

Department of Finance and Administration
REVENUE DIVISION
LEGISLATIVE IMPACT STATEMENT

Popular Title: The Arkansas Casino Gaming Amendment of 2018. An amendment to authorize four casinos, one each in Crittenden, Garland, Pope, and Jefferson counties.

Tax Affected: Miscellaneous Tax Section – Electronic Games of Skill

Basic Change: The proposal will amend the Arkansas constitution authorizing four casinos to operate in Arkansas. The Arkansas Racing Commission shall issue four casino licenses. The Arkansas Racing Commission shall issue a casino license, as provided in this Amendment, to a Franchise holder located in Crittenden County, there being only one, to conduct casino gaming at a casino to be located at or adjacent to the Franchise holder's greyhound racing track and gaming facility as of December 31, 2017 in Crittenden County. The Arkansas Racing Commission shall also issue a casino license, as provided in this Amendment, to a Franchise holder located in Garland County, there being only one, to conduct casino gaming at a casino to be located at or adjacent to the Franchise holder's horse racing track and gaming facility as of December 31, 2017 in Garland County.

Two other casino licenses are to be awarded to applicants one in Jefferson County, for a casino to be located within two miles of the city limits of the county seat and one in Pope County located within two miles of the county seat. The applicants for a casino license in Pope County and Jefferson County are required to demonstrate experience in conducting casino gaming. The Arkansas Racing Commission shall require all casino applicants for a casino license in Pope County and Jefferson County to submit either a letter of support from the county judge or a resolution from the quorum court in the county where the proposed casino is to be located and, if the proposed casino is to be located within a city or town, shall also require all casino applicants to include a letter of support from the mayor in the city or town where the applicant is proposing the casino to be located.

Casino gaming is defined as dealing, operating, carrying on, conducting, maintaining, or exposing for play any game played with cards, dice, equipment, or any mechanical, electromechanical, or electronic device or machine for money, property, checks, credit, or any representative value. Casino gaming shall also be defined to include accepting wagers on sporting events.

Net casino gaming receipts are defined as the gross receipts from casino gaming less amounts paid out or held in reserve as winnings to casino patrons. A net casino gaming receipts tax is levied, each fiscal year, as follows:

- 13% of the first \$150,000,000 of net casino gaming receipts or any part thereof;
- 20% on net gaming receipts exceeding \$150,000,001 or any part thereof.

Net casino gaming receipt tax shall be distributed:

- 55% to the Arkansas General Revenue Fund;
- 17.5% to the Arkansas Racing Commission for deposit into the Arkansas Racing Commission Purse and Awards Fund to be used only for live horse racing and greyhound racing by the franchise holders;
- 8% to the County in which the casino is located;
- 19.5% to the city or town in which the casino is located, provided that if the casino is not located within a town or city, then the county in which the casino is located shall receive the 19.5% that would have been dedicated to the city or town.

Each casino is subject to the same income, property, sales, use, employment, and other taxation as any for-profit business located in the county, city or town in which the casino is located. The Arkansas Gross Receipts Act of 1941 shall not apply to casino gaming receipts or net casino gaming receipts.

Casinos are permitted to operate any day or portion of any day. Casinos are permitted to sell intoxicating liquor or provide complimentary servings of intoxicating liquor during all hours of in which the casino operates and is not subject to the prohibition of liquor sales on Christmas Day. Casinos are required to purchase all intoxicating liquor from a wholesaler and are subject to all Arkansas laws concerning the distribution and sale of intoxicating liquor.

Revenue Impact:

FY2020 and FY2021 – 2 Casinos Operating Only – Oaklawn and Southland

FY2020 and FY2021 Revenue Impact Resulting from Proposed Amendment

(Using FY2018 Actual Oaklawn and Southland Net Gaming Receipts for the estimate)

Assumes New Casinos in Jefferson and Pope Counties are Under Construction and Development and not operating

| | |
|----------------|---|
| (\$36,018,539) | Net Loss to State General Revenue |
| \$9,023,364 | Gain to the Arkansas Racing Commission Purse & Award Fund |
| \$2,336,698 | Net Gain to Counties |
| \$4,689,799 | Net Gain to Cities |

Net Amounts to State General Revenue, Cities and Counties reflect the revenue changes from adoption of the Amendment less the current amounts distributed from Electronic Games of Skill that will be lost.

| | | Oaklawn | Southland | Jefferson County | Pope County | Total |
|---|---|----------------------------------|----------------------------------|------------------|-------------|---------------|
| Estimated Net Casino Gaming Receipts | | \$135,266,833 (FY2018 Actual) | \$222,386,967 (FY2018 Actual) | \$0 | \$0 | \$357,653,800 |
| Total Tax from Net Casino Gaming Receipts | | \$17,584,688 | \$33,977,393 | \$0 | \$0 | \$51,562,082 |
| Distribution of tax: | | | | | | |
| 55.0% | State General Revenue | \$9,671,579 | \$18,687,566 | \$0 | \$0 | \$28,359,145 |
| 17.5% | Arkansas Racing Commission Purse & Award Fund | 3,077,320 | 5,946,044 | 0 | 0 | \$9,023,364 |
| 8.0% | County | 1,406,775 | 2,718,191 | 0 | 0 | \$4,124,967 |
| 19.5% | City / Town | 3,429,014 | 6,625,592 | 0 | 0 | \$10,054,606 |
| 100.0% | | | | | | |

FY2022 - 4 Casinos in Full Operaton

FY2022 Revenue Impact Resulting from Proposed Amendment

(Using FY2018 Actual Oaklawn and Southland Net Gaming Receipts for the estimate)

Assumes all 4 Casino facilities are in full operation

| | |
|----------------|---|
| (\$14,486,223) | Net Loss to State General Revenue |
| \$15,874,556 | Gain to the Arkansas Racing Commission Purse & Award Fund |
| \$5,468,671 | Net Gain to Counties |
| \$12,323,984 | Net Gain to Cities |

Net Amounts to State General Revenue, Cities and Counties reflect the revenue changes from adoption of the Amendment less the current amounts distributed from Electronic Games of Skill that will be lost.

| | Oaklawn | Southland | Jefferson County | Pope County | Total |
|---|---|---|--|--|--------------|
| Estimated Net Casino Gaming Receipts | \$135,266,833 <small>(FY2018 Actual)</small> | \$222,386,967 <small>(FY2018 Actual)</small> | \$108,213,466 <small>(80% of Oaklawn)</small> | \$177,909,574 <small>(80% of Southland)</small> | \$643,776,84 |
| Total Tax from Net Casino Gaming Receipts | \$17,584,688 | \$33,977,393 | \$14,067,751 | \$25,081,915 | \$90,711,747 |
| Distribution of tax: | | | | | |
| 55.0% State General Revenue | \$9,671,579 | \$18,687,566 | \$7,737,263 | \$13,795,053 | \$49,891,461 |
| 17.5% Arkansas Racing Commission Purse & Award Fund | 3,077,320 | 5,946,044 | 2,461,856 | 4,389,335 | \$15,874,556 |
| 8.0% County | 1,406,775 | 2,718,191 | 1,125,420 | 2,006,553 | \$7,256,940 |
| 19.5% City / Town | 3,429,014 | 6,625,592 | 2,743,211 | 4,890,973 | \$17,688,791 |
| 100.0% | | | | | |

Taxpayer Impact: Unknown

Additional Impact: None

Resources required: Unknown

Implementation Time: Undetermined at this time.

Procedural Changes: This proposal will require modifications to the state's tax system to allow for the new distribution method of funds collected for this tax type.

Additional Comments: The Amendment does not contain administrative procedures for tax collection. Additional statutory code provisions will be needed to establish due dates for remitting the tax (either daily, weekly, monthly, etc.) The tax should also be subject to the provisions of State Tax Procedures.

Casino Amendment - Casinos at Oaklawn, Southland, Pope County and Jefferson County

- Impact Analysis Assuming Oaklawn and Southland Operating as Casinos on July 1, 2019
- Impact Assumes the New Casinos in Jefferson and Pope Counties will take 2 Year Construction and Implementation Period

Authorizes one casino each in Pope County, Jefferson County, Garland County at the Oaklawn Jockey Club, and in Crittenden County at Southland Greyhound Park.

Taxes levied on Net Casino Gaming Receipts defined to be the gross receipts from casino gaming less amounts paid out or reserved as winnings to casino patrons.

Graduated Tax Rates applicable to net casino gaming receipts.

- 13.00% on first \$150M net casino gaming receipts per fiscal year
- 20.00% on net casino gaming receipts exceeding \$150M per fiscal year

Distribution of tax:

| | |
|---------------|---|
| 55.0% | State General Revenue |
| 17.5% | Arkansas Racing Commission Purse & Award Fund for live racing |
| 8.0% | County |
| 19.5% | City |
| <u>100.0%</u> | |

DIRECT TAKE-OUTS From Net Gaming Receipts required at Oaklawn Jockey Club and Southland Greyhound Park

- 1.0% of net casino gaming receipts Racing Commission for purses/awards
- 14.0% of net casino gaming receipts of horse racing franchise holder for purses
- 14.0% of net casino gaming receipts of dog racing franchise holder for purses and capital improvements

ELECTRONIC GAMES OF SKILL

For purposes of the estimate of revenues generated and the distribution of net casino gaming proceeds, it is anticipated that the existing Electronic Games of Skill operations conducted at Oaklawn Jockey Club in Hot Springs and at Southland Greyhound Park in West Memphis will change and be conducted under the authority of the Amendment. Current distribution of revenues would be eliminated and replaced by the rates and distribution provisions of the Amendment for Oaklawn and Southland operations.

Net Wagering Revenues from Electronic Games of Skill - FY2018

| | <u>Oaklawn</u> | <u>Southland</u> | <u>Total</u> |
|---|----------------|------------------|---------------|
| Distribution of net wagering revenues | | | |
| 18.0% State (General Revenue) | \$24,348,030 | \$40,029,654 | \$64,377,684 |
| 1.5% City | \$2,029,003 | \$3,335,805 | \$5,364,807 |
| 0.5% County | \$676,334 | \$1,111,935 | \$1,788,269 |
| 14.0% Separate account by franchise holder for purses for live racing | \$18,937,357 | \$31,134,175 | \$50,071,532 |
| 1.0% Arkansas Racing Commission Purse & Award Fund | \$1,352,668 | \$2,223,870 | \$3,576,538 |
| 65.0% Remainder for Net Wagering Revenue to Franchise Holder | \$87,923,442 | \$144,551,528 | \$232,474,970 |

Casino Amendment - Casinos at Oaklawn, Southland, Pope County and Jefferson County

- Impact Analysis Assuming Oaklawn and Southland Operating as Casinos on July 1, 2019
- Impact Assumes the New Casinos in Jefferson and Pope Counties will take 2 Year Construction and Implementation Period

Casino Amendment Estimate of Net Casino Gaming Receipts and Tax Distribution

Net casino gaming receipts is gross receipts from casino gaming less amounts paid out or reserved as winnings to casino patrons.

TAX

- 13.00% on first \$150M net casino gaming receipts per fiscal year
- 20.00% on net casino gaming receipts exceeding \$150M per fiscal year

DIRECT TAKE-OUT

- 1.0% of net casino gaming receipts Racing Commission for purses/awards (Oaklawn and Southland)
- 14.0% of net casino gaming receipts of horse racing franchise holder for purses (Oaklawn)
- 14.0% of net casino gaming receipts of dog racing franchise holder for purses and capital improvements (Southland)

Assumptions for Purposes of this Calculation of Casino Gaming Operations after Full Implementation and Opening of Casino Locations

- Using FY2018 Actual Oaklawn and Southland net gaming receipts for calculation.
- Assume no inflationary impact or patron volume increases for Oaklawn and Southland locations over FY2018 Net Gaming Revenue data
- Assume Oaklawn and Southland would maintain existing gaming operations and operational space for gaming machines and equipment
- Assume Oaklawn and Southland would conduct operations under authority of the Amendment and NOT under the Electronic Games of Skill code provisions
- Assume Jefferson County location would equal 80% of Oaklawn Receipts
- Assume Pope County location would equal 80% of Southland Receipts
- Assume Oaklawn and Southland existing operations would begin operating as a casino on July 1, 2019 (FY2020)
- Assume New Casinos in Jefferson and Pope Counties would begin operations on July 1, 2021 (FY2022) after undergoing application and selection process by the Racing Commission in 2019 and an estimated 18 month time period to develop, construct, equip and hire personnel to conduct casino business operations.

Casino Amendment - Casinos at Oaklawn, Southland, Pope County and Jefferson County

- Impact Analysis Assuming Oaklawn and Southland Operating as Casinos on July 1, 2019
- Impact Assumes the New Casinos in Jefferson and Pope Counties will take 2 Year Construction and Implementation Period

FY2020 and FY2021 Casino Operations at Oaklawn and Southland only

| | Oaklawn (FY2018 Actual) | Southland (FY2018 Actual) | Jefferson County | Pope County | Total |
|---|----------------------------|------------------------------|---------------------|----------------|---------------|
| Estimated Net Casino Gaming Receipts | \$135,266,833 | \$222,386,967 | \$0 | \$0 | \$357,653,800 |
| Total Tax from Net Casino Gaming Receipts | \$17,584,688 | \$33,977,393 | \$0 | \$0 | \$51,562,082 |
| Distribution of tax: | | | | | |
| 55.0% State General Revenue | \$9,671,579 | \$18,687,566 | \$0 | \$0 | \$28,359,145 |
| 17.5% Arkansas Racing Commission Purse & Award Fund | 3,077,320 | 5,946,044 | 0 | 0 | \$9,023,364 |
| 8.0% County | 1,406,775 | 2,718,191 | 0 | 0 | \$4,124,967 |
| 19.5% City / Town | 3,429,014 | 6,625,592 | 0 | 0 | \$10,054,606 |
| 100.0% | | | | | |
| Other Take-outs from Net Casino Receipts Required at Oaklawn and Southland (No Change from Current) | | | | | |
| 1.0% Arkansas Racing Commission Purse & Award Fund | \$1,256,242 | \$2,086,264 | | | \$3,342,506 |
| 14.0% Separate account by franchise holder for purses | \$17,587,393 | \$29,207,693 | | | \$46,795,086 |
| Remainder to Casino Owners/Operators | \$90,936,963 | \$147,391,486 | \$0 | \$0 | \$238,328,449 |

FY2020 and FY2021 Revenue Impact Resulting from Proposed Amendment

(Using FY2018 Actual Oaklawn and Southland Net Gaming Receipts for the estimate)
Assumes New Casinos in Jefferson and Pope Counties are Under Construction and Development and not operating

| | |
|---|--------------|
| (Net Loss to State General Revenue) | \$36,018,539 |
| Gain to the Arkansas Racing Commission Purse & Award Fund | \$9,023,364 |
| Net Gain to Counties | \$2,336,698 |
| Net Gain to Cities | \$4,689,799 |

Net Amounts to State General Revenue, Cities and Counties reflect the revenue changes from adoption of the Amendment less the current amounts distributed from Electronic Games of Skill that will be lost.

Casino Amendment - Casinos at Oaklawn, Southland, Pope County and Jefferson County

--- Impact Analysis Assuming Oaklawn and Southland Operating as Casinos on July 1, 2019

--- Impact Assumes the New Casinos in Jefferson and Pope Counties will take 2 Year Construction and Implementation Period

FY2022 Casinos Operating at Oaklawn, Southland, and in Jefferson County and Pope County

| | Oaklawn (FY2018 Actual) | Southland (FY2018 Actual) | Jefferson County (80% of Oaklawn) | Pope County (80% of Southland) | Total |
|---|----------------------------|------------------------------|---|--------------------------------------|---------------|
| Estimated Net Casino Gaming Receipts | \$135,266,833 | \$222,386,967 | \$108,213,466 | \$177,909,574 | \$643,776,840 |
| Total Tax from Net Casino Gaming Receipts | \$17,584,688 | \$33,977,393 | \$14,067,751 | \$25,081,915 | \$90,711,747 |
| Distribution of tax: | | | | | |
| 55.0% State General Revenue | \$9,671,579 | \$18,687,566 | \$7,737,263 | \$13,795,053 | \$49,891,461 |
| 17.5% Arkansas Racing Commission Purse & Award Fund | 3,077,320 | 5,946,044 | 2,461,856 | 4,389,335 | \$15,874,556 |
| 8.0% County | 1,406,775 | 2,718,191 | 1,125,420 | 2,006,553 | \$7,256,940 |
| 19.5% City / Town | 3,429,014 | 6,625,592 | 2,743,211 | 4,890,973 | \$17,688,791 |
| 100.0% | | | | | |
| Other Take-outs from Net Casino Receipts Required at Oaklawn and Southland (No Change from Current) | | | | | |
| 1.0% Arkansas Racing Commission Purse & Award Fund | \$1,256,242 | \$2,086,264 | | | \$3,342,506 |
| 14.0% Separate account by franchise holder for purses | \$17,587,393 | \$29,207,693 | | | \$46,795,086 |
| Remainder to Casino Owners/Operators | \$90,936,963 | \$147,391,486 | \$94,145,716 | \$152,827,659 | \$485,301,824 |

FY2022 Revenue Impact Resulting from Proposed Amendment

(Using FY2018 Actual Oaklawn and Southland Net Gaming Receipts for the estimate)

Assumes all 4 Casino facilities are in full operation

| | |
|----------------|---|
| (\$14,486,223) | Net Loss to State General Revenue |
| \$15,874,556 | Gain to the Arkansas Racing Commission Purse & Award Fund |
| \$5,468,671 | Net Gain to Counties |
| \$12,323,984 | Net Gain to Cities |

Net Amounts to State General Revenue, Cities and Counties reflect the revenue changes from adoption of the Amendment less the current amounts distributed from Electronic Games of Skill that will be lost.

Department of Finance and Administration

REVENUE DIVISION

LEGISLATIVE IMPACT STATEMENT

Popular Title: The Arkansas Casino Amendment of 2018. An amendment to authorize four casinos, one each in Benton, Boone, Miller and Pulaski Counties.

Tax Affected: Miscellaneous Tax Section

Basic Change: The proposal will amend the Arkansas constitution authorizing four casinos to operate in Arkansas in specified locations in Benton, Boone, Miller and Pulaski counties and create the Arkansas Gaming Commission.

Casino gaming means to deal, operate, carry on, conduct, maintain, or expose for play any game played with cards, dice, equipment, or any mechanical, electromechanical, or electronic device or machine for money, property, checks, credit, or any representative value, as well as to accept wagers on sporting events or other events. The term casino gaming includes, without limiting the generality of the foregoing, any game, device, or type of wagering permitted at a casino operated within any one or more of the states of Louisiana, Mississippi, Missouri, Nevada, Oklahoma, Tennessee or Texas as of November 6, 2018, or as subsequently permitted thereafter. For purposes of this Amendment, gaming means the same thing as casino gaming.

Net casino gaming receipts are defined as the gross receipts for a 12-month period from casino gaming, less amounts paid out or reserved as winnings to casino patrons for that 12-month period. Each casino will pay a net casino gaming receipts tax equal to 18% of its annual net casino gaming receipts to the Arkansas State Treasury as general revenue. One half of One percent (.5%) of net casino gaming receipts to the county in which the casino is located. One and one-half percent (1.5%) of net casino gaming receipts to the city in which the casino is located.

Each casino is subject to the same income, property, sales, use, employment, and other taxation as any for-profit business located in the county, city or town in which the casino is located. The Arkansas Gross Receipts Act of 1941 shall not apply to casino gaming receipts or net casino gaming receipts.

Casinos may operate any or all days of the year and for any or all portions of a 24-hour day. Casinos are permitted to sell intoxicating liquor or provide complimentary servings of intoxicating liquor during all hours of in which the casino is operating. Casinos are

subject to all applicable Arkansas laws involving the distribution and sale of alcohol that do not conflict with this act.

Revenue Impact:

Revenue Impact Resulting from Proposed Amendment

(Using FY2017 Actual Oaklawn and Southland Net Gaming Receipts for the estimate base)

New Casino Generated Tax Revenues

| | |
|---------------|---|
| \$134,887,007 | Gain to State General Revenue |
| \$11,240,584 | Gains to Arkansas Cities or Towns of Casino Locations |
| \$3,746,861 | Gain to Benton, Boone, Miller and Pulaski Counties |

Tax Loss From Electronic Game of Skills Locations - Reduced Business Activity

| | |
|---------------|---|
| (\$5,269,492) | Loss to State General Revenue |
| (\$439,124) | Loss to Hot Springs and West Memphis |
| (\$146,375) | Loss to Garland and Crittenden Counties |
| (\$4,098,494) | Loss to Separate account by franchise holder for purses for live racing |
| (\$292,750) | Loss to Arkansas Racing Commission Purse & Award Fund |

Net Gain to State General Revenues = \$129,617,516

| | Boone County Casino | Benton County Casino | Miller County Casino | Pulaski County Casino | Total |
|---|--|---|--|---|---------------|
| Estimated Net Casino Gaming Receipts | \$113,061,810 <small>(90% of Oaklawn)</small> | \$208,626,378 <small>(100% of Southland)</small> | \$187,763,740 <small>(90% of Southland)</small> | \$239,920,335 <small>(115% of Southland)</small> | \$749,372,263 |
| Total Tax from Net Casino Gaming Receipts | \$22,612,362 | \$41,725,276 | \$37,552,748 | \$47,984,067 | \$149,874,453 |
| Distribution of Tax: | | | | | |
| 18.0% State General Revenue | \$20,351,126 | \$37,552,748 | \$33,797,473 | \$43,185,660 | \$134,887,007 |
| 1.5% Arkansas City or Town of Casino Location | 1,695,927 | 3,129,396 | 2,816,456 | 3,598,805 | 11,240,584 |
| 0.5% Arkansas County of Casino Location | 565,309 | 1,043,132 | 938,819 | 1,199,602 | 3,746,861 |

Taxpayer Impact: Unknown

Additional Impact: None

Resources required: This proposal creates the Arkansas Gaming Commission.

Implementation Time: Undetermined at this time.

Procedural Changes: This proposal will require modifications to the state's tax system to allow for the new distribution method of funds collected for this tax type.

Additional Comments:

Casino Amendment - Casinos in Benton, Boone, Miller and Pulaski Counties

Authorizes one casino each in Boone County, Benton County, Miller County and Pulaski County

Taxes levied on Net Casino Gaming Receipts defined to be the gross receipts from casino gaming less amounts paid out or reserved as winnings to casino patrons.
 Tax = 20% of Net Casino Gaming Receipts

Distribution of tax:

| | |
|-------|--|
| 18.0% | State General Revenue |
| 1.5% | Arkansas City or Town of Casino Location |
| 0.5% | Arkansas County of Casino Location |

Assumptions for Purposes of this Calculation of Casino Gaming Operations after Full Implementation and Opening of Casino Locations

- Using FY2017 Actual Oaklawn and Southland net gaming receipts for calculation basis
- Assume Boone County location would equal 90% of current Oaklawn Gaming Receipts
- Assume Benton County location would equal 100% of current Southland Gaming Receipts
- Assume Miller County location would equal 90% of current Southland Gaming Receipts
- Assume Pulaski County location would equal 115% of current Southland Gaming Receipts
- Assume Reduced Net Gaming Receipts of Oaklawn after Casino Amendment Adoption and Implementation would Equal 85% of Current Amount
- Assume Reduced Net Gaming Receipts of Southland after Casino Amendment Adoption and Implementation would Equal 95% of Current Amount

| | |
|--------------------------------------|---------------|
| FY2017 Oaklawn Net Gaming Receipts | \$125,624,233 |
| FY2017 Southland Net Gaming Receipts | \$208,626,378 |

| | Boone County Casino | Benton County Casino | Miller County Casino | Pulaski County Casino | Total |
|--|-----------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|---------------|
| Estimated Net Casino Gaming Receipts | \$113,061,810 (90% of Oaklawn) | \$208,626,378 (100% of Southland) | \$187,763,740 (90% of Southland) | \$239,920,335 (115% of Southland) | \$749,372,263 |
| Total Tax from Net Casino Gaming Receipts | \$22,612,362 | \$41,725,276 | \$37,552,748 | \$47,984,067 | \$149,874,453 |
| Distribution of Tax: | | | | | |
| 18.0% | \$20,351,126 | \$37,552,748 | \$33,797,473 | \$43,185,660 | \$134,887,007 |
| 1.5% | 1,695,927 | 3,129,396 | 2,816,456 | 3,598,805 | 11,240,584 |
| 0.5% | 565,309 | 1,043,132 | 938,819 | 1,199,602 | 3,746,861 |
| Remainder to Casino Owners/Operators | | | | | \$599,497,810 |

Casino Amendment - Casinos in Benton, Boone, Miller and Pulaski Counties

ELECTRONIC GAMES OF SKILL

Calculation of Loss in Tax on Reduced Net Gaming Revenues

Net Wagering Revenues from Electronic Games of Skill - FY2017

| | | |
|----------------|------------------|---------------|
| Oaklawn | Southland | Total |
| \$125,624,233 | \$208,626,378 | \$334,250,611 |

Calculated Reduced Net Gaming Revenues After Implementation of Casinos

| | | |
|------------------------------------|------------------------------------|---------------|
| \$106,780,598 (85% of FY2017) | \$198,195,059 (95% of FY2017) | \$304,975,657 |
|------------------------------------|------------------------------------|---------------|

Loss in Current Net Gaming Revenues Resulting from Casino Operations

Distribution of Loss in Tax on Net gaming Revenues - Electronic Games of Skill

| | | | | |
|-------|---|-----------------------|-----------------------|-----------------------|
| 18.0% | State (General Revenue) | (\$3,391,854) | (\$1,877,637) | (\$5,269,492) |
| 1.5% | City | (\$282,655) | (\$156,470) | (\$439,124) |
| 0.5% | County | (\$94,218) | (\$52,157) | (\$146,375) |
| 14.0% | Separate account by franchise holder for purses for live racing | (\$2,638,109) | (\$1,460,385) | (\$4,098,494) |
| 1.0% | Arkansas Racing Commission Purse & Award Fund | (\$188,436) | (\$104,313) | (\$292,750) |
| | | (\$18,843,635) | (\$10,431,319) | (\$29,274,954) |

Revenue Impact Resulting from Proposed Amendment

(Using FY2017 Actual Oaklawn and Southland Net Gaming Receipts for the estimate base)

New Casino Generated Tax Revenues

| | |
|---------------|---|
| \$134,887,007 | Gain to State General Revenue |
| \$11,240,584 | Gains to Arkansas Cities or Towns of Casino Locations |
| \$3,746,861 | Gain to Benton, Boone, Miller and Pulaski Counties |

Tax Loss From Electronic Game of Skills Locations - Reduced Business Activity

| | |
|---------------|---|
| (\$5,269,492) | Loss to State General Revenue |
| (\$439,124) | Loss to Hot Springs and West Memphis |
| (\$146,375) | Loss to Garland and Crittenden Counties |
| (\$4,098,494) | Loss to Separate account by franchise holder for purses for live racing |
| (\$292,750) | Loss to Arkansas Racing Commission Purse & Award Fund |

Net Gain to State General Revenues = \$129,617,516

