

Revenue Estimating Conference

Indian Gaming Revenues

Executive Summary

August 6, 2024

The Revenue Estimating Conference met on August 6, 2024, to adopt a new forecast for Indian Gaming revenues. Prior to this revision, the Indian Gaming revenues forecast was last revised in February 2024, when the Conference recognized new receipts, but made them nonrecurring.

The State of Florida began receiving Indian Gaming payments pursuant to the 2021 Compact in October of 2021; however, the U.S. District Court for the District of Columbia set aside federal approval of the 2021 Compact on November 22, 2021. Nevertheless, the Seminole Tribe of Florida continued revenue sharing with the State of Florida through February 2022, after which time they discontinued all payments. Between October 2021 and February 2022, the state received 5 payments of \$37.5 million, totaling \$187.5 million. On June 30, 2023, the United States Court of Appeals, D.C. Circuit, vacated the District Court's opinion, and directed it to enter judgment for the Secretary of the Department of Interior. The petitioners appealed, and the U.S. Supreme Court denied a petition for a writ of certiorari on June 17, 2024.¹ Given the conclusion of this litigation, the new forecast treats all projected payments as recurring revenues.

The Tribe resumed revenue sharing with the State while the litigation was still active. After a soft opening on November 7, 2023, to test its sports betting platform, the Tribe formally launched the statewide reactivation of its sports betting program on December 7, 2023, as well as the newly authorized games of craps and roulette. The first payment was received in January 2024. The Revenue Estimating Conference formally recognized the renewed stream of receipts on February 20, 2024.

For FY 2023-24, the Conference anticipated \$343.9 million in receipts, but instead received \$357.0 million, a gain of \$13.1 million or 3.8 percent to the estimate. Because the first payments were made using formulas that differed from the assumptions made by the Conference, the translation to a full revenue sharing cycle is still unclear. Further, sports betting is expected to have significant seasonality, and a full year of this activity has yet to occur. As a result, the Conference increased the prior estimate for FY 2024-25 by only \$10.1 million or 1.3 percent, with the upward adjustments to subsequent years gaining in strength. Based on underlying growth of 3.77 percent for each revenue sharing cycle, the changes to the forecast for the outer years add \$22.2 million to \$47.9 million to each fiscal year. Excluding the FY 2023-24 partial year, the Conference expects a total of \$5.22 billion through FY 2029-30. The latter year approaches \$1.0 billion in annual receipts.

Finally, legislation passed during the 2024 Session (CS/SB 1638) significantly changed the expected distribution of receipts. Instead of entirely benefiting the General Revenue Fund, 96 percent of future distributions will go to trust funds that provide funding for environmental resource management.

A table showing total receipts is provided on the following page.

¹ The Florida Supreme Court had previously denied the petitioners' request for a writ of quo warranto on March 21, 2024.

INDIAN GAMING REVENUES

August 2024 Forecast

Revenue Share Receipts by Fiscal Year (in millions)

Fiscal Year	Prior FC (2/2024) FY	Adopted	\$ Change in Forecast
<i>2023-24 Actual</i>	343.9	357.0	13.1
<u>Forecast</u>			
2024-25	749.3	759.4	10.1
2025-26	780.6	802.8	22.2
2026-27	814.6	845.2	30.6
2027-28	851.5	890.4	38.9
2028-29	889.6	937.5	47.9
2029-30	n/a	986.5	n/a