



ANALYSIS GROUP
ECONOMIC, FINANCIAL and STRATEGY CONSULTANTS

The State of Indian Gaming

Presented by:

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Presented at:

**A Forum on
The Economic and Social Impact of
Indian Gaming in the U.S.**

**University of California, Davis
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The Role of Indian Gaming

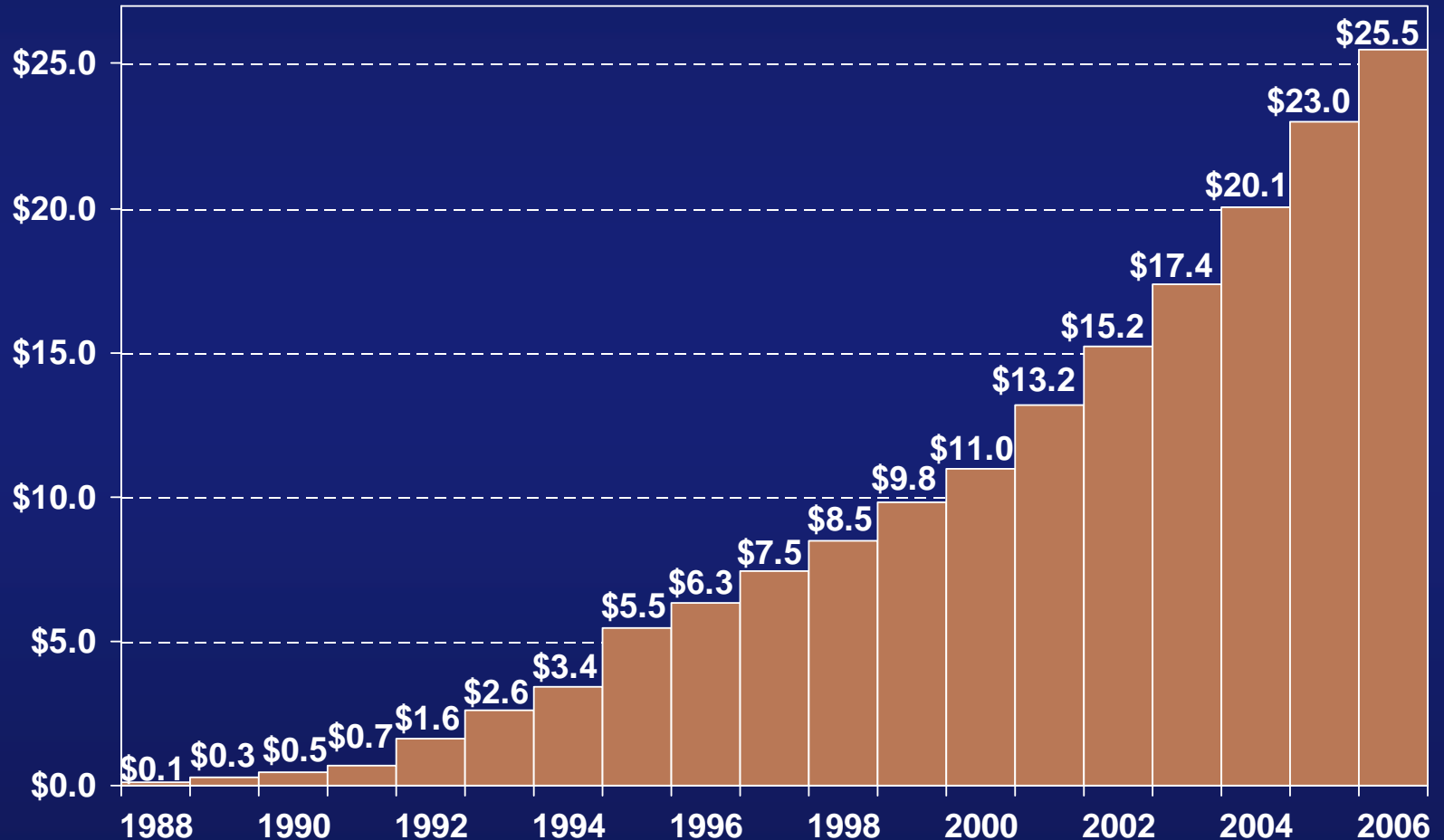
“... a means of promoting tribal economic development, self-sufficiency, and strong tribal governments.”

– **Indian Gaming Regulatory Act (1988)**



The History of Indian Gaming

Gaming revenue (\$ billions)



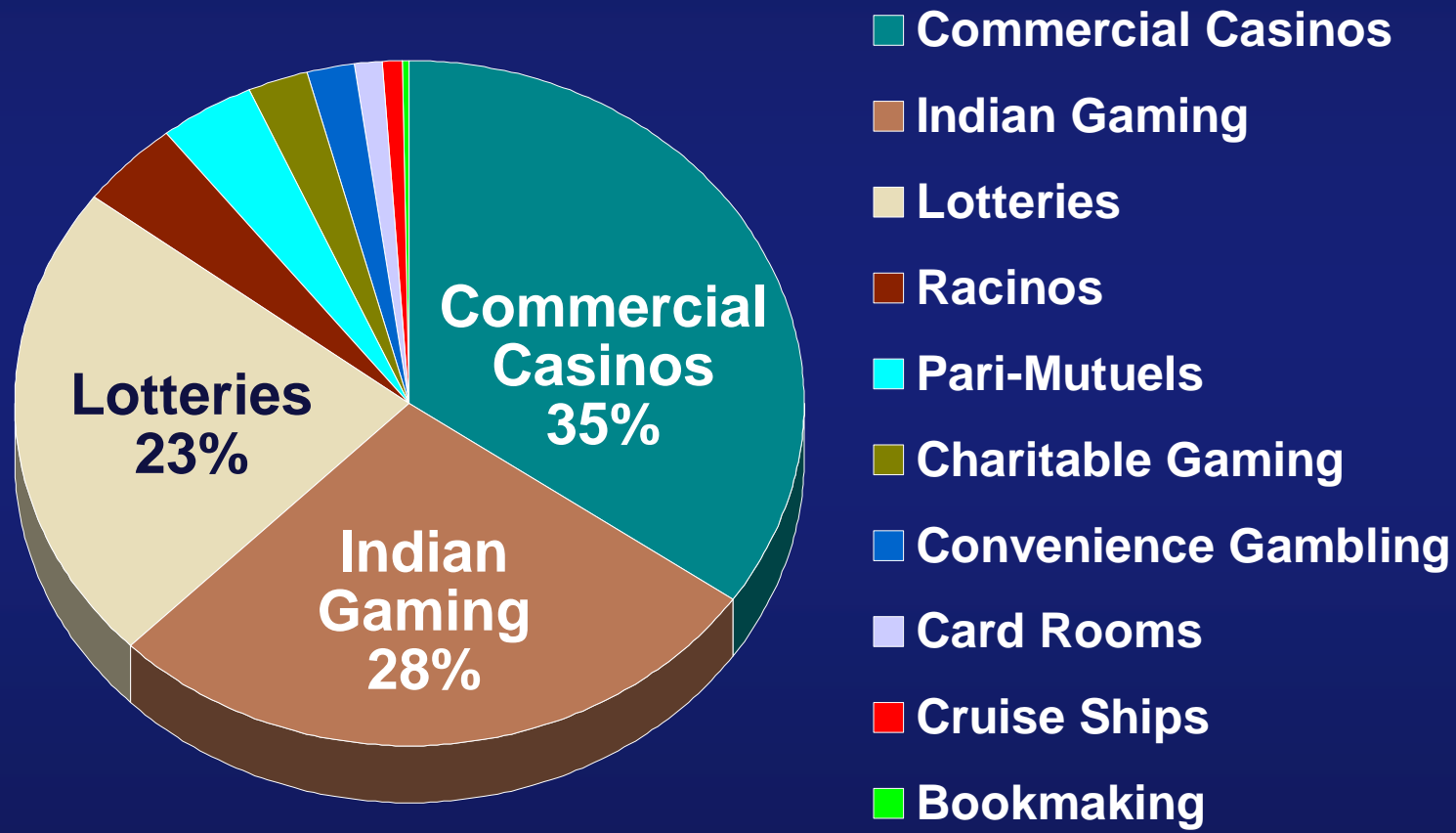
Overview of Indian Gaming in 2006

- 228 tribes
- 423 gaming facilities
- Within 28 states
- Over 278,000 gaming machines
- Over 7,500 table games
- \$25.5 billion in gaming revenue
- \$2.5 billion in non-gaming revenue



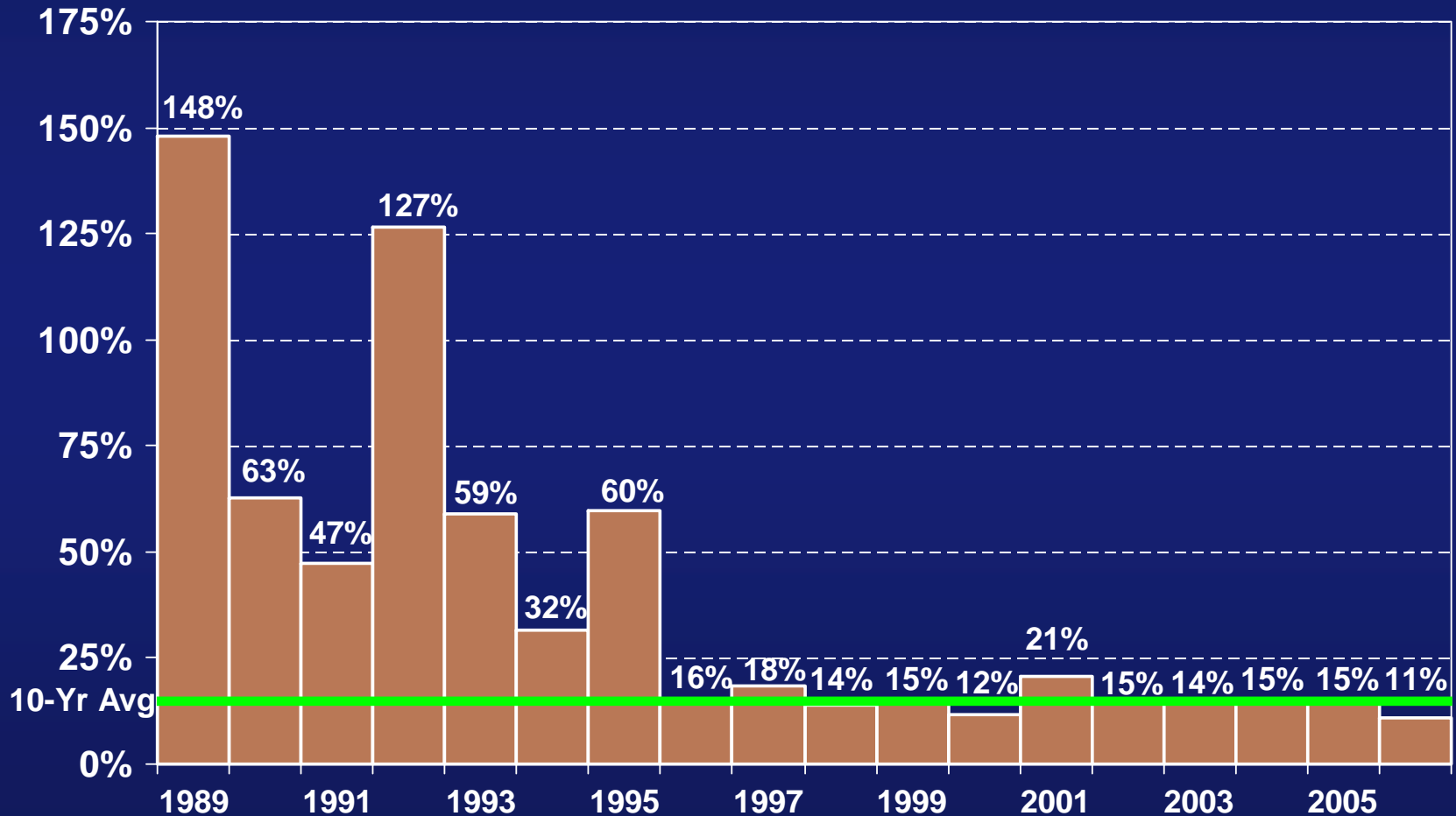
U.S. Gaming Industry by Segment

2006 gaming revenue = \$91.5 billion



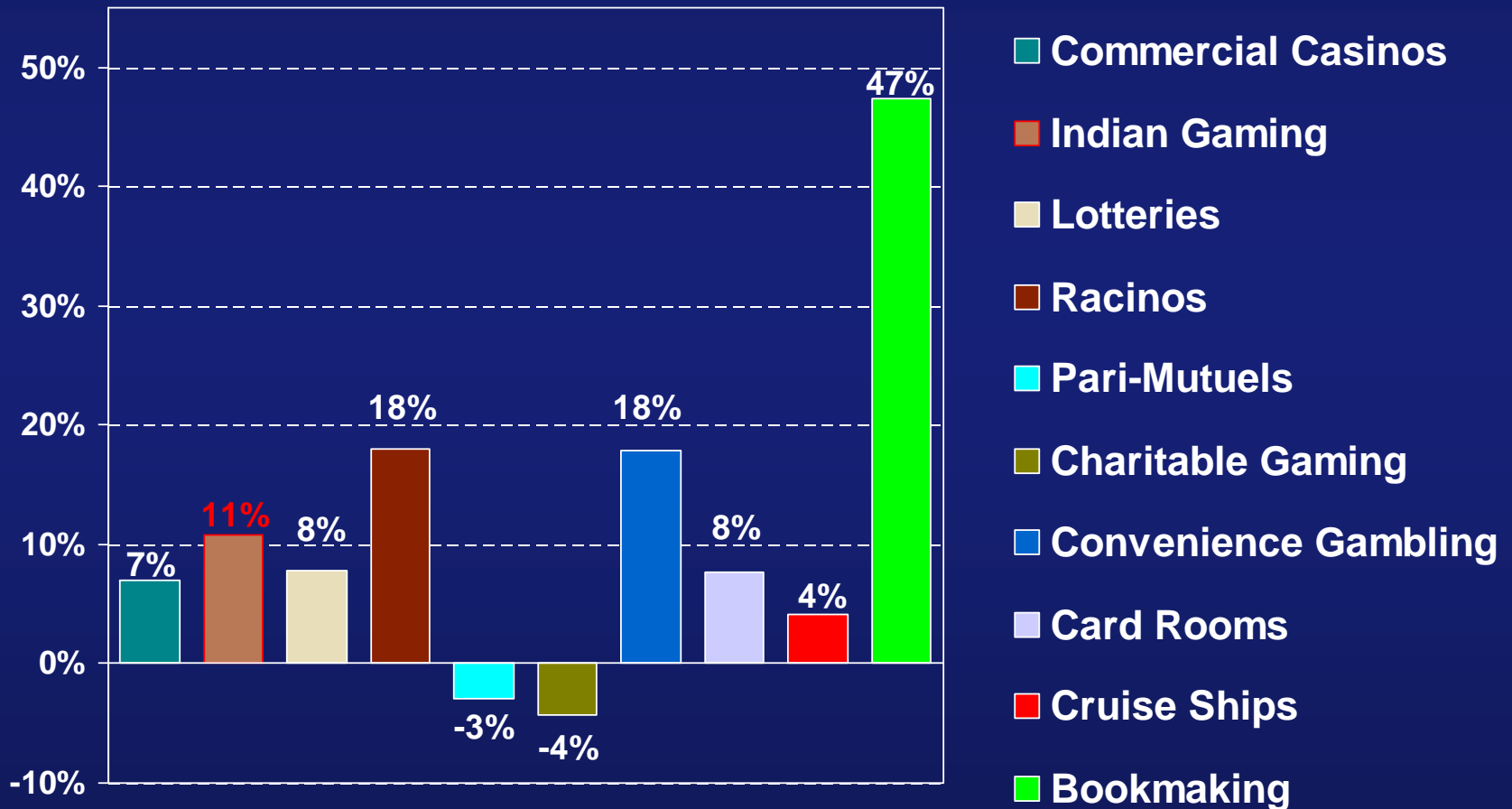
Indian Gaming Growth Trend

Growth of gaming revenue (%)



U.S. Gaming Industry Growth by Segment

2006 gaming revenue growth (%)



Reasons for Indian Gaming Growth

Key reasons:

- **Strong demand**
- **Favorable market conditions**
 - **Near some lucrative markets**
 - **Limited competition in some markets**
- **Increased supply of gaming**
 - **Adding more gaming and new types of gaming**
 - **New gaming facilities**
 - **Expansions of existing gaming facilities**
 - **Meeting unmet demand**
 - **Expanding markets**



Reasons for Indian Gaming Growth

Key reasons (cont.):

- **Increased supply of non-gaming amenities**
 - **Hotels**
 - **Restaurants**
 - **Entertainment**
 - **Shopping**
 - **Convention centers/meeting space**
 - **Golf courses**
- **Increased quality of Indian gaming facilities**
 - **Facelifts**
 - **Renovations**
 - **Expansions**



Reasons for Indian Gaming Growth

Primarily “growth from within”

- **Outside of Oklahoma**
 - **Gaming machine growth**
 - **96% from existing facilities**
 - **Table game growth**
 - **100% from existing facilities**
- **Within Oklahoma**
 - **Gaming machine growth**
 - **43% from existing facilities**
 - **Table game growth**
 - **37% from existing facilities**



Economic Impact of Indian Gaming

In 2006, Indian gaming directly and indirectly led to:

- **\$80.7 billion in output**
- **703,000 jobs**
- **\$27.8 billion in wages**
- **\$11.7 billion in federal, state, and local tax revenue**



Revenue Sharing

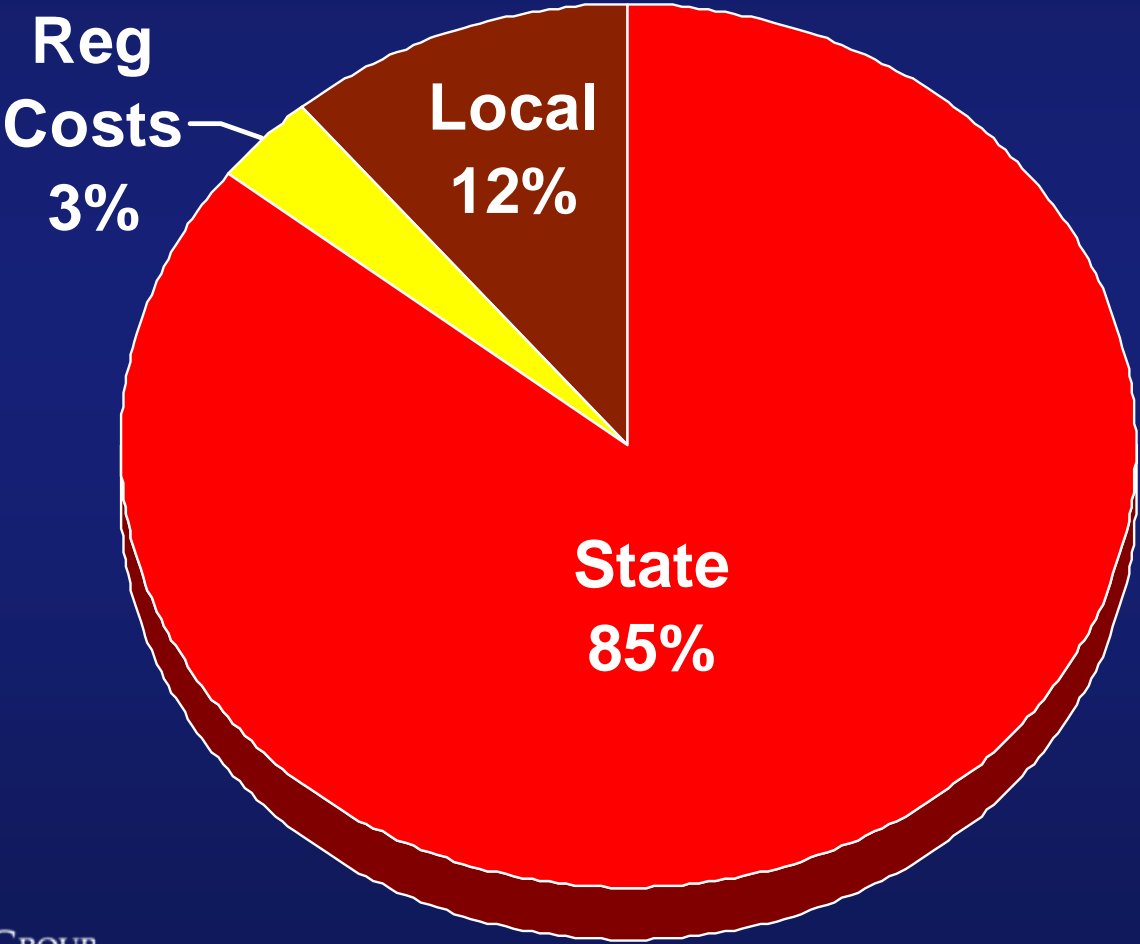
Tribes also make direct payments to federal, state, and local governments

- **Payments to defray state regulatory costs**
- **Voluntary payments to help fund local governments**
- **Voluntary payments to states in exchange for “valuable economic benefits”**



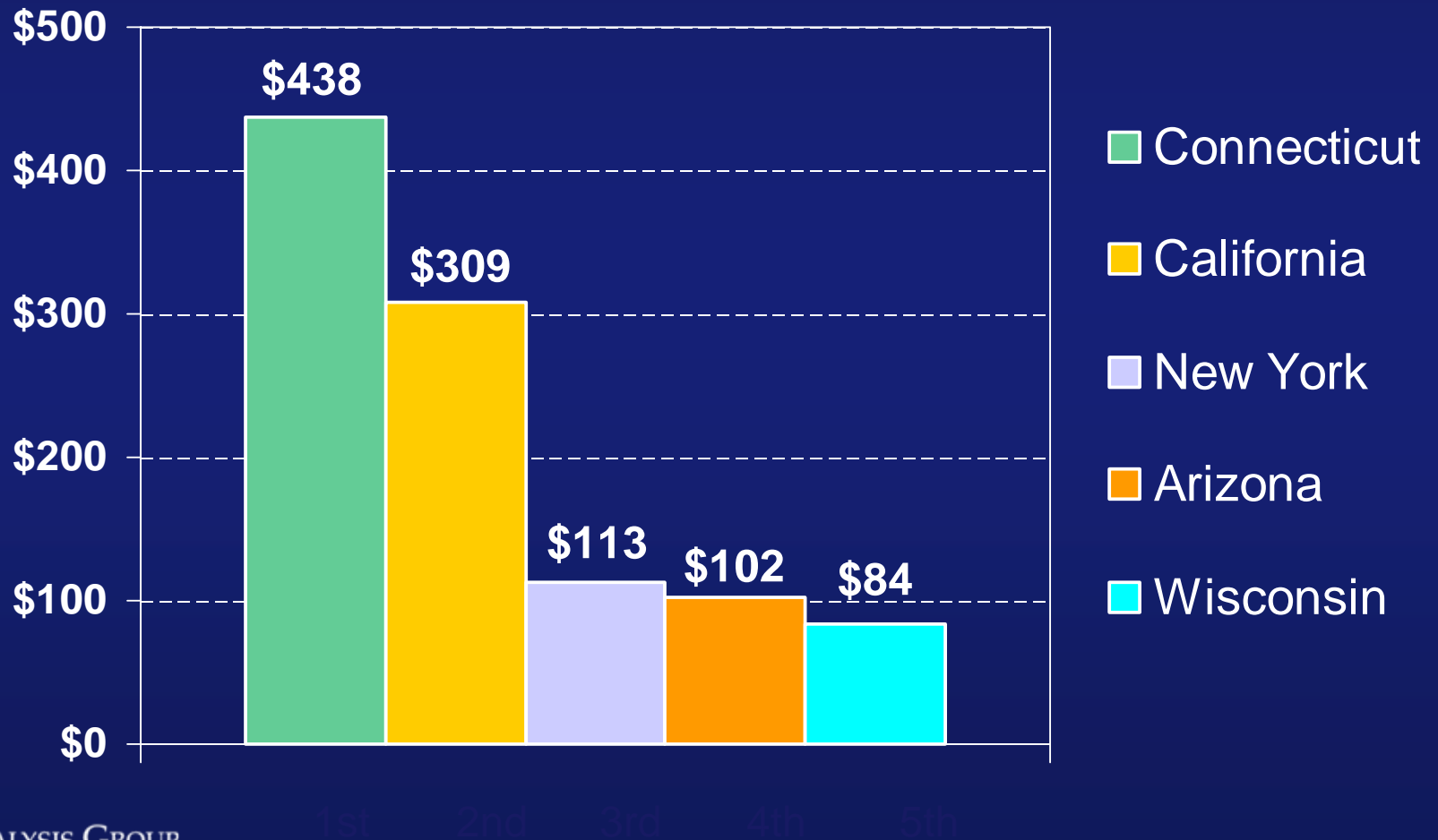
Revenue Sharing

2006 total direct payments = \$1.2 billion



States With the Most Revenue Sharing

Total 2006 direct state & local payments (\$ millions)



Indian Gaming State-By-State Comparisons

Indian gaming is very fragmented

- **228 tribes with 423 gaming facilities in 28 states**

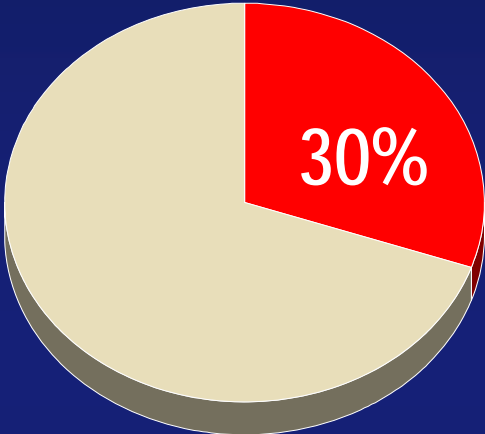
Size and growth of Indian gaming has varied widely from state to state depending on:

- **Legal, regulatory, and political environments**
- **Types of games offered**
- **Market conditions**
 - **Size of the potential customer base**
 - **Proximity to customer base**
 - **Patron demographics**
 - **Degree of competition**
 - **Maturity level of the market**

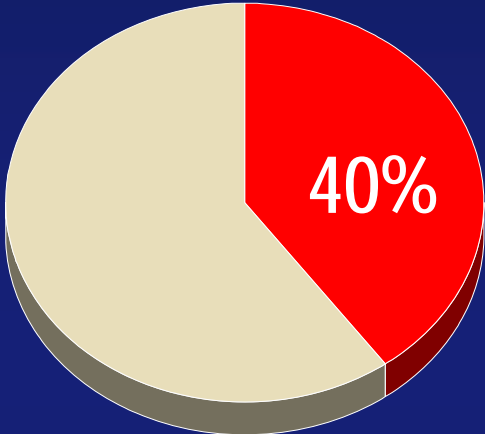


How Concentrated is Indian Gaming?

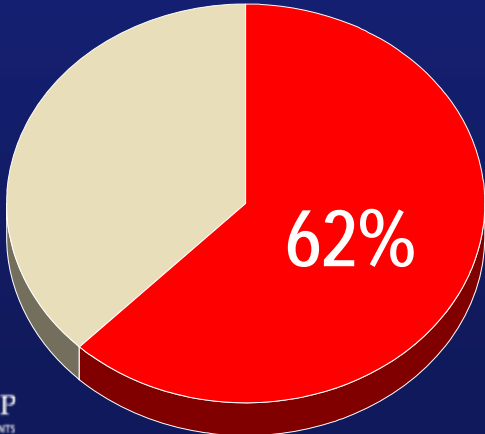
California



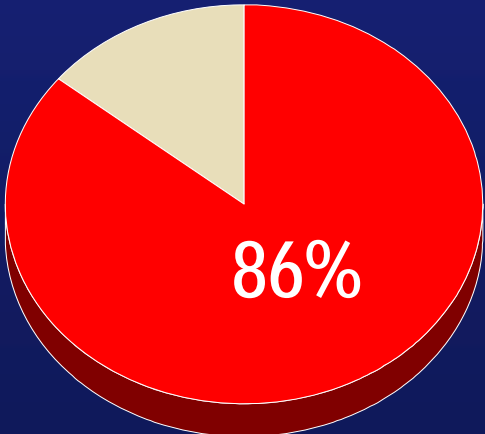
Top 2 States



Top 5 States

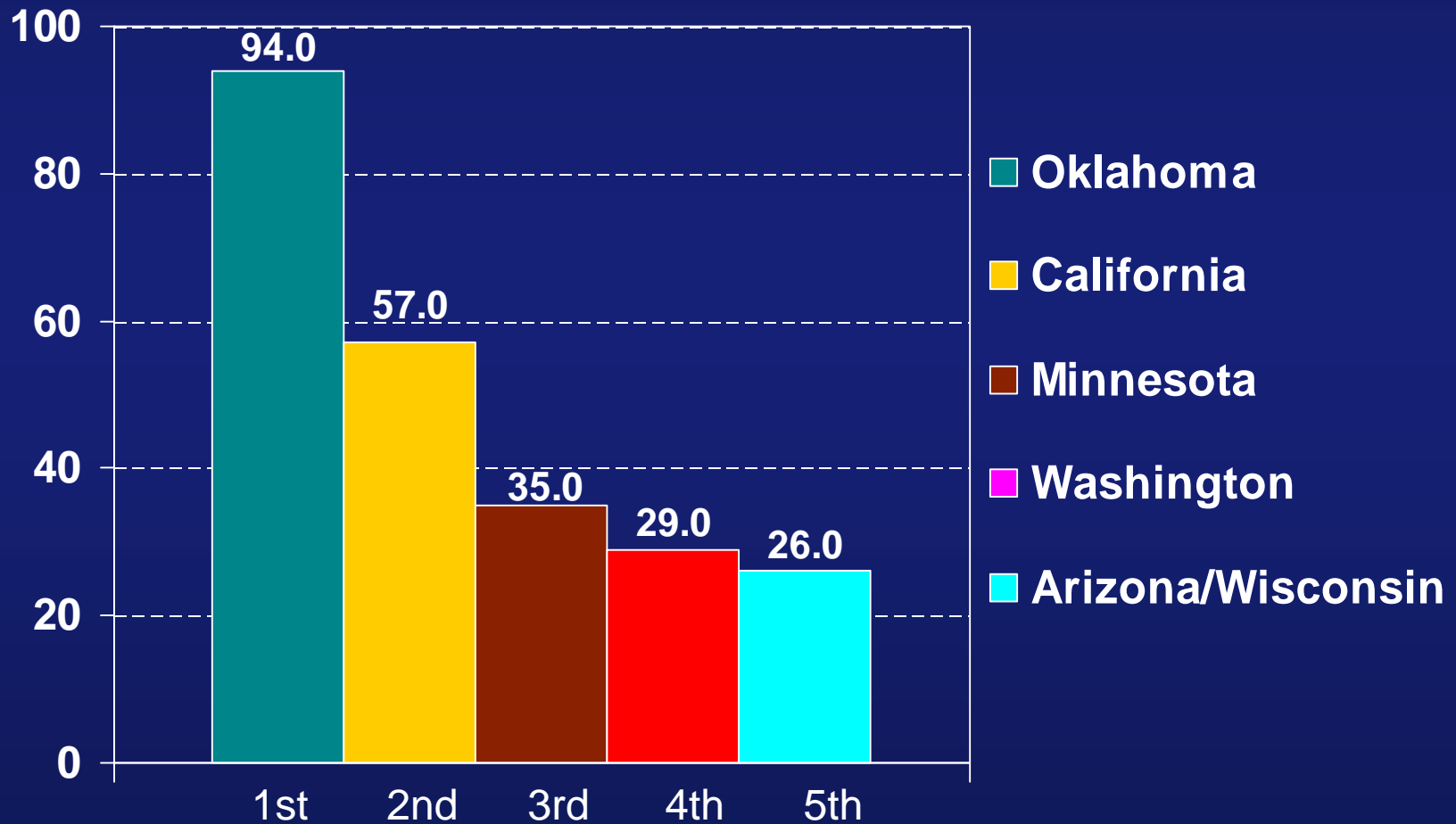


Top 10 States



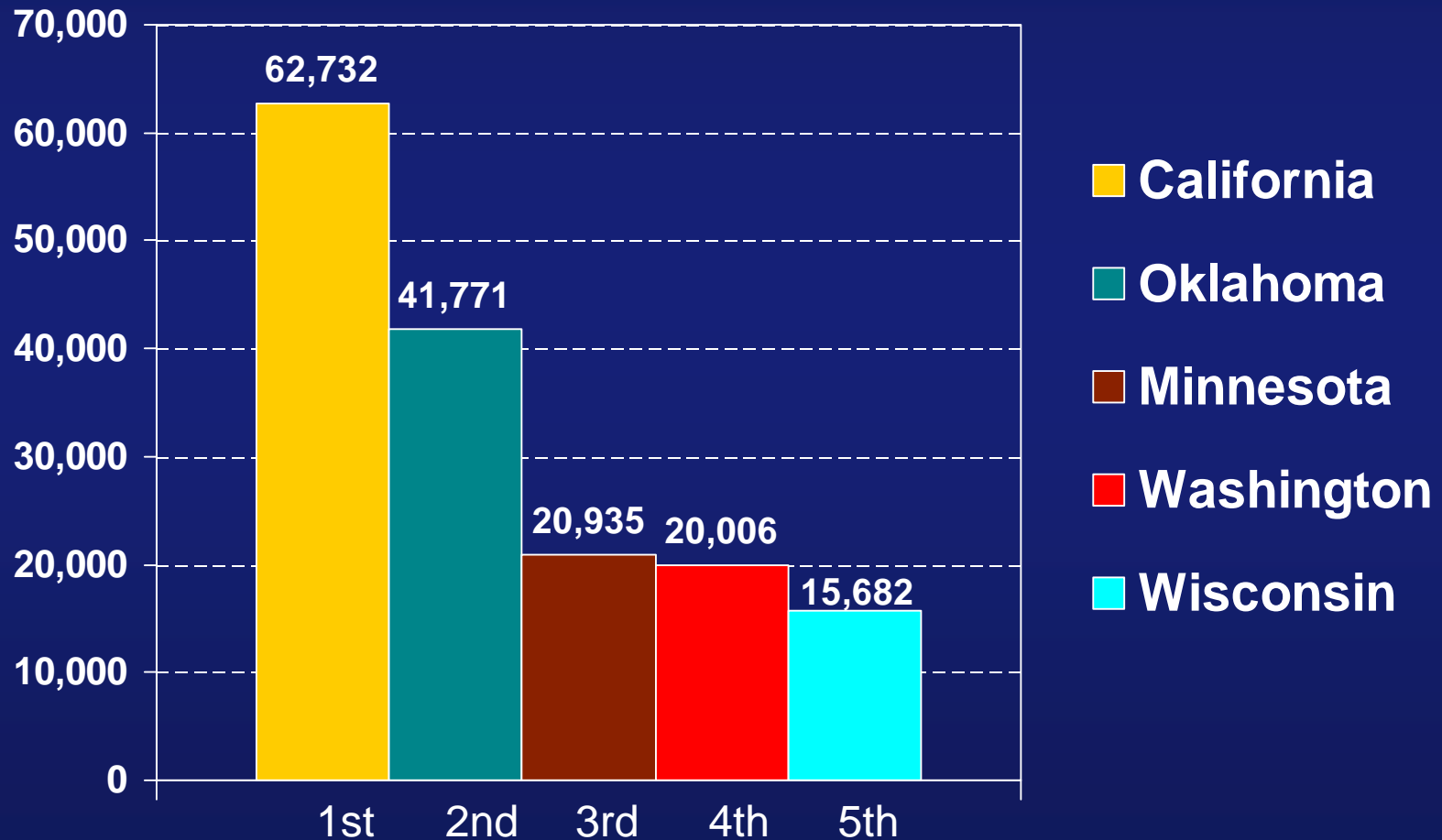
Top Indian Gaming States

Number of gaming facilities in 2006



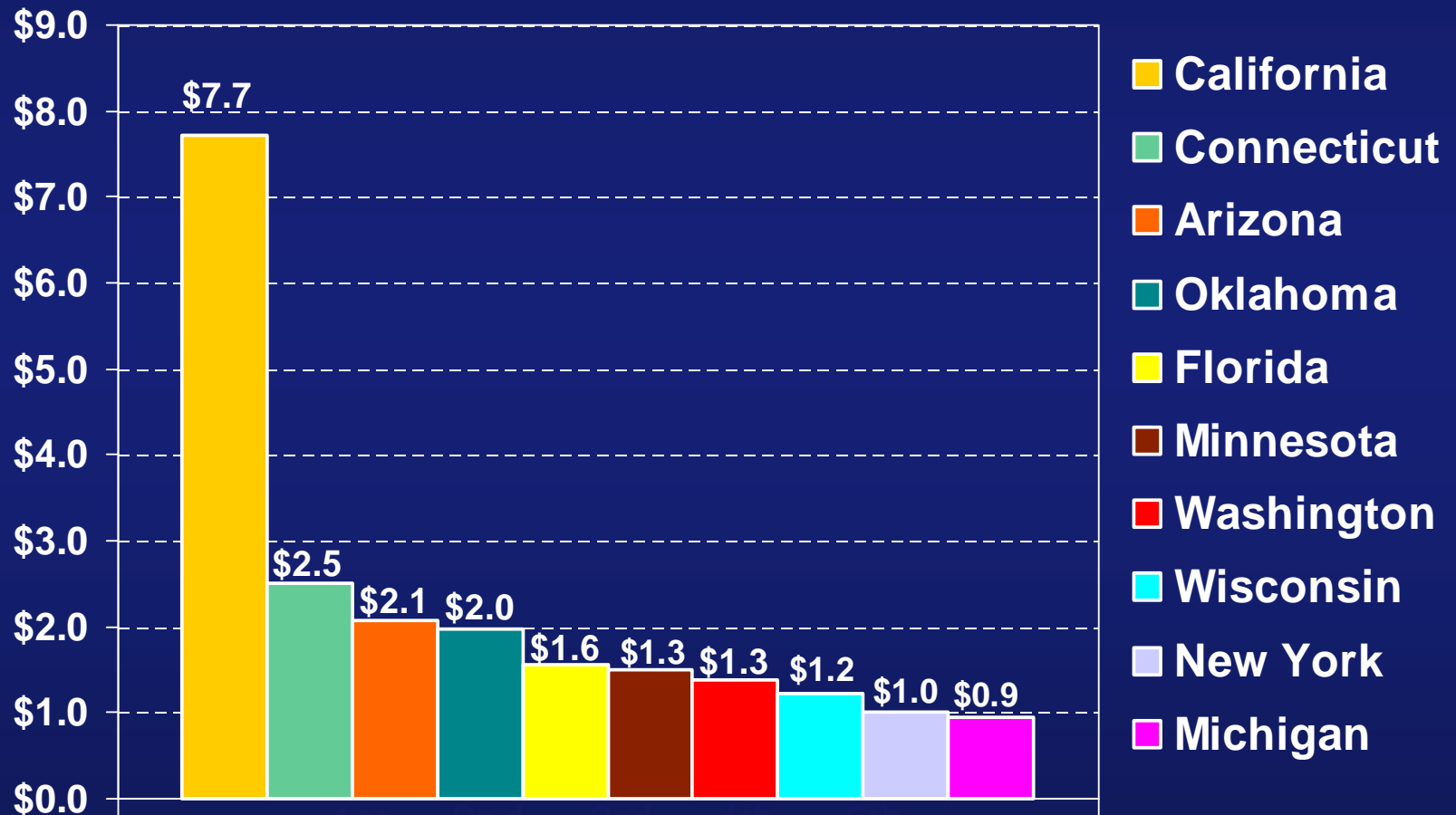
Top Indian Gaming States

Number of gaming machines in 2006



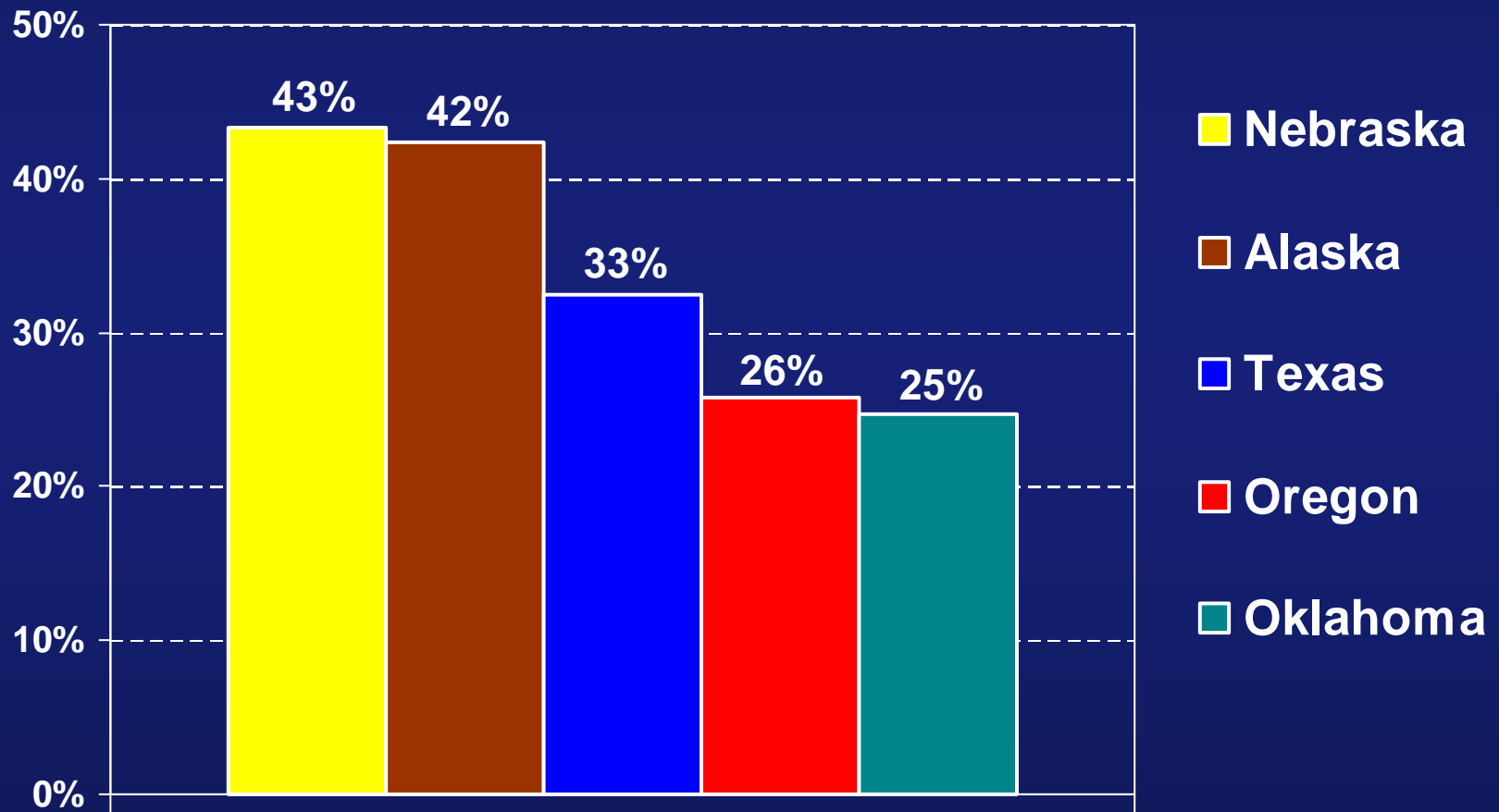
Indian Gaming Revenue by State

2006 gaming revenue (\$ billions)



Indian Gaming Revenue Growth by State

Growth of 2006 gaming revenue (%)



Trends in Indian Gaming

1) Continuing evolution of Indian gaming

- Expansions of gaming
- Introductions and expansions of non-gaming amenities
- Increased quality
- Development of resort casinos

2) Increase in negotiation/renegotiation of gaming compacts

3) Increase in revenue sharing with state/local governments

4) Increase in land in trust applications



Trends in Indian Gaming

5) Increased regulatory, legislative, and political hurdles

- **Proposals for more restrictive gaming regulations and laws**
- **Legal challenges to Secretarial Procedures**

6) Increased competition

- **From commercial gaming**
 - **Recent introductions**
 - Pennsylvania, Florida, and Alabama
 - **Future introductions**
 - Kansas and Massachusetts
- **From increased Indian gaming**



Source for Indian Gaming Data/Analysis

Indian Gaming Industry Report

2007-2008 Edition

Casino City's INDIAN GAMING INDUSTRY REPORT

By Alan Meister, Ph.D.



Barona Valley Ranch Resort and Casino, Lakeside, California

A Casino City Press Publication

IndianGamingReport.com • CasinoCityPress.com

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