

LIGHT Comments on August 2023 DGE Report

For immediate release

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Comments from Jane Bokunewicz, faculty director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT), Stockton University School of Business, on the August 2023 numbers released Friday by the state Division of Gaming Enforcement:

As in past months, strong returns from the internet gaming sector pushed total casino industry gross gaming revenue (GGR) to new heights. At more than \$500 million, August GGR set a new near-term record for any single month total GGR. Year-to-date total GGR, at more than \$3.4 billion, was likewise impressive, far outpacing the same period in the last 12 years, and, with four months remaining, outperforming total year-end GGR for every year between 2011 and 2020. If New Jersey follows nationwide trends, we may be looking at the industry's best year for GGR in more than a decade. Though impressive, this record GGR hasn't seemed to directly translate into profit growth for Atlantic City's casino operators. Despite record high GGR, GOP was down year-over-year in the second quarter.

As demonstrated in the monthly GGR returns, internet gaming has become an increasing share of revenue for Atlantic City's casino operators. In Summer 2023 (June – August) at the peak of the resort's tourism season, GGR from internet gaming represented nearly a third (32.7%) of the industry's total GGR for the period. Even before the acceleration of internet gaming observed during the pandemic, internet gaming revenues represented 22% of total GGR for Summer 2019.

As such a significant piece of their revenue mix, Atlantic City's casino operators are invested in making internet gaming work, and pay off, in the long term. As the sector matures and more gaming businesses bring their internet operations in house, they may discover efficiencies that make this segment more profitable.

At the moment, as I address in depth in a [recent article for the Summer 2023 issue of LIGHT's On](#), the Lloyd D. Levenson Institute's biannual newsletter, the real "winner" in the surge of internet gaming has been the state of New Jersey. As shown in this month's news release, in the year-to-date ended August 2023 the state's gaming industry has generated a total \$260.7 million in taxes levied on internet gaming, 67.8% of the total gaming taxes collected in the same period.

August monthly brick-and-mortar casino revenues increased year-over-year, and at \$280 million exceeded August 2021 but fell short of August 2019 (\$286.5 million).

Despite a year-over-year decline in July, strong returns early in the year propelled the year-to-date brick-and-mortar revenue to more than \$1.92 billion outpacing every year since 2013 (\$1.96 billion) – the last summer before the introduction of internet gaming later that year.

We will have to wait and see how summer brick-and-mortar GGR totals – sometimes used as a proxy for tourism volume in the resort – translate into third-quarter profits for the casino industry and tax revenues for the city and state. With continued economic pressures, we should not be surprised to see a small decline in GOP, although we can expect to see increases in tax revenue generated since internet gaming revenue is taxed at a different, higher rate than the casino industry's other revenue streams.

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