

**THE NELSON A.  
ROCKEFELLER  
INSTITUTE  
OF GOVERNMENT**

UNIVERSITY AT ALBANY  
State University of New York

# Trends in Gambling Revenue to the States

The Civic Federation And  
Federal Reserve Bank of Chicago

Chicago, IL

Lucy Dadayan

April 2, 2015

# Outline

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- Gambling availability across the nation
- National trends in gambling revenue
  - *Revenue is defined as tax and fee revenues transferred to the state and local government*
- Growth in casino vs. racino revenue
- Gambling revenue trends in Great Lakes
- Points for consideration for policymakers

# Gambling availability

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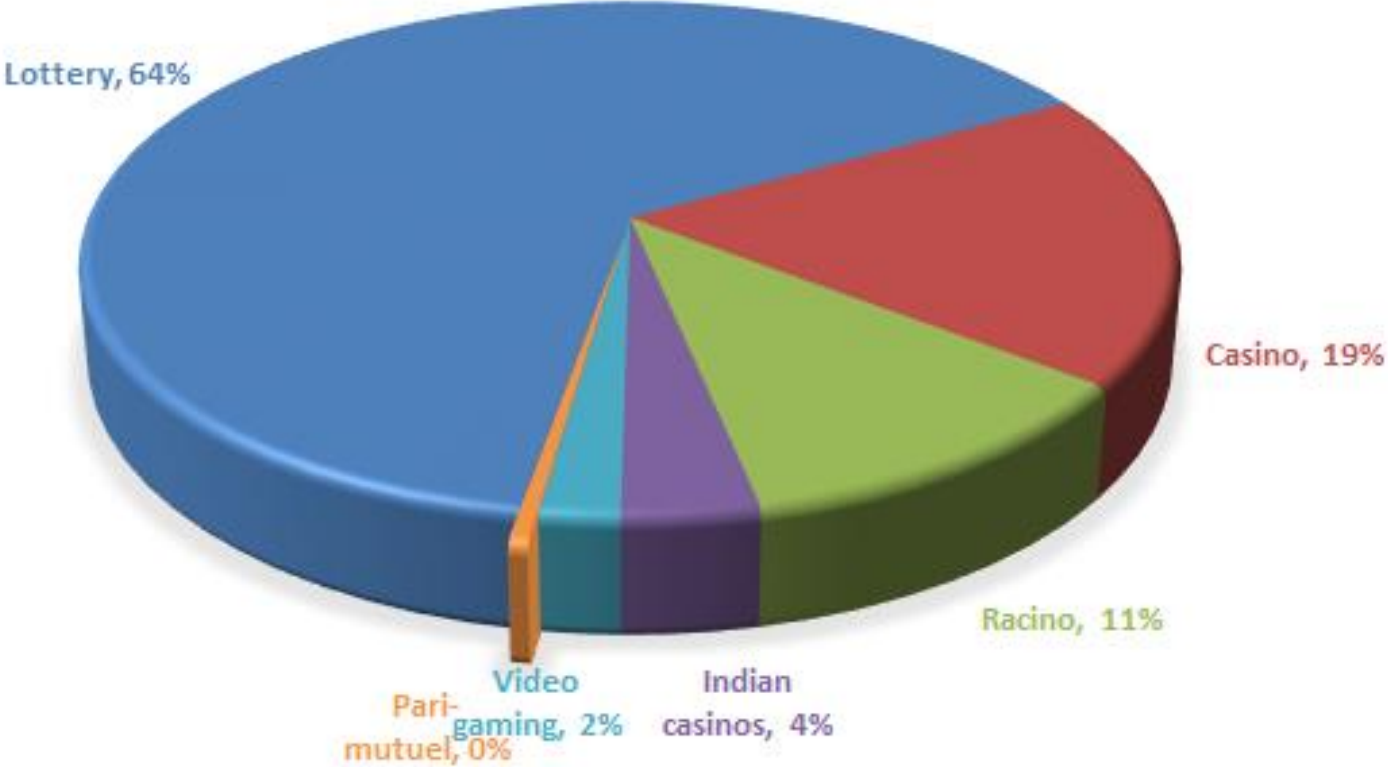
Gambling Type	# of states	Period when gambling was adopted			
		Pre-1990	1990-2000	2001-2007	2008-2014
Lottery	43	32	5	5	1
Casinos/1	17 (+2)	4	7	2	4 (+MA, NY)
Racinos	13	0	6	5	2
Pari-Mutuel	43				
Indian Casinos	28				

1/ NY and MA also legalized casino operations but have not opened the first casinos yet.

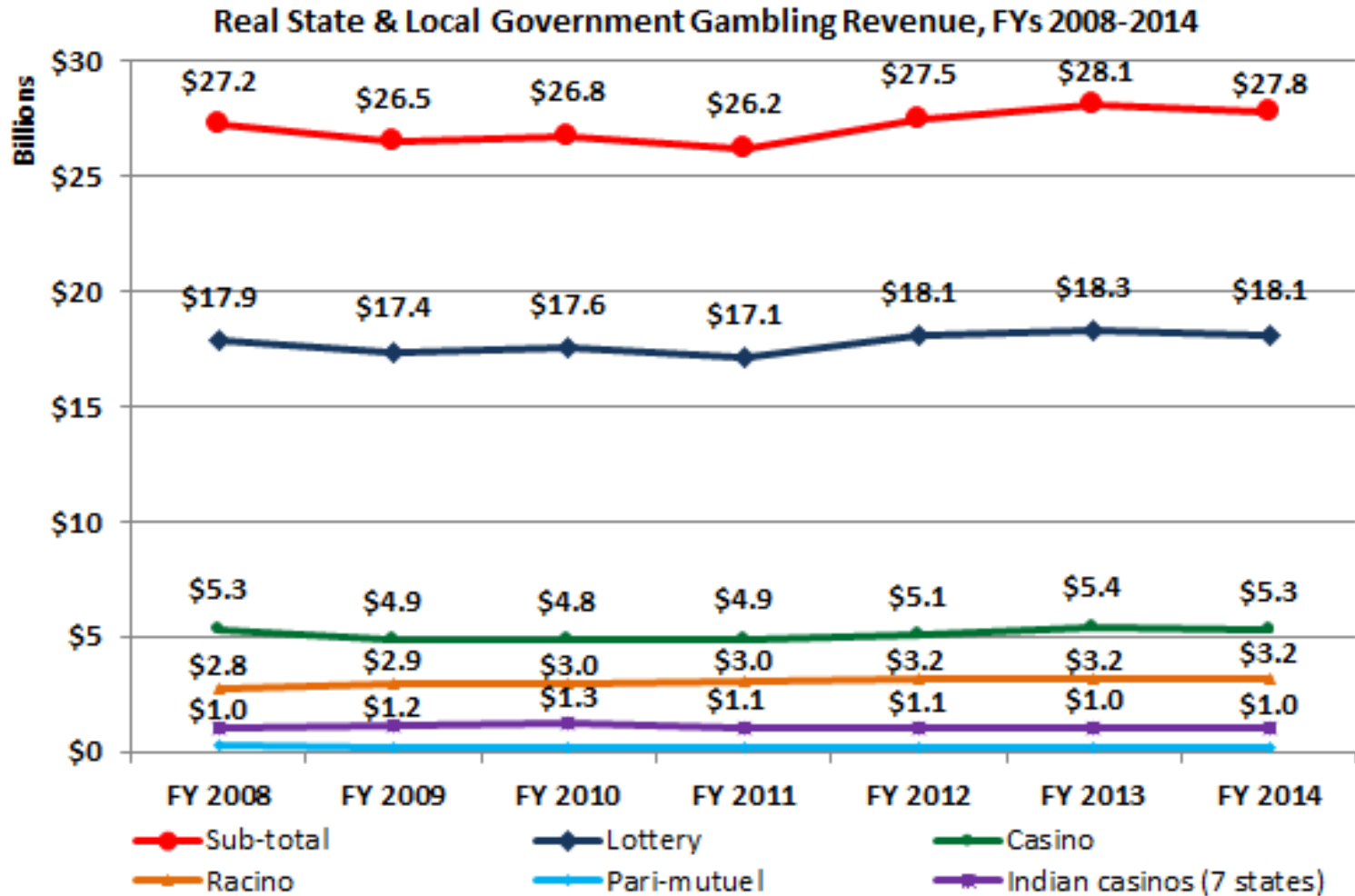
# Lottery Still The Big Player in Gambling

## Shares of Gambling Revenues, FY 2014

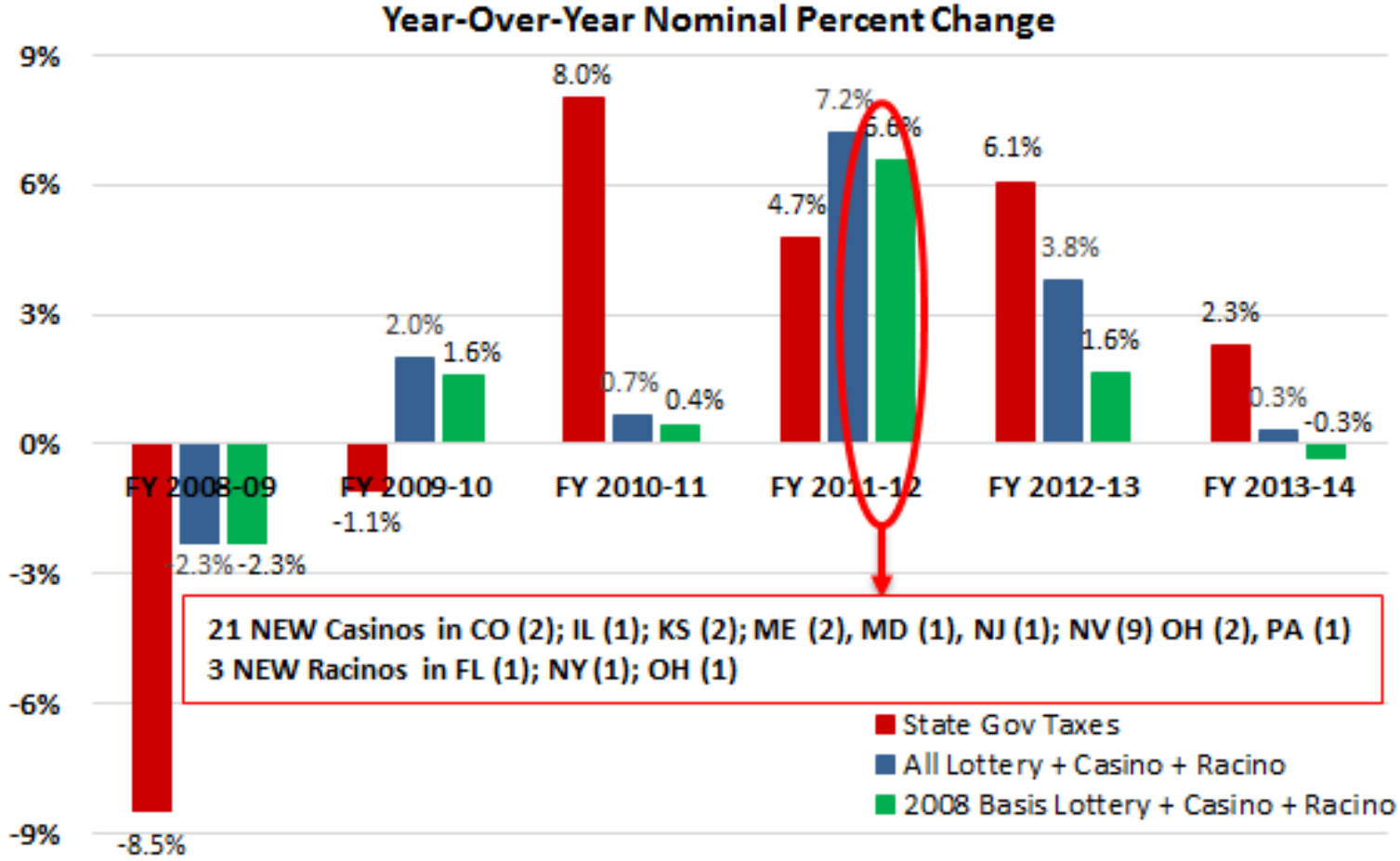
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# More Gambling, Not Much More Revenues Since The Great Recession (2014 dollars)



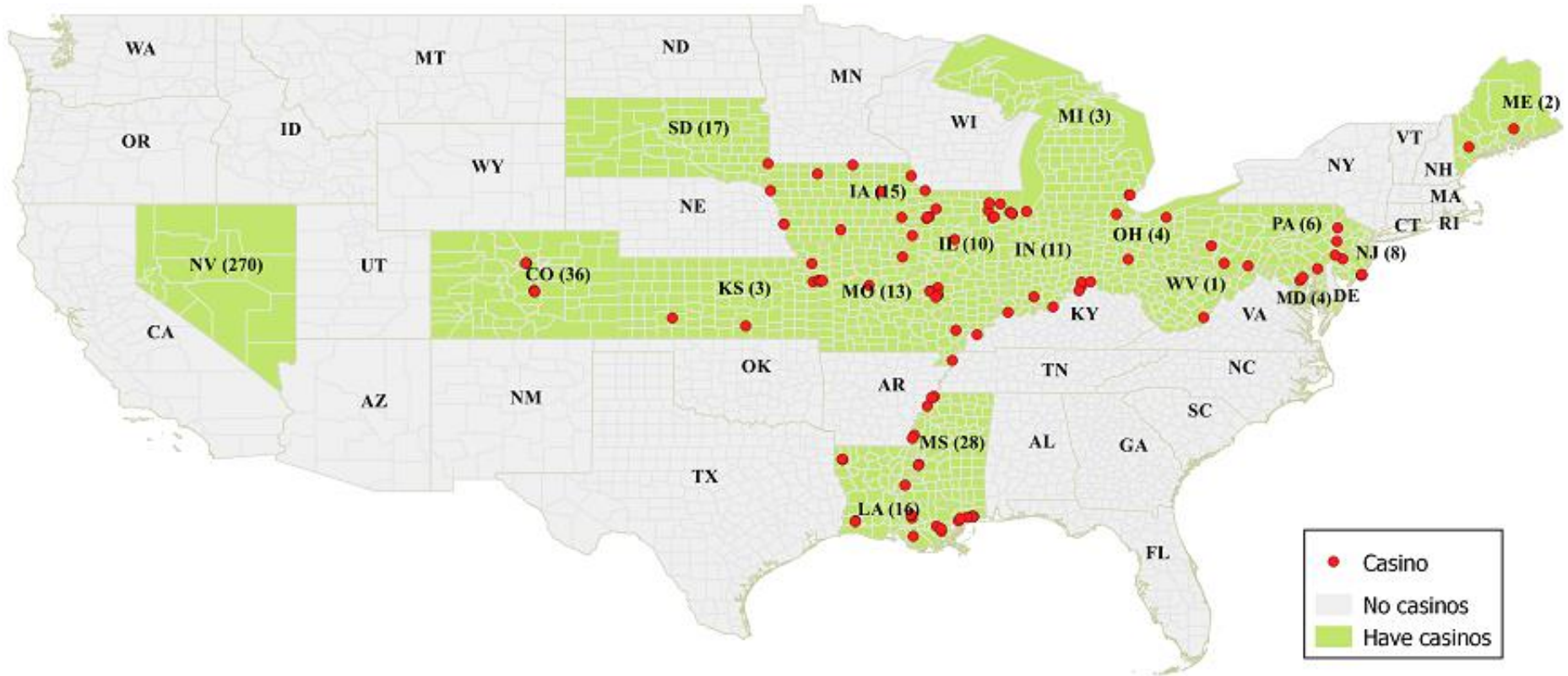
# Nominal Growth in State Gov. Total Taxes vs. Gambling Revenues, FYs 2009-2014



21 NEW Casinos in CO (2); IL (1); KS (2); ME (2), MD (1), NJ (1); NV (9) OH (2), PA (1)  
 3 NEW Racinos in FL (1); NY (1); OH (1)

Lottery excludes AR; Casinos exclude KS, ME, MD, OH, WV; Racinos exclude ME, MD, OH.

# Geographic Distribution of Casinos



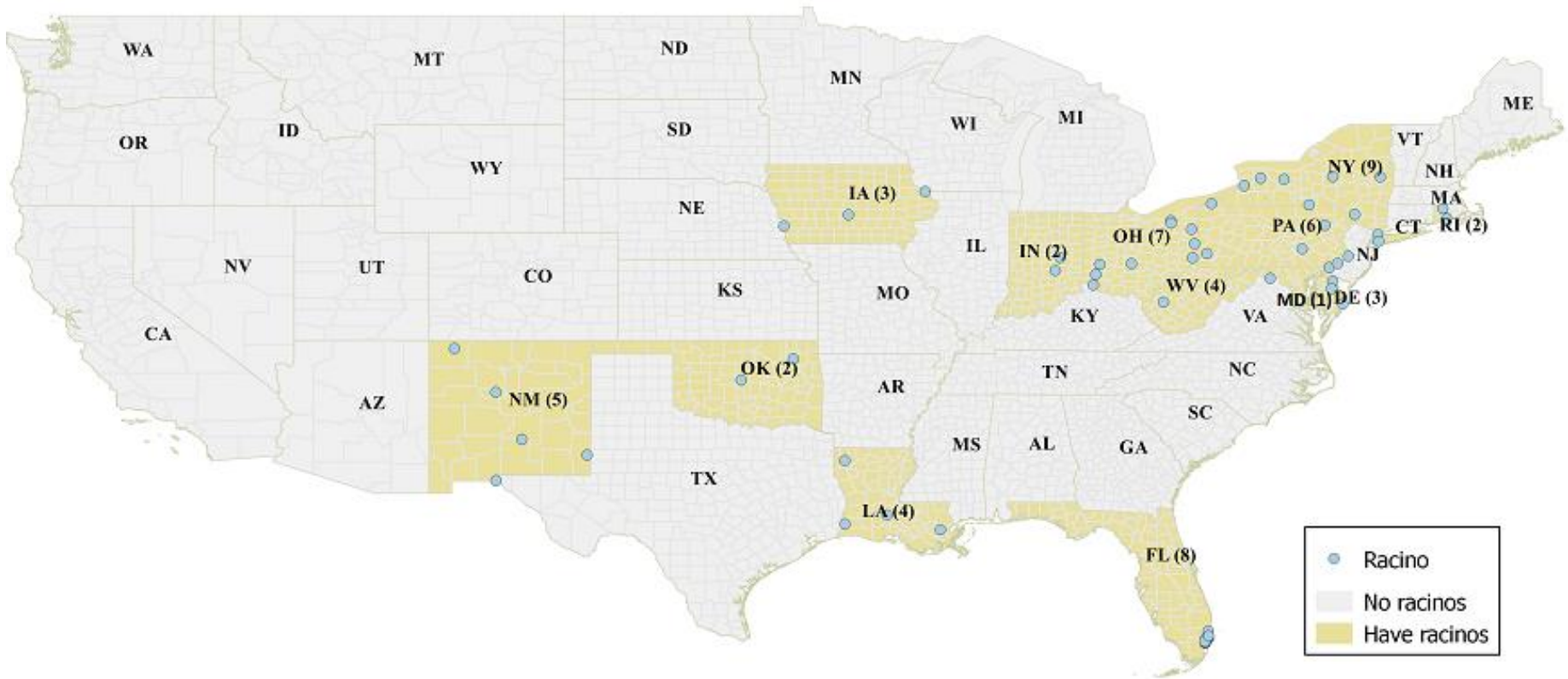
**Notes:** Casino locations are not shown for NV and SD.

MA legalized casino operations and will open 3 casinos and 1 slots parlor.

NY legalized casino operations and will open 4 casinos.

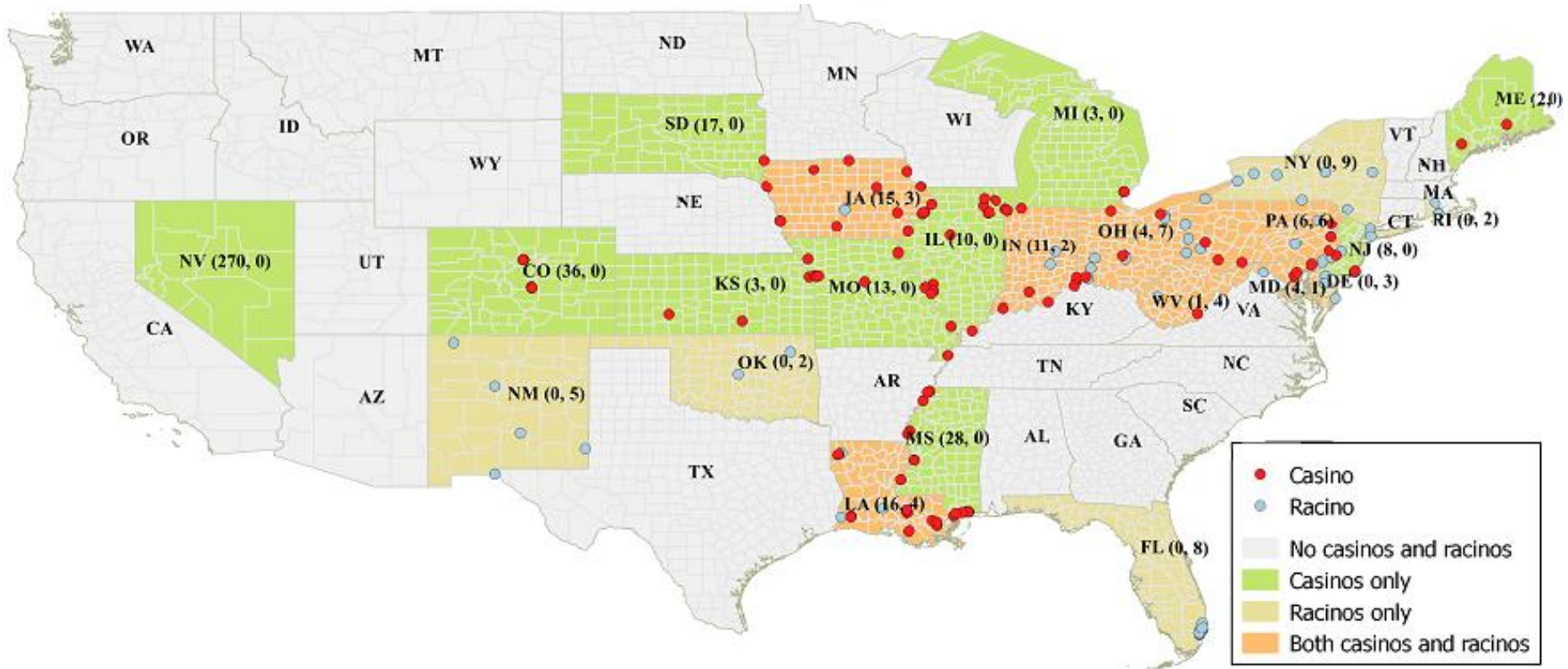
In certain states (i.e. CO), casinos are highly concentrated in a small geographical area.

# Geographic Distribution of Racinos





# Geographic Distribution of Casinos & Racinos



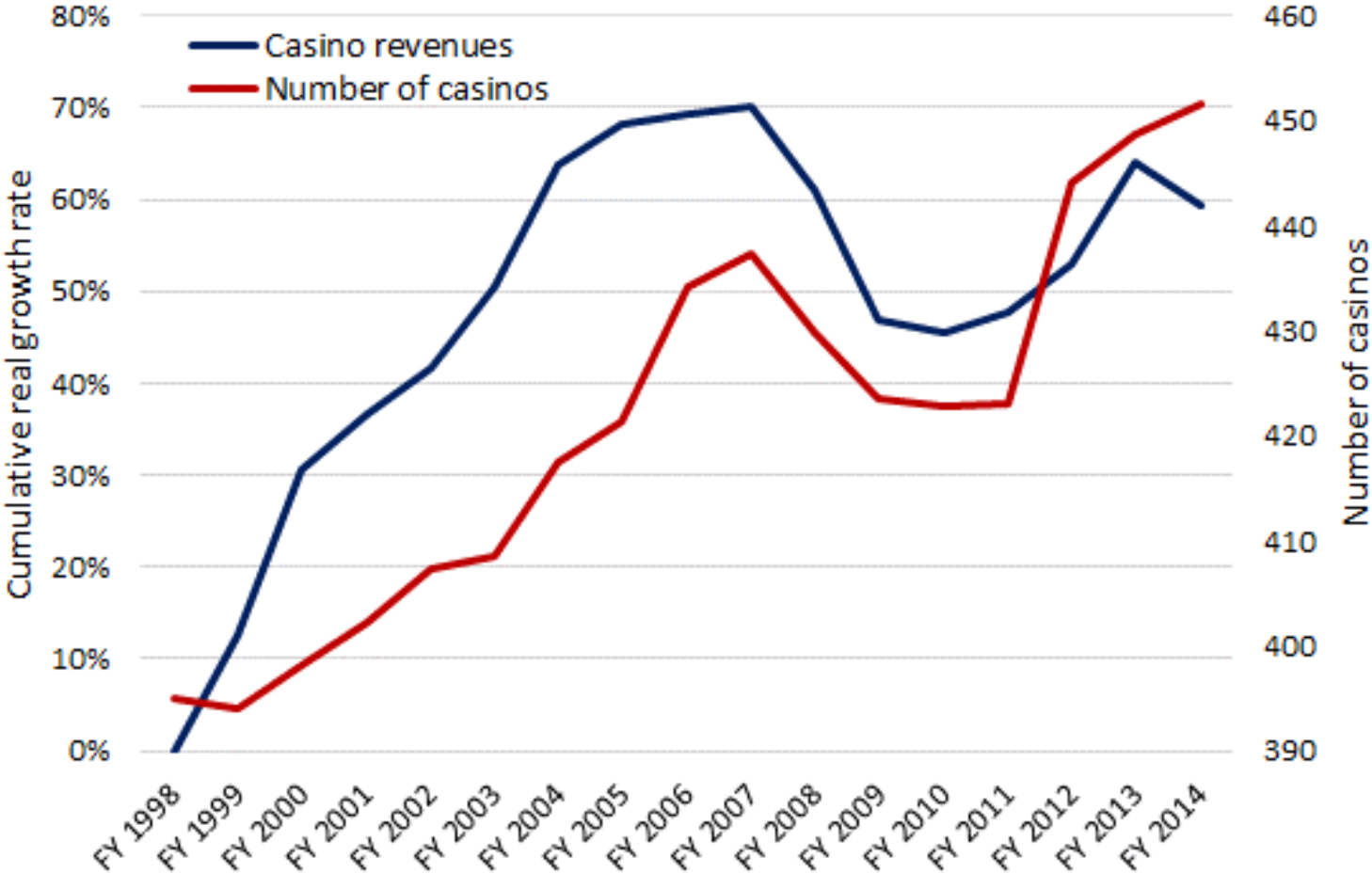
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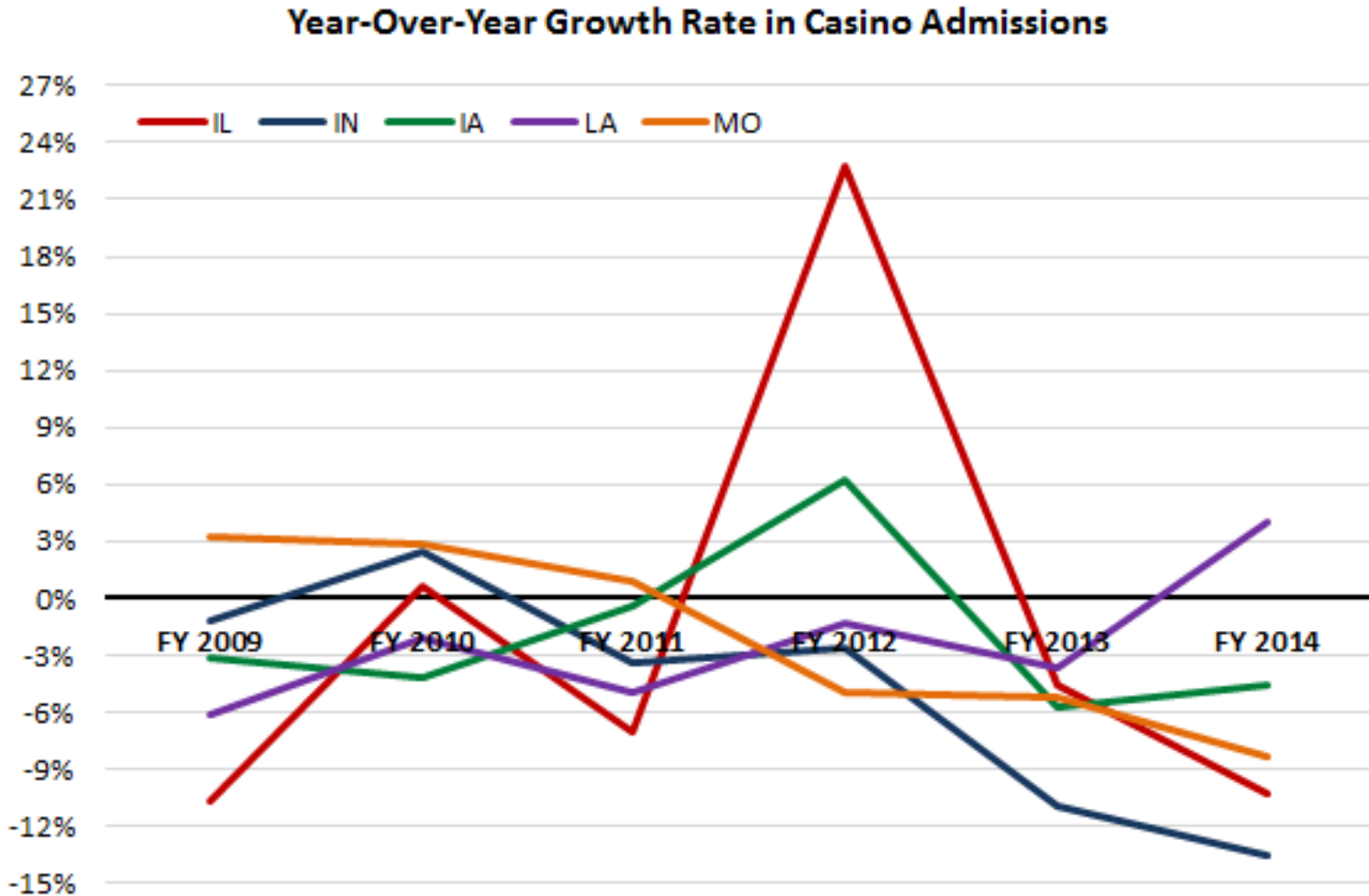
# Trends in casino revenues, FYs 1998-2014



# Gambling revenue from casinos (real, \$ millions)

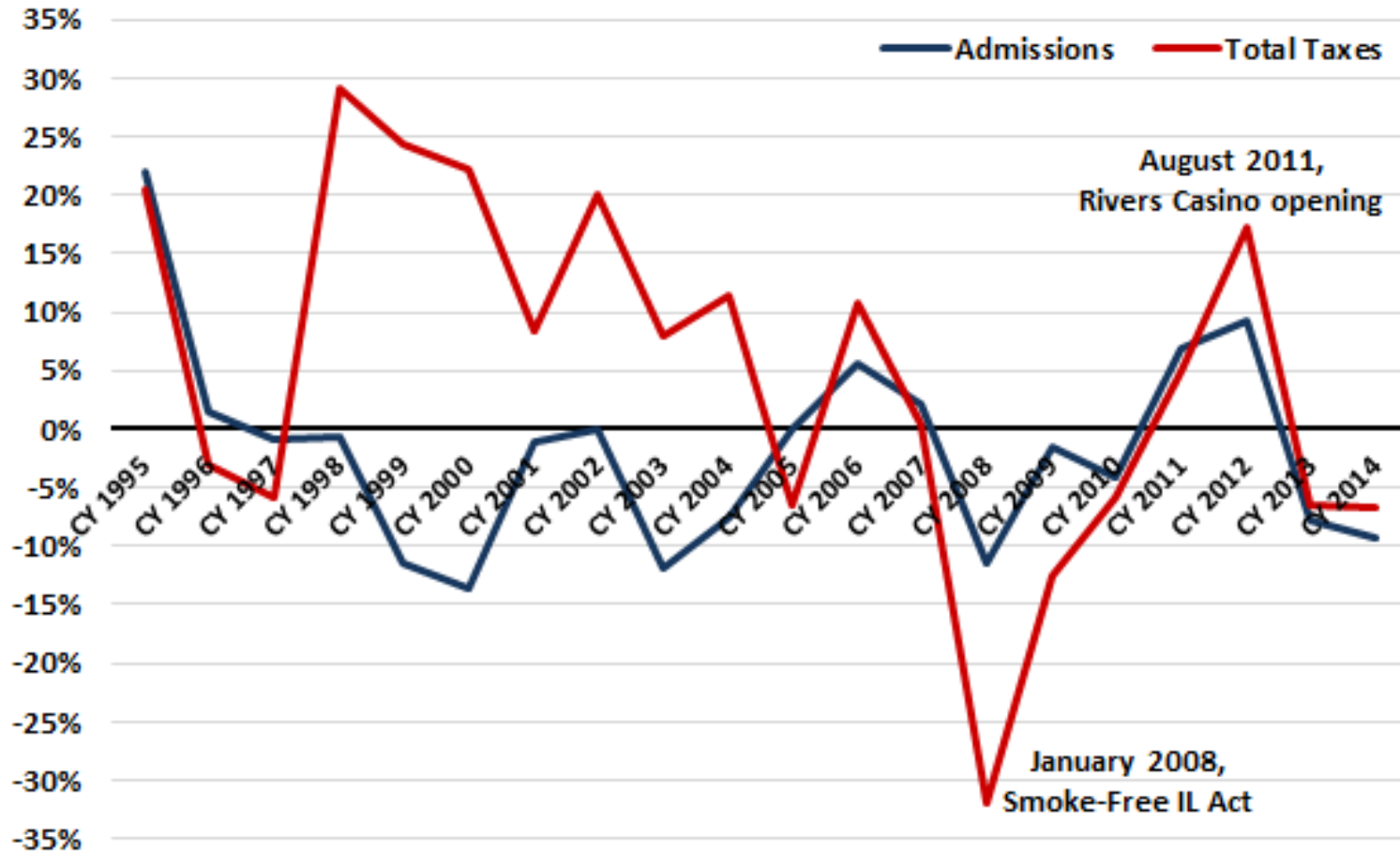
State	FY 2013	FY 2014	% change 2013-14	AAGR 2010-14
<b>United States</b>	<b>\$ 5,445.8</b>	<b>\$ 5,293.1</b>	<b>(2.8)</b>	<b>2.3</b>
Colorado	105.7	104.9	(0.8)	(2.3)
<i>Illinois</i>	<b>566.2</b>	<b>516.6</b>	<b>(8.8)</b>	<b>(0.0)</b>
Indiana	655.9	542.7	(17.3)	(9.4)
Iowa	211.0	198.6	(5.9)	(1.7)
Kansas	98.8	95.6	(3.3)	N/A
Louisiana	438.6	441.0	0.5	(0.8)
Maine	51.3	50.8	(0.9)	N/A
Maryland	310.0	353.8	14.2	N/A
Michigan	277.3	264.0	(4.8)	(1.7)
Mississippi	267.7	247.8	(7.4)	(5.2)
Missouri	471.1	438.8	(6.8)	(3.6)
Nevada	905.3	912.4	0.8	0.7
New Jersey	254.3	257.1	1.1	(8.5)
Ohio	228.8	273.4	19.5	N/A
Pennsylvania	582.2	575.7	(1.1)	13.9
South Dakota	17.4	16.2	(6.9)	(3.0)
West Virginia	4.2	3.8	(9.1)	N/A

# Casino Admissions are Down, Selected States

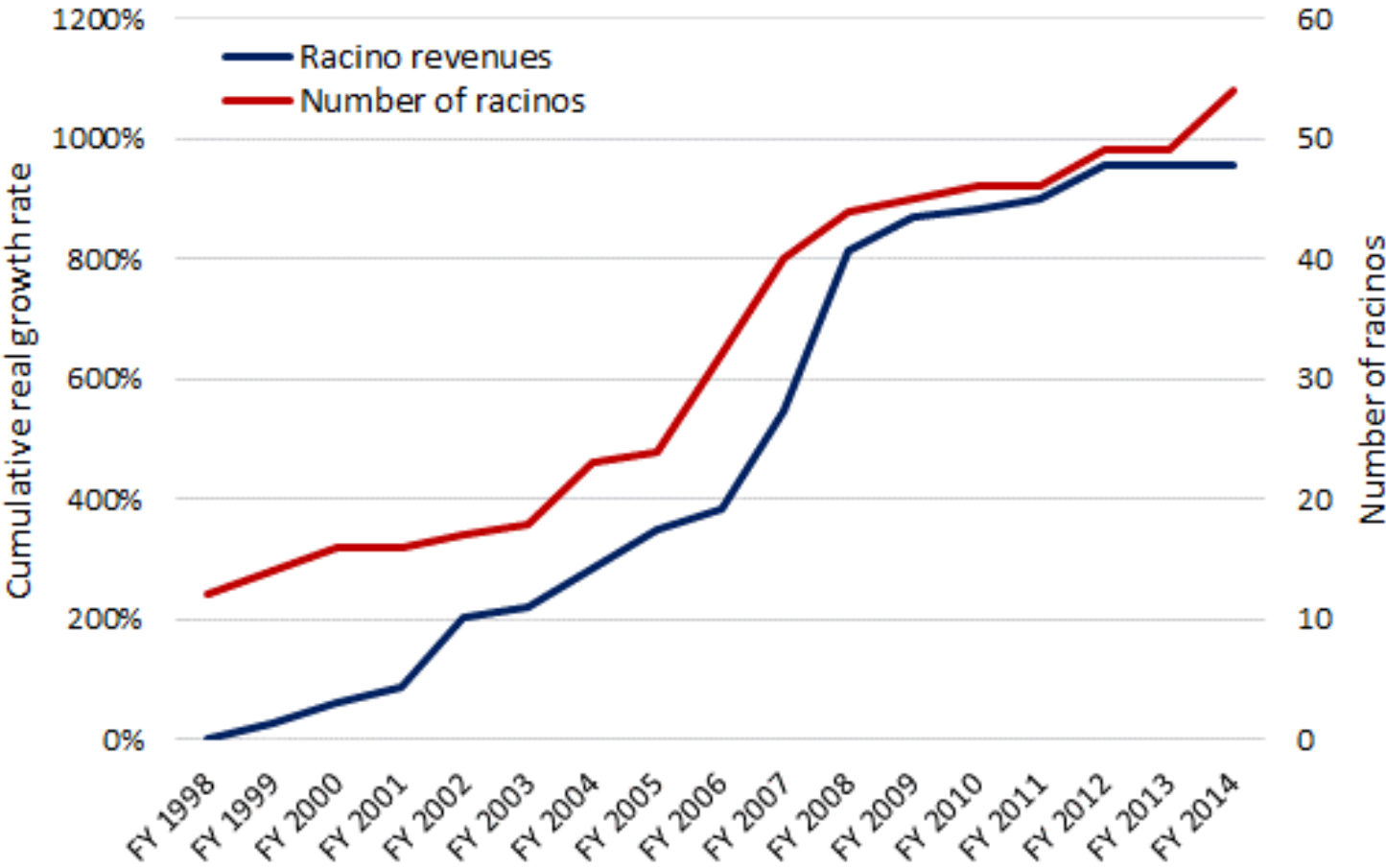


# Casino Admissions vs. Taxes in Illinois

Year-Over-Year Growth Rate in Admissions vs. Nominal Taxes



# Trends in racino revenues, FYs 1998-2014



# Gambling revenue from racinos (real, \$ millions)

State	FY 2013	FY 2014	% change 2013-14	AAGR 2010-14
<b>United States</b>	<b>\$ 3,188.7</b>	<b>\$ 3,188.1</b>	<b>(0.0)</b>	<b>1.8</b>
Delaware	192.0	163.9	(14.6)	(10.3)
Florida	154.8	174.0	12.4	4.2
Indiana	107.6	111.3	3.4	(3.6)
Iowa	103.1	100.8	(2.2)	(0.8)
Louisiana	61.9	58.7	(5.2)	(1.7)
Maryland	29.7	25.1	(15.4)	N/A
New Mexico	64.3	67.0	4.1	(1.0)
New York	883.9	937.7	6.1	15.5
Ohio	56.3	148.0	163.1	N/A
Oklahoma	21.0	20.6	(1.8)	8.6
Pennsylvania	850.2	770.8	(9.3)	(4.6)
Rhode Island	320.5	318.2	(0.7)	0.7
West Virginia	343.4	292.0	(15.0)	(6.7)

# Great Lakes comparisons, I

State	Gambling Availability					Share of U.S. gambling revenue & rank, FY 2014	
	Lottery	Casino	Racino	Video Gaming	Pari-mutuel	Revenue share	Rank
<b>Illinois</b>	x	x		x	x	5.4%	4
Indiana	x	x	x		x	3.3%	13
Michigan	x	x			x	3.7%	9
Ohio	x	x	x		x	4.4%	8
Wisconsin	x					0.6%	32
<b>Neighbors</b>							
Iowa	x	x	x		x	1.4%	22
Missouri	x	x				2.6%	16



# Great Lakes comparisons, II

State	Gambling revenue per resident above 18, FY 2014		Gambling revenue as % of personal income, FY 2014	
	Dollars	Rank	Percent	Rank
<b>Illinois</b>	\$ 151	16	0.2%	18
Indiana	\$ 182	10	0.3%	7
Michigan	\$ 132	18	0.3%	14
Ohio	\$ 134	17	0.2%	15
Wisconsin	\$ 38	38	0.1%	40
<b>Neighbors</b>				
Iowa	\$ 159	14	0.3%	13
Missouri	\$ 154	15	0.3%	11

# Points for policymakers

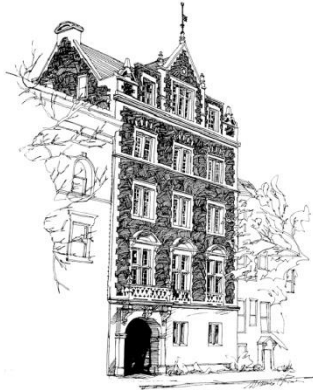
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- More gambling brings in more revenue
- However, some new revenue represents a shift, rather than net growth
- Future growth in gambling revenue will not keep pace with tax revenue, or spending
  - If gambling revenue is intended to support part of the overall budget, gaps may emerge in future years
- Gambling is a slow-growing revenue source & not a solution in the never-ending quest to balance the budget

# Hard-to-Measure Variables for Policy Analysis

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- “iGaming” = Impact of Internet gambling on traditional casinos, lotteries, etc.
- Regional expansion of gambling and competition
- Bankruptcy due to pathological gambling
- Increased crime rate
- Unemployment and loss of productivity
- Problem gambling



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