

Revenue Estimating Conference

Indian Gaming Revenues

Executive Summary

January 19, 2022

The Revenue Estimating Conference met on January 19, 2022, to adopt new estimates for Indian Gaming revenues. Derived from activity associated with four discrete revenue sharing brackets (slot machines; table games, including craps and roulette; sports betting directly hosted by the Tribe; and sports betting through qualified pari-mutuel permitholder brands) the revenue sharing forecast was adjusted to take account of the most recent information regarding currently active gaming operations.

Launched November 1, 2021, the Seminole Tribe of Florida's online sportsbook was active through December 4, 2021, before its suspension by the Tribe. The U.S. District Court for the District of Columbia had previously set aside federal approval of the 2021 Compact between the State of Florida and the Seminole Tribe of Florida which, among other things, had authorized in-state sports betting for the first time. A subsequent appellate court decision denied a temporary stay of the District Court's decision, leading to the Tribe's action. Since no activity is currently underway, the Conference has removed all net win and revenue share associated with sports betting from its forecast. Moreover, the 2021 Compact contained the following provision: "...provided, if at any time the Tribe is not legally permitted to offer Sports Betting as described in this Compact, including to Patrons physically located in the State but not on Indian Lands, or the Tribe loses the exclusive right to offer Sports Betting as provided in Part XII, Sections A.3.(a) or B.1, then the Tribe's obligation to pay the full Guaranteed Minimum Compact Term Payment and the other minimum payments set forth in this Section shall be reduced by ten (10) percent." [Part XI, Section C.4(e)]

Even though the U.S. District Court's ruling set aside the entire 2021 Compact, the Seminole Tribe of Florida has continued to make revenue sharing payments to the State of Florida as though the provisions were still in effect. Deeming those actions to be current administration, the Conference continued to forecast the revenue share associated with slot machines and table games. Based on early indications that the underlying activities have completely returned to pre-pandemic levels, the estimates for both components were significantly raised. The Conference then applied the 10 percent reduction referenced above to the schedule of guaranteed minimum payments. The adjusted guarantees per affected revenue sharing cycle are now:

		Adj Guarantee	Difference
a.	\$400,000,000 per Revenue Sharing Cycle:	360,000,000	(40,000,000)
b.	\$1,500,000,000 by the end of 3rd Cycle:	1,350,000,000	(150,000,000)
c.	\$2,500,000,000 by the end of 5th Cycle:	2,250,000,000	(250,000,000)

With the changes described above, the new forecast no longer triggers any of the guaranteed minimum payments.

Finally, to signal the uncertain outlook for the future revenue share payment stream, the projected state shares have been converted to nonrecurring revenues. The Conference believes that the continuation of these payments ultimately depends on actions by the judicial system and the Seminole Tribe that cannot be anticipated with sufficient certainty to make appropriate adjustments.

The table below shows the conversion of the funds expected during each revenue sharing cycle to cash. All funds benefit General Revenue; the local distributions are treated separately on the General Revenue Financial Outlook Statement.

Millions of \$

Revenue Sharing Cycle	General Revenue Per Cycle			Fiscal Year	General Revenue on FY Cash Basis		
	Aug-21 Forecast	January 2022	Difference		Aug-21 Forecast	January 2022	Difference
2021-22	426.7	450.0	23.3	2021-22	317.6	337.5	19.9
2022-23	455.5	468.0	12.5	2022-23	450.7	463.5	12.8
2023-24	475.3	485.9	10.6	2023-24	470.4	481.4	11.0
2024-25	499.7	503.1	3.4	2024-25	636.1	498.8	-137.3
2025-26	522.0	520.6	-1.4	2025-26	516.4	516.2	-0.2
2026-27	544.8	537.2	-7.6	2026-27	659.8	533.1	-126.7

NOTE: All estimates in this table have been rounded and are nonrecurring.