



Economic Impact of the US Gaming Industry

September 2014



Methods

- Analysis includes:
 - Commercial casinos
 - Native American casinos
 - Card rooms (California, Florida, Minnesota, Washington)
- Analysis excludes:
 - Pari-mutuel gaming (e.g. horse racing)
 - Slots and video lottery terminals in bars and other non-casino locations

Estimating Direct Impacts

- **Industry impacts** include:
 - Casino revenues (including Native American)
 - Gaming manufacturers' revenues
 - Includes all U.S. sales/revenues of gaming manufacturers and excludes global sales outside the U.S.
- **Ancillary spending impacts** include:
 - Spending by casino patrons at leased third-party operations inside the casino
 - Off-site spending by casino patrons during their trip to the casino
- Metrics of industry impact and off-site spending impact include:
 - Spending/revenues
 - Jobs
 - Labor income

Types of Gaming Covered

- In addition to commercial casinos (including land-based, riverboat, dockside and racetrack casinos), Oxford Economics includes Native American casinos and card rooms in four states.
- Oxford Economics includes legalized internet gaming conducted by commercial casino operators and reported in state regulatory filings. For 2013, this includes Delaware, New Jersey and Nevada.
- Oxford Economics excludes pari-mutuel gaming (e.g. horse racing), cruise ship casinos, slots and video lottery terminals in bars and other non-casino locations, and lotteries.

Estimating Casino Revenue

- For the purpose of this analysis, total casino revenue is defined as revenue net of promotional allowances. It represents the amount spent by consumers at casinos, and is therefore equivalent to economic output.
- Oxford Economics estimated total casino revenue at the state level by integrating several sets of available information. These include:
 - Gaming revenue of commercial casinos consistent with state regulatory reporting, as gathered by the American Gaming Association for publication in the State of the States research, plus state reporting on gaming revenue at card clubs.
 - Gaming revenue of Native American casinos as reported by the National Indian Gaming Commission (“NIGC”) based on independent audit reports received by NIGC from tribes.
 - Survey responses reporting gaming and non-gaming revenue at the property level as gathered directly by Oxford Economics from national casino operators.
 - Data from Casino City on the number of slot machine and table game positions at casinos in each state.
 - State regulatory reporting on non-gaming revenue in Nevada and New Jersey.

Estimating Casino Employment & Labor Income

- Oxford Economics estimated casino employment and labor income at the state level by incorporating several additional sets of information. These include:
 - Bureau of Labor Statistics estimates of employment and annual wages in two industries (NAICS 71321 casinos except casinos hotels, and 72112 casino hotels) based on the Quarterly Census of Employment and Wages.
 - Survey responses reporting on payroll costs and employment at the property level as gathered directly by Oxford Economics from national casino operators.
 - Casino benchmark information, including the Indian Gaming Cost of Doing Business Report, 2014 edition, published by Joseph Eve, an accounting and advisory firm.
 - State regulatory reporting on casino operating expenses and profit margins in Nevada and New Jersey.

Casino Revenues

- Total casino revenues amounted to \$81 billion in 2013 (net of promotional allowances).
- Survey respondent data provided breakdowns of total revenues:
 - Gaming revenues comprised 83% (\$67 billion) of total revenues
 - Non-gaming revenues comprised 17% (\$14 billion) of total revenues
 - Food & beverage revenue, hotel revenue, and other revenue

| Revenue Type (Net of promotional allowances) | Native American Casinos | Commercial Casinos | Industry Total | Share of Total Revenue |
|---|-------------------------------|-----------------------|-------------------|---------------------------|
| Gaming Revenue | \$28,032 | \$38,981 | \$67,012 | 83% |
| | | | | |
| Non-Gaming Revenue | \$2,233 | \$11,853 | \$14,086 | 17% |
| Food & Beverage Revenue | \$1,125 | \$4,536 | \$5,661 | 7% |
| Room Revenue | \$376 | \$4,089 | \$4,465 | 6% |
| Other Revenue | \$732 | \$3,228 | \$3,960 | 5% |
| | | | | |
| Total Casino Revenue | \$30,265 | \$50,834 | \$81,098 | 100% |

Gaming Manufacturers

- Data on gaming manufacturers' revenue, employment, and labor income was based on survey responses from manufacturers as well as publicly available data from companies' annual reports.
- Gaming manufacturer revenues are limited to sales in the US, and the analysis excludes any worldwide revenue/activity outside the US.

Ancillary Spending

- Ancillary spending includes purchases by casino patrons at retailers and businesses outside the casino and at businesses inside the casino owned by third-party operators.
- Existing research by the AGA indicates that the majority of casino patrons spends time outside the casino and spends money at restaurants or shops outside the casino during their casino trip.
- Since this casino patron spending is primarily driven by the patrons' trips to the casino, it is included in the gaming industry's direct impact as ancillary spending.
- Estimates of overall ancillary spending are based on Longwoods International's Travel USA survey of domestic travel in 2013.
 - Analysis is limited to travelers who indicated that a casino was the main purpose for their trip.

Summary Direct Impacts

- Total casino revenues (including Native American) amounted to more than \$81 billion in 2013.
- In 2013, gaming manufacturers in the US had nearly \$6 billion in revenues.
- Ancillary spending by casino patrons totaled more than \$14 billion.
- The US gaming industry had a direct impact of nearly \$102 billion in 2013.
- The analysis excludes capital spending on casino construction.

| Description | Direct Revenues/ Spending (\$ Millions) |
|-------------------------------|---|
| Industry Impacts | |
| Casino Revenues | \$81,156 |
| Gaming Manufacturers Revenues | \$5,994 |
| Subtotal, Industry | \$87,150 |
| Ancillary Spending | |
| Ancillary Spending | \$14,440 |
| Total Direct Impacts | \$101,590 |

Direct Jobs & Labor Income

- Casinos employed more than 554,000 employees with nearly \$26 billion in labor income in 2013.
- Manufacturers directly employed almost 16,000 workers with approximately \$1.1 billion in labor income.
- Off-site spending by casino patrons directly generated nearly 164,000 jobs and \$6 billion in labor income in 2013.
- As a whole, the US gaming industry was responsible for employing approximately 734,000 workers with \$33 billion in labor income.

Economic Impact Analysis

- Analysis of the direct effects of the casino industry serve as inputs for the economic impact model.
- Input-Output (I-O) model for the US and state economies calculates the downstream impacts of direct spending.
- Indirect impacts refer to supply chain effects.
- Induced impacts refer to additional impacts as employees spend in the local economy.

Main components of economic impacts

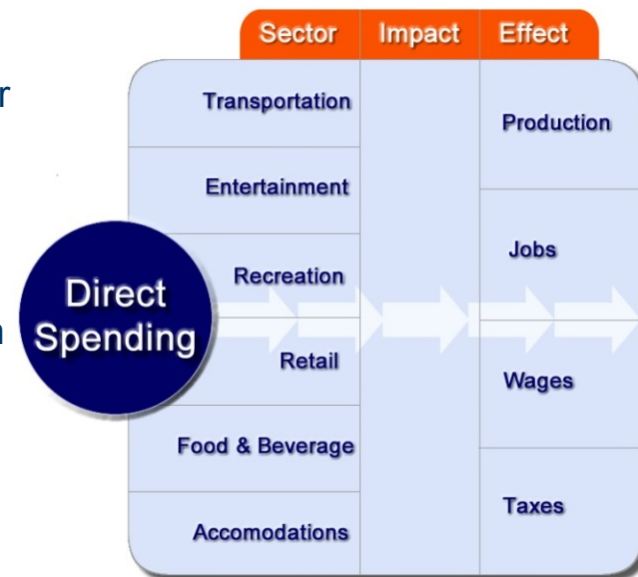
- There are three main components of a project's overall economic impact:
 - Direct impacts
 - Indirect impacts
 - Induced impacts

- **Direct Impacts** include direct spending and revenues.

- Industry impacts include casinos revenues (gaming and non-gaming), manufacturers revenue.
- Ancillary spending includes spending by casino patrons at third-party leased establishments inside the casino and other establishments outside the casino.

- **Indirect Impacts** include downstream supplier industry impacts. For example, the casinos and manufacturers might hire a third-party cleaning service, food and equipment delivery service, linen cleaning service, legal services, or marketing services.

- **Induced Impacts** arise as employees spend their wages in the local economy. For example, casino or manufacturer employees will spend money on rent, transportation, food & beverage, and entertainment.



Summary Economic Impacts

- Direct industry revenues of \$87 billion generated \$51 billion in indirect impacts and \$67 billion in induced impacts, resulting in \$205 billion in output. Ancillary spending of \$14 billion generated \$9 billion in indirect impacts and \$11 billion in induced impacts, resulting in \$35 billion in output. **Overall, the total economic impact of the US gaming industry was nearly \$240 billion in 2013.**
- Direct industry employment of 570,000 jobs resulted in a total impact of more than 1.4 million jobs. Ancillary spending generated a total job impact of nearly 265,000 jobs. **Taken together, the total job impact of the US gaming industry was more than 1.7 million jobs.**
- Direct labor income of \$27 billion resulted in a total impact of \$60 billion, while ancillary spending generated \$13 billion in total labor income. **Overall, the US gaming industry generated nearly \$74 billion in total labor income.**

| Description | Output Impacts (\$ Millions) | Employment Impacts | Labor Income Impacts (\$ Millions) |
|---|---------------------------------|-----------------------|--|
| Industry Impacts | | | |
| Direct Impacts | \$87,150 | 570,252 | \$26,580 |
| Indirect Impacts | \$51,191 | 345,952 | \$15,224 |
| Induced Impacts | \$66,680 | 530,894 | \$18,676 |
| Subtotal | \$205,021 | 1,447,098 | \$60,481 |
| Ancillary Spending Impacts | | | |
| Direct Impacts | \$14,440 | 163,678 | \$6,149 |
| Indirect Impacts | \$8,886 | 36,752 | \$2,835 |
| Induced Impacts | \$11,264 | 64,262 | \$4,038 |
| Subtotal | \$34,589 | 264,692 | \$13,022 |
| Total Impact, US Gaming Industry | \$239,610 | 1,711,790 | \$73,503 |

Detailed Economic Impacts - Output

| Output Impacts | | | | | |
|----------------------------------|--------------------------------|----------------------------------|---------------------------------|-------------------------------|-------------------|
| Description | Direct Output (\$ Millions) | Indirect Output (\$ Millions) | Induced Output (\$ Millions) | Total Output (\$ Millions) | % of Total Output |
| Total, Casinos | \$81,156 | \$46,521 | \$61,929 | \$189,606 | 79% |
| Commercial Casinos | \$50,833 | \$24,561 | \$35,347 | \$110,741 | 46% |
| Native American Casinos | \$30,322 | \$21,960 | \$26,582 | \$78,865 | 33% |
| Gaming Manufacturers | \$5,994 | \$4,670 | \$4,751 | \$15,416 | 6% |
| Subtotal, Industry | \$87,150 | \$51,191 | \$66,680 | \$205,021 | 86% |
| | | | | | |
| Ancillary Spending | \$14,440 | \$8,886 | \$11,264 | \$34,589 | 14% |
| | | | | | |
| Total, US Gaming Industry | \$101,590 | \$60,076 | \$77,944 | \$239,610 | 100% |

Detailed Economic Impacts - Employment

| Employment Impacts | | | | | |
|----------------------------------|-------------------|---------------------|--------------------|------------------|-----------------------|
| Description | Direct Employment | Indirect Employment | Induced Employment | Total Employment | % of Total Employment |
| Total, Casinos | 554,346 | 333,885 | 514,866 | 1,403,096 | 82% |
| Commercial Casinos | 370,269 | 118,541 | 179,954 | 668,765 | 39% |
| Native American Casinos | 184,077 | 215,343 | 334,911 | 734,331 | 43% |
| Gaming Manufacturers | 15,906 | 12,068 | 16,028 | 44,002 | 3% |
| Subtotal, Industry | 570,252 | 345,952 | 530,894 | 1,447,098 | 85% |
| | | | | | |
| Ancillary Spending | 163,678 | 36,752 | 64,262 | 264,692 | 15% |
| | | | | | |
| Total, US Gaming Industry | 733,930 | 382,705 | 595,155 | 1,711,790 | 100% |

Detailed Economic Impacts – Labor Income

| Labor Income Impacts | | | | | |
|----------------------------------|-----------------------------------|-------------------------------------|------------------------------------|----------------------------------|-------------------------|
| Description | Direct Labor Income (\$ Millions) | Indirect Labor Income (\$ Millions) | Induced Labor Income (\$ Millions) | Total Labor Income (\$ Millions) | % of Total Labor Income |
| Total, Casinos | \$25,521 | \$14,407 | \$17,932 | \$57,860 | 79% |
| Commercial Casinos | \$17,366 | \$9,533 | \$12,080 | \$38,980 | 53% |
| Native American Casinos | \$8,155 | \$4,874 | \$5,852 | \$18,881 | 26% |
| Gaming Manufacturers | \$1,059 | \$817 | \$744 | \$2,620 | 4% |
| Subtotal, Industry | \$26,580 | \$15,224 | \$18,676 | \$60,481 | 82% |
| | | | | | |
| Ancillary Spending | \$6,149 | \$2,835 | \$4,038 | \$13,022 | 18% |
| | | | | | |
| Total, US Gaming Industry | \$32,729 | \$18,059 | \$22,714 | \$73,503 | 100% |

Industry Distribution of Impacts

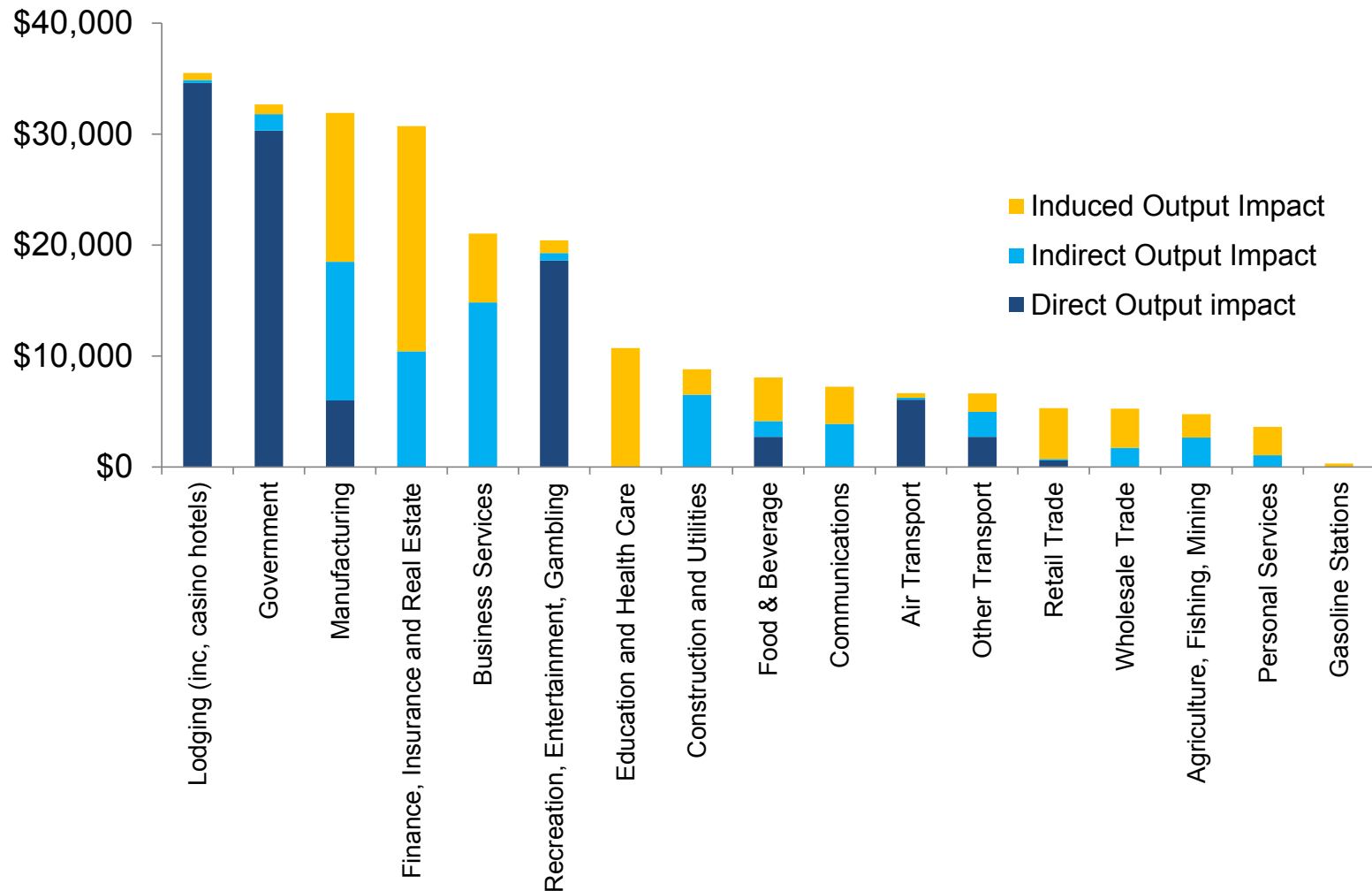
- The economic impacts of the US gaming industry are far reaching, as direct spending ripples through the national economy, generating positive impacts for numerous supplier industries.
- As shown on the following slides, impacted industries include:
 - **Finance, insurance, and real estate (\$31 billion in total output impacts):** Insurance carriers, banks, funds and trusts, securities, real estate, consumer rentals, machinery and equipment rental and leasing
 - **Business services (\$21 billion in total output impacts):** Legal, advertising, marketing, engineering, all other professional services, research and development, management, travel arrangement, business support, facilities services, administrative services, waste management
 - **Education and health care (\$11 billion in total output impacts):** Private elementary and secondary schools, colleges, universities, physicians, home health care, nursing and residential care facilities, child care (e.g. spending by employees of casinos and other businesses supported by gaming)
 - **Construction and utilities (\$9 billion in total output impacts):** New building construction, renovations, residential construction, electric and gas distribution
 - **Communications (\$7 billion in total output impacts):** Telecommunications (corporate and personal), newspapers and periodicals, cable programming, data processing
 - **Air transportation (\$7 billion in total output impacts):** Air travel

Industry Distribution of Output Impacts (\$ Millions)

| Industry | Direct Output Impact | Indirect Output Impact | Induced Output Impact | Total Output Impact |
|-------------------------------------|----------------------|------------------------|-----------------------|---------------------|
| Lodging (inc, casino hotels) | \$34,619 | \$252 | \$629 | \$35,500 |
| Government | \$30,322 | \$1,470 | \$888 | \$32,680 |
| Manufacturing | \$5,994 | \$12,499 | \$13,428 | \$31,921 |
| Finance, Insurance and Real Estate | \$0 | \$10,438 | \$20,276 | \$30,713 |
| Business Services | \$0 | \$14,840 | \$6,186 | \$21,026 |
| Recreation, Entertainment, Gambling | \$18,606 | \$675 | \$1,150 | \$20,431 |
| Education and Health Care | \$0 | \$22 | \$10,694 | \$10,716 |
| Construction and Utilities | \$0 | \$6,518 | \$2,298 | \$8,817 |
| Food & Beverage | \$2,710 | \$1,427 | \$3,935 | \$8,072 |
| Communications | \$0 | \$3,896 | \$3,333 | \$7,228 |
| Air Transport | \$6,057 | \$186 | \$412 | \$6,655 |
| Other Transport | \$2,710 | \$2,247 | \$1,675 | \$6,631 |
| Retail Trade | \$572 | \$152 | \$4,575 | \$5,299 |
| Wholesale Trade | \$0 | \$1,734 | \$3,512 | \$5,246 |
| Agriculture, Fishing, Mining | \$0 | \$2,651 | \$2,100 | \$4,752 |
| Personal Services | \$0 | \$1,061 | \$2,559 | \$3,621 |
| Gasoline Stations | \$0 | \$8 | \$293 | \$302 |
| Total | \$101,590 | \$60,076 | \$77,944 | \$239,610 |

Industry Distribution of Output Impacts (\$ Millions)

Distribution of Output Impacts by Major Industry
(\$ Millions, 2013)

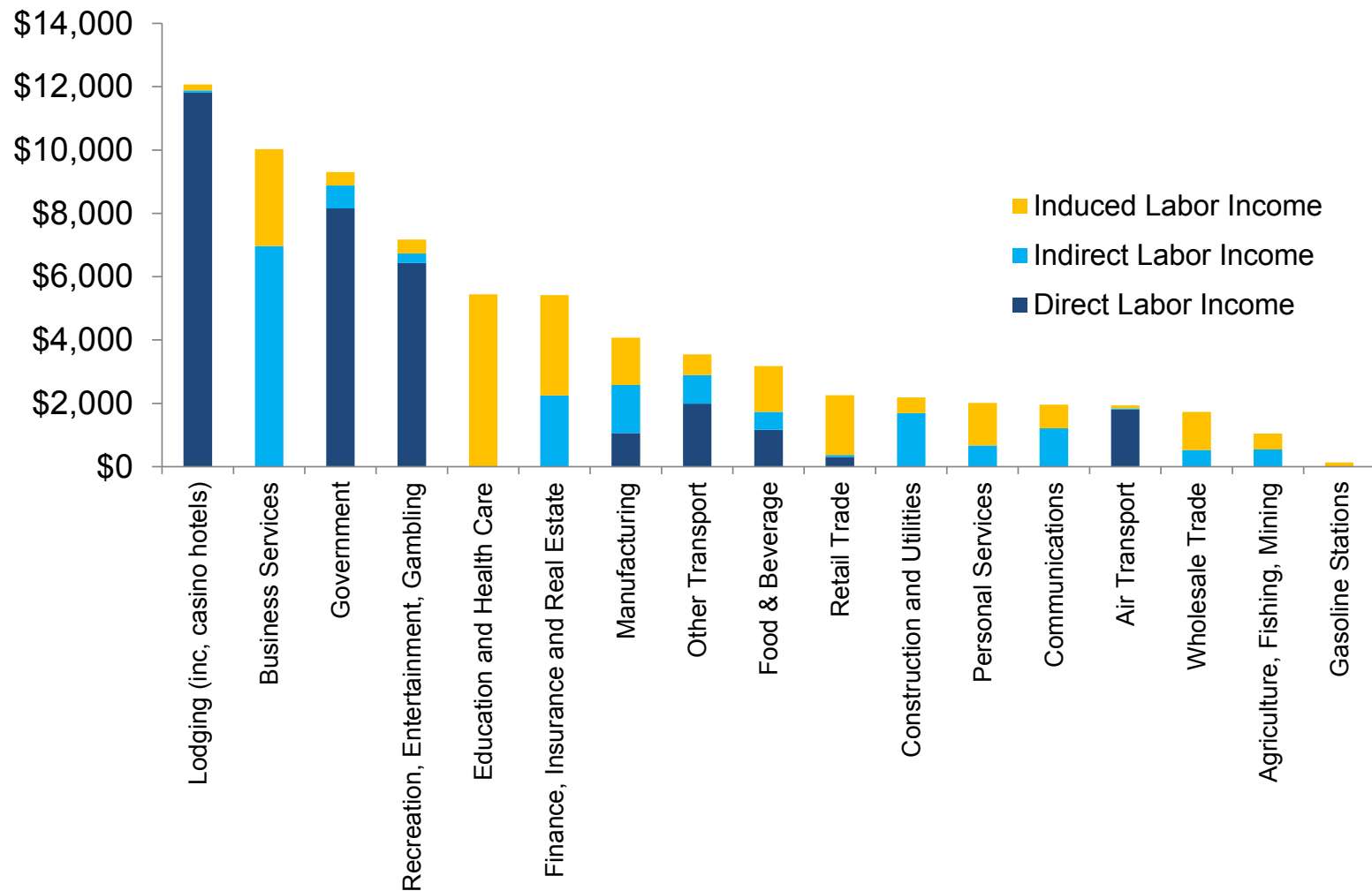


Industry Distribution of Labor Income Impacts (\$Millions)

| Industry | Direct Labor Income | Indirect Labor Income | Induced Labor Income | Total Labor Income |
|-------------------------------------|---------------------|-----------------------|----------------------|--------------------|
| Lodging (inc, casino hotels) | \$11,817 | \$72 | \$184 | \$12,073 |
| Business Services | \$0 | \$6,968 | \$3,064 | \$10,031 |
| Government | \$8,155 | \$724 | \$425 | \$9,304 |
| Recreation, Entertainment, Gambling | \$6,438 | \$296 | \$443 | \$7,177 |
| Education and Health Care | \$0 | \$10 | \$5,431 | \$5,442 |
| Finance, Insurance and Real Estate | \$0 | \$2,250 | \$3,168 | \$5,419 |
| Manufacturing | \$1,059 | \$1,518 | \$1,498 | \$4,076 |
| Other Transport | \$1,987 | \$904 | \$655 | \$3,547 |
| Food & Beverage | \$1,167 | \$563 | \$1,450 | \$3,181 |
| Retail Trade | \$307 | \$63 | \$1,886 | \$2,256 |
| Construction and Utilities | \$0 | \$1,690 | \$497 | \$2,187 |
| Personal Services | \$0 | \$669 | \$1,341 | \$2,011 |
| Communications | \$0 | \$1,213 | \$746 | \$1,960 |
| Air Transport | \$1,799 | \$42 | \$94 | \$1,936 |
| Wholesale Trade | \$0 | \$527 | \$1,200 | \$1,727 |
| Agriculture, Fishing, Mining | \$0 | \$545 | \$500 | \$1,045 |
| Gasoline Stations | \$0 | \$4 | \$130 | \$134 |
| Total | \$32,729 | \$18,059 | \$22,714 | \$73,503 |

Industry Distribution of Labor Income Impacts (\$Millions)

Distribution of Labor Income Impacts by Major Industry
(\$ Millions, 2013)

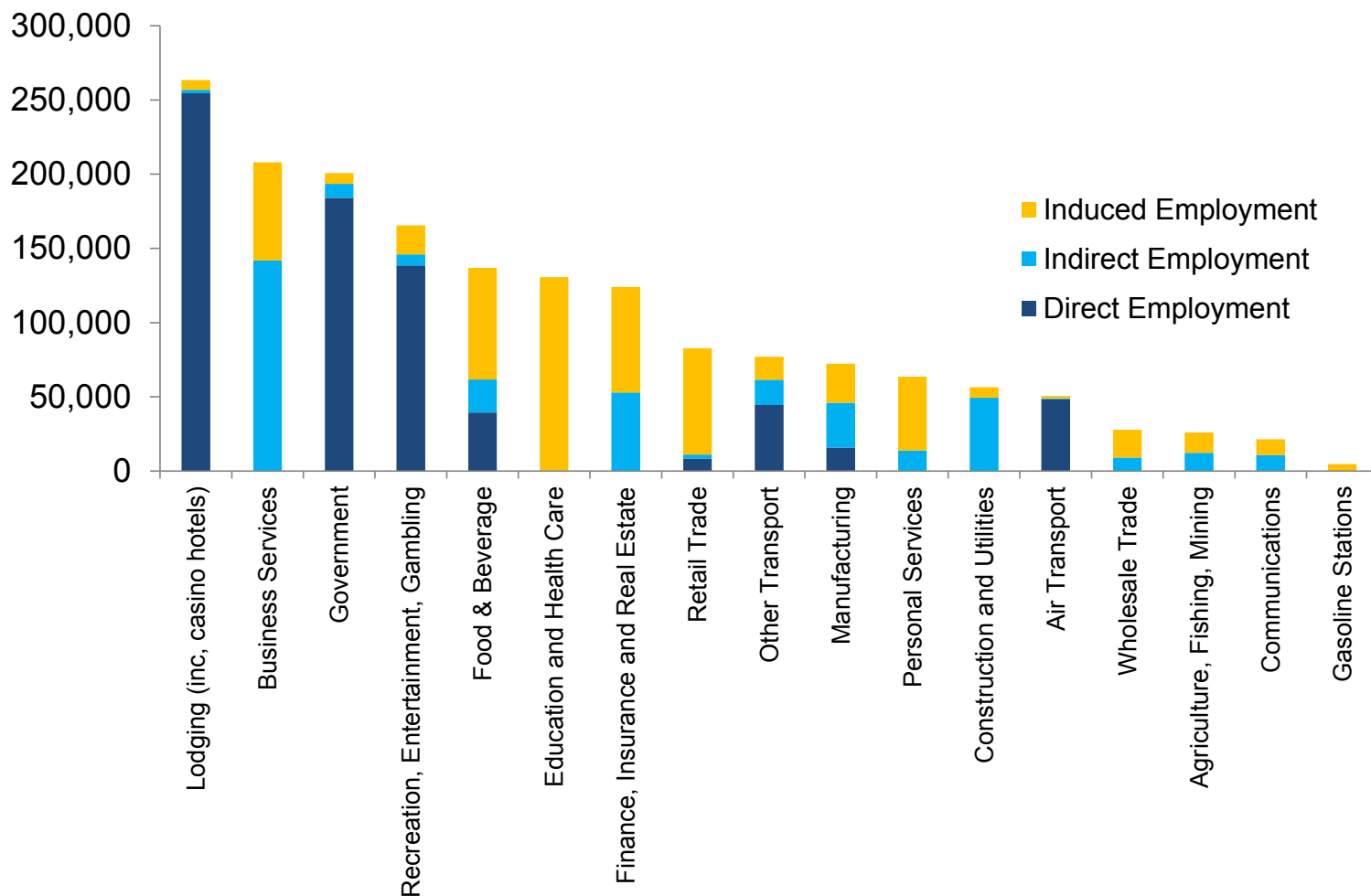


Industry Distribution of Employment Impacts

| Industry | Direct Employment | Indirect Employment | Induced Employment | Total Employment |
|-------------------------------------|-------------------|---------------------|--------------------|------------------|
| Lodging (inc. casino hotels) | 254,489 | 2,375 | 6,671 | 263,535 |
| Business Services | 0 | 141,868 | 66,066 | 207,934 |
| Government | 184,077 | 9,349 | 7,255 | 200,681 |
| Recreation, Entertainment, Gambling | 138,631 | 7,348 | 19,602 | 165,582 |
| Food & Beverage | 39,444 | 22,227 | 75,210 | 136,880 |
| Education and Health Care | 0 | 396 | 130,264 | 130,661 |
| Finance, Insurance and Real Estate | 0 | 52,949 | 71,161 | 124,110 |
| Retail Trade | 8,400 | 2,769 | 71,591 | 82,760 |
| Other Transport | 44,454 | 17,077 | 15,525 | 77,056 |
| Manufacturing | 15,906 | 30,107 | 26,282 | 72,295 |
| Personal Services | 0 | 13,791 | 49,757 | 63,549 |
| Construction and Utilities | 0 | 49,443 | 7,038 | 56,481 |
| Air Transport | 48,529 | 563 | 1,427 | 50,519 |
| Wholesale Trade | 0 | 9,094 | 18,666 | 27,760 |
| Agriculture, Fishing, Mining | 0 | 12,341 | 13,559 | 25,899 |
| Communications | 0 | 10,854 | 10,453 | 21,308 |
| Gasoline Stations | 0 | 153 | 4,626 | 4,779 |
| Total | 733,930 | 382,705 | 595,155 | 1,711,790 |

Industry Distribution of Employment Impacts

Distribution of Employment Impacts by Major Industry
(Number of Jobs, 2013)



Output Impacts by Component

- The following table provides a breakdown of total output impacts (including direct, indirect, and induced output impacts), by component (i.e., casinos, manufacturers, and ancillary spending)

| Total Output Impacts, by Component (\$ Millions) | | | | | |
|--|------------------|----------------------|--------------------|--------------------|---------------------------|
| Industry | Casinos | Gaming Manufacturers | Subtotal, Industry | Ancillary Spending | Total, US Gaming Industry |
| Agriculture, Fishing, Mining | \$3,755 | \$7 | \$3,762 | \$989 | \$4,752 |
| Construction and Utilities | \$7,734 | \$372 | \$8,106 | \$711 | \$8,817 |
| Manufacturing | \$20,606 | \$6,207 | \$26,813 | \$5,108 | \$31,921 |
| Wholesale Trade | \$3,907 | \$544 | \$4,451 | \$795 | \$5,246 |
| Air Transport | \$441 | \$81 | \$522 | \$6,133 | \$6,655 |
| Other Transport | \$2,671 | \$443 | \$3,114 | \$3,517 | \$6,631 |
| Retail Trade | \$3,769 | \$271 | \$4,040 | \$1,259 | \$5,299 |
| Gasoline Stations | \$247 | \$10 | \$257 | \$45 | \$302 |
| Communications | \$5,849 | \$403 | \$6,252 | \$976 | \$7,228 |
| Finance, Insurance and Real Estate | \$23,550 | \$2,999 | \$26,549 | \$4,165 | \$30,713 |
| Business Services | \$16,587 | \$2,093 | \$18,681 | \$2,345 | \$21,026 |
| Education and Health Care | \$8,129 | \$1,107 | \$9,236 | \$1,480 | \$10,716 |
| Recreation, Entertainment, Gambling | \$18,877 | \$119 | \$18,996 | \$1,435 | \$20,431 |
| Lodging (inc, casino hotels) | \$34,165 | \$11 | \$34,177 | \$1,323 | \$35,500 |
| Food & Beverage | \$4,112 | \$439 | \$4,551 | \$3,521 | \$8,072 |
| Personal Services | \$2,893 | \$228 | \$3,121 | \$500 | \$3,621 |
| Government | \$32,313 | \$81 | \$32,394 | \$287 | \$32,680 |
| TOTAL | \$189,606 | \$15,416 | \$205,021 | \$34,589 | \$239,610 |

Employment Impacts by Component

- The following table provides a breakdown of total employment impacts (including direct, indirect, and induced jobs), by component (i.e., casinos, manufacturers, and ancillary spending)

Total Employment Impacts, by Component

| Industry | Casinos | Gaming Manufacturers | Subtotal, Industry | Ancillary Spending | Total, US Gaming Industry |
|-------------------------------------|------------------|----------------------|--------------------|--------------------|---------------------------|
| Agriculture, Fishing, Mining | 22,210 | 16 | 22,227 | 3,673 | 25,899 |
| Construction and Utilities | 54,099 | 393 | 54,491 | 1,990 | 56,481 |
| Manufacturing | 49,673 | 16,295 | 65,968 | 6,327 | 72,295 |
| Wholesale Trade | 23,159 | 1,483 | 24,643 | 3,117 | 27,760 |
| Air Transport | 1,654 | 134 | 1,788 | 48,731 | 50,519 |
| Other Transport | 25,349 | 1,542 | 26,891 | 50,165 | 77,056 |
| Retail Trade | 64,485 | 1,853 | 66,338 | 16,422 | 82,760 |
| Gasoline Stations | 4,206 | 51 | 4,257 | 523 | 4,779 |
| Communications | 18,227 | 788 | 19,015 | 2,293 | 21,308 |
| Finance, Insurance and Real Estate | 107,531 | 3,964 | 111,495 | 12,615 | 124,110 |
| Business Services | 183,483 | 6,472 | 189,955 | 17,979 | 207,934 |
| Education and Health Care | 111,893 | 4,778 | 116,671 | 13,990 | 130,661 |
| Recreation, Entertainment, Gambling | 149,958 | 757 | 150,715 | 14,867 | 165,582 |
| Lodging (inc, casino hotels) | 251,489 | 38 | 251,528 | 12,007 | 263,535 |
| Food & Beverage | 81,962 | 3,673 | 85,635 | 51,245 | 136,880 |
| Personal Services | 54,997 | 1,416 | 56,414 | 7,135 | 63,549 |
| Government | 198,719 | 349 | 199,067 | 1,614 | 200,681 |
| TOTAL | 1,403,096 | 44,002 | 1,447,098 | 264,692 | 1,711,790 |

Labor Income Impacts by Component

- The following table provides a breakdown of total labor income impacts (including direct, indirect, and induced labor income), by component (i.e., casinos, manufacturers, and ancillary spending)

| Total Labor Income Impacts, by Component (\$ Millions) | | | | | |
|--|-----------------|----------------------|--------------------|--------------------|---------------------------|
| Industry | Casinos | Gaming Manufacturers | Subtotal, Industry | Ancillary Spending | Total, US Gaming Industry |
| Agriculture, Fishing, Mining | \$787 | \$0 | \$787 | \$258 | \$1,045 |
| Construction and Utilities | \$1,946 | \$38 | \$1,983 | \$203 | \$2,187 |
| Manufacturing | \$2,374 | \$1,084 | \$3,458 | \$618 | \$4,076 |
| Wholesale Trade | \$1,295 | \$100 | \$1,396 | \$332 | \$1,727 |
| Air Transport | \$108 | \$7 | \$114 | \$1,821 | \$1,936 |
| Other Transport | \$1,041 | \$87 | \$1,128 | \$2,419 | \$3,547 |
| Retail Trade | \$1,545 | \$54 | \$1,599 | \$657 | \$2,256 |
| Gasoline Stations | \$108 | \$2 | \$110 | \$24 | \$134 |
| Communications | \$1,619 | \$55 | \$1,674 | \$286 | \$1,960 |
| Finance, Insurance and Real Estate | \$4,176 | \$307 | \$4,483 | \$936 | \$5,419 |
| Business Services | \$8,161 | \$459 | \$8,620 | \$1,411 | \$10,031 |
| Education and Health Care | \$4,239 | \$248 | \$4,486 | \$955 | \$5,442 |
| Recreation, Entertainment, Gambling | \$6,544 | \$26 | \$6,571 | \$606 | \$7,177 |
| Lodging (inc, casino hotels) | \$11,629 | \$1 | \$11,630 | \$442 | \$12,073 |
| Food & Beverage | \$1,571 | \$75 | \$1,645 | \$1,535 | \$3,181 |
| Personal Services | \$1,608 | \$57 | \$1,665 | \$346 | \$2,011 |
| Government | \$9,111 | \$21 | \$9,132 | \$172 | \$9,304 |
| TOTAL | \$57,860 | \$2,620 | \$60,481 | \$13,022 | \$73,503 |

Fiscal (Tax) Impact Analysis

- Hybrid approach:
 - Analysis of the certain direct taxes, such as gaming taxes and available information on payments by Native American tribes, such as in accordance with state compacts; plus
 - IMPLAN framework of federal, state, and local tax categories

| Federal taxes | State taxes | Local taxes |
|--|---|---|
| Corporate Indirect Business Personal Income Social Security | Gaming Hotel Sales Corporate Personal Income State Unemployment Dividends Other taxes and fees | Gaming Sales Property Excise and Fees Personal Income |

Summary Fiscal (Tax) Impacts

- The US commercial casino industry generated more than \$38 billion in total tax revenues in 2013.

- More than \$17 billion in federal taxes, including \$7 billion in social security taxes
- \$11 billion in state and local taxes, including \$4 billion in sales taxes and \$1.5 billion in personal income tax revenues
- \$10 billion in gaming taxes

| Tax Description | Tax Revenues |
|------------------------------|-----------------|
| Federal Taxes | \$17,294 |
| Personal Income | \$5,918 |
| Corporate | \$2,855 |
| Indirect business | \$1,142 |
| Social Security | \$7,477 |
| State and Local Taxes | \$10,816 |
| Sales | \$4,246 |
| Personal Income | \$1,551 |
| Corporate | \$437 |
| Social Security | \$147 |
| Excise and Fees | \$1,222 |
| Property | \$3,928 |
| Gaming Taxes | \$9,959 |
| Total Taxes | \$38,069 |

Effective Tax Rate of Commercial Casinos

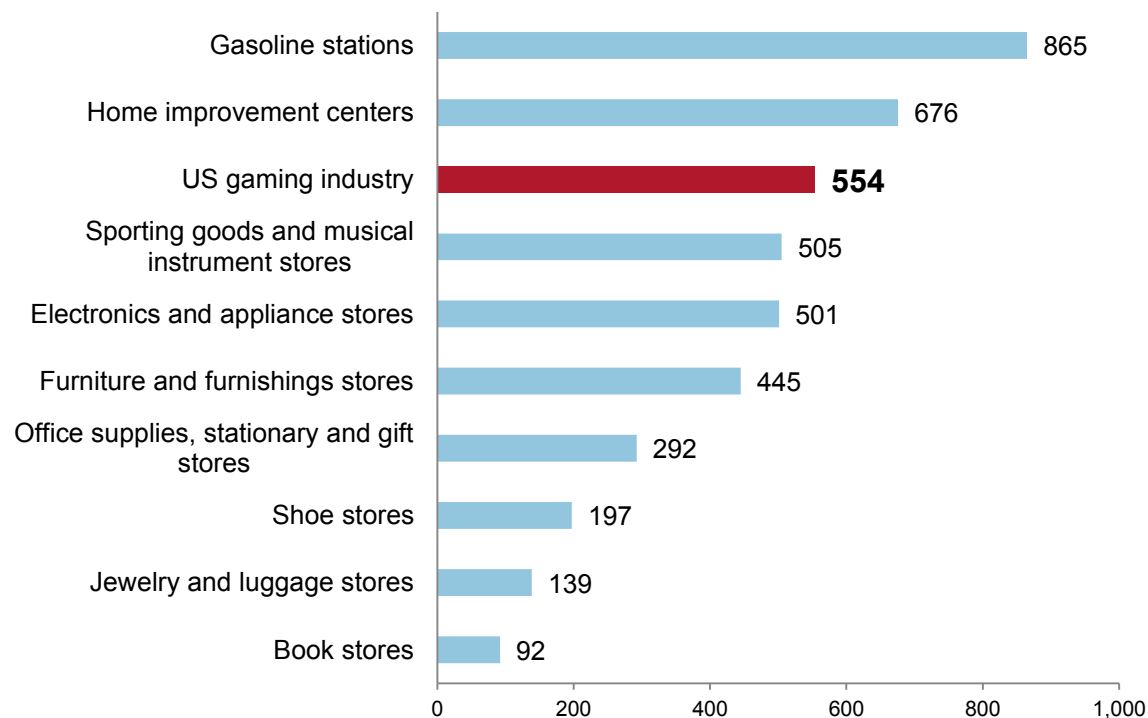
- Based on fiscal (tax) impact data from the IMPLAN input-output model, as well as state-reported data and survey response data from casino operators, Oxford Economics estimates that the effective tax rate for commercial casinos is 33%.
- On average, each \$1 million in direct spending by commercial casinos in the US is subject to:
 - 16% in federal and state and local taxes
 - including personal income taxes, sales taxes, property taxes, etc.
 - 17% in gaming taxes (not including local development fees, upfront license application fees, etc.)
- An estimated 33% effective tax rate is similar to previous research on casinos' effective tax rates.

Casino employment in context

- Casinos provide more direct jobs than many categories of retail stores

Employment by business type

Thousands of jobs, 2013



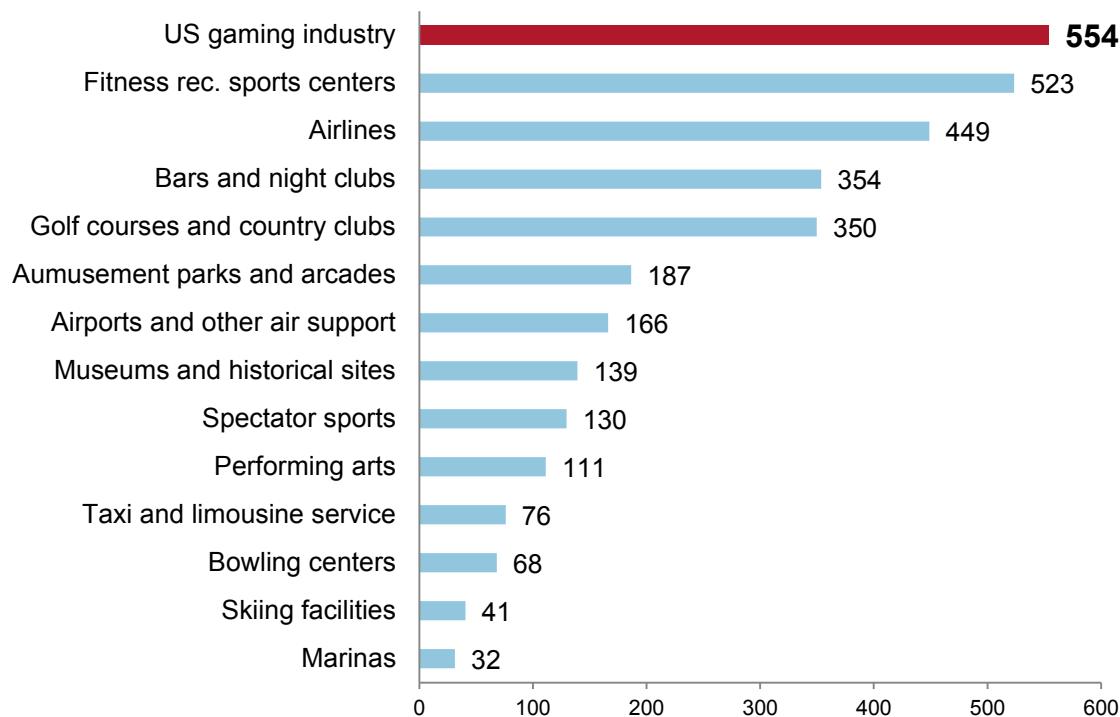
Source: Bureau of Labor Statistics; Oxford Economics

Casino employment in context

- Casinos are one of the largest recreational employers in the US

Employment by business type

Thousands of jobs, 2013



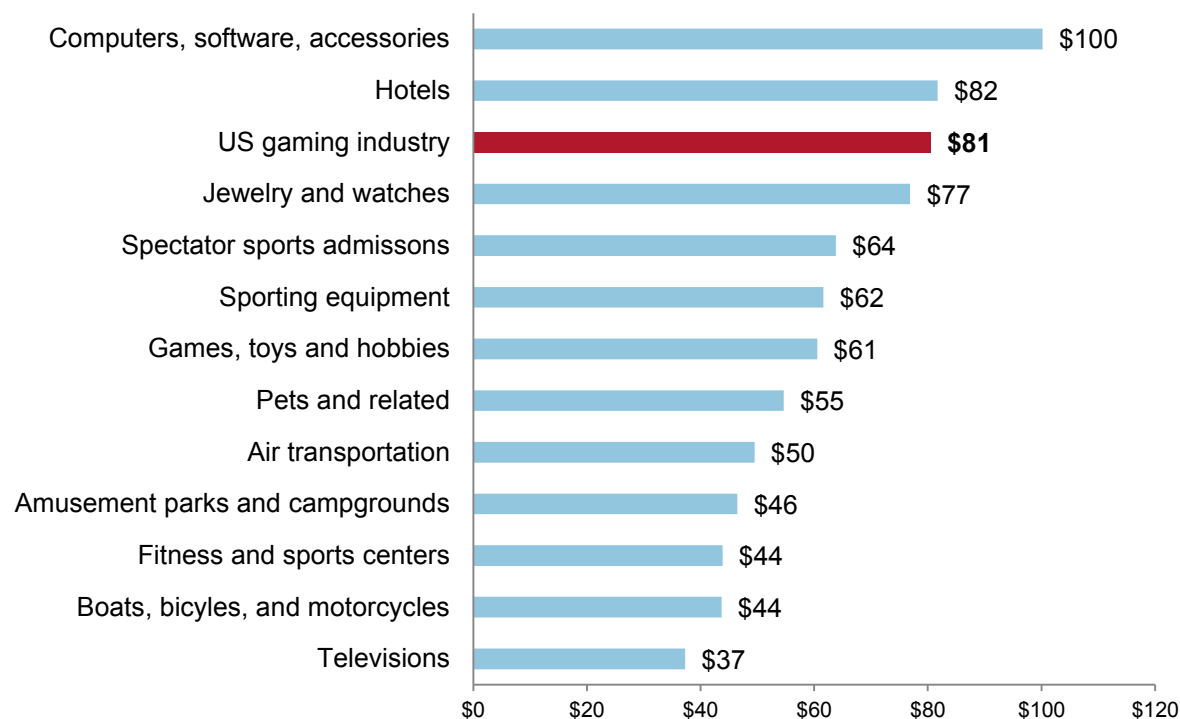
Source: Bureau of Labor Statistics; Oxford Economics

Consumer spending at casinos in context

- Consumers spend almost as much at casinos as at hotels

Consumer spending by type of product

In billions of dollars, 2013



Source: Bureau of Economic Analysis; Oxford Economics

Casino employment in context

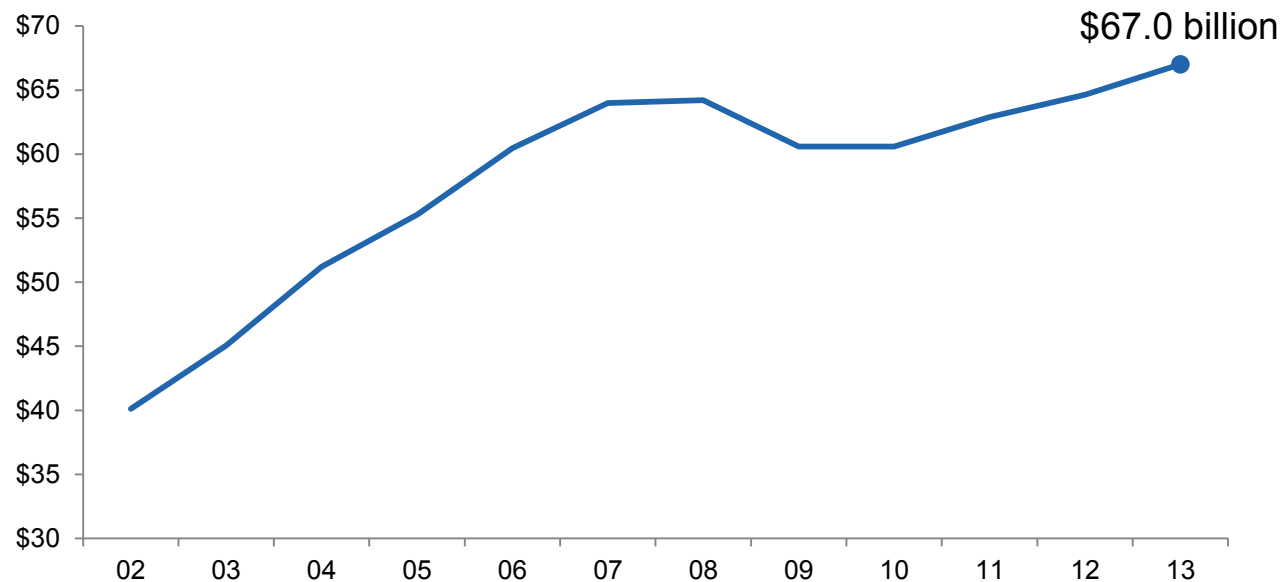
- Casino employment (554,346 jobs)
 - is equivalent to almost one in 25 leisure and hospitality jobs
- Direct employment (733,930 jobs)
 - is equivalent to almost one in 160 jobs in the service sector
 - would be almost enough to fill every seat in the Dallas Cowboys' football stadium for every home game
 - is almost as many people as work in the District of Columbia (745,200 in 2013)
- Total employment (1.7 million jobs)
 - is equivalent to one in 80 nonfarm jobs
 - would rank 27th among US states measured by employment

Consumer spending on casino gaming

- Consumer spending on casino gaming increased to \$67.0 billion in 2013

Consumer spending on casino gaming

In billions, US gaming industry



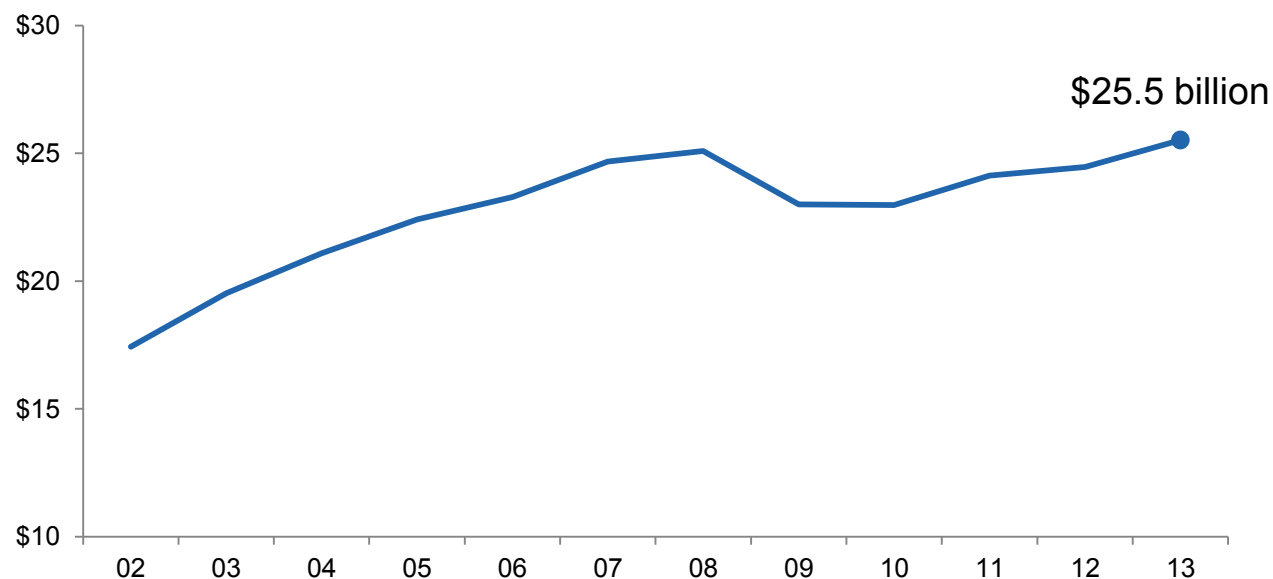
Source: American Gaming Association; National Indian Gaming Commission; Oxford Economics

US gaming industry income

- Gaming industry income has increased ahead of its prior peak

Gaming industry labor income

In billions



Source: Bureau of Labor Statistics; Oxford Economics

Fiscal impacts in context

- \$38 billion into public budgets pays for a range of services including public safety, hospitals and schools, just to name a few. In fact, total tax revenues (federal, state and local, and gaming taxes) generated by the gaming industry are enough to pay for the salaries of more than 600,000 teachers.
- The \$20.8 billion of state and local taxes, including gaming taxes, supported by the US gaming industry would cover the annual education cost for almost two million pupils.
- This implies that each direct gaming industry job is supporting state and local taxes equivalent to the cost of educating more than three school children for an entire school year.
 - This estimate is based on Census Bureau research that shows current spending per pupil for public elementary-secondary school (pre-k to 12th grade) averaged \$10,608 in 2012. This spending covers costs such as teacher salaries and benefits, supplies, and support activities such as guidance counseling and building operations and maintenance.
 - $1,958,450 \text{ pupils} / 554,346 \text{ direct gaming industry jobs} = 3.5 \text{ pupils per job}$

Gaming taxes in context

- \$9.9 billion in gaming taxes represents:
 - More than 2% of state and local government property tax revenues collected nationwide
 - Nearly 8% of state and local government education tax revenues collected nationwide
 - Nearly 9% of state and local government hospital tax revenues collected nationwide

Appendix

Detailed Tables – Output Impacts (\$ Millions)

| Description | Direct Output Impacts | Indirect Output Impacts | Induced Output Impacts | Total Output Impacts |
|-----------------------------------|-----------------------|-------------------------|------------------------|----------------------|
| Industry Impacts | | | | |
| Casinos | \$81,156 | \$46,521 | \$61,929 | \$189,606 |
| Gaming Manufacturers | \$5,994 | \$4,670 | \$4,751 | \$15,416 |
| Subtotal, Industry | \$87,150 | \$51,191 | \$66,680 | \$205,021 |
| Ancillary Spending Impacts | | | | |
| Ancillary Spending | \$14,440 | \$8,886 | \$11,264 | \$34,589 |
| Total Output Impacts | \$101,590 | \$60,076 | \$77,944 | \$239,610 |

Detailed Tables – Employment Impacts

| Description | Direct Employment Impacts | Indirect Employment Impacts | Induced Employment Impacts | Total Employment Impacts |
|-----------------------------------|---------------------------------|-----------------------------------|----------------------------------|--------------------------------|
| Industry Impacts | | | | |
| Casinos | 554,346 | 333,885 | 514,866 | 1,403,096 |
| Gaming Manufacturers | 15,906 | 12,068 | 16,028 | 44,002 |
| Subtotal, Industry | 570,252 | 345,952 | 530,894 | 1,447,098 |
| Ancillary Spending Impacts | | | | |
| Ancillary Spending | 163,678 | 36,752 | 64,262 | 264,692 |
| Total Employment Impacts | 733,930 | 382,705 | 595,155 | 1,711,790 |

Detailed Tables – Labor Income Impacts (\$ Millions)

| Description | Direct Labor Income Impacts | Indirect Labor Income Impacts | Induced Labor Income Impacts | Total Labor Income Impacts |
|-----------------------------------|--------------------------------|-------------------------------------|---------------------------------|----------------------------------|
| Industry Impacts | | | | |
| Casinos | \$25,521 | \$14,407 | \$17,932 | \$57,860 |
| Gaming Manufacturers | \$1,059 | \$817 | \$744 | \$2,620 |
| Subtotal, Industry | \$26,580 | \$15,224 | \$18,676 | \$60,481 |
| Ancillary Spending Impacts | | | | |
| Ancillary Spending | \$6,149 | \$2,835 | \$4,038 | \$13,022 |
| Total Labor Income Impacts | \$32,729 | \$18,059 | \$22,714 | \$73,503 |



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