



US Distributed Gaming State Tax Revenue Potential

J&J Gaming



National



The National Leader in Distributed Gaming

- A 90 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
- 1,200 employees

What is distributed gaming?

- 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



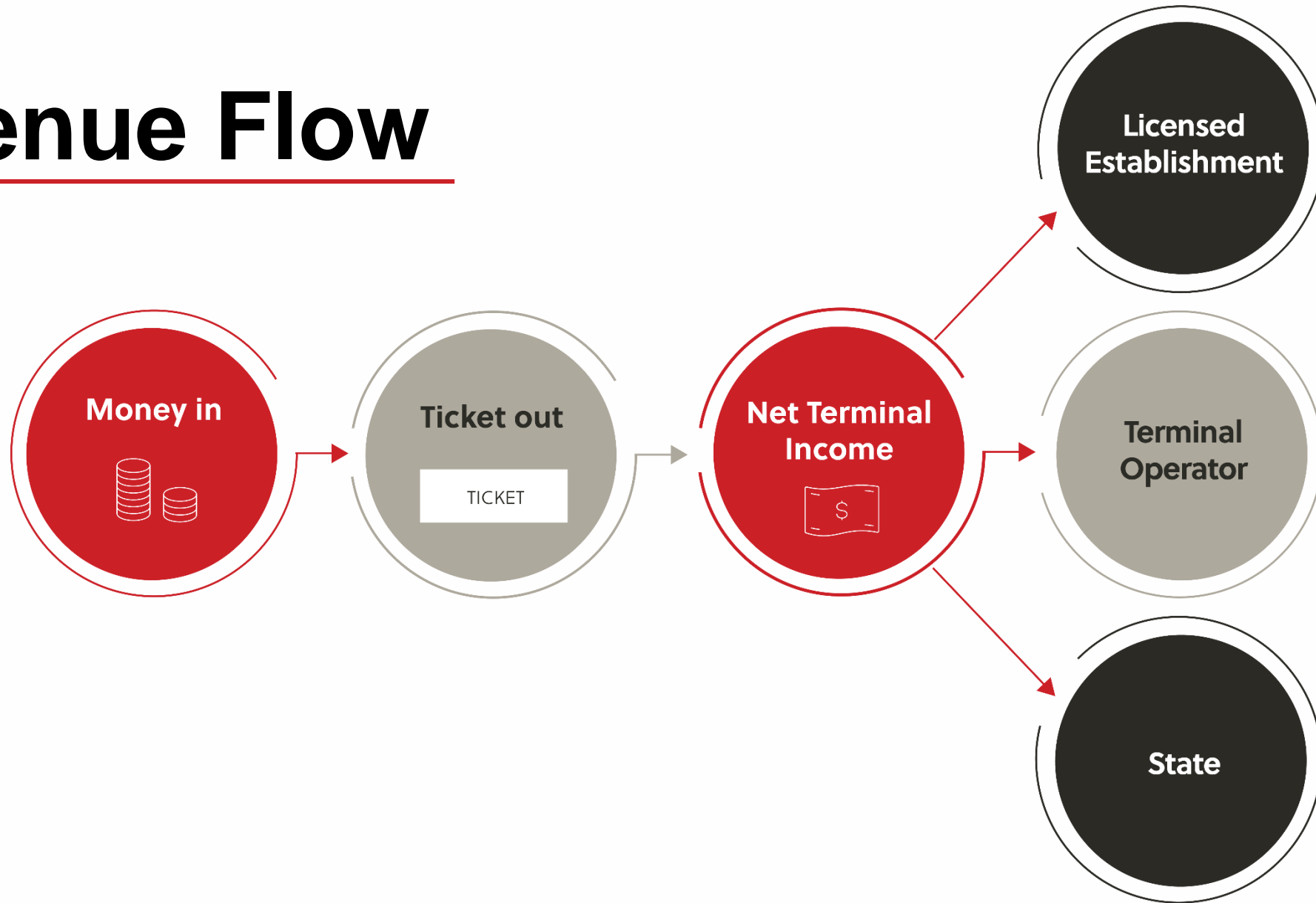
Bar



Parlor



Revenue Flow



3 Tier Model

MANUFACTURER/DISTRIBUTORS

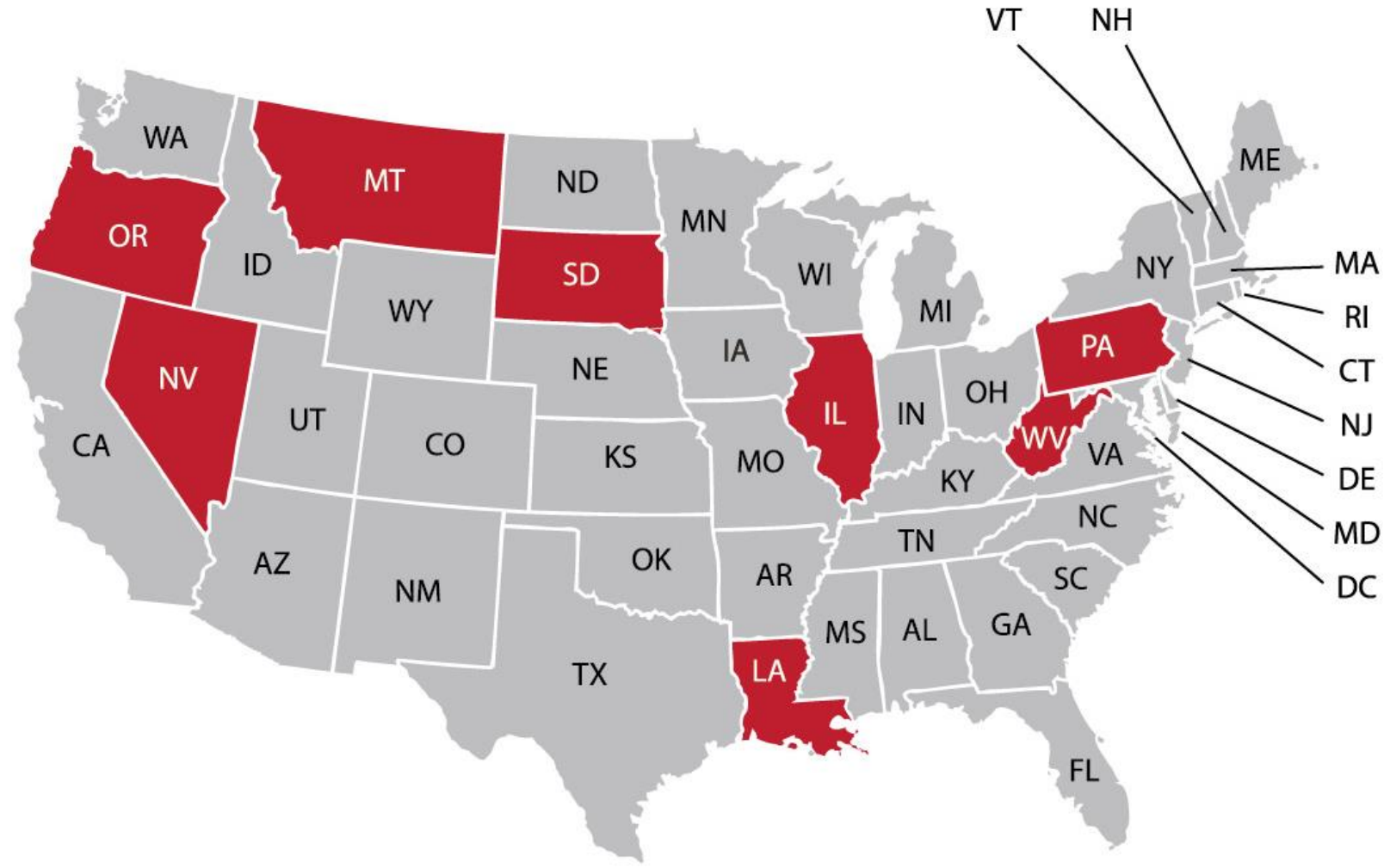


TERMINAL OPERATORS

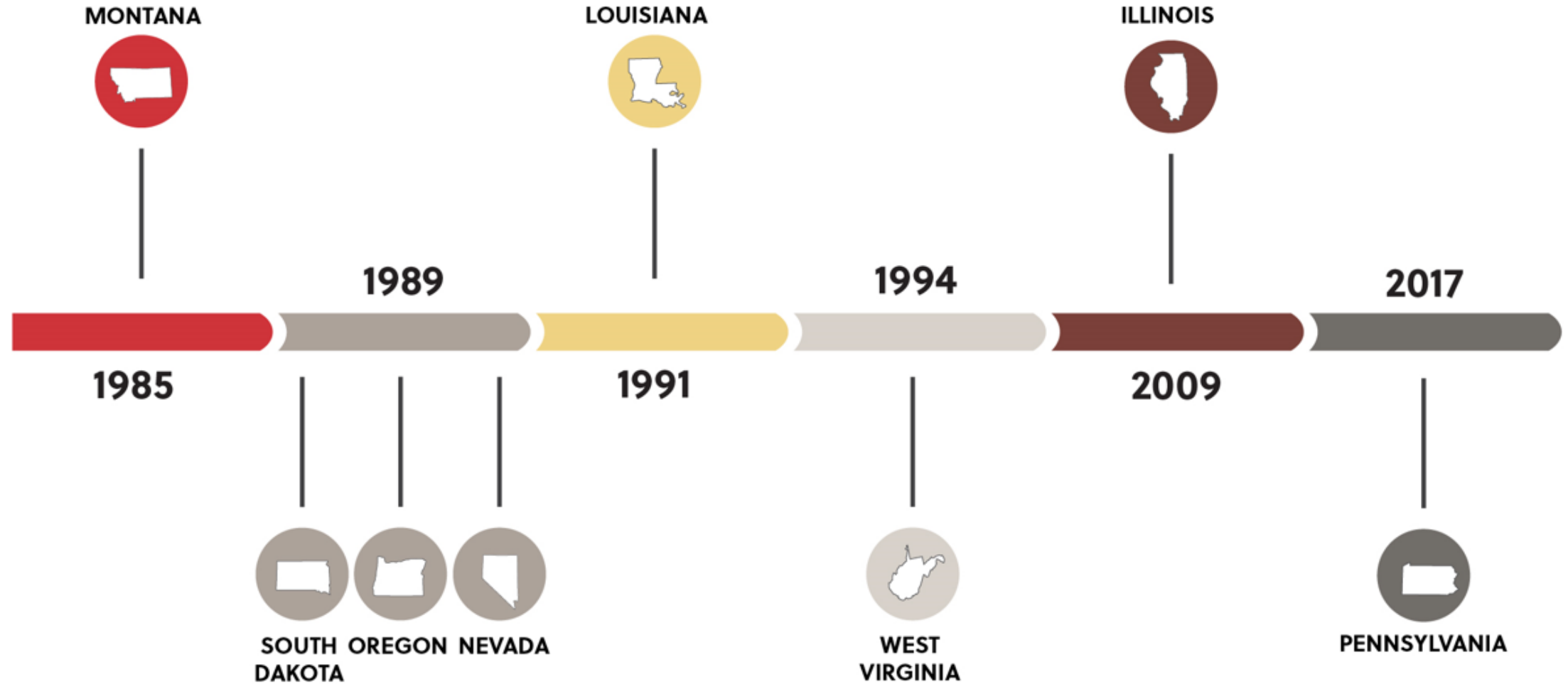


LICENSED ESTABLISHMENTS

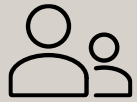
8 States Have Distributed Gaming



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[Unpublished study-FTI Consulting]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	\$137.4M
OR	20,300	\$1.6B	\$818.4M
PA	1,100	\$101.2M	\$28.9M
SD	5,100	\$422.6M	\$195.2M
WV	8,200	\$648M	\$311.9M
NV	17,200	\$1.4B	\$140.9M

(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



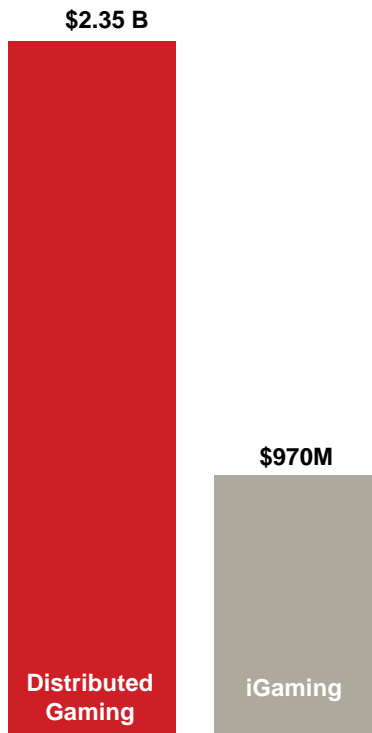
- Illinois is a good example of where casinos and distributed gaming compete in a mature market
- In 2022, Illinois distributed gaming produced **\$921M** of NTI at a 34% tax rate, while casinos only produced **\$366M** of casino tax revenue at an average tax rate of 27%

*COGFA report

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

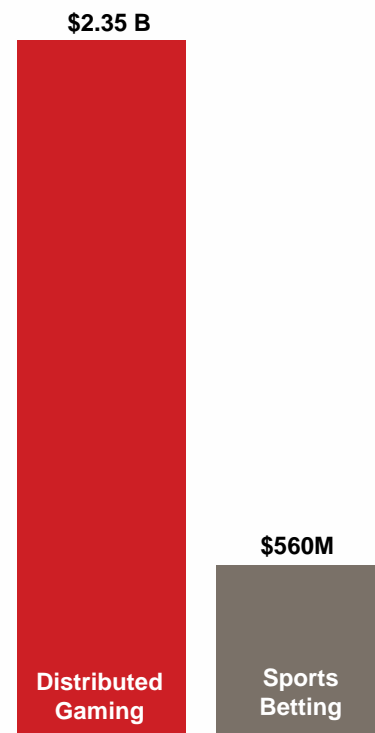
DISTRIBUTED GAMING
OUTPERFORMS IGAMING

2.5 to 1



DISTRIBUTED GAMING
OUTPERFORMS SPORTS BETTING

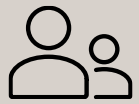
4.2 to 1



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

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