



# Trends in State Gambling

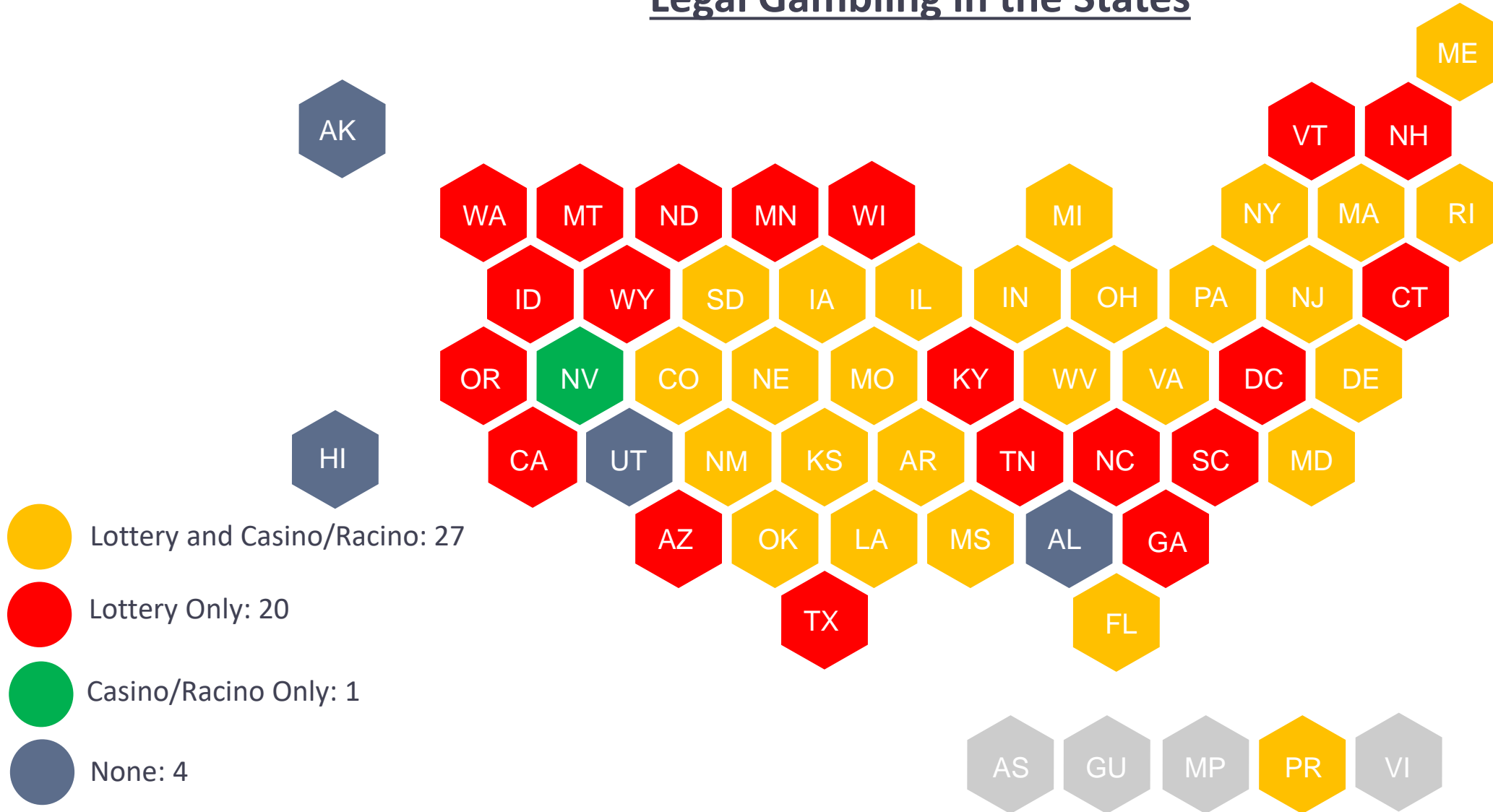
# Oregon Joint Committee on Gambling Regulation

# Jackson Brainerd, Program Principal

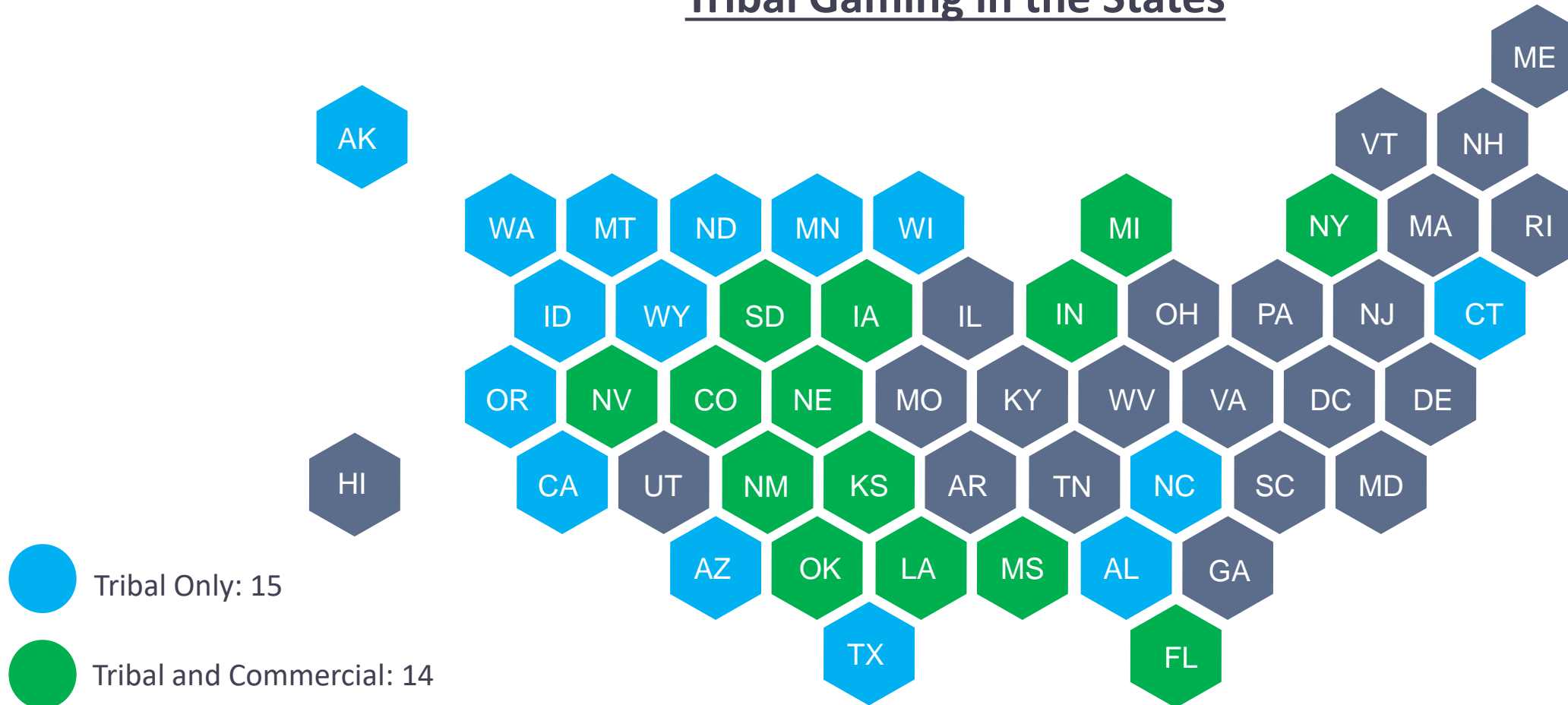
# NCSL Fiscal Affairs Program

# June 1, 2022

## Legal Gambling in the States



## Tribal Gaming in the States



# Age Requirements

- For Casino Gambling: At least 21 years old
  - Exceptions: Rhode Island, Oklahoma; 18 years
- For Lotteries: At least 18 years old
  - Exceptions: Louisiana, Iowa; 21 years



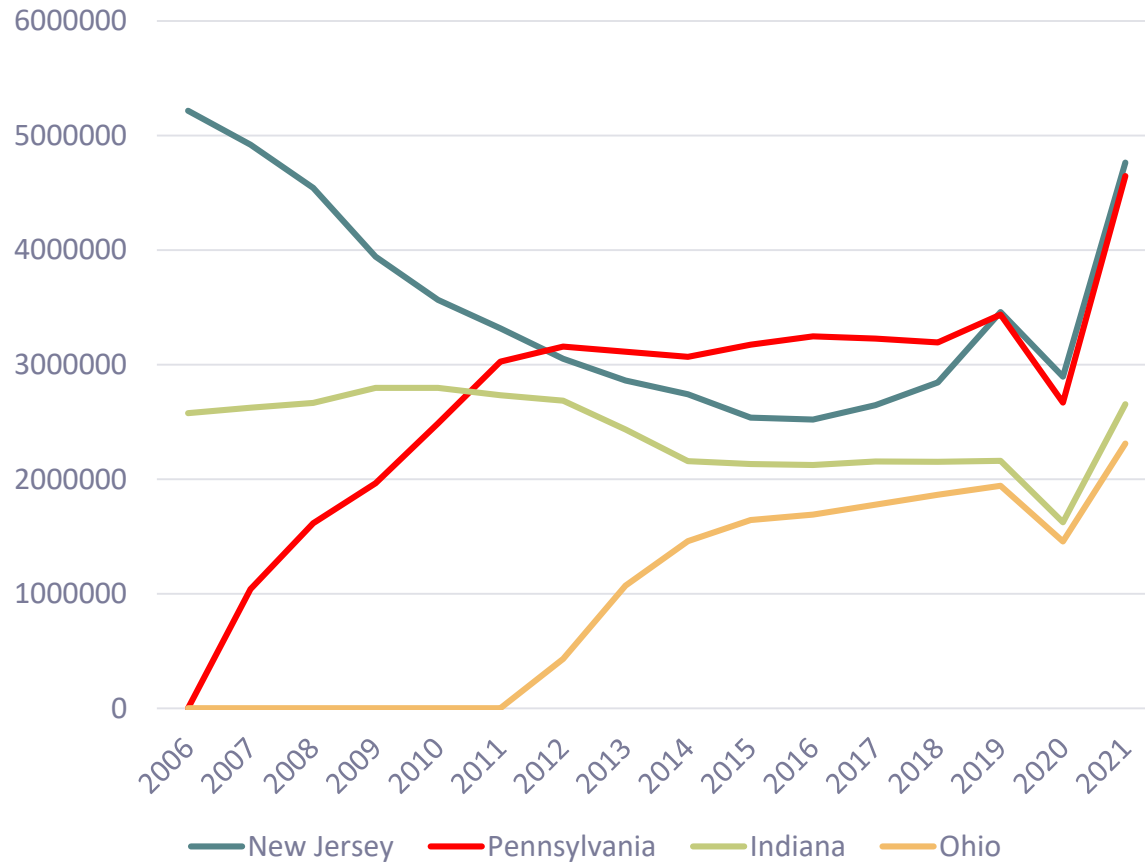
# Pre-Pandemic Gaming Trends

- Flat/slow revenue growth nationally
- Signs of cannibalization and market saturation
- Lotteries and casinos looking to broaden appeal to younger gamblers
- Gambling expansion: New games, more locations/opportunities



# Casino Revenue Trends

Casino Revenue for Select Neighboring States



State	2020 YOY %Δ	2021 YOY %Δ
Colorado	-23.70%	+92.78%
Delaware	-26.51%	+46.66%
Illinois	-43.76%	+126.94%
Indiana	-24.78%	+63.48%
Louisiana	-28.50%	+45.48%
Nevada	-34.55%	+70.71%
New York	-56.63%	+129.01%
Pennsylvania	-22.36%	+74.08%
Rhode Island	-76.25%	+67.45%
South Dakota	-4.37%	+39.71%

Source: UNLV Center for Gaming Research

# Select State Lottery Revenues (in thousands)

	2016	2017	2018	2019	2020	2016-2019 % change	2019-2020 % change
National	\$22,829,459	\$22,055,045	\$23,206,684	\$25,019,727	\$23,384,344	9.6%	-6.5%
Arizona	\$210,837	\$196,993	\$215,657	\$250,916	\$243,284	19.0%	-3.0%
California	\$1,979,117	\$1,910,944	\$2,118,289	\$2,296,810	\$1,904,290	16.1%	-17.1%
Colorado	\$141,371	\$133,050	\$140,231	\$164,032	\$140,130	16.0%	-14.6%
Idaho	\$52,312	\$48,919	\$54,603	\$60,849	\$55,915	16.3%	-8.1%
Illinois	\$717,789	\$725,980	\$652,204	\$747,734	\$690,984	4.17%	-7.6%
Maryland	\$692,928	\$528,994	\$579,787	\$614,150	\$595,511	-11.4%	-3.0%
Montana	\$17,968	\$21,909	\$19,188	\$17,970	\$15,217	0.01%	-15.3
New York	\$3,322,718	\$3,292,253	\$3,384,440	\$3,510,750	\$3,314,434	5.7%	-5.6%
Oregon	\$614,724	\$694,769	\$722,998	\$738,944	\$576,156	20.2%	-22.0%
Texas	\$1,402,375	\$1,343,212	\$1,465,117	\$1,624,473	\$1,674,006	15.8%	3.0%
Washington	\$180,811	\$159,709	\$181,997	\$210,502	\$180,111	16.4%	-14.4%

Source: US Census Bureau



# 2021 Select State Lottery Revenue Performance

**Arizona:** Achieved record sales of \$1.4 billion in FY 2021, an increase of 31% over the prior fiscal year.

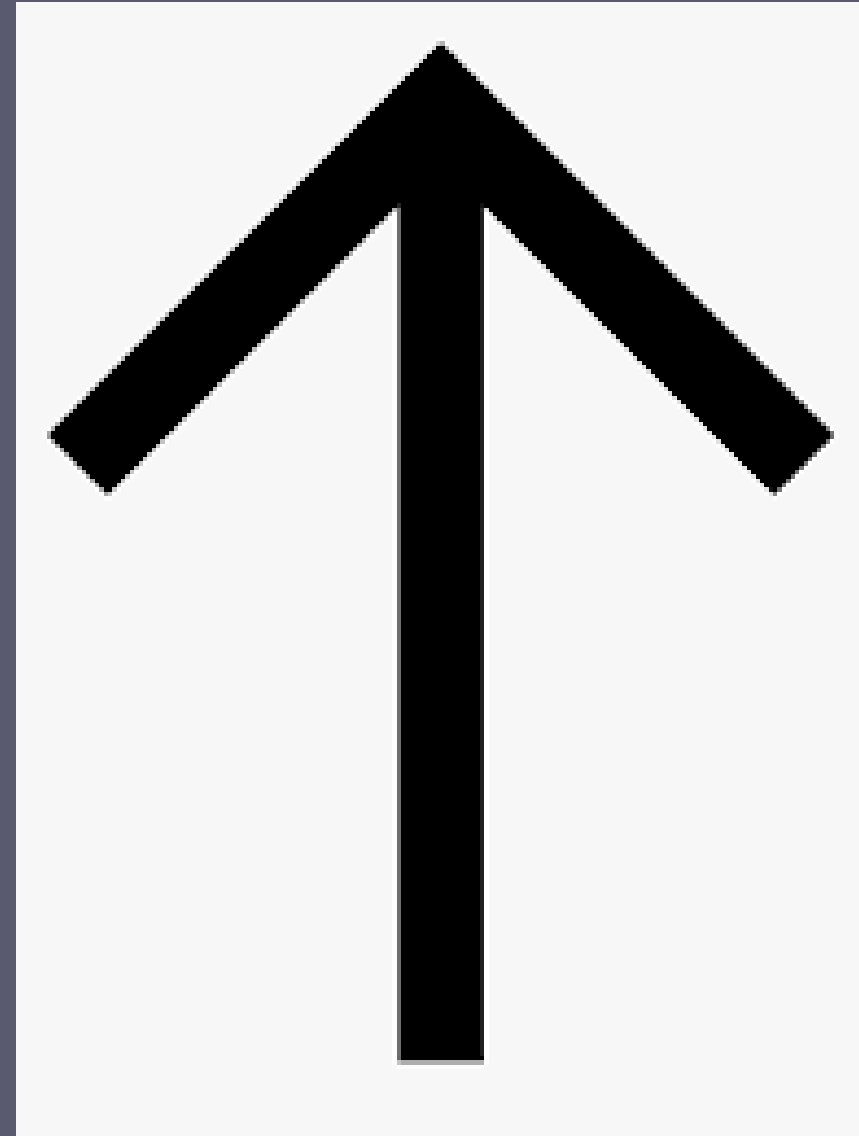
**Colorado:** FY 2021 revenue was a record \$794.9 million, 21% higher than FY 2020 and 17% higher than in FY 2019.

**Idaho:** Total operating revenues increased 33.9% from FY 2020 to FY 2021.

**Montana:** Transfers to the general fund increased 55.1% from 2020 to 2021, from \$8.6 million to \$13.3 million.

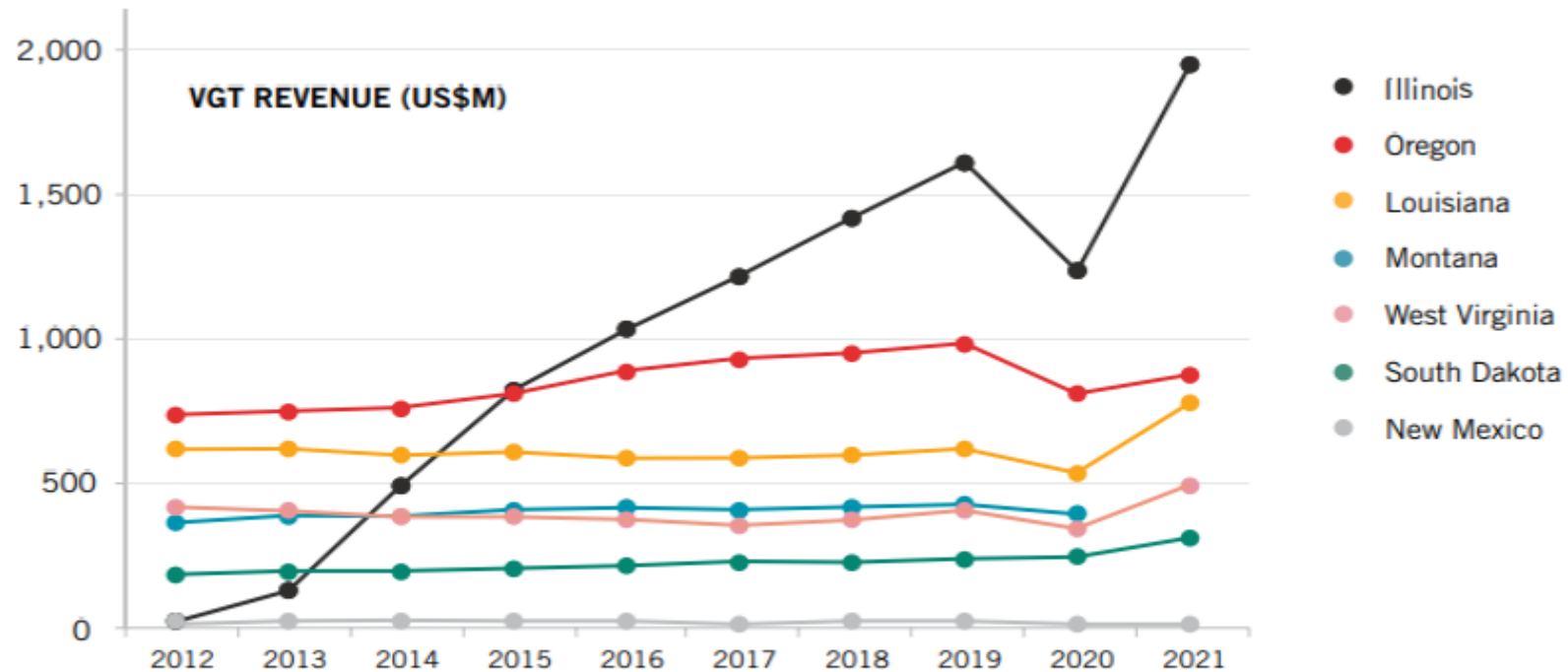
**Washington:** FY 2021 lottery sales were \$950.7 million, a 16.3% increase from FY 2020 and an 18.4% increase from FY 2019

Source: Annual State Lottery Reports





# Video Gaming Terminal Revenue



SOURCE: IGB, OR Lottery, LGCB, MT DoJ, WV Lottery, SD Lottery, NMGCB

# Select State Casino Tax Rates

State	Casino Tax Rate
Colorado	<p>Tax rate as of July 1, 2014</p> <p>Adjusted gross proceeds (AGP)</p> <p>0.25%      \$ 0 - \$ 2 million</p> <p>2%          \$ 2 million - \$5 million</p> <p>9%          \$ 5 million - \$8 million</p> <p>11%        \$ 8 million - \$10 million</p> <p>16%        \$10 million - \$13 million</p> <p>20%        Above \$13 million</p>
Delaware	<p>20% on table game revenue which includes a 15.5% tax on table game licensees and a 4.5% purse supplement</p> <p>57%-58% on electronic gaming device revenue</p>
Illinois	<p><b>Admissions tax:</b> Illinois has an admissions tax of \$2 per person for patrons of Casino Rock Island and \$3 per person for all other casino licensees.</p> <p><b>Table Game Tax:</b></p> <p>15% tax rate for up to \$25 million AGR</p> <p>20% tax rate for over \$25 million AGR</p> <p><b>(All other Gambling Games) Wagering Tax:</b></p> <ul style="list-style-type: none"> <li>15% of AGR up to and including \$25 million; Gradually increases up to 50% of AGR in excess of \$200 million.</li> </ul>
Maine	<p>Net table game income- 16%</p> <p>Casino net slot income- 46%</p> <p>Racino net slot income- 39%</p> <p>Additional 1% of gross slot machine income is levied for administrative expenses</p>

State	Casino Tax Rate
Nevada	<p>Monthly graduated tax on the following amounts:</p> <p>Up to \$50,000 of gross revenue- 3.5%</p> <p>\$50,000-\$134,000 gross revenue- 4.5%</p> <p>All gross revenue over \$134,000 – 6.75%</p>
New Mexico	<p>Racinos are taxed at an effective rate of 46.25% of net take. Includes a 26% gaming tax, a 20% tax for racing purses and a 0.25% tax for problem gambling.</p>
Ohio	<p>33% on gross gaming revenues</p>
Pennsylvania	<p>Casinos are taxed as follows:</p> <ul style="list-style-type: none"> <li>54%-55% on gross revenues collected from slot machines</li> <li>16% of daily gross table game revenues</li> <li>34% of daily gross electronic table game revenue</li> </ul> <p>Tax rates for online gaming:</p> <ul style="list-style-type: none"> <li>16% on peer-to-peer games</li> <li>16% on non peer-to-peer table games</li> <li>54% on slot machine games</li> </ul>
South Dakota	<p>9% effective tax rate</p>
Virginia	<p>There is a graduated tax rate on casino revenue in Virginia:</p> <ul style="list-style-type: none"> <li>18% on the first \$200M</li> <li>23% on revenue between \$200M and \$400M</li> <li>30% on revenue exceeding \$400M</li> </ul>
West Virginia	<ul style="list-style-type: none"> <li>53.5% on gaming machine revenue</li> <li>35% of AGR of West Virginia Lottery table games</li> </ul>

# Select State Use of Casino Tax Revenue

State	Casino Tax Rate
Colorado	<ul style="list-style-type: none"><li>• 28% to the State Historical Society;</li><li>• 12% to Gilpin and Teller counties;</li><li>• 10% to Blackhawk, Central City and Cripple Creek; and</li><li>• 50% to the State General Fund.</li></ul> <p>Out of the State General Fund, additional appropriations must be made to: travel and tourism promotion; the Advance Industries Acceleration Cash Fund; the Local Government Limited Gaming Impact Fund; the Innovative Higher Education Research Fund; Creative Industries Cash Fund; and the Office of Film, TV, and Media Fund.</p>
Illinois	<p>Host local government: 5 % of AGR Horse Racing Equity Fund: 15% of AGR from Rivers Casino Chicago State University Improvement Fund: \$1.6 million School Infrastructure Fund: \$158.36 million annually Horse Racing Equity Fund: \$23 million Capitol Project Funds: remaining funds from racinos</p>
Iowa	<ul style="list-style-type: none"><li>• 0.5% of the AGR shall be remitted to the treasurer of the host city.</li><li>• 0.5% of the AGR shall be remitted to the treasurer of the host county.</li><li>• 0.8% of the AGR shall be deposited in the county endowment fund.</li><li>• 0.2% of the AGR shall be deposited in a state miscellaneous fund.</li></ul> <p>Remaining funds are distributed to the General Fund.</p>
Kansas	<p>Gaming taxes in the state are allocated to fund state debt reduction, infrastructure improvements, and property tax relief.</p>
Louisiana	<p>The State’s portion of the gaming tax is allocated annually at the discretion of the state legislature. The tax is contributed to the State General Fund, public retirement systems, state capital improvements and the state’ rainy-day fund</p>

State	Casino Tax Rate
Maine	<p>The biggest recipient of gaming tax revenue goes to higher education through the funding of scholarships to state and community colleges. Gaming tax revenue is also used to support health care, agriculture, the state’s horse racing industry, and the local governments that host commercial casinos.</p> <p>A state fund to provide prevention-related services and other healthcare programs for Maine families also receives funds from gaming tax revenue.</p>
Maryland	<p>Slot machine taxes are distributed as follows:</p> <ul style="list-style-type: none"><li>• Education Trust Fund: 32.75%- 47.5%</li><li>• Horse Racing Purse: 6%</li><li>• Local Impact Grants: 5.5%</li><li>• Race Track Facilities Renewal Account: 1%</li><li>• Maryland Lottery &amp; Gaming Control Agency: 1%</li><li>• Small, minority and women-owned business: 1.5%</li></ul> <p>Table game taxes are distributed as follows:</p> <ul style="list-style-type: none"><li>• 15% to the Maryland Education Trust Fund</li><li>• 5% local grants</li></ul>
Mississippi	<p>A majority of state casino gaming tax revenue is directed to Mississippi’s General Revenue Fund, with monthly amounts of \$3M distributed to a separate state highway construction fund.</p>
Nevada	<p>The majority of revenue goes into the state’s general fund and is then redistributed biennially by the legislature to statewide education programs, transportation services and general budgetary needs. Additional funds are allocated to local school systems and county governments</p>
New Mexico	<p>State general fund</p>

# Lottery Case Studies: California

## Major Games and Net Sales in FY 2020 (in millions)

Scratchers: \$5,029.8 (76.0%)

Mega Millions: \$359.4 (5.4%)

PowerBall: \$297.3 (4.5%)

SuperLotto +: \$231.7 (3.5%)

Hot Spot: \$311.8 (4.7%)

Fantasy 5: \$161.1 (2.4%)

Daily 3: \$157.6 (2.4%)

Daily Derby: \$41.4 (0.6%)

Daily 4: \$31.9 (0.5%)

## Apportionment of Funds

Prizes: 65.3%

Costs/Operating Expenses: 13.4%

State Proceeds Available: 21.3%



# Lottery Case Studies: Colorado

## Major Games and Net Sales in FY 2021 (in millions)

Cash 5: \$15.9

Cash 5 EZ Match: \$2.6

Colorado Lotto+: \$48.0

Lucky For Life: \$15.5

Mega Millions: \$57.1

Pick 3: \$15.9

Powerball: \$66.9

Scratch: \$573.0

## Apportionment of Funds

Prizes: 69.7%

Administration: 7.2%

State Proceeds Available: 23.0%



# Lottery Case Studies: Idaho

## Major Games and Net Sales in FY 2021 (in millions)

PowerBall: \$26.3	Scratch Tickets: \$241.2
Pick 3: \$2.7	PullTab Tickets: \$2.0
Mega Millions: \$19.8	TouchTab Tickets: \$64.8
Weekly Grand: \$1.7	
Lucky for Life: \$3.3	
Lotto America: \$2.3	
Idaho Cash: \$1.8	
5 Star Draw: \$2.8	
2by2: \$0.2	
Pick 4: \$0.6	
Raffle: \$2.5	

## Apportionment of Funds

Prizes: 67.8%
Operating Expenses: 12.7%
State Proceeds Available: 19.5%



# Lottery Case Studies: Washington

## Major Games and Net Sales in FY 2021 (in millions)

Scratch: \$701.2 (73.8% of total sales)

MegaMillions: \$70.9 (7.5% of total sales)

PowerBall: \$57.8 (6.1% of total sales)

Lotto: \$39.3 (4.1% of total sales)

Hit 5: \$22.1 (2.7% of total sales)

Match 4: \$14.3 (1.6% of total sales)

Pick 3: \$23.2 (2.4% of total sales)

Daily Keno: \$6.4 (0.7% of total sales)

## Apportionment of Funds

Prizes: 63.34%

Administration: 12.64%

State Proceeds Available: 23.47%





# Where Do State Lottery Proceeds Go?

<b>Capital Construction/Infrastructure</b>	Arizona, Colorado, Iowa, Idaho, Indiana, Illinois, South Dakota
<b>Economic Development</b>	Arizona, Kansas, Oregon, Washington
<b>Education</b>	Arkansas*, California*, Florida*, Georgia*, Illinois, Louisiana, Michigan, Missouri*, North Carolina*, Nebraska, New Hampshire*, New Jersey, New Mexico*, New York*, Ohio*, Oklahoma*, Texas, Virginia*, Washington, West Virginia
<b>Environment</b>	Minnesota, Colorado, Nebraska
<b>General Fund</b>	Arizona, Connecticut*, Delaware*, Iowa, Kansas, Kentucky*, Michigan, Maine*, Minnesota, Montana*, North Dakota, Rhode Island*, South Dakota
<b>Health/Gambling Addiction</b>	Arizona, Iowa, Kansas, Louisiana, Minnesota, Nebraska, North Dakota, Washington
<b>Parks/Tourism</b>	Colorado, West Virginia
<b>Senior Programs</b>	Pennsylvania*, West Virginia
<b>Property Tax Credit Funding</b>	Wisconsin*
<b>Veterans Programs</b>	Iowa, Maryland, New Jersey, Texas
<b>Localities</b>	Massachusetts*

\*receives all lottery proceeds

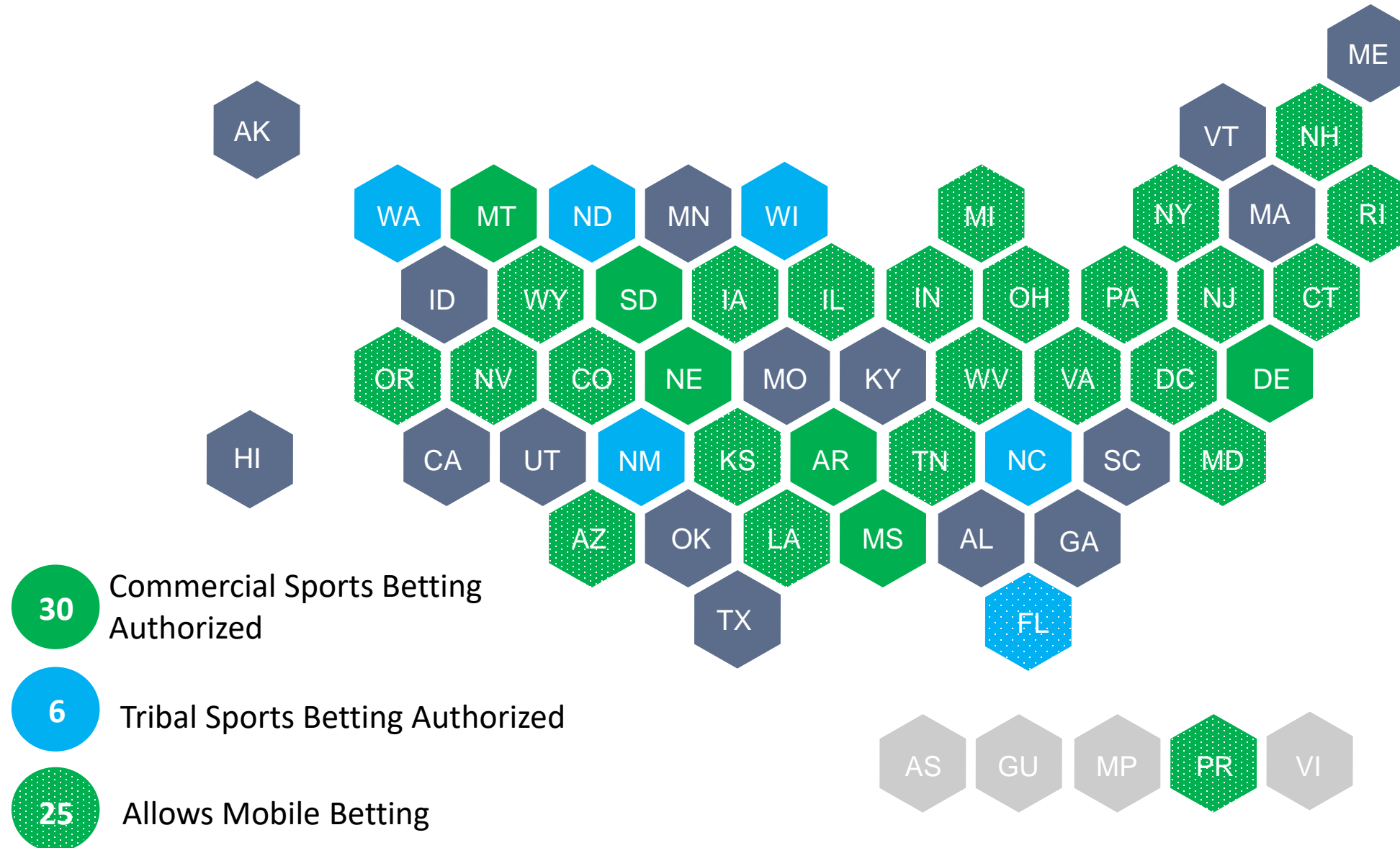
Source: Rockefeller Institute (2016), NCSL Research

# Recent Gaming Expansion Enactments

- Connecticut H 6451 (2021): Authorizes online casino gaming
- Nebraska: Authorized racinos via ballot initiative in 2020
- Virginia H 1383 (2020): Repeals prohibition on selling lottery tickets over the internet
- Sports Betting



# Legal Status of Sports Betting in the States



# 2021 Sports Betting Enactments

- **Arizona** (H 2772): Authorized sports betting with mobile component
- **Connecticut** (H 6451): Provides for legal sports betting with mobile component
- **Florida** (S 2 a): Approves new tribal compact with sports betting provisions
- **Louisiana** (H 697/S 142/S 247): Implements 2020 sports betting ballot measure
- **Maryland** (H 940): Implements 2020 sports betting ballot measure
- **Nebraska** (L 561): Implements 2020 sports betting ballot measure
- **New York** (S 2509): Expands to mobile sports betting
- **South Dakota** (S 44): Implements 2020 sports betting ballot measure
- **Wyoming** (H 133): Authorizes sports betting (mobile only)
- Renegotiated Tribal Compacts in ND and WI allowed sports betting at tribal casinos
- 14 other states proposed sports betting legalization. Two states (AR, MS) proposed expanding to mobile. Three states with Tribal gaming (NC, ND, WA) proposed allowing state-sponsored sports betting.



# Sports Betting Tax Rates

State	Sports Betting Tax Rate
Arkansas	13-20%
Arizona	8% for retail; 10% for mobile
Colorado	10%
Connecticut	13.75%
D.C.	10%; revenue minus expenses for state online lottery operations
Delaware	50%
Florida	13.75% of tribal sports bet revenue
Illinois	15%
Indiana	9.5%
Iowa	6.75%
Louisiana	10% for retail; 15% for mobile
Maryland	Retail: 15%; Mobile: 15% on first \$5 million in proceeds, then 17.5%
Mississippi	12% (8% state/4% local)

State	Sports Betting Tax Rate
Michigan	8.4% for retail; 9.65% for mobile
Montana	Collects revenue minus expenses
Nebraska	20%
Nevada	6.75%
New Jersey	9.75% for retail; 14.25% for mobile
New Hampshire	50%
New York	10%
Pennsylvania	36% (34% state/2% local)
Rhode Island	51%
South Dakota	9%
Tennessee	20%
Virginia	15%
West Virginia	10%
Wyoming	10%

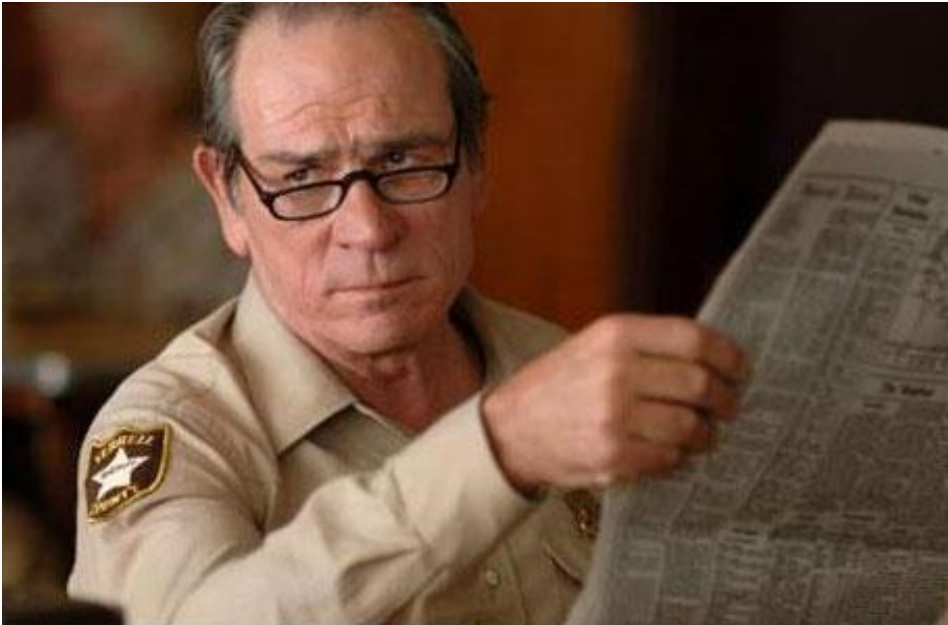
# Select State Sports Betting Licensing Fees

State	Fee
Arkansas	No more than \$250,000 annually
Delaware	No additional fee for sports wagering
Illinois	5% of AGR from prior year, not to exceed \$10 million; \$1 million renewal every four years
Indiana	\$100,000 initial fee; \$50,000 annual renewal
Iowa	\$45,000 initial fee; \$10,000 annual renewal
Louisiana	Application fee: \$250,000 License fee: \$500,000 for five years
Maryland	\$250,000 w/\$50,000 annual fee For mobile: \$500,000 w/\$100,000 annual fee
Michigan	\$150,000 licensing fee; \$50,000 application fee; \$50,000 yearly renewal fee

State	Sports Betting Tax Rate
Mississippi	No additional fee for sports wagering
Montana	\$1,000 annual fee for platform operators; \$100 fee per kiosk
New Jersey	\$100,000 annual fee
New York	No additional fee for sports wagering
Pennsylvania	\$10 million one-time fee
Rhode Island	No additional fee for sports wagering
South Dakota	\$2,000 license fee, \$2,000 renewal
Tennessee	\$750,000 annual fee
Virginia	\$250,000 3 yr. license; \$200,000 renewal; \$50,000 application fee
West Virginia	\$100,000 fee; renewed every 5 years



# MOBILE BETTING AND KIDS THESE DAYS...







# Non-Mobile States' Sports Betting Revenue Performance



Arkansas:	FY 2020 State Taxes	FY 2021 State Taxes
	\$312,689	\$1,120,529

Source: AR Department of Finance and Administration

Delaware:	FY 2020 Sports Betting Share (50%)	FY 2021 State Share
	\$11,315,301	\$14,302,112

Source: DE Lottery

New York*:	FY 2020 State Taxes	FY 2021 State Taxes
	\$964,671	\$1,859,905

Source: NY Gaming Commission

<b>Mississippi:</b>	<b>FY 2020 State/Local Taxes</b>	<b>FY 2021 State/Local Taxes</b>
	\$4,392,978	\$7,999,874

Source: MS Gaming Commission

\*Authorized mobile betting towards the end of FY 2021

# Mobile States' Sports Betting Revenue Performance

## New Jersey:

Calendar Year 2020	Calendar Year 2021
Retail Sports Betting Revenue: \$2,732,333 Internet Sports Betting Revenue: \$46,700,068 Calendar Year 2020 Total Revenue: \$49,432,401	Total Revenue (through October): \$77,972,815

Source: NJ Division of Gaming Enforcement

## Pennsylvania:

FY 2020	FY 2021
Retail Tax Revenue: \$9,646,774 Mobile Tax Revenue: \$29,019,644 Total Tax Revenue: \$38,666,418	Retail Tax Revenue: \$16,396,531 Mobile Tax Revenue: \$88,612,191 Total Tax Revenue: \$105,008,722

Source: PA Gaming Control Board

## Indiana:

FY 2020	FY 2021
Tax Revenue: \$7,457,247 Mobile was 60% of sports bet receipts	Tax Revenue: \$22,662,070 Mobile was 80% of sports bet receipts

Source: IN Gaming Commission

# Mobile States' Sports Betting Revenue Performance Cont.

**Nevada:**

FY 2020	FY 2021
\$17,443,282	\$27,543,442

Source: Nevada Gaming Control Board

**Rhode Island:**

	Retail (Book Rev.)	Mobile (Book Rev.)	Total Book Revenue	State Tax
FY 2020	\$14,897,786	\$3,808,671	\$18,706,457	\$9,540,293
FY 2021	\$17,863,894	\$18,323,595	\$36,187,489	\$18,455,619

Source: Rhode Island Lottery

**Iowa:**

	Retail (Net Receipts)	Mobile (Net Receipts)	Total	State Tax Revenue
FY 2020	\$11,941,612	\$13,790,229	\$25,731,838	\$1,788,198
FY 2021	\$25,398,407	\$64,568,477	\$89,996,884	\$6,072,763

Source: Iowa Racing and Gaming Commission

**New Hampshire:** FY 2021 Revenue: \$17,956,535 (80.6% attributable to mobile wagering)

**Illinois:** FY 2021 tax revenue: \$60,895,949



# State Efforts to Address Gambling Addiction

- Self-exclusion lists
- Toll-Free Hotlines
- Mobile: restrictions on numbers of accounts, allowing users to limit amounts that can be deposited into an account, require operators provide a means to initiate a break in play to discourage excessive play
- Revenue often dedicated to state health department problem gambling programs:
  - **Michigan:** \$1 million annually to Compulsive Gaming Prevention Fund
  - **New Hampshire:** Earmarks 10% of revenue drawn from sports betting for services to support treatment and prevention of gambling addiction
  - **New York:** The new online sports wagering legislation provides \$6 million to responsible gambling programming.
  - **Pennsylvania:** 0.2% of total gross sports wagering revenue goes to Compulsive and Problem Gambling Treatment Fund. Another 0.2% goes to the Department of Drug and Alcohol Programs for similar initiatives related to problem gambling.
  - **Tennessee:** 5% to mental health and substance abuse services
  - **Virginia:** 2.5% to problem gambling



# Thank You!

**Contact:**

Jackson Brainerd

[jackson.brainerd@ncsl.org](mailto:jackson.brainerd@ncsl.org)

