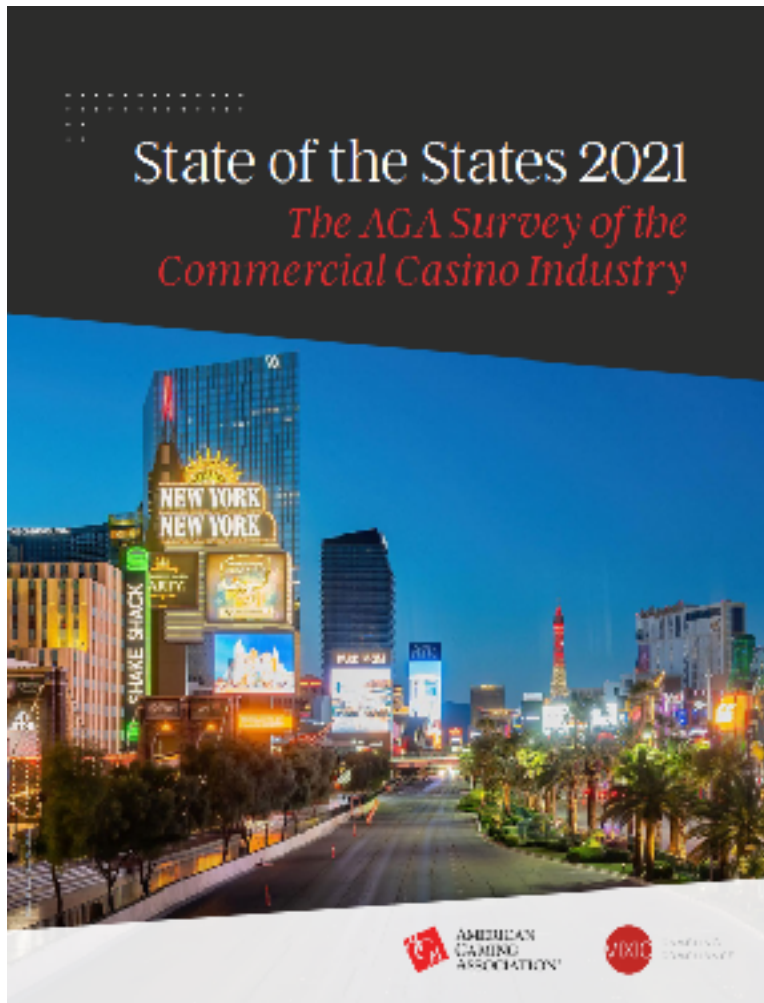


Book Review: State of the States 2021

American Gaming Association

141 pp., 2021, AGA

by Buddy Frank



In a normal year, the annual AGA State of the States report ranks pretty high on the dull index, just above an “MSD Sheet on Distilled Water.

But this year, it’s definitely worth a read. In fact, it’s priceless... literally. The report has always been free, available online for download at the American Gaming Association’s website. They’ve issued it for about as long as I can recall (that would be 1998). Recently, they have worked with VIXIO Gaming Compliance to gather and compile their data.

Historically, the report only attracted serious attention when recessions hit, or new venues

surfaced (like Arkansas in 2019 or Massachusetts in 2015). But this year (or more correctly 2020) was unlike any other year.

The lessons from 2020 could be profound, as there have been no similar disruptions of business since the legalization of gaming in 1931. The recession of ‘08/09 had a few similarities, but even then, complete shutdowns were rare.

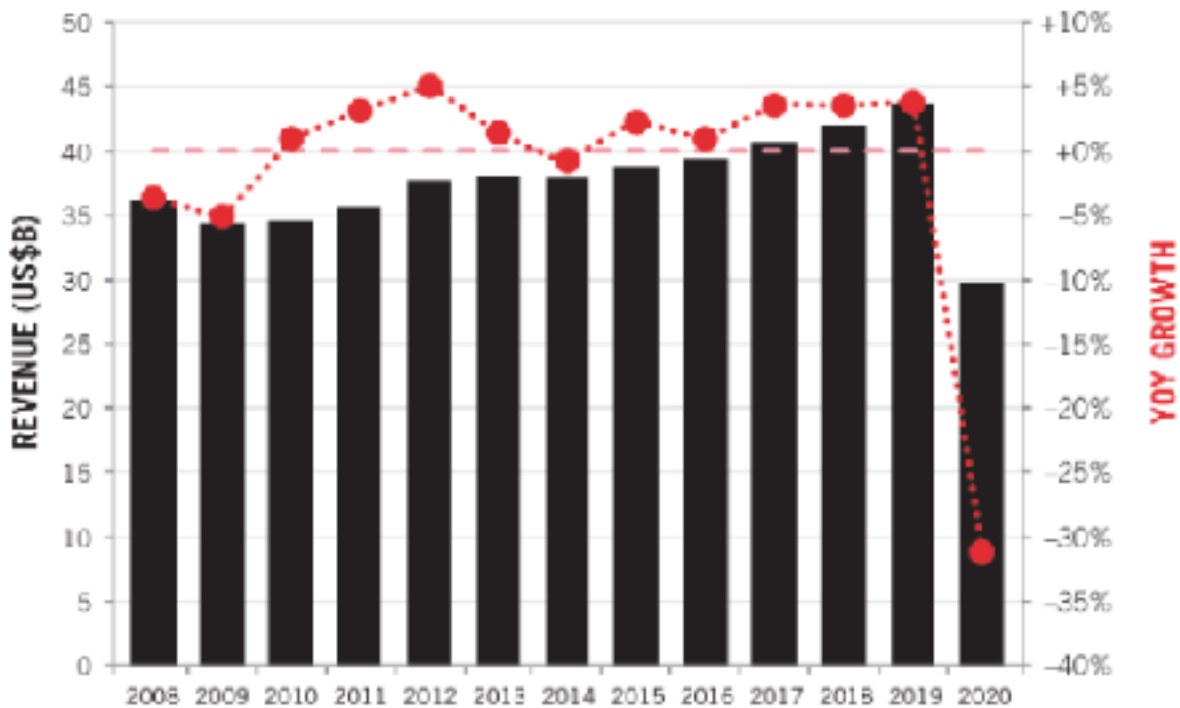
It will be interesting to examine next year's report to contrast what's shaping up to be a rapid recovery in 2021. The 2008 recession came on relatively quick, yet it took nearly 18 to 24 months for a full recovery. COVID-19 gave a whole new definition of "quick" as complete nationwide shutdowns occurred within a two-to-three-week period in March. Reports about high gaming revenues for the first half of this year been encouraging. Therefore, it will be fascinating to compare and contrast the data next year about this same time.

But for the best story of 2020 (like most good reports), look to the Executive Summary. Here are just a few of many items mentioned:

- Total commercial gaming revenues were down 31.3%.
- The declines ranged from 78.8% in New Mexico to 4.5% in South Dakota.
- Las Vegas visits declined 74%.
- Tax revenues generated for states were down 34.2%

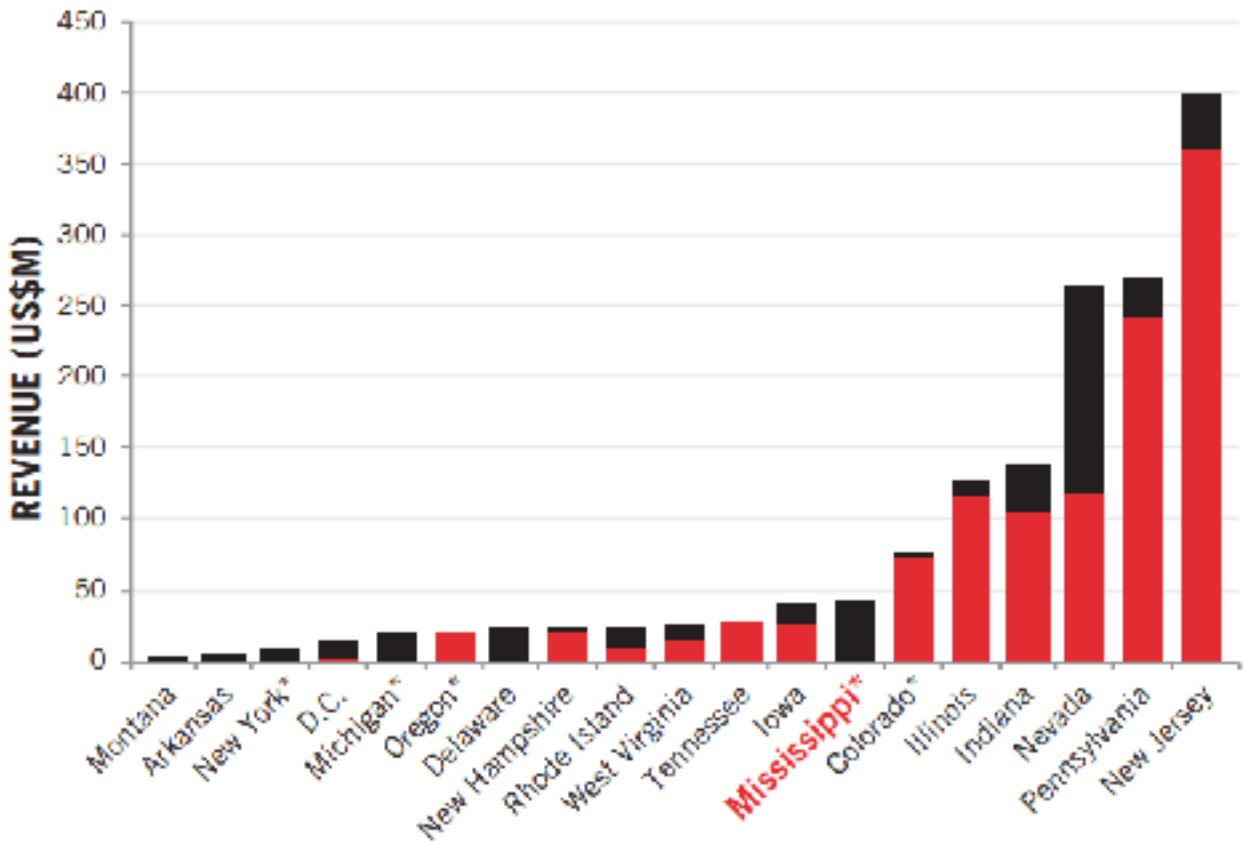
The included graphs clearly tell the story:

Annual U.S. Commercial Gaming Revenue

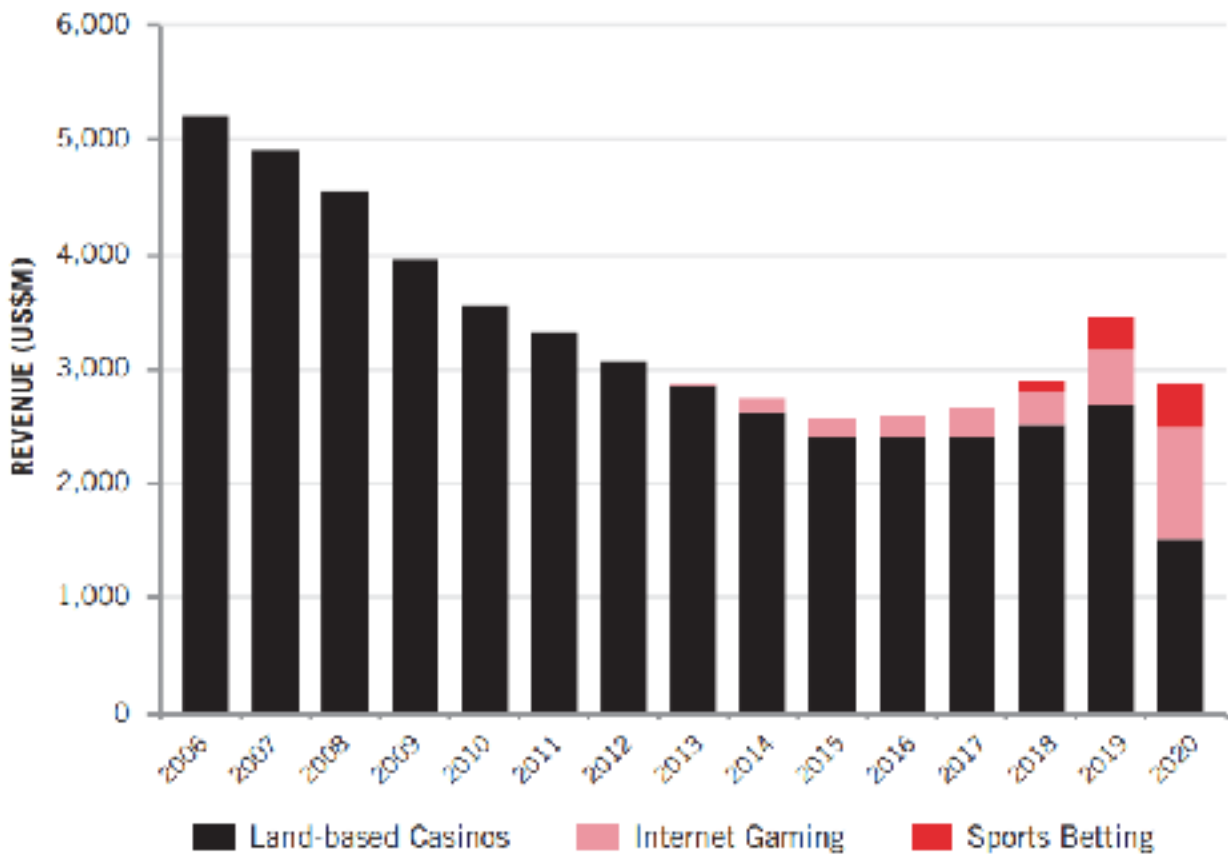


The chart above shows the dramatic impact of 2020. But it also shows our industry has generally been blessed with consistent slow growth beginning in 2010. The same was true in the years from 1998 to 2008.

Perhaps the most interesting part of this year's report is what happened to Sports and Internet betting. Rather than decline, gaming revenues in these segments increased 68.3% to \$1.55 billion. On the chart below, the red bars are "online" Sports Betting with black representing "Land-Based" wagering on sporting events.



Last year’s report revealed that New Jersey led Nevada in Sports Betting, and this year Pennsylvania demoted the state to third place. New Jersey is also the leader today in “Internet” wagering. The chart below shows how the combination of Internet and Sports Betting nearly allowed the Garden State to avoid much of the pandemic declines other states encountered. Again, it will be most interesting to see if these trends continue in a “normal” year.



The official title of the report is “The AGA Survey of the Commercial Casino Industry.” In past years, there was virtually no mention of Native American gaming revenues since they are not publicly available. However, in the last few years, AGA has done significant outreach to tribal communities and each year their discussion of NA data derived from various consultants has grown. According to their projections, COVID-19 seems to have hit Indians about the same as all the others. Native American casinos generated 45.5% of all US 2020 gaming revenues (\$25M against \$29.98M). That’s just a slight increase on the numbers cited in last year’s AGA report referencing 2019 data for a 44.2% share.

Again, there’s a wealth of other detail in the 140+ pages of this report from the efforts made by casinos to help supply communities with PPPs, funding other COVID mitigation efforts, and impacts of various voter referendums. There’s even an excellent discussion of “Payments Modernization;” a technology that is moving slowly to an industry tipping point.

You can find a link to the full report here: https://www.americangaming.org/wp-content/uploads/2021/05/AGA-2021-State-of-the-States_FINALweb-150ppi.pdf

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