

**STATEMENT BY MICHAEL SMITH, PRESIDENT
COLORADO GAMING ASSOCIATION**

ON MAY 19, 2011, THE COLORADO LIMITED GAMING CONTROL COMMISSION SET INDUSTRY TAX RATES AS IT IS REQUIRED BY LAW TO DO EVERY YEAR. BASED IN LARGE PART ON ITS OWN DATA, THE COMMISSION ADDRESSED THE TREND OF GAMING INDUSTRY LOSSES BY SLIGHTLY ALTERING TAX RATES ON THE INDUSTRY'S GROSS REVENUES.

OVER THE PAST THREE YEARS, THE INDUSTRY IN COLORADO SUSTAINED AN AVERAGE ANNUAL LOSS OF \$11 MILLION. DURING THAT PERIOD OF TIME, WE HAVE CONTINUED TO MAKE SIZABLE CAPITAL AND WORKFORCE INVESTMENTS, GENERATING DIRECT, INDIRECT AND INDUCED EMPLOYMENT FOR MORE THAN 27,000 COLORADANS. AT THE SAME TIME, WE'VE PAID AN AVERAGE OF \$167 MILLION EACH YEAR IN STATE AND LOCAL TAXES.

AT THE HEARING ON MAY 19, THE GAMING COMMISSION WAS FACED WITH THE DIFFICULT TASK OF BALANCING THE NEEDS OF OUR STRUGGLING INDUSTRY WITH THE NEEDS OF THE PROGRAMS AND ORGANIZATIONS THAT RELY ON THE GAMING TAX FOR FUNDING. IT WAS CLEAR FROM THE DATA AND TESTIMONY PRESENTED THAT UNDER CURRENT MARKET CONDITIONS, THE PRESENT ECONOMIC MODEL AND RELATED TAX STRUCTURE WERE NOT FISCALLY SUSTAINABLE. WE BELIEVE THE COMMISSION'S DECISION WILL PROVIDE LONG TERM BENEFITS FOR THE INDUSTRY AND GAMING TAX RECIPIENTS.

THE FUNDS FREED UP BY THIS TAX CHANGE WILL ALLOW THE INDUSTRY TO MAINTAIN OR IMPROVE OUR EMPLOYMENT LEVELS AND TO CONTINUE MAKING NECESSARY CAPITAL IMPROVEMENTS.

IT SHOULD BE REMEMBERED THAT THE COMMISSION'S PAST TAX RATE REDUCTIONS HAVE PRODUCED PERIODS OF INDUSTRY GROWTH AND INCREASES IN STATE REVENUES DURING THE FOLLOWING FISCAL YEARS. BARRING ANY UNFORESEEN EVENTS, WE BELIEVE THE STATE WILL BENEFIT FROM THIS TREND IN UPCOMING FISCAL YEARS.

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