

The Contributions of Indian Gaming to Oregon's Economy in 2008

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

ECONorthwest

ECONOMICS • FINANCE • PLANNING

888 SW Fifth Avenue
Suite 1460
Portland, Oregon 97204
503-222-6060
www.econw.com

By: Robert Whelan & Alec Josephson

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Assignment

ECONorthwest was retained by the Oregon Tribal Gaming Alliance (“OTGA”) to analyze the economic and fiscal impact of the tribal casino gaming industry in Oregon. The OTGA is a coalition of nine Indian tribes in Oregon, each of which owns and operates one casino.

The OTGA member tribes themselves provided much of the data in this report. Each of the nine tribes had operating statistics on their casinos, hotels, and restaurants audited for inclusion. Also, data on donations made by OTGA members through community benefit funds was provided. The report also uses data from state and federal government sources, such as the Oregon Lottery, Oregon State Police, and the Oregon Department of Justice.

This report, the sixth such report, covers four major topics:

- **A summary of current conditions:** The report characterizes the tribal casinos and hotels, comparing them to other forms of gaming. It also describes the history of the nine tribes, gaming-related and otherwise.
- **Economic and fiscal impacts of tribal gaming:** The revenue and spending of casinos in 2008 are shown, along with their employment. The total impacts of these operations on Oregon’s economy are compared to previous years.
- **Donations to charity:** The tribes contribute portions of their earnings to area charities and many have established formal community foundations. Community foundations’ donations in 2008 are shown.
- **The gaming market:** Tribal casinos comprise only a portion of the gaming market. The report shows how much of Oregon gaming happens at tribal casinos compared to other major providers such as the Oregon Lottery.

Major Findings

This analysis of the gaming market in Oregon and the ultimate impacts of tribal gaming in 2008 concluded the following:

- All nine tribes operated a casino in Oregon in 2008. Seven also ran hotels. In addition, several tribes had RV parks, golf courses, and other amenities at their gaming operations.
- In spite of declining revenues as a result of growing competition and a recession, the nine gaming facilities run by Oregon's nine tribes were able to increase their employment to 5,614 Oregonians and pay nearly \$203 million in wages, payroll taxes, employee healthcare costs, and other benefits.
- Tribal gaming is highly regulated with three layers of oversight: the federal government, the Oregon State Police, and nine tribal gaming commissions. Collectively over \$14.0 million was spent on tribal gaming regulation in 2008.
- Earnings from gaming operations were used to pay for \$146.9 million in tribal government services and related tribal benefits with healthcare programs being the largest recipient. Since 2003, tribal programs have received nearly \$1,042 million from gaming businesses.
- Oregon's nine tribes donated over \$7.5 million through community benefit foundations.
- Since tribes are Oregon-centric, the spending and employment effects of their gaming operations provide a large benefit to the state's economy. When measured in aggregate, we found that nearly \$1.64 billion in economic output in Oregon was attributed to tribal gaming operations in 2008. This level of economic activity supported 15,483 jobs statewide with a payroll of nearly \$554 million.
- Although large, gaming revenues from tribal casinos are low in comparison to the Oregon Lottery. Of the \$1,575 million in total gaming conducted in Oregon in 2008, the Oregon Lottery accounted for nearly 63 percent of the total compared to 31 percent coming from the tribal casinos.
- Overall, Oregonians spent 4.5 percent less on gaming in 2008 than they did in 2007. The average person spent \$426 during the year.

Section II Oregon Casinos and Tribes

There are nine federally recognized tribal governments based in Oregon. Each operated a casino in 2008. At year-end, seven of the tribes had hotels with 1,205 rooms. Six also operated dedicated recreational vehicle (“RV”) parks with 371 sites.

Although the 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. For instance, Oregon gaming compacts limit tribes to one casino each.

This section begins with an overview of the casinos in Oregon and a description of their facilities. It is followed by a synopsis of the history and location of each tribe.

Casinos in 2008

Table 1 lists the names, locations, tribal ownerships, opening dates, and the number of hotel rooms and RV hook-up sites of the nine casinos in Oregon, as of December 31, 2008.¹

Table 1: A Summary of Oregon Casinos, Year-End 2008

Casino	City	Tribe	First Opened	At Year-End 2008	
				Hotel Rooms	RV Sites
Chinook Winds	Lincoln City	Confederated Tribes of Siletz Indians	May 1995	227	51
Kah-Nee-Ta	Warm Springs	Confederated Tribes of Warm Springs	May 1995	190	51
Kla-Mo-Ya	Chiloquin	The Klamath Tribes	July 1997	-	-
Old Camp	Burns	Burns Paiute Tribe	August 1998	-	17
Seven Feathers	Canyonville	Cow Creek Band of Umpqua Tribe of Indians	April 1992*	143	50
Spirit Mountain	Grand Ronde	Confederated Tribes of Grand Ronde	October 1995	250	-
The Mill	North Bend	Coquille Indian Tribe	May 1995	203	102
Three Rivers	Florence	Confederated Tribes of the Coos, Lower Umpqua & Siuslaw Indians	June 2004	93	-
Wildhorse	Pendleton	Confederated Tribes of the Umatilla Indian Reservation	Nov. 1994	99	100
Total Lodging at Tribal Casinos				1,205	371

** Opened as a bingo hall in 1992 and expanded into a casino in April 1994.*

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 that included slot machine-like devices called video lottery terminals (“VLTs”), keno, and blackjack tables. By the end of 1995, five other tribes followed suit with their own casinos. Since then three others opened—the last being the Three Rivers Casino in June 2004.

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.

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.

Patrons made 11.7 million visits to the nine casinos and resorts in Oregon during 2008. The casinos and resorts accommodated 47,739 nights for recreational vehicles at RV parks with hookups. Hotels at the casinos sold 287,929 room nights. Average annual occupancy was about 68.3 percent, which suggests tribes have been affected by the recession but not as severely as the rest of the state lodging industry.

Casino Capacity

There were 7,387 VLTs in the tribal casinos. The Oregon Lottery had considerably more VLTs — 12,097 at year-end. Tribal casinos had 130 table games, such as blackjack, and 43 poker tables. Five casinos had bingo halls and, within them, there were 2,184 seats. Five casinos offered keno, which competed against keno games offered by 2,968 Lottery retailers across the state.

All nine casinos had full-service restaurants. At year-end, total casino restaurant and lounge seating was 4,019 or 318 more than in 2007. Lottery retailers had approximately 846,790 seats.

Table 2: Indian Casino Gaming & Non-Tribal Gaming Capacity, Year-End 2008

Gaming Venue in Oregon	VLTs	Table Games	Poker Tables	Bingo Seats	Keno Wagering Outlets	Restaurant & Lounge Seating
<u>Tribal casinos</u>						
Chinook Winds	1,133	26	5	1,200	1	1,051
Kah-Nee-Ta	306	6	2	-	-	365
Kla-Mo-Ya	385	6	-	-	-	115
Old Camp	132	3	4	-	-	69
Seven Feathers	1,330	22	7	334	1	484
Spirit Mountain	1,911	33	15	400	1	601
The Mill	727	10	2	-	-	404
Three Rivers	650	11	5	125	1	470
Wildhorse	813	13	3	125	1	460
Total Tribal Gaming	7,387	130	43	2,184	5	4,019
<u>Non-Tribal Gaming:</u>						
At lottery retailers	12,097	-	-	-	2,968	846,790
At charity bingo halls				16,000		

Source: Tribal reports, Oregon Lottery, and ECONorthwest estimates for non-tribal bingo and restaurant seating.

In Oregon, gaming capacity rose at lottery retailers, while showing mixed results at tribal casinos. The Oregon Lottery installed 257 more VLTs throughout the state in 2008. Tribes, in light of weakening demand, reduce the number of VLTs on their casino floors by 105. The Oregon Lottery also expanded its geographic reach with a net gain of 72 video lottery retailers and 28 places where keno may be played. Meanwhile there has not been an increase in the number of tribal casinos in over five years.

Table 3: Change in Gaming Capacity, 2007 – 2008

Gaming Units in Oregon	2007	2008	Change
<u>At Tribal Casinos:</u>			
VLTs	7,492	7,387	(105)
Table games	124	130	6
Poker tables	43	43	0
Bingo seats	2,144	2,184	40
<u>Oregon Lottery:</u>			
VLTs	11,840	12,097	257
Video lottery retail sites	2,252	2,324	72
Keno game retail sites	2,940	2,968	28

Sources: Tribal reports and the Oregon Lottery.

Non-Smoking Areas

Responding to patron interests, tribes have been expanding their non-smoking areas. Eight of the nine casinos have non-smoking areas. In 2008, collectively the nine tribal casinos occupied 1,680,420 square feet of public space. Of that, 62 percent was dedicated non-smoking.

Table 4: Indian Casino Gaming & Non-Tribal Gaming Capacity, Year-End 2008

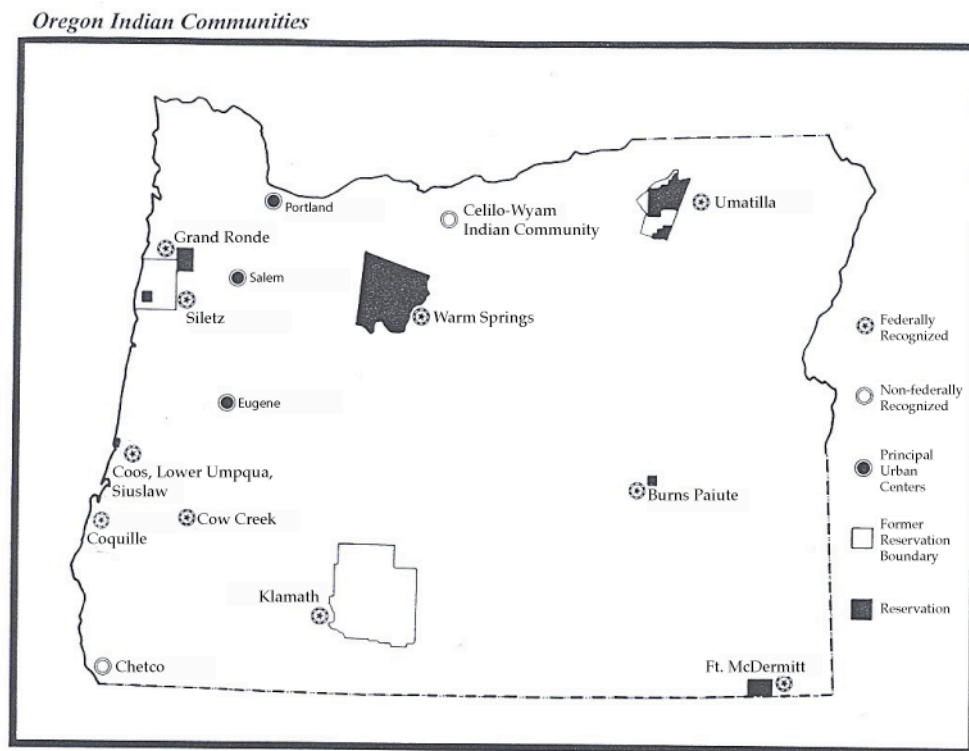
Casino	Sq. Ft.	% Non Smoking
Chinook Winds	398,369	81%
Kah-Nee-Ta	17,861	70%
Kla-Mo-Ya	16,000	0%
Old Camp	16,720	20%
Seven Feathers	392,398	78%
Spirit Mountain	532,000	39%
The Mill	103,911	21%
Three Rivers	92,000	77%
Wildhorse	111,161	83%
Total	1,680,420	62%

Source: Tribal reports.

Tribes in Oregon

Figure 1 is a map showing the principal locations of the nine federally recognized tribes based in Oregon. They are all in rural communities or in mid-sized cities such as North Bend. Beside the areas noted on this map, most tribes have land parcels that are not contiguous to these principal locations.

Figure 1: Tribes in Oregon



Source: Oregon Legislative Commission on Indian Services. *2007-09 Oregon Directory of American Indian Resources*, page 34.

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. According to the Oregon Legislative Commission on Indian Services, there are also two Indian communities in the state, the Chetco and Celilo-Wyam Indian Community, that are not federally recognized tribes. They are included in Figure 1.

The Burns Paiute Tribe

The Burns Paiute Tribe descends 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 is located there.²

The Old Camp Casino serves a somewhat isolated market. Located in Harney County, which has a population of about 7,715, the Old Camp is Oregon's smallest 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. 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.

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

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

In June 2004 the Coos, Lower Umpqua, and Siuslaw opened the Three Rivers Casino in a temporary structure. This was replaced in January 2008 with a permanent casino building and hotel. It is located about a mile east of Florence on the main highway linking Eugene to the coast.

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 900 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. As of early 2009 there were 1,494 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 298 rooms.

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

Confederated Tribes of Grand Ronde

The Confederated Tribes of the Grand Ronde Community of Oregon is comprised of over 20 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 and has 5,130 members.

The anteceding tribes and bands of Grand Ronde ceded these lands to the United States through a number of treaties. Among these treaties is the Willamette Valley Treaty of January 22, 1855, which ceded the entire Willamette Valley Basin from Cascade Falls on the Columbia River in the east to Oak Point in the west.

With the treaties came the forced removal of the Willamette Valley tribes to the Grand Ronde Reservation that was created by treaty and an executive order given on June 30, 1857. The reservation covered over 60,000 acres of land 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 the Tribe by ill-conceived federal policies.

In 1954, Congress terminated the federal status 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 Confederated Tribes of 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 the Grand Ronde Tribes.⁵

The Grand Ronde Tribe 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 the Tribe dedicates six percent of the casino profits to The Spirit Mountain Community Fund. The fund supports non-profit organizations in Western Oregon. Since the fund was established in 1995, the Tribe has given nearly \$46 million to assist Oregon non-profit groups and civic institutions.

Spirit Mountain is the closest full-service casino to Salem and Portland metropolitan area residents; over 764,000 households live within 90 minutes of its doors. Spirit Mountain is one of the largest employers in the Polk-Yamhill County area.

The Klamath Tribes

The Klamath Basin of southern Oregon was the traditional homeland for the Klamath tribes: the Modoc and the Yahooskin band of Snake Indians for thousands of years. In early 2009, there were 3,684 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.

⁵ <http://www.grandronde.org/misc/ourstory.html>

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 checker-boarded 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.⁶ 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. As such, they are planning to add a hotel and make other enhancements to their property.

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 County⁷ and 4,546 members.

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

The Confederated Tribes of Umatilla Indian Reservation was established in 1855 by a treaty signed by the U.S. Government with the Cayuse, Umatilla, and Walla Walla tribes. Those three tribes occupied the Columbia River Plateau of southeastern Washington and northeastern Oregon. Of the 510,000 acres that were originally reserved in 1855, only 174,874 remain as part of the Umatilla Reservation and non-Indians own 40 percent of that. Tribal enrollment, at the end of 2008, was 2,588.

The Umatilla Tribe owns the Wildhorse Resort & Casino, which is located off Interstate-84 a few miles east of Pendleton—the largest city in Umatilla County. Wildhorse benefits from its proximity to the comparatively much more populous and affluent Tri-Cities area of nearby Washington and the steady stream of tourists and truck drivers who travel on I-84. The casino has gone through a series of expansions. They are currently working on a hotel addition and the construction of other amenities to serve their guests.

⁶ <http://www.klamathtribes.org/history.html>

⁷ <http://www.ctsi.nsn.us/chinook-indian-tribe-siletz-heritage/>

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.⁸ Enrollment totaled 4,780 in early 2009.

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 about eleven miles from the main road, Highway 26. In 1972, a lodge was built there.

The Indian Head Casino was added to Kah-Nee-Ta in 1995. In 2001, the casino was merged into the lodge and the name was changed to the Kah-Nee-Ta High Desert Resort & Casino. Although halfway between the large and comparatively affluent cities of Portland and Bend, its long distance from both cities and location well off the main highway constrain its customer base largely to locals and regular hotel guests.

Gaming Regulation

Indian casinos in Oregon are highly regulated — considerably more so than commercial casinos are. There are three independently acting entities directly involved in regulating the operations of tribal casinos in Oregon. In addition, casinos spend millions each year on security and auditing.

The first layer of regulation is the gaming commission. There are nine in Oregon—one for each casino. 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 2008, tribes paid over \$11.9 million to gaming commissions.

The Oregon State Police regulate casinos. In 2008, tribes paid nearly \$1.4 million directly to the Oregon State Police to fund the tribal gaming section. Gaming equipment companies that supply the casinos also paid regulatory fees to the Oregon State Police. The police monitor casinos, run background checks on casino employees and suppliers, and ensure the integrity and fairness of games.

⁸ http://www.warmsprings.com/Warmsprings/Tribal_Community/History_Culture/

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 \$271,964 in fees to support the NIGC’s work.

In 2008, the total regulatory costs for the nine tribal casinos in Oregon were \$14,021,838. In comparison, the Oregon Lottery expended \$3,439,143 on regulatory costs. This, in addition to charitable gaming and horse racing, brought the total cost of gaming regulation in Oregon to \$19.5 million. Additional, yet indeterminable, amounts were spent on security and auditing at all gaming facilities and retailers.

However, overall, nearly three-fourths of all the money spent on regulating gaming inside Oregon was directed to and paid for by Indian casinos.

Table 5: Federal, State & Tribal Government Gaming Regulatory and Enforcement Spending in Oregon, 2008

Type of Gaming in Oregon	2008
<u>Regulation fees paid by tribes:</u>	
Oregon State Police - tribal gaming section	\$1,363,245
Nine tribal gaming commissions	11,961,361
National Indian Gaming Commission	271,964
Paid by Oregon Tribes	\$13,596,570
Fees paid by gaming equipment vendors	425,268
Total casino regulatory costs	\$14,021,838
<u>Oregon Lottery:</u>	
Oregon State Police contract	\$2,223,082
Security services	982,630
Other lottery security expenses	233,431
Total OR lottery regulatory costs	\$3,439,143
Charitable bingo, raffles & fundraisers	\$682,375
Horse racing	1,381,092
Total Gaming Regulation	19,524,448

** Note: Oregon lottery costs are an average of the state fiscal years ending June 30, 2008 and June 30, 2009.*

Section III **Oregon Impacts**

Tribal gaming has grown to become a crucial tool for helping Oregon tribes meet the needs of tribal members. Tribal gaming also benefits the state economy. The benefits of tribal gaming include:

- Tribal gaming has created stable employment for thousands of workers.
- Returns from casinos are used to fund essential tribal government jobs and services; pay for improvements to local infrastructure; and support healthcare, housing, and education programs.
- For tribal members, casinos have meant less poverty, more employment, better standards of living, and less reliance on state and federal assistance.
- For Oregon, tribal gaming has emerged as a catalyst for tourism.
- Casinos are a major source of jobs that pay above average wages and often include health insurance, retirement plans, and other benefits. Casino employees include tribal and non-tribal members. Most casino workers live in rural Oregon.

This section begins with a brief description of the methodology used to measure economic impacts. It is followed by an analysis of 2008 tribal gaming revenues, expenditures, and employment—basic data that drives downstream impacts. This section then offers a summary of the economic and fiscal impacts of tribal gaming in 2008, and concludes with an evaluation of the changes in gaming and its economic impacts between 2003 and 2008.

Economic Impact Analysis

Economic impact analysis is a way of measuring how an industry, such as tribal gaming, affects a state economy. It is done through sophisticated computer models that use an input-output modeling framework designed to trace the flow of dollars through an economy as they move between businesses, employees, and consumers.

Methodology

The direct spending and employment by an industry will often generate subsequent impacts elsewhere in the economy. To measure these impacts, economists have developed an input-output modeling framework that mathematically represents how industries, households, and government institutions interact.⁹ Information about these interactions or linkages comes from various sources, including U.S. Census reports on population and business.

⁹ Input-output analysis was first put to practical use by Wassily Leontief in the late 1930's. While at Harvard, Leontief used his input-output system to construct an empirical model of the United States economy. This research gave rise to his 1941 classic, "Structure of American Industry, 1919-1929." For his research, Leontief was awarded the Nobel Prize in Economics in 1973.

The most widely used input-output modeling software is called IMPLAN, which is an acronym for “IMPact analysis for PLANning”.¹⁰ For this analysis, ECONorthwest used the IMPLAN modeling software to build a model of the Oregon economy in 2008. Economic impacts are measured in terms of output, wages, and jobs. *Output* is the broadest measure of economic activity. It is the total value of production. For casino-hotels, output is mostly gaming revenues, hotel room, and restaurant sales. However, for retail items, output is the difference between sales and the cost of goods sold. *Wages* are total payments to workers including benefits such as health insurance, life insurance, and retirement accounts. *Jobs* include both full- and part-time jobs.

Stages of Impacts

Impacts are felt at various stages or steps. Input-output models start with the **direct** impacts of the initial sector (in this case, tribal gaming and tribal government activities financed by gaming revenues). Spending by the tribes then **indirectly** affects backward-linked businesses that supply goods and services to the tribe and to other businesses. Both of these stages generate income and additional **induced** spending by households who directly or indirectly benefit from the increases in wages and purchasing power.

These three types of impacts are discussed within the context of this analysis.

- **Direct impacts** represent the first stage of impacts and are usually associated with the industry or activity that is the focus of the study. In this case, direct impacts include the output and employment of the nine tribal casinos and their related businesses, such as hotels and restaurants. In addition, because gaming revenues are used to help finance tribal government activities, the direct impacts also include the output, jobs, and wages of tribal government activities that are financed by the casinos.
- **Indirect impacts** describe the effects on other sectors that supply tribal casinos or governments with goods and services. For example, when an Oregon casino hires a local contractor to install carpeting, the amount paid is an indirect output. Furthermore, when that contractor, in turn, buys carpet from a store in Salem, that purchase also contributes to the total indirect output, as does the extra work done by the contractor and store clerk. Indirect impacts can go back many steps from the originating direct source, albeit their size diminishes considerably as they do.
- **Induced impacts** are generated by the additional income and purchasing power for casino and tribal government employees, as well as for businesses affected by tribal gaming and government operations. In the previous example, the extra wages of the carpet installer and store clerk along with the additional profits of their employers cause incomes in Oregon to rise. When this money is spent in Oregon, it stimulates downstream impacts on the economy. These are income-induced impacts and they are often quite large—especially in high-payroll industries like tribal gaming.

¹⁰ IMPLAN was initially developed by the U.S. Department of Agriculture in cooperation with FEMA and the Bureau of Land Management to assist federal agencies in their land and resource management planning. Since 1993, the Minnesota Implan Group, Inc. has been maintaining IMPLAN and updating the data used in the models.

Adapting IMPLAN to Fit the Actual Spending Pattern of Oregon Casinos

This analysis used the IMPLAN software to develop a model of the Oregon economy. IMPLAN contains a mathematical description of the spending pattern (or “production function”) of a typical commercial casino-hotel in the United States. Tribal casinos in Oregon, however, have markedly different expenditure patterns. Unlike commercial casinos, tribal casinos in Oregon reinvest heavily in local communities, spend significantly more on employee benefits, donate much more of their revenues to local charities, and return their profits to support local tribal government programs.

In order to more accurately model the economic impacts of tribal gaming, this analysis used actual data from the nine tribes to develop an actual production function for casinos in Oregon. Furthermore, the additional spending on tribal governments that was underwritten by gaming was incorporated into the model. This was done so that the model would accurately measure the impacts of tribal government expenditures on social and economic development programs, healthcare, education, public works, and other similar local needs. This differs from a standard commercial casino-hotel assumed in IMPLAN, which would divert much of its cash flow to out of the state investors.

Basic Assumptions of the Impact Analysis

The scope, definitions, and other basic assumptions of the impact analysis conducted for OTGA include:

- The analysis measures the economic impacts for the 2008 calendar year.
- The definition of the tribal gaming sector includes the hotels, restaurants, and other ancillary activities and amenities directly associated with the casinos and offered to casino customers.
- Since gaming revenues are used to finance additional tribal government activities, the direct impacts also include those portions of tribal government and other tribal needs that are underwritten by casinos.
- The analysis reveals the gross impacts of the casinos. These are all of the impacts that can be traced back to the original spending by the tribes in 2008 regardless of what spending would have occurred had the casinos not existed. In other words, all impacts linked to tribal gaming are reported without netting out possible substitution effects, such as the loss of an overnight stay at a non-casino hotel because a guest chooses to stay at an Indian casino hotel instead.

Tribal Operations in 2008

Data collected from individual tribes for the 2008 calendar year form the inputs into the economic impact analysis. For tribal gaming operations, this data includes gaming revenues, direct casino employment and payroll, and expenditures by major categories.

Tribal Gaming

Table 6 is a summary of the Indian casino industry's revenues and expenses in 2008. Visitors spent about \$490 million on gaming, which is less than in the pre-recession year 2007. However, more people did visit casinos and collectively they spent more on hotel stays, food & beverages, retail items, golf, and entertainment. Net revenues were down for the year and overall spending per visitor dropped four percent from \$51.35 to \$49.31 in 2008.

Table 6: Revenues and Selected Expenditures by Tribal Casinos in Oregon, 2008

Revenues & Expenditures	2008
<u>Revenues:</u>	
Gaming	\$489,935,055
Food & beverage sales	56,261,267
Hotels and RV parks	29,047,361
Gift shops, recreation & other	15,356,897
Less complimentary goods & services	(12,994,645)
Net Total Revenues	\$577,605,935
<u>Selected Expenditures:</u>	
Labor	\$202,898,989
Utilities	8,774,009
Advertising, marketing, & entertainment	53,661,779
Costs of goods sold	35,969,760
Repairs and maintenance	4,138,439
Supplies	8,051,143
Professional services	4,535,492
Other operating expenses	51,951,527
Charity and community fees & donations	10,380,908
Construction & equipment purchases	82,662,468
Tribal govt. services & member support	173,444,448

Source: Tribal reports.

All cash expenditure categories except for capital investments (equipment and construction purchases) rose in 2008. Tribes competed for customers by spending nearly \$53.7 million in advertising, marketing, and entertainment. They also gave away nearly \$13 million in complimentary services. Both are record levels. In spite of declining net revenues and higher cash costs, the nine casinos managed to increase their support of tribal government and member services by more than six million dollars to \$173.4 million in 2008. They accomplished this by reducing their spending on new equipment, furnishings, and buildings.

Hotel casinos are labor intensive. As a result, payroll is their largest single cost. Table 7 provides additional details for the labor costs of tribal casinos in Oregon in 2008.

Table 7: Wages, Taxes, and Benefits Paid by Tribal Casinos and Employees, 2008

Labor Statistics	2008
<u>Labor Costs Paid by Casinos:</u>	
Compensation*	\$155,411,079
Payroll taxes	14,452,760
Healthcare benefits	29,332,227
Other benefits & compensation	3,702,923
Total paid by casinos	\$202,898,989
Avg. number of employees	5,614
<u>Per Employee:</u>	
Wages earned	\$27,683
Benefits and taxes paid by casinos	\$8,459
State & federal income, Medicare, & Social	
Security taxes paid by workers	\$5,561

* Compensation includes wages, tips, and most retirement contributions.

Tribal gaming operations employed an average of 5,614 workers in 2008 or about 300 more than the previous year. The average wage for casino employees in 2008 was \$27,683. This was 70 percent higher than the statewide average wage for workers in the leisure and hospitality industry.¹¹

Tribal gaming also provides employees with substantial benefits packages. As shown in Table 7, tribes spent over \$29.3 million on healthcare benefits for their casino and hotel employees.

Tribes paid nearly \$14.5 million in payroll taxes for their gaming employees. Those employees themselves paid \$5,561 each in Social Security, Medicare, and state and federal income taxes. Total employment taxes in 2008 were about \$45.7 million.

Tribal Government Support

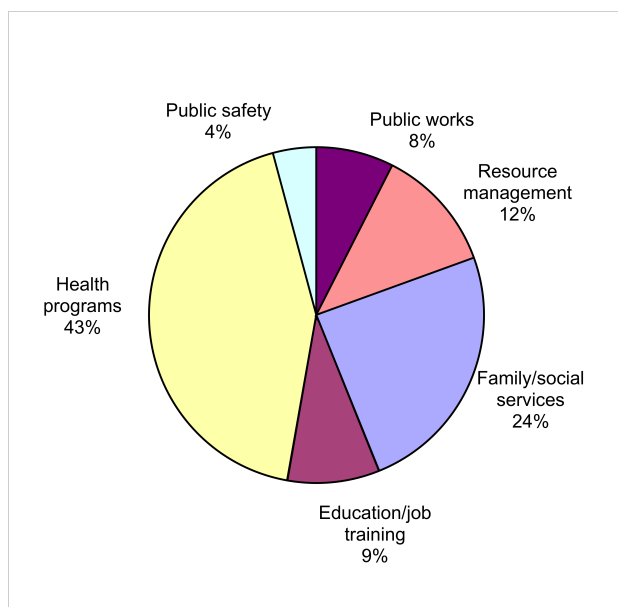
For Oregon tribes, gaming offers an economic development opportunity that generates jobs and incomes for members and non-members alike. Tribal gaming also generates revenues that tribal governments use to provide essential social services, build local infrastructure, promote economic development, or enhance the economic conditions of tribal members.

After paying operating expenses, capital costs and debt, tribal gaming generated almost \$173.4 million in revenues in 2008 that were used to support tribal government programs or distributed to tribal members.¹² Most of the revenues (\$146.9 million or 85 percent) went to tribal government programs. The remainder (\$26.5 million) was distributed to tribal members. Figure 2 shows how the \$146.9 million in gaming revenues were allocated to major programs offered by tribal governments.

¹¹ 2008 data retrieved from Oregon Labor Market Information System at www.olmis.org on May 10, 2010.

¹² Several tribes also paid interest on debt and borrowed money for large capital projects. These cash flows also affected how much would be available to cover tribal service needs.

Figure 2: The Allocation of Tribal Gaming Revenues to Tribal Government Programs, 2008



Healthcare is the largest tribal government program that casinos revenues help to support. About 43 percent of the \$146.9 million was used to provide expanded health care services. Gaming revenues were also distributed to other essential services provided by tribal governments, such as family and social services (24 percent), education and job training (9 percent), and public works and public safety (collectively 12 percent). In addition, tribal governments allocated 12 percent of the transferred gaming revenues to resource management programs, and, thereby, continued with their commitment to both environmental and economic development goals.

It's important to understand how recessionary factors affected tribal government spending in 2008. According to the National Bureau of Economic Research, the recession (dubbed the "Great Recession" because of the scale of economic decline) officially began in December 2007. The key findings, as they relate to tribal government spending, include:

- Total tribal government spending increased by approximately 14 percent in 2008, as the demand for the various social services provided by the tribes increased.
- Net gaming revenues fell from \$596.7 million in 2007 to \$577.6 million in 2008 (a \$19.1 million or 3.2 percent decline). However, tribal government spending supported by gaming revenues declined only slightly from \$176.5 million to \$173.4 million (a \$3.1 million or 1.7 percent decline). This suggests that tribal leaders were quick to understand and respond to the potential, impending social consequences of the recession by moving funds from gaming-related capital projects and other major expense categories towards social programs offered by tribal governments.

- In previous years, the allocation of spending across tribal government programs was fairly steady. In 2008, recessionary factors tended to guide spending away from the more discretionary tribal government programs (resource management and education/job training) towards programs that provide critical services to struggling families (health, and family and social services). In some cases, these services are available for both tribal and non-tribal members of the community.

Results of the Impact Analysis

This section reports the economic and fiscal impacts associated with tribal gaming and government operations in 2008.

Economic Impacts

The economic impacts associated with tribal gaming in 2008 are shown in Table 8. The direct impacts originate from two inter-related activities: 1) tribal casino operations, including gaming, lodging, food and beverage sales, and all other sales; and 2) the additional tribal government spending made possible because of funding from tribal gaming. These direct economic impacts are shown in the first three rows of Table 8.

Table 8: Economic Impacts of Tribal Gaming in Oregon, 2008

Economic Activity	Economic Output	Wages and Benefits	Full- and Part-Time Jobs
<u>Direct Impacts</u>			
Gaming and Hospitality	\$590,600,600	\$202,899,000	5,614
Tribal Needs Supported by Casinos	\$146,896,200	\$53,966,500	937
Direct Impacts	\$737,496,800	\$256,865,500	6,551
<u>Indirect and Induced Impacts</u>			
Natural Resources and Construction	\$99,138,500	\$30,932,100	819
Manufacturing	62,747,800	10,069,100	204
Wholesale and Retail Trade	105,561,400	45,920,400	1,367
Services	464,518,100	163,558,700	5,324
Other	171,152,700	46,232,800	1,218
Indirect and Induced Impacts	\$903,118,500	\$296,713,100	8,932
Total Impacts	\$1,640,615,300	\$553,578,600	15,483

Note: "Other" includes transportation; communication; utilities; finance, insurance and real estate; and government sectors.

Most of the direct economic impacts are attributed to tribal gaming operations. Gaming operations directly generated \$590.6 million in economic activity, including \$202.9 million in wages and benefits, and 5,614 full- and part-time jobs. Gaming operations also underwrote \$146.9 million in tribal government activity, which resulted in \$54.0 million in wages and benefits, and 937 full- and part-time jobs.

The second section of Table 8 shows the combined indirect and induced impacts by major industry sector to highlight the tendency of tribal spending to occur locally and, thus, have major ripple effects on jobs and incomes in other Oregon industries. The service sector — Oregon’s largest — benefited the most from tribal gaming and government spending in 2008, with approximately \$464.5 million in output, \$163.6 million in wages, and 5,324 jobs. This is important because the service sector encompasses a wide range of occupations, from waiters and landscapers to doctors and attorneys.

Other sectors that benefit significantly from tribal gaming are wholesale and retail trade, and construction. Tribal gaming, and the government activities it supports, generated approximately \$105.6 million in output, \$45.9 million in wages and benefits, and 1,367 jobs for workers and business owners in the state’s wholesale and retail trade sectors. These impacts are down slightly from 2007. In addition, natural resources and construction sectors also benefited from tribal gaming. Although these impacts were down from the previous year (primarily the result of the 22.9 percent decrease in capital spending), workers in these industries received \$30.9 million in wages and 819 jobs.

The “other” sector as shown in Table 7 accounts for about 14 percent of the indirect and induced employment impacts. Most of those jobs were in the financial and real estate industries, which benefit from tribal gaming primarily as a result of employee spending. Workers in Oregon spend over 29 percent of their incomes on housing.¹³ Dollars earned by tribal employees flow directly into home purchases, apartment rents, and remodeling projects—and ultimately into property taxes for local schools and communities. The “other” sector also includes utility purchases. Casinos are heavy users of electricity and water because they cater to so many visitors; use significant amounts of electrical equipment; have large floor spaces with extensive heating and ventilation requirements; and are generally open 24 hours a day.

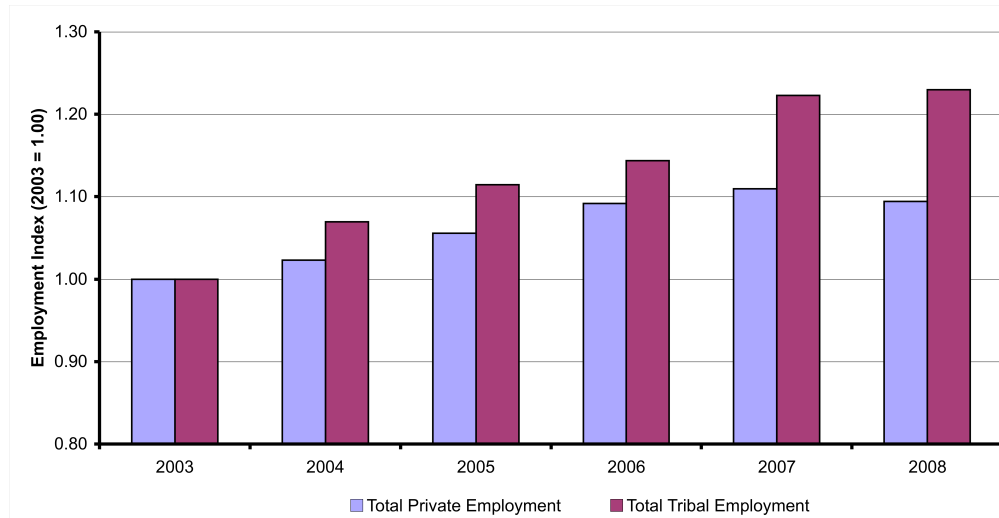
In total, \$1.6 billion in economic activity, including over \$553.6 million in wages and benefits, and 15,483 jobs were linked to tribal gaming and government spending. Some key findings from this analysis include:

- Although total net gaming revenues and monetary support of tribal gaming declined slightly, the direct wage and job impacts associated with both activities increased slightly. As such, the tribes were able to maintain employment and payrolls in the recession-induced tight budgetary climate of 2008. This is shown in Figure 3 and discussed in more detail below.
- The mix of secondary impacts changed modestly with service sector activity increasing, and all other sectors experiencing mild or modest declines. This is, primarily, the result of changing budget priorities for both gaming and government operations.
- The total economic impacts attributed to tribal gaming operations and tribal government programs supported by gaming revenues increased slightly from the previous year. This suggests that supply-chain relationships remain intact, and consumption driven spending continues to have a strong stimulus effect on other sectors.

¹³ From Portland MSA data from the US Bureau of Labor Statistics <http://www.bls.gov/cex/home.htm>.

A continuing theme throughout this section of the report is to evaluate these economic and fiscal impacts within the recessionary environment of 2008. From an employment perspective, with Oregon rising over the year to fifth in the nation in unemployment, this context is particularly revealing. In 2008, tribes were able to maintain employment and payrolls even as the nation and state entered into a recession. Figure 3 shows how tribal employment compares with private state employment over the 2003 – 2008 period. (For comparison purposes, an employment index has been created that compares employment levels to 2003 employment levels.)

Figure 3: Comparison of Oregon Private Sector Employment and Tribal Employment, 2003 – 2008 (employment indexed to 2003 levels)



Sources: Total private employment based on covered employment data from Oregon Labor Market Information System (OLMIS). Tribal employment data provided by tribes and represents the direct tribal employment reported in the top rows of Table 7 in this report.

Figure 3 clearly shows that tribal employment growth has generally exceeded employment growth in the private sector over the last six years. Between 2003 and 2008, tribal employment increased by 23.0 percent while private sector employment in Oregon increased 9.4 percent. Moreover, while the private sector employment declined by 1.4 percent in 2008, tribal employment increased by 0.5 percent.

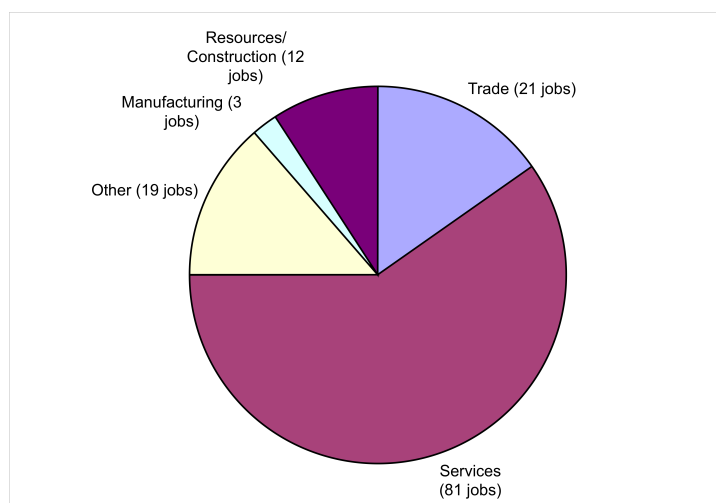
As the preceding discussion and the last row in Table 8 illustrate, tribal spending has a *multiplier effect* on the state’s economy as spending originally attributed to tribal gaming and government activities circulates to workers and business owners in other parts of the economy. The multiplier effect describes the linkages between tribal activities and the Oregon economy—the larger the multiplier, the greater the linkages. This multiplier effect can be calculated mathematically across all impact measures by dividing the total impacts by the direct impacts.¹⁴ The resulting number can be used to gauge the economic linkages between a corporation, industry, or activity, and the rest of the economy. For example, the employment multiplier for tribal gaming activities is 2.36 (15,483 total jobs divided by 6,551 direct jobs). The economic multipliers for tribal gaming operations in Oregon are discussed below for each impact measure:

¹⁴ This is called a Type II or a Type SAM multiplier.

- **The output multiplier equals 2.22.** On average, every \$1 million in tribal activities generates another \$1.22 million in output in other sectors of the Oregon economy.
- **The wage multiplier equals 2.16.** Every \$1 million in wages paid by the tribes leads to, on average, additional economic activity that generates \$1.16 million in wages for workers in other sectors of the Oregon economy.
- **The employment multiplier equals 2.36.** Thus, on average, every 100 tribal jobs are linked to another 136 jobs in other sectors of the Oregon economy.

Figure 4 shows the multiplier effect arising from 100 tribal gaming industry jobs. As discussed above, with an employment multiplier of 2.36, every 100 tribal jobs are associated with another 136 jobs in other sectors of the Oregon economy. Figure 4 shows how these 136 jobs are allocated across industry major industry sectors.

Figure 4: Job Impacts in Oregon, by Sector, Associated With 100 Tribal Gaming Jobs (the “Multiplier Effect”), 2008



The state’s service sector receives the majority of the employment multiplier effects, with 81 service jobs for every 100 tribal jobs. The state’s retail and wholesale trade sector benefits with 21 jobs for every 100 tribal jobs.

Fiscal Impacts

In the United States, tribes are recognized as sovereign governments. They earn revenues, which are then used to pay for tribal government programs such as affordable housing projects, healthcare, education, police services, public works, road construction, administration, and other social services. Some of this spending also directly benefits non-tribal members through shared services for healthcare, recreation, and support for public schools. In addition, the contributions and donations made by tribal governments benefit all Oregonians.

In Oregon, casinos are part of tribal governments, much as the Oregon Lottery is part of State government. Neither the Oregon Lottery nor the tribal casinos are subject to income and property taxes, but their cash flows are both used to support government services and public needs. In addition, many tribal governments do, in fact, pay state and local jurisdictions for services.

The greatest fiscal impact associated with Oregon tribes comes in the form of income taxes paid by casino and tribal government employees, tribal members, and non-tribal workers and businesses who subsequently benefit from gaming. In 2008, tribal gaming and the economic activity it creates generated approximately \$22.7 million in income tax revenues for the State of Oregon. This represents 60 percent of the total \$37.9 million in revenues generated for the State of Oregon by tribal gaming and government activities.

Table 9: Tax and Fee Revenues Associated with Oregon Tribal Gaming and Government Activities, 2008

<u>Jurisdiction/Source</u>	<u>2008</u>
<u>State of Oregon</u>	
State personal & corporate income tax	\$22,734,100
Other state taxes, fees & licenses	15,203,300
Total State Revenues	\$37,937,400
<u>Local Governments in Oregon</u>	
Local property taxes	\$17,754,600
Other local taxes, fees & licenses	6,607,100
Total Local Revenues	\$24,361,700
<u>U.S. Federal Government</u>	
Federal personal & corporate income tax	\$41,892,700
Excise & retirement taxes	35,773,100
Total Federal Revenues	\$77,665,800
Total All	\$139,964,900

Tribal activities also benefit local taxing jurisdictions in this state. In 2008, the economic activity associated with tribal gaming and government spending generated approximately \$24.4 million in revenues for local governments. In total, tribal gaming and government activities in Oregon generated just over \$140.0 million in revenues for local, state, and federal governments. This is a 4.2 percent increase from the previous year.

Recent Trends

This section of the report looks at trends in tribal operations, and economic and fiscal impacts over the six year, 2003 - 2008 time period. It starts by examining trends in casino visitation, revenues, and expenditures. It then shows the important role that tribal gaming has in providing funding for tribal government programs and tribal members. It concludes by evaluating the economic and fiscal impacts associated with tribal gaming and government activities.

Gaming Operation Trends

Visitation statistics are reported in the top two rows of Table 9. In 2008, tribal gaming in Oregon entertained over 11.7 million visitors — a small increase over 2007. In addition, tribal casinos reported 287,929 room nights at their hotels for an increase of 2.8 percent increase from the previous year.

Table 10: Tribal Gaming Visitation, Revenues, and Expenditures, 2003 – 2008

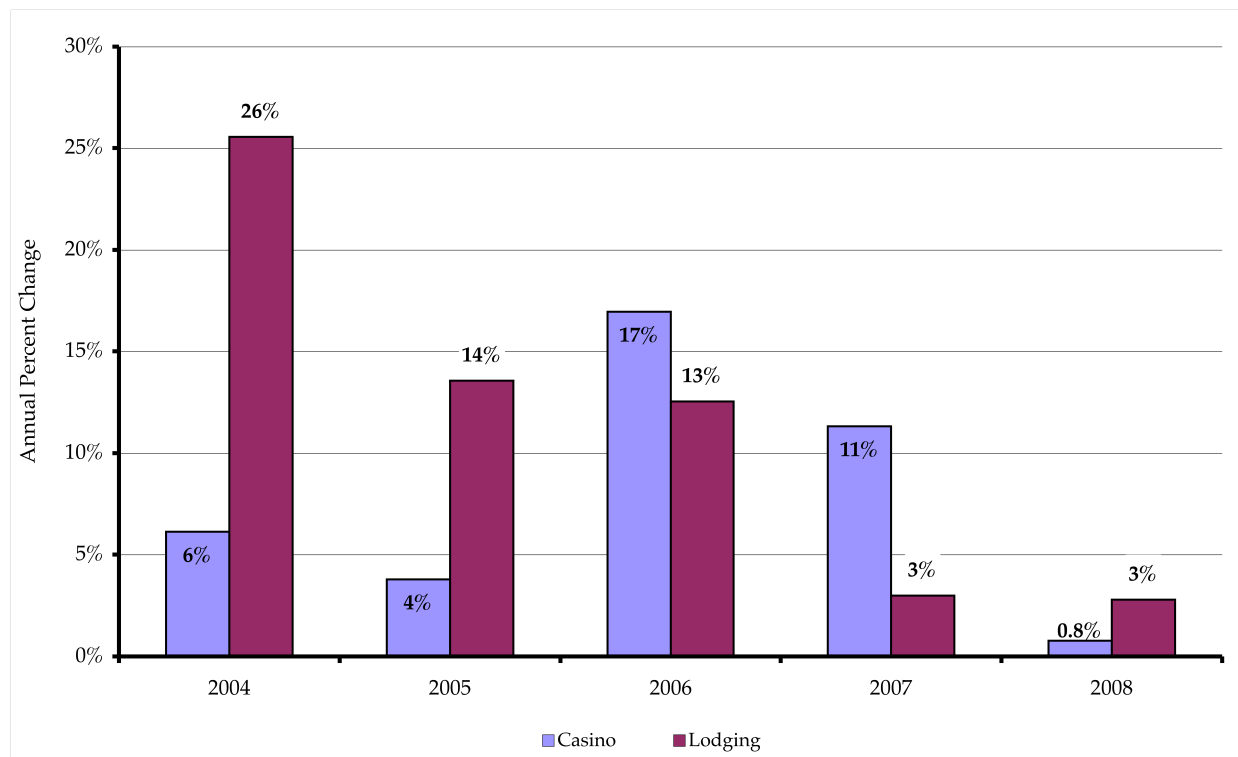
	2003	2004	2005	2006	2007	2008
Visitation						
Casino	8,102,578	8,600,599	8,926,938	10,440,719	11,621,815	11,712,582
Hotels and lodging*	169,558	212,881	241,738	272,067	280,176	287,929
Net Revenues						
Gaming	\$384,192,000	\$419,599,000	\$459,689,000	\$487,155,000	\$507,622,000	\$489,935,100
Food and Beverage	41,672,000	45,633,000	49,082,000	52,544,000	54,935,000	56,261,300
Hotel, Lodging and RV	14,783,000	18,254,000	21,021,000	24,774,000	27,736,000	27,854,600
Other	13,098,000	15,552,000	16,393,000	15,687,000	16,493,000	15,356,900
Less complementaries	(6,050,000)	(6,629,000)	(7,973,000)	(14,205,000)	(10,042,000)	(12,995,000)
Total Net Revenues	\$447,695,000	\$492,409,000	\$538,212,000	\$565,955,000	\$596,744,000	\$576,412,900
Major Expenditures						
Labor	\$162,935,000	\$174,161,000	\$185,588,000	\$193,951,000	\$201,897,000	\$202,899,000
Operating and Other	127,528,000	128,761,000	149,733,000	162,096,000	183,895,000	204,054,300
-Donations/Contributions	7,713,000	8,088,000	9,079,000	9,698,000	9,349,000	7,904,900
-Fees/Contributions to S&L Govt	1,987,742	4,872,526	4,864,000	2,247,000	2,309,000	3,839,224
Construction/New Equipment	42,124,000	56,735,000	28,513,000	65,800,000	107,170,000	82,662,468

Note: Hotel and lodging visitation does not include RV park visitors.

Over the six year, 2003-2008 time period, the average annual growth rate in casino visitation and room nights sold was 7.6 percent and 11.2 percent, respectively. These growth rates slowed dramatically with the recession that began in December 2007.

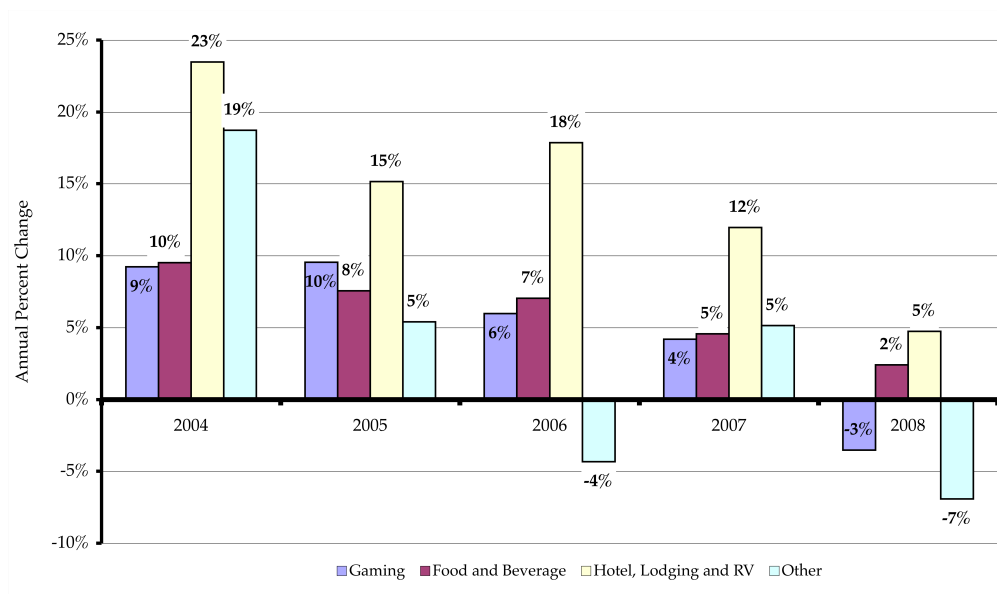
In our previous 2007 report, Figure 5 helped to show how the relative mix of visitors changed over the 2003-2007 period, i.e., the growth in lodging visitation was strong early in the time period, only to be overcome by visitor growth at the casinos. Now, with the Oregon and national economies in recession during the entire 2008 calendar year, Figure 5 helps to show the link between casino visitation and household incomes. The recession reduced incomes in Oregon and nationally, and this led to a lower growth.

Figure 5: Annual Percent Changes in Casino and Lodging Visitation, 2003 – 2008



As shown in Table 10 and described previously, major revenue categories for 2008 were strongly affected by the economic recession that began in December 2007. Annual percent changes in revenues are shown for each major category for the 2003 – 2008 period in Figure 6.

Figure 6: Annual Percent Changes in Casino Revenues, by Major Revenue Category, 2003 – 2008



In 2008, casino revenues declined by 3 percent and other revenues declined by 7 percent. Over this same time period, however, lodging revenues increased by 5 percent, and food and beverage sales increased by 2 percent.

The following two factors combined to push operating costs up in 2008, despite the slowdown in casino visitation: 1) the increased pressure on tribes to market and compete with other recreational opportunities in a recessionary climate (expenditures on comps and advertising and professional services increased), and 2) price increases for some of major expense categories (labor and utilities). In total, labor costs increased 0.5 percent and non-labor operating expenses increased 11.0 percent in 2008.

Tribal Government Support Trends

Gaming revenues have enabled tribes to support tribal government activities and members. Historically, this support has been increasing. In 2008, approximately \$173.4 million in gaming revenues went to support tribal government programs or were distributed to tribal members. This, however, represents a \$3.0 million decrease (-1.7 percent) from 2007 and largely reflects recessionary macroeconomic factors.

Despite the modest drop in gaming revenues transferred to tribal government programs and tribal members in 2008, the history of tribal gaming as an important economic development engine for the tribes is undeniable. Table 11 shows the annual and cumulative gaming revenues transferred to the tribes. Over the last six years, just over \$1.0 billion in gaming revenues has been used to build or improve health clinics, housing, youth and cultural centers; pay down debt; provide medical and social services; pay for job training services and education programs ranging from Head Start to college scholarships; and increase the standard of living of tribal members.

Table 11: Gaming Revenues Used to Support Tribal Government Programs and Tribal Members, 2003 – 2008

Year	Annual Support
2003	\$141,665,000
2004	168,826,000
2005	179,992,000
2006	202,004,000
2007	176,442,000
2008	173,444,448
Total	\$1,042,373,448

Oregon tribal governments have plans for continued investments in social programs, economic development projects, and infrastructure. These investments will help to improve local communities, as well as enhance the economic conditions of tribal members, employees, and their families for years to come. Much of this spending, however, is dependent on the success of the tribes' major economic development program—tribal gaming.

Economic Impact Trends

As shown in Table 12, between 2003 and 2007, increases in casino visitation translated into steadily growing direct impacts for tribes in Oregon. By 2008, however, the economic recession led to declines in gaming visitation and revenues, and the direct output of casinos fell. These declines in gaming activity were offset by casino payroll and employment that held steady, and by a small increase in tribal government services and employment. Together, they led to a small increase (35 jobs) in direct tribal employment (6,551 jobs) in 2008.

Table 12: Economic Impacts, 2003 – 2008

Year	Direct Impacts			Total Impacts		
	Output	Wages and Benefits	Jobs	Output	Wages and 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

In total, the economic contributions of tribal gaming in this state have grown, but this growth slowed significantly in 2008. Statewide, approximately \$1.6 billion in economic activity, including \$553.6 million in wages and benefits, and 15,483 full- and part-time jobs are directly or indirectly linked to tribal gaming.

Fiscal Impact Trends

As shown in Table 13, in 2008, tribal gaming generated tax and fee revenues totaling more than \$37.9 million for the State of Oregon and almost \$24.4 million for local governments in Oregon. Over the last six years, tribal gaming and the economic activity it generates have contributed approximately \$216.4 million in revenues for the State of Oregon and \$122.4 million in revenues for local governments.

Table 13: Tax and Fee Revenues, by Major Taxing Jurisdiction, 2003 – 2008

Year	State of Oregon	Local Governments	Federal Government
2003	\$25,611,700	\$17,013,900	\$58,289,400
2004	\$34,487,100	\$19,293,900	\$68,693,700
2005	\$41,155,000	\$22,036,900	\$77,072,700
2006	\$38,831,700	\$17,970,700	\$73,379,400
2007	\$38,409,000	\$21,755,200	\$74,160,000
2008	\$37,937,400	\$24,361,700	\$77,665,800
Total All Six Years	\$216,431,900	\$122,432,300	\$429,261,000

Section IV Charitable Grants by Casinos

In 2008 five tribes awarded \$6,890,867 in community benefit grants to area nonprofits.¹⁵ In addition, all nine tribes and casino made contributions to local charities, which totaled over \$1,012,000. Community benefit fund grants are awarded to nonprofits in specific counties near tribal casinos that have table games other than blackjack. The amounts from casino gaming that are contributed to these funds are based on formulas set in the gaming compacts negotiated between the individual tribes and the Governor. Table 14 summarizes grants by county.

Table 14: Community Benefit Fund Grants, 2008 and 1997 – 2008, by County

County	2008	1997 - 2008
Benton	\$104,582	\$1,000,482
Clackamas	216,400	906,371
Coos	703,718	2,790,515
Curry	15,233	65,578
Deschutes	46,579	678,458
Douglas	332,514	3,701,922
Jackson	130,888	1,494,169
Josephine	118,829	998,447
Klamath	67,477	245,744
Lane	625,538	4,817,158
Lincoln	502,214	4,748,036
Linn	167,500	953,275
Lake	1,000	13,250
Marion	421,978	4,970,326
Morrow	19,750	211,011
Multnomah	1,596,152	19,649,033
Polk	624,272	6,204,786
Tillamook	23,337	1,095,232
Umatilla	485,882	2,717,622
Union	110,560	459,744
Wallowa	44,370	243,262
Washington	85,235	1,860,137
Yamhill	315,759	4,881,542
Other	131,100	150,273
Total	\$6,890,867	\$64,856,372

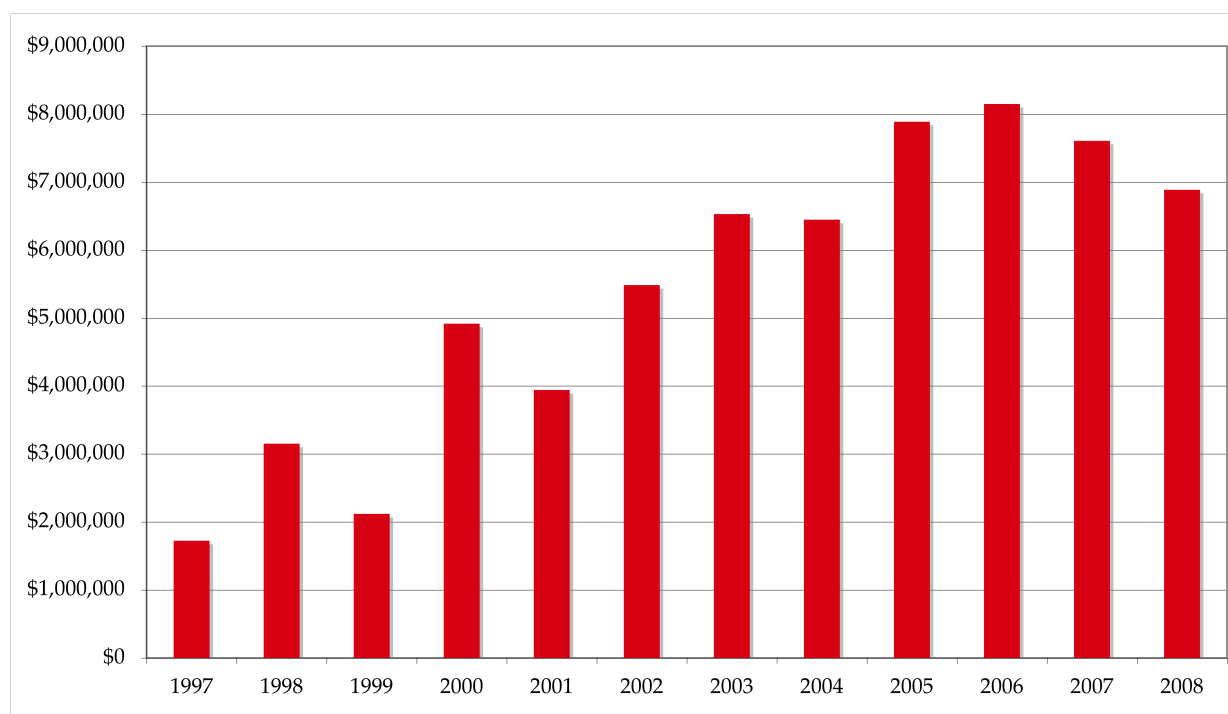
Source: ECONorthwest analysis of data provided by Mr. Ken Gordon, Executive Director of the Potlatch Fund on May 18, 2010.

¹⁵ There is a slight difference between grant awards and grant dollars issued in this report. The difference is attributable to minor timing differences.

Counties with casinos that offer expanding table gaming and those nearby such casinos that also have a concentration of charitable organizations have historically received most of the grant dollars. In 2008, nonprofits in Multnomah County received nearly \$1.6 million, which made it the largest recipient. However, this is in part due to the prevalence of statewide nonprofit organization offices in Multnomah County and many of these charities spend the grant money they receive throughout the state.

Annual grants by community benefit funds financed by Oregon tribal gaming revenues rose dramatically since 1997. This reflects the benefits of casinos being able to expand gaming variety and boost revenues. The recession, however, has taken a toll and grants fell moderately in 2008. Nonetheless, grants by casino-supported community benefit funds remained substantial — they were nearly \$6.9 million in 2008 as shown on Figure 7. Since 1997, about \$65 million in grants have been awarded to local charities throughout Oregon.

Figure 7: Grants to Charities by Casino Supported Community Benefit Funds in Oregon, 1997 - 2008



Source: Mr. Ken Gordon, Executive Director of the Potlatch Fund on June 15, 2009.

Section V **Gaming Market in 2008**

Gaming revenue is approximately the difference between how much people wager and what they win. The size of the gaming market is measured by the dollar value of these revenues.

Economists can measure markets in two ways and for gaming both methods are used:

- (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.
- (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 consumers and it tracks the incomes of Oregonians closely.

For this analysis, the size of the gaming market in Oregon was determined by assembling data from lotteries, state agencies, federal government sources, tribes, surveys, and economic models. Because many Oregonians go across state borders to gamble, data was collected from sources in Washington and Nevada too. A detailed explanation of how gaming revenues are measured and the different types of gaming in Oregon can be found in Appendix A, which begins on page 38.

Gaming Revenues in 2008

As shown in Table 15, gaming in the state totaled \$1,574,808,645 in 2008 and nearly eight percent of that came from non-residents.

Table 15: Gaming Market by Place & Residency, 2008

Where Gaming was Done and Where Players Came from	Revenues in 2008	% of Total
<u>Gaming in Oregon:</u>		
By Oregon Residents	\$1,452,416,009	92.1%
By visitors to Oregon	122,392,637	7.9%
Total Gaming Inside Oregon	\$1,574,808,645	100.0%
<u>Gaming by Oregonians:</u>		
Done in Oregon	\$1,452,416,009	90.0%
At places out-of-state	162,207,384	10.0%
Total Gaming by Oregonians	\$1,614,623,392	100.0%

Residents of Oregon spent about \$1,452.4 million inside the state and another \$162.2 million out-of-state. The sum of those two, nearly \$1,614.6 million, was what Oregonians spent on gaming in 2008.

Table 16 shows where and on what people gambled. Oregon Lottery games accounted for nearly \$988.8 million of the gaming done in Oregon during calendar year 2008. Revenues at the nine tribal casinos in the state approached \$490 million. The average Oregonian spent \$425.90 on gaming. This was \$25.65 less than what they spent in 2007 and it is the first annual decline in many years.

Table 16: Oregon Market by Type of Gaming, 2008

Type of Gaming	Gaming Revenues in 2008	
	Conducted in Oregon	Done by Oregonians
<u>Oregon Lottery:</u>		
Breakopens*	\$140,807	\$137,012
Scratch tickets	37,817,527	37,528,399
Megabucks lotto	9,828,377	9,754,293
Powerball lotto	26,088,839	25,822,267
Keno	33,921,117	33,650,856
Sports action game**	-	-
Pick-Four game	502,183	496,806
Win for life game	2,256,753	2,240,230
Scoreboard sports lottery game**	-	-
Lucky Lines	819,083	813,377
Video games	877,425,307	851,066,073
Oregon Lottery Subtotal	\$988,799,993	\$961,509,313
<u>Other Gaming:</u>		
OR Indian casinos	\$489,935,055	\$397,647,780
Charitable bingo	10,839,101	10,812,093
Charitable raffles	5,114,467	5,107,682
Charity casinos & fundraisers	880,146	878,090
WA pulltabs	-	82,942
WA casinos and card rooms	-	37,814,245
Casinos outside OR & WA	-	123,150,629
Live racetrack betting	582,828	508,054
Off-track & simulcast betting	10,534,857	7,830,800
Parimutuel account wagering	3,869,841	3,869,841
Misc. legal out of state gaming	-	1,159,568
Illegal Internet & other illegal	64,252,357	64,252,357
TOTAL	\$1,574,808,645	\$1,614,623,392
Change from 2007	-1.01%	-4.53%
Gaming per person		\$425.90
Gaming as a share of income		1.17%

* Game suspended in April 2008.

** Sports based lottery games were discontinued February 2007.

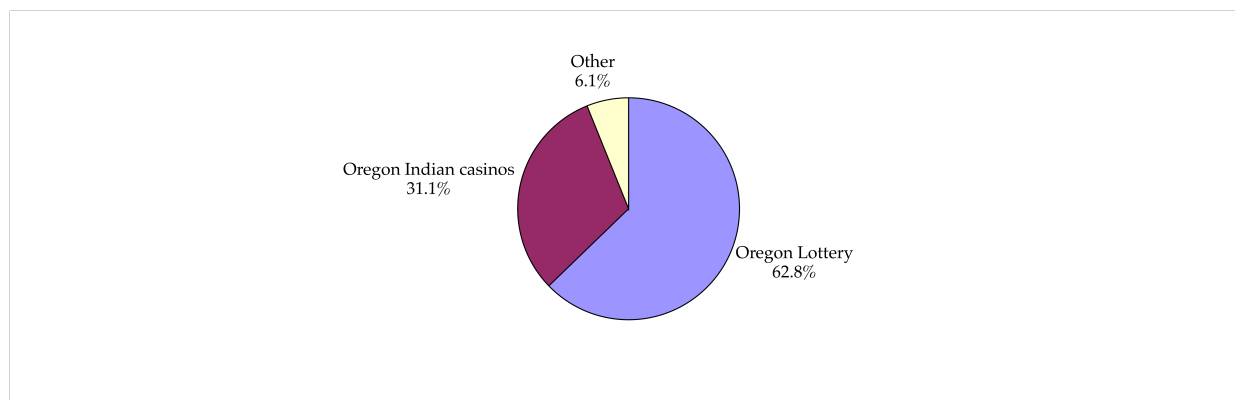
Gaming fell because of the recession, which began in November 2007. Rising unemployment and household credit defaults caused consumers to retrench. They particularly cut back on travel, which affected out-of-state gambling activity. As a share of personal income, Oregonians spent 1.17 percent on gaming in 2008 compared to 1.29 percent in 2007.

Similar behavior was observed in Washington state, albeit a somewhat more resilient economy softened the blow. Activity in the state was also helped by the addition of a new casino near Seattle and an ongoing expansion of new VLTs. Nonetheless, per capita gaming in Washington still declined from about \$411 to \$409. And Washingtonians spent about \$2.7 million less in 2008 in Oregon casinos.

Market Share Analysis

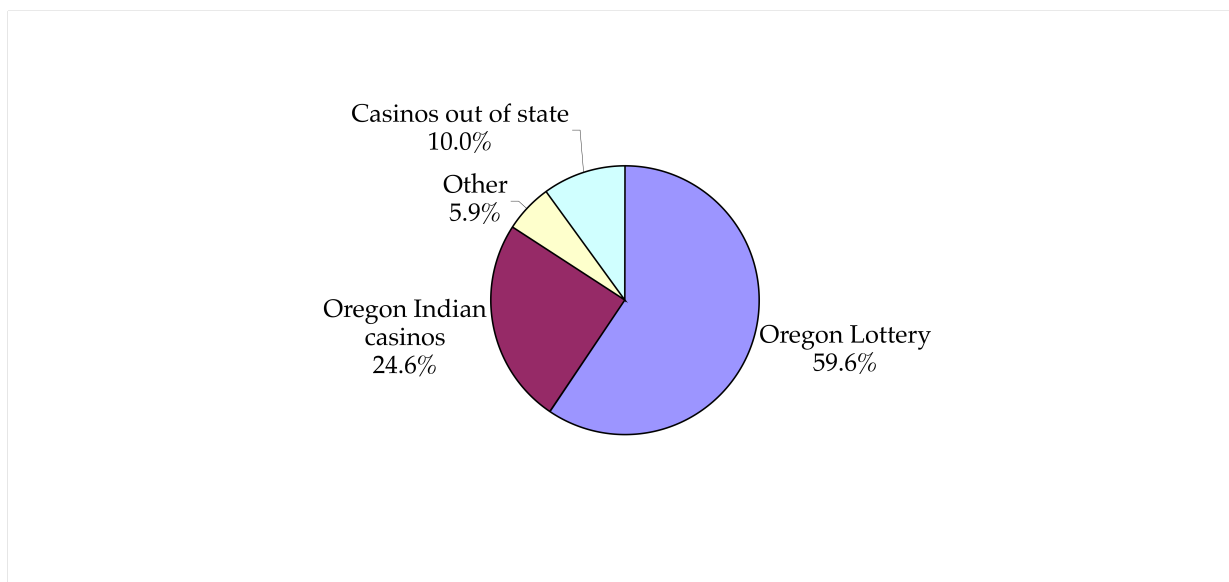
The share of gaming at the nine tribal casinos in Oregon continued to erode at the expense of the Oregon Lottery and Internet gaming. In 2008, the casinos captured 31.1 percent of the gaming done in Oregon — a market share decline of nearly four percent in just five years.

Figure 8: Market Shares of Gaming Done in Oregon in 2008



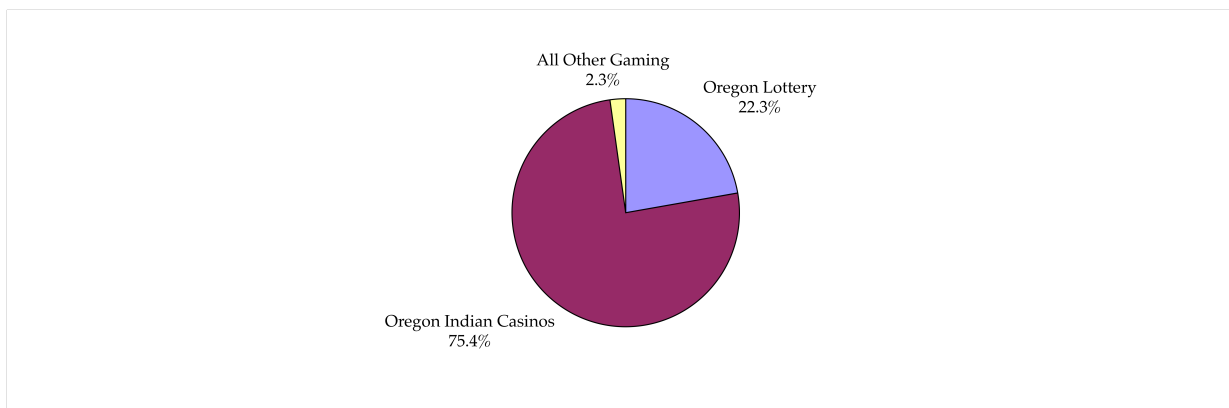
In 2008, Oregonians spent 24.6 percent of the gaming dollars at Oregon casinos. However, most of their spending went to the Oregon Lottery, which saw its market share rise to 59.6 percent from 57.5 percent the year before. Out-of-state gaming, especially to Reno and Las Vegas, dropped precipitously to just 10 percent of the market down from 13.5 percent in 2007.

Figure 9: Market Shares of Gaming by Oregonians in 2008



Of the \$122.4 million in spending on gaming in Oregon by non-residents, 75.4 percent was done at the nine tribal casinos in the state. The Oregon Lottery held a 22.3 percent share of the tourist gaming business. Other forms, primarily racetracks, experienced continuing market share losses and captured only 2.3 percent of the non-resident gaming dollars in 2008.

Figure 10: Gaming Market Shares of Oregon Tourists, 2008



Gaming Activity in Oregon: Market Changes in 2008

Gaming revenues in Oregon fell for the first time in over 25 years. In 2008, revenues from Oregon Lottery games dropped about \$11.6 million. Tribal casinos in the state sustained a decline of nearly \$17.7 million. Total gaming was down one percent in Oregon.

Large percentage losses occurred in a few lottery games. Megabucks declined 28.7 percent, as there was only one series, for four weeks starting in mid October, where the top prize rose above \$8 million invoking heightened player interest. The lottery's Sports Action and Scoreboard games were discontinued after the Super Bowl in early 2007, so 100 percent losses were recorded on those games. Breakopens were discontinued in April 2008 and revenues from that game fell 60 percent. Charitable bingo fell 12.6 percent, due mostly to a very weak economy that disproportionately affects bingo players who have lower than average incomes. Live racetrack betting declined as Portland Meadows scheduled races to early weekdays so to attract out-of-state players, whose gaming revenues (since wagers are made from other states) are not recorded on Table 17.

Table 17: Changes in Gaming Activity in Oregon, 2007 to 2008

Type of Gaming	\$ Change	% Change
<u>Oregon Lottery:</u>		
Breakopens	(\$211,629)	-60.0%
Scratch tickets	(3,745,141)	-9.0%
Megabucks lotto	(3,954,206)	-28.7%
Powerball lotto	(73,069)	-0.3%
Keno	(1,134,164)	-3.2%
Sports action game	(945,505)	-100.0%
Pick-Four game	5,635	1.1%
Win for life game	544,987	31.8%
Scoreboard sports lottery game	(50,020)	-100.0%
Lucky Lines	83,739	11.4%
Video games	(2,150,458)	-0.2%
Oregon Lottery Subtotal	(\$11,629,831)	-1.2%
<u>Other Gaming:</u>		
Oregon tribal casinos	(\$17,686,724)	-3.5%
Charitable bingo	(1,555,941)	-12.6%
Charitable raffles	216,296	4.4%
Charity casinos & fundraisers	346,846	65.0%
Live racetrack betting	(290,278)	-33.2%
Off-track & simulcast betting	(903,001)	-7.9%
Parimutuel account wagering	510,667	15.2%
Internet poker & misc. illegal gaming	14,865,140	30.1%
TOTAL	(\$16,126,825)	-1.0%

Oregon Lottery in 2008

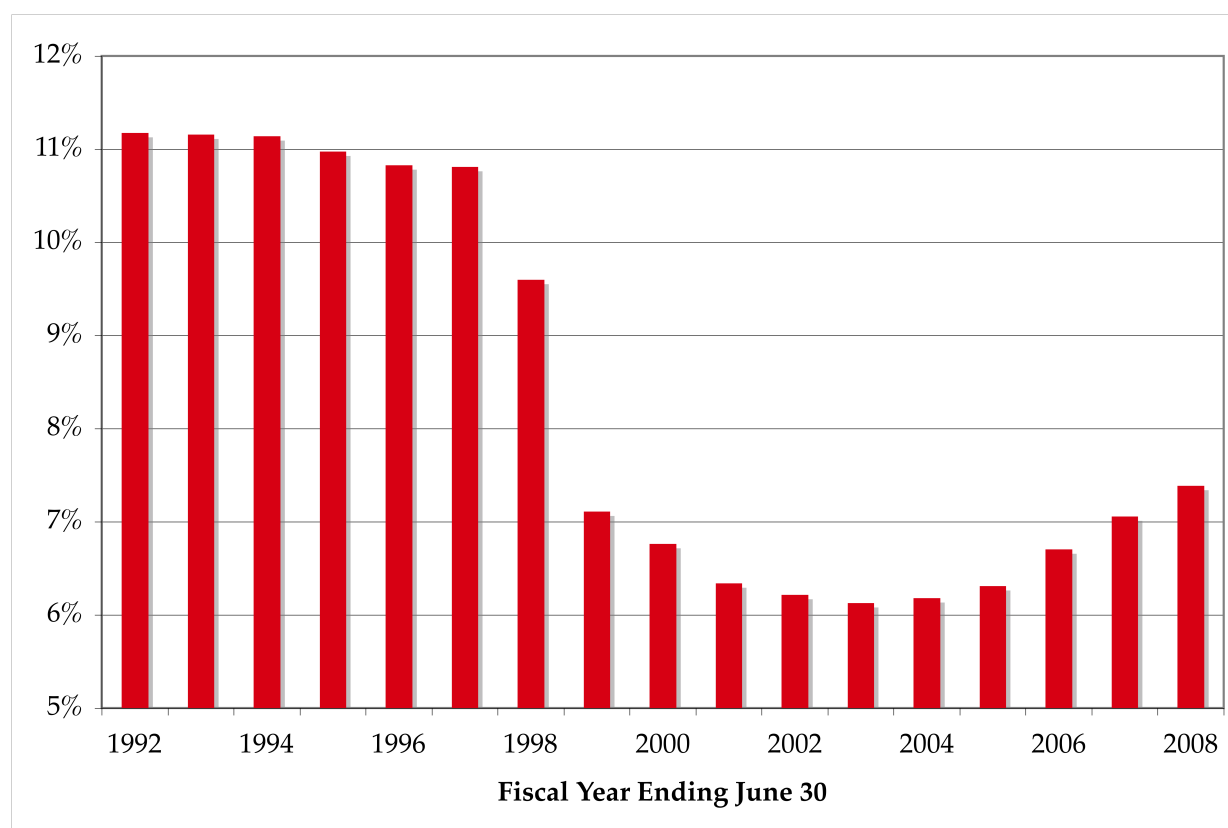
The Oregon Lottery has a two-to-one market share advantage over tribal casinos. The Lottery's competitive strength is convenience, which is protected by laws affording it a monopoly over the types of games and locations it may provide.

There are lottery retailers in nearly every community in Oregon. There are 662 in Portland alone for a city of 582,130 people.¹⁶ In contrast tribes in Oregon are restricted to one casino each in largely rural communities ranging in size from 720 to 17,515 people.

By far the dominant source of Lottery revenue comes from VLTs. In December 2008 the state had 12,216 VLTs placed throughout Oregon in 2,350 bars, restaurants, and other locations licensed to sell alcoholic beverages. Tribal casino has 7,387 VLTs in nine casinos.

The Oregon Lottery also competes for players by changing the games and hold rates on their VLTs.¹⁷ The average Oregon Lottery machine, which is very similar to those found in tribal casinos and in Las Vegas, held 7.39 percent in fiscal year 2008. In the same year VLTs at Las Vegas Strip casinos held 7.01 percent. As illustrated in Figure 11, since 2004 hold rates on Oregon Lottery VLTs have been edging higher as the state tries to balance the opposing goals of increasing revenues without alienating patrons.

Figure 11: Average Hold Rates on Oregon Lottery VLTs, 1992 - 2008



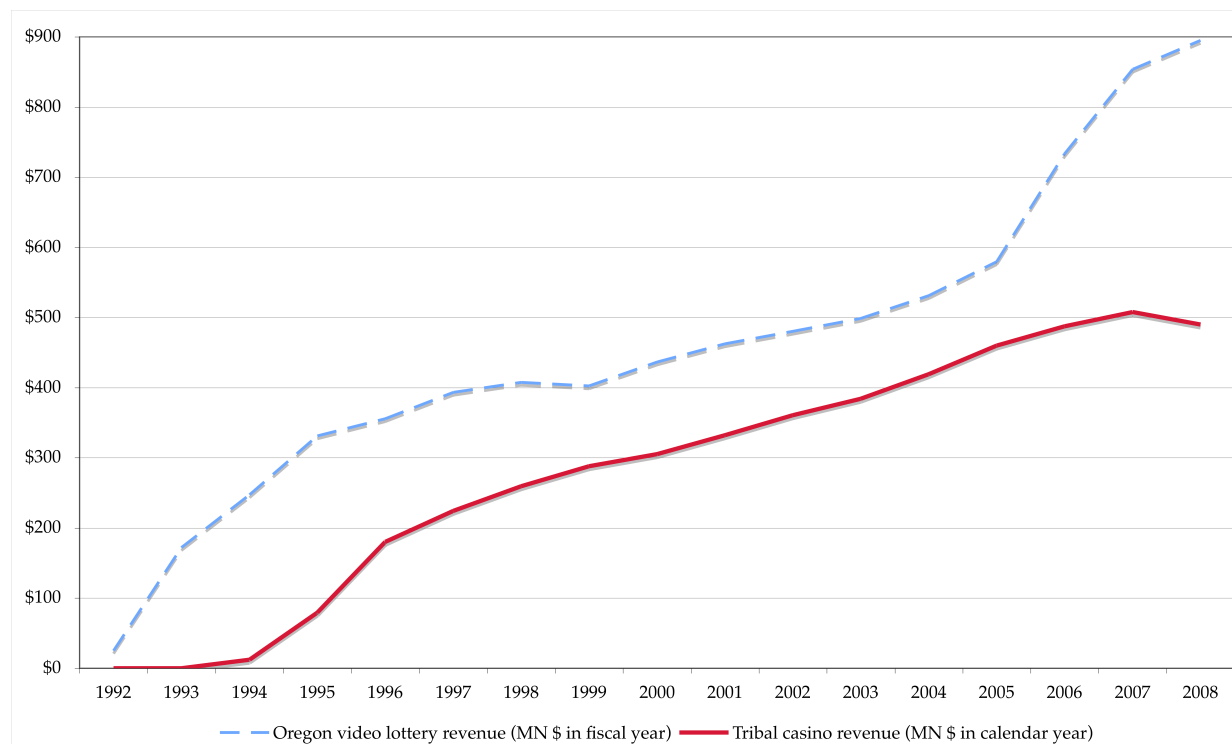
Source: Oregon Lottery.

¹⁶ Oregon Lottery database of all lottery retailers that operated in 2009.

¹⁷ The hold rate is the average percent of every dollar wagered that is lost by players. The effect of a lower hold rate is to stimulate more play by reducing the probability that players would face protracted periods of losses. It also encourages gamers to shift away from machines that might have higher hold rates.

The Oregon Lottery has a natural competitive advantage over tribes. This is reflected in the revenue growth of the video lottery in contrast to tribal casinos. Shown on Figure 12, the revenue gap between the Oregon Lottery video games and tribal casinos has been appreciable. In 2005, when the Oregon Lottery added line games (prior to that their VLTs only offered poker games), the revenue gap widened considerably.

Figure 12: Gaming Revenues from Oregon Lottery VLTs (by fiscal year) versus Oregon Indian Casinos (by calendar year), 1992 – 2008*



* This figure shows Oregon Lottery revenue by fiscal year, while Table 17 shows revenue by calendar year.

Note: About 90 percent of gaming revenues at Oregon tribal casinos come from VLTs.

Source: Oregon Tribal Gaming Alliance, ECONorthwest, and the Oregon Lottery.

Gaming by Oregonians: Changes from 2007 to 2008

Oregonians reduced how much they spent on gambling by \$76.75 million. Business for the Oregon Lottery deteriorated markedly in the second half of 2008. Video lottery sales, which had been up two percent from a year ago in the first half of 2008 were down three percent in the second half. Traditional lottery game sales went from down four percent to down eight percent.

Oregonians spent \$11.7 million less in Oregon tribal casinos in 2008 and a similar amount less on Oregon Lottery games. The largest cutbacks, however, were made in out-of-state casinos.

Data from the Federal Bureau of Transportation Statistics show that in 2008 about seven percent fewer people flew from flights originating in Oregon to Nevada compared to the year before. More importantly, they gambled far fewer dollars. They also gambled less in Washington. The combined impact of these behavioral changes was a large \$66.8 million drop in out-of-state casino gaming by Oregon residents.

Internet gaming was the only area where a significant increase was observed. However, this was a partial recovery from large losses incurred in 2007 because of the enactment of the SAFE Port Act. That curtailed the use of debit and credit cards for online gaming and led many major Internet gaming sites in the UK and elsewhere to discontinue taking bets from the US. Large declines in wagers from US players were reported. However, in 2008, many players appeared to adjust to the changes and found other online gaming sites and ways to move money in and out of their accounts.

Table 18: Changes in Gaming by Oregonians, 2007 to 2008

Type of Gaming	\$ Change	% Change
<u>Oregon Lottery:</u>		
Breakopens	(\$205,494)	-60.0%
Scratch tickets	(3,712,744)	-9.0%
Megabucks lotto	(3,922,156)	-28.7%
Powerball lotto	(60,575)	-0.2%
Keno	(1,123,504)	-3.2%
Sports action game	(925,918)	-100.0%
Pick-Four game	4,969	1.0%
Win for life game	541,289	31.9%
Scoreboard sports lottery game	(49,669)	-100.0%
Lucky Lines	83,266	11.4%
Video games	(2,044,330)	-0.2%
Oregon Lottery Subtotal	(\$11,414,866)	-1.2%
<u>Other Gaming:</u>		
Oregon tribal casinos	(\$11,711,678)	-2.9%
Charitable bingo	(1,551,349)	-12.5%
Charitable raffles	215,854	4.4%
Charity casinos & fundraisers	345,982	65.0%
WA casinos, card rooms & pulltabs	(333,090)	-0.9%
Casinos outside OR & WA	(66,776,434)	-35.2%
Live racetrack betting	(175,371)	-25.7%
Off-track & simulcast betting	(719,630)	-8.4%
Parimutuel account wagering	510,667	15.2%
Misc. legal out of state gaming	93,939	8.8%
Internet poker & misc. illegal gaming	14,865,140	30.1%
TOTAL	(\$76,650,835)	-4.5%

Appendix A

Measuring the gaming market is complicated by what forms of gambling to consider and how to measure them. The following explains some of the definitions and intricacies of how gaming markets are measured.

Gaming Revenues

People often confuse the terms gaming and gambling. They have two very different meanings. Gambling is the activity that consumers do when they make a wager—usually at a venue such as at a lottery retailer, casino, or bingo hall. Gaming revenue is the difference between the total amount players bet and how much they win in cash and prizes. Another way to look at it is to consider gaming revenue the amount that consumers, in total, lose or spend on gambling. Gaming revenue is the standard unit used to measure the market.

Social Gambling

Not all gambling produces gaming revenues. Informal social games, such as office Super Bowl pools and many private poker games, do not produce gaming revenues because the players in total do not lose money. The sum of the amounts won by some players equals the losses of all the others. Money simply changes hands between them.

The same is true for social gaming outside of homes and offices. Oregon permits social gaming at fraternal clubs, restaurants, and bars only where local ordinances allow it. Cities, such as West Linn and John Day, for example, allow social gaming such as blackjack played among customers at clubs. No money in net is taken from all the players and given to the business, so there are no gaming revenues. As a result, neither informal nor formal social gaming appears in our assessment of the Oregon gaming market.

Amusement Games

Amusement games, which are carnival and crane games played for prizes at fairs and supermarkets, are an exception. People put up money for a skill game where the prize is a toy, watch, or some novelty. Although regulated by the Washington State Gambling Commission, operators of amusement games are not counted as gaming providers in Oregon.

Using Expected Values

Complications arise when measuring the gaming market because it is conceivable that for a given game, winnings can exceed wagers. For example, in October 2005, a man in Jacksonville, Oregon won a record \$340 million Powerball prize. Therefore, winnings from the Powerball lottery game in 2005 would far exceed wagers made in Oregon and, technically, Powerball lottery gaming revenues would be negative.

A similar problem exists for casinos that have networked VLT game titles. These games are linked to machines in other casinos around the country. By doing so, the casinos may offer very high grand prizes—usually several million dollars. Wherever the grand prize is won, in a sense gaming revenues for that location are negative.

Similar negative revenues can occur when measuring gaming on the county level for games with lesser prizes. Indeed it is difficult to determine how much prize money was won from the wagers of games, such as lotteries, on a county level because winning tickets can be cashed in counties other than those where they were bought. Thus, as a standard, it is a common practice to measure gaming revenues on an accrual or expected value basis.

The expected value for revenue is the average player loss per dollar bet on a particular game. Thus, for example, if a lottery game keeps on average 30 cents of every dollar bet, we estimate that the revenues for a particular county would be 30 percent of that lottery game's sales. Using expected values takes out potentially large swings due to where people cash tickets and where they buy them. In Oregon, for example, all tickets worth over \$800 must be cashed in Marion County (at the Lottery headquarters). However, the greatest problem that using an expected value corrects for is in big prize lotto games, such as Powerball, where there can be a single hundred million dollar winner.

For casinos with a VLT title that has a high grand prize, the VLT manufacturer often takes the responsibility of paying the top prize, but charges all casinos with the VLTs a percentage that approximates the appropriate expected value.

Two Ways of Measuring the Market

There are two ways to measure a gaming market: (1) by counting all the gaming done inside a state and (2) by measuring all the gaming that residents of the state engage in, whether it is inside the state or out of state.

Where it is Conducted

The simplest measure counts all the gaming conducted in a given geographic location. This is a good way to assess the size of the gaming industry in a state. However, it is not useful for comparisons to a state's population or income because people often travel across state lines to gamble.

How Much Residents Spend on Gaming

The second method counts all the gaming by residents, whether it is done in the state where they live or outside the state. Only the gambling done by residents is counted, so any gambling by tourists visiting the state is excluded. The advantage of this measure is that it is a component of the budgets of residents. Thus, it tracks closely with changes in local population and income.

Categories of Gaming

ECONorthwest collects revenue data on many forms of gaming. They are:

1. **Oregon Lottery breakopens.** A break-open, also known as a pulltab, is a game where players buy a piece of paper for a specific game. The players pull off paper tabs to reveal symbols. These symbols indicate whether a player has won a prize. Pull-tabs or breakopens are roughly similar to a paper form of a slot machine. The Oregon Lottery has since discontinued this game in April 2008.
2. **Oregon Lottery scratch tickets.** These are traditional lottery scratch off tickets, usually for small to mid-sized prizes, which typically are sold for \$1 to \$5 at convenience stores and markets throughout Oregon. They are called scratch or instant tickets because the player determines whether they have won by scratching off a waxy coating to reveal numbers or symbols that indicate if they are a winner.
3. **Oregon Lottery Megabucks lotto.** The Megabucks game was the original lotto game in Oregon. Lotto is a game where players buy a ticket with numbers or symbols and then await the outcome of a drawing where numbers or symbols are randomly selected.
4. **Powerball.** This is a multi-state lotto game sold in Oregon. When the carryover pool is large, many out of state residents will play the game as well. Only the revenues from sales of Powerball tickets sold inside Oregon are counted in this category.
5. **Oregon Lottery keno.** Keno is a game where 20 out of 80 random numbers from one to 80 are drawn. Prizes are paid according to how many correct numbers a player chose in advance of the draw. In Oregon, the Lottery operates a centrally determined game that is played every four minutes and transmitted throughout Oregon.
6. **Sports Action.** This game was a traditional football parlay card offered by the Oregon Lottery on NFL games. It was discontinued February 2007.
7. **Oregon Lottery pick-four game** is a once a day lotto with a modest prize payout, which is similar to numbers games on the East Coast.
8. **Oregon Lottery Win For Life game** is a three times a week, four number lotto game that pays winners a top prize of a thousand dollars a week for life.
9. **Scoreboard.** Another Oregon Lottery sports betting game based on the results of NFL games. This was discontinued January 2007.
10. **Oregon Lottery Lucky Lines** is a game laid out similar to tic-tac-toe. Players pick one of four numbers for each of the eight outside boxes, and they win if all the of the numbers in one or more tic-tac-toe lines match the Lottery's numbers. The jackpot starts at \$10,000.

11. **Video games.** These are played on Oregon Lottery VLTs, which function like modern casino slot machines found in most bars and many restaurants throughout the state.
12. **Oregon Indian casinos.** In 2008, there were nine Indian casinos in Oregon.
13. **Charitable bingo.** This includes bingo games run by charities and licensed by state government. Bingo sessions held at casinos are reported under casino revenue. Games with handles below the state minimum for licensing (\$5,000 in Oregon) are excluded.
14. **Charitable raffles.** All state licensed charitable raffles and fifty-fifty games are included here.
15. **Charity casinos & fundraisers.** Some charities run fundraising events called casino nights or Monte Carlo nights. These are licensed by the states of Oregon and Washington. Casino night revenues may include small amounts from raffles, pull-tabs, and other gaming activities that are done at some charitable casino events.
16. **Washington pulltabs.** Pulltabs are popular in Washington and are sold at bars and other establishments. Unlike Oregon, the state lottery has no role in Washington pulltabs.
17. **Washington Indian casinos and card rooms.** There are 28 tribal casinos in Washington State and, at the end of 2008 there were 98 cardrooms that offered casino house-banked card games, such as blackjack.
18. **Casinos outside of Oregon and Washington.** This category is the sum of all the gaming dollars spent by Oregonians physically visiting casinos and card rooms located out of state. This would include Indian casinos, commercial casinos, and cruise ships. Some major destinations for out-of-state casino play for Oregonians include Idaho, California, British Columbia, Reno, and Las Vegas.
19. **Live racetrack betting.** In Oregon this includes wagering on live horse races conducted at Portland Meadows racetrack and county fairgrounds (Tillamook, Union, Prineville, and Grants Pass). Outside of Oregon it may include betting at dog tracks.
20. **Off track & simulcast betting.** This is the revenue from all wagering at racetracks and at commercial off track betting parlors inside the state where betting on races being conducted at other locations is allowed.
21. **Parimutuel account wagering.** Wagering done inside the state on races conducted outside the state placed by telephone or by using the Internet, and paid for by using an account that is legal according to the state.

22. **Miscellaneous legal out of state gaming.** This covers all other forms of legal gaming, but the largest component is betting on lotteries outside of Oregon. It also would include such things as non-casino slot play in Montana, wagering on Jai Ali, pulltabs, and video poker at bars in Montana and Louisiana.
23. **Internet poker & miscellaneous illegal gaming.** This is a catchall category for all forms of illegal gaming. It is estimated based on national averages, surveying, and comparisons to local personal income levels. The main forms of gaming in this category are Internet poker, illegal sports betting, simulated casino gaming over the Internet, dog fighting, cock fighting, non-casino *pai-gow*, and unlicensed poker games with house rakes.