Slot Machines Estimating Conference October 20, 2006 Executive Summary

The Consensus Estimating Conference on Slot Machine revenues adopted revised estimates for tax revenues from slot machine operations for 2006-07 and 2007-08. The conference adopted an initial estimate of \$47.8 million in tax revenues to the Educational Enhancement Trust Fund (EETF) from slot machine operations for 2006-07; previously the estimate for that fiscal year was said to be indeterminate. For 2007-08, the conference reduced expected revenues to the EETF from current projections by \$56.3 million to \$168.8 million. The conference left the estimates for 2008-09 and 2009-10 unchanged at \$270.0 million and \$286.5 million, respectively.

The adjustment for the first two fiscal years is a result of including new information about when the four facilities will be opening and how many terminals they will have operating at different points in time. The previous forecast assumed that all four facilities would be fully operational at 1,500 machines on January 1, 2007. The new forecast predicts that Mardi Gras will open on December 1, 2006 with 1,148 machines, and will have 1,500 machines operating on January 1, 2007. The expectation is that Gulfstream will open on January 1, 2007 with 500 machines, and will have 1,500 machines operating beginning July 1, 2007. Pompano is predicted to open on April 1, 2007 with all 1,500 machines operating. Dania is expected to open on July 1, 2008, with 1,500 machines. There was no change in the estimate of average income per machine.

Slot Machines Estimate 10/20/2006 Conference

	2006-07	2007-08	2008-09	2009-10
Effective Number of Machines for Fiscal Year:				
Gulfstream (1)	250	1,500	1,500	1,500
Mardi Gras (2)	846	1,500	1,500	1,500
Pompano (3)	375	1,500	1,500	1,500
Dania (4)	0	0	1,500	1,500
Total Machines (effective for Fiscal Year)	1,471	4,500	6,000	6,000
Average Income per Machine (Annualized)	65,000	75,000	90,000	95,489
Total Terminal Income	95,593,333	337,500,000	540,000,000	572,934,000
Total Slot Machine Tax	47,796,667	168,750,000	270,000,000	286,467,000
Lottery Loss	2,772,207	9,787,500	15,660,000	16,615,086
Sales Tax Loss	3,728,140	13,162,500	21,060,000	22,344,426

- (1) Startup date is assumed to be 1/1/07
- (2) Startup date is assumed to be 12/1/06; 4th quarter of 2006 is one month only
- (3) Startup date is assumed to be 4/1/07
- (4) Startup date is 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 10/20/2006 Conference

					Total					Total
	2006-Q3 2	2006-Q4	2007-Q1	2007-Q2	2006-07	2007-Q3	2007-Q4	2008-Q1	2008-Q2	2007-08
Number of Machines:										
Gulfstream (1)	0	0	500	500	250	1,500	1,500	1,500	1,500	1,500
Mardi Gras (2)	0	1,148	1,500	1,500	846	1,500	1,500	1,500	1,500	1,500
Pompano (3)	0	0	0	1,500	375	1,500	1,500	1,500	1,500	1,500
Dania (4)	0	0	0	0	0	0	0	0	0	0
Total Machines	0	1,148	2,000	3,500	1,471	4,500	4,500	4,500	4,500	4,500
Average Income per Machine	16,250	16,250	16,250	16,250	65,000	18,750	18,750	18,750	18,750	75,000
Total Terminal Income	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	\$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	\$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	\$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 is assumed to be 1/1/07
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Assumed source of spending	
% from tourists/non-taxable spending	25.0%
% from spending subject to Sales Tax	65.0%
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Slot Machines Estimate 10/20/2006 Conference

					Total					Total
	2008-Q3	2008-Q4	2009-Q1	2009-Q2	2008-09	2009-Q3	2009-Q4	2010-Q1	2010-Q2	2009-10
Number of Machines:										
Gulfstream (1)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Mardi Gras (2)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Pompano (3)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Dania (4)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Machines	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Average Income per Machine	22,500	22,500	22,500	22,500	90,000	23,872	23,872	23,872	23,872	95,489
Average meetine per macrime	22,000	22,000	22,000	22,000	00,000	20,072	20,012	20,012	20,012	00,100
Total Terminal Income	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	\$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	\$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	\$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

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%

REVENUE DISTRIBUTION- SLOTS

Prepared for Revenue Estimating Conference October 2006

	CAL YEAR 006/2007	FISCAL YE 2007/200		SCAL YEAR 2008/2009
Slot Machine Facility License Fee (Category 00131)	24,000,000		000,000	12,000,000
Slot Taxes	47,796,667	168,7	50,000	270,000,000
Assessments and Penalties	-		-	-
Finger Printing (Category 000100)	44,650		40,890	40,890
Addictive Gambling Fund (Category 000131)	2,000,000	1,0	000,000	1,000,000
Licenses (Category 000133 & 000134)	150,000	1	80,000	180,000
Total Receipts	73,991,317	181,9	70,890	283,220,890
Salary and Benefits (Category 010000)	2,283,268	2,3	314,119	2,314,119
OPS (Category 030000)	10,000		10,000	10,000
Expenses (Category 040000)	297,900	2	97,900	297,900
Operations of Motor Vehicles (102289)	10,000		10,000	10,000
OCO (Category 060000)	20,000		20,000	20,000
Contracted Services (Category 100777)	1,680,000	1,0	000,000	1,000,000
Transfer DMS HR Services - STW Contract	16,113		16,113	16,113
Service Operations	134,112	1	34,906	134,906
Risk Management	17,402		17,402	17,402
Total Operating Expenditures	4,468,795	3,8	20,440	3,820,440
Transfer to Reimburse GR	1,524,786		_	-
Transfer to FDLE (Category 100613)	3,231,601	3,3	51,660	3,351,660
Transfer to DOE	47,796,667	168,7	50,000	270,000,000
Transfer to FDLE Finger Printing	44,650		40,890	40,890
Service Charge to GR	1,912,209	9	65,125	965,125
Adminstrative Overhead	414,244	5	07,686	507,686
Total Non-Operating Expenditures	54,924,157	173,6	15,361	274,865,361
Total Expenditures	59,392,952	177,4	35,801	278,685,801
Slot Regulatory Fee Retained in PMW Trust Fund	\$ 14,598,365	\$ 4,5	35,089	\$ 4,535,089
Balance Forward ⁽¹⁾	\$ 14,598,365	\$ 19,1	33,454	\$ 23,668,543

⁽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 sates, "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.