



Select Committee on Seminole Indian Compact Review

Meeting Packet

Friday, March 20, 2009

9:00 AM – 12:00 PM

212 KNOTT

Larry Cretul
Speaker

Bill Galvano
Chairman

Evaluation of Economic Impact Analysis: Seminole Tribe of FL Issues & Concerns

Summary

In general, the model underlying the analysis¹ appeared to use standardized approaches and accepted techniques within the economic development profession. Efforts to replicate the model's results using the analysis' assumptions were largely successful.

Overall the analysis is more reasonable than many that have been developed for similar purposes; however, there is a strong caveat. Most of these analyses are crafted from the perspective of the entity under study. This means that activity that is new to the entity is typically assumed to be new to the state. From the state's perspective, more substitution for existing activity is taking place than is generally recognized, and the projected statewide benefits will fail to achieve the purported levels. The result is that the financial projections can be significantly overstated. For these and other reasons detailed below, the specific benefits ascribed to the state should be treated with skepticism. In this regard, policy decisions should not be made solely on the basis of the numbers shown in the analysis.

General

By virtually any measure, the United States is undergoing its worst **economic period** in recent history – and in some instances, since the Great Depression. Economic outlooks and behavior are not following typical paths. Business plans predicated on normal consumer responses are being significantly scaled back and revised. Of no great surprise, the gaming industry is not immune from the distress. In Atlantic City, six of eleven existing casino hotels are reportedly in bankruptcy or close to it. While portions of the analysis are reasonable for a normal period of business operations, conventional assumptions are too optimistic for the current environment.

- According to an assessment of the *Nevada Gaming Revenue Report* for 2008 authored by Dave Schwartzton, “Basically, both visitation (37.5 million) and total gaming revenue (\$11.6 billion) have returned to 2004/2005 levels.”
- In a recent article in the *Pittsburgh Post Gazette*, a reporter noted: “Las Vegas had its worst-ever decline in December, with revenues down 23 percent. For 2008, Las Vegas revenues were down 10 percent.”
- In a recent article in *Global Gaming Business* by Matt Sodl of Innovation Capital, “As of December 1, 2008, stock indices for such discretionary segments as gaming and hospitality were down 78.72 percent and 65.28 percent, respectively. The resulting

¹ The term “analysis” is used throughout this evaluation to refer to the Economic Impact Analysis prepared for the Seminole Tribe of Florida by the Innovation Group (released October 2008).

economic strain is unlike any seen in recent history, and with no immediate signs of improvement on the horizon (and capital for M&A transactions non-existent), talk of restructuring and bankruptcy is front and center in nearly every major consumer-related sector... We are indeed in a recession, and for industries like gaming, the impact begins and ends with the consumer and what they are willing and able to spend. And today, quite simply, they are spending less.”

Given the current economic reality, it is improbable that the expected level of patrons will materialize in the near-term. For the patrons that do show up, their expenditures on discretionary purchases will not reflect the levels experienced in the recent past. Consumer and business sentiment, which are both persisting at or near historic lows, will reduce the direct spending anticipated by the analysis, as well as the indirect expenditures which are based on these levels. Because the sharply weakened economy is expected to continue for an extended period of time, the timing of planned expansions is also questionable.

The analysis does not specify the funding source for the planned capital expansion. To the extent that the expansion is debt-financed, serious delays may arise. Today, the **credit market** remains largely dysfunctional. Commercial loans are difficult to get, and large-scale projects are costly to finance when debt capital is available. If debt-financing is part of the underlying plan, the analysis will need to be reworked to take account of the higher costs and timing difficulties in the illiquid credit environment. Similarly, the Seminole Tribe’s cash investments may have been altered by recent portfolio losses or declining revenues. Many casino operators are reducing prices for hotel rooms, shows, and food and beverages in an effort to fill their properties. The current situation on all of these fronts has markedly worsened since the analysis’ release in October.

In any event, it is not clear how much (if any) of the \$3 billion **resort expansion** would have taken place in the absence of Class III slots and table gaming. Attributing 100% of anticipated future activity to the compact’s approval likely overstates the reality. Significant expansion has clearly taken place in the absence of the conversion. For example, the Seminole Tribe opened another facility in 2006 when viable gaming was Class II electronic machines. In addition, all Indian gaming facilities in Florida had 7,700 machines in 2004 (a 69% increase over the prior year), and 8,641 machines in 2006.² During this period, the Seminole Tribe also acquired the Hard Rock business, including the licensing agreements related to Hard Rock Casinos.³

The analysis has several other assumptions which are conceptual in nature, but integral to the projections of direct and indirect spending. To the extent that the stated goals are not met, the state’s benefit is reduced commensurately:

- It is unclear that **30% of all spending on goods and external services** purchased by the Seminole Tribe would actually come from within the state of Florida. The percentage is based on one year of current activity. To the extent that multi-state vendors are used, there will be leakages out of the state.

² Casino City’s Indian Gaming Industry Reports (2005-06 Edition and 2007-08 Edition).

³ Ibid.

- Similarly, it is unclear that all of the expenditures for **renovation and construction** (\$51.6 million) anticipated for in-state vendors would actually materialize. If multi-state contractors are used, there will be leakages to other areas.
- All numbers for **leased operations** (Paradise) are estimated without any underlying data. To the extent the estimates are inaccurate, the benefit to the state will be reduced.
- The analysis presents results as though full implementation has taken place, but a **completion date** is not specified. In input-output analyses, multipliers frequently take years – as long as 7 to 10 years – to achieve fruition. If the completion date for all activities is too far into the future, an adjustment should be made for the net present value of future benefits.

Churning within the State

The analysis makes reference to the state experiencing “**employment growth**” as a result of the compact. If the intent is to indicate the number of additionally employed individuals, a statewide increase only exists to the extent that the individuals are otherwise unemployable or they are moving in from outside the state for these jobs. Otherwise, they are just being pulled from other jobs already existing within the state of Florida. While new to the Seminole Tribe of Florida, the jobs / hires would not be new to the state, and the positive impact would be mitigated by the Florida losses elsewhere. An example would be if existing pari-mutuel based facilities or other Florida attractions lost jobs as the Seminole facilities gained them.

The above discussion also applies to the creation of **additional income** through wages, **new spending, new expenditures, and new revenues**. To the extent that income, expenditures and revenues are pulled from existing activities in Florida, the gain attributable to the Seminole Tribe expansion is offset. Through the state’s Revenue Estimating Conference, adjustments are regularly made to account for this shifting. An example is the evaluation of the benefit accruing to state revenues from the implementation of the constitutional amendment authorizing slots. Only 25% of the expenditures were deemed “new” to the state’s tax collections (from tourists and non-taxable spending). For the remaining dollars spent on slots, specific downward adjustments were made to account for the source of the “new” funding: the expenditures pulled from pari-mutuel facilities, the state-run Lottery, and other spending already subject to the sales tax. A similar analysis was used for the recent implementation of Powerball. These downward adjustments can be significant. The analysis made a minor adjustment to sales tax revenues to account for the substitution effect, but made no adjustment in the other areas.⁴

Other specific examples of churning include:

- **Patrons...** To the extent the patrons are state residents, expenditures at the Seminole-owned facilities will largely come at the expense of reduced expenditures elsewhere in the state. While there may be some instances of in-state residents forgoing out-of-state

⁴ The sales tax revenues are associated with the Paradise venues. They are leased businesses (restaurants, night clubs, retail and entertainment) at the Hard Rock Hollywood facility.

gambling excursions to patronize the Seminole-owned facilities, this would not be the predominant case. The analysis includes no offsetting loss in economic benefit or sales tax to address this issue. Moreover, the analysis includes a substantial toke rate (table dealer tips) as part of the projected economic benefits. When these are paid by in-state residents without offsetting wins, other in-state purchases will likely be forgone.

- **Conferences & Conventions...** The new and expanded casino-based resorts will be in direct competition with existing convention and conference centers, with a tax advantage.⁵ To the extent the Tribe is successful in garnering conferences and conventions, some measure of them will come at the expense of the other in-state facilities. Not only will this lead to churning of business among the various in-state conference destinations, but sales tax will be lost as meetings shift from the taxable facilities to the Seminole-owned and operated facilities.
- **Tourists...** To the extent that tourists redirect a portion of their vacation dollars from taxable attractions and leisure-based activities to the Seminole-owned and operated facilities, the shifting will be experienced as a loss by the attractions and leisure-based operators. Sales tax revenues will also be lost in the shift from taxable activities to the tax-free operations.
- **Pari-mutuels...** To the extent that Floridians redirect a portion of their discretionary income from the pari-mutuel facilities to the Seminole-owned and operated facilities, the shifting will be experienced as a loss by the pari-mutuel facilities. Tax revenue will also be lost in the move from taxable activities to the tax-free operations.

Table Games – Technical Issues

The analysis breaks out the Hard Rock Hollywood facility's incremental increase in activity due to the recent addition of table games, but does not address any additional economic activity related to the Class III slots. The implication is that the switch between Class II and Class III is essentially immaterial.

For the purpose of projecting the benefit, the calculated average salary for each new Table Game FTE is approximately \$81,752 (purportedly excluding toke rates and benefits). The average employee salary in current operation (and the 1 month of July for Hollywood Table Games) ranges from a low of \$21,111 to a high of \$29,249. In August 2008, Hollywood averaged \$27,888 for each Table Game FTE. At the very least, the assumed salary is at the very high end of possible salaries and the average hourly wage has no direct comparison in the national data categories. According to the National Occupational Wage survey from the Bureau of Labor Statistics:

⁵ The Seminole-owned and operated facilities will be tax-free.

National Employment estimate and mean wage estimates for Gaming Dealers

Employment	Employment RSE	Mean hourly wage	Mean annual wage	Wage RSE
86,210	2.5 %	\$8.71	\$18,120	1.3 %

Percentile wage estimates for this occupation:

Percentile	10%	25%	50% (Median)	75%	90%
Hourly Wage	\$5.96	\$6.76	\$7.51	\$8.90	\$13.49
Annual Wage	\$12,400	\$14,060	\$15,610	\$18,510	\$28,070

Similar information is provided on a popular website: average gaming dealers make \$7.50 per hour and the average toke rate is \$18.36 per hour for a combined average wage of \$25 per hour (http://blogs.payscale.com/ask_dr_salary/2006/12/wages_tips_bart.html).

Including a salary rate that is unrealistic would inflate the projected direct and indirect benefits developed by the analysis. If the stated salary rate actually includes toke rates or benefits, then other adjustments need to be made. Either way, the portion of the analysis dependent on this information needs to be addressed.

Finally, the analysis only looks at the month immediately prior and the month immediately after the Hollywood expansion to table games to project the future benefit. A more complete analysis would have included a comparison to the same months in the prior year.

**Addendum to Evaluation of
Economic Impact Analysis**

Evaluation of Economic Impact Analysis: Seminole Tribe of FL Issues & Concerns ADDENDUM REGARDING CONVENTION BUSINESS

Before the widespread expansion of legalized gambling, the primary purpose of travelling to casino-based resorts was for the opportunity to gamble. This situation has changed in recent years. According to a study by Morrison, Braunlich, Cai and O'Leary, "With casinos becoming accessible to a much wider population, casino resorts are now competing with other resort types and attracting a much broader share of the vacation market." This direct competition with other resorts and luxury hotels will cause a shift in customers from existing Florida-based resorts and convention centers to the expanded facilities contemplated by the Seminole Tribe.¹ This addendum attempts to address the potential economic impact of this shift.

In conducting this analysis, use was made of the data contained within *Hard Rock Hotel Holdings, LLC Annual Report* filed with the Securities and Exchange Commission for the fiscal year ending December 31, 2008. This limited liability company was formed to acquire Hard Rock Hotel, Inc., which owned the Hard Rock Hotel & Casino in Las Vegas, Nevada. While the registered trademark is controlled by the Seminole Tribe of Florida, the physical hotel/casino in Las Vegas is not. The physical hotel/casino in Las Vegas is currently the sole generator of the LLC's revenues.

The LLC's stated belief is that the Hard Rock Hotel & Casino in Las Vegas is a "premier destination entertainment resort." Its target customer base is between the ages of 25 and 45 – that is, youthful individuals who seek an "entertainment and gaming experience with the services and amenities associated with a boutique luxury resort hotel." The LLC's marketing efforts are targeted at both the visitor market (tourists and business travelers) as well as local patrons. In this regard, many of its targeted customers reside in California. According to the Annual Report, the Hard Rock Hotel & Casino hosts a number of corporate events, conventions, banquets and private parties for up to 3,000 persons. As of December 31, 2008, the LLC had 1,176 full-time employees and 488 on-call employees.

To the extent that the Seminole Tribe has given the LLC the exclusive, royalty-free and perpetual right to use and exploit the "Hard Rock Hotel" and the "Hard Rock Casino" trademarks in connection with hotel/casino operations or casino operations in the State of Illinois and all states and possessions of the United States that are located west of the Mississippi River, including the entire state of Louisiana, but excluding Texas, except for the Greater Houston area, it can be surmised that the Seminole Tribe does not perceive these areas to be among its prime target customer base. On the other hand, the eastern coast of the United States appears to be fully within the LLC's prime target customer base.

¹ In announcing its fourth quarter losses, Harrah's Entertainment Inc. pointed to lower traffic volume and declining spend per visitor, but noted particularly "weakness in the corporate-meeting business."

The LLC is undertaking a \$766 million initiative for the expansion, renovation and refurbishment of the Hard Rock Hotel & Casino in Las Vegas over a more than two-year period. This compares to the \$2.9 billion contemplated by the Seminole Tribe at five facilities in less than twelve months. While the Seminole Tribe did not specify a specific date for the initiation or completion of the various capital investments in its Economic Impact Analysis, it is assumed for the purpose of this addendum that completion occurs within eighteen months.

Because the Seminole Tribe’s Economic Impact Analysis indicates that the Tribe will not proceed with the capital expansion in the absence of the authorization for table gaming, it is important to consider the compact’s impact on competing businesses. The first issue is to determine the amount of **convention-related cannibalization** from other Florida entities that can be expected from the proposed master-planned resort development. This analysis generally *excludes* the impact associated with the table game expansion, particularly as it relates to attendance by residents from the surrounding communities.

According to the Encyclopedia of Tourism, the term “convention business” is used to “describe any commercial activity that results from travel for the purpose of attending a convention, congress, exposition, trade show or other similar assembly, whether regional, national, continental or global in scope, organized on a regular or occasional basis. Along with corporate meetings, which refer to smaller gatherings of employees from single organizations, it comprises the segment of business tourism known as the conference and meetings market.” For the purpose of this addendum, the terms “convention” or “convention-related” has the meaning described above.

Several studies have found that casino resort vacationers are more likely to stay within the confines of the resort than other vacationers. Therefore, a decision to go to a casino resort will likely affect more leisure dollars than just lodging. With this in mind, composite spending packages were developed for the low estimate based on recent Florida experience. The spending packages include lodging, food and retail expenditures for goods, services and basic leisure activities – but exclude the expenses of travel to and from the destination.² The portion of expenditures related to lodging costs per night were considerably less than the reported rates for either the Hard Rock Hollywood or Hard Rock Las Vegas casino resorts. The dollar values associated with shifted activity reflect these composite spending packages. The high estimate uses some of the same underlying assumptions, but is based on the incremental impacts shown in the Seminole Tribe’s Economic Impact Analysis.

Despite the naming conventions, both the high and low estimates can be considered conservative projections of the direct losses that can be expected by competing hotels and motels for convention-related lodging and associated expenditures. No multipliers have been used to take account of indirect losses.

<u>Low Dollar Value</u>	<u>High Dollar Value</u>	<u>Avg Dollar Value</u>	
\$ 58,399,741	\$ 61,451,093	\$ 59,925,417	<i>Convention-Related Cannibalization</i>

² Several studies have found that tourists who gamble – particularly international visitors – spend more money than the average tourist on their vacations. This phenomenon is not addressed in the basic spending package.

The second issue is to determine the amount of **leisure-related cannibalization** from other Florida entities that can be expected from the proposed master-planned resort development. This analysis also *excludes* the impact associated with the table game expansion. Once again, the high and low estimates can be considered conservative projections of the direct losses that can be expected by competing hotels and motels for convention-related lodging and associated expenditures. No multipliers have been used to take account of indirect losses, and the methodology was similar to the explanation provided above. A key difference is that lower rates of cannibalization are assumed for leisure travel. This assumption is based on several studies that found the main attraction for a casino-based vacation is the opportunity to gamble.

<u>Low Dollar Value</u>	<u>High Dollar Value</u>	<u>Avg Dollar Value</u>	
\$ 36,939,250	\$ 38,869,304	\$ 37,904,277	<i>Leisure-Related Cannibalization</i>

The **total minimum shift of business** from competing hotels and motels for convention-related lodging and associated expenses to the expanded Seminole facilities is shown below. The stated losses do not include the impacts to other attractions, pari-mutuel facilities, equipment and room rental at convention centers, or any activities that would have been chosen by residents from surrounding communities in the casino's absence.

<u>Low Dollar Value</u>	<u>High Dollar Value</u>	<u>Avg Dollar Value</u>	
\$ 58,399,741	\$ 61,451,093	\$ 59,925,417	<i>Convention-Related Cannibalization</i>
\$ 36,939,250	\$ 38,869,304	\$ 37,904,277	<i>Leisure-Related Cannibalization</i>
<u>\$ 95,338,991</u>	<u>\$ 100,320,397</u>	<u>\$ 97,829,694</u>	<i>Total Business Shift</i>

Although sales tax applies to spending by patrons at the non-gaming Seminole-operated facilities such as restaurants, retail, lodging and entertainment, tribal immunity prevents the enforcement of the collection and remittance of sales tax. This means that any business shift from Florida convention-related businesses to the expanded Seminole facilities will come at the expense of **foregone sales taxes** that the state would have otherwise collected. These figures do not include foregone sales tax revenues from *current* business operations.

	<u>Low Dollar Value</u>	<u>High Dollar Value</u>	<u>Avg Dollar Value</u>
STATE SALES TAX LOSS FROM BUSINESS SHIFT:	\$ 5,720,340	\$ 6,019,224	\$ 5,869,782

Florida businesses in the convention and lodging industry will also be at a competitive disadvantage to the expanded Seminole-operated facilities. The Seminole Tribe not only sells items free from sales taxation, but the Tribe and any of its solely owned entities purchase on a sales tax-exempt basis as well.

The pari-mutuel facilities that operate slot machines provide an example of the challenge this creates. Currently, the slot machines at pari-mutuel facilities have a 50% tax rate on the net income per machine. Similar to the sales tax situation described above, slot machine earnings at

Seminole Tribe’s facilities are not taxed. This simple difference provides the Tribe with a \$272.5 million tax advantage once the expansion plan is completed.

Table: Foregone Tax Collections Related to Slots

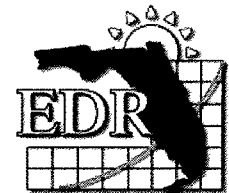
SLOTS:		2010-11	2011-12
Slot Machines -State		7081	7081
Income Per Machine		137.74	141.43
Total Income		\$ 355,997,983	\$ 365,535,028
State Income		\$ 177,998,992	\$ 182,767,514
Slots - Existing Seminole		6941	
Slots - New from Seminole Expansion		3900	
TOTAL SLOTS		10841	
Income Per Machine - State		137.74	
TOTAL INCOME		\$ 545,032,359	
A Foregone Taxes at State Rate		\$ 272,516,180	
	All Machines	\$272.5 million	
B Foregone Taxes at State Rate		\$ 98,036,445	
	New Machines	\$98.0 million	

EDR Evaluation

Economic Impact Analysis: Seminole Tribe of Florida

March 20, 2009

Presented by:



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Published Economic Impact..

- The Seminole Tribe of Florida has released an Economic Impact Analysis of the proposed gaming and resort operations.
- Efforts to replicate the model's results using the analysis' assumptions were largely successful.
- The analysis appeared to use standardized approaches and accepted techniques within the economic development profession.



Caveat...

- Analysis is crafted from the Seminole Tribe's perspective.
- This means that activity that is new to the Tribe is typically assumed to be new the state.
- From the state's perspective, more substitution for existing activity is taking place than is generally recognized, and the projected statewide benefits will fail to achieve the purported levels.
- The result is that the financial projections can be significantly overstated.



Economic Period...

- United States is undergoing its worst **economic period** in recent history.
- Economic outlooks and behavior are not following typical paths.
- The gaming industry is not immune from the distress.
- While portions of the analysis are reasonable for a normal period of business operations, conventional assumptions are too optimistic for the current environment.



Downturn Effects...

- Based on annual reports from similar businesses:
 - Expected level of patrons unlikely to materialize.
 - Expenditures on discretionary purchases will not reflect the levels experienced in the recent past.
- Consumer and business sentiment will reduce the direct spending anticipated by the analysis, as well as the indirect expenditures which are based on these levels.



Planned Capital Expansion...

- Analysis does not specify the funding source.
- Today, the **credit market** remains largely dysfunctional.
- To the extent that the expansion is debt-financed, serious delays and higher costs may arise.
- The Seminole Tribe's cash investments may have been altered by recent portfolio losses or declining revenues.
- Current situation on all of these fronts has markedly worsened since the analysis' release in October



Resort Expansion..

- It is not clear how much (if any) of the \$3 billion **resort expansion** would have taken place in the absence of Class III slots and table gaming.
- Significant expansion has clearly taken place in the absence of the conversion. For example, the Seminole Tribe opened another facility in 2006 when viable gaming was Class II electronic machines.



Key Assumptions, No Guarantees...

- **30% of all spending on goods and external services** purchased by the Seminole Tribe come from within the state of Florida.
- **Renovation and construction** (\$51.6 million) spending for in-state vendors.
- **Completion date** is not specified, but assumed to be in the near-term.
- **Multipliers** may take multiple years to achieve fruition.



Churning within the State...

- Increases are presented as though they are on top of what we already have.
 - “Employment growth”
 - “Additional income from wages”
 - “New spending,” “new expenditures,” and “new revenues”
 - “New Patrons” and “additional tourists”
 - “New Conferences and Conventions”
- To the extent that the increases are pulled from existing activities in Florida, the gain attributable to the Seminole Tribe expansion is offset.



Conferences & Conventions...

- Direct competition with other resorts and luxury hotels will cause a shift in customers from existing Florida-based resorts and convention centers to the expanded facilities contemplated by the Seminole Tribe.
- Because the Seminole Tribe's Economic Impact Analysis indicates that the Tribe will not proceed with the capital expansion in the absence of the authorization for table gaming, it is important to consider the compact's impact on competing businesses.



Convention-Related Cannibalization...

- Despite the naming conventions, both the high and low estimates can be considered conservative projections of the direct losses that can be expected by competing hotels and motels for convention-related lodging and associated expenditures. No multipliers have been used to take account of indirect losses.
- This analysis generally *excludes* the impact associated with the table game expansion, particularly as it relates to attendance by residents from the surrounding communities.
 - Low Dollar Value: **\$58.4 million**
 - High Dollar Value: **\$61.5 million**
 - Average Dollar Value: **\$59.9 million**



Leisure-Related Cannibalization...

- Once again, the high and low estimates can be considered conservative projections of the direct losses that can be expected by competing hotels and motels for convention-related lodging and associated expenditures. No multipliers have been used to take account of indirect losses, and the methodology was similar to the explanation provided above.
- A key difference is that lower rates of cannibalization are assumed for leisure travel.
 - Low Dollar Value: **\$36.9 million**
 - High Dollar Value: **\$38.9 million**
 - Average Dollar Value: **\$37.9 million**



Total Minimum Shift...

<u>Low Dollar Value</u>	<u>High Dollar Value</u>	<u>Avg Dollar Value</u>	
\$ 58,399,741	\$ 61,451,093	\$ 59,925,417	<i>Convention-Related Cannibalization</i>
\$ 36,939,250	\$ 38,869,304	\$ 37,904,277	<i>Leisure-Related Cannibalization</i>
\$ 95,338,991	\$ 100,320,397	\$ 97,829,694	<i>Total Business Shift</i>

- The **total minimum shift of business** from competing hotels and motels for convention-related lodging and associated expenses to the expanded Seminole facilities is shown below.

- The stated losses do not include the impacts to other attractions, pari-mutuel facilities, equipment and room rental at convention centers, or any activities that would have been chosen by residents from surrounding communities in the casino's absence.



Foregone Sales Taxes...

- Although sales tax applies to spending by patrons at the non-gaming Seminole-operated facilities such as restaurants, retail, lodging and entertainment, tribal immunity prevents the enforcement of the collection and remittance of sales tax.
- This means that any business shift from Florida convention-related businesses to the expanded Seminole facilities will come at the expense of **foregone sales taxes** that the state would have otherwise collected.
 - Low Dollar Value: **\$5.7 million**
 - High Dollar Value: **\$6.0 million**
 - Average Dollar Value: **\$5.9 million**



Competitive Disadvantage...

- Florida businesses in the convention and lodging industry will also be at a competitive disadvantage to the expanded Seminole-operated facilities. The Seminole Tribe not only sells items free from sales taxation, but the Tribe and any of its solely owned entities purchase on a sales tax-exempt basis as well.



Example...

SLOTS:		2010-11	2011-12
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TOTAL INCOME		\$ 545,032,359	
A	Foregone Taxes at State Rate	\$ 272,516,180	
	All Machines	\$272.5 million	
B	Foregone Taxes at State Rate	\$ 98,036,445	
	New Machines	\$98.0 million	



Summary...

- Policy decisions should not be made solely on the basis of the numbers shown in the Impact Analysis.
- The specific benefits ascribed to the state should be treated with a degree of skepticism, since they can be one-sided.

