

Revenue Estimating Conference  
Slot Machine Revenues  
February 20, 2009  
Executive Summary

The Revenue Estimating Conference meeting on Slot Machine revenues adopted revised estimates for tax revenues from slot machine operations for fiscal years 2008-09 through 2012-13. The estimates of transfers to the Educational Enhancement Trust Fund were affected as follows:

Slot Machines Tax Collections			
Millions of \$			
	Oct-08 Estimate	Feb-09 Estimate	Difference
2006-07	48.2	48.2	0.0
2007-08	122.3	122.3	0.0
2008-09	107.8	104.4	-3.3
2009-10	137.5	132.9	-4.6
2010-11	188.2	178.0	-10.2
2011-12	202.3	183.3	-19.1
2012-13		190.8	

The forecast reflects updated tax collections data and information concerning the number of machines in the currently operating facilities. Collections during the first seven months of the fiscal year have been running about 4% below estimate, for a total of \$2.4 million below estimate through January. A good part of the shortfall is due to a miscalculation in tax liability by one of the facilities which resulted in a \$660,000 over payment during the first three months of the year, and a \$2.3 million overpayment during the 2007-08 fiscal year. These overpayments were built into the previous estimate, which resulted in the forecast for the 2008-09 fiscal year being approximately \$2.6 million too high. The remainder of the reduction in the current fiscal year is due to lower than anticipated collections overall. The conference expects that the current economic weakness coupled with the introduction of Class III slot machines in Native American casinos will result in lower than previously forecast collections through the remainder of the 2008-09 fiscal year, resulting in a new estimate of \$104.4 million, \$3.3 million below the prior estimate.

The weakness in the collections from the Broward County facilities will continue through 2009-10 with stability in the number of machines but declines in per machine income. The outlook begins to improve with increasing income per machine as the economy is expected to finally turn around in 2010-11 and further strengthen in 2011-12 and 2012-13. The forecast does not anticipate any increase during the forecast period in the currently operating number of machines for the facilities in Broward County.

The forecast also differs from the prior forecast relative to the facilities opening in Miami-Dade County. The prior forecast assumed that there would be a total of 2,700 machines operating in Miami-Dade County beginning January 1, 2010, growing to 3,200 in 2010-11 and 2011-12. The new forecast assumes that Flagler Greyhound will operate

for  $\frac{3}{4}$  of the 2009-10 fiscal year with 700 machines, Calder/Tropical Park will operate for  $\frac{1}{2}$  of the year with 1,200 machines, and Miami Jai-Alai will operate for  $\frac{1}{4}$  of the year with 1,400 machines, for a total of 3,300 machines operational during the last quarter of the fiscal year. The number of machines in Miami-Dade County is expected to remain stable throughout the forecast period. The income per machine is expected to follow the same pattern as for the facilities in Broward Country.

This forecast assumes that all facilities currently operating will continue to operate, and that the Miami-Dade facilities will begin operating as outlined above and continue in operation, throughout the forecast period. There is a risk associated with this forecast should one or more of the facilities not open as planned or not remain open due to financial difficulties.

**Revenue Estimating Conference  
Slot Machines Tax  
2/20/2009**

<b>TOTAL ALL FACILITIES</b>						
	<b>Tax</b>		<b>Number of Machines</b>		<b>Income Per Machine per Day</b>	
	<b>Oct-08</b>	<b>Feb-09</b>	<b>Oct-08</b>	<b>Feb-09</b>	<b>Oct-08</b>	<b>Feb-09</b>
2006-07	48.2	48.2	1,432	1,432	190.95	190.95
2007-08	122.3	122.3	3,626	3,626	185.18	185.18
2008-09	107.8	104.4	3,768	3,776	156.70	151.56
2009-10	137.5	132.9	5,119	5,431	147.25	141.34
2010-11	188.2	178.0	6,969	7,081	148.69	137.74
2011-12	202.3	183.3	6,969	7,081	158.25	141.43
2012-13		190.8		7,081		147.27

<b>% CHANGE</b>						
	<b>Tax</b>		<b>Number of Machines</b>		<b>Income Per Machine per Day</b>	
	<b>Oct-08</b>	<b>Feb-09</b>	<b>Oct-08</b>	<b>Feb-09</b>	<b>Oct-08</b>	<b>Feb-09</b>
2007-08	153.7%	153.7%	153.2%	153.2%	-3.0%	-3.0%
2008-09	-11.9%	-14.6%	3.9%	4.1%	-15.4%	-18.2%
2009-10	27.6%	27.3%	35.9%	43.8%	-6.0%	-6.7%
2010-11	36.8%	33.9%	36.1%	30.4%	1.0%	-2.5%
2011-12	7.5%	3.0%	0.0%	0.0%	6.4%	2.7%
2012-13		4.1%		0.0%		4.1%

EDUCATIONAL ENHANCEMENT (LOTTERY) TRUST FUND  
 CONSENSUS REVENUE ESTIMATING CONFERENCE  
 RETROSPECT  
 FY 2005-06 and FY 2006-07  
 (\$ MILLIONS)

18-Jan-2008

	<u>RECURRING</u>	<u>NON-RECURRING</u>	<u>TOTAL</u>
<b>FUNDS AVAILABLE 2005-06</b>			
Balance forward from 2004-05	0.0	65.8	65.8
Revenues from ticket sales	1,218.5	0.0	1,218.5
Transfer from DOL Administrative TF	0.0	60.0	60.0
Unencumbered DOL balance from 04-05	0.0	15.1	15.1
Miscellaneous adjustments	0.0	25.3	25.3
Nonoperating revenue	0.0	3.2	3.2
Interest earnings	1.5	0.0	1.5
Total 2005-06 funds available	1,220.0	169.4	1,389.4
<b>EXPENDITURES 2005-06</b>			
Public Schools	271.9	67.3	339.2
State University System	138.2	6.5	144.7
Community Colleges	99.8	7.0	106.8
Critical Jobs Initiative	0.0	4.7	4.7
Bright Futures	306.7	0.0	306.7
Student Financial Assistance	18.1	0.0	18.1
Debt Service on outstanding bonds	202.9	0.0	202.9
Total 05-06 expenditures	1,037.6	85.5	1,123.1
AVAILABLE RESERVES	182.4	83.9	266.3
<b>FUNDS AVAILABLE 2006-07</b>			
Balance forward from 2005-06	0.0	266.3	266.3
Revenues from Lottery ticket sales	1,256.4	0.0	1,256.4
Revenues from slot machine activity	172.9	(124.7)	48.2
Transfer from DOL Administrative TF	0.0	6.1	6.1
Interest earnings	6.3	0.0	6.3
Miscellaneous revenue	0.0	0.7	0.7
FCO reversions	0.0	1.0	1.0
Total 2006-07 funds available	1,435.6	149.4	1,585.0
<b>EXPENDITURES 2006-07</b>			
Public Schools	330.9	0.0	330.9
State University System	166.9	10.1	177.0
State University System/challenge grants	0.0	120.1	120.1
Community Colleges	115.8	24.1	139.9
Community Colleges/facilities matching grants	0.0	35.0	35.0
Bright Futures	346.3	0.0	346.3
Student Financial Assistance	21.4	0.0	21.4
Classrooms First/Class Size Reduction	206.1	0.0	206.1
Total 06-07 expenditures	1,187.4	189.3	1,376.9
AVAILABLE RESERVES	248.2	(39.9)	208.1

**EDUCATIONAL ENHANCEMENT TRUST FUND  
FINANCIAL OUTLOOK STATEMENT**

including the results of the February 2009 Revenue Estimating Conferences  
FY 2008-09 through FY 2011-12  
(\$ MILLIONS)

DATE: 27-Feb-09  
TIME: 2:00 PM

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
<b>FUNDS AVAILABLE 2008-09</b>			
Balance forward from 2007-08	0.0	149.4	149.4
Revenues from Lottery ticket sales	1,225.7	0.5	1,226.2
Revenues from slot machine activity	178.0	(73.6)	104.4
Transfer from DOL Administrative TF	0.0	6.3	6.3
Interest earnings	3.0	0.0	3.0
Total 2008-09 funds available	<u>1,406.7</u>	<u>82.6</u>	<u>1,489.3</u>
<b>ESTIMATED EXPENDITURES 2008-09</b>			
Public Schools	402.3	0.0	402.3
Public Schools/non-FEFP	6.9	3.3	10.2
State University System	205.9	22.6	228.5
Community Colleges	121.9	8.1	130.0
Bright Futures	422.7	13.5	436.2
Student Financial Assistance	38.9	0.0	38.9
SMART Schools/Classrooms First	166.9	0.0	166.9
Class Size Reduction/Debt Service	155.0	0.0	155.0
Reappropriations	0.0	0.6	0.6
Budget amendment (EOG #B2009-0128)	0.0	(48.2)	(48.2)
Pending budget amendment (refund)	0.0	2.3	2.3
Reductions to appropriations (SB2A)	(78.7)	(2.3)	(81.0)
Reductions to appropriations vetoes	3.2	0.1	3.3
Total 08-09 estimated expenditures	<u>1,445.0</u>	<u>(0.0)</u>	<u>1,445.0</u>
AVAILABLE RESERVES	(38.3)	82.6	44.3
<b>FUNDS AVAILABLE 2009-10</b>			
Balance forward from 2008-09	0.0	44.3	44.3
Revenues from Lottery ticket sales	1,210.9	0.0	1,210.9
Revenues from slot machine activity	178.0	(45.1)	132.9
Interest earnings	3.0	0.0	3.0
Total 2009-10 funds available	<u>1,391.9</u>	<u>(0.8)</u>	<u>1,391.1</u>
<b>FUNDS AVAILABLE 2010-11</b>			
Balance forward from 2009-10	0.0	0.0	0.0
Revenues from Lottery ticket sales	1,204.3	0.0	1,204.3
Revenues from slot machine activity	178.0	0.0	178.0
Interest earnings	3.0	0.0	3.0
Total 2010-11 funds available	<u>1,385.3</u>	<u>0.0</u>	<u>1,385.3</u>
<b>FUNDS AVAILABLE 2011-12</b>			
Balance forward from 2010-11	0.0	0.0	0.0
Revenues from Lottery ticket sales	1,212.3	0.0	1,212.3
Revenues from slot machine activity	183.3	0.0	183.3
Interest earnings	3.0	0.0	3.0
Total 2011-12 funds available	<u>1,398.6</u>	<u>0.0</u>	<u>1,398.6</u>