



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

Trends in Gambling Revenue to the States

Presentation to the Stop
Predatory Gambling

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Overview

- ❖ **Gambling availability across the nation**
- ❖ **National trends in gambling revenue**
- ❖ **Growth in gambling revenue compared to growth in tax revenue & expenditures**
- ❖ **Points for consideration by policymakers**

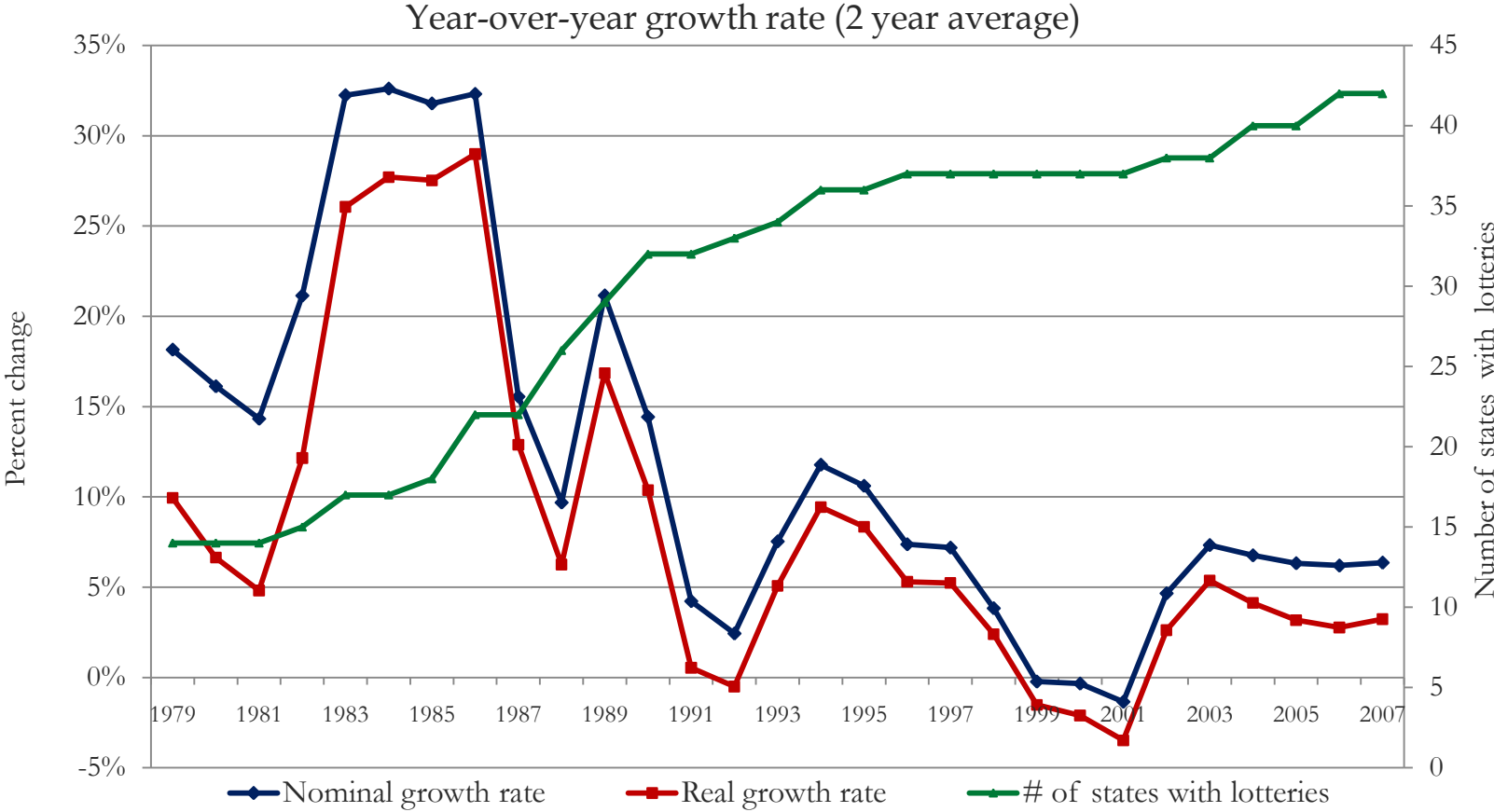
Gambling availability

Gambling Type	# of states	Until 1990	1991-2000	2001-2009
Lottery	43	32	5	6
Commercial Casinos	12	7	4	1
Racinos	12		6	6
Pari-Mutuel	43			
Native American	32			

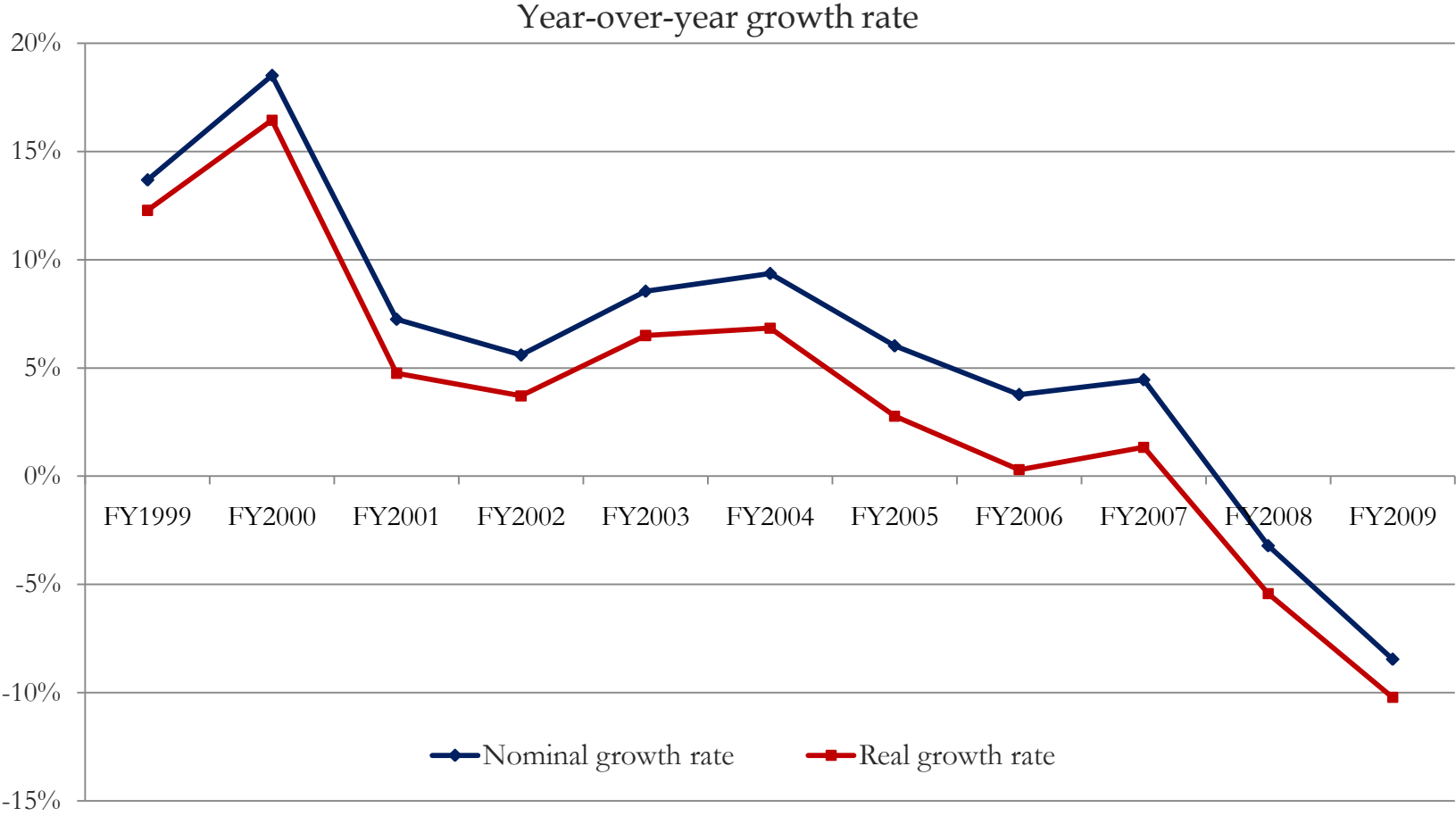
Notes on data

- ❖ **Comparable data on states' lottery revenues, from Census, go back to 1977**
- ❖ **Rockefeller Institute staff collected fiscal 2008 and 2009 lottery data from states**
- ❖ **Rockefeller Institute staff collected casino & racino data from state regulatory agencies**
- ❖ **No good source of comparable data on revenue from Native American casinos**

Trends in lottery revenue, 1979-2007



Trends in casino revenues, 1999-09

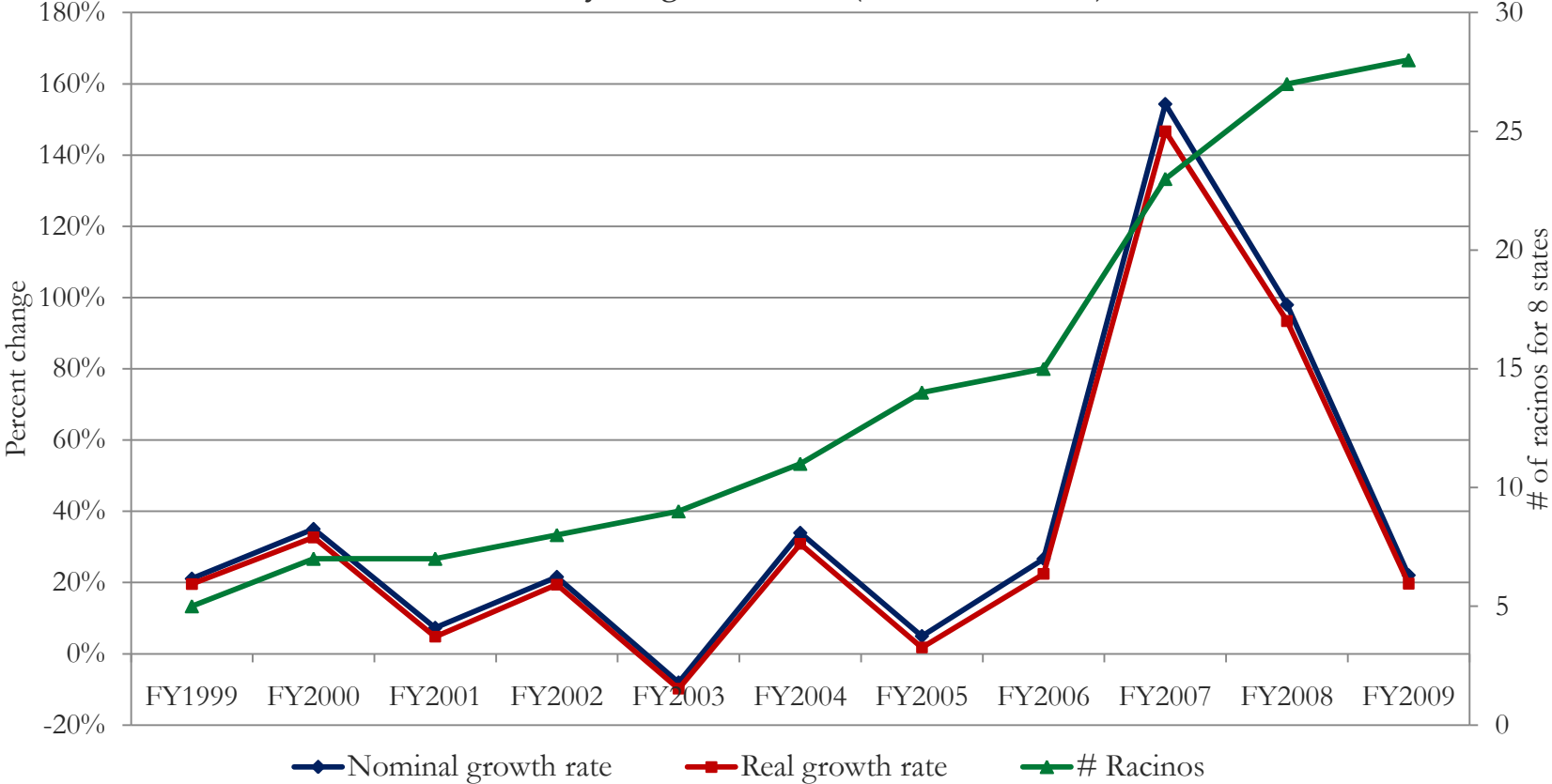


Gambling revenue from casinos

State	FY 2008	FY 2009	Percent change, FY 2008-09
Colorado	108,176,398	94,906,277	-12.3%
Illinois	698,244,445	532,215,775	-23.8%
Indiana	812,428,821	767,918,092	-5.5%
Iowa	214,235,176	216,989,863	1.3%
Louisiana	478,101,753	461,297,528	-3.5%
Michigan	294,832,333	271,189,941	-8.0%
Mississippi	344,588,730	312,123,981	-9.4%
Missouri	428,641,541	456,726,576	6.6%
Nevada	980,052,427	858,007,713	-12.5%
New Jersey	441,534,888	379,393,358	-14.1%
Pennsylvania	60,825,614	99,116,021	63.0%
South Dakota	8,020,264	8,104,908	1.1%
TOTAL	4,869,682,390	4,457,990,033	-8.5%

Trends in racino revenues, 1999-09

Year-over-year growth rate (VLTs excluded)



Gambling revenue from racinos

State	FY 2008	FY 2009	Percent change, FY 2008-09
Delaware	213,049,879	210,641,877	-1.1%
Florida	122,891,732	103,895,348	-15.5%
Indiana	6,547,340	107,761,634	1545.9%
Iowa	112,031,156	104,998,351	-6.3%
Louisiana	58,309,724	62,119,946	6.5%
Maine	20,412,755	26,458,833	29.6%
New Mexico	64,630,387	66,881,511	3.5%
New York	477,742,124	439,609,982	-8.0%
Oklahoma	10,761,971	13,953,353	29.7%
Pennsylvania	711,788,679	865,585,515	21.6%
Rhode Island	296,051,934	285,078,541	-3.7%
West Virginia	590,164,000	576,442,000	-2.3%
TOTAL	2,684,381,682	2,863,426,890	6.7%

For the first time, a smaller jackpot

- ❖ **State-local revenue from lotteries, casinos and other gambling operations declined 2.6% in 2009 (Rockefeller Institute data)**
 - **The first such decline in total gambling revenues in at least three decades**
 - **Lotteries were down an estimated 2.3%, casinos down 8.5%, racinos up 6.7%**
 - **That 2.6% compares to 8.2% decline in overall tax revenues from 2008 to 2009**

Lotteries still the big game, by far

States' revenue from selected sources, FY 2008 <i>rounded to billions of \$</i>	
Lotteries	\$18
Casinos	5
Racinos (incl. VLTs)	3
All gambling	\$24
Personal income tax	\$279
General sales tax	240
Corporate income tax	51
Motor vehicle fees	22

Comparing growth in revenues

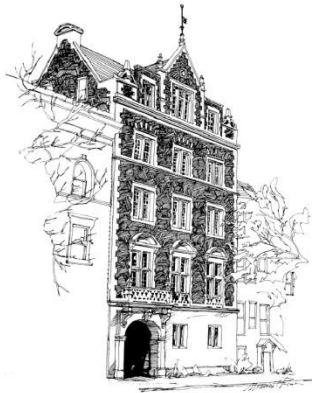
- ❖ **From 1998 to 2008, state revenue from lotteries, commercial casinos, racinos and parimutuel betting rose \$9 billion, or 60%**
 - **Almost as much as tax revenue, 65%**
- ❖ **But: New sources of gambling generated at least \$2.3 billion of the growth**
 - **Subtracting that brings ‘same-source’ growth down around 43%**

Comparing growth in revenues, II

- ❖ **States' expenditures rose 84%**
 - **Gambling revenue growth will likely not match growth in traditional taxes, or in spending**
- ❖ **Gambling revenue growth is associated with expansion of gambling operations**
- ❖ **Gambling is a one-shot in the never-ending quest to balance the budget**

Points for policymakers

- ❖ **More gambling brings in more revenue**
- ❖ **Some new revenue may represent a shift, rather than net growth**
- ❖ **Future growth in revenue will likely 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**



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