

## Rockefeller Institute Fiscal Features

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# From a Bonanza to a Blue Chip? Gambling Revenue to the States

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### Highlights

- ❖ State revenues from gambling have risen steadily over the past decade, reaching \$23.3 billion in fiscal 2007. Ten states now collect more than \$1 billion a year in gambling revenue, and another seven states collect more than \$500 million a year.
- ❖ Gambling revenue plays a consistently important role in state finances, representing 2.1 to 2.5 percent of states' own-source revenues each year from 1998 through 2007.
- ❖ However, resistance to further expansion of state-sanctioned gambling may be increasing, and revenue growth has slowed. For the first nine months of the fiscal year 2008, state revenues from casinos rose only 0.7 percent.

### Introduction

**F**or more than two decades, states saw lotteries and casinos as a bonanza of new dollars for education and other programs. Gambling revenue is now at an all-time high, but growth is slowing due to objections about social impacts and broader economic trends. From a fiscal perspective, state-sponsored gambling now resembles a blue-chip stock — reliably generating large amounts of cash, but no longer promising dramatic growth in revenue.

**Lotteries** — Lotteries allow patrons to guess winning numbers, or otherwise draw “lots” (such as those on scratch-off tickets) for cash prizes. Revenue is often dedicated under law to programs such as education or transportation, although some researchers argue that such revenue can more accurately be described as increasing overall resources for general state purposes. State administration of a lottery was first legalized in 1964 in New Hampshire.

**Commercial casinos** — Commercial casinos are land-based or riverboat private facilities that house and accommodate activities such as table games, slot machines, cards, etc. The first commercial casino was opened in 1931 in Nevada.

**Racino** — Racino refers to a combined race-track and casino. In addition to racing, racinos may host gambling activities such as video lottery, slot machines, and table games. The first racino emerged in 1992, when Rhode Island legalized placement of video lottery terminals at racetracks.

**Pari-mutuel wagering** — Pari-mutuel wagering usually refers to gambling on an event such as horse racing, dog racing, jai-alai, or other sporting event with a relatively short duration in which participants finish in a ranked order.

**Native American Casinos** — Such casinos comprise gambling businesses that are run by tribes and operate on Indian reservations. In 1987, the U.S. Supreme Court recognized that Native American tribal entities could operate gaming facilities free of state regulation. A year later, in 1988, the Congress enacted the Indian Gaming Regulatory Act (IGRA) to provide terms and conditions for gambling on Indian reservations. States usually do not have authority to regulate or profit from these Indian casinos. However, some states such as Connecticut have negotiated special revenue sharing agreements with the tribes.

Controversial in many areas of the United States just a decade or two ago, state-sponsored and state-approved gambling now provides a consistently important source of revenue for the majority of states.

For all 50 states, revenues from lotteries, casinos, racinos, and pari-mutuel betting totaled an estimated \$23.3 billion in fiscal year 2007, an increase of 4.6 percent from fiscal year 2006. For purposes of comparison, such revenue represents the equivalent of nearly half of the amount that states collect in corporate income taxes, and about 2.3 percent of overall state government own-source revenue.

All states except Hawaii and Utah collect revenue from lotteries, casinos, or pari-mutuel wagering. (In Alaska, legal gambling occurs only where sponsored by Native American tribes.) When normal revenue growth softens during economic downturns, states often consider expanded gambling operations among other options for balancing budgets. Such proposals, though, continue to arouse opposition based on potential financial and social harm to individuals and communities. For example, proposals to create a state lottery in Arkansas and to legalize casinos in Massachusetts have run into opposition this year. At the same time, several other states — including Indiana, New York, and Pennsylvania — are moving ahead with plans to expand racino operations.

## **Types of Gambling Examined in This Report**

**T**he gambling industry saw significant growth in the last four decades across the nation. Analysts have pointed to new technology and economic trends, as well as government support, in explaining such growth.<sup>1</sup> Others note that gambling opportunities now are readily available not only in Las Vegas-style casinos but in bars, restaurants, and convenience stores.<sup>2</sup>

1 See Donald Siegel and Gary Anders, “The Impact of Indian Casinos on State Lotteries: A Case Study,” *Public Finance Review* (2001): 139-147.

2 See Rachel A. Volberg and Matt Wray, “Legal Gambling and Problem Gambling as Mechanisms of Social Domination? Some Considerations for Future Research,” *American Behavioral Scientist* (2007): 56-85.

This report examines the four major types of legalized gambling from which states earn significant revenues — lotteries, casinos, racinos, and pari-mutuel wagering. Lotteries and pari-mutuel wagering are legal in most of the states, while 12 states have casinos and 11 states include racinos. Thirty-two states have some type of Native American casinos, but generally collect little or no revenue from them. Comprehensive data on revenue from Native American casinos are not available.

States derive the bulk of gambling-related revenues from two major sources — lotteries and casinos. Casinos experienced dramatic growth during the 1990s. Today, considerable growth is seen in gambling at racinos, and they represent the third biggest source of gambling revenue. Pari-mutuel betting, once the major source of gambling revenue for states, now represents less than 2 percent of such revenue.

## Revenue Trends in Major Categories of Gambling

The Rockefeller Institute of Government collected and analyzed data for fiscal years 1998-2007 from four major types of gambling: lotteries, casinos, racinos, and pari-mutuel wagering. We use 1998 as the starting point, given that comparable state-level data on casino revenues were not readily available before that year. Lottery revenue data for fiscal years 1998-2006 were obtained from the North American Association of State and Provincial Lotteries (NASPL).<sup>3</sup> Fiscal year 2007 lottery revenue data are based on NASPL's unaudited numbers as well as data obtained from individual state lottery agencies. Casino and racino revenue data for fiscal years 1998-2007 and the first three quarters of fiscal 2008 were collected from individual state gaming regulatory agencies. Separate racino data for four of 11 states — Delaware, New York, Rhode Island, and West Virginia — were unavailable. The racinos in all these four states host video lottery terminals (VLTs) only. These video lottery terminals are considered part of the state lottery system, and revenues to state and local governments from video lottery terminals are counted in lottery revenues reported by the NASPL. Finally, pari-mutuel wagering data for fiscal years 1998-2007 were obtained from the U.S. Census Bureau.<sup>4</sup>

### Lotteries

Currently, 42 states have legalized state lotteries to raise revenues. New Hampshire was the first, in 1964, followed by New York in 1967. As shown in Figure 1, all the New England and Mid-Atlantic states adopted lotteries relatively early, and the trend moved slowly to most of the rest of the states. By 2000, 37 states had legalized lotteries, and another 5 states did so between 2001 and 2006.

Overall state revenues from lotteries, including revenues from video lottery terminals, increased by 45 percent in the last decade, from \$12 billion in fiscal 1998 to \$17.4 billion in 2007. After adjusting for inflation, revenues from lotteries increased by nearly 17 percent.<sup>5</sup> This large increase in reve-

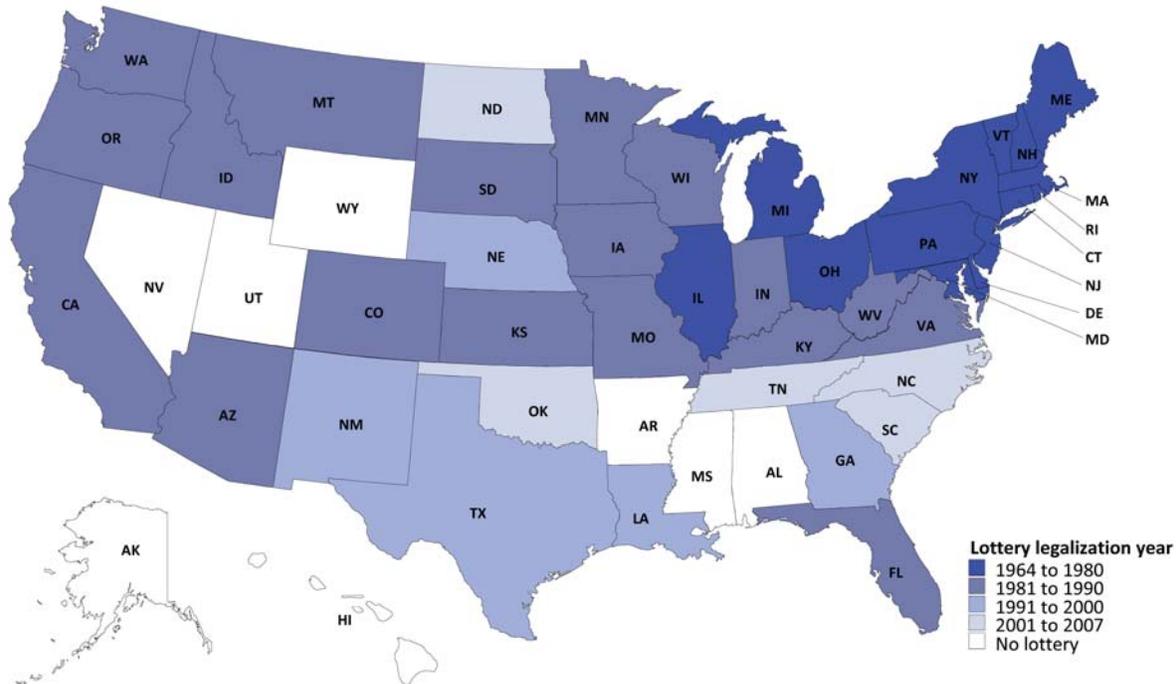
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3 The Census Bureau also reports annual data on lottery revenues; its figures and NASPL's track closely in most years. As of this writing, NASPL has data available for 2007, while the Census Bureau does not.

4 The Census Bureau does not report revenue from pari-mutuel wagering for six states — Missouri, Nevada, New Jersey, Tennessee, Vermont, and Virginia. We estimate that total pari-mutuel revenue from these states would not exceed \$10 million.

5 Inflation adjustments are based on the Bureau of Economic Analysis's Price index for Gross Domestic Product (NIPA Table 1.1.4).

**Figure 1: Lottery Legalization Date, by State**



nues is mostly attributable to the emergence of video lottery terminals since the early 1990's in states such as Delaware, New York, Rhode Island, and West Virginia.<sup>6</sup> More than 50 percent of all lottery revenue is generated in the Mid-Atlantic and Southeast regions, with over 10 percent collected by New York alone. States in the Rocky Mountain and Plains regions collect the smallest regional proportions of nationwide lottery revenue at about 0.9 and 3.8 percent, respectively.

Looking at the last two years for which data are available, net revenue to all states from lotteries (after accounting for prize payouts and other costs) increased 2.8 percent from fiscal 2006 to 2007, reaching \$17.4 billion (see Table 1). The strongest growth was in the Southeast region, where collections grew 6.8 percent, followed by the Far West states, at 6.0 percent. Of the 42 states with lottery revenue, 19 states reported growth over the year, with three states — Montana, Oregon, and North Carolina — seeing double-digit increases. (North Carolina's lottery began operating in fiscal 2006.) However, 23 states showed a decline in lottery revenues, the largest being 28.1 percent for Iowa.

### ***Commercial Casinos***

Commercial casinos are operated by businesses and taxed by the states. Currently, 12 states have legalized commercial casinos. Nevada was the first to legalize the operation of casinos in 1931, followed by New Jersey in 1976. Another 10 states have legalized casinos since 1989 (see Table 2). Leaders in states such as California and Massachusetts have recently discussed allowing casinos as part of their efforts to eliminate budget gaps, but have encountered resistance based on concerns about pathological gambling and other social ills.

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6 A VLT allows a gambler to bet on a computerized video form of scratch-off lottery tickets.

<b>Table 1: State Lottery Revenue</b>	
<b>State</b>	<b>FY 2007 (\$ Millions)</b>
New York /1	2,358
Florida	1,263
California	1,177
Texas	1,034
Pennsylvania	950
Massachusetts	892
Georgia	854
New Jersey	826
Michigan	749
Ohio	669
Oregon	656
West Virginia /1	639
Illinois	631
Maryland	494
Virginia	437
Rhode Island /1	321
North Carolina	314
Connecticut	279
South Carolina	277
Tennessee	272
Missouri	258
Delaware /1	257
Indiana	216
Kentucky	196
Wisconsin	155
Arizona	140
Louisiana	128
South Dakota	121
Colorado	119
Washington	118
Minnesota	112
New Hampshire	79
Kansas	71
Oklahoma	69
Iowa	58
Maine	51
New Mexico	35
Idaho	34
Nebraska	29
Vermont	23
Montana	11
North Dakota	7
<b>United States</b>	<b>17,383</b>
1/ Data for DE, NY, RI, and WV include VLTs.	

Total state revenues from casinos increased by 108 percent, from \$2.4 billion to \$5 billion, between 1998 and 2007. After adjusting for inflation, such revenue rose 67 percent. As Figure 2 shows, the year-over-year growth rate in revenues from casinos has slowed since 2004 both in nominal and real terms.

One state, Nevada, is home to 60 percent of U.S. casino facilities and collects more than 20 percent of all state revenue from casinos nationwide (its tax on casino activity is relatively low, at 6.75 percent). Indiana and Illinois also collect relatively large shares of overall casino revenue, at 16.9 and 16.3 percent, respectively.

State and local government revenue from casinos increased 4.3 percent from 2006 to 2007, reaching a total of \$5 billion. Mississippi and Iowa saw high levels of growth at 21.5 percent and

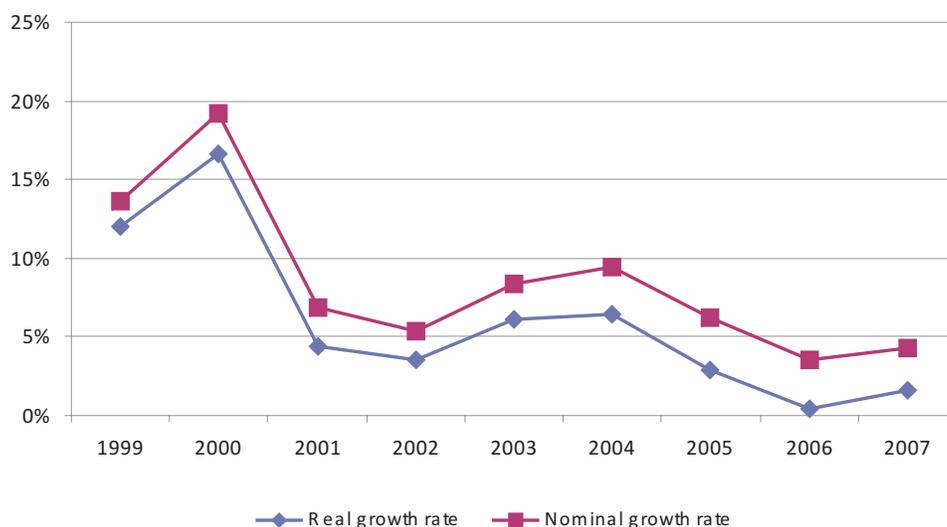
State	Legalization Date	First Casino Opening Date	Current # of Operating Casinos	Casino Format
Colorado	1990	1991	45	Land-based
Illinois	1990	1991	9	Riverboat
Indiana	1993	1995	11	Riverboat
Iowa	1989	1991	14	Riverboat (10), Land-based (4)
Louisiana	1991	1993	14	Riverboat (13), Land-based (1)
Michigan	1996	1999	3	Land-based
Mississippi	1990	1992	29	Dockside, land-based
Missouri	1993	1994	12	Riverboat
Nevada	1931	1931	270	Land-based
New Jersey	1976	1978	11	Land-based
Pennsylvania	2004	2007	1	Land-based
South Dakota	1989	1989	36	Land-based

**Source:** American Gaming Association.

15.2 percent, respectively. Of the 11 states with casino revenue, all but New Jersey reported growth. Revenue collections from casinos declined by 0.8 percent in New Jersey in that period.

A Rockefeller Institute survey of state gaming regulatory agencies' financial reports found that states' revenues from casinos softened considerably during the first three quarters of fiscal 2007-08. Overall, casino revenue for the July-March quarters of fiscal 2008 increased by 0.7 percent compared to the same quarters of fiscal 2007 — indicating the likelihood of a sharp drop from the 4.3 percent in the preceding year. A newly opened casino in Pennsylvania produced \$35.6 million in revenue to the state in 2007. If we exclude that amount from the nationwide picture, total casino revenue from the other 11 states shows a decline of 0.3 percent for the year-to-year nine-month period. Four states — Illinois, Indiana, Michigan, and New Jersey — saw revenue from casinos decrease. New Jersey's decline of 7 percent was the largest. Officials in the Garden State blame new competition in the form of casino and six racinos in neighboring Pennsylvania. Differences in state tax rates may come into play, as well: New Jersey has a low gambling tax rate of 9.25 percent, com-

**Figure 2: Year-Over-Year Growth Rate in Casino Revenue to State-Local Governments**



pared to Pennsylvania's 55 percent. New Jersey's competitive position for casino revenue may decline further due to recent enactment of a full smoking ban in casino resorts. Meanwhile, two states — Iowa and Mississippi — continued to see relatively strong growth in revenues from casinos, at 11.4 and 7.2 percent, respectively (see Table 3).

State	July 2006 -March 2007	July 2007- March 2008	Percent change
Colorado	75,973,637	76,196,166	0.3%
Illinois	566,103,525	557,115,514	-1.6%
Indiana	607,664,914	579,941,769	-4.6%
Iowa	143,193,089	159,452,903	11.4%
Louisiana	355,632,779	364,504,052	2.5%
Michigan/2	238,511,054	229,295,808	-3.9%
Mississippi	244,419,105	262,029,435	7.2%
Missouri	316,850,854	316,722,237	0.0%
Nevada	697,544,597	714,455,435	2.4%
New Jersey	359,973,979	334,737,572	-7.0%
Pennsylvania	NA	35,626,377	
South Dakota/1	11,074,795	11,976,962	8.1%
<b>Total</b>	<b>3,616,942,328</b>	<b>3,642,054,229</b>	<b>0.7%</b>

1/ Excludes certain fees.  
2/ Michigan's state fiscal year runs from October 1<sup>st</sup> to September 30<sup>th</sup>. However, for comparative purposes, we report revenues for the July-March period.  
**Source:** Rockefeller Institute review of state gaming regulatory agencies' financial reports.

### *Racetrack Casinos or Racinos*

Racino is a new term for racetracks that host electronic gaming devices such as slot machines, table games, or VLTs. In other words, racinos are a hybrid of casino and racetrack. Revenue from this source represents the fastest-growing element in states' gambling portfolio. Currently, racinos are operational in 11 states. Rhode Island was the first state to legalize racinos in 1992, followed by five other states between 1994 and 2004 and another five between 2001 and 2006. Currently there are 41 racino facilities in the 11 states, with eight operating in New York (see Table 4).

Seven states report stand-alone figures on revenue from racinos, while three — Delaware, Rhode Island, and West Virginia — include such revenues in their reports on lotteries. Total state revenues from racinos in those seven states increased from \$63 million in fiscal 1998 to \$561 million in fiscal 2007. According to the American Gaming Association, in calendar year 2007 states collected over \$2.2 billion in total revenue from racinos, an increase of over 50 percent compared to the previous calendar year. This large increase is partially due to opening of five racinos in Pennsyl-

State	Legalization Date	First Racino Opening Date	Current # of Operating	Racino Format
Delaware	1994	1995	3	VLTs
Florida	2006	2006	3	S lot machines
Iowa	1994	1995	3	S lot machines
Louisiana	1997	2002	4	S lot machines
Maine	2004	2005	1	S lot machines
New Mexico	1997	1999	5	S lot machines
New York	2001	2004	8	VLTs
Oklahoma	2004	2005	3	S lot machines
Pennsylvania	2004	2006	5	S lot machines
Rhode Island	1992	1992	2	VLTs
West Virginia	1994	1994	4	VLTs (4), Tables games (2)

**Source:** American Gaming Association.

State	July 2006 -March 2007	July 2007- March 2008	Percent change
Florida	24,616,592	93,336,397	279.2%
Iowa	82,842,985	82,473,262	-0.4%
Louisiana	41,620,548	43,280,095	4.0%
Maine	14,802,416	15,228,212	2.9%
New Mexico	48,875,413	49,490,243	1.3%
Oklahoma	7,945,710	8,335,392	4.9%
Pennsylvania	115,711,514	506,408,847	337.6%
<b>Total</b>	<b>336,415,178</b>	<b>798,552,448</b>	<b>137.4%</b>

*Source:* Rockefeller Institute review of state gaming regulatory agencies' financial reports.

vania, which combined generated about \$460 million in racino revenues in 2007. The Rockefeller Institute racino revenue data are on a fiscal-year basis and exclude racinos that were not operational during fiscal 2007.

Overall revenues from racinos increased dramatically for the period July 2007 through March 2008, compared to the same quarters of fiscal 2007. As in the case of casinos, the increase is mostly due to opening of new racinos, particularly in Florida and Pennsylvania. Iowa is the only state to show a decline in revenues from racinos for the period (see Table 5).

### ***Pari-mutuel Wagering***

Pari-mutuel wagering is the longest-established form of state-sanctioned gambling. It includes events such as horse racing, dog racing, and jai-alai, where wagers relate to the order in which participants finish. Currently, 43 states have legalized pari-mutuel wagering. However, as other forms of gambling have become more widespread, pari-mutuel wagering has lost popularity, and state revenues have seen a steady decline.

Total state revenues from pari-mutuel wagering decreased 27 percent, falling to roughly \$300 million, from fiscal 1998 to 2007. Of the 37 states where pari-mutuel wagering is allowed and information is available, 28 states reported declining revenues from 2006 to 2007, with 13 states reporting double-digit declines. Only 10 states reported increases in revenues from pari-mutuel wagering. About 50 percent of all revenue from pari-mutuel wagering is generated in four states — California, Louisiana, New York, and Pennsylvania (see Table 7).

### ***Gambling Revenue From All Major Sources***

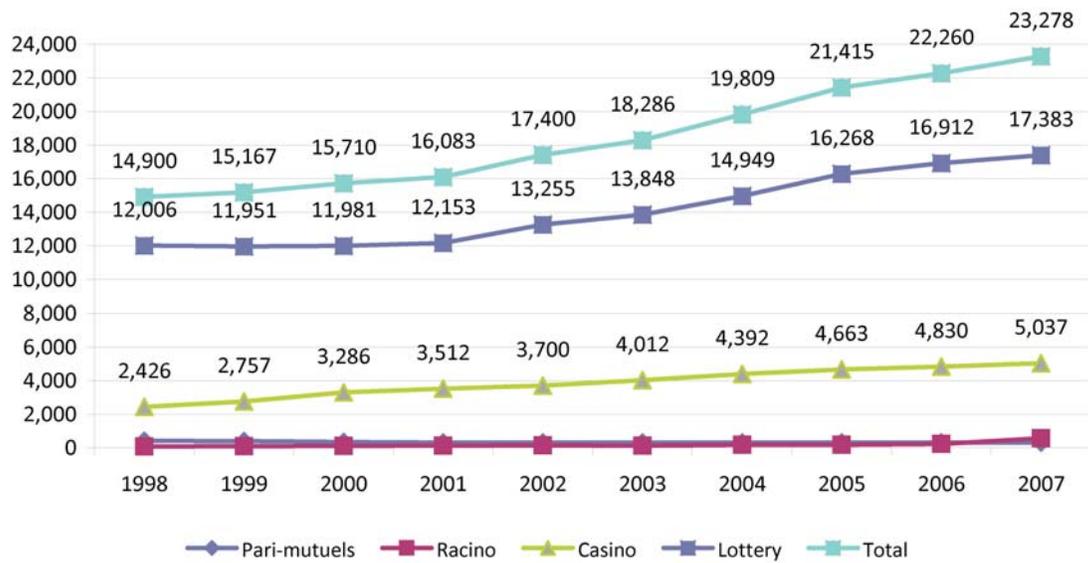
States' revenues from gambling have risen steadily over the last two decades. Income from lotteries, commercial casinos, racinos, and pari-mutuel wagering combined have increased by over 56 percent, from \$14.9 billion in fiscal year 1998 to \$23.3 billion in fiscal year 2007 (see Figure 3), for an average annual increase of 5.1 percent. After adjusting for inflation, revenues from the major sources of gambling increased by 26 percent from fiscal 1998 to fiscal 2007.

Over the past three years, growth in gambling revenue has slowed. State revenue from all gambling activities rose by 8.7 percent from fiscal 2005 through 2007. In the two preceding years, revenue growth was almost twice that level, at 17.1 percent. As mentioned earlier in this report, during the first three quarters of states' 2007-08 fiscal year, revenue from casinos rose only 0.7 percent compared to the same period of the previous year. To be sure, states have seen periods of slower

**Table 6: States' Reliance on Gambling Revenue**

<b>State</b>	<b>Change in Gambling Revenue as Share of Own-Source Revenue, 1998-2006</b>	<b>Gambling Revenue as Share of States' Own-Source General Revenue, FY 2006</b>
Nevada	-2.4%	13.4%
West Virginia	6.4%	8.9%
Rhode Island	3.3%	8.1%
South Dakota	-1.3%	6.8%
Delaware	1.3%	5.3%
Louisiana	1.3%	4.9%
Missouri	1.1%	4.7%
Indiana	0.6%	4.6%
Oregon	0.3%	4.1%
Illinois	0.6%	4.0%
New Jersey	-0.8%	3.8%
Georgia	0.0%	3.8%
Iowa	0.7%	3.8%
Mississippi	-1.0%	3.6%
Massachusetts	-0.7%	3.4%
Michigan	0.7%	3.0%
New York	-0.5%	2.9%
Florida	-0.3%	2.7%
Maryland	-0.7%	2.6%
South Carolina	2.5%	2.5%
Pennsylvania	-0.2%	2.5%
New Hampshire	-0.6%	2.4%
Connecticut	-0.5%	1.9%
Texas	-1.6%	1.9%
Ohio	-1.3%	1.9%
Colorado	-0.2%	1.8%
Tennessee	1.8%	1.8%
Virginia	-0.3%	1.8%
Kentucky	-0.3%	1.5%
Maine	-0.2%	1.3%
New Mexico	0.8%	1.2%
California	-0.2%	0.9%
Arizona	0.0%	0.9%
Kansas	-0.2%	0.9%
Idaho	0.1%	0.8%
Wisconsin	-0.1%	0.8%
Vermont	-0.8%	0.7%
Oklahoma	0.6%	0.7%
Minnesota	-0.1%	0.6%
Washington	-0.2%	0.6%
Nebraska	0.0%	0.5%
North Dakota	0.3%	0.3%
Montana	-0.1%	0.3%
North Carolina	0.2%	0.2%
Arkansas	-0.1%	0.1%
Alabama	0.0%	0.0%
Wyoming	0.0%	0.0%
<b>United States</b>	<b>0.0%</b>	<b>2.3%</b>

**Figure 3: Trends in State Gambling Revenue, FY 1998-2007**



Growth Rate in Nominal Gambling Revenue, FY 1998-99 to 2006-07								
1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
1.8%	3.6%	2.4%	8.2%	5.1%	8.3%	8.1%	3.9%	4.6%

growth before – in fiscal 1999 and 2001, for example. Introduction of new gambling activities has sparked stronger growth in succeeding years. Whether significant further expansion of state-sanctioned gambling will occur in coming years is difficult to predict.

Looking at the last two fiscal years, overall revenue from gambling increased 4.6 percent from fiscal 2006 to fiscal 2007. The strongest growth was in the Southeast, where collections grew 8.2 percent; followed by the Mid-Atlantic states, at 6.3 percent. Of the 47 states with major gambling revenue, 27 states reported growth, with six states — Maine, Pennsylvania, Mississippi, Montana, Oregon, and North Carolina — seeing double-digit increases. However, 20 states showed a decline in gambling revenue collections, the largest being 14.7 percent for Wyoming. Figure 3 shows state-by-state changes in major gambling revenue from fiscal year 2006 to 2007.

State revenues from lotteries, commercial casinos, racinos, and pari-mutuel wagering combined amounted to no less than 2.1 percent and no more than 2.5 percent of state own-source general revenues (taxes, charges, etc.) between fiscal years 1998 and 2006.<sup>7</sup> In fiscal year 2006, Nevada and West Virginia had the highest share of gambling revenue as a percentage of own-source revenue, at 13.4 and 8.9 percent, respectively (see Table 6). Alabama, Arkansas, and Wyoming rely the least on revenue from gambling. As a share of states’ own-source revenue, gambling revenue declined in 30 states from fiscal year 1998 to 2006. Ten states increased their dependence on gambling revenue by less than 1 percentage point, while seven saw increases of more than 1 percentage point. West Virginia and Rhode Island experienced the largest increases in dependence on gambling revenue over the period, at 6.4 and 3.3 percentage points, respectively.

<sup>7</sup> Census data on overall state revenues are not available for years after fiscal 2006.

State revenue from gambling also varies widely when adjusted for population. In Wyoming and Alabama, gambling revenue amounts to less than \$1 per resident; the figure is more than \$300 per capita in Rhode Island, West Virginia, and Nevada. State-by-state figures appear in Table 10.

Table 10 shows three related measures of gambling revenue in each state, including the state's share of nationwide gambling revenue to states, gambling revenue per capita, and per capita gambling revenue as a percentage of per capita personal income in the state. Based on the rankings, Wyoming and Alabama are ranked low on all three measures. New York and Illinois are ranked as having the highest share of gambling revenue. Both states are also ranked relatively high in terms of per capita gambling revenue and per capita gambling revenue as percent of per capita personal income.

## **Conclusions**

**S**tates rely on revenue from different gambling sources as a key element in overall revenues, and often consider expansion of such activities during economic downturns. Revenue from all major sources of gambling, except for pari-mutuel wagering, showed strong growth from fiscal year 1998 to 2007.

A number of states — including Indiana, Kansas, Maryland, Massachusetts, New Hampshire, New York, and Pennsylvania — are considering plans to expand or open new racinos and casinos in 2008. The proliferation of casinos and racinos regionally and nationally has increased overall gambling-related revenue to states, while presenting new competitive pressure on states such as Nevada and New Jersey that were early entrants. Recent softening of growth in gambling revenue generally is likely explained partly by broader economic conditions, as tourists reduce travel to destinations such as Las Vegas, as well as lingering concerns about potential social costs from pathological gambling and other problems.

**Table 7: Revenue to States and Localities from Gambling Activities, FY 2007  
(\$ in Millions)**

State	Pari-mutuel	Lottery	Casino	Racino	Total	Total revenue, FY 2006-07 %
<b>New England</b>	<b>22</b>	<b>1,645</b>		<b>20</b>	<b>1,687</b>	<b>-3.5%</b>
Connecticut	9	279			288	-2.2%
Maine	3	51		20	74	14.1%
Massachusetts	4	892			896	-6.2%
New Hampshire	3	79			82	-1.4%
Rhode Island	3	321			324	-1.1%
Vermont		23			23	2.4%
<b>Mid-Atlantic</b>	<b>55</b>	<b>4,885</b>	<b>473</b>	<b>250</b>	<b>5,664</b>	<b>6.6%</b>
Delaware	0	257			257	3.2%
Maryland	2	494			496	-1.4%
New Jersey		826	473		1,300	-2.0%
New York	28	2,358			2,386	6.9%
Pennsylvania	25	950		250	1,225	22.3%
<b>Great Lakes</b>	<b>35</b>	<b>2,420</b>	<b>1,986</b>		<b>4,442</b>	<b>3.6%</b>
Illinois	9	631	818		1,458	0.7%
Indiana	5	216	851		1,072	4.5%
Michigan	9	749	316		1,074	6.7%
Ohio	12	669			681	3.7%
Wisconsin	1	155			156	2.7%
<b>Plains</b>	<b>8</b>	<b>657</b>	<b>631</b>	<b>111</b>	<b>1,407</b>	<b>1.2%</b>
Iowa	3	58	194	111	365	6.3%
Kansas	3	71			74	5.3%
Minnesota	2	112			114	-7.3%
Missouri		258	422		680	-0.4%
Nebraska	0	29			29	-3.8%
North Dakota	0	7			8	1.8%
South Dakota	0	121	15		137	2.7%
<b>Southeast</b>	<b>115</b>	<b>4,381</b>	<b>799</b>	<b>105</b>	<b>5,401</b>	<b>8.2%</b>
Alabama	3				3	-7.5%
Arkansas	5				5	-1.8%
Florida	28	1,263		50	1,341	6.6%
Georgia		854			854	3.8%
Kentucky	6	196			202	-3.9%
Louisiana	56	128	467	56	706	4.0%
Mississippi			332		332	21.5%
North Carolina		314			314	386.7%
South Carolina		277			277	-13.2%
Tennessee		272			272	-2.0%
Virginia		437			437	-3.9%
West Virginia	17	639			657	5.3%
<b>Southwest</b>	<b>14</b>	<b>1,278</b>		<b>76</b>	<b>1,367</b>	<b>0.3%</b>
Arizona	0	140			140	-0.9%
New Mexico	0	35		66	101	1.8%
Oklahoma	2	69		10	81	8.1%
Texas	11	1,034			1,045	-0.2%
<b>Rocky Mountain</b>	<b>5</b>	<b>164</b>	<b>112</b>		<b>282</b>	<b>1.1%</b>
Colorado	3	119	112		234	-0.5%
Idaho	2	34			36	5.6%
Montana	0	11			12	26.4%
Utah					NA	NA
Wyoming	0				0	-14.7%
<b>Far West</b>	<b>42</b>	<b>1,951</b>	<b>1,035</b>		<b>3,029</b>	<b>4.9%</b>
Alaska					NA	NA
California	38	1,177			1,214	-5.0%
Hawaii					NA	NA
Nevada			1,035		1,035	3.2%
Oregon	3	656			659	35.6%
Washington	2	118			120	0.9%
<b>United States</b>	<b>296</b>	<b>17,383</b>	<b>5,037</b>	<b>562</b>	<b>23,278</b>	<b>4.6%</b>

<b>Table 8: Gambling Availability and Legalization Date</b>					
<b>State</b>	<b>Lottery (42)</b>	<b>Commercial Casinos (12)</b>	<b>Racinos (11)</b>	<b>Pari-mutuel (43)</b>	<b>Native American</b>
Alabama				Yes	Yes
Alaska					Yes
Arizona	1981			Yes	Yes
Arkansas				Yes	
California	1985			Yes	Yes
Colorado	1983	1990		Yes	Yes
Connecticut	1972			Yes	Yes
Delaware	1975		1994	Yes	
Florida	1987		2006	Yes	Yes
Georgia	1993				
Hawaii					
Idaho	1989			Yes	Yes
Illinois	1974	1990		Yes	
Indiana	1989	1993		Yes	
Iowa	1985	1989	1994	Yes	Yes
Kansas	1987			Yes	Yes
Kentucky	1989			Yes	
Louisiana	1991	1991	1997	Yes	Yes
Maine	1974		2004	Yes	Yes
Maryland	1973			Yes	
Massachusetts	1972			Yes	
Michigan	1972	1996		Yes	Yes
Minnesota	1990			Yes	Yes
Mississippi		1990			Yes
Missouri	1986	1993		Yes	Yes
Montana	1986			Yes	Yes
Nebraska	1993			Yes	Yes
Nevada		1931		Yes	Yes
New Hampshire	1964			Yes	
New Jersey	1970	1976		Yes	
New Mexico	1996		1997	Yes	Yes
New York	1967		2001	Yes	Yes
North Carolina	2006				Yes
North Dakota	2004			Yes	Yes
Ohio	1974			Yes	
Oklahoma	2005		2004	Yes	Yes
Oregon	1984			Yes	Yes
Pennsylvania	1971	2004	2004	Yes	Yes
Rhode Island	1974		1992	Yes	
South Carolina	2001				Yes
South Dakota	1987	1989		Yes	Yes
Tennessee	2004			Yes	
Texas	1991			Yes	Yes
Utah					
Vermont	1977			Yes	
Virginia	1988			Yes	
Washington	1982			Yes	Yes
West Virginia	1986		1994	Yes	
Wisconsin	1988			Yes	Yes
Wyoming				Yes	Yes

**Table 9: Gambling Revenue and Percent Change, FY 1998 to 2007**

<b>States</b>	<b>FY 1998 (\$ in millions)</b>	<b>FY 2007 (\$ in millions)</b>	<b>% change, 1998-07</b>
Alabama	4	3	-29%
Alaska	NA	NA	NA
Arizona	82	140	72%
Arkansas	7	5	-21%
California	887	1,214	37%
Colorado	166	234	41%
Connecticut	275	288	4%
Delaware	126	257	105%
Florida	861	1,341	56%
Georgia	555	854	54%
Hawaii	NA	NA	NA
Idaho	21	36	75%
Illinois	862	1,458	69%
Indiana	523	1,072	105%
Iowa	202	365	81%
Kansas	64	74	15%
Kentucky	175	202	16%
Louisiana	349	706	103%
Maine	46	74	62%
Maryland	402	496	23%
Massachusetts	799	896	12%
Michigan	629	1,074	71%
Minnesota	88	114	29%
Mississippi	250	332	33%
Missouri	390	680	74%
Montana	7	12	71%
Nebraska	20	29	45%
Nevada	584	1,035	77%
New Hampshire	58	82	40%
New Jersey	1,011	1,300	29%
New Mexico	20	101	399%
New York	1,567	2,386	52%
North Carolina	NA	314	NA
North Dakota	NA	8	NA
Ohio	740	681	-8%
Oklahoma	5	81	1597%
Oregon	299	659	121%
Pennsylvania	737	1,225	66%
Rhode Island	125	324	159%
South Carolina	NA	277	NA
South Dakota	107	137	27%
Tennessee	NA	272	NA
Texas	1,172	1,045	-11%
Utah	NA	NA	NA
Vermont	23	23	3%
Virginia	319	437	37%
Washington	117	120	3%
West Virginia	100	657	555%
Wisconsin	125	156	25%
Wyoming	0	0	-16%
<b>United States</b>	<b>14,900</b>	<b>23,278</b>	<b>56%</b>

**Table 10: Gambling Revenue: Ranking the States**

State	State Share of Revenue for All States		Revenue Per Resident		Revenue as % of Personal Income	
	Percent	Rank	Dollars	Rank	Percent	Rank
Alabama	0.0%	46	0.6	46	0.0%	46
Alaska	NA	NA	NA	NA	NA	NA
Arizona	0.6%	31	22.1	39	0.1%	38
Arkansas	0.0%	45	1.9	45	0.0%	45
California	5.2%	6	33.2	34	0.1%	34
Colorado	1.0%	28	48.1	28	0.1%	31
Connecticut	1.2%	24	82.1	20	0.2%	26
Delaware	1.1%	27	297.0	4	0.7%	4
Florida	5.8%	3	73.5	21	0.2%	21
Georgia	3.7%	12	89.4	18	0.3%	16
Hawaii	NA	NA	NA	NA	NA	NA
Idaho	0.2%	40	24.0	37	0.1%	36
Illinois	6.3%	2	113.4	15	0.3%	15
Indiana	4.6%	8	168.9	7	0.5%	7
Iowa	1.6%	20	122.3	12	0.3%	10
Kansas	0.3%	39	26.6	36	0.1%	37
Kentucky	0.9%	29	47.7	29	0.2%	25
Louisiana	3.0%	13	164.5	8	0.5%	8
Maine	0.3%	38	56.2	26	0.2%	23
Maryland	2.1%	18	88.3	19	0.2%	20
Massachusetts	3.9%	11	138.9	10	0.3%	14
Michigan	4.6%	7	106.7	16	0.3%	13
Minnesota	0.5%	34	21.9	40	0.1%	40
Mississippi	1.4%	21	113.8	14	0.4%	9
Missouri	2.9%	15	115.7	13	0.3%	11
Montana	0.0%	43	12.1	43	0.0%	43
Nebraska	0.1%	41	16.6	42	0.0%	42
Nevada	4.5%	10	403.6	1	1.0%	2
New Hampshire	0.4%	36	62.4	23	0.2%	27
New Jersey	5.6%	4	149.6	9	0.3%	12
New Mexico	0.4%	35	51.2	27	0.2%	24
New York	10.3%	1	123.6	11	0.3%	17
North Carolina	1.4%	23	34.7	33	0.1%	32
North Dakota	0.0%	44	11.8	44	0.0%	44
Ohio	2.9%	14	59.4	24	0.2%	22
Oklahoma	0.3%	37	22.4	38	0.1%	39
Oregon	2.8%	16	175.9	5	0.5%	6
Pennsylvania	5.3%	5	98.5	17	0.3%	18
Rhode Island	1.4%	22	306.2	3	0.8%	3
South Carolina	1.2%	25	62.9	22	0.2%	19
South Dakota	0.6%	32	171.5	6	0.5%	5
Tennessee	1.2%	26	44.2	30	0.1%	29
Texas	4.5%	9	43.7	31	0.1%	30
Utah	NA	NA	NA	NA	NA	NA
Vermont	0.1%	42	37.7	32	0.1%	33
Virginia	1.9%	19	56.7	25	0.1%	28
Washington	0.5%	33	18.5	41	0.0%	41
West Virginia	2.8%	17	362.3	2	1.2%	1
Wisconsin	0.7%	30	27.8	35	0.1%	35
Wyoming	0.0%	47	0.3	47	0.0%	47
<b>United States</b>	<b>100.0%</b>		<b>77.3</b>		<b>0.2%</b>	

## **About The Nelson A. Rockefeller Institute of Government's Fiscal Studies Program**

The Nelson A. Rockefeller Institute of Government, the public policy research arm of the State University of New York, was established in 1982 to bring the resources of the 64-campus SUNY system to bear on public policy issues. The Institute is active nationally in research and special projects on the role of state governments in American federalism and the management and finances of both state and local governments in major areas of domestic public affairs.

The Institute's Fiscal Studies Program, originally called the Center for the Study of the States, was established in May 1990 in response to the growing importance of state governments in the American federal system. Despite the ever-growing role of the states, there is a dearth of high-quality, practical, independent research about state and local programs and finances.

The mission of the Fiscal Studies Program is to help fill this important gap. The Program conducts research on trends affecting all 50 states and serves as a national resource for public officials, the media, public affairs experts, researchers, and others.

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Additional information is available at [www.rockinst.org](http://www.rockinst.org).