

Updated Casino Revenue Estimate for Schools

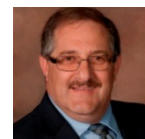
April 15, 2013

Last year, I estimated the school share of casino tax revenues to be about \$71 per pupil in FY 2014, and \$82 per pupil in FY 2015. Actual data is available through March, including nearly one full month of data for the new Cincinnati casino. It is now clear that revenues are lagging substantially behind earlier casino revenue projections. For FY 2014, based on current trends, I now expect revenues of \$52 per pupil. This takes into account the recent opening of the ThistleDown Racino.

The revenue will come to the districts in two payments—August 31, 2013 and January 31, 2014. The payments will not be even. The August payment will include casino tax revenue from January 1, 2013 through the end of July, seven months of revenue. The January payment will only include five months of revenue. So the payment should be split roughly \$30 per pupil in August and \$22 per pupil in January.

For FY 2015, I would recommend using a projection of \$50 per pupil. There will be offsetting conditions in FY 2015 that are driving this estimate. First, there will be a couple more months of the Cincinnati casino revenue than there will be in FY 2014, plus there may be some additional general growth. Offsetting these positive revenue factors will be the increase in competition for gambling revenue. There will be a full year of the racino at ThistleDown, the opening of the racino at Northfield Park this December, plus projected openings of racinos at River Downs and at new facilities near Dayton and in southern Warren County during calendar year 2014. The competition from the racinos will likely siphon off gambling revenue from the casinos and reduce casino tax revenue.

All projections are estimates based upon the current trends available. Ongoing monthly revenue will be monitored and if the casino revenue projections warrant further modification I will advise you in a subsequent update. If you have questions about these estimates, please do not hesitate to contact us at Public Finance Resources or contact me directly at mike@pfrcco.com.



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