

# The Contributions of Indian Gaming to Oregon's Economy in 2016 and 2017

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

**ECONorthwest**

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## **Assignment**

Since 2003, ECONorthwest has reported on the economic and fiscal impacts of tribal casino gaming in Oregon for the Oregon Tribal Gaming Alliance (“OTGA”). This report is the eleventh in the series.

The OTGA is a coalition of Oregon Indian Tribes. Seven of the nine tribes based in Oregon are members. Five reported data to ECONorthwest. Reporting tribes operate 75 percent of the VLTs at Oregon tribal casinos (VLT is a video lottery terminal commonly known as a slot machine). ECONorthwest estimated data for three other tribes and used the collective data for this report.

OTGA member tribes provided audited operating statistics on their casinos, hotels, and restaurants to ECONorthwest. ECONorthwest estimated the amounts for tribes that did not submit data.

In addition to tribes, this report includes information from other organizations 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 2016 and 2017. 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

There are eight tribes operating nine gaming establishments in Oregon. Seven ran one casino. The other operated both a casino and a class-II (video bingo machine) facility.

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

In 2017, Tribal casinos and resorts employed 4,514 workers and paid them \$209.1 million in wages and benefits. In addition, earnings from gaming were used by tribal governments to pay the salaries of 646 employees and the operating expenses for tribal healthcare, education, housing, and public safety. These were the direct employment impacts of tribal gaming in Oregon.

Since tribes employ almost exclusively Oregonians and mostly buy goods and services from Oregon businesses, tribal gaming had major indirect impacts on the rest of the state economy. In addition to their direct impacts, in 2017 tribal gaming positively influenced many aspects of the local economy:

- Tribal gaming directly and indirectly supported 11,262 jobs statewide earning \$550.6 million in wages, benefits, and self-employment earnings.
- Tribal gaming indirectly supported businesses and governments in Oregon by an amount totaling \$760.3 million in output—not counting what the tribes made.
- Their impacts included \$27.7 million in taxes and fees for the state of Oregon, \$17.7 million in local government taxes and fees, and \$88.9 million in federal taxes.
- Tribal casinos generated \$499.3 million in gaming revenues and spent \$14 million on regulation. Tribes paid \$1.5 million to the Oregon State Police and almost \$300,000 to federal gaming regulators.
- Including their hotels, restaurants, and other amenities, revenues at tribal gaming businesses were \$602.4 million. From that, they provided \$131.5 million to their tribes; much of it paying for member healthcare, education, and housing.
- Tribal casinos donated and granted \$8.6 million to local charities in 2017 and \$134.1 million since 1992—the year the first casino opened in Oregon.
- Their casinos sold over 427,746 room nights to guests visiting the rural Oregon communities where their hotels are located.
- While successful, the growing dominance and competitive advantages of the Oregon Lottery eroded the market share of tribal casinos, which fell to its lowest point in over 20 years.

## Section 2 **Oregon Casinos and Tribes**

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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. Class-III games cover most of one finds in casinos: slot machines, roulette, craps, blackjack, horserace betting, keno, and the like.

Some casinos have had Class-II gaming over the years. In these games players play against one another rather than against the house (casino). Class-II games include poker, bingo, pulltabs, and raffles. The bingo games can be electronic and run off machines that simulate slot machines.

### **Casinos in 2017**

Casinos are located on tribal lands in predominantly in non-urban areas. The average town in Oregon that had a tribal casino in 2017 had 7,621 residents. Six casinos have hotels that collectively provide 1,387 rooms. Because of their locations, tribes are major drivers of the rural Oregon economy through their employment and spending, and ability stimulating tourism. Figure 1 is a map of the casinos that operated in 2017.

**Figure 1: Tribal Casinos in Oregon, 2017**

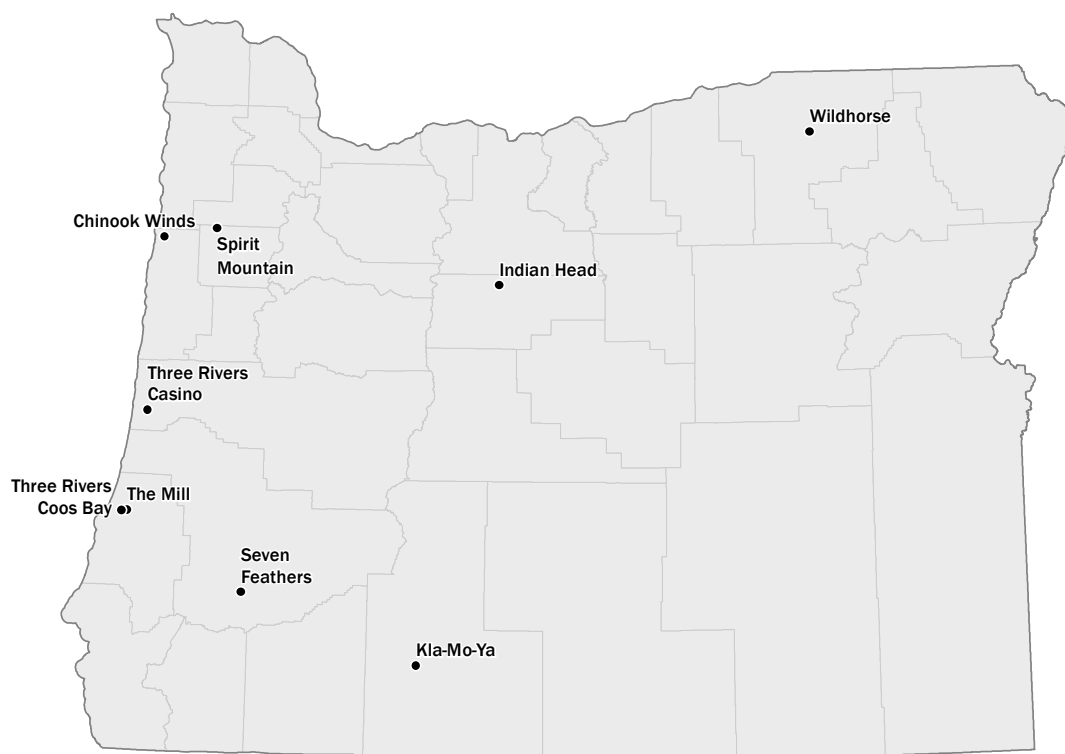


Table 1 lists the names, locations, tribal ownerships, opening dates, and number of hotel guest rooms at the casinos.<sup>1</sup>

**Table 1: Tribal Casinos in Oregon**

| 2017 Census<br>Population | Tribe   | First Opened   | Hotel<br>Rooms |
|---------------------------|---|----------------|----------------|
| 8,665                     | Confederated Tribes of Siletz Indians                           | May 1995       | 243            |
| 3,609                     | Confederated Tribes of Warm Springs                             | May 1995       | -              |
| 740                       | The Klamath Tribes  | July 1997      | -              |
| 1,925                     | Cow Creek Band of Umpqua Tribe of Indians                       | April 1994     | 300            |
| 1,598                     | Confederated Tribes of Grand Ronde                              | October 1995   | 250            |
| 9,800                     | Coquille Indian Tribe   | May 1995       | 203            |
| 8,745                     | Confederated Tribes of the Coos, Lower Umpqua & Siuslaw Indians | June 2004      | 90             |
| 16,615                    | Confederated Tribes of the Coos, Lower Umpqua & Siuslaw Indians | May 2015       | -              |
| 16,890                    | Confederated Tribes of the Umatilla Indian Reservation          | Nov 1994       | 301            |
| 7,621                     |   | Total rooms -> | 1,387          |

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

<sup>1</sup> 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 relocated to a new casino in 2012.

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.

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 (electronic bingo) gaming machine casino in Coos Bay. The Warm Springs opened a small class-II gaming center in spring 2018.

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 2017, had 7,465 VLTs. Being much larger, the Oregon Lottery had 11,817 VLTs spread over 3,932 locations throughout the state. Tribal casinos had 113 house-banked table games (*e.g.*, blackjack, craps, roulette), 20 poker tables, and 1,705 seats in five bingo halls. Five casinos also offered keno. All nine tribal casinos in 2017 had restaurants and lounges with total seating capacity for 4,573.

**Table 2: Oregon Tribal Casino & Lottery Gaming Capacity**

| Gaming Venue in Oregon | VLTs*  | Table Games | Poker Tables | Bingo Seats | Keno Wagering Outlets | Restaurant & Lounge Seating |
|------------------------|--------|-------------|--------------|-------------|-----------------------|-----------------------------|
| <u>Tribal casinos</u>  |        |             |              |             |                       |                             |
| Chinook Winds          | 1,076  | 22          | 4            | 600         | 1                     | 863                         |
| Indian Head            | 517    | 6           | -            | -           | -                     | 120                         |
| Kla-Mo-Ya              | 352    | 3           | -            | -           | -                     | 120                         |
| Seven Feathers         | 950    | 19          | -            | 360         | 1                     | 984                         |
| Spirit Mountain        | 1,720  | 28          | 9            | 120         | 1                     | 893                         |
| The Mill               | 690    | 12          | -            | -           | -                     | 504                         |
| Three Rivers Casino    | 700    | 9           | 3            | 500         | 1                     | 475                         |
| Three Rivers Coos Bay  | 250    | -           | -            | -           | -                     | 20                          |
| Wildhorse              | 1,210  | 14          | 4            | 125         | 1                     | 594                         |
| Total Tribal Gaming    | 7,465  | 113         | 20           | 1,705       | 5                     | 4,573                       |
| <u>Oregon Lottery:</u> |        |             |              |             |                       |                             |
| At lottery retailers   | 11,817 | -           | -            | -           | 3,932                 | -                           |

\* Includes Class-II bingo VLTs.

Sources: OTGA members, casino websites, and the Oregon Lottery.

The number of VLTs at tribal casinos peaked at 7,611 in 2013 and has since declined. They have added bingo seats and reduced the number of poker tables.

The Oregon Lottery also reduced the number of VLTs in the last two years. There were fewer lottery retailers (mostly bars) in 2017, as shown in Table 3

**Table 3: Trends in Gaming Capacity, 2011 to 2017**

| Game Type and Location              | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| <u>At Tribal Casinos:</u>           |        |        |        |        |        |        |        |
| VLTs*                               | 7,439  | 7,411  | 7,611  | 7,395  | 7,611  | 7,583  | 7,465  |
| Table games                         | 116    | 117    | 111    | 113    | 111    | 113    | 113    |
| Poker tables                        | 38     | 28     | 28     | 23     | 23     | 20     | 20     |
| Bingo seats                         | 1,323  | 1,329  | 1,047  | 1,287  | 1,287  | 1,823  | 1,705  |
| <u>At Oregon Lottery Retailers:</u> |        |        |        |        |        |        |        |
| VLT machines                        | 12,145 | 12,113 | 11,944 | 11,911 | 11,907 | 11,926 | 11,742 |
| Video Lottery retailers             | 2,323  | 2,296  | 2,259  | 2,245  | 2,232  | 2,233  | 2,222  |
| All retailers (mid-year)            | 3,901  | 3,907  | 3,848  | 3,843  | 3,939  | 3,920  | 3,932  |

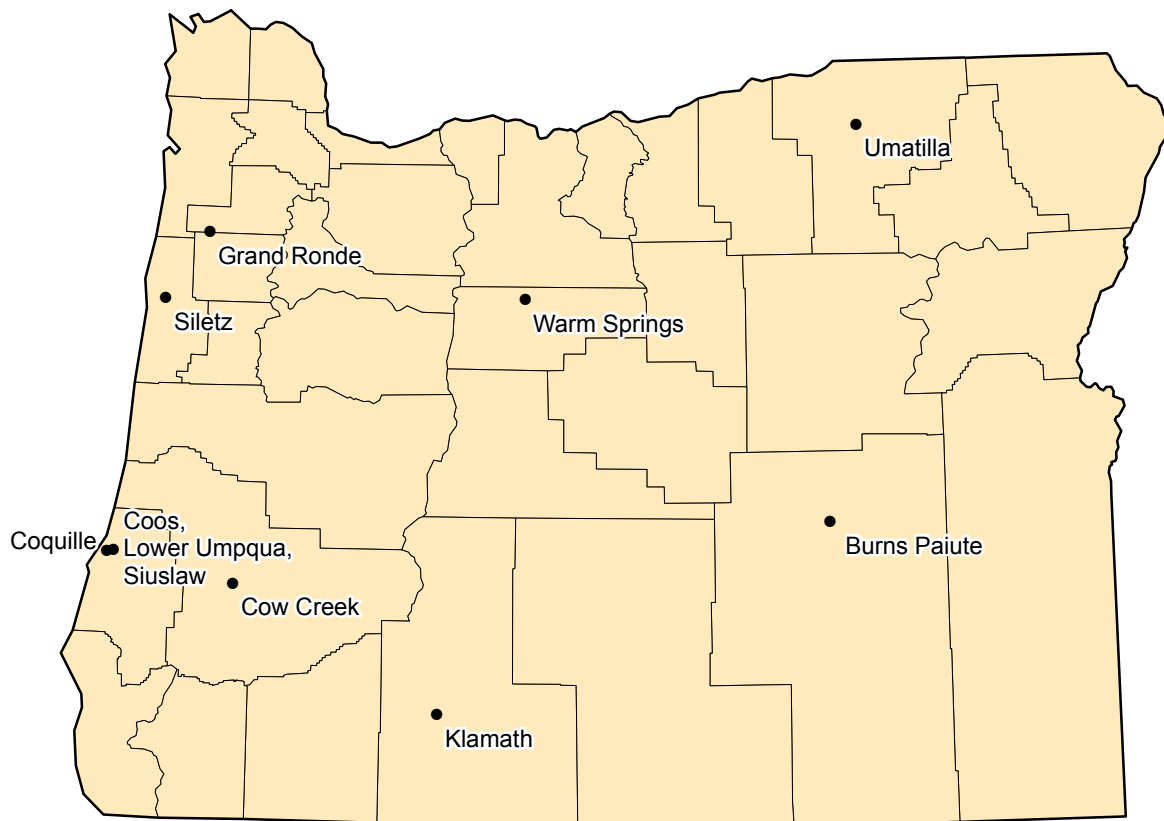
\* Includes Class-II bingo VLTs.

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.<sup>2</sup>

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.<sup>3</sup> 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.

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

<sup>3</sup> [http://www.ctclusi.org/cultural\\_historical.asp](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.<sup>4</sup> 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.

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<sup>4</sup> <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 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.<sup>5</sup> 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.<sup>6</sup>

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.

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

<sup>6</sup> <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.

In June 2019, Wildhorse announced the start of an \$85 million expansion, which includes a 24-lane bowling center, food court, family-friendly arcade, event center, and a 10-story hotel.

### ***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 they 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.<sup>7</sup> Enrollment is 4,306.

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. The Warm Springs closed Kah-Nee-Ta and opened a travel center in Madras in 2018. The travel center includes a large convenience store/gift shop, truck and passenger vehicle refueling area, and a 30-machine class-II gaming center.

## Gaming Regulation and Surveillance

Indian casinos in Oregon are highly regulated — considerably more so than commercial casinos are. Oregon tribes account for 64 percent of all the money spent annually on gaming regulation; even though their casinos accounted for less than 30 percent of all the gaming done in the state.

There are three independently acting entities directly involved in regulating the operations of tribal casinos in Oregon. The first are the gaming commissions. They are independent of casino management, but part of tribal government. Commissions license employees, monitor games to ensure legal compliance and fairness, establish control standards, and conduct audits.

The second regulator is the Tribal Gaming Section of the Oregon State Police (“OSP”). The OSP monitor casinos, run background checks on casino employees and suppliers, and ensure the integrity and fairness of games. Fees negotiated with the tribes totaled \$1,532,013 in 2017. Manufacturers of gaming equipment paid \$398,750 to the OSP. Both covered the costs of the Tribal Gaming Section.

The National Indian Gaming Commission (“NIGC”) is an independent agency of the federal government that regulates 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 \$2996,837 to the NIGC.

Statewide, \$21.7 million was spent on all forms of gaming regulation in 2017. Of this, the eight tribal casinos spent \$14 million. The Oregon Lottery spent \$3.8 million. Charitable gaming and horse racing activities spent about \$4.0 million. Charities that run bingo games and the like, as well as horse racetracks, also spent money on regulation.

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<sup>7</sup> [http://www.warmsprings.com/Warmsprings/Tribal\\_Community/History\\_Culture/](http://www.warmsprings.com/Warmsprings/Tribal_Community/History_Culture/)

**Table 4: Gaming Regulatory Spending in Oregon, 2016 – 2017**

| <b>Gaming Regulators in Oregon</b>            | <b>2016</b>         | <b>2017</b>         |
|---|---------------------|---------------------|
| <u>Regulatory costs paid by tribes:</u>       |                     |                     |
| Oregon State Police - tribal gaming section   | \$1,499,718         | \$1,532,013         |
| Individual tribal gaming commissions          | 11,619,944          | 12,134,503          |
| National Indian Gaming Commission             | 286,730             | 296,837             |
| Paid by Oregon Tribes                         | \$13,406,393        | \$13,963,352        |
| <u>Oregon Lottery:</u>                        |                     |                     |
| Payment to Oregon State Police from Lottery   | \$3,055,499         | \$3,337,418         |
| Security services                             | 105,122             | 80,800              |
| Other lottery security expenses               | 122,240             | 334,131             |
| Total OR Lottery regulatory costs             | \$3,282,861         | \$3,752,349         |
| OSP regulation paid by gaming machine vendors | 752,318             | 398,750             |
| Charitable bingo, raffles & fundraisers       | 435,850             | 448,256             |
| Horse racing                                  | 3,139,734           | 3,158,216           |
| <b>Total Gaming Regulation</b>                | <b>\$21,017,155</b> | <b>\$21,720,924</b> |

*Sources: Oregon Lottery, Oregon tribes, Oregon State Police, Oregon Legislative budget reports, and estimates by ECONorthwest.*

## Section 3 **Economic Impacts**

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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 2016 and 2017. 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 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. Output is 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. 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 2016 and 2017

## Tribal Gaming

Tribal casinos in Oregon had net revenues of \$602.4 million in 2017—a decline of \$16.8 million from 2016. Table 5 shows revenue and expenditure details for tribal casinos in 2016 and 2017.

**Table 5: Tribal Casino Revenues and Selected Expenditures, 2016 and 2017**

| <b>Revenues &amp; Expenditures</b>     | <b>2016</b>          | <b>2017</b>          |
|--|----------------------|----------------------|
| <u>Revenues</u>                        |                      |                      |
| Gaming                                 | \$515,632,164        | \$499,309,234        |
| Food & beverage sales                  | 74,661,774           | 74,672,399           |
| Hotel & lodging                        | 43,575,986           | 44,046,215           |
| Gift shops, recreation & other         | 22,206,931           | 23,649,465           |
| Less complimentary goods & services    | (36,896,647)         | (39,307,144)         |
| <b>Total Net Revenue</b>               | <b>\$619,180,209</b> | <b>\$602,370,169</b> |
| <u>Selected Expenditures</u>           |                      |                      |
| Labor                                  | \$204,169,060        | \$209,112,129        |
| Utilities                              | 11,008,510           | 11,282,069           |
| Advertising, marketing, & sales        | 44,976,432           | 45,160,030           |
| Costs of goods sold                    | 41,893,483           | 41,165,880           |
| Repairs & maintenance                  | 6,268,025            | 6,614,536            |
| Supplies                               | 10,133,313           | 10,307,589           |
| Professional services                  | 5,016,247            | 5,513,213            |
| Entertainment                          | 6,939,683            | 6,629,852            |
| Construction & equipment purchases     | 34,800,870           | 23,110,156           |
| Other operating expenses               | 40,625,434           | 37,429,302           |
| <b>Tribal government &amp; support</b> | <b>155,612,948</b>   | <b>131,488,366</b>   |

*Source: Tribal reports and estimates by ECONorthwest.*

Labor is the largest cost facing casinos. Other major expenditures included utilities, marketing, entertainment, construction, and the cost of goods sold, such as food and soft drinks. About \$131.5 million from gaming operations in 2017 went to tribal government and tribal member support. 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, casinos used revenues to pay for charitable donations, plan new projects, pay back debts, and make new investments.

Tribal casinos spent over \$209.1 million statewide on labor. Of that, \$29 million covered the healthcare costs of 4,514 workers and \$14.1 million went towards tribal-paid payroll taxes. Table 6 shows the breakdown of labor expenditures. The average employee earned \$46,325 in total compensation. That is up 9 percent since 2012, which is more than the 7 percent increase in the cost of living (as measured by the change in the consumer price index).

**Table 6: Oregon Tribal Casino Labor Costs, 2016 and 2017**

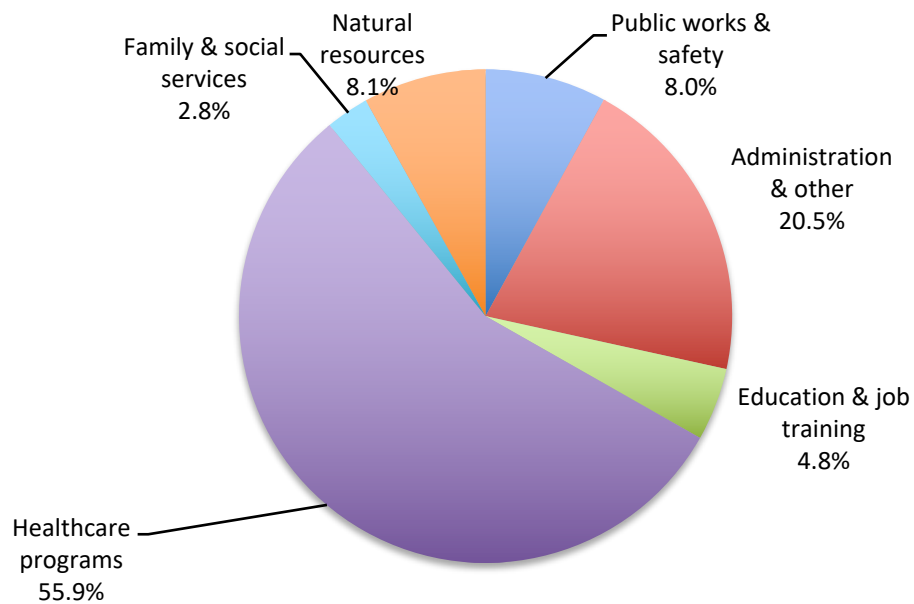
| <b>Labor Statistics</b>             | <b>2016</b>   | <b>2017</b>   |
|-------------------------------------|---------------|---------------|
| <b>Casino Labor Costs</b>           |               |               |
| Wages, salaries, and tips           | \$143,877,555 | \$148,003,461 |
| Employer-paid payroll taxes         | 13,724,729    | 14,107,475    |
| Healthcare benefits                 | 28,976,525    | 28,988,062    |
| Retirement, benefits & compensation | 17,590,252    | 18,013,130    |
| Total employer paid compensation    | \$204,169,060 | \$209,112,129 |
| Average number of employees         | 4,544         | 4,514         |
| <b>Per Employee</b>                 |               |               |
| Total compensation paid by casinos  | \$44,932      | \$46,325      |
| Wages, salaries, and tips           | 31,663        | 32,788        |
| Benefits & taxes paid by casinos    | 13,268        | 13,538        |
| Employee-paid income & other taxes  | 6,435         | 6,664         |

*Source: Tribal reports and estimates by ECONorthwest.*

## ***Tribal Government Support***

Out of the \$131.5 million in 2017 tribal gaming businesses gave back to their tribes, \$62.3 million went directly to pay for tribal government programs. Most of it, 55.9 percent, went to pay for healthcare. Public works, law enforcement, social services, housing, natural resources, and other needs accounted for the remainder. The shares of tribal needs aided by funds earned by casinos and resorts are shown in Figure 3.

**Figure 3: The Allocation of \$62.3 Million in Gaming Dollars for Tribal Needs, 2017**



# Results of the Impact Analysis

Table 7 summarizes the impacts tribal gaming had on Oregon's economy in 2016 and 2017. The table shows the direct impacts, which are those occurring at the casinos and at tribal governments. The casinos and the portion of tribal government paid with money earned by casinos ripples throughout the state economy as businesses and households spend and re-spend money. The results are the indirect and induced impacts. Those impacts affect every facet of the economy and all industry sectors including state and local government. The sum of the direct, indirect, and induced impacts is the total impact on Oregon's economy.

**Table 7: Impacts of Tribal Gaming on Oregon Economy, million \$, 2016-2017**

| Economic Activity                             | 2016             |                         |               | 2017             |                         |               |
|---|------------------|-------------------------|---------------|------------------|-------------------------|---------------|
|   | Output           | Labor Income & Benefits | Jobs          | Output           | Labor Income & Benefits | Jobs          |
| <b>Direct Impacts</b>                         |                  |                         |               |                  |                         |               |
| Gaming & hospitality                          | \$619.2          | \$204.2                 | 4,544         | \$602.4          | \$209.1                 | 4,514         |
| Tribal needs supported by casinos             | 155.6            | 47.2                    | 769           | 131.5            | 41.1                    | 646           |
| Direct Impacts                                | \$774.8          | \$251.4                 | 5,313         | \$733.9          | \$250.2                 | 5,160         |
| <b>Indirect &amp; Induced Impacts</b>         |                  |                         |               |                  |                         |               |
| Natural resources, utilities & construction   | \$47.3           | \$14.7                  | 270           | \$49.7           | \$15.8                  | 275           |
| Manufacturing                                 | 22.6             | 4.4                     | 81            | 21.9             | 4.3                     | 79            |
| Wholesale & retail trade                      | 129.0            | 59.3                    | 1,558         | 121.6            | 56.3                    | 1,491         |
| Finance, insurance, real estate & services    | 393.4            | 144.5                   | 2,571         | 371.3            | 136.2                   | 2,430         |
| Restaurants, bars, hotels & campgrounds       | 69.9             | 24.4                    | 851           | 63.0             | 22.1                    | 774           |
| Schools and local, state & federal government | 80.7             | 57.1                    | 824           | 62.8             | 42.2                    | 624           |
| All other Industries*                         | 72.3             | 24.3                    | 444           | 70.1             | 23.5                    | 428           |
| Indirect & Induced Impacts                    | \$815.2          | \$328.8                 | 6,599         | \$760.3          | \$300.4                 | 6,102         |
| <b>Total Impacts</b>                          | <b>\$1,590.0</b> | <b>\$580.1</b>          | <b>11,912</b> | <b>\$1,494.2</b> | <b>\$550.6</b>          | <b>11,262</b> |

Source: IMPLAN analysis of tribal data by ECONorthwest.

\* Utilities, transportation, healthcare, media, entertainment, charities & others.

In 2017, tribal gaming directly contributed \$733.9 million in economic output, 5,160 jobs, and \$250.2 million in labor income and benefits to Oregon. This economic activity stimulated jobs and output elsewhere in the state. When totaled, the direct, indirect, and induced impacts of tribal gaming accounted for \$1.49 billion in output, \$550.6 million in labor income and benefits, and 11,262 jobs.

## By Sectors

All sectors of the economy, outside of tribal government and casinos, were linked in some way to tribal gaming. In 2017, 2,430 jobs in the finance, insurance, real estate, and services sectors were tied to the success of Oregon's casinos. So too was the restaurant and accommodation sector and a broad range of other major components of Oregon's economy.

## 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 2017 multipliers for tribal gaming operations in Oregon were:

- **Output multiplier: 2.5**
  - Every \$1 million in gaming revenues did support another \$1.5 million in output in other Oregon industries in 2017.
- **Labor income & benefits multiplier: 2.6**
  - Every \$1 million in wages and benefits paid to tribal gaming employees corresponds to another \$1.6 million earned by other workers in Oregon.
- **Job multiplier: 2.5**
  - For every ten jobs at a tribal casino and resort in 2017, including tribal government jobs supported by gaming, another 15 jobs were supported in Oregon for a total of 25—a ratio of 2.5 to one.

### ***Fiscal Impacts in 2017***

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 2017, the economic activity from tribal gaming generated approximately \$20.5 million in state income tax revenues. Tribal gaming also was directly and indirectly responsible for \$7.2 million in other Oregon taxes, licenses, and fees (including those for Oregon State Police gaming regulation). In total, \$27.7 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, 2016-2017**

| <b>Jurisdiction/Source</b>                   | <b>2016</b>        | <b>2017</b>          |
|--|--------------------|----------------------|
| <u>State of Oregon</u>                       |                    |                      |
| State personal & corporate income tax        | \$21,621,459       | \$20,501,074         |
| Other state taxes, fees & licenses           | 7,851,855          | 7,180,573            |
| Total State Revenues                         | 29,473,314         | 27,681,647           |
| <u>Local Governments in Oregon</u>           |                    |                      |
| Local property taxes                         | \$13,238,178       | \$11,906,827         |
| Other local taxes, fees & licenses           | 8,123,363          | 5,835,886            |
| Total Local Revenues                         | 21,361,541         | 17,742,714           |
| <u>U.S. Federal Government</u>               |                    |                      |
| Federal personal & corporate income tax      | \$56,288,381       | \$53,069,094         |
| Excise, Social Security, & other taxes       | 37,830,000         | 35,857,559           |
| Total Federal Revenues                       | 94,118,380         | 88,926,653           |
| <b>Total Government Payments &amp; Taxes</b> | <b>144,953,235</b> | <b>\$134,351,013</b> |

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 11,262 working in Oregon making \$550.6 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, \$17.7 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 \$88.9 million in federal government revenues in 2017 were attributable to 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 \$134.4 million. 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, 2008 – 2017

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. About 24 percent total casino revenues now come from non-gaming sources.

### Visitation and Operations

Table 9 summarizes visitation and operating statistics for the last ten years. Casino visitor counts peaked in 2008 and declined since. The trend is different for tribal hotels. Overnight hotel stays rose every year from 2003 to 2016 even though a 132-room hotel closed during the period. Room nights sold fell slightly in 2017 although occupancy rates still were unusually high by industry standards. Hotel guests are important to tribes because they stay longer and spend more money than the average casino visitor does.

**Table 9: Tribal Gaming Visits, Revenues, and Expenditures, 2008-2017**

|                                      | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Visitation</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Casino                               | 9,913,247        | 9,685,292        | 8,667,843        | 7,641,372        | 7,486,128        | 7,413,556        | 7,206,260        | 7,456,610        | 7,318,084        | 6,896,843        |
| Hotel room nights                    | 287,929          | 344,054          | 364,528          | 393,031          | 395,384          | 410,199          | 419,160          | 425,695          | 431,592          | 427,746          |
| <b>Revenues (thou. \$)</b>           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Gaming                               | \$489,935        | \$477,699        | \$478,800        | \$466,979        | \$474,273        | \$477,019        | \$476,532        | \$499,586        | \$515,632        | \$499,309        |
| Food & beverage                      | 56,261           | 60,188           | 60,709           | 62,074           | 64,924           | 65,805           | 68,224           | 72,348           | 74,662           | 74,672           |
| Hotel & lodging                      | 27,855           | 30,794           | 32,231           | 34,902           | 33,381           | 34,886           | 34,886           | 37,192           | 41,935           | 42,317           |
| Retail, golf, RV & other             | 15,357           | 19,535           | 17,284           | 17,097           | 17,832           | 18,710           | 17,849           | 18,716           | 23,848           | 25,379           |
| Less complementaries                 | (12,995)         | (14,026)         | (14,755)         | (19,849)         | (24,873)         | (26,197)         | (30,459)         | (34,407)         | (36,897)         | (39,307)         |
| Total Net Revenue                    | \$576,413        | \$574,190        | \$574,269        | \$561,203        | \$565,536        | \$570,224        | \$567,033        | \$593,435        | \$619,180        | \$602,370        |
| <b>Major Expenditures (thou. \$)</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Labor                                | \$202,899        | \$201,922        | \$217,294        | \$211,731        | \$212,912        | \$202,809        | \$201,627        | \$208,507        | \$204,169        | \$209,112        |
| Operating & regulatory               | 204,054          | 192,984          | 183,296          | 187,617          | 184,873          | 171,381          | 170,647          | 167,749          | 184,878          | 182,643          |
| Capital expenditures                 | 82,662           | 47,049           | 30,456           | 68,719           | 33,551           | 14,260           | 17,558           | 35,538           | 34,801           | 23,110           |
| <b>To Tribal Govt. (thou. \$)</b>    | <b>\$173,444</b> | <b>\$157,121</b> | <b>\$148,208</b> | <b>\$142,137</b> | <b>\$146,768</b> | <b>\$136,154</b> | <b>\$142,905</b> | <b>\$150,833</b> | <b>\$155,613</b> | <b>\$131,488</b> |

*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. The hotel close in 2018.*

As shown on Table 10, tribal casino hotels sold 84.5 percent of their available room nights in 2017. That was about 19 percentage points above the national average. The average casino visitor, both those staying in the hotels and those that did not, spent \$72.40 on gaming, \$10.83 eating and drinking, \$6.39 on lodging, and \$3.43 for other goods and services. They also received \$5.70 in complementary items, discounts, and free services from the casinos.



**Table 10: Hotel Operations and Casino Visitor Spending, 2008-2017**

| Measure                      | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Hotel:</b>                |                |                |                |                |                |                |                |                |                |                |
| Est. occupancy rate          | 69.7%          | 76.8%          | 74.4%          | 78.1%          | 77.6%          | 81.0%          | 82.4%          | 83.7%          | 85.0%          | 84.5%          |
| Average daily rate           | \$96.74        | \$89.50        | \$84.46        | \$85.05        | \$84.43        | \$85.05        | \$83.23        | \$87.37        | \$97.16        | \$98.93        |
| % of all visitors from hotel | 4.1%           | 5.0%           | 5.9%           | 7.2%           | 7.4%           | 7.7%           | 8.1%           | 8.0%           | 8.3%           | 8.7%           |
| <b>Per Casino Visitor:</b>   |                |                |                |                |                |                |                |                |                |                |
| Gaming                       | \$49.42        | \$49.32        | \$55.24        | \$61.11        | \$63.35        | \$64.34        | \$66.13        | \$67.00        | \$70.46        | \$72.40        |
| Food & Beverage              | 5.68           | 6.21           | 7.00           | 8.12           | 8.67           | 8.88           | 9.47           | 9.70           | 10.20          | 10.83          |
| All Lodging & RVs            | 2.81           | 3.18           | 3.72           | 4.57           | 4.61           | 4.97           | 5.02           | 5.19           | 5.95           | 6.39           |
| Other                        | 1.55           | 2.02           | 1.99           | 2.24           | 2.23           | 2.26           | 2.29           | 2.31           | 3.03           | 3.43           |
| Complementaries              | (1.31)         | (1.45)         | (1.70)         | (2.60)         | (3.32)         | (3.53)         | (4.23)         | (4.61)         | (5.04)         | (5.70)         |
| <b>Net spending</b>          | <b>\$58.15</b> | <b>\$59.28</b> | <b>\$66.25</b> | <b>\$73.44</b> | <b>\$75.54</b> | <b>\$76.92</b> | <b>\$78.69</b> | <b>\$79.59</b> | <b>\$84.61</b> | <b>\$87.34</b> |

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

## ***Economic Impact Trends***

Table 11 shows that every year since 2003, over 10,000 jobs in Oregon were associated with tribal gaming. Direct employment at tribal gaming businesses has held above the 5,000-job threshold even under the intense competition tribes now face.

**Table 11: Economic Impacts of Tribal Gaming, 2003-2017**

| Year | Direct Impacts |                         |       | Total Impacts |                         |        |
|------|----------------|-------------------------|-------|---------------|-------------------------|--------|
|      | Output         | Labor Income & Benefits | Jobs  | Output        | Labor Income & Benefits | Jobs   |
| 2003 | \$563.7        | \$192.4                 | 5,328 | \$1,026.9     | \$348.9                 | 10,968 |
| 2004 | 619.3          | 215.8                   | 5,699 | 1,326.9       | 470.5                   | 14,534 |
| 2005 | 674.8          | 227.0                   | 5,939 | 1,474.7       | 509.4                   | 15,221 |
| 2006 | 703.6          | 239.0                   | 6,094 | 1,420.2       | 476.4                   | 13,916 |
| 2007 | 760.9          | 253.5                   | 6,516 | 1,589.3       | 531.8                   | 15,438 |
| 2008 | 737.5          | 256.9                   | 6,551 | 1,640.6       | 553.6                   | 15,483 |
| 2009 | 711.9          | 251.5                   | 6,021 | 1,516.9       | 514.0                   | 14,415 |
| 2010 | 722.5          | 244.6                   | 5,715 | 1,459.9       | 498.0                   | 12,763 |
| 2011 | 703.3          | 236.0                   | 5,642 | 1,506.1       | 506.9                   | 13,153 |
| 2012 | 712.3          | 245.0                   | 5,625 | 1,491.6       | 531.8                   | 12,779 |
| 2013 | 706.4          | 237.1                   | 5,490 | 1,397.8       | 479.6                   | 11,510 |
| 2014 | 776.6          | 252.8                   | 5,244 | 1,591.8       | 581.5                   | 11,843 |
| 2015 | 740.7          | 249.2                   | 5,129 | 1,501.0       | 549.6                   | 11,231 |
| 2016 | 774.8          | 251.4                   | 5,313 | 1,590.0       | 580.1                   | 11,912 |
| 2017 | 733.9          | 250.2                   | 5,160 | 1,494.2       | 550.6                   | 11,262 |

## ***Tribal Government Support Trend***

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 \$2.35 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, 2003-2017**

| 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     |
| 2016  | 155,613,000     |
| 2017  | 131,488,000     |
| Total | \$2,353,600,000 |

### ***Trend in Fiscal Impacts***

As shown in Table 13, the economic footprint of tribal gaming in Oregon has benefited local, state, and federal governments since 2003. The State of Oregon realized over \$501.2 million, local governments \$298.6 million, and the federal government saw \$1.19 billion dollars in revenues as a result of Oregon tribal gaming. The total tax impact of Oregon's tribal casinos from 2003 to 2017 approached \$2 billion.

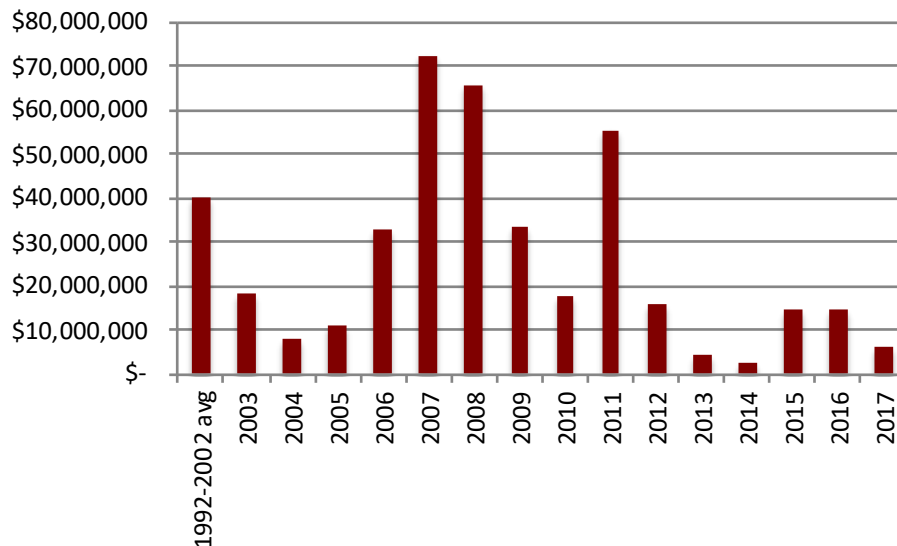
**Table 13: Government Revenues Traced to Tribal Gaming in Oregon, 2003-2017**

| <b>Year</b>  | <b>State Government</b> | <b>Local Governments</b> | <b>Federal Government</b> | <b>All Taxes &amp; Payments</b> |
|--------------|-------------------------|--------------------------|---------------------------|---------------------------------|
| 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               | 85,855,078                | 129,789,521                     |
| 2015         | 30,824,079              | 16,986,936               | 91,443,700                | 139,254,715                     |
| 2016         | 29,473,314              | 21,361,541               | 94,118,380                | 144,953,235                     |
| 2017         | 27,681,647              | 17,742,714               | 88,926,653                | 134,351,013                     |
| <b>Total</b> | <b>\$501,223,071</b>    | <b>\$298,634,402</b>     | <b>\$1,198,292,711</b>    | <b>\$1,998,151,184</b>          |

## Construction Spending

Since the first casino opened, Oregon tribes spent \$812.2 million building casinos, hotels, and other resort amenities.<sup>8</sup> As the casino gaming business in Oregon has matured, new construction slowed. However, it will pick-up in 2019 with the building of a hotel and other structures at the Wildhorse Resort & Casino.

**Figure 4: Annual Tribal Casino Related Construction Spending, Millions \$**



## Charitable Grants & Donations

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 \$8.1 million in 2017 and \$124.7 million since their inception.

All casinos directly donated to local charities in 2017. They gave \$549,164. Since the first casino opened, donations have totaled \$9.5 million. Including foundation grants, charities in Oregon received \$134.1 million from tribal casinos since 1992.

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

| Charitable Grants & Donations | 2016        | 2017        | Since 1992    |
|-------------------------------|-------------|-------------|---------------|
| Grants by tribal foundations  | \$7,522,481 | \$8,056,614 | \$124,658,144 |
| Direct donations to charities | 635,634     | 549,164     | 9,475,017     |
| Total grants and donations    | \$8,160,132 | \$8,607,795 | \$134,133,161 |

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

<sup>8</sup> This includes a revision of data reported previously.

## Section 4    **Gaming Market in 2017**

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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 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**

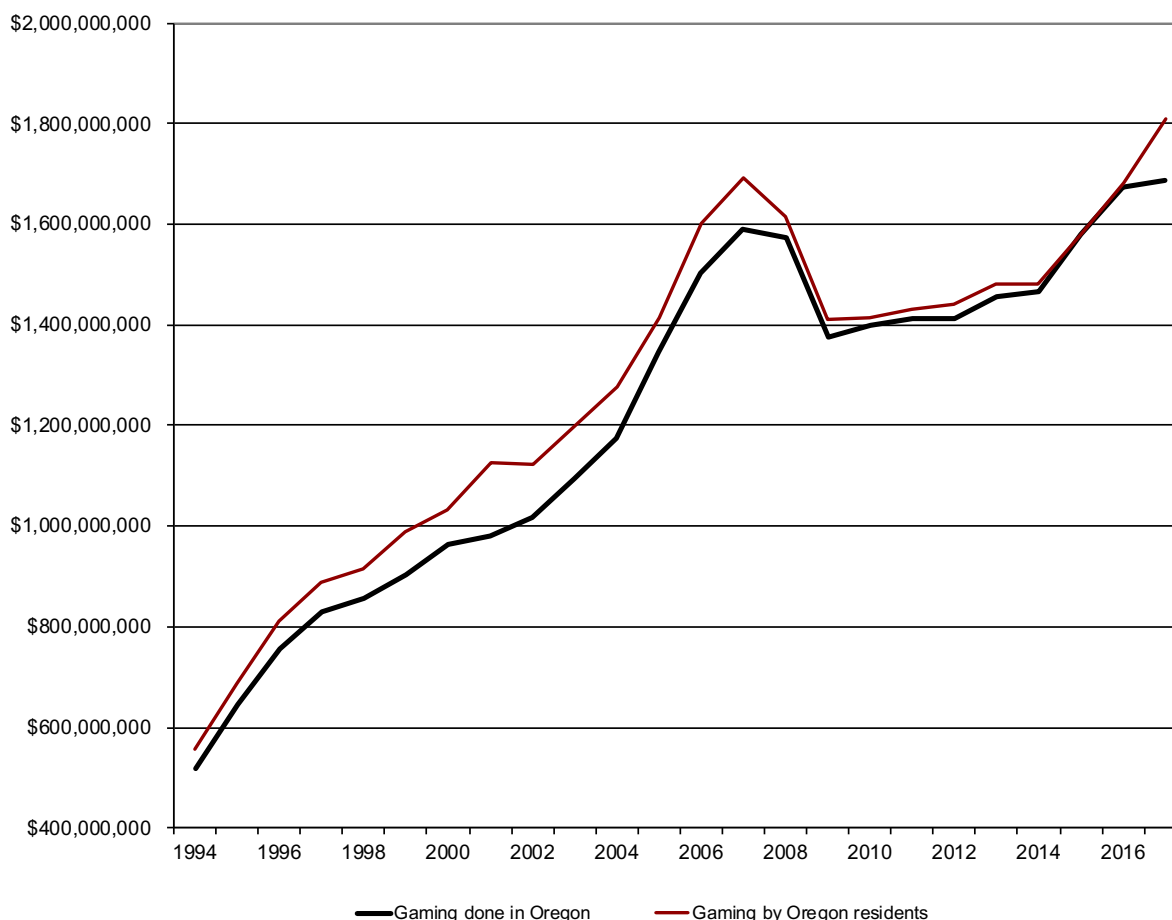
As shown in Table 15, there was \$1.69 billion in gaming conducted in Oregon during 2017. Of that total, non-residents accounted for \$126 million or 7.5 percent of the total. Gambling by Oregonians inside the state was \$1.56 billion. But Oregonians spent almost a quarter billion at casinos and other venues on gaming. That was about 13.7 percent of every dollar spent. Most of that went to casinos in Washington and Nevada.

**Table 15: Gaming Market by Place and Residency, 2017**

| <b>Gaming in Oregon and Gaming by Oregonians in and Out of the State</b> | <b>Revenues in 2017</b> | <b>% of Total</b> |
|--|-------------------------|-------------------|
| <u>Gaming in Oregon:</u>   |                         |                   |
| By Oregon Residents  | \$1,564,901,122         | 92.5%             |
| By visitors to Oregon  | 125,995,415             | 7.5%              |
| Total Gaming Inside Oregon   | \$1,690,896,537         | 100.0%            |
| <u>Gaming by Oregonians:</u>   |                         |                   |
| Done in Oregon   | \$1,564,901,122         | 86.3%             |
| At places out-of-state   | 248,728,677             | 13.7%             |
| Total Gaming by Oregonians   | \$1,813,629,799         | 100.0%            |

In April 2017, the Cowlitz Indians opened a casino in Ridgefield, Washington, which is about 18 miles north of Portland. Forty-one percent of its visitors come from Oregon. This caused a shift in the market. That shift is noticeable in Figure 5.

**Figure 5: Gaming in Oregon and by Oregonians, 1994-2017**



Since 1994, residents have gambled more outside Oregon than tourists visiting Oregon spent inside the state. The opening of the Cowlitz casino caused the gap to widen. It both increased how much Oregonians spend at casinos by virtue of being convenient to Portland area households and by taking some business away from Oregon casinos.

But tribal casinos in the southern part of the state were also affected by growing competition from casinos in northern California. This continued into 2018 with the opening of the Karuk tribe's Rain Rock Casino 28 minutes south of the Oregon border on Interstate-5.

The greatest competitor to Oregon tribal casinos has been the Oregon Lottery, which continues to hold a broad geographic monopoly. The combination of the Lottery, out-of-state casinos, and the general demographic trend away from slot play, which is the largest source of casino revenues, has taken a toll on Oregon tribes. Figure 6 illustrates this. Since peaking in 2007, tribal gaming revenues have been flat even as inflation has pushed operating costs higher.

**Figure 6: Oregon Tribal Casino Gaming Revenues, 1994-2017**

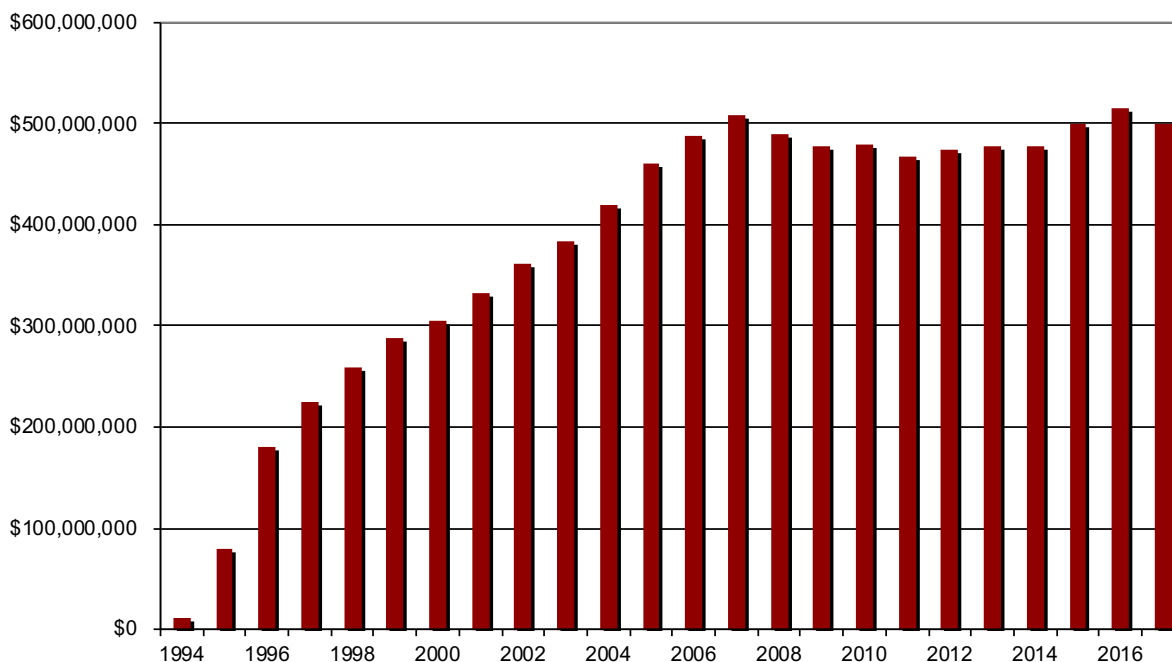


Table 16 is a list of the different forms of gaming and their revenues in 2017. The average Oregon resident spent \$436.97 on gaming. That was 0.91 percent of their personal income.

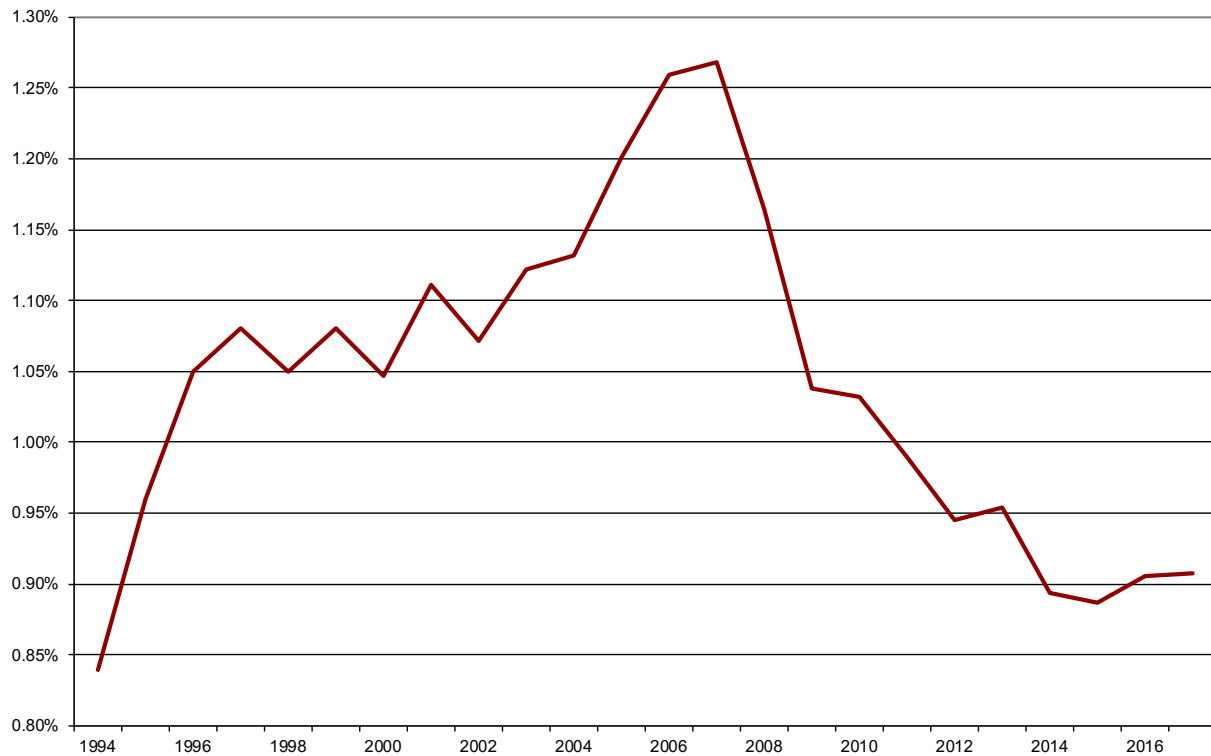
**Table 16: Gaming Revenues by Type in Oregon and by Oregonians, 2017**

| <b>Type of Gaming</b>             | <b>Gaming Revenues in 2017</b> |                           |
|-----------------------------------|--------------------------------|---------------------------|
|                                   | <b>Conducted in Oregon</b>     | <b>Done by Oregonians</b> |
| <b><u>Oregon Lottery:</u></b>     |                                |                           |
| Scratch tickets                   | \$41,197,110                   | \$40,864,961              |
| Megabucks lotto                   | 11,332,766                     | 11,245,239                |
| Powerball lotto                   | 27,607,876                     | 27,320,365                |
| Keno                              | 33,196,585                     | 32,913,875                |
| Raffle                            | 1,199,750                      | 1,179,118                 |
| Pick-Four                         | 655,169                        | 649,319                   |
| Win for Life                      | 1,708,846                      | 1,696,323                 |
| Mega Millions                     | 10,959,616                     | 10,876,773                |
| Lucky Lines                       | 525,547                        | 521,844                   |
| Video games                       | 924,720,883                    | 897,617,737               |
| <b>Oregon Lottery Subtotal</b>    | <b>\$1,053,104,148</b>         | <b>\$1,024,885,553</b>    |
| <b><u>Other Gaming:</u></b>       |                                |                           |
| Indian casinos in Oregon          | \$499,309,234                  | \$404,703,757             |
| Charitable bingo                  | 5,708,707                      | 5,695,123                 |
| Charitable raffles                | 7,381,630                      | 7,372,072                 |
| Charity casinos & fundraisers     | 338,247                        | 337,475                   |
| Legal gaming outside OR           | -                              | 248,728,677               |
| OR horse racing, OTB & Simulcasts | 5,690,318                      | 3,422,914                 |
| OR historic racing VLTs           | 1,766,527                      | 1,413,221                 |
| OR parimutuel account wagering    | 6,305,623                      | 6,305,623                 |
| Illegal Internet & other illegal  | 107,406,643                    | 107,406,643               |
| <b>TOTAL</b>                      | <b>\$1,687,011,076</b>         | <b>\$1,810,271,057</b>    |
| Increase from 2016                | 0.79%                          | 7.60%                     |
| Gaming per person                 |                                | \$436.97                  |
| Gaming as a share of income       |                                | 0.91%                     |



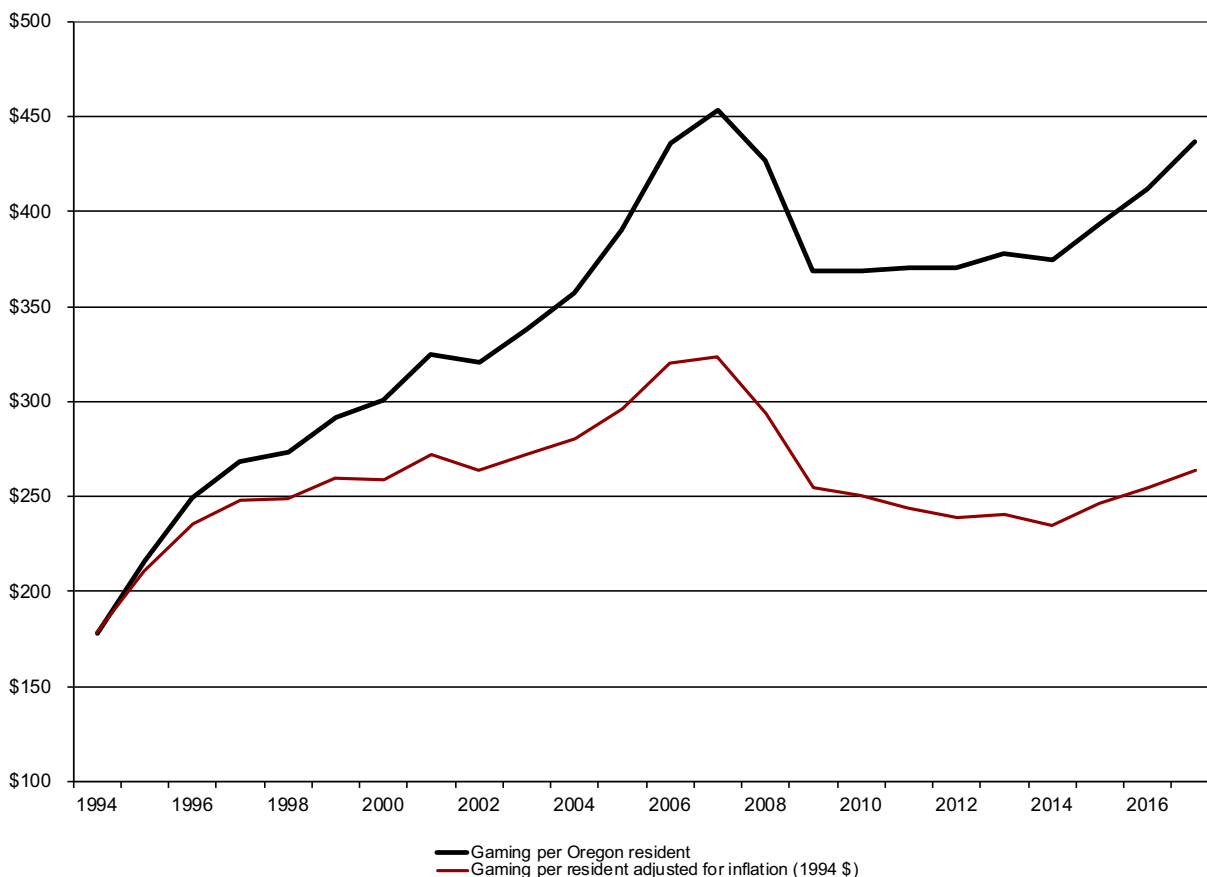
Changes in the share of income going towards gaming are illustrated in Figure 7. Having peaked in the mid-2000's, Oregonians are spending far less of their incomes on gaming now. This mirrors trends seen elsewhere in the country. It is a reflection of demographic and other changes.

**Figure 7: Share of Oregonians' Personal Incomes Spent on All Types of Gaming, 1994-2017**



The average Oregonian increased their spending on gaming steadily between 1994 and 2007, as tribal casinos and the Oregon Lottery grew. A recession followed; driving spending down. With the economy strong again, spending has been increasing. Yet, in real terms (*i.e.* after removing the effects of inflation) gaming by Oregon residents is about 20 percent below its all-time peak, as shown in Figure 8.

**Figure 8: Oregon Resident per Capita Gaming, 1994-2017**



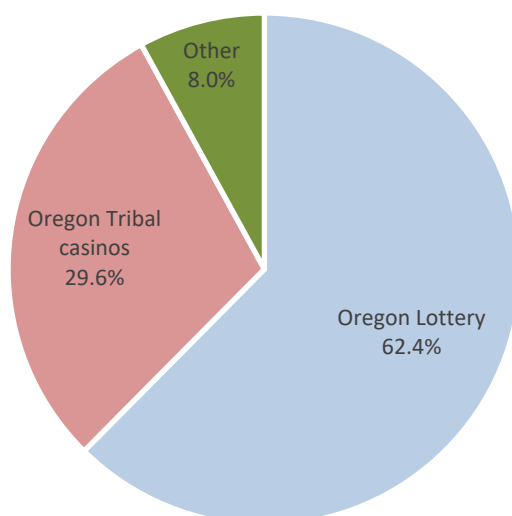
## Market Share Analysis

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 the Lottery's video poker machines. Within two years the Oregon Lottery held an 81 percent market share just as tribal casinos came on the scene. Attendance at racetracks fell dramatically. Today, both commercial racetracks are closed as a result.

In 2017, The Lottery dominates. Oregon tribal casinos accounted for 29.6 percent of all the gaming done in Oregon while the Oregon Lottery held a 62.4 percent market share.

**Figure 9: Oregon Gaming Market Shares, 2017**

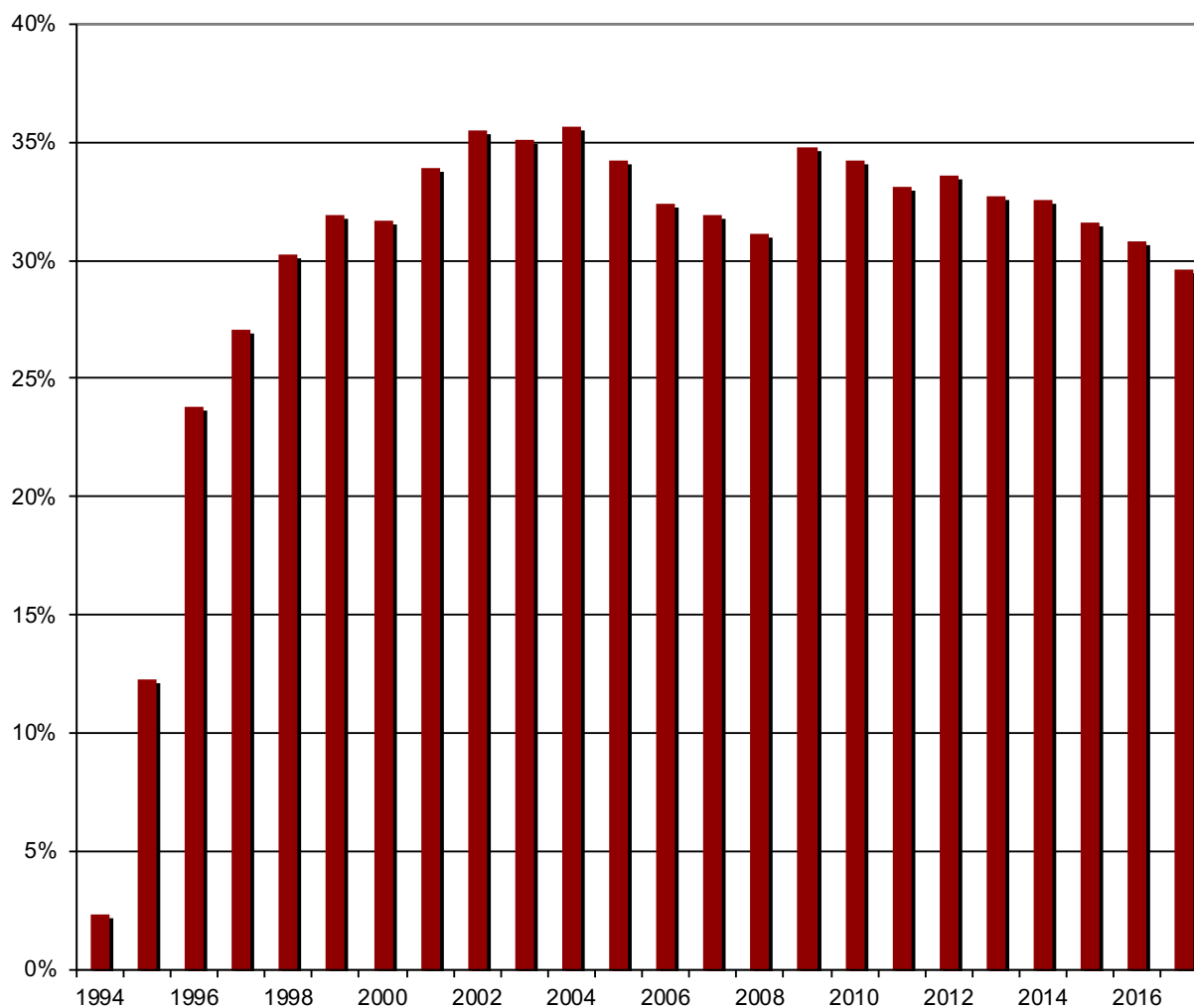


Tribal casinos came onto the market in 1994 when the Cow Creek converted their bingo hall to a small casino. Soon after a temporary casino opened on the Umatilla Reservation. In 1994, Oregon tribal casinos had a two percent market share. Other tribes followed suit and by the end of 1995 there were six 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 expanded further. They increased the maximum number of machines per bar from five to six, while each Oregon tribe was limited to a predetermined number of machines. The Oregon Lottery then added line games, which are non-poker slot machines preferred by most players.

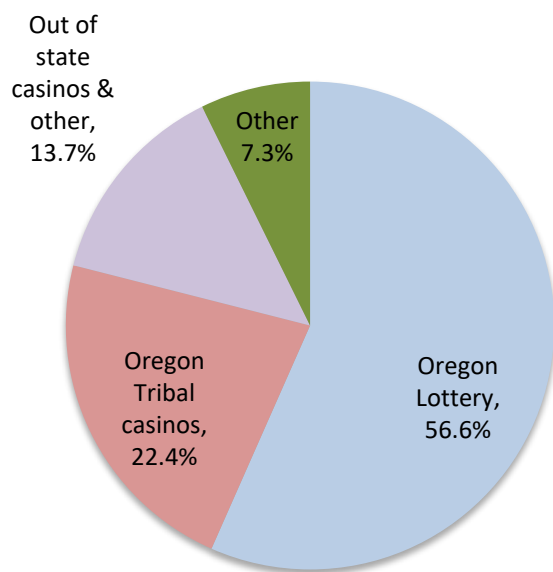
The share of the state market held by tribes peaked in 2004 at 35.5 percent. In 2017, the share held by tribes fell below 30 percent for the first time since 1997—20 years ago.

**Figure 10: Tribal Casino Share of the Oregon Gaming Market, 1994-2017**



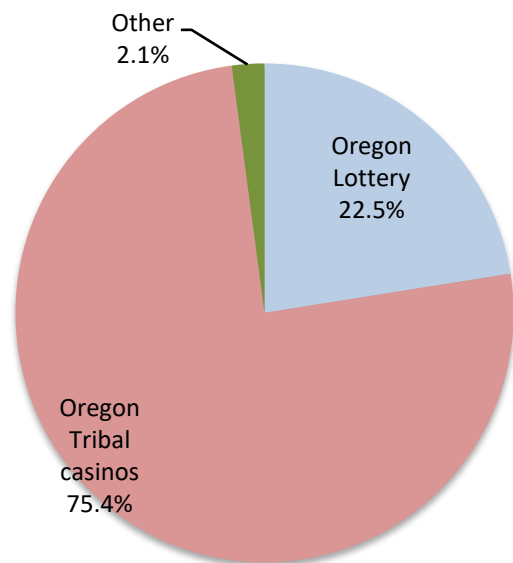
In 2017, Oregonians increased their share of spending on gaming out-of-state to 13.7 percent. They also increased their spending on Oregon Lottery games to over \$1.02 billion dollars. That left Oregon tribes with garnering 22.4 percent of the gaming dollars spent by Oregonians.

**Figure 11: Where Oregonians Spent \$1.8 Billion in Gaming, 2017**



Visitors to Oregon spend 75.4 percent of the gaming dollars at tribal casinos. But the total amount of gaming that was done in Oregon in 2017 by tourists fell to just \$126 million, down considerably from 2015 when they spent \$147 million. This is largely due to expanded gaming in neighboring states.

**Figure 12: Where Tourists Visiting Oregon Spent \$126 Million Gaming in Oregon, 2017**



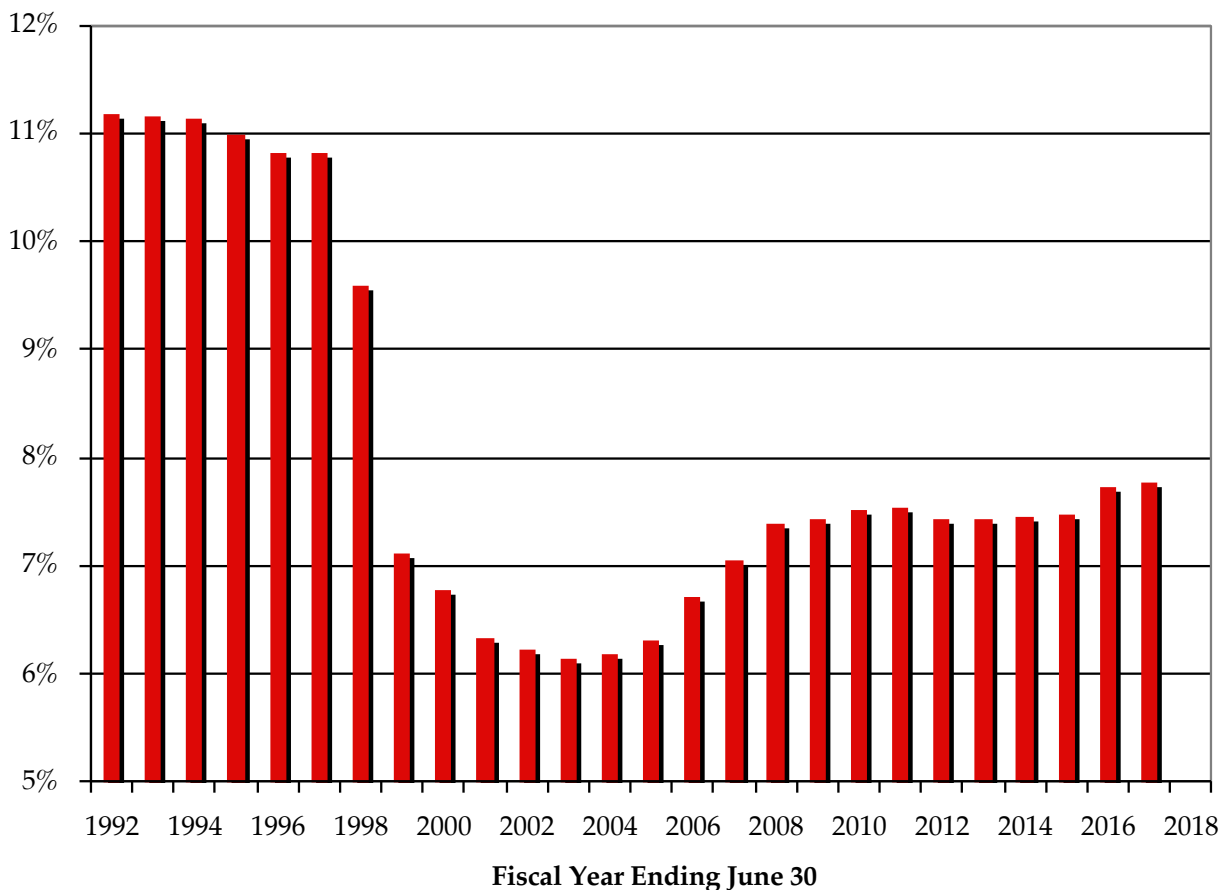
## Oregon Lottery VLTs

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.<sup>9</sup> Lower hold rates attract more players than higher hold rates.

In the fiscal year ending June 30, 2017, the Oregon Lottery held an average of 7.77 percent of payers' wagers. That rate was competitive with the Las Vegas Strip (8.00 percent) although substantially higher than Nevada casinos as a whole (6.72 percent).<sup>10</sup>

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. From 2009 through 2015 they held at about 7.5 percent and have risen over 7.75 percent since.

**Figure 13: Average Hold Rate on Oregon Lottery VLTs by Fiscal Year, 1992-2017**



*Note: Fiscal year ending June 30.*

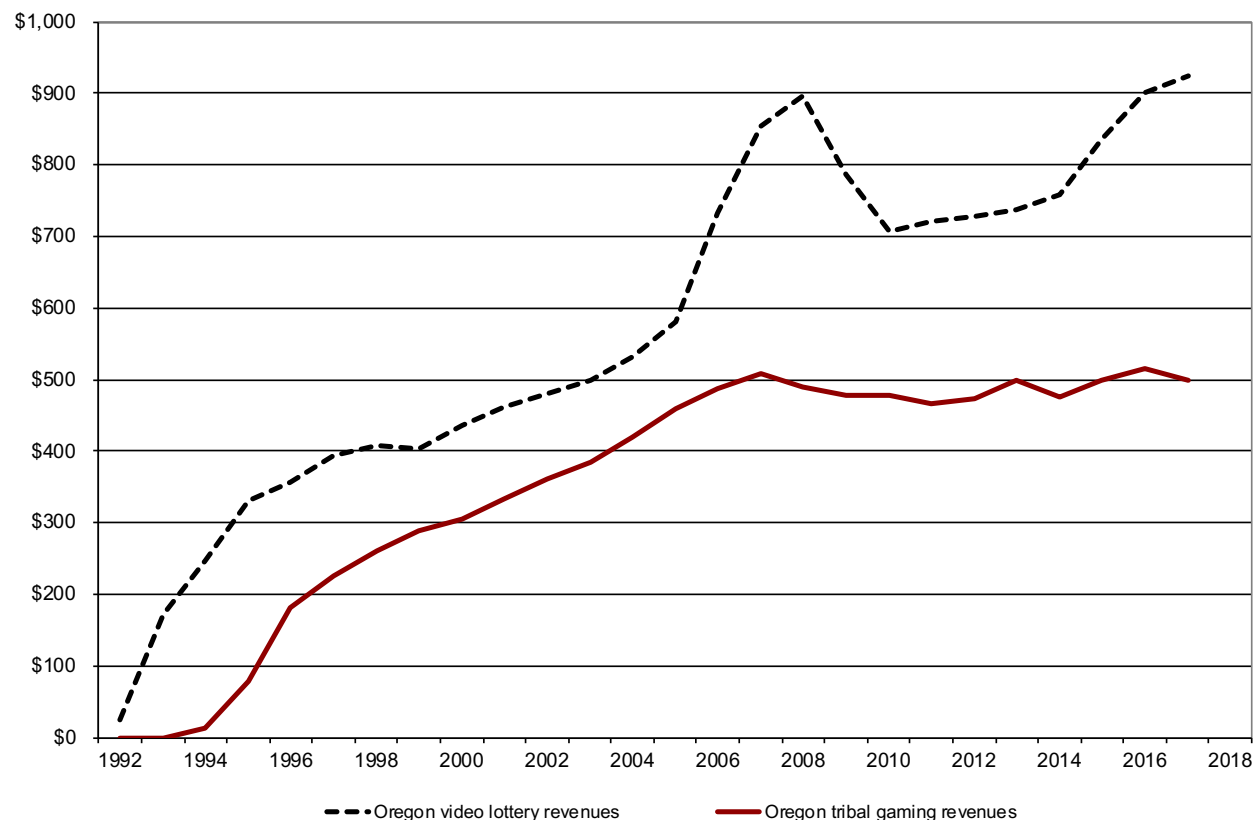
*Source: Oregon Lottery.*

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

<sup>10</sup> "Gaming Revenue Report." Nevada Gaming Control Board. Year- ended June 30, 2017.

The Oregon Lottery has a major market advantage over tribes. They have a locational monopoly. Only the Oregon Lottery can offer convenience gaming. Tribes are limited in the number and locations of their casinos, and the variety of games they may offer. The principal way the Lottery competes is through widespread distribution of VLTs, especially in fast-growing, high income parts of Oregon, by limiting hold rates to encourage more play, and by adding new VLT titles that attract more action. Gaming revenues from Oregon Lottery VLTs were \$924.7 million in 2017. Total revenues at the tribal casinos were \$499.3 million. The gap widened.

**Figure 14: Gaming Revenues from Oregon Lottery VLTs versus Oregon Tribal Casinos, 1992-2017\***



\* 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.