

The Contributions of Indian Gaming to Oregon's Economy in 2014 and 2015

A Market and Economic Impact
Analysis for the Oregon Tribal
Gaming Alliance

ECONorthwest

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Assignment

The Oregon Tribal Gaming Alliance (“OTGA”) has had ECONorthwest report on the annual economic and fiscal impacts of the tribal casino gaming industry in Oregon since 2003. This is the tenth edition in the series.

There are nine Indian tribes based in Oregon. And seven are OTGA members, which is a coalition of Oregon Indian tribes.

Tribes provided audited operating statistics on their casinos, hotels, and restaurants for this report. ECONorthwest estimated amounts for one tribe that did not submit statistics.

In addition to tribes, this report includes information from other including the Oregon Lottery, National Indian Gaming Association, U.S. Bureau of Economic Analysis, Oregon State Police, Washington State Gambling Commission, Oregon Racing Commission, and the Oregon Department of Justice.

This study describes the economic impacts on Oregon from tribal gaming in 2014 and 2015. The report also includes a review of the gaming economy in Oregon and the financial support tribal casinos gave to local charities and tribal governments.

Major Findings

As of year-end 2015, eight tribes operated nine casinos in Oregon. Seven tribes had one casino each and one tribe operated two casinos. One tribe, the Burns Paiute, did not run a casino in 2014 or 2015.

Besides gaming, the casinos operated a mix of hotels, restaurants, RV parks, golf courses, shops, conference centers, and other amenities.

Tribal casinos and their related resort operations employed 4,651 people and paid them over \$208.5 million in wages and benefits in 2015. In addition, earnings from gaming were used by tribal governments to pay the salaries of 771 employees and the operating expenses for tribal healthcare, education, housing, and public safety. But these are all direct impacts.

Since tribes employ almost exclusively Oregonians and buy their goods and services mostly from Oregon businesses, tribal gaming had major indirect impacts on the rest of the state economy. In 2015, these impacts included:

- Support for 11,845 jobs statewide earning over \$552 million in wages, benefits, and self-employment earnings.
- Support for businesses and governments throughout Oregon totaling over \$794 million in output—not counting what the tribes made.
- The combined effect of the statewide employment and output resulted in almost \$31 million in Oregon government revenues, \$17 million in local government revenues, and \$91 million in federal tax receipts.
- Tribal casinos generated almost \$500 million in gaming revenues and spent about \$25.1 million providing regulation and security including \$1.5 million for the Oregon State Police and over a quarter million towards federal gaming regulators.
- Including their hotels, restaurants, and other amenities, the nine casinos in Oregon reported over \$593 million in net revenues. From that, they provided \$151 million to their tribes and \$98.6 million for tribal community services, including healthcare, education, and housing.
- Tribes donated almost \$8.3 million of their gaming revenues to local charities throughout Oregon.
- Their casino hotels sold over 425,000 room nights to tourists visiting rural Oregon in 2015.
- While successful, tribal casino revenues were well less than that of the Oregon Lottery, which in 2015 accounted for almost 60 percent of all the gaming done in the state.

Section 2 **Oregon Casinos and Tribes**

There are nine federally recognized tribes based in Oregon and eight operate casinos. The first tribal owned casino opened twenty-three years ago.

Although tribes are sovereign nations, the State of Oregon exercises considerable control over the size and location, types of games, regulations, and other important features of the nine tribal casinos. To build and run a casino, a tribe and the Governor must first negotiate an agreement or compact (currently, in Oregon, these are called “Class-III Gaming Compacts”) that determines the key features of the casino.

Compacts address only Class-III gaming, but some casinos also have Class-II gaming and that has become more common with the recent opening of a Class-II casino in Oregon.

Explanation of Gaming Classes

The National Indian Gaming Regulatory Act (“IGRA”) defines three classes of gaming. Class-I is for traditional tribal games not played in casinos. Class-II games are defined as poker, bingo, pulltabs, and raffles. Tribes can offer Class-II games without a compact. Class-III games cover almost everything else found in casinos: slot machines, roulette, craps, blackjack, horserace betting, keno, and the like.

A bingo game can be run electronically using video lottery terminals (“VLTs”) that look and act like slot machines. They are not. They are modified bingo machines. Any decision by a player has no effect on the outcome. For example, choosing which poker cards to hold or draw will not change how much a player wins. Their prize or loss is determined by a central computer, which is operating a high-speed bingo game against other people playing on the same Class-II machines. Over the years, some Oregon tribes have tested Class-II VLTs on a small scale. In 2015, one tribe opened a casino that houses exclusively Class-II VLTs.

In Washington, four tribal casinos have just Class-II VLTs and about a dozen others have a mix of both Class-II and III. The Class-III VLTs found in Washington tribal casinos are unique. Like the electronic bingo machines, the VLTs in Washington run off a central computer that predetermines whether a player will win or lose, and by how much. But rather than running a high-speed, virtual bingo game they use virtual electronic scratch tickets (grocery store lottery games). They simulate slot machines, but have drawbacks. Players do not have any effect on the outcome. If the top prize is won on a machine, no other player can win that prize until the central computer creates another batch of electronic scratch tickets hours or days later.

Casinos in 2015

Casinos are located on tribal lands in predominantly rural and semi-rural areas. The average town in Oregon with a tribal casino had 7,536 residents in 2015. Six casinos have hotels that collectively provide 1,394 rooms. Because of their locations, tribes are major drivers of the rural Oregon economy through their employment and spending, and in ability to stimulate tourism. Figure 1 is a map of the casinos that operated in 2013.

Figure 1: Tribal Casinos in Oregon, 2015

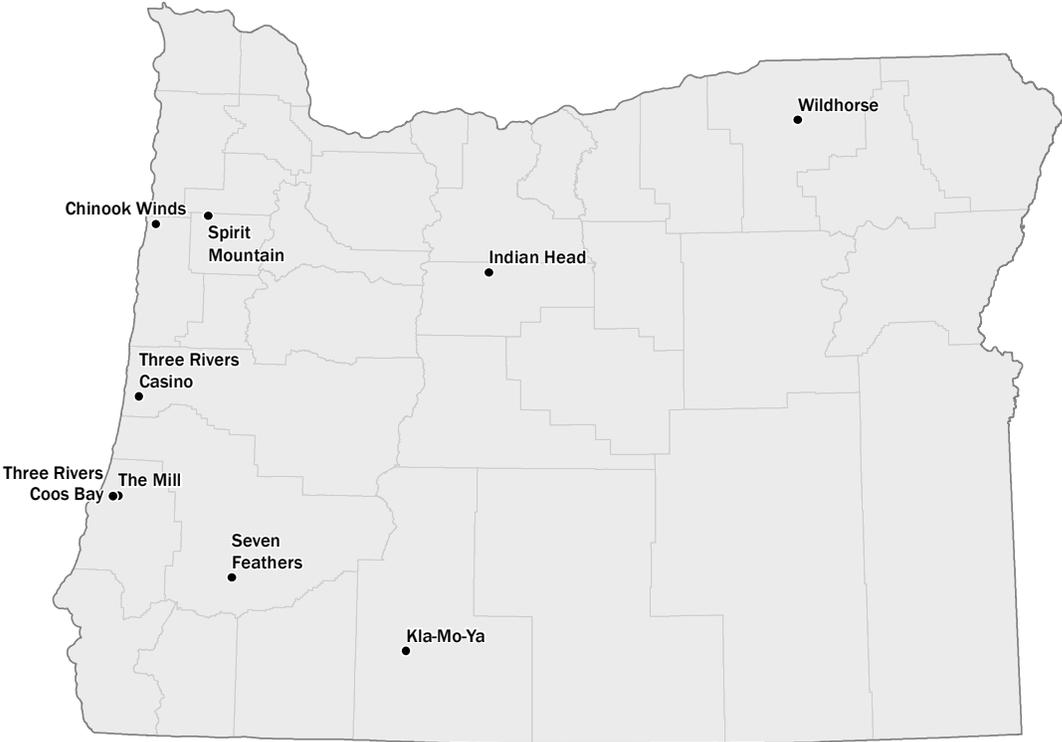


Table 1 lists the names, locations, tribal ownerships, opening dates, and number of hotel guest rooms at the casinos on December 31, 2015.¹

Table 1: Tribal Casinos in Oregon, Year-End 2015

Casino	City/Town	2015		Tribe	First Opened	Hotel Rooms
		Population				
Chinook Winds	Lincoln City	8,485		Confederated Tribes of Siletz Indians	May 1995	243
Indian Head	Warm Springs	3,375		Confederated Tribes of Warm Springs	May 1995	-
Kla-Mo-Ya	Chiloquin	735		The Klamath Tribes	July 1997	-
Old Camp (closed Nov. 2012)	Burns	2,830		Burns Paiute Tribe	August 1998	-
Seven Feathers	Canyonville	1,905		Cow Creek Band of Umpqua Tribe of Indians	April 1994	300
Spirit Mountain	Grand Ronde	1,636		Confederated Tribes of Grand Ronde	October 1995	254
The Mill	North Bend	9,755		Coquille Indian Tribe	May 1995	203
Three Rivers Casino	Florence	8,620		Confederated Tribes of the Coos, Lower Umpqua & Siuslaw Indians	June 2004	93
Three Rivers Coos Bay	Coos Bay	16,470		Confederated Tribes of the Coos, Lower Umpqua & Siuslaw Indians	May 2015	
Wildhorse	Pendleton	16,845		Confederated Tribes of the Umatilla Indian Reservation	Nov 1994	301
Average population of towns with casinos ->		7,536			Total rooms ->	1,394

Sources: U.S. Census, PSU Center for Population Research, and OTGA members.

The first Indian gaming facility in Oregon was the Cow Creek Bingo Hall. It opened in April 1992 in Canyonville, south of Roseburg. The bingo hall was replaced on April 29, 1994 with a casino with video lottery terminals or VLTs. Similar to VLTs owned by the Oregon Lottery, VLTs are effectively the same as modern slot machines found at casinos in Las Vegas. By the end of 1995, five other tribes opened their own casinos. By June 2004 there were nine.

¹ Opening dates refer to a tribe’s first gaming operations whether in a permanent or temporary facility. The Wildhorse and Chinook Winds casinos started in temporary structures. Three Rivers also began in a temporary structure that was replaced with a permanent casino building in late 2007. The Warm Springs built a new casino in a different location than their original casino.

On February 2012, the Warm Springs closed their casino at the Kah-Nee-Ta Resort and opened a new casino, named Indian Head, that same month. Since the new casino has no hotel attached to it and is 14 miles from Kah-Nee-Ta, no hotel rooms are indicated for the Warm Springs’ casino on Table 1. On November 2012, the Burns Paiute closed the Old Camp Casino and intend to build a new casino. On May 2015, the Confederated Tribes of the Coos, Lower Umpqua, and Siuslaw Indians opened a class-II gaming machine casino in Coos Bay.

The initial gaming compacts limited tribes to only one type of casino table game—blackjack. In January 1997, the Grand Ronde negotiated a change that allowed them to install roulette, craps, and other casino table games in exchange for funding a charitable foundation with a share of the casino’s profits. Since then, the Coos, Lower Umpqua, and Siuslaw, the Siletz, Cow Creek, Coquille, and Umatilla have amended their compacts similarly.

Casino Capacity

The nine casinos, which operated in 2015, had 7,611 VLTs. The Oregon Lottery ran 11,907 VLTs from 2,232 bars, restaurants, and other venues throughout Oregon. Tribal casinos had 111 house-banked table games (e.g., blackjack, craps, roulette), 23 poker tables, and 1,287 seats in five bingo halls. Five casinos also offered keno, which compete against keno games available at 3,213 supermarkets, bars, and Lottery retailers. All nine operating tribal casinos in 2015 had restaurants and lounges with total seating capacity for 4,282.

Table 2: Oregon Tribal Casino & Lottery Gaming Capacity, 2015

Gaming Venue in Oregon	VLTs*	Table Games	Poker Tables	Bingo Seats	Keno Wagering Outlets	Restaurant & Lounge Seating
<u>Tribal casinos</u>						
Chinook Winds	1,135	22	7	500	1	863
Indian Head	517	6	-	-	-	120
Kla-Mo-Ya	354	3	-	-	-	50
Old Camp (closed)	-	-	-	-	-	-
Seven Feathers	928	19	-	334	1	850
Spirit Mountain	1,845	30	10	228	1	957
The Mill	720	8	-	-	-	435
Three Rivers Casino	683	9	2	100	1	475
Three Rivers Coos Bay	250	-	-	-	-	20
Wildhorse	1,179	14	4	125	1	512
Total Tribal Gaming	7,611	111	23	1,287	5	4,282
<u>Oregon Lottery:</u>						
At lottery retailers	11,907	-	-	-	3,213	-

* Includes Class-II bingo VLTs.
Sources: Tribal reports and the Oregon Lottery.

The supply of gaming in Oregon, measured by the number of game units or player positions, has been relatively stable in the last five years. The number of VLTs at tribal casinos increased modestly from 7,439 in 2011 to 7,611 by the end of 2015. There were small decreases in the number of casino table games and bingo seats. Casinos have cutback on poker. The number of poker tables fell from 38 in 2011 to 23 in 2015.

The five-year trend in supply from the Oregon Lottery mirrors that of tribal casinos. One hundred fewer bars and restaurants had Oregon Lottery VLTs in 2015 than in 2011. Counting all lottery retailers, including those that just sell lottery tickets, there has been very little change, as shown in Table 3

Table 3: Trends in Gaming Capacity, 2011 to 2015

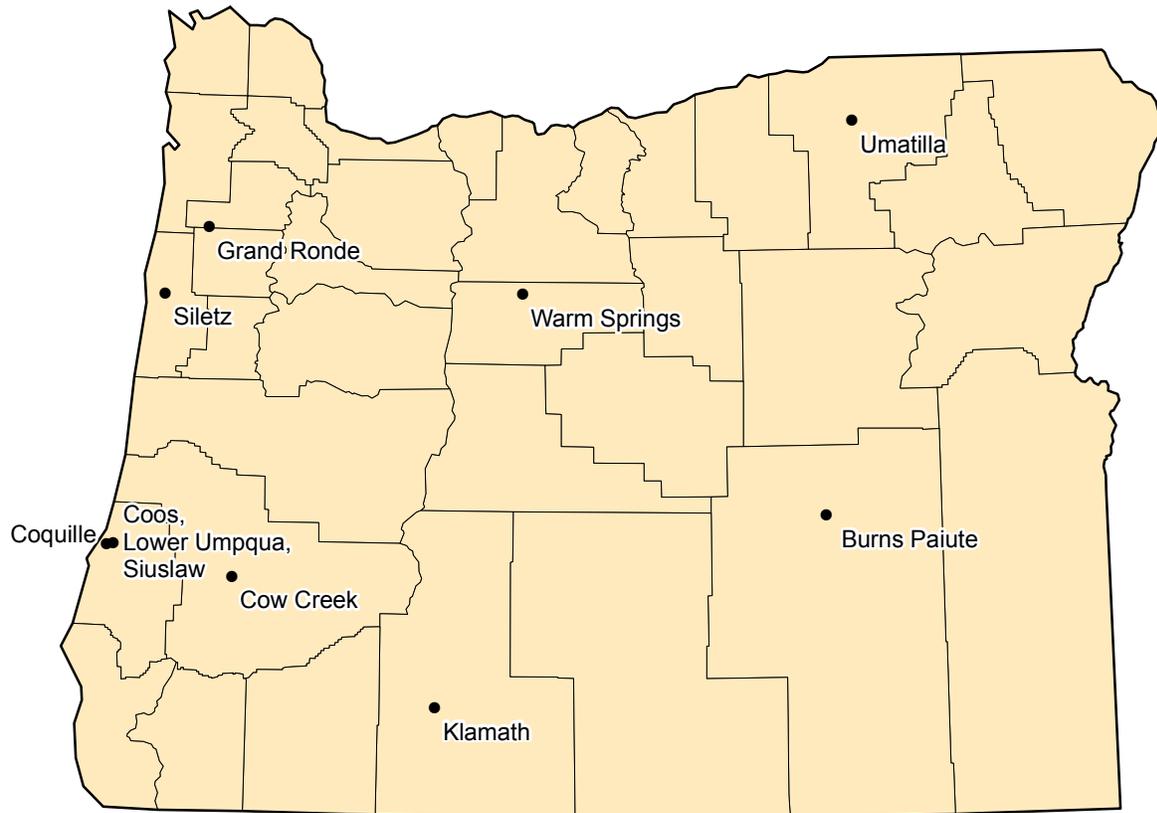
Game Type and Location	2011	2012	2013	2014	2015
<u>At Tribal Casinos:</u>					
VLTs*	7,439	7,411	7,611	7,395	7,611
Table games	116	117	111	113	111
Poker tables	38	28	28	23	23
Bingo seats	1,323	1,329	1,047	1,287	1,287
<u>At Oregon Lottery Retailers:</u>					
VLT Machines	12,145	12,113	11,944	11,911	11,907
Video Lottery sites	2,323	2,296	2,259	2,245	2,232
Total Retailers	3,904	3,878	3,846	3,891	3,930

* Includes Class-II bingo VLTs.
 Sources: Tribal reports and the Oregon Lottery.

Tribes in Oregon

Figure 2 is a map showing the principal locations of the nine federally recognized tribes that are based in Oregon. Beside the areas noted on this map, most tribes have land parcels that are not contiguous to these principal locations.

Figure 2: Tribes based in Oregon, locations of headquarters



Sources: ECONorthwest and websites of tribal governments.

In addition to the nine tribes, a portion of the Fort McDermitt Paiute-Shoshone Indian Reservation extends into the southeastern corner of Oregon. That tribe, however, is based in Nevada. Also, the Celilo-Wyam, a non-federally recognized intertribal Indian community, has joint use of the Celilo Village trust land property in Wasco County near the site of the former Celilo Falls.

The Burns Paiute Tribe

The 349 members of the Burns Paiute Tribe descend from the Wadatika band of Paiute. They lived and seasonally migrated over a vast 5,200 square mile territory. It extended from the Cascade Mountain Range in central Oregon to the Payette Valley north of Boise, Idaho; and from southern parts of the Blue Mountains near the headwaters of the Powder River north of John Day, to the desert south of Steens Mountain.

In 1873, a 1.8 million acre Malheur Reservation was formed in southeastern Oregon for the tribes of the region. This land was taken from the tribes. In the winter of 1879 over 500 Paiute were marched to Washington and forced to relocate on the Yakama Reservation and Fort Vancouver. Many of those at Fort Vancouver subsequently were relocated to the Warm Springs Reservation.

Many of the members of the Wadatika band on the Yakama Reservation moved back to Burns. In 1928, a local land company gave the Burns Paiute 10 acres of land just outside the city. In 1969, after a 35-year court case, the tribe was awarded a small sum of money for the lands taken from the Malheur Reservation. In 1972, the Burns Paiute were recognized as an independent Indian Tribe. Today the Burns Paiute Tribe has 377 members and their reservation covers just 770 acres north of the city of Burns in Harney County. The tribe's Old Camp Casino Washington was located there.²

The Burns Paiute opened the Old Camp Casino in August 1998 using a previously closed casino moved from the Lummi Nation in Bellingham, Washington. Physical deterioration and a weak local market led to the Tribe to close Old Camp on November 25, 2012. The Burns Paiute Tribe hopes to build a new casino.

The Confederated Tribes of the Coos, Lower Umpqua, and Siuslaw Indians

The Coos, Lower Umpqua, and Siuslaw Indians are three tribes organized into a confederation of 953 members. They occupied southwest Oregon coastal areas along the three major rivers in Coos, Douglas, and Lane Counties that were named after the tribes.

In 1855, coastal tribes signed a treaty with the U.S. Government, but a year later the Rogue River War broke out south of Coos Bay and the U.S. Army, in a preemptive strike, rounded up the Coos Indians and forced them to live in an encampment. The Lower Umpqua Indians were soon forced in as well. Both tribes later refused to relocate to the Siletz Reservation and, instead, joined the Siuslaw Indians. In 1918, the three tribes formed a confederation and pursued land claims they were entitled to under the 1855 treaty.

Under a program by the Eisenhower administration in the 1950's, the U.S. Congress terminated the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians along with all other tribes of western Oregon. In 1984, after a long battle, the status of the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw Indians was restored.³ The Tribes currently have 907 members.

The Coos, Lower Umpqua, and Siuslaw operate the Three Rivers Casino & Hotel off of Highway 126 a mile east of Florence. The casino opened in 2004, was expanded and added a hotel in 2007, and has plans to expand its hotel and add an RV park. In 2015, they opened a 15,000 SF class-II casino in Coos Bay.

² <http://www.harneycounty.com/Paiute.htm>

³ http://www.ctclusi.org/cultural_historical.asp

Coquille Indian Tribe

The Coquille Indian Tribe descended from people who inhabited the watershed of the Coquille River system, which covers approximately the region around the present day cities of Bandon, Coos Bay, and North Bend on the southern Oregon coast.

The tribe signed treaties with the U.S. Government in 1851 and 1855, which ceded 700,000 acres of ancestral territory, however, the treaties were never ratified by Congress, so the Coquille were denied a permanent homeland. The tribe was terminated by the Eisenhower administration in 1954, but then subsequently restored by Congress in June 1989. The Coquille Indians were then able to acquire several land parcels.

The Coquille Indian Tribe has 1,041 members and owns the Mill Casino-Hotel and the Mill RV Park in North Bend, Oregon. It overlooks the Coos Bay waterfront off highway US-101. The casino has prospered because it offers highly competitive accommodations on the southern Oregon coast and is a much needed entertainment venue for locals. The Coquille Tribe completed a hotel and casino expansion that doubled its hotel capacity in 2008 and increased the overall beauty and functionality of its gaming area.

Cow Creek Band of Umpqua Tribe of Indians

For well over a thousand years, the Cow Creek Umpqua Indians occupied the inland areas of what is today Douglas County, Oregon. There are about 1,722 members of the Cow Creek.

In 1853, soon after the discovery of gold in southwest Oregon, the tribe entered into a treaty which ceded their land to the Federal Government for 2.3 cents an acre—a tiny fraction of the true market value at that time. Three years later, the Cow Creek Umpqua Indians, along with the other tribes in western Oregon and parts of California, were rounded up and forced onto a reservation created in Grand Ronde.

In 1954, Congress terminated the Cow Creek Band. After a long battle, the Federal Government reversed its position and disavowed termination. In 1982, the Cow Creek Band was restored.⁴ The tribe fought the Federal Government over the 1853 land claims and received about \$1.3 million.

The Cow Creek Band borrowed \$825,000 from the U.S. Bureau of Indian Affairs in 1991 to help pay for the construction of a bingo hall which later became a casino. The Seven Feathers Hotel & Casino Resort is right off exit 99 on Interstate-5, which makes it very accessible to residents of Roseburg, Medford, Ashland, and Grants Pass, as well as travelers driving through the area on busy Interstate-5. Highly successful, the resort completed an expansion in 2009 and now has 300 rooms.

Confederated Tribes of Grand Ronde

The Confederated Tribes of the Grand Ronde Community of Oregon (“Grand Ronde”) is comprised of nearly 30 tribes and bands whose traditional homelands extend from northern California to the north shore of the Columbia River. It is the largest tribe based in Oregon, having more than 5,400 members.

⁴ <http://www.cowcreek.com/story/x01history/index.html>

The antecedent tribes and bands of Grand Ronde, including the Kalapuya, Umpqua, Molalla, Rogue River, and Chasta, ceded their homelands to the United States through seven ratified treaties: 1853 Treaty with the Rogue River, 1853 Treaty with the Umpqua – Cow Creek Band, 1854 Treaty with the Rogue River, 1854 Treaty with the Chasta, Etc., 1854 Treaty with the Umpqua and Kalapuya, 1855 Treaty with the Kalapuya, Etc., and 1855 Treaty with the Molalla.

With the treaties came the forced removal in 1856 of tribes and bands to an area that would become the Grand Ronde Reservation (President James Buchanan’s executive order of June 30, 1857, official established the Grand Ronde Reservation). The Reservation, (approximately 69,000 acres) was on the eastern side of the Coast Range, on the headwaters of the South Yamhill River, about 60 miles southwest of Portland, and about 25 miles from the ocean. Over time, much of the original Reservation land was stripped from Grand Ronde by ill-conceived federal policies.

In 1954, Congress terminated the federal recognition of the Grand Ronde tribes. The Tribal members were left with little more than a ten-acre cemetery and maintenance shed. Their federally recognized status was gone, but the people of Grand Ronde continued as a community and Tribal leaders worked tirelessly to restore the Grand Ronde’s status as a federally recognized tribe.

Their efforts led to the signing of the Grand Ronde Restoration Act on November 22, 1983. Five years later, President Ronald Reagan restored 9,811 acres of the original Reservation to Grand Ronde.

Grand Ronde owns and operates Spirit Mountain Casino, which is on the main east-west route between Portland and Lincoln City. It is the largest casino in Oregon. Each year, Grand Ronde dedicates six percent of the casino profits to the Spirit Mountain Community Fund, which supports non-profit organizations in western Oregon. Since the fund was established in 1995, Grand Ronde has given nearly \$70 million to assist Oregon non-profit groups and civic institutions.

Since opening in 1995, Spirit Mountain Casino has undergone four major expansions culminating in a new events center and hotel addition in 2009. In 2016, the casino underwent a major renovation that included Oregon’s first separate non-smoking area. Spirit Mountain is one of the largest employers in the Polk-Yamhill County area.

The Klamath Tribes

For thousands of years, the Klamath Basin of southern Oregon has been the traditional homeland for the Klamath Tribes, who are composed of the Klamath Tribe, the Modoc Tribe, and the Yahooskin Band of Snake Indians. There are about 3,700 members of the Klamath Tribes.

After decades of hostilities with newcomers, the tribes ceded 23 million acres in 1864 and moved to a 1.8 million acre reservation. The Klamath tribes were very resourceful and built highly successful cattle and lumber operations on their lands.

By the 1950's, the Klamath were one of the wealthiest tribes in the country. That came to an abrupt end when the U.S. Congress passed the Klamath Termination Act. The Klamath Tribes were restored in 1986, but their land was not returned. In early 2009, they owned 890 checkerboarded acres in trust.

Gradually, the Klamath Tribes are rebuilding their economy. In 1997, they opened their first business since termination—the Kla-Mo-Ya Casino, named for an acronym of the three tribes.⁵ Kla-Mo-Ya is off US-97, the main north-south route of central Oregon, in the town of Chiloquin. The casino is a popular gaming destination for residents in the Klamath Falls area but has also become an attraction for tourists traveling on the highway. In 2010, to encourage more travelers to visit, the Klamath Tribes opened the 7,800 square foot Crater Lake Junction Travel Center, which sells fuel, convenience items, food, and services for truck drivers.

Confederated Tribes of Siletz Indians

The Siletz are a federally recognized confederation of many bands originating from northern California, western Oregon, and southwest Washington. In 1856 they ceded 19 million acres to the U.S. and agreed to confederate on the Siletz Reservation on the central Oregon Coast.

In 1865 and 1875, 900,000 acres of the “permanent reservation” were opened to settlement by presidential and congressional actions. Additional lands were lost through allotment and forced fee policies. By 1912, over half of the Siletz Indian allotments were no longer Indian owned.

The Confederated Tribes of Siletz Indians were terminated in 1954-56, but in 1977, the Siletz became the first tribe in Oregon and second in the U.S. to gain restoration. The Siletz have a 3,666-acre reservation in Lincoln County and 5,080 members.⁶

The Confederated Tribes of Siletz Indians operate the Chinook Winds Casino in Lincoln City—a major coastal tourist community. They recently acquired and renovated a large oceanfront hotel next to the casino and have added a golf course and RV park to their repertoire of visitor amenities.

Confederated Tribes of the Umatilla Indian Reservation (CTUIR)

The Confederated Tribes of the Umatilla Indian Reservation was established in 1855 by a treaty signed by the U.S. Government and the Cayuse, Umatilla and Walla Walla tribes. The three tribes occupied over 6.4 million acres of the Columbia River Plateau of southeastern Washington and northeastern Oregon. Of the 510,000 acres that were set aside in the 1855 Treaty as the Umatilla Indian Reservation, only 174,874 acres remain part of the Reservation, and non-Indians own 40 percent of that. Tribal enrollment is about 3,016.

⁵ <http://www.klamathtribes.org/history.html>

⁶ <http://www.ctsi.nsn.us/chinook-indian-tribe-siletz-heritage/>

The CTUIR government provides a broad array of services to Reservation residents and the region including:

- a) Police, fire and emergency response services throughout the Reservation;
- b) A Natural Resources Department that protects and manages fisheries, wildlife, cultural resources throughout the Tribe's aboriginal lands;
- c) A Science and Engineering Department that oversees clean up of the Hanford Nuclear Reservation and the Umatilla Chemical Depot;
- d) Medical, dental and mental health services offered at the Yellowhawk Tribal Health Clinic;
- e) The Nixya'awii Community School providing culturally sensitive high school education to Reservation students;
- f) A Tribal Court system that adjudicates civil and criminal disputes within the Reservation;
- g) Housing services for low income families;
- h) Social services to meet the needs of the elderly, children and families in need; and
- i) Tribal regulatory agencies regulating land use, water use and permitting, public health and safety, gaming, and other regulatory functions.

The Tribal government employs approximately 450. The CTUIR owns and operates the Wildhorse Resort & Casino, which is located off Interstate-84 a few miles east of Pendleton – the largest city in Umatilla County. The Wildhorse Resort includes a golf course, RV park and hotel. Immediately adjacent to Wildhorse are the tribally owned and operated Tamástslíkt Cultural Institute and the Arrowhead Travel Plaza providing additional attractions and services to Wildhorse patrons. Wildhorse draws visitors from the Tri-Cities and Walla Walla Washington area as well as the steady stream of tourists and truck drivers who travel I-84. Wildhorse completed an expansion in September 2011 with a 10-story 202-room hotel, five-screen cinema, swimming pool, more casino floor space, and retail stores. An additional hotel expansion is being considered.

The Confederated Tribes of Warm Springs

The Confederated Tribes of Warm Springs consist of three distinct tribes. The Wasco and Walla Walla (later called the Warm Springs) bands lived along the Columbia River and its tributaries; they often would trade with one another, but had separate cultures and languages. The Paiute occupied the high deserts of southeastern Oregon and rarely had contact with the Wasco or Warm Springs.

In 1855, the U.S. government and the Wasco and Warm Springs tribes signed a treaty, which created the Warm Springs Reservation. It is located south of the Columbia River between the Cascade Mountains and the Deschutes River in north central Oregon. In 1879, the U.S. government began settling Paiute Indians from Fort Vancouver onto the Warm Springs Reservation. The three tribes, in 1937, organized themselves as The Confederated Tribes of Warm Springs Reservation of Oregon.⁷ Enrollment is 4,306.

⁷ http://www.warmsprings.com/Warmsprings/Tribal_Community/History_Culture/

The Warm Springs built forest products and tourism businesses on their reservation. In 1964 they opened Kah-Nee-Ta Village near a natural hot springs deep in Indian Head Canyon. In 1972, they added the 139-room Kah-Nee-Ta Lodge. They added casino gaming at the lodge in 1995. The Warm Springs closed the casino at Kah-Nee-Ta in early 2012 and replaced it with the Indian Head Casino. Located 14 miles from Kah-Nee-Ta, the new casino is larger and easier to get to for most travelers.

Gaming Regulation and Surveillance

Indian casinos in Oregon are highly regulated — considerably more so than commercial casinos are. Oregon tribes pay for almost 77 percent of all the regulatory, security, and surveillance activities done in the state on gaming even though their casinos account for 31.5 percent of all the gaming.

There are three independently acting entities directly involved in regulating the operations of tribal casinos in Oregon. In addition, casinos spend about \$12 million a year on surveillance and casino security.

The first layer of regulation is the gaming commission. There are eight in Oregon—one for each tribe. Gaming commissions are independent of casino management. They license employees, monitor games to ensure legal compliance and fairness, establish control standards, and conduct audits. These efforts account for the bulk of the gaming regulation. In 2015, tribes spent \$7.2 million on their gaming commissions.

The Oregon State Police (“OSP”) regulate casinos through its Tribal Gaming Section. Fees negotiated with the tribes and imposed on sellers of gaming equipment pay for the operations of the Oregon State Police Tribal Gaming Section. The OSP reported that they received \$1,532,013 from the tribes and \$369,000 from gaming vendors in 2015. The OSP monitor casinos, run background checks on casino employees and suppliers, and ensure the integrity and fairness of games.

The National Indian Gaming Commission (“NIGC”) is an independent agency of the federal government that also regulates gaming at tribal casinos. The NIGC’s mission is to see that Indian tribes are the fair beneficiaries of gaming revenue, assure that gaming is conducted honestly, and to shield tribes from corrupting influences. They do this by conducting audits, private investigations, and background checks. The NIGC is funded entirely by Indian casinos. Tribes in Oregon paid \$283,352 in 2015 to the NIGC.

Statewide, \$32.6 million was spent on regulation and surveillance during 2015 on all forms of gaming. Of this, the eight tribal casinos paid nearly \$25.1 million. The Oregon Lottery spent \$3.7 million. Charitable gaming and horse racing activities spent about \$3.4 million. Gaming equipment and service providers to tribal casinos and the Oregon Lottery paid \$0.4 million. Additional, yet indeterminable, amounts were spent on security and auditing at all gaming facilities, including racetracks and Lottery retailers.

Table 4: Federal, State & Tribal Government Gaming Regulatory, Surveillance and Enforcement Spending in Oregon, 2012 – 2015

Type of Gaming Security in Oregon	2014	2015
<u>Regulation fees & surveillance costs paid by tribes:</u>		
Oregon State Police - tribal gaming section	\$1,499,718	\$1,532,013
Casino surveillance & security expenses, estimated	12,517,812	11,940,176
Individual tribal gaming commissions	11,744,665	11,321,708
National Indian Gaming Commission	308,553	283,352
Paid by Oregon Tribes	\$26,070,747	\$25,077,249
<u>Oregon Lottery:</u>		
Payment to Oregon State Police from Lottery	\$2,761,390	\$3,074,668
Security services	83,951	93,433
Other lottery security expenses	52,391	541,420
Total OR lottery regulatory costs	\$2,897,732	\$3,709,521
Tribal casino and lottery regulation paid by gaming vendors	752,318	369,000
Charitable bingo, raffles & fundraisers	435,850	443,264
Horse racing	2,952,751	2,983,497
Total Gaming Regulation	\$33,109,398	\$32,582,531

* ECONorthwest estimated calendar year by averaging reported fiscal years. ECONorthwest also estimated the security costs of the Oregon Department of Justice, as the agency did not provide data.
 Sources: Oregon Lottery, Oregon tribes, Oregon State Police, and Oregon Racing Commission budget.

Section 3 **Economic Impacts**

In Oregon, Indian tribes rely on gaming to maintain their independence and self-sufficiency. In addition to stable, well-paying jobs, tribal gaming supports a range of essential services. These include healthcare, housing, education, and other government services. Gaming revenues also go toward improving local infrastructure and benefitting charitable organizations.

Gaming operations also help the state economy as a whole. Tribal resort casinos are major contributors to Oregon's tourism industry. They attract visitors who bring new money into the state economy, some of which would not occur without gaming. Tribal gaming provides employment, improving standards of living, and decreasing reliance on state and federal assistance in the rural communities where casinos operate.

This section describes the economic and fiscal impacts of tribal gaming in 2014 and 2015. The principal drivers of these impacts are the spending, contributions, and jobs supported by the casinos and their associated hotels and related businesses. In addition, we include similar spending and employment created at tribal government levels that are paid from through the revenues from gaming.

Economic Impact Analysis

The economic impact analysis calculates how tribal gaming affects the Oregon economy. This is accomplished using complex computer software that models economic transactions between individuals and businesses. The software used for this analysis is called IMPLAN. It relies on public economic data to track money as it circulates within the state.

The economic model created using IMPLAN was customized to reflect the specific expenditures of Oregon casinos, tribal governments, and affiliated businesses. For example, tribal casinos in Oregon spend more on employee benefits, charitable contributions, and government services than privately owned casinos elsewhere. Customizing using actual Oregon tribal data addresses such differences.

Tribal casinos and resorts purchase goods and services, and pay their employees. This generates subsequent impacts elsewhere in the economy as the recipients of the casinos' spending make purchases of their own. This re-spending process continues until the money is eventually saved, taxed, or spent outside the state.

Economic impact analysis uses specific language to refer to different measurements of economic activity:

- **Output** is the broadest measure of economic activity, and represents the value of goods and services produced. For tribal gaming facilities, output is the sum of gaming, lodging, and restaurant revenues. For this analysis, tribal government output is the portion of government spending paid for by gaming activity.
- **Labor Income & Benefits** are an employer's total payroll costs, including workers' salaries, benefits (*e.g.* health insurance and retirement accounts), and payroll taxes plus the earnings of self-employed workers.

- **Jobs** include both full- and part-time employees and those that are self-employed. One job consists of 12 months of full- or part-time work. For example, one person working 12 months or two people working 6 months both count as one job.

Types of Impacts

The IMPLAN software measures three types of impacts, according to their relationship to the initial activity at tribal casinos:

- **Direct impacts** are the activities occurring at tribal casinos and their affiliated businesses. These include casino employees, their wages, and total casino revenues. Direct impacts also count the activities of tribal government that are paid for with casino revenues.
- **Indirect impacts** are the businesses-to-business transactions that occur as a result of tribal gaming. When an Oregon casino purchases goods and services from other Oregon businesses, the amount of these sales represents indirect output. These businesses will purchase additional goods and services; this spending results in additional rounds of indirect impacts. Because they represent interactions among businesses, these indirect effects are often referred to as “supply-chain” impacts.
- **Induced impacts** are purchases of goods and services by household incomes. The direct and indirect impacts increase employment and income in the state of Oregon, thereby inducing further consumption. Casino and tribal government employees, for example, will use their income to purchase groceries or take their children to the doctor. These induced impacts are often as consumption-driven impacts.

It is important to note that this analysis measures the gross impacts of tribal gaming, and does not consider alternative scenarios. Gross impacts include all economic impacts attributable to tribal gaming, regardless of what impacts would have occurred without the casinos. In other words, the impacts in this report do not consider potential substitution effects. An example would be a casino visitor who, in the absence of tribal casinos, would visit another Oregon entertainment destination.

Tribal Operations in 2014 and 2015

Tribal Gaming

Tribal casinos in Oregon earned net revenues of \$593.4 million in 2015. That is \$26.4 million higher than in 2014 and the second highest year on record. The peak of \$594.7 million was in 2007. Table 5 shows revenue and expenditure details for years 2014 and 2015.

Table 5: Tribal Casino Revenues and Selected Expenditures, 2014 and 2015

Revenues & Expenditures	2014	2015
<u>Revenues</u>		
Gaming	\$476,532,274	\$499,585,686
Food & beverage sales	68,223,630	72,347,881
Hotel & lodging	36,204,352	38,717,906
Gift shops, recreation & other	16,531,078	17,190,413
Less complimentary goods & services	(30,458,798)	(34,407,053)
Total Net Revenue	\$567,032,536	\$593,434,833
<u>Selected Expenditures</u>		
Labor	\$201,626,809	\$208,506,707
Utilities	10,354,376	10,963,264
Advertising, marketing, & sales	49,069,080	42,391,503
Costs of goods sold	39,173,997	39,974,861
Repairs & maintenance	6,173,917	6,276,725
Supplies	9,015,802	9,657,088
Professional services	3,648,939	4,154,497
Entertainment	5,848,279	6,532,965
Construction & equipment purchases	17,557,594	35,538,360
Other operating expenses	35,872,264	36,392,708
Tribal government & support	142,905,082	150,833,189

Source: Tribal reports.

Major expenditures at tribal casinos in Oregon include utilities, marketing, entertainment, construction, and the cost of goods sold, such as food and soft drinks. Tribal government and support (\$150.8 million in 2015) is the second largest use of casino revenues. This includes remittances to tribal government to pay for tribal healthcare, social services, education, and basic operations. It also includes community contributions and payment to tribal members and elders to help offset living expenses.

In addition to what is shown on Table 5, gaming businesses in 2014 and 2015 used revenues for charitable donations, planning new projects, paying debts, and making investments. However, the largest single expenditure is labor.

Tribal casinos, with their restaurants and hotels and operating all hours, require thousands of employees. In 2014, their largest operating cost was labor. Tribal casinos spent over \$201.6 million statewide for labor. They spent \$208.5 million in 2015.

Table 6 shows the breakdown of labor expenditures. The average employee in 2014 earned \$28,992 in wages, salaries, and tips. Tribal gaming businesses also paid \$13,426 in benefits and payroll taxes for employees. Total compensation per employee was \$42,419. This increased 5.7 percent in 2015 to \$44,829.

Table 6: Oregon Tribal Casino Labor Costs, 2014 and 2015

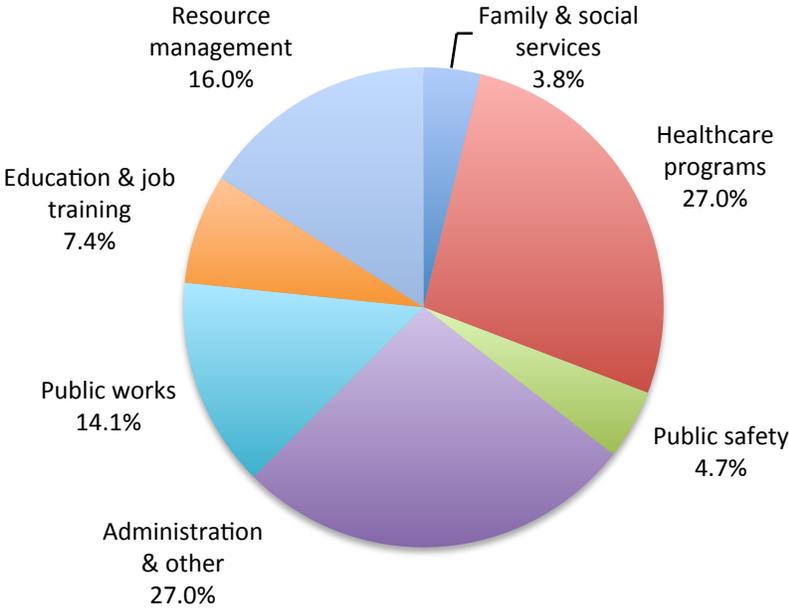
Labor Statistics	2014	2015
Casino Labor Costs		
Wages, salaries, and tips	\$137,807,848	\$141,342,144
Employer-paid payroll taxes	13,558,073	13,521,955
Healthcare benefits	30,588,255	32,330,997
Retirement, other benefits & compensation	19,672,633	21,311,610
Total employee compensation paid by casinos	\$201,626,809	\$208,506,707
Average number of employees	4,753	4,651
Per Employee		
Total compensation paid by casinos	\$42,419	\$44,829
Wages, salaries, and tips	28,992	30,389
Benefits & taxes paid by casinos	13,426	14,440
Employee-paid income & other taxes	5,569	5,837

Sources: Tribal reports.

Tribal Government Support

Out of the \$150.8 million in 2015 that tribal gaming businesses gave back to their tribes, \$98.6 million went to support tribal government programs. Tribal healthcare programs received the most. Tribal administration and miscellaneous programs accounted for 27 percent of the financial support. Resource management was the third largest recipient of funds from gaming in 2015. Several tribes have large landholdings and they can be costly to manage. Other tribal support programs reliant on gaming revenues were education and job training, public works, family and social services, and public safety. Their shares of total financial support from tribal gaming are shown in Figure 3.

Figure 3: The Allocation of \$98.6 Million in Gaming Dollars to Tribal Needs, 2015



Results of the Impact Analysis

Table 7 summarizes the economic impacts on Oregon traceable back to tribal gaming in the state during 2014 and in 2015. Table 7 shows the direct output, wages and benefits, and jobs associated with the gaming and hospitality businesses and the tribal government. Tribal businesses and tribal government both spend money on labor and non-labor expenditures. This spending ripples through supply businesses and households until it is leaked from the economy in the form of savings, taxes and imports. The results are the indirect and induced impacts shown below by industry sector. The sum of the direct, indirect, and induced impacts is the total impact on the Oregon economy.

Table 7: Impacts of Tribal Gaming on Oregon Economy, \$ in millions, 2014-2015

Economic Activity	2014			2015		
	Output	Labor Income & Benefits	Jobs	Output	Labor Income & Benefits	Jobs
Direct Impacts						
Gaming & hospitality	\$567.0	\$201.6	4,753	\$593.4	\$208.5	4,651
Tribal needs supported by casinos	142.9	37.1	642	150.8	45.0	771
Direct Impacts	\$709.9	\$238.7	5,395	\$744.27	\$253.54	5,422
Indirect & Induced Impacts						
Natural resources, utilities & construction	\$58.5	\$17.0	356	\$71.4	\$22.0	450
Manufacturing	58.8	9.6	186	61.1	9.9	190
Wholesale & retail trade	72.7	30.4	757	79.8	33.1	810
Services, real estate, insurance & banking	335.1	117.3	2,382	350.6	123.2	2,506
All other Industries & government	224.9	108.1	2,371	231.5	110.7	2,467
Indirect & Induced Impacts	\$750.0	\$282.4	6,052	\$794.4	\$299.0	6,422
Total Impacts	\$1,460.0	\$521.1	11,447	\$1,538.6	\$552.5	11,845

Note: Labor income includes wages, salaries, and self-employment earnings. This is a change from the 2012-13 report where only employee wages and benefits were shown on this table.

In 2014, through gaming operations, tribes directly contributed \$709.9 million in economic output, 5,395 jobs, and \$238.7 million in wages and benefits to the Oregon economy. This economic activity stimulated jobs and output elsewhere in Oregon. When totaled, the direct, indirect, and induced impacts of tribal gaming accounted for \$1.46 billion in output, \$521.1 million in wages and benefits, and 11,447 jobs.

Tribes directly contributed \$744.2 million in economic output, \$253.5 million in wages and benefits, and 5,422 jobs in 2015. Adding indirect and induced impacts to direct, the tribe supported a total of \$1.53 billion in output, \$522.5 million, and 11,845 jobs in Oregon.

By Sectors

Table 7 highlights the ripple effects of tribal gaming on the major sectors of the economy. Service businesses benefit the most from gaming and tribal government in part because they are part of the largest sector in the state, but also because tribes and their employees spend considerable amounts on services. This sector covers broad range of activities from advertising firms and banks to medical offices and landscapers.

In 2015, about \$486.0 million in economic output for the services sector in Oregon was attributable to the eight tribal casinos. That additional output supported \$150.0 million in wages and benefits, and 4,128 jobs in Oregon.

Wholesale and retail trade also was positively affected by the spending from tribal gaming and governments. In 2015, \$79.8 million in retail and wholesale output in Oregon is traceable back to the eight casinos. That output supported 29.0 million in wages and benefits, and 810 jobs. Natural resources and construction saw \$52.5 million in output during 2015 due to tribal gaming. This is more than in past years due to increased construction activity by the tribes.

Multipliers

Tribal spending has a multiplicative effect on the state's economy. This means spending from tribal gaming multiplies as it circulates throughout the economy *via* individuals and businesses. This effect describes the linkages between tribal activities and the Oregon economy—the greater the linkages, the larger the multiplier.

For this analysis, the multipliers are calculated as the ratio of total impacts to the initial direct impacts at the gaming and hospitality businesses of tribes. The 2013 multipliers for tribal gaming operations in Oregon were:

- **Output multiplier: 2.1**
- Every \$1 million in gaming revenues did support another \$1.1 million of output in other Oregon industries in 2015.
- **Labor income & benefits multiplier: 2.0**
- Every \$1 million in wages and benefits paid to tribal gaming employees corresponds to another \$1.0 million earned by other workers in Oregon.

- **Job multiplier: 2.2**
- For every ten jobs at a tribal casino and resort in 2015, including tribal government jobs supported by gaming, was associated with another 12 jobs in Oregon for a total of 22—a ratio of 2.2 to one.

Fiscal Impacts

Tribal economies consist of private businesses and government enterprises. Casinos are one such government enterprise, analogous to the Oregon Lottery’s relationship to state government. United States Indian tribes are self-governing, and tribal casinos, like state lotteries, are not subject to income or property taxes. However, their cash flows nevertheless support government services and public needs. Additionally, many tribal governments pay state and local jurisdictions for services.

Oregon tribes also contribute to the fiscal wellbeing of state and local governments through the income taxes paid by casino and tribal government employees, tribal members, and the workers and businesses who indirectly benefit from gaming.

In 2015, the economic activity from tribal gaming generated approximately \$21.8 million in state income tax revenues. Tribal gaming also was directly and indirectly responsible for \$8.9 million in other Oregon taxes, licenses, and fees (including those for Oregon State Police gaming regulation). In total, \$30.8 million in revenues to the government of the State of Oregon resulted from tribal gaming.

Table 8: Tax and Other Government Revenues Associated with Oregon Tribal Gaming, 2014-2015

Jurisdiction/Source	2014	2015
<u>State of Oregon</u>		
State personal & corporate income tax	\$20,227,547	\$21,828,652
Other state taxes, fees & licenses	8,386,685	8,970,419
Total State Revenues	\$28,614,232	\$30,799,071
<u>Local Governments in Oregon</u>		
Local property taxes	\$11,476,581	\$12,604,605
Other local taxes, fees & licenses	3,843,630	4,382,332
Total Local Revenues	\$15,320,212	\$16,986,936
<u>U.S. Federal Government</u>		
Federal personal & corporate income tax	\$48,993,312	\$51,802,065
Excise, Social Security, & other taxes	36,878,068	39,602,800
Total Federal Revenues	85,871,380	91,404,865
Total Government Payments & Taxes	\$129,805,823	\$139,190,872

While tribal government and businesses are not subject to local property taxes, their employees and suppliers are. So too are others in the economy whose incomes trace back to tribal gaming and government. Therefore, in non-direct ways, tribal gaming dollars flow into housing and other real estate and this generates property taxes. And clearly, having 11,845 working in Oregon making \$552.5 million in wages, benefits, and self-employment earnings tied to casinos does filter to local governments in the forms of other taxes, fees, and licenses, which the IMPLAN analysis estimates. In total, \$17 million in local government revenue in Oregon is attributable to tribal gaming.

The greatest tax impact is federal. Almost all the businesses supplying casinos and tribal governments pay federal taxes and all employees pay income, Social Security, and Medicare taxes. Tribes also pay for federal gaming regulation. When all the direct, indirect, and induces federal tax and related revenues are summed, the result shows over \$91.4 million in federal government revenues in 2015 were attributable to the eight tribal casinos in Oregon.

In total, the fiscal impact of tribal gaming across all local, state, and federal governments, with the exception of tribes themselves, was \$139.2 million in 2015. But in addition to revenue gains by state and local government, Tribes also provide some government services for the benefit of non-tribal communities.

For example, six of the federally-recognized Tribes use gaming revenues to support tribal police departments having the same authority to enforce federal, state, and local law as city, county, and state law enforcement officers. Tribal police, like police employed by any other sovereign, focus on protection of respective tribe's property and members. Members of the larger communities where tribal members live and where tribal property is situated benefit from having this law enforcement. The value of this is not quantified for purposes of this edition of this report, but is nonetheless material.

Moreover, tribal police departments in Oregon are headquartered in rural Oregon where non-tribal public resources have been stretched thin. Currently, no state or local funds support tribal police operations.

Trends, 2003 – 2015

Oregon tribal gaming revenues rose every year from the industry's inception in 1992 through 2007, then fell when a severe recession hit. Gaming bottomed out in 2011 and has since recovered although not completely. But tribal casinos offer much more than gaming and non-gaming business has been increasing. In 2015, non-gaming sources, like hotels and restaurants, accounted for a record high 22 percent of Oregon tribal casino revenues.

Visitation and Operations

Table 9 summarizes visitation and operating statistics for Oregon tribal gaming businesses. Casino visitor counts peaked in 2008 and declined for six straight years. Visits increased in 2015 to 7.46 million, below the all-time year 2008 when casinos saw over 9.9 million. The trend is different for tribal hotels. Overnight hotel stays rose every year since 2003. These visitors are important because they stay longer and spend more money than the average visitor to a tribal casino does.

Table 9: Tribal Gaming Visits, Revenues, and Expenditures, 2003-2015

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Visitation													
Casino	8,050,478	8,600,599	8,866,809	9,566,658	9,778,825	9,913,247	9,685,292	8,667,843	7,641,372	7,486,128	7,413,556	7,206,260	7,456,610
Hotel room nights	169,558	212,881	241,738	272,067	280,176	287,929	344,054	364,528	393,031	395,384	410,199	419,160	425,695
Revenues (thou. \$)													
Gaming	\$384,192	\$419,599	\$459,689	\$487,155	\$507,622	\$489,935	\$477,699	\$478,800	\$466,979	\$474,273	\$477,019	\$476,532	\$499,586
Food & beverage	41,672	45,633	49,082	52,544	54,935	56,261	60,188	60,709	62,074	64,924	65,805	68,224	72,348
Hotel & lodging	14,783	18,254	21,021	24,774	27,736	27,855	30,794	32,231	34,902	33,381	34,886	34,886	37,192
Retail, golf, RV & other	13,098	15,552	16,393	15,687	16,493	15,357	19,535	17,284	17,097	17,832	18,710	17,849	18,716
Less complementaries	(6,050)	(6,629)	(7,973)	(14,205)	(10,042)	(12,995)	(14,026)	(14,755)	(19,849)	(24,873)	(26,197)	(30,459)	(34,407)
Total Net Revenue	\$447,695	\$492,409	\$538,212	\$565,955	\$596,744	\$576,413	\$574,190	\$574,269	\$561,203	\$565,536	\$570,224	\$567,033	\$593,435
Major Expenditures (thou. \$)													
Labor	\$162,935	\$174,161	\$185,588	\$193,951	\$201,897	\$202,899	\$201,922	\$217,294	\$211,731	\$212,912	\$202,809	\$201,627	\$208,507
Operating & regulatory	127,528	128,761	149,733	162,096	183,895	204,054	192,984	183,296	187,617	184,873	171,381	170,647	167,749
Capital expenditures	42,124	56,735	28,513	65,800	107,170	82,662	47,049	30,456	68,719	33,551	14,260	17,558	35,538
To Tribal Govt. (thou. \$)	\$141,665	\$168,826	\$179,992	\$202,004	\$176,442	\$173,444	\$157,121	\$148,208	\$142,137	\$146,768	\$136,154	\$142,905	\$150,833

Note: In 2012 the Warm Springs relocated gaming from their Kah-Nee-Ta resort to a standalone casino, thus, hotel revenues were no longer counted as being part of gaming operations since 2012.

As shown on Table 10, tribal casino hotels sold 83.7 percent of their room nights in 2015. That is about ten full points higher than the Portland market and is a clear indicator that tribal casinos are attracting overnight visitors. On the average visit in 2015, people spent \$79.59 each. They spent \$67 gaming, \$9.70 eating food & beverages, \$5.19 on lodging, and \$2.31 for other goods and services. They also received \$4.61 in complementary items and services from the casinos and hotels.

Table 10: Hotel Operations and Casino Visitor Spending, 2007-2015

Measure	2007	2008	2009	2010	2011	2012	2013	2014	2015
Hotel:									
Est. occupancy rate	79.4%	69.7%	76.8%	74.4%	78.1%	77.6%	81.0%	82.4%	83.7%
Average daily rate	\$91.71	\$96.74	\$89.50	\$84.46	\$85.05	\$84.43	\$85.05	\$83.23	\$87.37
% of all visitors from hotel	4.0%	4.1%	5.0%	5.9%	7.2%	7.4%	7.7%	8.1%	8.0%
Per Casino Visitor:									
Gaming	\$51.91	\$49.42	\$49.32	\$55.24	\$61.11	\$63.35	\$64.34	\$66.13	\$67.00
Food & Beverage	5.62	5.68	6.21	7.00	8.12	8.67	8.88	9.47	9.70
All Lodging & RVs	2.84	2.81	3.18	3.72	4.57	4.61	4.97	5.02	5.19
Other	1.69	1.55	2.02	1.99	2.24	2.23	2.26	2.29	2.31
Complementaries	(1.03)	(1.31)	(1.45)	(1.70)	(2.60)	(3.32)	(3.53)	(4.23)	(4.61)
Net spending	\$61.02	\$58.15	\$59.28	\$66.25	\$73.44	\$75.54	\$76.92	\$78.69	\$79.59

Note: Occupancy rate based on estimated number of rooms available.

Economic Impacts

Table 11 shows how tribal gaming and its support of tribal government have influenced the Oregon economy over time. Growth in early years is evident and the recession that began in December 2007 and persisted long after. But output, labor incomes, and jobs all improved in 2015.

Since 2003, over 10,000 jobs in Oregon were associated with tribal gaming. In terms of direct jobs, which are those working for the tribes themselves, employment has been kept above the 5,000-job threshold even though the business environment has become challenging.

Table 11: Economic Impacts of Tribal Gaming, 2003-2015

Year	Direct Impacts			Total Impacts		
	Output	Labor Income & Benefits	Jobs	Output	Labor Income & Benefits	Jobs
2003	\$563,671,000	\$192,388,200	5,328	\$1,026,921,000	\$348,874,000	10,968
2004	619,269,000	215,834,000	5,699	1,326,931,000	470,454,000	14,534
2005	674,785,000	227,015,000	5,939	1,474,701,000	509,407,000	15,221
2006	703,586,700	238,999,700	6,094	1,420,171,800	476,443,900	13,916
2007	760,947,400	253,545,400	6,516	1,589,302,300	531,806,900	15,438
2008	737,496,800	256,865,500	6,551	1,640,615,300	553,578,600	15,483
2009	711,863,600	251,530,200	6,021	1,516,898,400	513,962,800	14,415
2010	722,476,600	244,580,700	5,715	1,459,856,100	497,968,600	12,763
2011	703,340,900	235,971,600	5,642	1,506,051,700	506,947,700	13,153
2012	712,304,035	244,966,317	5,625	1,491,563,532	531,785,453	12,779
2013	706,377,880	237,115,464	5,490	1,397,806,699	479,645,494	11,510
2014	709,937,617	238,720,999	5,395	1,459,976,189	521,142,171	11,447
2015	744,268,023	253,539,095	5,422	1,538,649,007	552,506,342	11,845

Tribal Government Support

Oregon’s tribes continue to improve local communities through economic development. Their investments in social programs and infrastructure will serve to benefit tribal members, employees, and their families for years to come. However, this spending relies on the continued success of tribal gaming.

Most of the revenue made by casinos pays for wages and other operating expenses. After covering debt service, charitable contributions, savings, and capital costs, most of what remains goes to the tribes.

Table 12 shows the yearly and cumulative gaming revenues transferred to tribes. They totaled more than \$2 billion since 2003. Much of this went towards tribal purposes, including the construction of community centers, health clinics, and housing, paying for healthcare, managing resources, and administering the day-to-day affairs of tribal governments. Tribes have also used their resources to help diversify their economies so to reduce their reliance on gaming.

Table 12: Tribal Gaming Revenues Used to Support Tribal Government and Tribal Members, 2003-2015

Year	Annual Support
2003	\$141,665,000
2004	168,826,000
2005	179,992,000
2006	202,004,000
2007	176,442,000
2008	173,444,000
2009	157,121,000
2010	148,208,000
2011	142,137,000
2012	146,768,000
2013	136,154,000
2014	142,905,000
2015	150,833,000
Total	\$2,066,499,000

Fiscal Impacts

As shown in Table 13, the economic footprint of tribal gaming in Oregon has benefited local, state, and federal governments every year since the OTGA began analyzing tribal gaming impacts in 2003. The State of Oregon realized about \$444 million, local governments received \$259.5 million, and the federal government saw over a billion dollars in tax revenues as a result of Oregon tribal gaming.

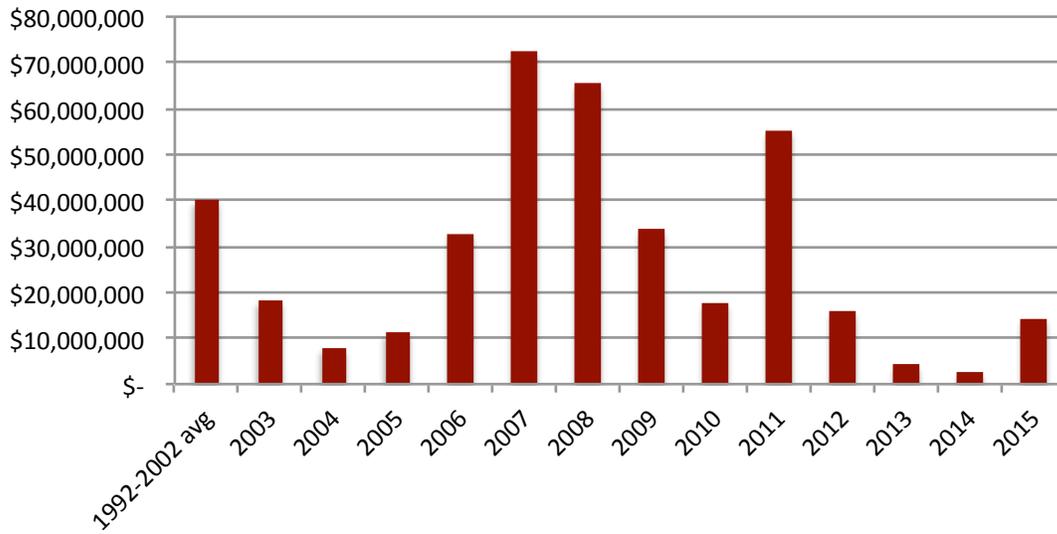
Table 13: Government Revenues Traced to Tribal Gaming in Oregon, 2003-2015

Year	State Government	Local Governments	Federal Government	All Taxes & Payments
2003	\$25,611,700	\$17,013,900	\$58,289,400	\$100,915,000
2004	34,487,100	19,293,900	68,693,700	122,474,700
2005	41,155,000	22,036,900	77,072,700	140,264,600
2006	38,831,700	17,970,700	73,379,400	130,181,800
2007	38,409,000	21,755,200	74,160,000	134,324,200
2008	37,937,400	24,361,700	77,665,800	139,964,900
2009	32,473,900	21,149,700	72,510,900	126,134,500
2010	31,148,000	21,977,000	79,345,000	132,470,000
2011	36,076,000	23,303,000	81,588,000	140,968,000
2012	35,965,000	21,511,000	92,174,000	149,650,000
2013	32,535,000	16,850,000	83,070,000	132,455,000
2014	28,614,232	15,320,212	85,871,380	129,805,823
2015	30,799,071	16,986,936	91,404,865	139,190,872
Total	\$444,043,103	\$259,530,148	\$1,015,225,145	\$1,718,799,395

Construction Spending

Since the first casino opened in Oregon, tribes have spent over \$791 million building casinos, in many cases with hotels and other resort amenities.⁸ That equals 19 percent of all construction spending in Oregon from 1992 to 2015 on hotels, amusement, and recreation facilities. Construction activity in 2014 and 2015 included a major renovation at Spirit Mountain Casino and the new Three Rivers Coos Bay Class-II casino.

Figure 4: Annual Casino Related Construction Spending by Oregon Tribes, Millions \$



Charitable Grants & Donations

All tribal gaming businesses in Oregon make donations directly to charities in their communities. In 2015, they donated \$630,326 and, in 2014, \$500,316. Since the first casino opened in Oregon, tribal casinos donated nearly \$8.3 million directly to charities, as shown in Table 14.

Table 14: Charitable Grants and Donations by Tribal Casinos Since 1992

Charitable Grants & Donations	2014	2015	Since 1992
Through community benefit foundations	\$7,288,639	\$7,604,629	\$109,079,049
Direct donations to charities	500,316	630,326	8,290,218

Sources: Communications with tribes, tribal foundations, and the Potlatch Fund.

Six tribes contributed to foundations, which made grants to charitable organizations throughout most of Oregon. The foundations are charitable contribution or community benefit funds as defined by the compacts negotiated between each tribe and the Governor of Oregon. The six casinos operating under compacts calling for these funds have a wider range of table games (such as craps and roulette). The foundations granted over \$7.6 million in 2015 alone and nearly \$109.1 million since their inception.

⁸ This includes a revision of data reported previously.

Section 4 **Gaming Market in 2015**

Gaming revenue is approximately the difference between how much people wager and what they win. We measure gaming revenues in two ways:

- (1) The first is by how much gaming is being conducted in the state. This way captures spending by tourists in Oregon and tells us how large the overall gaming industry is in the state. It is a useful measure of the size of the local industry and the share of the market held by different entities, such as the Oregon Lottery and tribal casinos.
- (2) The second counts how much gaming Oregonians do regardless of whether it is within the borders of the state or not. This method shows you how much gaming was demanded by Oregon residents and is useful for understanding how spending on gaming relates to how much money Oregonians make.

This analysis estimated the gaming market by collecting data from all Oregon-based tribes, the Oregon Lottery, racetracks, charitable gaming operations, and other sources. Since Oregonians gamble out of state, ECONorthwest also collected data from Washington and Nevada. In addition, ECONorthwest used a proprietary economic model, based on direct surveys, to estimate gaming crossing county borders.

In the accounting of the gaming market only wagers made in the state of Oregon are counted gaming being conducted in Oregon. Therefore, bets made on races at the Portland Meadows horse races called in or placed online from other states are not included in our totals.

Gaming Revenues

As shown in Table 15, about \$1.584 billion in gaming occurred in Oregon during 2015. Of that total, non-residents accounted for \$141.1 million or 8.9 percent of the total. Gambling by Oregonians inside the state was about \$1.443 billion and they spent another \$142.4 million outside of Oregon. Oregonians traditionally spend substantial amounts of money gambling out of state primarily in Washington and Nevada. So in total, Oregonians spent \$1.585 billion on gambling in 2015.

Table 15: Gaming Market by Place and Residency, 2015

Gaming in Oregon and Gaming by Oregonians in and Out-of-state	Revenues in 2015	% of Total
<u>Gaming in Oregon:</u>		
By Oregon Residents	\$1,443,208,865	91.1%
By visitors to Oregon	141,128,758	8.9%
Total Gaming Inside Oregon	\$1,584,337,623	100.0%
<u>Gaming by Oregonians:</u>		
Done in Oregon	\$1,443,208,865	91.0%
At places out-of-state	142,357,436	9.0%
Total Gaming by Oregonians	\$1,585,566,301	100.0%

Figure 5 shows the historical trend. Since 1994, residents have gambled more outside the state than tourists visiting Oregon have gambled inside the state. That gap has narrowed because Oregon tourists from Washington and California, in particular, have more casinos in their home states.

Figure 5: Gaming in Oregon and by Oregonians, 1994-2015

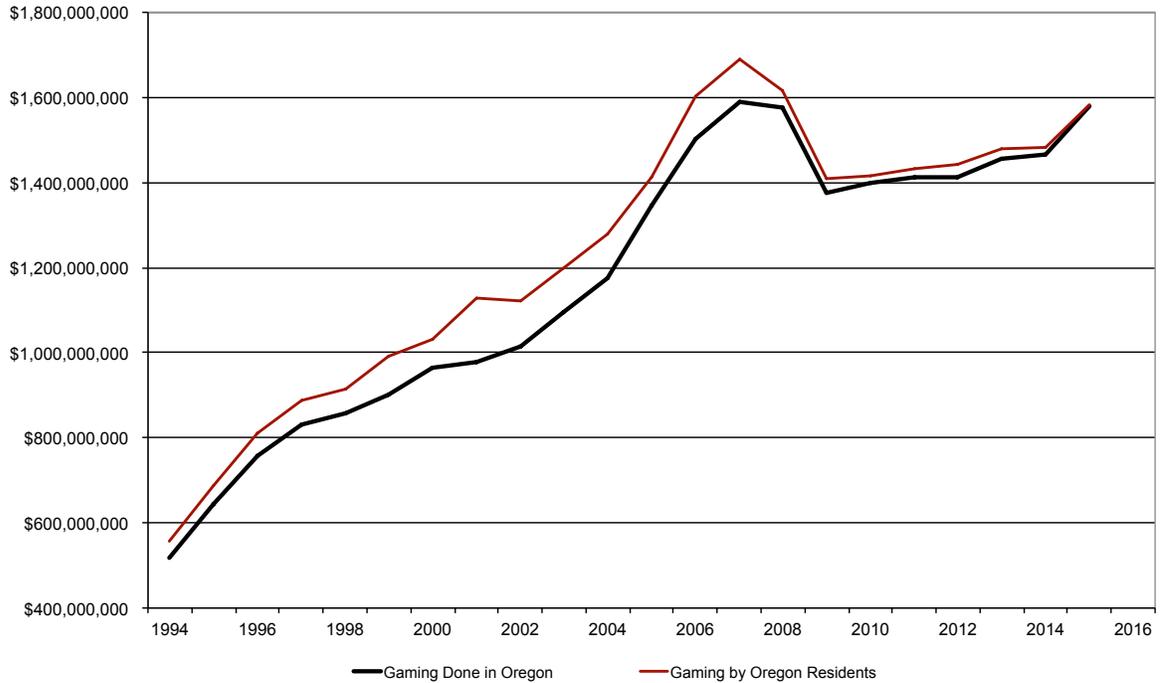


Figure 6 illustrates the long-run trend in tribal casino gaming. Tribal casino gaming revenues peaked in 2007 at \$507.6 million and fell to \$467 million in 2011. A modest recovery since brought revenues up to \$499.6 million in 2015.

Figure 6: Oregon Tribal Casino Gaming Revenues, 1994-2015

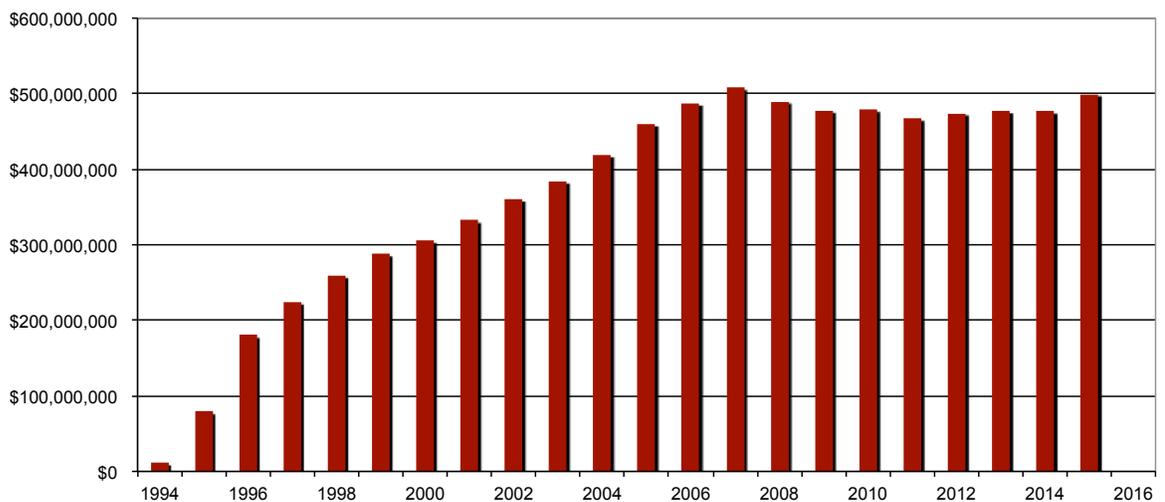


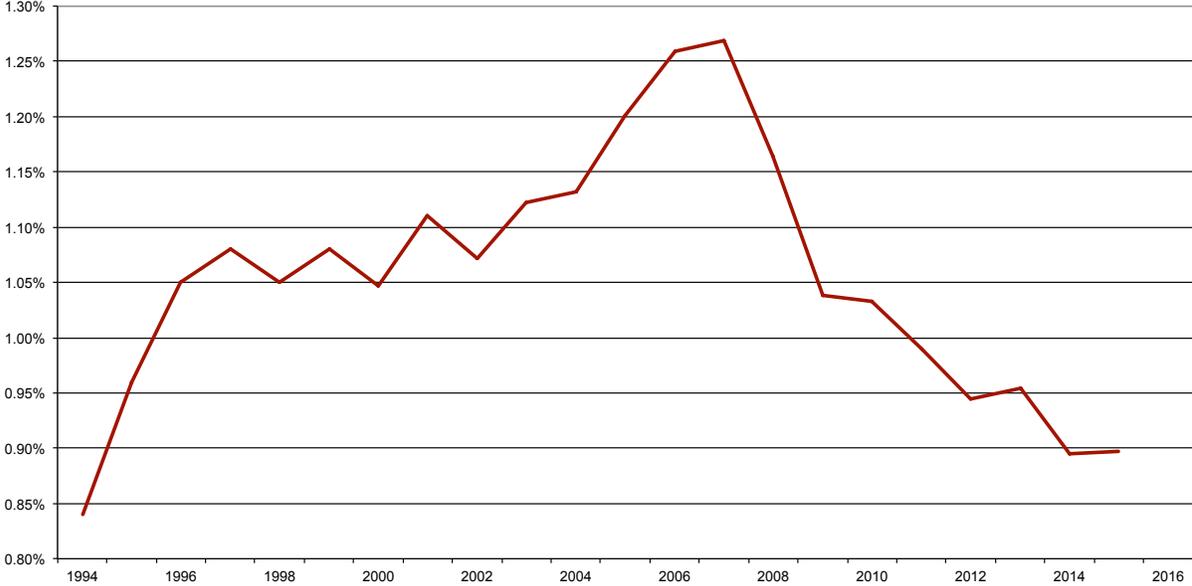
Table 16 is a list of the different forms of gaming and their dollar amounts. The average Oregon resident spent \$393.54 on gaming in 2015 and that equaled 0.90 percent of their annual personal income. Illegal and other forms of gaming, primarily sports betting and online poker, have risen considerably in recent years and we now estimate reached \$111.5 million. ECONorthwest necessarily relies on national estimates for this figure and there is evidence of upswings in illegal online sports betting. Laws against sports betting are lightly enforced. Only nine have been charged with bookmaking offenses and no arrests made for bookmaking in Oregon since 2003.

Table 16: Gaming Revenues by Type in Oregon and by Oregonians, 2015

Type of Gaming	Gaming Revenues in 2015	
	Oregon	Oregonians
<u>Oregon Lottery:</u>		
Scratch tickets	\$44,847,204	\$44,485,626
Megabucks lotto	7,902,603	7,841,568
Powerball lotto	19,612,753	19,408,503
Keno	29,197,599	28,948,946
Raffle	1,197,949	1,177,348
Pick-Four game	561,986	556,968
Win for life game	258,523	256,629
Mega Millions	9,193,159	9,123,668
Lucky Lines	554,749	550,840
Video games	835,890,575	796,911,595
Oregon Lottery Subtotal	\$949,217,100	\$909,261,691
<u>Other Gaming:</u>		
Indian casinos in Oregon	499,585,686	399,979,756
Charitable bingo	6,243,523	6,228,675
Charitable raffles	6,725,123	6,716,419
Charity casinos & fundraisers	310,363	309,654
WA casinos and card rooms	-	43,076,381
Casinos outside OR & WA	-	97,932,123
Live racetrack betting	410,740	385,209
Off-track & simulcast betting	5,690,849	4,173,222
Parimutuel account wagering	4,657,986	4,657,986
Misc. legal out of state gaming	-	1,276,199
Illegal Internet & other illegal	111,496,253	111,496,253
TOTAL	\$1,584,337,623	\$1,585,493,567
Increase from 2014	8.10%	6.96%
Gaming per person		\$393.54
Gaming as a share of income		0.90%

On average, between 1994 and 2015, Oregonians spent 1.05 percent of their personal income on gaming, but in 2014 it dipped below 0.90 percent and rose slightly in 2015. Oregonians are spending less of their incomes on gambling. The downtrend, as shown in Figure 7, started with the 2008 recession but has continued even after the economy began recovering in 2010.

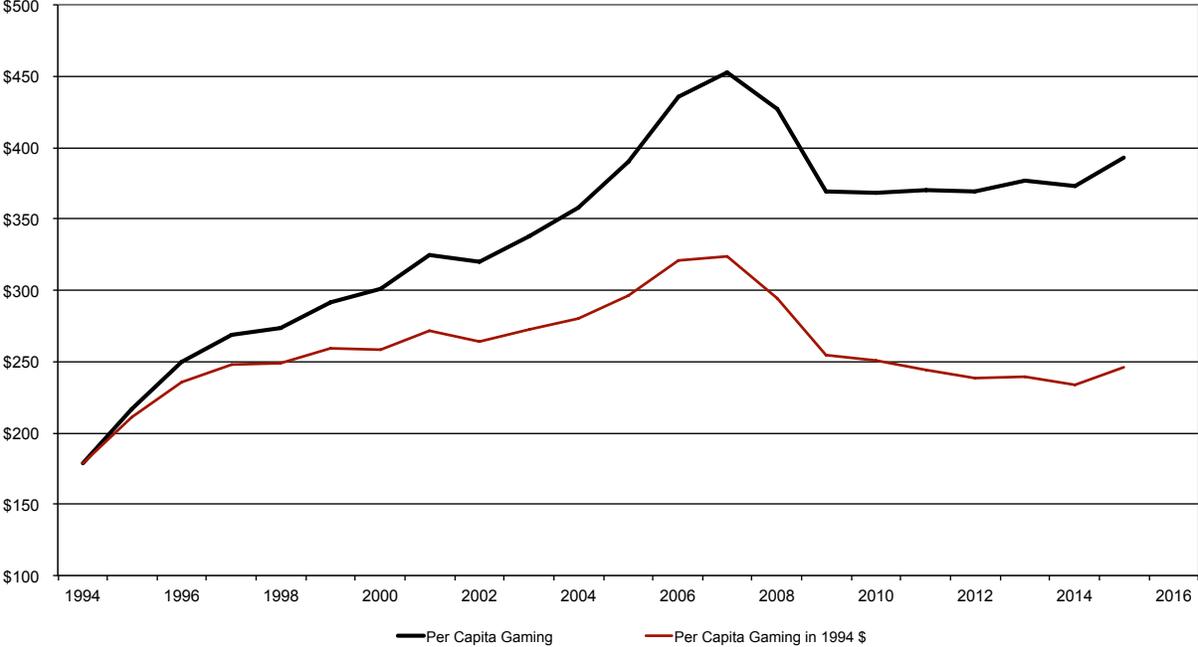
Figure 7: Share of Oregonians’ Personal Incomes Spent on All Types of Gaming, 1994-2015



Since 2010, total personal incomes of Oregonians have been growing an average of 4.9 percent a year. Spending on gaming has been rising 2.0 percent. A similar trend is occurring in Washington. In the period 2010 to 2015, the personal incomes of Washington residents rose 5.5 percent a year while their spending on gaming rose 3.4 percent.

The average Oregonian increased their spending on gaming steadily between 1994 and 2007, as tribal casinos and the Oregon Lottery grew. Per capita gaming peaked at \$453 in 2007, declined to \$368 in the recession, and has risen to \$392 in 2015. On an inflation-adjusted basis, per capita gaming has changed little since 2009, as shown in Figure 8.

Figure 8: Oregon Resident per Capita Gaming, 1994-2015



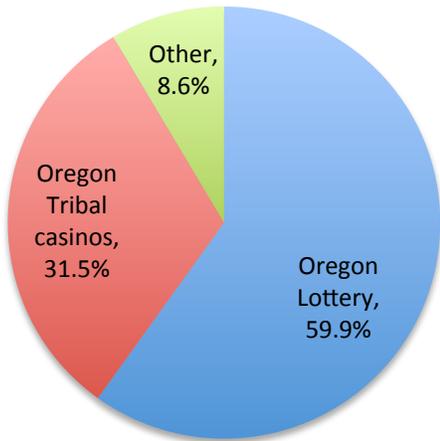
Market Share Analysis

Before 1985, legal gambling in Oregon was limited to horse and greyhound racing. On April 25, 1985, the Oregon Lottery began. They started selling traditional lottery scratch tickets and, by November that year, expanded to lotto games (Megabucks).

In 1992, the Lottery introduced video poker on the premise that there were ten thousand grey market slot machines in bars and clubs throughout the state. Bettors flocked to play video poker. Attendance at racetracks fell dramatically. Within two years the Oregon Lottery held an 81 percent market share just as tribal casinos came on the scene.

Over time, tribes increased their market share, but always lagged behind the Oregon Lottery, which had a protected competitive advantage being allowed to operate at thousands of locations statewide. By 1998, the market share of the Lottery leveled off at 60 percent, where it has been, plus or minus three percent, every year since. In 2015, the Oregon Lottery had a 60 percent share of all the gambling done in Oregon. Tribal casinos had a 32 percent share.

Figure 9: Market Shares of the \$1.585 Billion in Gaming in Oregon, 2015

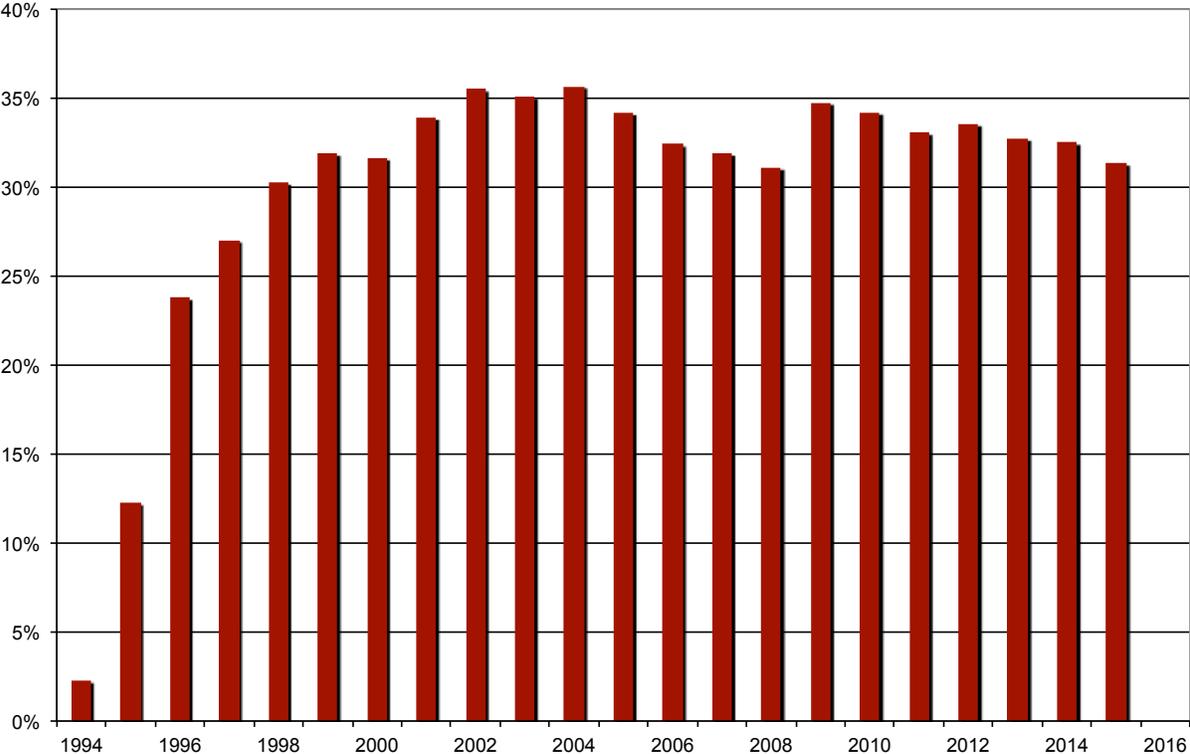


Tribal casinos came onto the market in 1994 when the Cow Creek converted their bingo hall to a small casino. Soon after a temporary casino opened on the Umatilla Reservation. In 1994, Oregon tribal casinos had a two percent market share. Other tribes followed suit and by the end of 1995 there were six casinos in the state. They prospered. Tribal casinos became major employers and contributors to rural economies.

The expansion was met by strong competition from the Oregon Lottery. The Lottery aggressively expanded geographically. They located video slot machines in bars and restaurants throughout the state and especially in urban area. Tribes could not. The Lottery increased the maximum number of machines per bar from five to six, while each Oregon tribe was limited to a predetermined number of machines in single casino locations.

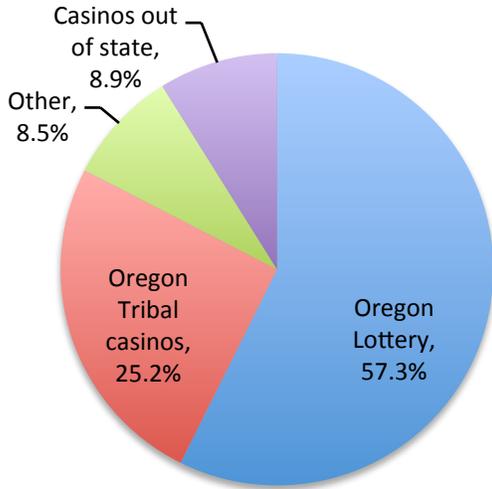
By 2004, the Oregon Lottery had over 10,000 VLTs in over 2,000 places around the state while Oregon tribes had fewer than 6,000 at nine casinos. In addition, the Oregon Lottery added traditional slot machine line games, began accepting larger bills, increased jackpots, and priced their machines more competitively. Tribal casino market share peaked at 35.5 percent in 2004. As illustrated in Figure 10, the market share of tribal casinos declined since and has ranged between 31 and 35 percent. In 2015, 31.5 percent of all the gaming done in Oregon took place in tribal casinos.

Figure 10: Tribal Casino Share of the Oregon Gaming Market, 1994-2015



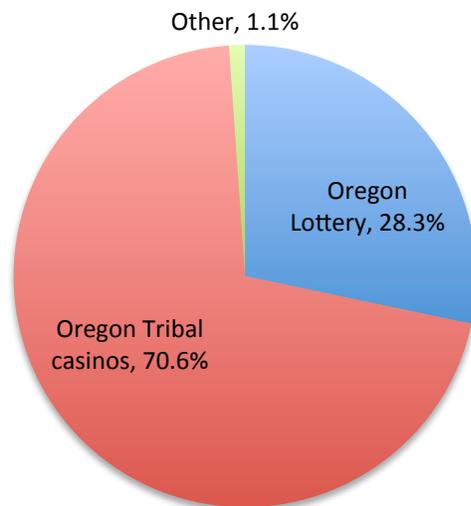
In 2015, Oregonians spent 25.2 percent of their gaming dollars at nine tribal casinos in the state. They spent 8.9 percent at casinos in Washington, Nevada, California, Idaho, and elsewhere. But by far, most of the gaming done by Oregonians was on Oregon Lottery products and most notable, VLTs. The Oregon Lottery accounted for 57.3 percent of the total.

Figure 11: Where Oregonians Spent \$1.585 Billion in Gaming, 2015



Tribal casinos captured 70 percent of the \$141.1 million that tourists spent in 2015 gambling in Oregon. Casinos attracted this out of state money to Oregon, much of it to the rural communities where tribes are found. The Oregon Lottery got about 28.3 percent of its revenues from non-residents.

Figure 12: Where Tourists Visiting Oregon Spent \$140.7 Million Gaming in Oregon, 2015



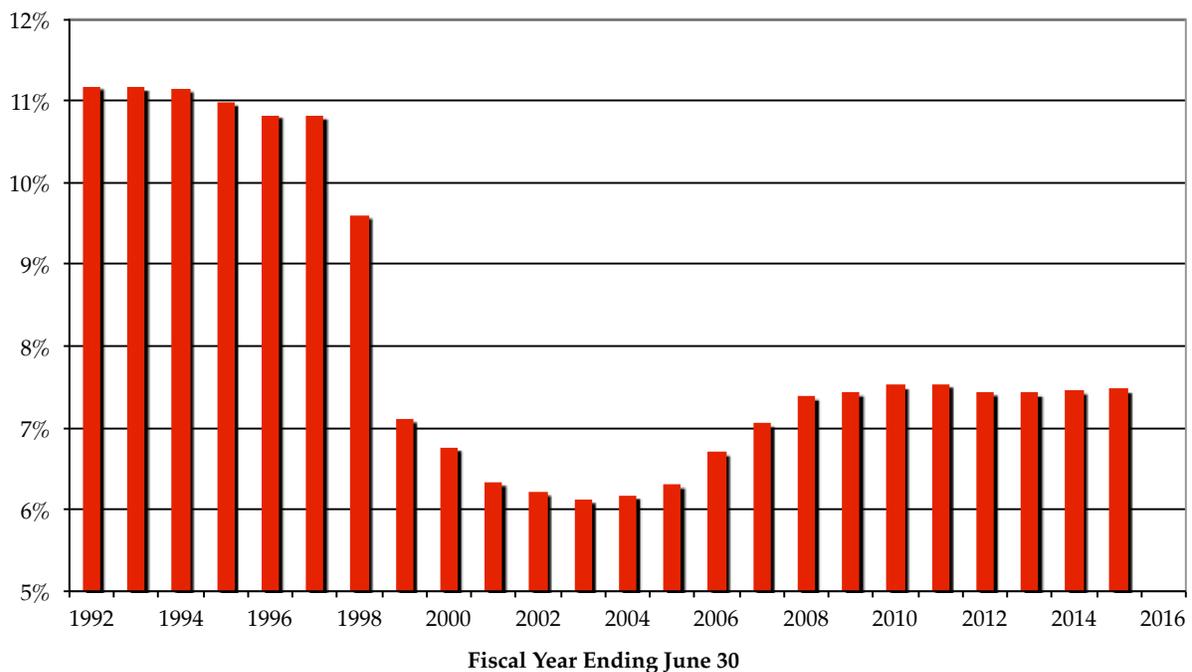
Oregon Lottery VLTs

VLTs are the Oregon Lottery’s main source of gaming revenues. The Oregon Lottery competes against tribal casinos for many of the same players. The Oregon Lottery has several competitive tools. Among them are introducing new games, raising jackpots, raising minimum wagers, and changing player hold rates.⁹ Lower hold rates attract more players than higher hold rates.

In the fiscal year ending June 30, 2015, the Oregon Lottery held an average of 7.47 percent of payers’ wagers. That rate is competitive, and indeed slightly more competitive than Las Vegas Strip casinos offered (7.77 percent) that same year.

As illustrated in Figure 13, VLTs in their first six years about eleven percent of wagers on average. The Oregon Lottery then aggressively lowered hold rates to almost six percent. As the Oregon Lottery introduced line games, rates increased. For the last eight years, Oregon Lottery VLTs have held about 7.5 percent of wagers.

Figure 13: Average Hold Rate on Oregon Lottery VLTs by Fiscal Year, 1992-2015



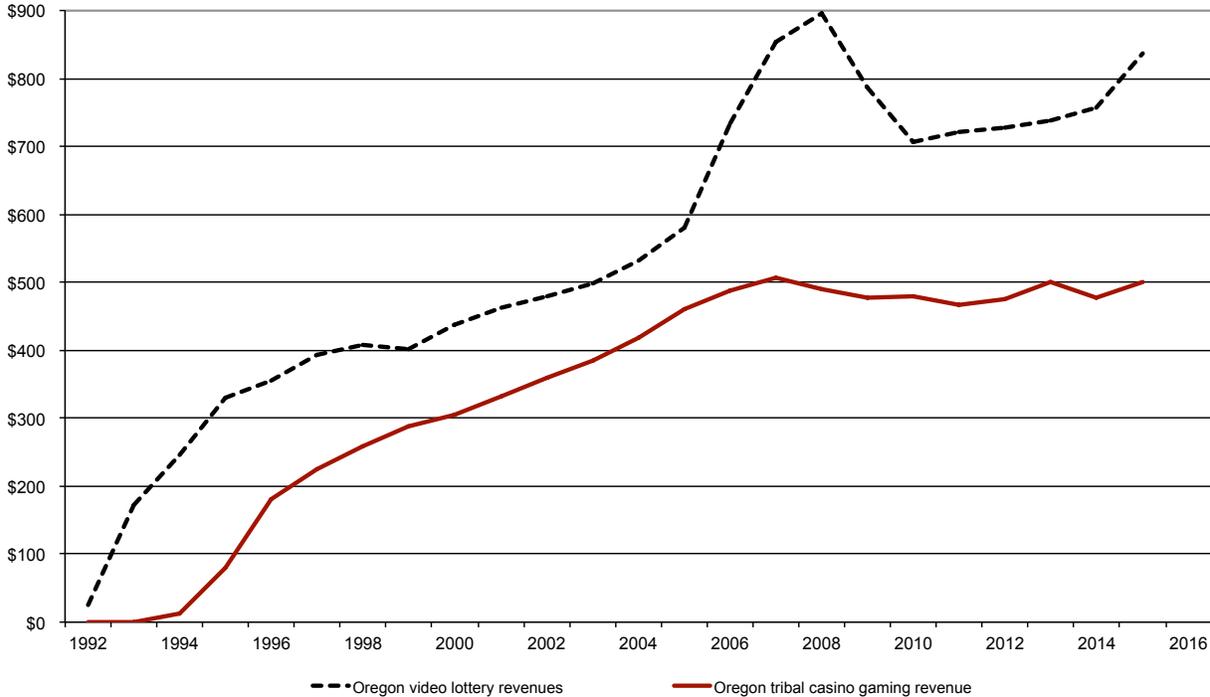
*Note: Fiscal year ending June 30.
Source: Oregon Lottery.*

⁹ The hold rate is the average percent of every dollar wagered that is lost by players.

The Oregon Lottery has a major market advantage. They have a locational monopoly. Only the Oregon Lottery can offer convenience gaming. They have VLTs in over 2,200 bars, restaurants, and the like around Oregon. There are about 1,700 other retailers that only sell lottery tickets. The entire retail network entails over 3,930 retail stores and other business establishments. No other entity, and certainly no tribe, can locate gaming machines throughout Oregon.

From 1992 through 2004, Oregon VLTs offered video poker. During those years, the VLTs produced about \$100 million a year more in gaming revenues than tribal casinos in Oregon did. As shown in Figure 14, since the 2005 introduction of line games, the gap widened. In 2015, gaming revenues from Oregon Lottery VLTs were \$336 million more than gaming revenues at Oregon tribal casinos.

Figure 14: Gaming Revenues from Oregon Lottery VLTs versus Oregon Tribal Casinos, 1992-2015*



* Note: This figure shows Oregon Lottery revenues by state fiscal year and tribal gaming by calendar year. Source: Oregon Tribal Gaming Alliance, ECONorthwest, and the Oregon Lottery.