



State of the States 2021

The AGA Survey of the Commercial Casino Industry



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A Message from the American Gaming Association

May 2021

Dear Gaming Industry Colleague:

I am pleased to present ***State of the States 2021: The AGA Survey of the Commercial Casino Industry***, the American Gaming Association's (AGA) signature research report and the definitive economic analysis of U.S. commercial gaming in 2020.

The U.S. commercial gaming sector entered 2020 with strong momentum. On the heels of five consecutive years of gaming revenue expansion, January and February 2020 showed strong growth to start the year, and the continued advancement of legal casino gaming and sports betting was providing access to regulated gaming to an ever-growing number of Americans.

With such a positive start to the year, the immediate impacts of the COVID-19 pandemic were jarring. By late-March, every commercial casino—and nearly every tribal casino—had closed its doors. Our industry, like so many others, shifted its focus from growth and expansion to supporting our employees, providing relief to our communities and ultimately reopening in a sustainable way that protected the health and safety of both employees and patrons.

By the end of 2020, about 90 percent of America's casino properties had reopened but prolonged closures, operating restrictions and consumer health concerns resulted in full year commercial gaming revenue falling 31 percent to \$30 billion. This was the first annual market contraction in seven years and lowest overall level since 2003. Notwithstanding the large decline, there were some bright spots: sports betting revenue grew by nearly 69 percent as legalization and consumer adoption continued, and iGaming revenue exploded by nearly 200 percent.

But these numbers only tell part of the story. They don't include lost revenue from live entertainment, dining, hotel bookings and meetings and conventions that are so crucial to gaming properties. More importantly, they don't capture the difficult personal decisions and sacrifices that have impacted every single member of our industry.

The AGA's work was perhaps never more urgent than it was in 2020. The pandemic elevated the need for

a strong industry advocate in Washington, and the AGA worked tirelessly to deliver access to federal stimulus for gaming businesses. Unlike every previous federal stimulus that explicitly carved gaming out, suffering gaming entities were able to access hundreds of millions of dollars in relief offered as part of the CARES Act. And we'll never settle for anything less than this equal footing again.

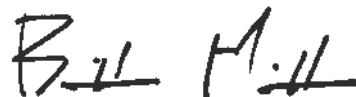
In the months ahead, we will continue our efforts to recruit Congressional champions from gaming communities, strengthen our voice on Capitol Hill and highlight the vital role gaming's recovery plays in communities across the country.

Although 2020 presented a tremendous challenge and many headwinds remain, I'm optimistic about gaming's future. States around the country expanded access to our products in 2020 with voters and legislatures legalizing sports betting in five states and authorizing commercial casino properties in two new states. Beyond geographic expansion, we're an industry in a constant state of reinvention and many of you are already moving to adapt to new consumer trends around payment preferences and the casino experience. I look forward to continuing to advocate on your behalf and to working with you to advance our shared priorities.

With detailed information on the U.S. gaming market, *State of the States 2021* provides the most comprehensive economic guide to the commercial casino industry; I would like to thank our partners at VIXIO GamblingCompliance for their invaluable assistance in its creation.

I hope you will find this a useful reference and, as always, thank you for your continued partnership.

Sincerely,




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



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About This Report

This report is designed to provide a comprehensive overview of the commercial casino gaming industry in each of the 30 states with legal commercial casino gaming, including sports betting, as of December 31, 2020.

For each of the 30 jurisdictions, the report analyzes gaming revenue and gaming taxes generated by commercial casino locations, as well as sports betting and internet gaming platforms, for the calendar year 2020. In addition, the report provides an overview of the primary competition faced by casinos in each state and summarizes the year's major gaming policy discussions in those jurisdictions.

Tables at the beginning of this report provide a comparative summary of the main licensing, taxation and responsible gaming requirements applied to casino and sports betting operators, as well as to suppliers of electronic gaming devices and table game equipment.

The report further includes an estimate for the percentage of operating days lost by commercial casino locations in each state due to COVID-19 related closures as enforced by state and local governments in 2020. To arrive at this estimate, we add the combined number of lost business days for each casino in a state, dividing that figure with the maximum possible number of operating days in a normal 366-day year. In order to reopen, commercial casinos in every state were required to comply with state-specific protocols such as enhanced cleaning measures, limits on electronic gaming device and table game positions, plus reduced occupancy in order to ensure effective social distancing. Although this report does not summarize these protocols in detail for each state, given their similarity across most jurisdictions, notable state-specific restrictions are highlighted where warranted.

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

are operated by commercial casinos under the authority of those states' lotteries.

For the purposes of identifying commercial casino location numbers, we do not include certain other types of gaming locations such as horse or dog race tracks without electronic gaming devices, historical horse racing terminal locations or off-track betting operations, lottery retail locations, charitable gaming venues, tribal gaming locations as defined by the National Indian Gaming Commission, card rooms or other locations at which gaming is incidental to the primary business.

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

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

State gaming revenue and tax totals do include internet gaming operations managed by commercial casinos or affiliated companies in New Jersey, Pennsylvania, Delaware, Nevada and West Virginia. The totals also include all revenue from land-based and online sports betting in each of the states with legal sports betting, with the exception of sports betting revenue earned by tribal casinos.

As a result of varying state reporting conventions, sports betting data is not completely consistent. In Colorado and Pennsylvania, total sports betting revenue reflects the “gross revenue” reported by sportsbooks prior to deductions to taxable “net revenue” to account for free-bet promotions extended to players. In certain states, including Nevada, monthly and annual sports betting revenue includes only revenue from completed events, whereas in New Jersey and other states, bets made during 2020 on future events, such as the 2021 Super Bowl or World Series winner, for example, are included and future monthly revenue reports would be adjusted to reflect the outcome of those sporting events and whether operators paid out winnings to customers. Readers should consult the websites of state regulatory agencies for more information on how each state accounts for sports betting revenue. Due to reporting restrictions, commercial casino gaming revenue does not include revenue derived from parimutuel betting on horse races at commercial casino race- and sportsbooks, except for such revenue derived at Nevada commercial casinos.

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

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

In general, gaming revenue refers to the amount earned by commercial casinos after winnings have been paid out to patrons. Importantly, gaming revenue does not equate to profits earned by commercial casinos from their operations. Such revenue is earned

before properties pay for various operating expenses, marketing and employee salaries, as well as various taxes and fees, among other things.

Similarly, gaming tax revenue figures listed in the report reflect only specific gaming taxes paid by casinos out of monies won from patrons. They do not include various other state, local and federal taxes that apply to casinos as they do to most other businesses. They also do not include the federal excise tax of 0.25 percent generally applied to sports betting handle across most states, nor the \$50 fee per sportsbook employee that businesses that pay the excise tax must also pay. For the purposes of calculating state gaming tax revenue totals, reported tax figures include monies directed to state and local governments and the specific casino revenue funds established by those entities. They also include further mandatory allocations of gaming revenue from commercial casinos to non-government entities, such as problem gambling services, race purses, breeding programs and other funds used to support local racing industries.

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

Information on supplier licensing in the table in this report is limited to those supplier entities that either manufacture electronic gaming devices or table game equipment, or distribute or otherwise sell them to casinos. In many states, additional licensing requirements are applicable to the suppliers of technical solutions for sports betting and internet gaming platforms, as well as various other goods and services to casinos. Readers are advised to consult the websites of state gaming regulatory agencies for more specific information.

About the American Gaming Association

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

www.americangaming.org

About VIXIO Gambling Compliance

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

www.vixio.com/gamblingcompliance

EXECUTIVE SUMMARY

State of the Industry



State of the Industry

Like so many other sectors of the U.S. economy, America's commercial casino industry was hit hard by the COVID-19 pandemic in 2020, with the mass suspension of land-based casino operations resulting in a decline in revenue that was far more severe than that caused by the 2008/09 recession.

Total nationwide consumer spending on commercial gaming fell to \$29.98 billion, down 31.3 percent from 2019. The sharp decrease ended a run of five straight years of revenue growth and represented the industry's lowest annual revenue total since 2003.

All 25 states with physical commercial casino gaming reported lower revenue than in 2019, although the severity of the declines varied dramatically state-to-state depending on the duration of local closure orders, the severity of operating restrictions post-reopening and the availability of sports betting or iGaming to cushion the declines in brick-and-mortar revenue.

In New Mexico, where commercial casinos closed in mid-March and remained shuttered the rest of the year, annual commercial gaming revenue fell by 78.8 percent relative to the prior year. In contrast, commercial casinos in South Dakota were able to reopen after just a seven-week shutdown in the early spring. There, statewide commercial casino revenue was down only 4.5 percent compared to 2019.

COVID-19

The onset of the pandemic presented the commercial casino gaming industry with a series of unprecedented challenges as casinos took steps to implement new health and safety guidelines, protect their employees and offer support to their local communities.

In order to mitigate risks of contagion, casinos and state regulatory authorities across the country developed detailed reopening protocols that included limits on capacity, social-distancing requirements, enhanced hygiene procedures and employee testing and screening.

Several states followed South Dakota in reopening their commercial casinos in May. By early September, commercial casinos in all states except New Mexico had resumed operations. However, rising case numbers in late fall prompted four states—Illinois, Michigan, Rhode Island and Pennsylvania—to temporarily shut down their casino industries for a second time.

Collectively, America's commercial casinos lost more than 45,600 business days due to pandemic-related closures in 2020—meaning they were closed for approximately 27 percent of the year on average.

Meanwhile, restrictions on interstate travel caused visitation to Las Vegas, which is more reliant on out-of-state tourists than other gaming markets, to decline by approximately 74 percent versus 2019.

The sharp decline in commercial casino gaming revenue translated into lower gaming tax revenue for state and local governments and other designated causes that benefit from gaming activities.

Overall, commercial gaming operations generated direct tax revenue of \$6.69 billion in 2020, down 34.2 percent from 2019. Notably, this figure reflects only specific state and local taxes that are applied directly to gaming and sports betting activities. It does not include the billions more paid by the industry in the form of income, sales and various other corporate taxes, nor does the total reflect payroll taxes paid by gaming operators and suppliers.

Despite the myriad challenges caused by COVID-19, the commercial casino gaming industry continued to step up to support state and local governments and charitable causes as they, too, worked to overcome the pandemic.

Numerous gaming companies established new funds to assist current and former employees or support a variety of charitable initiatives. Casinos and gaming suppliers across the country donated personal protective equipment (PPE) to healthcare and other emergency workers, or used their facilities to manufacture it. At the end of the year, a number of casinos volunteered to serve as mass vaccination centers.

Even with tight restrictions on their operations, casinos in certain markets reported strong consumer demand after reopening—fueling industry optimism that patrons will be eager to return to casinos as the public health situation continues to improve.

Tribal Gaming

The tribal gaming sector was also heavily impacted by COVID-19.

Although tribal casinos on sovereign Native American lands were not bound by state shutdown orders, all tribal gaming facilities across the country closed soon after the onset of the pandemic in order to slow the spread of the virus and protect tribal and neighboring communities. In doing so, many tribal governments were cut off from their main revenue stream just as they were tackling their own health crises related to the pandemic.

Like commercial casinos, tribal gaming operators worked tirelessly to support tribal, state and local efforts to mitigate the impact of COVID-19. For example, tribes in California, Connecticut, Florida, Michigan and other states donated meals and PPE to healthcare workers and food banks, while Oklahoma's Chickasaw Nation established drive-thru testing facilities and vaccination centers open to both tribal and non-tribal residents.

In 2019, tribal gaming facilities across 29 states generated a record \$34.6 billion in gaming revenue, according to statistics compiled by the National Indian Gaming Commission.

Revenue figures for 2020 were not available at the time of writing. However, total tribal gaming revenue is credibly estimated to have declined by at least one fourth as a result of the pandemic.

Payments Modernization

The pandemic did accelerate important regulatory reform initiatives to modernize the technologies that can be deployed by the casino gaming industry.

Nowhere was this trend more clear than in payments. While consumers have been accustomed to making mobile payments or using cards for nearly all other goods and services, land-based casino gaming has remained primarily dependent on cash transactions.

A significant regulatory breakthrough came in June when Nevada approved new rules to allow for electronic gaming device play to be funded directly from mobile digital wallets.

Alternative payment methods have also been approved in a handful of other commercial casino jurisdictions and for use in several major tribal casinos.

In June, the AGA released a set of seven core policy principles to guide payments modernization in the commercial casino industry. Among other things, the principles call for the industry and policymakers to equip customers with more tools to wager responsibly, give casino patrons payment choice and convenience and ensure state laws offer enough regulatory flexibility to accommodate future forms of digital payments.

Sports Betting and Internet Gaming

While gaming revenue as a whole declined in 2020, emerging segments within the commercial gaming industry saw significant growth.

Revenue from internet gaming operations in four states—Delaware, New Jersey, Pennsylvania, West Virginia—nearly trebled to more than \$1.55 billion.

Meanwhile, legal sports betting continued its rapid emergence as a key component of the overall gaming landscape.

Despite suffering from the closure of land-based sportsbooks and the suspension of major sporting events in the spring, revenue from legal sports betting operations increased by more than 68.3 percent to \$1.55 billion. Overall, Americans legally bet \$21.51 billion on sports with regulated operators in 2020, versus \$13.07 billion the prior year.

2020 saw legal sports betting's footprint expand to 19 states plus the District of Columbia, as sportsbook operations were launched in Colorado, D.C., Illinois, Michigan, Montana and Tennessee.

The integration of sports betting with the wider media and sports industries also accelerated in 2020. This took the form of new partnerships between operators and major sports media companies such as NBC Sports, CBS Sports and ESPN, as well as a widening set of alliances between professional sports leagues and teams and sportsbook brands.

August saw the opening of the first sportsbook inside a U.S. sports arena when William Hill launched a facility at the home of the Washington Capitals and Washington Wizards in downtown Washington D.C. Similar agreements were also announced by the Chicago Cubs and D.C. United.

As sports wagering expands, AGA members continue to focus on supporting the development of responsible and sustainable practices. To this end, the AGA in September released its new Responsible Marketing Code for Sports Wagering in order to ensure that sports betting is advertised appropriately and only to responsible adults.

In March, the AGA also launched its 'Have A Game Plan, Bet Responsibly' consumer education campaign, to encourage sports bettors to set budgets, enjoy sports betting as a form of social entertainment, learn the rules of sports wagering and play only with regulated operators.

Voter Approval

Sports betting is certain to continue its rapid expansion across the U.S. following November's elections that saw voters across the country approve expanded gaming operations in their states.

Statewide referendums on sports betting passed by comfortable margins in both Maryland and South Dakota, while sports betting was approved by a majority of voters in 55 of 64 Louisiana parishes.

Elsewhere on Election Day, Nebraskans passed a trio of ballot initiatives to authorize casino gaming at racetracks. Local voters in four Virginia cities overwhelmingly endorsed the development of a casino in their jurisdictions, as permitted by a new state law passed in 2020. In Colorado, meanwhile, voters approved a ballot measure removing a restrictive wagering limit and allowing commercial casinos to offer additional forms of table games.

The outcome of all six initiatives indicates that broad public support for the commercial casino gaming industry was undiminished by the pandemic, with voters displaying confidence that gaming can make a meaningful contribution to states' economic recoveries through tax revenue, job creation and tourism.

State By State Regulations, Taxes & Fees

	ARKANSAS	COLORADO	DELAWARE	FLORIDA	ILLINOIS
Statutory Funding for Responsible Gaming	No	2% of casino gaming revenue	\$1 million or 1% of electronic gaming device revenue, whichever greater. \$250,000 or 1% of table game revenue, whichever greater.	\$250,000 per casino	Subject to annual appropriation
Statewide Self-Exclusion	No	No	Yes	Yes	Yes
Gambling Age	21	21	21	21	21
Smoke-Free (Y/N/Partial)	No	Yes	Yes	Yes	Yes
Complimentary Alcohol	Yes	Yes	No	No	No
Credit	Yes	No	Yes	No	Yes
Restrictions on Operating Hours	No	No	No	No	No
Number of Licenses Allowed	4	Unlimited	3	8*	20
Number of Casinos	3	33	3	8	10
Effective Tax Rate	13% on the first \$150 million in casino gaming revenue, 20% thereafter	Graduated rate ranging from 0.25% on casino gaming revenue up to \$2 million to 20% on gaming revenue of more than 13 million.	57% effective rate on electronic gaming device revenue; 20% effective rate on table games revenue; Online casino games taxed at the same rate as bricks-and-mortar games after paying the first \$3.75 million in revenues and costs for lottery administration	35% electronic gaming device revenue	Graduated rate ranging from 15% on casino gaming revenue up to \$25 million to 50% on gaming revenue of more than \$200 million
Casino Initial License Fee	Operator: Up to \$250,000; Supplier: \$6,000	Operator: \$8,700–\$17,400 Supplier: \$8,700–\$17,400	Gaming vendor: \$4,000	Operator: no initial fees; Vendors/Supplier/Manufacturer: \$1,000 or \$2,000 for a 1-year or 3-year term	New Operator Application Fee: \$250,000 plus \$50,000 for background checks; License Fee: \$250,000; Reconciliation Fee: \$15 million; Gaming Position Fee: \$17,500 to \$30,000 depending on location; Existing Operators: \$250,000 to move riverboats onto land
Casino License Renewal Term and Fee	Every 10 years \$10,000	Every two years \$3,700–\$7,400	\$3 million annually (Combined)	\$2.25 million annually	License renewal every 4 years with \$250,000 annual fee.
Supplier License Renewal Term and Fee	\$1,000 annually	Manufacturer/Distributor: Every two years \$3,700–\$7,400	Gaming vendor: Every three years \$4,000	\$2,000 every three years	Every 4 years with \$5,000 annual fee.
Minimum Investment	No	No	No	No	No
Admissions Tax	No	No	No	No	Yes
Taxation of Promotional Credits (Y/N/Partial)	Yes	Yes	Partial	No	Partial
Withholdings on Winnings	Yes	Yes	No	No	Yes

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

State By State Regulations, Taxes & Fees *(continued)*

	INDIANA	IOWA	KANSAS	LOUISIANA
Statutory Funding for Responsible Gaming	Riverboat: 3.33% of the supplemental wagering tax Racino: \$500,000 per licensee annually. Sports betting: 3.33% of tax revenue to the addiction services fund.	Up to \$6 million annually	2% of casino gaming revenue	1% of casino gaming revenue; max. \$500,000 per facility.
Statewide Self-Exclusion	Yes	Yes	Yes	Yes
Gambling Age	21	21	21	21
Smoke-Free (Y/N/Partial)	No	No	No	Partial
Complimentary Alcohol	No	Yes	No	Yes
Credit	Yes	No	No	Yes
Restrictions on Operating Hours	No	No	No	No
Number of Licenses Allowed	13*	Unlimited	4*	20*
Number of Casinos	13	19	4	19
Effective Tax Rate	Riverboat: Graduated rate ranging from 15% on casino gaming revenue of up to \$25 million to 40% on gaming revenue of more than \$600 million. Casinos, with one exception, also pay a supplemental wagering tax of 3.5%. Racino: 25% of revenue up to \$100 million; 30% on revenue from \$100 million to \$200 million and 35% on revenue exceeding \$200 million.	Riverboat/Land-Based: Graduated rate ranging from 5% on gaming revenue up to \$1 million to 22% on revenue of more than \$3 million. Racino: 22% or 24% depending on various conditions.	27% on casino gaming revenue (minimum)	Riverboat: 21.5% on casino gaming revenue, with additional taxes and fees applied by local governments. Racino: effective rate of around 36% on gaming revenue. Land-Based: either 21.5% on gaming revenue or an annual fee of \$60 million, whichever is greater, plus rent and various other payments to local authorities.
Casino Initial License Fee	Riverboat: \$25,000; Racino: \$250,000; Historic Hotel Riverboat: \$1 million; Supplier: \$5,000	Riverboat/Land-Based: \$5 to \$20 million depending on location	Operator: \$5.5 to \$25 million depending on location	
Casino License Renewal Term and Fee	Riverboat: \$5,000 annually; Racino: \$100 per electronic gaming device annually	Riverboat/Land-Based: \$5 per person per facility capacity (min. \$1,250); Racino: \$1,000 annually	Maximum initial term of 15 years	Riverboat: \$100,000 annually Land-Based: Fees est. by management contract.
Supplier License Renewal Term and Fee	\$7,500 annually	Distributor: \$1000 annually; Manufacturer: \$250 annually	Gaming Supplier Certification is valid for two years. No licensing fees.	Manufacturer: \$15,000 annually; Supplier: \$3,000 annually
Minimum Investment	No	No	Yes	No
Admissions Tax	No	No	No	Yes
Taxation of Promotional Credits (Y/N/Partial)	Partial	Partial	No	Yes
Withholdings on Winnings	Yes	Yes	Yes	Yes

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

State By State Regulations, Taxes & Fees *(continued)*

	MAINE	MARYLAND	MASSACHUSETTS	MICHIGAN
Statutory Funding for Responsible Gaming	Land-Based: 3% of electronic gaming device revenue. Racino: \$100,000 from electronic gaming device revenue and 9% of table game revenue.	\$425 per electronic gaming device and \$500 per table game	At least \$5 million annually	\$2 million annually
Statewide Self-Exclusion	Yes	Yes	Yes	Yes
Gambling Age	21	21	21	21
Smoke-Free (Y/N/Partial)	Partial	Yes	Yes	Partial
Complimentary Alcohol	No	No	Yes	Yes
Credit	No	Yes	Yes	Yes
Restrictions on Operating Hours	No	No	No	No
Number of Licenses Allowed	2	6	4	3
Number of Casinos	2	6	3	3
Effective Tax Rate	Racino: 39% on electronic gaming device revenue and 1% on handle; 16% on table game revenue Land-Based: 46% on electronic gaming device revenue; 16% on table game revenue	40–61% on electronic gaming device revenue; 20% on table game revenue	Casino-Resort: 25% on casino gaming revenue; Slot Parlor: 49% on electronic gaming device revenue	19% on casino gaming revenue
Casino Initial License Fee	Operator: \$225,000, plus \$100,000 for each gaming table; Slot machine distributor: \$200,000; Table game distributor: \$5,000; Gambling services vendor: \$2,000	Operator: \$3 million for every 500 electronic gaming devices for a 15-year initial term; Manufacturer: \$15,000 (application & license fees); Distributor: \$11,000 (application & license fees)	Casino-Resort operator: \$85 million; Slot Parlor Operator: \$25 million	Land-based operator: \$25,000; Internet gaming operator: \$150,000 (application & license fees); Land-based supplier: \$5,000; Internet gaming supplier: \$5,000
Casino License Renewal Term and Fee	\$80,000 annually	\$3 million for every 500 electronic gaming devices following initial 15-year initial license term	\$600 per electronic gaming device annually	\$25,000 annually
Supplier License Renewal Term and Fee	Slot machine distributor: \$75,000 annually; Table games distributor: \$1,000 annually; Gambling service vendor: \$2,000 annually	Manufacturer: \$5,000 every five years; Distributor: \$1,000 every five years	Gaming vendor: \$15,000 every three years	Supplier: \$5,000 annually
Minimum Investment	No	Yes	Yes	No
Admissions Tax	No	No	No	No
Taxation of Promotional Credits (Y/N/Partial)	Yes	Partial	No	Yes
Withholdings on Winnings	Yes	Yes	Yes	Yes

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

State By State Regulations, Taxes & Fees *(continued)*

	MISSISSIPPI	MISSOURI	NEVADA	NEW JERSEY
Statutory Funding for Responsible Gaming	Subject to annual appropriation	0.5% of casino admission fees	\$2 per electronic gaming device	\$600,000 annually plus \$250,000 per internet gaming licensee
Statewide Self-Exclusion	Yes	Yes	No	Yes
Gambling Age	21	21	21	21
Smoke-Free (Y/N/Partial)	No	Partial	No	No
Complimentary Alcohol	Yes	No	Yes	Yes
Credit	Yes	Yes	Yes	Yes
Restrictions on Operating Hours	No	No	No	No
Number of Licenses Allowed	Unlimited	13	Unlimited	Unlimited
Number of Casinos	26	13	215	9
Effective Tax Rate	Graduated rate ranging from 4% on casino gaming revenue up to \$50,000 per month to 8% on gaming revenue of more than \$134,000 per month, plus additional host municipality license fee at an average rate of 3–4% on gaming revenue annually	21% on casino gaming revenue	Graduated rate ranging from 3.5% on casino gaming revenue up to \$50,000 per month to 6.75% on gaming revenue of more than \$134,000 per month	9.25% on land-based gaming revenue; 17.5% on internet gaming revenue
Casino Initial License Fee	Operator: \$10,000 (application & licensing fees); Manufacturer: \$2,000 (application & licensing fees); Distributor: \$1,000 (application & licensing fees)	Operator: \$50,000 application fee (or \$15,000 per individual background check, whichever is greater) and \$25,000 license fee; Supplier: \$15,000 (application & license fees)	Interactive gaming operator: \$500,000; Supplier: Pay regulatory costs associated with licensing, plus \$500 per person that requires background investigation; Interactive gaming system manufacturer: \$125,000; Interactive gaming equipment manufacturer: \$25,000	Operator: Non-refundable deposit of \$100,000 to be applied toward a minimum \$200,000 license fee upon approval; Internet gaming operator: Application fee of \$100,000 to be applied toward \$400,000 licensing fee upon approval
Casino License Renewal Term and Fee	Licenses valid 3 years but subject to annual fee of \$5,000 and additional fee based on number of games offered	\$25,000 annually	\$250 per electronic gaming device as excise tax, plus additional \$80 per device annually. Table games fees are dependent on the amount of games in operation.	License renewal every 5 years; fee of \$500 per electronic gaming device annually.
Supplier License Renewal Term and Fee	Manufacturer: \$1,000 annually; Distributor: \$500 annually	\$5,000 annually	Manufacturer: \$1,000 annually; Distributor: \$500 annually; Interactive gaming system or equipment manufacturer: \$25,000 annually	Gaming related casino service industry enterprise: \$5,000 every 5 years
Minimum Investment	Yes	No	No	Yes
Admissions Tax	No	Yes	No	No
Taxation of Promotional Credits (Y/N/Partial)	Partial	Yes	No	Partial
Withholdings on Winnings	Yes	Yes	No	Yes

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

State By State Regulations, Taxes & Fees *(continued)*

	NEW MEXICO	NEW YORK	OHIO	OKLAHOMA
Statutory Funding for Responsible Gaming	0.25% of casino gaming revenue	Subject to annual appropriation	Land-Based: 2% of casino gaming revenue; Racino: 0.5% of gaming revenue	No
Statewide Self-Exclusion	Yes	Yes	Yes	No
Gambling Age	21	Land-Based: 21; Racinos: 18	21	18
Smoke-Free (Y/N/Partial)	No	Yes	Yes	No
Complimentary Alcohol	No	Yes	No	No
Credit	No	No	Yes	No
Restrictions on Operating Hours	Yes	Land-Based: No Racinos: Yes (May operate no more than 20 hours a day)	No	No
Number of Licenses Allowed	6	13*	11*	2*
Number of Casinos	5	12	11	2
Effective Tax Rate	46.25% effective rate on electronic gaming device revenue	Land-Based: 37%–45% on electronic gaming device revenue; 10% on table game revenue. Racino: average effective rate of 65% on electronic gaming device revenue	Land-Based: 33% on casino gaming revenue Racino: 33.5% on electronic gaming device revenue	Graduated rate ranging from 35% on casino gaming revenue up to \$10 million to 50% on gaming revenue of more than \$70 million
Casino Initial License Fee	Operator: \$25,000 application fee, plus costs to cover background investigations and \$100 per gaming device in operation; Supplier: \$10,000 license fee, plus \$10,000 background check deposit; Distributor: \$5,000 license fee, plus \$5,000 background check deposit	Operator: \$1 million application fee, plus license fees ranging from \$20,000 to \$50,000;	Operator: \$1.5 million application fee, plus \$50 million license fee	Operator: \$50,000 application fee
Casino License Renewal Term and Fee	\$4,000 and \$25 per electronic gaming device annually.	Land-Based: \$500 per electronic gaming device and table game annually. Racino: N/A	Land-Based: \$1.5 million license fee every three years; Racino: \$10,000 every three years.	\$50,000 annually
Supplier License Renewal Term and Fee	Manufacturer: \$2,000 annually; Distributor: \$400 annually	Investigation fees	Gaming-related vendor: \$15,000 every three years	Manufacturer: \$10,000 annually; Distributor: \$5,000 annually
Minimum Investment	No	Yes	Yes	No
Admissions Tax	No	No	No	No
Taxation of Promotional Credits (Y/N/Partial)	Yes	Yes	No	Yes
Withholdings on Winnings	Yes	Yes	Yes	Yes

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

State By State Regulations, Taxes & Fees *(continued)*

	PENNSYLVANIA	RHODE ISLAND	SOUTH DAKOTA	WEST VIRGINIA
Statutory Funding for Responsible Gaming	\$2 million or 0.2% on casino gaming revenue, whichever greater, plus additional \$3 million	Min. \$100,000 in aggregate annually	Up to \$30,000 transferred annually from state gaming fund	Subject to annual appropriation of \$150,000–\$500,000, in amount determined by the commission.
Statewide Self-Exclusion	Yes	Yes	No	Yes
Gambling Age	21	18	21	21
Smoke-Free (Y/N/Partial)	Partial	Partial	Yes	No
Complimentary Alcohol	Yes	Yes	Yes	Yes
Credit	Yes	Partial	No	Yes
Restrictions on Operating Hours	No	No	No	No
Number of Licenses Allowed	23	2	Unlimited	5*
Number of Casinos	13	2	23	5
Effective Tax Rate	Land-Based/Racino: 55% on electronic gaming device revenue; 16% on table game revenue. Internet gaming: 54% on virtual electronic gaming device-type games; 16% on virtual table games/poker revenue	68.85–74% on electronic gaming device revenue; 17%–19% on table game revenue	9% on casino gaming revenue	53.5% on electronic gaming device revenue; 35% on table game revenue; 15% on internet gaming revenue
Casino Initial License Fee	Category 1 racetrack casino operator: \$50 million, plus an additional \$16.5 million to operate table games Category 2 casino operator: \$50 million, plus an additional \$16.5 million to operate table games Category 3 resort-style casino operator: \$5 million plus an additional \$7.5 million to operate table games Category 4 mini-casino operator: Minimum license bid at auction of \$7.5 million, plus an additional \$2.5 million to operate table games Interactive gaming certificate holder: \$4 to \$12 million Interactive gaming operator (platform provider): \$1 million		Operator license: \$1,000; Retail license: \$250; Supplier: \$1,000; Route operator: \$1,000	Casino operator (non-racetrack facility): \$65,000 application fee; Internet gaming operators: \$250,000 application fee; Interactive services provider: \$100,000
Casino License Renewal Term and Fee	Casino/Racino: \$1.5 million every five years; Casino-Resort: \$150,000 every five years. Interactive gaming operator: \$250,000 every five years	N/A	\$200 and \$2,000 per device annually	\$500,000–\$2.5 million annually
Supplier License Renewal Term and Fee	Initial fees: Manufacturer: \$170,000; Supplier: \$85,000; Interactive gaming operator (platform provider): \$1 million. Renewal fees every 5 years: Manufacturer: \$150,000; Supplier: \$75,000; Interactive gaming operator (platform provider): \$100,000	Gaming Vendor: \$750 annually	Manufacturer/Distributor: \$250 annual renewal	Manufacturer: \$10,000 annually; Supplier: \$100 annually
Minimum Investment	No	No	No	No
Admissions Tax	No	No	No	No
Taxation of Promotional Credits (Y/N/Partial)	No	Partial	Yes	Partial
Withholdings on Winnings	Yes	Yes	No	Yes

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

Legal Status of Gambling Types in the U.S.

STATE	Commercial Casinos	Tribal Casinos	Card Rooms	Electronic Gaming Devices*	iGaming	Single Game Sports Betting	Lottery	iLottery**	NOTES
Alabama	■ ¹	■							Tribal casinos offer only Class II games
Alaska		■							Tribal casinos offer only Class II games
Arizona		■				■			
Arkansas	■				■	■			Mobile sports betting only legal at a casino property
California		■	■			■			
Colorado	■	■			■	■			Only limited-stakes gaming at commercial casinos
Connecticut		■				■			
Delaware	■			■	■	■			Only VLTs & table games at racetracks; iGaming includes casino games and poker; online sports betting legal but not active
District of Columbia					■	■	■		
Florida	■	■	■			■			Card rooms restricted to tribal casinos or racetracks
Georgia						■	■		
Hawaii									
Idaho		■				■			
Illinois	■		■		■	■	■		
Indiana	■	■			■	■			Tribal casinos offer only Class II games
Iowa	■	■			■	■			
Kansas	■	■				■			
Kentucky			■			■	■		Instant racing terminals at racetracks
Louisiana	■	■	■		■	■			Sports betting legal in most parishes, but not active.
Maine	■					■	■		iLottery includes only subscription services
Maryland	■				■	■			Only VLTs and table games at casinos & racetracks; sports betting legal, but not active
Massachusetts	■					■			
Michigan	■	■		■	■	■	■		iGaming legal, but not active
Minnesota		■	■			■			
Mississippi	■	■			■	■			Mobile sports betting only available at a casino property
Missouri	■					■			
Montana		■	■	■	■	■			

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

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

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

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

■ Legal, but not active

Legal Status of Gambling Types in the U.S. *(continued)*

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

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

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

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

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

■ Legal, but not active

State Sports Betting Regulations, Taxes & Fees

At the close of 2020, legal sports betting was offered in 19 states and the District of Columbia. Five states—Colorado, Illinois, Michigan, Montana and Tennessee— plus D.C. launched sports betting during the course of the year.

STATE	Authorized Locations	Tax Rate	Mobile/ Online	Collegiate Restrictions	Initial License Fee	License Renewal Fee	League Data Mandate
Arkansas	Commercial casinos	13–20%	On property	None	None	None	None
Colorado	Commercial and tribal casinos	10%	Statewide	No prop bets on collegiate events	\$2,000	Varies annually (\$17,900–\$77,000 in 2020)	None
Delaware	Commercial casinos and retail lottery outlets	50% (state share)	Statewide, but not active	In-state collegiate teams	None	None	None
District of Columbia	Sports arenas, lottery retail outlets, other retail locations	Lottery: Approximately 50% (district share) Commercial: 10%	Lottery: districtwide with exceptions Commercial: 2-block radius	In-district collegiate teams	\$100,000 or \$500,000	\$50,000 or \$250,000 every five years	None
Illinois	Commercial casinos, racetracks, OTBs, sports arenas	15–17%	Statewide	In-state collegiate teams	\$10 million	\$1 million every four years	In-play and prop betting
Indiana	Commercial casinos, OTBs	9.5%	Statewide	No player prop bets on collegiate athletes	\$100,000	\$50,000 annually	None
Iowa	Commercial and tribal casinos	6.75%	Statewide	No player prop bets on athletes from in-state collegiate teams	\$45,000	\$10,000 annually	None
Michigan	Commercial and tribal casinos	Commercial land-based and tribal online: 8.4% Commercial online: 9.65%	Statewide	None	\$100,000	\$50,000 every five years	In-play betting generally
Mississippi	Commercial and tribal casinos	11–12% effective rate	On property	None	None	None	None
Montana	Retail locations	N/A	On property	None	N/A	N/A	None
Nevada	Commercial casinos and other retail locations	6.75%	Statewide	None	\$500	None	None
New Hampshire	Retail lottery outlets and other retail locations TBD	50% (state share)	Statewide	In-state collegiate teams	None	None	Operator shall strive to use official data, as provided by contract with the Lottery
New Jersey	Commercial casinos and racetracks	Land-based: 9.75% Online: 14.25%	Statewide	In-state collegiate teams	\$100,000	Min. \$100,000 annually	None
New Mexico	Tribal casinos	N/A	No	None	None	None	None
New York	Commercial and tribal casinos	10%	No	In-state collegiate teams	None	None	None
Oregon	Lottery retail outlets and tribal casinos	N/A	Statewide	No collegiate events (lottery)	None	None	None
Pennsylvania	Commercial casinos and OTBs	36%	Statewide	None	\$10 million	\$250,000 every five years	None
Rhode Island	Commercial casinos	51% (state share)	Statewide	In-state collegiate teams	None	None	None
Tennessee	N/A	20%	Statewide	No player prop bets on collegiate athletes	\$750,000	\$750,000 annually	In-play betting
West Virginia	Commercial casinos	10%	Statewide	None	\$100,000	\$100,000 every five years	None

U.S. Gaming Locations By State *(as of Dec. 31, 2020)*

STATE	COMMERCIAL CASINOS			Tribal Casinos ¹	Card Rooms ²	Electronic Gaming Device Locations ³
	Land-Based Casinos	Riverboat Casinos ⁴	Racinos			
Alabama				3		
Alaska				2		
Arizona				26		
Arkansas	1		2			
California				78	86	
Colorado	33			2		
Connecticut				2		
Delaware			3			
Florida	5 ⁵		3	7	17	
Idaho				10		
Illinois		10				7,233
Indiana	3	8	2	1		
Iowa	16	1	2	4		
Kansas	4			7		
Louisiana	1	13	5	5		1,467
Maine	1		1			
Maryland	5		1			
Massachusetts	2		1			
Michigan	3			24		
Minnesota				40	2	
Mississippi	13	13		3		
Missouri		13				
Montana				13	113	1,162
Nebraska				5		
Nevada	215			4		1,926
New Jersey	9					
New Mexico			5	27		
New York	4		8 ⁶	19		
North Carolina				3		
North Dakota				12		
Ohio	4		7			
Oklahoma			2	141		
Oregon				10		2,163
Pennsylvania	7		6			40
Rhode Island	2					
South Dakota	23			11		1,287
Texas				2		
Washington				34	43	
West Virginia	1		4			1,211
Wisconsin				26		
Wyoming				4		
TOTAL	352	58	52	525	261	16,489

¹ Tribal casinos with either Class II and/or Class III games

² Card rooms in states that do not have commercial casinos with poker facilities

³ Non-casino or card room locations with legally authorized electronic gaming devices, including but not limited to video lottery terminals and video gaming terminals

⁴ Casinos that are on or connected to a waterway, including in a moat

⁵ Includes four jai alai frontons

⁶ Includes one land-based casino that offers only VLT machines, as opposed to full casino gaming

Commercial Casino Gaming Consumer Spend By State

2019 vs. 2020

In 2020, all 25 states with commercial casinos suffered a decline in annual revenue due to disruption caused by the pandemic. The sharpest decline came in New Mexico, where commercial casinos closed in March and were not permitted to reopen again before year-end. In contrast, commercial casinos in South Dakota were able to reopen in early May and saw a relatively modest decline in statewide annual revenue of 4.5 percent.

STATE	2019	2020	YoY Change
Arkansas	\$426,491,562	\$355,521,053	-16.6%
Colorado	\$833,668,376	\$636,075,328	-23.7%
Delaware	\$450,806,046	\$340,347,836	-24.5%
D.C.		\$13,548,201	
Florida	\$574,651,569	\$341,331,478	-40.6%
Illinois	\$1,354,404,565	\$743,407,000	-45.1%
Indiana	\$2,247,227,740	\$1,709,481,630	-23.9%
Iowa	\$1,486,793,913	\$1,167,696,185	-21.5%
Kansas	\$416,172,056	\$299,532,543	-28.0%
Louisiana	\$2,459,825,342	\$1,658,507,869	-32.6%
Maine	\$145,189,299	\$71,365,416	-50.8%
Maryland	\$1,757,055,710	\$1,225,915,668	-30.2%
Massachusetts	\$718,534,899	\$551,935,743	-23.2%
Michigan	\$1,454,274,694	\$638,661,887	-56.1%
Mississippi	\$2,201,333,096	\$1,795,204,161	-18.4%
Missouri	\$1,729,489,837	\$1,263,750,341	-26.9%
Montana		\$2,363,000	
Nevada	\$12,031,501,000	\$7,873,313,000	-34.6%
New Hampshire		\$23,638,791	
New Jersey	\$3,468,633,795	\$2,881,382,588	-16.9%
New Mexico	\$244,083,749	\$51,837,673	-78.8%
New York	\$2,730,972,154	\$1,184,729,013	-56.6%
Ohio	\$1,941,485,831	\$1,440,278,773	-25.8%
Oklahoma	\$140,855,958	\$101,738,407	-27.8%
Oregon		\$20,072,367	
Pennsylvania	\$3,411,967,566	\$2,695,914,904	-21.0%
Rhode Island	\$668,428,118	\$326,218,116	-51.2%
South Dakota	\$110,276,037	\$105,271,640	-4.5%
Tennessee		\$27,124,908	
West Virginia	\$630,042,458	\$435,516,129	-30.9%
TOTAL	\$43,634,165,369	\$29,981,681,647	-31.3%

SOURCE: State Gaming Regulatory Agencies

Commercial Casino Direct Gaming Tax Revenue By State

2019 vs. 2020

During 2020, commercial casino gaming and sports betting operations paid a total of \$6.69 billion in direct gaming taxes to state and local governments and other designated causes, down 34.2 percent from the prior year. Notably, the \$6.69 billion total reflects only taxes applied directly to gaming revenue and certain other taxes paid to state gaming regulators and does not include the billions more paid by the commercial casino gaming industry as a result of income, sales, property and other corporate taxes.

STATE	2019 Tax	2020 Tax	YoY Change
Arkansas	\$65,474,302	\$50,546,548	-22.8%
Colorado	\$123,326,340	\$74,690,684	-39.4%
Delaware	\$208,356,827	\$156,883,863	-24.7%
D.C.		\$3,008,014	
Florida	\$201,128,050	\$119,466,018	-40.6%
Illinois	\$455,202,183	\$162,015,154	-64.4%
Indiana	\$592,989,475	\$391,730,607	-33.9%
Iowa	\$323,988,513	\$248,248,195	-23.4%
Kansas	\$112,366,455	\$80,888,437	-28.0%
Louisiana	\$584,685,568	\$421,258,137	-28.0%
Maine	\$58,430,451	\$30,032,815	-48.6%
Maryland	\$727,038,283	\$507,843,226	-30.1%
Massachusetts	\$216,101,474	\$157,724,930	-27.0%
Michigan	\$355,699,329	\$174,352,138	-51.0%
Mississippi	\$261,571,646	\$213,775,261	-18.3%
Missouri	\$436,603,732	\$309,304,648	-29.2%
Montana		N/A	
Nevada	\$969,277,054	\$609,481,270	-37.1%
New Hampshire		\$11,010,088	
New Jersey	\$349,825,100	\$350,897,338	0.3%
New Mexico	\$112,888,733	\$23,974,923	-78.8%
New York	\$1,144,533,062	\$495,199,431	-56.7%
Ohio	\$649,910,271	\$487,945,733	-24.9%
Oklahoma	\$63,752,349	\$44,747,923	-29.8%
Oregon		\$0	
Pennsylvania	\$1,510,787,361	\$1,187,141,029	-21.4%
Rhode Island	\$329,573,741	\$163,619,122	-50.4%
South Dakota	\$14,900,924	\$14,141,509	-5.1%
Tennessee		\$5,443,918	
West Virginia	\$287,845,568	\$189,891,979	-34.0%
TOTAL	\$10,156,256,791	\$6,685,262,939	-34.2%

SOURCE: State Gaming Regulatory Agencies

Top 20 U.S. Commercial Casino Markets

2020

In 2020, all major commercial casino gaming markets suffered declines in annual revenue due to closures and travel restrictions related to the pandemic. However, certain markets saw sharper declines than others as casinos in New York, Michigan and Illinois were either forced to close for longer periods of time or reopen with tighter restrictions than those in other states such as Mississippi.

The disruption to business brought on by the pandemic led to a significant shake up of the top 20 markets in 2020, with Indianapolis and the greater Tunica/Lula market in Mississippi breaking into the rankings, while Pittsburgh/Meadowlands and New Orleans dropped out of the top 20.

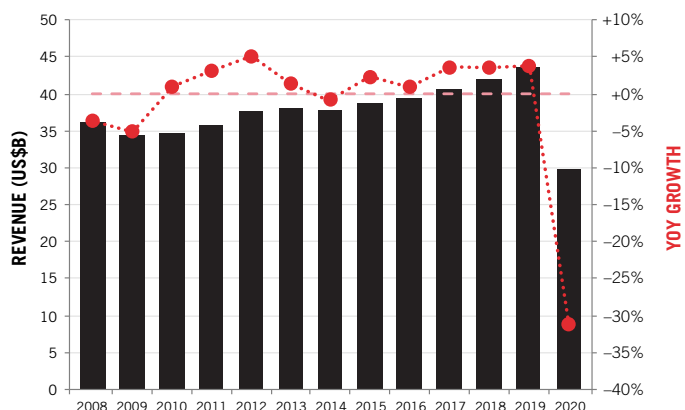
	Market	State(s)	2020 Revenue	Last Ranking
1	Las Vegas Strip	NV	\$3.65B	1 —
2	Atlantic City	NJ	\$1.48B	2 —
3	Baltimore-Washington DC	MD/WV	\$1.31B	4 ↑
4	Chicagoland	IL/IN	\$1.12B	3 ↓
5	Gulf Coast	MS	\$1.04B	8 ↑
6	Philadelphia	PA	\$755M	7 ↑
7	St. Louis	MO/IL	\$677M	9 ↑
8	New York City	NY	\$658M	5 ↓
9	Boulder Strip	NV	\$642M	12 ↑
10	Detroit	MI	\$620M	6 ↓
11	Lake Charles	LA	\$594M	11 —
12	Reno/Sparks	NV	\$577M	14 ↑
13	Kansas City	MO/KS	\$571M	13 —
14	Poconos	PA	\$516M	10 ↓
15	Shreveport/Bossier City	LA	\$461M	17 ↑
16	Black Hawk/Central City	CO	\$456M	15 ↓
17	Tunica/Lula	MS	\$445M	N/A
18	Cincinnati	OH/IN	\$426M	18 —
19	Downtown Las Vegas	NV	\$387M	16 ↓
20	Indianapolis	IN	\$386M	N/A

SOURCE: Gambling Compliance, State Gaming Regulatory Agencies

Annual U.S. Commercial Gaming Revenue

2008 to 2020

The U.S. commercial casino industry reported annual gaming revenue of \$29.98 billion in 2020. This was the first year-over-year market contraction since 2014 and the pandemic-driven declines resulted in the lowest revenue level since 2003.



SOURCE: State Gaming Commissions

INTRODUCTION

State of the States



America's commercial casino industry reported total gross gaming revenue of \$29.98 billion in 2020, down 31.3 percent against the prior year, according to data published by state regulatory agencies.

In a year of unprecedented disruption caused by COVID-19, each of the 25 states with commercial casinos reported a sharp decline in revenue from 2019, as even strong gains in sports betting and internet gaming in certain states failed to offset the impact of closures caused by the pandemic.

In general, states' annual gaming revenue performance was closely correlated with both the duration and severity of the local closure orders that were put in place to mitigate the spread of COVID-19.

With casinos ordered to close in mid-March and unable to reopen for the rest of the year, **New Mexico** (–78.8%) reported the sharpest decline in annual commercial casino gaming revenue in 2020. Revenue declines of more than 50 percent were also reported in **Michigan** (–56.1%), where casinos had to shut for a second time in November having also faced harsher restrictions on reopening capacity than any other state, as well as in **New York** (–56.6%), **Rhode Island** (–51.2%) and **Maine** (–50.8%).

In contrast, smaller declines were reported by casinos in states like **South Dakota** (–4.5%), **Mississippi** (–18.4%) and **Iowa** (–21.5%) that reopened sooner than others and avoided any subsequent pandemic-related shutdowns.

Other states with more modest revenue declines included **Massachusetts** (–23.2 percent), reflecting the mid-2019 opening of a major new casino-resort near Boston, as well as **Arkansas** (–16.6 percent), which similarly expanded its gaming market in 2019 through the opening of a new casino alongside the addition of table games and sports betting.

With land-based casino venues closed for extended periods of time, states with legal internet gaming also outperformed others in terms of overall commercial gaming revenue reported during 2020.

Collectively, total annual internet gaming revenue from the four states with legal online casino operations increased by 198.9 percent against the prior year to \$1.55 billion, with revenue in the largest internet gaming market of **New Jersey** doubling to a total of \$970.3 million. **Pennsylvania**, meanwhile, reported a total of \$565.8 million in internet gaming revenue during its first full year of legal online gaming.

Sports betting also saw notable gains in 2020, with expansion into new states including **Illinois** and **Colorado** making up for the temporary closures of land-based sportsbook venues and the challenging second quarter when mass suspensions of global sporting events left bettors with few options to wager on. Total revenue from commercial and lottery-run sports betting operations was \$1.55 billion in 2020, up 68.3 percent versus 2019.

For more traditional forms of gaming, state revenue statistics suggest that electronic gaming devices performed somewhat better than table games following the reopening of casinos in late spring and through the summer.

Unlike table games, electronic gaming devices typically involve just one player being seated at a device at any one time. As part of stringent safety standards imposed to guide the reopening of casino venues, state regulators generally established limits on the number of players that could be seated at any table game. Some states altogether suspended certain table games, including poker rooms, even after they permitted casinos to reopen.

Across the 22 states that reported separate revenue statistics for electronic gaming devices and table games in both 2019 and 2020, revenue from electronic gaming devices fell 33.8 percent year-over-year to \$18.87 billion, while table game revenue decreased 39.4 percent to \$5.09 billion.

The sharp decline in commercial gaming revenue reported in 2020 resulted in similar decreases in the amount of direct gaming tax revenue that was paid to state and local governments.

Overall, commercial gaming operations paid \$6.69 billion in direct gaming tax revenue, down 34.2 percent from 2019.

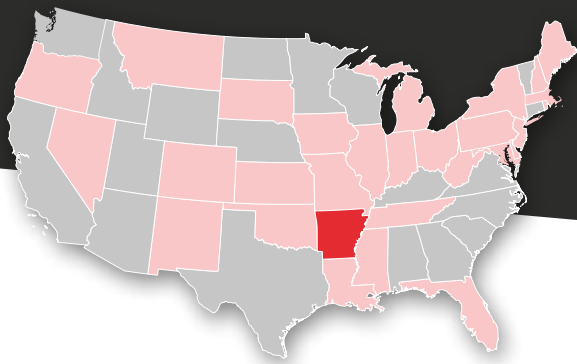
The only state that reported an increase in gaming tax revenue in 2020 was New Jersey, reflecting the higher tax rates applied to its fast-growing online sports wagering and internet gaming segments relative to those applied to traditional electronic gaming devices and table games in land-based casinos.

Pennsylvania was the only state to surpass \$1 billion in gaming tax revenue in 2020, with its tax total of \$1.19 billion exceeding that of any other state by more than \$500 million.

In **Nevada**, still by far the largest U.S. commercial casino gaming market by revenue, gaming tax revenue fell 37.1 percent to \$609.5 million, reflecting a decline not only in tax receipts derived from gaming operations, but also those applied to casinos' live entertainment events that were essentially all cancelled after the pandemic hit in March.

Arkansas

Statewide commercial casino gaming revenue fell 16.6 percent from 2019 to \$355.5 million, reflecting the impact of COVID-19 on Arkansas' first full year of casino gaming.



NUMBER OF COMMERCIAL CASINOS

3

CASINO FORMAT

Land-Based Casinos; Racinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Arkansas Racing Commission

GROSS CASINO GAMING REVENUE 2020

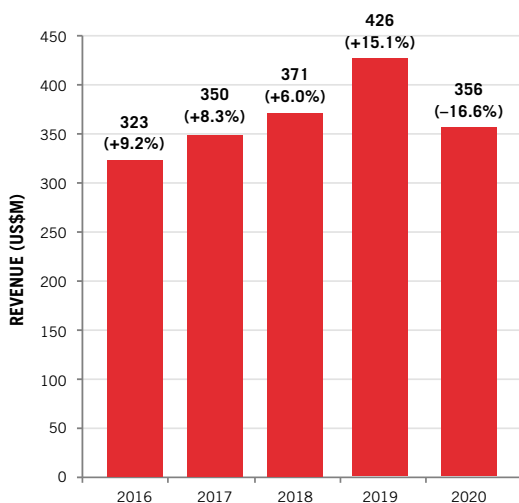
\$355.5M

GAMING TAX REVENUE 2020

\$50.5M

Arkansas: Commercial Casino Gaming Revenue (US\$M)

2016 to 2020



SOURCE: Arkansas Department of Finance and Administration

Market Overview

Arkansas offers commercial casino gaming at two racinos and one land-based casino, each of which operates electronic gaming devices, table games and sports betting.

In 2018, voters approved a state constitutional amendment to allow casino gaming at the state's two racetracks, Oaklawn Park and Southland Park, as well as at two new facilities located in Jefferson and Pope counties. Prior to the constitutional amendment, gaming operations at the two tracks were restricted to electronic gaming devices offering games of skill or games determined by the outcome of historical horse races. Casino gaming is regulated by the Arkansas Racing Commission.

Because Arkansas' constitution defines casino gaming to include wagering on sports events, all four casinos and racinos are also eligible to offer sports betting within their facilities.

Casino gaming commenced at both the rebranded Southland Casino Racing and Oaklawn Racing Casino Resort in April 2019. Later that year, Saracen Casino Resort opened a temporary gaming facility in Pine Bluff, Jefferson County. A fully developed casino-resort was opened in October 2020.

During 2020, regulators awarded Arkansas' fourth and final casino license in Pope County to a Mississippi-based developer but litigation regarding the project continued through the end of the year.

The two newly authorized land-based casinos were required by Arkansas' constitutional amendment to pay upfront license fees of \$250,000; however, no additional fee was required for the two racetracks to upgrade their operations and become racinos.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$355.5 million, down 16.6 percent against the prior year.

That revenue declined in what was Arkansas' first year of full commercial casino gaming reflected the impact of COVID-19 on the industry. All three operating casinos were required to close between March 17 and May 18. Upon reopening, casinos were required to comply with various safety restrictions to reduce the spread of the virus, including operating at a maximum of one-third capacity. Collectively, Arkansas casinos lost an estimated 17 percent of total operating days in 2020 due to the pandemic.

Total statewide revenue from electronic gaming devices was \$322.8 million, down 19.2 percent against 2019.

However, that decline was partially offset by a full year of revenue contributions from table games and sports betting, both of which were launched for the first time in mid-2019.

Revenue from table games was \$28.4 million, up 10.5 percent, while revenue from sports betting more than tripled to \$4.3 million, versus \$1.3 million in 2019.

Gaming Tax Distribution

In accordance with 2018's state constitutional amendment, Arkansas commercial casinos are subject to a graduated tax on their revenue. Casino revenue up to \$150 million is taxed at a rate of 13 percent, while a 20 percent rate is applied to any revenue above that amount. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2020, Arkansas casinos and racinos generated approximately \$50.5 million in direct gaming tax revenue, down 22.8 percent against 2019. Notably, the decrease did not exactly match the drop in casino gaming revenue due to the graduated tax structure which applies a higher rate above a certain amount.

Under Arkansas' constitution, 55 percent of casino gaming tax revenue is allocated to the state's General Revenue Fund, from which monies are appropriated each year for education, public safety and various other purposes. A further 27.5 percent of tax revenue is distributed to the cities and counties that host casinos, with the remainder used to supplement race purses at the state's two racetracks.

Competitive Landscape

Arkansas' casino gaming market will see a fourth competitor once litigation surrounding the state's final commercial casino license is resolved. Although construction had yet to begin at the end of 2020, a Mississippi developer has been licensed to develop a \$254 million casino-resort in the city of Russellville, some 80 miles northwest of Little Rock.

In addition to competition among the newly authorized casinos and racinos, Arkansas gaming operators also compete with various casinos in neighboring states.

Southland Casino Racing in West Memphis competes directly with several casinos in Tunica, Mississippi for patrons from the Memphis metropolitan area that straddles Tennessee, Arkansas and Mississippi. Saracen Casino Resort, meanwhile, is located roughly

100 miles away from Mississippi riverboat casinos in Greenville and Lula.

There are also several large-scale tribal casino-resorts located just across Arkansas' western border in Oklahoma, which provide competition to Oaklawn Racing Casino Resort as well as the forthcoming casino in Pope County.

Policy & Regulatory Review Expansion

The fate of Arkansas' fourth and final commercial casino license remained in sharp focus during 2020.

In July, the Arkansas Racing Commission (ARC) voted to award the license to Gulfside Casino Partnership for its River Valley Casino Resort project in Russellville, Pope County.

That came after the ARC accepted a competing application from a business subsidiary of Oklahoma's Cherokee Nation and hired a consultant to advise on which of the two projects should receive the license. While the external consultant favored the Cherokee Nation bid, commissioners cumulatively awarded the Gulfside application a higher score during their own evaluation process.

At the end of 2020, litigation surrounding the contested licensing process for a Pope County casino remained ongoing. In October, the Cherokee Nation Businesses filed a lawsuit to enjoin Gulfside from opening a temporary gaming facility whilst it develops the full River Valley Casino Resort.

With the full rollout of commercial casino gaming as approved by voters in 2018 still pending completion, Arkansas saw a pair of ballot initiatives to further expand its gaming market both fail in 2020.

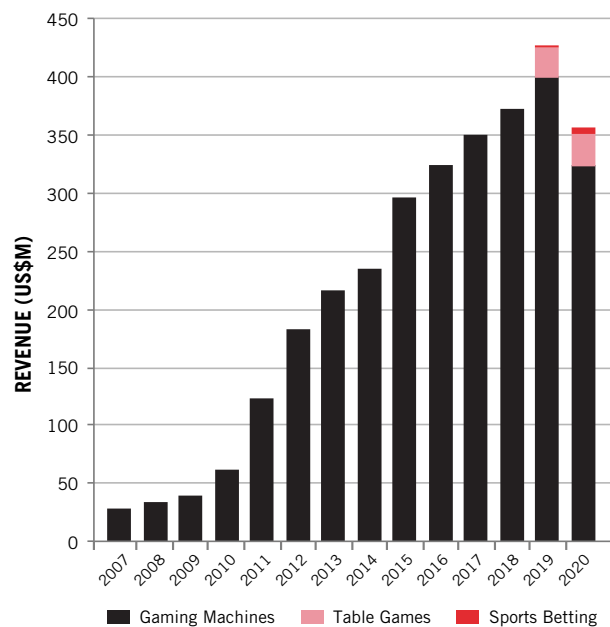
In July, Arkansas' secretary of state cited irregularities in the voter canvassing process in rejecting a proposed ballot initiative to require the ARC to issue 16 additional casino licenses in 14 counties across the state.

A separate ballot initiative authorizing the Arkansas state lottery to oversee the operation of coin-operated electronic gaming devices in convenience locations also failed in 2020 after campaigners suspended signature-gathering efforts due to the pandemic.

Arkansas Commercial Gaming Revenue

2007 to 2020

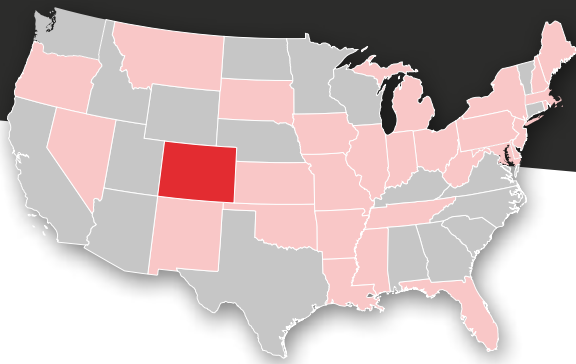
Despite the addition of sports betting and table games in 2019, electronic gaming devices continued to account for the vast majority—91.9 percent—of total statewide commercial gaming revenue in 2020.



SOURCE: Arkansas Department of Finance and Administration

Colorado

In 2020, total statewide commercial casino gaming revenue fell by 23.7 percent to \$636.1 million, as the addition of sports betting to Colorado’s gaming market partially offset the impact of COVID-19 on land-based casinos.



NUMBER OF COMMERCIAL CASINOS

33

CASINO FORMAT

Land-Based Casinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Colorado Division of Gaming; Colorado Limited Gaming Control Commission

GROSS CASINO GAMING REVENUE 2020

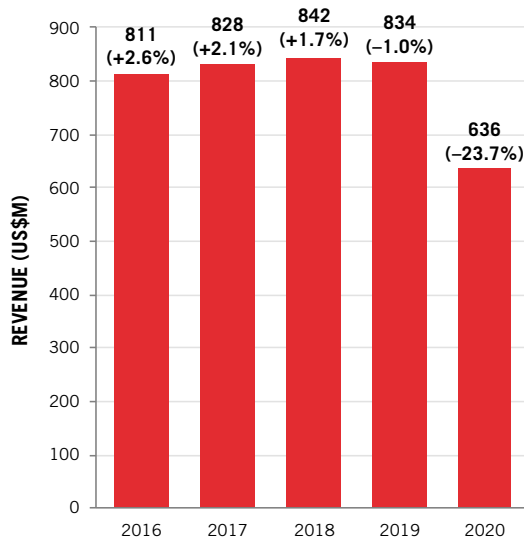
\$636.1M

CASINO TAX REVENUE 2020

\$74.7M

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

2016 to 2020



SOURCE: Colorado Department of Revenue

Market Overview

Colorado offers commercial casino gaming at 33 facilities in three historic towns—Black Hawk, Central City and Cripple Creek—which were approved for gaming by voters in a 1990 statewide ballot initiative. The first three casinos opened in 1991 with strict limitations on betting amounts and operating hours. Each of the casinos operate both electronic gaming devices and table games. There is no statutory limit on the number of commercial casinos that may operate across the three towns eligible to host casino gaming in Colorado.

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

Through the end of 2020, patrons of Colorado’s commercial casinos were unable to bet more than \$100 at a time when playing electronic gaming devices or table games.

However, that is set to change in 2021 thanks to a statewide voter referendum that was approved in November.

In 2020, Colorado became the 17th state to launch legal sports betting operations when a 2019 law went into effect in May. By the end of the year, wagers were available on a statewide basis via 17 commercially and tribal operated mobile sports betting platforms. Retail sportsbooks were also open in 13 Colorado land-based casinos.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$636.1 million, down 23.7 percent against 2019.

The sharp decline reflected the impact of the COVID-19 pandemic, which forced all commercial casinos to close for at least a three-month period from March 16 through June 15. Once permitted to reopen, casinos were required to abide by a series of operating restrictions to ensure social distancing in their facilities.

In Cripple Creek, this meant commercial casinos were not permitted to offer table games upon reopening. Casinos in Black Hawk and Central City were also forced to suspend their table game operations in November due to a spike in COVID-19 cases through the fall. Collectively, Colorado casinos lost an estimated 25 percent of total operating days in 2020 due to the pandemic.

Total statewide table game revenue in 2020 was just \$34.4 million, down 67.5 percent relative to 2019, while revenue from electronic gaming devices was \$525.8 million, down 27.8 percent.

Total statewide revenue from commercial sports betting operations, which launched on May 1, was \$75.8 million. Mobile sports wagering accounted for the vast majority—more than 95 percent—of total sports betting revenue, as Coloradans wagered \$1.17 billion with the state’s licensed online platforms, compared with just \$19.1 million worth of bets placed in retail sportsbooks located in land-based casinos.

Gaming Tax Distribution

Colorado Gaming Tax

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

Colorado applies a graduated tax to electronic gaming device and table game revenue, ranging from 0.25 percent on revenue up to \$2 million, to 20 percent on gaming revenue of more than \$13 million.

Sports betting revenue, meanwhile, is taxed at a rate of 10 percent after the deduction of promotional bets and federal wagering taxes. Like operators in other states, commercial sportsbook operators in Colorado are subject to a federal excise tax of 0.25 percent applied to wagering handle.

In 2020, Colorado commercial casinos generated \$74.7 million in gaming tax revenue, down 39.4 percent compared to the prior year.

All gaming tax revenues from electronic gaming devices and table games, including license and application fees, are placed in the Colorado Limited Gaming Fund. After typically spending about \$17 million to cover state costs associated with gaming oversight and regulation of casinos, the remaining money is distributed according to the following formula:

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

Tax revenue generated by sports betting, meanwhile, is placed in the state’s newly established Sports Betting Fund. In 2020, this amounted to approximately \$3.4 million.

After deducting initial amounts to cover the state’s direct costs of regulating sports wagering, and then setting aside additional funds for Colorado colleges, local governments hosting casinos and gambling addiction services, the majority of remaining sports betting tax revenue is distributed to a state water preservation fund. Some sports betting tax revenue is also dedicated to the same historic preservation fund that receives a portion of gaming tax revenue generated by traditional casino games.

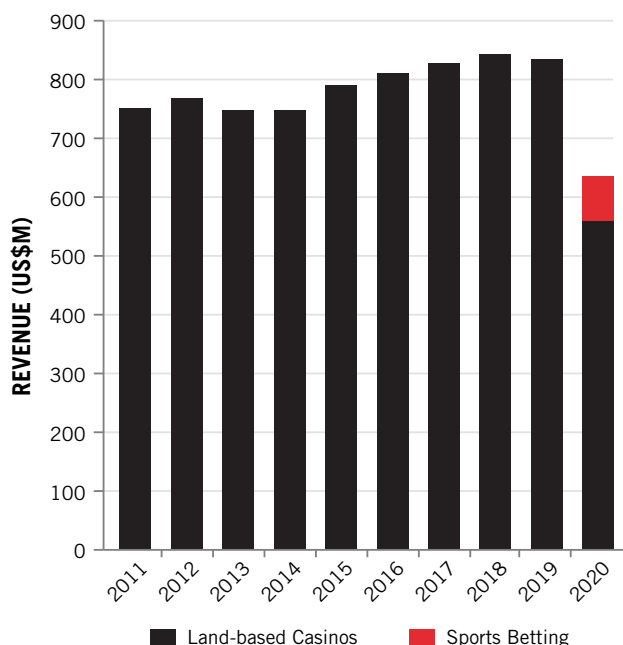
Competitive Landscape

Commercial casinos face some competition from two tribal casinos in the southern part of Colorado, which are not regulated or taxed by the state. The competition extends to sports betting after the Southern Ute Indian Tribe launched a mobile wagering platform in June that can be accessed statewide. Still, with nearly 300 miles of sparsely populated land between the closest commercial and tribal casinos, the market overlap is minimal.

The competitive environment for Colorado’s commercial casinos is likely to remain stable in the near term, with the addition of sports betting and removal of maximum wager limits expected to boost both revenue and visitation to the casinos of Black Hawk, Cripple Creek and Central City in the years following the pandemic. A 2014 ballot initiative to expand gaming at Colorado racetracks was defeated by voters and there have not been any additional proposals to explore the issue again since that referendum.

Colorado Commercial Gaming Revenue 2011 to 2020

While overall commercial gaming revenue in Colorado fell sharply in 2020, the decline would have been more severe if not for the launch of legal sports betting in May. Sportsbook operators reported some \$75.8 million in revenue on \$1.19 billion in total wagering handle through the end of the year.



SOURCE: Colorado Division of Gaming

Policy & Regulatory Review

Regulatory Reform

In November, Colorado voters approved a statewide referendum to abolish the \$100 maximum bet restriction applied to table games and electronic gaming devices in commercial casinos.

Amendment 77 was supported by 60.5 percent of voters, enabling the wagering limit to be lifted at casinos in Black Hawk, Cripple Creek and Central City, subject to local approval. In December, the city councils in Black Hawk and Central City did just that;

Cripple Creek City Council followed a month later. No-limit gaming is expected to begin in 2021 in all three casino towns.

Notably, Colorado had been one of only two states—alongside South Dakota—that applied such a limit at its commercial casinos.

In addition to repealing the wagering limit, Amendment 77 also authorized casino operators to offer an unlimited range of table games. Previously, commercial casinos were restricted to the specific games of blackjack, poker, craps and roulette. The successful ballot measure will allow casinos to add additional games, such as baccarat.

Sports Betting

After Colorado voters approved a sports betting referendum in November 2019, regulators wasted little time in preparing the market to launch on the earliest possible date—May 1, 2020—permitted under state law.

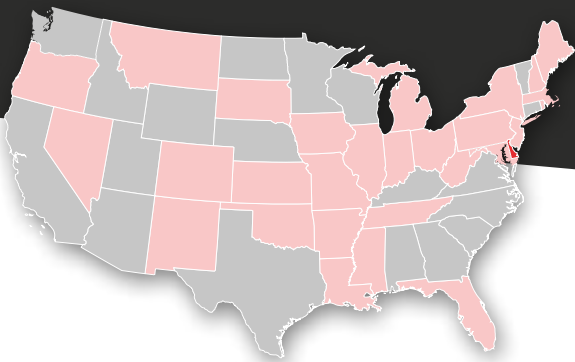
Following a series of workshops to consult with the industry, the Colorado Limited Gaming Control Commission in February adopted regulations governing sports betting.

Along with issuing licenses to operators and various technology providers, regulators in April published a catalog of approved events for sports betting in Colorado.

At a time when all commercial casinos remained closed due to the pandemic, a total of four mobile sports betting platforms were cleared to launch on the first day of lawful sports wagering in Colorado on May 1.

Delaware

In 2020, total statewide commercial casino gaming revenue was \$340.3 million, down 24.5 percent, as increased revenue from internet gaming could not offset the impact of COVID-19 on Delaware's three land-based racinos.



NUMBER OF COMMERCIAL CASINOS

3

CASINO FORMAT

Racinos

NOTABLE FORMS OF GAMING

Internet Gaming;
Sports Betting

REGULATORY AUTHORITY

Delaware Lottery;
Delaware Division
of Gaming
Enforcement

GROSS CASINO GAMING REVENUE 2020

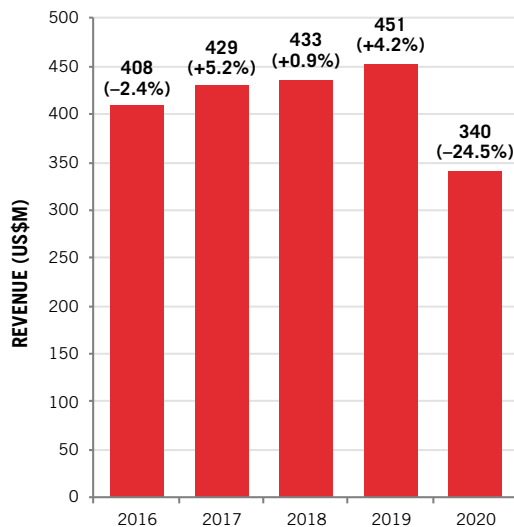
\$340.3M

GAMING TAX REVENUE 2020

\$156.9M

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

2016 to 2020



SOURCE: Delaware Lottery

Market Overview

Delaware offers commercial casino gaming at three racinos, each of which operates electronic gaming devices, table games, sports betting and internet gaming.

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

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

After the U.S. Supreme Court ruling overturned federal prohibitions on expanded sports wagering, Delaware racinos in June 2018 expanded their sports betting operations to

include a full range of single-game and proposition wagers on all sports. Alongside full sportsbook operations at racinos, the Delaware Lottery also offers football parlay cards at certain retail outlets, including liquor and grocery stores.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$340.3 million, down 24.5 percent from 2019.

The decline came after Delaware’s three racinos were forced to suspend operations between March 19 and June 1 due to the pandemic. Upon reopening, the racinos were required to abide by a series of restrictions, including operating at no more than 50 percent of maximum occupancy, in order to reduce risks of infection. Collectively, Delaware’s commercial casinos lost an estimated 21 percent of total operating days in 2020 due to COVID-19.

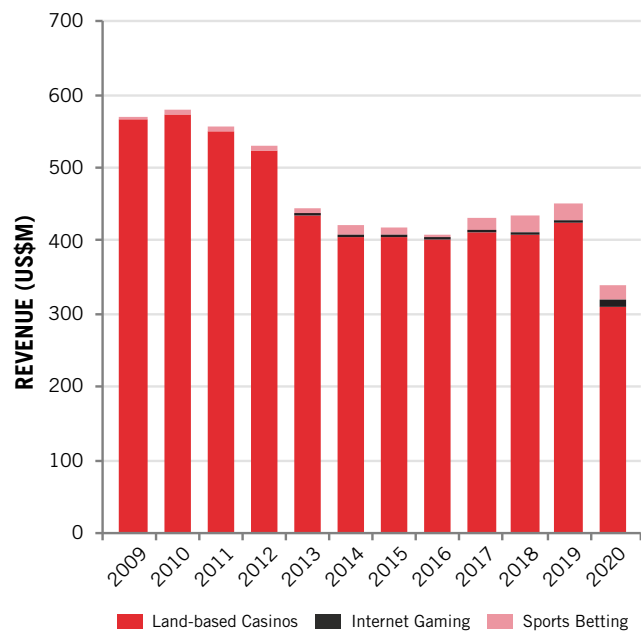
Total statewide revenue from electronic gaming devices was \$275.6 million, down 24.7 percent against 2019, while table game revenue fell to \$32.8 million, down 40.8 percent. Combined sports betting revenue from racinos’ sportsbook operations and sports lottery parlays was \$23.5 million, a decrease of 9.0 percent compared with the previous year.

Those declines were partially offset by strong growth in internet gaming, which more than doubled to \$8.4 million versus \$3.6 million in 2019.

Delaware Commercial Gaming Revenue

2009 to 2020

For the first time since launching in 2013, internet gaming revenue exceeded a \$3.75 million threshold that entitles commercial casino operators to a share of the revenue. Still, internet gaming represented a significantly smaller portion of the overall gaming market in Delaware than in either New Jersey or Pennsylvania.



SOURCE: Delaware Lottery

Gaming Tax Distribution

Delaware’s commercial casinos are subject to an effective tax rate of approximately 57 percent on their gross revenue from electronic gaming devices and a 20 percent tax on their gross table game revenue, both inclusive of payments used to subsidize race purses.

The effective taxation structure applied to internet gaming offerings is roughly the same as the structure applied to the equivalent games in racinos. However, racinos are entitled to a share of internet gaming revenue only after the total amount generated in any year surpasses \$3.75 million. Notably, 2020 was the

first time this annual revenue threshold was exceeded since internet gaming began in 2013.

Meanwhile, Delaware racinos and sports lottery retailers retain approximately 35 percent of revenue from sports betting. The state keeps 50 percent of revenue left over after payment of commissions to providers of the Delaware Lottery's sports betting system and risk-management services.

In 2020, Delaware's racinos and sports lottery retailers generated total gaming tax revenue of approximately \$156.9 million, down 24.7 percent versus 2019.

Of the total tax revenue generated by commercial gaming operations in 2020, approximately \$125 million was returned to Delaware's General Fund and appropriated annually for various purposes, including public and higher education, health and social services and public safety. An additional \$32 million was allocated to Delaware's racing industry for the purpose of supplementing race purses.

Competitive Landscape

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

Delaware Park Casino, located near Wilmington, competes for patrons in a Greater Philadelphia market that is due to further expand in early 2021 with the opening of a second downtown Philadelphia casino in the city's stadium district. Alongside the rollout of internet gaming, sports betting and electronic gaming devices at truck-stops, the Pennsylvania gaming market is also being expanded to include new satellite casino venues, including one facility in Morgantown, some 40 miles north of the Delaware border.

Since 2018, Delaware casinos have had a competitive advantage over properties in Maryland based on their ability to offer sports betting. However, that advantage is poised to end in the near future after Maryland voters approved a statewide referendum to authorize sports wagering in November 2020.

Policy & Regulatory Review

Regulatory Reform

In April, officials at the Delaware Lottery addressed one of the numerous unforeseen regulatory challenges brought about by the pandemic.

Under state regulations, credit slips for electronic gaming devices are redeemable for a period of one year before any unclaimed prize money is reverted to Delaware's General Fund. With casinos forced to close, lottery officials ordered that any credits due to expire from mid-March 2020 would instead remain redeemable for up to 60 days after racinos are permitted to reopen. The lottery said the extension would protect consumers and ensure they had a fair opportunity to redeem their winnings.

The order was one of several measures taken by state officials to grant commercial casino gaming operators relief from certain regulatory requirements in response to the unprecedented circumstances of the pandemic. In another example, electronic gaming device establishments in Illinois were permitted to provide portions of winnings to customers in the form of vouchers, rather than exact change, in order to address the national coin shortage that was incurred as residents stayed at home.

District of Columbia

The District of Columbia reported total sports betting revenue of \$13.5 million in 2020, the first year of legal sports wagering operations in the nation's capital.

NUMBER OF COMMERCIAL CASINOS

N/A

CASINO FORMAT

N/A

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

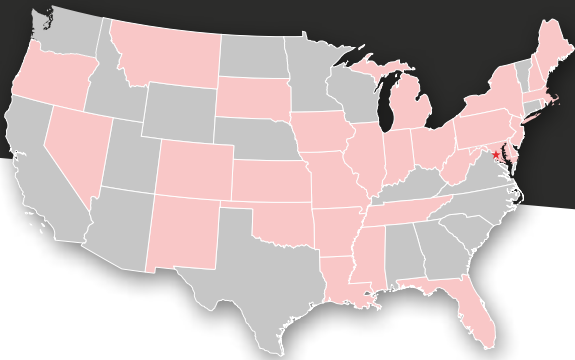
DC Office of Lottery and Gaming

GROSS SPORTS BETTING REVENUE 2020

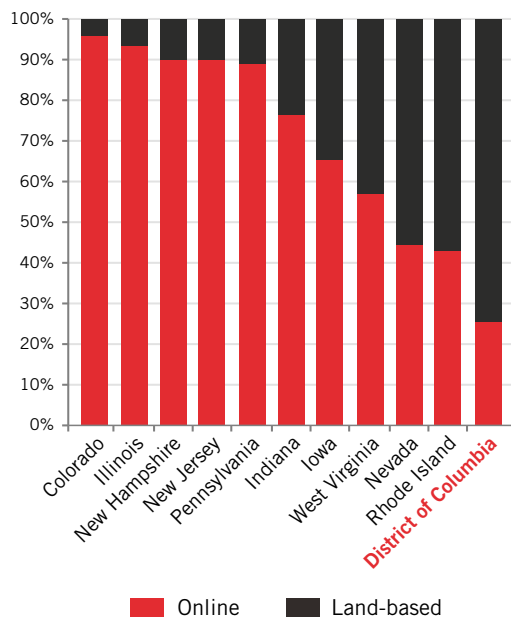
\$13.5M

SPORT BETTING TAX REVENUE 2020

\$3.0M



Selected States: Regulated Sportsbook GGR Split by Channel 2020



SOURCE: State regulators

Market Overview

The District of Columbia has no commercial casino venues but offers commercial and lottery-operated sports wagering at one retail sportsbook and via two mobile platforms.

The city authorized sports betting in May 2019 when a law passed by the D.C. Council five months earlier went into effect following a mandatory review period by Congress.

The law authorizes the DC Lottery to directly operate sports wagering via licensed retailers and through a mobile platform available in all parts of the city, with the exception of federal lands. The lottery's GambetDC platform was launched in May 2020.

In addition, District of Columbia law authorizes four major sports arenas to host a retail sportsbook operation. Qualifying sports arenas may also offer limited mobile wagering within a two-block radius of their facilities.

William Hill opened the first in-arena sportsbook in the United States in August 2020, when a temporary facility began taking bets within the box office area of downtown Washington D.C.'s Capital One Arena. An accompanying mobile sportsbook app was launched in December.

Finally, bars and restaurants licensed to serve alcohol in the District of Columbia are eligible to apply for licenses to offer on-site sports betting strictly within their premises. No such entities had been licensed by the end of 2020.

In addition to directly operating sports wagering, the DC Lottery also regulates privately-operated sports betting operations via the city's Office of Lottery and Gaming (OLG).

Market Performance

In 2020, total sports betting revenue in the District of Columbia was \$13.5 million on handle of \$80.5 million.

Despite being available for a shorter period than the DC Lottery's GambetDC product and being restricted to retail operations during a pandemic, William Hill's Capital One Arena sportsbook accounted for \$10.1 million—or 74.7 percent—of total sports revenue for 2020 as a whole. Total gross sports betting revenue from GambetDC was \$3.5 million.

Gaming Tax Distribution

Revenue from privately-operated sports betting in the District of Columbia is taxed at a rate of 10 percent. Private sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

DC Lottery-operated sports betting is not subject to taxation per se; instead, the lottery returns all net revenue after operating expenses to the city's General Fund.

In 2020, sports betting operations generated total tax revenue of approximately \$3.0 million.

Of the approximately \$1 million raised from direct taxes on privately-operated sports betting, \$200,000 was dedicated to problem gambling services in the District of Columbia, with the remainder split evenly between two city funds to support early childhood education and community engagement initiatives.

Competitive Landscape

The District of Columbia's initial sports betting operations face a degree of competition from those in nearby West Virginia, including the state's five mobile platforms and the retail sportsbook at Hollywood Casino at Charles Town Races located some 60 miles outside the city.

However, a significant increase in competition is on the horizon, both from within the District of Columbia and in its two bordering states.

In October, Major League Soccer's DC United announced an agreement with FanDuel to build a sportsbook at Audi Field. At least two license applications were also filed for sports betting to be conducted in Washington D.C. bars.

On the opposite bank of the Potomac River, in accordance with an April 2020 law, the Virginia Lottery began accepting applications in September and October for up to a dozen mobile sports betting licenses. The first licenses are expected to be awarded early in 2021, allowing residents in Washington D.C.'s populous Northern Virginia suburbs to place wagers from home without commuting into the city.

In Maryland, a referendum to authorize sports wagering was passed by voters in November 2020. Lawmakers are expected to enact implementing legislation to regulate retail sports betting at casino venues—including MGM National Harbor and Live! Casino & Hotel, both just outside the District of Columbia—along with potentially mobile sports betting, during the 2021 legislative session.

Policy & Regulatory Review

Sports Betting

The District of Columbia OLG applied the finishing touches to its regulatory regime for sports wagering system in 2020 as it oversaw the launch first of the DC Lottery's GambetDC and then the William Hill sportsbook at Capital One Arena.

Regulators adopted an expanded betting catalogue in June, authorizing several additional sporting competitions for wagering. In February, OLG also adopted formal geofencing standards to ensure mobile wagers can be placed only where authorized under DC law.

The district's first sport wagering licenses were also issued to William Hill, as well as to several technology suppliers.

Illegal Gaming

In November, Mayor Muriel Bowser (D) signed a bill establishing a regulatory regime for so-called games of skill machines in licensed Washington D.C. bars. The law allows up to five skill-game machines, which are subject to approval by city authorities, in bars under certain conditions, including payment of a 10 percent tax on revenue.

The new law represented the D.C. Council's response to the proliferation of casino-like machines purporting to offer skill games that do not necessarily meet legal definitions of gambling. In 2019, councilors had authorized game-of-skill machines strictly on a temporary basis, following a legal opinion from the D.C. Attorney General that one popular type of machine was not a form of gambling under D.C. law.

Notably, neighboring Virginia also addressed the issue of skill-game machines in 2020, with lawmakers agreeing to prohibit them from July 2021 following a 12-month period in which the machines could remain in operation provided they were registered and agreed to pay a monthly fee.

Lottery

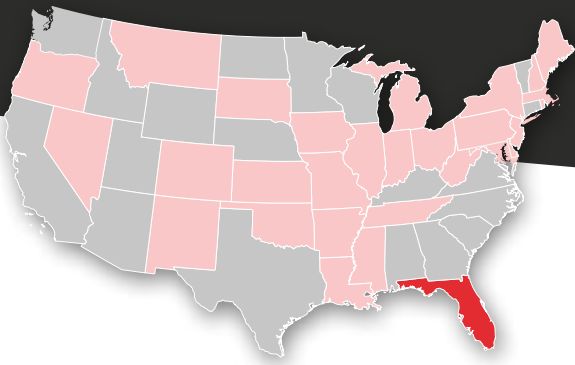
In December, the DC Lottery began to offer internet lottery—or iLottery—games to registered players physically located within the district.

The move made the District of Columbia the tenth U.S. jurisdiction to offer lottery tickets or digital instant games online and followed similar iLottery launches during 2020 in Rhode Island and Virginia.

Other states with iLottery programs include Georgia, Illinois, Kentucky, Michigan, New Hampshire, North Carolina and Pennsylvania.

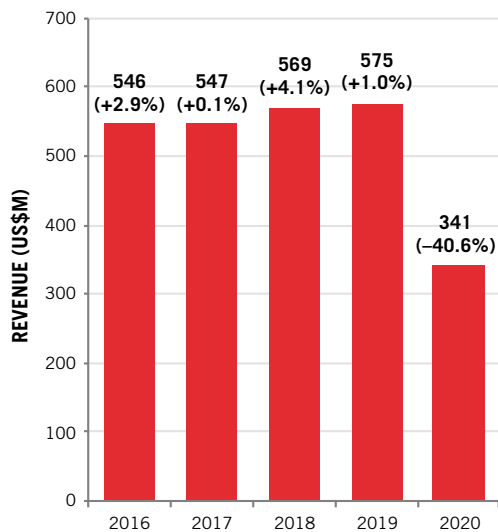
Florida

In 2020, total statewide commercial casino gaming revenue fell 40.6 percent to \$341.3 million, reflecting the impact of the COVID-19 pandemic on casino properties in Miami-Dade and Broward counties.



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

2016 to 2020



SOURCE: Florida Division of Pari-Mutuel Wagering

NUMBER OF COMMERCIAL CASINOS

8

CASINO FORMAT

Land-based
Casinos; Racinos

NOTABLE FORMS OF GAMING

Jai Alai Betting

REGULATORY AUTHORITY

Florida Department
of Business and
Professional
Regulation, Division of
Pari-Mutuel Wagering

GROSS CASINO GAMING REVENUE 2020

\$341.3M

GAMING TAX REVENUE 2020

\$119.5M

Market Overview

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

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

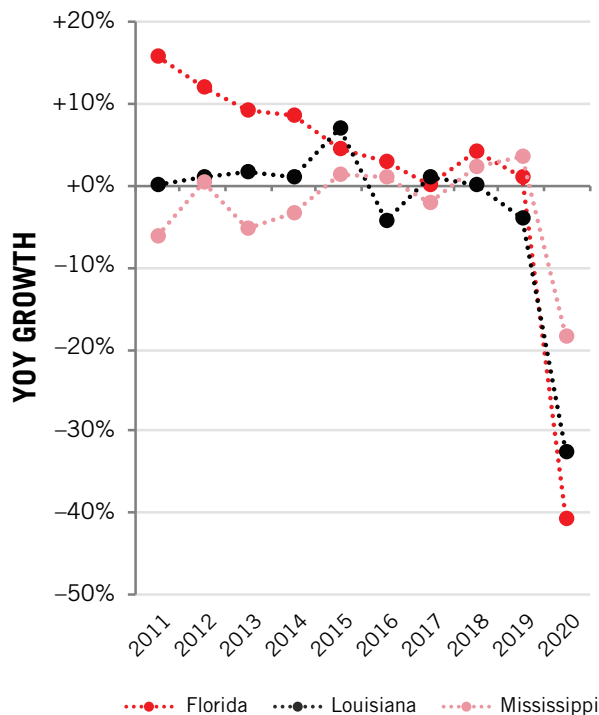
To qualify for a casino license, a property must have been in existence in 2004, when the state constitutional amendment was enacted, and also have conducted live racing or jai alai games during calendar years 2002 and 2003.

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

As a result of a 2018 constitutional amendment, any further expansion of commercial casino gaming in Florida must be initiated by a citizens' ballot initiative and approved by voters in a statewide referendum.

Florida, Louisiana and Mississippi: YoY Growth in Commercial Gaming Revenue 2011 to 2020

In 2020, statewide commercial casino gaming revenue suffered a sharper contraction in Florida than in fellow southern states Louisiana and Mississippi, owing to local closure orders established in Miami-Dade County in July and August.



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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$341.3 million, down 40.6 percent against 2019.

The decline reflected the impact of COVID-19 on the state's commercial gaming industry. All commercial casinos in Florida were required to close between March 18 and June 12. The four commercial casinos in Miami-Dade County were then subject to a local shutdown order that lasted from July 2 until August 31. Collectively, Florida casinos lost an estimated 32 percent of total operating days in 2020 due to the pandemic.

The second shutdown in Miami-Dade County meant the annual revenue declines were not spread evenly between the state's eight commercial casinos.

Gaming revenue at the four commercial casino properties in Miami-Dade County was \$189.5 million, a decrease of 45.3 percent relative to 2019. Revenue at the four commercial casinos in Broward County was \$151.9 million, down 33.5 percent.

Gaming Tax Distribution

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

In 2020, Florida commercial casinos generated total tax revenue of \$119.5 million, down 40.6 percent from 2019.

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

Competitive Landscape

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

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

Despite annual discussion of proposals in the legislature to expand gaming, Florida's gaming landscape has remained largely stable for the past decade. A state constitutional change endorsed by voters in November 2018 means any expansion of commercial casino gaming must now originate from a citizen-led initiative and be approved in a statewide ballot. Notably, the referendum requirement would not apply to any expansion of tribal gaming.

Policy & Regulatory Review

Racing

2020 marked the end of an era for Florida's gaming industry as a constitutional prohibition on live greyhound racing took effect at the close of the year.

Despite Florida being the largest market for live greyhound races in the U.S., voters approved a November 2018 statewide referendum to ban live racing from January 1, 2021.

Two Florida racinos that formerly hosted live greyhound races—Big Easy Casino and Magic City Casino—stopped doing so in 2019, several months before the

ban took effect. The 2018 constitutional amendment authorized existing racinos in Miami-Dade or Broward counties to continue to offer gaming without live greyhound racing.

Florida's last live greyhound race was hosted just before midnight on New Year's Eve. The prohibition means Arkansas, Iowa and West Virginia are left as the only three states with commercial casino gaming that continue to host greyhound racing.

IN FOCUS
COVID-19

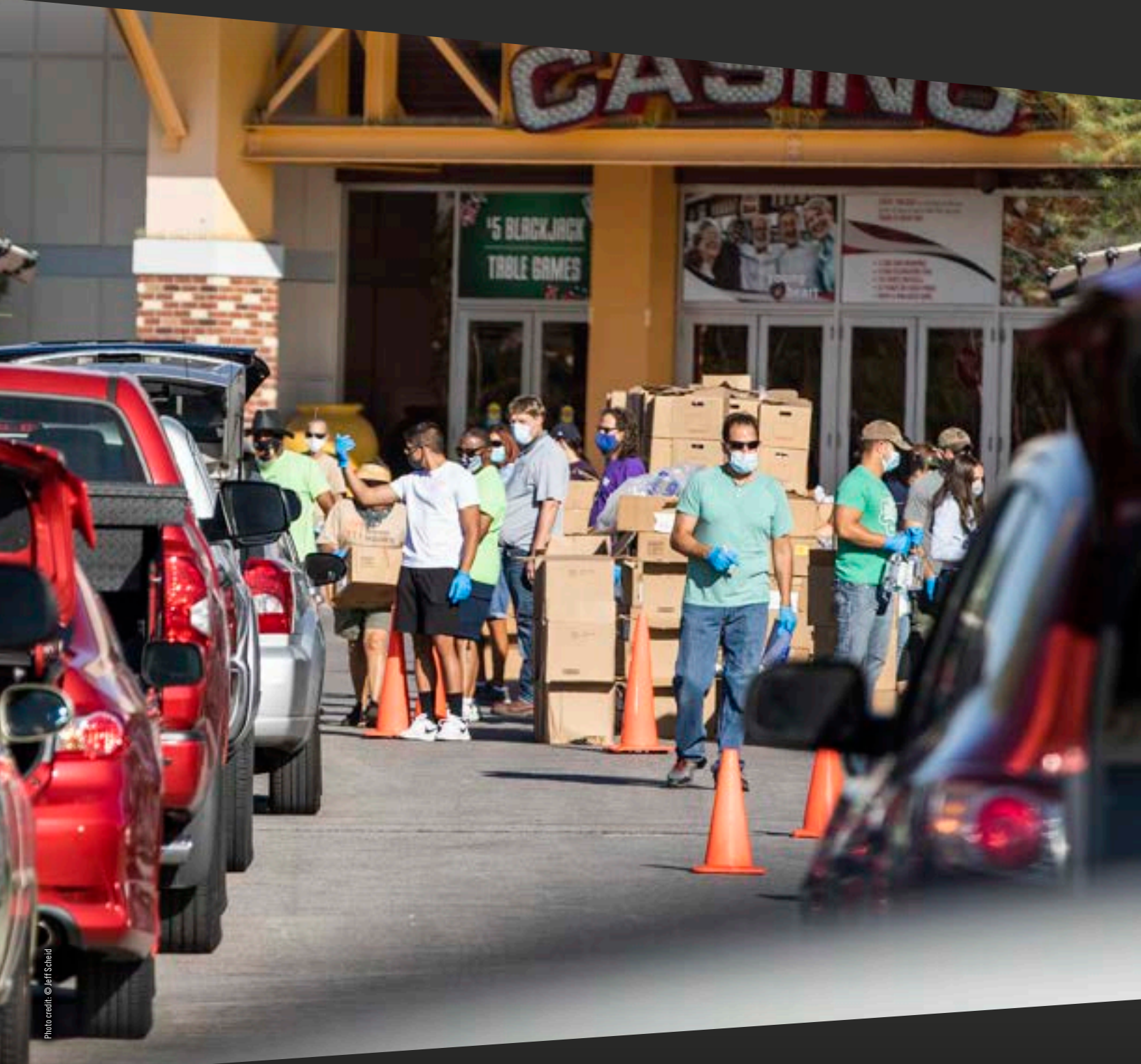


Photo credit: © Jeff Scheid

In 2020, America's commercial casino gaming industry was confronted with arguably the greatest crisis it has ever faced as the global COVID-19 pandemic plunged the industry into a state of lockdown.

On Friday March 13, regulators in Illinois, Ohio and Rhode Island became the first to order casinos to suspend operations. Within a week, nearly every commercial casino across the country had closed its doors.

While the industry was accustomed to closing casino properties in certain markets due to storms or hurricanes, never before had any event caused a mass shutdown of all casinos across the country.

The situation presented companies with a series of unprecedented challenges to protect the industry's 650,000 employees and secure their own finances as they prepared for a prolonged period of earning no revenue, while also making plans to reopen under previously unimaginable operating restrictions.

Even for gaming industry officials who had overseen industry operations through the most severe storms of recent years, the challenges were extraordinary.

With a hurricane, commercial casinos understand they would typically have to suspend operations for a few days at a time and have processes in place to deal with that, said Allen Godfrey, executive director of the Mississippi Gaming Commission, who served in a senior position at the agency during Hurricane Katrina.

"The difference with COVID was the casinos didn't know how long they were going to be closed," Godfrey said.

In Mississippi's case, the shutdown lasted until Memorial Day weekend when casinos were permitted to follow counterparts in Arkansas, Louisiana and South Dakota in reopening.

Most other states followed, opening in June or July, while Detroit reopened its casinos in early August and New York one month after that. Only New Mexico had not yet permitted casinos to reopen by the end of 2020.

Cumulatively, commercial casinos lost a total of more than 45,600 operating days due to pandemic-

related closures in 2020, representing approximately 27 percent of the year.

Reopening Standards

When they did reopen, commercial casinos did not return to business as usual.

In order to resume operations, commercial casinos across the country had to abide by new operating restrictions. While these varied from state-to-state, they generally included a cap on capacity of no more than 25 percent to 50 percent of maximum occupancy.

Casinos were also required to reconfigure their gaming floors or turn off a certain number of their electronic gaming devices to ensure a minimum six-foot distance between patrons at all times.

The number of players at specific table games were limited, with plexiglass dividers installed between positions, patrons received mandatory temperature checks upon entry and enhanced cleaning protocols were put into place throughout casino properties.

Developing appropriate reopening standards "took a lot of time and effort because you are dealing with a lot of uncertainty," said David Rebeck, director of the New Jersey Division of Gaming Enforcement (DGE).

Understanding of the efficacy of various COVID-19 mitigation efforts evolved through the course of 2020, but Rebeck noted that much of the science in early spring around mask-wearing and other issues was unclear.

Nonetheless, regulatory agencies received guidance from their state's public health departments that were simultaneously developing standards for other businesses. The industry, in turn, leveraged experiences it had gained from early reopenings as well as the procedures put in place in international markets such as Macau.

“I’m very proud of the industry and what they did, in working with us, in sharing information and meeting challenges that we never tackled before,” said Rebeck.

From both Mississippi’s and New Jersey’s perspective, industry compliance with the new layer of regulatory requirements related to COVID-19 has been very high.

Unlike other businesses, gaming regulatory officials are actively stationed on-site at casinos to enforce mask-wearing and social distancing, with any isolated lapses swiftly reported and addressed by casino management.

“The industry has been very good. The casinos were probably safer than any other place you were going,” Godfrey said.

There were signs of encouragement for the commercial casino gaming industry through the summer and early fall as states including Iowa, Maryland, Mississippi, Ohio and South Dakota were even able to report increases in monthly gaming revenue relative to the prior year.

Still, those figures do not account for lost revenue from non-gaming offerings amid limitations on food and beverage service and the ongoing suspension of concerts, shows and other forms of live entertainment.

Amid a spike in COVID-19 cases in most parts of the country, various states reimposed curfews or tighter restrictions on commercial casinos through the fall. In November and December, casinos in four states—Illinois, Michigan, Pennsylvania and Rhode Island—were forced to close down entirely for a second time.

Community Support

Faced with the unprecedented challenges brought about by the pandemic, the gaming industry nevertheless stepped up to support industry workers, local communities and state and local governments.

Despite every commercial and tribal casino property—nearly 1,000 across 41 states—closing within a month of COVID-19 being declared a national emergency, many operators continued to pay and support the 650,000 workers employed by the industry.

Various operators and industry suppliers committed tens of millions of dollars to newly established funds to provide emergency assistance to current and former employees. Millions more were provided to numerous charitable initiatives to support struggling small businesses, provide food to children from low-income families, or prepare meals for frontline workers.

After being forced to close so abruptly in March, casinos in states like Michigan, Nevada, New Jersey, Pennsylvania and West Virginia quickly donated truckloads of food to local charitable organizations that would otherwise have gone to waste.

Casinos also helped local public health departments to stock up on personal protective equipment (PPE) and other critical supplies at a time when they were running precariously low in so many parts of the country.

Commercial and tribal casinos donated millions of surgical masks and other forms of PPE to hospitals, nursing homes and first responders in Nevada, Connecticut, Massachusetts, Mississippi and other states.

Major international operators also used their global supply chain networks to help states procure essential medical equipment.

In early April, a Las Vegas Sands aircraft returned from China bringing two million surgical masks and 20,000 protective suits to healthcare providers in New York—then the epicenter of the pandemic—as well as Nevada. In May, MGM Resorts International transported 250,000 COVID-19 test kits from the United Arab Emirates to Nevada and donated freezer and refrigeration units from the Mandalay Bay Resort & Casino in Las Vegas to provide storage.

Casinos offered their properties up to be used by governments in their public health efforts. In Rhode Island and Oklahoma, the parking lots of casinos were used as drive-thru testing sites. Later in the year, casinos in Maryland and Massachusetts agreed to serve as COVID-19 vaccination centers, with casinos in other parts of the country expected to do the same as vaccines become more widely available in 2021.

Embracing Technological Change

Breakthroughs on vaccine development in late 2020 increased optimism that the casino industry would be able to accelerate its recovery out of the pandemic in 2021 as patrons feel more comfortable in public spaces and states are able to ease restrictions.

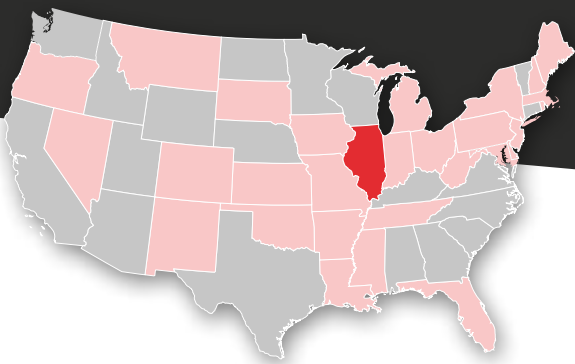
Still, there is little doubt that COVID-19 will have an enduring impact on the U.S. gaming industry as operators, technology suppliers, regulatory officials, policymakers and patrons eventually transition to a post-pandemic world.

According to New Jersey's Rebeck, one positive effect of the pandemic has been the increased enthusiasm among casino operators to diversify their gaming operations into internet gaming and online sports betting, as well as embrace cashless gaming, digital payments and other technologies.

"I think the biggest change for this industry—technology is now viewed not as an expense that you incur in order to maintain your current operations; it's an investment that you make in order to compete," Rebeck said.

Illinois

In 2020, total statewide commercial casino gaming revenue was \$743.4 million, down 45.1 percent, as the launch of legal sports betting could not offset the impact of casino shutdowns caused by the pandemic.



NUMBER OF COMMERCIAL CASINOS

10

CASINO FORMAT

Riverboat Casinos

REGULATORY AUTHORITY

Illinois Gaming Board

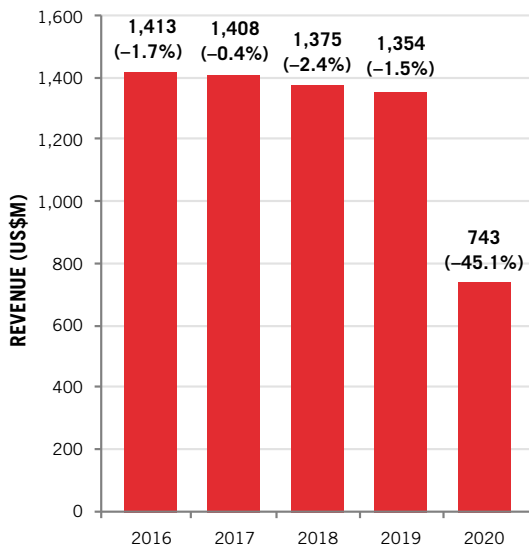
GROSS CASINO GAMING REVENUE 2020

\$743.4M

GAMING TAX REVENUE 2020

\$162.0M

Illinois: Commercial Casino Gaming Revenue (US\$M)
2016 to 2020



SOURCE: Illinois Gaming Board

Market Overview

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

In 1990, the Illinois legislature approved the Riverboat Gambling Act, which authorized the Gaming Board to grant up to 10 casino licenses. Illinois' first casino, Argosy Casino Alton, opened in 1991. The state's most recent casino, Rivers Casino in Des Plaines, opened in 2011.

The Riverboat Gambling Act originally allowed each casino to operate up to 1,200 gaming positions—covering both electronic gaming devices and table games—at a maximum of two riverboat vessels docked at a single specified site. Under legislation enacted in 2019, however, casinos now may apply for approval from the IGB to offer up to 2,000 positions and to move to land-based facilities adjacent to their established riverboats.

Among numerous other provisions, the 2019 legislation authorized up to six new land-based casinos in different areas of the state, including the City of Chicago, while also permitting Illinois' three racetracks to apply for licenses to become racinos offering electronic gaming devices and table games.

In addition, the 2019 law legalized sports wagering at each of the existing and forthcoming casinos and racinos, as well as at up to three off-track betting facilities affiliated with racinos and at seven major sports arenas across the state. Casinos and racinos are also eligible to operate statewide mobile sports betting.

The first physical sportsbooks in Illinois' casinos were opened in March 2020, while online sports betting was launched in June. By the end of the year, legal sports betting was available at eight retail sportsbook locations and via five online platforms.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$743.4 million, down 45.1 percent against 2019.

Due to the pandemic, all 10 Illinois casinos were initially required to close between March 16 and July 1. Casinos were then required to suspend operations for a second time on November 19 through the end of the year, due to an increase in statewide case numbers. While reopened, casinos were required to comply with a series of restrictions that included a cap on capacity and limited operating hours set according to local COVID-19 case metrics, as well as limitations on dining and entertainment options. Collectively, Illinois' commercial casinos lost an estimated 40 percent of total operating days in 2020 due to COVID-19.

Combined revenue from electronic gaming devices and table games was \$617.9 million in 2020, down 54.4 percent against the previous year.

That was partially offset by the addition of revenue from legal sports betting. In their first few months of operation, Illinois' retail and online sportsbooks generated total sports wagering revenue of \$125.5 million from a handle of \$1.88 billion. Online sports betting accounted for 93.7 percent of the revenue total.

Gaming Tax Distribution

Illinois Gaming Tax

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

Illinois applies a graduated tax to commercial casino gaming revenue, ranging from 15 percent on electronic gaming device revenue up to \$25 million, to 50 percent on revenue of more than \$200 million. As of July 1, 2020, casino table games are taxed at 15 percent on revenue up to \$25 million, and then 20 percent on revenue exceeding that amount. Illinois also imposes an admissions tax of \$2 per patron at Jumer's Casino and \$3 at all other casinos.

Meanwhile, sports betting revenue is taxed at a rate of 17 percent on wagers placed in Cook County, which includes Chicago, and 15 percent in all other areas of the state.

In 2020, Illinois commercial casinos generated total gaming tax revenue of approximately \$162.0 million, down 64.4 percent against 2019. The total included approximately \$20.2 million in tax revenue generated by sports betting.

Of the gaming tax revenue total, roughly \$125 million was paid to the state government with the majority of state tax revenue then redistributed to Illinois' Education Assistance Fund that supports public education programs. Approximately \$36.8 million in taxes was generated for local governments that host casinos.

Competitive Landscape

The Illinois market remains in a state of flux after the enactment of a sweeping gaming expansion law in June 2019, with the state's 10 established commercial casinos set to face a significant increase in competition in the coming years.

At the end of 2020, license applications were pending for five of six newly authorized land-based casinos, to be located in the cities of Danville, Rockford and Waukegan and in Cook and Williamson counties. A sixth new casino in the city of Chicago was subject to a selection process being overseen by city officials. Meanwhile, two of Illinois' three operating racetracks had also applied for licenses from the Illinois Gaming Board to offer electronic gaming devices and table games at their facilities.

Once operational, the new casinos and racinos will provide extra competition to various established casino venues, including those serving the Greater Chicago and East St. Louis markets. Casinos in those regions will also continue to compete with out-of-state casinos in northwestern Indiana and eastern Missouri, respectively.

Elsewhere, commercial casinos face fierce competition from electronic gaming devices in retail establishments across Illinois.

In 2009, the legislature approved the Video Gaming Act, which authorized eligible retail establishments, such as restaurants, bars and truck stops, in participating municipalities to each operate up to five limited-stakes electronic gaming devices (VGTs). The first VGTs became operational in 2012.

June 2019's gaming expansion law authorized all licensed VGT venues to install a sixth device, with large truck stops able to offer up to 10 machines. VGTs were also permitted to offer higher maximum bets and jackpots.

At the end of 2020, there were 37,159 VGTs installed at 7,233 convenience venues in Illinois, up from 33,294 VGTs and 7,180 venues at the close of 2019. VGTs generated total revenue of \$1.13 billion in 2020, down 32.4 percent versus the prior year but

still significantly higher than total gaming revenue generated by the riverboat casinos.

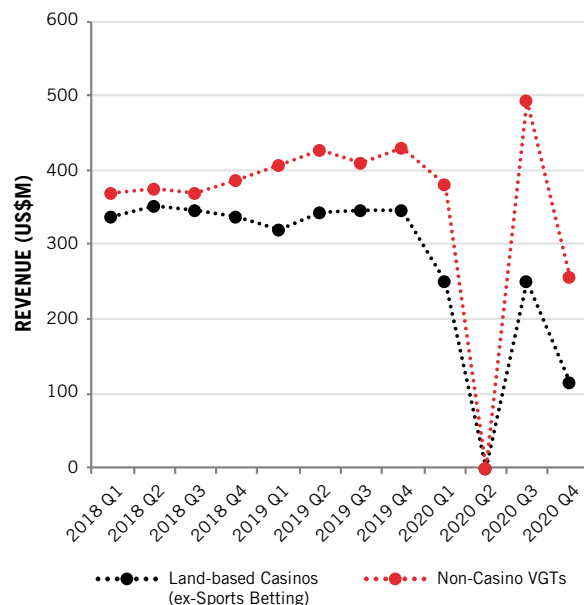
In terms of sports betting, the Illinois market is similarly poised to see a significant increase in competition as sportsbooks are approved in additional locations, including major sports arenas. In September, Major League Baseball's Chicago Cubs announced a partnership with DraftKings to operate sports betting at Wrigley Field, one of seven sporting venues eligible under the 2019 law to offer sports wagering within a five-block radius of their facilities.

While five online sportsbooks were active in Illinois by the end of 2020, the state's sports wagering market could see up to 23 once new casinos are approved and additional licenses are awarded.

Illinois Casinos vs. VGTs: Quarterly GGR

2018 Q1 to 2020 Q4

While Illinois commercial casinos saw revenue fall precipitously in 2020, VGT electronic gaming devices in bars and other convenience locations reported a record quarterly revenue total in the third quarter once bars and restaurants were permitted to reopen.



SOURCE: Illinois Gaming Board

Policy & Regulatory Review

Taxation

In June, Gov. J.B. Pritzker (D) signed legislation to make various amendments to the tax provisions of Illinois' sweeping 2019 gaming expansion law.

Among other things, the bill lowered the effective tax rate to be applied to a future casino in the City of Chicago.

Originally, 2019's law would have required a Chicago casino operator to pay an additional 33.3 percent tax on gaming revenue to the city on top of other state gaming taxes applied to all Illinois casinos. Under the bill signed by Gov. Pritzker, the Chicago casino will be subject to a graduated tax rate of 22.5 percent to 74.7 percent for electronic gaming devices and 15 percent to 35 percent for table games.

The tax amendments were enacted after an independent consultant retained by the Illinois Gaming Board warned a Chicago casino would not be financially viable under the original tax structure. In the wake of the new law, the City of Chicago in August opened a consultation process to seek input from interested casino operators on possible locations and the scale of a new casino-resort.

Elsewhere, June's legislation also accelerated the implementation of a new tax structure for table games at established commercial casinos in Illinois. The 2019 law capped the maximum table game tax rate for all casinos other than a new Chicago casino-resort at 20 percent, to become effective once the first newly licensed casino in Illinois began operations. The law was amended to bring the lower table game tax rate into effect from July 1, 2020.

Sports Betting

In June, Gov. Pritzker issued an emergency order to suspend the statutory requirement for patrons to register online sports betting accounts in-person at a physical casino in Illinois.

The order was made as part of a series of actions taken in response to the COVID-19 pandemic and enabled the launch of online sports betting a few days later.

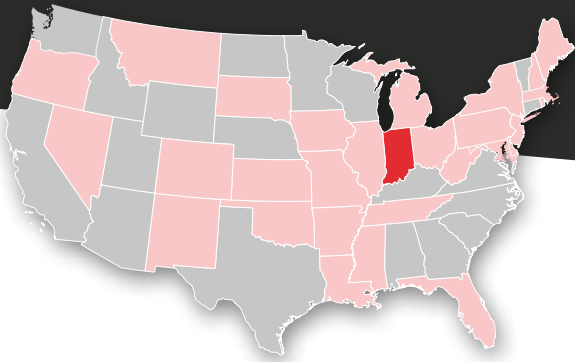
After casinos reopened in July, Gov. Pritzker rescinded his order and reinstated the in-person registration requirement as established by Illinois' 2019 sports wagering law. In August, however, the requirement was suspended again and online sportsbooks were able to register patrons remotely through the end of the year.

Illinois was joined by Rhode Island after its legislature repealed an in-person account registration requirement for sports betting during 2020. A similar requirement in Iowa expired on December 31.

Gov. Pritzker's initial June order came after Illinois regulators completed several other steps to enable the launch of online sports betting. Among other things, implementing regulations for sports wagering were adopted in February and then revised in March, September and December.

Indiana

In 2020, total statewide commercial gaming revenue was \$1.71 billion, down 23.9 percent, as growth in sports wagering revenue only partially offset the impact of COVID-19 on the Indiana industry.



NUMBER OF COMMERCIAL CASINOS

13

CASINO FORMAT

Land-Based Casinos; Riverboat Casinos; Racinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Indiana Gaming Commission

GROSS CASINO GAMING REVENUE 2020

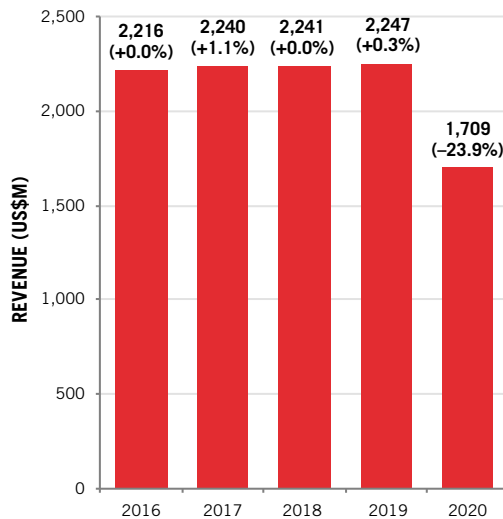
\$1.71B

GAMING TAX REVENUE 2020

\$391.7M

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

2016 to 2020



SOURCE: Indiana Gaming Commission

Market Overview

Indiana offers commercial casino gaming at eight riverboat casinos, three land-based casinos and two racinos, which operate electronic gaming devices, table games and sports betting. All 13 commercial casinos are regulated by the Indiana Gaming Commission (IGC).

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

As part of a tax relief effort, the state legislature in 2007 authorized the installation of up to 2,000 electronic gaming devices at each of Indiana's two racetracks. Under legislation passed in 2015 and later amended in 2019, racetracks were approved to also install live-dealer table games, but not until an earliest possible date of January 1, 2020.

In addition to allowing table games at racinos, the legislature has relaxed various other restrictions applied to commercial casinos in recent years. In 2011, legislation passed allowing for riverboat casinos to become permanently moored crafts. Four years later, the Riverboat Gambling Act was amended again to allow riverboat casinos to move onto dry land adjacent to their home docks.

In 2019, a bill passed by the legislature authorized sports betting at commercial land-based casinos and racinos, as well as at off-track betting facilities affiliated with racinos. Land-based casinos and racinos are also permitted to deploy online sports betting through a maximum of three platforms operating under their licenses. At the end of the year, Indiana's online sports betting market was served by 10 digital sportsbook platforms.

The same 2019 law further reconfigured Indiana's commercial casino gaming market by authorizing one riverboat casino in the city of Gary, near Chicago, to move to a new land-based site, while also relocating the license for a second Gary riverboat casino to Vigo County in western Indiana.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$1.71 billion, down 23.9 percent from 2019.

The decline was primarily attributable to the COVID-19 pandemic, which required all casinos and racinos to suspend operations from March 16 until June 15. Upon reopening, commercial casinos were obligated to comply with a series of health and safety guidelines that included operating at a maximum occupancy of now more than 50 percent of capacity. Collectively, Indiana commercial casinos lost an estimated 25 percent of total operating days in 2020 due to COVID-19.

Total statewide revenue from electronic gaming devices was \$1.29 billion, down 30.7 percent versus the prior year. Despite expansion of table games to Indiana's

two racinos, total table game revenue decreased 17.8 percent to \$280.9 million.

Those declines were partially offset by revenue contributions from a first full year of legal sports betting in Indiana. Total sports betting revenue was \$136.4 million, versus \$41.6 million in 2019, from a total handle of \$1.77 billion. Online sports betting accounted for approximately 76.4 percent of total sports wagering revenue in 2020, compared with less than half of overall revenue the previous year.

Gaming Tax Distribution

Indiana Riverboat Gaming Tax

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

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

Riverboat and land-based casinos are also subject to a supplemental wagering tax, which is capped at a maximum of 3.5 percent of total gaming revenue. The supplemental tax was enacted by the legislature in 2017 to replace a fee that was formerly applied on casino admissions.

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

Meanwhile, all land-based and online sports betting operated by casinos, racinos and their affiliates or partners is taxed at 9.5 percent of revenue. Sportsbook

operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2020, Indiana saw total commercial casino gaming tax revenue of approximately \$391.7 million, down 33.9 percent against 2019.

Pursuant to state law, the majority of gaming tax revenue is held in Indiana’s General Fund and used for general state budgetary purposes. Additional allocations are made to Indiana’s horse racing industry, problem gambling services, and to local city and county governments, among other things.

Competitive Landscape

Indiana’s commercial casinos operate in a fiercely competitive midwest market, with both in- and out-of-state competition set to increase in future years.

In northwestern Indiana, casinos that already compete with various Illinois casinos located in the Greater Chicago area face the prospect of several new casinos or racinos to be located within the city of Chicago itself, as well as in Cook County to the city’s south and Waukegan to Chicago’s north. The venues were among 10 new casinos and racinos authorized in Illinois under a 2019 law, which also legalized online sports betting across the state.

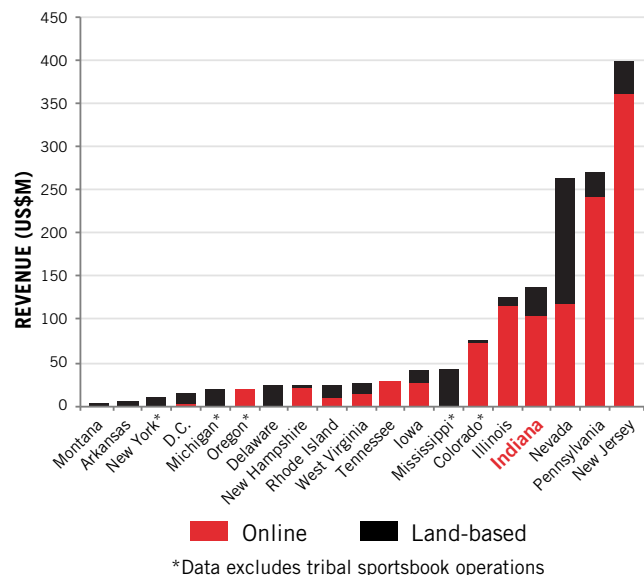
Elsewhere, riverboat casinos in southeastern Indiana compete with a trio of Ohio casinos and racinos serving the Greater Cincinnati market. Tropicana Evansville and other casinos in southeastern and southern Indiana have also faced additional competition in recent years from the rollout of historical horse racing devices at racing venues in Kentucky.

Within the state, casinos in northern Indiana face the prospect of expanded operations at Indiana’s lone tribal casino—Four Winds Casino—in South Bend. The tribal casino owned by the Pokagon Tribe opened in January 2019 featuring electronic gaming devices offering only so-called Class II bingo games. However, the tribal and Indiana state governments were actively negotiating a compact during 2020 that would authorize Four Winds Casino to add Class III electronic gaming devices, table games and sports betting.

United States: Regulated Sportsbook Revenue by State

2020

Indiana was the fourth largest sports betting market in the U.S. by revenue in 2020, edging out the newly launched market in neighboring Illinois.



SOURCE: State regulators

Policy & Regulatory Review

Expansion

In May, the Indiana Gaming Commission (IGC) approved a license for a land-based casino in the city of Terre Haute in Vigo County. The move came after a May 2019 law first allowed for one riverboat casino license in Gary to be relinquished and moved to a site in Vigo County and then voters in the county agreed to host a casino through a local referendum that was held in November.

Plans for new casinos in Gary and Terre Haute later attracted scrutiny, however, after a former executive with an Indiana company involved in the projects was indicted on violations of federal campaign finance laws. An IGC investigation into other executives and

associates of the company also led to the suspension of one senior individual's gaming license in December.

State gaming regulations generally require the principals of commercial gaming companies to be personally licensed as individuals, and impose a burden on licensed executives and investors to be able to demonstrate their suitability to hold a license on an ongoing basis.

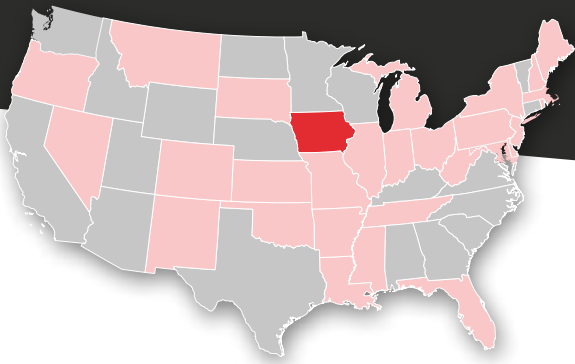
Competition

In July, the IGC approved the merger of two of Indiana's largest commercial casino operators—Eldorado Resorts and Caesars Entertainment—provided the combined entity agreed to divest three of its five Indiana casinos in order to maintain an appropriate degree of competition in the state's casino gaming market.

The newly merged Caesars announced agreements to sell two of its Indiana properties prior to a year-end deadline set by the commission. In November, the IGC granted the company an additional 12 months to divest its ownership of Horseshoe Hammond Casino in northwestern Indiana, acknowledging the challenges of negotiating a sale of the property amid uncertainty regarding the expansion of land-based casino gaming in Chicago as well as the broader economic climate related to COVID-19.

Iowa

In 2020, total statewide commercial gaming revenue was \$1.17 billion, down 21.5 percent, as a first full-year of revenue from sports betting partially offset the impact of COVID-19 on land-based casino operations.



NUMBER OF COMMERCIAL CASINOS

19

CASINO FORMAT

Land-Based Casinos; Riverboat Casinos; Racinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Iowa Racing and Gaming Commission

GROSS CASINO GAMING REVENUE 2020

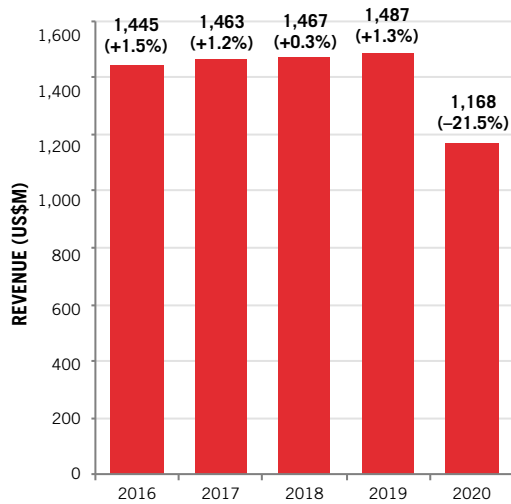
\$1.17B

GAMING TAX REVENUE 2020

\$248.2M

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

2016 to 2020



SOURCE: Iowa Racing and Gaming Commission

Market Overview

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

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

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

Iowa's commercial casinos and racinos were authorized to offer land-based and online sports betting by a law passed by the legislature in May 2019. Sports wagering commenced three months later. At the end of 2020, sports betting was available at retail sportsbooks in 18 of Iowa's 19 casinos and through a total of eight online platforms.

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

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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$1.17 billion, down 21.5 percent against 2019.

The decrease was primarily attributable to the pandemic, which forced all commercial casinos and racinos to close from March 16 through June 1. Once permitted to reopen, casinos were required to abide by a series of operating restrictions to ensure effective social distancing in their facilities. Collectively, Iowa commercial casinos lost an estimated 21 percent of total operating days in 2020 due to the pandemic.

Revenue from electronic gaming devices was \$1.02 billion in 2020, down 22.2 percent relative to the previous year. Meanwhile, revenue from table games was \$110.7 million, down 31.7 percent.

The decline in revenue from traditional casino games in Iowa was offset slightly by a full 12-month contribution from legal sports betting.

Total sports betting revenue in 2020 was \$41.6 million, more than double the \$19.3 million generated from August to December of 2019. Online sports betting accounted for approximately 65 percent of the revenue total, versus 44 percent in 2019.

Gaming Tax Distribution

IOWA CASINO GAMING TAX

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

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

Sports betting revenue in Iowa is subject to a state tax of 6.75 percent, matching the lowest rate in the country, alongside Nevada. Sportsbook operators are also required to share 0.75 percent with their affiliated casino's sponsoring charitable organization. They are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2020, Iowa's commercial casinos generated total gaming tax revenue of \$248.2 million, down 23.4 percent from the prior year.

Of the 2020 total, approximately \$222 million was distributed to the state General Fund and allocated to various beneficiaries, including the Rebuild Iowa Infrastructure Fund, the Iowa Skilled Worker & Job Creation Fund and the state's Environment First Fund.

Additional monies were used to help service state debts and support economic development projects. Meanwhile, approximately \$11.3 million was redirected to the local governments of cities and counties that host casinos.

Competitive Landscape

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

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

The state's sports betting market is set to become significantly more competitive in 2021 upon the expiration of a regulatory requirement for players to register for mobile wagering accounts in-person at a casino or racino. From January 1, players will be able to register for accounts remotely, allowing online operators to compete more aggressively for patrons residing in areas of the state farther away from their affiliated land-based sportsbooks. At least a half-dozen online operators were actively preparing to launch in Iowa as the in-person registration requirement was coming to an end at the close of the year.

Elsewhere, casinos in eastern Iowa continue to face growing competition from electronic gaming devices (VGTs) in Illinois retail venues. Under a major gaming expansion bill enacted in 2019, Illinois bars and other venues licensed to offer VGTs were permitted to install one additional device, for a maximum of six per venue.

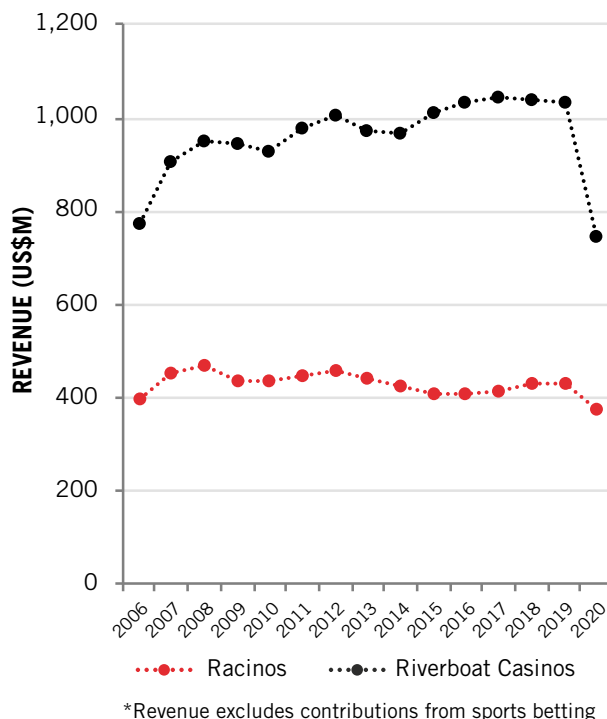
Casinos in western Iowa are also set to face increased competition after voters in Nebraska approved three ballot initiatives in November to legalize commercial casino gaming at licensed horse racetracks in the state. Of the six tracks that could take advantage of

the initiative's passing, two are located in Omaha and South Sioux City on the border with Iowa.

Iowa Annual Gaming Revenue By Location Type

2006 to 2020

While Iowa's overall commercial gaming market suffered a 21.5 percent decline in revenue in 2020, the decrease was not spread evenly across its riverboat casino and racino segments. Riverboat casinos saw a collective revenue decline of 27.8 percent, whereas annual gaming revenue at racinos fell by 12.4 percent versus 2019.



SOURCE: Iowa Racing and Gaming Commission

Policy & Regulatory Review

Payment Methods

In June, Gov. Kim Reynolds (R) signed a bill passed by the legislature to confirm that credit cards cannot be used for sports wagering in Iowa.

2019 regulations adopted by the IRGC did not list credit cards among authorized payment methods for the funding of online sports betting accounts. Still, the 2020 bill clarified legislative intent in the area by amending Iowa gaming statutes to ensure consistency with an established ban on the use of credit cards for traditional casino gaming.

Iowa is among a minority of states, including New Hampshire, Rhode Island and Tennessee, where credit cards cannot be used as a funding mechanism for online sports betting.

Sports Betting

Iowa saw several sports betting policy developments in 2020 as the state's lawful sports wagering market continued to take shape amid the unprecedented operating environment caused by the pandemic.

In April, the IRGC adopted permanent regulations governing sports wagering, completing a rulemaking process that had seen initial rules adopted on an emergency basis in July 2019.

After the mass suspension of global sporting events in March, the IRGC joined counterparts in New Jersey and Indiana in expanding its catalogue of approved wagering events to include a far wider variety of international sports, such as European table tennis tournaments, that were not paused. However, officials did advise operators that they lacked authority to approve betting on competitive video-game tournaments—or esports—as esports were not considered to fall within the state's statutory definition of a sporting event eligible for sports wagering.

The IRGC also approved a number of additional partnerships between online sportsbook operators and Iowa's land-based casinos.

The state's 2019 law authorized the 19 casinos to each partner with up to two or three online sportsbook brands under their licenses. However, the same law required online bettors to register accounts in-person at a casino until December 31, 2020, leading various online sportsbook operators to delay their entry into the market until after the registration requirement expires.

Kansas

In 2020, total statewide commercial casino gaming revenue was \$299.5 million. The total was down 28.0 percent on the previous year and reflected the impact of COVID-19 on the state's four land-based commercial casinos.

NUMBER OF COMMERCIAL CASINOS

4

CASINO FORMAT

Land-Based Casinos

REGULATORY AUTHORITY

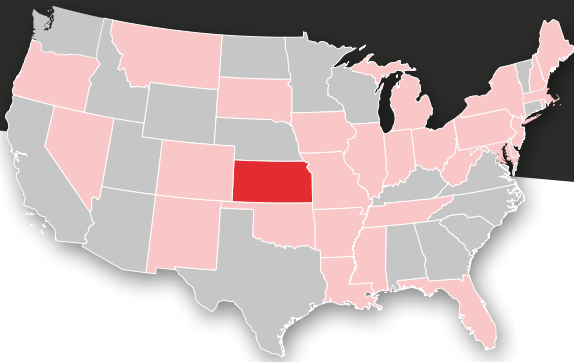
Kansas Racing and Gaming Commission

GROSS CASINO GAMING REVENUE 2020

\$299.5M

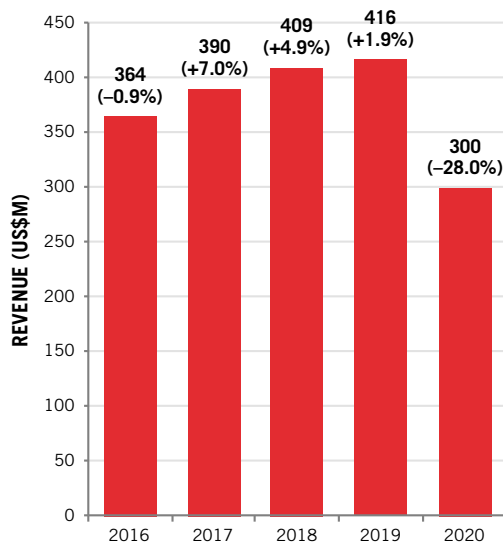
GAMING TAX REVENUE 2020

\$80.9M



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

2016 to 2020



SOURCE: Kansas Racing and Gaming Commission

Market Overview

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

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

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

Kansas law also allows for the operation of electronic gaming devices at racetracks, although no tracks are currently in

operation. The Kansas Lottery is responsible for considering and approving any proposed racino contracts, and the county where any proposed racino is located must have approved gaming via a public vote.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$299.5 million, down 28.0 percent against 2019.

The decline reflected the impact of the pandemic on the state's commercial gaming industry. All commercial casinos in Kansas were required to close between March 18 and May 22 to slow the spread of COVID-19. Upon reopening, casinos were obligated to abide by various operating and capacity restrictions to enforce effective social-distancing between patrons. Collectively, Kansas commercial casinos lost an estimated 18 percent of total operating days in 2020 due to the pandemic.

Total statewide revenue from electronic gaming devices was \$271.5 million, down 26.0 percent from 2019, while table game revenue was \$28.0 million, down 43.3 percent.

The revenue decline was not shared evenly across each of Kansas' four commercial casinos. While Kansas Star Casino, Kansas Crossing Casino and Boot Hill Casino all saw revenue declines of approximately 22 to 25 percent relative to 2019, Hollywood Casino at Kansas Speedway saw a sharper drop-off of 35 percent.

Unlike other Kansas casinos, Hollywood Casino attracts patrons from across state lines in neighboring Missouri. In addition, the adjoining Kansas Speedway was forced in 2020 to host NASCAR races without fans in attendance due to the pandemic.

Gaming Tax Distribution

Kansas' commercial casinos are required by statute to pay a minimum tax rate of 27 percent on gaming revenue, which includes a minimum 22 percent contribution to the state, 3 percent to local governments and 2 percent to fund problem gambling treatment.

Casinos' management contracts also include provisions imposing higher tax rates if revenue exceeds a certain threshold during a calendar year. Meanwhile, a new management contract between the Kansas Lottery and Boot Hill Casino will increase the state's share of revenue from that casino by an additional 2 percent starting in 2024.

In 2020, Kansas' commercial casinos generated total gaming tax revenue of \$80.9 million, down 28.0 percent from 2019. Of this total amount, approximately \$65.9 million was received by the state, \$9.0 million was allocated to local governments that host casinos and \$6.0 million was generated to fund problem gambling services.

Per Kansas law, the state portion of gaming tax revenue is distributed to the state's Expanded Lottery Act Revenues Fund. Appropriations from the fund are determined annually at the direction of the state legislature but must be allocated to specific causes that include state debt reduction, covering public employees' retirement liabilities and an initiative to increase the number of engineering graduates at Kansas universities.

Competitive Landscape

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

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

Kansas hosts six tribal casinos located in the northeastern corner of the state, which compete with Hollywood Casino at Kansas Speedway located just outside of Kansas City. Hollywood Casino also competes with four Kansas City-area casinos on the Missouri side of the Kansas–Missouri border.

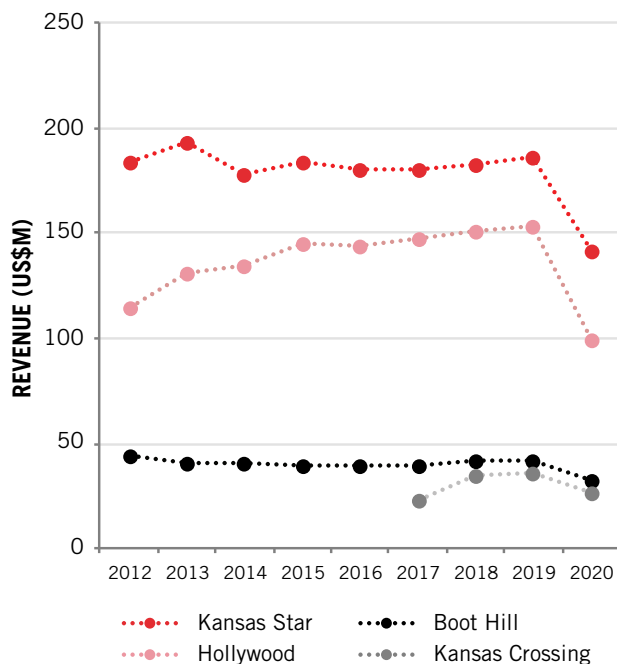
A seventh tribal casino initially offering a limited number of electronic bingo machines was opened in October 2020 in Sedgwick County, near Wichita, and will provide competition to the Kansas Star Casino if authorized to expand its operations to include full casino gaming.

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

Kansas Gaming Revenue By Casino

2012 to 2020

Each of Kansas' four commercial casinos witnessed a decline in revenue in 2020 as a result of the pandemic. In the case of Kansas Crossing Casino, the year marked a first decline in annual revenue since the casino began operations in 2017.



SOURCE: Kansas Racing and Gaming Commission

Policy & Regulatory Review

Tribal Gaming

In May, the U.S. Department of Interior agreed to acquire land for the Wyandotte Nation of Oklahoma to develop a tribal casino in Park City in Sedgwick County, just north of Wichita.

The Kansas Attorney General in August filed a lawsuit in federal court challenging the Department of Interior's decision, noting it reversed a previous ruling of 2014 and that the state was not consulted about any potential reversal. The Attorney General's office claims that allowing gaming on the land in question would violate both state law and federal regulations.

The Wyandotte Nation began construction on its CrossWinds Casino project in October, while also opening a temporary gaming facility on the land. In November, a federal court judge denied a motion filed by the state of Kansas seeking an injunction against the project.

Sports Betting

Even though legislation was not enacted, Kansas lawmakers made significant progress on sports wagering legalization in 2020.

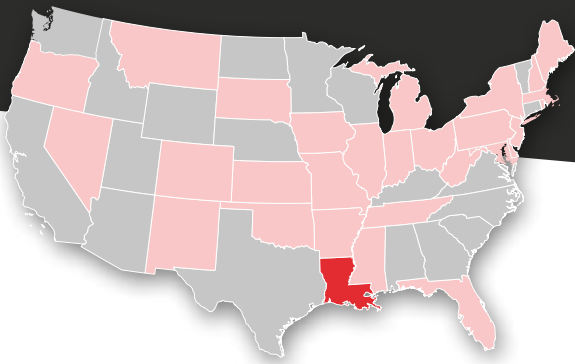
In February, the state Senate passed a bill to authorize sports betting through retail sportsbooks at Kansas' four commercial casinos and via mobile platforms affiliated with those casinos.

The bill was never passed in the House, however, in part because lawmakers ran out of time before their legislative session was curtailed by the onset of the pandemic.

Sports betting proponents in the House also indicated their preference for an alternative bill to that passed by the Senate, including a role for Kansas Lottery retailers and a higher tax rate.

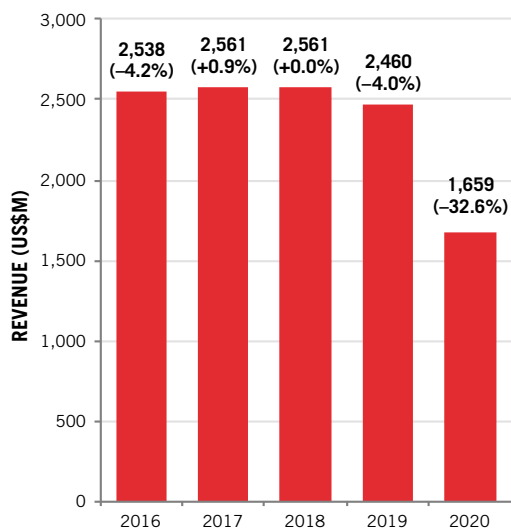
Louisiana

In 2020, total statewide commercial casino gaming revenue was \$1.66 billion, down 32.6 percent, after COVID-19 and then a series of tropical storms forced casinos to suspend operations for extended periods of time.



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

2016 to 2020



SOURCE: Louisiana Gaming Control Board

NUMBER OF COMMERCIAL CASINOS

19

CASINO FORMAT

Land-Based Casinos; Riverboat Casinos; Racinos

REGULATORY AUTHORITY

Louisiana Gaming Control Board

GROSS CASINO GAMING REVENUE 2020

\$1.66B

GAMING TAX REVENUE 2020

\$421.3M

Market Overview

Louisiana offers commercial casino gaming at 14 riverboat casinos and one land-based casino, each of which operates electronic gaming devices and table games. Four racinos—limited to offering electronic gaming devices—are also operational. All 19 properties are regulated by the Louisiana Gaming Control Board (LGCB).

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

In 2018, the state legislature passed a law to allow riverboat casinos to move to larger, land-based facilities within close proximity of their original vessels, subject to the approval of specific investment plans by the LGCB. Under state law, riverboat casinos may offer no more than 2,365 gaming positions—comprised of the number of electronic gaming devices or table-game seats on their gaming floors.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$1.66 billion, a decline of 32.6 percent on the prior year.

The sharp decrease came after COVID-19 forced all Louisiana commercial casinos to close from March 17 until at least May 18. Upon reopening, casinos were required to operate with restrictions on capacity—initially just 25 percent—and introduce a series of other health and safety measures.

One casino—DiamondJacks Casino & Hotel in Bossier City—announced it would remain permanently closed following the shutdown, citing the financial impact of the pandemic.

In August, casinos in the Lake Charles region were forced to close again by Hurricane Laura. Substantial damage caused by the storm meant one riverboat casino—Isle of Capri Casino Hotel Lake Charles—was unable to reopen through the rest of the year, with the casino's owner already approved to develop a replacement land-based property at the same location.

Less than one month after reopening, the three other commercial casinos in Lake Charles were then required to suspend operations again for several days as Hurricane Delta made landfall in October.

Collectively, Louisiana commercial casinos lost an estimated 24 percent of total operating days in 2020 to COVID-19 and storm-related shutdowns.

Reflecting the trio of forced closures in 2020, riverboats and racinos in the Lake Charles region—Louisiana's largest gaming market—reported total combined revenue of \$594.3 million, down 32.6 percent.

Revenue fell even more dramatically among the five commercial casino properties in the New Orleans area, which faced local COVID-19 restrictions enduring into June and are generally more reliant upon out-of-state tourism than those in other Louisiana markets. In 2020, the five casinos and racinos in and around New Orleans reported revenue of \$363.7 million, down 39.6 percent.

Revenue from casino properties in the Shreveport/Bossier market of northwestern Louisiana was \$461.2 million, down 30.1 percent against 2019, while revenue from casinos in the Baton Rouge area was \$182.4 million, down 21.4 percent.

Gaming Tax Distribution

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

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

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

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

In 2020, Louisiana's commercial casino gaming properties generated total gaming tax revenue of approximately \$421.3 million, down 27.9 percent from the previous year.

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

In addition, the state's horse racing industry received approximately \$44.5 million in 2020 from taxes on racino gaming revenue.

Competitive Landscape

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

Still, the adoption of new legislation in 2018 means riverboat casinos are eligible to expand their operations by seeking permission to move to dry land and house larger gaming floors featuring a greater number of electronic gaming devices and table games. At the end of 2020, at least two riverboat casinos had received such approval from the LGCB.

In addition, the Harrah's New Orleans land-based casino is set to undergo a \$325 million expansion to include a new hotel tower and development of a second-floor casino in accordance with a new operating contract that was approved by the state legislature in 2019. The expansion is due to be completed by 2024.

The license for the shuttered DiamondJacks Casino & Hotel in Bossier City may also be reallocated for a riverboat casino elsewhere in Louisiana, subject to state and local approval.

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

That means several Louisiana casinos would be particularly vulnerable to any approval of casino gaming in Texas. While lawmakers in Texas have consistently rejected a series of proposals to authorize casinos stretching back well more than a decade, budgetary pressures caused by the pandemic are expected to bring about closer consideration of commercial casino gaming during the state's 2021 biennial legislative session.

Casinos in southeastern Louisiana also compete with commercial casinos in the Gulf Coast region of neighboring Mississippi that draw a significant

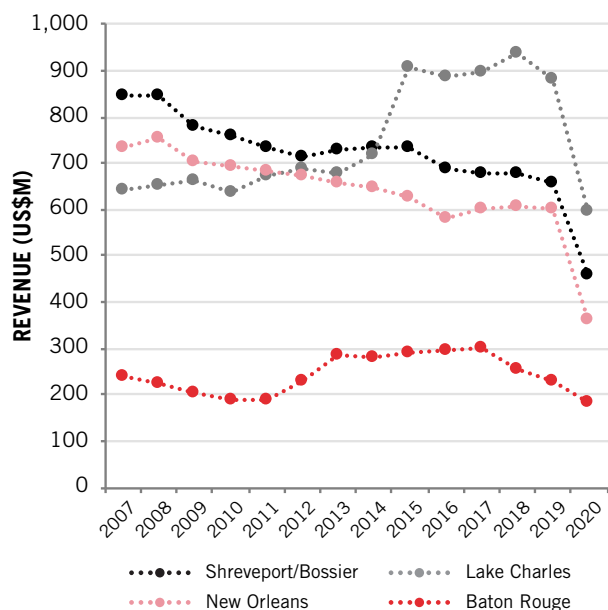
proportion of their patrons from across the border. Since 2018, casinos in Mississippi have had a competitive edge from their ability to offer sports betting. That advantage is set to end following approval of a sports wagering referendum by voters in most Louisiana parishes in 2020.

Elsewhere, Louisiana's commercial casinos compete with five tribal casinos scattered throughout the state. There are also more than 12,000 electronic gaming devices offered in Louisiana at 1,467 non-casino locations, such as bars, restaurants, truck stops and off-track betting parlors. In 2020, total statewide revenue from electronic gaming devices in non-casino locations was \$556.3 million, down 10.8 percent from the previous year.

Louisiana Casinos: Annual Gaming Revenue By Region

2007 to 2020

While all four gaming markets within Louisiana reported sharply lower revenue in 2020, the decline was steepest in the New Orleans region, where casinos were subject to a local closure order that extended into June.



SOURCE: Louisiana Gaming Control Board

Policy & Regulatory Review

Taxation

In July, Gov. John Bel Edwards (D) signed a bill enabling Louisiana's commercial casino gaming operators to deduct up to \$5 million in promotional play wagers from their taxable annual gaming revenue.

Casino and racino operators had long advocated for the ability to deduct promotional credits from taxable revenue, citing their competitive disadvantage relative to tribal casinos in Oklahoma, among other out-of-state gaming venues.

Although the bill as introduced in the Louisiana Senate would have allowed casinos to deduct all revenue from promotional play wagers from taxes, it was amended by a committee to cap the amount at \$5 million per year.

Sports Betting

Louisiana was one of three states where voters approved a referendum on sports betting in 2020.

In June, Gov. Edwards signed a bill establishing a referendum in each of Louisiana's 64 parishes for voters to determine whether sports wagering should be permitted in their local jurisdiction.

In November, a majority of voters in 55 of the 64 parishes approved sports betting. Notably, the 55 parishes included all of the parishes that host commercial casino gaming.

Following the referendum, the legislature will be tasked in 2021 with enacting specific legislation to determine where sports wagering can be offered, which entities are eligible to obtain licenses for sports betting and what tax rates and license fees should be.

Among the fundamental questions is whether sports betting should be limited to land-based gaming venues, like in neighboring Mississippi, or also available via online platforms, as in New Jersey and the majority of other states with legal sports wagering. If lawmakers do approve online sports betting, then operators would have to use geolocation software to ensure that bets can be placed only in the 55 parishes where sports wagering received voter approval.

Fantasy Sports

In June, Gov. Edwards signed a bill to legalize online fantasy sports contests in Louisiana.

The new law empowered the LGCB to license contest operators and oversee their operations in accordance with more detailed fantasy sports regulations to be developed by the agency.

In December, LGCB regulations to impose an 8 percent tax on fantasy sports revenue, among a series of other requirements, took effect following their approval by a legislative committee.

Louisiana's new legal framework was enacted after voters in 47 of the state's 64 parishes approved fantasy sports contests in a November 2018 referendum. Under the regulations, fantasy sports operators are required to use geolocation tools to ensure that players in the 17 other parishes are unable to participate in fantasy contests.

By passing its 2020 law, Louisiana became the 21st state to expressly authorize online fantasy sports contests.

IN FOCUS

Sports Betting



The U.S. sports betting market continued its inexorable growth in 2020, despite a series of unforeseen challenges related to the COVID-19 pandemic.

In 2020, Americans legally bet \$21.51 billion across the 19 states plus the District of Columbia that were offering lawful sports wagering by the end of the year, this was a significant increase compared with \$13.07 billion bet in 2019 and \$6.58 billion in total sports wagering handle in 2018.

Commercial and lottery-run sportsbook operations reported total annual sports betting revenue of \$1.55 billion during the year, an increase of 68.3 percent on 2019's total.

While 2020's performance was boosted by the launch of several new markets—most notably, Illinois and Colorado—New Jersey, Pennsylvania and other earlier adopters also reported significant increases in both handle and revenue driven by strong growth of online sports betting, particularly in the latter months of the year.

The onset of the pandemic triggered a two-month closure of all retail sportsbooks, and saw sports bettors foregoing their annual pilgrimage to Las Vegas for the annual March Madness college basketball tournament that was cancelled for the first time ever.

Online sportsbooks, in turn, were abruptly left with a severely limited product catalog as most major global sporting events were suspended, with remaining bettors instead turning to wagering on more obscure sports like European table tennis, Belarussian soccer, virtual NASCAR racing and—in a small handful of states where regulations permitted it—esports contests.

Still, the disruption caused by COVID-19 did provide a strong sporting calendar for the last few months of the year, as the NFL season started as planned, coinciding in a rare convergence of the rescheduled MLB, NBA, NHL and golf seasons.

Each of the final five months of the year set new nationwide records in terms of monthly handle, solidifying sports betting's status as an important growth-driver for the commercial gaming industry as a whole for the immediate future.

For New Jersey's chief gaming regulator, the events of 2020 altered some perceptions that sports wagering is a higher risk and less lucrative segment of the gaming industry, offering limited value to operators of land-based casino-resorts.

Even before the U.S. Supreme Court ruled in its favor, New Jersey had considered sports betting to be a “game-changer” for the state's gaming market, said David Rebuck, director of the New Jersey Division of Gaming Enforcement (DGE).

In 2020, New Jersey surpassed Nevada—which relies more upon tourist visitation to Las Vegas—to become the largest U.S. sports betting market, reporting \$6.02 billion in annual handle and generating almost \$400 million in annual revenue.

“It's no longer seen (by casinos) as a small amenity; just a little subsidy towards your current operations,” Rebuck said. “This is a business that is exploding across the United States.”

Amid the myriad challenges for leagues and teams related to COVID-19, 2020 continued the movement toward closer integration of legal sports betting with the wider sports industry.

After the NFL changed its marketing policy in February, nine franchises including the Tennessee Titans, Philadelphia Eagles, New York Giants and Detroit Lions inked sponsorship agreements to designate one or more sportsbooks as their official sports betting partners. Similar agreements continued to be reached by teams across the NBA, MLB, NHL and MLS.

The series of partnerships brought an increase in sports betting branding and advertising to stadiums and arenas, with plans for branded sports betting lounges in a number of arenas once fans are able to return.

In a handful of jurisdictions, meanwhile, there are plans for a full Las Vegas-style sportsbook experience at the site of major sporting venues.

In August, William Hill opened a temporary sportsbook in the box office area of Washington D.C.'s Capital One Arena, home of the NBA's Washington Wizards and NHL's Washington Capitals, with a permanent sportsbook operation expected to open at some point in 2021.

FanDuel announced a similar agreement in October to develop a sportsbook at D.C. United's Audi Field. In Illinois, DraftKings confirmed a partnership with the Chicago Cubs that will include operation of a sportsbook at iconic Wrigley Field.

It was not only sports teams that forged closer ties with sports betting operators in 2020.

Sports media companies like Turner Sports, ESPN, CBS Sports and NBC Sports all announced major partnerships during the year with sportsbook operators FanDuel, DraftKings, William Hill and PointsBet, while Sinclair Broadcasting reached a deal with Bally's Corporation for its regional Fox Sports networks to assume the name of the casino brand.

As legal sports betting continues its expansion, the industry remains focused on developing a sustainable and socially responsible market.

In September, the AGA released a new Responsible Marketing Code for Sports Wagering—providing guidelines to ensure that sports betting is advertised appropriately and only to responsible adults.

Among other things, the code includes self-imposed restrictions on target audiences, outlets and materials branding, while mandating the inclusion of responsible gaming in all marketing activities. A new, seven-member review board was also formed to oversee consumer complaints regarding sports betting marketing and encourage compliance on the part of operators.

In March, the AGA also launched its 'Have A Game Plan, Bet Responsibly' consumer education campaign, to encourage sports bettors to set budgets, enjoy sports betting as a form of social entertainment, learn the rules of sports wagering and bet only with regulated operators.

The campaign launched with messaging at sports arenas in Nevada and Washington D.C. Later in the year, NASCAR and the NHL agreed to partner on the initiative, promoting the campaign's principles through

co-branded announcements and via in-arena signage and other marketing assets.

Consumer education and responsible gaming is set to only increase in importance in 2021 given that market expansion should continue once various states resume legislative discussions that were placed on hold by the onset of COVID-19.

Largely due to the challenges associated with legislating during a pandemic, only two states—Washington and Virginia—enacted new laws authorizing sports wagering in 2020, compared with nine states plus the District of Columbia and Puerto Rico in 2019.

However, while legislators were quarantining, voters in three states passed statewide referendums in November to create a constitutional pathway for legal sports betting.

Voters in Maryland and South Dakota authorized sports wagering by comfortable margins, while residents in 55 of 64 Louisiana parishes also agreed to legalize sports betting in their jurisdictions.

In all three states, lawmakers will be charged with enacting more specific implementing legislation for sports wagering during their 2021 sessions.

The trio of successful ballot initiatives indicate broad voter support for sports betting and will be encouraging for future referendums that would be required to legalize the activity in other states, including California and Texas.

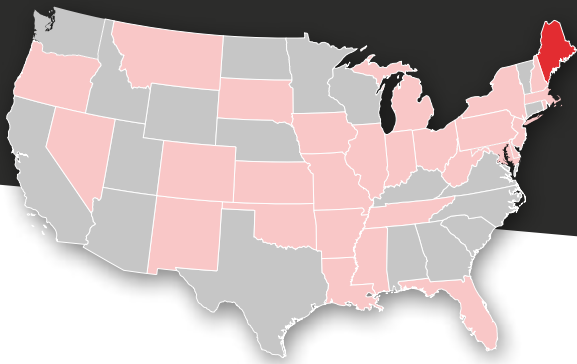
These outcomes can also be taken as a sign of voter approval of regulated commercial gaming in general, Andrew Zarnett, head of gaming investment banking at Jefferies LLC, told delegates during a panel discussion at November's virtual Global Gaming Expo (G2E).

"Sports betting is well underway in terms of being accepted in most states," Zarnett said. "Whatever you can do to expand gaming to generate tax revenue for those states that need it... you'll see that continued acceptance.

"And the votes this November clearly indicate that citizens... are well in favor of that."

Maine

In 2020, total statewide commercial casino gaming revenue was \$71.4 million, down 50.8 percent, reflecting the impact of COVID-19 on Maine’s casino industry.



NUMBER OF COMMERCIAL CASINOS

2

CASINO FORMAT

Land-Based Casinos; Racinos

REGULATORY AUTHORITY

Maine Gambling Control Board

GROSS CASINO GAMING REVENUE 2020

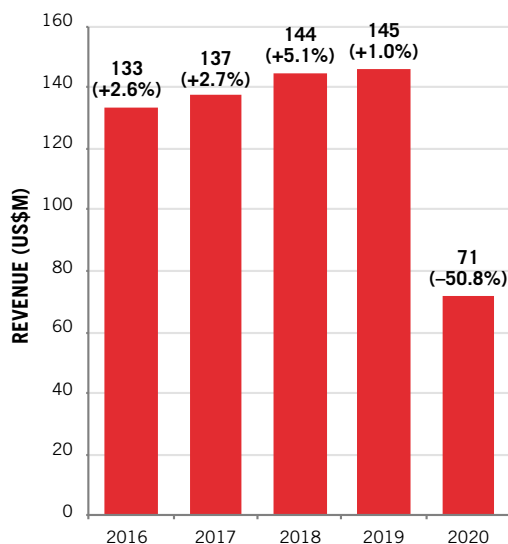
\$71.4M

GAMING TAX REVENUE 2020

\$30.0M

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

2016 to 2020



SOURCE: Maine Gambling Control Board

Market Overview

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

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

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

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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$71.4 million, down 50.8 percent compared to 2019.

The decrease reflected the impact of COVID-19, which forced both casinos to close between March 16 and July 10. Once permitted to reopen, casinos were required to abide by a series of operating restrictions. Those restrictions included operating at a maximum capacity of no more than 200 people in the facility at any one time. Collectively, Maine’s commercial casinos lost an estimated 31 percent of total operating days in 2020 due to the pandemic.

Electronic gaming devices at Maine’s two commercial gaming properties generated a total of \$62.6 million in revenue in 2020, down 47.2 percent on the prior year. Table game revenue declined even more sharply, dropping 67.0 percent to \$8.7 million.

Oxford Casino generated gaming revenue of \$43.0 million in 2020, down 54.3 percent relative to the previous year, while Hollywood Casino reported \$28.4 million in revenue, down 43.8 percent.

Gaming Tax Distribution

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

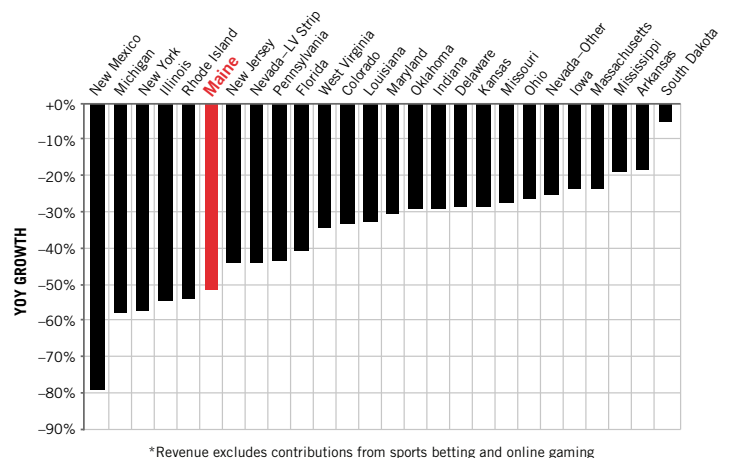
In 2020, Maine’s commercial casinos generated total gaming tax revenue of \$30.0 million, down 48.6 percent from 2019.

The biggest recipients of gaming tax dollars in Maine are the state’s Department of Education to support K-12 school programs, scholarship programs to state and community colleges and a state fund established in 2000 to provide prevention-related services and other healthcare programs for Maine families. Gaming

tax revenue is also distributed to support the state’s horse racing industry, agricultural programs and the local governments that host commercial casinos.

YoY Growth in Gaming Revenue by State 2020

Maine was part of a group of six states that saw total annual casino gaming revenue decline by more than 50 percent in 2020. Casinos were required to cease operations in mid-March due to the pandemic and were unable to reopen until mid-July.



SOURCE: State Gaming Commissions

Competitive Landscape

Maine’s commercial casinos operate at the outer edge of a New England market that has been reshaped over the last decade by Massachusetts’ 2011 approval of up to four commercial casino properties.

In June 2015, Plainridge Park Casino—a slots parlor in Plainville—became the first Massachusetts casino to open. MGM Springfield followed in August 2018 and Encore Boston Harbor began operations in June 2019. Whether Massachusetts will license a fourth casino has not yet been determined.

While there are currently no tribal casinos in Maine, several tribes have sought approval from state lawmakers and voters, via a referendum, to build

casinos on reservation land. All of these efforts have so far been unsuccessful.

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

They also face cross-border competition from the rollout of legal sports betting in neighboring New Hampshire. Mobile sports wagering was launched in New Hampshire in late December 2019, while the first two of up to ten retail sportsbooks opened before the 2020 football season.

Policy & Regulatory Review

Sports Betting

Prospects for legal sports betting in Maine were sunk in early January when Gov. Janet Mills (D) vetoed a bill that was passed by the legislature in June 2019.

The bill would have allowed land-based sports betting at Maine's two commercial casinos, as well as at racetracks, off-tracking betting parlors and facilities operated by the state's federally recognized Native American tribes. Each of those entities could apply for separate licenses to offer online sports wagering, as could companies already licensed to operate online betting in other U.S. jurisdictions.

In a veto letter, Gov. Mills cited a need for further study of sports betting alongside her concerns of pervasive advertising and potential cannibalization of established gaming operations in Maine.

In February, Maine's Senate voted to override the governor's veto of the sports wagering bill. However, the veto stood after the House failed to pass a measure overriding the veto by the required two-thirds majority.

Regulatory Reform

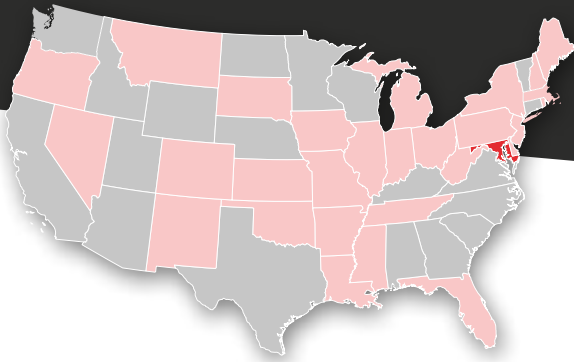
The MGCB advanced several changes to the state's gaming regulations in 2020.

In June, the board adopted new regulations to authorize and govern the offering of promotional credits for electronic gaming devices via player reward cards or mobile devices. The MGCB also adopted rules related to promotional play vouchers for table games.

In addition, the MGCB held consultations on two sets of regulations to govern fantasy sports contests in Maine. A 2017 law authorized online fantasy contests in Maine and mandated the MGCB to craft formal regulatory requirements applicable to licensed operators.

Maryland

In 2020, total statewide commercial casino gaming revenue was \$1.23 billion, down 30.2 percent. It was the Maryland market's first annual decline in revenue since commercial casino gaming began in 2010.



NUMBER OF COMMERCIAL CASINOS

6

CASINO FORMAT

Land-Based Casinos; Racinos

REGULATORY AUTHORITY

Maryland Lottery and Gaming Control Agency; Maryland Lottery and Gaming Control Commission

GROSS CASINO GAMING REVENUE 2020

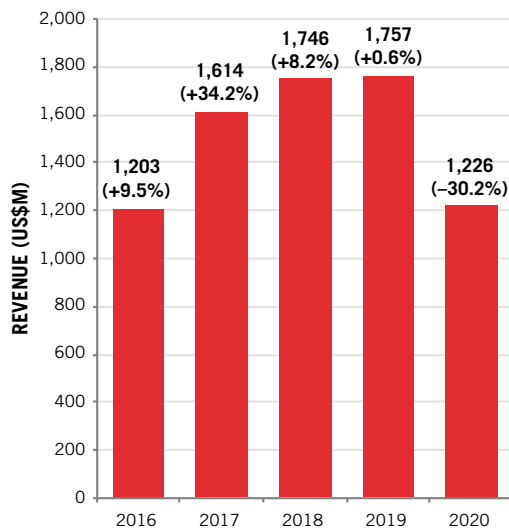
\$1.23B

GAMING TAX REVENUE 2020

\$507.8M

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

2016 to 2020



SOURCE: Maryland Lottery and Gaming Control Agency

Market Overview

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

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

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

In accordance with the 2012 expanded gaming law, Maryland's six commercial casinos can house no more

than a combined 16,500 electronic gaming devices. There are also limits on the number of electronic gaming devices at individual casinos in different parts of the state.

After voters endorsed a referendum on sports betting in November 2020, state lawmakers are mandated to pass implementing legislation during their 2021 session.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$1.23 billion, down 30.2 percent compared to 2019.

The sharp decline reflected the impact of COVID-19 on Maryland's commercial casinos, all of which were required to remain closed for a three-month period between March 16 and June 19.

Once able to reopen, casinos were obligated to comply with a series of operating restrictions to reduce the risk of infection. That included a limit of either 25 or 50 percent of maximum capacity, depending on COVID-19 metrics in casinos' home counties. A ban on indoor dining was also imposed at most casinos in December. Collectively, Maryland casinos lost an estimated 27 percent of total operating days in 2020 due to the pandemic.

Statewide revenue from electronic gaming devices in 2020 was \$798.4 million, down 29.9 percent relative to the previous year. Revenue from table games was \$427.5 million, down 30.9 percent.

Despite the overall decrease, Maryland's commercial casino industry held up better than certain other major gaming markets across the country, particularly during the fall when the state's commercial casinos were able to report relatively strong monthly revenue statistics.

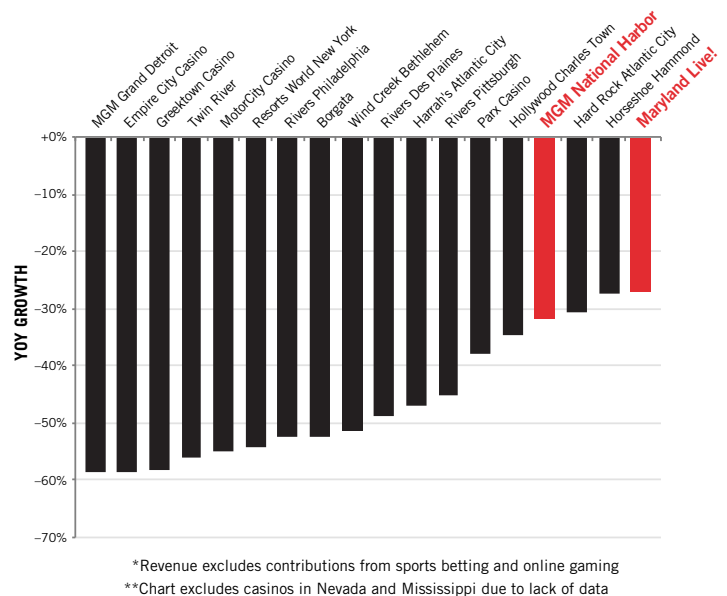
Notably, MGM National Harbor near Washington D.C. and Live! Casino & Hotel near Baltimore-Washington International Airport were the two highest grossing commercial casinos outside of Nevada in 2020, surpassing venues in New York and New Jersey during the year.

The greater Baltimore-Washington D.C. commercial gaming market, which also includes Hollywood Casino in West Virginia, similarly overtook the greater Chicago area to become the third largest in the country in 2020, behind only the Las Vegas Strip and Atlantic City.

Major U.S. Casinos: YoY Growth in Gaming Revenue

2020

Of the largest commercial casino-resorts in the U.S. outside of Nevada, Maryland's MGM National Harbor and Live! Casino Hotel saw a more modest decline in annual gaming revenue relative to rival properties in other markets.



SOURCE: GCRS estimates, State Gaming Commissions

Gaming Tax Distribution

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

Meanwhile, table games are taxed at 20 percent. In addition to taxes on revenue, casinos must pay an annual assessment of \$425 per electronic gaming device and \$500 per table game to help fund responsible gambling programs.

In 2020, Maryland's commercial casinos generated total gaming tax revenue of \$507.8 million, down 30.1 percent from 2019.

Of the gaming tax total, approximately \$373 million was distributed to Maryland's Education Trust Fund, which supports public education and construction of new schools, including public colleges, throughout the state. In addition, approximately \$43.3 million was distributed in the form of local impact grants and contributions to local governments.

The remaining tax revenue supported the state's horse racing industry, responsible gaming initiatives and minority- or women-owned businesses.

Competitive Landscape

Maryland's six commercial casinos operate in an increasingly competitive Mid-Atlantic region that includes properties in Delaware, eastern Pennsylvania and New Jersey. The state's three largest casinos—MGM National Harbor, Live! Casino and Horseshoe Casino Baltimore—also compete with Hollywood Casino in Charles Town, West Virginia, for customers in the Baltimore–Washington D.C. metro area. Notably, casinos in all three surrounding states offer legal sports betting, whereas those in Maryland do not.

Maryland also faces incremental competition following the passage of new gaming laws in Virginia in 2020 to authorize online sports betting and commercial casino gaming.

Although none of the five forthcoming commercial casinos in Virginia are particularly close to the Maryland border, the state's 2020 casino expansion law also allowed for a new gaming venue in Northern Virginia offering up to 1,800 electronic gaming devices based on the outcome of historical horse races.

Once Maryland authorizes sports betting, the state will also compete with sportsbook locations in Washington D.C., including those at the city's major sports stadiums and arenas.

Policy & Regulatory Review

Sports Betting

Maryland was one of three states to approve a referendum on sports betting in 2020.

In May, Gov. Larry Hogan (R) signed a bill establishing a November statewide referendum to determine whether the state legislature should have authority to legalize sports wagering for the purpose of raising tax revenue for public education.

The ballot initiative was approved by a margin of 67.0 percent to 33.0 percent.

The bill proposing the referendum on sports betting was scaled back from earlier legislative proposals that would have established more specific provisions on licensing, tax and other key policy criteria. With certain elements of that regulatory framework still subject to debate, lawmakers decided in March to instead advance the narrower proposal to avoid the risk of running out of time to pass any bill due to legislative disruptions caused by the pandemic.

Following the successful referendum, the legislature will be tasked in 2021 with enacting more detailed implementing legislation for sports wagering in Maryland.

Regulatory Reform

Maryland policymakers oversaw several reforms to the state's gaming laws and regulations in 2020.

In May, Gov. Hogan signed a bill passed by lawmakers at the request of the Maryland Lottery and Gaming Control Agency to amend the statutory definition of a casino gaming facility in Maryland, in order to align state law with language in the U.S. Bank Secrecy Act and enable the MLGCA to participate in information-sharing schemes with federal anti-money laundering regulators.

In addition, the Maryland Lottery and Gaming Commission adopted a series of amendments to the state's commercial casino gaming regulations.

Among other things, the amendments seek to make it easier for laid-off casino employees to regain employment in the industry without having to submit new license applications. Other new rules raise licensing thresholds for vendors doing business with casinos and allow institutional investors meeting certain criteria to obtain waivers from state licensing requirements.

Massachusetts

In 2020, total statewide commercial casino gaming revenue was \$551.9 million, down 23.2 percent. The decrease came despite a first full-year of operations at the Encore Boston Harbor casino-resort near Boston, which was not enough to overcome a pandemic-driven decline in revenue.

NUMBER OF COMMERCIAL CASINOS

3

CASINO FORMAT

Land-Based
Casinos; Racinos

REGULATORY AUTHORITY

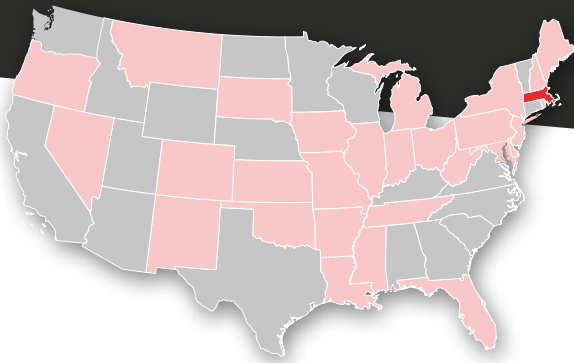
Massachusetts
Gaming
Commission

GROSS CASINO GAMING REVENUE 2020

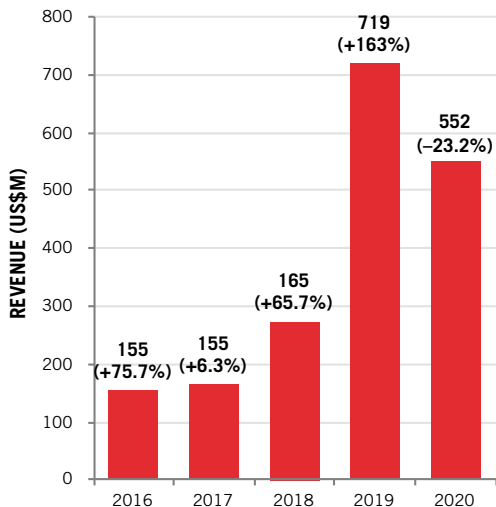
\$551.9M

GAMING TAX REVENUE 2020

\$157.7M



Massachusetts: Commercial Casino Gaming Revenue (US\$M)
2016 to 2020



SOURCE: Massachusetts Gaming Commission

Market Overview

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

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

The Category 2 license was awarded to Plainridge Park, a harness racing track in Plainville, which opened an adjoining casino in 2015. The first casino-resort license was awarded to MGM Resorts, which opened the MGM Springfield complex in western Massachusetts in August 2018. Wynn Resorts won the third license and chose Everett, just north of Boston, as the host city for a \$2.6 billion casino-resort. Wynn’s Encore Boston Harbor casino-resort opened in June 2019.

The license for Massachusetts' fourth and final casino was designated under the 2011 law for the Mashpee Wampanoag Tribe to develop a tribal casino in the southeastern region of the state. The project has stalled, however, due to successful legal challenges against the federal government's decision to acquire land for the Mashpee casino.

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

Market Performance

In 2020, total statewide commercial gaming revenue was \$551.9 million, down 23.2 percent against the previous year.

That statewide gaming revenue declined during the first 12-month period in which Massachusetts had three commercial casinos operational reflected the severe impact that COVID-19 had on the state's gaming industry.

All three casinos were required to close between March 15 and July 8. Upon reopening, the properties were obligated to comply with a series of hygiene standards adopted by the Massachusetts Gaming Commission to ensure social distancing in their facilities. Notably, the standards initially prevented Encore Boston Harbor and MGM Springfield from offering poker, craps or roulette until the commission permitted those games to resume in October.

As case numbers began to rise again in the fall, the three casinos were required in November to close by 9:30 p.m. each night in order to comply with a statewide curfew applicable to all Massachusetts businesses that was imposed by Gov. Charlie Baker (R). That curfew remained in effect through the end of the year. In December, casinos were forced to cut their maximum occupancy from 50 percent to 25 percent of capacity. Collectively, Massachusetts casinos lost an estimated 32 percent of total operating days in 2020 due to the pandemic.

Statewide revenue from electronic gaming devices in 2020 was \$365.7 million, down 22.8 percent against 2019's total. Amid the tighter restrictions on roulette and other games, table game revenue was \$186.3 million, down 23.9 percent.

Having been open for just six months in 2019, Encore Boston Harbor did record higher gaming revenue than in the previous year. The casino reported total revenue for 2020 of \$331.7 million, up 5.4 percent.

However, Massachusetts' two established commercial casinos both saw steep declines. Revenue from MGM Springfield was \$138.0 million, down 45.4 percent, while revenue from Plainridge Park Casino was \$82.2 million, down 45.9 percent.

Gaming Tax Distribution

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

Whereas Plainridge Park, which holds the Category 2 license, is subject to a 49 percent tax on electronic gaming device revenue, MGM Springfield and Encore Boston Harbor are subject to a lower rate of 25 percent of both electronic gaming device and table game revenue. The lower overall rate reflects, in part, the greater staff cost involved in the hosting of live table games, as well as the larger amounts Category 1 licensees were required to invest to develop their casino-resorts. In addition to the taxes on revenue, all commercial casino facilities must pay a \$600 annual fee for each of their electronic gaming devices.

In 2020, Massachusetts' three commercial casinos generated total gaming tax revenue of \$151.7 million, down 29.8 percent from 2019.

Of this amount, approximately \$56.5 million was distributed to Massachusetts' Gaming Local Aid Fund, which was created under the 2011 gaming law to help support the budgetary needs of city and town governments across the state.

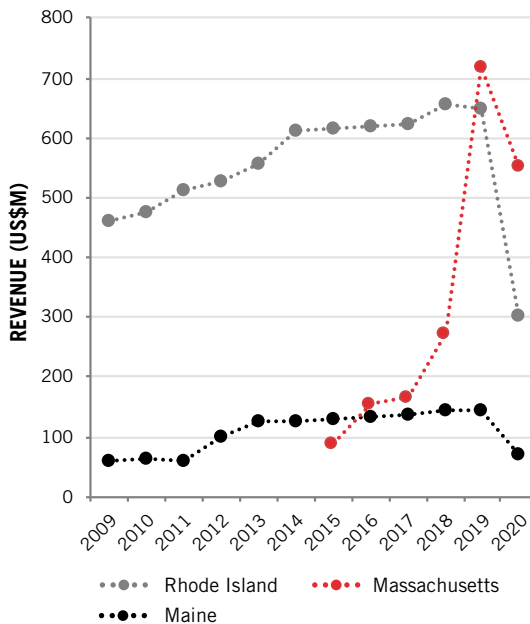
Some 82 percent of gaming tax revenue generated by Plainridge Park is distributed to the local aid fund, with the remainder going toward the Massachusetts horse racing industry.

Tax revenue from Massachusetts' casino-resorts is more broadly distributed. While the Gaming Local Aid Fund receives the largest slice of casino-resort tax revenue, other major beneficiaries include transportation and infrastructure projects, K-12 and higher education programs and a statewide economic development fund.

New England States: Annual Gaming Revenue

2009 to 2020

Despite witnessing a decline in overall gaming revenue for the year, Massachusetts' commercial casino gaming market was by far the largest in the New England region in 2020 following the mid-2019 opening of the Encore Boston Harbor casino-resort in Everett.



SOURCE: State gaming commissions

Competitive Landscape

While the opening in 2019 of Encore Boston Harbor means no new casino openings are on the near-term horizon in Massachusetts, the three commercial casino venues do face the prospect of expanded competition both within and beyond the state's borders.

The Mashpee Wampanoag Tribe's plans to develop a \$1 billion tribal casino-resort in the city of Taunton, Massachusetts remained on hold at the end of 2020, following the federal government's move in 2018 to reverse its decision to acquire land for the project.

Still, Massachusetts' 2011 casino law does allow for the Massachusetts Gaming Commission to invite applications from other parties for a commercial casino-resort license in the southeastern region of the state, if the Mashpee tribe remains unable to proceed with a tribal casino.

If neither a new commercial facility nor a Mashpee tribal casino is going to be built, state lawmakers have also introduced legislation proposing that Plainridge Park Casino instead be authorized to expand its operations by adding live table games.

In Connecticut, a proposed casino within striking distance of the Massachusetts border, as approved by the legislature in 2017, was formally put on hold in December, with the joint venture of two Native American tribes pursuing the project citing the financial impact of the pandemic.

A third Connecticut casino would add to the already significant out-of-state competition faced by Massachusetts from Connecticut's two tribal casinos and Rhode Island's two commercial casinos. In Rhode Island's case, casinos also offer sports betting. Twin River Casino, in particular, competes with Plainridge Park, located just 20 miles north, for customers from nearby Providence and Pawtucket.

Massachusetts also faces competition for sports betting from New Hampshire, where statewide mobile sports wagering was launched at the end of 2019 and the first two of up to ten retail sportsbooks were

opened in 2020. One of those sportsbooks is located in the town of Seabrook, right on New Hampshire's southeastern border with Massachusetts.

Policy & Regulatory Review

Sports Betting

Massachusetts came close to legalizing sports betting in 2020 after the House in July passed a broad economic development bill that included provisions to regulate sports wagering.

That bill would have authorized the Massachusetts Gaming Commission to issue licenses for retail sports betting to the state's commercial casinos and racing facilities. Casinos, leading fantasy sports providers and a limited number of online sportsbook operators could also be licensed to offer mobile sports wagering.

While supported by a coalition of gaming interests and Massachusetts professional sports teams, the legislative effort stalled when the Senate declined to incorporate sports betting language into its own version of the economic development package. Senators instead said sports wagering should be considered as a standalone measure subject to further debate during the 2021 legislative session.

Expansion

The fate of Massachusetts' third and final casino-resort license continued to be a pressing issue for policymakers in 2020.

In January, the Massachusetts Gaming Commission opened a formal consultation process to seek industry and public input on whether it should reopen competitive bidding on a commercial casino-resort license in the southeastern region of the state. Among other things, the commission asked whether a detailed market study to review the viability of a third Massachusetts casino-resort should be undertaken prior to any decision.

The commission rejected an initial application for the southeastern Massachusetts casino license in 2016, citing uncertainties regarding the Mashpee project. In 2019, regulators then denied a request that they reconsider their rejection of that application.

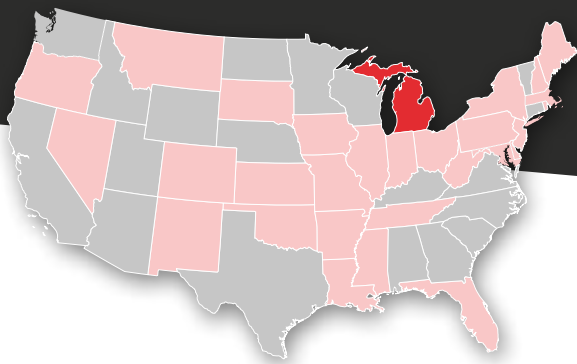
Responses to the consultation were due in mid-March and commissioners did not follow up with further action during the remainder of the year as they prioritized other matters such as COVID-19 reopening protocols.

In July, the Massachusetts House passed an economic development bill that would have required the commission to conduct a study on the feasibility of a third casino-resort in the southeastern region.

Similar to sports betting, however, the casino provisions were not included in the Senate's version of the economic development measure and the study was not part of a final version of the legislation that was being negotiated by lawmakers at the end of the year.

Michigan

In 2020, total statewide commercial casino gaming revenue was \$638.7 million, down 56.1 percent, as the pandemic forced commercial casinos in Detroit to twice suspend operations in the spring and late fall.



NUMBER OF COMMERCIAL CASINOS

3

CASINO FORMAT

Land-Based Casinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Michigan Gaming Control Board

GROSS CASINO GAMING REVENUE 2020

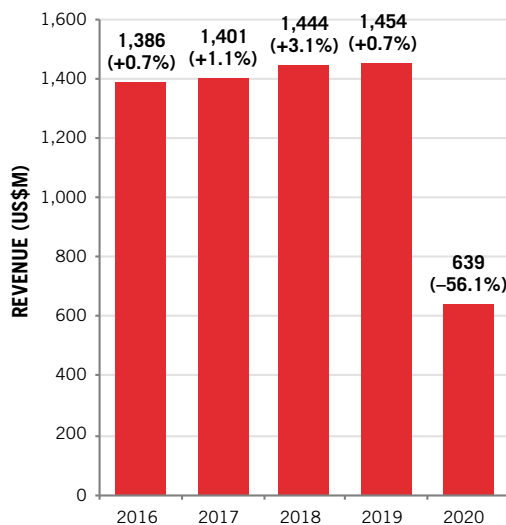
\$638.7M

GAMING TAX REVENUE 2020

\$174.4M

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

2016 to 2020



SOURCE: Colorado Department of Revenue

Market Overview

Michigan offers commercial casino gaming at three casinos, each of which operates electronic gaming devices, table games and sports betting. The casinos are regulated by the Michigan Gaming Control Board (MGCB).

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

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

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

In December 2019, an expanded gaming package was signed into law authorizing the state’s commercial casinos and recognized Native American tribes to offer online sports betting and internet gaming via servers hosted within their facilities. Regulations governing both activities were adopted by the MGCB in December 2020, with operations expected to commence in early 2021.

Michigan’s commercial casinos launched land-based sportsbooks in March 2020, after the December 2019 legislation confirmed that in-person sports betting within casinos was an authorized form of casino gaming under existing statutes.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$638.7 million, down 56.1 percent compared to the previous year.

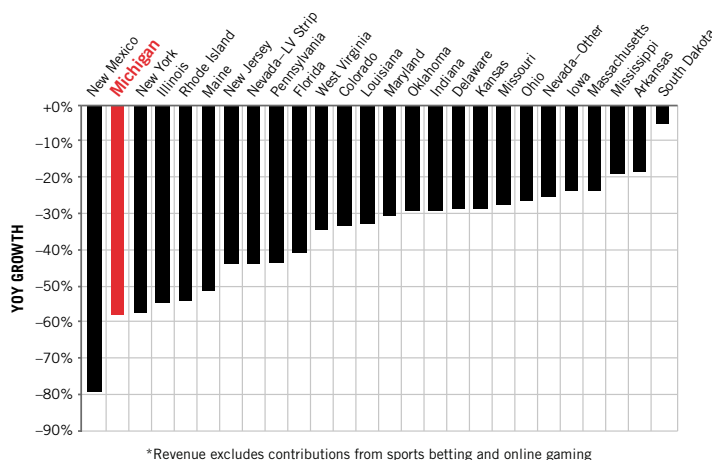
The decline reflected the impact of COVID-19 on Detroit’s three commercial casinos, which were required to remain closed between March 16 and August 5. Upon reopening, the three casinos were required to comply with a series of enhanced health and safety measures. Notably, these included operating at no more than 15 percent of maximum capacity, compared with equivalent capacity restrictions in most other commercial casino gaming jurisdictions of either 25 or 50 percent.

As part of a series of actions taken by the state to mitigate rising COVID-19 case numbers in the fall, commercial casinos were required to close for a second time between November 18 and December 23. Collectively, Michigan’s commercial casinos lost an estimated 48 percent of total operating days in 2020 due to the pandemic.

Revenue from traditional electronic gaming devices and table games was \$620.4 million in 2020, down 57.3 percent relative to the prior year. In its first few months of operation, sports betting revenue amounted to \$18.3 million.

YoY Growth in Gaming Revenue by State 2020

Of the 25 states with land-based commercial casinos, only New Mexico suffered a steeper decline in statewide gaming revenue than Michigan in 2020. While Michigan casinos reopened in August, capacity was restricted to no more than 15 percent of maximum occupancy. Casinos were also closed for a second time in November.



SOURCE: State Gaming Commissions

Gaming Tax Distribution

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

In 2020, Michigan’s three commercial casinos generated estimated total gaming tax revenue of \$174.4 million, down 50.1 percent from 2019.

The City of Detroit uses the gaming taxes it receives to fund a variety of public needs, including law enforcement, public safety programs, economic development and job creation programs, anti-gang and youth development programs, tax relief and

infrastructure improvements. Meanwhile, gaming tax revenue that the state receives is allocated to the Michigan School Aid Fund, which benefits K-12 public education.

Competitive Landscape

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

The three Detroit facilities do face competition from Michigan's 24 tribal casinos, although the closest property is more than 100 miles away. Notably, Michigan's dozen recognized Native American tribes are also authorized to offer sports betting in tribal casinos and are eligible to obtain state licenses to compete with commercial casinos in state-wide internet gaming and online sports betting.

Michigan's commercial casinos face direct competition from Caesars casino-resort in Windsor, Ontario located on the opposite bank of the Detroit River.

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

Policy & Regulatory Review

Sports Betting

After commercial casinos received approval to launch retail sportsbooks in March, the MGCB developed regulations in order to authorize commercial and tribal casinos to operate online sports betting throughout the state.

In December, regulations establishing requirements for the licensing of operators and suppliers, responsible gaming protocols, the sources of data used to settle bets, integrity reporting, among various other issues, were formally adopted by the MGCB after a series of industry consultations.

Overlapping regulations for internet casino-style gaming were adopted at the same time as those applicable to online sports betting. A further set of rules governing online fantasy sports contests, which were also legalized in December 2019, remained under development at the end of 2020.

The regulations for online sports betting and internet gaming allowed Michigan's three commercial casino operators and 12 federally recognized Native American tribes to be awarded licenses to deploy online platforms featuring one individual brand, or "skin," for each vertical of sports betting, casino games and poker.

Commercial and tribal casinos announced a series of agreements during 2020 to partner with leading online operators to conduct online sports betting and internet gaming on their behalf.

Internet Gaming

In December, Gov. Gretchen Whitmer (D) signed a bill to authorize Michigan's licensed internet poker platforms to pool players with operators in other states with lawful online poker, pursuant to agreements entered into by the MGCB.

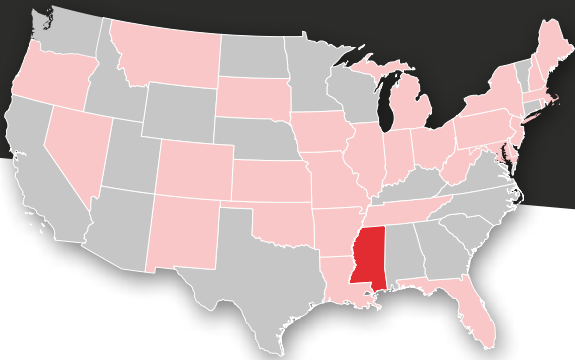
New Jersey, Nevada and Delaware are already signatories to a multijurisdictional internet gaming agreement that allows poker players located in all three states to compete against one another in peer-to-peer games facilitated by licensed operators.

After regulators determined that Michigan's 2019 internet gaming law was unclear regarding the issue, December's legislation in effect clarified the MGCB's authority to sign on to the same agreement.

Operators and regulatory officials advocated for multi-state internet poker in Michigan in order to enable the state's forthcoming internet gaming platforms to offer a wider range of poker tournaments with higher jackpots.

Mississippi

In 2020, total statewide commercial casino gaming revenue was \$1.80 billion, down 18.4 percent, as casinos were forced to close by the pandemic in the spring and then by two hurricanes in the fall.



NUMBER OF COMMERCIAL CASINOS

26

CASINO FORMAT

Land-Based Casinos; Riverboat Casinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Mississippi Gaming Commission

GROSS CASINO GAMING REVENUE 2020

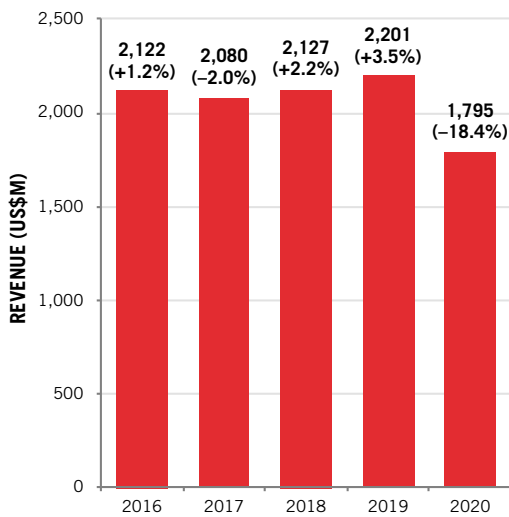
\$1.80B

GAMING TAX REVENUE 2020

\$213.8M

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

2016 to 2020



SOURCE: Mississippi Gaming Commission

Market Overview

Mississippi offers commercial casino gaming at 26 land-based and riverboat casinos located along the Mississippi River and the Gulf Coast. The casinos, which offer electronic gaming devices, table games and sports betting, are regulated by the Mississippi Gaming Commission.

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

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

While there is no statutory limit on the number of commercial casinos that can be established in Mississippi, casino projects must meet certain minimum criteria in order to receive a license. Under regulations enacted in 2013, any new casino must offer at least 300 hotel rooms,

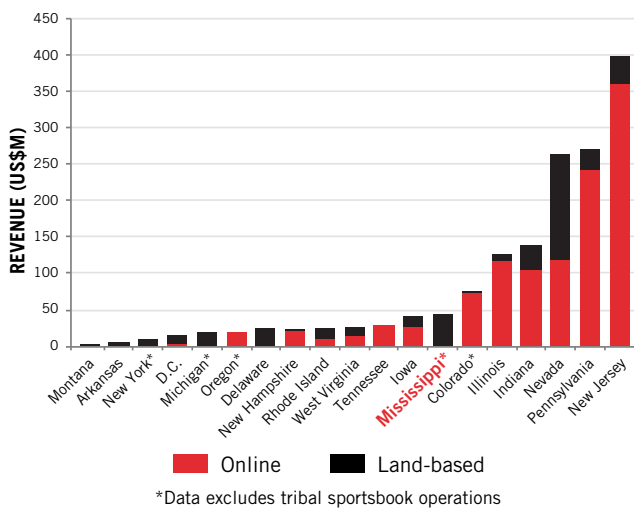
a minimum 40,000 square-foot gaming floor, a fine-dining restaurant and a further “amenity” unique to the Mississippi market that will encourage tourism.

Mississippi became the fourth state to offer single-game sports betting on August 1, 2018, exactly 26 years from the day the state’s first commercial casino opened on the Gulf Coast. Unlike other states, Mississippi did not have to pass a specific law to authorize sports betting; instead, sports wagering falls under the broader range of gaming activities permitted by the state’s casino gaming statute.

United States: Regulated Sportsbook Revenue by State

2020

With sports betting restricted to the site of land-based casinos, Mississippi was swiftly overtaken in 2020 by the mobile-centric markets of Colorado and Illinois in terms of annual sports wagering revenue. Online sports betting began in Colorado in May and in Illinois in June.



SOURCE: State regulators

Market Performance

In 2020, Mississippi’s commercial casinos generated total gaming revenue of \$1.80 billion, down 18.4 percent relative to 2019.

The decline was primarily attributable to the COVID-19 pandemic, which forced all Mississippi commercial casinos to suspend operations between March 16 and May 21. Upon reopening, casinos were required to comply with a series of guidelines, including a maximum occupancy of 50 percent of capacity, in order to ensure social distancing in their facilities.

Later in the year, commercial casinos located on Mississippi’s Gulf Coast were required to close again for several days in September and October due to Hurricane Sally and Hurricane Zeta. Collectively, Mississippi casinos lost an estimated 18 percent of total operating days in 2020 as a result of the pandemic and the two storms.

Total statewide revenue from electronic gaming devices as reported by the Mississippi Gaming Commission was \$1.46 billion, down 18.0 percent versus 2019, while table game revenue was \$264.4 million, down 23.3 percent. Sports betting revenue was \$43.7 million, down a more modest 1.6 percent relative to the previous year.

The revenue declines were spread fairly evenly between the state’s dozen commercial casinos situated on the Gulf Coast and its riverboat casinos in the Mississippi River market. Gulf Coast casinos reported total gaming revenue of \$1.08 billion in 2020, down 17.8 percent against 2019, while casinos on the Mississippi River reported gaming revenue of \$717.3 million, down 19.1 percent.

Gaming Tax Distribution

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

In addition, each of the local Mississippi municipalities that host commercial casinos charge an additional annual license fee at an average rate of 3-4 percent on gaming revenue. Revenue from sports wagering is taxed at the same state and local rates as revenue from traditional casino games. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2020, Mississippi commercial casinos paid approximately \$213.8 million in direct gaming taxes, down 18.3 percent from 2019, according to statistics collected by the Mississippi Gaming Commission.

Of that total amount, approximately \$109.6 million was distributed to Mississippi's General Fund. Monies in the General Fund are subject to annual appropriations to support various state budgetary needs, including education programs, transportation, local public safety programs and social welfare initiatives.

Some \$73 million worth of gaming tax revenue in 2020 was transferred to local governments that host casinos. A further \$31.2 million was allocated for Mississippi's Special Bond Sinking Fund, which is mainly used to pay for improvements to state roads and bridges.

Competitive Landscape

Mississippi's commercial casinos compete in a crowded statewide gaming market that also includes three tribal casinos owned by the Mississippi Band of Choctaw Indians. Unlike the 26 commercial properties along the Gulf Coast and the Mississippi River, the three tribal casinos are located in the center of the state. They do, however, compete with four casinos in Vicksburg for customers from Jackson—the state's largest city.

Plans for several new casino-resort projects have been announced for Biloxi on Mississippi's Gulf Coast, including a \$1.2 billion proposal by Universal Music Group, but none had received final approval from the Mississippi Gaming Commission before the end of 2020.

Commercial casino operators also face significant competition from properties in neighboring states.

Following approval of a state constitutional amendment in November 2018, Arkansas has launched commercial casino gaming at three properties, including a racino in West Memphis. The racino, Southland Casino Racing, had formerly been restricted to a more limited range of electronic gaming devices that already served as a competitive threat to Mississippi commercial casinos in Tunica, even before the Arkansas racino was expanded to include table games and sports betting.

In southern Mississippi, Gulf Coast casinos draw some of their business from Louisiana residents. While the ability of Mississippi casinos since 2018 to offer sports betting has given them a competitive edge, that advantage is poised to end in 2021 or 2022 following the approval in November 2020 of a referendum to authorize sports wagering in each of the parishes that host Louisiana casinos.

A further competitive threat to Mississippi's commercial casino gaming industry comes from a potential expansion of gambling in neighboring Alabama. While the Alabama market is already served by electronic bingo devices at tribal casinos, a task force was established by Gov. Kay Ivey (R) in 2020 to study the state's policy options regarding commercial casinos, expanded tribal gaming, a state lottery and sports wagering. A report by the Alabama Study Group on Gambling was published in December 2020 and was expected to set the stage for discussions in the state legislature during the 2021 session.

Policy & Regulatory Review

Sports Betting

The ongoing confinement of legal sports betting in Mississippi to land-based and riverboat casinos remained a policy focus for lawmakers and the state's commercial gaming industry in 2020.

During the state's 2020 legislative session, two separate bills to authorize statewide online sports betting were introduced in the Mississippi Senate, along with three similar measures in the House. All of the bills died in committee in early March, however, after lawmakers declined to advance them before a legislative deadline.

The Mississippi Senate Gaming Committee did hold a hearing on the issue in December 2020, receiving testimony from representatives of online sports betting operators as well as the state's chief gaming regulator as to the potential benefits of allowing mobile sports betting.

At the end of 2020, Mississippi was one of six active sports betting states that allow sports wagering strictly within casinos or other retail establishments. In contrast, online sports betting was offered in 13 states plus Washington DC. Notably, Mississippi's northern neighbor, Tennessee, became the first southern state to launch online sports wagering in November 2020.

IN FOCUS

Tribal Gaming



Just like the commercial casino gaming industry, tribal gaming suffered greatly in 2020 as a result of the COVID-19 pandemic.

But as bad as 2020 turned out to be, the outcome could have been far worse.

James Klas, an economic development consultant in Minnesota, predicted in July that tribal gaming revenue for 2020 would barely surpass \$20 billion, compared to 34.6 billion in 2019.

By the end of the year, Klas revised his projection to \$25 billion—still a precipitous drop of almost 28 percent from 2019 but significantly better than Klas and tribal gaming officials first anticipated.

“Whatever you think of our public health approach to this pandemic, there’s definitely been a less severe economic impact than we initially feared,” Klas said during a webinar sponsored by the National Indian Gaming Association.

The pandemic ended a streak of nine consecutive years of revenue growth for tribal gaming following the Great Recession.

At one point in 2020, every tribal gaming operation in the United States was shut down, an unprecedented event in the 33 years since the federal Indian Gaming Regulatory Act (IGRA) became law in 1988.

By December 31, there were 457 Native American casinos back in business, but 13 percent remained closed. Tribal gaming operations were on average closed for about three months in 2020.

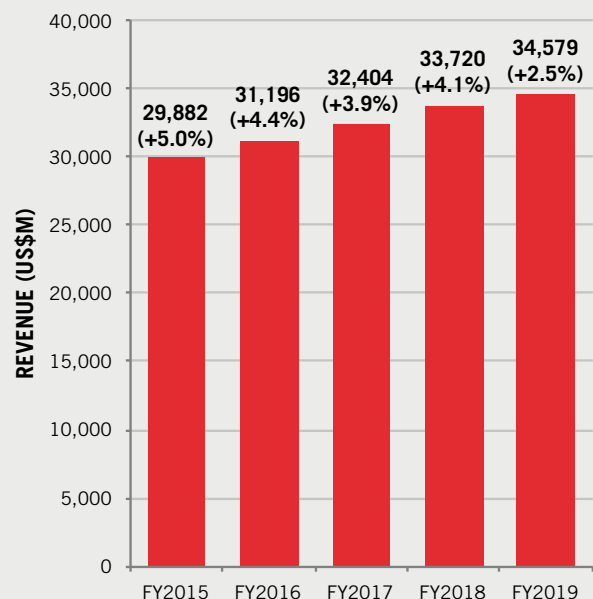
“So you’re losing in the ballpark of a quarter of a year’s worth of revenue there,” Klas said. “Even if you had a perfect year the rest of the year—which, of course, we didn’t—you can’t make up a whole quarter of revenue.”

Just like at commercial casinos, ancillary amenities at tribal casinos, such as concert halls, hotel rooms, restaurants and other forms of entertainment, took a bigger hit than electronic gaming devices and table games.

“At least on the gaming floor, you get some of your high-end customers in there. They can come in; they can spend more money, which happily they have been doing,” Klas said.

The closure of tribal gaming facilities was particularly difficult for Native American communities because casinos operated on sovereign tribal lands provide the main source of revenue for many tribal governments who, like states and the federal government, were grappling in 2020 with how to address an unprecedented public health crisis that had an outsized impact on their citizens

United States: Tribal Casino Gaming Revenue FY2015 to FY2019



SOURCE: National Indian Gaming Commission

This once-in-a-century cataclysm accelerated the evolution of tribal gaming, particularly with regard to sports betting.

As tribal gaming operators came to grips with the crippling losses confronting their industry, the ambivalence that had been seen in some quarters regarding sports wagering began to dissipate.

In Michigan, the state's dozen federally recognized tribes all inked partnerships to participate in online sports betting and internet gaming on a statewide basis in accordance with a new law enacted in December 2019.

Michigan tribes also opened retail sportsbooks in their casinos during 2020, as did tribes in Colorado and Oregon. In March, a new state law was enacted in Washington State authorizing sports wagering exclusively on tribal lands—enabling sportsbook operations to be added to tribal casinos once regulations are adopted and tribes can negotiate amendments to their gaming compacts with the state.

By the end of the year, sports betting was being offered at tribal casinos in seven of the 29 states with tribal gaming—Colorado, Michigan, Mississippi, Nevada, New Mexico, New York and Oregon.

Until the pandemic, there was a school of thought among some tribal officials that sports betting which could detract from their hugely successful brick-and-mortar casinos.

Other concerns voiced by tribes about sports betting focused on potential complications arising from having to amend their gaming compacts with states, as well as federal restrictions on tribal participation in mobile sports wagering.

Later in the year, some tribal officials and executives even began to talk openly about revising IGRA to incorporate tribal participation in online sports betting and internet gaming.

Such changes are necessary, some Native American leaders say, to prevent tribal gaming from falling behind commercial operators in the competition for dollars from these newer segments of the U.S. gaming industry.

The federal stimulus package, known as the CARES Act, that President Trump signed in March provided some relief to tribes and their casinos during the darkest days of the pandemic. Without the \$8 billion that the law set aside for tribes, Indian Country would have sustained losses of \$17 billion to \$20 billion instead of \$9 billion to \$12 billion, according to Klas.

In December, Democratic Congresswoman Deb Haaland of New Mexico was nominated to the U.S. Department of the Interior. Haaland is an enrolled member of the Laguna Pueblo Tribe of New Mexico and is the first Native American to serve as a cabinet secretary. She was previously the first woman to chair her tribe's development corporation, which is the second largest tribal gaming enterprise in New Mexico.

In Oklahoma—the second largest tribal gaming market in the U.S., after California—a disagreement over the status of the state's gaming compact with local tribes continued in 2020. Gov. Kevin Stitt (R), a member of the Cherokee Nation, decided not to pursue a legal appeal to force tribes in his state to renegotiate gaming compacts and return a higher share of revenue from their operations.

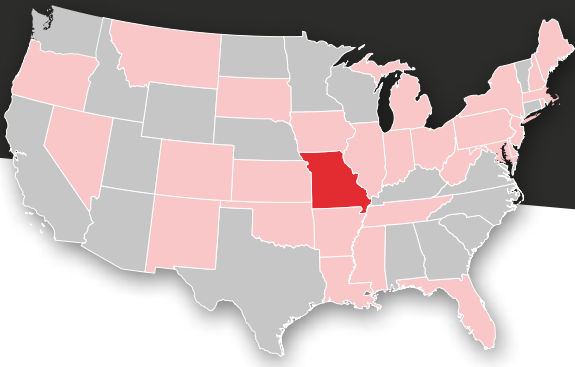
A federal court sided with the tribes to deny the governor's insistence that compacts expired in January 2020, rather than being automatically renewed. Gov. Stitt lost a separate case that overturned new compacts struck with two tribes that would have allowed them to offer sports betting, without the blessing of the state legislature.

"A significant rift continues between Gov. Stitt, the Oklahoma legislature and the tribes," said Michael McBride, a tribal gaming attorney in Tulsa, Oklahoma. "With the gaming compact impasse and his unilateral interpretation that the compact ended, Governor Stitt and his team have work to do to mend relationships with Oklahoma's tribal sovereigns."

The political chasm which still exists between the governor and tribes will make it difficult to advance sports betting and other new forms of gaming in Oklahoma, McBride said.

Missouri

In 2020, total statewide commercial casino gaming revenue was \$1.26 billion, down 26.9 percent, amid a severe drop in casino visitation caused by the COVID-19 pandemic.



NUMBER OF COMMERCIAL CASINOS

13

CASINO FORMAT

Riverboat Casinos

REGULATORY AUTHORITY

Missouri Gaming Commission

GROSS CASINO GAMING REVENUE 2020

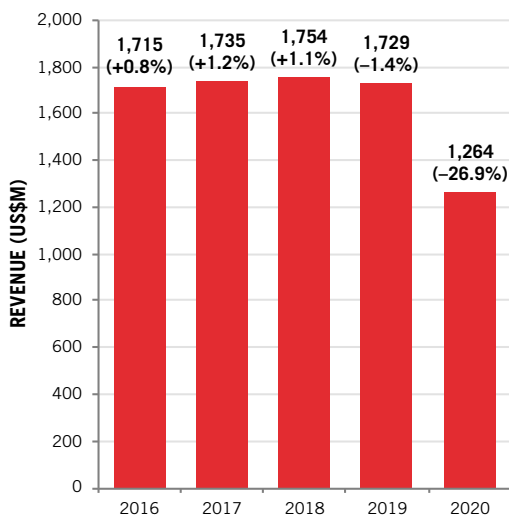
\$1.26B

GAMING TAX REVENUE 2020

\$309.3M

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

2016 to 2020



SOURCE: Missouri Gaming Commission

Market Overview

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

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

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

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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$1.26 billion, down 26.9 percent compared to 2019.

The decline was primarily attributable to the pandemic, which forced all Missouri casinos to suspend operations between March 17 and June 1. Upon reopening, casinos operated at reduced capacity, with limits on the number of electronic gaming devices and table game positions available to patrons. Collectively, Missouri's commercial casinos lost an estimated 21 percent of total operating days in 2020 due to COVID-19.

The pandemic also translated into a significant reduction in casino admissions. Missouri commercial casinos admitted less than 22 million patrons in 2020, more than 40 percent fewer than in 2019.

Statewide revenue from electronic gaming devices was \$1.09 billion, down 25.9 percent versus 2019, while table game revenue was \$172.4million, down 32.9 percent.

Gaming Tax Distribution

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

In 2020, Missouri's commercial casinos generated total gaming tax revenue of \$309.3 million, including admissions fees, down 29.2 percent versus the previous year.

The majority of gaming tax revenue, approximately \$239 million in 2020, is reserved for Missouri's Gaming Proceeds for Education Fund. The fund was created by the Missouri legislature in 1993 and distributes monies annually to statewide education programs.

Elsewhere, approximately \$48.5 million in gaming taxes and admissions fees were paid to local

governments that host Missouri's casinos, while some \$22 million was set aside for additional social causes, including responsible gaming initiatives, that are supported by a state gaming fund.

Competitive Landscape

With the state's 13th and final license awarded in 2011, Missouri's competitive landscape in terms of commercial casinos is expected to remain stable for the foreseeable future.

Regionally, however, Missouri casinos contend with a robust and expanding gaming market. Casinos in the greater Kansas City and St. Louis areas face direct competition from rival properties in Kansas City, Kansas, and in East St. Louis, Illinois, respectively.

Thanks to new gaming legislation passed in Illinois in 2019, St. Louis casinos are also set to face additional competition in the coming years. Among other things, the Illinois legislation allowed Fairmount Park racetrack near East St. Louis to apply for a license to offer electronic gaming devices, table games and sports betting, with a nearby motor speedway eligible to host a sportsbook. A new Illinois casino is also authorized in Williamson County, roughly 100 miles from St. Louis.

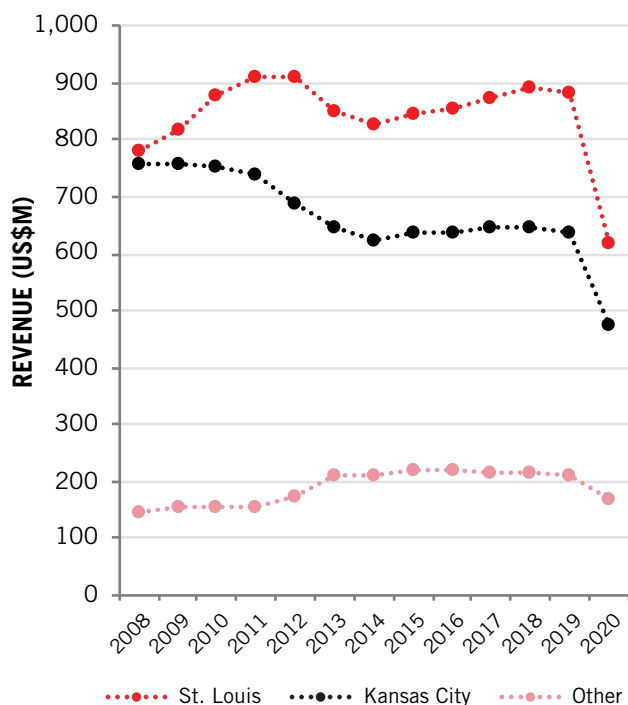
In recent years, Missouri casinos in the eastern part of the state have also faced increased competition from Illinois' burgeoning market for electronic gaming devices (VGTs) at non-commercial casino locations, such as bars and truck stops.

Along the short Missouri-Oklahoma border, four casinos operated by Oklahoma tribes attract customers from across the state line. To the north, Iowa boasts more than 20 casinos, including two within 50 miles of the Missouri border. Meanwhile, to the south, Arkansas has recently authorized up to four commercial casinos, although none less than 100 miles away from the Missouri state line.

Missouri Casinos: Annual Gaming Revenue by Region

2008 to 2020

While all Missouri commercial casinos suffered a decline in revenue in 2020, the contraction was sharpest in the state's largest gaming market of St. Louis where casinos traditionally also cater to out-of-state patrons from the Illinois side of the border.



SOURCE: Missouri Gaming Commission

Policy & Regulatory Review

Illegal Gaming

How to address a proliferation of unregulated gaming devices in convenience stores and other non-casino locations was a chief policy focus in Missouri in 2020.

Two separate bills to impose stricter penalties on illegal gambling devices were passed by a state Senate committee in January. However, neither of the bills received a vote on the Senate floor before lawmakers adjourned a few months later.

One fundamental question posed by policymakers and law enforcement officials was whether popular gaming devices purporting to offer games of skill were actually illegal under state law.

A degree of legal clarity arrived in September when a Platte County court judge ruled that one type of device did constitute illegal gambling. Still, a series of other enforcement actions and related litigation remained ongoing at the end of year.

Expansion

One policy response to the spread of unregulated gaming devices came through proposed legislation that would channel demand to regulated electronic gaming devices in convenience venues, similar to the approach of neighboring Illinois.

Several bills to establish a network of regulated video lottery terminals (VLTs) under the authority of the Missouri Lottery Commission were introduced in both chambers of legislature, with one bill in the House passing two committees before expiring without receiving a vote on the House floor.

The VLT proposals encountered opposition from commercial casino operators, who cited the capital investments they have made in their gaming facilities and concerns as to how electronic gaming devices in convenience locations have cannibalized revenue from land-based casinos in Illinois.

Also in 2020, Missouri lawmakers considered a range of bills to authorize sports betting in commercial casinos and through online platforms, but neither the Senate nor the House voted to pass any bill before the legislative session was curtailed by the onset of the pandemic.



Montana

Montana reported total sports betting revenue of approximately \$2.4 million in 2020, following the launch of wagering kiosks in licensed retail establishments in March.

NUMBER OF COMMERCIAL CASINOS

N/A

CASINO FORMAT

N/A

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

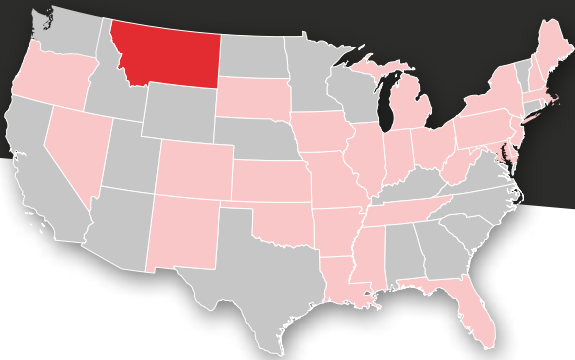
Montana Lottery Commission

GROSS SPORTS BETTING REVENUE 2020

\$2.4M

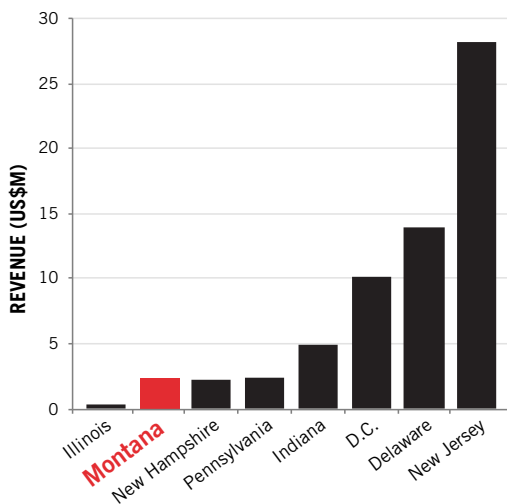
SPORT BETTING TAX REVENUE 2020

N/A



United States: Retail Sportsbook Revenue by State* (US\$M)

2020



*Data excludes revenue from sportsbooks located at casinos/racinos

SOURCE: State regulators

Market Overview

Montana has no commercial casino venues but offers sports betting through a network of sports wagering kiosks operated by the Montana Lottery.

The state authorized sports betting in May 2019 when a bill passed by the state legislature was signed into law by Gov. Steve Bullock (D).

The law authorizes the Montana Lottery to operate sports wagering via electronic devices and mobile applications available on the premises of approved retail locations that are already licensed to host limited-stakes electronic gaming devices, charitable gaming or bingo. Sports betting is regulated by the Montana Lottery Commission.

Legal sports betting began in March 2020 when sports wagering kiosks were delivered to the first retail locations in Montana. At year-end, more than 300 retailers had been approved to host lottery-operated sports betting.

Market Performance

In 2020, total sports betting revenue was approximately \$2.4 million, according to the Montana Lottery.

Notably, the revenue total would likely have been higher had the Montana Lottery's rollout of sports wagering kiosks to licensed retailers not been curtailed by the pandemic. All bars and charitable gaming venues eligible to host sports betting were required to close between March 20 and May 4, when they were permitted to reopen at reduced capacity and subject to an 11:30 p.m. curfew. Tighter restrictions were also imposed in November amid a spike in statewide COVID-19 cases through the fall.

Gaming Tax Distribution

Sports betting operated by the Montana Lottery is not subject to taxation per se; instead, the lottery returns all net revenue after operating expenses, including marketing and technology costs and retailer commissions, to specific programs as determined by the state legislature. As sports betting is operated directly by the state, it is not subject to the 0.25 percent federal excise tax applied to commercial operators' wagering handle.

Under state law, all net profits generated by the Montana Lottery are distributed either to the state's General Fund or to a scholarship fund to prepare high school students for degrees in science, technology, engineering or healthcare.

Competitive Landscape

As the only state in the upper Great Plains region with legal sports betting, Montana's sports wagering retailers face limited competition from lawful operators.

After South Dakota voters approved a statewide referendum in November 2020, commercial casinos in the town of Deadwood, some 65 miles from the Montana border, will be able to add sports betting

once implementing legislation is enacted by the state legislature.

Having been vetoed in 2019, legislation could also be reintroduced during Montana's 2021 biennial legislative session to authorize commercial sportsbook operations at retail locations. Sports betting may also be launched in Montana tribal casinos, based on language in certain tribal-state gaming compacts that permits tribes to offer any form of gaming otherwise authorized by the state.

Policy & Regulatory Review

Sports Betting

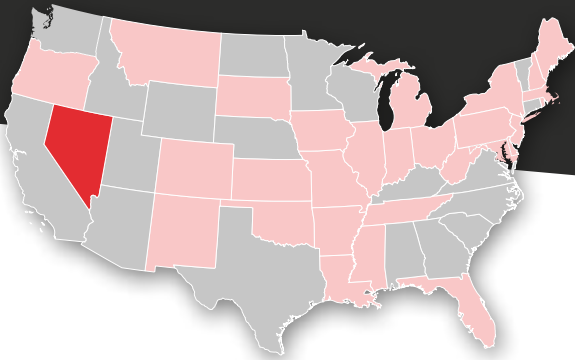
In October, a county district court judge ruled against provisions in the Montana Lottery's sports wagering regulations that required establishments to have an alcohol license in order to qualify for a license to host lottery-operated sports betting kiosks.

Initial rules adopted by the lottery commission in December 2019 limited sports betting to locations that are already licensed to sell alcoholic beverages. However, the county court judge ruled that was contrary to the intent of the state legislature, which required only that sports betting locations have a gambling license, but not necessarily an alcohol license.

The court challenge was filed by one Billings investor who argued the requirement to have an alcoholic beverage license would slow down his ability to become licensed as a sports betting retailer. A few weeks after the ruling, the Montana Lottery confirmed that it did not intend to challenge the decision and would instead amend its regulations accordingly.

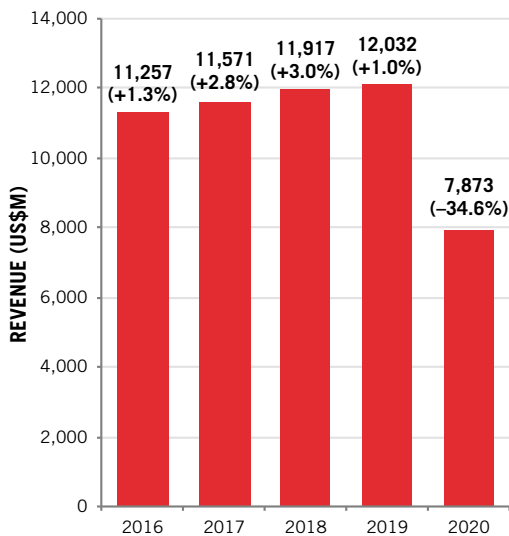
Nevada

In 2020, total statewide commercial casino gaming revenue was \$7.87 billion, down 34.6 percent, reflecting a near three-month shutdown of casinos on the Las Vegas Strip and other parts of the state.



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

2016 to 2020



SOURCE: Nevada Gaming Control Board

NUMBER OF COMMERCIAL CASINOS

215

CASINO FORMAT

Land-Based Casinos

NOTABLE FORMS OF GAMING

Internet Poker;
Sports Betting

REGULATORY AUTHORITY

Nevada Gaming Control Board;
Nevada Gaming Commission

GROSS CASINO GAMING REVENUE 2020

\$7.87B

GAMING TAX REVENUE 2020

\$609.5M

Market Overview

America's oldest commercial casino market by almost 50 years, Nevada has a longstanding reputation as a premier domestic and international gaming destination that welcomes millions of visitors to its casino-resorts each year. Despite the proliferation of commercial casinos across 25 states since the early 1990s, Nevada still dwarfs all other gaming markets, accounting for nearly half of all commercial casinos in the U.S. and more than a quarter of nationwide commercial gaming revenue.

Following the U.S. Supreme Court ruling in May 2018 that ended the federal prohibition on sports betting, Nevada lost its standing as the only state permitted under federal law to offer single-game wagering on professional and amateur sporting events. At the end of 2020, 19 states, including Nevada, offered sports betting through physical sportsbooks, via mobile platforms or both.

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

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

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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$7.87 billion, down 34.6 percent compared to 2019.

The total reflected the impact of COVID-19 on Nevada's casino industry. All casinos were required to cease operations and close their doors on March 18, with the shutdown lasting until June 4. Several properties, however, remained closed for weeks and months longer before reopening.

Once permitted to reopen, casinos and restricted gaming venues were obligated to comply with a series of safety standards established by the NGCB. Those standards included a 50 percent capacity limit on gaming floors and limits on the number of players that could be seated at gaming tables, among other things. In November, commercial casinos were required by Gov. Steve Sisolak (D) to cut occupancy to no more than 25 percent of maximum capacity, amid rising COVID-19 case numbers across the state. Collectively, Nevada casinos lost an estimated 27 percent of total operating days in 2020 due to the pandemic.

Pandemic-related restrictions on international and interstate travel also had a profound impact on Nevada's commercial casino industry in terms of visitation. In 2020, Las Vegas received just over 19 million visits from tourists, down 55.2 percent from approximately 42.5 million the previous year, according to the Las Vegas Convention and Visitors Authority. As every convention after March was cancelled, convention visitation for the year totalled just 1.7 million, versus 6.6 million in 2019.

In 2020, total statewide gaming revenue from electronic gaming devices was \$5.42 billion, down 31.7 percent relative to 2019. Revenue from table games, including the game of baccarat traditionally favored by international high-rollers, was \$2.19 billion, down 41.8 percent.

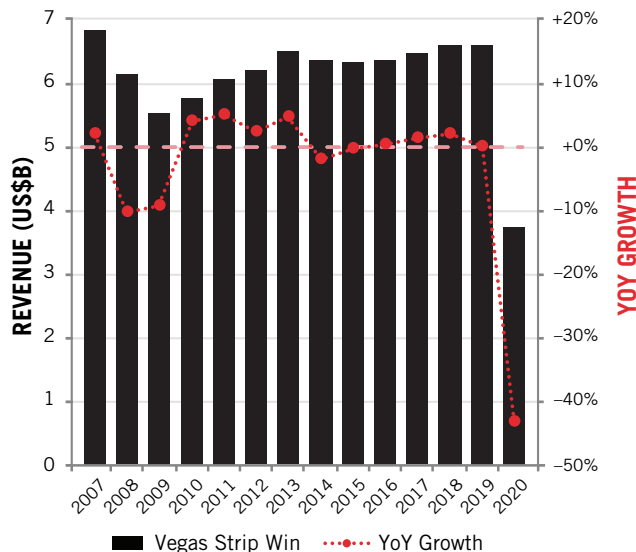
Amid expanded competition from other states, the near three-month shutdown of retail sportsbooks and the cancellation of the annual March Madness college basketball tournament, among other disruptions to sporting events, Nevada sportsbooks reported total sports betting revenue of \$262.8 million in 2020. That represented a decline of 20.1 percent from the \$329.0 million reported the previous year.

In general, segments of Nevada's commercial casino industry that are more reliant on out-of-state tourists underperformed those that generate a greater percentage of revenue from local patrons.

Total gaming revenue reported by casinos located on the Las Vegas Strip was \$3.65 billion, down 43.3 percent versus 2019. Commercial casinos in other parts of Las Vegas and Nevada reported a combined gaming revenue of \$3.95 billion, down 24.8 percent. Overall, the Las Vegas Strip accounted for 48.0 percent of total statewide gaming revenue in 2020, versus 55.1 percent in 2019 and 55.6 percent in 2018.

Las Vegas Strip: Annual Gaming Revenue 2007 to 2020

Amid a dramatic drop in out-of-state tourist visitation to Las Vegas, total gaming revenue reported by commercial casinos on the Las Vegas Strip fell by 43.3 percent in 2020 to less than \$4 billion.



SOURCE: Nevada Gaming Control Board

Gaming Tax Distribution

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

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

Meanwhile, host counties and municipalities may impose additional fees. Nevada sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2020, Nevada collected a total of \$609.5 million in state gaming and live entertainment taxes

revenue from commercial casinos, a 37.1 percent decrease from 2019.

Nevada commercial casinos generated state tax revenue of approximately \$584.0 million from taxes applied directly to gaming revenue or gaming positions, down 32.0 percent relative to prior year. With nearly all concerts and shows cancelled as a result of the pandemic, collections in the form of live entertainment taxes amounted to just \$25.4 million in 2020, down 76.9 percent.

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

Competitive Landscape

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

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

For those reasons, most industry observers predict Nevada’s commercial casino gaming industry is likely to face a somewhat different trajectory in its recovery from the COVID-19 pandemic relative to other U.S. casino markets.

New attractions under development in Las Vegas, including Allegiant Stadium which will host Las Vegas Raiders football games starting in the 2021 National Football League season, in addition to major concerts and other events, will be important to the recovery. The owners of New York City’s Madison Square Garden are also building a spherical concert arena at the Venetian

Resort on the Las Vegas Strip as part of a joint venture with resort-owner Las Vegas Sands.

In terms of gaming supply, the \$1.2 billion Circa Resort & Casino opened in Downtown Las Vegas in October, featuring the world's largest sportsbook. A major new casino-resort, the Asian-themed Resorts World Las Vegas is expected to open in the summer of 2021 at the north end of the Las Vegas Strip, while nearby Virgin Hotels Las Vegas was on track to open earlier in the year at the site of the former Hard Rock Hotel and Casino.

Outside of Las Vegas, commercial casinos in Reno and other parts of northern Nevada have historically been impacted by competition from the dozens of tribal casinos in northern California. Several new tribal casino-resorts have been opened in the Sacramento area in recent years, with at least one further project under development.

Policy & Regulatory Review

Payments Modernization

In June, the NGC adopted regulatory amendments to allow for money to be transferred electronically to electronic gaming devices or table games in commercial casinos.

The new rules were designed to reflect broader consumer preferences for cashless payments by enabling patrons to move funds from a digital wallet, which could be accessed via their smartphone, directly to an electronic gaming device or table game via an approved wagering system.

Nevada regulations had already allowed patrons to transfer money from a debit card to an electronic gaming device. Prior to June, however, regulations required funds to be transferred digitally to a separate device that would print out a dollar amount to be used on the casino floor.

Regulatory Reform

Nevada officials adopted or proposed various other reforms to the state's gaming regulations in 2020.

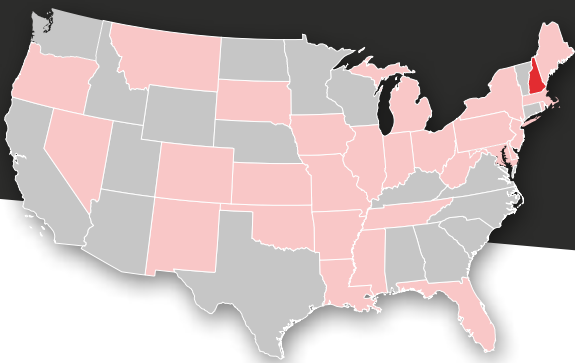
In June, the NGC revised regulations pertaining to the field trials that allow for more innovative electronic gaming devices or other technologies to be tested in a live casino environment prior to final certification and approval.

Among other things, the new rules capped the length of a field trial at no more than 270 days before the game in question must be formally approved by regulators. One month later, the NGCB also rescinded a longstanding policy that had previously prevented game developers from deriving any revenue from new games while they were in operation strictly on a field-trial basis.

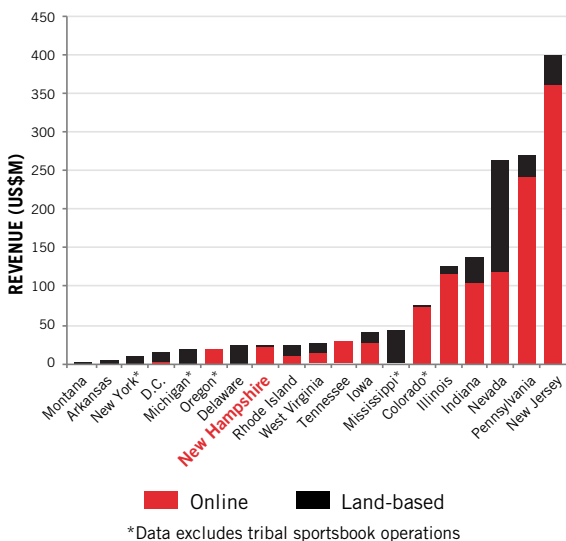
In October, the NGCB proposed further regulatory changes that would allow for patrons to complete a registration process for wagering accounts using remote authentication technology, without an in-person review of documentation by a casino employee. In the case of sports betting, however, patrons would still have to visit the property of a licensed gaming establishment in order to register an account.

New Hampshire

New Hampshire reported total sports betting revenue of \$23.6 million in 2020, following the launch of legal mobile sports wagering on New Year's Eve in 2019.



United States: Regulated Sportsbook Revenue by State 2020



SOURCE: State regulators

NUMBER OF COMMERCIAL CASINOS

N/A

CASINO FORMAT

N/A

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

New Hampshire Lottery Commission

GROSS CASINO GAMING REVENUE 2020

\$23.6M

GAMING TAX REVENUE 2020

\$11.0M

Market Overview

New Hampshire has no commercial casino venues but offers sports betting through the New Hampshire Lottery and its contracted sportsbook partner.

The state authorized sports betting in July 2019 when Gov. Chris Sununu (R) signed a bill that was passed by the state legislature one month earlier.

The law authorizes the New Hampshire Lottery to offer full sports betting through mobile platforms and at up ten retail sportsbook locations by partnering with a maximum of five private operators to conduct sports wagering on its behalf. The lottery is also authorized to directly operate sports lottery parlay games through its traditional network of retailers.

After holding a request for proposals process to seek bids from qualified commercial operators, the New Hampshire Lottery selected DraftKings to be its exclusive agent for mobile and retail sports wagering. DraftKings' New Hampshire mobile sportsbook was launched on the last day of 2019 and its first two retail locations were opened in August and September 2020.

Market Performance

In 2020, total sports betting revenue in New Hampshire was \$23.6 million on handle of \$292.6 million.

Having been available for the full 12-month period, DraftKings online sportsbook accounted for \$21.4 million—or 90.3 percent—of the revenue total. Revenue from retail sports betting was \$2.3 million.

Gaming Tax Distribution

Revenue from commercial sports betting in New Hampshire is subject to an effective tax rate of 51 percent for mobile sports wagering and 50 percent for retail sportsbook locations, with limited deductions for promotional credits offered to patrons.

Those were the revenue-sharing terms DraftKings agreed to as part of its 2019 contract to serve as the New Hampshire Lottery's exclusive sports betting agent for both channels.

The DraftKings operated sportsbook is also subject to a 0.25 percent federal excise tax applied to wagering handle.

Lottery-operated parlay sports betting will be subject to an effective tax rate of 19.25 percent, once it becomes operational.

In 2020, sports betting generated total tax revenue of approximately \$11.0 million.

The vast majority of that total was distributed to the New Hampshire Education Trust Fund, which provides grants to the state's local school districts. Additional monies were allocated to cover administrative costs and to fund a new state responsible gambling council that was established under the 2019 sports betting law.

Competitive Landscape

New Hampshire enjoys a competitive advantage as one of only two states—alongside Rhode Island—in New England that currently offers legal sports wagering.

That is not likely to remain the case for long, however, as neighboring states continue to pursue legislation of their own.

A bill authorizing sports betting in Maine was vetoed in January by Gov. Janet Mills (D) but could be reconsidered during the 2021 session. In Massachusetts, a bill was passed by the House in 2020 but not the Senate, with legislative debate set to be renewed in 2021.

Prospects for legal sports betting in New Hampshire's other neighbor, Vermont, were briefly raised in 2020 when the state's governor proposed legislation as part of the state budget. Lawmakers did not include sports wagering in their final budget package, however.

Additional sports betting operators are not likely to be approved in New Hampshire for at least the duration of the initial six-year term of DraftKings' contract with the New Hampshire Lottery.

However, the state's sports betting market is set to see the addition of at least two and potentially eight more DraftKings retail sportsbook locations. Parlay sports lottery games are also expected to be offered at lottery retailers at some point in 2021.

Policy & Regulatory Review

Sports Betting

In March, local voters in ten New Hampshire towns passed a referendum during their annual town meetings to make each of their hometowns eligible to be considered as a host retail sportsbook location. Voters in six other towns rejected the opportunity.

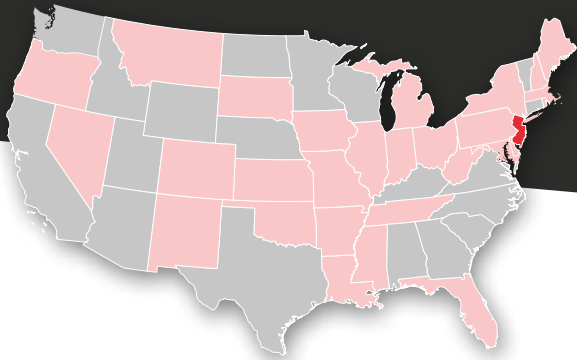
New Hampshire's 2019 sports wagering law authorizes the lottery's contracted sports betting agent to operate up to ten retail sportsbooks across the state—but only in towns or cities where voters have expressly approved sports betting via a local referendum.

In 2019, five New Hampshire cities agreed to become eligible sports betting locations, while referendums held in four further cities failed.

The outcome of the local referendums means retail sports betting can be offered in 15 towns and cities across New Hampshire, including Manchester, but not in Nashua or Concord, among other places.

New Jersey

In 2020, total statewide commercial casino gaming revenue was \$2.88 billion, down 16.9 percent. The decline would have been far steeper without strong gains in internet gaming and sports betting revenue partially offsetting the impact of COVID-19 on land-based casinos.



NUMBER OF COMMERCIAL CASINOS

9

CASINO FORMAT

Land-Based Casinos

NOTABLE FORMS OF GAMING

Internet Gaming;
Sports Betting

REGULATORY AUTHORITY

New Jersey
Division of Gaming
Enforcement;
New Jersey Casino
Control Commission

GROSS CASINO GAMING REVENUE 2020

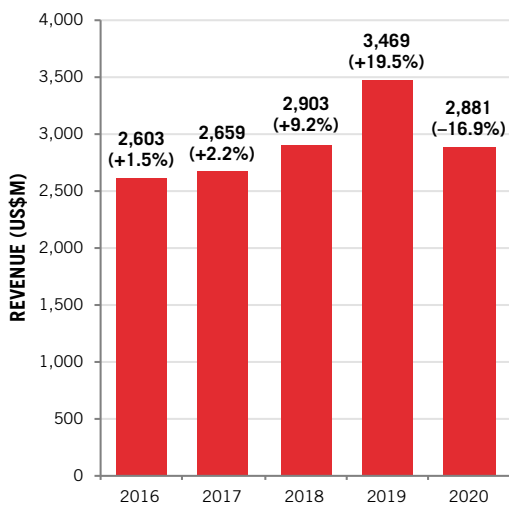
\$2.88B

GAMING TAX REVENUE 2020

\$350.9M

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

2016 to 2020



SOURCE: New Jersey Division of Gaming Enforcement

Market Overview

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

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

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

After successfully challenging a federal ban before the U.S. Supreme Court, New Jersey passed legislation in June 2018 authorizing casinos and racetracks to operate land-based and online sports betting. At the end of 2020, sportsbooks were open at all nine Atlantic City casinos and at New Jersey's three operating racetracks.

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

At the close of 2020, a total of 25 internet casinos and 20 online sportsbooks were operational.

Market Performance

Total statewide gaming revenue fell to \$2.88 billion in 2020, representing a decrease of 16.9 percent from 2019.

The decline reflected the impact of COVID-19 on Atlantic City casinos and retail sportsbooks at racetracks. All land-based gaming venues were ordered to close on March 16 and not permitted to reopen until July 2. Upon reopening, commercial casinos sportsbooks were obligated to comply with new restrictions to ensure player safety and social distancing, including operating at no more than 25 percent of maximum capacity. The ability of casinos to offer indoor dining facilities was also suspended in November. Collectively, New Jersey commercial casinos lost an estimated 30 percent of total operating days in 2020 due to the pandemic.

The pandemic-related restrictions meant that revenue from traditional land-based casino gaming offerings suffered a 43.7 percent decline to \$1.51 billion. Total statewide revenue from electronic gaming devices was \$1.09 billion, down 43.4 percent relative to 2019, while table game revenue was \$424.4 million, down 44.5 percent.

The decline in traditional casino gaming revenue in 2020 due to COVID-19 was partially offset by strong growth in internet gaming and online sports wagering.

Statewide internet gaming revenue in 2020 was \$970.3 million, more than double 2019's total of \$482.7 million, as online casinos flourished during the initial lockdown of the pandemic and were able to sustain that growth in the latter months of the year.

Despite a suspension of most major global sporting events in the spring, New Jersey also enjoyed strong growth in sports betting revenue in 2020.

Total statewide revenue from sports wagering was \$398.5 million, an increase of 33.1 percent relative to 2019. Revenue from online sports betting was \$360.0 million, up 47.3 percent versus the prior year. In contrast, revenue from retail sportsbooks was \$38.6 million, down 29.7 percent.

Gaming Tax Distribution

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

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

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

Revenue from land-based sports betting is taxed at an effective rate of 9.75 percent, while online sports betting is taxed at 14.25 percent. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

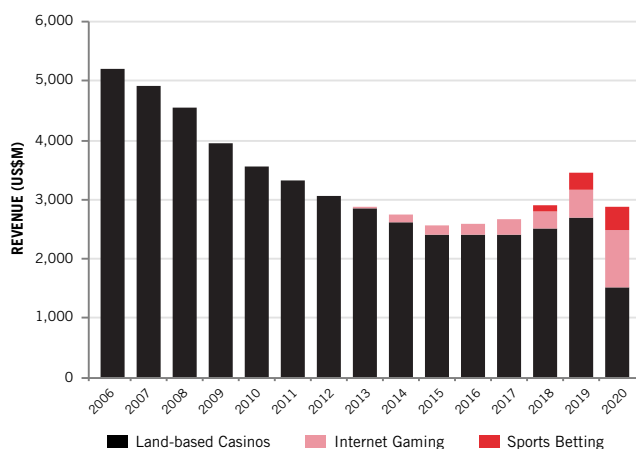
In 2020, New Jersey commercial casinos and racetracks generated \$350.9 million in total state tax revenue from gaming operations. Despite the decline in overall gaming revenue due to the pandemic, tax revenue saw a modest increase of 0.3 percent relative to the prior year, reflecting the higher tax rates applied to the fast-growing internet gaming and online sports betting segments.

Of that total, approximately \$273.8 million was deposited into the New Jersey Casino Revenue Fund, where monies are appropriated each fiscal year for the exclusive benefit of New Jersey’s senior citizens and disabled residents.

On top of the casino revenue fund amounts, approximately \$45.3 million was also distributed by operators into a separate fund that supports economic development and community projects in Atlantic City. Additional recipients of gaming tax revenue in 2020 included New Jersey’s General Fund and local municipal and county governments that host racetracks with sportsbook operations.

New Jersey: Commercial Gaming Revenue 2006 to 2020

New Jersey was by far the largest market for sports betting and internet gaming in the U.S. by total annual revenue in 2020, generating a combined \$1.37 billion. That represented nearly half (47.5%) of the Garden State’s total gaming revenue.



SOURCE: New Jersey Division of Gaming Enforcement

Competitive Landscape

Having enjoyed a regional monopoly on commercial casino gaming throughout the 1980s and 1990s, New Jersey has since faced intensifying competition from its surrounding states, especially Pennsylvania.

After launching internet gaming, online sports betting and electronic gaming devices at truck stops in 2019, Pennsylvania’s gaming market is poised to see further expansion early in 2021 with the scheduled opening of a fifth land-based casino in Philadelphia, historically a key feeder market to Atlantic City. Up to five mini-casinos—featuring a limited number of electronic gaming devices and table games, plus sports betting—are also being developed across the state.

New Jersey casinos have also traditionally attracted patrons from the New York City area, most recently for popular sports wagering offerings, which are not widely available in New York. Sports betting is limited under existing state law to land-based sportsbooks in commercial and tribal casinos in Upstate New York, but lawmakers continue to deliberate over legislation to approve mobile wagering and allow New Yorkers to place online bets without crossing the border into New Jersey.

The New York Constitution also permits up to three additional commercial casino-resorts. Although current state law prevents these additional casinos from being licensed until 2023, there is strong interest from casino developers to accelerate that timeline to enable a full range of casino gaming and sports wagering to be offered at new casinos in the populous New York City metro area.

With intense competition from out-of-state venues, there are differences of opinion as to whether the Atlantic City market can sustain nine commercial casinos, having contracted from 12 casinos in 2014 to just seven in 2016.

The former Trump Taj Mahal and Revel casinos were both shuttered in 2016 but reopened in June 2018 as the Hard Rock Hotel Casino and Ocean Resort Casino, respectively.

Policy & Regulatory Review

Sports Betting

Confronted with the unprecedented suspension of major global sporting events due to COVID-19, New Jersey took several steps to bolster its sports betting market in 2020.

In April, the state Division of Gaming Enforcement expanded its list of approved events eligible for sports wagering to include a far wider range of international contests, such as European table tennis, to enable online sportsbook operators to continue offering a viable product during the height of the pandemic.

The shutdown of most traditional sporting events also shone a light on statutory restrictions applied to wagering on esports, or competitive video game competitions, which is possible only on a very limited basis under current law. In July, the New Jersey Assembly passed a bill that would allow betting on any esports events except for those affiliated with high schools or mainly featuring participants under the age of 18. At the end of 2020, the bill was pending approval by the state Senate.

Elsewhere, lawmakers took the first step toward removing the restriction that means wagering cannot currently be offered on games featuring New Jersey colleges. A proposed state constitutional amendment was passed by a legislative committee in November. If approved by the full legislature, the matter would become subject to a statewide voter referendum in November 2021.

Workplace Responsibility

After Nevada adopted similar regulations in 2019, New Jersey proposed new rules in 2020 to strengthen anti-harassment and equal-opportunity measures in its casino industry.

In September, the state Division of Gaming Enforcement issued new regulations that would, among other things, require casino operators to maintain formal written policies to prevent harassment and discrimination. Such policies would have to meet certain minimum standards and be reviewed on an annual basis.

In addition, the proposed regulations would introduce new requirements regarding anti-harassment training as well as the reporting of any incidents of harassment or discrimination by casino employees.

The proposed regulations were subject to a routine consultation through November and had yet to take formal effect at the end of 2020.

IN FOCUS

Payments Modernization



The unprecedented circumstances of 2020 offered an opportunity for the commercial casino gaming industry to make significant progress toward the long-term policy goal of expanding the availability of digital and mobile payment options on casino gaming floors.

Before the pandemic, policymakers, regulators and gaming companies were relatively slow to embrace new payment methods, with land-based commercial casino gaming remaining one of the most cash-intensive industries in the world, despite the sophisticated payments technologies deployed throughout other parts of casino-resorts.

In 2020, the status quo shifted, as health and safety concerns related to the pandemic and increased education efforts on the part of gaming and payment companies led to wider acceptance among regulators and lawmakers of the benefits of payments modernization.

In June, the Nevada Gaming Commission adopted new regulations enabling patrons to move funds electronically from a mobile digital wallet directly to electronic gaming devices or table games, and vice versa, without any need to print a paper voucher, as had previously been the case.

“Removing the prohibition of a cashless wagering system and approving these systems is opening the door for new gaming technology,” Commissioner Deborah Fuetsch said when voting to adopt the new rules.

Beyond Nevada, digital payments have also been authorized for commercial casinos in Indiana, Iowa, Ohio, New Jersey and Pennsylvania.

Tribal casinos in Florida, Oklahoma and California also rolled out digital wallet technologies, with more commercial and tribal gaming jurisdictions expected to approve cashless wagering and mobile payments during 2021.

There is little question that the pandemic was a critical catalyst behind the rapid progress of gaming payments modernization in 2020.

With stay-at-home orders in place for several months and ongoing public-health concerns around the use of cash, COVID-19 has caused consumers to transition to

a greater reliance on digital payments in their everyday lives, from buying groceries, to dining and takeout, to virtual banking and more.

In 2020, the commercial gaming industry also witnessed rapid growth of online sports betting and internet gaming, which necessitate the use of digital payment methods.

By expanding the availability of digital payments in land-based gaming properties, the commercial casino gaming industry has greater opportunities to offer a more seamless customer experience by removing barriers between casino-resorts’ non-gaming amenities, where cashless payments are generally unrestricted, and their gaming floors.

“The industry has never been more bullish as it surrounds payment modernization,” Joe Pappano, CEO of Sightline Payments, told delegates during a panel discussion at November’s virtual Global Gaming Expo (G2E).

One of the reasons why the commercial gaming industry is focused on payments modernization is because of its increasing importance to casino patrons.

Between 2019 and 2020, the number of Americans who said that casinos cash reliance was a negative trait jumped from 14 percent to 21 percent, according to research conducted by the American Gaming Association. More than eight in 10 casino patrons are utilizing one or more alternate payment platforms, such as ACS PlayOn, Sightline’s Pay+, Everi’s CashClub and Boyd Pay to make financial transactions for other economic activities.

Meanwhile, patrons’ expectations regarding future cash usage are also striking.

When AGA survey respondents were asked to look ahead to 2021, 70 percent said they anticipated using contactless payment methods either much more (40%) or somewhat more frequently (30%) than they do today.

There are likely a combination of factors driving casino customers' shifting attitudes toward digital payments, but according to AGA research, conducted in two waves in 2020, the pandemic has clearly played a role.

Indeed, a majority in both AGA's spring (59%) and summer (53%) surveys said that since the pandemic began, they were now either much less or somewhat less willing to use cash as a payment method.

When casino patrons were asked how important it was to have the option to gamble without having to use cash, nearly 60 percent in both surveys thought it was highly important, while another third graded it as moderately important.

Only a fraction of interviewees—10 percent in both surveys—said the availability of non-cash payments options on gaming floors was of low importance to them.

“As state and tribal leaders consider modernizing casino gaming payment options, the industry will champion common-sense policies that encourage payment choice, protect consumers and keep pace with consumer expectations.”

— American Gaming Association, Principles for Casino Gaming Payments Modernization

Ultimately, achieving a widespread adoption of cashless payment options for gaming is a long-term effort that requires collaboration and support from every part of the industry, from gaming operators and suppliers, to banks and card networks, to the regulatory and policymaking community.

In many instances, state and tribal gaming laws or regulations must be updated in order to accommodate new technologies underlying digital payments solutions.

To aid in education and regulatory initiatives, the AGA in June published a series of policy principles to guide payments modernization in the gaming industry.

Among other things, the principles call for policymakers to employ a flexible regulatory framework capable of keeping pace with future payment methods, while providing customers with maximum choice and convenience.

Regulators should also ensure confidence in the security of digital payments in gaming by mandating that new payment methods meet those standards already set by financial institution governing bodies. Further, state and tribal regulatory requirements should be aligned with federal rules regarding anti-money laundering, wire transfers and taxation.

The principles point to the policy benefits of payments modernization that extend beyond consumer convenience and hygiene.

In terms of anti-money laundering, the adoption of digital payments will enable better regulatory oversight through streamlined compliance monitoring and reporting and enhanced Know Your Customer capabilities.

More digital transactions should reduce the volume of reports that casino gaming operators have to file for all cash transactions exceeding a certain threshold. That will enable the gaming industry and law enforcement partners to focus on suspicious transactions and the highest-risk patrons, while allowing authorities to more efficiently obtain and analyze information.

In the area of responsible gaming, digital transactions enable the use of new tools for players to track their spending and automatically block any further deposits above a self-set limit, in ways that are not possible with anonymous, cash-based transactions.

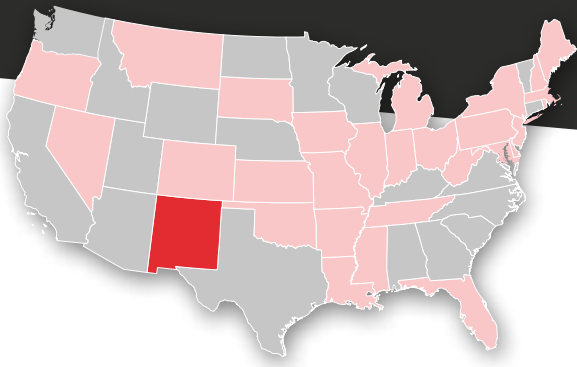
As cashless wagering expands, the industry remains committed to evaluating the impacts so that potential responsible gaming benefits can be maximized and any risks mitigated.

In September, the University of Nevada Las Vegas launched a research collaboration with AGA members Sightline Payments and Global Payments to study actual transaction data and inform future policies on responsible gaming and cashless wagering.

“Combined with peer reviewed research, we can gain some really crucial information about consumer behavior,” said Christopher Justice, president of Global Payments Gaming Solutions, speaking at G2E. “The idea is that we can deploy some responsible solutions.”

New Mexico

In 2020, total statewide commercial casino gaming revenue was \$51.8 million, down 78.8 percent. New Mexico was the only state in the U.S. that had not permitted its commercial casinos to reopen by the end of 2020 after COVID-19 forced them to close in March.



NUMBER OF COMMERCIAL CASINOS

5

CASINO FORMAT

Racinos

REGULATORY AUTHORITY

New Mexico Gaming Control Board

GROSS CASINO GAMING REVENUE 2020

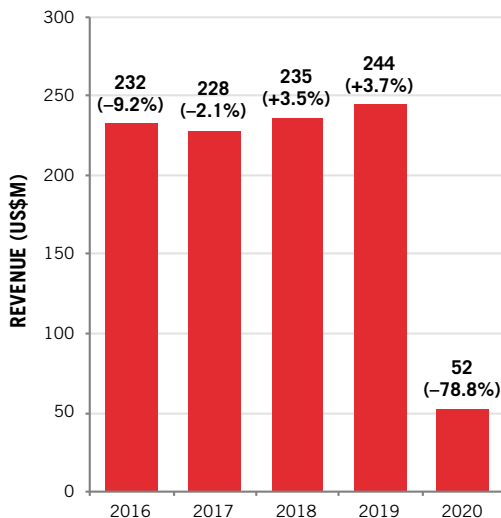
\$51.8M

GAMING TAX REVENUE 2020

\$24.0M

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

2016 to 2020



SOURCE: New Mexico Gaming Control Board

Market Overview

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

Commercial casino gaming at racetracks was first authorized in 1997 when the New Mexico legislature passed the Gaming Control Act. The state's four existing racetracks added electronic gaming devices to their properties in 1999. The state's fifth racino, Zia Park, opened in 2005.

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

Generally, racinos may operate a maximum of 600 electronic gaming devices. However, racinos are authorized to execute "allocation agreements," whereby one track may allocate up to 150 of its authorized number of electronic

gaming devices to another racino. Table games are not permitted at any commercial gaming properties.

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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$51.8 million, down 78.8 percent compared to 2019.

The revenue decline suffered by New Mexico's commercial casino industry was the most severe of any state in the U.S. and reflected the fact that racinos were forced to suspend operations for more than nine months due to the pandemic.

The state's five licensed racinos were required to close on March 16 under an order issued by Gov. Michelle Lujan Grisham (D). Unlike casinos in every other state with commercial casino gaming, New Mexico racinos were never granted permission to reopen at any point later in the year. Collectively, New Mexico commercial casinos lost an estimated 79 percent of total operating days in 2020 due to the pandemic.

Gaming Tax Distribution

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

In 2020, New Mexico commercial casinos generated total state gaming tax revenue of \$24.0 million, down 78.8 percent.

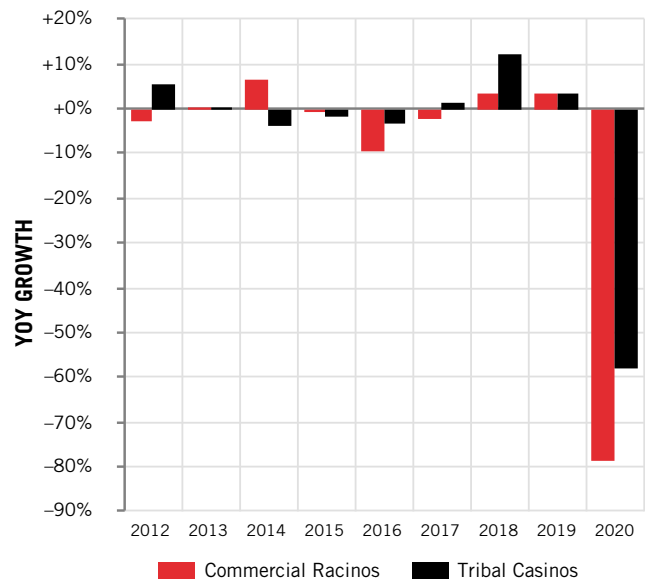
Of that amount, roughly \$13.5 million was distributed to the state's General Fund. Monies in the fund are allocated each year for state budgetary expenditures by the New Mexico Department of Revenue, subject to approval by the state legislature.

An additional \$10.4 million in commercial casino gaming tax revenue was distributed to New Mexico's horse racing industry for the purpose of supplementing race purses, with the remainder allocated to the funding of problem gambling services.

New Mexico: YoY Growth in Gaming Revenue by Venue Type

2010 to 2020

No state's commercial casino gaming market suffered a sharper decline in statewide gaming revenue in 2020 than New Mexico. While commercial casinos were unable to reopen at all following the onset of COVID-19 in March, some of the state's tribal casino venues did resume operations later in the year.



SOURCE: New Mexico Gaming Control Board

Competitive Landscape

New Mexico commercial casinos face considerable competition from the state's 27 tribal casinos. Unlike the state's racinos, tribal casinos are permitted to offer table games and sports betting in addition to electronic gaming devices.

As tribal government facilities operating on sovereign Native American lands, tribal casinos also were not subject to state closure orders imposed in 2020 related to COVID-19. While all tribal casinos voluntarily closed at roughly the same time as New Mexico commercial casinos in March, some tribes began to resume operations starting in June.

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

The competitive environment for commercial casino gaming in New Mexico is expected to remain stable for the foreseeable future, after the state's Racing Commission in 2018 rejected all applications for a sixth and final racino license.

Nevertheless, certain New Mexico casinos could be vulnerable to any potential approval of commercial casino gaming in Texas, depending on where any future Texas casinos are located. Lawmakers in Texas have consistently rejected a series of proposals to authorize casinos stretching back well over a decade. However, budgetary pressures caused by the pandemic are expected to bring about closer consideration of commercial casino gaming during the state's 2021 biennial legislative session.

Policy & Regulatory Review

Expansion

In October, a state committee responsible for making fiscal recommendations to the legislature held a hearing on a proposal to expand New Mexico's commercial gaming industry.

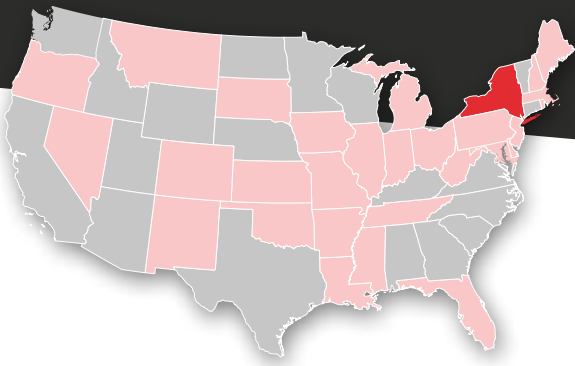
Under draft legislation proposed by Sunland Park Racetrack & Casino, New Mexico's five racinos would be authorized to install additional electronic gaming machines and expand their operations to include table games and sports wagering. Current restrictions on operating hours and bans on offering credit, comps and serving alcohol on casino floors would also be removed. In addition, racinos could be licensed to offer internet gaming and online sports betting on a statewide basis.

Although racino representatives argued that increased state tax revenue derived from expanded commercial gaming would more than offset the loss of revenue-sharing payments from tribal casinos, a report by the New Mexico Legislative Finance Committee concluded it would likely lead to lower state revenue overall.

The proposal was opposed by representatives of New Mexico Native American tribes.

New York

In 2020, total statewide commercial casino gaming revenue was \$1.18 billion, down 56.6 percent, after COVID-19 forced New York’s commercial casinos and racinos to close for almost half the year.



NUMBER OF COMMERCIAL CASINOS

12

CASINO FORMAT

Land-Based Casinos; Racinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

New York State Gaming Commission

GROSS CASINO GAMING REVENUE 2020

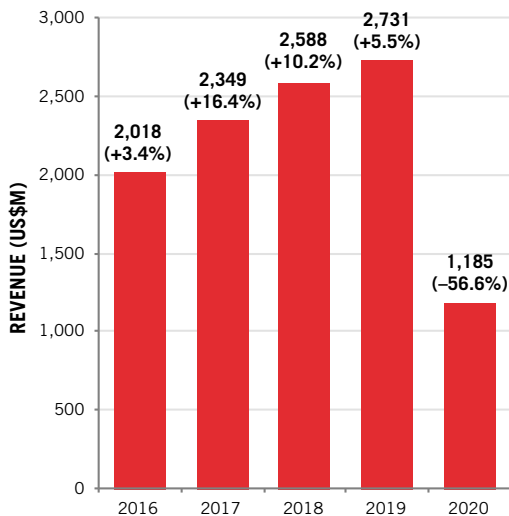
\$1.18B

GAMING TAX REVENUE 2020

\$495.2M

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

2016 to 2020



SOURCE: New York Lottery

Market Overview

New York’s extensive commercial gaming market includes seven racinos with electronic gaming devices, four casino-resorts offering electronic gaming devices, table games and sports betting and one land-based property offering electronic gaming devices.

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

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

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

Land-based casino-resorts paid initial license fees ranging from \$20 million to \$50 million and must continue paying an annual fee of \$500 for each electronic gaming device and table game they offer. Racinos are not required to pay annual fees. Instead, licensing and regulatory costs are paid out of revenue generated from their electronic gaming devices. There is no cap on the number of electronic gaming devices that can be placed at a single racino.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$1.18 billion, down 56.6 percent against 2019.

As one of the states hit hardest by COVID-19 in terms of total case numbers, New York also imposed the longest lasting shutdown on commercial casino gaming venues of any state other than New Mexico.

All casinos and racinos were required to close on March 16 and were not permitted to reopen until September 9. State reopening guidelines required casinos to operate at no more than 25 percent of maximum occupancy, alongside a series of other hygiene measures. In November, casinos and racinos also became subject to a statewide curfew that required them to close by 10 p.m. at night. Collectively, New York's commercial casinos lost an estimated 48 percent of total operating days in 2020 due to the pandemic.

Revenue from electronic gaming devices at New York's commercial casinos and racinos totaled \$1.11 billion in 2020, down 56.4 percent against 2019, while revenue from table games was \$66.7 million, down 64.2 percent.

After initially launching in July 2019, sports betting revenue from sportsbooks located within New York's four commercial casino-resorts totaled \$10.8 million in 2020, up 38.4 percent versus the previous year.

Gaming Tax Distribution

New York Effective Gaming Tax Rates

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

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

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

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

Table game and sports betting revenue generated by commercial casino-resorts is taxed at 10 percent, regardless of the property's location. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

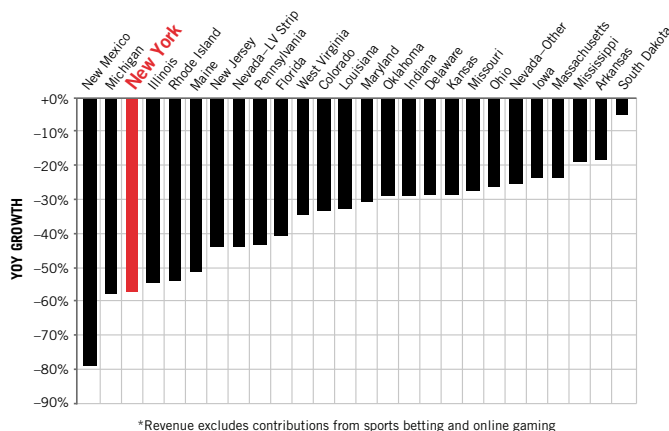
In 2020, New York's commercial casino gaming industry generated approximately \$495.2 million in total state gaming tax revenue, down 56.7 percent compared to 2019. Racinos accounted for approximately \$414.7 million of that total, all of which was distributed to the state's Education Fund. Monies in the Education Fund are used to provide aid for local school districts across New York and are disbursed annually at the direction of the state legislature and Comptroller's Office.

Education is also one of the primary beneficiaries of tax revenue from upstate New York’s commercial casino-resorts. Overall, \$64.4 million in tax revenue generated by commercial casino-resorts in 2020 was used to fund statewide education programs or provide property tax relief to New York citizens. A further \$16.1 million in casino tax revenue was distributed to local municipal and county governments that either host or are located near commercial casino-resorts.

United States: YoY Growth in Gaming Revenue by State

2020

With New York casinos required to remain closed until early September, only New Mexico and Michigan witnessed a steeper decline in statewide commercial casino gaming revenue in 2020 than the Empire State.



SOURCE: State Gaming Commissions

Competitive Landscape

Driven by the rollout of four upstate commercial casino-resorts and the opening of a standalone gaming parlor on Long Island, New York’s gaming market has become increasingly competitive in recent years, with further competition still on the horizon.

Under a 2013 amendment to New York’s constitution, up to three additional commercial casino-resorts can be developed across the state. Although current law restricts the state’s ability to award those licenses until 2023 or later, the owners of Resorts World New York in Queens and Empire City Casino in Yonkers—alongside out-of-state gaming interests—have advocated for an accelerated timeline for casino expansion in the New York City metropolitan area.

Elsewhere, under a 2019 state law, the owner of Monticello Raceway racetrack is eligible to establish a new land-based casino limited to electronic gaming devices in Orange County, roughly 50 miles north of New York City.

Certain commercial casinos and racinos in upstate New York face strong competition from tribal casino-resorts operated by the Seneca, Oneida and Akwesasne Mohawk Indian nations. The Shinnecock Indian Nation, recognized by the federal government in 2010, announced plans in 2020 to develop a tribal casino in the town of Southampton on Long Island. Unless the Shinnecock tribe agrees to a compact with the state, any such gaming facility would be limited by federal law to electronic bingo devices and peer-to-peer poker games.

Beyond New York’s borders, commercial casinos and racinos face competition from out-of-state casinos in Connecticut, Pennsylvania and New Jersey, which historically have drawn customers from the New York City market in particular.

Since sports betting became legal in New Jersey in 2018, New York has also seen a notable outflow of New York City residents to place wagers either at the sportsbook at Meadowlands Racetrack, located some 10 miles from Manhattan, or via New Jersey’s various mobile sports betting platforms.

Policy & Regulatory Review

Expansion

In February, a New York Senate committee held a formal hearing to explore the economic potential of the three unused commercial casino-resort licenses permissible under the state's constitution.

As things stand, the state cannot award the three remaining licenses until seven years after the licensing of New York's first upstate casino-resort, without owing compensation to incumbent casino operators. However, lawmakers have the ability to change that timeline to accelerate the awarding of additional licenses.

Owners of the existing Empire City Casino and Resorts World New York racinos have floated the prospect of paying large upfront licensing fees in order to add table games and sports betting. However, representatives of other casino operators have pressed the case for a competitive bidding process for the remaining licenses that would allow commercial casino gaming in or around New York City.

Aside from the Senate hearing, New York lawmakers took no formal action on casino expansion during 2020.

Sports Betting

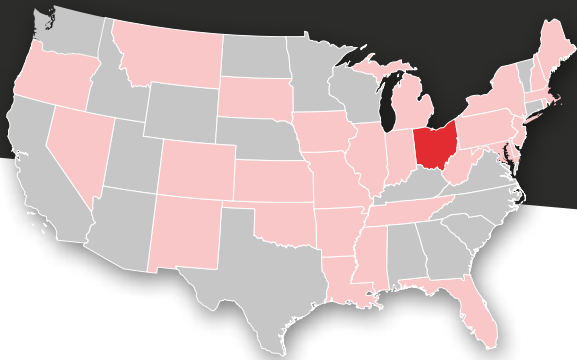
In April, an annual state budget law signed by Gov. Andrew Cuomo (D) included provisions for a limited expansion of sports betting at New York's four land-based casino-resorts.

Under New York's 2013 gaming expansion law, sports betting was strictly limited to bets placed in person within a casino's sports wagering lounge. The 2020–21 budget bill amended that law to authorize the four casino-resorts to accept bets via wagering kiosks or mobile devices at other approved locations within their facilities.

Amid a significant leakage of revenue to New Jersey in particular, New York casino-owners and leading online sportsbook operators have keenly advocated for the ability to offer mobile sports wagering on a statewide basis in New York via servers that would be installed within casinos.

Ohio

In 2020, total statewide commercial casino gaming revenue decreased by 25.8 percent to \$1.44 billion, reflecting the impact of COVID-19 on Ohio's casinos and racinos.



NUMBER OF COMMERCIAL CASINOS

11

CASINO FORMAT

Land-Based Casinos; Racinos

REGULATORY AUTHORITY

Ohio Casino Control Commission, Ohio Lottery Commission

GROSS CASINO GAMING REVENUE 2020

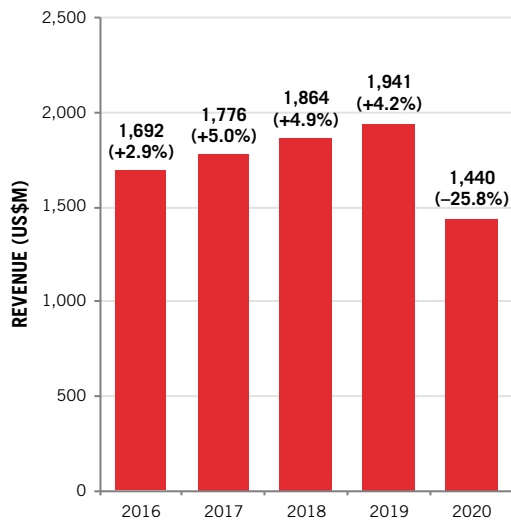
\$1.44B

GAMING TAX REVENUE 2020

\$487.9M

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

2016 to 2020



SOURCE: Ohio Casino Control Commission, Ohio Lottery

Market Overview

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

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

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

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

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

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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$1.44 billion, down 25.8 percent relative to the previous year.

The total reflected the impact of COVID-19 on the state's casinos and racinos, which were required to suspend all operations between March 13 and June 19. Commercial gaming venues were also required to close by 10 p.m. effective November 19 through the end of the year, in order to comply with a statewide curfew imposed by Gov. Mike DeWine (R). Collectively, Ohio's commercial casinos and racinos lost an estimated 27 percent of total operating days in 2020 due to the pandemic.

Total statewide revenue from electronic gaming devices was \$1.25 billion, down 25.2 percent on 2019. Table game revenue was \$190.8 million, down 29.5 percent.

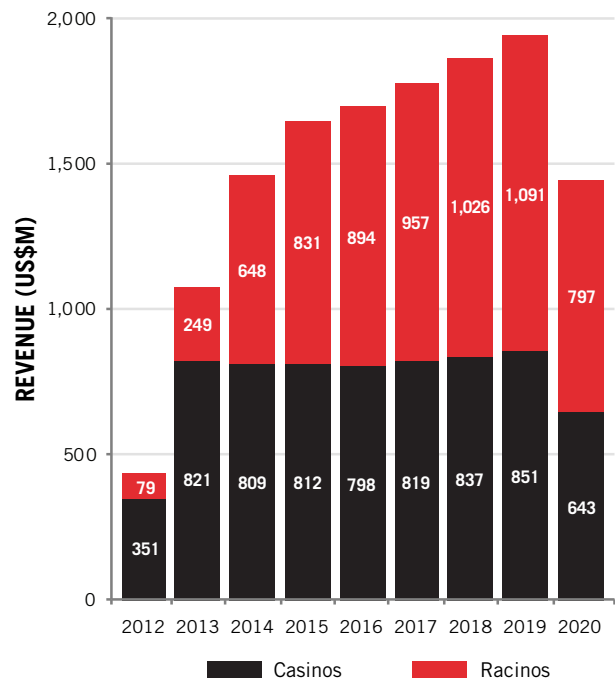
The revenue impact of the pandemic was felt fairly evenly between Ohio's seven suburban racinos and its four land-based casinos located in the downtown areas of the state's largest cities.

Electronic gaming device revenue at the seven racinos was \$796.9 million, down 26.8 percent relative to 2019. Overall gaming revenue from the land-based casinos was \$643.5 million, down 24.3 percent.

Ohio: Commercial Gaming Revenue

2012 to 2020

Both of Ohio's commercial land-based casino and racino segments reported sharp declines in annual gaming revenue in 2020, as the Ohio market experienced its first annual drop in statewide commercial gaming revenue since casinos began opening in 2012.



SOURCE: Ohio Casino Control Commission, Ohio Lottery

Gaming Tax Distribution

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

In 2020, casinos and racinos generated total gaming tax revenue of \$487.9 million, down 24.9 percent from 2019. Casinos accounted for approximately \$221 million of the total, while electronic gaming devices at racinos generated about \$267 million.

Roughly 50 percent of casino tax revenue is distributed to Ohio's 88 county governments to support local budgetary needs, including law enforcement, infrastructure improvements and other public services. Another 34 percent is earmarked for the Ohio Student Fund, which distributes dollars to all school districts, while 5 percent is returned to the host cities where casinos are located. The remaining funds are used to treat problem gambling and cover the costs of the agencies that regulate gaming in Ohio.

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

Competitive Landscape

Ohio's fast rollout of 11 casinos and racinos within the space of just over two years from 2012 to 2014 saw the Buckeye State quickly establish itself as a fiercely competitive gaming jurisdiction.

Beyond the state's borders, certain Ohio casinos and racinos also compete for patrons with gaming venues located in neighboring markets.

For instance, casinos and racinos in the Cincinnati area compete with a trio of riverboat casinos stationed on the Indiana side of the Ohio River and with one Kentucky racetrack that offers electronic gaming devices based on historical horse races.

Three West Virginia racinos located along or near the Ohio River draw customers from Youngstown, Canton and other Ohio towns located near the state line. Meanwhile, casinos in the Cleveland area face some competition from a racino in northwestern Pennsylvania.

Notably, casinos in Indiana, Pennsylvania and West Virginia all offer sportsbooks in their facilities, giving them a competitive advantage over Ohio venues. Online sports betting is also legal in all three states, while Pennsylvania and West Virginia also offer internet gaming.

Policy & Regulatory Review

Sports Betting

Ohio made meaningful progress on sports betting legislation in May when the House passed a bill to allow retail and online sports betting via casinos and racinos, as well as a limited number of wagering kiosks at veterans and fraternal organizations.

However, the year concluded without legislation making it to the desk of Gov. DeWine as a companion bill in the Ohio Senate was not advanced during the legislature's lame duck session that followed the November 3 elections.

New bills will have to be introduced as discussions are renewed in 2021, with key unresolved issues including the specific number of online sportsbooks that each casino or racino could partner with under a sports wagering license.

Charitable Gaming

In May, the House voted to pass a bill permitting electronic instant bingo as a lawful form of charitable gaming offered by licensed non-profit groups, including veterans' and fraternal organizations.

However, like with sports betting, the Senate declined to take action on the bill before Ohio's 2019–20 legislative session concluded. A subsequent effort by the House to include authorization of electronic instant bingo at charitable gaming locations as part of a broader election security bill was also blocked by the legislature's upper chamber.

Under current law, charitable organizations licensed to offer gaming may offer both traditional and instant bingo games. In the case of the latter, Ohio statute requires the use of paper tickets, commonly referred to as "pull tabs."

Although proponents said electronic instant bingo would modernize charitable gaming offerings in Ohio and raise more revenue to mitigate the impact of COVID-19 on non-profit organizations, opponents

argued that electronic instant bingo would be akin to authorizing electronic gaming devices outside of casinos and racinos.

Regulatory Reform

Consistent with efforts of previous years, the Ohio Casino Control Commission made a series of reforms as part of the state's "Common Sense Initiative" that mandates state regulatory agencies to review their rules regularly and revoke or amend any standards identified as being duplicative or obsolete.

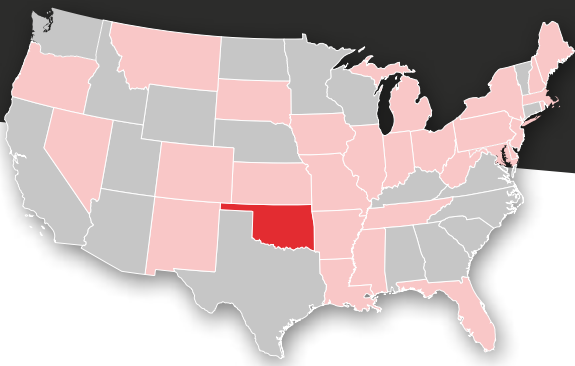
In August, the commission proposed amendments to nine specific regulations applied to commercial casinos, including those related to "comps," chip storage and recordkeeping of table game layouts.

Meanwhile, lawmakers have also passed legislation to limit the volume of new regulations that the Ohio Casino Control Commission or Ohio Lottery Commission can adopt in the future. Under the state's 2020-21 budget, Ohio agencies cannot generally adopt new regulatory restrictions unless they agree to remove two or more existing restrictions.

Further legislation passed by a committee of House and Senate members in December 2020 would require a minimum 30 percent decrease in the number of regulatory restrictions established by Ohio oversight agencies.

Oklahoma

In 2020, total statewide commercial casino gaming revenue was \$101.7 million, down 27.8 percent. The decline came as the state's two racinos were forced to cease operations for more than two months due to the pandemic.



NUMBER OF COMMERCIAL CASINOS

2

CASINO FORMAT

Racinos

REGULATORY AUTHORITY

Oklahoma Horse Racing Commission

GROSS CASINO GAMING REVENUE 2020

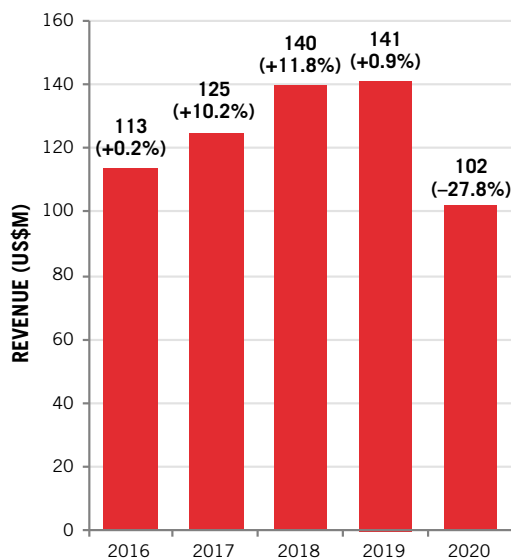
\$101.7M

GAMING TAX REVENUE 2020

\$44.7M

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

2016 to 2020



SOURCE: Oklahoma State Auditor and Inspector

Market Overview

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

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

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

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$101.7 million, down 27.8 percent from 2019.

The decline came after COVID-19 forced Remington Park to suspend operations between March 17 and May 27, while Cherokee Casino Will Rogers Downs was closed from March 16 to June 10. Combined, the two casinos lost an estimated 19 percent of total operating days in 2020 due to the pandemic.

2020's revenue total was the lowest since 2010 and ended a three-year streak of strong growth in Oklahoma's commercial gaming market since approval of a new state law in 2017 that authorized racinos to remain open on a 24-hour basis for the first time.

Consistent with previous years, Remington Park, which is located in the heart of Oklahoma City, accounted for the vast majority—roughly 86.5 percent—of total statewide commercial gaming revenue in 2020. The racino, which is owned by a commercial subsidiary of the Chickasaw Nation of Oklahoma, posted total gaming revenue of \$88.0 million, down 27.0 percent versus 2019.

Revenue from electronic gaming devices at Cherokee Casino Will Rogers Downs, owned by the Cherokee Nation, was \$13.8 million, down 30.2 percent.

Gaming Tax Distribution

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

In 2020, Oklahoma racinos paid approximately \$44.7 million in total gaming taxes, a decrease of 29.9 percent relative to the previous year.

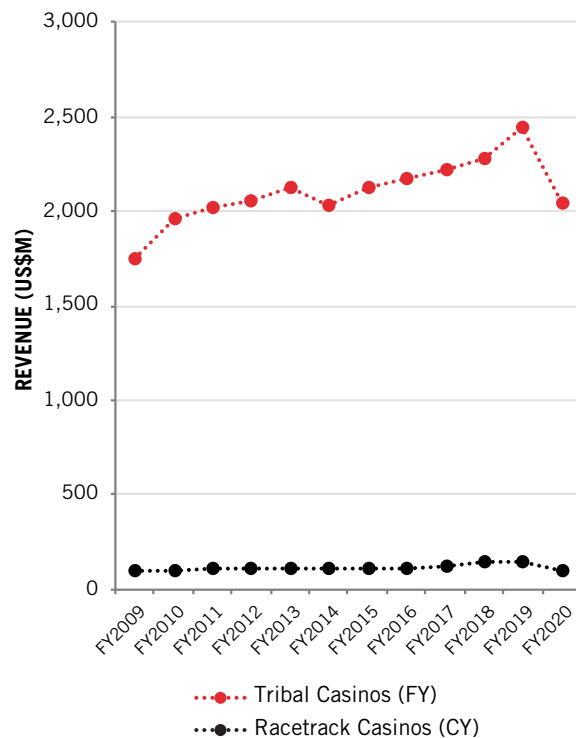
Commercial gaming tax revenue is shared between the state government and Oklahoma's horse racing industry. Approximately \$18.3 million was remitted

to the state in 2020, with monies used to fund state education initiatives, as well as for general budgetary purposes.

In addition, racinos distributed roughly \$26 million to help subsidize horse racing purses, breeding programs and other horse racing industry expenses.

Oklahoma Gaming Revenue by Venue Type FY2009 to FY2020

Oklahoma's two commercial casino locations are overshadowed in revenue terms by the state's nearly 150 tribal gaming venues. Despite the pandemic, tribal casinos continued to account for more than \$2 billion in total Class III gaming revenue during Oklahoma's 2020 fiscal year that ended June 30.



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

Competitive Landscape

Oklahoma's two racinos are overshadowed by the state's 141 tribal casinos, which are authorized to offer table games, in addition to electronic gaming devices. During the state's 2020 fiscal year ending June 30, Oklahoma tribal casinos generated an estimated \$2.04 billion in casino gaming revenue, exclusive of revenue from popular electronic bingo devices.

While Oklahoma borders no less than five states that offer commercial casino gaming, the primary competitive threat to the state's gaming market comes from potential legalization in Texas.

Lawmakers in Texas have consistently rejected a series of proposals to authorize casinos stretching back well more than a decade. However, budgetary pressures caused by the pandemic are expected to bring about closer consideration of commercial casino gaming during the state's 2021 biennial legislative session.

Policy & Regulatory Review

Tribal Gaming

In July, Oklahoma Native American tribes scored a significant legal victory over Gov. Kevin Stitt (R) when a federal district court ruled that their tribal-state gaming compacts automatically renewed for a second 15-year term at the start of 2020.

Stitt had claimed that tribal compacts signed in 2004 expired on January 1 and that all tribes failing to enter into a new agreement with the state—to include a higher percentage share of revenue—were operating illegal gambling after that date per the terms of the 1988 federal law that governs tribal gaming.

After tribes filed a lawsuit seeking a declaratory judgment against the governor, an Oklahoma federal court judge agreed that the compacts were automatically renewed until at least 2035 when the state licensed the operation of electronic gaming devices at racetracks.

Sports Betting

Gov. Stitt lost another closely watched lawsuit in July when the Oklahoma Supreme Court ruled that new compacts negotiated by the governor with two Native American tribes were invalid.

In April, Gov. Stitt announced new compacts with the Comanche Nation and Otoe-Missouria tribes that would have allowed the two tribes to offer roulette, craps and sports betting in their tribal gaming facilities.

However, Supreme Court justices upheld a legal challenge filed by Oklahoma's House Speaker and Senate President, finding that Gov. Stitt exceeded his authority in negotiating for the state to derive revenue from forms of gaming that were not yet permitted under state law.

Oregon

The Oregon Lottery reported total sports betting revenue of \$20.1 million in 2020, its first full year of operations. The total represented an increase of nearly 590 percent on the previous year, when online sports betting was available for less than three months.

NUMBER OF COMMERCIAL CASINOS
N/A

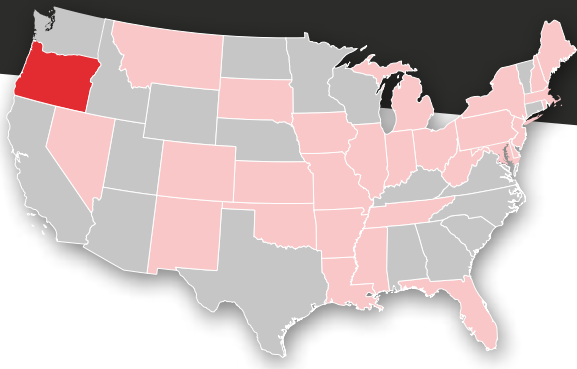
CASINO FORMAT
N/A

NOTABLE FORMS OF GAMING
Sports Betting

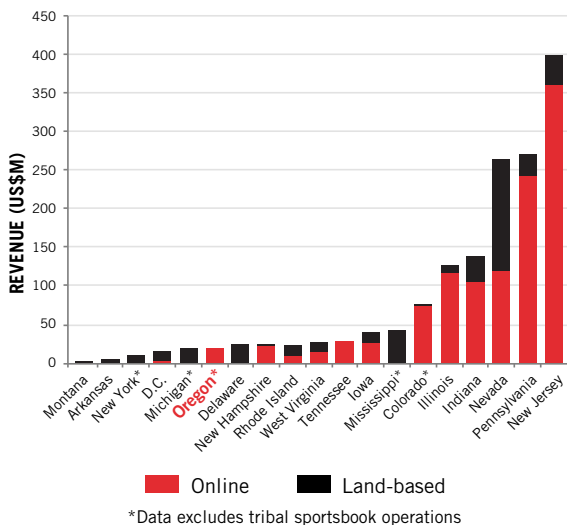
REGULATORY AUTHORITY
Oregon Lottery Commission

GROSS CASINO GAMING REVENUE 2020
\$20.1M

GAMING TAX REVENUE 2020
N/A



United States: Regulated Sportsbook Revenue by State 2020



SOURCE: State regulators

Market Overview

Oregon has no commercial casino venues but offers sports betting through the Oregon Lottery and at tribal casinos.

A limited form of sports betting was first launched by the Oregon Lottery in 1989, prior to the adoption of the 1992 federal law that prohibited expanded sports wagering. Carve-outs included in the Professional and Amateur Sports Protection Act (PASPA) meant Oregon was one of a small handful of states eligible to continue offering sports betting in spite of the federal ban; however, provisions of the federal law meant Oregon was restricted to the specific parlay sports lottery games it already offered.

After a 2005 state law was passed by the legislature to prohibit Oregon's Sports Action lottery product, it was discontinued in 2007.

Once PASPA was overturned by the U.S. Supreme Court in May 2018, however, the Oregon Lottery revived its sports betting offering and expanded it to include single-event wagering on all professional sports. The lottery in October 2019 launched its Scoreboard online sportsbook that it operates together with a contracted technology partner.

There is no specific state law that regulates sports wagering in Oregon; instead, it falls under the broad definition of lottery games the state lottery is authorized to offer.

Certain Native American tribes are permitted to operate sportsbooks in their tribal casinos because of language in their tribal-state gaming compacts which authorizes the tribe to offer any form of casino gaming that has already been approved in Nevada.

Market Performance

In 2020, total commercial sports betting revenue in Oregon was \$20.1 million on handle of \$218.2 million. The revenue total represented an increase of 587 percent relative to 2019, when online sports betting was available for a period of just two and a half months.

Notably, due to state policy, the Oregon Lottery does not currently offer wagers on any collegiate sports. It is the only state with legal sports betting that applies such a restriction, although New Jersey, Illinois and several others do prohibit wagers on games involving in-state college teams or collegiate prop betting in general.

Professional football generated the most revenue of any sport in Oregon in 2020, accounting for approximately 34.6 percent of Scoreboard's total betting revenue. Football was followed by basketball at 23.1 percent, soccer (11.0%) and mixed martial arts (7.4%).

Gaming Tax Distribution

Sports betting operated by the Oregon Lottery is not subject to taxation per se; instead, the lottery returns all net revenue after operating expenses, including marketing and technology costs, to specific programs as determined by the state legislature. As sports betting is operated directly by the state, it is not subject to the 0.25 percent federal excise tax applied to commercial operators' wagering handle.

In 2020, sports betting was not expected to generate additional lottery profits for the state due to startup costs associated with the launch of the Oregon Lottery's Scoreboard product. The offering is expected to produce revenue for the state in future years, however.

Programs funded by Oregon Lottery profits include education and veterans services, state parks, conservation projects and economic-growth initiatives.

Competitive Landscape

While Oregon is the only state on the West Coast with a legal sports betting market, it is set to see increasing competition in future years both from within the state itself and in neighboring jurisdictions.

After launching Scoreboard's online sportsbook in October 2019, the Oregon Lottery plans to expand its sports betting program to include wagering kiosks at approved retail locations in future.

Sports betting, including wagering on collegiate sports, is also offered at three tribal casinos in Oregon. Sportsbook operations are expected to be launched at additional tribal casinos in accordance with the terms of tribal-state gaming compacts. Overall, there are 10 tribal casinos in Oregon operated by nine federally recognized Native American tribes.

Beyond Oregon's borders, the state is set to face increased sports betting competition from Washington and potentially also California in future years.

Washington lawmakers enacted legislation in 2020 to authorize sports betting exclusively at tribal casinos. Sportsbook operations are expected to launch in the latter months of 2021, following adoption of regulations and approval of amendments to tribal-state compacts.

In California, a coalition of Native American tribes submitted voter signatures in December 2020 seeking to qualify a ballot measure for a November 2022 statewide referendum to authorize retail sports betting at tribal casinos and state-licensed racetracks.

Policy & Regulatory Review

Sports Betting

Oregon's restrictions on collegiate sports betting were a policy focus in 2020, as lawmakers considered a bill introduced in the House that would establish a statutory prohibition on the activity.

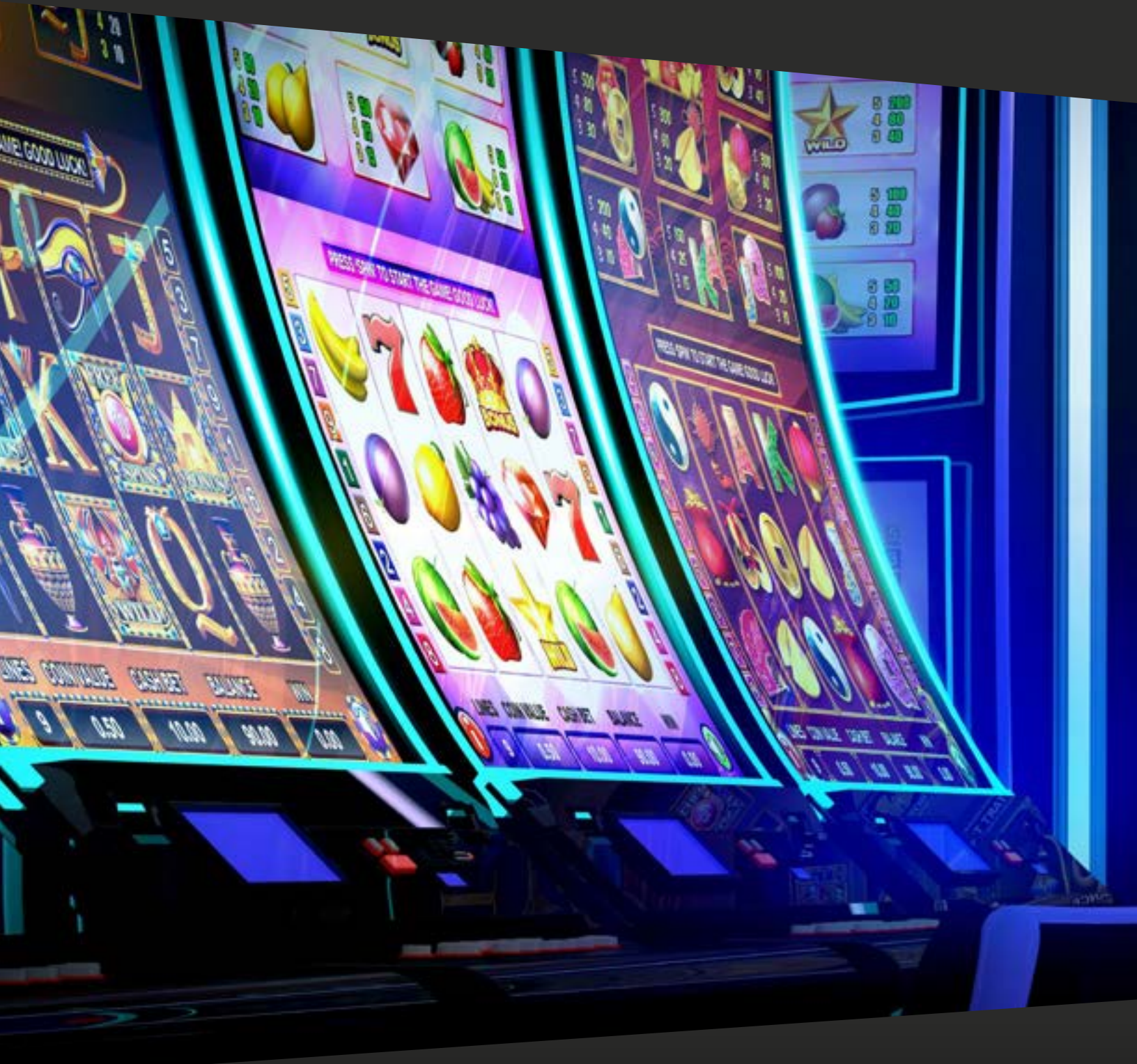
Although Oregon Lottery regulations restrict wagering to professional sporting events, it is not prohibited from offering bets on college sports by state law.

The bill introduced by lawmakers in January would have permanently banned the lottery from offering games of chance based on the outcome of collegiate sporting events. Lottery officials, in turn, advocated for an amendment that would restrict lawful wagering on college sports to games involving Division 1 teams and disallow any bets on individual college athletes.

The bill was passed by a House committee in February but then stalled as lawmakers focused their efforts on more critical legislation in light of the challenges presented by the COVID-19 pandemic.

IN FOCUS

Gaming Machines



Nationwide, there nearly 875,000 electronic gaming machines installed at commercial and tribal casinos as well as at non-casino locations such as bars, taverns and truck stops, a decline of 2.5 percent from 2019.

Nearly half (45%) of these games are located in commercial casinos, while slightly fewer (41%) are found in tribal casinos. Nevada has an installed base of more than 150,000 machines, far and away the

largest number of any state. Oklahoma and California had the second and third largest number of operating machines in 2020, each with more than 70,000.

Number of Gaming Machines By State

2020

State	Machines in Commercial Casinos	Machines in Tribal Casinos	Machines in Non-Casino Locations	Total
Alabama		6,467		6,467
Alaska		90		90
Arkansas	5,552*			5,552
Arizona		17,218		17,218
California		71,423		71,423
Colorado	12,933	1,398		14,331
Connecticut		6,945		6,945
Delaware	5,708		456**	6,164
Florida	7,283	16,511		23,794
Idaho		3,726		3,726
Illinois	9,355		37,159	46,514
Indiana	16,508	1,797		18,305
Iowa	15,233	2,733		17,966
Kansas	5,076	3,443		8,519
Kentucky			4,550*	4,550
Louisiana	20,187	5,062	12,741	37,990
Maine	1,633			1,633
Maryland	11,296			11,296
Massachusetts	6,311			6,311
Michigan	8,488	21,167		29,655
Minnesota		20,238		20,238
Mississippi	23,808	3,065		26,873
Missouri	15,574			15,574
Montana		1,780	15,503	17,283
Nebraska		662		662
Nevada	131,987	1,153	18,863	152,003
New Jersey	17,443			17,443
New Mexico	2,929	16,378	604***	19,911
New York	21,475	12,210		33,685
North Carolina		4,410		4,410
North Dakota		3,949		3,949
Ohio	17,878			17,878
Oklahoma	1,000	73,579		74,579
Oregon		7,386	11,230	18,616
Pennsylvania	23,479		240	23,719
Rhode Island	4,964			4,964
South Dakota	2,753	2,817	9,217	14,787
Texas		3,653		3,653
Virginia			2,149*	2,149
Washington		31,916		31,916
West Virginia	5,039		7,461	12,500
Wisconsin		17,825		17,825
Wyoming		1,675		1,675
TOTAL	393,892	360,676	120,173	874,741

* Includes facilities that offer Instant Racing machines

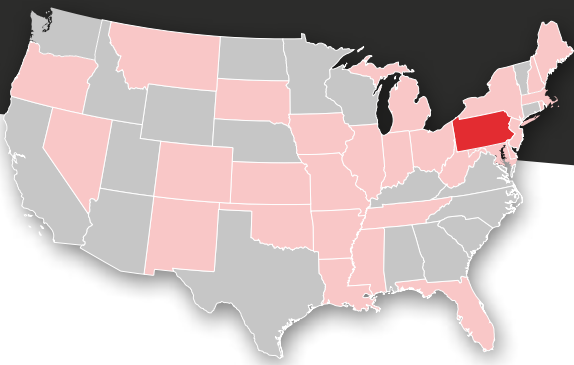
** Charitable VLTs

*** Located at qualified veteran and fraternal organizations

SOURCE: Eilers & Krejcik Gaming, LLC

Pennsylvania

In 2020, total statewide commercial casino gaming revenue was \$2.70 billion, down 21.0 percent, as strong growth in internet gaming and online sports betting could not fully offset the impact of COVID-19 on land-based casinos and racinos.



NUMBER OF COMMERCIAL CASINOS

13

CASINO FORMAT

Land-Based Casinos; Racinos

NOTABLE FORMS OF GAMING

Sports Betting; Internet Gaming

REGULATORY AUTHORITY

Pennsylvania Gaming Control Board

GROSS CASINO GAMING REVENUE 2020

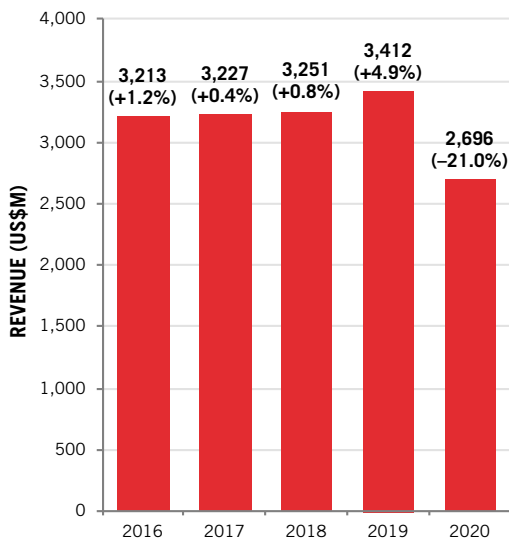
\$2.70B

GAMING TAX REVENUE 2020

\$1.19B

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

2016 to 2020



SOURCE: Pennsylvania Gaming Control Board

Market Overview

Pennsylvania offers commercial casino gaming at seven land-based casinos and six racinos, which are authorized to operate electronic gaming devices, table games and sports betting. The properties are regulated by the Pennsylvania Gaming Control Board (PGCB).

In 2004, the Pennsylvania legislature approved the Horse Development and Gaming Act, which authorized electronic gaming devices at racetracks, standalone casinos and three smaller casino-resorts. Table games, such as blackjack and roulette, were approved by the legislature in 2010.

Pennsylvania's first commercial casino, Mohegan Sun Pocono, opened in 2006. In 2014, the PGCB issued a license for a 13th commercial casino, slated for South Philadelphia. Following a series of delays, the casino is scheduled to open in early 2021.

In 2017, a wide-ranging gaming expansion bill authorized up to ten additional "satellite" or mini-casinos, each limited to a maximum of 750 electronic gaming devices and 40 table games. The state's first satellite casino was opened in November 2020, with four further satellite casinos either under development or awaiting final regulatory approval at the end of the year.

As part of the 2017 gaming expansion, Pennsylvania commercial casinos were permitted to apply for additional licenses to offer internet casino games and poker. The state's first online casinos went live in July 2019. By the end of 2020, a total of 14 were operational.

The 2017 gaming measure also included a provision authorizing sports wagering at commercial casinos and via online platforms. Sports betting began in late 2018, a few months after the U.S. Supreme Court's ruling to overturn a federal prohibition. By the end of 2020, retail sportsbooks were in operation at all but one of Pennsylvania's casinos and racinos, at one satellite casino, and at one off-track betting facility affiliated with Parx Casino. In addition, 12 online sportsbooks were operational at the close of the year.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$2.70 billion, down 21.0 percent against 2019.

The decrease reflected the impact of the pandemic, which caused all Pennsylvania's commercial casinos to suspend operations on two occasions. Casinos were initially ordered to close from March 17 until June 9, when casinos were authorized to reopen subject to a series of restrictions, including operating at no more than 50 percent of maximum occupancy.

Rivers Casino Philadelphia was required to shutter for a second time on November 20 through the end of the year based on a city-wide order. Then, on December 12, all casinos in Pennsylvania were required to close under a COVID-19 mitigation order imposed by Gov. Tom Wolf (D). Collectively, Pennsylvania's commercial casinos lost an estimated 33 percent of total operating days in 2020 due to the pandemic.

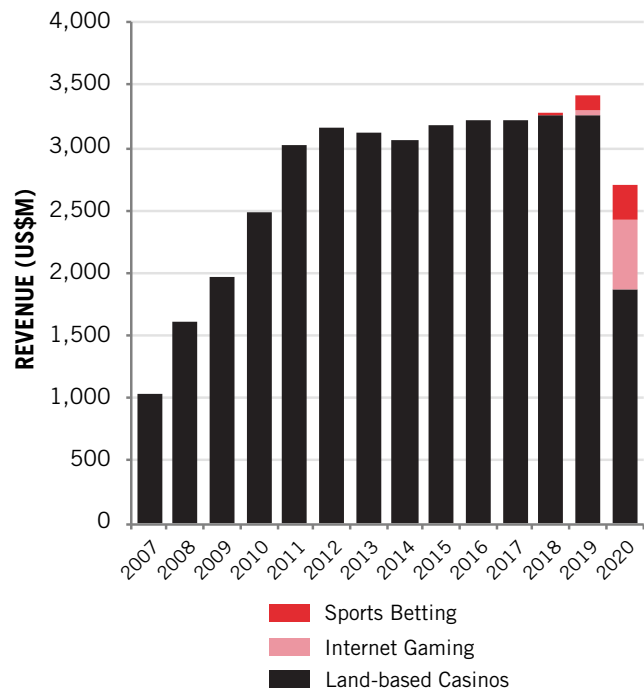
Total statewide commercial casino revenue from electronic gaming devices in 2020 was \$1.36 billion, down 42.6 percent against 2019, while revenue from table games was \$504.3 million, down 44.2 percent.

The sharp decline in revenue from traditional land-based casino games was partially offset by growth in internet gaming and sports betting.

Internet gaming revenue in 2020 was \$565.8 million, versus just \$33.6 million in 2019. Sports wagering revenue was \$269.9 million, up 141.7 percent from the previous year. Online sports betting accounted for approximately 89.3 percent of total sports betting revenue, versus 63.2 percent in 2019.

Pennsylvania: Commercial Gaming Revenue 2007 to 2020

As the pandemic devastated the land-based casino market, 2020 saw internet gaming emerge as a major driver of overall gaming revenue in Pennsylvania. Reported internet gaming revenue for the year exceeded \$565 million, more than double sports betting's statewide revenue total of nearly \$270 million.



SOURCE: Pennsylvania Gaming Control Board

Gaming Tax Distribution

Pennsylvania land-based commercial casinos and racinos pay a 54 percent tax rate on electronic gaming device revenue, a 16 percent tax rate on table game revenue and a 34 percent tax rate on revenue from electronic versions of table games.

Internet gaming revenue is taxed at the same headline rates of either 54 or 16 percent, depending on whether the online casino game in question simulates an electronic gaming device or a table game.

Sports betting revenue is subject to a 36 percent effective tax rate, which includes a two percent tax for local municipalities and is applied after deduction of promotional free bets offered to players. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

Reflecting one of the highest effective tax rates in the country plus the addition of internet gaming and online sports betting, Pennsylvania collected more than twice as much in direct gaming tax revenue than any other state in 2020.

In 2020, the state's commercial casinos and racinos generated \$1.19 billion in gaming tax revenue, down 21.4 percent against 2019.

The state's share of gaming tax revenue in Pennsylvania is primarily used for the purpose of reducing school taxes paid by Pennsylvania property owners, with additional allocations for local law enforcement grants and responsible gaming programs. In 2020, the state's share of direct gaming tax revenue amounted to \$751.4 million.

In addition, approximately \$140.3 million was distributed to Pennsylvania's horse racing industry in 2020. Remaining monies were allocated to an economic development and tourism fund, to county governments and to the municipalities that host casinos and racinos.

Competitive Landscape

Pennsylvania's casinos operate at the intersection of the fiercely competitive Northeast and Mid-Atlantic markets. Individual Pennsylvania casinos compete against rival properties in Delaware and northern Maryland to the south; New York City and Atlantic City to the east; Ohio to the west; and West Virginia to the southwest.

Meanwhile, Pennsylvania casinos also face increasing competition from within the state's borders.

After several delays, the planned Live! Casino & Hotel Philadelphia is expected to open in the city's Stadium District in early 2021, adding another commercial casino to a Greater Philadelphia market that is already served by Harrah's Philadelphia Casino and Racetrack, Rivers Casino Philadelphia, Parx Casino and Valley Forge Casino Resort.

In November, Pennsylvania's first satellite casino, Live! Casino Pittsburgh, was opened approximately 30 miles southeast of the state's second largest city, providing extra competition to Rivers Casino Pittsburgh and The Meadows Casino Racetrack.

Additional satellite casinos have been licensed for locations in Morgantown to the northwest of Philadelphia; in York County near Harrisburg; and in Centre County in central Pennsylvania. Another casino operator has acquired the rights to a license for a satellite casino in Cumberland County to the west of Harrisburg, but has not yet secured a site for its project.

Under the state's 2017 gaming legislation, satellite casinos may not be located within 25 miles of an existing Pennsylvania casino or racino, except if the location is within 25 miles of a casino or racino under the same ownership as the satellite casino.

Pennsylvania casinos also face a degree of competition from the operation of lawful electronic gaming devices (VGTs) at truck stops. As authorized under the 2017 law, truck stops meeting a certain set of criteria are eligible to install up to five VGTs on their premises. At the close of 2020, electronic gaming devices were operational at a total of 40 truck stops across the state.

Citing the sustained operation of thousands of unregulated electronic gaming devices in a variety of convenience venues beyond truck stops, some members of the Pennsylvania legislature have advocated for expanding the state's VGT program to bars and restaurants, similar to Illinois. While such legislation was introduced for consideration in 2020, no bill was passed amid opposition from the state's commercial casino operators.

Policy & Regulatory Review

Expansion

In May, Gov. Wolf signed a budget bill that required the PGCB to hold a public auction for an additional satellite casino license in order to re-award the license that regulators denied to an original applicant in 2019.

In September, the PGCB awarded a license for a satellite casino project to be located near Penn State University in Centre County.

The license was initially granted for a satellite casino near Pittsburgh until the PGCB concluded that the casino developer was unable to demonstrate how it would finance the project.

The 2020 state budget law specified that applications would be open only to existing casino licensees in Pennsylvania and no project could be sited within 40 miles of any existing casino or satellite casino project. The winning bidder, Ira Lubert, was the former owner of Valley Forge Casino Resort and remains licensed as an investor in Rivers Casino Pittsburgh. After winning the license auction, Lubert announced a partnership with Bally's Corporation to operate the satellite casino. Bally's will also deploy internet gaming and online sports betting as an affiliate of the casino.

May's budget law further amended Pennsylvania's 2017 gaming expansion law to clarify that sports betting may be offered at so-called "Category 4" satellite casinos, in addition to land-based casinos, racinos and off-track betting facilities.

Internet Gaming

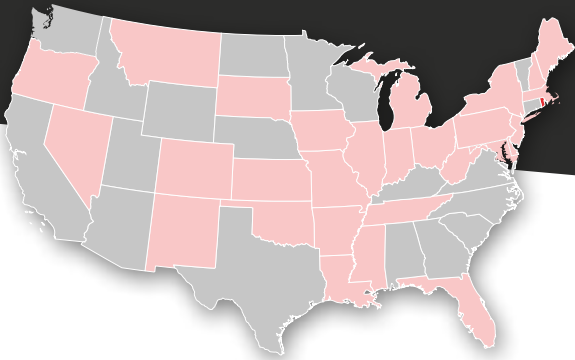
In October, a Pennsylvania state court heard oral arguments in a closely watched case related to the types of interactive games offered by the Pennsylvania Lottery.

The state's 2017 gaming expansion law authorized the state lottery to launch a so-called "iLottery" program to include internet-based instant games. However, the law expressly prohibited the lottery from offering any games that simulate casino-style games such as slot machines, poker, roulette or blackjack, which can be offered only by commercial casinos and affiliated platforms operating internet gaming under their licenses.

In 2018, a coalition of Pennsylvania casinos sued the state Department of Revenue, which oversees the state lottery, citing the nature of certain games in the iLottery program as well as how they were being marketed. A state judge denied a motion to enjoin the state's iLottery program a year later, while allowing the matter to proceed to trial. A decision in the case is expected in 2021.

Rhode Island

In 2020, total statewide commercial casino gaming revenue was \$326.2 million, down 51.2 percent, after casinos were twice forced to suspend operations due to the pandemic.



NUMBER OF COMMERCIAL CASINOS

2

CASINO FORMAT

Land-Based Casinos

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Rhode Island Lottery

GROSS CASINO GAMING REVENUE 2020

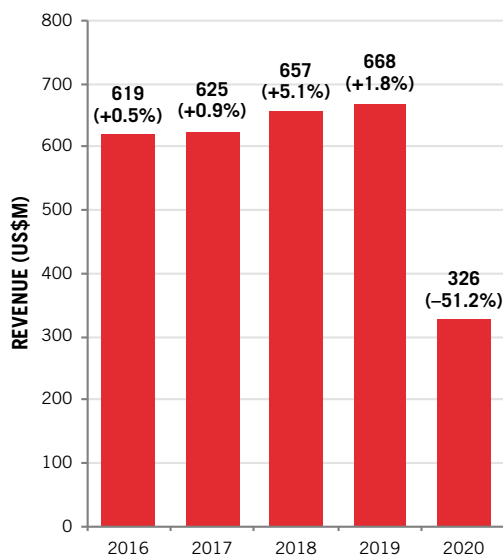
\$326.2M

GAMING TAX REVENUE 2020

\$163.6M

Rhode Island: Commercial Casino Gaming Revenue (US\$M)

2016 to 2020



SOURCE: Rhode Island Lottery

Market Overview

Rhode Island offers commercial casino gaming at two casinos operated under the authority of the Rhode Island Lottery.

In 1992, the Rhode Island legislature passed a bill permitting electronic gaming devices at the state's two pari-mutuel wagering venues. In 2012, state voters approved the addition of table games at Twin River Casino in Lincoln.

In 2016, voters approved a ballot measure permitting the struggling Newport Grand Casino to relocate to the town of Tiverton on the Massachusetts border. The measure also authorized the relocated casino to offer table games. The new facility, Twin River Tiverton Casino Hotel, opened its doors in September 2018.

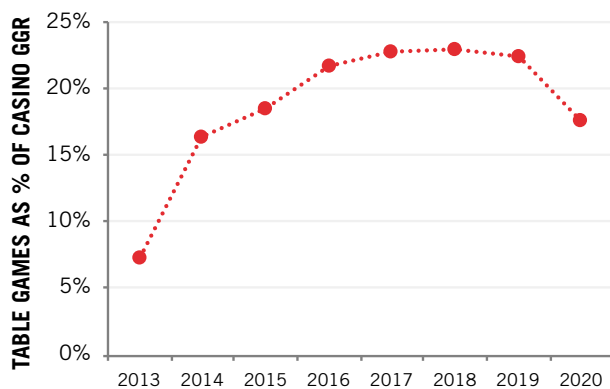
In June 2018, the legislature passed a bill authorizing the state lottery to operate sports betting at both commercial casinos. Retail sportsbooks were opened at both locations in November.

In March 2019, additional legislation was enacted to expand the state's sports betting operations to include online sports wagering. The lottery's online betting platform, Sportsbook Rhode Island, went live in September of that year.

Rhode Island: Table Games as % of Traditional Gaming Revenue

2013 to 2020

Consistent with other states, Rhode Island commercial casinos saw somewhat more robust demand for electronic gaming devices than table games once they were able to reopen following the onset of the pandemic. Enhanced hygiene standards established by state regulators generally restricted the number of players at any table game.



SOURCE: Rhode Island Lottery

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$326.2 million, down 51.2 percent against 2019.

The severe decline reflected the impact of COVID-19 on Rhode Island’s two commercial casino venues. On March 13, Rhode Island became one of the first three states to order its casinos to close due to the pandemic with a shutdown directive entering into effect the following day. Casinos reopened on a limited basis on June 8 and resumed operations, subject to a series of restrictions and enhanced hygiene measures, on June 30.

The two Twin River casinos were then required to close again from November 29 through December 20 after Gov. Gina Raimondo (D) announced a three-week pause in economic activities to counter a second wave of COVID-19 cases in the fall. Collectively, casinos lost an estimated 29 percent of total operating days in 2020 due to the pandemic. Rhode Island’s casino industry

was further impacted by restrictions on interstate travel, including guidelines for any Massachusetts patrons to quarantine upon reentering the state.

Revenue from electronic gaming devices in 2020 was \$248.6 million, representing a decrease of 50.8 percent from the previous year. Revenue from table games fell sharper still, down 63.3 percent to \$53.6 million.

The revenue declines from traditional casino games were only slightly offset by an increase in revenue from sports betting. In 2020, total sports betting revenue was \$24.1 million, up 35.2 percent. Notably, revenue from online sports betting was \$10.3 million in 2020, versus just \$2.1 million from four months of operations in 2019.

Gaming Tax Distribution

Rhode Island’s two commercial casinos retain roughly 26 percent to 28.85 percent of their revenue from electronic gaming devices, depending on each facility’s operating contract and state regulation. An additional annual allowance is made for certain marketing expenses. The state’s overall take of electronic gaming device revenue, after administrative and technology expenses are deducted, is about 60 percent.

By contrast, table game revenue is taxed at a rate of either 17 or 19 percent depending on each casino’s total net revenue in relation to the previous fiscal year. If a property’s revenue is up from the prior year it pays an additional two percent.

Sports betting is taxed at an effective rate of 51 percent with the remaining amount split between the operating partners of the state lottery (32%) and the casino hosting the sportsbook operation (17%). In addition, the host communities of Lincoln and Tiverton each receive an annual payment of \$100,000.

In 2020, commercial casino gaming generated \$163.6 million in total tax revenue for Rhode Island’s General Fund, down 50.4 percent versus 2019.

Gaming revenue in the General Fund is appropriated annually at the direction of the legislature and is used

to pay for various state services, including education, public safety programs and healthcare.

A small fraction of gaming tax revenue is also remitted annually to the towns of Lincoln and Tiverton as well as to the Narragansett Indian Tribe.

Competitive Landscape

Rhode Island's two commercial casinos operate in a fiercely competitive New England gaming market.

The most direct competitors of Rhode Island's casinos are Plainridge Park Casino in Massachusetts, which is just 20 miles from Providence, and the Foxwoods and Mohegan Sun tribal casinos in southeastern Connecticut. Since mid-2019, New England casinos have faced additional competition for players from the Greater Boston area in the form of the Encore Boston Harbor casino-resort, located in Everett, Massachusetts.

Rhode Island's casinos gained some competitive advantage in 2018 by becoming the only gaming facilities in the region authorized to offer sports wagering. Neither Massachusetts nor Connecticut passed sports betting legislation in 2020, but lawmakers in both states are expected to continue to debate the issue during their 2021 sessions.

In Massachusetts, the prospect of a fourth and final casino being approved for the southeastern region of the state that borders Rhode Island remained uncertain at the end of 2020. While a fourth casino is authorized under the state's 2011 gaming law, legal challenges have stalled a tribal casino planned for the city of Taunton and Massachusetts regulators have so far proceeded cautiously in considering an alternative commercial casino in the region.

Policy & Regulatory Review

Sports Betting

In July, legislation to expand Rhode Island's online sports betting market by allowing patrons to register accounts without visiting one of the state's two land-based casinos was signed into law by Gov. Raimondo.

Officials with Raimondo's administration advocated for the change, citing statistics which revealed that roughly 45 percent of players creating accounts for online sports betting never actually visited a casino in order to activate them, as was originally required under Rhode Island's 2019 law that authorized mobile sports wagering.

Rhode Island was not the only state to pivot away from an in-person registration requirement for sports betting in 2020. A similar legal requirement was temporary suspended in Illinois due to the pandemic, while an in-person registration mandate established under a 2019 Iowa state law was set to expire at year-end. Nevada is the only other state that requires patrons to complete the account registration process in-person.

Litigation

In June, a judge with Rhode Island's Superior Court sided with the state government and rejected a legal challenge that claimed sports betting was unconstitutional because it was never expressly approved by voters in a referendum.

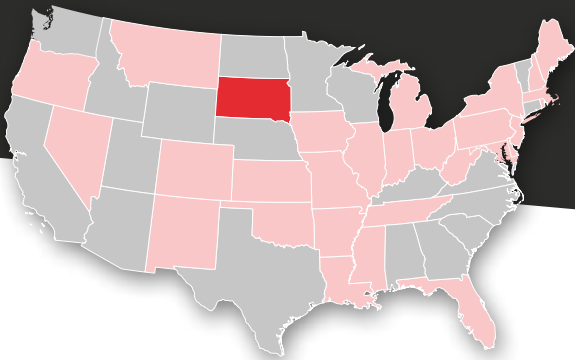
According to the lawsuit filed in 2019 by a former local political official, sports betting never appeared on ballot papers in either of the 2012 or 2016 voter referendums that authorized expanded casino gaming at the Twin River casino locations in Lincoln and Tiverton.

However, the Superior Court agreed that ballot language for the statewide referendums that primarily authorized table games was sufficient to provide fair notice to voters that the measures would incorporate other forms of casino gaming defined as such by federal law.

The judge also rejected a claim that online sports wagering was unlawful because it permitted gaming outside of Rhode Island's two land-based casinos, finding that the bets legally occur at the location of servers that are hosted within casino properties.

South Dakota

In 2020, total statewide commercial casino gaming revenue was \$105.3 million, down 4.5 percent. The relatively modest annual revenue decline was the smallest of any state with commercial casinos.



NUMBER OF COMMERCIAL CASINOS

23

CASINO FORMAT

Land-Based Casinos

REGULATORY AUTHORITY

South Dakota Commission on Gaming

GROSS CASINO GAMING REVENUE 2020

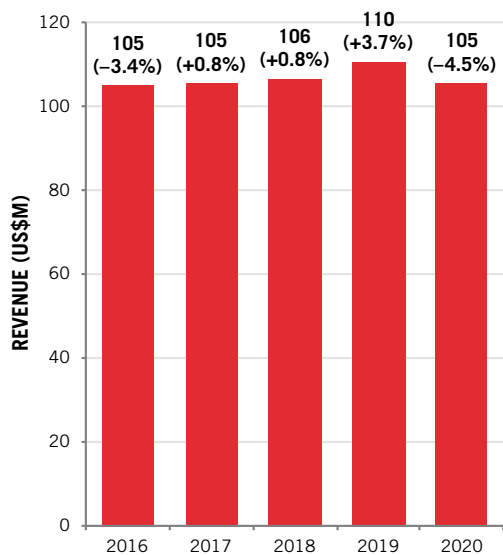
\$105.3M

GAMING TAX REVENUE 2020

\$14.1M

South Dakota: Commercial Casino Gaming Revenue (US\$M)

2016 to 2020



SOURCE: South Dakota Commission on Gaming

Market Overview

South Dakota offers commercial casino gaming at 23 locations exclusively within the city limits of historic Deadwood, located on the edge of the Black Hills National Forest near the Wyoming and Montana borders.

The casinos, which operate both electronic gaming devices and table games, are regulated by the South Dakota Commission on Gaming.

Commercial casino gaming was first approved by South Dakota voters in a 1988 statewide referendum. The state legislature passed a corresponding law the following year, making South Dakota the third commercial gaming state alongside Nevada and New Jersey.

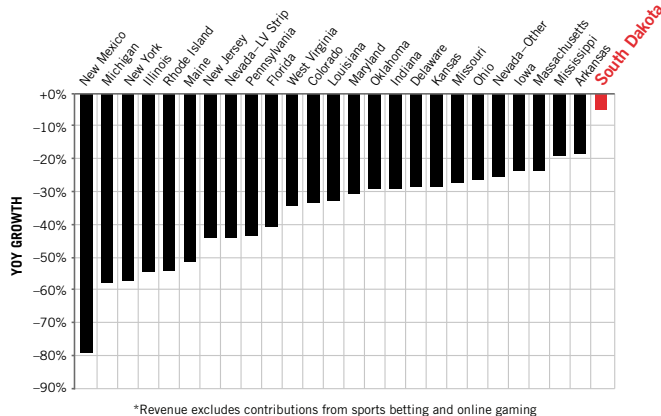
While South Dakota's gaming law initially contained strict wagering limits and restrictions on the types of games and prize amounts that commercial casinos could offer, these restrictions have been loosened in recent years. Deadwood casinos can now accept wagers up to \$1,000 (up from \$100 prior to 2012) and can offer the most popular casino table games, including blackjack, poker, craps and roulette.

There are no limits on the number of commercial casinos that may operate within the city limits of Deadwood. Commercial casino operators may operate up to 30 table games or electronic gaming devices for each license they possess. There is no limit on the number of licenses any operator may hold.

United States: YoY Growth in Gaming Revenue by State

2020

As the last state to close down its commercial casino industry and the first to allow it to reopen, South Dakota saw the smallest decline in statewide annual gaming revenue in 2020 of all the 25 states with commercial casino gaming.



SOURCE: State Gaming Commissions

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$105.3 million, down 4.5 percent against 2019. The decline reflected the impact of COVID-19 on Deadwood casinos, which were forced to close between March 25 and May 7.

Notably, South Dakota commercial casinos were both the last to close and the first to reopen during the onset of the pandemic in the spring. As a result, annual gaming revenue declined by a lesser percentage in

South Dakota than in any other state with commercial casinos. Collectively, South Dakota commercial casinos lost an estimated 16.5 percent of total operating days in 2020 due to the pandemic.

Total revenue from electronic gaming devices in 2019 was \$94.0 million, a 3.1 percent decline relative to 2019. Table game revenue decreased by 14.8 percent to \$11.3 million.

Amid restrictions to encourage social distancing on gaming floors, the number of electronic gaming devices and table games in Deadwood casinos fell to 2,636 at the end of 2020, versus 2,940 in operation at the start of the year.

Gaming Tax Distribution

South Dakota applies a 9 percent tax on commercial casino revenue. In addition, a gaming device tax is applied to both table games and electronic gaming devices, in the amount of \$2,000 per unit per year.

In 2020, commercial casinos in Deadwood generated total gaming tax revenue of \$14.1 million, down 5.1 percent against the previous year.

Of the 9 percent of gaming revenue collected, 1 percent is distributed to South Dakota's General Fund, and the remaining 8 percent is divided between the state's Gaming Commission Fund, the South Dakota Department of Tourism and Lawrence County, where Deadwood is located.

The Commission Fund provides up to \$6.8 million annually to the City of Deadwood, and up to \$100,000 to the State Historical Preservation Grant and Loan Fund, with all remaining funds going to the state General Fund, Deadwood historic preservation and Lawrence County municipalities and schools. In addition, the Commission Fund is authorized to provide up to \$30,000 annually for state gambling addiction programs.

Competitive Landscape

With almost two dozen casinos in Deadwood and no major population center within hundreds of miles, South Dakota relies heavily on tourists to patronize the historic town's commercial casinos.

As Deadwood sits on the western edge of the state, which spans nearly 400 miles, the town is unable to capture the majority of gaming dollars spent by South Dakota's residents, particularly those in Sioux Falls—the state's largest city and located in the southeastern corner of the state. Residents in that part of the state generally spend their gaming dollars at one of the state's 11 tribal casinos, at nearby tribal casinos in Minnesota, or at Iowa's Grand Falls Casino, which is just minutes from Sioux Falls.

The addition of sports betting in 2021 or 2022 is expected to boost visitation to both Deadwood and South Dakota tribal casinos. Among South Dakota's five neighboring states, only Iowa and Montana currently offer legal sports betting. Further, neighboring Nebraska is set to introduce commercial casino gaming at its licensed racetracks following a successful voter referendum in November 2020.

South Dakota's casinos also compete with a network of over 9,000 electronic gaming devices operated by the South Dakota Lottery at more than 1,200 convenience locations, such as bars and taverns, throughout the state.

Policy & Regulatory Review

Sports Betting

South Dakota was one of three states to approve a voter referendum on sports betting in 2020.

Sports betting was put on the November ballot after a resolution to amend the South Dakota constitution was passed by the legislature in March.

Amendment B asked voters to grant authority to lawmakers to allow sports wagering in Deadwood, where all South Dakota's commercial casinos are

located. The measure was approved by a margin of 58.5 percent to 41.5 percent.

After the successful constitutional amendment, South Dakota sports betting now requires the adoption of implementing legislation by lawmakers during the 2021 session in order to establish specific requirements on licensing, oversight and tax, among other things.

Legalization of sports wagering in Deadwood will also lead to sports betting in South Dakota tribal casinos, since tribes are eligible under their compacts to offer any form of gaming approved for commercial casinos by state law.

Regulatory Reform

In June, the South Dakota Commission on Gaming unanimously adopted temporary regulations to address one of the compliance challenges faced by Deadwood commercial casinos during the pandemic.

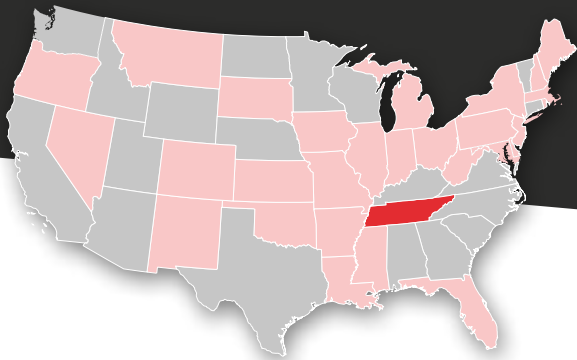
Temporary rules adopted by the commission authorized unlicensed electronic gaming devices and table games to remain on the premises of commercial casinos, provided they were disconnected and clearly shown to be inaccessible to patrons.

The regulations came after a request for relief from commercial casino operators who pointed out that the reduced demand and social-distancing restrictions brought about by COVID-19 meant casinos would not immediately renew permits for all of the electronic gaming devices and table games in their facilities.

While prior regulations would have required any unlicensed devices to be removed from the gaming floor, operators argued that temporary relief from the requirement would save removal and storage costs, and allow for greater flexibility to relicense and reactivate casino games based on market demand.

Tennessee

Tennessee reported total sports betting revenue of \$27.1 million in 2020, following the launch of legal mobile wagering in November.



NUMBER OF COMMERCIAL CASINOS

N/A

CASINO FORMAT

N/A

NOTABLE FORMS OF GAMING

Sports Betting

REGULATORY AUTHORITY

Tennessee Education Lottery Corporation

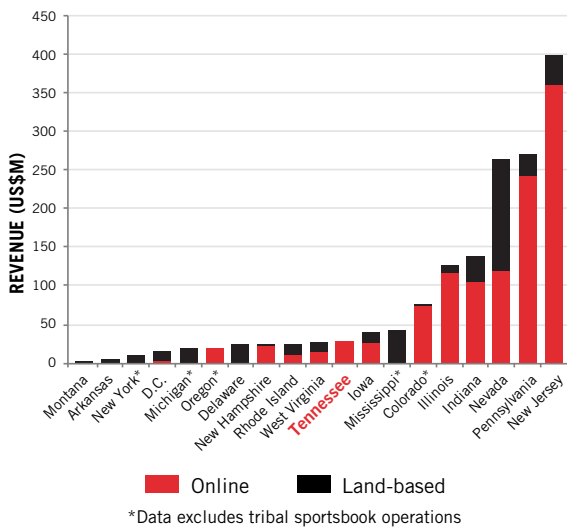
GROSS SPORTS BETTING REVENUE 2020

\$27.1M

SPORT BETTING TAX REVENUE 2020

\$5.4M

United States: Regulated Sportsbook Revenue by State 2020



SOURCE: State regulators

Market Overview

Tennessee has no commercial casino venues but offers sports betting through four commercial sportsbook operators subject to regulation by the Tennessee Education Lottery Corporation.

The state authorized sports betting in May 2019 when a law passed by the state legislature took effect after Gov. Bill Lee (R) allowed it to become law without his signature.

The law authorizes commercial gaming operators to apply for licenses to operate online sports betting. The activity is overseen by the Tennessee Lottery and its nine-member Sports Wagering Advisory Council, which was established under the 2019 law and whose members are appointed by the governor and leaders of both chambers of the legislature.

Tennessee’s law was notable for being the first in the U.S. to limit sports wagering exclusively to online platforms, with no retail sportsbook operations permitted.

Legal sports betting began in November 2020 when the first four sports betting operators licensed by the

Tennessee Lottery commenced operations. There are no limits on the number of licenses that can be awarded although operators are required to meet certain criteria, including payment of a \$750,000 annual license fee.

Market Performance

In 2020, total sports betting revenue in Tennessee was \$27.1 million on handle of \$312.3 million.

Notably, the revenue total reflected just two months of operations given online sports betting did not launch until November 1. Tennessee benefited from the timing of its launch at the height of football season and generated among the highest levels of monthly sports betting revenue among the states that were active at the end of 2020.

Gaming Tax Distribution

Revenue from online sports betting in Tennessee is taxed at a rate of 20 percent. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2020, sports betting generated total tax revenue of approximately \$5.4 million.

Of that amount, approximately \$4.3 million was distributed to the Tennessee Lottery's education fund used to support education programs across the state. Some \$816,000 was allocated to local governments for infrastructure projects, with the remainder set aside for problem gambling services.

Competitive Landscape

Tennessee enjoys a competitive advantage as the only Southern state with legal online sports betting, though that advantage is set to be short-lived

Neighboring Virginia authorized online sports betting in 2020 under a similar regulatory framework to Tennessee, with operations expected to begin early in

2021. Legislation for online sports betting is also likely to be considered in other neighboring states, including Georgia, Kentucky, Missouri and North Carolina.

Meanwhile, competition within the state's sports betting market is quickly set to intensify. While just four operators were approved by the end of 2020, at least three more applicants were being reviewed by the Tennessee Lottery at the close of the year.

Policy & Regulatory Review

Sports Betting

After enacting legislation in 2019, the Tennessee Lottery took several key steps in 2020 to prepare for the launch of legal online sports betting in the state.

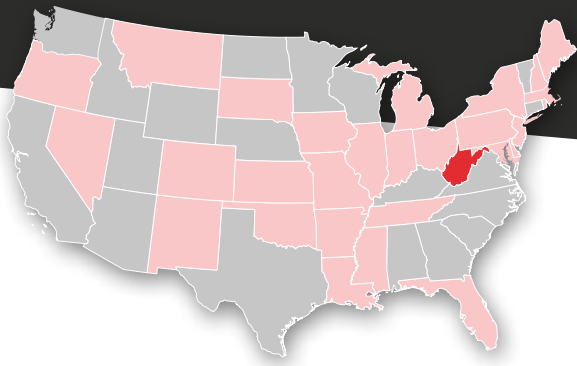
In April, the lottery adopted formal regulations and minimum internal control standards to govern sports betting operations, licensing, advertising and various other issues.

One notable regulatory requirement is for sportsbook operators to pay out in winnings no more than 90 percent of the total amount wagered on their platforms over the course of a year, ensuring a minimum hold of at least 10 percent compared with an industry average of roughly 5 to 7 percent. The requirement is the first of its kind in the U.S. market, although France and other international jurisdictions have imposed similar restrictions.

In August, the lottery published a series of guidance memos related to how the payout cap would be enforced, how specific sporting events would be approved for wagering and how operators should meet an additional regulatory requirement for mandatory pre-approval of all marketing materials.

West Virginia

In 2020, total statewide commercial casino gaming revenue was \$435.5 million, down 30.9 percent, as the launch of internet gaming could not offset the impact of COVID-19 on West Virginia's land-based casinos and racinos.



NUMBER OF COMMERCIAL CASINOS

5

CASINO FORMAT

Land-Based Casinos; Racinos

NOTABLE FORMS OF GAMING

Sports Betting; Internet Gaming

REGULATORY AUTHORITY

West Virginia Lottery Commission

GROSS CASINO GAMING REVENUE 2020

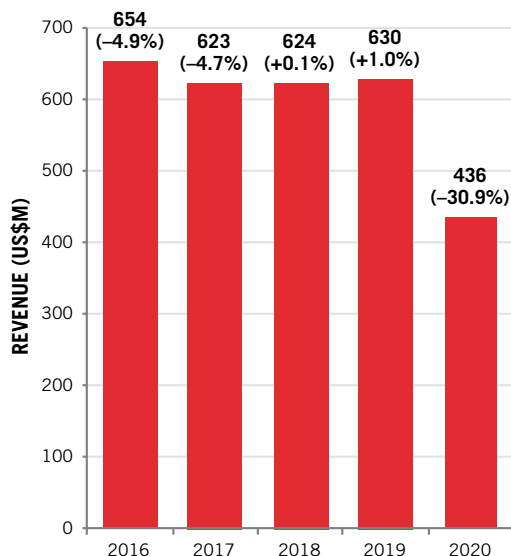
\$435.5M

GAMING TAX REVENUE 2020

\$189.9M

West Virginia: Commercial Casino Gaming Revenue (US\$M)

2016 to 2020



SOURCE: West Virginia Lottery

Market Overview

West Virginia offers commercial casino gaming at four racinos and one land-based casino. Each of the five venues operates electronic gaming devices, table games and sports betting under the authority of the West Virginia Lottery Commission.

The state authorized commercial casino gaming in 1994 when the West Virginia legislature endorsed the operation of electronic gaming devices at racetracks, subject to local approval. Legislation allowing racinos to add table games was approved in 2007.

In 2008, voters approved casino gaming at The Greenbrier historic hotel and legislators authorized table games at the property the following year.

Under West Virginia's regulatory framework, a racino must have a valid racetrack license in order to operate electronic gaming devices and table games. Racinos are statutorily permitted to have up to 400 machines but may apply to the Lottery Commission for authorization to install more.

Anticipating a favorable ruling by the U.S. Supreme Court to strike down a federal ban, the state legislature passed

a bill in March 2018 legalizing land-based and online sports betting. At the end of 2020, sports betting was available through physical sportsbooks at all five West Virginia casinos and via five affiliated online platforms.

Internet casino gaming was launched in July, with two online casinos operational by the end of the year.

Market Performance

In 2020, total statewide commercial casino gaming revenue was \$435.5 million, down 30.9 percent versus 2019.

The sharp decrease reflected the impact of COVID-19 on West Virginia’s commercial gaming industry. All five casinos were required to close between March 18 and June 5. Upon reopening casinos were required to abide by safety guidelines that included operating at no more than 50 percent of maximum capacity. Collectively, casinos lost an estimated 21 percent of total operating days in 2020 due to the pandemic.

Total revenue from electronic gaming devices in 2020 was \$333.3 million, down 33.8 percent from 2019, while total table game revenue was \$65.8 million, down 38.6 percent.

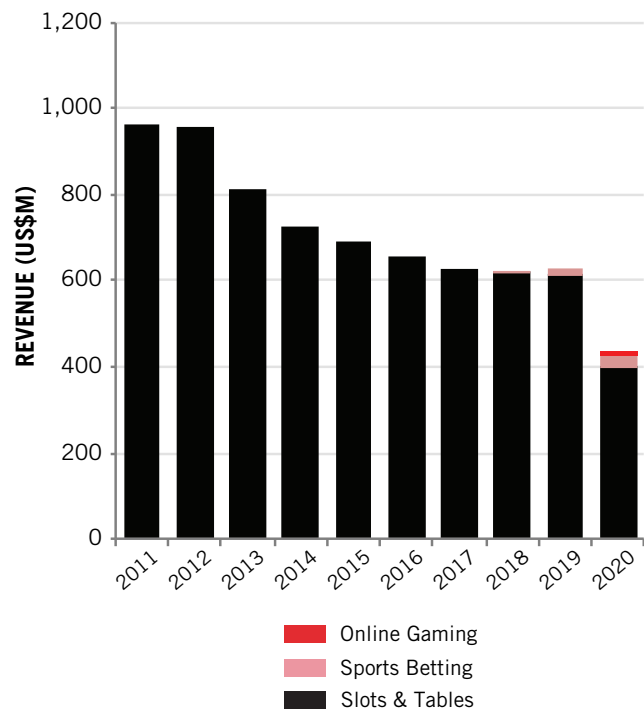
The decline in revenue from traditional casino games was partially offset by contributions from sports betting and internet gaming.

West Virginia casinos and their affiliated online sportsbook platforms collected \$26.8 million in total sports betting revenue in 2020, an increase of 36.7 percent. While the majority of revenue—approximately 57 percent—came from online sports betting, that ratio was noticeably lower than other states such as New Jersey and Pennsylvania.

After launching in mid-July, revenue from five and a half months of internet gaming totaled \$9.6 million.

West Virginia: Commercial Gaming Revenue 2011 to 2020

West Virginia’s sharp decline in commercial gaming revenue incurred as a result of the pandemic in 2020 came after the state reported its first annual revenue increases in a decade in both 2018 and 2019 following the addition of legal sports betting.



SOURCE: West Virginia Lottery

Gaming Tax Distribution

Revenue from electronic gaming devices at West Virginia’s five casino properties is subject to an effective tax rate of 53.5 percent, while table games are taxed at 35 percent.

The tax rate for internet gaming is 15 percent, with sports betting subject to a state tax of 10 percent of revenue. Sportsbook operations are further subject to a 0.25 percent federal excise tax applied to wagering handle.

In 2020, commercial casinos generated total gaming tax revenue of approximately \$189.9 million, down 34.0 percent from 2019. The total included of approximately \$1.4 million from internet gaming taxes.

The majority of gaming tax revenue is remitted to the state government, including to funds associated with the West Virginia Lottery. Lottery funds are allocated to the state's public schools, tourism promotion, state parks and services for senior citizens. County and municipal governments also receive a small percentage of gaming tax proceeds, as do West Virginia's horse and greyhound racing industries.

Taxes collected from sports betting are placed in the West Virginia Lottery Sports Wagering Fund, which distributes the first \$15 million to the State Lottery Fund before remaining monies are used to help support health-insurance programs for public sector employees.

Internet gaming taxes are similarly deposited into the West Virginia Lottery Interactive Wagering Fund. The fund distributes annual tax profits to the State Lottery Fund, following deductions for regulatory costs and contributions to the pensions of West Virginia racing employees.

Competitive Landscape

West Virginia's commercial casinos have faced a dramatic increase in out-of-state competition in recent years, with the neighboring states of Maryland, Ohio and Pennsylvania opening nearly 30 commercial casino properties between them since 2006.

Hollywood Casino at Charles Town Races competes directly with three Maryland casinos for patrons from the Greater Washington D.C.-Baltimore area, while Wheeling Island Hotel Casino Racetrack and Mountaineer Casino Racetrack & Resort both face competition from casinos and racinos in Pittsburgh and eastern Ohio.

Additional out-of-state competition is also on the horizon after the Virginia legislature enacted a law in April 2020 to authorize a total of five land-based casinos. Although none of the five cities earmarked to host casinos are particularly close to the West Virginia border, the Virginia law also allowed for a new

gaming venue in Northern Virginia offering up to 1,800 electronic gaming devices based on the outcome of historical horse races.

In terms of sports betting, West Virginia faces expanding competition in the form of online sports wagering in Virginia, which was also legalized in 2020, as well as from online sports betting and land-based sportsbooks at major sports arenas in Washington D.C. Maryland casinos are also expected to add sports betting in the near future, following a successful 2020 voter referendum.

Within the state's borders, West Virginia casinos compete with a network of some 8,000 limited-stakes electronic gaming devices (VLTs) situated at retail establishments, such as bars and taverns.

Policy & Regulatory Review

Internet Gaming

In May, the West Virginia Lottery Commission adopted implementing regulations to allow for the launch of internet casino gaming in the state.

Although a 2019 law legalized internet gaming and established a tax rate, among other fundamental regulatory requirements, it mandated the lottery commission to craft more detailed rules to address such issues as account verification, responsible gaming and technical controls.

In general, the regulations aligned internet gaming with existing requirements for online sports betting, including by allowing West Virginia's five casinos to each partner with up to three online casino platforms to operate under their licenses.

By the end of the year, two online casinos—DraftKings and BetMGM—had launched in West Virginia and at least five others had announced plans to do so.

The debut of DraftKings' online casino in July made West Virginia the fifth state with lawful internet gaming, joining New Jersey, Delaware, Nevada and Pennsylvania.

State Regulatory & Industry Contacts

For further information about the gaming industry or regulatory requirements in specific states please contact the state regulators or state gaming association listed below.

STATE	STATE REGULATORY AUTHORITY	STATE GAMING ASSOCIATION
Arkansas	Arkansas Racing Commission dfa.arkansas.gov/racing-commission	
Colorado	Colorado Division of Gaming colorado.gov/pacific/enforcement/gaming Colorado Limited Gaming Control Commission colorado.gov/pacific/enforcement/limited-gaming-control-commission	Colorado Gaming Association coloradogaming.com
Delaware	Delaware Lottery delottery.com Delaware Division of Gaming Enforcement dge.delaware.gov	
District of Columbia	DC Lottery dc lottery.com	
Florida	Florida Division of Pari-Mutuel Wagering myfloridalicense.com/DBPR/pari-mutuel-wagering	
Illinois	Illinois Gaming Board igb.illinois.gov	Illinois Casino Gaming Association illinoiscasinogaming.org
Indiana	Indiana Gaming Commission in.gov/igc	Casino Association of Indiana casinoassociation.org
Iowa	Iowa Gaming and Racing Commission irgc.iowa.gov	Iowa Gaming Association iowagaming.org
Kansas	Kansas Racing and Gaming Commission krgc.ks.gov Kansas Lottery kslottery.com	
Louisiana	Louisiana Gaming Control Board lgcb.dps.louisiana.gov	Louisiana Casino Association casinosofla.com
Maine	Maine Gambling Control Unit maine.gov/dps/gamb-control	
Maryland	Maryland Lottery and Gaming Control Commission; Maryland Lottery and Gaming Control Agency mdgaming.com	
Massachusetts	Massachusetts Gaming Commission massgaming.com	
Michigan	Michigan Gaming Control Board michigan.gov/mgcb	Michigan Gaming Association michigangaming.com

State Regulatory & Industry Contacts *(continued)*

STATE	STATE REGULATORY AUTHORITY	STATE GAMING ASSOCIATION
Mississippi	Mississippi Gaming Commission msgamingcommission.com	Mississippi Gaming and Hospitality Association msgaming.org
Missouri	Missouri Gaming Commission mgc.dps.mo.gov	Missouri Gaming Association missouricasinos.org
Montana	Montana Lottery montanalottery.com	
Nevada	Nevada Gaming Control Board; Nevada Gaming Commission gaming.nv.gov	Nevada Resorts Association nevadaresorts.org
New Hampshire	New Hampshire Lottery nhlottery.com	
New Jersey	New Jersey Division of Gaming Enforcement nj.gov/oag/ge New Jersey Casino Control Commission nj.gov/casinos	Casino Association of New Jersey casinoassociationofnewjersey.org
New Mexico	New Mexico Gaming Control Board nmgcb.org	
New York	New York State Gaming Commission gaming.ny.gov	New York Gaming Association newyorkgaming.org
Ohio	Ohio Casino Control Commission casinocontrol.ohio.gov Ohio Lottery Commission ohiolottery.com	
Oklahoma	Oklahoma Horse Racing Commission ohrc.org	
Oregon	Oregon Lottery oregonlottery.org	
Pennsylvania	Pennsylvania Gaming Control Board gamingcontrolboard.pa.gov	
Rhode Island	Rhode Island Lottery rilot.com	
South Dakota	South Dakota Commission on Gaming dor.sd.gov/Gaming	Deadwood Gaming Association deadwood.com/deadwood-gaming-association
Tennessee	Tennessee Lottery tnlottery.com	
West Virginia	West Virginia Lottery Commission wvlottery.com	

