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Rhode Island Gaming and State Revenue Forecast

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Table of Contents

SUMMARY	1
CASINO GAMING	4
THE LAND BASED SOUTHERN NEW ENGLAND CASINO GAMING MARKET—POTENTIAL NEW COMPETITORS	5
THE REVENUE IMPACTS OF AN EAST TAUNTON CASINO AND/OR TABLES AT PLAINRIDGE	7
REVENUE FORECASTING METHODOLOGY: LAND BASED CASINO GAMING	7
SPORTS WAGERING.....	10
SPORTS WAGERING REVENUE FORECASTS	17
IGAMING	19
IGAMING REVENUE FORECASTS	19
RHODE ISLAND IGAMING FORECASTS	26
ILOTTERY	30
SMOKING CESSATION	33
REVENUE FORECASTS.....	38
REVENUE FORECAST SCENARIO A: BASELINE	38
REVENUE FORECAST SCENARIO B: ILOTTERY IN MASSACHUSETTS.....	41
REVENUE FORECAST SCENARIO C: ILOTTERY AND IGAMING IN MASSACHUSETTS.....	43
REVENUE FORECAST SCENARIO D: TABLES GAMES AT PLAINRIDGE PARK CASINO	45
REVENUE FORECAST SCENARIO E: TABLES GAMES AT PLAINRIDGE PARK CASINO AND A TRIBAL CASINO IN EAST TAUNTON, MA.....	47
REVENUE FORECAST SCENARIO F: SMOKING BAN AT RHODE ISLAND CASINOS	50

Table of Figures

EXHIBIT 1.1: MAP OF THE REGIONAL GAMING MARKET	4
EXHIBIT 1.2: SOUTHERN NEW ENGLAND LAND BASED CASINO GAMING REVENUES BY CALENDAR YEAR (IN \$ MILLIONS) *	5
EXHIBIT 1.3: UNITED STATES SPORTS WAGERING JUNE 2018-JUNE 2023	11
EXHIBIT 1.4: RHODE ISLAND SPORTS WAGERING RETAIL AND REMOTE, FY2019 TO FY2023 (\$ MILLIONS)	12
EXHIBIT 1.5 TWIN RIVER QUARTERLY RETAIL HANDLE Y/Y CHANGE FY22 THROUGH FY23	13
EXHIBIT 1.6 MAP OF RETAIL SPORTS LOCATIONS IN SOUTHERN NEW ENGLAND	14
EXHIBIT 1.7: CONNECTICUT SPORTS WAGERING RETAIL AND REMOTE*, FY2022 TO FY2023 (\$ MILLIONS)	15
EXHIBIT 1.8: MASSACHUSETTS SPORTS BETTING SITES	16
EXHIBIT 1.9: MASSACHUSETTS SPORTS WAGERING RETAIL AND REMOTE BY LICENSEE (\$ MILLIONS).....	17
EXHIBIT 1.10: PER ADULT* SPORTS BETTING HANDLE BY STATE FOR FY 2023	18
EXHIBIT 1.11: DELAWARE MONTHLY IGAMING REVENUE	20
EXHIBIT 1.12: NEW JERSEY MONTHLY IGAMING REVENUE	21
EXHIBIT 1.13: PENNSYLVANIA MONTHLY IGAMING REVENUE	22
EXHIBIT 1.14: MICHIGAN MONTHLY IGAMING REVENUE	23
EXHIBIT 1.15: WEST VIRGINIA QUARTERLY IGAMING REVENUE.....	24
EXHIBIT 1.16: CONNECTICUT MONTHLY IGAMING REVENUE	25
EXHIBIT 1.17 IGAMING GGR BY STATE LTM ENDED AUGUST 2023	26
EXHIBIT 1.18: PER ADULT (21+) SPENDING ON IGAMING, LTM ENDED MARCH 2023	27
EXHIBIT 1.19: DELAWARE AND PENNSYLVANIA ISLOTS, ITABLES, AND IPOKER % OF GROSS REVENUES.....	28
EXHIBIT 1.20: BASELINE IGAMING REVENUE PROJECTIONS AND STATE SHARE BY YEAR.....	29
EXHIBIT 1.21 RHODE ISLAND LOTTERY SALES BY PRODUCT FY2018-FY2023 (\$S MILLIONS)	31
EXHIBIT 1.22 NEW HAMPSHIRE LOTTERY SALES BY PRODUCT FY2018-FY2022 (\$S MILLIONS)	31
EXHIBIT 1.23 MASSACHUSETTS LOTTERY SALES BY PRODUCT FY2018-FY2023 (\$S MILLIONS).....	32
EXHIBIT 1.24 ADULT CIGARETTE SMOKING RATE TREND 2008-2021	34
EXHIBIT 1.25 SLOT GGR AND MARKET SHARE 3Q18 TO 2Q23 (CALENDAR YEARS).....	35
EXHIBIT 1.26 SLOT GGR MARKET SHARE 3Q18 TO 2Q23	36
EXHIBIT 1.27 TWIN RIVER AND TIVERTON MARKET SHARE 1Q21 TO 2Q23	37
EXHIBIT 1.28: BASELINE SCENARIO RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR (\$ MILLIONS)	39
EXHIBIT 1.29: BASELINE RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR (\$ MILLIONS).....	40
EXHIBIT 1.30: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR w/MA iLOTTERY (\$ MM).....	41
EXHIBIT 1.31: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR w/MA iLOTTERY (\$ MM).....	42
EXHIBIT 1.32: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR w/iLOTTERY AND IGAMING IN MA (\$ MM).....	43
EXHIBIT 1.33: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR w/ w/iLOTTERY AND IGAMING IN MA (\$ MM)	44
EXHIBIT 1.34: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR WITH TABLES GAMES AT PLAINRIDGE PARK CASINO (\$ MM)	45
EXHIBIT 1.35: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR WITH TABLES GAMES AT PLAINRIDGE PARK CASINO (\$ MM)	46
EXHIBIT 1.36: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR WITH TABLES GAMES AT PLAINRIDGE PARK CASINO AND A TRIBAL CASINO IN EAST TAUNTON (\$ MM).....	48
EXHIBIT 1.37: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR WITH TABLES GAMES AT PLAINRIDGE PARK CASINO AND A TRIBAL CASINO IN EAST TAUNTON (\$ MM).....	49
EXHIBIT 1.38: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR IF RHODE ISLAND BANS SMOKING AT CASINOS (\$ MM)	50
EXHIBIT 1.39: RHODE ISLAND REVENUE PROJECTIONS BY FISCAL YEAR IF RHODE ISLAND BANS SMOKING AT CASINOS (\$ MM)	51

Rhode Island Gaming and State Revenue Forecast

SUMMARY

Christiansen Capital Advisors, LLC (CCA) has been retained by the State of Rhode Island Department of Revenue (DOR) to update its previous studies of gaming in Rhode Island and New England.¹

In this study, we update our 2021 gaming forecast to include recently authorized iGaming in Rhode Island and sports betting in Massachusetts. In this 2023 update, CCA provides new forecasts considering these developments as well as the possibility of iGaming and/or iLottery in Massachusetts; the potential addition of table games at Plainridge Park Casino in Plainville, Massachusetts;² a potential new casino in East Taunton, Massachusetts; and the estimated impacts on Rhode Island gaming and state revenues if the state were to prohibit smoking at casinos.

Considering these meaningful changes that have occurred and are anticipated to occur within the southern New England gaming market, CCA has revisited its analysis of two years ago and has developed gaming revenue and Rhode Island revenue projections for the next eight years under the following six (6) potential scenarios:

Baseline

1. Scenario A: a baseline scenario, consisting of a forecast of Rhode Island gross gaming revenues and state shares for the FY 2024 – FY 2032 period assuming no changes in the regional gaming market from what existed as of July 1, 2023.

Online Competition

2. Scenario B: consisting of an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue as above (Scenario A) except assuming the introduction of iLottery in Massachusetts. For the purposes of this forecast we assume that iLottery in Massachusetts begins in fiscal year 2026.
3. Scenario C: consisting of an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue forecast as in Scenario B above, except assuming the introduction of iGaming as well in Massachusetts. For the purposes of this forecast we assume that iGaming in Massachusetts begins operations in fiscal year 2029.

Land Based Competition

4. Scenario D: consisting of an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue forecast as in Scenario A above, but also assuming that table games will be allowed at Plainridge Park Casino. For the purposes of this forecast we assume that table gaming at Plainridge Park Casino in Massachusetts begins operations in fiscal year 2027.

¹ Christiansen Capital Advisors, LLC, for the Rhode Island Department of Revenue "Rhode Island Gaming and State Revenue Forecast," December 3, 2021, March 12, 2019, October 31, 2017, 2015, and 2014.

² Under current Massachusetts law, the Plainridge Park Casino is limited to operating a slot machines and video poker terminals only facility. The maximum number of slot machines and video poker terminals allowed to operate at Plainridge Park Casino is 1,250.

5. Scenario E: consisting of an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue forecast as in Scenario D above, but also assuming the development of a tribal casino in East Taunton, Massachusetts. For the purposes of this forecast we assume that the Taunton casino begins operations in fiscal year 2029.

Smoking

6. Scenario F: consisting of an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue forecast as in the baseline (Scenario A) above but assessing the potential gross gaming and state revenue impacts of the elimination of smoking from Rhode Island's two casinos. For the purposes of this forecast we model a scenario where smoking is prohibited at Rhode Island casinos in fiscal year 2025.

To develop projections for the gaming revenue of terrestrial casinos (and one racino³) and sportsbooks in southern New England,⁴ CCA utilized models it has used in previous studies,⁵ modified to consider specific southern New England and surrounding area market conditions, to develop projections for the market potential of expanded gaming. To develop projections for online sports betting and iGaming, CCA has analyzed the historical experience of other jurisdictions and applied that experience to Rhode Island and other New England states.

The Lingering Impacts of COVID-19

In the spring of 2020, The COVID-19 pandemic shuttered all U.S. casinos. The shutdown of the gaming industry led to \$105 billion in lost economic activity and cost states more than \$2 billion in lost gaming taxes.⁶ In some jurisdictions these closures ranged from several weeks to several months. Even after slowly reopening over the summer of 2020 many casinos were limited to 50% capacity and the professional sports that remained in operation were on sporadic schedules and played to empty stadiums. By the end of 2020, U.S. commercial casinos had lost a cumulative 45,600 business days due to COVID-19 related closures (equivalent to 27% of the year) and revenue declined 31% from 2019.

In Rhode Island, Twin River and Tiverton Casino Hotels were closed from March 14 to June 8, 2020, when they reopened with limited capacity. The Rhode Island casinos were closed again due to the resurgence of the coronavirus the following winter. This closure lasted from November 30 to December 20, 2020. The other gaming facilities in southern New England were also closed at various periods during the COVID-19 pandemic. Foxwoods and Mohegan Sun in southeastern Connecticut were closed at 8:00 PM on March 17, 2020, and remained closed until May 29, 2020, when each was re-opened initially to invited guests. The Massachusetts casinos, Plainridge, MGM Springfield, and Encore Boston Harbor, were closed on March 16, 2020, and remained closed until early July 2020 when each casino was reopened with limited capacity.

In 2023 it appears that the gaming industry has completely rebounded from the pandemic, and, in many states, gaming revenue has surpassed pre-pandemic levels. These gains likely reflect a combination of pent-up demand resulting from the government-imposed lockdowns, and government stimulus in

³ "Racino" is an industry term referring to a racetrack with gaming devices (slot machines or VLTs) and/or table games.

⁴ These casinos include Foxwoods and Mohegan Sun in Connecticut, Bally's Twin River and Tiverton in Rhode Island, Encore Boston Harbor and MGM Springfield in Massachusetts and one racino in Plainville, Massachusetts.

⁵ CCA has conducted similar studies with accurate results for the Federal National Gambling Impact Study Commission and in the states of California, Connecticut, Florida, Illinois, Iowa, Kansas, Kentucky, Maryland, Massachusetts, New York, Oklahoma, Texas, Pennsylvania, and Virginia; Ontario, Canada; the British Overseas Territory of Bermuda, the Chinese Special Administrative Region of Macau, the country of Greece, and various other domestic and international markets.

⁶ American Gaming Association. "Gaming's National Impact COVID-19's Impact on U.S. Casino." <https://www.americangaming.org/covid-19-resources/#COVID-19>

response to the pandemic. This idea is supported by data from states that track casino admissions: win per visitor was up by 20.5% to 34.4% in Illinois, Iowa, Louisiana, and Missouri. In other words, these casinos are admitting fewer patrons that are spending more.⁷ As described in the 2021 version of this report, CCA projected that 2022 gaming revenues would continue to be bolstered by generous government stimulus payments. Also as projected in that report, the elevated gaming revenue levels observed in late 2021 and 2022 are beginning to taper off in 2023 with the end of that stimulus.

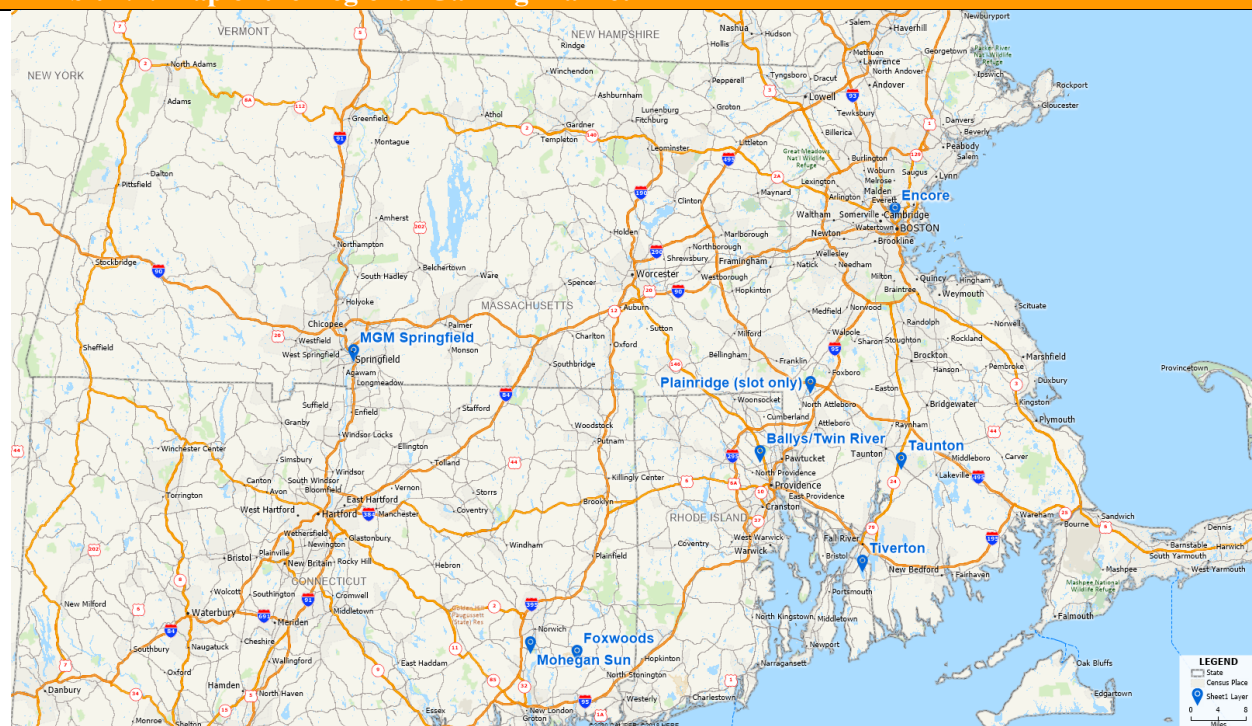
In preparing this report CCA compiled pertinent historical data relating to casinos and video lottery terminal (VLT) facilities in New England, including the Twin River Casino Hotel and the Tiverton Casino Hotel markets, casino gaming in Connecticut and in adjoining states, and constructed models of similar markets in other jurisdictions. Our analysis of this historical experience and the output of our models form the basis for the following independent analysis and conclusions. CCA believes that this empirically based method of analysis is vastly superior to theories and arbitrary values, but it can have limitations. The pandemic and stimulus affected years of 2020 to 2022 were not exactly “normal” as gaming revenues were significantly curtailed during the first part of the crisis and artificially augmented during the latter half. Furthermore, during this period new forms of gaming such as sports betting were introduced in Rhode Island and other jurisdictions. Taken together these factors can make it difficult to separate the *signal from the noise* in analyzing empirical data from this time. CCA has made every attempt to adjust our analysis with an eye toward these wider economic trends, but nevertheless a lack of “clean” data will introduce greater variability in CCA’s forecasts from previous iterations of this study.

⁷ American Gaming Association. “AGA Commercial Gaming Revenue Tracker.” <https://www.americangaming.org/resources/aga-commercial-gaming-revenue-tracker/>

Casino Gaming

Given the importance of location in terrestrial gaming as described above, the following section presents an overview of the gaming facilities that comprise the current land based southern New England gaming market. Exhibit 1.1 presents a map of this regional market. The locations of the six currently operating gaming facilities (Foxwoods and Mohegan Sun in southeastern Connecticut, MGM Springfield in western Massachusetts, Twin River Casino Hotel in northern Rhode Island, Tiverton Casino Hotel in southeastern Rhode Island, Encore Boston Harbor in northeastern Massachusetts, and Plainridge Park Casino in southern Massachusetts) as well as the previously proposed location of the Mashpee Wampanoag Region C casino in East Taunton, MA are indicated with pins on this map.

Exhibit 1.1: Map of the Regional Gaming Market



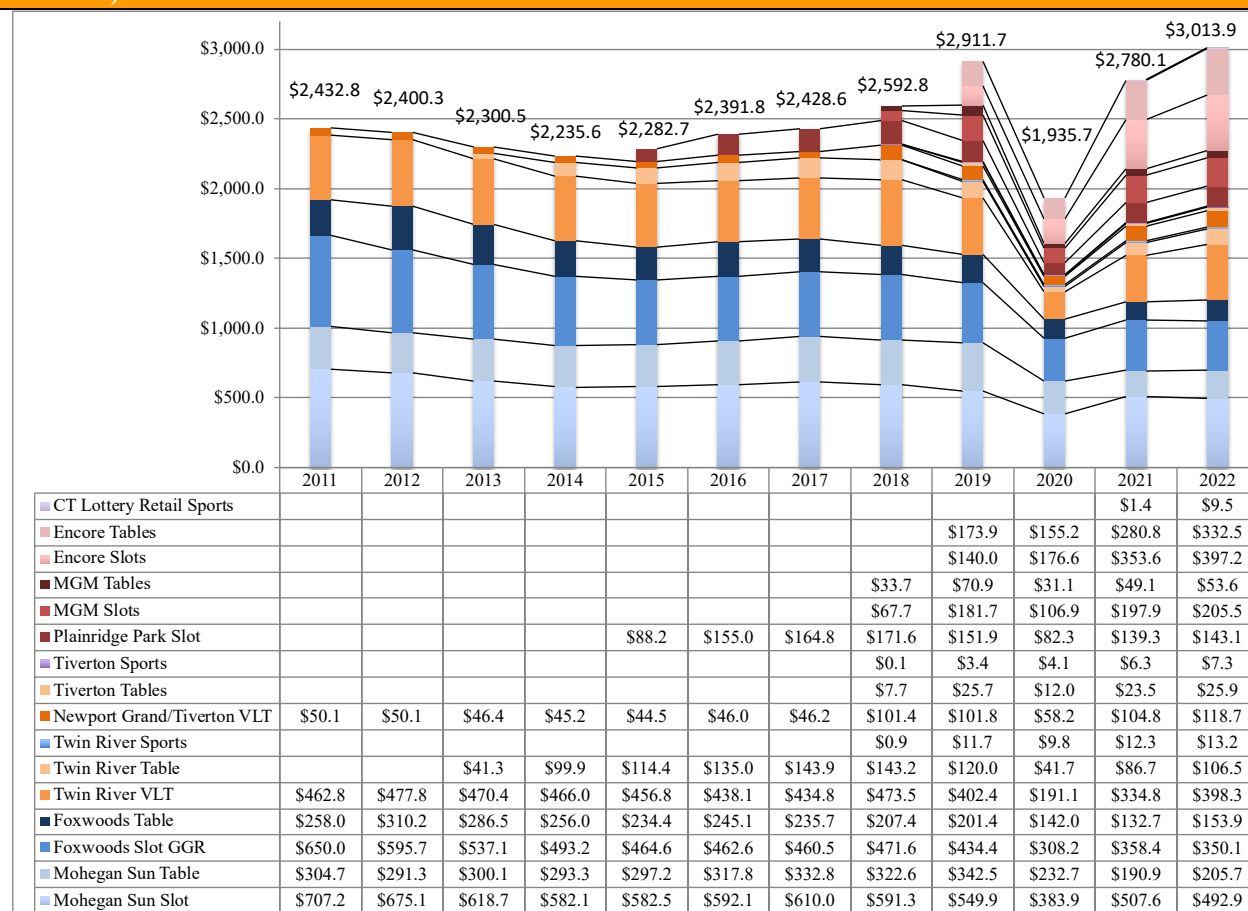
Source: Christiansen Capital Advisors, LLC

Exhibit 1.2 presents a historical performance summary of all the above-described gaming facilities (slot machines, VLTs, table games and sports wagering) in southern New England over the past twelve calendar years. CCA has converted all values to calendar rather than fiscal years because we can only get Connecticut table revenues by calendar year.⁸ In this exhibit the Connecticut casinos, Foxwoods and Mohegan Sun, are indicated by blue bars (slots and tables), Twin River Casino Hotel, Newport Grand and the Tiverton Casino Hotel with orange bars, and Massachusetts gaming facilities MGM Springfield, Plainridge Park Casino, and Encore Boston Harbor with red and pink bars. As shown in Exhibit 1.2 none of the casinos in this region were spared from the pandemic and gaming revenue at all seven regional casinos decreased by almost \$1 billion, or 33.5%, in CY 2020. Revenues recovered somewhat in 2021 rising 43.6% over 2020 but remained about 4.5% below 2019 levels. In 2022 the regional market

⁸ Except for Foxwood's whose fiscal year ends on September 30.

completed its recovery from the pandemic increasing 8.4% over 2021 to just over \$3 billion (3.5% over pre-pandemic levels).

Exhibit 1.2: Southern New England Land Based Casino Gaming Revenues by Calendar Year (in \$ millions) *



Source: Rhode Island Lottery, Massachusetts Gaming Commission, Connecticut Division of Special Revenue, Mohegan Tribal Gaming Authority Quarterly Reports, Electronic Municipal Market Access, Christiansen Capital Advisors estimates.

THE LAND BASED SOUTHERN NEW ENGLAND CASINO GAMING MARKET—POTENTIAL NEW COMPETITORS

The Massachusetts Expanded Gaming Act⁹ envisioned a Class III tribal casino owned by the Mashpee Wampanoag tribe in Region C¹⁰ provided that the United States Secretary of the Interior took land into trust for the Tribe for the purposes of constructing a casino. The legislation also left open the possibility of a commercial casino in that region should the Tribe fail to succeed in acquiring trust lands.¹¹

In 2015 the U.S. Department of the Interior (DOI) under President Barack Obama took 151 acres in Taunton and 170 acres in Mashpee into trust for the Mashpee Wampanoag tribe. A group of East Taunton

⁹ Chapter 194 of the Acts of 2011: “An Act Establishing Expanded Gaming in the Commonwealth.”

¹⁰ Region C includes Bristol, Plymouth, Nantucket, Dukes and Barnstable counties in southeastern Massachusetts and Cape Cod.

¹¹ Massachusetts Session Law, Act 2011. Chapter 194. Section 91(e).

residents, financed by Rush Street Gaming (a gaming company that wanted to build a commercial Region C casino in Brockton, Massachusetts) filed suit. In 2016, U.S. District Court Judge William G. Young ruled that the DOI erred by taking the land into trust, because the Tribe was not formally under federal jurisdiction in 1934 when the Indian Reorganization Act was enacted.¹² The judge remanded the case back to the DOI. In June of 2017, prior to the release of a new finding by the DOI, the Mashpee Wampanoag tribe announced that, “In consultation with the U.S. Department of Interior, the Tribe has suspended its request for review under Category 1 of the Indian Reorganization Act.”¹³

Nevertheless, in September of 2018, the DOI (now under the Trump administration) agreed with Judge Young’s conclusion that the Mashpee Wampanoag did not meet the definition of “Indian.” “Because the Tribe was not ‘under federal jurisdiction’ in 1934, the Tribe does not qualify under the [Indian Reorganization Act’s] first definition of ‘Indian,’” Assistant Secretary—Indian Affairs Tara Sweeney wrote in a letter to the Tribe.¹⁴ The Tribe then filed a lawsuit against the administration, saying its decision was “arbitrary, capricious and contrary to law, and if left unaddressed, will have a devastating impact on the tribe.”¹⁵ In a June 2020 ruling, U.S. District Judge Paul Friedman ruled that the DOI applied an improper standard in evaluating the Mashpee Wampanoag’s tribal status and remanded the case back to the DOI. Judge Friedman ordered the DOI to reverse its 2018 decision and put the tribal land back into federal trust. The DOI reversed its decision but also filed an appeal to Judge Friedman’s ruling. After Joe Biden’s election in November 2020, the DOI policy reversed yet again and, in February 2021, the DOI withdrew its appeal. A new legal challenge was filed in February of 2022, but on February 10, 2023, a U.S. District Court judge ruled in favor of the Mashpee Wampanoag Tribe, determining the DOI was right to move the land for the casino into the tribe’s reservation trust.

As noted in previous reports, CCA believes it unlikely that the Region C gambling license created by the Expanded Gaming Act will remain dormant forever. Furthermore, the Tribe has vowed to “investigate all options” and “examine all avenues available under the law.”¹⁶

Although this has been a long and sorted history, it now appears that the Mashpee Wampanoag Tribe may finally be close to achieving their goal of a casino in Taunton. In August 2023, the Tribe asked to meet with the Taunton City Council to discuss a new development proposal for the project. At the time of the writing this report, no details on the tribe’s proposal have been released to the public.

The First Light Casino

The Mashpee Wampanoag Tribe previously proposed a \$500 million destination gaming resort facility in East Taunton, Massachusetts which is located approximately 35 miles south of Boston and 20 miles east

¹² The basis for this decision was *Carcieri v. Salazar*, 555 U.S. 379 (2009), in which the Supreme Court of the United States held that the federal government could not take land into trust that was acquired by the Narragansett Tribe in the late 20th century, as it was not federally recognized until 1983. The Court ruled that the phrase “now under Federal jurisdiction” in the Indian Reorganization Act of 1934 referred only to those tribes that were federally recognized when the act was passed. It ruled that the federal government could not take land into trust for the Narragansett or other tribes that were federally recognized and acquired land after 1934. Some Massachusetts lawmakers have introduced a Carcieri fix in Congress and have co-authored legislation to federally recognize the Mashpee Wampanoags and return the land to trust status (<https://www.congress.gov/115/bills/hr5244/BILLS-115hr5244ih.pdf>).

¹³ Although, as a few others have noted, the State of Massachusetts could award a commercial (non-tribal) gambling license to the Wampanoag tribe thereby circumventing the need for the casino site to be taken into trust under the Indian Gaming Regulatory Act (IGRA), but this would likely require reopening of the competitive bidding process for Region C.

¹⁴ <https://www.indianz.com/News/2018/09/10/mashpee090718.pdf>

¹⁵ by Shafik Mandhai, “Native American Mashpee tribe turns to Congress in land dispute” Aljazeera, 14 Nov 2018.

<https://www.aljazeera.com/news/2018/11/native-american-mashpee-tribe-turns-congress-land-dispute-181114184734541.html>

¹⁶ <http://www.tauntongazette.com/news/20170627/mashpee-wampanoag-land-in-trust-taunton-casino-deal-hits-another-snap>

of Providence (Exhibit 1.1). Publicly released plans included a 150,000 square foot gaming facility with 3,000 slot machines, 150 house banked table games, and 40 poker tables.¹⁷

The Tribe's planned program for the East Taunton casino was released before the Newport Grand Casino was closed and the Tiverton Casino Hotel opened.¹⁸ CCA believes that the presence of competition in Tiverton, RI will significantly curtail the Mashpee Wampanoag Tribe's proposed investment in an East Taunton casino, reducing it by as much as half from their original plans. Thus, CCA assumes that the potential East Taunton project will be reduced to a \$250-\$300 million gaming facility with 1,500-2,000 slot machines, 75-100 house banked table games, and approximately 25 poker tables.¹⁹

THE REVENUE IMPACTS OF AN EAST TAUNTON CASINO AND/OR TABLES AT PLAINRIDGE

In assessing the impacts of a new casino in East Taunton on Rhode Island gaming facilities, CCA relied primarily upon a gravity model analysis utilizing the methodologies and methods described below, and the most recent available data on gaming revenues. In addition, CCA incorporated the observed historical impacts of Plainridge Park, MGM Springfield and Encore Boston Harbor on Rhode Island venues.

REVENUE FORECASTING METHODOLOGY: LAND BASED CASINO GAMING

To develop these projections, CCA utilized the same basic modeling technique it has used in similar studies over the past 40 years. The modeling technique is modified to account for specific southern New England and surrounding area market conditions, and then used to develop projections for the market potential of, and impacts on, existing Rhode Island licensees from expanded gaming operations in southern New England.

The core of the model, which is used in many location-based analyses of this type, is often referred to as a "gravity model," because it is based on Newton's Law of Gravitation (for which the distance factor would be -2.0 : if you double the distance, the attraction declines by a factor of four). This model has been consistently refined and improved by CCA over the years as it relates to gaming facilities. CCA's technique focuses on the demographics of areas surrounding each gaming facility, in particular the number of adults residing at various distances (measured in drive time), and the observed ratio of actual spending of other similar adult populations in other gaming markets.

In other words, our model assesses, and projects, gaming revenues based upon the distribution and characteristics of the adult populations surrounding each facility. The model includes parameters for distance, competition, per capita income, urban/rural population mix, and the nonresident "visitor" population. These factors, or variables, are then weighted using real world data and experience to generate the resulting projections. In conducting these analyses, CCA drills down to a precise level of detail. CCA models markets in the United States down to adult population by ZIP Code.²⁰ Carrying the analysis down to the ZIP Code level is particularly important in markets that have several gaming facilities in close proximity.

¹⁷ <http://www.mashpeewampanoagtribe.com/content/pages/77/MWT-Presentation.pdf>

¹⁸ The gaming license under which the Newport Grand casino operated was transferred to the Tiverton Casino Hotel upon the latter's opening in September 2018.

¹⁹ The Tiverton Casino Hotel currently operates 1,000 video lottery terminals, 32 house banked table games and zero poker tables.

²⁰ In Canada, CCA uses the Canada Post forward sortation area (FSA).

Another vital component of CCA's modeling procedure is a *verifiable* adult spending base for slot machines and table games. We apply the experience of existing casino, racino and sport betting facilities in the existing market(s) and in comparable markets to estimate the consumer demand for a proposed gaming facility and its potential impacts upon other forms of gaming. In this case, we have applied the experience of existing casinos and video lottery terminal (VLT) facilities in southern New England and in other comparable markets to estimate the consumer demand for southern New England casinos and their impacts upon Rhode Island. To this end, we analyzed the performance of gaming machines and table games at casinos and racetrack gaming facilities in a wide variety of markets, including Connecticut, Delaware, Illinois, Indiana, Maryland, New York, Pennsylvania, and West Virginia.

Our projections of casino demand and potential revenues are based on a particularly important observation: other things being equal, patrons of regional gaming facilities, as distinct from patrons of destination gaming resorts serving long-distance travelers, overwhelmingly tend to engage in gaming activity at the facility that is most conveniently located for them. Because the public tends to engage in gaming activity at the facility that is most conveniently located, patronage (and associated spending) at casino gaming facilities falls off with increased drive time. For very large destination gaming resorts, like Foxwoods and Mohegan Sun in Connecticut and Encore Boston Harbor in Massachusetts, we utilize a "drive time coefficient"²¹ of about -0.45, compared to values of about -0.7 for racino or VLT only facilities. These coefficients are derived from observed experience and player tracking from many disparate casino markets. In other words, casino patronage rises with increased proximity to a gaming facility, but at differing rates for different types of gaming properties.²²

Because regional gaming facilities with slot machines and table games are in essence commodities, drive time is by far the predominant determinant of casino patronage. The drive time impact is manifold because it not only determines the overall level of per capita expenditures in the marketplace; it weighs heavily in consumer choice among competing suppliers. In general, the evidence from other markets overwhelmingly indicates that consumer expenditures on regional casino games will flow to the closest supplier to any given market.²³ Effective player databases, clever promotions, amenities such as signature restaurants, concert venues and so forth can play a key role in the relative *attractiveness* of competing gaming properties, particularly if they are in close proximity, but at round trip travel times measured in an hour or more the tyranny of distance generally prevails. That said, casino patrons sometimes do visit more distant facilities, particularly if there is a critical mass of casinos or amenities that they cannot get at the gaming facility nearest to them and they will spend more per visit at those gaming facilities, but the local (nearby) supplier will usually get the lion's share of that patron's annual gaming budget.

To recap, the models used for the projections in this report adjust the populations surrounding each gaming facility (or proposed gaming facility) for drive time, per capita income,²⁴ the proportion of urban to rural residents in the population (urbanites typically spend more on gaming), the nonresident "visitor"

²¹ The "distance factors" estimated for these models are, technically, the "elasticities" of spending with respect to distance. Based upon survey data from several jurisdictions, rates of casino visitation appear to decline in proportion to about the 0.5 to 0.7 power of the distance to the casino, yielding distance factors of about 0.5 to 0.7. This is a relatively "long-distance" attraction; if distance doubles, for example, spending (other things being equal) declines by only about 30 percent.

²² Specifically, the drive time coefficient obtained from the analysis of comparable markets is -.45 for very large-scale destination gaming resorts, -.5 for large regional gaming facilities with hotels and other amenities, -.6 for small regional gaming facilities without a hotel, and -.7 for single product facilities, such as a slot machines only gaming operation.

²³ Integrated gaming resorts or IRs such as those in Las Vegas, Singapore, Macau, and proposed for Japan are an exception. These markets are unique both in terms of intensity of capital investment and of the many additional attractions that enable them to attract a truly global customer base.

²⁴ We assume that for counties with per capita money incomes below regional averages, destination gaming resort spending declines with income with an elasticity of 0.5.

population, and competition. From these data, we calculate an *adjusted adult population* around each gaming facility, or group of gaming facilities. This measure weights the adults who live closest to a gaming facility (and not closer to a competing gaming facility) at higher values than those who live at greater drive times. Total actual or estimated revenues (or consumer spending) in each market is divided by these adjusted population figures to arrive at a drive time adjusted spending base.²⁵

Timing

Upon consultation with the Department of Revenue, Division of Lottery, CCA assumed that table gaming at Plainridge Park Casino in Massachusetts begins operations in fiscal year 2027 and the Mashpee Wampanoag casino located in Taunton would open and be fully operational in July 2028 (FY 2029).

²⁵ As noted above, these populations are adjusted for several other factors as well; however, the most significant variable, in terms of gaming spending, is drive time. Hence, we refer to these populations as “drive time” adjusted.

Sports Wagering

Sports wagering, once restricted to only four states (and only one, Nevada, was allowed full sports wagering), is expanding rapidly in America. At the time of this writing, there are now 37 states that have legalized some form of betting on sports, including all five New England states.²⁶

Sports Wagering Background

On May 14, 2018, the Supreme Court of the United States ruled in favor of the State of New Jersey in *Murphy v. NCAA*. At issue in the case was the constitutionality of the Professional and Amateur Sports Protection Act (“PASPA”) a federal law seeking to halt the expansion of sports wagering in the United States passed by Congress in 1992.

PASPA specifically held that it was unlawful for a State or its subdivisions “to sponsor, operate, advertise, promote, license, or authorize by law or compact . . . a lottery, sweepstakes, or other betting, gambling, or wagering scheme based. . . on competitive sporting events”²⁷, and for “a person to sponsor, operate, advertise, or promote” those same gambling schemes if done “pursuant to the law or compact of a governmental entity.”²⁸ PASPA did not make sports wagering a federal crime. Instead, it allowed the Attorney General, as well as professional and amateur sports organizations, to bring civil actions to enjoin violations.²⁹ The law included “grandfather” provisions which allowed existing forms of sports wagering prior to the passage of PASPA to continue in four States: Nevada, Delaware, Montana, and Oregon. It also would have permitted New Jersey to set up sports wagering in Atlantic City within a year of PASPA’s enactment.³⁰ The one-year deadline came and went without New Jersey establishing sports wagering.

More than twenty years later, New Jersey voters approved an amendment to the State Constitution giving the legislature the authority to legalize sports wagering in Atlantic City and at horseracing tracks. The New Jersey legislature quickly exercised that authority, and almost immediately the NCAA and three major professional sports leagues brought an action in federal court against New Jersey’s Governor and other state officials on the grounds that it had violated PASPA.

The New Jersey legislature enacted a law in 2014 that partially repealed its own sports wagering ban.³¹ Over the next three years, New Jersey lost in both federal district court and the U.S. Third Circuit Court of Appeals. New Jersey then appealed the case to the U.S. Supreme Court.

The U.S. Supreme Court agreed to hear New Jersey’s appeal (granted *certiorari*) in the summer of 2017. Oral arguments in the case took place in December of that year. The majority opinion issued in May 2018 was written by Justice Samuel Alito, and, in sum, held that PASPA was unconstitutional.³²

²⁶ “Legislative Tracker: Sports Betting” Legal Sports Report. <https://www.legalsportsreport.com/sportsbetting-bill-tracker/>

²⁷ 28 U. S. C. §3702(1)

²⁸ 28 U. S. C. §3702(2)

²⁹ 28 U. S. C. §3702(3)

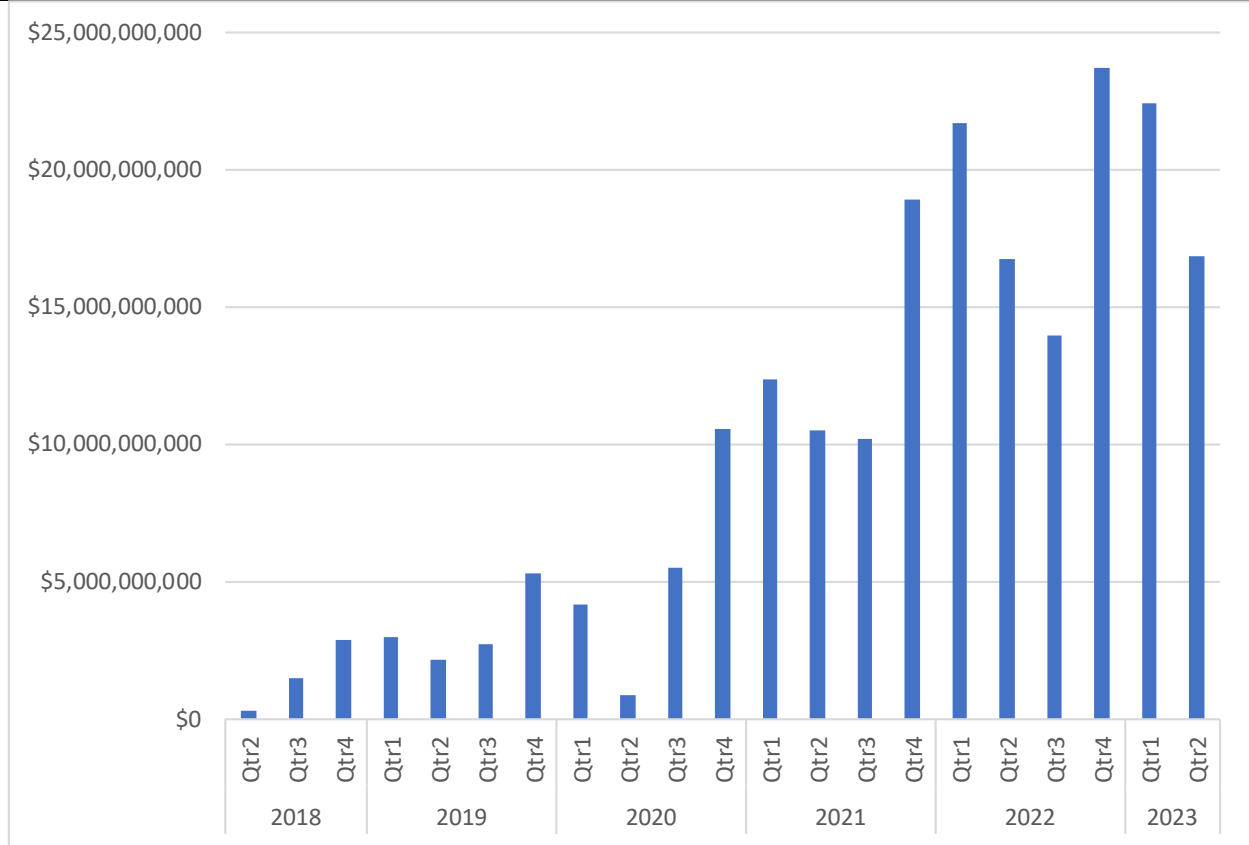
³⁰ §3704(a)(1)–(3)

³¹ The 2014 law was narrowly tailored as a “partial repeal” after the first attempt, a similar law passed in 2012, was contested by the NCAA and the leagues in Federal Court but failed to be granted *certiorari* by the United States Supreme Court.

³² Key components of the ruling include: that when a State completely or partially repeals old laws banning sports gambling schemes, it for practical purposes “authorize[s]” those schemes under PASPA; PASPA’s provision prohibiting state authorization of sports gambling schemes violates the anticommandeering rule; PASPA’s provision prohibiting “licens[ing]” of sports gambling schemes also violates the anticommandeering rule. It issues a direct order to the state legislature and suffers from the same defect as

Exhibit 1.3 presents total sports wagering in the United States from June 2018 through June 2023.

Exhibit 1.3: United States Sports Wagering June 2018-June 2023



Source: State Regulatory Reports

Sports Wagering in Rhode Island

In anticipation of the U.S. Supreme Court ruling, Rhode Island began taking affirmative steps to authorize and enact sports wagering in early 2018. On January 18, 2018, a bill was introduced in the Rhode Island Senate (S-2045) that would allow the Rhode Island Lottery to operate sports wagering at the two state operated casinos. Governor Gina Raimondo’s FY 2019 Recommended Budget included different statutory language from S-2045 but also implemented sports wagering at Twin River Casino Hotel and Tiverton Casino Hotel and S-2045 was subsequently replaced with S-2045 Substitute A which mirrored the Governor’s proposed statutory changes to implement sports wagering. The Governor’s FY 2019 proposed budget projected \$23.5 million in revenue to the state from onsite sports wagering at the two facilities.³³ These estimated revenues were later included in the FY 2019 Enacted Budget passed by the House of Representatives and the Senate when the statutory language proposed by the Governor to

the prohibition of state authorization. Thus, this Court need not decide whether New Jersey’s 2014 law violates PASPA’s anti-licensing provision.”

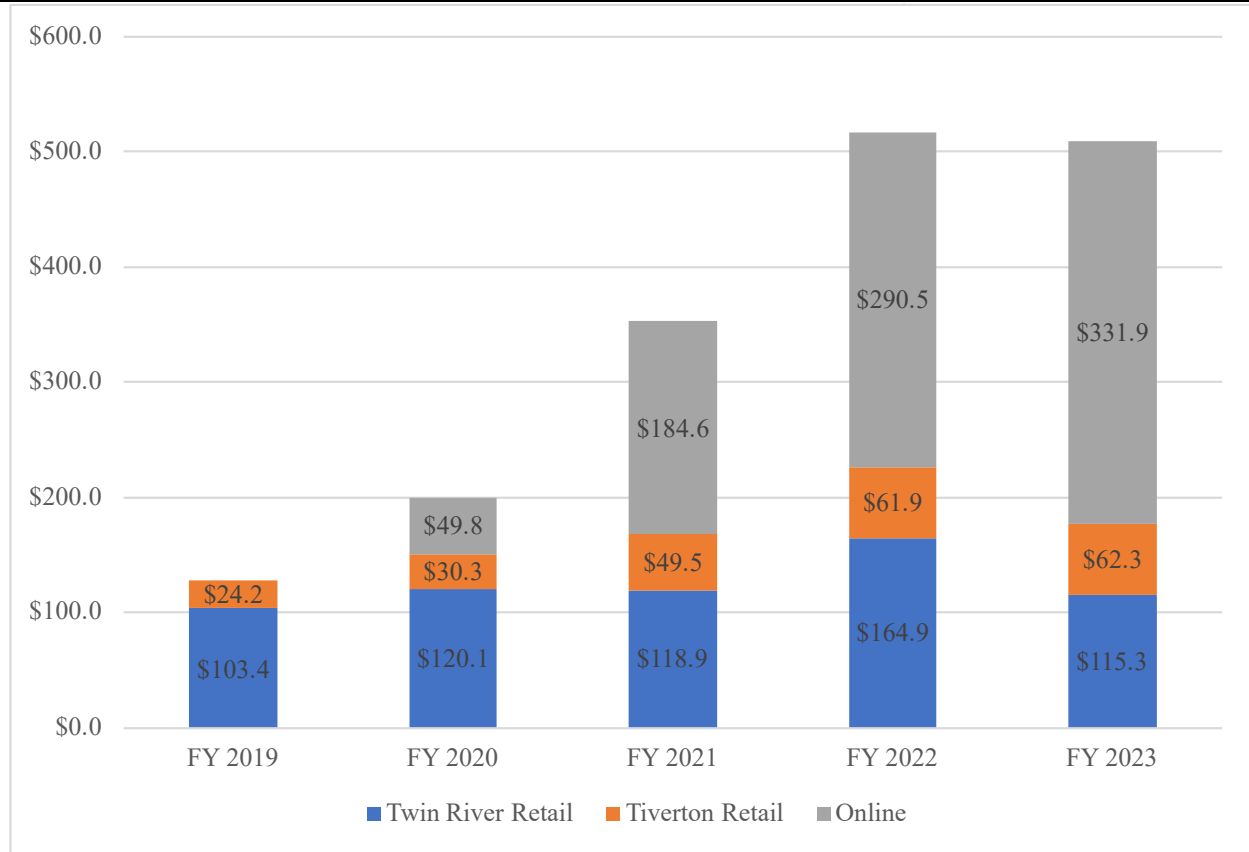
³³ The estimated revenue to the state from sports wagering for FY 2019 was subsequently reduced to \$11.5 million at the November 2018 Revenue Estimating Conference. Thus, the amount of revenue included in the FY 2019 budget from onsite sports wagering was one-half of the original estimate.

implement sports wagering was modified slightly and passed into law contingent on the overturning of PASPA by the U.S. Supreme Court.

On May 15, 2018 (one day after the U.S. Supreme Court’s ruling in *Murphy v. NCAA*) Rhode Island lawmakers held the first post-PASPA hearing in the United States. The legislature passed the FY 2019 Enacted Budget including the slightly modified sports wagering provisions proposed by the Governor in mid-June and Governor Raimondo signed it into law on June 22, 2018. As noted above, sports wagering commenced at Twin River Casino Hotel on November 26, 2018, and at Tiverton Casino Hotel on December 3, 2018. Statewide remote sports wagering became available in Rhode Island on September 4, 2019.

Exhibit 1.4 presents sports betting handle (or total wagers) in Rhode Island from inception through fiscal year 2023. Total sports betting handle grew from \$127.6 million in FY2019 to \$509.5 million in FY2023, although that represented a 1.5% decrease of betting handle from fiscal year 2022. This was primarily due to the nearly 30% decline in sports betting handle at Twin River.

Exhibit 1.4: Rhode Island Sports Wagering Retail and Remote, FY2019 to FY2023 (\$ millions)

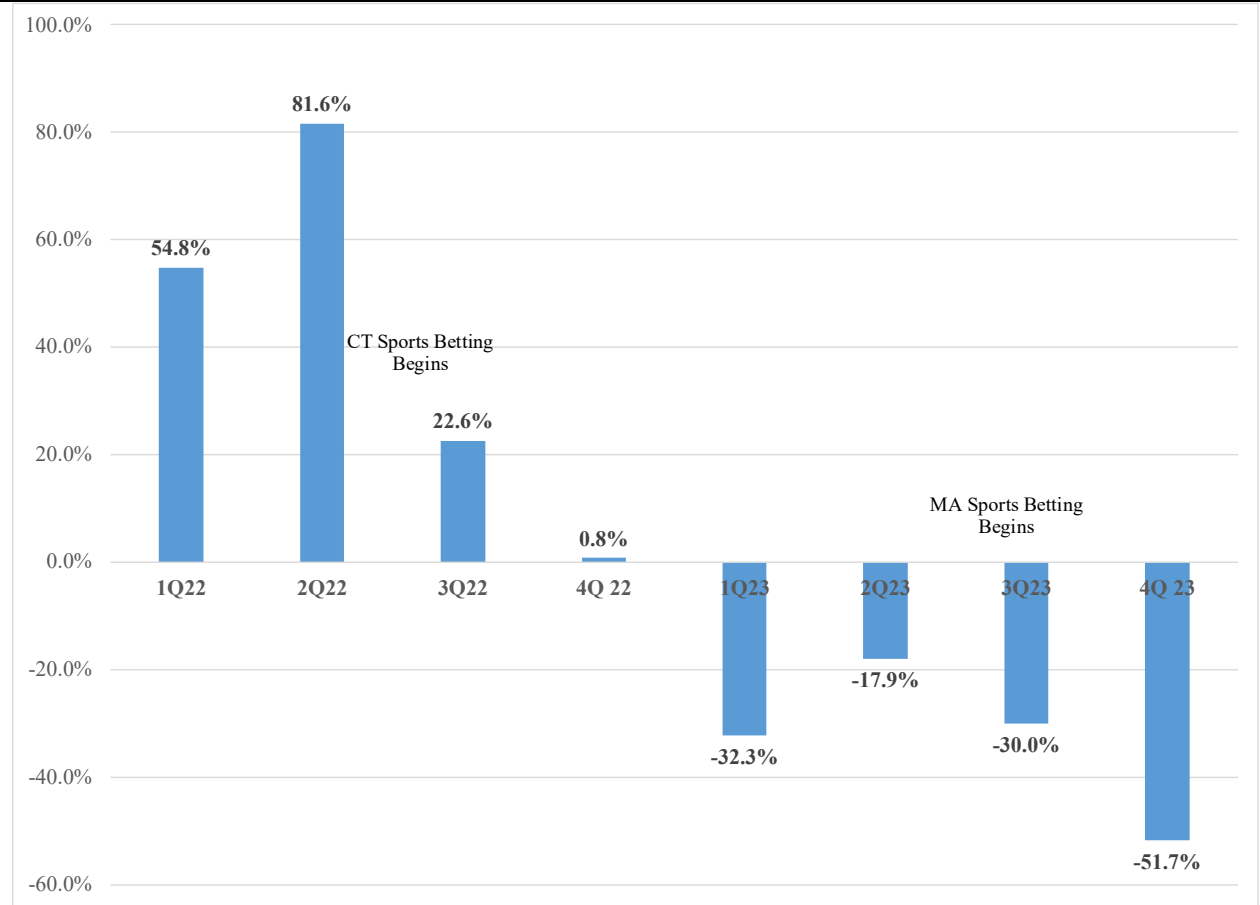


Source: Rhode Island Lottery

Exhibit 1.5 examines retail sports wagering at Twin River in greater detail. This exhibit calculates the percentage change in quarterly handle from the same quarter in the previous year. As depicted below, growth in sports betting handle at Twin River began to decline with the launch of sports betting in

Connecticut, reaching a nadir of -32.3% in the 1st quarter of FY23. These declines were beginning to moderate until Massachusetts launched sports betting as well in the 3rd quarter of FY23.

Exhibit 1.5 Twin River Quarterly Retail Handle Y/Y change FY22 Through FY23

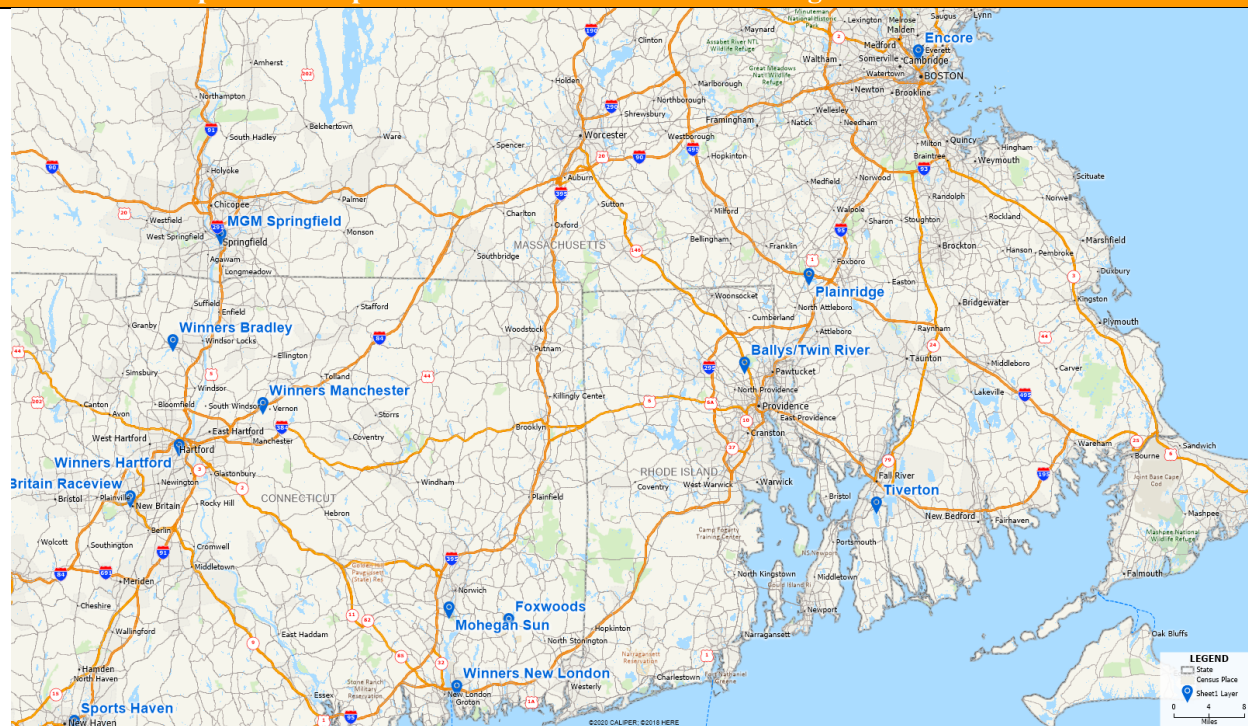


Source: Rhode Island Lottery

In sum, the observed experience of the impact of sports betting in nearby Connecticut and Massachusetts on Rhode Island sports betting has been a meaningful decline in retail sports wagering at Twin River, slight to moderate impacts on sports betting at Tiverton and slight impacts upon remote sports wagering (a declination from the blistering growth observed in the three years prior).

The map in Exhibit 1.6 clearly shows why this occurred. The Tiverton location is relatively isolated from retail sports betting locations in other States, with the closest competing facility being Plainridge. Twin River, on the other hand, is surrounded on three sides by the very close Plainridge and the more distant but still impactful competing retail sports books at Foxwoods, Mohegan Sun, and MGM Springfield.

Exhibit 1.6 Map of Retail Sports Locations in Southern New England



Sources: Connecticut Lottery, Massachusetts Gaming Commission, Rhode Island Lottery

Sports Wagering in Connecticut

In 2017, Connecticut lawmakers passed a gaming bill that authorized a tribally owned casino in East Windsor, expanded the number of Off Track Betting (OTB) sites, and instructed the State's consumer protection department to begin establishing a regulatory structure for sports wagering in the event of PASPA being overturned.³⁵ The Connecticut legislature adjourned on May 9, 2018 five days before the Supreme Court's ruling in *Murphy v NCAA*. Connecticut's existing law in theory became active with the Supreme Court's ruling, but regulators asked for more direction from the legislature including details such as who should be allowed to offer sports wagering in the State.

On May 27, 2021, Governor Ned Lamont signed HB6451 into law. HB6451 allows for sports betting in Connecticut as well as full-scale iGaming.³⁶ The law allows for three licensees; the two federally recognized Native American tribes and the Connecticut Lottery. The Lottery is allowed to operate 15 retail sportsbooks. Two of them must be in Bridgeport and Hartford. The Lottery can outsource some of these operations to Sportech, the state's OTB operator. DraftKings partnered with Foxwoods and FanDuel

³⁵ Keating, Christopher and Gosselin, Kenneth R. "House Approves East Windsor Casino, But MGM Expects Legal Battle" Hartford Courant. June 7, 2017. <https://www.courant.com/politics/hc-house-casino-debate-20170606-story.html>

³⁶ iGaming as used in this report refers to casino games such as slot machines, craps, roulette, house banked, and non-house banked table games delivered via interactive media. Sometimes online sports wagering is included within descriptions of iGaming, but in this report, we confine that definition to casino-style games to distinguish this form of gaming from sports betting and online lotteries.

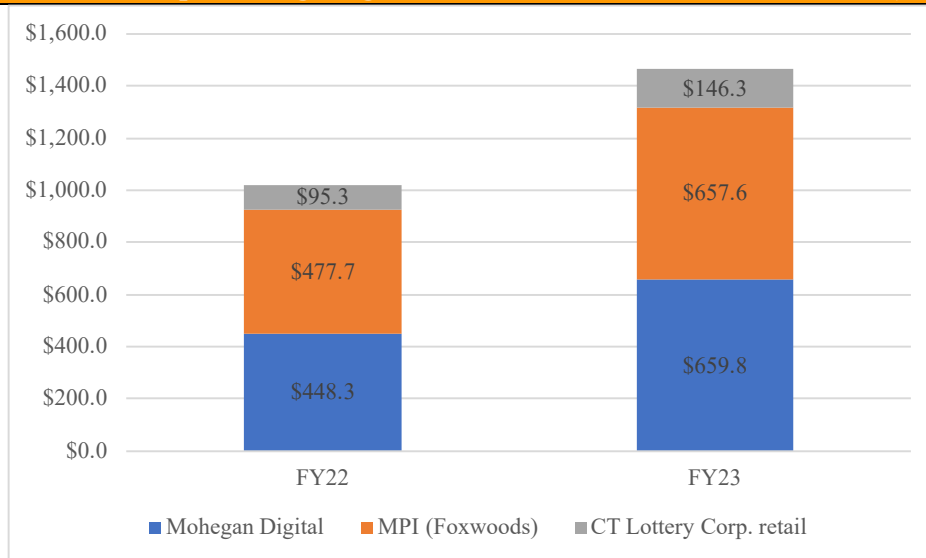
has partnered with Mohegan Sun. The Connecticut Lottery chose Rush Street Interactive (RSI) in a competitive bidding process.

On September 9, 2021, the U.S. Department of the Interior gave its approval on the new tribal gaming compacts. On September 30, 2021, DraftKings and FanDuel opened retail sportsbooks at Foxwoods Resort Casino and Mohegan Sun respectively, and on October 12, 2021, the three online sportsbooks went live in a soft-launch period for at least seven days with bettors limited to \$750 for each platform.

To date, the Connecticut Lottery has opened retail sports books in Hartford, New Britain, New Haven, Manchester, Milford, Stamford, Waterbury, and Windsor Locks. Another location in Bridgeport is schedules to open this winter. These sportsbooks offer wall-to-wall TV monitors, odds boards, food and beverage menus, a wide array of bets on various professional and collegiate sports, including parlays, proposition bets and in-game bets, through self-service kiosks as well as staffed teller stations. The Connecticut Lottery and RSI retail sports wagering locations will be within an approximately 30-minute drive for most Connecticut residents.”³⁷

Exhibit 1.7 presents the most recent data for total sports wagering in Connecticut excluding what was wagered at Foxwood’s and Mohegan Sun’s retail sports book which are not required to report that data to the State of Connecticut. Wagering increased from \$926 million in FY22 to \$1.3 billion in FY23 an increase of 42.3%, primarily driven by growth in remote or online sports betting offered by Foxwoods and Mohegan Sun.

Exhibit 1.7: Connecticut Sports Wagering Retail and Remote*, FY2022 to FY2023 (\$ millions)



*Mohegan Sun and Foxwoods do not report retail sports betting data.

Source: Connecticut Division of Special Revenue

Sports Wagering in Massachusetts

Massachusetts has allowed legal and regulated daily fantasy sports (DFS) since 2016. On August 10, 2022, then-Governor Charlie Baker, signed House Bill 5164 into law. A total of 15 licenses were made

³⁷ “Connecticut Lottery Corporation and Rush Street Interactive Launch the Play SugarHouse Retail Sportsbook” <https://www.ctlottery.org/News/530>

available including seven standalone mobile licenses at a cost of \$5 million apiece. The bill taxes sports betting revenue at 12.5% for retail and 15% for online. Encore Boston Harbor, MGM Springfield, and Plainridge Park Casino all have retail licenses and have offered retail sports betting since January 31, 2023. The three casinos have also been granted two online skins³⁸ each. Raynham Park and Suffolk Downs will also be allowed retail sportsbook locations and are permitted to partner with one retail and one online operator. Raynham Park has partnered with Caesars for retail betting but neither has yet to open.

Massachusetts online sports betting began on March 10, 2023. Exhibit 1.8 presents the licensed providers of remote sports betting as well as the date they launched (or are projected to launch).

Exhibit 1.8: Massachusetts Sports Betting Sites

Online sportsbook	Retail partner	Retail sportsbook	Launch date
Bally Bet	N/A	N/A	Coming late 2023
ESPN Bet	Plainridge Park Casino	ESPN Bet	3/10/23
BetMGM	MGM Springfield	BetMGM Sportsbook	3/10/23
Betr	N/A	N/A	5/8/23
Betway	N/A	N/A	Coming 2024
Caesars Sportsbook	Encore Boston Harbor	Caesars Sportsbook at Raynham Park	3/10/23
DraftKings	N/A	N/A	3/10/23
Fanatics Sportsbook	Plainridge Park Casino	TBD	5/25/23
FanDuel	N/A	N/A	3/10/23

Source: Covers.com

Exhibit 1.9 presents sports wagering by Massachusetts licensee for the period ended July 30, 2023.

³⁸ “Skins” are an industry term for consumer facing gambling websites that are connected to the same back end (although the customer may be unaware these sites are connected). So, in other words, Massachusetts sportsbooks are allowed to operate two separately branded and designed websites, or web storefronts.

Exhibit 1.9: Massachusetts Sports Wagering Retail and Remote by Licensee (\$ millions)

Month ended	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	YTD
Encore Boston Harbor	\$370,882	\$16,900,615	\$13,442,908	\$7,982,916	\$6,707,907	\$4,536,244	\$3,236,151	\$53,177,623
MGM Springfield	\$35,035	\$1,766,560	\$1,660,046	\$1,650,618	\$1,936,800	\$894,976	\$607,046	\$8,551,080
Plainridge Park Casino	\$82,830	\$5,768,335	\$4,885,811	\$3,392,422	\$2,760,995	\$3,085,981	\$2,962,173	\$22,938,548
Barstool Sportsbook	N/A	N/A	\$29,505,722	\$24,580,108	\$16,025,155	\$16,446,808	\$11,688,652	\$98,246,445
BetMGM	N/A	N/A	\$45,271,183	\$42,960,659	\$34,950,153	\$24,985,879	\$22,461,781	\$170,629,654
Betr	N/A	N/A	N/A	N/A	\$592,966	\$290,650	\$155,582	\$1,039,197
Caesars Sportsbook	N/A	N/A	\$16,398,405	\$19,419,242	\$19,028,483	\$12,687,806	\$11,343,713	\$78,877,649
DraftKings	N/A	N/A	\$257,634,289	\$283,837,926	\$221,097,426	\$164,226,307	\$144,866,212	\$1,071,662,159
Fanatics	N/A	N/A	N/A	N/A	\$123,109	\$1,897,494	\$2,353,501	\$4,374,104
FanDuel	N/A	N/A	\$181,085,196	\$172,627,765	\$135,330,126	\$96,073,002	\$86,188,847	\$671,304,936
WynnBet	N/A	N/A	\$18,336,370	\$22,811,167	\$16,412,297	\$11,777,968	\$9,061,119	\$78,398,922
Total	\$488,747	\$24,435,509	\$568,219,929	\$579,262,823	\$454,965,416	\$336,903,115	\$294,924,777	\$2,259,200,317

Source: Massachusetts Gaming Commission

SPORTS WAGERING REVENUE FORECASTS

To produce estimates of Rhode Island onsite sports wagering for our previous study, CCA utilized its gravity modeling technique discussed earlier in this report for onsite sports betting. Specifically, CCA relied on the experience of local sports wagering markets in other states and applied that experience to the Rhode Island market. The reported onsite sports betting at Twin River and Tiverton came out very close to and slightly exceeded CCA's initial projections. Thus, CCA utilized the same methodology in this report slightly revised by recent returns from onsite sports wagering in Rhode Island.

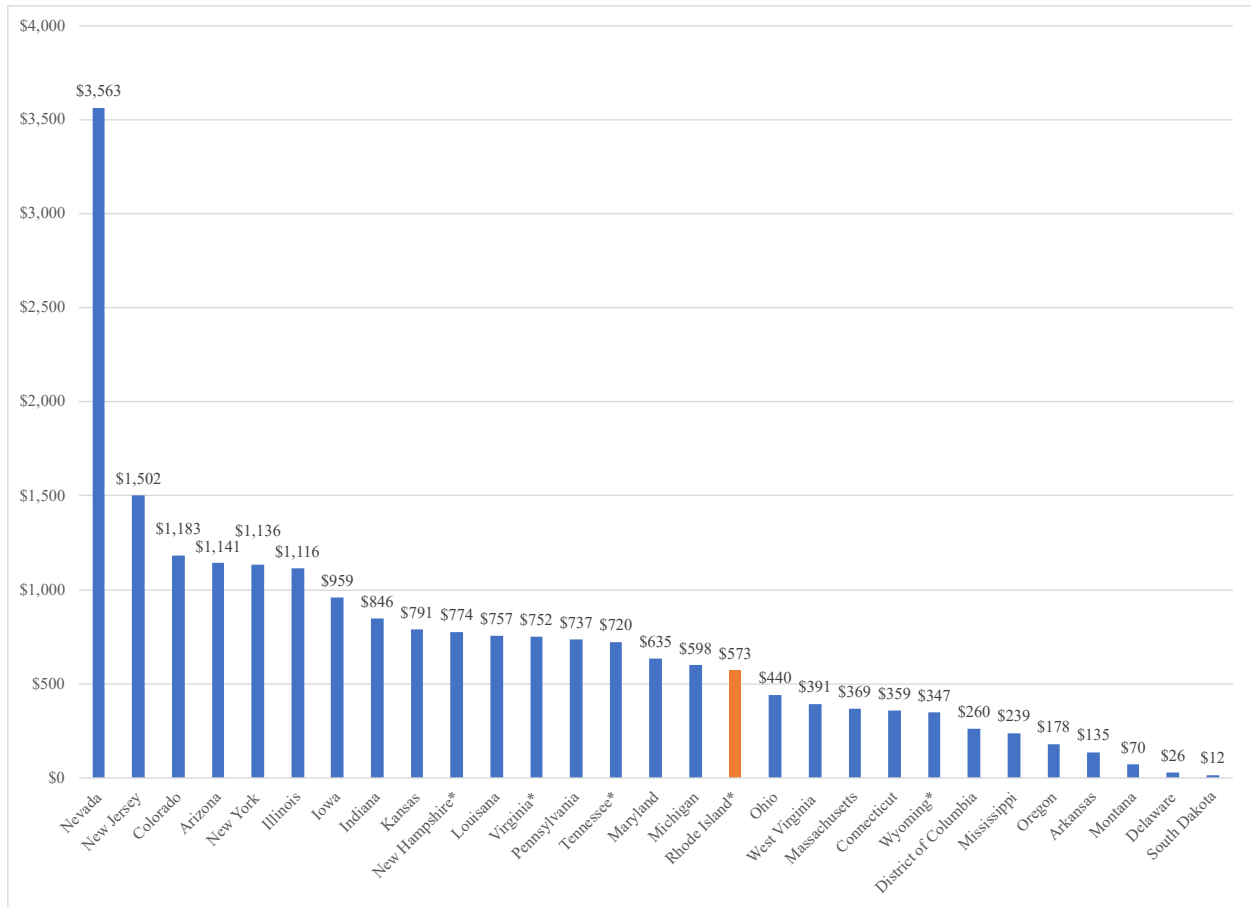
For online betting CCA utilized a weighted average of per adult remote betting results from other jurisdictions applied to the Rhode Island adult population. These forecasts were not as accurate. Given that onsite sports betting slightly exceeded CCA's initial estimates it may be that Rhode Island's geography makes onsite betting more competitive with the online product than in larger states, but CCA does not believe that fully explains what can only be described as Rhode Island's remote sports betting relative underperformance (Exhibit 1.10). Thus, in this update CCA relies primarily on the observed experience of remote sports betting in Rhode Island and the continuation of current trends to forecast future revenues adjusted for the assumed new competition that has entered, or will enter, the market.

As discussed in CCA's previous report, sports wagering is relatively new in the United States and CCA's projections for sports wagering will be subject to greater variability than its projections for table and slot machine gaming. In addition, sports wagering is unlike slot machine or table gaming in one very material respect—volatility of hold. Over the course of a year the hold percentage (what is retained by the operator as revenues expressed as percentage of the total amount wagered) for machine and table gaming is almost entirely predictable. Sometimes players or casinos can get lucky, but over the course of a year the billions of pulls on slot machine handles and rolls of the dice or flips of the cards on table games will **hold** very close to what probability dictates the games should retain. In sports wagering, which is focused on a very finite pool of sporting contests and heavily weighted toward championships and certain sports, operators can and do lose. For this reason, unlike other forms of gaming, when preparing projections for sports wagering CCA utilizes handle rather than revenue, where handle is the total amount wagered not just the wagered amount that is retained by the sports book. In other words, CCA projects the sports wagering

handle for Rhode Island and then applies an estimated hold percentage.³⁹ Therefore, exhibit 1.10 below presents sports wagering per adult.

Exhibit 1.10 analyzes sports wagering in the 29 states that had sports betting in FY2023 and compares these results with the adult populations of these states. These results are sorted by spending by adult to depict the relative rank of each state. As shown in this exhibit, sports wagering (handle) per adult in Rhode Island is currently at the lower middle part of the observed range at \$573 per (18+) adult.

Exhibit 1.10: Per Adult* Sports Betting Handle by State for FY 2023



*States indicated with an asterisk allow sports betting by 18-year-olds.

Sources: U.S. Census Bureau, Population Division, Nielsen/Claritas, Delaware Lottery, West Virginia Lottery, New Jersey Division of Gaming Enforcement, Nevada Gaming Control Board, Mississippi Gaming Commission, Indiana Gaming Board, Illinois Gaming Board, Iowa Racing and Gaming Commission, Pennsylvania Gaming Control Board, New Hampshire Lottery, DC Lottery, Michigan Gaming Control Board, Rhode Island Lottery, West Virginia Lottery, Mississippi Gaming Board, Delaware Lottery, New York Gaming Commission, Arkansas Tennessee Lottery, Colorado Department of Revenue, Christiansen Capital Advisors estimates.

³⁹ In this study we assume an average hold percentage of 9% for Rhode Island sports betting.

iGaming

IGAMING⁴⁰ REVENUE FORECASTS

Nevada

Nevada was the first state to authorize iGaming. In March 2011, the Nevada legislature introduced AB 258, which instructed the Nevada Gaming Commission to adopt regulations for the licensing and regulation of Internet Poker. In December 2011, the Commission adopted amendments to its regulations to make possible the licensing and operation of Internet Poker. In February 2013, Nevada enacted legislation that allowed the pooling of Internet Poker with other jurisdictions where the practice was legal via entering into “compacts” with these other states.

In addition to being limited to Internet Poker only, Nevada does not report statistics due to a provision in Nevada gaming law that prevents the disclosure of individual financial records. Thus, Nevada reports online and offline poker together in its reports.

Delaware

On June 28, 2012, Delaware Governor Jack Markell signed the Delaware Gaming Competitiveness Act of 2012, allowing the Delaware State Lottery to operate full-scale casinos online. Their iGaming website was launched on November 8, 2013. The Delaware Lottery controls the entire gaming platform and is currently contracted with Light and Wonder Gaming, Inc. (formerly Scientific Games) and 888 Holdings to operate it. Sites, or “skins,” are provided by the licensed gaming sites (Delaware Park, Dover Downs, and Harrington Raceway) and run on top of that platform. In essence, iGaming in Delaware is a single portal that the licensees feed into. Delaware offers several poker games, as well as roulette, blackjack, and slots. Despite being in operation for eight years, iGaming in Delaware significantly lags most other states even after posting significant gains in 2020 and 2021 due to COVID-19 induced lockdowns. It appears that this single portal structure, delays in implementing mobile iGaming via iOS and Android and a burdensome revenue share for the licensed gaming sites has significantly hampered the performance of iGaming in Delaware (Exhibit 1.11). Specifically, after paying Light and Wonder and 888 for the operation of the platform, the first \$3.75 million of iGaming revenues is transferred to the State general fund. Of the remainder 15.5 % of iTable revenues and 42.5% of iSlot revenues are also retained by the State of Delaware. Additionally, 10% of iSlot revenue and 4.5% of iTable revenues are provided to horsemen in the form of purses. What remains is available for the licensed gaming sites.⁴¹

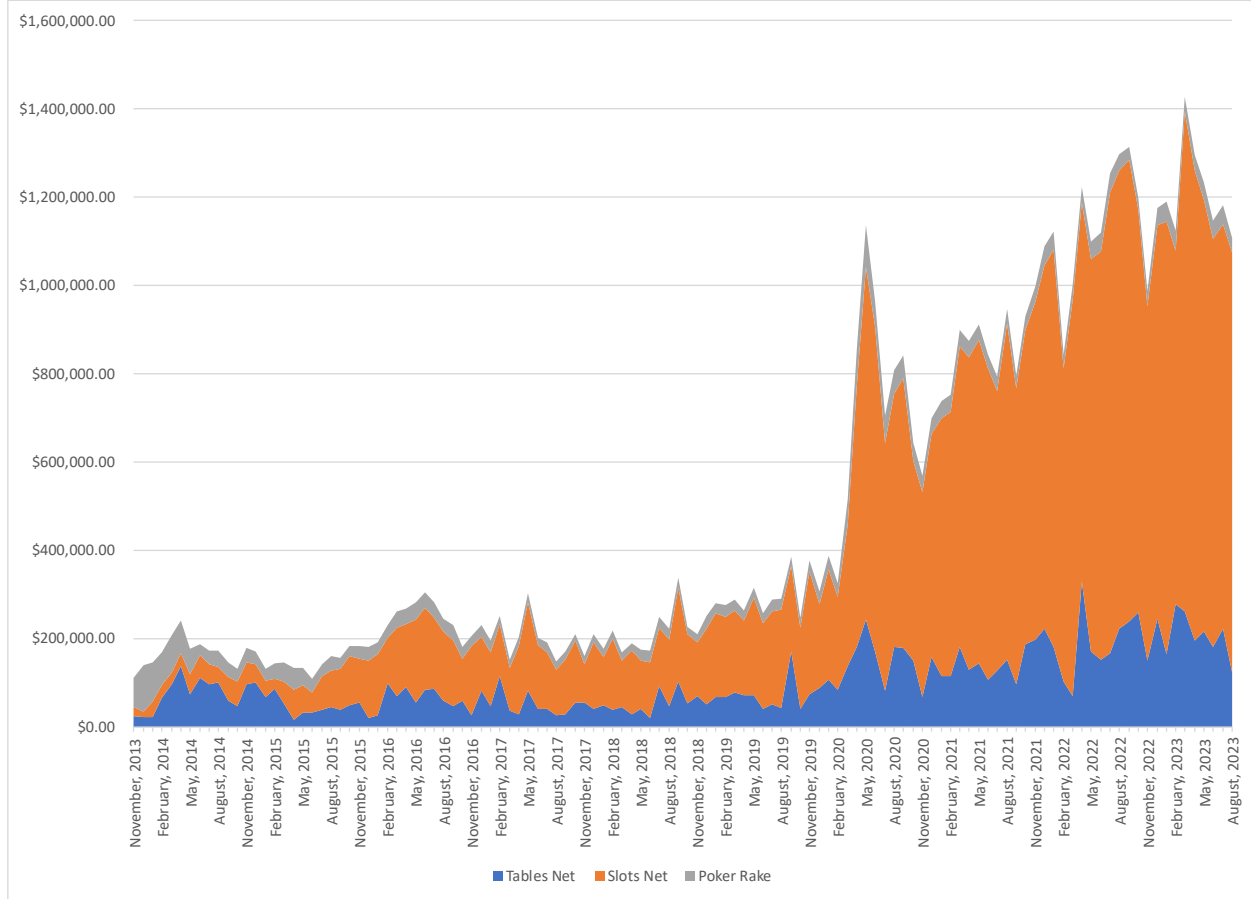
⁴⁰ The term “iGaming” as used in this report refers to casino games such as slot machines, craps, roulette, house banked, and non-house banked table games delivered via interactive media. Sometimes online sports wagering is included within descriptions of iGaming, but in this report, CCA confines that definition to casino style games to distinguish this form of gaming from sports betting and online lotteries (which are commonly referred to as iLottery).

⁴¹ 29 Del. C. §4815(e). “Gross revenue from the Internet video lottery and Internet table games shall be accounted for to the State Treasurer and all proceeds, net of moneys returned to players, shall be placed into a special account known as the State Internet Lottery Fund. From the Fund, the Director shall first pay for the operation and administration of the Internet video lottery and Internet table games. Thereafter, the first \$3,750,000 of proceeds in each fiscal year shall be transferred to the State Lottery Fund for the benefit of the State. After \$3,750,000 of proceeds has been transferred to the State each fiscal year, the remaining proceeds shall be distributed as follows:

(1) The proceeds from the sales of Internet video lottery games shall be distributed pursuant to paragraphs (b)(3) and (b)(4)b.1 - (b)(4)b.4 of this section, provided that the calculations for such distribution shall be done after netting out the proceeds returned to players and administrative and vendor costs; and

(2) The proceeds from the sales of Internet table games shall be distributed pursuant to subsection (d) of this section, net of proceeds returned to players, provided that the calculations for such distribution shall be done after netting out the proceeds returned to players and administrative and vendor costs.”

Exhibit 1.11: Delaware Monthly iGaming Revenue



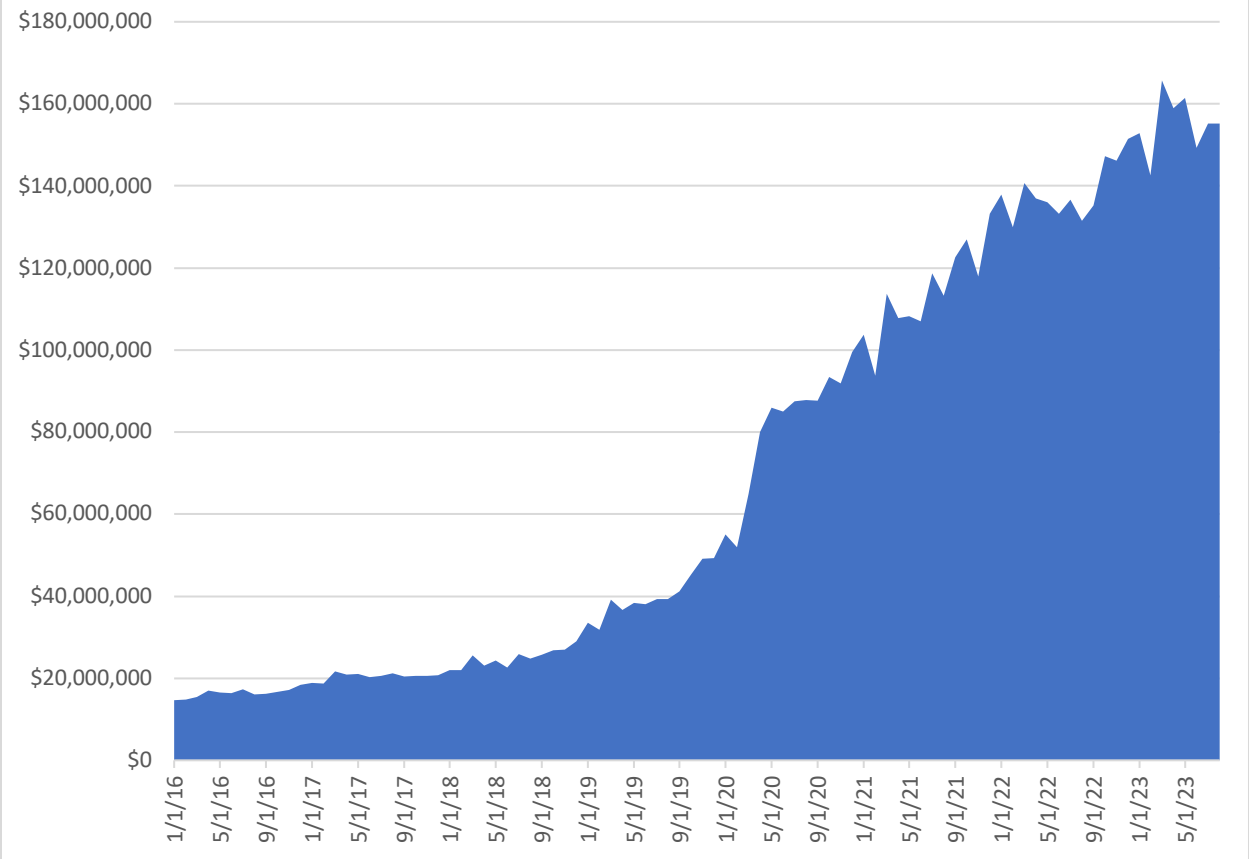
Source: Delaware Lottery

New Jersey

On February 26, 2013, Governor Chris Christie signed an amended version of the New Jersey Casino Control Act, which allowed the licensing and regulation for online poker in the state. The regulations took effect as of October 21, 2013, and the first websites launched on November 26, 2013. iGaming in New Jersey is now generating nearly \$150 million a month in gross gaming revenues (Exhibit 1.12).

The rates listed by reference above are a 15.5% state tax and a 4.5% purse supplement for table games (29 Del. C. §4815(d)), and a 42.5% state tax and a 10% purse supplement for Internet video lottery games (29 Del. C. §4815(b)).

Exhibit 1.12: New Jersey Monthly iGaming Revenue

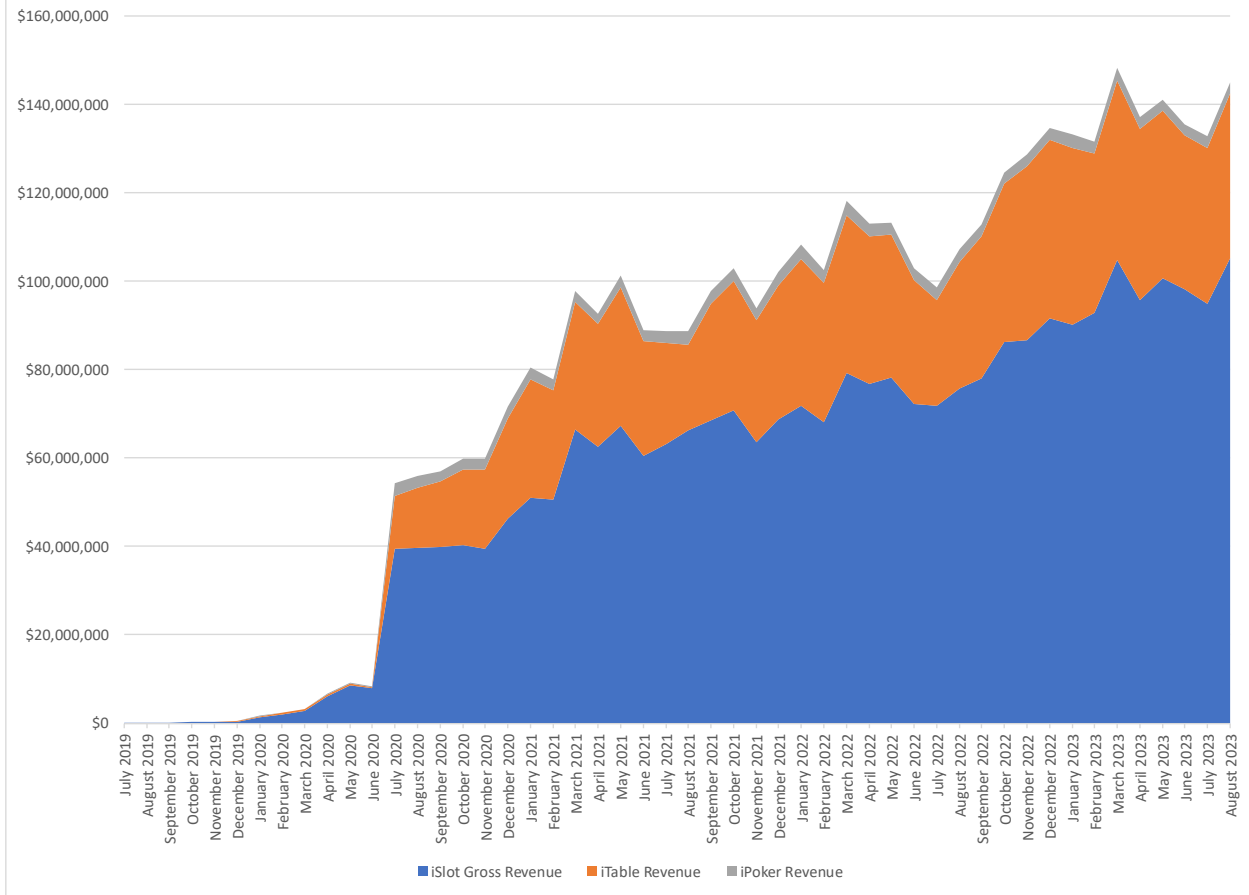


Source: New Jersey Division of Gaming Enforcement

Pennsylvania

On October 30, 2017, Governor Tom Wolf signed House Bill 271. This bill legalized online poker, table games, and slots. iGaming in Pennsylvania is now generating approximately \$130 million a month in gross gaming revenues (Exhibit 1.13).

Exhibit 1.13: Pennsylvania Monthly iGaming Revenue

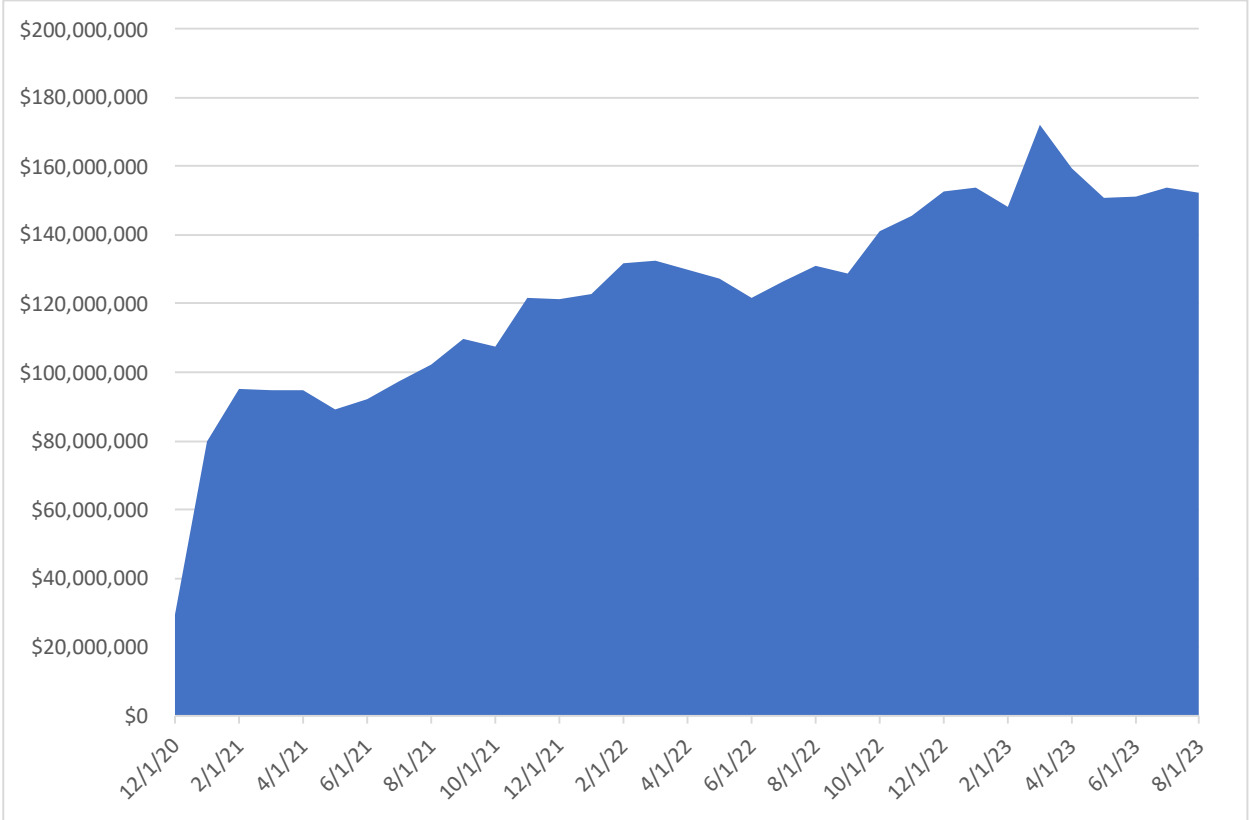


Source: Pennsylvania Gaming Control Board

Michigan

December 20th, 2019, Governor Gretchen Whitmer signed the Lawful Internet Gaming Act into law. This bill legalized online sports betting, poker, and daily fantasy sports. The first sites launched relatively recently on January 22, 2021, and very quickly began generating meaningful revenue. Michigan’s 14 iGaming licensees are generating about \$150 million in revenues monthly (Exhibit 1.14).

Exhibit 1.14: Michigan Monthly iGaming Revenue

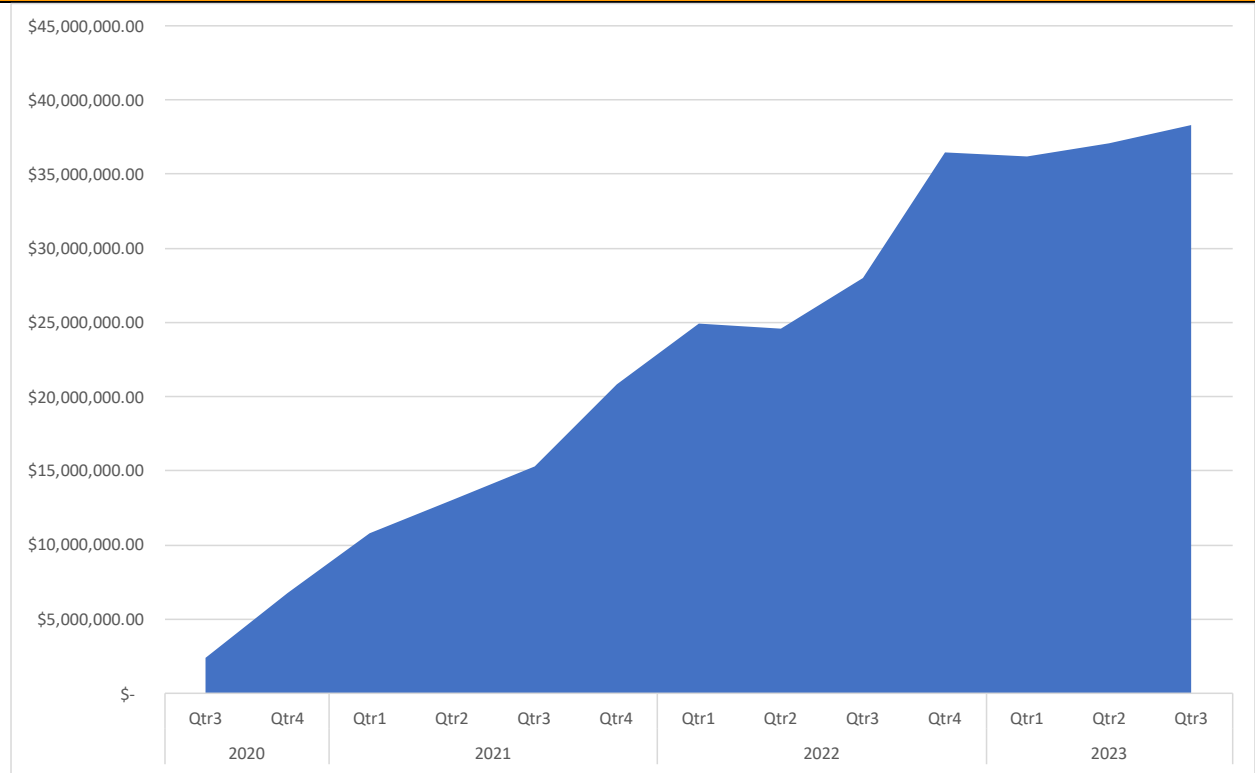


Source: Michigan Gaming Control Board

West Virginia

On March 27, 2019, West Virginia legislators passed the West Virginia Lottery Interactive Wagering Act. The bill went into effect on June 7, 2019, with Governor Jim Justice’s signature. Five interactive wagering licenses are permitted, tied to the land-based casino operators, although these casinos can partner with interactive wagering licensees to conduct interactive wagering. iGaming commenced in West Virginia on July 15, 2020, with the opening of DraftKings casino. The final licensee FanDuel casino did not launch until May 5, 2021. West Virginia reports result weekly which we have consolidated into quarters. West Virginia iGaming exceeded \$35 million in the 4th quarter of 2022 and is currently averaging approximately \$3 million a week (Exhibit 1.15).

Exhibit 1.15: West Virginia Quarterly iGaming Revenue⁴²



Source: West Virginia Lottery

⁴² Unlike most states, the West Virginia Lottery reports gambling data on a weekly rather than monthly basis, (which is better for analysis purposes since different months have a different number of days and a different number of weekend days in certain years.)

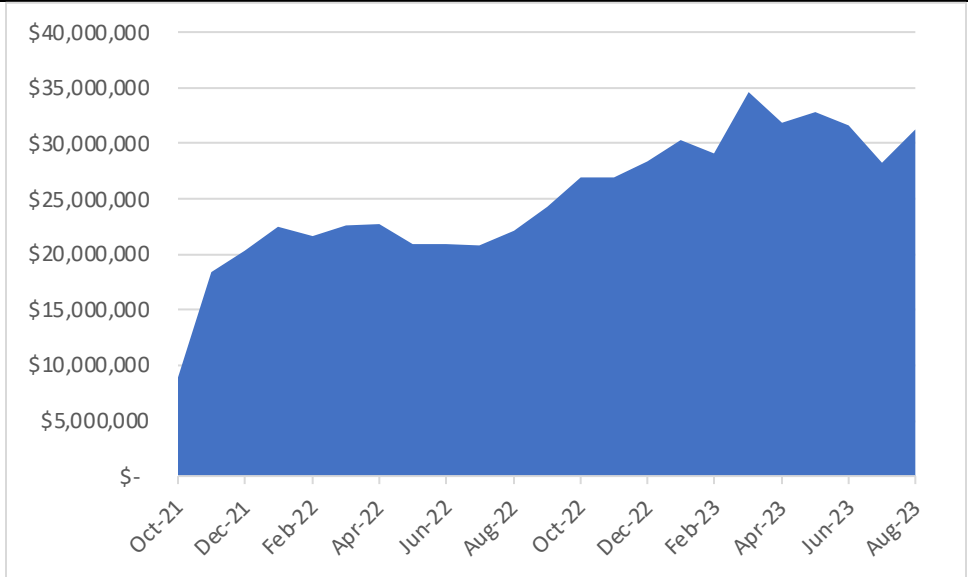
Connecticut

Connecticut legalized online casinos, online poker, and both online and retail sports betting in May 2021. The first Connecticut online casinos launched in October 2021 after the state renegotiated its gaming compacts with two tribal casino operators and passed the accompanying legislation to regulate online gambling. Online sports betting also went live on October 19, 2021.

The two Native American tribes Connecticut, the Mashantucket Pequot, and the Mohegan tribe, exercise a duopoly over casino gambling in Connecticut, which now includes iGaming. In return for this exclusivity, the tribes pay 18% of their gross gaming revenue in taxes on online casino gambling for the first five years. After that the percentage will increase to 20%. The Mohegan Tribe partnered with Draft Kings and Mashantucket with FanDuel for their iGaming product.

iGaming revenue in Connecticut was a little more than \$20 million a month for the first year but appears to have taken a step up in the first few months of 2023 to approximately \$30 million a month.

Exhibit 1.16: Connecticut Monthly iGaming Revenue

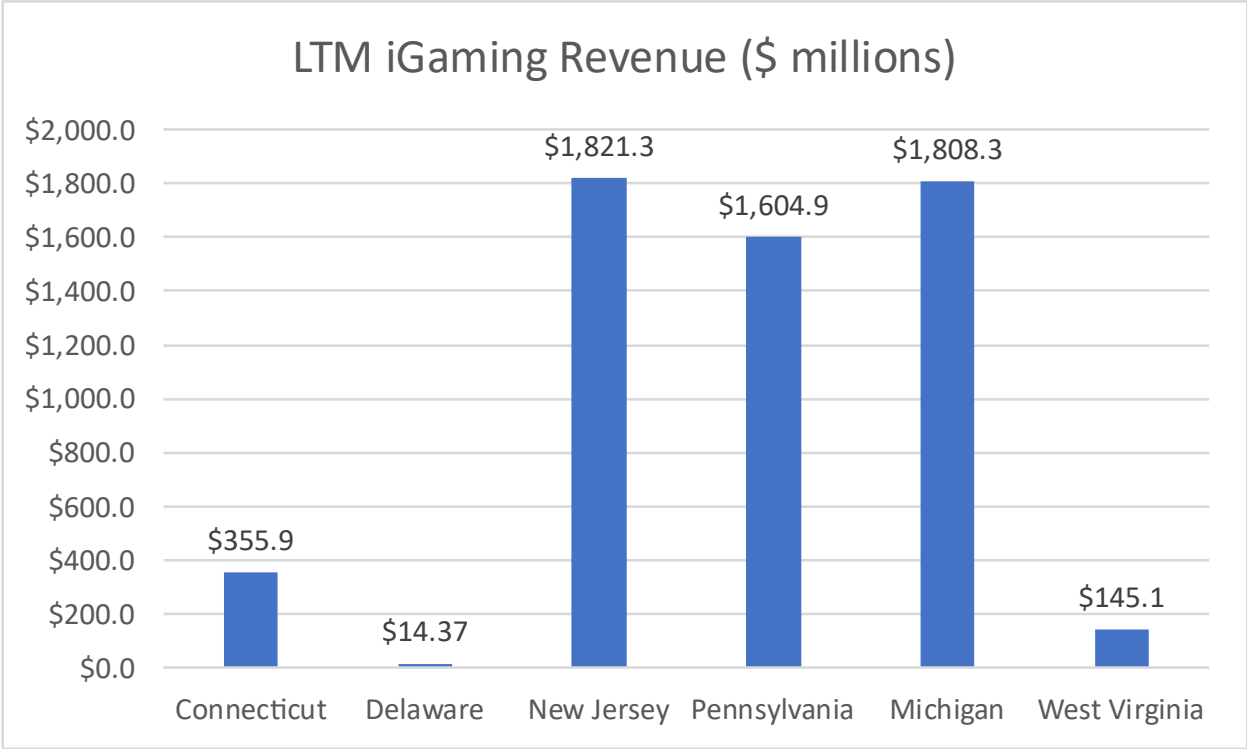


Source: Connecticut Division of Special Revenue

Summary of Results

Exhibit 1.17 summarizes the Last Twelve Months (LTM) of gaming revenue for the above States as of August 2023. New Jersey, Pennsylvania, and Michigan are well on their way toward \$2 billion a year in gross gaming revenues from iGaming and will likely cross that threshold next year, as the growth of iGaming revenue is still near double digits for all iGaming states, large and small. In total these states generated \$5.6 billion in iGaming revenue for the year ended August 31, 2023 (Exhibit 1.17).

Exhibit 1.17 iGaming GGR by State LTM ended August 2023



Source(s): Pennsylvania Gaming Control Board, New Jersey Division of Gaming Enforcement, Delaware Lottery, Michigan Gaming Control Board, West Virginia Lottery, Connecticut Division of Special Revenue

RHODE ISLAND IGAMING FORECASTS

To forecast iGaming revenue in Rhode Island we reviewed and analyzed the results for Delaware, Michigan, New Jersey, Pennsylvania, West Virginia, and Connecticut. In Exhibit 1.18, CCA presents the per adult spending on iGaming in these states for the Last Twelve Months (LTM) through August 2023. On a per adult basis, iGaming spend ranges from a low \$19.06 in Delaware to as much as \$263.19 in New Jersey.

Exhibit 1.18: Per Adult (21+) Spending on iGaming, LTM ended March 2023

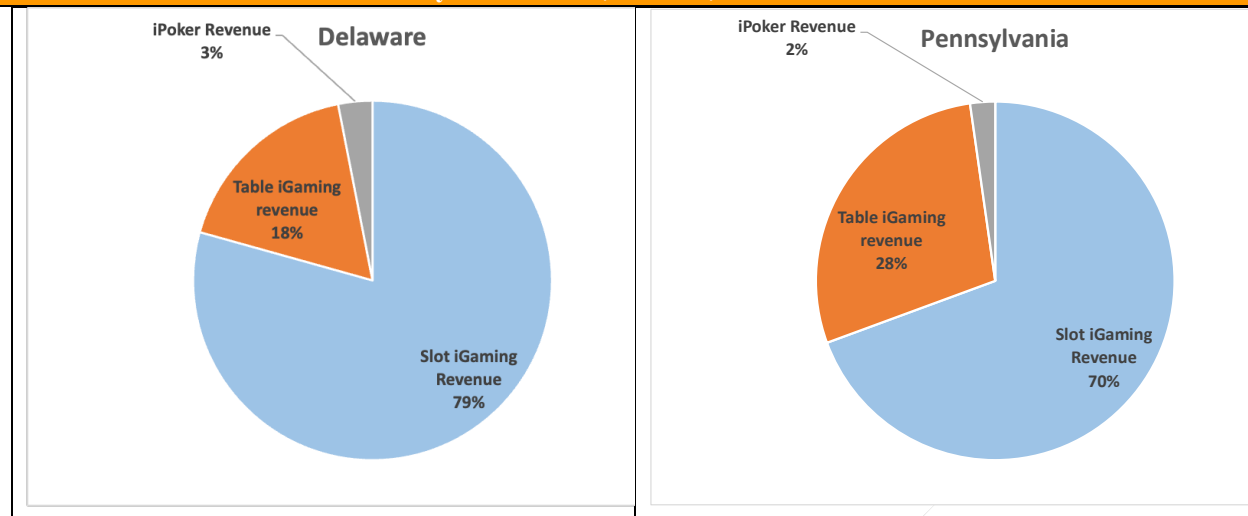
State	Adult Population (21+) (in millions)	LTM iGaming Revenue (\$ millions)	Per Adult Spending
Connecticut	2.7	\$355.9	\$130.77
Delaware	0.8	\$14.4	\$19.06
New Jersey	6.9	\$1,821.3	\$263.19
Pennsylvania	9.8	\$1,604.9	\$164.17
Michigan	7.5	\$1,808.3	\$241.39
West Virginia	1.4	\$145.1	\$107.33

Source(s): Delaware Lottery, New Jersey Division of Gaming Enforcement, Pennsylvania Gaming Control Board, Michigan Gaming Control Board, West Virginia Lottery, U.S. Census Bureau, American Community Survey 1-Year Estimates

Given the rapid growth observed in iGaming, even in lower performing states such as Delaware, that, to date, shows little sign of abating, these figures are likely to increase in the coming years. Even this limited performance is instructive, however. The evidence to date suggests that a monopoly or limited license models for online gaming such as in Delaware and West Virginia, whether casinos or sports, results in limited performance. The requirement in Rhode Island that all gaming be owned and operated by the State (like West Virginia and Delaware) precludes Rhode Island from a diverse iGaming offering akin to the more successful iGaming states like Michigan, New Jersey, and Pennsylvania. Thus, in generating projections for Rhode Island iGaming CCA has relied primarily on the experience of Connecticut (which only has two online casinos) and West Virginia. We have excluded Delaware from the analysis because the results there appear to be anomalous when compared to all other iGaming states for the reasons discussed above.

Exhibit 1.19 presents the share of iGaming revenue derived from iSlots, iTables and iPoker in those jurisdictions that report these figures (New Jersey breaks out iPoker but not iSlots and iTables). As shown in the exhibit below, iSlots generate between 70 and 79% of total iGaming revenue. For Rhode Island, CCA has assumed the average of Delaware and Pennsylvania, specifically 74.4% iSlots, 23.0%, iTables, and 2.7% iPoker.

Exhibit 1.19: Delaware and Pennsylvania iSlots, iTables, and iPoker % of Gross Revenues



Source(s): Delaware Lottery, Pennsylvania Gaming Control Board

For Rhode Island’s share of iGaming revenue, CCA assumes GGR shares for iSlots of 61% and online table gaming of 15.5%. CCA also assumes promotional expenses of approximately 17.5% of revenue, which is netted against the state share.⁴³ The iGaming law also contemplates interstate poker, pending compacts with other participating states that would not be in violation of the Rhode Island Constitution. Thus, upon consultation with the Department of Revenue, CCA assumes that poker will be limited to Rhode Island residents in FY 25 and FY26 then allowing Rhode Island residents to play poker against players in other states in FY 27.⁴⁴ Until the compact is executed Rhode Island’s poker players will be limited to intrastate players only and iPoker revenues will suffer as a result. This is particularly important in a small state like Rhode Island.

For the purposes of these projections, we assume that iGaming begins in Rhode Island on March 1, 2024 and that, at least initially, the only state neighboring Rhode Island with iGaming will remain Connecticut, i.e., no iGaming in Massachusetts. We estimate FY26 (to allow a full year for a ramp up) per adult spending on Rhode Island iGaming as the average of the last twelve months in West Virginia and Connecticut, or \$119.05 per adult. As noted above, however, we have meaningfully discounted (50%) our forecasts of iPoker in FY2025 and 2026 to reflect the fact that iPoker players will be limited to only Rhode Island players. That works out to Year 2 (FY26) Rhode Island iGaming revenue of \$97.7 million.

⁴³ Promotional expenses are the cost of items or services given away to customers. The cost of these goods and/or services can be deducted as a business expense, and it is usually classified as a marketing expense.

⁴⁴ Non-house banked poker games benefit from “liquidity” (the ability to find other players and tables at any time). As a result, on February 25, 2014, the relatively small states of Nevada and Delaware signed the Multi-State Internet Gaming Agreement, which authorized the pooling of Internet poker players between the two states. This agreement required the two states to adhere to minimum regulatory standards, but it also allowed these member states to retain the necessary control over who offers online gaming within their borders. The agreement created the Multi-State Internet Gaming Association (MSIGA) and Multi-State Internet Gaming Board. The MSIGA is governed by a board that includes one member from each state that is party to the agreement. New Jersey joined MSIGA in 2017 when then-Governor Chris Christie signed on to the compact with Delaware and Nevada. New Jersey poker sites began sharing tables with Delaware and Nevada the following year. In May 2022, Michigan became the fourth state to join MSIGA.

Exhibit 1.20 presents CCA’s five-year forecasts of iGaming revenue and the associated share to the State of Rhode Island. Based upon the rapid growth of iGaming in other states, CCA has assumed a growth rate of 15% in iGaming revenues for FY27, 10% in FY28, 5% in FY29 and 3.5% in FY30 through FY32.

Exhibit 1.20: Baseline iGaming Revenue Projections and State Share by Year

GGR (in millions)	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
iSlots	\$10.6	\$51.5	\$73.7	\$84.7	\$93.2	\$97.8	\$101.3	\$104.8	\$108.5
iTables	\$3.5	\$15.9	\$22.8	\$26.2	\$28.8	\$30.2	\$31.3	\$32.4	\$33.5
iPoker		\$0.9	\$1.3	\$3.0	\$3.3	\$3.5	\$3.6	\$3.8	\$3.9
Rhode Island Gross iGaming Revenue	\$14.1	\$68.4	\$97.7	\$113.9	\$125.3	\$131.6	\$136.2	\$140.9	\$145.9
<i>-Promotional Expenses (17.5% of house banked)</i>	<i>\$2.5</i>	<i>\$11.8</i>	<i>\$16.9</i>	<i>\$19.4</i>	<i>\$21.3</i>	<i>\$22.4</i>	<i>\$23.2</i>	<i>\$24.0</i>	<i>\$24.8</i>
Rhode Island Adjusted iGaming Revenue	\$11.7	\$56.6	\$80.9	\$94.5	\$104.0	\$109.2	\$113.0	\$116.9	\$121.0
Net State Revenue (in millions)	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
iSlots	\$5.3	\$25.9	\$37.1	\$42.6	\$46.9	\$49.2	\$51.0	\$52.7	\$54.6
iTables	\$0.5	\$2.0	\$2.9	\$3.3	\$3.7	\$3.9	\$4.0	\$4.1	\$4.3
iPoker		\$0.1	\$0.2	\$0.4	\$0.4	\$0.4	\$0.5	\$0.5	\$0.5
Rhode Island Gov't Revenue	\$5.8	\$28.1	\$40.1	\$46.4	\$51.0	\$53.5	\$55.4	\$57.4	\$59.4

Source: Christiansen Capital Advisors, LLC. estimates

Cannibalization of Land-Based Casino Gaming

CCA has reviewed the performance of iGaming states in the context of their land-based counterparts. To date, there has been no discernable impacts from iGaming on land-based gaming in Delaware, Michigan, New Jersey, Pennsylvania, West Virginia, or Connecticut. The reality is that the data is just too limited currently to determine the extent of the impact of iGaming on land-based gaming. The pandemic and fiscal stimulus during and after have skewed recent performance data too much to be useful. This picture will likely become clearer two years from now when we can analyze “normal” data.

In previous studies, however, CCA has examined the relationships and intra-gambling substitutions among different gambling industries, particularly between ticket lotteries, VLTs, horseracing, and casinos. These studies indicate that there is a “substitute” relationship between these gambling industries ranging from “near perfect” substitutes like VLTs and casino slot machines to “imperfect” substitutes like casinos and ticket lotteries. Casino gambling has typically only had a very slight negative impact on lottery ticket sales and primarily very near casinos. iGaming as well falls somewhere on this spectrum, and we suspect that it is a better substitute for brick-and-mortar gaming than most may consider.

We do not agree with our colleagues who have claimed that iGaming **will not** negatively impact casino revenues.⁴⁵ The mistake is known as the “Appeal to Ignorance Fallacy” in that they presume that the current lack of evidence of casino revenues declining in the face of iGaming competition is proof that iGaming does not impact casino revenues. They fail to consider that it just hasn’t happened yet.

⁴⁵ MARKET AND POLICY ANALYSIS: Prospective Internet Casino Gaming in Indiana. Spectrum Gaming Group. Pages iii and Page 43. <https://spectrumgaming.com/reports/> and iGaming in Indiana. Global Market Advisors. Page 2. https://ideagrowth.org/wp-content/uploads/2022/01/iGaming-in-Indiana_Research_IDEA-GMA.pdf

Furthermore, effective geographic restriction tools (such as those offered by GeoComply) mean that demand for iGaming services is almost entirely homegrown and, thus, do not benefit from the “export effect.” iGaming is also a labor- and capital-light business model when compared to bricks and mortar gaming in that it offers fewer spin-off impacts such as stimulus to the local economy from locally purchased goods and services used by the bricks and mortar facilities and their employees; spending at nearby gas stations, convenience stores, fast food chains, toll roads and bridges used by visitors to land based gaming facilities, hotel occupancy and other area businesses catering to land based casino visitors. Yet the negative impacts such as increased community levels of compulsive gambling, shifts in local consumer spending patterns (demand curves for other goods and services) as iGaming potentially changes local patterns of leisure consumption are at least as great, and possibly (in the case of compulsive gambling) worse.

That said, even though we can’t accurately measure the level of displacement at this point in time, there are a few conclusions we can draw from the experience to date. The first is that iGaming grows the overall market. In other words, a dollar spent online is not simply siphoned off from a land-based casino; that has been definitively proven. The second is that **at these levels** iGaming does not appear to have a measurable impact on land-based casinos. Therefore, CCA feels confident that if the actual iGaming revenues are close to what we forecast above, the impact on Rhode Island land-based casinos should be slight if it is measurable at all. However, that may not be the case (and in CCA’s opinion will likely not be) if iGaming revenues considerably exceed our projections above.

iLOTTERY

Currently there are three New England states that allow iLottery sales:⁴⁶Connecticut, Rhode Island, and New Hampshire. The New Hampshire iLottery was authorized in 2017 and launched in September 2018. In the spring of 2020, the NH Lottery contracted with additional gaming vendors to provide a wider variety of games. The Rhode Island iLottery launched in fiscal year 2020 with online keno and eInstant games. The online keno game is the same game available at retail locations and there are thirty-nine different eInstants tickets available. Connecticut legalized iLottery sales with the same bill that established online casinos and sports betting. As of the writing of this report, iLottery is still not available to Connecticut residents. The Connecticut Lottery says it expects to launch the new iLottery website and app allowing keno and draw-based games in late fall 2023.

Exhibit 1.21 presents lottery sales by product in Rhode Island for the fiscal years 2018 through 2023. In 2023 Rhode Island iLottery sales totaled \$12.6 million or \$14.18 per adult over the age of 18.

⁴⁶ Maine allows subscription-based sales for certain draw products, CCA does not consider subscription sales as iLottery.

Exhibit 1.21 Rhode Island Lottery Sales by Product FY2018-FY2023 (\$s millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Instant Tickets	\$98.7	\$102.9	\$112.6	\$134.6	\$130.6	\$124.3
Numbers Game	\$23.2	\$23.0	\$22.9	\$24.3	\$22.9	\$22.3
Powerball	\$30.2	\$27.2	\$17.9	\$20.9	\$26.2	\$29.7
Wild Money	\$4.5	\$3.9	\$3.8	\$8.3	\$5.9	\$8.3
Mega Millions	\$13.3	\$20.2	\$11.9	\$15.7	\$10.9	\$20.9
Lucky for Life	\$5.0	\$5.0	\$4.9	\$4.8	\$8.1	\$7.7
Keno	\$82.4	\$79.8	\$69.8	\$78.8	\$89.7	\$88.8
Bingo	\$1.0	\$1.2	\$1.2	\$1.3	\$1.4	\$1.8
iLottery	\$0.0	\$0.0	\$1.3	\$7.2	\$9.5	\$12.6
Total	\$2,276.4	\$2,282.3	\$2,266.4	\$2,316.9	\$2,327.1	\$2,339.3

Source: Rhode Island Lottery

Exhibit 1.22 presents lottery sales by product in New Hampshire for the fiscal years 2018 through 2022. In 2022 New Hampshire iLottery sales totaled \$29.9 million or \$26.13 per adult over the age of 18.

Exhibit 1.22 New Hampshire Lottery Sales by Product FY2018-FY2022 (\$s millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Instant	\$238,867	\$250,477	\$272,265	\$320,336	\$313,816
Keno	\$8,357	\$26,959	\$28,988	\$47,902	\$53,537
Powerball	\$36,780	\$37,618	\$23,913	\$31,187	\$40,581
Mega Millions	\$16,948	\$31,611	\$17,495	\$26,890	\$18,805
Hot Lotto	\$1,322				
Tri-State Megabucks	\$8,740	\$9,359	\$8,087	\$8,068	\$6,830
Tri-State Daily Pick 3/Pick 4	\$10,384	\$10,254	\$10,499	\$11,150	\$10,316
Tri-State Other Games	\$5,909	\$7,969	\$8,115	\$20,260	\$22,610
Lucky for Life	\$5,445	\$5,607	\$5,539	\$5,634	\$8,351
iLottery		\$4,513	\$10,733	\$23,720	\$29,857
Racing and Charitable Gaming	\$5,010	\$5,996	\$4,426	\$7,017	\$8,697
Sports Betting			\$2,158	\$16,724	\$23,153
Total	\$337,762	\$390,363	\$392,218	\$518,888	\$536,553

Source: New Hampshire Lottery

Exhibit 1.23 presents lottery sales by product in Massachusetts for the fiscal years 2018 through 2023. Except for FY20 Massachusetts lottery sales have steadily increased despite the launch of iLottery in Rhode Island and New Hampshire.

Exhibit 1.23 Massachusetts Lottery Sales by Product FY2018-FY2023 (\$s millions)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Instant Games	\$3,592.7	\$3,673.9	\$3,645.7	\$4,030.0	\$3,906.9	\$4,044.1
MegaMillions	\$92.6	\$158.8	\$77.3	\$116.7	\$76.7	\$164.0
Powerball	\$130.8	\$133.7	\$72.2	\$97.7	\$132.0	\$172.0
Numbers Game	\$325.2	\$325.4	\$326.9	\$370.7	\$358.1	\$340.9
Mass Cash	\$81.8	\$90.1	\$89.8	\$95.0	\$88.1	\$86.0
Keno	\$996.8	\$1,054.9	\$978.7	\$1,057.2	\$1,217.2	\$1,226.6
All or Nothing	\$9.7	\$8.9	\$7.4	\$7.0	\$0.0	\$19.1
Lucky for Life	\$25.0	\$25.2	\$24.4	\$24.4	\$7.3	\$3.4
Charity Game Tickets	\$1.6	\$1.6	\$1.1	\$0.1	\$44.9	\$46.2
Beano Tax (2/5)	\$0.5	\$0.5	\$0.3	\$0.0	\$1.2	\$1.4
Pull Tabs	\$0.7	\$0.6	\$0.5	\$0.3	\$0.2	\$0.3
Megabucks	\$21.7	\$18.9	\$21.7	\$21.7	\$5.2	\$5.2
Total	\$5,279.0	\$5,492.4	\$5,246.0	\$5,820.8	\$5,837.8	\$6,109.1

Source: Massachusetts Lottery

Based on the above iLottery sales appear to have had an indiscernible impact on traditional lottery sales within the same state let alone an impact on gaming in adjacent states. Applying the average per adult spending on iLottery in New Hampshire and Rhode Island equates to about \$113.8 million in potential iLottery sales in Massachusetts or a mere 1.9% of total lottery sales in the Commonwealth. CCA obtained lottery sales by zip code from the Massachusetts lottery. If iLottery sales are distributed in a similar geographic fashion to other lottery sales in the state⁴⁷ about 16% or \$18.2 million in new iLottery sales will be derived from Massachusetts residents in Twin River and Tiverton's market area. CCA believes this amount is far too small to generate even measurable impacts on Rhode Island casinos. Nevertheless, a meaningful share of Twin River and Tiverton's gaming revenue is derived from Massachusetts sources, and it stands to reason that iLottery in Massachusetts would reduce the gaming budgets of nearby Massachusetts residents left to spend at Rhode Island casinos. Thus, we project a small impact on Rhode Island gaming revenues in the year that iLottery is implemented in Massachusetts, but because the impact is so slight, it is quickly overwhelmed by organic trends in gaming expenditures.

⁴⁷ And CCA has no reason to believe that they wouldn't be.

SMOKING CESSATION

Cigarette smoking remains the leading cause of preventable disease and death in the United States, and according to the Centers for Disease Control and Prevention (“CDC”) kills more than 480,000 Americans each year, including an estimated 41,000 deaths from exposure to secondhand smoke.⁴⁸

Unlike most other casinos in southern New England, smoking is still allowed in Rhode Island casinos, although recently efforts have been made to close the casino “loophole.”⁴⁹ Rhode Island law requires casinos to create special non-smoking areas with separate ventilation systems. Smoking was banned for a time at Rhode Island casinos beginning in June 2020 as a safety measure during the COVID-19 pandemic. The ban was lifted in March 2022, although smoking is no longer allowed at Rhode Island gaming tables. Employees can request non-smoking areas as shift availability allows.

Past Research and Experience

The most often cited study on the impacts of smoke-free laws on casino revenue is the 2010 study *The Revenue Performance of Casinos after a Smoking Ban: The Case of Illinois*⁵⁰ published by the Federal Reserve Bank of St. Louis. This study explored the effects that the Smoke-Free Illinois Act⁵¹, which took effect in January 2008, had on Illinois casino revenue, casino attendance, and casino tax revenue. The study compared the performance of Illinois casinos with adjacent out-of-state casinos. At that time, many states had enacted similar legislation, but the Illinois smoking ban was the first to not exempt casinos. During debate leading up to the act’s passage, the casino industry and many other industries argued for an exemption.

Garret and Pakko used monthly data for adjusted gross receipts and total admissions at each of Illinois’ nine casinos and estimated statistical models to explain the pattern of revenue over the period 1997 through 2008. The models included controls for trends, seasonal patterns, regulatory changes, and the general pace of economic activity. After controlling for these factors, they evaluated the remaining change in revenue that they determined attributable to the Smoke-Free Illinois Act, identifying the effects of the smoking ban by the timing of its implementation. They estimated that the smoking ban was associated with a 20 to 22 percent revenue decline, amounting to a total loss in casino revenue of more than \$400 million.

As other analysts have noted however,⁵² the Garret and Pakko report failed to adequately consider the impact on Chicago area riverboat casinos of the August 8, 2008, replacement of the Horseshoe Hammond (in Hammond, Indiana) riverboat casino with a much larger barge that increased the number of slot machines by 32% and table games by 65%, as well as the December 19, 2007 opening of Lumiere Place in St. Louis, Missouri which negatively impacted two Illinois riverboat casinos in East St. Louis and Alton, Illinois.

⁴⁸ U.S. Department of Health and Human Services. *The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General*. Atlanta: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2014

⁴⁹ Most recently with S438 and H5237, two bills introduced in the 2023 session that would have removed the exemption for casinos from the state’s smokefree workplace law.

⁵⁰ Thomas A. Garrett, and Michael R. Pakko, “The Revenue Performance of Casinos after a Smoking Ban: The Case of Illinois,” Federal Reserve Bank of St. Louis, March 2010. <https://doi.org/10.20955/wp.2009.027>

⁵¹ Smoke-Free Illinois Act SB0500, Public Act 095-0017. http://www.ilga.gov/search/iga_search.asp?scope=sentran95

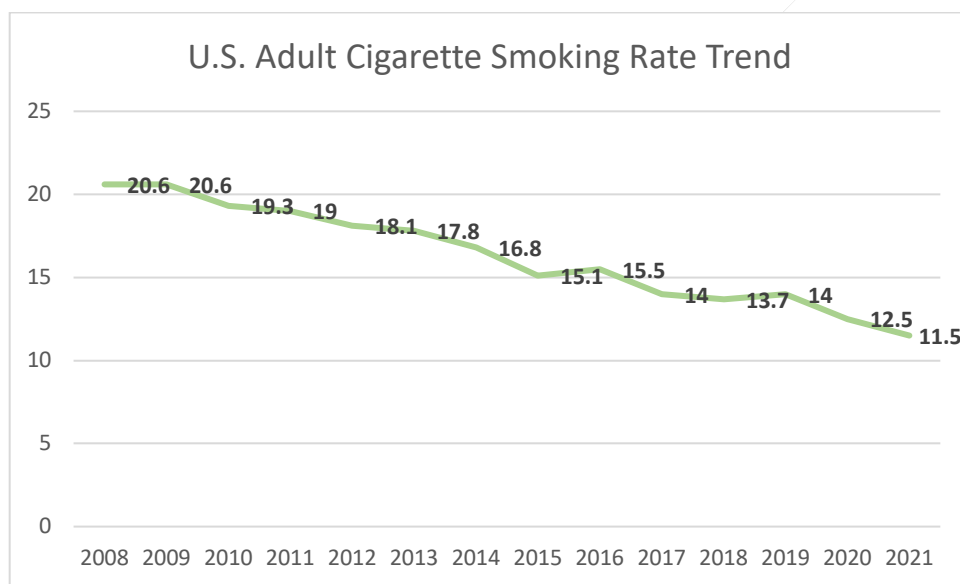
⁵² C3 Gaming, “Evaluation of Post-Pandemic Non-Smoking Trends in U.S. Casinos,” June 2022.

<https://www.c3gaminggroup.com/post/evaluation-of-post-pandemic-non-smoking-trends-in-u-s-casinos>

Some have also contended that Garret and Pakko also inadequately considered the impact of the Great Recession (which began in September 2008) on Illinois gaming revenue.⁵³ CCA does not share this view.

More importantly, a lot has changed since 2010 when Garret and Pakko completed their study. Exhibit 1.24 presents the percentage of U.S. adults that reported as smoking more than 100 cigarettes during their lifetime and now smoke cigarettes either every day or at least some days. As shown in the exhibit, 20.6% of U.S. adults reported smoking cigarettes in 2008, in 2021 that figure had nearly been cut in half to 11.5% (10.4% in the Northeast). Finally, when the Illinois smoking ban was enacted smoke-free casinos were the exception, not the norm. In 2023, that has been turned on its head and the majority of casinos are smoke-free and smoking casinos are the exception. That is particularly evident in the southern New England market where the two Rhode Island casinos are the sole remaining smoking casinos in the region.

Exhibit 1.24 Adult Cigarette Smoking Rate Trend 2008-2021



Source(s): Centers for Disease Control and Prevention. National Center for Health Statistics. National Health Interview Survey 1965-2021. Analysis for years 1997-2018 by the American Lung Association Research Team using SPSS software.

A recent report that relied on the methodology employed by the Garret and Pakko study came to similar conclusions.⁵⁴ A report from the Spectrum Gaming Group commissioned by the Casino Association of New Jersey projected significant negative impacts of a potential smoking ban on Atlantic City casinos including a drop in gaming revenue ranging from 4.2 percent to 10.9 percent.⁵⁵ This is about half of the impact projected by Garret and Pakko, which makes sense given the data presented in exhibit 1.24 above.

⁵³ *ibid.*

⁵⁴ <https://www.spectrumgaming.com/wp-content/uploads/2022/02/spectrum-report-for-canj-released-february-2022.pdf>

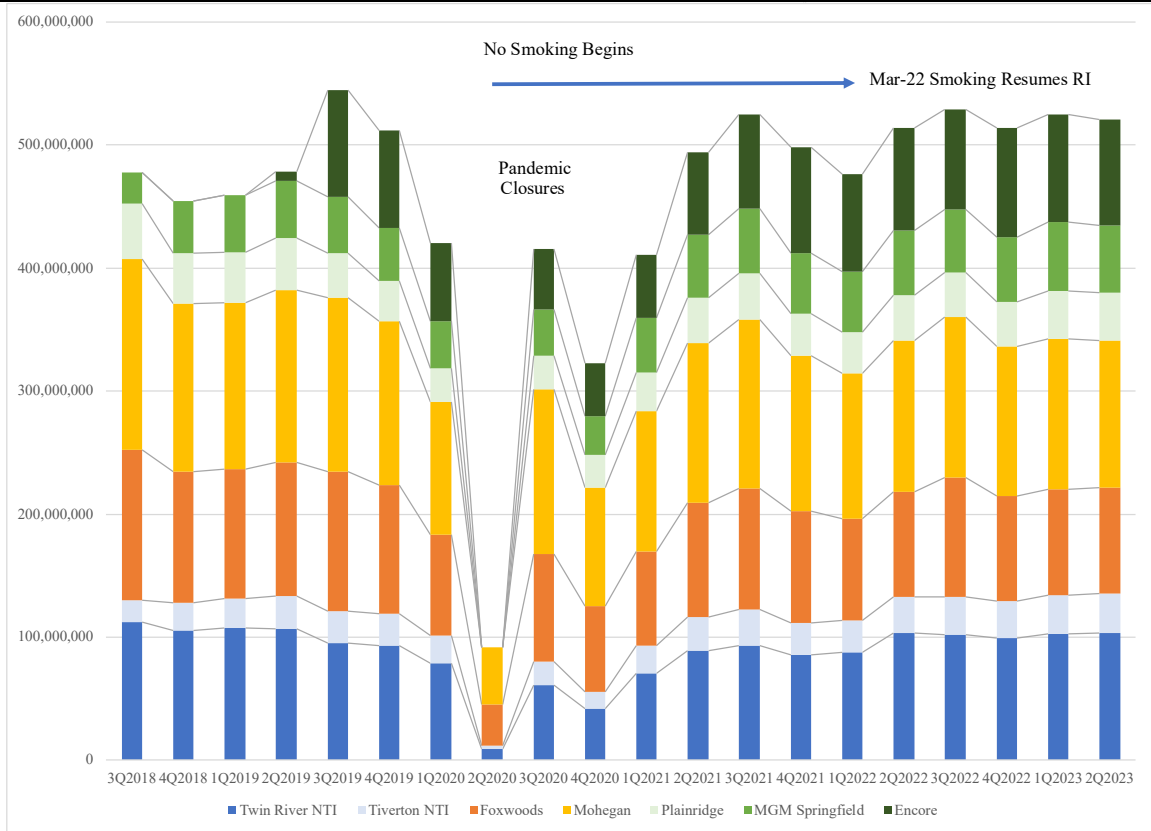
⁵⁵ *Ibid.*

A Controlled Experiment

The pandemic has provided us with a new (and in CCA’s opinion, superior) method to forecast the potential impacts of a smoking ban on casino revenue; a method that was unavailable to Garret and Pakko. Due to pandemic restrictions, when Rhode Island casinos reopened in June of 2020 after being shuttered in March, all casinos in southern New England were smoke free. This event provides us with a preview of how smoke free casinos in Rhode Island may perform in the future. Furthermore, when smoking returned to Rhode Island casinos⁵⁶ on March 1, 2022⁵⁷ both Foxwoods and Mohegan Sun (which had allowed smoking before the pandemic) opted to continue to ban smoking in their casinos.

Exhibit 1.25 presents slot (VLTs in Rhode Island) revenue for the seven casinos in the southern New England market from the 3rd Quarter of Calendar Year 2018 to the 2nd Quarter of Calendar Year 2023. This provides us with 5 years of data encompassing before and after the pandemic.⁵⁸ Massachusetts casinos (which have always been smoke free) are represented by green bars, Connecticut casinos (which were smoking until the pandemic struck) are represented by yellow and orange bars, and Rhode Island casinos (which allowed smoking before the pandemic and reinstated smoking in the 2nd Quarter of 2022) by blue bars.

Exhibit 1.25 Slot GGR and Market Share 3Q18 to 2Q23 (Calendar Years)



Source: Rhode Island Lottery, Massachusetts Gaming Commission, and the Connecticut Division of Special Revenue

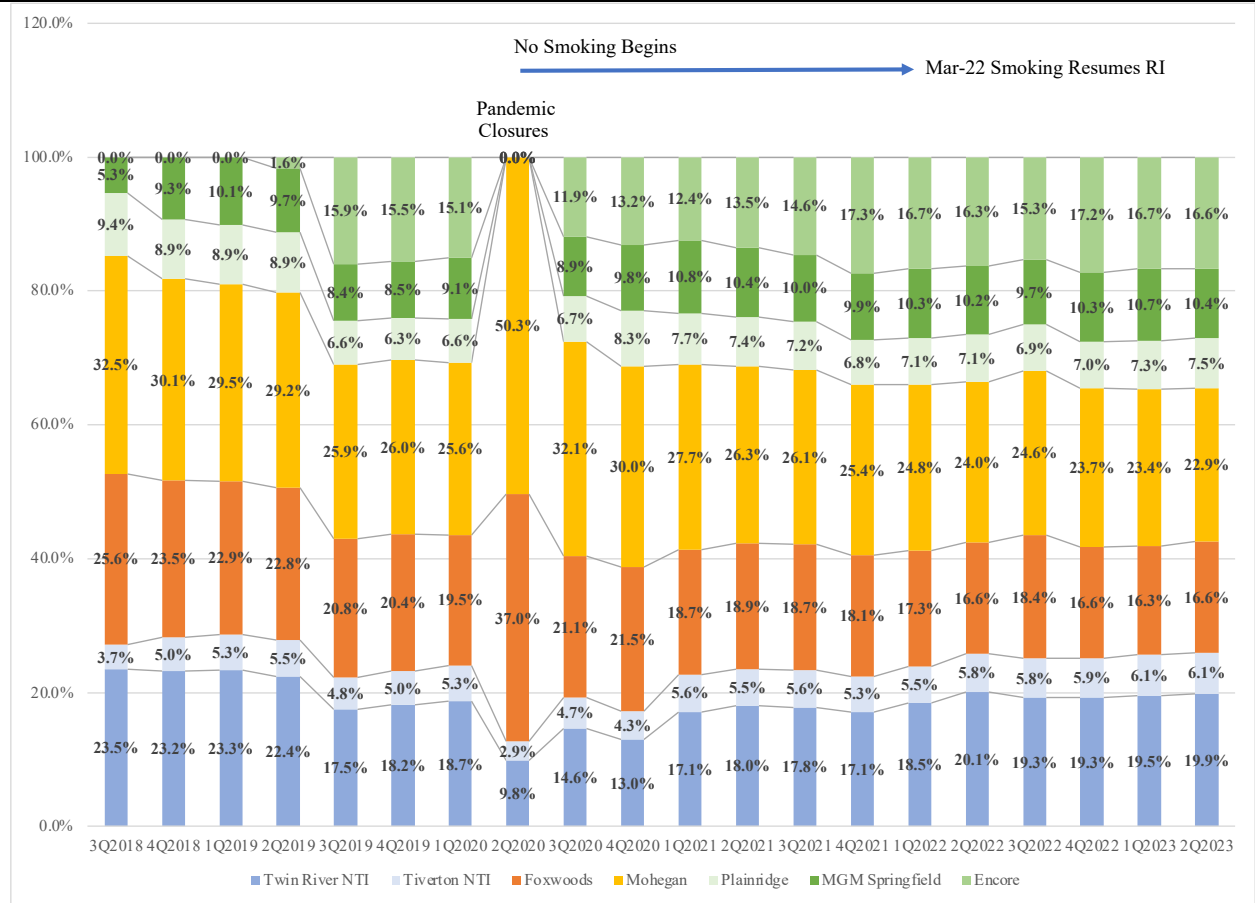
⁵⁶ Smoking at table games remain restricted.

⁵⁷ <https://www.providencejournal.com/story/news/2022/03/17/rhode-island-ballys-lifts-non-smoking-rules/7076891001/>

⁵⁸ CCA would have preferred to include table gaming in this analysis, but that is not possible since Foxwoods and Mohegan Sun do not report table revenues. We would also note that since smoking is still not allowed at Rhode Island tables, all table gaming in New England is smoke free.

Exhibit 1.26 translates this data into pure market share. Exhibit 1.26 shows that both the smoking casinos in Connecticut and Rhode Island lost market share before the pandemic to the new non-smoking Massachusetts casinos (between the 3rd Quarter of Calendar Year 2018 and the 2nd Quarter of Calendar Year 2020). That trend changed little during the pandemic when all casinos were non-smoking. When Rhode Island went back to smoking on March 1, 2022 the trend changed, however. After Rhode Island reinstated smoking Twin River and Tiverton’s market share stepped up from a range of 22.7%-23.9% of the market to 25.1%-26%. Connecticut casinos, which remained smoke free, continued to lose market share (as they had been before the pandemic), but this time to both Rhode Island and Massachusetts casinos.

Exhibit 1.26 Slot GGR Market Share 3Q18 to 2Q23



Source: Rhode Island Lottery, Massachusetts Gaming Commission, and the Connecticut Division of Special Revenue

In exhibit 1.27 we analyze the performance of Twin River and Tiverton VLTs in greater detail. We begin this analysis in the 1st Quarter of 2021 (due to some brief additional casino closures in late 2020 that skew the data) through 2nd Quarter of 2023. As shown in this table during the five quarters when all casinos in southern New England were smoke free (as they will be again if Rhode Island abandons smoking) Twin River and Tiverton’s market share averaged 23.2%. When smoking was reinstated, this share increased to 25.5% a difference of 2.36%. We also calculate the maximum and minimum market shares during this period to obtain a high estimate. In sum we estimate that elimination of smoking in Rhode Island would result in an immediate decrease of gaming revenue between 2.36 and 3.56% of gaming revenues that

would occur in the year following the elimination of smoking after which (absent an additional exogenous event) previous trends would resume.⁵⁹

Exhibit 1.27 Twin River and Tiverton Market Share 1Q21 to 2Q23

Quarter	Twin River and Tiverton Market share	GGR	Average	Max/Min
1Q2021	22.7%	\$93,223,180		
2Q2021	23.5%	\$116,068,640		
3Q2021	23.4%	\$122,742,894	23.19%	
4Q2021	22.4%	\$111,794,626		22.43%
1Q2022	23.9%	\$113,908,222		
2Q2022	25.8%	\$132,705,091		
3Q2022	25.1%	\$132,791,696		
4Q2022	25.2%	\$129,349,017	25.54%	
1Q2023	25.6%	\$134,467,763		
2Q2023	26.0%	\$135,367,976		25.98%
Difference			2.36%	3.56%

Source: Rhode Island Lottery

It is important to note these impacts are mutually exclusive. In the annual projections presented in the next section of this report the impact of eliminating smoking is combined with prevailing trends. For example, VLT revenue has been slightly declining in Rhode Island for some time, whereas table game revenue has been growing thus the elimination of smoking will be in addition to the declining trend of VLTs and netted from the growing trend in table gaming.

⁵⁹ Smoking (or conceivably non-smoking in the case of a lone non-smoking casino in a sea of smoke-filled ones) constitute a competitive advantage. In other words, it is a factor in the decision matrices of gamblers when deciding where to go if presented with a choice. Once that choice is removed it is in essence just a “reshuffling of the deck chairs.” New patterns of consumption will emerge and remain fixed going forward.

Revenue Forecasts

REVENUE FORECAST SCENARIO A: BASELINE

For the purposes of comparison with our previous studies and the other scenarios in this report, CCA has prepared a baseline scenario to assess the extent of the impact of the expanded gaming scenarios examined in the subsequent pages of this report. Specifically, a baseline scenario consisting of an eight-year projection of Rhode Island casino gaming gross revenues and state shares for the FY 2024 – FY 2032 period assuming no changes in the regional gaming market from what existed as of July 1, 2023.

Facility Assumptions

- Twin River Casino Hotel currently has 114 live table games, which include a gaming mix of Blackjack (44 tables), Roulette (9 tables), Mini Baccarat (16 tables), Texas Hold'em Pocket Aces Edition (2 Tables), Craps (4 tables), Spanish 21 (5 tables), Let It Ride (3 tables), Pai Gow Poker (2 tables), as well as a Poker Room (23 tables), 3,900 VLTs and a 134-room hotel.⁶⁰ The facility is recently underwent an expansion that included an additional 40,000 square feet of gambling space on the first floor, freeing up the second floor for "an additional entertainment offering."⁶¹ The expansion also included: a 14,000-square-foot Korean-style spa attached to the hotel, improved air circulation and lighting, and greater separation between nonsmoking and smoking areas of the casino.

CCA assumes no further reductions in VLTs until FY 2026 and a reduction of 15 VLTs per year in the ensuing fiscal years. CCA assumes no change in house-banked table games or poker over the period.

- Tiverton Casino Hotel currently has 1,000 VLTs, 32 table games, a sports book, and a hotel with 84 rooms.⁶² CCA assumes no material changes at this property over the projection period.
- Plainridge Park Casino is a slot machine/video poker and sports book facility and currently has no house-banked table games or poker tables. Plainridge is authorized to operate 1,250 slot machines and video poker terminals as well as a seasonal harness racetrack. There is no hotel on the premises. Plainridge Park Casino opened June 24, 2015. CCA assumed no material changes at this property in this baseline scenario over the projection period.
- MGM Springfield currently has 102 gaming tables (including 23 poker tables), 1,814 slot machines, a sports book, twelve restaurants and a 240-room hotel. MGM Springfield opened August 24, 2018. CCA assumed no material changes at this property over the projection period.
- Encore Boston Harbor currently has 254 gaming tables (including 88 poker tables), a sports book, 1,800 slot machines and a 671-room hotel. Encore Boston Harbor opened in June 2019. CCA assumed no material changes at this property over the projection period.

⁶⁰ <https://casinos.ballys.com/lincoln/table-games.htm>

⁶¹ Gregg, Katherine. "Twin River Casino in Lincoln is about to get a lot bigger. Here's what that means." The Providence Journal. September 16, 2021.

<https://www.providencejournal.com/story/news/politics/2021/09/16/ballys-expansion-twin-river-casino-lincoln-begins/8362205002/>

⁶² The Tiverton Casino Hotel closed in February 2023. It is anticipated to reopen in 2025.

- Foxwoods currently has 3,420 slot machines and video poker terminals, 265 house-banked table and non-house-banked poker games, and a sports book. The property has 47 restaurants, three bars, four hotels with 2,061 rooms and 59 retail outlet stores at Tanger Outlets Foxwoods. CCA assumed no material changes at this property over the projection period.
- Mohegan Sun currently has 3,800 slot machines and video poker terminals, 308 house-banked table and non-house-banked poker games, and a sports book. The property has 40 restaurants, five bars, four hotels with 1,600 rooms, and a 10,000-seat arena that hosts concerts and sporting events. CCA assumed no material changes at this property over the projection period.

Online Gaming Assumptions

- iGaming, iLottery (commencing within the next few quarters) retail and remote sports betting in Connecticut.
- Retail and remote sports betting in Massachusetts.
- iGaming, iLottery, retail and remote sports betting in Rhode Island.

The resulting projections are presented in Exhibit 1.28 and 1.29.

Exhibit 1.28: Baseline Scenario Rhode Island Revenue Projections by Fiscal Year (\$ millions)

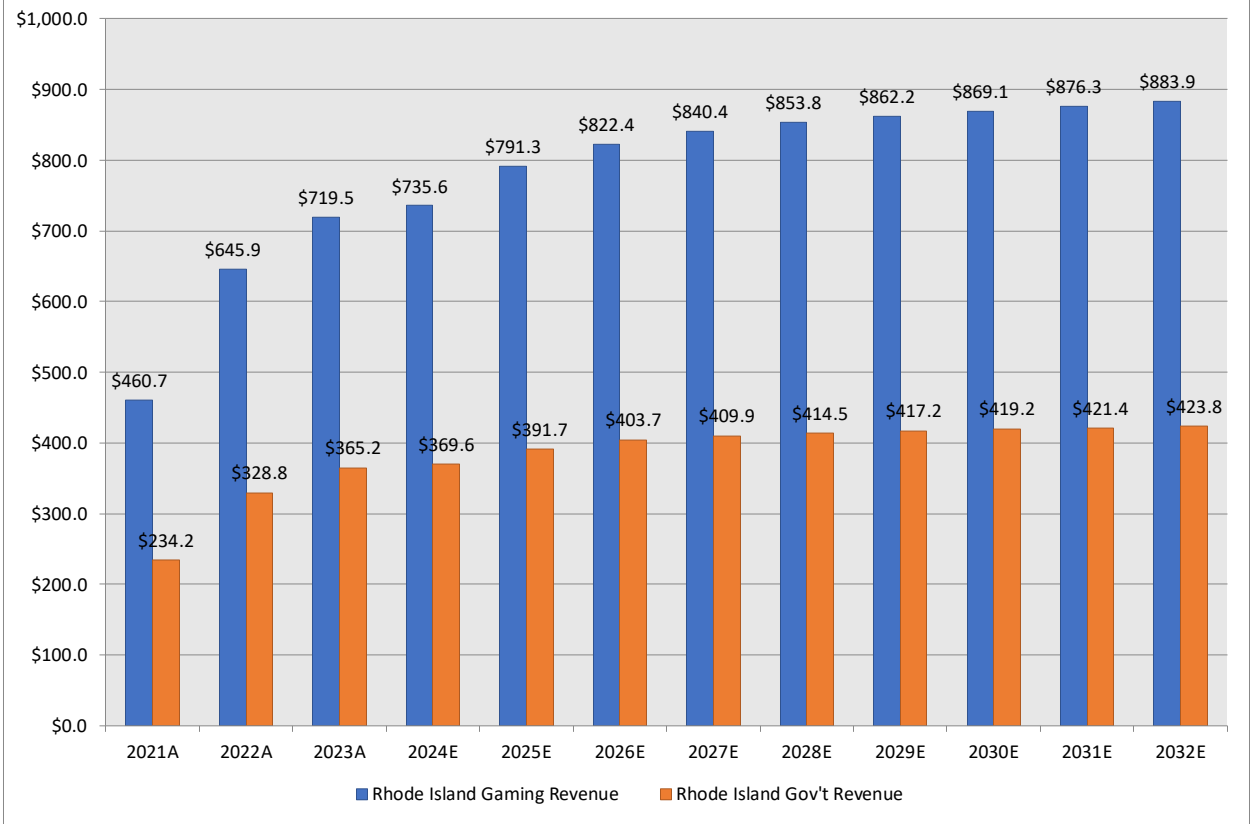
GGR (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$262.0	\$369.8	\$406.9	\$403.4	\$401.4	\$399.4	\$397.4	\$395.4	\$393.4	\$391.4	\$389.5	\$387.5
Twin River Tables	\$61.2	\$100.5	\$110.3	\$114.8	\$116.5	\$118.2	\$120.0	\$121.8	\$123.6	\$125.5	\$127.4	\$129.3
Twin River Sports Wagering	\$11.7	\$11.7	\$11.4	\$8.7	\$8.9	\$9.2	\$9.5	\$9.8	\$10.1	\$10.4	\$10.7	\$11.0
Tiverton VLTs	\$83.0	\$111.4	\$125.1	\$129.9	\$129.3	\$128.6	\$128.0	\$127.3	\$126.7	\$126.1	\$125.4	\$124.8
Tiverton Tables	\$18.2	\$24.5	\$26.3	\$25.7	\$26.1	\$26.5	\$26.9	\$27.3	\$27.7	\$28.1	\$28.5	\$29.0
Tiverton Sports Wagering	\$6.2	\$6.0	\$6.8	\$5.3	\$5.4	\$5.6	\$5.8	\$5.9	\$6.1	\$6.3	\$6.5	\$6.7
Remote Sports Wagering	\$18.3	\$22.1	\$32.7	\$33.7	\$35.4	\$37.1	\$39.0	\$41.0	\$43.0	\$45.2	\$47.4	\$49.8
iGaming				\$14.1	\$68.4	\$97.7	\$113.9	\$125.3	\$131.6	\$136.2	\$140.9	\$145.9
Rhode Island Gaming Revenue	\$460.7	\$645.9	\$719.5	\$735.6	\$791.3	\$822.4	\$840.4	\$853.8	\$862.2	\$869.1	\$876.3	\$883.9

Net State Revenue (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$160.1	\$221.9	\$242.9	\$240.8	\$239.6	\$238.4	\$237.2	\$236.0	\$234.9	\$233.7	\$232.5	\$231.4
Twin River Table	\$5.9	\$15.6	\$17.1	\$17.2	\$17.4	\$17.7	\$18.0	\$18.2	\$18.5	\$18.8	\$19.1	\$19.4
Tiverton VLTs	\$48.9	\$66.8	\$74.7	\$77.6	\$77.2	\$76.8	\$76.4	\$76.0	\$75.6	\$75.3	\$74.9	\$74.5
Tiverton Table	\$0.3	\$3.8	\$4.1	\$3.5	\$3.6	\$3.7	\$3.7	\$3.8	\$3.9	\$3.9	\$4.0	\$4.0
Sports Wagering	\$19.1	\$20.8	\$26.5	\$24.7	\$25.8	\$27.0	\$28.2	\$29.4	\$30.8	\$32.1	\$33.6	\$35.1
iGaming*				\$5.8	\$28.1	\$40.1	\$46.4	\$51.0	\$53.5	\$55.4	\$57.4	\$59.4
Rhode Island Gov't Revenue	\$234.2	\$328.8	\$365.2	\$369.6	\$391.7	\$403.7	\$409.9	\$414.5	\$417.2	\$419.2	\$421.4	\$423.8

* Excludes payments for iGaming administrative costs which are unknown at this time.

Exhibit 1.29 summarizes and expresses in graphical form the results from Exhibit 1.28.

Exhibit 1.29: Baseline Rhode Island Revenue Projections by Fiscal Year (\$ millions)



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

REVENUE FORECAST SCENARIO B: iLOTTERY IN MASSACHUSETTS

The following scenario examines the likely impact on Rhode Island revenues of the introduction of iLottery in Massachusetts. For the purposes of this forecast we assume that iLottery in Massachusetts begins in fiscal year 2026. Based upon our analysis of iLottery in other similar states, iLottery sales appear to have had an indiscernible impact on traditional lottery sales within the same state let alone an impact on gaming in adjacent states. Nevertheless, a meaningful share of Twin River and Tiverton’s gaming revenue is derived from Massachusetts sources, and it stands to reason that iLottery in Massachusetts would reduce the gaming budgets of nearby Massachusetts residents left to spend at Rhode Island casinos. Thus, we project a small impact on Rhode Island gaming revenues in the year that iLottery is implemented in Massachusetts, but because the impact is so slight, it is quickly overwhelmed by organic trends in gaming expenditures.

The facility assumptions are the same as in the previous scenario and this scenario only measures the impact of Massachusetts iLottery. The resulting projections are presented in Exhibit 1.30 and 1.31.

Exhibit 1.30: Rhode Island Revenue Projections by Fiscal Year w/MA iLottery (\$ MM)

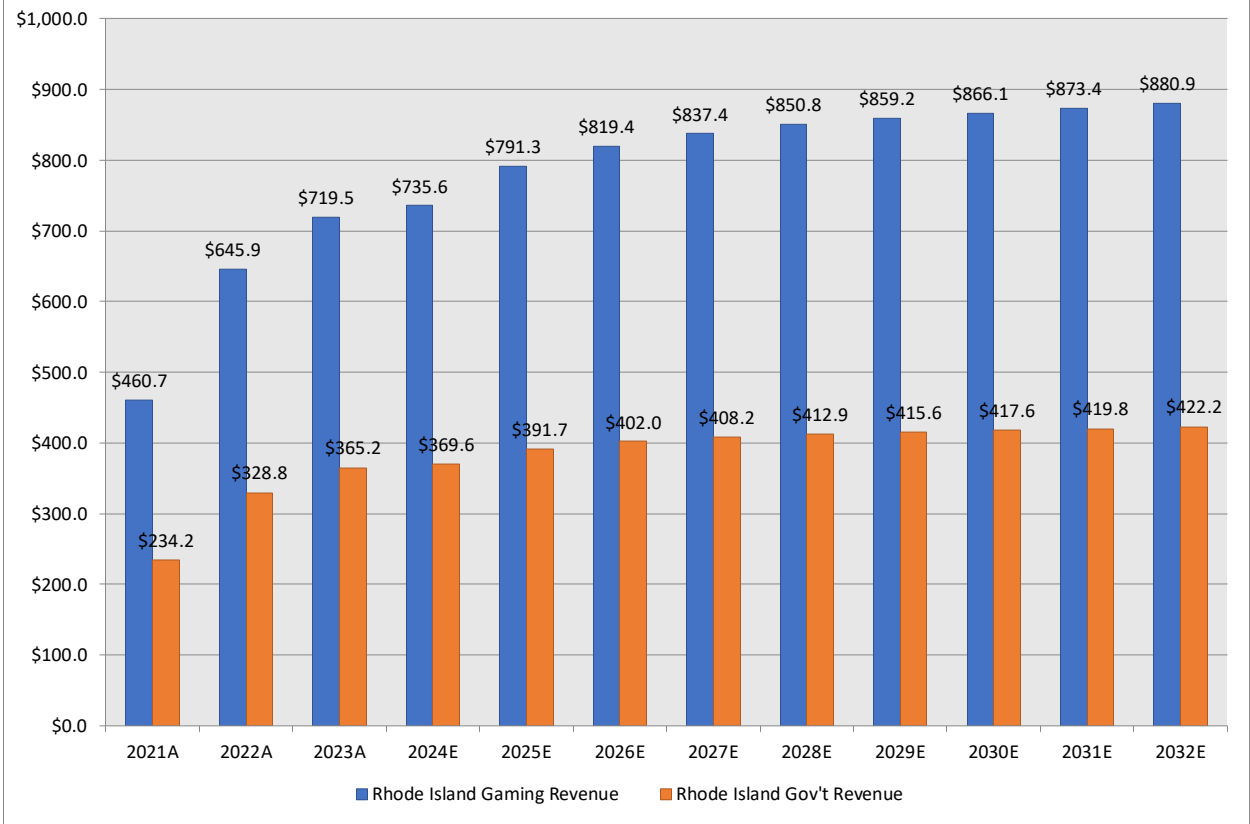
GGR (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$262.0	\$369.8	\$406.9	\$403.4	\$401.4	\$397.4	\$395.4	\$393.4	\$391.4	\$389.5	\$387.5	\$385.6
Twin River Tables	\$61.2	\$100.5	\$110.3	\$114.8	\$116.5	\$117.9	\$119.7	\$121.5	\$123.3	\$125.2	\$127.1	\$129.0
Twin River Sports Wagering	\$11.7	\$11.7	\$11.4	\$8.7	\$8.9	\$9.2	\$9.5	\$9.8	\$10.1	\$10.4	\$10.7	\$11.0
Tiverton VLTs	\$83.0	\$111.4	\$125.1	\$129.9	\$129.3	\$128.0	\$127.3	\$126.7	\$126.1	\$125.4	\$124.8	\$124.2
Tiverton Tables	\$18.2	\$24.5	\$26.3	\$25.7	\$26.1	\$26.4	\$26.8	\$27.2	\$27.6	\$28.1	\$28.5	\$28.9
Tiverton Sports Wagering	\$6.2	\$6.0	\$6.8	\$5.3	\$5.4	\$5.6	\$5.8	\$5.9	\$6.1	\$6.3	\$6.5	\$6.7
Remote Sports Wagering	\$18.3	\$22.1	\$32.7	\$33.7	\$35.4	\$37.1	\$39.0	\$41.0	\$43.0	\$45.2	\$47.4	\$49.8
iGaming				\$14.1	\$68.4	\$97.7	\$113.9	\$125.3	\$131.6	\$136.2	\$140.9	\$145.9
Rhode Island Gaming Revenue	\$460.7	\$645.9	\$719.5	\$735.6	\$791.3	\$819.4	\$837.4	\$850.8	\$859.2	\$866.1	\$873.4	\$880.9
Net State Revenue (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$160.1	\$221.9	\$242.9	\$240.8	\$239.6	\$237.2	\$236.0	\$234.9	\$233.7	\$232.5	\$231.3	\$230.2
Twin River Table	\$5.9	\$15.6	\$17.1	\$17.2	\$17.4	\$17.6	\$17.9	\$18.2	\$18.5	\$18.8	\$19.1	\$19.4
Tiverton VLTs	\$48.9	\$66.8	\$74.7	\$77.6	\$77.2	\$76.4	\$76.0	\$75.6	\$75.3	\$74.9	\$74.5	\$74.1
Tiverton Table	\$0.3	\$3.8	\$4.1	\$3.5	\$3.6	\$3.7	\$3.7	\$3.8	\$3.8	\$3.9	\$4.0	\$4.0
Sports Wagering	\$19.1	\$20.8	\$26.5	\$24.7	\$25.8	\$27.0	\$28.2	\$29.4	\$30.8	\$32.1	\$33.6	\$35.1
iGaming*				\$5.8	\$28.1	\$40.1	\$46.4	\$51.0	\$53.5	\$55.4	\$57.4	\$59.4
Rhode Island Gov't Revenue	\$234.2	\$328.8	\$365.2	\$369.6	\$391.7	\$402.0	\$408.2	\$412.9	\$415.6	\$417.6	\$419.8	\$422.2

* Excludes payments for iGaming administrative costs which are unknown at this time.

Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

Exhibit 1.31 summarizes and expresses in graphical form the results from Exhibit 1.30.

Exhibit 1.31: Rhode Island Revenue Projections by Fiscal Year w/MA iLottery (\$ MM)



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

REVENUE FORECAST SCENARIO C: iLOTTERY AND iGAMING IN MASSACHUSETTS

The following scenario provides an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island’s share of that revenue forecast as in Scenario B above, except assuming the introduction of iGaming as well in Massachusetts. For the purposes of this forecast we assume that iGaming in Massachusetts begins operations in fiscal year 2029. As we discovered with iLottery, resident restricted iGaming has not, so far, had a discernable impact on the gaming revenue of nearby states. But as was stated before a meaningful share of Twin River and Tiverton’s gaming revenue is derived from Massachusetts sources, thus it stands to reason that iGaming in Massachusetts would reduce the gaming budgets of nearby Massachusetts residents left to spend at Rhode Island casinos.

All other facility assumptions are the same as in the previous scenario and this scenario measures the incremental impact of Massachusetts iGaming on Rhode Island gaming.

The resulting projections are presented in Exhibit 1.32 and 1.33.

Exhibit 1.32: Rhode Island Revenue Projections by Fiscal Year w/iLottery and iGaming in MA (\$ MM)

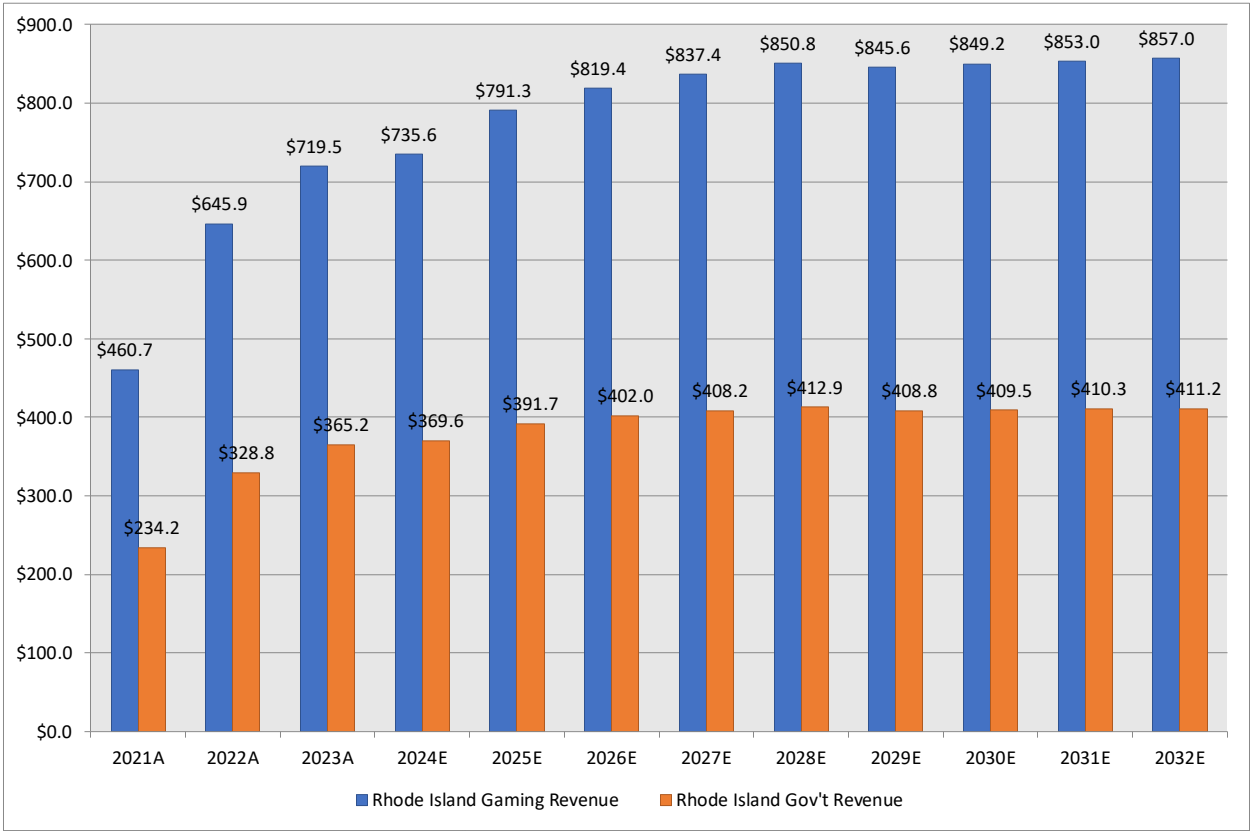
GGR (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$262.0	\$369.8	\$406.9	\$403.4	\$401.4	\$397.4	\$395.4	\$393.4	\$385.5	\$383.6	\$381.7	\$379.8
Twin River Tables	\$61.2	\$100.5	\$110.3	\$114.8	\$116.5	\$117.9	\$119.7	\$121.5	\$122.7	\$124.6	\$126.4	\$128.3
Twin River Sports Wagering	\$11.7	\$11.7	\$11.4	\$8.7	\$8.9	\$9.2	\$9.5	\$9.8	\$10.1	\$10.4	\$10.7	\$11.0
Tiverton VLTs	\$83.0	\$111.4	\$125.1	\$129.9	\$129.3	\$128.0	\$127.3	\$126.7	\$124.2	\$123.5	\$122.9	\$122.3
Tiverton Tables	\$18.2	\$24.5	\$26.3	\$25.7	\$26.1	\$26.4	\$26.8	\$27.2	\$27.5	\$27.9	\$28.3	\$28.8
Tiverton Sports Wagering	\$6.2	\$6.0	\$6.8	\$5.3	\$5.4	\$5.6	\$5.8	\$5.9	\$6.1	\$6.3	\$6.5	\$6.7
Remote Sports Wagering	\$18.3	\$22.1	\$32.7	\$33.7	\$35.4	\$37.1	\$39.0	\$41.0	\$43.0	\$45.2	\$47.4	\$49.8
iGaming				\$14.1	\$68.4	\$97.7	\$113.9	\$125.3	\$126.6	\$127.8	\$129.1	\$130.4
Rhode Island Gaming Revenue	\$460.7	\$645.9	\$719.5	\$735.6	\$791.3	\$819.4	\$837.4	\$850.8	\$845.6	\$849.2	\$853.0	\$857.0
Net State Revenue (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$160.1	\$221.9	\$242.9	\$240.8	\$239.6	\$237.2	\$236.0	\$234.9	\$230.2	\$229.0	\$227.9	\$226.7
Twin River Table	\$5.9	\$15.6	\$17.1	\$17.2	\$17.4	\$17.6	\$17.9	\$18.2	\$18.4	\$18.7	\$19.0	\$19.3
Tiverton VLTs	\$48.9	\$66.8	\$74.7	\$77.6	\$77.2	\$76.4	\$76.0	\$75.6	\$74.1	\$73.8	\$73.4	\$73.0
Tiverton Table	\$0.3	\$3.8	\$4.1	\$3.5	\$3.6	\$3.7	\$3.7	\$3.8	\$3.8	\$3.9	\$4.0	\$4.0
Sports Wagering	\$19.1	\$20.8	\$26.5	\$24.7	\$25.8	\$27.0	\$28.2	\$29.4	\$30.8	\$32.1	\$33.6	\$35.1
iGaming*				\$5.8	\$28.1	\$40.1	\$46.4	\$51.0	\$51.5	\$52.0	\$52.5	\$53.1
Rhode Island Gov't Revenue	\$234.2	\$328.8	\$365.2	\$369.6	\$391.7	\$402.0	\$408.2	\$412.9	\$408.8	\$409.5	\$410.3	\$411.2

* Excludes payments for iGaming administrative costs which are unknown at this time.

Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

Exhibit 1.33 summarizes and expresses in graphical form the results from Exhibit 1.32.

Exhibit 1.33: Rhode Island Revenue Projections by Fiscal Year w/ w/iLottery and iGaming in MA (\$ MM)



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

REVENUE FORECAST SCENARIO D: TABLES GAMES AT PLAINRIDGE PARK CASINO

Scenario D provides an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue forecast as in the Baseline (Scenario A) above, but also assuming that table games will be allowed at Plainridge Park Casino. Currently Plainridge Park Casino is prevented from operating table games by Massachusetts law and is limited to only 1,250 slot machines at its facility.⁶³ Given that the law would need to be changed and implementing table gaming would require an expansion of Plainridge Park Casino we assume for projection purposes that it would be FY 2027 before Plainridge Park Casino would have table games that are available to the public. CCA assumes for the purposes of the following projections that Plainridge Park would keep its full complement of slot machines and add approximately 65 house banked and poker tables.

The resulting projections are presented in Exhibit 1.34 and 1.35.

Exhibit 1.34: Rhode Island Revenue Projections by Fiscal Year with Tables Games at Plainridge Park Casino (\$ MM)

GGR (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$262.0	\$369.8	\$406.9	\$403.4	\$401.4	\$399.4	\$365.9	\$362.2	\$360.4	\$358.6	\$356.8	\$355.0
Twin River Tables	\$61.2	\$100.5	\$110.3	\$114.8	\$116.5	\$118.2	\$96.9	\$96.0	\$97.4	\$98.9	\$100.3	\$101.9
Twin River Sports Wagering	\$11.7	\$11.7	\$11.4	\$8.7	\$8.9	\$9.2	\$8.0	\$7.9	\$8.1	\$8.4	\$8.6	\$8.9
Tiverton VLTs	\$83.0	\$111.4	\$125.1	\$129.9	\$129.3	\$128.6	\$127.5	\$126.9	\$126.3	\$125.6	\$125.0	\$124.4
Tiverton Tables	\$18.2	\$24.5	\$26.3	\$25.7	\$26.1	\$26.5	\$25.9	\$26.3	\$26.7	\$27.1	\$27.5	\$27.9
Tiverton Sports Wagering	\$6.2	\$6.0	\$6.8	\$5.3	\$5.4	\$5.6	\$5.5	\$5.7	\$5.9	\$6.0	\$6.2	\$6.4
Remote Sports Wagering	\$18.3	\$22.1	\$32.7	\$33.7	\$35.4	\$37.1	\$39.0	\$41.0	\$43.0	\$45.2	\$47.4	\$49.8
iGaming				\$14.1	\$68.4	\$97.7	\$113.9	\$125.3	\$131.6	\$136.2	\$140.9	\$145.9
Rhode Island Gaming Revenue	\$460.7	\$645.9	\$719.5	\$735.6	\$791.3	\$822.4	\$782.6	\$791.2	\$799.3	\$805.9	\$812.8	\$820.1
Net State Revenue (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$160.1	\$221.9	\$242.9	\$240.8	\$239.6	\$238.4	\$218.4	\$216.2	\$215.2	\$214.1	\$213.0	\$212.0
Twin River Table	\$5.9	\$15.6	\$17.1	\$17.2	\$17.4	\$17.7	\$14.4	\$14.2	\$14.5	\$14.7	\$14.9	\$15.2
Tiverton VLTs	\$48.9	\$66.8	\$74.7	\$77.6	\$77.2	\$76.8	\$76.1	\$75.8	\$75.4	\$75.0	\$74.6	\$74.2
Tiverton Table	\$0.3	\$3.8	\$4.1	\$3.5	\$3.6	\$3.7	\$3.6	\$3.6	\$3.7	\$3.8	\$3.8	\$3.9
Sports Wagering	\$19.1	\$20.8	\$26.5	\$24.7	\$25.8	\$27.0	\$27.3	\$28.3	\$29.6	\$31.0	\$32.4	\$33.8
iGaming*				\$5.8	\$28.1	\$40.1	\$46.4	\$51.0	\$53.5	\$55.4	\$57.4	\$59.4
Rhode Island Gov't Revenue	\$234.2	\$328.8	\$365.2	\$369.6	\$391.7	\$403.7	\$386.2	\$389.2	\$391.9	\$393.9	\$396.1	\$398.5

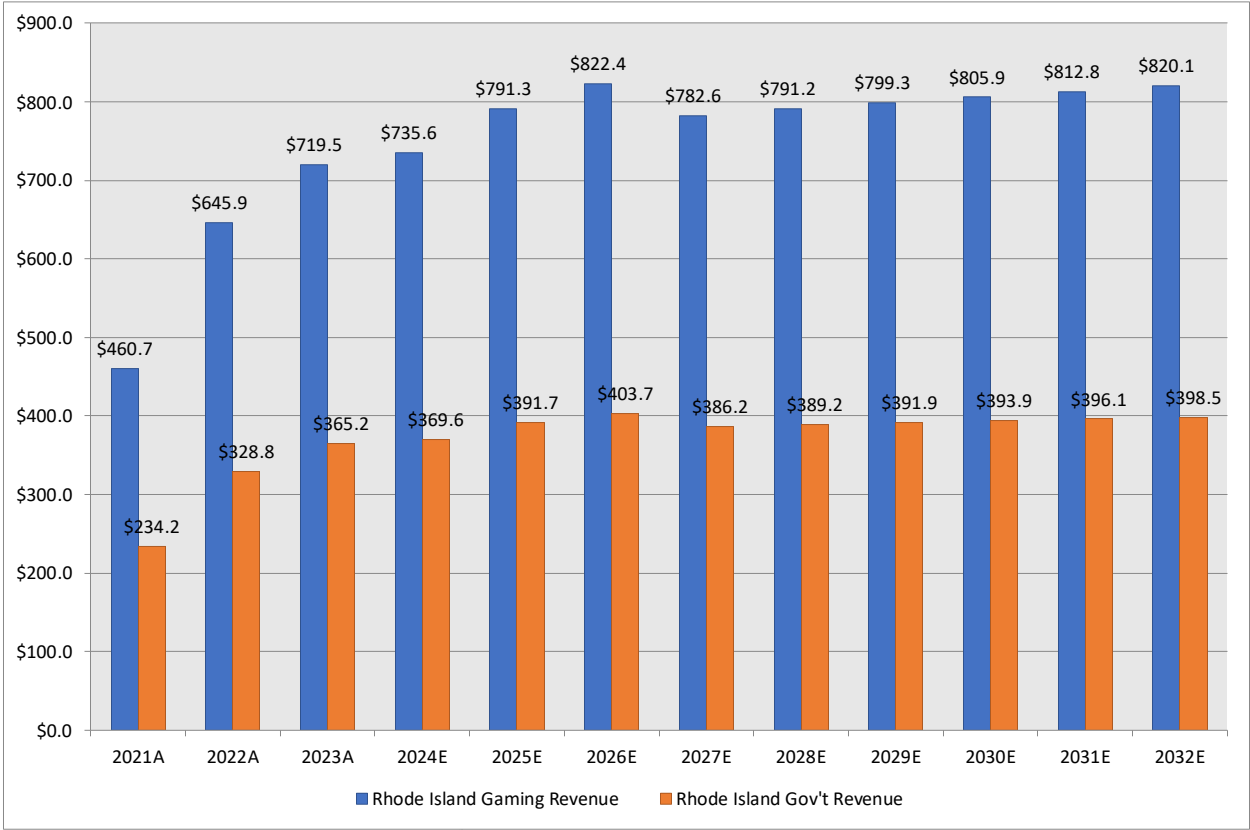
* Excludes payments for iGaming administrative costs which are unknown at this time.

Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

⁶³ Plainridge Park Casino's video lottery terminals do include electronic simulations of traditional table games such as roulette, craps, and blackjack, however, the odds of winning are structured the same way as the odds of winning at a video lottery terminal or slot machine are (i.e., using a random number algorithm to generate winning blackjack hands, spins of the roulette wheel, etc.).

Exhibit 1.35 summarizes and expresses in graphical form the results from Exhibit 1.34.

Exhibit 1.35: Rhode Island Revenue Projections by Fiscal Year with Tables Games at Plainridge Park Casino (\$ MM)



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

REVENUE FORECAST SCENARIO E: TABLES GAMES AT PLAINRIDGE PARK CASINO AND A TRIBAL CASINO IN EAST TAUNTON, MA

Scenario E provides an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island's share of that revenue forecast as in Scenario D above, but also assuming the development of a tribal casino in East Taunton, Massachusetts. For the purposes of this forecast we assume that the Taunton casino begins operations in fiscal year 2029.

The Mashpee Wampanoag Tribe previously proposed a \$500 million destination gaming resort facility in East Taunton, Massachusetts which is located approximately 35 miles south of Boston and 20 miles east of Providence (Exhibit 1.1). Publicly released plans included a 150,000 square foot gaming facility with 3,000 slot machines, 150 house-banked table games, and 40 poker tables.⁶⁴

The Tribe's planned program for the East Taunton casino was released before the Newport Grand Casino was closed and the Tiverton Casino Hotel opened. CCA believes that the presence of competition in Tiverton, RI will significantly curtail the Mashpee Wampanoag Tribe's proposed investment in an East Taunton casino, reducing it by as much as half from their original plans. Thus, CCA assumes that the potential East Taunton tribal casino will be reduced to a \$250-\$300 million gaming facility with 1,500-2,000 slot machines 75-100 house-banked table games, and approximately 25 poker tables.⁶⁵

⁶⁴ <http://www.mashpeewampanoagtribe.com/content/pages/77/MWT-Presentation.pdf>

⁶⁵ The Tiverton Casino Hotel currently operates 1,000 video lottery terminals, 32 house banked table games and no poker tables.

The resulting projections are presented in Exhibit 1.36 and 1.37.

Exhibit 1.36: Rhode Island Revenue Projections by Fiscal Year with Tables Games at Plainridge Park Casino and a Tribal Casino in East Taunton (\$ MM)

GGR (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$262.0	\$369.8	\$406.9	\$403.4	\$401.4	\$399.4	\$365.9	\$362.2	\$352.0	\$350.2	\$348.4	\$346.7
Twin River Tables	\$61.2	\$100.5	\$110.3	\$114.8	\$116.5	\$118.2	\$96.9	\$96.0	\$89.1	\$90.5	\$91.8	\$93.2
Twin River Sports Wagering	\$11.7	\$11.7	\$11.4	\$8.7	\$8.9	\$9.2	\$8.0	\$7.9	\$7.8	\$8.0	\$8.3	\$8.5
Tiverton VLTs	\$83.0	\$111.4	\$125.1	\$129.9	\$129.3	\$128.6	\$127.5	\$126.9	\$107.2	\$106.7	\$106.2	\$105.6
Tiverton Tables	\$18.2	\$24.5	\$26.3	\$25.7	\$26.1	\$26.5	\$25.9	\$26.3	\$20.9	\$21.2	\$21.5	\$21.8
Tiverton Sports Wagering	\$6.2	\$6.0	\$6.8	\$5.3	\$5.4	\$5.6	\$5.5	\$5.7	\$5.0	\$5.1	\$5.3	\$5.5
Remote Sports Wagering	\$18.3	\$22.1	\$32.7	\$33.7	\$35.4	\$37.1	\$39.0	\$41.0	\$43.0	\$45.2	\$47.4	\$49.8
iGaming				\$14.1	\$68.4	\$97.7	\$113.9	\$125.3	\$131.6	\$136.2	\$140.9	\$145.9
Rhode Island Gaming Revenue	\$460.7	\$645.9	\$719.5	\$735.6	\$791.3	\$822.4	\$782.6	\$791.2	\$756.5	\$763.0	\$769.8	\$777.0

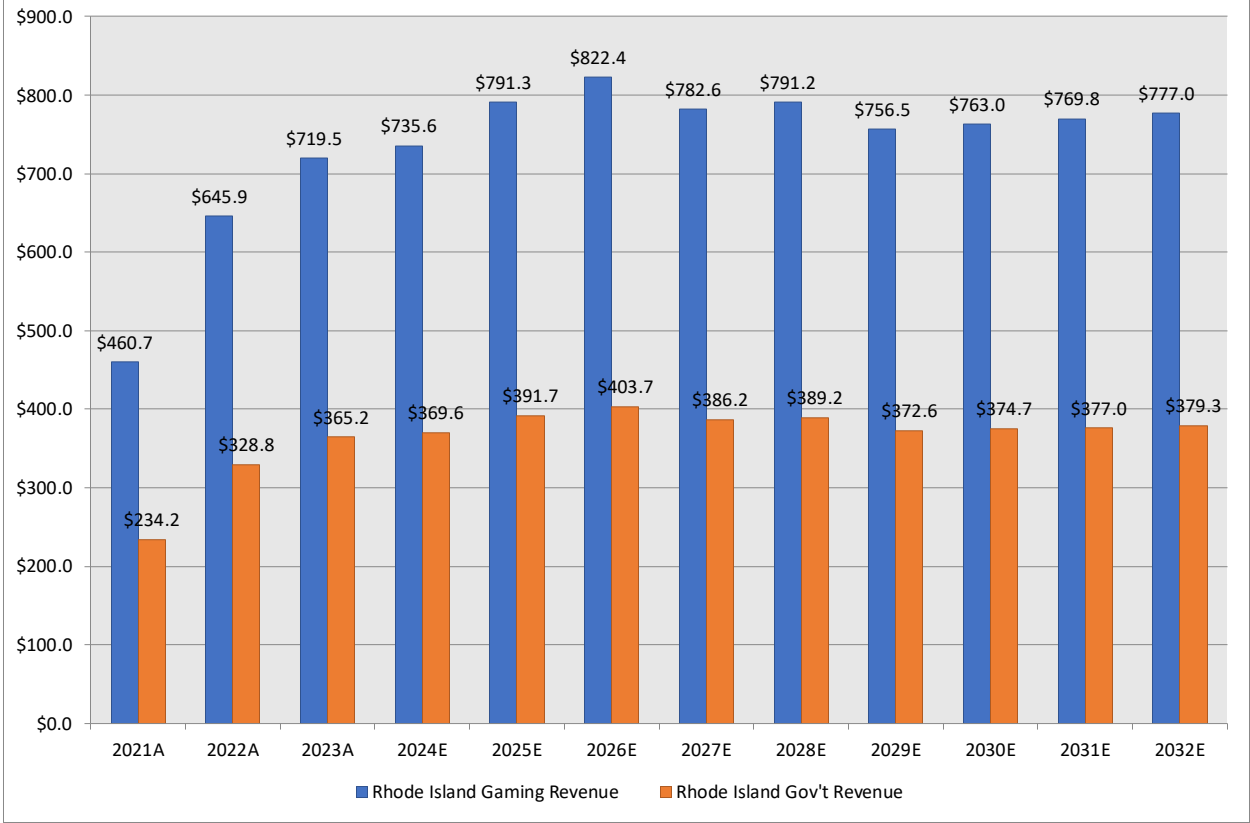
Net State Revenue (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$160.1	\$221.9	\$242.9	\$240.8	\$239.6	\$238.4	\$218.4	\$216.2	\$210.1	\$209.1	\$208.0	\$207.0
Twin River Table	\$5.9	\$15.6	\$17.1	\$17.2	\$17.4	\$17.7	\$14.4	\$14.2	\$13.2	\$13.4	\$13.6	\$13.8
Tiverton VLTs	\$48.9	\$66.8	\$74.7	\$77.6	\$77.2	\$76.8	\$76.1	\$75.8	\$64.0	\$63.7	\$63.4	\$63.1
Tiverton Table	\$0.3	\$3.8	\$4.1	\$3.5	\$3.6	\$3.7	\$3.6	\$3.6	\$2.8	\$2.8	\$2.9	\$2.9
Sports Wagering	\$19.1	\$20.8	\$26.5	\$24.7	\$25.8	\$27.0	\$27.3	\$28.3	\$29.0	\$30.3	\$31.7	\$33.2
iGaming*				\$5.8	\$28.1	\$40.1	\$46.4	\$51.0	\$53.5	\$55.4	\$57.4	\$59.4
Rhode Island Gov't Revenue	\$234.2	\$328.8	\$365.2	\$369.6	\$391.7	\$403.7	\$386.2	\$389.2	\$372.6	\$374.7	\$377.0	\$379.3

* Excludes payments for iGaming administrative costs which are unknown at this time.

Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

Exhibit 1.37 summarizes and expresses in graphical form the results from Exhibit 1.36.

Exhibit 1.37: Rhode Island Revenue Projections by Fiscal Year with Tables Games at Plainridge Park Casino and a Tribal Casino in East Taunton (\$ MM)



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

REVENUE FORECAST SCENARIO F: SMOKING BAN AT RHODE ISLAND CASINOS

Scenario F provides an eight-year projection of Rhode Island gross gaming revenue and the State of Rhode Island’s share of that revenue forecast as in the baseline (Scenario A) above but assessing the potential gross gaming and state revenue impacts of the elimination of smoking from Rhode Island’s two casinos. For the purposes of this forecast we model a scenario where smoking is prohibited at Rhode Island casinos in fiscal year 2025.

The resulting projections are presented in Exhibit 1.38 and 1.39.

Exhibit 1.38: Rhode Island Revenue Projections by Fiscal Year if Rhode Island Bans Smoking at Casinos (\$ MM)

GGR (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$262.0	\$369.8	\$406.9	\$403.4	\$387.0	\$383.1	\$381.2	\$379.3	\$377.4	\$375.5	\$373.7	\$371.8
Twin River Tables	\$61.2	\$100.5	\$110.3	\$114.8	\$110.1	\$111.2	\$112.9	\$114.6	\$116.3	\$118.0	\$119.8	\$121.6
Twin River Sports Wagering	\$11.7	\$11.7	\$11.4	\$8.7	\$8.3	\$8.6	\$8.8	\$9.1	\$9.4	\$9.6	\$9.9	\$10.2
Tiverton VLTs	\$83.0	\$111.4	\$125.1	\$129.9	\$126.2	\$124.9	\$124.3	\$123.7	\$123.1	\$122.5	\$121.8	\$121.2
Tiverton Tables	\$18.2	\$24.5	\$26.3	\$25.7	\$25.0	\$25.2	\$25.6	\$26.0	\$26.4	\$26.8	\$27.2	\$27.6
Tiverton Sports Wagering	\$6.2	\$6.0	\$6.8	\$5.3	\$5.1	\$5.3	\$5.4	\$5.6	\$5.8	\$5.9	\$6.1	\$6.3
Remote Sports Wagering	\$18.3	\$22.1	\$32.7	\$33.7	\$35.4	\$37.1	\$39.0	\$41.0	\$43.0	\$45.2	\$47.4	\$49.8
iGaming				\$14.1	\$68.4	\$97.7	\$113.9	\$125.3	\$131.6	\$136.2	\$140.9	\$145.9
Rhode Island Gaming Revenue	\$460.7	\$645.9	\$719.5	\$735.6	\$765.5	\$793.2	\$811.2	\$824.5	\$832.9	\$839.7	\$846.9	\$854.4
Net State Revenue (in millions)	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Twin River VLTs	\$160.1	\$221.9	\$242.9	\$240.8	\$231.0	\$228.7	\$227.6	\$226.5	\$225.3	\$224.2	\$223.1	\$222.0
Twin River Table	\$5.9	\$15.6	\$17.1	\$17.2	\$16.4	\$16.6	\$16.9	\$17.1	\$17.4	\$17.7	\$17.9	\$18.2
Tiverton VLTs	\$48.9	\$66.8	\$74.7	\$77.6	\$75.3	\$74.6	\$74.2	\$73.8	\$73.5	\$73.1	\$72.7	\$72.4
Tiverton Table	\$0.3	\$3.8	\$4.1	\$3.5	\$3.4	\$3.5	\$3.5	\$3.6	\$3.6	\$3.7	\$3.8	\$3.8
Sports Wagering	\$19.1	\$20.8	\$26.5	\$24.7	\$25.3	\$26.5	\$27.7	\$28.9	\$30.2	\$31.6	\$33.0	\$34.5
iGaming*				\$5.8	\$28.1	\$40.1	\$46.4	\$51.0	\$53.5	\$55.4	\$57.4	\$59.4
Rhode Island Gov't Revenue	\$234.2	\$328.8	\$365.2	\$369.6	\$379.7	\$390.0	\$396.2	\$400.9	\$403.6	\$405.7	\$407.9	\$410.2

* Excludes payments for iGaming administrative costs which are unknown at this time.

Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

Exhibit 1.39 summarizes and expresses in graphical form the results from Exhibit 1.38.

Exhibit 1.39: Rhode Island Revenue Projections by Fiscal Year if Rhode Island Bans Smoking at Casinos (\$ MM)



Source: Rhode Island Department of Revenue, Christiansen Capital Advisors, LLC. estimates

The projections presented herein are based upon the accompanying assumptions. Some of these assumptions will inevitably not materialize, and unanticipated events and circumstances will occur. Actual results may therefore vary from our projections, and such variations may be material.