



# US Distributed Gaming State Tax Revenue Potential

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J&J Gaming



National



# The National Leader in Distributed Gaming

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- A 95-year-old family-owned business headquartered in Central Illinois
- The largest revenue producing distributed gaming operator in North America
- Distributed Gaming route operations in Illinois, Pennsylvania, Georgia, Nebraska, Montana, and Nevada
- 1,400 employees

# What is distributed gaming?

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- Video poker and slot machines in limited locations such as **bars, restaurants, truck stops, veterans'** organizations.
  - **5-10 devices** per location connected to a redemption device
  - Associated with state liquor control regulatory scheme
- **Three-tiered regulatory system**
  - Background checks and strict licensing regulations
  - Robust enforcement and inspection
- Linked to auditable and transparent central control system
  - Cash management system
  - Consumer protections
  - Programs in place for problem gaming and underage gaming

# Truck stop/C-store



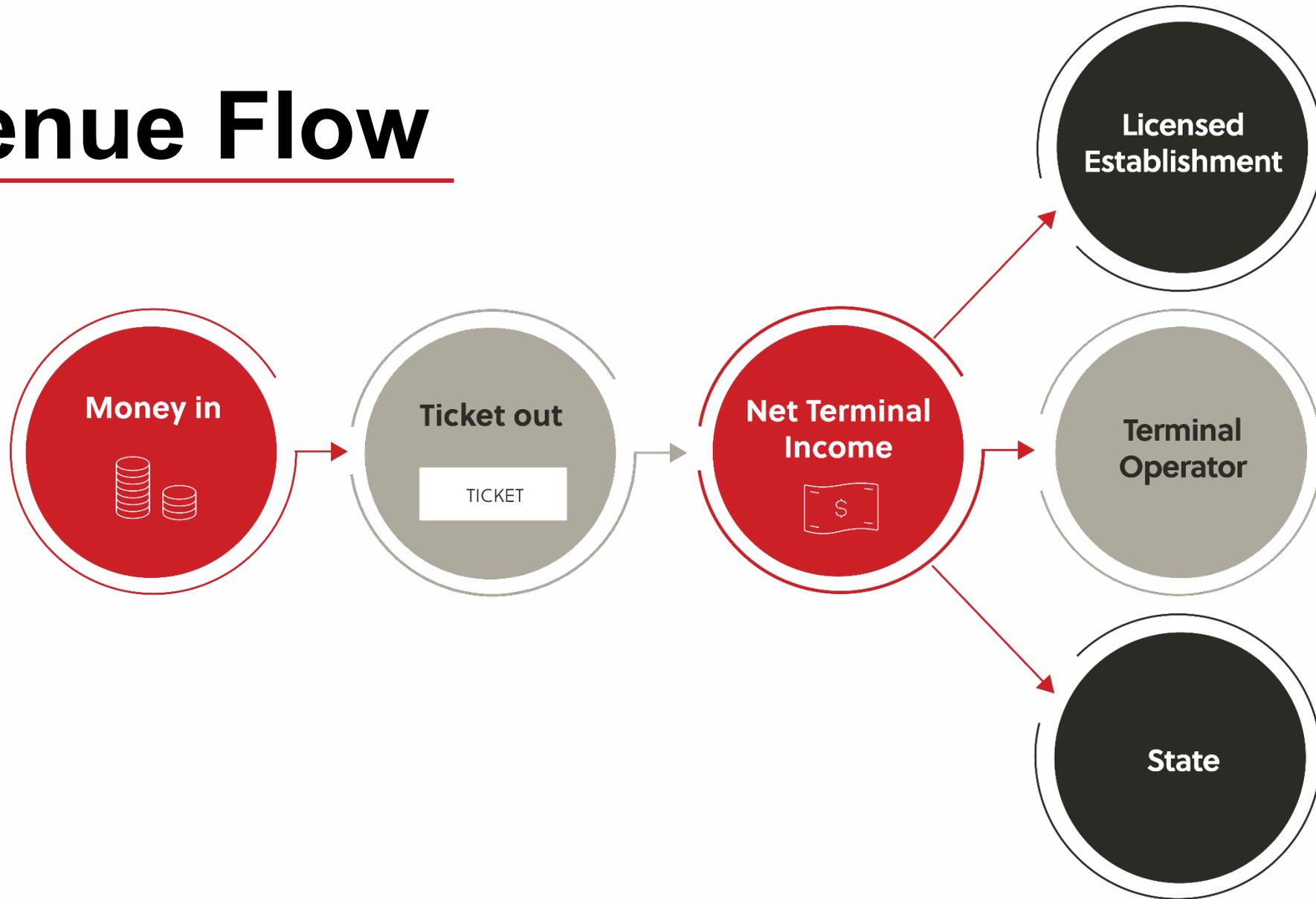
# Bar



# Parlor



# Revenue Flow



# 3 Tier Model

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**MANUFACTURER/DISTRIBUTORS**

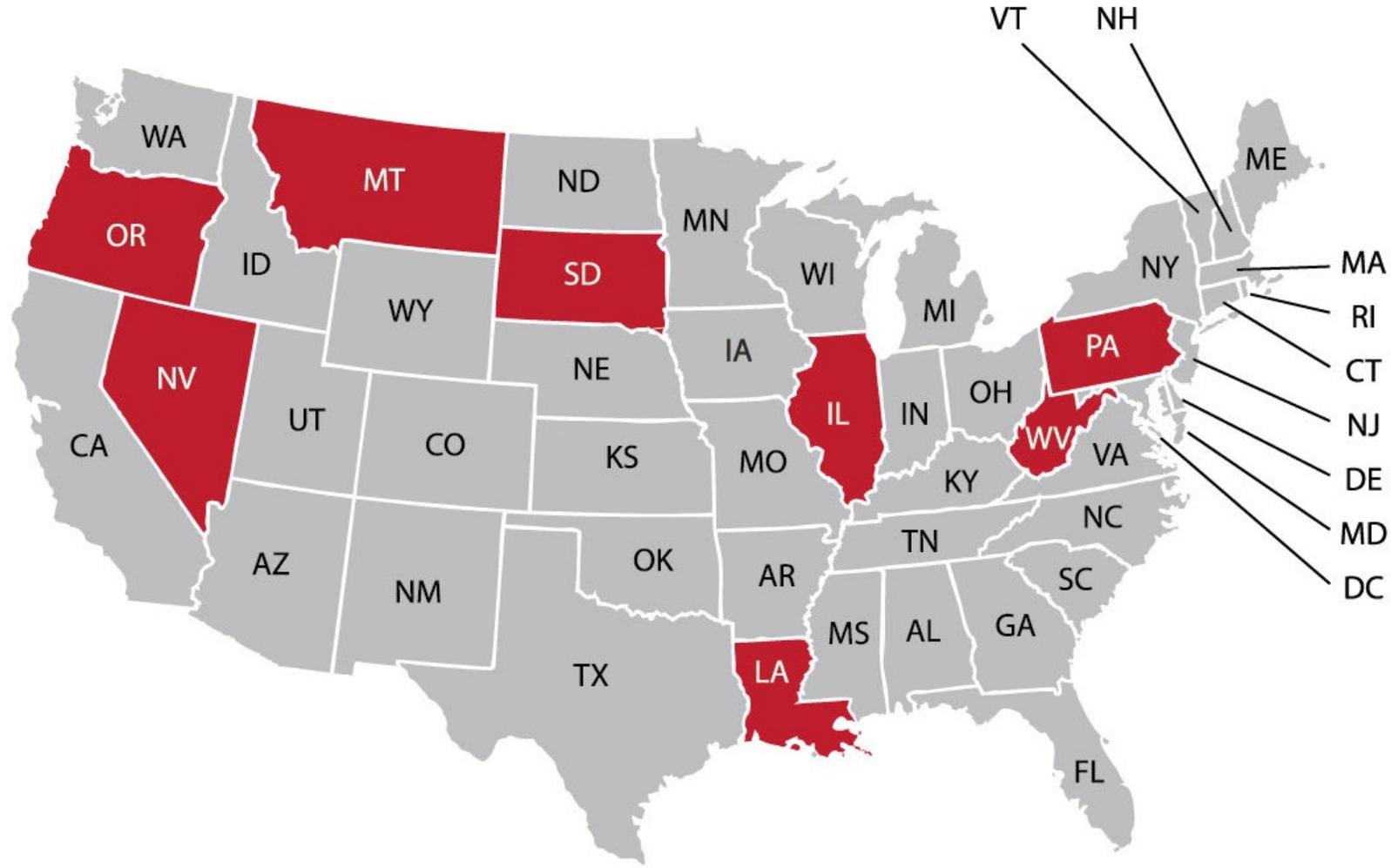


**TERMINAL OPERATORS**

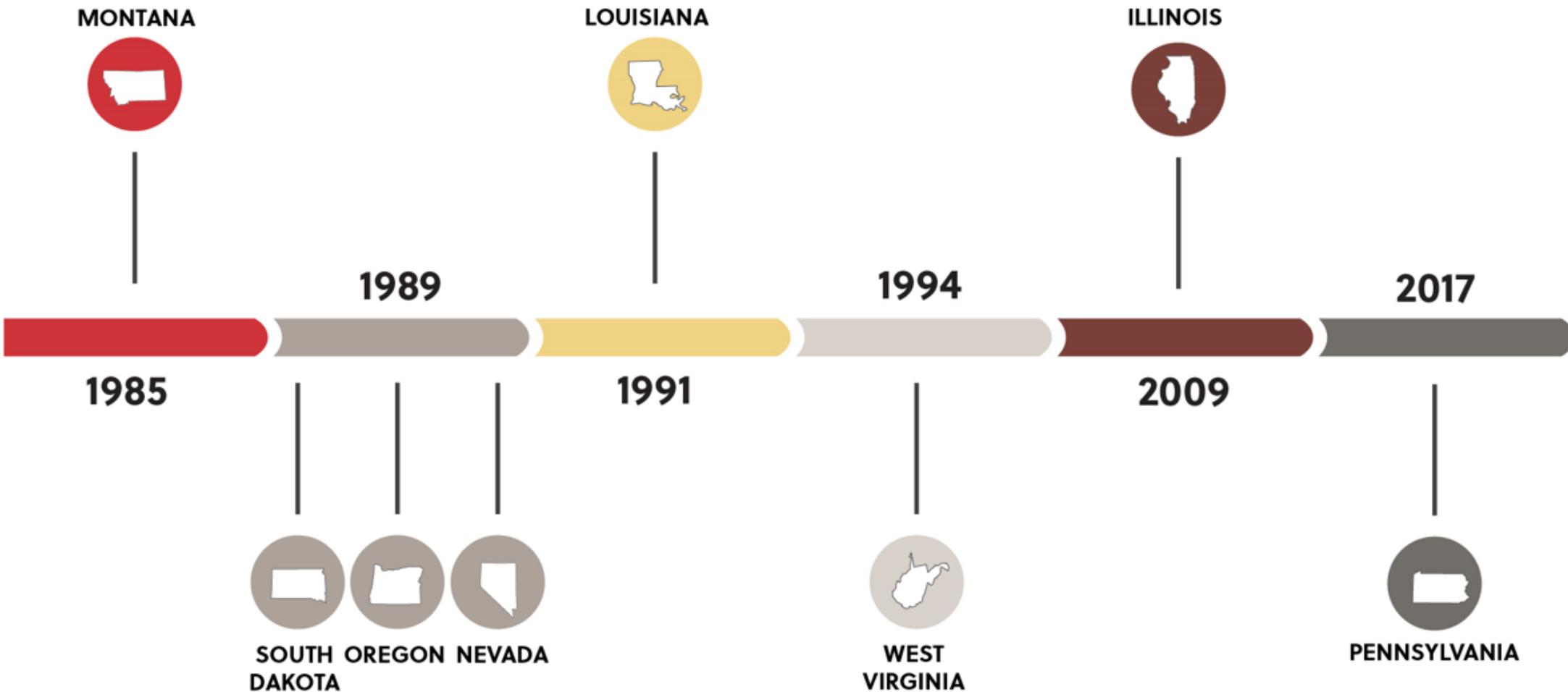


**LICENSED ESTABLISHMENTS**

# 8 States Have Distributed Gaming



# Distributed Gaming Timeline



# Current Distributed Gaming Economic Impact



EMPLOYMENT

**110,500**

Jobs Supported



ECONOMIC IMPACT

**\$10 Billion**

In US GDP



TAX REVENUE

**\$3.4 Billion**

(May 2023). Economic and Fiscal Impact of Video Gaming Terminals in Illinois and Nationally  
[Unpublished study-FTI Consulting]



## STATE

## EMPLOYMENT

## ECONOMIC IMPACT

GDP

## TAX REVENUE

|    |        |          |          |
|----|--------|----------|----------|
| IL | 35,900 | \$3.4B   | \$1.2B   |
| LA | 14,100 | \$1.1B   | \$346.6M |
| MT | 8,600  | \$666.9M | \$137.3M |
| OR | 20,300 | \$1.6B   | \$816.4M |
| PA | 1,100  | \$101.2M | \$29M    |
| SD | 5,100  | \$422.6M | \$195.1M |
| WV | 8,200  | \$648M   | \$311.8M |
| NV | 17,200 | \$1.4B   | \$140.8M |

(May 2023). Economic and Fiscal Impact of Video Gaming Terminals in Illinois and Nationally [Unpublished study - FTI Consulting]

# Case Study #1: Tax Revenue Generation Distributed Gaming Outperforms Casinos

## 3 to 1



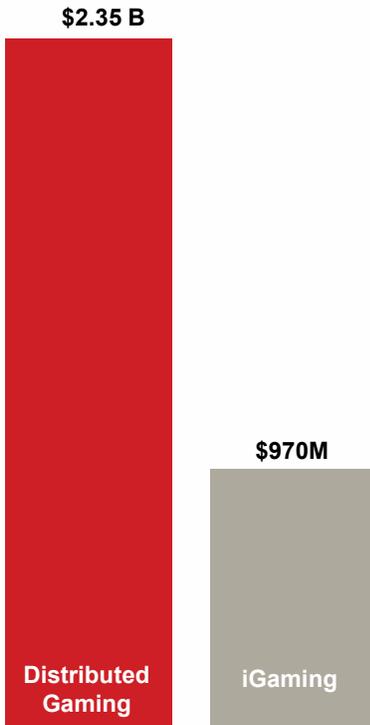
- Illinois is a good example of where casinos and distributed gaming compete in a mature market
- In 2022, Illinois distributed gaming produced **\$921M** of NTI at a 34% tax rate, while casinos only produced **\$366M** of casino tax revenue at an average tax rate of 27%

\*COGFA report

# Case Study #2: Distributed Gaming Outperforms iGaming and Sports Betting

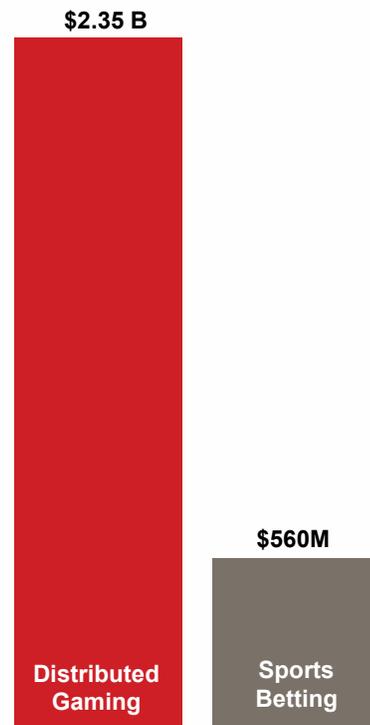
DISTRIBUTED GAMING  
OUTPERFORMS IGAMING

2.5 to 1



DISTRIBUTED GAMING  
OUTPERFORMS SPORTS BETTING

4.2 to 1



Annual gaming tax revenue generated from 30 sports betting states only reaches **\$560M**, and annual gaming tax revenue from six iGaming states totals **\$970M**, whereas annual gaming tax revenue generated from six distributed gaming states exceeds **\$2.35B**.

- Red: Annual gaming tax revenue generated from six distributed gaming states (IL, MT, LA, OR, SD, WV): \$2.35B
- Light grey: Annual gaming tax revenue generated from six iGaming states (PA, CT, DE, MI, NJ, WV): \$970M
- Dark grey: Annual gaming tax revenue generated from thirty (30) sports betting states: \$560M

# Forecast: National Impact of Distributed Gaming



EMPLOYMENT

**1.3 Million**

Jobs Supported



ECONOMIC IMPACT

**\$111.5 Billion**

In US GDP



TAX REVENUE

**\$23.2 Billion**

(May 2023). Economic and Fiscal Impact of Video Gaming Terminals in Illinois and Nationally  
[Unpublished study-FTI Consulting]



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The study and its data has been created by FTI Consulting. Study can be found at:  
[www.jjventures.com/advocacy/](http://www.jjventures.com/advocacy/)

*(May 2023). Economic and Fiscal Impact of Video Gaming Terminals in Illinois and Nationally. FTI Consulting.*