

Gaming Taxes Follow-up

Effective Gaming Tax Rates

Prepared for the Gaming Study Committee
Legislative Services Agency September 14, 2009

Calculation

Effective Tax Rate

=

$$\frac{\text{Gaming Taxes} + \text{Required Payments}}{\text{Win}^*}$$

*Gross wagers minus winnings paid to gamblers.

Effective Tax Rate Components

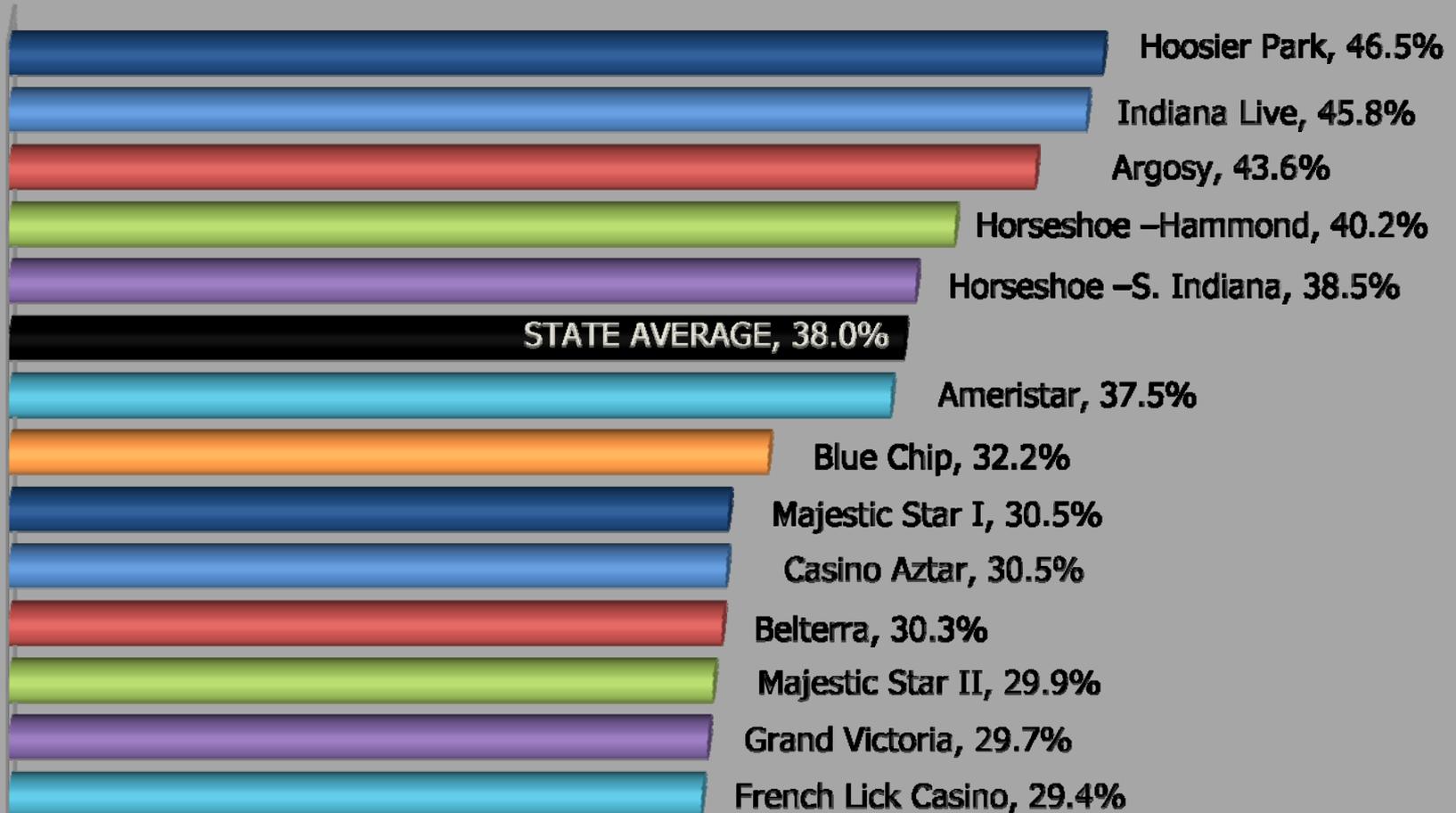
Gaming Taxes

- Admission Tax & Wagering Tax (Riverboats)
- State & Local Slot Machine Wagering Taxes (Racinos)

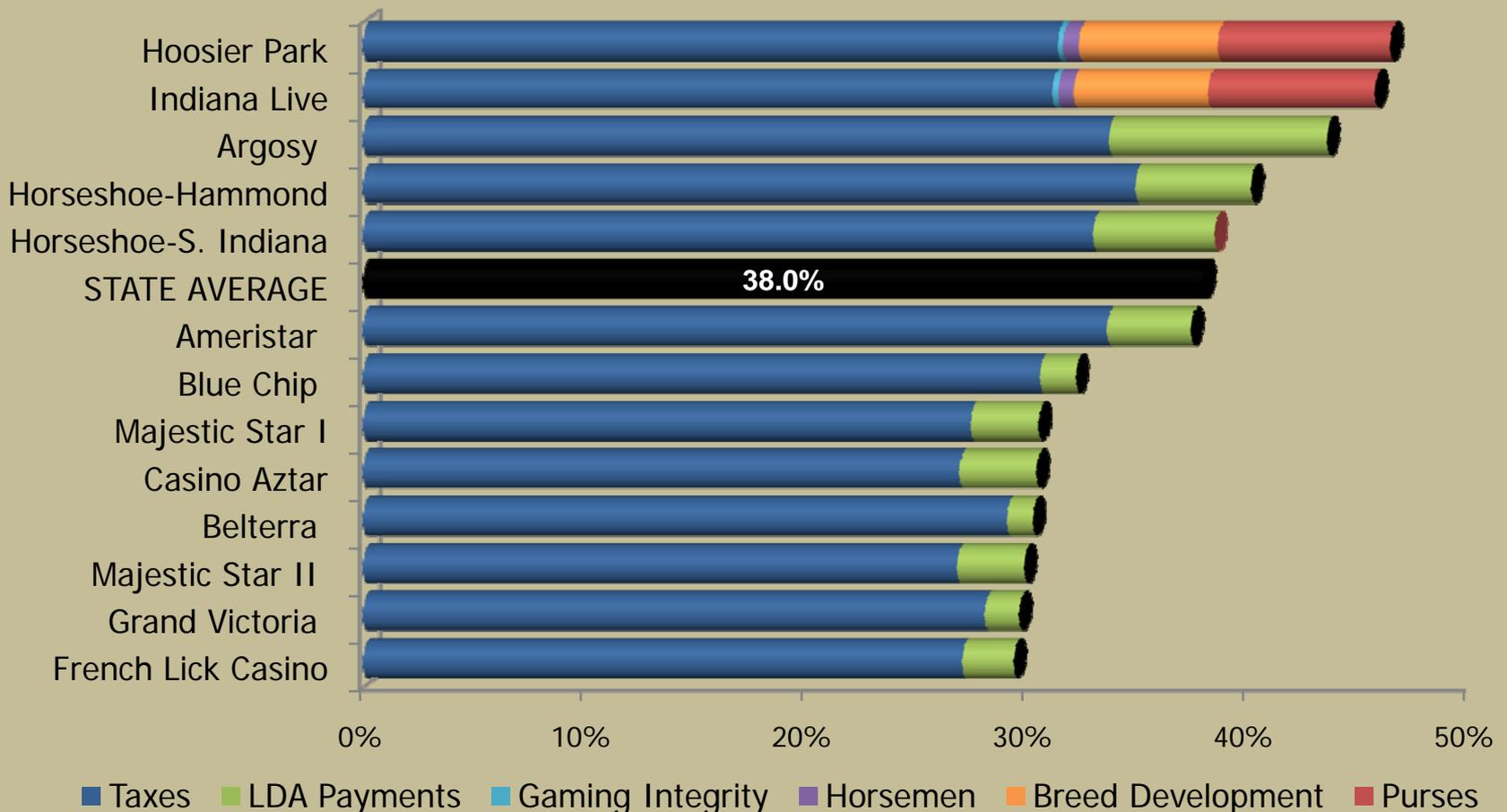
Required Payments

- Local Development Agreement Payments (Riverboats)
- Gaming Integrity Fee (Racinos)
- Slot AGR Set Aside (Racinos)

Effective Tax Rate by Gaming Facility



Effective Tax Rate Components



Effective Tax Rate Components – Neighboring States

Illinois & Missouri Riverboats

- Admission Tax & Wagering Tax

Iowa Riverboats and Racinos

- Wagering Tax
- Payments to Nonprofit Licensee
- Purse Supplements (Racinos Only)

Michigan Casinos

- State & Local Wagering Taxes
- State Services Fee (portion not for administrative cost)
- Municipal Services Fee
- Detroit Development Agreement Payments

Effective Tax Rate Components – Neighboring States

Michigan Tribal Casinos

- Payments to state under tribal-state compact
- Payments to local governments under tribal-state compact

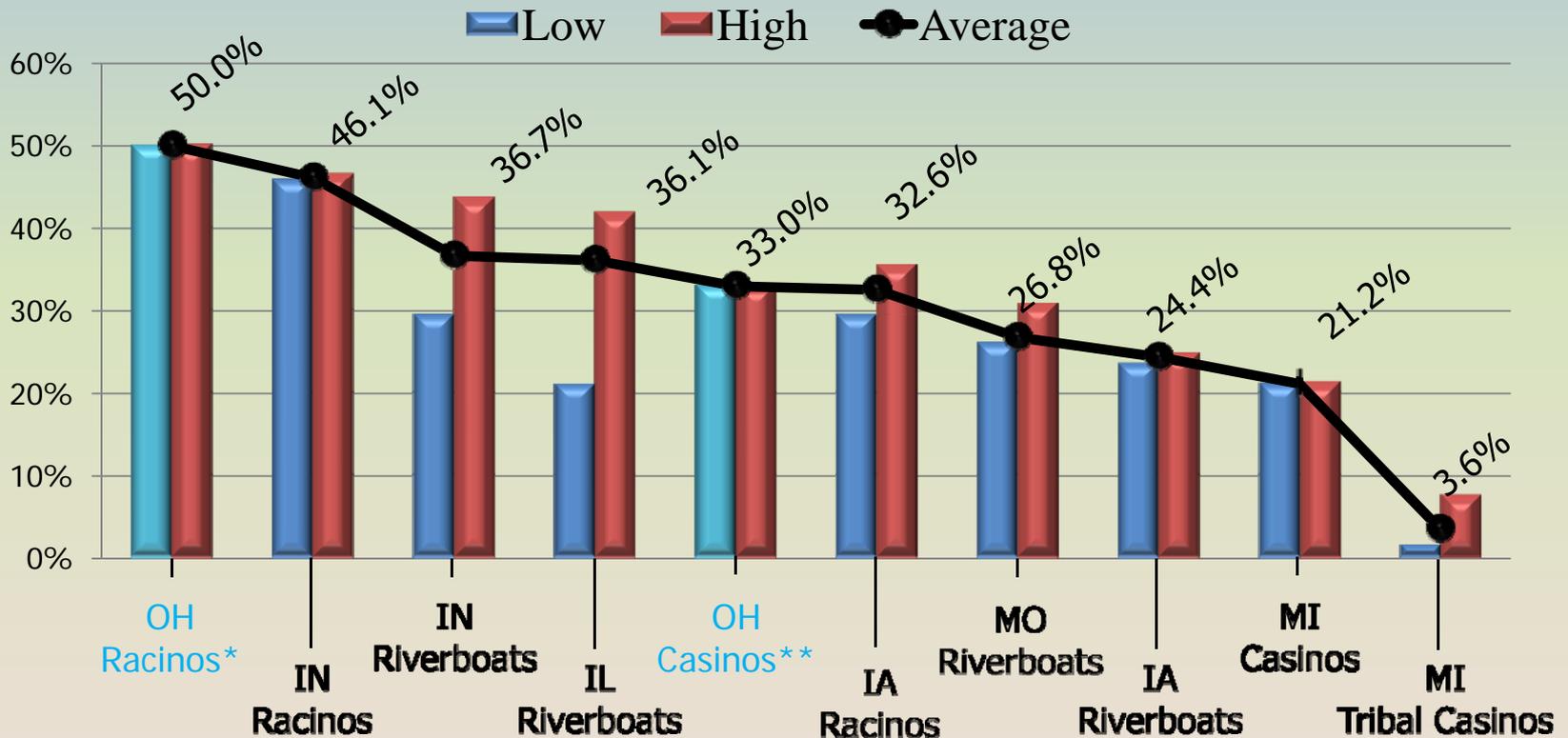
Ohio Racinos (VLT sites)

- VLT AGR retained by state

Ohio Casinos (Ballot Initiative)

- Wagering Tax

Effective Tax Rates by State



*Based on rules issued by the Ohio Lottery.

**Based on ballot initiative language approved for the November 2009 election.

FY 2009 Effective Tax Rate Components and Effective Tax Rates

Casino		Gaming Taxes	Riverboats - LDA Payments	Racinos - Gaming Integrity Funding	Racinos - AGR Set Aside to Horsemen's Associations	Racinos - AGR Set Aside to Breed Development Funds	Racinos - AGR Set Aside to Purses	Effective Tax Rate
French Lick Casino		27.1%	2.3%	-	-	-	-	29.4%
Grand Victoria		28.1%	1.5%	-	-	-	-	29.7%
Majestic Star II		26.9%	3.0%	-	-	-	-	29.9%
Belterra		29.1%	1.2%	-	-	-	-	30.3%
Casino Aztar		27.0%	3.5%	-	-	-	-	30.5%
Majestic Star I		27.5%	3.1%	-	-	-	-	30.5%
Blue Chip		30.6%	1.6%	-	-	-	-	32.2%
Ameristar		33.7%	3.8%	-	-	-	-	37.5%
Horseshoe-S. Indiana		33.0%	5.5%	-	-	-	-	38.5%
Horseshoe-Hammond		34.9%	5.2%	-	-	-	-	40.2%
Argosy		33.7%	9.9%	-	-	-	-	43.6%
Indiana Live		31.2%	-	0.3%	0.7%	6.1%	7.5%	45.8%
Hoosier Park		31.4%	-	0.2%	0.7%	6.3%	7.8%	46.5%
Total All Facilities		31.8%	4.1%	0.0%	0.1%	0.9%	1.1%	38.0%

FY 2009 Win, Gaming Taxes, and Required Payments

Casino	Win	Gaming Taxes	Riverboats - LDA Payments	Racinos - Gaming Integrity Funding	Racinos - AGR Set Aside to Horsemen's Associations	Racinos - AGR Set Aside to Breed Development Funds	Racinos - AGR Set Aside to Purses	Total
French Lick Casino	\$89,549,019	\$24,256,641	\$2,085,354	\$0	\$0	\$0	\$0	\$26,341,995
Grand Victoria	\$118,136,165	\$33,223,167	\$1,829,168	\$0	\$0	\$0	\$0	\$35,052,335
Majestic Star II	\$98,474,750	\$26,464,705	\$2,982,365	\$0	\$0	\$0	\$0	\$29,447,070
Belterra	\$156,980,465	\$45,706,549	\$1,840,015	\$0	\$0	\$0	\$0	\$47,546,564
Casino Aztar	\$115,273,602	\$31,105,200	\$4,016,735	\$0	\$0	\$0	\$0	\$35,121,935
Majestic Star I	\$119,870,564	\$32,933,362	\$3,684,132	\$0	\$0	\$0	\$0	\$36,617,494
Blue Chip	\$186,075,228	\$56,957,574	\$3,045,018	\$0	\$0	\$0	\$0	\$60,002,592
Ameristar	\$289,739,288	\$97,540,168	\$10,996,930	\$0	\$0	\$0	\$0	\$108,537,098
Horseshoe-S. Indiana	\$302,876,206	\$100,016,541	\$16,652,382	\$0	\$0	\$0	\$0	\$116,668,923
Horseshoe-Hammond	\$525,937,424	\$183,737,903	\$27,579,863	\$0	\$0	\$0	\$0	\$211,317,766
Argosy	\$405,384,540	\$136,753,359	\$40,025,659	\$0	\$0	\$0	\$0	\$176,779,018
Indiana Live	\$188,827,529	\$58,880,428	\$0	\$500,000	\$1,313,664	\$11,494,398	\$14,246,492	\$86,434,981
Hoosier Park	\$202,201,775	\$63,541,060	\$0	\$500,000	\$1,452,803	\$12,711,849	\$15,755,437	\$93,961,148
Total All Facilities	\$2,799,326,555	\$891,116,658	\$114,737,621	\$1,000,000	\$2,766,466	\$24,206,246	\$30,001,929	\$1,063,828,920

Effective Gaming Tax Rate by State

State and Type of Facility	Average Effective Tax Rate	Low Effective Tax Rate	High Effective Tax Rate
Ohio - Racinos	50.0%	50.0%	50.0%
Indiana - Racinos	46.1%	45.8%	46.5%
Indiana - Riverboat Casinos	36.7%	29.4%	43.6%
Illinois - Riverboat Casinos	36.1%	21.0%	41.8%
Ohio - Casinos	33.0%	33.0%	33.0%
Iowa - Racinos	32.6%	29.4%	35.5%
Missouri - Riverboat Casinos	26.8%	26.0%	30.8%
Iowa - Riverboat Casinos	24.4%	23.5%	24.8%
Michigan - Detroit Casinos	21.2%	21.1%	21.3%
Michigan - Tribal Casinos	3.6%	1.5%	7.6%

NOTES:

(1) The effective gaming tax rate is computed as the ratio of gaming taxes and other required payments to casino gaming win.

(2) Indiana effective tax rates: Based on the admission tax and wagering tax for riverboat casinos; the state and local slot machine wagering taxes for racinos; required payments by riverboat casinos under local development agreements; required payments by racinos into the state Gaming Integrity Fund and state Breed Development Funds; required payments by racinos to horsemen's associations; and required purse supplements by racinos.

(3) Illinois effective tax rates: Based on the admission tax and wagering tax for riverboat casinos.

(4) Iowa effective tax rates: Based on the wagering tax paid by riverboat casinos and racinos; required payments by riverboat casinos and racinos to nonprofit gaming licenseholders; and required purse supplements by racinos.

(5) Michigan (Detroit casinos) effective tax rates: Based on the state and local wagering taxes; the portion of the state services fee not used for regulatory costs of the Michigan Gaming Control Board; the municipal services fee; and required payments by casinos under development agreements with the City of Detroit.

(6) Michigan (tribal casinos) effective tax rates: Based on the payments made under the tribal-state compacts to the Michigan Economic Development Corporation and to local governments.

(7) Missouri effective tax rates: Based on the admission tax and wagering tax for riverboat casinos.

(8) Ohio effective tax rates: For racinos, based on the revenue share to be retained by the State of Ohio pursuant to rules issued by the Ohio Lottery. For casinos, based on the ballot initiative for the November 2009 election.