

Latest Tribal Gaming Revenue Report: "Tribal Gaming Improves Despite Sluggish Economy"

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The annual "Casino City's Indian Gaming Industry Report" was released nationally on Wednesday, and the improvement in revenues gave tribal gaming for 2011 its best performance in three years. While there were downturns in several states, the overall picture gleaned from the report is a good one for the Indian gaming industry and suggests that 2012 almost certainly will continue the upward trend experienced in 2011.

The 2011 revenues grew by 3.4 percent over 2010, and that number is a dramatic improvement after the previous three years: the revenue increase for 2010 was only 1 percent, there was a 1 percent decline in 2009, and there was a 1.2 percent increase in 2008. While the current number is encouraging, it is still below the 4.1 percent increase in 2007.

The annual report is developed and written by Dr. Alan Meister, who is in the Southern California office of the national consulting firm Nathan Associates. Dr. Meister writes and speaks extensively on a variety of topics and is universally recognized for his expertise in Indian Gaming finance and the annual report that he develops from public information and personal contacts throughout Indian Country. Of particular interest is his data documenting that the 2011 Indian gaming revenue was \$27.4 billion, but of equal significant is his conclusion that Indian casinos are maintaining their share of the total casino gambling revenue, essentially equaling the non-Indian gaming revenues in the United States.

"Despite a sluggish economy in 2011, Indian gaming sustained a modest growth to bring it above its pre-recession gaming revenue level," Meister wrote. While the two years of increased revenues may be encouraging, he did add a note of caution with the following: "The question is how much further can Indian gaming grow?"

The growth leader was Alabama with a 26 percent increase. This is in contrast to a 3 percent decline in New York, and recent news stories about tribal gaming in Western New York have suggested that there are some local issues and disputes that could continue to tamp down the Indian casino revenue numbers in that area.

The brightest news is found in California where tribal gaming revenues hit \$6.9 billion in 2011; not only did this total lead all states, but it accounted for 25 percent of Indian gaming revenue nationwide.

The next four top revenue-producing states were Washington, Florida, Connecticut, and Oklahoma, and these top five states accounted for 61 percent of total gaming revenue. And if one considers the top 10 states by adding the next 5 – Arizona, Michigan, Minnesota, Wisconsin, and New York – the combined revenues account for some 86 percent of the national total.

Recent legal developments do raise some red flags in Meister's assessments. He cited potential threats such as a land dispute in Michigan that theoretically could result in the tribal land losing its trust status and a judicially determined increase in the time period for challenging trust land acceptances for gaming, as well as the fact that state regulations restrict Indian casinos and limit expansion – obstacles not facing the commercial gaming industry. All of this, Meister wrote, "in some ways, holds back Indian gaming from what it could potentially be."

Still, expansion continues, and all eyes will be on Santa Rosa, California, later this year when the Federated Indians of Graton Rancheria open their \$800 million Resort & Casino adjacent to U.S. 101 in Sonoma County. That project is being developed and will be operated by Station Casinos of Las Vegas.

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