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State Legislative Update on U.S. Land-Based Gaming

July 2021

In partnership with Truist Securities, Global Market Advisors publishes a monthly legislative update on land-based gaming throughout the United States. This provides insights and commentary on several key aspects of the market and the surrounding political narrative effecting the legalization of commercial and tribal casinos video gaming terminals (“VGTs”), historic horse racing (“HHRs”), and other issues. A link to the full Truist Securities report can found [here](#).

The Mid-Year Point

As the United States hits the midway point of this year, most state legislatures have adjourned their regular sessions. While some legislatures will come back in the fall because of their full-time status, most will only come back for a special session to handle redistricting that continues to be delayed as states wait for data from the Biden Administration. Below is a summary of the current status in some key states.

NEVADA

- Las Vegas saw the opening of its first brand new resort in over a decade at the end of June. Resorts World Las Vegas is owned and operated by Genting which currently has facilities around the globe including in Singapore, New York, Manila, and Malaysia amongst other. This is in addition to the Virgin property that opened up March in place of the former Hard Rock Hotel.
- While no solid plans for the next resort have been announced, new energy has been brought to the north end of the Strip. Resorts World has stated that they are already looking at expansion of the existing site. This would be in addition to the prospects of finally finishing the Fontainebleau or development on the Wynn West property.

VIRGINIA

- The “skill-based” machines in Virginia will likely have additional life beyond their initial timeframe of one year to help fund the budget under the guise of SARS-CoV-2. Multiple

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lawsuits are emerging to keep these locations open because it is “vital” to their business survival, along with some allegations of racial discrimination.

- The only way to fully address the soon-to-be illegal (again) market is to either enforce the laws on the books or develop a strategy that maintains access to machines for these locations but in a more tightly regulated framework, such as VGTs. Regardless of the court cases, this will likely be discussed in the Virginia Legislature in 2022.
- Some controversy surrounds the Urban One casino proposal in Richmond that will be put before the voters this fall. Political contributions and accusations of peddling influence have arisen into the already flawed selection process. The convergence of these issues may come into play as voters evaluate the opportunity this fall.

NEBRASKA

- Caesars recently announced that they will be partnering with Columbus Racing and Exhibition to develop a \$75 million facility in Columbus, Nebraska. This brings the second legitimate operator into the market. The first is Elite Casino that has a series of smaller regional facilities that announced a partnership this spring with Fonner Park.
- Additional racetracks continue to appear on the radar between existing stakeholders and other interested parties looking to cash in on the potential for casino gaming in this small market. While the original six locations are trying to move forward, the regulatory structure is only just starting to be crafted, with rumors of up to six more locations in the mix.
- One location in question is the Lincoln, Nebraska location that has just recently seen a lawsuit filed against the Horsemen that operate the track. Another potential operator has arisen in the existing keno operator, Big Red Keno, as they have a contract that offers them first right of refusal to any expansion. This may cost Ho Chunk – the economic development arm of the Winnebago tribe that said in a legislative hearing that they were entitled to a gaming license – their “crown jewel” location and allow other operator into the market.

NEW YORK

- All hopes now appear to be dashed to move the timeline forward for the three downstate casinos in New York. Hope was centered on moving to an RFP process from an RFI process that was outlined in the budget bill earlier this spring. The Gaming Commission will still need to put forward an RFI process as originally prescribed.
- This likely cools efforts by groups like Las Vegas Sands that were pushing hard for an earlier start, as they along with others try to decide on their next steps until the RFI is reported back to the Governor and the Legislature in 2022 by the Commission
- New York City is one of the best opportunities for a full gaming development that remains for major operators around the globe. The challenge is navigating the local politics as much as understanding the dynamics in Albany.



ALABAMA

- Rumors of a special session continue to swirl about the potential for land-based casinos to become legal in Alabama. One of the biggest challenges that remains is finding consensus with the legislature. However, they may overplay their hand in the number of locations that would be feasible for the market. Several legislators are trying to protect local bingo halls (none of which would pass suitability) to begin with an effort to bring a full casino to market.
- Beyond the existing tribal casinos, the state can only support a handful more of establishments, especially if Georgia and/or Florida were to expand their current gaming offering, or if Tennessee were to consider legalizing casinos.
- GMA still believes that Alabama voters will have their voices heard on the 2022 ballot, but the process will need to begin this year, ideally before the special session on redistricting.

TEXAS

- While the Legislature may have adjourned from their biennial session, the push by the Texas Destination Resort Association continues after admitting failure to get movement in Texas over this past session. The media campaign backed by Las Vegas Sands Corp. appears to be pushing forward but is yet to be determined whether it will be sustained over the next eighteen months heading into the 2023 session.
- It was reported that LVS had spent \$10 million to date on the campaign, lobbyists, etc. to win the hearts and minds of the legislature while throwing a wrench this past cycle into any effort to get sports betting to the ballot. Any chance of either land-based gaming or sports betting will at best be put before the voters in 2024, with land-based developments three to four years after that should it become approved.

LOUISIANA

- The gaming market in Louisiana started with a strong presence on the riverboat side, but efforts continue to push toward land-based gaming for these facilities to add additional amenities and bring a stronger product to market. The Gaming Control Board also has the task of figuring out how to proceed forward with historic horse racing machines in addition to the expansion of sports betting.
- Controversy continues to surround a potential land-based casino that is raising its stake and offering \$325 million to the community in Slidell, Louisiana. A question to approve the project will appear on the November ballot that would move the Diamond Jacks Casino license from Bossier City through a development by Peninsula Pacific.
- Discussions also continue on moving the Boyd Gaming Treasure Chest Casino, a riverboat casino in Kenner, into a larger and more modern land-based development.



ILLINOIS

- Illinois continues to move at a snail's pace as it moves forward with the potential sites that were approved just over two years ago. While they do have a consultant now on board, they are still looking to set a timeline and path forward on gaming in five of the six approved locations.
- The sixth location, the City of Chicago, still has about two months left in its RFP process in hopes to find a strong operator for the city. At least one operator that responded to the RFI (MGM Resorts) continues to appear on the sidelines. It is yet to be determined who will ultimately submit, but the high tax rate still presents a struggle to get the right operator in the market. The city desires a big name into the mix (as do most major locations) but may not get this outcome based on the crafting of the market.

INDIANA

- The Indiana Gaming Commission failed to approve the licensure of the Terre Haute Casino based on the grounds of leadership and financing issues. The Commission will now reopen the process with Lady Luck, the original applicant allowed to reapply for the license, while also opening the application window to others.



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