue; 16% tax on table net revenue |
| <b>Mode of Legalization</b>           | Local option vote, legislative action  |
| <b>Admissions</b>                     | Data not available   |

Sources: *Maine Gaming Control Board, individual properties*

## COMMUNITY IMPACT

Gaming plays an important role in supporting education and local causes in the State of Maine.

In fiscal year 2015, the education system was the benefactor of more than \$22.39 million in gaming tax receipts, with \$16.97 million funding primary education, followed by \$3.16 million going to the University of Maine System and \$2.26 million going to the Maine Community College System.

Since 2013, gaming tax receipts of \$1.28 million have been used by Oxford County to fund a county property tax relief program and \$184,000 subsidized the purchase of much-needed cruisers for the Sheriff’s Office. In the City of Bangor, gaming receipts have been used towards the construction of a state of the art arena and conference center.

Maine Casinos also provide aid to community-based charitable organizations. For example, in 2015, Oxford Casino donated almost \$35,000 from salary contributions and an invitational golf tournament to United Way. The Hollywood Casino Bangor supports many local causes, including the “We’ve Got Your Back” backpack drive, providing low-income school children with backpacks and school supplies.

### DID YOU KNOW?

Maine is the only commercial gaming jurisdiction to impose a tax on handle, or the money wagered by gamblers, as well as the gross gaming revenues won by casinos after gamblers winnings have been paid.

# MARYLAND



A first full year of operations at Horseshoe Baltimore casino helped Maryland's casino industry report significant increases in both gaming revenues (+18 percent) and direct gaming tax receipts (+8.9 percent) in 2015. Still, while Horseshoe Baltimore helped grow total state-wide revenue in 2015, the new casino did appear to have a competitive impact on other properties. Maryland Live! Casino, the state's largest, saw revenues decline 4.0 percent compared with 2014.

|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 5   |
| <b>Casino Format</b>                  | Land-based and racetrack casinos with slots and table games                           |
| <b>Casino Employees</b>               | 5,514   |
| <b>Casino Employee Wages</b>          | \$204.24 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$1.098 billion   |
| <b>Gaming Tax Revenue</b>             | \$452.92 million  |
| <b>How Taxes Spent</b>                | Education trust fund, local impact grants, small, minority and women-owned businesses |
| <b>Legalization Date</b>              | 2008  |
| <b>First Casino Opening Date</b>      | 2010  |
| <b>State Gaming Tax Rate</b>          | VLT Tax 50-61% depending on casino property; Table Tax 20%                            |
| <b>Mode of Legalization</b>           | Constitutional referendum   |
| <b>Admissions</b>                     | Data not available  |

Sources: Maryland Lottery, individual properties

## COMMUNITY IMPACT

Commercial gaming plays an important role in Maryland education, funding for small minority-owned and women-owned businesses and local grants.

About one-half of the revenue from video lottery terminals in Maryland is dedicated to the state's education trust fund, supporting schools and educational programs. Proceeds from Maryland's video lottery machines also provide millions of dollars' worth of flexible, reduced down payment, low-interest loans for small minority-owned and women-owned businesses in Baltimore County. Casino gaming revenue has generated more than \$85 million in local impact grants for Anne Arundel County organizations – including \$18.6 million in grants this year for the county fire department, police department, community college and community health center.

One grant program led by Baltimore County lent \$250,000 to a granola company to help it relocate and expand

production and distribution. The company, Michele's Granola LLC, expected the loan would enable it to bring on 24 new full-time employees.

In 2016, casino gaming became a top-ten provider of private-sector employment in Maryland, adding a stream of revenue for schools and the state budget, supporting education, public safety and economic development.

### DID YOU KNOW?

In 2016, the Maryland gaming market will undergo a significant expansion with the opening of the \$1.3 billion MGM National Harbor project. The new resort is expected to provide significant competition to Horseshoe Baltimore and Maryland Live!, with all three casinos relying on the Washington, D.C. area for a portion of their patrons.

# MASSACHUSETTS



June’s opening of Plainridge Park Casino in Plainville meant Massachusetts hosted casino gaming for the first time in 2015. By the end of the year, the casino reported a total of \$88.2 million in revenue and generated total tax receipts of approximately \$42.2 million.

|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 1   |
| <b>Casino Format</b>                  | Land Based and racetrack casinos with slot machines and table games   |
| <b>Casino Employees</b>               | 503   |
| <b>Casino Employee Wages</b>          | \$11.95 million   |
| <b>Gross Casino Gaming Revenue</b>    | \$88.23 million   |
| <b>Gaming Tax Revenue</b>             | \$43.23 million   |
| <b>How Taxes Spent</b>                | Local aid, health care payment reform initiatives, education and community colleges, transportation infrastructure, manufacturing initiatives, debt reduction and tourism |
| <b>Legalization Date</b>              | 2011  |
| <b>First Casino Opening Date</b>      | 2015  |
| <b>State Gaming Tax Rate</b>          | Slot Parlor - 40% tax on gross gaming revenue; Land-based - 25% tax on gross gaming revenue   |
| <b>Mode of Legalization</b>           | Legislative action  |
| <b>Admissions</b>                     | Data not available  |

Sources: Massachusetts Gaming Commission, individual property

## COMMUNITY IMPACT

Massachusetts is home to one casino in Plainville — Plainridge Park Casino — with two more casinos slated to open, the MGM Springfield, and the Wynn Boston Harbor.

The City of Plainville was in financial distress before the arrival of Plainridge Park Casino. The city government operated out of a decrepit town hall, turned most street lights off, and lacked space for firefighters and police officers. In 2015, the casino began community payments exceeding \$4 million. Penn National Gaming, owner of Plainridge, spent millions more to improve a major traffic artery that serves Plainville’s retail shopping center.

MGM Resorts International will bring an entertainment complex to redevelop downtown Springfield. MGM has an agreement to make advance payments of \$15 million to the City of Springfield during the construction phase. When it opens for business, the city will receive more than \$25

million a year, monies that will be dedicated to public safety and support early childhood education and other public needs.

Wynn Resorts will bring a casino resort to the Everett waterfront. Wynn privately funded a \$30 million clean-up of the former site of a chemical plant, which will become a six-acre park with bike paths and an events lawn.

### DID YOU KNOW?

While Massachusetts currently hosts just one casino, three further properties are under development. A 2011 law authorized a total of three gaming resorts in different regions of the state, as well as one smaller casino that would be limited to slot machines only. The three casinos in Greater Boston, Springfield and Taunton are currently scheduled to open between 2017 and 2019.



# MICHIGAN



Milder winter weather, lower gas prices, and an improved local economy helped Michigan's casino industry report increases in both gaming revenues (+3.3 percent) and direct gaming tax receipts (+2.7 percent) in 2015. The increase in proceeds was spread relatively evenly across all of the state's three casino venues, which are all located in Detroit.

|                                       |  |
|---------------------------------------|--|
| <b>Current # of Operating Casinos</b> | 3  |
| <b>Casino Format</b>                  | Land-based   |
| <b>Casino Employees</b>               | 7,569  |
| <b>Casino Employee Wages</b>          | \$431.91 million   |
| <b>Gross Casino Gaming Revenue</b>    | \$1.376 billion  |
| <b>Gaming Tax Revenue</b>             | \$311.24 million   |
| <b>How Taxes Spent</b>                | Public safety, capital improvements, youth programs, tax relief, neighborhood development and improvement, infrastructure repair and improvement           |
| <b>Legalization Date</b>              | 1996   |
| <b>First Casino Opening Date</b>      | 1999   |
| <b>State Gaming Tax Rate</b>          | 19% tax on gross gaming revenue (10.9 to the City of Detroit and 8.1% to the state of Michigan; state and municipal service fees are also levied annually) |
| <b>Mode of Legalization</b>           | Local advisory vote, statewide voter referendum, legislative action  |
| <b>Admissions</b>                     | Data not available   |

Sources: Michigan Gaming Control Board, individual properties

## COMMUNITY IMPACT

During 2015, the City of Detroit received \$1.74 million in taxes from the gaming industry, or about 17 percent of the city's total budget. This revenue allows Detroit to fund public safety, anti-gang programs and economic development.

Spending by Detroit casinos has a powerful effect on local businesses. The MotorCity Casino Hotel alone reports that it spent more than \$2 billion on vendors since opening in 1999, with one-half of that money going to local businesses.

Detroit casinos also play an important role in philanthropic initiatives. Over the years, MotorCity Casino Hotel has raised thousands of dollars to support many community charity programs, such as "Kids Kicking Cancer," "Angels of Hope," and "United Way."

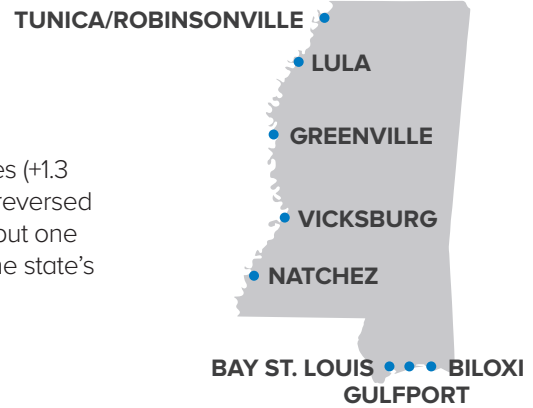
MGM Grand Detroit supports military men and women who have served our country, providing resume review

and interview preparation through its "Boots to Business" program operated by the American Red Cross and funded by a grant from MGM Resorts International. Greektown Casino-Hotel has donated more than \$500,000 to youth and community organizations by hosting charity golf outings and other events.

### DID YOU KNOW?

Casino gaming tax revenues account for approximately 17 percent of the total city budget for Detroit. Under Michigan law, Detroit receives just over three-fifths of gaming tax receipts, with the remainder going to the state.

# MISSISSIPPI



In 2015, Mississippi’s casino industry saw an increase in both gaming revenues (+1.3 percent) and direct gaming tax receipts (+2.4 percent). Notably, the increase reversed a trend that had previously seen total gaming revenue decline in each year but one since 2007. Growth was driven by resort-casinos on the state’s Gulf Coast. The state’s Mississippi riverboat casinos reported a 3.5 percent decrease in revenue.

|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 28  |
| <b>Casino Format</b>                  | Dockside, land-based  |
| <b>Casino Employees</b>               | 20,932  |
| <b>Casino Employee Wages</b>          | \$719.49 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$2.097 billion   |
| <b>Gaming Tax Revenue</b>             | \$252.41 million  |
| <b>How Taxes Spent</b>                | Housing, education, transportation, health care services, youth counseling programs, local public safety programs                         |
| <b>Legalization Date</b>              | 1990  |
| <b>First Casino Opening Date</b>      | 1992  |
| <b>Revenue retained by operator</b>   | Graduated tax of 8% on gaming revenues; up to 4% additional tax on gaming revenues may be imposed by local governments in casino counties |
| <b>Mode of Legalization</b>           | Legislative action, local option vote   |
| <b>Admissions</b>                     | 22.30 million   |

Source: Mississippi Gaming Commission

## COMMUNITY IMPACT

Tax revenue from gaming directly generated \$85 million in local impact. Some \$25.5 million of the revenue was used to fund city and county public schools. Another \$25.5 million was used to support city and county public safety. The remaining \$34 million was dedicated to city and county general funds.

Tax revenue from gaming has made a tangible and visible impact on the amenities and infrastructure that Mississippi is able to offer. For example, the state legislature was able to appropriate \$12.5 million in gaming funds for a large aquarium center in the City of Gulfport.

Likewise, the state bond sinking fund has allowed monies raised from gaming revenue to be distributed across the state. Eighteen million dollars was utilized to construct a bridge on the I-20 frontage road in Vicksburg and another

\$1 million was appropriated for the renovation of a cultural center in Greenville.

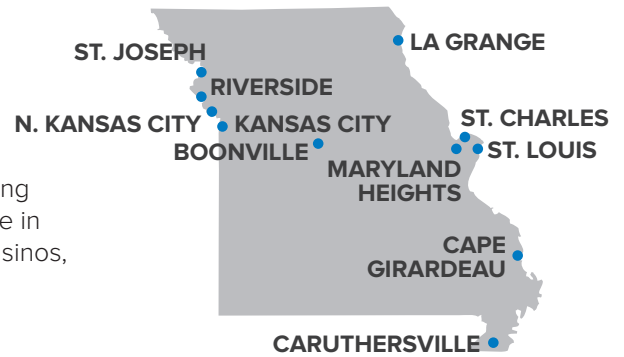
Mississippi casinos give back to their communities by donating in excess of \$1 million annually to local charities and civic organizations. Non-cash contributions are also made by way of employees donating countless hours in supporting programs such as community pantries, local food missions and building houses with “Habitat for Humanity.”

### DID YOU KNOW?

Since 2013, state regulations have required any companies wishing to obtain a license for a new casino in Mississippi to also develop an accompanying high-end hotel, restaurant space and other tourism amenities.

# MISSOURI

Driven principally by growth at casinos in the main metropolitan markets of Kansas City and St. Louis, the casino industry in Missouri saw both gaming revenue (+2.5 percent) and direct gaming tax receipt (+1.6 percent) increase in 2015. Notably, the growth came despite reduced visitation to Missouri's casinos, suggesting casino patrons spent - and lost - more on their visits.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 13  |
| <b>Casino Format</b>                  | Riverboat   |
| <b>Casino Employees</b>               | 9,623   |
| <b>Casino Employee Wages</b>          | \$319.98 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$1.702 billion   |
| <b>Gaming Tax Revenue</b>             | \$443.89 million  |
| <b>How Taxes Spent</b>                | Education, local public safety programs, compulsive gambling treatment, veterans' programs, early childhood programs          |
| <b>Legalization Date</b>              | 1993  |
| <b>First Casino Opening Date</b>      | 1994  |
| <b>State Gaming Tax Rate</b>          | 21% tax on gross gaming revenue; \$2 per patron admission fee, per excursion, split between home dock community and the state |
| <b>Mode of Legalization</b>           | Approved via statewide vote, local option vote and legislative action   |
| <b>Admissions</b>                     | 21.36 million   |

Sources: Missouri Gaming Association, Missouri Gaming Commission

## COMMUNITY IMPACT

Gaming in Missouri continues to be an important source of revenue for local communities, causes and charities. Since inception of riverboat gaming, \$9.55 billion in admission tax revenue has been allocated to cities and counties where casinos are located. This revenue is used to purchase heavy equipment, other vehicles, fitness and playground equipment, and to undertake critical infrastructure and roadway improvements.

In 2015, the Veterans Commission Capital Improvement Trust Fund received over \$26.8 million in gaming tax revenue. This fund works to ensure that Missouri veterans receive the financial and structural support they need in order to thrive.

Likewise, the Missouri National Guard Trust Fund received a total of \$4 million in 2015, ensuring that all Missouri veterans receive the full military funeral honors to which they are entitled.

Education is also a major recipient of gaming tax revenue. In addition to the direct funding of the School Foundation Formula, the Missouri College Guarantee/Financial Assistance Fund received \$5 million in 2015. These programs help students across Missouri receive the financial aid they need to attend college.

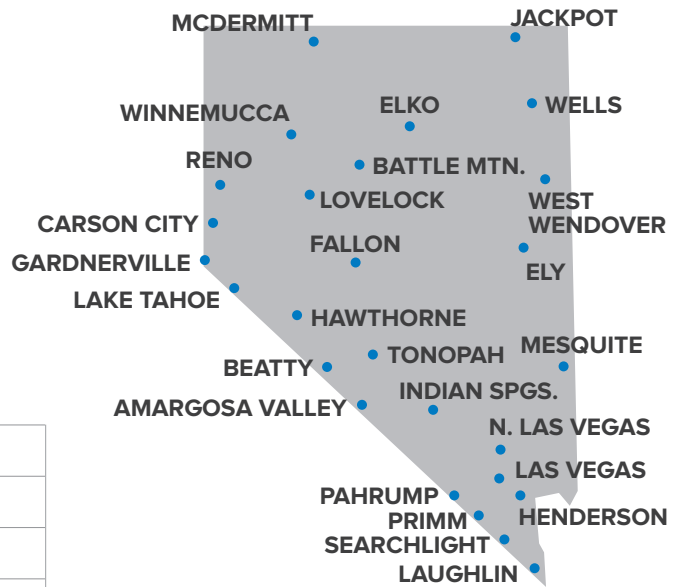
Collectively, in 2015, Missouri casinos, made a total of \$114 million in charitable donations to numerous humanitarian and philanthropy organizations.

### DID YOU KNOW?

Casino gaming taxes represent Missouri's fifth largest source of revenue. Casinos also contribute more to the state in gaming tax revenue alone than the corporate income tax paid by all Missouri businesses combined, according to the Missouri Gaming Association.

# NEVADA

Nevada's casino gaming industry saw modest growth in 2015, with both gaming revenue (+0.9 percent) and direct gaming tax receipts (+0.9 percent) up compared to 2014. Notably, casinos on the Las Vegas Strip had a slight decline in revenues, although they were heavily influenced by the performance of baccarat, a popular game with high-rollers.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 271   |
| <b>Casino Format</b>                  | Land-based  |
| <b>Casino Employees</b>               | 170,618   |
| <b>Casino Employee Wages</b>          | \$8.101 billion   |
| <b>Gross Casino Gaming Revenue</b>    | \$11.114 billion  |
| <b>Gaming Tax Revenue</b>             | \$889.13 million  |
| <b>How Taxes Spent</b>                | Education, local governments, general fund, problem gambling programs   |
| <b>Legalization Date</b>              | 1931  |
| <b>First Casino Opening Date</b>      | 1931  |
| <b>Revenue retained by operator</b>   | Graduated tax rate with a maximum tax of 6.75% on gross gaming revenue; additional fees and levies may be imposed by counties, municipalities and the state adding approximately 1% to the tax burden |
| <b>Mode of Legalization</b>           | Legislative action  |
| <b>Admissions</b>                     | 55.01 million   |

Sources: Nevada Gaming Control Board, Nevada Commission on Tourism

## COMMUNITY IMPACT

The gaming industry remains central to Nevada's prosperity and the health of its communities, generating tax revenue to fund the development of cities and counties across the Silver State.

Tax revenue from the gaming industry is vital to many sectors that rely on public funds. Nevada's public schools, for example, receive over a third of all their funding from the gaming industry. And approximately \$75 million of gaming tax revenue is spent on transportation needs each year.

Given that casinos source local vendors to purchase the majority of operational supplies and make property improvements, the gaming industry indirectly supports thousands of local community jobs.

Nevada's casinos are generous supporters of local charities. In 2014, casinos contributed more than \$22.6 million and tens

of thousands of volunteer hours to Nevada-based charities and philanthropies. For instance, one casino operator dedicated millions of dollars to support classroom resources and volunteer programs for local elementary schools in Clark County, while another operator has supported the Huntridge Clinic since 1998, providing at-risk teenagers with free or nominal-cost medical and dental care and counseling.

**DID YOU KNOW?**

In 2015, the Nevada Gaming Commission adopted new regulations allowing slot machine games based on skill, as well as chance, for the first time. The new regulations also permit casinos to offer higher payouts to certain groups of players, and are designed to attract younger patrons of casino-resorts to slot-machine floors.

## NEW JERSEY

New Jersey's gaming market shrank for ninth straight year in 2015, as gaming revenue (-6.5 percent) and direct gaming tax receipts (-6.5 percent) both declined. Over the past decade, New Jersey casinos have faced increasing competition as neighboring states, including Pennsylvania, have either approved casinos for the first time or continued to expand their gaming markets.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 8   |
| <b>Casino Format</b>                  | Land-based  |
| <b>Casino Employees</b>               | 23,615  |
| <b>Casino Employee Wages</b>          | \$653.47 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$2.563 billion   |
| <b>Gaming Tax Revenue</b>             | \$237.09 million  |
| <b>How Taxes Spent</b>                | Senior Citizens, disabled, economic revitalization programs   |
| <b>Legalization Date</b>              | 1976  |
| <b>First Casino Opening Date</b>      | 1978  |
| <b>State Gaming Tax Rate</b>          | 8% tax on gross gaming revenue, plus a community investment alternative obligation of 1.25% of gross gaming revenue (or an investment alternative 2.5% on gross gaming revenue) |
| <b>Mode of Legalization</b>           | Statewide vote, legislative action  |
| <b>Admissions</b>                     | 24.46 million   |

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

## COMMUNITY IMPACT

Casinos in New Jersey reinvest 1.25% of their revenues in community and economic development projects. Since 1984, more than \$1.8 billion has been invested in over 400 projects across the state.

Gaming revenues have played a key role in upgrading Atlantic City's residential, cultural and social landscape. In excess of \$350 million has been allocated to housing and neighborhood development and the construction of more than 1,500 housing units. Five million dollars has been contributed toward the opening of a new 20,000-square-foot campus expansion for the jobs-rich fields of hospitality and culinary arts at the Atlantic Cape Community College in Atlantic City.

Statewide, New Jersey Transit receives 8.5% of casino revenues annually, supporting the participation of more than 1.36 million riders in a network of coordinated countywide, paratransit and community transportation services. Gaming revenues also support the statewide Respite Care Program,

which provides home care, adult day care and other services that allow caregivers to take a break from the care of a family member to see to their own needs.

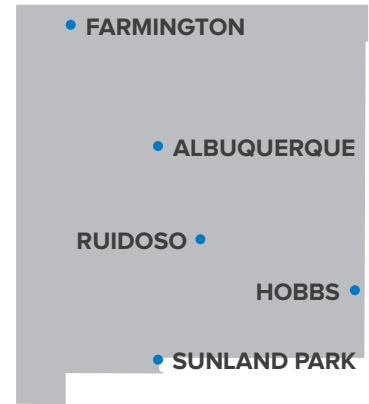
Other programs funded by casino revenues include private institutional care for citizens with developmental disabilities, homes that teach self-care and housekeeping skills to the developmentally disabled, and programs that help people with disabilities obtain and maintain jobs.

### DID YOU KNOW?

In November 2016, New Jersey residents will vote in a state-wide referendum on whether to permit two major new casinos in Northern New Jersey. If successful, the measure would end Atlantic City's status as the only place in New Jersey where casinos can be located.

# NEW MEXICO

In 2015, both gaming revenue (-0.6 percent) and direct gaming tax receipts (-0.1 percent) were down compared to 2014. It was the market's first decline in three years. Since opening in 1999, racetrack casinos have provided almost \$900 million in gaming tax to the state and nearly \$700 million to increase horse racing purses.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 5   |
| <b>Casino Format</b>                  | Racetrack casinos with slot machines  |
| <b>Casino Employees</b>               | 1,482   |
| <b>Casino Employee Wages</b>          | \$49.99 million   |
| <b>Gross Casino Gaming Revenue</b>    | \$256.02 million  |
| <b>Gaming Tax Revenue</b>             | \$67.15 million   |
| <b>How Taxes Spent</b>                | General fund, problem gambling treatment  |
| <b>Legalization Date</b>              | 1997  |
| <b>First Casino Opening Date</b>      | 1999  |
| <b>State Gaming Tax Rate</b>          | 26% tax on gross gaming revenue; 20% to purse supplements; .25% to fund disordered gambling treatment and awareness |
| <b>Mode of Legalization</b>           | Legislative action  |
| <b>Admissions</b>                     | Data not available  |

Sources: New Mexico Gaming Control Board, Individual Properties

## COMMUNITY IMPACT

The gaming industry in New Mexico has contributed more than \$860 million in tax revenue to the state from 1999 to 2015, with \$28 million of that being directed to non-profit organizations that support charities and education.

New Mexico's gaming employees are public-spirited, donating personal time and care to those in need. For example, Santa Ana Star Casino, in the Pueblo of Santa Ana north of Albuquerque, has a company-wide volunteer initiative called "Hearts to Hands" geared toward encouraging casino employees to participate in hands-on community service events year-round. In 2015, Star employees joined the Children's Miracle Network in sorting through thousands of donated toys for hospitalized children at the University of New Mexico Children's Hospital. They also volunteered at Greater Albuquerque Habitat for Humanity, as well as at community service organizations that serve veterans and people in need.

### DID YOU KNOW?

While commercial gaming is permitted at five New Mexico racetracks, the state's wider gaming market is dominated by an estimated 25 Tribal casinos. In 2015, total revenue from slot machines at Tribal casinos amounted to nearly \$720 million, while slots at commercial casinos generated total revenue of \$256 million. Notably, Tribal casinos are also eligible to offer table games such as blackjack and roulette, while racetracks are not.

# NEW YORK

New York saw growth in both gaming revenue (+2.8 percent) and direct gaming tax receipts (+2.8 percent) in 2015. As in years past, the market was dominated by the two racinos located closest to the vast New York City Metro area. Together, Resorts World Casino in Queens and Empire City Casino in Yonkers accounted for over 70 percent of total state-wide gaming revenues in 2015.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 9   |
| <b>Casino Format</b>                  | Racetrack casinos with publicly-run video lottery terminals with distributions to operators |
| <b>Casino Employees</b>               | 4,764   |
| <b>Casino Employee Wages</b>          | \$221.33 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$1.951 billion   |
| <b>Gaming Tax Revenue</b>             | \$888.37 million  |
| <b>How Taxes Spent</b>                | Education   |
| <b>Legalization Date</b>              | 2001  |
| <b>First Casino Opening Date</b>      | 2004  |
| <b>Revenues retained by operator</b>  | 31%-41% depending on casino property  |
| <b>Mode of Legalization</b>           | Legislative action  |
| <b>Admissions</b>                     | Data not available  |

Sources: New York Gaming Commission, New York Gaming Association

## COMMUNITY IMPACT

The nine racetrack gaming facilities that make up the New York Gaming Association (NYGA) are committed to workforce development and have partnered with educational institutions in the state to ensure their employees have the educational resources they need for a successful career in the industry. Saratoga Casino & Raceway, for example, partners with Schenectady Community College to help workers earn degrees in gaming management.

Revenue from racetracks also supports thoroughbred and standard-bred racing and breeding purses, agribusiness including family farms and feed suppliers, veterinarians, blacksmiths and a host of other agrarian jobs. In total, racetracks in New York State contributed \$245 million toward racing and breeding in 2015, supporting 3,540 full-time jobs on site and another 1,658 jobs created as a result of racetrack operations.

New York racetracks have also generously contributed to a variety of local charitable organizations. In 2015, charitable contributions totaled more than \$2 million helping support efforts such as “walk to find a cure,” blood drives, educational scholarships, toy and coat drives, food bank donations, retired racehorse adoption programs and highway clean up. Tioga Downs annual concert in support of veterans in the Southern Tier has alone raised and donated more than \$335,000 since 2011.

### DID YOU KNOW?

New York’s gaming market is poised to see significant expansion in the coming years. A 2013 state law and accompanying constitutional amendment authorized a total of four new resort-casinos in three different regions of Upstate New York. The first of the casinos is expected to open as soon as early 2017.

Additional revenue from three new racinos that opened during 2014, as well as continued growth at the Hard Rock Rocksino outside Cleveland, helped Ohio report increases in both gaming revenues (+12.7 percent) and direct gaming tax receipts (+12.5 percent) in 2015. Notably, 2015 was the first full year that each of Ohio's four casinos and seven racinos were in operation for a full twelve months.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 11  |
| <b>Casino Format</b>                  | Four land-based casinos and seven racetrack casinos with publicly run video lottery terminals with distributions to operators         |
| <b>Casino Employees</b>               | 9,187   |
| <b>Casino Employee Wages</b>          | \$350.64 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$1.644 billion   |
| <b>Gaming Tax Revenue</b>             | \$545.38 million  |
| <b>How Taxes Spent</b>                | Local governments, education, casino control commission, racing commission, law enforcement training, problem gambling and addictions |
| <b>Legalization Date</b>              | 2009  |
| <b>First Casino Opening Date</b>      | 2012  |
| <b>Revenues retained by operator</b>  | Land-based casinos: 33%; Racino (VLT): revenue retained by operator is 66.5%  |
| <b>Mode of Legalization</b>           | Statewide referendum, local option vote   |
| <b>Admissions</b>                     | Data not available  |

Source: Ohio Casino Control Commission

## COMMUNITY IMPACT

Tax revenue from commercial gaming properties in Ohio provides a robust source of funding for law enforcement, education and other public services.

The Ohio Student Fund, which distributes dollars to all school districts in Ohio based upon student populations, is one beneficiary having received over \$90.4 million directly from gaming industry tax receipts last year.

Another recipient of gaming dollars is the Law Enforcement Training Fund, which provides funding for state-of-the-art training programs such as the "Mobile Academy" that features tactical firearm and driving simulators to help officers prepare for high risk situations. The Fund received more than \$5.3 million from gaming tax receipts in 2015.

On the local level, casinos in Ohio have also established themselves as key community partners. Hollywood Casino

Toledo has donated more than 70,000 pounds of food to those in need since initiating a food reclamation program in February 2013. Horseshoe Cleveland Casino works with PlanetAid in Solon to recycle more than 1,500 pounds of linens and uniforms each year for use in Third World countries. And last year, Horseshoe began using a new recycling system that turns food waste into electricity, heat or soil nutrients. The casino estimates that the new system will allow them to recycle 90 percent of its overall waste.

### DID YOU KNOW?

A 2009 ballot initiative to allow a casino in each of Ohio's four major cities was backed by over 1.7 million Ohioan voters. The measure succeeded where four similar ballot initiatives to authorize casino gaming had failed.



# OKLAHOMA

Oklahoma's two commercial casinos enjoyed modest growth in both gaming revenues (+1.6 percent) and direct gaming tax receipts (+0.6 percent) in 2015. Revenues and tax receipts have been stable for each of the past four years, with neither major gains nor declines.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 2   |
| <b>Casino Format</b>                  | Racetrack casinos with slot machines  |
| <b>Casino Employees</b>               | 585   |
| <b>Casino Employee Wages</b>          | \$23.03 million   |
| <b>Gross Casino Gaming Revenue</b>    | \$113.14 million  |
| <b>Gaming Tax Revenue</b>             | \$20.76 million   |
| <b>How Taxes Spent</b>                | Education   |
| <b>Legalization Date</b>              | 2004  |
| <b>First Casino Opening Date</b>      | 2005  |
| <b>State Gaming Tax Rate</b>          | Graduated state tax from 10-30% on gross gaming revenue; 9% tax to state racing commission, varying payments to horsemen, breeders and purses, depending on track gaming revenues |
| <b>Mode of Legalization</b>           | Statewide question on ballot  |
| <b>Admissions</b>                     | Data not available  |

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

Note: Because AGA was unable to obtain any employment or wage data from either of the two racetrack casino properties in Oklahoma, estimates of direct employment and labor income provided by Oxford Economics for a 2014 study were used to compile total statewide figures above.

## COMMUNITY IMPACT

Oklahoma is home to two commercial casinos. For many years, these two casinos, have contributed substantially to their local communities through funding education and subsidizing the horse racing industry. In 2015 alone, the two casinos contributed a total of \$2.49 million to higher education, while also contributing \$18.27 million to education reform.

The casinos are also a key supporter of the horse racing industry, an industry that contributes significant revenue to the State of Oklahoma and local communities. Over \$63.4 million in gaming revenue was provided by the casinos in 2015, which helped to fund purses, breeding, and other horse racing industry related expenses.

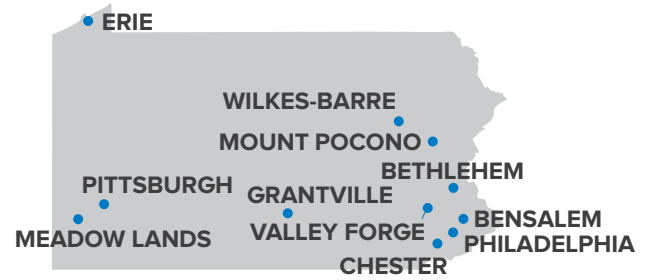
The casinos also promote tourism by attracting visitors to local communities. This aids in additional revenue to the state, driving patronage to gas stations, convenience stores, restaurants, and other similar amenities.

### DID YOU KNOW?

While Oklahoma hosts just two commercial casinos, limited to slot machines, the state is home to one of the largest tribal gaming markets in the country. In total, 33 Indian tribes own a total of 114 tribal gaming operations in Oklahoma, according to the Oklahoma Indian Gaming Association. In the 2014-15 fiscal year, Oklahoma's state government received more than \$128 million in revenue-sharing payments from Tribal gaming.

# PENNSYLVANIA

In 2015, both gaming revenues (+3.4 percent) and direct gaming tax receipts (+2.3 percent) increased against 2014. Notably, the gaming revenue total was a record for Pennsylvania's casino industry and reversed the market declines of 2014 and 2013, when Pennsylvania's casino industry suffered drops in revenue for the first time. In recent years, certain Pennsylvania casinos have faced new competition from new properties in Ohio and Maryland.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 12  |
| <b>Casino Format</b>                  | Land-based and racetrack casinos with slots and table games   |
| <b>Casino Employees</b>               | 17,616  |
| <b>Casino Employee Wages</b>          | \$694.37 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$3.174 billion   |
| <b>Gaming Tax Revenue</b>             | \$1.379 billion   |
| <b>How Taxes Spent</b>                | Property tax relief, economic development, tourism, horse racing industry, host local government  |
| <b>Legalization Date</b>              | 2004  |
| <b>First Casino Opening Date</b>      | 2007  |
| <b>Revenues retained by operator</b>  | Slot Machines: 55% tax-34% to state gaming fund, 12% to horse racing industry, 5% to economic development, 4% to local and county governments; table games: 16% tax, 14% to general fund, 2% to local county municipalities |
| <b>Mode of Legalization</b>           | Legislative Action  |
| <b>Admissions</b>                     | Data not available  |

Sources: Pennsylvania Gaming Control Board, individual properties

## COMMUNITY IMPACT

The gaming industry is growing in the Keystone State and playing an increasingly important role in its fiscal and community health. Local communities—counties, townships, and many cities—reap the benefits of gaming. They receive a share of gaming revenues generated from the twelve gaming properties within the state. This allows local governments to make improvements to healthcare, infrastructure, and public safety. In fiscal year 2014-2015, over \$1.58 million was distributed to the communities throughout the state.

Wayne County, for example, was able to purchase a new \$250,000 CT scanner for its hospital from funds generated by gaming tax revenue. The county was also able to fund a business incubator and make improvements to the police department.

Counties that do not host casinos have also benefited from the industry's presence in the state. For example,

Northumberland County received over \$500,000 in state funds from gaming to improve its volunteer fire department. Gaming revenues also aid in citizen tax reductions. For instance, homeowners have been fortunate to experience a reduction in school property taxes. On average, homeowners statewide see a school property tax reduction of approximately \$200 yearly. Gaming revenues contribute to Philadelphian wage tax reductions, and reducing property taxes, while also providing a rent rebate for senior citizens, widows/widowers fifty and over and individuals with disabilities.

### DID YOU KNOW?

While Nevada's gaming sector remains significantly larger by revenue, in 2015, no state received more direct gaming tax revenue from its casino sector than Pennsylvania. Keystone State casinos are taxed at a rate of 55 percent on their slot machine revenue, one of the highest gaming tax rates in the country.

# RHODE ISLAND



Growth in casino table game revenue at Twin River Casino near Providence helped Rhode Island's casino industry report a modest increase in gaming revenue (+0.8 percent) in 2015. However, a decline in revenue from higher-taxed slot machine games meant the state's direct gaming tax receipts were down (-1.4 percent) relative to 2014. Notably, during the second half of 2015, Rhode Island casinos faced new competition from Plainridge Park Casino in nearby Massachusetts.

|                                       |  |
|---------------------------------------|--|
| <b>Current # of Operating Casinos</b> | 2  |
| <b>Casino Format</b>                  | Racetrack casinos with publicly run video lottery terminals with distributions to operators as well as table games |
| <b>Casino Employees</b>               | 1,303  |
| <b>Casino Employee Wages</b>          | \$95.03 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$615.82 million   |
| <b>Gaming Tax Revenue</b>             | \$328.84 million   |
| <b>How Taxes Spent</b>                | General Fund   |
| <b>Legalization Date</b>              | 1992   |
| <b>First Casino Opening Date</b>      | 1992   |
| <b>Revenues retained by operator</b>  | 37.2% (FY '15)   |
| <b>Mode of Legalization</b>           | Legislative Action   |
| <b>Admissions</b>                     | Data not available   |

Source: Rhode Island Lottery

## COMMUNITY IMPACT

The Ocean State's two state-licensed casinos, Newport Grand Casino and Twin River Casino, help support all levels of education, public safety, and human services, including healthcare.

For fiscal year ended 2015, slot and table game revenue generated by the two casinos allowed for \$325.0 million to be transferred to the state, which in turn allowed the local population to realize benefits in all the vital public service areas mentioned above.

Aside from the distribution of funds to the state, the casinos are active in their communities. At Lincoln's Twin River Casino, for example, employees have donated their time and hard work in June and December every year since 2007 to refurbish used bicycles for children's organizations.

In the first seven years of the program, Twin River Casino employees had refurbished more than 600 bikes for Rhode Island children.

### DID YOU KNOW?

Rhode Island residents will be asked to vote this November on a proposal to move the state's second casino from the town of Newport to a new location near the Southeastern Massachusetts border. Proponents argue that the relocation will help Rhode Island to better absorb the expansion of casino gaming in its New England neighbor.

# SOUTH DAKOTA



South Dakota's casino industry saw an increase in gaming revenues (+4.1 percent) but counterintuitively, gaming tax receipts actually went down (1.20 percent). The reason for the year-over-year tax decline was that free play, also known as promotional credits, went untaxed for a portion of 2015 after the South Dakota Supreme Court ruled their taxation unconstitutional late in 2014. The state legislature later passed into law a bill which reinstated the taxable status of free play. Also of note, the revenue total in 2015 was the highest ever for the South Dakota casino industry, surpassing the previous record in 2012.

|                                       |  |
|---------------------------------------|--|
| <b>Current # of Operating Casinos</b> | 27   |
| <b>Casino Format</b>                  | Land-based (limited stakes; \$100 maximum bet)                                   |
| <b>Casino Employees</b>               | 1,583  |
| <b>Casino Employee Wages</b>          | \$39.66 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$108.36 million   |
| <b>Gaming Tax Revenue</b>             | \$15.67 million  |
| <b>How Taxes Spent</b>                | 50% commission fund; 40% Department of Tourism; 10% Lawrence County              |
| <b>Legalization Date</b>              | 1989   |
| <b>First Casino Opening Date</b>      | 1989   |
| <b>Revenues retained by operator</b>  | 9% tax on gross gaming revenue; gaming device tax (\$2,000 per machine per year) |
| <b>Mode of Legalization</b>           | Statewide vote, local option vote, legislative action                            |
| <b>Admissions</b>                     | Data not available   |

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

## COMMUNITY IMPACT

In 1989, when Deadwood, South Dakota became the third jurisdiction in the United States (following Nevada and Atlantic City) to legalize gaming, the city was almost a Western ghost town.

Since then, 27 casinos have opened in Deadwood, creating an influx of jobs, visitors and economic activity. Main Street in Deadwood has been completely revitalized and tourists now flock to the city for entertainment after visiting nearby Mount Rushmore and local ski resorts.

Mike Rodman, executive director of the Deadwood Gaming Association, estimates that the gaming industry brought in 1 million tourists last year and “absolutely saved the community”. In 2015, Deadwood saw an 11.7 percent increase in sales tax revenues, a 2.7 percent increase in hotel occupancy, and a 3.6 percent increase in consumer spending on gaming. The influx of revenue has allowed

Deadwood to pay down debt, saving nearly \$1 million in future interest charges, according to Mayor Chuck Turbiville.

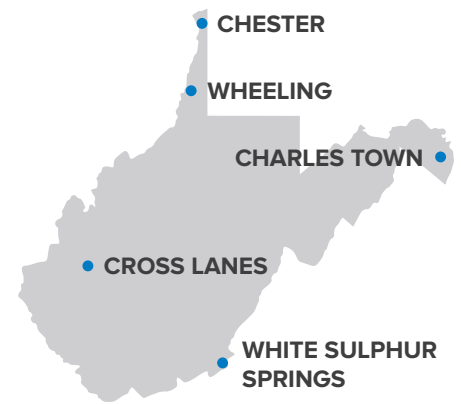
In total, South Dakota casinos have contributed more than one billion dollars in tax revenue since gaming was legalized in the state. Those funds have helped support historic restoration and preservation, tourism and state and local governments.

### DID YOU KNOW?

Casino gaming in South Dakota is allowed only in the City of Deadwood. Until 2015, casinos were also limited to slot machines, poker and blackjack. But a law passed last year now permits casinos to offer craps and roulette as well.

# WEST VIRGINIA

In West Virginia, ongoing pressures from out-of-state competition contributed to another year-over-year decline in gaming revenues. Interestingly, due to a change in the distribution formula, whereby the state began receiving a larger portion of the total share of revenue distributed from video lottery terminal (VLT) earnings, tax receipts from gaming actually increased slightly (+.54 percent) in 2015.



|                                       |   |
|---------------------------------------|---|
| <b>Current # of Operating Casinos</b> | 5   |
| <b>Casino Format</b>                  | Racetrack Casinos with publicly run video lottery terminals and table games with distributions to operators, one land based commercial casino |
| <b>Casino Employees</b>               | 4,038   |
| <b>Casino Employee Wages</b>          | \$139.02 million  |
| <b>Gross Casino Gaming Revenue</b>    | \$686.56 million  |
| <b>Gaming Tax Revenue</b>             | \$316.45 million  |
| <b>How Taxes Spent</b>                | Education, senior citizens, tourism   |
| <b>Legalization Date</b>              | 1994  |
| <b>First Casino Opening Date</b>      | 1994  |
| <b>Revenues retained by operator</b>  | 46.64%  |
| <b>Mode of Legalization</b>           | Local option vote   |
| <b>Admissions</b>                     | Data not available  |

Sources: West Virginia Lottery, Individual properties

## COMMUNITY IMPACT

Despite increased competition from casinos in neighboring states, gaming in West Virginia remains an important source of public funds, contributing to education, seniors and veterans, tourism and state parks.

Since 1986, West Virginia has invested nearly \$3 billion from Lottery proceeds into education, allowing for needed renovations and new school construction through the State School Building Authority and for Higher Education and Community and Technical College bonds. Lottery generated dollars have also placed computers and upgraded technology in classrooms across the State and have helped provide higher education opportunities for students by funding PROMISE Scholarships, a merit-based financial aid program.

The Lottery has also contributed more than \$1 billion since 1986 to the West Virginia Bureau of Senior Services, which provides nutritional, health, and long-term care to thousands of West Virginia senior citizens. The funding is also used for senior centers, transportation needs, caregiving, matching Medicaid funding for senior services, and to fund a property tax credit for seniors.

Hollywood Casino at Charles Town gives back to the community directly by supporting hundreds of charities, civic groups and non-profit organizations in West Virginia, including those researching cancer, heart disease, the Boy Scouts and animal welfare organizations.

Hollywood Casino employees are charitably-minded as well, donating their time and resources to help people in their community. Employees are the driving force behind the casino's annual "Be a Good Neighbor" food drive, which resulted in more than six tons of food being donated last year to the Jefferson County Community Ministries.

### DID YOU KNOW?

Over the past decade, West Virginia's casino industry has seen an explosion of competition from surrounding states. In 2006, none of its neighbors had casinos. But today, there are a total of 28 casinos operating in three of the five states that border West Virginia.

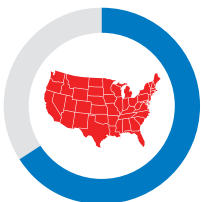
# SPOTLIGHT ON SPORTS BETTING

Sports betting is prevalent and popular in the United States. It has been illegal, however, since 1992 when Congress passed the Professional and Amateur Sports Protection Act (PASPA) effectively outlawing sports betting in most of the U.S. Four states - Nevada, Delaware, Montana and Oregon - that previously allowed sports betting were grandfathered by the law and therefore allowed to offer sports betting. Today, however, Nevada is the only state in which traditional, single game betting on college and professional sports through licensed bookmakers is legal. The prohibition on sports betting has helped create a large illegal black market, which almost all observers believe generates revenues that far exceed those of the legal market.

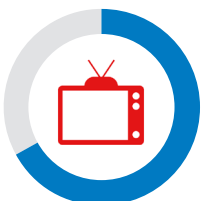
## STATE OF PLAY

- In 2016, AGA estimated **\$4.2 billion** was wagered on Super Bowl 50 and **\$9.2 billion** was bet on March Madness; **97%** of these bets were made illegally.
- In total, Americans bet at least **\$149 billion illegally** on U.S. sports in 2015.
- An estimated **28%** of the U.S. adult population, or **69 million** individuals, have bet on sports in the past year. That number would grow to **40% (99 million)** if sports betting were legalized.
- On average, fans who bet on the NFL watch **19 more** football games a year than fans who don't bet – more than an entire season's worth.

## WHAT SPORTS FANS ARE SAYING



Two-thirds of Super Bowl viewers (**66%**) believe states should decide whether or not to sports betting.



**67%** of Super Bowl viewers say they're more like to watch a game if they bet on it.

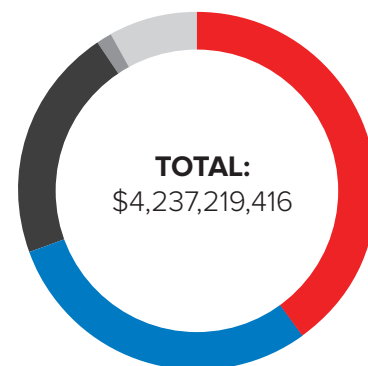


By a **two-to-one margin**, avid sports fans say legalizing sports betting would either strengthen the integrity of sporting events or have no impact.



**80%** of Super Bowl Viewers say the current sports betting law should be changed.

## 2015 NEVADA SPORTS BOOKS



**TOTAL:**  
\$4,237,219,416

- Football:** \$1,700,742,193 (40.1%)
- Basketball:** \$1,251,674,797 (29.5%)
- Baseball:** \$897,613,278 (21.2%)
- Other Sports Pool:** \$333,122,492 (7.9%)
- Sports Parlay:** \$54,066,656 (1.3%)

## SPOTLIGHT ON REGULATION

Casino gaming is one of the most heavily regulated industries in America. However, while the industry and its patrons benefit from stringent rules that limit licenses strictly to reputable persons, the survival of certain outdated and onerous regulatory requirements inhibits innovation and threatens future growth.

### GAMING LICENSES ARE A PRIVILEGE, NOT A RIGHT

Although specific rules vary, casinos are subject to exhaustive regulatory requirements in every state that allows commercial gaming. Typically, formal licenses are required not just for casino companies, but also their executives, directors and key staff. The state licensing process can often take many months, involve detailed background investigations and payment of license fees amounting to thousands, if not millions, of dollars. In addition, companies that supply the slot machines and other technologies used on casino floors are also generally required to be licensed. All gaming machines are also tested and certified according to detailed standards that ensure all games are fair.

| Supplier License Fee | No. of States |
|----------------------|---------------|
| \$1,000-\$5,000      | 6             |
| \$5,000-\$10,000     | 3             |
| \$10,000-\$20,000    | 9             |
| \$20,000+            | 3             |

### A NEED FOR PUBLIC POLICY MODERNIZATION

In an age of disruptive technological change, it has become increasingly important for policymakers to ensure that their regulatory regimes allow gaming companies to innovate and respond quickly to changes in consumer behavior. For instance, a new slot-machine game sometimes takes months to secure regulatory approvals for deployment in a casino. Yet a downloadable social game played on cell-phones can be deployed in hours, and then be continually updated based on user feedback.

### THE BENEFITS OF MODERATE TAX RATES

Even as states face budget constraints, policymakers should be conscious that higher gaming tax rates can actually cause state receipts to decline over the long-term. When operators are prevented from reinvesting in the facilities, they may become more vulnerable to competition from newer casinos in nearby jurisdictions.

### REGULATORY REFORM GATHERS PACE

In 2015, progressive regulatory reforms moved forward in several states. In Indiana, where gaming tax revenues have been hit hard by out-of-state competition, new legislation now means riverboat casinos can move to dry land and no longer have to be moored on waterways. Elsewhere, pioneering regulations developed in Nevada and New Jersey will allow video game-style slot machines based on a degree of player skill, as well as chance.

| Effective Gaming Tax Rate | No. of States |
|---------------------------|---------------|
| 5-10%                     | 3             |
| 10-20%                    | 3             |
| 20-35%                    | 7             |
| 35-50%                    | 5             |
| 50%+                      | 6             |

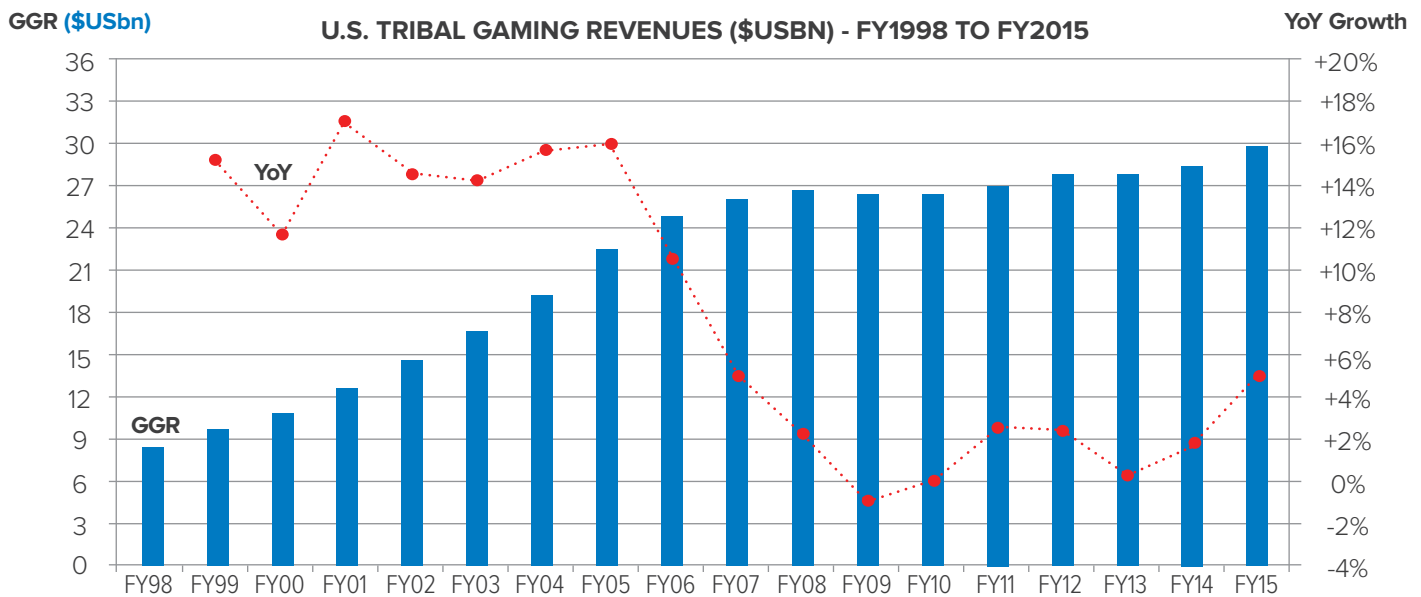
# SPOTLIGHT ON TRIBAL GAMING

At the end of 2015, Tribal gaming facilities were operational in a total of 28 states – four more than the commercial gaming industry. A 1988 federal law, the Indian Gaming Regulatory Act (IGRA), generally restricts Tribal casinos to established Tribal reservations. Still, IGRA does allow the federal government to acquire land for new Tribal casinos under limited circumstances. Sometimes, such decisions also require the approval of state governors.

## TRIBAL GAMING GROWTH

Tribal gaming operations generated a total \$29.9 billion in gross gaming revenues in 2015, a record annual haul for the Tribal casino industry. The figure represented an increase of 5 percent over 2014's total, as Tribal gaming revenue growth

outpaced that of the commercial casino industry. Although Tribal gaming revenues grew across the country, the largest increases came in the California and Oklahoma regions.



## COMPACTS FOR CASINO GAMES

Federal law generally allows Native American tribes to offer traditional and electronic bingo games on their reservations, provided that bingo or similar games are permitted elsewhere in the state where that reservation is located. However, tribes may not operate casino-style games until they reach a formal agreement – or compact – with the state's government that maps out how those casino games will be regulated by state and tribal agencies.

## REVENUE SHARING

Unlike commercial casinos, revenue from Tribal casinos cannot be taxed by state governments. However, many Tribes have agreed to share a portion of their casino revenue with state governments in order to help pay for regulatory costs and offset some of the impacts of their operations on local communities. Some 61 percent of effective Tribal-state gaming compacts include provisions for revenue-sharing, according to a 2015 report on Indian gaming by the U.S. Government Accountability Office.



### MAXIMUM REVENUE-SHARE IN TRIBAL GAMING COMPACTS

- **39%** (of compacts) - No revenue share
- **36%** - 10-15% max. revenue share
- **17%** - 5-10% max. revenue share
- **5%** - 20-25% max. revenue share
- **3%** - 15-20% max. revenue share



## SPOTLIGHT ON GAMING MACHINES

Electronic gaming machines (i.e. slot machines, VLT's) continue to be one of the most popular forms of gaming entertainment with more than 900,000 machines across the United States. Approximately half of the machines are located in commercial casinos with the rest in tribal casinos and other locations, such as racetracks, bars and taverns. Nevada continues to have by far the most machines of any state with a total of more than 180,000, but Illinois

having legalized video gambling in 2012, has seen the most dramatic change with the number of gaming machines in the state (33,409) more than tripling since 2011. Certain gaming locations in Arkansas and Kentucky operate instant racing machines, among other games, which are distinct from traditional casino electronic gaming devices. The legality of non-tribal gaming in Alabama has been the subject of debate for a number of years.

| State          | Machines in Commercial Casinos <sup>1</sup> | Machines in Tribal Casinos <sup>1</sup> | Machines in Non-Casino Locations <sup>1</sup> | Total          |
|----------------|---|---|---|----------------|
| Alabama        | 900   | 4,700                                   |   | 5,600          |
| Alaska         |   | 80                                      |   | 80             |
| Arizona        |   | 16,662                                  |   | 16,662         |
| Arkansas       | 1,281                                       |   |   | 1,281          |
| California     |   | 69,727                                  |   | 69,727         |
| Colorado       | 13,845                                      | 1,380                                   |   | 15,225         |
| Connecticut    |   | 9,800                                   |   | 9,800          |
| Delaware       | 6,940                                       |   |   | 6,940          |
| Florida        | 7,211                                       | 14,186                                  |   | 21,397         |
| Idaho          |   | 4,436                                   |   | 4,436          |
| Illinois       | 11,274                                      |   | 22,135  | 33,409         |
| Indiana        | 21,169                                      |   |   | 21,169         |
| Iowa           | 18,347                                      | 2,357                                   |   | 20,704         |
| Kansas         | 4,525                                       | 3,566                                   |   | 8,091          |
| Kentucky       | 577   |   |   | 577            |
| Louisiana      | 27,386                                      | 6,426                                   | 14,303  | 48,115         |
| Maine          | 1,850                                       |   |   | 1,850          |
| Maryland       | 9,432                                       |   |   | 9,432          |
| Massachusetts  | 1,250                                       |   |   | 1,250          |
| Michigan       | 9,300                                       | 23,525                                  |   | 32,825         |
| Minnesota      |   | 21,547                                  |   | 21,547         |
| Mississippi    | 31,441                                      | 3,123                                   |   | 34,564         |
| Missouri       | 19,314                                      |   |   | 19,314         |
| Montana        |   | 1,661                                   | 16,343  | 18,004         |
| Nebraska       |   | 651                                     |   | 651            |
| Nevada         | 161,335                                     | 1,051                                   | 18,751  | 181,137        |
| New Jersey     | 20,225                                      |   |   | 20,225         |
| New Mexico     | 2,941                                       | 16,353                                  |   | 19,294         |
| New York       | 18,032                                      | 11,706                                  |   | 29,738         |
| North Carolina |   | 6,150                                   |   | 6,150          |
| North Dakota   |   | 3,909                                   |   | 3,909          |
| Ohio           | 18,200                                      |   |   | 18,200         |
| Oklahoma       | 1,000                                       | 71,613                                  |   | 72,613         |
| Oregon         |   | 7,796                                   | 11,937  | 19,733         |
| Pennsylvania   | 25,260                                      |   |   | 25,260         |
| Rhode Island   | 5,338                                       |   |   | 5,338          |
| South Dakota   | 3,575                                       | 2,496                                   | 8,948   | 15,019         |
| Texas          |   | 2,786                                   |   | 2,786          |
| Washington     |   | 28,404                                  |   | 28,404         |
| West Virginia  | 8,077                                       |   | 6,645   | 14,722         |
| Wisconsin      |   | 18,284                                  |   | 18,284         |
| Wyoming        |   | 1,735                                   |   | 1,735          |
| <b>Total</b>   | <b>445,194</b>                              | <b>356,110</b>                          | <b>121,197</b>                                | <b>905,197</b> |

# KEY DATES IN THE GAMING INDUSTRY

1931



The Nevada state legislature legalizes gambling. The first gaming license in Las Vegas is awarded to Mayme Stocker for the Northern Club.

1961



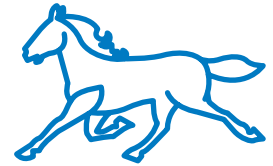
Congress passes the Interstate Wire Act, prohibiting wire transmissions of any "bets or wagers ... on sports events or contests" across state lines.

1970



Congress passes the Illegal Gambling Business Act, creating potential federal penalties for gambling operations that violate states' anti-gambling laws.

1978



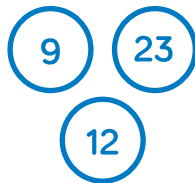
Congress passes the Interstate Horseracing Act, allowing horse-race wagers to be placed across state lines.

The Nevada Gaming Control Act brings casinos under the licensing authority of two independent agencies, the Gaming Control Board and Nevada Gaming Commission, establishing the first modern regulatory framework for state-licensed casino gambling.



1959

The New Hampshire Lottery is established as America's first state-run lottery operation. Today, lotteries are operational in a total of 44 states plus the District of Columbia.



1964

New Jersey becomes the first state beyond Nevada to legalize casino gaming when voters ratify a constitutional amendment allowing casinos in Atlantic City.



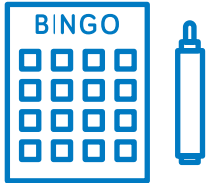
1976

Federal anti-money laundering regulations under the Bank Secrecy Act are extended to state-licensed casinos.



1985

**1988**



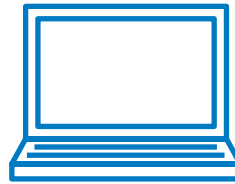
Congress passes the Indian Gaming Regulatory Act (IGRA), establishing the criteria under which bingo and casino-style gambling can be offered on sovereign Native American land. Today, Tribal gaming establishments operate in 28 states.

**1995**



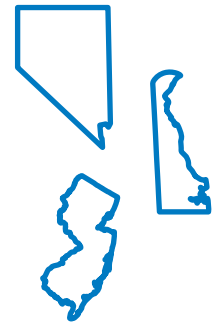
The American Gaming Association (AGA) is formed to represent the interests of the casino industry in Washington, D.C.

**2006**



Congress passes the Unlawful Internet Gambling Enforcement Act (UIGEA), prohibiting financial transactions associated with illegal Internet gaming.

**2013**



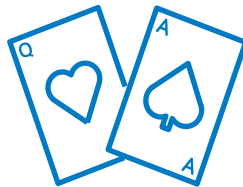
State-regulated Internet gaming sites launch in Nevada, Delaware and New Jersey.

Congress passes the Professional and Amateur Sports Protection Act (PASPA), prohibiting state or tribal governments from authorizing sports betting in their jurisdictions. Only the states with existing sports wagering operations - Nevada, Delaware, Montana and Oregon - are exempt from the federal ban.



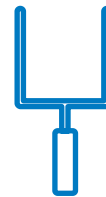
**1992**

The National Gambling Impact Study Commission issues a report concluding that states are "best equipped to regulate gambling within their own borders."



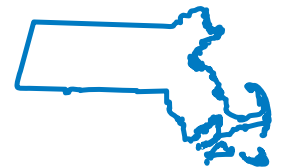
**1999**

The U.S. Department of Justice issues a legal opinion advising that 1961's Wire Act applies only to sports betting, clearing the way for states to regulate online lottery, casino and poker games.



**2011**

Massachusetts becomes the 24th state with commercial gaming with the opening of the first of four planned casinos in the state.



**2015**

## ACKNOWLEDGEMENTS

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| INDUSTRY ASSOCIATIONS  |  |
|--|--|
| <b>Association of Gaming Equipment Manufacturers</b><br><b>Marcus Prater</b><br>702-812-6932             | <b>Louisiana Casino Association</b><br><b>Wade Duty</b><br>225-344-0037 • casinosofla.org                      |
| <b>Casino Association of Indiana</b><br><b>Matt Bell</b><br>317-231-7030 • casinoassociation.org         | <b>Michigan Gaming Association</b><br><b>Rob Russell</b><br>517-507-3860 • michigangaming.com                  |
| <b>Casino Association of New Jersey</b><br>casinoassociationofnewjersey.org                              | <b>Mississippi Gaming &amp; Hospitality Association</b><br><b>Larry Gregory</b><br>601-965-6992 • msgaming.org |
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