
ATTACHMENT VIII.B.4.-1

**ESTIMATED TAX REVENUES GENERATED BY THE
GAMING FACILITY AT ADELAAR
TOWN OF THOMPSON, NEW YORK**

Prepared for:

Empire Resorts, Inc.
Montreign Resort Casino
Gaming Facility at Adelaar

Prepared by:



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A. INTRODUCTION

AKRF, Inc. (AKRF) was retained to conduct an analysis of the tax revenues generated by the proposed Gaming Facility. The Gaming Facility includes Montreign Resort Casino, the Indoor Waterpark Lodge, Entertainment Village, and the Monster Golf Course.

This Attachment is in support of Empire Resort’s (Empire’s) application to the New York Gaming Facility Location Board to be granted a Gaming Facility License. Specifically, this study is being conducted to address Evaluation Criteria submitted as Exhibit VIII.B.4, which requires projections for all estimated state, county, and local tax revenue (e.g., gaming, sales, income, real estate, hotel, entertainment and other taxes) for a period of at least the first five (5) years of operations on a high-, average-, and low-case basis. This analysis has been prepared by AKRF’s Economic and Real Estate Advisory Services group, and relies in part on information from reports and analyses prepared by other consultants, all of whom are specified under “Data Sources,” below. The analysis was prepared in accordance with the Exhibit VIII.B.4 template that circulated by the New York State Gaming Commission, and which precedes this Attachment.

A major goal of the Upstate New York Gaming Economic Development Act of 2013 (“the Act”) is to enhance the financial condition of localities that have suffered from economic hardships. This study presents the proposed Gaming Facility’s overall economic incremental tax benefit to the Town of Thompson (the Host Municipality), Sullivan County, other counties in the region, and New York State. It includes a description of background fiscal conditions for the Town of Thompson and surrounding area and presents all non-property and property tax revenues (PILOT payments) to applicable jurisdictions for a five-year period, including projections for a low-, average-, and high-revenue case.

Following this introduction, the analysis is organized as follows:

- **B. Methodology, Data Sources, and Assumptions** – outlines data sources, key assumptions, and methodology used to project tax revenues, including the application of annual growth rates, assumptions regarding taxable and exempt sales, methodology for estimating income tax revenue, and other assumptions.
- **C. Background Conditions** – summarizes fiscal conditions for the Town of Thompson and Sullivan County, including a description of the existing property tax base, primary areas of spending, and characterization of fiscal health from the New York State Office of the State Comptroller.
- **D. Analysis findings for “No Regional Competition” Scenario** – presents the findings of the analysis, including tables that summarize projected 2017-2021 non-property tax revenues for a low-revenue case, an average-revenue case, and a high-revenue case, as well as estimated annual PILOT revenues for the same time period. This section also

presents income tax revenues to New York State resulting from direct construction activity.

- **E. Analysis findings for “With Regional Competition” Scenario** – presents the findings of the analysis assuming another licensed casino within Region One, including tables that summarize projected 2017-2021 non-property tax revenues for low-, average-, and high-revenue cases, as well as estimated annual PILOT revenues for years 2017-2021. This section also presents income tax revenues to New York State resulting from direct construction activity.

B. METHODOLOGY, DATA SOURCES AND ASSUMPTIONS

This section outlines the methodology, data sources, and key assumptions utilized by AKRF, Inc. in projecting the tax revenues associated with the construction and annual operation of the proposed Gaming Facility, including the Montreign Resort Casino, Indoor Waterpark Lodge, Monster Golf Course, and Entertainment Village.

All tax revenues were projected for a 5-year period beginning in 2017, when the project would be complete. As outlined below and further detailed in the attached backup files, revenues associated with operation of the project (and corresponding tax revenues) were generally assumed to increase by one to three percent annually, depending on the project component. Certain Gaming Facility project components, including elements of Montreign Resort Casino (e.g., gaming floor and food and beverage) and the Entertainment Village, assume a three- to five-year stabilization period, during which the annual growth in revenues is higher than the one to three percent assumed during the stabilized operating period.

CONSTRUCTION PERIOD TAX REVENUES

New York State income tax revenue generated by direct construction period employees was estimated based on hard and soft construction costs provided by the project applicant, and from the economic input-output modeling conducted by AKRF and summarized in Exhibit VIII.B.3.A. Income taxes are presented for direct employment only, i.e., on-site construction workers and off-site workers associated with construction period soft-costs such as architects and lawyers. Personal income tax revenue to New York State was calculated based on an average salary for construction period employees and the applicable tax rate from the New York State Department of Taxation and Finance.

PILOT PAYMENTS

The Project will utilize Sullivan County Industrial Development Agency financing, resulting in an exemption from general ad valorem property taxes and the annual payment of a Payment in Lieu of Taxes (PILOT), as specified in the October 21, 2013 PILOT Agreement between the Sullivan County Industrial Development Agency and EPT Concord II, LLC. Under the Agreement, improvements will be exempt from general ad valorem taxes through 2024; however land improvements will be subject to additional property taxes. The 2013 PILOT Agreement specifies that the Total Value Subject to PILOT (TVSP, a proxy for assessed value) is \$17,127,000;

however this is anticipated to increase as land improvements are completed and EPT executes lease agreements with the entities operating the casino and other project components. The PILOT agreement will be modified as property leases are signed and the new TVSPs will be determined by the Town of Thompson and the Sullivan County IDA in consultation with the project sponsors. For purposes of this analysis, based on existing and anticipated lease rates and a cap rate of 15 percent, TVSP is projected to increase to approximately \$63.33 million by 2017 and thereafter, five percent annually through 2021. PILOT payments were calculated accordingly. “Incremental PILOT payments,” or payments that are incremental to what is currently paid in property taxes, also were calculated for purposes of reporting in the Template for Item VIII.B.4.-Projected tax revenue for 5 years.

The analysis uses 2014 property tax rates for each fund (e.g., highway, general, school district) for the entire analysis period. In the Town of Thompson, property tax payments to the sewer district (Kiamesha Lake Sewer) are estimated based on sewer units, rather than assessed value. For 2015 through 2021, PILOT payments to the sewer district were calculated based on the existing sewer units associated with the Project Site.

NON-PROPERTY TAX REVENUES – DIRECT, FROM ON-SITE ACTIVITY

Non-property tax revenues estimated as part of this analysis include: gaming taxes and license fees; New York State income tax; corporate profit tax; sales tax on retail, food, non-alcoholic beverages, alcoholic beverages; hotel room tax; and taxes on entertainment tickets and admission tickets to places of amusement. All projections are shown for a 5-year period, from 2017 through 2021, and are based on project revenues, which assume annual growth rates that vary among project components, but generally range from one to three percent during stabilized operating years.

Tax revenues associated with Montreign Resort Casino are based on gaming and non-gaming revenue projections prepared by Global Gaming & Hospitality (GGH) and Morowitz Gaming Advisors, LLC (Morowitz), as well as staffing levels and salaries from Gaming Hospitality Experts, LLC. Tax revenues associated with the other amenities, including the Indoor Waterpark Lodge, Entertainment Village, and Monster Golf Course, are based on revenue and employment projections provided by Hotel & Leisure Advisors and EPR Properties.

Key assumptions and analysis approach for tax revenue projections, broken out by type of tax, are as follows:

- **Sales tax** – Sales tax on retail store sales, sales of food, non-alcoholic beverages, and alcoholic beverages were calculated based on an eight percent sales tax, with four percent going to New York State and four percent to Sullivan County. Clothing sold for \$110 or less is exempt from the four percent share of New York State sales tax, but subject to the four percent Sullivan County sales tax. Sales revenue and associated sales tax revenue from clothing sold for \$110 or less were estimated for the Gaming Facility based on individual store types specified in the development program.
- **Entertainment/ticket tax** – Based on guidance from New York State Department of Taxation and Finance tax bulletins and on direct correspondence with the department,

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ticket sales to entertainment venues such as movie theaters and music venues were not considered taxable.

- **Place of amusement admission tax** – Based on guidance from New York State Department of Taxation and Finance tax bulletins and on direct correspondence with the department, waterpark admission fees were taxed at eight percent.
- **Hotel tax** – An eight percent sales tax was applied to hotel room rentals, with four percent going to New York State and four percent, to Sullivan County. An additional five percent Sullivan County room tax was applied to all hotel room rentals.
- **Personal income tax** – Personal income tax revenue to New York State was calculated based on average salaries for each Gaming Facility component (Montreign Resort Casino, Entertainment Village, Indoor Waterpark Lodge, and Monster Golf Course) and each of the occupational categories specified in the NYSGC-provided template for Item VIII.B.4, and applicable tax rates from the New York State Department of Taxation and Finance.
- **Corporate profit tax** – Corporate profit tax revenue was calculated based on estimated corporate profits provided by the project sponsors and a New York State tax rate of 7.1 percent.
- **Gaming tax** – Gaming taxes were calculated based on gaming revenues provided by GGH and on the applicable tax rates specified in the Upstate Gaming Act (Chapter 174):
 - A 39% tax was applied to gross gaming revenue from slots
 - A 10% tax was applied to gross gaming revenue from table games.
 - A \$500 fee was applied to each slot machine and each gaming table.

Consistent with the Upstate Gaming Act, annual gaming tax revenues are distributed as follows:

- 5% to the Town of Thompson
- 5% to Sullivan County
- 10% to surrounding counties in the region
- 80% to New York State, for distribution statewide

NON-PROPERTY TAX REVENUES – INDIRECT, FROM OFF-SITE ACTIVITY

Non-property tax revenues were estimated for indirect and induced activity, including: New York State income tax; corporate profit tax; sales tax on retail, hotels, and eating and drinking establishments; and taxes on entertainment and places of amusement. This analysis was based off of the indirect and induced output that was generated by the IMPLAN input-output modelling for the Gaming Facility.¹ All projections are shown for a 5-year period, from 2017 through 2021 and assume annual growth rates from each project component.

¹ The analysis used IMPLAN version 3.1.100.12 and 2011 models for New York State, Region 1, and Sullivan County.

Key assumptions and analysis approach for tax revenue projections, broken out by type of tax, are as follows:

- **Sales Estimates** – Sales estimates were based on indirect and induced output generated by the IMPLAN input-output modeling for the program that was conducted for Exhibit VIII.B.3.b. IMPLAN margins were applied to indirect and induced output to estimate retail sales by sector.
- **Sales tax** – Sales tax on retail store sales, sales of food, non-alcoholic beverages, and alcoholic beverages were calculated based on an eight percent sales tax, with four percent going to New York State and four percent to Sullivan County. Clothing sold for \$110 or less is exempt from the four percent share of New York State sales tax, but subject to the four percent Sullivan County sales tax. The analysis assumes that 50 percent of sales at clothing stores in New York State are taxable. The analysis assumes that 60 percent of sales at general merchandise stores are taxable. For food and beverage store sales, the analysis assumes that 40 percent of sales are taxable in New York State and Sullivan County.
- **Entertainment venues**– Based on guidance from New York State Department of Taxation and Finance tax bulletins and on direct correspondence with the department, ticket sales to entertainment venues such as movie theaters and music venues were not considered taxable. The analysis accounts for sales taxes generated from food, beverage, and merchandise purchased at entertainment venues. The analysis assumes that 25 percent of sales at performing arts companies and spectator sports facilities are taxable. It assumes that 40 percent of sales at museums, historical sites, zoos and parks are taxable.
- **Amusement parks** – Assumed 100 percent of sales are taxable.
- **Hotels** – An eight percent sales tax was applied to spending at hotels, with four percent going to New York State and four percent to Sullivan County.
- **Personal income tax** – **The number of spillover jobs** were based on the indirect and induced employment generated by the IMPLAN input-output modeling for the program that was conducted for Exhibit VIII.B.3.b. IMPLAN full- and part-time employees were converted to full-time equivalent (FTE) employees. Occupational Employment Statistics data for the Hudson Valley Region was used to develop ratios of employment in the occupational categories specified in the NYSGC-provided template for Item VIII.B.4. Those ratios were applied to the indirect and induced employees to estimate employment in each category. **Average annual wages and salaries for spillover employees** were based on employee compensation for indirect and induced employment generated by the IMPLAN modeling for the program. The IMPLAN employee compensation figures were converted to wages and salaries. For the analysis, Occupational Employment Statistics data were used to develop ratios of average wages for total employment to average wages for the categories specified in the NYSGC-provided template. The ratio for each occupational category was applied to the IMPLAN average wage to estimate the average wages for each occupational category. Applicable tax rates from the New York State Department of Taxation and Finance were applied.

- **Corporate profit tax** – Corporate profit tax revenue was calculated based on corporate profits that were estimated at five percent of indirect and induced output generated by the IMPLAN modeling for the program and a New York State tax rate of 7.1 percent.

C. BACKGROUND CONDITIONS

Based on the Town of Thompson 2014 Adopted Budget, property tax is the most substantial source of revenue for the Town, totaling a projected \$8.39 million 2014 and representing 66 percent of the Town’s total revenue. The Town’s primary categories of spending are for town-wide expenses such as payroll, insurance, and retirement expenses for Town staff, highway expenses (snow removal), the Monticello Joint Fire District and the Kiamesha Sewer District.

Based on the 2014 Adopted Budget for Sullivan County, real property tax revenues in the county are expected to total approximately \$54.85 million in 2014. Property taxes collected in the Town of Thompson represent approximately 15 percent of property taxes collected countywide. Approximately 72 percent of the County’s 2014 budget (\$143.05 million out of \$199.53 million) is allocated to the general fund. Another nine percent is allocated to the County road fund (\$18.17 million) and nine percent to the Enterprise Fund, Adult Care Center (\$17.08 million).

The New York State Office of the State Comptroller has developed a Fiscal Stress Monitoring System to identify and categorize the presence of fiscal stress conditions in local governments throughout the State. Financial indicators were developed to evaluate the ability of local government to generate enough revenues to meet expenditures, and are based on calculations of year end fund balance, operating deficits, cash position, use of short-term debt and fixed costs. Of the 1001 entities of local government studied with fiscal years ending in 2012, 12 were identified as having significant fiscal stress, 10 as moderate fiscal stress, and 18 as susceptible to fiscal stress.

Sullivan County, with a score of 46.5 percent, was determined to be the 15th County most susceptible to fiscal stress out of the 58 Counties studied. This suggests a struggling financial condition in Sullivan County. According to the Report of Examination, the state of the County’s finances has been in decline over the last few years. For example, the County spent \$6.7 million more than it received over the period between 2007 and 2011, while also suffering operational deficits during that time. The Town of Thompson received a score of 9.6 percent with no designation of financial stress.

D. ANALYSIS FINDINGS - “NO REGIONAL COMPETITION” SCENARIO

The No Regional Competition Scenario addresses the base case analysis required by the RFA. The No Regional Competition Scenario assumes that only one casino will be approved for Region One, along with one new Class III casino in each of Region Two (near Albany) and another in Region Five (near Binghamton).

CONSTRUCTION PERIOD TAX REVENUES

New York State income tax revenue generated by direct construction period jobs is estimated at \$5.91 million over the course of the construction period. This represents income taxes paid by on-site construction workers as well as off-site workers associated with project construction, such as architects, lawyers, and environmental consultants.

PILOT PAYMENTS

Table 1 shows estimated PILOT payments from 2017 through 2021. In 2017, the total PILOT amount would be approximately \$2.30 million. Of this, approximately \$488,600 would go to Sullivan County taxing districts, with the remainder going to Town of Thompson highway, general, and joint funds (\$405,600), the Kiamesha Lake Sewer District (\$73,300), the EB Crawford Memorial Library (\$21,000), and the Monticello School District (\$1.3 million). In addition, the Monticello School District would receive a portion of the 80% of gaming tax revenues that would be distributed statewide. Even without the additional gaming tax revenues from the state, the projected PILOT revenue to Monticello School District would be more than the worst case projected school costs associated with the Gaming Facility (see Exhibit IX.A.2.a).

From 2017 through 2021, the TVSP is assumed to increase by five percent annually, with total annual PILOT payments reaching approximately \$2.78 million in 2021. Beginning in 2025, PILOT payments would increase substantially as payment amounts are calculated based on total assessed value, including both land and improvement value. Per the PILOT Agreement, payments will increase through 2035 when the PILOT amount will reflect the full value of the property, and calculated based on an assessed value as determined by the Town Assessor.

**Table 1
Estimated PILOT Payments**

Taxing District	2017	2018	2019	2020	2021
Medicaid (County)	\$209,242	\$219,704	\$230,689	\$242,223	\$254,335
NYS Welfare Mandates	\$79,305	\$83,271	\$87,434	\$91,806	\$96,396
Other NYS Mandates	\$166,883	\$175,227	\$183,988	\$193,188	\$202,847
County Levy	\$33,215	\$34,875	\$36,619	\$38,450	\$40,372
Town to Highway	\$169,826	\$178,318	\$187,234	\$196,595	\$206,425
Highway Outside Village	\$118,454	\$124,376	\$130,595	\$137,125	\$143,981
General Fund out of Village	\$3,908	\$4,104	\$4,309	\$4,525	\$4,751
Monticello Joint Fund Total	\$113,414	\$119,084	\$125,038	\$131,290	\$137,855
EB Crawford Memorial Library	\$21,014	\$22,065	\$23,168	\$24,327	\$25,543
Kiamesha Lake Sewer	\$73,327	\$73,327	\$73,327	\$73,327	\$73,327
Monticello Central School District	\$1,309,600	\$1,375,080	\$1,443,834	\$1,516,025	\$1,591,827
TOTAL	\$2,298,188	\$2,409,431	\$2,526,236	\$2,648,881	\$2,777,659
Notes:	Estimated payments are based on full payment, and differ from amounts reported in the Template for Item VIII.B.4., which reports incremental revenues above those currently collected by property taxes.				
Source:	AKRF, Inc.				

TAX PROJECTION SUMMARY

Tables 2 through 4 present projected taxes for high-, average-, and low-revenue cases under the “No Regional Competition” scenario for the Gaming Facility. Estimated sales/revenues (and tax revenues) remain constant across the three cases for the Entertainment Village, Monster Golf Course, and Indoor Waterpark Lodge. Estimated revenues for all elements of Montreign Resort Casino vary across cases. All tax revenues are presented for years 2017 through 2021, and are calculated based on the methodologies and assumptions outlined above.

HIGH-REVENUE CASE

As shown in Table 2, under the high-revenue case, in 2017 the Gaming Facility will generate an estimated \$109.05 million in total direct tax revenues for New York State. Of this, \$99.04 million will be generated by gaming taxes and fees, \$1.56 million will be generated by corporate profit tax, \$4.55 million by sales and use taxes, and \$3.89 million by personal income taxes. Indirect tax revenues generated for New York State by the operation of the Gaming Facility are estimated at \$2.14 in 2017, including corporate profits tax, sales and use taxes, and personal income taxes.

Direct and indirect tax revenues will increase annually between 2017 and 2021. By 2021, total direct New York State tax revenues will increase by approximately 33 percent, from \$109.05 million in 2017 to \$144.84 million in 2021 under the high-revenue case. Total indirect New York State tax revenues are estimated at \$2.61 million in 2021.

Total direct tax revenues to Sullivan County are projected to be \$7.54 million in 2017, increasing to \$9.36 million in 2021. Total indirect tax revenues to the County are projected at \$1.30 million in 2017 and \$1.59 million in 2021.

Table 2
Projected Tax Revenues Generated by the Proposed Gaming Facility
“No Regional Competition”
High-Revenue Case
(Millions of 2014 Dollars)

Jurisdiction	2017	2018	2019	2020	2021
Direct Tax Revenues (\$Millions)					
New York State	\$109.05	\$120.10	\$131.73	\$138.50	\$144.84
Sullivan County	\$7.54	\$8.23	\$8.83	\$9.10	\$9.36
Indirect Tax Revenues (\$Millions)					
New York State	\$2.14	\$2.32	\$2.48	\$2.55	\$2.61
Sullivan County	\$1.30	\$1.41	\$1.51	\$1.55	\$1.59

Source: AKRF, Inc.

It is important to note that Table 2 does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County and to surrounding counties in the region. **Based on the Upstate Gaming Act’s allocation formula, the Town of Thompson would receive approximately \$4.95 million of the**

\$99.04 million from gaming tax revenues in 2017. Sullivan County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in Table 2 above.

AVERAGE-REVENUE CASE

As shown in Table 3, under the average-revenue case, in 2017 the Gaming Facility will generate an estimated \$97.45 million in total direct tax revenues for New York State. Of this, \$88.02 million will be generated by gaming taxes and fees, \$1.56 million will be generated by corporate profit tax, \$4.41 million by sales and use taxes, and \$3.45 million by personal income taxes. Indirect tax revenues generated for New York State by the operation of the Gaming Facility are estimated at \$1.87 million in 2017, including corporate profits tax, sales and use taxes, and personal income taxes.

Direct and indirect tax revenues will increase annually between 2017 and 2021. By 2021, total direct New York State tax revenues will increase by approximately 32 percent, from \$97.45 million in 2017 to \$128.74 million in 2021 under the average-revenue case. Total indirect New York State tax revenues are estimated at \$2.23 million in 2021.

Total direct tax revenues to Sullivan County are projected to be \$7.38 million in 2017, increasing to \$9.17 million in 2021. Total indirect tax revenues to the County are estimated at \$1.23 million in 2017 and \$1.49 million in 2021.

Table 3
Projected Tax Revenues Generated by the Proposed Gaming Facility
“No Regional Competition”
Average-Revenue Case
(Millions of 2014 Dollars)

Jurisdiction	2017	2018	2019	2020	2021
Direct Tax Revenues (\$Millions)					
New York State	\$97.45	\$107.16	\$114.96	\$122.95	\$128.74
Sullivan County	\$7.38	\$8.05	\$8.66	\$8.92	\$9.17
Indirect Tax Revenues (\$Millions)					
New York State	\$1.87	\$2.02	\$2.14	\$2.21	\$2.23
Sullivan County	\$1.23	\$1.33	\$1.41	\$1.46	\$1.49
Source: AKRF, Inc.					

Table 3 does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County and to surrounding counties in the region. **Based on the Upstate Gaming Act’s allocation formula, the Town of Thompson would receive approximately \$4.40 million of the \$88.02 million from gaming tax revenues in 2017.** Sullivan County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in Table 3 above.

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LOW-REVENUE CASE

As shown in Table 4, under the low-revenue case, in 2017 the Gaming Facility will generate an estimated \$85.42 million in total direct tax revenues for New York State. Of this, \$76.53 million will be generated by gaming taxes and fees, \$1.94 million will be generated by corporate profit tax, \$4.11 million by sales and use taxes, and \$2.83 million by personal income taxes. Indirect tax revenues generated for New York State by the operation of the Gaming Facility are estimated at \$1.96 million in 2017, including corporate profits tax, sales and use taxes, and personal income taxes.

Direct and indirect tax revenues will increase annually between 2017 and 2021. By 2021, total direct New York State tax revenues will increase by approximately 30 percent, from \$85.42 million in 2017 to \$111.42 million in 2021 under the low-revenue case. Total indirect New York State tax revenues are estimated at \$2.39 million in 2021.

Total direct tax revenues to Sullivan County are projected to be \$6.93 million in 2017, increasing to \$8.65 million in 2021. Total indirect tax revenues to the County are estimated at \$1.19 million in 2017 and \$1.45 million in 2021.

Table 4
Projected Tax Revenues Generated by the Proposed Gaming Facility
“No Regional Competition”
Low-Revenue Case
(Millions of 2014 Dollars)

Jurisdiction	2017	2018	2019	2020	2021
Direct Tax Revenues (\$Millions)					
New York State	\$85.42	\$94.63	\$100.98	\$106.25	\$111.42
Sullivan County	\$6.93	\$7.55	\$8.16	\$8.41	\$8.65
Indirect Tax Revenues (\$Millions)					
New York State	\$1.96	\$2.11	\$2.27	\$2.34	\$2.39
Sullivan County	\$1.19	\$1.28	\$1.38	\$1.42	\$1.45
Source: AKRF, Inc.					

Table 4 does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County and to surrounding counties in the region. **Based on the Upstate Gaming Act’s allocation formula, the Town of Thompson would receive approximately \$3.83 million of the \$76.53 million from gaming tax revenues in 2017.** Sullivan County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in Table 4 above.

E. ANALYSIS FINDINGS - “WITH REGIONAL COMPETITION” SCENARIO

This section of the exhibit presents projected tax revenues under a low-, average-, and high-revenue case for the With Regional Competition Scenario. The With Regional Competition

Scenario assumes that a second Region One applicant is awarded a gaming license. The location of the second Region One casino varies by revenue case:

- **Low-revenue case** – assumes a second Region One casino would be located in the southern portion of Orange County.
- **Average-revenue case** – assumes a second Region One casino would be located in Newburgh, Orange County.
- **High-revenue case** – assumes a second Region One casino would be located in Liberty, Sullivan County.

CONSTRUCTION PERIOD TAX REVENUES

New York State income tax revenue generated by direct construction period jobs is estimated at \$4.38 million over the course of the construction period for the average- and high-revenue cases, and \$3.44 million for the low-revenue case. These figures represent income taxes paid by on-site construction workers as well as off-site workers associated with project construction, such as architects, lawyers, and environmental consultants.

PILOT PAYMENTS

PILOT payments under the “With Regional Competition” scenario would be the same as described above and shown in Table 1.

TAX PROJECTION SUMMARY

Tables 5 through 7 present projected taxes for high-, average-, and low-revenue cases under the “With Regional Competition” scenario. Estimated sales/revenues (and tax revenues) remain constant across the three cases for the Entertainment Village, Monster Golf Course, and Indoor Waterpark Lodge. Estimated revenues for all elements of Montreign Resort Casino vary across cases. All tax revenues are presented for years 2017 through 2021, and are calculated based on the methodologies and assumptions outlined above.

HIGH-REVENUE CASE

As shown in Table 5, under the high-revenue case, in 2017 the Gaming Facility will generate an estimated \$74.61 million in total direct tax revenues for New York State. Of this, \$66.43 million will be generated by gaming taxes and fees, \$1.56 million will be generated by corporate profit tax, \$3.91 million by sales and use taxes, and \$2.72 million by personal income taxes. Indirect tax revenues generated for New York State by the operation of the Gaming Facility are estimated at \$1.26 million in 2017, including corporate profits tax, sales and use taxes, and personal income taxes.

Direct and indirect tax revenues will increase annually between 2017 and 2021. By 2021, total direct New York State tax revenues will increase by approximately 33 percent, from \$74.61 million in 2017 to \$99.60 million in 2021 under the high-revenue case. Total indirect New York State tax revenues are estimated at \$1.52 million in 2021.

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Total direct tax revenues to Sullivan County are projected to be \$6.54 million in 2017, increasing to \$8.13 million in 2021. Total indirect tax revenues to the County are estimated at approximately \$760,000 in 2017 and \$910,000 in 2021.

Table 5
Projected Tax Revenues Generated by the Proposed Gaming Facility
“With Regional Competition”
High-Revenue Case
(Millions of 2014 Dollars)

Jurisdiction	2017	2018	2019	2020	2021
Direct Tax Revenues (\$Millions)					
New York State	\$74.61	\$82.29	\$90.64	\$94.79	\$99.60
Sullivan County	\$6.54	\$7.14	\$7.66	\$7.86	\$8.13
Indirect Tax Revenues (\$Millions)					
New York State	\$1.26	\$1.36	\$1.43	\$1.47	\$1.52
Sullivan County	\$0.76	\$0.81	\$0.86	\$0.89	\$0.91
Source: AKRF, Inc.					

Table 5 does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County and to surrounding counties in the region. **Based on the Upstate Gaming Act’s allocation formula, the Town of Thompson would receive approximately \$3.32 million of the \$66.43 million from gaming tax revenues in 2017.** Sullivan County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in Table 5 above.

AVERAGE-REVENUE CASE

As shown in Table 6, under the average-revenue case, in 2017 the Gaming Facility will generate an estimated \$65.15 million in total direct tax revenues for New York State. Of this, \$57.07 million will be generated by gaming taxes and fees, \$1.56 million will be generated by corporate profit tax, \$3.83 million by sales and use taxes, and \$2.69 million by personal income taxes. Indirect tax revenues generated for New York State by the operation of the Gaming Facility are estimated at \$1.22 million in 2017, including corporate profits tax, sales and use taxes, and personal income taxes.

Direct and indirect tax revenues will increase annually between 2017 and 2021. By 2021, total direct New York State tax revenues will increase by approximately 30 percent, from \$65.15 million in 2017 to \$84.88 million in 2021 under the average-revenue case. Total indirect New York State tax revenues are estimated at \$1.46 million in 2021.

Total direct tax revenues to Sullivan County are projected to be \$6.45 million in 2017, increasing to \$8.02 million in 2021. Total indirect tax revenues to the County are estimated at \$740,000 in 2017 and \$880,000 in 2021.

Table 6

**Projected Tax Revenues Generated by the Proposed Gaming Facility
“With Regional Competition”
Average-Revenue Case
(Millions of 2014 Dollars)**

Jurisdiction	2017	2018	2019	2020	2021
Direct Tax Revenues (\$Millions)					
New York State	\$65.15	\$71.80	\$77.94	\$81.91	\$84.88
Sullivan County	\$6.45	\$7.05	\$7.65	\$7.79	\$8.02
Indirect Tax Revenues (\$Millions)					
New York State	\$1.22	\$1.31	\$1.38	\$1.42	\$1.46
Sullivan County	\$0.74	\$0.79	\$0.84	\$0.86	\$0.88
Source: AKRF, Inc.					

Table 6 does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County and to surrounding counties in the region. **Based on the Upstate Gaming Act’s allocation formula, the Town of Thompson would receive approximately \$2.85 million of the \$57.07 million from gaming tax revenues in 2017.** Sullivan County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in Table 6 above.

LOW-REVENUE CASE

As shown in Table 7, under the average-revenue case, in 2017 the Gaming Facility will generate an estimated \$34.05 million in total direct tax revenues for New York State. Of this, \$26.89 million will be generated by gaming taxes and fees, \$1.56 million will be generated by corporate profit tax, \$3.27 million by sales and use taxes, and \$2.32 million by personal income taxes. Indirect tax revenues generated for New York State by the operation of the Gaming Facility are estimated at \$977,000 in 2017, including corporate profits tax, sales and use taxes, and personal income taxes.

Direct and indirect tax revenues will increase annually between 2017 and 2021. By 2021, total direct New York State tax revenues will increase by approximately 29 percent, from \$34.05 million in 2017 to \$43.88 million in 2021 under the low-revenue case. Total indirect New York State tax revenues are estimated at \$1.18 million in 2021.

Total direct tax revenues to Sullivan County are projected to be \$5.63 million in 2017, increasing to \$7.06 million in 2021. Total indirect tax revenues to the County are estimated at \$619,000 in 2017 and \$750,000 in 2021.

Table 7
Projected Tax Revenues Generated by the Proposed Gaming Facility
“With Regional Competition”
Low-Revenue Case
(Millions of 2014 Dollars)

Jurisdiction	2017	2018	2019	2020	2021
Direct Tax Revenues (\$Millions)					
New York State	\$34.05	\$37.45	\$39.88	\$41.41	\$43.88
Sullivan County	\$5.63	\$6.16	\$6.65	\$6.85	\$7.06
Indirect Tax Revenues (\$Millions)					
New York State	\$0.98	\$1.04	\$1.11	\$1.14	\$1.18
Sullivan County	\$0.62	\$0.66	\$0.71	\$0.73	\$0.75
Source: AKRF, Inc.					

Table 7 does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County and to surrounding counties in the region. **Based on the Upstate Gaming Act’s allocation formula, the Town of Thompson would receive approximately \$1.34 million of the \$26.89 million from gaming tax revenues in 2017.** Sullivan County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in Table 7 above.