

# Consensus Revenue Estimate for the Expanded Lottery Act Revenue Fund (ELARF)

## April 2012

Revenue Source	FY 2010	FY 2011	October 2011	April 2012	October 2011	April 2012
	Actual	Actual	Estimate	Estimate	Estimate	Estimate
<b>Lottery Gaming Facility Privilege Fees</b>						
NE - Hollywood Casino (Kansas Entertainment, LLC)	\$ 25,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
SW - Boot Hill Casino & Resort (Butler National Corp.)	-	-	-	-	-	-
SC - Kansas Star Casino (Peninsula Gaming, LLC)	-	25,000,000	-	-	-	-
Transfer to ELARF (100%)	\$ 25,000,000	\$ 25,000,000	\$ -	\$ -	\$ -	\$ -
<b>NE Gaming Zone - Net Revenue Estimate (See Note 1)</b>						
Transfer to ELARF (22%)	-	-	\$ 68,000,000	\$ 62,600,000	\$ 171,800,000	\$ 157,700,000
Problem Gambling & Addictions Grant Fund (2%)	-	-	14,960,000	13,772,000	37,796,000	34,694,000
Cities & Counties (3%)	-	-	1,360,000	1,252,000	3,436,000	3,154,000
Lottery Gaming Facility Manager (73%)	-	-	2,040,000	1,878,000	5,154,000	4,731,000
	-	-	49,640,000	45,698,000	125,414,000	115,121,000
<b>SW Gaming Zone - Net Revenue Estimate (See Note 2)</b>						
Transfer to ELARF (22%)	\$ 20,663,987	\$ 40,055,279	\$ 42,900,000	\$ 42,900,000	\$ 47,400,000	\$ 47,400,000
Problem Gambling & Addictions Grant Fund (2%)	4,484,021	8,874,217	9,438,000	9,438,000	10,428,000	10,428,000
Cities & Counties (3%)	378,487	806,747	858,000	858,000	948,000	948,000
Lottery Gaming Facility Manager (73%)	649,071	1,201,658	1,287,000	1,287,000	1,422,000	1,422,000
	15,152,408	29,172,657	31,317,000	31,317,000	34,602,000	34,602,000
<b>SC Gaming Zone - Net Revenue Estimate (See Note 3)</b>						
Transfer to ELARF (22%)	\$ -	\$ -	\$ 67,600,000	\$ 95,800,000	\$ 146,500,000	\$ 192,500,000
Problem Gambling & Addictions Grant Fund (2%)	-	-	14,872,000	21,076,000	32,230,000	42,600,000
Cities & Counties (3%)	-	-	1,352,000	1,916,000	2,930,000	3,850,000
Lottery Gaming Facility Manager (73%)	-	-	2,028,000	2,874,000	4,395,000	5,775,000
	-	-	49,348,000	69,934,000	106,945,000	140,275,000
<b>Distribution of Lottery Gaming Facility Revenue</b>						
Transfer to ELARF	\$ 4,484,021	\$ 8,874,217	\$ 39,270,000	\$ 44,286,000	\$ 80,454,000	\$ 87,722,000
Problem Gambling & Addictions Grant Fund	378,487	806,747	3,570,000	4,026,000	7,314,000	7,952,000
Cities & Counties	649,071	1,201,658	5,355,000	6,039,000	10,971,000	11,928,000
Lottery Gaming Facility Managers (See Note 5)	15,152,408	29,172,657	130,305,000	146,949,000	266,961,000	289,998,000
Lottery Gaming Facility Privilege Fees	\$ 25,000,000	\$ 25,000,000	\$ -	\$ -	\$ -	\$ -
Lottery Gaming Facility Revenue-ELARF	4,484,021	8,874,217	39,270,000	44,286,000	80,454,000	87,722,000
Total Available in ELARF	\$ 29,484,021	\$ 33,874,217	\$ 39,270,000	\$ 44,286,000	\$ 80,454,000	\$ 87,722,000

**Assumptions:**

- Note 1 - Hollywood Casino opened on February 3, 2012 and no specific date for expanded operations. Contract between the Kansas Lottery and Kansas Entertainment allows the ELARF to receive an additional 3.0 percent (from the manager's share) for net revenues between \$350.0 million and \$400.0 million, and an additional 6.0 percent for amounts above \$400.0 million. It is not estimated that any of the net revenue thresholds will be reached in any of the years estimated.
- Note 2 - Boot Hill Casino & Resort opened on December 15, 2009. Phase II gaming operations will begin on May 1, 2012, and full operations will begin on September 1, 2012. Contract between the Kansas Lottery and Butler National Corp. allows for part of the manager's share to be redistributed as certain net revenue thresholds are reached. It is not estimated that any of the net revenue thresholds will be reached in any of the years estimated.
- Note 3 - Kansas Star Casino opened on December 26, 2011; Phase II gaming operations will begin on January 1, 2013, and full operations on January 1, 2015. Contract between the Lottery and Peninsula Gaming allows the ELARF to receive an additional 2.0 percent (from the manager's share) for net revenues between \$180.0 million and \$220.0 million, and an additional 4.0 percent for amounts above \$220.0 million. The first revenue threshold is estimated to be reached in FY 2013.
- Note 4 - Unknown if there will be a manager willing to pay the \$25.0 million privilege fee and make a minimum investment of \$225.0 million for this zone.
- Note 5 - Gaming facility managers are responsible for all regulatory and gaming expenses incurred by the Kansas Racing & Gaming Commission and the Kansas Lottery out of their share of net revenue.

	FY 2012 Changes	FY 2013 Changes
ELARF	\$ 5,016,000	\$ 7,268,000
Problem Gambling	456,000	638,000
Cities & Counties	684,000	957,000
Gaming Managers	16,644,000	23,037,000
Total Gaming Revenue	\$ 22,800,000	\$ 31,900,000