



FACTS AT A GLANCE

Video Lottery Terminals at Licensed Racetracks in Other States

Prepared by Liz Morris for the
House Committee on Licensing and Administrative Procedures

This report provides information relating to video lottery terminals (VLTs) in the six states that permit such gaming machines at racetracks and other licensed pari-mutuel facilities: Delaware, Louisiana, New York, Oregon, Rhode Island, and West Virginia. Louisiana, Oregon, and West Virginia have VLTs at retail establishments, and Louisiana also has VLTs at off-track betting facilities (OTBs). The information in this report covers only VLTs at racetracks. VLTs are defined as electronic games of chance played on video terminals that are networked and can be monitored, controlled, and audited by a central computer system. In five states, oversight of VLTs is performed by state lottery commissions. In Louisiana, that task is performed by the Louisiana State Police, gaming division.

The information provided for each state includes the individual racetracks that provide VLTs and the number of machines at each location. Also included is the type of ownership and operation model for VLTs in each state: owner-operator, in which the racetrack owns and maintains the VLTs; hybrid owner-operator, in which the state owns and maintains the VLTs and the racetrack leases them from the state; state owner-operator, in which the state owns and maintains the machines and the racetrack provides facilities for them; or vendor owner-operator, in which the VLT provider owns and maintains the machines and the racetrack provides facilities. Financial information for VLT operations in each state includes the annual net revenues generated for fiscal years 2002 and 2003, if available; the average win-per-day (WPD) per machine; the average payout, calculated as the percentage of gross sales that are paid out as prizes; the required payout range, which is set by statute; the state's share of net revenues; and the percentage of those revenues allocated to public education, if any.

The maximum number of VLTs allowed at each racetrack is generally limited by statute, and states can amend the provision to increase that limit. The total number of machines per state ranges from 10, in Oregon, to 10,500, in West Virginia. Annual net revenues vary depending on the number of machines, their location, the frequency of use, the frequency of video turnover, the popularity of a specific game, and the level of competition from other VLT establishments. Oregon and Louisiana, which each have fewer than 100 VLTs, generate less than \$600,000 in annual net revenues, while West Virginia—with more than 10,000 VLTs—nets approximately \$600 million. The average WPD ranges from \$55, in Louisiana, to \$325, in Rhode Island. The states' average payout ranges from 90 to 95 percent. The state share of net revenues ranges from 22.5 percent, in Louisiana, to 61.3 percent, in Rhode Island. Two states allocate a portion of those revenues to fund public education: Oregon (62 percent) and Rhode Island (33.7 percent). The other four states deposit VLT-generated revenues in the general fund.

Resources

Betting on Video Lottery Terminals to Raise Revenue. Austin: Texas House of Representatives, House Research Organization, March 2004.

Legislators' Guide to Video Lottery Terminal Gambling. Annapolis, Md.: Department of Legislative Services, Office of Policy Analysis, 2004.

Overview of Issues Related to Video Lottery Terminals. Annapolis, Md.: Department of Legislative Services, Office of Policy Analysis, January 2003.

Video Lottery at Licensed Racetracks in Texas. Austin: Texas Lottery Commission, prepared for House Licensing & Administrative Procedures Committee Hearing, December 2003.

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(Figures are as of March 2004 unless otherwise indicated¹)

State	Location/Number of VLTs	Ownership/Operation Model	Annual Net Revenues	Average Win-Per-Day Per Machine	Average Payout (Required Payout Range)	State Share of Net Revenues	Allocation to Public Education	Legislative Notes
Delaware	Delaware Park 2,475 Dover Downs 2,500 Harrington Raceway 1,435 TOTAL 6,410 (VLTs at racetracks only)	Hybrid owner-operator	\$525,664,429 (FY 03) \$556,802,325 (FY 02) ²	\$293	92% (87 to 95%)	35%	None	VLTs approved in 1994; maximum number of VLTs was increased in 2003 from 2,000 per track to 2,500 per track (Del. Code Ann. tit. 29, sec. 4801 et seq.).
Louisiana	New Orleans Fairground 81 (also has 863 VLTs at OTBs and 13,322 VLTs at retail establishments ³)	Vendor owner-operator	\$574,067 (FY 03) \$450,287 (FY 02)	\$55	92% (80 to 99.9%)	22.5%	None	Video draw poker approved in 1991; racetracks can switch from video draw poker to slot machines with local approval (La. Rev. Stat. Ann. tit. 27, sec. 301 et seq.).
New York ⁴	Saratoga Springs 1,323 Finger Lakes 1,010 Fairgrounds 990 TOTAL 3,323 (VLTs at racetracks only)	Hybrid owner-operator	\$21,750,000 (04)	Not available	90% (minimum of 90%)	71%	61%	VLTs approved in 2001 (N.Y. Tax Law sec. 1717-a).

¹Information was provided by state lottery commissions or other state agencies with VLT oversight.

²In November 2002, Delaware enacted a statewide ban on indoor smoking in public facilities, including racetracks. The Delaware State Lottery Office subsequently reported a decrease in revenue of 25 percent in fiscal year 2003 as compared with FY 2002. Figures for FY 2004 to date show an increase of 14 percent over FY 2003. (Source: Delaware State Lottery Office)

³Retailers include bars, taverns, restaurants, truck stops, and hotels. Only retailers with an alcoholic beverage license can install VLTs. VLTs must be out of view of minors. In West Virginia, VLTs are not allowed at retail establishments that sell petroleum fuel products.

⁴New York's three racing tracks installed VLTs in 2004: Saratoga Springs on January 28, Finger Lakes on February 18, and Fairgrounds on March 17. Net revenues are from those dates to March 31, 2004.

State	Location/Number of VLTs	Ownership/Operation Model	Annual Net Revenues	Average Win-Per-Day Per Machine	Average Payout (Required Payout Range)	State Share of Net Revenues	Allocation to Public Education	Legislative Notes
Oregon	Multnomah Park 5 ⁵ Portland Meadows 5 TOTAL 10 (also has 1,800 VLTs at retail establishments ³)	State owner-operator	\$172,000 ⁶ \$197,000 ⁶ (FY 03) (FY 02)	\$148	93% (no required payout range)	67%	62% ⁷	VLTs approved in 1991 (Or. Rev. Stat. secs. 461.215, 461.217, and 461.544-461.549).
Rhode Island	Lincoln Park 2,493 Newport Grand ⁸ 1,020 TOTAL 3,513 (VLTs at racetracks only)	Hybrid owner-operator	\$169,349,446 \$148,978,158 (FY 03) (FY 02)	\$325	95% (92 to 99.1%)	59.1% (Lincoln Park) 63.5% (Newport Grand)	33.7%	VLTs approved in 1992; amended in 2003 to allow up to 4,000 VLTs total (R.I. Gen. Laws sec. 42-61.2.1 et seq.).
West Virginia	Charles Town Races 3,500 Mountaineer Park 3,220 Wheeling Downs 2,200 Tri-State Racetrack 1,580 TOTAL 10,500 (also has 6,544 VLTs at retail establishments ³)	Owner-operator	\$688,396,307 \$572,108,775 (FY 03) (FY 02)	\$232	91% (80 to 95%)	36%	None	VLTs approved in 1994 (W. Va. Code sec. 29-22A-1 et seq.).

⁵In 2003, Oregon amended its VLT provisions to increase the number of VLTs from five at all facilities to six at retail establishments and 10 at racetracks. Portland Meadows installed its first five VLTs in November 2003. Multnomah Park, which installed five VLTs in 2003, will add five terminals in April 2004.

⁶Annual net revenues are for Multnomah Park only; figures for Portland Meadows are not yet available.

⁷The Oregon Constitution (Art. 15, Sec. 4) requires 18 percent of annual net revenues from VLTs to be deposited in an education stability fund for long-term investment. An additional 44 percent of annual net revenues is allocated to public education.

⁸Newport Grand provides simulcasts of jai alai matches, greyhound racing, and horse racing.

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