July 2023

Economic and Fiscal Impact of Video Gaming Terminals by State and Nationally

Approach, Methodology, and Results

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Executive Summary

This report discusses the economic and fiscal impact of video gaming terminals ("VGTs") **in the eight states where they are currently legal, regulated, and taxed** per statute approved by state legislatures as well as **their impact if they were to be legalized in all remaining states.**

Distributed VGTs are video gaming machines housed in licensed establishments, such as restaurants, bars, clubhouses, and rest areas – not in a casino setting. VGTs produce net terminal income ("NTI"), which is the net income from the machine after adding income and minus payouts. While different states have different distributions of NTI depending on law and commercial agreements, the income from distributed VGTs is usually split among three involved parties:

1. **Licensed establishments** (e.g., restaurants and bars, etc.)
2. **Terminal operators** (who install, operate, and maintain the VGTs)
3. **State and local governments** (who receive revenues through NTI taxes)
    - **Central communication system** (usually <1% of NTI but present in some states to manage distributed VGTs and foster transparency)

For the licensed establishments, **VGTs provide an additional source of income** they can use to cover costs, compensate employees, or invest in the venue. VGT operators **must maintain a degree of local presence** to install and maintain machines. The state and localities can **appropriate the taxes from VGTs to any number of purposes,** such as earmarking revenues to a need (e.g., improvement of transportation assets like roads and bridges) or using them to help fund services generally (e.g., K-12 schools, healthcare, social services, etc.). In total, **NTI for each of these parties has an impact on the state economy and the U.S. economy either directly in the form of tax revenues or indirectly through commercial activities and household spending that is further taxed.**

ES Table 1 shows the "Present Impact" of distributed VGTs in the states where VGT markets exist.

ES Table 1 – "Present Impact" of distributed VGTs by state (2022)[1]

Impact	IL	LA	MT	NV	OR	PA	SD	WV
All Jobs	35.9	14.1	8.6	17.2	20.3	1.1	5.1	8.2
Private Jobs	35.3	14.0	8.5	17.1	19.6	1.0	4.9	8.0
Output	$6,096	$1,875	$1,165	$2,409	$2,801	$176	$724	$1,101
State GDP	$3,423	$1,141	$667	$1,368	$1,639	$101	$423	$648
Labor Income	$2,047	$739	$415	$816	$1,086	$65	$276	$432
S&L[2] Taxes	$1,229	$347	$137	$141	$816	$29	$195	$312

[1] "All Jobs" and "Private Jobs" in thousands, dollar concepts in 2022 $ millions
[2] "S&L" = State and Local Government

The results in ES Table 1 are consistent with reported NTI by state and state economies. For instance, Illinois is the largest state with a mature market for distributed VGTs with a population of 12.7 million. **Even with Chicago having zero VGTs currently, Illinois' regulated VGT market supports the largest impacts to any state economy per ES Table 1 (including 35,900 jobs and 35,300 private sector jobs and $3.423 billion in GDP and $2.047 billion in labor income).**

Pennsylvania has an economy and population of similar size to Illinois, but VGTs in Pennsylvania have smaller impacts than the ones for South Dakota (one of the smallest state economies). Pennsylvania's statute for VGTs restricts locations to the point only 67 licensed establishments can currently operate VGTs in the Commonwealth. In comparison, Illinois had 8,226 locations.

The S&L revenues in ES Table 1 include the share of NTI owed to states and localities through taxes alongside additional tax revenues, such as income and sales taxes, which are each increased from economic activity supported by distributed VGTs. For example, restaurant workers with their wages partially supported by VGTs with pay other taxes, increasing the fiscal impact.

ES Table 2 shows the results of the "Projected Impact" from distributed VGTs **becoming legal in the remaining 43 states and the District of Columbia** (a *de facto* state economy). ES Table 2 includes the assumption **Pennsylvania develops a market for VGTs consistent with the size of its economy and population** and includes the Commonwealth in the column for "43 States."

ES Table 2 – "Projected Impact" of distributed VGTs nationally

	Indicator	Units	43 States + D.C.	U.S. Impact[3]
	All Jobs	Millions	1.17	1.28
	Private Jobs	Millions	1.14	1.25
	Sales Output	2022 $ billions	$165.9	$182.7
	GDP	2022 $ billions	$97.3	$107.0
	Labor Income	2022 $ billions	$59.8	$65.8
	S&L Taxes	2022 $ billions	$29.7	$33.0

According to ES Table 2, the U.S. impact (including the states from ES Table 1 and any incremental economic impact from distributed VGTs in other states) from expanding distributed VGTs nationally would include **1.28 million jobs with nearly all of them (98%) within the private sector.** These private jobs would include those related to government expenditures, such as highway construction. ES Table 2 further shows **a macroeconomic impact of $107.0 billion in U.S. GDP.**

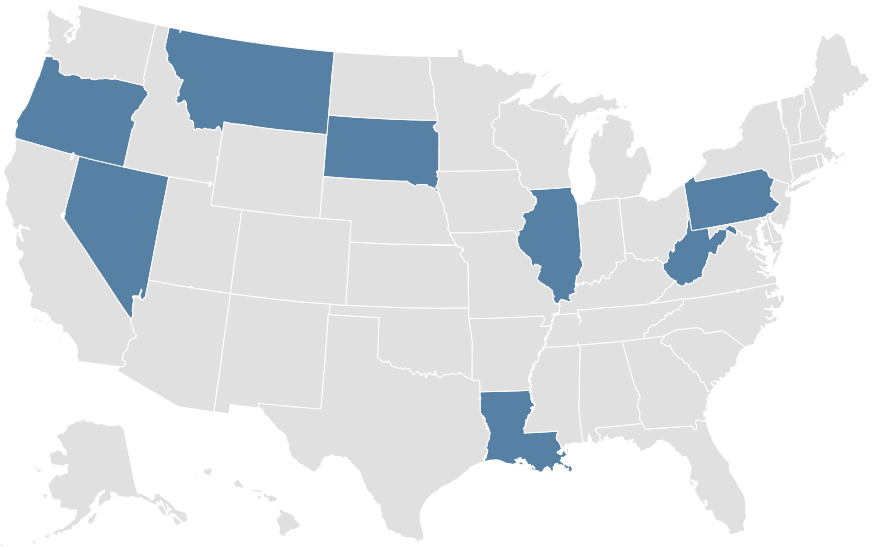
[3] Includes the seven states with reasonably mature markets: IL, LA, MT, NV, OR, SD, and WV

Introduction and Context

This report describes the economic and fiscal contributions of VGTs to the economics and public finances of the eight states where they are currently legal as well as a scenario for their expansion throughout the country. The main body of this report includes a high-level summary of markets for VGTs and the methodology and approach. The report includes two scenarios:

1. **Present Impact** – The Present Impact models the economic and fiscal impacts of VGTs in the eight states where it existed in 2022. Those eight states include Illinois, Louisiana, Montana, Nevada, Oregon, Pennsylvania, South Dakota, and West Virginia.
2. **Projected Impact** – The Projected Impact examines a scenario where VGTs are legal nationally, either through federal legislation or "bottom-up" legislation passed by each state legislature and the District of Columbia. The Projected Impact is informed by the current state of the market for VGTs in the eight states where they are legal.

Figure 1 – Map of the eight states where VGTs are legalized



Video Gaming Terminals

VGTs go by several names, including "video lottery terminals"[4] and "gaming terminals."[5] VGTs create an electronic version of games originally implemented through tokens or physical items (e.g., playing cards used for blackjack or poker or dice made into cards or the numbers on a screen controlled by a microprocessor, etc.) or mechanical devices (e.g., slot machines).

The VGTs under consideration here are not those domiciled in casino settings but rather ones that are dispersed across the state at various public accommodations. Examples include restaurants, bars,

[4] https://www.playillinois.com/vgts/
[5] https://www.lawinsider.com/dictionary/gaming-terminal

other drinking establishments, clubhouses, and commercial stops by highways with services for travelers and truckers.[6] The list of establishments depends on state law.

The income net of payouts for a VGT is called **net terminal income.** NTI generated by VGTs creates revenues for three parties, each of which have an economic impact:

1. **Licensed Establishments** – The host establishment for a distributed VGT, like a restaurant or veterans' post, collect a portion of the NTI. This essentially creates a supplementary revenue stream for the establishment, which allows them to better cover their costs, compensate the staff, and fund capital improvements to their venue and business.[7]
2. **Terminal Operators** – Numerous and often local companies purchase, install, maintain, and operate the physical equipment for distributed VGTs across the eight states. The licensed terminal operators collect another share of the NTI, which is used to help them cover their costs and reinvest in the market with updated and new equipment.
3. **State and Local Governments** – Distributed VGTs are regulated and taxed in each of the eight states. The share of NTI collected in taxes then becomes revenues for state governments and local governments, which can either spend it on public purposes (e.g., education or healthcare, etc.) through the normal appropriations process or "earmark" the revenues as a dedicated revenue stream for a particular purpose. Illinois, for instance, dedicates a portion of taxes earned from NTI for capital projects to improve transportation.[8]

   This public spending has an economic impact like any public expenditures. For example, any investment in transportation infrastructure creates projects for construction firms, which increases hiring and the demand for equipment (e.g., cranes and trucks, etc.) and materials (e.g., asphalt and steel, etc.) within the supply chain[9] and supports income and benefits for these workers, which further stimulates the regional economy.[10]

   a. **Central Communication System ("CCS")** – Some states reserve a small proportion (≈1%) of NTI for administrative functions.[11] When implemented in a state, this can further transparency into the performance of and revenues from VGTs.

The next section describes the methodology and approach used to develop inputs for the economic model underlying this analysis, the workings of the IMPLAN model, and notes regarding any of the assumptions and the raw data sources used to construct the analysis.

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[6] For a video summary of VGTs in the Illinois market, https://www.youtube.com/watch?v=80VTK0Cy8oc
[7] Such as a restaurant wanting to increase the pay of its wait staff and kitchen staff
[8] https://www.illinois.gov/news/press-release.20266.html
[9] The "indirect" effect
[10] The "induced" effect
[11] Illinois, for example, publishes monthly reports, https://www.igb.illinois.gov/videoreports.aspx

Economic and Fiscal Impacts

This section begins with the Present Impact on the Illinois economy. Illinois has the largest market for distributed VGTs in the U.S. and is the model for proposed legislation in many states. The results begin with a discussion of the Present Impact of VGTs on the Illinois economy and continue with the Present Impact on the other seven "active" states (which includes Pennsylvania).

Present Impact of Distributed VGTs in Illinois

Table 1 summarizes the current impact of distributed VGTs in Illinois. The $2.7 billion in direct output corresponds exactly to the reported level of NTI from the IGB for 2022. The rest of Table 1 shows the economic impact once these dollars are recycled throughout the Illinois economy through revenues for licensed establishments, VGT operators, and state and local governments.

Table 1 – Present Impact of distributed VGTs in Illinois (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	20.6	5.8	9.5	**35.9**
Private Jobs	Thousands	20.2	5.7	9.4	**35.3**
Output	2022 $ millions	$2,700.2	$1,454.0	$1,941.6	**$6,095.8**
GDP	2022 $ millions	$1,565.2	$755.4	$1,102.0	**$3,422.6**
Labor Income	2022 $ millions	$957.0	$464.4	$625.9	**$2,047.3**
Federal Tax	2022 $ millions	$257.4	$104.3	$144.0	**$505.7**
NTI + S&L	2022 $ millions	$1,039.5	$68.6	$120.5	**$1,228.6**
NTI Tax	2022 $ millions	$921.5	-	-	**$921.5**
S&L Tax	2022 $ millions	$118.0	$68.6	$120.5	**$307.1**

The Present Impact of distributed VGTs in Illinois is estimated as 35,900 total jobs (a.k.a., "all jobs") – 35,300 of which are private sector. The proportion (roughly 98%) of jobs being in the private sector while 34% of NTI in Illinois is taxed requires explanation. Most of the 34% in NTI taxes in Illinois are allocated for the improvement of capital assets related to transportation.

The Illinois Department of Transportation and equivalent agencies in other states and localities usually own, manage, and perform routine maintenance on capital assets. On the other hand, design and new construction of such assets is typically done by construction contractors.

Because of this, many construction workers and civil engineers working on projects are employed by private employers even though the invoice is ultimately paid by a state or local agency. Public sector outsourcing of the private sector occurs in other sectors as well, such as healthcare workers employed by private hospitals that are reimbursed by Medicare and Medicaid.

Table 1 shows distributed VGTs in Illinois supporting $6.1 billion in output, $3.4 billion in GDP, and $2.0 billion in income. Table 1 also shows the impact stemming from this level of activity, such as $505.7 million in federal taxes and $307.1 million in (non-distributed VGT) state and local taxes estimated by IMPLAN. The second number can be added to direct collections from VGTs and NTI to estimate a total revenue for Illinois S&L governments from distributed VGTs of $1.2 billion.

Direct revenues from VGTs in Illinois are calculated using a simple formula that includes two factors:

- **$2.7 billion in NTI** and a **34% tax rate**
- $2.7 billion times 34% equals **$921.5 million in tax revenues**

However, this estimate does not account for higher income, sales, and property taxes by Illinoisans due to higher levels of labor income supported through the market for VGTs.

A more accurate estimate would require adding these two estimates together, as seen in Table 1 in the "NTI + S&L" row. NTI taxes of $921.5 million are added to an estimated $307.1 million in state and local taxes from higher economic activity to produce $1.2 billion in revenues. This methodology allows for a more comprehensive estimate of the S&L revenue impacts in Illinois.

Table 2 shows the Present Impact of Distributed VGTs across the U.S. as of 2022 data. This includes spillover economic effects in states that do not have a regulated market for distributed VGTs, such as California, which has supply chain and other connections to other states:

Table 2 – Present Impact of distributed VGTs nationally (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	69.3	19.0	30.9	**119.3**
Private Jobs	Thousands	67.8	18.6	30.6	**117.1**
Output	2022 $ millions	$7,257.8	$4,720.1	$6,301.4	**$18,279.3**
GDP	2022 $ millions	$4,441.9	$2,450.2	$3,576.1	**$10,468.2**
Labor Income	2022 $ millions	$2,961.8	$1,505.2	$2,030.7	**$6,497.7**
Federal Tax	2022 $ millions	$687.1	$336.0	$464.0	**$1,487.0**
NTI + S&L	2022 $ millions	$2,692.1	$208.3	$364.7	**$3,265.0**
NTI Tax	2022 $ millions	$2,377.0	-	-	**$2,377.0**
S&L Tax	2022 $ millions	$315.1	$208.3	$364.7	**$888.0**

The highlights of the U.S. results include 119,300 jobs supported, $10.5 billion in U.S. GDP, $6.5 billion in U.S. labor income, and $3.25 billion in S&L revenues. Of that, $2.3 billion comes from the direct taxation of NTI while the remaining $888 million is from other taxes. The results in Table 2 are only a portion of the potential economic impacts in the Projected Impact.

Present Impact of VGTs

This subsection presents the equivalent results from Table 1 for the other seven VGT states. These current results include Pennsylvania, despite its undersized market. **The next section presents results for Pennsylvania as if it had distributed VGT in concert with its economy and its population.** Table 3 and the subsequent tables include the rows showing the updated and fuller calculation of the state and local revenues attributable to VGTs with both subcategories.

Table 3 – Present Impact of distributed VGTs in Louisiana (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	9.4	1.8	2.9	**14.1**
Private Jobs	Thousands	9.4	1.8	2.9	**14.1**
Output	2022 $ millions	$835.1	$446.5	$593.6	**$1,875.2**
GDP	2022 $ millions	$574.8	$230.3	$335.6	**$1,140.7**
Labor Income	2022 $ millions	$408.0	$141.1	$190.4	**$739.5**
Federal Tax	2022 $ millions	$78.8	$38.7	$53.4	**$170.9**
NTI + S&L	2022 $ millions	$286.6	$21.9	$38.1	**$346.6**
NTI Tax	2022 $ millions	$250.5	-	-	**$250.5**
S&L Tax	2022 $ millions	$36.1	$21.9	$38.1	**$96.1**

Table 4 – Present Impact of distributed VGTs in Montana (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	5.7	1.1	1.8	**8.6**
Private Jobs	Thousands	5.6	1.1	1.8	**8.5**
Output	2022 $ millions	$524.5	$274.5	$366.3	**$1,165.3**
GDP	2022 $ millions	$317.2	$142.1	$207.6	**$666.9**
Labor Income	2022 $ millions	$210.0	$87.3	$117.9	**$415.2**
Federal Tax	2022 $ millions	$49.4	$22.7	$31.3	**$103.4**
NTI + S&L	2022 $ millions	$100.8	$13.3	$23.3	**$137.4**
NTI Tax	2022 $ millions	$78.1	-	-	**$78.1**
S&L Tax	2022 $ millions	$22.7	$13.3	$23.3	**$59.3**

Table 5 – Present Impact of distributed VGTs in Nevada (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	11.2	2.3	3.7	**17.2**
Private Jobs	Thousands	11.1	2.2	3.7	**17.0**
Output	2022 $ millions	$1,081.9	$568.2	$758.7	**$2,408.8**
GDP	2022 $ millions	$641.9	$295.1	$430.8	**$1,367.8**
Labor Income	2022 $ millions	$390.7	$181.3	$244.5	**$816.5**
Federal Tax	2022 $ millions	$102.0	$45.2	$62.5	**$209.7**
NTI + S&L	2022 $ millions	$65.9	$27.2	$47.8	**$140.9**
NTI Tax	2022 $ millions	$19.1	-	-	**$19.1**
S&L Tax	2022 $ millions	$46.8	$27.2	$47.8	**$121.8**

Nevada has a relatively low estimate of the direct NTI tax because of how distributed VGTs are taxed and regulated in the state. Nevada charges a fixed fee per distributed VGT rather than collecting a share of NTI through a direct tax, which leads to the low estimate in Table 5.

Table 6 – Present Impact of distributed VGTs in Oregon (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	13.3	2.7	4.3	**20.3**
Private Jobs	Thousands	12.7	2.6	4.3	**19.6**
Output	2022 $ millions	$1,255.9	$662.2	$883.1	**$2,801.2**
GDP	2022 $ millions	$794.6	$343.6	$501.1	**$1,639.3**
Labor Income	2022 $ millions	$589.5	$211.3	$284.8	**$1,085.6**
Federal Tax	2022 $ millions	$118.3	$56.2	$77.6	**$252.1**
NTI + S&L	2022 $ millions	$729.2	$32.5	$56.7	**$818.4**
NTI Tax	2022 $ millions	$672.9	-	-	**$672.9**
S&L Tax	2022 $ millions	$54.3	$32.5	$56.7	**$143.5**

Table 7 – Present Impact of distributed VGTs in Pennsylvania (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	0.5	0.2	0.4	**1.1**
Private Jobs	Thousands	0.4	0.2	0.4	**1.0**
Output	2022 $ millions	$41.9	$57.1	$77.3	**$176.3**
GDP	2022 $ millions	$27.2	$30.1	$43.9	**$101.2**
Labor Income	2022 $ millions	$20.0	$19.3	$25.9	**$65.2**
Federal Tax	2022 $ millions	$3.9	$3.2	$4.4	**$11.5**
NTI + S&L	2022 $ millions	$23.4	$2.0	$3.5	**$28.9**
NTI Tax	2022 $ millions	$21.6	-	-	**$21.6**
S&L Tax	2022 $ millions	$1.8	$2.0	$3.5	**$7.3**

As noted previously, the results for Pennsylvania are small compared to the size of the Pennsylvania economy because of restrictions on distributed VGTs. Compare the results for Pennsylvania in Table 7 to results for South Dakota in Table 8, which has a much smaller economy.

Furthermore, compare results for Pennsylvania in Table 7 to those for Illinois in Table 1 considering the notion the two have similar populations and similar GDP numbers.

Table 8 – Present Impact of distributed VGTs in South Dakota (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	3.3	0.7	1.1	**5.1**
Private Jobs	Thousands	3.1	0.7	1.1	**4.9**
Output	2022 $ millions	$323.5	$171.3	$228.8	**$723.6**
GDP	2022 $ millions	$204.3	$88.7	$129.6	**$422.6**
Labor Income	2022 $ millions	$148.3	$54.5	$73.6	**$276.4**
Federal Tax	2022 $ millions	$30.6	$14.2	$19.6	**$64.4**
NTI + S&L	2022 $ millions	$172.2	$8.4	$14.6	**$195.2**
NTI Tax	2022 $ millions	$158.1	-	-	**$158.1**
S&L Tax	2022 $ millions	$14.1	$8.4	$14.6	**$37.1**

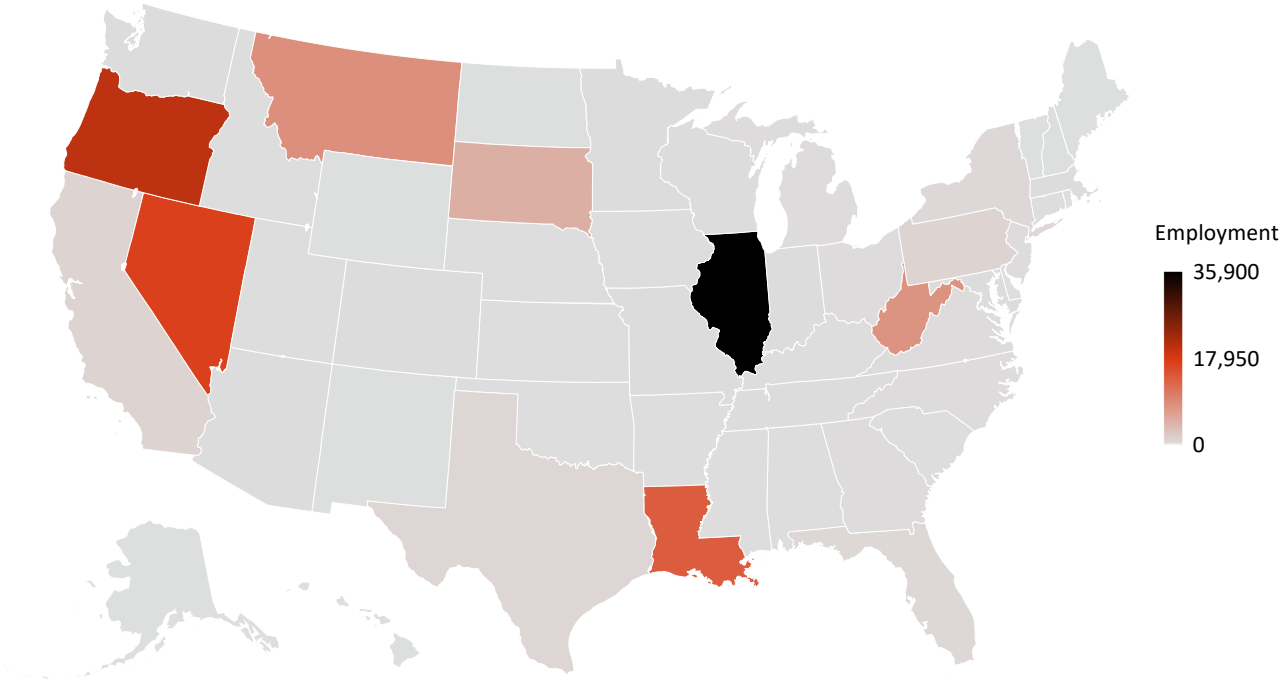
Table 9 – Present Impact of distributed VGTs in West Virginia (2022)

Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	5.5	1.0	1.7	**8.2**
Private Jobs	Thousands	5.3	1.0	1.7	**8.0**
Output	2022 $ millions	$494.8	$259.7	$346.9	**$1,101.4**
GDP	2022 $ millions	$316.6	$134.7	$196.7	**$648.0**
Labor Income	2022 $ millions	$238.3	$82.6	$111.6	**$432.5**
Federal Tax	2022 $ millions	$46.6	$22.6	$31.1	**$100.3**
NTI + S&L	2022 $ millions	$276.7	$12.8	$22.4	**$311.9**
NTI Tax	2022 $ millions	$255.3	-	-	**$255.3**
S&L Tax	2022 $ millions	$21.4	$12.8	$22.4	**$56.6**

Figure 2 shows a heat map based on the "All Jobs" total from Table 1 through Table 9 of the eight states with markets for distributed VGTs, plus the remaining 42 states and the District of Columbia. Despite most states not having an active market for distributed VGTs, the markets in states such as Illinois, Montana, and Oregon can influence the state economies of near and distant neighbors with several forms of interstate income flows incorporated in IMPLAN.

Figure 2 shows that the states with active markets for distributed VGTs have the largest employment (and thereby the largest economic) impacts. Illinois, which is the largest state with distributed VGTs now, has the largest impact of all states. Some of the largest state economies without VGTs, such as Texas and California, have a slight red "tint" to them, indicating they are some of the more notable beneficiaries of the interstate income flows discussed before Figure 2.

Figure 2 – Present Impact to employment of distributed VGTs by state (2022)



Examples of these interstate flows of income include:

- **Commuting** – Income moves between states through individuals who work in one state but live in another. An example of this might include a restaurant server working in West Virginia who commutes from Kentucky or Virginia.[12] This effect is the strongest within metropolitan areas, such as the Charlotte, North Carolina metro area centered on Mecklenburg County but reaching out to suburban South Carolina in York and Lancaster Counties.[13]
- **Interstate Supply Chains** – The components, equipment, materials, and parts making up the industrial supply chain might cross state lines. For instance, the steel required for a capital project in Illinois might come from a leading steel state like Indiana.[14]
- **Consumer Expenditures** – The consumer goods and services consumed in one state are not necessarily produced in that same state, such as with mail orders or through online shopping. This effect is significantly stronger with goods than services, many of which (e.g., education and healthcare, etc.) are generally provided within the local region.

[12] https://www.census.gov/topics/employment/commuting/data.html
[13] https://en.wikipedia.org/wiki/Charlotte_metropolitan_area
[14] https://www.fedsteel.com/insights/five-states-strongest-steel-industries/

- **Tourism** – Interstate travel, either for leisure or business purposes, moves income from one state to another. Orlando, Florida and Las Vegas, Nevada are tourism hubs while California, Texas, New York, and Virginia are leaders for business travel.[15]
- **Federal Expenditures** – Federal tax collections and federal expenditures are not equal for each state. For instance, payroll taxes are collected nationally based on income, but Social Security payments are disproportionally made to states like Arizona and Florida.[16] Federal income taxes are paid through the country, but certain states receive a disproportionate quantity of military expenditures (e.g., Virginia)[17] or research dollars (e.g., New Mexico).[18]

A full summary of the results displayed in Figure 2 is available in the Appendix in Table 15. The results within Table 15 include the direct, indirect, and induced "all jobs" impacts.

Projected Impact of VGTs Nationally

This subsection documents the results of the Projected Impact in IMPLAN. More detailed results are available in the Appendix and the appropriate tables will be referenced.

The Projected Impact presumes the market for distributed VGTs stays the same in seven of the eight states where it exists now (minus Pennsylvania) but expands nationally to all other states, including maturation of the Pennsylvania market, and the District of Columbia. While steps taken, as outlined in the Methodology and Approach section, might produce an overestimate of the size of the VGT market nationally because of "cannibalization" between states,[19] this effect is expected to be minor because of the nature of distributed VGTs compared to other gaming types:

- Most licensed establishments that host distributed VGTs, such as restaurants and bars, are primarily aimed at serving the local market and attracting local patrons. Hence, the level of "cannibalization" between state markets is assumed to be *de minimis*.
- On the other hand, casinos typically attempt to attract their patrons from a large region that could stretch across multiple states. A disproportionate number of U.S. casinos are along state borders.[20] Several metropolitan areas have developed reputations as casino hubs to attract patrons from around the country and around the world, such as Las Vegas and Reno, Nevada and Atlantic City, New Jersey drawing visitors and events globally.[21]

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[15] https://vividmaps.com/most-visited-us-states/
[16] https://www.voanews.com/a/which-us-states-get-more-than-they-give/4809228.html
[17] https://www.defense.gov/News/Releases/Release/Article/3194361/dod-releases-report-on-defense-spending-by-state-in-fiscal-year-2021/
[18] https://www.nsf.gov/statistics/srvyfedfunds/#tabs-2
[19] Such as a resident of Iowa crossing the border into South Dakota and playing a VGT at a licensed establishment now saving themselves the trip and playing at a licensed establishment in Iowa instead
[20] https://www.casinousa.com/map
[21] https://guides.loc.gov/tourism-and-travel/gambling

- While some licensed establishments – e.g., truck stops – might have out-of-state VGT customers, these are assumed to be negligible in the estimate.

Furthermore, distributed VGTs have features that help them specifically benefit the local or state economy, relative to other types of gaming. These advantages include:

- The share of NTI for the licensed establishment is revenues for local businesses.
- Terminal operators must maintain a level of physical presence in the state so they can install, maintain, update, and service the VGTs at licensed establishments. **The earliest beneficiaries of the regulated market are existing local enterprises who already have a trusted presence in the local area in and around the licensed establishments.**
- This contrasts with Internet-based gaming. With Internet-based gaming, the supporting infrastructure (e.g., servers, etc.) and human managers, technicians, and programmers can work from anywhere in the country or anywhere in the world.
- The taxes collected on NTI and consequently government expenditures tend to "stay local" because of the nature of state and local government spending. Most state and local dollars accrue to local economies through the procurement of services from the private sector that are not easily imported from other regions (e.g., construction or healthcare, etc.) or directly flow to the wages paid to government workers like schoolteachers.

Table 10 shows the Projected Impact of VGTs nationally including the Present Impact for the seven states (excluding Pennsylvania) before extending VGTs to the rest of the country.

Table 10 – Projected Impact of distributed VGTs nationally

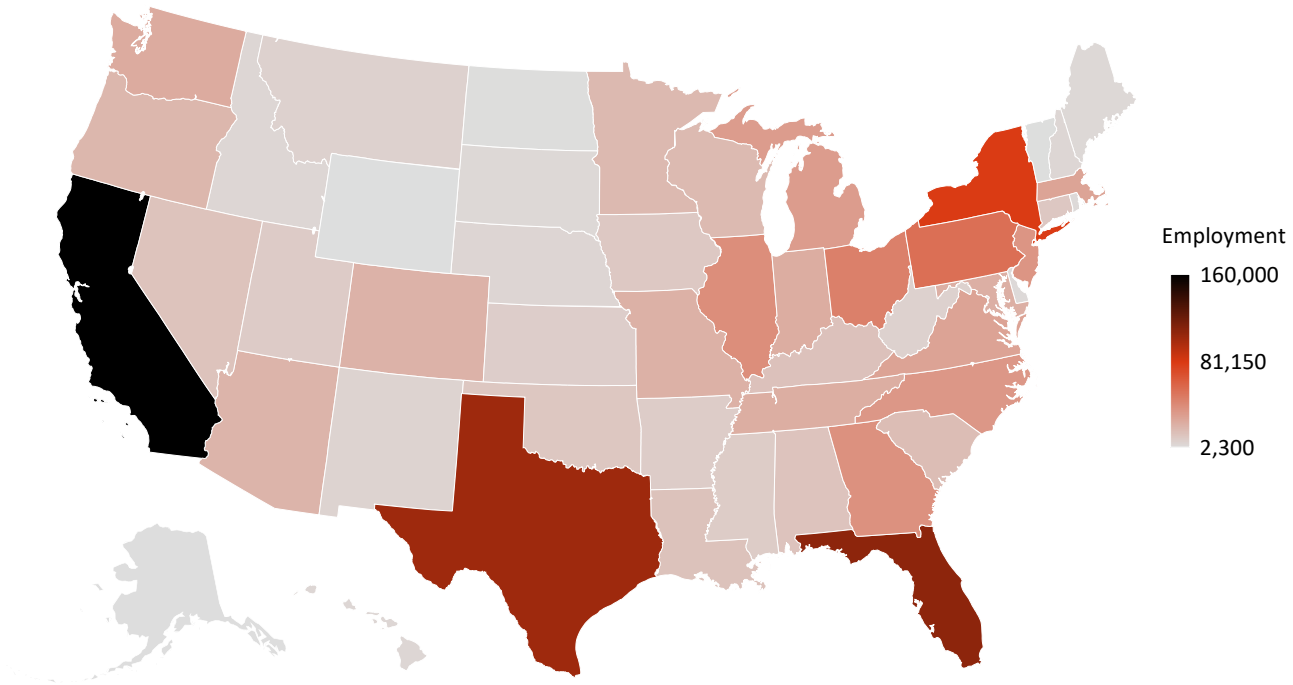
Impact	Units	Direct	Indirect	Induced	Total
All Jobs	Thousands	751.4	201.2	327.5	**1,280.1**
Private Jobs	Thousands	730.6	197.3	323.9	**1,251.8**
Output	2022 $ millions	$77,108.5	$48,072.5	$66,727.5	**$191,908.5**
GDP	2022 $ millions	$48,278.5	$25,358.6	$37,867.9	**$111,505.0**
Labor Income	2022 $ millions	$31,533.4	$15,754.3	$21,502.7	**$68,790.4**
Federal Tax	2022 $ millions	$7,390.3	$3,497.1	$4,890.9	**$15,778.3**
NTI + S&L	2022 $ millions	$27,149.4	$2,011.6	$3,845.0	**$33,006.0**
NTI Tax	2022 $ millions	$23,183.7	-	-	**$23,183.7**
S&L Tax	2022 $ millions	$3,965.7	$2,011.6	$3,845.0	**$9,822.3**

According to Table 10, distributed VGTs nationally would support:

- Almost 1.3 million jobs, most of which (98%) would be in the private economy
- $191.9 billion in output – which measures the volume of revenues, sales, and/or shipments for all U.S. businesses, institutions, and governments
- $111.5 billion in U.S. GDP and $68.8 billion in labor income
- An additional $15.8 billion in federal revenues
- $23.2 billion in tax revenues from NTI for state and local governments using existing tax rates in the existing VGT states and a 30% tax rate for the "new" states
- $33.0 billion in total state and local revenues accounting for the increase in economic activity supporting higher income, sales, and property tax collections nationwide

Table 18 disaggregates the "all jobs" results from Table 10 by state and for the District of Columbia, and Figure 3 shows these in a map format. Instead of the impacts concentrating in the states with markets for distributed VGTs, they would be spread across the country. According to Figure 6 in the Appendix, these states have the largest markets for distributed VGTs because of their large economies and populations – such as California, Texas, Florida, and New York.

Figure 3 – Projected Impact to employment of distributed VGTs by state



The results for Illinois and the other seven states with markets for distributed VGTs increase between Table 15 and Table 18 because of higher levels of interstate income. Table 11 shows a comparison of the results between the scenarios for Illinois. In the Present Impact, Illinois has 35,900 total "all jobs," which would increase by 4,600 to 40,500 if all other states were to legalize VGTs.

Table 11 – Total impact by scenario for Illinois

Impact	Units	Present Impact	Projected Impact	Difference
All Jobs	Thousands	35.9	40.5	**4.6**
Private Jobs	Thousands	35.3	39.8	**4.5**
Output	2022 $ millions	$6,095.8	$7,150.2	**$1,054.4**
GDP	2022 $ millions	$3,422.6	$4,037.8	**$615.2**
Labor Income	2022 $ millions	$2,047.3	$2,424.8	**$377.5**
Federal Tax	2022 $ millions	$505.7	$544.4	**$38.7**
NTI + S&L	2022 $ millions	$1,228.6	$1,277.5	**$48.9**
NTI Tax	2022 $ millions	$921.5	$921.5	-
S&L Tax	2022 $ millions	$307.1	$356.0	**$48.9**

Methodology and Approach

For this analysis, a three-step process was used to generate inputs for the Present Impact and the Projected Impact:

1. **Data gathering** from several sources with information related to VGTs, NTI by state, and the economic and demographic characteristics of the states
2. **Developing model inputs** based on the gathered data and input assumptions
3. **Reporting the results** of the simulations for the Present Impact and the Projected Impact

The next few subsections detail each of the three steps taken in the process.

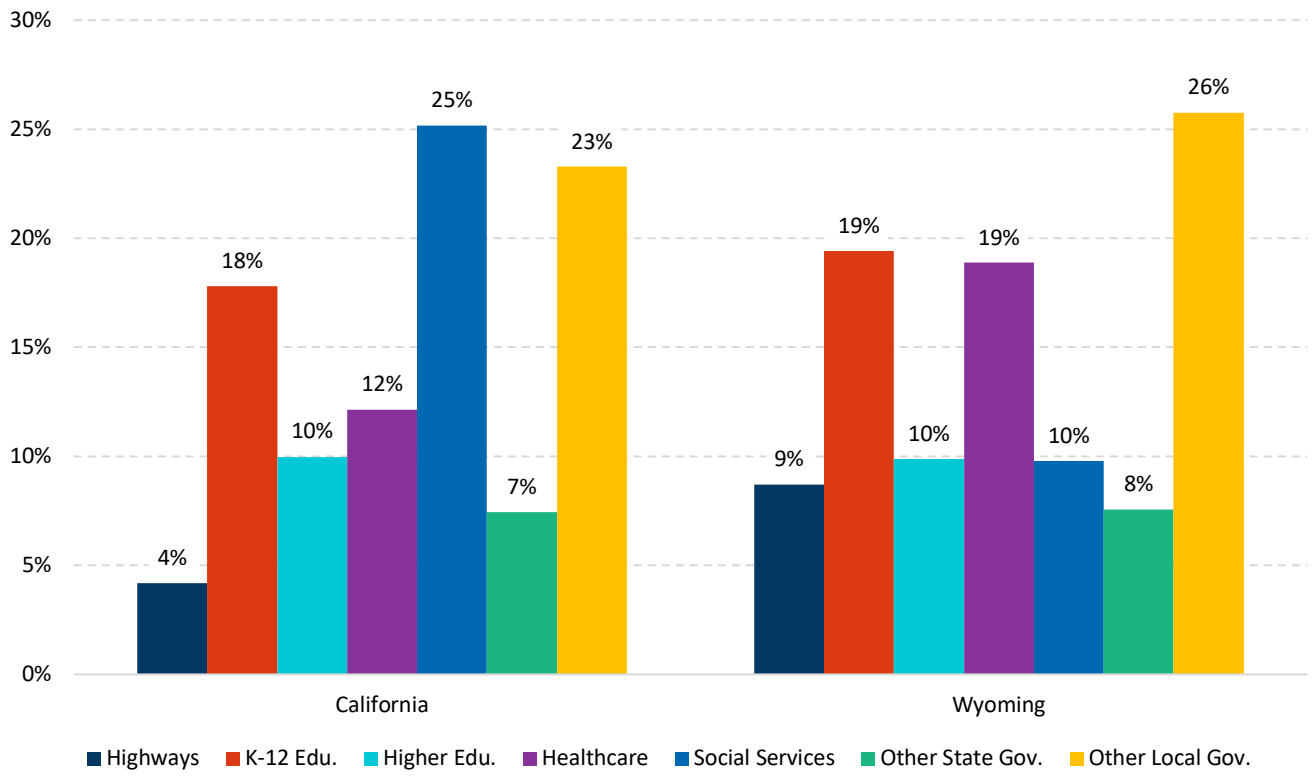
Data Gathering

The following list describes the data sources used for this report. The list includes a mixture of state and federal government sources along with a third-party data gatherer.

- **The Urban Institute**
    - The Urban Institute is a think tank specializing in federal, state, and local budgets based in Washington, DC.[22] One part of its research is developing datasets, some free and others needing licensing agreements, on these topics.
    - The Urban Institute publishes the "Annual State and Local Government Gambling Revenue Data" series.[23] The data tracks state and local revenues attributable to the gambling sector by state, year, and category. The categories include total revenues, lottery, parimutuels,[24] casinos, and video games. For every state but for Illinois, the Urban Institute's data was used as the estimate for NTI by state.
    - The Urban Institute tracks state and local government expenditures by category. It tracks this to show the priorities by state, which arise from, "variations in geography, demographics, history, and other external factors."[25] The categories in the data include intergovernmental revenues,[26] K-12 education, higher education, income security, health/hospitals, infrastructure, law enforcement, and other.
    - Figure 4 shows an example of this data for California and Wyoming – chosen for being the states with the highest and lowest populations.

[22] https://www.urban.org/
[23] https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-tax-and-economic-review/data-subscriptions
[24] https://www.britannica.com/topic/pari-mutuel
[25] https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/state-and-local-backgrounders/state-and-local-expenditures
[26] Transfers between the federal government and state and local governments

Figure 4 – Share of state and local expenditures by category for California and Wyoming (2022)



- According to Figure 4, California and Wyoming spend relatively comparable amounts on education, other state government, and other local government. On the other hand, California's state and local expenditures are higher as a share of total expenditures on social assistance. Wyoming's state and local expenditures are higher as a share of total expenditures on highways and healthcare compared to California.
- Many states and localities dedicate their share of NTI from taxes to specific purposes, such as transportation infrastructure. Others, however, allow the revenues to become general revenues and hence part of general appropriations made by a legislature, a county council, a city council, or other governing bodies. This data from the Urban Institute allows for a reasonable estimate of where these appropriations go by state, especially for the states without legalized distributed VGTs.

- **Illinois Gaming Board**
  - The Illinois Gaming Board ("IGB") collects and reports data monthly on the market for distributed VGTs in the state.[27] The data includes an establishment count, VGT count, wagers and winnings netting out to NTI, and tax revenues.

[27] https://www.igb.illinois.gov/videoreports.aspx

- Data from the IGB was used as the estimate of NTI for Illinois in 2022, though the data from the Urban Institute and the IGB were similar for each year.

- **Nevada Market Data**
  - The Nevada Gaming Control Board ("NGCB")[28] publishes data on the number of VGTs and licensed establishments currently operating the in the state. This includes 1,079 licensed establishments and 10,665 distributed VGTs in the state.
  - FTI obtained confidential access to the number of VGTs operated by leading market participants in Nevada as well as their reported NTI per VGT.
  - Using their share of the total VGTs in the Nevada market to estimate their market share, FTI estimated total NTI in Nevada by dividing the known NTI from the participants by the estimated market share to produce an estimate ($1.073 billion).
- **IMPLAN Study Area Data**
  - IMPLAN includes a data tool with state-level data on macroeconomic measurements, such as employment and GDP, for 546 economic sectors.[29]
  - This data was used at the macroeconomic level (e.g., employment and GDP, etc.) and the sector level (e.g., output of the food sector, etc.) when estimating the potential size of the VGT market by state in the process of the Projected Impact.

Developing Modeling Inputs

While the Present Impact and the Projected Impact are different, the research for the Present Impact informed the Projected Impact by providing a sense of the scale of the market for distributed VGTs in the states where they do not exist (e.g., Missouri compared to Illinois, etc.).

Present Impact Inputs

- NTI by state for 2022 was compiled from the IGB, from Nevada-specific data, and the Urban Institute for the other six. This leads to a national total of $6.2 billion in NTI.
- The NTI was allocated between licensed establishments, terminal operators, the CCS, and between state and local governments based on the known, if established by statute, or the estimated share of income for each of the three parties in each state.
- The share allocated to state and local governments was then further allocated between the expenditure categories as either earmarked for a specific purpose or across state and local government spending more generally (e.g., as in Figure 4).

[28] https://gaming.nv.gov/index.aspx?page=142
[29] https://support.implan.com/hc/en-us/articles/115009674428-IMPLAN-Industries-NAICS-Correspondences

- Table 13 in the Appendix shows NTI and tax rates by state. Table 14 in the Appendix shows the allocation of NTI between licensed establishments, terminal operators, the CCS, and several categories of state and local expenditures described in Figure 4.
- Revenues/expenditures were estimated by combining data in Table 13 with data in Table 14 and were mapped to the most analogous IMPLAN sector. For example, the state and local expenditures on highways was mapped to the "construction of new highways and streets" sector in IMPLAN. K-12 education was mapped to "elementary and secondary schools." NTI allocated to establishments was mapped to the food service sector.
- These inputs were then simulated in IMPLAN to determine the economic and fiscal impact of distributed VGTs on the eight states in the Present Impact simulation.

Projected Impact Inputs

- The same process used to simulate the Present Impact in IMPLAN was also utilized for the Projected Impact. The main difference was that the data needed to create Table 13 and Table 14 was known for the eight current VGT states, but needed to be estimated for the other states, such as Alabama and Alaska (the first two states alphabetically) and the District of Columbia (which counts as a *de facto* state in the IMPLAN data).
- This was estimated based on known NTI for 2022 in seven states – **Pennsylvania excluded,** which will be discussed. Historical NTI for the seven states was scaled to estimate the size of other states' market based on economic and demographic factors.
- Table 13 shows NTI for Pennsylvania to be low ($42 million) for a state of its size (e.g., the next lowest NTI by state in Table 13 is South Dakota with $323 million despite South Dakota having a population of roughly 900,000 to Pennsylvania's 13.0 million).[30] Pennsylvania's regulation and restrictive implementation of distributed VGTs has limited its market to such an extent that its numbers are incomparable to the others and should be excluded.
    - Pennsylvania has 67 licensed establishments, all of them truck stops, and, as mentioned, Pennsylvania has a population of approximately 13.0 million residents. For comparison, Illinois has 8,226 establishments[31] and 12.6 million residents.
    - The Pennsylvania statute governing VGTs does not allow their placement in any other category of location, such as restaurants, bars, convenience stores, and clubhouses. Only truck stops with at least three acres of land and 50,000 gallons of monthly diesel sales may host distributed VGTs, which crimps their scale.[32]

[30] https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html
[31] End of year 2022 from the IGB
[32] https://gamingcontrolboard.pa.gov/files/legislation/VGT_FAQ.pdf

- Pennsylvania's restrictions on regulated VGTs to large truck stops has potentially opened the market to unregulated and untaxed "games of skill," which look like and play like a VGT. An inability or unwillingness to enforce gaming regulations against these "games of skill" have resulted in an estimated 67,000+ machines being operated at various locations throughout Pennsylvania.[33] These "gray" games have no regulatory oversight and no documentation on the revenues generated.
- As a result of these systematic restrictions, Pennsylvania is not a "mature" market for distributed VGTs in the same way as the other seven states. Thus, for the purposes of the Projected Impact, Pennsylvania is treated as a state without VGTs.

- A combination of ten macroeconomic, demographic, socioeconomic, and industry-specific factors were used to estimate the size of the potential market for distributed VGTs in states[34] where such a market currently does not exist. Table 12 provides a list of these ten factors and the data sources used to populate each one of them by state.

Table 12 – The ten factors used to estimate the potential market for distributed VGTs by state

#	Factor	Source
1	Total employment	IMPLAN
2	State GDP	IMPLAN
3	State population	U.S. Census[35]
4	Social Security beneficiaries	Social Security Administration[36]
5	Total gambling revenues	The Urban Institute[37]
6	Amusement sector output	IMPLAN
7	Gambling sector output	IMPLAN
8	Restaurant sector output	IMPLAN
9	State gov. employment	IMPLAN
10	Local gov. employment	IMPLAN

[33] https://www.americangaming.org/wp-content/uploads/2022/11/Sizing-the-Illegal-and-Unregulated-Gaming-Markets-in-the-US.pdf, p. 12
[34] Including the District of Columbia
[35] https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html
[36] https://www.ssa.gov/policy/docs/statcomps/oasdi_sc/index.html
[37] https://www.urban.org/policy-centers/cross-center-initiatives/state-and-local-finance-initiative/projects/state-tax-and-economic-review/data-subscriptions

- Within Table 12, Factor #1 through Factor #4 measure the relative size of states through a mixture of economic, demographic, and socioeconomic factors.
- Factor #5 through Factor #7 look at the scope and scale of amusement- and gambling-related activities by state to measure how much these have historically been a part of their culture and politics. This provides some indication of the potential for VGTs.
- Factor #8 estimates the "supply side" of distributed VGTs in the form of the output of the restaurant sector and therefore the potential number of establishments that could host a gaming terminal. Factor #9 and Factor #10 look at the "demand side" of taxation through the number of state employees and local government employees.
- Each of these factors was weighted equally. Louisiana, for example, makes up 1.1% of the U.S. economy as measured by GDP. Louisiana is estimated to make up 1.1% of the U.S. market for VGTs because of the relative size of the factors from Table 12.
- California would be another example. California makes up 14.6% of U.S. GDP but 12.5% of the estimated market for distributed VGTs because of its comparatively small total employment, state population, and gambling-related tax revenues. Figure 6 in the Appendix provides an estimated share of the potential U.S. market for the 51 regions.
- Based on the metrics in Table 12, the seven states (the eight VGT states minus Pennsylvania) constitute approximately 9.4% of the national market for distributed VGTs. National NTI for 2022 was $7.2 billion for the existing VGT states. Dividing $7.2 billion by 9.4% leads to an estimate national market for distributed VGTs of $76.6 billion in NTI.
- The difference between $76.6 billion nationally and $7.2 billion for the seven states equals $69.4 billion after rounding. That value is distributed among the other 43 states (including Pennsylvania) and the District of Columbia based on data from Table 12.
- For the 43 states and the District of Columbia that would be new to VGTs in the Projected Impact, the distribution of NTI between parties is modeled as the following:
    - 35% to licensed establishments
    - 35% to terminal operators
    - **0% for the CCS (assumed to be negligible)**
    - **30% tax rate for state and local governments**
    - NTI allocated to state and local governments assumed to be spent based on historical patterns, the same as the examples provided in Figure 4

Reporting the Results

The simulations were completed in IMPLAN, which is an input-output ("IO") model of local, state, regional, and national economies. IMPLAN illustrates the transactions and the flow of dollars in an economy, such as between economic sectors through industrial supply chains, workers with their employers through the labor market, and between the private sector and the public sector through taxes and public expenditures (e.g., property taxes supporting schools).

The IO methodology won its progenitor, Wassily Leontief, the Nobel Prize in 1973.[38]

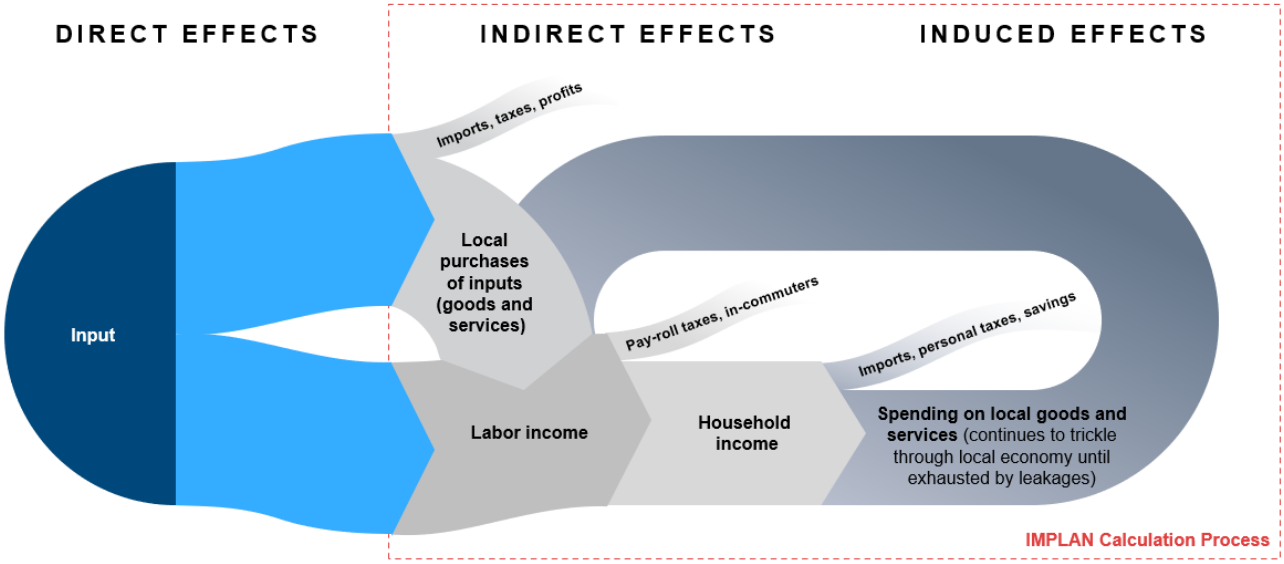
IMPLAN models how an initial change, and in this case expenditures by economic sector supported by NTI and allocated between sectors as described in Table 14, influences the rest of the economy. These "ancillary" or "ripple" effects are described in detail as the following:

- **Direct Effect** – The direct effect is the revenues or expenditures by different IMPLAN sectors, such as the food service sector representing licensed establishments.
- **Indirect Effect** – The indirect effect is the connection between the direct revenues or direct expenditures through industrial supply chains. For example, if some share of the NTI would go towards highway infrastructure in a state, the related construction services will require a host of inputs (metals, wood, other building materials, etc.) produced by the manufacturing sector in their supply chain. In turn, those manufacturers have their own input needs for components and materials stretching way back to the raw inputs to an economy.

  Services can also form part of the industrial supply chain. For instance, a construction firm would most likely need services from architecture and engineering services (which is part of professional services in IMPLAN) and legal services (another type of professional services). Other important services might include wholesale or information.
- **Induced Effect** – The induced effect comes from the wages, salaries, and benefits paid to the direct and indirect employees. These workers take their paychecks home and will eventually spend them on their daily needs. This supports the other sectors of the economy, such real estate, healthcare, education, retail, transportation, and entertainment.
- **Total Effect** – The total effect is the sum of the direct, indirect, and induced effects. Figure 5 shows a representation of these effects in IMPLAN as a flowchart.

[38] https://www.nobelprize.org/prizes/economic-sciences/1973/leontief/facts/

Figure 5 – IMPLAN flowchart



The "input" on the far left in dark blue flows into the direct effect of intermediate purchases. Both direct and indirect labor income then flow into household income (in gray in the middle of Figure 1) before cycling back into the economy through expenditures. The sum of the three adds up to the total impact on the economy from the NTI produced by distributed VGTs.

Appendix

Table 13 – 2022 NTI and tax rates underlying the Present Impact

State	NTI (2022 $ millions)	Tax Rate[39]
IL	$2,710	35.0%
LA	$829	30.2%
MT	$520	15.0%
NV	$1,074	1.8%
OR	$1,246	54.0%
PA	$42	52.0%
SD	$323	49.5%
WV	$491	52.0%
TOTAL	**$7.235**	-

Table 14 – Allocation of NTI between the three parties[40]

State	Establishments	VGT Operators	CCS	Highways	K-12 Edu.	Higher Edu.	Healthcare	Social Services	Other State Gov.	Other Local Gov.
IL	32.5%	32.5%	1.0%	29.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
LA	34.9%	34.9%	0.0%	0.0%	20.5%	9.7%	0.0%	0.0%	0.0%	0.0%
MT	68.0%	17.0%	0.0%	1.5%	3.1%	1.4%	0.8%	3.6%	1.6%	3.0%
NV	78.6%	19.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.5%
OR	23.0%	23.0%	0.0%	2.4%	9.6%	5.8%	5.0%	12.9%	2.9%	15.3%
PA	15.0%	33.0%	0.0%	3.9%	11.6%	4.1%	4.0%	14.9%	3.8%	9.6%
SD	25.0%	25.0%	0.5%	7.9%	10.9%	4.8%	2.2%	8.0%	3.9%	11.8%
WV	24.0%	24.0%	0.0%	5.4%	9.6%	5.1%	2.5%	14.6%	6.2%	8.7%

[39] Share of NTI owed to state and local governments
[40] The percent shares may not add exactly to 100% due to rounding

Figure 6 – Estimated share of the U.S. market for distributed VGTs by state and D.C.

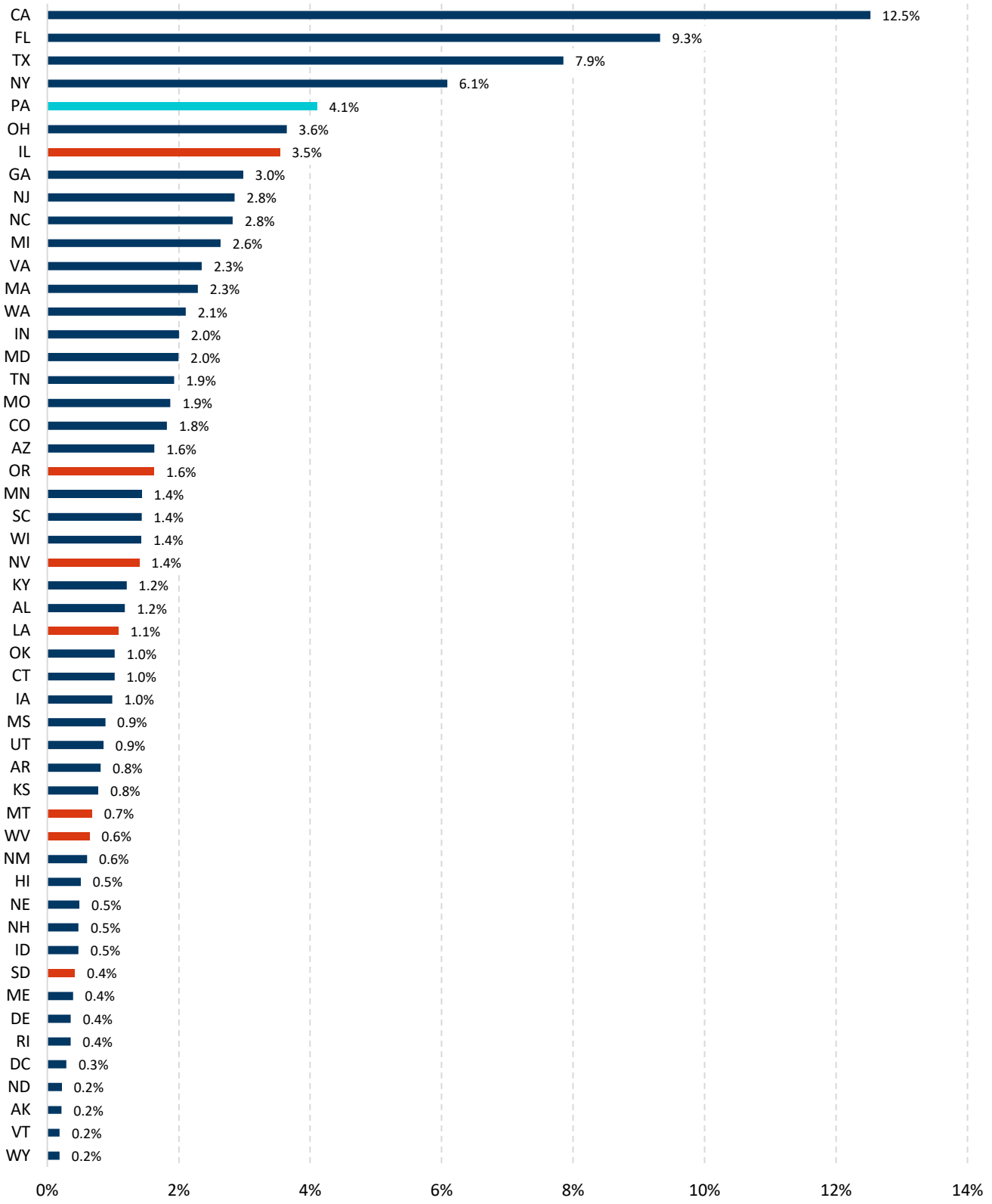


Figure 7 – Estimated size of the U.S. market for distributed VGTs by state and D.C. (2022 $ billions)

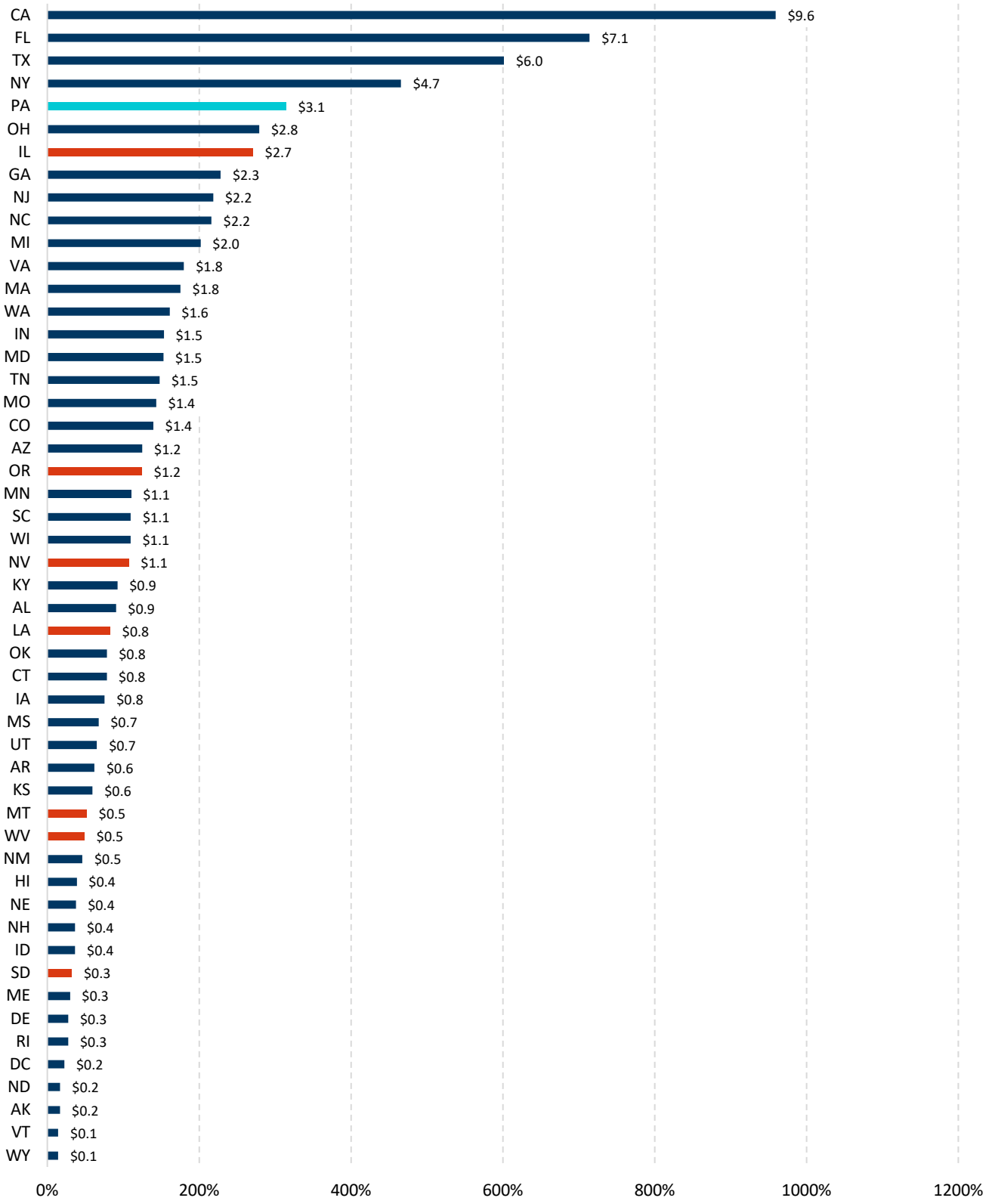


Table 15 – Present Impact to employment of distributed VGTs by state (2022, thousands)

Rank	State	Direct	Indirect	Induced	Total
1	IL	20.6	5.8	9.5	**35.9**
2	OR	13.3	2.7	4.3	**20.3**
3	NV	11.2	2.3	3.7	**17.2**
4	LA	9.4	1.8	2.9	**14.1**
5	MT	5.7	1.1	1.8	**8.6**
6	WV	5.5	1.0	1.7	**8.2**
7	SD	3.3	0.7	1.1	**5.1**
8	CA	0.0	0.5	0.7	**1.2**
9	PA	0.5	0.2	0.4	**1.1**
10	TX	0.0	0.3	0.5	**0.9**
11	FL	0.0	0.3	0.4	**0.7**
12	NY	0.0	0.2	0.4	**0.6**
13	OH	0.0	0.1	0.2	**0.3**
14	GA	0.0	0.1	0.2	**0.3**
15	NC	0.0	0.1	0.2	**0.3**
16	NJ	0.0	0.1	0.2	**0.3**
17	MI	0.0	0.1	0.2	**0.3**
18	VA	0.0	0.1	0.2	**0.3**
19	MA	0.0	0.1	0.2	**0.2**
20	WA	0.0	0.1	0.1	**0.2**
21	TN	0.0	0.1	0.1	**0.2**
22	AZ	0.0	0.1	0.1	**0.2**
23	IN	0.0	0.1	0.1	**0.2**
24	CO	0.0	0.1	0.1	**0.2**
25	MO	0.0	0.1	0.1	**0.2**

26	MN	0.0	0.1	0.1	**0.2**
27	WI	0.0	0.1	0.1	**0.2**
28	MD	0.0	0.1	0.1	**0.2**
29	SC	0.0	0.1	0.1	**0.1**
30	AL	0.0	0.1	0.1	**0.1**
31	KY	0.0	0.0	0.1	**0.1**
32	CT	0.0	0.0	0.1	**0.1**
33	OK	0.0	0.0	0.1	**0.1**
34	UT	0.0	0.0	0.1	**0.1**
35	IA	0.0	0.0	0.1	**0.1**
36	KS	0.0	0.0	0.1	**0.1**
37	AR	0.0	0.0	0.1	**0.1**
38	MS	0.0	0.0	0.0	**0.1**
39	NE	0.0	0.0	0.0	**0.1**
40	ID	0.0	0.0	0.0	**0.1**
41	NM	0.0	0.0	0.0	**0.0**
42	NH	0.0	0.0	0.0	**0.0**
43	ME	0.0	0.0	0.0	**0.0**
44	DC	0.0	0.0	0.0	**0.0**
45	HI	0.0	0.0	0.0	**0.0**
46	RI	0.0	0.0	0.0	**0.0**
47	DE	0.0	0.0	0.0	**0.0**
48	ND	0.0	0.0	0.0	**0.0**
49	AK	0.0	0.0	0.0	**0.0**
50	VT	0.0	0.0	0.0	**0.0**
51	WY	0.0	0.0	0.0	**0.0**

Table 16 – Present Impact to GDP of distributed VGTs by state (2022 $ millions)

Rank	State	Direct	Indirect	Induced	Total
1	IL	$1,565.2	$755.4	$1,102.0	**$3,422.6**
2	OR	$794.6	$343.6	$501.1	**$1,639.3**
3	NV	$641.9	$295.1	$430.8	**$1,367.8**
4	LA	$574.8	$230.3	$335.6	**$1,140.6**
5	MT	$317.2	$142.1	$207.6	**$666.9**
6	WV	$316.6	$134.7	$196.7	**$648.0**
7	SD	$204.3	$88.7	$129.6	**$422.6**
8	CA	$0.0	$73.3	$101.6	**$174.8**
9	NY	$0.0	$43.1	$63.0	**$106.1**
10	TX	$0.0	$43.5	$58.1	**$101.6**
11	PA	$27.2	$30.1	$43.9	**$101.2**
12	FL	$0.0	$26.3	$41.9	**$68.3**
13	OH	$0.0	$16.4	$23.5	**$39.9**
14	GA	$0.0	$15.8	$21.3	**$37.1**
15	NJ	$0.0	$14.8	$22.1	**$36.9**
16	WA	$0.0	$13.0	$21.1	**$34.1**
17	NC	$0.0	$12.9	$20.2	**$33.1**
18	MA	$0.0	$12.2	$19.9	**$32.1**
19	VA	$0.0	$12.4	$17.4	**$29.9**
20	MI	$0.0	$11.4	$17.5	**$28.9**
21	TN	$0.0	$9.6	$14.2	**$23.8**
22	MN	$0.0	$9.0	$13.0	**$22.0**
23	CO	$0.0	$9.1	$13.0	**$22.0**
24	AZ	$0.0	$8.2	$13.3	**$21.5**
25	IN	$0.0	$8.2	$12.8	**$21.0**
26	MD	$0.0	$7.6	$12.3	**$19.9**

27	WI	$0.0	$7.8	$11.6	**$19.4**
28	MO	$0.0	$7.9	$11.4	**$19.3**
29	CT	$0.0	$5.8	$9.6	**$15.5**
30	SC	$0.0	$5.4	$8.1	**$13.5**
31	KY	$0.0	$5.0	$7.5	**$12.5**
32	AL	$0.0	$5.1	$7.4	**$12.5**
33	UT	$0.0	$4.6	$6.8	**$11.4**
34	IA	$0.0	$4.4	$6.5	**$10.9**
35	OK	$0.0	$4.6	$6.2	**$10.8**
36	KS	$0.0	$4.1	$5.7	**$9.8**
37	AR	$0.0	$3.5	$4.7	**$8.2**
38	NE	$0.0	$3.2	$4.5	**$7.7**
39	DC	$0.0	$3.4	$3.9	**$7.3**
40	MS	$0.0	$2.5	$3.8	**$6.3**
41	NH	$0.0	$2.2	$3.3	**$5.4**
42	ID	$0.0	$2.0	$3.1	**$5.1**
43	NM	$0.0	$1.7	$2.9	**$4.7**
44	DE	$0.0	$1.9	$2.7	**$4.6**
45	HI	$0.0	$1.6	$2.8	**$4.4**
46	ME	$0.0	$1.6	$2.7	**$4.2**
47	RI	$0.0	$1.3	$2.2	**$3.5**
48	ND	$0.0	$1.2	$1.7	**$2.9**
49	AK	$0.0	$1.2	$1.5	**$2.7**
50	WY	$0.0	$0.9	$1.1	**$2.0**
51	VT	$0.0	$0.7	$1.2	**$1.9**

Table 17 – Present Impact to S&L revenues of distributed VGTs by state (2022 $ millions)

Rank	State	Direct	Indirect	Induced	Total
1	IL	$1,039.5	$68.6	$120.5	**$1,228.6**
2	OR	$727.2	$32.5	$56.7	**$816.4**
3	LA	$286.6	$21.9	$38.1	**$346.6**
4	WV	$276.7	$12.8	$22.4	**$311.8**
5	SD	$172.1	$8.4	$14.6	**$195.1**
6	NV	$65.8	$27.2	$47.8	**$140.8**
7	MT	$100.7	$13.3	$23.3	**$137.3**
8	PA	$23.4	$2.0	$3.5	**$29.0**
9	CA	$0.0	$3.4	$5.9	**$9.2**
10	TX	$0.0	$2.2	$3.8	**$6.0**
11	NY	$0.0	$1.9	$3.3	**$5.2**
12	FL	$0.0	$1.4	$2.5	**$3.9**
13	OH	$0.0	$0.8	$1.5	**$2.3**
14	GA	$0.0	$0.8	$1.3	**$2.1**
15	NJ	$0.0	$0.7	$1.3	**$2.0**
16	NC	$0.0	$0.7	$1.2	**$1.9**
17	WA	$0.0	$0.6	$1.1	**$1.8**
18	MI	$0.0	$0.6	$1.1	**$1.7**
19	MA	$0.0	$0.6	$1.1	**$1.7**
20	VA	$0.0	$0.6	$1.0	**$1.6**
21	TN	$0.0	$0.5	$0.9	**$1.4**
22	IN	$0.0	$0.5	$0.8	**$1.3**
23	MN	$0.0	$0.5	$0.8	**$1.3**
24	CO	$0.0	$0.5	$0.8	**$1.3**
25	AZ	$0.0	$0.4	$0.8	**$1.2**
26	WI	$0.0	$0.4	$0.8	**$1.2**

27	MO	$0.0	$0.4	$0.7	**$1.2**
28	MD	$0.0	$0.4	$0.7	**$1.1**
29	SC	$0.0	$0.3	$0.5	**$0.8**
30	CT	$0.0	$0.3	$0.5	**$0.8**
31	AL	$0.0	$0.3	$0.5	**$0.8**
32	KY	$0.0	$0.3	$0.5	**$0.8**
33	IA	$0.0	$0.3	$0.5	**$0.7**
34	UT	$0.0	$0.2	$0.4	**$0.7**
35	OK	$0.0	$0.2	$0.4	**$0.7**
36	KS	$0.0	$0.2	$0.4	**$0.6**
37	AR	$0.0	$0.2	$0.3	**$0.5**
38	NE	$0.0	$0.2	$0.3	**$0.5**
39	MS	$0.0	$0.2	$0.3	**$0.4**
40	DC	$0.0	$0.1	$0.2	**$0.3**
41	ID	$0.0	$0.1	$0.2	**$0.3**
42	NH	$0.0	$0.1	$0.2	**$0.3**
43	NM	$0.0	$0.1	$0.2	**$0.3**
44	ME	$0.0	$0.1	$0.2	**$0.2**
45	HI	$0.0	$0.1	$0.2	**$0.2**
46	DE	$0.0	$0.1	$0.1	**$0.2**
47	RI	$0.0	$0.1	$0.1	**$0.2**
48	ND	$0.0	$0.1	$0.1	**$0.2**
49	AK	$0.0	$0.1	$0.1	**$0.2**
50	WY	$0.0	$0.0	$0.1	**$0.1**
51	VT	$0.0	$0.0	$0.1	**$0.1**

Table 18 – Projected Impact to employment of distributed VGTs by state (2022, thousands)

Rank	State	Direct	Indirect	Induced	Total
1	CA	94.7	25.2	40.2	**160.0**
2	FL	66.3	16.4	26.3	**109.0**
3	TX	58.6	17.0	27.2	**102.8**
4	NY	47.3	12.3	20.5	**80.2**
5	PA	34.3	7.8	13.3	**55.4**
6	OH	28.4	7.1	11.7	**47.2**
7	IL	20.6	7.6	12.3	**40.4**
8	GA	22.4	6.4	10.1	**38.9**
9	NJ	22.1	5.7	9.3	**37.2**
10	NC	20.6	5.9	9.6	**36.1**
11	MI	19.7	5.3	8.8	**33.8**
12	VA	17.6	5.0	7.9	**30.5**
13	MA	17.9	4.6	7.8	**30.2**
14	WA	15.3	4.3	7.1	**26.7**
15	IN	15.4	3.9	6.5	**25.8**
16	TN	14.6	4.1	6.7	**25.4**
17	MD	15.0	3.7	6.1	**24.9**
18	MO	13.9	3.8	6.2	**23.9**
19	CO	13.3	3.8	6.1	**23.1**
20	AZ	12.6	3.7	6.0	**22.3**
21	OR	13.3	3.0	4.8	**21.1**
22	MN	11.2	3.3	5.5	**19.9**
23	WI	11.1	3.3	5.3	**19.6**
24	SC	10.6	2.9	4.6	**18.1**
25	KY	9.5	2.4	4.0	**16.0**
26	LA	9.4	2.4	3.9	**15.7**

27	NV	9.2	2.4	3.8	**15.4**
28	AL	8.6	2.5	4.0	**15.2**
29	OK	7.8	2.1	3.5	**13.4**
30	CT	7.4	2.1	3.6	**13.1**
31	IA	7.4	2.0	3.3	**12.7**
32	UT	6.2	2.0	3.1	**11.3**
33	MS	6.7	1.6	2.7	**11.0**
34	AR	6.4	1.7	2.7	**10.8**
35	KS	5.8	1.7	2.8	**10.2**
36	MT	5.7	1.0	1.7	**8.4**
37	WV	5.5	1.0	1.7	**8.3**
38	NM	4.7	1.1	1.8	**7.6**
39	NE	3.7	1.2	1.9	**6.7**
40	ID	3.5	1.0	1.7	**6.2**
41	NH	3.6	0.9	1.5	**6.0**
42	HI	3.6	0.9	1.5	**6.0**
43	ME	3.1	0.8	1.3	**5.2**
44	SD	3.3	0.7	1.2	**5.2**
45	RI	2.7	0.7	1.1	**4.6**
46	DE	2.7	0.7	1.1	**4.5**
47	DC	2.2	0.8	1.1	**4.1**
48	ND	1.6	0.5	0.8	**2.9**
49	AK	1.6	0.5	0.7	**2.7**
50	VT	1.5	0.4	0.7	**2.5**
51	WY	1.3	0.4	0.6	**2.3**

Table 19 – Projected Impact to GDP of distributed VGTs by state (2022 $ millions)

Rank	State	Direct	Indirect	Induced	Total
1	CA	$6,035.3	$3,540.2	$5,059.8	**$14,635.3**
2	FL	$4,434.8	$1,867.7	$2,875.2	**$9,177.7**
3	TX	$3,812.0	$2,083.4	$3,023.4	**$8,918.8**
4	NY	$2,948.7	$1,948.7	$2,818.9	**$7,716.3**
5	PA	$2,059.8	$998.5	$1,504.0	**$4,562.3**
6	IL	$1,565.2	$1,001.3	$1,471.3	**$4,037.8**
7	OH	$1,772.2	$874.3	$1,312.6	**$3,959.1**
8	GA	$1,449.3	$779.7	$1,128.7	**$3,357.7**
9	NJ	$1,394.4	$747.1	$1,125.3	**$3,266.8**
10	NC	$1,358.2	$687.9	$1,069.0	**$3,115.1**
11	MI	$1,276.3	$622.3	$962.0	**$2,860.6**
12	MA	$1,107.8	$616.1	$959.9	**$2,683.8**
13	VA	$1,137.2	$623.0	$906.2	**$2,666.4**
14	WA	$1,013.7	$607.1	$956.0	**$2,576.8**
15	TN	$928.5	$489.6	$742.0	**$2,160.0**
16	IN	$970.6	$455.6	$718.9	**$2,145.1**
17	MD	$965.3	$451.5	$702.7	**$2,119.5**
18	CO	$875.0	$465.7	$688.7	**$2,029.4**
19	MO	$903.7	$436.4	$657.2	**$1,997.3**
20	AZ	$787.5	$419.5	$660.2	**$1,867.3**
21	MN	$698.3	$411.6	$617.8	**$1,727.7**
22	OR	$794.6	$356.5	$527.4	**$1,678.5**
23	WI	$695.3	$377.4	$576.6	**$1,649.3**
24	SC	$693.4	$317.9	$487.0	**$1,498.3**
25	NV	$658.5	$288.2	$428.8	**$1,375.5**
26	KY	$585.8	$277.7	$427.2	**$1,290.8**

27	AL	$570.1	$273.2	$419.4	**$1,262.7**
28	LA	$574.8	$275.9	$407.1	**$1,257.8**
29	CT	$493.2	$282.6	$448.7	**$1,224.5**
30	OK	$496.6	$242.3	$358.0	**$1,096.9**
31	IA	$476.7	$234.1	$359.2	**$1,070.0**
32	UT	$412.4	$225.0	$340.8	**$978.2**
33	KS	$377.2	$200.4	$298.9	**$876.4**
34	MS	$426.0	$172.3	$268.2	**$866.4**
35	AR	$396.0	$188.4	$277.7	**$862.1**
36	WV	$316.6	$121.6	$188.3	**$626.5**
37	MT	$317.2	$114.5	$177.2	**$608.9**
38	NM	$292.1	$120.6	$191.6	**$604.3**
39	NE	$238.1	$142.2	$212.8	**$593.1**
40	NH	$230.9	$115.7	$176.9	**$523.4**
41	HI	$242.2	$105.7	$169.5	**$517.4**
42	ID	$227.8	$110.0	$171.8	**$509.6**
43	DC	$138.9	$136.1	$157.2	**$432.2**
44	SD	$204.3	$85.7	$132.9	**$423.0**
45	ME	$188.9	$89.9	$144.0	**$422.7**
46	DE	$173.5	$95.5	$139.0	**$408.0**
47	RI	$172.4	$79.9	$124.5	**$376.7**
48	ND	$105.7	$57.5	$85.3	**$248.5**
49	AK	$102.8	$57.6	$79.3	**$239.7**
50	VT	$93.1	$41.8	$68.9	**$203.7**
51	WY	$89.5	$45.4	$64.1	**$199.0**

Table 20 – Projected Impact to S&L revenues of distributed VGTs by state (2022 $ millions)

Rank	State	Direct	Indirect	Induced	Total
1	CA	$3,374.9	$259.6	$495.7	**$4,130.3**
2	FL	$2,512.9	$165.7	$317.0	**$2,995.7**
3	TX	$2,115.8	$162.8	$311.4	**$2,590.0**
4	NY	$1,639.4	$133.1	$253.7	**$2,026.1**
5	PA	$1,106.4	$82.4	$156.6	**$1,345.4**
6	IL	$1,061.8	$73.9	$141.8	**$1,277.5**
7	OH	$981.9	$71.8	$137.4	**$1,191.1**
8	GA	$803.1	$60.5	$115.6	**$979.2**
9	NJ	$768.0	$58.2	$110.8	**$936.9**
10	NC	$760.6	$56.5	$108.1	**$925.1**
11	MI	$710.3	$52.3	$100.1	**$862.8**
12	OR	$737.4	$30.7	$58.4	**$826.5**
13	VA	$633.1	$47.6	$91.0	**$771.7**
14	MA	$617.3	$47.6	$90.8	**$755.7**
15	WA	$567.0	$45.5	$87.1	**$699.7**
16	IN	$539.6	$39.6	$75.8	**$654.9**
17	MD	$538.0	$37.8	$72.1	**$647.9**
18	TN	$519.9	$39.4	$75.3	**$634.6**
19	MO	$505.0	$36.7	$70.2	**$611.8**
20	CO	$491.0	$36.8	$70.3	**$598.1**
21	AZ	$439.6	$33.9	$64.9	**$538.4**
22	MN	$388.2	$31.7	$60.5	**$480.3**
23	WI	$385.4	$30.9	$59.2	**$475.4**
24	SC	$386.8	$27.4	$52.5	**$466.7**
25	KY	$325.1	$23.8	$45.6	**$394.6**
26	AL	$318.4	$23.4	$44.9	**$386.8**

27	LA	$293.4	$23.1	$44.2	**$360.7**
28	CT	$275.1	$21.6	$41.3	**$338.1**
29	OK	$276.0	$20.3	$38.9	**$335.2**
30	IA	$265.5	$20.0	$38.4	**$323.9**
31	WV	$280.7	$11.4	$21.8	**$313.9**
32	MS	$237.5	$16.2	$31.0	**$284.6**
33	UT	$230.1	$18.0	$34.4	**$282.5**
34	AR	$218.6	$16.0	$30.7	**$265.3**
35	KS	$209.6	$16.4	$31.4	**$257.4**
36	SD	$174.8	$7.8	$15.0	**$197.6**
37	NM	$162.5	$11.0	$21.1	**$194.7**
38	NE	$132.1	$11.1	$21.3	**$164.4**
39	HI	$136.4	$9.3	$17.7	**$163.4**
40	ID	$128.0	$9.6	$18.3	**$155.9**
41	NH	$128.4	$9.3	$17.8	**$155.5**
42	NV	$74.7	$24.3	$46.7	**$145.6**
43	MT	$105.0	$11.3	$21.7	**$138.0**
44	ME	$105.0	$7.6	$14.6	**$127.3**
45	DE	$96.1	$7.1	$13.6	**$116.7**
46	RI	$96.0	$6.8	$12.9	**$115.6**
47	DC	$78.7	$7.4	$14.0	**$100.1**
48	ND	$59.2	$4.7	$8.9	**$72.8**
49	AK	$58.0	$4.3	$8.3	**$70.6**
50	VT	$51.0	$3.7	$7.1	**$61.8**
51	WY	$50.6	$3.7	$7.1	**$61.4**

Indiana One-Pager

- Indiana is not presently one of the eight states with statutes to legalize, regulate, and tax distributed video gaming terminals ("VGTs"). Distributed VGTs are video gaming machines housed by licensed establishments like restaurants, bars, clubhouses, and commercial rest areas alongside highway stops, rather than in casino settings.
- VGTs produce net terminal income ("NTI"), which is the net income from the machine after adding income and subtracting payouts. While different states have different distributions of NTI depending on state law and the terms of commercial agreements, the income is usually divided between three parties involved in the distributed VGT market:
    1. **Licensed establishments** (e.g., restaurants and bars, etc.)
    2. **Terminal operators** (who install, operate, and maintain the VGTs)
    3. **State and local governments** (who receive revenues through NTI taxes)
        - **Central communication system** (usually <1% of NTI but present in some states to manage distributed VGTs and foster transparency)
- NTI allocated to each of these parties has an impact on the state economy. For the licensed establishments, VGTs provide an additional source of income they can use to cover costs, increase employee pay, or invest in the quality of the venue. VGT operators must maintain some degree of local presence to install and maintain machines. The state and localities can appropriate the taxes from VGT to any number of public purposes, earmarking revenues to a specific purpose (e.g., improvement of assets like roads and bridges) or using them to fund public services generally (e.g., K-12 education, healthcare, etc.).
- Based on data from the seven states with mature markets[41] for distributed VGTs and scaling such markets to the size of the Indiana economy, state population, and added socioeconomic indicators, **Indiana could generate as much as $1.533 billion in NTI.**
- When 35% of NTI is distributed to licensed establishments, 35% to VGT operators, and the remaining 30% to the state and local governments,[42] the $1.533 billion in NTI would support a significant impact to the Indiana economy. Highlight impacts include:
    - **25,800 total jobs – of which 25,300 are private sector jobs (98%)**
    - **$3.8 billion in output, $2.1 billion in GDP, and $1.3 billion in labor income**
    - **$655 million in tax dollars – $460 million in NTI taxes and $195 million in other dollars**

[41] While Pennsylvania has a limited market for distributed VGTs, it is severely restricted by state and local laws
[42] Assumed to be recycled throughout the economy based on historical spending patterns on public services