

LIGHT Comments on Year-End 2022 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 year-end 2022 numbers released Monday by the state Division of Gaming Enforcement:

Although total net revenue exceeded 2021 totals and surpassed pre-pandemic 2019 total net revenue (\$3.16 billion) for the first time, it was not enough to exceed gross operating profit (GOP) year over year. Despite realizing higher GOP in 2022 than 2019 (\$613.5 million), the year ended with a disappointing decline of nearly 5% GOP compared to 2021.

Increased local competition and lost earning potential in 2020 combined to make 2022 a uniquely challenging year for several of Atlantic City's casino operators. Anecdotally, operators have increased spending on marketing and promotional efforts to draw in consumers and remain competitive in the market. Increases in wages for the industry workforce also likely contributed to higher operating costs leading to lower GOP at year end.

Notably, with the industry-wide gains in revenue — especially revenue generated by internet gaming, which is taxed at a higher rate — the industry has generated record-high total gaming tax revenue in the last two years. Combined tax revenue generated from an 8% tax on casino gross revenue, a 15% tax on internet gaming gross revenue, an 8.5% tax on casino retail sports wagering gross revenue, and a 13% tax on casino Internet sports wagering gross revenue resulted in \$467 million in 2022. That is a nearly 12% increase over the industry's last peak at \$417.5 million in 2006 — before the launch of online and sports wagering.

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