



New York State Comptroller
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Recent Impact of Gaming Expansions on Revenues and Problem Gambling in New York

October 2023

Message from the Comptroller

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New York has benefited from gaming for decades, and the forms of allowable gaming in our state continue to expand. In just the past decade, four State-authorized and three Native American casinos opened, and legal sports betting and interactive fantasy sports became permissible. By 2022, New York offered more forms of gaming than Nevada and New Jersey.



All of these activities contributed \$4.8 billion in State revenue in State Fiscal Year (SFY) 2022-23, mostly for the purpose of funding education. Growth in State gaming revenues has not been robust, however; collections only notably increase when a new form of gaming is introduced. As gaming opportunities have expanded, some establishments have underperformed relative to initial expectations. It is also likely some regional markets may be saturated, with new forms of gaming potentially diminishing revenues from established enterprises.

Some new forms of gaming are no longer tethered to a destination, like a casino or a racetrack. With apps that allow for gaming on mobile devices, there is an increased need to address the issue of problem gambling. The Gaming Commission, in conjunction with the Office of Addiction Services and Supports (OASAS) is required to publish an annual report on the impact of mobile sports betting on problem gambling, but the initial report provided little insight. More attention should be devoted to understanding the implications of mobile sports betting, particularly on young New Yorkers, and to documenting and tracking the extent of gambling addiction.

This report examines trends in State-level revenues from all authorized gaming in New York, the distribution of such funds, and the extent of problem gambling. Together with my recent report on the Revenue Impact of Commercial Casinos on Upstate Local Governments, policymakers can use these resources to make informed decisions about the economic and social impacts of gambling as the process of licensing three additional commercial casinos proceeds, existing gaming formats are expanded, and new ones are proposed.

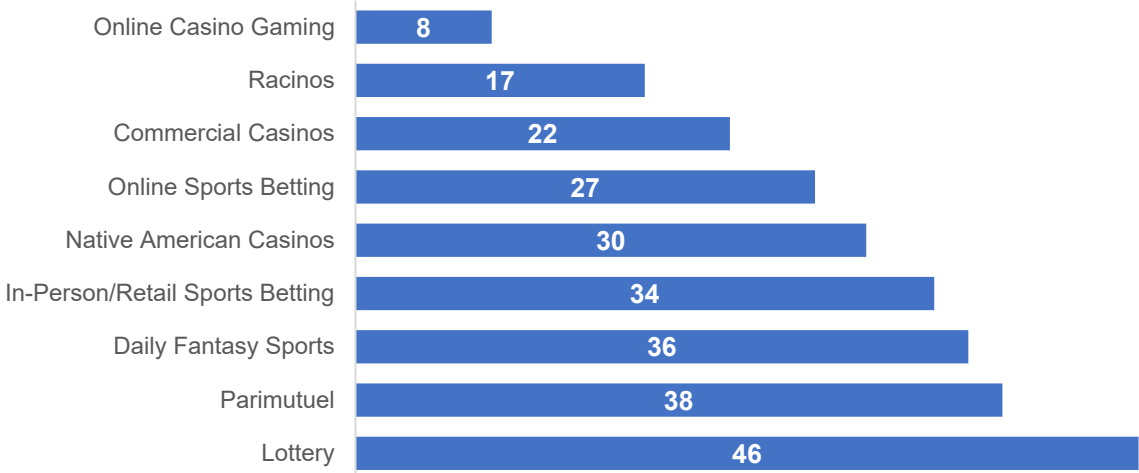
Thomas P. DiNapoli
State Comptroller

Gaming in New York State

From bingo parlors to the lottery to casinos, a variety of legal gaming opportunities exist across the nation. Of the different types of gaming offered and regulated, no single state authorizes all types but about one-third of states offer several options. The most prevalent form of gaming is the lottery, which can be either in-state or multi-state, such as Mega Millions and Powerball. (See Figure 1.)

New York is among eight states that offer the most gaming opportunities. The only states that do not offer any form of gaming are Hawaii and Utah, and Georgia only has the lottery.¹ For a description of the various forms of gambling, see Appendix A.

Figure 1
Number of States with Gaming, by Type, 2023

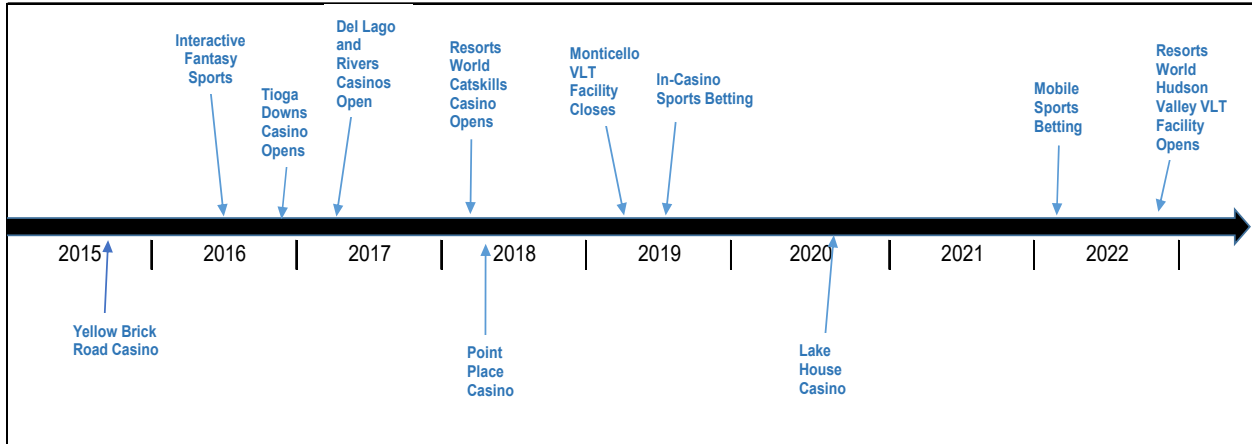


Note: Includes the District of Columbia
Sources: State Gaming Regulatory Agencies, 500 Nations Indian Gaming and Indian Casinos

Article 1 of the State Constitution prohibits all forms of gaming in New York except for the State lottery, pari-mutuel betting on horse races, and casino gaming at seven authorized casinos.² However, the State authorizes other forms of gaming by tying them to those allowed in the Constitution. For example, in-person/retail sports betting can only occur at the authorized casinos and servers for mobile sports betting must be located at these casinos. Racinos, horse tracks with video gaming, are allowed because the video lottery terminals (VLTs) are considered part of the State lottery.

Since 2000, gaming in New York has expanded through the introduction of new opportunities and the expansion of existing ones.³ In just the past seven years, three new Native American casinos and four State-authorized commercial casinos opened and participation in interactive fantasy sports, as well as in-person and mobile sports betting, were authorized. (See Figure 2.)

Figure 2
Gaming in New York, Key Dates, 2015 – 2023



Note: Dates reflect years of initial operation. Casinos noted on the bottom half of the timeline are Native American Casinos.

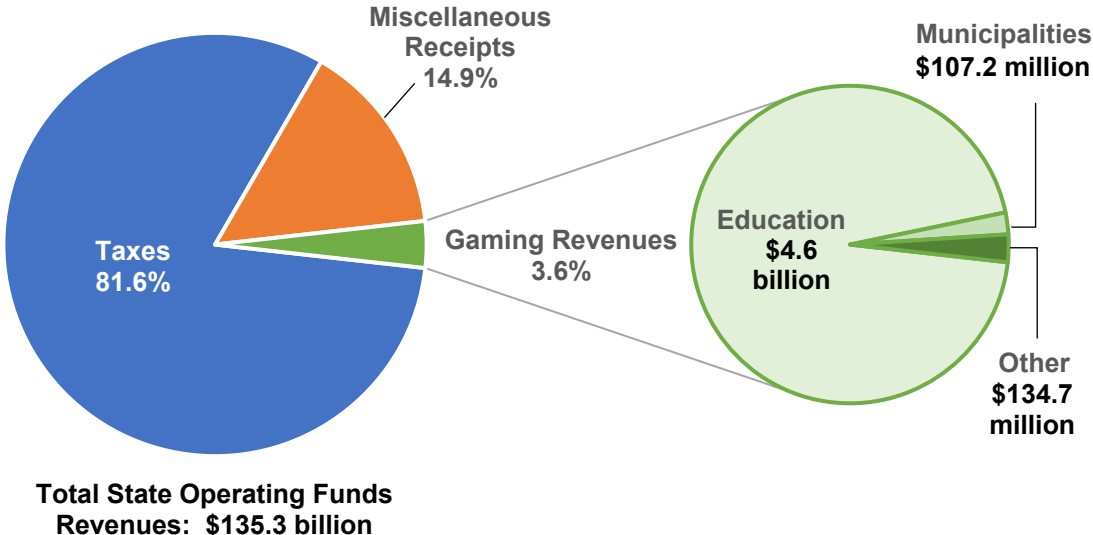
Sources: NYS Gaming Commission, NYS Division of the Budget

Revenues from Gaming

Distribution of Gaming Revenues

In SFY 2022-23, the State’s gaming revenues totaled over \$4.8 billion but only comprised a small share of total State operating funds, 3.6 percent. Of these receipts, nearly 95 percent are used for education purposes. (See Figure 3.) The remaining portion is either distributed to municipalities within the vicinity of commercial or Native American casinos or used for other State spending.

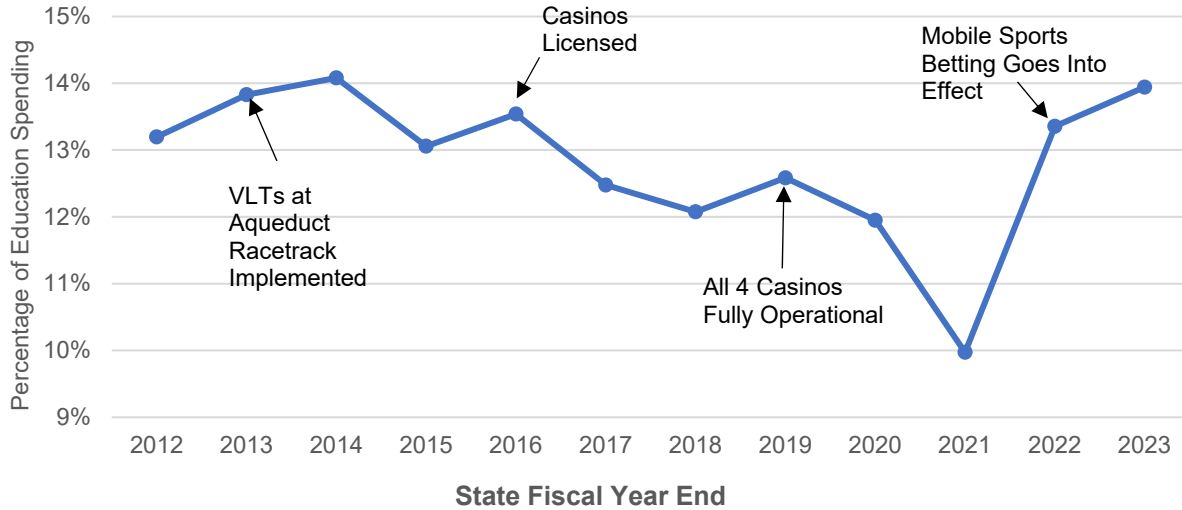
Figure 3
Gaming Revenues as a Share of State Operating Funds Revenues and Their Distribution, SFY 2022-23



Note: State Operating Funds revenues exclude federal receipts. Other includes deposits of a portion of tribal-state compact payments to the General Fund and a portion of mobile sports betting revenues dedicated to problem gambling and youth sports programs.
 Source: NYS Division of the Budget

Over the past 12 years, gaming revenues dedicated to elementary and secondary education (education) have accounted for, on average, just over one of every eight State dollars spent. As shown in Figure 4, they hit a high of nearly one in every seven dollars in SFY 2013-14, the first full year that the VLTs at the Aqueduct racetrack were in operation. During the pandemic, this share decreased to one in ten.

Figure 4
Gaming Revenues as a Share of State Education Spending, SFY 2012 – SFY 2023



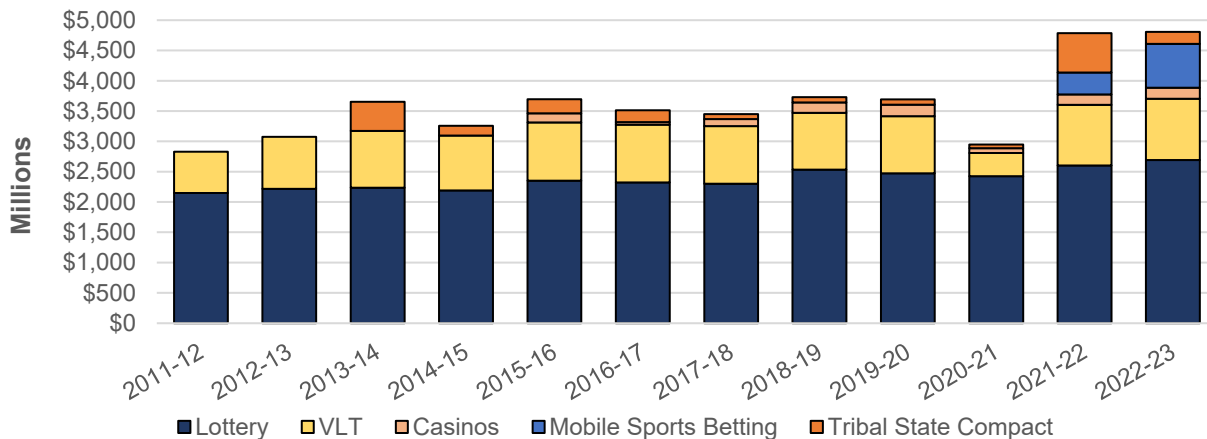
Source: Office of the State Comptroller

Lagging Revenue Growth

The revenues the State receives from the various forms of gaming are based on the money wagered by individuals net of any prizes paid, known as gross gaming revenues. State revenue collections are typically taxes on gross gaming revenues, except for those from the lottery which are a percentage of ticket sales.⁴

In the past 12 years, State revenues from gaming increased by 69.5 percent, growing from \$2.8 billion in State Fiscal Year (SFY) 2011-2012 to \$4.8 billion in SFY 2022-23. While this growth exceeds the rate of inflation (31 percent) and even that from other user taxes the State imposes (41.3 percent), the increase is primarily from the implementation of new forms of gaming rather than from increased consumption of existing ones. (See Figure 5.)

Figure 5
State Gaming Revenues by Source, SFY 2011-12 – SFY 2022-23



Source: Office of the State Comptroller

Lottery receipts are the largest source of gaming revenues and increased by \$544 million over the past 12 years, a growth of 25.3 percent. While significantly large lottery jackpots, “mega jackpots,” spur increased lottery participation, only a few occur each year, and the increased impact on revenues is temporary.⁵

Expansion of existing options also result in one-time bumps in revenue growth. In SFY 2012-13, 1,000 VLTs were established at Aqueduct Racetrack, resulting in a year-over-year revenue increase of \$175 million, over 25 percent. Since then, collections from the taxes on VLTs have shown little change from year to year, increasing by \$156 million.⁶ According to the Division of Lottery, there are approximately 16,900 VLTs at nine facilities in New York, which provide the second largest source of gaming revenue.

Similarly, when the four commercial casinos were authorized, the State realized an infusion of new revenues; first, in SFY 2015-16, when the licenses were issued and then in SFY 2017-18, when all the casinos were operational.⁷ Since their openings, collections from the taxes on gross gaming revenues from the four casinos, excluding the pandemic shutdown year, have averaged \$178 million annually, with total growth of just \$12.5 million.

Also obscuring actual gaming revenue growth are payments made to the State from Native American tribes which operate 8 casinos in New York pursuant to tribal-state compacts. In years when disagreements have occurred in relation to these payments, there have been little to no revenues to the State. Upon negotiation settlement or court ruling, outstanding payments for previous years were made, resulting in large year-over-year growth. This can primarily be seen in SFYs 2013-14 and 2021-22.⁸

COVID-19 Pandemic Primarily Impacted In-Person Gaming

During the COVID-19 pandemic (pandemic), gaming facilities were closed for over five months in 2020. Upon reopening in September 2020, capacity restrictions imposed by the State continued to depress gaming activities; commercial casinos were not fully operational until May 2021. As a result, State revenues from the VLT facilities, casinos and tribal-state compacts in SFY 2020-21 were less than half of those collected in SFY 2019-20.

Two years later, collections from the taxes on gaming revenues of the commercial casinos have yet to return to SFY 2019-20 levels. This is due in part to lower tax rates on slot machine revenues that were authorized in the SFY 2021-22 Enacted Budget, as well as the introduction of mobile sports betting, which has had a negative impact on in-person sports betting.

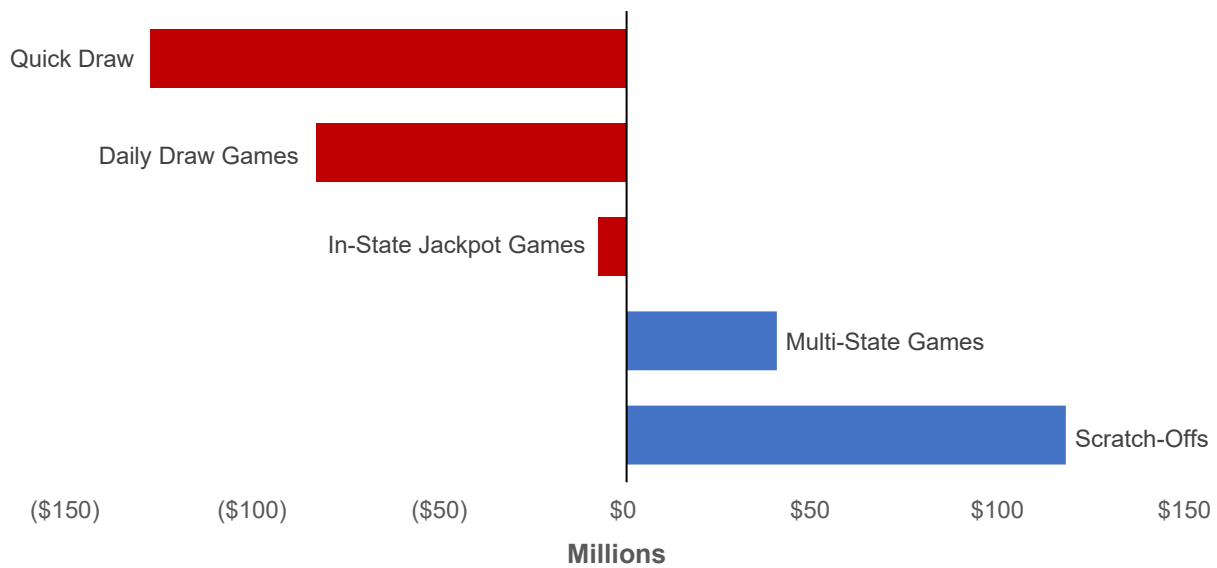
Revenues from VLTs exceeded their pre-pandemic levels in SFY 2022-23. The increased collections are, in part, a result of the Resorts World Hudson Valley VLT facility in Newburgh at the end of 2022 which took the place of the Monticello Raceway facility which closed in April 2019.

In addition to the lost State revenues, there was a loss of employment from gaming activities during the pandemic, as well. According to the U.S. Bureau of Labor Statistics (BLS), the gaming industry in New York lost approximately 3,400 jobs in 2020. In 2022, many of those jobs had yet to return and employment was nearly 20 percent lower than its pre-pandemic level.⁹

However, the pandemic had little impact on the lottery; sales revenues only declined by \$47 million, or 1.9 percent, in SFY 2020-21. One likely reason for this is that most of the outlets for the purchase of the different types of lottery tickets, such as grocery and convenience stores, remained open during the pandemic shutdown.

As shown in Figure 6, the lottery game that was most adversely affected by the pandemic was Quick Draw. Besides being offered at the same retail locations as all the other lottery games, it is also offered at bars and restaurants which were closed during the shutdown and subsequently subject to capacity restrictions. The increase in sales for the multi-state lotteries benefitted, in part, from mega jackpots during the year: Powerball, \$1.05 billion and Mega Millions, \$731.1 million.¹⁰

Figure 6
Change in Lottery Sales by Type of Game, SFY 2020-21



Note: Multi-state games include Powerball and Mega Millions; In-State Jackpot Games include Cash4Life and Lotto; Daily Draw Games include Numbers, Win4, Take5, and Pick 10.

Source: NYS Gaming Commission

Mobile Sports Betting

Tax Rates High Compared to Other States

Mobile sports betting in New York was authorized in the SFY 2021-22 Enacted Budget and went live in January 2022. There are currently nine mobile sports wagering platform providers licensed to do business in the State which are statutorily required to house their servers in one of the four commercial casinos in the State. According to the Gaming Commission, all but one of the authorized platform providers have their servers at Resorts World Catskills; Rush Street Interactive has its server at the Rivers Casino.

Like VLTs and casino gaming, receipts from mobile sports betting take the form of a tax on the gross gaming revenue of the platform provider. Revenues are taxed at a rate of 51 percent and are mostly dedicated to education funding; per statute, \$6 million and \$5 million annually are dedicated to problem gambling education and treatment and youth sports activities statewide, respectively.

Over half of the states in the nation authorize mobile sports wagering. With the exception of Vermont, nearly all of New York's neighboring states allow it. New York's tax rate on gross gaming revenues is the highest, along with New Hampshire and Rhode Island, while Ohio has the lowest, 10 percent. Figure 7 shows the tax rates and start dates for mobile sports betting in these states.

Figure 7
Mobile Sports Betting Implementation and Tax Rate, New York and Neighboring States

	Date of Implementation	Tax Rate
New Jersey	06/14/2018	13%
Pennsylvania	05/28/2019	36%
Rhode Island	09/04/2019	51%
New Hampshire	12/01/2019	51%
Connecticut	10/12/2021	13.75%
New York	01/14/2022	51%
Ohio	01/01/2023	10%

Note: Tax rates are a percentage of gross gaming revenue

Sources: State gaming agencies

One of the justifications for allowing mobile sports betting in New York was that it would reclaim revenues from bettors who cross over state lines, to New Jersey in particular, to take advantage of online wagering.¹¹ Of the surrounding states, those with established mobile sports betting programs realized revenue increases even after New York's took effect.¹² New Jersey did have decreased collections in 2022, but the decline was small, \$2.3 million (2.3 percent).

Initially Exceeding Revenue Expectations

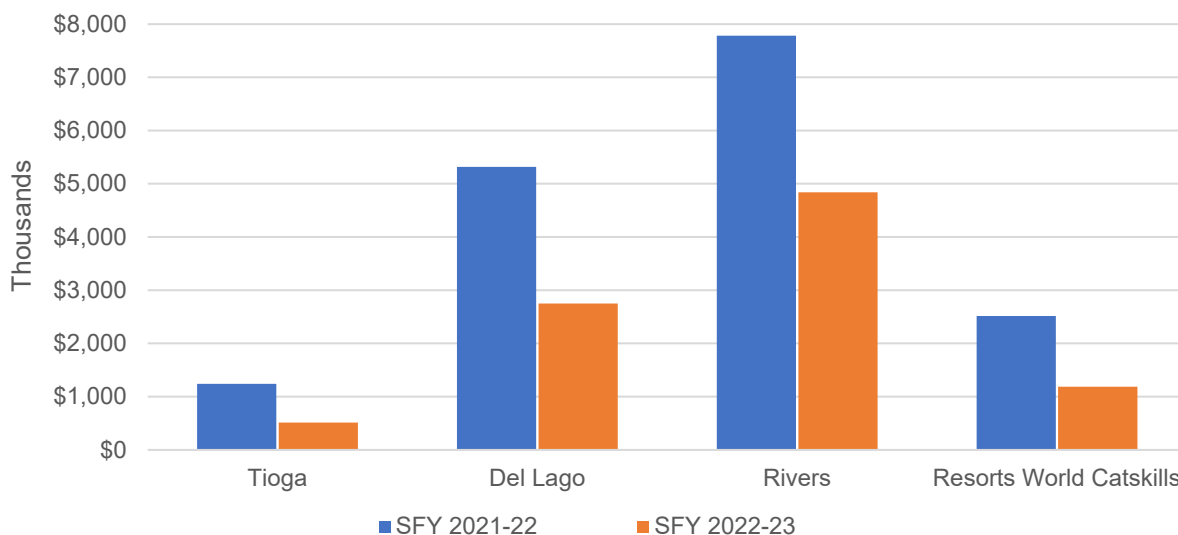
When enacted, collections from the tax on mobile sports betting were projected to be \$99 million in SFY 2021-22, mainly from the assumption of license fees from two platform providers (\$25 million apiece) and \$49 million in revenues for the final quarter of the fiscal year. However, actual collections for the fiscal year totaled \$360.7 million, \$200 million from license fees and \$160.7 million from the tax on gross gaming revenues.

The difference between actual collections and what was forecast is primarily due to how the fees and tax rates were established in the legislation. In relation to the license fees, the statute states the two licenses would be awarded with the Gaming Commission given the option of issuing additional licenses; eight licenses were ultimately awarded.¹³ In addition, the legislation stated that the tax rate would be set during the application process and could not be less than 12 percent.¹⁴ During this process, the tax rate was set at 51 percent; projections had assumed the lowest tax rate.

Similarly, actual collections for the first full year of mobile sports betting were over double projections, \$727.4 million versus \$357 million in SFY 2022-23. Revenues in the first quarter of the year have continued to grow, increasing by 37.8 percent, although, the Division of Budget projects collections will level out, increasing by 6.9 percent over the next four fiscal years.

However, since mobile sports wagering has gone into effect, gross gaming revenue from in-person sports wagering at the State's commercial casinos has declined, down 45 percent in SFY 2022-23. Tioga Downs saw the steepest percentage decline in in-person wagering, 58.7 percent, while Rivers had the largest revenue decline, \$2.9 million. (See Figure 8.) In-person sports wagering constituted about 2 percent of gross gaming revenue at del Lago and Rivers and just 0.5 percent at Tioga Downs and Resorts World Catskills in SFY 2022-23.

Figure 8
Gross Gaming Revenues from In-Person Sports Wagering, SFY 2021-22 and SFY 2022-23



Source: NYS Gaming Commission

New York Continues to Expand Gaming

The SFY 2022-23 Enacted Budget authorized the creation of three additional commercial casinos to be located in New York City, Long Island, or in the counties of Westchester, Rockland or Putnam (downstate). On January 3, 2023, the Gaming Facility Location Board (the Board) authorized the issuance of a Request for Applications (RFA) for the three casino licenses with applicants remitting their first round of questions by February 3rd.

On August 30, the Board responded to the first round of questions and an October 6th deadline was set for the second round of questions. The final deadline for applications would then be due 30 days from the second-round responses. Applicants are required to pay a \$1 million application fee, and the winners would pay a \$500 million license fee.

Before a license can be awarded, the casino license applications are subject to review and approval by community advisory committees (CACs) which are comprised of appointees of the Governor, state representatives, and local officials. For example, the CAC in New York City would be comprised of six members appointed by the Governor, the State senator and assemblyperson representing the proposed site location, as well as the borough president and City councilmember. To date, no CACs have been appointed.

The State Financial Plan does not currently assume new revenues from the additional casino facilities. However, the distribution method for any future revenues was established in the authorizing legislation. The Metropolitan Transportation Authority (MTA) will receive 100 percent of all license fees. For a casino located in New York City, gaming taxes will be split evenly between the MTA and the State commercial gaming fund for education and real property tax relief. For a casino located outside New York City, gaming taxes will be split with 40 percent allocated to the MTA, 40 percent to the State commercial gaming fund for education and real property tax relief, 5 percent to the host counties, 10 percent to the host municipalities, and 5 percent to counties within the region.

There have also been several legislative proposals for new or expanded gaming options in the State. These include authorizing online casino gaming - currently eight other states nationally allow such gaming, creation of a new VLT facility in Orange County, and allowing VLTs in bowling alleys. In addition, there is currently a plan to double the number of VLTs from 1,000 to 2,000 at Jake's 58 casino hotel which is operated in association with the Suffolk OTB.¹⁵

Problem Gambling in New York

Since the State Comptroller’s November 2020 report on gaming revenues and problem gambling in New York,¹⁶ State Office of Addiction Services and Supports (OASAS) spending on problem gambling services has increased by two-thirds, from about \$5.7 million in SFY 2019-20 to over \$9.6 million in SFY 2022-23, according to OASAS testimony to the State Legislature.¹⁷

These amounts are supported by the General Fund, license fees imposed on slot machines and gaming tables at the State’s four commercial casinos, forfeited cash or prizes won by persons prohibited from gaming in the commercial casinos, interest accruals and – since SFY 2021-22 – a portion of the taxes imposed on mobile sports wagering. In SFY 2021-22, one percent of mobile sports wagering (MSW) taxes, or about \$1.6 million, was deposited into a sub-fund of the Commercial Gaming Revenue Fund for problem gambling services. For each State fiscal year after that, the problem gambling services sub-fund will receive \$6 million in MSW taxes.

As shown in Figure 9, proceeds from MSW taxes significantly increased OASAS problem gambling receipts and disbursements from SFY 2021-22 to 2022-23.

Figure 9
Problem Gambling Services from Sub-Fund of the Commercial Gaming Revenue Fund, SFY 2016-17 – SFY 2022-23
 (dollars in millions)

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Opening Cash Balance	\$0.0	\$0.9	\$3.6	\$2.2	\$1.7	\$0.2	\$2.2
RECEIPTS:							
MSW Taxes	0.0	0.0	0.0	0.0	0.0	1.6	6.0
Fees, Fines, Forfeitures and Interest	0.9	2.6	3.4	3.0	1.5	2.9	3.0
Total Receipts	<u>0.9</u>	<u>2.6</u>	<u>3.4</u>	<u>3.0</u>	<u>1.5</u>	<u>4.5</u>	<u>9.0</u>
DISBURSEMENTS:							
Non Personal Service	0.0	0.0	0.0	0.0	0.0	0.0	(0.5)
Local Grants and Public Assistance	0.0	0.0	(3.3)	(3.4)	(3.0)	(2.5)	(5.7)
Total Disbursements	<u>0.0</u>	<u>0.0</u>	<u>(3.3)</u>	<u>(3.4)</u>	<u>(3.0)</u>	<u>(2.5)</u>	<u>(6.2)</u>
OTHER FINANCING SOURCES:							
Transfer To General Fund	<u>0.0</u>	<u>0.0</u>	<u>(1.5)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Closing Cash Balance	\$0.9	\$3.6	\$2.2	\$1.7	\$0.2	\$2.2	\$5.0

Note: This presentation excludes receipts and disbursements of General Fund dollars for problem gambling services. According to OASAS, budgeted General Fund aid for problem gambling services averaged about \$2.1 million per year from SFYs 2017-18 to 2022-23. The Office of the State Comptroller cannot independently verify the accuracy of these amounts or actual spending because the specific OASAS appropriations contain language which authorizes spending among various lower level agency programs. This lower level program information resides in the state agency accounting records.

Source: Office of the State Comptroller

The new funding represents a recognition that mobile sports betting may present special challenges with respect to addiction. Research indicates higher rates of gambling problems among individuals wagering with a mobile device, enabled by the accessibility, privacy and ease of smartphone use. These features, as well as the inducements provided by some mobile apps, can increase engagement, facilitate compulsive behaviors, and lead users to making a wider variety of and higher risk bets.¹⁸ Other research indicates higher rates of problem gambling among young people, who typically spend more time on smartphones; early challenges with problem gambling may also lead to other problems later in life.¹⁹

Researchers conducting work on behalf of the government of New South Wales, Australia summarize the risks in this way:

“Smartphones have facilitated physical, temporal and social accessibility to betting, increased the ease and speed of betting, and extended betting opportunities, access to betting information, and exposure to wagering inducements. While online betting using other devices provides some of these features, the portability of smartphones has significantly enhanced instant accessibility to betting anywhere anytime. This instant accessibility is unique to smartphone betting and allows bettors to immediately act on a gambling urge. While bettors value the convenience of this instant accessibility, the platform characteristics and situational features of smartphone betting interact in ways that can elevate harmful behaviours.”²⁰

Since the implementation of mobile sports wagering, OASAS Commissioner Dr. Chinazo Cunningham says the agency has been expanding and enhancing access to problem gambling services, including increased funding for the State’s seven regional problem gambling resource centers (PGRCs).²¹ These centers seek to increase public awareness about problem gambling and provide referral, assessment, treatment and recovery services to individuals suffering from the addiction, as well as to family members adversely affected by it.

OASAS has indicated their treatment system also includes:

- 36 outpatient programs that specialize in gambling treatment;
- Treatment slots at all 12 State-operated OASAS addiction treatment centers (ATCs); and
- Collaboration with 129 private practitioners who receive specialized training and approval from OASAS to receive referrals from PGRCs.²²

The legislation authorizing mobile sports wagering in New York required the Gaming Commission – in conjunction with OASAS – to submit annual reports to the Governor and the Legislature “on the impact of mobile sports wagering on problem gamblers in New York, including, to the extent practicable, an analysis of demographics which are disproportionately impacted by the problem gambling.” The six page, first annual report – issued in April 2023 and updated in June 2023, and paid for by MSW licensees – contains very limited data on the impact of MSW on problem gambling in the State and demographic information on individuals affected by the addiction.

The report notes 58 alleged occasions of underaged MSW participation through lawfully created accounts through December 2022, as well as the closure of each account. State law requires MSW operators to prohibit minors from participating in any sports wagering. The report also provides annual demographic information by gender, race and age on individuals voluntarily entering the State’s “self-exclusion” program, when they recognize they should no longer participate in legal gaming. However, data provided in the report do not appear to split out MSW-related exclusions.

Finally, the report quantifies a 26 percent increase in problem gambling-related calls to the OASAS substance use and gambling HOPEline number (1-877-8-HOPENY) from 2021 to 2022, as well as an apparent leveling off in the number of current-year calls through March 2023. The HOPEline provides free and confidential information about addiction and problem gambling assessments, interventions, treatment and support in the State. The report acknowledges the limited information it provides by stating a request for “additional demographic information of participants from all mobile sports wagering operators” that the Gaming Commission and OASAS expect to include in future annual reports.

Conclusion

The opportunities to gamble in New York have grown exponentially from just betting on horse racing and buying lottery tickets. With each expansion of existing games or the implementation of new ones, there is the purported justification of increased revenues to support education in the State. While collections from the taxes on gaming are a fairly stable revenue source, as new gaming opportunities mature, their impact on education spending erodes.

With the process of licensing three additional commercial casinos underway, careful analysis should be done to ensure projections of revenues and economic benefits are reasonable and attainable. As was shown in the Office of the State Comptroller's recent report [Revenue Impact of Commercial Casinos on Upstate Local Governments](#), the actual revenues received from the four upstate casinos fell significantly short of projections submitted with the license applications.²³ The licensees also projected the creation of over 4,700 jobs, which proved to be an overestimate.²⁴ When all four casinos were fully operational in 2019, jobs in the entire leisure and hospitality industry increased by just under 3,800 in the counties in which the casinos are located.²⁵

In addition, with the advent of mobile sports wagering where a person can place a bet from anywhere in the State, the need to travel to a casino diminishes, as shown in the decline in revenue from in-person sports betting. With proposals to authorize online casino gaming introduced, economic benefits from the casinos could be eroded as foot traffic potentially declines.

As part of the legislation authorizing mobile sports wagering, additional annual funding was provided to address the issue of problem gambling. Policymakers should be fully aware of the potential addictiveness of mobile sports betting, and take steps to fully educate consumers, and particularly young people, on the perils of wagering through their smartphones and computers. Greater information on problem gambling, beyond that reported by the Gaming Commission to date, is necessary, as well as more information about the impact of funding and services provided by the State to address problem gambling. The annual report that is required to provide insight into problem gambling and the sports wagering industry contained insufficient information on both.

Appendix A

Glossary of Gaming Types

Class I and II Gaming – Gaming subject to the federal Indian Gaming Regulatory Act (IGRA). Class I gaming typically includes social and ceremonial games of the Native American tribe. Class II gaming primarily includes bingo parlors. Class II facilities can also offer electronic bingo games. Neither Class I nor II gaming are subject to tribal-state compacts.

Commercial Casinos – Casinos authorized by the states and on which the states impose a form of gaming tax.

Interactive Fantasy Sports (IFS) – Fee-based contests in which participants create a “team” or roster of players in an individual sport and compete against the teams of other participants.

Lottery – A form of gaming that involves the drawing of numbers at random for a prize. There are individual state lotteries and multi-state lotteries.

Mobile Sports Betting - also known as online sports betting. Participants can make wagers on the outcome of sporting events either through an Internet website or mobile phone application (app).

Native American Casinos – Class III casinos under the IGRA which offer all types of gaming activities including table games such as blackjack and poker and slot machines. These casinos are subject to tribal-state compacts.

Online Gambling – Similar to mobile sports betting but, participants can gamble through electronic casinos games such as online poker.

Parimutuel Betting – Primarily associated with horse racing but can also apply to dog racing. Payoff is made from the pool of all bets made on the entries in the race.

Racino – A gaming facility associated with a racetrack (typically horse racing). A racino may offer all types of casino gaming or, like in New York, be limited to video lottery terminals or other electronic games.

Retail Sports Betting – Also known as in-person sports betting. Participants physically go to a casino or similar location to make wagers on sporting events.

Tribal-State Compacts – Under the IGRA, tribal-state compacts are agreements between Native American and State governments relating to the operation and regulation of Native American casinos. Tribal-state compacts typically include payments from the tribes to the states equal to a portion of the gaming revenue.

Endnotes

- ¹ The Native American casinos in Alaska are class II casinos which are primarily bingo halls and may include electronic bingo games. Class II casinos are not subject to tribal-state compacts under the federal Indian Gaming Regulatory Act (IGRA).
- ² Section 9 of Article 1 of the New York State Constitution states, "...no lottery or the sale of lottery tickets, pool-selling, book-making, or any other kind of gambling, except lotteries operated by the state and the sale of lottery tickets in connection therewith as may be authorized and prescribed by the legislature, the net proceeds of which shall be applied exclusively to or in aid or support of education in this state as the legislature may prescribe, except pari-mutuel betting on horse races as may be prescribed by the legislature and from which the state shall derive a reasonable revenue for the support of government, and except casino gambling at no more than seven facilities as authorized and prescribed by the legislature shall hereafter be authorized or allowed within this state."
- ³ A discussion on the history of gaming in New York is provided in Office of the State Comptroller, *A Question of Balance, Gaming Revenues and Problem Gambling in New York State*, November 2020, <https://www.osc.state.ny.us/files/reports/special-topics/pdf/gaming-report.pdf>.
- ⁴ Due to the lottery being administered by a State agency, New York State cannot impose a tax upon itself.
- ⁵ Mega jackpots are those in excess of \$500 million. For example, in SFY 2018-19, there were two Powerball mega jackpots (\$688 million and \$768 million) and two Mega Millions mega jackpots (\$543 million and \$1.5 billion). While total lottery receipts increased by \$232 million from SFY 2017-18, the increase accounted for less than 10 percent of all revenues. Powerball Draw Results at <https://www.powerball.com/previous-results> and Jackpot History at <https://www.megamillions.com/About/Jackpot-History.aspx>.
- ⁶ Monticello Casino/Raceway closed in April 2019 but was replaced by Resorts World Hudson Valley in December 2022.
- ⁷ In SFY 2015-16, \$151 million in license fees were collected for the del Lago, Rivers, and Resorts World Catskills casinos. At the end of August 2016, The Tioga Downs Casino Resort was licensed and paid a fee of \$20 million, opening in December 2016. The del Lago and Rivers Casinos opened in January and February 2017, respectively with Resorts World Catskills opening a year later, in February 2018.
- ⁸ Payments made through tribal-state compacts ended in SFY 2010-11 as agreements were being negotiated with the Seneca and St. Regis Mohawk tribes. In SFY 2013-14, an agreement was reached and outstanding payments for the three years were collected at the end of 2013. In March 2017, the Seneca Nation stopped making payments, citing the sunset at the end of 2016 pursuant to their compact with the State. In December 2021, the courts ruled that the Seneca Nation were required to make the payments; in March 2022, \$565 million was collected for the previous five years of payments.
- ⁹ The gaming industry includes casinos and other gaming industries (NAICS 7132) and Casino hotels (NAICS 72112). U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, at <https://www.bls.gov/cew/data.htm>.
- ¹⁰ Powerball Draw Results at <https://www.powerball.com/previous-results> and Jackpot History at <https://www.megamillions.com/About/Jackpot-History.aspx>.
- ¹¹ Section 1, Part Y, Chapter 59 of the law of 2021.
- ¹² New Jersey was the first of New York's neighboring states to authorize mobile sports betting, start date of June 14, 2018. Pennsylvania, Rhode Island, and New Hampshire followed in 2019; Connecticut in 2021.
- ¹³ Paragraph (d) of subdivision 7 of section 1367-a of the Racing, Pari-mutuel Wagering and Breeding Law.
- ¹⁴ Subdivision 7 of section 1367 of the Racing, Pari-mutuel Wagering and Breeding Law.
- ¹⁵ Carl MacGowan, "Jake's 58 Casino Preliminary Plan for \$200M Expansion Gets Nod from Islandia," *Newsday*, July 12, 2023, at <https://www.newsday.com/long-island/towns/jakes-58-casino-expansion-islandia-site-plan-e5zrgbdc>.
- ¹⁶ Ibid.
- ¹⁷ Testimony of Dr. Chinazo Cunningham, NYS OASAS Commissioner, Joint Legislative Budget Hearing on Mobile Sports Wagering, January 31, 2023, available at https://www.nysenate.gov/sites/default/files/oasas_testimony.pdf; and Testimony of Arlene Gonzalez-Sanchez, NYS OASAS Commissioner, NYS Assembly Committee on Racing and Wagering, and the Committee on Alcoholism and Drug Abuse Hearing on Problem Gambling, December 18, 2019, at

https://nystateassembly.granicus.com/player/clip/5298?view_id=8&redirect=true&h=0163b667af800db712df3a6cb1688502.

- ¹⁸ A review of the research is presented in Nerilee Hing, et al., “‘Immediate Access ... Everywhere You Go’: a Grounded Theory Study of How Smartphone Betting Can Facilitate Harmful Sports Betting Behaviours Amongst Young Adults,” *International Journal of Mental Health and Addiction*, September 22, 2022.
- ¹⁹ New York State Gaming Commission Proposed Rule Making, “Sports Wagering Advertising and Marketing,” New York State Register, August 2, 2023, Vol. XLV, Issue 31, page 22, at <https://dos.ny.gov/system/files/documents/2023/08/080223.pdf>.
- ²⁰ Nerilee Hing, et al., “Smartphone Betting on Sports, Esports and Daily Fantasy Sports Amongst Young Adults,” *Final Report Prepared for The NSW Responsible Gambling Fund*, March 25, 2022, pg. 5.
- ²¹ Testimony of Dr. Chinazo Cunningham.
- ²² Ibid.
- ²³ Office of the New York State Comptroller, *A Question of Balance, Gaming Revenues and Problem Gambling in New York State*, November 2020, at <https://www.osc.state.ny.us/files/reports/special-topics/pdf/gaming-report.pdf>.
- ²⁴ Ibid.
- ²⁵ The leisure and hospitality super sector includes the gaming and casino hotel industry sectors. Due to disclosure provisions that prevent the publishing of data that could identify individual businesses, employment data in the affected counties is only available at the higher industry levels.

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