



# NEWS

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## **Florida TaxWatch Study: Losses to Other State Taxes Reduces State Revenue from Seminole Gaming Compact**

**TALLAHASSEE** — Any revenue paid to the state through a gambling compact with the Seminole Tribe of Florida will be significantly offset by direct losses in other state revenues due to the increased spending on gaming, according to one of the conclusions of the a Florida TaxWatch report, *How Much Revenue Will the Seminole Gaming Compact Provide For Florida?: An Analysis of the Impact on Other Tax Sources*, released today.

The report examines the revenue side of the compact as currently written. In addition to the revenue expected to be remitted by the Seminole Tribe to the State of Florida, the report estimates the direct impact that the expanded gambling may have on other state tax sources to approximate a net revenue gain to the State. The report estimates the negative impact on existing state gambling revenues from the Lottery, pari-mutuels, slot machines, and cardrooms – as well as the loss in state sales tax revenue.

The Florida TaxWatch research shows that the economic consequences of casino gambling will likely be mixed, since other tax sources will be reduced as consumers shift spending to new gaming. Different forms of gambling can “cannibalize” each other, leading to reductions in tax revenues from existing gaming due to the entrance of new gaming. Additionally, the diversion of consumer spending from taxable purchases to casino gaming reduces sales tax revenues.

“Florida TaxWatch is pleased to provide this information to give the complete picture on this issue so Governor Crist and the Legislature can serve the people of Florida in the best possible way,” said **Dominic M. Calabro**, President and CEO of Florida TaxWatch. “We look forward to working with the state’s elected leaders on this critical and timely issue facing Florida.”

The analysis uses the estimates of casino revenue from the Tribe’s added Class III gaming from the House of Representatives’ consultants, who estimate the compact would result in the state receiving

revenue sharing of \$2.9 billion over ten years. If the State does receive that much, estimated total losses to the state in other revenue sources would be \$1.79 billion, or 61 percent of the projected revenue sharing from the Seminoles to the State. The net added revenue to the State would be only \$1.12 billion, or 39 percent of the shared revenue.

This estimate does not include any losses in local revenue or state sales taxes from other non-taxed spending on the reservations such as hotels, retail, entertainment, dining, etc. Furthermore, due to the largely non-taxable nature of Indian Tribes, the extent to which Seminole economic development replaces existing non-tribal businesses or non-tribal economic growth will determine if the State (and local governments) will gain or lose additional tax dollars.

“Casino revenues are not free; they impact other businesses and government revenues,” said Florida TaxWatch Director of Tax Research **Kurt Wenner**. “While it is clear that the current compact is not the fiscal boon to the State that it might appear to be on the surface, it is also clear that as long as Class III gaming continues on tribal lands and the State does not share in the revenue, Florida is not just foregoing revenue, but the State is actually losing money—an estimated \$200 million annually by the fifth year. Florida cannot afford to have Class III gaming at any Indian casino without a compact to share in the revenue.”

A downloadable version of the report is available [here](#).

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Florida TaxWatch is a statewide, non-profit, non-partisan research institute that over its 30 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida state and local government. Its support comes from homeowners and retirees, small and large businesses, philanthropic foundations, and professional associations. On the web at [www.FloridaTaxWatch.org](http://www.FloridaTaxWatch.org).