The State of Indian Gaming

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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
October 26, 2007
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)

- 1988: $0.1
- 1990: $0.3
- 1992: $0.5
- 1994: $0.7
- 1996: $1.6
- 1998: $2.6
- 2000: $3.4
- 2002: $5.5
- 2004: $6.3
- 2006: $7.5

The graph shows a steady increase in gaming revenue from 1988 to 2006, reaching $25.5 billion in 2006.
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
Indian Gaming Growth Trend

Growth of gaming revenue (%)
U.S. Gaming Industry Growth by Segment

2006 gaming revenue growth (%)

- Commercial Casinos
- Indian Gaming
- Lotteries
- Racinos
- Pari-Mutuels
- Charitable Gaming
- Convenience Gambling
- Card Rooms
- Cruise Ships
- Bookmaking

Sources: Indian Gaming Industry Report; Christiansen Capital Advisors, LLC.
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
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
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

- State: 85%
- Local: 12%
- Reg Costs: 3%
States With the Most Revenue Sharing

Total 2006 direct state & local payments ($ millions)

Connecticut
California
New York
Arizona
Wisconsin

1st 2nd 3rd 4th 5th
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
- 30%

Top 2 States
- 40%

Top 5 States
- 62%

Top 10 States
- 86%
Top Indian Gaming States

Number of gaming facilities in 2006

1st: Oklahoma
2nd: California
3rd: Minnesota
4th: Washington
5th: Arizona/Wisconsin
Top Indian Gaming States

Number of gaming machines in 2006

- **California**: 62,732
- **Oklahoma**: 41,771
- **Minnesota**: 20,935
- **Washington**: 20,006
- **Wisconsin**: 15,682

1st: California
2nd: Oklahoma
3rd: Minnesota
4th: Washington
5th: Wisconsin
Indian Gaming Revenue by State

2006 gaming revenue ($ billions)

- California: $7.7
- Connecticut: $2.5
- Arizona: $2.0
- Oklahoma: $1.6
- Florida: $1.3
- Minnesota: $1.3
- Washington: $1.2
- Wisconsin: $1.0
- New York: $0.9
- Michigan: $0.9
Indian Gaming Revenue Growth by State

Growth of 2006 gaming revenue (%)

- Nebraska: 43%
- Alaska: 42%
- Texas: 33%
- Oregon: 26%
- Oklahoma: 25%
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

Casino City's
INDIAN GAMING INDUSTRY REPORT

By Alan Meister, Ph.D.

A Casino City Press Publication

IndianGamingSource.com • CasinoCityPress.com
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The information contained in this presentation is the opinion of the presenter and does not necessarily reflect the opinions of Analysis Group, Inc.
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