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N.Y.S. Gaming Commission Announces Release of Gaming Market Study

The New York State Gaming Commission announced today that the New York Gaming [Market Study Report](#) has been completed and submitted to the Commission.

The study, conducted under contract by Spectrum Gaming Group following competitive bidding, contains information regarding economic, demographic and commercial factors impacting the New York state-regulated gaming industry.

Highlights of the Report include:

Job growth in the gaming sector from 2015-2020 has been significant, as total employment at casinos and video-lottery gaming facilities has grown from 12,000 jobs in 2015 to 15,700 jobs in 2020, of which roughly 3,400 are at the four commercial casinos that make up the Upstate expansion properties. Spectrum estimated that there are 32,000 people employed in the entire sector. While upstate expansion accounted for 17% of total employment, it accounted for 75% of growth from 2015-2020.

The Report calls attention to the impact that the COVID-19 pandemic has had on the industry, causing an immediate plunge in gaming revenue. Spectrum's analysis, based on other events disruptive to the gaming industry, concludes the industry will slowly recover from the pandemic, returning to pre-COVID-19 levels in 2023.

The long-term impact of COVID-19 on individuals' behavior is unknown at this point and that too will influence gaming companies' willingness and plans to invest in facilities to accommodate large volumes of guests.

According to the Study, Downstate counties show the greatest potential for growth in Gross Gaming Revenue, ranging from \$970 million to \$4.49 billion for New York City, and \$606 million to \$1.13 billion for Long Island. The potential of the New York City market could be captured by the addition of new gaming facilities. The potential of the Metro-North region may be realized by the addition of already-approved Orange County video lottery gaming facility, as well as through expansion of gaming further Downstate. Spectrum indicates that such expansion might have negative impacts on existing gaming facilities.

In light of the unprecedented COVID-19 situation and resulting economic fallout, the State of New York could opt to delay, for an undetermined period, the decision to authorize three commercial casinos in the Downstate region, the report says.

Spectrum recommended that a competitive bid process be utilized to arrive at the most optimal result for the State. This recommendation was based upon a review of the economic, fiscal, and social implications of the awarding of up to three additional commercial casino licenses.

In terms of tax policy, the Spectrum Report analyzed various tax rate structure scenarios, including tax rate equalization, uniform tax rates for video lottery gaming operators, revenue neutral tax rates based on Gross Gaming Revenue and progressive tax rates based on Gross Gaming Revenue and a modified graduated tax alternative based on Gross Gaming Revenue.

Spectrum recommended commercial facilities and video lottery gaming facility operators be given the opportunity to petition the State for relief. The Report recommends that the burden for tax rate relief should rest upon a licensee to demonstrate that granting the relief requested is in furtherance of a legitimate public interest, which could include the ability to remain a going concern.

With respect to mobile sports betting, Spectrum indicated that stabilization of revenue will occur three to five years after commencement. Their analysis concluded that at a 10 percent tax rate, retail and mobile sports wagering would generate between \$72 million to \$104 million in tax revenue to the State. The proposal advanced by the FY 2022 Executive Budget uses the same gross revenue estimate to generate upwards of \$500 million for education. This estimate assumes that the tribal sports wagering operators will not be able to generate meaningful market share.

"This report provides a valuable tool for the Commission and policy makers to use as discussions continue on the future of the gaming industry in New York," said Commission spokesman Brad Maione. "This report should assist with making sound fiscal decisions."

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