

Revenue Estimating Conference
Slot Machine Revenues
February 26, 2007
Executive Summary

The Revenue Estimating Conference meeting on Slot Machine revenues adopted revised estimates for tax revenues from slot machine operations for 2006-07, 2007-08, and 2008-09. The 2006-07 estimate of transfers to the Educational Enhancement Trust Fund was increased from \$47.8 million to \$55.1 million. For 2007-08, the transfer estimate was increased from \$168.8 million to \$177.2 million, and for 2008-09 it was reduced from \$270.0 million to \$236.3 million. The conference left the EETF estimates for 2009-10 and 2010-11 unchanged at \$286.5 million and \$303.9 million, respectively.

There are three reasons for the adjustment in the estimate. First is the use of updated information about when the four facilities will be opening and how many terminals they will have operating at different points in time. The forecast tables detail those changes. Additionally, the new forecast expects higher per terminal income in the first two fiscal years as a result of stronger than expected figures for the open facilities to date. Finally, the new forecast takes into account actual collections for the fourth quarter of 2006.

**Slot Machines Estimate
2/26/2007 Conference**

	2006-07	2007-08	2008-09	2009-10	2010-11
Average Number of Machines for Fiscal Year:					
Gulfstream new (1)	516 11/15/06, 1221 4/1/07	1,430	1,500	1,500	1,500
Gulfstream old (2)	500 1/1/07	1,500	1,500	1,500	1,500
Mardi Gras new (3)	1147 12/28/06	1,500	1,500	1,500	1,500
Mardi Gras old (4)	1148 12/1/06, 1500 1/1/07	1,500	1,500	1,500	1,500
Pompano new (5)	1500 4/1/07	1,500	1,500	1,500	1,500
Pompano old (6)	1500 4/1/07	1,500	1,500	1,500	1,500
Dania new (7)	0	0	750	1,500	1,500
Dania old (8)		0	1,500	1,500	1,500
Total Machines new		4,430	5,250	6,000	6,000
Total Machines old		4,500	6,000	6,000	6,000
Average Income per Machine new	75,000	80,000	90,000	95,489	101,312
Average Income per Machine old	65,000	75,000	90,000	95,489	101,312
Total Terminal Income new	110,198,076	354,420,000	472,500,000	572,934,000	607,872,000
Total Terminal Income old	95,593,333	337,500,000	540,000,000	572,934,000	607,872,000
Total Slot Machine Tax new	55,099,038	177,200,000	236,250,000	286,467,000	303,936,000
Total Slot Machine Tax old	47,796,667	168,750,000	270,000,000	286,467,000	303,936,000
Lottery Loss new	3,195,744	10,278,180	13,702,500	16,615,086	17,628,288
Lottery Loss old	2,772,207	9,787,500	15,660,000	16,615,086	17,628,288
Sales Tax Loss new	4,297,725	13,822,380	18,427,500	22,344,426	23,707,008
Sales Tax Loss old	3,728,140	13,162,500	21,060,000	22,344,426	23,707,008

- (1) Startup date was 11/15/06; 4th quarter of 2006 is for six weeks only
(2) Startup date was assumed to be 1/1/07
(3) Startup date was 12/28/06; 4th quarter of 2006 is for four days only
(4) Startup date was assumed to be 12/1/06; 4th quarter of 2006 is one month only
(5) Startup date is assumed to be 4/1/07
(6) Startup date was assumed to be 4/1/07
(7) Startup date is assumed to be 1/1/09
(8) Startup date was assumed to be 7/1/08

Assumed source of spending	
% from tourists/non-taxable spending	25.0%
% from spending subject to Sales Tax	65.0%
% from current Lottery	10.0%
% from Parimutuels	0.0%

**Slot Machines Estimate
2/26/2007 Conference**

	2006-Q3	2006-Q4	2007-Q1	2007-Q2	Total 2006-07	2007-Q3	2007-Q4	2008-Q1	2008-Q2	Total 2007-08
Number of Machines:										
Gulfstream new (1)	0	516	516	1,221		1,221	1,500	1,500	1,500	1,430
Gulfstream old (2)	0	0	500	500		1,500	1,500	1,500	1,500	1,500
Mardi Gras new (3)	0	1,147	1,147	1,147		1,500	1,500	1,500	1,500	1,500
Mardi Gras old (4)	0	1,148	1,500	1,500		1,500	1,500	1,500	1,500	1,500
Pompano new (5)	0	0	0	1,500		1,500	1,500	1,500	1,500	1,500
Pompano old (6)	0	0	0	1,500		1,500	1,500	1,500	1,500	1,500
Dania new (7)	0	0	0	0		0	0	0	0	0
Dania old (8)	0	0	0	0		0	0	0	0	0
Total Machines new	0	1,663	1,663	3,868		4,221	4,500	4,500	4,500	4,430
Total Machines old	0	1,148	2,000	3,500		4,500	4,500	4,500	4,500	4,500
Average Income per Machine new			\$18,750	\$18,750		\$20,000	\$20,000	\$20,000	\$20,000	\$80,000
Average Income per Machine old		\$16,250	\$16,250	\$16,250		\$18,750	\$18,750	\$18,750	\$18,750	75,000
Total Terminal Income new	\$0	\$6,491,826	\$31,181,250	\$72,525,000	\$110,198,076	\$84,420,000	\$90,000,000	\$90,000,000	\$90,000,000	\$354,420,000
Total Terminal Income old	\$0	\$6,218,333	\$32,500,000	\$56,875,000	\$95,593,333	\$84,375,000	\$84,375,000	\$84,375,000	\$84,375,000	\$337,500,000
Total Slot Machine Tax new	\$0	\$3,245,913	\$15,590,625	\$36,262,500	\$55,099,038	\$42,210,000	\$45,000,000	\$45,000,000	\$45,000,000	\$177,210,000
Total Slot Machine Tax old	\$0	\$3,109,167	\$16,250,000	\$28,437,500	\$47,796,667	\$42,187,500	\$42,187,500	\$42,187,500	\$42,187,500	\$168,750,000
Lottery Loss new	\$0	\$188,263	\$904,256	\$2,103,225	\$3,195,744	\$2,448,180	\$2,610,000	\$2,610,000	\$2,610,000	\$10,278,180
Lottery Loss old	\$0	\$180,332	\$942,500	\$1,649,375	\$2,772,207	\$2,446,875	\$2,446,875	\$2,446,875	\$2,446,875	\$9,787,500
Sales Tax Loss new	\$0	\$253,181	\$1,216,069	\$2,828,475	\$4,297,725	\$3,292,380	\$3,510,000	\$3,510,000	\$3,510,000	\$13,822,380
Sales Tax Loss old	\$0	\$242,515	\$1,267,500	\$2,218,125	\$3,728,140	\$3,290,625	\$3,290,625	\$3,290,625	\$3,290,625	\$13,162,500

(1) Startup date was 11/15/06; 4th quarter of 2006 is for six weeks only

(2) Startup date was assumed to be 1/1/07

(3) Startup date was 12/28/06; 4th quarter of 2006 is for four days only

(4) Startup date was assumed to be 12/1/06; 4th quarter of 2006 is one month only

(5) Startup date is assumed to be 4/1/07

(6) Startup date was assumed to be 4/1/07

(7) Startup date is assumed to be 1/1/09

(8) Startup date was assumed to be 7/1/08

Assumed source of spending	
% from tourists/non-taxable spending	25.0%
% from spending subject to Sales Tax	65.0%
% from current Lottery	10.0%
% from Parimutuels	0.0%

**Slot Machines Estimate
2/26/2007 Conference**

	2008-Q3	2008-Q4	2009-Q1	2009-Q2	Total 2008-09	2009-Q3	2009-Q4	2010-Q1	2010-Q2	Total 2009-10
Number of Machines:										
Gulfstream new	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Gulfstream old	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Mardi Gras new	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Mardi Gras old	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Pompano new	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Pompano old	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Dania new new	0	0	1,500	1,500	750	1,500	1,500	1,500	1,500	1,500
Dania old	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Machines new	4,500	4,500	6,000	6,000	5,250	6,000	6,000	6,000	6,000	6,000
Total Machines old	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Average Income per Machine new	\$22,500	\$22,500	\$22,500	\$22,500	\$90,000	\$23,872	\$23,872	\$23,872	\$23,872	\$95,489
Average Income per Machine old	\$22,500	\$22,500	\$22,500	\$22,500	90,000	\$23,872	\$23,872	\$23,872	\$23,872	95,489
Total Terminal Income new	\$101,250,000	\$101,250,000	\$135,000,000	\$135,000,000	\$472,500,000	\$143,233,500	\$143,233,500	\$143,233,500	\$143,233,500	\$572,934,000
Total Terminal Income old	\$135,000,000	\$135,000,000	\$135,000,000	\$135,000,000	\$540,000,000	\$143,233,500	\$143,233,500	\$143,233,500	\$143,233,500	\$572,934,000
Total Slot Machine Tax new	\$50,625,000	\$50,625,000	\$67,500,000	\$67,500,000	\$236,250,000	\$71,616,750	\$71,616,750	\$71,616,750	\$71,616,750	\$286,467,000
Total Slot Machine Tax old	\$67,500,000	\$67,500,000	\$67,500,000	\$67,500,000	\$270,000,000	\$71,616,750	\$71,616,750	\$71,616,750	\$71,616,750	\$286,467,000
Lottery Loss new	\$2,936,250	\$2,936,250	\$3,915,000	\$3,915,000	\$13,702,500	\$4,153,772	\$4,153,772	\$4,153,772	\$4,153,772	\$16,615,086
Lottery Loss old	\$3,915,000	\$3,915,000	\$3,915,000	\$3,915,000	\$15,660,000	\$4,153,772	\$4,153,772	\$4,153,772	\$4,153,772	\$16,615,086
Sales Tax Loss new	\$3,948,750	\$3,948,750	\$5,265,000	\$5,265,000	\$18,427,500	\$5,586,107	\$5,586,107	\$5,586,107	\$5,586,107	\$22,344,426
Sales Tax Loss old	\$5,265,000	\$5,265,000	\$5,265,000	\$5,265,000	\$21,060,000	\$5,586,107	\$5,586,107	\$5,586,107	\$5,586,107	\$22,344,426

**Slot Machines Estimate
2/26/2007 Conference**

	2010-Q3	2010-Q4	2011-Q1	2011-Q2	Total 2010-11
Number of Machines:					
Gulfstream new	1,500	1,500	1,500	1,500	1,500
Gulfstream old	1,500	1,500	1,500	1,500	1,500
Mardi Gras new	1,500	1,500	1,500	1,500	1,500
Mardi Gras old	1,500	1,500	1,500	1,500	1,500
Pompano new	1,500	1,500	1,500	1,500	1,500
Pompano old	1,500	1,500	1,500	1,500	1,500
Dania new new	1,500	1,500	1,500	1,500	1,500
Dania old	1,500	1,500	1,500	1,500	1,500
Total Machines new	6,000	6,000	6,000	6,000	6,000
Total Machines old	6,000	6,000	6,000	6,000	6,000
Average Income per Machine new	\$25,328	\$25,328	\$25,328	\$25,328	\$101,312
Average Income per Machine old	\$25,328	\$25,328	\$25,328	\$25,328	\$101,312
Total Terminal Income new	\$151,968,000	\$151,968,000	\$151,968,000	\$151,968,000	\$607,872,000
Total Terminal Income old	\$151,968,000	\$151,968,000	\$151,968,000	\$151,968,000	\$607,872,000
Total Slot Machine Tax new	\$75,984,000	\$75,984,000	\$75,984,000	\$75,984,000	\$303,936,000
Total Slot Machine Tax old	\$75,984,000	\$75,984,000	\$75,984,000	\$75,984,000	\$303,936,000
Lottery Loss new	\$4,407,072	\$4,407,072	\$4,407,072	\$4,407,072	\$17,628,288
Lottery Loss old	\$4,407,072	\$4,407,072	\$4,407,072	\$4,407,072	\$17,628,288
Sales Tax Loss new	\$5,926,752	\$5,926,752	\$5,926,752	\$5,926,752	\$23,707,008
Sales Tax Loss old	\$5,926,752	\$5,926,752	\$5,926,752	\$5,926,752	\$23,707,008

REVENUE DISTRIBUTION- SLOTS
 Prepared for Revenue Estimating Conference
 February 2007

	FISCAL YEAR 2006/2007	FISCAL YEAR 2007/2008	FISCAL YEAR 2008/2009	FISCAL YEAR 2009/2010	FISCAL YEAR 2010/2011
Beginning Balance	\$ 0	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Slot Machine Facility License Fee (Category 00131)	21,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Slot Taxes	55,099,038	177,200,000	236,250,000	286,467,000	303,936,000
Assessments and Penalties	-	-	-	-	-
Finger Printing (Category 000100)	44,650	40,890	40,890	40,890	40,890
Addictive Gambling Fund (Category 000131)	1,750,000	1,000,000	1,000,000	1,000,000	1,000,000
Licenses (Category 000133 & 000134)	150,000	180,000	180,000	180,000	180,000
Total Receipts	78,043,688	190,420,890	249,470,890	299,687,890	317,156,890
Salary and Benefits (Category 010000)	2,283,268	2,314,119	2,314,119	2,314,119	2,314,119
OPS (Category 030000)	10,000	10,000	10,000	10,000	10,000
Expenses (Category 040000)	297,900	297,900	297,900	297,900	297,900
Operations of Motor Vehicles (102289)	10,000	10,000	10,000	10,000	10,000
OCO (Category 060000)	20,000	20,000	20,000	20,000	20,000
Contracted Services (Category 100777)	1,680,000	1,000,000	1,000,000	1,000,000	1,000,000
Transfer DMS HR Services - STW Contract	16,113	16,113	16,113	16,113	16,113
Service Operations	134,112	134,906	134,906	134,906	134,906
Risk Management	17,402	17,402	17,402	17,402	17,402
Total Operating Expenditures	4,468,795	3,820,440	3,820,440	3,820,440	3,820,440
Transfer to Reimburse GR	1,524,786	-	-	-	-
Transfer to FDLE (Category 100613)	3,231,601	3,351,660	3,351,660	3,351,660	3,351,660
Transfer to DOE	55,099,038	177,200,000	236,250,000	286,467,000	303,936,000
Transfer to FDLE Finger Printing	44,650	40,890	40,890	40,890	40,890
Service Charge to GR	1,674,959	965,125	965,125	965,125	965,125
Administrative Overhead	414,244	507,686	507,686	507,686	507,686
Total Non-Operating Expenditures	61,989,278	182,065,361	241,115,361	291,332,361	308,801,361
Total Expenditures	66,458,073	185,885,801	244,935,801	295,152,801	312,621,801
Net Revenues over Expenditures	\$ 11,585,615	\$ 4,535,089	\$ 4,535,089	\$ 4,535,089	\$ 4,535,089
Ending Balance	\$ 3,000,000				
Transfer to GR (1)	\$ 8,585,615	\$ 4,535,089	\$ 4,535,089	\$ 4,535,089	\$ 4,535,089

(1) The Balance of the excess of revenues over expenditures retained in the PMW Trust Fund assumes the continuation of the current \$3 million dollar annual slot license fee. The division is required to assess the amount of the fee as stated in F.S. 551.106(1)(b) which states, " Prior to January 1, 2007, the division shall evaluate the license fee and shall make recommendations to the President of the Senate and the Speaker of the House of Representatives regarding the optimum level of slot machine license fees in order to adequately support the slot machine regulatory program." Changes to the required annual slot license fee amount may significantly impact the balance in the PMW Trust Fund.

This estimate has changed from the old estimate as follows: Dania will not pay an annual fee or a fee for the Addictive Gambling prevention program during 2006-07, reducing license fees by \$3.25 million.

Also, the Department will be holding \$3.0 million at the end of 2006-07 pending certifications forward, which will be transferred in September of the subsequent fiscal year. This procedure will continue into following years.

The net of these two changes is to reduce the 2006-07 transfer to GR by \$6.2 million from the previous estimate. There is no impact on the annualized figure